



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

for the period January to June 2022



TelekomSlovenije

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Ljubljana, 25 August 2022

1. INTRODUCTORY NOTE

Pursuant to the law and the Rules of the Ljubljana Stock Exchange, Telekom Slovenije, d.d. (hereinafter: Telekom Slovenije), with its registered office at Cigaletova 15, Ljubljana, hereby publishes the Unaudited Business Report of the Telekom Slovenije Group and Telekom Slovenije for the period January to June 2022.

The condensed interim financial statements for the period ending 30 June 2022 were compiled in accordance with IAS 34 Interim Financial Reporting, and must be read in conjunction with the annual financial statements compiled for the financial year ending 31 December 2021. The financial statements for the period January to June 2022 have not been audited.

Telekom Slovenije's Supervisory Board discussed the Unaudited Business Report of the Telekom Slovenije Group and Telekom Slovenije for the period under consideration at its session on 24 August 2022.

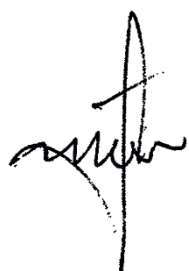
Any significant changes to the data contained in the prospectus for listing on the stock exchange are regularly published by the Company on the Ljubljana Stock Exchange's SEOnet website and on the Company's website at www.telekom.si.

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

1.1. Statement of responsibility of the Management Board

The members of Telekom Slovenije's Management Board responsible for compiling the unaudited report of the Telekom Slovenije Group and Telekom Slovenije for the period January to June 2022, hereby find that:

- to the best of our knowledge, the unaudited report of the Telekom Slovenije Group and Telekom Slovenije was compiled and published in accordance with valid legislation and the International Financial Reporting Standards as adopted by the EU;
- the condensed interim financial statements for the period ending 30 June 2022 were compiled in accordance with IAS 34 Interim Financial Reporting, and must be read in conjunction with the annual financial statements compiled for the financial year ending 31 December 2021;
- the selected accounting policies were applied consistently in the compilation of the condensed financial statements and any changes to those policies were disclosed, and that accounting estimates were made fairly and with careful consideration, according to the principle of prudence and the diligence of a good manager, and under the assumption that the Telekom Slovenije Group and Telekom Slovenije are going concerns; and
- the interim business report presents a fair picture of information regarding major transactions with related parties, in accordance with regulations.



Cvetko Sršen
President of the
Management Board



Tomaž Jontes
Vice-President of the
Management Board



Dr Mitja Štular
Member of the
Management Board



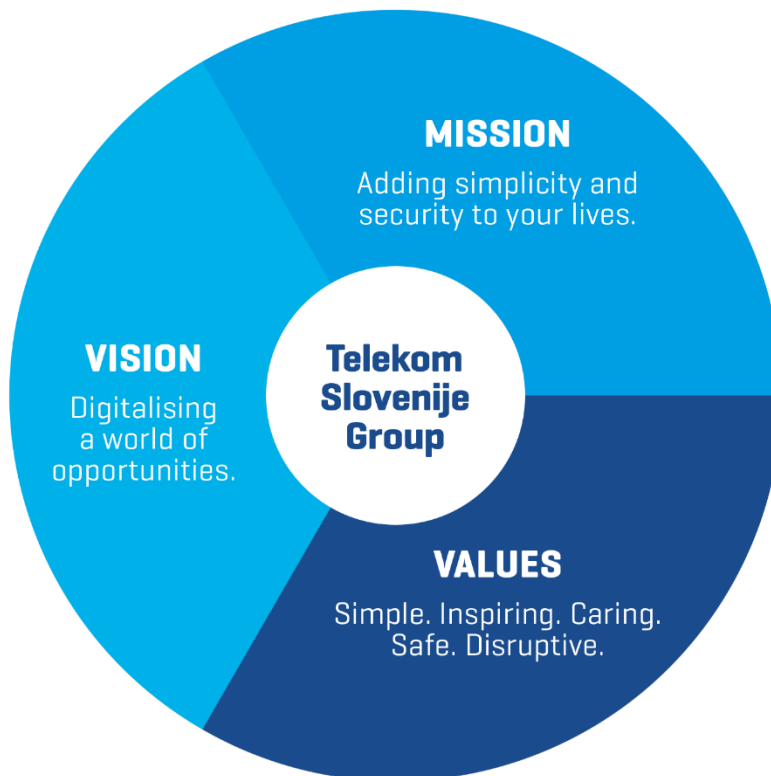
Barbara Galičič
Drakslar
Member of the
Management Board



Špela Fortin
Member of the
Management Board
– Workers Director

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

2.1. Vision, mission and values



2.2. Key strategic objectives

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

Strategic objectives of the Telekom Slovenije Group



Leader in user experience

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



Digitalisation of operations

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



Growth in ICT services

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

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



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

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



Consolidation on individual markets

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



Optimal employee structure

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



Financial stability and the optimisation of all types of costs

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

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



Creating a sustainable future

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

Key objectives of the Telekom Slovenije Group for 2022

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

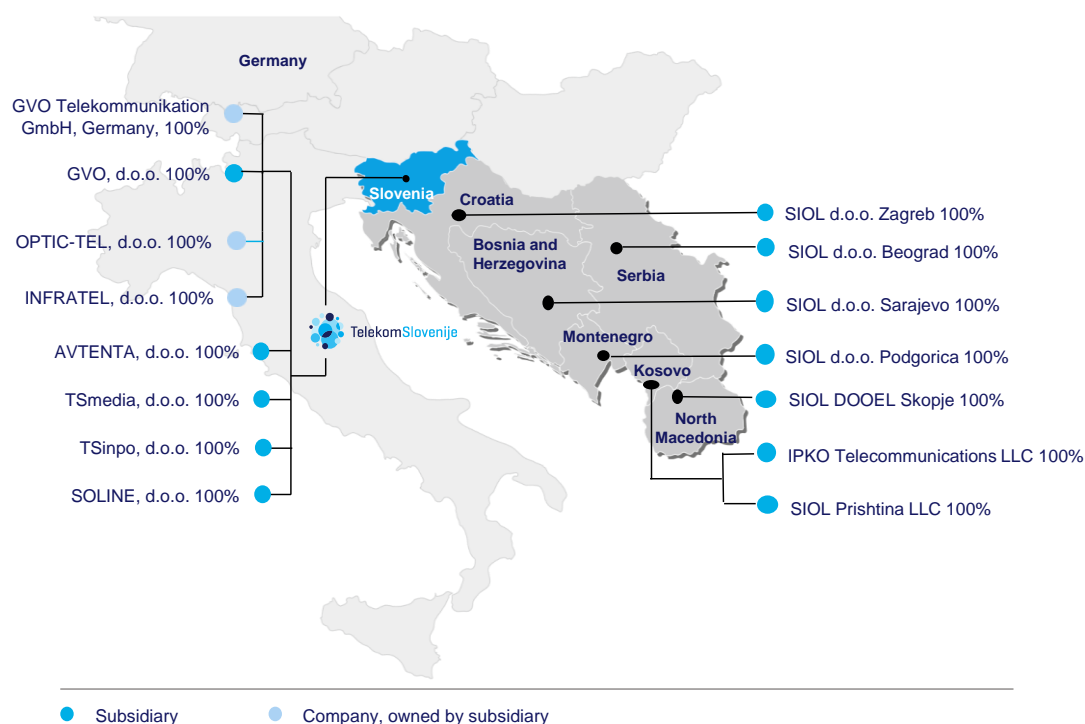
3. TELEKOM SLOVENIJE GROUP

3.1. Markets and companies of the Telekom Slovenije Group

The Telekom Slovenije Group comprises the controlling company Telekom Slovenije and its subsidiaries. The composition of the Telekom Slovenije Group and participating interests as at 30 June 2022 are presented in the picture below.

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

Situation as at 30 June 2022



There were no changes in the composition of the Telekom Slovenije Group in the period January to June 2022.

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

3.2. Operating highlights

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

- The Telekom Slovenije Group generated EUR 316.6 million in operating revenues in the period January to June 2022.
- Sales revenue totalled EUR 314.2 million, a decrease of 1% relative to the same period in 2021. Telekom Slovenije recorded growth in financial services, eHealth service and insurance. All subsidiaries also achieved higher market revenues. We also recorded an increase in revenues in the wholesale market, mainly due to higher revenues from international voice services in Kosovo. Revenues from the mobile segment of the end-user market were down due to the optimisation of subscribers whose basic subscription fee includes an increasing number of services. Revenues from the fixed segment of the end-user market were down primarily due to a declining number of traditional connections and lower revenues from the sale of fixed merchandise, which results in lower costs. Telekom Slovenije halted the sale of electricity to end customers, effective 1 January 2022, which is reflected in revenues.
- The Telekom Slovenije Group's operating expenses totalled EUR 285.4 million, a decrease of 2% relative to the same period in 2021.
- Earnings before interest and taxes (EBIT) amounted to EUR 31.1 million over the first six months of the year, an increase of 6% relative to the same period last year.
- Earnings before interest, taxes, depreciation and amortisation (EBITDA) totalled EUR 112.2 million at the Telekom Slovenije Group level, a decrease of 1% relative to the same period in 2021. The main reason was rising energy and electricity prices. Had energy and electricity prices remained unchanged relative to 2021, EBITDA would have been higher relative to the same period in 2021. The EBITDA margin (i.e. EBITDA as a proportion of sales revenue) was 35.7% at the Group level.
- Following the calculation of income tax (including deferred taxes), the Telekom Slovenije Group generated a net profit of EUR 23.4 million during the first six months of 2022, an increase of EUR 2.0 million or 10% relative to the same period in 2021.

Impact of the Russian-Ukrainian conflict on operations

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

3.3. Key operating indicators of the Telekom Slovenije Group

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

| in EUR thousand and % | Telekom Slovenije Group | | | Telekom Slovenije | | |
|--|----------------------------------|---|----------------|----------------------------------|---|----------------|
| | I – VI 2022 / 30 June 2022 | I – VI 2021 31 / December 2021 | Index 22/21 | I – VI 2022 / 30 June 2022 | I – VI 2021 31 / December 2021 | Index 22/21 |
| Sales revenue | 314,159 | 317,564 | 99 | 279,430 | 287,270 | 97 |
| Other operating income | 2,402 | 1,950 | 123 | 898 | 806 | 111 |
| Total operating revenues | 316,561 | 319,514 | 99 | 280,328 | 288,076 | 97 |
| EBITDA | 112,152 | 113,675 | 99 | 89,867 | 94,042 | 96 |
| EBITDA margin = EBITDA / sales revenue | 35.7% | 35.8% | 100 | 32.2% | 32.7% | 98 |
| EBIT | 31,138 | 29,288 | 106 | 21,636 | 23,726 | 91 |
| Return on sales = EBIT / sales revenue | 9.9% | 9.2% | 107 | 7.7% | 8.3% | 94 |
| Net profit from continuing operations | 23,367 | 21,332 | 110 | 16,555 | 28,451 | 58 |
| Assets | 1,252,205 | 1,250,339 | 100 | 1,218,316 | 1,237,941 | 98 |
| Equity | 594,142 | 600,431 | 99 | 599,147 | 612,241 | 98 |
| Equity ratio | 47.4% | 48.0% | 99 | 49.2% | 49.5% | 99 |
| Net financial debt | 421,964 | 399,009 | 106 | 433,372 | 408,292 | 106 |

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

3.4. Overview of operations by company and key market

Operating revenues

| in EUR thousand | I – VI 2022 | I – VI 2021 | Index 22/21 |
|-----------------------------|-------------|-------------|----------------|
| Telekom Slovenije | 280,328 | 288,076 | 97 |
| Other companies in Slovenia | 36,513 | 38,044 | 96 |
| IPKO – Kosovo | 36,475 | 31,482 | 116 |
| Other companies abroad | 1,980 | 1,955 | 101 |
| Exclusions and adjustments | -38,735 | -40,043 | - |
| Telekom Slovenije Group | 316,561 | 319,514 | 99 |

EBITDA – earnings before interest, taxes, depreciation and amortisation

| in EUR thousand | I – VI 2022 | I – VI 2021 | Index 22/21 |
|--------------------------------|----------------|----------------|-------------|
| Telekom Slovenije | 89,867 | 94,042 | 96 |
| Other companies in Slovenia | 3,116 | 4,184 | 74 |
| IPKO – Kosovo | 19,112 | 17,369 | 110 |
| Other companies abroad | 1,425 | 1,384 | 103 |
| Exclusions and adjustments | -1,368 | -3,304 | - |
| Telekom Slovenije Group | 112,152 | 113,675 | 99 |

EBIT – earnings before interest and taxes

| in EUR thousand | I – VI 2022 | I – VI 2021 | Index 22/21 |
|--------------------------------|---------------|---------------|-------------|
| Telekom Slovenije | 21,636 | 23,726 | 91 |
| Other companies in Slovenia | 534 | 1,654 | 32 |
| IPKO – Kosovo | 7,549 | 4,748 | 159 |
| Other companies abroad | 496 | 324 | 153 |
| Exclusions and adjustments | 923 | -1,164 | - |
| Telekom Slovenije Group | 31,138 | 29,288 | 106 |

Net profit

| in EUR thousand | I – VI 2022 | I – VI 2021 | Index 22/21 |
|--------------------------------|---------------|---------------|-------------|
| Telekom Slovenije | 16,555 | 28,451 | 58 |
| Other companies in Slovenia | 289 | 1,243 | 23 |
| IPKO – Kosovo | 5,974 | 3,384 | 177 |
| Other companies abroad | 315 | 133 | 237 |
| Exclusions and adjustments | 234 | -11,879 | - |
| Telekom Slovenije Group | 23,367 | 21,332 | 110 |

Investments

| in EUR thousand | I – VI 2022 | I – VI 2021 | Index 22/21 |
|--------------------------------|---------------|----------------|-------------|
| Telekom Slovenije* | 47,743 | 119,374 | 40 |
| Other companies in Slovenia | 5,695 | 1,044 | 545 |
| IPKO – Kosovo | 25,164 | 3,798 | 663 |
| Other companies abroad | 940 | 823 | 114 |
| Exclusions and adjustments | -2,493 | -708 | - |
| Telekom Slovenije Group | 77,049 | 124,331 | 62 |

* Includes the acquisition in 2021 of the radio frequency spectrum in the amount of EUR 52.1 million in the 700 MHz FDD band, 700 MHz SDL band, 1500 MHz band, 2100 MHz band, 3600 MHz band and 26 GHz band.

Employees

| Number of employees as at | 30 June 2022 | 31 December 2021 | Index 22/21 |
|-----------------------------|--------------|------------------|-------------|
| Telekom Slovenije | 2,116 | 2,119 | 100 |
| Other companies in Slovenia | 687 | 676 | 102 |
| IPKO – Kosovo | 479 | 489 | 98 |
| Telekom Slovenije Group | 3,282 | 3,284 | 100 |

TELEKOM SLOVENIJE GROUP CONNECTIONS AND SERVICES BY TYPE AND MARKET

Broadband connections

| Number of connections as at | 30 June 2022 | 31 December 2021 | Index 22/21 |
|-----------------------------|----------------|------------------|-------------|
| Slovenia – retail | 197,180 | 199,386 | 99 |
| Slovenia – wholesale | 174,131 | 169,937 | 102 |
| Slovenia total | 371,311 | 369,323 | 101 |
| Kosovo – retail | 104,760 | 108,298 | 97 |
| Telekom Slovenije Group | 476,071 | 477,621 | 100 |

Mobile telephony

| Number of connections as at | 30 June 2022 | 31 December 2021 | Index 22/21 |
|-----------------------------|------------------|------------------|-------------|
| Slovenia – retail | 948,936 | 955,648 | 99 |
| Slovenia – wholesale | 153,956 | 145,971 | 105 |
| Slovenia total | 1,102,892 | 1,101,619 | 100 |
| Kosovo – retail | 827,149 | 856,611 | 97 |
| Telekom Slovenije Group | 1,930,041 | 1,958,230 | 99 |

Fixed telephony and VoIP services

| Number of connections as at | 30 June 2022 | 31 December 2021 | Index 22/21 |
|--|----------------|------------------|-------------|
| Slovenia – traditional fixed voice telephony | 284,613 | 291,335 | 98 |
| Slovenia – VoIP | 179,451 | 181,760 | 99 |
| Slovenia total | 464,064 | 473,095 | 98 |
| Kosovo – VoIP | 34,700 | 35,089 | 99 |
| Telekom Slovenije Group | 498,764 | 508,184 | 98 |

3.5. Share trading and ownership structure

General information regarding Telekom Slovenije shares as at 30 June 2022

| General information regarding shares | |
|--|---------------------------------|
| Ticker symbol | TLSG |
| Listing | Ljubljana Stock Exchange, prime |
| Share capital (EUR) | 272,720,664.33 |
| Number of ordinary registered no-par value | 6,535,478 |
| Number of shares held in treasury | 36,836 |
| Number of shareholders as at 30 June 2022 | 8,476 |

Trading in TLSG shares

The shares of Telekom Slovenije are listed on the prime securities market of the Ljubljana Stock Exchange under the ticker symbol TLSG. The shares are included in the SBITOP and SBITOP TR share indices, and accounted for 3.87% of those indices according to the quarterly review of the computational parameters of the SBITOP and SBITOP TR indices conducted on 20 June 2022. The SBITOP and SBITOP TR are the Slovenian 'blue chip' indices and provide information regarding the movement of the most liquid and largest shares on the Ljubljana Stock Exchange. In contrast to the SBITOP, the SBITOP TR takes into account both market prices and confirmed dividends in its calculation. TLSG shares are also included in the ADRIAprime share index, which is a composite index of selected companies listed on the prime markets of the Ljubljana Stock Exchange and Zagreb Stock Exchange. This is also a total return index that takes into account both changes in share prices and dividend yield.

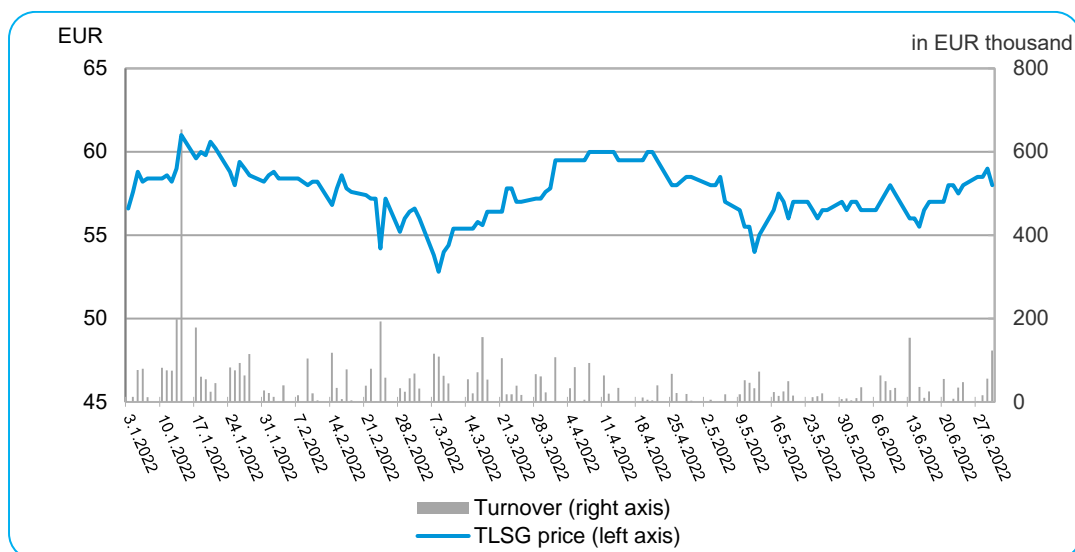
The TLSG share price closed at EUR 58.00 on the last trading day in June 2022. The share price rose by 3.2% in the period January to June 2022, while the SBITOP index was down by 11.1% during the same period. The market capitalisation of Telekom Slovenije stood at EUR 379.1 million on the last trading day of June. Turnover in Telekom Slovenije shares totalled EUR 6.0 million during the period January to June 2022, representing 2.49% of total turnover on the stock exchange.

Trading statistics for TLSG shares on the Ljubljana Stock Exchange

| Standard price in EUR | I – VI 2022 | I – VI 2021 |
|------------------------------|-------------|-------------|
| Highest daily price | 61.00 | 63.60 |
| Lowest daily price | 52.80 | 44.00 |
| Average daily price | 57.57 | 51.49 |
| Volume in EUR thousand | I – VI 2022 | I – VI 2021 |
| Total volume for the period* | 5,975.67 | 5,948.74 |
| Highest daily volume | 653.46 | 374.47 |
| Lowest daily volume | 0.00 | 0.27 |
| Average daily volume | 48.19 | 48.36 |

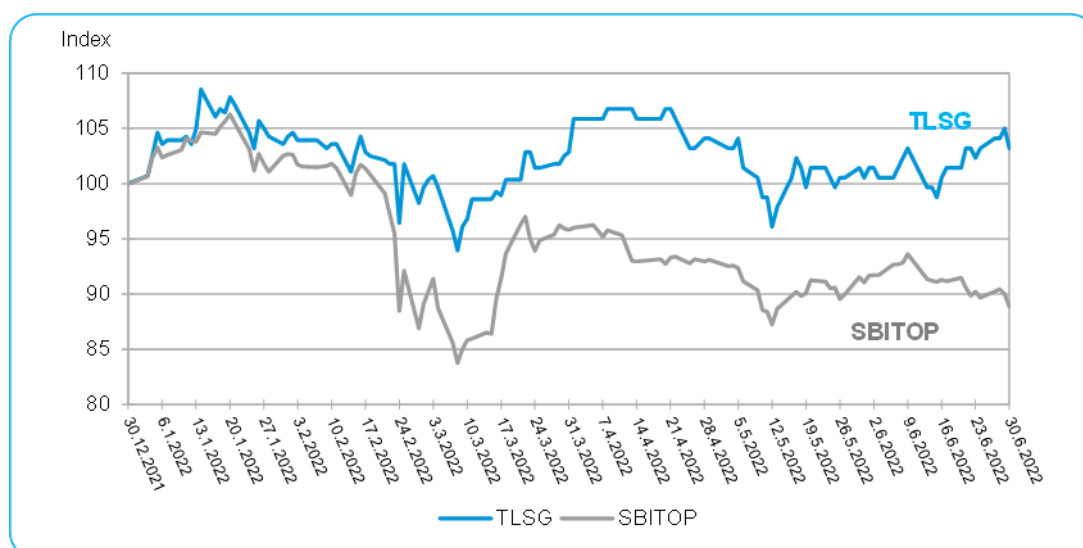
* Also includes block trades.

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



Source: Ljubljana Stock Exchange, archive of data.

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



Source: Ljubljana Stock Exchange, archive of data.

Key financial data relating to shares

| | 30 June 2022 / I – VI 2022 | 30 June 2021 / I – VI 2021 |
|---|-------------------------------|-------------------------------|
| Closing price of one share on the last trading day of the period in EUR | 58.00 | 62.60 |
| Book value of one share in EUR ¹ | 90.91 | 89.19 |
| P/BV | 0.64 | 0.70 |
| Net earnings per share in EUR ² | 3.60 | 3.28 |
| Capital return per share during the period in % ³ | 3.20 | 43.58 |

Notes:

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

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

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

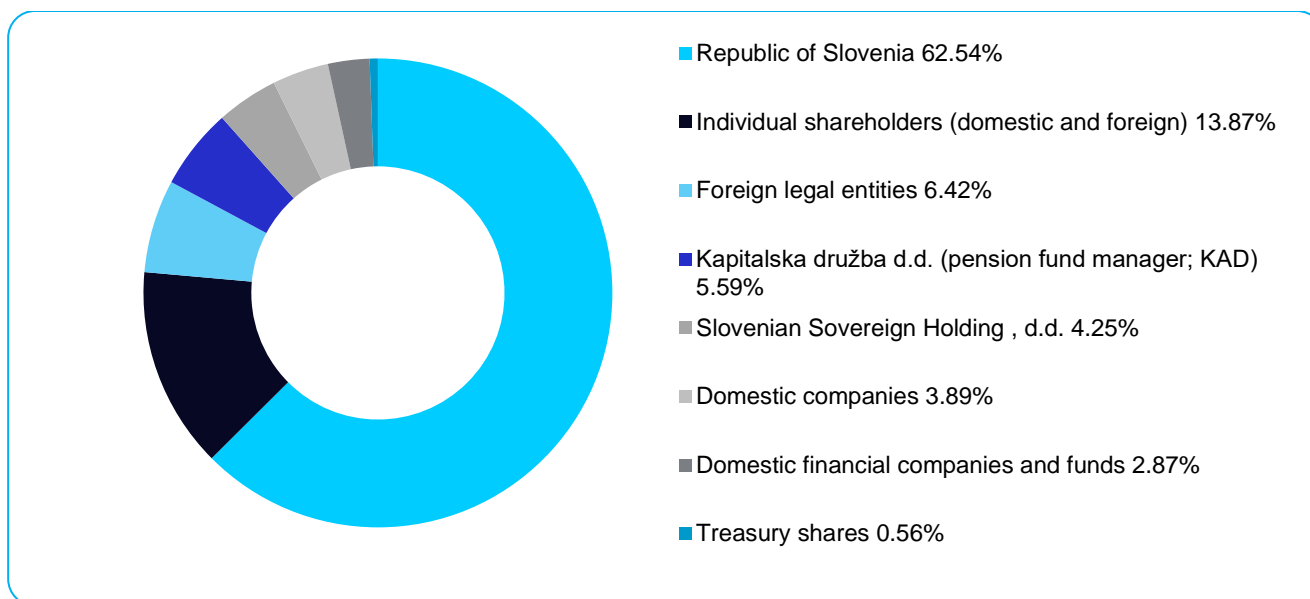
Ownership structure and largest shareholders as at 30 June 2022

Telekom Slovenije had 8,476 shareholders as at 30 June 2022, a decrease of 106 relative to the end of 2021.

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

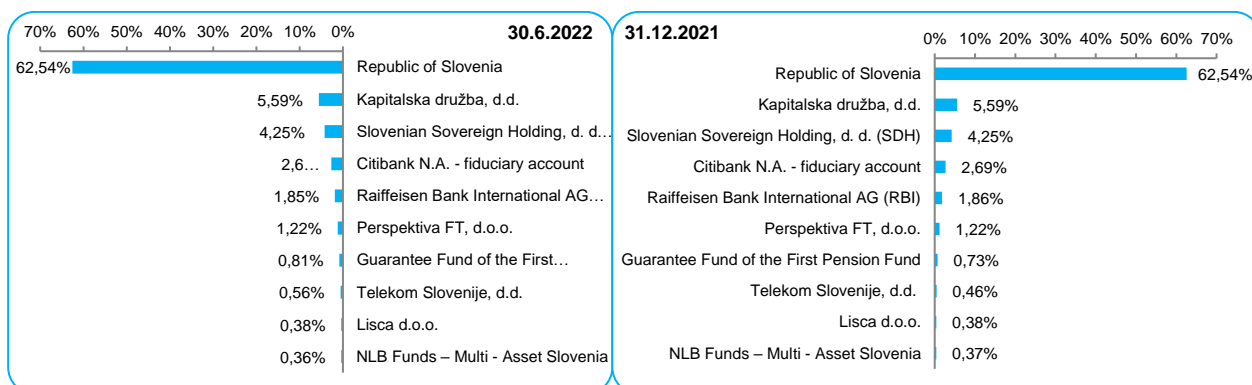
At 0.06 percentage points, domestic financial corporates and funds recorded the most significant decrease in ownership stake during the first half of 2022. Individual shareholders and domestic and foreign legal entities increased their ownership stake.

Ownership structure as at 30 June 2022



Ten largest shareholders as at 30 June 2022

The concentration of ownership, as measured by the ownership stake held by the ten largest shareholders, stood at 80.25% as at 30 June 2022, an increase of 0.15 percentage points relative to the end of 2021. The order of the top ten owners was unchanged. Telekom Slovenije increased the proportion of treasury shares by 0.10 percentage points. The guarantee fund of the First Pension Fund increased its ownership stake by 0.08 percentage points. Raiffeisen Bank International AG (RBI) and NLB Skladi's mixed-fund sub-fund (Slovenia) reduced their stakes.



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

Members of the Management Board and Supervisory Board held 1,320 TLSG shares as at 30 June 2022.

| Name | Office | Number of shares | % in equity |
|---|---|------------------|----------------|
| Management Board | | | |
| Cvetko Sršen | President of the Management Board | 250 | 0.00383 |
| Dr Mitja Štular | Member of the Management Board | 470 | 0.00719 |
| Barbara Galičič Drakslar | Member of the Management Board | 200 | 0.00306 |
| Supervisory Board | | | |
| Aleksander Igličar, MSc | Member of the Supervisory Board | 150 | 0.00230 |
| Marko Kerin | Member of the Supervisory Board | 2 | 0.00003 |
| Drago Kijevčanin | Vice-President of the Supervisory Board | 212 | 0.00324 |
| Dušan Pišek | Member of the Supervisory Board | 36 | 0.00055 |
| Total Management Board and Supervisory Board | | 1,320 | 0.02020 |

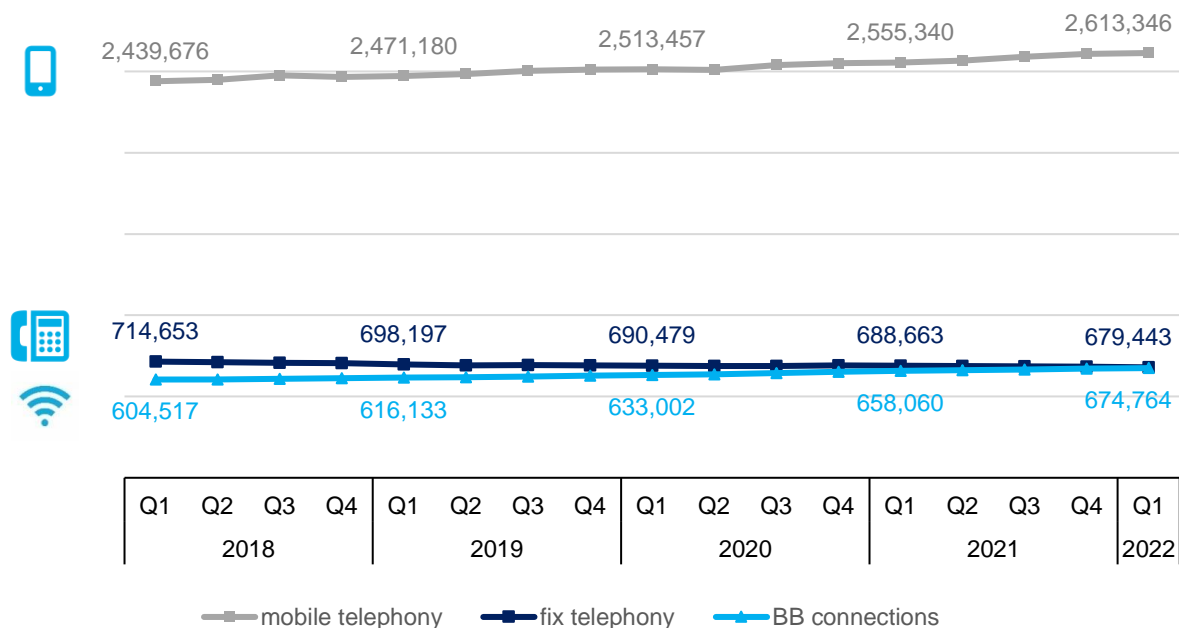
When the Company's shares are traded by its representatives and when reporting on such transactions at Telekom Slovenije, we comply with the applicable legislation and the Rules Restricting Trading in the Shares of Telekom Slovenije.



Telekom Slovenije's Management Board at the 34th general meeting

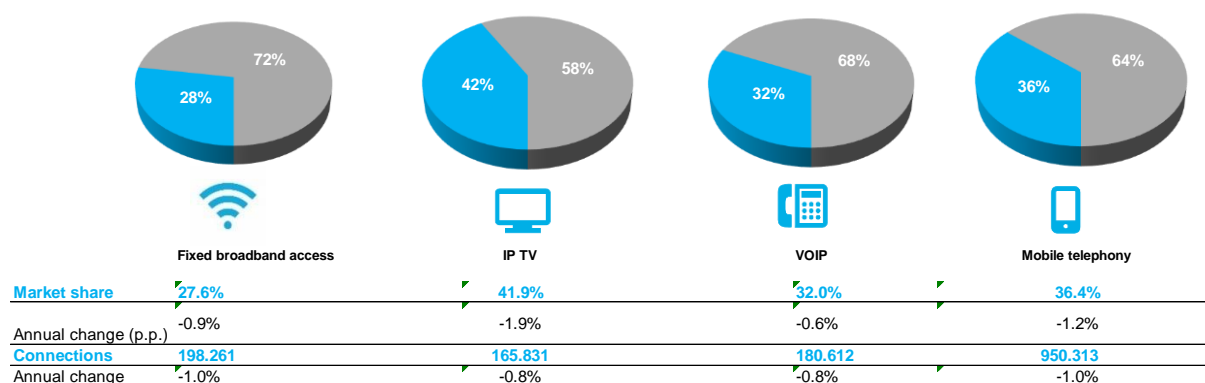
3.6. Market and market shares in key service segments

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



Source: Statistical Office of the Republic of Slovenia, Electronic Communications, first quarter of 2022.

Telekom Slovenije's market shares in key segments in the first quarter of 2022



Source: Report on the development of the electronic communications market for the first quarter of 2022, AKOS; internal Telekom Slovenije figures.

3.7. Risk management

Key risks are presented below by Telekom Slovenije Group company.

TELEKOM SLOVENIJE

Strategic risks

- On the market, Telekom Slovenije faces competition, regulatory effects, price-sensitive users, the migration of voice traffic to OTT platforms and the introduction of new technologies. Users demand high-quality and more extensive services at lower prices. The Slovenian market is saturated, which means there is little manoeuvring room for attracting new users. The management of such risks requires the regular implementation of activities to ensure competitiveness, control over regulatory measures, a targeted and active market approach, the provision of high-quality and readily available services, the continuous adaptation of business solutions and the portfolio, and the constant introduction of the latest developments for specific groups and segments of users. An increasing number of processes are digitalised and the proportion of purchases carried out via digital channels is also growing. We are thus active on social networks. We are simplifying the product portfolio and discontinuing Netgem communicators in order to improve the user experience. Intensive activities are in progress to promote the sale of cyber security, modern workplace, eCare and telemedicine services, and comprehensive ICT solutions tailored to the needs of business customers.

Financial risks

- Telekom Slovenije actively monitors the dynamics of the financial environment and other business factors, with the aim of appropriately managing credit, liquidity, interest-rate and currency risks.
- Liquidity risk is managed through the management and planning of cash flows, through the optimisation of working capital, by ensuring the appropriate maturities of financial debt, and through short-term credit lines that are regularly rolled over taking into account the needs for financing within the Group. For the purpose of financing the expansion and upgrading of the fibre optic access network, the Company signed a long-term loan agreement with the EIB. That loan has not yet been drawn down in full. The Company can draw down dedicated funds until the end of 2024.
- Credit risk is managed by the Company through the active monitoring of the operations of customers and their credit ratings, and by

limiting maximum allowable exposures. The Company further hedges against the risk of the deteriorating financial position of customers through credit insurance and by regularly monitoring the appropriateness thereof. Monitoring of the settlement of contractual obligations and the active recovery of past-due debt are also elements of the systematic credit risk management tool. The Company regularly monitors credit exposure to customers.

- It also hedges against interest-rate risk by concluding interest-rate swaps. Fixed or hedged interest rates account for 29.8% of interest-bearing financial liabilities at the Telekom Slovenije level.
- Telekom Slovenije manages credit risk in connection with receivables from loans to subsidiaries by including various collateral instruments in loan agreements, while it regularly monitors the operations and liquidity of subsidiaries.

Regulatory and compliance-related risks

- In its operations, Telekom Slovenije complies with valid legislation, as well as decisions and aspects of sectoral regulations and other competent bodies. Regulatory risks are managed through organisational and procedural measures in the Company's operations, through constructive dialogue, by putting forth opinions, comments and suggestions in public consultations regarding drafts of general and specific laws issued by the regulator, and by taking legal action against issued regulatory decisions, whenever that is justified.
- Currently being drafted is the new Electronic Communications Act (ZEKom), which will transpose the European Electronic Communications Code (EECC). The draft text of the ZEKom-3 was sent to the National Assembly on 13 May 2022. The first review by that body was carried out on 1 July 2022. A second review by the lead working group is planned for 14 September 2022.
- Telekom Slovenije was deemed an operator with significant market power on relevant markets 1 'Wholesale local access at a fixed location' and 3b 'Wholesale central access at a fixed location for mass-market products' under decisions issued by the AKOS on 25 July 2022. The AKOS imposed on Telekom Slovenije the obligations to grant operator access, to ensure equal treatment and transparency, to ensure

price control and cost accounting, and to ensure separate accounting records.

- Telekom Slovenije submitted comments and proposals in the scope of public consultations regarding the draft regulatory predictability strategy on the electronic communications market for the period 2022 to 2024, which the AKOS published on 21 December 2021. The AKOS published the final text of that strategy on 31 March 2022.
- At the European level, the Digital Services Act (DSA) package is currently the subject of public parliamentary proceedings. That package includes proposed new and amended rules for the strengthening of the Single Market for digital services.
- The risk associated with personal data protection derives from the large scope and categories of personal data that Telekom Slovenije processes as the leading operator in Slovenia. Of significance with regard to that risk is the application of Regulation (EU) 2016/679 of the European Parliament and of the Council on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (General Data Protection Regulation or GDPR) and sectoral legislation, in particular the Electronic Communications Act (ZEKom-1). The GDPR brought stricter regulation and increased the awareness of both users and the general public regarding the protection of data, while sectoral legislation sets out the obligations of Telekom Slovenije in individual areas of operations. Telekom Slovenije ensures compliance through the continuous monitoring, updating and improvement of personal data processing and internal control processes for personal data protection. A draft of the new Personal Data Protection Act (ZVOP-2), submitted by the Government to the National Assembly on 14. 7. 2022, is under consideration, in which Telekom Slovenije was involved in drafting comments and suggestions in the scope of the Chamber of Commerce and Industry of Slovenia and other sectoral associations. Accordingly, the Company is monitoring the drafting of other regulations in the area of personal data protection at the national level (e.g. the ZEISZ) and EU level (where the e-privacy regulation is being coordinated by EU bodies and the Data Act is being drafted) that will impact the processing of data during the provision of the Company's services.
- In accordance with the requirements of the new Prevention of Money Laundering and Terrorist Financing Act (ZPPDFT-2) and Banka Slovenije's new guidelines for assessing the associated risks, Telekom Slovenije is adapting

money laundering prevention processes and measures during the interim period.

Operational risks

- Telekom Slovenije gives a great deal of attention to managing ICT-related operational risks. These risks are controlled through the management and development of sub-systems, and by improving operational efficiency, processes and staff, while supporting new business opportunities. The Company integrated into its ICT environment advanced tools to protect against DOS attacks and a SOAR (security orchestration, automation and response) system, which facilitates the automated correlation of security events and automated responses to them. The Company implemented advanced multi-factor authentication and SSL inspection systems in its information system. Multiple activities are in progress to replace communication equipment in the MPLS backbone network and to upgrade the mobile packet network. Modern network technology (SDA), which is based on the 'zero trust' approach and advanced user authentication and authorisation techniques, is being introduced at an accelerated rate in the internal business network. A great deal of emphasis is being placed on internal training regarding information security and on spreading the security culture.
- In the area of IT, the Company continuously improves processes and mechanisms for ensuring the continuous functioning of systems and applications, and is consolidating BSS and IT solutions for sales projects and target architecture solutions.
- Telekom Slovenije also faces risks associated with retaining employees, as it is increasingly difficult to recruit highly qualified candidates and retain staff with crucial expertise due to market conditions and increased demand for professionally qualified personnel. The Company focuses on the systematic development of employees and the promotion of cooperation and internal mobility, and implements other activities to motivate and retain employees with crucial expertise.
- Telekom Slovenije manages risks in connection with procurement processes through a centralised procurement function. A portal is being developed for partners and suppliers. The Company communicates regularly with suppliers, continuously monitors the availability of goods and the timeliness of deliveries, and searches for alternative suppliers. The Company monitors compliance with contractual provisions.

Impact of the war in Ukraine

- Telekom Slovenije's operations are not directly linked to the Russian and Ukrainian markets. For this reason, the Company assesses that the war will not have any significant direct impact on its cash flows and financial sources.
- Activities and the retail market portfolio were adapted due to the impact of general price growth, while special attention is being given to specific user segments in order to ensure the stability of the portfolio.
- The Company stopped forwarding transit traffic with operators from the Russian Federation and Belarus. To that end, it regularly monitors telephone traffic with the aim of preventing fraud, and has entered into a bilateral agreement on the reduction of call termination prices in Ukraine and in Telekom Slovenije's network. Redundant connections and ports were established to increase cyber security.
- Due to unfavourable trends in market interest rates, the Company carefully monitors developments on the financial markets.
- The war is resulting in delays in the supply chain and rising prices of goods and services. The Company ensures higher buffer stocks of specific types of goods and backup equipment. A strategy of two or three suppliers is in place.
- The Company is faced with higher energy prices, and is therefore monitoring the situation on the energy market.
- The changing conditions are increasing risks in the area of cyber security. The Company's activities thus focus on ensuring the highest level of security, reliability and confidence, and on the management of risks in this area. The Cyber Security Operation Centre closely monitors security, and analyses and assesses information from different sources regarding potential threats. Telekom Slovenije cooperates with various organisations and adopts additional measures to increase the security of internal services and the services provided to subscribers. The cyber threat response team is thus ready at all times to respond to cyber threats.

AVTENTA

- Risks in connection with achieving planned revenues are managed through new sales opportunities and the development of digital solutions.
- Risks associated with the war in Ukraine are affecting operations due to a general rise in the prices of energy and services.

GVO

- Risks associated with the rising prices of construction subcontractors and materials are managed through negotiations.

- Risks in connection with the war in Ukraine are leading to higher prices of materials, services and energy products, and are also affecting the delivery of materials and implementation of projects. The company is ordering materials early, searching for alternative suppliers and carefully planning works.

SOLINE

- Weather-related risks are tied to the risk of a loss of salt production due to adverse weather conditions, as salt production is a seasonal activity.
- A change to the concession agreement on salt production could have a significant effect on the company's business model. A change in the law is expected in 2023.
- Risks exist in connection with the lease payments for the Lepa Vida Thalasso Spa and a change in the concession agreement on the management of the SSNP.
- Risks associated with the war in Ukraine are resulting in lower revenues due to a drop in the number of Russian and Ukrainian visitors to the Lepa Vida Thalasso Spa.

TSinpo

- Risks in connection with the achievement of the sales plan are managed through direct and online communication.
- Risks in connection with the war in Ukraine are resulting in higher costs due to higher prices of raw materials and energy products, and due to disruptions in supply chains. The company is searching for alternative supply sources.

TSmedia

- Risks in connection with achieving planned revenues are managed through new content projects and the expansion of the jumbo DOOH network. New sales campaigns include the development of advertisements for larger orders.
- Risks in connection with the war in Ukraine are resulting in delays and cancellations of advertising campaigns and projects. The company is marketing additional advertising space, and introducing new advanced forms of advertising and exclusive leasing packages.

IPKO

- The company responds to the risk of the loss of users and revenues in the segment of fixed services due to aggressive competition through special promotional offers and the appropriate market approaches.
- Risks associated with the loss of premium segment customers due to the offer of programme content are managed through

advertising and new packages to maintain users.

- There is also a risk of unfavourable conditions for the purchase of the frequencies that the company requires to provide broadband mobile services, as well as delays.
- The risk of additional investments due to regulatory requirements relating to the shift from an aerial to an underground infrastructure is managed by coordinating with the Kosovo Energy Distribution Services (KEDS), municipalities and other operators. A draft agreement for the project has been prepared.
- Risks in connection with non-standard IT are managed through a BSS architecture plan and the consolidation of processes.
- The company negotiates with government authorities and communicates with all stakeholders in connection with the risk associated with the payment of copyright fees and fees for the transmission of programmes

via the cable network.

- There is the risk of a reduction in the prices of call termination from countries of the Western Balkans at the beginning of 2023, which will affect revenues.
- With respect to risks in connection with legislative changes and the interpretation thereof, the company expects that the new public procurement act will be in line with EU directives.
- Risks in connection with the war in Ukraine are resulting in rising energy prices, disruptions and delays in the supply chain, higher prices of goods and services, and falling revenues from network interconnections and roaming. The company is strengthening security systems and the security culture for the secure provision of services and the protection of data due to cyber threats. It is also increasing inventory levels and searching for alternative supply sources.

4. CORPORATE GOVERNANCE

Management Board

Telekom Slovenije is managed by its Management Board, comprising the following members as at 30 June 2022:

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

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

Supervisory Board

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

The composition of the Supervisory Board was as follows as at 30 June 2022:

Shareholder representatives:

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

Employee representatives:

- Drago Kijevčanin, Vice-President,
- Dušan Pišek, member, and
- Rok Pleteršek, member.

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

Telekom Slovenije's Works Council appointed Drago Kijevčanin, Dušan Pišek and Jana Žižek Kuhar to four-year terms of office as employee representatives, effective 15 November 2021. On 11 May 2022, Jana Žižek Kuhar resigned from her position as member of the Supervisory Board, effective on the day a new member was appointed to the Supervisory Board as employee representative. At its session on 2 June 2022, Telekom Slovenije's Works Council elected Rok Pleteršek to serve as replacement member of the Supervisory Board and employee representative. Mr Pleteršek's term of office will run until the expiration of the terms of office of other employee representatives of the Supervisory Board, i.e. until 14 November 2025.

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

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

SLOVENIA

GVO, d.o.o.

Managing Director: Dr Zef Vučaj

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

Infratel, d.o.o.

Managing Director: Dr Zef Vučaj

Optic-Tel, d.o.o.

Managing Director: Dr Zef Vučaj

Avtenta, d.o.o.

Managing Director: Primož Kučič

TSmedia, d.o.o.

Managing Director: Rajko Gerič

Soline, d.o.o.

Managing Director: Klavdij Godnič

TSinpo, d.o.o.

Managing Director: Sandra Peršak

OTHER COUNTRIES

IPKO Telecommunications LLC, Kosovo

CEO: Tomaž Seljak, MSc

SIOL, d.o.o. Zagreb, Croatia

Managing Director: Simon Furlan, MSc

SIOL, d.o.o. Podgorica, Montenegro

Managing Director: Simon Furlan, MSc

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

Managing Director: Simon Furlan, MSc

SIOL, DOOEL Skopje, North Macedonia

Managing Director: Simon Furlan, MSc

SIOL DOO BELGRADE, Serbia

Managing Director: Simon Furlan, MSc

SIOL Prishtina LL., Kosovo

Managing Director: Simon Furlan, MSc

GVO Telekommunikation GmbH

Liquidator: Roman Mazi

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

5. SIGNIFICANT EVENTS IN THE PERIOD JANUARY TO JUNE 2022

FIRST QUARTER OF 2022

JANUARY

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

FEBRUARY

- Telekom Slovenije repurchased 1,912 treasury shares with a total value of EUR 109,713.20 in February.
- Users of the VALÚ Smart Wallet executed more than 2 million transactions in 2021, with the number of VALÚ users rising by more than 40%. There were thus more than 100,000 VALÚ Smart Wallet users at the end of the year. Those persons can make payments using their mobile phone at more than 3,000 payment points, including via the web where payment using a QR code is extremely popular. VALÚ

facilitates a monthly limit of EUR 3,000 and an annual limit of EUR 15,000.

MARCH

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

from the German register is expected during the first half of 2023.

- On 28 March 2022, Telekom Slovenije, as the buyer, and DBA informacijske tehnologije and DBA Group S.p.A., as the sellers, signed an agreement on the purchase of 2,040,275 shares of ACTUAL I.T., informacijske tehnologije, d.d., representing a 100% participating interest in that company. The aforementioned agreement was concluded under several conditions precedent that must be met prior to the conclusion of the transaction. Completion of the transaction is expected within six months following the signing of the agreement.

SECOND QUARTER OF 2022

APRIL

- As part of the continued development of its mobile network, Telekom Slovenije will gradually halt the use of the third generation (3G) mobile network by 30 September 2022. The Company began using 3G or UMTS technology for voice communication and data transfer nearly 20 years ago. Today, the data transfer speeds facilitated by that technology are significantly slower than those facilitated by more advanced and energy and technologically efficient fourth (LTE/4G) and fifth (5G) generation mobile technologies, which are used for 99% of mobile traffic in Telekom Slovenije's network. For this reason, the gradual halting of the use of 3G technology is an integral element of the Company's sustainable operations, and the technological and developmental optimisation of its mobile network.
- Telekom Slovenije donated EUR 20,000 to the Slovenian Red Cross for the continued renovation, arrangement of living quarters and landscaping at the Debeli Rtič Youth Spa and Resort. Health holidays and rehabilitation for children have been organised for 66 years, during which time around 650,000 children from all over Slovenia have stayed at Debeli Rtič. The Vice President of Telekom Slovenije's Management Board, Tomaž Jontes, presented the donation to Ana Žerjal, MSc, the head of the Debeli rtič Youth Spa and Resort.

MAY

- Telekom Slovenije, which continuously expands and upgrades its network with new technologies and thus provides users the most advanced telecommunication services, facilitated speeds of up to 1 Gbit/s at the beginning of May for subscribers in the fibre

optic network, while at the end of May it allowed existing and new subscribers to current fixed fibre optic packages to upgrade their fixed internet speeds to 2 Gbit/s. Telekom Slovenije is also continuing activities to upgrade the fibre optic network with XGS-PON technology, which facilitates speeds of up to 10 Gbit/s. Telekom Slovenije currently provides more than 424,000 or half of all households in Slovenia the possibility of connecting to the fibre optic network.

- On 4 May 2022, Telekom Slovenije received a countersuit filed against the Company by POP TV, d.o.o., Ljubljana and Kanal A, d.o.o., for the payment of damages in the total amount of EUR 58,154,012.16, with appertaining amounts. The aforementioned claim represents damages that the plaintiffs allegedly incurred for the underpayment of remuneration for the distribution of TV programmes in the period 16 February 2017 to 31 March 2022. That countersuit was filed in response to a lawsuit filed against those two companies by Telekom Slovenije on 29 December 2021 due to the partial annulment of the associated agreement and the overpayment of remuneration of the distribution of TV programmes (value of dispute: EUR 12,346,337.52). Telekom Slovenije responded to the countersuit by the legally prescribed deadline.
- After Telekom Slovenije and its consortium partner, the Slovene Federation of Pensioners' Associations, were selected via public tender to implement the Ministry of Health's Home eCare project, more than 3,000 applications were received in a little more than a month.
- Telekom Slovenije's Cyber Security Operation Centre received a second award for best innovative security solution, which is presented by the Institute for Corporate Security Studies in conjunction with the Slovenian Corporate Security Association. As the largest operational-security centre in Slovenia, Telekom Slovenije's Cyber Security Operation Centre represents an important source of added value in the area of ensuring cyber security at the national, company and organisational levels. Telekom Slovenije received an award for best innovative security solution at the Days of Corporate Security conference.

JUNE

- In cooperation with selected winegrowers and the partners Telekom Slovenije and EFOS, Klet Brda, which brings together 350 wine-growing families in the Goriška Brda region, set up a pilot project for the remote monitoring of pests in vineyards. A solution is being tested in the scope of the project that allows wine growers to

remotely monitor the pest situation in their vineyards and receive a pest forecast 14 days in advance.

- The 34th General Meeting of Shareholders of Telekom Slovenije was held on 16 June 2022.
- Digital vouchers in the amount of EUR 150, which can be redeemed by recipients from 15 June to 30 November, can be used at Telekom Slovenije for the purchase of more than 800 products, while purchases can be made on instalment over 12 or 24 months if a customer enters into a subscription. For purchases using digital vouchers, Telekom Slovenije prepared a special offer of laptop, desktop, gaming and tablet computers, and additional equipment, such as headphones, speakers, web cameras,

keyboards, etc. Digital vouchers can be redeemed by anyone purchasing products from Telekom Slovenije's regular sales offer, regardless of which operator they use for their communications services.

- The Telekom Slovenije Group published key performance indicators for 2021 on 27 June 2022. Those indicators relate to services linked to economic activities deemed sustainable. The Telekom Slovenije Group reports indicators for economic activities included in the 2021 EU Taxonomy separately for the 2021 financial year. In the future, those indicators will be integrated in the annual report of the Telekom Slovenije Group and Telekom Slovenije, d.d.

6. SIGNIFICANT EVENTS AFTER THE REPORTING DATE

THIRD QUARTER OF 2022

JULY

- Telekom Slovenije received a request from Kapitalska družba pokojninskega in invalidskega zavarovanja, d.d. on 14 July 2022 to convene the Company's General Meeting of Shareholders. The Management Board of Telekom Slovenije, d.d., in accordance with Article 295 of the Companies Act (ZGD-1) and Article 36 of the Articles of Association of Telekom Slovenije, d.d., and based on the request of the shareholder Pension Fund Management (Kapitalska družba pokojninskega in invalidskega zavarovanja, d.d.), which set the date and location of the General Meeting and the proposal for the bodies of the General Meeting, invokes the 35th General Meeting, which will take place on 9 September 2022 at 12:00 noon in the Multimedia Hall at the company's headquarters.
- In order to thank firefighters from across Slovenia, who have been battling the raging fire in the Kras region, for their help and selflessness Telekom Slovenije joined the pan-Slovenian campaign for collecting funds needed for repairs of the spent and destroyed firefighting equipment that suffered during the firefighting operations, and has made a donation of EUR 20,000 to the Firefighters Association of Slovenia. In addition, Telekom Slovenije is giving all firefighters two bonus services free of charge as a token of their appreciation; they will each receive an extra 500 GB data allowance in Telekom Slovenije's mobile network per month, and a free activation of a programming option of their choice from Telekom Slovenije's television services.
- Telekom Slovenije responded to some media publications related to the purchase of Actual I.T through the Seonet System of the Ljubljana Stock Exchange.

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

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

The condensed financial statements for the period ending 30 June 2022 were compiled in accordance with IAS 34 Interim Financial Reporting and must be read together with the financial statements and disclosures compiled for the 2021 financial year. The financial statements for the period January to June 2022 and for the comparative period January to June 2021 have not been audited, while the financial statements for the comparative period ending 31 December 2021 have been audited. The financial statements of the Group and Company were compiled under the assumption that both are going concerns. Operations are not seasonal.

Changes in accounting policies

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

Use of significant estimates and judgements

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

On 1 January 2022, Telekom Slovenije amended the useful life of DSLAM and MSAN equipment and that of DC power systems. The useful life of DSLAM and MSAN equipment was five years prior to that change and is now seven years, while the useful life of DC power systems was seven years and is now 10 years. On account of technological development and the use of better materials, that equipment is subject to less load, is more energy efficient and consumes less electricity, which can be seen in its extended useful life. The impact of the change in useful life was a decrease in depreciation of EUR 634 thousand during the reporting period.

In accordance with ESMA recommendations, the Group assessed the impact of events and circumstances in connection with the Russian invasion of Ukraine. The Group did not identify any direct impacts on its operations during the reporting period (see Section 3.7 Risk management for more information).

COVID-19 pandemic

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

- the following companies took advantage of the reimbursement of compensation for short-term absences from work of up to three days due to COVID-19 covered by the employer: Telekom Slovenije, GVO, Avtenta and TSmedia, in the total amount of EUR 9 thousand;

- the following companies took advantage of the reimbursement of wage compensation for the period a worker did not perform their work due to *force majeure*: Telekom Slovenije, GVO, Avtenta, TSmedia and Soline, in the total amount of EUR 10 thousand;
- the following companies took advantage of the reimbursement of compensation for the period of quarantine: Telekom Slovenije, GVO, TSinpo and Soline, in the total amount of EUR 23 thousand.

Functional and presentation currency

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

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

Unaudited consolidated and separate statement of profit or loss for the period ending 30 June 2022

| in EUR thousand | Telekom Slovenije Group | | Telekom Slovenije | |
|--|-------------------------|-----------------|-------------------|-----------------|
| | I – VI 2022 | I – VI 2021 | I – VI 2022 | I – VI 2021 |
| Sales revenue | 314,159 | 317,564 | 279,430 | 287,270 |
| Other operating income | 2,402 | 1,950 | 898 | 806 |
| Cost of goods sold | -40,293 | -41,974 | -44,106 | -45,807 |
| Costs of materials and energy | -10,602 | -7,692 | -7,842 | -5,066 |
| Costs of services | -98,620 | -103,531 | -94,175 | -98,453 |
| Labour costs | -53,252 | -49,974 | -42,262 | -41,729 |
| Depreciation/amortisation | -81,014 | -84,387 | -68,231 | -70,316 |
| Other operating expenses | -1,642 | -2,668 | -2,076 | -2,979 |
| Total operating expenses | -285,423 | -290,226 | -258,692 | -264,350 |
| Operating profit | 31,138 | 29,288 | 21,636 | 23,726 |
| Finance income* | 813 | 1,046 | 2,608 | 13,200 |
| Finance expenses* | -4,128 | -4,550 | -4,013 | -4,398 |
| Profit before tax | 27,823 | 25,784 | 20,231 | 32,528 |
| Income tax | -2,468 | -2,540 | -1,678 | -2,139 |
| Deferred taxes | -1,988 | -1,912 | -1,998 | -1,938 |
| Net profit from continuing operations | 23,367 | 21,332 | 16,555 | 28,451 |
| Basic and diluted earnings per share in EUR | 3.60 | 3.28 | 2.55 | 4.37 |

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

Unaudited consolidated and separate statement of other comprehensive income for the period ending 30 June 2022

| in EUR thousand | Telekom Slovenije Group | | Telekom Slovenije | |
|--|-------------------------|---------------|-------------------|---------------|
| | I – VI 2022 | I – VI 2021 | I – VI 2022 | I – VI 2021 |
| Net profit for the period | 23,367 | 21,332 | 16,555 | 28,451 |
| <i>Other comprehensive income that may be subsequently reclassified to the statement of profit or loss</i> | | | | |
| Translation reserves | 3 | 36 | 0 | 0 |
| Change in the fair value of hedging financial instruments | 82 | 191 | 82 | 191 |
| Deferred tax | -48 | -36 | -48 | -36 |
| Change in fair value of hedging financial instruments (net) | 34 | 155 | 34 | 155 |
| <i>Other comprehensive income that may not be subsequently reclassified to the statement of profit or loss</i> | | | | |
| Actuarial remeasurements of defined benefit obligation | 0 | 0 | 0 | 0 |
| Net loss on equity instruments at fair value through other comprehensive income | -160 | 0 | -160 | 0 |
| Change in fair value of investments in equity instruments measured at fair value through other comprehensive income | 103 | 191 | 103 | 191 |
| Deferred tax | 13 | -36 | 13 | -36 |
| Change in fair value of investments in equity instruments measured at fair value through other comprehensive income | 116 | 155 | 116 | 155 |
| Other comprehensive income for the period after tax | -7 | 346 | -10 | 310 |
| Total comprehensive income for the period | 23,520 | 21,678 | 16,705 | 28,761 |
| Comprehensive income attributable to owners | 23,520 | 21,678 | | |

Unaudited consolidated and separate statement of financial position as at 30 June 2022

| in EUR thousand | Telekom Slovenije Group | | Telekom Slovenije | |
|---|-------------------------|------------------|-------------------|------------------|
| | 30 June 2022 | 31 December 2021 | 30 June 2022 | 31 December 2021 |
| ASSETS | | | | |
| Intangible assets | 220,626 | 220,116 | 165,666 | 180,251 |
| Property, plant and equipment | 663,895 | 667,059 | 598,711 | 604,711 |
| Right-of-use assets | 71,919 | 73,970 | 80,017 | 80,667 |
| Investments in subsidiaries | 0 | 0 | 39,276 | 38,276 |
| Other investments | 2,804 | 3,292 | 53,513 | 57,235 |
| Contract assets | 3,183 | 2,854 | 2,786 | 2,469 |
| Other receivables | 17,252 | 18,300 | 17,246 | 18,294 |
| Deferred costs | 1,728 | 1,058 | 2,185 | 1,608 |
| Investment property | 4,471 | 4,545 | 7,567 | 7,641 |
| Deferred tax assets | 40,005 | 42,012 | 39,715 | 41,761 |
| Total non-current assets | 1,025,883 | 1,033,206 | 1,006,682 | 1,032,913 |
| Assets held for sale | 796 | 799 | 796 | 799 |
| Inventories | 29,459 | 22,478 | 25,315 | 19,603 |
| Trade and other receivables | 152,540 | 156,152 | 145,311 | 148,378 |
| Contract assets | 22,156 | 17,263 | 21,962 | 17,167 |
| Deferred costs | 9,465 | 3,766 | 6,872 | 3,150 |
| Investments | 826 | 740 | 9,074 | 12,177 |
| Cash and cash equivalents | 11,080 | 15,935 | 2,304 | 3,754 |
| Total current assets | 226,322 | 217,133 | 211,634 | 205,028 |
| Total assets | 1,252,205 | 1,250,339 | 1,218,316 | 1,237,941 |
| EQUITY AND LIABILITIES | | | | |
| Share capital | 272,721 | 272,721 | 272,721 | 272,721 |
| Share premium | 181,489 | 181,489 | 180,956 | 180,956 |
| Profit reserves | 106,479 | 106,479 | 104,978 | 104,978 |
| <i>Legal reserves</i> | 51,612 | 51,612 | 50,434 | 50,434 |
| <i>Reserves for treasury shares and interests</i> | 4,065 | 3,671 | 4,065 | 3,671 |
| <i>Treasury shares and interests</i> | -4,065 | -3,671 | -4,065 | -3,671 |
| <i>Statutory reserves</i> | 54,854 | 54,854 | 54,544 | 54,544 |
| <i>Other profit reserves</i> | 13 | 13 | 0 | 0 |
| Retained earnings | 35,497 | 41,938 | 42,272 | 55,515 |
| <i>Retained earnings from previous periods</i> | 12,130 | 4,050 | 25,717 | 21,144 |
| <i>Profit or loss for the period</i> | 23,367 | 37,888 | 16,555 | 34,371 |
| Fair value reserves | 83 | -66 | 83 | -66 |
| Reserves for actuarial gains/losses | -2,139 | -2,139 | -1,863 | -1,863 |
| Translation reserves | 12 | 9 | 0 | 0 |
| Total equity | 594,142 | 600,431 | 599,147 | 612,241 |
| Contract liabilities | 17,610 | 14,278 | 16,828 | 13,752 |
| Provisions | 23,632 | 23,063 | 20,031 | 19,561 |
| Other liabilities | 29,671 | 18,455 | 6,537 | 12,281 |
| Accrued liabilities | 841 | 891 | 698 | 713 |
| Loans and borrowings | 289,015 | 309,023 | 289,015 | 309,023 |
| Lease liabilities | 54,911 | 57,096 | 61,751 | 62,748 |
| Other financial liabilities | 0 | 88 | 0 | 88 |
| Deferred tax liabilities | 1,697 | 1,710 | 308 | 321 |
| Total non-current liabilities | 417,377 | 424,604 | 395,168 | 418,487 |
| Trade payables | 98,964 | 130,955 | 88,051 | 116,381 |
| Income tax payable | 24 | 3,768 | 0 | 3,553 |
| Loans and borrowings | 50,035 | 40,015 | 52,235 | 41,415 |
| Lease liabilities | 10,641 | 9,460 | 12,499 | 10,949 |
| Other financial liabilities | 29,268 | 2 | 29,250 | 0 |
| Contract liabilities | 12,844 | 12,318 | 9,118 | 8,452 |
| Accrued liabilities | 38,910 | 28,786 | 32,848 | 26,463 |
| Total current liabilities | 240,686 | 225,304 | 224,001 | 207,213 |
| Total liabilities | 658,063 | 649,908 | 619,169 | 625,700 |
| Total equity and liabilities | 1,252,205 | 1,250,339 | 1,218,316 | 1,237,941 |

Unaudited consolidated statement of changes in equity of the Telekom Slovenije Group for the period ending 30 June 2022

| in EUR thousand | Share capital | Share premium | Profit reserves | | | | | Retained earnings | | Fair value reserve for financial instruments | Fair value reserve for hedging instruments in net amount | Fair value reserve for actuarial deficit and surplus | Translation reserves | Total |
|--|---------------|---------------|-----------------|------------------------|-----------------|--------------------|-----------------------|---------------------------------------|-------------------------------|--|--|--|----------------------|---------|
| | | | Legal reserves | Treasury share reserve | Treasury shares | Statutory reserves | Other profit reserves | Retained earnings from previous years | Profit or loss for the period | | | | | |
| Balance as at 1 January 2022 | 272,721 | 181,489 | 51,612 | 3,671 | -3,671 | 54,854 | 13 | 4,050 | 37,888 | -26 | -40 | -2,139 | 9 | 600,431 |
| Net profit or loss for the period | | | | | | | | | 23,367 | | | | | 23,367 |
| Other comprehensive income for the period | | | | | | | | -160 | | 116 | 34 | 0 | 3 | -7 |
| Total comprehensive income for the period | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -160 | 23,367 | 116 | 34 | 0 | 3 | 23,360 |
| Dividends paid | | | | | | | | -29,244 | | | | | | -29,244 |
| Purchase of treasury shares | | | | | -394 | | | | | | | | | -394 |
| Creation of reserves for treasury shares | | | | 394 | | | | -394 | | | | | | 0 |
| Transactions with owners | 0 | 0 | 0 | 394 | -394 | 0 | 0 | -29,638 | 0 | 0 | 0 | 0 | 0 | -29,638 |
| Transfer of profit or loss from the previous year to retained earnings | | | | | | | | 37,888 | -37,888 | | | | | 0 |
| Changes in equity | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 37,888 | -37,888 | 0 | 0 | 0 | 0 | 0 |
| Other | | | | | | | | -10 | 0 | -1 | 0 | 0 | 0 | -11 |
| Balance as at 30 June 2022 | 272,721 | 181,489 | 51,612 | 4,065 | -4,065 | 54,854 | 13 | 12,130 | 23,367 | 89 | -6 | -2,139 | 12 | 594,142 |

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

| in EUR thousand | Share capital | Share premium | Profit reserves | | | | | Retained earnings | | Fair value reserve for financial instruments | Fair value reserve for hedging instruments in net amount | Fair value reserve for actuarial deficit and surplus | Translation reserves | Total |
|--|---------------|---------------|-----------------|------------------------|-----------------|--------------------|-----------------------|---------------------------------------|-------------------------------|--|--|--|----------------------|---------|
| | | | Legal reserves | Treasury share reserve | Treasury shares | Statutory reserves | Other profit reserves | Retained earnings from previous years | Profit or loss for the period | | | | | |
| Balance as at 1 January 2021 | 272,721 | 181,489 | 51,612 | 3,671 | -3,671 | 54,854 | 13 | 8,440 | 24,865 | -219 | -278 | -2,988 | -25 | 590,484 |
| Net profit or loss for the period | | | | | | | | | 21,332 | | | | | 21,332 |
| Other comprehensive income for the period – adjusted* | | | | | | | | | | 155 | 155 | 0 | 36 | 346 |
| Total comprehensive income for the period | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 21,332 | 155 | 155 | 0 | 36 | 21,678 |
| Dividends paid | | | | | | | | -29,275 | | | | | | -29,275 |
| Transactions with owners | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -29,275 | 0 | 0 | 0 | 0 | 0 | -29,275 |
| Transfer of profit or loss from the previous year to retained earnings | | | | | | | | 24,865 | -24,865 | | | | | 0 |
| Changes in equity | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 24,865 | -24,865 | 0 | 0 | 0 | 0 | 0 |
| Other | | | | | | | | -40 | | -1 | | 30 | | -11 |
| Balance as at 30 June 2021 | 272,721 | 181,489 | 51,612 | 3,671 | -3,671 | 54,854 | 13 | 3,990 | 21,332 | -65 | -123 | -2,958 | 11 | 582,876 |

Unaudited separate statement of changes in equity of Telekom Slovenije, d.d. for the period ending 30 June 2022

| in EUR thousand | Share capital | Share premium | Profit reserves | | | | | Retained earnings | | Fair value reserve for financial instruments | Fair value reserve for hedging instruments in net amount | Fair value reserve for actuarial deficit and surplus | Total |
|--|---------------|---------------|-----------------|------------------------|-----------------|--------------------|-----------------------|---------------------------------------|-------------------------------|--|--|--|---------|
| | | | Legal reserves | Treasury share reserve | Treasury shares | Statutory reserves | Other profit reserves | Retained earnings from previous years | Profit or loss for the period | | | | |
| Balance as at 1 January 2022 | 272,721 | 180,956 | 50,434 | 3,671 | -3,671 | 54,544 | 0 | 21,144 | 34,371 | -27 | -39 | -1,863 | 612,241 |
| Net profit or loss for the period | | | | | | | | | 16,555 | | | | 16,555 |
| Other comprehensive income for the period | | | | | | | | -160 | | 116 | 34 | 0 | -10 |
| Total comprehensive income for the period | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -160 | 16,555 | 116 | 34 | 0 | 16,545 |
| Dividends paid | | | | | | | | -29,244 | | | | | -29,244 |
| Purchase of treasury shares | | | | | -394 | | | | | | | | -394 |
| Creation of reserves for treasury shares | | | | 394 | | | | -394 | | | | | 0 |
| Transactions with owners | 0 | 0 | 0 | 394 | -394 | 0 | 0 | -29,638 | 0 | 0 | 0 | 0 | -29,638 |
| Transfer of profit or loss from the previous year to retained earnings | | | | | | | | 34,371 | -34,371 | | | | 0 |
| Changes in equity | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 34,371 | -34,371 | 0 | 0 | 0 | 0 |
| Other | | | | | | | | 0 | | -1 | | | -1 |
| Balance as at 30 June 2022 | 272,721 | 180,956 | 50,434 | 4,065 | -4,065 | 54,544 | 0 | 25,717 | 16,555 | 88 | -5 | -1,863 | 599,147 |

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

| in EUR thousand | Share capital | Share premium | Profit reserves | | | | | Retained earnings | | Fair value reserve for financial instruments | Fair value reserve for hedging instruments in net amount | Fair value reserve for actuarial deficit and surplus | Total |
|--|---------------|---------------|-----------------|------------------------|-----------------|--------------------|-----------------------|---------------------------------------|-------------------------------|--|--|--|---------|
| | | | Legal reserves | Treasury share reserve | Treasury shares | Statutory reserves | Other profit reserves | Retained earnings from previous years | Profit or loss for the period | | | | |
| Balance as at 1 January 2021 | 272,721 | 180,956 | 50,434 | 3,671 | -3,671 | 54,544 | 0 | 26,185 | 24,174 | -219 | -278 | -2,733 | 605,784 |
| Net profit or loss for the period | | | | | | | | | 28,451 | | | | 28,451 |
| Other comprehensive income for the period | | | | | | | | | | 155 | 155 | 0 | 310 |
| Total comprehensive income for the period | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 28,451 | 155 | 155 | 0 | 28,761 |
| Dividends paid | | | | | | | | -29,275 | | | | | -29,275 |
| Transactions with owners | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -29,275 | 0 | 0 | 0 | 0 | -29,275 |
| Transfer of profit or loss from the previous year to retained earnings | | | | | | | | 24,174 | -24,174 | | | | 0 |
| Changes in equity | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 24,174 | -24,174 | 0 | 0 | 0 | 0 |
| Other | | | | | | | | -1 | | -1 | | | -2 |
| Balance as at 30 June 2021 | 272,721 | 180,956 | 50,434 | 3,671 | -3,671 | 54,544 | 0 | 21,083 | 28,451 | -65 | -123 | -2,733 | 605,268 |

Unaudited consolidated cash flow statement for the period ending 30 June 2022

| in EUR thousand | Telekom Slovenije Group | | Telekom Slovenije | |
|--|-------------------------|-----------------|-------------------|-----------------|
| | I – VI 2022 | I – VI 2021 | I – VI 2022 | I – VI 2021 |
| Cash flows from operating activities | | | | |
| Net profit for the period | 23,367 | 21,332 | 16,555 | 28,451 |
| Adjustments for: | | | | |
| Depreciation/amortisation | 81,014 | 84,388 | 68,231 | 70,316 |
| Impairment and write-offs of property, plant and equipment and intangible assets | 0 | 3 | 0 | 0 |
| Gain/loss on disposal of property, plant and equipment | -18 | 146 | 104 | 146 |
| Impairment and write-offs of inventories | 306 | 451 | 241 | 451 |
| Net impairment of receivables | 647 | 1,356 | 366 | 1,149 |
| Change in provisions and other changes | -23 | 8 | 0 | 0 |
| Finance income | -813 | -1,046 | -2,608 | -13,200 |
| Finance expenses | 4,128 | 4,550 | 4,013 | 4,398 |
| Income tax expense with deferred taxes | 4,456 | 4,452 | 3,677 | 4,076 |
| Cash flows from operating activities prior to changes in working capital and provisions | 113,064 | 115,640 | 90,579 | 95,787 |
| Change in inventories | -6,229 | -1,787 | -4,896 | -2,047 |
| Change in trade and other receivables | 3,883 | 9,482 | 3,501 | 16,523 |
| Change in accrued and deferred asset items and contract assets | -11,591 | -4,631 | -8,339 | -2,838 |
| Change in provisions | 592 | -234 | 470 | 27 |
| Change in trade and other payables | -21,546 | -31,219 | -34,210 | -25,360 |
| Change in accrued and deferred liability items and contract liabilities | 13,932 | 5,844 | 10,112 | 1,395 |
| Income tax paid | -5,559 | -389 | -4,917 | 0 |
| Net cash from operating activities | 86,546 | 92,706 | 52,300 | 83,487 |
| Cash flows from investing activities | | | | |
| Proceeds from investing activities | 879 | 331 | 9,250 | 14,076 |
| Proceeds from sale of property, plant and equipment | 216 | 196 | 216 | 196 |
| Dividends received | 217 | 100 | 363 | 11,100 |
| Proceeds from interest | 4 | 3 | 808 | 1,110 |
| Proceeds from investments in subsidiaries | 400 | 0 | 400 | 0 |
| Proceeds from repayment of loans and deposits | 42 | 32 | 7,463 | 1,670 |
| Disbursements from investing activities | -72,453 | -121,895 | -44,298 | -119,981 |
| Disbursements for property, plant and equipment | -36,783 | -39,484 | -27,560 | -37,885 |
| Disbursements for non-current intangible assets | -35,570 | -82,161 | -14,639 | -80,446 |
| Investments in subsidiaries and associated companies | 0 | 0 | -1,000 | 0 |
| Disbursements for loans and deposits issued | -100 | -250 | -1,099 | -1,650 |
| Net cash from investing activities | -71,574 | -121,564 | -35,048 | -105,905 |
| Cash flows from financing activities | | | | |
| Proceeds from financing activities | 10,000 | 164,500 | 10,800 | 166,000 |
| Proceeds for non-current borrowings | 0 | 140,000 | 0 | 140,000 |
| Proceeds from current borrowings | 10,000 | 24,500 | 10,800 | 26,000 |
| Disbursements from financing activities | -29,879 | -128,305 | -29,554 | -142,409 |
| Disbursements for approval of borrowings and issue of bonds | -394 | 0 | -394 | 0 |
| Maturity of bonds issued | 0 | -578 | 0 | -578 |
| Repayment of current borrowings | -5,812 | -7,395 | -5,484 | -6,975 |
| Repayment of non-current borrowings | 0 | 0 | 0 | -14,500 |
| Sale of derivatives | -20,110 | -115,385 | -20,110 | -115,385 |
| Investments in subsidiaries and associated companies | -3,563 | -4,947 | -3,566 | -4,971 |
| Net cash from financing activities | -19,879 | 36,195 | -18,754 | 23,591 |
| Net increase/decrease in cash and cash equivalents | -4,907 | 7,337 | -1,502 | 1,173 |
| Opening balance of cash | 15,935 | 8,167 | 3,754 | 2,086 |
| Effect of exchange rate changes on cash and cash equivalents | 52 | 37 | 52 | 37 |
| Closing balance of cash | 11,080 | 15,541 | 2,304 | 3,296 |

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

Telekom Slovenije Group

The Telekom Slovenije Group comprised the controlling company Telekom Slovenije and the following subsidiaries as at the reporting date (30 June 2022):

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

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

In June 2022, Telekom Slovenije, as the sole shareholder, recapitalized the subsidiary Soline with a cash contribution of EUR 1,000 thousand.

Segment reporting

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

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

Other countries: this segment comprises other Group companies, including IPKO, SIOL Zagreb, SIOL

Sarajevo, SIOL Podgorica, SIOL Skopje, SIOL Belgrade, SIOL Prishtina and GVO Telekomunikation GmbH. This segment's main activity is the provision of telecommunication services.

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

The Group does not disclose finance income and expenses by segment, as the Group's financing is centralised at the level of the controlling company.

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

Segment reporting

| in EUR thousand | Slovenia | | Other countries | | Eliminations and adjustments* | | Total | |
|-------------------------------------|-----------------|-----------------|-----------------|----------------|-------------------------------|----------------|-----------------|-----------------|
| | I – VI 2022 | I – VI 2021 | I – VI 2022 | I – VI 2021 | I – VI 2022 | I – VI 2021 | I – VI 2022 | I – VI 2021 |
| Sales to customers | 280,721 | 287,611 | 33,438 | 29,953 | | | 314,159 | 317,564 |
| Inter-segment sales | 34,616 | 37,055 | 4,110 | 2,978 | -38,726 | -40,033 | 0 | 0 |
| Total segment revenue | 315,337 | 324,666 | 37,548 | 32,931 | -38,726 | -40,033 | 314,159 | 317,564 |
| Other operating income | 1,505 | 1,454 | 897 | 496 | | | 2,402 | 1,950 |
| Total operating expenses | -257,666 | -263,496 | -27,757 | -26,730 | | | -285,423 | -290,226 |
| Operating profit per segment | 59,176 | 62,624 | 10,688 | 6,697 | -38,726 | -40,033 | 31,138 | 29,288 |
| Finance income | | | | | | | 813 | 1,046 |
| Finance expenses | | | | | | | -4,128 | -4,550 |
| Profit before tax | | | | | | | 27,823 | 25,784 |
| Income tax | | | | | | | -2,468 | -2,540 |
| Deferred taxes | | | | | | | -1,988 | -1,912 |
| Net profit for the period | | | | | | | 23,367 | 21,332 |

| Other data by segment | Slovenia | | Other countries | | Eliminations and adjustments* | | Total | |
|-----------------------|--------------|------------------|-----------------|------------------|-------------------------------|------------------|--------------|------------------|
| | 30 June 2022 | 31 December 2021 | 30 June 2022 | 31 December 2021 | 30 June 2022 | 31 December 2021 | 30 June 2022 | 31 December 2021 |
| Segment assets | 1,291,611 | 1,307,526 | 137,176 | 122,128 | -176,582 | -179,315 | 1,252,205 | 1,250,339 |
| Segment liabilities | 652,150 | 655,461 | 108,624 | 99,713 | -102,712 | -105,266 | 658,062 | 649,908 |

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

Revenues by segment

| in EUR thousand | Slovenia | | Other countries | | Total | |
|--|----------------|----------------|-----------------|---------------|----------------|----------------|
| | I – VI 2022 | I – VI 2021 | I – VI 2022 | I – VI 2021 | I – VI 2022 | I – VI 2021 |
| Mobile services on end-user market | 99,632 | 103,137 | 21,256 | 18,182 | 120,888 | 121,319 |
| Fixed-line telephone services on end-user market | 93,136 | 95,121 | 10,478 | 10,879 | 103,614 | 106,000 |
| Additional services | 1,793 | 3,663 | 0 | 0 | 1,793 | 3,663 |
| Wholesale market | 73,885 | 74,605 | 1,704 | 892 | 75,589 | 75,497 |
| Other revenues and merchandise | 12,275 | 11,085 | 0 | 0 | 12,275 | 11,085 |
| Total revenues | 280,721 | 287,611 | 33,438 | 29,953 | 314,159 | 317,564 |

Sales revenue

Breakdown of revenue by service category

| in EUR thousand | Telekom Slovenije Group | | Telekom Slovenije | |
|--|-------------------------|----------------|-------------------|----------------|
| | I – VI 2022 | I – VI 2021 | I – VI 2022 | I – VI 2021 |
| Mobile services on end-user market | 120,888 | 121,319 | 99,812 | 103,226 |
| Fixed-line telephone services on end-user market | 103,614 | 106,000 | 92,597 | 94,721 |
| Additional services | 1,793 | 3,663 | 1,793 | 3,663 |
| Wholesale market | 75,589 | 75,497 | 74,728 | 74,595 |
| Other revenues and merchandise | 12,275 | 11,085 | 10,500 | 11,065 |
| Total revenues | 314,159 | 317,564 | 279,430 | 287,270 |

| in EUR thousand | Telekom Slovenije Group | | Telekom Slovenije | |
|---------------------------------|-------------------------|----------------|-------------------|----------------|
| | I – VI 2022 | I – VI 2021 | I – VI 2022 | I – VI 2021 |
| Revenues from services rendered | 271,588 | 273,038 | 235,313 | 240,615 |
| Sales revenue – goods | 42,571 | 44,526 | 44,117 | 46,655 |
| Total revenues | 314,159 | 317,564 | 279,430 | 287,270 |

The revenues of the Telekom Slovenije Group amounted to EUR 314.2 million in the period January to June 2022, a decrease of EUR 3.4 million relative to the same period in 2021.

Revenues were down in the mobile segment of the end-user market primarily due to the optimisation of subscribers whose basic subscription fee includes an increasing number of services.

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

Revenues from additional services include revenues from financial services, energy, eHealth services and insurance. Growth was recorded in all of the aforementioned segments, except the energy supply segment. Revenues were lower in 2022 on account of the discontinuation of the supply of electricity to end-customers.

Revenues on the wholesale market were up relative to the same period in 2021, primarily due to higher revenues from international voice services in Kosovo.

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

Revenues from leases

The Telekom Slovenije Group generated revenues from leases in the amount of EUR 5,267 thousand in the period January to June 2022, compared with EUR 4,903 thousand during the same period last year.

Telekom Slovenije generated revenue from leases in the amount of EUR 5,677 thousand in that period, compared with EUR 5,306 thousand during the same period last year.

Costs of services

| in EUR thousand | Telekom Slovenije Group | | Telekom Slovenije | |
|---|-------------------------|----------------|-------------------|---------------|
| | I – VI 2022 | I – VI 2021 | I – VI 2022 | I – VI 2021 |
| Telecommunication services | 52,527 | 56,029 | 51,882 | 55,468 |
| Costs of leased lines, networks and platforms | 2,467 | 2,769 | 3,855 | 4,089 |
| Multimedia content | 4,789 | 4,502 | 4,476 | 4,502 |
| Costs of subcontractors | 10,011 | 11,108 | 8,739 | 8,891 |
| Maintenance of property, plant and equipment | 10,234 | 10,990 | 10,206 | 10,595 |
| Costs of other services | 18,592 | 18,133 | 15,017 | 14,908 |
| Total costs of services | 98,620 | 103,531 | 94,175 | 98,453 |

The costs of services incurred by the Group in the period January to June 2022 were down by EUR 4,911 thousand relative to the same period in 2021. The costs of telecommunication services were lower as the result of lower revenues from international voice services at Telekom Slovenije. The costs of leased lines, networks and platforms were slightly lower.

The costs of other services primarily comprise the costs of advertising and sponsorships in the amount of EUR 4,029 thousand (January to June 2021: EUR 3,994 thousand), the costs of intellectual and personal services in the amount of EUR 3,190 thousand (January to June 2021: EUR 3,369 thousand), the costs of attracting customers in the amount of EUR 2,361 thousand (January to June 2021: EUR 2,203 thousand), the costs of insurance premiums in the amount of EUR 1,556 thousand (January to June 2021: EUR 1,523 thousand), and the costs of other services in the amount of EUR 4,634 thousand (January to June 2021: EUR 4,533 thousand).

Operating profit (EBIT) and net profit

Telekom Slovenije Group

Earnings before interest and taxes (EBIT) in the amount of EUR 31,138 thousand were up by EUR 1,850 thousand relative to the same period last year. A net profit of EUR 23,367 thousand was achieved for the accounting period in the context of a net financial loss of EUR 3,315 thousand.

Telekom Slovenije

Earnings before interest and taxes (EBIT) in the amount of EUR 21,636 thousand were down by EUR 2,090 thousand relative to the same period last year. A net profit of EUR 16,555 thousand was achieved for the accounting period in the context of a net financial loss of EUR 1,405 thousand.

Intangible assets

Changes in intangible assets of the Telekom Slovenije Group in the period January to June 2022

| in EUR thousand | Goodwill | Concessions and licences | Costs of obtaining contracts with customers | Computer software | Other intangible assets | Intangible assets under construction | Total |
|-------------------------------------|---------------|--------------------------|---|-------------------|-------------------------|--------------------------------------|----------------|
| Cost | | | | | | | |
| Balance as at 1 January 2022 | 49,737 | 430,342 | 20,518 | 303,079 | 67,366 | 12,795 | 883,837 |
| Additions | 0 | 20,090 | 0 | 0 | 2 | 14,539 | 34,631 |
| Fixed assets generated in the Group | 0 | 0 | 0 | 0 | 0 | 940 | 940 |
| Transfer into use | 0 | 2,113 | 3,558 | 8,115 | 30 | -13,816 | 0 |
| Disposals | 0 | -24,208 | 0 | -64,803 | 0 | 0 | -89,011 |
| Other transfers* | 0 | 0 | 0 | 57 | 0 | -1 | 56 |
| Balance as at 30 June 2022 | 49,737 | 428,337 | 24,076 | 246,448 | 67,398 | 14,457 | 830,453 |
| Impairment | | | | | | | |
| Balance as at 1 January 2022 | 46,019 | 292,001 | 10,088 | 266,959 | 48,387 | 267 | 663,721 |
| Disposals | 0 | -24,208 | 0 | -64,803 | 0 | 0 | -89,011 |
| Other transfers* | 0 | 0 | 0 | 1 | 0 | 0 | 1 |
| Amortisation | 0 | 19,194 | 3,653 | 11,298 | 971 | 0 | 35,116 |
| Balance as at 30 June 2022 | 46,019 | 286,987 | 13,741 | 213,455 | 49,358 | 267 | 609,827 |
| Carrying amount | | | | | | | |
| Balance as at 1 January 2022 | 3,718 | 138,341 | 10,430 | 36,120 | 18,979 | 12,528 | 220,116 |
| Balance as at 30 June 2022 | 3,718 | 141,350 | 10,335 | 32,993 | 18,040 | 14,190 | 220,626 |

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

Changes in intangible assets of the Telekom Slovenije Group in 2021

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

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

Changes in intangible assets of Telekom Slovenije in the period January to June 2022

| in EUR thousand | Goodwill | Concessions and licences | Costs of obtaining contracts with customers | Computer software | Other intangible assets | Intangible assets under construction | Total |
|-------------------------------------|--------------|--------------------------|---|-------------------|-------------------------|--------------------------------------|----------------|
| Cost | | | | | | | |
| Balance as at 1 January 2022 | 3,602 | 288,174 | 20,518 | 289,120 | 19,100 | 12,480 | 632,994 |
| Additions | 0 | 0 | 0 | 0 | 0 | 13,981 | 13,981 |
| Assets generated at the Company | 0 | 0 | 0 | 0 | 0 | 658 | 658 |
| Transfer into use | 0 | 2,084 | 3,559 | 7,655 | 30 | -13,328 | 0 |
| Disposals | 0 | -534 | 0 | -64,804 | 0 | 0 | -65,338 |
| Other transfers | 0 | 0 | 0 | 57 | 0 | 0 | 57 |
| Balance as at 30 June 2022 | 3,602 | 289,724 | 24,077 | 232,028 | 19,130 | 13,791 | 582,352 |
| Impairment | | | | | | | |
| Balance as at 1 January 2022 | 0 | 175,120 | 10,088 | 251,371 | 16,164 | 0 | 452,743 |
| Disposals | 0 | -535 | 0 | -64,803 | 0 | 0 | -65,338 |
| Other transfers | 0 | 2 | 0 | -1 | 0 | 0 | 1 |
| Amortisation | 0 | 14,751 | 3,653 | 10,683 | 193 | 0 | 29,280 |
| Balance as at 30 June 2022 | 0 | 189,338 | 13,741 | 197,250 | 16,357 | 0 | 416,686 |
| Carrying amount | | | | | | | |
| Balance as at 1 January 2022 | 3,602 | 113,054 | 10,430 | 37,749 | 2,936 | 12,480 | 180,251 |
| Balance as at 30 June 2022 | 3,602 | 100,386 | 10,336 | 34,778 | 2,773 | 13,791 | 165,666 |

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

Changes in intangible assets of Telekom Slovenije in 2021

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

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

Commitments for intangible assets amounted to EUR 7,995 thousand at the Telekom Slovenije Group level and to EUR 9,056 thousand at Telekom Slovenije as at 30 June 2022.

Property, plant and equipment

Changes in property, plant and equipment of the Telekom Slovenije Group in the period January to June 2022

| in EUR thousand | Land, buildings and cable ducts | Cable network | Telephone exchanges | Equipment for the mobile network | Other equipment | Assets under construction | Other | Total |
|--|---------------------------------|------------------|---------------------|----------------------------------|-----------------|---------------------------|------------|------------------|
| Cost | | | | | | | | |
| Balance as at 1 January 2022 | 490,082 | 1,190,292 | 88,832 | 315,485 | 385,390 | 40,823 | 268 | 2,511,172 |
| Difference from the translation to the presentation currency | 0 | -3 | 0 | 0 | -4 | 0 | 0 | -7 |
| Additions | 0 | 1,440 | 0 | 0 | 795 | 29,815 | 130 | 32,180 |
| Fixed assets generated in the Group | 0 | 0 | 0 | 0 | 0 | 5,462 | 0 | 5,462 |
| Transfer into use | 10,739 | 7,419 | 349 | 5,462 | 12,912 | -36,881 | 0 | 0 |
| Disposals | -3 | -3 | -1,434 | -4,125 | -39,333 | -12 | 0 | -44,910 |
| Other transfers* | 0 | 0 | -57 | -6 | -37 | 0 | -22 | -122 |
| Balance as at 30 June 2022 | 500,818 | 1,199,145 | 87,690 | 316,816 | 359,723 | 39,207 | 376 | 2,503,775 |
| Impairment | | | | | | | | |
| Balance as at 1 January 2022 | 216,747 | 951,360 | 82,613 | 266,825 | 315,178 | 11,390 | 0 | 1,844,113 |
| Difference from the translation to the presentation currency | 0 | -1 | 0 | 0 | 0 | 0 | 0 | -2 |
| Disposals | -1 | -3 | -1,427 | -4,096 | -38,012 | 0 | 0 | -43,539 |
| Depreciation | 6,470 | 11,122 | 1,015 | 6,575 | 14,191 | 0 | 0 | 39,373 |
| Other transfers* | 5 | -42 | 36 | -6 | -59 | 0 | 0 | -66 |
| Balance as at 30 June 2022 | 223,221 | 962,436 | 82,237 | 269,298 | 291,298 | 11,390 | 0 | 1,839,880 |
| Carrying amount | | | | | | | | |
| Balance as at 1 January 2022 | 273,335 | 238,932 | 6,219 | 48,660 | 70,212 | 29,433 | 268 | 667,059 |
| Balance as at 30 June 2022 | 277,597 | 236,709 | 5,453 | 47,518 | 68,425 | 27,817 | 376 | 663,895 |

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

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

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

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

Changes in property, plant and equipment of Telekom Slovenije in the period January to June 2022

| in EUR thousand | Land, buildings and cable ducts | Cable network | Telephone exchanges | Equipment for the mobile network | Other equipment | Assets under construction | Total |
|---------------------------------------|---------------------------------|------------------|---------------------|----------------------------------|-----------------|---------------------------|------------------|
| Cost | | | | | | | |
| Balance as at 1 January 2022 | 460,462 | 1,115,166 | 87,656 | 204,955 | 364,922 | 44,080 | 2,277,241 |
| Additions | 0 | 0 | 0 | 0 | 0 | 26,309 | 26,309 |
| Fixed assets generated at the Company | 0 | 0 | 0 | 0 | 0 | 1,980 | 1,980 |
| Transfer into use | 10,725 | 6,717 | 349 | 2,727 | 11,581 | -32,099 | 0 |
| Disposals | -3 | 0 | -1,434 | -3,907 | -38,278 | -12 | -43,634 |
| Other transfers | 0 | 0 | -57 | -6 | 6 | 0 | -57 |
| Balance as at 30 June 2022 | 471,184 | 1,121,883 | 86,514 | 203,769 | 338,231 | 40,258 | 2,261,839 |
| Impairment | | | | | | | |
| Balance as at 1 January 2022 | 208,124 | 904,603 | 81,397 | 177,141 | 301,265 | 0 | 1,672,530 |
| Disposals | -1 | 0 | -1,427 | -3,879 | -36,956 | 0 | 42,263 |
| Depreciation | 6,209 | 8,996 | 1,014 | 4,063 | 12,579 | 0 | 32,861 |
| Other transfers | 5 | -42 | 36 | -6 | 7 | 0 | 0 |
| Balance as at 30 June 2022 | 214,337 | 913,557 | 81,020 | 177,319 | 276,895 | 0 | 1,663,128 |
| Carrying amount | | | | | | | |
| Balance as at 1 January 2022 | 252,338 | 210,563 | 6,259 | 27,814 | 63,657 | 44,080 | 604,711 |
| Balance as at 30 June 2022 | 256,847 | 208,326 | 5,494 | 26,450 | 61,336 | 40,258 | 598,711 |

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

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

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

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

Commitments for property, plant and equipment amounted to EUR 9,783 thousand at the Telekom Slovenije Group level and to EUR 24,829 thousand at Telekom Slovenije as at 30 June 2022.

Right-of-use assets

Changes in right-of-use assets of the Telekom Slovenije Group in the period January to June 2022

| in EUR thousand | Base stations – easement and lease | Technological premises – easement and lease | Lease of business premises and land | Vehicles | Lease of lines | Other | Total |
|--|------------------------------------|---|-------------------------------------|--------------|----------------|--------------|----------------|
| Cost | | | | | | | |
| Balance as at 1 January 2022 | 65,619 | 8,507 | 9,243 | 2,257 | 20,557 | 3,846 | 110,029 |
| Difference from the translation to the presentation currency | 0 | 0 | 0 | 0 | -2 | 0 | -2 |
| Contract modifications | 101 | 239 | 346 | 20 | 158 | 92 | 956 |
| Transfer to use – new contracts | 2,203 | 152 | 369 | 859 | 95 | 62 | 3,740 |
| Disposals | -163 | -70 | -229 | -30 | 0 | 0 | -492 |
| Balance as at 30 June 2022 | 67,760 | 8,828 | 9,729 | 3,106 | 20,808 | 4,000 | 114,231 |
| Impairment | | | | | | | |
| Balance as at 1 January 2022 | 21,501 | 2,533 | 4,641 | 1,310 | 4,739 | 1,335 | 36,059 |
| Disposals | -32 | -20 | -118 | -28 | 0 | 0 | -198 |
| Depreciation | 3,847 | 454 | 769 | 276 | 861 | 244 | 6,451 |
| Balance as at 30 June 2022 | 25,316 | 2,967 | 5,292 | 1,558 | 5,600 | 1,579 | 42,312 |
| Carrying amount | | | | | | | |
| Balance as at 1 January 2022 | 44,118 | 5,974 | 4,602 | 947 | 15,818 | 2,511 | 73,970 |
| Balance as at 30 June 2022 | 42,444 | 5,861 | 4,437 | 1,548 | 15,208 | 2,421 | 71,919 |

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

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

Changes in right-of-use assets at Telekom Slovenije in the period January to June 2022

| in EUR thousand | Base stations – easement and lease | Technological premises – easement and lease | Lease of business premises and land | Vehicles | Lease of lines | Other | Total |
|-------------------------------------|--|--|--|--------------|-------------------|------------|----------------|
| Cost | | | | | | | |
| Balance as at 1 January 2022 | 58,640 | 7,678 | 3,785 | 2,054 | 40,163 | 645 | 112,965 |
| Contract modifications | -1,045 | 224 | 84 | 20 | 2,843 | -8 | 2,117 |
| Transfer to use – new contracts | 2,203 | 113 | 215 | 801 | 95 | 0 | 3,428 |
| Disposals | -163 | -65 | 0 | 0 | 0 | 0 | -228 |
| Balance as at 30 June 2022 | 59,635 | 7,950 | 4,085 | 2,875 | 43,102 | 636 | 118,282 |
| Impairment | | | | | | | |
| Balance as at 1 January 2022 | 16,933 | 2,188 | 1,638 | 1,163 | 10,054 | 321 | 32,298 |
| Disposals | -32 | -16 | 0 | 0 | 0 | 0 | -48 |
| Depreciation | 3,086 | 392 | 283 | 257 | 1,917 | 79 | 6,015 |
| Balance as at 30 June 2022 | 19,988 | 2,564 | 1,921 | 1,420 | 11,971 | 400 | 38,265 |
| Carrying amount | | | | | | | |
| Balance as at 1 January 2022 | 41,706 | 5,490 | 2,147 | 891 | 30,109 | 324 | 80,667 |
| Balance as at 30 June 2022 | 39,647 | 5,385 | 2,164 | 1,454 | 31,130 | 236 | 80,017 |

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

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

Depreciation in the amount of EUR 6,451 thousand and interest expense on lease liabilities in the amount of EUR 1,094 thousand were disclosed in the Telekom Slovenije Group's statement of profit or loss in the period January to June 2022. The Group disclosed depreciation in the amount of EUR 6,116 thousand and interest expense in the amount of EUR 1,086 thousand during the same period last year.

Depreciation in the amount of EUR 6,015 thousand and interest expense on lease liabilities in the amount of EUR 1,094 thousand were disclosed in Telekom Slovenije's statement of profit or loss in the period January to June 2022. The Company disclosed depreciation in the amount of EUR 5,494 thousand and interest expense in the amount of EUR 1,080 thousand during the same period last year.

Trade and other receivables

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

Current trade and other receivables were down by EUR 3,612 thousand at the Telekom Slovenije Group level and by EUR 3,067 thousand at Telekom Slovenije relative to the balance at the end of 2021.

Financial liabilities for borrowings received and other financial liabilities

Financial liabilities amounted to EUR 368,318 thousand at the Telekom Slovenije Group level and to EUR 370,500 thousand at Telekom Slovenije as at 30 June 2022:

- borrowings received in the amount of EUR 339,050 thousand at the Telekom Slovenije Group level and EUR 341,250 thousand at Telekom Slovenije; and
- other financial liabilities in the amount of EUR 29,268 thousand, which primarily comprise liabilities for the payment of dividends in the amount of EUR 29,244 thousand. Telekom Slovenije's other financial liabilities amounted to EUR 29,250 thousand, with EUR 29,244 thousand of that amount relating to liabilities for the payment of dividends for 2021.

Lease liabilities

The lease liabilities of the Telekom Slovenije Group amounted to EUR 65,552 thousand as at 30 June 2022 and were down by EUR 1,004 thousand relative to the end of 2021.

The lease liabilities of Telekom Slovenije amounted to EUR 74,250 thousand as at 30 June 2022 and were up by EUR 553 thousand relative to the end of 2021.

Fair value hierarchy

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

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

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

Book and fair values of the Telekom Slovenije Group's financial instruments as at 30 June 2022

| in EUR thousand | Book value | Fair value | Level 1 | Level 2 | Level 3 |
|---|------------|------------|---------|---------|---------|
| Non-current financial assets | | | | | |
| Investments in shares and interests listed on the stock exchange, measured at fair value through other comprehensive income | 2,236 | 2,236 | 2,236 | | |
| Investments in shares and interests not listed on the stock exchange, measured at fair value through other comprehensive income | 547 | 547 | | | 547 |
| Loans granted | 14 | 14 | | 14 | |
| Other non-current financial assets | 7 | 7 | | 7 | |
| Trade receivables | 17,252 | 17,252 | | 17,252 | |
| Current financial assets | | | | | |
| Loans granted | 24 | 24 | | 24 | |
| Other current financial assets | 802 | 802 | | 802 | |
| Trade and other receivables | 152,540 | 152,540 | | 152,540 | |
| Cash and cash equivalents | 11,080 | 11,080 | | 11,080 | |
| Non-current financial liabilities | | | | | |
| Borrowings | 289,015 | 289,015 | | 289,015 | |
| Other liabilities | 29,671 | 29,671 | | 29,671 | |
| Current financial liabilities | | | | | |
| Borrowings | 50,035 | 50,035 | | 50,035 | |
| Liabilities for interest rate swaps | 6 | 6 | | 6 | |
| Other financial liabilities | 29,262 | 29,262 | | 29,262 | |
| Trade payables | 98,964 | 98,964 | | 98,964 | |

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

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

Book and fair values of Telekom Slovenije's financial instruments as at 30 June 2022

| in EUR thousand | Book value | Fair value | Level 1 | Level 2 | Level 3 |
|---|------------|------------|---------|---------|---------|
| Non-current financial assets | | | | | |
| Investments in shares and interests listed on the stock exchange, measured at fair value through other comprehensive income | 2,236 | 2,236 | 2,236 | | |
| Investments in shares and interests not listed on the stock exchange, measured at fair value through other comprehensive income | 547 | 547 | | | 547 |
| Loans granted | 50,730 | 50,730 | | 50,730 | |
| Trade receivables | 17,246 | 17,246 | | 17,246 | |
| Current financial assets | | | | | |
| Loans granted | 9,074 | 9,074 | | 9,074 | |
| Trade and other receivables | 145,311 | 145,311 | | 145,311 | |
| Cash and cash equivalents | 2,304 | 2,304 | | 2,304 | |
| Non-current financial liabilities | | | | | |
| Borrowings | 289,015 | 289,015 | | 289,015 | |
| Trade payables | 6,537 | 6,537 | | 6,537 | |
| Current financial liabilities | | | | | |
| Borrowings | 52,235 | 52,235 | | 52,235 | |
| Liabilities for interest rate swaps | 6 | 6 | | 6 | |
| Other financial liabilities | 29,244 | 29,244 | | 29,244 | |
| Trade payables | 88,051 | 88,051 | | 88,051 | |

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

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

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

Contingent liabilities

Contingent liabilities from lawsuits

In May 2022, Telekom Slovenije received a countersuit filed against the Company by POP TV, d.o.o., Ljubljana and Kanal A, d.o.o., for the payment of damages in the total amount of EUR 58,154 thousand, with appertaining amounts. That countersuit was filed in response to a lawsuit filed against those two companies by Telekom Slovenije at the end of 2021 (value of dispute: EUR 12,346 thousand). Telekom Slovenije will respond to the countersuit by the legally prescribed deadline.

Contingent liabilities from guarantees issued

The Group had provided the following guarantees as at 30 June 2022:

- performance guarantees and warranty bonds in the amount of EUR 11,883 thousand (at the end of 2021: EUR 11,028 thousand); and
- other guarantees in the amount of EUR 360 thousand (at the end of 2021: EUR 353 thousand).

The Company had provided the following guarantees as at 30 June 2022:

- performance guarantees and warranty bonds in the amount of EUR 8,429 thousand (at the end of 2021: EUR 7,892 thousand); and
- collateral and other guarantees in the amount of EUR 868 thousand (at the end of 2021: EUR 568 thousand).

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

Related party transactions

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

Transactions with individuals

Individuals (members of the Management Board and Supervisory Board) held 1,320 shares in Telekom Slovenije as at 30 June 2022, representing a holding of 0.02020%.

Transactions with owners and their related parties

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

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

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

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

| in EUR thousand | Telekom Slovenije Group | | Telekom Slovenije | |
|--|-------------------------|--------------------|--------------------|--------------------|
| | 30 June 2022 | 31 December 2021 | 30 June 2022 | 31 December 2021 |
| Outstanding trade receivables | 3,144 | 4,717 | 2,752 | 4,247 |
| Outstanding trade payables | 1,103 | 4,867 | 1,044 | 4,830 |
| VAT liabilities | 4,599 | 3,791 | 4,938 | 3,695 |
| Income tax payable | -383 | 3,654 | -141 | 3,437 |
| Liabilities for the payment of dividends | 19,644 | 0 | 19,644 | 0 |
| in EUR thousand | I – VI 2022 | I – VI 2021 | I – VI 2022 | I – VI 2021 |
| Sales revenue | 7,695 | 7,547 | 6,747 | 6,908 |
| Purchase costs of material and services | 5,461 | 4,917 | 5,136 | 4,449 |
| in EUR thousand | I – VI 2022 | I – VI 2021 | I – VI 2022 | I – VI 2021 |
| VAT payment | 25,555 | 29,763 | 25,263 | 29,669 |
| CIT payment | 5,850 | 378 | 5,213 | 0 |

Transactions with Group companies

Telekom Slovenije recorded the following transactions with Group companies:

| in EUR thousand | 30 June 2022 | 31 December 2021 |
|---|--------------------|--------------------|
| Receivables due from companies in the Group | | |
| Subsidiaries – gross amount | 4,171 | 2,584 |
| Subsidiaries – impairment | -8 | -8 |
| Subsidiaries – net amount | 4,163 | 2,576 |
| Borrowings to companies in the Group | | |
| Subsidiaries – gross amount | 59,766 | 66,089 |
| Subsidiaries – net amount | 59,766 | 66,089 |
| Liabilities to Group companies | | |
| Subsidiaries | 26,742 | 26,041 |
| in EUR thousand | I – VI 2022 | I – VI 2021 |
| Net Group revenue | 7,047 | 6,331 |
| Subsidiaries | 7,047 | 6,331 |
| Purchase of material and services in the Group | 9,493 | 7,883 |
| Subsidiaries | 9,493 | 7,883 |

Loans granted to subsidiaries

| in EUR thousand | 30 June 2022 | 31 December 2021 |
|------------------------------|---------------|------------------|
| TSmedia | 600 | 400 |
| IPKO | 48,650 | 55,650 |
| Soline | 1,266 | 1,627 |
| Infratel | 750 | 0 |
| SIOL, Zagreb | 502 | 504 |
| SIOL, Sarajevo | 4,764 | 4,715 |
| SIOL, Beograd | 161 | 20 |
| SIOL, Prishtina | 3,072 | 3,173 |
| Total to subsidiaries | 59,766 | 66,089 |

All transactions between related parties are executed at market terms.

Events after the reporting date

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

7.3. Financial instruments and risk management

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

Credit risk

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

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

| in EUR thousand | Telekom Slovenije Group | | Telekom Slovenije | |
|------------------------------|-------------------------|------------------|-------------------|------------------|
| | 30 June 2022 | 31 December 2021 | 30 June 2022 | 31 December 2021 |
| Loans granted | 38 | 82 | 59,804 | 66,171 |
| Deposits | 802 | 702 | 0 | 0 |
| Trade and other receivables | 169,792 | 174,452 | 162,557 | 166,672 |
| - of which trade receivables | 164,136 | 166,196 | 157,973 | 159,790 |
| Cash and cash equivalents | 11,080 | 15,935 | 2,304 | 3,754 |
| TOTAL | 181,712 | 191,171 | 224,665 | 236,597 |

The main credit risk to which the Telekom Slovenije Group and Company are exposed derives primarily from default by subscribers (retail) and by operators (wholesale). The highest exposure to credit risk is seen in trade receivables. The latter amounted to EUR 164,137 thousand as at 30 June 2022, a decrease of EUR 2,060 thousand relative to the end of 2021. Telekom Slovenije's receivables make up the majority of the Group's trade and other receivables. Most receivables are unsecured. The Group's receivables are accounted for by a large number of individuals and legal entities. Its largest customers are operators, where turnover generally flows in both directions, which reduces net credit exposure. We assess that there is no significant credit risk concentration in relation to an individual client or sector.

Group companies have introduced procedures for managing receivables, which include monitoring business partners' credit rating, the collateralisation of receivables, the monitoring of the high turnover of subscribers and recovery. The recovery procedure is conducted according to a pre-defined timeline (reminders and disconnection) and through specialised outsourced service providers. Telekom Slovenije requires prior authorisation for concluding and changing subscription relationships, and for purchasing goods with deferred payment. As an additional measure for managing credit risk, larger Group companies have implemented systems to prevent fraud, i.e. a Fraud Management System (FMS). Telekom Slovenije, which has mostly post-paid customers, also has in place a Credit Management System (CMS).

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

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

| in EUR thousand | 30 June 2022 | | | | 31 December 2021 | | | |
|--|----------------|-----------------------------|----------------|----------------|------------------|-----------------------------|----------------|----------------|
| | Gross amount | Expected % of credit losses | Impairment | Net amount | Gross amount | Expected % of credit losses | Impairment | Net amount |
| Total trade receivables | 180,855 | | -16,719 | 164,136 | 183,132 | | -16,936 | 166,196 |
| Trade receivables not past due | 151,228 | 0.5% | -752 | 150,476 | 149,508 | 0.5% | -795 | 148,713 |
| Past due | | | | | | | | |
| - up to and including 30 days | 7,898 | 4% | -315 | 7,583 | 11,159 | 3% | -341 | 10,818 |
| - from and including 31 days up to and including 60 days | 3,122 | 9% | -279 | 2,843 | 3,591 | 7% | -269 | 3,322 |
| - from and including 61 days up to and including 90 days | 690 | 10% | -72 | 618 | 780 | 12% | -90 | 690 |
| - from and including 91 days up to and including 180 days | 1,493 | 45% | -675 | 818 | 1,448 | 44% | -633 | 815 |
| - from and including 181 days up to and including 365 days | 1,955 | 52% | -1,019 | 936 | 2,010 | 53% | -1,065 | 945 |
| - from and including 366 days up to two years | 5,281 | 86% | -4,547 | 734 | 5,427 | 85% | -4,604 | 823 |
| - over two years | 5,881 | 98% | -5,753 | 128 | 5,438 | 99% | -5,368 | 70 |
| - trade receivables in insolvency proceedings | 3,307 | 100% | -3,307 | 0 | 3,771 | 100% | -3,771 | 0 |
| Total trade receivables past due | 29,627 | | -15,967 | 13,660 | 33,624 | | -16,141 | 17,483 |
| Other trade receivables | 5,656 | | 0 | 5,656 | 8,264 | | -8 | 8,256 |
| Total receivables | 186,511 | | -16,719 | 169,792 | 191,396 | 0 | -16,944 | 174,452 |

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

| in EUR thousand | 30 June 2022 | | | | 31 December 2021 | | | |
|--|----------------|-----------------------------|----------------|----------------|------------------|-----------------------------|----------------|----------------|
| | Gross amount | Expected % of credit losses | Impairment | Net amount | Gross amount | Expected % of credit losses | Impairment | Net amount |
| Total trade receivables | 170,769 | | -12,796 | 157,973 | 172,901 | | -13,111 | 159,790 |
| Trade receivables not past due | 146,023 | 0.5% | -730 | 145,293 | 148,256 | 0.5% | -799 | 147,457 |
| Past due | | | | | | | | |
| - up to and including 30 days | 7,636 | 4% | -305 | 7,331 | 6,995 | 5% | -338 | 6,657 |
| - from and including 31 days up to and including 60 days | 2,943 | 9% | -265 | 2,678 | 2,765 | 9% | -262 | 2,503 |
| - from and including 61 days up to and including 90 days | 482 | 9% | -43 | 439 | 988 | 10% | -94 | 894 |
| - from and including 91 days up to and including 180 days | 1,056 | 49% | -518 | 538 | 1,093 | 49% | -540 | 553 |
| - from and including 181 days up to and including 365 days | 1,670 | 49% | -818 | 852 | 1,686 | 49% | -834 | 852 |
| - from and including 366 days up to two years | 2,419 | 70% | -1,693 | 726 | 2,744 | 70% | -1,926 | 818 |
| - over two years | 5,860 | 98% | -5,744 | 116 | 5,242 | 99% | -5,184 | 58 |
| - trade receivables in insolvency proceedings | 2,680 | 100% | -2,680 | 0 | 3,132 | 100% | -3,134 | -2 |
| Total trade receivables past due | 24,746 | | -12,066 | 12,680 | 24,645 | | -12,312 | 12,333 |
| Other trade receivables | 4,584 | | 0 | 4,584 | 6,882 | | 0 | 6,882 |
| Total receivables | 175,353 | | -12,796 | 162,557 | 179,783 | | -13,111 | 166,672 |

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

Non-current trade receivables are outstanding in full.

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

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

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

Maturity of loans granted

| in EUR thousand | Telekom Slovenije Group | | Telekom Slovenije | |
|---------------------------|-------------------------|---------------------|-------------------|---------------------|
| | 30 June 2022 | 31 December 2021 | 30 June 2022 | 31 December 2021 |
| Past due | 0 | 0 | 0 | 0 |
| Not past due: | 38 | 82 | 59,804 | 66,171 |
| - in less than 3 months | 10 | 15 | 342 | 2,604 |
| - between 3 and 12 months | 15 | 23 | 8,733 | 9,573 |
| - between 1 and 2 years | 8 | 19 | 6,005 | 9,336 |
| - between 2 and 5 years | 5 | 23 | 39,884 | 39,366 |
| - over 5 years | 0 | 2 | 4,839 | 5,292 |
| Total | 38 | 82 | 59,804 | 66,171 |

Solvency risk

The Group's solvency is the result of the active planning and management of cash flows, ensuring the appropriate maturities and the diversification of financial debt, financing within the Group, and the optimisation of working capital and cash. Liquidity risk at the Group level is managed by the controlling company, which plans and monitors subsidiaries' financing needs, and provides them the sources they require.

Debt is relatively low at the level of the Group and Company. The majority of the financial liabilities of the Group and the Company as at 30 June 2022 relate to two long-term syndicated loans in the total amount of EUR 289.8 million, a long-term loan in the amount of EUR 40 million from the European Investment Bank, and lease liabilities in the amount of EUR 65.6 million at the Group level and EUR 74.3 million at the Company level. The Group and Company regularly repay their liabilities from financing.

For the purpose of ensuring a high level of liquidity, the Group has open short-term credit lines at banks that are rolled over taking into account envisaged needs. Liquidity reserves amounted to EUR 59 million at the end of the first half of 2022, and took the form of approved but undrawn short-term revolving credit lines. Telekom Slovenije also has open revolving credit lines at subsidiaries, so that its total liquidity reserves in the form of undrawn credit lines amounted to EUR 65.6 million at the end of the first quarter. The Company intends to draw down the remainder of a long-term loan from the European Investment Bank in the amount of EUR 60 million by the end of 2022.

Maturity of the Telekom Slovenije Group's liabilities as at 30 June 2022 and 31 December 2021 based on contractual non-discounted payments

| in EUR thousand | Up to 3 months | Between 3 and 12 months | Between 1 and 2 years | Between 2 and 5 years | Not past due | | Book value of liabilities |
|-----------------------------------|----------------|-------------------------|-----------------------|-----------------------|--------------|---------|---------------------------|
| | | | | | Over 5 years | Total | |
| 30 June 2022 | | | | | | | |
| Loans and borrowings | 36 | 55,017 | 130,840 | 157,689 | 10,877 | 354,459 | 339,817 |
| Other financial liabilities | 29,260 | 8 | 0 | 0 | 0 | 29,268 | 29,268 |
| Anticipated interest on bonds | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Trade and other payables | 75,357 | 23,607 | 5,235 | 1,140 | 23,296 | 128,635 | 128,635 |
| Financial liabilities from leases | 4,969 | 7,329 | 11,147 | 20,628 | 34,248 | 78,321 | 65,552 |
| Total | 109,622 | 85,961 | 147,222 | 179,457 | 68,421 | 590,683 | 563,272 |
| 31 December 2021 | | | | | | | |
| Loans and borrowings | 12 | 44,772 | 136,416 | 79,863 | 103,976 | 365,039 | 349,927 |
| Other financial liabilities | 0 | 2 | 88 | 0 | 0 | 90 | 90 |
| Anticipated interest on bonds | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Trade and other payables | 101,279 | 29,676 | 9,874 | 2,216 | 6,365 | 149,410 | 149,410 |
| Financial liabilities from leases | 4,714 | 6,710 | 9,125 | 20,196 | 39,238 | 79,983 | 66,556 |
| Total | 106,005 | 81,160 | 155,503 | 102,275 | 149,579 | 594,522 | 565,983 |

Maturity of Telekom Slovenije's liabilities as at 30 June 2022 and 31 December 2021 based on contractual non-discounted payments

| in EUR thousand | Not past due | | | | | Total | Book value of liabilities |
|-----------------------------------|----------------|-------------------------|-----------------------|-----------------------|--------------|---------|---------------------------|
| | Up to 3 months | Between 3 and 12 months | Between 1 and 2 years | Between 2 and 5 years | Over 5 years | | |
| 30 June 2022 | | | | | | | |
| Loans and borrowings | 37 | 57,216 | 130,840 | 157,690 | 10,877 | 356,660 | 342,017 |
| Other financial liabilities | 29,244 | 6 | 0 | 0 | 0 | 29,250 | 29,250 |
| Anticipated interest on bonds | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Trade and other payables | 72,424 | 15,627 | 5,235 | 1,140 | 162 | 94,588 | 94,588 |
| Financial liabilities from leases | 5,640 | 8,766 | 10,616 | 26,477 | 35,780 | 87,279 | 74,250 |
| Total | 107,345 | 81,615 | 146,691 | 185,307 | 46,819 | 567,777 | 540,105 |
| 31 December 2021 | | | | | | | |
| Loans and borrowings | 12 | 46,172 | 136,416 | 79,863 | 103,977 | 366,440 | 351,327 |
| Other financial liabilities | 0 | 0 | 88 | 0 | 0 | 88 | 88 |
| Anticipated interest on bonds | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Trade and other payables | 98,012 | 18,369 | 9,874 | 2,215 | 192 | 128,662 | 128,662 |
| Financial liabilities from leases | 5,098 | 7,917 | 10,862 | 25,951 | 37,934 | 87,762 | 73,697 |
| Total | 103,122 | 72,458 | 157,240 | 108,029 | 142,103 | 582,952 | 553,774 |

Interest rate risk

Interest rate risk is the risk of the negative impact of a change in market interest rates on the Group's operations. The exposure of the Group and Company to interest rate risk as at 30 June 2022 derives from a potential change in the EURIBOR reference interest rate linked to interest-sensitive liabilities.

Liabilities from loans raised with variable interest rates tied to the 3- and 6-month EURIBOR accounted for 74% of the Group's interest-bearing financial liabilities and 72% of the Company's interest-bearing financial liabilities as at 30 June 2022. The remaining liabilities are accounted for by loans raised and a lease with a fixed interest rate.

The Group and Company entered into an interest rate swap in the amount of 50% of one of three loan tranches with the aim of hedging exposure to interest rate risk as the result of a long-term syndicated loan. The amount of secured principal stood at EUR 7.7 million as at 30 June 2022. By hedging interest rate exposure through the use of an interest rate swap (IRS), the Group and Company hedge future cash flows against the risk of rising interest rates. The principal is hedged against a rise in the reference interest rate if the latter is higher than or equal to zero. Fixed or hedged interest rates account for 27.9% of interest-bearing financial liabilities at the Group level and 29.8% at the Company level.

Exposure to interest rate risk

| in EUR thousand | Telekom Slovenije Group | | Telekom Slovenije | |
|--|-------------------------|------------------|-------------------|------------------|
| | 30 June 2022 | 31 December 2021 | 30 June 2022 | 31 December 2021 |
| Financial instruments with variable interest rate | | | | |
| Financial receivables | 0 | 0 | 0 | 0 |
| Financial liabilities | 292,088 | 298,352 | 292,088 | 298,352 |
| Net financial liabilities | 292,088 | 298,352 | 292,088 | 298,352 |

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

Sensitivity analysis

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

Interest rate risk table

| 30 June 2022 | Interest rate increase/decrease | Effect on profit before tax in EUR thousand | |
|--------------|---------------------------------|---|-------------------|
| | | Telekom Slovenije Group | Telekom Slovenije |
| EURO | +100 bp | -2,830 | -2,830 |
| EURO | -100 bp | 575 | 575 |

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

EURIBOR interest rate values

| EURIBOR | Value as at 30 June 2022 | Value as at 31 December 2021 | Change in % |
|---------|--------------------------|------------------------------|-------------|
| 6-month | 0.225 | -0.544 | 141.4 |
| 3-month | -0.211 | -0.571 | 63.0 |

Capital management

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

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

| in EUR thousand | Telekom Slovenije Group | | Telekom Slovenije | |
|---|-------------------------|------------------|-------------------|------------------|
| | 30 June 2022 | 31 December 2021 | 30 June 2022 | 31 December 2021 |
| Borrowings and other financial liabilities | 433,870 | 415,684 | 444,750 | 424,223 |
| Less current investments, cash and cash equivalents | -11,906 | -16,675 | -11,378 | -15,931 |
| Net financial liabilities | 421,964 | 399,009 | 433,372 | 408,292 |
| Equity | 594,142 | 600,431 | 599,147 | 612,241 |
| Total assets | 1,252,205 | 1,250,339 | 1,218,316 | 1,237,941 |
| Debt/equity ratio | 71.0% | 66.5% | 72.3% | 66.7% |
| Equity/total assets ratio | 47.4% | 48.0% | 49.2% | 49.5% |