Intereuropa®
Globalni logistični servis

Annual Report

22

Annual Report 2022

Intereuropa Group
Intereuropa, d. d.

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Koper, April 2023

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Intereuropa®
Globalni logistični servis

Introduction

01

01 INTRODUCTION

1.1 KEY OPERATING INDICATORS OF THE INTEREUROPA GROUP AND THE PARENT COMPANY

It has been a successful year for the Intereuropa Group. Despite the impact of the COVID-19 epidemic, the adverse economic conditions brought on by the energy crisis, the war in Ukraine and the rising prices, the Intereuropa Group managed to exceed EUR 200 million in sales revenue in 2022. In the face of high inflation, the Intereuropa Group successfully managed operating costs in 2022 and generated the highest operating profit (EBIT) and the highest cash flow from operating activities (hereinafter: EBITDA) of the last 10 years. In circumstances characterised by significantly increased uncertainty in the international arena, the Group provided uninterrupted logistical support to customers throughout the supply chain, thus contributing to the strengthening of the trust of its existing and potential customers.

The Intereuropa Group generated sales revenue of EUR 200.4 million in 2022, which was up by 13%* on the sales revenue in 2021. EBIT amounted to EUR 8.2 million and was 12% higher compared to 2021. EBITDA was up by 9% on the previous year and stood at EUR 15.1 million. At the end of 2022, the net debt was EUR 42.5 million, resulting in an EBITDA ratio of 2.8.

In 2022, the parent company increased its sales revenue by 13%, to EUR 137.7 million. The operating profit amounted to EUR 4.7 million, which is up 8% on 2021. In 2022, EBITDA grew by 5% compared to the year before, amounting in absolute terms to EUR 8.5 million. At the end of the 2022 financial year, the net debt was down by EUR 4 million compared to 2021, standing at EUR 44.1 million.

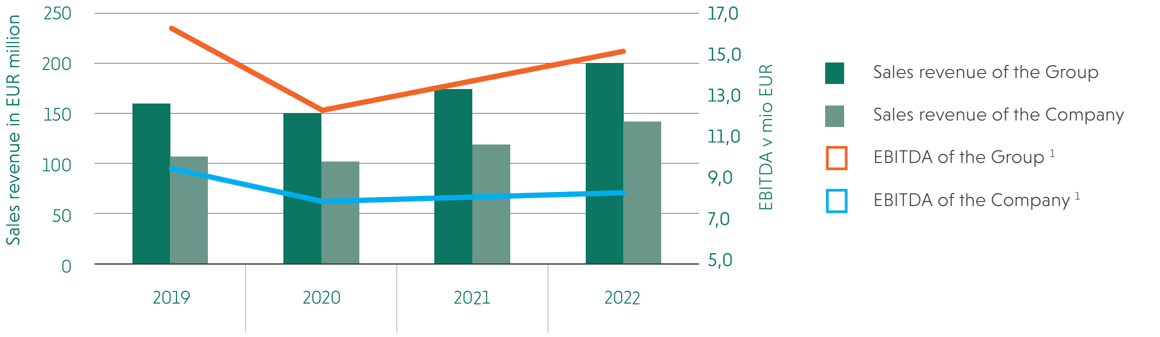
TABLE 1: KEY OPERATING INDICATORS OF THE INTEREUROPA GROUP AND THE PARENT COMPANY (IN EUR THOUSAND)

	Intereuropa Group				Parent company			
	2019	2020	2021	2022	2019	2020	2021	2022
Sales revenue	160,353	150,725	176,687	200,418	111,828	103,964	122,312	137,680
EBITDA[1]	13,971	12,298	13,862	15,110	9,269	8,125	8,097	8,540
Operating profit (EBIT)	7,524	5,764	7,309	8,199	5,041	4,340	4,332	4,686
Profit from ordinary operations	6,442	4,563	7,277	7,046	5,107	2,994	3,541	4,959
Net profit	4,197	3,568	6,664	5,129	3,388	2,315	3,602	4,032
Value added[1]	42,905	41,423	44,238	49,072	28,184	27,025	27,556	30,801
Net earnings per ordinary share (in EUR)[2]	0.12	0.08	0.13	0.14	0.12	0.08	0.13	0.14
Investments in property, plant and equipment, and intangible assets	2,889	2,105	4,451	10,840	1,603	1,279	1,060	3,243

[1] Alternative performance measure (APM), defined in the section 'Alternative performance measures' in Table 28 on page 79.
[2] Earnings (loss) per ordinary share = earnings (loss) of the parent company pertaining to ordinary shareholders / (number of ordinary shares – number of treasury shares).

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

FIGURE 1: CHANGES IN THE SALES REVENUE AND EBITDA[1] OF THE GROUP AND THE PARENT COMPANY IN THE PERIOD 2019 TO 2022



[1] Alternative performance measure (APM), defined in the section 'Alternative performance measures' in Table 28 on page 79.

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

	Intereuropa Group				**Parent company**			
	2019	**2020**	**2021**	**2022**	**2019**	**2020**	**2021**	**2022**
Total assets	223,351	220,444	229,970	240,045	176,748	172,272	174,464	177,803
Non-current assets	180,747	174,484	171,889	182,540	148,710	145,082	141,607	143,941
Current assets	42,604	45,960	58,081	57,505	28,038	27,190	32,857	33,862
Equity	122,358	124,850	131,382	136,303	87,228	89,225	92,807	97,379
Financial and operating liabilities[1]	98,195	92,724	95,451	101,085	87,472	81,055	79,452	78,604

[1] Alternative performance measure (APM), defined in the section 'Alternative performance measures' in Table 28 on page 79.

FIGURE 2: CHANGES IN THE ASSETS AND FINANCIAL LIABILITIES OF THE GROUP AND THE PARENT COMPANY IN THE PERIOD 2019 TO 2022

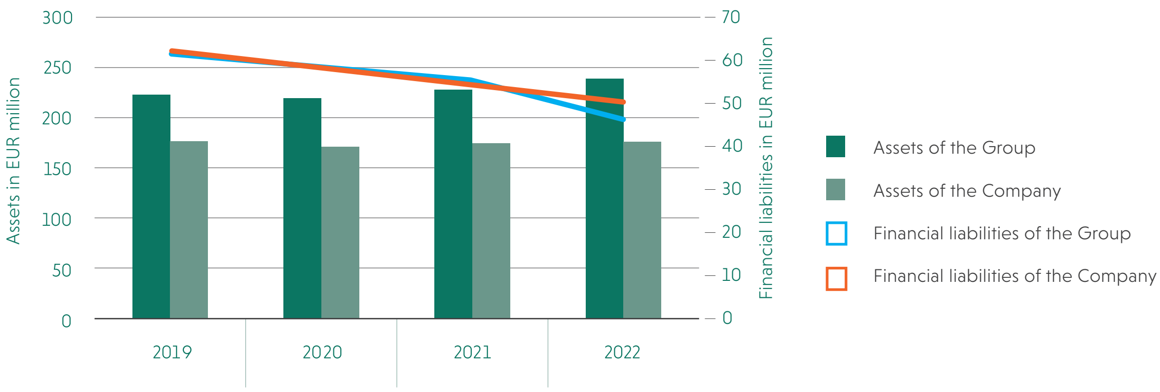


TABLE 3: PERFORMANCE INDICATORS OF THE GROUP AND THE PARENT COMPANY IN THE PERIOD 2019 TO 2022

	Intereuropa Group				Parent company			
	2019	2020	2021	2022	2019	2020	2021	2022
Net return on equity[1]	3.5%	2.9%	5.3%	3.9%	4.0%	2.7%	4.0%	4.3%
Net return on assets[1]	1.8%	1.6%	3.0%	2.2%	1.9%	1.3%	2.1%	2.3%
Productivity (in EUR thousand)[1]	124.06	116.21	139.53	152.92	192.16	181.66	229.22	241.52
Net return on revenue[1]	2.6%	2.3%	3.7%	2.5%	3.0%	2.2%	2.9%	2.9%

[1] Alternative performance measure (APM), defined in the section 'Alternative performance measures' in Table 28 on page 79.

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

	2019	2020	2021	2022	Indeks 2022/2021
No. of Group employees	1,293	1,297	1,266	1,311	103
No. of employees at the parent company	582	572	534	570	107
No. of employees at subsidiaries	711	725	733	741	101

1.2 PRESENTATION OF THE INTEREUROPA GROUP

1.2.1 PRESENTATION OF ACTIVITIES

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

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

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

1.2.2 BASIC DATA AS AT 31 DECEMBER 2022

TABLE 5: PARENT COMPANY

Abbreviated name	Intereuropa, d. d.
Country of the parent company	Slovenia
Registered office of the parent company	Vojkovo nabrežje 32, 6000 Koper
Contact information	Tel: +386 5664 1000 email: info@intereuropa.si web: http://www.intereuropa.si
Registration No.	5001684
Tax No.	SI56405006
Entry in companies register	Registered with the Koper District Court, entry no. 1/00212/00
Share capital of the Company	EUR 27,488,803
No. of issued shares	27,488,803 no-par-value shares, of which 16,830,838 ordinary shares (IEKG) and 10,657,965 preference shares (IEKN)
Share listing	IEKG shares are listed on the prime market of the Ljubljana Stock Exchange.
Management Board	Damijan Vajs, President of the Management Board Marko Rems, Vice-President of the Management Board Blanka Česnik Wolf, member of the Management Board – Workers' Director
Supervisory Board*	Karmen Lebe Grajf, MSc, Deputy-Chairwoman of the Supervisory Board Sebastijan Gostenčnik, member of the Supervisory Board Gregor Korene, member of the Supervisory Board Tjaša Benčina, member of the Supervisory Board Zlatka Čretnik, member of the Supervisory Board

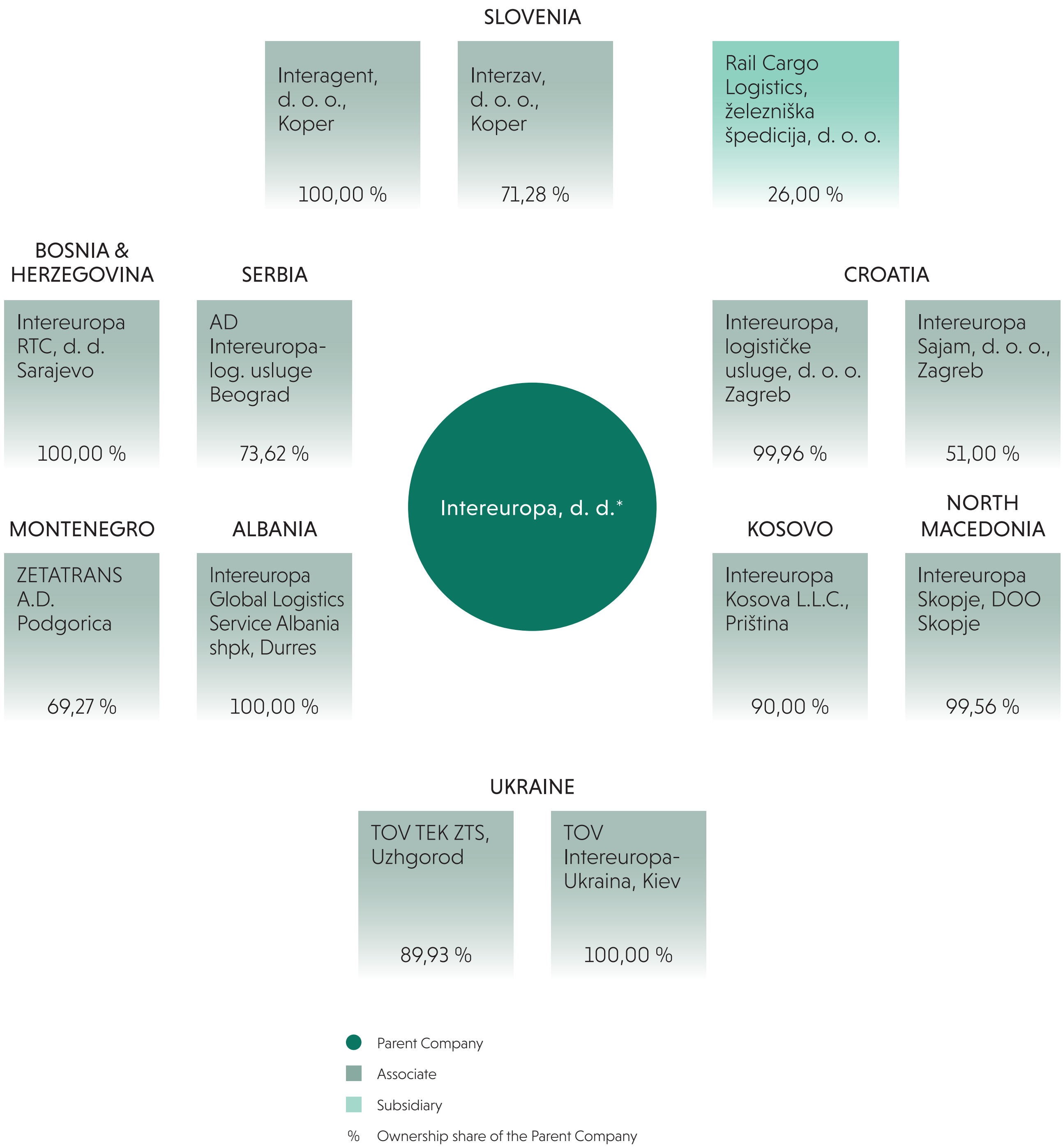
* Tomaž Kokot's term of office as Chairman of the Supervisory Board ended on 7 November 2022, when he was recalled from the position by the General Meeting of Shareholders.

TABLE 6: INTEREUROPA GROUP

Number of employees	1,409
Total closed warehousing area*	213,013 m^2
Total land area	1,579,614 m^2
Membership in international organisations	IATA, FONASBA, BIMCO, GS1 and FIATA
Membership in international logistics networks	WCA, FFSI, HCL, ALN, MiPharma, WCA Projects, PCN
Quality certificates	The ISO 9001:2015 certificate is held by the following com-panies: Intereuropa, d. d., Koper; Intereuropa, logističke usluge, d. o. o., Zagreb; and Intereuropa RTC, d. d., Sarajevo.
Important certificates	The AEO (Authorised Economic Operator) certificate is held by the following companies: Intereuropa, d. d., Koper; Intereuropa, logističke usluge, d. o. o., Zagreb; and AD Intereuropa, logističke usluge, Belgrade (OPS).
Own branch network	Slovenia, Croatia, Montenegro, Bosnia and Herzegovina, Serbia, Kosovo, North Macedonia, Albania and Ukraine

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

1.2.3 ORGANISATIONAL CHART OF THE INTEREUROPA GROUP AS AT 31 DECEMBER 2022



* The majority owner of Intereuropa, d. d. as at 31 December 2022 was Pošta Slovenije, d. o. o., which was the holder of 79.06% of ordinary shares and 100.00% of preference shares.

1.2.4 PRESENTATION OF INTEREUROPA GROUP COMPANIES

Companies as at 31 December 2022	Management Board/Director as at 31 December 2022	Supervisory body	Chairman of the supervisory body/ representative of Intereuropa, d. d. on the supervisory body as at 31 December 2022	Land transport	Logistics solutions	Intercontinental transport	Other services	Distinctions
Intereuropa, d. d., Koper	**Damijan Vajs,** President of the Management Board **Marko Rems,** Vice-President of the Management Board **Blanka Česnik Wolf,** member of the Management Board – Workers' Director	Supervisory board	**Karmen Lebe Grajf,** MSc, Deputy-Chairwoman of the Supervisory Board, **Sebastijan Gostenčnik,** member of the Supervisory Board, **Gregor Korene,** member of the Supervisory Board, **Tjaša Benčina,** member of the Supervisory Board, **Zlatka Čretnik,** member of the Supervisory Board	•	•	•	•	• Leading provider of comprehensive logistics services in Slovenia; • 119,600 m^2 of companyowned and 5,300 m^2 of leased warehousing area.*
Interagent d.o.o., Koper	**Blaž Petrović,** Director	Sole partner	Intereuropa, d. d. as the sole partner			•		• Company specialising in shipping agency services.
Interzav, d.o.o., Koper	**Mojca Žbontar,** Director	General Meeting of Shareholers	Representative of Intereuropa, d. d. by authorisation of the Management Board				•	• Insurance transaction broker.
Intereuropa, logističke usluge, d. o. o., Zagreb	**Aljaž Kovač,** President of the Management Board **Marija Štajduhar,** member of the Management Board	Supervisory board	**Marko Rems,** Chairman of the Supervisory Board, **Matjaž Ujčič, MSc,** member, **Dalibor Brusać,** member	•	•	•	•	• Leading provider of comprehensive logistics services in Croatia; • 46,500 m^2 of companyowned and 2,850 m^2 of leased warehousing area.
Intereuropa Sajam, d. o. o., Zagreb	**Krešimir Lipovčić,** Director	Supervisory board	**Marko Rems,** Chairman of the Supervisory Board, **Vjekoslav Granić,** member, **Matjaž Ujčič, MSc,** member.	•	•		•	• Company specialising in trade fair logistics services. • 100 m^2 of companyowned warehousing area.
Intereuropa RTC d.d. Sarajevo	**Andrej Cergolj,** Director **Brankica Manojlović Vračar,** Executive Director	Supervisory board	**Damijan Vajs,** Chairman of the Supervisory Board, **Miha Romih, MSc,** member, **Matjaž Ujčič, MSc,** member.	•	•	•	•	• Leading provider of comprehensive logistics services in Bosnia and Herzegovina; • 6.700 m^2 of companyowned and 3,500 m^2 of leased warehousing area.
AD Intereuropa, logističke usluge Belgrade	**Nebojša Mandić,** General Manager **Mojca Mia Berger,** Executive Directo	Board of Directors	**Marko Rems,** Chairman of the Board of Directors, **Vesna Kos Tomažič, MSc,** nonexecutive member, **Damijan Vajs,** nonexecutive member.	•	•	•		• One of the leading providers of comprehensive logistics services in Serbia; • 21.200 m^2 of companyowned and • 14.600 m^2 of leased warehousing area
Intereuropa Kosova L.L.C, Prishtina	**Arben Mustafa,** Director **Andrej Kariš,** Director	Board of Directors	**Damijan Vajs,** Chairman of the Board of Directors, **Blanka Česnik Wolf,** member, **Mojca Stopar Simoneta,** member, **Hasbi Hasani,** member.	•	•	•	•	• Leading provider of comprehensive logistics services in Kosovo; • 2.800 m^2 of leased warehousing area.
Zetatrans A.D. Podgorica	**Andrej Cergolj,** Executive Director	Board of Directors	**Damijan Vajs,** Chairman of the Board of Directors, **Jože Kreševič,** member, **Matjaž Ujčič, MSc,** member, **Iva Asanović,** member, **Mitar Bajčeta,** member.	•	•	•	•	• Leading provider of comprehensive logistics services in Montenegro; • 16.700 m^2 of companyowned and 2,000 m^2 of leased warehousing area.
Intereuropa Skopje d.o.o., Skopje	**Manuela Mišev Spasov,** Director **Andrej Kariš,** Director	Supervisory board	**Marko Rems,** Chairman of the Board of Directors, **Blanka Česnik Wolf,** member, **Matjaž Ujčič, MSc,** member.	•	•	•	•	• Leading provider of groupage services in North Macedonia; • 2,100 m^2 of companyowned warehousing area.
Intereuropa Global Logistics Service Albania, Durrës	**Dashamir Mandija,** Director	Sole partner	Intereuropa, d. d., as the sole partner	•		•		• Company specialising in land and sea freight services.
TOV TEK ZTS, Uzhhorod	**Anatolly Nikolajević Parfenyuk,** Director	General Meeting of Shareholers	**Miha Romih, MSc,** Chairman of the General Meeting of Shareholders	•				• Company specialising in railway freight and international road transport services.
TOV Intereuropa-Kyiv, Ukraine	**Igor Bibikov,** Director	Sole partner	Intereuropa, d. d., as the sole partner					• The Company did not operate in 2022.

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

1.3 LETTER FROM THE PRESIDENT OF THE MANAGEMENT BOARD

Dear Shareholders and Business Partners,

In 2022, the business environment was subjected to many changes, as we were facing price increases, inflation, staff shortage on the labour market, pessimistic economic forecasts, and the impact of war in Ukraine. The needs on the logistics services market were changing in line with these external factors. We continuously adapted our processes and services to the current needs on the market in order to meet the needs of our customers. Despite the highly dynamic and competitive logistics activities, we managed to maintain our competitive edge, successfully adapt to all external factors and ensure both the growth of the Intereuropa Group and the profitability, which is comparable to other companies in the industry.

In 2022, the Intereuropa Group recorded record sales revenue. Despite an unfavourable market situation, the key performance indicators were exceeded. Through intensive market activities, the Intereuropa Group generated EUR 200.4 million in sales revenue, which represents 13% growth compared to 2021. We achieved growth in all three business lines. In particular, I would like to highlight the 12% growth in the intercontinental transport segment, 16% growth in logistics solutions, and 17% growth in the groupage segment, as these are the more complex products with higher value added. The Group generated EUR 15.1 million in EBITDA and EUR 8.2 million in operating profit (EBIT), which is the highest operating profit of the last 10 years. As for the sales results on markets where Intereuropa is present with its subsidiaries, it could be said that Southeast Europe remains a priority, as this is where we would like to consolidate our position as a leading logistics provider. The most significant rise in sales revenue in 2022 relative to 2021 was recorded by the subsidiary Intereuropa, logističke usluge, d. o. o., Zagreb in Croatia. Sales revenue was also increased by our subsidiaries in Serbia, North Macedonia, Montenegro, Kosovo and Bosnia and Herzegovina, while a decline was recorded by the subsidiary in Ukraine and a smaller subsidiary in Slovenia.

Despite the challenges present in 2022, we continued realising our strategic objectives defined in the Intereuropa Group's Development Strategy for the period 2021–2025. In the scope of the land transport, intercontinental transport and logistics solutions business lines, we focused on products with higher value added and those with high growth potential. In accordance with our customer segmentation, we are developing the appropriate approach to various groups of customers with the aim of satisfying their needs and establishing long-term relationships. We put greater emphasis on obtaining new key and strategic customers. In terms of Group management, we focused even more on developing centralised information support for our operations, an effective subsidiary management system, and on ensuring our employees are motivated and qualified. The Group continued pursuing an active risk and opportunity management policy. In 2022, we continued ensuring the Company's financial stability.

In order to achieve the objectives we have outlined, the Intereuropa Group continuously makes investments that are required to support operations and the development of our key customers. To this end, 2022 saw us invest in the maintenance and modernisation of the existing warehouse and logistics infrastructure, and in new capacities in accordance with the needs of customers and business opportunities. In October 2021, the subsidiary AD Intereuropa, Belgrade secured additional warehouse capacities through the long-term lease of a warehouse in Novi Banovci near Belgrade. In addition, the subsidiary Intereuropa d. o. o. Zagreb completed the construction of a new logistics centre in the Kukuljanovo industrial zone in Rijeka, Croatia, where operations commenced in January of this year. The Intereuropa Group subsidiaries continuously enable their customers operating in a variety of fields to lease additional warehouse space. Last year, investments were also made in warehouse equipment, IT equipment and IT systems to support business processes.

We are aware of the importance of our employees for further development of the Company, and are therefore implementing measures to train, motivate and appropriately remunerate them. We want our employees to know that they are essential for the development and growth of the Intereuropa Group. Together with our social partners, we continuously cultivate partner cooperation and constructive dialogue. Last year, we reached an agreement with representatives of the representative trade union (ŠAK-KS 90) and agreed for the basic wages, determined in the Collective Agreement of Intereuropa, d. d., to be increased more often. In addition, we paid out the highest annual leave allowance and year-end employee bonuses to date.

At the end of 2022 the business and financial plan for 2023 was adopted. Given the results achieved thus far and, above all, ambitious plans, we are certain that the Intereuropa Group has development possibilities and opportunities. The Group's competitiveness relies on its geographical position, the quality of its logistics services and the experience of its employees. In 2023, the Group will continue to achieve the objectives set out in the Strategic Development Programme of the Intereuropa Group until 2025. The Intereuropa Group will continue to provide comprehensive logistics services to numerous customers from various economic and other sectors through its network of twelve subsidiaries in nine countries, and thus facilitate the smooth functioning of supply chains.

I would like to thank our esteemed shareholders, employees and business partners for the trust they placed in us in the past. Before us are numerous challenges presented by a demanding and changing business environment. However, the Intereuropa Group is capable of tackling them and ensuring its long-term development.

Damijan Vajs
President of the Management Board

1.4 STATEMENT OF RESPONSIBILITY OF THE MANAGEMENT BOARD

The Management Board is responsible for compiling the annual report of Intereuropa, d. d. and the Intereuropa Group and the accompanying financial statements in such a way that it presents a true and fair picture of the financial position and the results of the operations of the Company and its subsidiaries in 2022.

The Management Board also confirms that the appropriate accounting policies were applied in the compilation of the financial statements of Intereuropa, d. d. and the Intereuropa Group, that accounting estimates were made according to the principle of prudence and the diligence of a good manager, and that the financial statements of Intereuropa, d. d. and the Intereuropa Group present a true and fair picture of their financial position and the results of their operations in 2022.

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

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

The President and member of Intereuropa, d. d.'s Management Board have been briefed on the constituent parts of the annual report of Intereuropa, d. d. and the Intereuropa Group for 2022. By signing below, they hereby confirm that they agree with the aforementioned report in full.

Management Board of Intereuropa, d. d.

Koper, 11 April 2023

Damijan Vajs,
President of the
Management Board

Blanka Česnik Wolf,
member of the Management Board –
Workers' Director

1.5 SIGNIFICANT EVENTS OF 2022

- Damijan Vajs began to serve as President of the Intereuropa Group's Management Board on 1 January 2022.
- Intereuropa, d. d.'s Management Board reached an agreement with representatives of the representative trade union (ŠAK-KS 90) and agreed for the basic wages, determined in the Collective Agreement of Intereuropa, d. d., to be increased more often.
- In February, the Intereuropa Group became a member of the prestigious WCA Projects business network. By becoming part of the global WCA Projects network, Intereuropa opened new opportunities for growth and networking with new partners across the world.
- At its session held on 9 March, Intereuropa, d. d.'s Supervisory Board was briefed on unaudited information regarding the business results of the Intereuropa Group in 2021. The Intereuropa Group exceeded both planned and comparable performance indicators in 2021.
- Intereuropa, d. d. published a mandatory takeover bid on 9 March for the purchase of all shares of the minority owners of the subsidiary Intereuropa RTC, d. d. Sarajevo.
- Following the completion of the mandatory takeover bid, the parent company in Slovenia became the holder of 99.47% of the shares of the subsidiary Intereuropa RTC d. d. in Sarajevo on 11 April.
- At its session held on 21 April, the Supervisory Board appointed Blanka Česnik Wolf to serve as member of the Management Board and Workers' Director based on the proposal of Intereuropa, d. d.'s Works Council. The five-year term of office of the new member of the Management Board began on 1 May 2022.
- At its session held on 26 April, Intereuropa, d. d.'s Supervisory Board adopted the audited annual report of the Intereuropa Group for the 2021 financial year, together with the independent auditor's report.
- At the 38th General Meeting of Shareholders of Intereuropa, d. d. held on 28 June, shareholders were briefed on the annual report of the Intereuropa Group and Intereuropa, d. d. for 2021, together with the auditor's opinion. The General Meeting of Shareholders adopted a decision leaving the full amount of distributable profit of EUR 13,606,814.64 undistributed, and conferred official approval on the Management Board and Supervisory Board for their work during the 2021 financial year. Shareholders appointed the audit firm Mazars d. o. o. to audit the financial statements of Intereuropa, d. d. for the 2022, 2023 and 2024 financial years. They also adopted the remuneration policy for members of supervisory and management bodies.
- On 5 July 2022, Intereuropa, d. d. completed the purchase of shares in Intereuropa RTC d. d. Sarajevo from minority shareholders, and thus acquired a 100% participating interest in the aforementioned company.
- In September, Intereuropa's subsidiary Interagent d. o. o. became a nominated agent for the new container line of Tailwind Shipping Lines, whose four ships will establish a regular link between the Port of Koper and three Chinese ports (Taicang/Shanghai, Ningbo and Da Chang/Shenzhen). Interagent d. o. o. will be an active player in the sea freight container segment in Koper.
- Between 14 and 19 September 2022, the Intereuropa Group took part at the MOS international fair. Intereuropa, d. d. has been a partner of Celjski sejem d. d. for several years now, cooperating with the latter as the official logistics provider for the fair.
- In September, the Intereuropa Group became a member of the Project Cargo Network (PCN). The aim of the Project Cargo Network is to build business partnerships on the project logistics market worldwide.
- On 5 October, Intereuropa, d. d. convened the Company's 39th General Meeting of Shareholders, which was held on 7 November 2022 when shareholders made a decision regarding amendments to the Company's Articles of Association.
- On 13 October, at the request of the shareholder Pošta Slovenije, d. o. o., Intereuropa, d. d. published a change to the agenda with an additional item, 'Recall of a member of the Supervisory Board'.
- At the 39th General Meeting of Shareholders of Intereuropa, d. d., held on 7 November, shareholders approved amendments to the Company's Articles of Association for the purpose of harmonisation with the classification of economic activities, and harmonisation with business needs and future business opportunities. Shareholders also adopted a decision regarding the item that was requested by the shareholder Pošta Slovenije. Shareholders recalled Tomaž Kokot from his position as member and Chairman of the Supervisory Board, and shareholder representative.
- On 23 and 24 November, Intereuropa attended the international logistics event TRANSLOG Connect Congress, which is known as the largest and most important meeting of experts in transport, logistics and supply chain management in Central and Eastern Europe.
- In November, the subsidiary AD Intereuropa Belgrade took out a long-term lease for, opened and made available new warehouse capacities in Novi Banovci near Belgrade. The aforementioned logistics capacities comprise 14,600 m^2 of warehouse space, including 17,000 pallet spaces in a high-bay warehouse, and more than 1,900 m^2 of floor space and a receipt/dispatch area measuring 3,600 m^2.

Significant events after the end of the 2022 financial year

- On 1 January 2023, Andrej Pivk assumed the position of Director of Intereuropa RTC d. d., Sarajevo.
- On 3 January 2023, Intereuropa, d. d.'s Supervisory Board was briefed on and accepted a statement of resignation submitted by the Vice-President of the Management Board, Marko Rems. Based on his resignation, the term of office of the Vice-President of the Management Board ended on 8 January 2023. The Company's Supervisory Board has agreed with the shortened notice period. Mr Rems' areas of responsibility are covered temporarily by the President of the Management Board, Damijan Vajs, and member of the Management Board and Workers' Director, Blanka Česnik Wolf, until the appointment of a new member to the Management Board.
- On 8 January 2023, Marko Rems resigned from the position of Vice-President of the Management Board of Intereuropa, d. d., and on 9 January he resigned as member of supervisory bodies of the subsidiaries Intereuropa logističke usluge d. o. o. Zagreb, Intereuropa Sajam d. o. o. Zagreb, and Intereuropa d. o. o. Skopje. On 13 January, he also resigned as member of the Board of Directors at AD Intereuropa Belgrade.
- On 11 January 2023, Intereuropa, d. d., at the request of shareholder Pošta Slovenije, d. o. o. convened the 40th General Meeting of Shareholders of Intereuropa, d. d. to be held on 14 February 2023. At the General Meeting, the shareholders decided on the recalling and appointing of members of the Supervisory Board.
- On 16 January, Intereuropa's logistics centre at the Kukuljanovo location in Rijeka began operating. The facility comprises a total of 7,100 m² of warehouse space, including 3,500 m² of floor and free-flow storage space, and 6,450 pallet spaces in a high-bay warehouse.
- On 19 January, at the request of the shareholder Pošta Slovenije, d. o. o., Intereuropa, d. d. published a change to the agenda with an additional item, 'Recall of a member of the Supervisory Board – shareholder representative'.
- On 19 January 2023, Andrej Cergolj was appointed to the position of Executive Director of the subsidiary AD Intereuropa – Logističke usluge, Belgrade.
- On 9 February 2023, the Supervisory Board of Intereuropa, d. d. was briefed on and accepted the resignation of the President of Intereuropa, d. d.'s Management Board, Damijan Vajs, who will continue to manage the Company until the appointment of new Management Board members or until the end of the notice period at the latest, i.e. until 3 June 2023.
- At the 40th General Meeting of Shareholders held on 14 February 2023, shareholders made decisions regarding the resolutions proposed by the shareholder Pošta Slovenije, d. o. o. in connection with members of the Supervisory Board. The shareholders recalled members of the Supervisory Board and shareholder representatives Karmen Lebe Grajf, Gregor Korene and Sebastijan Gostenčnik. Marko Cegnar, Ivana Vrviščar, Slavko Ovčina and Borut Vujčič were elected as new members of the Supervisory Board and shareholder representatives, and their term of office began on 14 February 2023.

Information regarding significant events is continuously published on the Company's website at www.intereuropa.si.

1.6 IMPACT OF COVID-19 ON OPERATIONS

In 2022, the Intereuropa Group successfully faced the challenges brought to the business environment by the COVID-19 pandemic. The quality and level of services provided by the Intereuropa Group via its twelve companies in nine countries in Southeast Europe and Ukraine remained high. The Group successfully implemented all the measures required to preserve the health of employees and business partners throughout the year, and ensured business continuity and the continuous flow of goods and logistical support to customers throughout the supply chain and on all Group markets.

The Group's concern for the health and safety of employees in the workplace has always been paramount. Despite the general gradual relaxation of measures aiming to prevent infections with the COVID-19 virus, Intereuropa Group companies continued to respond to occurrences of infections in 2022. Through publications on the internal website and circulars, they informed employees about the need to comply with measures to prevent the introduction and spread of infection and urged responsible behaviour.

The Group thus managed to maintain a relatively low share of infected employees, including hired workers, i.e. 29%.

The COVID-19 epidemic did not have a significant impact on the achievement of annual business plans in 2022.

1.7 IMPACT OF THE WAR IN UKRAINE ON OPERATIONS

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

The proportion of the sales revenue that the Group generated on the markets of Russia and Ukraine was 0.5% in 2022, which is 0.1 percentage point higher than in the previous financial year.

The Group is exposed in Ukraine also via the assets owned by two subsidiaries in Ukraine. In terms of carrying amount as at 31 December 2022, the value of all the assets of both companies amounted to less than 1% of the Group's total assets. Vacant building land accounts for the largest proportion of assets.

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

1.8 CORPORATE GOVERNANCE STATEMENT

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

In 2022, the Company applied the Slovenian Corporate Governance Code, which was adopted in a revised form in December 2021 by the Ljubljana Stock Exchange and the Slovenian Directors' Association.

1.8.1 GENERAL MEETING OF SHAREHOLDERS

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

Ordinary no-par-value shares provide their holders the following rights:
- the right to participate in the management of the Company (voting right);
- the right to a share in profits; and
- the right to a proportional share of the assets remaining after the Company's liquidation or bankruptcy.

No-par-value preference shares provide their holders the following rights:
- the right to a share in profits; and
- the right to a corresponding portion of residual assets after the liquidation or bankruptcy of the Company.

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

1.8.1.1 Functional bases and method of convocation

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

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

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

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

The main competences of the General Meeting of Shareholders are as follows:
- the adoption of the annual report;
- decisions regarding the use of distributable profit;
- the appointment and recall of members of the Supervisory Board;
- the approval of the remuneration policy for management and supervisory bodies;
- the conferral of official approval on the members of management or supervisory bodies;
- decisions regarding amendments to the Articles of Association;
- decisions regarding measures to increase and decrease capital;
- decisions regarding the winding-up of the Company, and corporate status transfor-mations; and
- appointment of a legally certified auditor.

In most cases, the General Meeting of Shareholders makes decisions by a majority of votes cast. The General Meeting of Shareholders makes decisions regarding certain important matters with a three quarters majority of represented share capital. Those matters include:
- changes and amendments to the Articles of Association;
- decreases or increases in share capital;
- changes to the Company's status;
- the early recall of members of the Supervisory Board; and
- other cases, if so provided for by law or the Company's Articles of Association.

1.8.1.2 Conditions for attendance and communication with shareholders

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

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

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

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

1.8.1.3 General Meeting of Shareholders in 2022

Two General Meetings were convened in 2022. At both, the holders of preference shares held voting rights in accordance with paragraph 2 of Article 315 of the ZGD-1.

The 38th General Meeting of Shareholders of Intereuropa, d. d. was convened on 28 June 2022. This was a regular annual General Meeting. A total of 94.70% of shareholders with voting rights were present. Shareholders at the General Meeting of Shareholders discussed the following points and adopted the following significant resolutions:
- They were briefed on the annual report of the Intereuropa Group for 2021, together with the auditor's opinion, and on the Supervisory Board's written report on the verification of the annual report compiled for 2021 and the Supervisory Board's position regarding the report on relations with affiliated companies for 2021.
- The shareholders adopted a resolution, whereby the entire distributable profit in the amount of EUR 13,606,814.64 was to remain undistributed.
- They approved the work of the Company's Supervisory Board and Management Board during the 2021 financial year, and conferred official approval on both bodies for their work in 2021.

- The audit firm Mazars d. o. o. was appointed to audit the financial statements of Intereuropa, d. d. and the Intereuropa Group for the 2022, 2023 and 2024 financial years.
- They were briefed on and adopted the Remuneration Policy for Intereuropa, d. d.'s Management and Supervisory Bodies.

The 39th General Meeting was convened on 7 November 2022. A total of 94.61% of shareholders with voting rights were present. Shareholders at the General Meeting of Shareholders discussed the following points and adopted the following significant resolutions:
- They amended the Company's activities entered in its Articles of Association.
- They also recalled the Chairman of the Supervisory Board, Tomaž Kokot.

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

1.8.2 SUPERVISORY BOARD

1.8.2.1 Composition of the Supervisory Board and its committees

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

TABLE 7: COMPOSITION OF INTEREUROPA, D. D.'S SUPERVISORY BOARD AND ITS COM-MITTEES DURING THE 2022 FINANCIAL YEAR

First name and surname	Function	Initial appointment to function	End of function/ term of office	Shareholder/ employee representative	Attendance at sessions with respect to total no. of SB* ses-sions	Gender	Nationality	Year of birth	Education
Tomaž Kokot	Chairman of the Supervisory Board since 18 June 2021	31 May 2021	7 November 2022	Shareholder representative	15/17	M	Slovene	1988	Master's degree in economics and business
Karmen Lebe Grajf, MSc	Deputy Chair of the Supervisory Board since 19 November 2021	18 November 2021	17. november 2025	Shareholder representative	19/19****	F	Slovene	1966	MSc
Sebastijan Gostenčnik	Member of Supervisory Board	18 November 2021	17. november 2025	Shareholder representative	18/19	M	Slovene	1974	Bachelor's degree in economics
Gregor Korene	Member of Supervisory Board	18 November 2021	17. november 2025	Shareholder representative	19/19****	M	Slovene	1982	Bachelor's degree in transport technology, MSc
Tjaša Benčina	Member of Supervisory Board	20 November 2021	19 November 2025	Employee representative	18/19	F	Slovene	1968	Economist
Zlatka Čretnik	Member of Supervisory Board	20 November 2021	19 November 2025	Employee representative	19/19****	F	Slovene	1968	Bachelor's degree in economics (higher education)

First name and surname	Professional profile	Independence according to Article 23 of the Code (YES/NO)	Existence of conflicts of interest during financial year (YES/NO)	Membership in supervisory bodies of other companies	Membership in committees (e.g. audit, human resource, or remuneration)	Chairman/member	Attendance at sessions of Audit Committee with respect to total no. of sessions**	Attendance at sessions of the Nomination and Remuneration Committee with respect to total no. of sessions***
Tomaž Kokot	Corporate governance	No	No	Member of the Borzen d. o. o. Supervisory Board until 3 June 2022; member of the Športna Loterija d. d. Supervisory Board	/	/	/	/
Karmen Lebe Grajf, MSc	Logistics, procurement and real estate	No	No	/	Member of the Audit Committee since 19 November 2021	Member	10/10****	/
Sebastijan Gostenčnik	Finance and accounting	No	No	/	Chairman of the Audit Committee, member of the Nomination and Remuneration Committee (NRC) since 19 November 2021	Chairman of the Audit Committee and member of the NRC	10/10****	1/1****
Gregor Korene	Logistics, technology, transport	No	No		Chairman of the Nomination and Remuneration Committee since 19 November 2021	Chairman of the NRC	/	1/1****
Tjaša Benčina	Finance and logistics	Yes	No	Member of the Supervisory Board of the Municipality of Koper	Member of the Nomination and Remuneration Committee	Member	/	1/1****
Zlatka Čretnik	Finance and logistics	Yes	No	/	Member of Audit Committee	Member	9/10	/

* The Supervisory Board met at a total of 19 sessions in 2022.
** The Supervisory Board's Audit Committee met at a total of 10 sessions.
*** The Supervisory Board's Nomination and Remuneration Committee met at a total of one session.
**** Attended all sessions during their term of office.

TABLE 8: EXTERNAL MEMBER OF THE SUPERVISORY BOARD'S AUDIT COMMITTEE OF INTEREUROPA, D. D., IN THE 2022 FINANCIAL YEAR

First name and surnam	Participation in committee sessions with respect to total number of ses-sions	Gender	Nationality	Education	Year of birth	Professional profile	Membership in supervisory bodies of unaffiliated companies
Barbara Gorjup, MSc	10/10****	F	Slovene	MSc in international economics	1973	Business finance, economic viability of investments, controlling, risk management, accounting, auditing, corporate governance	member of the Triglav Skladi d. o. o. Supervisory Board since 22 June 2022, member of the Holding slovenske elektrarne d. o. o. Supervisory Board since 22 September 2022

The Supervisory Board had two functioning committees in 2022: the Audit Committee and the Nomination and Remuneration Committee.

1.8.2.2 Work of the Supervisory Board in the 2022 financial year

The work of the members of the Supervisory Board and the work of committee members was professional and focused on the effective performance of their function. In adopting the appropriate resolutions, the Supervisory Board was supported in terms of high-quality content by the recommendations of its committees. The Supervisory Board continuously informed interested parties about its most important decisions.

The materials that served as the basis for conducting sessions and adopting the relevant decisions were made available in a timely manner and in accordance with the Rules of Procedure of the Supervisory Board and the Rules of Procedure of the Audit Committee. Reports drafted by the Management Board for the purpose of the work of the Supervisory Board and the Supervisory Board's committees were suitable for the quality assessment of information and the fulfilment of the obligations of Supervisory Board members that are prescribed by the law and the Articles of Association.

Cooperation with the Management Board was appropriate, and complied with legislation and best practices. To the best of its knowledge and with due diligence, the Supervisory Board requested the necessary clarifications from the Management Board to assess the position of the Company and the Intereuropa Group.

The Supervisory Board met at 19 sessions, eight of which were correspondence sessions. All members of the Supervisory Board attended the sessions regularly. Members were appropriately prepared for topics of discussion and made constructive proposals and comments. They adopted responsible decisions in accordance with the Supervisory Board's Rules of Procedure, the Company's internal acts and legally prescribed competences, and on the basis of professionally prepared written and oral information provided by the Management Board. The Supervisory Board and Management Board focused their efforts on defining and monitoring the development strategy, the annual plan of operations and risk management, which is important for the successful future operations of the Company and the Intereuropa Group.

The important matters that the Supervisory Board discussed in 2022 are presented below:
- It discussed and approved interim reports regarding the current operations of the Intereuropa Group and of individual subsidiaries on a quarterly basis. It also monitored the compliance of reports with adopted business and strategic plans.
- It was briefed quarterly on the report on the operations of the Company and the Intereuropa Group, along with the sales report, operating receivables report, risk management report, report on the sale of real estate, and the overview of intellectual service suppliers/providers in the Intereuropa Group companies.
- It monitored, on a quarterly basis, the implementation of the Intereuropa Group's strategic projects.
- It was regularly briefed on the reports on the implementation of internal auditing services and provided its consent to the plan of implementing internal auditing services for 2022 and 2023.
- It adopted the audited annual report of the Intereuropa Group and Intereuropa d.d. for 2021, together with the report of the audit firm Ernst & Young d.o.o., and was briefed in advance on the findings of the audit.
- It took a position regarding the corporate governance statement and statement on non-financial operations in accordance with the Companies Act (ZGD-1).
- Together with the Management Board, the Supervisory Board drafted the agenda and proposed resolutions with justifications for the 38th General Meeting of Shareholders of Intereuropa d.d., which was held on 28 June 2022.
- It was briefed on and agreed with the proposal to convene the 39th General Meeting of Shareholders of Intereuropa d.d., which was held on 7 November 2022.
- The Supervisory Board adopted the business and financial plan of the Intereuropa Group for 2023, with projections for 2024 and 2025.
- It approved the signing of the Agreement on auditing annual financial statements of the Intereuropa Group and Company for the financial years 2022, 2023 and 2024 with the audit firm Mazars d.o.o.
- It was briefed on the report of the Works Council of Intereuropa d.d. as it relates to employee participation in management.
- It was briefed annually and semi-annually on the report on corporate integrity.
- It regularly discussed the reports of the Audit Committee and the Nomination and Remuneration Committee.
- It was briefed on the amended Rules of Procedure of the Management Board.
- It discussed and gave consent for the implementation of individual legal transactions of larger value.
- It approved the employment contract with the Management Board member – Workers' Director Ms Blanka Česnik Wolf.
- It monitored and was actively involved in the integration processes of Intereuropa d.d. and Pošta Slovenije d.o.o., which require a great deal of engagement by both the Management Board and Supervisory Board.
- It was briefed on other information relating to the Intereuropa Group and Company.
- It approved the financial calendar of announcements for 2023, in which the Company's major public announcements are planned, and adopted its work plan with the envisaged content of sessions for 2023.

The work of the Supervisory Board was in line with the provisions of the relevant legislation, the Articles of Association, the Rules of Procedure of the Supervisory Board, the Corporate Governance Policy of Intereuropa d.d. and other internal acts of the Company, as well as the Slovenian Corporate Governance Code for Listed Companies (hereinafter: the Code). In accordance with the provisions of the Code, all members of the Supervisory Board issued statements of dependence or independence. The Company publishes the statements of Supervisory Board members on its website. In their work and decision-making, Supervisory Board members, even those that disclosed their dependence on a major shareholder, solely took into account the interests and objectives of the Company, and subordinated any other personal interests or the individual interests of third parties, the Management Board, shareholders and the public to those interests and objectives. The members of the Supervisory Board are qualified, and possess the appropriate competences, diverse knowledge and experience with respect to the frameworks and requirements in which the Company operates. The Supervisory Board believes that its composition and size facilitate effective discussions and high-quality decision-making based on the diverse experience of its members.

The information regarding the remuneration of members of the Supervisory Board and its committees is disclosed in the financial section of the annual report of Intereuropa d.d. under Note 31: Other notes. Other costs associated with the work of the Supervisory Board and its committees comprise the costs of liability insurance for members of the Supervisory Board, membership fees for the Slovenian Directors' Association and training costs for Supervisory Board members. The aforementioned costs amounted to EUR 22,363 in 2022.

Two committees functioned under the aegis of the Supervisory Board in 2022: the Audit Committee and the Nomination and Remuneration Committee. The composition of the Supervisory Board's committees is described in greater detail in the section Corporate governance statement (Composition of the Supervisory Board and its committees). Members of committees prepared for the topics discussed at individual committee sessions in an adequate manner, and contributed positively to the realisation of tasks in the scope of the Supervisory Board's powers by actively participating in the discussions and providing suggestions. The work of committees contributed significantly to the effective work of the Supervisory Board.

In 2022, the Audit Committee of the Supervisory Board of Intereuropa d.d. convened at ten sessions. Members of the Audit Committee regularly attended these sessions. Members of the Supervisory Board who are not members of the Audit Committee were kept abreast about the latter's work by viewing the minutes of and materials for sessions, which are available to all members of the Supervisory Board via Intereuropa d.d.'s external portal that is intended to support and enable the functioning of the Company's Supervisory Board. The Chairman of the Audit Committee also regularly reported on the Committee's work and findings at sessions of the Supervisory Board under agenda item 'Report on the work of the Audit Committee'. The Audit Committee addressed issues in accordance with the ZGD-1, Recommendations for Audit Committees, the Audit Committee's Rules of Procedure and the adopted work plan of the Audit Committee.

The **Audit Committee** was regularly briefed on periodic and quarterly reports on the operations of the Intereuropa Group and Company, with assessments of the interim operating results of the Company and the Group, with interim financial statements, the Company and Group risk management reports, compliance and corporate integrity system reports and reports on external control procedures (inspections, reviews of supervisory regulatory authorities, etc.). Special attention was given to financial and accounting data, liquidity, borrowing and the fulfilment of commitments to banks.

In 2022, the Audit Committee was briefed on the annual report on internal audit services for 2021 and on its work plan for 2022. Throughout the year, it was regularly briefed on quarterly internal audit reports, reports on the monitoring of the implementation of internal auditing recommendations, as well as reports on the monitoring of the implementation of recommendations provided by external auditors of the Intereuropa Group companies.

In 2022 the Audit Committee studied the report on business concluded with audit companies and actively participated in the process of selecting an auditor for the annual financial statements of the Intereuropa Group and Company for the 2022, 2023 and 2024 financial years. In line with the Guidelines concerning the selection process and ensuring the independence of the auditor of financial statements of Intereuropa Group companies, the process of selecting a statutory auditor for the annual report is generally carried out every three years. Since the three-year contract with the current statutory auditor has expired, the Audit Committee of Intereuropa d.d. together with the professional departments embarked in 2022 on the process of selecting a statutory auditor for the period 2022 - 2024, which was implemented through the sending of invitations to multiple auditing companies. The Audit Committee of the Intereuropa Company participated in determining the transparent conditions and criteria for selection. Following coordination, negotiations and evaluation of the offers received, which all resulted in the Report on the results of the auditor selection process drawn up by the auditor selection committee, which also headed the procedure in operation terms, the Audit Committee proposed to the Supervisory Board of Intereuropa d.d. that it propose to the Company's general meeting to appoint as the statutory auditor for the annual report of the Intereuropa Company and Group for the period 2022 - 2024 the company Mazars d.o.o., which in terms of the criteria set in advance scored the highest number of points.

In 2022 the Audit Committee monitored the independence and quality of the work of the statutory auditor Ernst & Young d.o.o., which audited the annual report of the Intereuropa Group and Company for 2021, and the independence of the newly appointed statutory auditor Mazars d.o.o., which will audit the annual reports of the Intereuropa Group and Company in the next three-year period. In accordance with the Guidelines concerning the selection process and ensuring the independence of the auditor of the financial statements of the Intereuropa Group companies, the independence of the statutory auditor is ensured whereby the Intereuropa Company Audit Committee deliberates, assesses and approves in advance all legal transactions for non-audit services that a company in the Intereuropa Group or a company in the Pošta Slovenije Group intends to conclude with the statutory auditor of the Intereuropa Group companies or with a company in the auditor's network.

In 2022 the Audit Committee participated in determining the key areas of auditing and was briefed on the progress and key findings of the pre-audit/audit of the financial statements of the Intereuropa Company and Group for 2021. It examined the unaudited and audited annual report of the Company and the Intereuropa Group for 2021, with the auditor's report. It issued a report on its work in 2021, with an assessment of the annual report of the Company and the Intereuropa Group for 2021. It was briefed on the findings and recommendations from the letter to the management drafted by the audit firm, and on responses from the management.

The Audit Committee was also briefed on the business-financial plan of the Intereuropa Group for 2023 and projections for 2024 and 2025.

In 2022, the Nomination and Remuneration Committee of the Supervisory Board convened at one session, where it discussed a proposal on entering into an employment contract with the Management Board member – Workers' Director Ms Blanka Česnik Wolf. It also discussed a proposal on the Remuneration Policy for Members of Intereuropa d.d.'s Management and Supervisory Bodies and fulfilment of the conditions for the remuneration of Management Board members for performance in 2021.

1.8.2.3 Audit Committee

In the 2022 financial year, the Audit Committee functioned in the following composition:

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

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

1.8.2.4 Nomination and Remuneration Committee

In the 2022 financial year, the Nomination and Remuneration Committee functioned in the following composition:

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

In 2022, the Nomination and Remuneration Committee discussed the Remuneration Policy for Members of Intereuropa, d. d.'s Management and Supervisory Bodies, along with other topics pertaining to the remuneration of Management Board members. The committee's work is presented in more detail in the report of the Supervisory Board.

1.8.2.5 Competences, work method and remuneration of the Supervisory Board

The Supervisory Board functions within the scope of its competences and in the manners set out in the ZGD-1, the Company's Articles of Association and the Rules of Procedure of the Supervisory Board. The Supervisory Board's commitments regarding corporate governance are set out in Intereuropa, d. d.'s Corporate Governance Policy, and include a system for identifying conflicts of interest and ensuring the independence of its members. All members of the Supervisory Board signed a statement underlining their positions on the criteria of independence set out in Annex B of the Slovenian Corporate Governance Code for Listed Companies. Those statements are published on the Company's website at www.intereuropa.si.

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

Information regarding the remuneration of members of the Supervisory Board and its committees during the 2022 financial year is disclosed in the financial report of Intereuropa, d. d., in Note 31: Other notes.

1.8.3 MANAGEMENT BOARD

The starting points and the principal guidelines regarding the work of the Management Board are defined in the Company's Corporate Governance Policy, while the tasks, responsibilities and work methods are set out in greater detail in the Company's Articles of Association and the Rules of Procedure of the Management Board. The Articles of Association state that the Management Board shall comprise a maximum of four members, while the Supervisory Board defines the number of members taking into account the principles of efficiency and economy. The Management Board of Intereuropa, d. d. comprised two members from 1 January 2022 to 30 April 2022. On 1 May 2022, one more member of the Management Board – Workers' Director was appointed at the proposal of Intereuropa, d. d.'s Works Council. In line with the above, the Company's Management Board comprised three members from 1 May 2022 to 31 December 2022, namely the President of the Management Board, the Vice-President of the Management Board, and member of the Management Board – Workers' Director. The Management Board managed the Company's transactions independently and at its own risk. The Company was represented by the President of the Management Board along with one or both members of the Management Board. Individual members of the Management Board were responsible for specific work areas in accordance with the Rules of Procedure of the Management Board.

TABLE 9: COMPOSITION OF THE MANAGEMENT BOARD DURING THE 2022 FINANCIAL YEAR

First name and surname	Function	Area of work on the Management Board	Initial appointment to function	End of function	Term of office	Gender	Nationality	Year of birth	Education	Professional profile	Membership in supervisory bodies of unaffiliated companies
Damijan Vajs	President	Forwarding and logistics, sales, human resources and general affairs, formal governance of subsidiaries, and public relations and marketing	1 January 2022	3 June 2023	31 December 2025	M	Slovene	1972	Bachelor's degree in economics	Forwarding and logistics, commercial management, corporate governance, several years of experience in managerial and executive positions	Not a member
Marko Rems	Vice-President of the Management Board	Finance, accounting and controlling, real estate management and central procurement, IT support, legal affairs, corporate integrity and compliance, and internal auditing in organisational terms	5 July 2021	8 January 2023	4 July 2025	M	Slovene	1967	Bachelor's degree in economics	Financial management with more than 20 years of experience in financial and information systems, implementation and management of financial restructuring, and reorganisation in demanding environments	Not a member
Blanka Česnik Wolf	member of the Management Board – Workers' Director	Represents and supports the interests of workers in relation to human resource and social matters, coordinates communication between the Management Board, the Works Council and the unions, quality assurance, security, occupational health and safety, fire safety, HACCP and ADR	1 May 2022		30 April 2027	F	Slovene	1976	Bachelor's degree in law	Human resources and law, occupational health and safety, several years of experience in managing legal and HR segments, communication with social partners	Not a member

1.8.3.1 Work of the Management Board in 2022

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

1.8.3.2 Remuneration of Management Board members

The remuneration of members of Intereuropa, d. d.'s Management Board is set out in the remuneration policy for members of Intereuropa, d. d.'s Management Board, which was adopted by the Supervisory Board on 10 February 2020. In June 2022, the General Meeting of Shareholders approved the new Remuneration Policy for Members of Intereuropa, d. d.'s Management and Supervisory Bodies. The new remuneration policy is aligned with the ZGD-1 and guidelines of the Corporate Governance Code for Listed Companies. The policy lays down the rules by which the remuneration and rights to which all members of the Management Board are entitled are defined in contracts for all Management Board members. The aim of this policy is to ensure that all the remuneration paid to Management Board members is proportionate to their tasks and responsibilities, and in line with the Company's financial position, taking into account the provisions of the Act Governing the Remuneration of Managers of Companies with Majority Ownership held by the Republic of Slovenia or Self-Governing Local Communities (hereinafter: the ZPPOGD), the Companies Act (hereinafter: ZGD-1) and the Employment Relationships Act. The remuneration received by members of the Management Board comprises the wages, other remuneration and payment of material costs. Wages comprise a basic salary and variable remuneration in accordance with the ZPPOGD. More detailed provisions on the remuneration of Management Board members are evident in the remuneration policy that was approved at the General Meeting of Shareholders and is available on the website of Intereuropa, d. d. in the section entitled Sessions of the General Meeting of Shareholders.

Information regarding the remuneration of members of the Management Board during the 2022 financial year is disclosed in the financial report of Intereuropa, d. d. in Note 31: Other notes.

1.8.3.3 Members of the Management Board in 2022

Damijan Vajs,
President of the Management Board:

- year of birth: 1972;
- bachelor's degree in economics;
- performed executive and management functions in forwarding and logistics, sales, marketing at Pošta Slovenije, d. o. o., Maribor, CAT Logistic Transportna d. o. o., Akripol d. d., Trebnje. He acted as Managing Director at PS Logistika d. o. o. for six years;
- term of office as President of the Management Board: 1 January 2022 to 31 December 2025;
- end of function: no later than by the end of the notice period on 3 June 2023;
- responsible for the following business segments: sales and operations (forwarding and logistics), human resources and general affairs, formal management of subsidiaries, and public relations and marketing.

Marko Rems,
Vice-President of the Management Board:

- year of birth: 1967;
- bachelor's degree in economics;
- performed executive and management functions in the areas of finance, accounting, information technology, controlling and risk management at the following companies: Družba za upravljanje terjatev bank, d. d., Ljubljana, Luka Koper, d. d., Adriatic Slovenica, d. d., KD Holding, d. d., Ljubljana and Žito, d. d., Ljubljana;
- term of office: 5 July 2021 to 4 July 2025 (first appointed on 5 July 2017)
- end of function: 8 January 2023
- responsible for the following business segments: finance, accounting and controlling, real estate management and central procurement, IT support, legal affairs, corporate integrity and compliance, and internal auditing in organisational terms.

Blanka Česnik Wolf,
member of the Management Board – Workers' Director:

- year of birth: 1976;
- bachelor's degree in law;
- several years of managerial experience in law and human resources at Lek d. d., Ljubljana, Gramiz d. d., Kočevje and the Agency for Medicinal Products and Medical Devices of the Republic of Slovenia, University Medical Centre Ljubljana, HRM d. o. o., Ministry of Health.
- term of office: 1 May 2022 to 30 April 2027
- responsible for the following business segments: represents and supports the interests of workers in relation to human resource and social matters, coordinates communication between the Management Board, the Works Council and the unions, quality assurance, security, occupational health and safety, fire safety, HACCP and ADR.

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

Intereuropa, d. d. is one of the 18 companies in Slovenia that, as at 31 December 2022, is meeting the targets referred to in the initiative of the Slovenian Directors' Association No. 40/33/2026 and the newly adopted European directive on gender balance. Intereuropa, d. d. is aware of the importance of diversity in the composition of the Management Board and Supervisory Board, as diversity increases the efficiency of the functioning of these bodies and fosters a more comprehensive understanding of the business environment, and risks and opportunities connected with the Intereuropa Group's operations. Accordingly, the Policy Governing the Diversity of Management and Supervisory Bodies is an integral part of the Corporate Governance Policy of Intereuropa, globalni logistični servis, d. d.

The following aspects are taken into account when determining the composition of the Management Board and Supervisory Board:
- professional diversity such that the members have different knowledge, skills, competences and experience;
- diversity in terms of gender and age;
- the generally adopted principles of non-discrimination; and
- efforts to ensure the continuity of operation of the bodies by staggering the process of replacing members all at once.

The Supervisory Board's Nomination and Remuneration Committee and the Supervisory Board take into account diversity policies primarily in relation to the following:
- the appointment of members to the Company's Management Board;
- the recruitment, selection and submission of proposed candidates for members of the Supervisory Board to the General Meeting of Shareholders; and
- the self-assessment of the Supervisory Board's work, which should also include an assessment of the composition of the Management Board and Supervisory Board in terms of diversity.

In 2022, Intereuropa, d. d. was meeting the target, i.e. 40% of the under-represented gender on the Supervisory Board and 33% on the Management Board and Supervisory Board collectively.

As at 31 December 2022, Intereuropa, d. d. had the same number of both genders represented on the supervisory body, while the percentage of the under-represented gender on management and supervisory bodies was 44.4%*. At subsidiaries the representation of the under-represented gender on management and supervisory bodies is slightly lower to stand at 33.3%, but taking into account the region and sector in which the Intereuropa Group operates this ratio between genders is appropriate. Nevertheless, activities will continue to further improve the ratio between genders. A policy on the diversity of management and supervisory bodies will be drafted as a separate document in 2023. That policy will describe objectives, activities and measures to improve the diversity of management and supervisory bodies in terms of gender and other aspects (age, education, etc.).

* In accordance with methodology of the Slovenian Directors' Association.
** The calculation also takes into account the representation of genders on committees of supervisory bodies (e.g., Audit Committee).

1.8.5 MANAGEMENT AND GOVERNANCE OF GROUP COMPANIES

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

1.8.5.1 Governance principles for subsidiaries

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

The governance of Group companies is based on a combination of control and coordination mechanisms. A matrix system for managing subsidiaries that combines formal corporate governance and the direct responsibility of functional managers for certain activities at subsidiaries has been introduced. The centralisation of the most important decisions ensures the uniformity of strategic policies and important business, HR-related and technical decisions.

Control over financial results remains a core element of supervision. In addition to the appointed supervisory bodies of individual subsidiaries, functional managers, and the controlling and internal audit departments also play an important role in supervision.

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

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

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

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

1.8.6 AUDITING

1.8.6.1 External auditing

The General Meeting of Shareholders of Intereuropa, d. d. appointed the audit firm Mazars d. o. o. to audit the financial statements of Intereuropa, d. d. and the Intereuropa Group for the 2022, 2023 and 2024 financial years.

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

1.8.6.2 Internal auditing

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

In 2022, internal auditing in the Intereuropa Group companies was conducted by the Internal Audit Department of the parent company Pošta Slovenije, d. o. o. in accordance with the agreement it signed. The department functioned independently, in accordance with the provisions of the ZGD-1 and the internal auditing rules hierarchy, in particular with the International Standards for the Professional Practice of Internal Auditing, the Code of Ethics of Internal Auditors and the Code of Internal Auditing Principles, and the applicable laws, other regulations and bylaws.

The areas subject to auditing in 2022 were defined in the plan of work that included regular internal audits, consultancy tasks, the monitoring of the implementation of internal and external auditing recommendations, operational tasks and other tasks, including the development and maintaining of the programme of the Internal Audit Department quality assurance and improvement. The plan was adopted by the Management Board, discussed by the Audit Committee of the Supervisory Board and approved by the Supervisory Board.

The internal auditing objectives were to assess the risk management approach and the functioning of internal controls in connection with business and support processes, and the management thereof, both in terms of the compliance of those processes with legal and internal regulations, the adopted policies, established objectives and criteria of the Intereuropa Group companies, and to issue recommendations for the improvement thereof. The areas subject to auditing included the process of investing in facilities, the process of appointing managements of Intereuropa

Group's subsidiaries, the process of planning and implementing sales activities, the process of implementing customs clearance procedures, the process of implementing projects pertaining to computerisation of logistical processes, processing of enquiries, submitting bids and entering into contracts relating to warehousing, the employee education and staff development system, and receivables management. Based on a resolution adopted by the Company's Management Board, two transactions agreed-upon separately were carried out. Internal auditing processes were adapted due to the measures relating to COVID-19 so that they could also be carried out remotely. Internal auditing was conducted by internal sources, the IAD director together with two contractors. Internal audit reports were submitted to the Management Board, the Audit Committee and the Supervisory Board on a quarterly basis.

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

The Intereuropa Group manages risks relating to the financial reporting by implementing the adopted policies and procedures pertaining to internal controls. The purpose of internal controls is to ensure the accuracy, reliability and completeness of capturing data on business events and the drawing up of financial statements that are a true and fair picture of the financial position, operating results, cash flows and changes in equity in accordance with the applicable laws, regulations, rules and International Accounting Standards.

Accounting controls are based on the principles of dividing tasks and responsibilities, and focus on controlling the accuracy and completeness of data processing, reconciliation of the situation disclosed in the books of account with the actual situation, as well as professionalism and independence. Internal controls in the accounting function are also related to the controls of the information system, which, among other things, ensures restriction of and control over access to the network, data and applications, as well as the accuracy and completeness of data capturing and processing. The authorisation system, which ensures that users only execute those transactions in the information system for which they are authorised, is also an important part of the information system controls.

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

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

The Company's share capital is divided into 27,488,803 shares broken down as follows: 16,830,838 ordinary registered freely transferable no-par-value shares and 10,657,965 freely transferable no-par-value preference shares. The holders of Intereuropa, d. d.'s ordinary shares are not subject to any restriction on voting rights. The Company has no voting rights arising from its treasury shares in accordance with Article 249 of the ZGD-1. Intereuropa, d. d. held 18,135 treasury shares (IEKG) with a carrying amount of EUR 180,000 as at 31 December 2022, representing 0.1077% of ordinary shares and 0.0660% of all shares. Intereuropa, d. d. did not purchase or sell treasury shares in 2022.

As at 31 December 2022, 13,396 ordinary shares were held on a special account of Kapitalska družba, d. d., which in accordance with Article 48b of the Book-Entry Securities Act (Official Gazette of the Republic of Slovenia, No. 43/19) is intended for securities waived by their holders and/or securities held by the Republic of Slovenia. Kapitalska družba may not exercise the voting rights attached to those securities.

The holders of Intereuropa, d. d.'s preference shares have not been paid preference amounts since 2013, and have thus held voting rights at the General Meeting of Shareholders since 2015 in accordance with paragraph 2 of Article 315 of the ZGD-1. Accordingly, 27,475,282 shares out of a total of 27,488,803 shares had voting rights at both General Meetings of Shareholders, held on 28 June 2022 and 7 November 2022, representing 99.8853% of the Company's total shares.

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

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

Pursuant to Article 105 of the Financial Instruments Market Act, which sets the thresholds for a significant holding, direct holders who hold more than 5% of voting rights are presented in Table 10.

TABLE 10: SHAREHOLDERS WHO AS AT 31 DECEMBER 2022 HELD MORE THAN 5% OF VOTING RIGHTS

Shareholder	No. of ordinary shares, 31 December 2022	No. of preference shares, 31 Decem-ber 2022	No. of voting rights, 31 December 2022*	Share of voting rights, 31 December 2022
Pošta Slovenije, d. o. o.	13,306,067	10,657,965	23,964,032	87.2%

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

1.8.9 STATEMENT OF COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

The deviations highlighted below relate to the Slovenian Corporate Governance Code, as updated in December 2021 and applicable since 1 January 2022.

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

Deviation: In March 2019, the Management Board and Supervisory Board adopted the revised Corporate Governance Policy of Intereuropa d. d., which includes a policy governing the diversity of management and supervisory bodies. This policy defines the target level of diversity in terms of age, education, other personal traits and gender, but does not define the ratio between genders, the specific objectives of diversity or the impact on human resource and other processes at the Company (points 4.2 and 4.3 of the Code). In 2023 the Company will revise both the governance policy and the diversity policy. Nevertheless, the Company is meeting the targets referred to in the initiative of the Slovenian Directors' Association No. 40/33/2026 and the European directive on gender balance.

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

Deviation: Since the end of 2019 Intereuropa d. d. has been part of the Pošta Slovenije Group. Pošta Slovenije d. o. o. holds more than 87% of the shares of Intereuropa d. d. In view of this the Company takes the view that the actual governance statement would have no significant effect on investors, so it has concluded that an external assessment of the adequacy of a governance statement is not necessary.

Recommendation: The company should formulate a Sustainable Business Policy, to address the stated aspects of the company's business (point 7 of the Code in its entirety).

Deviation: The Company has no separate Sustainable Business Policy, but it does have policies for certain specific areas such as the Corporate Integrity Policy, Quality Policy and the Code of Ethics.

Recommendation: If the general meeting elects members of the supervisory board, the proposer must disclose the procedure for seeking, nominating and evaluating candidates for the supervisory board (point 10.11 of the Code).
In the proposed new composition of the supervisory board for the general meeting of shareholders, all candidates for members of the supervisory board must be independent. The recommendation to appoint independent members applies both to shareholders as well as works councils. The fact alone that a member of the supervisory board appointed by the works council is employed at the company, in accordance with Annex B to this Code, does not mean that they are not independent. If the general meeting or works council does not follow recommendations regarding the appointment of independent members to the supervisory board and the adopted Diversity Policy, the company must disclose this in its corporate governance statement (points 11.2 and 11.3 of the Code).

Deviation: Pošta Slovenije d. o. o. is the majority shareholder of Intereuropa d. d., so certain members of the Supervisory Board are employed at the majority shareholder. The independence/dependence of Supervisory Board members is thus disclosed appropriately. The majority shareholder does not disclose the procedure for selecting candidates for membership of the Supervisory Board.

Recommendation: In addition to other matters, the rules of procedure of the supervisory board include a list of all transactions for which the management board requires the prior consent of the supervisory board based on a supervisory board resolution and the company's articles of association, as well as a system for ordering the services of external experts for the needs of the supervisory board, and the education and training of supervisory board members (point 14.2 of the Code).

Deviation: The Supervisory Board's position during the most recent update of the Rules of Procedure of the Supervisory Board was that a list of all transactions for which the Management Board requires the prior consent of the Supervisory Board and a system for ordering the services of external experts need not be included in those rules. Instead, the list of transactions for which the Management Board requires the Supervisory Board's prior consent is governed by resolutions adopted by the latter. Due to the extremely small scope of the outsourced services of external experts for the Supervisory Board, the latter believes that the inclusion of the management and governance of a separate system solely for the Supervisory Board in that body's Rules of Procedure is illogical. Equally, the Supervisory Board has taken the view that special provisions regarding education and training are not necessary.

Recommendation: The supervisory board defines the outline annual costs of education and the training plan for members of the supervisory board and committees, or adopts a decision that as part of the envisaged annual costs, depending on an expressed interest, the members take part in education in the area of the functioning of supervisory boards and corporate governance (point 15.1 of the Code).

Deviation: The Supervisory Board has not adopted a special training plan for its members for 2022. However, each member may define an individual training plan in the scope of the annual allocation for training purposes, which is defined in accordance with the Remuneration policy for members of management bodies.

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

Deviation: In 2022 the operation of the Supervisory Board was not subject to external assessment.

Recommendation: Persons who were members of the management board of this company or senior management members of affiliated companies last year should not be appointed chairman of the company's supervisory board (point 15.2 of the Code).

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

Recommendation: The supervisory board together in cooperation with the HR committee, if that has been appointed, should determine in advance a competence model for the individual management board member that is proprietary to the company and the company's sector, and takes into account here the life cycle and special circumstances in which the company is situated (point 21.6 of the Code).

Deviation: The Company has no competence model determined in advance for the individual Board member, and the Supervisory Board determines the competence of Board members relative to the Company's needs at the time of searching for Board member candidates.

Recommendation: All members of the supervisory board and committees are to be independent (point 25 of the Code).

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

Recommendation: The company provides continuous information about its financial position and legal status through the publication of assessments of its performance, potential deviations from forecasts and changed operating conditions (point 32.1 of the Code).

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

Recommendation: The company publishes the rules of procedure of management and supervisory bodies and the general meeting of shareholders on its website (point 32.7 of the Code).

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

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

The statement of compliance with the Corporate Governance Code is an integral part of the 2022 annual report and is published on the website of Intereuropa, globalni logistični servis, delniška družba, Koper at www.intereuropa.si.

Koper, 11 April 2023

Damijan Vajs,
President of the Management Board

Blanka Česnik Wolf,
Member of the Management Board – Workers' Director

1.9 STATEMENT REGARDING NON-FINANCIAL OPERATIONS

In accordance with Article 70c and with Article 56 in connection with Article 70c of the Com-panies Act, the Company has drawn up a joint consolidated and unconsolidated statement of non-financial operations, which is necessary for an understanding of the development, per-formance and status of the Company and the Group and the effects of their activities. The non-financial operations of Intereuropa d. d. and its subsidiaries that make up the Intereuro-pa Group are very much linked and interwoven, so it makes sense to draw up a single state-ment that covers both unconsolidated and consolidated data. That statement includes es-sential information regarding personnel and social matters, environmental matters and en-ergy efficiency, and regarding corporate integrity. The latter includes information regarding respect for human rights, and matters relating to the fight against corruption and bribery. Detailed information regarding HR and social matters, and environmental matters and ener-gy efficiency are presented in section 3 Sustainable development.

1.9.1 BUSINESS MODEL

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

The range of logistics products is based on the development of three business areas:
- land transport, which relies on a broad base of subcontractors, the Company's own far-reaching network in the countries of the Western Balkans and on a partnership network in other European countries;
- logistics solutions for which the services offered are based on the Company's own and leased storage capacities of Group companies, and on professional staff and contracted labour and
- intercontinental transport.

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

1.9.2 PERSONNEL AND SOCIAL MATTERS

1.9.2.1 Policy

The business success of the Group and Company is founded on the knowledge, competence and motivation of the employees, who are the backbone of the Company's competitive advantage. Trends in the business environment require logistics companies to ensure a high level of responsiveness, innovation and increasingly complex services, and only appropriately qualified employees are able to provide this. Consequently the focus of concern in the Group and the Company is on long-term investment in the training and development of employees, who will be able to keep up with the constant changes in the market and seek out improvements in their work.

The key employee competences that Intereuropa systematically develops and also assesses are teamwork and relationships with co-workers, adaptability, independence and responsibility, and the attitude to customers and their work. Special attention is also given to the area of occupational health and safety, and the promotion of health in the workplace.

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

As at 31 December 2022, Intereuropa d. d. is categorised among 18 of 55 companies in a sample analysing the gender diversity of supervisory board and management board members in public limited companies and state-owned companies, which have already reached the targeted gender diversity in management and supervisory bodies, i.e. women representing 40% of the Supervisory Board and 33% on the Management Board and Supervisory Board collectively. The companies' progress in terms of the representation of genders in management and supervisory bodies is regularly monitored and presented by the Slovenian Directors' Association in collaboration with partner Deloitte.

1.9.2.2 Results of policies, due diligence, indicators and risks

The Intereuropa Group regularly monitors the results of policies in the area of human resources. Each month the parent company Pošta Slovenije is briefed for the Group and individual subsidiary level on the number of employees (regarding type of contract, gender, number of disabled persons), the work of students, leave-taking, sick leave and other absences. Each quarter the HR data of all Group companies are analysed, involving data on the number of employees and other flexible forms of labour, data on staff turnover, education and training provided, absenteeism and the number of workplace accidents, and a report is prepared for the management and supervisory boards.

Key employee-related risks are identified based on the aforementioned indicators and the necessary measures are implemented. In the scope of regular occupational health and safety activities, environmental measurements of work conditions, inspections of work equipment, and inspections of buildings and fire protection equipment are also carried out. The indicators are presented in detail in section 3 Sustainable development on page 123.

TABLE 11: NON-FINANCIAL HR INDICATORS AT THE GROUP AND CONTROLLING COMPANY LEVELS

Indicator	2021	2022	Plan for 2023
No. of hours of functional training (semi-nars, courses, professional meetings, etc.) per employee per year in the Intereuropa Group	7	5	12
No. of hours of functional training (semi-nars, courses, professional meetings, etc.) per employee per year in the controlling company	8	5	12
Proportion of flexible forms of work (agency and student work) in the Intereuropa Group	15.7%	15.3%	> 10%
Proportion of flexible forms of work (agency and student work) in the control-ling company	23.8%	20.9%	> 10%
Improvement in assessments of the or-ganisational climate of the employer (large Group companies)	–	–	3.2
Absenteeism rate due to sick leave in the Intereuropa Group	5.5%	6.1%	up to 4.5%
Absenteeism rate due to sick leave in the controlling company	6.9%	7.8%	up to 4.5%
Rate of workplace accidents in the Intereuropa Group*	1.3%	1.5%	less than 1.5%
Rate of workplace accidents in the con-trolling company	1.4%	1.7%	less than 1.5%

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

Through active measures to ensure safety and health in the working environment within the Intereuropa Group, the number of injuries at work has for a number of years remained within the target of less than 1.5%.

The proportion of absences due to sickness increased by 0.6 percentage points compared to the previous financial year, and by 0.9 percentage points in the controlling company. The target of holding sick leave below 4.5 percent has therefore not been attained. The reasons for exceeding the planned shares of sick leave comprise a web of several factors, specifically the physical stresses on warehouse workers, the stresses of office workers resulting from working under pressure of time, forced bodily postures, long-term sitting and so forth, and also the long waiting lists in the healthcare service when workers on sick leave are waiting for treatment. The increase in sick leave compared to the previous year is a consequence mainly of the higher share of those infected with the coronavirus.

The main HR-related risks still include the turnover of key and promising, mainly young employees, the sharing of knowledge with work colleagues and ensuring succession, both at Slovenian Group companies and at companies abroad. At the same time an additional HR risk arose in 2022 due to the exceptionally low level of unemployment in certain countries of operation, which had the result of hindering recruitment of staff for all areas and levels.

1.9.2.3 2023 Objectives

The following measures are envisaged in the area of development and engagement of em-ployees for 2023:

- the Intereuropa Group's focus in 2023 with regard to employees will continue to be on activities to ensure the optimal number of qualified and motivated employees;
- the objective remains greater involvement of employees in training, with an average of at least 12 hours of training per employee;
- alongside the existing orientations, the guidelines in training employees will be focused on management and sales, and on the sharing of good practices among Group companies;
- there are plans for the controlling company to apply once again for the anticipated call for the project 'Competence centre for the development of logistics staff', KOC-4, aimed at developing key sectoral competences of employees working in logistics;
- establishing a model for identifying key, promising and management personnel and the development of their competences;
- by carrying out activities in the area of management, the turnover of key and promising personnel will be held under the 4 percent mark;
- in order to control the risk of a high proportion of sick leave absences and to ensure employee health, a new plan will be designed in the Slovenian part of the Group to promote health, and measures will continue to be implemented in other Group subsidiaries.

1.9.3 ENVIRONMENTAL MATTERS AND ENERGY-EFFICIENCY

1.9.3.1 Policy

The Intereuropa Group takes into account prescribed legal requirements and norms and follows the guidelines set out in the Energy Act and in European environmental guidelines. Energy efficiency and responsible conduct regarding the environment are integral parts of the mode of work and business decisions of the Group, principally by ensuring the energy efficiency of buildings and devices, reducing light pollution, regular monitoring of emissions and immissions and their reduction, economical use of natural resources, separation of waste and, equally importantly, responsible adherence to all the legal requirements dictating the safe handling of hazardous substances.

1.9.3.2 Results of policies, due diligence, indicators and risks

An energy audit was conducted at Intereuropa d. d., which included a review and analysis of energy consumption over the last three years at all large buildings. The energy audit of the Company provided guidelines for the implementation of measures in the field of efficient energy use.

The risk for buildings is managed on the basis of years of experience and knowledge of the rational and efficient use of energy in buildings. The uninterrupted operation of facilities and devices is the responsibility of individual service technicians providing regular maintenance, and through periodic checks of devices (device measurements and diagnostics).

All these measures are contributing to more effective risk management for devices and apparatus and contribute to reducing the Company's exposure to such risks.

The transport activity is a major source of environmental pollution. One of the key criteria in the selection of road transport service providers is thus the number and proportion of a subcontractor's vehicles with environmentally friendly motors. To this end the Company is also carrying out the replacement of old fork lifts with more modern and energy-efficient ones.

In other business operations the Intereuropa Group is also directly reducing the environmental impact through various measures, such as reducing the use of paper in administrative work, replacing lights for more efficient energy use, more consistent separation and reduction of waste and packaging in line with the national waste handling scheme and the waste management plan, economical consumption of drinking water, and monitoring the immissions of noise into the environment and emissions into water.

The foundation for carrying out measures is raising awareness about the importance of the contribution of each individual to the environment, through education, internal communication and written material via the intranet.

In the Intereuropa Group, there is also major emphasis placed on risk management. Our assessment is that the risk of polluting the environment in terms of inappropriate handling of waste is registered at a low level, while the non-adherence to requirements stemming from the environmental permit for a facility where hazardous chemicals are stored, and the transport associated with that, would signal greater risk for the environment and people, so that part is designated a higher priority. In order to prevent risks and thereby the possible consequences, measures, inspections and training are being implemented as noted in the safety report for a facility with heightened risk and in other legal regulations governing this area.

1.9.3.3 2023 Objectives

On the basis of the energy audit, Intereuropa d. d. will begin implementing the proposed measures for efficient use of energy, while all Intereuropa Group companies will continue to implement regular energy efficiency measures, such as the gradual replacement of old forklifts with models that are more technologically and energy efficient, the installation of new and replacement of existing cooling and heating systems, the purchase of more efficient lighting, and other investments in order to reduce energy costs, increase the productivity of work equipment and improve work conditions. The investment plan for 2023 envisages EUR 1.242 million for those purposes.

Of which:

• Cooling and heating system	EUR 236,000
• Refurbishment of lighting	EUR 510,000
• Renovation of fixtures and fittings at the administrative building in Koper	EUR 90,000
• Replacement of forklifts	EUR 406,000

1.9.4 CORPORATE INTEGRITY, HUMAN RIGHTS AND THE FIGHT AGAINST CORRUPTION

1.9.4.1 Policy

The integrity of operations is one of the key values of the Intereuropa Group. Back in 2014 Intereuropa acceded to the Slovenian corporate integrity guidelines. Through its exemplary and compliant operations and adherence to best business practices and ethical standards of operations, as a corporate integrity ambassador, the Company encourages responsible business practices in the business environment in which it operates.

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

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

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

The corporate integrity and compliance officer is responsible for the area of corporate integrity within the Intereuropa Group. This function was performed by the head of the Legal Department in 2022. The aforementioned officer is independent in organisational terms and reports directly to the Company's Management Board. They also have the autonomous right of reporting to the Company's supervisory bodies. The corporate integrity and compliance officer is responsible for the co-formulation of a policy, rules and procedures for ensuring and monitoring corporate integrity, and for establishing internal controls for verifying corporate integrity at Intereuropa Group companies. In individual larger companies of the Intereuropa Group there are contact persons appointed for corporate integrity.

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

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

For more than five years now the Intereuropa Group has provided a helpline for anonymous reports of suspected violations, called the Interžvižgač (Internal Whistleblower). Reports can be made anonymously both by employees in the Group and by business partners of any Group company, or even third parties that might learn of violations in the Group. The helpline is available 24/7 on the website https://interzvizgac.intereuropa.si in five languages. A link to the application/helpline is published on the websites of Group companies and internal e-noticeboards of companies. This ensures stakeholders are better informed of the existence of the helpline and makes it easier for everyone to file reports.

Reports relating to violations of integrity are dealt with by the Ethics Board, which includes employee representatives. The Ethics Board is established at the company Intereuropa d. d., with jurisdiction across the Intereuropa Group. The Ethics Board is coordinated by the corporate integrity and compliance officer. The director of the Human Resources and General Affairs Sector is exclusively responsible for reports in connection with HR-related breaches. The Ethics Board reviews all the reports it receives and reports to the Management Board on the discussed reports, including its recommendations and/or proposed measures. The corporate integrity and compliance officer reports on the work of the Ethics Board to the Company's Audit Committee, and also half-yearly to the Supervisory Board. The Ethics Board places special emphasis on protecting the anonymity of bona fide whistleblowers and monitors the resolution of HR-related reports.

1.9.4.2 Results of policies, due diligence, indicators and risks

In the context of developing the area of corporate integrity, activities continued in 2022 to ensure the protection of personal data in accordance with the EU's General Data Protection Regulation (GDPR) and the implementation of a system for managing conflicts of interests, as well as the updating of the monitoring of received disclosures.

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

In 2022 no assessment of social responsibility was conducted either for Intereuropa d. d. or for the Intereuropa Group. In the past, the assessment of social responsibility included an assessment of environmental impacts, an assessment of the rights of employees and human rights, and an assessment of ethics and sustainable procurement.

In 2022 Intereuropa d. d. continued its practice of making video presentations, most recently on corruption, the use of the Interžvižgač (Internal Whistleblower), integrity and the rights of the individual under the GDPR. Infographics were also prepared for employees in the scope of video presentations and key topics. Employees were continuously kept abreast of corporate integrity topics through forwarded information and reminders of significant dates and assignments. As part of the induction of new employees at Intereuropa d. d., a special presentation was given to facilitate the effective briefing of all new colleagues on the values of the Intereuropa Group, use of the Interžvižgač (Internal Whistleblower), conflicts of interest, zero tolerance of corruption and personal data protection.

The Ethics Board met three times in 2022 and discussed five reported breaches of integrity. One report related to Intereuropa d. d., and four to subsidiaries in the Intereuropa Group.

The Company assesses the risks associated with breaches of human rights as low, both in Intereuropa d. d. and in Intereuropa Group subsidiaries, as they primarily operate in an environment where human rights are governed at the national level and the respect for those rights is appropriately monitored by government institutions. All companies in the Intereuropa Group are in areas operating under the aegis of the Council of Europe. The majority of Intereuropa Group companies' transactions are executed in European countries where respect for human rights is at a high level. Notwithstanding the low level of risk that derives from the environment and sector in which the Group operates, certain risks do exist for all companies in the Intereuropa Group, primarily in transactions in the intercontinental transport segment. Indications of breaches include reports of breaches, inspection proceedings, labour law proceedings before the courts, strikes, protests, the number of overtime hours in excess of legal limits, the number of workplace injuries, the inability to exercise the right to annual leave, etc. In 2022 no dispute was initiated involving Intereuropa d. d. at the Labour Court. No inspections were conducted in the areas of labour relations or health and safety at work at Intereuropa d. d. in 2022. In subsidiaries of the Intereuropa Group a total of 10 inspections were carried out regarding labour relations and health and safety at work, and in four cases minor deficiencies were identified and immediately rectified. In 2022 there were five labour law disputes initiated in Intereuropa Group subsidiaries.

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

In both Intereuropa d. d. and Intereuropa Group companies, periodic awareness-raising and training are provided for employees regarding the first risk. At the same time, the 'Interžvižgač' (Internal Whistleblower) application was established and is accessible on the websites of Group companies for the anonymous reporting of corrupt acts and other breaches. With regard to the second risk, Intereuropa d. d. and other companies in the Intereuropa Group cannot influence the actions of third parties. However, the Intereuropa Group's position in this regard is clear and unwavering. Group companies do not support corrupt acts, even if this might mean the loss of business. With regard to the third level of risks, Intereuropa d. d. began to put in place a system for the monitoring of fraud in 2020. The project was concluded at Intereuropa d. d. in 2022 with the fraud monitoring system up and running. No incidents of fraud were identified in the scope of regular checks. The project to establish the fraud monitoring system will continue in 2023 in subsidiaries of the Intereuropa Group.

1.9.4.3 2023 Objectives

Expansion of the fraud monitoring project to subsidiaries is planned for 2023.

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

In 2023, Intereuropa d. d. will also give special attention to the training of employees and the raising of employee awareness. The Company will persevere in its clear commitments regarding the respect of human rights.

1.9.5 REPORTING IN ACCORDANCE WITH THE TAXONOMY REGULATION

1.9.5.1 Environmentally acceptable economic activities

On the basis of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (Taxonomy Regulation), which calls for the creation of a classification system for the economic activities that are recognised as environmentally sustainable, indicators relating to revenue and investments in fixed assets or working capital from economic activities, which are aligned with the taxonomy, are reported below.

Reporting is adapted to the provisions of the Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation (Disclosures Delegated Act), which for 2022 requires non-financial undertakings as of 1 January 2023 to disclose key performance indicators, including all contextual information that needs to be disclosed in accordance with Annexes I and II to the Disclosures Delegated Act.

An economic activity is deemed to be Taxonomy-eligible if it is described in the delegated acts on Taxonomy, regardless of whether this activity meets any or all of the technical screening criteria provided in the delegated acts. An economic activity is deemed Taxonomy-aligned if it also meets the technical screening criteria and if the undertaking in carrying out such activities complies with all the minimum safeguards in the sense of the EU Taxonomy.

To date the technical screening criteria have only been developed for two environmental objectives, which were set by the European Union. These criteria relate to how an economic activity can contribute significantly to one or more environmental objectives, in combination with the criteria, without doing significant harm to the other environmental objectives.

The data is indicated for the Intereuropa Group and Intereuropa, d. d.

1.9.5.2 Proportion of revenue from products or services associated with taxonomy-aligned economic activities – disclosure of the Intereuropa Group and the parent Company Intereuropa, d. D. Covering the year 2022

TABLE 12: PROPORTION OF REVENUE FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIECONOMIC ACTIVITIES IN THE INTEREUROPA GROUP IN 2022

				Substantial contribution criteria		DNSH ('Do no significant harm') criteria						Safeguards		
Economic activities	**Code(s)**	**Absolute turnover**	**Proportion of turnover**	**Climate change mitigation**	**Climate change adaptation**	**Climate change mitigation**	**Climate change adaptation**	**Water and marine resources**	**Circular economy**	**Pollution**	**Biodiversity and ecosystems**	**Minimum safeguards**	**Category (enabling activity)**	**Category (transitional activity)**
		in EUR thousand	**%**	**%**	**%**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**E**	**T**
A. TAXONOMY-ELIGIBLE ACTIVITIES														
A.1 Environmentally sustainable activities (Taxonomy-aligned)														
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)			0.0											
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)														
Freight transport services by road	6.6	40,535	20.2											
Acquisition and ownership of buildings	7.7	7,210	3.6											
Turnover from Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		47,745	23.8											
Total (A.1 + A.2)		47,745	23.8											
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES														
Turnover of Taxonomy-non-eligible activities (B)		152,673	76.2											
Total (A + B)		200,418	100											

Total turnover from the Intereuropa Group's economic activities amounted to EUR 200.4 million in 2022. Turnover is disclosed taking into account Article 2(5) of Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC, in relation to point 1.1.1 of Annex I to the Disclosures Delegated Act.

Turnover from Taxonomy-aligned economic activities accounted for 0.0% of the Intereuropa Group's total turnover in 2022.

Turnover from Taxonomy-eligible economic activities accounted for 23.8% of the Intereuropa Group's total turnover in 2022.

Turnover from Taxonomy-non-eligible economic activities accounted for 76.2% of the Intereuropa Group's total turnover in 2022.

On the basis of screening whether the Intereuropa Group carries out economic activities that are partially or fully aligned with the Taxonomy in accordance with Annex I to Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives (Climate Delegated Act), it was established that there were no such economic activities.

The following economic activities were identified within the Intereuropa Group in the context of screening Taxonomy-eligible economic activities, as derived from Annex I to the Climate Delegated Act:

- 6.6. Freight transport services by road and
- 7.7 Acquisition and ownership of buildings.

The majority of the turnover from Taxonomy-eligible economic activities comprised turnover from freight transport services by road (point 6.6 of Annex I to the Climate Delegated Act), i.e. 20.2%. In connection with transport, the Intereuropa Group provides transport organisation, freight forwarding and other associated transport activities, and therefore does not carry out direct transport services. For this reason, only turnover from domestic and groupage services carried out through subcontractors that are under the appropriate degree of control of Intereuropa Group companies has been taken into account as turnover from activities relating to transport. In terms of NACE codes, the activity is defined under code H49.4.1 - Freight transport by road.

The proportion of turnover from Taxonomy-eligible economic activities is derived from the lease of Intereuropa Group companies' own real estate (buildings) to third parties, i.e. 3.6%. In terms of NACE codes, the activity is defined under code L68.20 - Renting and operating of own or leased real estate.

TABLE 13: PROPORTION OF TURNOVER FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES AT THE PARENT COMPANY INTEREUROPA, D. D. IN 2022

				Substantial contribution criteria		DNSH ('Do no significant harm') criteria						Safeguards		
Economic activities	**Code(s)**	**Absolute turnover**	**Proportion of turnover**	**Climate change mitigation**	**Climate change adaptation**	**Climate change mitigation**	**Climate change adaptation**	**Water and marine resources**	**Circular economy**	**Pollution**	**Biodiversity and ecosystems**	**Minimum safeguards**	**Category (enabling activity)**	**Category (transitional activity)**
		in EUR thousand	**%**	**%**	**%**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**E**	**T**
A. DEJAVNOSTI, SPREJEMLJIVE ZA TAKSONOMIJO														
A.1 Environmentally sustainable activities (Taxonomy-aligned)														
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)			0.0											
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)														
Freight transport services by road	6.6	18,449	13.4											
Acquisition and ownership of buildings	7.7	5,000	3.6											
Turnover from Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		23,449	17.0											
Total (A.1 + A.2)		23,449	17.0											
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES														
Turnover of Taxonomy-non-eligible activities (B)		114,231	83.0											
Total (A + B)		137,680	100											

Total turnover from Intereuropa, d. d.'s economic activities amounted to EUR 137.7 million in 2022. Turnover is disclosed taking into account Article 2(5) of Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC, in relation to point 1.1.1 of Annex I to the Disclosures Delegated Act.

Turnover from Taxonomy-aligned economic activities accounted for 0.0% of Intereuropa, d. d.'s total turnover in 2022.

Turnover from Taxonomy-eligible economic activities accounted for 17.0% of Intereuropa, d. d.'s total turnover in 2022.

Turnover from Taxonomy-non-eligible economic activities accounted for 83.0% of Intereuropa, d. d.'s total turnover in 2022.

On the basis of screening whether Intereuropa, d. d. carries out economic activities that are partially or fully aligned with the Taxonomy in accordance with Annex I to Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives (Climate Delegated Act), it was established that there were no such economic activities.

The following economic activities were identified at Intereuropa, d. d. in the context of screening Taxonomy-eligible economic activities, as derived from Annex I to the Climate Delegated Act:

- 6.6. Freight transport services by road and
- 7.7 Acquisition and ownership of buildings.

The majority of the turnover from Taxonomy-eligible economic activities comprised turnover from freight transport services by road (point 6.6 of Annex I to the Climate Delegated Act), i.e. 13.4%. In connection with transport, Intereuropa, d. d. provides transport organisation, freight forwarding and other associated transport activities, and therefore does not carry out direct transport services. For this reason, only turnover from domestic and groupage services carried out through subcontractors that are under the appropriate degree of control of Intereuropa, d. d. has been taken into account as turnover from activities relating to transport. In terms of NACE codes, the activity is defined under code H49.4.1 - Freight transport services by road.

The proportion of turnover from Taxonomy-eligible economic activities is derived from the lease of Intereuropa, d. d.'s own real estate (buildings) to third parties, i.e. 3.6%. In terms of NACE codes, the activity is defined under code L68.20 - Renting and operating of own or leased real estate .

1.9.5.3 Proportion of CaPex from products or services associated with taxonomy-aligned economic activities – disclosure of the Intereuropa Group and parent Company Intereuropa, d. d. For 2022

TABLE 14: PROPORTION OF CAPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES IN THE INTEREUROPA GROUP IN 2022

				Substantial contribution criteria		DNSH ('Do no significantly harm') criteria						Safeguards		
Economic activities	**Code(s)**	**Absolute CapEx**	**Proportion of CapEx**	**Climate change mitigation**	**Climate change adaptation**	**Climate change mitigation**	**Climate change adaptation**	**Water and marine resources**	**Circular economy**	**Pollution**	**Biodiversity and ecosystems**	**Minimum safeguards**	**Category (enabling activity)**	**Category (transitional activity)**
		in EUR thousand	**%**	**%**	**%**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**E**	**T**
A. TAXONOMY-ELIGIBLE ACTIVITIES														
A.1 Environmentally sustainable activities (Taxonomy-aligned)														
Installation, maintenance and repair of energy efficient equipment	7.3	520	2.6	100			YES			YES		YES	E	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		520	2.6	100										
A.2 Taxonomy eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)														
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)														
Total (A.1 + A.2)		520	2.6											
B. TAXONOMY NON-ELIGIBLE ACTIVITIES														
CapEx of Taxonomy-non-eligible activities (B)		19,257	97.4											
Total (A + B)		19,777	100											

The total value of CapEx as defined in point 1.1.2 of Annex I to the Disclosures Delegated Act for 2022 in the Intereuropa Group amounted to EUR 19.8 million.

As defined in point 1.1.2 of Annex I to the Disclosures Delegated Act, the Intereuropa Group did not disclose CapEx (for Taxonomy-eligible activities) in 2022, taking into account that the Taxonomy-eligible economic activity under point 6.6 of Annex I to the Climate Delegated Act - Freight transport services by road is carried out exclusively through subcontractors.

The proportion of CapEx (for Taxonomy-aligned and Taxonomy-eligible activities) referred to in point 1.1.2 of Annex I to the Disclosures Delegated Act in the proportion of the total CapEx of the Intereuropa Group referred to in point 1.1.2 of Annex I to the Disclosures Delegated Act amounted to 2.6 %.

Given that there were no identified Taxonomy-aligned economic activities in the Intereuropa Group, there was also no CapEx related to the assets or processes associated with such economic activities.

In accordance with point 1.1.2.2/c of Annex I to the Disclosures Delegated Act, CapEx related to the purchase of output from Taxonomy-aligned economic activities and individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions have been identified in the Intereuropa Group and are reported in the table on investments in Taxonomy-aligned activities.

In the scope of the CapEx referred to in point 1.1.2.2/c of Annex I to the Disclosures Delegated Act, the highest proportion is accounted for by investments in Intereuropa Group's buildings that are not earmarked for an activity carried out in alignment with the Taxonomy: i.e. funds related to the purchase of output from Taxonomy-aligned economic activities and individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions - these are acquisitions from the Taxonomy-aligned activity under point 7.3 of Annex I to the Climate Delegated Act - Installation, maintenance and repair of energy efficient equipment. These investments are mainly investments in the energy-efficient renovation of real estate, the supply of energy-efficient lighting and energy-efficient air conditioning devices.

TABLE 15: PROPORTION OF CAPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES AT INTEREUROPA, D. D. IN 2022

				Substantial contribution criteria		DNSH ('Do no significant harm') criteria						Safeguards		
Economic activities	**Code(s)**	**Absolute CapEx**	**Proportion of CapEx**	**Climate change mitigation**	**Climate change adaptation**	**Climate change mitigation**	**Climate change adaptation**	**Water and marine resources**	**Circular economy**	**Pollution**	**Biodiversity and ecosystems**	**Minimum safeguards**	**Category (enabling activity)**	**Category (transitional activity)**
		in EUR thousand	**%**	**%**	**%**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**E**	**T**
A. TAXONOMY-ELIGIBLE ACTIVITIES														
A.1 Environmentally sustainable activities (Taxonomy-aligned)														
Installation, maintenance and repair of energy efficient equipment	7.3	210	6.5	100			YES			YES		YES	E	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		210	6.5	100										
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)														
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)														
Total (A.1 + A.2)		210	6.5											
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES														
CapEx of Taxonomy-non-eligible activities (B)		3,033	93.5											
Total (A + B)		3,243	100											

The total value of CapEx as defined in point 1.1.2 of Annex I to the Disclosures Delegated Act for 2022 at Intereuropa, d. d. amounted to EUR 3.2 million.

As defined in point 1.1.2 of Annex I to the Disclosures Delegated Act, Intereuropa, d. d. did not disclose CapEx (for Taxonomy-eligible activities) in 2022, taking into account that the Taxonomy-eligible economic activity under point 6.6 of Annex I to the Climate Delegated Act - Freight transport services by road is carried out exclusively through subcontractors.

The proportion of CapEx (for Taxonomy-aligned and Taxonomy-eligible activities) referred to in point 1.1.2 of Annex I to the Disclosures Delegated Act in the proportion of the total CapEx of Intereuropa, d. d. referred to in point 1.1.2 of Annex I to the Disclosures Delegated Act amounted to 6.5 %.

Given that there were no identified Taxonomy-aligned economic activities at Intereuropa, d. d., there was also no CapEx related to the assets or processes associated with such economic activities.

In accordance with point 1.1.2.2/c of Annex I to the Disclosures Delegated Act, CapEx related to the purchase of output from Taxonomy-aligned economic activities and individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions have been identified at Intereuropa, d. d. and are reported in the table on investments in Taxonomy-aligned activities.

In the scope of the CapEx referred to in point 1.1.2.2/c of Annex I to the Disclosures Delegated Act, the highest proportion is accounted for by investments in Intereuropa, d. d.'s buildings that are not earmarked for an activity carried out in alignment with the Taxonomy: i.e. funds related to the purchase of output from Taxonomy-aligned economic activities and individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions - these are acquisitions from the Taxonomy-aligned activity under point 7.3 of Annex I to the Climate Delegated Act - Installation, maintenance and repair of energy efficient equipment. These investments are mainly investments in the energy-efficient renovation of real estate, the supply of energy-efficient lighting and energy-efficient air conditioning devices.

1.9.5.4 Proportion of opex from products or services associated with taxonomy-aligned economic activities – disclosure of the Intereuropa Group and the parent Company Intereuropa, d. D. Covering the year 2022

The Intereuropa Group's total OpEx as defined in Annex I to the Disclosures Delegated Act amounted to EUR 2.4 million in 2022.

Total OpEx at the parent company Intereuropa, d. d. as defined in Annex I to the Disclosures Delegated Act amounted to EUR 1.3 million in 2022.

Intereuropa Group has no material operational expenditure (OpEx) in relation to assets or processes that are associated with Taxonomy-aligned economic activities (point 1.1.3.2/a of Annex I to the Disclosures Delegated Act) or associated with the purchase of output from Taxonomy-aligned economic activities and individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions, in accordance with point 1.1.3.2/c of Annex I to the Disclosures Delegated Act.

Information on turnover, CapEx and OpEx derived from or associated with assets and processes from Taxonomy-aligned or Taxonomy-eligible economic activities has been obtained for the Intereuropa Group with the utmost care, taking into account the fact that there are still uncertainties in the implementation of the taxonomy reporting obligations of non-financial undertakings.

1.9.5.5 Minimum safeguards

Compliance with the minimum safeguards required by the EU Taxonomy (Article 18 of the EU Taxonomy Regulation) in relation to human rights, anti-bribery, fair competition and tax matters has been assessed for the Intereuropa Group. The Intereuropa Group has taken into account the relevant aspects of business conduct related to these topics in its policies and procedures as part of its business conduct and integrity programme. The assessment provided the Intereuropa Group with a sufficient basis to conclude that it meets the minimum social protection criteria.

Management Board of Intereuropa d. d.

Koper, 11 April 2023

Damijan Vajs,
President of the Management Board

Blanka Česnik Wolf,
Member of the Management Board –
Workers' Director

1.10 EXPLANATION PURSUANT TO ARTICLE 545 OF THE ZGD-1

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

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

Deprivations in the terms of Article 545 in connection with Article 546 of the ZGD-1 in transactions between the Intereuropa company and the controlling company Pošta Slovenije d. o. o. and its subsidiaries PS Logistika d. o. o., Posita d. o. o., EPPS, d. o. o. and PS Moj Paket d. o. o. were not noted or were compensated in the relevant period.

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

- the statements in the report on relations with affiliates for the year ending 31 December 2022 are accurate in all material respects;
- that the value of the Company's legal transactions stated in the report is not disproportionately high given the circumstances that were known at the time the legal transactions were executed; and
- that there are no circumstances relating to other acts stated in the report that would suggest a substantially different assessment of deprivation than the one given by the management.

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

Intereuropa
Globalni logistični servis

Business report

02

02 BUSINESS REPORT

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

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

VISION

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

MISSION

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

VALUES

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

KEY STRATEGIC GUIDELINES

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

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

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

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

TABLE 16: STRATEGIC OBJECTIVES OF THE INTEREUROPA GROUP IN 2025

Indicator	Strategy 2025 (in EUR thousand)
Sales revenue	201,500
EBITDA[1]	21,982
Operating profit or loss (EBIT)	9,604
No. of employees at the end of the year	1,448

[1] Alternative performance measure (APM), defined in the section 'Alternative performance measures' in Table 28 on page 79.

2.1 FULFILMENT OF PLANS IN 2022

The following business and financial objectives were set for the Intereuropa Group in the business plan for 2022:
- to generate EUR 174.6 million in sales revenue through growth in revenues recorded by the land transport and logistics solutions segments, with no growth in sales revenue in the intercontinental transport segment. The highest growth in sales revenue was planned at the subsidiaries in Serbia and Croatia;
- to actively stimulate the sale of products with higher added value and strengthen cooperation with customers that require integrated logistics solutions through the entire supply chain in the region, to increase emphasis on securing new key and strategic customers;
- to successfully control direct costs and the sales margin in the context of growth in sales, through the active management of the costs of direct services via a standard procurement policy at the Group level and through continuing the development of an independent partner network aimed at attaining the best possible procurement terms;
- to generate EBITDA of EUR 13.8 million and an operating profit (EBIT) of EUR 7.1 million; and
- to ensure financial stability and reduce debt through the divestment of real estate that is not used in the performance of the logistics activity

The Intereuropa Group generated sales revenue in the amount of EUR 200.4 million in 2022, and thus exceeded the planned figure by EUR 25.8 million or 15%. All Group companies except for subsidiaries in Serbia and Ukraine and a small subsidiary in Slovenia recorded figures that were higher than planned revenue. Out of all the subsidiaries, the Croatian subsidiary exceeded the plans by the highest margin in absolute value.

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

The Intereuropa Group generated EBITDA of EUR 15.1 million in 2022, which was 9% higher than planned. Contributing significantly to the higher-than-planned EBITDA in 2022, in addition to higher sales revenue, was higher-than-planned other operating revenues (up EUR 1.1 million on the plan), most notably revenue from the reversal of non-current provisions and compensation received from insurance companies. On the other hand the plan was exceeded most by costs of services, most prominently direct costs, which were impacted significantly by the higher prices particularly of maritime and air transport rates. Among other costs of services the highest growth has been in the costs of student labour and maintenance. Also significantly above the plan are labour costs (in part due to the redeployment of employees from recruitment agencies to Intereuropa d. d.), the costs of impairment of claims and energy costs.

Operating profit stood at EUR 8.2 million and was 16% higher than planned.

Net operating profit for the Intereuropa Group in 2022 amounted to EUR 5.1 million, which was 6 percent below the plan.

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

The Group's net financial debt amounted to EUR 42.5 million at the end of 2022, which was EUR 1.1 million less than what was planned. The indicator of net financial debt/EBITDA for 2022 is 2.8, showing a 0.4 improvement on the plan.

The Intereuropa Group made investments in 2022 in the amount of EUR 10.8 million, representing 79% of the annual investment plan. A total of EUR 6.6 million was invested in real estate, while EUR 4.2 million was invested in equipment and intangible assets.

The Group had a total of 1,409 employees at the end of 2022, which is 2.8% more than planned, a consequence in part of the redeployment of personnel from recruitment agencies to Intereuropa companies.

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2.2 OBJECTIVES AND BUSINESS PLANS FOR 2023

2.2.1 BASIS OF THE BUSINESS PLAN

The business plan of the Intereuropa Group for 2023 has been drawn up at a time of high uncertainty in the economic environment, with upheavals on the energy and raw materials markets, war in Ukraine, high inflation and consequently shifting monetary policies of the central banks, all while taking into account the trends in the logistics sector and the forecasts of economic trends for key Group markets.

TABLE 17: FORECASTS OF ECONOMIC TRENDS ON THE INTEREUROPA GROUP'S KEY MARKETS (IN %)

Country	GDP growth		Inflation		Growth in merchandise imports		Growth in merchandise exports	
	2022	2023	2022	2023	2022	2023	2022	2023
EU	3.1	0.5	8.3	5.7	5.7*	3.0	3.7*	2.3
Slovenia	5.7	1.7	8.9	5.1	4.3	3.0	0.2	2.9
Croatia	5.9	3.5	9.8	5.6	8.0	5.0	3.0	3.0
Bosnia and Herzegovina	2.5	2.0	10.5	4.5	-3.2	4.1	-15.3	8.1
Serbia	3.5	2.7	11.5	8.3	5.6	4.3	5.0	4.0
Kosovo	2.7	3.5	12.0	5.0	-0.4	-0.3	11.7	4.3
Montenegro	7.2	2.5	12.8	9.2	11.7	2.4	-10.1	0.3
North Macedonia	2.7	3.0	10.6	4.6	16.3	-1.3	13.4	1.2
Albania	4.0	2.5	6.2	4.3	1.8	-2.3	5.3	-7.4
Ukraine**	-34.9	n/a	20.6	n/a	n/a	n/a	n/a	n/a

* Data for the euro area.
** In view of the war in Ukraine the economic trend forecasts are unpredictable.

Sources:
- International Monetary Fund, World Economic Outlook Database, October 2022;
- Institute of Macroeconomic Analysis and Development, Autumn forecast of economic trends in 2022, September 2022

2.2.2 BUSINESS AND FINANCIAL OBJECTIVES

Taking into account the aforementioned points of departure, the following business and financial objectives were set for the Intereuropa Group for 2023:
- to generate EUR 197.8 million in sales revenue through growth in revenues recorded by the land transport and logistics solutions segments, with no growth in sales revenue in the intercontinental transport segment. The highest growth in sales revenue is planned in the area of logistics solutions, specifically in the Serbian subsidiary (due to the Gorenje2 project and the start of use of a new warehouse at Rijeka in Croatia) and the controlling company in Slovenia;
- to strengthen cooperation with customers who require integrated logistics solutions through the entire supply chain in the region, and to actively promote the sale of products with higher value added, to implement sales activities intended to increase the proportion of 'regular' customers, and increased emphasis on securing new key and strategic customers;
- to actively manage the costs of direct services through the single procurement policy at Group level, and continuation of the development of the independent partner network with the aim of securing the best possible procurement terms and successful control of direct costs;
- to generate EBITDA of EUR 16.5 million and an operating profit (EBIT) of EUR 8 million;
- to ensure financial stability and reduce debt in part through the divestment of real estate that is not used in the performance of the logistics activity.

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

- to invest EUR 10.6 million in property, plant and equipment and intangible assets, primarily in the upgrading and renovation of the warehousing infrastructure and warehouse equipment, in the IT equipment and IT systems;
- to increase the number of employees, mainly in the subsidiary Intereuropa Beograd, due to the opening of additional warehouse capacities in Novi Banovci.
- to ensure the optimal number of competent and motivated employees, and to keep the turnover of key and promising personnel below 4%;
- investments in the effective development of key sectoral employee competences, and the implementation of a systematic plan of measures for the promotion of health, including measures for the active and healthy ageing of Intereuropa Group employees;
- to maintain the proportion of flexible forms of employment at a minimum of 10% for the optimal adaptation of the number of employees to actual work needs;
- the conclusion of the centralisation of IT management within the Group and the continued implementation of shared IT solutions;
- the continued promotion of corporate integrity and compliance at all Group companies. Crucial in this regard is the project to introduce fraud risk management at Group companies;
- timely identification of risk and successful implementation of measures to control risk;
- to ensure the cost-effectiveness of support functions for the performance of logistics processes;
- the effective management of working capital; and
- the implementation of activities aimed at the sale of assets not required for business purposes.

TABLE 18: MAIN FINANCIAL OBJECTIVES OF THE INTEREUROPA GROUP IN 2023

Indicator	2023 plan (in EUR thousand)
Sales revenue	197,773
EBITDA[1]	16,459
Operating profit or loss (EBIT)	7,992
Investments in property, plant and equipment, and intangible assets	10,606
No. of employees at the end of the year	1,426

[1] Alternative performance measure (APM), defined in the section 'Alternative performance measures' in Table 28 on page 79.

2.3 ECONOMIC CONDITIONS IN 2022 AND FORECASTS FOR 2023

The year 2022 was characterised by significantly increased uncertainty in the international environment in connection with the war in Ukraine, conditions on the energy markets and rising prices. In the first half of the year the growth in the export-oriented part of the Slovenian economy slowed down, while growth in trade and services and in construction remained relatively favourable. Inflation picked up in June, with prices more than a tenth higher compared to the year before. Investment remained strong in the third quarter, with a boost in activity particularly in construction. In the final quarter there was a continued cooling of economic activity in the majority of activities, with a reduction in purchasing power while energy prices grew. Inflation stood at 10.3% in December. In its Autumn forecast 2022 the Institute of Macroeconomic Analysis and Development predicts a 5% growth of GDP.

The forecasts for the first half of 2023 see the value added of manufacturing and merchandise exports in the Slovenian economy still being impacted by the weaker growth of foreign demand, reduced gas consumption and persistent high prices. With a predicted slightly higher growth in trading partners, as indicated by the forecasts of international institutions, a recovery would follow in this sector of the economy in the second half of the year. The annual average inflation should hover around 7%. For 2023 the Institute of Macroeconomic Analysis and Development predicts growth of 1.8% in Slovenian GDP.

The outbreak of the war in Ukraine, high energy prices, increased inflation, disruptions in supply chains and measures imposed due to the epidemic conditions in China held back economic growth in the first half of 2022 in the euro area, and significantly influenced downwards the forecasts of international institutions for the euro area. Strong inflationary pressures contributed to a tightening of the conditions for financing at central banks throughout the world. Economic growth in the euro area slowed down considerably in the third quarter, but remained positive. Due to the constant diversification of sources of supply and the major decline in consumption, stocks of gas have remained above the seasonal average of past years, and wholesale gas prices have fallen significantly below the pre-war level.

In its winter interim forecast for 2023 the European Commission predicts 0.9% economic growth in the euro area. Overall inflation is projected to fall from 8.4% in 2022 to 5.6% in 2023.

CROATIA

Year-on-year GDP growth in Croatia fell in the first quarter of 2022, yet it remained high due to the accelerated growth of investment in fixed assets and the recovery in the tourism sector. In May the Fitch Ratings agency confirmed the investment credit rating of the country as "BBB" with positive outlooks, with reference specifically to the recovery of the tourism industry, limited exposure to the Russia-Ukraine war and a reduction in the country's private and public debt. In November there was a major decline of 6.6% in industrial output in the sectors of electric power, gas, steam and air conditioning device supply. There was also a drop of 0.2% on the annual level in the overall number of employees in the industrial sector. In June, experts at Focus Economics predicted 3.3-percent economic growth in 2022. Average annual inflation stood at 10.8% in December. The drop was aided by lower prices of transport, housing and municipal services, clothing and footwear.

For 2023 the International Monetary Fund projects GDP growth of 3.5% and inflation at 5.6%.

SERBIA

In the first quarter of 2022, alongside slower growth in primary investments and the accumulation of stocks, economic growth in Serbia eased off markedly. In the second quarter, inflation increased further in April in the face of stronger growth in production prices and increased merchandise exports. While the majority of Europe has been turning away from Russian oil and gas, at the end of May the government signed a new three-year agreement on gas supplies with Russia. The average annual growth in industrial output amounted to 1.7% in November.
In December the National Bank of Serbia (NBS) raised the key interest rate to 5.0%, and the deposit and credit interest rates to 4.0% and 6.0% respectively. The NBS aimed to "shore up the secondary effects of rising prices through inflationary expectations", stimulate inflation to start falling and to maintain relative stability of the dinar to euro exchange rate. Average annual inflation amounted to 11.4% in November. Experts at Focus Economics believe that inflation peaked in the fourth quarter of 2022 and will start to gradually ease off in 2023. According to IMF projections, inflation will average 8.3% in 2023, with industrial output growing at 2.8%.

BOSNIA AND HERZEGOVINA

In the first quarter of 2022 the economy of Bosnia and Herzegovina lost some impetus due to the deterioration of the international environment at the end of the first quarter. Growth in industrial output almost halved in this period.

Inflationary pressures increased and by March had reached double digits. This impacted household spending. Moreover the growth in merchandise exports slowed down. In April the growth in merchandise exports increased, while imports increased more slowly. Inflation hit record levels in April. The average inflation rate stood at 4.5% in October. The Focus Economics experts predict that GDP will increase by 2.6% in 2022. The IMF forecasts for 2023 point to a 2% growth in GDP and 4.5% inflation.

MONTENEGRO

In the first quarter of 2022 Montenegro's economy showed robust growth, influenced by increased exports, tourist arrivals (since the COVID-19 restrictions had been lifted throughout Europe), higher real wages due to an increase in the minimum wage on 1 January, and a reduction in unemployment. In the second quarter growth in the tourism sector continued, while the national air carrier added flights to boost the number of visitors. Despite this, inflation grew. The decline in the impact of the pandemic and strong wage growth provided some support to economic activity. The Focus Economics experts project 3.9% growth of GDP in 2022. For 2023 the IMF predicts 9.2% inflation and 2.5% growth in GDP.

NORTH MACEDONIA

In the first quarter of 2022 the volume of industrial output in the North Macedonian economy was higher on average than in the preceding quarter. Industrial trade on foreign markets increased by 16.8% due to strong international demand. The decline in employment in the industrial sector and growth in the prices of essential goods reduced household consumption. The record high inflation, war in Ukraine and long-term supply disruptions impacted industrial activity in the second quarter. The Focus Economics experts predict that GDP will increase by 2.9% in 2022. For 2023 the IMF predicts 4.6% inflation and 3% growth in GDP.

KOSOVO

In the first quarter of 2022 economic growth in Kosovo slowed down in consequence of the Russian invasion of Ukraine. Inflation picked up in March and exceeded double digits. On a more positive note, due to the strong growth in merchandise exports the goods trade deficit was reduced. In the second quarter, price pressures continued to grow due to more expensive energy and food, which along with a marked reduction in consumer loans had an adverse impact on private consumption. The European Bank for Reconstruction and Development approved a loan to Kosovo of EUR 23.2 million for the construction of a solar power plant and EUR 40 million for the rail operator to refurbish the main railway link between Kosovo and Serbia and North Macedonia.

The Focus Economics experts believe that the economy will grow in 2022 by 3.5%, while the IMF projects for 2023 a 5% inflation rate and 3.5% growth in GDP.

ALBANIA

At the beginning of 2022 economic activity in Albania was adversely impacted by the growth in COVID-19 cases and the Russian invasion of Ukraine. Moreover due to the major decline in the number of visitors from Belarus, Russia and Ukraine, the war severely impacted the tourism sector, which generates around 25% of GDP. In the second quarter conditions remained virtually unchanged: in April inflation rose to its highest level in over 20 years, and consumer confidence dropped notably. Meanwhile due to the war in the east, Albania and North Macedonia called on the EU to step up their accession process. Focus Economics experts forecast economic growth of 3.0% in 2022. For 2023 the IMF predicts 4.3% inflation and 2.5% growth in GDP.

UKRAINE

The war in Ukraine caused severe disruptions in the supply of wheat around the world in 2022. Prior to the conflict, Ukraine was the fifth biggest exporter in the world, for which reason exports in March and April fell on an annual level. International military assistance came mostly from the USA and EU. Due to the unpredictable and rapidly changing nature of the war, the precise economic consequences and forecasts are highly uncertain. Focus Economics experts have drastically reduced the growth in GDP for 2022, with some predicting a drop of up to 55%. The decline in exports, extensive damage to infrastructure and the major population loss will negatively impact the economy.

* The section Economic conditions in 2022 and forecasts for 2023 is summarised from the following publications:
- Institute of Macroeconomic Analysis and Development, Autumn forecast of economic trends in 2022, September 2022;
- International Monetary Fund, World Economic Outlook Database, October 2022;
- Focus Economics, Economic Outlook by Country, June 2022.

2.4 MARKETING AND SALES

The Intereuropa Group generated EUR 200.4 million in sales revenue from services in 2022, which is 13% more than in the previous year. The majority of Group companies recorded an increase in sales revenue in 2022, most notably in absolute terms by the controlling company and the subsidiary in Croatia. Lower sales than in the previous financial year were generated by the subsidiaries in Ukraine and Serbia and a small subsidiary in Slovenia.

The highest proportion of the Intereuropa Group's sales revenue in 2022 was accounted for by the land transport segment, i.e. 50% of the total sales revenue or EUR 100.3 million. Sales grew by 14% compared to the previous year. The greatest increase in revenues in absolute terms was seen in road transport services at the parent company.

Sales revenue in the intercontinental transport segment totalled EUR 57.5 million in 2022, an increase of 12% relative to the previous year. The intercontinental transport segment accounted for 29% of total sales revenue. The highest increase in absolute terms was seen in the sea freight segment.

Sales revenue in the logistics solutions segment totalled EUR 36.3 million in 2022, and accounted for 18% of the Group's total sales revenue. Relative to the previous year, these revenues increased by 16%, with the highest relative growth in the RTC subsidiary in Bosnia and Herzegovina.

TABLE 19: SALES REVENUE OF THE INTEREUROPA GROUP IN 2022 BY BUSINESS LINE

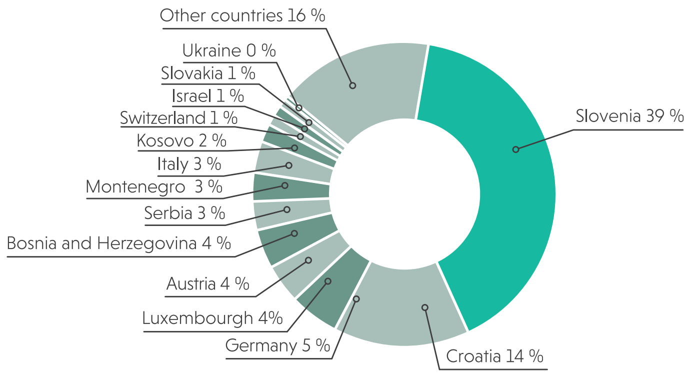
Business line	2022 (in EUR thousand)	Breakdown	Index 2022/2021	Index 2022/plan
Land transport	100,336	50%	114	107
Logistics solutions	36,348	18%	116	117
Intercontinental transport	57,459	29%	112	129
Other services	6,274	3%	109	112
TOTAL SALES REVENUE	**200,418**	**100%**	**113**	**115**

TABLE 20: SALES REVENUE OF THE INTEREUROPA GROUP IN 2022 BY COUNTRY WITH RESPECT TO THE REGISTERED OFFICE OF THE COMPANY

Country	2022 (in EUR thousand)	Breakdown	Index 2022/2021
Slovenia*	133,224	66%	113
Croatia	32,933	16%	112
Bosnia and Herzegovina	8,912	4%	106
Serbia	7,180	4%	144
Montenegro	6,801	3%	113
Ukraine	1,776	1%	73
Other countries	9,592	5%	131
EU countries	166,157	83%	113
non-EU countries	34,260	17%	118
TOTAL REVENUES FROM SALES	**200,418**	**100%**	**113**

* Data include consolidation restatements.

FIGURE 3: STRUCTURE OF SALES REVENUE OF THE INTEREUROPA GROUP BY COUNTRY IN 2022 (WITH RESPECT TO THE CUSTOMER'S REGISTERED ADDRESS)



In 2022 the breakdown of customers in terms of size, sector and geographical coverage is widely dispersed, especially in the area of the EU and the Balkans. In 2022 a total of 83% of sales were generated on the part of customers from European Union countries. The largest share of these were Slovenian and Croatian customers. A total of 13% of customers were from the countries of the former Yugoslavia.

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

2.4.1 LAND TRANSPORT

In 2022 the land transport sector exceeded EUR 100.3 million in sales revenue. Sales revenue in this segment was up by 14% relative to 2021. The parent company in Slovenia generated sales revenue of EUR 59.2 million from land transport services, with that amount representing 59% of the total sales of that business line. Sales generated in Slovenia were up by 13% relative to the same period in the previous year. In addition to the parent company in Slovenia, growth in sales revenue was also recorded by all Group companies, with the exception of the subsidiary in Ukraine.

FIGURE 4: STRUCTURE OF SALES REVENUE OF THE INTEREUROPA GROUP BY COUNTRY WITH RESPECT TO A COMPANY'S REGISTERED OFFICE IN THE LAND TRANSPORT SEGMENT IN 2022

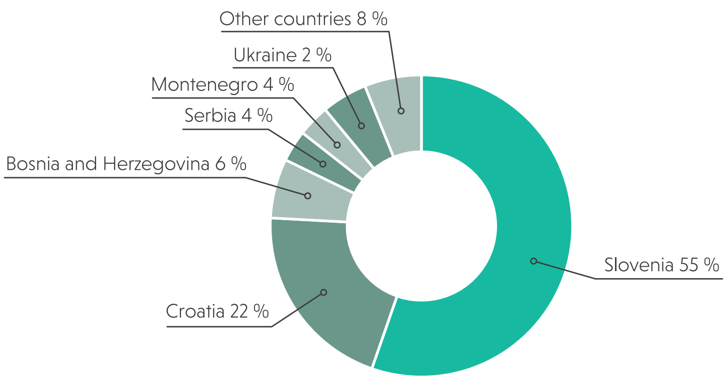
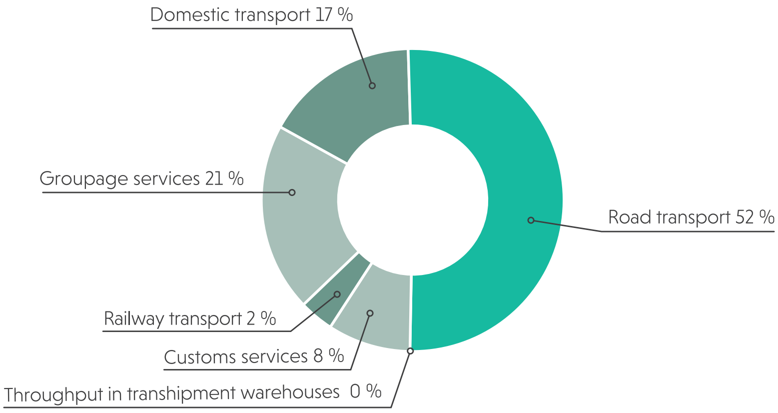


FIGURE 5: STRUCTURE OF SALES REVENUE OF THE INTEREUROPA GROUP BY INDIVIDUAL PRODUCT IN THE LAND TRANSPORT SEGMENT



2.4.1.1 Road transport

Sales revenue in the road transport segment was up by 16% relative to the same period last year, totalling EUR 51.7 million. Sales growth in 2022 resulted from the successful sales activities of the Group and higher sales prices due to the increase in energy prices and other costs of services. Sales revenue generated by the road transport segment was up at all companies, including the subsidiary in Ukraine.

2.4.1.2 Groupage services

Sales revenue from groupage services amounted to EUR 20.9 million in 2022, which was up by 18% relative to the previous year. The growth in sales in 2022 was spurred by successful sales efforts, reliability of service provision and increased sales prices resulting from increased costs. All companies increased sales revenues.

2.4.1.3 Domestic transport

Sales revenue from domestic transport amounted to EUR 16.9 million in 2022, which was up by 16% relative to 2021. Growth in sales was boosted most by sales activities in tandem with the quality of service provision and increased sales prices. The domestic transport product was subject to high cost changes in local markets. Domestic transport also has an important function as a provider of support services for other products.

2.4.1.4 Customs services

Revenues from sales of the customs services product were 6% higher in 2022 compared to the previous year. The positive performance of the product was primarily the result of increased demand for customs services from existing customers and the acquisition of new customers in the Group. Compared to 2021 the highest growth in revenues from customs services was recorded by the company in Bosnia and Herzegovina, which exceeded the previous year's performance by 19%.

2.4.1.5 Railway transport

Sales of railway transport services were down relative to last year's results and the planned sales performance at the Group level due to the crisis in Ukraine and the resulting drop in sales by the Ukrainian company in this segment.

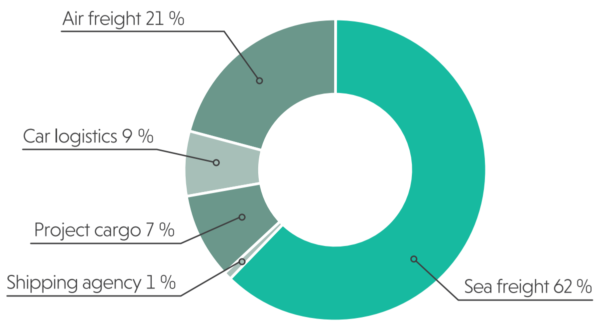
2.4.1.6 Plans for 2023

Sales revenue in the intercontinental transport segment totalled EUR 57.5 million in 2022, an increase of 12% over 2021. The intercontinental transport segment accounts for 29% of the Intereuropa Group's total sales revenue.

2.4.2 INTERCONTINENTAL TRANSPORT

Sales revenue in the intercontinental transport segment totalled EUR 57.5 million in 2022, an increase of 12% over 2021. The intercontinental transport segment accounts for 29% of the Intereuropa Group's total sales revenue.

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



2.4.2.1 Maritime transport, project cargo and maritime agency

Recording growth in 2022 sales revenue in the sea freight segment were the FCL and LCL products, as the result of an increase in the operations of existing customers and the acquisition of new business, as well as higher sea freight rates than in the previous year. Sales revenue from the conventional cargo product in 2022 also exceeded the previous year, due to higher sea freight rates for conventional cargos.

Higher sales revenue was also generated in 2022 by the project cargo product as the result of an increase in transactions by existing customers and acquisition of new customers.

Sales revenue from shipping agency services was up by 35% relative to sales in 2021 due to the increased number of ships serviced and the acquisition of new transactions.

2.4.2.2 Car logistics

Due to the increased scope of operations of certain existing customers, and also to the acquisition of new business, car logistics generated 28% higher sales revenues in 2022 compared to the previous year.

2.4.2.3 Air freight

Despite the difficult situation due to the pandemic, the war in Ukraine, inflation, changes to air routes in Europe and Russia and the global slide in demand, 2022 was an exceptional year in the Intereuropa Group for air freight, as the set sales targets were all exceeded significantly.

Sales revenue from air freight totalled EUR 11.9 million in 2022, an increase of 9% relative to 2021. The increase is the result of one-off major business transactions, particularly charter and partial charter transports of COVID-19 tests, and generally the still high prices of air transport due to the pandemic, the war in Ukraine and inflation.

2.4.2.4 Plans for 2023

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

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

2.4.3 LOGISTICS SOLUTIONS

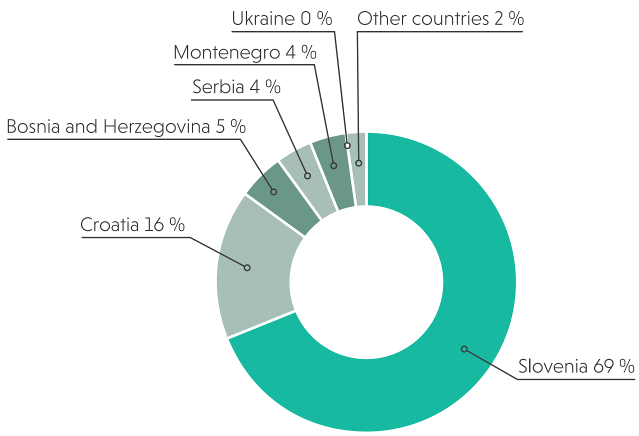
The Intereuropa Group generated revenues from the sale of logistics solutions in the amount of EUR 36.3 million in 2022, accounting for 18% of the Group's total sales revenue. Despite the unstable conditions, in this period the Group's logistics solutions line exceeded the 2021 revenue from sales by 16%.

In Slovenia, which is the largest key market, accounting for 69% of sales of logistics solutions, the results achieved in 2021 were exceeded by 16%. Almost all warehouse capacities in Slovenia were filled throughout 2022.

The second largest market for logistics solutions is Croatia, which generates 16% of the sales revenue in this business line. Sales revenues in 2022 remained at the same level as the previous year. The reason for this is the cessation of cooperation with two large customers at the subsidiary in Croatia.

Alongside the Slovenian market, sales revenues from the logistics solutions line were exceeded in all other Group markets compared to the previous year.

FIGURE 7: STRUCTURE OF SALES REVENUE OF THE INTEREUROPA GROUP BY COUNTRY WITH RESPECT TO A COMPANY'S REGISTERED OFFICE IN THE LOGISTICS SOLUTIONS BUSINESS LINE



In 2022 the Group continued its standardisation and optimisation of logistics processes in the warehousing segment, continued to establish integrated IT support for warehousing operations in Slovenia, Croatia and Bosnia and Herzegovina, increased the number of customers with EDI data exchange and modernised the existing IT links with customers both in Slovenia and other countries.

In all Group companies numerous activities were pursued to fill storage capacities, to secure business with higher value added and to update commercial contracts.

In November 2022 the subsidiary in Serbia started using the new leased logistics centre in Novi Banovci. The storage capacities comprise 14,600 m² of warehouse space, including 17,210 pallet spaces in a high-bay warehouse, and more than 1,900 m² of warehouse floor space. The warehouse is almost entirely intended for a well-known customer to carry out complex logistics operations.

2.4.3.1 Warehousing

The Group generated sales revenue of EUR 28.2 million from warehousing and storage services in 2022, an increase of 21% on the previous year. Revenues from the sale of warehousing and storage services accounted for 14% of the Group's total sales and 78% of sales revenue from the logistics solutions segment.

2.4.3.2 Distribution

The Group generated sales revenue of EUR 8.1 million from distribution services in 2022, which accounts for 4% of the Group's sales revenue and 22% of the sales revenue from logistics solutions.

2.4.3.3 Plans for 2023

The future development of logistics solutions will focus on the specialisation of services by individual merchandise category, with the aim of establishing long-term cooperation with partners. Crucial for this development are recognising and meeting the demands of customers, and the optimal integration of the entire supply chain, with the help of IT support adapted for that purpose.

In 2023 logistics solutions will continue to develop partnerships, intensify cooperation with existing customers and to make concerted efforts to secure new logistics projects, with the aim of filling free storage capacities and generate value added.

The optimisation and standardisation of warehousing processes will continue, with the aim of achieving the highest possible productivity, transfer of good practices throughout the warehouse locations and investment in personnel.

2.5 ANALYSIS OF OPERATIONS

In the uncertain economic conditions related to the war in Ukraine, the energy crisis, the general rise in prices across the globe and occasional epidemic conditions of COVID-19, the companies of the Intereuropa Group succeeded in providing unimpeded logistics services to customers.

In 2022 the Group's successful operations generated sales revenues in excess of EUR 200 million, with revenues exceeding the plan by 15% and those of 2021 by 13%. Cash flows from operating activities (hereinafter: EBITDA) were up by 9% and totalled EUR 15.1 million.

The net operating profit of EUR 5.1 million was 6% below the plan and 13% less than in 2021, under the significant impact of growth in costs related to deferred taxes in the controlling company.

In 2022 the Group created 11% higher value added compared to the previous financial year, amounting to EUR 49 million. At the same time employee productivity rose by 10% compared to 2021.

Net financial debt of the Group increased in 2022 by EUR 6.8 million, which can be attributed principally to the growth of financial obligations from long-term leases at a subsidiary and lower cash assets, to stand at 42.5 million at the end of 2022, resulting in an EBITDA ratio of 2.8.

More than twice as much assets were invested in 2022 in property, plant and equipment and intangible assets than in 2021.

2.5.1 PERFORMANCE

2.5.1.1 Key operating indicators of the Group and the parent company for the period 2019–2022

TABLE 21: OPERATING INDICATORS OF THE INTEREUROPA GROUP AND THE PARENT COMPANY INTEREUROPA D. D. FOR THE PERIOD 2019 TO 2022 (IN EUR THOUSAND)

	Intereuropa Group				Parent company			
Year	**2019**	**2020**	**2021**	**2022**	**2019**	**2020**	**2021**	**2022**
Sales revenue	160,353	150,725	176,687	200,418	111,828	103,964	122,312	137,680
EBITDA[1]	13,971	12,298	13,862	15,110	9,269	8,125	8,097	8,540
proportion of sales (in %)	8.7	8.2	7.8	7.5	8.3	7.8	6.6	6.2
Normalised EBITDA[1]	13,568	11,369	13,947	15,256	9,295	8,002	8,818	9,006
proportion of sales (in %)	8.5	7.5	7.9	7.6	8.3	7.7	7.2	6.5
EBIT	7,524	5,764	7,309	8,199	5,041	4,340	4,332	4,686
proportion of sales (in %)	4.7	3.8	4.1	4.1	4.5	4.2	3.5	3.4
Normalised EBIT[1]	6,344	4,043	6,632	7,720	4,868	3,682	4,517	4,659
proportion of sales (in %)	4.0	2.7	3.8	3.9	4.4	3.5	3.7	3.4
Net profit or loss	4,197	3,568	6,664	5,129	3,388	2,315	3,602	4,032
proportion of sales (in %)	2.6	2.3	3.7	2.6	3.0	2.2	2.9	2.9
Net earnings per ordinary share (in EUR)					0.12	0.08	0.13	0.14
Assets	223,351	220,444	229,970	240,045	176,748	172,272	174,464	177,803
ROA (in %)[1]	1.8	1.6	3.0	2.2	1.9	1.3	2.1	2.3
Equity	122,358	124,850	131,382	136,303	87,228	89,225	92,807	97,379
ROE (in %)[1]	3.5	2.9	5.3	3.9	4.0	2.7	4.0	4.3
Equity ratio (in %)	54.8	56.6	57.1	56.8	49.4	51.8	53.2	54.8
Net financial debt[1]	54,352	44,371	35,763	42,548	57,293	54,115	48,168	44,142
NFD / EBITDA[1]	3.9	3.6	2.6	2.8	6.2	6.7	5.9	5.2
Investments in property, plant and equipment, and intangible assets	2,889	2,105	4,451	10,840	1,603	1,279	1,060	3,243
Investments as a proportion of sales revenue (%)	1.8	1.4	2.5	5.4	1.4	1.2	0.9	2.4
No. of employees at the end of the year	1,356	1,337	1,344	1,409	609	586	581	642
Average number of employees (based on hours worked) - FTE[1]	1,293	1,297	1,266	1,311	582	572	534	570
Value added[1]	42,905	41,423	44,238	49,072	28,184	27,025	27,556	30,801
Value added/FTE[1]	33.2	31.9	34.9	37.4	48.4	47.2	51.6	54.0
Productivity (sales revenues/FTE)[1]	124.1	116.2	139.5	152.9	192.2	181.7	229.2	241.5

[1] Alternative performance measure (APM), defined in the section 'Alternative performance measures' in Table 28 on page 79.

TABELA 22: NORMALISATION OF EBITDA[1] AND EBIT[1]

Intereuropa Group	Extraordinary effects (in EUR thousand)	2022	2021
Other operating revenue		1,169	1,102
Gain on sale of property, plant and equipment, and investment property	Gain on sale of property, plant and equipment, and investment property	213	433
Revenues from the reversal of non-current provisions	Reversal of provisions and termination benefits	321	63
All other revenues	ent grants, debt write-offs, other revenues	634	606
Costs of goods, materials and services	Participation of agency workers in profits	-167	-216
Labour costs	Employee participation in profits, including contributions	-946	-799
Other operating expenses	Creation of provisions, expenses from the correction of errors	-203	-172
Costs of creation of provisions	Creation of provisions	-172	-172
Any other operating expenses	Expenses from previous years at RTC	-31	0
Other operating expenses – Revaluation operating expenses for intangible assets and property, plant and equipment	Impairments	-236	-99
Depreciation	Adjustment to depreciation due to changes to the useful life of real estate	862	862
Total impact on EBITDA[1]		-147	-85
Total impact on EBIT[1]		479	678

[1] Alternative performance measure (APM), defined in the section 'Alternative performance measures' in Table 28 on page 79.

Intereuropa, d. d.	Extraordinary effects (in EUR thousand)	2022	2021
Other operating revenue		640	363
Gain on sale of property, plant and equipment, and investment property	Gain on sale of property, plant and equipment, and investment property	117	95
Revenues from the reversal of non-current provisions	Reversal of provisions and termination benefits	98	19
All other revenues	Government grants, debt write-offs, other revenues	425	249
Costs of goods, materials and services	Participation of agency workers in profits	-167	-216
Labour costs	Employee participation in profits, including contributions, and costs for the payment of a crisis bonus	-919	-775
Other operating expenses	Creation of provisions, expenses from the correction of errors	-20	-93
Other operating expenses – Revaluation operating expenses for intangible assets and property, plant and equipment	Impairments	-55	-13
Depreciation	Adjustment to depreciation due to changes to the useful life of real estate	548	548
Total impact on EBITDA[1]		-466	-721
Total impact on EBIT[1]		27	-185

[1] Alternative performance measure (APM), defined in the section 'Alternative performance measures' in Table 28 on page 79.

TABLE 23: CONSOLIDATED INCOME STATEMENT OF THE INTEREUROPA GROUP FOR 2021 AND 2022

in EUR thousand	January–December 2022	January–December 2021	Index 2022/2021
Sales revenue	**200,418**	**176,687**	**113**
Gains and losses from the derecognition of operating receivables	-10	-10	100
Other operating revenue	1,169	1,102	106
Costs of goods, materials and services	-149,526	-131,403	114
Labour costs	-33,962	-30,376	112
Amortisation/depreciation	-6,674	-6,454	103
Impairment losses on receivables	-860	-103	836
Other operating expenses	-2,355	-2,134	110
Operating profit	**8,199**	**7,309**	**112**
Interest income	210	131	160
Other finance income	0	553	-
Financial expenses – financing costs	-907	-723	125
Impairment losses on loans granted and deposits	0	-1	-19
Other financial expenses	-470	-2	-
Profit/loss from financing activities	**-1,167**	**-43**	**2,730**
Investment result recognised according to the equity method	14	11	128
Profit from ordinary operations	**7,046**	**7,277**	**97**
Corporate income tax (including deferred taxes)	-1,917	-613	313
Net profit/loss for the period	**5,129**	**6,664**	**77**
Net profit/loss pertaining to controlling interests	4,993	6,513	77
Net profit/loss pertaining to non-controlling interests	135	150	90

TABLE 24: INCOME STATEMENT OF THE PARENT COMPANY INTEREUROPA D. D. FOR 2021 AND 2022

in EUR thousand	January–December 2022	January–December 2021	Index 2022/2021
Sales revenue	**137,680**	**122,312**	**113**
Gains and losses from the derecognition of operating receivables	-5	-24	22
Other operating revenue	640	363	176
Costs of goods, materials and services	-105,690	-93,907	113
Labour costs	-22,260	-19,459	114
Amortisation/depreciation	-3,799	-3,752	101
Impairment losses on receivables	-758	-78	968
Other operating expenses	-1,121	-1,122	100
Operating profit	**4,686**	**4,332**	**108**
Interest income	200	143	140
Other finance income	1,000	1,107	90
Financial expenses – financing costs	-747	-647	116
Impairment losses on loans granted and deposits	-67	0	-
Other financial expenses	-113	-1,394	8
Profit/loss from financing activities	**273**	**-791**	**-**
Profit from ordinary operations	**4,959**	**3,541**	**140**
Corporate income tax (including deferred taxes)	-927	60	-
Net profit/loss for the period	**4,032**	**3,602**	**112**
Net profit/loss pertaining to controlling interests	0.14	0.13	112

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

In 2022 the Group exceeded the planned sales revenues by 15%, generating EUR 200.4 million from sales of logistics services. These are the highest revenues since 2011.

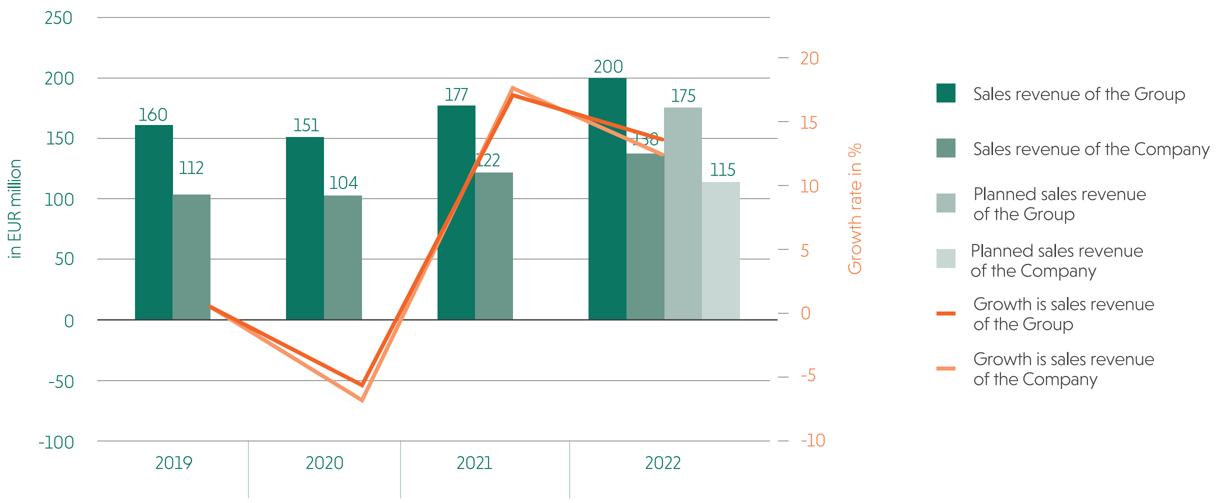
Sales revenues in 2022 grew the most in the controlling company and the subsidiary Intereuropa d. o. o. in Croatia. Only the subsidiary in Ukraine and a small subsidiary in Slovenia recorded lower sales revenue relative to the previous financial year.

The land transport segment, specifically road transport, and maritime transport within the intercontinental transport business line, generated the highest growth in sales revenues in 2022.

High growth in sales revenue was followed by an increase in direct costs, with the greatest impact on road, sea and air freight transport, which did not lead to a significant change in sales margins.

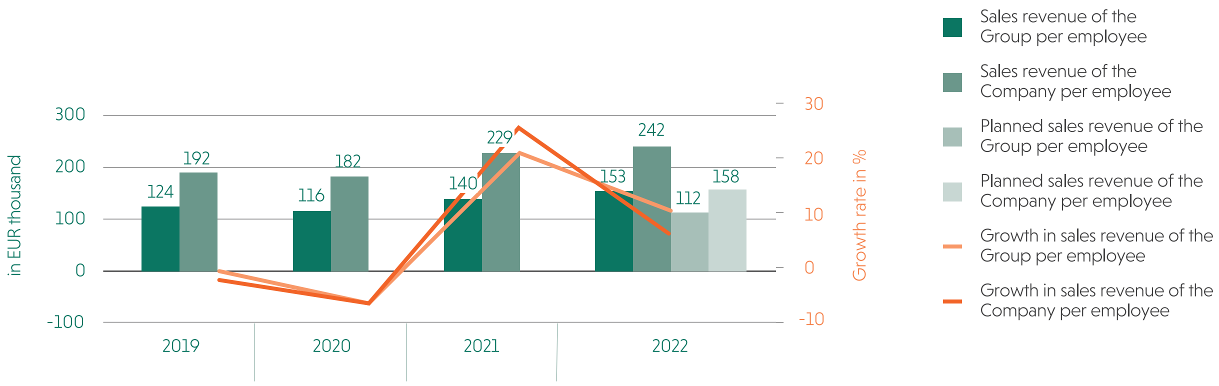
In 2022 the controlling company increased sales revenues by 13%, generating EUR 137.7 million in sales. The growth in sales revenues and other operating revenues made the biggest contribution to the growth in operating profit in 2022. The greater scope of operations was also followed by higher costs of services, most prominently direct costs, and higher costs of labour and costs of the impairment of receivables.

FIGURE 8: CHANGES IN THE SALES REVENUE OF THE INTEREUROPA GROUP AND THE PARENT COMPANY INTEREUROPA D. D. IN THE PERIOD 2019 TO 2022



The growth in sales in 2022, both at the Group level and parent company, resulted in an increase in work productivity measured by sales revenue per employee.

FIGURE 9: CHANGES IN SALES REVENUE PER EMPLOYEE OF THE INTEREUROPA GROUP AND THE PARENT COMPANY INTEREUROPA D. D. IN THE PERIOD 2019 TO 2022



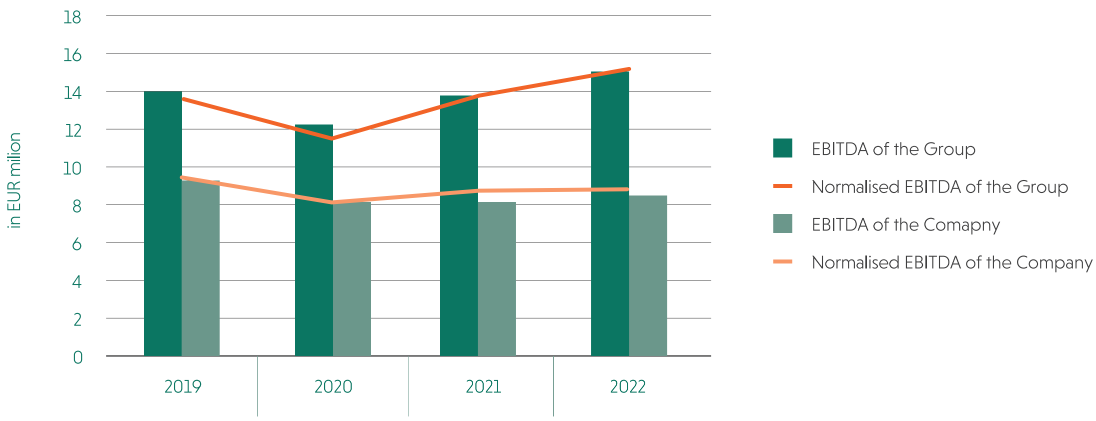
In 2022 the Group's share of total operating costs in sales revenues remained at the 2021 level, and the breakdown of costs did not change in any significant way.

FIGURE 10: OPERATING EXPENSES AS A PROPORTION OF THE SALES REVENUE OF THE INTEREUROPA GROUP IN THE PERIOD 2019 TO 2022

In 2022 the Intereuropa Group increased by 9% both the planned EBITDA and the EBITDA created in the previous year. Contributing most to the growth of EBITDA were the higher sales revenues, revenues from the reversal of non-current provisions in the amount of EUR 0.3 million, revenues from compensation received by the insurance company in the amount of EUR 0.2 million, government support in the amount of EUR 0.2 million and gains on the sale of fixed assets in the amount of EUR 0.2 million. The growth in costs was generated mainly by the increased prices of road and air transport and higher sea freight rates. Among other costs the highest increases were in labour costs, the costs of impairment of receivables and energy costs.

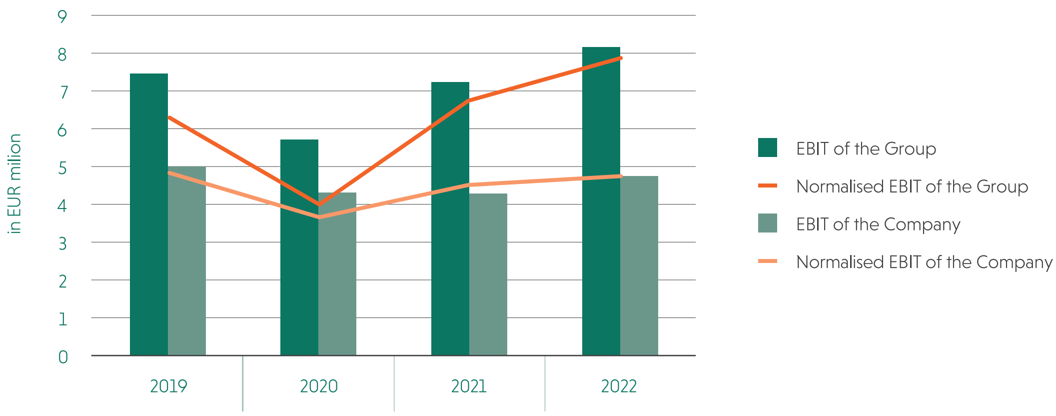
Normalised EBITDA amounted to EUR 15.3 million in 2022, an increase of 9% relative to normalised EBITDA in 2021.

FIGURE 11: CHANGES IN THE EBITDA1 AND NORMALISED EBITDA[1] OF THE INTEREUROPA GROUP AND THE PARENT COMPANY INTEREUROPA D. D. IN THE PERIOD 2019 TO 2022



[1] Alternative performance measure (APM), defined in the section 'Alternative performance measures' in Table 28 on page 79.

FIGURE 12: CHANGES IN THE OPERATING PROFIT AND NORMALISED OPERATING PROFIT[1] OF THE INTEREUROPA GROUP AND THE PARENT COMPANY INTEREUROPA D. D. IN THE PERIOD 2019 TO 2022

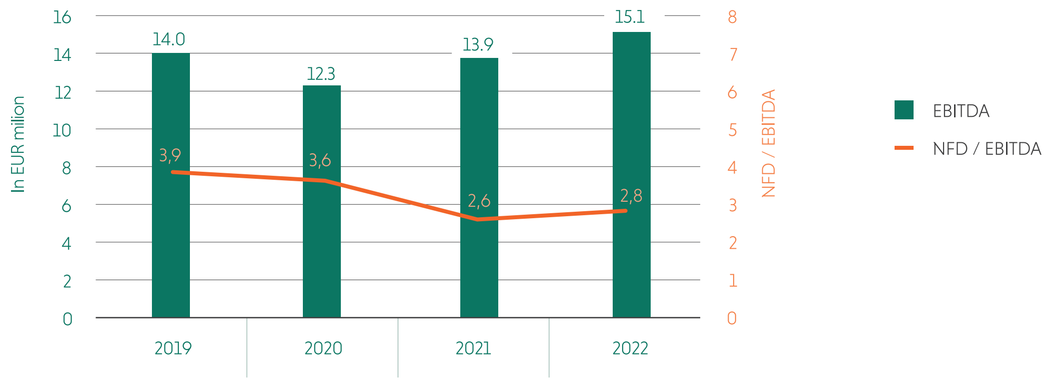


[1] Alternative performance measure (APM), defined in the section 'Alternative performance measures' in Table 28 on page 79.

2.5.1.3 Finance income and costs

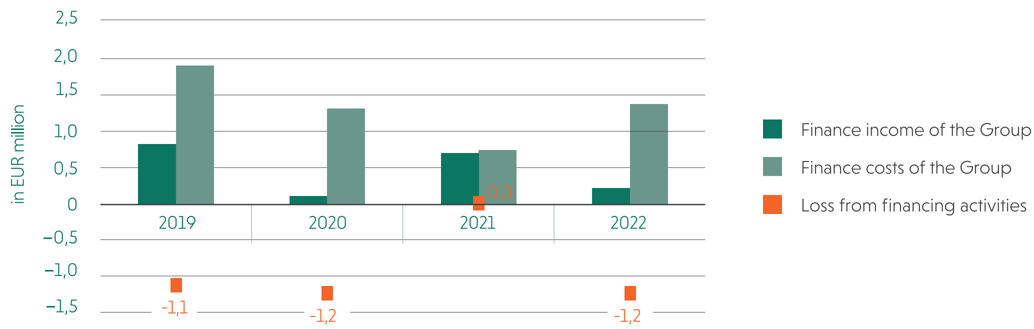
The Group's net debt amounted to EUR 42.5 million at the end of 2022, an increase of EUR 6.8 million during the year, which was seen in a deterioration in the Group's net debt/EBITDA ratio, which stood at 2.8 in 2022, a rise of 9% relative to the previous year. The increase in net financial debt is mainly a consequence of the increase in financial liabilities from long-term leases at the subsidiary in Serbia. An additional contributor was the reduced balance of cash assets and equivalents.

FIGURE 13: CHANGES IN EBITDA[1] AND THE NET DEBT/EBITDA1 RATIO OF THE INTEREUROPA GROUP BETWEEN 2019 AND 2022



[1] Alternative performance measure (APM), defined in the section 'Alternative performance measures' in Table 28 on page 79.

FIGURE 14: PROFIT OR LOSS FROM FINANCING ACTIVITIES OF THE INTEREUROPA GROUP IN THE PERIOD 2019 TO 2022



Group financing activities in 2022 showed a negative result of EUR -1.2 million, which is a reduction by that amount on the previous financial year, when the result was boosted significantly by financial revenues related to the reversal of impairments on investment in shares, interests and loans in the amount of EUR 0.5 million. The poorer performance of 2022, in terms of both the previous financial year and the planned value, could be attributed in large part to the negative exchange rate differences for subsidiaries in Ukraine.

The most important category in that respect is interest expenses, which amounted to EUR 0.9 million, an increase of EUR 0.2 million relative to the previous year.

The controlling company recorded an improvement in financing results of EUR 1.1 million in 2022 over the previous financial year, when the result was impacted significantly by the high costs of adjusting the value of investments in subsidiaries. Financial expenses in 2022 therefore represent just 45% of the financial expenses of 2021, while financial revenues in 2022 were just 4% lower than in the previous financial year. The lag of financing activity results behind the plan was mainly due to unrealised planned revenues from participating interests in Group companies.

FIGURE 15: PROFIT OR LOSS FROM FINANCING ACTIVITIES OF THE PARENT COMPANY IN THE PERIOD 2019 TO 2022

2.5.1.4 Net profit

The Intereuropa Group generated a net profit of EUR 5.1 million in 2022, a decline of EUR 1.5 million relative to the previous financial year and EUR 0.3 million below the planned figure. The markedly lower profit relative to the previous financial year can be attributed mainly to the growth in expenses relating to deferred taxes in the controlling company, which arose as a consequence of more modest business performance in the projections of future operations.

The net profit of the controlling company amounted to EUR 4.0 million in 2022, an increase of EUR 0.4 million relative to the previous year and EUR 2.2 million below the plan. Relative to 2021, expenses related to deferred taxes grew by EUR 0.9 million.

2.5.1.5 Structure of the statement of financial position

The balance sheet total for the Group increased by EUR 10.0 million in 2022, which is mainly attributable to the increase in non-current assets, including property, plant and equipment. These grew due to the increase in right-of-use assets in connection with leases, with the primary effect of this coming from the long-term lease of warehouse capacities by the subsidiary in Serbia and the growth of property, plant and equipment being acquired in large part by the subsidiary in Croatia, for the construction of real estate in Rijeka.

TABLE 25: ITEMS FROM THE STATEMENT OF FINANCIAL POSITION OF THE GROUP IN THE PERIOD 2019 TO 2022 (IN EUR THOUSAND)

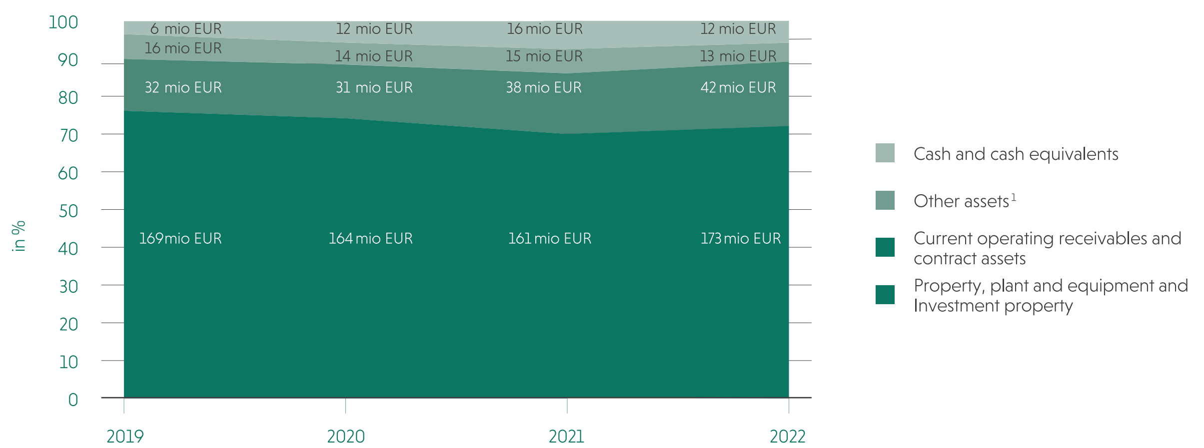
	2019	2020	2021	2022	index 2022/2021
ASSETS	**223,351**	**220,444**	**229,970**	**240,045**	**104**
A. NON-CURRENT ASSETS of which	**180,747**	**174,484**	**171,889**	**182,540**	**106**
property, plant and equipment	145,262	141,311	139,419	151,320	109
non-current financial assets	185	94	110	126	114
B. CURRENT ASSETS, of which:	**42,604**	**45,960**	**58,081**	**57,505**	**99**
current operating receivables and contract assets	31,931	30,853	37,972	41,798	110
cash and cash equivalents	6,283	11,609	15,854	11,851	75
EQUITY AND LIABILITIES	**223,351**	**220,444**	**229,970**	**240,045**	**104**
A. EQUITY	**122,358**	**124,850**	**131,382**	**136,303**	**104**
B. NON-CURRENT LIABILITIES, of which:	**17,328**	**68,684**	**63,386**	**64,149**	**101**
non-current financial liabilities	2,719	54,199	48,513	49,702	102
C. CURRENT LIABILITIES, of which:	**83,665**	**26,909**	**35,203**	**39,593**	**112**
current financial liabilities	58,978	4,419	6,909	7,955	115
current operating liabilities and contract liabilities	24,341	21,940	27,787	31,316	113

The value of current assets did not change significantly, with the highest growth being in current trade receivables, while cash assets and equivalents declined the most.

On the liabilities side, the most significant changes were seen in current operating liabilities, which were up by EUR 4 million as a result of an increased volume of operations.

The proportion of total equity and liabilities accounted for by equity was down 0.3 percentage points in 2022.

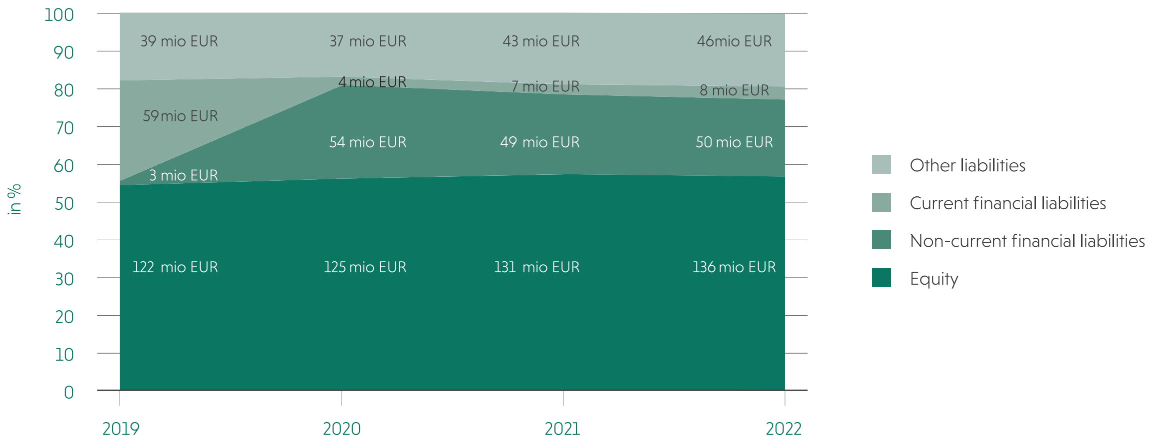
FIGURE 16: STRUCTURE OF THE GROUP'S ASSETS IN THE PERIOD 2019 TO 2022



[1] Alternative performance measure (APM), defined in the section 'Alternative performance measures' in Table 28 on page 79.

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

FIGURE 17: STRUCTURE OF THE EQUITY AND LIABILITIES OF THE INTEREUROPA GROUP IN THE PERIOD 2019 TO 2022



Trade payables accounted for the largest proportion of other liabilities.

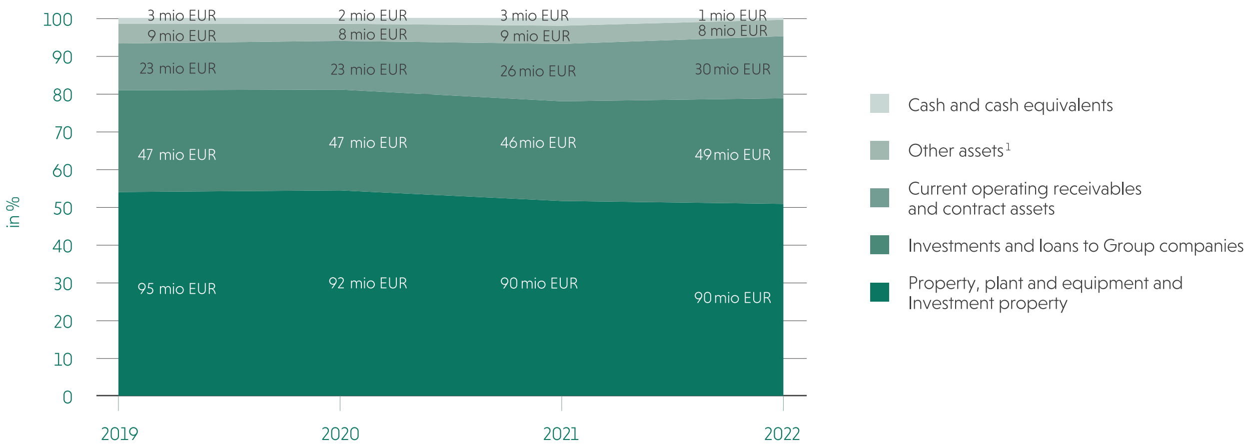
Within the financial statement of the controlling company, regarding current assets the biggest change in 2022 was in current operating receivables, which grew by EUR 3.9 million, and cash assets and equivalents, which fell by EUR 2.3 million. Non-current assets increased by EUR 2.3 million, including most prominently non-current loans provided to Group companies, specifically by EUR 2.3 million.

The most significant change on the liability side was in financial liabilities, which were down by EUR 4.5 million, and in current trade payables, which were up by EUR 2.8 million due to the increased volume of operations.

TABLE 26: ITEMS FROM THE STATEMENT OF FINANCIAL POSITION OF THE PARENT COMPANY INTEREUROPA D. D. FROM 2019 TO 2022 (IN EUR THOUSAND)

	2019	2020	2021	2022	index 2022/2021
ASSETS	**176,748**	**172,272**	**174,464**	**177,803**	**102**
A. NON-CURRENT ASSETS, of which:	**148,710**	**145,082**	**141,607**	**143,941**	**102**
property, plant and equipment	77,641	75,790	73,968	74,714	101
non-current financial assets, of which:	44,889	44,518	43,207	43,750	101
investments in subsidiaries	44,823	44,452	43,132	43,675	101
B. CURRENT ASSETS, of which:	**28,038**	**27,190**	**32,857**	**33,862**	**103**
current operating receivables and contract assets	22,759	22,515	26,203	29,977	114
current financial assets and loans	2,326	2,198	3,083	2,600	84
EQUITY AND LIABILITIES	**176,748**	**172,272**	**174,464**	**177,803**	**102**
A. EQUITY, of which:	**87,228**	**89,225**	**92,807**	**97,379**	**105**
share capital	27,489	27,489	27,489	27,489	100
share premium account	18,455	18,455	18,455	18,455	100
fair value reserves	30,627	30,545	30,508	31,014	102
B. NON-CURRENT LIABILITIES, of which:	**11,254**	**62,845**	**58,315**	**52,987**	**91**
non-current financial liabilities	870	52,642	47,654	42,650	90
C. CURRENT LIABILITIES, of which:	**78,267**	**20,202**	**23,342**	**27,437**	**118**
current financial liabilities	61,505	6,045	7,193	7,746	108
current operating liabilities and contract liabilities	16,623	13,944	16,075	19,575	122

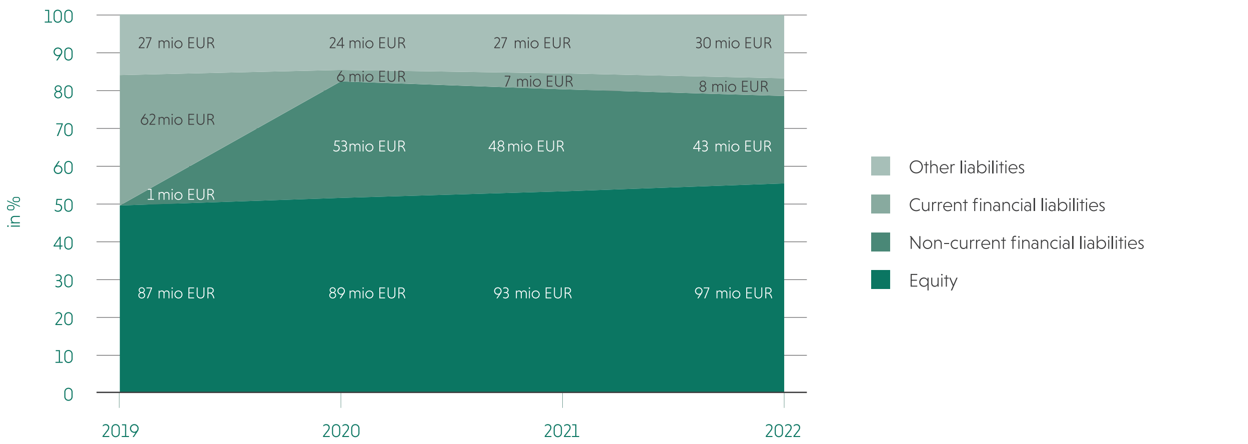
FIGURE 18: STRUCTURE OF ASSETS OF THE PARENT COMPANY INTEREUROPA D. D. IN THE PERIOD 2019 TO 2022



[1] Alternative performance measure (APM), defined in the section 'Alternative performance measures' in Table 28 on page 79.

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

FIGURE 19: STRUCTURE OF THE EQUITY AND LIABILITIES OF THE PARENT COMPANY INTEREUROPA D. D. IN THE PERIOD 2019 TO 2022



Trade payables accounted for the largest proportion of other liabilities.

2.5.1.6 Cash flow analysis

The Group generated a positive net cash flow from operating activities of EUR 13.0 million in 2022, an increase of 12% or EUR 1.4 million relative to 2021. The net cash flow from investment activities was negative at the Group level in the amount of EUR -8.9 million. The most significant change relative to 2021 was seen in the item outflows for the acquisition of property, plant and equipment, which were up by EUR 7.0 million, which was a result of higher investment expenditure, described in detail in the section 2.8.2 Investments in fixed assets. Following the coverage of the negative net cash flow from financing activities in the amount of EUR -8.1 million, which was an increase in net outflows of EUR 2.5 million relative to 2021, Group companies disclosed cash and cash equivalents of EUR 11.9 million at the end of 2022, a reduction of EUR 4.0 million or 25% on the balance at the end of 2021. Because the parent company is so much larger than other companies in relative terms, changes in the Group's cash flows generally track those of the parent company, as explained in the next paragraph.

The parent company generated a positive net cash flow from operating activities of EUR 7.2 million in 2022, an increase of EUR 0.5 million relative to 2021. The operating profit here before changes to net working capital and taxes was EUR 1.1 million or 13% higher than in the previous year. Changes to net working capital and provisions reduced net cash flow from operations by EUR 1.5 million.

Net cash flow from investing activities amounted to a negative EUR -3.7 million, which is EUR 3.0 million less than in 2021, mainly due to greater investments than in the previous year and financing the operations of subsidiaries in the amount of EUR 2.0 million.

A negative net cash flow from financing activities was generated in the amount of EUR -5.8 million, a decrease of EUR 0.7 million relative to 2021. The controlling company paid out EUR 1.8 million more in liabilities to creditor banks in 2022 than in 2021.

TABLE 27: CASH FLOWS OF THE INTEREUROPA GROUP AND THE PARENT COMPANY INTEREUROPA D. D. IN THE PERIOD 2019 TO 2022

(in EUR thousand)	Intereuropa Group				Parent company			
Year	**2019**	**2020**	**2021**	**2022**	**2019**	**2020**	**2021**	**2022**
Net cash flow from operations	12,573	9,576	11,590	13,021	9,101	4,876	6,733	7,244
Net cash flow from investment activities	311	-874	-1,834	-8,948	1,253	-1,360	-704	-3,721
Net cash flow from financing	-16,185	-3,349	-5,525	-8,065	-13,027	-3,899	-5,060	-5,789
Exchange rate differences from cash and cash equivalents	6	-27	13	-11	0	0	0	-17
Net cash flow for the period from ordinary operations	-3,301	5,353	4,231	-3,992	-2,673	-383	969	-2,266

2.5.1.7 Alternative performance measures

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

TABLE 28: LIST OF ALTERNATIVE PERFORMANCE MEASURES

lternative performance measure	Explanation of calculation	Reason for selected measure
EBITDA	EBITDA: operating profit + amortisation/depreciation + revaluation operating expenses for intangible assets and property, plant and equipment – revaluation operating revenues from the reversal of impairment losses on intangible assets and property, plant and equipment.	EBITDA reflects performance and is the main source for ensuring shareholder returns.
Normalised EBITDA – Group	Excludes the effect of other operating revenues, expenses from the creation of provisions, expenses for the participation of employees and hired labour in profits, and in 2022 also expenses from previous years at subsidiaries.	Normalised EBITDA reflects performance after the exclusion of all extraordinary effects, i.e. EBITDA from ordinary operations.
Normalised EBITDA – parent company	Excludes the effect of other operating revenues, expenses from the creation of provisions, expenses for the participation of employees and hired labour in profits.	
Normalised EBIT – Group	The same exclusions of effects apply as with EBITDA for the Group, with the additional effect of a correction to depreciation due to a change in the useful life of real estate.	Normalised EBIT reflects performance after the exclusion of all extraordinary effects, i.e. EBIT from ordinary operations.
Normalised EBIT – parent company	The same exclusions of effects apply as with EBITDA for the parent company, with the additional effect of a correction to depreciation due to a change in the useful life of real estate.	
Value added	Value added = EBITDA + labour costs.	Value added is a basic economic indicator and a fundamental criterion of economic activity and success. In a contextual sense, it means newly created value that the Intereuropa Group has generated in one year.
Value added per employee	Value added per employee = value added / average number of employees based on hours worked (FTE)	Productivity indicator that reflects average newly created value added per employee in the Intereuropa Group.
Net financial debt	Net debt = financial liabilities – loans granted and deposits – cash.	Net debt in absolute terms indicates the Intereuropa Group's general debt and its ability to settle all its financial liabilities were they to become due immediately.
Net financial debt/EBITDA	Ratio = net debt / EBITDA	Ratio that reflects the Intereuropa Group's ability to repay its financial liabilities, as it indicates how many years would be required to repay financial debt from existing liquid assets and cash flows from operating activities.
Return on equity (ROE)	ROE = net profit or loss / average equity calculated: ((final balance of equity - net profit/loss) + initial balance of capital) / 2	The ratio reflects the Intereuropa Group's ability to generate net profit relative to equity. Return on equity is also an indicator of the management's success in increasing a company's value for its shareholders.
Return on assets (ROA)	ROA = net profit or loss / average assets calculated: (final balance of assets + initial balance of assets) / 2	The ratio reflects the Intereuropa Group's ability to generate net profit relative to assets.

lternative performance measure	Explanation of calculation	Reason for selected measure
Return on revenue	Net return on revenue = net profit or loss / total revenues (net sales revenue + other operating revenue + finance income)	The ratio reflects the Intereuropa Group's ability to generate net profit relative to revenues.
Productivity	Productivity = sales revenue / average number of employees based on hours worked (FTE)	The ratio reflects the effectiveness of employees in generating sales revenue.
Other assets	Other assets = intangible assets + other non-current operating assets + non-current operating receivables + deferred tax assets + long-term loans granted and deposits + other non-current financial assets + assets (disposal groups) for sale + inventories + short-term loans, deposits + current receivables for corporate income tax + other current assets.	Methodology for the presentation of other assets in the balance sheet breakdown
Financial and operating liabilities	Non-current financial liabilities + non-current operating liabilities + current financial liabilities + current operating liabilities + deferred tax liabilities + contract liabilities + current corporate income tax liabilities	Methodology for the presentation of financial and operating liabilities in the balance sheet breakdown

2.6 SHARES AND OWNERSHIP STRUCTURE

In 2022 the Ljubljana Stock Exchange generated through shares 13% more turnover than in the previous year, while the SBITOP exchange index declined by almost 17% in value. Trading in the Intereuropa share IEKG, for which auction trading started to apply in April 2022, was very modest. It ended the year being quoted at EUR 1.21 per share.

Shares of Intereuropa d. d.

The share capital of Intereuropa, d. d. in 2022 was divided into 27,488,803 shares, of which 16,830,838 were ordinary registered freely transferable no-par-value shares (designated IEKG) and 10,657,965 freely transferable no-par-value preference shares (designated IEKN). Ordinary shares were listed on the prime market of the Ljubljana Stock Exchange, while preference shares were not traded on the regulated securities market. Ordinary IEKG shares have been traded on the Ljubljana Stock Exchange since 1998, and have been listed on the prime market since 2005.

TABLE 29: KEY DATA REGARDING SHARES

	2019	2020	2021	2022
Total number of shares	27,488,803	27,488,803	27,488,803	27,488,803
No. of preference shares (IEKN)	10,657,965	10,657,965	10,657,965	10,657,965
No. of ordinary shares (IEKG)	16,830,838	16,830,838	16,830,838	16,830,838
- of which: treasury shares	18,135	18,135	18,135	18,135
Book value per share in EUR (as at 31 December)	3,18	3,25	3,38	3,54
Data regarding reading in IEKG shares				
Closing price in EUR (as at 31 December)	1.43	1.16	1.46	1.21
Weighted average price in EUR	2.29	1.40	1.38	1.41
Highest price in EUR	2.80	1.87	1.49	1.50
Lowest price in EUR	1.40	1.02	1.06	1.15
Market capitalisation in EUR thousand	24,068	19,524	24,573	20,365
Turnover in EUR thousand	1,207	526	157	76
Indicators				
Earnings per ordinary share in EUR	0.12	0.08	0.13	0.14
Cash flow per share in EUR	0.28	0.23	0.27	0.29
Gross dividends per share in EUR	0.00	0.00	0.00	0.00
P/BV	0.45	0.36	0.43	0.34
P/CF	5.03	5.15	5.45	4.24
P/E	11.92	14.50	11.23	8.64
Capital yield	-45.0%	-18.9%	25.9%	-17.1%
Dividend yield	0.0%	0.0%	0.0%	0.0%
Total yield	-45.0%	-18.9%	25.9%	-17.1%

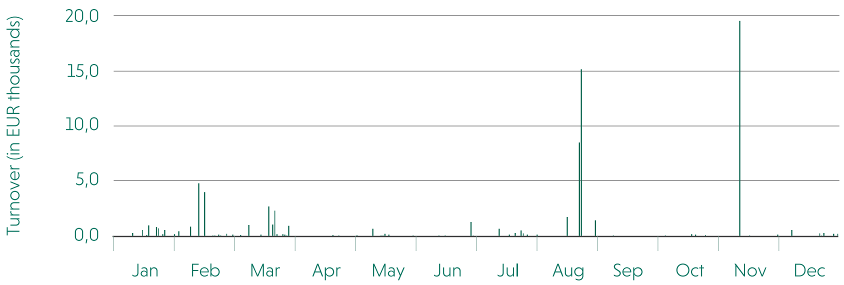
Notes:
Book value per share = equity / (number of total shares – number of treasury shares).
Market capitalisation: closing price at the end of year * number of shares listed on the stock exchange.
Earnings (loss) per ordinary share = earnings (loss) per ordinary share / (number of ordinary shares – number of treasury shares).
Cash flow per share = (net profit – dividends + amortisation/depreciation) / (number of total shares – number of treasury shares).
P/BV = closing price at the end of the year / book value per share.
P/CF = closing price at the end of the year / cash flow per share.
P/E = closing price at the end of the year / earnings per share.
Capital yield: growth in closing price over a one year-period.
Dividend yield = gross dividend / closing price at the end of the year.

Trading in IEKG shares

There were no major changes in the trading of IEKG shares in 2022. With low turnover, the shares continued to record only minor changes in their quoted price. Following the regular audit of the liquidity criteria for securities by the Ljubljana Stock Exchange, in April the auction method of trading started to apply to these shares. Annual turnover was half lower than in the previous year, at EUR 76,000, while daily turnover averaged EUR 300. A total of 122 transactions were concluded in which owners exchanged 54,299 IEKG shares. The market value of IEKG shares fluctuated between EUR 1.15 and EUR 1.50 per share and ended the year at EUR 1.21. The value of IEKG shares dropped by 17.1%, and the SBITOP Slovenian stock exchange index lost 16.9% of its value. Market capitalisation of ordinary IEKG shares stood at EUR 20.4 million at the end of the year.

FIGURE 20: CHANGES IN THE PRICE OF IEKG SHARES AND THE SBITOP INDEX IN 2022

FIGURE 21: TURNOVER IN INTEREUROPA SHARES IN 2022



Ownership structure of the Company

At the end of 2022 Intereuropa had 1,912 shareholders, which is 267 fewer than at the beginning of the year. There were no major changes among the bigger shareholders. The biggest shareholder, Pošta Slovenije d. o. o., held 87.2% of the shares both at the beginning and end of the year. The combined participating interest of the top ten shareholders was up by 0.1 percentage points to stand at 95.9% as at 31 December 2022.

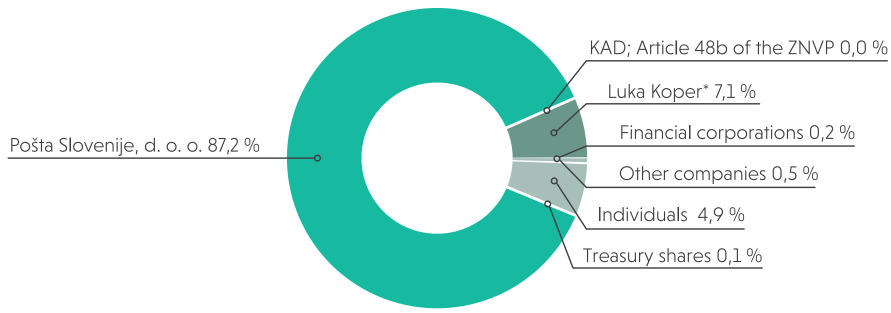
The stakes of individual groups of shareholders in the ownership structure did not change significantly in 2022. The only change was a 0.2 percentage points lower shareholding by natural persons, with a concomitant identical increase in the shares held by companies. The proportion of shares held by foreign investors as at 31 December 2022 was the same as at the beginning of the year, standing at 0.2%.

TABLE 30: TOP TEN SHAREHOLDERS OF THE PARENT COMPANY INTEREUROPA D. D AS AT 31 DECEMBER 2022

Serial number	Shareholder	No. of shares as at 31 Dec 22	Participating interest as at 31 Dec 22	No. of ordinary shares as at 31 Dec 22	Participating interest as at 31 Dec 22	No. of preference shares as at 31 Dec 22	Participating interest as at 31 Dec 22
1.	Pošta Slovenije, d. o. o.	23,964,032	87.2%	13,306,067	79.1%	10,657,965	100.0%
2.	Luka Koper, d. d.	1,344,783	4.9%	1,344,783	8.0%	0	0.0%
3.	Luka Koper INPO, d. o. o.	615,730	2.2%	615,730	3.7%	0	0.0%
4.	Individuals	117,967	0.4%	117,967	0.7%	0	0.0%
5.	Individuals	76,873	0.3%	76,873	0.5%	0	0.0%
6.	Individuals	73,196	0.3%	73,196	0.4%	0	0.0%
7.	Individuals	61,332	0.2%	61,332	0.4%	0	0.0%
8.	Arima, d. o. o.	44,366	0.2%	44,366	0.3%	0	0.0%
9.	Raiffeisen Bank International AG	35,643	0.1%	35,643	0.2%	0	0.0%
10.	Individuals	22,409	0.1%	22,409	0.1%	0	0.0%

At the end of 2022, 13,396 ordinary shares were held in a special account of Kapitalska družba d. d., which in accordance with Article 48b of the Book-Entry Securities Act (Official Gazette of the Republic of Slovenia, No. 43/19) is intended for securities waived by their holders and/or securities held by the Republic of Slovenia. Kapitalska družba may not exercise the voting rights attached to those securities.

FIGURE 22: OWNERSHIP STRUCTURE MERGED FOR BOTH CLASSES OF SHARES OF THE PARENT COMPANY INTEREUROPA D. D. AS AT 31 DECEMBER 2022



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

Shares held by members of the Management Board and Supervisory Board

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

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

TABLE 31: NUMBER OF IEKG SHARES HELD BY SUPERVISORY BOARD MEMBERS AS AT 31 DECEMBER 2022

Item no.	Shareholder	Number of shares	Participating interest
		31 December 2022	31 December 2022
1.	Tjaša Benčina, member of the Supervisory Board	40	0.0001%

Authorised capital

Intereuropa d. d. had no authorised capital as at 31 December 2022.

Dividend Policy

The Company did not pay dividends in 2022.

Communication with the financial public

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

To that end, it consistently complies with the Ljubljana Stock Exchange's information disclosure rules and recommendations, and strives to achieve the best corporate communication possible. It carries this out by means of the following communication tools and activities:

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

The Company also welcomes the direct opinions and recommendations of shareholders, which it collects via the following e-mail address: vlagatelji@intereuropa.si..

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

2.7 RISK MANAGEMENT

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

The risk management policy of Intereuropa Group companies is defined in the Risk Management Rules of the Intereuropa Group. Those rules define the risk management process at all Group companies, and include:
- the responsibilities and competences of key persons in the risk management process;
- the definition and types of risks;
- the definition of the risk management process;
- the methodology for measuring exposure to risks;
- the process of managing opportunities and the establishment of a register of opportunities;
- the process of managing loss events and establishing a register of loss events;
- the method of establishing a risk register; and
- notification and reporting methods.

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

The setting of the level of risk for the Group using the calculated weighted average of estimated annual amounts of damage is illustrated in Table 32.

TABLE 32: LEVEL OF RISK FOR THE INTEREUROPA GROUP

Level of risk for the Group	Estimated annual damage to the Group in EUR
1	X <= 20,000
2	20,001 < X <= 50,000
3	50,001 < X <= 80,000
4	80,001 < X <= 110,000
5	110,001 < X <= 160,000
6	160,001 < X <= 210,000
7	210,001 < X <= 260,000
8	260,001 < X <= 310,000
9	310,001 < X <= 410,000
10	410,001 < X <= 510,000
11	510,001 < X <= 610,000
12	610,001 < X <= 710,000
13	710,001 < X <= 960,000
14	960,001 < X <= 1,210,000
15	1,210,001 < X <= 1,460,000
16	X >= 1,460,001

Risks with identified levels:
- risk assessments from 1 to 4 represent low-level and less significant risks;
- risk assessments from 5 to 8 represent medium-level and moderate risks;
- risk assessments from 9 to 12 represent high-level and significant risks; and
- risk assessments from 13 to 16 represent very high-level and very significant risks. These are the Group's key risks.

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

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

Intereuropa Group companies are exposed to various types of risks. These risks are placed in the following five risk categories:

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

At the end of 2022, a total of 54 risks were identified at the Group level, two assessed as high, 16 assessed as medium and 36 assessed as low.

Operational risks are among the highest identified risks, both in terms of their number as well as their estimated average annual potential damage. In 2022 the number of recognised operational risks increased by two. Operational risks are risks that represent the possibility of loss due to the inadequate or failed implementation of internal procedures and processes, or due to external events. Among them there are no risks classed as high or very high. There are six operational risks rated as medium-level, including the greatest risk that customers will not be prepared to accept the Intereuropa conditions related to increased costs of operation, and the risk of loss of uncontrolled business due to changes in the business model of customers in maritime transport. The other 25 operational risks are assessed as low. In 2022 several permanent tasks were implemented for controlling and managing operational risk, covering the areas of HR, safety and health at work, managing internal controls and business processes. Measures were also carried out in the area of preventing fraud and other criminal acts, protecting business secrets and also preventing the spread of coronavirus infections. In 2022 compared to the previous financial year among operational risks the most pronounced reduction was in the recognised level of risk of occurrence of the epidemic and the negative impact on Group operations.

Recognised among operational risks are also the risks associated with IT security. These are assessed as low, although within the Intereuropa Group a number of measures are planned for 2023 to ensure IT security, with the emphasis on cybersecurity.

Strategic risks comprise risks associated with losses as a result of incorrect business decisions, the inadequate implementation of adopted decisions and insufficient responsiveness to changes in the business environment. Those risks depend on compliance between the outlined strategic objectives and the business strategy employed to achieve those objectives, the funds used to achieve those objectives, and on the quality of implementation. At the end of 2022 there were 13 strategic risks identified in the Group, including two assessed as high: the risk that strategic investments will not be implemented by the planned deadline and the risk of a drop in the value of property due to increased country risk. A medium level is ascribed to five strategic risks, including the highest risk of an increase in the prices of infrastructure costs. A low level is ascribed to six risks. In 2022 several permanent tasks were implemented for controlling and managing strategic risks in the area of costs and value of real estate, warehouse capacities and strategic investments, and the risk of a loss of status of customs terminals. Compared to the previous financial year, within the area of strategic risk the level of identified risk of fraud by management declined most in 2022, which was largely the result of multiple realised measures relating to the corporate governance of subsidiaries.

Regulatory compliance risks comprise the risk of the failure of Group companies to operate in accordance with valid laws and implementing regulations, other regulations, policies and declarations to which companies are bound, and the internal acts of companies. They relate to corporate governance, relations with employees and industry standards, and are linked to internal control systems and the security policy, and to the personal accountability of management, the members of supervisory boards and the liability of legal entities. Five regulatory compliance risks were identified at the Intereuropa Group level at the end of 2022, none of which were assessed as high or very high. The risk associated with customs procedures is rated most highly, at the medium level, and the most measures have been implemented to deal with this.

Five **financial risks** were also identified at the Group level at the end of 2022. These are risks associated with the ability to generate finance income, to control finance costs and to preserve the value of financial assets. Among the identified risks there are none assessed as high or very high, with the highest rating given to credit risk – bankruptcy and similar procedures at large customers – with a medium rating. Detailed information regarding exposure to financial risks is presented in the financial report in note No. 31.

2.8 DEVELOPMENT AND INVESTMENTS

2.8.1 DEVELOPMENT OF THE COMPUTERISATION OF OPERATIONS

The effect of the COVID-19 pandemic was not as significant in 2022 as in previous years. The most significant impact was seen in the purchasing of IT equipment, with the significant lengthening of delivery periods and, to some extent, price increases. This made correct and timely planning of IT equipment procurement crucial.

Despite this, the majority of planned projects were completed in 2022, the most important being:

- adjustment of IT solutions for the transition of Croatian companies to the euro and preparation for the conversion in 2023;
- replacement of the e-procurement web portal for parcel distribution products;
- integration with Pošta Slovenije's IT system for parcel distribution in Slovenia and Croatia;
- transition into the production environment of the new customs solution for AIS2 in Slovenia, and preparation for the EIS2 NCTS in 2023.
- preparation for the use of the new customs solution for AIS2, and EIS2 NCTS in Croatia;
- preparation for the project involving the transition of the Intereuropa Group to SAP Hana of the Pošta Slovenije Group;
- introduction of e-invoices at Croatian subsidiaries;
- preparation for the introduction of e-invoices at the Serbian subsidiary;
- introduction of e-wages at the parent company;
- integration of the North Macedonian subsidiary into Intereuropa Group's IT system;
- upgrades of key databases; and
- upgrades of key IT application systems.

The following major projects and activities are planned for 2023 with the aim of achieving strategic IT objectives, the Intereuropa Group's business plan and the synergies at the Pošta Slovenije Group level:

- final euro conversion of IT systems for Croatian companies;
- transition into the production environment of the new customs solution for EIS2 NCTS in Slovenia;
- transition into the production environment of the new customs solution for AIS2, EIS2 NCTS in Croatia;
- continuation of the project involving the transition of the Intereuropa Group to SAP Hana of the Pošta Slovenije Group;
- continued development of a new IT platform for parcel distribution;
- continued implementation of the WEX and EBA solution at subsidiaries;
- introduction of e-invoices at the Serbian subsidiary;
- upgrading the key system infrastructure; and
- security review of ICT systems.

The Group will devote special attention to information security in 2023, with special emphasis on cyber security.

A security review of the ICT systems is planned in the first quarter of 2023, as follows:

- an external security test;
- an internal security test;
- a simulation of cyber attacks via email.

A report will be produced on the basis of the security review that will cover the identified vulnerabilities and a risk assessment (according to the OWASP risk methodology) and the recommendations to mitigate and reduce risks.

2.8.2 INVESTMENTS IN FIXED ASSETS

2.8.2.1 Intereuropa Group

The Intereuropa Group invested EUR 10.8 million in fixed assets in 2022. Of the aforementioned amount, EUR 6.6 million was invested in property, while EUR 4.2 million was invested in equipment and intangible assets. A total of 79% of the entire investment plan was thus achieved.

The parent company Intereuropa, d. d. invested EUR 3.2 million in property, plant and equipment and intangible assets, while other Group companies invested EUR 7.6 million in fixed assets.

Most of the funds were earmarked for the construction of a new logistics centre in Rijeka, i.e. EUR 5.8 million, and a further EUR 1.1 million for purchasing forklifts and EUR 1 million for the performance of works for the new cold storage facility in Celje.

TABLE 33: OVERVIEW OF THE REALISATION OF PLANNED INVESTMENTS BY THE INTEREUROPA GROUP AND THE PARENT COMPANY IN 2022 AND COMPARISON WITH 2021 (IN EUR THOUSAND)

Company	TOTAL INVESTMENTS				Real estate			Equipment and intangible assets		
	Year 2022	2022 plan	Year 2021	2022 plan/ Actual 2022 (%)	Year 2022	2022 plan	Year 2021	Year 2022	2022 plan	Year 2021
Intereuropa, d. d.	3,243	4,770	1,060	68	742	2,448	92	2,501	2,322	968
Subsidiaries	7,597	9,039	3,391	84	5,847	6,139	2,361	1,750	2,900	1,030
TOTAL	**10,840**	**13,809**	**4,451**	**79**	**6,589**	**8,587**	**2,453**	**4,251**	**5,222**	**1,998**

2.8.2.2 Plans for 2023

The Intereuropa Group plans to invest EUR 10.6 million in 2023. Of that amount, EUR 5.8 million will be invested in real estate and EUR 4.8 million in equipment and intangible assets. The largest investments are in updating the logistics infrastructure, the supply of logistics equipment and investments in IT equipment.

2.9 DIVESTMENT OF COMMERCIALLY OBSOLETE ASSETS

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

The Intereuropa Group sold real estate, equipment and intangible assets with a carrying amount of EUR 1.2 million for EUR 1.3 million in 2022, while in 2021 it sold fixed assets with a carrying amount of EUR 2.5 million for EUR 2.8 million.

The business premises in Bar, Montenegro and the parking area in Varaždin, Croatia were sold in 2022.

The Intereuropa Group envisages the divestment of real estate with a carrying amount of EUR 0.5 million in 2023.

2.10 PARTICIPATION IN EUROPEAN PROJECTS

2.10.1 COMPETENCE CENTRE FOR THE HUMAN RESOURCE DEVELOPMENT IN LOGISTICS

In August 2022, the European project Competence centre for human resource development in logistics (KOC Logins), in which the parent company has been involved as a partner in a consortium with 31 other Slovenian companies from the logistics sector since September 2019, came to an end. Intereuropa has a project office that organises training, reports on work and draws up applications for co-financing for this purpose. The project is 20% co-financed by the Ministry of Labour, Family, Social Affairs and Equal Opportunities and by the European Union via the European Social Fund (80% co-financing).

The aim of the project is to improve the productivity, creativity and innovativeness of employees, and to strengthen the competitiveness of the Slovenian economy. The aim of the project at Intereuropa is the development of employee competences, and thus their improved flexibility and employability, and ultimately the increased awareness of employees about the importance of lifelong learning.

The project involved the linking and networking of companies, the development of new business relationships, the sharing of experience, knowledge and good practices in the field of human resource development, which should effectively contribute to the development of the logistics sector.

From the start to the end of the project, a total of 5,696 hours of training have been completed and attended by 1,044 participants, of that amount 1,133 hours and 252 participants solely in 2022. The project provided professional training courses in logistics, management, foreign languages, soft skills, computer skills and digitisation of business processes, as well as other training programmes in the Company's support activities (accounting, legal expertise, HR, etc.).

The parent company received a total of EUR 161 thousand from the project Competence centre for human resources development in logistics (KOC Logins) over the lifetime of the project. Of that amount, EUR 41 thousand was received in 2022.

Intereuropa®
Globalni logistični servis

Sustainable development

03

03 SUSTAINABLE DEVELOPMENT

3.1 HR ISSUES

The quality of Intereuropa's services is the result of the work of individuals and teams of professionals, which is why the Company pays special attention to developing its employees and providing them with the necessary skills to provide competitive logistics services and to create a culture of success.

The main guideline of employee conduct are basic ethical values of the Company, as set out in the Company's Code of Ethics, as follows: honesty, confidentiality of information, impartiality, compliance, accountability and transparency. Intereuropa adheres to labour legislation, the Company's internal rules, business ethics and concluded agreements. The Company opposes any form of discrimination based on age, race, ethnicity or any other grounds, as well as forced and child labour. No form of violence, harassment or mobbing is tolerated among employees. Everyone is given the opportunity to express their views openly and to make suggestions for improving operations.

3.1.1 NUMBER OF EMPLOYEES

The Intereuropa Group had 1,409 employees as at 31 December 2022, an increase of 4.8% or 65 employees relative to the last day of 2021. Slovenian Group companies employed 46.5% of the Group's employees, while 53.5% were employed at subsidiaries abroad. The average number of employees was 1,370.

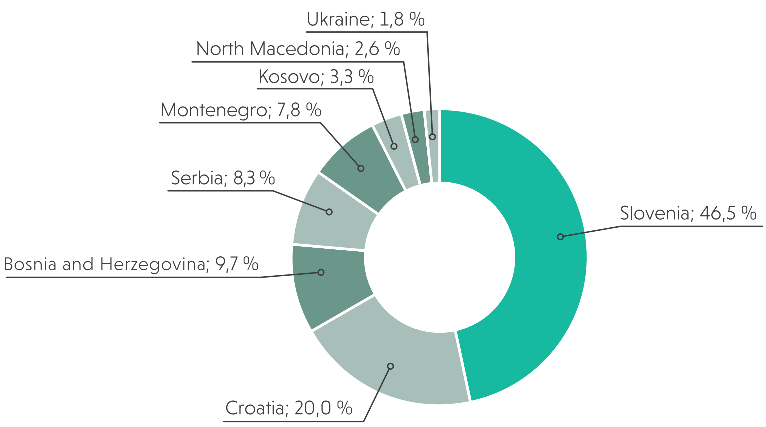
The parent company had 642 employees as at 31 December 2022, an increase of 10.5% or 61 employees relative to the last day of 2021. The average number of employees at the parent company was 604.

TABELA 34: NUMBER OF EMPLOYEES

	Number of employees as at 31 December 2022	Average number of employees in 2022	Average number of employees (based on hours worked)
Parent company	642	604	570
Subsidiaries	767	766	741
TOTAL	**1,409**	**1,370**	**1,311**

NOTE: Number of employees converted from hours worked indicates the number of employees that actually performed work at the company.

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



3.1.2 CHANGE IN NUMBER OF EMPLOYEES

The Intereuropa Group hired 287 new employees in 2022, while terminating the employment of 222 employees. Most of the needs for new employees were the result of newly employed workers replacing employees who left the company or were on protracted sick leave (39.4%). Increased workload and the securing of new transactions impacted 34.1% of new hires, followed by new Group employees who previously performed work at the company via employment agencies (26.5%).

The parent company hired 121 new employees, while terminating the employment of 60 employees in 2022. The largest proportion of new hires (57%) were accounted for by reassignments from employment agencies; A total of 33.9% of new hires replaced employees who left the company; A total 9.1% of new hires were the result of increased workload.

Needs arose in the Group for staff of various profiles: warehouse workers, customs brokers, clerks, logisticians, logistics operators, logistics organisers, commercial officers and also managers.

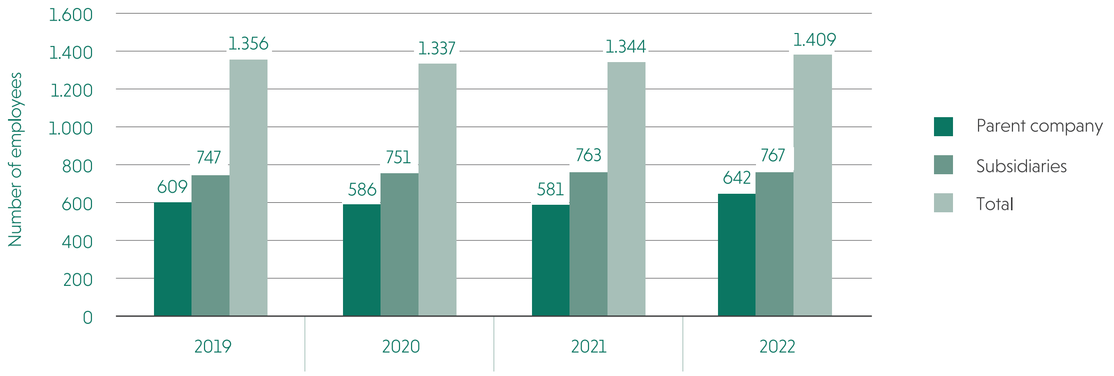
The majority of departures, both at Group and parent company level, were voluntary departures/terminations at the employee's request, with 147 employees, or 66.2%, leaving on these grounds at the Group level and 38 employees, or 63.3%, leaving on these grounds at the parent company.

The turnover rate of Intereuropa Group employees who left their jobs at their own initiative was 10.7%, an increase of 2.6 percentage points relative to 2021. The turnover rate at the parent company was 6.3%, an increase of 3.4 percentage points on the previous year. In addition to new hires, planned and unplanned turnover was also substituted by internal reassignment and advancement of qualified internal candidates to perform more demanding and technical work, as well as management functions.

TABLE 35: NUMBER OF EMPLOYEES BY INTEREUROPA GROUP COMPANY

Company	**31 December 2021**	**31 December 2022**	**Difference**	**Indeks 22/21**
Intereuropa, d. d., Koper	581	642	61	110
Interagent, d. o. o., Koper	10	11	1	110
Interzav, d. o. o., Koper	2	2	0	100
Companies in Slovenia	**593**	**655**	**62**	**110**
Intereuropa, logističke usluge, d. o. o., Zagreb	280	273	-7	98
Intereuropa Sajam, d. o. o., Zagreb	9	9	0	100
Intereuropa RTC, d. d., Sarajevo	126	136	10	108
AD Intereuropa, logističke usluge Belgrade	104	117	13	113
Intereuropa Kosova L.C.C., Prishtina	52	47	-5	90
Zetatrans A.D. Podgorica	115	110	-5	96
Intereuropa Skopje, DOO	37	37	0	100
TOV TEK ZTS, Uzhhorod	28	25	-3	89
Companies outside of Slovenia	**751**	**754**	**3**	**100**
TOTAL	**1,344**	**1,409**	**65**	**105**

FIGURE 24: CHANGE IN THE NUMBER OF EMPLOYEES AT THE INTEREUROPA GROUP AND THE PARENT COMPANY IN THE PERIOD 2019 TO 2022



3.1.2.1 Flexible forms of employment

In order to optimally adapt the number of employees to actual work needs, the guideline should be to have at least 10% of the Company's workforce in flexible employment. Such forms of work, which must comply with the laws of individual countries, comprise work via employment agencies, student services and fixed-term employment. They are mainly found in jobs with lower value added (e.g. clerks and warehouse workers), in cases of temporary increases in workload and as first-time jobs.

An average of 196 agency workers and 40 students, i.e. 236 workers in total, or 15.3% of the total workforce (in paid hours) recalculated as FTEs, performed work for the Group in 2022 via agencies and student services. There was 0.4 percentage points less of such forms of work in 2022 than in the previous year.

On average, 129 agency workers and 22 students worked for the parent company, in total accounting for 151 workers or 20.9% of the total workforce (in paid hours), recalculated as FTEs. In 2022, this workforce was 2.9 percentage points smaller than in the previous financial year.

3.1.2.2 Employee structure by gender, age and management position

Given the nature of work in the logistics sector, the Intereuropa Group employs more men than women. Compared to 2021, the proportion of women in the Group increased by 0.8 percentage points; the proportion of men at the parent company increased by 0.7 percentage points and the proportion of women at subsidiaries by 1.5 percentage points.

The average age of employees at the parent company has decreased from 47.5 years in 2021 to 46.5 years in 2022 by recruiting younger staff, while the average age of employees at the other subsidiaries is 43.9 years, and 45.1 years at the Group level.

The proportion of executive and management staff on individual contracts is 5.8% of the entire workforce at the Group level, a decrease of 0.4 percentage points relative to the previous financial year. In terms of employee structure by gender, the proportion of women holding executive or management positions increased by 0.5 percentage points.

The proportion of executive and management staff at the parent company is 4.8%, an increase of 0.2 percentage points relative to the previous year. In terms of employee structure by gender, the proportion of men in executive or management positions increased by 4.7 percentage points.

TABLE 36: EMPLOYEE STRUCTURE BY GENDER, AGE AND MANAGEMENT POSITION

	31 December 2022
Proportion of employees by gender within the Group	62.6% men, 37.4% women
- Parent company	57.0% men, 43.0% women
- Subsidiaries	67.3% men, 32.7% women
Average age of employees within the Group	45.1 years (men: 44.5 years; women: 45.6 years)
- Parent company	46.5 years (men: 45.8 years; women: 47.4 years)
- Subsidiaries	43.9 years (men: 43.5 years; women: 43.6 years)
Proportion of management staff (on an individual contract) in the Group	5.8% (62.2% men; 37.8% women)
- Parent company	4.8% (67.7% men; 32.3% women)
- Subsidiaries	6.6% (58.8% men; 41.2% women)

TABLE 37: PROPORTION OF EMPLOYEES BY CONTRACT TYPE (PERMANENT EMPLOYMENT - INDEFINITE PERIOD/FIXED-TERM)

	Proportion of employees on employment contracts for an indefinite period of time 31 December 2022	Proportion of employees on fixed-term employment contracts 31 December 2022	Total
Parent company	92.8%	7.2%	100.00%
Subsidiaries	82.7%	17.3%	100.00%
Total	**87.3%**	**12.7%**	**100.00%**

3.1.2.3 Qualification structure of employees

Given the Intereuropa Group's core activity, i.e. logistics operations and warehousing, the majority of employees have a secondary school or vocational education. The proportion of Group employees with lower than level IV qualifications increased by 1.5 percentage points relative to the previous year, while the proportion of employees with higher than level VI qualifications also increased by 0.5 percentage points. The proportion of employees with secondary school or vocational education increased by 2.1 percentage points at the parent company.

FIGURE 25: QUALIFICATION STRUCTURE OF EMPLOYEES AT THE INTEREUROPA GROUP IN THE PERIOD 2019 TO 2022

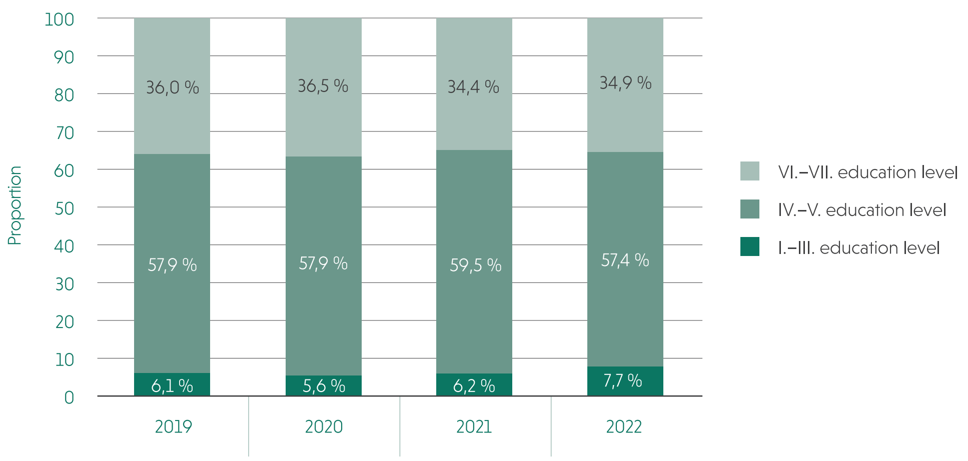
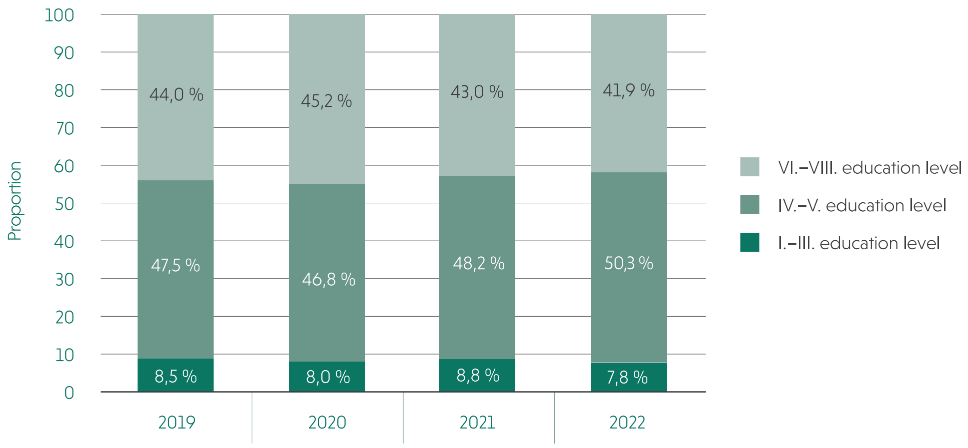


FIGURE 26: QUALIFICATION STRUCTURE OF EMPLOYEES AT THE PARENT COMPANY IN THE PERIOD 2019 TO 2022



3.1.2.4 Disabled persons

TABLE 38: NUMBER AND SHARE OF DISABLED PERSONS IN THE INTEREUROPA GROUP

	31 December 2022
Number and share of disabled persons in the Group	42 disabled persons (19 working part-time and 23 working full-time); 3%
- Parent company	31 disabled persons (18 working part-time and 13 working full-time); 4.8%
- Subsidiaries	11 disabled persons (1 working part-time and 10 working full-time); 1.4%

A total of 42 Intereuropa Group employees hold the disabled person status. Most employees with a disability status work, i.e. 31 employees, work for the parent company. The parent company is entitled to compensation for 11 disabled persons for exceeding the legally prescribed quota of disabled persons, which for companies operating in the transport and warehousing sector requires at least 3% of the total number of employees to be disabled persons to be granted compensation.

3.1.3 TRAINING AND HR DEVELOPMENT

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

Through training and different forms of motivation, the Intereuropa Group strives for the professional and personal development of employees and the securing of the knowledge required to provide competitive logistics services. This primarily includes expertise from logistics, the storage of various types of merchandise, customs clearance services, the organisation of transport, and also knowledge for management of the organisation, knowledge of foreign languages, communication skills and support functions (law, accounting, finances, IT, HR, occupational health and safety).

Employee training and development of human resources include activities focused on planning, implementation, monitoring and reporting. The planning of needs by drawing up a training plan is based on the identification of the required knowledge and skills through the regular annual business and financial planning process. Needs for additional knowledge are formulated and defined on the basis of keeping abreast of legislation, being familiar with the requirements of the work process, annual interviews, and on the initiative of an employee. The Company promotes in-house coaching and has an online training system in place where all employees can access a variety of courses and lectures in video form (self-learning), most of them in the field of occupational health and safety. Training courses that were not planned may also be organised during the year.

3.1.3.2 Realisation of training in 2022

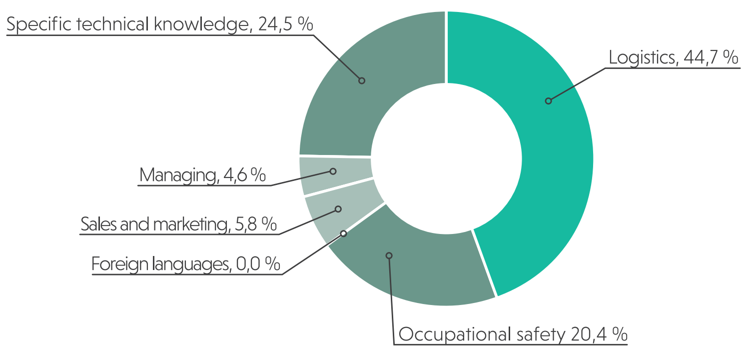
The Intereuropa Group held 6,551 hours of training in 2022, i.e. an average of 5 hours per employee. A total of EUR 80 thousand was earmarked for training, accounting for 34.2% of the funding planned for this period.

A total of 2,946 hours of training, or an average of 5 hours per employee, was provided at the parent company, using 43.9% of the planned funding. A total of 23.1% of training was carried out through the internal transfer of knowledge at the parent company, as follows: workshops in the area of information support for logistics processes in the sea freight segment, the presentation and use of the application support for the quality system - Trinetq, and occupational health and safety training. The majority of training was held remotely via digital forms and e-learning methods.

The most extensive training involving a large number of employees at the parent company was held on gaining assertive communication skills, for which 484 hours of training was earmarked, in addition to 300 hours of training via management workshops and 264 hours via sales workshops. At the other subsidiaries, the following extensive training activities should be noted: 1,920 hours of training for forklift drivers in the Croatian subsidiary, 88 hours of training on gaining sales skills at the subsidiary in Bosnia and Herzegovina, and 148 hours of training earmarked for gaining knowledge on the use of IT software for a new shipowner at Interagent.

An important event was organised at Group level, i.e. the sales team meeting, the aim of which was to network, share best practices and find common business solutions in the sales area. The latest developments and guidelines for the development of specific products were presented to participants.

FIGURE 27: BREAKDOWN OF EDUCATION AND TRAINING AT THE INTEREUROPA GROUP IN 2022 BY CONTENT



The largest proportion of training at the Group level, i.e. 44.7% of all training courses, was accounted for by training aimed at obtaining logistics knowledge, such as knowledge of customs legislation, origin of goods, etc., followed by further training to obtain specific professional knowledge in various areas of the Company's support activities at 24.5%, and occupational health and safety training at 20.4%. Roughly 5% of all training courses focused on management and sales.

The largest proportion of training at the parent company, i.e. 37.4%, was in various areas of the Company's support activities (presentation of the quality system support programme, effective assertive communication, etc.), followed by logistics and occupational health and safety training with just over 21%, followed by training focused on gaining management skills with 10.2%, and sales training with 9.1%.

TABLE 39: COMPARISON OF EDUCATION AND TRAINING AT THE INTEREUROPA GROUP AND THE PARENT COMPANY IN THE PERIOD 2019 TO 2022

	2019	2020	2021	2022
No. of hours of functional training (seminars, courses, professional meetings, etc.)	12.138	7.713	9.206	6.551
- Parent company	2.360	2.498	4.615	2.946
No. of hours of internal transfer of knowledge	4.776	1.007	1.816	731
- Parent company	782	295	1.045	731
No. of training participants (seminars, courses, professional meetings, etc.)	1.296	1.090	1.779	1.108
- Parent company	465	695	1.355	839
Total funds used for training in EUR*	56.902	58.630	82.360	80.372
- Parent company	32.709	43.258	62.754	61.476
Funds used for training per employee in EUR*	42	44	63	59
- Parent company	54	72	112	102

* Figure only includes participant fees.

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

The parent company has a code of ethics in place that obliges and guides employees to act appropriately in certain circumstances.

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

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

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

3.1.5 PARTICIPATION OF WORKERS IN MANAGEMENT

Workers exercise their rights at the Company via the Works Council and trade unions. Within the Management Board, a Workers' Director has been representing the interests of workers since April 2022.

A works council intended for the participation of workers in the adoption of important HR, economic and other company decisions functions actively at the Slovenian group companies and the subsidiary in Bosnia and Herzegovina and Ukraine.

Employees are regularly informed via Intereuropa's website of the content discussed at sessions, the topics of which cover various issues, i.e. from issues connected to wages and remuneration, the reorganisation of the company, business results, presentations of new management staff etc., and most recently at the parent company a number of discussions and coordination meetings were held on the new Rules on Working Hours.

Employee rights at Slovenian Group companies are represented by a representative trade union, which includes 29.9% of employees, and at the parent company 30.1% of employees. The union is also active at the subsidiary in Montenegro, where 4.5% of employees are unionised, and at the subsidiary Intereuropa Zagreb, where 15.2% of employees are unionised. Other companies do not have representative trade unions.

3.1.6 CONCERN FOR EMPLOYEES AND THE BROADER SOCIAL ENVIRONMENT

Intereuropa Group regularly takes measures to ensure well-being and health, offering employees, pupils and students additional benefits that contribute to strengthening their loyalty to the company and employee affiliation and improving the quality of their work.

Agency workers are treated equally as employees in the payment of wages and other benefits, as the provisions of the collective agreement are consistently applied equally to all.

Also in 2022, a number of activities were carried out to help Intereuropa ensure the satisfaction of its employees:
- Training for managers and other employees in "soft skills" such as relationships, communication, motivation, conflict resolution, etc., aimed at dealing effectively with the ever-changing challenges in the work environment.
- Publication of current events, presentation of the achievements and best practices of individual organisational units and employees on the intranet.
- Employees are offered the possibility of part-time work to facilitate the balancing of work and family life. A total of 11 employees took advantage of this option in the Intereuropa Group, of whom four were working for the parent company.

- On the basis of an internal act, employees at Slovenian Group companies have the option of using eight paid hours of leave a month in the event of urgent medical treatment for themselves or a child, and for medical examinations and therapy.
- Slovenian Group companies gave 139 children a gift certificate for EUR 30 for a children's shop to mark the New Year in 2022.
- For the most loyal employees, the employer awards financial jubilee bonuses and company anniversary acknowledgements. In 2022, the Intereuropa Group had 9 employees reaching 40 years of service, 30 employees reaching 30 years of service, 26 employees reaching 20 years of service and 40 employees reaching 10 years of service.
- In the past year, the employees of Slovenian Group companies have been covered by supplementary pension insurance for the 16th straight year. All permanent employees and employees on fixed-term contracts after they have been on the job for one year are eligible for this right to supplementary insurance. The premium amount that the Company pays monthly for employees depends on the employee's age: for employees below 35 years of age, the employer pays 70% of the premium, while it pays 80% of the premium for employees above 35 years of age and 90% of the premium for employees above 45 years of age, up to the legally prescribed 5.84% of an employee's gross wage.
- The Company earmarks a portion of funds every year to employees who, due to poor health and extended sick leave, have low income and require financial aid for additional healthcare services, and in the event of the death of a family member or employee. In 2022, a total of EUR 12,186 in financial aid was granted to 19 employees of the Group for this purpose, of which a total of EUR 7,184 in solidarity aid was paid to six employees of the parent company.
- Current employees and retirees are offered the use of the Intereuropa Group's holiday facilities (at spas, on the seaside, in the mountains, etc.).
- The Company encourages networking events (picnics, meetings, celebrations) and recreational activities for employees to preserve and improve their health (sports competitions, marathons, hiking, etc.).
- The Company remains associated with various educational institutions in the local and broader environment. High school and university students have the opportunity to perform their mandatory internships, receive assistance from mentors in seminar papers and undergraduate theses, and Intereuropa experts cooperate with schools and attend conferences as lecturers. Slovenian Group companies granted 10 pupils and 6 students the opportunity to do a school placement (internship) in 2022.

3.1.7 EFFECT OF COVID

Despite the general gradual relaxation of preventive measures to prevent COVID-19 virus infections, Intereuropa Group companies continued to respond to the occurrence of infections in 2022 by posting on the internal website and by circulars informing employees about the need to comply with measures to prevent the introduction and spread of infection, and calling for responsible behaviour.

A total of 460 Group employees were infected, which was 201 employees more than in the previous year and translates to 29.4% of all employees (including hired workers). A total of 323 employees at the parent company were infected, 199 more than in the previous year, and translates to 44.1% of all employees, including hired workers.

For reasons of force majeure, i.e. quarantine and childcare, 86 employees and hired workers in the Intereuropa Group were temporarily absent from work, 61 of them at the parent company.

A total of 297 employees or 21.7% of all employees temporarily or for a certain period performed work from home; a total of 235 employees at Slovenian Group companies (of which 225 were at the parent company), and 62 at foreign subsidiaries. Occasional work from home has become a common practice, and not only in cases of coronavirus infections. All employees at Slovenian Group companies who work from home are entitled to compensation for using their own resources.

3.1.8 SICK LEAVE

Through various measures to promote health, the Group actively manages absences due to sick leave, which includes illnesses, injuries in and outside the workplace, and care for and to accompany family members. The long-term objective is to reduce or maintain the sick leave rate due to illnesses and injuries to below 4.5%. That objective was not achieved in 2022, as the sick leave rate was up by 0.6 percentage points within the Group relative to the previous year to stand at 6.1%, and even increasing by 1 percentage point at the parent company to stand at 7.8%. The increase in the sick leave rate in 2022 was also influenced by an increase in the proportion of people infected with coronavirus.

3.1.9 OCCUPATIONAL HEALTH AND SAFETY

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

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

3.1.9.1 Promotion of occupational health

In accordance with the adopted health promotion plan, Slovenian Group companies are taking active measures to reduce the most common or longest-lasting health problems of their employees in four key areas: musculoskeletal disorders, mental disorders (stress, tension, burnout, depression), respiratory diseases and neoplasms (cancer).

In 2022, the main focus was on activities such as recreation in rented halls and fitness centres, subsidising swimming pool entry passes, organising hiking trips, neck and shoulder massages, fruit days, promoting stair climbing, etc. These activities were coordinated by the health team, which at Slovenian Group companies includes 16 trained staff members and representatives from each unit. All employees received a backpack as a health promotion gift.

3.1.9.2 Employee healthcare

A total of 443 Intereuropa Group employees were referred for preliminary, periodic and other specific-purpose medical examinations by an authorised occupational medicine provider, a decrease of 98 or 18.11% relative to 2021. A total of 258 employees were referred for preliminary, periodic and other specific-purpose medical examinations at the parent company, of which 188 were on full-time contracts, two students and 68 agency workers, a decrease of 13 or 4.80% relative to 2021. Flu vaccinations were free-of-charge for all Slovenian citizens in 2022. Employees applied individually for vaccination.

3.1.9.3 Workplace injuries

A total of 23 employees suffered workplace injuries at the Group level in 2022, which is four more than in 2021, corresponding to 1.48% of the total number of workers including hired workers. In 21 cases, the injuries were minor, such as blows from objects, cuts and slips, the causes for which were momentary carelessness during work. In two cases, the injury was more severe.

A total of 12 employees suffered workplace injuries at the parent company in 2022, which is two more than in 2021, corresponding to 1.66% of the total number of workers including hired workers.

With the aim of preventing injuries, a great deal of attention during employee training was invested in teaching correct and healthy work methods, with an emphasis on the risks associated with workplace accidents at a particular post.

3.1.9.4 Inspections and testing of work equipment

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

A total of 621 items of various work equipment, including forklifts, hydraulic loading platforms, lifts, wrapping machines, various power tools and other machines and devices, were inspected and tested by the prescribed deadlines in the Intereuropa Group in 2022.

A total of 509 items of various work equipment, including forklifts, hydraulic loading platforms, lifts, wrapping machines, various power tools and other machines and devices, were inspected and tested by the prescribed deadlines at the parent company in 2022.

3.1.9.5 Fire safety

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

Inspections, tests and measurements were conducted on 22 lightning conductor installations and 105 electrical installation assemblies in the Intereuropa Group in 2022. A total of 42 active fire safety systems and 1,782 items of various fire safety equipment were inspected and tested (fire extinguishers and internal and external fire hydrants).

Inspections, tests and measurements were conducted on 11 lightning conductor installations and 65 electrical installation assemblies at the parent company in 2022. A total of 15 active fire safety systems and 1,549 items of various fire safety equipment were inspected and tested (fire extinguishers and internal and external fire hydrants).

3.2 ENVIRONMENTAL MATTERS AND ENERGY-EFFICIENCY

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

The Group companies' environmental policy follows laws, regulations and other (including international) recommendations on environmental issues and sustainability, thereby contributing to a cleaner and more environmentally-friendly broader society.

It covers measures to combat air and water pollution, waste management, the preservation of biodiversity, ecosystem management, energy efficiency, protection of natural resources, nature in general and endangered species. The environmental policy establishes the foundation for controlling all activities at the company, preventing over-exploitation of natural resources and other adverse impacts on the environment, and ensuring that existing environmental impacts are not dangerous to humans.

Framework objectives:
- follow the adoption of legal and implementing environmental legislation;
- reduce environmental burdens by using new and more environmentally friendly equipment; and
- indirectly reduce environmental impacts through waste collection.

3.2.1 CONCERN FOR THE ENVIRONMENT AND ENERGY EFFICIENCY

Reduction of greenhouse gas emissions

The biggest contributor to greenhouse gas emissions is the heating of buildings. Electricity has a smaller carbon footprint because companies are supplied with 50% green electricity (hydropower and nuclear). The Company does not have a significant impact on the environment, but nevertheless invests a lot of attention and energy in reducing its carbon footprint and other environmental impacts.

The Group is also working on other aspects of CO_2 reduction, such as energy efficiency in buildings, optimising business travel and making it easier to work from home.

Energy consumption

Among the indicators monitored is the total final energy consumption for electricity, heating, cooling and final energy consumption in commercial buildings, because we know that energy efficiency is also important and that we need to invest in the energy efficiency of our real estate. The energy consumed includes natural gas, fuel oil and electricity, which are used to for heat pumps as an alternative heating source. The aim is to replace extra-light fuel oil with alternative heating sources, i.e. air-to-water HP, to reduce the carbon footprint.

Energy efficiency

Energy efficiency is the efficient use of energy, the use of modern technologies and measures that use less energy to achieve the same goals. Energy efficiency is key to combating climate change and developing towards a sustainable and low-carbon society.

Energy efficiency measures:
- rationalisation of cooling
- use of new LED technologies
- green technology and renewable sources of energy
- raising awareness on responsible energy management
- replacement of high-cost energy sources such as extra-light fuel oil and LPG in tanks with alternative heating sources such as air-to-water heat pumps
- joint procurement of energy for all post office buildings in Slovenia and the Intereuropa Group, resulting in lower energy prices, replacement of worn-out toilet tanks with energy-saving ones, replacement of energy-saving faucet aerators and rainwater harvesting, where possible
- increasing the proportion of renewable energy in final energy consumption and reducing CO_2 greenhouse gas emissions

Energy efficiency and a responsible approach to the environment are integral parts of the Group's work processes and business decisions. They relate to:
- the energy efficiency of buildings and devices;
- waste management, including waste computer equipment;
- procedures for handling hazardous cargoes;
- light pollution; and
- the monitoring of waste water.

Separate waste collection

We carry out the following regular activities in the field of energy efficiency at Intereuropa Group subsidiaries and at the parent company:
- the periodic cleaning and servicing of furnaces, chimneys and air conditioning units;
- the periodic servicing of work machinery and other equipment;
- the replacement of worn-out air conditioning units and work machinery; and
- the regulation of heating devices and the additional regulation and control over the functioning of combustion plants, during operation and on down days.

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

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

Six solar power plants are installed on the roofs of the Intereuropa Group's warehouses, with a total power of 4,889 kWp, which is enough to supply electricity to 1,350 households. The Group's contribution to reducing CO2 emissions is thus 3,320 tonnes per year.

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

Reduction of environmental impacts in transport and business processes

Transport is a major contributor to climate change, air pollution and noise pollution, and one of the major sources of environmental pollution. The Intereuropa Group has been taking various measures to reduce its negative impact on the environment for a number of years now.

One of the key measures is the monitoring and evaluation of providers according to the environmental criterion, and therefore the number or proportion of environmentally-friendly engines in the subcontractor's vehicles fleet and/or the age of the vehicle is also taken into account as an important selection criterion when selecting road transport service providers. This criterion results in an increase in the selection of suppliers of vehicles with newer engines, resulting in:
- lower fuel consumption and thus less impact on climate,
- less emissions and thus less air pollution, and
- less noise pollution.

The proportion of vehicles used, the engines of which comply with EURO 6 standards, is a little over 70%. The Group's goal is to raise this proportion to 75% by 2025.

Unoccupied capacities of vehicles or empty vehicles travelling represent a high environmental burden. Measures taken to manage this risk include:
- appropriate selection of products (in international transport this is the groupage product, where postal items are distributed in a joint partnership network with foreign operators in order to fill joint transport capacities)
- monitoring vehicles' occupancy and regular adjustment to the type and capacity of a vehicle in terms of cargo requirements.

As part of its sales activities, Intereuropa offers rail and intermodal transport services to reduce the negative environmental impact of road transport.

Involvement in development projects and following sustainability trends are additional measures employed to reduce negative environmental impacts.

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

The Intereuropa Group consumed 17,208,852 kWh of energy for the operation of buildings and technologies, of which 10,214,788 kWh was consumed at the parent company and 6,994,064 kWh at the Group's subsidiaries.

TABLE 40: CONSUMPTION OF ENERGY AT INTEREUROPA GROUP COMPANIES IN 2022

Company	Type of energy				
	Electricity (in kWh)	Natural gas (in kWh)	ELHO (in kWh)	Other-remote (in kWh)	TOTAL (in kWh)
Intereuropa RTC, d. d., Sarajevo	926,312	310,000	0	0	1,236,312
Intereuropa Skopje, d. o. o.	48,295	0	0	0	48,295
Intereuropa logističke usluge, d. o. o., Zagreb	2,246,147	1,619,725	30,000	0	3,895,872
Intereuropa Sajam, d. o. o., Zagreb	15,980	0	0	0	15,980
Zetatrans A.D., Podgorica	1,111,835	0	0	0	1,111,835
AD Intereuropa - logističke usluge, Belgrade	367,808	11,820	115,000	0	494,628
Intereuropa Kosova L.L.C., Prishtina	191,142	0	0	0	191,142
Intereuropa, d. d., Koper	7,536,316	2,626,592	51,880	0	10,214,788
TOTAL					**17,208,852**

FIGURE 28: ENERGY CONSUMPTION IN 2022

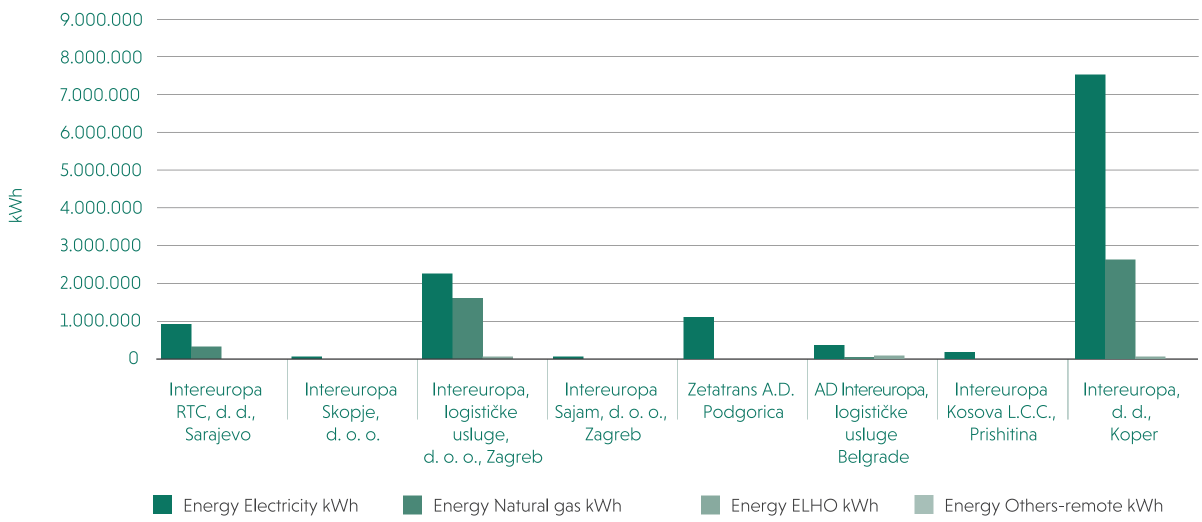
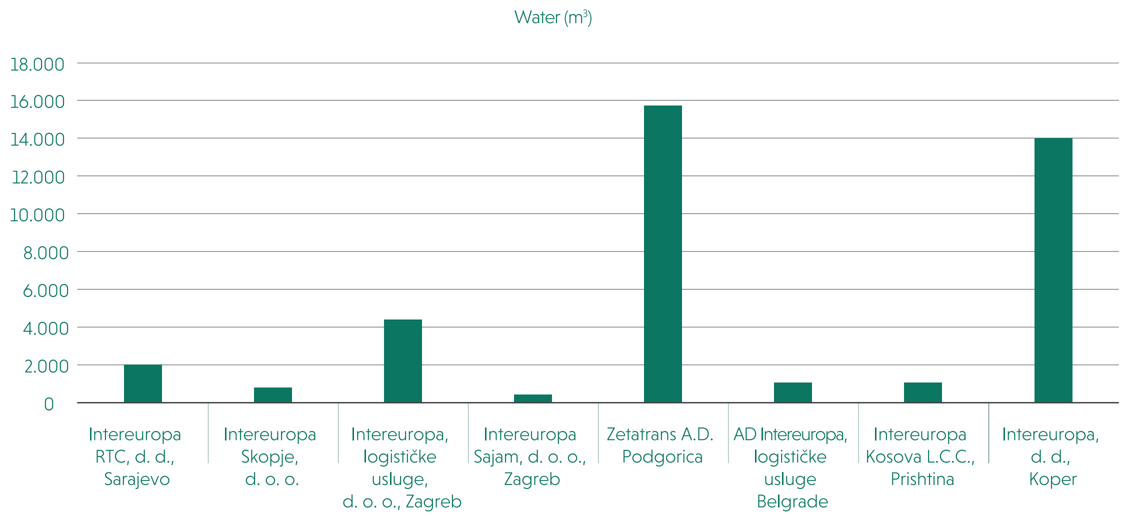


TABLE 41: CONSUMPTION OF WATER IN THE INTEREUROPA GROUP IN 2022

Company	Water (in m³)
Intereuropa RTC, d. d., Sarajevo	2,130
Intereuropa Skopje, d. o. o.	630
Intereuropa, logističke usluge, d. o. o., Zagreb	4,277
Intereuropa Sajam, d. o. o., Zagreb	273
Zetatrans A.D. Podgorica	15,654
AD Intereuropa, logističke usluge Belgrade	940
Intereuropa Kosova L.C.C., Prishtina	882
Intereuropa, d. d., Koper	13,908
TOTAL	**38,694**

FIGURE 29: CONSUMPTION OF WATER IN 2022



The Intereuropa Group recorded a total water consumption of 38,694 m^3 of water; of that amount, 13,908 m^3 was consumed by the parent company and 24,786 m^3 by the subsidiaries.

Concern for the environment and energy efficiency is passed on to all employees via internal communications. The Group aims to contribute to the increased awareness of business partners with regard to environmental protection principles through a diversified range of services that support those principles.

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

3.3 RESPONSIBILITY TO THE SOCIAL ENVIRONMENT

The Intereuropa Group follows sustainable development guidelines, and responsibly manages its social impacts. The Intereuropa Group strives for an inclusive relationship with its most important stakeholders in line with the Group's values. Through its cooperation and positive partnership attitude, it encourages and supports the development of sports, culture and education, and thus implements its mission with support from various stakeholders. It is vital that in supporting these activities their development is also maintained in the future. Intereuropa Group subsidiaries are aware that they operate in a co-dependent society where, in addition to generating positive operating results, they contribute to the development of the social and economic environment through their expertise, and the provision of logistics services and even financial resources. The Group demonstrates its concern for social issues by supporting projects that also form a link between Intereuropa's core activity and the local environment. That principle applies to all Group companies, which contribute to a higher quality of life, promote and enhance Intereuropa's good reputation in the eyes of the general public, and strengthen the Intereuropa service brand and positive relations with employees, customers, suppliers, investors and other stakeholders through their sponsorship and donation activities.

The Intereuropa Group and its subsidiaries operate in 12 countries and therefore pay particular attention to the exchange/sharing of knowledge and practices between the Group's companies. The social responsibility of the parent company Intereuropa, d. d. is implemented through the support it provides to various educational institutions in the local and broader environment. To that end, it provided 10 secondary school pupils and five tertiary level students the opportunity to perform their mandatory internships. The subsidiary Interagent, d. o. o. also provided a student the opportunity to perform his/her mandatory internship.

The Group earmarked EUR 22 thousand in 2022 for sponsorships and donations, a major increase relative to 2021 when the funds earmarked for this purpose stood at EUR 11 thousand. The parent company Intereuropa, d. d. supported certain socially beneficial projects and strove for the equal treatment of all areas of society to the best of its operational abilities. One of the major ones is the sponsorship support for the Slovenian Tennis Federation, where it sponsored the WTA Portorož sporting event. The parent company Intereuropa, d. d. also supported the activities of the Celeia Dog Sports Club with a donation.

Intereuropa Group's subsidiaries recognise that through their operations and the logistics services they provide, they have an impact on the quality of life of their employees, the local and wider community. The subsidiary Intereuropa, d. o. o., Zagreb, supported the activities of the Slovenian-Croatian Business Club Zagreb with a donation upon organising Slovenia's Statehood Day. At the same time, it supported through sponsorship funds the organisation of an international economic event on energy in cooperation with the Slovenian Embassy. The subsidiary Interagent, d. o. o., a shipping agency, supported the activities of the Friends of Youth Association, the VID Charitable Institute from Kranj, UNICEF Slovenia, the Koper Volleyball Club, the Koper Handball Club, the Slovene Philanthropy, the Sergej Mašera Maritime Museum in Piran, the Red Noses Foundation and the activity of the Europa Donna Association. The subsidiary Intereuropa RTC d. d., Sarajevo, sponsored the Borac Basketball Club. The subsidiary AD Zetatrans Podgorica supported, among others, the Slovenian Society 'Vida Matjan' in cooperation with the Slovenian Embassy in Montenegro, Karate Club Podgorica and the Budućnost Volley Podgorica Club. The subsidiary Interzav d. o. o. earmarked funds to the VID Charitable Institute in Kranj.

3.4 QUALITY MANAGEMENT SYSTEM

Implementation of the quality strategy

Three major Intereuropa Group companies have a certified quality management system in place according to the ISO 9001:2015 quality management standard (Intereuropa, d. d.; Intereuropa, logističke usluge, d. o. o., Zagreb; Intereuropa RTC, d. d., Sarajevo). A total of 74.6% of all Group employees currently work at these companies, which is up 1.5 percentage points on the previous year.

The year 2022 was also characterised by the successful completion of external assessments at all three certified companies.

Quality indicators

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

A survey of customer satisfaction at Intereuropa, d. d. indicated a slightly lower satisfaction of customers with the custody of logistics services, as well as slightly less consent to general quality characteristics according to the findings of the survey conducted last year.

The number of complaints at Intereuropa, d. d. in 2022 decreased by 1%, while the value of the complaints quadrupled relative to 2021. The increase in the value of claims for damages is not a reflection of an increase in the number of claims for damages, but of four high claims that are secured or for which the supplier is liable and only encumber the Company to a lesser degree. At the level of the three companies with a quality management system in place, the number of complaints fell by 13% but increased in value by 2.4 times relative to the previous year.

The speed of delivery at Intereuropa, d. d., measured by the proportion of shipments delivered the next day in domestic transactions, was down by 2.01 percentage points relative to the previous year, to stand at 91.5%.

The proportion of credit notes in invoices issued, which measure the accuracy or correctness of documentation issued to customers, has stabilised at around 1.5% over the last three years at Intereuropa, d. d., rising to 1.75% in 2022. At the Group level, this proportion stood at 1.60%, and was slightly higher than in the previous year.

Internal verification of the HACCP food safety management system

Transactions with food and fodder in the Intereuropa Group are conducted in accordance with applicable legislation. The HACCP system is in place at the subsidiaries Intereuropa, d. o. o., Zagreb, AD Intereuropa-Logističke usluge Belgrade and AD Zetatrans, Logističke usluge, Podgorica, and at the parent company.

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

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

In accordance with the employee training and qualification programme regarding food hygiene and the HACCP system verification programme, which includes verification of the fulfilment of best-practice requirements regarding food and fodder safety, an external assessment was carried out in 2022 at the Celje, Koper, Vrtojba, Logatec and Jesenice warehouses. Three instances of non-compliance were identified and six recommendations issued during the assessment. In conjunction with verification of the HACCP system, training was organised at the aforementioned locations for employees who come into contact with food.

Handling of hazardous materials

The storage and transportation of hazardous materials are carried out at Intereuropa Group companies in accordance with the applicable national and international regulations. Employees involved in organising the transport of hazardous materials are appropriately trained for the work that they do.

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

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

External verification of the quality of services

TABLE 42: OVERVIEW OF EXTERNAL VERIFICATIONS OF QUALITY WITHIN THE INTEREUROPA GROUP IN 2022

Company	Standard	Certification body	Type of assessment	Month of external assessment	Non-compliance	Recommendations
Intereuropa, d. d., Koper	ISO 9001:2015	SIQ	regular	March	0	11
Intereuropa, logističke usluge, d. o. o., Zagreb	ISO 9001:2015	SIQ	regular	June	0	3
Intereuropa RTC d.d., Sarajevo	ISO 9001:2015	SIQ	Reassess ment	November	0	7

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

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

Plans for 2023

The planned activities in the area of quality assurance of logistics services in 2023 relate in particular to the expansion of the new complaints management platform to the remaining Group subsidiaries as well as to the gradual improvement of quality characteristics in services where there is a decline or where targets have not been met.

3.5 SAFETY OF SUPPLY CHAINS

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

Different activities are being carried out at the parent company in the sense of ensuring compliance with commitments from this policy. These activities include training, safety reviews, cooperation with security services and alike. The parent company provides sources that are required for implementation and control over the implementation of requirements from the policy and other documents.

In accordance with the technical and physical security policy, including fire safety, which applies to the entire Intereuropa Group, security inspections were carried out in 2022 at individual units of the subsidiaries in Serbia and Montenegro. Activities focused on upgrading and building technical security systems continued at individual Group subsidiaries in accordance with this policy.

Plans for 2023

The parent company will continue its activities directed at upgrading the technical security systems in line with the risk assessment and other safety and security activities.

The upgrading of technical security systems will continue at individual Group subsidiaries in line with the risk assessment. Compliance audits of the implementation of security processes will also be carried out according to the adopted policy.

3.6 RESPONSIBILITY TO SUPPLIERS

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

Suppliers are categorised according to their importance and abilities as:
- partner suppliers with whom long-term cooperation agreements have been entered into;
- authorised suppliers assessed as capable and reliable;
- suppliers used in one-off and minor purchases; and
- suppliers that do not meet selection criteria.

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

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

Objectives for 2023

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

3.7 COMMUNICATION WITH KEY PUBLICS

The Intereuropa Group defines various stakeholders in the Corporate Governance Policy of Intereuropa, d. d. and in the scope of the Company's specific business processes. In accordance with the adopted policy the parent company Intereuropa, d. d. implements an active communication strategy and thus provides the public with all information regarding the performance of the parent company and the Intereuropa Group. The Intereuropa Group strives for constructive and active communication with all publics. Through open dialogue, we reinforce their confidence and improve the recognition of the Intereuropa Group and its reputation on all markets where the Group is present.

Communication with the financial public

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

Communication with the general public

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

Communication with employees

Effective internal communication is very important for the operations of the Company. The parent company has organisational units throughout Slovenia, and as such strategically plans and manages its internal communication. In doing so, it actively and comprehensively provides information to employees, encouraging employees to be actively involved in the communication process. Therefore, there is also special focus on direct communication between employees in the form of work and operational meetings and other forms of teamwork. The Intereuropa Group promotes communication that is based on a fair and equitable relationship at all its subsidiaries. The culture of a partnership with employees is built on the loyalty, cooperation, creativity, respect and responsibility of each individual.

The parent company Intereuropa, d. d. communicates with its employees through various communication channels. It keeps staff informed of new developments, internal rules and other information by means of email and notice boards, internal websites (intranet) and personal (face-to-face) communication.

This is achieved by providing regular information regarding the latest developments and through employees' participation in management via the works council, trade union representatives and employee representatives on the parent company's Supervisory Board. The parent company's Works Council regularly invites the Company's management to its sessions, and thus provides current information and ensures mutual dialogue about open issues. In this way, the Company ensures that employee representatives are informed and involved in the Company's activities and that the matters for which they are responsible are dealt with directly.

Key communication tools, which the Group uses, include internal websites (intranet), email and personal communication. Employees are also informed regularly about recent developments through the Works Council, which invites the Company's senior management to its sessions, and thus provides current information and ensures mutual dialogue about open issues.

Communication with customers

Intereuropa Group recognises the importance of customer satisfaction and therefore honours its commitments to customers. This is based on the medium-term development programme of the Intereuropa Group, the Group's business and financial annual plan and on planned communication activities. Only satisfied customers can represent the basis of effective and long-term growth, to which all Intereuropa Group's subsidiaries contribute. Customers dictate continuous adaptation and the introduction of changes and improvements in the Group's and the parent company's operations. Customer satisfaction is influenced by the quality of the logistics services offered by qualified personnel. Customer satisfaction is the guiding principle of the conduct of all employees. It begins with our first contact with customers, followed by the provision of logistics services, and ultimately ends with the resolution of any complaints. It is important to realise that customer satisfaction is what gives meaning to our work and is the foundation for the realisation of Intereuropa's vision and mission. Customer satisfaction is regularly monitored by the parent company Intereuropa, d. d. It provides customers with premium-quality logistics services, a rapid response to their demand, and efficient IT and any other support that is required.

The Intereuropa Group, as a provider of comprehensive logistics services, in relation to customers strengthens its reputation and the recognition of the Intereuropa service brand in the eyes of customers, and ensures the integration of different participants along the supply chain. Satisfied customers constitute the basis for long-term partnerships. For this reason, special attention is given to communication with customers. The conclusions made from the measurements and analyses of customer satisfaction at the parent company have been included in the improvements to internal processes and services.

In its customer relations, the Group advocates for two-way communication and long-term relations that form through regular and successful cooperation. It therefore strengthens relations through regular personal visits. These relationships are the result of long-term cooperation and also of customer loyalty. Through regular communication, all Group companies identify the needs and expectations of customers, and respond to them in a timely manner. The Group also pays special attention to identifying and exploiting new potential opportunities on the market. The Group maintained and strengthened customer relations in 2022 through regular participation in expert consultations, at conferences and other events. Together with Pošta Slovenije, the parent company Intereuropa, d. d. took part in the Supply Chain in Science and Practice 2022 congress, and independently in the 54th international trade fair (MOS) in Celje. Intereuropa representatives also attended the 14th WCA Projects Annual Conference in Amsterdam, the Breakbulk Europe 2022 event in May and the Fruit Logistics Conference. In November, the parent company presented itself at the Translog conference in Budapest. The Intereuropa Group consolidated the management of its brand and market communication also in 2022 through the application of a standard corporate identity on promotional materials, business gifts and on websites in all countries in which the Group operates. This way it reinforced Intereuropa's recognition and reputation, and raised the level of confidence of its business partners in the Company and its logistics services and products.

Intereuropa
Globalni logistični servis

Financial section

04

04 FINANCIAL SECTION

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

INCOME STATEMENT

(in EUR)	Notes	Intereuropa Group		Intereuropa, d. d.	
		2022	2021	2022	2021
Sales revenue	1	200,417,846	176,687,325	137,680,412	122,311,642
Losses from the derecognition of operating receivables and assets from contracts with customers		-10,429	-10,388	-5,222	-24,200
Other operating revenues	2	1,168,735	1,101,897	639,925	363,261
Costs of goods, materials and services	3	-149,525,720	-131,403,212	-105,690,119	-93,907,007
Labour costs	4	-33,962,041	-30,375,688	-22,260,406	-19,459,412
Amortisation and depreciation	5	-6,673,961	-6,454,121	-3,799,068	-3,752,121
Impairment losses on receivables (including the reversal of impairment losses)	6	-860,396	-102,959	-758,193	-78,287
Other operating expenses	7	-2,354,620	-2,133,709	-1,120,910	-1,121,880
Operating profit		**8,199,414**	**7,309,145**	**4,686,419**	**4,331,996**
Interest income		209,817	130,856	200,317	143,489
Other finance income		6	552,763	999,963	1,107,055
Finance costs – costs of financing		-906,801	-723,476	-747,457	-646,902
Impairment losses on loans granted and deposits		187	-1,000	-67,010	0
Other finance costs		-470,179	-1,893	-113,101	-1,394,245
Profit or loss from financing activities	8	**-1,166,970**	**-42,750**	**272,712**	**-790,603**
Investment result recognised according to the equity method	9	13,613	10,627	0	0
Profit from ordinary operations		**7,046,057**	**7,277,022**	**4,959,131**	**3,541,393**
Corporate income tax (including deferred taxes)	10	-1,917,413	-613,352	-927,253	60,426
Net profit for the accounting period		**5,128,644**	**6,663,670**	**4,031,878**	**3,601,819**
Net profit pertaining to controlling interests		4,993,328	6,513,395	0	0
Net profit or loss pertaining to non-controlling interests		135,316	150,275	0	0
Earnings per ordinary share	11	0.18	0.24	0.14	0.13

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

STATEMENT OF OTHER COMPREHENSIVE INCOME

(in EUR)	Intereuropa Group		Intereuropa, d. d.	
	2022	2021	2022	2021
Net profit for the accounting period	**5,128,644**	**6,663,670**	**4,031,878**	**3,601,819**
Other comprehensive income	**680,063**	**127,449**	**539,992**	**-19,185**
Items that will be reclassified to profit or loss	**-6,685**	**165,421**	**0**	**0**
Change in the fair value of available-for-sale financial assets	2,052	141	0	0
Foreign currency translation differences	-8,736	165,280	0	0
Items that will not be reclassified to profit or loss	**686,748**	**-37,972**	**539,992**	**-19,185**
Change in fair value of land	0	-26,995	0	0
Transfer of revaluation surplus for land to retained earnings	0	-453,918	0	-34,770
Change in deferred taxes	252,527	164,458	80,073	86,071
Change in retained earnings from the transfer of the revaluation surplus for land	0	453,918	0	34,770
Actuarial gains/losses for termination benefits upon retirement	519,357	894	536,430	-17,911
Transfer of actuarial losses to retained earnings	-74,655	-95,719	-59,756	-84,900
Corporate income tax on retained earnings	-10,481	-77,892	-16,755	-2,445
Other comprehensive income of associate	0	-2,718	0	0
Total comprehensive income	**5,808,707**	**6,791,119**	**4,571,870**	**3,582,634**
Total comprehensive income pertaining to controlling interests	5,638,919	6,647,515	0	0
Total comprehensive income pertaining to non-controlling interests	169,789	143,604	0	0

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

STATEMENT OF FINANCIAL POSITION

(in EUR)	Notes	Intereuropa Group		Intereuropa, d. d.	
		31 December 2022	31 December 2021	31 December 2022	31 December 2021
ASSETS					
Property, plant and equipment	12	151,320,188	139,418,665	74,714,295	73,967,932
Investment property	13	21,681,366	21,780,421	15,396,483	15,845,654
Intangible assets	14	2,402,385	2,721,268	2,255,753	2,569,091
Other non-current assets	15	19,511	18,381	19,511	18,381
Non-current operating receivables	16	37,951	178,872	32,936	174,171
Deferred tax assets	10	6,854,115	7,487,245	5,179,055	5,573,003
Long-term loans granted and deposits	17	98,430	174,129	2,593,253	252,178
Other non-current financial assets	18	125,991	110,226	43,749,617	43,206,668
TOTAL NON-CURRENT ASSETS		**182,539,937**	**171,889,207**	**143,940,903**	**141,607,078**
Inventories		82,382	43,711	24,498	4,406
Short-term loans granted and deposits	17	3,159,428	3,629,983	2,600,449	3,082,730
Assets from contracts with customers	19	1,088,794	1,435,511	819,749	975,908
Current operating receivables	20	40,709,473	36,536,024	29,156,820	25,227,231
Current receivables for corporate income tax		162,097	196,675	0	0
Other current assets	21	451,253	384,936	200,711	223,396
Cash and cash equivalents	22	11,851,249	15,853,959	1,060,240	3,343,621
TOTAL CURRENT ASSETS		**57,504,676**	**58,080,799**	**33,862,467**	**32,857,292**
TOTAL ASSETS		**240,044,613**	**229,970,006**	**177,803,369**	**174,464,371**
EQUITY					
Equity pertaining to controlling interests		**129,645,255**	**124,015,394**	**97,379,355**	**92,807,484**
Share capital		27,488,803	27,488,803	27,488,803	27,488,803
Share premium account		18,454,667	18,454,667	18,454,667	18,454,667
Profit reserves		5,151,334	5,160,392	2,748,880	2,748,880
Fair value reserves		44,546,218	44,040,738	31,014,019	30,508,319
Foreign currency translation differences		-7,070,355	-7,065,690	0	0
Retained earnings		36,081,260	29,423,089	13,641,108	10,004,996
Net profit		4,993,328	6,513,395	4,031,878	3,601,819
Equity pertaining to non-controlling interests	**24**	**6,657,384**	**7,366,144**	**0**	**0**
TOTAL EQUITY	**23**	**136,302,639**	**131,381,538**	**97,379,355**	**92,807,484**
LIABILITIES					
Provisions	25	2,571,876	3,035,561	1,752,312	2,126,615
Non-current deferred income		44,549	54,418	44,549	54,418
Non-current financial liabilities	26	49,702,161	48,512,566	42,649,917	47,653,571
Non-current operating liabilities	27	1,236,586	1,173,980	1,209,849	1,150,086
Deferred tax liabilities	10	10,594,156	10,609,166	7,330,321	7,330,321
TOTAL NON-CURRENT LIABILITIES		**64,149,328**	**63,385,691**	**52,986,948**	**58,315,011**
Current financial liabilities	26	7,955,111	6,908,732	7,745,809	7,193,347
Liabilities from contracts with customers		458,475	978,229	101,685	347,419
Current operating liabilities	27	30,857,150	26,809,162	19,473,009	15,727,339
Current corporate income tax liabilities		280,998	459,409	93,093	50,411
Current deferred income		40,912	47,245	23,469	23,360
TOTAL CURRENT LIABILITIES		**39,592,646**	**35,202,777**	**27,437,066**	**23,341,876**
TOTAL LIABILITIES		**103,741,974**	**98,588,468**	**80,424,014**	**81,656,887**
TOTAL EQUITY AND LIABILITIES		**240,044,613**	**229,970,006**	**177,803,369**	**174,464,371**

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

CASH FLOW STATEMENT

(in EUR)	Intereuropa Group		Intereuropa, d. d.	
	2022	2021	2022	2021
Cash flows from operating activities				
Net profit for the accounting period	**5,128,644**	**6,663,670**	**4,031,878**	**3,601,819**
Adjustments for:				
amortisation and depreciation	6,673,961	6,454,121	3,799,068	3,752,121
impairments and write-offs of property, plant and equipment, and investment property	166,911	25,901	14,580	12,673
gains on the sale of property, plant and equipment, investment property and intangible assets	-213,096	-433,341	-116,646	-94,842
losses from the sale of property, plant and equipment	69,397	72,937	40,233	0
losses from the derecognition of operating receivables and assets from contracts with customers	10,429	10,388	5,222	24,200
impairment losses on receivables (including the reversal of impairment losses)	860,396	102,959	758,193	78,287
other non-cash revenues	-13,245	-1,783	-13,246	0
finance income from interest	-209,817	-130,856	-200,317	-143,489
other finance income	-6	-552,763	-999,963	-1,107,055
finance costs – costs of financing	906,801	723,476	747,457	646,902
impairment losses on loans granted and deposits	-187	1,000	67,010	0
other finance costs	470,179	1,893	113,101	1,394,245
investment result recognised according to the equity method	-13,613	-10,627	0	0
corporate income tax (including deferred taxes)	1,917,413	613,352	927,253	-60,426
Operating profit before changes in net working capital and taxes	**15,754,167**	**13,540,327**	**9,173,823**	**8,104,435**
Changes in net working capital and provisions				
Change in assets from contracts with customers	346,717	-924,910	156,159	-634,610
Change in operating receivables	-5,403,722	-6,214,184	-4,936,870	-3,104,127
Changes in inventories	-38,672	-18,132	-20,092	0
Changes in other current assets	-67,447	-80,998	21,555	-115,174
Changes in liabilities from contracts with customers	-519,754	442,730	-245,733	340,415
Changes in operating liabilities	4,187,329	5,674,022	3,429,406	2,589,519
Changes in provisions	-18,983	181,329	102,369	117,620
Changes in non-current deferred income	-16,202	-8,221	-9,759	-8,221
Income tax paid	-1,199,507	-1,001,789	-427,304	-556,860
Net cash flow from operating activities	**13,023,926**	**11,590,174**	**7,243,554**	**6,732,997**
Cash flows from investing activities				
Interest received	204,400	176,404	106,937	189,302
Dividends received and shares in profit	0	0	944,659	614,584

(in EUR)	Intereuropa Group		Intereuropa, d. d.	
	2022	2021	2022	2021
Inflows from the sale of property, plant and equipment	1,301,448	2,824,800	119,678	410,978
Inflows from the sale of intangible assets	83,800	0	83,800	0
Inflows from the sale of investment property	0	0	0	0
Inflows from long-term loans granted	33,301	0	43,195	10,333
Inflows from long-term deposits placed	42,380	0	0	0
Net cash flow from short-term loans granted	0	213,147	0	-507,435
Net cash flow from short-term deposits placed	470,000	-1,000,000	0	0
Outflows for the acquisition of property, plant and equipment, and investment property	-10,925,172	-3,881,328	-2,877,995	-1,019,011
Outflows for the acquisition of intangible assets	-158,500	-161,154	-141,893	-157,951
Outflows for long-term loans granted	0	0	-1,969,000	-194,400
Outflows for the acquisition of treasury shares	0	-5,768	0	0
Outflows for increase in capital of subsidiaries	0	0	-30,000	-50,000
Net cash flow from investing activities	**-8,948,343**	**-1,833,899**	**-3,720,619**	**-703,600**
Cash flows from financing activities				
Interest paid	-628,378	-1,007,418	-582,148	-978,726
Outflows for the repayment of long-term loans	-5,188,809	-2,689,730	-4,793,750	-2,625,000
Net cash flow from short-term loans	-229,024	277,980	0	-1,000,000
Payment of lease liabilities	-1,605,670	-1,853,937	-413,006	-456,230
Dividends paid	-415,674	-251,865	0	0
Net cash flow from financing activities	**-8,067,555**	**-5,524,970**	**-5,788,904**	**-5,059,956**
Opening balance of cash and cash equivalents	**15,853,959**	**11,609,486**	**3,343,621**	**2,374,180**
Exchange rate differences relating to cash	-10,738	13,168	-17,412	0
Net cash flow for the period from ordinary operations	**-3,991,972**	**4,231,305**	**-2,265,969**	**969,441**
Closing balance of cash and cash equivalents	**11,851,249**	**15,853,959**	**1,060,240**	**3,343,621**

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

STATEMENT OF CHANGES IN EQUITY OF THE GROUP

(in EUR)	Share capital	Share premium account	PROFIT RESERVES					FAIR VALUE RESERVES			Reserves of associate	Foreign currency translation differences	RETAINED EARNINGS		Equity pertaining to controlling interests	Equity pertaining to non-controlling interests	Total equity
			Legal reserves	Reserves for treasury shares	Treasury shares (as deduction item)	Reserves under the Articles of Association	Other reserves	Fair value reserves for land	Fair value reserves for financial assets	Provisions for actuarial losses			Retained earnings	Net profit for the accounting period			
Balance as at 1 January 2022	**27,488,803**	**18,454,667**	**4,655,544**	**180,394**	**-180,394**	**15,000**	**489,848**	**44,982,159**	**-48,591**	**-890,112**	**-2,718**	**-7,065,690**	**29,423,089**	**6,513,395**	**124,015,395**	**7,366,144**	**131,381,538**
Total comprehensive income	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**-204**	**1,521**	**504,163**	**0**	**-4,665**	**144,776**	**4,993,328**	**5,638,919**	**169,790**	**5,808,707**
Net profit for the financial year	0	0	0	0	0	0	0	0	0	0	0	0	0	4,993,328	4,993,328	135,316	5,128,644
Other comprehensive income	0	0	0	0	0	0	0	-204	1,521	504,163	0	-4,665	144,776	0	645,591	34,474	680,063
Transactions with owners																	
Transfer of net profit from the previous year to retained earnings	0	0	0	0	0	0	0	0	0	0	0	0	6,513,395	-6,513,395	0	0	0
Dividends and shares in profit	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-412,418	-412,418
Purchase of a participating interest in a subsidiary	0	0	0	0	0	0	-9,058	0	0	0	0	0	0	0	-9,058	-466,132	-475,190
Closing balance as at 31 December 2022	**27,488,803**	**18,454,667**	**4,655,544**	**180,394**	**-180,394**	**15,000**	**480,790**	**44,981,955**	**-47,070**	**-385,949**	**-2,718**	**-7,070,355**	**36,081,260**	**4,993,328**	**129,645,255**	**6,657,384**	**136,302,639**

(in EUR)	Share capital	Share premium account	PROFIT RESERVES					FAIR VALUE RESERVES				Foreign currency translation differences	RETAINED EARNINGS		Equity pertaining to controlling interests	Equity pertaining to non-controlling interests	Total equity
			Legal reserves	Reserves for treasury shares	Treasury shares (as deduction item)	Reserves under the Articles of Association	Other reserves	Fair value reserves for land	Fair value reserves for financial assets	Provisions for actuarial losses	Reserves of associate		Retained earnings	Net profit for the accounting period			
Balance as at 1 January 2021	**27,488,803**	**18,454,667**	**4,655,544**	**180,394**	**-180,394**	**15,000**	**489,848**	**45,370,901**	**-48,726**	**-901,260**	**0**	**-7,229,453**	**25,408,881**	**3,647,267**	**117,351,474**	**7,498,866**	**124,850,339**
Total comprehensive income	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**-388,742**	**135**	**11,148**	**-2,718**	**163,763**	**350.534**	**6,513,395**	**6,647,515**	**143,604**	**6,791,119**
Net profit for the financial year	0	0	0	0	0	0	0	0	0	0	0	0	0	6,513,395	6,513,395	150,275	6,663,670
Other comprehensive income	0	0	0	0	0	0	0	-388,742	135	11,148	-2,718	163,763	350,534	0	134,120	-6,671	127,449
Transactions with owners																	
Transfer of net profit from the previous year to retained earnings	0	0	0	0	0	0	0	0	0	0	0	0	3,647,267	-3,647,267	0	0	0
Dividends and shares in profit	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-285,777	-285,777
Purchase of own shares	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-5,768	-5,768
Other changes	0	0	0	0	0	0	0	0	0	0	0	0	16,407	0	16,407	15,218	31,625
Closing balance as at 31 December 2021	**27,488,803**	**18,454,667**	**4,655,544**	**180,394**	**-180,394**	**15,000**	**489,848**	**44,982,159**	**-48,591**	**-890,112**	**-2,718**	**-7,065,690**	**29,423,089**	**6,513,395**	**124,015,395**	**7,366,144**	**131,381,538**

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

STATEMENT OF CHANGES IN EQUITY OF THE COMPANY

(in EUR)	Share capital	Share premium account	PROFIT RESERVES			FAIR VALUE RESERVES		RETAINED EARNINGS		Total equity
			Legal reserves	Reserves for treasury shares	Treasury shares (as deduction item)	Fair value reserves for land	Provisions for actuarial losses	Retained earnings	Net profit for the accounting period	
Balance as at 1 January 2022	**27,488,803**	**18,454,667**	**2,748,880**	**180,394**	**-180,394**	**31,250,317**	**-741,997**	**10,004,996**	**3,601,819**	**92,807,485**
Total comprehensive income	**0**	**0**	**0**	**0**	**0**	**0**	**505,699**	**34,293**	**4,031,878**	**4,571,870**
Net profit for the financial year	0	0	0	0	0	0	0	0	4,031,878	4,031,878
Other comprehensive income	0	0	0	0	0	0	505,699	34,293	0	539,992
Transactions with owners										
Transfer of net profit from the previous year to retained earnings	0	0	0	0	0	0	0	3,601,819	-3,601,819	0
Closing balance as at 31 December 2022	**27,488,803**	**18,454,667**	**2,748,880**	**180,394**	**-180,394**	**31,250,317**	**-236,298**	**13,641,108**	**4,031,878**	**97,379,355**

(in EUR)	Share capital	Share premium account	PROFIT RESERVES			FAIR VALUE RESERVES		RETAINED EARNINGS		Total equity
			Legal reserves	Reserves for treasury shares	Treasury shares (as deduction item)	Fair value reserves for land	Provisions for actuarial losses	Retained earnings	Net profit for the accounting period	
Balance as at 1 January 2021	**27,488,803**	**18,454,667**	**2,748,880**	**180,394**	**-180,394**	**31,278,480**	**-733,853**	**7,673,361**	**2,314,512**	**89,224,850**
Total comprehensive income	**0**	**0**	**0**	**0**	**0**	**-28,163**	**-8,145**	**17,123**	**3,601,819**	**3,582,634**
Net profit for the financial year	0	0	0	0	0	0		0	3,601,819	3,601,819
Other comprehensive income	0	0	0	0	0	-28,163	-8,145	17,123	0	-19,185
Transactions with owners										
Transfer of net profit from the previous year to retained earnings	0	0	0	0	0	0	0	2,314,512	-2,314,512	0
Closing balance as at 31 December 2021	**27,488,803**	**18,454,667**	**2,748,880**	**180,394**	**-180,394**	**31,250,317**	**-741,998**	**10,004,996**	**3,601,819**	**92,807,484**

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

4.2 BASIS FOR PREPARATION AND NOTES TO THE FINANCIAL STATEMENTS

4.2.1. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

Reporting entity

Intereuropa, d. d., Koper (hereinafter: the Company) is the parent company of the Intereuropa Group and is established in Koper. Its registered office is located at Vojkovo nabrežje 32, 6000 Koper, Slovenia. The Company provides logistics services through its own network of business units. Presented and explained in the report are the consolidated financial statements of the Intereuropa Group for the year ended 31 December 2022 and the separate financial statements of Intereuropa, d. d. for the year ended 31 December 2022.

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

The consolidated financial statements of the Intereuropa Group for the year ended 31 December 2022 include the financial statements of the parent company Intereuropa, d. d., the financial statements of subsidiaries and the attributable results of an associate.

Subsidiaries included in the consolidated financial statements:
In Slovenia:
- Interagent, d. o. o., Koper – 100%
- Interzav, d. o. o., Koper – 71.28 %

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

Associate included in the consolidated financial statements:
- Rail Cargo Logistic, železniška špedicija, d. o. o. – 26%.

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

Statement of compliance

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

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

The Management Board of Intereuropa approved the consolidated financial statements and the separate financial statements of the Company on 11 April 2023.

Basis of measurement

The financial statements have been prepared on a cost basis, except for land and financial assets measured at fair value, for which fair value is applied. The methods used for measurement are described in point 4.2.3.1.

Functional and presentation currency

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

Use of estimates, judgements and assumptions

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

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

Significant estimates, judgements and assumptions

- The financial statements of the Group and Company are prepared on a going concern basis.

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

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

  - determination of the discount rate: the Group and Company defined the discount rate as the amount of the interest rate according to which they can obtain a comparable asset with a similar maturity. If the discount rate cannot be determined, the Group and Company use the incremental borrowing rate.

- Testing for the impairment of non-financial assets (Notes 12, 13 and 14)
  In performing the impairment test for non-financial assets, the Group and Company compare the recoverable amount of assets with their carrying amount. Where the carrying amount of assets exceeds their recoverable amount, the Group and Company recognise impairment losses or reversed impairment losses if they were previously recognised.

- The useful life of depreciable assets (Notes 12, 13 and 14)
  By no later than the end of the financial year, the management verifies the useful life of depreciable assets, taking into account the technical and economic obsolescence thereof.

- Value of receivables (Note 30)
  The Group and Company recognise impairment losses on receivables based on the expected credit loss model using the simplified approach in accordance with IFRS 9. The key assumption of the model used by the Group and Company is that the rate of expected credit losses in connection with trade receivables fluctuates in line with the economic cycle, which means that expected credit losses are lower during a period of growth and higher during a recession. The model also uses a forward-looking approach, where forecasts of economic activity are used to forecast future credit losses. The key judgement that must be made is thus whether historical credit loss rates in relation to historical economic activity are also appropriate for forecasting expected credit losses taking into account forecasts of future economic activity.

- Valuation of land (Note 12)
  When measuring the fair value of land, the Group and Company take into account the ability of a market participant to generate economic benefits through the best use of an asset or its sale to another market participant. An assessment of indicators of impairment or a change in fair value for financial reporting purposes was carried out with the help of an independent real estate appraiser.

- Valuation of equity instruments measured at fair value (Notes 18 and 29)
  The fair value of financial assets measured at fair value is determined taking into account a quoted market price at the end of the reporting period or based on other available data. All assets measured at fair value are classified to the fair value hierarchy based on the level of input data required for the measurement of fair value:
  - level 1: market prices from an active market for similar assets;
  - level 2: a valuation model that is directly or indirectly based on market inputs; and
  - level 3: a valuation model that is not based on market inputs.

  The fair value hierarchy is presented in Note 29.

- Recognition of deferred tax assets and liabilities, and the potential use thereof (Note 10)
  The management assessed the creation of deferred taxes from tax losses based on past experiences and data from a projection of operations for a five-year period, i.e. from 2023 to 2027, and taking into account the valid tax rate and changes to tax legislation from 1 January 2022 on, as well as planned sales of obsolete real estate. The aforementioned projection forecasts moderate growth in revenues in the context of the Group's existing operations. The sources for the utilisation of tax losses are taxable profit from the income statement and 50% of the revaluation surplus for land, assuming that the tax base will enable utilisation in that amount (besides other allowances). The projection assumes that the Group and Company are going concerns. In the event of negative deviations from the expected tax basis, the management will reassess the possibility of utilising unused tax losses and correct the balance of deferred taxes from unused past tax losses accordingly. The Group and Company assessed that the period deemed the acceptable foreseeable future for the purpose of assessing the utilisation of tax losses is five years.

- Recognition of provisions and contingent liabilities (Notes 25 and 28)
  The Group and Company have created provisions for termination benefits upon retirement, employee anniversary bonuses and lawsuits. Provisions are recognised if, as a result of a past event, present legal or constructive obligations arise that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle those obligations. The management regularly verifies whether it is likely that there will be an outflow of resources yielding economic benefits in the settlement of a liability. The present value of termination benefits and employee anniversary bonuses is recorded in defined-benefit post-employment commitments. The basis for recognition comprises an actuarial calculation that takes into account actuarial assumptions and estimates at the time of the calculation (e.g. discount rate, estimated employee turnover rate, mortality rate and wage growth). Defined-benefit commitments are sensitive to changes in the aforementioned estimates.

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

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

- Judgement regarding the transfer of real estate to investment property (Notes 12 and 13)
  When assessing whether real estate is deemed investment property, the Group and Company take into account criteria for the classification of real estate or parts of real estate to investment property.

- Judgement regarding the transfer of non-current assets to assets held for sale (Notes 12, 13, 14 and 18)
  The Group classifies the portion of non-current assets that are very likely to be sold in the twelve months following the balance-sheet date to assets held for sale within current assets (based on an incomplete sale or a decision adopted by the management on the sale of assets on the reporting date). This applies to investment property, intangible assets and non-current financial assets, but only to land and buildings within property, plant and equipment on grounds of materiality.

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

Changes in accounting estimates and assumptions

The management of Group companies has verified judgements and assumptions, and concluded that they were the same as those that applied at the time the financial statements as at 31 December 2021 were prepared.

4.2.2 SIGNIFICANT ACCOUNTING POLICIES OF THE GROUP

The accounting policies that the Group used in the preparation of its annual financial statements are the same as those applied in the preparation of the financial statements for the previous financial year. The exception is newly adopted or amended standards and interpretations that the Group adopted for annual periods beginning on or after 1 January 2022, as described below.

Entry into force of the latest amendments to existing standards that apply during the current financial year

Amendments to IAS 16 – Property, plant, and equipment – Proceeds before Intended Use:
The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss. The amendment is effective for annual reporting periods beginning on or after 1 January 2022.

Amendments to IAS 37 – Onerous contracts – Cost of Fulfilling a Contract:
The changes specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendment is effective for annual reporting periods beginning on or after 1 January 2022.

Amendments to IFRS 3 - Reference to the Conceptual Framework:
The changes update an outdated reference in IFRS 3 to the Conceptual Framework without significantly changing its requirements. The amendment is effective for annual reporting periods beginning on or after 1 January 2022.

Annual improvements 2018–2020 cycle - IFRS 1, IFRS 9, IFRS 16 and IAS 41:

- IFRS 1 - The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.
- IFRS 9 - The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability.
- IFRS 16 - The amendment to Illustrative Example 13 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives.
- IAS 41 - The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. All these amendments are effective for annual reporting periods beginning on or after 1 January 2022.

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

Standards and amendments to existing standards issued by the IASB and adopted by the EU but not yet effective

On the day these financial statements were approved, the following amendments to existing standards had been issued by the IASB and adopted by the EU, but were not yet in force:

IFRS 17, including amendments - Insurance Contracts:
IAS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. It applies to annual reporting periods beginning on or after 1 January 2023, including the amendments to IFRS 17, which the EU adopted on 9 September 2022 and are effective for annual reporting periods beginning on or after 1 January 2023.

Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies:
The amendments require entities to disclose their material accounting policies rather than their significant accounting policies. They are effective for annual reporting periods beginning on or after 1 January 2023.

Amendment to IAS 8 - Definition of Accounting Estimates:
The definition of a change in accounting estimates is replaced with a definition of accounting estimates. It is effective for annual reporting periods beginning on or after 1 January 2023.

Amendment to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction: The amendments specify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. It is effective for annual reporting periods beginning on or after 1 January 2023.

New standards and amendments to existing standards issued by the IASB but not yet adopted by the EU

The IFRS as adopted by the EU do not currently differ significantly from the regulations adopted by the International Accounting Standards Board (IASB), with the exception of the following new standards and amendments to existing standards:

Amendment to IAS 1
Classification of Liabilities as Current or Non-current (deferral of the effective date): The amendment postponed the effective date of the amendments from January 2020 by one year, thus requiring entities to apply the amendment to annual periods beginning on or after 1 January 2024, until the amendment is approved for application by the EU.

Amendments to IFRS 10 and IAS 28
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture. The amendment has yet to be approved for use in the EU.

Amendment to IFRS 16
Lease Liability in a Sale and Leaseback: The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendment has yet to be approved for use in the EU.

Amendment to IAS 1
Non-current Liabilities with Covenants. The amendment clarifies the requirements that an entity must comply with in the 12 months after the reporting date, and that affect the classification of liabilities. The amendment is yet to be approved for use in the EU.

The Group does not expect the introduction of these new standards and amendments to existing standards to have a material impact on its financial statements during initial application.

Hedge accounting in connection with the portfolio of financial assets and liabilities, the principles of which the EU has not approved, remains unregulated.

A. BASIS FOR CONSOLIDATION

Subsidiaries

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

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

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

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

Associate

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

Transactions eliminated on consolidation

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

B. FOREIGN CURRENCY

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

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

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

Financial statements of companies abroad

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

C. FINANCIAL ASSETS

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

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

Cash and cash equivalents comprise sight deposits and cash in hand. Cash equivalents are short-term, readily redeemable investments that can be immediately converted into a specific amount of cash, where the risk of a change in value is negligible. The Group defines short-term call deposits as such. The Group's statement of cash flows presents changes in inflows and outflows of cash and cash equivalents during the accounting period, using the indirect method, and explains changes in the balance thereof. The statement of cash flows was prepared using data from the consolidated income statement for 2022, items from the consolidated statements of financial position as at 31 December 2022 and 31 December 2021, and additional data.

The Group values its investment in an associate according to the equity method. The investment increases by the corresponding share of net profit for a particular financial year or decreases by the corresponding share of net loss for the financial year. Payments received in connection with the accompanying participating interest reduce the carrying amount of the investment. In the event of changes in the associate's other comprehensive income, the Group adjusts the carrying amount of the investment by its corresponding share of those changes.

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

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

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

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

Significant characteristics of the financial assets stated in the above table

1. Financial assets measured at amortised cost

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

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

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

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

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

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

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

D. FINANCIAL LIABILITIES

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

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

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

Liabilities from contracts with customers

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

E. EQUITY

Share capital

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

Share premium account

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

Legal reserves

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

Reserves under the Articles of Association and other reserves

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

Treasury shares

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

Fair value reserves

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

Foreign currency translation differences

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

Liabilities for dividends and other shares in profit

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

F. PROPERTY, PLANT AND EQUIPMENT

The Group initially recognises property, plant and equipment at cost, which includes amounts directly related to the purchase of an asset, as well as capitalised borrowing costs. Following the initial recognition of property, plant and equipment, the Group measures buildings and equipment using the cost model, while a revaluation model is used for land. According to the cost model, property, plant and equipment are disclosed at cost, less accumulated depreciation and any accumulated impairment loss. According to the applied revaluation model, land is disclosed at fair value on the revaluation date, less accumulated impairment loss. The Group verifies the need to revalue land annually, and otherwise revalues land every five years or more frequently if indications of impairment point to a significant deviation in fair value.

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

Accounting for borrowing costs

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

Subsequent costs

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

Depreciation

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

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

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

G. INTANGIBLE ASSETS

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

Subsequent costs

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

Amortisation

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

The Group verifies amortisation methods, useful lives and residual values at the end of each financial year and adjusts them as required.

Goodwill

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

Acquisition of non-controlling interests

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

H. INVESTMENT PROPERTY

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

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

I. LEASES

Group as lessee of assets

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

LEASE TERM FOR THE CURRENT AND COMPARATIVE PERIODS:

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

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

The Group recognises a right-of-use asset at the inception of a lease. The cost of right-of-use assets in connection with leases comprises the amount of the initially measured lease liability, initial direct costs and lease payments that were made at or prior to the commencement of a lease, less lease incentives.

Right-of-use assets in connection with leases are measured at historical cost less value adjustments and impairment losses, with an adjustment to cost at each remeasurement of lease liabilities. The Group impairs assets under lease in the same manner as property, plant and equipment.

Liabilities for leased assets are recognised at the present value of remaining lease payments over the entire lease term. Lease payments are discounted at the interest rate implicit in a lease if that rate can be determined, otherwise it applies the incremental borrowing rate that it would have to pay if it acquired an asset with a similar value as a right-of-use asset for a similar period, based on a similar guarantee in a similar economic environment. Following the commencement of a lease, the amount of lease liabilities is increased for lease-related interest and reduced for all lease payments, while the value of a lease is adjusted upon reassessment or a change in a lease.

At the commencement of a lease, lease liabilities are equal to the value of the associated right-of-use asset and are reduced for payments, while the value of the right-of-use asset is reduced by depreciation charged over the lease term. Depreciation rates are set taking into account the lease term. Interest incurred is charged to finance costs in the period in question. The Group applies the exemption in recognising liabilities under short-term leases, i.e. leases where the lease term is 12 months or less, for short-term leases and leases of low-value assets. It also applies the exemption for leases of low-value assets. The Group recognises lease payments on a straight-line basis over the lease term for short-term and low-value leases. In this case, the Group does not treat a change in lease payments as a change to an existing lease, but instead recognises it in the income statement.

In sale and leaseback transactions in which it acts as seller, i.e. lessee, the Group measures a right-of-use asset proportionately with that part of the previous carrying amount of the right-of-use asset that it has kept. Accordingly, it only recognises the amount of gains or losses that relate to the rights that were transferred by the buyer, i.e. lessor.

Group as lessor of assets

As lessor, the Group recognises lease payments from operating leases as revenues on a straight-line basis over the lease term. The Group discloses assets that it leases in the statement of financial position with regard to the nature of an asset that is the subject of a lease.

J. INVENTORIES

Inventories of material are valued at cost, which comprises the purchase price, import duties and the direct costs of procurement. The purchase price is reduced by any discounts received. The weighted average price method is applied in the use of materials.

K. IMPAIRMENT OF ASSETS

1. 1. Impairment of financial assets

Impairment losses on receivables, including the reversal of impairment losses

The Group impairs operating receivables for expected credit losses over the life of those assets. Impairment losses on trade receivables and other operating receivables (including the reversal of impairment losses) are disclosed in the income statement in the item 'loss due to the impairment of receivables'.

The Group impairs trade receivables (including receivables from leases) that are not subject to legal actions, enforcement or bankruptcy proceedings, registered in compulsory composition proceedings prior to publication of confirmation thereof or in recovery proceedings via specialised institutions, or are not deemed doubtful based on other objective reasons, by creating a depreciation and impairment using impairment percentages with regard to the age of the receivables.

When measuring expected credit losses associated with such assets, the Group applies a simplified approach using a 'provision matrix' that is based on past experiences regarding written-off receivables and estimates for the future.

The Group impairs receivables that are subject to legal actions, enforcement or bankruptcy proceedings, registered in compulsory composition proceedings prior to publication of confirmation thereof or in recovery proceedings via specialised institutions, or that are deemed doubtful based on other objective reasons. The Group impairs in 100% of their value.

The Group impairs receivables for interest on loans granted and deposits placed when it impairs loans and deposits. It does not impair other operating receivables until they are more than 30 days past due, depending on the composition of and past experience with those receivables. After that time, the Group individually assesses the probability of future cash flows from such receivables and impairs them accordingly.

Impairment of loans granted and deposits

The Group impairs loans granted and deposits based on the management's assessment of their irrecoverability. In accordance with IFRS 9, the Group transitioned from the incurred loss model to the expected loss model, according to which the Group recognises both incurred losses and losses that it expects to incur in the future.

When assessing the impairment of loans granted, the Group assesses evidence of impairment for each loan separately. If it assesses that the carrying amount of a loan exceeds its fair value (i.e. its realisable value), the Group impairs that loan. The assessment of impairment is based on expected credit losses in connection with the probability of loan default over the next 12 months, unless credit risk has risen significantly since initial recognition. In such cases, the assessment of impairment is based on the probability of default over the entire life of the financial asset in question. Expected credit losses comprise the difference between contractual cash flows that have fallen due according to the relevant contract and all cash flows that the Group expects to receive. Expected cash flows will also include cash flows from the sale of a collateralised asset.

The Group assesses impairments for expected credit losses in two steps. For credit exposures for which there has been no significant increase in credit risk since initial recognition, impairments for expected credit losses are recognised for credit losses resulting from potential defaults over the next 12 months. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, the Group recognises an adjustment for losses that it expects over the remaining life of an exposure, regardless of the default period. The Group deems obligations in connection with a financial asset not to be fulfilled when contractual payments are 90 days past due. In certain cases, the Group may deem credit risk to have increased, even when it is probable, based on the relevant information, that it will not receive unpaid contractual amounts in full.

The Group recognises the write-off of a financial asset when it justifiably expects that it will not collect contractual cash flows. Impairment losses on these assets are disclosed in the consolidated income statement in the item 'other finance costs'.

2. Impairment of non-financial assets

The Group reviews the carrying amount of property, plant and equipment, investment property and intangible assets at each reporting date to determine whether there are any indications of impairment. If such indications exist, the recoverable amount of an asset is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use or its fair value less selling costs. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to an asset. For impairment testing, assets that cannot be tested individually are grouped into the smallest possible groups of assets that generate cash flows from continued use and that are largely independent of cash generated by other assets or groups of assets (cash-generating unit).

The Group recognises the impairment of an asset or a cash-generating unit when its carrying amount exceeds its recoverable amount. That impairment is disclosed as an expense in the income statement.

The Group reverses an impairment loss to the extent that the asset's increased carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised in previous years.

L. NON-CURRENT ASSETS HELD FOR SALE

Non-current assets or a disposal group comprising assets (applicable to investment property, intangible assets and non-current financial assets within non-current assets, and only applicable to land and buildings within property, plant and equipment on grounds of materiality) whose carrying amount is reasonably expected to be settled primarily through sale and not through further use are classified as assets held for sale, with that sale envisaged within the next twelve months, at the latest.

A sale is highly likely when the entire plan and programme to find a buyer are activated. An asset must also be actively marketed and efforts made to achieve a price that corresponds to its current fair value. An asset is remeasured immediately before its classification to assets held for sale. Accordingly, a non-current asset (or disposal group) is recognised at the lower of its carrying amount or fair value, less costs to sell.

The period for completion of a sale may be extended to more than one year due to special events and circumstances that are beyond the control of the Group and if there is sufficient evidence that the Group is consistently pursuing its plans to dispose of the asset.

If an asset held for sale no longer meets the criteria for classification to the aforementioned category, it must be reclassified to another appropriate asset category, i.e. the category to which it was classified before being classified as an asset held for sale.

M. EMPLOYEE BENEFITS

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis, and are disclosed as expenses as the service of the employee is provided in respect of the specific short-term benefit.

N. PROVISIONS

Provisions are recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Amounts recognised as provisions represent the best estimate of expenditure required for settlement as at the balance-sheet date. In assessing the best estimate of provisions, risks and uncertainties associated with numerous events and circumstances are also considered. Where the effect of the time value of money is material, the amount of provisions represents the present value of expenditure expected to be required to settle an obligation.

Provisions are recognised by accruing the corresponding costs or expenses, and are reduced directly over time by the costs and/or expenses that they were created to cover, except actuarial gains and losses from termination benefits upon retirement due to changes in actuarial assumptions and experiential restatements that are recognised in the revaluation surplus and transferred to retained earnings in the proportionate amount when they are used. That amount is calculated using the ratio between provisions used during the year and the balance of provisions before use.

Provisions are derecognised when the contingencies for which they were created no longer apply, or when they are no longer required. Revenues are recognised when provisions created by accruing the corresponding costs or expenses are derecognised. Provisions are restated at the end of the accounting period so that their value is equal to the present value of the expenditure expected to be required to settle the obligation in question.

Provisions for termination benefits and employee anniversary bonuses

Group companies that are obliged to pay termination benefits upon retirement and employee anniversary bonuses to employees in accordance with the applicable legislation, the collective agreement and internal rules create non-current provisions for these purposes. No other pension obligations exist.

The aforementioned provisions are created in the amount of the estimated future payments for termination benefits and employee anniversary bonuses, discounted as at the date of the actuarial calculation.

Interest expense and any increase during the current year are recognised in the income statement as labour costs, while interest is disclosed as a finance cost. Actuarial gains and losses from employee anniversary bonuses are recognised in the income statement as labour costs, while actuarial gains and losses from termination benefits upon retirement are recognised in other comprehensive income in the revaluation surplus and transferred to retained earnings in the proportionate amount when they are used. That amount is calculated using the ratio between provisions used during the year and the balance of provisions before use. Provisions are used in an amount equal to the actual costs incurred for accrued termination benefits upon retirement and employee anniversary bonuses.

O. REVENUES FROM SERVICES RENDERED

Contracts with customers are only accounted for when the relevant conditions have been met. When approving contracts with customers, the consideration that is expected in exchange for goods or services transferred to them is assessed. Consideration received represents the transaction price. The transaction price represents the fixed agreed consideration in exchange for promised goods and/or the provision of services to a customer.

Revenues from services rendered are recognised by the Group in the consolidated income statement taking into account the stage of completion of a transaction at the end of the reporting period or when performance obligations are fulfilled. The stage of completion is assessed on the basis of a review of costs incurred (review of work performed – measurement of the progress of a transaction).

Revenues from services rendered are measured at the transaction prices of completed services stated in invoices (fulfilment of performance obligations at a given moment) or other documents, or at the prices of incomplete services taking into account the stage of completion thereof (performance obligations are fulfilled over time). In cases when a particular transaction (performance obligation) is not completed (fulfilled) as at the balance-sheet date, the Group believes that no reliable assessment can be made regarding the outcome of such a transaction, but that the progress of that transaction can be reasonably measured. Thus, the Group only recognises revenues up to the amount of direct costs incurred, and for which it can be expected that they will be covered (contribution method).

Amounts collected on behalf of third parties, such as charged value-added tax and other levies (e.g. customs duties) are excluded from sales revenue.

FULFILMENT OF PERFORMANCE OBLIGATIONS

Business line	Nature of and time required to fulfil performance obligations to customers	Payment terms
LAND TRANSPORT **LOGISTICS SERVICES** **INTERCONTINENTAL TRANSPORT** **OTHER SERVICES**	A customer sends an order for the execution of forwarding transactions. The order must include all essential data for the correct and timely execution thereof. A transaction is deemed completed when all activities under an order have been implemented. An order may contain different services. A transaction is deemed completed: • for services in connection with organising the transport of goods: when transport is completed (i.e. shipment is received or delivered); • for customs clearance transactions: when goods are released to the declaring party; • for the warehousing of goods: when goods are placed in or removed from a warehouse, or other warehouse work is performed (e.g. palletting and labelling); • for other transactions: when the agreed service is rendered. An invoice is issued to the customer after a service has been rendered.	In general, a customer must pay for our services and associated costs before a service is rendered (advance). Taking into account a customer's credit rating, past experience with a customer and commercial agreements, an invoice for services is payable within 30 days following the rendering thereof.

State aid

We distinguish between state aid in connection with assets and state aid in connection with revenues.

a. State aid in connection with assets, including non-monetary support at fair value, is disclosed in the statement of financial position as deferred income and is consistently transferred to the income statement as revenues over the useful life of the asset in question. The Group discloses deferred income that will cover projected expenses over a period of more than one year under non-current deferred income.

b. State aid in connection with revenues comprises state aid in connection with the reimbursement of wage compensation for employees, the exemption of the payment of social security contributions, etc. The Group recognises state aid in connection with revenues in other operating revenues and not as a reduction in associated costs. It is recognised as revenues in the periods in which the costs that such state aid is earmarked to cover are incurred. State aid is recognised when there is reasonable assurance that the Group will fulfil the conditions to receive such aid and that it will, in fact, receive it. If there is uncertainty in connection with the eligibility to receive state aid (i.e. the possibility exists that the aid must be returned in the event of failure to fulfil certain conditions), the amount of state aid received is disclosed as deferred income until the fulfilment/non-fulfilment of conditions.

P. COSTS – EXPENSES

The Group recognises costs as expenses in the period in which they arise.

Q. FINANCE INCOME AND FINANCE COSTS

Finance income primarily comprises interest income from investments, income from dividends and other shares in profit, income from the disposal of financial assets measured at fair value through profit or loss, positive exchange rate differences and income from the reversal of the impairment of financial assets. Interest income is recognised as it accrues, using the effective interest method. Dividend income and income from other shares in profit are recognised in the income statement on the day a shareholder's or owner's right to payment was exercised.

Finance costs primarily comprise interest expense and other borrowing costs (unless capitalised), interest on leases, negative exchange rate differences and impairment losses on financial assets. Borrowing costs are recognised in the income statement in the period in which they arise using the effective interest method.

R. CORPORATE INCOME TAX

Corporate income tax comprises current taxes and deferred taxes. Corporate income tax is disclosed in the consolidated income statement, except to the extent that it relates to items disclosed directly in equity, in which case it is disclosed in other comprehensive income.

Current tax is assessed in accordance with the applicable tax legislation as at the reporting date. The financial year is the same as the calendar year, which in turn is the same as the fiscal year.

Deferred tax is disclosed taking into account temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax reporting purposes.

A deferred tax liability is disclosed in the amount that is expected to be paid when the temporary differences are reversed, based on the laws in force at the end of the reporting period.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deferred tax asset can be utilised.

S. NET EARNINGS PER SHARE

The Group discloses basic earnings per share and diluted earnings per share for its ordinary shares. Basic earnings per share are calculated by dividing the profit or loss pertaining to ordinary shareholders during the financial year with the weighted average number of ordinary shares (excluding treasury shares).

Diluted earnings per share are calculated by adjusting the profit or loss pertaining to ordinary shareholders and the weighted average number of ordinary shares during the financial year for the effect of all dilutive potential ordinary shares. The Group does not hold dilutive potential shares. Basic earnings per share and diluted earnings per share are thus equal.

4.2.2.1 Determination of fair value

Taking into account the Group's accounting policies, the determination of the fair value of both financial and non-financial assets and liabilities is required in a number of cases. The Group determined the fair values of individual groups of assets for measurement and/or reporting purposes based on the methods described below. Where necessary, further clarifications regarding assumptions used to determine fair values are disclosed in the notes specific to that asset or liability.

Land

Following recognition, the Group measures land at a revalued amount equal to the fair value on the revaluation date (i.e. the price that would be received when selling an asset or paid when transferring a liability in an orderly transaction, on the principal (or most advantageous) market, between market participants at the measurement date under current market terms, regardless of whether the price can be directly observed or estimated using another valuation technique). Depending on the circumstances or situation, the fair value of land is measured using one or more valuation techniques. They are the market approach, cost approach and income approach. The Group revalues land every five years or more frequently if indications of impairment point to a significant deviation in fair value. Based on an assessment of the effect of a change in indicators of impairment, the amount by which the fair value of land deviates from its carrying amount is assessed. An appraisal of land is performed by certified appraiser in the event of a significant deviation.

Investments in equities

The fair value of equities valued at fair value is determined taking into account the bid price at the end of the reporting period.

Receivables and liabilities

The Group assessed that the carrying amount of receivables and liabilities was a sufficiently precise approximation of their fair value.

4.2.2.2 Financial risk management

The Group is exposed to the following risks in the use of financial instruments:
- credit risk,
- liquidity risk,
- market risk,
- currency risk, and
- business risk.

This point discusses the Group's exposure to the individual risks stated above, and its objectives, policies and procedures for measuring and managing risks, as well as its management of capital. Other quantitative disclosures are included in Note 30.

The management has adopted risk management guidelines as part of risk management rules. The Group has a Risk Management Committee that is responsible for the development and supervision of risk management policies. Financial risks are a part of the Group's regular reporting on risks that the aforementioned committee regularly reports to the Audit Committee.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises primarily in connection with the Group's trade receivables.

The Group's exposure to credit risk depends primarily on the characteristics of each customer. However, management also takes into account the structure of customers and the solvency risk associated with the sector and country in which a customer operates, as these factors may affect credit risk, particularly in adverse economic conditions. The relevant policies require an analysis of the creditworthiness of a major new customer, before the Group offers its standard payment and delivery terms. Active recovery is carried out continuously as part of the regular receivables management process.

Liquidity risk

Liquidity risk is the risk that the Group will be unable to settle its financial liabilities using cash or other financial assets.

The Group ensures liquidity by always having sufficient liquid assets to settle liabilities at maturity, under both normal and the most demanding situations, without incurring unacceptable losses or risking damage to its reputation.

The Group primarily provides guarantees for potential customs liabilities that might arise from transit procedures, the verification of origin, and various analyses and/or the control of goods that are required for the performance of operational business activities.

Market risk

Market risk is the risk that changes in market prices, such as exchange rates, interest rates and equity instruments, would affect the revenues of the Group or the value of financial instruments. The objectives of market risk management are to manage and control exposure to market risks within reasonable limits, while optimising returns.

Currency risk

Group companies operating outside the euro area are particularly exposed to currency risk, which primarily involves the risk of changes in the exchange rates of the Serbian dinar, Croatian kuna (until 2022 inclusive) and Ukrainian hryvnia vis-à-vis the euro. With regard to cash flows from operating activities, the aforementioned companies use a natural hedge against the risk of changes in the exchange rate of their national currency vis-à-vis the euro, meaning that they match inflows with outflows in individual currencies in terms of timing and amount, and do not use foreign exchange futures. Subsidiaries that have raised loans in euros have open foreign exchange positions in their statements of financial position. It is highly likely that a change in the exchange rate of the national currency vis-à-vis the euro would have a significant impact on the operations of those companies. The companies in Ukraine are most exposed to currency risk.

On the contrary, exposure to currency risk is low for Group companies that operate in countries of the euro area, as cash flows at those companies are almost exclusively in euros. The effect on their operations is thus minor.

Business risk

Business risk is the risk of incurring a direct or indirect loss due to numerous reasons associated with processes in the Group, staff, technology and the infrastructure, and as the result of external factors not related to credit, market and liquidity risks. These include risks arising from legal and regulatory requirements, and generally accepted corporate standards. Business risks derive from the overall operations of the Group. The objective is to manage business risks with the aim of establishing a balance between the avoidance of financial losses and damage to the Group's reputation and overall cost efficiency, and avoiding such control procedures that would hinder or limit self-initiative and creativity. Primary responsibility for developing and introducing controls for managing business risks is borne by the head of each organisational unit.

A programme of regular internal audits is implemented by the Internal Audit Department, which discusses the results of internal audits with the heads of audited business units or subsidiaries, while a summary is submitted to the Company's Management Board and the Audit Committee.

4.2.3 SIGNIFICANT ACCOUNTING POLICIES OF THE COMPANY

The Company consistently applies the same accounting policies from period to period. Those policies are presented in the enclosed financial statements. The Company only amends accounting policies if:
- the change is mandatory under a standard or interpretation, or
- as the result of a change, the financial statements present more reliable and relevant information regarding the effects of transactions, other business events and balances on the financial position, results expressed in monetary terms and the financial flows of the Group or Company.

Comparative information is harmonised with the presentation of information for the financial year in question. Amendments to policies are disclosed.

The accounting policies that the Company used in the preparation of its annual financial statements are the same as those applied in the preparation of the financial statements for the previous financial year. The exception is newly adopted or amended standards and interpretations that the Company adopted for annual periods beginning on or after 1 January 2022, as described below.

Entry into force of the latest amendments to existing standards that apply during the current financial year

Amendments to IAS 16 – Property, plant, and equipment – Proceeds before Intended Use:
The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss. The amendment is effective for annual reporting periods beginning on or after 1 January 2022.

Amendments to IAS 37 – Onerous contracts – Cost of Fulfilling a Contract:
The changes specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendment is effective for annual reporting periods beginning on or after 1 January 2022.

Amendments to IFRS 3 - Reference to the Conceptual Framework:
The changes update an outdated reference in IFRS 3 to the Conceptual Framework without significantly changing its requirements. The amendment is effective for annual reporting periods beginning on or after 1 January 2022.

Annual improvements 2018–2020 cycle - IFRS 1, IFRS 9, IFRS 16 and IAS 41:
- IFRS 1 - The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.
- IFRS 9 - The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability.
- IFRS 16 - The amendment to Illustrative Example 13 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives.
- IAS 41 - The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. All these amendments are effective for annual reporting periods beginning on or after 1 January 2022

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

Standards and amendments to existing standards issued by the IASB and adopted by the EU but not yet effective

On the day these financial statements were approved, the following amendments to existing standards had been issued by the IASB and adopted by the EU, but were not yet in force:

IFRS 17, including amendments - Insurance Contracts:
IAS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. It applies to annual reporting periods beginning on or after 1 January 2023, including the amendments to IFRS 17, which the EU adopted on 9 September 2022 and are effective for annual reporting periods beginning on or after 1 January 2023.

Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies:
The amendments require entities to disclose their material accounting policies rather than their significant accounting policies. They are effective for annual reporting periods beginning on or after 1 January 2023.

Amendment to IAS 8 - Definition of Accounting Estimates:
The definition of a change in accounting estimates is replaced with a definition of accounting estimates. It is effective for annual reporting periods beginning on or after 1 January 2023.

Amendment to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction:
The amendments specify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. It is effective for annual reporting periods beginning on or after 1 January 2023.

New standards and amendments to existing standards issued by the IASB but not yet adopted by the EU

The IFRS as adopted by the EU do not currently differ significantly from the regulations adopted by the International Accounting Standards Board (IASB), with the exception of the following new standards and amendments to existing standards:

Amendment to IAS 1
Classification of Liabilities as Current or Non-current (deferral of the effective date): The amendment postponed the effective date of the amendments from January 2020 by one year, thus requiring entities to apply the amendment to annual periods beginning on or after 1 January 2024, until the amendment is approved for application by the EU.

Amendments to IFRS 10 and IAS 28
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture. The amendment has yet to be approved for use in the EU.

Amendment to IFRS 16
Lease Liability in a Sale and Leaseback: The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendment has yet to be approved for use in the EU.

Amendment to IAS 1
Non-current Liabilities with Covenants. The amendment clarifies the requirements that an entity must comply with in the 12 months after the reporting date, and that affect the classification of liabilities. The amendment is yet to be approved for use in the EU.

The Company does not expect the introduction of these new standards and amendments to existing standards to have a material impact on its financial statements during initial application.

Hedge accounting in connection with the portfolio of financial assets and liabilities, the principles of which the EU has not approved, remains unregulated.

A. FOREIGN CURRENCY

Transactions in foreign currencies

All transactions in foreign currencies are translated to euros (i.e. the Company's functional currency) upon initial recognition at the daily exchange rate between the functional currency and foreign currency on the transaction date. The reference exchange rate of the European Central Bank (ECB) is applied,
On the statement of financial position date:
- monetary items expressed in foreign currencies are translated at the final exchange rate for the year;
- non-monetary items denominated in a foreign currency and measured at cost are translated at the exchange rate on the transaction date; and
- non-monetary items denominated in a foreign currency and measured at fair value are translated at the exchange rates on the day fair value was determined.

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

B. FINANCIAL ASSETS

The Company initially recognises financial assets at fair value, except investments in subsidiaries and an associate, which it recognises at cost, and trade receivables, which it recognises at the transaction price.

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

Cash and cash equivalents comprise sight deposits and cash in hand. Cash equivalents are short-term, readily redeemable investments that can be immediately converted into a specific amount of cash, where the risk of a change in value is negligible. The Company defines short-term call deposits as such. The Company's statement of cash flows presents changes in inflows and outflows of cash and cash equivalents during the accounting period, using the indirect method, and explains changes in the balance thereof. The statement of cash flows was prepared using data from the Company's income statement for 2021, items from its statements of financial position as at 31 December 2021 and 31 December 2020, and additional data.

The Company values investments in shares and participating interests in subsidiaries and an associate at cost. Dividend income and income from other shares in profit are recognised in the income statement on the day a shareholder's or owner's right to payment was exercised. Gains and losses from such assets are recognised in the income statement.

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

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

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

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

Significant characteristics of the financial assets stated in the above table

1. Financial assets measured at amortised cost
The Company measures financial assets upon initial recognition at amortised cost if they meet both of the following conditions:
- the financial asset is held within the framework of a business model whose objective is achieved by collecting contractual cash flows; and
- the contractual terms of the financial asset give rise to cash flows, on certain dates, that are exclusively payments of principal and interest on the outstanding amount of principal.

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

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

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

C. FINANCIAL LIABILITIES

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

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

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

D. EQUITY

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

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

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

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

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

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

E. PROPERTY, PLANT AND EQUIPMENT

The Company initially recognises property, plant and equipment at cost, which includes amounts directly related to the purchase of an asset, as well as capitalised borrowing costs. Following the initial recognition of property, plant and equipment, the Company measures buildings and equipment using the cost model, while a revaluation model is used for land. According to the cost model, property, plant and equipment are disclosed at cost, less accumulated depreciation and any accumulated impairment loss. According to the applied revaluation model, land is disclosed at fair value on the revaluation date, less accumulated impairment loss. The Company revalues land every five years or more frequently if indications of impairment point to a significant deviation in fair value.

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

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

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

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

	Current period	Comparative period
Buildings	30–68 years	30–68 years
Computer equipment	2–4 years	2–4 years
Other plant and equipment	2–5 years	2–5 years

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

F. INTANGIBLE ASSETS

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

Subsequent costs

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

Amortisation

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

The Company verifies amortisation methods, useful lives and residual values at the end of each financial year and adjusts them as required.

G. INVESTMENT PROPERTY

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

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

H. LEASES

Company as lessee of assets

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

LEASE TERM FOR THE CURRENT AND COMPARATIVE PERIODS:

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

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

The Company recognises a right-of-use asset at the commencement of a lease. The cost of right-of-use assets in connection with leases comprises the amount of the initially measured lease liability, initial direct costs and lease payments that were made at or prior to the commencement of a lease, less lease incentives.

Right-of-use assets in connection with leases are measured at historical cost less value adjustments and impairment losses, with an adjustment to cost at each remeasurement of lease liabilities. The Company impairs assets under lease in the same manner as property, plant and equipment.

Liabilities for leased assets are recognised at the present value of remaining lease payments over the entire lease term. Lease payments are discounted at the interest rate implicit in a lease if that rate can be determined, otherwise it applies the incremental borrowing rate that it would have to pay if it acquired an asset with a similar value as a right-of-use asset for a similar period, based on a similar guarantee in a similar economic environment. Following the commencement of a lease, the amount of lease liabilities is increased for lease-related interest and reduced for all lease payments, while the value of a lease is adjusted upon reassessment or a change in a lease.

At the commencement of a lease, lease liabilities are equal to the value of the associated right-of-use asset and are reduced for payments, while the value of the right-of-use asset is reduced by depreciation charged over the lease term. Depreciation rates are set taking into account the lease term. Interest incurred is charged to finance costs in the period in question. The Company applies the exemption for short-term leases, i.e. leases where the lease term is 12 months or less. It also applies the exemption for leases of low-value assets. The Company recognises lease payments on a straight-line basis over the lease term for short-term and low-value leases.

Due to the situation caused by the COVID-19 pandemic, the Company applies the practical solution not to assess whether an adjustment to lease payments that meet the conditions given below is a change in a lease. Those conditions are:

- the result of a change in lease payments is a change in consideration for a lease that is almost equal to or less than the consideration for a lease immediately prior to that change;
- the reduction in lease payments only affects payments that would originally fall due on or before 30 June 2021 (i.e. an adjustment to lease payments would meet this condition if it caused a reduction in lease payments on or before 30 June 2021 and an increase in lease payments after 30 June 2021); and
- there is no material change in other lease conditions.

In this case, the Company does not treat a change in lease payments as a change to an existing lease, but instead recognises it in the income statement.

In sale and leaseback transactions in which it acts as seller, i.e. lessee, the Company measures a right-of-use asset proportionately with that part of the previous carrying amount of the right-of-use asset that it has kept. Accordingly, it only recognises the amount of gains or losses that relate to the rights that were transferred by the buyer, i.e. lessor.

Company as lessor of assets

As lessor, the Company recognises lease payments from operating leases as revenues on a straight-line basis over the lease term. The Company discloses assets that it leases in the statement of financial position with regard to the nature of an asset that is the subject of a lease.

I. INVENTORIES

Inventories of material are valued at cost, which comprises the purchase price, import duties and the direct costs of procurement. The purchase price is reduced by any discounts received. The weighted average price method is applied in the use of materials.

J. IMPAIRMENT OF ASSETS

1. Impairment of financial assets

Impairment of investments in subsidiaries

At the end of every financial year, the Company assesses whether there are any indications that an investment may be impaired. If such indications exist, it estimates the recoverable amount of investments in subsidiaries. The recoverable amount of an asset is the greater of its fair value less disposal costs, or its value in use.

If the carrying amount of a financial asset exceeds the recoverable amount, an investment in a subsidiary must be impaired. The discounted cash flow model cannot be used to calculate the recoverable amount for companies with suspended operations. An estimate derived from other bases (e.g. an estimate of the net value of assets) is thus used.

The Company reverses impairment losses of investments in subsidiaries when reasons no longer exist for their impairment by crediting finance income in the partial or full amount of impairment, depending on the assessment of the reversal of impairment associated with those investments.

Impairment of operating receivables

The Company impairs operating receivables for expected credit losses over the life of those assets. Impairment losses on trade receivables and other operating receivables (including the reversal of impairment losses) are disclosed in the income statement in the item 'loss due to the impairment of receivables'.

The Company impairs trade receivables (including receivables from leases) that are not subject to legal actions, enforcement or bankruptcy proceedings, registered in compulsory composition proceedings prior to publication of confirmation thereof or in recovery proceedings via specialised institutions, or are not deemed doubtful based on other objective reasons, by creating a depreciation and impairment using impairment percentages with regard to the age of the receivables.

When measuring expected credit losses associated with such assets, the Company applies a simplified approach using a 'provision matrix' that is based on past experiences regarding written-off receivables and estimates for the future.

The Company impairs receivables that are subject to legal actions, enforcement or bankruptcy proceedings, registered in compulsory composition proceedings prior to publication of confirmation thereof or in recovery proceedings via specialised institutions, or that are deemed doubtful based on other objective reasons, in 100% of their value, except where the law permits a reduction in liabilities for calculated and unpaid value added tax. Impairments are reduced for that amount.

The Company impairs receivables for interest on loans granted and deposits placed when it impairs loans and deposits. It does not impair other operating receivables until they are more than 30 days past due, depending on the composition of and past experience with those receivables. After that time, the Company individually assesses the probability of future cash flows from such receivables and impairs them accordingly.

Impairment of loans granted and deposits

The Company impairs loans granted and deposits based on the management's assessment of their bad debt. In accordance with IFRS 9, the Company transitioned from the incurred loss model to the expected loss model, according to which the Company recognises both incurred losses and losses that it expects to incur in the future.

When assessing the impairment of loans granted, the Company assesses evidence of impairment for each loan separately. If it assesses that the carrying amount of a loan exceeds its fair value (i.e. its realisable value), it impairs that loan. The assessment of impairment is based on expected credit losses in connection with the probability of loan default over the next 12 months, unless credit risk has risen significantly since initial recognition. In such cases, the assessment of impairment is based on the probability of default over the entire life of the financial asset in question. Expected credit losses comprise the difference between contractual cash flows that have fallen due according to the relevant contract and all cash flows that the Group expects to receive. Expected cash flows will also include cash flows from the sale of a collateralised asset.

Impairment losses for expected credit losses are assessed in two steps. For credit exposures for which there has been no significant increase in credit risk since initial recognition, impairments for expected credit losses are recognised for credit losses resulting from potential defaults over the next 12 months. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, the Company recognises an adjustment for losses that it expects over the remaining life of an exposure, regardless of the default period. The Company deems obligations in connection with a financial asset not to be fulfilled when contractual payments are 90 days past due. In certain cases, the Company may deem credit risk to have increased, even when it is probable, based on the relevant information, that it will not receive unpaid contractual amounts in full.

The Company recognises the write-off of a financial asset when it justifiably expects that it will not collect contractual cash flows. Impairment losses on these assets are disclosed in the income statement in the item 'other finance costs'.

2. Impairment of non-financial assets

The Company reviews the carrying amount of property, plant and equipment, investment property and intangible assets at each reporting date to determine whether there are any indications of impairment. If such indications exist, the recoverable amount of an asset is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use or its fair value less selling costs. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to an asset. For impairment testing, assets that cannot be tested individually are grouped into the smallest possible groups of assets that generate cash flows from continued use and that are largely independent of cash generated by other assets or groups of assets (cash-generating unit).

The Company recognises the impairment of an asset or a cash-generating unit when its carrying amount exceeds its recoverable amount. That impairment is disclosed as an expense in the income statement.

The Company reverses an impairment loss to the extent that the asset's increased carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised in previous years.

K. NON-CURRENT ASSETS HELD FOR SALE

Non-current assets or a disposal group comprising assets (applicable to investment property, intangible assets and non-current financial assets within non-current assets, and only applicable to land and buildings within property, plant and equipment on grounds of materiality) whose carrying amount is reasonably expected to be settled primarily through sale and not through further use are classified as assets held for sale, with that sale envisaged within the next twelve months, at the latest.

A sale is highly likely when the entire plan and programme to find a buyer are activated. An asset must also be actively marketed and efforts made to achieve a price that corresponds to its current fair value. An asset is remeasured immediately before its classification to assets held for sale. Accordingly, a non-current asset (or disposal group) is recognised at the lower of its carrying amount or fair value, less costs to sell.

The period for completion of a sale may be extended to more than one year due to special events and circumstances that are beyond the control of the Company and if there is sufficient evidence that the Company is consistently pursuing its plans to dispose of the asset.

If an asset held for sale no longer meets the criteria for classification to the aforementioned category, it must be reclassified to another appropriate asset category, i.e. the category to which it was classified before being classified as an asset held for sale.

L. EMPLOYEE BENEFITS

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis, and are disclosed as expenses as the service of the employee is provided in respect of the specific short-term benefit.

M. PROVISIONS

Provisions are recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Amounts recognised as provisions represent the best estimate of expenditure required for settlement as at the balance-sheet date. In assessing the best estimate of provisions, risks and uncertainties associated with numerous events and circumstances are also considered. Where the effect of the time value of money is material, the amount of provisions represents the present value of expenditure expected to be required to settle an obligation.

Provisions are recognised by accruing the corresponding costs or expenses, and are reduced directly over time by the costs and/or expenses that they were created to cover, except actuarial gains and losses from termination benefits upon retirement due to changes in actuarial assumptions and experiential restatements that are recognised in the revaluation surplus and transferred to retained earnings in the proportionate amount when they are used. That amount is calculated using the ratio between provisions used during the year and the balance of provisions before use.

Provisions are derecognised when the contingencies for which they were created no longer apply, or when they are no longer required. Revenues are recognised when provisions created by accruing the corresponding costs or expenses are derecognised. Provisions are adjusted at the end of the accounting period so that their value is equal to the present value of the expenditure expected to be required to settle the obligation in question.

Provisions for termination benefits and employee anniversary bonuses

In accordance with the applicable legislation, the collective agreement and internal rules, the Company is obliged to pay employee anniversary bonuses to employees and termination benefits upon retirement. Non-current provisions are created for these purposes. No other pension obligations exist.

The aforementioned provisions are created in the amount of the estimated future payments for termination benefits and employee anniversary bonuses, discounted as at the date of the actuarial calculation.

Interest expense and any increase during the current year are recognised in the income statement as labour costs, while interest is disclosed as a finance cost. Actuarial gains and losses from employee anniversary bonuses are recognised in the income statement as labour costs, while actuarial gains and losses from termination benefits upon retirement are recognised in other comprehensive income in the revaluation surplus and transferred to retained earnings in the proportionate amount when they are used. That amount is calculated using the ratio between provisions used during the year and the balance of provisions before use. Provisions are used in an amount equal to the actual costs incurred for accrued termination benefits upon retirement and employee anniversary bonuses.

Non-current deferred income

The Company classifies donations received for the acquisition of property, plant and equipment or for covering specific costs to non-current deferred income. It is earmarked to cover the costs of the depreciation of the aforementioned assets or to cover certain costs, and is used by way of a transfer to operating income in the amount of the depreciation of those assets. Deferred income that will cover projected expenses over a period of more than one year is disclosed under non-current deferred income.

N. REVENUES FROM SERVICES RENDERED

Contracts with customers are only accounted for when the relevant conditions have been met. When approving contracts with customers, the consideration that is expected in exchange for goods or services transferred to them is assessed. Consideration received represents the transaction price. The transaction price represents the fixed agreed consideration in exchange for promised goods and/or the provision of services to a customer.

Revenues from services rendered are recognised by the Company in the income statement taking into account the stage of completion of a transaction at the end of the reporting period or when performance obligations are fulfilled. The stage of completion is assessed on the basis of a review of costs incurred (review of work performed – measurement of the progress of a transaction).

Revenues from services rendered are measured at the transaction prices of completed services stated in invoices (fulfilment of performance obligations at a given moment) or other documents, or at the prices of incomplete services taking into account the stage of completion thereof (performance obligations are fulfilled over time). In cases when a particular transaction (performance obligation) is not completed (fulfilled) as at the balance-sheet date, the Company believes that no reliable assessment can be made regarding the outcome of such a transaction, but that the progress of that transaction can be reasonably measured. Thus, the Company only recognises income up to the amount of direct costs incurred, and for which it can be expected that they will be covered (contribution method).

Amounts collected on behalf of third parties, such as charged value-added tax and other levies (e.g. customs duties) are excluded from sales revenue.

FULFILMENT OF PERFORMANCE OBLIGATIONS

Business line	Nature of and time required to fulfil performance obligations to customers	Payment terms
LAND TRANSPORT **LOGISTICS SERVICES** **INTERCONTINENTAL TRANSPORT** **OTHER SERVICES**	A customer sends an order for the execution of forwarding transactions. The order must include all essential data for the correct and timely execution thereof. A transaction is deemed completed when all activities under an order have been implemented. An order may contain different services. A transaction is deemed completed: • for services in connection with organising the transport of goods: when transport is completed (i.e. shipment is received or delivered); • for customs clearance transactions: when goods are released to the declaring party; • for the warehousing of goods: when goods are placed in or removed from a warehouse, or other warehouse work is performed (e.g. palletting and labelling); • for other transactions: when the agreed service is rendered. An invoice is issued to the customer after a service has been rendered.	In general, a customer must pay for our services and associated costs before a service is rendered (advance). Taking into account a customer's credit rating, past experience with a customer and commercial agreements, an invoice for services is payable within 30 days following the rendering thereof.

State aid

We distinguish between state aid in connection with assets and state aid in connection with revenues.

a. State aid in connection with assets, including non-monetary support at fair value, is disclosed in the statement of financial position as deferred income and is consistently transferred to the income statement as revenues over the useful life of the asset in question. The Company discloses deferred income that will cover projected expenses over a period of more than one year under non-current deferred income.

b. State aid in connection with revenues comprises state aid in connection with the reimbursement of wage compensation for employees, the exemption of the payment of social security contributions, etc. The Company recognises state aid in connection with revenues in other operating revenues and not as a reduction in associated costs. It is recognised as revenues in the periods in which the costs that such state aid is earmarked to cover are incurred. State aid is recognised when there is reasonable assurance that the Company will fulfil the conditions to receive such aid and that it will, in fact, receive it. If there is uncertainty in connection with the eligibility to receive state aid (i.e. the possibility exists that the aid must be returned in the event of failure to fulfil certain conditions), the amount of state aid received is disclosed as deferred income until the fulfilment/non-fulfilment of conditions.

O. COSTS – EXPENSES

The Company recognises costs as expenses in the period in which they arise.

P. FINANCE INCOME AND FINANCE COSTS

Finance income primarily comprises interest income from investments, income from dividends and other shares in profit, income from the disposal of financial assets measured at fair value through profit or loss, positive exchange rate differences and income from the reversal of the impairment of financial assets. Interest income is recognised as it accrues, using the effective interest method. Dividend income and income from other shares in profit are recognised in the income statement on the day a shareholder's or owner's right to payment was exercised.

Finance costs primarily comprise interest expense and other borrowing costs (unless capitalised), interest on leases, and negative exchange rate differences and impairment losses on financial assets. Borrowing costs are recognised in the income statement in the period in which they arise using the effective interest method.

Q. CORPORATE INCOME TAX

Corporate income tax comprises current taxes and deferred taxes. Corporate income tax is disclosed in the income statement, except to the extent that it relates to items disclosed directly in equity, in which case it is disclosed in other comprehensive income.

Current tax is assessed in accordance with the applicable tax legislation as at the reporting date. The financial year is the same as the calendar year, which in turn is the same as the fiscal year.

Deferred tax is disclosed taking into account temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax reporting purposes.

A deferred tax liability is disclosed in the amount that is expected to be paid when the temporary differences are reversed, based on the laws in force at the end of the reporting period.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deferred tax asset can be utilised.

R. NET EARNINGS PER SHARE

The Company discloses basic earnings per share and diluted earnings per share for its ordinary shares. Basic earnings per share are calculated by dividing the profit or loss pertaining to ordinary shareholders during the financial year with the weighted average number of ordinary shares (excluding treasury shares).

Diluted earnings per share are calculated by adjusting the profit or loss pertaining to ordinary shareholders and the weighted average number of ordinary shares during the financial year for the effect of all dilutive potential ordinary shares. The Company does not hold dilutive potential shares. Basic earnings per share and diluted earnings per share are thus equal.

4.2.3.1 Determination of fair value

Taking into account the Company's accounting policies, the determination of the fair value of both financial and non-financial assets and liabilities is required in a number of cases. The Company determined the fair values of individual groups of assets for measurement and/or reporting purposes based on the methods described below. Where necessary, further clarifications regarding assumptions used to determine fair values are disclosed in the notes specific to that asset or liability.

Land

Following recognition, the Company measures land at a revalued amount equal to the fair value on the revaluation date (i.e. the price that would be received when selling an asset or paid when transferring a liability in an orderly transaction, on the principal (or most advantageous) market, between market participants at the measurement date under current market terms, regardless of whether the price can be directly observed or estimated using another valuation technique). Depending on the circumstances or situation, the fair value of land is measured using one or more valuation techniques. They are the market approach, cost approach and income approach. The Company revalues land every five years or more frequently if indications of impairment point to a significant deviation in fair value. Based on an assessment of the effect of a change in indicators of impairment, the amount by which the fair value of land deviates from its carrying amount is assessed. An appraisal of land is performed by certified appraiser in the event of a significant deviation.

Investments in equities

The fair value of equities valued at fair value is determined taking into account the bid price at the end of the reporting period.

The Company assessed that the carrying amount of current receivables and liabilities was a sufficiently precise approximation of their fair value.

4.2.3.2 Financial risk management

The Company is exposed to the following risks in the use of financial instruments:
- credit risk,
- liquidity risk,
- market risk, and
- business risk.

This point discusses the Company's exposure to the individual risks stated above, and its objectives, policies and procedures for measuring and managing risks, as well as its management of capital. Other quantitative disclosures are included in Note 30.

The management has adopted risk management guidelines as part of risk management rules. The Company has a Risk Management Committee that is responsible for the development and supervision of risk management policies. Financial risks are a part of the Company's regular reporting on risks that the aforementioned committee regularly reports to the Audit Committee.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises primarily in connection with the Company's trade receivables.

The Company's exposure to credit risk depends primarily on the characteristics of each customer. However, management also takes into account the structure of customers and the solvency risk associated with the sector and country in which a customer operates, as these factors may affect credit risk, particularly in adverse economic conditions. The relevant policies require an analysis of the creditworthiness of a major new customer, before the Group offers its standard payment and delivery terms. Active recovery is carried out continuously as part of the regular receivables management process.

Liquidity risk

Liquidity risk is the risk that the Company will be unable to settle its financial liabilities using cash or other financial assets.

The Company ensures liquidity by always having sufficient liquid assets to settle liabilities at maturity, in both normal and high-stress situations, without incurring unacceptable losses or risking damage to its reputation.

The Company primarily provides guarantees for potential customs liabilities that might arise from transit procedures, the verification of origin, and various analyses and/or the control of goods that are required for the performance of operational business activities.

Market risk

Market risk is the risk that changes in market prices, such as exchange rates, interest rates and equity instruments, would affect the income of the Company or the value of financial instruments. The objectives of market risk management are to manage and control exposure to market risks within reasonable limits, while optimising returns.

Business risk

Business risk is the risk of incurring a direct or indirect loss due to numerous reasons associated with processes at the Company, staff, technology and the infrastructure, and as the result of external factors not related to credit, market and liquidity risks. These include risks arising from legal and regulatory requirements, and generally accepted corporate standards. Business risks derive from the overall operations of the Company. The objective is to manage business risks with the aim of establishing a balance between the avoidance of financial losses and damage to the Company's reputation and overall cost efficiency, and avoiding such control procedures that would hinder or limit self-initiative and creativity. Primary responsibility for developing and introducing controls for managing business risks is borne by the head of each organisational unit.

A programme of internal audits is implemented by the Internal Audit Department, which discusses the results of internal audits with the heads of audited business units, while a summary is submitted to the Company's Management Board and the Audit Committee.

4.2.4 BUSINESS SEGMENTS

A business segment is an integral part of the Group:

- that engages in business activities from which it generates revenues and incurs expenses (including revenues and expenses relating to transactions with other integral parts of the same group);
- whose operating results are reviewed regularly by an employee in a management position, who makes decisions regarding the allocation of resources to a specific segment and who assesses the latter's performance; and
- for which separate financial data are available.

Disclosures by geographic business segment are based on an internal reporting system used by management in the decision-making process

INFORMATION BY GEOGRAPHICAL SEGMENT

(in EUR)	Slovenia		Croatia		Bosnia and Herzegovina		Serbia		Montenegro	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Revenues from sales based on contracts with customers	128,192,993	113,860,732	31,600,539	28,028,815	8,649,142	8,240,356	6,793,759	4,791,981	6,617,068	5,822,042
Rental income to others	5,059,119	4,444,045	1,286,921	1,300,902	262,718	170,071	385,846	193,389	183,834	173,712
Revenues from sales based on contracts with other segments within the Group	5,289,425	4,690,794	1,880,823	2,096,993	648,797	487,632	896,075	677,739	98,115	75,992
Rental income from transactions with other segments within the Group	30,276	29,388	0	0	0	0	0	0	0	0
Total revenues	138,571,810	123,024,959	34,768,283	31,426,710	9,560,658	8,898,060	8,075,680	5,663,109	6,899,017	6,071,746
Amortisation and depreciation	3,805,660	3,752,823	1,131,263	1,216,769	485,850	462,562	421,642	249,626	420,805	397,606
Operating profit or loss	4,951,142	4,505,935	2,890,488	2,660,266	-354,714	-388,726	-653,160	-881,561	1,114,881	1,105,673
Interest income	202,371	145,039	2,197	8,808	74,210	99	1,691	1,258	72,702	78,989
Interest expense	747,717	647,017	6,915	16,951	29,634	12,308	208,759	90,074	7,695	11,550
Profit or loss from ordinary operations	5,255,872	3,731,652	2,874,975	2,635,940	-310,722	-402,348	-865,173	-973,772	1,180,044	1,172,112
Recognised results of investment valued according to the equity method	0	0	0	0	0	0	0	0	0	0
Corporate income tax (including deferred taxes)	982,748	-24,802	618,964	485,463	186	-204	0	-5,892	276,792	105,437
Net profit or loss	**4,273,124**	**3,756,454**	**2,256,012**	**2,150,477**	**-310,908**	**-402,144**	**-865,173**	**-967,880**	**903,253**	**1,066,675**

(in EUR)	Ukraine		Other		Total		Restatements (including eliminations)		Group	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Revenues from sales based on contracts with customers	1,776,025	2,429,641	9,560,578	7,262,932	193,190,104	170,436,499	17,782	-65,337	193,207,886	170,371,162
Rental income to others	0	0	31,524	34,045	7,209,960	6,316,164	0	0	7,209,960	6,316,165
Revenues from sales based on contracts with other segments within the Group	90,717	4,678	1,681,608	1,856,928	10,585,561	9,890,757	-10,585,561	-9,890,757	0	0
Rental income from transactions with other segments within the Group	0	0	0	0	30,276	29,388	-30,276	-29,388	0	0
Total revenues	1,866,741	2,434,319	11,273,710	9,153,904	211,015,901	186,672,808	-10,598,054	-9,985,482	200,417,845	176,687,327
Amortisation and depreciation	63,847	43,685	344,893	331,049	6,673,962	6,454,119	0	0	6,673,961	6,454,120
Operating profit or loss	-44,612	-50,369	334,665	387,892	8,238,690	7,339,111	-39,277	-29,962	8,199,414	7,309,149
Interest income	638	244	136	1,737	353,945	236,174	-144,129	-105,318	209,817	130,856
Interest expense	30,943	26,353	19,267	24,541	1,050,930	828,794	-144,129	-105,318	906,802	723,476
Profit or loss from ordinary operations	-507,289	119,260	314,464	363,335	7,942,172	6,646,178	-896,115	630,846	7,046,057	7,277,026
Recognised results of investment valued according to the equity method	0	0	0	0	0	0	13,613	10,627	13,613	10,627
Corporate income tax (including deferred taxes)	0	14,192	38,723	39,159	1,917,413	613,353	0	0	1,917,413	613,356
Net profit or loss	**-507,289**	**105,067**	**275,741**	**324,176**	**6,024,759**	**6,032,825**	**-896,115**	**630,846**	**5,128,642**	**6,663,670**

(in EUR)	Slovenia		Croatia		Bosnia and Herzegovina		Serbia		Montenegro	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Assets	180,399,200	176,262,858	55,503,758	54,360,288	14,011,394	13,978,559	18,359,918	10,765,853	18,825,858	18,684,640
Non-current assets	143,985,486	141,641,669	42,591,977	39,020,127	11,586,628	11,510,263	16,516,426	9,287,296	11,304,974	11,119,348
Operating liabilities	22,363,284	17,723,909	5,804,551	6,116,365	1,938,020	1,839,808	1,744,674	1,391,437	666,222	581,202
Financial liabilities	50,395,725	54,846,918	24,982	230,083	467,864	228,534	11,794,218	3,572,931	564,049	654,849
Investments in associate	39,059	39,059	0	0	0	0	0	0	0	0

(in EUR)	Ukraine		Other		Total		Restatements (including eliminations)		Group	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Assets	1,376,623	1,711,287	4,505,877	4,454,909	292,982,629	280,218,392	-52,938,016	-50,248,387	240,044,613	229,970,005
Non-current assets	864,478	1,233,523	1,767,912	1,255,118	228,617,879	215,067,345	-46,077,942	-43,178,138	182,539,937	171,889,208
Operating liabilities	758,027	693,524	1,448,577	1,995,473	34,723,354	30,341,718	-2,629,619	-2,358,576	32,093,736	27,983,142
Financial liabilities	1,396,765	1,370,407	696,475	209,317	65,340,078	61,113,039	-7,682,804	-5,691,741	57,657,272	55,421,298
Investments in associate	0	0	0	0	39,059	39,059	46,713	33,099	85,771	72,158

BREAKDOWN OF SALES REVENUE BY BUSINESS LINE AND COUNTRY

Intereuropa Group	Slovenia		Croatia		Bosnia and Herzegovina	
(in EUR)	2022	2021	2022	2021	2022	2021
Revenues by business line						
Land transport	59,253,755	52,277,269	23,233,724	20,084,323	6,174,256	6,130,148
Logistics solutions	25,201,415	21,685,749	5,987,233	6,033,961	1,775,484	896,987
Intercontinental transport	48,239,549	43,952,190	4,954,343	4,669,536	1,112,293	1,428,979
Other services	5,877,094	5,109,749	592,983	638,890	498,624	441,945
Total	**138,571,812**	**123,024,959**	**34,768,283**	**31,426,710**	**9,560,657**	**8,898,060**
Revenues generated by country (with respect to a customer's head office)						
Slovenia	76,130,610	70,437,918	1,545,120	1,364,213	322,578	379,033
Croatia	2,591,554	2,203,950	27,797,465	25,181,114	152,011	68,257
Bosnia and Herzegovina	1,315,785	1,228,562	942,646	1,146,403	7,549,742	6,755,525
Montenegro	466,217	384,910	2,662	4,406	3,771	4,018
Other countries	58,067,646	48,769,618	4,480,389	3,730,575	1,532,556	1,691,228
Total	**138,571,812**	**123,024,959**	**34,768,283**	**31,426,710**	**9,560,657**	**8,898,060**

Intereuropa Group	Serbia		Montenegro		Ukraine	
(in EUR)	2022	2021	2022	2021	2022	2021
Revenues by business line						
Land transport	3,911,418	2,811,393	3,961,729	3,462,106	1,866,742	2,434,022
Logistics solutions	1,405,633	898,938	1,311,123	1,187,280	0	0
Intercontinental transport	2,775,809	1,945,288	614,585	513,625	0	0
Other services	-17,181	7,490	1 011 581	908,735	0	296
Total	**8,075,680**	**5,663,109**	**6,899,017**	**6,071,746**	**1,866,742**	**2,434,319**
Revenues generated by country (with respect to a customer's head office)						
Slovenia	997,457	594,477	68,308	126,223	425,027	174,999
Croatia	89,800	67,256	131,067	122,715	0	0
Bosnia and Herzegovina	100,731	89,198	62,202	65,811	0	0
Montenegro	107,019	69,501	5,676,501	4,838,447	0	0
Other countries	6,780,672	4,842,677	960,939	918,551	1,441,715	2,259,320
Total	**8,075,680**	**5,663,109**	**6,899,017**	**6,071,746**	**1,866,742**	**2,434,319**

Intereuropa Group (in EUR)	Other countries		Exclusions		Total	
	2022	2021	2022	2021	2022	2021
Revenues by business line						
Land transport	8,627,275	6,973,789	6,692,550	5,975,883	100,336,349	88,197,167
Logistics solutions	686,307	657,371	19,299	126,038	36,347,897	31,234,249
Intercontinental transport	1,523,454	1,115,816	1,760,647	2,145,304	57,459,385	51,480,131
Other services	436,673	406,929	2,125,559	1,738,256	6,274,215	5,775,778
Total	**11,273,710**	**9,153,905**	**10,598,055**	**9,985,482**	**200,417,846**	**176,687,326**
Revenues generated by country (with respect to a customer's head office)						
Slovenia	1,070,333	1,008,128	2,465,890	2,385,457	78,093,543	71,699,533
Croatia	22,720	135,747	2,245,832	1,997,566	28,538,786	25,781,472
Bosnia and Herzegovina	5,821	14,571	1,963,516	2,100,642	8,013,410	7,199,427
Montenegro	83,221	9,207	547,665	431,131	5,791,727	4,879,356
Other countries	10,091,613	7,986,252	3,375,151	3,070,685	79,980,381	67,127,536
Total	**11,273,710**	**9,153,905**	**10,598,055**	**9,985,482**	**200,417,846**	**176,687,325**

Intereuropa Group (in EUR)	2022	2021
Revenues by business line		
Land transport	59,253,755	52,277,272
Logistics solutions	25,201,415	21,685,749
Intercontinental transport	47,553,512	43,458,723
Other services	5,671,730	4,889,898
Total	**137,680,412**	**122,311,642**
Revenues generated by country (with respect to a customer's head office)		
Slovenia	75,816,175	70,158,977
Germany	8,424,862	5,486,097
Austria	7,817,363	7,080,039
Luxembourg	7,774,865	7,273,618
Italy	5,467,744	4,005,494
Netherlands	3,137,712	2,999,663
Other countries	29,241,690	25,307,755
Total	**137,680,412**	**122,311,642**

The Group and Company do not monitor statement of financial position items by business line.

4.2.5 NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: Sales revenue

(in EUR)	Intereuropa Group		Intereuropa, d. d.	
	2022	2021	2022	2021
Revenues from sales based on contracts to companies in the Group	0	0	5,313,077	4,768,260
Rental income to companies in the Group	0	0	30,276	29,388
Income from sales to others based on contracts with customers	193,207,886	170,476,481	127,367,718	113,175,269
Rental income to others	7,209,960	6,210,844	4,969,341	4,338,726
Total	**200,417,846**	**176,687,325**	**137,680,412**	**122,311,642**

The sales revenue of the Group and Company in 2022 comprised revenues from services rendered. The Group and Company provide logistics services through three business lines: land transport (groupage, domestic transport, road transport, railway freight and customs clearance services), logistic solutions (warehousing and distribution) and intercontinental transport (air freight, sea freight and car logistics services). The Group and Company also offer additional services, such as the leasing of business premises, parking services at customs terminals, trade fair logistics and insurance brokerage services.

NOTE 2: Other operating income

(in EUR)	Intereuropa Group		Intereuropa, d. d.	
	2022	2021	2022	2021
Gains on the sale of property, plant and equipment	213,096	433,341	116,646	94,842
Income from the reversal of provisions	321,449	63,125	98,282	19,459
Government grants received	179,372	224,782	142,317	154,123
Other operating income	454,818	380,649	282,680	94,837
Total	**1,168,735**	**1,101,897**	**639,925**	**363,261**

Under the item 'state aid', the Group and Company received EUR 19,610 in state aid to contain the negative effects of the COVID-19 pandemic in the form of the reimbursement of wage compensation paid to employees, exemption from the payment of contributions, the preservation of jobs, and the purchase of rapid tests (in 2021 Company received EUR 31,301). The entire value of subsidies received is not subject to the repayment terms defined by the country in which a specific company is located.

NOTE 3: Costs of goods, materials and services

(in EUR)	Intereuropa Group		Intereuropa, d. d.	
	2022	2021	2022	2021
Costs of materials and cost of goods sold	5,020,060	3,905,473	2,421,099	2,086,131
Costs of services within the Group	0	0	2,601,312	2,187,768
Costs of services				
direct costs	129,154,487	113,445,027	89,951,919	79,706,880
costs of hired labour and student work	4,288,928	4,501,016	3,876,638	4,188,938
maintenance of property, plant and equipment	1,953,390	1,618,022	1,252,900	957,414
maintenance of intangible assets	870,700	876,693	765,099	770,353
costs of short-term leases of property, plant and equipment	437,125	342,336	98,122	117,072
costs of leases of intangible assets	631,915	442,214	630,677	441,625
insurance premiums	1,040,167	1,000,127	533,486	578,788
costs of asset security	982,612	921,824	621,438	583,918
costs of intellectual services	1.383,770	1,362,241	1.159,195	1,110,625
costs associated with the Supervisory Board and its committees	207,702	170,621	171,235	155,035
other costs of services	3,554,864	2,817,618	1,606,999	1,022,460
Total	**149,525,720**	**131,403,212**	**105,690,120**	**93,907,007**

Direct costs of the Group and Company primarily comprise the costs of subcontractors (e.g. the costs of transport and port-related services) that are directly related to the provision of the services that an individual company sells. Other costs of services comprise the reimbursement of work-related costs to employees and municipal services, education and training costs, security costs, cost of guarantees and the costs of payment transactions.

The costs of hired labour and student work include recognised expenses for employee participation in profits for 2022 in the amount of EUR 166,508, including social security costs (in 2021 EUR 216,148) and relate to the Company's contractual obligation that will be settled one year after the approval of the annual report (Notes 4 and 27).

NOTE 4: Labour costs

(in EUR)	Intereuropa Group		Intereuropa, d. d.	
	2022	2021	2022	2021
Costs of wages and salaries	23,985,844	21,600,844	15,236,098	13,434,112
Social security costs	4,984,222	4,527,654	3,171,413	2,799,684
Other labour costs (excluding social security costs):				
annual leave allowance	1,200,350	964,640	1,007,511	785,904
transportation and meal allowances	2,221,377	1,938,864	1,533,812	1,354,605
other labour costs	667,845	585,062	434,674	349,276
expenses for employee participation in profits	902,403	758,624	876,897	735,831
Total	**33,962,041**	**30,375,688**	**22,260,406**	**19,459,412**

Labour costs include expenses for employee participation in profits for 2022 in the amount of EUR 945,989 at the Group level and EUR 919,252 at the Company, and relate to that portion of the contractual obligation of Slovenian Group companies that will be settled one year after the approval of the annual report for 2022.

NUMBER OF EMPLOYEES BY QUALIFICATION LEVEL

Categories of educational qualifications	Intereuropa Group				
	Beginning of 2022	End of 2022	Changes in 2022	Average number of employees by educational qualification in 2022*	Average number of employees by educational qualification in 2021*
Qualification levels I to III	84	108	24	96	80
Qualification levels IV to V	798	809	11	804	786
Qualifications levels VI to IX	462	492	30	477	475
Total	**1,344**	**1,409**	**65**	**1,377**	**1,341**

Categories of educational qualifications	Intereuropa, d. d.				
	Beginning of 2022	End of 2022	Changes in 2022	Average number of employees by educational qualification in 2022*	Average number of employees by educational qualification in 2021*
Qualification levels I to III	51	50	-1	51	49
Qualification levels IV to V	280	323	43	302	277
Qualifications levels VI to IX	250	269	19	260	258
Total	**581**	**642**	**61**	**612**	**584**

* The average number of employees is calculated using the balance of employees at the beginning and end of the year.

NOTE 5: Amortisation and depreciation

(in EUR)	Intereuropa Group		Intereuropa, d. d.	
	2022	2021	2022	2021
Depreciation of property, plant and equipment	4,145,122	3,986,373	2,468,973	2,390,434
Depreciation of investment property	681,700	685,330	527,722	531,411
Amortisation of intangible assets	442,621	448,256	419,280	421,868
Depreciation of right-of-use assets under leases	1,404,518	1,334,162	383,093	408,408
Total	**6,673,961**	**6,454,121**	**3,799,068**	**3,752,121**

NOTE 6: Impairment losses on receivables (including the reversal of impairment losses)

Impairment losses on receivables (including the reversal of impairment losses) amounted to EUR 860,396 at the Group level in 2022 and to EUR 758,193 at the Company (losses amounted to EUR 102,959 at the Group level and EUR 78,287 at the Company in 2021). The aforementioned effect is disclosed in the tables 'Changes in impairment losses on current trade receivables' and 'Changes in impairment losses on other current operating receivables' (Note 30).

NOTE 7: Other operating expenses

(in EUR)	Intereuropa Group		Intereuropa, d. d.	
	2022	2021	2022	2021
Building land use fees and similar expenses	1,333,445	1,310,151	869,176	857,235
Other levies	69,825	88,679	3,352	5,595
Impairment of property, plant and equipment, and investment property	130,447	11,590	0	0
Write-downs and losses from the sale of property, plant and equipment, and investment property	105,861	87,248	54,813	12,673
Costs from the recognition of provisions	171,973	172,375	20,140	93,142
Other operating expenses	543,069	463,666	173,428	153,236
Total	**2,354,619**	**2,133,709**	**1,120,910**	**1,121,880**

The Group's other operating expenses in the amount of EUR 543,069 primarily comprise membership fees and compensation for damages.

NOTE 8: Finance income and costs

(in EUR)	Intereuropa Group		Intereuropa, d. d.	
	2022	2021	2022	2021
Interest income from Group companies	0	0	121,021	73,149
Interest income from others	209,817	130,856	79,296	70,341
Income from dividends and other shares in profit from Group companies	0	0	945,010	614,584
Income from the reversal of impairment losses of investments in participating interests and shares, and loans	6	492,953	54,953	492,470
Net exchange rate differences	0	59,810	0	0
Total finance income	**209,823**	**683,619**	**1 200 280**	**1,250,544**
Interest expenses	-906,801	-723,476	-747,457	-646,902
Impairment losses on loans granted and deposits	187	-1,000	-67,010	0
Finance costs from impairments and write-offs of financial assets	0	-1,893	-30,000	-1,369,939
Net exchange rate differences	-470,179	0	-83,101	-24,306
Total finance costs	**-1,376,793**	**-726,369**	**-927,568**	**-2,041,147**
Profit or loss from financing activities	**-1,166,970**	**-42,750**	**272,712**	**-790,603**

Interest income and expenses were calculated using the effective interest method.

The Company's revenues from the reversal of impairments of investments in the shares and participating interests and loans relate to the reversal of the impairment of the investment in the equity of A.D. Zetatrans, Podgorica, Montenegro.

The Group disclosed negative exchange rate differences in the amount of EUR 470,179, most notably due to the depreciation of the Ukrainian hryvnia (UAH) and Serbian dinar (RSD).

NOTE 9: Results recognised according to the equity method

In 2022, the Group recognised the results of the associate Rail Cargo Logistics, d. o. o., Ljubljana, in which it holds a 26% participating interest, in the amount of EUR 13,613 (while it recognised EUR 10,627 at the end of 2021).

NOTE 10: Corporate income tax (current and deferred tax)

ADJUSTMENTS TO THE EFFECTIVE TAX RATE

(in EUR)	Intereuropa Group		Intereuropa, d. d.	
	2022	2021	2022	2021
Current tax	-1,061,948	-1,020,803	-469,986	-398,090
Deferred tax	-872,220	329,557	-474,022	456,070
Tax	**-1,934,168**	**-691,246**	**-944,008**	**57,980**
Pre-tax profit	7,942,172	7,277,022	4,959,131	3,541,393
Tax calculated according to prescribed rate	-1,392,336	-1,288,748	-942,235	-672,865
Tax from unrecognised expenses	-675,212	-688,953	-490,621	-616,867
Tax from revenues deducted from taxable base	332,816	323,268	192,815	222,534
Tax from revenues added to taxable base	-14,832	-7,664	-13,436	-6,274
Tax from expenses deducted from taxable base	42,553	55,426	0	0
Tax from tax allowances and the coverage of tax losses	836,136	710,599	800,246	677,827
Tax relating to deferred taxes	-872,220	329,557	-474,022	456,070
Effect of change in tax rate	-2,986	0	0	0
Tax from other items	-171,332	-46,837	0	0
Tax linked to Income Statement	**-1,917,413**	**-613,352**	**-927,253**	**60,425**
Tax linked to Other Comprehensive Income	**-16,755**	**-77,894**	**-16,755**	**-2,445**
Total tax	**-1,934,168**	**-691,246**	**-944,008**	**57,980**
Effective tax rate	**24.35%**	**9.50%**	**19.04%**	**-1.64%**

A tax rate of 19% was taken into account in the calculation of current corporate income tax for the Company in 2022. Group Companies apply the prescribed corporate income rates in their respective countries. Those rates range from 9% to 19%, inclusive.

CURRENT TAX

(in EUR)	Intereuropa Group		Intereuropa, d. d.	
	2022	2021	2022	2021
Current income tax disclosed in the income statement	1,045,193	942,909	453,231	395,645
Current income tax disclosed in the statement of other comprehensive income	16,755	77,894	16,755	2,445
Total	**1,061,948**	**1,020,803**	**469,986**	**398,090**

Unused tax losses at the Company amounted to EUR 78,189,080 as at 31 December 2022 (EUR 80,548,209 for the same period the previous year). Deferred tax assets were recognised in the amount of EUR 4,716,553.24 (in the same period the previous year: EUR 5,097,788) for the Company's unused tax losses in the amount of EUR 24,825,703 (in the same period the previous year: EUR 26,830,462), while no deferred assets were recognised for the remaining amount of EUR 53,363,377 (EUR 53,717,747 in the same period the previous year). They would have amounted to EUR 10,139,042, compared with EUR 10,206,372 in the same period the previous year. Deferred tax assets comprise tax losses with no limit on their application in future tax periods (years).

CHANGES IN THE GROUP'S DEFERRED TAX ASSETS AND LIABILITIES THAT WERE NOT NETTED

Deferred tax assets	Intereuropa Group										
(in EUR)	Balance as at 1 January 2021	Change in income statement	Change in other comprehensive income	Change in other equity items	Exchange rate differences	Balance as at 31 December 2021	Balance as at 1 January 2022	Change in income statement	Change in other comprehensive income	Change in other equity items	Exchange rate differences	Balance as at 31 December 2022
Property, plant and equipment	1,921,592	-92,327	0	0	7,147	**1,836,412**	1,836,412	-236,792	0	0	-3,875	**1,595,745**
Revaluation of receivables owing to value restatements	91	0	0	0	0	**91**	91	0	0	0	0	**91**
Revaluation of financial assets	104,385	4,626	0	0	0	**109,011**	109,011	-1,074	0	0	0	**107,937**
Provisions	253,006	2,612	9,716	0	323	**265,657**	265,657	-8,872	-45,284	0	-189	**211,312**
Tax loss	4,579,282	449,009	69,697	0	741	**5,098,729**	5,098,729	-506,593	125,358	0	-175	**4,717,319**
Other	189,004	-11,659	0	0	0	**177,345**	177,396	44,315		0	0	**221,711**
Total	**7,047,360**	**352,261**	**79,413**	**0**	**8,211**	**7,487,245**	**7,487,296**	**-709,017**	**80,074**	**0**	**-4,239**	**6,854,115**

Deferred tax liabilities (in EUR)	Balance as at 1 January 2021	Change in income statement	Change in other comprehensive income	Change in other comprehensive income	Exchange rate differences	Balance as at 31 December 2021	Balance as at 1 January 2022	Change in income statement	Change in other comprehensive income	Change in other equity items	Exchange rate differences	Balance as at 31 December 2022
Revaluation of land	10,693,502	22,704	-85,045	-31,625	9,630	**10,609,166**	10,609,166	163,203	-172,453	0	-5,760	**10,594,156**
Total	**10,693,502**	**22,704**	**-85,045**	**-31,625**	**9,630**	**10,609,166**	**10,609,166**	**163,203**	**-172,453**	**0**	**-5,760**	**10,594,156**

CHANGES IN THE COMPANY'S DEFERRED TAX ASSETS AND LIABILITIES THAT WERE NOT NETTED

Deferred tax assets	Intereuropa, d. d.							
(in EUR)	Balance as at 1 January 2021	Change in income statement	Change in other comprehensive income	Balance as at 31 December 2021	Balance as at 1 January 2022	Change in income statement	Change in other comprehensive income	Balance as at 31 December 2022
Revaluation of financial assets	104,385	4,626	0	109,011	**109,011**	-1,074	0	**107,937**
Provisions	182,618	795	9,768	193,181	**193,181**	-7,824	-45,284	**140,073**
Tax loss	4,564,890	463,201	69,697	5,097,788	**5,097,788**	-506,593	125,358	**4,716,553**
Other	185,576	-12,552	0	173,024	**173,024**	41,469	0	**214,493**
Total	**5,037,469**	**456,070**	**79,465**	**5,573,004**	**5,573,004**	**-474,022**	**80,074**	**5,179,056**

Deferred tax liabilities (in EUR)	Balance as at 1 January 2021	Change in income statement	Change in other comprehensive income	Balance as at 31 December 2021	Balance as at 1 January 2022	Change in income statement	Change in other comprehensive income	Balance as at 31 December 2022
Revaluation of land	7,336,927	0	-6,607	**7,330,320**	7,330,320	0	0	**7,330,320**
Total	**7,336,927**	**0**	**-6,607**	**7,330,320**	**7,330,320**	**0**	**0**	**7,330,320**

The management's assessment of the creation of additional deferred tax assets as the result of tax losses from previous years (in the amount of EUR 67,000) is based on data from the projection of Intereuropa's operations in the period 2023 to 2027. The following assumptions were taken into account:

- the utilisation of tax losses until 2027, taking into account valid tax rates;
- amended legislation from 2020 on, which permits the utilisation of tax losses and other allowances in the maximum amount of 63% of the tax base;
- planned sales of certain real estate (gains on the sale of non-essential assets, with the majority of sales in 2027 in accordance with the Company's strategy regarding the disposal of such assets. The main source of uncertainty relates to the timing of sales and market conditions); and
- in addition to taxable profit from the income statement, also assumed was the utilisation of tax losses in the amount of 50% of the revaluation surplus for land, assuming that the tax base will facilitate utilisation in that amount (besides other allowances).

The management assumed the normal operations of the Company during the projection period. In the event of significant deviations from the Company's planned operating results, the utilisation of tax losses will be reassessed and the amount of deferred tax assets for tax losses corrected accordingly.

NOTE 11: Net earnings per share

The Group's net profit amounted to EUR 5,128,645 in 2022 (EUR 6,663,670 the previous year). Of the aforementioned amount, EUR 4,993,328 pertains to the controlling owner (EUR 6,513,395 the previous year), while EUR 135,316 pertains to non-controlling owners (in the amount of EUR 150,275 the previous year).

The Company's net profit amounted to EUR 4,031,878 in 2022 (EUR 3,601,819 the previous year).

BASIC EARNINGS PER SHARE

(in EUR)	Intereuropa Group		Intereuropa, d. d.	
	2022	2021	2022	2021
Net profit of ordinary shareholders	3,057,314	3,988,020	2,402,376	2,139,170
Average number of ordinary shares (excluding treasury shares)	16,812,703	16,812,703	16,812,703	16,812,703
Basic earnings per share	**0.18**	**0.24**	**0.14**	**0.13**

Basic earnings per share are calculated as net profit or loss pertaining to the parent company's ordinary shareholders divided by the weighted average number of ordinary shares (excluding treasury shares).

DILUTED EARNINGS PER SHARE

(in EUR)	Intereuropa Group		Intereuropa, d. d.	
	2022	2021	2022	2021
Net profit	4,993,328	6,513,395	4,031,878	3,601,819
Average number of total shares*	27,470,668	27,470,668	27,470,668	27,470,668
Diluted earnings per share (in EUR)	**0.18**	**0.24**	**0.15**	**0.13**

* For the needs of calculating this indicator, the Company defined preference shares as potential ordinary shares that can be exchanged for ordinary shares. Because the principle of exchangeability has not been agreed with the holders of preference shares, the calculations in the table are of an informative nature and assume an exchange ratio of 1:1.

Diluted earnings per ordinary share are equal to basic earnings per share because the parent company does not hold any dilutive potential ordinary shares.

NOTE 12: Property, plant and equipment

(in EUR)	Intereuropa Group		Intereuropa, d. d.	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Land and buildings				
Land	68,327,447	70,173,585	41,444,763	41,444,763
Buildings	57,116,811	58,525,419	27,182,938	28,088,274
Plant and equipment	7,839,537	6,176,382	4,754,802	3,546,442
Right-of-use assets under leases	9,281,926	1,687,595	828,518	521,283
Investments in foreign fixed assets	54,545	24,449	7,578	8,735
Property, plant and equipment in acquisition	8,699,924	2,831,233	495,695	358,436
Total	**151,320,188**	**139,418,665**	**74,714,295**	**73,967,932**

The carrying amount of real estate pledged as collateral by the Group was EUR 35,981,392 as at the reporting date (EUR 36,524,940 at the end of the previous year). The Group had no other legal restrictions on the disposal of assets. The carrying amount of real estate pledged as collateral by the Company was EUR 20,143,599 as at 31 December 2022 (EUR 20,438,819 at the end of the previous year). There were no other legal restrictions on the Group or Company with respect to the disposal of assets.

The cost of the Group's property, plant and equipment whose carrying amount was zero as at 31 December 2022 and are still in use was EUR 27,599,932 (end of 2021: EUR 28,072,196). The cost of the Company's property, plant and equipment whose carrying amount was zero as at 31 December 2022 and are still in use was EUR 20,095,689 (end of 2021: EUR 20,633,256).

The carrying amount of the Group's land would be equal to EUR 22,676,637 as at 31 December 2022 if the cost model was used (end of 2021: EUR 24,910,067). The carrying amount of the Company's land would be equal to EUR 9,096,425 at the end of 2022 if the cost model was used (end of 2021: EUR 9,060,656).

The fair value of the Group's buildings would be equal to EUR 70,067,670 as at 31 December 2022 (end of 2021: EUR 69,386,154). The fair value of the Company's buildings would be equal to EUR 36,491,958 as at 31 December 2022 (end of 2021: EUR 35,905,978).

CHANGES IN THE GROUP'S PROPERTY, PLANT AND EQUIPMENT

Intereuropa Group (in EUR)	**Land**	**Buildings**	**Other plant and equipment**	**Investments in property, plant and equipment owned by others**	**Property, plant and equipment under construction**	**Equipment under finance leases**	**Land under operating lease**	**Buildings under operating lease**	**Equipment under operating leases**	**Total**
COST										
Balance as at 1 January 2022	**78,047,639**	**141,226,120**	**36,310,039**	**73,448**	**2,910,242**	**0**	**24,173**	**2,939,988**	**1,149,057**	**262,680,707**
Acquisitions	0	0	0	0	10,539,374	0	5,366	7,569,568	1,362,774	19,477,083
Activations	0	986,338	3,634,636	41,600	-4,662,574	0	0	0	0	0
Sales	-1,767,995	-175,018	-526,219	0	0	0	0	0	0	-2,469,232
Write-downs	0	-54,801	-1,210,963	0	0	0	-7,139	-872,053	-221,352	-2,366,309
Transfer to investment property	-494,602	0	0	0	0	0	0	0	0	-494,603
Change in lease agreement	0	0	0	0	0	0	0	-296,267	-143,239	-439,506
Early termination of leases	0	0	0	0	0	0	0	-75,159	-136,466	-211,625
Other	0	0	12,326	0	0	0	0	0	0	12,326
Exchange rate differences	-576,952	-123,634	-156,321	23	-8,340	0	-1,264	4,083	171	-862,234
Balance as at 31 December 2022	**75,208,090**	**141,859,005**	**38,063,498**	**115,071**	**8,778,702**	**0**	**21,136**	**9,270,160**	**2,010,945**	**275,326,608**
DEPRECIATION AND IMPAIRMENT										
Balance as at 1 January 2022	**-7,874,054**	**-82,700,701**	**-30,133,657**	**-48,999**	**-79,009**	**0**	**-15,546**	**-1,817,991**	**-592,086**	**-123,262,043**
Depreciation	0	-2,270,903	-1,862,692	-11,527	0	0	-5,242	-962,103	-437,174	-5,549,640
Sales	707,717	118,394	512,061	0	0	0	0	0	0	1,338,171
Write-downs	0	38,510	1,190,843	0	0	0	7,139	872,053	221,352	2,329,897
Impairments	-130,447	0	0	0	0	0	0	0	0	-130,447
Change in lease agreement	0	0	0	0	0	0	0	349,208	220,761	569,969
Early termination of leases	0	0	0	0	0	0	0	35,386	103,130	138,516
Other	0	0	-11,380	0	0	0	0	0	0	-11,380
Exchange rate differences	416,141	72,504	80,865	0	229	0	654	-9	152	570,536
Balance as at 31 December 2022	**-6,880,643**	**-84,742,196**	**-30,223,960**	**-60,526**	**-78,780**	**0**	**-12,995**	**-1,523,456**	**-483,865**	**-124,006,421**
CARRYING AMOUNT										
Balance as at 1 January 2022	**70,173,585**	**58,525,419**	**6,176,382**	**24,449**	**2,831,233**	**0**	**8,627**	**1,121,997**	**556,971**	**139,418,664**
Balance as at 31 December 2022	**68,327,447**	**57,116,810**	**7,839,536**	**54,545**	**8,699,923**	**0**	**8,143**	**7,746,704**	**1,527,080**	**151,320,188**

Intereuropa Group **(in EUR)**	**Land**	**Buildings**	**Other plant and equipment**	**Investments in property, plant and equipment owned by others**	**Property, plant and equipment under construction**	**Equipment under finance leases**	**Land under operating lease**	**Buildings under operating lease**	**Equipment under operating leases**	**Total**
COST										
Balance as at 1 January 2021	**78,640,592**	**142,968,788**	**35,738,973**	**68,974**	**695,847**	**1,203,289**	**23,425**	**2,857,579**	**1,280,797**	**263,478,264**
Acquisitions	0	0	0	0	4,240,406	0	0	374,835	336,554	4,951,796
Activations	0	219,031	1,802,713	4,474	-2,026,218	0	0	0	0	0
Sales	-884,798	-1,939,477	-724,177	0	0	-1,207,045	0	0	0	-4,755,497
Write-downs	0	-32,818	-413,438	0	-3,995	0	0	-186,381	-307,481	-944,113
Change in lease agreement	0	0	0	0	0	0	0	-16,621	-182,360	-198,980
Adjustment to variable costs in operating leases	0	0	0	0	0	0	0	7,720	124,321	132,041
Early termination of leases	0	0	0	0	0	0	0	-97,910	-104,864	-202,774
Other	-69,276	-193,156	0	0	0	0	0	0	0	-262,432
Exchange rate differences	361,121	203,750	-94,031	0	4,202	3,756	748	764	2,089	482,399
Balance as at 31 December 2021	**78,047,639**	**141,226,120**	**36,310,039**	**73,448**	**2,910,242**	**0**	**24,173**	**2,939,988**	**1,149,057**	**262,680,705**
DEPRECIATION AND IMPAIRMENT										
Balance as at 31 January 2021	**-7,730,360**	**-81,808,893**	**-29,622,690**	**-37,697**	**-78,891**	**-889,427**	**-9,956**	**-1,274,057**	**-715,599**	**-122,167,571**
Depreciation	0	-2,270,024	-1,705,047	-11,302	0	-49,352	-5,071	-810,787	-468,952	-5,320,536
Sales	0	1,272,008	652,063	0	0	941,555	0	0	0	2,865,626
Write-downs	0	25,152	411,029	0	0	0	0	186,381	307,481	930,044
Change in lease agreement	0	0	0	0	0	0	0	14,543	240,230	254,773
Adjustment to variable costs in operating leases	0	0	0	0	0	0	0	-2,144	-7,089	-9,233
Early termination of leases	0	0	0	0	0	0	0	68,428	52,944	121,372
Other	69,276	193,156	0	0	0	0	0	0	0	262,432
Exchange rate differences	-212,970	-112,100	130,988	0	-118	-2,776	-519	-355	-1,101	-198,951
Balance as at 31 December 2021	**-7,874,054**	**-82,700,701**	**-30,133,657**	**-48,999**	**-79,009**	**0**	**-15,546**	**-1,817,991**	**-592,086**	**-123,262,041**
CARRYING AMOUNT										
Balance as at 1 January 2021	**70,910,232**	**61,159,895**	**6,116,283**	**31,277**	**616,956**	**313,862**	**13,469**	**1,583,522**	**565,198**	**141,310,695**
Balance as at 31 December 2021	**70,173,585**	**58,525,419**	**6,176,382**	**24,449**	**2,831,233**	**0**	**8,627**	**1,121,997**	**556,971**	**139,418,664**

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

Intereuropa, d. d. (in EUR)	Land	Buildings	Other plant and equipment	Investments in property, plant and equipment owned by others	Property, plant and equipment under construction	Land under operating lease	Buildings under operating lease	Equipment under operating leases	Total
COST									
Balance as at 1 January 2022	**41,480,531**	**78,484,328**	**24,740,475**	**11,565**	**358,436**	**6,642**	**789,662**	**574,255**	**146,445,894**
Acquisitions	0	0	0	0	2,976,680	0	0	0	2,976,680
Activations	0	464,286	2,375,136	0	-2,839,422	0	0	0	0
Sales	0	-155,944	-370,602	0	0	0	0	0	-526,546
Write-downs	0	-44,685	-1,037,046	0	0	0	0	0	-1,081,732
New leases	0	0	0	0	0	0	209,979	386,843	596,822
End of lease	0	0	0	0	0	0	-71,704	-189,697	-261,401
Early termination of leases	0	0	0	0	0	0	-22,832	-80,744	-103,576
Change in lease agreement	0	0	0	0	0	0	-261,114	-143,239	-404,353
Other	1	0	1,266	0	0	0	0	0	1,266
Balance as at 31 December 2022	**41,480,532**	**78,747,986**	**25,709,229**	**11,565**	**495,695**	**6,642**	**643,991**	**547,420**	**147,643,059**
DEPRECIATION AND IMPAIRMENT									
Balance as at 1 January 2022	**-35,768**	**-50,396,055**	**-21,194,033**	**-2,830**	**0**	**-3,321**	**-429,639**	**-416,316**	**-72,477,962**
Depreciation	0	-1,301,698	-1,166,118	-1,157	0	-1,107	-205,972	-176,014	-2,852,066
Sales	0	99,674	370,541	0	0	0	0	0	470,215
Write-downs	0	33,032	1,035,844	0	0	0	0	0	1,068,876
End of lease	0	0	0	0	0	0	71,704	189,697	261,401
Early termination of leases	0	0	0	0	0	0	12,050	60,498	72,548
Change in lease agreement	0	0	0	0	0	0	308,125	220,761	528,886
Other	-1	0	-659	0	0	0	0	0	-658
Balance as at 31 December 2022	**-35,769**	**-51,565,047**	**-20,954,427**	**-3,987**	**0**	**-4,428**	**-243,732**	**-121,375**	**-72,928,764**
CARRYING AMOUNT									
Balance as at 1 January 2022	**41,444,763**	**28,088,273**	**3,546,442**	**8,735**	**358,436**	**3,321**	**360,023**	**157,939**	**73,967,932**
Balance as at 31 December 2022	**41,444,763**	**27,182,939**	**4,754,802**	**7,578**	**495,695**	**2,214**	**400,259**	**426,045**	**74,714,295**

Intereuropa, d. d. (in EUR)	Land	Buildings	Other plant and equipment	Investments in property, plant and equipment owned by others	Property, plant and equipment under construction	Land under operating lease	Buildings under operating lease	Equipment under operating leases	Total
COST									
Balance as at 1 January 2021	**41,549,807**	**78,452,787**	**24,310,008**	**7,091**	**346,343**	**6,642**	**849,512**	**631,698**	**146,153,888**
Acquisitions	0	0	0	0	852,846	0	0	0	852,846
Activations	0	63,369	768,914	4,474	-836,757	0	0	0	0
Sales	0	0	-33,304	0	0	0	0	0	-33,304
Write-downs	0	-31,827	-305,143	0	-3,995	0	0	0	-340,965
New leases	0	0	0	0	0	0	77,008	80,626	157,634
End of lease	0	0	0	0	0	0	-136,857	-97,733	-234,590
Early termination of leases	0	0	0	0	0	0	0	-40,334	-40,334
Other	-69,276	0	-2	0	0	0	0	0	-69,278
Balance as at 31 December 2021	**41,480,531**	**78,484,328**	**24,740,475**	**11,565**	**358,436**	**6,642**	**789,662**	**574,255**	**146,445,894**
DEPRECIATION AND IMPAIRMENT									
Balance as at 1 January 2021	**-105,045**	**-49,120,774**	**-20,440,222**	**-1,711**	**0**	**-2,214**	**-368,385**	**-325,944**	**-70,364,295**
Depreciation	0	-1,299,943	-1,089,372	-1,119	0	-1,107	-198,112	-209,189	-2,798,842
Sales	0	0	30,736	0	0	0	0	0	30,736
Write-downs	0	24,662	304,824	0	0	0	0	0	329,487
End of lease	0	0	0	0	0	0	136,858	97,734	234,592
Early termination of leases	0	0	0	0	0	0	0	21,083	21,083
Other	69,276	0	0	0	0	0	0	0	69,276
Balance as at 31 December 2021	**-35,768**	**-50,396,055**	**-21,194,033**	**-2,830**	**0**	**-3,321**	**-429,639**	**-416,316**	**-72,477,962**
CARRYING AMOUNT									
Balance as at 1 January 2021	**41,444,762**	**29,332,013**	**3,869,786**	**5,380**	**346,343**	**4,428**	**481,127**	**305,754**	**75,789,593**
Balance as at 31 December 2021	**41,444,763**	**28,088,273**	**3,546,442**	**8,735**	**358,436**	**3,321**	**360,023**	**157,939**	**73,967,932**

The Group and Company hired an external real estate appraiser to perform an assessment of whether there were indications of the impairment of assets or changes in fair value as at 30 September 2022. During this process it had been established that new appraisals are not required, with the exception of real estate located in Ukraine, where market indicators demonstrated a depreciation in real estate value. As a result, a separate appraisal was carried out on 21 December 2022 based on which there was an impairment of land in the amount of EUR 130,447.

LEASE COSTS

(in EUR)	Intereuropa Group		Intereuropa, d. d.	
	2022	2021	2022	2021
Amortisation and depreciation costs	1,404,518	1,334,162	383,093	408,408
Interest expenses on lease liabilities	127,903	85,340	14,269	18,189
Costs of short-term leases of real estate and equipment	437,125	342,336	98,122	117,072
Total	**1,969,546**	**1,761,838**	**495,484**	**543,669**

LEASE PAYMENTS AND LEASE LIABILITIES

(in EUR)	Intereuropa Group		Intereuropa, d. d.	
	2022	2021	2022	2021
Lease payments for short-term leases of real estate and equipment (disclosed in cash flows from operating activities)	411,307	260,280	116,338	127,818
Payment of lease liabilities comprising principal (disclosed in cash flows from financing activities)	1,605,670	1,853,937	413,006	456,231
Total	**2,016,977**	**2,114,217**	**529,344**	**584,049**

NOTE 13: Investment property

(in EUR)	Intereuropa Group		Intereuropa, d. d.	
	2022	2021	2022	2021
COST				
Balance as at 1 January	**49,025,485**	**50,153,484**	**36,788,333**	**37,286,611**
Acquisitions	114,792	24,186	97,252	24,186
Transfer from property, plant and equipment	494,602	0	0	0
Transfer from available-for-sale assets	0	370,000	0	0
Transfer to assets held for sale	0	-343,000	0	0
Sales	-59,483	-518,401	-52,065	-518,401
Write-downs	-5,714	-4,062	-5,715	-4,062
Revaluation to fair value – decrease	0	-27,000	0	0
Transfer between groups	0	-655,772	0	0
Exchange rate differences	-15,137	26,051	0	0
Balance as at 31 December	**49,554,545**	**49,025,485**	**36,827,805**	**36,788,333**
DEPRECIATION AND IMPAIRMENT				
Balance as at 1 January	**-27,245,064**	**-27,411,193**	**-20,942,680**	**-20,619,012**
Depreciation	-681,700	-685,330	-527,722	-531,411
Transfer from property, plant and equipment	0	0	0	0
Transfer from available-for-sale assets	0	-32,362	0	0
Transfer to assets held for sale	0	43,000	0	0
Sales	42,467	204,857	35,051	204,857
Write-downs	4,029	2,887	4,029	2,887
Impairments	0	-10,638	0	0
Transfer between groups	0	655,772	0	0
Exchange rate differences	7,088	-12,057	0	0
Balance as at 31 December	**-27,873,179**	**-27,245,064**	**-21,431,322**	**-20,942,679**
CARRYING AMOUNT				
Balance as at 1 January	**21,780,421**	**22,742,291**	**15,845,652**	**16,667,599**
Balance as at 31 December	**21,681,366**	**21,780,421**	**15,396,483**	**15,845,654**

The fair value of the Group's investment property was EUR 26,198,546 at the end of 2022 (end of 2021: EUR 25,765,621), while the value of the Company's investment property was EUR 19,233,077 (end of 2021: EUR 19,215,833). Fair value was determined based on appraisals performed by certified appraiser in 2020 and 2019. The appraiser used the market approach to appraise the value of land and the income approach to appraise the value of buildings. A capitalisation rate ranging from 9.75% to 13.5% was applied for the purpose of assessing the recoverable amount of buildings. A deduction for vacancy ranging from 10% to 12.5% and a deduction for bad debt ranging from 1% to 1.25% were applied. The real estate valuation for 2019 was carried out with respect to cash-generating units by individual country (i.e. by individual location). The market approach and income approach were used to perform the valuation. The recoverable amount of cash-generating units was based on fair value less costs to sell. A capitalisation rate ranging from 7.7% to 10% was applied. A deduction for vacancy of 10% and a deduction of 1% for bad debt were applied in 2019.

The Group and Company hired an external real estate expert in 2022 to perform an assessment of whether there were indications of the impairment of assets or a change in fair value. Based on that assessment, it was determined that no impairment or change in the fair value of real estate at Intereuropa Group companies was required.

The carrying amount of investment property pledged as collateral by the Group was EUR 2,164,305 as at the reporting date (EUR 2,252,423 at the end of the previous year). The carrying amount of investment property pledged as collateral by the Company was EUR 1,266,130 at the end of 2022 (at the end of 2021: EUR 1,328,613). That amount represents additional collateral for liabilities for which the underlying collateral comprises pledged items of property, plant and equipment.

INCOME AND EXPENSES FROM INVESTMENT PROPERTY

(in EUR)	Intereuropa Group		Intereuropa, d. d.	
	2022	2021	2022	2021
Rental income from investment property	5,004,360	4,702,572	3,441,180	3,188,971
Direct operating expenses from investment property	-2,682,579	-2,089,864	-2,004,736	-1,795,077
Total	**2,321,781**	**2,612,708**	**1,436,444**	**1,393,894**

Neither the Group nor Company had binding contracts to purchase investment property at the end of 2022.

NOTE 14: Intangible assets

(in EUR)	Intereuropa Group		Intereuropa, d. d.	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Long-term property rights	338,007	355,643	240,371	247,967
Goodwill	45,136	41,721	0	0
Other intangible assets	2,019,242	2,257,357	2,015,382	2,254,577
Intangible assets under construction	0	66,547	0	66,547
Total	**2,402,385**	**2,721,268**	**2,255,753**	**2,569,091**

The majority of long-term property rights comprises rights associated with computer programs.
Other intangible assets comprise software to support comprehensive logistics services. The results of an impairment test for other intangible assets performed by the Group and Company on the reporting date did not indicate the need for impairments.

The cost of the Group's intangible assets whose carrying amount was zero as at 31 December 2022 and are still in use was EUR 4,419,425 (EUR 4,396,621 at the end of the previous year). The cost of the Company's intangible assets whose carrying amount was zero as at 31 December 2022 and are still in use was EUR 4,018,825 (end of 2021: EUR 3,968,255).

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CHANGES IN THE INTANGIBLE ASSETS OF THE GROUP

Intereuropa Group (in EUR)	Long-term property rights	Other intangible assets	Goodwill	Intangible assets under construction	Total
COST					
Balance as at 1 January 2022	**5,085,426**	**5,075,275**	**41,721**	**66,547**	**10,268,969**
Acquisitions	0	0	0	185,426	185,426
Activations	81,551	170,422	0	-251,973	0
Write-downs	-84,069	0	0	0	-84,069
Disposals	0	-93,460	0	0	-93,460
Other - increase	0	0	3,415	0	3,415
Exchange rate differences	-2,849	-1	0	0	-2,850
Balance as at 31 December 2022	**5,080,059**	**5,152,237**	**45,136**	**0**	**10,277,431**
AMORTISATION AND IMPAIRMENT					
Balance as at 1 January 2022	**-4,729,784**	**-2,817,918**	**0**	**0**	**-7,547,702**
Amortisation	-96,960	-345,661	0	0	-442,621
Write-downs	83,661	0	0	0	83,661
Disposals	0	30,584	0	0	30,584
Exchange rate differences	1,031	0	0	0	1,031
Balance as at 31 December 2022	**-4,742,052**	**-3,132,995**	**0**	**0**	**-7,875,047**
CARRYING AMOUNT					
Balance as at 1 January 2022	**355,642**	**2,257,357**	**41,721**	**66,547**	**2,721,267**
Balance as at 31 December 2022	**338,007**	**2,019,242**	**45,136**	**0**	**2,402,385**

Intereuropa Group (in EUR)	Long-term property rights	Other intangible assets	Goodwill	Intangible assets under construction	Total
COST					
Balance as at 1 January 2021	**4,980,601**	**5,058,072**	**41,721**	**1,960**	**10,082,354**
Acquisitions	0	0	0	186,043	186,043
Activations	104,256	17,200	0	-121,456	0
Write-downs	-2,000	0	0	0	-2,000
Exchange rate differences	2,569	3	0	0	2,572
Balance as at 31 December 2021	**5,085,426**	**5,075,275**	**41,721**	**66,547**	**10,268,969**
AMORTISATION AND IMPAIRMENT					
Balance as at 1 January 2021	**-4,636,694**	**-2,463,178**	**0**	**0**	**-7,099,872**
Amortisation	-93,516	-354,740	0	0	-448,256
Write-downs	2,000	0	0	0	2,000
Exchange rate differences	-1,574	0	0	0	-1,574
Balance as at 31 December 2021	**-4,729,784**	**-2,817,918**	**0**	**0**	**-7,547,702**
CARRYING AMOUNT					
Balance as at 1 January 2021	**343,907**	**2,594,894**	**41,721**	**1,960**	**2,982,482**
Balance as at 31 December 2021	**355,642**	**2,257,357**	**41,721**	**66,547**	**2,721,268**

CHANGES IN THE INTANGIBLE ASSETS OF THE COMPANY

Intereuropa, d. d. (in EUR)	Long-term property rights	Other intangible assets	Intangible assets under construction	Total
COST				
Balance as at 1 January 2022	**4,407,593**	**5,072,421**	**66,547**	**9,546,561**
Acquisitions	0	0	168,818	168,818
Activations	66,104	169,260	-235,365	-1
Disposals	0	-93,460	0	-93,460
Write-downs	-19,496	0	0	-19,496
Balance as at 31 December 2022	**4,454,201**	**5,148,221**	**0**	**9,602,422**
AMORTISATION AND IMPAIRMENT				
Balance as at 1 January 2022	**-4,159,626**	**-2,817,844**	**0**	**-6,977,470**
Amortisation	-73,700	-345,580	0	-419,280
Disposals	0	30,584	0	30,584
Write-downs	19,496	0	0	19,496
Balance as at 31 December 2022	**-4,213,830**	**-3,132,840**	**0**	**-7,346,670**
CARRYING AMOUNT				
Balance as at 1 January 2022	**247,967**	**2,254,577**	**66,547**	**2,569,091**
Balance as at 31 December 2022	**240,371**	**2,015,382**	**0**	**2,255,753**

Intereuropa, d. d. (in EUR)	Long-term property rights	Other intangible assets	Intangible assets under construction	Total
COST				
Balance as at 1 January 2021	**4,305,337**	**5,056,424**	**1,960**	**9,363,721**
Acquisitions	0	0	182,840	182,840
Activations	102,256	15,997	-118,253	0
Balance as at 31 December 2021	**4,407,593**	**5,072,421**	**66,547**	**9,546,561**
AMORTISATION AND IMPAIRMENT				
Balance as at 1 January 2021	**-4,092,425**	**-2,463,178**	**0**	**-6,555,603**
Amortisation	-67,201	-354,666	0	-421,867
Balance as at 31 December 2021	**-4,159,626**	**-2,817,844**	**0**	**-6,977,470**
CARRYING AMOUNT				
Balance as at 1 January 2021	**212,912**	**2,593,246**	**1,960**	**2,808,118**
Balance as at 31 December 2021	**247,967**	**2,254,577**	**66,547**	**2,569,091**

NOTE 15: Other non-current assets

Other non-current assets of the Group in the amount of EUR 19,511 (end of 2021: EUR 18,381) comprise non-current deferred costs and expenses. Non-current assets of the Company also amounted to EUR 19,511 (end of 2021: EUR 18,381).

NOTE 16: Non-current operating receivables

Non-current operating receivables amounted to EUR 37,951 at the Group level at the end of 2022 (end of 2021: EUR 178,872) and to EUR 32,936 at the Company (at the end of 2021: EUR 174,171). The majority of non-current operating receivables comprise security deposits given (in 2021 the majority was comprised of receivables from customers in composition proceedings).

NOTE 17: Loans granted and deposits

(in EUR)	Intereuropa Group		Intereuropa, d. d.	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Long-term loans and deposits	**98,430**	**174,129**	**2,593,253**	**252,178**
Loans to subsidiaries	0	0	2,494,823	120,938
Loans to others	98,430	131,322	98,430	131,240
Deposits	0	42,807	0	0
Short-term loans and deposits	**3,159,428**	**3,629,983**	**2,600,449**	**3,082,730**
Loans to subsidiaries	0	0	2,567,639	3,049,920
Loans to others	32,871	33,583	32,810	32,810
Deposits	3,126,557	3,596,400	0	0
Total	**3,257,858**	**3,804,111**	**5,193,702**	**3,334,908**

At the end of 2022, the Group disclosed short-term deposits pledged as collateral in the amount of EUR 300,000 (EUR 300,000 in deposits was also pledged at the end of 2021).

Based on an internal assessment, the Company recognised the impairment of loans to TOV TEK ZTS, Uzhhorod, Ukraine in the amount of EUR 8,511, and to TOV Intereuropa, Kiev, Ukraine in the amount of EUR 58,499. The Company applied the following assumptions for the purpose of assessing the impairment of investments in subsidiaries:
- the discounted cash flow model and net asset value approach;
- WACC of between 9.81% and 18.01%, taking into account the long-term inflation rate of 2%;
- an appraisal of the market value of assets, less costs to sell, as the basis, as well as the effect of the time value of money for real estate;
- an assessment of whether real estate can be sold within 18 months;
- liabilities recognised at their carrying amount; and
- a valuation based on data from projections of future operations for the period 2023 to 2027.

CHANGES IN LOANS GRANTED AND DEPOSITS

(in EUR)	Intereuropa Group		Intereuropa, d. d.	
	2022	2021	2022	2021
Balance as at 1 January	**3,804,112**	**2,638,064**	**3,334,908**	**2,198,062**
New loan/deposit	30,000	1,000,000	1,969,000	914,400
Reversal of impairments	0	387,981	0	456,710
Repayment	-575,903	-213,147	-43,196	-222,898
Impairments	187	-1,000	-67,010	0
Write-downs	0	-11,366	0	-11,366
Correction of error from previous year	-380	0	0	0
Exchange rate differences	-158	3,580	0	0
Balance as at 31 December	**3,257,858**	**3,804,112**	**5,193,702**	**3,334,908**

Loans granted to subsidiaries by the parent company Intereuropa, d. d. are secured by bills of exchange in the amount of EUR 498,583 and other forms of collateral in the amount of EUR 173,681. Remaining loans granted to subsidiaries in the amount of EUR 4,390,198 were unsecured (at the end of 2021, loans in the amount of EUR 507,094 were secured by bills of exchange, and loans in the amount of EUR 2,479,697 were unsecured). Other loans granted by the Group in the amount of EUR 131,301 and by the Company in the amount of EUR 131,240 are unsecured.

NOTE 18: Other non-current financial assets

(in EUR)	Intereuropa Group		Intereuropa, d. d.	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Non-current investments in shares and participating interests in subsidiaries	0	0	43,674,968	43,132,019
Non-current investment in a participating interest in an associate	85,771	72,158	39,059	39,059
Other non-current financial assets	40,220	38,069	35,590	35,590
Total	**125,991**	**110,226**	**43,749,617**	**43,206,668**

INVESTMENTS IN SUBSIDIARIES

(in EUR)	Percentage of ownership as at 31 December 2022/ 31 December 2021	Value of equity as at 31 December 2022	Value of equity as at 31 December 2021	Value of participating interest as at 31 December 2022	Value of participating interest as at 31 December 2021
Interagent, d. o. o., Koper	100.00%	495,985	315,738	430,015	430,015
Interzav, d. o. o., Koper	71.28%	123,744	97,783	48,499	48,499
Intereuropa, logističke usluge, d. o. o., Zagreb	99.96%	47,049,297	45,024,142	22,104,055	22,104,055
Intereuropa sajam, d. o. o., Zagreb	51.00%	761,656	859,017	32,206	32,206
Intereuropa Skopje, d. o. o., Skopje	99.56%	1,199,090	1,242,839	855,132	855,132
Intereuropa RTC, d. d., Sarajevo	100.00%	11,029,594	11,322,171	7,926,272	7,438,270
A.D. Intereuropa logističke usluge, Belgrade	73.62%	4,078,262	4,936,495	2,092,416	2,092,416
TOV TEK ZTS, Uzhhorod	89.93%	-167,049	-108,380	0	0
Intereuropa Kosova L.L.C.	90.00%	1,105,372	966,358	137,238	137,238
Zetatrans A.D., Podgorica	69.27%	16,335,481	16,466,701	10,049,134	9,994,187
TOV Intereuropa – Kiev, Ukraine	100.00%	-635,305	-350,654	0	0

The Company uses the discounted cash flow model and net asset value approach to assess the recoverable amount of investments in subsidiaries. The higher of the two values given by those methods is disclosed in the books of account. Valuation is based on data from projections of future operations for the period 2023 to 2027, the use of a WACC of between 9.81% and 18.01%, taking into account a long-term inflation rate of 2%, the basis for the assessment of the market value of assets, less costs to sell, the effect of the time value of money for real estate, the assessment that real estate could be sold within 18 months, and liabilities recognised at their carrying amount.

Because the appraised value of the investments in Intereuropa Skopje, d. o. o., Intereuropa RTC, d. d., Sarajevo, TOV TEK ZTS, Uzhhorod and Zetatrans A.D., Podgorica according to the discounted cash flow model is lower than the carrying amount of those investments, their value was also appraised on the basis of the net value of assets. In addition to the aforementioned companies, the value of TOV Intereuropa, Kiev, Ukraine (dormant company) was also appraised based on the net value of assets. Based on appraisals performed, the Company reversed the impairment of the investment in the equity of A. D. Zetatrans, Podgorica in the amount of EUR 54,947.

The Company increased the capital of TOV Intereuropa, Kiev, Ukraine by EUR 30 thousand in 2022 and immediately impaired that amount. In 2022 the Company obtained 100% share in the Intereuropa RTC, d. d., Sarajevo.

CHANGES IN INVESTMENTS IN SUBSIDIARIES

(in EUR)	Intereuropa, d. d.	
	2022	2021
Balance as at 1 January	**43,132,019**	**44,451,958**
Capital increase	30,000	50,000
Acquisitions	488,001	0
Impairments	-30,000	-1,369,939
Reversal of impairments	54,947	0
Balance as at 31 December	**43,674,968**	**43,132,019**

Investment in associate

This item comprises an investment in the associate Rail Cargo Logistics, Železniška špedicija, d. o. o., Letališka cesta 35, Ljubljana, in which Intereuropa holds a 26% participating interest. The carrying amount of the Group's investment was EUR 85,771 as at 31 December 2022 (end of 2021: EUR 72,158). The carrying amount of the Company's investment was equal to its cost (EUR 39,059) and was unchanged relative to the comparable period in 2021.

CHANGES IN INVESTMENT IN AN ASSOCIATE

(in EUR)	Intereuropa Group	
	2022	2021
Balance as at 1 January	**72,158**	**64,249**
Profit according to the equity method	13,613	10,627
Change in other comprehensive income	0	-2,718
Balance as at 31 December	**85,771**	**72,158**

ASSETS, LIABILITIES, REVENUES AND EXPENSES OF THE ASSOCIATE COMPANY

(in EUR)	31. 12. 2022	31. 12. 2021
ASSETS	**1,637,200**	**1,885,951**
Non-current assets	123,613	173,794
Current assets	1,513,587	1,712,157
EQUITY AND LIABILITIES	**1,637,200**	**1,885,952**
Equity	248,883	196,524
Non-current liabilities	118,146	150,377
Current liabilities	1,270,171	1,539,051
(in EUR)	**2022**	**2021**
Revenue	11,787,187	10,482,997
Expenses (including corporate income tax)	11,734,827	10,438,308
Net profit for the accounting period	**52,359**	**40,873**
Other comprehensive income	0	-9,445
Total comprehensive income	52,359	40,873

Investment in other companies shares

The Group's investments in financial assets measured at fair value through other comprehensive income amounted to EUR 4,630 as at 31 December 2022, an increase of EUR 2,152 relative to the comparable reporting date (EUR 2,478 at the end of 2021). The Group's investments in financial assets measured at fair value through profit and loss amounted to EUR 35,590 and were entirely related to the Company (EUR 35,590 at the end of 2021). The Group and

Company had no such assets pledged as collateral or security for liabilities recognised in the statement of financial position or for contingent liabilities.

CHANGES IN INVESTMENT IN OTHER COMPANIES SHARES

(in EUR)	Intereuropa Group		Intereuropa, d. d.	
	2022	2021	2022	2021
Balance as at 1 January	**38,069**	**29,348**	**35,590**	**27,159**
Write-downs	0	-5,653	0	-5,653
Reversal of impairments	2,152	14,374	0	14,084
Balance as at 31 December	**40,220**	**38,069**	**35,590**	**35,590**

NOTE 19: Assets from contracts with customers

The Group's assets from contracts with customers totalled EUR 1,088,794 as at 31 December 2022 (end of 2021: EUR 1,435,511) and comprised receivables from incomplete services in the amount of EUR 1,067,900 and from uncharged customs and other duties that arise in customs clearance procedures that are charged to customers (as a suspense item) in the amount of EUR 20,894. The Company's receivables from contracts with customers amounted to EUR 819,749 at the end of 2022 (end of 2021: EUR 975,908) and comprised receivables from incomplete services in the amount of EUR 805,478 and from uncharged customs and other duties that arise in customs clearance procedures that are charged to customers (as a suspense item) in the amount of EUR 14,721.

NOTE 20: Current operating receivables

(in EUR)	Intereuropa Group		Intereuropa, d. d.	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Current operating receivables from Group companies	0	0	1,083,840	866,320
Current operating receivables from Group companies for interest	0	0	303,908	213,642
Current trade receivables	37,083,305	33,358,790	25,777,242	22,089,182
Other current operating receivables	3,626,168	3,177,234	1,991,829	2,058,088
Total	**40,709,473**	**36,536,024**	**29,156,820**	**25,227,231**

As at 31 December 2022, current operating receivables in the amount of EUR 6,295,170 at the Group level and EUR 288,022 at the Company were secured by enforcement drafts, guarantees and liens, the retention of title, insurance via insurers or another form of collateral (EUR 6,584,451 at the Group level and EUR 329,575 at the Company at the end of 2021).

Other current operating receivables mostly comprise receivables from the government and receivables from short-term advances and security deposits paid.

As at the reporting date, the Group and Company had no receivables pledged as collateral.

NOTE 21: Other current assets

Other current assets amounted to EUR 451,253 at the Group level on the last day of 2022 (EUR 384,936 as at 31 December 2021) and to EUR 200,711 at the Company (end of 2021: EUR 223,396), and comprise current deferred costs.

NOTE 22: Cash and cash equivalents

Cash and cash equivalents amounted to EUR 11,851,249 at the Group level as at 31 December 2022 (EUR 15,853,959 as at 31 December 2021), and to EUR 1,060,240 at the Company (EUR 3,343,621 as at 31 December 2021), and comprised cash held in bank accounts and cash in hand. The reasons for increases and decreases in cash and cash equivalents during the financial year are presented in the statement of cash flows.

NOTE 23: Equity

Share capital

The share capital of the Company and Group amounted to EUR 27,488,803 as at 31 December 2022, and is divided into 16,830,838 ordinary registered freely transferable no-par-value shares and 10,657,965 freely transferable no-par-value preference shares. Ordinary shares provide their holders the right to participate in the management of the Company (voting right), the right to a share in profits and the right to a corresponding portion of residual assets after the liquidation or bankruptcy of the Company. The number of shares was unchanged relative to the situation as at 31 December 2021.

Preference shares provide their holders the right to a share in profits and the right to a corresponding portion of residual assets after the liquidation or bankruptcy of the Company. Preference shares give their holders priority in the sharing of profits in the amount of EUR 0.01 (preferential amount) per share. The preferential amount is paid out in addition to the share in profits received by the shareholders, in accordance with the relevant resolution on the use of distributable profit.

Share premium

The share premium account comprises amounts from the simple reduction of Intereuropa's share capital, and may be used under the conditions and for the purposes set out by law. The share premium account is not distributable. This item amounted to EUR 18,454,667 and was unchanged in 2022.

Profit reserves

The profit reserves of the Group amounted to EUR 5,151,334 as at 31 December 2022 and decreased by EUR 9,057 relative to the end of 2021 due to the acquisition of participating in a subsidiary. In addition to legal reserves in the amount of EUR 4,655,544, they also comprise reserves for treasury shares in the amount of EUR 180,394 and an equal amount of treasury shares as a deduction item, as well as reserves under the Articles of Association in the amount of EUR 504,848, and other reserves from the acquisition of participating interest in a subsidiary in the amount of EUR 9,057 (deduction item). The parent company holds 18,135 treasury shares. The original cost of treasury shares was EUR 180,394. The parent company holds no rights arising from treasury shares. Other Group companies do not hold its shares. The number of treasury shares was unchanged in 2022.

The Company's profit reserves amounted to EUR 2,748,880 as at 31 December 2022. In addition to legal reserves in the amount of EUR 2,748,880, they also comprise reserves for treasury shares in the amount of EUR 180,394 and an equal amount of treasury shares as a deduction item. The Company holds 18,135 treasury shares. The original cost of treasury shares was EUR 180,394. The Company holds no rights arising from treasury shares. Other Group companies do not hold its shares. The number of treasury shares was unchanged in 2022. Profit reserves were unchanged in 2022.

Fair value reserves

The Group's fair value reserves amounted to EUR 44,546,218 at the end of 2022 (EUR 44,040,738 at the end of 2021), and comprised the revaluation of land, including the revaluation of land prior to transfer to investment property in the amount of EUR 44,981,955 (the amount of revaluation is reduced for deferred taxes in the amount of EUR 9,769,999), and reserves for actuarial losses from the revaluation of provisions for termination benefits as a deduction item in the amount of EUR 388,668 (the amount of revaluation is reduced for deferred taxes in the amount of EUR 56,070.29), and the revaluation of financial assets measured at fair value through other comprehensive income as a deduction item in the amount of EUR 47,070. Changes during the financial year are disclosed in the statement of comprehensive income.

The Company's fair value reserves amounted to EUR 31,014,018 at the end of 2022 (EUR 30,508,319 at the end of 2021), and comprised the revaluation of land, including the revaluation of land prior to transfer to investment property in the amount of EUR 31,250,317 (the amount of revaluation is reduced for deferred taxes in the amount of EUR 7,330,321), and reserves for actuarial losses from the revaluation of provisions for termination benefits as a deduction item in the amount of EUR 236,298 (the amount of revaluation is reduced for deferred taxes in the amount of EUR 56,070.29). Changes during the financial year are disclosed in the statement of comprehensive income.

Foreign currency translation differences

Foreign currency translation losses at the Group level and for the controlling interest amounted to EUR 7,070,355 (as a deduction item) as at 31 December 2022, and increased as a negative amount by EUR 4,665 relative to 2021, when they amounted to EUR 7,065,690, owing to the effect of foreign exchange rate differences arising from the recalculation of equity items in the financial statements of subsidiaries abroad from local currencies into the reporting currency.

Retained earnings and net profit or loss for the current year

Changes in connection with the Group and Company during the financial year are disclosed in the statement of comprehensive income and in the statement of changes in equity.

NOTE 24: Non-controlling interests in equity

(in EUR)	Country in which company is registered	Non-controlling interest		Equity pertaining to non-controlling interest		Net profit or loss pertaining to non-controlling interest	
		31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Interzav, d. o. o., Koper	Slovenia	28.72%	28.72%	35,539	28,083	18,944	19,946
Intereuropa, logističke usluge, d. o. o., Zagreb	Croatia	0.04%	0.04%	18,820	18,010	861	824
Intereuropa Sajam, d. o. o., Zagreb	Croatia	49.00%	49.00%	373,211	420,918	50,997	44,244
Intereuropa Skopje, d. o. o., Skopje	North Macedonia	0.44%	0.44%	5,276	5,468	162	355
Intereuropa RTC, d. d., Sarajevo	Bosnia and Herzegovina	0.00%	4.23%	0	478,924	0	-17,011
A.D. Intereuropa logističke usluge, Belgrade	Serbia	26.38%	26.38%	1,111,983	1,285,401	-228,233	-255,328
TOV TEK ZTS, Uzhhorod	Ukraine	10.07%	10.07%	-44,537	-10,913	-8,907	5,089
Intereuropa Kosova L.L.C., Prishtina	Kosovo	10.00%	10.00%	110,537	96,636	23,901	24,340
Zetatrans A.D., Podgorica	Montenegro	30.73%	30.73%	5,046,555	5,043,618	277,591	327,815
Total				**6,657,384**	**7,366,144**	**135,316**	**150,275**

SUMMARY OF ACCOUNTING INFORMATION FOR NON-CONTROLLING INTERESTS

Non-controlling interest	28,72%		0,04%		49,00%	
Company name	Interzav, d. o. o., Koper		Intereuropa, logističke usluge, d. o. o., Zagreb		Intereuropa sajam, d. o. o., Zagreb	
(in EUR)	2022	2021	2022	2021	2022	2021
Non-current assets	410	342	16,609	15,411	210,097	241,400
Current assets	41,689	38,222	4,987	5,950	217,420	228,111
Equity and non-current liabilities	36,078	28,979	19,530	18,740	387,044	435,392
Current liabilities	0	9,584	2 066	2,621	40,473	34,118
Operating revenues	59,187	63,197	13,621	12,391	426,982	389,923
Profit or loss from ordinary operations	23,161	24,640	1,104	1,015	56,752	48,845
Net profit or loss for the accounting period	18,944	19,946	861	824	50,997	44,244

Non-controlling interest	0,44%		0,00%		26,38%	
Company name	Intereuropa Skopje, d. o. o., Skopje		Intereuropa RTC, d. d., Sarajevo		A.D. Intereuropa logističke usluge, Belgrade	
(in EUR)	2022	2021	2022	2021	2022	2021
Non-current assets	4,271	4,190	0	486,884	4,357,033	2,449,989
Current assets	4,343	4,388	0	104,409	486,313	390,043
Equity and non-current liabilities	5,321	5,560	0	508,448	3,557,679	1,679,739
Current liabilities	3,292	3,018	0	82,845	1,255,293	1,160,293
Operating revenues	24,278	18,496	0	385,829	2,201,195	1,512,851
Profit or loss from ordinary operations	206	-402	0	-17,019	-228,233	-256,881
Net profit or loss for the accounting period	162	355	0	-17,011	-228,233	-255,328

Non-controlling interest	10,07%		10,00%		30,73%	
Company name	TOV TEK ZTS, Uzhhorod		Intereuropa Kosova L.L.C., Prishtina		Zetatrans A.D., Podgorica	
(in EUR)	2022	2021	2022	2021	2022	2021
Non-current assets	46,474	59,964	79,731	30,279	3,474,018	3,416,976
Current assets	49,077	46,564	175,103	220,257	2,311,168	2,324,814
Equity and non-current liabilities	-84,162	2,711	59,386	96,636	3,523,973	5,365,293
Current liabilities	105,273	103,817	100,160	153,900	417,586	376,497
Operating revenues	19,277	247,465	576,290	497,127	2,125,376	1,876,130
Profit or loss from ordinary operations	-8,907	6,518	26,767	27,188	362,628	360,190
Net profit or loss for the accounting period	-8,907	5,089	23,901	24,340	277,591	327,815

NOTE 25: Provisions

(in EUR)	Intereuropa Group		Intereuropa, d. d.	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Provisions for termination benefits upon retirement	1,879,979	2,266,071	1,333,817	1,764,360
Provisions for employee anniversary bonuses	481,451	364,712	403,495	269,113
Provisions for lawsuits	173,792	215,068	15,000	93,142
Other provisions	36,655	189,710	0	0
Total	**2,571,876**	**3,035,561**	**1,752,312**	**2,126,615**

CHANGE IN PROVISIONS FOR THE GROUP

Intereuropa Group (in EUR)	Balance as at 1 January 2022	Drawn down (used)	Reversed	Additional creation of provisions charged to expenses	Additional creation of provisions charged to other comprehensive income	Exchange rate differences	Balance as at 31 December 2022
Provisions for termination benefits upon retirement	2,266,071	-91,981	0	149,817	-444,702	773	**1,879,978**
Provisions for employee anniversary bonuses	364,712	-41,732	-28,823	188,447	0	-1,153	**481,451**
Provisions for lawsuits	215,068	-74,788	-109,445	142,948	0	9	**173,792**
Other provisions	189,710	0	-183,181	29,988	0	138	**36,655**
Total	**3,035,561**	**-208,501**	**-321,449**	**511,200**	**-444,702**	**-233**	**2,571,876**

Intereuropa Group (in EUR)	Balance as at 1 January 2021	Drawn down (used)	Reversed	Additional creation of provisions charged to expenses	Additional creation of provisions charged to other comprehensive income	Exchange rate differences	Balance as at 31 December 2021
Provisions for termination benefits upon retirement	2,101,187	-96,225	0	164,767	94,824	1,518	**2,266,071**
Provisions for employee anniversary bonuses	382,199	-32,839	-17,845	32,904	0	293	**364,712**
Provisions for lawsuits	184,385	-41,260	-36,683	108,604	0	22	**215,068**
Other provisions	125,751	0	0	63,770	0	189	**189,710**
Total	**2,793,522**	**-170,325**	**-54,528**	**370,046**	**94,824**	**2,022**	**3,035,561**

CHANGE IN PROVISIONS FOR THE COMPANY

Intereuropa, d. d. (in EUR)	Balance as at 1 January 2022	Drawn down (used)	Reversed	Additional creation of provisions charged to expenses	Additional creation of provisions charged to other comprehensive income	Balance as at 31 December 2022
Provisions for termination benefits upon retirement	1,764,360	-49,962	0	96,093	-476,674	**1,333,817**
Provisions for employee anniversary bonuses	269,113	-32,394	0	166,777	0	**403,496**
Provisions for lawsuits	93,142	0	-98,282	20,140	0	**15,000**
Total	**2,126,615**	**-82,356**	**-98,282**	**283,010**	**-476,674**	**1,752,312**

Intereuropa, d. d. (in EUR)	Balance as at 1 January 2021	Drawn down (used)	Reversed	Additional creation of provisions charged to expenses	Additional creation of provisions charged to other comprehensive income	Balance as at 31 December 2021
Provisions for termination benefits upon retirement	1,631,575	-87,695	0	117,669	102,811	**1,764,360**
Provisions for employee anniversary bonuses	290,715	-24,811	-16,819	20,028	0	**269,113**
Provisions for lawsuits	2,640	0	-2,640	93,142	0	**93,142**
Total	**1,924,930**	**-112,506**	**-19,459**	**230,839**	**102,811**	**2,126,615**

The calculation of provisions for termination benefits upon retirement and employee anniversary bonuses within the Group for 2022 and 2021 is based on an actuarial calculation, in which the following assumptions were taken into account:

- the method for calculating termination benefits upon retirement in specific countries;
- growth in average wages in specific countries;
- age-based employee turnover, prerequisites for retirement in accordance with the minimum conditions for exercising the right to an old-age pension;
- the mortality rate based on published mortality tables in individual countries;
- retirement in accordance with the legal bases of individual countries; and
- the application of the following annual discount rates: 3.7686% in Slovenia (2021: 0.848%), 3.4680% in Croatia (2021: 0.424%), 3.482% in Bosnia and Herzegovina (2021: 1.077%), 8.056% in Serbia (2021: 3.4%), 5.0% in North Macedonia (2021: 2.5%), and 3.468% in Montenegro (2021: 2.55%).

The calculation of provisions for termination benefits upon retirement and employee anniversary bonuses at the Company for 2022 and 2021 is based on an actuarial calculation, in which the following assumptions were taken into account:

- wage growth in the Republic of Slovenia in the amount of 6% and wage growth of 8% at the Company (2021: wage growth in the Republic of Slovenia in the amount of 5% and at the Company in the amount of 4%);
- an employer contribution rate of 16.1% (for payments exceeding the amounts defined by the Decree on the Tax Treatment of Reimbursement of Work-Related Expenses and Other Employment Earnings);
- employee turnover:
  a. 6.5% in the age group of up to 40 years (2021: 5.5%);
  b. 4.0% in the age group of 41 to 50 years;
  c. 0% in the age group of 51 years or more;
- mortality rate (2007 for Slovenia); selection factor for the active population of 75%;
- disability rate; and
- retirement in accordance with the model on the basis of the Pension and Disability Insurance Act;
- annual discount rate of 3.7686% (2021: 0.848%).

CHANGES IN PROVISIONS FOR TERMINATION BENEFITS UPON RETIREMENT AND EMPLOYEE ANNIVERSARY BONUSES

Intereuropa Group (in EUR)	Balance as at 1 January 2022	Interest expense	Payments	Increase during current year	Actuarial gains or losses	Exchange rate differences	Balance as at 31 December 2022
Termination benefits upon retirement	2,266,071	17,212	-91,980	132,604	-444,702	773	**1,879,978**
Employee anniversary bonuses	364,712	2,895	-41,733	39,849	115,893	-165	**481,451**
Total	**2,630,783**	**20,107**	**-133,713**	**172,453**	**-328,809**	**608**	**2,361,429**

Intereuropa Group (in EUR)	Balance as at 1 January 2021	Interest expense	Payments	Increase during current year	Actuarial gains or losses	Exchange rate differences	Balance as at 31 December 2021
Termination benefits upon retirement	2,101,187	9,982	-96,225	154,784	94,824	1,518	**2,266,070**
Employee anniversary bonuses	382,199	2,007	-32,839	28,142	-15,090	293	**364,712**
Total	**2,483,386**	**11,989**	**-129,064**	**182,927**	**79,734**	**1,811**	**2,630,783**

CHANGES IN PROVISIONS FOR TERMINATION BENEFITS UPON RETIREMENT AND EMPLOYEE ANNIVERSARY BONUSES FOR THE COMPANY

Intereuropa, d. d. (in EUR)	Balance as at 1 January 2022	Interest expense	Payments	Increase during current year	Actuarial gains or losses	Balance as at 31 December 2022
Termination benefits upon retirement	1,764,360	13,947	-49,962	82,147	-476,674	**1,333,818**
Employee anniversary bonuses	269,112	2,168	-32,394	33,156	131,453	**403,495**
Total	**2,033,472**	**16,115**	**-82,356**	**115,303**	**-345,221**	**1,737,313**

Intereuropa, d. d. (in EUR)	Balance as at 1 January 2021	Interest expense	Payments	Increase during current year	Actuarial gains or losses	Balance as at 31 December 2021
Termination benefits upon retirement	1,631,575	5,076	-87,695	112,593	102,811	**1,764,360**
Employee anniversary bonuses	290,714	937	-24,810	19,090	-16,819	**269,112**
Total	**1,922,290**	**6,013**	**-112,505**	**131,683**	**85,992**	**2,033,473**

SENSITIVITY ANALYSIS FOR 2022

(in EUR)	Intereuropa Group				Intereuropa, d. d.			
	Discount rate		Turnover		Discount rate		Turnover	
Change in percentage points	-0.5	+0.5	-1.0	+1.0	-0.5	+0.5	-1.0	+1.0
Effect on balance of provisions	-2,456,721	-2,275,202	-2,430,810	-2,187,070	1,801,208	1,677,516	1,766,703	1,616,267

SENSITIVITY ANALYSIS FOR 2021

(in EUR)	Intereuropa Group				Intereuropa, d. d.			
	Discount rate		Turnover		Discount rate		Turnover	
Change in percentage points	-0.5	0.5	-1.0	+1.0	-0.5	+0.5	-1.0	+1.0
Effect on balance of provisions	2,772,091	-2,523,135	2,802,381	-2,281,251	2,138,533	1,951,826	2,088,064	1,864,803

NOTE 26: Financial liabilities

(in EUR)	Intereuropa Group		Intereuropa, d. d.	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Loans received from others	42,185,348	47,727,479	42,185,348	47,387,743
Lease liabilities	7,516,813	785,087	464,568	265,828
Total non-current financial liabilities	**49,702,161**	**48,512,566**	**42,649,917**	**47,653,571**
Loans from Group companies	0	0	2,100,000	2,100,000
Loans received from others	5,594,913	5,442,514	5,202,394	4,768,685
Lease liabilities	1,904,456	1,007,220	443,414	324,662
Liabilities for dividends and other shares in profit	455,742	458,998	0	0
Total current financial liabilities	**7,955,111**	**6,908,732**	**7,745,809**	**7,193,347**

The Company had an approved and undrawn revolving loan in the amount of EUR 4,000,000 as at 31 December 2022. The Group had an approved and undrawn overdraft limit on its bank accounts in the amount of EUR 299 thousand. The Group and Company had no overdue unpaid liabilities under loan agreements as at the reporting date.

On 31 January 2020, the Company successfully completed the refinancing of several loans arranged under the financial restructuring agreement concluded in 2012. With a syndicate of banks, including Nova Ljubljanska banka d. d. acting as the organiser and agent, the Company has concluded a long-term loan agreement totalling EUR 54,850,000. The loan was concluded in two tranches, one with a maturity of seven years and the other with a maturity of four years. Pošta Slovenije, d. o. o. issued a guarantee for 80% of the loan amount.

An annex to the loan agreement entered into force on 27 May 2020. Under that annex, the Company and a syndicate of banks agreed on the deferral of payments in accordance with the Emergency Deferral of Borrowers' Liabilities Act (hereinafter: the ZIUOPOK; Official Gazette of the Republic of Slovenia No. 36-683/2020) as preparation for the expected deterioration in the Company's liquidity position due to the outbreak of the coronavirus crisis. A one-year deferral of the payment of principal and interest, from 1 April 2020 to 31 March 2021 was agreed. The Company settles its obligations in accordance with that annex and the underlying agreement.

CHANGES IN THE FINANCIAL LIABILITIES OF THE GROUP

Intereuropa Group (in EUR)	Long-term loans (excluding leases)	Long-term leases	Short-term loans (excluding leases)	Liabilities for dividends and other shares in profit	Total financial liabilities
Balance as at 1 January 2022	**52,892,013**	**1,792,307**	**277,980**	**458,998**	**55,421,298**
New leases/loans	0	8,937,709	0	0	8,937,709
Transfer from equity items	0	0	0	348,183	262,575
Repayments	-5,188,809	-1,605,670	-227,526	-351,439	-7,373,444
Early termination of leases	0	-73,109	0	0	-73,109
Amendments to agreements	0	130,463	0	0	130,463
Increase for new invoices	0	121,001	0	0	121,001
Interest	0	127,903	0	0	127,903
Loan approval costs (rebooking to costs)	25,065	0	0	0	25,065
Other	0	-13,246	0	0	-46,987
Exchange rate differences	1,337	3,912	201	0	5,450
Balance as at 31 December 2022	**47,729,606**	**9,421,269**	**50,654**	**455,742**	**57,657,272**

Intereuropa Group (in EUR)	Long-term loans (excluding leases)	Long-term leases	Short-term loans (excluding leases)	Liabilities for dividends and other shares in profit	Total financial liabilities
Balance as at 1 January 2021	**55,554,208**	**2,639,023**	**0**	**425,086**	**58,618,317**
New leases	0	706,012	277,980	0	983,992
Transfer from equity items	0	0	0	256,707	256,707
Repayments	-2,689,730	-1,851,492	0	-222,785	-4,764,007
Early termination of leases	0	-105,489	0	0	-105,489
Amendments to agreements	0	55,793	0	0	55,793
Increase for new invoices	0	138,203	0	0	138,203
Interest	0	85,340	0	0	85,340
Loan approval costs (rebooking to costs)	27,016	0	0	0	27,016
Other	0	-630	0	-10	-640
Exchange rate differences	519	2,739	0	0	3,258
Balance as at 31 December 2021	**52,892,013**	**1,792,307**	**277,980**	**458,998**	**55,421,298**

CHANGES IN THE FINANCIAL LIABILITIES OF THE COMPANY

Intereuropa, d. d. (in EUR)	Long-term loans (excluding leases)	Long-term leases	Short-term loans (excluding leases)	Total financial liabilities
Balance as at 1 January 2022	**52,156,428**	**590,491**	**2,100,000**	**54,846,918**
New loans/leases	0	599,595	0	599,595
Repayments	-4,793,750	-413,006	0	-5,206,756
Early termination of leases	0	-31,027	0	-31,027
Amendments to agreements	0	124,533	0	124,533
Increase for new invoices	0	39,147	0	39,147
Interest	0	14,269	0	14,269
Loan approval costs (rebooking to costs)	25,065	0	0	25,065
Other	0	-16,019	0	-16,019
Balance as at 31 December 2022	**47,387,742**	**907,982**	**2,100,000**	**50,395,726**

Intereuropa, d. d. (in EUR)	Long-term loans (excluding leases)	Long-term leases	Short-term loans (excluding leases)	Total financial liabilities
Balance as at 1 January 2022	**54,754,412**	**832,633**	**3,100,000**	**58,687,045**
New loans/leases	0	157,634	0	157,634
Repayments	-2,625,000	-456,230	-1,000,000	-4,081,230
Transfers to short-term loans	0	-370,695	0	-370,695
Transfer from long-term loans	0	370,695	0	370,695
Early termination of leases	0	-19,251	0	-19,251
Increase for new invoices	0	57,516	0	57,516
Interest	0	18,189	0	18,189
Loan approval costs (rebooking to costs)	27,016	0	0	27,016
Other	0	0	0	0
Balance as at 31 December 2022	**52,156,428**	**590,490**	**2,100,000**	**54,846,918**

Long-term loans and long-term leases in the table of changes in financial liabilities comprise long-term loans and leases, as well as the short-term portion of long-term loans and leases, which are disclosed in the statement of financial position in current financial liabilities.

LOANS WITH RESPECT TO COLLATERAL

(in EUR)	Intereuropa Group		Intereuropa, d. d.	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Secured				
Liens on real estate and securities	47,387,743	52,156,428	47,387,743	52,156,428
Bills of exchange	341,864	735,585	0	0
Unsecured	50,654	277,980	2,100,000	2,100,000
Total	**47,780,261**	**53,169,993**	**49,487,742**	**54,256,428**

LOANS TO OTHERS BY MATURITY

(in EUR)	Intereuropa Group		Intereuropa, d. d.	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Maturity of 0 to 1 years	5,594,913	5,046,666	7,302,394	6,868,685
Maturity of 1 to 2 years	25,204,098	5,577,523	25,204,098	5,181,492
Maturity of 2 to 3 years	5,225,000	25,564,553	5,225,000	25,225,000
Maturity of 3 to 4 years	5,225,000	5,225,000	5,225,000	5,225,000
Maturity of 4 to 5 years	5,225,000	5,225,000	5,225,000	5,225,000
Maturity of more than 5 years	1,306,250	6,531,250	1,306,250	6,531,250
Total	**47,780,261**	**53,169,993**	**49,487,742**	**54,256,428**

NOTE 27: Operating liabilities

(in EUR)	Intereuropa Group		Intereuropa, d. d.	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Non-current trade payables	68,749	108,932	68,749	108,932
Other non-current operating liabilities	1,167,837	1,065,048	1,141,100	1,041,154
Total non-current operating liabilities	**1,236,586**	**1,173,980**	**1,209,849**	**1,150,086**
Current operating liabilities to Group companies	0	0	340,482	357,554
Current trade payables (excluding the Group)	25,482,990	21,549,787	15,278,263	12,445,550
Other current operating liabilities	5,374,160	5,259,375	3,854,264	2,924,234
Total current operating liabilities	**30,857,150**	**26,809,162**	**19,473,009**	**15,727,339**

The Group's contractual obligation for employee participation in profits, which will be settled one year after the approval of the annual report for 2022, amounted to EUR 1,112,497 and comprised expenses for employee participation in profits in the amount of EUR 945,989 (including social security costs), and expenses for the participation of hired labour in profits in the amount of EUR 166,508 recognised in the item 'costs of hired labour and student work'. For the Company, that obligation amounted to EUR 1,085,760 and comprised expenses for employee participation in profits in the amount of EUR 919,252 (including social security costs), and expenses for the participation of hired labour in profits in the amount of EUR 166,508 recognised in the item 'costs of hired labour and student work' (Notes 3 and 4).

Of the Group's total current operating liabilities as at 31 December 2022, EUR 3,184,634 related to liabilities for costs for which suppliers' invoices were not yet received (EUR 3,614,149 at the end of the previous year), while the Company disclosed such liabilities in the amount of EUR 2,354,995 (end of 2021: EUR 2,588,735).

Other current operating liabilities comprised liabilities to employees for wages and wage compensation, liabilities for contributions and taxes, and other liabilities.

The majority of the Group's liabilities for customs duties amounting to EUR 4,441,694 on the final day of 2022 (EUR 1,790,554 as at 31 December 2021) were secured by a bank guarantee, while that figure was EUR 3,407,090 at the Company (EUR 928,045 on the final day of 2021). The Group and Company do not issue collateral instruments to secure payments to other suppliers.

NOTE 28: Contingent liabilities

(in EUR)	Intereuropa Group		Intereuropa, d. d.	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Contingent liabilities from bank guarantees and guarantees given to Group companies	0	0	2,897,875	735,584
Contingent liabilities from bank guarantees and guarantees given to others	19,990,428	18,235,186	9,262,909	9,364,516
Contingent liabilities from lawsuits	216,179	243,922	36,681	80,085
Other contingent liabilities	170,706	170,706	65,706	65,706
Total	**20,377,313**	**18,649,814**	**12,263,171**	**10,245,891**

The Group and Company disclose as contingent liabilities any liabilities that are not disclosed in the statement of financial position and for which they assess that an outflow of economic benefits will not be likely in the settlement of those liabilities.
The guarantees and warranties for Group companies that the Company discloses primarily comprise guarantees for raised loans and the customs guarantees of subsidiaries. Other guarantees and warranties mainly comprise contingent liabilities arising from guarantees for potential customs liabilities that might arise from transit procedures, the verification of origin, and various analyses and controls of goods.

With regard to contingent liabilities arising from lawsuits in the amount of EUR 216,179 at the Group level and EUR 36,681 at the Company, there is a less than 50% probability that the court will rule in favour of the plaintiff's claim (which would result in the outflow of resources embodying economic benefits).

NOTE 29: Fair value

FAIR VALUE OF FINANCIAL INSTRUMENTS

Intereuropa Group (in EUR)	31 December 2022		31 December 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Fair value of assets				
Financial assets measured at fair value through other comprehensive income	4,630	4,630	2,478	2,478
Financial assets measured at fair value through profit or loss	35,590	35,590	35,590	35,590
Long-term loans and deposits	98,430	98,430	174,129	174,129
Non-current operating receivables (excluding receivables from the government and employees, and advances paid)	37,951	37,951	178,872	178,872
Short-term loans and deposits	3,159,428	3,159,428	3,629,983	3,629,983
Current operating receivables (excluding receivables from the government and employees, and advances paid)	39,388,256	39,388,256	34,899,642	34,899,642
Cash and cash equivalents	11,851,249	11,851,249	15,853,959	15,853,959
Total	**54,575,534**	**54,575,534**	**54,774,653**	**54,774,653**
Fair value of liabilities				
Non-current liabilities for loans received	42,185,348	42,185,348	47,727,479	47,727,479
Non-current lease liabilities	7,516,813	7,516,813	785,087	785,087
Non-current operating liabilities (excluding liabilities to the government and employees, and advances received)	124,089	124,089	162,566	162,566
Current liabilities for loans received	5,594,913	5,594,913	5,442,514	5,442,514
Current lease liabilities	1,904,456	1,904,456	1,007,220	1,007,220
Current liabilities for dividends and other shares in profit	455,742	455,742	458,998	458,998
Current operating liabilities (excluding liabilities to the government and employees, and advances received)	26,210,504	26,210,504	22,382,412	22,382,412
Total	**83,991,865**	**83,991,865**	**77,966,276**	**77,966,276**

Intereuropa, d. d. (in EUR)	31 December 2022		31 December 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Fair value of assets				
Financial assets measured at fair value through profit or loss	35,590	35,590	35,590	35,590
Long-term loans and deposits	2,593,253	2,593,253	252,178	252,178
Non-current operating receivables (excluding receivables from the government and employees, and advances paid)	32,936	32,936	174,171	174,171
Short-term loans and deposits	2,600,449	2,600,449	3,082,730	3,082,730
Current operating receivables (excluding receivables from the government and employees, and advances paid)	28,460,712	28,460,712	24,113,579	24,113,579
Cash and cash equivalents	1,060,240	1,060,240	3,343,621	3,343,621
Total	**34,783,180**	**34,783,180**	**31,001,869**	**31,001,869**
Fair value of liabilities				
Non-current liabilities for loans received	42,185,348	42,185,348	47,387,743	47,387,743
Non-current lease liabilities	464,568	464,568	265,828	265,828
Non-current operating liabilities (excluding liabilities to the government and employees, and advances received)	124,089	124,089	162,567	162,567
Current liabilities for loans received	7,302,394	7,302,394	6,868,685	6,868,685
Current lease liabilities	443,414	443,414	324,662	324,662
Current operating liabilities (excluding liabilities to the government and employees, and advances received)	16,079,363	16,079,363	12,998,059	12,998,059
Total	**66,599,176**	**66,599,176**	**68,007,544**	**68,007,544**

The Group and Company assume that the carrying amount of receivables and liabilities with a maturity of less than one year is a proper reflection of their fair value.

Fair value hierarchy

The table illustrates the classification of non-financial and financial instruments with respect to the calculation of their fair value. The Company classifies those instruments to the following three levels:

- level 1 includes the unadjusted price quoted on an active market on the date of measurement;
- level 2 includes inputs other than the quoted prices included in level 1 that can be directly or indirectly observed for assets or liabilities; and
- Level 3 includes unobservable inputs for an asset or liability.

FAIR VALUE HIERARCHY FOR ASSETS MEASURED AT FAIR VALUE

Intereuropa Group	31 December 2022			31 December 2021		
(in EUR)	Level 1	Level 3	Total	Level 1	Level 3	Total
Fair value of assets						
Financial assets measured at fair value through other comprehensive income	4,630	0	**4,630**	2,478	0	**2,478**
Financial assets measured at fair value through profit or loss	0	35,590	**35,590**	0	35,590	**35,590**
Long-term loans and deposits	0	98,430	**98,430**	0	174,129	**174,129**
Non-current operating receivables (excluding receivables from the government and employees, and advances paid)	0	37,951	**37,951**	0	178,872	**178,872**
Current liabilities for loans received	0	3,159,428	**3,159,428**	0	3,629,983	**3,629,983**
Current operating receivables (excluding receivables from the government and employees, and advances paid)	0	39,388,256	**39,388,256**	0	34,899,642	**34,899,642**
Cash and cash equivalents	0	11,851,249	**11,851,249**	0	15,853,959	**15,853,959**
Total	**4,630**	**54,570,904**	**54,575,534**	**2,478**	**54,772,175**	**54,774,653**
Fair value of liabilities						
Non-current liabilities for loans received	0	42,185,348	**42,185,348**	0	47,727,479	**47,727,479**
Non-current lease liabilities	0	7,516,813	**7,516,813**	0	785,087	**785,087**
Non-current operating liabilities (excluding liabilities to the government and employees, and advances received)	0	124,089	**124,089**	0	162,566	**162,566**
Current liabilities for loans received	0	5,594,913	**5,594,913**	0	5,442,514	**5,442,514**
Current lease liabilities	0	1,904,456	**1,904,456**	0	1,007,220	**1,007,220**
Current liabilities for dividends and other shares in profit	0	455,742	**455,742**	0	458,998	**458,998**
Current operating liabilities (excluding liabilities to the government and employees, and advances received)	0	26,210,504	**26,210,504**	0	22,382,412	**22,382,412**
Total	**0**	**83,991,865**	**83,991,865**	**0**	**77,966,276**	**77,966,276**

Intereuropa, d. d.	31 December 2022			31 December 2021		
(in EUR)	Level 1	Level 3	Total	Level 1	Level 3	Total
Fair value of assets						
Financial assets measured at fair value through profit or loss	0	35,590	**35,590**	0	35,590	**35,590**
Long-term loans and deposits	0	2,593,253	**2,593,253**	0	252,178	**252,178**
Non-current operating receivables (excluding receivables from the government and employees, and advances paid)	0	32,936	**32,936**	0	174,171	**174,171**
Short-term loans and deposits	0	2,600,449	**2,600,449**	0	3,082,730	**3,082,730**
Current operating receivables (excluding receivables from the government and employees, and advances paid)	0	28,460,712	**28,460,712**	0	24,113,579	**24,113,579**
Cash and cash equivalents	0	1,060,240	**1,060,240**	0	3,343,621	**3,343,621**
Total	**0**	**34,783,180**	**34,783,180**	**0**	**31,001,869**	**31,001,869**
Fair value of liabilities						
Non-current liabilities for loans received	0	42,185,348	**42,185,348**	0	47,387,743	**47,387,743**
Non-current lease liabilities	0	464,568	**464,568**	0	265,828	**265,828**
Non-current operating liabilities (excluding liabilities to the government and employees, and advances received)	0	124,089	**124,089**	0	162,567	**162,567**
Current liabilities for loans received	0	7,302,394	**7,302,394**	0	6,868,685	**6,868,685**
Current lease liabilities	0	443,414	**443,414**	0	324,662	**324,662**
Current operating liabilities (excluding liabilities to the government and employees, and advances received)	0	16,079,363	**16,079,363**	0	12,998,059	**12,998,059**
Total	**0**	**66,599,176**	**66,599,176**	**0**	**68,007,544**	**68,007,544**

For other financial instruments for which value is disclosed, that value reflects level three.

NOTE 30: Financial risks

The financial risks to which the Group and Company are exposed include:

1. liquidity risk,
2. currency risk,
3. credit risk, and
4. interest-rate risk.

Liquidity risk

The Group and Company manage liquidity risk through the active management of cash, which includes:

- the monitoring and planning of cash flows;
- regular collection activities and daily contact with major customers; and
- the option of using short-term credit lines via banks.

In addition, subsidiaries may raise short-term borrowings within the Group.

The table regarding liquidity risk illustrates estimated undiscounted cash flows, including future interest.

LIQUIDITY RISK

Intereuropa Group	31 December 2022						
(in EUR)	Carrying amount	Contractual cash flows	6 months or less	6 to 12 months	1 to 2 years	2 to 5 years	More than 5 years
Liabilities for loans received	47,780,261	50,980,420	3,510,782	3,472,389	26,051,326	16,628,984	1,316,939
Lease liabilities	9,421,269	11,115,089	1,689,036	850,174	1,435,867	2,948,744	4,191,268
Liabilities for dividends and other shares in profit	455,742	455,742	0	455,742	0	0	0
Trade payables	25,551,739	25,551,739	25,444,318	38,673	23,121	45,628	0
of which trade payables for short-term leases	13,342	13,342	13,342	0	0	0	0
Other operating liabilities (excluding liabilities to the government and employees, and advances received)	782,854	782,854	727.514	0	0	12.417	42.923
Total	**83,991,865**	**88,885,844**	**31,371,650**	**4,816,978**	**27,510,314**	**19,635,773**	**5,551,130**

Intereuropa Group	1 December 2021						
(in EUR)	Carrying amount	Contractual cash flows	6 months or less	6 to 12 months	1 to 2 years	2 to 5 years	More than 5 years
Liabilities for loans received	53,169,993	54,771,810	2,917,547	3,062,923	6,025,752	36,184,664	6,580,924
Lease liabilities	1,792,307	1,862,951	758,041	270,220	488,982	331,015	14,692
Liabilities for dividends and other shares in profit	458,998	458,996	5,142	453,854	0	0	0
Trade payables	21,658,718	21,675,575	21,521,013	45,630	93,817	15,115	0
of which trade payables for short-term leases	29,978	29,978	29,978	0	0	0	0
Other operating liabilities (excluding liabilities to the government and employees, and advances received)	886,260	901,550	847,916	0	0	53,634	0
Total	**77,966,276**	**79,670,882**	**26,049,659**	**3,832,627**	**6,608,551**	**36,584,428**	**6,595,616**

Intereuropa, d. d. (in EUR)	31 December 2022						
	Carrying amount	Contractual cash flows	6 months or less	6 to 12 months	1 to 2 years	2 to 5 years	More than 5 years
Liabilities for loans received from Group companies	2,100,000	2,125,274	1,817,222	308,052	0	0	0
Liabilities for loans received from others	47,387,743	50,576,118	3,247,551	3,331,318	26,051,326	16,628,984	1,316,939
Lease liabilities	907,983	929,026	273,683	171,489	241,996	224,008	17,850
Operating liabilities to Group companies	340,482	340,482	340,482	0	0	0	0
Trade payables (excluding the Group)	15,347,012	15,347,012	15,248,984	29,279	23,121	45,628	0
of which trade payables for short-term leases	5,228	5,228	5,228	0	0	0	0
Other operating liabilities (excluding liabilities to the government and employees, and advances received)	515,956	515,956	460,616	0	0	12,417	42,923
Total	**66,599,176**	**69,833,868**	**21,388,538**	**3,840,138**	**26,316,443**	**16,911,037**	**1,377,712**

Intereuropa, d. d. (in EUR)	31 December 2021						
	Carrying amount	Contractual cash flows	6 months or less	6 to 12 months	1 to 2 years	2 to 5 years	More than 5 years
Liabilities for loans received from Group companies	2,100,000	2,109,667	1,808,924	300,743	0	0	0
Liabilities for loans received from others	52,156,428	53,758,243	2,443,089	2,863,551	5,686,016	36,184,664	6,580,924
Lease liabilities	590,490	613,624	217,503	107,159	153,084	135,878	0
Operating liabilities to Group companies	357,554	357,554	357,554	0	0	0	0
Trade payables (excluding the Group)	12,554,482	12,554,482	12,363,293	28,622	93,817	68,749	0
of which trade payables for short-term leases	11,070	11,070	11,070	0	0	0	0
Other operating liabilities (excluding liabilities to the government and employees, and advances received)	248,590	248,589	248,589	0	0	0	0
Total	**68,007,544**	**69,642,159**	**17,438,952**	**3,300,075**	**5,932,917**	**36,389,291**	**6,580,924**

The Group and Company estimate a time span of between six months and five years for contingent liabilities from bank guarantees and guarantees issued in the total amount of EUR 19,990,428 and EUR 9,262,909, respectively.

Currency risk

Intereuropa Group	31 December 2022					
(in EUR)	EUR	USD	HRK	RSD	Other	Total
Long-term loans granted and deposits	98,430	0	0	0	0	**98,430**
Non-current operating receivables (excluding receivables from the government and employees, and advances paid)	32,692	0	0	558	4,701	**37,951**
Short-term loans granted and deposits	3,159,367	0	0	0	61	**3,159,428**
Current operating receivables (excluding receivables from the government and employees, and advances paid)	32,211,369	364,931	4,294,280	715,644	1,802,032	**39,388,256**
Non-current liabilities for loans received	-42,185,348	0	0	0	0	**-42,185,348**
Non-current lease liabilities	-929,233	0	-12,421	-6,353,938	-221,221	**-7,516,813**
Non-current operating liabilities (excluding liabilities to the government and employees, and advances received)	-124,089	0	0	0	0	**-124,089**
Current liabilities for loans received	-5,202,394	0	0	-392,519	0	**-5,594,913**
Current liabilities for dividends and other shares in profit	-455,742	0	0	0	0	**-455,742**
Current lease liabilities	-787,563	0	-12,560	-857,691	-246,642	**-1,904,456**
Current operating liabilities (excluding liabilities to the government and employees, and advances received)	-19,143,236	-527,936	-4,015,453	-825,740	-1,698,139	**-26,210,504**
Exposure disclosed in the statement of financial position	**-33,325,747**	**-163,005**	**253,846**	**-7,713,686**	**-359,208**	**-41,307,800**

Intereuropa Group	31 December 2021					
(in EUR)	EUR	USD	HRK	RSD	Other	Total
Long-term loans granted and deposits	131,240	0	42,807	0	82	**174,129**
Non-current operating receivables (excluding receivables from the government and employees, and advances paid)	174,171	0	0	0	4,701	**178,872**
Long-term loans granted and deposits	3,629,210	0	0	0	773	**3,629,983**
Current operating receivables (excluding receivables from the government and employees, and advances paid)	27,166,816	488,975	4,868,659	760,856	1,614,336	**34,899,642**
Non-current liabilities for loans received	-47,387,743	0	0	-339,736	0	**-47,727,479**
Non-current lease liabilities	-381,437	0	-59,334	-233,160	-111,155	**-785,086**
Non-current operating liabilities (excluding liabilities to the government and employees, and advances received)	-162,566	0	0	0	0	**-162,566**
Current liabilities for loans received	-4,763,543	0	0	-673,829	-5,142	**-5,442,514**
Current liabilities for dividends and other shares in profit	-458,998	0	0	0	0	**-458,998**
Current lease liabilities	-619,363	0	-170,748	-103,520	-113,589	**-1,007,220**
Current operating liabilities (excluding liabilities to the government and employees, and advances received)	-14,506,343	-1,424,584	-4,083,132	-738,656	-1,629,697	**-22,382,412**
Exposure disclosed in the statement of financial position	**-37,178,556**	**-935,609**	**598,252**	**-1,328,045**	**-239,691**	**-39,083,649**

Intereuropa, d. d. (in EUR)	31 December 2022 EUR	USD	HRK	RSD	Other	Total
Long-term loans granted and deposits	2,593,253	0	0	0	0	**2,593,253**
Non-current operating receivables (excluding receivables from the government and employees, and advances paid)	32,936	0	0	0	0	**32,936**
Short-term loans granted and deposits	2,600,449	0	0	0	0	**2,600,449**
Current operating receivables (excluding receivables from the government and employees, and advances paid)	28,348,558	107,674	1,423	0	3,057	**28,460,712**
Non-current liabilities for loans received	-42,185,348	0	0	0	0	**-42,185,348**
Non-current lease liabilities	-464,568	0	0	0	0	**-464,568**
Non-current operating liabilities (excluding liabilities to the government and employees, and advances received)	-124,089	0	0	0	0	**-124,089**
Current liabilities for loans received	-7,302,394	0	0	0	0	**-7,302,394**
Current lease liabilities	-443,414	0	0	0	0	**-443,414**
Current operating liabilities (excluding liabilities to the government and employees, and advances received)	-15,741,958	-267,444	-144	0	-69,817	**-16,079,363**
Exposure disclosed in the statement of financial position	**-32,686,575**	**-159,770**	**1,279**	**0**	**-66,760**	**-32,911,826**

Intereuropa d. d. (in EUR)	31 December 2021 EUR	USD	HRK	RSD	Other	Total
Long-term loans granted and deposits	252,178	0	0	0	0	**252,178**
Non-current operating receivables (excluding receivables from the government and employees, and advances paid)	174,171	0	0	0	0	**174,171**
Long-term loans granted and deposits	3,082,730	0	0	0	0	**3,082,730**
Current operating receivables (excluding receivables from the government and employees, and advances paid)	23,970,489	144,633	-1,543	0	0	**24,113,579**
Non-current liabilities for loans received	-47,387,743	0	0	0	0	**-47,387,743**
Non-current lease liabilities	-265,828	0	0	0	0	**-265,828**
Non-current operating liabilities (excluding liabilities to the government and employees, and advances received)	-162,566	0	0	0	0	**-162,566**
Current liabilities for loans received	-6,868,685	0	0	0	0	**-6,868,685**
Current lease liabilities	-324,662	0	0	0	0	**-324,662**
Current operating liabilities (excluding liabilities to the government and employees, and advances received)	-11,969,508	-968,885	-1,605	0	-58,062	**-12,998,060**
Exposure disclosed in the statement of financial position	**-39,499,424**	**-824,252**	**-3,148**	**0**	**-58,062**	**-40,384,886**

EXCHANGE RATES IN THE GROUP

Country	Functional currency	2022		2021	
		Year-end exchange rate in EUR*	Average exchange rate in EUR*	Year-end exchange rate in EUR*	Average exchange rate in EUR*
Montenegro and Kosovo	EUR	–	–	–	–
Croatia	HRK	7.537	7.535	7.516	7.528
North Macedonia	MKD	61.600	61.551	61.535	61.624
Bosnia and Herzegovina	BAM	1.956	1.956	1.956	1.956
Serbia	RSD	117.290	117.370	117.440	117.610
Ukraine	UAH	37.934	33.816	30.871	32.570

* ECB reference exchange rates taken into account.

EXCHANGE RATE SENSITIVITY ANALYSIS

Impact on pre-tax profit (in EUR)	Intereuropa Group				Intereuropa, d. d.			
	2022		2021		2022		2021	
Change in exchange rate	**+1%**	**-1%**	**+1%**	**-1%**	**+1%**	**-1%**	**+1%**	**-1%**
USD	1,614	-1,647	9,263	-9,451	1,582	-1,614	8,161	-8,326
HRK	-2,513	2,564	-5,923	6,043	-13	13	31	-32
RSD	76,373	-77,916	13,149	-13,415	0	0	0	0

Changes in other exchange rates would not result in a significant change in pre-tax profit.

Credit risk

(in EUR)	Intereuropa Group		Intereuropa, d. d.	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Financial assets measured at fair value through other comprehensive income	4,630	2,478	0	0
Financial assets measured at fair value through profit or loss	35,590	35,590	35,590	35,590
Non-current financial receivables	98,430	174,129	2,593,253	252,178
Non-current operating receivables (excluding receivables from the government and employees, and advances paid)	37,951	178,872	32,936	174,171
Current financial receivables	3,159,428	3,629,983	2,600,449	3,082,730
Current operating receivables (excluding receivables from the government and employees, and advances paid)	39,388,256	34,899,642	28,460,712	24,113,579
Cash and cash equivalents	11,851,249	15,853,959	1,060,240	3,343,621
Total	**54,575,534**	**54,774,653**	**34,783,180**	**31,001,869**

The parent company disclosed the following loans to subsidiaries in the amount of EUR 5,062,462 (EUR 3,170,858 as at 31 December 2021) under non-current and current financial receivables as at 31 December 2022:

- a long-term loan to TOV TEK ZTS, Uzhhorod, Ukraine in the amount of EUR 856,481 (EUR 184,217 of that amount has been impaired);
- a short-term loan to TOV Intereuropa, Kiev, Ukraine in the amount of EUR 499,904 (EUR 298,706 of that amount has been impaired);
- a long-term loan to AD Intereuropa logističke usluge, Belgrade in the amount of EUR 2,439,000; and
- a short-term loan to AD Intereuropa logističke usluge, Belgrade in the amount of EUR 1,750,000.

EXPOSURE TO CREDIT RISK AND EXPECTED CREDIT LOSSES IN CONNECTION WITH CURRENT TRADE RECEIVABLES

(in EUR)	Intereuropa Group					
	Gross value as at 31 December 2022	**Average percentage of impairment losses recognised**	**Impairment losses as at 31 December 2022**	**Gross value as at 31 December 2021**	**Average percentage of impairment losses recognised**	**Impairment losses as at 31 December 2021**
Not due	26,954,978	0.25%	68,059	26,375,599	0.61%	160,078
0 to 30 days past due	6,818,743	0.39%	26,317	4,586,021	0.37%	16,924
31 to 60 days past due	2,099,367	1.98%	41,540	1,594,439	1.65%	26,238
61 to 90 days past due	1,390,944	46.76%	650,452	542,203	6.94%	37,611
91 to 180 days past due	663,950	8.02%	53,256	563,705	11.93%	67,223
181 to 365 days past due	478,820	100.00%	478,820	310,115	100.00%	310,115
More than 365 days past due	3,230,377	100.00%	3,230,377	3,383,862	100.00%	3,383,862
Exchange rate differences	5,775		10,829	6,546	0.00%	1,649
Total	**41,642,955**		**4,559,650**	**37,362,491**		**4,003,701**

(in EUR)	Intereuropa, d. d.					
	Gross value as at 31 December 2022	**Average percentage of impairment losses recognised**	**Impairment losses as at 31 December 2022**	**Gross value as at 31 December 2021**	**Average percentage of impairment losses recognised**	**Impairment losses as at 31 December 2021**
Not due	20,120,470	0.23%	45,587	19,696,014	0.69%	136,458
0 to 30 days past due	4,601,773	0.30%	13,906	2,380,059	0.25%	5,974
31 to 60 days past due	1,548,745	1.71%	26,420	703,462	1.61%	11,356
61 to 90 days past due	1,139,194	56.53%	644,035	203,338	9.75%	19,826
91 to 180 days past due	198,763	6.92%	13,761	162,347	10.69%	17,353
181 to 365 days past due	246,879	100.00%	246,879	154,793	100.00%	154,793
More than 365 days past due	1,331,039	100.00%	1,331,039	1,475,058	100.00%	1,475,058
Exchange rate differences	-4,152	0.00%	0	1,249	0.00%	0
Total	**29,182,710**		**2,321,627**	**24,776,319**		**1,820,818**

The majority of the receivables of the Group and Company are unsecured. Receivables from the largest single customer amounted to EUR 2,627,204 at the Group level as at 31 December 2022 and accounted for 6.3% of the Group's trade receivables. Receivables from the largest single customer amounted to EUR 2,627,204 at the Company as at 31 December 2022 and accounted for 9.4% of the Company's trade receivables. The customers of the Group and Company are dispersed in such a way that there is no major exposure to a single customer.

CHANGES IN IMPAIRMENT LOSSES ON CURRENT TRADE RECEIVABLES

(in EUR)	Intereuropa Group		Intereuropa, d. d.	
	2022	2021	2022	2021
Impairment losses on receivables as at 1 January	**4,003,701**	**4,283,541**	**1,820,818**	**1,878,313**
Written-off receivables	-297,886	-370,247	-257,596	-136,150
Impairment losses on receivables (including the reversal of impairment losses)	864,745	83,448	758,405	78,654
Exchange rate differences	-10,909	6,959	0	0
Impairment losses on receivables as at 31 December	**4,559,650**	**4,003,701**	**2,321,627**	**1,820,818**

EXPOSURE TO CREDIT RISK AND EXPECTED CREDIT LOSSES IN CONNECTION WITH OTHER CURRENT OPERATING RECEIVABLES (EXCLUDING RECEIVABLES FROM THE GOVERNMENT AND EMPLOYEES, AND ADVANCES PAID)

(in EUR)	Intereuropa Group			
	Gross value as at 31 December 2022	Impairment losses as at 31 December 2022	Gross value as at 31 December 2021	Impairment losses as at 31 December 2021
Not due	2,282,779	0	1,365,776	0
Past due	162,038	162,038	325,498	170,883
Total	**2,444,817**	**162,038**	**1,691,274**	**170,883**

(in EUR)	Intereuropa, d. d.			
	Gross value as at 31 December 2022	Impairment losses as at 31 December 2022	Gross value as at 31 December 2021	Impairment losses as at 31 December 2021
Not due	1,295,721	0	944,436	0
Past due	142,060	142,060	142,060	142,060
Total	**1,437,781**	**142,060**	**1,086,496**	**142,060**

CHANGES IN IMPAIRMENT LOSSES ON OTHER CURRENT OPERATING RECEIVABLES (EXCLUDING RECEIVABLES FROM THE GOVERNMENT AND EMPLOYEES, AND ADVANCES PAID)

(in EUR)	Intereuropa Group		Intereuropa, d. d.	
	2022	2021	2022	2021
Impairment losses on receivables as at 1 January	**170,883**	**189,371**	**142,060**	**180,547**
Written-off receivables	-4,606	0	0	0
Impairment losses on receivables (including the reversal of impairment losses)	-4,206	-18,539	0	-38,488
Exchange rate differences	-33	51	0	0
Impairment losses on receivables as at 31 December	**162,038**	**170,883**	**142,060**	**142,060**

The Group and Company assess that credit risk is appropriately managed. The most significant risk in the aforementioned category is the risk of payment delays and default by customers, where the Company and Group have defined control limits and mechanisms for approving exposure to credit risk for major customers.

INTEREST-RATE RISK

Type of variable interest rate (in EUR)	Intereuropa Group							
	Loan amount as at 31 December 2022	Increase in IR by 10 basis points	Increase in IR by 25 basis points	Increase in IR by 50 basis points	Loan amount as at 31 December 2021	Increase in IR by 10 basis points	Increase in IR by 25 basis points	Increase in IR by 50 basis points
3-month EURIBOR	47,431,250	-47,431	-118,578	-237,156	52,225,000	0	0	0
1-month EURIBOR	0	0	0	0	0	0	0	0
1-month BELIBOR	392,518	-393	-981	-1,963	1,013,565	-1,014	-2,534	-5,068

Type of variable interest rate (in EUR)	Intereuropa, d. d.							
	Loan amount as at 31 December 2022	Increase in IR by 10 basis points	Increase in IR by 25 basis points	Increase in IR by 50 basis points	Loan amount as at 31 December 2021	Increase in IR by 10 basis points	Increase in IR by 25 basis points	Increase in IR by 50 basis points
3-month EURIBOR	47,431,250	-47,431	-118,578	-237,156	52,225,000	0	0	0

The Group and Company disclosed loans granted with fixed interest rates.

Capital management

(in EUR)	Intereuropa Group		Intereuropa, d. d.	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Non-current financial liabilities	49,702,161	48,512,566	42,649,917	47,653,571
Current financial liabilities	7,955,111	6,908,732	7,745,809	7,193,347
Total financial liabilities	57,657,272	55,421,298	50,395,726	54,846,918
Total equity	136,302,639	131,381,538	97,379,355	92,807,484
Debt/equity	**0.42**	**0.42**	**0.52**	**0.59**
Current financial assets	3,159,428	3,629,983	2,600,449	3,082,730
Cash and cash equivalents	11,851,249	15,853,959	1,060,240	3,343,621
Net financial liabilities	42,646,595	35,937,356	46,735,037	48,420,567
Net debt/equity	**0.31**	**0.27**	**0.48**	**0.52**
Total assets	240,044,613	229,970,006	177,803,369	174,464,371
Equity to total assets	**0.57**	**0.57**	**0.55**	**0.53**

The main purpose of capital management is to ensure capital adequacy, the highest possible level of financial stability and long-term solvency for the needs of financing operations, and the maximisation of value for shareholders.

NOTE 31: Other notes

COSTS OF SERVICES OF AUDITOR

(in EUR)	Intereuropa Group		Intereuropa, d. d.	
	2022	2021	2022	2021
Auditing of the annual report	105,322	116,874	52,999	54,270
Other audit services	5,000	5,000	5,000	5,000
Other non-audit services	3,900	3,900	3,900	3,900
Total costs of auditing services	**114,222**	**125,774**	**61,899**	**63,170**

Auditing services for 2022 were provided by audit firm MAZARS network for all Group companies subject to auditing. In addition to auditing services, the Group's auditor also provided other audit services and other permitted non-audit services in 2022. Audit costs for the 2022 annual report were recognised taking into account the stage of completion of those services.

Related parties

The direct controlling company of Intereuropa, d. d. is Pošta Slovenije, d. o. o., while the ultimate controlling party is the Republic of Slovenia.

Other related parties of Intereuropa, d. d., Koper include:
- subsidiaries,
- an associate or joint venture,
- the parent company's key management personnel and their immediate family members, and
- members of the Supervisory Board and their family members.

Key management personnel at the parent company are the members of the Management Board.

INTEREUROPA GROUP COMPANIES

Composition of the Group (in EUR)	Ownership stake as at 31 December 2022	Ownership stake as at 31 December 2021	Value of equity as at 31 December 2022	Value of equity as at 31 December 2021
Parent company				
Intereuropa, d. d., Koper			97,379,355	92,807,484
Subsidiaries				
Interagent, d. o. o., Koper	100.00%	100.00%	495,985	315,738
Interzav, d. o. o., Koper	71.28%	71.28%	123,744	97,783
Intereuropa, logističke usluge, d. o. o., Zagreb	99.96%	99.96%	47,049,297	45,024,142
Intereuropa sajam, d. o. o., Zagreb	51.00%	51.00%	761,656	859,017
Intereuropa Skopje, d. o. o., Skopje	99.56%	99.56%	1,199,090	1,242,839
Intereuropa RTC, d. d., Sarajevo	100.00%	95.77%	11,029,594	11,322,083
A.D. Intereuropa logističke usluge, Belgrade	73.62%	73.62%	4,078,262	4,872,633
TOV TEK ZTS, Uzhhorod	89.93%	89.93%	-167,049	-108,380
Intereuropa Kosova L.L.C.	90.00%	90.00%	1,105,372	966,358
Zetatrans A.D., Podgorica	69.27%	69.27%	16,508,229	16,466,701
TOV Interevropa - Ukraine, Kiev	100%	100%	-519,022	-350,654

DISCLOSURE OF TRANSACTIONS WITH RELATED PARTIES

Intereuropa Group	Associate		Other*		Pošta Slovenije Group	
(in EUR)	2022	2021	2022	2021	2022	2021
Revenues from the sale of services	681,083	371,491	6,990	0	617,115	481,852
Costs of services	-2,859,597	-3,904,218	-1,765	-8,962	-1,638,412	-1,236,299
	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Balance of operating receivables	166,585	69,753	0	0	73,663	24,205
Balance of operating liabilities	164,065	320,422	0	825	255,095	205,367

Intereuropa, d. d.	Subsidiaries		Associate		Pošta Slovenije Group	
(in EUR)	2022	2021	2022	2021	2022	2021
Revenues from the sale of services	5,343,353	4,797,648	681,083	371,491	495,617	388,444
Costs of services	-2,601,312	-2,358,618	-2,859,597	-3,904,218	-1,638,347	-1,224,781
Income from participating interests	945,010	614,584	0	0	0	0
Interest income	121,021	73,149	0	0	0	0
Interest expense	-23,108	-32,178	0	0	0	0
	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Non-current investments in shares and participating interests	43,674,968	43,140,924	39,059	39,059	0	0
Balance of operating receivables	1,387,749	1,071,057	166,585	69,753	28,772	9,150
Loans granted	5,062,462	3,170,858	0	0	0	0
Balance of operating liabilities	340,482	352,332	164,065	320,422	255,095	204,063
Loans received	2,100,000	2,100,000	0	0	0	0

* Companies that are controlled or jointly controlled by an individual, or a member of their immediate family, who is in a relationship with Intereuropa, d. d.

In the scope of the refinancing of Intereuropa, d. d.'s loans, Pošta Slovenije, d. o. o. issued a guarantee to creditor banks at the end of January 2020 in the amount of 80% of the respective loan amount. As at 31 December 2022, the aforementioned company was the guarantor for Intereuropa, d. d.'s loans in the amount of EUR 47,221,000. In October 2020, the Company issued blank bills of exchange to a commercial bank in Serbia as collateral for a long-term loan of the subsidiary A.D. Intereuropa logističke usluge, Belgrade. As at 31 December 2022, the liabilities of that subsidiary in connection with the loan amounted to RSD 40,097,211.

None of the above listed liabilities to related parties are secured nor has any guarantee been issued or received in connection with them. Transactions with related parties were executed according to market terms.

Transactions with companies in which the state has a direct controlling interest

Parties related to owners include those companies in which the Republic of Slovenia and SDH together hold a direct participating interest of at least 20%. A list of the aforementioned companies is published on SDH's website (https://www.sdh.si/sl-si/upravljanje-nalozb/seznam-nalozb).

Intereuropa Group

During 2022, the Group generated operating revenues in the amount of EUR 2,786,761 and operating expenses in the amount of EUR 10,157,233, and recorded finance income in the amount of EUR 7,921 and finance costs in the amount of EUR 247,048 with companies in which the state has a direct controlling interest.
As at 31 December 2022, the Group disclosed operating receivables in the amount of EUR 180,298, operating liabilities in the amount of EUR 3,022,903, financial liabilities in the amount of EUR 47,431,250 and contingent assets

and liabilities in the amount of EUR 9,180,000 vis-à-vis the aforementioned companies. Financial liabilities comprise a loan raised under market terms.

Intereuropa, d. d.
During 2022, the Company generated operating revenues in the amount of EUR 2,664,009 and operating expenses in the amount of EUR 10,150,016, and recorded finance income in the amount of EUR 857 and finance costs in the amount of EUR 235,093 with companies in which the state has a direct controlling interest.
As at 31 December 2022, the Company disclosed operating receivables in the amount of EUR 136,486, operating liabilities in the amount of EUR 1,596,945, financial liabilities in the amount of EUR 47,431,250 and contingent assets and liabilities in the amount of EUR 9,180,000 vis-à-vis the aforementioned companies. Financial liabilities comprise a loan raised under market terms.

Remuneration of members of the Management Board and Supervisory Board and employees on individual contracts, and the compensation of key management personnel in 2022

The Company did not approve any advances, loans or sureties to members of the Management Board, Supervisory Board or employees on individual contracts.

REMUNERATION OF MANAGEMENT BOARD MEMBERS IN 2022

(in EUR)	Wages – fixed portion		Wages – variable portion		Fringe benefits and other remuneration*		Total	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
DAMIJAN VAJS, President of the Management Board	95,911	51,203	0	0	23,172	23,873	119,083	75,076
MARKO CEGNAR, President of the Management Board (remuneration from 1 January 2022 to 31 January 2022)	8,414	3,445	15,144	6,201	2,346	2,384	25,904	12,030
MARKO REMS, Vice-President of the Management Board	93,894	52,336	13,629	6,540	13,893	15,819	121,416	74,695
BLANKA ČESNIK-WOLF, member of the Management Board (remuneration from 1 May 2022)	54,934	31,352	0	0	7,312	8,039	62,245	39,391
Total	**253,153**	**138,336**	**28,773**	**12,741**	**46,723**	**50,114**	**328,650**	**201,192**

* Gross fringe benefits and other remuneration comprise fringe benefits (fringe benefits for insurance, cars and liability insurance) and gross session fees, while net fringe benefits and other remuneration comprise net fringe benefits, supplementary healthcare insurance, meal allowances, annual leave allowances and net session fees. From this it is evident that net fringe benefits and other remuneration are higher than gross fringe benefits and other remuneration.

NET FRINGE BENEFITS AND OTHER REMUNERATION

(in EUR)	Supplementary pension insurance	Other fringe benefits	Reimbursement of expenses	Share in profit	Other remuneration	Total
DAMIJAN VAJS, President of the Management Board	2,662	4,689	1,314	0	15,208	**23,873**
MARKO CEGNAR, President of the Management Board (remuneration from 1 January 2022 to 31 January 2022)	235	148	129	0	1,872	**2,384**
MARKO REMS, Vice-President of the Management Board	2,904	1,962	1,452	0	9,501	**15,819**
BLANKA ČESNIK-WOLF, member of the Management Board (remuneration from 1 May 2022)	1,694	1,971	918	0	3,456	**8,039**
Total	**7,495**	**8,770**	**3,813**	**0**	**30,037**	**50,114**

REMUNERATION OF THE SUPERVISORY BOARD AND ITS COMMITTEES IN 2022

(in EUR)	Remuneration for function performed	Remuneration for work on committees	Session attendance fees	Reimbursement of costs	Other remuneration and fringe benefits	Total
TOMAŽ KOKOT, Chairman (remuneration from 1 January 2022 to 7 November 2022)	15,354	0	4,510	42	0	**19,906**
KARMEN LEBE GRAJF, Deputy Chairwoman (remuneration from 1 January 2022 to 31 December 2022)	12,100	3,025	7,711	431	0	**23,267**
SEBASTIJAN GOSTENČNIK, member (remuneration from 1 January 2022 to 31 December 2022)	11,000	6,875	8,151	214	0	**26,241**
GREGOR KORENE, member (remuneration from 1 January 2022 to 31 December 2022)	11,000	4,125	5,995	388	0	**21,508**
TJAŠA BENČINA, member (remuneration from 1 January 2022 to 31 December 2022)	10,990	2,750	5,720	263	0	**19,723**
ZLATKA ČRETNIK, member (remuneration from 1 January 2022 to 31 December 2022)	11,000	2,750	7,491	247	0	**21,488**
BARBARA GORJUP, external member of the Supervisory Board's Audit Committee (remuneration from 1 January 2022 to 31 December 2022)	0	7,150	2,376	0	0	**9,526**
Total	**71,444**	**26,675**	**41,954**	**1,585**	**0**	**141,659**

REMUNERATION OF KEY MANAGEMENT PERSONNEL

(in EUR)	Intereuropa Group	
	2022	2021
Current remuneration (gross wages, annual leave and sick leave, shares in profit, non-monetary earnings (fringe benefits))	708,347	578,639

The remuneration of employees on individual contracts amounted to EUR 1,894,583. Gross wages accounted for EUR 1,628,853 of that amount, while fringe benefits and other earnings accounted for EUR 265,730.

NOTE 32: Distributable profit

(in EUR)	Intereuropa Group		Intereuropa, d. d.	
	2022	2021	2022	2021
Retained earnings	36,081,260	29,423,089	13,641,108	10,004,996
Net profit for the financial year	4,993,328	6,513,395	4,031,878	3,601,819
Total	**41,074,588**	**35,936,484**	**17,672,986**	**13,606,815**

Distributable profit appropriation shall be determined on the Company's general assembly.

NOTE 33: Events after the statement-of-financial position-date

On 3 January 2023, Intereuropa, d. d.'s Supervisory Board was briefed on and accepted a statement of resignation submitted by the Vice-President of the Management Board, Marko Rems. Based on his resignation, the term of office of the Vice-President of the Management Board ended on 8 January 2023. On 9 February 2023, the Supervisory Board of Intereuropa, d. d. was briefed on and accepted the resignation of the President of Intereuropa, d. d.'s Management Board, Damijan Vajs, who will continue to manage the Company until the appointment of new Management Board members or until the end of the notice period at the latest, i.e. until 3 June 2023.

At the 40th General Meeting of Shareholders held on 14 February 2023, shareholders made decisions regarding the resolutions proposed by the shareholder Pošta Slovenije, d. o. o. in connection with members of the Supervisory Board. The shareholders recalled members of the Supervisory Board and shareholder representatives Karmen Lebe Grajf, Gregor Korene and Sebastijan Gostenčnik. Marko Cegnar, Ivana Vrviščar, Slavko Ovčina and Borut Vujčič were elected as new members of the Supervisory Board and shareholder representatives, and their term of office began on 14 February 2023.

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TRANSLATION ONLY – SLOVENIAN ORIGINAL PREVAILS

Independent auditor's report on the financial statements

To the Shareholders of INTEREUROPA d.d.

Opinion

We have audited the separate financial statements of INTEREUROPA d.d. (the Company) and the consolidated financial statements of INTEREUROPA d.d. and their subsidiaries (the Group), which comprise the separated and the consolidated statement of financial position as at 31 December 2022, the separated and consolidated income statement, the separated and consolidated statement of other comprehensive income, the separated and consolidated statement of changes in equity, the separated and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying separate and consolidated financial statements present fairly, in all material respects, the financial position of the Company and the Group as at 31 December 2022 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA) and Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities. Our responsibilities under those rules are further described in the Auditor's responsibilities for the audit of the separate and the consolidated financial statements section of our report. We are independent of the Company and the Group in accordance with the International Ethics Standards Board of Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Slovenia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate and the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the separate and the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Key audit matter and our description of how our audit addressed the matter are described below.

Revenue recognition in the separate and the consolidated financial statements

As at 31 December 2022, in the separate financial statements the net sales revenues amounted to EUR 137,7 million, whereas the net sales revenues in the consolidated financial statements amounted to EUR 200,4 million, as disclosed in Note 4.2.5.1: Sales revenue. The recognition of revenue in accordance with IFRS 15 is complex for the Company and the Group because of the variety of contracts in place for transportation and logistical services, client representation in front of customs authority, warehousing services and other services. Agreements with customers and services sometimes include multiple element arrangements which increases the complexity in the revenue recognition process.	Our audit procedures included considering the appropriateness of the Company's and the Group's revenue recognition accounting policies and assessing compliance with the policies in terms of International Financial Reporting Standards as adopted by the European Union. We tested the design, implementation, and operating effectiveness of internal controls over revenue recognition in terms of error, fraud prevention and timing of revenue. On a sample of transactions, we tested appropriateness of determining the performance obligations as well as allocation of the price consideration to individual performance obligation and timing of control transfer, in accordance with IFRS 15.

We focused on this area because of the various revenue streams, nature of services and involved management judgement in assessment of how the performance obligation fulfilment affect the timing of revenue recognition. We identified revenue recognition as a risk mostly due to the possibility of improper timing of revenue recognition, resulting in overstatement of revenue as a result of premature recognition of revenue or understatement of revenue as a result of late recognition of revenue.

These facts require more extensive audit procedures and is therefore considered as key audit matter.

We also tested a sample of sales transactions taking place at either side of the statement of financial position date as well as credit notes issued after the statement of financial position date to assess whether revenue was recognised in the correct period and whether accruals for discounts as at 31 December 2022 are fully recognized.

For a sample of customers contracts open at the statement of financial position date, we assessed the management estimate of the level of the contract that has been fulfilled, based on the obtained supporting documentation from the third parties (i.e. invoices of service providers, customs documentation, flight lists etc).

In relation to the sample of customers contracts open at the statement of financial position date, we reviewed the appropriateness of the amount of the assets from contracts with customers and liabilities from contracts with customers, respectively.

We addressed the adequacy of disclosures on revenues included in Note 4.2.2.o.- Revenues from services rendered and Note 4.3.3.n. - Revenues from services rendered and Note 4.2.5.1: Sales revenue and Note 4.2.5.19 Assets from contracts with customers of the separate and the consolidated financial statements, and their compliance with International Financial Reporting Standards as adopted by the European Union.

Land, measured at fair value and impairment of building in the separate and the consolidated financial statements

The Company's and the Group's property plant and equipment includes land plots across the countries in which the Company and the Group operate, used to support their business operations, primarily in providing its warehousing and storage services. The Company and the Group measure land at fair value and as at 31 December 2021 the carrying amount of land amounts to €41.4 million in the separate financial statements and EUR 70.2 million in the consolidated financial statements.

The management's assessment of fair value of land was significant to our audit because this process is complex and requires significant management judgement.

The management prepares estimates of the fair value with the assistance of external appraisals, and references to the observed recent transactions with similar assets. The management prepares estimates of fair value every five years, or more frequently if indications of impairment point to a significant deviation in fair value.

However, as the impact of the Covid 19 crisis is still present in the environment in which the Company and the Group operates, its impact creates additional uncertainty in management's judgements and assumptions.

The management process of identification of

We evaluated management's assessment of impairment indicators for real estate and assessment of significant change of real estate fair value according to the current market conditions.

We assessed the competency, experience and objectivity of the external appraisals who, on the basis of their:

- analyses of economic indicators,
- market analyses of comparable transactions in the countries where the Group operates (in the case of land values),
- market yields and their assessment of the capitalisation rate (in the case of building values),
- analyses of market indicators,

by country in which the Group operates in 2022, estimate the changes in the fair value of land and buildings for 2022 compared to 2019.

We have engaged real estate valuation expert to assist us in the assessment of the judgements and assumptions used.

We assessed the historical accuracy of management's estimates based on the Company's and the Group's recent sales transactions and by reviewing whether these transactions resulted in significant profits or losses.

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indications of impairment or change in fair value of the land is complex and requires significant judgement. We therefore determined this to be a key audit matter.	We addressed the adequacy of disclosures regarding the land measured at fair value and impairment of building, which are included in Note 4.2.2.f. Property, plant and equipment, Note 4.2.3.e. Property, plant and equipment, Note 4.2.5.12: Property, plant and equipment and Note 4.2.5.13: Investment property of the separate and the consolidated financial statements and their compliance with International Financial Reporting Standards as adopted by the EU.

Impairment of investment in subsidiaries in the separate financial statements

Equity investments in subsidiaries amount to EUR 43.7 million as at 31 December 2022. Management's impairment tests are prepared based on the discounted future cash flows or net asset model and are significant to our audit because the assessment process is complex and requires significant management judgment and imposes significant estimates. Given the inherent subjectivity in the valuation, we determined this to be a key audit matter.	Our audit procedures included an assessment of the historical accuracy of management's estimates, evaluation and testing of the assumptions, methodologies, discount rates and other inputs used by the Company. We included in our team a business valuation expert to assist us in our assessment of the discount rates and the appropriateness of the models used. We addressed the credibility of the business plans of the subsidiaries in terms of new business circumstances of the individual companies, taking into account the market conditions in which the subsidiaries operate and whether the plans were adopted at an appropriate level of supervision over the Group's business. We assessed the adequacy of the Company's disclosures on the impairment test performed, included in Note 4.2.3.j. Impairment of investments in subsidiaries, Note 4.2.5.18: Other non-current financial assets - Investments in subsidiaries and Note 4.2.5.8: Finance income and costs of the separate financial statements and assessed their compliance with International Financial Reporting Standards as adopted by the European Union.

Other information

Other information comprises the information included in the Annual Report other than the separate and the consolidated financial statements and auditor's report thereon. Management is responsible for the other information. Our opinion on the separate and the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the separate and the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate and the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the financial statements is, in all materials respects, consistent with the separated and consolidated financial statements; and
- The other information is prepared in compliance with applicable law or regulation;
- Based on the knowledge and understanding of the Company and the Group obtained in the audit, on the other information obtained, we have not identified any material misstatement.

Responsibilities of management and the supervisory board for the separate and the consolidated financial statements

Management is responsible for the preparation and fair presentation of the separate and the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the

European Union, and for such internal control as management determines is necessary to enable the preparation of the separate and the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate and consolidated financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and the Group or to cease operations, or has no realistic alternative but to do so.

Supervisory Board is responsible for overseeing the Company's financial reporting process and for approving audited annual report.

Auditor's responsibilities for the audit of the separate and the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the separate and the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate and consolidated financial statements.

As part of an audit in accordance with audit rules, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the separate and the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate and the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the separate and the consolidated financial statements, including the disclosures, and whether the separate and the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee and the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee and the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the audit committee and the supervisory board, we determine those matters that were of most significance in the audit of the separate and the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances,

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we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Other requirements on content of auditor's report in compliance with regulation (eu) no. 537/2014 of the European parliament and of the council

Appointment and Approval of Auditor

We were appointed as auditors of the Company and the Group at the general meeting of shareholders on 28 June 2022 for the first time for the three-year period that covers years from 2022 to 2024.

Consistence with Additional Report to Audit Committee

Our audit opinion on the separate and the consolidated financial statements expressed herein is consistent with the additional report to the audit committee of the Company, which we issued on the same date as the auditor's report.

Non-audit Services

No prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and of the Council were provided by us to the Company and its controlled undertakings and we remain independent from the Company and its controlled undertakings in conducting the audit.

In addition to statutory audit services and services disclosed in the annual report and in the separate and the consolidated financial statements, no other services which were provided by us to the Company and its controlled undertakings.

Auditor's report on the compliance of financial statements in electronic format with the requirements of delegated regulation no. 2019/815 on a single electronic reporting format

We have conducted a reasonable assurance engagement whether the audited the separate and the consolidated financial statements of the Company and the Group for the financial year ended 31 December 2022 are prepared in accordance with the requirements of Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 as well as adjusted Commission Delegated Regulation supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format applicable for 2022 (hereinafter referred to as the "Delegated Regulation").

Responsibility of the management and those responsible for governance

Management is responsible for the preparation and accurate presentation of the audited separate and the consolidated financial statements in electronic format in accordance with the requirements of the Delegated Regulation, and for such internal control as the management determines is necessary to enable the preparation of the audited separate and consolidated financial statements in electronic format that are free from material misstatement, whether due to fraud or error.

The supervisory board are responsible for overseeing the preparation of the audited separate and the consolidated financial statements in electronic format in accordance with the requirements of the Delegated Regulation.

Auditor's Responsibility

Our responsibility is to perform a reasonable assurance engagement and to express a conclusion on whether the audited consolidated financial statements have been prepared in accordance with the requirements of the Delegated Regulation. We conducted our reasonable assurance engagement in accordance with the revised International Standard on Assurance Engagements 3000 (revised) - Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000), issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform the engagement to obtain reasonable assurance for reaching the conclusion.

We have acted in accordance with the independence and ethical requirements of the Regulation EU no. 537/2014, and the International Code of Ethics for Professional Accountants issued by the International Ethics

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Standards Board for Accountants, which establishes the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. We apply International Standards on Quality Management 1 (ISQM 1), and accordingly, we maintain a robust system of quality control, including policies and procedures documenting compliance with relevant ethical and professional standards and requirements of applicable law and regulation.

Within the scope of work, we have performed primarily the following procedures:

- identified and assessed the risk of material non-compliance of the audited separate and the consolidated financial statements with the requirements of the Delegated Regulation due to fraud or error;
- obtained an understanding of internal control relevant to the reasonable assurance engagement in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- assessed whether the audited separate and the consolidated financial statements meet the requirements of the Delegated Regulation applicable at the reporting date;
- obtained reasonable assurance that the audited separate and the consolidated financial statements, which are included in the annual report of the issuer are accurately presented in electronic XHTML format;
- obtained reasonable assurance that the values and disclosures in the XHTML format of the audited consolidated financial statements are marked-up correctly using the Inline XBRL technology, and that machine reading of these documents ensures complete and true information contained in the audited consolidated financial statements.

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

Conclusion

Based on the procedures performed and the evidence obtained, in our opinion the audited consolidated financial statements of the Group for the financial year ended 31 December 2022, have been prepared, in all material respects, in accordance with the requirements of the Delegated Regulation.

Ljubljana, 24.4.2023

MAZARS, auditing company, d.o.o.
Dejan Šimenc, Certified Auditor