



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

for the period January to September 2022



TelekomSlovenije

Table of Contents

1. INTRODUCTORY NOTE.....	1
1.1. Statement of responsibility of the Management Board	1
2. VISION, MISSION AND VALUES OF THE TELEKOM SLOVENIJE GROUP	2
2.1. Vision, mission and values	2
2.2. Key strategic objectives.....	3
3. TELEKOM SLOVENIJE GROUP	5
3.1. Markets and companies of the Telekom Slovenije Group	5
3.2. Operating highlights	6
3.3. Key operating indicators of the Telekom Slovenije Group	7
3.4. Overview of operations by company and key market	7
3.5. Share trading and ownership structure	10
3.6. Market and market shares in key service segments	14
3.7. Risk management	15
4. CORPORATE GOVERNANCE.....	19
5. SIGNIFICANT EVENTS IN THE PERIOD JANUARY TO SEPTEMBER 2022	21
6. SIGNIFICANT EVENTS AFTER THE REPORTING DATE	25
7. CONDENSED INTERIM ACCOUNTING REPORT OF THE TELEKOM SLOVENIJE GROUP AND TELEKOM SLOVENIJE, D.D. FOR THE PERIOD JANUARY TO SEPTEMBER 2022.....	26
7.1. Condensed interim financial statements of the Telekom Slovenije Group and Telekom Slovenije, d.d.....	28
7.2. Notes to the interim financial statements of the Telekom Slovenije Group and Telekom Slovenije, d.d.....	36
7.3. Financial instruments and risk management	51

Ljubljana, 10 November 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 September 2022.

The condensed interim financial statements for the period ending 30 September 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 September 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 9 November 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 September 2022 is also available on the Company's website at www.telekom.si.

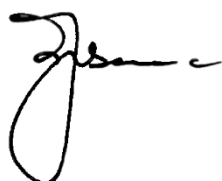
1.1. Statement of responsibility of the Management Board

The members of Telekom Slovenije, d.d.'s Management Board responsible for compiling the unaudited report of the Telekom Slovenije Group and Telekom Slovenije for the period January to September 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 September 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.



Boštjan Košak
President of the
Management Board



Irma Gubanec, MSc
Member of the
Management Board



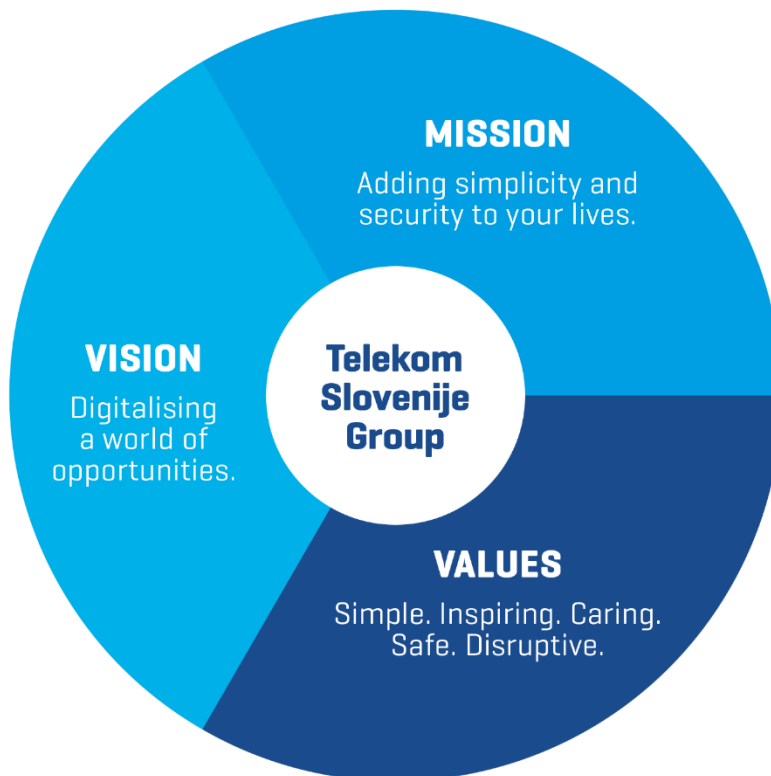
Dr Mitja Štular
Member of the
Management Board



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

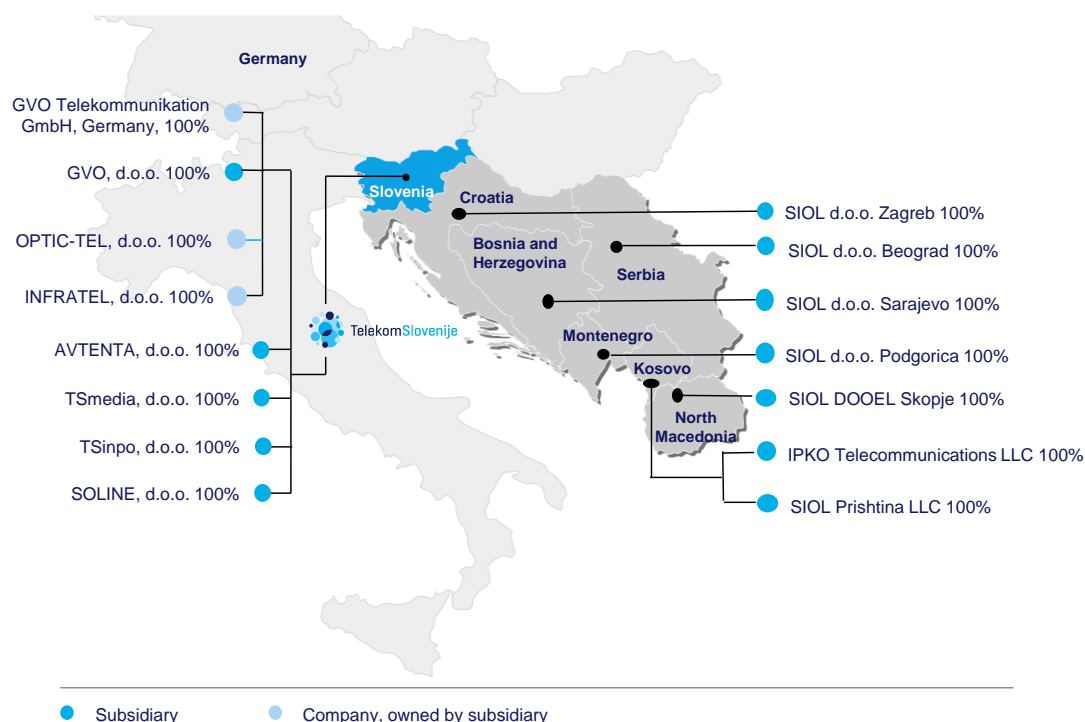
3. TELEKOM SLOVENIJE GROUP

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 September 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 September 2022



There were no changes in the composition of the Telekom Slovenije Group in the period January to September 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 September 2022:

- The Telekom Slovenije Group generated EUR 490.3 million in operating revenues in the period January to September 2022.
- Sales revenue totalled EUR 485.5 million, similar to the level generated in the same period in 2021. Revenues from the mobile segment of the end-user market were up primarily due to the higher number of subscribers and prepaid users in Kosovo as the result of intense activities to attract new users. Revenues on the wholesale market were also up, primarily on account of higher revenues from international voice services in Kosovo and higher revenues from domestic wholesale services in Slovenia. Telekom Slovenije recorded growth in revenues from financial, eHealth and insurance services. The majority of subsidiaries achieved higher revenues on the market. Revenues from the fixed segment of the end-user market were down primarily due to the declining number of traditional voice telephony connections. Telekom Slovenije halted the sale of electricity to end customers, effective 1 January 2022, which is reflected in sales revenues.
- The Telekom Slovenije Group's operating expenses totalled EUR 439.2 million, a decrease of 1% relative to the same period in 2021.
- Earnings before interest and taxes (EBIT) amounted to EUR 51.1 million over the first nine months of this year, an increase of 8% relative to the same period last year.
- Earnings before interest, taxes, depreciation and amortisation (EBITDA) totalled EUR 174.8 million at the Telekom Slovenije Group level, an increase of EUR 0.8 million relative to the same period in 2021. Had energy prices remained at the 2021 level, EBITDA would have been up 3% relative to the same period in 2021. The EBITDA margin (i.e. EBITDA as a proportion of sales revenue) was 36.0% at the Group level.
- Following the calculation of income tax (including deferred taxes), the Telekom Slovenije Group generated a net profit of EUR 39.0 million during the first nine months of 2022, an increase of EUR 3.1 million or 9% relative to the same period in 2021.

Impact of the war in Ukraine 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 war in Ukraine will not have any significant direct impact on the Group's cash flows and financial sources. We do, however, feel indirect effects such as rising energy prices. In addition, 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. The Cyber Security Operation Centre closely monitors security events 24/7, while 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 – IX 2022 / 30 September 2022	I – IX 2021 / 31 December 2021	Index 22/21	I – IX 2022 / 30 September 2022	I – IX 2021 / 31 December 2021	Index 22/21
Sales revenue	485,450	486,758	100	428,432	435,464	98
Other operating income	4,824	2,969	162	2,201	1,118	197
Total operating revenues	490,274	489,727	100	430,633	436,582	99
EBITDA	174,781	173,973	100	134,953	139,898	96
EBITDA margin = EBITDA / sales revenue	36.0%	35.7%	101	31.5%	32.1%	98
EBIT	51,113	47,456	108	31,212	33,964	92
Return on sales = EBIT / sales revenue	10.5%	9.7%	108	7.3%	7.8%	93
Net profit from continuing operations	39,002	35,944	109	23,036	35,811	64
Assets*	1,251,123	1,250,339	100	1,208,110	1,237,941	98
Equity*	609,570	600,431	102	605,413	612,241	99
Equity ratio	48.7%	48.0%	101	50.1%	49.5%	101
Net financial debt*	407,380	399,009	102	417,327	408,292	102

* Comparative data as at 31 December 2021.

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 – IX 2022	I – IX 2021	Index 22/21
Telekom Slovenije	430,633	436,581	99
Other companies in Slovenia	64,736	57,833	112
IPKO – Kosovo	60,781	53,825	113
Other companies abroad	2,967	2,933	101
Exclusions and adjustments	-68,843	-61,445	-
Telekom Slovenije Group	490,274	489,727	100

EBITDA – earnings before interest, taxes, depreciation and amortisation

in EUR thousand	I – IX 2022	I – IX 2021	Index 22/21
Telekom Slovenije	134,953	139,898	96
Other companies in Slovenia	7,565	6,287	120
IPKO – Kosovo	33,064	30,305	109
Other companies abroad	2,117	2,083	102
Exclusions and adjustments	-2,918	-4,600	-
Telekom Slovenije Group	174,781	173,973	100

EBIT – earnings before interest and taxes

in EUR thousand	I – IX 2022	I – IX 2021	Index 22/21
Telekom Slovenije	31,212	33,964	92
Other companies in Slovenia	3,241	2,457	132
IPKO – Kosovo	14,949	12,001	125
Other companies abroad	720	435	166
Exclusions and adjustments	991	-1,401	-
Telekom Slovenije Group	51,113	47,456	108

Net profit

in EUR thousand	I – IX 2022	I – IX 2021	Index 22/21
Telekom Slovenije	23,036	35,811	64
Other companies in Slovenia	2,541	1,914	133
IPKO – Kosovo	12,537	10,038	125
Other companies abroad	442	150	295
Exclusions and adjustments	446	-11,969	-
Telekom Slovenije Group	39,002	35,944	109

Investments

in EUR thousand	I – IX 2022	I – IX 2021	Index 22/21
Telekom Slovenije*	78,806	147,457	53
Other companies in Slovenia	13,578	3,219	422
IPKO – Kosovo	28,831	8,327	346
Other companies abroad	1,340	1,522	88
Exclusions and adjustments	-3,947	-1,083	-
Telekom Slovenije Group	118,608	159,442	74

* 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 September 2022	31 December 2021	Index 21/20
Telekom Slovenije	2,103	2,119	99
Other companies in Slovenia	681	676	101
IPKO – Kosovo	470	489	96
Telekom Slovenije Group	3,254	3,284	99

TELEKOM SLOVENIJE GROUP CONNECTIONS AND SERVICES BY TYPE AND MARKET

Broadband connections

Number of connections as at	30 September 2022	30 September 2021	Index 22/21
Slovenia – retail	196,578	199,040	99
Slovenia – wholesale*	176,267	167,968	105
Slovenia total	372,845	367,008	102
Kosovo – retail	116,163	122,546	95
Telekom Slovenije Group	489,008	489,554	100

Mobile telephony

Number of connections as at	30 September 2022	30 September 2021	Index 22/21
Slovenia – retail	949,772	953,285	100
Slovenia – wholesale	159,179	141,800	112
Slovenia total	1,108,951	1,095,085	101
Kosovo – retail	1,011,195	938,463	108
Telekom Slovenije Group	2,120,146	2,033,548	104

Fixed telephony and VoIP services

Number of connections as at	30 September 2022	30 September 2021	Index 22/21
Slovenia – traditional fixed voice telephony	286,474	291,835	98
Slovenia – VoIP	178,803	181,347	99
Slovenia total	465,277	473,182	98
Kosovo – VoIP	34,405	35,162	98
Telekom Slovenije Group	499,682	508,344	98

* Change in counting methodology – M2M eliminated for wholesale mobile users.

3.5. Share trading and ownership structure

General information regarding Telekom Slovenije shares as at 30 September 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 September	8,447

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 4.60% of those indices according to the half-yearly review of the composition and computational parameters of the SBITOP and SBITOP TR indices conducted on 19 September 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 dividends in its calculation. TLSG shares are also included in the ADRIAprime share index, which is a composite index of selected companies listed on the prime markets of the Ljubljana Stock Exchange and Zagreb Stock Exchange. This is also a total return index that takes into account both changes in share prices and dividend yield.

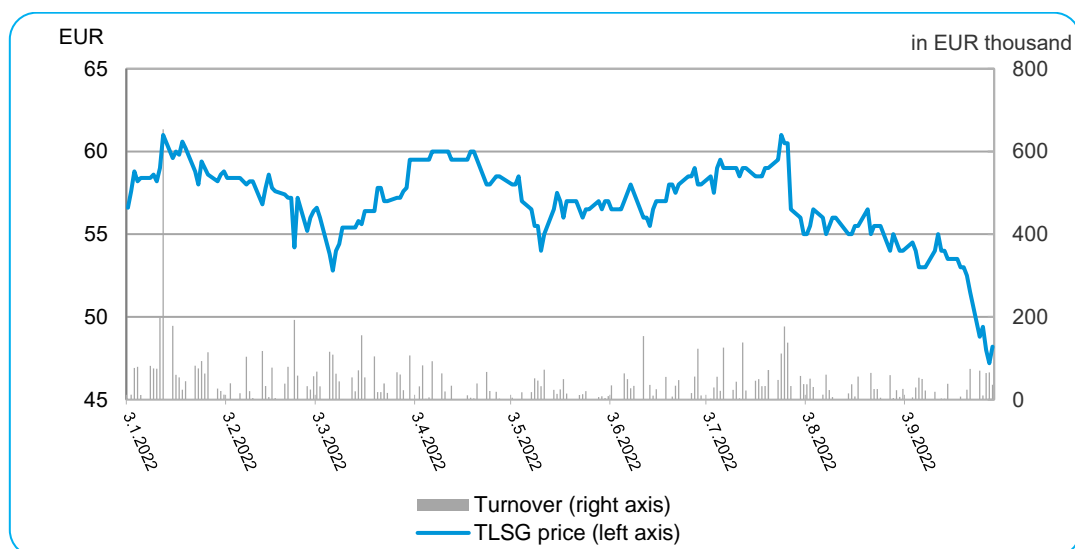
The price of TLSG shares closed at EUR 48.20 on the last trading day of September 2022. The share price fell by 14.2% in the period January to September 2022, while the SBITOP index was down by 23.6% during the same period. The market capitalisation of Telekom Slovenije stood at EUR 315.0 million on the last trading day of September. Turnover in Telekom Slovenije shares totalled EUR 8.4 million in the period January to September 2022, representing 2.68% of total turnover on the stock exchange.

Trading statistics for TLSG shares on the Ljubljana Stock Exchange

Standard price in EUR	I – IX 2022	I – IX 2021
Highest daily price	61.00	64.60
Lowest daily price	47.20	44.00
Average daily price	56.86	54.03
Volume in EUR thousand	I – IX 2022	I – IX 2021
Total volume for the period*	8,434.97	10,507.39
Highest daily volume	653.46	558.10
Lowest daily volume	0.00	0.27
Average daily volume	44.63	55.59

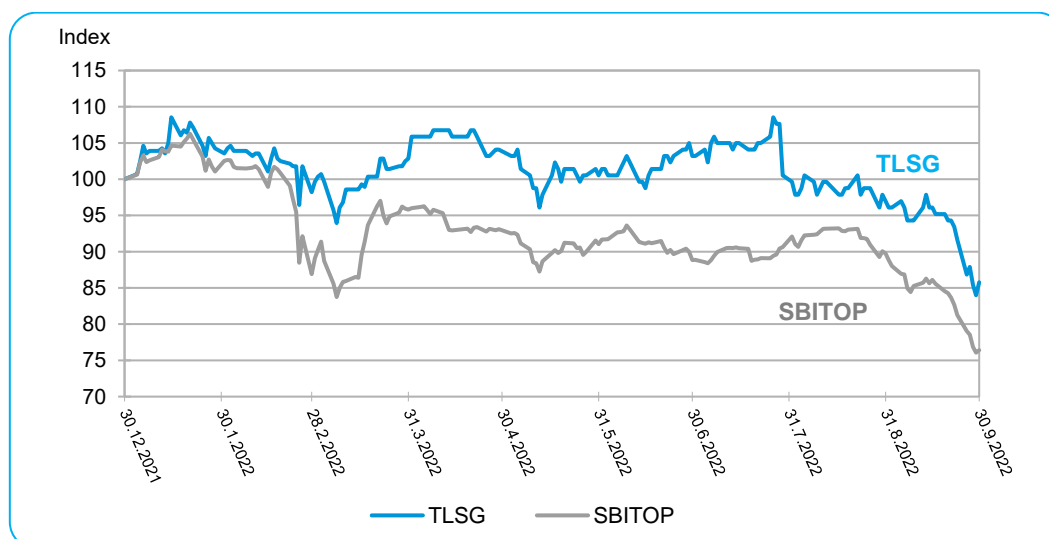
* Also includes block trades.

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 September 2022 / I – IX 2022	30 September 2021 / I – IX 2021
Closing price of one share on the last trading day of the period in EUR	48.20	54.00
Book value of one share in EUR ¹	93.27	91.44
P/BV	0.52	0.59
Net earnings per share in EUR ²	6.00	5.53
Capital return per share during the period in % ³	-14.23	23.85

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.

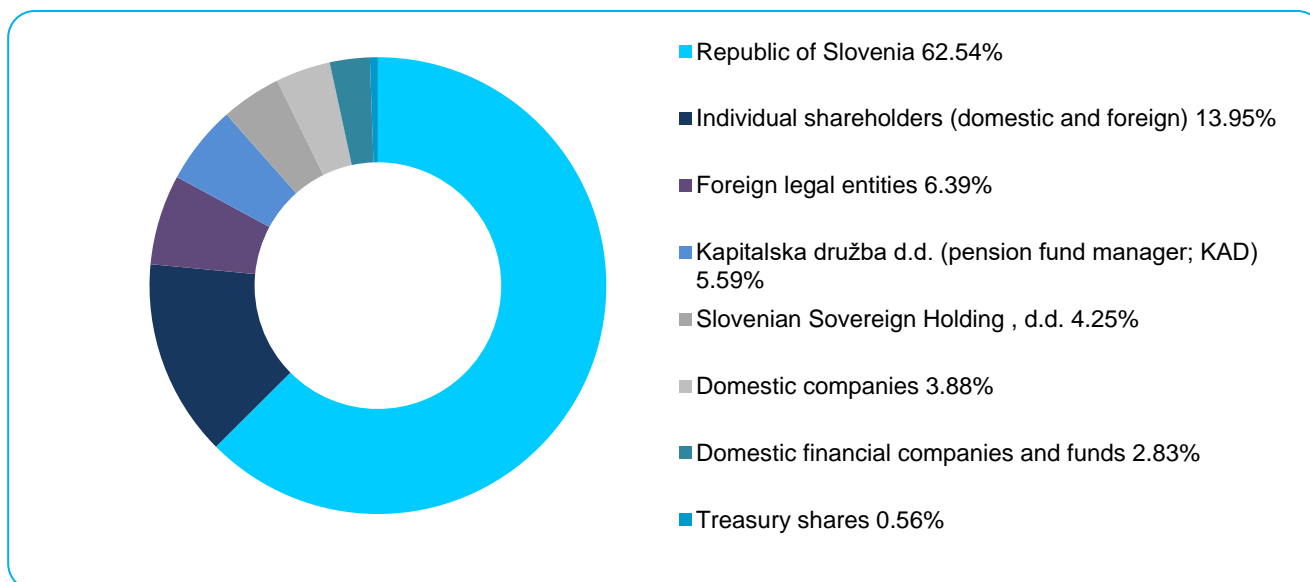
³ The capital return per share is calculated as follows: (share price on the final trading day of the period – share price on the final trading day of the previous period) / share price on the final trading day of the previous period.

Ownership structure and largest shareholders as at 30 September 2022

Telekom Slovenije had 8,447 shareholders as at 30 September 2022, a decrease of 135 relative to the end of 2021.

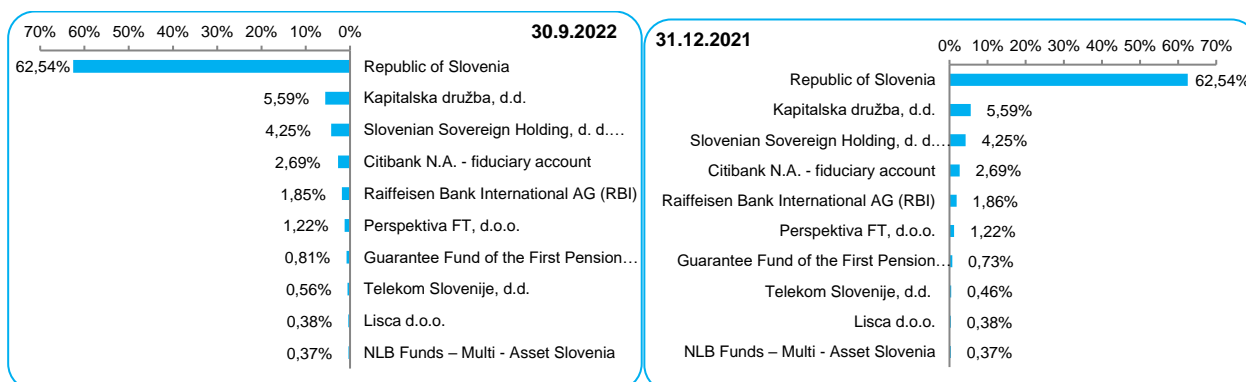
At 0.23 percentage points, domestic financial corporates and funds recorded the most significant decrease in ownership stake during the first nine months of 2022. Domestic and foreign legal entities decreased their ownership stake and individual shareholders increased their stake, while the proportion of treasury shares held by Telekom Slovenije was up.

Ownership structure as at 30 September 2022



Ten largest shareholders as at 30 September 2022

The concentration of ownership, as measured by the ownership stake held by the ten largest shareholders, stood at 80.26% as at 30 September 2022, an increase of 0.16 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) decreased its stake.



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

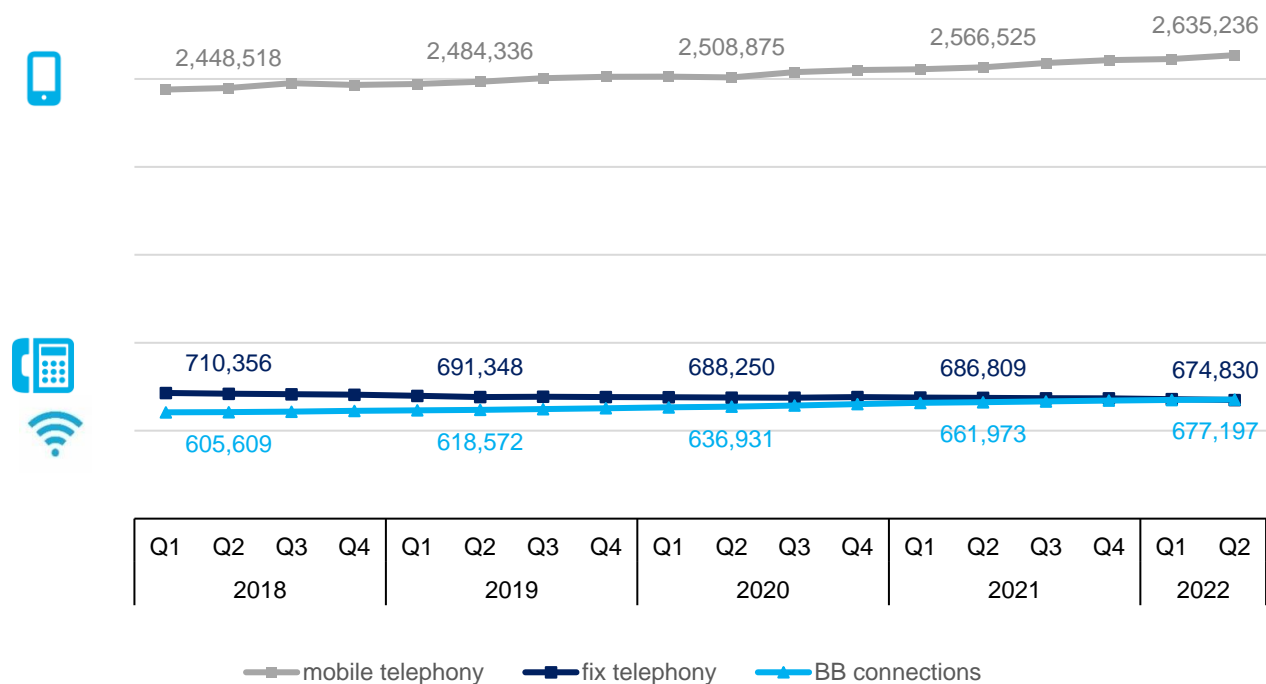
Members of the Management Board and Supervisory Board who performed their function as at 30 September 2022 held 1,318 TLSG shares on the same date.

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
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		1,318	0.02017

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

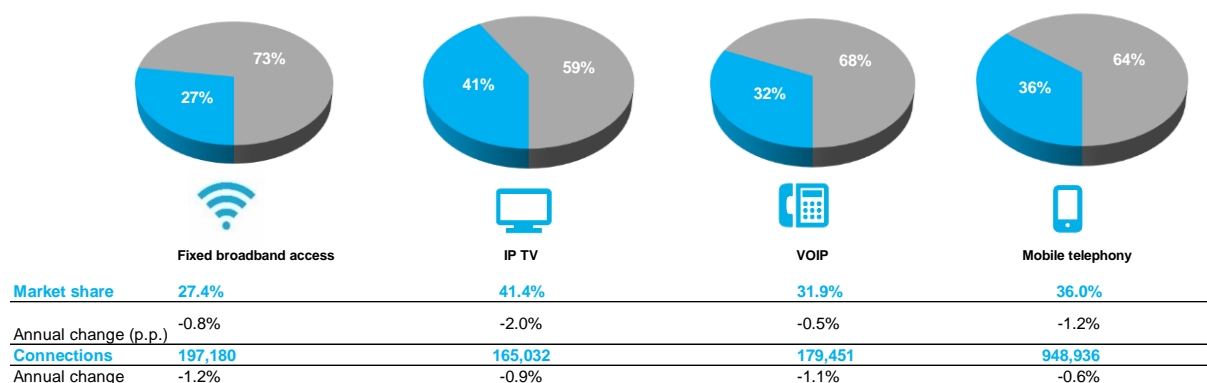
3.6. Market and market shares in key service segments

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



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

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



Source: Report on the development of the electronic communications market for the second 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. The Company is thus active on social networks. As part of the optimisation of the product portfolio, certain BOX models are being discontinued, while the transition to NEO Smartboxes is being promoted. Fixed packages are being updated to include higher internet speeds and improve the user experience. Intensive activities are in progress to promote the sale of cyber security, IT support, eCare and telemedicine services, and comprehensive ICT solutions tailored to the needs of business customers. A programme is being implemented to maintain subscribers, while the portal for managing services for business users is being expanded and additional functionalities are being introduced for the more user-friendly arrangement and overview of services on that portal.

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 European Investment Bank. Funds from that loan are being drawn down gradually and will be drawn down in full by the end of 2022.

- Telekom Slovenije manages credit risk through the active monitoring of the operations of customers and their credit ratings, and by limiting maximum allowable exposures. The Company further hedges against the risk of the deteriorating financial position of customers through credit insurance and by regularly monitoring the appropriateness thereof. Monitoring of the settlement of contractual obligations and the active recovery of past-due debt are also elements of the systematic credit risk management tool. 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 34.4% 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 level of exposure to 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.
- On 28 September 2022, the National Assembly approved the new Electronic Communications Act (ZEKom-2), which transposed the European Electronic Communications Code (EECC).
- 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. On 1 August 2022, Telekom Slovenije received a supplementary decision on market 3b, which defines a transitional period for the entry into force of the full deregulation of part of that market (sub-market A).

- On 31 March 2022, the AKOS published the regulatory predictability strategy on the electronic communications market for the period 2022 to 2024.
- 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. Key in that respect 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 and the new ZEKom-2). 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. Currently subject to debate is a draft of the new Personal Data Protection Act (ZVOP-2), which the government sent to the National Assembly on 14 July 2022. To that end, Telekom Slovenije is involved in the drafting of 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 DDoS 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. It is continuing to upgrade equipment capacities and the number of licenses in the mobile packet core. 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. 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 labour market conditions and increased demand for professionally qualified personnel. The Company focuses on the implementation of individual development plans for key and perspective employees, encourages mentoring, 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.

Currently in progress are procurement procedures for the selection of a solution for the electronic signing of contracts. The Company communicates regularly with suppliers, continuously monitors the availability of goods and the timeliness of deliveries, searches for alternative suppliers and employs a strategy of two or more 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 international 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 were established to increase cyber security.
- Due to unfavourable trends in market interest rates, the Company carefully monitors developments on the financial markets and hedges interest rates using derivatives.
- 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, searches for alternative suppliers and employs a strategy of multiple suppliers.
- It is faced with higher prices of electricity and other energy products, and is thus monitoring the situation on the market and adapting electricity leasing models.
- 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. Vulnerability and response tests are carried out regularly. 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 services and materials are managed through negotiations with investors and subcontractors.
- 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

- A change to conditions for the extension of the concession agreement on salt production can have a significant effect on the company's business model.
- Risks associated with the war in Ukraine are resulting in higher energy costs due to unexpected price growth.

TSinpo

- Risks in connection with achieving planned sales of other market services are managed through online and direct communication, and by ensuring the optimal staffing.
- 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 outdoor jumbo network. New sales campaigns include the preparation of the creative basis for advertisements for larger orders.
- Risks in connection with the war in Ukraine are resulting in delays and cancellations of advertising campaigns and projects due to the uncertainty of advertisers. 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 fixed segment customers due to the offer of programme content are managed through advertising and the promotion of new packages to maintain users, including the further enhancement of content and the search for alternative approaches.
- Risks in connection with the achievement of revenues from business users are managed through campaigns to attract new business users, cross-selling campaigns and campaigns to achieve additional sales.
- There is a risk that the company will fail to maintain the growth trend in the number of users in the mobile segment, which it strives to achieve through various market approaches.
- 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 uncertainty regarding the timing of the allocation of those frequencies.
- 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. The ARKEP (telecommunications regulator in

Kosovo) is being informed about the potential negative effects of the KEDS's activities on telecommunication services.

- Risks in connection with non-standard IT are managed through a BSS architecture plan and the consolidation of processes. The BSS transformation programme continues.
- 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 the company's 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 higher energy prices and potential disruptions and delays in the supply chain, higher prices of goods and services, falling revenues from network interconnections and roaming, and more rational spending by users. 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's Management Board comprised the following members as at 30 September 2022:

- Cvetko Sršen, 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 member Dr Mitja Štular began on 10 March 2021, while the term of office of member Barbara Galičič Drakslar began on 31 March 2021.

At its session held on 1 September 2022, Telekom Slovenije's Supervisory Board adopted a resolution on the mutual termination of the terms of office of President of the Management Board, Cvetko Sršen, and member of the Management Board, Barbara Galičič Drakslar, effective on the day new members are appointed to the Management Board or by no later than 31 October 2022. On 1 September 2022, the Supervisory Board relieved Tomaž Jontes from his position as member and Vice-President of the Management Board for reasons of culpability.

Supervisory Board

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

Telekom Slovenije's Supervisory Board comprised the following members as at 30 September 2022:

Shareholder representatives:

- Žiga Debeljak, MSc, President,
- Karla Pinter, MSc, Vice-President,
- Marko Boštjančič, member,
- Alenka Čok Pangeršič, MSc, member,
- Mateja Čuk Orel, MSc, member, and
- Aleksander Igličar, MSc, member,

Employee representatives:

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

Members of the Supervisory Board are elected for a term of office of four years. At the 35th General Meeting of Shareholders held on 9 September 2022, shareholders recalled members of the Supervisory Board and shareholder representatives, Iztok Černoša, Marko Kerin, Radovan Cerjak and Dr Jurij Toplak, and appointed the following persons to replace them: Alenka Čok Pangeršič, MSc, Mateja Čuk Orel, MSc, Marko Boštjančič and Žiga Debeljak, MSc. Their four-year terms of office began on 9 September.

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, effective on the day a new member was appointed to the Supervisory Board as employee representative. 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 LLC, 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 SEPTEMBER 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). 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 Company'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 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 until 30 September 2023 in the total project amount of up to EUR 3 million.
- 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.

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.

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. The Company 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 for the eCare service 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.

JUNE

- June marked three years since Telekom Slovenije launched the VALÚ smart wallet, through which it solidified its position on the financial services market. During that time, more than 110,000 Slovenes began using the VALÚ mobile wallet, and executed more than two million transactions in the last year. The number of users grows by one-third every year.
- 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. Shareholders supported the proposal that EUR 29,243,889.00 be earmarked for the payment of dividends, representing a gross dividend of EUR 4.50 per share, while the remainder in the amount of EUR 15,961,065.29 is brought forward to the next year.
- 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 the 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.

THIRD QUARTER OF 2022

JULY

- Telekom Slovenije signed an agreement with the Šmartno pri Litiji Municipality to establish two central communication stations. A central communication device represents Telekom Slovenije's solution for smart cities which, in the form of a street light to complement smart public lighting, also facilitates the monitoring and analysis of different factors for the improved planning and management of resources, and the provision of public services such as electric vehicle charging, an overview of available parking spaces, etc.

- On 14 July 2022, Telekom Slovenije received a request from the shareholder Kapitalska družba pokojninskega in invalidskega zavarovanja, d.d. to convene the Company's General Meeting of Shareholders.
- To show its gratitude for the help and sacrifice of the firefighters who fought the fires in the Karst region, Telekom Slovenije joined a nationwide campaign to raise funds for the renewal of worn-out and destroyed firefighting equipment. To that end, the Company donated EUR 20,000 to the Firefighters Association of Slovenia and gave two gifts to all Slovenian firefighters: the free use of an additional 500 GB of data per month in Telekom Slovenije's mobile network and the free use of the programme scheme of their choice in Telekom Slovenije's TV offer, both for one year.
- Telekom Slovenije responded to certain media articles in connection with the purchase of Actual I.T. via the Ljubljana Stock Exchange's SEOnet system.

AUGUST

- Telekom Slovenije convened the Company's 35th General Meeting of Shareholders pursuant to Article 295 of the Companies Act (ZGD-1) and Article 36 of the Company's Articles of Association, and based on the request received on 14 July 2022 from the shareholder Kapitalska družba pokojninskega in invalidskega zavarovanja, d.d. and the Company's decision of 19 July 2022, under which it set the date and place of the General Meeting of Shareholders and proposed the composition of the bodies thereof.
- Telekom Slovenije has enriched the range of sports content available to its television subscribers with the Arena Sport 1 Premium TV programme. For the next five seasons, the new TV programme will be dedicated to the English Premier League, while Telekom Slovenije's Arena Sport channels will also offer football fans the opportunity to watch Spanish La Liga, Italian Serie A, French Ligue 1, the UEFA Europa League, the German and Croatian football championships, etc.
- At the end of August, TSmedia celebrated the 25th anniversary of the Siol.net online media.

SEPTEMBER

- At its 22nd ordinary session held on 1 September 2022, Telekom Slovenije's

Supervisory Board adopted a resolution on the mutual termination of the terms of office of President of the Management Board, Cvetko Sršen, and member of the Management Board, Barbara Galičič Drakslar, effective on the day new members are appointed to the Management Board or by no later than 31 October 2022. On 1 September 2022, Tomaž Jontes was relieved of his position as member and Vice-President of the Management Board for reasons of culpability. The Supervisory Board authorised member of the Management Board Dr Mitja Štular to head the commercial sector until the appointment of a new Management Board member.

- At the 35th General Meeting of Shareholders of Telekom Slovenije held on 9 September 2022, shareholders recalled members of the Supervisory Board and shareholder representatives, Iztok Černoša, Marko Kerin, Radovan Cerjak and Dr Jurij Toplak. Shareholders appointed Alenka Čok Pangeršič, MSc, Mateja Čuk Orel, MSc, Marko Boštjančič and Žiga Debeljak, MSc as members and shareholder representatives of the Supervisory Board, for a four-year term of office that began on 9 September 2022.
- At its 1st ordinary session held on 14 September 2022, the members of Telekom Slovenije's Supervisory Board elected Žiga Debeljak, MSc to serve as President of the aforementioned body. Karla Pinter, MSc and Drago Kijevčanin remain Vice-Presidents of the Supervisory

Board, with the former serving as shareholder representative and the latter serving as employee representative. The Supervisory Board also newly appointed members to its committees.

- Telekom Slovenije facilitated the playing of games in the cloud on mobile phones as part of the NEO TV platform.
- The Municipality of Celje, in cooperation with Telekom Slovenije and the companies Imovation and Nomago, began the establishment of an advanced central digital platform that will enable users to obtain all information required for the optimal use of transport services. A single mobile application will facilitate the remote payment of parking fees and the borrowing of public bicycles, as well as the payment of public passenger transport and subsidised train/bus tickets. The services will be introduced gradually, while the entire solution is expected to be in place by the summer of next year.
- In September, Childhood Cancer Awareness Month, Telekom Slovenije donated EUR 5,000 to the *Junaki 3. nadstropja* (Heroes of the Third Floor) association. The Heroes of the Third Floor comprise children who are or have been treated in the haemato-oncology ward on the 3rd floor of the Paediatric Clinic in Ljubljana.
- The pilot project for the remote monitoring of pests in vineyards using the Trapview service was completed. That project included Klet Brda, the Municipality of Brda, Telekom Slovenije and EFOS.

6. SIGNIFICANT EVENTS AFTER THE REPORTING DATE

FOURTH QUARTER OF 2022

OCTOBER

- At its 3rd ordinary session held on 3 October 2022, Telekom Slovenije's Supervisory Board appointed Boštjan Košak to serve as President of the Management Board. Mr Košak's four-year term of office in the aforementioned position began on 4 October 2022. In accordance with the appointment of a new President of the Management Board, the term of office of previous President of Management Board, Cvetko Sršen, ended on 3 October 2022.
- At its 4th ordinary session held on 11 October 2022, Telekom Slovenije's Supervisory Board appointed two new members to the Management Board based on the proposal of the President of the Management Board. Irma Gubanec, MSc became member of the Management Board responsible for the area of finance, while Boštjan Škufca Zaveršek, MSc became member of the Management Board responsible for the commercial sector. Ms Gubanec's four-year term of office began on 12 October 2022, while Mr Škufca Zaveršek's four-year term of office will begin on 14 November 2022. Based on the proposal of the President of the Management Board, Mr Škufca Zaveršek was also appointed Vice-President of the Management Board in accordance with the provisions of the Articles of Association. The Supervisory Board authorised President of the Management Board, Boštjan Košak, to head the commercial sector until the start of Mr Škufca Zaveršek's term of office. In accordance with the appointment of the new member of the Management Board responsible for the area of finance, the term of office of member of the Management Board, Barbara Galičič Drakslar, ended on 11 October 2022.
- At its 5th ordinary session held on 19 October 2022, Telekom Slovenije's Supervisory Board appointed Vesna Prodnik to serve as member of the Management Board responsible for the area of technology based on the proposal of the President of the Management Board. Ms Prodnik's four-year term of office will begin on 14 November 2022. Following the appointment of the new member of the Management Board responsible for the area of technology, the term of office of current member Dr Mitja Štular will end by agreement, effective 13 November 2022. With the aforementioned appointment, the Supervisory Board has completed the formulation of the Company's new Management Board for the next four-year term of office, taking full account of proposals put forth by the President of the Management Board. The Supervisory Board believes that the new Management Board comprises highly qualified experts with extensive experience in the area of telecommunications, and that it will successfully guide and promote the development of the Telekom Slovenije Group in the coming years.
- At its correspondence session held on 21 October 2022, Telekom Slovenije's Supervisory Board gave its consent to the appointment of Irma Gubanec, MSc as Managing Director of TSmedia, effective 22 October 2022. Ms Gubanec, who is a member of Telekom Slovenije's Management Board, will manage TSmedia until the appointment of a new managing director.

7. CONDENSED INTERIM ACCOUNTING REPORT OF THE TELEKOM SLOVENIJE GROUP AND TELEKOM SLOVENIJE, D.D. FOR THE PERIOD JANUARY TO SEPTEMBER 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 September 2022 were compiled in accordance with IAS 34 Interim Financial Reporting, and must be read in conjunction with the financial statements and disclosures compiled for the 2021 financial year. The financial statements for the period January to September 2022 and for the comparative period January to September 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 estimated 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 803 thousand during the reporting period.

In accordance with ESMA recommendations, the Telekom Slovenije 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 September 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 September 2022

in EUR thousand	Telekom Slovenije Group		Telekom Slovenije	
	I – IX 2022	I – IX 2021	I – IX 2022	I – IX 2021
Sales revenue	485,450	486,758	428,432	435,464
Other operating income	4,824	2,969	2,201	1,117
Cost of goods sold	-62,043	-64,448	-68,103	-70,232
Costs of materials and energy	-16,305	-11,608	-11,720	-7,759
Costs of services	-151,507	-158,127	-146,232	-149,993
Labour costs	-82,592	-77,737	-66,204	-64,397
Depreciation/amortisation	-123,668	-126,517	-103,741	-105,934
Other operating expenses	-3,046	-3,834	-3,421	-4,302
Total operating expenses	-439,161	-442,271	-399,421	-402,617
Operating profit	51,113	47,456	31,212	33,964
Finance income*	1,103	1,447	3,294	14,169
Finance expenses*	-6,531	-6,594	-6,268	-6,430
Profit before tax	45,685	42,309	28,238	41,703
Income tax	-3,720	-3,778	-2,246	-3,277
Deferred taxes	-2,963	-2,587	-2,956	-2,615
Net profit from continuing operations	39,002	35,944	23,036	35,811
Net profit from continuing operations attributable to owners	39,002	35,944		
Basic and diluted earnings per share in EUR	6.00	5.53	3.54	5.50

* The finance income of Telekom Slovenije includes dividends received and interest on loans to subsidiaries, while finance expenses comprise interest on loans from subsidiaries.

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

in EUR thousand	Telekom Slovenije Group		Telekom Slovenije	
	I – IX 2022	I – IX 2021	I – IX 2022	I – IX 2021
Net profit for the period	39,002	35,944	23,036	35,811
<i>Other comprehensive income that may be subsequently reclassified to the statement of profit or loss</i>				
Translation reserves	11	30	0	0
Change in the fair value of hedging financial instruments	104	189	104	189
Deferred tax	-53	-36	-53	-36
Change in fair value of hedging financial instruments (net)	51	153	51	153
<i>Other comprehensive income that may not be subsequently reclassified to the statement of profit or loss</i>				
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	-185	243	-185	243
Deferred tax	68	-46	68	-46
Change in deferred taxes due to the recalculation of the tax rate				
Change in fair value of investments in equity instruments measured at fair value through other comprehensive income	-117	197	-117	197
Other comprehensive income for the period after tax	-215	380	-226	350
Total comprehensive income for the period	38,787	36,324	22,810	36,161
Comprehensive income attributable to owners	38,787	36,324		

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

in EUR thousand	Telekom Slovenije Group		Telekom Slovenije	
	30 September 2022	31 December 2021	30 September 2022	31 December 2021
ASSETS				
Intangible assets	211,496	220,116	159,248	180,251
Property, plant and equipment	671,180	667,059	600,467	604,711
Right-of-use assets	71,835	73,970	79,247	80,667
Investments in subsidiaries	0	0	39,276	38,276
Other investments	2,514	3,292	48,007	57,235
Contract assets	3,237	2,854	2,866	2,469
Other receivables	17,800	18,300	17,795	18,294
Deferred costs	1,556	1,058	1,964	1,608
Investment property	4,436	4,545	7,529	7,641
Deferred tax assets	39,028	42,012	38,755	41,761
Total non-current assets	1,023,082	1,033,206	995,154	1,032,913
Assets held for sale	796	799	796	799
Inventories	28,408	22,478	23,375	19,603
Trade and other receivables	154,641	156,152	148,293	148,378
Contract assets	22,755	17,263	22,065	17,167
Deferred costs	7,578	3,766	5,013	3,150
Investments	838	740	10,446	12,177
Cash and cash equivalents	13,025	15,935	2,968	3,754
Total current assets	228,041	217,133	212,956	205,028
Total assets	1,251,123	1,250,339	1,208,110	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	51,132	41,938	48,753	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>	39,002	37,888	23,036	34,371
Fair value reserves	-132	-66	-132	-66
Reserves for actuarial gains/losses	-2,139	-2,139	-1,863	-1,863
Translation reserves	20	9	0	0
Total equity	609,570	600,431	605,413	612,241
Contract liabilities	17,825	14,278	16,899	13,752
Provisions	23,971	23,063	20,396	19,561
Other liabilities	13,359	18,455	5,912	12,281
Accrued liabilities	810	891	684	713
Loans and borrowings	309,061	309,023	309,060	309,023
Lease liabilities	55,194	57,096	61,368	62,748
Other financial liabilities	0	88	0	88
Deferred tax liabilities	1,645	1,710	256	321
Total non-current liabilities	421,865	424,604	414,575	418,487
Trade payables	107,508	130,955	85,279	116,381
Income tax payable	26	3,768	0	3,553
Loans and borrowings	46,423	40,015	47,824	41,415
Lease liabilities	10,563	9,460	12,489	10,949
Other financial liabilities	2	2	0	0
Contract liabilities	14,074	12,318	9,457	8,452
Accrued liabilities	41,092	28,786	33,073	26,463
Total current liabilities	219,688	225,304	188,122	207,213
Total liabilities	641,553	649,908	602,697	625,700
Total equity and liabilities	1,251,123	1,250,339	1,208,110	1,237,941

Unaudited consolidated statement of changes in equity of the Telekom Slovenije Group for the period ending 30 September 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									39,002					39,002
Other comprehensive income for the period								-160		-117	51		11	-215
Total comprehensive income for the period	0	0	0	0	0	0	0	-160	39,002	-117	51	0	11	38,787
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						-10
Balance as at 30 September 2022	272,721	181,489	51,612	4,065	-4,065	54,854	13	12,130	39,002	-143	11	-2,139	20	609,570

Unaudited consolidated statement of changes in equity of the Telekom Slovenije Group for the period ending 30 September 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									35,944					35,944
Other comprehensive income for the period – adjusted*										197	153		30	380
Total comprehensive income for the period	0	0	0	0	0	0	0	0	35,944	197	153	0	30	36,324
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								21		-1		30	1	51
Balance as at 30 September 2021	272,721	181,489	51,612	3,671	-3,671	54,854	13	4,051	35,944	-23	-125	-2,958	6	597,584

Unaudited separate statement of changes in equity of Telekom Slovenije, d.d. for the period ending 30 September 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									23,036				23,036
Other comprehensive income for the period								-160		-117	51		-226
Total comprehensive income for the period	0	0	0	0	0	0	0	-160	23,036	-117	51	0	22,810
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										-1	1		0
Balance as at 30 September 2022	272,721	180,956	50,434	4,065	-4,065	54,544	0	25,717	23,036	-145	13	-1,863	605,413

Unaudited separate statement of changes in equity of Telekom Slovenije, d.d. for the period ending 30 September 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									35,811				35,811
Other comprehensive income for the period										197	153		350
Total comprehensive income for the period	0	0	0	0	0	0	0	0	35,811	197	153	0	36,161
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								60					60
Balance as at 30 September 2021	272,721	180,956	50,434	3,671	-3,671	54,544	0	21,144	35,811	-22	-125	-2,733	612,730

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

in EUR thousand	Telekom Slovenije Group		Telekom Slovenije	
	I – IX 2022	I – IX 2021	I – IX 2022	I – IX 2021
Cash flows from operating activities				
Net profit for the period	39,002	35,944	23,036	35,811
Adjustments for:				
Depreciation/amortisation	123,668	126,517	103,741	105,934
Impairment and write-offs of property, plant and equipment and intangible assets	77	5	0	0
Gain/loss on disposal of property, plant and equipment	-616	212	-700	208
Impairment and write-offs of inventories	428	967	359	967
Net impairment of receivables	1,291	1,634	808	1,293
Change in provisions and other changes	-35	-2	0	0
Finance income	-1,103	-1,447	-3,294	-14,169
Finance expenses	6,531	6,594	6,268	6,430
Income tax expense with deferred taxes	6,683	6,365	5,201	5,892
Cash flows from operating activities prior to changes in working capital and provisions	175,926	176,789	135,419	142,366
Change in inventories	-4,898	-344	-2,671	-353
Change in trade and other receivables	631	8,869	573	11,476
Change in accrued and deferred asset items and contract assets	-10,185	-3,244	-6,648	-1,762
Change in provisions	943	-73	835	136
Change in trade and other payables	-29,709	-33,705	-37,551	-21,001
Change in accrued and deferred liability items and contract liabilities	17,528	-264	10,734	-1,209
Income tax paid	-6,652	-540	-5,806	0
Net cash from operating activities	143,584	147,488	94,885	129,653
Cash flows from investing activities				
Proceeds from investing activities	2,070	524	16,371	22,627
Proceeds from sale of property, plant and equipment	1,379	379	1,379	379
Dividends received	238	100	383	11,100
Proceeds from interest	4	3	1,184	1,652
Proceeds from investments in subsidiaries	400	0	400	0
Proceeds from repayment of loans and deposits	49	42	13,025	9,496
Disbursements from investing activities	-110,907	-151,266	-74,839	-147,161
Disbursements for property, plant and equipment	-65,681	-62,393	-47,659	-55,712
Disbursements for non-current intangible assets	-45,126	-88,623	-23,380	-88,299
Investments in subsidiaries and associated companies	0	0	-1,000	-1,500
Disbursements for loans and deposits issued	-100	-250	-2,800	-1,650
Net cash from investing activities	-108,837	-150,742	-58,468	-124,534
Cash flows from financing activities				
Proceeds from financing activities	25,000	164,500	25,000	166,000
Proceeds for non-current borrowings	20,000	140,000	20,000	140,000
Proceeds from current borrowings	5,000	24,500	5,000	26,000
Disbursements from financing activities	-62,722	-159,684	-62,268	-172,061
Disbursements for purchase of treasury shares	-394	0	-394	0
Disbursements for approval of borrowings and issue of bonds	0	-607	0	-607
Repayment of lease liabilities – principal	-8,882	-8,894	-8,426	-8,233
Repayment of current borrowings	0	0	0	-13,000
Repayment of non-current borrowings	-20,110	-115,385	-20,110	-115,385
Disbursements for interest	-4,092	-5,523	-4,094	-5,561
Dividends paid	-29,244	-29,275	-29,244	-29,275
Net cash from financing activities	-37,722	4,816	-37,268	-6,061
Net increase/decrease in cash and cash equivalents	-2,975	1,562	-851	-942
Opening balance of cash	15,935	8,167	3,754	2,086
Effect of exchange rate changes on cash and cash equivalents	65	37	65	37
Closing balance of cash	13,025	9,766	2,968	1,181

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 September 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). The aforementioned agreement was concluded under several conditions precedent that must be met prior to the conclusion of the transaction. The aforementioned company will be included in the Telekom Slovenije Group's financial statements when the conditions precedent are met.

Telekom Slovenije, as the sole owner, recapitalised the subsidiary Soline in June 2022 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 – IX 2022	I – IX 2021	I – IX 2022	I – IX 2021	I – IX 2022	I – IX 2021	I – IX 2022	I – IX 2021
Sales to customers	429,851	436,243	55,599	50,515			485,450	486,758
Inter-segment sales	61,854	56,246	6,764	5,185	-68,618	-61,431	0	0
Total segment revenue	491,705	492,489	62,363	55,700	-68,618	-61,431	485,450	486,758
Other operating income	3,454	1,926	1,370	1,043			4,824	2,969
Total operating expenses	-395,741	-401,152	-43,420	-41,119			-439,161	-442,271
Operating profit per segment	99,418	93,263	20,313	15,624	-68,618	-61,431	51,113	47,456
Finance income							1,103	1,447
Finance expenses							-6,531	-6,594
Profit before tax							45,685	42,309
Income tax							-3,720	-3,778
Deferred taxes							-2,963	-2,587
Net profit for the period							39,002	35,944

Other data by segment	Slovenia		Other countries		Eliminations and adjustments*		Total	
	30 September 2022	31 December 2021	30 September 2022	31 December 2021	30 September 2022	31 December 2021	30 September 2022	31 December 2021
Segment assets	1,294,750	1,307,526	135,243	122,128	-178,870	-179,315	1,251,123	1,250,339
Segment liabilities	646,771	655,461	99,993	99,713	-105,211	-105,266	641,553	649,908

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

Revenues by segment

in EUR thousand	Slovenia		Other countries		Total	
	I – IX 2022	I – IX 2021	I – IX 2022	I – IX 2021	I – IX 2022	I – IX 2021
Mobile services on end-user market	152,665	156,673	36,131	30,982	188,796	187,655
Fixed-line telephone services on end-user market	140,277	142,299	15,972	16,998	156,249	159,297
Additional services	3,066	5,223	0	0	3,066	5,223
Wholesale market	114,674	114,006	3,496	2,535	118,170	116,541
Other revenues and merchandise	19,169	18,042	0	0	19,169	18,042
Total revenues	429,851	436,243	55,599	50,515	485,450	486,758

Sales revenue

Breakdown of revenue by service category

in EUR thousand	Telekom Slovenije Group		Telekom Slovenije	
	I – IX 2022	I – IX 2021	I – IX 2022	I – IX 2021
Mobile services on end-user market	188,796	187,655	152,890	156,802
Fixed-line telephone services on end-user market	156,249	159,297	139,967	142,038
Additional services	3,066	5,223	3,066	5,224
Wholesale market	118,170	116,541	116,562	114,728
Other revenues and merchandise	19,169	18,042	15,947	16,672
Total revenues	485,450	486,758	428,432	435,464

in EUR thousand	Telekom Slovenije Group		Telekom Slovenije	
	I – IX 2022	I – IX 2021	I – IX 2022	I – IX 2021
Revenues from services rendered	419,434	418,894	360,049	364,394
Sales revenue – goods	66,016	67,864	68,383	71,070
Total revenues	485,450	486,758	428,432	435,464

The sales revenue of the Telekom Slovenije Group amounted to EUR 485,450 thousand in the period January to September 2022, a decrease of EUR 1,308 thousand relative to the same period in 2021.

Revenues from the mobile segment of the end-user market were up primarily due to the higher number of subscribers and prepaid users in Kosovo as the result of intense activities to attract new users.

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.

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 and higher revenues from domestic wholesale services in Slovenia.

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 rental income in the amount of EUR 8,005 thousand in the period January to September 2022, compared with EUR 7,301 thousand during the same period last year.

Telekom Slovenije generated revenue from leases in the amount of EUR 8,620 thousand in that period, compared with EUR 7,895 thousand during the same period last year.

Costs of services

in EUR thousand	Telekom Slovenije Group		Telekom Slovenije	
	I – IX 2022	I – IX 2021	I – IX 2022	I – IX 2021
Telecommunication services	83,328	86,161	82,118	85,073
Costs of leased lines, networks and platforms	3,702	4,040	5,822	6,018
Multimedia content	7,178	6,776	6,699	6,767
Costs of subcontractors	14,200	17,637	14,032	14,351
Maintenance of property, plant and equipment	15,283	15,961	15,410	15,764
Costs of other services	27,816	27,552	22,151	22,020
Total costs of services	151,507	158,127	146,232	149,993

The costs of services incurred by the Group in the period January to September 2022 were down by EUR 6,620 thousand relative to the same period in 2021. The costs of telecommunication services were lower on account 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 5,898 thousand (January to September 2021: EUR 5,774 thousand), the costs of intellectual and personal services in the amount of EUR 4,513 thousand (January to September 2021: EUR 5,116 thousand), the costs of attracting customers in the amount of EUR 3,708 thousand (January to September 2021: EUR 3,479 thousand), the costs of insurance premiums in the amount of EUR 2,448 thousand (January to September 2021: EUR 2,339 thousand), and the costs of other services in the amount of EUR 7,009 thousand (January to September 2021: EUR 6,969 thousand).

Operating profit (EBIT) and net profit

Telekom Slovenije Group

Earnings before interest and taxes (EBIT) in the amount of EUR 51,113 thousand were up by EUR 3,657 thousand relative to the same period last year. A net profit of EUR 39,002 thousand was achieved for the accounting period in the context of a net financial loss of EUR 5,428 thousand.

Telekom Slovenije

Earnings before interest and taxes (EBIT) in the amount of EUR 31,212 thousand were down by EUR 2,752 thousand relative to the same period last year. A net profit of EUR 23,036 thousand was achieved for the accounting period in the context of a net financial loss of EUR 2,974 thousand.

Intangible assets

Changes in intangible assets of the Telekom Slovenije Group in the period January to September 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	20,040	0	0	2	23,849	43,891
Assets generated in the Group	0	0	0	0	0	1,235	1,235
Transfer into use	0	7,730	5,609	13,512	33	-26,884	0
Disposals	0	-651	0	-65,310	0	-2	-65,963
Write-downs	0	-23,614	0	0	0	0	-23,614
Other transfers*	0	0	0	57	0	-1	56
Balance as at 30 September 2022	49,737	433,847	26,127	251,338	67,401	10,992	839,442
Impairment							
Balance as at 1 January 2022	46,019	292,001	10,088	266,959	48,387	267	663,721
Disposals	0	-651	0	-65,311	0	0	-65,962
Write-downs	0	-23,614	0	0	0	0	-23,614
Other transfers*	0	0	0	1	0	0	1
Amortisation	0	29,528	5,471	17,345	1,456	0	53,800
Balance as at 30 September 2022	46,019	297,264	15,559	218,994	49,843	267	627,946
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 September 2022	3,718	136,583	10,568	32,344	17,558	10,725	211,496

* 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 September 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	22,464	22,464
Assets generated at the Company	0	0	0	0	0	916	916
Transfer into use	0	6,788	5,609	12,934	33	-25,364	0
Disposals	0	-592	0	-65,310	0	-2	-65,904
Other transfers	0	0	0	57	0	0	57
Balance as at 30 September 2022	3,602	294,370	26,127	236,801	19,133	10,494	590,527
Impairment							
Balance as at 1 January 2022	0	175,120	10,088	251,371	16,164	0	452,743
Disposals	0	-593	0	-65,310	0	0	-65,903
Other transfers	0	0	0	1	0	0	1
Amortisation	0	22,250	5,471	16,428	289	0	44,438
Balance as at 30 September 2022	0	196,777	15,559	202,490	16,453	0	431,279
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 September 2022	3,602	97,593	10,568	34,311	2,680	10,494	159,248

* 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 7,800 thousand at the Group level and to EUR 8,683 thousand at Telekom Slovenije as at 30 September 2022.

Property, plant and equipment

Changes in property, plant and equipment of the Telekom Slovenije Group in the period January to September 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	1	0	0	0	0	0	1
Additions	0	2,579	0	0	1,184	54,218	88	58,069
Fixed assets generated in the Group	0	0	0	0	0	8,933	0	8,933
Transfer into use	19,309	17,943	663	9,977	22,805	-70,697	0	0
Disposals	-815	-569	-4,924	-4,413	-53,364	-20	0	-64,105
Other transfers*	13	-81	10	-6	-35	14	-22	-107
Balance as at 30 September 2022	508,589	1,210,165	84,581	321,043	355,980	33,271	334	2,513,963
Impairment								
Balance as at 1 January 2022	216,747	951,360	82,613	266,825	315,178	11,390	0	1,844,113
Additions	0	0	0	0	8	0	0	8
Disposals	-460	-459	-4,912	-4,365	-51,266	0	0	-61,462
Depreciation	9,802	16,777	1,520	10,239	21,852	0	0	60,190
Other transfers*	5	-42	36	-6	-59	0	0	-66
Balance as at 30 September 2022	226,094	967,636	79,257	272,693	285,713	11,390	0	1,842,783
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 September 2022	282,495	242,529	5,324	48,350	70,267	21,881	334	671,180

* 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 September 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	45,714	45,714
Fixed assets generated at the Company	0	0	0	0	0	3,178	3,178
Transfer into use	19,286	15,279	615	5,281	20,453	-60,914	0
Disposals	-975	-1,745	-4,924	-3,978	-52,106	-20	-63,748
Other transfers	13	-82	9	-5	9	-1	-57
Balance as at 30 September 2022	478,786	1,128,618	83,356	206,253	333,278	32,037	2,262,328
Impairment							
Balance as at 1 January 2022	208,124	904,603	81,397	177,141	301,265	0	1,672,530
Disposals	-522	-1,486	-4,912	-3,930	-50,042	0	-60,892
Depreciation	9,410	13,593	1,517	6,209	19,488	0	50,217
Other transfers	5	-42	34	-5	6	0	-2
Balance as at 30 September 2022	217,017	916,668	78,036	179,415	270,725	0	1,661,861
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 September 2022	261,769	211,950	5,320	26,838	62,553	32,037	600,467

* 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 7,940 thousand at the Group level and to EUR 23,925 thousand at Telekom Slovenije as at 30 September 2022.

Right-of-use assets

Changes in right-of-use assets of the Telekom Slovenije Group in the period January to September 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	1,002	276	382	-26	955	100	2,689
Transfer to use – new contracts	3,455	168	370	883	114	123	5,113
Disposals	-311	-76	-284	-30	0	0	-701
Other transfers	0	1	0	0	18	0	19
Balance as at 30 September 2022	69,765	8,876	9,711	3,084	21,642	4,069	117,147
Impairment							
Balance as at 1 January 2022	21,501	2,533	4,641	1,310	4,739	1,335	36,059
Disposals	-138	-22	-137	-28	0	0	-325
Depreciation	5,664	674	1,160	413	1,288	368	9,567
Other transfers	0	0	0	0	11	0	11
Balance as at 30 September 2022	27,027	3,185	5,664	1,695	6,038	1,703	45,312
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 September 2022	42,738	5,691	4,047	1,389	15,604	2,366	71,835

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

Depreciation in the amount of EUR 9,567 thousand and interest expense on lease liabilities in the amount of EUR 1,562 thousand were disclosed in the Telekom Slovenije Group's income statement in the period January to September 2022. The Group disclosed depreciation in the amount of EUR 9,306 thousand and interest expense in the amount of EUR 1,652 thousand during the same period last year.

Changes in right-of-use assets at Telekom Slovenije in the period January to September 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	-845	258	41	-26	3,613	0	3,041
Transfer to use – new contracts	3,454	128	216	825	115	-12	4,726
Disposals	-216	-71	0	0	0	0	-287
Balance as at 30 September 2022	61,033	7,993	4,042	2,853	43,891	633	120,445
Impairment							
Balance as at 1 January 2022	16,933	2,188	1,638	1,163	10,054	321	32,298
Disposals	-54	-19	0	0	0	0	-73
Depreciation	4,597	587	428	384	2,859	118	8,973
Balance as at 30 September 2022	21,476	2,756	2,066	1,547	12,913	439	41,198
Carrying amount							
Balance as at 1 January 2022	41,706	5,490	2,147	891	30,109	324	80,667
Balance as at 30 September 2022	39,557	5,237	1,976	1,306	30,978	194	79,247

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 8,973 thousand and interest expense on lease liabilities in the amount of EUR 1,559 thousand were disclosed in Telekom Slovenije's statement of profit or loss in the period January to September 2022. The Company disclosed depreciation in the amount of EUR 8,351 thousand and interest expense in the amount of EUR 1,651 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 1,511 thousand at the Telekom Slovenije Group level and by EUR 85 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 355,486 thousand at the Telekom Slovenije Group as at 30 September 2022, with raised loans accounting for EUR 355,484 thousand of that amount.

Financial liabilities amounted to EUR 356,884 thousand at Telekom Slovenije and are comprised completely of raised loans.

Lease liabilities

The lease liabilities of the Telekom Slovenije Group amounted to EUR 65,757 thousand as at 30 September 2022 and were down by EUR 799 thousand relative to the end of 2021.

The lease liabilities of Telekom Slovenije amounted to EUR 73,857 thousand as at 30 September 2022 and were up by EUR 160 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 September 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	1,949	1,949	1,949		
Investments in shares and interests not listed on the stock exchange, measured at fair value through other comprehensive income	547	547			547
Loans granted	11	11		11	
Other non-current financial assets	7	7		7	
Trade receivables	17,800	17,800		17,800	
Current financial assets					
Loans granted	20	20		20	
Other current financial assets	802	802		802	
Fair value of interest rate swap	16	16		16	
Trade and other receivables	154,641	154,641		154,641	
Cash and cash equivalents	13,025	13,025		13,025	
Non-current financial liabilities					
Borrowings	309,061	309,061		309,061	
Other liabilities	13,359	13,359		13,359	
Current financial liabilities					
Borrowings	46,423	46,423		46,423	
Other financial liabilities	2	2		2	
Trade payables	107,508	107,508		107,508	

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 September 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	1,949	1,949	1,949		
Investments in shares and interests not listed on the stock exchange, measured at fair value through other comprehensive income	547	547			547
Loans granted	45,511	45,511		45,511	
Trade receivables	17,795	17,795		17,795	
Current financial assets					
Loans granted	10,430	10,430		10,430	
Fair value of interest rate swap	16	16		16	
Trade and other receivables	148,293	148,293		148,293	
Cash and cash equivalents	2,968	2,968		2,968	
Non-current financial liabilities					
Borrowings	309,060	309,060		309,060	
Trade payables	5,912	5,912		5,912	
Current financial liabilities					
Borrowings	47,824	47,824		47,824	
Trade payables	85,279	85,279		85,279	

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

There were 101 lawsuits in the total amount of EUR 186,343 thousand pending against the Telekom Slovenije Group as at 30 September 2022 (99 lawsuits in the total amount of EUR 127,766 thousand as at 31 December 2021).

There were 59 lawsuits in the total amount of EUR 183,603 thousand pending against Telekom Slovenije as at 30 September 2022 (57 lawsuits in the total amount of EUR 125,326 thousand as at 31 December 2021).

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 responded to the countersuit by the legally prescribed deadline.

Contingent liabilities from guarantees issued

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

- performance guarantees and warranty bonds in the amount of EUR 11,294 thousand (at the end of 2021: EUR 11,028 thousand); and
- other guarantees in the amount of EUR 81 thousand (at the end of 2021: EUR 353 thousand).

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

- performance guarantees and warranty bonds in the amount of EUR 7,961 thousand (at the end of 2021: EUR 7,892 thousand); and
- collateral and other guarantees in the amount of EUR 297 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 1,318 shares in Telekom Slovenije as at 30 September 2022, representing a holding of 0.02017%.

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 September 2022	31 December 2021	30 September 2022	31 December 2021
Outstanding trade receivables	3,670	4,717	3,454	4,247

Outstanding trade payables	881	4,867	842	4,830
VAT liabilities	5,012	3,791	5,221	3,695
Income tax payable	418	3,654	482	3,437
in EUR thousand	I – IX 2022	I – IX 2021	I – IX 2022	I – IX 2021
Sales revenue	12,241	11,358	10,934	10,292
Purchase costs of material and services	8,472	7,370	8,011	6,798
in EUR thousand	I – IX 2022	I – IX 2021	I – IX 2022	I – IX 2021
VAT payment	38,287	43,722	38,228	43,657
CIT payment	6,940	529	6,102	0
Dividends paid	19,687	19,687	19,687	19,687

Transactions with Group companies

Telekom Slovenije recorded the following transactions with Group companies:

in EUR thousand	30 September 2022	31 December 2021
Receivables due from companies in the Group		
Subsidiaries – gross amount	4,734	2,584
Subsidiaries – impairment	-8	-8
Subsidiaries – net amount	4,726	2,576
Borrowings to companies in the Group		
Subsidiaries – gross amount	55,910	66,089
Subsidiaries – net amount	55,910	66,089
Liabilities to Group companies		
Subsidiaries	25,801	26,041
in EUR thousand	I – IX 2022	I – IX 2021
Net Group revenue		
Subsidiaries	11,594	10,424
Purchase of material and services in the Group		
Subsidiaries	15,457	12,833

Loans granted to subsidiaries

in EUR thousand	30 September 2022	31 December 2021
TSmedia, d.o.o.	360	400
IPKO	43,649	55,650
Soline, d.o.o.	1,205	1,627
SIOL, d.o.o., Zagreb	502	504
SIOL, d.o.o., Sarajevo	4,613	4,715
SIOL, Beograd	156	20
Infratel, d.o.o.	2,451	0
SIOL, Prishtina	2,972	3,173
Total to subsidiaries	55,910	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. 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 September 2022	31 December 2021	30 September 2022	31 December 2021
Loans granted	31	82	55,941	66,171
Deposits	802	702	0	0
Trade and other receivables	172,441	174,452	166,088	166,672
- of which trade receivables	166,567	166,196	161,230	159,790
Cash and cash equivalents	13,025	15,935	2,968	3,754
TOTAL	186,299	191,171	224,997	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 166,567 thousand as at 30 September 2022, an increase of EUR 371 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 September 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	183,893		-17,326	166,567	183,132		-16,936	166,196
Trade receivables not past due	151,755	0.4%	-678	151,077	149,508	0.5%	-795	148,713
Past due								
- up to and including 30 days	9,289	4%	-358	8,931	11,159	3%	-341	10,818
- from and including 31 days up to and including 60 days	3,279	10%	-317	2,962	3,591	7%	-269	3,322
- from and including 61 days up to and including 90 days	918	11%	-98	820	780	12%	-90	690
- from and including 91 days up to and including 180 days	1,635	46%	-746	889	1,448	44%	-633	815
- from and including 181 days up to and including 365 days	2,072	49%	-1,019	1,053	2,010	53%	-1,065	945
- from and including 366 days up to two years	5,257	87%	-4,560	697	5,427	85%	-4,604	823
- over two years	6,302	98%	-6,164	138	5,438	99%	-5,368	70
- trade receivables in insolvency proceedings	3,386	100%	-3,386	0	3,771	100%	-3,771	0
Total trade receivables past due	32,138		-16,648	15,490	33,624		-16,141	17,483
Other trade receivables	5,874		0	5,874	8,264		-8	8,256
Total receivables	189,767		-17,326	172,441	191,396		-16,944	174,452

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

in EUR thousand	30 September 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	174,468		-13,238	161,230	172,901		-13,111	159,790
Trade receivables not past due	147,838	0%	-701	147,137	148,256	0.5%	-799	147,457
Past due								
- up to and including 30 days	8,745	4%	-350	8,395	6,995	5%	-338	6,657
- from and including 31 days up to and including 60 days	2,895	9%	-260	2,635	2,765	9%	-262	2,503
- from and including 61 days up to and including 90 days	754	9%	-68	686	988	10%	-94	894
- from and including 91 days up to and including 180 days	1,202	49%	-590	612	1,093	49%	-540	553
- from and including 181 days up to and including 365 days	1,685	44%	-738	947	1,686	49%	-834	852
- from and including 366 days up to two years	2,310	70%	-1,617	693	2,744	70%	-1,926	818
- over two years	6,279	98%	-6,154	125	5,242	99%	-5,184	58
- trade receivables in insolvency proceedings	2,760	100%	-2,760	0	3,132	100%	-3,134	-2
Total trade receivables past due	26,630		-12,537	14,093	24,645		-12,312	12,333
Other trade receivables	4,858		0	4,858	6,882		0	6,882
Total receivables	179,326		-13,238	166,088	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 September 2022	31 December 2021	30 September 2022	31 December 2021
Past due	0	0	0	0
Not past due:	31	82	55,941	66,171
- in less than 3 months	8	15	1,168	2,604
- between 3 and 12 months	12	23	9,262	9,573
- between 1 and 2 years	8	19	13,419	9,336
- between 2 and 5 years	3	23	27,177	39,366
- over 5 years	0	2	4,915	5,292
Total	31	82	55,941	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.

The majority of the financial liabilities of the Group and the Company as at 30 September 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 60 million from the European Investment Bank, and lease liabilities in the amount of EUR 65.8 million at the Group level and EUR 73.9 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 64 million at the end of September 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 71.4 million at the end of September. The Company intends to draw down the undrawn portion of a long-term loan from the European Investment Bank in the amount of EUR 40 million in December 2022.

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

in EUR thousand	Not past due						Book value of liabilities
	Up to 3 months	Between 3 and 12 months	Between n 1 and 2 years	Between n 2 and 5 years	Over 5 years	Total	
30 September 2022							
Loans and borrowings	24,023	28,044	131,498	172,188	19,336	375,089	356,191
Other financial liabilities	0	2	0	0	0	2	2
Anticipated interest on bonds	0	0	0	0	0	0	0
Trade and other payables	74,556	32,952	5,312	7,712	335	120,867	120,867
Financial liabilities from leases	4,702	7,522	10,559	20,461	36,346	79,590	65,757
Total	103,281	68,520	147,369	200,361	56,017	575,548	542,817
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 September 2022 and 31 December 2021 based on contractual non-discounted payments

in EUR thousand	Not past due						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	Total	
30 September 2022							
Loans and borrowings	25,424	28,044	131,498	172,188	19,336	376,490	357,592
Other financial liabilities	0	0	0	0	0	0	0
Anticipated interest on bonds	0	0	0	0	0	0	0
Trade and other payables	71,170	14,109	4,921	800	190	91,190	91,190
Financial liabilities from leases	5,382	9,008	10,358	26,208	36,794	87,750	73,857
Total	101,976	51,161	146,777	199,196	56,320	555,430	522,639

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 operations of the Group and Company. Exposure to interest rate risk derives from a potential change in the EURIBOR reference interest rate linked to interest-sensitive liabilities.

Liabilities from loans raised with variable interest rates tied to the 6-month EURIBOR accounted for 68.9% of the Group's financial liabilities and 67.4% of the Company's financial liabilities as at 30 September 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 the secured principal stood at EUR 7.7 million as at 30 September 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 32.9% of interest-bearing financial liabilities at the Group level and 34.4% at the Company level.

Exposure to interest rate risk

in EUR thousand	Telekom Slovenije Group		Telekom Slovenije	
	30 September 2022	31 December 2021	30 September 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	282,088	298,352	282,088	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 September 2022	Interest rate increase/decrease	Effect on profit before tax in EUR thousand	
		Telekom Slovenije Group	Telekom Slovenije
EURO	+100 bp	-2,626	-2,626
EURO	-100 bp	2,821	2,821

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 September 2022	Value as at 31 December 2021	Change in %
6-month	1.858	-0.544	441.5

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 September 2022	31 December 2021	30 September 2022	31 December 2021
Borrowings and other financial liabilities	421,243	415,684	430,741	424,223
Less current investments, cash and cash equivalents	-13,863	-16,675	-13,414	-15,931
Net financial liabilities	407,380	399,009	417,327	408,292
Equity	609,570	600,431	605,413	612,241
Total assets	1,251,123	1,250,339	1,208,110	1,237,941
Debt/equity ratio	66.8%	66.5%	68.9%	66.7%
Equity/total assets ratio	48.7%	48.0%	50.1%	49.5%