



*Inter.europa*<sup>®</sup>

Globalni logistični servis

# 2021

ANNUAL  
REPORT





**Intereuropa®**

Globalni logistični servis

# Annual Report 2021

Intereuropa Group  
Intereuropa, d. d.

---

**PUBLISHER:** Intereuropa, Global Logistics  
Services, Ltd. Co., Koper

**TEXT WRITTEN BY:** Intereuropa, d.d., Koper

**DESIGNED BY:** AV Studio d.o.o., Velenje

**TRANSLATOR:** Amidas d. o. o., Ljubljana

**PHOTOGRAPHY:** Foto Belvedere, Koper and  
Intereuropa archive

Koper, april 2022

01

02

03

04



## Introduction

---

1.1	Key operating indicators of the Intereuropa Group	6
1.2	Presentation of the Intereuropa Group	9
1.3	Letter from the President of the Management Board	12
1.4	Statement of responsibility of the Management Board	14
1.5	Significant events in 2021	15
1.6	Impact of COVID-19 on operations	17
1.7	Impact of the war in Ukraine on operation	17
1.8	Corporate governance statement	18
1.9	Statement regarding non-financial operations	32
1.10	Explanation in accordance with Article 545 of the ZGD-1	37

## Business report

---

2.1	Development strategy of the Intereuropa Group	40
2.2	Implementation of plans in 2021	42
2.3	Objectives and business plans for 2022	42
2.4	Economic conditions in 2021 and forecasts for 2022	45
2.5	Marketing and sales	47
2.6	Analysis of operations	53
2.7	Shares and ownership structure	67
2.8	Risk management	71
2.9	Development and investments	73
2.10	Divestment of commercially obsolete assets	74
2.11	Participation in European projects	75

## Sustainable development

---

3.1	HR issues	78
3.2	Environmental matters and energy-efficiency	86
3.3	Social responsibility	88
3.4	Quality management system	89
3.5	Safety of supply chains	91
3.6	Responsibility to suppliers	91
3.7	Communication with key publics	92

## Financial section

---

4.1	Financial statements of the Intereuropa group and Intereuropa, d. d.	96
4.2	Basis for preparation and notes to the financial statements	104



**Intereuropa®**

Globalni logistični servis

# INTRODUCTION

---

# 01







# 01 INTRODUCTION

## 1.1 KEY OPERATING INDICATORS OF THE INTEREUROPA GROUP

It has been a successful year for the Intereuropa Group. Despite two COVID-19 pandemic waves and the adverse economic conditions due to the energy crisis in the second half of the year, in 2021 the Intereuropa Group succeeded in generating the highest sales revenue over the last nine years and recorded a double-digit growth in sales revenue. After its successful operating cost management, the Intereuropa Group generated its highest net profit since 2007 and further reduced its net debt in 2021. A lot of effort was invested in preserving the health of our employees and in ensuring continuous logistical support to customers along the entire supply chain.

The Intereuropa Group generated sales revenue of EUR 176.7 million in 2021, which was up by 17%\* on the sales revenue in 2020. Cash flows from operating activities (hereinafter: EBITDA) were up by 13% on the previous year and stood at EUR 13.9 million. The Group's net debt was down by EUR 8.6 million to stand at EUR 35.8 million at the end of 2021, resulting in an EBITDA ratio of 2.6.

TABLE 1: KEY OPERATING INDICATORS OF THE INTEREUROPA GROUP (IN EUR THOUSAND)

	2018	2019	2020	2021	Index 2021/2020
Sales revenue	160,382	160,353	150,725	176,687	117
EBITDA <sup>1</sup>	12,397	13,971	12,298	13,862	113
Operating profit (EBIT)	6,064	7,524	5,764	7,309	127
Profit from ordinary operations	4,028	6,442	4,563	7,277	159
Net profit	4,408	4,197	3,568	6,664	187
Value added <sup>1</sup>	41,247	42,905	41,423	44,238	107
Net earnings per ordinary share (in EUR) <sup>2</sup>	0.15	0.12	0.08	0.13	163
Investments in property, plant and equipment, and intangible assets	5,374	2,889	2,105	4,451	211

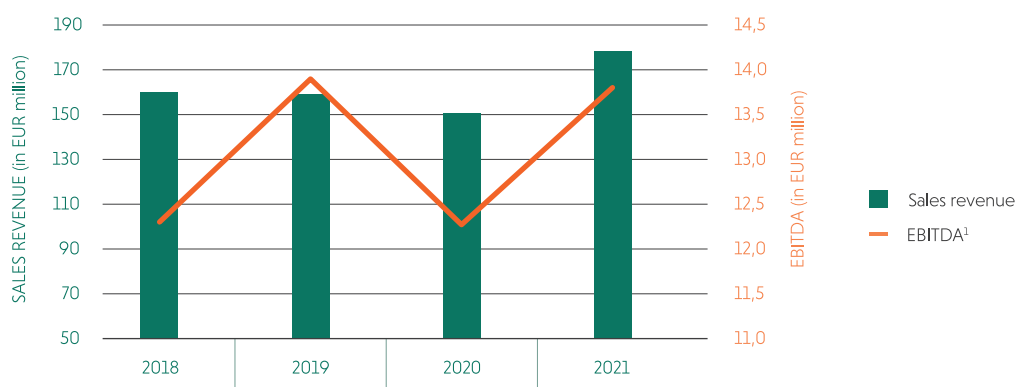
<sup>1</sup> Alternative performance measure (APM), defined in the section 'Alternative performance measures' in Table 24 on page 65.

<sup>2</sup> Earnings (loss) per ordinary share = earnings (loss) of the parent company pertaining to ordinary shareholders / (number of ordinary shares – number of treasury shares).

\* A +/-1 difference may appear in the calculation of indices in the business section of the annual report due to the rounding-off of numbers.



FIGURE 1: CHANGES IN THE SALES REVENUE AND EBITDA OF THE GROUP IN THE PERIOD 2018 TO 2021



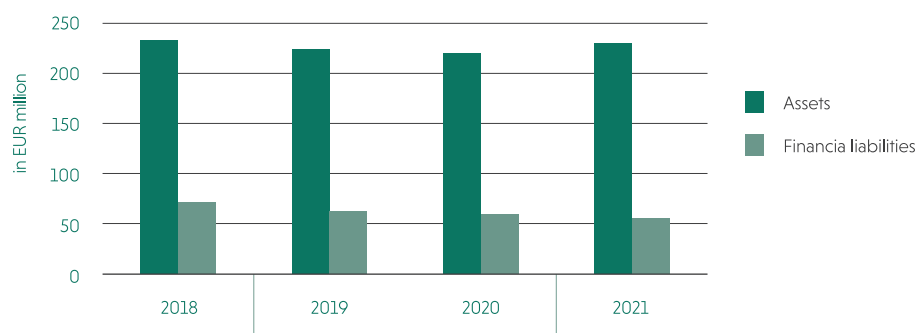
<sup>1</sup> Alternative performance measure (APM), defined in the section 'Alternative performance measures' in Table 24 on page 65.

TABLE 2: STATEMENT OF FINANCIAL POSITION OF THE GROUP (IN EUR THOUSAND)

	2018	2019	2020	2021	Index 2021/2020
Total assets	232,927	223,351	220,444	229,970	104
Non-current assets	182,978	180,747	174,484	171,889	99
Current assets	49,949	42,604	45,960	58,081	126
Equity	120,229	122,358	124,850	131,382	105
Financial and operating liabilities <sup>1</sup>	110,251	98,195	92,724	95,451	103

<sup>1</sup> Alternative performance measure (APM), defined in the section 'Alternative performance measures' in Table 24 on page 65.

FIGURE 2: CHANGES IN THE ASSETS AND FINANCIAL LIABILITIES OF THE GROUP IN THE PERIOD 2018 TO 2021



Financial liabilities were down by EUR 3.2 million in 2021, and accounted for 24% of total equity and liabilities at the end of the year.

TABLE 3: PERFORMANCE INDICATORS OF THE GROUP

	2018	2019	2020	2021	Index 2021/2020
Net return on equity <sup>1</sup>	3.8 %	3.5 %	2.9 %	5.3 %	182
Net return on assets <sup>1</sup>	1.9 %	1.8 %	1.6 %	3.0 %	184
Productivity (in EUR thousand) <sup>1</sup>	124.72	124.06	116.21	139.53	120
Net return on revenue <sup>1</sup>	2.7 %	2.6 %	2.3 %	3.7 %	160

<sup>1</sup> Alternative performance measure (APM), defined in the section 'Alternative performance measures' in Table 24 on page 65.

TABLE 4: AVERAGE NUMBER OF EMPLOYEES (BASED ON HOURS WORKED)

	2018	2019	2020	2021	Index 2021/2020
No. of Group employees	1,286	1,293	1,297	1,266	98
No. of employees at the parent company	566	582	572	534	93
No. of employees at subsidiaries	720	711	725	733	101



## 1.2 PRESENTATION OF THE INTEREUROPA GROUP

### 1.2.1 PRESENTATION OF ACTIVITIES

The Intereuropa Group is the leading provider of comprehensive logistics solutions in the Western Balkans. A full range of services is provided through the following three key business lines:

- the land transport segment comprising groupage, domestic transport, road transport, railway freight and customs clearance services;
- the logistics solutions segment comprising the warehousing and distribution products; and
- the intercontinental transport segment comprising sea freight, car logistics and shipping agency services, and air freight.

The Intereuropa Group also provides additional services that include the leasing of business premises, parking services at customs terminals, trade fair logistics and insurance brokerage services.

### 1.2.2 BASIC DATA AS AT 31 DECEMBER 2021

TABLE 5: PARENT COMPANY

Abbreviated name	Intereuropa, d. d.
Country of the parent company	Slovenia
Registered office of the parent company	Vojkovo nabrežje 32, 6000 Koper
Contact information	tel: +386 5 664 1000 e-mail: info@intereuropa.si website: http://www.intereuropa.si
Registration no.	5001684
Tax no.	56405006
Entry in the companies register	Registered with the Koper District Court, entry no. 1/00212/00.
Share capital of the Company	EUR 27,488.803
No. of issued shares	27,488,803 no-par-value shares, of which 16,830,838 ordinary shares (IEKG) and 10,657,965 preference shares (IEKN)
Share listing	IEKG shares are listed on the prime market of the Ljubljana Stock Exchange.
Management Board	Marko Cegnar, President of the Management Board* Marko Rems, Vice-President of the Management Board
Supervisory Board	Tomaž Kokot, Chairman of the Supervisory Board Karmen Lebe Grajf, MSc, member of the Supervisory Board Sebastijan Gostenčnik, member of the Supervisory Board Gregor Korene, member of the Supervisory Board Tjaša Benčina, member of the Supervisory Board Zlatka Čretnik, member of the Supervisory Board

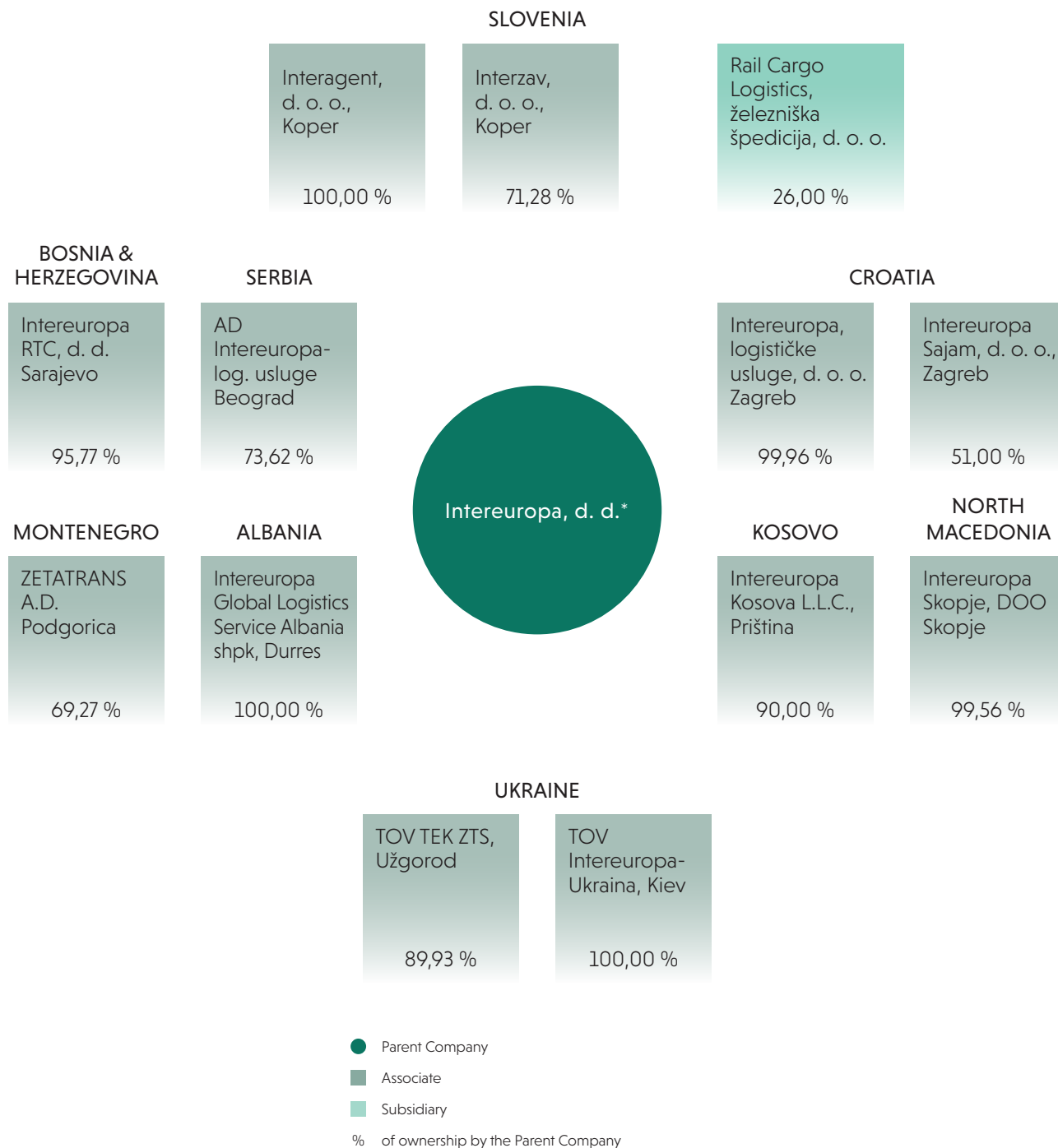
\* early termination of Marko Cegnar's term of office on 31 December 2021 on the basis of an agreement on the termination of function of President of the Management Board and termination of the employment contract of the President of the Management Board. Since 1 January 2022, the President of the Management Board is Damijan Vajs.

TABLE 6: INTEREUROPA GROUP

Number of employees	1,344
Total closed warehousing area*	212,908 m <sup>2</sup>
Total land area	1,579,462 m <sup>2</sup>
Membership in international organisations	IATA, FONASBA, BIMCO, GSI and FIATA
Membership in international logistics networks	WCA, FFSI, HCL, ALN, MIPharma GLOBAL
Quality certificates	The ISO 9001:2015 certificate is held by the following companies: Intereuropa, d. d., Koper; Intereuropa, logističke usluge, d. o. o., Zagreb; and Intereuropa RTC, d. d., Sarajevo.
Important certificates	The AEO (Authorised Economic Operator) certificate is held by the following companies: Intereuropa, d. d., Koper Intereuropa, logističke usluge, d. o. o., Zagreb AD Intereuropa logističke usluge, Belgrade (OPS).
Own branch network	Slovenia, Croatia, Montenegro, Bosnia and Herzegovina, Serbia, Kosovo, North Macedonia, Albania and Ukraine

\* Closed warehousing area, excluding tents and canopies, owned by Intereuropa.

### 1.2.3 ORGANISATIONAL CHART OF THE INTEREUROPA GROUP AS AT 31 DECEMBER 2021



\* The majority owner of Intereuropa, d. d. as at 31 December 2021 was Pošta Slovenije, d. o. o., which was the holder of 79.06% of ordinary shares and 100.00% of preference shares.



## 1.2.4 PRESENTATION OF INTEREUROPA GROUP COMPANIES

Companies as at 31 December 2021	Management board/director as at 31 December 2021	Supervisory body	Chairman of the supervisory body/ representative of Intereuropa, d. d. on the supervisory body as at 31 December 2021	Land transport	Logistics solutions	Intercontinental transport	Other services	Distinctions
Intereuropa, d. d., Koper	<b>Marko Cegnar</b> , President of the Management Board** <b>Marko Rems</b> , Vice-President of the Management Board	Supervisory board	<b>Tomaž Kokot</b> , Chairman of the Supervisory Board <b>Karmen Lebe Grajč</b> , MSc, Deputy-Chairwoman of the Supervisory Board <b>Sebastijan Gostenčnik</b> , member of the Supervisory Board <b>Gregor Korene</b> , member of the Supervisory Board <b>Tjaša Benčina</b> , member of the Supervisory Board <b>Zlatka Čretnik</b> , member of the Supervisory Board	•	•	•	•	<ul style="list-style-type: none"> <li>Leading provider of comprehensive logistics services in Slovenia;</li> <li>119,600 m<sup>2</sup> of company-owned and 5,300 m<sup>2</sup> of leased warehousing area*.</li> </ul>
Interagent d.o.o., Koper	<b>Blaž Petrovič</b> , Director	Sole partner	Intereuropa, d. d. as the sole partner			•		<ul style="list-style-type: none"> <li>Company specialising in shipping agency services.</li> </ul>
Interzav, d.o.o., Koper	<b>Mojca Žbontar</b> , Director	General Meeting of Shareholders	Representative of Intereuropa, d. d. by authorisation of the Management Board				•	<ul style="list-style-type: none"> <li>Insurance transaction broker.</li> </ul>
Intereuropa, logističke usluge, d.o.o., Zagreb	<b>Darko Skrnički</b> , President of the Management Board <b>Marija Štajduhar</b> , member of the Management Board	Supervisory board	<b>Marko Rems</b> , Chairman of the Supervisory Board <b>Matjaž Ujčić</b> , MSc, member <b>Dalibor Brusač</b> , member	•	•	•	•	<ul style="list-style-type: none"> <li>Leading provider of comprehensive logistics services in Croatia;</li> <li>46,500 m<sup>2</sup> of company-owned and 2,850 m<sup>2</sup> of leased warehousing area.</li> </ul>
Intereuropa Sajam, d.o.o., Zagreb	<b>Krešimir Lipovčić</b> , Director	Supervisory board	<b>Marko Rems</b> , Chairman of the Supervisory Board <b>Vjekoslav Granič</b> , member <b>Matjaž Ujčić</b> , MSc, member	•	•		•	<ul style="list-style-type: none"> <li>Company specialising in trade fair logistics services.</li> <li>100 m<sup>2</sup> of company-owned warehousing area.</li> </ul>
Intereuropa RTC d.d. Sarajevo	<b>Darko Skrnički</b> , Director <b>Branka Manojlović Vračar</b> , Executive Director	Supervisory board	<b>Marko Cegnar</b> , Chairman of the Supervisory Board *** <b>Miha Romih</b> , MSc, member <b>Matjaž Ujčić</b> , MSc, member	•	•	•	•	<ul style="list-style-type: none"> <li>Leading provider of comprehensive logistics services in Bosnia and Herzegovina;</li> <li>6,700 m<sup>2</sup> of company-owned and 3,500 m<sup>2</sup> of leased warehousing area.</li> </ul>
AD Intereuropa, logističke usluge Beograd	<b>Nebojša Mandić</b> , General Manager <b>Dragana Kačar</b> , Executive Director	Board of Directors	<b>Marko Rems</b> , Chairman of the Board of Directors <b>Vesna Kos Tomažič</b> , MSc, non-executive member <b>Miloš Đurković</b> , non-executive member	•	•	•		<ul style="list-style-type: none"> <li>One of the leading providers of comprehensive logistics services in Serbia;</li> <li>21.100 m<sup>2</sup> of company-owned warehousing area</li> </ul>
Intereuropa Kosova L.L.C, Prishtina	<b>Arben Mustafa</b> , Director <b>Andrej Kariš</b> , Director	Supervisory board	<b>Marko Cegnar</b> , Chairman of the Board of Directors *** <b>Blanka Česnik Wolf</b> , member <b>Mojca Stopar Simoneta</b> , member <b>Hasbi Hasani</b> , member	•	•	•	•	<ul style="list-style-type: none"> <li>Leading provider of comprehensive logistics services in Kosovo;</li> <li>1.800 m<sup>2</sup> of leased warehousing area.</li> </ul>
Zetatrans A.D. Podgorica	<b>Andrej Cergolj</b> , Executive Director	Board of Directors	<b>Marko Cegnar</b> , Chairman of the Board of Directors **** <b>Damijan Vajs</b> , member <b>Matjaž Ujčić</b> , MSc, member <b>Iva Asanović</b> , member <b>Mitar Bajčeta</b> , member	•	•	•	•	<ul style="list-style-type: none"> <li>Leading provider of comprehensive logistics services in Montenegro;</li> <li>16,700 m<sup>2</sup> of company-owned and 2,000 m<sup>2</sup> of leased warehousing area.</li> </ul>
Intereuropa Skopje DOO, Skopje	<b>Manuela Mišev Spasov</b> , Director <b>Andrej Kariš</b> , Director	Supervisory board	<b>Marko Cegnar</b> , Chairman of the Supervisory Board *** <b>Marko Rems</b> , member <b>Matjaž Ujčić</b> , MSc, member	•	•	•	•	<ul style="list-style-type: none"> <li>Leading provider of groupage services in North Macedonia;</li> <li>2.100 m<sup>2</sup> of company-owned warehousing area.</li> </ul>
Intereuropa Global Logistics Service Albania, Durres	<b>Dashmir Mandija</b> , Director	Sole partner	Intereuropa, d. d. as the sole partner	•	•			<ul style="list-style-type: none"> <li>Company specialising in land and sea freight services.</li> </ul>
TOV TEK ZTS, Uzhhorod	<b>Anatoly Nikolajevič Parfenyuk</b> , Director	General Meeting of Shareholders	<b>Miha Romih</b> , MSc, Chairman of the General Meeting of Shareholders <b>Neva Klančič</b> , Chair of the Audit Committee <b>Miha Romih</b> , MSc, member of the Audit Committee <b>Svetlana Čajevska</b> , member of the Audit Committee	•				<ul style="list-style-type: none"> <li>Company specialising in railway freight and international road transport services.</li> </ul>
TOV Intereuropa-Kiev, Ukraine	<b>Igor Bibikov</b> , Director	Sole partner	Intereuropa, d. d. as the sole partner	•				<ul style="list-style-type: none"> <li>The Company did not operate in 2021.</li> </ul>

\* Warehousing area comprises closed warehousing area used by Intereuropa (excluding tents and canopies).

\*\* Since 1 January 2022, the President of the Management Board is Damijan Vajs.

\*\*\* Mr Damijan Vajs replaced Mr Marko Cegnar on the supervisory bodies of subsidiaries Intereuropa RTC, d. d., Intereuropa Kosova LLC and Intereuropa, d. o. o. Skopje in the beginning of 2022.

\*\*\*\* Mr Jože Kreševič replaced Mr Marko Cegnar on Zetatrans AD's Board of Directors, on which Mr Damijan Vajs was appointed to serve as Chairman of the Board of Directors.



### 1.3 LETTER FROM THE PRESIDENT OF THE MANAGEMENT BOARD

Dear Shareholders and Business Partners,

The year 2021 was a successful one for the Intereuropa Group. We faced daily challenges presented by an increasingly globalised but also specialised market, as well as the challenges brought by the impact of COVID-19 on business operations. As the Intereuropa Group is a part of the international environment, it is also impacted by economic conditions, both within the region as well as in the broader sense. The achieved business results confirm that with its comprehensive range of high-quality logistics services the Group is capable of great achievements and the attainment of the most bold objectives.

In 2021 the Intereuropa Group generated sales revenue of EUR 176.7 million, which is 17% more than in the same period last year, and 11% more than planned. All business lines exceeded the sales revenue relative to the same period last year and also the planned sales revenue. Sales rose most in terms of intercontinental transport, particularly relating to the sea freight segment, which was also impacted by higher prices of sea freight services. High growth was recorded by Intereuropa in Slovenia, Croatia, and Bosnia and Herzegovina. It should be noted that the volume of sales is already significantly higher than in the period before the COVID-19 pandemic. The Intereuropa Group's cash flow from operating activities (EBITDA) amounted to EUR 13.9 million, an increase of 13% relative to the same period in 2020, and 7% higher than planned. Operating profit (EBIT) stood at EUR 7.3 million and was 45% higher than planned and up by 27% relative to the same period last year. Net profit stood at EUR 6.7 million in 2021 and was 80% higher than planned, an increase of 87% relative to 2020.

The Intereuropa Group continued with deleveraging activities. The Group's net debt amounted to EUR 35.8 million at the end of 2021, a decrease of EUR 8.6 million relative to the end of 2020.

The positive results achieved in 2021 prove that our business and financial plan was well-planned, as well as the activities for its implementation. These results are a solid basis for the implementation of the Intereuropa Group's business and financial plan in 2022.

In order to achieve the objectives we have outlined, the Intereuropa Group continuously makes investments that are required to support operations and the development of our key customers. In 2021, the subsidiary Intereuropa, d. o. o., Zagreb began the construction of a new logistics centre in the Kukuljanovo industrial zone in Rijeka, Croatia. The divestment of obsolete real estate is being conducted at the same time. We continued with IT investments for the centralisation of IT management at Intereuropa Group companies. In addition to the investments in logistics infrastructure, the Intereuropa Group also invested in the development of employees, and continued the implementation of a systematic plan of measures to ensure health and well-being of employees within the Intereuropa Group. We continued with the intensive identification of risks at Group companies, their management and the monitoring of the success of risk management measures.



Among major events we should certainly mention the transfer of activities from Intereuropa d. d. to Pošta Slovenije d. o. o. in January 2021, when a portion of the support activities as well as employees were transferred to Pošta Slovenije. We were actively involved in integration processes of Intereuropa, d. d. and Pošta Slovenije, d. o. o. and in the further strengthening of cooperation with Pošta Slovenije, d. o. o. in order to exploit synergies in the area of sales and in the reduction of costs.

In 2021, we also gave a great deal of attention to dialogue with employees, which we will also further strengthen in the coming years. We believe that the collective agreement will continue to provide employees with a proper level of social security and thus contribute to the stable and successful attainment of Intereuropa's common objectives.

The growth and development of the Intereuropa Group, and thus our future, are defined in the Intereuropa Group's Development Strategy for the period 2021–2025. The year 2021 was the first year in introducing a new strategic programme, which in 2020 was put together as a response to the changed business circumstances in recent years and to the common plans of the Pošta Slovenije Group. In the coming strategic period from 2021 to 2025, the Intereuropa Group will continue to pursue its vision as a superior and leading provider of comprehensive logistics solutions in the countries of the former Yugoslavia. The Group remains present in Central Europe, where through Slovenia we coordinate all flows of goods between Central, South-Eastern and Eastern Europe. The realisation of the strategic development plan helps us maintain the financial stability, development potential and market position of the Group. In the context of high-quality provision of logistics services, targeted marketing and successful securing of new logistics business, we also focused a great deal of our attention on the computerisation of business processes, which will lead to higher productivity and optimisation of processes, and ultimately to greater competitiveness of the Intereuropa Group. Key sales activities also in the future: the strengthening of cooperation with customers that require integrated logistics solutions through the entire supply chain in the region, an emphasis on the development and expansion of the partner and agent network, and the securing of new business.

We live in a time of rapid development and increased globalisation, so today we cannot overlook the fact that the global economy is open, accessible and global. We encounter globalisation at every turn, both in terms of business and personally, i.e. in trade, production, transport, tourism and also in the supply and provision of logistics services. We receive new guidelines daily for the development of logistics services that significantly impact the operations of all stakeholders in the logistics industry. It is essential that in addition to successfully following the trends on the logistics service market and development of digitalisation in all industries, logistics operators effectively develop, manage and adapt business processes, both inside our Company as in cooperation with business partners, as this is the only way to achieve success in adapting to our customers' needs. Despite all the new technologies and development, we recognise that business is generated by people with our work, creative thinking and establishment of relationships.

Our mission is to satisfy the need for logistics services and ensure the optimal functioning of supply chains to the complete satisfaction of customers, while creating value for the owner, employees and other stakeholders in a socially responsible manner.

Intereuropa recognises its mission and are writing their own business success story. These achievements are the pillars on which we build for the future and that primarily rely on dedicated and highly-motivated employees. Employees are the foundation of the Company's success. We will therefore continue to build an environment in which creativity, quality of work, the development of individuals and cooperation is valued. The Company also wishes to continue to invest in the further development of employees, primarily aimed at raising their competence and motivation. I am convinced that such environment is the best incentive for employees, as it relies on the knowledge and experience of all employees, and is closely linked to the quality of services.

I would like to thank all stakeholders for their trust and support of the Management Board in activities aimed at the long-term development and growth of the Intereuropa Group. The Management Board will also continue to follow the outlined objectives in 2022 and will solidify the position of the Intereuropa Group in South-Eastern Europe, as well as creating value for all of you, i.e. the shareholders, customers, partners and employees.

Damijan Vajs  
President of the Management Board

## 1.4 STATEMENT OF RESPONSIBILITY OF THE MANAGEMENT BOARD

The Management Board is responsible for compiling the annual report of Intereuropa, d. d. and the Intereuropa Group and the accompanying financial statements in such a way that it presents a true and fair picture of the financial position and the results of the operations of the Company and its subsidiaries in 2021.

The Management Board also confirms that the appropriate accounting policies were applied in the compilation of the financial statements of Intereuropa, d. d. and the Intereuropa Group, that accounting estimates were made according to the principle of prudence and the diligence of a good manager, and that the financial statements of Intereuropa, d. d. and the Intereuropa Group present a true and fair picture of their financial position and the results of their operations in 2021.

The Management Board is also responsible for ensuring that accounting is conducted correctly and that appropriate measures are taken to secure property and other assets, and confirms that the financial statements of Intereuropa, d. d. and the Intereuropa Group, together with the notes, have been compiled on a going concern basis and in line with current legislation and the International Financial Reporting Standards, as adopted by the EU.

The Management Board hereby confirms that, to the best of its knowledge, the financial report was compiled in accordance with the applicable financial reporting framework and presents a true and fair picture of the assets, liabilities, financial position and operating results of Intereuropa, d. d. and the subsidiaries included in the consolidation of the Intereuropa Group. The Management Board also confirms that the business report includes a fair presentation of the development of Intereuropa, d. d.'s operations and of its financial position, including a description of the principal types of risk to which Intereuropa, d. d. and the subsidiaries included in consolidation are exposed. The business report includes a fair presentation of information regarding material transactions with related parties, and is compiled in accordance with the applicable legislation and the International Financial Reporting Standards.

The President and Vice-President of Intereuropa, d. d.'s Management Board have been briefed on the constituent parts of the annual report of Intereuropa, d. d. and the Intereuropa Group for 2021. By signing below, they hereby confirm that they agree with the aforementioned report in full.

Management Board of Intereuropa, d. d.

Koper, 12 April 2022

Damjan Vajs,  
President of the Management Board



Marko Rems,  
Vice-President of the Management Board



## 1.5 SIGNIFICANT EVENTS IN 2021

- In accordance with the agreement concluded with Pošta Slovenije at the end of December 2020 on the transfer of activities, Intereuropa, d. d. transferred a portion of its support activities to Pošta Slovenije on 1 January 2021. Employees from those support activities were also reassigned to Pošta Slovenije as part of the transfer of activities.
- On 20 January 2021, the Government of the Republic of Slovenia awarded major recognition to Intereuropa, d. d. in the form of a commemorative token for sacrifices made in the fight against COVID-19. The Company was recognised for its sacrifices in preventing the spread of the SARS-CoV-2 infectious disease (COVID-19).
- Intereuropa, d. d. was engaged in February 2021 to provide logistics support in the coordination of the delivery of protective materials and equipment donated by the United Arab Emirates. Based on its previous experience, the Company was called on to assist in logistics support donated to the Republic of Slovenia by the United Arab Emirates in cooperation with the Administration of the Republic of Slovenia for Civil Protection and Disaster Relief.
- A webinar was organised on 16 and 17 February 2021 on the subject of Brexit, where the associated challenges were presented to participants. Experts from Intereuropa presented import and export customs procedures as they relate to logistics/cargo shipments and differences in customs procedures tied to business with the UK, and responded to questions.
- On 31 March 2021, the Supervisory Board of Intereuropa, d. d. received the resignation of Boris Novak, MSc from his position as Chairman and member of the Company's Supervisory Board.
- On 6 April 2021, the subsidiary Intereuropa, d. o. o., Zagreb concluded an agreement on the purchase of land in the Kukuljanovo industrial zone for the purpose of setting up a new logistics centre. On the same day, it also concluded an agreement on the sale of the existing Dražice location, which it will continue to use under lease for its activity until its relocation to the new logistics centre.
- At its session held on 29 April 2021, Intereuropa, d. d.'s Supervisory Board adopted the audited annual report of the Intereuropa Group for the 2020 financial year, together with the independent auditor's report.
- At its session on 29 April 2021, Intereuropa, d. d.'s Supervisory Board reappointed the current Vice President of the Company's Management Board, Mr Marko Rems, to a new four-year term of office, effective 5 July 2021.
- At the 35th General Meeting of Shareholders of Intereuropa, d. d. held on 31 May 2021, shareholders made decisions regarding the proposed resolutions of the shareholder Pošta Slovenije, d. o. o. in connection with members of the Supervisory Board, and regarding the proposal of the Management Board and Supervisory Board regarding changes to the Articles of Association. Shareholders were briefed on the resignation of Supervisory Board member and shareholder representative Mr Boris Novak, MSc and elected Tomaž Kokot to a four-year term of office as new member of the Supervisory Board, effective 31 May 2021. Shareholders adopted proposed changes to the Articles of Association regarding participation and voting at the General Meeting of Shareholders by electronic means, without being physically present.
- The Supervisory Board appointed Mr Tomaž Kokot to serve as Chairman of the Supervisory Board at the latter's session held on 18 June 2021. Mr Andrej Rihter, MSc remains Deputy Chairman of the Supervisory Board. The Supervisory Board appointed Mr Tomaž Kokot to serve as member of the Nomination and Remuneration Committee.
- At the 36th General Meeting of Shareholders of Intereuropa, d. d. held on 2 July 2021, shareholders were briefed on the 2020 annual report of the Intereuropa Group and Intereuropa, d. d., together with the auditor's opinion, and on the Supervisory Board's position regarding the report on relations with affiliated companies for 2020. The General Meeting of Shareholders adopted a decision leaving the full amount of distributable profit of EUR 9,987,873.36 undistributed, and conferred official approval on the Management Board and Supervisory Board for their work during the 2020 financial year.
- On 18 August 2021, Intereuropa, d. d. received the resignation of Mr Andrej Rihter, MSc from his position as member of the Supervisory Board, effective 5 September 2021, and the resignation of Mr Vinko Filipič from his position as member of the Supervisory Board, effective 15 September 2021.
- The Intereuropa Group appeared at the MOS international fair between 15 and 19 September 2021, together with the Pošta Slovenije Group. Intereuropa, d. d. has been a partner of Celjski sejem d.d. for several years now, cooperating with the latter as the official logistics provider for the fair.
- On 5 October 2021, Intereuropa, d. d. received written notification from Slovenski državni holding, d. d. (hereinafter: SDH) that the sellers SDH and Kapitalska družba pokojninskega in invalidskega zavarovanja, d. d. (hereinafter: KAD) signed a sale and purchase agreement on 27 September 2021 with the buyer Pošta Slovenije, d. o. o., based on which SDH and KAD sold the buyer 474,926 and 719,952 IEKG shares respectively. On 22 October 2021 Intereuropa, d. d. was informed by the purchaser Pošta Slovenije, d. o. o. that it had signed a sales and purchase agreement on 5 October 2021 with the seller Zavarovalnica Triglav, d. d., based on which it purchased 332,918 IEKG shares, and had signed a sales and purchase agreement on 28 September 2021 with the seller Pozavarovalnica Triglav RE, d. d., based on which it purchased 2,369 IEKG shares. Pošta Slovenije, d. o. o. thus increased its share of voting rights to 86.45% of all voting rights in Intereuropa, d. d., with a holding of 77.88% of the IEKG shares and 100% of the IEKN shares.
- At the 37th General Meeting of Shareholders of Intereuropa, d. d. held on 15 November 2021, shareholders made decisions regarding the proposed resolutions of the shareholder Pošta Slovenije, d. o. o. in connection

with members of the Supervisory Board. Shareholders were briefed on the resignations of Supervisory Board members and shareholder representatives Mr Andrej Rihter, MSc and Mr Vinko Filipič, and recalled Supervisory Board member and shareholder representative Mr Milan Perović. Shareholders elected the following persons to serve as members of the Supervisory Board and shareholder representatives for a period of four years beginning on 18 November 2021: Mr Sebastijan Gostenčnik, Mrs Karmen Lebe Grajf, MSc and Mr Gregor Korene. They were also notified that the Works Council of Intereuropa d. d. thus appointed Mrs Tjaša Benčina and Mrs Zlatka Čretnik at its meeting of 10 November 2021 to serve as employee representatives on Intereuropa d. d.'s Supervisory Board for a term of office of four years beginning on 20 November 2021.

- Mrs Karmen Lebe Grajf, MSc was named Deputy Chairwoman of Intereuropa, d. d.'s Supervisory Board at the constitutive session of the aforementioned body held on 19 November 2021, while Mr Tomaž Kokot remains Chairman of Intereuropa, d. d.'s Supervisory Board. The Supervisory Board also appointed the members of the Audit Committee. Mr Sebastijan Gostenčnik and Mrs Karmen Lebe Grajf were appointed chair and deputy-chair of the Audit Committee respectively, while employee representative Mrs Zlatka Čretnik remains a member of the aforementioned committee. Barbara Gorjup remains an external member of the Audit Committee. The Supervisory Board also appointed members to the Nomination and Remuneration Committee, and named Gregor Korene committee chair. It appointed Mr Sebastijan Gostenčnik and previous member and employee representative Mrs Tjaša Benčina to serve as members of that committee.
- At its session of 23 December 2021, the Supervisory Board approved the conclusion of an agreement with President of Management Board Mr Marko Cegnar on the termination of function of President of the Management Board and termination of the employment contract of the President of the Management Board. On the basis of this agreement, Mr Marko Cegnar's term of office was terminated on 31 December 2021.
- At its session held on 29 December 2021, Intereuropa, d. d.'s Supervisory Board appointed Mr Damijan Vajs to serve as the new President of Intereuropa, d. d.'s Management Board. Mr Vajs' four-year term of office begins on 1 January 2022. Mr Vajs has spent the majority of his career working in sales and logistics, and has 12 years of work experience in the field of logistics. He has worked in the Pošta Slovenije Group for eight years, six of those years as the Manager of the subsidiary PS Logistika, d. o. o. The current Vice President of Intereuropa's Management Board, Mr Marko Rems, remains a member of that body.

## Significant events after the end of the 2021 financial year

- Intereuropa, d. d. published a mandatory takeover bid on 9 March 2022 for the purchase of all shares of the minority owners of the subsidiary Intereuropa RTC, d. d., Sarajevo.

Information regarding significant events is continuously published on the Company's website at [www.intereuropa.si](http://www.intereuropa.si).



## 1.6 IMPACT OF COVID-19 ON OPERATIONS

The Intereuropa Group has successfully faced the challenges brought to the business environment in 2021 by the COVID-19 pandemic. The quality and level of services provided by the Intereuropa Group via its twelve companies in nine countries in Southeast Europe and Ukraine remain high. The Group successfully implemented all the measures required to preserve the health of employees and business partners throughout the year, and ensured business continuity and the continuous flow of goods and logistical support to customers throughout the supply chain and on all Group markets.

The Group's concern for the health and safety of employees in the workplace has always been paramount. Group companies adopted numerous measures and internal guidelines for the effective, preventive and responsible conduct of all employees in order to avoid to the greatest extent possible the spread of infections with the virus. The Group thus managed to maintain a relatively low share of infected employees, i.e. 20 percent.

The COVID-19 pandemic did not have a significant impact on the achievement of annual business plans in 2021.

## 1.7 IMPACT OF THE WAR IN UKRAINE ON OPERATIONS

The Group examined the impact of the war in Ukraine and the resulting imposition of sanctions on the operations of Intereuropa, d. d. and the Intereuropa Group. The Group's exposure is reflected in the sale of services on the Russian and Ukrainian markets and via the assets owned by two subsidiaries.

The proportion of the sales revenue that the Group generated on the markets of Russia and Ukraine was 1.4% in 2021. A similar proportion has been planned in the business plan for 2022.

The Group is exposed in Ukraine also via the assets owned by two subsidiaries in Ukraine. In terms of carrying amount as at 31 December 2021, the value of all the assets of both companies amounted to less than 1% of the Group's total assets. Vacant building land accounts for the largest proportion of assets.

In light of the current situation in Russia and Ukraine, the Management Board believes that there is low risk that the situation will affect the achievement of the business objectives of the Intereuropa Group and Company.

Due to the relatively small volume of transactions with Russia and Ukraine and low investment exposure to Ukraine, the Management Board assesses that the war in Ukraine and the resulting imposition of sanctions will not directly significantly impact the operations of the Intereuropa Group and the achievement of the Group's objectives.

## 1.8 CORPORATE GOVERNANCE STATEMENT

Intereuropa, d. d. is a public limited company, i.e. a public-interest entity, with a two-tier governance system. Corporate governance is based on the laws of the Republic of Slovenia, the Articles of Association, internal acts and the Corporate Governance Policy of Intereuropa, d. d. The Company's Articles of Association and other key governance documents are accessible on the Company's website at [www.intereuropa.si](http://www.intereuropa.si), in the 'Corporate Governance' section under the 'Investors' tab. The principal guidelines of corporate governance are transparent operations, the clear segregation of responsibilities and tasks between bodies, continuous concern for the independence and loyalty of the members of management and supervisory bodies, and the continuous monitoring and implementation of improvements to increase the effectiveness of governance.

In 2021, the Company applied the Slovenian Corporate Governance Code, which was adopted by the Ljubljana Stock Exchange and the Slovenian Directors' Association on 27 October 2016, as its reference code.

### 1.8.1 GENERAL MEETING OF SHAREHOLDERS

The Company's share capital is divided into 16,830,838 ordinary registered no-par-value shares and 10,657,965 no-par-value preference shares. Each no-par-value share represents the same stake and corresponding amount in the Company's share capital. The stake of individual no-par-value shares in the Company's share capital is determined with respect to the number of no-par-value shares issued. No-par-value shares may not be split.

Ordinary no-par-value shares provide their holders the following rights:

- the right to participate in the management of the Company (voting right);
- the right to a share in profits; and
- the right to a proportional share of the assets remaining after the Company's liquidation or bankruptcy.

No-par-value preference shares provide their holders the following rights:

- the right to a share in profits; and
- the right to a corresponding portion of residual assets after the liquidation or bankruptcy of the Company.

Preference shares give their holders priority in the sharing of profits in the amount of EUR 0.01 (zero point zero one; preferential amount) per share. The preferential amount is paid out in addition to the share in profits received by the holders of ordinary shares, in accordance with the relevant resolution on the use of distributable profit.

#### 1.8.1.1 Functional bases and method of convocation

Shareholders exercise their right to participate in the management of the Company at the General Meeting of Shareholders. The competences, responsibilities and functioning of the General Meeting of Shareholders are governed by the Companies Act, the Company's Articles of Association and the Rules of Procedure of the General Meeting of Shareholders, which are published on the Company's website in the 'Corporate Governance' section under the 'Investors' tab.

The General Meeting of Shareholders may be convened by the Company's Management Board at its own initiative, or at the request of the Supervisory Board or shareholders. The annual General Meeting of Shareholders is typically convened by the end of June every year. The Company informs shareholders in a timely manner about the convocation of the General Meeting of Shareholders, which is published on the websites of the AJ PES and Intereuropa, d. d., and via the Ljubljana Stock Exchange's SEOnet system.

Materials for the General Meeting of Shareholders, including proposed resolutions for all items on the agenda, are available for viewing at the Company's headquarters in Koper, in the Ljubljana Stock Exchange's SEOnet system and on the Company's website in the 'Corporate Governance' section under the 'Investors' tab, from the date of convocation until the day the General Meeting of Shareholders is held. Proposed resolutions also include the relevant justifications, which provide shareholders sufficient information to make prudent decisions.

Intereuropa, d. d. encourages all major shareholders to publicly disclose their governance policy. To that end, in the scope of the convocation of the General Meeting of Shareholders, the Company also publishes a call to major shareholders to publicly disclose, at a minimum, their voting policy, the type and frequency of governance activities, and the dynamics of communication with the Company's management and supervisory bodies.

The main competences of the General Meeting of Shareholders are as follows:

- the adoption of the annual report;
- decisions regarding the use of distributable profit;
- the appointment and recall of members of the Supervisory Board;
- the approval of the remuneration policy for management and supervisory bodies;
- the conferral of official approval on the members of management or supervisory bodies;
- decisions regarding amendments to the Articles of Association;
- decisions regarding measures to increase and decrease capital;
- decisions regarding the winding-up of the Company, and corporate status transformations; and
- appointment of a legally certified auditor.

In most cases, the General Meeting of Shareholders makes decisions by a majority of votes cast. The General Meeting of Shareholders makes decisions regarding certain important matters with a three quarters majority of represented share capital. Those matters include:

- changes and amendments to the Articles of Association;
- decreases or increases in share capital;
- changes to the Company's status;
- the early recall of members of the Supervisory Board; and
- other cases, if so provided for by law or the Company's Articles of Association.

### 1.8.1.2 Conditions for attendance and communication with shareholders

Only shareholders entered in the Company's share register (managed by the Central Securities Clearing Corporation or KDD) and their authorised representatives or proxies who have registered to attend in writing by no later than the close of business on the fourth day prior to the General Meeting of Shareholders have the right to attend and exercise voting rights at the General Meeting of Shareholders. Each share entitles its holder to one vote. Only the holders of ordinary no-par-value shares have the right to vote. The holders of preference shares do not have voting rights, unless the preference amount is not paid within one year, or is not paid in full and the remainder is not paid the following year. Preference shareholders have voting rights until that remainder is paid.

With the Supervisory Board's consent, the Management Board may stipulate in the convening of the General Meeting of Shareholders that shareholders may participate in and cast votes before or at the General Meeting of Shareholders by electronic means, without being physically present. The Company's Articles of Association authorises the Company's Management Board to arrange in detail the process of casting votes or participating in the General Meeting of Shareholders without being physically present, depending on the requirements and limitations needed to determine the identity of shareholders and ensure secure electronic communications in a way that is proportionate with the achievement of those objectives.

Intereuropa, d. d. encourages the active participation of the maximum number of small shareholders at the General Meeting of Shareholders. Thus, the materials published when the General Meeting of Shareholders is convened also include sample registration and authorisation forms. The Company's website also has an 'Investors' tab, where small shareholders and other investors will find information regarding corporate governance and annual and interim reports, in addition to information regarding the General Meeting of Shareholders.

Shareholders are briefed on adopted resolutions immediately following the conclusion of the General Meeting of Shareholders, on the Company's website and in the Ljubljana Stock Exchange's SEOnet system.

### 1.8.1.3 General Meeting of Shareholders in 2021

Three general meetings were convened in 2021. In accordance with paragraph 2 of Article 315 of the ZGD-1, the holders of preference shares held voting rights at all three General Meeting of Shareholders.

The 35th General Meeting of Shareholders of Intereuropa, d. d. was convened on 31 May 2021. A total of 90.21% of shareholders with voting rights were present. Shareholders at the General Meeting of Shareholders discussed the following points and adopted the following significant resolutions:

- They were briefed on the resignation of Supervisory Board Chairman Mr Boris Novak, MSc and appointed Mr Tomaž Kokot as new member of the Supervisory Board and shareholder representative.
- They adopted changes to the Articles of Association with which a general meeting of shareholders can be held without the physical presence of shareholders, and a few other editorial corrections to the Articles of Association.

The 36th annual General Meeting of Shareholders of Intereuropa, d. d. was convened on 2 July 2021. A total of 92.45% of shareholders with voting rights were present. Shareholders at the General Meeting of Shareholders discussed the

following points and adopted the following significant resolutions:

- They were briefed on the annual report of the Intereuropa Group for 2020, together with the auditor's opinion, and on the Supervisory Board's written report on the verification of the annual report compiled for 2020 and the Supervisory Board's position regarding the report on relations with affiliated companies for 2020.
- They were also briefed on the remuneration of management body members.
- The shareholders adopted a resolution, whereby the entire distributable profit in the amount of EUR 9,987,873.36 will remain undistributed.
- They approved the work of the Company's Supervisory Board and Management Board during the 2020 financial year, and conferred official approval on both bodies for their work in 2020.

The shareholder Pan-Slovenian Shareholders' Association announced a challenging action against the resolution on the use of distributable profit, which was not filed by the legally prescribed deadline.

The 37th General Meeting of Shareholders was convened on 18 November 2021 on the proposal of shareholder Pošta Slovenije, d. o. o. A total of 87.15% of shareholders with voting rights were present. Shareholders at the General Meeting of Shareholders discussed the following points and adopted the following significant resolutions:

- They were briefed on the resignations of Supervisory Board members and shareholder representatives Mr Andrej Rihter, MSc and Mr Vinko Filipič.
- They also adopted a resolution to recall Supervisory Board member and shareholder representative Mr Milan Perović.
- Shareholders elected three new members of the Supervisory Board and shareholder representatives: Mrs Karmen Lebe Grajf, MSc, Mr Sebastijan Gostenčnik, and Mr Gregor Korene.

The full text of resolutions adopted by the General Meeting of Shareholders is available on the Company's website at [www.intereuropa.si](http://www.intereuropa.si), in the subsection 'General Meeting of Shareholders' under the 'Investors' tab.

## 1.8.2 SUPERVISORY BOARD

### 1.8.2.1 Composition of the Supervisory Board and its committees

Intereuropa, d. d.'s Supervisory Board comprises six members, four of whom are shareholder representatives and two of whom are employee representatives. Members serve a four-year term of office, with the possibility of re-appointment. Supervisory Board members who represent the interests of shareholders are elected by the General Meeting of Shareholders. Employee representatives are elected by the Works Council of Intereuropa, d. d. The General Meeting of Shareholders is merely briefed on their election. The Supervisory Board supervises the management of the Company's operations and is fully liable for the performance of its supervisory function.



TABLE 7: COMPOSITION OF INTEREUROPA, D. D.'S SUPERVISORY BOARD AND ITS COMMITTEES DURING THE 2021 FINANCIAL YEAR

First name and surname	Function (Chairman, deputy, member of the Supervisory Board)	Initial appointment to function	End of function/ term of office	Shareholder/ employee representative	Attendance at sessions with respect to total no. of SB* sessions	Gender	Nationality	Year of birth	Education
Tomaž Kokot	Chairman of Supervisory Board since 18 June 2021	31 May 2021	30 May 2025	Shareholder representative	10/10****	M	Slovene	1988	Master's degree in economics and business
Karmen Lebe Grajf, MSc	Deputy Chair of the Supervisory Board since 19 November 2021	18 November 2021	17 November 2025	Shareholder representative	5/5****	F	Slovene	1966	Bachelor's and master's degrees in economics
Sebastijan Gostenčnik	Member of Supervisory Board	18 November 2021	17 November 2025	Shareholder representative	5/5****	M	Slovene	1974	Bachelor's degree in economics
Gregor Korene	Member of Supervisory Board	18 November 2021	17 November 2025	Shareholder representative	5/5****	M	Slovene	1982	Bachelor's degree in transport technology, master's degree in intercultural management
Tjaša Benčina	Member of Supervisory Board	20 November 2021	19 November 2025	Employee representative	16/16	F	Slovene	1968	Economist
Zlatka Čretnik	Member of Supervisory Board	20 November 2021	19 November 2025	Employee representative	16/16	F	Slovene	1968	Bachelor's degree in economics (higher education)
Boris Novak, MSc	Chairman of Supervisory Board from 13 Jan 2020 to 31 March 2021	30 December 2019	31 March 2021	Shareholder representative	3/3****	M	Slovene	1963	Bachelor's degree and master's degree in law
Andrej Rihter, MSc	Deputy Chairman of Supervisory Board from 13 January 2020 to 5 September 2021	30 December 2019	5 September 2021	Shareholder representative	11/11****	M	Slovene	1970	Bachelor's degree and master's degree in traffic technology engineering
Vinko Filipič	Member of Supervisory Board	30 December 2019	15 September 2021	Shareholder representative	11/11****	M	Slovene	1971	Bachelor's degree in economics
Milan Perović	Member of Supervisory Board	30 December 2019	18 November 2021	Shareholder representative	11/11****	M	Slovene	1964	Bachelor's degree in economics

First name and surname	Professional profile	Independence according to Article 23 of the Code (YES/NO)	Existence of conflicts of interest during financial year (YES/NO)	Membership on supervisory bodies of other companies	Membership on committees (e.g. audit, human resource, or remuneration)	Chairman /member	Attendance at sessions of Audit Committee with respect to total no. of sessions**	Attendance at sessions of the Nomination and Remuneration Committee with respect to total no. of sessions***
Tomaž Kokot	Corporate governance	No	No	Borzen d.o.o., Športna loterija and Šmarje pri Jelšah Retirement Home Institute	Member of the Nomination and Remuneration Committee (NRC) from 18 June 2021 till 19 November 2021	Member	/	/
mag. Karmen Lebe Grajf	Logistics, procurement and real estate	No	No	/	Member of the Audit Committee since 19 November 2021	Member	2/2****	/
Sebastijan Gostenčnik	Finance and Accounting	No	No	/	Chairman of the Audit Committee, member of the Nomination and Remuneration Committee (NRC) since 19 November 2021	Chairman of the Audit Committee and NRC member	2/2****	2/2****
Gregor Korene	Logistics technology, transport	No	No	Fund for Financing the Decommissioning of Krško Nuclear Power Plant (NEK)	Chairman of the Nomination and Remuneration Committee since 19 November 2021	Chairman of the NRC	/	2/2****
Tjaša Benčina	Finance and logistics	Yes	No	Member of the Supervisory Board of the Municipality of Koper	Member of the Nomination and Remuneration Committee	Member	/	4/4
Zlatka Čretnik	Finance and logistics	Yes	No	/	Member of Audit Committee	Member	8/8	/
mag. Boris Novak	Corporate governance	Yes	No	/	Member of Nomination and Remuneration Committee until 31 March 2021	Member	/	1/1****
mag. Andrej Rihter	Logistics, investments and procurement	Yes	No	SiDG, d. o. o.	Chairman of the Nomination and Remuneration Committee since 13 January 2020	Chairman	/	2/2****
Vinko Filipič	Finance, accounting, controlling, internal auditing, sales and market communication	Yes	No	Športna loterija d.d.	Member of the Audit Committee and Deputy Chairman of the Audit Committee since 13 January 2020	Deputy Chairman	6/6****	/
Milan Perović	Finance and controlling	Yes	No	/	Member of the Audit Committee until 18 November 2021	Chairman	6/6****	/

\* The Supervisory Board met at a total of 16 sessions in 2021.

\*\* The Supervisory Board's Audit Committee met at a total of 8 sessions.

\*\*\* The Supervisory Board's Nomination and Remuneration Committee met at a total of four sessions.

\*\*\*\* Attended all sessions during their term of office.

TABLE 8: COMPOSITION OF AUDIT COMMITTEE'S EXTERNAL MEMBERS DURING THE 2021 FINANCIAL YEAR

First name and surname	Audit Committee	Participation in committee sessions with respect to total number of sessions	Gender	Nationality	Education	Year of birth	Professional profile	Membership in supervisory bodies of unaffiliated companies
Barbara Gorjup, MSc*	Audit Committee		F	Slovene	MSc	1973	Business finance, economic viability of investments, controlling, risk management, accounting, auditing, corporate governance	Member of Telekom Slovenije, d. d.'s Supervisory Board (until 27 April 2021)

The Supervisory Board had two functioning committees in 2021: the Audit Committee and the Nomination and Remuneration Committee.

### 1.8.2.2 Audit Committee

The Audit Committee functioned in the following composition until 18 November 2021:

- Milan Perović (chair of Audit Committee);
- Vinko Filipič (deputy chair of Audit Committee until 15 September 2021);
- Zlatka Čretnik (member); and
- Barbara Gorjup, MSc (independent expert and member).

The Audit Committee functioned in the following composition since 19 November 2021:

- Sebastijan Gostenčnik (chair of Audit Committee);
- Karmen Lebe Grajf, MSc (deputy chair of Audit Committee);
- Zlatka Čretnik (member); and
- Barbara Gorjup, MSc (independent expert and member).

The Audit Committee functioned in accordance with its competences, and in the manner set out in the ZGD-1, the Corporate Governance Policy of Intereuropa, d. d., the Internal Audit Department's charter and the Rules of Procedure of the Audit Committee. Details regarding the work of the Audit Committee are presented in the report of the Supervisory Board.

### 1.8.2.3 Nomination and Remuneration Committee

The Nomination and Remuneration Committee functioned in the following composition until 18 November 2021:

- Andrej Rihter, MSc (chair until 5 September 2021);
- Boris Novak, MSc (member until 31 March 2021);
- Tomaž Kokot (member since 18 June 2021) and
- Tjaša Benčina (member).

The Nomination and Remuneration Committee functioned in the following composition since 19 November 2021:

- Gregor Korene (chair);
- Sebastijan Gostenčnik (member); and
- Tjaša Benčina (member).

The Nomination and Remuneration Committee in 2021 primarily discussed topics relating to the composition of the Management Board, the appointment of the President of the Management Board and reappointment of the Vice-President of the Management Board, and the criteria for the remuneration of Management Board members. The committee's work is presented in more detail in the report of the Supervisory Board.

### 1.8.2.4 Competences, work method and remuneration of the Supervisory Board

The Supervisory Board functions within the scope of its competences and in the manner set out in the ZGD-1, the Company's Articles of Association and the Rules of Procedure of the Supervisory Board. The Supervisory Board's commitments regarding corporate governance are set out in Intereuropa, d. d.'s Corporate Governance Policy, and include a system for identifying conflicts of interest and ensuring the independence of its members. All members

of the Supervisory Board signed a statement underlining their positions on the criteria of independence set out in Annex B: Conflicts of interest in respect of the Slovenian Corporate Governance Code. Those statements are published on the Company's website at [www.intereuropa.si](http://www.intereuropa.si).

Regular sessions of the Supervisory Board must be held at a minimum quarterly. The Rules of Procedure of the Supervisory Board define the areas of the aforementioned body's work. The Supervisory Board adopts a tentative work plan at the beginning of the year. It reports to shareholders on its work at the General Meeting of Shareholders.

Information regarding the remuneration of members of the Supervisory Board and its committees during the 2021 financial year is disclosed in the financial report of Intereuropa, d. d., in note no. 32 Other explanations.

### 1.8.3 MANAGEMENT BOARD

The tasks and areas of responsibility of the Management Board are defined in the Company's Corporate Governance Policy, while the aforementioned body's work method is set out in detail in the Rules of Procedure of the Management Board and the Company's Articles of Association. The latter states that the Management Board shall comprise a maximum of four members, while the Supervisory Board defines the number of members taking into account the principles of efficiency and economy. The Management Board of Intereuropa, d. d. comprised two members from 1 January 2021 to 31 December 2021. It was comprised of the President of the Management Board and Vice-President of the Management Board. The Management Board managed the Company's transactions independently and at its own risk. The two Management Board members represented the Company collectively. The members of the Management Board were responsible for specific work areas in accordance with the Rules of Procedure of the Management Board.

TABLE 9: COMPOSITION OF THE MANAGEMENT BOARD DURING THE 2021 FINANCIAL YEAR

First name and surname	Function (Chairman, member)	Area of work on the Management Board	Initial appointment to function	End of function/ term of office	Gender
Marko Rems	Vice-President of the Management Board	Finance, accounting and controlling, real estate management and central procurement, IT support, legal affairs, corporate integrity and compliance, and internal auditing in organisational terms	5 July 2021	4 July 2024	M
Marko Cegnar	President of the Management Board*	Forwarding and logistics, sales and marketing	19 March 2016	31 December 2021*	M

First name and surname	Nationality	Year of birth	Education	Professional profile	Membership in supervisory bodies of unaffiliated companies
Marko Rems	Slovene	1967	Bachelor's degree in economics	Financial management with more than 20 years of experience in financial and information systems, implementation and management of financial restructuring, and reorganisation in demanding environments	Not a member
Marko Cegnar	Slovene	1973	Master's degree in management	Sales, marketing and logistics	Not a member

\* early termination of Marko Cegnar's term of office on 31 December 2021 on the basis of an agreement on the termination of function of President of the Management Board and termination of the employment contract of the President of the Management Board. Since 1 January 2022, the President of the Management Board is Damijan Vajs.

#### 1.8.3.1 Work of the Management Board in 2021

The Management Board managed Intereuropa, d. d. and the Intereuropa Group in accordance with established strategic objectives and policies. In performing its tasks and fulfilling its responsibilities, the Management Board observed the principles of corporate governance and the Corporate Governance Policy of Intereuropa, d. d. and complied with the provisions of the Slovenian Corporate Governance Code. The Management Board performs its work in accordance with the principles set out in Intereuropa Group's Code of Ethics, applicable regulations, the



Rules of Procedure of the Management Board, the Company's Articles of Association and the resolutions adopted by the Company's bodies.

### 1.8.3.2 Remuneration of the Management Board

The remuneration of members of Intereuropa, d. d.'s Management Board is set out in the remuneration policy for members of Intereuropa, d. d.'s Management Board, which was adopted by the Supervisory Board on 10 February 2020. This policy lays down the rules by which the remuneration and rights to which all members of the Management Board are entitled are defined in contracts for all Management Board members. The aim of this policy is to ensure that all the remuneration paid to Management Board members is proportionate to their tasks and responsibilities, and in line with the Company's financial position, taking into account the provisions of the Act Governing the Remuneration of Managers of Companies with Majority Ownership held by the Republic of Slovenia or Self-Governing Local Communities (hereinafter: the ZPPOGD), the Companies Act (hereinafter: ZGD-1) and the Employment Relationships Act. The remuneration received by members of the Management Board comprises the wages, other remuneration and payment of material costs. Wages comprise a basic salary and variable remuneration in accordance with the ZPPOGD. More detailed provisions on the remuneration of Management Board members are evident in the remuneration policy that was presented to the public at the General Meeting of Shareholders, and is available on the website of Intereuropa, d. d. in the section entitled Sessions of the General Meeting of Shareholders.

Information regarding the remuneration of members of the Management Board during the 2021 financial year is disclosed in the financial report of Intereuropa, d. d., in note no. 32 Other explanations.

### 1.8.3.3 Members of the Management Board in 2021



#### **Marko Cegnar,**

President of the Management Board until 31 December 2021 (termination of term of office by mutual agreement\*):

- year of birth: 1973;
- master's degree in management;
- performed executive and management functions in the areas of sales, marketing, procurement and logistics at DHL logistika, d. o. o., Orbico, d. o. o., ITG Tobačna Grosist, d. o. o., ISS SERVISYSTEM, d. o. o. and DHL Express, d. o. o.;
- term of office as President of the Management Board: from 12 November 2019 to 11 November 2020; reappointed on 12 November 2020 to a four-year term of office;
- term of office as member of the Management Board: from 19 March 2016 to 11 November 2019;
- responsible for the following business segments: freight forwarding and logistics, sales and marketing, HR and general affairs, public relations, quality, security and formal governance of subsidiaries.

\* Since 1 January 2022, the President of the Management Board is Damijan Vajs.

#### **Marko Rems,**

Vice-President of the Management Board:

- year of birth: 1967;
- bachelor's degree in economics;
- performed executive and management functions in the areas of finance, accounting, information technology, controlling and risk management at the following companies: Družba za upravljanje terjatev bank, d. d., Ljubljana, Luka Koper, d. d., Adriatic Slovenica, d. d., KD Holding, d. d., Ljubljana and Žito, d. d., Ljubljana;
- term of office: from 5 July 2017 to 4 July 2021; on 5 July 2021 he was appointed to a new four-year term of office;
- responsible for the following business segments: finance, accounting and controlling, real estate management and central procurement, IT support, legal affairs, corporate integrity and compliance, and internal auditing in organisational terms.

## 1.8.4 DESCRIPTION OF THE DIVERSITY POLICY IN CONNECTION WITH REPRESENTATION ON THE COMPANY'S MANAGEMENT AND SUPERVISORY BODIES

Intereuropa, d. d. is aware of the importance of diversity in the composition of the Management Board and Supervisory Board, as diversity increases the efficiency of the functioning of these bodies and fosters a more comprehensive understanding of the business environment, and risks and opportunities connected with the Intereuropa Group's operations. Accordingly, the Policy Governing the Diversity of Management and Supervisory Bodies is an integral part of the Corporate Governance Policy of Intereuropa, globalni logistični servis, d. d.

The following aspects are taken into account when determining the composition of the Management Board and Supervisory Board:

- professional diversity such that the members have different knowledge, skills, competences and experience;
- diversity in terms of gender and age;
- the generally adopted principles of non-discrimination; and
- efforts to ensure the continuity of operation of the bodies by staggering the process of replacing members all at once.

The Supervisory Board's Nomination and Remuneration Committee and the Supervisory Board take into account diversity policies primarily in relation to the following:

- the appointment of members to the Company's Management Board;
- the recruitment, selection and submission of proposed candidates for members of the Supervisory Board to the General Meeting of Shareholders; and
- the self-assessment of the Supervisory Board's work, which should also include an assessment of the composition of the Management Board and Supervisory Board in terms of diversity.

In 2021 Intereuropa d.d. achieved the target of at least 40% of the under-represented gender of supervisory bodies and at least 33% of the under-represented gender of management and supervisory bodies collectively. As at 31 December 2021 Intereuropa d. d. had the same number of both genders represented on the supervisory body, while the percentage of the under-represented gender of management and supervisory bodies was 37.5%\*. At subsidiaries the representation of the under-represented gender of management and supervisory bodies is slightly lower to stand at 32.6%\*\*, but taking into account the region and sector in which the Intereuropa Group operates this ratio between genders is appropriate. Nevertheless, activities will continue to further improve the ratio between genders. A policy on the diversity of management and supervisory bodies will be drafted as a separate document in 2022. That policy will describe objectives, activities and measures to improve the diversity of management and supervisory bodies in terms of gender and other aspects (age, education, etc.).

## 1.8.5 MANAGEMENT AND GOVERNANCE OF GROUP COMPANIES

The parent company Intereuropa, d. d. and its subsidiaries make up the Group, which is centrally managed by the Management Board of Intereuropa, d. d. The policy governing links between the parent company and its subsidiaries is set out in the Corporate Governance Policy of Intereuropa, d. d. The Policy on the Governance of Intereuropa Group Subsidiaries includes the basic elements of the governance of subsidiaries. An effective system for managing and governing subsidiaries is an important factor in the successful achievement of the business objectives of Group companies and in the transparency of their operations.

### 1.8.5.1 Governance principles for subsidiaries

The basic principles on which the governance of the Intereuropa Group is based are the financial stability of the Group, centralised information support, an effective system of control over subsidiaries and motivated employees. At the forefront of the governance of subsidiaries are cooperation between subsidiaries and the sharing of know-how and best practices between Intereuropa Group companies.

The governance of Group companies is based on a combination of control and coordination mechanisms. A matrix system for managing subsidiaries that combines formal corporate governance and the direct responsibility of functional managers for certain activities at subsidiaries has been introduced. The centralisation of the most important decisions ensures the uniformity of strategic policies and important business, HR-related and technical decisions. Control over financial results remains a core element of supervision. In addition to the appointed supervisory bodies of individual subsidiaries, functional managers, and the controlling and internal audit departments also play an important role in supervision.

\* In accordance with methodology of the Slovenian Directors' Association.

\*\* The calculation also takes into account the representation of genders on committees of supervisory bodies (e.g. Audit Committee).

The management bodies of the parent company and subsidiaries communicate regularly with the aim of creating a standard culture within the Intereuropa Group, ensuring the transfer of know-how and best practices, and exploiting various synergies. Of key importance are cooperation and communication between all Intereuropa Group companies at the market-operational level of specific product categories and products.

The effectiveness of the Group at multiple operational levels is achieved through consistent periodic communication and the necessary measures to enhance the exploitation of synergies between Intereuropa Group companies, particularly in the following areas:

- a coordinated and uniform market approach, with an emphasis on common logistics products and core product categories;
- the coordinated management of strategic and key customers;
- the development and optimisation of common logistics products;
- the development of standard IT support at all subsidiaries and for all logistics products;
- the transfer of best practices in the optimisation of processes and in preventive measures to manage risks; and
- employee development, with an emphasis on the acquisition and development of knowledge and competences relating to core product categories and key logistics products.

Intereuropa Group companies operate in accordance with local legislation, resolutions adopted by the management bodies of the parent company and subsidiaries, the Policy on the Governance of Intereuropa Group Subsidiaries, business cooperation agreements entered into between the parent company and individual subsidiaries, and the applicable internal acts adopted by the Management Board of the parent company.

## 1.8.6 AUDITING

### 1.8.6.1 External auditing

The General Meeting of Shareholders of Intereuropa d. d. appointed the audit firm ERNST & YOUNG Revizija, poslovno svetovanje, d. o. o., Dunajska cesta 111, Ljubljana to audit the financial statements of Intereuropa, d. d. and the Intereuropa Group for 2019, 2020 and 2021.

The transactions of Intereuropa, d. d. and its subsidiaries with audit firms are presented in the Company's financial report as part of the notes to financial statements of the Company and Group.

### 1.8.6.2 Internal auditing

The mission of internal auditing is to strengthen and protect the value of the Intereuropa Group through the independent and unbiased issue of objective assurances based on a risk assessment, and through the provision of consultancy services and an in-depth understanding of the operations of the Group. Auditing helps the Group accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control, and governance processes.

Internal auditing in the Intereuropa Group in 2021 was conducted by the Internal Audit Department of the parent company Pošta Slovenije, d. o. o. in accordance with the agreement it signed. The department functioned independently, in accordance with the provisions of the ZGD-1 and the internal auditing rules hierarchy, in particular with the International Standards for the Professional Practice of Internal Auditing, the Code of Internal Auditing Principles and the Code of Ethics of Internal Auditors, and the applicable laws, other regulations and bylaws.

The areas subject to auditing in 2021 were defined in the plan of work that included regular internal audits, consultancy tasks, the monitoring of the implementation of internal and external auditing, operational tasks and other tasks. The plan was adopted by the Management Board, discussed by the Audit Committee of the Supervisory Board and approved by the Supervisory Board.

Internal audits were performed at the parent company and at Intereuropa Group subsidiaries. The internal auditing objectives were to assess the risk management approach and the functioning of internal controls in connection with business and support processes, and the management thereof, both in terms of the compliance of those processes with legal and internal regulations, the adopted policies, established objectives and criteria of the Company, and to issue recommendations for the improvement thereof. The areas subject to auditing included the process of financial reporting, the car logistics process, the warehousing process, the management of strategic customers, the management of key and perspective staff, the management of the HR function, the technical and physical protection of assets with fire safety, and the operations of subsidiaries abroad. Internal auditing processes were adapted due to the COVID-19 pandemic so that they could also be carried out remotely. Internal auditing was conducted by internal sources, the

IAD director together with two contractors and by an outside source. Internal audit reports were submitted to the Management Board, the Audit Committee and the Supervisory Board on a quarterly basis.

### 1.8.7 DESCRIPTION OF THE MAIN FEATURES OF INTERNAL CONTROLS AND RISK MANAGEMENT AT THE COMPANY IN CONNECTION WITH THE FINANCIAL REPORTING PROCESS

The purpose of internal controls is to ensure the reliability of financial reporting and compliance with valid laws, and other external and internal regulations. Accounting controls are employed to manage the risks associated with the following:

- the credibility of accounting data: of primary importance are bookkeeping documents, as evidence of the existence of business events, that clearly show the content and value of such transactions;
- the completeness of financial data: this is ensured by the Company through precisely defined record-keeping procedures in internal acts, and through control over the functioning of such procedures;
- the accuracy of financial data: this is ensured by the Company through a comparison of data in the information system with data in the underlying bookkeeping documents; and
- the segregation of responsibilities in business processes and authorisations for work in the information system: the precise and consistent definition of tasks and responsibilities of those involved in a specific business event.

When compiling the financial statements of the Group and the notes thereto, risks are mitigated primarily through:

- the transparent organisational structure of the parent company and its subsidiaries;
- the consistent application of accounting principles and policies; and
- the observation of the timetable for the compilation of the financial statements and the notes thereto.

The information system, with its built-in controls, also plays an important role. The authorisation system ensures that users only execute those transactions in the information system for which they are authorised.

### 1.8.8 INFORMATION REGARDING SIGNIFICANT DIRECT AND INDIRECT HOLDINGS OF THE COMPANY'S SECURITIES IN TERMS OF ACHIEVING A QUALIFYING HOLDING, SPECIAL CONTROLLING RIGHTS AND RESTRICTED VOTING RIGHTS, AND OTHER EXPLANATIONS IN CONNECTION WITH LEGISLATION GOVERNING MERGERS AND ACQUISITIONS

#### 1.8.8.1 Explanations regarding all restrictions on voting rights and regarding treasury shares

The Company's share capital is divided into 27,488,803 shares broken down as follows: 16,830,838 ordinary registered freely transferable no-par-value shares and 10,657,965 freely transferable no-par-value preference shares. The holders of Intereuropa, d. d.'s ordinary shares are not subject to any restriction on voting rights. The Company has no voting rights arising from its treasury shares in accordance with Article 249 of the ZGD-1. Intereuropa, d. d. held 18,135 treasury shares (IEKG) with a carrying amount of EUR 180,000 as at 31 December 2021, representing 0.1077% of ordinary shares and 0.0660% of all shares. Intereuropa, d. d. did not purchase or sell treasury shares in 2021.

As at 31 December 2021, 75 ordinary shares were held on a special account of Kapitalska družba, d. d., which in accordance with Article 48b of the Book-Entry Securities Act (Official Gazette of the Republic of Slovenia, No. 43/19) is intended for securities waived by their holders and/or securities held by the Republic of Slovenia. Kapitalska družba may not exercise the voting rights attached to those securities.

The holders of Intereuropa, d. d.'s preference shares have not been paid preference amounts since 2013, and have thus held voting rights at the General Meeting of Shareholders since 2015 in accordance with paragraph 2 of Article 315 of the ZGD-1. Accordingly, 27,470,513 shares out of a total of 27,488,803 shares had voting rights at the first two General Meetings of Shareholders held 31 May 2021 and 2 July 2021, representing 99.9335% of the Company's total shares, and 27,470,593 or 99.9338% of the Company's total shares at the third General Meeting of Shareholders held 18 November 2021 (the difference is a result of a decrease in shares during the year that are held on a special account of Kapitalska družba, d. d. in accordance with Article 48b of the Book-Entry Securities Act).

#### 1.8.8.2 Significant direct and indirect holdings of the Company's securities in terms of achieving a qualifying holding

The Company publishes information in a timely manner regarding the achievement of a qualifying holding, as set out in the Takeovers Act, in the Ljubljana Stock Exchange's electronic information system (SEOnet) and forwards that information to the Securities Market Agency.



Pursuant to Article 105 of the Financial Instruments Market Act, which sets the thresholds for a significant holding, direct holders who hold more than 5% of voting rights are presented in Table 1.

TABLE 10: SHAREHOLDERS WHO HELD MORE THAN 5% OF VOTING RIGHTS AS AT 31 DECEMBER 2021

Shareholder	No. of ordinary shares 31 December 2021	No. of preference shares 31 December 2021	No. of voting rights 31 December 2021*	Proportion of voting rights 31 December 2021
Pošta Slovenije, d. o. o.	13,306,067	10,657,965	23,964,032	87.2%

\* Pursuant to Article 315 of the ZGD-1, the holders of preference shares obtained voting rights in 2015 because the Company has not paid preference amounts since 2013.

### 1.8.9 STATEMENT OF COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Management Board and Supervisory Board of Intereuropa, Globalni logistični servis, d. d., Koper (hereinafter: the Company) verified the compliance of the Company's governance with the Slovenian Corporate Governance Code (hereinafter: the Code), and hereby declare that the work and operations of the Company are in line with the Code, with certain deviations that are explained in detail below.

The deviations highlighted below relate to the Slovenian Corporate Governance Code from October 2016. The Slovenian Code was updated in December 2021 and becomes applicable on 1 January 2022. Intereuropa shall commence activities in 2022 for alignment with the updated code. Any deviations from the updated Code shall be disclosed in the Statement of Compliance with the Corporate Governance Code for the 2022 financial year.

**Recommendation:** The management board, together with the supervisory board, draws up and adopts a diversity policy that is implemented with respect to representation on a company's management and supervisory bodies (point 4 of the Code in its entirety).

**Deviation:** In March 2019, the Management Board and Supervisory Board adopted the revised Corporate Governance Policy of Intereuropa, d. d., which includes a policy governing the diversity of management and supervisory bodies. The latter defines the target level of diversity in terms of age, education, other personal traits and gender, but does not define the ratio between genders, the specific objectives of diversity or the impact on human resource and other processes at the Company (points 4.2 and 4.3 of the Code). The Company began updating the governance policy and also the diversity policy in 2022.

**Recommendation:** A company must ensure an external assessment of the adequacy of its corporate governance statement at least once every three years (point 5.7. of the Code).

**Deviation:** Intereuropa, d. d. was acquired by Pošta Slovenije, d. o. o. at the end of 2019. For this reason, the Company decided that an external assessment of the adequacy of its corporate governance statement for 2021 will not be carried out.

**Recommendation:** In the proposed new composition of the supervisory board for the general meeting of shareholders, all candidates for members of the supervisory board must be independent. The recommendation to appoint independent members applies to both shareholders and works councils. If the general meeting of shareholders or works council does not follow recommendations regarding the appointment of independent members to the supervisory board, a company must disclose this in its corporate governance statement (points 9.2 and 9.3 of the Code).

**Deviation:** Pošta Slovenije d.o.o. is the majority shareholder of Intereuropa, d. d., and as such also most of the members of the Supervisory Board are employed by the majority shareholder. The independence/dependence of Supervisory Board members is thus disclosed appropriately.

**Recommendation:** In addition to other matters, the rules of procedure of the supervisory board include a list of all transactions for which the management board requires the prior consent of the supervisory board based on a supervisory board resolution and the company's articles of association, as well as a system for ordering the services of external experts for the needs of the supervisory board, and the education and training of supervisory board members (point 12.2 of the Code).

**Deviation:** The Supervisory Board's position during the most recent update of the Rules of Procedure of the Supervisory Board was that a list of all transactions for which the Management Board requires the prior consent of the Supervisory Board and a system for ordering the services of external experts need not be included in those rules. Instead, the list of transactions for which the Management Board requires the Supervisory Board's prior consent is governed by resolutions adopted by the latter. Due to the extremely small scope of the outsourced services of external experts for the Supervisory Board, the latter believes that the inclusion of the management and governance of a separate system solely for the Supervisory Board in that body's Rules of Procedure is illogical. The method and scope of the education and training of Supervisory Board members are set out in the General Meeting of Shareholders resolution of 20 June 2014 and are not governed separately in the Rules of Procedure of the Supervisory Board.

**Recommendation:** Once a year, the supervisory board defines a training plan for its members and the members of its

committees (point 13.1 of the Code).

**Deviation:** The Supervisory Board has not adopted a special training plan for its members for 2021. However, each member may define an individual training plan in the scope of the annual allotment for training purposes.

**Recommendation:** At least every three years, the supervisory board organises an external assessment in which it cooperates with an institution or external experts with the requisite experience regarding the work of supervisory boards, in-depth knowledge of corporate governance and the functioning of supervisory boards and their committees (point 14.4 of the Code).

**Deviation:** The work of the Supervisory Board was not subject to an external assessment in 2021 nor will it be in 2022. The General Meeting of Shareholders appointed four new members to the Company's Supervisory Board in 2021. The Supervisory Board has only been operating in its current composition for a few months now.

**Recommendation:** Persons who were members of the management board of this company or senior management members of affiliated companies last year cannot be appointed the chairman of the company's supervisory board.

**Deviation:** The current Chairman of the Company's Supervisory Board and his predecessor simultaneously with performing the function of Chairman of the Supervisory Board of Intereuropa, d. d. also managed the parent company Pošta Slovenije, d. o. o. (point 15.2 of the Code).

**Recommendation:** The performance criteria defined by the supervisory board in connection with the variable component of remuneration of management board members must also promote sustainable development and include non-financial criteria, such as compliance with the company's valid rules and ethical standards (point 21.1 of the Code).

**Deviation:** The Supervisory Board includes non-financial criteria in the performance criteria that serve as the basis for the payment of the variable component of remuneration of Management Board members, but does not define separate elements, such as compliance with the Company's valid rules and ethical standards. It is the basic duty of Management Board members to comply with the Company's rules and follow the highest ethical standards. Thus, such conduct does not require additional remuneration.

**Recommendation:** All members of the supervisory board and committees are independent.

**Deviation:** Out of the six members of the Supervisory Board four were appointed on the proposal of the majority shareholder, i.e. Pošta Slovenije, d. o. o. All these members, simultaneously with the performance of their function as Supervisory Board member of Intereuropa, d. d., are also employees of or carry out the senior management function at Pošta Slovenije, d. o. o. Any potential conflict of interest was disclosed by these members upon their appointment, as well as undertaking to recuse themselves from discussions and decision-making when actual conflict of interest arises (point 23 of the Code).

**Recommendation:** The company provides continuous information about its financial position and legal status through the publication of assessments of its performance, potential deviations from forecasts and changed operating conditions (point 29.1 of the Code).

**Deviation:** The Company does not publish assessments of its performance, if that performance is in line with expectations. If major deviations were to occur, the Company would publish an appropriate announcement.

**Recommendation:** The company publishes the rules of procedure of management and supervisory bodies and the general meeting of shareholders on its website (point 29.9 of the Code).

**Deviation:** The Company has published the rules of procedure of the Supervisory Board, Audit Committee and General Meeting of Shareholders. The Rules of Procedure of the Management Board are not published, as the Company deems them to be of an internal nature and they have no impact on the transparency of operations that would be of significance to investors or interested parties.

The Corporate Governance Code is accessible in Slovene and English on the websites of the Ljubljana Stock Exchange ([www.ljse.si](http://www.ljse.si)), and the Slovenian Directors' Association ([www.zdruzenje-ns.si](http://www.zdruzenje-ns.si)).

The statement of compliance with the Corporate Governance Code is an integral part of the 2021 annual report and is published on the Company's website at [www.intereuropa.si](http://www.intereuropa.si). Intereuropa, Globalni logistični servis, d. d.,

Koper, 12 April 2022

Damijan Vajs,  
President of the Management Board

Marko Rems,  
Vice-President of the Management Board

## 1.9 STATEMENT REGARDING NON-FINANCIAL OPERATIONS

Pursuant to Article 70c of the Companies Act, the Company has drafted a statement regarding non-financial operations that is required to understand the development, performance and position of the Company, and the impacts of its operations. That statement includes essential information regarding personnel and social matters, environmental matters and energy efficiency, and regarding corporate integrity. The latter includes information regarding respect for human rights, and matters relating to the fight against corruption and bribery. Detailed information regarding HR and social matters, and environmental matters and energy efficiency are presented in section 3 Sustainable development.

### 1.9.1 BUSINESS MODEL

As a superior and leading provider of comprehensive logistics solutions in the Western Balkans, the Intereuropa Group satisfies the needs of customers for logistics services and ensures the optimal functioning of supply chains for those customers. This is achieved through the use of innovative approaches, flexibility, the teamwork of highly trained employees, a lean organisation and cost-efficiency. The Group also functions in a socially responsible manner, and creates value for owners, employees and other stakeholders.

The range of logistics products is based on the development of three business lines, as follows: (1) land transport, which relies on a broad base of subcontractors, the Group's own extensive network in the countries of the Western Balkans and a partner network in other European countries; (2) logistics solutions, the scope of which is based primarily on the warehouse capacities of Group companies, qualified employees and outsourced labour; and (3) intercontinental transport.

The Intereuropa Group also aims to reduce its debt in the future and finance its operations through the optimal combination of equity and debt sources, which it will achieve by increasing cash flows from operating activities and the sale of assets not required for business purposes. As a member of the Pošta Slovenije Group, the Intereuropa Group will take advantage of the synergies in both the business area and in Group financing.

### 1.9.2 PERSONNEL AND SOCIAL MATTERS

#### 1.9.2.1 Policy

The Company's business success relies on the knowledge and motivation of employees who are responsible for operations at each company. Trends in the business environment require logistics companies to ensure a high level of responsiveness, innovation and increasingly complex services, thereby encouraging the lifelong learning of employees, which facilitates readiness for changes and the continuous search for improvements in their work.

Key employee competences that are systemically developed and assessed include the ability to achieve established common objectives, excellent knowledge of one's work area, self-initiative, responsibility, team work and flexibility. Special attention is also given to the area of occupational health and safety, and the promotion of health in the workplace.

In addition, the following elements form an integral part of Intereuropa's culture: ensuring the equal treatment of all employees, irrespective of gender, skin colour, race, age, health status, religious, political or other conviction, and the prohibition of any type of discrimination in the workplace, and the respect of dignity and human rights.

As at 31 December 2021, Intereuropa, d. d. is categorised among 18 of 56 companies in a sample analysing the gender diversity of supervisory board and management board members in public limited companies and state-owned companies, which have already reached the targeted gender diversity in management and supervisory bodies, i.e. 40% of women represented on the Supervisory Board and 33% of women represented on the Management Board and Supervisory Board collectively. The companies' progress in terms of the representation of genders on management and supervisory bodies is regularly monitored and presented by the Slovenian Directors' Association in collaboration with partner Deloitte.

#### 1.9.2.2 Results of policies, due diligence, indicators and risks

The Intereuropa Group regularly monitors the results of policies in the area of human resources. Data regarding the employees of all Group companies are analysed every quarter, including the number of employees and other flexible forms of employment, employee turnover, organised education and training courses, absenteeism and the

number of work accidents, while the organisational climate is measured at Slovenian and Croatian Group companies every other year. Key employee-related risks are also identified based on the aforementioned indicators and the necessary measures implemented. In the scope of regular occupational health and safety activities, environmental measurements of work conditions, inspections of work equipment, and inspections of buildings and fire protection equipment are also carried out. Those indicators are presented in more detail in section 3 Sustainable development on page 78.

TABLE 11: NON-FINANCIAL INDICATORS REGARDING EMPLOYEES AT THE GROUP LEVEL

Indicator	2020	2021	Plan for 2022
No. of hours of functional training (seminars, courses, professional meetings, etc.) per employee per year	6	7	12
Proportion of flexible forms of work (agency and student work)	13.7%	15.7%	> 10%
Improvement in assessments of the organisational climate of the employer (large Group companies)	-	-	3.2
Absenteeism rate due to sick leave in the Intereuropa Group	4.4%	5.5%	up to 4.5%
Intereuropa, d. d.	5.4%	6.9%	up to 4.5%
Rate of workplace accidents**	1.0%	1.3%	less than 1.5%

\*\* Calculation: number of accidents / number of employees + agency workers + students.

In recent years the number of workplace accidents has dropped below the planned 1.5%. However, the target of lowering sick leave absences below the planned 4.5% was not reached in 2021. The sick leave rate in the Intereuropa Group rose in 2021 by 1.1 percentage point to stand at 5.5%. The rate rose at the parent company, as well, by 1.5 percentage points relative to the previous year, and by 2.0 percentage points at the Zagreb subsidiary to stand at 6.5%. At other larger Group companies the sick leave rate was within the planned framework, i.e. up to 4.5%. Other Group companies continue to implement activities in the scope of the plan to promote health with the aim of managing the aforementioned Group risks.

The proportion of accidents in the Group increased by 0.3 percentage points in 2021, which is still within the planned framework, i.e. below 1.5%.

The main HR-related risks still include the turnover of key and perspective employees, the sharing of knowledge with work colleagues and ensuring succession, both at Slovenian Group companies and at companies abroad.

### 1.9.2.3 Objectives for 2022

The following measures are envisaged in the field of development and engagement of employees for 2022:

- increased inclusion in training, at least 12 hours of training on average per employee;
- employees holding lower positions (warehouse, coordinators, etc.) must also be included in training programmes;
- the implementation of activities focusing on management aimed at retaining key and perspective employees (coaching, career and personal development, and remuneration);
- transfer of good practices at the Group level;
- management of talents, which includes the drafting of development plans and their systemic inclusion in training that focuses on management or expertise and work on projects.

## 1.9.3 ENVIRONMENTAL MATTERS AND ENERGY-EFFICIENCY

### 1.9.3.1 Policy

The Intereuropa Group takes into account prescribed legal norms and follows the guidelines set out in the Energy Act and in European environmental guidelines. Energy efficiency and a responsible approach to the environment are integral parts of the Group's work processes and business decisions. The Intereuropa Group takes into account prescribed legal norms and follows the guidelines set out in the Energy Act and in European environmental guidelines in its efforts to reduce hazardous emissions into the environment, limit the loss of energy, and separate and recycle waste. The Intereuropa Group ensures the energy efficiency of buildings and devices, the appropriate management of waste, the compliant handling of hazardous cargoes, measures to reduce light pollution and the monitoring of waste water.

### 1.9.3.2 Results of policies, due diligence, indicators and risks

An energy audit was conducted at Intereuropa, d. d. in 2021, which included a review and analysis of energy consumption over the last three years at all large buildings. The energy audit of the Company provided guidelines for the implementation of measures in the field of efficient energy use. One of the measures was also introducing the systemic monitoring of energy efficiency and the definition of indicators that facilitate the monitoring of policy results. These are monitored at the level of individual Group companies, and only for certain elements of energy efficiency and specific impacts on the environment.

The transport activity is a major source of environmental pollution. One of the key criteria in the selection of road transport service providers is thus the number and proportion of a subcontractor's vehicles with environmentally friendly motors. Old forklifts are being replaced with more modern and energy efficient models, taking into account environmental impacts.

The Intereuropa Group is also directly reducing negative impacts on the environment in other business processes by reducing paper administration, through various energy-saving measures in warehouses and commercial buildings, and by raising awareness about the contribution of each individual to the preservation of the environment.

Concern for the environment and energy efficiency is passed on to all employees via internal communications.

The level of risks associated with inappropriate waste management and environmental pollution is assessed as low within the Intereuropa Group. Exposure to those risks is controlled and mitigated through the inclusion of companies in national waste management schemes, through the implementation of activities in the areas of energy efficiency and environmental self-awareness, and through the implementation of waste and energy management plans at individual companies.

### 1.9.3.3 Objectives for 2022

On the basis of the energy audit, Intereuropa, d. d. will begin implementing the proposed measures for efficient use of energy, while all Intereuropa Group companies will continue to implement regular energy efficiency measures, such as the gradual replacement of old forklifts with models that are more technologically and energy efficient, the installation of new and replacement of existing cooling and heating systems, the purchase of more efficient lighting, and other investments in order to reduce energy costs, increase the productivity of work equipment and improve work conditions. The investment plan for 2022 envisages EUR 526 thousand for those purposes.

## 1.9.4 CORPORATE INTEGRITY, HUMAN RIGHTS AND THE FIGHT AGAINST CORRUPTION

### 1.9.4.1 Policy

The integrity of operations is one of the key values of the Intereuropa Group. Intereuropa, d. d. adopted the Slovenian Corporate Integrity Guidelines in 2014. Through its model and compliant operations and compliance with best business practices and ethical standards of operations, as a corporate integrity ambassador, the Company encourages responsible business practices in the business environment in which it operates.

The Intereuropa Group's corporate integrity is based on the following principles:

- integrity is one of the core values of the Intereuropa Group's operations;
- the expansion and development of corporate integrity from management on down; and
- the responsibility of every employee for corporate integrity.

The core document in this respect is the Code of Ethics, which defines the basic ethical values of the Intereuropa Group such as fairness, confidentiality, impartiality, compliance, responsibility and transparency. The Code of Ethics was translated into English and into the majority of languages of the countries in which subsidiaries operate. It applies to employees and customers that establish business contacts with Intereuropa Group companies. The code is accessible by customers and employees on the companies' website, and by the latter via an internal collection of the Company's binding documents.

The Group's corporate integrity is also complemented by the Corporate Integrity Policy of the Intereuropa Group and the Rules on the Management of Conflicts of Interest.

The corporate integrity and compliance officer is responsible for the area of corporate integrity within the Intereuropa Group. This function was assumed by the head of the Legal Department in 2021. The aforementioned officer is independent in organisational terms and reports directly to the Company's Management Board. They also have



the autonomous right of reporting to the Company's supervisory bodies. The corporate integrity and compliance officer is responsible for the co-formulation of a policy, rules and procedures for ensuring and monitoring corporate integrity, and for establishing internal controls for verifying corporate integrity at Intereuropa Group companies.

Intereuropa Group companies comply with the law and international conventions, including provisions that relate to human rights. Intereuropa Group companies oppose any form of forced labour, child labour or discrimination. Employees are treated equally irrespective of their nationality, race or ethnic origin, national or social affiliation, gender, skin colour, health status, disability, religion or other beliefs, age, sexual orientation, family status, trade union membership or material standing, or other personal circumstances. Companies respect the dignity and personal integrity of the individual, and their privacy and freedom to express their opinions. The employees of Group companies are committed to mutually respectful relationships and respectful conduct towards third parties (customers, suppliers, etc.).

Intereuropa Group companies respect the rules of fair competition, and are committed to fair and open competition at home and abroad. They reject all forms of corruption and bribery. Employees may not receive or give gifts in exchange for the conclusion of a transaction or the receipt of any other type of benefit. Employees are expected to conduct themselves objectively, and prevent circumstances that could arise due to conflicts between the personal interests of an individual and the interests of the Company.

The Intereuropa Group has been monitoring reports by both Group employees and business partners of all Group companies for five years now via the 'Interžvižgač' (Internal Whistleblower) helpline for the anonymous reporting of suspected breaches. The helpline is available 24/7 on the website <https://interzvizgac.intereuropa.si/> in five languages. A link to the application/helpline is published on the websites of Group companies and internal e-noticeboards of companies. This ensures stakeholders are better informed of the existence of the helpline and makes it easier for everyone to file reports.

A five-member Ethics Board, which is coordinated by the corporate integrity and compliance officer, is responsible for handling reports relating to breaches of integrity. The director of the Human Resources and General Affairs Sector is exclusively responsible for reports in connection with HR-related breaches. The Ethics Board reviews all the reports it receives and reports to the Management Board on the discussed reports, including its recommendations and/or proposed measures. The corporate integrity and compliance officer reports on the work of the Ethics Board to the Company's Audit Committee, and also half-yearly to the Supervisory Board. The Ethics Board places special emphasis on protecting the anonymity of bona fide whistleblowers and monitors the resolution of HR-related reports.

#### 1.9.4.2 Results of policies, due diligence, indicators and risks

With regard to the development of the area of corporate integrity, activities continued in 2021 to ensure the protection of personal data in accordance with the EU's General Data Protection Regulation (GDPR) and the implementation of a system for managing conflicts of interests, as well as the updating of the monitoring of received disclosures.

In order to ensure employees are regularly informed regarding education focusing on personal data protection, a group was created in 2021 on the MS Teams platform: VOP–Protection of personal data. The group went beyond its original purpose, and due to its broad accessibility and relevance it supplements the Personal data protection tab in the scope of the section Corporate integrity and compliance on the Company's intranet site. This is still a primary source of key Company documents relating to personal data protection, useful links and key information relating to the protection of personal data of employees and the Company. The sites are updated continuously.

Social responsibility was not assessed at Intereuropa, d. d. in 2021. In the past, the assessment of social responsibility included an assessment of environmental impacts, an assessment of the rights of employees and human rights, and an assessment of ethics and sustainable procurement.

In order to limit the spread of infections with the COVID-19 virus, all education and training relating to corporate integrity in 2021 were organised via remote access. The Company also continued its practice of preparing video presentations, this time regarding public information, rights of individuals under the GDPR and information on beneficial owners. Infographics were also prepared for employees in the scope of video presentations and key topics. Employees were continuously kept abreast of corporate integrity topics through forwarded information and reminders of significant dates and assignments.

The Ethics Board met twice in 2021 and discussed five reported breaches of integrity. A total of 20% of received reports of suspected breaches related to the parent company, while the remaining 80% related to one or more subsidiaries.

The Company assesses the risks associated with breaches of human rights as low, as it primarily operates in an environment where human rights are governed at the national level and the respect for those rights is appropriately monitored by government institutions. All subsidiaries are located in areas that function under the aegis of the Council of Europe. The majority of Intereuropa Group companies' transactions are executed in European countries where respect for human rights is at a high level. Notwithstanding the low level of risk that derives from the environment and sector in which the Group operates, certain risks do exist, primarily in transactions in the intercontinental transport segment. Indications of breaches of human rights include reports of breaches, inspection proceedings, labour law proceedings before the courts, strikes, protests, the number of overtime hours in excess of legal limits, the number of workplace injuries, the inability to exercise the right to annual leave, etc. One labour law-related proceeding was initiated and ended before the competent labour court in 2021. No inspection of employment relationships or controls of occupational health and safety was conducted at Group companies in 2021.

The Intereuropa Group operates on markets where there is an increased level of corruption and in a sector that is more exposed to acts of corruption. Risks associated with acts of corruption exist primarily on three levels. The first risks comprise the risk that suppliers or customers bribe employees to gain more favourable terms and the second risks comprise the risk of losing major business due to the corrupt actions of competitors, while the third risks comprise the risk that employees might act contrary to the interest of the Company to their own benefit.

With regard to the first risk, the Intereuropa Group implements periodic measures to raise awareness and educate employees. At the same time, the 'Interžvižgač' (Internal Whistleblower) application was established and is accessible on the websites of Group companies for the anonymous reporting of corrupt acts and other breaches. With regard to the second risks, Intereuropa cannot influence the actions of third parties. However, the Intereuropa Group's position in this regard is clear and unwavering. Group companies do not support corrupt acts, even if this might mean the loss of business. With regard to the third risks, the Company began to put in place a system for the monitoring of fraud in 2020. The project continued in 2021. Indications of risk associated with fraud and corruption include reports and the identification of breaches via internal controls performed by an individual company and controls performed by the parent company. Two reports were received in 2021 due to suspected corruption that were discussed by the Ethics Board. No incidents of fraud were identified in the scope of regular controls.

#### 1.9.4.3 Objectives for 2022

In terms of corporate integrity, Intereuropa plans to continue the project concerning the fraud management system in 2022.

The fraud risk management project is designed to identify inherent risks of fraud, which are specific to the sector in which the Intereuropa Group operates and differ in terms of intensity, depending on the region of operation of a particular company. The project focuses on systemic management of fraud risk and the restriction of its potential consequences.

In 2022, Intereuropa, d. d. will also give special attention to the training of employees and the raising of awareness of employees. The Company will persevere in its clear commitments regarding the respect of human rights.

Management Board of Intereuropa, d. d.

Koper, 12 April 2022

Damijan Vajs,  
President of the Management Board

Marko Rems,  
Vice-President of the Management Board

## 1.10 EXPLANATION IN ACCORDANCE WITH ARTICLE 545 OF THE ZGD-1

Intereuropa, d. d. became a subsidiary of Pošta Slovenije, d. o. o. As a result, the Company is obliged to draft a report regarding relations with affiliates in accordance with Article 545 of the Companies Act. In the circumstances known to it at the moment a legal transaction was executed, or an act committed or omitted, the Company must include an explanation in the business report of whether it received the appropriate consideration in each such transaction or did not suffer any deprivation on account of a committed or omitted act.

In accordance with Article 545 of the ZGD-1, the Company drafted the report on relations with affiliates indicating all the legal transactions that the company concluded with the controlling company or any undertaking related thereto in the previous financial year, at the initiative of or in the interest of these companies, and all other acts that were committed or omitted at the initiative or in the interest of these companies in the previous financial year.

The Management Board of Intereuropa, d. d. hereby explains that the Company did not suffer any deprivation on account of the transactions and acts presented in the report on relations with affiliates.

Pursuant to Article 546 of the ZGD-1, the auditor audited the report on relations with affiliates. The auditor had no comments regarding that report and issued a resolution that confirms:

- that the statements in the report on relations between associated companies for the year ended 31 December 2021 are accurate in all material respects;
- that the value of the Company's legal transactions stated in the report is not disproportionately high given the circumstances that were known at the time the legal transactions were executed; and
- that there are no circumstances relating to other acts stated in the report that would suggest a substantially different assessment of deprivation than the one given by the management.

In accordance with Article 546a, the Supervisory Board was briefed on the report on relations with affiliates and on the auditor's opinion on the report, and had no comments on the Management Board's statement regarding relations with affiliates.



**Intereuropa<sup>®</sup>**

Globalni logistični servis

# BUSINESS REPORT

---

# 02





# 02 BUSINESS REPORT

## 2.1 DEVELOPMENT STRATEGY OF THE INTEREUROPA GROUP

The strategic development programme of the Intereuropa Group, which outlines the policies for the development of the Intereuropa Group until 2025, was adopted in December 2020.

The long-term development of the Intereuropa Group is based on its outlined vision, mission and values. The Intereuropa Group focuses on the development and specialisation of logistics products, the strengthening of its own business network on existing markets, and on the optimisation of business processes and the exploitation of the synergistic effects of the coordinated operations of Group companies and of the Pošta Slovenije Group. The Intereuropa Group is capable of implementing even the most complex logistics projects, tailored to the needs and expectations of customers.

### VISION

Our vision is to be a superior provider of comprehensive logistics solutions.

### MISSION

To satisfy the need for logistics services and ensure the optimal functioning of supply chains to the complete satisfaction of customers, while creating value for the owner, employees and other stakeholders in a socially responsible manner.

### VALUES

Integrity.	Respect for the highest ethical principles and best business practices. Operations in compliance with applicable legislation, guidelines, recommendations and the Company's internal rules.
Excellence.	The Group's services are geared towards the superior satisfaction of every customer's needs for logistics services, and are based on our advanced logistics know-how.
Adaptability and flexibility.	The Group's services are prompt and tailored to the needs of customers. This is achieved through an innovative approach and a lean organisational structure.
Responsibility.	The Group is distinguished by a high level of responsibility for the obligations we undertake, the agreements we conclude, and the social and natural environments in which we operate.
Teamwork and a respectful approach to employees.	The quality of the Group's services is the result of the work of individuals and top-notch expert teams. The diverse knowledge, experiences and views of our employees are highly valued.

## KEY STRATEGIC POLICIES

Consolidation of our market position in logistics:

- Corporate governance of operational business processes of the Intereuropa Group subsidiaries within the Logistics Division.
- Focus on products with higher value added (3PL, groupage and logistics solutions).
- Development on fast-emerging markets in the region.
- Strengthening the range of comprehensive logistics solutions.
- Growth based on aggressive marketing and an increase in capacities via the rental model (transition to the asset light model).
- Taking advantage of the synergies between Intereuropa Group companies (Logistics Division) and the Pošta Slovenije Group.

Optimisation of processes:

- Updating key warehousing capacities.
- Utilisation of IT support for processes.
- Taking advantage of the synergies between Intereuropa Group companies (Logistics Division) and the Pošta Slovenije Group.

Development of culture:

- Teamwork.
- Rewarding of effectiveness.
- Internal development of middle and senior management.

Financial stability:

- Divestment of non-core real estate and non-strategic real estate, where substitute capacities will be built.
- Effective management of working capital.
- Financing in the scope of the Pošta Slovenije Group.

TABLE 12: STRATEGIC OBJECTIVES OF THE INTEREUROPA GROUP IN 2025

Indicator	Strategy until 2025
Sales revenue	EUR 201.5 million
EBITDA <sup>1</sup>	EUR 22.0 million
Operating profit (EBIT)	EUR 9.6 million
No. of employees at the end of the year	1,448

<sup>1</sup> Alternative performance measure (APM), defined in the section 'Alternative performance measures' in Table 24 on page 65.

## 2.2 IMPLEMENTATION OF PLANS IN 2021

The following business and financial objectives were set for the Intereuropa Group in the business plan for 2021:

- to generate EUR 158.5 million in sales revenue through growth in all business lines of the core activity, on all markets (except Ukraine) and at the majority of companies;
- to strengthen cooperation with customers that require integrated logistics solutions through the entire supply chain in the region, to increase emphasis on the development and expansion of the partner and agent network, to actively secure new business (cross selling), and to increase the proportion of 'regular' customers;
- to control direct costs and the sales margin in the context of growth in sales, through the active management of the costs of direct services via a standard procurement policy at the Group level;
- to generate EBITDA of EUR 12.9 million and an operating profit (EBIT) of EUR 5.1 million; and
- to ensure financial stability and reduce debt through the divestment of real estate that is not used in the performance of the logistics activity.

The Intereuropa Group generated sales revenue in the amount of EUR 176.7 million in 2021, and thus exceeded the planned figure by EUR 18.1 million or 11%. All Group companies except for subsidiaries in Serbia and Ukraine recorded figures that were higher than planned revenue. Out of all the subsidiaries, the Croatian subsidiary exceeded the plans by the highest margin in absolute value.

Please refer to section 2.5 Marketing and sales for a more detailed overview and analysis of sales results by business line, product, and by individual market of the Intereuropa Group.

The Intereuropa Group generated EBITDA of EUR 13.9 million in 2021, which was 7% higher than planned. Contributing significantly to the higher-than-planned EBITDA in 2021, in addition to higher sales revenue, was higher-than-planned other operating revenues (up EUR 1.0 million on the plan), most notably gains from the sale of fixed assets and government support. On the other hand, the costs of services were higher than planned, most notably the costs of hired labour and intellectual services, while labour costs were also higher than planned.

Operating profit (EBIT) stood at EUR 7.3 million and was 45% higher than planned. Contributing additionally to this was lower depreciation due to unplanned changes to the useful life of real estate.

The Intereuropa Group generated a net profit of EUR 6.7 million in 2021, which was at its highest level since 2007 and was 80% or EUR 3.0 million higher than planned.

The Group ensures the effective management of working capital, primarily through the active management of trade receivables, the regular verification of customers' credit ratings and the continuous monitoring of exposure to individual customers.

The Group's net debt was reduced by EUR 8.6 million in 2021. The Company's net debt amounted to EUR 35.8 million at the end of the year, which was EUR 1.2 million higher than planned, primarily as the result of a decrease in cash and cash equivalents. The net debt / EBITDA ratio was 2.6 in 2021.

The Intereuropa Group made investments in 2021 in the amount of EUR 4.5 million, representing 53% of the annual investment plan. A total of EUR 2.5 million was invested in real estate, while EUR 2.0 million was invested in equipment and intangible assets.

The Group had a total of 1,344 employees at the end of 2021, which is 2.4% more than planned.

## 2.3 OBJECTIVES AND BUSINESS PLANS FOR 2022

### 2.3.1 POINTS OF DEPARTURE OF THE BUSINESS PLAN

While drafting the business plan for 2022, the Intereuropa Group took into account the starting position of the Group as a whole at the end of 2021, as well as trends in the logistics sector and forecasts of economic trends on the Group's key markets.

TABLE 13: FORECASTS OF ECONOMIC TRENDS ON THE INTEREUROPA GROUP'S KEY MARKETS (IN %)

Country	GDP growth		Inflation		Growth in merchandise imports		Growth in merchandise exports	
	2021	2022	2021	2022	2021	2022	2021	2022
EU	5.1	4.4	3.1	1.6	9.7*	6.7*	10.7*	5.4*
Slovenia	6.1	4.7	2.5	1.9	13.4	8.2	11.4	6.6
Croatia	6.3	5.8	2.9	2.1	8.0	17.0	3.6	4.0
Bosnia and Herzegovina	2.8	3.3	1.6	1.6	3.3	5.7	5.0	6.4
Serbia	6.5	4.5	4.1	2.0	17.6	6.6	24.0	6.5
Kosovo	6.0	4.5	5.4	2.6	18.0	2.8	22.9	3.2
Montenegro	7.0	5.6	2.9	1.3	9.3	6.6	7.6	3.5
North Macedonia	4.0	4.2	3.8	0.9	7.0	6.1	10.5	6.6
Albania	5.3	4.5	2.1	2.2	6.4	5.9	17.3	10.5
Ukraine**	3.5	3.6	10.2	6.0	9.5	10.2	11.8	7.6

\* Data for the euro area.

\*\* Given the events in Ukraine in February 2022, forecasts of economic trends are unpredictable.

Sources:

- International Monetary Fund, World Economic Outlook Database, October 2021;
- Institute of Macroeconomic Analysis and Development, Autumn forecast of economic trends in 2021, September 2021.

### 2.3.2 BUSINESS AND FINANCIAL OBJECTIVES

Taking into account the aforementioned points of departure, the following business and financial objectives were set for the Intereuropa Group for 2022:

- to generate EUR 174.6 million in sales revenue through growth in revenues recorded by the land transport and logistics solutions segments, while sales revenues in the intercontinental transport segment were not up. The highest growth in sales revenue is planned in subsidiaries in Serbia and Croatia;
- to actively stimulate the sale of products with higher added value and strengthen cooperation with customers that require integrated logistics solutions through the entire supply chain in the region, to increase emphasis on securing new key and strategic customers;
- to successfully control direct costs and the sales margin in the context of growth in sales, through the active management of the costs of direct services via a standard procurement policy at the Group level and through continuing the development of an independent partner network aimed at attaining the best possible procurement terms;
- to generate EBITDA of EUR 13.8 million and an operating profit (EBIT) of EUR 7.1 million; and
- to ensure financial stability and reduce debt through the divestment of real estate that is not used in the performance of the logistics activity.

To achieve the above-described objectives, the Group is planning the following:

- investments of EUR 13.8 million in property, plant and equipment and intangible assets, primarily in the upgrading and renovation of the warehousing infrastructure and warehouse equipment, in the upgrading of IT equipment and IT systems;
- to ensure the optimal number of competent and motivated employees and to keep the turnover of key and perspective personnel below 4%;
- investments in the effective development of key sectoral employee competences, and the implementation of a systematic plan of measures for the promotion of health, including measures for the active and healthy ageing of Intereuropa Group employees;
- to maintain the proportion of flexible forms of employment at a minimum of 10% for the optimal adaptation of the number of employees to actual work needs;
- the conclusion of the centralisation of IT management within the Group and the continued implementation of shared IT solutions;
- the continued promotion of corporate integrity and compliance at all Group companies. Crucial in this regard is the project to introduce fraud risk management at Group companies;
- in terms of risk management, the year 2022 will focus on the timely identification of risks and effective implementation of risk management measures;
- to ensure the cost-effectiveness of support functions for the performance of logistics processes;
- the effective management of working capital; and
- the implementation of activities aimed at the sale of assets not required for business purposes.

TABLE 14: MAIN FINANCIAL OBJECTIVES OF THE INTEREUROPA GROUP IN 2022

Indicator	2022 plan
Sales revenue	EUR 174.6 million
EBITDA <sup>1</sup>	EUR 13.8 million
Operating profit (EBIT)	EUR 7.1 million
Investments in property, plant and equipment, and intangible assets	EUR 13.8 million
No. of employees at the end of the year	1,371

<sup>1</sup> Alternative performance measure (APM), defined in the section 'Alternative performance measures' in Table 24 on page 65.

## 2.4 ECONOMIC CONDITIONS IN 2021 AND FORECASTS FOR 2022

In 2021 the effect of the COVID-19 pandemic on economic activity in Slovenia was lower due to the gradual adjustments made by companies and consumers to the new situation and the greater focus of containment measures on service activities. Recovery continued in manufacturing and transport connected with international trade, growth in investment in equipment and machinery and growth in imports, exports and services. The utilisation of holiday vouchers brought growth in accommodation and food services, sports, culture, entertainment and personal services, and the resulting growth in private consumption. Economic activity in Slovenia in the third quarter of 2021 exceeded the pre-pandemic level, primarily on account of higher growth in private consumption. The manufacturing sector was still affected by disruptions in supply chains tied to international trade. During the last quarter of 2021, economic growth slowed primarily on account of the deteriorating pandemic situation and stricter containment measures and additional restrictions in production. In its autumn forecast for 2021, the Slovenian Institute of Macroeconomic Analysis and Development projected a 6.1% growth in GDP.

In the first half of 2021, economic recovery was seen in the euro area due to the higher vaccination rate among the population. Developed European economies recorded growth of 5.2% in 2021, while developing countries 6% on average. Higher prices of energy, raw materials and food, increased demand and protracted delivery periods caused a rise in the inflation rate, reaching 5% in Europe. The pandemic had a very uneven effect on European economies and sectors. Developing European markets on average were hit by a significantly less severe recession than the developed European economies.

Forecasts of international and Slovenian institutions do not yet include the worsening situation and war in Ukraine that will affect economic growth, price developments, particularly regarding energy, in Slovenia, Europe and also globally. Therefore, all the forecasts for 2022 in all countries described below should include the above adverse situation.

Economic recovery is expected to continue in 2022 and 2023 according to the forecasts of the Institute of Macroeconomic Analysis and Development. It will have a significant impact on the development of the region, with the realisation of public investment projects, and the effectiveness of drawing EU funds in Slovenia and its main trade partners. The Institute of Macroeconomic Analysis and Development expects (particularly in 2022) certain containment measures to still be present and to limit the complete recovery of certain service sectors (mainly travel). A 2% inflation rate and 4.7% GDP growth is forecast for 2022.

Due to the outbreak of new strains of the virus the economic growth forecasts for 2022 remain uncertain in EU countries, particularly in countries with a low vaccination rate. Hindered deliveries and high energy prices could restrict production in key sectors, and also cause protracted price pressures and rising inflation rates. Inflation pressures are expected to subside in the second half of 2022, when restrictions on the supply side will be lifted and energy prices will stabilise. A faster decline in saving in economically developed European countries, a higher vaccination rate and containment of new strains of the virus, and gradual lifting of containment measures by governments could all contribute to the accelerated short-term recovery in Europe. After its significant growth in 2021 (5.3%), the European Commission's 2022 winter economic forecast projects 4.0% growth in 2022 and 2.8% growth in 2023 for the EU economy.

The Croatian economy saw significant recovery in the first half of 2021. The relaxation of COVID-19 measures at home and abroad brought recovery to the tourism sector in the third quarter, while it saw a decline in capital spending. In the context of a rising inflation rate, economic activity declined in the final quarter of 2021. Due to the growing number of infections, the government tightened existing measures against COVID-19 by introducing mandatory vaccination for public sector employees. According to the International Monetary Fund (IMF), forecasts for the Croatian economy envisage 6.3% growth in GDP in 2021.

Slower economic growth is expected in 2022. Increased EU-financed investments in fixed assets and the normalisation of tourism activities are expected to contribute to the growth. In light of the uncertain circumstances tied to the COVID-19 pandemic, Focus Economics forecasts 4.5% growth, while the IMF has forecast 5.8% growth for the Croatian economy in 2022.

Economic growth in Serbia exceeded the pre-crisis level in the first quarter of 2021. Improved industrial production and merchandise exports also brought a more stable situation in the second quarter. Inflation slowed economic growth in the second half of 2021, with inflation increasing to 6.6% in October. The IMF has forecast 6.5% economic growth in 2021.

The prospects for growth in the Serbian economy are expected to improve in 2022 as a result of investments in infrastructure. The price of electricity for corporate users is expected to rise. With the gradual normalisation of supply and demand conditions, the Focus Economics members expect economic growth to reach 4.5% in 2022. The



stabilisation of energy prices is expected to push the inflation rate back to the bottom half of the permitted range in the second half of 2022.

Economic recovery in Montenegro continued in 2021. Industrial production increased and was also attributed to a favourable external environment. Consequently, merchandise exports continued to rise. Reinforced domestic demand brought growth in merchandise imports. The unemployment and inflation rates rose in October. Stricter restrictions from mid-November forecast a deterioration in economic activity. The IMF has forecast 7% economic growth in 2021. Economic growth was expected to slow in 2022. The lifting of containment measures against COVID-19 is expected to stimulate growth in the tourism sector. The IMF has forecast 5.6% growth in GDP in 2022.

The economy in Bosnia and Herzegovina grew rapidly in the first half of 2021 but then slowed slightly. Industrial production and exports both increased at a slow rate. In the last quarter the increasing consumer prices and continued restrictions connected with the pandemic affected private consumption. The IMF has forecast GDP growth of 2.8% in 2021.

Economic recovery is also expected to continue in 2022, which will be impacted most notably by major capital and public spending and by the gradual relaxation of containment measures home and abroad. However, the increasing political tensions, uncertainties connected with the pandemic and slow introduction of vaccines pose adverse risks. IMF experts have forecast 3.2% growth in GDP in 2022.

The economy of North Macedonia recovered in the first half of 2021. Fiscal measures helped prevent major losses of jobs, while monetary and financial measures facilitated the inflow of loans into the corporate sector. The economy is expected to strengthen significantly with the elimination of COVID-19 restrictions, the increase in the number of tourists and the expansive fiscal and monetary policy in 2022. Growth in exports is expected despite being hindered by disruptions in the supply chain, particularly in the automotive sector. Growth in domestic demand is expected to increase growth in imports. In light of high energy prices and uncertainties linked to the pandemic, the IMF has forecast 4.2% GDP growth in 2022.

Economic growth continued in Kosovo in 2021. Compared to the pre-pandemic level, the export of services, including tourism, has increased by 15%. The successful government vaccination programme contributed to increased mobility. Inflation pressures increased in the second half of the year. The IMF released in its Kosovo mission report that real GDP is expected to increase by 7–8% in 2021. The 2022 forecast includes growth in capital expenditure, increased household spending and a more healthy international environment, which is all expected to support economic activity. Tensions with Serbia and further uncertainty connected with the pandemic pose adverse risks to the economic outlook. The IMF has forecast economic growth of 4.5% in 2022.

The Albanian economy saw rapid growth in 2021. Merchandise imports and exports increased significantly. The tourism sector approached the pre-pandemic level during this period. The government received EU funds to eliminate the consequences of the COVID-19 pandemic. The IMF has forecast economic growth of 5.3% in Albania in 2021. In light of the investment stagnation and smaller growth in exports, GDP growth is expected to slow in 2022. Any delays in EU membership discussions and the risks arising from the health crisis could impact the forecasts. Focus Economics experts have forecast economic growth of 4% in 2022, while the IMF has forecast growth of 4.5%.

The Ukrainian economy grew at a slower pace in 2021, particularly due to lower growth in the service and industrial sectors. The IMF paid out funds in November earmarked for the elimination of the consequences of the pandemic and to support structural reforms. The IMF has forecast economic growth of 3.5% in 2021 for the Ukrainian economy. The war in Ukraine, which began at the end of February 2022, significantly revised GDP growth forecasts for 2022. At the time of compiling the annual report we are unable to predict how long will this military conflict last, nor its effects on the economic development of Ukraine.

All Focus Economics forecasts for the countries of Southeast Europe were prepared in November 2021, and foresaw the winter second wave of the COVID-19 pandemic in 2021 as no more than a risk of failing to achieve projected economic growth.

- \* The section Economic conditions in 2021 and forecasts for 2022 is summarised from the following publications:
  - Institute of Macroeconomic Analysis and Development, Autumn forecast of economic trends in 2021, September 2021;
  - International Monetary Fund, World Economic Outlook Database, October 2021;
  - International Monetary Fund, World Economic Outlook, January 2022; and
  - Focus Economics, Economic Data by Region and Country, February 2022.

## 2.5 MARKETING AND SALES

The Intereuropa Group generated EUR 176.7 million in sales revenue in 2021, which is 17% more than in the previous year, and also accounts for the highest growth in sales revenue in the Intereuropa Group since Slovenia's accession to the EU. The majority of Group companies recorded an increase in sales revenue in 2021, most notably in absolute terms by the parent company Intereuropa, d. d., and the subsidiary in Croatia. The Serbian and Ukrainian subsidiary both recorded lower sales relative to the previous financial year.

The highest proportion of the Intereuropa Group's sales revenue in 2021 was accounted for by the land transport segment, i.e. 50% or EUR 88.2 million. Growth in this revenue was 13% relative to the previous year. The greatest increase in revenues in absolute terms was seen in road transport services at the parent company.

Sales revenue in the intercontinental transport segment totalled EUR 51.5 million in 2021, an increase of 31% relative to the previous year. The intercontinental transport segment accounted for 29% of total sales revenue. The highest increase in absolute terms was seen in the sea freight segment.

Sales revenue in the logistics solutions segment totalled EUR 31.2 million in 2021, and accounted for 18% of the Group's total sales revenue. This revenue increased by 13% relative to the previous year.

TABLE 15: SALES REVENUE OF THE INTEREUROPA GROUP IN 2021 BY BUSINESS LINE

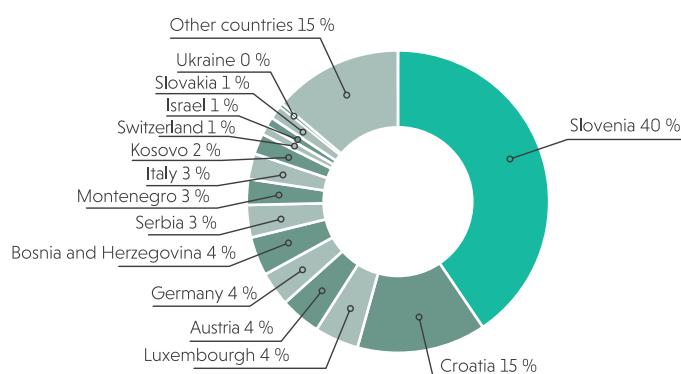
Business line	2021 in EUR thousand	Structure	Index 2021/plan	Index 2021/2020
Land transport	88,197	50%	105	113
Logistics solutions	31,234	18%	108	113
Intercontinental transport	51,480	29%	131	131
Other services	5,776	3%	98	96
<b>TOTAL SALES REVENUE</b>	<b>176,687</b>	<b>100%</b>	<b>111</b>	<b>117</b>

TABLE 16: SALES REVENUE OF THE INTEREUROPA GROUP IN 2021 BY COUNTRY (WITH RESPECT TO A COMPANY'S HEAD OFFICE)

Country	2021 in EUR thousand	Structure	Index 2021/2020
Slovenia*	118,238	67%	118
Croatia	29,330	17%	123
Bosnia and Herzegovina	8,410	5%	121
Serbia	4,987	3%	94
Montenegro	5,996	3%	120
Ukraine	2,430	1%	61
Other countries	7,297	4%	139
EU countries	147,568	84%	119
Non-EU countries	29,120	16%	110
<b>TOTAL SALES REVENUE</b>	<b>176,687</b>	<b>100%</b>	<b>117</b>

\* Data includes consolidation restatements.

FIGURE 3: STRUCTURE OF SALES REVENUE OF THE INTEREUROPA GROUP BY COUNTRY IN 2021 (WITH RESPECT TO A CUSTOMER'S HEAD OFFICE)



Like in previous years, in terms of size, sector and geographical coverage, the structure of customers in 2021 is very diverse, particularly in the EU and the Balkans. A total of 80% of customers in 2021 were from EU countries. The highest proportion was accounted for by Slovenian and Croatian customers, while a total of 13% of customers were from other countries of the former Yugoslavia.

Given the extensive base of existing customers for whom the Intereuropa Group provides services, market activities are still focused on the expansion of cooperation in other product categories (cross-selling) and on other markets. Another strategic focus is the provision of more complex logistics solutions with higher value added, thereby taking advantage of the competitive advantages of the Intereuropa Group, such as a comprehensive portfolio of products and services, the professional qualifications of employees and a broader regional presence.

### 2.5.1 LAND TRANSPORT

The Intereuropa Group generated EUR 88.2 million in sales revenue in 2021 in the land transport segment, an increase of 13% relative to 2020.

The highest proportion of sales revenue of the land transport segment was generated by the parent company in Slovenia, which generated sales revenue of EUR 52.3 million in 2021, which is 14% more relative to the same period last year. Relative to the previous year, the controlling company increased the proportion of sales within the land transport segment by 4 percentage points to stand at 59%. Sales revenue accounted for by the land transport segment increased at all Intereuropa Group companies in 2021, other than at the Ukrainian subsidiary, relative to 2020.

The Group's key policies in the land transport segment in the coming year will be primarily increased sales activities on local markets and abroad, cross-selling with existing customers, and the development and computerisation of processes. The introduction of new IT solutions to support marketing and operational work at all Group subsidiaries will facilitate increased effectiveness in the implementation of processes and effective management of capacities.

FIGURE 4: STRUCTURE OF SALES REVENUE OF THE INTEREUROPA GROUP BY COUNTRY IN THE LAND TRANSPORT SEGMENT IN 2021 (WITH RESPECT TO A COMPANY'S HEAD OFFICE)

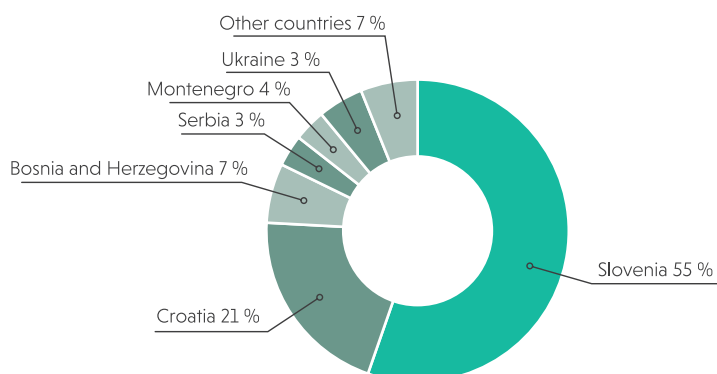
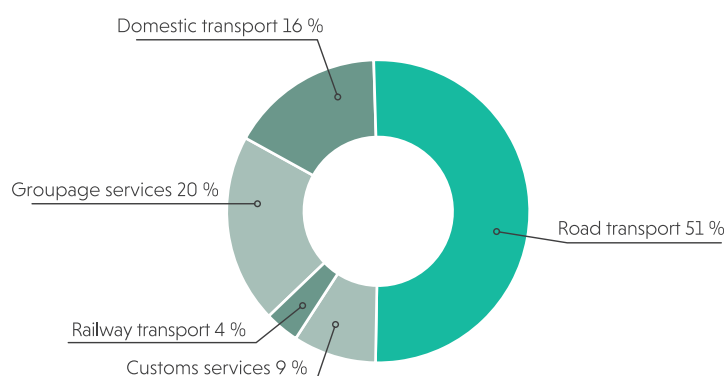


FIGURE 5: STRUCTURE OF SALES REVENUE OF THE INTEREUROPA GROUP BY INDIVIDUAL PRODUCT IN THE LAND TRANSPORT SEGMENT



### 2.5.1.1 Road transport

Sales revenue from road transport services amounted to EUR 44.8 million in 2021, which was up by 18% relative to 2020. The road transport segment generates one half of the Intereuropa Group's sales revenue in the land transport segment.

The parent company generated 67% of all sales revenue in the Group's road transport segment. That proportion was down by five percentage points relative to 2020. Last year's sales results were surpassed by all Group companies.

### 2.5.1.2 Groupage services

Sales revenue from groupage services amounted to EUR 17.9 million in 2021, which was up by 10% relative to 2020. A total of 75% of total sales revenue from groupage services were generated by the parent company, where the number of shipments was up 19% and sales revenue was up 17%. Significant growth in sales revenue was seen at most Group companies. Growth in the number of shipments within the partner network continued in 2021, which contributed significantly to the Group's positive results.

### 2.5.1.3 Domestic transport

The domestic transport segment generated EUR 14.6 million in sales revenue in 2021, which was up by 19% relative to the previous financial year. Domestic transport services represent, in addition to a stand-alone product, an important support service for the Group's other products. As a stand-alone product, it faces significant price pressures on all local markets. All companies recorded growth in revenues.

All Group companies carry out continuous activities aimed at the optimisation of processes, the control of costs and the search for the optimal implementation of solutions that on one hand will preserve the quality of services at the highest level and on the other will reduce implementation costs.

### 2.5.1.4 Customs services

The Intereuropa Group generated EUR 7.8 million in sales revenue for customs services in 2021, an increase of 23% relative to 2020. The considerably better sales result is the result of increased economic activity due to the lower impact of the COVID-19 pandemic and the favourable effect of Brexit on the operations of the customs services segment. Also contributing to a lesser extent to the disclosed growth were changes in the way sales revenue is disclosed by product due to the introduced optimisation of implementing processes.

The parent company in Slovenia exceeded EUR 3 million in sales revenue. Growth in sales relative to the previous year was also recorded by most subsidiaries.

### 2.5.1.5 Railway freight

Sales revenue generated by the railway freight segment in 2021 was down relative to the previous year. Poor performance from the Ukrainian company, which generates half of the sales revenue in the Group's railway freight segment, brought declining sales revenue. The second half of the sales revenue is generated by the parent company in Slovenia, which in 2021 matched last year's sales result.

### 2.5.1.6 Plans for 2022

In accordance with the applicable strategy of the Intereuropa Group, special attention in the development of services in 2022 will be given to activities aimed at the computerisation of support for field processes, the electronic exchange of data with partners, transporters and customers in international road transport, paperless operations

and the centralisation of implementation in the customs clearance segment, and the development of appropriate IT solutions in relation to the exchange of cargo between our customers and transporters on the market.

With the aim of maintaining sales growth and achieving sales targets, the land transport segment will continue to invest in the development of solutions to raise the efficiency of the sales support process, the centralisation of purchasing, and the development of a transporter management system at the Group level. Additional organisational measures are planned with the aim of achieving increased productivity and the smooth implementation of work processes, with an emphasis on management by objectives (MBO) and the monitoring of the effectiveness of processes by using new IT solutions.

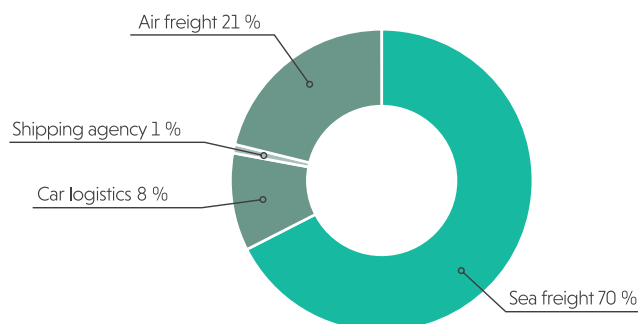
## 2.5.2 INTERCONTINENTAL TRANSPORT

The intercontinental transport business line comprises the sea freight, air freight and car logistics segments. The sales revenue from intercontinental transport amounted to EUR 51.5 million in 2021, an increase of 31% relative to the previous year, and accounted for 29% of the Intereuropa Group's total sales revenue generated by this business line, which was three percentage points more than in the previous financial year.

The lack of capacities and thus rise in air freight rates, particularly in imports from China and exports to the US, and increased demand for transport of medical resources for the containment of COVID-19, especially in the second half of 2021, were factors in the sale of the air freight product.

Mostly problems with availability of shipping capacities and equipment, which led to an increase in sea freight rates, were also factors in the sale of sea freight products in 2021. In addition, the sea freight market situation deteriorated due to diminished transshipment possibilities in seaports, which further contributed to the lengthening of transit times and the operational implementation of transactions itself. Consequently, changes to supply chains and trade flows arose on sea freight markets, which was also identified within the Intereuropa Group.

FIGURE 6: STRUCTURE OF SALES REVENUE BY INDIVIDUAL PRODUCT IN THE INTERCONTINENTAL TRANSPORT SEGMENT



### 2.5.2.1 Sea freight

Sales revenue from sea freight and shipping agency services together totalled EUR 36.4 million in 2021, an increase of 36% relative to 2020. Sea freight services accounted for 20% of the Group's total sales revenue.

Sales revenue from container transport services amounted to EUR 25.6 million in 2021, accounting for a 40% increase in sales relative to the previous year. Growth in revenue is in part the result of a growth in sea freight rates arising from the problems in supply chains on the sea freight transport markets, as well as from the increased volume of operations and the securing of new business.

Sales revenue from conventional freight services totalled EUR 7.1 million in 2021, a decrease of 3% relative to 2020. The reduction in the scope of operations is also in part the result of changes in the disclosure of sales revenue between the conventional freight services and customs services products.

Sales revenue from RO-RO services amounted to EUR 3.2 million in 2021, which was up by 256% relative to 2020, as more project transactions had been realised.

### 2.5.2.2 Car logistics

Sales revenue from car logistics services totalled EUR 4.2 million, an increase of 3% relative to 2020. The securing of new business was a major factor in operations in 2021, especially as the volume of some existing business deteriorated due to problems in the supply of semiconductors.

### 2.5.2.3 Air freight

The year 2021 was also significantly characterised by the COVID-19 pandemic, which brought uncertainties to both capacities and air freight rates. The greatest uncertainties were felt in deliveries from China, and also in part from/to the USA. COVID-19 thus had a significant effect on air freight around the world, even in 2021. The consequences of travel restrictions were still felt, as the connections between cities around the world were discontinued and were also not restored in 2021. Unlike passenger transport, freight transport continued to operate significantly better, but the effects were seen in a significant decline in capacities. This was all a serious problem for the global economy and also for supply chains, on which today's economy relies. Despite the difficult situation due to the pandemic, 2021 was an exceptional year in the Intereuropa Group for air freight, as the set sales targets were all exceeded significantly.

Sales revenue from air freight totalled EUR 10.9 million in 2021, an increase of 31% relative to 2020. The increase was also attributed to major one-off transactions, primarily the charter and partial charter transport of medical and protective equipment, and to higher prices in general of air freight services due to insufficient capacities on the air freight market.

### 2.5.2.4 Plans for 2022

Key development activities in the intercontinental transport segment focus on intensifying the Intereuropa Group's sales orientation through investments in the partner network and the development of business in Intereuropa's hinterland countries. Also of importance in that respect are securing favourable purchasing terms from shipping companies and air carriers, and the exploitation of the Group's good market position at the Port of Koper. With the latter's help, the Group aims to expand activities at other ports on the Adriatic Sea.

The main activities in achieving established revenue targets will focus on the active marketing of all intercontinental transport segments, including project cargo. The transfer of best practices to subsidiaries, the centralisation of the purchasing function, investments in human resources and the standardisation of processes will all continue.

## 2.5.3 LOGISTICS SOLUTIONS

The Intereuropa Group generated revenues from the sale of logistics solutions in the amount of EUR 31.2 million in 2021, accounting for 18% of the Group's total sales revenue. Despite the extraordinary situation caused by COVID-19, the sales revenue generated by the Group in this period from logistics solutions exceeded the sales revenue generated in 2020 by 13%, to a lesser extent through changes in the way sales revenue is disclosed as the result of the optimisation of implementing processes and the continued introduction of the standardised WexVS IT solution in warehousing operations.

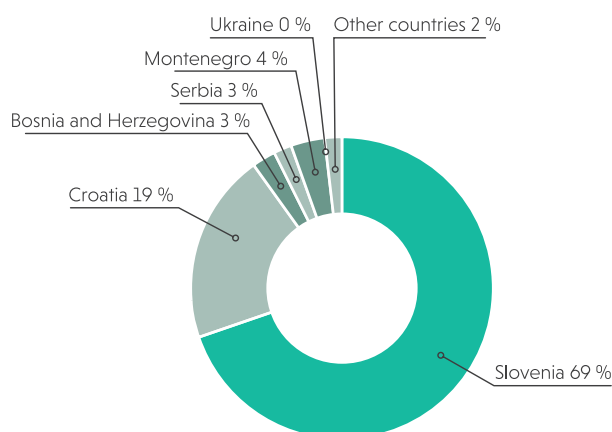
In Slovenia, as the largest key market accounting for 69% of sales of logistics solutions, the results achieved in 2020 were exceeded by 6%. Nearly all warehouse capacities in Slovenia are utilised.

The second largest market for logistics solutions is Croatia, which generates 19% of the sales revenue in this business line. Sales revenue in 2021 was up 32% on the previous year, primarily as the result of the commencement of business with a major customer at the Croatian subsidiary.

In addition of the above-mentioned markets, last year's sales revenue from logistics solutions were also exceeded on all other Group markets.



FIGURE 7: STRUCTURE OF SALES REVENUE OF THE INTEREUROPA GROUP BY COUNTRY IN THE LOGISTICS SOLUTIONS SEGMENT (WITH RESPECT TO A COMPANY'S HEAD OFFICE)



The Group continued to standardise and optimise logistics processes in 2021 in the warehousing and storage segment, and to implement integrated IT support for warehousing operations in Slovenia, Croatia and in Bosnia and Herzegovina. The number of customers using an electronic data interchange (EDI) was up at the Group level.

### 2.5.3.1 Warehousing

The Group generated sales revenue of EUR 23.3 million from warehousing and storage services in 2021, an increase of 11% on the previous year. Revenues from the sale of warehousing and storage services accounted for 13% of the Group's total sales and 75% of sales revenue from the logistics solutions segment.

### 2.5.3.2 Distribution

The Group generated sales revenue of EUR 7.9 million from distribution services in 2021, which accounts for 5% of the Group's sales revenue and 25% of the sales revenue from logistics solutions. Having a partially positive effect on sales revenue from distribution services were changes in the way sales revenue is disclosed as the result of the optimisation of implementing processes and the continued introduction of the standardised WexVS IT solution in warehousing operations.

### 2.5.3.3 Plans for 2022

The development of logistics solutions will focus on the specialisation of services by individual merchandise category and thus the establishment of long-term cooperation with partners. Most crucial in terms of development are recognising and meeting the demands of customers, and the optimal integration of the entire supply chain, with the help of IT support adapted for that purpose.

In 2022, logistics solutions will continue to focus on the development of partner relations and thus on enhancing cooperation with existing customers, and on the carefully planned securing of new logistics projects, primarily in terms of utilising free storage capacities in the Group.

After successfully completing the project to introduce WMS IT support in Croatia and Bosnia and Herzegovina, we are also planning to commence with the implementation of the WMS project in Serbia.

With regard to warehousing infrastructure, we are planning to utilise the new cold storage capacities at the warehouse in Celje in the first quarter of 2022 and take over the new logistics centre of the Croatian subsidiary in Rijeka at the end of the year.

## 2.6 ANALYSIS OF OPERATIONS

The year 2021 was a successful one for the Intereuropa Group. The Intereuropa Group generated EUR 176.7 million in sales revenue in 2021, which was up by 17% relative to 2020. Cash flows from operating activities (hereinafter: EBITDA) were up by 13% and totalled EUR 13.9 million. Net profit for the 2021 financial year totalled EUR 6.7 million, which is at the highest level since 2007.

The Group's net debt was reduced by EUR 8.6 million in 2021, to stand at 35.8 million at the end of 2021, resulting in an EBITDA ratio of 2.6.

Despite major challenges brought about by the COVID-19 pandemic waves and the energy crisis in the second half of the year, the Group managed to provide continuous logistics support to customers throughout the entire supply chain.

### 2.6.1 PERFORMANCE

#### 2.6.1.1 Significant operating indicators of the Intereuropa Group and the parent company for the period 2018–2021

TABLE 17: OPERATING INDICATORS OF THE INTEREUROPA GROUP AND THE PARENT COMPANY INTEREUROPA, D. D. FOR THE PERIOD 2018 TO 2021 (IN EUR THOUSAND)

	Intereuropa Group				Parent company			
	2018	2019	2020	2021	2018	2019	2020	2021
Sales revenue	160,382	160,353	150,725	176,687	111,890	111,828	103,964	122,312
EBITDA <sup>1</sup>	12,397	13,971	12,298	13,862	9,446	9,269	8,125	8,097
proportion of sales (in %)	7.7	8.7	8.2	7.8	8.4	8.3	7.8	6.6
Normalised EBITDA <sup>1</sup>	13,898	13,568	11,369	13,947	9,580	9,295	8,002	8,818
proportion of sales (in %)	8.7	8.5	7.5	7.9	8.6	8.3	7.7	7.2
EBIT	6,064	7,524	5,764	7,309	5,332	5,041	4,340	4,332
proportion of sales (in %)	3.8	4.7	3.8	4.1	4.8	4.5	4.2	3.5
Normalised EBIT <sup>1</sup>	6,383	6,344	4,043	6,632	5,043	4,868	3,682	4,517
proportion of sales (in %)	4.0	4.0	2.7	3.8	4.5	4.4	3.5	3.7
Net profit	4,408	4,197	3,568	6,664	4,144	3,388	2,315	3,602
proportion of sales (in %)	2.7	2.6	2.3	3.7	3.7	3.0	2.2	2.9
Net earnings per ordinary share (in EUR)					0.15	0.12	0.08	0.13
Assets	232,927	223,351	220,444	229,970	185,114	176,748	172,272	174,464
ROA (in %) <sup>1</sup>	1.9	1.8	1.6	3.0	2.3	1.9	1.3	2.1
Equity	120,229	122,358	124,850	131,382	85,005	87,228	89,225	92,807
ROE (in %) <sup>1</sup>	3.8	3.5	2.9	5.3	5.1	4.0	2.7	4.0
Equity ratio (in %)	51.6	54.8	56.6	57.1	45.9	49.4	51.8	53.2
Net debt <sup>1</sup>	60,197	54,352	44,371	35,763	64,631	57,293	54,115	48,168
Net debt / EBITDA <sup>1</sup>	4.9	3.9	3.6	2.6	6.8	6.2	6.7	5.9
Investments in property, plant and equipment, and intangible assets	5,374	2,889	2,105	4,451	4,198	1,603	1,279	1,060
Investments as a proportion of sales revenue (in %)	3.4	1.8	1.4	2.5	3.8	1.4	1.2	0.9
No. of employees at the end of the year	1,327	1,356	1,337	1,344	599	609	586	581
Average number of employees (based on hours worked – FTE) <sup>1</sup>	1,286	1,293	1,297	1,266	566	582	572	534
Value added <sup>1</sup>	41,247	42,905	41,423	44,238	28,242	28,184	27,025	27,556
Value added / FTE <sup>1</sup>	32.1	33.2	31.9	34.9	49.9	48.4	47.2	51.6
Productivity (sales revenue / FTE) <sup>1</sup>	124.7	124.1	116.2	139.5	197.6	192.2	181.7	229.2

<sup>1</sup> Alternative performance measure (APM), defined in the section 'Alternative performance measures' in Table 24 on page 65.

TABLE 18: NORMALISATION OF EBITDA<sup>1</sup> AND EBIT

Intereuropa Group	Extraordinary effects (in EUR thousand)	2021	2020
Other operating revenues		1,102	2,142
Revaluation revenues from the reversal of impairment losses on property, plant and equipment, and investment property	Reversal of impairment losses	0	119
Gain on sale of property, plant and equipment, and investment property	Gain on sale of property, plant and equipment, and investment property	433	392
Revenues from the reversal of non-current provisions	Reversal of provisions and termination benefits	63	267
All other revenues	Government grants, debt write-offs, other revenues	606	1,365
Costs of goods, materials and services	Participation of agency workers in profits	-216	-113
Labour costs	Employee participation in profits, including contributions, and costs for the payment of a crisis bonus	-799	-757
Other operating expenses	Creation of provisions, expenses from the correction of errors from previous years in Skopje	-172	-212
Costs of creation of provisions	Creation of provisions	-172	-172
Other operating expenses	Expenses from the correction of errors from previous years in Skopje	0	-41
Other operating expenses – Revaluation operating expenses for intangible assets and property, plant and equipment	Impairments	-99	-189
Amortisation/depreciation	Adjustment to depreciation due to changes to the useful life of real estate	862	862
Gains and losses from the derecognition of operating receivables	Write-down of receivables from previous years in Belgrade	0	-12
Total impact on EBITDA <sup>1</sup>		-85	929
Total impact on EBIT <sup>1</sup>		678	1,721

<sup>1</sup> Alternative performance measure (APM), defined in the section 'Alternative performance measures' in Table 24 on page 65.

Intereuropa, d. d.	Extraordinary effects (in EUR thousand)	2021	2020
Other operating revenues		363	977
Gain on sale of property, plant and equipment, and investment property	Gain on sale of property, plant and equipment, and investment property	95	18
Revenues from the reversal of non-current provisions	Reversal of provisions and termination benefits	19	99
All other revenues	Government grants, debt write-offs, other revenues	249	859
Costs of goods, materials and services	Participation of agency workers in profits	-216	-113
Labour costs	Employee participation in profits, including contributions, and costs for the payment of a crisis bonus	-775	-740
Other operating expenses	Creation of provisions	-93	0
Other operating expenses – Revaluation operating expenses for intangible assets and property, plant and equipment	Impairments	-13	-13
Amortisation/depreciation	Adjustment to depreciation due to changes to the useful life of real estate	548	548
Total impact on EBITDA <sup>1</sup>		-721	124
Total impact on EBIT <sup>1</sup>		-185	658

<sup>1</sup> Alternative performance measure (APM), defined in the section 'Alternative performance measures' in Table 24 on page 65.

TABLE 19: CONSOLIDATED INCOME STATEMENT OF THE INTEREUROPA GROUP FOR 2020 AND 2021

in EUR thousand	January–December 2021	January–December 2020	Index 2021/2020
<b>Sales revenue</b>	<b>176,687</b>	<b>150,725</b>	<b>117</b>
Gains and losses from the derecognition of operating receivables	–10	–15	70
Other operating revenues	1,102	2,142	51
Costs of goods, materials and services	–131,403	–108,788	121
Labour costs	–30,376	–29,124	104
Amortisation/depreciation	–6,454	–6,464	100
Impairment losses on receivables	–103	–269	38
Other operating expenses	–2,134	–2,443	87
<b>Operating profit</b>	<b>7,309</b>	<b>5,764</b>	<b>127</b>
Interest income	131	99	132
Other finance income	553	1	46,884
Finance costs – costs of financing	–723	–852	85
Impairment losses on loans granted and deposits	–1	–5	19
Other finance costs	–2	–445	0
<b>Profit/loss from financing activities</b>	<b>–43</b>	<b>–1,202</b>	<b>4</b>
Investment result recognised according to the equity method	11	1	1,354
<b>Profit from ordinary operations</b>	<b>7,277</b>	<b>4,563</b>	<b>159</b>
Corporate income tax (including deferred taxes)	–613	–995	62
<b>Net profit for the period</b>	<b>6,664</b>	<b>3,568</b>	<b>187</b>
Net profit pertaining to controlling interests	6,513	3,647	179
Net profit/loss pertaining to non-controlling interests	150	–79	–

TABLE 20: INCOME STATEMENT OF THE PARENT COMPANY INTEREUROPA, D. D. FOR 2020 AND 2021

in EUR thousand	January–December 2021	January–December 2020	Index 2021/2020
<b>Sales revenue</b>	<b>122,312</b>	<b>103,964</b>	<b>118</b>
Gains and losses from the derecognition of operating receivables	–24	–10	232
Other operating revenues	363	977	37
Costs of goods, materials and services	–93,907	–76,747	122
Labour costs	–19,459	–18,900	103
Amortisation/depreciation	–3,752	–3,772	99
Impairment losses on receivables	–78	–128	61
Other operating expenses	–1,122	–1,043	108
<b>Operating profit</b>	<b>4,332</b>	<b>4,340</b>	<b>100</b>
Interest income	143	141	102
Other finance income	1,107	102	1,080
Finance costs – costs of financing	–647	–764	85
Impairment losses on loans granted and deposits	0	–329	0
Other finance costs	–1,394	–496	281
<b>Profit/loss from financing activities</b>	<b>–791</b>	<b>–1,346</b>	<b>59</b>
<b>Profit from ordinary operations</b>	<b>3,541</b>	<b>2,994</b>	<b>118</b>
Corporate income tax (including deferred taxes)	60	–679	–
<b>Net profit for the period</b>	<b>3,602</b>	<b>2,315</b>	<b>156</b>
Basic and diluted earnings per ordinary share (in EUR)	0,13	0,08	163

### 2.6.1.2 Operating revenues, operating expenses, operating profit and EBITDA of the Group and controlling company

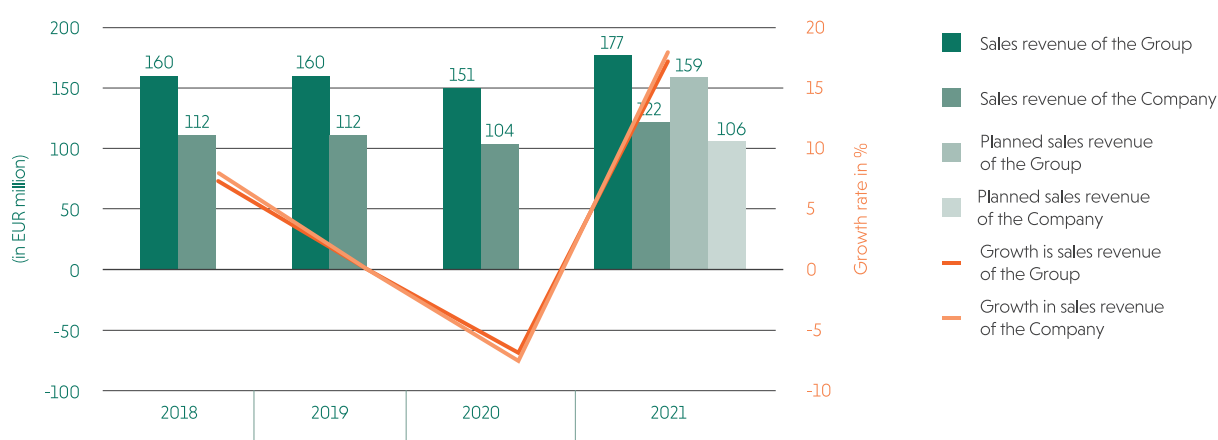
The Group generated sales revenue of EUR 176.7 million in 2021, an increase of 17% relative to 2020 and 11% more than planned. Growth in sales revenue was the highest since Slovenia's accession to the EU.

The majority of Group companies recorded an increase in sales revenue in 2021, most notably in absolute terms by the parent company Intereuropa, d. d., and the subsidiary in Croatia. The subsidiaries in Serbia and Ukraine recorded lower sales revenue relative to the previous financial year.

Sales revenue in 2021 was up relative to the previous year in all three business lines. In absolute terms, last year's sales revenue was exceeded most in the intercontinental transport segment, most notably in sea freight, and in the land transport segment within road transport services.

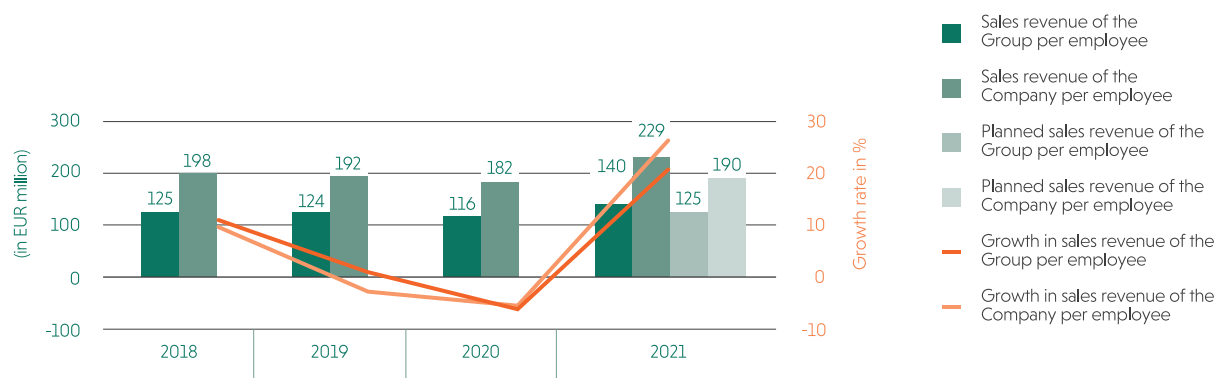
High growth in direct costs tracked the high growth in sales revenue, particularly in the sea and air freight segments, which reduced the sales margin in relative terms.

FIGURE 8: CHANGES IN THE SALES REVENUE OF THE INTEREUROPA GROUP AND THE PARENT COMPANY INTEREUROPA, D. D. IN THE PERIOD 2018 TO 2021



The growth in sales in 2021, both at the Group level and parent company, resulted in an increase in work productivity measured by sales revenue per employee.

FIGURE 9: CHANGES IN SALES REVENUE PER EMPLOYEE OF THE INTEREUROPA GROUP AND THE PARENT COMPANY INTEREUROPA, D. D. IN THE PERIOD 2018 TO 2021

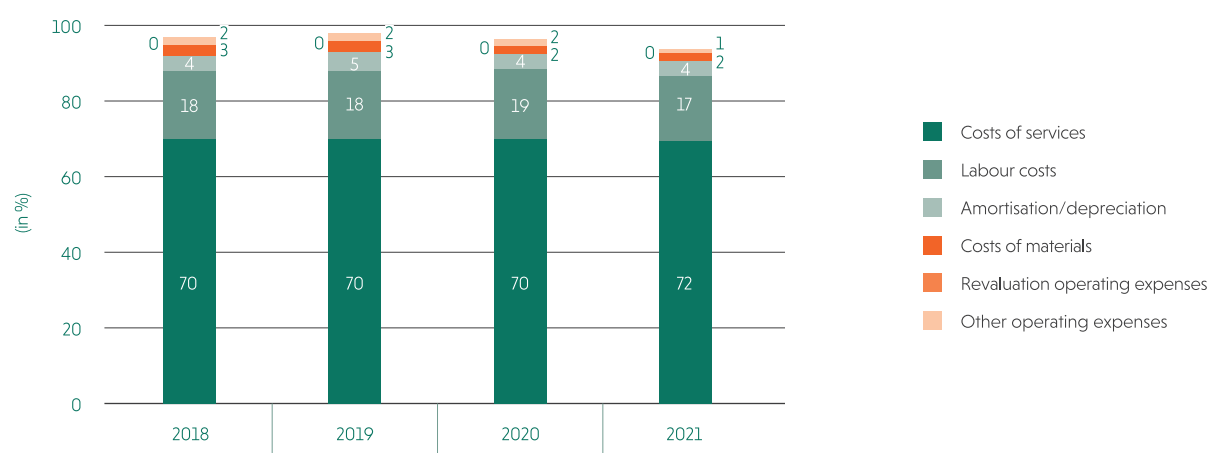


<sup>1</sup> Alternative performance measure (APM), defined in the section 'Alternative performance measures' in Table 24 on page 65.



In 2021, the Group's total operating costs as a proportion of total revenues declined. However, on one hand service costs as a proportion of sales revenue increased, and on the other labour costs declined.

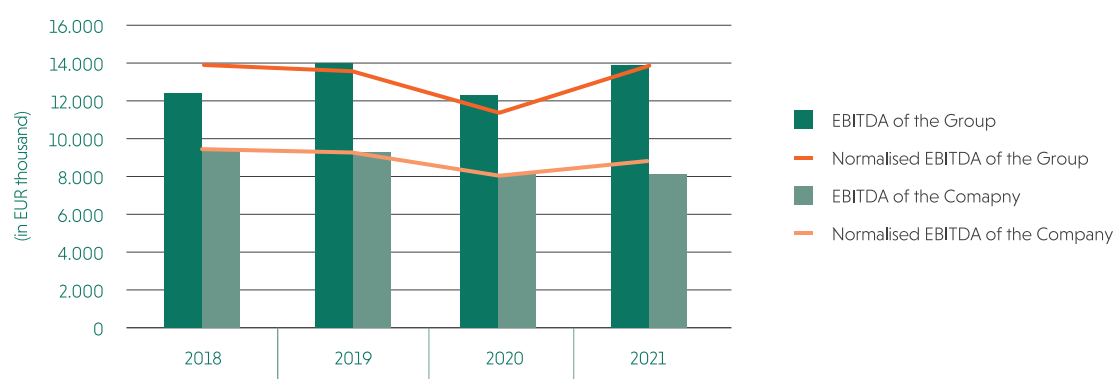
FIGURE 10: OPERATING EXPENSES AS A PROPORTION OF THE SALES REVENUE OF THE INTEREUROPA GROUP IN THE PERIOD 2018 TO 2021



The Intereuropa Group generated EBITDA of EUR 13.9 million in 2021, an increase of 13% relative to the previous year and 7% higher than planned. Contributing significantly to the higher-than-planned EBITDA in 2021, in addition to higher-than-planned sales revenue, was higher-than-planned other operating revenues (up EUR 1.0 million on the plan), most notably gains on the sale of fixed assets in the amount of EUR 0.4 million and government support in the amount of EUR 0.2 million. On the other hand, higher service costs had a negative effect on EBITDA, most notably the costs of hired labour and intellectual services, while labour costs were also higher. Contributing significantly to higher labour costs, including hired labour, were expenses for the participation of employees in profits, which were up by EUR 0.4 million, while growth in the costs of intellectual services was mainly the result of higher costs from the centralisation of certain support services at Pošta Slovenije, d. o. o.

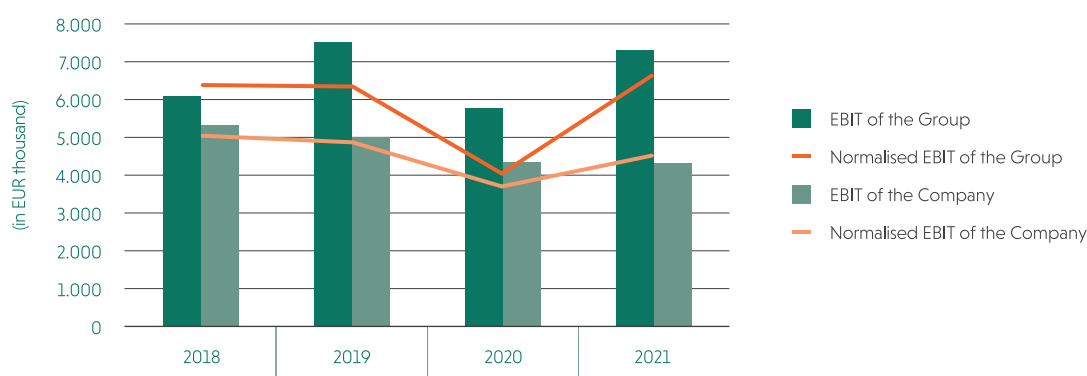
Normalised EBITDA amounted to EUR 13.9 million in 2021, an increase of 23% relative to normalised EBITDA in 2020.

FIGURE 11: CHANGES IN THE EBITDA<sup>1</sup> AND NORMALISED EBITDA<sup>1</sup> OF THE INTEREUROPA GROUP AND THE PARENT COMPANY INTEREUROPA, D. D. IN THE PERIOD 2018 TO 2021



<sup>1</sup> Alternative performance measure (APM), defined in the section 'Alternative performance measures' in Table 24 on page 65.

FIGURE 12: CHANGES IN THE OPERATING PROFIT AND NORMALISED OPERATING PROFIT<sup>1</sup> OF THE INTEREUROPA GROUP AND THE PARENT COMPANY INTEREUROPA, D. D. IN THE PERIOD 2018 TO 2021

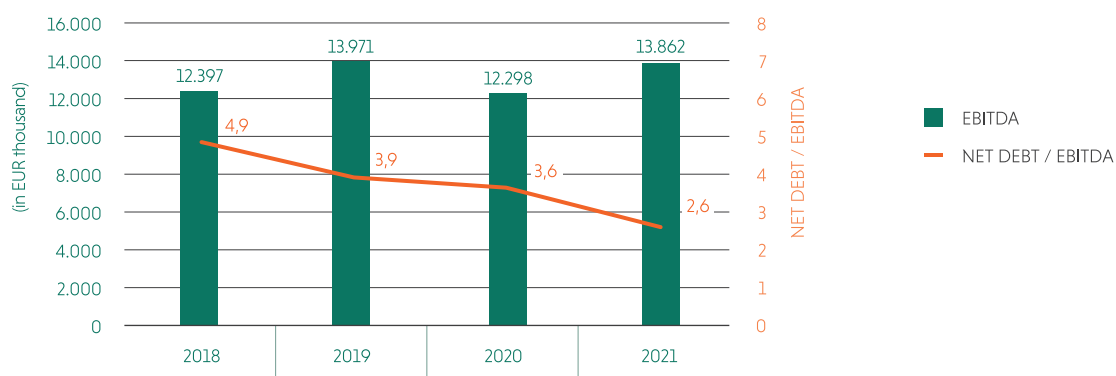


<sup>1</sup> Alternative performance measure (APM), defined in the section 'Alternative performance measures' in Table 24 on page 65.

### 2.6.1.3 Finance income and costs

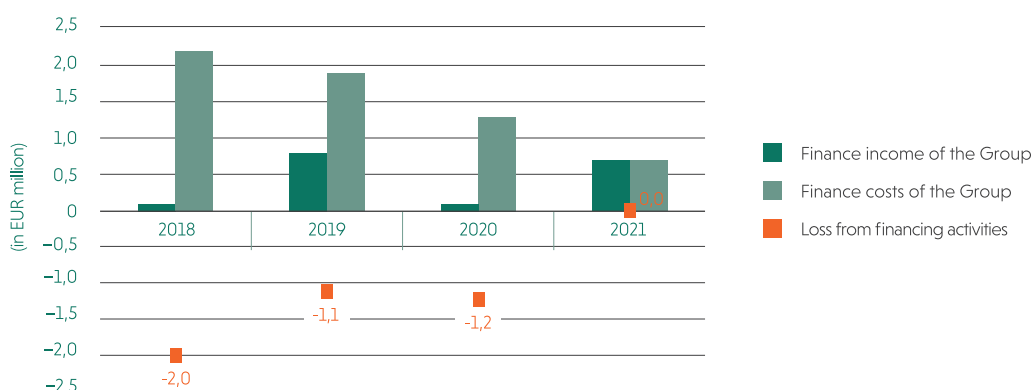
The Group's net debt amounted to EUR 35.8 million at the end of 2021, a reduction of EUR 8.6 million during the year, which was seen in an improvement in the Group's net debt / EBITDA ratio, which stood at 2.6 in 2021, a decrease of 28% relative to the previous year. The decrease in net debt was the result of an increase in cash and cash equivalents on the one hand, and a decrease in financial liabilities on the other.

FIGURE 13: CHANGES IN EBITDA<sup>1</sup> AND THE NET DEBT / EBITDA<sup>1</sup> RATIO OF THE INTEREUROPA GROUP BETWEEN 2018 AND 2021



<sup>1</sup> Alternative performance measure (APM), defined in the section 'Alternative performance measures' in Table 24 on page 65.

FIGURE 14: PROFIT OR LOSS FROM FINANCING ACTIVITIES OF THE INTEREUROPA GROUP IN THE PERIOD 2018 TO 2021

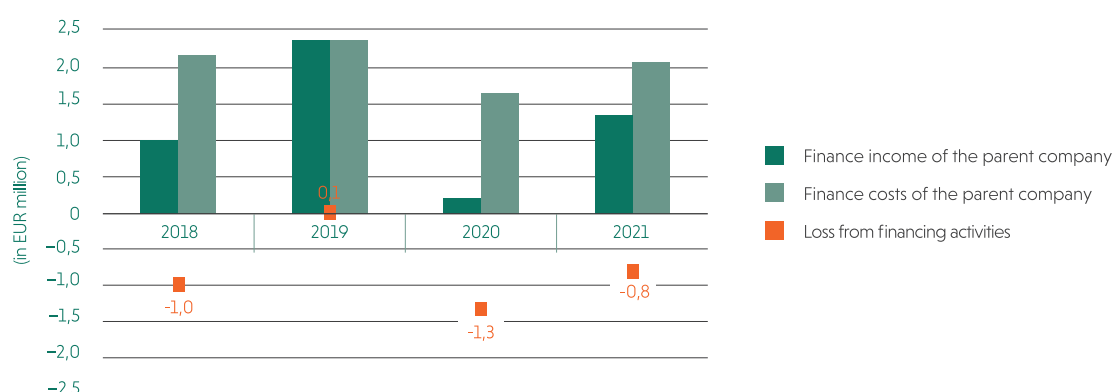


Profit or loss from financing activities in 2021 was up EUR 1.2 million relative to the previous financial year. The improved result was most notably impacted by finance income from the reversal of impairments of investments in shares and participating interests and loans in the amount of EUR 0.5 million, and a higher net effect of exchange rate differences (by EUR 0.5 million).

The most important category in that respect is interest expenses, which amounted to EUR 0.7 million, a decrease of EUR 0.1 million relative to the previous year.

The parent company's profit or loss from financing activities in 2021 was up EUR 0.6 million relative to the previous financial year, which was mostly attributed to higher revenues from participation in the profits of Group companies, and revenues from the reversal of impairments of investments in shares and participating interests and loans. Finance costs are up by EUR 0.5 million, most notably impacted by EUR 0.9 million higher expenses from impairment losses on investments in subsidiaries. Interest expense and impairment losses on loans granted were lower relative to the previous financial year.

FIGURE 15: PROFIT OR LOSS FROM FINANCING ACTIVITIES OF THE PARENT COMPANY IN THE PERIOD 2018 TO 2021



#### 2.6.1.4 Net profit or loss

The Intereuropa Group generated a net profit of EUR 6.7 million in 2021, an increase of EUR 3.1 million relative to the previous financial year and EUR 3.0 million above the planned figure.

The net profit of Intereuropa, d. d. amounted to EUR 3,6 million in 2021, an increase of EUR 1.3 million relative to the previous year and EUR 0,6 million above the plan.

#### 2.6.1.5 Structure of the statement of financial position

The Group's total assets were up by EUR 9.5 million in 2021, primarily as the result of an increase in current assets, in particular in current trade receivables, cash and cash equivalents, due to an increase in the volume of operations.

Non-current assets decreased by EUR 2.6 million, most notably in the items of property, plant and equipment and investment property, largely as a result of the sale of real estate of the Croatian subsidiary in Rijeka.

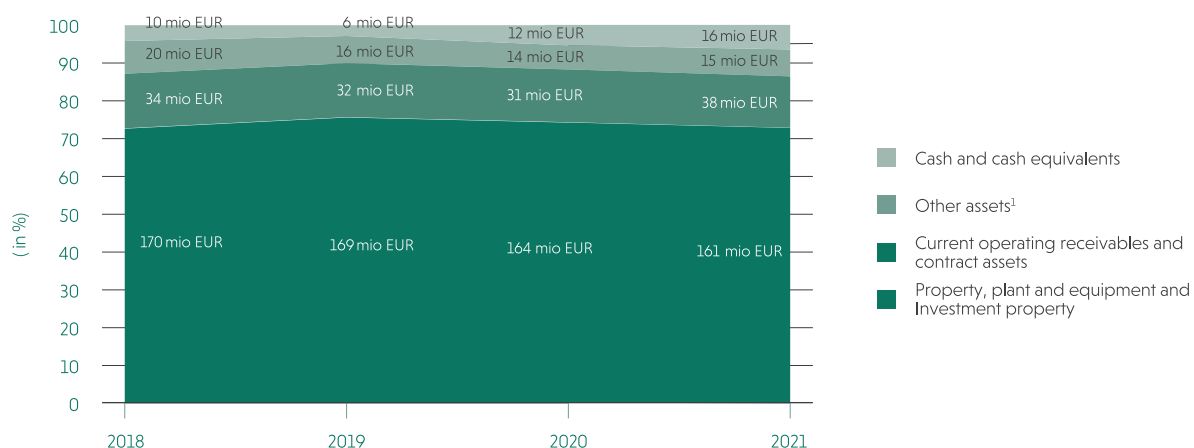
On the liabilities side, the most significant changes were seen in current operating liabilities, which were up by EUR 5.4 million as a result of an increased volume of operations, and in financial liabilities, which were down by EUR 3.2 million.

The proportion of total equity and liabilities accounted for by equity was up by 0.5 percentage points in 2021.

TABLE 21: ITEMS FROM THE STATEMENT OF FINANCIAL POSITION OF THE GROUP IN THE PERIOD 2018 TO 2021 (IN EUR THOUSAND)

	2018	2019	2020	2021	Index 2021/2020
<b>ASSETS</b>	<b>232,927</b>	<b>223,351</b>	<b>220,444</b>	<b>229,970</b>	<b>104</b>
<b>A. NON-CURRENT ASSETS, of which</b>	<b>182,977</b>	<b>180,747</b>	<b>174,484</b>	<b>171,889</b>	<b>99</b>
property, plant and equipment	157,404	145,262	141,311	139,419	99
non-current financial assets	102	185	94	110	118
<b>B. CURRENT ASSETS, of which</b>	<b>49,950</b>	<b>42,604</b>	<b>45,960</b>	<b>58,081</b>	<b>126</b>
current operating receivables and contract assets	33,722	31,931	30,853	37,972	123
cash and cash equivalents	9,578	6,283	11,609	15,854	137
<b>EQUITY AND LIABILITIES</b>	<b>232,927</b>	<b>223,351</b>	<b>220,444</b>	<b>229,970</b>	<b>104</b>
<b>A. EQUITY</b>	<b>120,229</b>	<b>122,358</b>	<b>124,850</b>	<b>131,382</b>	<b>105</b>
<b>B. NON-CURRENT LIABILITIES, of which</b>	<b>15,470</b>	<b>17,328</b>	<b>68,684</b>	<b>63,386</b>	<b>92</b>
non-current financial liabilities	511	2,719	54,199	48,513	90
<b>C. CURRENT LIABILITIES, of which</b>	<b>97,228</b>	<b>83,665</b>	<b>26,909</b>	<b>35,203</b>	<b>131</b>
current financial liabilities	70,551	58,978	4,419	6,909	156
current operating liabilities and contract liabilities	26,306	24,341	21,940	27,787	127

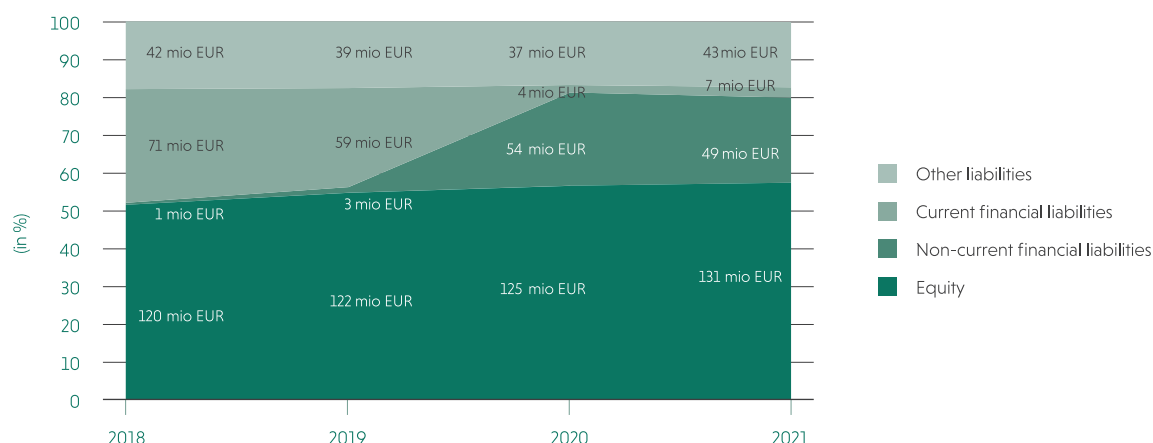
FIGURE 16: STRUCTURE OF THE GROUP'S ASSETS IN THE PERIOD 2018 TO 2021



<sup>1</sup> Alternative performance measure (APM), defined in the section 'Alternative performance measures' in Table 24 on page 65.

Deferred tax assets were the most significant item under other assets.

FIGURE 17: STRUCTURE OF THE EQUITY AND LIABILITIES OF THE INTEREUROPA GROUP IN THE PERIOD 2018 TO 2021



Trade payables accounted for the largest proportion of other liabilities.

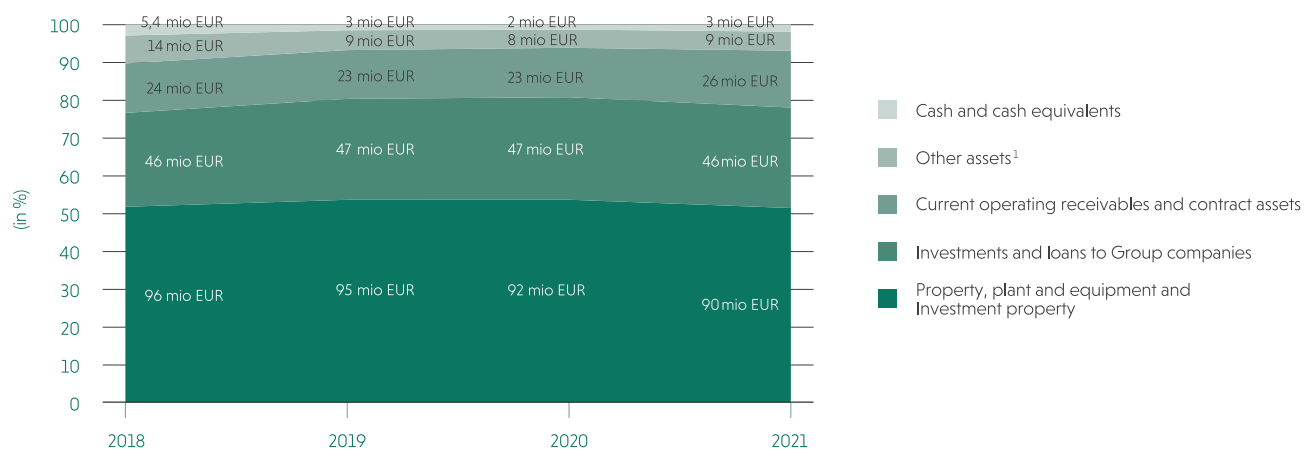
The statement of financial position of the parent company saw a major change on the assets side in 2021 that was accounted for by current assets, which were up by EUR 5.7 million, most notably current operating receivables due to an increased volume of operations. Non-current assets were down by EUR 3.5 million, most notable property, plant and equipment, largely as a result of lower investments from depreciation in 2021 and non-current investments in subsidiaries due to impairments.

TABLE 22: ITEMS FROM THE STATEMENT OF FINANCIAL POSITION OF THE PARENT COMPANY INTEREUROPA, D. D. FROM 2018 TO 2021 (IN EUR THOUSAND)

	2018	2019	2020	2021	Index 2021/2020
<b>ASSETS</b>	<b>185,114</b>	<b>176,748</b>	<b>172,272</b>	<b>174,464</b>	<b>101</b>
<b>A. NON-CURRENT ASSETS, of which</b>	<b>150,992</b>	<b>148,710</b>	<b>145,082</b>	<b>141,607</b>	<b>98</b>
property, plant and equipment	85,752	77,641	75,790	73,968	98
non-current financial assets, of which:	44,323	44,889	44,518	43,207	97
investments in subsidiaries	44,257	44,823	44,452	43,132	97
<b>B. CURRENT ASSETS, of which</b>	<b>34,121</b>	<b>28,038</b>	<b>27,190</b>	<b>32,857</b>	<b>121</b>
current operating receivables and contract assets	24,210	22,759	22,515	26,203	116
current financial assets and loans	1,615	2,326	2,198	3,083	140
<b>EQUITY AND LIABILITIES</b>	<b>185,114</b>	<b>176,748</b>	<b>172,272</b>	<b>174,464</b>	<b>101</b>
<b>A. EQUITY, of which</b>	<b>85,005</b>	<b>87,228</b>	<b>89,225</b>	<b>92,807</b>	<b>104</b>
share capital	27,489	27,489	27,489	27,489	100
share premium account	18,455	18,455	18,455	18,455	100
fair value reserves	32,183	30,627	30,545	30,508	100
<b>B. NON-CURRENT LIABILITIES, of which</b>	<b>10,121</b>	<b>11,254</b>	<b>62,845</b>	<b>58,315</b>	<b>93</b>
non-current financial liabilities	0	870	52,642	47,654	91
<b>C. CURRENT LIABILITIES, of which</b>	<b>89,988</b>	<b>78,267</b>	<b>20,202</b>	<b>23,342</b>	<b>116</b>
current financial liabilities	71,778	61,505	6,045	7,193	119
current operating liabilities and contract liabilities	18,073	16,623	13,944	16,075	115

The most significant change on the liability side was in financial liabilities, which were down by EUR 3.8 million in 2021, and in current trade payables, which were up by EUR 3.1 million due to the increased volume of operations.

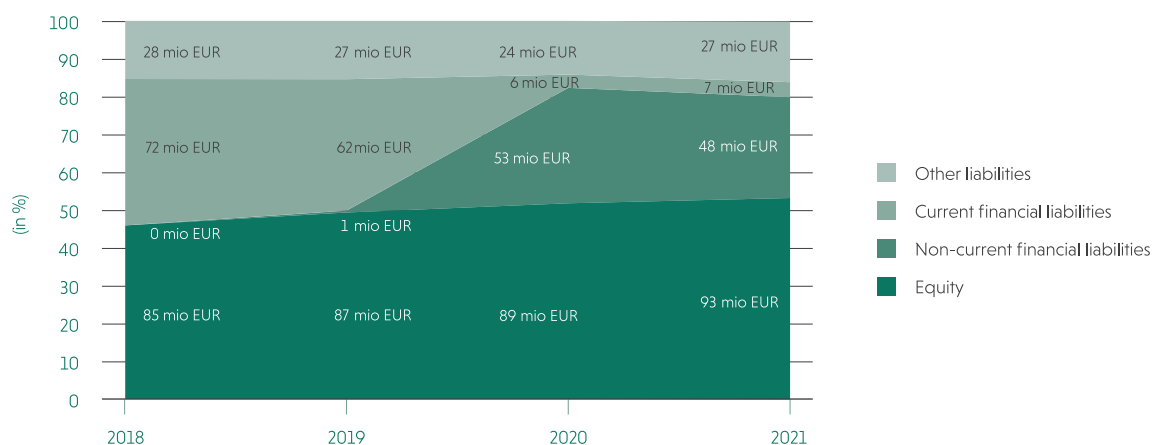
FIGURE 18: STRUCTURE OF THE ASSETS OF THE PARENT COMPANY INTEREUROPA, D. D. IN THE PERIOD 2018 TO 2021



<sup>1</sup> Alternative performance measure (APM), defined in the section 'Alternative performance measures' in Table 24 on page 65.

Deferred tax assets were the most significant item under other assets.

FIGURE 19: STRUCTURE OF THE EQUITY AND LIABILITIES OF THE PARENT COMPANY INTEREUROPA, D. D. IN THE PERIOD 2018 TO 2021





### 2.6.1.6 Cash flow analysis

The Group generated a positive net cash flow from operating activities of EUR 11.6 million in 2021, an increase of 21% or EUR 2.0 million relative to 2020. The net cash flow from investment activities was negative at the Group level in the amount of EUR 1.8 million. The most significant change relative to 2020 was seen in the item outflows for the acquisition of property, plant and equipment, in the amount of EUR +1.8 million, which was a result of higher investment expenditure, described in detail in the section 2.9.2 Investments in fixed assets. Following the coverage of the negative net cash flow from financing activities in the amount of EUR 5.5 million, which was an increase in net flows of EUR 2.2 million relative to 2020, Group companies disclosed cash and cash equivalents of EUR 15.9 million at the end of 2021, an increase of EUR 4.2 million or 37% on the balance at the end of 2020. Because the parent company is so much larger than other companies in relative terms, changes in the Group's cash flows generally track those of the parent company, as explained in the next paragraph.

The parent company generated a positive net cash flow from operating activities of EUR 6.7 million in 2021, an increase of EUR 1.9 million relative to 2020. To that end, operating profit before changes in net working capital and taxes decreased by 0.1 million or 2%, while changes in net working capital and provisions lowered the net cash flow from operating activities by EUR 2.0 million relative to 2020. The largest changes relative to 2020 were seen in the item changes in operating liabilities, with a positive impact of EUR 5.7 million, and change in receivables with a negative impact of EUR 3.2 million. The impact of changes in receivables had a negative effect on net cash flows from operating activities in 2021, while changes in operating liabilities had a positive effect, which is expected in the context of the increasing volume of operations. These effects were exactly the opposite in 2020, which was the result of a contraction in operations due to the COVID-19 pandemic.

A negative net cash flow from investing activities was generated in the amount of EUR 0.7 million, an increase of EUR 0.7 million relative to 2020, primarily due to higher inflows from received dividends and shares in profit on the part of subsidiaries, which increased by EUR 0.6 million relative to the pandemic year 2020, when there were practically none, and higher inflows from the sale of property, plant and equipment (by EUR 0.4 million).

A negative net cash flow from financing activities was generated in the amount of EUR 5.1 million, a decrease of EUR 1.2 million relative to 2020. Higher financial outflows were the result of the expiry of an agreement reached in May 2020 on the deferral of payments of principal and interest for a period of one year. For that reason, the parent company paid out EUR 1.2 million more to creditor banks in 2021 than in 2020.

TABLE 23: CASH FLOWS OF THE INTEREUROPA GROUP AND THE PARENT COMPANY INTEREUROPA, D. D. FOR THE PERIOD 2018 TO 2021 (IN EUR THOUSAND)

	Intereuropa Group				Parent company			
	2018	2019	2020	2021	2018	2019	2020	2021
Net cash flow from operating activities	12,317	12,573	9,576	11,590	9,112	9,101	4,876	6,733
Net cash flow from investing activities	-2,886	311	-874	-1,834	-2,930	1,253	-1,360	-704
Net cash flow from financing activities	-3,437	-16,185	-3,349	-5,525	-1,165	-13,027	-3,899	-5,060
Exchange rate differences relating to cash	-34	6	-27	13	0	0	0	0
Net cash flow for the period from ordinary operations	5,994	-3,301	5,353	4,231	5,017	-2,673	-383	969

### 2.6.1.7 Alternative performance measures

The Intereuropa Group also uses the Alternative Performance Measures (APMs) defined by the ESMA (European Securities and Markets Authority) to present its performance. The selected APMs also illustrate the Intereuropa Group's performance.

TABLE 24: LIST OF ALTERNATIVE PERFORMANCE MEASURES

Alternative performance measure	Explanation of calculation	Reason for selected measure
EBITDA	EBITDA: operating profit + amortisation/ depreciation + revaluation operating expenses for intangible assets and property, plant and equipment – revaluation operating revenues from the reversal of impairment losses on intangible assets and property, plant and equipment.	EBITDA reflects performance and is the main source for ensuring shareholder returns.
Normalised EBITDA – Group	Excluded effect of other operating revenues, expenses from the creation of provisions, expenses for the participation of employees and hired labour in profits, and in 2020 in addition to the items listed above, labour costs from the crisis bonus and expenses from the correction of errors in previous years at subsidiaries.	Normalised EBITDA reflects performance after the exclusion of all extraordinary effects, i.e. EBITDA from ordinary operations.
Normalised EBITDA – parent company	Excluded effect of other operating revenues, expenses from the creation of provisions, expenses for the participation of employees and hired labour in profits, and in 2020 in addition to the items listed above, labour costs from the crisis bonus.	
Normalised EBIT – Group	The same exclusions of effects apply as with EBITDA for the Group, with the additional effect of a correction to depreciation due to a change in the useful life of real estate, and exclusion of revaluation operating expenses for intangible assets and property, plant and equipment.	Normalised EBIT reflects performance after the exclusion of all extraordinary effects, i.e. EBIT from ordinary operations.
Normalised EBIT – parent company	The same exclusions of effects apply as with EBITDA for the parent company, with the additional effect of a correction to depreciation due to a change in the useful life of real estate, and exclusion of revaluation operating expenses for intangible assets and property, plant and equipment.	
Value added	Value added = EBITDA + labour costs.	Value added is a basic economic indicator and the basic measure of economic activity and success. In a contextual sense, it means newly created value that the Intereuropa Group has generated in one year.
Value added per employee	Value added per employee = value added / average number of employees based on hours worked (FTE)	Productivity indicator that reflects average newly created value added per employee in the Intereuropa Group.
Net debt	Net debt = financial liabilities – loans granted and deposits – cash.	Net debt in absolute terms indicates the Intereuropa Group's general debt and its ability to settle all its financial liabilities were they to become due immediately.
Net debt/EBITDA	Ratio = net debt / EBITDA	Ratio that reflects the Intereuropa Group's ability to repay its financial liabilities, as it indicates how many years would be required to repay financial debt from existing liquid assets and cash flows from operating activities.

Alternative performance measure	Explanation of calculation	Reason for selected measure
Return on equity (ROE)	ROE = net profit or loss / average equity calculated: ((final balance of equity - net profit/loss) + initial balance of capital) / 2	The ratio reflects the Intereuropa Group's ability to generate net profit relative to equity. Return on equity is also an indicator of the management's success in increasing a company's value for its shareholders.
Return on assets (ROA)	ROA = net profit or loss / average assets calculated: (final balance of assets + initial balance of assets) / 2	The ratio reflects the Intereuropa Group's ability to generate net profit relative to assets.
Net return on revenue	Net return on revenue = net profit or loss / total revenues (net sales revenue + other operating revenue + finance income)	The ratio reflects the Intereuropa Group's ability to generate net profit relative to revenues.
Productivity	Productivity = sales revenue / average number of employees based on hours worked (FTE)	The ratio reflects the effectiveness of employees in generating sales revenue.
Other assets	Other assets = intangible assets + other non-current operating assets + non-current operating receivables + deferred tax assets + long-term loans granted and deposits + other non-current financial assets + assets (disposal groups) for sale + inventories + short-term loans, deposits + current receivables for corporate income tax + other current assets.	Methodology for the presentation of other assets in the balance sheet breakdown
Financial and operating liabilities	Non-current financial liabilities + non-current operating liabilities + current financial liabilities + current operating liabilities + deferred tax liabilities + contract liabilities + current corporate income tax liabilities	Methodology for the presentation of financial and operating liabilities in the balance sheet breakdown

## 2.7 SHARES AND OWNERSHIP STRUCTURE

The Ljubljana Stock Exchange recorded 5% less turnover in 2021 from trading in shares than in the previous year, with the SBI TOP index gaining almost 40% in value. With its modest turnover, Intereuropa's IEKG share ended the year at EUR 1.46.

### Shares of Intereuropa, d. d.

The share capital of Intereuropa, d. d. in 2021 was divided into 27,488,803 shares, of which 16,830,838 were ordinary registered freely transferable no-par-value shares (designated IEKG) and 10,657,965 freely transferable no-par-value preference shares (designated IEKN). Ordinary shares were listed on the prime market of the Ljubljana Stock Exchange, while preference shares were not traded on the regulated securities market. Ordinary IEKG shares have been traded on the Ljubljana Stock Exchange since 1998, and have been listed on the prime market since 2005.

TABLE 25: KEY DATA REGARDING SHARES

	2018	2019	2020	2021
Total number of shares	27,488,803	27,488,803	27,488,803	27,488,803
No. of preference shares (IEKN)	10,657,965	10,657,965	10,657,965	10,657,965
No. of ordinary shares (IEKG)	16,830,838	16,830,838	16,830,838	16,830,838
- of which: treasury shares	18,135	18,135	18,135	18,135
Book value per share in EUR (as at 31 December)	3.09	3.18	3.25	3.38
<b>Data regarding trading in IEKG shares</b>				
Closing price in EUR (as at 31 December)	2.60	1.43	1.16	1.46
Weighted average price in EUR	2.50	2.29	1.40	1.38
Highest price in EUR	3.00	2.80	1.87	1.49
Lowest price in EUR	1.93	1.40	1.02	1.06
Market capitalisation in EUR thousand	43,760	24,068	19,524	24,573
Turnover in EUR thousand	2,010	1,207	526	157
<b>Indicators</b>				
Earnings per ordinary share in EUR	0.15	0.12	0.08	0.13
Cash flow per share in EUR	0.30	0.28	0.23	0.27
Gross dividends per share in EUR	0.00	0.00	0.00	0.00
P/BV	0.84	0.45	0.36	0.43
P/CF	8.7	5.03	5.15	5.45
P/E	17.33	11.92	14.50	11.23
Capital yield	29.9%	-45.0%	-18.9%	25.9%
Dividend yield	0.0%	0.0%	0.0%	0.0%
Total yield	29.9%	-45.0%	-18.9%	25.9%

**Notes:**

Book value per share: equity / (number of total shares – number of treasury shares).

Market capitalisation: closing price at the end of year \* number of shares listed on the stock exchange.

Earnings (loss) per ordinary share: earnings (loss) per ordinary share / (number of ordinary shares – number of treasury shares).

Cash flow per share: (net profit – dividends + amortisation/depreciation) / (number of total shares – number of treasury shares).

P/BV: closing price at the end of the year / book value per share.

P/CF: closing price at the end of the year / cash flow per share.

P/E: closing price at the end of the year / earnings per share.

Capital yield: growth in closing price over a one year-period.

Dividend yield: gross dividend / closing price at the end of the year.

## Trading in IEKG shares

Trading in IEKG shares was characterised by low turnover and minimum fluctuations in share price in 2021. Its annual turnover totalled EUR 157 thousand, which is no more than 30% of the 2020 turnover, while the average daily turnover was EUR 0.6 thousand. A total of 250 transactions were concluded in which owners exchanged 119,273 IEKG shares. The market value of IEKG shares fluctuated between EUR 1.06 and EUR 1.49 per share and ended the year at EUR 1.46. The value of IEKG shares was up 25.9%, while the Ljubljana Stock Exchange's SBI TOP index recorded a 39.8% increase in value. This was also seen in the higher market capitalisation of ordinary IEKG shares at the end of 2021, which amounted to EUR 24.6 million.

FIGURE 20: CHANGES IN THE PRICE OF IEKG SHARES AND THE SBI TOP INDEX IN 2021

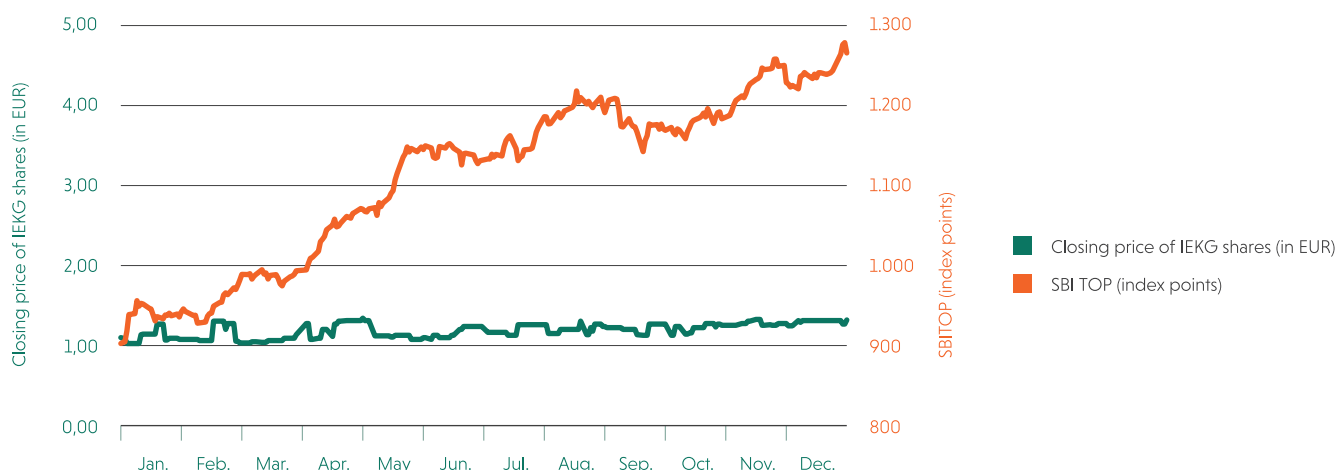
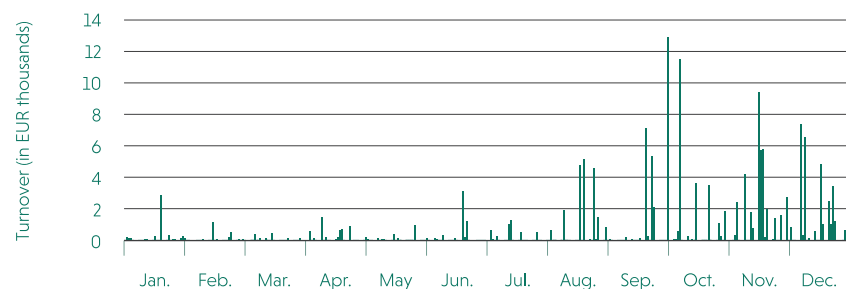


FIGURE 21: TURNOVER IN INTEREUROPA SHARES IN 2021



## Ownership structure of the Company

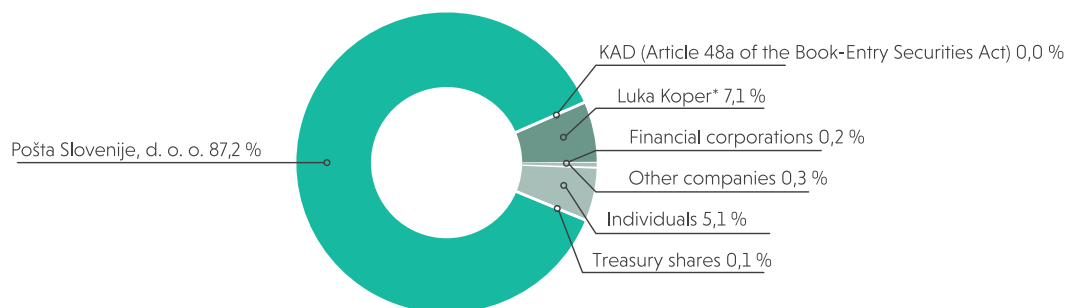
There were a few changes in terms of the continued ownership concentration among major shareholders in 2021. At the beginning of the year, Pošta Slovenije, d. o. o. held an 80.9% participating interest, which acquired a further 1,728,796 shares over the last quarter, bringing its participating interest to 87.2%. During the year, a further 140 shareholders sold their shares, bringing the number of shareholders down by 6% to 2,179. Some of the major shareholders, i.e. Kapitalska družba d. d., SDH, d. d. and Zavarovalnica Triglav, d. d., also withdrew from the ownership structure. The combined participating interest of the top ten shareholders was up by 0.8 percentage points within one year and as at 31 December 2021 stood at 95.8%. Except for the above-listed changes, the stakes of other categories of shareholders in the ownership structure did not change significantly in 2021. As mentioned above, an increase was recorded by its largest shareholder Pošta Slovenije, d. o. o. (by 6 percentage points), while decreases were recorded by the category of individuals, companies and financial corporations. The proportion of shares held by foreign investors was 0.1 percentage points lower than last year and stood at 0.2%.

TABLE 26: TOP TEN SHAREHOLDERS OF THE PARENT COMPANY INTEREUROPA, D. D. AS AT 31 DECEMBER 2021

Item no.	Shareholder	Number of shares 31 December 2021	Participating interest 31 December 2021	Number of ordinary shares 31 December 2021	Participating interest 31 December 2021	Number of preference shares 31 December 2021	Participating interest 31 December 2021
1.	Pošta Slovenije, d. o. o.	23,964,032	87.2%	13,306,067	79.1%	10,657,965	100.0%
2.	Luka Koper, d. d.	1,344,783	4.9%	1,344,783	8.0%	0	0.0%
3.	Luka Koper INPO, d. o. o.	615,730	2.2%	615,730	3.7%	0	0.0%
4.	Individuals	117,967	0.4%	117,967	0.7%	0	0.0%
5.	Individuals	76,873	0.3%	76,873	0.5%	0	0.0%
6.	Individuals	73,196	0.3%	73,196	0.4%	0	0.0%
7.	Individuals	61,332	0.2%	61,332	0.4%	0	0.0%
8.	Raiffeisen Bank International AG	35,643	0.1%	35,643	0.2%	0	0.0%
9.	Arima, d. o. o.	31,366	0.1%	31,366	0.2%	0	0.0%
10.	Individuals	23,982	0.1%	23,982	0.1%	0	0.0%

At the end of 2021, 75 ordinary shares were held on a special account of Kapitalska družba, d. d., which in accordance with Article 48b of the Book-Entry Securities Act (Official Gazette of the Republic of Slovenia, No. 43/19) is intended for securities waived by their holders and/or securities held by the Republic of Slovenia. Kapitalska družba may not exercise the voting rights attached to those securities.

FIGURE 22: OWNERSHIP STRUCTURE TAKING INTO ACCOUNT BOTH CLASSES OF SHARES OF THE PARENT COMPANY INTEREUROPA, D. D. AS AT 31 DECEMBER 2021



\* Including Luka Koper, d. d. and its 100% owned subsidiary Luka Koper INPO, d. o. o.

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

There were no changes in the shares held by members of the Management Board and Supervisory Board. The members of the Management Board did not hold shares of Intereuropa, d. d.

The number of shares held by Supervisory Board members is presented in the table below.

TABLE 27: NUMBER OF IEKG SHARES HELD BY SUPERVISORY BOARD MEMBERS AS AT 31 DECEMBER 2021

Shareholder	Number of shares 31 December 2021	Participating interest 31 December 2021
Tjaša Benčina, member of the Supervisory Board	40	0.0001 %

### Authorised capital

Intereuropa, d. d. had no authorised capital as at 31 December 2021.

## Dividend Policy

The Company did not pay dividends in 2021.

## Communication with the financial public

The principles of communication with the financial public are set out in Intereuropa, d. d.'s Corporate Governance Policy, which is accessible on the Company's website at [www.intereuropa.si](http://www.intereuropa.si). The Company strives for regular, honest and accurate communication with its existing owners, which is one of the bases for building successful operations. Emphasis is placed on appropriate communication with investors, and correct and regular provision of information to creditor banks.

To that end, it consistently complies with the Ljubljana Stock Exchange's information disclosure rules and recommendations, and strives to achieve the best corporate communication possible. The following communication tools and activities are used for that purpose:

- ordinary general meeting of shareholders;
- the regular publication of business results and other price-sensitive information;
- regular communication via the SEOnet electronic system;
- regular communication with the media; and
- the regular publication of information regarding operations on the Company's website.

The Company also welcomes the direct opinions and recommendations of shareholders, which it collects via the following e-mail address: [vlagatelj@intereuropa.si](mailto:vlagatelj@intereuropa.si).

## Financial calendar of publications for 2022

Date	Publication
18 February 2022 – 9 March 2022 No-communication period	
10 March 2022 Thursday	Publication of information regarding the business results of the Intereuropa Group and the parent company Intereuropa, d. d. in 2021
26 April 2022 Tuesday	Publication of the audited annual report for 2021
2 May 2022 – 18 May 2022 No-communication period	
19 May 2022 Thursday	Publication of the unaudited business report of the Intereuropa Group and the parent company Intereuropa d. d. for the period January to March 2022
23 June 2022 Thursday	Publication of resolutions adopted by the General Meeting of Shareholders
8 August 2022 – 24 August 2022 No-communication period	
25 August 2022 Thursday	Publication of the unaudited business report of the Intereuropa Group and the parent company Intereuropa, d. d. for the period January to June 2022, and the presentation of planning documents of the Intereuropa Group and the parent company Intereuropa, d. d. for 2023
29 October 2022 – 16 November 2022 No-communication period	
17 November 2022 Thursday	Publication of the unaudited business report of the Intereuropa Group and the parent company Intereuropa d. d. for the period January to September 2022

The scheduled dates of publications are given. Any change to those dates will be published on the Company's website at <http://www.intereuropa.si>.

Intereuropa, d. d. does not provide information regarding its operations during no-communication periods.

Scheduled regular announcements and other controlled information will be published on the Ljubljana Stock Exchange's website via the SEOnet system (<http://seonet.ljse.si>) and on the Company's website at <http://www.intereuropa.si>.



## 2.8 RISK MANAGEMENT

Risk is any uncertainty regarding future business events that could reduce the probability and/or affect the achievement of business objectives, and thus have a negative impact on performance. Intereuropa Group companies therefore employ a risk management system as a tool to maintain their competitive advantage on the market, to reduce the probability of financial or other losses, and the loss of goodwill or damage to the Group's reputation, and to improve the performance of the Group as a whole.

The risk management policy of Intereuropa Group companies is defined in the Risk Management Rules of the Intereuropa Group. Those rules define the risk management process at all Group companies, and include:

- the responsibilities and competences of key persons in the risk management process;
- the definition and types of risks;
- the definition of the risk management process;
- the methodology for the measurement of exposure to risks;
- the process of managing loss events and establishing a register of loss events;
- the method of establishing a risk register; and
- informing and reporting methods.

Exposure to risks is assessed in two steps: first, at the level of each Group company, where risk must be assessed by an administrator and the management of a subsidiary; and second, at the Group level, where the level of risk is calculated as the sum of the estimated weighted average annual amounts of damage at companies where a particular risk was identified. The estimated average annual amount of damage at a given company is calculated as the product of the frequency of an unwanted event and the estimated value of the consequences of the realisation of that event.

The setting of the level of risk for the Group using the calculated weighted average of estimated annual amounts of damage is illustrated in Table 28.

TABLE 28: LEVEL OF RISK FOR THE INTEREUROPA GROUP

Level of risk for the Group	Estimated damage to the Group (in EUR)
1	$X \leq 20.000$
2	$20.001 < X \leq 50.000$
3	$50.001 < X \leq 80.000$
4	$80.001 < X \leq 110.000$
5	$110.001 < X \leq 160.000$
6	$160.001 < X \leq 210.000$
7	$210.001 < X \leq 260.000$
8	$260.001 < X \leq 310.000$
9	$310.001 < X \leq 410.000$
10	$410.001 < X \leq 510.000$
11	$510.001 < X \leq 610.000$
12	$610.001 < X \leq 710.000$
13	$710.001 < X \leq 960.000$
14	$960.001 < X \leq 1.210.000$
15	$1.210.001 < X \leq 1.460.000$
16	$X \geq 1.460.001$

Identified levels of risks fall into the following ranges:

- Assessments from 1 to 4 represent low-level and less significant risks;
- Assessments from 5 to 8 represent medium-level and moderate risks;
- Assessments from 9 to 12 represent high-level and significant risks; and
- Assessments from 13 to 16 represent very high-level and very significant risks. These are the Group's key risks.

The management of the parent company is responsible for defining the risk management policy and introducing a comprehensive risk management process within the Intereuropa Group.

Risks are addressed systematically by risk managers and the Risk Management Committee, which together implement activities in the risk management process. At sessions, risk managers brief the members of the aforementioned committee on identified risks. They also discuss proposed risk management measures, together with deadlines and responsible persons. The success of the implementation of adopted risk management measures is also monitored. The committee also discusses loss events at sessions.

Intereuropa Group companies are exposed to various risks. Those risks are classified to the following five risk categories:

- strategic risks,
- operational risks,
- financial risks,
- regulatory compliance risks, and
- reputation risks.

At the end of 2021, a total of 50 risks were identified at the Group level, four assessed as high, 8 assessed as medium and 38 assessed as low.

**Operational risks** are among the highest identified risks, both in terms of their number as well as their estimated average annual potential damage. The aforementioned risks represent the possibility of loss due to the inadequate or failed implementation of internal procedures and processes, or due to external events. A high-level risk was also identified among operational risks, i.e. the risk associated with the outbreak of a pandemic and its negative impact on operations. Risk was assessed as high already in 2020 at the time of the outbreak of the COVID-19 pandemic. The Group implemented all required measures during all the waves of the pandemic to prevent the spread of the infection and protect the health of employees, and to ensure business continuity.

**Strategic risks** comprise risks associated with losses as a result of incorrect business decisions, the inadequate implementation of adopted decisions and insufficient responsiveness to changes in the business environment. Those risks depend on compliance between the outlined strategic objectives and the business strategy employed to achieve those objectives, the funds used to achieve those objectives, and on the quality of implementation. Eleven strategic risks were identified at the Group level at the end of 2021. The level of risk associated with three was assessed as high, i.e. the risk of fraud committed by management, the risk that strategic investments would not be implemented by the projected deadline, and the newly identified risk in 2021 connected with the decline in value of real estate due to increased country risk. Compared to the previous financial year, the level of identified risk of fraud by management declined significantly in 2021, which was largely contributed by multiple realised measures relating to the corporate governance of subsidiaries.

**Regulatory compliance risks** comprise the risk of the failure of Group companies to operate in accordance with valid laws and implementing regulations, other regulations, policies and declarations to which companies are bound, and the internal acts of companies. They relate to corporate governance, relations with employees and industry standards, and are linked to internal control systems and the security policy, and to the personal accountability of management, the members of supervisory boards and the liability of legal entities. Five regulatory compliance risks were identified at the Intereuropa Group level at the end of 2021, none of which were assessed as high or very high.

Five **financial risks** were also identified at the Group level at the end of 2021. These are risks associated with the ability to generate finance income, to control finance costs and to preserve the value of financial assets. None of those identified risks were assessed as high or very high. Liquidity risk was assessed as medium. Detailed information regarding exposure to financial risks is presented in the financial report in note no. 31.

## 2.9 DEVELOPMENT AND INVESTMENTS

### 2.9.1 DEVELOPMENT OF THE COMPUTERISATION OF OPERATIONS

The year 2021 was also characterised by the COVID-19 pandemic. However, the activities that were carried out in 2020, which provided the technology to enable work from home for a large number of employees, were a solid basis for continuous (uninterrupted) work. A bigger difficulty was caused by the pandemic to the IT equipment market, as delivery periods were lengthened significantly. Due to this, the timely purchase of equipment and the planning of backup equipment is vital.

Despite this, the majority of planned projects were completed in 2021, the most important being:

- A secondary IT location was set up to ensure business continuity at Pošta Slovenije's location;
- We modernised and upgraded firewalls at all Intereuropa Group companies with a single domain, and thus raised the level of security;
- The introduction of new scopes of reporting to monitor the efficiency of operational processes in the scope of the BI (business intelligence) project.
- The introduction of the WEX business information solution continued at subsidiaries, with the WEX solution implemented at the Intereuropa subsidiary in Serbia;
- The commencement and implementation of the project creating a new customer portal for parcel distribution needs;
- Development and introduction of a solution for an internal 'customs cloud' that facilitates the greater efficiency of customs processes;
- Development and update of IT solutions for the regional parcel network project, which is implemented together with Pošta Slovenije.

The following major projects and activities are planned for 2022 with the aim of achieving strategic IT objectives, the Intereuropa Group's business plan and the synergies at the Pošta Slovenije Group level:

- The project of the transition of the Intereuropa Group to SAP Hana of the Pošta Slovenije Group;
- Adjustment of IT solutions for the transition of Croatian companies to the euro;
- Transition into the production environment of the new customer portal and replacement of the old portal;
- Development of a new IT platform for parcel distribution;
- Continuation of the implementation of the WEX solution at subsidiaries;
- Transition into the production environment of the new customs solution for AIS2 in Slovenia.

## 2.9.2 INVESTMENTS IN FIXED ASSETS

### 2.9.2.1 Intereuropa Group

The Intereuropa Group invested EUR 4.5 million in fixed assets in 2021. Of that amount, EUR 2.5 million was invested in real estate and EUR 2.0 million in equipment and intangible assets. Thus, 53.2% of the annual investment plan was realised. A factor in the suspension and postponement of investments, and thus the partial implementation of the investment plan, was still the COVID-19 pandemic.

Most of the funds were earmarked for the purchase of land for the construction of a new logistics centre in Rijeka, for IT equipment and the Group's intangible assets, and for initial work for the new cold store facility in Celje.

TABLE 29: OVERVIEW OF THE REALISATION OF PLANNED INVESTMENTS BY THE INTEREUROPA GROUP AND PARENT COMPANY IN 2021 AND COMPARISON WITH 2020 (IN EUR THOUSAND)\*

	Real estate			Equipment and intangible assets			Total investments				
	2020	2021 plan	2021	2020	2021 plan	2021	2020	2021 plan	2021	Index 21/20	Index 21/21 plan
Intereuropa, d. d.	374	3,600	92	905	2,305	968	1,279	5,905	1,060	82.9	18.0
Subsidiaries	189	665	2,361	637	1,792	1,030	826	2,457	3,391	410.5	138.0
<b>Total Group</b>	<b>563</b>	<b>4,265</b>	<b>2,453</b>	<b>1,542</b>	<b>4,097</b>	<b>1,998</b>	<b>2,105</b>	<b>8,362</b>	<b>4,451</b>	<b>211.4</b>	<b>53.2</b>

\* Breakdown by property, plant and equipment and intangible assets: of the Group's total investments in 2021 in the amount of EUR 4,451 thousand, EUR 4,265 thousand was invested in property, plant and equipment and EUR 186 thousand was invested in intangible assets.

### 2.9.2.2 Plans for 2022

Investments of EUR 13.8 million are envisaged in property, plant and equipment and intangible assets, primarily in the completion of the construction and equipping of the Rijeka logistics centre, the upgrading and renovation of the warehousing infrastructure and warehouse equipment, and in the upgrading of IT equipment and in intangible assets.

## 2.10 DIVESTMENT OF COMMERCIALY OBSOLETE ASSETS

The further sale of non-core and non-strategic real estate, which will enable the Group to maintain a sustainable level of indebtedness when investing in new warehousing capacities, is envisaged in the scope of the strategic development programme of the Intereuropa Group until 2025.

The Intereuropa Group sold fixed assets with a carrying amount of EUR 2.5 million for EUR 2.84 million in 2021, while in 2020 it sold fixed assets with a carrying amount of EUR 2.3 million for EUR 2.7 million.

The following major items of real estate were sold in 2021:

- old logistics centre in Rijeka, Croatia;
- parking area for freight vehicles in the western part of Maribor;
- business premises in Montenegro.

## 2.11 PARTICIPATION IN EUROPEAN PROJECTS

### 2.11.1 COMPETENCE CENTRE FOR HUMAN RESOURCE DEVELOPMENT IN LOGISTICS

From September 2019 until the end of May 2022, Intereuropa, d. d. will be included in the European Competence Centre project for the development of employees in logistics (KOC Logins). Intereuropa is participating as a partner in a consortium with 31 other Slovenian companies from the logistics sector. There is also a project office at the company that organises and coordinates training, reports on work and prepares applications for co-financing. The project is 20% co-financed by the Ministry of Labour, Family, Social Affairs and Equal Opportunities and by the European Union via the European Social Fund (80% co-financing).

The aim of the project is to improve the productivity, creativity and innovativeness of employees, and to strengthen the competitiveness of the Slovenian economy. The objective of the project at Intereuropa is the development of employee competences, and thus their improved flexibility, employability and effectiveness, and ultimately the increased awareness of employees about the importance of lifelong learning. Other objectives of the project are the linking and networking of companies and the sharing of best practices in area of employee development and, last but not least, the promotion of the economic sectors and areas of use set out in the Slovenian Smart Specialisation Strategy.

A total of 40 different training events attended by 183 employees (certain employees attending multiple times) were held at Intereuropa, d. d. in 2021 in the scope of the aforementioned project. Extensive training courses were organised focusing on sales, the digitalisation of logistics processes, the control of stress, Excel, etc.

The parent company received EUR 56 thousand in total from the project Competence centre for human resource development in logistics (KOC Logins).



**Intereuropa®**

Globalni logistični servis

# S U S T A I N A B L E D E V E L O P M E N T



# 03







# 03 SUSTAINABLE DEVELOPMENT

## 3.1 HR ISSUES

Even in 2021 the Company faced challenges to mitigate the effects of the COVID-19 pandemic on business processes at the Company. Through regular announcement via its intranet and circulars, the Company briefed its employees on required compliance with the measures for the prevention of infection and spread of the virus and called on them to behave responsibly. Measures such as the consistent implementation of PCT rules, mandatory use of face masks, maintaining a safe distance, hand and cough hygiene, caution when spending time with others, etc. were pushed to the forefront. Methods that did not include personal contact (phones, video-conferences, internet, etc.) were used to the greatest extent possible for communication between employees and for meetings.

New employment contracts that also included the possibility of working from home were concluded with employees who complied with all the requirements for a safe and healthy work environment at home. A total of 318 employees temporarily or for a certain period performed work from home; a total of 229 employees in Slovenian Group companies, and 89 at foreign subsidiaries.

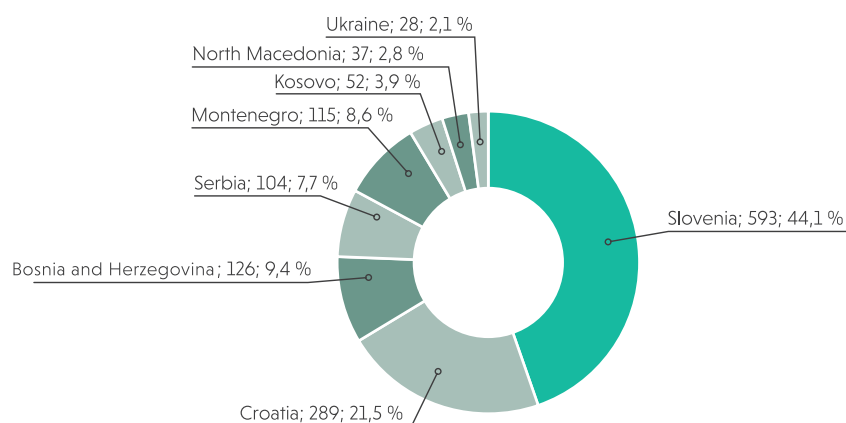
A total of 92 employees of the Intereuropa Group were temporarily absent from work due to force majeure events, i.e. quarantine and child care. In accordance with the laws of individual countries, companies took advantage of various financial subsidies to overcome their business problems.

A total of 259 persons in the Group were infected, which was 150 employees more than in the previous year and translates to 20% of all employees (including hired workers).

### 3.1.1 NUMBER OF EMPLOYEES

The Intereuropa Group had an average of 1,317 employees in 2021. The balance on the last day of 2021 was 1,344 employees, with Slovenian Group companies accounting for 44.1% of that number and foreign subsidiaries the remaining 55.9%. The total number of Group employees was down by 7 or 0.5%. Two employees from the subsidiary in Albania were not included in the total number of Intereuropa Group employees, as that subsidiary is not included in the Group's consolidated financial statements.

FIGURE 23: PROPORTION OF EMPLOYEES BY COUNTRY IN WHICH INTEREUROPA GROUP COMPANIES ARE BASED



### 3.1.2 CHANGE IN NUMBER OF EMPLOYEES

The Intereuropa Group hired 203 new employees in 2021, while terminating the employment of 196 employees. Most of the needs for new employees were the result of newly employed workers replacing employees who left the company or were on protracted sick leave (44%). Increased workload and the securing of new transactions impacted 34% of new hires, followed by new Group employees who previously performed work at Intereuropa via employment agencies (19%).

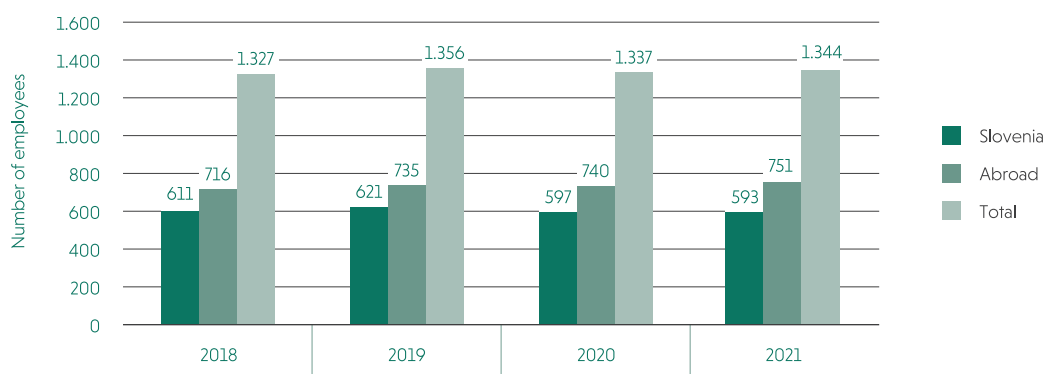
The mutual termination of employment accounted for the majority of departures (107 or 55%).

The turnover rate of employees who left their jobs at their own initiative was 8.1%, an increase of 2.3 percentage points relative to 2020. In addition to new hires, planned and unplanned turnover was also substituted by internal reassignment and advancement of qualified internal candidates to perform demanding and managerial work.

TABLE 30: NUMBER OF EMPLOYEES BY INTEREUROPA GROUP COMPANY

Company	31 December 2020	31 December 2021	Difference 21-20	Index 21/20
Intereuropa, d. d., Koper	586	581	-5	99
Interagent, d. o. o., Koper	8	10	2	125
Interzav, d. o. o., Koper	3	2	-1	67
<b>Companies in Slovenia</b>	<b>597</b>	<b>593</b>	<b>-4</b>	<b>99</b>
Intereuropa, logističke usluge, d. o. o., Zagreb	282	280	-2	99
Intereuropa Sajam, d. o. o., Zagreb	8	9	1	113
Intereuropa RTC, d. d., Sarajevo	124	126	2	102
AD Intereuropa logističke usluge, Belgrade	97	104	7	107
Intereuropa Kosova L.L.C., Prishtina	49	52	3	106
Zetatrans A.D., Podgorica	114	115	1	101
Intereuropa Skopje, d. o. o.	38	37	-1	97
TOV TEK ZTS, Uzhhorod	28	28	0	100
<b>Companies outside of Slovenia</b>	<b>740</b>	<b>751</b>	<b>11</b>	<b>101</b>
<b>TOTAL</b>	<b>1337</b>	<b>1344</b>	<b>7</b>	<b>101</b>

FIGURE 24: CHANGE IN THE NUMBER OF EMPLOYEES AT THE INTEREUROPA GROUP IN THE PERIOD 2018 TO 2021



### 3.1.2.1 Flexible forms of employment

Temporary requirements for workers are also met in the Group via flexible forms of work, i.e. work via employment agencies and student services. This enables an easier adjustment of the number of employees to the needs of work processes and a better response to changes in the organisation of work.

In addition to rights and obligations, employees who perform work via employment agencies are also entitled to the other benefits that apply to regular employees. Such forms of work in the Group via agencies and student services are present in jobs with lower value added (e.g. clerks and warehouse workers), or as temporary employment for projects and as a way to temporarily replace absent employees.

An average of 235 workers, recalculated as FTEs, performed work for the Group in 2021 via agencies and student services, broken down as follows: 204 workers via employment agencies and 31 via student services. A total of 15.7% of all Group employees, recalculated as FTEs, which was 2 percentage points more than in the previous year, worked via flexible forms of employment (agency workers and students).

Fixed-term employment is also deemed a flexible form of employment. At the end of 2021, a total of 11% or 143 of the Intereuropa Group's employees were on fixed-term employment contracts.

### 3.1.2.2 Process of integrating procedures with Pošta Slovenije

As a result of synergies, certain support activities were transferred from Intereuropa, d. d. to the parent company Pošta Slovenije, d. o. o. at the beginning of 2021. To that end, Pošta Slovenije acquired 16 workers from Intereuropa, d. d. who performed work relating to the management of real estate and central procurement, IT, internal auditing and public relations services.

### 3.1.2.3 Employee structure by gender, age and management position

Given the nature of work, the Intereuropa Group employs more men than women. The proportion of employees by gender breakdown remains the same at the Group level as in the previous year. The proportion of men employed at Slovenian Group companies was up by 1.7 percentage points relative to 2020, while the proportion of women was also up by 0.7 percentage points in total at Group companies abroad. The percentage of executive and management staff on individual contracts increased by 1.3 percentage points at the Group level relative to the previous year.

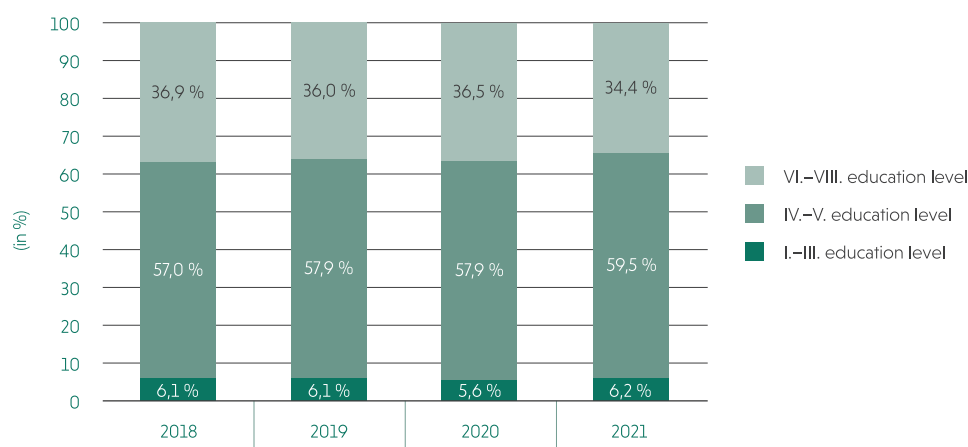
TABLE 31: EMPLOYEE STRUCTURE BY GENDER, AGE AND MANAGEMENT POSITION

	31 December 2021
Proportion of employees by gender within the Group	63.4% men, 36.6% women
Slovenian Group companies	56.5% men, 43.5% women
Total companies abroad	68.8% men, 31.2% women
Average age	
Average age of employees at Slovenian Group companies	47.6 years (men: 46.9 years; women: 48.6 years)
Average age at other foreign subsidiaries	34 – 51.4 years
Proportion of management staff (on individual contract) in the Group	6.2% (62.7% men; 37.3% women)
Proportion of management staff (on individual contract) at Slovenian Group companies	4.9% (60.7% men; 39.3% women)
Proportion of management staff (on individual contract) at foreign companies	7.4% (63.6% men; 36.4% women)

### 3.1.2.4 Qualification structure of employees

Given the Intereuropa Group's core activity, i.e. logistics operations and warehousing, the majority of employees have a secondary school or vocational education. The proportion of Group employees with secondary school education or vocational education increased by 1.6 percentage points in 2021 relative to the previous year, while the proportion of employees with lower than level IV qualifications also increased by 0.6 percentage points. The proportion of employees with higher than level VI qualifications was down by 2.1 percentage points.

FIGURE 25: QUALIFICATION STRUCTURE OF EMPLOYEES AT THE INTEREUROPA GROUP IN THE PERIOD 2018 TO 2021



### 3.1.2.5 Disabled persons

TABLE 32: NUMBER AND SHARE OF DISABLED PERSONS IN THE INTEREUROPA GROUP

	31 December 2021
Number and share of disabled persons in the Group	45 disabled persons (22 working part-time and 23 working full-time); 3.3%
Slovenian Group companies	36 disabled persons (22 working part-time and 14 working full-time); 6.1%
Total subsidiaries abroad	9 disabled persons (9 working full-time); 1.2%

A total of 45 Intereuropa Group employees hold the disabled person status. Through various preventive measures, such as concern for employees' health and the prevention of workplace accidents, the Company mitigates an increase in the number of disabled persons. In accordance with the relevant regulations, disabled persons are assigned to jobs that have been appropriately adapted to their abilities. There were 17 disabled persons at the parent company in 2021 for whom the Company is entitled to compensation for exceeding the legally prescribed quota of disabled persons, which for companies operating in the transport and warehousing sector requires at least 3% of the total number of employees to be disabled persons to be granted compensation.

## 3.1.3 TRAINING AND HR DEVELOPMENT

### 3.1.3.1 System of training, identification and monitoring of required knowledge/skills

Key factors contributing to the Company's competitiveness and rapid response to the ever-changing market requirements are the knowledge and skills of employees. Through training and different forms of motivation, the Intereuropa Groups strives for the career development of employees and the securing of the knowledge required to provide competitive logistics services. This mainly includes expertise from logistics, the storage of various types of merchandise, customs clearance services, the organisation of transport, etc. In addition, it is also crucial to ensure support knowledge for management of the organisation and support functions (law, accounting, finances, IT, HR, occupational health and safety), knowledge of foreign languages, communication skills, etc.

Group companies identify their needs for the aforementioned knowledge every year through the planning process, and a training plan is prepared for employees at the level of individual organisational units and companies within the Group.

Planning takes place at larger Group companies in connection with the process of management by objectives via the conducting of annual interviews. Periodic feedback provided to employees and a review of the achievement of objectives are crucial for the continued motivation and coordinated focus of efforts of employees. In addition, the Group prepares an assessment of the development of the required competences of employees, training plans, verifies employees' proposals for improving the content of work, working conditions, relations with employees at all levels, etc. The cost aspect of the training process according to the plan is monitored on a quarterly basis, while the appropriateness of completed training programmes in terms of content is monitored on an annual basis. The quality of training is verified through occasional surveys and repeated annual assessments of the required organisational

knowledge via annual interviews. The key general competences that are verified include teamwork, a proper attitude to customers, independence and responsibility, and flexibility. The average score of developed competences is adequate. If an employee's level of development of competences is below expectations, they must undergo the required training programmes.

### 3.1.3.2 Realisation of training in 2021

The Intereuropa Group earmarked EUR 82 thousand for training in 2021, 41% of the funding planned for the aforementioned period. Employees acquired new knowledge, primarily via various forms of e-learning and web conferences, in a total of 9,206 hours, which was 1,493 more hours than in the previous year. Group employees underwent an average of 7 hours of training, with Slovenian Group companies receiving eight hours, foreign subsidiaries an average of six hours of training, the most at the Croatian subsidiary (13 hours).

A total of 20% of all education and training was carried out by in-house experts. Comprehensive training was organised in the area of IT support for logistics processes at the subsidiary in Serbia, together with workshops in the formulation of sales offers in the IT programme in Croatia, as well as occupational health and safety training, and training in the area of personal data protection at the Group companies in Slovenia. Meetings at Intereuropa Group level where sales teams could exchange best practice should also be highlighted.

In terms of content, the largest proportion of training courses was aimed at obtaining logistics knowledge, increasing from 36% in the previous year to 48%, followed by occupational health and safety training at 22%, while 20% was accounted for by further training to obtain specific professional knowledge and skills from different areas of the company's support activities and a small proportion was accounted for by training focusing on management and sales, and the improvement of business English.

Out of the more extensive training courses undertaken by Slovenian Group companies, a note should be made of e-training on personal data protection, which was attended by 65% of employees whose knowledge was tested at the end of training; A total of 185 persons took part in Excel workshops, and another 253 persons underwent various workshops on the digitalisation of logistics processes.

With respect to the subsidiaries abroad, it should be noted that in addition to the above-mentioned training carried out to enable the use of information programmes in logistics processes, a group of forklift operators from the Intereuropa Zagreb subsidiary underwent practical training for which 2,400 hours had been earmarked, including another 104 hours to pass the declarant professional examination in Bosnia and Herzegovina.

FIGURE 26: BREAKDOWN OF EDUCATION AND TRAINING AT THE INTEREUROPA GROUP IN 2021 BY CONTENT

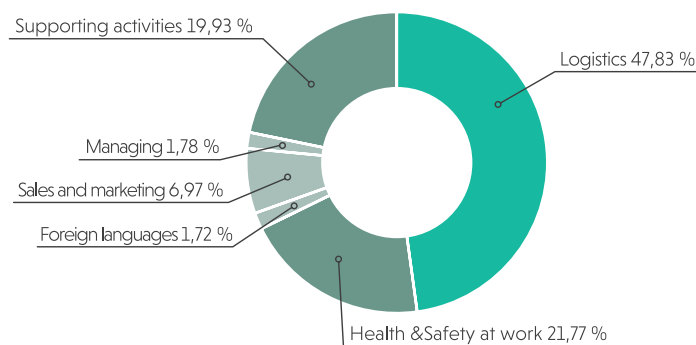


TABLE 33: COMPARISON OF EDUCATION AND TRAINING AT THE INTEREUROPA GROUP IN THE PERIOD 2018 TO 2021

	2018	2019	2020	2021
No. of hours of functional training (seminars, courses, professional meetings, etc.)	14,384	12,138	7,713	9,206
No. of hours of internal transfer of knowledge	4,727	4,776	1,007	1,816
No. of training participants (seminars, courses, professional meetings, etc.)	1,479	1,296	1,090	1,774
Total funds used for training in EUR*	100,249	56,902	58,630	82,360
Funds used for training per employee in EUR*	75	42	44	63

\* Figure only includes participant fees.

### 3.1.4 EQUAL TREATMENT OF ALL EMPLOYEES, PROTECTION AGAINST HARASSMENT AND DISCRIMINATION IN THE WORKPLACE, AND RESPECT FOR HUMAN RIGHTS AND DIGNITY

All of the Intereuropa Group's employees, for the duration of their employment, and job seekers are treated equally, regardless of their personal circumstances, such as gender, nationality, race or ethnic origin, language, religion or belief, political or other beliefs, education, material standing, social position, family status, disability, state of health, age and sexual orientation. All forms of direct and indirect discrimination are prohibited.

The employer ensures the equal treatment of all employees, in particular with regard to employment, advancement, training, education, retraining, pay and other employment earnings, absence from work, working conditions, working hours and the termination of an employment contract, and with regard to the exercising of other employment rights.

The parent company has adopted rules that govern the protection of employees against sexual and other forms of harassment and mobbing, and against discrimination in the workplace and in connection with work. Those rules also define procedures for taking action in the event such harassment, mobbing or discrimination occurs. Intereuropa has adopted the Code of Ethics, which applies to all Group companies and defines standards of ethics and integrity in the work of Group employees. The right to personal data protection (GDPR), the management of conflicts of interest and other areas are also governed at individual companies by the relevant bylaws.

### 3.1.5 PARTICIPATION OF WORKERS IN MANAGEMENT

Works councils, intended for the participation of workers in the adoption of important HR, economic and other company decisions, function actively at Slovenian Group companies and the subsidiaries in Bosnia and Herzegovina and Ukraine. The works council in Bosnia and Herzegovina comprises seven members, 14 members at the Ukrainian company, and 13 members from individual organisational units at different locations at Slovenian Group companies. Of the total 18 sessions, 13 were organised at Slovenian Group companies in 2021. In addition to works council members, members of the Management Board, director of the HR and general affairs department and other management staff were always present at these sessions. Different topics were addressed at these sessions: the presentation of financial reports, performance results, planned objectives for the coming year, the presentation of new product-based organisation, HR and remuneration problems, the Company's holiday facilities, etc. Employees were regularly informed of the content of all sessions and adopted resolutions via the internal website. Staff representatives also protect the interests of employees as members of the company's supervisory board.

Employee rights are represented at Slovenian Group companies by two representative trade unions in which 32% of employees are members. A trade union also operates at the subsidiary in Montenegro and includes 94% of the company's employees, and in Croatia where 12% of employees are members. Other companies do not have representative trade unions.

#### 3.1.5.1 New collective agreement of Intereuropa, d. d.

In 2021 the Management Board of Intereuropa, d. d. signed an annex to the collective agreement with representatives of representative trade unions (ŠAK-KS 90 and road transport trade union), based on which it provided additional stimulus for employees by raising their basic wage, with the introduction of a new department position with a high level of staff turnover, and by increasing the Sunday work bonus from 60% to 100%.

### 3.1.6 CONCERN FOR EMPLOYEES AND THE BROADER SOCIAL ENVIRONMENT

Upon providing an optimal organisational structure, adequate staffing and productivity, the Intereuropa Group also focuses on measures and additional benefits for its employees, hired workers and students, with which it reinforces affiliation and loyalty and improves the quality of work and time that employees spend in the work environment.

Slovenian Group companies have financed employees' supplemental pension insurance for 15 years. That insurance includes all permanent employees, and temporary employees after they have been on the job for one year. The Company co-finances the pension plan by paying in a portion of the monthly insurance premium in favour of policyholders depending on the employee's age: for employees below 35 years of age, the employer pays 70% of the premium, while it pays 80% of the premium for employees above 35 years of age and 90% of the premium for employees above 45 years of age, up to the legally prescribed 5.84% of an employee's gross wage.

A portion of funds is earmarked every year to employees who, due to poor health and extended sick leave, have low income and require financial assistance for additional healthcare services, and in the event of the death of a family member or employee.

Employees at Slovenian Group companies have the option of using eight paid hours of leave a month in the event of urgent medical treatment for themselves or a child, and for medical examinations and therapy that cannot be arranged for outside normal working hours.

The most loyal employees receive financial rewards and recognition to mark their 10th, 20th, 30th and 40th anniversaries within the Intereuropa Group.

Current employees and retirees are offered the use of the Intereuropa Group's holiday facilities (at spas, on the seaside, in the mountains, etc.).

We encourage employees to exercise with the aim of maintaining and strengthening their health, and organise team-building events within specific organisational units and between units (picnics, meetings, various celebrations, sports competitions, marathons, mountain hikes, etc.).

The Company remains associated with various educational institutions in the local and broader environment. High school and university students have the opportunity to perform their mandatory internships, receive assistance from mentors in seminar papers and undergraduate theses, and Intereuropa experts cooperate with schools and attend conferences as lecturers.

### 3.1.7 SICK LEAVE RATE

As mentioned under point 1.9.2.2, the sick leave rate increased in 2021 in the Group and at the parent company, and at the Croatian subsidiary. The reasons for the increase in absenteeism due to sick leave is a combination of several factors: the increased physical burden on warehouse workers; increased stress factors on office workers as the result of the less-than-optimal organisation of work; and the rising age structure of employees, as well as external factors, such as long queues in the healthcare system, when employees on extended sick leave are forced to wait for examinations and operations. In addition, the number of COVID-19 infections increased in 2021, which additionally impacted the increase in sick leave.

### 3.1.8 OCCUPATIONAL HEALTH AND SAFETY

In addition to ensuring the appropriate quality of operations, the concern for the safety and health of employees and the satisfaction and suitable work capacity of employees, which ensures optimal productivity, motivation and commitment to work, are all also vital for the business success of the Intereuropa Group.

Achieving higher standards and the well-being of employees in terms of occupational health and safety are ensured through the orderliness of work premises and work stations, through investments to improve working conditions, through the updating of technological procedures, through the purchase of new, modern and safer work equipment, using prescribed personal protective equipment for its intended purpose, through measurements of the work environment, and through the regular inspection of work equipment and the appropriate employee training.



### 3.1.8.1 Promotion of occupational health

The aim of measures to promote occupational health is to ensure a healthy and safe work environment, to maintain employees' capacity to work and to reduce the sick leave rate. The parent company has been implementing a project to promote occupational health since 2014. The health promotion plan includes measures that focus on improving and solving health problems, particularly in five crucial areas: musculoskeletal diseases, non-work-related injuries, mental and behavioural disorders (stress, tension, burn-out, depression), respiratory diseases and neoplasms (cancer). Preventive measures mostly focus on healthy diets, regular physical activity, development of 'soft skills', high quality relationships, communication and regular preventive checkups. The following activities were carried out in 2021: anti-stress workshops, recreational activities in leased halls and fitness centres, mountain hikes and other recreational activities, all with the aim of maintaining and strengthening the health of employees, fresh fruit days in the workplace, etc.

### 3.1.8.2 Employee healthcare

In cooperation with authorised physicians, 536 Intereuropa Group employees were referred for preliminary, periodic and other specific-purpose medical examinations, an increase of 171 or 46.85% relative to 2020. A total of 271 employees were referred for preliminary, periodic and other specific-purpose medical examinations at the parent company, of which 160 were on full-time contracts and 111 were hired workers, an increase of 75 or 38.26% relative to 2020. Flu vaccinations were free-of-charge for all Slovenian citizens in 2021. Employees applied individually for vaccination.

### 3.1.8.3 Workplace injuries

A total of 19 employees suffered workplace injuries at the Group level in 2021, which is four more than in 2020, translating to 1.26% of the total number of employees including hired workers. All injuries to employees that occurred in 2021 were mild, such as blows from objects, cuts and slips, the causes for which were momentary carelessness during work.

A great deal of attention during employee training was invested in teaching correct and healthy work methods, with an emphasis on the risks associated with workplace accidents.

### 3.1.8.4 Inspections and testing of work equipment

Certain risks associated with injuries and health impairments arise in the use of work equipment. All equipment that employees use in their work and that could be dangerous or detrimental to the health of employees must be appropriately inspected and tested by the deadlines prescribed by the manufacturer, or by the deadline prescribed by law.

Various work equipment, in particular forklifts, lifts, hydraulic loading platforms, wrapping machines, various power tools and other machines and devices, were inspected and tested in the Intereuropa Group in 2021.

### 3.1.8.5 Fire safety

Ensuring fire safety is of exceptional importance to protect people, property and the environment. In addition to regular fire safety training, special attention was given to ensuring the management and control of fire risks.

Inspections, tests and measurements were conducted on 11 lightning conductor installations and 12 electrical installation assemblies at the parent company in 2021. A total of 1,517 items of various fire safety equipment was inspected and tested (fire extinguishers, internal and external fire hydrants, and active fire safety systems).

## 3.2 ENVIRONMENTAL MATTERS AND ENERGY-EFFICIENCY

The Intereuropa Group takes into account prescribed legal norms and follows the guidelines set out in the Energy Act and in European environmental directives in its efforts to reduce hazardous emissions into the environment, limit the loss of energy, and separate and recycle waste.

Energy efficiency and a responsible approach to the environment are integral parts of the Group's work processes and business decisions. They relate to:

- the energy efficiency of buildings and devices;
- waste management, including waste computer equipment;
- procedures for handling hazardous cargoes;
- light pollution; and
- the monitoring of waste water.

### Energy efficiency and separate waste collection

Intereuropa Group companies are implementing the following regular activities in the area of energy efficiency:

- the periodic cleaning and servicing of furnaces, chimneys and air conditioning units;
- the periodic servicing of work machinery and other equipment;
- the replacement of worn-out air conditioning units and work machinery; and
- the regulation of heating devices and the additional regulation and control over the functioning of combustion plants, during operation and on down days.

An energy audit was conducted at Intereuropa, d. d. in 2021, which included a review and analysis of energy consumption over the last three years at all large buildings. A detailed analysis of the cold storage facility in Maribor and Celje, as the largest consumers of energy, was conducted. The energy audit of the Company provided guidelines for the implementation of measures in the field of efficient energy use.

Regular annual investments were made in 2021 in the area of energy efficiency, such as the replacement of obsolete and energy-inefficient air conditioning devices with new ones, the replacement of old forklifts with more modern and energy-efficient machinery and the replacement of old and energy wasteful lighting with more advanced systems, in the total value of EUR 320 thousand.

Six solar power plants are installed on the roofs of the Intereuropa Group's warehouses, with a total power of 4,889 kWp, which is enough to supply electricity to 1,350 households. The Group's contribution to reducing CO<sub>2</sub> emissions is thus 3,320 tonnes per year.

In terms of separate waste collection, the Intereuropa Group pursues the long-term objectives to reduce waste and benefit from the expected effects. Special containers are used to separate non-hazardous waste (e.g. cardboard, paper, wood, metals, glass, rubber, plastic foils, etc.), while hazardous chemicals and waste oil are collected in dedicated warehouses. Organic waste of animal origin is removed by specialised contractors. Computer monitors, printer cartridges, batteries and other computer equipment are also collected separately. In agreement with an authorised waste collector and in accordance with legal requirements, waste computer equipment is transported at least once a year to an appropriate disposal site.

### Reduction of environmental impacts in transport and business processes

The transport activity is a major source of environmental pollution. One of the key criteria in the selection of road transport service providers is thus the number and proportion of a subcontractor's vehicles with environmentally friendly motors.

The Intereuropa Group is also directly reducing negative impacts on the environment in other business processes by transitioning to paperless operations, through various energy-saving measures in warehouses and commercial buildings, and by raising awareness about the contribution of each individual to the preservation of the environment.

The parent company consumed 7,457 million kWh of electricity, 2,968,107 kWh of natural gas and 75,289 litres of fuel oil in 2021.

Concern for the environment and energy efficiency is passed on to all employees via internal communications. The Group aims to contribute to the increased awareness of business partners with regard to environmental protection

principles through a diversified range of services that support those principles.

The level of risks associated with inappropriate waste management and environmental pollution is assessed as low within the Intereuropa Group. Exposure to those risks is controlled and mitigated through the inclusion of companies in national waste management schemes, through the implementation of activities in the areas of energy efficiency and environmental self-awareness, and through the implementation of waste and energy management plans at individual companies.

### Plans for 2022

The following measures for the efficient use of energy were prepared on the basis of the energy audit of Intereuropa, d. d.:

- Replacement of the lighting in warehousing and storage areas.
- The introduction of an energy control system and active energy management
- Organisational measures
- Arrangement of heating
- Arrangement of the cascade operation of cooling aggregates.

The Intereuropa Group envisaged investments in more energy-efficient solutions in the amount of EUR 526 thousand in its business plan for 2022.

Specific indicators and measurable targets will be set on the basis of the findings of the companies' energy audit and establishment of a system for measuring energy efficiency indicators.

### 3.3 SOCIAL RESPONSIBILITY

According to its position, Intereuropa Group satisfies the need for logistics services and ensures the optimal functioning of supply chains to the complete satisfaction of customers. To that end, the Group also creates value for owners, employees and other stakeholders in a socially responsible manner, meaning that it is integrated in the broader economic environment. Intereuropa is thus responsible for its active contribution to the social environment. The Intereuropa Group follows sustainable development guidelines, and responsibly manages its social impacts. The Intereuropa Group strives for an inclusive relationship with its most important stakeholders in line with the Group's values. To that end, it ensures that their selection and performance comply with the policies of its operations and dimensions of its brand. Through its cooperation and positive partnership attitude, it encourages and supports the development of sports, culture and education, and thus implements its mission with support to various stakeholders. It is vital that in supporting these activities their development is also maintained in the future.

Special focus is given to the exchange of knowledge between the Group companies and to continuous training of employees and to synergies between individual Intereuropa Group companies. The Intereuropa Group also implements its social responsibility through the support it provides to various educational institutions in the local and broader environment. To that end, the parent company Intereuropa, d. d. provided 12 secondary school and university students the opportunity to perform their mandatory internships, while the subsidiary Interagent, d. o. o. also provided this to two secondary school and university students.

The Group earmarks a portion of its revenues for sponsorships and donations. It earmarked EUR 11 thousand in 2021 for sponsorships and donations, which was a slight decrease relative to 2020. Intereuropa, d. d. supported certain socially beneficial projects and strove for the equal treatment of all areas of society to the best of its operational abilities. Most notably, this involved its support for the project 'Izvozniki.si (Exporters)' as assistance provided to Slovenian exporters; the contract was concluded in 2020 and was also implemented in 2021. The parent company supported the Slovenian Tennis Association and sponsored the WTA sports event.

Intereuropa Group subsidiaries are aware that they operate in a co-dependent society where, in addition to generating positive operating results, they contribute to the development of the social and economic environment through their expertise, and the provision of logistics services and even financial resources. The Group demonstrates its concern for social issues by supporting projects that also form a link between Intereuropa's core activity and the local environment. That principle applies to all Group companies, which contribute to a higher quality of life, promote and enhance Intereuropa's good reputation in the eyes of the general public, and strengthen the Intereuropa service brand and positive relations with employees, customers, suppliers, investors and other stakeholders through their sponsorship and donation activities.

The subsidiary Interagent, d. o. o. pomorska agencija supported the activity of the Slovenian Friends of Youth Association, the VID Charitable Institute from Kranj, UNICEF Slovenia and the Red Nose Foundation. The subsidiary Intereuropa RTC d. d., Sarajevo was awarded the silver credit rating on the market of Bosnia and Herzegovina and sponsored the event of assigning credit ratings, which was organised by Bisnode. The subsidiary Intereuropa RTC, d. d. also sponsored the Borac Banja Luka Football Club. The subsidiary Zetatrans Podgorica also supported the Slovenian Society 'Vida Matjan' in cooperation with the Slovenian Embassy in Montenegro and the Slovene Business Club in Montenegro. The subsidiary Interzav d.o.o. earmarked funds to the VID Charitable Institute from Kranj.

## 3.4 QUALITY MANAGEMENT SYSTEM

### Implementation of the quality strategy

Three major Intereuropa Group companies have a certified quality management system in place according to the ISO 9001:2015 quality management standard (Intereuropa, d. d.; Intereuropa, logističke usluge, d. o. o., Zagreb; Intereuropa RTC, d. d., Sarajevo). A total of 73.4% of all Group employees currently work at these companies, which is down 0.8 percentage points on the previous year.

The year 2021 was also characterised by the successful completion of external assessments at all three certified companies.

### Quality indicators

The satisfaction of customers with the logistics service can be measured as the difference between the perceived and expected quality of service ( $SQ=P-E$ ) by the customer according to the speed of the service, integrity of the goods and complete documentation.

The customer satisfaction survey emphasised the importance of quality customer relations and the high satisfaction of customers with friendliness and professionalism in that respect.

The number of reclamations received by Intereuropa, d. d. was up by 19% in 2021, while the value of reclamations was down by 12% relative to 2020. The number of recorded reclamations has increased since the centralisation of the reclamation resolution function in 2018, while the increase also seen this year was primarily linked to an increase in reclamations in domestic transactions, in accordance with the increase in the number of orders in the scope of this product.

The speed of delivery at Intereuropa, d. d., measured by the proportion of shipments delivered the next day in domestic transactions, was down by 1 percentage points relative to the previous year, to stand at 94%.

The proportion of credit notes, which serves as a measure of the accuracy of documentation, has fallen for several years, but has stabilised over the last three years at around 1.5%.

### Internal verification of the HACCP food safety management system

The parent company Intereuropa, d. d. has a food and fodder safety management system in place in its warehouses in accordance with the law and the HACCP system (Hazard Analysis and Critical Control Point). The aim of the system is to ensure the highest possible safety for stored and transported goods and food, fodder and products, and substances and packing materials that come into contact with food and fodder. The HACCP system represents the most effective method for preventing food-borne diseases and diseases that are transmitted through fodder and products, and substances and packing materials that come into contact with food and fodder.

The warehouses in Maribor, Dravograd and Celje have a permanent HACCP system in place. The other warehouses only have a temporary HACCP system.

In accordance with the employee training and qualification programme regarding food hygiene and the HACCP system verification programme, which includes verification of the fulfilment of best-practice requirements regarding food and fodder safety, an external assessment was carried out in the warehouses in Celje, Maribor, Ljubljana and Dravograd in 2021. That assessment identified no cases of non-compliances with HACCP, but three recommendations were issued. In conjunction with verification of the HACCP system, training was organised at the aforementioned locations for employees who come into contact with food.

Transactions with food and fodder at subsidiaries are carried out in accordance with valid local legislation. The HACCP system has been established at Intereuropa, d. o. o. Zagreb and at AD Intereuropa-logističke usluge, Belgrade.

### Handling of hazardous materials

The parent company is registered with the Chemical Office of the Republic of Slovenia to store hazardous chemicals in warehouses located in Maribor, Celje, Vrtojba, Ljubljana and Jesenice. Major quantities of hazardous chemicals are stored in Maribor and Celje, while only minor quantities are stored at other locations. Due to the types and quantities of hazardous materials stored at the warehouse in Maribor, the latter is also bound by the Decree on the prevention of major accidents and mitigation of their consequences (Official Gazette of the Republic of Slovenia, No. 22/16), and

holds the requisite environmental permit.

All employees who work with hazardous materials in warehouses and who are involved in organising the transport of hazardous materials must be properly qualified. Employee training is conducted according to the training programme for work with hazardous materials and in line with the legally prescribed deadlines.

The storage and transportation of hazardous materials are carried out at subsidiaries abroad in accordance with the applicable national and international regulations. Employees involved in organising the transport of hazardous materials are appropriately trained.

## External verification of the quality of services

TABLE 34: OVERVIEW OF EXTERNAL VERIFICATIONS OF QUALITY WITHIN THE INTEREUROPA GROUP IN 2021

Company	Standard	Certification body	Month of external assessment	Non-compliance	Recommendations
Intereuropa, d. d., Koper	ISO 9001:2015	SIQ	March	0	21
Intereuropa, logističke usluge, d. o. o., Zagreb	ISO 9001:2015	SIQ	June	0	3
Intereuropa RTC, d. d., Sarajevo	ISO 9001:2015	SIQ	October	0	6

Three external assessments were carried out within the Intereuropa Group in 2021. No cases of non-compliance were identified by external assessors, who issued several recommendations for improvements.

Intereuropa, d. d., Koper conducted a reassessment, while the other two companies conducted a regular assessment.

## External verification of the storage system for organic products imported from third countries

For the fifteenth consecutive year, Intereuropa's Koper organisational unit passed an external assessment of the compliance of warehousing of organic products imported from third countries, as set out in Regulation (EC) No 834/2007 and Regulation (EC) No 889/2008. The assessor did not identify any instances of non-compliance or issue any recommendations. The business unit thus extended the validity of the organic certificate for one year.

## Plans for 2022

The planned activities in relation to ensuring the high quality of logistics services in 2022 primarily relate to gradual improvements in quality characteristics of services with which customers were not sufficiently satisfied according to the data measuring customer satisfaction and the received complaints.

### 3.5 SAFETY OF SUPPLY CHAINS

The safety of supply chains is defined in the supply chain safety policy of the parent company, which defines the Company's commitment to safeguarding the customer's goods against risks along the supply chain, which we demonstrated with the AEO (Authorised Economic Operator) status.

Different activities are being carried out in the Intereuropa Group as a whole in the sense of ensuring compliance with commitments from the Policy. These activities include training, safety reviews, cooperation with local security services and alike. The Intereuropa Group provides sources at its companies that are required for implementation and control over the implementation of requirements from the safety policy and other documents.

A responsible person for supply chain safety was appointed at the Group level in order to ensure compliance with the policy. Safety reviews were conducted in 2021 at individual subsidiaries in Serbia and at the units of the parent company. Activities upgrading technical security systems to comply with the Policy were carried out at individual Group units.

### 3.6 RESPONSIBILITY TO SUPPLIERS

The integrated supplier relationship management system is defined in the Rules of Procedure on Quality Management, in organisational regulations, work instructions and the Group's other rules. In order to ensure a smooth work process, the Group strives to maintain professional, sound, reciprocal and fair relationships with our key suppliers and other suppliers of important resources.

Suppliers are categorised according to their importance and abilities as:

- partner suppliers with whom long-term cooperation agreements have been entered into;
- authorised suppliers assessed as capable and reliable;
- suppliers used in one-off and minor purchases; and
- suppliers that do not meet selection criteria.

Suppliers for major business lines are assessed annually and placed on the appropriate list (e.g. authorised or unapproved) based on a standard methodology and predefined criteria, such as the prices of services and payment terms, quality and implementation/delivery deadlines, experience from past cooperation and other area-specific criteria. Suppliers are informed of achieved results, and encouraged to provide comments, recommendations and wishes with the aim of improving and strengthening relations.

To ensure the equal position of suppliers and optimal solutions, selections are typically made from at least two suppliers, taking into account the applicable regulations and the relevant supplier list. Selections are made by a selection committee or other responsible person, in cooperation with experts from the relevant area. The appropriateness and quality of services rendered or materials supplied are also controlled regularly, while timely and appropriate measures are implemented to ensure the satisfaction of end-users. Another criterion in the supplier selection process is the possibility of mutual cooperation, as this ensures the possibility of providing our services to a supplier and thus the mutual netting of payments.

#### Objectives for 2022

The core objective of supplier management remains the timely supply of the work process with services and equipment of the requisite quality at the most affordable price. Emphasis is placed on establishing and maintaining long-term business relationships with selected suppliers and on the strengthening of mutual cooperation.



## 3.7 COMMUNICATION WITH KEY PUBLICS

Through its operations, the Intereuropa Group impacts various stakeholders that are defined and recognised in both the Corporate Governance Policy of Intereuropa, d. d. and in the scope of the Company's specific business processes. In accordance with the adopted policy Intereuropa, d. d. implements an active communication strategy and thus provides the public with all information regarding the performance of the Company and the Intereuropa Group. The Group focuses on the correct and timely notification of the public, and the establishment and strengthening of dialogue with various stakeholders. Communication activities are geared towards strengthening the Group's reputation and recognition, and increasing brand recognition on all markets where it is present.

### Communication with the financial public

Details regarding communication with the financial public are given in section 2.7 Shares and ownership structure.

### Communication with the general public

The Intereuropa Group ensures the positive image in the eyes of the general public through regular and comprehensive communication. Communication with the general public takes the form of periodic press releases, while the parent company regularly responds to journalists' questions. To that end, we consistently comply with the information disclosure rules to which we are bound as a public limited company listed on the prime market of the Ljubljana Stock Exchange. During communication Intereuropa, d. d. also observes the rules that are prescribed by the Financial Instruments Market Act (ZTFI-1), the Companies Act (ZGD-1), the already mentioned recommendations of the Ljubljana Stock Exchange, the Slovenian Corporate Governance Code, the Rules of Procedure of the Supervisory Board and the internal rules on communication with the media. In addition to complying with the equal dissemination of information to all publics, we wish to achieve the brand recognition of Intereuropa and the Intereuropa Group.

### Communication with employees

Employees represent a key public to Intereuropa. The Company communicates with them via various communication channels, is responsible for gaining feedback and strives to reinforce mutual communication and stimulate the motivation of employees. In doing so, it actively and comprehensively provides information to employees, encouraging employees to be actively involved in the communication process. Therefore, there is also special focus on direct communication between employees in the form of work and operational meetings and other forms of teamwork. The Intereuropa Group promotes communication that is based on a fair and equitable relationship. The culture of a partnership with employees is built on the loyalty, cooperation, creativity, respect and responsibility of each individual. The objectives of internal communication are achievement of the Group's and Company's strategic objectives, the strengthening of affiliation with the Company and the successful integration of new employees into the organisational culture. The Intereuropa Group communicates with employees via various communication channels. Key communication tools include internal websites (intranet), email and personal communication as mentioned above. The Group strives to actively include employees in its operations. This is achieved by providing regular information regarding the latest developments and through employees' participation in management via the Works Council, trade union representatives and employee representatives on the parent company's Supervisory Board. The parent company's Works Council regularly invites the Company's management to its sessions, and thus provides current information and ensures mutual dialogue about open issues.

### Communication with customers

A focus on customers, personal approach, respect for commitments given to customers and customer satisfaction comprise the core guidelines for the conduct of employees and the key components of communication with customers. This is based on the medium-term development programme of the Intereuropa Group, the Group's annual plan and on planned communication activities. Only satisfied customers can represent the basis of effective and long-term growth, to which all Intereuropa Group's subsidiaries contribute. The Intereuropa Group operates as a promoter of comprehensive logistics services. The Group thus strengthens its reputation and the recognition of the Intereuropa service brand in the eyes of customers, and ensures the integration of different participants along the supply chain. Satisfied customers constitute the basis for long-term partnerships. For this reason, special attention is given to communication with customers. The findings of the measurements and analysis of customer satisfaction have been included in the improvements to internal processes and services. In its customer relations, the Group advocates for two-way communication and long-term relations that form through regular and successful cooperation. It therefore strengthens relations through regular personal visits. These relationships are the result of long-term cooperation and also of customer loyalty. Through regular communication, the Group identifies the needs and expectations of customers, and responds to them in a timely manner. Sales personnel gave their full dedication to keep the customers of the Intereuropa Group abreast of the developments of the Group's logistics services and products in this difficult COVID-19 situation. The Group also pays special attention to identifying and exploiting new potential opportunities on the market. The Group maintained and strengthened customer relations in 2021 through regular participation in

expert consultations, conferences and events. However, due to the adverse COVID-19 situation it mostly participated in these events remotely. In the second half of 2021, when the situation so permitted, together with Pošta Slovenije it took part in the MOS international trade fair in Celje and attended the logistics conference 'Supply Chains in Science and Practice', while the Intereuropa Group also prepared an independent presentation in November 2021 at the conference Translog in Budapest. The Group consolidated the management of its brand and market communication also in 2021 through the application of a standard corporate identity on promotional materials, business gifts and on websites in all countries in which the Group operates. This way it reinforced Intereuropa's recognition and reputation, and raised the level of confidence of its business partners in the Company and its logistics services and products.



**Intereuropa<sup>®</sup>**

Globalni logistični servis

**F I N A N C I A L  
S E C T I O N**



**04**





# 04 FINANCIAL SECTION

## 4.1 FINANCIAL STATEMENTS OF THE INTEREUROPA GROUP AND INTEREUROPA, D. D.

### INCOME STATEMENT

(in EUR)	Notes	Intereuropa Group		Intereuropa, d. d.	
		2021	2020	2021	2020
Sales revenue	1	176,687,325	150,725,168	122,311,642	103,964,027
Losses from the derecognition of operating receivables and assets from contracts with customers		-10,388	-14,917	-24,200	-10,410
Other operating revenues	2	1,101,897	2,142,090	363,261	976,691
Costs of goods, materials and services	3	-131,403,212	-108,787,544	-93,907,007	-76,747,408
Labour costs	4	-30,375,688	-29,124,467	-19,459,412	-18,900,096
Amortisation and depreciation	5	-6,454,121	-6,464,008	-3,752,121	-3,771,916
Impairment losses on receivables (including the reversal of impairment losses)	6	-102,959	-268,967	-78,287	-127,618
Other operating expenses	7	-2,133,709	-2,443,059	-1,121,880	-1,043,358
<b>Operating profit</b>		<b>7,309,145</b>	<b>5,764,296</b>	<b>4,331,996</b>	<b>4,339,912</b>
Interest income		130,856	99,255	143,489	141,040
Other finance income		552,763	1,179	1,107,055	102,461
Finance costs – costs of financing		-723,476	-852,045	-646,902	-764,026
Impairment losses on loans granted and deposits		-1,000	-5,259	0	-329,263
Other finance costs		-1,893	-445,490	-1,394,245	-496,323
<b>Loss from financing activities</b>	8	<b>-42,750</b>	<b>-1,202,360</b>	<b>-790,603</b>	<b>-1,346,111</b>
Investment result recognised according to the equity method	9	10,627	785	0	0
<b>Profit from ordinary operations</b>		<b>7,277,022</b>	<b>4,562,721</b>	<b>3,541,393</b>	<b>2,993,801</b>
Corporate income tax (including deferred taxes)	10	-613,352	-994,768	60,426	-679,289
<b>Net profit for the accounting period</b>		<b>6,663,670</b>	<b>3,567,953</b>	<b>3,601,819</b>	<b>2,314,512</b>
Net profit pertaining to controlling interests		6,513,395	3,647,267	0	0
Net profit or loss pertaining to non-controlling interests		150,275	-79,316	0	0
Basic and diluted earnings per ordinary share	11	0.24	0.13	0.13	0.08

The notes are a constituent part of the financial statements and must be read in connection with them.

## STATEMENT OF OTHER COMPREHENSIVE INCOME

(in EUR)	Intereuropa Group		Intereuropa, d. d.	
	2021	2020	2021	2020
<b>Net profit for the accounting period</b>	<b>6,663,670</b>	<b>3,567,953</b>	<b>3,601,819</b>	<b>2,314,512</b>
<b>Other comprehensive income</b>	<b>127,449</b>	<b>-1,065,034</b>	<b>-19,185</b>	<b>-317,290</b>
<b>Items that will be reclassified to profit or loss</b>	<b>165,421</b>	<b>-594,914</b>	<b>0</b>	<b>0</b>
Change in the fair value of available-for-sale financial assets	141	-2,339	0	0
Foreign currency translation differences	165,280	-592,575	0	0
<b>Items that will not be reclassified to profit or loss</b>	<b>-37,972</b>	<b>-470,120</b>	<b>-19,185</b>	<b>-317,290</b>
Change in fair value of land	-26,995	-79,164	0	0
Transfer of revaluation surplus for land to retained earnings	-453,918	-483,046	-34,770	36
Change in deferred taxes	164,458	-72,598	86,071	-172,225
Change in retained earnings from the transfer of the revaluation surplus for land	453,918	483,046	34,770	-36
Actuarial gains/losses for termination benefits upon retirement	894	-164,613	-17,911	-96,356
Transfer of actuarial losses to retained earnings	-95,719	-68,288	-84,900	-48,709
Corporate income tax on retained earnings	-77,892	-85,457	-2,445	0
Other comprehensive income of associate	-2,718	0	0	0
<b>Total comprehensive income</b>	<b>6,791,119</b>	<b>2,502,919</b>	<b>3,582,634</b>	<b>1,997,222</b>
Total comprehensive income pertaining to controlling interests	6,647,515	2,628,400	0	0
Total comprehensive income pertaining to non-controlling interests	143,604	-125,481	0	0

The notes are a constituent part of the financial statements and must be read in connection with them.



## STATEMENT OF FINANCIAL POSITION

(in EUR)	Notes	Intereuropa Group		Intereuropa, d. d.	
		31 December 2021	31 December 2020	31 December 2021	31 December 2020
<b>ASSETS</b>					
Property, plant and equipment	12	139,418,665	141,310,696	73,967,932	75,789,593
Investment property	13	21,780,421	22,742,292	15,845,654	16,667,598
Intangible assets	14	2,721,268	2,982,482	2,569,091	2,808,118
Other non-current assets	15	18,381	27,602	18,381	27,602
Non-current operating receivables	16	178,872	239,799	174,171	233,652
Deferred tax assets	10	7,487,245	7,047,360	5,573,003	5,037,469
Long-term loans granted and deposits	17	174,129	39,898	252,178	0
Other non-current financial assets	18	110,226	93,597	43,206,668	44,518,176
<b>TOTAL NON-CURRENT ASSETS</b>		<b>171,889,207</b>	<b>174,483,726</b>	<b>141,607,078</b>	<b>145,082,208</b>
Available-for-sale assets	19	0	337,638	0	0
Inventories		43,710	25,577	4,406	4,406
Short-term loans granted and deposits	17	3,629,983	2,598,166	3,082,730	2,198,062
Assets from contracts with customers	20	1,435,511	510,601	975,908	341,298
Current operating receivables	21	36,536,024	30,342,297	25,227,231	22,173,255
Current receivables for corporate income tax		196,675	215,699	0	0
Other current assets	22	384,936	320,583	223,396	99,001
Cash and cash equivalents	23	15,853,959	11,609,486	3,343,621	2,374,180
<b>TOTAL CURRENT ASSETS</b>		<b>58,080,798</b>	<b>45,960,047</b>	<b>32,857,292</b>	<b>27,190,202</b>
<b>TOTAL ASSETS</b>		<b>229,970,005</b>	<b>220,443,773</b>	<b>174,464,370</b>	<b>172,272,410</b>
<b>EQUITY</b>					
<b>Equity pertaining to controlling interests</b>		<b>124,015,394</b>	<b>117,351,472</b>	<b>92,807,484</b>	<b>89,224,850</b>
Share capital		27,488,803	27,488,803	27,488,803	27,488,803
Share premium account		18,454,667	18,454,667	18,454,667	18,454,667
Profit reserves		5,160,392	5,160,392	2,748,880	2,748,880
Fair value reserves		44,040,738	44,420,915	30,508,319	30,544,627
Foreign currency translation differences		-7,065,690	-7,229,453	0	0
Retained earnings		29,423,089	25,408,881	10,004,996	7,673,361
Net profit		6,513,395	3,647,267	3,601,819	2,314,512
<b>Equity pertaining to non-controlling interests</b>		<b>7,366,144</b>	<b>7,498,867</b>	<b>0</b>	<b>0</b>
<b>TOTAL EQUITY</b>	<b>24</b>	<b>131,381,538</b>	<b>124,850,339</b>	<b>92,807,484</b>	<b>89,224,850</b>
<b>LIABILITIES</b>					
Provisions	26	3,035,561	2,793,522	2,126,615	1,924,930
Non-current deferred income		54,417	62,639	54,418	62,639
Non-current financial liabilities	27	48,512,566	54,199,169	47,653,571	52,642,354
Non-current operating liabilities	28	1,173,980	935,164	1,150,086	878,475
Deferred tax liabilities	10	10,609,166	10,693,502	7,330,321	7,336,927
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>63,385,690</b>	<b>68,683,996</b>	<b>58,315,011</b>	<b>62,845,325</b>
Current financial liabilities	27	6,908,732	4,419,148	7,193,347	6,044,691
Liabilities from contracts with customers		978,229	535,499	347,419	7,004
Current operating liabilities	28	26,809,162	21,404,350	15,727,339	13,936,746
Current corporate income tax liabilities		459,409	537,311	50,410	209,180
Current deferred income		47,245	13,130	23,360	4,614
<b>TOTAL CURRENT LIABILITIES</b>		<b>35,202,777</b>	<b>26,909,438</b>	<b>23,341,875</b>	<b>20,202,235</b>
<b>TOTAL LIABILITIES</b>		<b>98,588,467</b>	<b>95,593,434</b>	<b>81,656,886</b>	<b>83,047,560</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>229,970,005</b>	<b>220,443,773</b>	<b>174,464,370</b>	<b>172,272,410</b>

The notes are a constituent part of the financial statements and must be read in connection with them.

## CASH FLOW STATEMENT

(in EUR)	Intereuropa Group		Intereuropa, d. d.	
	2021	2020	2021	2020
<b>Cash flows from operating activities</b>				
<b>Net profit for the accounting period</b>	<b>6,663,670</b>	<b>3,567,953</b>	<b>3,601,819</b>	<b>2,314,512</b>
<b>Adjustments for:</b>				
amortisation and depreciation	6,454,121	6,464,008	3,752,121	3,771,916
impairments and write-offs of property, plant and equipment, and investment property	25,901	182,944	12,673	13,362
gains on the sale of property, plant and equipment, investment property, and assets held for sale	-433,341	-392,020	-94,842	-17,920
income from the reversal of impairment losses on property, plant and equipment, and investment property	0	-118,651	0	-76
losses from the sale of property, plant and equipment	72,937	5,570	0	0
losses from the derecognition of operating receivables and assets from contracts with customers	10,388	14,917	24,200	10,410
impairment losses on receivables (including the reversal of impairment losses)	102,959	268,967	78,287	127,618
impairments and write-offs of inventories	0	65,945	0	3,052
other non-cash revenues	-1,783	0	0	0
finance income from interest	-130,856	-99,255	-143,489	-141,040
other finance income	-552,763	-1,179	-1,107,055	-102,461
finance costs – costs of financing	723,476	852,045	646,902	764,025
impairment losses on loans granted and deposits	1,000	5,259	0	329,263
other finance costs	1,893	445,490	1,394,245	496,323
investment result recognised according to the equity method	-10,627	-785	0	0
corporate income tax (including deferred taxes)	613,352	994,768	-60,426	679,289
<b>Operating profit before changes in net working capital and taxes</b>	<b>13,540,327</b>	<b>12,255,976</b>	<b>8,104,435</b>	<b>8,248,273</b>
<b>Changes in net working capital and provisions</b>				
Change in assets from contracts with customers	-924,910	22,830	-634,610	7,832
Changes in receivables	-6,214,184	758,006	-3,104,127	97,873
Changes in inventories	-18,132	1,868	0	0
Changes in other current assets	-80,998	70,119	-115,174	85,828
Changes in liabilities from contracts with customers	442,730	-12,241	340,415	-8,937
Changes in operating liabilities	5,674,022	-2,831,855	2,589,519	-3,069,644
Changes in provisions	181,329	-158,850	117,620	-199,154
Changes in non-current deferred income	-8,221	-2,794	-8,221	-2,795
Income tax paid	-1,001,789	-527,118	-556,860	-283,463
<b>Net cash flow from operating activities</b>	<b>11,590,174</b>	<b>9,575,941</b>	<b>6,732,997</b>	<b>4,875,813</b>

(in EUR)	Intereuropa Group		Intereuropa, d. d.	
	2021	2020	2021	2020
<b>Cash flows from investing activities</b>				
Interest received	176,404	150,817	189,302	186,955
Dividends received and shares in profit	0	0	614,584	25,991
Inflows from the sale of property, plant and equipment	2,824,800	2,703,342	410,978	56,693
Inflows from long-term loans granted	0	0	10,333	92,325
Inflows from long-term deposits placed	0	10,000	0	10,000
Net cash flow from short-term loans granted	213,147	0	-507,435	-300,000
Net cash flow from short-term deposits placed	-1,000,000	-1,598,402	0	0
Transfer of short-term deposits placed to cash and cash equivalents	0	30,000	0	0
Inflows from the sale of other financial assets	0	94,661	0	0
Outflows for the acquisition of property, plant and equipment, and investment property	-3,881,328	-2,032,191	-1,019,011	-1,139,420
Outflows for the acquisition of intangible assets	-161,154	-232,234	-157,951	-232,236
Outflows for long-term loans granted	0	0	-194,400	0
Outflows for the acquisition of treasury shares	-5,768	0	0	0
Outflows for increase in capital of subsidiaries	0	0	-50,000	-60,000
<b>Net cash flow from investing activities</b>	<b>-1,833,899</b>	<b>-874,007</b>	<b>-703,600</b>	<b>-1,359,692</b>
<b>Cash flows from financing activities</b>				
Inflows from long-term loans received	0	55,648,573	0	54,850,000
Interest paid	-1,007,418	-412,911	-978,726	-448,629
Outflows for the repayment of long-term loans	-2,689,730	-56,863,803	-2,625,000	-56,848,460
Net cash flow from short-term loans	277,980	-277,059	-1,000,000	-1,000,000
Payment of lease liabilities	-1,853,937	-1,420,804	-456,230	-451,581
Dividends paid	-251,865	-22,899	0	0
<b>Net cash flow from financing activities</b>	<b>-5,524,970</b>	<b>-3,348,903</b>	<b>-5,059,956</b>	<b>-3,898,670</b>
<b>Opening balance of cash and cash equivalents</b>	<b>11,609,486</b>	<b>6,283,037</b>	<b>2,374,180</b>	<b>2,756,729</b>
Exchange rate differences relating to cash	13,168	-26,582	0	0
<b>Net cash flow for the period from ordinary operations</b>	<b>4,231,305</b>	<b>5,353,031</b>	<b>969,441</b>	<b>-382,549</b>
<b>Closing balance of cash and cash equivalents</b>	<b>15,853,959</b>	<b>11,609,486</b>	<b>3,343,621</b>	<b>2,374,180</b>

The notes are a constituent part of the financial statements and must be read in connection with them.

## STATEMENT OF CHANGES IN EQUITY OF THE GROUP

(in EUR)	Share capital	Share premium account	PROFIT RESERVES					FAIR VALUE RESERVES				Reserves of associate	Foreign currency translation differences	RETAINED EARNINGS		Equity pertaining to non-controlling interests	Equity pertaining to controlling interests	Total equity
			Legal reserves	Reserves for treasury shares	Treasury shares (as deduction item)	Reserves under the Articles of Association	Other reserves	Fair value reserves for land	Fair value reserves for financial assets	Provisions for actuarial losses	Retained earnings			Net profit for the accounting period				
Balance as at 1 January 2021	27,488,803	18,454,667	4,655,544	180,394	-180,394	15,000	489,848	45,370,901	-48,726	-901,260	0	-7,229,453	25,408,881	3,647,267	117,351,472	7,498,867	124,850,339	
Total comprehensive income	0	0	0	0	0	0	0	-388,742	135	11,148	-2,718	163,763	350,534	6,513,395	6,647,515	143,604	6,791,119	
Net profit for the financial year	0	0	0	0	0	0	0	0	0	0	0	0	0	6,513,395	6,513,395	150,275	6,663,670	
Other comprehensive income	0	0	0	0	0	0	0	-388,742	135	11,148	-2,718	163,763	350,534	0	134,120	-6,671	127,449	
Transactions with owners																		
Transfer of net profit from the previous year to retained earnings	0	0	0	0	0	0	0	0	0	0	0	0	3,647,267	-3,647,267	0	0	0	
Dividends and shares in profit	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-285,777	-285,777	
Acquisition of treasury shares	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-5,768	-5,768	
Other changes	0	0	0	0	0	0	0	0	0	0	0	0	16,407	0	16,407	15,218	31,625	
Closing balance as at 31 December 2021	27,488,803	18,454,667	4,655,544	180,394	-180,394	15,000	489,848	44,982,159	-48,591	-890,112	-2,718	-7,065,690	29,423,089	6,513,395	124,015,394	7366,144	131,381,538	

(in EUR)	Share capital	Share premium account	PROFIT RESERVES					FAIR VALUE RESERVES			Foreign currency translation differences	RETAINED EARNINGS		Equity pertaining to non-controlling interests	Total equity	
			Legal reserves	Treasury shares	Treasury shares (as deduction item)	Reserves under the Articles of Association	Other reserves	Fair value reserves for land	Fair value reserves for financial assets	Provisions for actuarial losses		Retained earnings	Net profit for the accounting period			
Balance as at 1 January 2020	27,488,803	18,454,667	4,655,544	180,394	-180,394	15,000	489,848	45,825,180	-46,387	-755,454	-6,668,465	21,366,581	3,897,755	114,723,072	7,634,819	122,357,891
Total comprehensive income	0	0	0	0	0	0	0	-454,279	-2,339	-145,806	-560,988	144,545	3,647,267	2,628,400	-125,481	2,502,919
Net profit for the financial year	0	0	0	0	0	0	0	0	0	0	0	0	3,647,267	3,647,267	-79,314	3,567,953
Other comprehensive income	0	0	0	0	0	0	0	-454,279	-2,339	-145,806	-560,988	144,545	0	-1,018,867	-46,167	-1,065,034
Transactions with owners																
Transfer of net profit from the previous year to retained earnings	0	0	0	0	0	0	0	0	0	0	0	3,897,755	-3,897,755	0	0	0
Dividends and shares in profit	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-10,471	-10,471
Closing balance as at 31 December 2020	27,488,803	18,454,667	4,655,544	180,394	-180,394	15,000	489,848	45,370,901	-48,726	-901,260	-7,229,453	25,408,881	3,647,267	117,351,472	7,498,867	124,850,339

The notes are a constituent part of the financial statements and must be read in connection with them.

## STATEMENT OF CHANGES IN EQUITY OF THE COMPANY

(in EUR)	Share capital	Share premium account	PROFIT RESERVES			FAIR VALUE RESERVES		RETAINED EARNINGS		Total equity
			Legal reserves	Reserves for treasury shares	Treasury shares (as deduction item)	Fair value reserves for land	Provisions for actuarial losses	Retained earnings	Net profit for the accounting period	
<b>Balance as at 1 January 2021</b>	<b>27,488,803</b>	<b>18,454,667</b>	<b>2,748,880</b>	<b>180,394</b>	<b>-180,394</b>	<b>31,278,480</b>	<b>-733,853</b>	<b>7,673,361</b>	<b>2,314,512</b>	<b>89,224,850</b>
<b>Total comprehensive income</b>										
Net profit for the financial year	0	0	0	0	0	-28,163	-8,145	17,123	3,601,819	3,582,634
Other comprehensive income	0	0	0	0	0	-28,163	0	0	3,601,819	3,601,819
<b>Transactions with owners</b>										
Transfer of net profit from the previous year to retained earnings	0	0	0	0	0	0	0	2,314,512	-2,314,512	0
<b>Closing balance as at 31 December 2021</b>	<b>27,488,803</b>	<b>18,454,667</b>	<b>2,748,880</b>	<b>180,394</b>	<b>-180,394</b>	<b>31,250,317</b>	<b>-741,998</b>	<b>10,004,996</b>	<b>3,601,819</b>	<b>92,807,484</b>

(in EUR)	Share capital	Share premium account	PROFIT RESERVES			FAIR VALUE RESERVES		RETAINED EARNINGS		Total equity
			Legal reserves	Reserves for treasury shares	Treasury shares (as deduction item)	Fair value reserves for land	Provisions for actuarial losses	Retained earnings	Net profit for the accounting period	
<b>Balance as at 1 January 2020</b>	<b>27,488,803</b>	<b>18,454,667</b>	<b>2,748,880</b>	<b>180,394</b>	<b>-180,394</b>	<b>31,278,451</b>	<b>-651,278</b>	<b>4,520,157</b>	<b>3,387,948</b>	<b>87,227,628</b>
<b>Total comprehensive income</b>										
Net profit for the financial year	0	0	0	0	0	29	-82,575	-234,744	2,314,512	1,997,222
Other comprehensive income	0	0	0	0	0	29	-82,575	-234,744	0	2,314,512
<b>Transactions with owners</b>										
Transfer of net profit from the previous year to retained earnings	0	0	0	0	0	0	0	3,387,948	-3,387,948	0
<b>Closing balance as at 31 December 2020</b>	<b>27,488,803</b>	<b>18,454,667</b>	<b>2,748,880</b>	<b>180,394</b>	<b>-180,394</b>	<b>31,278,480</b>	<b>-733,853</b>	<b>7,673,361</b>	<b>2,314,512</b>	<b>89,224,850</b>

The notes are a constituent part of the financial statements and must be read in connection with them.

## 4.2 BASIS FOR PREPARATION AND NOTES TO THE FINANCIAL STATEMENTS

### 4.2.1. BASIS OF PREPARATION

#### Reporting entity

Intereuropa, d. d., Koper (hereinafter: the Company) is the parent company of the Intereuropa Group and is established in Koper. Its registered office is located at Vojkovo nabrežje 32, 6000 Koper, Slovenia. The Company provides logistics services through its own network of business units. Presented and explained in the report are the consolidated financial statements of the Intereuropa Group for the year ended 31 December 2021 and the separate financial statements of Intereuropa, d. d. for the year ended 31 December 2021.

The current controlling company of the Intereuropa Group is Pošta Slovenije, d. o. o., with its registered office at Slomškov trg 10, 2500 Maribor. That company's founder is the Republic of Slovenia, while its core activity is the provision of universal postal services.

The consolidated financial statements of the Intereuropa Group for the year ended 31 December 2021 include the financial statements of the parent company Intereuropa, d. d., the financial statements of subsidiaries and the attributable results of an associate.

Subsidiaries included in the consolidated financial statements:

In Slovenia:

- Interagent, d. o. o., Koper – 100 %;
- Interzav, d. o. o., Koper – 71.28 %.

Abroad:

- TOV Intereuropa, Kiev, Ukraine – 100%
- Intereuropa, logističke usluge, d. o. o., Zagreb, Croatia – 99.96%
- Intereuropa Skopje, d. o. o., Skopje, North Macedonia – 99.56 %
- Intereuropa RTC, d. d., Sarajevo, Bosnia and Herzegovina – 95.77%
- Intereuropa Kosova L. L. C., Prishtina, Kosovo – 90%
- TOV TEK ZTS, Uzhhorod, Ukraine – 89.93%
- AD Intereuropa logističke usluge, Belgrade, Serbia – 73.62%;
- Zetatrans A.D., Podgorica, Montenegro – 69.27 %
- Intereuropa sajam, d. o. o., Zagreb, Croatia – 51%.

Associate included in the consolidated financial statements:

- Rail Cargo Logistic, železniška špedicija, d. o. o. – 26 %.

Intereuropa Global logistics Service Albania Shpk, Durrës, Albania is not included in the consolidated financial statements because it is not material for the fair presentation of the Group's financial position, as its operations are limited.

#### Statement of compliance

The financial statements of the Group and Intereuropa have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union, and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), likewise adopted by the European Union. They also include additional clarifications in accordance with the Companies Act.

In terms of consolidating EU standards, there were no differences in the Company's accounting policies on the statement of financial position date between the IFRS as applied and the IFRS as adopted by the European Union.

The Management Board of Intereuropa approved the consolidated financial statements and the separate financial statements of the Company on 12 April 2022.

#### Basis of measurement

The financial statements have been prepared on a cost basis, except for land and financial assets measured at fair value, for which fair value is applied. The methods used for measurement are described in point 4.2.2 and 4.2.3.

## Functional and reporting currency

The financial statements were prepared in euros, i.e. the functional and presentation currency of Intereuropa. Deviations of +1 or -1 in tables with disclosures are possible due to rounding.

## Use of estimates, judgements and assumptions

In preparing the financial statements, the management made estimates, judgments and assumptions that affect the application of accounting policies and the disclosed amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Information regarding significant assessments of uncertainty and critical judgements drawn up by the management in the application of accounting policies that have the greatest impact on the amounts in the financial statements are presented below.

## Significant estimates, judgements and assumptions

- The financial statements of the Group and Company are prepared on a going concern basis.
- Estimates relating to the determination of the value of right-of-use assets:
  - identification of lease agreements: the Group and Company define as lease agreements those agreements that give them the right to control the leased asset. The Group and Company are deemed to control an asset if they can use that asset and if they are entitled to the economic benefits that derive from its use;
  - determination of the lease term: the Group and Company define the lease term as the period in which the lease cannot be terminated, together with:
    - the period for which the validity of the lease may be extended, if it is reasonably certain that the aforementioned option will be used, and
    - the period for which the lease may be terminated, if it is reasonably certain that the aforementioned option will be used.

In cases when the contractual period is not defined in those agreements, the Group and Company estimate that period based on an assessment of needs for the use of a specific asset, taking into account the needs of the business process of providing logistics services; and;

- determination of the discount rate: the Group and Company defined the discount rate as the amount of the interest rate according to which they can obtain a comparable asset with a similar maturity. If the discount rate cannot be determined, the Group and Company use the incremental borrowing rate.
- In performing the impairment test for non-financial assets, the Group and Company compared the recoverable amount of assets with their carrying amount. Where the carrying amount of assets exceeded their recoverable amount, the Group and Company recognised impairment losses or reversed impairment losses if they were previously recognised. Based on an appraiser's assessment, the Management Board found that the Group and Company do not need to impair assets and adjust the fair value of real estate (Notes 12 and 13)..
- The useful life of depreciable assets (Notes 12, 13 and 14)  
By no later than the end of the financial year, the management verifies the useful life of depreciable assets, taking into account the technical and economic obsolescence thereof.
- Value of doubtful receivables (Note 31)  
The Group and Company recognise impairment losses on receivables based on the expected credit loss model using the simplified approach in accordance with IFRS 9. The key assumption of the model used by the Group and Company is that the rate of expected credit losses in connection with trade receivables fluctuates in line with the economic cycle, which means that expected credit losses are lower during a period of growth and higher during a recession. The model also uses a forward-looking approach, where forecasts of economic activity are used to forecast future credit losses. The key judgement that must be made is thus whether historical credit loss rates in relation to historical economic activity are also appropriate for forecasting expected credit losses taking into account forecasts of future economic activity.
- Valuation of land (Note 12)  
When measuring the fair value of land, the Group and Company take into account the ability of a market participant to generate economic benefits through the best use of an asset or its sale to another market participant. An assessment of indicators of impairment or a change in fair value for financial reporting purposes was carried out on 30 September 2021 with the help of an independent real estate appraiser. An assessment of the existence of indicators of impairment and an analysis of changes in key assumptions that were applied in the appraisals from 2019 and 2020 were carried out taking into account the impact of the COVID-19 pandemic. The need to draw up

new appraisals was not identified at any company.

- Valuation of equity instruments measured at fair value (Note 18)

The fair value of financial assets measured at fair value through profit or loss is determined taking into account a quoted market price at the end of the reporting period or based on other available data. All assets measured at fair value are classified to the fair value hierarchy based on the level of input data required for the measurement of fair value:

- level 1: market prices from an active market for similar assets;
- level 2: a valuation model that is directly or indirectly based on market inputs; and
- level 3: a valuation model that is not based on market inputs.

The fair value hierarchy is presented in Note 30.

- Recognition of deferred tax assets and liabilities, and the potential use thereof (Note 10)

The management assessed the creation of deferred taxes from tax losses based on past experiences and data from a projection of operations for a five-year period, i.e. from 2022 to 2026, and taking into account the valid tax rate and changes to tax legislation from 1 January 2021 on, as well as planned sales of obsolete real estate. The aforementioned projection forecasts moderate growth in revenues in the context of the Group's existing operations. Unused tax losses from previous years do not derive from ordinary operations, but are the result of extraordinary events. The sources for the utilisation of tax losses are taxable profit from the income statement and 50% of the revaluation surplus for land, assuming that the tax base will enable utilisation in that amount (besides other allowances). The projection assumes that the Group and Company are going concerns. In the event of negative deviations from the expected tax basis, the management will reassess the possibility of utilising unused tax losses and correct the balance of deferred taxes from unused past tax losses accordingly. There is, however, uncertainty. The management's judgement is thus crucial, both in terms of its estimate of projected taxable profits and in terms of the expected timing of the disposal of non-essential buildings.

The Group and Company assessed that the period deemed the acceptable foreseeable future for the purpose of assessing the utilisation of tax losses is five years.

- Recognition of provisions and contingent liabilities (Notes 26 and 29)

The Group and Company have created provisions for termination benefits upon retirement, employee anniversary bonuses and lawsuits. Provisions are recognised if, as a result of a past event, present legal or constructive obligations arise that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle those obligations. The management regularly verifies whether it is likely that there will be an outflow of resources yielding economic benefits in the settlement of a liability. The present value of termination benefits and employee anniversary bonuses is recorded in defined-benefit post-employment commitments. The basis for recognition comprises an actuarial calculation that takes into account actuarial assumptions and estimates at the time of the calculation (e.g. discount rate, estimated employee turnover rate, mortality rate and wage growth). Defined-benefit commitments are sensitive to changes in the aforementioned estimates.

When assessing the probability of an outflow of the resources embodying economic benefits for the settlement of contingent liabilities for lawsuits, the management also uses the expert opinions of external lawyers who represent an individual Group company in disputes.

The Group and Company treat as contingent liabilities any potential liabilities for which the management assesses that an outflow of resources embodying economic benefits is unlikely for the settlement of the liabilities or for which the amount of the liabilities cannot be measured reliably. Such liabilities are not recognised in the financial statements, but are disclosed in the financial report. If an outflow of benefits is likely, the Group and Company reclassify the potential liability to provisions in the financial statements when a change in probability occurs.

- Judgement regarding the transfer of real estate to investment property (Notes 12 and 13)

When assessing whether real estate is deemed investment property, the Group and Company take into account criteria for the classification of real estate or parts of real estate to investment property.

- Judgement regarding the transfer of non-current assets to assets held for sale (Notes 12, 13 and 19)

The Group classifies the portion of non-current assets that are very likely to be sold in the twelve months following the balance-sheet date to assets held for sale within current assets (based on an incomplete sale or a decision adopted by the management on the sale of assets on the reporting date). This applies to investment property, intangible assets and non-current financial assets, but only to land and buildings within property, plant and equipment on grounds of materiality.



- Assessment of assumptions of control over subsidiaries and an associate (Note 18)  
The Group and Company regularly verify whether a change in influence has occurred. The following are deemed evidence of investors' significant influence:
  - a) representation on the management board or other decision-making body of a company in which the parent company invests; and
  - b) participation in significant decisions, including decisions regarding dividends and profit-sharing.The Company applied the assumptions in Note 18 for the purpose of assessing the impairment of investments in subsidiaries.

### Changes in accounting estimates and assumptions

The management of Group companies has verified estimates, judgements and assumptions, and concluded that they were the same as those that applied at the time the financial statements as at 31 December 2020 were prepared.

## 4.2.2 SIGNIFICANT ACCOUNTING POLICIES OF THE GROUP

The accounting policies that the Group used in the preparation of its annual financial statements are the same as those applied in the preparation of the financial statements for the previous financial year. The exception is newly adopted or amended standards and interpretations that the Group adopted for annual periods beginning on or after 1 January 2021, as described below.

### New standards and interpretations approved by the EU

#### *Interest Rate Benchmark Reform – Phase II (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)*

In August 2020, the IASB published the results of phase II of interest rate benchmark reform in the form of amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, and thus completed its work in response to interbank offered rate (IBOR) reform. The amendments include a temporary exemption in the reporting of the financial effects of replacing the interbank offered rate (IBOR) with an alternative risk-free rate (RFR). The amendments allow companies to apply a practical solution in accounting for changes in the basis for determining contractual cash flows from financial assets and liabilities, where companies must revise the effective interest rate to match changes in the market interest rate. The amendments also allow companies to apply certain generalisations regarding the discontinuation of hedge accounting, including a temporary exemption from the requirement to designate hedging relationships, where the alternative benchmark rate is defined as non-contractually determined component of risk.

The amendments to IFRS 7 Financial Instruments: Disclosures require companies to make disclosures that allow the users of financial statements to understand the effect of interest rate benchmark reform on their financial instruments and risk management strategy. Companies must apply the amendments retrospectively, without the restatement of data from previous periods.

The amendments to the standards had no impact on the Group's financial statements.

#### *IFRS 16 Leases – COVID-19-Related Rent Concessions (amendments)*

The amendments are effective for annual periods beginning on or after 1 June 2020 and must be applied retrospectively. Early application is permitted in the compilation of financial statements that had not yet been approved on 28 May 2020. The standard introduces a practical expedient from the application of the requirements of IFRS 16 when accounting for lease modifications as the direct result of the COVID-19 pandemic.

The amendments allow lessees to apply practical expedients, such that lease modifications that are the direct result of the pandemic need not be accounted for in the same manner as other changes covered by IFRS 16, provided that all of the following conditions are met:

- the result of a change in lease payments is a change in consideration for a lease that is almost equal to or less than the consideration for a lease immediately prior to that change;
- every reduction in lease payments only affects payments that would originally fall due on or before 30 June 2021; and
- there is no material change in other lease conditions.

The amendments to the standards had no material impact on the Group's financial statements.

### New standards and interpretations not yet approved by the EU

#### *IFRS 17 Insurance Contracts*

The standard applies to annual periods beginning on or after 1 January 2021. Early application is permitted, provided that a company also reports in accordance with IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments. In March 2020, the International Accounting Standards Board postponed application of the standard until 2023. IFRS 17 Insurance Contracts establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, and the application of similar principles for reinsurance contracts and investment contracts with discretionary participation features. The purpose of the standard is to ensure that insurance companies include relevant information that faithfully represents those contracts. This information serves as a basis for the users of financial statements to assess the effect that insurance contracts covered by IFRS 17 have on a company's financial position, financial performance and cash flows.

The Group does not expect the standard to have an impact on its financial statements.

#### *IFRS 17 Insurance Contracts (amendments)*

The amendments to IFRS 17 are effective for annual periods beginning on or after 1 January 2023 and must be applied retrospectively. Early application of the amendments is permitted. The purpose of the amendments is to make it easier for companies to apply IFRS 17, as they simplify certain requirements of the standard and reduce the associated costs incurred by companies, facilitate the explanation of their financial performance and simplify the transition to the new standard, with the deferral of the effective date until 2023, while introducing an additional expedient in the initial application of IFRS 17.

The Group does not expect the amendments to the standard to have an impact on its financial statements.

### *IFRS 17 Insurance Contracts – Initial Application of IFRS 17 and IFRS 9 – Comparative Information (amendments)*

The amendments are effective for annual periods beginning on or after 1 January 2023. Early application of the amendments to IFRS 17 is permitted. For insurance companies applying IFRS 17 and IFRS 9 for the first time, the amendments provide a transition option based on the 'classification overlay' of comparative information regarding financial assets. Insurance companies that apply classification overlay must present comparative information in the same way that they would for the classification of financial assets according to the classification and measures requirements set out in IFRS 9. Insurance companies are likewise not required to follow the impairment requirements set out in IFRS 9 when applying classification overlay to financial assets. The purpose of the amendments is to prevent temporary accounting mismatches between financial assets and liabilities from insurance contracts, and thus improve the usefulness of comparative information intended for the users of the financial statements. The EU has not yet approved the amendments.

The Group does not expect the amendments to the standard to have an impact on its financial statements.

### *Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments address discrepancies between the requirements of IFRS 10 and IAS 28 in the treatment of sales or contributions of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a company must recognise the full amount of gains or losses when a transaction includes a business (regardless of whether the business is housed in a subsidiary or not). For transactions involving assets that a company does not use in a business, only a partial gain or loss is recognised when assets are housed in a subsidiary. In December 2015, the International Accounting Standards Board deferred the effective date of the standard indefinitely while it waits for the results of the research project on the accounting of assets under the equity method. The EU has not yet approved the amendments.

The Group is still reviewing the impact of the amendments to the standards and will apply those amendments when they become effective.

### *IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current (amendments)*

The amendments are initially effective for annual periods beginning on or after 1 January 2022. Early application of the amendments is permitted. In response to the COVID-19 pandemic, the IASB deferred the effective date for one year, i.e. until 1 January 2023, to give companies sufficient time to implement potential changes in the classification of liabilities. The amendments offer companies assistance in deciding whether debt and other liabilities with an uncertain settlement date should be classified as current or non-current liabilities in the statement of financial position, and thus ensure greater consistency in compliance with requirements. The amendments affect the presentation of liabilities in the statement of financial position, but do not change existing requirements in connection with the measurement or timing of the recognition of assets, liabilities, long term income or expenses, or the information that a company discloses in those items. The amendments also clarify requirements in connection with the classification of debt that a company could settle through the issue of equity instruments.

In November 2021, the International Accounting Standards Board published an exposure draft (ED) which explains how companies must treat liabilities subject to conditions that must be met after the reporting period.

The International Accounting Standards Board proposes a very limited scope of amendments to IAS 1 that actually replace the amendments published in 2020, which require companies to classify as current those liabilities subject to conditions that must be met within twelve months after the reporting period, if they are not met at the end of the reporting period.

Instead, the proposed amendments require of companies separate presentation and additional disclosures of all non-current liabilities subject to conditions that must be met in the twelve months after the reporting period, if they are not met at the end of the reporting period.

The amendments are effective for annual periods beginning on or after 1 January 2024 and must be applied retrospectively in accordance with IAS 8. Early application of the amendments is permitted. The International Accounting Standards Board also proposed the deferral of the effective date of the 2020 amendments, meaning that companies are not obliged to change their existing practices prior to the effective date of the proposed amendments. The EU has not yet approved the amendments and drafts for public consultation.

The Group is still reviewing the impact of the amendments to the standards and will apply those amendments when they become effective.

### *IFRS 3 Business Combinations IAS 16 Property, Plant and Equipment IAS 37 Provisions, Contingent Liabilities and Contingent Assets, and annual improvements 2018–2020 cycle (amendments)*

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application of the amendments is permitted. The IASB published the following limited amendments to the IFRS:

- The **amendments to IFRS 3 Business Combinations** update the reference in IFRS 3 to the Conceptual Framework

for financial reporting, but do not change requirements regarding accounting for business combinations.

- **IAS 16 Property, Plant and Equipment (amendments):** The amendments prohibit companies from deducting from the costs of property, plant and equipment proceeds from the sale of items produced while preparing items of property, plant and equipment for their intended use, and require the recognition of proceeds from a sale and thus the associated costs in profit or loss.
- **IAS 37 Provisions, Contingent Liabilities and Contingent Assets (amendments):** The amendments set out the costs that companies take into account when defining the costs of the fulfilment of a contract for the purpose of determining whether a contract is onerous.
- **Annual improvements 2018–2020 cycle** bring certain minor amendments to IFRS 1 First-time Adoption of the International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and Illustrative Examples accompanying IFRS 16 Leases.

The Group is still reviewing the impact of the amendments to the standards and will apply those amendments when they become effective.

#### *IFRS 16 Leases – COVID-19-Related Rent Concessions beyond 30 June 2021 (amendments)*

The amendments to the standard are effective for annual periods beginning on or after 1 April 2021. Early application is permitted, even in financial statements that were not approved for publication on the day the amendments were published. In March 2021, the International Accounting Standards Board amended the conditions for the application of the practical expedient set out in IFRS 16, which provides lessees an exemption from the treatment of lease modifications that are the direct result of the COVID-19 pandemic in accordance with IFRS 16. Companies may only apply the practical expedient in accounting for lease modifications for reductions in lease payments which affect payments that would originally fall due on or before 30 June 2022, and provided that all conditions for the application of the practical expedient have been met.

The Group is still reviewing the impact of the amendments to the standards and will apply those amendments when they become effective.

#### *IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies (amendments)*

The amendments are effective for annual periods beginning on or after 1 January 2023. Early application of the amendments is permitted. The amendments define guidelines for assessing materiality in the disclosure of accounting policies. The amendments to IAS 1 replace the requirement for the disclosure of 'significant' accounting policies with a requirement for the disclosure of 'material' accounting policies. They also include a practice statement and illustrative examples as assistance in the application of the concept of materiality when making judgements regarding the disclosure of accounting policies. The EU has not yet approved the amendments.

The Group is still reviewing the impact of the amendments to the standards and will apply those amendments when they become effective.

#### *IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (amendments)*

The amendments to the standard are effective for annual periods beginning on or after 1 January 2023. Early application of the amendments is permitted. The amendments address changes in accounting policies and accounting estimates at the start of the aforementioned period or thereafter, and define accounting estimates as monetary amounts in the financial statements that are accompanied by uncertainty in terms of their measurement. The amendments also clarify the concept of changes in accounting estimates, and how they differ from changes in accounting policies and the correction of errors. The EU has not yet approved the amendments.

The Group is still reviewing the impact of the amendments to the standards and will apply those amendments when they become effective.

#### *IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (amendments)*

The amendments are effective for annual periods beginning on or after 1 January 2023. Early application of the amendments is permitted. In May 2021, the International Accounting Standards Board published amendments to IAS 12, through which it limited the application of the exception for initial recognition under IAS 12 and defined how companies must account for deferred tax from certain transactions, such as leases and liabilities in connection with decommissioning. In accordance with the amendments, the exception does not apply for transactions that give rise to equal taxable and deductible temporary differences upon initial recognition. The exception only applies if an asset under lease and the associated liability (or a liability in connection with the decommissioning of the asset) do not give rise to equal taxable and deductible temporary differences upon initial recognition. The EU has not yet approved the amendments.

The Group is still reviewing the impact of the amendments to the standards and will apply those amendments when they become effective.

## A. BASIS FOR CONSOLIDATION

### Subsidiaries

Subsidiaries are companies controlled by Intereuropa, d. d. Control exists when:

- the investor exercises influence over the company in which it has invested;
- the investor is exposed to a variable return or has the right to a variable return from its participation in the company in which it has invested; and
- the investor is able to affect the amount of its return through its influence over that company.

The parent company's management assesses that indicators of control exist. Voting rights are equivalent to shares of control.

The financial statements of subsidiaries are included in the consolidated financial statements from the date control is assumed until the date it ceases. They are prepared taking into account the standard accounting policies of the Group.

### Associate

The Group values its investment in an associate according to the equity method.

### Transactions eliminated on consolidation

Balances, and revenues and expenses deriving from transactions within the Group are excluded during the preparation of the consolidated financial statements.

## B. FOREIGN CURRENCY

All transactions in foreign currencies are translated to euros (i.e. the Group's functional currency) upon initial recognition at the daily exchange rate between the functional currency and foreign currency on the transaction date. The reference exchange rate of the European Central Bank (ECB) is applied.

On the statement of financial position date:

- monetary items expressed in foreign currencies are translated at the final exchange rate for the year;
- non-monetary items denominated in a foreign currency and measured at cost are translated at the exchange rate on the transaction date; and
- non-monetary items denominated in a foreign currency and measured at fair value are translated at the exchange rates on the day fair value was determined.

The Group recognises exchange rate differences arising in the settlement of monetary items or in the translation of monetary items at exchange rates other than those at which they were translated upon initial recognition during the period in question or at which they were presented in previous financial statements in profit or loss (as revenues or expenses) in the period in which they arise.

### Financial statements of companies abroad

When translating the financial statements of subsidiaries based abroad with a functional currency that differs from the reporting currency (euros) for their inclusion in the consolidated financial statements, the Group translates assets and liabilities into the reporting currency of the consolidated financial statements at the exchange rate applicable on the reporting date, while it translates revenues and expenses disclosed in the income statement and items disclosed in other comprehensive income at the average exchange rate for the period in question, which the Group assesses is an adequate approximation of the exchange rate on the transaction date. Equity items are translated at the exchange rate on the final day of the period in which a change in equity arose. Any resulting exchange rate differences are recognised in other comprehensive income (foreign currency translation differences) until the disposal of a subsidiary, at which time exchange rate differences are transferred to the income statement.

## C. FINANCIAL ASSETS

The Group initially recognises financial assets at fair value, except investments in a subsidiary, which is not included in consolidation, and in an associate, which it recognises at cost, and trade receivables, which it recognises at the transaction price.

The Group recognises ordinary purchases and sales of financial assets on the transaction date, i.e. the date on which it undertakes to purchase or sell an asset. Any gain or loss resulting from the disposal of financial assets is also recognised on that date.

Cash and cash equivalents comprise sight deposits and cash in hand. Cash equivalents are short-term, readily redeemable investments that can be immediately converted into a specific amount of cash, where the risk of a change in value is negligible. The Group defines short-term call deposits as such. The Group's statement of cash flows presents changes in inflows and outflows of cash and cash equivalents during the accounting period, using the indirect method, and explains changes in the balance thereof. The statement of cash flows was prepared using data from the consolidated income statement for 2021, items from the consolidated statements of financial position as at 31 December 2021 and 31 December 2021, and additional data.

The Group values investments in shares and participating interests in a subsidiary, which is excluded from consolidation, and in an associate at cost. Payments received in connection with the accompanying participating interest reduce the carrying amount of the investment. In the event of changes in the associate's other comprehensive income, the Group adjusts the carrying amount of the investment by its corresponding share of those changes. Dividend income and income from other shares in profit in connection with the above-mentioned companies are recognised in the income statement on the day the shareholder's or owner's right to payment was exercised.

The Group classifies other financial assets to the categories presented in the table below based on the business model used to manage financial assets, and on the contractual cash flow characteristics of financial assets.

#### CLASSIFICATION OF FINANCIAL ASSETS BASED ON THE GROUP'S BUSINESS MODEL USED TO MANAGE FINANCIAL ASSETS AND ON THE CONTRACTUAL CASH FLOW CHARACTERISTICS OF FINANCIAL ASSETS

Group of financial assets	Financial asset
Financial assets measured at amortised cost	Trade receivables, including receivables from leasing and other operating receivables, contract assets,* loans and deposits.
Financial assets measured at fair value through other comprehensive income	Equity instruments not held for trading, for which the Group makes an irrevocable decision at initial recognition to measure those instruments at fair value through other comprehensive income.
Financial assets measured at fair value through profit or loss	Equity instruments for which the Group does not make a decision at initial recognition to measure those instruments at fair value through other comprehensive income.

\* Contract assets represent the Group's right to consideration for the exchange of goods or services that it has transferred to its customers (current accrued income). They also comprise receivables from uncharged customs and other duties that arise in customs clearance procedures that are charged to customers and treated as suspense items.

Significant characteristics of the financial assets stated in the above table:

##### 1. Financial assets measured at amortised cost

The Group measures financial assets upon initial recognition at amortised cost if they meet both of the following conditions:

- the financial asset is held within the framework of a business model whose objective is achieved by collecting contractual cash flows; and
- the contractual terms of the financial asset give rise to cash flows, on certain dates, that are exclusively payments of principal and interest on the outstanding amount of principal.

The Group calculates interest income from the aforementioned assets using the effective interest rate method and recognises it in profit or loss.

##### 2. Financial assets measured at fair value through other comprehensive income

Interest and exchange rate differences associated with these assets are recognised in the income statement, while other gains and losses are recognised in other comprehensive income. When an asset is derecognised, gains and losses recognised in other comprehensive income (revaluation surplus) are transferred to retained earnings.

##### 3. Financial assets measured at fair value through profit or loss

The Group measures financial assets that it does not measure at amortised cost and that are not investments in subsidiaries and an associate at fair value through profit or loss. Gains and losses are recognised in the income statement.

## D. FINANCIAL LIABILITIES

A financial liability is any liability that is a contractual obligation:

- to deliver to another company cash or some other financial asset (e.g. trade payables, liabilities from loans received, etc.); or
- to exchange financial assets or financial liabilities with another company under conditions that are potentially unfavourable to the Company.

The Group recognises financial liabilities on the day they arise. Financial liabilities are initially recognised on the transaction date, i.e. when the Group becomes a contractual party in connection with the instrument in question. The Group derecognises a financial liability when the obligations specified in the contract have been discharged, have been cancelled or have expired. Upon initial recognition, it measures financial liabilities at fair value, including transactions costs. Following initial recognition, derivative financial liabilities are measured at amortised cost using the effective interest rate method.

### Liabilities from contracts with customers

Liabilities from contracts with customers represent an obligation to transfer goods or services to a customer for which consideration was received from the customer (liabilities for advances received).

## E. EQUITY

### Share capital

The parent company's share capital is defined in nominal terms in its Articles of Association, registered with the court and paid up by its owners.

### Share premium account

The share premium account comprises amounts from the simple reduction of the parent company's share capital. The share premium account may be used under the conditions and for the purposes set out by law.

### Legal reserves

Legal reserves comprise amounts retained from profits generated in previous years, and are primarily earmarked for the settlement of potential future losses.

### Reserves under the Articles of Association and other reserves

Reserves under the Articles of Association and other reserves are earmarked for the settlement of potential future losses and for other purposes.

### Treasury shares

Treasury shares are disclosed in profit reserves (as a deduction item). Reserves for treasury shares are created in the amounts paid for the acquisition of those shares.

### Fair value reserves

Fair value reserves comprise the revaluation surplus in connection with land, and actuarial losses in connection with provisions for post-employment and other non-current employee benefits, and the revaluation surplus in connection with financial assets measured at fair value. All components of the fair value reserve were reduced for the amount of deferred taxes.

### Foreign currency translation differences

Foreign currency translation differences are the result of exchange rate differences that arise when the financial statements of subsidiaries are included in the consolidated financial statements.

### Liabilities for dividends and other shares in profit

Liabilities for dividends and other shares in profit are recognised on the day the right to payment is exercised by a shareholder or owner.

## F. PROPERTY, PLANT AND EQUIPMENT

The Group initially recognises property, plant and equipment at cost, which includes amounts directly related to the purchase of an asset, as well as capitalised borrowing costs. Following the initial recognition of property, plant and equipment, the Group measures buildings and equipment using the cost model, while a revaluation model is used for land. According to the cost model, property, plant and equipment are disclosed at cost, less accumulated

depreciation and any accumulated impairment loss. According to the applied revaluation model, land is disclosed at fair value on the revaluation date, less accumulated impairment loss. The Group verifies the need to revalue land annually, and otherwise revalues land every five years or more frequently if indications of impairment point to a significant deviation in fair value.

An increase in the carrying amount of land as a result of revaluation is recognised directly in equity as a revaluation surplus in the statement of comprehensive income. A decrease in the carrying amount of land as a result of revaluation reduces the revaluation surplus for that land. If the decrease in the carrying amount exceeds the accumulated revaluation surplus for the same asset, the difference in the decrease is transferred to profit or loss as an expense. The revaluation surplus for land, which constitutes an integral part of equity, is transferred directly to retained earnings when the asset in question is derecognised.

### Accounting for borrowing costs

The Group treats borrowing costs that may be directly attributed to the acquisition, construction or manufacture of an asset under construction as part of the cost of that asset. Borrowing costs comprise interest expense and exchange rate differences arising from loans in a foreign currency, if they are treated as a recalculation of interest expense. Other borrowing costs are recognised in the income statement as an expense in the period in which they arise.

### Subsequent costs

The cost of replacing some part of an item of property, plant and equipment is recognised in the carrying amount of the asset in question if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. All other costs are recognised in profit or loss as expenses as they arise.

### Depreciation

Depreciation is charged on a straight-line basis over the useful life of each individual item of property, plant and equipment. That method most precisely reflects the expected pattern of use of an asset. The estimated useful lives for the current and comparative periods are as follows:

	Current period	Comparative period
Buildings	30–68 years	30–68 years
Computer equipment	2–4 years	2–4 years
Other plant and equipment	2–10 years	2–10 years

Once a year, the Group reviews the appropriateness of the depreciation method and useful lives, and adjusts them as necessary.

## G. INTANGIBLE ASSETS

Intangible assets comprise investments in industrial property rights (concessions, patents, licences, brands and similar rights), the goodwill associated with an acquired company and other rights, as well as other intangible assets. The period and method of amortisation of intangible assets with a finite useful life are reviewed, at a minimum, at the end of each financial year. Following initial recognition, the Group measures intangible assets using the cost model, i.e. at cost less accumulated amortisation and any accumulated impairment loss.

### Subsequent costs

Subsequent costs in connection with intangible assets are capitalised if they increase the future economic benefits embodied in the asset to which the costs relate. All other costs are recognised in profit or loss as expenses as they arise.

### Amortisation

Amortisation is charged on the cost of an asset, and is recognised in profit or loss on a straight-line basis over the useful lives of intangible assets, from the date that they are available for use. That method is the most precise reflection of the expected pattern of use of the future economic benefits embodied in an asset.

The estimated useful lives for the current and comparative years are 3, 5, 10, 15 and 23 years. The Group verifies amortisation methods, useful lives and residual values at the end of each financial year and adjusts them as required.



## Goodwill

The Group recognises any surplus of the cost of a business combination over the fair value of the acquired identifiable assets and liabilities as goodwill. Goodwill is not amortised. Instead, the Group tests goodwill annually for impairment. Goodwill is disclosed at cost, less any accumulated impairment loss.

## Acquisition of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with the owners of equity. Thus, no goodwill is recognised as the result of such transactions. Any difference is recognised directly in equity.

## H. INVESTMENT PROPERTY

Investment property comprises real estate purchased to generate rental income, to increase the value of non-current assets, or both. An assessment is required to determine whether real estate is deemed investment property. When assessing whether real estate is deemed investment property, the Group defines criteria for the classification of real estate or parts of real estate to investment property, such that all real estate that is the subject of a long-term lease (more than one year) or a lease for an indefinite period is reclassified to investment property if the leased portion of real estate represents more than 10% and less than 90% of the total area of the real estate. If the leased part of real estate represents 90% or more of the total area, the entire real estate is reclassified to investment property; if that part represents 10% or less of the total area of the real estate, that real estate remains classified under fixed assets as real estate used by the owner, except the portion of land that belongs to a building, which is classified to investment property and treated as such. Real estate that is the subject of a short-term lease (less than one year in duration) or is not the subject of a lease (not used) remains classified under fixed assets as property used by the owner.

Following initial recognition, the Group discloses investment property using the historical cost model, i.e. at historical cost less accumulated depreciation and any accumulated impairment loss. Revalued investment property (land) is transferred from property, plant and equipment at the carrying amount on the transfer date, while the associated revaluation surplus remains in equity and is transferred to retained earnings upon disposal. The same useful lives used for real estate classified as property, plant and equipment are applied to investment property.

## I. LEASES

### Group as lessee of assets

The Group has different property (land and business premises) and equipment under lease. When entering into a contract, it assesses whether it is a lease contract or whether it contains a lease. A contract is a lease contract or contains a lease if it conveys the right to control of an identified asset for a period of time in exchange for consideration. The Group defines the lease term based on the period in which a lease cannot be terminated, taking into account the period covered by an extension option and the period covered by a termination option.

#### LEASE TERM FOR THE CURRENT AND COMPARATIVE PERIODS:

	Current period	Comparative period
Right-of-use assets – land	5-6 years	5-6 years
Right-of-use assets – buildings	1-10 years	1-10 years
Right-of-use assets – equipment	1-5 years	1-5 years

The Group uses a standard approach for recognising and measuring all leases, except short-term leases (leases of up to one year) and low-value leases (with a value of less than EUR 5 thousand). The Group recognises lease payments in connection with short-term and low-value leases as costs in the period to which a lease relates using the straight-line method over the entire lease term. For all other leases, the Group recognises a right-of-use asset and a lease liability for leased assets.

The Group recognises a right-of-use asset at the inception of a lease. The cost of right-of-use assets in connection with leases comprises the amount of the initially measured lease liability, initial direct costs and lease payments that were made at or prior to the commencement of a lease, less lease incentives.

Right-of-use assets in connection with leases are measured at historical cost less value adjustments and impairment

losses, with an adjustment to cost at each remeasurement of lease liabilities. The Group impairs assets under lease in the same manner as property, plant and equipment.

Liabilities for leased assets are recognised at the present value of remaining lease payments over the entire lease term. Lease payments are discounted at the interest rate implicit in a lease if that rate can be determined, otherwise the Group applies the incremental borrowing rate that it would have to pay if it acquired an asset with a similar value as a right-of-use asset for a similar period, based on a similar guarantee in a similar economic environment. Following the commencement of a lease, the amount of lease liabilities is increased for lease-related interest and reduced for all lease payments, while the value of a lease is adjusted upon reassessment or a change in a lease.

At the commencement of a lease, lease liabilities are equal to the value of the associated right-of-use asset and are reduced for payments, while the value of the right-of-use asset is reduced by depreciation charged over the lease term. Depreciation rates are set taking into account the lease term. Interest incurred is charged to finance costs in the period in question. The Group applies the exemption for short-term leases, i.e. leases where the lease term is 12 months or less. It also applies the exemption for leases of low-value assets. The Group recognises lease payments on a straight-line basis over the lease term for short-term and low-value leases.

Due to the situation caused by the COVID-19 pandemic, the Group applies the practical solution not to assess whether a change to lease payments that meet the conditions given below is a change in a lease. Those conditions are:

- the result of a change in lease payments is a change in consideration for a lease that is almost equal to or less than the consideration for a lease immediately prior to that change;
- the reduction in lease payments only affects payments that would originally fall due on or before 30 June 2021 (i.e. an adjustment to lease payments would meet this condition if it caused a reduction in lease payments on or before 30 June 2021 and an increase in lease payments after 30 June 2021); and
- there is no material change in other lease conditions.

In this case, the Group does not treat a change in lease payments as a change to an existing lease, but instead recognises it in the income statement.

In sale and leaseback transactions in which it acts as seller, i.e. lessee, the Group measures a right-of-use asset proportionately with that part of the previous carrying amount of the right-of-use asset that it has kept. Accordingly, it only recognises the amount of gains or losses that relate to the rights that were transferred by the buyer, i.e. lessor.

## Group as lessor of assets

As lessor, the Group recognises lease payments from operating leases as revenues on a straight-line basis over the lease term. The Group discloses assets that it leases in the statement of financial position with regard to the nature of an asset that is the subject of a lease.

## J. INVENTORIES

Inventories of material are valued at cost, which comprises the purchase price, import duties and the direct costs of procurement. The purchase price is reduced by any discounts received. The weighted average price method is applied in the use of materials.

## K. IMPAIRMENT OF ASSETS

### 1. Impairment of financial assets

#### Impairment of operating receivables

The Group impairs operating receivables for expected credit losses over the life of those assets. Impairment losses on trade receivables and other operating receivables (including the reversal of impairment losses) are disclosed in the income statement in the item 'loss due to the impairment of receivables'.

The Group impairs trade receivables (including receivables from leases) that are not subject to legal actions, enforcement or bankruptcy proceedings, registered in compulsory composition proceedings prior to publication of confirmation thereof or in recovery proceedings via specialised institutions, or are not deemed doubtful based on other objective reasons, by creating a depreciation and impairment using impairment percentages with regard to the age of the receivables.

When measuring expected credit losses associated with such assets, the Group applies a simplified approach using a 'provision matrix' that is based on past experiences regarding written-off receivables and estimates for the future.

The Group impairs receivables that are subject to legal actions, enforcement or bankruptcy proceedings, registered in compulsory composition proceedings prior to publication of confirmation thereof or in recovery proceedings via specialised institutions, or that are deemed doubtful based on other objective reasons, in 100% of their value, except where the law permits a reduction in liabilities for calculated and unpaid value added tax. Impairments are reduced for that amount.

The Group impairs receivables for interest on loans granted and deposits placed when it impairs loans and deposits. It does not impair other operating receivables until they are more than 30 days past due, depending on the composition of and past experience with those receivables. After that time, the Group individually assesses the probability of future cash flows from such receivables and impairs them accordingly.

### Impairment of loans granted and deposits

The Group impairs loans granted and deposits based on the management's assessment of their irrecoverability. In accordance with IFRS 9, the Group transitioned from the incurred loss model to the expected loss model, according to which the Group recognises both incurred losses and losses that it expects to incur in the future.

When assessing the impairment of loans granted, the Group assesses evidence of impairment for each loan separately. If it assesses that the carrying amount of a loan exceeds its fair value (i.e. its realisable value), the Group impairs that loan. The assessment of impairment is based on expected credit losses in connection with the probability of loan default over the next 12 months, unless credit risk has risen significantly since initial recognition. In such cases, the assessment of impairment is based on the probability of default over the entire life of the financial asset in question. Expected credit losses comprise the difference between contractual cash flows that have fallen due according to the relevant contract and all cash flows that the Group expects to receive. Expected cash flows will also include cash flows from the sale of a collateralised asset.

The Group assesses impairments for expected credit losses in two steps. For credit exposures for which there has been no significant increase in credit risk since initial recognition, impairments for expected credit losses are recognised for credit losses resulting from potential defaults over the next 12 months. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, the Group recognises an adjustment for losses that it expects over the remaining life of an exposure, regardless of the default period. The Group deems obligations in connection with a financial asset not to be fulfilled when contractual payments are 90 days past due. In certain cases, the Group may deem credit risk to have increased, even when it is probable, based on the relevant information, that it will not receive unpaid contractual amounts in full.

The Group recognises the write-off of a financial asset when it justifiably expects that it will not collect contractual cash flows. Impairment losses on these assets are disclosed in the consolidated income statement in the item 'other finance costs'.

## 2. Impairment of non-financial assets

The Group reviews the carrying amount of property, plant and equipment, investment property and intangible assets at each reporting date to determine whether there are any indications of impairment. If such indications exist, the recoverable amount of an asset is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use or its fair value less selling costs. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to an asset. For impairment testing, assets that cannot be tested individually are grouped into the smallest possible groups of assets that generate cash flows from continued use and that are largely independent of cash generated by other assets or groups of assets (cash-generating unit).

The Group recognises the impairment of an asset or a cash-generating unit when its carrying amount exceeds its recoverable amount. That impairment is disclosed as an expense in the income statement.

The Group reverses an impairment loss to the extent that the asset's increased carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised in previous years.

## L. NON-CURRENT ASSETS HELD FOR SALE

Non-current assets or a disposal group comprising assets (applicable to investment property, intangible assets and non-current financial assets within non-current assets, and only applicable to land and buildings within property, plant and equipment on grounds of materiality) whose carrying amount is reasonably expected to be settled primarily through sale and not through further use are classified as assets held for sale, with that sale envisaged within the next twelve months, at the latest.

A sale is highly likely when the entire plan and programme to find a buyer are activated. An asset must also be actively marketed and efforts made to achieve a price that corresponds to its current fair value. An asset is remeasured immediately before its classification to assets held for sale. Accordingly, a non-current asset (or disposal group) is recognised at the lower of its carrying amount or fair value, less costs to sell.

The period for completion of a sale may be extended to more than one year due to special events and circumstances that are beyond the control of the Group and if there is sufficient evidence that the Group is consistently pursuing its plans to dispose of the asset.

If an asset held for sale no longer meets the criteria for classification to the aforementioned category, it must be reclassified to another appropriate asset category, i.e. the category to which it was classified before being classified as an asset held for sale.

## M. EMPLOYEE BENEFITS

### Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis, and are disclosed as expenses as the service of the employee is provided in respect of the specific short-term benefit.

## N. PROVISIONS

constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Amounts recognised as provisions represent the best estimate of expenditure required for settlement as at the balance-sheet date. In assessing the best estimate of provisions, risks and uncertainties associated with numerous events and circumstances are also considered. Where the effect of the time value of money is material, the amount of provisions represents the present value of expenditure expected to be required to settle an obligation.

Provisions are recognised by accruing the corresponding costs or expenses, and are reduced directly over time by the costs and/or expenses that they were created to cover, except actuarial gains and losses from termination benefits upon retirement due to changes in actuarial assumptions and experiential restatements that are recognised in the revaluation surplus and transferred to retained earnings in the proportionate amount when they are used. That amount is calculated using the ratio between provisions used during the year and the balance of provisions before use.

Provisions are derecognised when the contingencies for which they were created no longer apply, or when they are no longer required. Revenues are recognised when provisions created by accruing the corresponding costs or expenses are derecognised. Provisions are restated at the end of the accounting period so that their value is equal to the present value of the expenditure expected to be required to settle the obligation in question.

### Provisions for termination benefits and employee anniversary bonuses

Group companies that are obliged to pay termination benefits upon retirement and employee anniversary bonuses to employees in accordance with the applicable legislation, the collective agreement and internal rules create non-current provisions for these purposes. No other pension obligations exist.

The aforementioned provisions are created in the amount of the estimated future payments for termination benefits and employee anniversary bonuses, discounted as at the date of the actuarial calculation.

Interest expense and any increase during the current year are recognised in the income statement as labour costs, while interest is disclosed as a finance cost. Actuarial gains and losses from employee anniversary bonuses are recognised

in the income statement as labour costs, while actuarial gains and losses from termination benefits upon retirement are recognised in other comprehensive income in the revaluation surplus and transferred to retained earnings in the proportionate amount when they are used. That amount is calculated using the ratio between provisions used during the year and the balance of provisions before use. Provisions are used in an amount equal to the actual costs incurred for accrued termination benefits upon retirement and employee anniversary bonuses.

## O. REVENUES FROM SERVICES RENDERED

Contracts with customers are only accounted for when the relevant conditions have been met. When approving contracts with customers, the consideration that is expected in exchange for goods or services transferred to them is assessed. Consideration received represents the transaction price. The transaction price represents the fixed agreed consideration in exchange for promised goods and/or the provision of services to a customer.

Revenues from services rendered are recognised by the Group in the consolidated income statement taking into account the stage of completion of a transaction at the end of the reporting period or when performance obligations are fulfilled. The stage of completion is assessed on the basis of a review of costs incurred (review of work performed – measurement of the progress of a transaction).

Revenues from services rendered are measured at the transaction prices of completed services stated in invoices (fulfilment of performance obligations at a given moment) or other documents, or at the prices of incomplete services taking into account the stage of completion thereof (performance obligations are fulfilled over time).

In cases when a particular transaction (performance obligation) is not completed (fulfilled) as at the balance-sheet date, the Group believes that no reliable assessment can be made regarding the outcome of such a transaction, but that the progress of that transaction can be reasonably measured. Thus, the Group only recognises revenues up to the amount of direct costs incurred, and for which it can be expected that they will be covered (contribution method).

Amounts collected on behalf of third parties, such as charged value-added tax and other levies (e.g. customs duties) are excluded from sales revenue.

### FULFILMENT OF PERFORMANCE OBLIGATIONS

Business line	Nature of and time required to fulfil performance obligations to customers	Payment terms
<b>LAND TRANSPORT LOGISTICS SERVICES INTERCONTINENTAL TRANSPORT OTHER SERVICES</b>	<p>A customer sends an order for the execution of forwarding transactions. The order must include all essential data for the correct and timely execution thereof. A transaction is deemed completed when all activities under an order have been implemented. An order may contain different services. A transaction is deemed completed:</p> <ul style="list-style-type: none"> <li>• for services in connection with organising the transport of goods: when transport is completed (i.e. the goods are received or delivered);</li> <li>• for customs clearance transactions: when goods are released to the declaring party;</li> <li>• for the warehousing of goods: when goods are placed in or removed from a warehouse, or other warehouse work is performed (e.g. palletting and labelling); and</li> <li>• for other transactions: when the agreed service is rendered. An invoice is issued to the customer after a service has been rendered.</li> </ul>	<p>In general, a customer must pay for our services and associated costs before a service is rendered (advance). Taking into account a customer's credit rating, past experience with a customer and commercial agreements, an invoice for services is payable within 30 days following the rendering thereof.</p>

### State aid

We distinguish between state aid in connection with assets and state aid in connection with revenues.

- State aid in connection with assets, including non-monetary support at fair value, is disclosed in the statement of financial position as deferred income and is consistently transferred to the income statement as revenues over the useful life of the asset in question. The Group discloses deferred income that will cover projected expenses over a period of more than one year under non-current deferred income..
- State aid in connection with revenues comprises state aid in connection with the reimbursement of wage compensation for employees, the exemption of the payment of social security contributions, etc. The Group

recognises state aid in connection with revenues in other operating revenues and not as a reduction in associated costs. It is recognised as revenues in the periods in which the costs that such state aid is earmarked to cover are incurred. State aid is recognised when there is reasonable assurance that the Group will fulfil the conditions to receive such aid and that it will, in fact, receive it. If there is uncertainty in connection with the eligibility to receive state aid (i.e. the possibility exists that the aid must be returned in the event of failure to fulfil certain conditions), the amount of state aid received is disclosed as deferred income until the fulfilment/non-fulfilment of conditions.

## P. COSTS – EXPENSES

The Group recognises costs as expenses in the period in which they arise.

## Q. FINANCE INCOME AND FINANCE COSTS

Finance income primarily comprises interest income from investments, income from dividends and other shares in profit, income from the disposal of financial assets measured at fair value through profit or loss, positive exchange rate differences and income from the reversal of the impairment of financial assets. Interest income is recognised as it accrues, using the effective interest method. Dividend income and income from other shares in profit are recognised in the income statement on the day a shareholder's or owner's right to payment was exercised.

Finance costs primarily comprise interest expense and other borrowing costs (unless capitalised), interest on leases, negative exchange rate differences and impairment losses on financial assets. Borrowing costs are recognised in the income statement in the period in which they arise using the effective interest method.

## R. CORPORATE INCOME TAX

Corporate income tax comprises current taxes and deferred taxes. Corporate income tax is disclosed in the consolidated income statement, except to the extent that it relates to items disclosed directly in equity, in which case it is disclosed in other comprehensive income.

Current tax is assessed in accordance with the applicable tax legislation as at the reporting date. The financial year is the same as the calendar year, which in turn is the same as the fiscal year.

Deferred tax is disclosed taking into account temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax reporting purposes.

A deferred tax liability is disclosed in the amount that is expected to be paid when the temporary differences are reversed, based on the laws in force at the end of the reporting period.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deferred tax asset can be utilised.

## S. NET EARNINGS PER SHARE

The Group discloses basic earnings per share and diluted earnings per share for its ordinary shares. Basic earnings per share are calculated by dividing the profit or loss pertaining to ordinary shareholders during the financial year with the weighted average number of ordinary shares (excluding treasury shares).

Diluted earnings per share are calculated by adjusting the profit or loss pertaining to ordinary shareholders and the weighted average number of ordinary shares during the financial year for the effect of all dilutive potential ordinary shares. The Group does not hold dilutive potential shares. Basic earnings per share and diluted earnings per share are thus equal.

#### 4.2.2.1 Determination of fair value

Taking into account the Group's accounting policies, the determination of the fair value of both financial and non-financial assets and liabilities is required in a number of cases. The Group determined the fair values of individual groups of assets for measurement and/or reporting purposes based on the methods described below. Where necessary, further clarifications regarding assumptions used to determine fair values are disclosed in the notes specific to that asset or liability.

##### Land

Following recognition, the Group measures land at a revalued amount equal to the fair value on the revaluation date (i.e. the price that would be received when selling an asset or paid when transferring a liability in an orderly transaction, on the principal (or most advantageous) market, between market participants at the measurement date under current market terms, regardless of whether the price can be directly observed or estimated using another valuation technique). Depending on the circumstances or situation, the fair value of land is measured using one or more valuation techniques. They are the market approach, cost approach and income approach. The Group revalues land every five years or more frequently if indications of impairment point to a significant deviation in fair value. Based on an assessment of the effect of a change in indicators of impairment, the amount by which the fair value of land deviates from its carrying amount is assessed. An appraisal of land is performed for financial reporting purposes in the event of a significant deviation.

##### Investments in equities

The fair value of equities valued at fair value is determined taking into account the bid price at the end of the reporting period.

The Group assessed that the carrying amount of current receivables and liabilities was a sufficiently precise approximation of their fair value.

#### 4.2.2.2 Financial risk management

The Group is exposed to the following risks in the use of financial instruments:

- credit risk,
- liquidity risk,
- market risk,
- currency risk, and
- business risk.

This point discusses the Group's exposure to the individual risks stated above, and its objectives, policies and procedures for measuring and managing risks, as well as its management of capital. Other quantitative disclosures are included in Note 31.

The management has adopted risk management guidelines as part of risk management rules. The Group has a Risk Management Committee that is responsible for the development and supervision of risk management policies. Financial risks are a part of the Group's regular reporting on risks that the aforementioned committee regularly reports to the Audit Committee.

##### Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises primarily in connection with the Group's trade receivables.

The Group's exposure to credit risk depends primarily on the characteristics of each customer. However, management also takes into account the demographic structure of customers and the solvency risk associated with the sector and country in which a customer operates, as these factors may affect credit risk, particularly in adverse economic conditions.

The relevant policies require an analysis of the creditworthiness of a major new customer, before the Group offers its standard payment and delivery terms. The Group creates impairments that represent its estimated losses from operating and other receivables and investments. The main elements of such a depreciation and impairment are the specific part of the loss relating to individual significant risks and the common part of the loss formed for groups of similar assets due to previously incurred but as yet undefined losses.

### Liquidity risk

Liquidity risk is the risk that the Group will be unable to settle its financial liabilities using cash or other financial assets.

The Group ensures liquidity by always having sufficient liquid assets to settle liabilities at maturity, under both normal and the most demanding situations, without incurring unacceptable losses or risking damage to its reputation.

The Group primarily provides guarantees for potential customs liabilities that might arise from transit procedures, the verification of origin, and various analyses and/or the control of goods that are required for the performance of operational business activities.

### Market risk

Market risk is the risk that changes in market prices, such as exchange rates, interest rates and equity instruments, would affect the revenues of the Group or the value of financial instruments. The objectives of market risk management are to manage and control exposure to market risks within reasonable limits, while optimising returns.

### Currency risk

Group companies operating outside the euro area are particularly exposed to currency risk, which primarily involves the risk of changes in the exchange rates of the Serbian dinar, Croatian kuna and Ukrainian hryvnia vis-à-vis the euro. With regard to cash flows from operating activities, the aforementioned companies use a natural hedge against the risk of changes in the exchange rate of their national currency vis-à-vis the euro, meaning that they match inflows with outflows in individual currencies in terms of timing and amount, and do not use foreign exchange futures. Subsidiaries that have raised loans in euros have open foreign exchange positions in their statements of financial position. It is highly likely that a change in the exchange rate of the national currency vis-à-vis the euro would have a significant impact on the operations of those companies. The companies in Ukraine are most exposed to currency risk.

On the contrary, exposure to currency risk is low for Group companies that operate in countries of the euro area, as cash flows at those companies are almost exclusively in euros. The effect on their operations is thus minor.

### Business risk

Business risk is the risk of incurring a direct or indirect loss due to numerous reasons associated with processes in the Group, staff, technology and the infrastructure, and as the result of external factors not related to credit, market and liquidity risks. These include risks arising from legal and regulatory requirements, and generally accepted corporate standards. Business risks derive from the overall operations of the Group. The objective is to manage business risks with the aim of establishing a balance between the avoidance of financial losses and damage to the Group's reputation and overall cost efficiency, and avoiding such control procedures that would hinder or limit self-initiative and creativity. Primary responsibility for developing and introducing controls for managing business risks is borne by the head of each organisational unit.

A programme of regular internal audits is implemented by the Internal Audit Department, which discusses the results of internal audits with the heads of audited business units or subsidiaries, while a summary is submitted to the Company's Management Board and the Audit Committee.



### 4.2.3 SIGNIFICANT ACCOUNTING POLICIES OF THE COMPANY

The Company consistently applies the same accounting policies from period to period. Those policies are presented in the enclosed financial statements. The Company only amends accounting policies if:

- the change is mandatory under a standard or interpretation, or
- as the result of a change, the financial statements present more reliable and relevant information regarding the effects of transactions, other business events and balances on the financial position, results expressed in monetary terms and the financial flows of the Group or Company.

Comparative information is harmonised with the presentation of information for the financial year in question. Amendments to policies are disclosed.

The accounting policies that the Company used in the preparation of its annual financial statements are the same as those applied in the preparation of the financial statements for the previous financial year. The exception is newly adopted or amended standards and interpretations that the Company adopted for annual periods beginning on or after 1 January 2021, as described below.

#### New standards and interpretations approved by the EU

##### *Interest Rate Benchmark Reform – Phase II (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)*

In August 2020, the IASB published the results of phase II of interest rate benchmark reform in the form of amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, and thus completed its work in response to interbank offered rate (IBOR) reform. The amendments include a temporary exemption in the reporting of the financial effects of replacing the interbank offered rate (IBOR) with an alternative risk-free rate (RFR). The amendments allow companies to apply a practical solution in accounting for changes in the basis for determining contractual cash flows from financial assets and liabilities, where companies must revise the effective interest rate to match changes in the market interest rate. The amendments also allow companies to apply certain generalisations regarding the discontinuation of hedge accounting, including a temporary exemption from the requirement to designate hedging relationships, where the alternative benchmark rate is defined as non-contractually determined component of risk.

The amendments to IFRS 7 Financial Instruments: Disclosures require companies to make disclosures that allow the users of financial statements to understand the effect of interest rate benchmark reform on their financial instruments and risk management strategy. Companies must apply the amendments retrospectively, without the restatement of data from previous periods.

The amendments to the standards had no impact on the Company's financial statements.

##### *IFRS 16 Leases – COVID-19-Related Rent Concessions (amendments)*

The amendments are effective for annual periods beginning on or after 1 June 2020 and must be applied retrospectively. Early application is permitted in the compilation of financial statements that had not yet been approved on 28 May 2020. The standard introduces a practical expedient from the application of the requirements of IFRS 16 when accounting for lease modifications as the direct result of the COVID-19 pandemic.

The amendments allow lessees to apply practical expedients, such that lease modifications that are the direct result of the pandemic need not be accounted for in the same manner as other changes covered by IFRS 16, provided that all of the following conditions are met:

- the result of a change in lease payments is a change in consideration for a lease that is almost equal to or less than the consideration for a lease immediately prior to that change;
- every reduction in lease payments only affects payments that would originally fall due on or before 30 June 2021; and
- there is no material change in other lease conditions.

The amendments to the standards had no material impact on the Company's financial statements.

#### New standards and interpretations not yet approved by the EU

##### *IFRS 17 Insurance Contracts*

The standard applies to annual periods beginning on or after 1 January 2021. Early application is permitted, provided that a company also reports in accordance with IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments. In March 2020, the International Accounting Standards Board postponed application of the standard until 2023. IFRS 17 Insurance Contracts establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, and the application of similar principles for reinsurance contracts and investment

contracts with discretionary participation features. The purpose of the standard is to ensure that insurance companies include relevant information that faithfully represents those contracts. This information serves as a basis for the users of financial statements to assess the effect that insurance contracts covered by IFRS 17 have on a company's financial position, financial performance and cash flows.

The Company does not expect the standard to have an impact on its financial statements..

#### ***IFRS 17 Insurance Contracts (amendments)***

The amendments to IFRS 17 are effective for annual periods beginning on or after 1 January 2023 and must be applied retrospectively. Early application of the amendments is permitted. The purpose of the amendments is to make it easier for companies to apply IFRS 17, as they simplify certain requirements of the standard and reduce the associated costs incurred by companies, facilitate the explanation of their financial performance and simplify the transition to the new standard, with the deferral of the effective date until 2023, while introducing an additional expedient in the initial application of IFRS 17.

The Company does not expect the amendments to the standard to have an impact on its financial statements.

#### ***IFRS 17 Insurance Contracts – Initial Application of IFRS 17 and IFRS 9 – Comparative Information (amendments)***

The amendments are effective for annual periods beginning on or after 1 January 2023. Early application of the amendments to IFRS 17 is permitted. For insurance companies applying IFRS 17 and IFRS 9 for the first time, the amendments provide a transition option based on the 'classification overlay' of comparative information regarding financial assets. Insurance companies that apply classification overlay must present comparative information in the same way that they would for the classification of financial assets according to the classification and measures requirements set out in IFRS 9. Insurance companies are likewise not required to follow the impairment requirements set out in IFRS 9 when applying classification overlay to financial assets. The purpose of the amendments is to prevent temporary accounting mismatches between financial assets and liabilities from insurance contracts, and thus improve the usefulness of comparative information intended for the users of the financial statements. The EU has not yet approved the amendments.

The Company does not expect the amendments to the standard to have an impact on its financial statements.

#### ***Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture***

The amendments address discrepancies between the requirements of IFRS 10 and IAS 28 in the treatment of sales or contributions of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a company must recognise the full amount of gains or losses when a transaction includes a business (regardless of whether the business is housed in a subsidiary or not). For transactions involving assets that a company does not use in a business, only a partial gain or loss is recognised when assets are housed in a subsidiary. In December 2015, the International Accounting Standards Board deferred the effective date of the standard indefinitely while it waits for the results of the research project on the accounting of assets under the equity method. The EU has not yet approved the amendments.

The Company is still reviewing the impact of the amendments to the standards and will apply those amendments when they become effective.

#### ***IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current (amendments)***

The amendments are initially effective for annual periods beginning on or after 1 January 2022. Early application of the amendments is permitted. In response to the COVID-19 pandemic, the IASB deferred the effective date for one year, i.e. until 1 January 2023, to give companies sufficient time to implement potential changes in the classification of liabilities. The amendments offer companies assistance in deciding whether debt and other liabilities with an uncertain settlement date should be classified as current or non-current liabilities in the statement of financial position, and thus ensure greater consistency in compliance with requirements. The amendments affect the presentation of liabilities in the statement of financial position, but do not change existing requirements in connection with the measurement or timing of the recognition of assets, liabilities, long term income or expenses, or the information that a company discloses in those items. The amendments also clarify requirements in connection with the classification of debt that a company could settle through the issue of equity instruments.

In November 2021, the International Accounting Standards Board published an exposure draft (ED) which explains how companies must treat liabilities subject to conditions that must be met after the reporting period.

The International Accounting Standards Board proposes a very limited scope of amendments to IAS 1 that actually replace the amendments published in 2020, which require companies to classify as current those liabilities subject to conditions that must be met within twelve months after the reporting period, if they are not met at the end of the reporting period.

Instead, the proposed amendments require of companies separate presentation and additional disclosures of all non-current liabilities subject to conditions that must be met in the twelve months after the reporting period, if they are not met at the end of the reporting period.

The amendments are effective for annual periods beginning on or after 1 January 2024 and must be applied retrospectively in accordance with IAS 8. Early application of the amendments is permitted. The International Accounting Standards Board also proposed the deferral of the effective date of the 2020 amendments, meaning that companies are not obliged to change their existing practices prior to the effective date of the proposed amendments. The EU has not yet approved the amendments and drafts for public consultation.

The Company is still reviewing the impact of the amendments to the standards and will apply those amendments when they become effective.

### *IFRS 3 Business Combinations IAS 16 Property, Plant and Equipment IAS 37 Provisions, Contingent Liabilities and Contingent Assets, and annual improvements 2018–2020 cycle (amendments)*

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application of the amendments is permitted. The IASB published the following limited amendments to the IFRS:

- The **amendments to IFRS 3 Business Combinations** update the reference in IFRS 3 to the Conceptual Framework for financial reporting, but do not change requirements regarding accounting for business combinations.
- **IAS 16 Property, Plant and Equipment (amendments):** The amendments prohibit companies from deducting from the costs of property, plant and equipment proceeds from the sale of items produced while preparing items of property, plant and equipment for their intended use, and require the recognition of proceeds from a sale and thus the associated costs in profit or loss.
- **IAS 37 Provisions, Contingent Liabilities and Contingent Assets (amendments):** The amendments set out the costs that companies take into account when defining the costs of the fulfilment of a contract for the purpose of determining whether a contract is onerous.
- **Annual improvements 2018–2020 cycle** bring certain minor amendments to IFRS 1 First-time Adoption of the International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and Illustrative Examples accompanying IFRS 16 Leases.

The Company is still reviewing the impact of the amendments to the standards and will apply those amendments when they become effective.

### *IFRS 16 Leases – COVID-19-Related Rent Concessions beyond 30 June 2021 (amendments)*

The amendments to the standard are effective for annual periods beginning on or after 1 April 2021. Early application is permitted, even in financial statements that were not approved for publication on the day the amendments were published. In March 2021, the International Accounting Standards Board amended the conditions for the application of the practical expedient set out in IFRS 16, which provides lessees an exemption from the treatment of lease modifications that are the direct result of the COVID-19 pandemic in accordance with IFRS 16. Companies may only apply the practical expedient in accounting for lease modifications for reductions in lease payments which affect payments that would originally fall due on or before 30 June 2022, and provided that all conditions for the application of the practical expedient have been met.

The Company is still reviewing the impact of the amendments to the standards and will apply those amendments when they become effective.

### *IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies (amendments)*

The amendments are effective for annual periods beginning on or after 1 January 2023. Early application of the amendments is permitted. The amendments define guidelines for assessing materiality in the disclosure of accounting policies. The amendments to IAS 1 replace the requirement for the disclosure of 'significant' accounting policies with a requirement for the disclosure of 'material' accounting policies. They also include a practice statement and illustrative examples as assistance in the application of the concept of materiality when making judgements regarding the disclosure of accounting policies. The EU has not yet approved the amendments.

The Company is still reviewing the impact of the amendments to the standards and will apply those amendments when they become effective.

### *IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (amendments)*

The amendments to the standard are effective for annual periods beginning on or after 1 January 2023. Early application of the amendments is permitted. The amendments address changes in accounting policies and accounting estimates at the start of the aforementioned period or thereafter, and define accounting estimates as monetary amounts in the financial statements that are accompanied by uncertainty in terms of their measurement. The amendments also clarify the concept of changes in accounting estimates, and how they differ from changes in accounting policies and the

correction of errors. The EU has not yet approved the amendments.

The Company is still reviewing the impact of the amendments to the standards and will apply those amendments when they become effective.

#### ***IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (amendments)***

The amendments are effective for annual periods beginning on or after 1 January 2023. Early application of the amendments is permitted. In May 2021, the International Accounting Standards Board published amendments to IAS 12, through which it limited the application of the exception for initial recognition under IAS 12 and defined how companies must account for deferred tax from certain transactions, such as leases and liabilities in connection with decommissioning. In accordance with the amendments, the exception does not apply for transactions that give rise to equal taxable and deductible temporary differences upon initial recognition. The exception only applies if an asset under lease and the associated liability (or a liability in connection with the decommissioning of the asset) do not give rise to equal taxable and deductible temporary differences upon initial recognition. The EU has not yet approved the amendments.

The Company is still reviewing the impact of the amendments to the standards and will apply those amendments when they become effective.

### **A. FOREIGN CURRENCY**

#### **Transactions in foreign currencies**

All transactions in foreign currencies are translated to euros (i.e. the Company's functional currency) upon initial recognition at the daily exchange rate between the functional currency and foreign currency on the transaction date. The reference exchange rate of the European Central Bank (ECB) is applied.

On the statement of financial position date:

- monetary items expressed in foreign currencies are translated at the final exchange rate for the year;
- non-monetary items denominated in a foreign currency and measured at cost are translated at the exchange rate on the transaction date; and
- non-monetary items denominated in a foreign currency and measured at fair value are translated at the exchange rates on the day fair value was determined.

The Company recognises exchange rate differences arising in the settlement of monetary items or in the translation of monetary items at exchange rates other than those at which they were translated upon initial recognition during the period in question or at which they were presented in previous financial statements in profit or loss (as income or expenses) in the period in which they arise.

### **B. FINANCIAL ASSETS**

The Company initially recognises financial assets at fair value, except investments in subsidiaries and an associate, which it recognises at cost, and trade receivables, which it recognises at the transaction price.

The Company recognises ordinary purchases and sales of financial assets on the transaction date, i.e. the date on which it undertakes to purchase or sell an asset. Any gain or loss resulting from the disposal of financial assets is also recognised on that date.

Cash and cash equivalents comprise sight deposits and cash in hand. Cash equivalents are short-term, readily redeemable investments that can be immediately converted into a specific amount of cash, where the risk of a change in value is negligible. The Company defines short-term call deposits as such. The Company's statement of cash flows presents changes in inflows and outflows of cash and cash equivalents during the accounting period, using the indirect method, and explains changes in the balance thereof. The statement of cash flows was prepared using data from the Company's income statement for 2021, items from its statements of financial position as at 31 December 2021 and 31 December 2020, and additional data.

The Company values investments in shares and participating interests in subsidiaries and an associate at cost. Dividend income and income from other shares in profit are recognised in the income statement on the day a shareholder's or owner's right to payment was exercised. Gains and losses from such assets are recognised in the income statement.

The Company classifies other financial assets to the categories presented in the table below based on the business model used to manage financial assets, and on the contractual cash flow characteristics of financial assets.

## CLASSIFICATION OF FINANCIAL ASSETS BASED ON THE COMPANY'S BUSINESS MODEL USED TO MANAGE FINANCIAL ASSETS AND ON THE CONTRACTUAL CASH FLOW CHARACTERISTICS OF FINANCIAL ASSETS

Group of financial assets	Financial asset
Financial assets measured at amortised cost	Trade receivables, including receivables from leasing and other operating receivables, contract assets,* loans and deposits.
Financial assets measured at fair value through other comprehensive income	Equity instruments not held for trading, for which the Group makes an irrevocable decision at initial recognition to measure those instruments at fair value through other comprehensive income.
Financial assets measured at fair value through profit or loss	Equity instruments for which the Company does not make a decision at initial recognition to measure those instruments at fair value through other comprehensive income.

\* Contract assets represent the Company's right to consideration for the exchange of goods or services that it has transferred to its customers (current accrued income). They also comprise receivables from uncharged customs and other duties that arise in customs clearance procedures that are charged to customers and treated as suspense items.

Significant characteristics of the financial assets stated in the above table:

### 1. Financial assets measured at amortised cost

The Company measures financial assets upon initial recognition at amortised cost if they meet both of the following conditions:

- the financial asset is held within the framework of a business model whose objective is achieved by collecting contractual cash flows; and
- the contractual terms of the financial asset give rise to cash flows, on certain dates, that are exclusively payments of principal and interest on the outstanding amount of principal.

The Company calculates interest income from the aforementioned assets using the effective interest rate method and recognises it in profit or loss.

### 2. Financial assets measured at fair value through other comprehensive income

Interest and exchange rate differences associated with these assets are recognised in the income statement, while other gains and losses are recognised in other comprehensive income. When an asset is derecognised, gains and losses recognised in other comprehensive income (revaluation surplus) are transferred to retained earnings.

### 3. Financial assets measured at fair value through profit or loss

The Company measures financial assets that it does not measure at amortised cost and that are not investments in subsidiaries and an associate at fair value through profit or loss. Gains and losses are recognised in the income statement.

## C. FINANCIAL LIABILITIES

A financial liability is any liability that is a contractual obligation:

- to deliver to another company cash or some other financial asset (e.g. trade payables, liabilities from loans received, etc.); or
- to exchange financial assets or financial liabilities with another company under conditions that are potentially unfavourable to the Company.

The Company recognises financial liabilities on the day they arise. Financial liabilities are initially recognised on the transaction date, i.e. when the Company becomes a contractual party in connection with the instrument in question. The Company derecognises a financial liability when the commitments stipulated in the contract have been discharged, have been cancelled or have expired. Upon initial recognition, it measures financial liabilities at fair value, including transactions costs. Following initial recognition, derivative financial liabilities are measured at amortised cost using the effective interest rate method.

### Liabilities from contracts with customers

Liabilities from contracts with customers represent an obligation to transfer goods or services to a customer for which consideration was received from the customer (liabilities for advances received).

## D. EQUITY

### Share capital

The Company's share capital is defined in nominal terms in its Articles of Association, registered with the court and paid up by its owners.

### Share premium account

The Company's share premium account comprises amounts from the simple reduction of its share capital. The share premium account may be used under the conditions and for the purposes set out by law.

### Legal reserves

Legal reserves comprise amounts retained from profits generated in previous years, and are primarily earmarked for the settlement of potential future losses.

### Treasury shares

Treasury shares are disclosed in profit reserves (as a deduction item). Reserves for treasury shares are created in the amounts paid for the acquisition of those shares.

### Fair value reserves

Fair value reserves comprise the effects of the revaluation surplus in connection with land, and actuarial losses in connection with provisions for post-employment and other non-current employee benefits. All components of the fair value reserve were reduced for the amount of deferred taxes.

### Liabilities for dividends and other shares in profit

Liabilities for dividends and other shares in profit are recognised on the day the right to payment is exercised by a shareholder or owner.

## E. PROPERTY, PLANT AND EQUIPMENT

The Company initially recognises property, plant and equipment at cost, which includes amounts directly related to the purchase of an asset, as well as capitalised borrowing costs. Following the initial recognition of property, plant and equipment, the Company measures buildings and equipment using the cost model, while a revaluation model is used for land. According to the cost model, property, plant and equipment are disclosed at cost, less accumulated depreciation and any accumulated impairment loss. According to the applied revaluation model, land is disclosed at fair value on the revaluation date, less accumulated impairment loss. The Company revalues land every five years or more frequently if indications of impairment point to a significant deviation in fair value.

An increase in the carrying amount of land as a result of revaluation is recognised directly in equity as a revaluation surplus in the statement of comprehensive income. A decrease in the carrying amount of land as a result of revaluation reduces the revaluation surplus for that land. If the decrease in the carrying amount exceeds the accumulated revaluation surplus for the same asset, the difference in the decrease is transferred to profit or loss as an expense. The revaluation surplus for land, which constitutes an integral part of equity, is transferred directly to retained earnings when the asset in question is derecognised.

### Accounting for borrowing costs

The Company treats borrowing costs that may be directly attributed to the acquisition, construction or manufacture of an asset under construction as part of the cost of that asset. Borrowing costs comprise interest expense and exchange rate differences arising from loans in a foreign currency, if they are treated as a recalculation of interest expense. Other borrowing costs are recognised in the income statement as an expense in the period in which they arise.

### Subsequent costs

The cost of replacing some part of an item of property, plant and equipment is recognised in the carrying amount of the asset in question if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. All other costs are recognised in profit or loss as expenses as they arise.

### Depreciation

Depreciation is charged on a straight-line basis over the useful life of each individual item of property, plant and equipment. That method most precisely reflects the expected pattern of use of an asset. The estimated useful lives for the current and comparative periods are as follows:

	Current period	Comparative period
Buildings	30–68 years	30–68 years
Computer equipment	2–4 years	2–4 years
Other plant and equipment	2–10 years	2–10 years

Once a year, the Company reviews the appropriateness of the depreciation method and useful lives, and adjusts them as necessary.

## F. INTANGIBLE ASSETS

Intangible assets comprise investments in industrial property rights (concessions, patents, licences, brands and similar rights) and other rights, and other intangible assets. The period and method of amortisation of intangible assets with a finite useful life are reviewed, at a minimum, at the end of each financial year. Following initial recognition, the Company measures intangible assets using the cost model, i.e. at cost less accumulated amortisation and any accumulated impairment loss.

### Subsequent costs

Subsequent costs in connection with intangible assets are capitalised if they increase the future economic benefits embodied in the asset to which the costs relate. All other costs are recognised in profit or loss as expenses as they arise.

### Amortisation

Amortisation is charged on the cost of an asset, and is recognised in profit or loss on a straight-line basis over the useful lives of intangible assets, from the date that they are available for use. That method is the most precise reflection of the expected pattern of use of the future economic benefits embodied in an asset.

The estimated useful lives for the current and comparative years are 3, 5, 10, 15 and 23 years. The Company verifies amortisation methods, useful lives and residual values at the end of each financial year and adjusts them as required.

## G. INVESTMENT PROPERTY

Investment property comprises real estate purchased to generate rental income, to increase the value of non-current assets, or both. An assessment is required to determine whether real estate is deemed investment property. When assessing whether real estate is deemed investment property, the Company defines criteria for the classification of real estate or parts of real estate to investment property, such that all real estate that is the subject of a long-term lease (more than one year) or a lease for an indefinite period is reclassified to investment property if the leased portion of real estate represents more than 10% and less than 90% of the total area of the real estate. If the leased part of real estate represents 90% or more of the total area, the entire real estate is reclassified to investment property; if that part represents 10% or less of the total area of the real estate, that real estate remains classified under fixed assets as real estate used by the owner, except the portion of land that belongs to a building, which is classified to investment property and treated as such. Real estate that is the subject of a short-term lease (less than one year in duration) or is not the subject of a lease (not used) remains classified under fixed assets as property used by the owner.

Following initial recognition, the Company discloses investment property using the cost model, i.e. at cost less accumulated depreciation and any accumulated impairment loss. Revalued investment property (land) is transferred from property, plant and equipment at the carrying amount on the transfer date, while the associated revaluation surplus remains in equity and is transferred to retained earnings upon disposal. The same useful lives used for real estate classified as property, plant and equipment are applied to investment property.

## H. LEASES

### Company as lessee of assets

The Company has different property (land and business premises) and equipment under lease. When entering into a contract, it assesses whether it is a lease contract or whether it contains a lease. A contract is a lease contract or contains



a lease if it conveys the right to control of an identified asset for a period of time in exchange for consideration. The Company defines the lease term based on the period in which a lease cannot be terminated, taking into account the period covered by an extension option and the period covered by a termination option.

#### LEASE TERM FOR THE CURRENT AND COMPARATIVE PERIODS:

	Current period	Comparative period
Right-of-use assets – land	5-6 years	5-6 years
Right-of-use assets – buildings	1-6 years	1-6 years
Right-of-use assets – equipment	1-5 years	1-5 years

The Company uses a standard approach for recognising and measuring all leases, except short-term leases (leases of up to one year) and low-value leases (with a value of less than EUR 5 thousand). The Company recognises lease payments in connection with short-term and low-value leases as costs in the period to which a lease relates using the straight-line method over the entire lease term. For all other leases, the Company recognises a right-of-use asset and a lease liability for leased assets.

The Company recognises a right-of-use asset at the commencement of a lease. The cost of right-of-use assets in connection with leases comprises the amount of the initially measured lease liability, initial direct costs and lease payments that were made at or prior to the commencement of a lease, less lease incentives.

Right-of-use assets in connection with leases are measured at historical cost less value adjustments and impairment losses, with an adjustment to cost at each remeasurement of lease liabilities. The Company impairs assets under lease in the same manner as property, plant and equipment.

Liabilities for leased assets are recognised at the present value of remaining lease payments over the entire lease term. Lease payments are discounted at the interest rate implicit in a lease if that rate can be determined, otherwise the Company applies the incremental borrowing rate that it would have to pay if it acquired an asset with a similar value as a right-of-use asset for a similar period, based on a similar guarantee in a similar economic environment. Following the commencement of a lease, the amount of lease liabilities is increased for lease-related interest and reduced for all lease payments, while the value of a lease is adjusted upon reassessment or a change in a lease.

At the commencement of a lease, lease liabilities are equal to the value of the associated right-of-use asset and are reduced for payments, while the value of the right-of-use asset is reduced by depreciation charged over the lease term. Depreciation rates are set taking into account the lease term. Interest incurred is charged to finance costs in the period in question. The Company applies the exemption for short-term leases, i.e. leases where the lease term is 12 months or less. It also applies the exemption for leases of low-value assets. The Company recognises lease payments on a straight-line basis over the lease term for short-term and low-value leases.

Due to the situation caused by the COVID-19 pandemic, the Company applies the practical solution not to assess whether an adjustment to lease payments that meet the conditions given below is a change in a lease. Those conditions are:

- the result of a change in lease payments is a change in consideration for a lease that is almost equal to or less than the consideration for a lease immediately prior to that change;
- the reduction in lease payments only affects payments that would originally fall due on or before 30 June 2021 (i.e. an adjustment to lease payments would meet this condition if it caused a reduction in lease payments on or before 30 June 2021 and an increase in lease payments after 30 June 2021); and
- there is no material change in other lease conditions.

In this case, the Company does not treat a change in lease payments as a change to an existing lease, but instead recognises it in the income statement.

In sale and leaseback transactions in which it acts as seller, i.e. lessee, the Company measures a right-of-use asset proportionately with that part of the previous carrying amount of the right-of-use asset that it has kept. Accordingly, it only recognises the amount of gains or losses that relate to the rights that were transferred by the buyer, i.e. lessor.

#### Company as lessor of assets

As lessor, the Company recognises lease payments from operating leases as revenues on a straight-line basis over the lease term. The Company discloses assets that it leases in the statement of financial position with regard to the nature of an asset that is the subject of a lease.



## I. INVENTORIES

Inventories of material are valued at cost, which comprises the purchase price, import duties and the direct costs of procurement. The purchase price is reduced by any discounts received. The weighted average price method is applied in the use of materials.

## J. IMPAIRMENT OF ASSETS

### 1. Impairment of financial assets

#### Impairment of investments in subsidiaries

At the end of every financial year, the Company assesses whether there are any indications that an investment may be impaired. If such indications exist, it estimates the recoverable amount of investments in subsidiaries. The recoverable amount of an asset is the greater of its fair value less disposal costs, or its value in use.

If the carrying amount of a financial asset exceeds the recoverable amount, an investment in a subsidiary must be impaired. The discounted cash flow model cannot be used to calculate the recoverable amount for companies with suspended operations. An estimate derived from other bases (e.g. an estimate of the net value of assets) is thus used.

The Company reverses impairment losses of investments in subsidiaries when reasons no longer exist for their impairment by crediting finance income in the partial or full amount of impairment, depending on the assessment of the reversal of impairment associated with those investments.

#### Impairment of operating receivables

The Company impairs operating receivables for expected credit losses over the life of those assets. Impairment losses on trade receivables and other operating receivables (including the reversal of impairment losses) are disclosed in the income statement in the item 'loss due to the impairment of receivables'.

The Company impairs trade receivables (including receivables from leases) that are not subject to legal actions, enforcement or bankruptcy proceedings, registered in compulsory composition proceedings prior to publication of confirmation thereof or in recovery proceedings via specialised institutions, or are not deemed doubtful based on other objective reasons, by creating a value adjustment using impairment percentages with regard to the age of the receivables.

When measuring expected credit losses associated with such assets, the Company applies a simplified approach using a 'provision matrix' that is based on past experiences regarding written-off receivables and estimates for the future.

The Group impairs receivables that are subject to legal actions, enforcement or bankruptcy proceedings, registered in compulsory composition proceedings prior to publication of confirmation thereof or in recovery proceedings via specialised institutions, or that are deemed doubtful based on other objective reasons, in 100% of their value, except where the law permits a reduction in liabilities for calculated and unpaid value added tax. Impairments are reduced for that amount.

The Company impairs receivables for interest on loans granted and deposits placed when it impairs loans and deposits. It does not impair other operating receivables until they are more than 30 days past due, depending on the composition of and past experience with those receivables. After that time, the Company individually assesses the probability of future cash flows from such receivables and impairs them accordingly.

#### Impairment of loans granted and deposits

The Company impairs loans granted and deposits based on the management's assessment of their bad debt. In accordance with IFRS 9, the Company transitioned from the incurred loss model to the expected loss model, according to which the Company recognises both incurred losses and losses that it expects to incur in the future.

When assessing the impairment of loans granted, the Company assesses evidence of impairment for each loan separately. If it assesses that the carrying amount of a loan exceeds its fair value (i.e. its realisable value), the Group impairs that loan. The assessment of impairment is based on expected credit losses in connection with the probability of loan default over the next 12 months, unless credit risk has risen significantly since initial recognition. In such cases, the assessment of impairment is based on the probability of default over the entire life of the financial asset in question.

Expected credit losses comprise the difference between contractual cash flows that have fallen due according to the relevant contract and all cash flows that the Group expects to receive. Expected cash flows will also include cash flows from the sale of a collateralised asset.

Impairment losses for expected credit losses are assessed in two steps. For credit exposures for which there has been no significant increase in credit risk since initial recognition, impairments for expected credit losses are recognised for credit losses resulting from potential defaults over the next 12 months. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, the Company recognises an adjustment for losses that it expects over the remaining life of an exposure, regardless of the default period. The Company deems obligations in connection with a financial asset not to be fulfilled when contractual payments are 90 days past due. In certain cases, the Company may deem credit risk to have increased, even when it is probable, based on the relevant information, that it will not receive unpaid contractual amounts in full.

The Company recognises the write-off of a financial asset when it justifiably expects that it will not collect contractual cash flows. Impairment losses on these assets are disclosed in the income statement in the item 'other finance costs'.

## 2. Impairment of financial assets

The Company reviews the carrying amount of property, plant and equipment, investment property and intangible assets at each reporting date to determine whether there are any indications of impairment. If such indications exist, the recoverable amount of an asset is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use or its fair value less selling costs. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to an asset. For impairment testing, assets that cannot be tested individually are grouped into the smallest possible groups of assets that generate cash flows from continued use and that are largely independent of cash generated by other assets or groups of assets (cash-generating unit).

The Company recognises the impairment of an asset or a cash-generating unit when its carrying amount exceeds its recoverable amount. That impairment is disclosed as an expense in the income statement.

The Company reverses an impairment loss to the extent that the asset's increased carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised in previous years.

## K. NON-CURRENT ASSETS HELD FOR SALE

Non-current assets or a disposal group comprising assets (applicable to investment property, intangible assets and non-current financial assets within non-current assets, and only applicable to land and buildings within property, plant and equipment on grounds of materiality) whose carrying amount is reasonably expected to be settled primarily through sale and not through further use are classified as assets held for sale, with that sale envisaged within the next twelve months, at the latest.

A sale is highly likely when the entire plan and programme to find a buyer are activated. An asset must also be actively marketed and efforts made to achieve a price that corresponds to its current fair value. An asset is remeasured immediately before its classification to assets held for sale. Accordingly, a non-current asset (or disposal group) is recognised at the lower of its carrying amount or fair value, less costs to sell.

The period for completion of a sale may be extended to more than one year due to special events and circumstances that are beyond the control of the Company and if there is sufficient evidence that the Company is consistently pursuing its plans to dispose of the asset.

If an asset held for sale no longer meets the criteria for classification to the aforementioned category, it must be reclassified to another appropriate asset category, i.e. the category to which it was classified before being classified as an asset held for sale.

## L. EMPLOYEE BENEFITS

### Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis, and are disclosed as expenses as the service of the employee is provided in respect of the specific short-term benefit.

## M. PROVISIONS

Provisions are recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Amounts recognised as provisions represent the best estimate of expenditure required for settlement as at the balance-sheet date. In assessing the best estimate of provisions, risks and uncertainties associated with numerous events and circumstances are also considered. Where the effect of the time value of money is material, the amount of provisions represents the present value of expenditure expected to be required to settle an obligation.

Provisions are recognised by accruing the corresponding costs or expenses, and are reduced directly over time by the costs and/or expenses that they were created to cover, except actuarial gains and losses from termination benefits at retirement due to changes in actuarial assumptions and experiential restatements that are recognised in the revaluation surplus and transferred to retained earnings in the proportionate amount when they are used. That amount is calculated using the ratio between provisions used during the year and the balance of provisions before use.

Provisions are derecognised when the contingencies for which they were created no longer apply, or when they are no longer required. Revenues are recognised when provisions created by accruing the corresponding costs or expenses are derecognised. Provisions are adjusted at the end of the accounting period so that their value is equal to the present value of the expenditure expected to be required to settle the obligation in question.

### Provisions for termination benefits and employee anniversary bonuses

In accordance with the applicable legislation, the collective agreement and internal rules, the Company is obliged to pay employee anniversary bonuses to employees and termination benefits upon retirement. Non-current provisions are created for these purposes. No other pension obligations exist.

The aforementioned provisions are created in the amount of the estimated future payments for termination benefits and employee anniversary bonuses, discounted as at the date of the actuarial calculation.

Interest expense and any increase during the current year are recognised in the income statement as labour costs, while interest is disclosed as a finance cost. Actuarial gains and losses from employee anniversary bonuses are recognised in the income statement as labour costs, while actuarial gains and losses from termination benefits upon retirement are recognised in other comprehensive income in the revaluation surplus and transferred to retained earnings in the proportionate amount when they are used. That amount is calculated using the ratio between provisions used during the year and the balance of provisions before use. Provisions are used in an amount equal to the actual costs incurred for accrued termination benefits upon retirement and employee anniversary bonuses.

### Non-current deferred income

The Company classifies donations received for the acquisition of property, plant and equipment or for covering specific costs to non-current deferred income. It is earmarked to cover the costs of the depreciation of the aforementioned assets or to cover certain costs, and is used by way of a transfer to operating income in the amount of the depreciation of those assets. Deferred income that will cover projected expenses over a period of more than one year is disclosed under non-current deferred income.

## N. REVENUES FROM SERVICES RENDERED

Contracts with customers are only accounted for when the relevant conditions have been met. When approving contracts with customers, the consideration that is expected in exchange for goods or services transferred to them is assessed. Consideration received represents the transaction price. The transaction price represents the fixed agreed consideration in exchange for promised goods and/or the provision of services to a customer.

Revenues from services rendered are recognised by the Company in the income statement taking into account

the stage of completion of a transaction at the end of the reporting period or when performance obligations are fulfilled. The stage of completion is assessed on the basis of a review of costs incurred (review of work performed – measurement of the progress of a transaction).

Revenues from services rendered are measured at the transaction prices of completed services stated in invoices (fulfilment of performance obligations at a given moment) or other documents, or at the prices of incomplete services taking into account the stage of completion thereof (performance obligations are fulfilled over time).

In cases when a particular transaction (performance obligation) is not completed (fulfilled) as at the balance-sheet date, the Company believes that no reliable assessment can be made regarding the outcome of such a transaction, but that the progress of that transaction can be reasonably measured. Thus, the Company only recognises income up to the amount of direct costs incurred, and for which it can be expected that they will be covered (contribution method).

Amounts collected on behalf of third parties, such as charged value-added tax and other levies (e.g. customs duties) are excluded from sales revenue.

#### FULFILMENT OF PERFORMANCE OBLIGATIONS

Business line	Nature of and time required to fulfil performance obligations to customers	Payment terms
<b>LAND TRANSPORT LOGISTICS SERVICES INTERCONTINENTAL TRANSPORT OTHER SERVICES</b>	<p>A customer sends an order for the execution of forwarding transactions. The order must include all essential data for the correct and timely execution thereof. A transaction is deemed completed when all activities under an order have been implemented. An order may contain different services. A transaction is deemed completed:</p> <ul style="list-style-type: none"> <li>• for services in connection with organising the transport of goods: when transport is completed (i.e. the goods are received or delivered);</li> <li>• for customs clearance transactions: when goods are released to the declaring party</li> <li>• for the warehousing of goods: when goods are placed in or removed from a warehouse, or other warehouse work is performed (e.g. palletting and labelling); and</li> <li>• for other transactions: when the agreed service is rendered. An invoice is issued to the customer after a service has been rendered.</li> </ul>	<p>In general, a customer must pay for our services and associated costs before a service is rendered (advance). Taking into account a customer's credit rating, past experience with a customer and commercial agreements, an invoice for services is payable within 30 days following the rendering thereof.</p>

#### State aid

We distinguish between state aid in connection with assets and state aid in connection with revenues.

- State aid in connection with assets, including non-monetary support at fair value, is disclosed in the statement of financial position as deferred income and is consistently transferred to the income statement as revenues over the useful life of the asset in question. The Company discloses deferred income that will cover projected expenses over a period of more than one year under non-current deferred income..
- State aid in connection with revenues comprises state aid in connection with the reimbursement of wage compensation for employees, the exemption of the payment of social security contributions, etc. The Company recognises state aid in connection with revenues in other operating revenues and not as a reduction in associated costs. It is recognised as revenues in the periods in which the costs that such state aid is earmarked to cover are incurred. State aid is recognised when there is reasonable assurance that the Company will fulfil the conditions to receive such aid and that it will, in fact, receive it. If there is uncertainty in connection with the eligibility to receive state aid (i.e. the possibility exists that the aid must be returned in the event of failure to fulfil certain conditions), the amount of state aid received is disclosed as deferred income until the fulfilment/non-fulfilment of conditions.

## O. COSTS – EXPENSES

The Company recognises costs as expenses in the period in which they arise.

## P. FINANCE INCOME AND FINANCE COSTS

Finance income primarily comprises interest income from investments, income from dividends and other shares in profit, income from the disposal of financial assets measured at fair value through profit or loss, positive exchange

rate differences and income from the reversal of the impairment of financial assets. Interest income is recognised as it accrues, using the effective interest method. Dividend income and income from other shares in profit are recognised in the income statement on the day a shareholder's or owner's right to payment was exercised.

Finance costs primarily comprise interest expense and other borrowing costs (unless capitalised), interest on leases, and negative exchange rate differences and impairment losses on financial assets. Borrowing costs are recognised in the income statement in the period in which they arise using the effective interest method.

## Q. CORPORATE INCOME TAX

Corporate income tax comprises current taxes and deferred taxes. Corporate income tax is disclosed in the income statement, except to the extent that it relates to items disclosed directly in equity, in which case it is disclosed in other comprehensive income.

Current tax is assessed in accordance with the applicable tax legislation as at the reporting date. The financial year is the same as the calendar year, which in turn is the same as the fiscal year.

Deferred tax is disclosed taking into account temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax reporting purposes.

A deferred tax liability is disclosed in the amount that is expected to be paid when the temporary differences are reversed, based on the laws in force at the end of the reporting period.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deferred tax asset can be utilised.

## R. NET EARNINGS PER SHARE

The Company discloses basic earnings per share and diluted earnings per share for its ordinary shares. Basic earnings per share are calculated by dividing the profit or loss pertaining to ordinary shareholders during the financial year with the weighted average number of ordinary shares (excluding treasury shares).

Diluted earnings per share are calculated by adjusting the profit or loss pertaining to ordinary shareholders and the weighted average number of ordinary shares during the financial year for the effect of all dilutive potential ordinary shares. The Company does not hold dilutive potential shares. Basic earnings per share and diluted earnings per share are thus equal.

### 4.2.3.1 Determination of fair value

Taking into account the Group's accounting policies, the determination of the fair value of both financial and non-financial assets and liabilities is required in a number of cases. The Company determined the fair values of individual groups of assets for measurement and/or reporting purposes based on the methods described below. Where necessary, further clarifications regarding assumptions used to determine fair values are disclosed in the notes specific to that asset or liability.

#### Land

Following recognition, the Company measures land at a revalued amount equal to the fair value on the revaluation date (i.e. the price that would be received when selling an asset or paid when transferring a liability in an orderly transaction, on the principal (or most advantageous) market, between market participants at the measurement date under current market terms, regardless of whether the price can be directly observed or estimated using another valuation technique). Depending on the circumstances or situation, the fair value of land is measured using one or more valuation techniques. They are the market approach, cost approach and income approach. The Company revalues land every five years or more frequently if indications of impairment point to a significant deviation in fair value. Based on an assessment of the effect of a change in indicators of impairment, the amount by which the fair value of land deviates from its carrying amount is assessed. An appraisal of land is performed for financial reporting purposes in the event of a significant deviation.

### Investments in equities

The fair value of equities valued at fair value is determined taking into account the bid price at the end of the reporting period.

The Company assessed that the carrying amount of current receivables and liabilities was a sufficiently precise approximation of their fair value.

### 4.2.3.2 Financial risk management

The Company is exposed to the following risks in the use of financial instruments:

- credit risk,
- liquidity risk,
- market risk, and
- business risk.

This point discusses the Company's exposure to the individual risks stated above, as well as its objectives, policies and procedures for measuring and managing risks, as well as its management of capital. Other quantitative disclosures are included in Note 31.

The management has adopted risk management guidelines as part of risk management rules. The Company has a Risk Management Committee that is responsible for the development and supervision of risk management policies. Financial risks are a part of the Group's regular reporting on risks that the aforementioned committee regularly reports to the Audit Committee.

#### Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises primarily in connection with the Company's trade receivables.

The Company's exposure to credit risk depends primarily on the characteristics of each customer. However, management also takes into account the demographic structure of customers and the solvency risk associated with the sector and country in which a customer operates, as these factors may affect credit risk, particularly in adverse economic conditions.

The relevant policies require an analysis of the creditworthiness of each major new customer, before the Company offers its standard payment and delivery terms. The Company creates impairment losses that represent its estimated losses from operating and other receivables and investments. The main elements of such a depreciation and impairment are the specific part of the loss relating to individual significant risks and the common part of the loss formed for groups of similar assets due to previously incurred but as yet undefined losses.

#### Liquidity risk

Liquidity risk is the risk that the Company will be unable to settle its financial liabilities using cash or other financial assets.

The Company ensures liquidity by always having sufficient liquid assets to settle liabilities at maturity, under both normal and the most demanding situations, without incurring unacceptable losses or risking damage to its reputation.

The Company primarily provides guarantees for potential customs liabilities that might arise from transit procedures, the verification of origin, and various analyses and/or the control of goods that are required for the performance of operational business activities.

#### Market risk

Market risk is the risk that changes in market prices, such as exchange rates, interest rates and equity instruments, would affect the income of the Company or the value of financial instruments. The objectives of market risk management are to manage and control exposure to market risks within reasonable limits, while optimising returns.

#### Business risk

Business risk is the risk of incurring a direct or indirect loss due to numerous reasons associated with processes at the Company, staff, technology and the infrastructure, and as the result of external factors not related to credit, market and liquidity risks. These include risks arising from legal and regulatory requirements, and generally accepted corporate standards. Business risks derive from the overall operations of the Company. The objective is to manage business risks with the aim of establishing a balance between the avoidance of financial losses and damage to the

Company's reputation and overall cost efficiency, and avoiding such control procedures that would hinder or limit self-initiative and creativity. Primary responsibility for developing and introducing controls for managing business risks is borne by the head of each organisational unit.

A programme of regular internal audits is implemented by the Internal Audit Department, which discusses the results of internal audits with the heads of audited business units, while a summary is submitted to the Company's Management Board and the Audit Committee.

#### 4.2.4 BUSINESS SEGMENTS

A business segment is an integral part of the Group:

- that engages in business activities from which it generates revenues and incurs expenses (including revenues and expenses relating to transactions with other integral parts of the same group);
- whose operating results are reviewed regularly by an employee in a management position, who makes decisions regarding the allocation of resources to a specific segment and who assesses the latter's performance; and
- for which separate financial data are available.

Disclosures by geographic business segment are based on an internal reporting system used by management in the decision-making process.

##### INFORMATION BY GEOGRAPHICAL SEGMENT

(in EUR)	Slovenia		Croatia		Bosnia and Herzegovina		Serbia		Montenegro	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Revenues from external customers	113,860,732	96,233,573	28,028,815	22,516,444	8,240,356	6,728,620	4,791,981	5,278,906	5,822,042	4,812,906
Rental income external customers	4,444,045	4,246,371	1,300,902	1,314,471	170,071	217,374	193,389	218	173,712	171,048
Revenues from transactions with other segments	4,690,794	4,005,882	2,096,993	1,248,579	487,632	473,955	677,739	621,605	75,992	60,675
Rental income from transactions with other segments	29,388	29,364	0	0	0	0	0	0	0	0
Total revenues	123,024,957	104,515,191	31,426,710	25,079,494	8,898,061	7,419,949	5,663,109	5,900,728	6,071,746	5,044,629
Amortisation and depreciation	3,752,823	3,773,083	1,216,769	1,283,276	462,562	422,911	249,626	219,815	397,606	404,498
Operating profit or loss	4,505,935	4,393,778	2,660,266	1,984,984	-388,726	-489,897	-881,561	-775,519	1,105,673	524,471
Interest income	145,039	143,213	8,808	14,343	99	0	1,258	11	78,989	55,464
Interest expense	647,017	764,045	16,951	35,339	12,308	13,142	90,074	60,580	11,550	16,500
Profit or loss from ordinary operations	3,731,652	3,042,695	2,635,940	1,962,638	-402,348	-505,727	-973,772	-851,285	1,172,112	561,805
Recognised results of investment valued according to the equity method	0	0	0	0	0	0	0	0	0	0
Corporate income tax	-24,802	688,513	485,463	239,480	-204	820	-5,892	5,997	105,437	65,661
<b>Net profit or loss</b>	<b>3,756,454</b>	<b>2,354,182</b>	<b>2,150,477</b>	<b>1,723,158</b>	<b>-402,144</b>	<b>-506,547</b>	<b>-967,880</b>	<b>-857,282</b>	<b>1,066,675</b>	<b>496,144</b>

(in EUR)	Ukraine		Other		Total		Restatements (including eliminations)		Group	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Revenues from external customers	2,429,641	3,992,270	7,262,932	5,204,315	170,436,499	150,749,128	-65,337	-23,960	170,371,162	144,743,073
Rental income external customers	0	0	34,045	32,613	6,316,164	5,982,095	0	0	6,316,165	5,982,095
Revenues from transactions with other segments	4,678	0	1,856,928	1,290,750	9,890,757	7,730,810	-9,890,757	-7,701,446	0	0
Rental income from transactions with other segments	0	0	0	0	29,388	29,364	-29,388	-29,364	0	0
Total revenues	2,434,318	3,992,270	9,153,905	6,527,677	186,672,808	163,259,512	-9,985,481	-7,754,770	176,687,326	150,725,168
Amortisation and depreciation	43,685	31,008	331,049	329,416	6,454,119	6,464,007	0	0	6,454,120	6,464,008
Operating profit or loss	-50,369	165,834	387,892	52,284	7,339,111	5,855,934	-29,962	-91,638	7,309,149	5,764,296
Interest income	244	369	1,737	0	236,174	213,400	-105,318	-114,145	130,856	99,255
Interest expense	26,353	35,529	24,541	41,055	828,794	966,190	-105,318	-114,145	723,476	852,045
Profit or loss from ordinary operations	119,260	-342,180	363,335	10,972	6,646,178	3,878,919	630,846	683,801	7,277,026	4,562,722
Recognised results of investment valued according to the equity method	0	0	0	0	0	0	10,627	785	10,627	785
Corporate income tax	14,192	-4,434	39,159	13,038	613,353	1,009,076	0	-14,311	613,356	994,768
<b>Net profit or loss</b>	<b>105,067</b>	<b>-337,747</b>	<b>324,176</b>	<b>-2,066</b>	<b>6,032,825</b>	<b>2,869,843</b>	<b>630,846</b>	<b>698,110</b>	<b>6,663,670</b>	<b>3,567,953</b>

(in EUR)	Slovenia		Croatia		Bosnia and Herzegovina		Serbia		Montenegro	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Assets	176,262,858	173,544,978	54,360,288	50,352,091	13,978,559	13,857,193	10,765,853	10,375,417	18,684,640	18,594,278
Non-current assets	141,641,669	145,090,711	39,020,127	39,114,701	11,510,263	11,732,676	9,287,296	9,167,395	11,119,348	11,314,155
Operating liabilities	17,723,909	15,479,877	6,116,365	4,096,673	1,839,808	1,329,280	1,391,437	1,089,834	581,202	497,478
Financial liabilities	54,846,918	58,687,045	230,083	572,996	228,534	224,051	3,572,931	2,534,855	654,849	723,525
Investments in associate	39,059	39,059	0	0	0	0	0	0	0	0

(in EUR)	Ukraine		Other		Total		Restatements (including eliminations)		Group	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Assets	1,711,287	1,349,053	4,454,909	3,565,621	280,218,392	271,638,632	-50,248,386	-51,194,858	229,970,006	220,443,773
Non-current assets	1,233,523	968,045	1,255,118	1,481,091	215,067,345	218,868,775	-43,178,137	-44,385,047	171,889,208	174,483,726
Operating liabilities	693,524	690,464	1,995,473	1,145,449	30,341,718	24,329,055	-2,358,576	-1,976,830	27,983,142	22,339,514
Financial liabilities	1,370,407	1,203,978	209,317	473,140	61,113,039	64,419,589	-5,691,741	-5,804,293	55,421,298	58,618,317
Investments in associate	0	0	0	0	39,059	39,059	33,099	25,190	72,158	64,249



BREAKDOWN OF SALES REVENUE BY BUSINESS LINE AND COUNTRY

Intereuropa Group (in EUR)	Slovenia		Croatia		Bosnia and Herzegovina	
	2021	2020	2021	2020	2021	2020
<b>Revenues by business line</b>						
Land transport	52,277,269	45,819,641	20,084,323	16,975,909	6,130,149	5,260,239
Logistics solutions	21,685,749	20,484,494	6,033,961	4,566,982	896,987	703,328
Intercontinental transport	43,952,190	33,257,772	4,669,536	2,823,248	1,428,980	567,439
Other services	5,109,749	4,953,284	638,890	713,355	441,945	888,943
<b>Total</b>	<b>123,024,957</b>	<b>104,515,191</b>	<b>31,426,710</b>	<b>25,079,494</b>	<b>8,898,061</b>	<b>7,419,949</b>
<b>Revenues generated by country (with respect to a customer's head office)</b>						
Slovenia	70,437,918	60,150,594	1,364,213	1,087,313	379,033	276,135
Croatia	2,203,949	1,947,505	25,181,114	20,322,002	68,257	71,142
Bosnia and Herzegovina	1,228,562	1,143,141	1,146,403	548,372	6,755,525	5,829,368
Montenegro	384,910	324,675	4,405	6,831	4,018	711
Other countries	48,769,618	40,949,276	3,730,575	3,114,976	1,691,228	1,242,593
<b>Total</b>	<b>123,024,957</b>	<b>104,515,191</b>	<b>31,426,710</b>	<b>25,079,494</b>	<b>8,898,061</b>	<b>7,419,949</b>

Intereuropa Group (in EUR)	Serbia		Montenegro		Ukraine	
	2021	2020	2021	2020	2021	2020
<b>Revenues by business line</b>						
Land transport	2,811,393	2,777,468	3,462,106	2,840,655	2,434,022	3,991,612
Logistics solutions	898,938	534,298	1,187,280	1,002,309	0	0
Intercontinental transport	1,945,288	2,562,909	513,625	390,182	0	0
Other services	7,490	26,053	908,735	811,483	296	658
<b>Total</b>	<b>5,663,109</b>	<b>5,900,728</b>	<b>6,071,746</b>	<b>5,044,629</b>	<b>2,434,318</b>	<b>3,992,270</b>
<b>Revenues generated by country (with respect to a customer's head office)</b>						
Slovenia	594,477	550,005	126,223	137,918	174,998	213,685
Croatia	67,256	47,040	122,715	27,390	0	0
Bosnia and Herzegovina	89,198	62,005	65,811	79,995	0	0
Montenegro	69,501	66,847	4,838,446	4,111,967	0	0
Other countries	4,842,677	5,174,831	918,551	687,359	2,259,320	3,778,585
<b>Total</b>	<b>5,663,109</b>	<b>5,900,728</b>	<b>6,071,746</b>	<b>5,044,629</b>	<b>2,434,318</b>	<b>3,992,270</b>

Intereuropa Group (in EUR)	Other countries		Exclusions		Total	
	2021	2020	2021	2020	2021	2020
<b>Revenues by business line</b>						
Land transport	6,973,789	5,043,299	5,975,883	4,940,223	88,197,168	77,768,600
Logistics solutions	657,371	514,892	126,038	49,500	31,234,248	27,756,803
Intercontinental transport	1,115,816	628,737	2,145,304	1,046,138	51,480,131	39,184,149
Other services	406,929	340,749	1,738,256	1,718,909	5,775,778	6,015,616
<b>Total</b>	<b>9,153,905</b>	<b>6,527,677</b>	<b>9,985,481</b>	<b>7,754,770</b>	<b>176,687,325</b>	<b>150,725,168</b>
<b>Revenues generated by country (with respect to a customer's head office)</b>						
Slovenia	1,008,128	764,686	2,385,457	2,078,764	71,699,533	61,101,572
Croatia	135,747	6,771	1,997,566	1,656,634	25,781,472	20,765,216
Bosnia and Herzegovina	14,571	3,900	2,100,642	1,389,968	7,199,428	6,276,813
Montenegro	9,207	1,410	431,131	367,774	4,879,356	4,144,667
Other countries	7,986,252	5,750,910	3,070,685	2,261,630	67,127,536	58,436,900
<b>Total</b>	<b>9,153,905</b>	<b>6,527,677</b>	<b>9,985,481</b>	<b>7,754,770</b>	<b>176,687,325</b>	<b>150,725,168</b>

Intereuropa, d. d. (in EUR)	2021	2020
<b>Revenues by business line</b>		
Land transport	52,277,272	45,819,640
Logistics solutions	21,685,749	20,484,494
Intercontinental transport	43,458,723	32,887,713
Other services	4,889,898	4,772,180
<b>Total</b>	<b>122,311,642</b>	<b>103,964,027</b>
<b>Revenues generated by country (with respect to a customer's head office)</b>		
Slovenia	70,158,977	59,937,712
Luxembourg	7,273,618	7,101,144
Austria	7,080,039	6,226,590
Germany	5,486,097	4,111,875
Italy	4,005,494	3,732,947
Netherlands	2,999,663	1,947,302
Other countries	25,307,754	20,906,457
<b>Total</b>	<b>122,311,642</b>	<b>103,964,027</b>

The Group and Company do not monitor statement of financial position items by business line.

## 4.2.5 NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1: Sales revenue

(in EUR)	Intereuropa Group		Intereuropa, d. d.	
	2021	2020	2021	2020
Revenues from sales to companies in the Group	0	0	4,882,567	3,970,413
Rental income to companies in the Group	0	0	303,720	135,380
Income from sales to others	170,371,160	144,743,073	112,955,642	95,717,878
Rental income to others	6,316,165	5,982,095	4,169,713	4,140,356
<b>Total</b>	<b>176,687,325</b>	<b>150,725,168</b>	<b>122,311,642</b>	<b>103,964,027</b>

The sales revenue of the Group and Company in 2021 comprised revenues from services rendered.

The Group and Company provide logistics services through three business lines: land transport (groupage, domestic transport, road transport, railway freight and customs clearance services), logistic solutions (warehousing and distribution) and intercontinental transport (air freight, sea freight and car logistics services). The Group and Company also offer additional services, such as the leasing of business premises, parking services at customs terminals, trade fair logistics and insurance brokerage services.

### NOTE 2: Other operating income

(in EUR)	Intereuropa Group		Intereuropa, d. d.	
	2021	2020	2021	2020
Gains on the sale of property, plant and equipment	433,341	392,020	94,842	17,920
Income from the reversal of impairment losses on property, plant and equipment, and investment property	0	118,651	0	76
Income from the reversal of provisions	63,125	266,507	19,459	99,401
Government grants received	224,782	1,195,377	154,123	829,066
Other operating income	380,649	169,535	94,837	30,228
<b>Total</b>	<b>1,101,897</b>	<b>2,142,090</b>	<b>363,261</b>	<b>976,691</b>

Under the item 'state aid', the Group received EUR 96,789 in state aid to contain the negative effects of the COVID-19 pandemic in the form of the reimbursement of wage compensation paid to employees, exemption from the payment of contributions, the preservation of jobs, and the purchase of rapid tests. The entire value of subsidies received is not subject to the repayment terms defined by the country in which a specific company is located.

The Company received state aid in the amount of EUR 31,301 to bridge problems during the COVID-19 pandemic in the form of the reimbursement of wage compensation paid to employees during quarantine and the purchase of rapid tests.

### NOTE 3: Costs of goods, materials and services

(in EUR)	Intereuropa Group		Intereuropa, d. d.	
	2021	2020	2021	2020
Costs of materials and cost of goods sold	3,905,473	3,712,970	2,086,131	1,738,474
Costs of services within the Group	0	0	3,590,376	2,025,228
Cost of services				
direct costs	114,286,393	92,926,629	79,145,773	65,068,593
costs of hired labour and student work	4,501,016	3,468,300	4,188,938	3,038,970
maintenance of property, plant and equipment	1,618,022	1,674,845	957,414	941,368
maintenance of intangible assets	876,693	842,960	770,353	741,439
costs of short-term leases of property, plant and equipment	342,336	214,646	117,072	62,989
costs of leases of intangible assets	442,214	413,091	441,624	412,585
insurance premiums	1,000,127	925,442	578,787	592,924
costs of asset security	921,824	895,772	583,918	559,750
costs of intellectual services	520,875	552,681	269,126	213,905
costs associated with the Supervisory Board and its committees	170,621	168,501	155,035	160,674
other costs of services	2,817,618	2,991,707	1,022,460	1,190,509
<b>Total</b>	<b>131,403,212</b>	<b>108,787,544</b>	<b>93,907,007</b>	<b>76,747,408</b>

Direct costs of the Group and Company primarily comprise the costs of subcontractors (e.g. the costs of transport and port-related services) that are directly related to the provision of the services that an individual company sells. Other costs of services comprise the reimbursement of work-related costs to employees, the costs of intellectual services, lease payments, municipal services, education and training costs, security costs, the costs of hired workers, and the costs of payment transactions.

The costs of hired labour and student work include recognised expenses for employee participation in profits for 2021 in the amount of EUR 216,148 (including social security costs) and relate to the Company's contractual obligation that will be settled one year after the approval of the annual report (Notes 4 and 28).

### NOTE 4: Labour costs

(in EUR)	Intereuropa Group		Intereuropa, d. d.	
	2021	2020	2021	2020
Costs of wages and salaries	21,600,844	20,991,935	13,434,112	13,415,937
Social security costs	4,527,654	4,425,164	2,799,684	2,746,228
Other labour costs (excluding social security costs):				
annual leave allowance	964,640	795,017	785,904	631,412
transportation and meal allowances	1,938,864	2,001,655	1,354,605	1,436,777
other labour costs	585,062	444,227	349,276	212,968
expenses for employee participation in profits	758,624	466,469	735,831	456,774
<b>Total</b>	<b>30,375,688</b>	<b>29,124,467</b>	<b>19,459,412</b>	<b>18,900,096</b>

Labour costs include expenses for employee participation in profits for 2021 in the amount of EUR 758,624 at the Group level and to EUR 735,831 at the Company, and relate to that portion of the contractual obligation of Slovenian Group companies that will be settled one year after the approval of the annual report for 2021.

## NUMBER OF EMPLOYEES BY QUALIFICATION LEVEL

Categories of educational qualifications	Intereuropa Group				
	Beginning of 2021	End of 2021	Changes in 2021	Average number of employees by educational qualification in 2021*	Average number of employees by educational qualification in 2020*
Qualification levels I to III	75	84	9	80	79
Qualification levels IV to V	774	798	24	786	780
Qualification levels VI to IX	488	462	-26	475	488
<b>Total</b>	<b>1,337</b>	<b>1,344</b>	<b>7</b>	<b>1,341</b>	<b>1,347</b>

Categories of educational qualifications	Intereuropa, d. d.				
	Beginning of 2021	End of 2021	Changes in 2021	Average number of employees by educational qualification in 2021*	Average number of employees by educational qualification in 2020*
Qualification levels I to III	47	51	4	49	50
Qualification levels IV to V	274	280	6	277	282
Qualification levels VI to IX	265	250	-15	258	267
<b>Total</b>	<b>586</b>	<b>581</b>	<b>-5</b>	<b>584</b>	<b>599</b>

\* The average number of employees is calculated using the balance of employees at the beginning and end of the year.

## NOTE 5: Amortisation and depreciation

(in EUR)	Intereuropa Group		Intereuropa, d. d.	
	2021	2020	2021	2020
Depreciation of property, plant and equipment	3,986,373	3,957,681	2,390,434	2,405,293
Depreciation of investment property	685,330	701,997	531,411	538,215
Amortisation of intangible assets	448,256	462,929	421,868	430,772
Depreciation of right-of-use assets under leases	1,334,162	1,341,401	408,408	397,636
<b>Total</b>	<b>6,454,121</b>	<b>6,464,008</b>	<b>3,752,121</b>	<b>3,771,916</b>

## NOTE 6: Impairment losses on receivables (including the reversal of impairment losses)

Impairment losses on receivables (including the reversal of impairment losses) amounted to EUR 102,959 at the Group level in 2021 and to EUR 78,287 at the Company (income from the reversal of losses amounted to EUR 268,967 at the Group level and EUR 127,618 at the Company in 2020). The aforementioned effect is disclosed in the tables 'Changes in impairment losses on current trade receivables' and 'Changes in impairment losses on other current operating receivables'.

## NOTE 7: Other operating expenses

(in EUR)	Intereuropa Group		Intereuropa, d. d.	
	2021	2020	2021	2020
Building land use fees and similar expenses	1,310,151	1,321,380	857,235	871,116
Other levies	88,679	85,848	5,595	5,205
Impairment of property, plant and equipment, and investment property	10,638	159,765	0	0
Write-downs and losses from the sale of property, plant and equipment, and investment property	88,200	28,749	12,673	13,363
Expenses from impairments and write-offs of inventories	0	65,945	0	3,052
Costs from the recognition of provisions	172,375	171,735	93,141	0
Other operating expenses	463,666	609,637	153,236	150,622
<b>Total</b>	<b>2,133,709</b>	<b>2,443,059</b>	<b>1,121,880</b>	<b>1,043,358</b>

The Group's other operating expenses in the amount of EUR 463,666 primarily comprise membership fees, compensation for damages and other expenses.

## NOTE 8: Finance income and costs

(in EUR)	Intereuropa Group		Intereuropa, d. d.	
	2021	2020	2021	2020
Interest income from Group companies	0	0	73,149	71,854
Interest income from others	130,856	99,255	70,341	69,186
Income from dividends and other shares in profit from Group companies	0	0	614,584	25,990
Income from the reversal of impairment losses of investments in participating interests and shares, and loans	492,953	1,179	492,470	66,867
Net exchange rate differences	59,810	0	0	9,604
<b>Total finance income</b>	<b>683,619</b>	<b>100,434</b>	<b>1,250,544</b>	<b>243,501</b>
Interest expenses	-723,476	-852,045	-646,902	-764,026
Impairment losses on loans granted and deposits	-1,000	-5,259	0	-329,263
Finance costs from impairments and write-offs of financial assets	-1,893	-4,240	-1,369,939	-497,011
Net exchange rate differences	0	-441,250	-24,306	688
<b>Total finance costs</b>	<b>-726,369</b>	<b>-1,302,794</b>	<b>-2,041,147</b>	<b>-1,589,612</b>
<b>Loss from financing activities</b>	<b>-42,750</b>	<b>-1,202,360</b>	<b>-790,603</b>	<b>-1,346,111</b>

Interest income and expenses were calculated using the effective interest method.

The Company's revenues from the reversal of impairments of investments in the shares and participating interests and loans relate to:

- reversal of the impairment of a long-term loan to TOV TEK ZTS, Uzhhorod, Ukraine in the amount of EUR 64,763;
- reversal of the impairment of a long-term loan to TOV Intereuropa – Kiev, Ukraine in the amount of EUR 3,966; and
- reversal of impairment of short-term loans granted to others in the amount of EUR 423,741.

At the Company, impairment losses on loans granted and deposits placed, and finance costs from impairments and write-offs of financial assets comprise the following:

- the impairment of the investment in the equity of A. D. Intereuropa Belgrade, Serbia in the amount of EUR 1,128,241; and

- the impairment of the investment in the equity of Zetatrans A. D., Podgorica, Montenegro in the amount of EUR 191,698.

The Group disclosed positive exchange rate differences in the amount of EUR 59,810 primarily as the result of the appreciation of the Ukrainian hryvnia (UAH).

## NOTE 9: Results recognised according to the equity method

In 2021, the Group recognised the results of the associate Rail Cargo Logistics, d. o. o., Ljubljana, in which it holds a 26% participating interest, in the amount of EUR 10,627 (while it recognised EUR 785 at the end of 2020).

## NOTE 10: Corporate income tax (current and deferred tax)

### ADJUSTMENTS TO THE EFFECTIVE TAX RATE

(in EUR)	Intereuropa Group		Intereuropa, d. d.	
	2021	2020	2021	2020
Current tax	-1,020,803	-643,377	-398,090	-365,908
Deferred tax	329,559	-523,616	456,070	-485,607
<b>Tax</b>	<b>-691,244</b>	<b>-1,166,993</b>	<b>57,980</b>	<b>-851,515</b>
Pre-tax profit	7,277,022	4,562,720	3,541,393	2,993,801
Tax calculated according to prescribed rate	-1,288,748	-613,805	-672,865	-568,822
Tax from unrecognised expenses	-688,953	-804,933	-616,866	-434,506
Tax from revenues deducted from taxable base	323,268	156,407	222,534	19,510
Tax from revenues added to taxable base	-7,663	-5,123	-6,274	-5,123
Tax from expenses deducted from taxable base	55,426	8,586	0	0
Tax from tax allowances and the coverage of tax losses	710,600	623,034	677,827	623,033
Tax relating to deferred taxes	329,559	-485,607	456,070	-485,607
Tax from equity items	-77,892	0	-2,445	0
Tax from other items	-46,841	-45,552	0	0
<b>Tax</b>	<b>-691,244</b>	<b>-1,166,993</b>	<b>57,981</b>	<b>-851,515</b>
<b>Effective tax rate</b>	<b>9.50%</b>	<b>25.58%</b>	<b>-1.64%</b>	<b>28.44%</b>

A tax rate of 19% was taken into account in the calculation of current corporate income tax for the Company in 2021. Group Companies apply the prescribed corporate income rates in their respective countries. Those rates range from 9% to 19%, inclusive.

### CURRENT TAX

(in EUR)	Intereuropa Group		Intereuropa, d. d.	
	2021	2020	2021	2020
Current income tax disclosed in the income statement	942,911	643,377	395,645	365,908
Current income tax disclosed in the statement of other comprehensive income	77,892	85,457	2,445	0
<b>Total</b>	<b>1,020,803</b>	<b>728,834</b>	<b>398,090</b>	<b>365,908</b>

Unused tax losses at the Company amounted to EUR 80,548,209 as at 31 December 2021 (EUR 82,040,145 for the same period the previous year). Deferred tax assets were recognised in the amount of EUR 5,097,788 (EUR 4,564,890 in the same period the previous year) for the Company's unused tax losses in the amount of EUR 26,830,462 (EUR

24,025,737 in the same period the previous year), while no deferred assets were recognised for the remaining amount of EUR 53,717,747 (EUR 58,014,408 in the same period the previous year). They would have amounted to EUR 10,206,372, compared with EUR 11,022,738 in the same period the previous year. Deferred tax assets comprise tax losses with no limit on their application in future tax periods (years).

#### CHANGES IN THE GROUP'S DEFERRED TAX ASSETS AND LIABILITIES THAT WERE NOT NETTED

Deferred tax assets	Intereuropa Group										
	Balance as at 1 January 2020	Change in income statement	Change in other comprehensive income	Exchange rate differences	Balance as at 31 December 2020	Balance as at 1 January 2021	Change in income statement	Change in other comprehensive income	Change in other equity items	Exchange rate differences	Balance as at 31 December 2021
(in EUR)											
Property, plant and equipment	1,973,602	-22,446	0	-29,564	<b>1,921,592</b>	1,921,592	-92,326	0	0	7,147	<b>1,836,413</b>
Revaluation of receivables owing to value restatements	6,243	-85	0	-6,067	<b>91</b>	91	0	0	0	0	<b>91</b>
Revaluation of financial assets	104,385	0	0	0	<b>104,385</b>	104,385	4,626	0	0	0	<b>109,011</b>
Provisions	249,539	-9,242	13,781	-1,072	<b>253,006</b>	253,006	2,612	9,716	0	323	<b>265,657</b>
Tax loss	5,148,080	-379,262	-186,000	-3,536	<b>4,579,282</b>	4,579,282	449,009	69,697	0	741	<b>5,098,729</b>
Other	113,874	75,130	0	0	<b>189,004</b>	189,004	-11,660	0	0	0	<b>177,344</b>
<b>Total</b>	<b>7,595,723</b>	<b>-335,905</b>	<b>-172,219</b>	<b>-40,239</b>	<b>7,047,360</b>	<b>7,047,360</b>	<b>352,261</b>	<b>79,413</b>	<b>0</b>	<b>8,211</b>	<b>7,487,245</b>

Deferred tax liabilities											
	Balance as at 1 January 2020	Change in income statement	Change in other comprehensive income	Exchange rate differences	Balance as at 31 December 2020	Balance as at 1 January 2021	Change in income statement	Change in other comprehensive income	Change in other equity items	Exchange rate differences	Balance as at 31 December 2021
(in EUR)											
Revaluation of land	10,820,454	-26,006	-99,621	-1,325	<b>10,693,502</b>	10,693,502	22,704	-85,045	-31,625	9,630	<b>10,609,166</b>
<b>Total</b>	<b>10,820,454</b>	<b>-26,006</b>	<b>-99,621</b>	<b>-1,325</b>	<b>10,693,502</b>	<b>10,693,502</b>	<b>22,704</b>	<b>-85,045</b>	<b>-31,625</b>	<b>9,630</b>	<b>10,609,166</b>

#### CHANGES IN THE COMPANY'S DEFERRED TAX ASSETS AND LIABILITIES THAT WERE NOT NETTED

Deferred tax assets	Intereuropa, d. d.							
	Balance as at 1 January 2020	Change in income statement	Change in other comprehensive income	Balance as at 31 December 2020	Balance as at 1 January 2021	Change in income statement	Change in other comprehensive income	Balance as at 31 December 2021
(in EUR)								
Revaluation of financial assets	104,385	0	0	104,385	<b>104,385</b>	4,626	0	<b>109,011</b>
Provisions	173,680	-4,844	13,782	182,618	<b>182,618</b>	795	9,767	<b>193,180</b>
Tax loss	5,134,586	-383,696	-186,000	4,564,890	<b>4,564,890</b>	463,201	69,697	<b>5,097,788</b>
Other	110,417	75,159	0	185,576	<b>185,576</b>	-12,552	0	<b>173,024</b>
<b>Total</b>	<b>5,523,068</b>	<b>-313,381</b>	<b>-172,218</b>	<b>5,037,469</b>	<b>5,037,469</b>	<b>456,070</b>	<b>79,464</b>	<b>5,573,003</b>

Deferred tax liabilities								
	Balance as at 1 January 2020	Change in income statement	Change in other comprehensive income	Balance as at 31 December 2020	Balance as at 1 January 2021	Change in income statement	Change in other comprehensive income	Balance as at 31 December 2021
(in EUR)								
Revaluation of land	7,336,921	0	6	<b>7,336,927</b>	7,336,927	0	-6,606	<b>7,330,321</b>
<b>Total</b>	<b>7,336,921</b>	<b>0</b>	<b>6</b>	<b>7,336,927</b>	<b>7,336,927</b>	<b>0</b>	<b>-6,606</b>	<b>7,330,321</b>



The management's assessment of the creation of additional deferred tax assets as the result of tax losses from previous years (in the amount of EUR 816,000) is based on data from the projection of Intereuropa's operations in the period 2022 to 2026. The following assumptions were taken into account:

- the utilisation of tax losses until 2026, taking into account valid tax rates;
- amended legislation from 2020 on, which permits the utilisation of tax losses and other allowances in the maximum amount of 63% of the tax base;
- planned sales of certain real estate (gains on the sale of non-essential assets, with the majority of sales in 2022 and 2024 in accordance with the Company's strategy regarding the disposal of such assets. The main source of uncertainty relates to the timing of sales and market conditions); and
- in addition to taxable profit from the income statement, also assumed was the utilisation of tax losses in the amount of 50% of the revaluation surplus for land, assuming that the tax base will facilitate utilisation in that amount (besides other allowances).

The management assumed the normal operations of the Company during the projection period. In the event of significant deviations from the Company's planned operating results, the utilisation of tax losses will be reassessed and the amount of deferred tax assets for tax losses corrected accordingly.

## NOTE 11: Net earnings per share

The Group's net profit amounted to EUR 6,663,670 in 2021 (EUR 3,567,953 the previous year). Of the aforementioned amount, EUR 6,513,395 pertains to the controlling owner (EUR 3,647,267 the previous year), while EUR 150,275 pertains to non-controlling owners (in the negative amount of EUR 79,316 the previous year).

The Company's net profit amounted to EUR 3,601,819 in 2021 (EUR 2,314,512 the previous year).

### BASIC EARNINGS PER SHARE

(in EUR)	Intereuropa Group		Intereuropa, d. d.	
	2021	2020	2021	2020
Net profit of ordinary shareholders	3,988,020	2,233,148	2,139,170	1,351,307
Average number of ordinary shares (excluding treasury shares)	16,812,703	16,812,703	16,812,703	16,812,703
<b>Basic earnings per share</b>	<b>0.24</b>	<b>0.13</b>	<b>0.13</b>	<b>0.08</b>

Basic earnings per share are calculated as net profit or loss pertaining to the parent company's ordinary shareholders divided by the weighted average number of ordinary shares (excluding treasury shares).

### DILUTED EARNINGS PER SHARE

(in EUR)	Intereuropa Group		Intereuropa, d. d.	
	2021	2020	2021	2020
Net profit	6,513,395	3,647,267	3,601,819	2,314,512
Average number of total shares*	27,470,668	27,470,668	27,470,668	27,470,668
<b>Diluted earnings per share (in EUR)</b>	<b>0.24</b>	<b>0.13</b>	<b>0.13</b>	<b>0.08</b>

\* For the needs of calculating this indicator, the Company defined preference shares as potential ordinary shares that can be exchanged for ordinary shares. Because the principle of exchangeability has not been agreed with the holders of preference shares, the calculations in the table are of an informative nature and assume an exchange ratio of 1: 1

Diluted earnings per ordinary share are equal to basic earnings per share because the parent company does not hold any dilutive potential ordinary shares.

## NOTE 12: Property, plant and equipment

(in EUR)	Intereuropa Group		Intereuropa, d. d.	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Land and buildings				
Land	70,173,585	70,910,232	41,444,763	41,444,763
Buildings	58,525,420	61,159,895	28,088,273	29,332,013
Plant and equipment	6,176,382	6,116,283	3,546,442	3,869,786
Right-of-use assets under leases	1,687,595	2,476,052	521,283	791,308
Investments in foreign fixed assets	24,449	31,277	8,735	5,380
Property, plant and equipment in acquisition	2,831,234	616,957	358,436	346,343
<b>Total</b>	<b>139,418,665</b>	<b>141,310,696</b>	<b>73,967,932</b>	<b>75,789,593</b>

The carrying amount of real estate pledged as collateral by the Group was EUR 36,524,940 as at the reporting date (EUR 40,649,191 at the end of the previous year). The Group had no other legal restrictions on the disposal of assets. The carrying amount of real estate pledged as collateral by the Company was EUR 20,438,819 as at 31 December 2021 (EUR 20,690,549 at the end of the previous year). There were no other legal restrictions on the Group or Company with respect to the disposal of assets.

The cost of the Group's property, plant and equipment whose carrying amount was zero as at 31 December 2021 and are still in use was EUR 28,072,196 (end of 2020: EUR 26,747,127). The cost of the Company's property, plant and equipment whose carrying amount was zero as at 31 December 2021 and are still in use was EUR 20,633,256 (end of 2020: EUR 19,075,642).

The carrying amount of the Group's land would be equal to EUR 13,902,539 as at 31 December 2021 if the cost model was used (end of 2020: EUR 14,158,274). The carrying amount of the Company's land would be equal to EUR 9,096,425 at the end of 2021 if the cost model was used (end of 2020: EUR 9,060,656).

The Group had contractual commitments for the acquisition of property, plant and equipment in the amount of EUR 8,649,899 as at the reporting date (EUR 476,386 as at 31 December 2020), while the Company's contractual commitments for the acquisition of property, plant and equipment totalled EUR 1,806,760 (end of 2020: EUR 365,113).

CHANGES IN THE GROUP'S PROPERTY, PLANT AND EQUIPMENT

Intereuropa Group (in EUR)	Land	Buildings	Other plant and equipment	Investments in property, plant and equipment owned by others	Property, plant and equipment under construction	Equipment under finance leases	Land under operating lease	Buildings under operating lease	Equipment under operating leases	Total
<b>COST</b>										
<b>Balance as at 1 January 2021</b>	<b>78,640,592</b>	<b>142,968,788</b>	<b>35,738,973</b>	<b>68,974</b>	<b>695,847</b>	<b>1,203,289</b>	<b>23,425</b>	<b>2,857,579</b>	<b>1,280,797</b>	<b>263,478,264</b>
Acquisitions	0	0	0	0	4,240,406	0	0	374,835	336,554	4,951,795
Activations	0	219,031	1,802,713	4,474	-2,026,218	0	0	0	0	0
Sales	-884,798	-1,939,477	-724,177	0	0	-1,207,045	0	0	0	-4,755,497
Write-downs	0	-32,818	-413,438	0	-3,995	0	0	-186,381	-307,481	-944,113
Change in lease agreement	0	0	0	0	0	0	0	-16,621	-182,360	-198,981
Adjustment to variable costs in operating leases	0	0	0	0	0	0	0	7,720	124,321	132,041
Early termination of leases	0	0	0	0	0	0	0	-97,910	-104,864	-202,774
Transfer between groups	-69,276	-193,156	0	0	0	0	0	0	0	-262,432
Exchange rate differences	361,121	203,752	-94,032	0	4,202	3,756	748	766	2,090	482,403
<b>Balance as at 31 December 2021</b>	<b>78,047,639</b>	<b>141,226,120</b>	<b>36,310,039</b>	<b>73,448</b>	<b>2,910,242</b>	<b>0</b>	<b>24,173</b>	<b>2,939,988</b>	<b>1,149,057</b>	<b>262,680,706</b>
<b>DEPRECIATION AND IMPAIRMENT</b>										
<b>Balance as at 1 January 2021</b>	<b>-7,730,360</b>	<b>-81,808,893</b>	<b>-29,622,690</b>	<b>-37,697</b>	<b>-78,891</b>	<b>-889,427</b>	<b>-9,956</b>	<b>-1,274,057</b>	<b>-715,599</b>	<b>-122,167,570</b>
Depreciation	0	-2,270,024	-1,705,047	-11,302	0	-49,352	-5,071	-810,787	-468,952	-5,320,535
Sales	0	1,272,008	652,063	0	0	941,555	0	0	0	2,865,626
Write-downs	0	25,152	411,029	0	0	0	0	186,381	307,481	930,043
Change in lease agreement	0	0	0	0	0	0	0	14,543	240,230	254,773
Adjustment to variable costs in operating leases	0	0	0	0	0	0	0	-2,144	-7,089	-9,233
Early termination of leases	0	0	0	0	0	0	0	68,428	52,944	121,372
Transfer between groups	69,276	193,156	0	0	0	0	0	0	0	262,432
Exchange rate differences	-212,970	-112,100	130,988	0	-118	-2,776	-519	-355	-1,101	-198,951
<b>Balance as at 31 December 2021</b>	<b>-7,874,054</b>	<b>-82,700,701</b>	<b>-30,133,657</b>	<b>-48,999</b>	<b>-79,009</b>	<b>0</b>	<b>-15,546</b>	<b>-1,817,991</b>	<b>-592,086</b>	<b>-123,262,043</b>
<b>CARRYING AMOUNT</b>										
<b>Balance as at 1 January 2021</b>	<b>70,910,232</b>	<b>61,159,895</b>	<b>6,116,283</b>	<b>31,277</b>	<b>616,956</b>	<b>313,862</b>	<b>13,469</b>	<b>1,583,522</b>	<b>565,198</b>	<b>141,310,694</b>
<b>Balance as at 31 December 2021</b>	<b>70,173,585</b>	<b>58,525,419</b>	<b>6,176,382</b>	<b>24,449</b>	<b>2,831,233</b>	<b>0</b>	<b>8,627</b>	<b>1,121,997</b>	<b>556,971</b>	<b>139,418,663</b>

Intereuropa Group  (in EUR)	Land	Buildings	Other plant and equipment	Investments in property, plant and equipment owned by others	Property, plant and equipment under construction	Equipment under finance leases	Land under operating lease	Buildings under operating lease	Equipment under operating leases	Total
<b>COST</b>										
<b>Balance as at 1 January 2020</b>	<b>76,704,284</b>	<b>143,100,802</b>	<b>35,900,432</b>	<b>57,462</b>	<b>623,023</b>	<b>1,221,831</b>	<b>27,671</b>	<b>3,084,863</b>	<b>1,454,339</b>	<b>262,174,707</b>
Acquisitions	0	0	0	0	1,957,717	0	0	109,026	127,242	2,193,985
Activations	0	668,330	1,165,737	11,512	-1,845,579	0	0	0	0	0
Sales	0	0	-227,071	0	0	0	0	0	0	-227,071
Write-downs	0	-98,810	-828,661	0	0	0	0	0	-72,084	-999,555
Transfer from available-for-sale assets	2,644,044	0	0	0	0	0	0	0	0	2,644,044
Transfer to investment property	0	-54,646	0	0	-36,918	0	0	0	0	-91,564
Revaluation to fair value	-79,164	0	0	0	0	0	0	0	0	-79,164
Transfer between items	0	0	-31,742	0	0	0	0	0	0	-31,742
Change in lease agreement	0	0	0	0	0	0	0	0	-78,845	-78,845
Adjustment to variable costs in operating leases	0	0	0	0	0	0	-2,158	-291,257	-140,793	-434,208
Other	40	0	2,564	0	0	0	0	-22,867	0	-20,263
Exchange rate differences	-628,612	-646,888	-242,287	0	-2,395	-18,541	-2,088	-22,186	-9,061	-1,572,058
<b>Balance as at 31 December 2020</b>	<b>78,640,592</b>	<b>142,968,788</b>	<b>35,738,972</b>	<b>68,974</b>	<b>695,848</b>	<b>1,203,290</b>	<b>23,425</b>	<b>2,857,579</b>	<b>1,280,798</b>	<b>263,478,266</b>
<b>DEPRECIATION AND IMPAIRMENT</b>										
<b>Balance as at 31 January 2020</b>	<b>-5,861,308</b>	<b>-80,005,188</b>	<b>-29,161,343</b>	<b>-27,392</b>	<b>-79,220</b>	<b>-737,203</b>	<b>-5,979</b>	<b>-615,381</b>	<b>-420,071</b>	<b>-116,913,085</b>
Depreciation	0	-2,263,456	-1,683,920	-10,305	0	-163,704	-5,201	-734,597	-437,900	-5,299,083
Sales	0	0	202,644	0	0	0	0	0	0	202,644
Write-downs	0	82,613	822,851	0	0	0	0	0	51,162	956,626
Transfer from available-for-sale assets	-2,061,104	0	0	0	0	0	0	0	0	-2,061,104
Transfer to investment property	0	3,245	0	0	0	0	0	0	0	3,245
Impairments	-140,092	-11,355	0	0	0	0	0	0	0	-151,447
Reversal of impairments	60,828	37,526	0	0	0	0	0	0	0	98,354
Transfer between items	0	0	31,742	0	0	0	0	0	0	31,742
Change in lease agreement	0	0	0	0	0	0	0	0	75,840	75,840
Adjustment to variable costs in operating leases	0	0	0	0	0	0	432	68,314	12,871	81,617
Other	0	0	-2,542	0	0	0	0	3,811	0	1,269
Exchange rate differences	271,316	347,722	167,879	0	329	11,480	792	3,796	2,498	805,812
<b>Balance as at 31 December 2020</b>	<b>-7,730,360</b>	<b>-81,808,893</b>	<b>-29,622,689</b>	<b>-37,697</b>	<b>-78,891</b>	<b>-889,427</b>	<b>-9,956</b>	<b>-1,274,057</b>	<b>-715,600</b>	<b>-122,167,570</b>
<b>CARRYING AMOUNT</b>										
<b>Balance as at 1 January 2020</b>	<b>70,842,976</b>	<b>63 095 614</b>	<b>6,739,089</b>	<b>30,070</b>	<b>543,803</b>	<b>484,628</b>	<b>21,692</b>	<b>2,469,482</b>	<b>1,034,268</b>	<b>145,261,622</b>
<b>Balance as at 31 December 2020</b>	<b>70,910,232</b>	<b>61,159,895</b>	<b>6,116,283</b>	<b>31,277</b>	<b>616,957</b>	<b>313,863</b>	<b>13,469</b>	<b>1,583,522</b>	<b>565,198</b>	<b>141,310,696</b>

CHANGES IN THE COMPANY'S PROPERTY, PLANT AND EQUIPMENT

Intereuropa, d. d.									
(in EUR)	Land	Buildings	Other plant and equipment	Investments in property, plant and equipment owned by others	Property, plant and equipment under construction	Land under operating lease	Buildings under operating lease	Equipment under operating leases	Total
<b>COST</b>									
<b>Balance as at 1 January 2021</b>	<b>41,549,807</b>	<b>78,452,787</b>	<b>24,310,008</b>	<b>7,091</b>	<b>346,343</b>	<b>6,642</b>	<b>849,512</b>	<b>631,698</b>	<b>146,153,888</b>
Acquisitions	0	0	0	0	852,846	0	0	0	852,846
Activations	0	63,369	768,914	4,474	-836,757	0	0	0	0
Sales	0	0	-33,304	0	0	0	0	0	-33,304
Write-downs	0	-31,828	-305,143	0	-3,996	0	0	0	-340,967
New leases	0	0	0	0	0	0	77,008	80,626	157,634
End of lease	0	0	0	0	0	0	-136,858	-97,734	-234,592
Early termination of leases	0	0	0	0	0	0	0	-40,335	-40,335
Other	-69,276	0	0	0	0	0	0	0	-69,276
<b>Balance as at 31 December 2021</b>	<b>41,480,531</b>	<b>78,484,328</b>	<b>24,740,475</b>	<b>11,565</b>	<b>358,436</b>	<b>6,642</b>	<b>789,662</b>	<b>574,255</b>	<b>146,445,894</b>
<b>DEPRECIATION AND IMPAIRMENT</b>									
<b>Balance as at 1 January 2021</b>	<b>-105,045</b>	<b>-49,120,774</b>	<b>-20,440,222</b>	<b>-1,711</b>	<b>0</b>	<b>-2,214</b>	<b>-368,385</b>	<b>-325,944</b>	<b>-70,364,295</b>
Depreciation	0	-1,299,943	-1,089,372	-1,119	0	-1,107	-198,112	-209,189	-2,798,842
Sales	0	0	30,737	0	0	0	0	0	30,737
Write-downs	0	24,662	304,824	0	0	0	0	0	329,486
End of lease	0	0	0	0	0	0	136,858	97,734	234,592
Early termination of leases	0	0	0	0	0	0	0	21,083	21,083
Other	69,277	0	0	0	0	0	0	0	69,277
<b>Balance as at 31 December 2021</b>	<b>-35,768</b>	<b>-50,396,055</b>	<b>-21,194,033</b>	<b>-2,830</b>	<b>0</b>	<b>-3,321</b>	<b>-429,639</b>	<b>-416,316</b>	<b>-72,477,962</b>
<b>CARRYING AMOUNT</b>									
<b>Balance as at 1 January 2021</b>	<b>41,444,762</b>	<b>29,332,013</b>	<b>3,869,786</b>	<b>5,380</b>	<b>346,343</b>	<b>4,428</b>	<b>481,127</b>	<b>305,754</b>	<b>75,789,593</b>
<b>Balance as at 31 December 2021</b>	<b>41,444,763</b>	<b>28,088,273</b>	<b>3,546,442</b>	<b>8,735</b>	<b>358,436</b>	<b>3,321</b>	<b>360,023</b>	<b>157,939</b>	<b>73,967,932</b>

Intereuropa, d. d.									
(in EUR)	Land	Buildings	Other plant and equipment	Investments in property, plant and equipment owned by others	Property, plant and equipment under construction	Land under operating lease	Buildings under operating lease	Equipment under operating leases	Total
<b>COST</b>									
<b>Balance as at 1 January 2020</b>	<b>41,549,767</b>	<b>78,080,475</b>	<b>24,407,020</b>	<b>7,091</b>	<b>224,798</b>	<b>6,642</b>	<b>1,049,275</b>	<b>759,681</b>	<b>146,084,749</b>
Acquisitions	0	0	0	0	1,137,124	0	0	13,050	1,150,174
Activations	0	464,185	551,394	0	-1,015,579	0	0	0	0
Sales	0	0	-49,431	0	0	0	0	0	-49,431
Write-downs	0	-91,873	-601,537	0	0	0	0	-45,552	-738,962
Change in lease agreement	0	0	0	0	0	0	0	-78,845	-78,845
Correction of costs	0	0	0	0	0	0	-199,763	-16,636	-216,399
Other	40	0	2,562	0	0	0	0	0	2,602
<b>Balance as at 31 December 2020</b>	<b>41,549,807</b>	<b>78,452,787</b>	<b>24,310,008</b>	<b>7,091</b>	<b>346,343</b>	<b>6,642</b>	<b>849,512</b>	<b>631,698</b>	<b>146,153,888</b>
<b>DEPRECIATION AND IMPAIRMENT</b>									
<b>Balance as at 1 January 2020</b>	<b>-105,045</b>	<b>-47,921,876</b>	<b>-19,961,921</b>	<b>-1,002</b>	<b>0</b>	<b>-1,107</b>	<b>-233,555</b>	<b>-218,818</b>	<b>-68,443,324</b>
Depreciation	0	-1,280,966	-1,123,618	-709	0	-1,107	-177,918	-218,611	-2,802,929
Sales	0	0	49,431	0	0	0	0	0	49,431
Write-downs	0	82,068	598,428	0	0	0	0	29,853	710,349
Change in lease agreement	0	0	0	0	0	0	0	75,840	75,840
Correction of costs	0	0	0	0	0	0	43,088	5,792	48,880
Other	0	0	-2,542	0	0	0	0	0	-2,542
<b>Balance as at 31 December 2020</b>	<b>-105,045</b>	<b>-49,120,774</b>	<b>-20,440,222</b>	<b>-1,711</b>	<b>0</b>	<b>-2,214</b>	<b>-368,385</b>	<b>-325,944</b>	<b>-70,364,295</b>
<b>CARRYING AMOUNT</b>									
<b>Balance as at 1 January 2020</b>	<b>41,444,722</b>	<b>30,158,599</b>	<b>4,445,099</b>	<b>6,089</b>	<b>224,798</b>	<b>5,535</b>	<b>815,720</b>	<b>540,863</b>	<b>77,641,425</b>
<b>Balance as at 31 December 2020</b>	<b>41,444,762</b>	<b>29,332,013</b>	<b>3,869,786</b>	<b>5,380</b>	<b>346,343</b>	<b>4,428</b>	<b>481,127</b>	<b>305,754</b>	<b>75,789,593</b>

The Group and Company hired an external real estate expert to perform an assessment of whether there were indications of the impairment of assets or changes in fair value as at 30 September 2021. Based on an assessment, it was determined impairment or changes in the fair value of real estate at Group companies were not required. The aforementioned real estate expert confirmed the results of his assessment from the end of September 2021 again at as 31 December 2021.

## LEASE COSTS

(in EUR)	Intereuropa Group		Intereuropa, d. d.	
	2021	2020	2021	2020
Amortisation and depreciation costs	1,334,162	1,341,401	408,408	397,636
Interest expenses on lease liabilities	85,340	111,694	18,189	27,346
Costs of short-term leases of real estate and equipment	342,336	214,646	117,072	62,989
<b>Total</b>	<b>1,761,838</b>	<b>1,667,741</b>	<b>543,669</b>	<b>487,971</b>

## LEASE PAYMENTS AND LEASE LIABILITIES

(in EUR)	Intereuropa Group		Intereuropa, d. d.	
	2021	2020	2021	2020
Lease payments for short-term leases of real estate and equipment (disclosed in cash flows from operating activities)	260,280	210,277	127,818	68,267
Payment of lease liabilities comprising principal (disclosed in cash flows from financing activities)	1,853,937	1,420,804	456,231	451,581
<b>Total</b>	<b>2,114,217</b>	<b>1,631,081</b>	<b>584,049</b>	<b>519,848</b>

## NOTE 13: Investment property

(in EUR)	Intereuropa Group		Intereuropa, d. d.	
	2021	2020	2021	2020
<b>COST</b>				
<b>Balance as at 1 January</b>	<b>50,153,484</b>	<b>52,203,729</b>	<b>37,286,610</b>	<b>37,330,944</b>
Acquisitions	24,186	62,222	24,186	56,942
Transfer from property, plant and equipment	0	91,564	0	0
Transfer from available-for-sale assets	370,000	0	0	0
Transfer to assets held for sale	-343,000	-370,000	0	0
Sales	-518,401	-1,718,536	-518,400	-101,016
Write-downs	-4,062	-260	-4,063	-260
Revaluation to fair value – decrease	-27,000	0	0	0
Transfer between groups	-655,772	0	0	0
Exchange rate differences	26,050	-115,235	0	0
<b>Balance as at 31 December</b>	<b>49,025,485</b>	<b>50,153,484</b>	<b>36,788,333</b>	<b>37,286,610</b>
<b>DEPRECIATION AND IMPAIRMENT</b>				
<b>Balance as at 1 January</b>	<b>-27,411,193</b>	<b>-28,241,845</b>	<b>-20,619,013</b>	<b>-20,143,214</b>
Depreciation	-685,330	-701,997	-531,411	-538,215
Transfer from property, plant and equipment	0	-3,245	0	0
Transfer from available-for-sale assets	-32,362	0	0	0
Transfer to assets held for sale	43,000	32,362	0	0
Sales	204,857	1,444,913	204,858	62,243
Write-downs	2,887	174	2,887	174
Impairments	-10,638	-8,316	0	0
Reversal of impairments	0	49	0	0
Transfer between groups	655,772	0	0	0
Exchange rate differences	-12,057	66,713	0	0
<b>Balance as at 31 December</b>	<b>-27,245,064</b>	<b>-27,411,192</b>	<b>-20,942,679</b>	<b>-20,619,012</b>
<b>CARRYING AMOUNT</b>				
<b>Balance as at 1 January</b>	<b>22,742,291</b>	<b>23,961,884</b>	<b>16,667,597</b>	<b>17,187,730</b>
<b>Balance as at 31 December</b>	<b>21,780,421</b>	<b>22,742,292</b>	<b>15,845,654</b>	<b>16,667,598</b>

The fair value of the Group's investment property was EUR 25,765,621 at the end of 2021 (end of 2020: EUR 25,317,684), while the value of the Company's investment property was EUR 19,215,883 (end of 2020: EUR 18,767,901). Fair value was determined based on appraisals made in 2020 and 2019. The appraiser used the market approach to appraise the value of land and the income approach to appraise the value of buildings. A capitalisation rate ranging from 9.75% to 13.5% was applied for the purpose of assessing the recoverable amount of buildings. A deduction for vacancy ranging from 10% to 12.5% and a deduction for bad debt ranging from 1% to 1.25% were applied. The real estate valuation for 2019 was carried out with respect to cash-generating units by individual country (i.e. by individual location). The market approach and income approach were used to perform the valuation. The recoverable amount of cash-generating units was based on fair value less costs to sell. A capitalisation rate ranging from 7.7% to 10% was applied. A deduction for vacancy of 10% and a deduction of 1% for bad debt were applied in 2019.

The Group and Company hired an external real estate expert in 2021 to perform an assessment of whether there were indications of the impairment of assets or a change in fair value. Based on that assessment, it was determined that no impairment or change in the fair value of real estate at Intereuropa Group companies was required.



The carrying amount of investment property pledged as collateral by the Group was EUR 2,252,423 as at the reporting date (EUR 3,272,986 at the end of the previous year). The carrying amount of investment property pledged as collateral by the Company was EUR 1,328,613 at the end of 2021 (at the end of 2020: EUR 1,374,343). That amount represents additional collateral for liabilities for which the underlying collateral comprises pledged items of property, plant and equipment.

#### INCOME AND EXPENSES FROM INVESTMENT PROPERTY

(in EUR)	Intereuropa Group		Intereuropa, d. d.	
	2021	2020	2021	2020
Rental income from investment property	4,702,572	4,563,510	3,188,971	3,043,849
Direct operating expenses from investment property	-2,089,864	-1,832,145	-1,795,077	-1,645,063
<b>Total</b>	<b>2,612,708</b>	<b>2,731,365</b>	<b>1,393,894</b>	<b>1,398,786</b>

Neither the Group or Company had binding contracts to purchase investment property at the end of 2021.

#### NOTE 14: Intangible assets

(in EUR)	Intereuropa Group		Intereuropa, d. d.	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Long-term property rights	355,643	343,907	247,967	212,912
Goodwill	41,721	41,721	0	0
Other intangible assets	2,257,357	2,594,894	2,254,577	2,593,246
Intangible assets under construction	66,547	1,960	66,547	1,960
<b>Total</b>	<b>2,721,268</b>	<b>2,982,482</b>	<b>2,569,091</b>	<b>2,808,118</b>

The majority of long-term property rights comprises rights associated with computer programmes.

Other intangible assets comprise software to support comprehensive logistics services. The results of an impairment test for other intangible assets performed by the Group and Company on the reporting date did not indicate the need for impairments.

The cost of the Group's intangible assets whose carrying amount was zero as at 31 December 2021 and are still in use was EUR 4,396,621 (EUR 4,383,037 at the end of the previous year). The cost of the Company's intangible assets whose carrying amount was zero as at 31 December 2021 and are still in use was EUR 3,968,255 (end of 2020: EUR 3,968,255).

The Group had contractual commitments for the acquisition of intangible assets in the amount of EUR 33,715 as at the reporting date (EUR 8,826 at the end of the previous year), while the Company's contractual commitments for the acquisition of intangible assets totalled EUR 33,715 (end of 2020: EUR 8,826).

CHANGES IN THE INTANGIBLE ASSETS OF THE GROUP

Intereuropa Group (in EUR)	Long-term property rights	Other intangible assets	Goodwill	Intangible assets under construction	Total
<b>COST</b>					
<b>Balance as at 1 January 2021</b>	<b>4,980,601</b>	<b>5,058,072</b>	<b>41,721</b>	<b>1,960</b>	<b>10,082,354</b>
Acquisitions	0	0	0	186,043	<b>186,043</b>
Activations	104,256	17,200	0	-121,456	<b>0</b>
Write-downs	-2,000	0	0	0	<b>-2,000</b>
Exchange rate differences	2,570	3	0	0	<b>2,573</b>
<b>Balance as at 31 December 2021</b>	<b>5,085,427</b>	<b>5,075,275</b>	<b>41,721</b>	<b>66,547</b>	<b>10,268,970</b>
<b>AMORTISATION AND IMPAIRMENT</b>					
<b>Balance as at 1 January 2021</b>	<b>-4,636,694</b>	<b>-2,463,178</b>	<b>0</b>	<b>0</b>	<b>-7,099,872</b>
Amortisation	-93,516	-354,740	0	0	<b>-448,256</b>
Write-downs	2,000	0	0	0	<b>2,000</b>
Exchange rate differences	-1,574	0	0	0	<b>-1,574</b>
<b>Balance as at 31 December 2021</b>	<b>-4,729,784</b>	<b>-2,817,918</b>	<b>0</b>	<b>0</b>	<b>-7,547,702</b>
<b>CARRYING AMOUNT</b>					
<b>Balance as at 1 January 2021</b>	<b>343,907</b>	<b>2,594,894</b>	<b>41,721</b>	<b>1,960</b>	<b>2,982,482</b>
<b>Balance as at 31 December 2021</b>	<b>355,643</b>	<b>2,257,357</b>	<b>41,721</b>	<b>66,547</b>	<b>2,721,268</b>

Intereuropa Group (in EUR)	Long-term property rights	Other intangible assets	Goodwill	Intangible assets under construction	Total
<b>COST</b>					
<b>Balance as at 1 January 2020</b>	<b>4,949,044</b>	<b>4,463,489</b>	<b>41,721</b>	<b>540,550</b>	<b>9,994,804</b>
Acquisitions	0	0	0	85,089	<b>85,089</b>
Activations	23,038	600,641	0	-623,679	<b>0</b>
Write-downs	-21,596	0	0	0	<b>-21,596</b>
Transfer from property, plant and equipment	31,742	0	0	0	<b>31,742</b>
Transfer between items	6,031	-6,031	0	0	<b>0</b>
Exchange rate differences	-7,657	-27	0	0	<b>-7,684</b>
<b>Balance as at 31 December 2020</b>	<b>4,980,602</b>	<b>5,058,072</b>	<b>41,721</b>	<b>1,960</b>	<b>10,082,355</b>
<b>AMORTISATION AND IMPAIRMENT</b>					
<b>Balance as at 1 January 2020</b>	<b>-4,485,075</b>	<b>-2,146,501</b>	<b>0</b>	<b>0</b>	<b>-6,631,576</b>
Amortisation	-141,639	-321,291	0	0	<b>-462,930</b>
Write-downs	21,595	0	0	0	<b>21,595</b>
Transfer from property, plant and equipment	-31,742	0	0	0	<b>-31,742</b>
Transfer between items	-4,595	4,595	0	0	<b>0</b>
Exchange rate differences	4,761	19	0	0	<b>4,780</b>
<b>Balance as at 31 December 2020</b>	<b>-4,636,695</b>	<b>-2,463,178</b>	<b>0</b>	<b>0</b>	<b>-7,099,873</b>
<b>CARRYING AMOUNT</b>					
<b>Balance as at 1 January 2020</b>	<b>463,969</b>	<b>2,316,988</b>	<b>41,721</b>	<b>540,550</b>	<b>3,363,228</b>
<b>Balance as at 31 December 2020</b>	<b>343,907</b>	<b>2,594,894</b>	<b>41,721</b>	<b>1,960</b>	<b>2,982,482</b>

CHANGES IN THE INTANGIBLE ASSETS OF THE COMPANY

Intereuropa, d. d.	Long-term property rights	Other intangible assets	Intangible assets under construction	Total
(in EUR)				
<b>COST</b>				
<b>Balance as at 1 January 2021</b>	<b>4,305,337</b>	<b>5,056,424</b>	<b>1,960</b>	<b>9,363,721</b>
Acquisitions	0	0	182,840	<b>182,840</b>
Activations	102,256	15,997	-118,253	<b>0</b>
<b>Balance as at 31 December 2021</b>	<b>4,407,593</b>	<b>5,072,421</b>	<b>66,547</b>	<b>9,546,561</b>
<b>AMORTISATION AND IMPAIRMENT</b>				
<b>Balance as at 1 January 2021</b>	<b>-4,092,425</b>	<b>-2,463,178</b>	<b>0</b>	<b>-6,555,603</b>
Amortisation	-67,201	-354,666	0	<b>-421,867</b>
<b>Balance as at 31 December 2021</b>	<b>-4,159,626</b>	<b>-2,817,844</b>	<b>0</b>	<b>-6,977,470</b>
<b>CARRYING AMOUNT</b>				
<b>Balance as at 1 January 2021</b>	<b>212,912</b>	<b>2,593,246</b>	<b>1,960</b>	<b>2,808,118</b>
<b>Balance as at 31 December 2021</b>	<b>247,967</b>	<b>2,254,577</b>	<b>66,547</b>	<b>2,569,091</b>

Intereuropa, d. d.	Long-term property rights	Other intangible assets	Intangible assets under construction	Total
(in EUR)				
<b>COST</b>				
<b>Balance as at 1 January 2020</b>	<b>4,282,299</b>	<b>4,455,783</b>	<b>540,550</b>	<b>9,278,632</b>
Acquisitions	0	0	85,089	<b>85,089</b>
Activations	23,038	600,641	-623,679	<b>0</b>
<b>Balance as at 31 December 2020</b>	<b>4,305,337</b>	<b>5,056,424</b>	<b>1,960</b>	<b>9,363,721</b>
<b>AMORTISATION AND IMPAIRMENT</b>				
<b>Balance as at 1 January 2020</b>	<b>-3,982,944</b>	<b>-2,141,887</b>	<b>0</b>	<b>-6,124,831</b>
Amortisation	-109,481	-321,291	0	<b>-430,772</b>
<b>Balance as at 31 December 2020</b>	<b>-4,092,425</b>	<b>-2,463,178</b>	<b>0</b>	<b>-6,555,603</b>
<b>CARRYING AMOUNT</b>				
<b>Balance as at 1 January 2020</b>	<b>299,355</b>	<b>2,313,896</b>	<b>540,550</b>	<b>3,153,801</b>
<b>Balance as at 31 December 2020</b>	<b>212,912</b>	<b>2,593,246</b>	<b>1,960</b>	<b>2,808,118</b>

## NOTE 15: Other non-current assets

The other non-current assets of the Group and Company in the amount of EUR 18,381 (end of 2020: EUR 27,602) comprise non-current deferred costs and expenses.

## NOTE 16: Non-current operating receivables

Non-current operating receivables amounted to EUR 178,872 at the Group level at the end of 2021 (end of 2020: EUR 239,799) and to EUR 174,171 at the Company (at the end of 2020: EUR 233,652). The majority of non-current operating receivables comprise receivables from customers in composition proceedings.

## NOTE 17: Loans granted and deposits

(in EUR)	Intereuropa Group		Intereuropa, d. d.	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
<b>Long-term loans and deposits</b>	<b>174,129</b>	<b>39,898</b>	<b>252,178</b>	<b>0</b>
Loans to subsidiaries	0	0	120,938	0
Loans to others	131,322	629	131,240	0
Deposits	42,807	39,269	0	0
<b>Short-term loans and deposits</b>	<b>3,629,983</b>	<b>2,598,166</b>	<b>3,082,730</b>	<b>2,198,062</b>
Loans to subsidiaries	0	0	3,049,920	2,198,062
Loans to others	33,583	766	32,810	0
Deposits	3,596,400	2,597,400	0	0
<b>Total</b>	<b>3,804,112</b>	<b>2,638,064</b>	<b>3,334,908</b>	<b>2,198,062</b>

At the end of 2021, the Group disclosed short-term deposits pledged as collateral in the amount of EUR 300,000 (EUR 300,000 at the end of 2020).

Based on an assessment, the Company recognised the reversal of the impairment of loans to TOV TEK ZTS, Uzhhorod, Ukraine in the amount of EUR 64,763, and to TOV Intereuropa, Kiev, Ukraine in the amount of EUR 3,966. The Company applied the following assumptions for the purpose of assessing the impairment of investments in subsidiaries:

- the discounted cash flow model and net asset value approach;
- WACC of between 9.3% and 14.5%, taking into account the long-term inflation rate of 2%;
- an appraisal of the market value of assets, less costs to sell, as the basis, as well as the effect of the time value of money for real estate;
- an assessment of whether real estate can be sold within 18 months;
- liabilities recognised at their carrying amount; and
- a valuation based on data from projections of future operations for the period 2022 to 2026.

## CHANGES IN LOANS GRANTED AND DEPOSITS

(in EUR)	Intereuropa Group		Intereuropa, d. d.	
	2021	2020	2021	2020
<b>Balance as at 1 January</b>	<b>2,638,064</b>	<b>1,062,653</b>	<b>2,198,062</b>	<b>2,325,951</b>
New loan/deposit	1,000,000	2,600,048	914,400	300,000
Reversal of impairments	387,981	0	456,710	5
Repayment	-213,147	-1,017,765	-222,898	-102,325
Transfer to current portion	0	-641	0	0
Impairments	-1,000	-1,649	0	-325,569
Write-downs	-11,366	0	-11,366	0
Exchange rate differences	3,580	-4,582	0	0
<b>Balance as at 31 December</b>	<b>3,804,112</b>	<b>2,638,064</b>	<b>3,334,908</b>	<b>2,198,062</b>

Loans granted to subsidiaries by the parent company Intereuropa, d. d. are secured by bills of exchange in the amount of EUR 507,094 and other forms of collateral in the amount of EUR 184,067. Remaining loans to subsidiaries by the parent company in the amount of EUR 2,479,697 were unsecured (at the end of 2020, loans in the amount of EUR 451,331 were secured by bills of exchange, and loans in the amount of EUR 1,746,731 were unsecured). Other loans granted by the Group in the amount of EUR 164,905 and by the Company in the amount of EUR 164,050 are unsecured.

**NOTE 18: Other non-current financial assets**

(in EUR)	Intereuropa Group		Intereuropa, d. d.	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Non-current investments in shares and participating interests in subsidiaries	0	0	43,132,019	44,451,958
Non-current investment in a participating interest in an associate	72,158	64,249	39,059	39,059
Other non-current financial assets	38,068	29,348	35,590	27,159
<b>Total</b>	<b>110,226</b>	<b>93,597</b>	<b>43,206,668</b>	<b>44,518,176</b>

## Investments in subsidiaries

(in EUR)	Percentage of ownership as at 31 December 2021/31 December 2020	Value of equity as at 31 December 2021	Value of equity as at 31 December 2020	Value of participating interest as at 31 December 2021	Value of participating interest as at 31 December 2020
Interagent, d. o. o., Koper	100,00%	315,738	230,065	430,015	430,015
Interzav, d. o. o., Koper	71,28%	97,783	55,713	48,499	48,499
Intereuropa, Logističke usluge, d. o. o., Zagreb	99,96%	45,024,142	42,741,986	22,104,055	22,104,055
Intereuropa sajam, d. o. o., Zagreb	51,00%	859,017	731,876	32,206	32,206
Intereuropa Skopje, d. o. o., Skopje	99,56%	1,242,839	1,159,382	855,132	855,132
Intereuropa RTC, d. d., Sarajevo	95,77%	11,322,171	11,728,225	7,438,270	7,438,270
A. D. Intereuropa logističke usluge, Belgrade	73,62%	4,936,495	5,904,042	2,092,416	3,220,657
TOV TEK ZTS, Uzhhorod	89,93%	-108,380	-146,233	0	0
Intereuropa Kosova L. L. C.	90,00%	966,358	722,990	137,238	137,238
Zetatrans A. D. Podgorica	69,27%	16,466,701	16,330,825	9,994,187	10,185,885
TOV Intereuropa – Kiev, Ukraine	100,00%	-350,654	-415,637	0	0

The Company uses the discounted cash flow model and net asset value approach to assess the recoverable amount of investments in subsidiaries. The higher of the two values given by those methods is disclosed in the books of account. Valuation is based on data from projections of future operations for the period 2022 to 2026, the use of a WACC of between 9.3% and 14.5%, taking into account a long-term inflation rate of 2%, the basis for the assessment of the market value of assets, less costs to sell, the effect of the time value of money for real estate, the assessment that real estate could be sold within 18 months, and liabilities recognised at their carrying amount.

Because the appraised value of the investments in A. D., Intereuropa logističke usluge, Belgrade and Zetatrans A. D., Podgorica according to the discounted cash flow model is lower than the carrying amount of those investments, their value was also appraised using the net asset value approach. In addition to the aforementioned companies, the values of TOV Intereuropa – Kiev, Ukraine (dormant company) and TOV TEK ZTS, Uzhhorod were also appraised based on the net value of assets. Based on appraisals performed, the Company impaired the investment in the shares of and participating interests in the subsidiaries A. D., Intereuropa logističke usluge, Belgrade in the amount of EUR 1,128,241 and Zetatrans, A. D., Podgorica in the amount of EUR 191,698.

The Company increased the capital of TOV TEK ZTS, Uzhhorod, Ukraine by EUR 50 thousand in 2021 and immediately impaired that amount.

#### CHANGES IN INVESTMENTS IN SUBSIDIARIES

(in EUR)	Intereuropa, d. d.	
	2021	2020
<b>Balance as at 1 January</b>	<b>44,451,958</b>	<b>44,823,281</b>
Capital increase	50,000	60,000
Impairments	-1,369,939	-497,011
Reversal of impairments	0	65,688
<b>Balance as at 31 December</b>	<b>43,132,019</b>	<b>44,451,958</b>

#### Investment in associate

This item comprises an investment in the associate Rail Cargo Logistics, Železniška špedicija, d. o. o., Ljubljana, in which Intereuropa holds a 26% participating interest. The carrying amount of the Group's investment was EUR 72,158 as at 31 December 2021 (end of 2020: EUR 64,249). The carrying amount of the Company's investment was equal to its cost (EUR 39,059) and was unchanged relative to the comparable period in 2020.

#### CHANGES IN INVESTMENT IN AN ASSOCIATE

(in EUR)	Intereuropa Group	
	2021	2020
<b>Balance as at 1 January</b>	<b>64,249</b>	<b>63,464</b>
Profit according to the equity method	10,627	785
Change in other comprehensive income	-2,718	0
<b>Balance as at 31 December</b>	<b>72,158</b>	<b>64,249</b>

## ASSETS, LIABILITIES, REVENUES AND EXPENSES OF THE ASSOCIATE COMPANY

(in EUR)	31 December 2021	31 December 2020
<b>ASSETS</b>	<b>1,885,951</b>	<b>1,780,132</b>
Non-current assets	173,794	54,603
Current assets	1,712,157	1,725,529
<b>EQUITY AND LIABILITIES</b>	<b>1,885,952</b>	<b>1,780,132</b>
Equity	196,524	165,259
Non-current liabilities	150,377	36,306
Current liabilities	1,539,051	1,578,567
(in EUR)	2021	2020
Revenues	10,482,997	12,364,901
Expenses (including corporate income tax)	10,438,308	12,364,923
<b>Net profit for the accounting period</b>	<b>40,873</b>	<b>3,018</b>
Other comprehensive income	-9,445	0
Total comprehensive income	40,873	3,018

## Investments in the shares of other companies measured at fair value through profit or loss

The Group's investments in financial assets measured at fair value through other comprehensive income amounted to EUR 38,068 as at 31 December 2021, an increase of EUR 8,720 relative to the comparable reporting date (EUR 29,348 at the end of 2020). The Company's investments in the aforementioned shares amounted to EUR 35,590 as at 31 December (EUR 27,159 at the end of 2020).

The Group and Company had no such assets pledged as collateral or security for liabilities recognised in the statement of financial position or for contingent liabilities.

## CHANGES IN AVAILABLE-FOR-SALE FINANCIAL ASSETS

(in EUR)	Intereuropa Group		Intereuropa, d. d.	
	2021	2020	2021	2020
<b>Balance as at 1 January</b>	<b>29,348</b>	<b>122,046</b>	<b>27,159</b>	<b>27,159</b>
Sales	0	-87,827	0	0
Write-downs	-5,653		-5,653	0
Revaluation to fair value	14,373	-436	14,084	0
Exchange rate differences	0	-4,435	0	0
<b>Balance as at 31 December</b>	<b>38,068</b>	<b>29,348</b>	<b>35,590</b>	<b>27,159</b>

## NOTE 19: Available-for-sale assets

Available-for-sale assets comprised real estate, the sale of which is planned in a short period of time. Neither the Group nor Company had available-for-sale assets at the end of 2021. The Group disclosed available-for-sale assets in the amount of EUR 337,638 at the end of 2020. Those assets were sold in 2021. The Company had no available-for-sale assets at the end of 2020.

## NOTE 20: Assets from contracts with customers

The Group's assets from contracts with customers totalled EUR 1,435,511 as at 31 December 2021 (end of 2020: EUR 510,601) and comprised receivables from incomplete services in the amount of EUR 1,413,073 and from uncharged customs and other duties that arise in customs clearance procedures that are charged to customers (as a suspense item) in the amount of EUR 22,438.

The Company's receivables from contracts with customers amounted to EUR 975,908 at the end of 2021 (end of 2020: EUR 341,298) and comprised receivables from incomplete services in the amount of EUR 962,609 and from uncharged customs and other duties that arise in customs clearance procedures that are charged to customers (as a suspense item) in the amount of EUR 13,299.

## NOTE 21: Current operating receivables

(in EUR)	Intereuropa Group		Intereuropa, d. d.	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Current operating receivables from Group companies	0	0	875,469	651,562
Current operating receivables from Group companies for interest	0	0	213,642	208,030
Current trade receivables	33,358,790	27,870,099	22,080,032	19,579,906
Other current operating receivables	3,177,234	2,472,198	2,058,088	1,733,757
<b>Total</b>	<b>36,536,024</b>	<b>30,342,297</b>	<b>25,227,231</b>	<b>22,173,255</b>

As at 31 December 2021, current operating receivables in the amount of EUR 6,584,451 at the Group level and EUR 329,575 at the Company were secured by enforcement drafts, guarantees and liens, the retention of title, insurance via insurers or another form of collateral (EUR 5,416,440 at the Group level and EUR 391,512 at the Company at the end of 2020).

Other current operating receivables mostly comprise receivables from the government and receivables from short-term advances and security deposits paid.

As at the reporting date, the Group and Company had no receivables pledged as collateral (representing additional collateral for contingent liabilities for which the underlying collateral comprises pledged items of property, plant and equipment).

## NOTE 22: Other current assets

Other current assets amounted to EUR 384,936 at the Group level on the last day of 2021 (EUR 320,583 as at 31 December 2020) and to EUR 223,396 at the Company (end of 2020: EUR 99,001), and comprise current deferred costs.

## NOTE 23: Cash and cash equivalents

Cash and cash equivalents amounted to EUR 15,853,959 at the Group level as at 31 December 2021 (EUR 11,609,486 as at 31 December 2020), and to EUR 3,343,621 at the Company (EUR 2,374,180 as at 31 December 2020), and comprised cash held in bank accounts, call deposits and cash in hand. The reasons for increases and decreases in cash and cash equivalents during the financial year are presented in the statement of cash flows.



## NOTE 24: Equity

### Share capital

The share capital of the Company and Group amounted to EUR 27,488,803 as at 31 December 2021, and is divided into 16,830,838 ordinary registered freely transferable no-par-value shares and 10,657,965 freely transferable no-par-value preference shares. Ordinary shares provide their holders the right to participate in the management of the Company (voting right), the right to a share in profits and the right to a corresponding portion of residual assets after the liquidation or bankruptcy of the Company. The number of shares was unchanged relative to the situation as at 31 December 2020.

Preference shares provide their holders the right to a share in profits and the right to a corresponding portion of residual assets after the liquidation or bankruptcy of the Company. Preference shares give their holders priority in the sharing of profits in the amount of EUR 0.01 (preferential amount) per share. The preferential amount is paid out in addition to the share in profits received by the shareholders, in accordance with the relevant resolution on the use of distributable profit.

### Share premium

The share premium account comprises amounts from the simple reduction of Intereuropa's share capital and may be used under the conditions and for the purposes set out by law. The share premium account is not distributable. This item amounted to EUR 18,454,667 and was unchanged in 2021.

### Profit reserves

The profit reserves of the Group amounted to EUR 5,160,392 as at 31 December 2021 and were unchanged relative to the end of 2020. In addition to legal reserves in the amount of EUR 4,655,544, they also comprise reserves for treasury shares in the amount of EUR 180,394 and an equal amount of treasury shares as a deduction item, as well as reserves under the Articles of Association in the amount of EUR 504,848. The parent company holds 18,135 treasury shares. The original cost of treasury shares was EUR 180,394. The parent company holds no rights arising from treasury shares, Other Group companies do not hold its shares. The number of treasury shares was unchanged in 2021.

The Company's profit reserves amounted to EUR 2,748,880 as at 31 December 2021. In addition to legal reserves in the amount of EUR 2,748,880, they also comprise reserves for treasury shares in the amount of EUR 180,394 and an equal amount of treasury shares as a deduction item. The Company holds 18,135 treasury shares. The original cost of treasury shares was EUR 180,394. The Company holds no rights arising from treasury shares, Other Group companies do not hold its shares. The number of treasury shares was unchanged in 2021. Profit reserves were unchanged in 2021.

### Fair value reserves

The Group's fair value reserves amounted to EUR 44,044,738 at the end of 2021 (EUR 44,420,915 at the end of 2020), and comprised the revaluation of land, including the revaluation of land prior to transfer to investment property in the amount of EUR 44,982,160 (the amount of revaluation is reduced for deferred taxes in the amount of EUR 9,769,795), and reserves for actuarial losses from the revaluation of provisions for termination benefits as a deduction item in the amount of EUR 890,113 (the amount of revaluation is reduced for deferred taxes in the amount of EUR 86,750), the revaluation of financial assets measured at fair value through other comprehensive income as a deduction item in the amount of EUR 48,500 and reserves for actuarial losses from the revaluation of provisions for termination benefits at the associate Company as deduction item in the amount of EUR 2,718. Changes during the financial year are disclosed in the statement of comprehensive income.

The Company's fair value reserves amounted to EUR 30,508,319 at the end of 2021 (EUR 30,544,627 at the end of 2020), and comprised the revaluation of land, including the revaluation of land prior to transfer to investment property in the amount of EUR 31,250,317 (the amount of revaluation is reduced for deferred taxes in the amount of EUR 7,330,321), and reserves for actuarial losses from the revaluation of provisions for termination benefits in the negative amount of EUR 741,997 (the amount of revaluation is reduced for deferred taxes in the amount of EUR 86,801). Changes during the financial year are disclosed in the statement of comprehensive income.

### Foreign currency translation differences

Foreign currency translation losses at the Group level and for the controlling interest amounted to EUR 7,065,690 as at 31 December 2021 and were down by EUR 163,763 relative to 2020, when they amounted to EUR 7,229,453, owing to the effect of foreign exchange rate differences arising from the recalculation of equity items in the financial statements of subsidiaries abroad from local currencies into the reporting currency.

## Retained earnings and net profit or loss for the current year

Changes in connection with the Group and Company during the financial year are disclosed in the statement of comprehensive income and in the statement of changes in equity.

### NOTE 25: Non-controlling interests in equity

(in EUR)	Country in which company is registered	Non-controlling interest		Equity pertaining to non-controlling interest		Net profit or loss pertaining to non-controlling interest	
		31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Interzav, d. o. o., Koper	Slovenia	28.72%	28.72%	28,083	16,001	19,946	7,017
Intereuropa, logističke usluge, d. o. o., Zagreb	Croatia	0.04%	0.04%	18,010	17,097	824	659
Intereuropa sajam, d. o. o., Zagreb	Croatia	49.00%	49.00%	420,918	358,619	44,244	36,893
Intereuropa Skopje, d. o. o., Skopje	North Macedonia	0.44%	0.44%	5,468	5,101	355	-310
Intereuropa RTC, d. d., Sarajevo	Bosnia and Herzegovina	4.23%	4.23%	478,924	496,103	-17,011	-21,427
AD Intereuropa logističke usluge, Belgrade	Serbia	26.38%	26.38%	1,285,400	1,529,772	-255,327	-253,855
TOV TEK ZTS, Uzhhorod	Ukraine	10.07%	10.07%	-10,913	-14,726	5,089	-7,593
Intereuropa Kosova L. L. C., Prishtina	Kosovo	10.00%	10.00%	96,636	72,299	24,340	6,835
Zetatrans A. D., Podgorica	Montenegro	30.73%	30.73%	5,043,618	5,018,601	327,815	152,465
<b>Total</b>				<b>7,366,144</b>	<b>7,498,867</b>	<b>150,275</b>	<b>-79,316</b>

## SUMMARY OF ACCOUNTING INFORMATION FOR NON-CONTROLLING INTERESTS

Non-controlling interest	28.72%		0.04%		49.00%	
Company name	Interzav, d. o. o., Koper		Intereuropa, logističke usluge, d. o. o., Zagreb		Intereuropa sajam, d. o. o., Zagreb	
(in EUR)	2021	2020	2021	2020	2021	2020
Non-current assets	342	0	15,411	15,454	241,400	235,323
Current assets	38,222	24,604	5,950	4,340	228,111	190,382
Equity and non-current liabilities	28,979	17,798	18,740	17,919	435,392	389,109
Current liabilities	9,584	6,807	2,621	1,874	34,118	36,596
Operating revenues	63,197	52,013	12,391	10,045	389,923	337,377
Profit or loss from ordinary operations	24,640	8,804	1,015	751	48,845	41,640
Net profit or loss for the accounting period	19,946	7,017	824	659	44,244	36,893

Non-controlling interest	0.44%		4.23%		26.38%	
Company name	Intereuropa Skopje, d. o. o., Skopje		Intereuropa RTC, d. d., Sarajevo		AD Intereuropa logističke usluge, Belgrade	
(in EUR)	2021	2020	2021	2020	2021	2020
Non-current assets	4,190	4,123	486,884	496,292	2,449,989	2,418,359
Current assets	4,388	3,768	104,409	89,867	390,043	321,867
Equity and non-current liabilities	5,560	5,004	508,448	522,295	1,679,739	2,028,593
Current liabilities	3,018	2,692	82,845	63,864	1,160,293	711,633
Operating revenues	18,496	11,997	385,829	315,276	1,512,851	1,592,128
Profit or loss from ordinary operations	402	-132	-17,019	-21,392	-256,881	-252,272
Net profit or loss for the accounting period	355	-310	-17,011	-21,427	-255,327	-253,855

Non-controlling interest	10.07%		10.00%		30.73%	
Company name	TOV TEK ZTS, Uzhhorod		Intereuropa Kosova L. L. C., Prishtina		ZetaTrans A. D., Podgorica	
(in EUR)	2021	2020	2021	2020	2021	2020
Non-current assets	59,964	39,374	30,279	54,403	3,416,976	3,478,472
Current assets	46,564	35,279	220,257	122,816	2,324,814	2,237,182
Equity and non-current liabilities	2,711	-13,284	96,636	91,714	5,365,293	5,340,269
Current liabilities	103,817	87,937	153,900	85,505	376,497	373,752
Operating revenues	247,465	402,114	497,127	384,825	1,876,130	1,584,436
Profit or loss from ordinary operations	6,518	-8,040	27,188	8,138	360,190	172,643
Net profit or loss for the accounting period	5,089	-7,593	24,340	6,835	327,816	152,465

## NOTE 26: Provisions

(in EUR)	Intereuropa Group		Intereuropa, d. d.	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Provisions for termination benefits upon retirement	2,266,071	2,101,187	1,764,360	1,631,575
Provisions for employee anniversary bonuses	364,712	382,199	269,113	290,715
Provisions for lawsuits	215,068	184,385	93,142	2,640
Other provisions	189,710	125,751	0	0
<b>Total</b>	<b>3,035,561</b>	<b>2,793,522</b>	<b>2,126,615</b>	<b>1,924,930</b>

### CHANGE IN PROVISIONS FOR THE GROUP

(in EUR)	Balance as at 1 January 2021	Drawn down (used)	Reversed	Additional creation of provisions charged to expenses	Additional creation of provisions charged to other comprehensive income	Exchange rate differences	Balance as at 31 December 2021
Provisions for termination benefits upon retirement	2,101,187	-96,225	0	164,767	94,825	1,517	<b>2,266,071</b>
Provisions for employee anniversary bonuses	382,199	-32,839	-17,845	32,904	0	293	<b>364,712</b>
Provisions for lawsuits	184,385	-41,260	-36,683	108,604	0	22	<b>215,068</b>
Other provisions	125,751	0	0	63,770	0	189	<b>189,710</b>
<b>Total</b>	<b>2,793,522</b>	<b>-170,324</b>	<b>-54,528</b>	<b>370,045</b>	<b>94,825</b>	<b>2,021</b>	<b>3,035,561</b>

(in EUR)	Balance as at 1 January 2020	Drawn down (used)	Reversed	Additional creation of provisions charged to expenses	Additional creation of provisions charged to other comprehensive income	Exchange rate differences	Balance as at 31 December 2020
Provisions for termination benefits upon retirement	1,844,560	-115,419	-8,802	152,081	232,642	-3,875	<b>2,101,187</b>
Provisions for employee anniversary bonuses	415,340	-40,322	-10,478	18,533	0	-874	<b>382,199</b>
Provisions for lawsuits	436,799	-89,610	-207,481	46,176	0	-1,499	<b>184,385</b>
Other provisions	0	0	0	125,559	0	192	<b>125,751</b>
<b>Total</b>	<b>2,696,699</b>	<b>-245,351</b>	<b>-226,761</b>	<b>342,349</b>	<b>232,642</b>	<b>-6,056</b>	<b>2,793,522</b>

## CHANGE IN PROVISIONS FOR THE COMPANY

Intereuropa, d. d.	Balance as at 1 January 2021	Drawn down (used)	Reversed	Additional creation of provi- sions charged to expenses	Additional crea- tion of provisions charged to other comprehensive income	Balance as at 31 December 2021
(in EUR)						
Provisions for termination benefits upon retirement	1,631,575	-87,695	0	117,669	102,811	<b>1,764,360</b>
Provisions for employee anniversary bonuses	290,715	-24,811	-16,819	20,028	0	<b>269,113</b>
Provisions for lawsuits	2,640	0	-2,640	93,142	0	<b>93,142</b>
<b>Total</b>	<b>1,924,930</b>	<b>-112,506</b>	<b>-19,459</b>	<b>230,839</b>	<b>102,811</b>	<b>2,126,615</b>

Intereuropa, d. d.	Balance as at 1 January 2020	Drawn down (used)	Reversed	Additional creation of provi- sions charged to expenses	Additional crea- tion of provisions charged to other comprehensive income	Balance as at 31 December 2020
(in EUR)						
Provisions for termination benefits upon retirement	1,468,091	-83,111	0	101,530	145,065	<b>1,631,575</b>
Provisions for employee anniversary bonuses	320,889	-34,458	0	4,284	0	<b>290,715</b>
Provisions for lawsuits	182,640	-80,599	-99,401	0	0	<b>2,640</b>
<b>Total</b>	<b>1,971,620</b>	<b>-198,168</b>	<b>-99,401</b>	<b>105,814</b>	<b>145,065</b>	<b>1,924,930</b>

The calculation of provisions for termination benefits upon retirement and employee anniversary bonuses within the Group for 2021 and 2020 is based on an actuarial calculation, in which the following assumptions were taken into account:

- the method for calculating severance pay at retirement in specific countries;
- growth in average wages in specific countries;
- age-based employee turnover, prerequisites for retirement in accordance with the minimum conditions for exercising the right to an old-age pension;
- the mortality rate based on published mortality tables in individual countries;
- retirement in accordance with the legal bases of individual countries; and
- the application of the following annual discount rates: 0.848% in Slovenia (2020: 0.3475%), 0.424% in Croatia (2020: 0.666%), 1.077% in Bosnia and Herzegovina (2020: 2.84%), 3.4% in Serbia (2020: 3%), 2.5% in North Macedonia (2020: 2.5%), and 2.55% in Montenegro (2020: 2.55%).

The calculation of provisions for termination benefits upon retirement and employee anniversary bonuses at the Company for 2021 and 2020 is based on an actuarial calculation, in which the following assumptions were taken into account:

- wage growth in the Republic of Slovenia in the amount of 5% and wage growth of 4% at the Company (2020: wage growth in the Republic of Slovenia in the amount of 3.5% and at the Company in the amount of 3%);
- an employer contribution rate of 16.1% (for payments exceeding the amounts defined by the Decree on the Tax Treatment of Reimbursement of Work-Related Expenses and Other Employment Earnings);
- growth in the amounts set out in the aforementioned decree of 0.25%;
- employee turnover:
  - a. 5.5% in the age group of up to 40 years (2020: 6%);
  - b. 3.5% in the age group of 41 to 50 years;
  - c. 0% in the age group of 51 years or more;
- mortality rate (2007 for Slovenia); selection factor for the active population of 75%;
- disability rate; and
- retirement in accordance with the model on the basis of the Pension and Disability Insurance Act;
- annual discount rate of 0.848% (2020: 0.3475%).

CHANGES IN PROVISIONS FOR TERMINATION BENEFITS UPON RETIREMENT AND EMPLOYEE ANNIVERSARY BONUSES FOR THE GROUP

<b>Intereuropa Group</b> (in EUR)	<b>Balance as at 1 January 2021</b>	<b>Interest expense</b>	<b>Payments</b>	<b>Increase during current year</b>	<b>Actuarial gains or losses</b>	<b>Exchange rate differences</b>	<b>Balance as at 31 December 2021</b>
Termination benefits upon retirement	2,101,187	9,982	-96,225	154,785	94,824	1,518	<b>2,266,071</b>
Employee anniversary bonuses	382,199	2,007	-32,839	28,142	-15,090	293	<b>364,712</b>
<b>Total</b>	<b>2,483,386</b>	<b>11,989</b>	<b>-129,064</b>	<b>182,927</b>	<b>79,734</b>	<b>1,811</b>	<b>2,630,783</b>

<b>Intereuropa Group</b> (in EUR)	<b>Balance as at 1 January 2020</b>	<b>Interest expense</b>	<b>Payments</b>	<b>Increase during current year</b>	<b>Actuarial gains or losses</b>	<b>Exchange rate differences</b>	<b>Balance as at 31 December 2020</b>
Termination benefits upon retirement	1,844,560	5,604	-115,419	137,675	232,642	-3,875	<b>2,101,187</b>
Employee anniversary bonuses	415,340	1,514	-40,322	26,977	-20,436	-874	<b>382,199</b>
<b>Total</b>	<b>2,259,900</b>	<b>7,118</b>	<b>-155,741</b>	<b>164,652</b>	<b>212,206</b>	<b>-4,749</b>	<b>2,483,386</b>

CHANGES IN PROVISIONS FOR TERMINATION BENEFITS UPON RETIREMENT AND EMPLOYEE ANNIVERSARY BONUSES FOR THE COMPANY

<b>Intereuropa, d. d.</b> (in EUR)	<b>Balance as at 1 January 2021</b>	<b>Interest expense</b>	<b>Payments</b>	<b>Increase during current year</b>	<b>Actuarial gains or losses</b>	<b>Balance as at 31 December 2021</b>
Termination benefits upon retirement	1,631,575	5,076	-87,695	112,593	102,811	<b>1,764,360</b>
Employee anniversary bonuses	290,715	937	-24,810	19,090	-16,819	<b>269,113</b>
<b>Total</b>	<b>1,922,290</b>	<b>6,013</b>	<b>-112,505</b>	<b>131,683</b>	<b>85,992</b>	<b>2,033,473</b>

<b>Intereuropa, d. d.</b> (in EUR)	<b>Balance as at 1 January 2020</b>	<b>Interest expense</b>	<b>Payments</b>	<b>Increase during current year</b>	<b>Actuarial gains or losses</b>	<b>Balance as at 31 December 2020</b>
Termination benefits upon retirement	1,468,092	1,468	-83,111	100,062	145,065	<b>1,631,576</b>
Employee anniversary bonuses	320,888	321	-34,458	19,948	-15,985	<b>290,714</b>
<b>Total</b>	<b>1,788,980</b>	<b>1,789</b>	<b>-117,569</b>	<b>120,010</b>	<b>129,080</b>	<b>1,922,290</b>

SENSITIVITY ANALYSIS FOR 2021

(in EUR)	Intereuropa Group				Intereuropa, d. d.			
	Discount rate		Turnover		Discount rate		Turnover	
Change in percentage point	-0.5	+0.5	-1.0	+1.0	-0.5	+0.5	-1.0	+1.0
Effect on balance of provisions	2,772,091	2,523,135	2,802,381	2,281,251	2,138,533	1,951,826	2,088,064	1,864,803

SENSITIVITY ANALYSIS FOR 2020

(in EUR)	Intereuropa Group				Intereuropa, d. d.			
	Discount rate		Turnover		Discount rate		Turnover	
Change in percentage point	-0.5	+0.5	-1.0	+1.0	-0.5	+0.5	-1.0	+1.0
Effect on balance of provisions	2,602,964	2,372,522	2,565,573	2,264,919	2,012,089	1,838,895	1,963,348	1,758,635

## NOTE 27: Financial liabilities

(in EUR)	Intereuropa Group		Intereuropa, d. d.	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Loans received from others	47,727,479	52,887,330	47,387,743	52,156,428
Lease liabilities	785,087	1,311,839	265,828	485,926
<b>Total non-current financial liabilities</b>	<b>48,512,566</b>	<b>54,199,169</b>	<b>47,653,571</b>	<b>52,642,354</b>
Loans from Group companies	0	0	2,100,000	3,100,000
Loans received from others	5,442,514	2,666,878	4,768,685	2,597,984
Lease liabilities	1,007,220	1,327,184	324,662	346,707
Liabilities for dividends and other shares in profit	458,998	425,086	0	0
<b>Total current financial liabilities</b>	<b>6,908,732</b>	<b>4,419,148</b>	<b>7,193,347</b>	<b>6,044,691</b>

The Company had an approved and undrawn revolving loan in the amount of EUR 4,000,000 as at 31 December 2021. The Group had an approved and undrawn overdraft limit on its bank accounts in the amount of EUR 50 thousand.

The Group and Company had no overdue unpaid liabilities under loan agreements as at the reporting date.

On 31 January 2020, the Company successfully completed the refinancing of several loans arranged under the financial restructuring agreement concluded in 2012. The Company and a syndicate of banks, including Nova Ljubljanska banka, d. d. acting as the organiser and agent, concluded a long-term loan agreement in the amount of EUR 54,850,000. The loan was concluded in two tranches, one with a maturity of seven years and the other with a maturity of four years, Pošta Slovenije, d. o. o. issued a guarantee for 80% of the loan amount.

An annex to the loan agreement entered into force on 27 May 2020. Under that annex, the Company and a syndicate of banks agreed on the deferral of payments in accordance with the Emergency Deferral of Borrowers' Liabilities Act (hereinafter: the ZIUOPOK; Official Gazette of the Republic of Slovenia No. 36-683/2020) as preparation for the expected deterioration in the Company's liquidity position due to the outbreak of the coronavirus crisis. A one-year deferral of the payment of principal and interest, from 1 April 2020 to 31 March 2021 was agreed. The Company settles its obligations in accordance with that annex and the underlying agreement.

## CHANGES IN THE FINANCIAL LIABILITIES OF THE GROUP

Intereuropa Group (in EUR)	Long-term loans (excluding leases)	Long-term leases	Short-term loans (excluding leases)	Liabilities for dividends and other shares in profit	Total financial liabilities
<b>Balance as at 1 January 2021</b>	<b>55,554,208</b>	<b>2,639,023</b>	<b>0</b>	<b>425,086</b>	<b>58,618,317</b>
New leases/loans	0	706,012	277,980	0	983,992
Transfer from equity items	0	0	0	256,707	256,707
Repayments	-2,689,730	-1,851,492	0	-222,785	-4,764,007
Early termination of leases	0	-105,489	0	0	-105,489
Amendments to agreements	0	55,793	0	0	55,793
Increase for new invoices	0	138,203	0	0	138,203
Correction (costs)	0	122,808	0	0	122,808
Interest	0	85,340	0	0	85,340
Loan approval costs (rebooking to costs)	27,016	0	0	0	27,016
Other	0	-630	0	-10	-640
Exchange rate differences	519	2,739	0	0	3,258
<b>Balance as at 31 December 2021</b>	<b>52,892,013</b>	<b>1,792,307</b>	<b>277,980</b>	<b>458,998</b>	<b>55,421,298</b>

<b>Intereuropa Group</b> <b>(in EUR)</b>	<b>Long-term loans (excluding leases)</b>	<b>Long-term leases</b>	<b>Short-term loans (excluding leases)</b>	<b>Liabilities for dividends and other shares in profit</b>	<b>Total financial liabilities</b>
<b>Balance as at 1 January 2020</b>	<b>56,860,682</b>	<b>4,119,033</b>	<b>280,512</b>	<b>437,514</b>	<b>61,697,741</b>
New leases	0	236,268	0	0	236,268
Repayments	-1,215,227	-1,420,804	-277,059	-12,428	-2,925,518
Amendments to agreements	0	-3,004	0	0	-3,004
Correction (costs)	0	-356,117	0	0	-356,117
Loan approval costs (rebooking to costs)	-95,588	0	0	0	-95,588
Other	0	76,962	0	0	76,962
Exchange rate differences	4,341	-13,315	-3,453	0	-12,427
<b>Balance as at 31 December 2020</b>	<b>55,554,208</b>	<b>2,639,023</b>	<b>0</b>	<b>425,086</b>	<b>58,618,317</b>

#### CHANGES IN THE FINANCIAL LIABILITIES OF THE COMPANY

<b>Intereuropa, d. d.</b> <b>(in EUR)</b>	<b>Long-term loans (excluding leases)</b>	<b>Long-term leases</b>	<b>Short-term loans (excluding leases)</b>	<b>Total financial liabilities</b>
<b>Balance as at 1 January 2021</b>	<b>54,754,412</b>	<b>832,633</b>	<b>3,100,000</b>	<b>58,687,045</b>
New loans/leases		157,634		157,634
Repayments	-2,625,000	-456,230	-1,000,000	-4,081,230
Early termination of leases	0	-19,251	0	-19,251
Increase for new invoices	0	57,516	0	57,516
Interest	0	18,188	0	18,188
Loan approval costs (rebooking to costs)	27,016	0	0	27,016
<b>Balance as at 31 December 2021</b>	<b>52,156,428</b>	<b>590,490</b>	<b>2,100,000</b>	<b>54,846,918</b>

<b>Intereuropa, d. d.</b> <b>(in EUR)</b>	<b>Long-term loans (excluding leases)</b>	<b>Long-term leases</b>	<b>Short-term loans (excluding leases)</b>	<b>Total financial liabilities</b>
<b>Balance as at 1 January 2020</b>	<b>56,845,360</b>	<b>1,430,042</b>	<b>4,100,000</b>	<b>62,375,402</b>
New loans/leases	0	13,050	0	13,050
Repayments	-1,995,360	-451,581	-1,000,000	-3,446,941
Amendments to agreements	0	-18,704	0	-18,704
Correction (costs)	0	-167,520	0	-167,520
Loan approval costs (rebooking to costs)	-95,588	0	0	-95,588
Other	0	27,346	0	27,346
<b>Balance as at 31 December 2020</b>	<b>54,754,412</b>	<b>832,633</b>	<b>3,100,000</b>	<b>58,687,045</b>

Long-term loans and long-term leases in the table of changes in financial liabilities comprise long-term loans and leases, as well as the short-term portion of long-term loans and leases, which are disclosed in the statement of financial position in current financial liabilities.

The Group repaid financial liabilities from loans in the amount of EUR 2,689,730 in 2021, while the Company repaid financial liabilities from loans in the amount of EUR 3,625,000.



## LOANS WITH RESPECT TO COLLATERAL

(in EUR)	Intereuropa Group		Intereuropa, d. d.	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Secured				
Liens on real estate and securities	52,156,428	54,754,412	52,156,428	54,754,412
Bills of exchange	735,585	730,902	0	0
Unsecured	277,980	68,894	2,100,000	3,100,000
<b>Total</b>	<b>53,169,993</b>	<b>55,554,208</b>	<b>54,256,428</b>	<b>57,854,412</b>

## LOANS TO OTHERS BY MATURITY

(in EUR)	Intereuropa Group		Intereuropa, d. d.	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Maturity of 0 to 1 years	5,046,666	2,662,699	6,868,685	5,697,984
Maturity of 1 to 2 years	5,577,524	5,189,360	5,181,493	4,793,750
Maturity of 2 to 3 years	25,564,553	5,564,471	25,225,000	5,225,000
Maturity of 3 to 4 years	5,225,000	25,225,000	5,225,000	25,225,000
Maturity of 4 to 5 years	5,225,000	5,225,000	5,225,000	5,225,000
Maturity of more than 5 years	6,531,250	11,687,678	6,531,250	11,687,678
<b>Total</b>	<b>53,169,993</b>	<b>55,554,208</b>	<b>54,256,428</b>	<b>57,854,412</b>

## NOTE 28: Operating liabilities

(in EUR)	Intereuropa Group		Intereuropa, d. d.	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Non-current trade payables	108,932	115,809	108,932	115,809
Other non-current operating liabilities	1,065,048	819,355	1,041,154	762,666
<b>Total non-current operating liabilities</b>	<b>1,173,980</b>	<b>935,164</b>	<b>1,150,086</b>	<b>878,475</b>
Current operating liabilities to Group companies	0	0	567,766	374,048
Current trade payables (excluding the Group)	21,549,787	15,680,960	12,235,339	9,193,447
Other current operating liabilities	5,259,375	5,723,390	2,924,234	4,369,251
<b>Total current operating liabilities</b>	<b>26,809,162</b>	<b>21,404,350</b>	<b>15,727,339</b>	<b>13,936,746</b>

The Group's contractual obligation for employee participation in profits, which will be settled one year after the approval of the annual report for 2021, amounted to EUR 1,011,413 and comprised expenses for employee participation in profits in the amount of EUR 795,265 (including social security costs), and expenses for the participation of hired labour in profits in the amount of EUR 216,148 recognised in the item 'costs of hired labour and student work'. For the Company, that obligation amounted to EUR 987,520 and comprised expenses for employee participation in profits in the amount of EUR 771,372 (including social security costs), and expenses for the participation of hired labour in profits in the amount of EUR 216,148 recognised in the item 'costs of hired labour and student work' (Notes 3 and 4).

Of the Group's total current operating liabilities as at 31 December 2021, EUR 3,614,149 related to liabilities for costs for which suppliers' invoices were not yet received (EUR 2,358,710 at the end of the previous year), while the Company disclosed such liabilities in the amount of EUR 2,588,735 (end of 2020: EUR 1,678,333).

Other current operating liabilities comprised liabilities to employees for wages and wage compensation, liabilities for contributions and taxes, and other liabilities.

The majority of the Group's liabilities for customs duties amounting to EUR 1,790,554 on the final day of 2021 (EUR 806,268 as at 31 December 2020) were secured by a bank guarantee, while that figure was EUR 928,045 at the Company (EUR 100,099 on the final day of 2020). The Group and Company do not issue collateral instruments to secure payments to other suppliers.

## NOTE 29: Contingent liabilities

(in EUR)	Intereuropa Group		Intereuropa, d. d.	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Contingent liabilities from bank guarantees and guarantees given to Group companies	0	0	735,584	799,796
Contingent liabilities from bank guarantees and guarantees given to others	18,235,186	17,710,888	9,364,516	10,199,763
Contingent liabilities from lawsuits	256,922	602,032	93,085	7,000
Other contingent liabilities	170,706	170,706	65,706	65,706
<b>Total</b>	<b>18,662,814</b>	<b>18,483,626</b>	<b>10,258,891</b>	<b>11,072,265</b>

The Group and Company disclose as contingent liabilities any liabilities that are not disclosed in the statement of financial position and for which they assess that an outflow of economic benefits will not be likely in the settlement of those liabilities.

The guarantees and warranties for Group companies that the Company discloses primarily comprise guarantees for raised loans and the customs guarantees of subsidiaries. Other guarantees and warranties mainly comprise contingent liabilities arising from guarantees for potential customs liabilities that might arise from transit procedures, the verification of origin, and various analyses and controls of goods.

With regard to contingent liabilities arising from lawsuits in the amount of EUR 256,922 at the Group level and EUR 93,085 at the Company, there is a less than 50% probability that the court will rule in favour of the plaintiff's claim (which would result in the outflow of resources embodying economic benefits).

## NOTE 30: Fair value

### FAIR VALUE OF FINANCIAL INSTRUMENTS

Intereuropa Group (in EUR)	31 December 2021		31 December 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Fair value of assets</b>				
Financial assets measured at fair value through other comprehensive income	2,478	2,478	2,189	2,189
Financial assets measured at fair value through profit or loss	35,590	35,590	27,159	27,159
Long-term loans and deposits	174,129	174,129	39,898	39,898
Non-current operating receivables (excluding receivables from the government and employees, and advances paid)	178,872	178,872	238,347	238,347
Short-term loans and deposits	3,629,983	3,629,983	2,598,166	2,598,166
Current operating receivables (excluding receivables from the government and employees, and advances paid)	34,899,642	34,899,642	29,202,564	29,202,564
Cash and cash equivalents	15,853,959	15,853,959	11,609,486	11,609,486
<b>Total</b>	<b>54,774,653</b>	<b>54,774,653</b>	<b>43,717,809</b>	<b>43,717,809</b>
<b>Fair value of liabilities</b>				
Non-current financial liabilities	47,727,479	47,727,479	52,887,330	52,887,330
Non-current lease liabilities	785,087	785,087	1,311,838	1,311,838
Non-current operating liabilities (excluding liabilities to the government and employees, and advances received)	162,566	162,566	115,809	115,809
Current financial liabilities	5,901,512	5,901,512	3,091,964	3,091,964
Current lease liabilities	1,007,220	1,007,220	1,327,184	1,327,184
Current operating liabilities (excluding liabilities to the government and employees, and advances received)	22,382,412	22,382,412	16,438,897	16,438,897
<b>Total</b>	<b>77,966,276</b>	<b>77,966,276</b>	<b>75,173,022</b>	<b>75,173,022</b>

Intereuropa, d. d. (in EUR)	31 December 2021		31 December 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Fair value of assets</b>				
Financial assets measured at fair value through profit or loss	35,590	35,590	27,159	27,159
Long-term loans and deposits	252,178	252,178	0	0
Non-current operating receivables (excluding receivables from the government and employees, and advances paid)	174,171	174,171	232,200	232,200
Short-term loans and deposits	3,082,730	3,082,730	2,198,062	2,198,062
Current operating receivables (excluding receivables from the government and employees, and advances paid)	24,113,579	24,113,579	21,430,331	21,430,331
Cash and cash equivalents	3,343,621	3,343,621	2,374,180	2,374,180
<b>Total</b>	<b>31,001,869</b>	<b>31,001,869</b>	<b>26,261,932</b>	<b>26,261,932</b>
<b>Fair value of liabilities</b>				
Non-current financial liabilities	47,387,743	47,387,743	52,156,428	52,156,428
Non-current lease liabilities	265,828	265,828	485,926	485,926
Non-current operating liabilities (excluding liabilities to the government and employees, and advances received)	162,566	162,566	115,809	115,809
Current financial liabilities	6,868,685	6,868,685	5,697,984	5,697,984
Current lease liabilities	324,662	324,662	346,707	346,707
Current operating liabilities (excluding liabilities to the government and employees, and advances received)	12,998,059	12,998,059	11,824,492	11,824,492
<b>Total</b>	<b>68,007,543</b>	<b>68,007,543</b>	<b>70,627,346</b>	<b>70,627,346</b>

The Group and Company assume that the carrying amount of receivables and liabilities with a maturity of less than one year is a proper reflection of their fair value.

### Fair value hierarchy

The table illustrates the classification of non-financial and financial instruments with respect to the calculation of their fair value. The Company classifies those instruments to the following three levels:

- level 1 includes the unadjusted price quoted on an active market on the date of measurement;
- level 2 includes inputs other than the quoted prices included in level 1 that can be directly or indirectly observed for assets or liabilities; and
- level 3 includes unobservable inputs for an asset or liability.

## FAIR VALUE HIERARCHY FOR ASSETS MEASURED AT FAIR VALUE

Intereuropa Group (in EUR)	31 December 2021			31 December 2020		
	Level 1	Level 3	Total	Level 1	Level 3	Total
<b>Fair value of assets</b>						
Financial assets measured at fair value through other comprehensive income	2,478	0	<b>2,478</b>	2,189	0	<b>2,189</b>
Financial assets measured at fair value through profit or loss	0	35,590	<b>35,590</b>	0	27,159	<b>27,159</b>
Long-term loans and deposits	0	174,129	<b>174,129</b>	0	39,898	<b>39,898</b>
Non-current operating receivables (excluding receivables from the government and employees, and advances paid)	0	178,872	<b>178,872</b>	0	238,347	<b>238,347</b>
Short-term loans and deposits	0	3,629,983	<b>3,629,983</b>	0	2,598,166	<b>2,598,166</b>
Current operating receivables (excluding receivables from the government and employees, and advances paid)	0	34,899,642	<b>34,899,642</b>	0	29,202,564	<b>29,202,564</b>
Cash and cash equivalents	0	15,853,959	<b>15,853,959</b>	0	11,609,486	<b>11,609,486</b>
<b>Total</b>	<b>2,478</b>	<b>54,772,175</b>	<b>54,774,653</b>	<b>2,189</b>	<b>43,715,620</b>	<b>43,717,809</b>
<b>Fair value of liabilities</b>						
Non-current financial liabilities	0	47,727,479	<b>47,727,479</b>	0	52,887,330	<b>52,887,330</b>
Non-current lease liabilities	0	785,087	<b>785,087</b>	0	1,311,838	<b>1,311,838</b>
Non-current operating liabilities (excluding liabilities to the government and employees, and advances received)	0	162,566	<b>162,566</b>	0	115,809	<b>115,809</b>
Current financial liabilities	0	5,901,512	<b>5,901,512</b>	0	3,091,964	<b>3,091,964</b>
Current lease liabilities	0	1,007,220	<b>1,007,220</b>	0	1,327,184	<b>1,327,184</b>
Current operating liabilities (excluding liabilities to the government and employees, and advances received)	0	22,382,412	<b>22,382,412</b>	0	16,438,897	<b>16,438,897</b>
<b>Total</b>	<b>0</b>	<b>77,966,276</b>	<b>77,966,276</b>	<b>0</b>	<b>75,173,022</b>	<b>75,173,022</b>

Intereuropa, d. d. (in EUR)	31 December 2021		31 December 2020	
	Level 3	Total	Level 3	Total
<b>Fair value of assets</b>				
Financial assets measured at fair value through profit or loss	35,590	<b>35,590</b>	27,159	<b>27,159</b>
Long-term loans and deposits	252,178	<b>252,178</b>	0	<b>0</b>
Non-current operating receivables (excluding receivables from the government and employees, and advances paid)	174,171	<b>174,171</b>	232,200	<b>232,200</b>
Short-term loans and deposits	3,082,730	<b>3,082,730</b>	2,198,062	<b>2,198,062</b>
Current operating receivables (excluding receivables from the government and employees, and advances paid)	24,113,579	<b>24,113,579</b>	21,430,331	<b>21,430,331</b>
Cash and cash equivalents	3,343,621	<b>3,343,621</b>	2,374,180	<b>2,374,180</b>
<b>Total</b>	<b>31,001,869</b>	<b>31,001,869</b>	<b>26,261,932</b>	<b>26,261,932</b>
<b>Fair value of liabilities</b>				
Non-current financial liabilities	47,387,743	<b>47,387,743</b>	52,156,428	<b>52,156,428</b>
Non-current lease liabilities	265,828	<b>265,828</b>	485,926	<b>485,926</b>
Non-current operating liabilities (excluding liabilities to the government and employees, and advances received)	162,566	<b>162,566</b>	115,809	<b>115,809</b>
Current financial liabilities	6,868,685	<b>6,868,685</b>	5,697,984	<b>5,697,984</b>
Current lease liabilities	324,662	<b>324,662</b>	346,707	<b>346,707</b>
Current operating liabilities (excluding liabilities to the government and employees, and advances received)	12,998,059	<b>12,998,059</b>	11,824,492	<b>11,824,492</b>
<b>Total</b>	<b>68,007,543</b>	<b>68,007,543</b>	<b>70,627,346</b>	<b>70,627,346</b>

For other financial instruments for which value is disclosed, that value reflects level three.

## NOTE 31: Financial risks

The financial risks to which the Group and Company are exposed include:

1. liquidity risk,
2. currency risk,
3. credit risk, and
4. interest-rate risk.

### Liquidity risk

The Group and Company manage liquidity risk through the active management of cash, which includes:

- the monitoring and planning of cash flows;
- regular collection activities and daily contact with major customers; and
- the option of using short-term credit lines via banks.

In addition, subsidiaries may raise short-term borrowings within the Group.

The table regarding liquidity risk illustrates estimated undiscounted cash flows, including future interest.

Intereuropa Group (in EUR)	31 December 2021						
	Carrying amount	Contractual cash flows	6 months or less	6 to 12 months	1 to 2 years	2 to 5 years	More than 5 years
Non-current financial liabilities	47,727,479	48,791,340	0	0	6,025,752	36,184,664	6,580,924
Non-current lease liabilities	785,087	834,689	0	0	488,982	331,015	14,692
Non-current operating liabilities (excluding liabilities to the government and employees, and advances received)	162,566	162,566	0	0	93,817	68,749	0
Current financial liabilities	5,901,512	6,439,466	2,922,689	3,516,777	0	0	0
Current lease liabilities	1,007,220	1,028,261	758,041	270,220	0	0	0
Current operating liabilities (excluding liabilities to the government and employees, and advances received)	22,382,412	22,414,559	22,368,929	45,630	0	0	0
<b>Total</b>	<b>77,966,276</b>	<b>79,670,881</b>	<b>26,049,659</b>	<b>3,832,627</b>	<b>6,608,551</b>	<b>36,584,428</b>	<b>6,595,616</b>

Intereuropa Group (in EUR)	31 December 2020						
	Carrying amount	Contractual cash flows	6 months or less	6 to 12 months	1 to 2 years	2 to 5 years	More than 5 years
Non-current financial liabilities	52,887,330	54,493,325	0	0	5,702,250	36,885,840	11,905,235
Non-current lease liabilities	1,311,838	1,086,689	0	116,630	417,593	552,466	0
Non-current operating liabilities (excluding liabilities to the government and employees, and advances received)	115,809	115,809	0	0	23,734	69,363	22,712
Current financial liabilities	3,091,964	4,035,996	1,529,200	2,506,796	0	0	0
Current lease liabilities	1,327,184	1,572,714	1,148,482	424,232	0	0	0
Current operating liabilities (excluding liabilities to the government and employees, and advances received)	16,438,897	16,498,446	16,461,354	37,092	0	0	0
<b>Total</b>	<b>75,173,022</b>	<b>77,802,979</b>	<b>19,139,036</b>	<b>3,084,750</b>	<b>6,143,577</b>	<b>37,507,669</b>	<b>11,927,947</b>

Intereuropa, d. d. (in EUR)	31 December 2021						
	Carrying amount	Contractual cash flows	6 months or less	6 to 12 months	1 to 2 years	2 to 5 years	More than 5 years
Non-current financial liabilities	47,387,743	48,451,604	0	0	5,686,016	36,184,664	6,580,924
Non-current lease liabilities	265,828	288,962	0	0	153,084	135,878	0
Non-current operating liabilities (excluding liabilities to the government and employees, and advances received)	162,566	162,566	0	0	93,817	68,749	0
Current financial liabilities	6,868,685	7,416,306	4,252,013	3,164,293	0	0	0
Current lease liabilities	324,662	324,662	217,503	107,159	0	0	0
Current operating liabilities (excluding liabilities to the government and employees, and advances received)	12,998,059	12,998,059	12,969,436	28,623	0	0	0
<b>Total</b>	<b>68,007,543</b>	<b>69,642,159</b>	<b>17,438,952</b>	<b>3,300,075</b>	<b>5,932,917</b>	<b>36,389,291</b>	<b>6,580,924</b>

Intereuropa, d. d. (in EUR)	31 December 2020						
	Carrying amount	Contractual cash flows	6 months or less	6 to 12 months	1 to 2 years	2 to 5 years	More than 5 years
Non-current financial liabilities	52,156,428	53,758,244	0	0	5,306,640	36,546,369	11,905,235
Non-current lease liabilities	485,926	520,294	0	0	241,771	278,523	0
Non-current operating liabilities (excluding liabilities to the government and employees, and advances received)	115,809	115,810	0	0	23,735	69,363	22,712
Current financial liabilities	5,697,984	6,663,432	3,335,894	3,327,538	0	0	0
Current lease liabilities	346,707	354,092	200,900	153,192	0	0	0
Current operating liabilities (excluding liabilities to the government and employees, and advances received)	11,824,492	11,824,492	11,812,625	11,867	0	0	0
<b>Total</b>	<b>70,627,346</b>	<b>73,236,364</b>	<b>15,349,419</b>	<b>3,492,597</b>	<b>5,572,146</b>	<b>36,894,255</b>	<b>11,927,947</b>

The Group and Company estimate a time span of between six months and five years for contingent liabilities from bank guarantees and guarantees issued in the total amount of EUR 18,235,186 and EUR 9,364,516, respectively.



## Currency risk

Intereuropa Group (in EUR)	31 December 2021					
	EUR	USD	HRK	RSD	Other	Total
Long-term loans and deposits	131,240	0	42,807	0	82	<b>174,129</b>
Non-current operating receivables (excluding receivables from the government and employees, and advances paid)	174,171	0	0	0	4,701	<b>178,872</b>
Short-term loans and deposits	3,629,210	0	0	0	773	<b>3,629,983</b>
Current operating receivables (excluding receivables from the government and employees, and advances paid)	27,166,816	488,975	4,868,659	760,856	1,614,336	<b>34,899,642</b>
Non-current financial liabilities	-47,387,743	0	0	-339,736	0	<b>-47,727,479</b>
Non-current lease liabilities	-381,437	0	-59,334	-233,160	-111,155	<b>-785,086</b>
Non-current operating liabilities (excluding liabilities to the government and employees, and advances received)	-162,566	0	0	0	0	<b>-162,566</b>
Current financial liabilities	-5,222,541	0	0	-673,829	-5,142	<b>-5,901,512</b>
Current lease liabilities	-619,363	0	-170,748	-103,520	-113,589	<b>-1,007,220</b>
Current operating liabilities (excluding liabilities to the government and employees, and advances received)	-14,506,343	-1,424,584	-4,083,132	-738,656	-1,629,697	<b>-22,382,412</b>
<b>Exposure disclosed in the statement of financial position</b>	<b>-37,178,556</b>	<b>-935,609</b>	<b>598,252</b>	<b>-1,328,045</b>	<b>-239,691</b>	<b>-39,083,649</b>

Intereuropa Group (in EUR)	31 December 2020					
	EUR	USD	HRK	RSD	Other	Total
Long-term loans and deposits	0	0	39,279	0	619	<b>39,898</b>
Non-current operating receivables (excluding receivables from the government and employees, and advances paid)	232,200	0	0	0	6,147	<b>238,347</b>
Short-term loans and deposits	2,597,400	0	0	0	766	<b>2,598,166</b>
Current operating receivables (excluding receivables from the government and employees, and advances paid)	23,795,037	130,660	3,555,822	629,946	1,091,099	<b>29,202,564</b>
Non-current financial liabilities	-52,155,429	0	0	-731,901	0	<b>-52,887,330</b>
Non-current lease liabilities	-874,142	0	-227,078	0	-210,619	<b>-1,311,839</b>
Non-current operating liabilities (excluding liabilities to the government and employees, and advances received)	-115,809	0	0	0	0	<b>-115,809</b>
Current financial liabilities	-3,017,928	0	0	-74,036	0	<b>-3,091,964</b>
Current lease liabilities	-735,212	0	-345,918	0	-246,054	<b>-1,327,184</b>
Current operating liabilities (excluding liabilities to the government and employees, and advances received)	-11,318,758	-368,940	-3,247,812	-563,076	-940,311	<b>-16,438,897</b>
<b>Exposure disclosed in the statement of financial position</b>	<b>-41,592,641</b>	<b>-238,280</b>	<b>-225,707</b>	<b>-739,067</b>	<b>-298,353</b>	<b>-43,094,048</b>

Intereuropa, d. d. (in EUR)	31 December 2021				
	EUR	USD	HRK	Other	Total
Long-term loans and deposits	252,178	0	0	0	252,178
Non-current operating receivables (excluding receivables from the government and employees, and advances paid)	174,171	0	0	0	174,171
Short-term loans and deposits	3,082,730	0	0	0	3,082,730
Current operating receivables (excluding receivables from the government and employees, and advances paid)	23,970,489	144,633	-1,543	0	24,113,579
Non-current financial liabilities	-47,387,743	0	0	0	-47,387,743
Non-current lease liabilities	-265,828	0	0	0	-265,828
Non-current operating liabilities (excluding liabilities to the government and employees, and advances received)	-162,566	0	0	0	-162,566
Current financial liabilities	-6,868,685	0	0	0	-6,868,685
Current lease liabilities	-324,662	0	0	0	-324,662
Current operating liabilities (excluding liabilities to the government and employees, and advances received)	-11,969,508	-968,885	-1,605	-58,061	-12,998,059
<b>Exposure disclosed in the statement of financial position</b>	<b>-39,499,424</b>	<b>-824,252</b>	<b>-3,148</b>	<b>-58,061</b>	<b>-40,384,885</b>

Intereuropa d. d. (in EUR)	31 December 2020			
	EUR	USD	HRK	Total
Non-current operating receivables (excluding receivables from the government and employees, and advances paid)	232,200	0	0	232,200
Short-term loans and deposits	2,198,062	0	0	2,198,062
Current operating receivables (excluding receivables from the government and employees, and advances paid)	21,374,282	57,592	-1,543	21,430,331
Non-current financial liabilities	-52,156,428	0	0	-52,156,428
Non-current lease liabilities	-485,926	0	0	-485,926
Non-current operating liabilities (excluding liabilities to the government and employees, and advances received)	-115,809	0	0	-115,809
Current financial liabilities	-5,697,984	0	0	-5,697,984
Current lease liabilities	-346,707	0	0	-346,707
Current operating liabilities (excluding liabilities to the government and employees, and advances received)	-11,535,690	-273,510	-15,292	-11,824,492
<b>Exposure disclosed in the statement of financial position</b>	<b>-46,534,000</b>	<b>-215,918</b>	<b>-16,835</b>	<b>-46,766,753</b>

## EXCHANGE RATES IN THE GROUP

Country	Functional currency	2021		2020	
		Year-end exchange rate in EUR*	Average exchange rate in EUR*	Year-end exchange rate in EUR*	Average exchange rate in EUR*
Montenegro and Kosovo	EUR	-	-	-	-
Croatia	HRK	7.516	7.528	7.552	7.538
North Macedonia	MKD	61.535	61.624	61.559	61.674
Bosnia and Herzegovina	BAM	1.956	1.956	1.956	1.956
Serbia	RSD	117.440	117.610	117.530	117.710
Ukraine	UAH	30.871	32.570	34.135	30.597
Albania	ALL	121.330	122.790	124.380	124.120

\* ECB reference exchange rates taken into account.

## EXCHANGE RATE SENSITIVITY ANALYSIS

Impact on pre-tax profit (in EUR)	Intereuropa Group				Intereuropa, d. d.			
	2021		2020		2021		2020	
Change in exchange rate	+1 %	-1 %	+1 %	-1 %	+1 %	-1 %	+1 %	-1 %
USD	9,263	-9,451	2,359	-2,407	8,161	-8,326	2,138	2,181
HRK	-5,923	6,043	2,235	-2,280	0	0	0	0
RSD	13,149	-13,415	7,318	-7,465	0	0	0	0

Changes in other exchange rates would not result in a significant change in pre-tax profit.

## Credit risk

(in EUR)	Intereuropa Group		Intereuropa, d. d.	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Financial assets measured at fair value through other comprehensive income	2,478	2,189	0	0
Financial assets measured at fair value through profit or loss	35,590	27,159	35,590	27,159
Non-current financial receivables	174,129	39,898	252,178	0
Non-current operating receivables (excluding receivables from the government and employees, and advances paid)	178,872	238,347	174,171	232,200
Current financial receivables	3,629,983	2,598,166	3,082,730	2,198,062
Current operating receivables (excluding receivables from the government and employees, and advances paid)	34,899,642	29,202,564	24,113,579	21,430,331
Cash and cash equivalents	15,853,959	11,609,486	3,343,621	2,374,180
<b>Total</b>	<b>54,774,653</b>	<b>43,717,809</b>	<b>31,001,869</b>	<b>26,261,932</b>

The parent company disclosed the following loans to subsidiaries in the amount of EUR 3,170,858 (EUR 2,198,062 as at 31 December 2020) under non-current and current financial receivables as at 31 December 2021:

- a long-term loan to TOV TEK ZTS, Uzhhorod, Ukraine in the amount of EUR 866,867 (EUR 175,706 of that amount has been impaired);
- a short-term loan to TOV Intereuropa, Kiev, Ukraine in the amount of EUR 499,904 (EUR 240,207 of that amount has been impaired); and
- a short-term loan to AD Intereuropa logističke usluge, Belgrade in the amount of EUR 2,220,000.

#### EXPOSURE TO CREDIT RISK AND EXPECTED CREDIT LOSSES IN CONNECTION WITH CURRENT TRADE RECEIVABLES

(in EUR)	Intereuropa Group					
	Gross value as at 31 December 2021	Average percentage of impairment losses recognised	Impairment losses as at 31 December 2021	Gross value as at 31 December 2020	Average percentage of impairment losses recognised	Impairment losses as at 31 December 2020
Not due	26,375,599	0.61%	160,078	21,995,294	0.35%	76,570
0 to 30 days past due	4,586,021	0.37%	16,924	3,972,959	0.99%	39,410
31 to 60 days past due	1,594,439	1.65%	26,238	1,473,549	6.95%	102,448
61 to 90 days past due	542,203	6.94%	37,611	332,319	4.44%	14,761
91 to 180 days past due	563,706	11.93%	67,223	391,711	15.07%	59,030
181 to 365 days past due	310,115	100.00%	310,115	457,176	100.00%	457,176
More than 365 days past due	3,383,863	100.00%	3,383,863	3,527,641	100.00%	3,527,641
Exchange rate differences	6,545		1,649	2,991		6,505
<b>Total</b>	<b>37,362,491</b>		<b>4,003,701</b>	<b>32,153,640</b>		<b>4,283,541</b>

(in EUR)	Intereuropa, d. d.					
	Gross value as at 31 December 2021	Average percentage of impairment losses recognised	Impairment losses as at 31 December 2021	Gross value as at 31 December 2020	Average percentage of impairment losses recognised	Impairment losses as at 31 December 2020
Not due	19,696,014	0.69%	136,458	17,066,618	0.28%	48,372
0 to 30 days past due	2,380,059	0.25%	5,974	2,312,371	1.16%	26,818
31 to 60 days past due	703,462	1.61%	11,356	813,073	2.84%	23,076
61 to 90 days past due	203,338	9.75%	19,826	84,708	10.41%	8,822
91 to 180 days past due	162,347	10.69%	17,353	83,540	24.68%	20,614
181 to 365 days past due	154,793	100.00%	154,793	134,032	100.00%	134,032
More than 365 days past due	1,475,058	100.00%	1,475,058	1,616,582	100.00%	1,616,582
Exchange rate differences	1,248		0	-1,140		0
<b>Total</b>	<b>24,776,319</b>		<b>1,820,818</b>	<b>22,109,784</b>		<b>1,878,316</b>

The majority of the receivables of the Group and Company are unsecured. Receivables from the largest single customer amounted to EUR 2,127,895 at the Group level as at 31 December 2021 and accounted for 5.7% of the Group's trade receivables. Receivables from the largest single customer amounted to EUR 2,127,895 at the Company as at 31 December 2021 and accounted for 8.6% of the Company's trade receivables.

The customers of the Group and Company are dispersed in such a way that there is no major exposure to a single customer.

## CHANGES IN IMPAIRMENT LOSSES ON CURRENT TRADE RECEIVABLES

(in EUR)	Intereuropa Group		Intereuropa, d. d.	
	2021	2020	2021	2020
<b>Impairment losses on receivables as at 1 January</b>	<b>4,283,541</b>	<b>4,893,428</b>	<b>1,878,316</b>	<b>2,342,038</b>
Written-off receivables	-370,247	-856,634	-136,148	-591,252
Impairment losses on receivables (including the reversal of impairment losses)	83,448	270,216	78,654	127,530
Exchange rate differences	6,959	-23,469	0	0
<b>Impairment losses on receivables as at 31 December</b>	<b>4,003,701</b>	<b>4,283,541</b>	<b>1,820,822</b>	<b>1,878,316</b>

## EXPOSURE TO CREDIT RISK AND EXPECTED CREDIT LOSSES IN CONNECTION WITH OTHER CURRENT OPERATING RECEIVABLES

(in EUR)	Intereuropa Group			
	Gross value as at 31 December 2021	Impairment losses as at 31 December 2021	Gross value as at 31 December 2020	Impairment losses as at 31 December 2020
Not due	1,365,776	0	1,371,104	0
Past due	325,498	170,883	322,663	189,371
<b>Total</b>	<b>1,691,274</b>	<b>170,883</b>	<b>1,693,767</b>	<b>189,371</b>

(in EUR)	Intereuropa, d. d.			
	Gross value as at 31 December 2021	Impairment losses as at 31 December 2021	Gross value as at 31 December 2020	Impairment losses as at 31 December 2020
Not due	944,436	0	990,834	0
Past due	142,060	142,060	180,547	180,547
<b>Total</b>	<b>1,086,496</b>	<b>142,060</b>	<b>1,171,381</b>	<b>180,547</b>

## CHANGES IN IMPAIRMENT LOSSES ON OTHER CURRENT OPERATING RECEIVABLES

(in EUR)	Intereuropa Group		Intereuropa, d. d.	
	2021	2020	2021	2020
<b>Impairment losses on receivables as at 1 January</b>	<b>189,371</b>	<b>294,195</b>	<b>180,547</b>	<b>180,547</b>
Written-off receivables	0	-2,339	0	0
Impairment losses on receivables (including the reversal of impairment losses)	-18,539	227	-38,487	0
Difference due to different data capture	0	-102,451	0	0
Exchange rate differences	51	-261	0	0
<b>Impairment losses on receivables as at 31 December</b>	<b>170,883</b>	<b>189,371</b>	<b>142,060</b>	<b>180,547</b>

The Group and Company assess that credit risk is appropriately managed. The most significant risk in the aforementioned category is the risk of payment delays and default by customers, where the Company and Group have defined control limits and mechanisms for approving exposure to credit risk for major customers.

## INTEREST-RATE RISK

Type of variable interest rate (in EUR)	Intereuropa Group							
	Loan amount as at 31 December 2021	Increase in IR by 10 basis points	Increase in IR by 25 basis points	Increase in IR by 50 basis points	Loan amount as at 31 December 2020	Increase in IR by 10 basis points	Increase in IR by 25 basis points	Increase in IR by 50 basis points
3-month EURIBOR	52,225,000	0	0	0	54,850,000	0	0	0
1-month BELIBOR	1,013,565	-1,014	-2,534	-5,068	799,796	-800	-1,999	-3,999
<b>Total</b>	<b>53,238,565</b>	<b>-1,014</b>	<b>-2,534</b>	<b>-5,068</b>	<b>55,649,796</b>	<b>-800</b>	<b>-1,999</b>	<b>-3,999</b>

Type of variable interest rate (in EUR)	Intereuropa, d. d.							
	Loan amount as at 31 December 2021	Increase in IR by 10 basis points	Increase in IR by 25 basis points	Increase in IR by 50 basis points	Loan amount as at 31 December 2020	Increase in IR by 10 basis points	Increase in IR by 25 basis points	Increase in IR by 50 basis points
3-month EURIBOR	52,225,000	0	0	0	54,850,000	0	0	-3,840
<b>Total</b>	<b>52,225,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>54,850,000</b>	<b>0</b>	<b>0</b>	<b>-3,840</b>

The Group and Company disclosed loans with fixed interest rates.

## Capital management

(in EUR)	Intereuropa Group		Intereuropa, d. d.	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Non-current financial liabilities	48,512,566	54,199,169	47,653,571	52,642,354
Current financial liabilities	6,908,732	4,419,148	7,193,347	6,044,691
Total financial liabilities	55,421,298	58,618,317	54,846,918	58,687,045
Total equity	131,381,538	124,850,339	92,807,484	89,224,850
<b>Debt/equity</b>	<b>0.42</b>	<b>0.47</b>	<b>0.59</b>	<b>0.66</b>
Current financial assets	3,629,983	2,598,166	3,082,730	2,198,062
Cash and cash equivalents	15,853,959	11,609,486	3,343,621	2,374,180
Net financial liabilities	35,937,356	44,410,665	48,420,567	54,114,803
<b>Net debt/equity</b>	<b>0.27</b>	<b>0.36</b>	<b>0.52</b>	<b>0.61</b>
Total assets	229,970,005	220,443,773	174,464,370	172,272,410
<b>Equity to total assets</b>	<b>0.57</b>	<b>0.57</b>	<b>0.53</b>	<b>0.52</b>

The main purpose of capital management is to ensure capital adequacy, the highest possible level of financial stability and long-term solvency for the needs of financing operations, and the maximisation of value for shareholders.

## NOTE 32: Other notes

### COSTS OF SERVICES OF AUDITOR

(in EUR)	Intereuropa Group		Intereuropa, d. d.	
	2021	2020	2021	2020
Auditing of the annual report	116,874	95,786	54,270	30,280
Other audit services	5,000	0	5,000	0
Other non-audit services	3,900	4,800	3,900	4,800
<b>Total costs of auditing services</b>	<b>125,774</b>	<b>100,586</b>	<b>63,170</b>	<b>35,080</b>

Auditing services for 2021 were provided by the audit firm Ernst & Young, d. o. o., Ljubljana for all Group companies subject to auditing. In addition to auditing services, the Group's auditor also provided other audit services and other permitted non-audit services in 2021. Audit costs for the 2021 annual report were recognised taking into account the stage of completion of those services.

### Related parties

The direct controlling company of Intereuropa, d. d. is Pošta Slovenije, d. o. o., while the ultimate controlling party is the Republic of Slovenia.

Other related parties of Intereuropa, d. d., Koper include:

- subsidiaries,
- an associate or joint venture,
- the parent company's key management personnel and their immediate family members, and
- members of the Supervisory Board and their family members.

Key management personnel at the parent company are the members of the Management Board.

### INTEREUROPA GROUP COMPANIES

(in EUR)	Ownership stake as at 31 December 2021	Ownership stake as at 31 December 2020	Value of equity as at 31 December 2021	Value of equity as at 31 December 2020
<b>Parent company</b>				
Intereuropa, d. d., Koper			93,352,895	89,224,850
<b>Subsidiaries</b>				
Interagent, d. o. o., Koper	100.00%	100.00%	315,738	230,065
Interzav, d. o. o., Koper	71.28%	71.28%	97,783	55,716
Intereuropa, logističke usluge, d. o. o., Zagreb	99.96%	99.96%	45,024,142	42,741,985
Intereuropa sajam, d. o. o., Zagreb	51.00%	51.00%	859,017	731,876
Intereuropa Skopje, d. o. o., Skopje	99.56%	99.56%	1,242,839	1,159,382
Intereuropa RTC, d. d., Sarajevo	95.77%	95.77%	11,322,083	11,728,225
A. D., Intereuropa logističke usluge, Belgrade	73.62%	73.62%	4,872,633	5,904,042
TOV TEK ZTS, Uzhhorod	89.93%	89.93%	-108,380	-146,233
Intereuropa Kosova L. L. C.	90.00%	90.00%	966,358	722,990
Zetatrans A. D., Podgorica	69.27%	69.27%	16,466,701	16,330,825
TOV Intereuropa – Kiev, Ukraine	100.00%	100.00%	-350,654	-415,637
Intereuropa Albania, Durrës	100.00%	100.00%	0	0

## DISCLOSURE OF TRANSACTIONS WITH RELATED PARTIES

Intereuropa Group (in EUR)	Associate		Other*		Pošta Slovenije Group	
	2021	2020	2021	2020	2021	2020
Revenues from the sale of services	343,349	363,817	0	6,240	481,852	206,372
Cost of services	-4,344,518	-2,115,394	-8,962	-5,288	-1,236,299	-378,151
	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Balance of operating receivables	39,753	35,103	0	0	24,205	40,320
Balance of operating liabilities	320,422	495,419	825	0	205,367	59,870

Intereuropa, d. d. (in EUR)	Subsidiaries		Associate		Pošta Slovenije Group	
	2021	2020	2021	2020	2021	2020
Revenues from the sale of services	4,797,648	4,105,793	371,491	363,817	388,444	197,338
Cost of services	-2,358,618	-2,025,228	-3,904,218	-3,725,684	-1,224,781	-357,248
Income from participating interests	614,584	25,991	0	0	0	0
Interest income	73,149	71,854	0	0	0	0
Interest expense	-32,178	-40,760	0	0	0	0
	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Non-current investments in shares and participating interests	43,140,924	44,451,959	39,059	39,059	0	0
Balance of operating receivables	1,071,057	859,592	69,753	35,103	9,150	36,016
Loans granted	3,170,858	2,198,063	0	0	0	0
Balance of operating liabilities	352,332	374,048	320,422	175,149	204,063	49,162
Loans received	2,100,000	3,100,000	0	0	0	0

\* Companies that are controlled or jointly controlled by an individual, or a member of their immediate family, who is in a relationship with Intereuropa, d. d.

In the scope of the refinancing of Intereuropa, d. d.'s loans, Pošta Slovenije, d. o. o. issued a guarantee to creditor bank at the end of January 2020 in the amount of 80% of the respective loan amount. As at 31 December 2021, the aforementioned company was the guarantor for Intereuropa, d. d.'s loans in the amount of EUR 41,780,000. In October 2020, the Company issued blank bills of exchange to a commercial bank in Serbia as collateral for the long-term loans of the subsidiary A. D. Intereuropa logističke usluge, Belgrade. As at 31 December 2021, the liabilities of that subsidiary in connection with the loan amounted to RSD 86,387,060.

None of the above listed liabilities to related parties are secured nor has any guarantee been issued or received in connection with them. Liabilities to the associate are typically settled by remittances, assignment or mutual netting. Transactions with related parties were executed according to market terms.



## Transactions with companies in which the state has a direct controlling interest

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

### Intereuropa Group

During 2021, the Group generated operating revenues in the amount of EUR 2,302,516 and operating expenses in the amount of EUR 9,002,698, and recorded finance income in the amount of EUR 4,069 and finance costs in the amount of EUR 197,514 with companies in which the state has a direct controlling interest.

As at 31 December 2021, the Group disclosed operating receivables in the amount of EUR 443,693, operating liabilities in the amount of EUR 1,263,859, financial liabilities in the amount of EUR 52,225,000 and contingent assets and liabilities in the amount of EUR 9,254,110 vis-à-vis the aforementioned companies. Financial liabilities comprise a loan raised under market terms.

### Intereuropa, d. d.

During 2021, the Company generated operating revenues in the amount of EUR 2,225,042 and operating expenses in the amount of EUR 8,983,385, and recorded finance income in the amount of EUR 1,230 and finance costs in the amount of EUR 191,693 with companies in which the state has a direct controlling interest.

As at 31 December 2021, the Company disclosed operating receivables in the amount of EUR 427,147, operating liabilities in the amount of EUR 896,625, financial liabilities in the amount of EUR 52,225,000 and contingent assets and liabilities in the amount of EUR 9,254,110 vis-à-vis the aforementioned companies. Financial liabilities comprise a loan raised under market terms.

## Remuneration of members of the Management Board and Supervisory Board and employees on individual contracts, and the compensation of key management personnel in 2021

The Company did not approve any advances, loans or sureties to members of the Management Board, Supervisory Board or employees on individual contracts.

### REMUNERATION OF MANAGEMENT BOARD MEMBERS IN 2021

(in EUR)	Wages – fixed portion		Wages – variable portion		Fringe benefits and other remuneration*		Total	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
MARKO CEGNAR, President of the Management Board	100,713	55,333	14,700	6,652	15,687	17,923	131,100	79,908
MARKO REMS, Vice-President of the Management Board	90,640	50,865	13,230	6,085	17,138	18,308	121,008	75,258
<b>Total</b>	<b>191,353</b>	<b>106,198</b>	<b>27,930</b>	<b>12,737</b>	<b>32,825</b>	<b>36,231</b>	<b>252,108</b>	<b>155,166</b>

\* Gross fringe benefits and other remuneration comprise fringe benefits (fringe benefits for insurance, cars and liability insurance) and gross session fees, while net fringe benefits and other remuneration comprise net fringe benefits, supplementary healthcare insurance, meal allowances, annual leave allowances and net session fees. From this it is evident that net fringe benefits and other remuneration are higher than gross fringe benefits and other remuneration.

### NET FRINGE BENEFITS AND OTHER REMUNERATION

(in EUR)	Supplementary pension insurance	Other fringe benefits	Reimbursement of expenses	Other remuneration	Total
MARKO CEGNAR, President of the Management Board	2,819	2,698	1,359	11,047	<b>17,923</b>
MARKO REMS, Vice-President of the Management Board	2,819	1,883	1,414	12,193	<b>18,309</b>
<b>Total</b>	<b>5,638</b>	<b>4,581</b>	<b>2,773</b>	<b>23,240</b>	<b>36,232</b>

# REMUNERATION OF THE SUPERVISORY BOARD AND ITS COMMITTEES IN 2021

(in EUR)	Remuneration for function performed	Remuneration for work on committees	Session attendance fees	Reimbursement of costs	Total
BORIS NOVAK, Chairman (remuneration until 31 March 2021)	5,500	917	990	0	<b>7,407</b>
TOMAŽ KOKOT, Chairman (remuneration from 31 May 2021 to 31 December 2021)	8,020	1,245	1,815	0	<b>11,080</b>
ANDREJ RIHTER, Deputy Chairman (remuneration until 5 September 2021)	9,243	3,151	3,520	0	<b>15,914</b>
KARMEN LEBE GRAJF, Deputy Chairwoman (remuneration from 19 November 2021 to 31 December 2021)	403	101	770	0	<b>1,274</b>
VINKO FILIPIČ, member (remuneration until 15 September 2021)	8,708	2,395	4,620	0	<b>15,723</b>
MILAN PEROVIĆ, member (remuneration from 30 December 2019 to 18 November 2021)	10,633	3,988	4,620	0	<b>19,241</b>
SEBASTIJAN GOSTENČNIK, member (remuneration from 19 November 2021 to 31 December 2021)	367	229	770	0	<b>1,366</b>
GREGOR KORENE, member (remuneration from 19 November 2021 to 31 December 2021)	367	138	550	0	<b>1,055</b>
TJAŠA BENČINA, member	11,010	2,750	4,070	0	<b>17,830</b>
ZLATKA ČRETNIK, member	11,000	2,750	5,390	429	<b>19,569</b>
BARBARA GORJUP, external member of the Supervisory Board's Audit Committee	0	7,150	1,760	0	<b>8,910</b>
<b>Total</b>	<b>65,251</b>	<b>24,814</b>	<b>28,875</b>	<b>429</b>	<b>119,369</b>

# REMUNERATION OF KEY MANAGEMENT PERSONNEL

(in EUR)	Intereuropa Group	
	2021	2020
Current remuneration (gross wages, annual leave and sick leave, shares in profit, non-monetary earnings (fringe benefits))	578,639	543,838
Other earnings	27,561	13,485
<b>Total</b>	<b>606,200</b>	<b>557,323</b>

The remuneration of employees on individual contracts amounted to EUR 1,830,957. Gross wages accounted for EUR 1,518,049 of that amount, while fringe benefits and other earnings accounted for EUR 312,908.

# NOTE 33: Distributable profit

(in EUR)	Intereuropa Group		Intereuropa, d. d.	
	2021	2020	2021	2020
Retained earnings	29,423,089	25,408,881	10,004,996	7,673,361
Net profit for the financial year	6,513,395	3,647,267	3,601,819	2,314,512
<b>Total</b>	<b>35,936,484</b>	<b>29,056,148</b>	<b>13,606,815</b>	<b>9,987,873</b>

## NOTE 34: Events after the statement-of-financial position-date

The Group examined the impact of the war in Ukraine and the resulting imposition of sanctions on the operations of Intereuropa, d. d. and the Intereuropa Group. The Group's exposure is reflected in the sale of services on the Russian and Ukrainian markets and via the assets owned by two subsidiaries.

The proportion of the sales revenue that the Group generated on the markets of Russia and Ukraine was 1.4% in 2021. A similar proportion has been planned in the business plan for 2022.

The Group is exposed in Ukraine also via the assets owned by two subsidiaries in Ukraine. In terms of carrying amount as at 31 December 2021, the value of all the assets of both companies amounted to less than 1% of the Group's total assets. Vacant building land accounts for the largest proportion of assets.

In light of the current situation in Russia and Ukraine, the Management Board believes that there is low risk that the situation will affect the achievement of the business objectives of the Intereuropa Group and Company.

Due to the relatively small volume of transactions with Russia and Ukraine and low investment exposure to Ukraine, the Management Board assesses that the war in Ukraine and the resulting imposition of sanctions will not directly significantly impact the operations of the Intereuropa Group and the achievement of the Group's objectives.

The Intereuropa Group has successfully faced the challenges brought to the business environment in 2021 by the COVID-19 pandemic. The quality and level of services provided by the Intereuropa Group via its twelve companies in nine countries in Southeast Europe and Ukraine remain high. The Group successfully implemented all the measures required to preserve the health of employees and business partners throughout the year, and ensured business continuity and the continuous flow of goods and logistical support to customers throughout the supply chain and on all Group markets.

The Group's concern for the health and safety of employees in the workplace has always been paramount. Group companies adopted numerous measures and internal guidelines for the effective, preventive and responsible conduct of all employees in order to avoid to the greatest extent possible the spread of infections with the virus. The Group thus managed to maintain a relatively low share of infected employees, i.e. 20 percent.

The COVID-19 pandemic did not have a significant impact on the achievement of annual business plans in 2021.

Intereuropa, d. d. published a mandatory takeover bid on 9 March 2022 for the purchase of all shares of the minority owners of the subsidiary Intereuropa RTC, d. d., Sarajevo.

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Intereuropa d.d.

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Opinion

We have audited the separate financial statements of Intereuropa d.d. (the Company) and the consolidated financial statements of Intereuropa Group (the Group), which comprise the statement of financial position and the consolidated statement of financial position as at 31 December 2021, the income statement and the consolidated income statement, the statement of other comprehensive income and the consolidated statement of other comprehensive income, the statement of changes in equity and the consolidated statement of changes in equity, the statement of cash flows and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying separate financial statements and consolidated financial statements present fairly, in all material respects, the financial position of the Company and the Group as at 31 December 2021 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA) and Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities ("Regulation (EU) No. 537/2014 of the European Parliament and the Council"). Our responsibilities under those rules are further described in the *Auditor's responsibilities for the audit of the separate and the consolidated financial statements* section of our report. We are independent of the Company and the Group in accordance with the International Ethics Standards Board of Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Slovenia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate and the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the separate and the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the separate and the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the separate and the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying separate and consolidated financial statements.

### **Revenue recognition in the separate and the consolidated financial statements**

As at 31 December 2021, in the separate financial statements the net sales revenues amounted to EUR 122.3 million, whereas the net sales revenues in the consolidated financial statements amounted to EUR 176.6 million, as disclosed in Note 1: Sales revenue.

The recognition of revenue in accordance with IFRS 15 is complex for the Company and the Group because of the variety of contracts in place for transportation and logistical services, client representation in front of customs authority, warehousing services and other services. Agreements with customers and services sometimes include multiple element arrangements which increases the complexity in the revenue recognition process.

We focused on this area because of the various revenue streams, nature of services and involved management judgement in assessment of how the performance obligation fulfilment affect the timing of revenue recognition. We identified revenue recognition as a risk mostly due to the possibility of improper timing of revenue recognition; resulting in overstatement of revenue as a result of premature recognition of revenue or understatement of revenue as a result of late recognition of revenue.

These facts require more extensive audit procedures and is therefore considered as key audit matter.

Our audit procedures included considering the appropriateness of the Company's and the Group's revenue recognition accounting policies and assessing compliance with the policies in terms of International Financial Reporting Standards as adopted by the European Union.

We tested the design, implementation, and operating effectiveness of internal controls over revenue recognition in terms of error, fraud prevention and timing of revenue.

On a sample of transactions, we tested appropriateness of determining the performance obligations as well as allocation of the price consideration to individual performance obligation and timing of control transfer, in accordance with IFRS 15.

We also tested a sample of sales transactions taking place at either side of the statement of financial position date as well as credit notes issued after the statement of financial position date to assess whether revenue was recognised in the correct period and whether accruals for discounts as at 31 December 2021 are fully recognized.

For a sample of customers contracts open at the statement of financial position date, we assessed the management estimate of the level of the contract that has been fulfilled, based on the obtained supporting documentation from the third parties (i.e. invoices of service providers, customs documentation, flight lists etc).

In relation to the sample of customers contracts open at the statement of financial position date, we reviewed the appropriateness of the amount of the assets from contracts with customers and liabilities from contracts with customers, respectively.

We addressed the adequacy of disclosures on revenues included in Note 2.o.- Revenues from services rendered and Note 3.n. –Revenues from services rendered and Note 1: Sales revenue and Note 20 Assets from contracts with customers of the separate and the consolidated financial statements, and their compliance with International Financial Reporting Standards as adopted by the European Union.

**Land, measured at fair value in the separate and the consolidated financial statements**

The Company's and the Group's property plant and equipment includes land plots across the countries in which the Company and the Group operate, used to support their business operations, primarily in providing its warehousing and storage services. The Company and the Group measure land at fair value and as at 31 December 2021 the carrying amount of land amounts to €41.4 million in the separate financial statements and EUR 70.2 million in the consolidated financial statements.

The management's assessment of fair value of land was significant to our audit because this process is complex and requires significant management judgement.

The management prepares estimates of the fair value with the assistance of external appraisals, and references to the observed recent transactions with similar assets. The management prepares estimates of fair value every five years, or more frequently if indications of impairment point to a significant deviation in fair value.

However, as the impact of the Covid 19 crisis is still present in the environment in which the Company and the Group operates, its impact creates additional uncertainty in management's judgements and assumptions.

The management process of identification of indications of impairment or change in fair value of the land is complex and requires significant judgement.

We therefore determined this to be a key audit matter.

We evaluated management's assessment of fair value of land.

We assessed the competency, experience and objectivity of the external appraisals who assessed the changes in fair value of land in 2021 compared to 2019, based on the analysis of economic indicators, market analysis of comparable transactions for the countries in which the Group operates and analyses of market indicators by country in 2021.

We involved valuation experts to assist us in the evaluation of judgments and assumptions used in this assessment, along with the effect of the uncertainties caused by the Covid 19 pandemic, such as, but not limited to, assessing the selection of comparable transactions in 2021.

We assessed the historical accuracy of management's estimates based on the Company's and the Group's recent sales transactions and by reviewing whether these transactions resulted in significant profits or losses.

We addressed the adequacy of disclosures regarding the land measured at fair value, which are included in in Note 2.f. Property, plant and equipment and Note 3.e. Property, plant and equipment and Note 12– *Property, plant and equipment* of the separate and the consolidated financial statements and their compliance with International Financial Reporting Standards as adopted by the EU.

**Impairment of property, plant and equipment and investment property in the separate and the consolidated financial statements**

The Company's and the Group's property, plant and equipment includes buildings and equipment in various locations across countries where the Company and the Group perform their operations.

The Company's and the Group's investment property includes land and buildings at various locations that are leased out and held for the purpose of achieving a rental income or appreciation of value.

As at 31 December 2021, property, plant and equipment amounts to EUR 74.0 million and investment property EUR 15.8 million in the separate financial statements; whereas in consolidated financial statements property, plant and equipment amounts to EUR 139.4 million and investment property EUR 21.8 million.

The Company and the Group annually assess the existence of impairment indicators for its property, plant and equipment and investment property; and conducts the impairment tests when indicators are identified.

In 2020 and 2021, considering the last impairment tests for all significant cash generating units performed in 2019, the management engaged the independent appraisal to review whether the assumptions used in 2019 impairment tests, like discount rates, average market rent and occupancy rate, are still relevant for 2020 and 2021.

However, as the impact of the Covid 19 crisis is still present in the environment in which the Company and the Group operates, its impact creates additional uncertainty in management's judgements and assumptions.

Management's assessment of the impairment indicators for property, plant and equipment and investment property was significant to our audit because this process is complex and requires significant management judgement. We therefore determined this to be a key audit matter.

We evaluated management's assessment of impairment indications for property, plant and equipment and investment property.

We assessed the competency, experience and objectivity of the external appraisals who assessed the changes in fair value of land in 2021 compared to 2019, based on the analysis of economic indicators and market yields and their assessment of capitalisation rates for Slovenia, Croatia, Serbia and Montenegro and Northern Macedonia and analyses of market indicators by country in 2021.

We involved valuation experts to assist us in the evaluation of judgments and assumptions used in this assessment, along with the effect of the uncertainties caused by the Covid 19 pandemic, such as, but not limited to, assessing the selection of comparable transactions, capitalisation rates, occupancy rates and average market rents in 2021.

We addressed the adequacy of the disclosures regarding the impairments of these property, plant and equipment and investment property, which are included in Note 12 – *Property, plant and equipment*, Note 13 – *Investment property* and Note 7 *Other operating expenses* of the separate and the consolidated financial statements and their compliance with International Financial Reporting Standards as adopted by the EU.

**Recoverability of deferred tax assets in the separate and the consolidated financial statements**

At 31 December 2021 deferred tax assets amount to EUR 5.6 million in the separate financial statements and EUR 7.5 million in the consolidated financial statements, as disclosed in Note 10: Corporate income tax (current and deferred tax) to the separate and the consolidated financial statements.

Majority of deferred tax assets relates to unused tax losses (EUR 5.1 million in the separate financial statements and EUR 5.1 million in the consolidated financial statements).

The risk exists that future taxable profits will not be sufficient to fully recover the deferred tax assets. Management supports the recoverability of the deferred tax assets mainly with income projections that contain estimates of and tax strategies for the future taxable income.

One of very significant assumption in the income projections is also the plan of the sale of land in the period 2022-2026, approved by the Management and the Supervisory Board in 2021, whereby the income is calculated based on most recent valuations of land done by independent appraisal for real estate.

As the impact of the Covid 19 crisis is still present in the environment in which the Company and the Group operates, its impact creates additional uncertainty in management's judgements and assumptions.

Changes in, for example, the business and its markets and changes in tax regulations may affect these projections.

The valuation of deferred tax assets is significant to our audit because the assessment process is complex and is based on estimates of future taxable income.

We therefore determined this to be a key audit matter.

We performed audit procedures on the valuation and accuracy of the amounts recognized as a deferred tax and the evaluation of tax exposures.

In addition, in respect of deferred tax assets, we assessed and tested the Management's analysis and assumptions supporting the probability that the deferred tax assets recognized in the statement of financial position will be recovered through taxable income in the future years and available tax planning strategies.

We assessed the reasonableness of the plan of sale of idle land in the period 2022 – 2026; and assessed the maturity of planned sales.

We assessed the adequacy of the disclosures on the deferred tax assets included in Note 10- *Corporate income tax (current and deferred tax)*, Note 1- Basis of preparation of the separate and the consolidated financial statements and their compliance with International Financial Reporting Standards as adopted by the EU.



### **Impairment of investment in subsidiaries in the separate financial statements**

Equity investments in subsidiaries amount to EUR 43.1 million as at 31 December 2021 in the separate financial statements.

Management's impairment tests are prepared based on the discounted future cash flows or net asset model and are significant to our audit because the assessment process is complex and requires significant management judgment and imposes significant estimates.

As the impact of the Covid 19 crisis is still present in the environment in which the Company and the Group operates, its impact creates additional uncertainty in management's judgements and assumptions.

Given the inherent subjectivity in the valuation, we determined this to be a key audit matter.

Our audit procedures included an assessment of the historical accuracy of management's estimates, evaluation and testing of the assumptions, methodologies, discount rates and other inputs used by the Company.

We included in our team a valuation expert to assist us in our assessment of the discount rates and the appropriateness of the models used as well as fair values of land and buildings when the net assets method was applied.

We considered sensitivities such as the impact on the impairment tests if net operating income would be decreased, or the discount rates would be increased, when using the discounted future cash flow method.

We assessed the adequacy of the Company's disclosures on the impairment test performed, included in Note 3.j. Impairment of investments in subsidiaries, Note 18 – *Other non current financial assets - Investments in subsidiaries* and Note 8 *Finance income and costs* of the separate financial statements in accordance with International Financial Reporting Standards as adopted by the European Union.

### **Other information**

Other information comprises the information included in the Annual Report other than the separate and the consolidated financial statements and auditor's report thereon. Management is responsible for the other information.

Our opinion on the separate and the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the separate and the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate and the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the separate and the consolidated financial statements is, in all material respects, consistent with the separate and the consolidated financial statements; and
- The other information is prepared in compliance with applicable law or regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company and the Group obtained in the audit, on whether the other information contains any material misstatement. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement.

## **Responsibilities of management, audit committee and the supervisory board for the separate and the consolidated financial statements**

Management is responsible for the preparation and fair presentation of the separate and the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of the separate and the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate and consolidated financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and the Group or to cease operations, or has no realistic alternative but to do so.

The audit committee and the supervisory board are responsible for overseeing the Company's and the Group's financial reporting process. The supervisory board is responsible to approve the annual report.

## **Auditor's responsibilities for the audit of the separate and the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the separate and the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate and consolidated financial statements.

As part of an audit in accordance with audit rules, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the separate and the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate and the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the separate and the consolidated financial statements, including the disclosures, and whether the separate and the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee and the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee and the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the audit committee and the supervisory board, we determine those matters that were of most significance in the audit of the separate and the consolidated financial statements of the current period and are therefore the key audit matters.

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

### ***OTHER REQUIREMENTS ON CONTENT OF AUDITOR'S REPORT IN COMPLIANCE WITH REGULATION (EU) NO. 537/2014 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL***

#### Appointment and Approval of Auditor

We were appointed as auditors of the Company and the Group at the general meeting of shareholders on 27 June 2019, the president of the supervisory board has signed the audit agreement on 10 October 2019. The agreement was signed for the period of three years.

Total uninterrupted engagement period, including previous renewals (extension of the period for which we were originally appointed) and reappointments for the statutory auditor, has lasted for 3 years. Sanja Košir Nikašinić and Lidija Šinkovec are certified auditors, responsible for the audit in the name of Ernst & Young d.o.o.

#### Consistence with Additional Report to Audit Committee

Our audit opinion on the separate and the consolidated financial statements expressed herein is consistent with the additional report to the audit committee of the Company, which we issued on 22 April 2022.

#### Non-audit Services

No prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and of the Council were provided by us to the Company and its controlled undertakings and we remain independent from the Company and its controlled undertakings in conducting the audit.

In addition to statutory audit services and services disclosed in the annual report and in the separate and the consolidated financial statements, no other services which were provided by us to the Company and its controlled undertakings.

### ***AUDITOR'S REPORT ON THE COMPLIANCE OF FINANCIAL STATEMENTS IN ELECTRONIC FORMAT WITH THE REQUIREMENTS OF DELEGATED REGULATION NO. 2019/815 ON A SINGLE ELECTRONIC REPORTING FORMAT***

We have conducted a reasonable assurance engagement whether the audited the separate and the consolidated financial statements of the Company and the Group for the financial year ended 31 December 2021 which are included in annual report (hereinafter: the audited separate and the consolidated financial statements), are prepared in accordance with the requirements of Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 as well as adjusted Commission Delegated Regulation (EU) 2020/815 of 11 November 2020 supplementing Directive 2004/109 / EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format applicable for 2021 (hereinafter referred to as the "Delegated Regulation").

#### **Responsibility of the management and those responsible for governance**

Management is responsible for the preparation and accurate presentation of the audited separate and the consolidated financial statements in electronic format in accordance with the requirements of the Delegated Regulation, and for such internal control as the management determines is necessary to enable the preparation of the audited separate and consolidated financial statements in electronic format that are free from material misstatement, whether due to fraud or error.

The audit committee and the supervisory board are responsible for overseeing the preparation of the audited separate and the consolidated financial statements in electronic format in accordance with the requirements of the Delegated Regulation.

### Auditor's Responsibility

Our responsibility is to perform a reasonable assurance engagement and to express a conclusion on whether the audited consolidated financial statements have been prepared in accordance with the requirements of the Delegated Regulation. We conducted our reasonable assurance engagement in accordance with the revised International Standard on Assurance Engagements 3000 (revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000), issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform the engagement to obtain reasonable assurance for reaching the conclusion.

We have acted in accordance with the independence and ethical requirements of the Regulation EU no. 537/2014, and the International Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (including International Independence Standards) (IESBA Code), which establishes the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. We apply International Standards on Quality Control 1 (ISQC 1), and accordingly, we maintain a robust system of quality control, including policies and procedures documenting compliance with relevant ethical and professional standards and requirements of applicable law and regulation.

### Summary of Work Performed

Within the scope of work, we have performed primarily the following procedures:


- identified and assessed the risk of material non-compliance of the audited separate and the separate consolidated financial statements with the requirements of the Delegated Regulation due to fraud or error;
- obtained an understanding of internal control relevant to the reasonable assurance engagement in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- assessed whether the audited separate and the consolidated financial statements meet the requirements of the Delegated Regulation applicable at the reporting date;
- obtained reasonable assurance that the audited separate and the consolidated financial statements, which are included in the annual report of the issuer are accurately presented in electronic XHTML format;
- obtained reasonable assurance that the values and disclosures in the XHTML format of the audited consolidated financial statements are marked-up correctly using the Inline XBRL technology (iXBRL), and that machine reading of these documents ensures complete and true information contained in the audited consolidated financial statements.

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

### Conclusion

Based on the procedures performed and the evidence obtained, in our opinion the audited separate and the consolidated financial statements of the Group for the financial year ended 31 December 2021, which are included in the annual report, have been prepared, in all material respects, in accordance with the requirements of the Delegated Regulation.

Ljubljana, 22 April 2022



Sanja Košir Nikšinić  
Director, Certified auditor  
Ernst & Young d.o.o.  
Dunajska 111, Ljubljana

**ERNST & YOUNG**  
Revizija, poslovno  
svetovanje d.o.o., Ljubljana 1



Lidija Sinkovec  
Certified auditor