



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

for the period January to September 2023



TelekomSlovenije

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Ljubljana, November 2023

1. INTRODUCTORY NOTE

Pursuant to the law and the Rules of the Ljubljana Stock Exchange, Telekom Slovenije, d.d. (hereinafter: Telekom Slovenije), with its registered office at Cigaletova 15, Ljubljana, hereby publishes the Unaudited Business Report of the Telekom Slovenije Group and Telekom Slovenije for the period January to September 2023.

The condensed interim financial statements for the period ending 30 September 2023 were compiled in accordance with IAS 34 Interim Financial Reporting, and must be read in conjunction with the annual financial statements compiled for the financial year ending 31 December 2022. The financial statements for the period January to September 2023 have not been audited.

Telekom Slovenije's Supervisory Board discussed the Unaudited Business Report of the Telekom Slovenije Group and Telekom Slovenije for the period under consideration at its session on 7 November 2023.

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

The Unaudited Business Report for the period January to September 2023 is also available on the Company's website at www.telekom.si.

1.1. Statement of responsibility of the Management Board

The members of Telekom Slovenije, d.d.'s Management Board responsible for compiling the unaudited report of the Telekom Slovenije Group and Telekom Slovenije for the period January to September 2023, hereby find that:

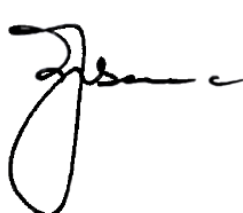
- to the best of our knowledge, the unaudited report of the Telekom Slovenije Group and Telekom Slovenije was compiled and published in accordance with valid legislation and the International Financial Reporting Standards as adopted by the EU;
- the condensed interim financial statements for the period ending 30 September 2023 were compiled in accordance with IAS 34 Interim Financial Reporting, and must be read in conjunction with the annual financial statements compiled for the financial year ending 31 December 2022;
- the selected accounting policies were applied consistently in the compilation of the condensed financial statements and any changes to those policies were disclosed, and that accounting estimates were made fairly and with careful consideration, according to the principle of prudence and the diligence of a good manager, and under the assumption that the Telekom Slovenije Group and Telekom Slovenije are going concerns; and
- the interim business report presents a fair picture of information regarding major transactions with related parties, in accordance with regulations.



Boštjan Košak
President of the
Management Board



Boštjan
Škufca Zaveršek,
MSc
Vice-President of
the Management
Board



Irma Gubanec, MSc
Member of the
Management Board



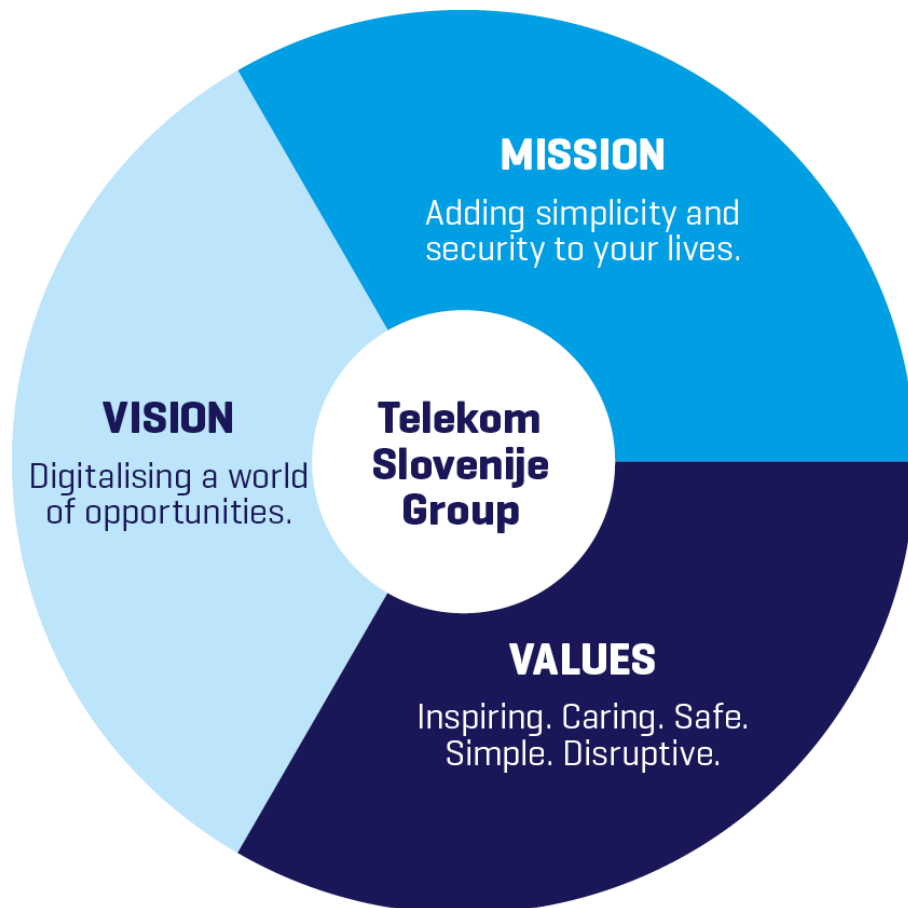
Vesna Prodnik, MSc
Member of the
Management Board



Špela Fortin
Member of the
Management Board –
Workers' Director

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

2.1. Vision, mission and values



2.2. Key strategic objectives

The Telekom Slovenije Group implements its strategy in accordance with adopted strategic policies. The Strategic Business Plan is the core corporate document. Defined in that document through its mission, vision, values, business model, objectives and strategy are the Telekom Slovenije Group's future development and strategic policies. The document outlines the future business strategy of the Telekom Slovenije Group.

Expectations for 2023 are characterised by uncertainty in the economic environment, primarily in connection with conditions on the energy markets, and the continuation of the war in Ukraine and high inflation. The Telekom Slovenije Group expects uncertainty in the international environment to continue rising, but is still planning growth and development.

The Group drew up an ambitious business plan for 2023, the goal of which is to reverse the trend of recent years, and achieve growth in revenues and the number of users in all segments, and further strengthen its market shares. The Telekom Slovenije Group is and strives to be the first choice of users, while it provides the most advanced services and an excellent user experience in a superior network based on continuous development.

Strategic objectives of the Telekom Slovenije Group



Leader in user experience

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

generation (5G) mobile networks. 5G technology will facilitate the development of smart industry and smart cities, as well as the introduction of virtual campus networks, which in turn will enable the continued digitalisation of various verticals, such as energy, transportation, logistics, industry, smart cities, healthcare, and protection and rescue (public safety). The Telekom Slovenije Group will ensure the digitalisation of society as a whole on that basis. We will achieve overall growth through organic growth and the consolidation of the Slovenian ICT market.



Digitalisation of operations

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



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

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



Growth in ICT services

Growth in ICT services and solutions will be based on the existing superior LTE/4G network, and the opportunities offered by fifth



Consolidation on individual markets

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



Optimal employee structure

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



Financial stability and the optimisation of all types of costs

We are implementing activities that facilitate the effective management of liquidity, and ensure a high level of financial stability and the optimal level of borrowing. We continuously optimise all types of costs in connection with the performance of individual processes and the provision of services.



Creating a sustainable future

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

Key objectives of the Telekom Slovenije Group for 2023

Operating revenues:

EUR 680.8 million

EBITDA:

EUR 206.2 million

Net profit:

EUR 20.1 million

Investments:

EUR 205.5 million

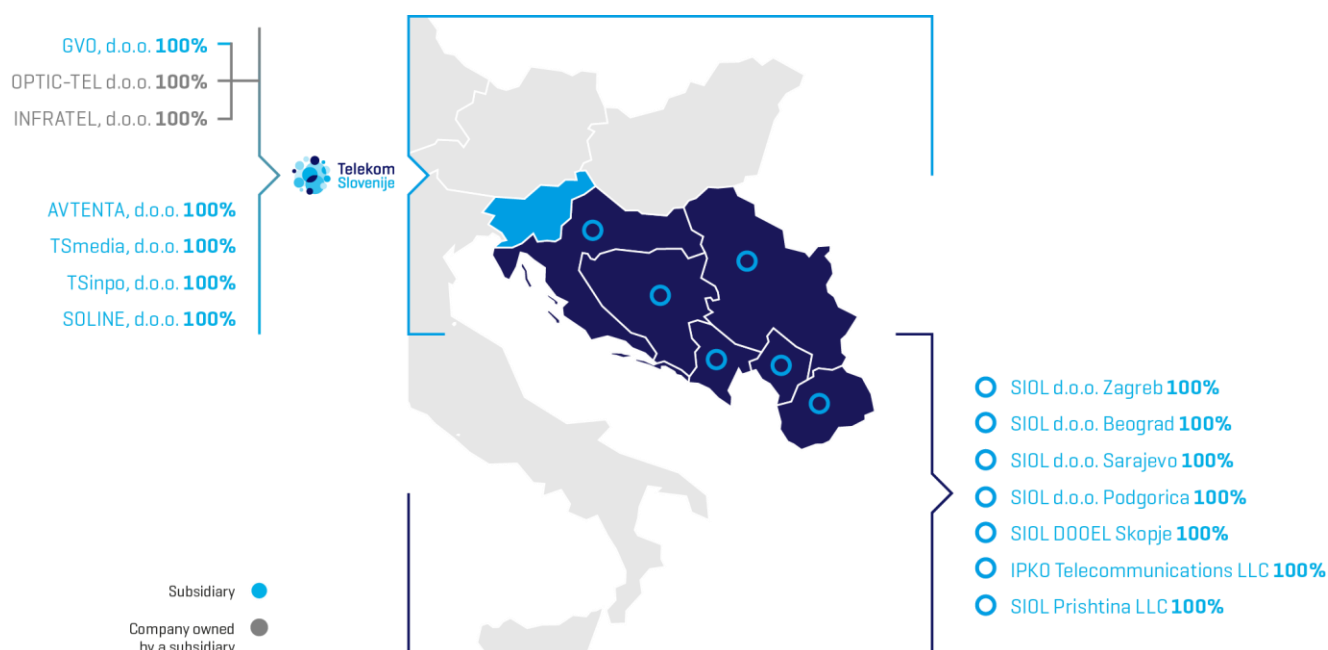
3. TELEKOM SLOVENIJE GROUP

3.1. Markets and companies of the Telekom Slovenije Group

The Telekom Slovenije Group comprises the controlling company Telekom Slovenije and its subsidiaries. The composition of the Telekom Slovenije Group and participating interests as at 30 September 2023 are presented in the picture below.

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

Situation as at 30 September 2023



There were no changes in the composition of the Telekom Slovenije Group in the period January to September 2023. The liquidation of GVO Telekommunikation GmbH, which is owned by GVO, began in March 2022. The completion of the liquidation process and the deletion of GVO Telekommunikation GmbH from the companies register in Germany were completed on 25 September 2023.

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

3.2. Operating highlights

The Telekom Slovenije Group achieved the following in the period January to September 2023:

- Telekom Slovenije recorded growth relative to the same period last year in the following areas: fixed residential broadband connections (+2,396 connections), and residential (+2,043 users) and wholesale (+5,796 users) mobile telephony users. Overall, the Telekom Slovenije Group recorded a 2% year-on-year increase in the number of mobile users during the first nine months of this year (+49,623 users), as IPKO in Kosovo also recorded an increase in the number of retail users (+41,784 users).
- The Telekom Slovenije Group generated EUR 527.2 million in operating revenues in the period January to September 2023.
- Sales revenue totalled EUR 518.8 million, an increase of 7% relative to the same period in 2022. Revenues were up in the mobile segment of the end-user market on account of growth in the number of subscribers in both Slovenia and Kosovo, where the number of prepaid users is also growing, and due to higher revenues from mobile merchandise and revenues on the wholesale market. Telekom Slovenije is also recording growth in the areas of financial services, eHealth, insurance services, and IT services and merchandise. Higher revenues were also achieved on the market by all subsidiaries.
- The Telekom Slovenije Group and Telekom Slovenije recognised an impairment assessment of the infrastructure damaged in the August floods. The total recognised net effect on the EBIT of the Telekom Slovenije Group was estimated at EUR 5.3 million, of which EUR 2.7 million in Telekom Slovenije. The estimated impairment of the present value of property, plant and equipment amounted to EUR 8.1 million at the Group level and to EUR 3.7 million at Telekom Slovenije, and was recognised in the income statement in other expenses. The effects of impairment must be considered together with estimated other operating revenues (revenues from insurance and revenues from the elimination of provisions for received subsidies), which amounted to EUR 2.8 million at the Group level and EUR 1 million at Telekom Slovenije.
- In September, the Telekom Slovenije Group reported damages in the amount of EUR 14.2 million to insurance companies, municipalities and ministries as the result of floods in August 2023, of which EUR 9.8 million from Telekom Slovenije and EUR 4.4 million from GVO. Reported damages mainly represent an estimation of the value of replacement investments that will be required to restore the infrastructure to its pre-flood condition. The Telekom Slovenije Group will endeavour to have the damage compensated. It is not possible to estimate the extent of any possible refunds, therefore no effects on the financial statements for the period ending 30.9.2023 have been recorded. The estimated value of replacement investments also is not included in the financial statements for the period ending 30.9.2023.
- The Telekom Slovenije Group's operating expenses totalled EUR 467.7 million, an increase of 6% relative to the same period in 2022. This is the result of higher electricity costs, the impairment of the infrastructure destroyed in the August floods and higher direct costs, which is linked to higher sales revenue.
- Earnings before interest and taxes (EBIT) amounted to EUR 59.5 million at the Telekom Slovenije Group level, an increase of 16% relative to the same period last year. In accordance with the Act on Aid to the Economy to Mitigate the Impact of the Energy Crisis, the Telekom Slovenije Group received aid in the amount of EUR 2.3 million during the first nine months of 2023. Had energy prices remained at the 2022 level, EBIT would have been 37% higher than the same period in 2022 taking into account energy-related state aid and the adjustment for the net effect of the aforementioned floods.
- Earnings before interest, taxes, depreciation and amortisation (EBITDA) totalled EUR 181.8 million at the Telekom Slovenije Group level, an increase of EUR 7.0 million relative to the same period in 2022. Had energy prices remained at the 2022 level, EBITDA would have been 10% higher than the same period in 2022 taking into account energy-related state aid and the adjustment for the net effect of the aforementioned floods. The EBITDA margin (i.e. EBITDA as a proportion of sales revenue) was 35.0% at the Group level.

- Following the calculation of income tax (including deferred taxes), the Telekom Slovenije Group generated a net profit of EUR 39.9 million in the period January to September 2023, an increase of EUR 0.9 million or 2% relative to the same period in 2022.

In September, the Telekom Slovenije Group reported damages in the amount of EUR 14.2 million to insurance companies, municipalities and ministries as the result of floods in August 2023, with Telekom Slovenije accounting for EUR 9.8 million and GVO for EUR 4.4 million of the aforementioned amount.

Assessment of operations in 2023

The Telekom Slovenije Group estimates that in 2023 it will exceed the originally planned operating revenues and operating profit before interest, taxes and depreciation (EBITDA). Based on currently known information, the estimate is that operating revenues will amount to EUR 699 million and operating profit before interest, taxes and depreciation (EBITDA) to EUR 226 million and a net profit of EUR 38 million EUR.

3.3. Key operating indicators of the Telekom Slovenije Group

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

in EUR thousand and %	Telekom Slovenije Group			Telekom Slovenije		
	I – IX 2023/ 30 September 2023	I – IX 2022/ 31 December 2022	Index 23/22	I – IX 2023/ 30 September 2023	I – IX 2022/ 31 December 2022	Index 23/22
Sales revenue	518,800	485,450	107	449,341	428,432	105
Other operating income	8,363	4,824	173	5,777	2,201	262
Total operating revenues	527,163	490,274	108	455,118	430,633	106
EBITDA	181,790	174,781	104	141,180	134,953	105
EBITDA margin = EBITDA / sales revenue	35.0%	36.0%	97	31.4%	31.5%	100
EBIT	59,513	51,113	116	38,577	31,212	124
Return on sales = EBIT / sales revenue	11.5%	10.5%	109	8.6%	7.3%	118
Net profit from continuing operations	39,923	39,002	102	24,653	23,036	107
Assets*	1,301,063	1,275,338	102	1,230,754	1,223,290	101
Equity*	651,331	611,677	106	630,720	606,233	104
Equity ratio*	50.1%	48.0%	104	51.2%	49.6%	103
Net financial debt*	357,618	401,168	89	350,573	411,749	85

* Comparative data as at 31 December 2022.

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

3.4. Overview of operations by company and key market

Operating revenues

in EUR thousand	I – IX 2023	I – IX 2022	Index 23/22
Telekom Slovenije	455,118	430,633	106
Other companies in Slovenia	72,436	64,736	112
IPKO – Kosovo	68,525	60,781	113
Other companies abroad	2,977	2,967	100
Exclusions and adjustments	-71,893	-68,843	-
Telekom Slovenije Group	527,163	490,274	108

Earnings before interest, taxes, depreciation and amortisation (EBITDA)

in EUR thousand	I – IX 2023	I – IX 2022	Index 23/22
Telekom Slovenije	141,180	134,953	105
Other companies in Slovenia	6,982	7,565	92
IPKO – Kosovo	38,484	33,064	116
Other companies abroad	2,085	2,117	98
Exclusions and adjustments between companies in the group	-6,941	-2,918	-
Telekom Slovenije Group	181,790	174,781	104

Earnings before interest and taxes (EBIT)

in EUR thousand	I – IX 2023	I – IX 2022	Index 23/22
Telekom Slovenije	38,577	31,212	124
Other companies in Slovenia	2,474	3,241	76
IPKO – Kosovo	20,698	14,949	138
Other companies abroad	753	720	105
Exclusions and adjustments between companies in the group	-2,989	991	-
Telekom Slovenije Group	59,513	51,113	116

Net profit for the period

in EUR thousand	I – IX 2023	I – IX 2022	Index 23/22
Telekom Slovenije	24,653	23,036	107
Other companies in Slovenia	1,734	2,541	68
IPKO – Kosovo	15,784	12,537	126
Other companies abroad	433	442	98
Exclusions and adjustments between companies in the group	-2,681	446	-
Telekom Slovenije Group	39,923	39,002	102

Investments

in EUR thousand	I – IX 2023	I – IX 2022	Index 23/22
Telekom Slovenije	86,667	78,806	110
Other companies in Slovenia	19,302	13,578	142
IPKO – Kosovo*	16,603	28,831	58
Other companies abroad	1,594	1,340	119
Exclusions and adjustments between companies in the group	-8,971	-3,947	-
Telekom Slovenije Group	115,195	118,608	97

* IPKO – Kosovo: includes the acquisition in 2023 of the radio frequency spectrum for 2x10 MHz capacities in the 800 MHz frequency band and 1x100 MHz in the 3.6 GHz frequency band. The investment in this regard amounts to EUR 4,921 thousand.

Employees

Number of employees as at	30 September 2023	31 December 2022	Index 23/22
Telekom Slovenije	2,100	2,103	100
Other companies in Slovenia	688	681	101
IPKO – Kosovo	471	478	99
Telekom Slovenije Group	3,259	3,262	100

TELEKOM SLOVENIJE GROUP CONNECTIONS AND SERVICES BY TYPE AND MARKET

Broadband connections

Number of connections as at	30 September 2023	30 September 2022	Index 23/22
Slovenia – retail	198,974	196,578	101
Slovenia – wholesale	173,067	176,267	98
Slovenia total	372,041	372,845	100
Kosovo – retail	110,744	116,163	95
Telekom Slovenije Group	482,785	489,008	99

Mobile telephony

Number of connections as at	30 September 2023	30 September 2022	Index 23/22
Slovenia – retail	951,815	949,772	100
Slovenia – wholesale	164,975	159,179	104
Slovenia total	1,116,790	1,108,951	101
Kosovo – retail	1,052,979	1,011,195	104
Telekom Slovenije Group	2,169,769	2,120,146	102

Fixed telephony and VoIP services

Number of connections as at	30 September 2023	30 September 2022	Index 23/22
Slovenia – traditional fixed voice telephony	269,912	286,474	94
Slovenia – VoIP	168,768	178,803	94
Slovenia total	438,680	465,277	94
Kosovo – VoIP	33,887	34,405	98
Telekom Slovenije Group	472,567	499,682	95

3.5. Share trading and ownership structure

General information regarding Telekom Slovenije shares as at 30 September 2023

General information regarding shares	
Ticker symbol	TLSG
Listing	Ljubljana Stock Exchange, prime
Share capital (EUR)	272,720,664.33
Number of ordinary registered no-par value	6,535,478
Number of shares held in treasury	36,836
Number of shareholders as at 30 September	8,357

Trading in TLSG share

The share of Telekom Slovenije is listed on the prime securities market of the Ljubljana Stock Exchange under the ticker symbol TLSG. The share is included in the SBITOP and SBITOP TR share indices, and accounted for 3.91% of those indices according to the half-yearly review of the composition and computational parameters of both indices conducted on 18 September 2023. The SBITOP and SBITOP TR are the Slovenian 'blue chip' indices and offer information regarding the movement of the most liquid and largest shares on the Ljubljana Stock Exchange. In contrast to the SBITOP, the SBITOP TR takes into account both market prices and dividends in its calculation. TLSG share is also included in the ADRIAprime share index, which is a composite index of selected companies listed on the prime markets of the Ljubljana Stock Exchange and Zagreb Stock Exchange. It is a total return index that takes into account both changes in share prices and dividends.

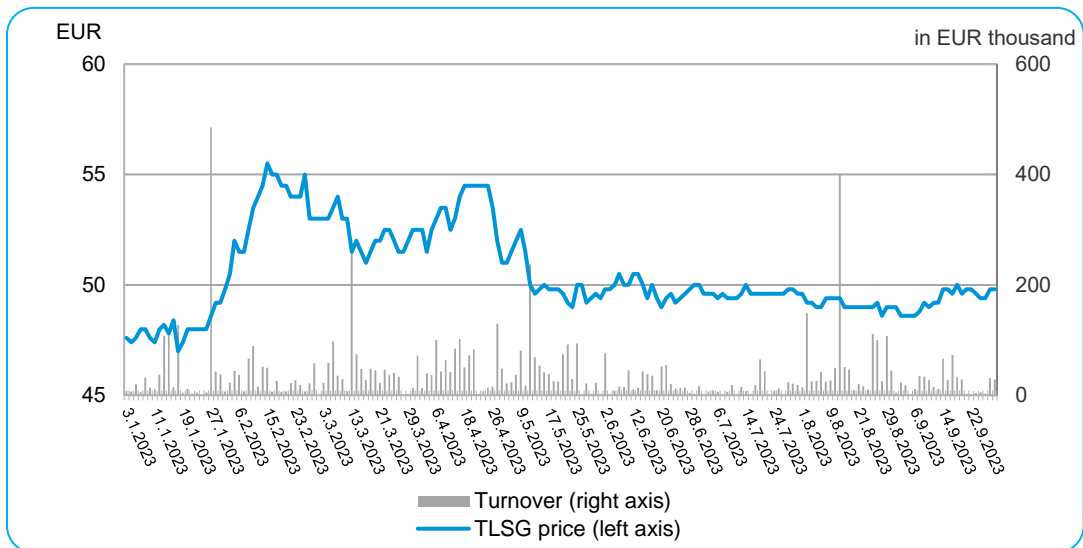
The price of TLSG share closed at EUR 49.80 on the last trading day of September 2023. The share price rose by 5.5% in the period January to September 2023, while the SBITOP index was up by 12.2% during the same period. The market capitalisation of Telekom Slovenije stood at EUR 325.5 million on the last trading day of September. Turnover in Telekom Slovenije shares totalled EUR 7.3 million in the period January to September 2023, representing 2.7% of total turnover on the stock exchange.

Trading statistics for TLSG share on the Ljubljana Stock Exchange

Standard price in EUR	I – IX 2023	I – IX 2022
Highest daily price	55.50	61.00
Lowest daily price	47.00	47.20
Average daily price	50.50	56.86
Volume in EUR thousand	I – IX 2023	I – IX 2022
Total volume for the period*	7,270.42	8,434.97
Highest daily volume	485.54	653.46
Lowest daily volume	0.00	0.00
Average daily volume	39.09	44.63

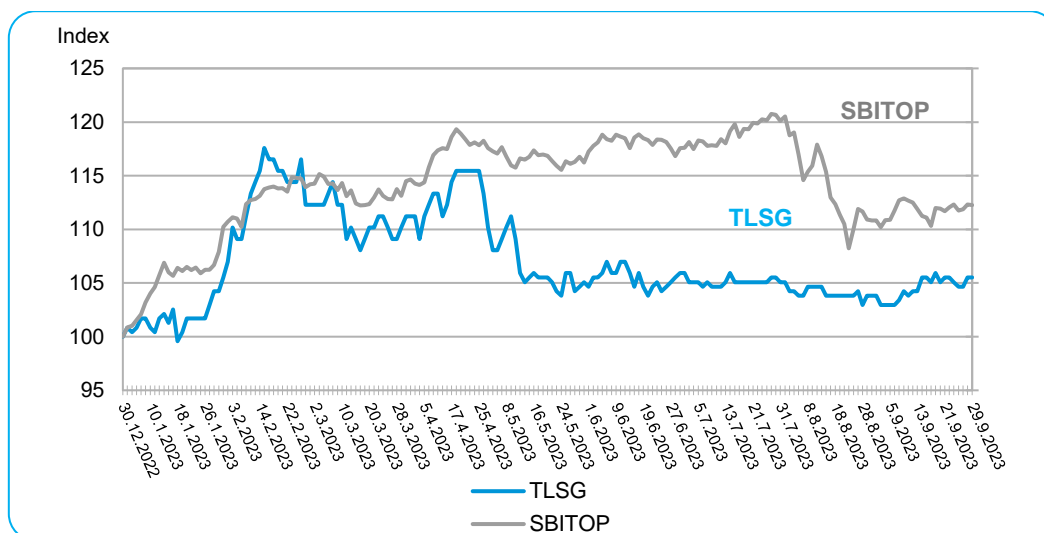
* Also includes block trades.

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



Source: Ljubljana Stock Exchange, archive of data.

Movement in the TLSG share price compared to the SBITOP (index: 31 December 2022 = 100)



Source: Ljubljana Stock Exchange, archive of data.

Key financial data relating to shares

	30 September 2023/ I – IX 2023	30 September 2022/ I – IX 2022
Closing price of one share on the last trading day of the period in EUR	49.80	48.20
Book value of one share in EUR ¹	99.66	93.27
P/BV	0.50	0.52
Net earnings per share in EUR ²	6.14	6.00
Capital return per share during the period in % ³	5.51	-14.23

Notes:

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

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

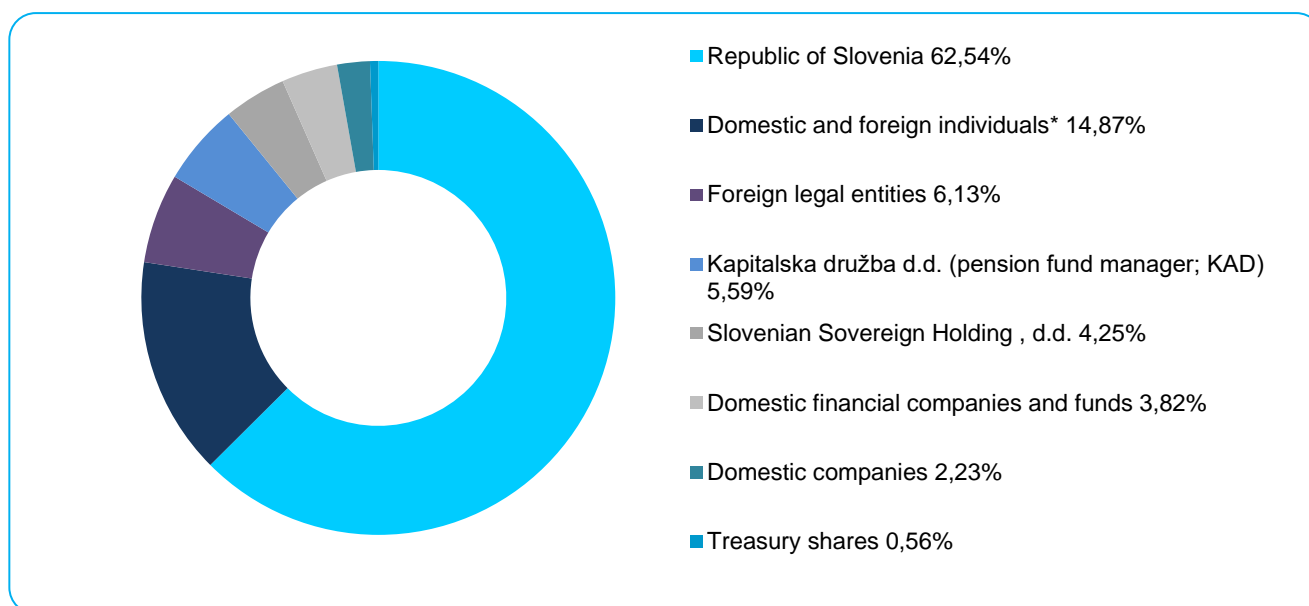
³ The capital return per share is calculated as follows: (share price on the final trading day of the period – share price on the final trading day of the previous period) / share price on the final trading day of the previous period.

Ownership structure and largest shareholders as at 30 September 2023

Telekom Slovenije had 8,357 shareholders as at 30 September 2023, a decrease of 101 relative to the end of 2022.

At 0.51 percentage points, domestic and foreign individuals recorded the most significant increase in ownership stake during the first nine months of 2023, while the ownership stake held by domestic financial corporations and funds was down by 0.34 percentage points. The ownership stakes held by foreign and domestic legal entities were also down, by 0.10 and 0.07 percentage points, respectively.

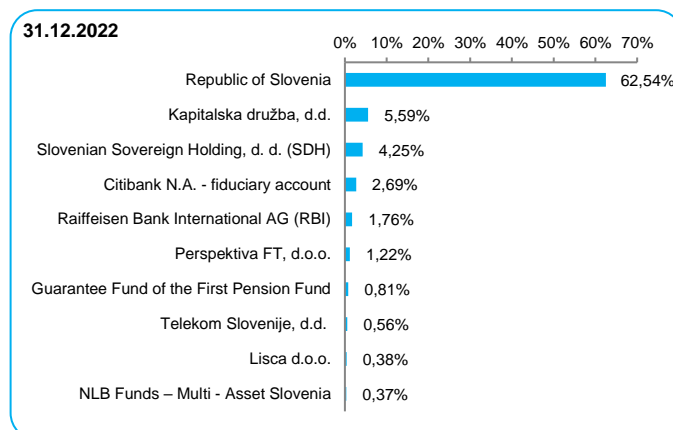
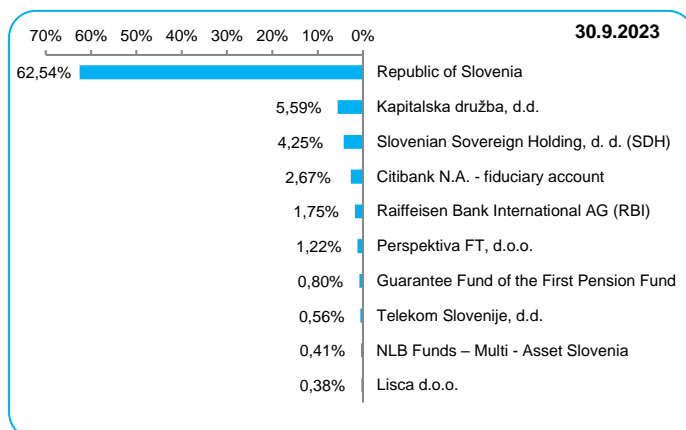
Ownership structure as at 30 September 2023



* Individual shareholders include individuals who pursue gainful activities on the market.

Ten largest shareholders as at 30 September 2023

The concentration of ownership, as measured by the ownership stake held by the ten largest shareholders, stood at 80.18% as at 30 September 2023, an increase of 0.01 percentage points relative to the end of 2022. The order of the top ten owners changed due to an increase in the ownership stake of NLB Funds (Slovenian balanced funds).



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

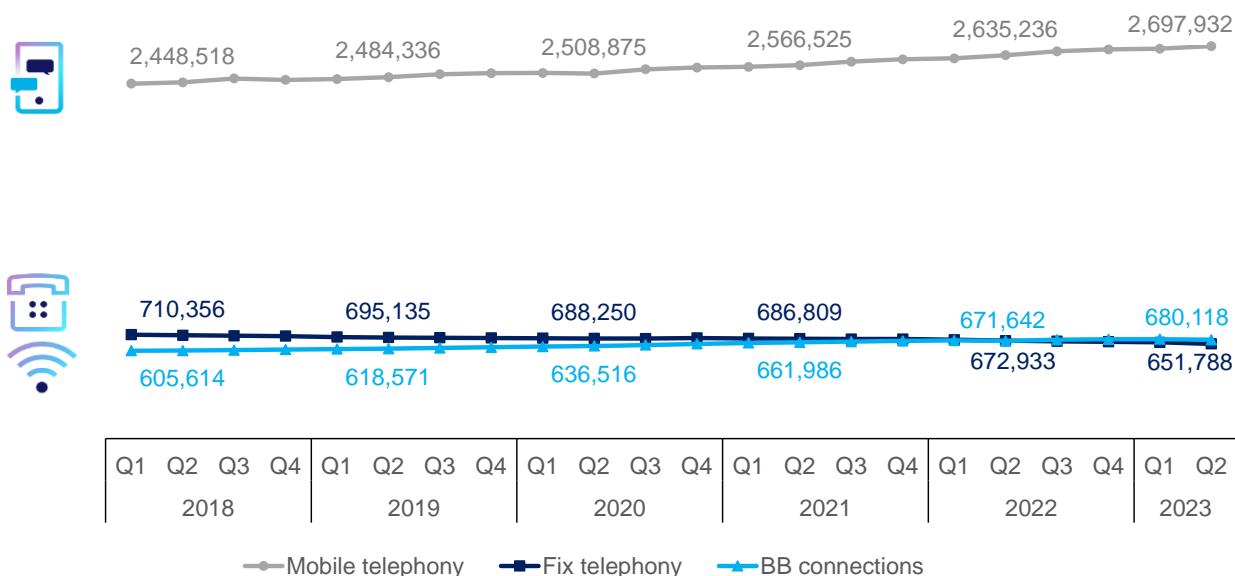
Members of the Management Board and Supervisory Board held 1,178 TLGS shares as at 30 September 2023.

Name	Office	Number of shares	% in equity
Management Board			
Boštjan Škufca Zaveršek, MSc	Vice-President of the Management Board	380	0.00581
Vesna Prodnik, MSc	Member of the Management Board	400	0.00612
Supervisory Board			
Aleksander Igličar, MSc	Member of the Supervisory Board	150	0.00230
Drago Kijevčanin	Vice-President of the Supervisory Board	212	0.00324
Dušan Pišek	Member of the Supervisory Board	36	0.00055
Total Management Board and Supervisory Board		1,178	0.01802

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

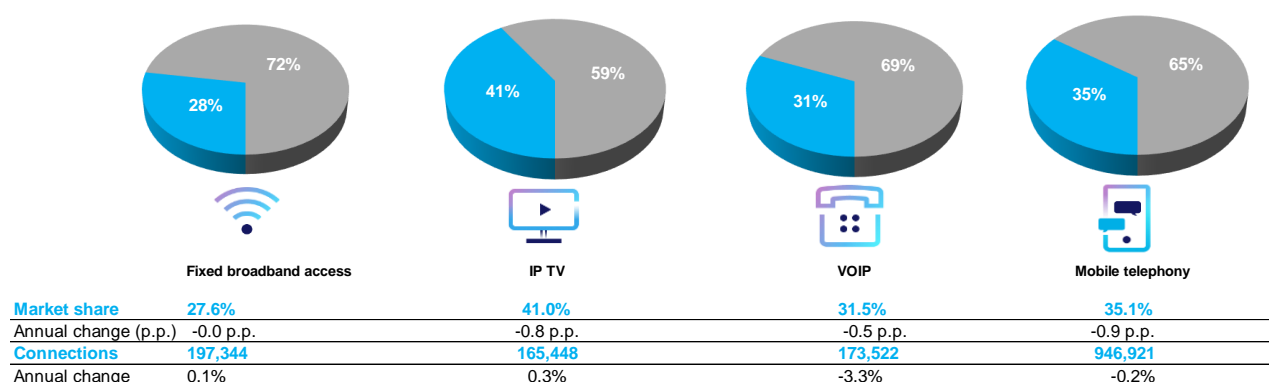
3.6. Market and market shares in key service segments

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



Source: Statistical Office of the Republic of Slovenia, Electronic Communications, second quarter of 2023.

Telekom Slovenije's market shares in the second quarter of 2023 in key market segments



Source: Report on the development of the electronic communications market for the second quarter of 2023, AKOS; internal Telekom Slovenije figures.

3.7. Risk management

Key risks are presented below by Telekom Slovenije Group company.

TELEKOM SLOVENIJE

Strategic risks

- On the market, Telekom Slovenije faces stiff competition in terms of pricing, services and the infrastructure, regulatory requirements, unpredictable fluctuations on electricity prices, the changing needs and expectations and price-sensitivity of users, and the migration of voice traffic to OTT platforms. Users demand high-quality and more extensive services at lower prices. The management of such risks requires a targeted market approach, the constant introduction of innovations, and the active monitoring of the expectations of users and market trends. The focus is on ensuring high quality and a broad range of services for different user segments, and the continuous adaptation of solutions and the portfolio. The optimisation and development of the product portfolio are ongoing processes. The mobile and fixed packages are being updated as a response to the needs of users. An active communication campaign is in progress to encourage the replacement of older Netgem set-top boxes with modern NEO Smartboxes for an even better user experience. We upgraded the NEO user interface for quicker access to TV content. The use of advanced mobile payment options is encouraged (e.g. VALÚ and VALÚ Moneta). Intensive activities are being carried out in the sale of cyber security, IT support, eCare and telemedicine services, and comprehensive ICT solutions tailored to the needs of business users, while strategic partnerships are being formed for innovative solutions. Programmes are on-going to maintain subscribers and digitalise processes for users (digital communication, simple IT architecture and technology). Launched in September was the redesigned www.telekom.si website, which offers a modern design, easier access to the portfolio of products and services, new content and increased speed of operation, all with the aim of ensuring the best user experience. The Online Shop and My Telekom (on the web and via a mobile application) have also taken on a new look. A new CRM system is being implemented for business users and for the needs of the wholesale market. New longer-term agreements are being concluded and existing agreements are being renewed with international operators with an agreed volume of telephone traffic. The wholesale portfolio is

being adapted in accordance with regulatory obligations and taking into account market needs. Additional international redundant connections have been established to increase cyber security.

Financial risks

- Telekom Slovenije closely monitors changes in the financial environment and the financial risks to which it is exposed in its operations.
- Liquidity risk is managed through the management and planning of cash flows, through the optimisation of working capital, by ensuring the appropriate maturities of financial debt, and through short-term credit lines that are regularly rolled over taking into account needs, and the use of liquid assets within the Group.
- The Company manages credit risk through the active monitoring of credit exposure to customers, and the operations and credit ratings thereof, and by limiting maximum allowable exposures. It further hedges against the risk of the deteriorating financial position of customers through credit insurance and by regularly monitoring the appropriateness thereof. Monitoring of the settlement of customers' contractual obligations and the active recovery of past-due debt are elements of comprehensive credit risk management.
- The Company manages the risk of higher interest rates by ensuring the appropriate structure of financial debt that bears a fixed or variable interest rate. At the level of the Group and Company, 28.6% of financial debt from loans raised bears a fixed interest rate.

Regulatory and compliance-related risks

- In its operations, Telekom Slovenije complies with valid legislation, as well as decisions and aspects of sectoral regulations and other competent bodies. We manage regulatory risks through organisational and procedural measures, through constructive dialogue, by putting forth opinions, comments and suggestions in public consultations regarding drafts of general and specific laws issued by the regulator, and by taking legal action against issued regulatory decisions, whenever that is justified.
- The risk associated with personal data protection derives from the large scope and categories of personal data that Telekom Slovenije processes as the leading operator in Slovenia. Key in that respect is the application

of Regulation (EU) 2016/679 of the European Parliament and of the Council on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (General Data Protection Regulation or GDPR) and sectoral legislation, in particular the Electronic Communications Act (ZEKom-2). The GDPR brought stricter regulation and increased the awareness of both users and the general public regarding the protection of data, while sectoral legislation sets out the obligations of the Company in individual areas of operations. The new Personal Data Protection Act (ZVOP-2) entered into force on 26 January 2023. Under that act, the Information Commissioner is carrying out supervision in accordance with the GDPR, while the new act also brought updated requirements for specific areas of personal data processing. Telekom Slovenije ensures compliance through the continuous monitoring, updating and improvement of personal data protection processes and internal controls. Accordingly, it is monitoring the drafting of other regulations in the area of personal data processing at the national and EU levels (adopted Regulation (EU) 2023/1543 on European evidence production and preservation orders, which will enter into force in August 2026, the e-privacy regulation, which is being coordinated by EU bodies, and the draft Data Act, which is under consideration) that will impact the processing of data during the provision of the Company's services.

Operational risks

- Telekom Slovenije gives a great deal of attention to managing ICT-related operational risks. These risks are managed through the control and development of subsystems, by improving operational efficiency and through employee training, all while supporting new business opportunities. The Company continuously optimises the network, data centres and other technical infrastructure taking into account the development of the market and technologies. The use of standard (cloud) building blocks in the network and information systems is increasing. The capacity of equipment is being upgraded and the number of licences increased in the mobile network in line with growth in traffic. Multiple activities are in progress to replace communication equipment in the MPLS backbone network and to upgrade the mobile packet network. Modern network technology (Software Defined Access), which includes the 'zero trust' principle of cyber security and advanced user authentication and authorisation techniques, is being introduced at an accelerated rate in the internal business

network. In the area of ICT security, the Company continuously develops systems for monitoring technologies and anomalies in the infrastructure and ICT services. Penetration testing and testing of the vulnerability of systems is carried out in the scope of the Cyber Security and Resilience Centre, which operates 365/24/7. The security of the infrastructure is continuously hardened (through the implementation of security patches for software solutions, new firewall security rules, the additional logical segmentation of the internal business network, the introduction of advanced user authentication and authorisation mechanisms, and security enhancements to the remote access system). Risks are also managed through the implementation of the security policy, by identifying security threats and vulnerabilities, and by spreading the security culture. Investments are made continuously in the development of the capacities (people, processes and technologies) in order to improve cyber resilience. The network (fixed and mobile) and systems are continuously upgraded and adapted to new threats with the aim of preventing abuse both in the national network and in roaming.

- The Company continuously improves IT processes and mechanisms to ensure the smooth functioning of systems and applications, and modernises and makes technological upgrades in line with trends and needs.
- The Company continuously monitors electricity prices on the market, adapts purchasing models and makes partial purchases of electricity.
- Telekom Slovenije also faces risks associated with retaining employees, as it is difficult to recruit and retain staff with specific expertise due to labour market conditions and increased demand for professionally qualified personnel. The Company responds to these risks through targeted development and training programmes, by promoting the transfer of knowledge through mentors, by offering support to employees in the acquisition of new competences, by promoting cooperation and internal mobility, and by implementing other activities to motivate and retain employees. The Company actively works with various educational institutions and implements numerous activities to build the employer brand with the aim of attracting new and diverse candidates.
- The Company manages risks in connection with procurement processes through proactive communication with suppliers, through the continuous monitoring of the availability of goods and the timeliness of deliveries, by

ensuring safety stocks of strategic materials, by searching for alternative suppliers and by implementing a strategy of several suppliers. Telekom Slovenije also regularly monitors cooperation with strategic suppliers.

Risks relating to sustainability aspects of operations

- The sustainability aspects of operations (ESG) are integrated into the operations of all Telekom Slovenije Group companies.
- The Company regularly monitors impacts and assesses risks on that basis. Risk management measures primarily relate to further efforts aimed at more efficient energy consumption and the reduction of emissions.
- The digital and green transitions are integrated into the strategy of the Company and Group, which is based on the superior quality of the network and the most advanced ICT services and solutions, all of which contributes to the mitigation of climate and environmental changes and the adaptation to the impacts thereof, and also facilitates energy savings.
- Telekom Slovenije regularly briefs stakeholders and provides information regarding activities relating to its socially responsible and sustainable conduct.

AVTENTA

- Changing market conditions, including new technologies and new business models, affect risks in connection with achieving planned revenues. Those risks are managed through new sales opportunities and the development of digital solutions. The company adapts to new business models (S4/Hana, Cloud, etc.), technologies and solutions on the market.

GVO

- Contributing to risks in connection with the achievement of expected revenues is the declining scope of public investments in the infrastructure and thus a lack of public tenders for investment construction activities. These risks are managed through the search for new opportunities on the domestic and foreign markets, where the company acts as the primary contractor or subcontractor on major projects.

SOLINE

- Inclement weather in 2023 has resulted in poorer conditions for salt extraction. Produced quantities of table salt are thus well below expected levels. The company will offset the decline in production by using stocks. Together with the Slovenian government, as owner of the Sečovlje Salina Nature Park (SSNP), the company coordinates funds for the

maintenance of the park annually, and continuously reports on the effect of climate change on the ecosystem of the SSNP.

TSinpo

- Risks in connection with achieving planned revenues from cardboard products are managed through active sales and by changing the organisation of work on the cardboard production line.

TSmedia

- Risks in connection with achieving planned revenues are managed through new content projects and the expansion of the outdoor jumbo network, and the search for new opportunities and new sales campaigns, which include the preparation of the creative basis for advertisements for larger orders. New channels and segments are being added in the area of targeted TV advertising.

IPKO

- The company responds to the risk of the loss of users and revenues in the segment of fixed services due to aggressive competition through special promotional offers and the appropriate market approaches.
- Risks associated with the loss of premium fixed segment customers due to the offer of programme content are managed through advertising and the promotion of new packages to maintain users, including the further enhancement of content and the search for alternative approaches.
- Risks in connection with achieving revenues from business users are managed via campaigns to attract new users, and through cross-selling and additional sales.
- The company responds to risks associated with maintaining growth in the number of subscribers in the mobile segment through special offers and the appropriate market approaches.
- The risk of additional investments due to regulatory requirements and the demands of the business environment relating to the shift from an aerial to an underground infrastructure is managed by coordinating with the Kosovo Energy Distribution Services (KEDS), local communities and other operators. The regulatory agency (RAEPC) is informed about potential negative impacts on the functioning of telecommunication services.
- On account of non-standard development and the departure of staff, IT risks are managed through the continuation of the BSS transformation programme, the consolidation of processes and additional training.
- A search is in progress for a new secondary

location to ensure business continuity in the event of a catastrophe (disaster recovery).

- The company negotiates and communicates with all stakeholders in connection with the risk associated with the payment of copyright fees and fees for the transmission of programmes via the cable network.
- The migration of citizens affects market potential, growth in the number of subscribers and market share. That risk is managed through campaigns adapted to business and residential users.
- Risks exist in connection with recruiting and retaining competent employees and higher labour costs. The company implements various activities to retain employees.

- With respect to risks in connection with legislative changes and the interpretation thereof, the company expects that the new public procurement act will be in line with EU directives.
- Security conditions in the north of Kosovo impact the return of expatriates, which in turn could affect the achievement of planned revenues in this segment.
- The more rapid implementation of 5G technology by the competition could lead to the loss of the company's leading position on the market. For this reason, the company is preparing intensively for the rapid introduction of 5G.

4. CORPORATE GOVERNANCE

Management Board

Telekom Slovenije's Management Board comprised the following members as at 30 September 2023:

- Boštjan Košak, President,
- Boštjan Škufca Zaveršek, MSc, Vice-President,
- Irma Gubanec, MSc, member,
- Vesna Prodnik, MSc, member, and
- Špela Fortin, member and Workers' Director.

The President of the Management Board, Boštjan Košak, began his four-year term of office on 4 October 2022. Ms Irma Gubanec, MSc, began her four-year term of office on 12 October 2022, while Mr Škufca Zaveršek, MSc, began his four-year term of office on 14 November 2022. Boštjan Škufca Zaveršek, MSc was appointed Vice-President of the Management Board. The Supervisory Board appointed Vesna Prodnik, MSc as member of the Management Board responsible for technology on 19 October 2022. Her four-year term of office began on 14 November 2022. Ms Špela Fortin's second four-year term of office began on 14 September 2023.

Supervisory Board

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

The Supervisory Board comprised the following members as at 30 September 2023:

Shareholder representatives:

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

Employee representatives:

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

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

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

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

SLOVENIA

GVO, d.o.o.

Managing Director: Dr Zef Vučaj

Supervisory Board: Vesna Prodnik, MSc (President), Peter Anžin and Helena Jakič

Peter Anžin began his term of office as member of the company's supervisory board on 9 June 2023. The function of supervisory board member Sabina Merhar ended on the same day.

Infratel, d.o.o.

Managing Director: Dr Zef Vučaj

Optic-Tel, d.o.o.

Managing Director: Dr Zef Vučaj

Avtenta, d.o.o.

Managing Director: Matija Nendl

Primož Kučič served as Managing Director until 31 March 2023.

TSmedia, d.o.o.

Managing Director: Igor Gajster

Soline, d.o.o.

Managing Director: Klavdij Godnič

TSinpo, d.o.o.

Managing Director: Vesna Lednik

Sandra Peršak served as Managing Director until 9 January 2023.

OTHER COUNTRIES

IPKO Telecommunications LLC, Kosovo

CEO: Tomaž Seljak, MSc

The four-year term of office of the company's CEO, András Páli, began on 4 November 2023.

SIOL, d.o.o. Zagreb, Croatia

Managing Director: Simon Furlan, MSc

SIOL, d.o.o. Podgorica, Montenegro

Managing Director: Simon Furlan, MSc

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

Managing Director: Simon Furlan, MSc

SIOL, DOOEL Skopje, North Macedonia

Managing Director: Simon Furlan, MSc

SIOL DOO BELGRADE, Serbia

Managing Director: Simon Furlan, MSc

SIOL Prishtina LLC, Kosovo

Managing Director: Simon Furlan, MSc

GVO Telekommunikation GmbH

Liquidator: Roman Mazi

5. SIGNIFICANT EVENTS IN THE PERIOD JANUARY TO SEPTEMBER 2023

FIRST QUARTER OF 2023

JANUARY

- On 9 January, Telekom Slovenije's Supervisory Board gave its consent to the appointment of Vesna Lednik as Managing Director of TSinpo, for a four-year term of office that began on 10 January.
- Telekom Slovenije received a decision from the Ljubljana District Court on 16 January. Under that decision, the court halted proceedings involving a countersuit from POP TV, d.o.o. and Kanal A, d.o.o., which demanded damages from Telekom Slovenije totalling EUR 58,154,012.16, with appertaining amounts. The halting of proceedings was the result of the withdrawal of the lawsuit filed against the two aforementioned companies by Telekom Slovenije and the withdrawal of the countersuit filed by those companies against Telekom Slovenije.
- The independent international organisation, Top Employers Institute, once again awarded Telekom Slovenije the Top Employer certificate for 2023 following an in-depth assessment of HR practices. That respected institute sets the global professional standard in recognising excellence of HR practices that companies implement for their employees. Telekom Slovenije received the aforementioned certificate for the second consecutive year.

FEBRUARY

- On 10 February, member of the Management Board, Vesna Prodnik, MSc, purchased 400 of the Company's shares at a price of EUR 53.50 per share in the total amount of EUR 21,400.00.
- On 13 February, Telekom Slovenije's Supervisory Board gave its consent to the appointment of Matija Nendl as Managing Director of Avtenta, for a four-year term of office that began on 1 April.
- Telekom Slovenije upgraded its 4G and 5G mobile network in Kranjska Gora and Planica with even higher capacities and speeds. In this way, the capacity of the network was prepared and adapted to ensure complete stability and reliability, even in the context of a sharp increase in the number of users (by potentially tens of thousands). The 5G network recorded more than 100,000 users.
- Soline completed the renovation of four salt workers' houses in the Fontanigge area, which were damaged by floods in 2019 and 2020.

MARCH

- On 20 March, Vice-President of the Management Board, Boštjan Škufca Zaveršek, MSc, purchased 380 of the Company's shares at a price of EUR 52.00 per share in the total amount of EUR 19,760.
- On 23 March, Telekom Slovenije received a class action lawsuit from the Ljubljana District Court. That lawsuit was filed by the Pan-Slovenian Small Shareholders' Association (VZMD) for the reimbursement of damages in the estimated amount of EUR 122,689,762.25 with appertaining amounts. The court also called on the Company to respond with regard to the existence of conditions for confirmation of the class action lawsuit. That lawsuit allegedly represents damages incurred by the Company's subscribers in the period 1 January 2018 to 1 December 2022.
- On 31 March, Telekom Slovenije received a decision from the Slovenian Competition Protection Agency (hereinafter: the CPA), under which the CPA halted proceedings to determine the breach of Article 9 of the Prevention of Restriction of Competition Act because it was unable to obtain evidence of the existence of the necessary technical solution prior to 3 March 2005 and thus calculations of the economic effect to support allegations of the abuse of a dominant position on the inter-operator broadband access market with bit-streaming in the Republic of Slovenia (by making ADSL connections conditional on the prior leasing of ISDN connections).
- Telekom Slovenije presented the Cyber Security Operation Centre and the importance of activities to ensure cyber resilience to journalists.
- Telekom Slovenije and its partners at the University of Ljubljana's Faculty of Electrical Engineering set up a 5G research and test environment. Modern equipment at technical faculties is crucial for educating the young people who are and will be the creators of the digital future.
- Telekom Slovenije updated the *NEO* and *Naj* packages. *NEO* packages now include even faster internet access and a TV programming scheme with a broad range of content, while everything else is left to the imagination of users. *Naj* packages now include even higher mobile data quantities, both at home and in countries covered by the EU tariff.
- Telekom Slovenije donated EUR 20,000 to the Slovenian Red Cross for the renovation of the

Starfish Youth Home at the Debeli Rtič Youth Spa and Resort.

- Soline and the Ministry of Natural Resources and Spatial Planning signed an agreement on the management of the Sečovelje Salina Nature Park for 2023.
- TSinpo launched an automated line of machines for the manufacture of cardboard sleeves.

SECOND QUARTER OF 2023

APRIL

- Once again this year, Telekom Slovenije offered a special option to purchase additional data transfer quantities for subscribers to its mobile packages planning their holidays in Croatia.
- Telekom Slovenije patented one of its technical solutions with the Intellectual Property Office. Through that solution, Zavarovalnica Sava provides the only guaranteed tourist insurance in Slovenia with 'pay-as-you-roam' premium billing.

MAY

- On 10 May, Telekom Slovenije received a ruling from the Supreme Court of the Republic of Slovenia in an economic dispute in which SKY NET, d.o.o. has sued Telekom Slovenije (previously Mobitel) in connection with the fulfilment of an agreement under two lawsuits (total of EUR 33 million with appertaining amounts) and in connection with the nullification of the agreement under a counterclaim (EUR 25 million with appertaining amounts). The Supreme Court issued a ruling upholding the plaintiff's review, and reversing the ruling of the Ljubljana Higher Court in the points of the operative part that relate to 1) the decision regarding the appeal of SKY NET, d.o.o. against the ruling of the court of the first instance; 2) the decision regarding the appeal of Telekom Slovenije against the ruling of the court of the first instance with regard to the counter claim; and 3) the decision regarding the costs of the appeals procedure, and returned the matter in the aforementioned part to the court of the second instance for retrial before a different panel of judges.
- Telekom Slovenije facilitated the connection of subscribers to the internet and TV immediately following the conclusion of an agreement. This type of solution is especially welcome for subscribers in areas where fibre optic connections have not yet been established, but Telekom Slovenije intends to build or add them soon.

- In one year, i.e. from May 2022 to April 2023, the assistance centre received 20,236 calls from eCare users. During that time, help was organised for 1,037 users. In 201 of those cases, emergency medical assistance was organised. A total of 227 users required assistance due to a fall at home, while 126 users required assistance due to a deteriorating state of health.
- Together with Ruwid, Telekom Slovenije began the sustainable updating of *NEO* remote controls.

JUNE

- The 36th General Meeting of Shareholders was held on 16 June. Shareholders were briefed on the annual report for the 2022 financial year and on the Supervisory Board's report on the results of the verification of the annual report for the 2022 financial year, and conferred official approval on the Management Board and Supervisory Board for the 2022 financial year. Shareholders were briefed on the report on the remuneration of members of Telekom Slovenije, d.d.'s Management Board and Supervisory Board for 2022, and on information regarding the remuneration of members of management bodies of the three biggest subsidiaries for 2022. The General Meeting of Shareholders did not adopt a decision regarding the use of distributable profit, which amounted to EUR 40,292,646.55 in 2022. The General Meeting of Shareholders was briefed on and approved the Remuneration Policy for the Management Body of Telekom Slovenije and the Management Bodies of Telekom Slovenije Group Subsidiaries. The General Meeting of Shareholders appointed the audit firm Deloitte revizija, d.o.o. to audit the financial statements of Telekom Slovenije for the 2023, 2024 and 2025 financial years.
- Telekom Slovenije introduced an advanced email protection solution that recognises malicious emails with an accuracy of more than 99.99%.
- Telekom Slovenije included the DOX TV documentary programme in its programme scheme, with exclusive rights to that programme.
- Lightning strikes frequently damage or destroy modems, TVs, gaming consoles and computers, as electronic devices are especially vulnerable to this phenomenon. For this reason, Telekom Slovenije informs users about the importance of disconnecting devices from the communications network and electric power grid when storms are forecast, and prior to leaving on holiday. The free *Strela alarm* (Lightning Alarm) service is available to Telekom Slovenije subscribers. That service warns users in advance of a potential

lightning strike in the area where they use a fixed connection via SMS.

- TSmmedia published the 2022 financial data for more than 238 thousand Slovenian companies on Bizi.si.
- The targeted TV advertising service is now included in the research of Mediana IBO, which records investments by brands in advertising.

THIRD QUARTER OF 2023

JULY

- In the scope of the VARCITIES project, which includes the Municipality of Novo Mesto, Telekom Slovenije established an advanced IoT platform, which it also integrated with environmental sensors to provide decision-makers a comprehensive overview of the situation via an information solution.

AUGUST

- A large part of Slovenia was hit by catastrophic flooding. In consequence of this Telekom Slovenije immediately activated the Business Recovery Team (BRT), in line with the Business Continuity Management System (BCMS) which the company has established to respond to emergencies and which is certified under standard ISO/IEC 22301. The BRT was activated for the purpose of comprehensive implementation, planning and monitoring of activities involved in the fastest possible restoration of the network and services in affected areas, along with other activities on the corporate level. The cable infrastructure was flooded, damaged or severed at both the backbone and access levels of the network in affected areas. Telekom Slovenije was the first operator to fully re-establish the mobile network. During this period it also allowed the users of all other operators in Slovenia to communicate on its network.
- Telekom Slovenije provided all of its mobile telephony subscribers in affected regions and those who assisted in the field 30 days of unlimited mobile data transfer in its network. To thank all Slovenian firefighters, the Company gifted them an additional 500 GB of data transfer a month in its mobile network for one year.
- In cooperation with Telekom Slovenije and other partners, the Municipality of Celje launched the *Centralka* mobile application and card.
- Telekom Slovenije's Supervisory Board gave its consent to the appointment of András Páli as CEO of IPKO Telecommunications LLC, for a term of office of four years beginning on 4 November 2023.

SEPTEMBER

- Pursuant to the Workers' Participation in Management Act and the proposal of the Works Council, Telekom Slovenije's Supervisory Board reappointed Špela Fortin to serve as member of the Management Board and Workers' Director. Ms Fortin's second four-year term of office began on 14 September.
- Telekom Slovenije guarantees the satisfaction of all NEO platform subscribers, while facilitating their immediate connection. This means that anyone not satisfied with the aforementioned service will have their money refunded in 30 days.
- In August, for the first time in the history of the service, the subscribers and prepaid users of Telekom Slovenije's mobile services donated more than one million euros via text messaging, a reflection of the extraordinary solidarity demonstrated by the population following the catastrophic floods that hit Slovenia at the beginning of August.
- Telekom Slovenije donated a total of EUR 250,000 to help the families and individuals who were hit the hardest. Another EUR 100,000 was earmarked for 20 volunteer firefighting brigades with whom teams from Telekom Slovenije and GVO worked most closely in affected areas in extremely difficult conditions. Telekom Slovenije donated EUR 100,000 to Radio 1's *Preprosto blizu* foundation, and EUR 50,000 to the Moste-Polje chapter of the Slovenian Friends of Youth Association for the Chain of Good People and Sponsorship projects. In addition, the Company helped those affected by the floods through its services in the total amount of EUR 350,000 and through a number of other activities, which together amounted to EUR 600,000. The floods damaged the homes of 39 Group employees.
- In September, Telekom Slovenije enriched its TV programming scheme with new documentaries, movies and series, while the long-awaited film *Barbie* came to the DKino video store.
- Telekom Slovenije began selling the latest iPhone 15 series of mobile phones on 22 September in conjunction with the start of global sales.
- As the long-time main sponsor of the Slovenian volleyball team, Telekom Slovenije rewarded members of the national team for the third place they achieved at the European Championship Samsung Galaxy S23 5G mobile phones and mobile access to the NEO TV platform.
- At the end of September, via public tender, the Ministry of Solidarity-Based Future selected Telekom Slovenije as the provider of eCare services, together with the Slovene Federation of Pensioners' Associations, for the period 1 October 2023 to 30 June 2025.

- Soline and the Ministry of Natural Resources and Spatial Planning signed an agreement on the management of the Sečovlje Salina Nature Park for the next 10-year period, i.e. until 2033.
- The Telekom Slovenije Group reported damages in the total amount of EUR 14.2 million

to insurance companies, municipalities and ministries as the result of floods in August 2023, with Telekom Slovenije accounting for EUR 9.8 million and GVO for EUR 4.4 million of the aforementioned amount.

6. SIGNIFICANT EVENTS AFTER THE REPORTING DATE

FOURTH QUARTER OF 2023

OCTOBER

- Telekom Slovenije published on 20 October 2023 a change to its financial calendar for 2023, whereby the Unaudited Business Report of the Telekom Slovenije Group and Telekom Slovenije, d.d. for the period January to September will be published on 8 November 2023.
- In the scope of the European Cybersecurity Month, Telekom Slovenije's Cyber Security and Resilience Centre warned in October 2023 that the number of cyber and security incidents continues to rise. Cyber security experts at Telekom Slovenije thus handled 65% more security incidents a month during the first half of this year relative to the same period in 2022. The most common causes of security incidents are malware, DDoS attacks, and data loss, disclosure and theft. Attacks that most frequently start with phishing and continue with various levels of extortion are also increasing. Also on the rise is the abuse or attempted abuse of login data (passwords, personal data, payment card data, etc.), while attackers are intensifying their search for vulnerabilities in systems and business processes by attempting to scan the network.
- For the 16th year in a row, Telekom Slovenije and Samsung are supporting the Europa Donna Slovenian Association Against Breast Cancer with a donation on 26 October 2023 in the amount of EUR 10,000 and special pink mobile phones. In this way, the two aforementioned companies are taking part in breast-cancer awareness activities.

7. CONDENSED INTERIM ACCOUNTING REPORT OF THE TELEKOM SLOVENIJE GROUP AND TELEKOM SLOVENIJE, D.D. FOR THE PERIOD JANUARY TO SEPTEMBER 2023

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

The condensed financial statements for the period ending 30 September 2023 were compiled in accordance with IAS 34 Interim Financial Reporting, and must be read in conjunction with the financial statements and disclosures compiled for the 2022 financial year. The financial statements for the period January to September 2023 and for the comparative period January to September 2022 have not been audited, while the financial statements for the comparative period ending 31 December 2022 have been audited. The financial statements of the Group and Company were compiled under the assumption that both are going concerns. Operations are not seasonal.

Changes in accounting policies

The accounting policies used in the compilation of the interim condensed financial statements are the same as those applied in the compilation of the financial statements for the financial year ending 31 December 2022.

Use of significant estimates and judgements

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

Functional and presentation currency

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

Aid to companies due to high energy prices in 2023

Within the Telekom Slovenije Group, Telekom Slovenije and GVO received state aid in accordance with the Act on Aid to the Economy to Mitigate the Impact of the Energy Crisis (ZPGOPEK) in the period January to September 2023, as follows:

Company	Funds approved by the state	Total received in the period I – IX 2023
Telekom Slovenije	3,821,706.06	2,293,023.61
GVO	74,904.80	44,744.94
Total	3,896,610.86	2,337,768.55

The two aforementioned companies recognised funds received in other operating revenues.

Impact of floods on the operations of the Group and Company

Part of Slovenia was hit by catastrophic floods at the beginning of August. The cable infrastructure was flooded, damaged or severed at both the backbone and access levels of the network in affected areas. Telekom Slovenije's network and the newly built open broadband network owned by GVO were damaged. Certain functional locations were completely destroyed or flooded.

The Telekom Slovenije Group and Telekom Slovenije recognised an impairment assessment of the infrastructure damaged in the August floods. The total recognised net effect on the EBIT of the Telekom Slovenije Group was estimated at EUR 5.3 million, of which EUR 2.7 million in Telekom Slovenije. The estimated impairment of the present value of property, plant and equipment amounted to EUR 8.1 million at the Group level and to EUR 3.7 million at Telekom Slovenije, and was recognised in the income statement in other expenses. The effects of impairment must be considered together with estimated other operating revenues (revenues from insurance premiums and revenues from the elimination of provisions for received subsidies), which amounted to EUR 2.8 million at the Group level and EUR 1 million at Telekom Slovenije.

Temporary connections were established for fixed services in affected areas and will be fully rehabilitated in the future, together with the remaining infrastructure. A comprehensive repair plan is being drafted. The Company will pursue an optimal network architecture in the scope of that plan. The timetable for implementation will partly depend on the restoration of other infrastructure at the national and local levels.

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

Unaudited consolidated and separate statement of profit or loss for the period ending 30 September 2023

in EUR thousand	Telekom Slovenije Group		Telekom Slovenije	
	I – IX 2023	I – IX 2022	I – IX 2023	I – IX 2022
Sales revenue	518,800	485,450	449,341	428,432
Other operating income	8,363	4,824	5,777	2,201
Cost of goods sold	-65,316	-62,043	-68,237	-68,103
Costs of materials and energy	-22,779	-16,305	-18,803	-11,720
Costs of services	-159,184	-151,507	-149,247	-146,232
Labour costs	-84,561	-82,592	-68,817	-66,204
Depreciation and amortisation	-122,277	-123,668	-102,603	-103,741
Other operating expenses	-13,533	-3,046	-8,834	-3,421
Total operating expenses	-467,650	-439,161	-416,541	-399,421
Earnings before interest and taxes	59,513	51,113	38,577	31,212
Finance income*	966	1,103	3,793	3,294
Finance expenses	-13,175	-6,531	-12,366	-6,268
Profit before tax	47,304	45,685	30,004	28,238
Corporate income tax	-4,293	-3,720	-2,260	-2,246
Deferred taxes	-3,088	-2,963	-3,091	-2,956
Net profit	39,923	39,002	24,653	23,036
Earnings per share				
Basic earnings per share in EUR	6,14	6,00	3,79	3,54
Diluted earnings per share in EUR	6,14	6,00	3,79	3,54

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

Unaudited consolidated and separate statement of other comprehensive income for the period ending 30 September 2023

in EUR thousand	Telekom Slovenije Group		Telekom Slovenije	
	I – IX 2023	I – IX 2022	I – IX 2023	I – IX 2022
Net profit for the period	39,923	39,002	24,653	23,036
<i>Other comprehensive income that may be subsequently reclassified to the statement of profit or loss</i>				
Translation reserves	0	11	0	0
Change in the fair value of hedging financial instruments	-19	104	-20	104
Deferred tax	5	-53	4	-53
Change in fair value of hedging financial instruments (net)	-14	51	-16	51
<i>Other comprehensive income that may not be subsequently reclassified to the statement of profit or loss</i>				
Net loss on equity instruments at fair value through other comprehensive income	37	-160	37	-160
Change in fair value of investments in equity instruments measured at fair value through other comprehensive income	-232	-185	-231	-185
Deferred tax	44	68	44	68
Change in fair value of investments in equity instruments measured at fair value through other comprehensive income	-188	-117	-187	-117
Other comprehensive income for the period after tax	-165	-215	-166	-226
Comprehensive income for the period	39,758	38,787	24,487	22,810

Unaudited consolidated and separate statement of financial position as at 30 September 2023

in EUR thousand	Telekom Slovenije Group		Telekom Slovenije	
	30 September 2023	31 December 2022	30 September 2023	31 December 2022
ASSETS				
Intangible assets	194,598	204,352	150,422	155,259
Property, plant and equipment	668,766	679,501	589,225	604,932
Right-of-use assets	75,792	75,419	74,524	78,126
Investments in subsidiaries	0	0	38,720	38,720
Other investments	2,212	2,448	27,135	48,505
Contract assets	3,683	3,624	3,257	3,234
Other receivables	17,956	19,251	17,950	19,246
Deferred costs	2,863	3,293	3,053	3,694
Investment property	4,195	4,304	7,345	7,457
Deferred tax assets	36,236	39,324	35,965	39,057
Total non-current assets	1,006,301	1,031,516	947,596	998,230
Assets held for sale	796	796	796	796
Inventories	31,396	25,253	26,884	21,702
Trade and other receivables	163,461	157,680	153,084	150,884
Receivables for corporate income tax	604	1,387	126	1,286
Contract assets	22,814	15,942	22,788	15,562
Deferred costs	9,713	4,545	6,894	3,741
Investments	1,011	837	16,881	11,516
Cash and cash equivalents	64,967	37,382	55,705	19,573
Total current assets	294,762	243,822	283,158	225,060
Total assets	1,301,063	1,275,338	1,230,754	1,223,290
EQUITY AND LIABILITIES				
Share capital	272,721	272,721	272,721	272,721
Share premium	181,489	181,489	180,956	180,956
Profit reserves	106,479	106,479	104,978	104,978
<i>Legal reserves</i>	51,612	51,612	50,434	50,434
<i>Reserves for treasury shares</i>	4,065	4,065	4,065	4,065
<i>Treasury shares</i>	-4,065	-4,065	-4,065	-4,065
<i>Statutory reserves</i>	54,854	54,854	54,544	54,544
<i>Other profit reserves</i>	13	13	0	0
Retained earnings	89,826	50,003	71,559	46,869
<i>Retained earnings from previous periods</i>	49,903	12,497	46,906	26,076
<i>Profit or loss for the period</i>	39,923	37,506	24,653	20,793
Fair value reserves	-390	-188	-390	-188
Reserves for actuarial gains/losses	1,155	1,155	896	897
Translation reserves	51	18	0	0
Total equity	651,331	611,677	630,720	606,233
Contract liabilities	20,216	17,072	19,610	16,425
Provisions	21,703	21,220	18,361	17,925
Other liabilities	14,343	8,177	8,321	31,847
Accrued liabilities	7,076	5,810	646	666
Loans and borrowings	221,689	236,683	221,689	236,683
Lease liabilities	60,518	59,342	58,169	60,871
Deferred tax liabilities	1,845	1,893	245	293
Total non-current liabilities	347,390	350,197	327,041	336,710
Trade payables	105,899	123,915	86,885	99,300
Income tax payable	510	221	499	0
Loans and borrowings	131,495	132,757	131,495	132,757
Lease liabilities	9,892	10,603	11,806	12,527
Other financial liabilities	2	2	0	0
Contract liabilities	11,903	10,275	5,850	5,602
Accrued liabilities	42,641	35,691	36,458	30,161
Total current liabilities	302,342	313,464	272,993	280,347
Total liabilities	649,732	663,661	600,034	617,057
Total equity and liabilities	1,301,063	1,275,338	1,230,754	1,223,290

Unaudited consolidated statement of changes in equity of the Telekom Slovenije Group for the period ending 30 September 2023

in EUR thousand	Share capital	Share premium	Profit reserves					Retained earnings		Fair value reserve for financial instruments	Fair value reserve for hedging instruments in net amount	Fair value reserve for actuarial deficit and surplus	Translation reserves	Total
			Legal reserves	Reserves for own shares	Treasury shares	Statutory reserves	Other profit reserves	Retained earnings from previous years	Profit or loss for the period					
Balance as at 1 January 2023	272,721	181,489	51,612	4,065	-4,065	54,854	13	12,497	37,506	-202	14	1,155	18	611,677
Net profit or loss for the period	0	0	0	0	0	0	0	0	39,923	0	0	0	0	39,923
Other comprehensive income for the period	0	0	0	0	0	0	0	0	0	-151	-14	0	0	-165
Total comprehensive income for the period	0	0	0	0	0	0	0	0	39,923	-151	-14	0	0	39,758
Transfer of profit or loss from the previous year to retained earnings	0	0	0	0	0	0	0	37,506	-37,506	0	0	0	0	0
Other changes in equity	0	0	0	0	0	0	0	3	0	-37	0	0	34	0
Changes in equity	0	0	0	0	0	0	0	37,509	-37,506	-37	0	0	34	0
Other	0	0	0	0	0	0	0	-103	0	0	0	0	-1	-104
Balance as at 30 September 2023	272,721	181,489	51,612	4,065	-4,065	54,854	13	49,903	39,923	-390	0	1,155	51	651,331

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

in EUR thousand	Share capital	Share premium	Profit reserves					Retained earnings		Fair value reserve for financial instruments	Fair value reserve for hedging instruments in net amount	Fair value reserve for actuarial deficit and surplus	Translation reserves	Total
			Legal reserves	Reserves for own shares	Treasury shares	Statutory reserves	Other profit reserves	Retained earnings from previous years	Profit or loss for the period					
Balance as at 1 January 2022	272,721	181,489	51,612	3,671	-3,671	54,854	13	4,050	37,888	-26	-40	-2,139	9	600,431
Net profit or loss for the period	0	0	0	0	0	0	0	0	39,002	0	0	0	0	39,002
Other comprehensive income for the period	0	0	0	0	0	0	0	-160	0	-117	51	0	11	-215
Total comprehensive income for the period	0	0	0	0	0	0	0	-160	39,002	-117	51	0	11	38,787
Dividends paid	0	0	0	0	0	0	0	-29,244	0	0	0	0	0	-29,244
Purchase of treasury shares	0	0	0	0	-394	0	0	0	0	0	0	0	0	-394
Creation of reserves for treasury shares	0	0	0	394	0	0	0	-394	0	0	0	0	0	0
Transactions with owners	0	0	0	394	-394	0	0	-29,638	0	0	0	0	0	-29,638
Transfer of profit or loss from the previous year to retained earnings	0	0	0	0	0	0	0	37,888	-37,888	0	0	0	0	0
Changes in equity	0	0	0	0	0	0	0	37,888	-37,888	0	0	0	0	0
Other	0	0	0	0	0	0	0	-10	0	0	0	0	0	-10
Balance as at 30 September 2022	272,721	181,489	51,612	4,065	-4,065	54,854	13	12,130	39,002	-143	11	-2,139	20	609,570

Unaudited statement of changes in equity of Telekom Slovenije for the period ending 30 September 2023

in EUR thousand	Share capital	Share premium	Profit reserves					Retained earnings		Fair value reserve for financial instruments	Fair value reserve for hedging instruments in net amount	Fair value reserve for actuarial deficit and surplus	Total
			Legal reserves	Reserves for own shares	Treasury shares	Statutory reserves	Other profit reserves	Retained earnings from previous years	Profit or loss for the period				
Balance as at 1 January 2023	272,721	180,956	50,434	4,065	-4,065	54,544	0	26,076	20,793	-203	15	897	606,233
Net profit or loss for the period	0	0	0	0	0	0	0	0	24,653	0	0	0	24,653
Other comprehensive income for the period	0	0	0	0	0	0	0	0	0	-187	21	0	-166
Total comprehensive income for the period	0	0	0	0	0	0	0	0	24,653	-187	21	0	24,487
Transfer of profit or loss from the previous year to retained earnings	0	0	0	0	0	0	0	20,793	-20,793	0	0	0	0
Other changes in equity	0	0	0	0	0	0	0	37	0	-37	0	0	0
Changes in equity	0	0	0	0	0	0	0	20,830	-20,793	-37	0	0	0
Other	0	0	0	0	0	0	0	0	0	1	0	-1	0
Balance as at 30 September 2023	272,721	180,956	50,434	4,065	-4,065	54,544	0	46,906	24,653	-426	36	896	630,720

Unaudited statement of changes in equity of Telekom Slovenije for the period ending 30 September 2022

in EUR thousand	Share capital	Share premium	Profit reserves					Retained earnings		Fair value reserve for financial instruments	Fair value reserve for hedging instruments in net amount	Fair value reserve for actuarial deficit and surplus	Total
			Legal reserves	Reserves for own shares	Treasury shares	Statutory reserves	Other profit reserves	Retained earnings from previous years	Profit or loss for the period				
Balance as at 1 January 2022	272,721	180,956	50,434	3,671	-3,671	54,544	0	21,144	34,371	-27	-39	-1,863	612,241
Net profit or loss for the period	0	0	0	0	0	0	0	0	23,036	0	0	0	23,036
Other comprehensive income for the period	0	0	0	0	0	0	0	-160	0	-117	51	0	-226
Total comprehensive income for the period	0	0	0	0	0	0	0	-160	23,036	-117	51	0	22,810
Dividends paid	0	0	0	0	0	0	0	-29,244	0	0	0	0	-29,244
Purchase of treasury shares	0	0	0	0	-394	0	0	0	0	0	0	0	-394
Creation of reserves for treasury shares	0	0	0	394	0	0	0	-394	0	0	0	0	0
Transactions with owners	0	0	0	394	-394	0	0	-29,638	0	0	0	0	-29,638
Transfer of profit or loss from the previous year to retained earnings	0	0	0	0	0	0	0	34,371	-34,371	0	0	0	0
Changes in equity	0	0	0	0	0	0	0	34,371	-34,371	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	-1	1	0	0
Balance as at 30 September 2022	272,721	180,956	50,434	4,065	-4,065	54,544	0	25,717	23,036	-145	13	-1,863	605,413

Unaudited consolidated cash flow statement for the period ending 30 September 2023

in EUR thousand	Telekom Slovenije Group		Telekom Slovenije	
	I – IX 2023	I – IX 2022	I – IX 2023	I – IX 2022
Cash flows from operating activities				
Net profit for the financial year	39,923	39,002	24,653	23,036
Adjustments for:				
Depreciation and amortisation	122,277	123,668	102,603	103,741
Impairment and write-offs of property, plant and equipment and intangible assets	8,139	77	3,665	0
Gain/loss on disposal of property, plant and equipment	119	-616	-791	-700
Impairment and write-offs of inventories	516	428	515	359
Net impairment of receivables	2,908	1,291	2,143	808
Change in provisions and other changes	-26	-35	0	0
Finance income	-965	-1,103	-3,793	-3,294
Finance expenses	13,175	6,531	12,367	6,268
Income tax expense with deferred taxes	7,381	6,683	5,352	5,201
Cash flows from operating activities prior to changes in working capital and provisions	193,447	175,926	146,714	135,419
Change in inventories	-4,942	-4,898	-3,980	-2,671
Change in trade and other receivables	-7,490	631	-3,182	573
Change in accrued and deferred asset items and contract assets	-11,669	-10,185	-8,466	-6,648
Change in provisions	509	943	436	835
Change in trade and other payables	-12,409	-29,709	-7,657	-37,551
Change in accrued and deferred liability items and contract liabilities	12,988	17,528	9,712	10,734
Income tax paid	-1,476	-6,652	-657	-5,806
Net cash from operating activities	168,958	143,584	132,920	94,885
Cash flows from investing activities				
Proceeds from investing activities	714	2,070	24,647	16,371
Proceeds from sale of property, plant and equipment	457	1,379	1,861	1,379
Dividends received	164	238	270	383
Proceeds from interest	14	4	2,543	1,184
Inflows from the sale of financial assets	37	400	37	400
Proceeds from repayment of loans and deposits	42	49	19,936	13,025
Disbursements from investing activities	-105,131	-110,907	-85,073	-74,839
Disbursements for property, plant and equipment	-58,315	-65,681	-39,996	-47,659
Disbursements for non-current intangible assets	-46,616	-45,126	-40,957	-23,380
Investments in subsidiaries and associated companies	0	0	0	-1,000
Disbursements for loans and deposits issued	-200	-100	-4,120	-2,800
Net cash from investing activities	-104,417	-108,837	-60,426	-58,468
Cash flows from financing activities				
Proceeds from financing activities	0	25,000	0	25,000
Proceeds from non-current borrowings	0	20,000	0	20,000
Proceeds from current borrowings	0	5,000	0	5,000
Outflows from financing activities	-37,013	-62,722	-36,419	-62,268
Disbursements for purchase of treasury shares	0	-394	0	-394
Repayment of lease liabilities – principal	-8,155	-8,882	-7,843	-8,426
Repayment of non-current borrowings	-20,110	-20,110	-20,110	-20,110
Disbursements for interest	-8,748	-4,092	-8,466	-4,094
Dividends paid	0	-29,244	0	-29,244
Net cash from financing activities	-37,013	-37,722	-36,419	-37,268
Net increase/decrease in cash	27,528	-2,975	36,075	-851
Opening balance of cash	37,382	15,935	19,573	3,754
Effect of exchange rate changes on cash	57	65	57	65
Closing balance of cash	64,967	13,025	55,705	2,968

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

Telekom Slovenije Group

The Telekom Slovenije Group comprised the controlling company Telekom Slovenije and the following subsidiaries as at the reporting date (30 September 2023):

Company	Country	30 September 2023
Telekom Slovenije, d.d.	Slovenia	100%
GVO, d.o.o.	Slovenia	100%
TSmedia, d.o.o.	Slovenia	100%
Avtenta, d.o.o.	Slovenia	100%
Soline, d.o.o.	Slovenia	100%
TSinpo, d.o.o.	Slovenia	100%
Optic-Tel, d.o.o.	Slovenia	100%
Infratel, d.o.o.	Slovenia	100%
IPKO Telecommunications LLC	Kosovo	100%
SIOL, d.o.o., Zagreb	Croatia	100%
SIOL, d.o.o., Sarajevo	Bosnia and Herzegovina	100%
SIOL, d.o.o., Podgorica	Montenegro	100%
SIOL, DOOEL Skopje	North Macedonia	100%
SIOL DOO Beograd	Serbia	100%
USTANOVA SRČNI SKLAD	Slovenia	100%
SIOL Prishtina LLC	Kosovo	100%

Changes in the composition of the Group

Liquidation proceedings were initiated against GVO's German subsidiary, GVO GmbH, in March 2022. Those proceedings were completed on 25 September 2023 with the deletion of the aforementioned company from the German companies register. It was excluded from the consolidated financial statements of the Telekom Slovenije Group, effective on the day of deletion. The exclusion of the company does not have a significant impact on the consolidated statements of the Telekom Slovenija Group.

Segment reporting

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

Slovenia: this segment includes all Group companies registered in Slovenia, and primarily activities in the areas of fixed and mobile telephony services, the construction and maintenance of the telecommunications network, multimedia and internet services, and content and digital TV. The segment comprises the following companies: Telekom Slovenije, GVO, Avtenta, TSmedia, TSinpo, Optic-Tel, Infratel and Soline, as well as the Heart Foundation.

Other countries: this segment comprises other Group companies, including IPKO, SIOL Zagreb, SIOL Sarajevo, SIOL Podgorica, SIOL Skopje, SIOL Belgrade and SIOL Prishtina. This segment's main activity is the provision of telecommunication services.

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

The Group does not disclose finance income and expenses by segment, as the Group's financing is centralised at the level of the controlling company. Disclosures regarding revenues generated with external customers are described by type in the note 'Revenue'.

Segment reporting

in EUR thousand	Slovenia		Other countries		Eliminations and adjustments*		Total	
	I – IX 2023	I – IX 2022	I – IX 2023	I – IX 2022	I – IX 2023	I – IX 2022	I – IX 2023	I – IX 2022
Sales to customers	455,077	429,851	63,723	55,599	0	0	518,800	485,450
Inter-segment sales	63,439	61,854	7,181	6,764	-70,620	-68,618	0	0
Total segment revenue	518,516	491,705	70,904	62,363	-70,620	-68,618	518,800	485,450
Other operating income	7,922	3,454	441	1,370	0	0	8,363	4,824
Total operating expenses	-422,759	-395,741	-44,891	-43,420	0	0	-467,650	-439,161
Operating profit per segment	103,679	99,418	26,454	20,313	-70,620	-68,618	59,513	51,113
Finance income	0	0	0	0	0	0	966	1,103
Finance expenses	0	0	0	0	0	0	-13,175	-6,531
Profit before tax	0	0	0	0	0	0	47,304	45,685
Corporate income tax	0	0	0	0	0	0	-4,293	-3,720
Deferred taxes	0	0	0	0	0	0	-3,088	-2,963
Net profit for the financial year							39,923	39,002

Other data by segment	Slovenia		Other countries		Eliminations and adjustments*		Total	
	30 September 2023	31 December 2022	30 September 2023	31 December 2022	30 September 2023	31 December 2022	30 September 2023	31 December 2022
Segment assets	1,328,133	1,314,368	135,776	138,163	-162,846	-177,193	1,301,063	1,275,338
Segment liabilities	652,304	664,662	81,936	100,423	-84,508	-101,424	649,732	663,661

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

Revenues by segment

in EUR thousand	Slovenia		Other countries		Total	
	I – IX 2023	I – IX 2022	I – IX 2023	I – IX 2022	I – IX 2023	I – IX 2022
Mobile services on end-user market	157,213	152,665	40,995	36,131	198,208	188,796
Fixed-line telephone services on end-user market	142,828	140,277	15,980	15,972	158,808	156,249
- of which IT services	24,732	22,329	250	229	24,982	22,558
Additional services	3,724	3,066	0	0	3,724	3,066
Wholesale market	127,436	114,674	6,748	3,496	134,184	118,170
Other revenues and merchandise	23,876	19,169	0	0	23,876	19,169
Total revenues	455,077	429,851	63,723	55,599	518,800	485,450

Sales revenue

Breakdown of revenue by service category

in EUR thousand	Telekom Slovenije Group		Telekom Slovenije	
	I – IX 2023	I – IX 2022	I – IX 2023	I – IX 2022
Mobile services on end-user market	198,208	188,796	157,355	152,890
Fixed-line telephone services on end-user market	158,808	156,249	142,011	139,967
- of which IT services	24,982	22,558	23,790	21,899
Additional services	3,724	3,066	3,816	3,066
Wholesale market	134,184	118,170	129,946	116,562
Other revenues and merchandise	23,876	19,169	16,213	15,947
Total revenues	518,800	485,450	449,341	428,432

in EUR thousand	Telekom Slovenije Group		Telekom Slovenije	
	I – IX 2023	I – IX 2022	I – IX 2023	I – IX 2022
Revenue from services rendered	449,883	419,434	379,616	360,049
Sales revenue – goods	68,917	66,016	69,725	68,383
Total revenues	518,800	485,450	449,341	428,432

The sales revenue of the Telekom Slovenije Group amounted to EUR 518.8 million in the period January–September 2023, an increase of EUR 33.4 million relative to the same period in 2022.

Revenues were higher in the mobile segment of the end-user market, primarily on account of higher subscriber revenues and higher revenues from mobile merchandise at Telekom Slovenije. Revenues were also up relative to the same period last year at the subsidiary IPKO, primarily on account of an increased number of users.

Revenues in the fixed segment of the end-user market were up primarily due to higher sales of IT merchandise and services at Telekom Slovenije, despite a drop in revenues from traditional voice telephony, which is the result of the declining number of traditional connections and their replacement by mobile and IP telephony.

Revenues from additional services include revenues from financial services, eHealth services and insurance. All revenue categories have recorded growth in 2023.

We are also recording growth in revenues on the wholesale market.

Other operating income and revenues from merchandise were up relative to the same period in 2022 due to higher revenues generated by Slovenian subsidiaries on the market and higher revenues from e-commerce at Telekom Slovenije.

Revenues from leases

The Telekom Slovenije Group generated rental income in the amount of EUR 9,895 thousand in the period January to September 2023, compared with EUR 8,005 thousand during the same period last year.

Telekom Slovenije generated revenue from leases in the amount of EUR 10,724 thousand in that period, compared with EUR 8,620 thousand during the same period last year.

Costs of services

in EUR thousand	Telekom Slovenije Group		Telekom Slovenije	
	I – IX 2023	I – IX 2022	I – IX 2023	I – IX 2022
Telecommunication services	86,231	83,328	84,524	82,118
Costs of leased lines, networks and platforms	3,838	3,702	6,258	5,822
Multimedia content	7,210	7,178	6,672	6,699
Costs of subcontractors	18,789	14,200	13,477	14,032
Maintenance of property, plant and equipment	14,911	15,283	15,342	15,410
Costs of other services	28,205	27,816	22,974	22,151
Total costs of services	159,184	151,507	149,247	146,232

The costs of services incurred by the Group in the period January–September 2023 were up by EUR 7,677 thousand relative to the same period in 2022. The costs of telecommunication services were up due to higher revenues on the wholesale market.

The costs of subcontractor services were up due to higher sales of IT services and merchandise.

The costs of other services primarily comprise the costs of advertising and sponsorships in the amount of EUR 5,282 thousand (January to September 2022: EUR 5,898 thousand), the costs of intellectual and personal services in the amount of EUR 4,450 thousand (January to September 2022: EUR 4,513 thousand), the costs of attracting customers in the amount of EUR 3,601 thousand (January to September 2022: EUR 3,708 thousand), the costs of insurance premiums in the amount of EUR 2,498 thousand (January to September 2022: EUR 2,448 thousand), and the costs of other services in the amount of EUR 7,977 thousand (January to September 2022: EUR 7,009 thousand).

Operating profit (EBIT) and net profit

Telekom Slovenije Group

Earnings before interest and taxes (EBIT) in the amount of EUR 59,513 thousand were up by EUR 8,400 thousand relative to the same period last year. A net profit of EUR 39,923 thousand was achieved for the accounting period in the context of a net financial loss of EUR 12,209 thousand.

Telekom Slovenije

Earnings before interest and taxes (EBIT) in the amount of EUR 38,577 thousand were up by EUR 7,365 thousand relative to the same period last year. A net profit of EUR 24,653 thousand was achieved for the accounting period in the context of a net financial loss of EUR 8,573 thousand.

Intangible assets

Changes in intangible assets of the Telekom Slovenije Group in the period January to September 2023

in EUR thousand	Goodwill	Concessions and licences	Costs of obtaining contracts with customers	Computer software	Other intangible assets	Intangible assets under construction	Total
Cost							
Balance as at 1 January 2023	49,737	421,678	21,142	253,952	67,620	13,262	827,391
Increases	0	0	0	0	1	45,597	45,598
Assets generated in the Group	0	0	0	0	0	1,018	1,018
Transfer into use	0	33,379	7,232	12,822	30	-53,463	0
Disposals	0	-17,441	0	-10,311	-46	-125	-27,923
Other transfers*	0	259	0	-718	0	-83	-542
Balance as at 30 September 2023	49,737	437,875	28,374	255,745	67,605	6,206	845,542
Impairment							
Balance as at 1 January 2023	46,019	293,491	10,267	222,667	50,328	267	623,039
Disposals	0	-14,829	0	-10,312	-46	0	-25,187
Other transfers*	0	209	0	-486	0	0	-277
Amortisation	0	30,079	5,590	16,257	1,443	0	53,369
Balance as at 30 September 2023	46,019	308,950	15,857	228,126	51,725	267	650,944
Carrying amount							
Balance as at 1 January 2023	3,718	128,187	10,875	31,285	17,292	12,995	204,352
Balance as at 30 September 2023	3,718	128,925	12,517	27,619	15,880	5,939	194,598

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

Changes in intangible assets of the Telekom Slovenije Group in 2022

in EUR thousand	Goodwill	Concessions and licences	Costs of obtaining contracts with customers	Computer software	Other intangible assets	Intangible assets under construction	Total
Cost							
Balance as at 1 January 2022	49,737	430,342	20,518	303,079	67,366	12,795	883,837
Additions	0	20,031	0	0	2	34,959	54,992
Assets generated in the Group	0	0	0	0	0	1,558	1,558
Transfer into use	0	9,747	7,785	18,264	252	-36,048	0
Disposals	0	-38,442	-7,161	-67,434	0	-2	-113,039
Other transfers*	0	0	0	43	0	0	43
Balance as at 31 December 2022	49,737	421,678	21,142	253,952	67,620	13,262	827,391
Impairment							
Balance as at 1 January 2022	46,019	292,001	10,088	266,959	48,387	267	663,721
Disposals	0	-38,442	-7,161	-67,432	0	0	-113,035
Other transfers*	0	0	0	-4	0	0	-4
Amortisation	0	39,932	7,340	23,144	1,941	0	72,357
Balance as at 31 December 2022	46,019	293,491	10,267	222,667	50,328	267	623,039
Carrying amount							
Balance as at 1 January 2022	3,718	138,341	10,430	36,120	18,979	12,528	220,116
Balance as at 31 December 2022	3,718	128,187	10,875	31,285	17,292	12,995	204,352

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

Changes in intangible assets of Telekom Slovenije in the period January to September 2023

in EUR thousand	Goodwill	Concessions and licences	Costs of obtaining contracts with customers	Computer software	Other intangible assets	Intangible assets under construction	Total
Cost							
Balance as at 1 January 2023	3,602	282,259	21,142	240,289	19,352	12,723	579,367
Increases	0	0	0	0	0	40,035	40,035
Assets generated at the Company	0	0	0	0	0	923	923
Transfer into use	0	28,417	7,232	12,102	30	-47,781	0
Disposals	0	-17,441	0	-10,312	-46	0	-27,799
Other transfers*	0	259	0	-718	0	0	-459
Balance as at 30 September 2023	3,602	293,494	28,374	241,361	19,336	5,900	592,067
Impairment							
Balance as at 1 January 2023	0	190,312	10,267	206,980	16,549	0	424,108
Disposals	0	-14,829	0	-10,312	-46	0	-25,187
Other transfers*	0	209	0	-486	0	0	-277
Amortisation	0	21,748	5,590	15,386	277	0	43,001
Balance as at 30 September 2023	0	197,440	15,857	211,568	16,780	0	441,645
Carrying amount							
Balance as at 1 January 2023	3,602	91,947	10,875	33,309	2,803	12,723	155,259
Balance as at 30 September 2023	3,602	96,054	12,517	29,793	2,556	5,900	150,422

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

Changes in intangible assets of Telekom Slovenije in 2022

in EUR thousand	Goodwill	Concessions and licences	Costs of obtaining contracts with customers	Computer software	Other intangible assets	Intangible assets under construction	Total
Cost							
Balance as at 1 January 2022	3,602	288,174	20,518	289,120	19,100	12,480	632,994
Additions	0	0	0	0	0	33,239	33,239
Assets generated at the Company	0	0	0	0	0	1,202	1,202
Transfer into use	0	8,712	7,785	17,447	252	-34,196	0
Disposals	0	-14,627	-7,161	-66,320	0	-2	-88,110
Other transfers*	0	0	0	42	0	0	42
Balance as at 31 December 2022	3,602	282,259	21,142	240,289	19,352	12,723	579,367
Impairment							
Balance as at 1 January 2022	0	175,120	10,088	251,371	16,164	0	452,743
Disposals	0	-14,628	-7,161	-66,318	0	0	-88,107
Other transfers*	0	0	0	-5	0	0	-5
Amortisation	0	29,820	7,340	21,932	385	0	59,477
Balance as at 31 December 2022	0	190,312	10,267	206,980	16,549	0	424,108
Carrying amount							
Balance as at 1 January 2022	3,602	113,054	10,430	37,749	2,936	12,480	180,251
Balance as at 31 December 2022	3,602	91,947	10,875	33,309	2,803	12,723	155,259

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

Commitments for intangible assets amounted to EUR 12,041 thousand at the Telekom Slovenije Group level and to EUR 13,178 thousand at Telekom Slovenije as at 30 September 2023.

Property, plant and equipment

Changes in property, plant and equipment of the Telekom Slovenije Group in the period January to September 2023

in EUR thousand	Land, buildings and cable ducts	Cable network	Telephone exchanges	Equipment for the mobile network	Other equipment	Assets under construction	Other	Total
Cost								
Balance as at 1 January 2023	518,088	1,219,276	84,890	300,538	355,401	27,491	61	2,505,745
Difference from the translation to the presentation currency	0	-6	0	0	-3	0	0	-9
Increases	0	142	0	0	1,053	47,087	342	48,624
Assets generated in the Group	0	0	0	0	0	11,279	0	11,279
Transfer into use	8,301	20,524	604	6,304	24,702	-60,434	0	1
Disposals	-1,485	-2,027	-3,522	-2,838	-20,633	-27	0	-30,532
Other transfers*	162	-161	448	0	8	1	0	458
Balance as at 30 September 2023	525,066	1,237,748	82,420	304,004	360,528	25,397	403	2,535,566
Impairment								
Balance as at 1 January 2023	229,415	971,670	79,481	253,252	281,036	11,390	0	1,826,244
Difference from the translation to the presentation currency	0	-2	0	0	-2	0	0	-4
Increases	39	0	0	3	2	0	0	44
Disposals	-1,134	1,856	-3,511	-2,815	-17,864	4,391	0	-19,077
Depreciation	10,114	16,882	1,369	8,745	22,206	0	0	59,316
Other transfers*	15	-14	267	0	9	0	0	277
Balance as at 30 September 2023	238,449	990,392	77,606	259,185	285,387	15,781	0	1,866,800
Carrying amount								
Balance as at 1 January 2023	288,673	247,606	5,409	47,286	74,365	16,101	61	679,501
Balance as at 30 September 2023	286,617	247,356	4,814	44,819	75,141	9,616	403	668,766

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

Changes in property, plant and equipment of the Telekom Slovenije Group in 2022

in EUR thousand	Land, buildings and cable ducts	Cable network	Telephone exchanges	Equipment for the mobile network	Other equipment	Assets under construction	Other	Total
Cost								
Balance as at 1 January 2022	490,082	1,190,292	88,832	315,485	385,390	40,823	268	2,511,172
Difference from the translation to the presentation currency	0	2	0	0	0	0	0	2
Additions	104	2,907	0	0	1,205	78,396	-185	82,427
Assets generated in the Group	0	0	0	0	0	15,565	0	15,565
Transfer into use	29,243	28,475	1,260	12,520	35,409	-106,907	0	0
Disposals	-1,354	-2,319	-5,212	-27,461	-66,582	-302	0	-103,230
Other transfers*	13	-81	10	-6	-21	-84	-22	-191
Balance as at 31 December 2022	518,088	1,219,276	84,890	300,538	355,401	27,491	61	2,505,745
Impairment								
Balance as at 1 January 2022	216,747	951,360	82,613	266,825	315,178	11,390	0	1,844,113
Difference from the translation to the presentation currency	0	1	0	0	1	0	0	2
Additions	0	0	0	0	10	0	0	10
Disposals	-489	-2,057	-5,197	-27,387	-63,551	0	0	-98,681
Depreciation	13,152	22,408	2,029	13,820	29,452	0	0	80,861
Other transfers*	5	-42	36	-6	-54	0	0	-61
Balance as at 31 December 2022	229,415	971,670	79,481	253,252	281,036	11,390	0	1,826,244
Carrying amount								
Balance as at 1 January 2022	273,335	238,932	6,219	48,660	70,212	29,433	268	667,059
Balance as at 31 December 2022	288,673	247,606	5,409	47,286	74,365	16,101	61	679,501

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

Changes in property, plant and equipment of Telekom Slovenije in the period January to September 2023

in EUR thousand	Land, buildings and cable ducts	Cable network	Telephone exchanges	Equipment for the mobile network	Other equipment	Assets under construction	Total
Cost							
Balance as at 1 January 2023	488,699	1,139,346	83,665	185,472	337,505	20,541	2,255,228
Increases	0	0	0	0	0	38,082	38,082
Assets generated at the Company	0	0	0	0	0	3,406	3,406
Transfer into use	8,295	17,593	604	2,930	21,482	-50,904	0
Disposals	-1,464	-1,921	-3,522	-2,806	-18,818	0	-28,531
Other transfers*	162	-161	448	0	8	0	457
Balance as at 30 September 2023	495,692	1,154,857	81,195	185,596	340,177	11,125	2,268,642
Impairment							
Balance as at 1 January 2023	220,231	921,561	78,259	159,497	270,748	0	1,650,296
Increases	39	0	0	3	2	0	44
Disposals	-1,122	1,937	-3,511	-2,786	-16,096	0	-21,578
Depreciation	9,721	13,949	1,363	5,269	20,077	0	50,379
Other transfers*	15	-14	266	0	9	0	276
Balance as at 30 September 2023	228,884	937,433	76,377	161,983	274,740	0	1,679,417
Carrying amount							
Balance as at 1 January 2023	268,468	217,785	5,406	25,975	66,757	20,541	604,932
Balance as at 30 September 2023	266,808	217,424	4,818	23,613	65,437	11,125	589,225

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

Changes in property, plant and equipment of Telekom Slovenije in 2022

in EUR thousand	Land, buildings and cable ducts	Cable network	Telephone exchanges	Equipment for the mobile network	Other equipment	Assets under construction	Total
Cost							
Balance as at 1 January 2022	460,462	1,115,166	87,656	204,955	364,922	44,080	2,277,241
Additions	0	0	0	0	0	67,136	67,136
Assets generated at the Company	0	0	0	0	0	4,313	4,313
Transfer into use	29,198	25,571	1,212	6,435	32,270	-94,686	0
Disposals	-974	-1,309	-5,212	-25,913	-59,709	-302	-93,419
Other transfers*	13	-82	9	-5	22	0	-43
Balance as at 31 December 2022	488,699	1,139,346	83,665	185,472	337,505	20,541	2,255,228
Impairment							
Balance as at 1 January 2022	208,124	904,603	81,397	177,141	301,265	0	1,672,530
Additions	0	0	0	0	8	0	8
Disposals	-522	-1,139	-5,197	-25,841	-56,829	0	-89,528
Depreciation	12,624	18,139	2,025	8,202	26,293	0	67,283
Other transfers*	5	-42	34	-5	11	0	3
Balance as at 31 December 2022	220,231	921,561	78,259	159,497	270,748	0	1,650,296
Carrying amount							
Balance as at 1 January 2022	252,338	210,563	6,259	27,814	63,657	44,080	604,711
Balance as at 31 December 2022	268,468	217,785	5,406	25,975	66,757	20,541	604,932

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

Commitments for property, plant and equipment amounted to EUR 8,338 thousand at the Telekom Slovenije Group level and to EUR 19,862 thousand at Telekom Slovenije as at 30 September 2023.

Right-of-use assets

Changes in right-of-use assets of the Telekom Slovenije Group in the period January to September 2023

in EUR thousand	Base stations – easement and lease	Technological premises – easement and lease	Lease of business premises and land	Vehicles	Lease of lines	Other	Total
Cost							
Balance as at 1 January 2023	74,036	8,929	9,719	2,687	22,246	4,224	121,841
Difference from the translation to the presentation currency	0	0	0	0	-88	0	-88
Contract modifications	5,009	407	1,263	110	87	100	6,976
Transfer to use – new contracts	1,862	168	110	473	629	47	3,289
Disposals	-439	-107	0	0	0	0	-546
Other transfers	0	0	11	0	0	0	11
Balance as at 30 September 2023	80,468	9,397	11,103	3,270	22,874	4,371	131,483
Impairment							
Balance as at 1 January 2023	27,748	3,337	5,923	1,220	6,365	1,829	46,422
Disposals	-164	-50	0	0	0	0	-214
Depreciation	5,508	647	1,195	444	1,308	381	9,483
Balance as at 30 September 2023	33,092	3,934	7,117	1,664	7,672	2,210	55,691
Carrying amount							
Balance as at 1 January 2023	46,288	5,592	3,796	1,467	15,881	2,395	75,419
Balance as at 30 September 2023	47,376	5,463	3,985	1,606	15,201	2,161	75,792

Changes in right-of-use assets of the Telekom Slovenije Group in 2022

in EUR thousand	Base stations – easement and lease	Technological premises – easement and lease	Lease of business premises and land	Vehicles	Lease of lines	Other	Total
Cost							
Balance as at 1 January 2022	65,619	8,507	9,243	2,257	20,557	3,846	110,029
Difference from the translation to the presentation currency	0	0	0	0	-2	0	-2
Contract modifications	5,986	392	592	-14	3,955	88	10,999
Transfer to use – new contracts	3,919	204	356	1,098	-2,172	290	3,695
Disposals	-1,488	-175	-472	-654	-109	0	-2,898
Other transfers	0	1	0	0	17	0	18
Balance as at 31 December 2022	74,036	8,929	9,719	2,687	22,246	4,224	121,841
Impairment							
Balance as at 1 January 2022	21,501	2,533	4,641	1,310	4,739	1,335	36,059
Disposals	-1,268	-89	-258	-652	-109	0	-2,376
Depreciation	7,515	893	1,540	562	1,724	494	12,728
Other transfers	0	0	0	0	11	0	11
Balance as at 31 December 2022	27,748	3,337	5,923	1,220	6,365	1,829	46,422
Carrying amount							
Balance as at 1 January 2022	44,118	5,974	4,602	947	15,818	2,511	73,970
Balance as at 31 December 2022	46,288	5,592	3,796	1,467	15,881	2,395	75,419

Changes in right-of-use assets at Telekom Slovenije in the period January to September 2023

in EUR thousand	Base stations – easement and lease	Technological premises – easement and lease	Lease of business premises and land	Vehicles	Lease of lines	Other	Total
Cost							
Balance as at 1 January 2023	60,695	7,994	4,054	2,456	44,461	633	120,293
Contract modifications	2,292	325	2	110	-296	78	2,511
Transfer to use – new contracts	1,862	168	110	436	629	0	3,205
Disposals	-259	-104	0	0	0	0	-363
Balance as at 30 September 2023	64,590	8,383	4,166	3,002	44,794	711	125,646
Impairment							
Balance as at 1 January 2023	21,882	2,884	2,100	1,063	13,759	478	42,167
Disposals	-108	-48	0	0	0	0	-156
Depreciation	4,687	587	494	412	2,814	117	9,111
Balance as at 30 September 2023	26,461	3,423	2,594	1,475	16,573	595	51,122
Carrying amount							
Balance as at 1 January 2023	38,813	5,110	1,954	1,393	30,702	155	78,126
Balance as at 30 September 2023	38,129	4,960	1,572	1,527	28,221	116	74,524

Changes in right-of-use assets at Telekom Slovenije in 2022

in EUR thousand	Base stations – easement and lease	Technological premises – easement and lease	Lease of business premises and land	Vehicles	Lease of lines	Other	Total
Cost							
Balance as at 1 January 2022	58,640	7,678	3,785	2,054	40,163	645	112,965
Contract modifications	-485	322	41	-13	3,780	-12	3,633
Transfer to use – new contracts	3,919	164	339	1,039	627	0	6,088
Disposals	-1,379	-170	-111	-624	-109	0	-2,393
Balance as at 31 December 2022	60,695	7,994	4,054	2,456	44,461	633	120,293
Impairment							
Balance as at 1 January 2022	16,933	2,188	1,638	1,163	10,054	321	32,298
Disposals	-1,170	-85	-110	-624	-110	0	-2,099
Depreciation	6,119	781	572	524	3,815	157	11,968
Balance as at 31 December 2022	21,882	2,884	2,100	1,063	13,759	478	42,167
Carrying amount							
Balance as at 1 January 2022	41,706	5,490	2,147	891	30,109	324	80,667
Balance as at 31 December 2022	38,813	5,110	1,954	1,393	30,702	155	78,126

Depreciation in the amount of EUR 9,483 thousand and interest expense on lease liabilities in the amount of EUR 1,776 thousand were disclosed in the Telekom Slovenije Group's income statement in the period January to September 2023. The Group disclosed depreciation in the amount of EUR 9,567 thousand and interest expense in the amount of EUR 1,562 thousand during the same period last year.

Depreciation in the amount of EUR 9,111 thousand and interest expense on lease liabilities in the amount of EUR 1,497 thousand were disclosed in Telekom Slovenije's statement of profit or loss in the period January to September 2023. The Company disclosed depreciation in the amount of EUR 8,973 thousand and interest expense in the amount of EUR 1,559 thousand during the same period last year.

Trade and other receivables

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

Current trade and other receivables were up by EUR 5,781 thousand at the Telekom Slovenije Group level and by EUR 2,200 thousand at Telekom Slovenije relative to the balance at the end of 2022.

Financial liabilities for borrowings received and other financial liabilities

The financial liabilities of the Telekom Slovenije Group amounted to EUR 353,186 thousand as at 30 September 2023, with loans and borrowings accounting for EUR 353,184 thousand of that amount and other financial liabilities accounting for EUR 2 thousand.

Loans and borrowings account for the full amount of Telekom Slovenije's financial liabilities of EUR 353,184 thousand.

Lease liabilities

The lease liabilities of the Telekom Slovenije Group amounted to EUR 70,410 thousand as at 30 September 2023 and were up by EUR 465 thousand relative to the end of 2022.

The lease liabilities of Telekom Slovenije amounted to EUR 69,975 thousand as at 30 September 2023 and were down by EUR 3,423 thousand relative to the end of 2022.

Fair value hierarchy

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

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

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

Book and fair values of the Telekom Slovenije Group's financial instruments as at 30 September 2023

in EUR thousand	Book value	Fair value	Level 1	Level 2	Level 3
Non-current financial assets					
Investments in shares and interests listed on the stock exchange, measured at fair value through other comprehensive income	1,909	1,909	1,909	0	0
Investments in shares and interests not listed on the stock exchange, measured at fair value through other comprehensive income	284	284	0	0	284
Loans granted	3	3	0	3	0
Other non-current financial assets	16	16	0	16	0
Operating receivables	17,956	17,956	0	17,956	0
Current financial assets					
Loans granted	9	9	0	9	0
Other current financial assets	1,002	1,002	0	1,002	0
Trade and other receivables	164,065	164,065	0	164,065	0
Cash and cash equivalents	64,967	64,967	0	64,967	0
Non-current financial liabilities					
Borrowings	221,689	221,689	0	221,689	0
Other liabilities	14,343	14,343	0	14,343	0
Current financial liabilities					
Borrowings	131,495	131,495	0	131,495	0
Other financial liabilities	2	2	0	2	0
Trade payables	105,899	105,899	0	105,899	0

Book and fair values of the Telekom Slovenije Group's financial instruments as at 31 December 2022

in EUR thousand	Book value	Fair value	Level 1	Level 2	Level 3
Non-current financial assets					
Investments in shares and interests listed on the stock exchange, measured at fair value through other comprehensive income	2,139	2,139	2,139	0	0
Investments in shares and interests not listed on the stock exchange, measured at fair value through other comprehensive income	284	284	0	0	284
Loans granted	9	9	0	9	0
Other non-current financial assets	16	16	0	16	0
Operating receivables	19,251	19,251	0	19,251	0
Current financial assets					
Loans granted	16	16	0	16	0
Other current financial assets	802	802	0	802	0
Fair value of interest rate swap	19	19	0	19	0
Trade and other receivables	159,067	159,067	0	159,067	0
Cash and cash equivalents	37,382	37,382	0	37,382	0
Non-current financial liabilities					
Borrowings	236,683	236,683	0	236,683	0
Other liabilities	8,177	8,177	0	8,177	0
Current financial liabilities					
Borrowings	132,757	132,757	0	132,757	0
Other financial liabilities	2	2	0	2	0
Trade payables	123,915	123,915	0	123,915	0

Book and fair values of Telekom Slovenije's financial instruments as at 30 September 2023

in EUR thousand	Book value	Fair value	Level 1	Level 2	Level 3
Non-current financial assets					
Investments in shares and interests listed on the stock exchange, measured at fair value through other comprehensive income	1,909	1,909	1,909	0	0
Investments in shares and interests not listed on the stock exchange, measured at fair value through other comprehensive income	284	284	0	0	284
Loans granted	24,942	24,942	0	24,942	0
Other non-current financial assets	0	0		0	
Operating receivables	17,950	17,950	0	17,950	0
Current financial assets					
Loans granted	16,881	16,881	0	16,881	0
Trade and other receivables	153,210	153,210	0	153,210	0
Cash and cash equivalents	55,705	55,705	0	55,705	0
Non-current financial liabilities					
Borrowings	221,689	221,689	0	221,689	0
Trade payables	8,321	8,321	0	8,321	0
Current financial liabilities					
Borrowings	131,495	131,495	0	131,495	0
Trade payables	86,885	86,885	0	86,885	0

	Book value	Fair value	Level 1	Level 2	Level 3
Non-current financial assets					
Investments in shares and interests listed on the stock exchange, measured at fair value through other comprehensive income	2,139	2,139	2,139	0	0
Investments in shares and interests not listed on the stock exchange, measured at fair value through other comprehensive income	284	284	0	0	284
Loans granted	46,082	46,082	0	46,082	0
Operating receivables	19,246	19,246	0	19,246	0
Current financial assets					
Loans granted	11,496	11,496	0	11,496	0
Fair value of interest rate swap	20	20	0	20	0
Trade and other receivables	152,170	152,170	0	152,170	0
Cash and cash equivalents	19,573	19,573	0	19,573	0
Non-current financial liabilities					
Borrowings	236,683	236,683	0	236,683	0
Trade payables	3,847	3,847	0	3,847	0
Current financial liabilities					
Borrowings	132,757	132,757	0	132,757	0
Trade payables	99,300	99,300	0	99,300	0

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

Contingent liabilities from lawsuits

A class action lawsuit was filed against Telekom Slovenije during the period January to September 2023 by the Pan-Slovenian Small Shareholders' Association (VZMD) for the reimbursement of damages in the estimated amount of EUR 122,689,762.25 with appertaining amounts. That lawsuit allegedly represents damages incurred by the Company's subscribers in the period 1 January 2018 to 1 December 2022. Telekom Slovenije submitted its response by the prescribed deadline with regard to the existence of conditions for confirmation of the class action lawsuit.

Contingent liabilities from guarantees issued

The Group had provided the following guarantees as at 30 September 2023:

- performance guarantees and warranty bonds in the amount of EUR 12,165 thousand (at the end of 2022: EUR 11,507 thousand); and
- other guarantees in the amount of EUR 268 thousand (at the end of 2022: EUR 218 thousand).

The Company had provided the following guarantees as at 30 September 2023:

- performance guarantees and warranty bonds in the amount of EUR 8,974 thousand (at the end of 2022: EUR 8,281 thousand); and
- collateral and other guarantees in the amount of EUR 35 thousand (at the end of 2022: EUR 170 thousand).

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

Related party transactions

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

Transactions with individuals

Individuals (members of the Management Board and Supervisory Board) held 1,178 shares in Telekom Slovenije as at 30 September 2023, representing a holding of 0.01802%.

Transactions with owners and their related parties

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

Parties related to owners include those companies in which the Republic of Slovenia and SDH together hold a direct participating interest of at least 20%. A list of the aforementioned companies is published on SDH's website (<http://www.sdh.si/sl-si/upravljanje-nalozb/seznam-nalozb>).

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

in EUR thousand	Telekom Slovenije Group		Telekom Slovenije	
	30 September 2023	31 December 2022	30 September 2023	31 December 2022
Outstanding trade receivables	5,196	4,726	3,693	4,247
Outstanding trade payables	3,877	4,871	3,744	4,830
VAT liabilities	4,023	3,706	3,994	3,695
Income tax payable	-48	3,803	373	3,437
in EUR thousand	I – IX 2023	I – IX 2022	I – IX 2023	I – IX 2022
Operating revenues	19,693	12,241	14,533	10,934
Purchase costs of material and services	19,150	8,366	18,348	7,905
in EUR thousand	I – IX 2023	I – IX 2022	I – IX 2023	I – IX 2022
VAT payment	44,458	38,287	43,984	38,228
CIT payment	1,314	6,940	557	6,102
Dividends paid	0	19,687	0	19,687

Transactions with Group companies

Telekom Slovenije recorded the following transactions with Group companies:

in EUR thousand	30 September 2023	31 December 2022
Receivables due from companies in the Group		
Subsidiaries – gross amount	3,667	4,015
Subsidiaries – impairment	-17	-17
Subsidiaries – net amount	3,650	3,998
Borrowings to companies in the Group		
Subsidiaries – gross amount	41,811	57,553
Subsidiaries – net amount	41,811	57,553
Liabilities to Group companies		
Subsidiaries	21,294	26,721
in EUR thousand	I – IX 2023	I – IX 2022
Net Group revenue	11,676	7,047
Subsidiaries	11,676	7,047
Purchase of material and services in the Group	16,863	9,493
Subsidiaries	16,863	9,493

Loans granted to subsidiaries

in EUR thousand	30 September 2023	31 December 2022
GVO, d.o.o.	4,519	2,993
TSmedia, d.o.o.	372	290
IPKO	24,000	42,649
Soline, d.o.o.	1,794	1,275
SIOL, d.o.o., Zagreb	349	458
SIOL, d.o.o., Sarajevo	4,070	4,413
SIOL, Beograd	38	151
Infratel, d.o.o.	3,724	2,453
SIOL Prishtina LLC	2,945	2,871
Total to subsidiaries	41,811	57,553

All transactions between related parties are executed at market terms.

Events after the reporting date

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

After the reporting date, there are no other events that would have a material impact on the reported statements in the first nine months of 2023.

7.3. Financial instruments and risk management

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

Credit risk

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

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

in EUR thousand	Telekom Slovenije Group		Telekom Slovenije	
	30 September 2023	31 December 2022	30 September 2023	31 December 2022
Loans granted	12	25	41,823	57,578
Deposits	1,002	802	0	0
Trade and other receivables	181,417	176,931	171,034	170,130
- of which trade receivables	176,259	170,406	166,931	164,768
Cash and cash equivalents	64,967	37,382	55,705	19,573
TOTAL	247,398	215,140	268,562	247,281

The main credit risk to which the Group and Telekom Slovenije are exposed derives primarily from default by subscribers (retail) and by operators (wholesale). The highest exposure to credit risk is seen in trade receivables. The latter amounted to EUR 176,259 thousand at the Group level as at 30 September 2023, an increase of EUR 5,853 thousand relative to the end of 2022. Telekom Slovenije's receivables make up the majority of the Group's trade and other receivables. Most receivables are unsecured. The Group's receivables are accounted for by a large number of individuals and legal entities. Its largest customers are operators, where turnover generally flows in both directions, which reduces net credit exposure. We assess that there is no significant concentration of credit risk vis-à-vis a particular customer or economic sector.

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

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

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

in EUR thousand	30 September 2023				31 December 2022			
	Gross amount	Expected % of credit losses	Impairment	Net amount	Gross amount	Expected % of credit losses	Impairment	Net amount
Total trade receivables	196,124		-19,865	176,259	188,380		-17,974	170,406
Trade receivables not past due	161,523	0.4%	-726	160,797	155,985	0.5%	-714	155,271
Past due								
- up to and including 30 days	8,569	4%	-316	8,253	8,565	4%	-316	8,249
- from and including 31 days up to and including 60 days	3,328	11%	-361	2,967	2,990	11%	-318	2,672
- from and including 61 days up to and including 90 days	1,564	20%	-316	1,248	1,365	16%	-212	1,153
- from and including 91 days up to and including 180 days	1,571	43%	-670	901	2,078	45%	-941	1,137
- from and including 181 days up to and including 365 days	2,916	64%	-1,869	1,047	2,297	55%	-1,265	1,032
- from and including 366 days up to two years	6,292	88%	-5,558	734	5,484	84%	-4,605	879
- over two years	7,385	98%	-7,220	165	6,484	100%	-6,472	12
- trade receivables in insolvency proceedings	2,976	95%	-2,829	147	3,132	100%	-3,131	1
Total trade receivables past due	34,601		-19,139	15,462	32,395		-17,260	15,135
Other trade receivables	5,158		0	5,158	6,525		0	6,525
Total business and other receivables	201,282		-19,865	181,417	194,905	0	-17,974	176,931

Maturity analysis of business and other receivables of Telekom Slovenije as at the reporting date

in EUR thousand	30 September 2023				31 December 2022			
	Gross amount	Expected % of credit losses	Impairment	Net amount	Gross amount	Expected % of credit losses	Impairment	Net amount
Total trade receivables	181,925		-14,994	166,931	178,525		-13,757	164,768
Trade receivables not past due	154,257	0%	-760	153,497	151,819	0.5%	-724	151,095
Past due								
- up to and including 30 days	7,789	4%	-312	7,477	7,793	4%	-312	7,481
- from and including 31 days up to and including 60 days	3,060	11%	-337	2,723	2,725	11%	-300	2,425
- from and including 61 days up to and including 90 days	950	15%	-143	807	1,205	15%	-181	1,024
- from and including 91 days up to and including 180 days	1,222	46%	-562	660	1,792	46%	-824	968
- from and including 181 days up to and including 365 days	2,292	60%	-1,375	917	1,819	50%	-909	910
- from and including 366 days up to two years	2,829	70%	-1,979	850	2,404	64%	-1,538	866
- over two years	7,211	100%	-7,211	0	6,462	100%	-6,462	0
- trade receivables in insolvency proceedings	2,315	100%	-2,315	0	2,506	100%	-2,507	-1
Total trade receivables past due	27,668		-14,234	13,434	26,706		-13,033	13,673
Other trade receivables	4,103		0	4,103	5,362		0	5,362
Total business and other receivables	186,028		-14,994	171,034	183,887		-13,757	170,130

The Telekom Slovenije Group and Telekom Slovenije also monitor credit risk in other areas of operations. In terms of maintaining funds on bank accounts, credit risk is low due to the stability of the banking system and the high liquidity of banks. Thus, no expected credit losses have been recorded for cash and cash equivalents, as such losses are deemed insignificant given the dispersion of cash across multiple banks.

The Group is also exposed to risks associated with receivables arising from loans to employees and investments in short-term deposits. Lending risk is low, as loan repayments are mostly settled through payroll, while risks in connection with deposits are managed by monitoring the credit ratings of individual banks. No expected credit losses have thus been recorded for the aforementioned investments, as the latter are deemed insignificant with regard to total assets.

Telekom Slovenije is exposed to credit risk arising from receivables from loans granted to subsidiaries. The Company did not disclose impairments in connection with those receivables as at 30 September 2023. The Company regularly monitors and supervises the operations of its subsidiaries and their ability to repay loans, and thus further mitigates the related credit risk.

Maturity of loans granted

in EUR thousand	Telekom Slovenije Group		Telekom Slovenije	
	30 September 2023	31 December 2022	30 September 2023	31 December 2022
Past due loans	0	0	12	0
Not past due loans:	12	25	41,811	57,578
- in less than 3 months	4	7	3,850	3,212
- between 3 and 12 months	5	10	13,019	8,284
- between 1 and 2 years	3	6	12,256	14,332
- between 2 and 5 years	0	2	8,083	27,560
- over 5 years	0	0	4,603	4,190
Total	12	25	41,823	57,578

Solvency risk

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

The majority of the Group's financial liabilities relate to two long-term syndicated loans in the total amount of EUR 253 million with associated interest, a long-term loan in the amount of EUR 101 million from the European Investment Bank with associated interest, and lease liabilities in the amount of EUR 70.4 million at the Group level and EUR 70 million at the Company level. The Group and Company regularly repay their liabilities from financing.

Telekom Slovenije repaid long-term loans in the total amount of EUR 20.1 million in the period 1 January 2023 to 30 September 2023.

For the purpose of ensuring short-term liquidity, the Group and Company have open short-term credit lines at banks that are rolled over taking into account envisaged needs. Total liquidity reserves in the form of approved but undrawn short-term revolving credit lines and overdraft facilities at banks amounted to EUR 48 million as at 30 September 2023.

Maturity of the Telekom Slovenije Group's financial liabilities as at 30 September 2023 and 31 December 2022 based on contractual non-discounted payments

in EUR thousand	Up to 3 months	Between 3 and 12 months	Not past due			Total	Book value of liabilities
			Between 1 and 2 years	Between 2 and 5 years	Over 5 years		
30 September 2023							
Loans and borrowings	124,074	20,161	40,034	157,885	53,951	396,105	353,684
Other financial liabilities	0	2	0	0	0	2	2
Trade and other payables	75,432	30,468	7,532	768	6,042	120,242	120,242
Financial liabilities from leases	4,540	6,951	11,147	22,393	39,687	84,718	70,410
Total	204,046	57,582	58,713	181,046	99,680	601,067	544,338
31 December 2022							
Loans and borrowings	8,505	137,413	37,817	96,473	132,639	412,847	370,087
Other financial liabilities	2	0	0	0	0	2	2
Trade and other payables	89,528	34,387	3,669	443	4,065	132,092	132,092
Financial liabilities from leases	5,541	6,695	12,046	23,504	37,206	84,992	69,945
Total	103,576	178,495	53,532	120,420	173,910	629,933	572,126

Maturity of Telekom Slovenije's financial liabilities as at 30 September 2023 and 31 December 2022 based on contractual non-discounted payments

in EUR thousand	Up to 3 months	Not past due				Total	Book value of liabilities
		Between 3 and 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years		
30 September 2023							
Loans and borrowings	124,074	20,161	40,034	157,885	53,951	396,105	353,684
Trade and other payables	72,716	14,170	7,405	769	146	95,206	95,206
Financial liabilities from leases	5,163	8,447	10,025	25,083	32,838	81,556	69,975
Total	201,953	42,778	57,464	183,737	86,935	572,867	518,865
31 December 2022							
Loans and borrowings	8,505	137,413	37,817	96,473	132,639	412,847	370,087
Trade and other payables	87,396	11,905	3,278	443	125	103,147	103,147
Financial liabilities from leases	6,194	8,195	10,211	26,011	36,394	87,005	73,398
Total	102,095	157,513	51,306	122,927	169,158	602,999	546,632

Interest-rate risk

Interest-rate risk is the risk of the negative impact of a change in market interest rates on the Group's operations. The exposure of the Group and Company to interest rate risk as at 30 September 2023 derives from a potential change in the EURIBOR reference interest rate.

Liabilities from loans raised with variable interest rates tied to the 6-month EURIBOR accounted for 71% of the financial liabilities of the Group and Company¹ as at 30 September 2023. Other liabilities derive from long-term loans bearing fixed interest rates.

The Group and Company had an interest-rate swap in the amount of 50% on one of three loan tranches that fell due for payment on 31 March 2023 with the aim of partially hedging exposure to interest rate risk as the result of a long-term syndicated loan. By hedging interest-rate exposure through the use of an interest-rate swap (IRS), the Group and Company partially hedge future cash flows against the risk of rising interest rates.

Exposure to interest-rate risk

in EUR thousand	Telekom Slovenije Group		Telekom Slovenije	
	30 September 2023	31 December 2022	30 September 2023	31 December 2022
Financial instruments with variable interest rate				
Financial liabilities	249,560	265,824	249,560	265,824
Net financial liabilities	249,560	265,824	249,560	265,824

The table does not include non-interest-bearing financial instruments and instruments bearing a fixed interest rate, as they are not exposed to interest rate risk.

Sensitivity analysis

The sensitivity analysis illustrates the impact of a change in the EURIBOR reference interest rate on the profit before tax of the Group and Company on the reporting date.

Interest-rate risk table

January to September 2023	Interest-rate increase/decrease	Effect on profit before tax in EUR thousand	
		Telekom Slovenije Group	Telekom Slovenije
EURO	+100 bp	-2,496*	-2,496*
EURO	-100 bp	2,496*	2,496*

2022	Interest rate increase/decrease	Effect on profit before tax in EUR thousand	
		Telekom Slovenije Group	Telekom Slovenije
EURO	+100 bp	-2,526*	-2,526*
EURO	-100 bp	2,658*	2,658*

- * The calculation applies to the previous 12 months.

EURIBOR interest rate value

EURIBOR	Value as at 30 September 2023	Value as at 31 December 2022	Change (in percentage points)
6-month	4.125	2.693	1.432

¹ Includes the balance of principal on long-term loans.

Capital management

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

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

The Share of net financial liabilities in Equity and Share of Equity in Total assets

in EUR thousand	Telekom Slovenije Group		Telekom Slovenije	
	30 September 2023	31 December 2022	30 September 2023	31 December 2022
Borrowings and other financial liabilities	423,596	439,387	423,159	442,838
Less current investments, cash and cash equivalents	-65,978	-38,219	-72,586	-31,089
Net financial liabilities	357,618	401,168	350,573	411,749
Equity	651,331	611,677	630,720	606,233
Total assets	1,301,063	1,275,338	1,230,753	1,223,290
Net financial liabilities /Equity ratio	54.9%	65.6%	55.6%	67.9%
Equity to total assets	50.1%	48.0%	51.2%	49.6%