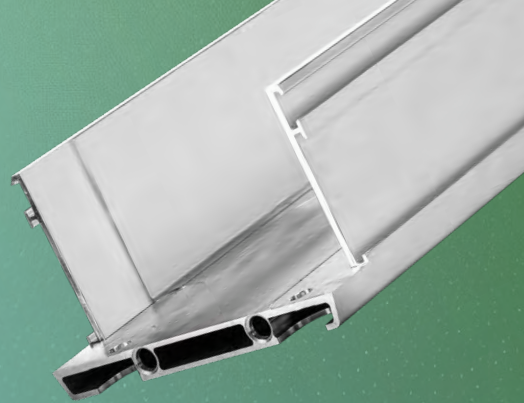
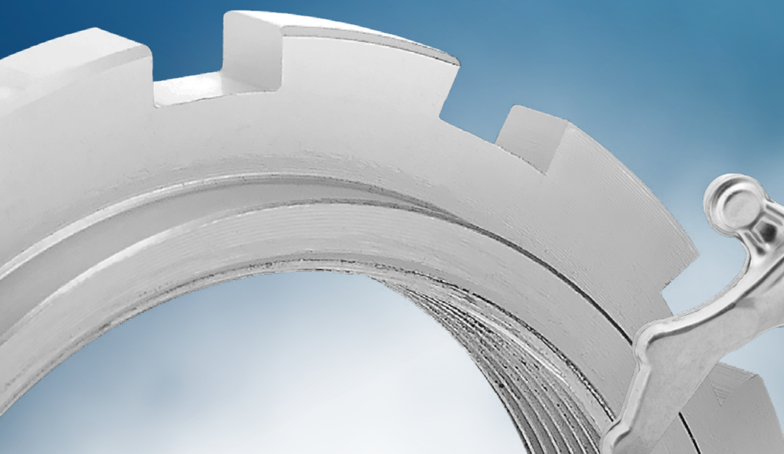
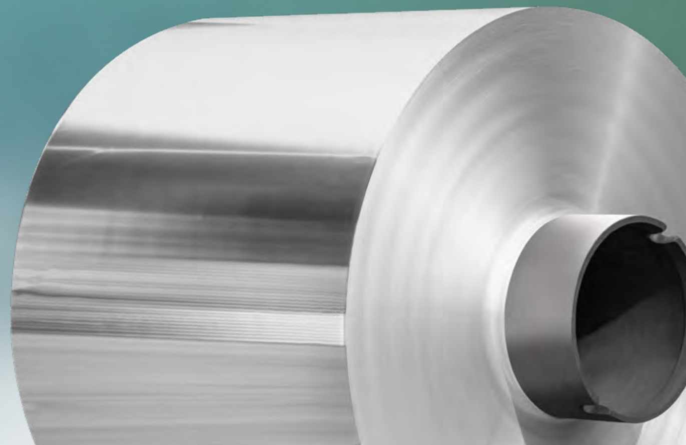


impol
Aluminium Industry

ANNUAL REPORT 2022

Impol Group and of Impol 2000, d. d. for 2022





6th

largest Slovenian exporter

94,538

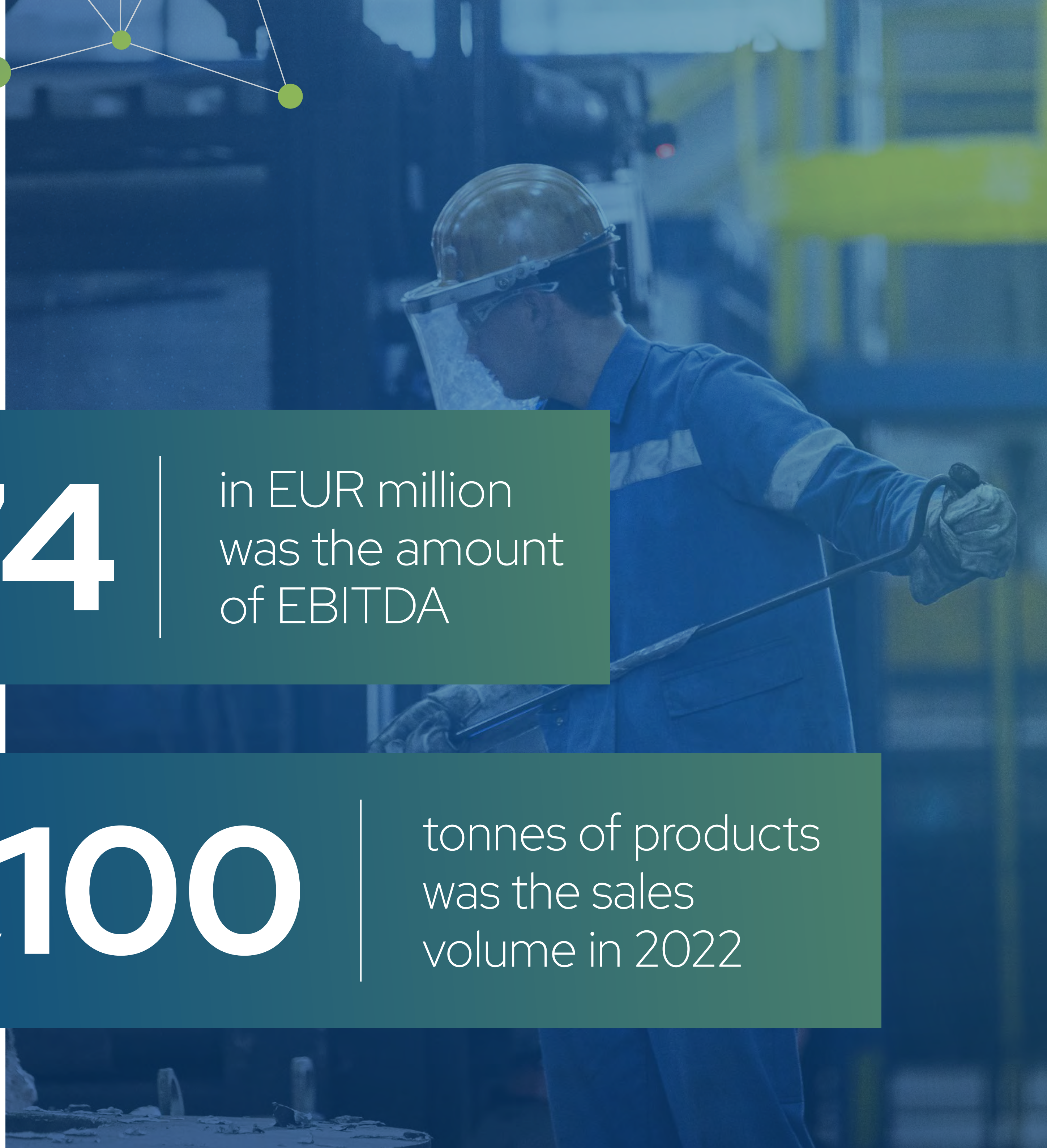
in EUR was the amount of the added value per employee

2,422

employees in the company

1.25

was the ratio between NET debt and achieved EBITDA



127.74

in EUR million was the amount of EBITDA

233,100

tonnes of products was the sales volume in 2022

87.26 in EUR million was the net profit

1,142.37 in EUR million was the volume of net revenues from sales

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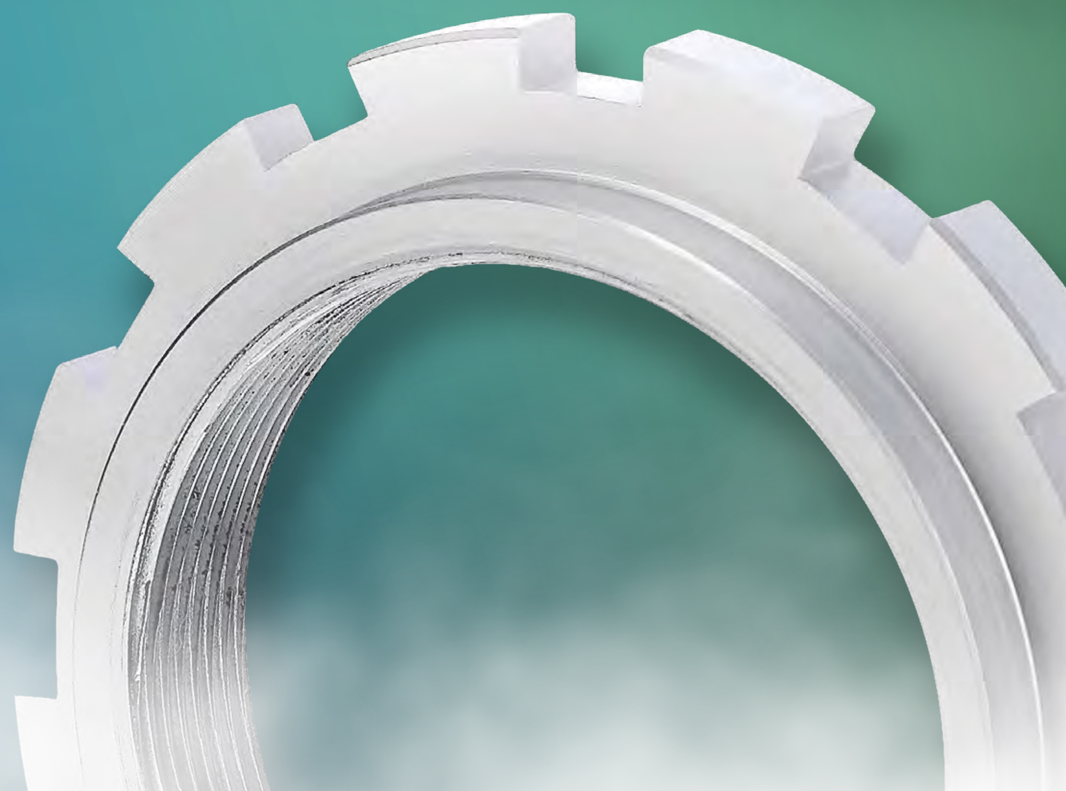
REPORT ON OPERATIONS IN 2022

"The only place where success comes before work is the dictionary."

Vidal Sassoon



JOINT REPORT OF THE BOARD OF DIRECTORS AND EXECUTIVE DIRECTORS ON THE OPERATIONS OF IMPOL 2000, D. D. AND THE IMPOL GROUP IN 2022

Dear shareholders, business partners and co-workers!

2022 was marked by quite a few events that had a significant impact on the operations of the Impol Group. In the first half of the year, we recorded a continuation of the extraordinary demand for our products from the last quarter of 2021, and the war in Ukraine, the high rise in the price of aluminium on the LME, the high rise in the prices of energy products and other operating costs, which we were able to follow with growth, also have an impact selling prices.

While in the first half of 2022 we reached approximately 100% of the volumes of the first half of 2021, the second half of the year brought an extraordinary drop in demand in the field of cold rolled products, so we reached only 81.5% of the volumes reached in the comparable period in 2021.

The price of aluminium continued to rise intensively in the first half of the year. The difference between the lowest and the highest price of aluminium on the LME was 170%. This meant that we had to allocate almost EUR 150 million just to increase short-term assets in 2022, which we financed with cash flow and additional debts. Due to the decrease in production and the drop in the price of aluminium on the LME, a part of the short-term assets was released, which we transferred into liquid assets.

The operating result before tax amounted to EUR 100.9 million and is the highest achieved in the history of the Impol Group. The rolling division reached 61% of the total volume, and the extrusion division contributed to the remaining part of the production.

The production and sales programme structure continues to be strongly dispersed to establish a higher level of at least partial stability and sustainability of the Company's operations and thus the Company itself during recessions and crises.

Good business economy was maintained primarily because of our own foundries enabling us to increase the share of our in-house production of input raw materials and thus purchase simpler input raw materials at lower prices, maintain and achieve higher quality products, develop sophisticated alloys and increase the share of secondary aluminium production. However, there are still issues at Impol-TLM in Šibenik, where the deadline for the construction of the new foundry is being pushed back due to formal complications. More problems are also being encountered at Impol Seval in Sevojno due to the obsolescence and irrational operations of certain foundry capacities. The importance of this part of every production process is indicative of the necessity for considering the construction and upgrade of foundry capacities in the years to come as the highest of priorities.

In 2022, Impol also managed to secure an adequate structure of funding sources and maintain it at the same level as the previous year. Compared to the previous year, we managed to reduce the net debt to EBITDA and it amounted to 1.25, which indicates a high level of business performance and high liquidity at the end of 2022.

Comprehensive risk management and constant attempts to optimise the financing resources improved the structure of financing resources in such a way that already 30% of all short-term investments are financed by long-term sources of financing. This significantly improves the safety of operations and shortens the reaction time which in some cases plays a decisive role when entering sales and also purchase markets. Most importantly, the Impol Group finances almost 51% of its investments with equity. We are also strongly focused on insuring all assets and other business events in the selected manners.

We gradually invested in updating the production information system.

We continued with our intensive development of the area related to quality. We maintain a system of independent verification of product and process quality, which we have been upgrading through the years, thus enabling a sustainable monitoring of the needs of the customers, who demand products of the highest grade of quality. We offer our customers several different technological paths with which we increase production safety and guarantee delivery periods.

As already mentioned, Impol's product portfolio is spread over several product programmes, which has repeatedly proven to be a niche advantage. In this way, we can provide a more comprehensive range of products to a certain group of customers, and the sensitivity to market fluctuations is also lower, as it is rare for the demand for products from all programmes to fall at the same time. This was particularly strongly reflected in the year, during which this issue was aggravated by the pandemic.

In order to pursue its development objectives and manage the growth of the scope of operations and the increase in aluminium prices in 2022, the Impol Group invested approximately EUR 86 million in fixed assets and working capital.

Given the results achieved, investments in the Impol Group are profitable and safe, evidenced by a timely and full settlement of all liabilities and organise uninterrupted operations.

The shares of Impol 2000, d. d. are not quoted on a regulated market and therefore Impol 2000,

d. d. enables its shareholders to determine the value of their investment by objectively showing the value of the Company in its financial statements. The consolidated carrying amount of capital, including minority shareholders, per share in the Impol Group is steadily increasing and in 2022 is now amounting to EUR 335.10 per share.

In addition to the possibility of further development, the results achieved in 2022 also allow for the payment of a slightly higher dividend than in the previous year.

When acquiring larger business shares in other companies, we will pursue the goals of including, above all, such programmes that upgrade existing programmes or supplement them in the direction of increasing their added value. In doing so, we will take into account that the inclusion of new programmes must not worsen the structure of resources for financing the entire process, so that this would increase the share of liabilities. The Impol Group will also continue to form stronger alliances inside the aluminium industry, especially in the SE Europe, whereas investments outside this area will mostly concentrate on extending the sales network. External resources in the form of financial leverage will be included in the Impol Group through those companies in the Group, which use these resources to finance those production programmes that will enable a return on these investments in subsequent periods – all in accordance with decisions previously adopted by the Board of Directors of the Impol Group. Financing within the Group will be carried out under external conditions and will include the costs of providing funds. Individual companies of the Group can also participate in financial markets independently, subject to a prior consent of Impol's Board of Directors.

The InfiniAL brand, which we also registered in 2022, represents the fulfilment of the business objective of the Impol Group in accordance with sustainable development, which we also wrote in the strategy. It is a Group of products the carbon footprint of which is less than 4 kg of CO_2 per 1 kg of aluminium.

Impol operates according to a one-tier management system. The constant presence and flexibility of the Board of Directors provided a permanent control over business operation, the decisions were adopted regularly and in line with our needs, and the guidelines for further operation were defined in a form of entering modifications of plans and the strategy. As part of its operations, the Board of Directors adopted 108 decisions at five meetings in person and nine correspondence sessions, thus ensuring the conditions for a smooth business operation of all parts of the Impol Group.

In organising our business processes we guarantee transparency by rigorously observing the adopted Impol Group Business Conduct Code.

Operations of the Impol Group are thus generally carried out in line with a new business strategy for 2026, including its goal to achieve growth in two key programmes – rolling and extrusion. The sharp increase in prices of aluminium and other significant costs demanded considerable adjustments to the set strategy in the special plan for 2023. As a result of all the changes we have witnessed in recent years, we will renew our strategy this year.

Through the entire period, the Company also monitored the entire process through an internal audit and expects that this will continue further in the future.

The Board of Directors will keep closely monitoring the developments in the business, social and political environment and together with the management of the Impol Group it will adopt measures aimed at reducing their impact on the results of individual companies and of the Impol Group as much as possible. The transfer prices policy will be developed accordingly.

Special attention was given to setting the objectives in the area of sustainable development.

All of the above could not have been achieved without our excellent employees, cost control and improvement of our business operations.

Jernej Čokl
(Board of Directors President)

Vladimir Leskovar
(Board of Directors Vice President)

Janko Žerjav
(Board of Directors Member)

Andrej Kolmanič
(Board of Directors Member)

Dejan Košir
(Board of Directors Member)

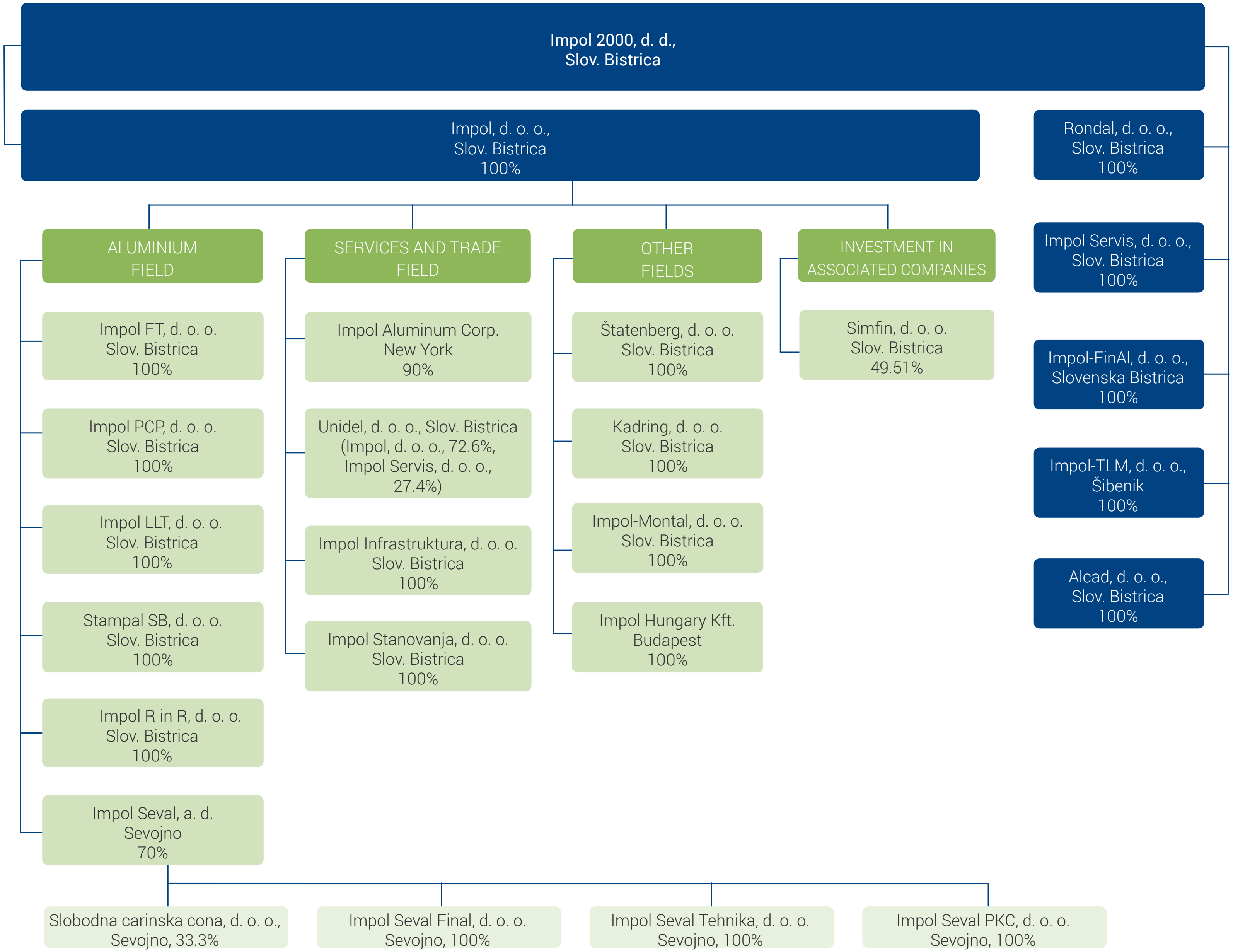
Andrej Kolmanič
(Chief Executive Officer)

Irena Šela
(Executive Director of Finance and IT)

Organisation of the Impol Group

Impol 2000, d. d. is the holding company of the Impol Group. The Company implements many activities; the biggest one regarding revenues is the transit sale of commercial goods. Other sources of revenues include planning, controlling, organising, financing and informing services, sale and after sale and other services.

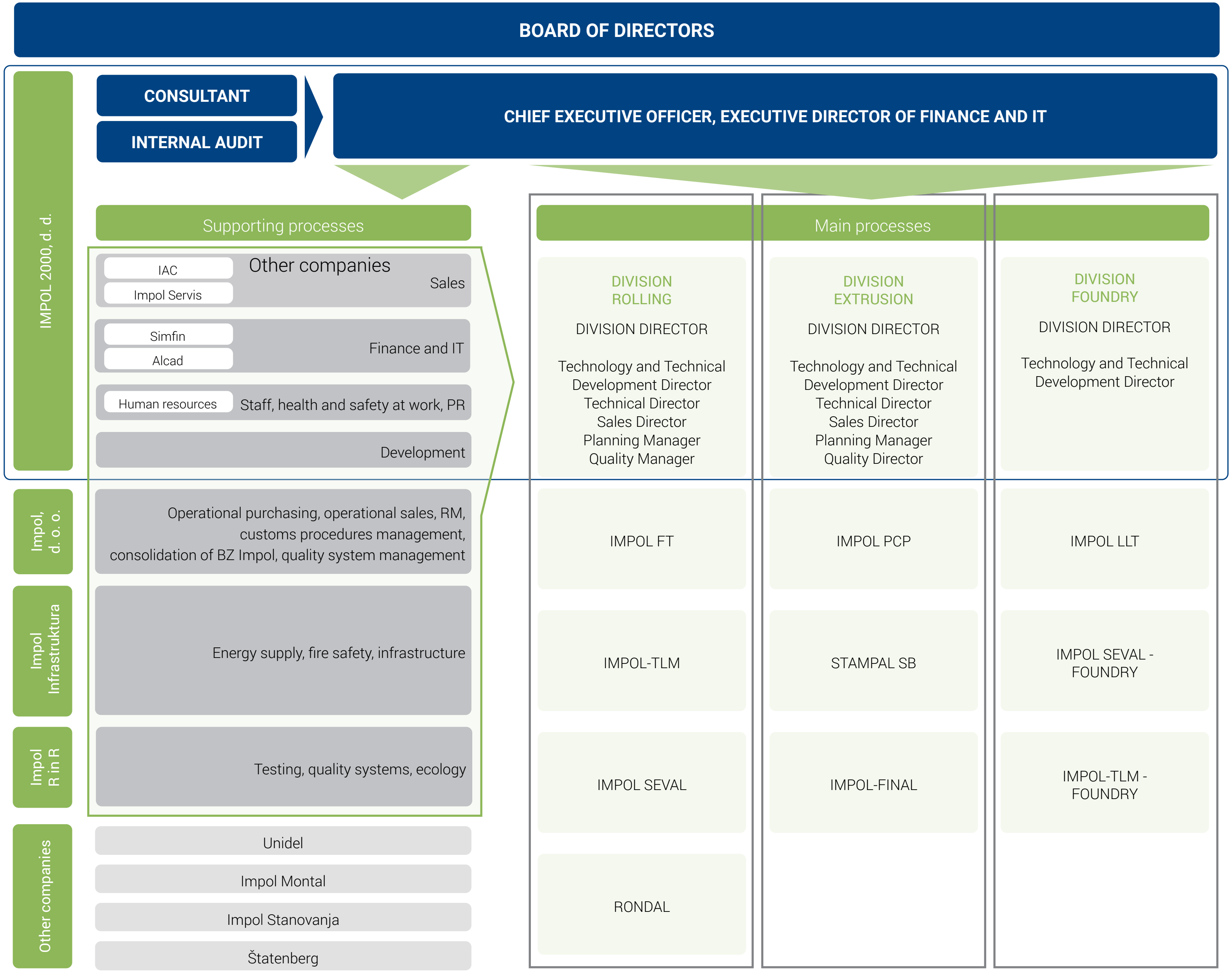
Figure 1: **The Impol Group organisation - ownership structure**



Division organisation

The Impol Group is organised in three divisions, namely rolling, extrusion and foundry, which enables the comprehensive development of individual programmes and the transfer of good practices. Within each individual division the development of the expert field, the achievement of set annual goals, the sale of specialised products to end buyers and ensuring the consistency of operations with corporate rules of the Impol Group are coordinated.

Figure 2: Division organisation



MANAGEMENT AND GOVERNANCE SYSTEM

All companies within the Impol Group are required to manage their business operations by observing the rules and policies, adopted in the Impol Group Code of Business Conduct, which is publicly accessible on the website of the Impol Group (www.impol.si).

The Company's management is responsible for keeping proper accounts and the establishment of internal controls, ensuring the functioning of internal controls, and the selection and application of accounting policies.

In order to make the systems of internal controls and risk management function, we perform the following:

- Unification of accounting policies and their consistent application;
- Provision and upgrading of a uniform accounting system that allows maintenance of uniform accounting policies;
- Provision and upgrading of a single business information system, which increases the efficiency of operational processes and at the same time provides the possibility of controlling all the Group companies;
- Implementation of adequate accounting and business reporting at all levels of the Group companies including:
    - The provision of accurate and reliable accounting data based on credible bookkeeping documentation and proofs of the existence of business events featuring all data that is necessary for correct record-keeping;
    - The provision of accurate, reliable and fair accounting data and reports that are appropriately verified before the publication by the implementation of controls at multiple levels, namely by the comparison of the data from subsidiary bookkeeping and the data in the book-keeping documents, comparison of the data of business partners (external confirmation), comparison of the actual physical state with the accounting records and by synchronising data between subsidiary bookkeeping and the general ledger;
- Implementation of regular internal audits;
- Implementation of regular external assessments;
- Establishment of a Risk Management Committee which monitors all the risks identified within the Group and, where appropriate, is engaged in individual processes where certain risks may occur or have occurred;
- Implementation of its own system of managing risks regarding aluminium operations.

Risk management is presented in detail in the risk related section.

We believe that the current system of internal controls in Impol 2000, d. d. and the Impol Group was effectively established in 2022 and that the operation was in accordance with the legal provisions and ensured the possibility of achieving business goals.

a. Data on the functioning of the Company's General Meeting and its key competences, and the description of the rules for the shareholders and the method of their enforcement

The shareholders shall exercise their rights on the Company matters at a General Meeting in accordance with the ZGD-1. The convocation of a General Meeting is regulated by the Statute. The General Meeting is convened by the Board of Directors. A General Meeting shall also be convened if shareholders whose shares represent one-twentieth of the share capital require it in a written form stating the purpose and reasons. If the Board of Directors refuses to give effect to the request, the minority may request the court to authorise it to convene the General Meeting. The same applies when the majority requests the extension of the agenda after the General Meeting of shareholders has been convened.

The Board of Directors shall convene the General Meeting one month before the meeting by publishing the notice on AJPES and the Company's website. The publication by the Board of Directors shall also indicate the time and place of the General Meeting.

The General Meeting can only be attended and the right to cast votes may be exercised by the shareholders who announce their participation at the General Meeting and who are entered into the central register of book-entry securities as owners of shares at cut-off date upon the General Meeting being convened.

The General Meeting shall decide regarding:
- the adoption of the annual report,
- the use of the distributable profit,
- the appointment and recall of the members of the Board of Directors,
- the granting of a discharge to the members of the Board of Directors,
- the amendments to the Statute,
- the measures to increase and decrease capital,
- the dissolution of the Company and status transformation,
- the appointment of an auditor,
- Other matters if stipulated by the Statute in accordance with the law or other matters laid down in the Act.

The General Meeting is responsible for the adoption of the annual report only if the Board of Directors fails to approve it, or if the Board of Directors leaves a decision on the approval of the Annual Report to the General Meeting.

At the General Meeting held on 21/07/2022 the shareholders took note of the Annual Report and the Report of the Board of Directors on the results of the verification of the Annual Report for 2021, and of the remuneration of the members of the management and supervisory bodies. The General Meeting decided to use part of the formed accumulated profit of Impol 2000, d. d., amounting to EUR 6,400,602.00, for the disbursement of dividends to shareholders, whereby shareholders will be paid dividends in the amount of EUR 6.00 gross per share. The remaining portion of the accumulated profit in the amount of EUR 36,751,370.85 shall remain undistributed.

b. Data on the composition and functioning of the management and supervisory bodies and their committees

As of 01/01/2015, the Impol Group changed the form of governance in its holding company Impol 2000, d. d. from two-tier governance which was in place until 31/12/2014 to one-tier governance.

The Board of Directors which represents the Company is composed of non-executive directors. The President of the Board of Directors is the legal representative of the Company. The Board of Directors therefore runs the Company, whereas the two Executive Directors run the ongoing operations. The Executive Directors represent the Company in accordance with the law and are independent representatives of the Company. In accordance with the resolution adopted by the Board of Directors, the Executive Directors must obtain the approval for specific areas of operations:

- Acquisition, takeover and cessation of shareholdings in other companies and the establishment of new companies,
- Acquisition, disposal or encumbrance of real estate,
- Pledge or other forms of encumbering of other assets,
- Taking out short-term loans, leasing, emission of bills or commercial papers and acquisition of other liquid assets from external sources,
- Provision of guarantees,
- Granting loans to employees and third parties,
- Investments into fixed capital.

Composition of the Board of Directors after appointments made at the General Meeting from 01/01/2021 on:

- Jernej Čokl, Board of Directors President;
- Vladimir Leskovar, Board of Directors Vice President;
- Janko Žerjav, Board of Directors Member;
- Andrej Kolmanič, Board of Directors Member;
- Dejan Košir, Board of Directors Member.

Jernej Čokl, Vladimir Leskovar, Janko Žerjav and Andrej Kolmanič are members of the Board of Directors appointed by the General Meeting and whose term of office expires on 31/12/2026. Dejan Košir was appointed by a representative body of workers as a new member of the Board of Directors.

The Board of Directors appointed two Executive Directors:

- Andrej Kolmanič, Chief Executive Officer,
- Irena Šela, Executive Director of Finance and IT.

The term of office of the Executive Directors will run from 31/12/2020 to 31/12/2024.

5.8. Point 8, Paragraph 6, Article 70 of the ZGD-1 – Rules of the Company

Executive Directors are appointed by the Board of Directors. The term of office of the Executive Directors shall be four years with the possibility of reappointment. The Executive Director must meet the conditions laid down in the Companies Act ZGD-1, additional conditions may be determined by the Board of Directors. The Board of Directors shall decide on the conclusion, approval and termination of the contracts on the performance of a function of the Executive Director.

The Company has a Board of Directors which runs the Company, supervises the implementation of operations and performs other tasks in accordance with the law and Statute. The Board of Directors consists of five members. Four members are elected by the General Meeting, and a representative body of workers of the Impol Group (hereinafter: RBEIG) shall have the right to elect one member in accordance with the statutory provisions and the agreement concluded between the Board of Directors and employee representatives – the Group electors.

A member of the Board elected by the RBEIG has a position of a non-executive director in the Board of Directors and represents the interests of all the employees in the companies affiliated to the Group. The term of the member of the Board of Directors appointed by the RBEIG is two years with the possibility of reappointment.

The term of office of the Board of Directors members elected by the General Meeting is up to six years with the possibility of reappointment. The term of office of each member of the Board of Directors is finally decided by the General Meeting by adopting a resolution. If the term of office of a Board of Directors member is subject to early termination, the next General Meeting will elect a new member for the remainder of the term of office.

The Statute may be amended by the General Meeting requiring a majority of at least three quarters of the share capital represented.

5.9. Point 9, Paragraph 6, Article 70 of the ZGD-1 – Authorisations of the members of the management, especially authorisations for issuing or purchasing own shares

The authorisations are defined under point 4 of the statement – Information on the composition and functioning of the management and supervisory bodies and their committees. The Board of Directors and Executive Directors have no special powers in connection with the issue or purchase of treasury shares.

5.10. Point 10, Paragraph 6, Article 70 of the ZGD-1 – Important agreements in which the Company is a party and which take effect, change or are cancelled on the basis of the change in the control over the Company as a result of a bid, as stipulated by the act regulating acquisitions

The Company is not aware of any such agreements.

5.11. Point 11, Paragraph 6, Article 70 of the ZGD-1 – Agreements between the Company and the members of its management or supervisory bodies or the employees which foresee compensation should such persons, due to a bid as stipulated by the act regulating acquisitions: resign, be fired without cause, or their employment relationship be terminated

In the event of resignation, recall or termination of the employment contract without good reason, the management is not entitled to compensation.

At the meeting in person held on 04/01/2021, the Board of Directors adopted a decision to appoint Vladimir Leskovar (President of the Committee), Tanja Ahaj and a member of the Board of Directors appointed by a representative body of workers, as members of the Audit Committee. From 28/01/2021, Dejan Košir replaces Bojan Gril as member of the Audit Committee.

Operation of the Audit Committee

Operation of the Audit Committee in 2022

The Audit Committee of Impol 2000, d. d. (hereinafter: AC) held in its full composition, as appointed, in 2022 three meetings in person at which it implemented its tasks in line with the provision of Article 280 of the Companies Act ZGD-1.

The Audit Committee:

a) Monitored financial reporting on the basis of the received financial and accounting reports on current business operations on monthly basis. The AC provided, as needed, in terms of the minutes of the AC comprising recommendations and proposals to ensure a coherent monitoring of the accounting report procedure. It monitored the preparation of individual annual reports of the Group companies and of the consolidates annual report in terms of content and timeline. At the same time it discussed important verifications and assessments, used for the preparation of financial statements and important and/or unusual transactions, it verified investments, solvency, liquidity and capital adequacy, and it assessed the quality of financial information. The AC established that the Company met the requirements in terms of solvency, liquidity and capital adequacy on the basis of its financial results from monthly and annual statements of accounts;

b) Reviewed the suitability and comprehensiveness of other measures taken and forwarded opinions to the Board of Directors;

c) Monitored the efficiency of internal controls which it deemed efficient and realised. The AC regularly monitored the assessment of work of the internal audit on the basis of the received monthly reports and it evaluated its operation as successful. By evaluating and following up the reports and by evaluating the operation of the Risk Management Committee, the AC establishes that all risk areas are adequately monitored and managed;

d) Monitored obligatory audit of annual and consolidated financial statements and established that the external audit was implemented successfully and comprehensively;

e) Monitored the external auditor's independence and established that the independence was ensured;

f) Verified the implementation of the contract concluded for the performance of an external audit between an independent auditor and Impol 2000, d. d., and other companies of the Group, where independent audits are necessary;

g) Verified an independent auditor's report and notified the Board of Directors about its agreement with the expressed opinion that the to consolidated accounts, profit or loss and cash flows fairly represent in all aspects the financial position of Impol 2000, d. d. and its subsidiaries in line with the International Financial Reporting Standards. It agreed with the auditors' conclusion that the business report is in line with the revised consolidated financial statements;

h) Specifically verified and evaluated the content of the Annual report of the Impol Group and Impol 2000, d. d. and agreed with the proposal and presented the opinion to the Board of Directors;

i) Supervised the integrity of financial information provided by the Company and it participated in the defining of the important audit fields;

j) Cooperated with the independent auditor in the implementation of the audit of the annual report of Impol 2000, d. d. and the Impol Group, mainly by mutual sharing of information on main and important audit issues;

k) Cooperated with an internal auditor in preparing and confirming an internal audit plan by mutual sharing information on the main internal audit issues as it followed the operation of internal audit on monthly basis through the reports it received on its operation;

l) Regularly provided views and proposal to the Board of Directors for the adoption of decisions in areas which it closely monitors in accordance with the purpose of its function (GRI 102-18).

Companies in the Impol Group

The Impol Group operates as part of the holding company Impol 2000, d. d., which has direct subsidiaries Impol, d. o. o., Rondal, d. o. o., Impol Servis, d. o. o., Impol-TLM, d. o. o., Impol-FinAl, d. o. o., and company Alcad, d. o. o. Impol, d. o. o. operates with fourteen active subsidiaries, three active dependent subsidiaries, and two active associated companies.

Consolidated accounts include all companies in which the Impol Group holds more than 50% management rights, meaning that Simfin, Impol Brazil and Slobodna carinska cona are not included in the consolidation and are included as associated companies in line with the equity method.

Table 1: Other operating companies within the Impol Group

	Company	Share
	Impol 2000, d. d. – holding company – directly controls:	
1	Impol Servis, d. o. o. (controls 27.4% of Unidel, d. o. o.)	100%
2	Impol, d. o. o., with the following subsidiaries:	100%
2.1	Impol Seval, a. d., Serbia, with the subsidiaries:	
2.1.1	Impol Seval PKC, d. o. o. (100%)	
2.1.2	Impol Seval Tehnika, d. o. o. (100%)	70%
2.1.3	Impol Seval Final, d. o. o. (100%)	
2.1.4 associated	Slobodna carinska cona (33.33%)	
2.2	Impol LLT, d. o. o.	100%
2.3	Impol FT, d. o. o.	100%
2.4	Impol PCP, d. o. o.	100%
2.5	Stampal SB, d. o. o.	100%
2.6	Impol R in R, d. o. o.	100%
2.7	Impol Infrastruktura, d. o. o.	100%
2.8	Impol Aluminum Corporation, New York (USA)	90%
2.9	Impol Stanovanja, d. o. o.	100%
2.10	Štatenberg, d. o. o.	100%
2.11	Unidel, d. o. o. (27.4% is owned by Impol Servis, d. o. o.)	72.6%
2.12	Impol-Montal, d. o. o.	100%
2.13	Kadring, d. o. o.	100%
2.14	Impol Hungary Kft.	100%
2.15 associated	Simfin, d. o. o.	49.5%
3	Rondal, d. o. o.	100%
4 associated	Impol Brazil	50%
5	Impol-TLM, d. o. o.	100%
6	Impol-FinAl, d. o. o.	100%
7	Alcad, d. o. o.	100%

Of 27 Group companies (including the associated ones), 9 operate abroad. Impol-TLM, d. o. o. is a direct subsidiary of Impol 2000, d. d., while there are no activities being carried out in the company Impol Brazil. There are also three subsidiaries of Impol, d. o. o. operating abroad: IAC, New York, USA, and Impol Seval, a. d., Serbia, which is the 100% owner of three companies, and Impol Hungary Kft.

Subsidiaries and associated companies in which Impol 2000, d. d. exercises direct or indirect prevailing influence

Table 2: Subsidiaries in which Impol 2000, d. d. exercises direct influence

Subsidiaries - direct influence	Company registration number	Activity Standard Classification	Carrying amount of the financial investment in EUR 31/12/2021	Carrying amount of the financial investment in EUR 31/12/2022	Equity participation in %	Equity in EUR as of 31/12/2021	Net profit or loss in EUR in 2021	Equity in EUR as of 31/12/2022	Net profit or loss in EUR in 2022
Impol Servis, d. o. o., Partizanska ulica 38, Slovenska Bistrica	5482593	47,250	245,037	245,037	100	1,237,127	398,890	1,521,741	283,909
Impol, d. o. o., Partizanska ulica 38, Slovenska Bistrica	5040736	24,530, 25,500	73,988,863	73,988,863	100	186,595,051	36,452,375	219,284,258	42,491,807
Rondal, d. o. o., Partizanska ulica 38, Slovenska Bistrica	5888859	25,500	100,000	100,000	100	7,214,107	1,040,352	8,849,953	1,629,013
Impol-TLM, d. o. o., Narodnog preporoda 12, Šibenik, Croatia	4433203	2,442	63,773,761	63,773,761	100	61,182,109	2,355,702	62,798,454	1,786,393
Impol-FinAl, d. o. o., Partizanska ulica 38, Slovenska Bistrica	7176899	25,620	1,000,000	1,000,000	100	1,001,616	208,592	1,604,598	588,561
Alcad, d. o. o., Mroževa ulica 5, Slovenska Bistrica	5694507	62,010	2,227,000	2,227,000	100	695,815	100,973	885,807	185,204

Table 3: Subsidiaries in which Impol 2000, d. d. exercises indirect influence

Subsidiary – indirect influence	Company registration number	Standard Industrial Classification	Country of the company	Equity in EUR as of 31/12/2021	Net profit or loss in EUR in 2021	Equity in EUR as of 31/12/2022	Net profit or loss in EUR in 2022
Impol-Montal, d. o. o.	5479355	28,120	Slovenia	1,817,946	423,014	2,372,100	554,155
Impol Stanovanja, d. o. o.	5598010	70,320	Slovenia	3,546,361	26,797	3,569,518	22,615
Štatenberg, d. o. o.	5465249	55,301	Slovenia	443,354	4,518	454,655	11,301
Unidel, d. o. o.	5764769	85,325	Slovenia	1,596,262	103,556	1,735,717	138,989
Impol Aluminum Corporation, New York	/	51,520	USA	2,133,775	176,192	2,388,094	408,763
Impol Seval, a. d.	7606265	2442	Serbia	66,216,948	10,087,227	85,405,890	24,100,122
Impol Seval PKC, d. o. o.	17618245	7022	Serbia	81,512	23,649	53,635	11,172
Impol Seval Final, d. o. o.	17618261	6920	Serbia	74,685	4,787	85,505	32,205
Impol Seval Tehnika, d. o. o.	17618253	2562	Serbia	510,652	35,786	522,904	11,591
Stampal SB, d. o. o.	1317610	28,400	Slovenia	6,163,324	779,897	7,956,404	1,781,503
Kadring, d. o. o.	5870941	74,140	Slovenia	783,732	158,561	992,268	204,653
Impol FT, d. o. o.	2239418	28,400	Slovenia	7,007,059	2,320,083	12,397,805	5,387,793
Impol PCP, d. o. o.	2239442	28,400	Slovenia	13,171,751	3,272,492	23,166,964	10,006,939
Impol LLT, d. o. o.	2239434	27,530	Slovenia	4,858,926	908,966	6,379,969	1,510,117
Impol R in R, d. o. o.	2239400	73,102	Slovenia	927,197	87,802	1,032,401	107,646
Impol Infrastruktura, d. o. o.	2239426	70,320	Slovenia	696,255	59,393	770,691	74,576
Impol Hungary Kft.	/	1,724	Hungary	50,335	72,289	46,906	112,263

Other associated companies are those in which Impol 2000, d. d. directly or indirectly owns more than 20% in share capital.

Table 4: Associated companies in which Impol 2000, d. d. has indirect influence

Associated companies – indirect influence	Country	Share in %
Simfin, d. o. o., Partizanska ulica 38, Slovenska Bistrica*	Slovenia	49.5
Slobodna carinska cona**	Serbia	33.33

*Shareholdingin possession of a subsidiary - Impol, d. o. o.
**Shareholding in possession of a subsidiary - Impol Seval, a. d., majority held by Impol, d. o. o.

Table 5: Associated companies in which Impol 2000, d. d. has direct influence

Associated companies – direct influence	Country	Share in %
Impol Brazil Aluminium Ltda, Rio de Janeiro, Brazil	Brazil	50

Shares and shareholders

After the share capital increase being entered on 15/02/2000, the Company's share capital amounts to EUR 4,451,540.

The share capital of Impol 2000, d. d., is divided into 1,066,767 registered no-par value shares.

The share capital of the is divided into:
- 23,951 no-par value shares of the first issue,
- 1,029,297 no-par value shares of the second issue,
- 13,519 no-par value shares of the third issue.

The shares are held by named persons, are of the same class and are transferable. The central share register is kept by KDD. At the end of the year, 820 shareholders were registered, which continues to show adequately diversified ownership. Approximately 50% of shares is owned by natural persons.

All members of the Board of Directors in its composition of up to and including 31/12/2022 own 17,520 shares of the company Impol 2000, d. d. or 1.64% in total.

The carrying amount of a share of Impol 2000, d. d. as of 31/12/2022 is presented in the table.

Table 6: Carrying amount of a share of Impol 2000, d. d. (the holding company of the Impol Group) in EUR

Year	Carrying amount of a share – consolidated – including the equity of minority shareholders	Carrying amount of a share – consolidated – excluding the equity of minority shareholders	Carrying amount of a share of Impol 2000, d. d. (the holding company)
2022	335.10	311.22	65.30
2021	260.25	241.63	62.12
2020	236.43	215.77	56.25
2019	226.93	206.26	58.99
2018	207.94	188.86	57.39
2017	175.74	159.32	55.07
2016	144.38	130.76	53.53
2015	119.58	108.57	51.66
2014	99.88	91.04	49.61
2013	89.61	80.54	47.93
2012	77.78	69.83	45.88
2011	69.21	61.21	40.85
2010	56.46	49.90	36.19
2009	52.75	46.41	32.13
2008	53.33	47.27	26.54
2007	50.19	42.06	23.70

Table 7: Overview of the largest shareholders as of 31/12/2022

Holder	Number of shares	%
Bistral, d. o. o.	111,449	10.4%
Impol-Montal, d. o. o.	80,482	7.5%
Karona, d. o. o.	72,796	6.8%
Alu-Trg, d. o. o.	58,882	5.5%
Upimol 2000, d. o. o.	54,787	5.1%
Danilo Kranjc	54,173	5.1%
Simpal, d. o. o.	53,400	5.0%
Alumix, d. o. o.	53,400	5.0%
Simfin, d. o. o.	19,173	1.8%
Varimat, d. o. o.	17,206	1.6%
Others	491,019	46.0%
Total	**1,066,767**	**100.0%**

5.2. Restrictions on transfer of shares

The transfer of shares shall request a written consent of the Board of Directors, which verifies before the transfer if conditions for transfer, specified in the Company Statute, have been met.

5.3. Point 3, Paragraph 6, Article 70 of the ZGD-1 – Qualified holdings according to the ZPre-1

On 31/12/2022, qualified holdings on the basis of the first paragraph Article 77 of the Takeovers Act are presented in the table below.

Table 8: **Shareholders with qualifying holdings as of 31/12/2022**

Shareholder	Number of shares	Share
Bistral, d. o. o.	111,449	10.4%
Impol-Montal, d. o. o.	80,482	7.5%
Karona, d. o. o.	72,796	6.8%
Alu-Trg, d. o. o.	58,882	5.5%
Upimol 2000, d. o. o.	54,787	5.1%
Kranjc Danilo	54,173	5.1%
Simpal, d. o. o.	53,400	5.0%
Alumix, d. o. o.	53,400	5.0%

By controlling the companies Simpal, d. o. o., and Alumix, d. o. o., the company Upimol 2000, d. o. o., has an increased equity impact in Impol 2000, d. d.

5.4. Point 4, Paragraph 6, Article 70 of the ZGD-1

The Company did not issue any securities that would carry special control rights.

5.5. Point 5, Paragraph 6, Article 70 of the ZGD-1 – Employee share scheme

The Company has no employee share scheme.

5.6. Point 6, Paragraph 6, Article 70 of the ZGD-1 – Restrictions related to voting rights

The Statute of Impol 2000, d. d. includes a restriction of voting rights, namely a shareholder who holds more than 10% of the Company's shares cannot exercise the voting right for the shares exceeding 10% of the shares of the Company.

5.7. Point 7, Paragraph 6, Article 70 of the ZGD-1 – All agreements among shareholders that could result in the restriction of the transfer of securities or voting rights

The Company is not aware of any such agreements.

DIVERSITY POLICY

The purpose of the diversity policy is to provide the fundamental principles with regard to ensuring diversity of the management members with the goal to achieve the best possible efficiency of the management and thus to keep or increase the Company's developmental and competitive advantages. The diversity policy aims to encourage the diversity of the management members and their knowledge and skills.

When determining the optimal composition of the management and in preparing the proposal to the General Meeting of shareholders, we take into consideration especially the following diversity goals or aspects:

- the proposal for the selection management, which is appointed by the Company's General Meeting, should be drawn up in a manner that ensures the heterogeneity of the composition and the operation so that the know-how, skills and personal characteristics of individual management members complement each other. In case of a single-member body, the manager should have the widest possible range of expert knowledge, experience and skills from various different areas so as to contribute to the greatest extent possible to the achievement of the Company's business excellence. We also ask other people responsible for drawing up proposals – company shareholders to take into consideration this principle.
- We ensure proper continuity so as to achieve a suitable relationship between existing and new management members.
- The selection of potential candidates for management members should, if possible, take into account diversity in terms of gender and age.

The diversity policy should be considered particularly in the candidate selection and proposal process for members of the management body. We also ask all the Company shareholders, who have the right to give proposals in the General Meeting's decisions, to take into consideration the diversity policy.

The management or supervision body of Impol 2000, d. d., is the Board of Directors, which is composed by five members. In the previous term (from 01/01/2015 to 31/12/2020) the Board of Directors was composed of five members, all of which men, and two Executive Directors who were not members of the Board of Directors, whereby the main Executive Director was a man and the Executive Director of Finance and IT was a woman. On 01/01/2021, the Board of Directors entered a new six-year term of office, whereby all five members are again men; however, in this term of office the Board of Directors appointed an Executive Director from its members. The position of Executive Director of Finance and IT, who is not a member of the Board of Directors, is held by a woman. There are four women in the management of the Impol Group (Impol 2000, d. d., and directly or indirectly affiliated companies – 23 companies in total). With regard to the activity performed by the Impol Group - manufacturing and producing aluminium products, where there is a low degree of representation of women in managerial positions - we believe that this gender ratio in management or supervisory bodies of the Company is appropriate.

We established that the Company is implementing the diversity policy, since its management bodies are composed so as to ensure suitable know-how, experience and personal characteristics that contribute to the Group's growth and development.

Jernej Čokl
(Board of Directors President)

Vladimir Leskovar
(Board of Directors Vice President)

Janko Žerjav
(Board of Directors Member)

Andrej Kolmanič
(Board of Directors Member)

Dejan Košir
(Board of Directors Member)

Andrej Kolmanič
(Chief Executive Officer)

Irena Šela
(Executive Director of Finance and IT)

STRATEGIC ORIENTATIONS

"It's not about ideas. It's about making ideas happen."

Scott Belsky

STRATEGIC ORIENTATIONS OF THE IMPOL GROUP

THE MISSION OF THE IMPOL GROUP

Sustainable manufacture of aluminium products which provide customers the best ration between price and quality, whereby we meet the expectation of all stakeholders.

Values

INNOVATION – development of new products that enable business growth and adding value.

DILIGENCE – recognising and rewarding employees who contribute to the development of the system with their efforts.

ADAPTABILITY – seeking flexible business models that enable an agile satisfaction of the needs of customers and other stakeholders.

EXCELLENCE – shaping business processes in the direction of business excellence with the intention of becoming a world-class company.

LOYALTY – encouraging employee loyalty and at the same time showing loyalty through sustainable development. of good business relations with business partners.

Key accelerators of change

Fundamental objectives

To increase added value per employee to EUR 80,000 and to ensure a business design in accordance with the guidelines of sustainable development.

Sustainable Development Pillars of the Impol Group

SUSTAINABLE BUSINESS MODEL	SUSTAINABLE PRODUCTS	ENVIRONMENTAL PROTECTION	RECYCLING	SUSTAINABLE PRODUCTION/ PROCESSES	CARING FOR EMPLOYEES	PARTNERSHIP WITH THE LOCAL COMMUNITY
Focus profit to modernise and expand production and ensure at least 60% of the financing of business processes with the capital. We are accountable to our shareholders, the management board and Code of business conduct. Ensuring the increase of the value of shareholders' investments. Adapting the organisational structure with the intention of facilitating the development of each individual division and achieving internal efficiency. Following values of sustainable development and meeting the expectations of end users and other stakeholders of the Impol Group. Following EU guidelines and timeline of introducing the legislation in the area of sustainability. In addition to profitability, the fundamental operating goals also include ensuring a positive impact on the world.	Promoting sales to industrial customers as their development supplier. To be the leading European supplier of forging rods, extruded products, and to become a valued supplier of rolled products to the automotive industry. Restructuring the production mix in order to accelerate the manufacture of products with higher added value. Increasing the volume of finalised products to at least 10 thousand tonnes per year and developing new technologies for finalising rolled and extruded products. Emphasis will be placed to eco alloys in developing new alloys. Increasing the share of use of returnable packaging and recycled packaging.	Lowering flow and burn-off factors by 1% annually, thereby reducing required incoming material. By 2040, the majority of primary aluminium will have low carbon footprint (max. 8 t CO_2/t). By 2030, 27% of energy will be obtained from renewable resources.	Increasing the share of secondary input raw material to 50% and developing relevant technological processes accordingly. We will primarily invest in increasing recycling capacities in the area of foundry. Preparing a sales and purchasing model of establishing closed loops with customers. Waste aluminium preparation and treatment before the melting phase with the goal of including contaminated waste and decreasing loss. Reusing aluminium obtained from slag production. Establishing recycling of production materials and auxiliary resources.	Increasing productivity, utilisation of the working equipment and reducing losses in processes with the project of operational excellence. Optimising production and business processes by implementing a modern information system. Introducing measuring productivity and OEE indicator; establishing standardisation processes and automatising scheduling and planning processes. Increasing the efficiency of production processes by automatising and robotising production lines. Increasing the efficiency of energy use by 2030 and achieve the national goal of 9% compared to the base year of 2020.	Ensuring management excellence at all level with clear objectives, policies and consequences. Developing areas, employment levels, where added value is raised, decreasing jobs without added value; establishing attractive jobs in order to ensure further development of the Company and recruitment. Ensuring a more just, transparent payment system that encourages productive work and development. Upgrading the system of recruiting and selecting employees with the intention of introducing top staff from the desired areas into the system. Establishing a career system for employees with the intention of preserving knowledge, raising motivation and employee commitment. Ensuring a safe and healthy working environment.	We are an active partner in sustainable development of the local community. We will encourage sustainable mobility. The volume of resources, intended for donations/ sponsorships, will amount to at least 0.3‰ of income on an annual basis.

Fundamental strategic policies of the divisions

	ROLLING	EXTRUSION	FOUNDRY
VISION	To become a recognisable European rolling company – a reliable and competitive provider of thin and thicker aluminium rolled products for the industrial supply chain.	In the area of rods, bars and tubes, we will maximise the opportunities for production of drawn rods of all shapes and sizes as well as extruded rods from difficult-to-manufacture aluminium alloys so that Impol becomes the largest European manufacturer in this field.	To maximise the share of circulating material at the generation location and to include up to 50% of secondary aluminium in the average batch by 2026.
MISSION	The Rolling division develops comprehensive production operations that include melting with recycling, hot rolling, cold and hot foil rolling with finishings and minimum engagement of external capacities.	Increasing the volume of operations through affiliated companies in the division with the intention of increasing added value per employee and raising the recruitment level terms of higher quality and shipping punctuality.	The fundamental objectives of the foundry division is to produce aluminium by redirecting toward production with higher added values.
INVESTMENTS	In the rolling division we will continue carrying out investments in the standardisation of the size of transport units and elimination of bottlenecks at individual locations. At Impol FT we will invest in cutting capacities of the thin programme. Investments at Impol-TLM will be directed toward modernising the cold-rolling mill and rolling capacities with the objective of raising productivity and programme quality. We are planning the construction of rolling oil distillation systems for "Air pure" rolling plants in Šibenik and Sevojno.	Increasing the capacities of cold production. Increasing the capacities for finalising products and for manufacturing blanks.	Increasing casting capacities at the location in Šibenik. Increasing the capacities for producing secondary aluminium.
OBJECTIVES	Specialisation of production programmes by locations. Restructuring and improving the product mix from the current 65% of standard products, sold through distributors, from 20 to 30% of our products. Improving operational excellence and quality in processes with the aim of achieving a technologically specific consumption of raw material in the process chain. Increasing the share of self-sufficiency with casting formats from 170,000 tonnes or 73% to 288,000 tonnes or 100% in 2026. Integrating knowledge and capabilities in order to supply industrial B2B chains.	Developing an organisational model, consistent with the expectations of the automotive sector. Raising information support of business operations (ERP, MES…). Improving productivity per employee using process automation. Introducing new technologies of producing profiles and tubes.	The foundry capacities will be redirected toward supplying materials to production programmes with a special emphasis on ensuring comprehensive production of the circulating material onsite and the inclusion of up to 50% of secondary aluminium into the average batch of increasing the recycling level, reducing environmental impact (decreasing the carbon footprint) and reducing the consumption of primary raw material.

Plan of operations in 2023

Table 9: Planned indicators for 2023

Indicators	
Cash flow from current operations (net profit after tax + depreciation) (in EUR 000)	50,477
Added value per employee in EUR	68,328
EBITDA (operating profit + depreciation) (in EUR 000)	67,148
EBIT (operating profit) (in EUR 000)	46,915
Profit before tax (PBT) (in EUR 000)	38,307
Net debt (in EUR 000)	178,370
Net debt/EBITDA	2.66

BUSINESS OVERVIEW

"Discipline is the bridge between goals and accomplishment."

Jim Rohn

PERFORMANCE ANALYSIS

Impol Group Performance

Notes on the Profit or Loss Statement of the Impol Group

In the 2022 financial year, we generated net sales revenue of EUR 1,142.4 million, which is 35.12% more than in 2021. The reason for the increase in revenue is, on the one hand, the increase in the price of aluminium on the LME, which is the basis for the formation of sales prices and higher achieved sales margins on the market. The revenues generated in the domestic market account for 6.58% in the structure of sales revenues, and compared to the previous year they increased by 35.14%. Revenues generated in foreign markets accounted for 93.42% of total revenues and in comparison with 2021 they increased by 35.12%. Most of the revenues we generated in foreign markets are achieved in the markets of the European Union, which is presented in the report later.

Operating expenses of the Impol Group amounting to EUR 1,039.8 million are by 28.06% higher than in the previous year. The costs of goods, material and services increased by 30.21% in comparison to the previous year and account for 87.58% in the structure. The most important category of operating expenses is the cost of material, which amounted to EUR 671.2 million in 2022, which is 42.33% more than in the previous year. Their share in total operating expenses equals 64.55%. The largest share of costs of material represents the costs of raw materials, and the remaining costs are the costs of energy products, water, packaging and other materials.

Costs of services which account for 6.05% of total operating expenses amounted to EUR 62.9 million in 2022 and increased by 8.87% compared to 2021. Costs of labour amounting to EUR 97.6 million are by 17.27% higher compared to 2021. Write-offs, which include depreciation costs, revaluation operating expenses of intangible assets and tangible fixed assets, revaluation operating expenses of current assets and revaluation operating revenues from leases in the amount of EUR 27.1 million, are by 8.00% higher compared to 2021. Other operating expenses in 2022 amounted to EUR 4.4 million, which is by 4.14% more than in the previous year. The biggest share of other operating expenses are the costs, associated with emission allowances, costs associated with the environmental taxes (concession for water, land use fee, etc.), various membership fees, donations.

In the 2022 financial year, we generated EUR 104.3 million of earnings before interest and taxes (EBIT) and EUR 127.7 million of earnings before interest, tax, depreciation and amortisation (EBITDA). Compared to the previous year, this means a 121.92% higher EBIT and a 83.46% higher EBITDA. We generated a negative financing result in the amount of EUR 3.4 million (2021: EUR -6.2 million).

Financial expenses relating to the interests from the liabilities to banks amounted to EUR 4.2 million in 2022 (2021: EUR 3.2 million).

We thus generated net profit of EUR 87.3 million (2021: EUR 35.5 million).

Notes on the Statement of Financial Position of the Impol Group

At the end of 2022, the assets of the Impol Group equalled EUR 691.5 million, which is EUR 61.8 million more than total assets of the Group at the end of 2021. Cash and inventories had the greatest impact on the increase in assets. Investment in long-term assets remained approximately at the same level.

Long-term assets amounted to EUR 232 million and virtually did not change with respect to 2021 (reduction by 0.7%). On 31/12/2022, short-term assets equalled EUR 457 million, which is EUR 62.8 million more than short-term assets of the Company at the end of 2021. Cash increased by EUR 36.8 million, whereas Inventories increased by EUR 18.4 million. Short-term financial investments amount to EUR 1.2 million, a part of which are represented by loans and a part are receivables from forwards (purchase of aluminium, interest rate swaps). In 2022, operating receivables increased by EUR 7.2 million compared 2021.

The total liabilities to sources of assets of the Impol Group amounted to EUR 691.5 million on 31/12/2022 and increased by EUR 61.8 million in 2022. The Group increased capital by EUR 79.9 million (28.76% more than at the end of 2021), long-term financial liabilities increased by EUR 9.1 million (i.e. 8.39% more than at the end of 2021), and short-term accrued costs and deferred revenues increased by EUR 0.9 million (i.e. 31.94% more at the end of 2021).

Cash flow statement

In 2022, we generated positive operating cash flow in the amount of EUR 71.7 million. In 2021, it was negative and it amounted to EUR 26.3 million. We generated negative investing cash flow in the amount of EUR 24.1 million compared to the year before when it amounted to EUR 18.1 million. Cash flow from financing was negative in the amount of EUR 10.9 million (in 2021 it was positive in the amount of EUR 23.4 million). The closing balance of cash was thus increased by EUR 36.8 million compared 2021.

Performance of Impol 2000, d. d.

Notes on the Profit or Loss Statement of Impol 2000, d. d.

In 2022, Impol 2000, d. d., generated net sales revenues of EUR 49.1 million from the sales of products, services and merchandise, which is 40.98% more than in the previous year. In the domestic market we generated net revenues arising from the sales of products, services and merchandise of EUR 46.2 million, which is 38.77% more than in the previous year. In foreign markets we generated net revenues of EUR 2.9 million, which is 87.99% more than in 2021. In 2022, operating expenses increased by 42.10% compared to 2021 and stood at EUR 48.9 million. Cost of goods and material sold account for 68.59% of all operating expenses and are followed by labour costs equalling 26.01%, costs of services represent 4.21% of operating expenses, whereas write-offs and other operating expenses together represent 1.18% of all operating expenses.

In 2022, we generated EUR 0.37 million of operating profit. In 2021, operating profit amounted to EUR 0.46 million.

The operating cash flow (EBITDA) in the amount of EUR 0.62 million was positive. In 2022, we generated EUR 9.6 million of positive financing result. Financial revenues of EUR 10 million are EUR 6.19 million lower than in 2021. In 2022, the net profit after tax amounted to EUR 9.8 million, while in 2021 it amounted to EUR 10.5 million.

Notes on the Statement of Financial Position of Impol 2000, d. d.

At the end of 2022, the assets of the Company represented EUR 154.1 million, which is 3.57% more than at the end of 2021. Long-term assets in 2022 are practically unchanged compared to long-term assets in 2021. The increase in all assets is mainly the consequence of the increase in cash.

As of 31/12/2022, total liabilities to sources of assets of the Company stood at EUR 154.1 million and were EUR 5.3 million higher than the liabilities of the previous year. The larger liabilities of the Company partly result from increased capital and increased short-term operating liabilities.

The equity of the Company in the amount of EUR 66.7 million was 5.12% higher or EUR 3.4 million higher compared to 2021. In 2022, dividends were paid out in the gross amount of EUR 6.0/share, which equalled EUR 6.4 million for all shares.

The net debt on the last day of 2022 (calculated as the difference between financial liabilities and cash and short-term financial investments) amounted to EUR 65.5 million and is lower by EUR 7.1 million compared to the end of 2021.

Statement of cash flows of Impol 2000, d. d.

In 2022, we generated positive operating cash flow in the amount of EUR 4.2 million. In 2021, it was negative and it amounted to EUR 3.4 million. The cash flow from investing was positive and amounted to EUR 9.9 million in 2022. The negative cash result for financing amounted to EUR 9 million in 2022 (also negative in the amount of EUR 6.2 million in 2021). The entire cash result in 2022 was positive and amounted to million EUR 5.1 (in 2021 it negative in the amount of EUR 466).

Review of 2022

2022 was marked by the following events in the aluminium industry:

- The first half of the year was marked by strong demand for aluminium products, which applied to all programmes.
- The temporary suspension of anti-dumping for Chinese producers was reflected in sharply increased inventories by European traders, leading to a large drop in demand for the rolling programme in the second half of 2022.
- The price of aluminium on the LME fluctuated greatly, which increased the pressure on the provision of liquidity assets.
- The war between Russia and Ukraine shook the economy of the European Union and the world economy.
- High inflation, the rise in the price of energy products and the resulting rise in all operating costs.

The main successes of the Impol Group were as follows:

- The planned business result was greatly exceeded, the added value per employee exceeded the values outlined in the strategy.
- Ensuring liquidity in the face of extremely high fluctuations in aluminium prices.
- Competitive supply of energy products in terms of price.
- Successful applications to tendered European Union projects.
- Successful provision of the necessary workforce, which shows the high reputation of the Impol brand as a recognised employer.

Expected trends:

- Reducing the competitiveness of Europe: the business environment in the European Union is becoming increasingly demanding and limited by many restrictions, which can reduce the competitiveness of European producers compared to the rest of the world.
- Increases in business financing costs: the rise in short-term and long-term interest rates will have a negative impact on financing business operations. At the same time, it will slow

down investment activities, which could lead to a decline in demand in certain market segments.

- Increased consumption of aluminium in Europe: in the long term, consumption of aluminium in Europe will increase as the industry expands into areas such as electric vehicles, construction and packaging. This could lead to increased demand for aluminium products. In the short term, we are still dealing with increased stocks in warehouses, which limits the volume of demand from dealers, especially for the thick rolled programme.
- War between Russia and Ukraine: sanctions and various responses from third countries may further disrupt the flows of goods and energy that are crucial to the global economy.
- Growth in operating costs: labour costs and other operating costs also increase as a result of inflation.
- Further reduction of the carbon footprint: in Europe, efforts are constantly being made to reduce the carbon footprint of aluminium production. Aluminium producers are focusing on the introduction of new technologies and processes to reduce greenhouse gas emissions, which can affect production costs and aluminium prices.
- Increased competition with China: China is the largest producer of aluminium in the world and has a large influence on the global market. Its export measures and currency fluctuations can have a major impact on the European aluminium market.
- Development of new aluminium applications: with the development of new aluminium applications, the aluminium market in Europe can expand into new areas. Aluminium can be used in a variety of products such as solar panels, energy storage devices and electric vehicles, which can lead to increased demand for aluminium and new market opportunities.

Table 10: Overview of results of the Impol Group in EUR million

Year/Indicator	2016	2017	2018	2019	2020	2021	2022
Consolidated net sales revenue	543.4	666.7	727.6	683.2	583.9	845.4	1,142.4
Consolidated operating expenses and costs	507.2	632.6	700.9	663.7	568.7	811.9	1,039.8
• of which depreciation	15.3	15.6	16.2	19.8	21.3	22.6	23.4
Operating profit	41.5	46.9	43.2	30.5	20.7	47.0	104.3
Financial revenues/expenses difference	-6.3	-7.8	-2.3	-3.0	-4.3	-6.2	-3.4
Profit (or loss) after tax	30.4	34.5	36.7	23.8	14.1	35.5	87.3
Cash flow from current operations*	46.6	50.2	53.1	44.0	35.7	58.6	110.5
Equity	154	187.5	221.8	242.1	252.2	277.6	357.5
Assets (active)	381.1	463.4	530.2	518.1	535.9	629.7	691.5
Share carrying amount in EUR (including the equity of minority owners)	144.4	175.74	207.94	226.93	236.43	260.25	335.10
Added value per employee in EUR	49,337	54,110	53,488	50,304	46,341	64,163	94,538
EBITDA** in EUR 000	56,851	62,598	59,380	50,367	42,000	69,627	127,738
Changes in EBITDA	1.180	1.100	0.948	0.848	0.834	1.658	1.835
Net debt*** in EUR 000	148,599	172,846	163,859	162,923	135,902	195,619	159,651
Net debt/EBITDA	2.61	2.76	2.76	3.23	3.24	2.81	1.25

*Calculated as net profit after tax plus depreciation plus difference in the change of provisions and of long-term accrued costs and deferred revenues at the end of the current year compared to the end of the previous year.
** EBITDA = operating profit + depreciation.
*** Net debt = long-term financial liabilities + short-term financial liabilities – cash and cash equivalents – short-term financial investments.

Table 11: Key indicators

	2017	2018	2019	2020	2021	2022
Equity/all sources of operating assets	40.5%	41.8%	46.7%	47.1%	44.1%	51.7%
Golden rule of balance sheet = long-term sources / long-term investments	170.2%	150.1%	149.6%	153.1%	166.1%	205.5%
Long-term operating expenses	40.8%	41.8%	39.8%	48.6%	43.0%	31.8%
Option to settle liabilities with property	170.3%	174.2%	190.7%	192.0%	181.4%	210.1%
Financial expenses/expenses	0.8%	0.6%	0.9%	1.3%	1.1%	0.7%
Income/employee ratio in EUR 000	295.23	313.55	291.24	243.99	343.00	474.01
Margin	5.2%	5.5%	3.5%	2.4%	4.2%	7.6%
Debt/equity	144.1%	136.0%	111.5%	110.0%	124.0%	91.1%

IMPORTANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

In the period from the end of 2022 until the date of approval of the financial statements, no events occurred that would in any way affect the presented financial statements of the Impol Group for the financial year 2022.

Other important events that occurred in the stated period after the end of the financial year and do not affect the financial statements of the Impol Group for the financial year 2022 are as follows:

- Regardless of the increase in the minimum wage, we implemented a 12% wage increase in the Impol Group due to the adjustment to the rise in the prices of consumer goods.
- Elections were held for the fifth member of the Board of Directors of the Impol Group, namely Dejan Košir was re-elected to the Board of Directors on 24/01/2023.

IMPOL IN THE WORLD OF ALUMINIUM

"The Impol Group is the largest producer of aluminium semi-finished products in Slovenia, offering customers a varied sales programme – rolled and extruded aluminium products with a high level of after-treatment, which meet the highest standards according to quality requirements. Our excellence is also confirmed by numerous representatives of prestigious trademarks from the most demanding industries, such as automotive industry, food industry, pharmaceutical industry, aerospace industry, machine industry, transport industry, construction industry, etc. Our business transactions are directly connected to the model of our corporate responsibility which encompasses the orientation towards circular economy, the production of long-lasting products that can be entirely recycled, the responsible relationship towards nature, the environment, and our employees, as well as "looking forward".

The main strategic advantage of the Impol Group is the diversity of the aluminium production programme, since we master numerous aluminium production processes: casting, rolling, extrusion, drawing, forging, stamping and further production (product finalisation). At the same time, we also create synergy effects by controlling other areas that support our core activity, i.e. Production of aluminium products. The activities within the Impol Group are organised according to individual companies which are subject to the same corporate rules, and which use marketing rules to conclude business transactions with each other.

On a global scale, production of primary aluminium amounted to 68.5 million tonnes in 2022; the Impol Group achieved a 0.34% share of production compared to newly created aluminium. In compliance with its strategic orientations, Impol continues to focus more on the added value in the product, even though the scope of our production continues to constitute an important factor, since fixed costs in a mass production process can only be properly contained with a sufficient quantity of products.

Figure 3: Production of primary aluminium by locations in 000 tonnes (Source: international-aluminium)

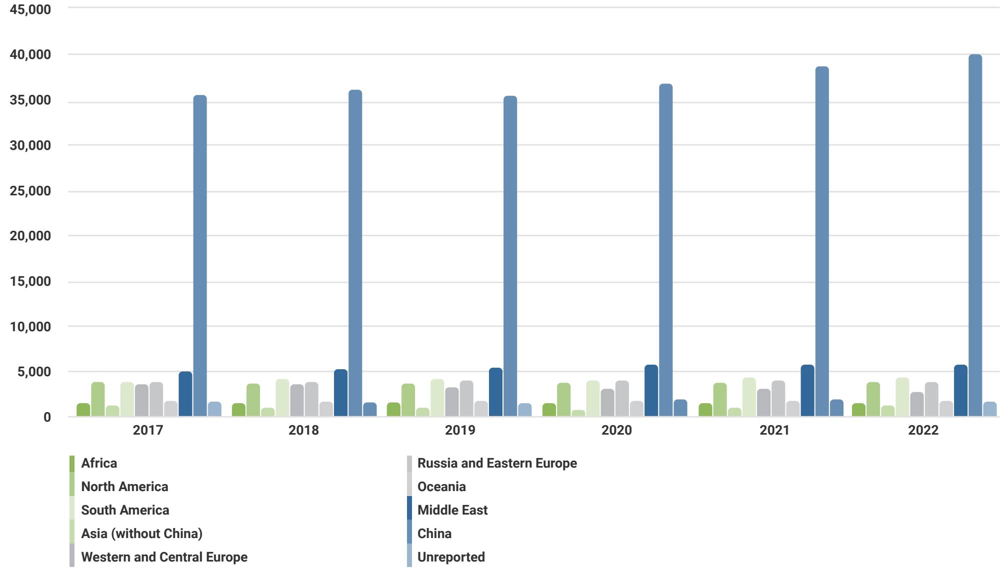
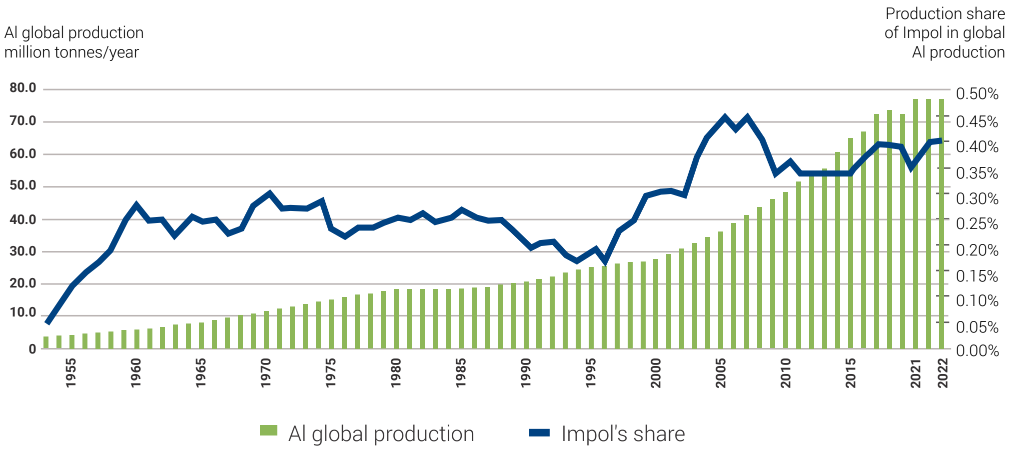


Table 12: Sales share by continents

Continent	in %
EU	88.14%
Europe - other countries	7.80%
North America	3.00%
Asia	0.50%
Central America	0.38%
South America	0.07%
Africa	0.06%
Australia	0.05%
	100.00%

Figure 4: **The share of Impol in the use of produced primary aluminium (in 2022)**



The aluminium production industry is characterised by shaping the sales prices of its products in such a way that sales premiums are negotiated with customers given the primary aluminium price on the LME. The turnover in terms of value rises or falls independently from the quantitative volume of sales and also independently from changes in sales margins.

The same also applies to the purchase prices for aluminium raw materials, which are shaped by negotiating a purchase premium with suppliers given the quoted aluminium prices, usually including all delivery costs under the conditions of Incoterms DDP. In the past year, a purchase premium also included a regional annuity or a purchase premium, which is becoming constant and normal by making its amount public in Metal Bulletin. The aluminium price thus significantly impacts the size of direct costs; however, subject to appropriate forward collateral (hedging), its fluctuation should not have a direct impact on the business performance.

The industry is rather stable in terms of basic aluminium and alloy production technology. The greatest dynamics can be observed in the field of process control, quality and supply chain optimisation processes. Annually we spend EUR 2–3 million on process control improvements. In such a way, we are safeguarding the competitiveness of our products and services in the future as well.

One of the rather important trends in our business processes is digitalisation, making it possible for us to efficiently control processes, implement optimisation methods, and find new business solutions.

The Impol Group follows trends in the industry and adopts strategic decisions with which it may efficiently manage risks and recognise opportunities.

SALES

The basic policy of the Impol Group is to add value to aluminium, which we are achieving by producing rolled and extruded aluminium products, and we also act as a development and strategic partner to our customers. In addition to the rolling and extrusion programme, we also offer niche products – blanks and slugs. We have improved at developing the area of product finalisation, where we are present on the market as a "tier 1" supplier of manufacturers in the automotive industry.

We offer our customers a wide selection of aluminium products and can adapt our offer to specific needs. We also developed the segment of further treatment of aluminium products – forging, coating, anodising and other mechanical treatment. The entire production is designed and run as individual production carried out on a mass scale so as to meet the price-related expectations of our customers.

Due to efficiently managing our customers' needs, developing our offer and seeking synergy effects, we operate within three divisions – foundry, rolling and extrusion.

The fundamental task of the foundry division is to optimise operating costs, technologically upgrade our range and the quality of finalised products, and to entirely adapt to the needs of end users. Our own foundry enables us a much greater flexibility. The rolling division is currently dealing mainly with managing the economy of the volume and with stabilising operations due to the increase in capacities. These activities are also joined by product customisation, acquisition of more demanding customers and penetration into the automotive industry, where we have great opportunities for further growth and development. As our capacities increase, the extrusion division invests a lot of effort in increasing the range of products with additional treatment – finalisation – and developing complex products that require an in-depth mastering of the technology.

Our competitive advantage:

- managing the entire aluminium production chain,
- diversification of the sales program,
- development supplier.

Figure 5: Shares of sales by product programmes

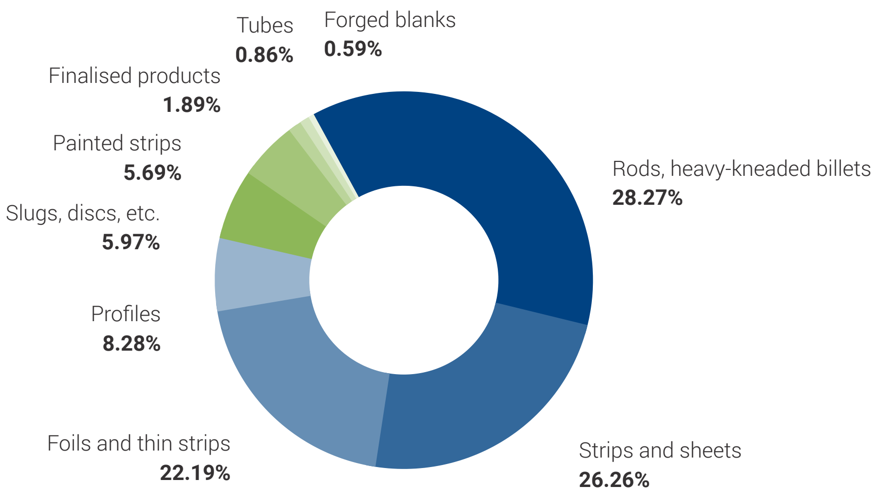


Figure 6: Sales by branch activity

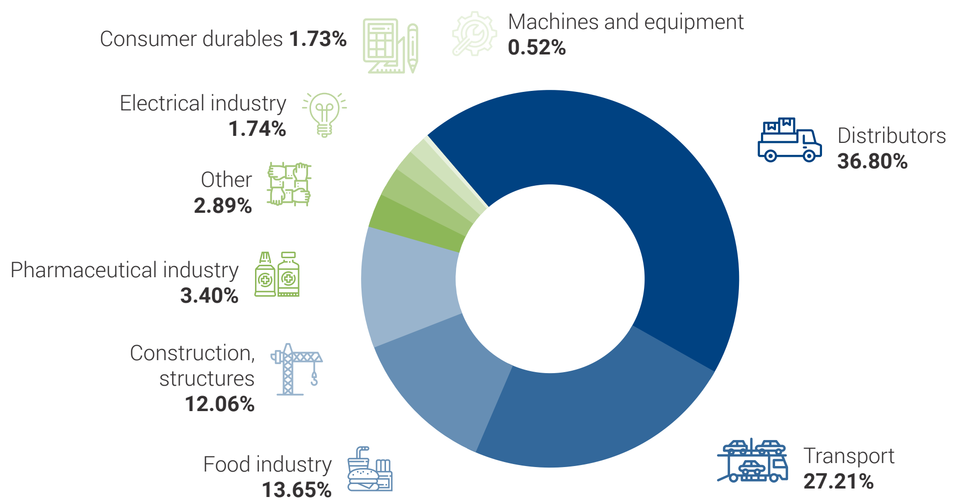


Figure 7: Revenues of the Impol Group by countries in %

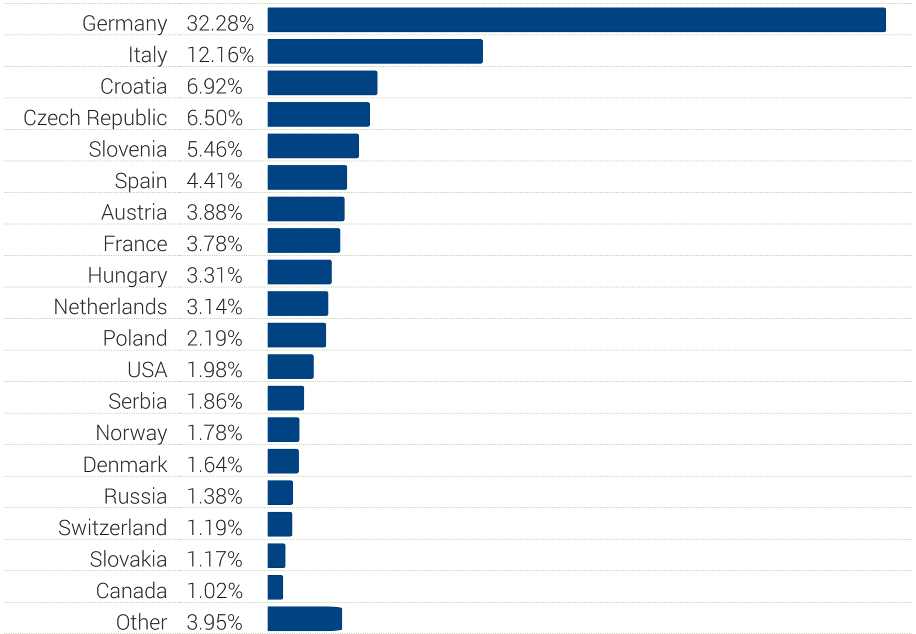
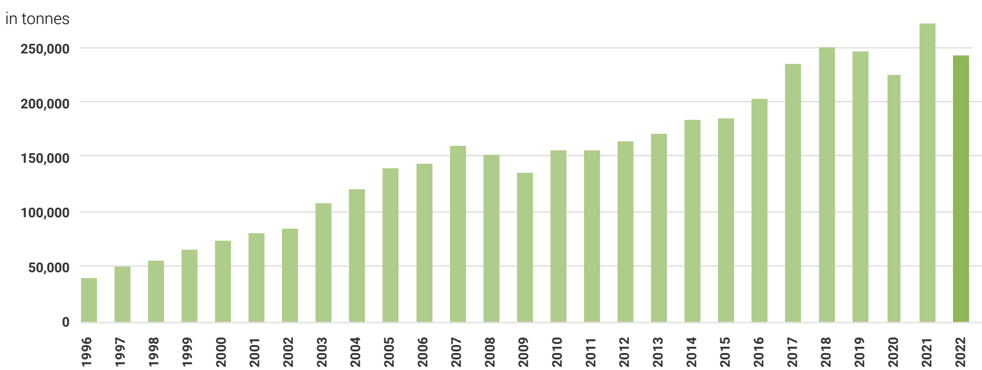


Figure 8: Trend in sold quantities of products



Brands

Products of the Impol Group are being marketed under the Impol brand with the exception of products of the blanks niche programme, which are marketed under the Stampal SB brand and products of the slugs niche programme, which are marketed under the Rondal brand. On the US market, the Impol Group sells extruded products through the company Impol Aluminum Corporation. In appearing on the market, emphasis is put on the interconnectedness of the Group, which creates numerous advantages for customers (operating stability, supply reliability, quality management, etc.). Retail products are marketed within the framework of Impol Servis, under the name Alumix and Nabo.

In 2022, we developed a new brand, InfiniAl. For products under this brand, we guarantee a low carbon footprint, namely below 4 kg of CO_2 per 1 kg of aluminium product and a high proportion of recycled aluminium in accordance with the ISO 14021 standard.

The companies Impol Stanovanja, d. o. o., Unidel, d. o. o., and Kadring, d. o. o., also conduct business operations on the local market outside the main activity. All the companies specified above market their services under the brands with the same name as the name of the Company. (GRI 102-7)

PURCHASING

Supply chain

Primary and secondary aluminium in various forms make up the largest share in terms of raw material purchasing. Given the fact that we are a producer with no raw material sources of its own, appropriate raw materials must be purchased prior to the production of every single product.

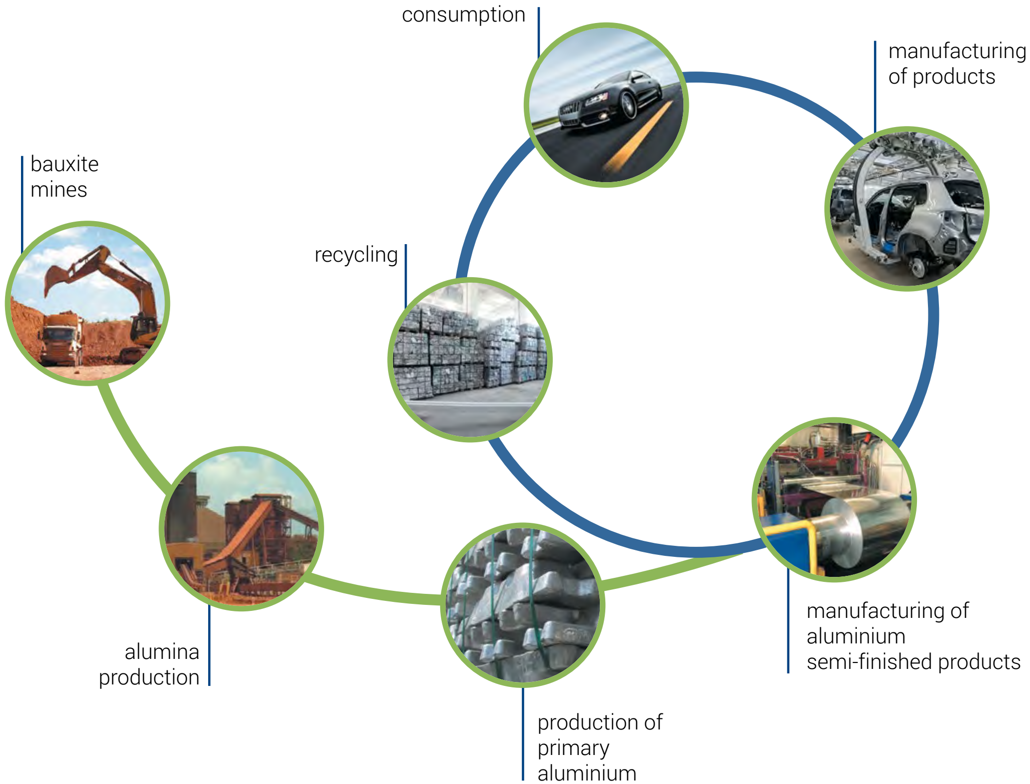
We introduced a closed loop system, which means that waste, which is generated during the production of our products at our end customers, is collected and used as an input raw material in our foundries. In this way we contribute to the sustainable consumption of energy and resources, since we replace primary aluminium and alloying elements, which are necessary for the production of alloys, with return and secondary aluminium.

In 2022, we purchased the following shares of aluminium for the production of 245,800 tonnes of aluminium products:

- primary aluminium: 33%,
- formats (rolling slabs, billets): 39%,
- secondary aluminium: 28%.

Use of aluminium in foundries of the Impol Group:
- primary aluminium: 27%,
- return (circular) aluminium: 47%,
- industrial (pre-consumer) aluminium: 25%,
- post-consumer aluminium: 5%,
- alloying elements: 1.5%.

Figure 9: Closed loop system



We have managed to ensure regular raw material and material supply by concluding strategic purchase contracts and by maintaining business relationships with all global providers.

In the field of secondary aluminium, the Impol Group is active both in the market – by establishing closed loops with customers – as well as in production management – with a cost- or technology-efficient re-melting method. This is why we also implement investments in state-of-the-art technology and equipment in our foundries.

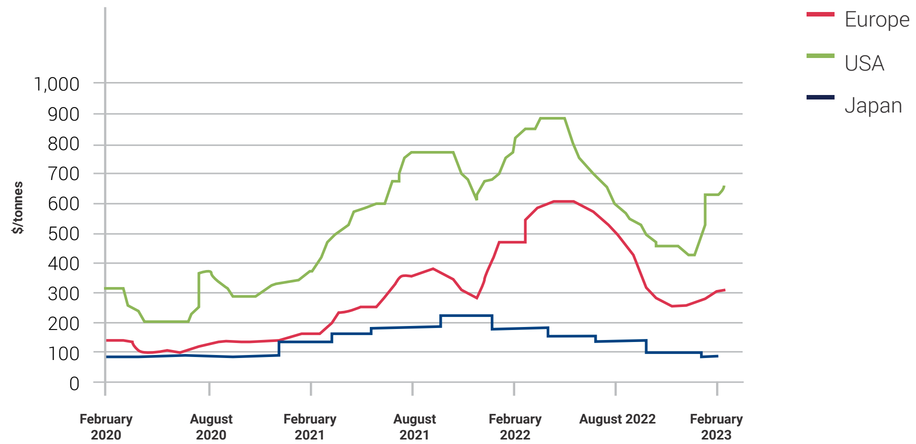
Changes in the prices of aluminium

Aluminium prices - both stock prices and premiums - reached new historical highs in 2022. The prices of pure aluminium on the LME came close to the value of USD 4,000/t, premiums on customs duty ingot in Rotterdam exceeded USD 600/t, while premiums on a billet, cleared through customs, jumped even more due to the limited supply - the price exceeded USD 1,500/t.

Such price growth was most influenced by the Russian-Ukrainian crisis, which caused uncertainty in the world regarding the supply of raw materials and energy products. The steep rise in the prices of energy products, both gas and electricity, as well as emission allowances, strongly affected the energy-intensive production of primary aluminium and other inputs, so that European producers in particular had to significantly reduce or completely stop production. Despite the high selling prices of aluminium, further production was not profitable.

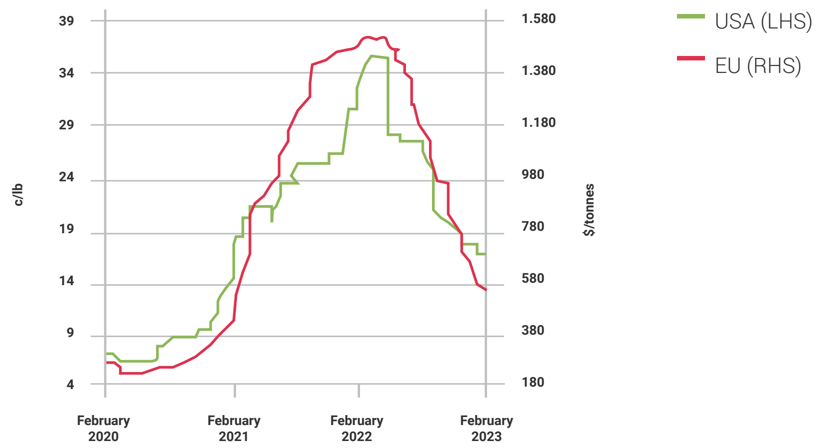
Figure 10: Spot price trend at the LME in EUR/t

Figure 11: Aluminium market



*Source: Fastmarkets MB

Figure 12: Price trend of aluminium for ingots and billets (Rotterdam parity)



*Source: Fastmarkets MB

Development in the Impol Group

In 2022, our main focus was the development of technologies which form the basis for the development of products for the car industry. The extrusion division focused on the development of technologies for the adoption of technical specifications for the production of profiles for the automotive industry. The technology for the creation of profiles intended to be used in the safety components requiring excellent energy absorption during car crashes. At the same time, technology for profiles used for chassis parts was developed. Development is also taking place when supplementing the module for managing development activities and analytics for monitoring the implementation of activities.

The rolling division developed technology for the creation of deep traction sheet metal used in car industry. We also continued developing sheet metal and foil properties for various applications.

We completed the MARTIN project, within the framework of which we developed connected models of thermomechanical processes, which enables us to conduct an in-depth study of all the new products listed above, manufactured with new technologies, and to optimise process parameters and material properties. In 2022, we submitted four projects to tenders for co-financing, of which we have already received approved applications for the implementation of three projects.

We completed 84 different projects with a total realisation of 73.04%, which is slightly worse than in 2021, when the realisation was 82%. The reason is mainly the projects that started during the year, quite a few of them started a few months before the end of the year and will continue in 2023.

Table 13: Overview of realised projects by work areas in 2022

	Projects
Number of new technologies	14
Number of new alloys	5
Number of improved alloys	6
Number of new products	11
Number of improved alloys	41
Number methods for technology and processes	18
Number of improved products	21

Table 14: Overview of the number of tasks and their realisation in 2022

	Number of implemented projects	Concluded projects	Share
Total	115	84	73.04%
R&D tasks	48	43	89.58%
Project tasks automotive industry	11	1	9.09%
R&D tasks automotive industry new technologies	2	2	100%
R&D projects (own financing)	4	3	75.00%
R&D projects (tenders - co-financing)	1	1	100%
IT-projects (development)	1	0	0%
Technological solutions	48	34	70.83%

Investment Activity

In 2022, we made small investments that will contribute to the optimal use of our production capacities and the improvement of logistics processes.

In the extrusion division, we completed the investment in the cast bars line and successfully launched the line. We also updated the OCN extrusion line and the dosing cart on the packaging line. We continued with the project of building new production facilities for the finalisation of products. We launched a new forging line and thus increased the production capacity of blanks.

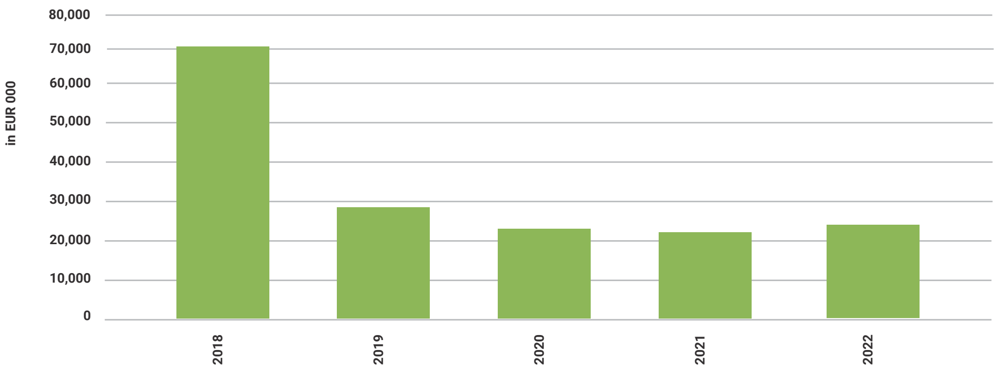
In the rolling division, we built a new warehouse and common process offices. At Impol Seval, we completed the modernisation of the furnace and the reconstruction of the strip straightening line. We also modernised the sheet metal cutting line and modernised the furnace for heating rolling slabs. At Impol-TLM we stabilised the hot-rolling mill.

In the field of casting, we are preparing to increase the casting capacities in the company Impol-TLM. On 05/01/2022, the project to build a new foundry was approved as a strategic investment project of the Republic of Croatia. The project is still in the stage of obtaining permits.

Table 15: **Investment volume in EUR million**

	2018	2019	2020	2021	2022
Investment in acquisition of shares / stakeholders	0	2.0	0	0	0
Investment in fixed assets (tangible fixed assets and investment property)	70.2	27.9	22.1	20.8	22.7
Investment in short-term assets	12.5	-20.4	17.0	96.7	63.4
Total	**82.2**	**9.5**	**39.1**	**117.5**	**86.1**

Figure 13: **Investment volume in fixed assets**



Financing and dividend policy

In 2022, the Impol Group continued to consolidate the structure of its financing sources by financing 51.7% of total investments with equity. Compared to the previous year, we slightly increased the share of long-term sources. The borrowing within the Group is mainly carried out through Impol, d. o. o., and through Impol Seval, a. d. in Serbia.

Owing to the need to ensure adequate repayment of long-term and short-term loans taken out by all Group companies and to guarantee a higher share of capital as a source for the financing of investments in durable short-term assets, we continue to maximise the use of profit for these purposes. Profit generated by Group companies is thus sufficiently concentrated and allocated to investments that yield the highest profits and feature the shortest repayment periods.

The share of financing of the Group outside the banking system represents 2.9% of total financial liabilities. We devote special attention to the engagement of assets in short-term investments (inventories, receivables, cash, other) and their continuous optimisation so as to avoid problems that are difficult to manage such as a shortage of funds or reduced availability of said funds from external short-term financing sources.

Shareholders provide support to the Company through the dividend policy and by approving the operating strategy and plans as they are aware that profit is to a great extent recognised as a future development cost only in the marketplace, which is why the dividend policy is formulated correspondingly.

All long-term investments were initiated solely on the basis of a prior decision of the Board of Directors.

NON-FINANCIAL OPERATIONS

"The greatest thing in this world is not so much where we stand as in what direction we are moving."

Johann Wolfgang von Goethe

NON-FINANCIAL OPERATION STATEMENT

1. Description of the Company's business model

Management's statement: Core principles of sustainable development

We are always planning the business operations of the Impol Group by thinking ahead and placing our focus on the creation of long-term stability and perspective. The latter is also reflected through a socially responsible approach towards the environment, the employees, and other stakeholders of our Company. With the purpose of guaranteeing long-term business operations, we have shaped the core principles of sustainable development, which include the key stakeholders of our business processes (GRI 102 -14).

Using advanced technologies we manufacture high-quality aluminium and aluminium alloy products.

- We offer our clients services of a high-quality level.
- By introducing and implementing constant improvements to processes we wish to achieve the long-term satisfaction and loyalty of our clients.

We are committed to the establishment of sound working conditions for our employees, the preservation of their health and safety, the establishment of a fair relationship with our co-workers, and to the promotion of motivation and willingness to work.

- We consistently pursue the policies of safety and health at work, and we are constantly improving the working conditions and actively reducing accidents at work.
- We care for the well-being of our employees. The salaries they receive are higher than the average in the sector and of the Slovenian average. Each year, employees receive high leave subsidy, and upon achieving the set annual objectives also a bonus at the end of the year and a Christmas bonus.
- We organise events with which we promote socialising and good relations between employees on a yearly basis. We also keep in contact with former employees, our retirees, for whom we organise a meeting and prepare small thoughtful gifts each year.
- We systematically develop the careers of our employees, accelerating the passing on of knowledge and awarding them in a stimulative manner.

All our activities are aimed at minimising negative impact on the environment and promoting coexistence with nature.

- We intensively increase the utilisation of secondary recycled aluminium.
- We reduce non-beneficial impacts on the environment with intensive investments.
- By analysing the energy-efficiency of our machines we implement the project of systematically reducing the consumption of energy products.
- We produce part of electric energy ourselves using a solar power plant.

We operate in a transparent and fair way in compliance with high moral and ethical standards.

- Business operations are organised in accordance with the Impol Code of Business Conduct that defines our values, method of work, the Company's expectations vis-à-vis employees and the rules of cooperation between the companies in the Impol Group.

Since we are integrated in the local environment, we continuously foster care for coexistence with the local inhabitants, accelerate the development of social activities and contribute to a better quality of life.

- We sponsor associations and other organisations, and financially support the organisation of local and also national events.
- We actively report on our operation, plans and strategies, thus informing all the interested stakeholders.
- We reduce negative impacts on the environment, investing mainly in noise reduction.

Strategic marketing position

The Impol Group has implemented a plan for the strategic organisation of sales in order to maximise marketing opportunities: the sales programme of the Company is equally distributed among end customers and vendors, and is also spread between different types of alloys, products, and markets of use.

Andrej Kolmanič
(Chief Executive Officer)

Irena Šela
(Executive Director of Finance and IT)

The table shows a list of the main stakeholders of the Impol Group. our attitude toward them and how we recognise and meet their needs (GRI 102-40).

Table 16: Stakeholders of the Impol Group

Who are they?	What do they expect?	Policy of the Impol Group	How do we satisfy their needs?
Customers	Quality products, respecting agreements, punctuality of supplies, development support, ethical business. Recognising statutory requirements and ensuring compliance.	Ensuring high-quality values and prices of products and create long-term growth through partnerships.	Cooperating in the development of products, advisory meetings, visits and receiving clients, target communication, satisfaction surveys.
Employees	Employment safety, pleasant working environment, safe work, career development, recognitions and rewards.	Employing the best people and motivating them with a targeted development of their commitment.	Developing employee competences, stimulative rewarding system, providing quality information, providing feedback.
Suppliers	Partnership relations, process efficiency, safe business operations, ethical business.	Finding an optimal ration between price and quality of service and observing the fundamental principles of sustainable development.	Regularly providing feedback, publishing invitations to tender, rigorously observing business agreements.
Investors, banks	Profitability of business operations, fulfilling agreements, transparency.	Responsibly managing financial resources and justifying the trust of investors.	Holding regular meetings, informing through annual reports, respecting obligations.
Shareholders	Profitability of business operations, transparency, increasing the value of the Company.	Creating conditions for growth and development of the Company and for profitability of the investors.	Regular meetings, informing through annual reports, informing about the stock market.
Government and regulatory bodies	Respecting legislative provisions, contributing to the economic growth.	Strictly observing the statutory regulations and constructively participating in forming the business environment.	Membership in interest associations, receiving governmental visits.
The Local Community	Providing support in developing the local community and reducing disturbing factors for the environment.	Minimising negative impacts on the local community and supporting local projects that raise quality of life of the local residents.	Sponsoring and donating to local organisations, projects for reducing the negative impact on the environment.
Media	Transparent communication, presenting challenges, supporting publications.	Providing timely and relevant information to the public, supporting the development of economic media and supporting quality media with advertising policies.	Press releases, interviews, answers to questions, organising visits, publishing messages for the public and ads.
Business associations	Actively participating in exercising influence on governmental policies for the development of the economy.	Ensuring cooperation in business associations with the intention of optimising a national business environment.	Membership in associations, participating in conferences, seminars, preparation of material.

BUSINESS POLICIES

Policy of the Impol Group

Using advanced technologies we manufacture high-quality aluminium and aluminium alloy products. We offer comprehensive and quality services to our users. We are committed to prevent pollution and we strive to constantly reduce environmental impacts which are the consequence of our current and past activities. At the same time we are increasing our energy efficiency. We will constantly improve quality management systems, environmental management systems, health and safety at work systems, social responsibility and energy management systems by following the commitments which we have set in various areas of our business operations.

QUALITY

- Our operations will be focused on business growth, long-term financial safety and added value per employee.
- We will ensure the level of user satisfaction by meeting deadlines and ensuring timely deliveries and by upgrading the information system for an improved information transfer.
- We will invest in advanced technology and develop innovative products with higher added value.

THE ENVIRONMENT AND ENERGY

- We will contribute to preserving natural resources of decarbonisation by recycling secondary raw materials and by prudently using all resources, particularly by reducing specific uses of energy products by developing and investing in energy-efficient plants and renewable energy sources.
- We will ensure responsible management of chemicals, look for substitutes for dangerous substances and act in accordance with the REACH directive.
- We will minimise negative impacts on animals, air quality, water, land, forests and other natural resources, reduce the volume of waste, preserve biodiversity and respect the rights of the local population.
- We will invest in the top available production techniques, introduce safer and health and environmentally friendly processes and reduce the level of noise in our surroundings. We will report on GHG emissions and other environmental aspects.

HEALTH AND SAFETY AT WORK

- We will build an organisational culture in which employee safety and health are a priority with the intention of constantly preventing the occurrence of accidents at work and other incidents.
- We will ensure a high degree of fire safety.
- We will constantly raise the awareness among employees, train them for safe work and encourage a healthy lifestyle.
- We will include workers' representatives in the management of the safety and health at work system and regularly consult and actively encourage the involvement of our employees.

INFORMATION PROTECTION

- We will constantly invest in the improvement of processes, relevant technology and raise awareness among people in order to increase the level of information protection.
- We will build an organisational culture in which protecting the organisation's professional secrecy, protecting personal information and other rights and liberties of individuals is an important aspect and a strong imperative of our operation.

RISK MANAGEMENT

- In all areas of operation we will recognise and manage risks that could jeopardise the Company's operations.

PARTNERSHIP

- We will listen to the expectations, ideas and initiatives of all interested parties, particularly to users, employees and the public, and will respond to their needs.
- Our activities in the area of managing employees will be directed toward building employee commitment, encouraging teamwork, developing leadership and preventing injuries and damage to health.
- We will identify the relevant statutory requirements and ensure compliance. The Group and individual companies will also identify and adhere to all other commitments that have been made with the involvement of stakeholders at all levels of operation.
- We pass on the requirements regarding the knowledge and respect of the principles of our policy and operation in accordance with the statutory requirements to our suppliers and all those who work for the Impol Group or on its behalf.

The policy is accessible to the general public.

Environment

Policy

Our fundamental environmental principles and commitments regarding the prevention of pollution are set out in:
- the policy, which also lays out the environmental policy;
- the policy of sustainable development,
- the environmental management programme;
- the quality system documents.

We established and certified an Environmental Management System according to the requirements of the ISO 14001:2015 standard. The responsibility for fulfilling the environmental requirements is borne by all employees in the companies of the Impol Group, and the management is ensuring all the necessary resources and thus guarantees for their realisation and the achievement of the environmental goals.

Our lasting commitment to environmental protection is reflected in the efficient implementation of environmental programmes aimed at the mitigation of negative impacts on the environment. Our commitments to protect the environment are reflected mainly in:
- preventing water pollution;
- reducing emissions into the air;
- a limited, controlled and careful use of hazardous substances;
- the use of alternative energy sources;
- contributing to global energy efficiency, which we are achieving by using and producing our own and external sources of secondary aluminium.

Due diligence

We carry out our due diligence as an integral part of environmental management. We perform monitoring and internal reviews, where the compliance with adopted rules, requirements of the ISO 14001 standard and statutory requirements is being verified. Periodic inspections are also a part of our due diligence with regard to environmental management. Reports on the impacts on the environment, amendments to the legislation and opportunities to integrate the environmental management system into the Group's processes are drawn up on a monthly basis. As part of the management review we verify the environmental policy, assess the results of internal reviews and make relevant decisions for improving the system.

Environmental Management Programme and new objectives

Our lasting commitment to environmental protection is reflected in the efficient implementation of environmental programmes aimed at the mitigation of negative impacts on the environment. We try to protect the environment by preventing the pollution of the Bistrica stream, reducing the emissions into the atmosphere as well as by using hazardous substances in a limited, controlled and prudent way, by using alternative energy sources and by contributing to global energy efficiency. All this is possible because we are using and producing our own and external sources of secondary aluminium.

Main risks and their management

We recognised environmental risks at the company-management level in the Group and at the operating level due to the implementation of activities in the companies within the Group.

At the management level a risk of failure to comply with statutory requirements is recognised. We manage risks by consistently following all the changes and new developments in the area of statutory requirements, by participating in public hearings and thus recognising and introducing new obligations in time.

For the recognised environmental aspects we identified and assessed operational environmental risks. At this level we implement preventive measures. These measures include regular inspections of warehouses, inspections of the state of packaging units and of the collecting containers, the tightness of the reservoirs, we monitor quantities and carry out internal monitoring of waste water.

Processes include measures to be adopted in case of an emergency. For this purpose we have allocated means of intervention on agreed locations and instructions on how to use these means. Our professional fire brigade is trained and equipped for intervention in case of environmental disasters.

We conduct drills for instances of identified accidents on a yearly basis, verifying the competence of employees and critically assessing the efficiency of the performed intervention. The drill results are also used to improve the intervention procedures.

We manage risks:
- by respecting applicable statutory requirements;
- by training employees for a careful management in accordance with the instructions for environmental management and the rules of procedure;
- with instructions and management of third parties entering plants;
- with monitoring and reviews;
- by quick recording and informing about extraordinary events and efficient interventions;
- by providing systems of quality management according to ISO 9001, to the ISO 14001 environmental standard and to the ISO 45001.

We pass on the requirements regarding the introduction of the environmental management system to suppliers and all who work for the organisation.

Key indicators of success

Emissions of substances into the air and water, and consumption of process water

We carry out regular measurements of emission into the air and water on all locations. At the location Slovenska Bistrica we also carry out permanent measurements of chlorides and organic substances emitted from the foundry. Reports indicate that there are no exceeding values.

Waste water is generated when changing water in the recirculation cooling systems. Upon changing water, regular monitoring is carried out, which does not indicate that the prescribed limit values are exceeded. Water circulates in the recirculation cooling systems, only losses are replaced with fresh water. By putting in place recirculation cooling systems we reduced the specific consumption of process water by 50% in the last ten years.

CO_2 emissions

Impol, d. o. o, in Slovenska Bistrica, is committed to trade with CO_2 emissions. Emissions are generated by the combustion of natural gas and fuel oil on technological machines and in the boiling room. The CO_2 emission is recorded by years in the table.

Due to the fact that TGP emissions increase with the increase of production capacities, we select technological equipment with a low specific consumption of energy products and technical solutions which are specified in the implementing decision of the commission (EU) 2016/1032 as the best available techniques (GRI 305-1, 305-2, 305-4, 305-5, 305-7).

The consumption of energy products is presented in the table (GRI 302-1).

Reporting on GHG emissions (note: since 2021 data for emissions are expressed in Nm^3).

Table 17: Consumption of energy products at Impol, d. o. o.

YEAR	Consumption of gas in Sm^{3*}	Consumption of fuel oil/t	Emissions of CO_2/t	Production	Specifically in CO_2/t
2007	13,753,685	184.12	26,320	117,067.554	0.224827453
2008	13,074,976	301.93	25,462	107,548.950	0.236748011
2009	11,958,399	277.28	23,408	94,762.752	0.247016887
2010	13,223,117	202.76	25,556	111,452.649	0.229299171
2011	13,831,022	189.80	26,660	116,064.727	0.229699416
2012	13,583,614	186.44	26,184	117,328.898	0.223167527
2013	14,677,504	180.19	28,234	121,368.368	0.232630632
2014	15,937,999	154.26	30,528	129,615.755	0.235526923
2015	16,724,874	127.80	31,932	130,767.708	0.244188726
2016	16,955,249	48.90	32,115	135,936.479	0.236250051
2017	17,905,082	0	33,744	135,377.297	0.249258929
2018	17,687,100	0	33,328	142,114.919	0.234514435
2019	17,541,281	0	33,057	140,129.726	0.235902838
2020	16,870,092	0	31,789	130,066.873	0.244405045
2021	17,684,177	0	35,172	158,020.613	0.22257855
2022	**16,944,079**	**0**	**34,230**	**155,807.146**	**0.205394179**

Table 18: Consumption of energy products at Stampal SB and CO_2 emissions from the use of natural gas

YEAR	Consumption of gas in Nm³	Consumption of diesel in L	CO_2 emissions/t	Production in t	Specifically in CO_2/t
2021	531,699	0	1,057	1,260.681	0.83843573
2022	589,717	0	1,191	1,373	0.86744355

Table 19: Consumption of energy products at Rondal and CO_2 emissions from the use of natural gas

YEAR	Consumption of gas in Nm³	Consumption of diesel in L	Emissions of CO_2/t	Production in t	Specifically in CO_2/t
2021	1,381,679	10,742	2,748	10,274.896	0.26725331
2022	1,407,070	11,257	2,873	11,232	0.25578704

Table 20: Total consumption of energy products in the Impol Group in Slovenska Bistrica (Impol, d. o. o., Stampal SB, Rondal)

YEAR	Consumption of gas in Nm³	Consumption of diesel in L	Consumption of LPG/t	Power consumption in kWh	Production in t
2021	19,597,555	338,488	22.56	121,283,489	169,556.19
2022	18,960,769	334,124	20.14	120,111,708	168,412.4

Since 2020, Impol-TLM is trading in greenhouse gas emission; emissions caused by the combustion of natural gas are shown in the table below.

Table 21: Consumption of energy products at Impol-TLM and CO_2 emissions from the use of natural gas

YEAR	Consumption of gas in Nm³	Consumption of diesel in t	CO_2 emissions/t	Production in t	Specifically in CO_2/t	Power consumption in kWh
2020	7,815,137	0.130	14,726	112,153	0.1206	63,578,877
2021	8,650,384	0.133	16,810.7	119,579	0.1406	67,611,464
2022	7,495,301	0.133	14,562	102,127	0.1426	62,710,233

The greenhouse gas emissions trading system has not yet been established in Serbia; however, we have calculated emissions caused due to the consumption of energy products, the values of which are shown in the table below.

Table 22: Consumption of energy products at Impol Seval and CO_2 emissions from the use of natural gas

YEAR	Consumption of gas in Nm³	Consumption of diesel in t	CO_2 emissions/t	Production in t	Specifically in CO_2/t	Power consumption in kWh
2020	15,617,246	160.19	29,428	44,275.113	0.665	38,231,375
2021	19,184,163	190.42	40,931*	62,525.22	0.654	45,159,955
2022	14,408,100	144.30	26,684.2**	42,696.17	0.625	37,833,659

*the EPA calculator was used for the calculation: https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator

**Obtained by calculation, based on the accepted CO2 emission factor per unit of energy consumed (1852.03 kgCO_2/1000 m3) from the Rules on conversion factors of final energy into primary energy and carbon dioxide emission factors (Official Gazette of the Republic of Serbia no. 111/ 2021 and 6/2023)

Table 23: CO₂ emissions: Scope 1 and Scope 2

YEAR	CO_2 emissions	Impol in Slovenska Bistrica Scope 1	Impol in Slovenska Bistrica Scope 2	Impol-TLM Scope 1	Impol-TLM Scope 2	Impol Seval Scope 1	Impol Seval Scope 2
2021	t/CO_2	39,946	95,935*	16,811	8,113	40,931	49,631**
	CO_2/t	0.235	0.412	0.141	0.068	0.654	0.7938
2022	t/CO_2	39,254	95,008	14,562	8,278	26,684	41,579
	CO_2/t	0.233	0.5641	0.1426	0.0811	0.6250	0.9738

*The emission factor for electricity is given on the July invoice for the previous year.
In 2021, the emission factor for 2020 was used, which was 0.576 kg CO_2/kWh.

The CO_2 value, at the expense of electricity consumption in 2021, was corrected with an emission factor of 0.791 kg CO2/kWh in the annual reporting for 2022.
For the 2022 annual reporting, the emission factor for 2021 is used, which amounts to 0.791 kg CO_2/kWh. The value will be corrected with the emission factor for 2022 when preparing the annual report for 2023.
**In 2021, the emission factor for Slovenia was used, which we corrected to the value for Serbia when reporting for 2022, for 2022 it amounts to 1.099 kg CO_2/kWh.

Scope 1: includes emissions from the use of natural gas, diesel and LPG (generation of CO_2 emissions directly at the location)

Scope 2: includes emissions from the use of electric energy

Reporting on GHG emissions: CO_2 emissions, generated due to the use of natural gas in Impol in Slovenska Bistrica: includes the companies Impol, d. o. o., Stampal SB and Rondal

Figure 14: **Comparison t CO_2 (scope 1 and scope 2) in 2021 and 2022**

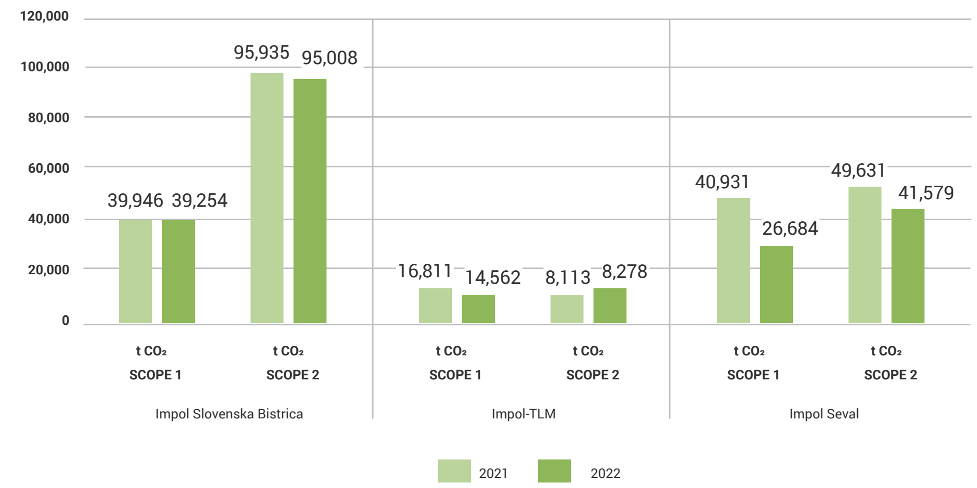


Figure 15: **Comparison t CO_2/t (scope 1 and scope 2) in 2021 and 2022**

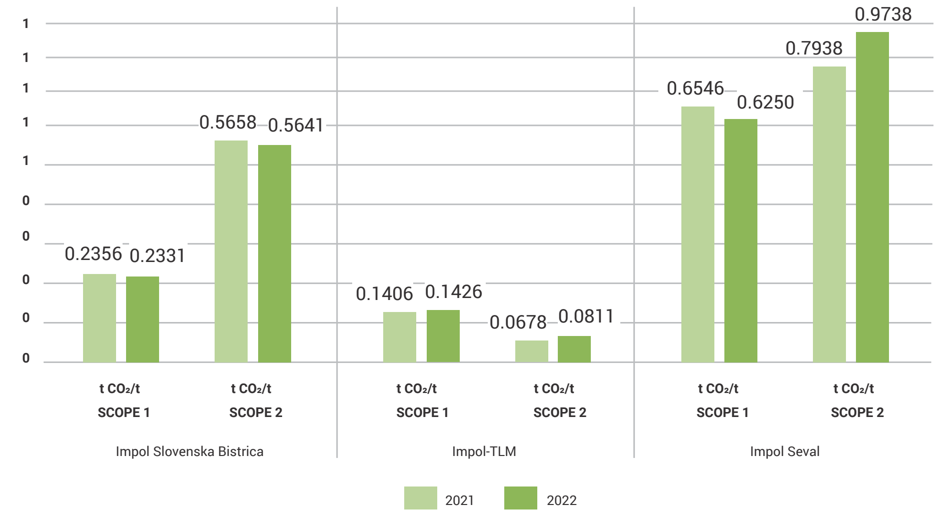


Table 24: 2022 emissions

	Company			
	Companies in Slovenia	Companies in Serbia	Companies in Croatia	Total in kg/year
total dust	2,045.83	1,008	1,628.8	4,682.63
nitrogen oxides (NO and NO_2), expressed as NO_2	42,875.16	51,120	6,617	100,612.16
fluoride and its compounds, expressed as HF	0	103	NM	103
manganese and its compounds, expressed as Mn	0	NM	NM	0
lead and its compounds, expressed as Pb	0	NM	NM	0
TOTAL powdered inorganic substances II 2	1.81	NM	NM	1.81
TOTAL powdered inorganic substances II and III	1.81	NM	NM	1.81
TOTAL powdered inorganic substances III	0	NM	NM	0
chlorine inorganic compounds, if not specified in the hazard group I, expressed as HCl	539.82	NM	NM	539.82
organic compounds, expressed as total organic carbon (TOC)	67,198.36	7,812	49,484.21	124,494.57
polychlorinated dibenzodioxins (PCDD) and polychlorinated dibenzofurans (PCDF)	$8.63 * 10^{-6}$	NM	NM	$8.63 * 10^{-6}$
ammonia NH_3	165.40	NM	NM	165.40

NM - no measurement

Table 25: Volume and type of waste water by locations (GRI 303-1)

Total by locations in m^3/year

Location Slovenska Bistrica	Total industrial	Industrial into the Bistrica watercourse	Industrial to treatment plant	Total urban	Urban to municipal treatment plant	Urban into the Bistrica watercourse
	199,702	5,231	27,997	29,433	29,433	0

Location Serbia	Total industrial	Industrial into the Đetinja watercourse	Industrial to treatment plant	Total urban	Urban to municipal treatment plant	Urban into the Đetinja watercourse
	15,962	0	15,962	7,690	0	7,690

Location Croatia	Total industrial	Industrial into the sea	Industrial to treatment plant	Total urban	Urban to municipal treatment plant	Urban into the sea from municipal treatment plant
	1,098,810	1,098,810	0	76,612	76,612	76,612

Table 26: Indicators of a rational use of energy, water and industrial gasses

	Cumulatively 1-12 2022							
	Energy product		Plan	Production	Consumption		Deviation	
		unit	unit/t	tonnes-persons (PV)	unit	unit/t	unit/t	%
Total Impol	El. energy	kWh	750.00	166,655.161	119,934,580	719.66	-30.34	-4.05
	Natural gas	kWh	120.00	166,655.161	216,827,328	113.65	-6.35	-5.29
	Ind. water	m^3	1.20	166,655.161	197,882	1.19	-0.01	-1.05
	Drinking water	m^3/person	1.30	14,652	21,982	1.50	0.20	15.41
	Nitrogen	kg	45.00	166,655.161	6,570,330	39.42	-5.58	-12.39
	Argon	kg	4.90	166,655.161	400,178	2.40	-2.50	-51.00

	Cumulatively 1-12 2021							
	Energy product		Plan	Production	Consumption		Deviation	
		unit	unit/t	tonnes-persons (PV)	unit	unit/t	unit/t	%
Total Impol	El. energy	kWh	750.00	168,970.054	121,283,489	717.78	-32.22	-4.30
	Natural gas	Nm^3	120.00	168,970.054	19,366,142	114.61	-5.39	-4.49
	Ind. water	m^3	1.20	168,970.054	189,121	1.12	-0.08	-6.73
	Drinking water	m^3/person	1.30	13,164	23,018	1.75	0.45	34.50
	Nitrogen	kg	45.00	168,970.054	7,046,420	41.70	-3.30	-7.33
	Argon	kg	4.90	168,970.054	446,589	2.64	-2.26	-46.06

			Comparison 22/21
			Consumption
	Energy product	unit	per unit
Total Impol	El. energy	kWh	1.00
	Natural gas	Nm^3	0.99
	Ind. water	m^3	1.06
	Drinking water	m^3/person	0.89
	Nitrogen	kg	0.95
	Argon	kg	0.91

Table 27: Indicators of a rational use of energy, water and industrial gasses in companies in Croatia

Impol-TLM — Cumulatively 1-12 2022

Energy product	unit	Plan unit/t	Production tonnes-persons (PV)	Consumption unit	Consumption unit/t	Deviation unit/t	Deviation %
El. energy	kWh	650.00	102,127.000	62,710,233	614.04	-35.96	-5.53
Natural gas	Nm^3	70.00	102,127.000	7,495,301	73.39	3.39	4.85
Ind. water	m^3	10.00	102,127.000	1,098,810	10.76	0.76	7.59
Drinking water - demi water	m^3	0.30	102,127.000	27,396	0.27	-0.03	-10.58
Drinking water	m^3/person	2.50	5,076	50,103	9.87	7.37	294.82
Nitrogen	kg	40.00	102,127.000	5,231,402	51.22	11.22	28.06
Argon	kg	4.00	32,687	127,000	3.89	-0.11	-2.87

Impol-TLM — Cumulatively 1-12 2021

Energy product	unit	Plan unit/t	Production tonnes-persons (PV)	Consumption unit	Consumption unit/t	Deviation unit/t	Deviation %
El. energy	kWh	650.00	119,579.000	67,611,464	565.41	-84.59	-13.01
Natural gas	Nm^3	70.00	119,579.000	8,650,384	72.34	2.34	3.34
Ind. water	m^3	10.00	119,579.000	1,067,989	8.93	-1.07	-10.69
Drinking water- demi water	m^3	0.30	119,579.000	29,904	0.25	-0.05	-16.64
Drinking water	m^3/person	2.50	5,116	47,410	9.27	6.77	270.68
Nitrogen	kg	40.00	119,579.000	6,118,032	51.16	11.16	27.91
Argon	kg	4.00	36,285	158,241	4.36	0.36	9.03

Impol-TLM — Comparison 22/21

Energy product	unit	Consumption per unit
El. energy	kWh	1.09
Natural gas	Nm^3	1.01
Ind. water	m^3	1.20
Drinking water- demi water	m^3	1.07
Drinking water	m^3/person	1.07
Nitrogen	kg	1.00
Argon	kg	0.89

Table 28: Indicators of a rational use of energy, water and industrial gasses in companies in Serbia

Impol Seval — Cumulatively 1-12 2022

Energy product	unit	Plan unit/t	Production tonnes-persons (PV)	Consumption unit	Consumption unit/t	Deviation unit/t	Deviation %
El. energy	kWh	795.00	42,696.167	37,833,659	886.11	91.11	11.46
Natural gas	Nm^3	359.00	42,696.167	15,204,834	356.12	-2.88	-0.80
Ind. water	m^3	3.10	42,696.167	154,643	3.62	0.52	16.84
Drinking water	m^3/person	/	565	7,690	13.61	13.61	/

Impol Seval — Cumulatively 1-12 2021

Energy product	unit	Plan unit/t	Production tonnes-persons (PV)	Consumption unit	Consumption unit/t	Deviation unit/t	Deviation %
El. energy	kWh	704.12	62,505.217	45,159,955	722.50	18.38	2.61
Natural gas	Nm^3	334.03	62,505.217	20,245,001	323.89	-10.14	-3.04
Ind. water	m^3	2.50	62,505.217	155,750	2.49	-0.01	-0.40
Drinking water	m^3/person	/	608	7,500	12.34	12.34	/

Impol Seval — Comparison 22/21

Energy product	unit	Consumption per unit
El. energy	kWh	1.23
Natural gas	Nm^3	1.10
Ind. water	m^3	1.45
Drinking water	m^3/person	1.10

When purchasing new technologies we follow the BAT (best available technique) guidelines, thus ensuring that the new equipment is energy efficient and that it enables the reduction of consumption per unit of product (GRI 302-3).

The source of the supply of industrial and drinking water are public utility companies. Water is not recycled, however, industrial water is re-used several times for purposes of cooling for which we have bypass cooling systems in place.

Hazardous waste

All companies of the Impol Group have in place a waste management system. Waste is collected separately, appropriately stored and handed over to authorised producers or disposal services. When selecting the final waste management system we give precedence to their production. We draw up annual reports, in accordance with the applicable legislation, about the volume of waste generated within companies.

The total volume of hazardous waste generated in the Impol Group in 2022 amounted to 3,615 tonnes and is higher by 11% compared to 2021. The specific quantity of hazardous waste amounts to 14.69 kg/t. The specific quantities are higher by 22% than in 2021.

We constantly raise awareness among employees regarding the significance of separating waste and ensuring their usefulness, which at the same time contributes to the reduction of the use of natural resources.

Table 29: **Hazardous waste in kg for 2022**

Number	Types of hazardous waste according to the Rules on waste management	Slovenia	Serbia	Croatia	Total
06 02 05*	Other bases (lye)	735,280			735,280
08 01 11*	Mixture or waste paints		0		0
08 03 17*	Waste from removing paint or lacquer sludge containing organic solvents or other hazardous substances		25,840		25,840
10 10 09*	Flue-gas dust containing hazardous substances	80,940			80,940
11 01 05*	Acids for leaching	183			183
11 01 06*	Acid not specified elsewhere	11,003			11,003
11 01 07*	Bases (lye) for leaching	13,500			13,500
11 01 09*	Sludges and filter cakes not included in 10 01 10	164,880			164,880
11 01 16*	Saturated or spent ion exchange resins	3,552			3,552
11 01 98*	Other waste containing hazardous substances	3,340			3,340
12 01 09*	Machining emulsions and solutions free of halogens	219,318	388,840	631,100	1,239,258
12 01 12*	Spent waxes and fats	560			560
12 01 18*	Metal sludge	2,300			2,300
12 03 01*	Water-based washing liquids	885,212			885,212
13 01 10*	Waste non-chlorinated hydraulic oils		3,900		3,900
13 02 05*	Mineral-based non-chlorinated engine, gear and lubricating oils	172,715		14,500	187,215
13 03 07*	Non-chlorinated insulating oils and oils for heat transfer based on mineral oils			102,380	102,380
13 05 02*	Sludge from oil/water separators	1540			1,540
13 05 07*	Oily water from oil/water separators	932			932
15 01 10*	Packaging containing residues of or contaminated by hazardous substances	943	35,450	11,700	48,093
15 01 11*	Metal packaging containing hazardous hard porous matrix (e.g. asbestos), including empty pressure tanks	185			185
15 02 02*	Absorbents and filter materials, wiping cloths and protective clothing	27,732		40,860	68,592
16 01 07*	Oil filters	1,580		350	1,930
16 01 21*	Hazardous components not listed under 16 01 07 to 16 01 11 and 16 01 13 and 16 01 14	65			65
16 05 06*	Laboratory chemicals, consisting of or containing hazardous substances, including mixtures of laboratory chemicals	500			500
16 06 01*	Waste batteries and accumulators	3118	600		3,718
16 07 08*	Waste containing oil		24,880		24,880
16 07 09*	Waste containing other hazardous substances			1020	1,020
20 01 21*	Fluorescent tubes and other mercury-containing waste	260	100		360
20 01 35*	Discarded electrical and electronic equipment other than those mentioned in 200121 or 200123	1350	2,560		3,910
	Total (kg)	2,330,988	482,170	801,910	3,615,068

Renewable energy sources

In 2022, the solar power plant generated 1,138,407 kWh of electric energy.

Since it was put into service in 2011, the power plant generated 13,025 MWh of electric energy. In case that the mentioned energy would be obtained from natural gas, we would need around 1,991,682 m³ of natural gas, whereby we would generate 4,341.9 tonnes of carbon emissions. If lignite was used to produce electric energy, we would consume 5,229 tonnes of it, thus generating 9,977 tonnes of emissions. By using solar energy we reduce the consumption of natural resources and consequently the emission of greenhouse gasses.

Biodiversity

The Impol Group has production facilities on three locations: Slovenska Bistrica (Slovenia), Šibenik (Croatia) and Sevojno (Serbia). These facilities are not located in conservation areas, but in industrial zones with a tradition spanning several decades.

In Slovenska Bistrica the nearest protected area is Natura 2000, namely the "Bistriški jarek", which is a special conservation area located approximately 700 metres away. The border of the "Bistriški jarek" conservation area also overlaps with the border of the ecologically important Pohorje area. The nearest natural reserve is located 1.4 km from the industrial zone, namely in the settlement of Visole, which is the site of a serpentine flora habitat. There are special conservation areas also in Serbia in Croatia, located more than 500 km from the industrial zone.

During every production expansion we verify that the expansion does not negatively impact on by any nature protection area located in the vicinity of the industrial zone. For this reason we do not generate or increase the impact on biodiversity and natural values (GRI 304).

Fire protection

Fire protection activities and measures in Impol Group companies are aimed at the protection of the employees, assets, animals and the environment against fire and explosions.

Special attention is paid to the implementation of preventive activities mostly in order to reduce the possibility of fire and to ensure safe evacuation of people and assets in the event of a fire outburst and to prevent the fire from spreading. Fire protection measures are observed in the designing of new facilities, as well as during reconstruction works, the use of facilities and the implementation of technological processes.

In order to guarantee suitable fire safety, fire prevention programmes are of key importance in all areas of operation of the Company. Awareness and safety-oriented culture are also of crucial importance; furthermore, they must always be held at the forefront in the minds of responsible workers, employees, and other users of premises.

In 2022, four fires were recorded in companies of the Impol Group at the location Slovenska Bistrica. One fire occurred in Impol LLT, d. o. o., two fires occurred in Impol FT, d. o. o., namely the one in the FTT production process and one in the RRT production process, and one fire occurred in Impol PCP, d. o. o., namely in the pipe plant production process. Fire interventions were carried out without injuries to fire fighters and employees.

There was no fire at the location in Serbia and Croatia.

24 interventions were made by fire fighters in 2022 with regard to the protection of the environment. Most of the interventions (14 cases) were due to mitigating the consequences resulting from faults to hydraulics systems on forklifts and operating devices; in one case due to fuel leakage from freight vehicle fuel tanks, and in one case due to spillage of emulsion, in two cases due coloured water in the creek and in six cases due to other malfunctions. Various absorption agents and decontamination or degreasing materials and agents were used to remove the consequences of the leakage of environmentally hazardous fluids. The listed cases of environmental accidents occurred at locations where there were not consequences for the environment.

Social and HR matters and the respect of human rights

Policy

Our almost 200-year long tradition is based on a fair attitude towards employees that gave rise to the growth and development of the Impol Group. We are focused on satisfying all common needs of the employees, and their satisfaction is shown by numerous indicators.

In the Impol Group our social responsibility is primarily substantiated through a fair attitude toward employees, whereby we observe the following principles:
- fair payment for a well-performed job;
- creating opportunities for career development;
- promoting inter-generational cooperation;
- developing own human resources;
- ensuring equal promotion opportunities for all employees;
- promoting innovation;
- actively promoting a healthy lifestyle and preventing accidents;
- finding appropriate solutions for employees with disability;
- respecting employee loyalty.

We are traditionally strongly connected to our local community, which also represents our most important pool of loyal, hard-working and dedicated employees. We establish an even stronger relationship with the local community by organising numerous activities, among which:

- promoting and supporting the "metallurgy technician" programme at the Slovenska Bistrica Secondary School;
- actively cooperating with local educational institutions through donations;
- promoting associations and interest groups which actively contributed to enhancing the quality of life of local residents;
- transparent communication.

Due diligence

We carry out due diligence on systems of employee development and the respect of human rights with the following activities:

- Promoting social dialogue: we established workers' councils that are active in larger companies in the Impol Group. We work with two representative unions and maintain a constructive social dialogue. In addition to this, we established a Representative Body of Employees of the Impol Group (RBEIG) that connects all employees in the Group on all locations and convenes with the intention of putting in place a framework for promoting social dialogue, exchanging information and electing a worker's director.
- Since 2015 we have in place a single-tier management system.
- Ensuring compliance with the legislation: we regularly carry out internal reviews of standards and documentation with which we verify the compliance of our operations with the legislation. Furthermore, we regularly train employees and participate in the organisation of expert conferences.
- Monthly reporting: we monitor key indicators in the area of managing employees on a monthly basis and recommend amendments to the legislation.

Main risks and their management

Risks related to human resources were recognised at the company management level in the Impol Group and are shared in several areas.

Table 30: Risks related to human resources

Risk area	Possible causes	Management methods
Competences	• Adequate competence of the employees. • Key staff fluctuation.	• Introduced mentoring system for new employees and employees switching job posts. • Regular measurement of the commitment and satisfaction of employees. • Creating and updating competence matrixes.
Lawsuits, court hearings	• Potential hazards at the workplace, resulting in injuries. • Mobbing in the workplace. • Unequal treatment of employees.	• Active promotion of health a lifestyle at the workplace. • Regular employee training. • Working information office for preventing mobbing. • Training managers for safety and health at work management. • Regular checks of working equipment. • Observing equality principles which are specified in the Code of Business Conduct of the Impol Group.
Productivity	• Unused employee potential. • Inadequate management.	• Implementing development discussions with key employees. • Regular training of managers for the development of management competences. • Monitoring the work of managers using defined indicators. • Regular assessment of the employees and stimulative salary policy.

Key indicators

Table 31: Employees by Impol Group companies as of 31/12/2022

Country	Company	2016	2017	2018	2019	2020	2021	2022
Slovenia	Impol 2000, d. d.	41	53	110	109	110	117	131
	Impol, d. o. o.	38	41	37	41	37	36	17
	Impol FT, d. o. o.	282	286	271	267	262	270	238
	Impol PCP, d. o. o.	449	459	441	425	439	462	460
	Impol LLT, d. o. o.	135	136	149	151	148	153	151
	Impol R in R, d. o. o.	33	35	41	43	43	41	42
	Impol Infrastruktura, d. o. o.	24	21	22	23	21	21	21
	Stampal SB, d. o. o.	50	61	60	64	70	79	90
	Rondal, d. o. o.	65	66	67	63	66	67	74
	Impol Stanovanja, d. o. o.	2	2	2	2	2	2	2
	Unidel, d. o. o.	37	37	37	38	35	32	35
	Kadring, d. o. o.	16	17	18	20	19	19	19
	Impol Servis, d. o. o.	7	7	7	8	10	9	9
	Impol-FinAl, d. o. o.	/	7	13	38	55	97	108
	Alcad, d. o. o.	/	/	/	24	41	41	42
	Total Slovenian companies	**1,179**	**1,228**	**1,275**	**1,316**	**1,356**	**1,446**	**1,439**
Serbia	Impol Seval, a. d.	544	539	533	532	532	524	470
	Impol Seval PKC, d. o. o.	12	12	12	11	11	12	11
	Impol Seval Tehnika, d. o. o.	85	82	77	75	75	76	62
	Impol Seval Final, d. o. o.	25	24	24	25	25	26	23
	Impol Seval President, d. o. o.	10	10	10	8	/	/	/
	Total Serbian companies	**676**	**667**	**656**	**651**	**640**	**638**	**566**
Croatia	Impol-TLM, d. o. o.	342	385	414	423	430	424	414
USA	Impol Aluminum Corporation	3	1	1	1	1	1	0
Hungary	Impol Hungary Kft.	2	2	2	2	2	3	3
Impol Group	**Total number of employees**	**2,202**	**2,283**	**2,348**	**2,393**	**2,429**	**2,512**	**2,422**

GRI 102-41

Table 32: Staff turnover at the Impol Group

	Arrivals		Departures		% of total turnover		% of turnover due to consensual terminations of the employment relationship	
	2021	2022	2021	2022	2021	2022	2021	2022
Slovenia	203	127	113	134	8.00%	9.2%	2.76%	3.91%
Serbia	48	29	50	101	7.84%	16.32%	1.57%	1.94%
Croatia	35	23	41	34	9.62%	8.04%	3.29%	4.73%
Impol Group	**286**	**179**	**204**	**269**	**8.23%**	**10.76°%**	**2.55%**	**3.52%**

GRI 102-7

Table 33: Employee gender structure at the Impol Group

	Slovenia	Serbia	Croatia	Hungary, USA	Impol Group
Men	1,147 (79.7%)	457 (80.7%)	363 (87.7%)	1 (75%)	1,969 (81.3%)
Women	292 (20.3%)	109 (19.3%)	51 (12.3%)	1 (25%)	453 (18.7%)
Total	**1,446**	**566**	**424**	**2**	**2,421**

Table 34: Education and qualification structure

	Doctoral Degree	Master's Degree	Bachelor's Degree	Higher education	College	Secondary School Degree	Qualified	Semi-qualified	Non-qualified
Slovenia	0.6%	0.5%	10.9%	8.3%	7.6%	33.8%	28.9%	5.9%	3.2%
Serbia	0%	0%	14.5%	0.0%	2.1%	44.2%	33.4%	0.7%	5.1%
Croatia	0%	0%	13.8%	0.0%	3.9%	44.9%	23.9%	11.4%	2.2%
Total	**0.4%**	**0.3%**	**12.3%**	**5%**	**5.7%**	**38.2%**	**29.1%**	**5.6%**	**3.5%**

Table 35: Type of employment, contracts

	Employment contract for an indefinite period of time	Employment contract for a definite period of time	Individual contract
Slovenia	1,345	94	68
Serbia	524	42	18
Croatia	356	58	5
Hungary	3	/	1
USA	0	/	0
Impol Group	**2,228**	**194**	**92**

Table 36: % of employees under special protection and the disabled

	% of the employees under special protection (age)	% of the disabled
Slovenia	14.9%	4.9%
Serbia	26.7%	10.4%
Croatia	27.8%	1.4%

Table 37: % of sick leaves

	% of total sick leaves	% of sick leaves burdening the company
Slovenia	7.79%	3.06%
Serbia	8.00%	5.34%
Croatia	6.77%	4.71%

Table 38: Training and education of the employees

	Slovenia	Serbia	Croatia
Number of hours of training per employee	10.91	19.8	17.78
Number of beneficiaries of grants	64	5	8

(GRI 404-1)

In the Impol Group, the number of employees decreased by 3.6% compared to the previous year (the number of employees on 31/12/2022 was 2,422). Compared to the previous year, the number of employees in Slovenska Bistrica decreased by 0.5% (the number of employees on 31/12/2022 was 1,439), in Serbia by 11.3% (the number of employees on 31/12/2022 was 566), and in Croatia the number of employees decreased by 2.4% (the number of employees on 31/12/2022 was 414).

Employees use child-care leave and parental leave in accordance with the provisions of the local labour code. After having used this type of leave, we did not record any employee departures from the Company in 2022.

Regionally speaking, the Impol Group in Slovenska Bistrica employs the great majority of people from the Podravje region with the rest coming from other Slovenia regions. This type of employment policy is also implemented in Serbia and Croatia. Representatives of the management (company managers, directors and members of the Board of Directors) on all three locations come from the local environment (Impol-TLM is an exception, since the company director is a Slovenian national) (GRI 102-8, 202-2, 401-1, 403- 3, 404-1).

All employees attend periodic internal training during which they become familiar with the protection of human rights, rights of employees and prevention of mobbing at the workplace. In 2022, these training courses were attended by 43.5% of employees. The training course lasted two hours.

Table 39: Number of accidents and incidents at work

	Number of accidents at work 2020	Number of accidents 2020	Number of accidents at work 2021	Number of accidents 2021	Number of accidents at work 2022	Number of accidents 2022
Slovenia	23	457	21	536	28	494
Serbia	19	10	23	68	21	104
Croatia	8	32	7	87	7	203
Total	**50**	**499**	**51**	**691**	**56**	**801**

In 2022, we recorded a total of 51 accidents at work, which is a 9.8% decrease of accidents compared to 2021. All accidents were mild (GRI 403-2).

Periodically, we measure the mood and employee satisfaction. The measurement of the mood and commitment of employees in 2022 has shown an increase in indicators among employees. The average engagement rate in 2018 was 32%, an increase of 4% compared to 2016. In 2020, we successfully increased the level of employee engagement to 41%, while we found that the share of engaged employees in 2022 increased to 50%.

Activities of the Impol Group

Fair payment
- Employees in Slovenia and Serbia earn wages that are above the average in the industry sector and above the national average.
- Employees receive the maximum permissible tax-free holiday pay.
- At the end of the year, employees received a performance bonus.

Health and safety at work
- The occupational health and safety system is continuously being improved.
- We have a system of line controls in place.
- We are improving working conditions.
- The Impol Health Promotion Society has been established to help improve the quality of life of our employees.
- The Company pays for the supplementary pension insurance of its employees. The savings scheme includes all employees who also pay an insurance premium on an individual basis.

Loyalty
- Every year, events are organised to promote loyalty and sense of belonging of the Impol Group employees.
- Employees receive awards for 10, 20, 30 or 40 years of service at the Impol Group in Slovenia and for 10, 20, 30 and 35 years of service at Impol Seval in Serbia. A similar programme will be established in Croatia as well.
- Internal magazines Metalurg in Slovenia and Seval in Serbia are regularly published so as to promote the culture of belonging and mutual respect. A magazine "Metalurgov poročevalec" is published in Croatia.
- There is a Representative Body of Employees of the Impol Group (RBEIG) operating within the Impol Group composed of members elected by the employees. Its task is to elect a worker-director and exchange information within the Impol Group.

Knowledge and understanding
- We develop the competences of managers and expect them to have maintain positive relations with co-workers. These relations were defined by the governance standards that apply to all managers within the Impol Group.
- We support the development of competencies of all key Impol Group employees.
- Our employees are provided with education and training in accordance with the needs of the Impol Group.

Self-actualisation
- A system for the rewarding of innovation and useful proposals was set up.
- Employees are engaged in project teams and provided with opportunities for career development.

Respecting human rights

We consistently observe all the statutory provisions of the Republic of Slovenia in the area of respecting human rights. Several different mechanisms have been established in order to ensure the welfare of our employees:
- mobbing at the workplace prevention office;
- mobbing officers in every company;
- workers' councils were established in every company where employees expressed their interest,
- operating RBEIG body, the purpose of which is to coordinate demands with regard to the care for employees and working conditions.

Child labour
The International Labour Organisation defines child labour as "work that deprives children of their childhood, their potential and their dignity, and that is harmful to physical and mental development". This type of work also includes work that adversely affects children's education. With our standards we commit not to collaborate with suppliers that employ children under 18. The exception is summertime work and internships of high-school students with which they may obtain working experience and additional income.

Our policy is designed with the well-being of children and the protection of their interests in mind. Although the phenomenon of child labour is a rare occurrence nowadays, the Impol Group developed approaches to deal with possible cases of child labour. No instances of child labour were detected in our supply chain, which is also the result of an efficient assessment of our suppliers. Our requirements with regard to child labour and youth work are presented in our employment conditions which are provided to all suppliers and which are binding in all controlling companies abroad (GRI 408-1).

Forced labour
According to the International Labour Organisation, forced labour is "labour performed involuntarily and under the threat of punishment. It refers to situations in which persons are coerced to work through the use of violence or intimidation, or by more subtle means such as accumulated debt, retention of identity papers or threats of denunciation to immigration authorities". In accordance with our employment standards we commit not to collaborate with partners that use forced labour in any form (prison labour, prohibited labour, etc.). No employee should be forced to work on the basis of intimidation, force and any political coercion, penalty or due to different political views.

The Impol Group strongly condemns and prohibits any form of forced labour in the Group itself as well as in the supply chain, which includes suppliers and clients (GRI 409-1).

Supply chains and conflict materials
We pass on our commitments with regard to environmental management, sustainable development and care for the health and safety of our employees to our suppliers of material and

services. For this purpose, we perform annual assessments of our suppliers pursuant to the following criteria: performance quality, environmental management, and care for the safety and health of employees. Only suppliers that confirm acting in accordance with the requirements of standards or legislation make it to our list of confirmed suppliers of the Impol Group (GRI 308-2).

Use of conflict minerals
Within the Impol Group, we use tin in our production process. We asked our tin supplier to fill out the CMRT (Conflict minerals reporting template) form and specify the confirmed tin manufacturers. All the tin that we use in the Impol Group originates from confirmed manufacturers from Indonesia and Malaysia (GRI 308-2, 414-2).

Anti-corruption efforts

Policy

In carrying out our work, we observe high business ethics standards; pursuant to the Impol Group Code of Business Conduct, we are building a culture that encourages legal, ethical, and transparent behaviour and decision-making by all employees.

Due diligence

We put in place a system of internal audit, which verifies the compliance of business operations with the Slovenian legislation and includes the prohibition of corruption. At the same time, all employees are bound to respect the Impol Group Code of Business Conduct. We also put in place a transparent supply system, involving a greater number of decision-makers who also carry out control over business ethics.

Main risks and their management

The main risks in this area are the loss of reputation in the public, loss of financial assets due to corruptive business conduct and loss of trust of business partners. We prevent this by using an advanced information supply system containing control elements, with regular college meetings with detailed reports, with transparent communication and with a consistent observance of the principles listed in the Code of Business Conduct of the Impol Group. We also set in place a zero tolerance policy toward criminal acts.

Key indicators of success

The key indicators of success are the compliance of business operations with the legislation, which is also evident by the fact that there are no pending court cases against employees of the Impol Group in connection with corruptive behaviour.

There were no pending court cases in 2022 with regard to uncompetitive behaviour or actions initiating monopoly. No major penalties or fines were paid due to failure to comply with laws and regulations in areas where Impol operates (GRI-206-1).

Memberships in Communities/Associations

The Impol Group believes that connecting and cooperating is the key to success. This is why we support interest associations and organisations through memberships and at the same time we participate in projects that support organisations to connect with each other and the mutual transfer of knowledge.

We are members of the Chamber of Commerce and Industry of Slovenia, the Chamber of Commerce of the Štajerska region, the ASC association and the SRIP MatPro Strategic development partnership. We are also members of the European Aluminium Foil Association (EAFA) and the Aluminium Stewardship Initiative (ASI). We co-founded the Slovenian Centre of Excellence for Space Sciences (GRI 102-12, GRI 102-13).

GRI Reporting

Table 40: **Index according to the GRI GS (Global Standards) reporting standard – basic option (Core)**

GENERAL STANDARD DISCLOSURES			
GRI – standard	**Disclosure**	**Page**	**Notes / restrictions**
GRI 101: Basis			
GRI 102: General disclosures			
Organisation presentation			
102-1	Organisation name	15	
102-2	Primary brands	35	
102-3	Organisation HQ	15	
102-4	Local activities	15	
102-5	Ownership and legal form	15; 18	
102-6	Markets (geographical and sectoral division and division by types of clients)	32, 34	
102-7	Organisation size (number of employees, number of activities, sales revenues, obligations/equity, number of products/services)	54, 72-91	
102-8	Employees by type of employment, type of contract, region, gender	54, 55	
102-9	Description of the organisation's supply chain	36	
102-10	Significant changes in the reporting period relating to the organisation's size, composition, ownership and supply chain		There were no significant changes.
102-11	Clarification whether and how the organisation applies principle of prudence	42	
102-12	External documents, principles and other economic, environmental and social initiatives signed and supported by the organisation	57	
102-13	Membership in organisations	57	
Strategy and analysis			
102-14	Statement of the highest decision-maker in the organisation with regard to the importance of sustainable development for the organisation and the strategy of addressing the organisation's sustainable development	41	
Ethics and integrity			
102-16	Description of values, principles, standards and principles of conduct, such as codes of conduct and codes of ethics		Described in the Company's policy and Code of Business Conduct of the Impol Group (accessible via http://www.impol.si)
Management			
102-18	Management composition of the organisation, including commissions of the highest management authority	12-14	Management and governance system

Involving stakeholders			
102-40	List of groups of stakeholders with which the organisation cooperates	42	
102-41	Share of all employees by collective agreement	50	
102-42	Starting points for recognising and selecting stakeholders with which the organisation cooperates or to be involved	42	Purchasing audit processes
102-43	Approaches for involving stakeholders, including the frequency of cooperation by groups of stakeholders	42	Purchasing audit processes
102-44	Key topics and questions raised during the cooperation with stakeholders and how the organisation responded to them, including its reporting	39	
Report information			
102-45	Units included in consolidated financial statements	12	Companies in the Impol Group + consolidated report
102-46	Process of defining the report and delimiting topics		The topics are defined on the basis of the sustainability analysis in accordance with the GRI guidelines.
102-47	List of essential topics	59	
102-48	Effects of the change of information from previous reports and reasons for them	28	
102-49	Significant changes compared to previous reporting periods in relation to limiting the volume and aspects		There were no significant changes.
102-50	Reporting period (calendar, fiscal year)	59	
102-51	Date of the last previous report	59	
102-52	Reporting cycle (annual, two-year)	59	
102-53	Contact information for questions relating to the report	59	
102-54	Reference regarding the report in accordance with the GRI standards	59	
102-55	Index by GRI guidelines	59	
102-56	External reporting verification by GRI guidelines		An external verification has not yet been carried out.
SPECIFIC STANDARD DISCLOSURES			
103-1	Explanation of an essential topic and its limits		Described in the Management's statement
103-2	Management approaches and their constituents		Described in the section "Strategic orientations"
103-3	Evaluation of management approaches		Described in the section "Strategic orientations"
ECONOMIC IMPACTS			
GRI 201: Economic performance			
201-1	Directly generated and distributed economic value	25; 68-70	

201-3	Liabilities from the pension plan	82	
201-4	Significant received state aid	107	
GRI 202: Presence on the market			
202-2	Share of local staff in higher management	50, 51	
GRI 204: Purchasing practice			
204-1	Share of assets for purchasing, used for local suppliers at important production locations	33	
GRI 206: Competition protection			
206-1	Number of legal procedures in the area of competition protection, monopoly prevention and monopoly practices and results of concluded procedures in the reporting year		There were no pending legal procedure from the specified area in the reporting period.
ENVIRONMENTAL IMPACTS			
GRI 301: Materials			
301-1	Used material by weight and volume	33	We control the information about weight.
301-2	Production of return and circular material	33	
GRI 302: Energy			
302-3	Energy intensity (energy consumption per unit/tonne of product)	44	
302-4	Energy consumption reduction	44	
GRI 303: Water			
303-1	Water consumption by sources	44	
303-3	Share and total volume of recycle and re-used water		
GRI 304: Biodiversity		48	
GRI 305: Emission to air			
305-1	Volume of direct greenhouse gas emissions (Scope 1)	47	
305-2	Volume of indirect greenhouse gas emissions (Scope 2)	47	A system for managing this information is being established.
305-4	Intensity of greenhouse emissions (volume of emissions per product unit)	46	
305-5	Reduction of greenhouse gas emissions	46	
305-7	NO_x, SO_x and other significant emission to air by type and weight	48; 49	
GRI 306: Waste water and waste			
306-1	The entire quantity of waste water by quality and emission destination	48; 48	

306-2	Total weight of waste by type and manner of disposal		
GRI 307: Compliance			
307-1	Amount of fines due to non-compliance with the environmental legislation		In 2022 there were no non-compliances.
GRI 308: Environmental verification of suppliers			
308-2	Significant existing and potential negative environmental effects in the supply chain and adopted measures	52, 53	
SOCIAL IMPACTS			
GRI 401: Hiring employees			
401-1	Number and rate of newly employed persons and employee fluctuation	51	
401-3	Return to work and rate of employee retention after having used paternal leave, by gender	51	
GRI 403: Health and safety at work			
403-2	Rate of injuries at work, absenteeism, number of fatalities at work	51	
403-3	Employees with a high level of risk for occupational diseases	51	
GRI 404: Training			
404-1	Average number of hours of training per year per employee by gender and employee category	51	
GRI 406: Non-discrimination			
406-1	Number of discrimination cases and measures for their elimination		No cases of discrimination were recorded.
GRI 408: Child labour			
408-1	Activities and suppliers where there is a possibility of recognised risk of violations being committed in the area of child labour	54	
GRI 409: Forced or mandatory work			
409-1	Activities and suppliers where there is a possibility of recognised risk of violations being committed in the area of forced labour	54	
GRI 412: Human rights			
412-2	Number of hours of training employees about human rights policies and procedures in relation to their aspects, which are significant for the Company's business activity, and share of employees included in such training	53	
GRI 413: Local communities			
413-1	Share of activities in which the local community was involved or for which certain impacts were verified and development programmes were prepared	39	
GRI 414: Verification of suppliers regarding working practices			
414-2	Significant existing and potential negative impacts in relation to working practices in the supply chain and adopted measures	52	

GRI reporting

The Impol Group reports according to standards of the Global Reporting Initiative, Global Standards (GRI, GS), attaining the basic level. Reporting ensures a high level of transparency toward stakeholders of the Company, enables the comparison of sustainable reporting with other companies and competitors. The reporting content and the GRI content table are based on topics which are important to the Impol Group. The procedures of managing key topics are presented in individual sections. Reporting refers to the Impol Group and all its affiliated companies.

An audit was carried out by independent auditors, for purposes of the financial report as well as the non-financial operation statement. (GRI 102-54, GRI 102-55, GRI 102-56)

The entire report refers to the period that started on 1/1/2022 until 31/12/2022 (GRI 102-47).

In case of eventual questions regarding the report content concerning the Impol Group, contact Irena Šela (irena.sela@impol.si). (GRI 102-53)

RISK MANAGEMENT

"If you don't invest in risk management, it doesn't matter what business you're in, it's a risky business."

Gary Cohn

RISK MANAGEMENT

The Impol Group is present in a highly competitive industry. Considering that our sales represent approximately 95% of export and we have companies abroad, we are facing financial, political, economic, regulatory and business risks. The exposure to various risks is regularly monitored in the Impol Group and measures to manage these risks are adopted accordingly. Within the Impol Group, risk management is based on the principle that the risk assessment and management is an integral part of all business activities. The basic guidelines of risk management are specified in the Code of Business Conduct of the Impol Group. We are constantly building a risk management system. Active risk management is the primary responsibility of individual business areas which are responsible for the establishment of appropriate and effective internal controls and the implementation of business activities in accordance with prescribed restrictions and given strategic objectives.

The second level comprises of the Risk Management Committee (RMC). Its tasks are to:

a) determine the most important areas of risks in the Impol system, identify risks and draft proposals to decrease them and submit the proposals to the Board of Directors;

b) address important business events and identify the most significant risks in advance and the measures to decrease;

c) examine potential methods and procedures for risk minimisation, propose their use and monitor the implementation of measures aiming at risk reduction together with the assessment of the results of this process.

The third level is the Internal Audit which periodically reviews the effectiveness and reliability of the internal control environment in accordance with the regulatory requirements.

The Impol Group faces several risks within the scope of its business process. They were divided into:
- business risks,
- financial risks,
- operational risks.

The risks are explained into details in the table below.

Table 41: Types of risks and their management through the application of special measures (business risks)

	Risk description and measures
Changes in the area of international government regulations, trade restrictions and legislative changes, including changes in the area of taxes	Monitoring changes in individual areas of business operation, and analysing the impacts of new draft laws or amendments on the business operations of the Group.
Market and price risks	Sales: • Market prices do not follow the changes in purchase prices or they only adjust to the them with a delay that is several months long, which is why contracts are concluded by determining sales premiums so that the changes in purchase premiums are translated in the sales premiums. • Customer service – delays resulting from production stoppages, inadequately organised logistics cause excessive costs and delays, which is why Impol uses internal organisational measures to constantly train in providing high-quality, complete compliance with all of its liabilities. • Measuring customer satisfaction. • Monitoring the competition. Purchasing: • Aluminium – unexpected events in the areas of prices and purchase premiums, exchange rate risk (negative exchange rate differences), unreliable supply sources and associated negative effects on production, liquidity gaps caused by the need to purchase large quantities all at once. This is why contracts are concluded for longer, at least one year delivery periods. • Energy products – unexpected increase in prices, shortage of readily available sources, which is why the majority of energy is bought for a period of at least two years in advance.

Business risks	Risk description and measures
Investments	The risks that occur, are: • The risks associated with investment planning in fixed assets in terms of its value, performance, schedules, and on the other hand, investments in the provision of permanent working capital caused by the investment in fixed assets. • Increase in fixed costs and the resulting need to increase the volume of sales and the threat of an increase in losses. • Being late in mastering the technical-technological aspects of new investments, new markets; neglecting the costs resulting from the above. • Cash flow being too weak to ensure the return of invested assets. • Neglect investments into durable short-term assets and their subsequent financing with short-term sources of financing despite the investment definitely being a long-term one. This is why, when planning the required added value per employee, Impol starts from the finding that the said value must, in addition to meeting the requirements arising from short-term operations and the dividend-related expectations of the shareholders, also meet the need of investing no less than EUR 10 thousand in order to preserve the existing position of employment and that at least a total of EUR 1 million must be earmarked for all types of investments for each new position of employment taking into account the expected growth in the number of new positions of employment. The risks associated with the investments in short-term assets are reduced by the establishment of adequate investment elaborates, economic assessment during the investment approval phase, establishment of a contractor selection system, our own control during the investment implementation phase, adequate monitoring in the accounting and real-time analysis of the investment realisation, and by the direct decision-making of the Board of Directors for each individual investment in fixed assets. We achieve the reduction of investment risks to current assets by setting objectives in advance in the area of forming inventories and dates of recovering receivables from customers as well as by introducing a relevant policy of obtaining and directing external financial sources. These types of investments are thus financed by long-term assets, and we strive to finance a considerable portion of short-term assets with long-term sources of funding.
Human resources	Risks present in this area: • Lack of mobility and the associated costs that are higher than it would be justified. • Inadequate assurance of knowledge retention. • Risk associated with the acquisition of key personnel. • Civil claims for damages. • Lack of labour force on the market. The education and training of our employees is planned and regularly monitored. Their responsibility at workplaces is strengthened by introducing a system of governance standards. The risks related to a lack of adequate professional labour force on the market is managed by our scholarship policy, thus ensuring us future employees, by the development of key staff and by a directed governance policies including goals. In order to ensure a more efficient management, accepting responsibility and improving relationships we organise workshops on all levels of management. We carry out employee profiling on key job positions with the intention to prepare career plans and in this manner promptly train successors before they take those key positions.
Research and development	We are managing the risk of inefficient development processes and provision of new products by implementing some changes in the research and development processes, and have put particular emphasis on the development of products in order to become a development supplier for our customers. We have also introduced a specific system of applicative and technological development.
Environmental protection	• Risk: discharges of hazardous substances. This area is being managed with constant control over emissions and by turning on devices which prevent/decrease the risks of emissions.

Table 42: **Types of risks and their management through the application of special measures (financial risks)**

Financial risks	Risk description
Liquidity risks	• Liquidity risk is the risk of incurring loss owing to short-term insolvency. • Impol is using its resources and investments in a manner which allows the Company to be able to comply with all of its due liabilities at any given moment. For larger liabilities, Impol establishes (beforehand) earmarked deposits or enables prearranged credit lines. By planning the expected cash outflows or inflows, Impol minimises risks by taking into consideration its normal business operations and any potential fluctuations paying special attention to guaranteeing a suitable level of inventories and receivables. • Successful business performance facilitates sustainable solvency and capital increase.
Risk of a change in the prices of aluminium raw materials	• The price of aluminium is formed on the LME and price changes are constant. Customers seek to purchase products based on the prearranged price basis for aluminium. Risks are managed by hedging – i.e. forwards and futures contracts.
Risk of changes in foreign exchange rates	• The threat of loss caused by unfavourable exchange rate fluctuations – this mainly applies to USD. Hedging is ensured by means of appropriate derivative financial instruments and the option of purchasing basic raw materials in the local currency.
Risk of changes in interest rate	• Risk associated with changes in the terms and conditions of financing and borrowing. We manage risks by monitoring the ECB's and FED's policies, with hedging by using appropriate derivative financial instruments – interest rate swaps, shifting from a fixed to a floating interest rate. • At the end of the year, the Impol Group had long-term loans tied to EURIBOR reference interest rate. Due to extreme increases in prices and the resulting inflation, the majority of the contracts are being agreed on at a fixed interest rate.
Credit risks	• Risk of loss due to customers' failure to pay. • We control the credit risk through the process of credit control which encompasses internal credit rating of customers within the group, with the help of the chosen credit insurance company. The majority of the Group's customers are insured, especially when it comes to larger customers. The Group's policy is that individual buyers shall not exceed 7 percent of all sales. Transactions with customers located in high-risk markets are carried out only on the basis of advance payments or prime bank guarantees. By regularly monitoring open and past due trade receivables, the ageing structure of receivables and average payment deadlines, the Impol Group maintains its credit exposure within acceptable limits given the strained conditions on the market.
Risk of claims for damages and lawsuit risk	• Risk of claims for damages being filed by third parties as a result of loss events caused inadvertently by the Company through its activities, possession of items and placement of products on the market. We manage risks by insuring general liability and product liability (mainly for the segment of the manufacture of products intended for the means of transport industry).
Risk of damage to property	• Threat of damage to property resulting from destructive natural forces, machinery break-down, fire, etc. Risk is managed by concluding property insurance, machinery breakdown insurance, business interruption insurance, fire insurance and other specific insurance.

Operational risk is the risk of incurring losses together with legal risk arising from:

1. Inadequate or incorrect implementation of internal procedures,

2. Other incorrect actions by the people belonging to the Company's internal business area,

3. Inadequate or incorrect functioning of systems within the Company's internal business area, or

4. External events or acts.

This is why we constantly improve or adapt our organisational structure (this is why the governance system was changed in 2015 from a two-tier to a one-tier system) and also continuously improve the entire IT system in order to ensure that business events are monitored in real time.

Table 43: **Types of risks and their management through the application of special measures (operational risks)**

Operational risks	Risk description and measures
Risks in production	In the field of production control, we are facing the following risks: • Failure to control production processes (recurring issues, which generate unhappy customers), oversupplies which can provoke an increase in exchange risks, cost-related risks, price-related risks, or solvency risks. • Equipment reliability – insurance costs, deductibles. • Bottlenecks – disruptive inventories, disrupted flow with logistical difficulties, failures to meet delivery deadline. • Production planning process. We are successfully managing risks by constantly improving the planning process, planning of the entire supply chain, monitoring technological and development trends and by ensuring appropriate production capacities.
Risk of information technology	In the field of information technology, we perceive the following risks: • Failure to manage internal controls. • Multiple processing of the same data. • Disruptions in the production process due to disturbances in the field of information sources. Security measures, a plan for uninterrupted operation of information technology. All databases exchanged between different applications are monitored through a common database (IT backbone). The IT system is managed at the operational transactional level with a highly advanced hardware providing sufficient capacities and performance. Key components are duplicated and redundantly connected. Applied solutions are compatible with the IT infrastructure and standards. • Impol stores data on a daily basis (backup of all databases) by introducing data protection policies and the associated management processes. The Company strives to minimise risks and therefore uses consolidated data infrastructure, separated solutions to protect data from the rest of the infrastructure, two location-independent copies of protected data and the support for the stored copy of the data. • Special attention is also paid to the renovation of the ERP system.
Risks associated with employees	• Occurrence of accidents and injuries, unplanned absence. • Measures in the field of risk assessment at the workplace, continuous education and training in the working environment, a system of replacement.

Internal audit

The Internal Audit Department at the Impol Group is organised as part of the parent company Impol 2000, d. d., and in the subsidiary in Serbia. With its operations it assists the Board of Directors and Supervisory Board in the decision-making process so as to minimise risks. The Internal Audit Department operates in line with the annual plan confirmed by the Board of Directors and in compliance with prompt resolutions adopted by the Board of Directors in respect of the department's engagement in the process for the resolution of problems. In 2022, the Internal Audit Department was involved in 67 projects and provided 109 proposals for improvement. On the basis of these proposals an implementation plan or a solution was prepared and based on that appropriate proposals of decisions for adoption by responsible bodies were also developed. The Internal Audit Department cooperates with the Audit Commission and external auditors. During the year, it reported monthly about its operations to the Board of Directors and to the Executive Directors. It operates within the framework of the entire Impol Group for companies in Slovenia and outside of it. In accordance with the Serbian legislation, an internal audit service was also organised in the subsidiary Impol Seval, where a special internal auditor was appointed, who monitors the legality of operations and performance in Serbia.

The Internal Audit Department functions in line with the International Standards for the Professional Practice of Internal Auditing, the Ethical Code, the Impol Group Code of Business Conduct, and the generally accepted guidelines for its operation. In this way, it ensures immediate and high-quality implementation of the findings of internal audits. Thus, lower operating costs and a positive effect on business operations are ensured. The internal audits, where possible, are carried out according to the COSO (The Committee of Sponsoring Organisations of the Treadway Commission) methodology.

Internal audits were carried out in the following areas: operations of subsidiaries of the Impol Group, internal controls in the preparation of the 2021 Annual Report, use of Company vehicles, legislation in the field of covid-19, assessment of rules for working from home, implementation of legal changes in the field of taxes (VAT, corporate income tax, income tax, reliefs), assessment of the implementation of rules in the field of fraud prevention, detection and investigation, assessment of the adequacy of the use of energy aid to the economy, control of the physical archive, assessment of the adequacy of internal controls in the HR area, analysis of the net sales premium, assessment of contracts with agents, assessment of the adequacy of monitoring of costs and calculations, management of stamps, rules of internal communication, use and maintenance of code books in business information systems, usability and compliance of the DNA documentation system, donations and sponsorships, implementation of Article 38a of the Companies Act (ZGD), cooperation with the external auditor and audit committee, assessment of the contract with the external auditor, corporate management of the Impol Group, security of information technology, physical security and video surveillance and compliance with legislation, assessment of the implementation of the TISAX standard, assessment of internal controls in the field of "risk management", assessment of the controllability of production capacities in various production programmes according to the PP and types of actions, audit of measurements of the adoption of new technologies and products, audit of the monitoring of the lean production project, review of internal controls and monitoring of cost reduction, audit of controls in target measurement, measurement of productivity and monitoring of the OEE indicator, assessment of the implementation of the annual inventory and execution of physical weighing controls raw materials, assessment of the "Path to Excellence" project, the important goal of which is lean production, higher productivity and higher added value per employee, checking the compliance of contracts and accounts between related parties of the group and other small projects determined on an ongoing basis.

FINANCIAL REPORT OF THE IMPOL GROUP FOR 2022

"Success is the sum of small efforts, repeated day-in and day-out."

Robert Collier

STATEMENT ON THE RESPONSIBILITY OF THE EXECUTIVE DIRECTORS

The Executive Directors are responsible for preparing an Annual Report of the Impol Group that provides a true and fair view of the financial situation of the Impol Group as well as of its operating results for 2022.

The Executive Directors hereby confirm to have diligently applied the appropriate accounting policies and that accounting estimates have been prepared following the principle of prudence and good management. The Executive Directors also confirm that the Financial Statements including notes are drawn up based on the assumption of future operations of the Company and in compliance with the legislation in force and the International Financial Reporting Standards as adopted by the EU.

The Executive Directors are responsible for proper accounting, adoption of appropriate measures for preservation of property, constant monitoring of other risks when conducting business and adoption and implementation of measures for minimisation of such risks, and prevention and detection of fraud and other irregular or illegal activities.

Andrej Kolmanič
(Chief Executive Officer)

Irena Šela
(Executive Director of Finance and IT)

Slovenska Bistrica, 11 April 2023

DECLARATION OF THE BOARD OF DIRECTORS

The Board of Directors confirms consolidated financial statements and financial statement of Impol 2000, d. d. for the year ending on 31/12/2022 and for the applied accounting guidelines. This Annual Report was adopted by the Company's Board of Directors at its session held on 20/04/2023.

Jernej Čokl
(Board of Directors President)

Vladimir Leskovar
(Board of Directors Vice President)

Janko Žerjav
(Board of Directors Member)

Andrej Kolmanič
(Board of Directors Member)

Dejan Košir
(Board of Directors Member)

Slovenska Bistrica, 20 April 2023

INDEPENDENT AUDITOR'S REPORT FOR THE IMPOL GROUP

AUDITOR
REVIZIJSKA DRUŽBA d.o.o. PTUJ

This is a translation of the original report in Slovene language

INDEPENDENT AUDITOR'S REPORT

To the shareholders of IMPOL 2000 d.d.,
Slovenska Bistrica

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of IMPOL 2000, d.d., Partizanska 38, Slovenska Bistrica, and its subsidiaries (hereinafter 'the IMPOL Group'), which comprise the consolidated statement of financial position as at December 31, 2022, the consolidated income statement, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the IMPOL Group as at December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Slovenia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for other information. The other information comprises the business report, which is an integral part of the Annual report of the IMPOL Group and IMPOL 2000, d.d., but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover other information.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, assess whether the other information is materially inconsistent with the financial statements, legal requirements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. In addition, our responsibility is to report, based on the knowledge and understanding

AUDITOR
REVIZIJSKA DRUŽBA d.o.o. PTUJ

obtained in the audit, on whether the other information contains any material misstatements of fact. Based on the procedures performed, we report that:

- *the other information is in all respect consistent with audited consolidated financial statements;*
- *the other information is prepared in compliance with applicable law and regulation; and*
- *based on knowledge and understanding of the Group obtained in the audit on the other information, we have not identified any material misstatement on fact.*

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are responsible for overseeing the Company's financial reporting process and for the approval of the audited annual report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- *Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.*
- *Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control.*
- *Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.*
- *Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.*
- *Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.*
- *Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.*

Ve communicate with Management board and Audit committee regarding, among other matters, the planned cope and timing of the audit and significant audit findings, including any significant deficiencies in internal ontrol that we identify during our audit.

AUDITOR REVIZIJSKA DRUŽBA d.o.o. Ptuj Murkova 4, Ptuj	Certified auditor: Simon Pregl, univ. dipl. ekon.
April 19th, 2023	Simon Pregl

CONSOLIDATED FINANCIAL STATEMENTS OF THE IMPOL GROUP

Accounting policies and notes form an integral part of the consolidated financial statements of the Impol Group presented below and should be read in conjunction with them. The consolidated financial statements contained in this report are presented in EUR without cents. Due to the rounding off of value data, there may be insignificant deviations from the sums given in the tables as part of the notes to the consolidated financial statements.

Consolidated profit or loss statement

Table 44: Consolidated profit or loss statement for 2022 in EUR

Item			Note	2022	2021
1.		**Net sales revenues**	1	**1,142,366,202**	**845,443,348**
	a)	Net sales revenues in the domestic market		75,146,097	55,607,058
	b)	Net sales revenues in the foreign market		1,067,220,105	789,836,290
2.		**Change in the value of product inventories and unfinished production**		**-6,698,437**	**9,055,402**
3.		**Capitalised own products and services**		**195,992**	**436,124**
4.		**Other operating revenues (including operating revenues from revaluation)**	1	**8,219,062**	**3,985,440**
5.		**Costs of goods, materials and services**	2	**910,658,510**	**699,356,088**
	a)	Cost of goods and materials sold, and costs of the materials used		847,736,370	641,562,233
	b)	Costs of services		62,922,140	57,793,855
6.		**Labour costs**	2	**97,621,794**	**83,247,171**
	a)	Costs of wages and salaries		67,367,726	59,291,928
	b)	Social security costs (pension insurance costs are shown separately)		11,407,837	10,084,660
	c)	Other labour costs		18,846,231	13,870,583
7.		**Write-offs**	2	**27,131,237**	**25,122,496**
	a)	Depreciation		23,436,767	22,627,935
	b)	Revaluation operating expenses of intangible assets and tangible fixed assets		3,636,542	33,297
	c)	Revaluation operating expenses of current assets		57,928	2,460,747
	d)	Revaluation operating expenses from leases		0	517
8.		**Other operating expenses**	2	**4,369,808**	**4,195,984**
9.		**Financial revenues from participating interests**	3	**284,040**	**173,655**
	a)	Financial revenues from participating interests in associated companies		191,204	84,420
	b)	Financial revenues from participating interests in other companies		92,836	89,235
10.		**Financial revenues from loans granted**	3	**5,659**	**10,383**
	a)	Financial revenues from loans granted to others		5,659	10,383
11.		**Financial revenues from operating receivables**	3	**3,690,898**	**2,510,772**
	a)	Financial revenues from operating receivables due from others		3,690,898	2,510,772
12.		**Financial expenses from the impairment and write-offs of financial investments**	3	**0**	**0**
13.		**Financial expenses from financial liabilities**	3	**4,387,488**	**3,405,777**
	a)	Financial expenses from loans received from associated companies		5,649	2,962
	b)	Financial expenses from loans received from banks		4,198,421	3,166,851
	c)	Financial expenses from other financial liabilities		144,814	197,128
	d)	Financial expenses from leases		38,604	38,836
14.		**Financial expenses from operating liabilities**	3	**2,950,161**	**5,496,482**
	a)	Financial expenses from trade creditors and bills of exchange		2,544	13,899
	b)	Financial expenses from other operating liabilities		2,947,617	5,482,583
15.		**Income tax**	4	**12,804,225**	**5,072,949**
16.		**Deferred taxes**	5	**877,870**	**199,503**
17.		**Net profit or loss for the financial year**		**87,262,323**	**35,518,674**
		Of which profit/loss attributable to non-controlling interest		7,281,848	3,073,846
		Profit/loss attributable to owners of the controlling company		79,980,475	32,444,828
		Continuing operations result		87,262,323	35,518,674
		Discontinued operations result		0	0

Consolidated statement of other comprehensive income

Table 45: Consolidated statement of other comprehensive income in EUR

	Note	2022	2021
Net profit or loss for the financial year		**87,262,323**	**35,518,674**
Other comprehensive income in the accounting period		**201,855**	**560,387**
a) Items that later will not be reclassified to the profit or loss statement		**37,825**	**-91,661**
Actuarial gains and losses of defined benefit plans (employee benefits) (+/-)	16	37,825	-91,661
b) Items that will later be reclassified to the profit or loss statement		**164,030**	**652,048**
Effective part of change in fair value of cash flow hedging instrument (interest rate swaps)	16	244,438	142,702
Deferred taxes due to the change in fair value of cash flow hedging instrument (interest rate swaps)	5, 16	-46,443	-27,113
Gains and losses arising from the translation of financial statements of foreign operations (impact of changes in exchange rates) (+/−)	16	-33,965	536,459
Total comprehensive income in the accounting period		**87,464,178**	**36,079,061**
• of which total comprehensive income of non-controlling interest		7,324,598	3,106,875
• of which total comprehensive income of controlling interest		80,139,580	32,972,186

Consolidated statement of financial position

Table 46: Consolidated statement of financial position in EUR

		Note	31/12/2022	31/12/2021
A.	**LONG-TERM ASSETS**		**232,425,214**	**234,071,443**
I.	**Intangible assets and long-term deferred costs and accrued revenues**	**6**	**3,431,108**	**3,301,575**
1.	Long-term property rights		2,017,062	1,756,768
2.	Goodwill		1,261,518	1,261,518
3.	Long-term deferred development costs		152,528	283,289
II.	**Tangible fixed assets**	**7**	**224,969,023**	**225,607,696**
1.	Land and buildings		69,064,710	68,474,814
a)	Land		17,069,331	17,285,364
b)	Buildings		51,995,379	51,189,450
2.	Production machinery and equipment		125,094,790	136,119,450
3.	Other machinery and equipment		9,050,018	8,106,631
4.	Tangible fixed assets being acquired		21,759,505	12,906,801
a)	Tangible fixed assets under construction and manufacture		12,111,761	7,526,192
b)	Advances to acquire tangible fixed assets		9,647,744	5,380,609
III.	**Assets under lease**	**8**	**838,857**	**936,781**
1.	Assets under lease from other companies		838,857	936,781
IV.	**Investment property**	**9**	**1,408,450**	**1,521,781**
V.	**Long-term financial investments**	**10**	**1,244,307**	**1,157,834**
1.	Long-term financial investments, excluding loans		1,017,755	917,962
a)	Shares and participating interests in associated companies		699,189	606,996
b)	Other shares and participating interests		318,566	310,966
2.	Long-term loans		226,552	239,872
a)	Long-term loans to others		226,552	239,872
VI.	**Long-term operating receivables**		**2,848**	**4,262**
1.	Long-term operating receivables from others		2,848	4,262
VII.	**Deferred tax receivables**	**5**	**530,621**	**1,541,514**
B.	**Short-term assets**		**457,210,888**	**394,418,501**
I.	**Assets (disposal groups) available for sale**	**11**	**39,171**	**39,171**
II.	**Inventories**	**12**	**261,498,204**	**243,147,569**
1.	Raw material and material		214,036,396	187,382,093
2.	Work in progress		25,903,797	26,017,510
3.	Products and merchandise		21,324,449	28,516,159
4.	Advances for inventories		233,562	1,231,807
III.	**Short-term financial investments**	**13**	**1,214,822**	**717,971**
1.	Short-term financial investments, excluding loans		1,162,112	640,532
a)	Other short-term financial investments		1,162,112	640,532
2.	Short-term loans		52,710	77,439
a)	Short-term loans to others		52,710	77,439
IV.	**Short-term operating receivables**	**14**	**123,132,794**	**115,974,587**
1.	Short-term operating receivables from customers		115,181,056	100,660,102
2.	Short-term operating receivables from others		7,951,738	15,314,485
V.	**Cash**	**15**	**71,325,897**	**34,539,203**
C.	**Short-term deferred costs and accrued revenues**	**15**	**1,860,835**	**1,205,059**
	Total assets		**691,496,937**	**629,695,003**
A.	**Equity**	**16**	**357,477,591**	**277,624,237**
I.	**Capital of non-controlling share**		**25,483,342**	**19,861,615**

II.	**Called-up capital**		**4,451,540**	**4,451,540**
1.	Share capital		4,451,540	4,451,540
III.	**Capital reserves**		**10,751,254**	**10,751,254**
IV.	**Revenue reserves**		**7,958,351**	**7,958,351**
1.	Legal reserves		0	0
2.	Reserves for own shares and own business shares		506,406	506,406
3.	Own shares and own business shares (as a deductible item)		-506,406	-506,406
4.	Statutory reserves		2,225,770	2,225,770
5.	Other revenue reserves		5,732,581	5,732,581
V.	**Reserves from fair value measurement**		**-506,816**	**-825,682**
VI.	**Capital revaluation adjustment**		**650,881**	**727,596**
VII.	**Retained net profit or loss**		**228,708,564**	**202,254,735**
VIII.	**Net profit or loss for the financial year**		**79,980,475**	**32,444,828**
B.	**Provisions and long-term accrued costs and deferred revenues**	**17**	**4,864,116**	**5,026,949**
1.	Provisions for pensions and similar obligations		3,811,340	4,310,482
2.	Other provisions		3,322	157,895
3.	Long-term accrued costs and deferred revenues		1,049,454	558,572
C.	**Long-term liabilities**	**18**	**120,235,951**	**111,255,135**
I.	**Long-term financial liabilities**		**117,992,757**	**108,863,763**
1.	Long-term financial liabilities to banks		116,453,936	105,080,640
2.	Other long-term financial liabilities		1,104,481	3,248,501
3.	Long-term financial liabilities from leases		434,340	534,622
a)	Long-term financial liabilities from leases to other companies		434,340	534,622
II.	**Long-term operating liabilities**		**419,797**	**485,179**
1.	Long-term operating due from suppliers		53,999	181,187
2.	Other long-term operating liabilities		365,798	303,992
III.	**Deferred tax liabilities**	**5**	**1,823,397**	**1,906,193**
D.	**Short-term liabilities**	**19**	**205,273,121**	**233,025,159**
I.	**Liabilities included in groups for disposal**		**0**	**0**
II.	**Short-term financial liabilities**		**114,198,786**	**122,011,929**
1.	Short-term financial liabilities to banks		108,260,442	113,324,221
2.	Other short-term financial liabilities		5,535,537	8,286,315
3.	Short-term financial liabilities from leases		402,807	401,393
a)	Short-term financial liabilities from leases to other companies		402,807	401,393
III.	**Short-term operating liabilities**		**91,074,335**	**111,013,230**
1.	Short-term operating liabilities to suppliers		59,110,243	87,135,507
2.	Short-term operating liabilities from advance payments		5,090,273	4,810,143
3.	Other short-term operating liabilities		26,873,819	19,067,580
D.	**Short-term accrued costs and deferred revenues**	**20**	**3,646,158**	**2,763,523**
	Total liabilities to sources of assets		**691,496,937**	**629,695,003**

Consolidated statement of changes in equity in 2022

Table 47: **Consolidated statement of changes in equity in 2022 in EUR**

	Called-up capital	Capital of non-controlling share	Capital reserves	Revenue reserves				Reserves resulting from valuation at fair value	Capital revaluation adjustment	Retained net profit or loss	Net profit or loss for the financial year	Total equity
	I	II	III	IV				V	VI	VII	VIII	IX
	Share capital	Capital of the non-controlling share	Capital reserves	Reserves for own shares and own business shares	Own shares and own business shares (deductible item)	Statutory reserves	Other revenue reserves	Reserves resulting from valuation at fair value	Capital revaluation adjustment	Retained net profit	Net profit for the current year	Total equity
Balance at the end of the previous reporting period as of 31/12/2021	**4,451,540**	**19,861,615**	**10,751,254**	**506,406**	**-506,406**	**2,225,770**	**5,732,581**	**-825,682**	**727,596**	**202,254,735**	**32,444,828**	**277,624,237**
Retroactive conversions	0	0	0	0	0	0	0	0	0	0	0	0
Opening balance for the reporting period as of 01/01/2022	**4,451,540**	**19,861,615**	**10,751,254**	**506,406**	**-506,406**	**2,225,770**	**5,732,581**	**-825,682**	**727,596**	**202,254,735**	**32,444,828**	**277,624,237**
Changes in equity – transactions with owners	**0**	**-1,702,871**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**-5,907,953**	**0**	**-7,610,824**
Disbursement of dividends to others	0	-1,702,871	0	0	0	0	0	0	0	-5,907,953	0	-7,610,824
Total comprehensive income for the reporting period	**0**	**7,324,598**	**0**	**0**	**0**	**0**	**0**	**235,820**	**-76,715**	**0**	**79,980,475**	**87,464,178**
Entry of net profit/loss in the financial year	0	7,281,848	0	0	0	0	0	0	0	0	79,980,475	87,262,323
Change in reserves resulting from valuation of financial investments at fair value (interest rate swaps)	0	0	0	0	0	0	0	244,438	0	0	0	244,438
Gains and losses arising from the translation of financial statements of foreign operations (+/-)	0	42,750	0	0	0	0	0	0	-76,715	0	0	-33,965
Actuarial gains/losses, recognised under provisions for retirement benefits	0	0	0	0	0	0	0	37,825	0	0	0	37,825
Other items of the total comprehensive income in the financial year (deferred taxes from interest rate swaps)	0	0	0	0	0	0	0	-46,443	0	0	0	-46,443
Changes in equity	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**83,046**	**0**	**32,361,782**	**-32,444,828**	**0**
Allocation of the remaining portion of the net profit to other capital components	0	0	0	0	0	0	0	0	0	32,444,828	-32,444,828	0
Other changes in equity	0	0	0	0	0	0	0	83,046	0	-83,046	0	0
Closing balance for the reporting period as of 31/12/2022	**4,451,540**	**25,483,342**	**10,751,254**	**506,406**	**-506,406**	**2,225,770**	**5,732,581**	**-506,816**	**650,881**	**228,708,564**	**79,980,475**	**357,477,591**

Consolidated statement of changes in equity in 2021

Table 48: **Consolidated statement of changes in equity in 2021 in EUR**

	Called-up capital	Capital of the non-controlling share	Capital reserves	Revenue reserves				Reserves resulting from valuation at fair value	Revaluation adjustment of capital	Retained net profit or loss	Net profit or loss for the financial year	Total equity
	I	II	III	IV				V	VI	VII	VIII	IX
	Share capital	Capital of the non-controlling share	Capital reserves	Reserves for own shares and own business shares	Own shares and own business shares (deductible item)	Statutory reserves	Other reserves from profit	Reserves resulting from valuation at fair value	Revaluation adjustment of capital	Retained net profit	Net profit for the current year	Total equity
Situation at the end of the previous reporting periods 31/12/2020	**4,451,540**	**22,041,612**	**10,751,254**	**506,406**	**-506,406**	**2,225,770**	**5,732,581**	**-880,420**	**224,165**	**193,943,394**	**13,728,880**	**252,218,776**
Retroactive conversions	0	0	0	0	0	0	0	0	0	0	0	0
Opening balance for the reporting period as of 01/01/2021	**4,451,540**	**22,041,612**	**10,751,254**	**506,406**	**-506,406**	**2,225,770**	**5,732,581**	**-880,420**	**224,165**	**193,943,394**	**13,728,880**	**252,218,776**
Changes in equity – transactions with owners	**0**	**-5,286,872**	**0**	**0**	**0**	**0**	**0**	**-11,020**	**0**	**-5,375,708**	**0**	**-10,673,600**
Purchase of non-controlling share in Impol, d. o. o.	0	-4,951,908	0	0	0	0	0	-11,020	0	-1,437,072	0	-6,400,000
Disbursement of dividends to others	0	-334,964	0	0	0	0	0	0	0	-3,938,636	0	-4,273,600
Total comprehensive income for the reporting period	**0**	**3,106,875**	**0**	**0**	**0**	**0**	**0**	**23,928**	**503,431**	**0**	**32,444,828**	**36,079,061**
Entry of net profit/loss in the financial year	0	3,073,846	0	0	0	0	0	0	0	0	32,444,828	35,518,674
Change in reserves resulting from valuation of financial investments at fair value	0	0	0	0	0	0	0	142,702	0	0	0	142,702
Gains and losses arising from the translation of financial statements of foreign operations (+/-)	0	33,029	0	0	0	0	0	0	503,431	0	0	536,460
Actuarial profit/loss, recognised under provisions for retirement benefits	0	0	0	0	0	0	0	-91,661	0	0	0	-91,661
Other items of the total comprehensive income in the financial year (deferred taxes from interest rate swaps)	0	0	0	0	0	0	0	-27,113	0	0	0	-27,113
Changes in equity	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**41,830**	**0**	**13,687,050**	**-13,728,880**	**0**
Allocation of the remaining portion of the net profit to other capital components	0	0	0	0	0	0	0	0	0	13,728,880	-13,728,880	0
Other changes in equity	0	0	0	0	0	0	0	41,830	0	-41,830	0	0
Closing balance for the reporting period as of 31/12/2021	**4,451,540**	**19,861,615**	**10,751,254**	**506,406**	**-506,406**	**2,225,770**	**5,732,581**	**-825,682**	**727,596**	**202,254,735**	**32,444,828**	**277,624,237**

Consolidated cash flow statement

Table 49: Consolidated cash flow statement in EUR

Item			2022	2021
A.		**Cash flows from operating activities**		
	a)	Profit or loss statement items	**114,979,441**	**63,320,747**
		Operating revenues (except for revaluation) and financial revenues from operating receivables	1,149,518,442	849,922,073
		Operating expenses excluding depreciation (except from revaluation) and financial expenses from operating liabilities	-1,020,856,902	-781,328,875
		Income tax and other taxes not included in operating expenses	-13,682,099	-5,272,451
	b)	Changes of net working assets (and accrued costs and deferred revenues, provisions and deferred tax receivables and liabilities) of the financial statement operating items	**-43,277,154**	**-89,595,094**
		Opening minus closing operating receivables	-7,188,957	-36,740,644
		Opening minus closing deferred costs and accrued revenues	-655,776	194,235
		Opening minus closing deferred tax receivables	964,454	256,011
		Opening minus closing assets (groups for disposal) for sale	0	0
		Opening minus closing inventory	-18,376,428	-85,046,360
		Closing minus opening operating debts	-20,135,399	29,688,031
		Closing minus opening accrued costs and deferred revenues and provisions	2,197,748	2,113,713
		Closing minus opening deferred tax liabilities	-82,796	-60,080
	c)	**Net cash from operating activities or net outflows from operating activities (a + b)**	**71,702,287**	**-26,274,347**
B.		**Cash flows from investing activities**		
	a)	Cash receipts from investing activities	**4,831,272**	**1,136,455**
		Cash receipts from interest and participation in profit of others relating to investing activities	289,699	198,637
		Cash receipts from the disposal of intangible assets	0	0
		Cash receipts from the disposal of tangible fixed assets	2,449,827	559,556
		Cash receipts from the disposal of investment property	225,000	0
		Cash receipts from the disposal of long-term financial investments	31,492	1,141
		Cash receipts from the disposal of short-term financial investments	1,835,254	377,121
	b)	Cash disbursements from investing activities	**-28,895,718**	**-19,251,720**
		Cash disbursements for the acquisition of intangible assets	-1,948,518	-1,739,402
		Cash disbursements for the acquisition of tangible fixed assets	-25,666,878	-17,180,703
		Cash disbursements for the acquisition of investment property	0	0
		Cash disbursements for the acquisition of long-term financial investments	-110,411	-15,904
		Cash disbursements for the acquisition of investments in companies in the Group	0	0
		Cash disbursements for the acquisition of short-term financial investments	-1,169,911	-315,711
	c)	**Net cash from investment activities or net outflows from investment activities (a + b)**	**-24,064,446**	**-18,115,265**
C.		**Cash flows from financing activities**		
	a)	Cash receipts from financing activities	**108,126,291**	**123,470,733**
		Cash receipts from paid-in capital	0	0
		Cash receipts from the increase of long-term financial liabilities	96,560,036	66,592,447
		Cash receipts from the increase of short-term financial liabilities	11,566,255	56,878,286
	b)	Cash disbursements from financing activities	**-118,977,438**	**-100,102,730**
		Cash disbursements for given interests from financing activities	-4,254,408	-3,421,775
		Cash disbursements for the repayment of equity	0	-1,066,667
		Cash disbursements of long-term financial liabilities	-10,647,840	-6,619,865
		Cash disbursements of short-term financial liabilities	-96,464,365	-84,455,421
		Cash disbursements of dividends and other profit shares paid	-7,610,825	-4,539,002
	c)	**Net cash from financing activities or net outflows from financing activities (a + b)**	**-10,851,147**	**23,368,003**
D.		**Cash at the end of the period**	**71,325,897**	**34,539,203**
	x)	**Net cash flow in the period**	**36,786,694**	**-21,021,609**
	y)	**Cash at the beginning of the period**	**34,539,203**	**55,560,812**

Notes to the financial statements

Controlling company

In compliance with the Companies Act, Impol 2000, d. d., having its head office in Slovenska Bistrica, Partizanska 38, and being a large public limited company, is obliged to have its operations audited. The Company is classified under the activity code 70.100 – management of companies. The Company's share capital in the amount of EUR 4,451,540 is divided into 1,066,767 ordinary registered no-par value shares that are not traded in the organised security market. The shares are owned by 820 shareholders (balance in the share register as of 31/12/2022).

The consolidated financial statements for the financial year that ended on 31/12/2022 are presented hereafter. The consolidated financial statements include the company Impol 2000, d. d. and its associated companies and participations in associates.

Introductory note on reporting standards

For the financial year 2015, the Impol Group for the first time prepared its financial statement in accordance with the International Financial Reporting Standards as they were adopted by the European Union. The transition to the first application of IFRS was presented in the 2015 annual report.

Statement of compliance with the IFRS

The Board of Directors confirmed the financial statements and the consolidated financial statements on 20/04/2023.

The 2022 financial statements of Impol Group were drawn up in accordance with the International Financial Reporting Standards (IFRS), as they were adopted by the European Union, including the notes that were adopted by the International Financial Reporting Interpretations Committee (IFRIC) and that were also adopted by the European Union, and in accordance with the Slovenian Companies Act (ZGD-1).

On the financial statement date, there were no differences between the applied IFRS and the IFRS adopted by the European Union in accounting guidelines of the Impol Group as regards the process of confirming standards in the European Union.

The financial statements of the Impol Group have been drawn up on the basis of the going concern assumption. The applied accounting policies remain the same as in previous years.

a) Amendment of existing accounting policies, introduction of new standards, and new notes applicable for the current accounting period

The following amendments in the existing accounting standards, new standards, and new notes issued by the International Accounting Standards Board and adopted by the European Union, apply for the current accounting period:

- Amendments to IAS 16 – Tangible fixed assets – Profit before intended use (applicable for annual periods beginning on or after 01/01/2022). The European Union adopted the above amendments on 28/06/2021. The amendments prohibit an entity from deducting proceeds from the sale of products from the costs of property, plant, and equipment during the period in which the asset is prepared for its intended use and require the recognition of the proceeds from the sale and the related costs in profit or loss. In doing so, the Company must distinguish between the costs of production and sales before the fixed asset is available for its intended use, and the costs associated with the preparation of the fixed asset for its intended use.
- Amendments to IAS 37 – Provisions, contingent liabilities and contingent assets – Onerous Contracts – Cost of fulfilling a contract (applicable for annual periods beginning on or after 01/01/2022). The European Union adopted the above amendments on 28/06/2021. The amendments define the costs that an entity considers in determining the cost of performing a contract for purposes of assessing whether a contract is onerous.
- Amendments to IFRS 3 – Business Combinations – References to the fundamental framework with amendments to IFRS 3 (applicable for annual periods beginning on or after 01/01/2022). The European Union adopted the above amendments on 28/06/2021. The amendments update the reference in IFRS 3 to the fundamental framework of financial reporting standards without changing the accounting requirements for the accounting of business combinations.
- Annual improvements of IFRS 2018-2020 (amendments IFRS 1, IFRS 9, IFRS 16 and IAS 41). Annual improvements effective for annual periods beginning on or after 01/01/2022 contain:
    - amendments to IFRS 1 – First-time use of IFRS, namely simplifying the introduction of IFRS in a subsidiary that uses IFRS for the first time;
    - amendments to IFRS 9 – Financial instruments, where explanations are given which commission costs should be taken into account in the "10 percent test" for derecognition of financial liabilities;
    - amendments to the illustrative example to IFRS 16 - Leases;
    - amendments to IAS 41 – Agriculture, where the requirement to exclude cash flows for tax when measuring fair value is removed, bringing fair value into line with the definition in IFRS 13.

The adoption of these new standards, amendments to existing standards and notes did not result in significant changes or impacts on the financial statements of the Impol Group.

b) Standards and amendments to existing standards issued by the International Financial Reporting Standards and adopted by the European Union, but not yet applied

The standards adopted by the European Union and notes, but not yet applied up to the date of the consolidated financial statements, are presented hereafter. The Group intends to take these standards and notes into account in drawing up financial statements after their implementation. The Group did not adopt any of the standards indicated below before their application.

- Amendments to IAS 1 - Presentation of financial statements and amendments to IAS 1 - Disclosure of accounting policies: IAS 1 contains an amendment related to the presentation of short-term and long-term liabilities and an amendment related to the disclosure of accounting policies. In January 2020, the International Financial Reporting Standards Interpretations Committee (IFRS) issued amendments to IAS 1 that clarify the criteria for determining whether liabilities are classified as short-term and long-term. These amendments clarify that the classification as short-term or long-term is based on whether the Company has the right at the end of the reporting period to postpone the settlement of liabilities for at least twelve months after the reporting period. The amendments also clarify that "settlement" includes the transfer of cash, goods, services or equity instruments, unless the obligation to transfer the equity instruments arises from a conversion feature that is a separate component of the compound financial instrument. The amendments originally applied to annual reporting periods beginning on or after 01/01/2022, but in May 2020 the effective date was postponed to annual reporting periods beginning 01/01/2023. The amendment to IAS 1 related to the disclosure of accounting policies introduces the disclosure of material and not only material accounting policies and contains guidance on when information related to accounting policies is material.
- Amendments to IAS 8 - Definition of accounting estimates: The amendment introduces the definition of an accounting estimate and other clarifications, which will help to distinguish between an accounting policy and an accounting estimate. The amendment will also clarify that the effect of an amendment in input data or measurement techniques is an amendment in accounting estimate, unless their consequence is the correction of an error from a prior period. The amendments to IFRS 8 are effective for annual periods beginning on or after 01/01/2023.
- Amendments to IAS 12 - Income tax - Deferred tax receivables and deferred tax liabilities for individual transactions: The amended standard clarifies whether the first-time recognition exception applies to certain transactions that are recognised both as an asset and as a liability (e.g. a lease under IFRS 16 - Leases). The amendment introduces an additional criterion for the initial application of the exception according to IAS 12.15, whereby the exception is not applied at the first recognition of an asset or liability that results in the same taxable and deductible temporary differences at the time of recognition. The amendments to IFRS 12 are effective for annual periods beginning on or after 01/01/2023.
- IFRS 17 - Insurance contracts and amendments to IFRS 17 - Insurance contracts relating to the first-time adoption of IFRS 17 and comparable information under IFRS 9. IFRS 17 requires insurance liabilities to be measured at present settlement value and provides a more uniform measurement and presentation approach for all insurance contracts. It applies to annual reporting periods beginning on or after 01/01/2023, including amendments to IFRS 17 which was adopted by the EU on 09/09/2022 and also applies to annual reporting periods beginning on or after 01/01/2023.

The Group decided that it shall not adopt or apply these standards, adjustments or notes before they come into effect. The Group assumes that the introduction of these new standards and amendments in the initial phase of application shall not significantly affect its consolidated financial statements.

c) New standards, standard amendments and notes not yet adopted by the European Union

Currently, the International Financial Reporting Standards as they were adopted by the European Union, do not differ significantly from the regulations adopted by the International Accounting Standards Board, with the exception of the following new standards, amendments of existing standards and new notes which were not yet confirmed for application in the European Union when the financial statements for the 2022 financial year were being drawn up/approved*:

- Amendments to IAS 1 – Presentation of Financial Statements – Classification of obligations to short- and long-term (applicable for annual periods starting on or after 01/01/2024). The amendments affect the presentation of liabilities in the statement of financial position but do not change the existing requirements related to the measurement or recognition period of either assets, liabilities, income, or expenses or the information which the company discloses about these items. The amendments also clarify the requirements relating to debt classification, which the company may settle by issuing own equity instruments. The EU has not yet approved the amendments/changes to the standard.
- Amendments to IAS 1 - Non-current liabilities with commitments (effective for annual periods beginning on or after 01/01/2024). If the company's right to defer depends on the company meeting certain conditions, those conditions affect whether the right to defer existed at the end of the reporting period if the company is required to meet the conditions on or before the end of the reporting period, and not if the company is required to qualify after the end of the reporting period. The amendment also contains a clarification of the term "settlement" for the purpose of classifying liabilities as current or non-current. The EU has not yet approved the amendments/changes to the standard.
- Amendments to IFRS 16 - Leases: Lease liability in a sale and leaseback transaction (effective for annual periods beginning on or after 01/01/2024). The amendment to the standard contains a requirement that the seller-lessee determine the "rental payment" or "modified rental payment" so that the seller-lessee would not recognise a gain or loss related to the right-of-use retained by the seller-lessee. The EU has not yet approved the amendments/changes to the standard.
- Amendments to IFRS 10 - Consolidated financial statements and IAS 28 - Investments in associated companies and joint ventures - Sale or contribution of assets between the investor and its associate or joint venture. The amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribu-

* The specified dates of entry into force apply for IFRS as issued by the International Accounting Standards Board.

tion of assets between investors and their associated company or joint venture. The main consequence of the amendments is for the company to recognise the entire profit or loss amount if the transaction includes business operations (regardless of the fact whether they are located in a subsidiary or not). For transactions with assets that do not represent operations, only part of the profit or loss is recognised even if the assets are located in a subsidiary. The EU has not yet approved the amendments/changes to the standard.

The Group estimates a possible impact of these amendments on its consolidated financial statements. Regardless of the above, the Impol Group assumes that the introduction of these new standards and amendments in the initial phase of application shall not significantly affect its consolidated financial statements.

Basis and estimates for preparing financial statements

The financial statements of the Impol Group and financial statements of Impol 2000, d. d. were drawn up taking into consideration the historical cost, except Impol Group in case of derivatives.

In accordance with the legislation, Impol 2000, d. d. shall ensure independent auditing of these financial statements.

The consolidated financial statements are presented in EUR (without cents), and EUR is also the functional currency of the Group.

Use of estimates and judgements

The preparation of financial statements requires the management of the controlling company to make judgements, estimates and assumptions that affect the carrying amounts of assets and liabilities of the Group as well as the reported income and expenses. Estimates and assumptions are based on previous experiences and many other factors which are considered in given circumstances as justified and based on which we can determine the carrying amount of assets and liabilities that are not clearly evident from other sources. Actual results can differ from these estimates. Estimates and assumptions have to be regularly reviewed. Revisions to accounting estimates are only recognised in the period in which the estimate was revised, if the revisions only applies to this period, or for the period of revision and future years, if the revision affects the current as well as future years.

Estimates and assumptions are mostly present in the following judgements:

- **estimate of useful life of depreciable assets**

For estimating the useful life of assets, the Company considers the expected physical wear, technical ageing, economical ageing, and the expected legal and other restrictions of use. The Company annually reviews the useful life of more significant assets. If the expected pattern of using future economic gains based on depreciable assets changes significantly, the depreciation method shall also change to meet the changes of the pattern. These changes are regarded as changes in accounting estimates.

- **impairment testing of assets**

Impairment testing of assets is performed by the management to ensure that the carrying amount does not exceed the recoverable amount. On every reporting date, the management estimates if there are any signs of impairment. Critical estimates were used for the following assessments of value:

    - Investment property (Note 9),
    - Goodwill (Note 6),
    - Investments in associated companies (Note 10),
    - Financial receivables (Notes 13 and 10),
    - Estimate of fair value of assets (see point “Carrying amounts and fair values of financial instruments”).

Fair value is used in case of financial assets measured by fair value through profit or loss, and in case of derivatives. All other items in financial statements represent the purchase or the amortised value. All assets and liabilities that are measured by fair value in financial statements are classified in a hierarchy of fair value based on the lowest level of inputs that are important for measuring the total fair value:

- level one includes quoted prices (unadjusted) on functioning markets for the same assets and liabilities,
- level two includes inputs that besides quoted prices from level one are also noted directly (i.e. prices) or indirectly (i.e. derived from prices) as assets or liabilities,
- level three includes inputs for the asset or liability not based on observable market data.

Quoted prices are applied as the basis for determination of the fair value of financial instruments. If a financial instrument is placed on an organised market or if the market is estimated as not functioning, inputs from levels two and three are used for determining the fair value.

- **estimate of fair value of financial assets measured at fair value through profit or loss**

Profit or loss from financial instruments measured at fair value through profit or loss is classified under the profit or loss statement.

- Equity investments in subsidiaries, associated and other companies are measured at cost, in accordance with IAS 27.

- **estimate of the collectible value of receivables**

At least once annually, namely before preparing the annual statement of account, the suitability of recognised amounts of individual claims is assessed. Claims that are not settled within the agreed period are recognised as ‘doubtful’ and ‘at issue’, and a correction of their value is recognised to debit of the re-evaluated operating charges, and usually legal proceedings are brought about (lawsuit or enforcement).

- **estimate of the possibility of utilising deferred tax assets and tax liabilities**

The Group forms deferred tax assets for provisions for jubilee and retirement benefits, impairments of financial investments, impairment of claims, and tax losses. Deferred tax liabilities are formed as temporary deductible differences between the carrying amount and the tax value of fixed assets.

At the end of a financial year, the amount of the stated deferred tax assets and tax liabilities is estimated. Deferred tax assets are recognised in case of a probable available future profit against which the deferred tax assets can be utilised.

- **estimate of formed provisions**

Within the requirements regarding certain post-employment and other benefits, the present value of jubilee and retirement benefits is recorded. They are recognised based on the actuarial assessment. The actuarial assessment is based on the assumptions and estimates valid at the time of the assessment and can differ from actual assumptions in the future due to certain changes (discount levels, assessment of turnover of staff, assessment of mortality, and assessment of wage growth).

The Group had no other provisioning.

Important Accounting Policies of the Group

Transactions in foreign currency

Transactions in foreign currencies are converted to the respective functional currencies of entities within the Group at exchange rates at the dates of the transactions. Cash and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the prevailing exchange rate at that date. Positive or negative foreign currency differences are differences between the amortised cost in the functional currency at the beginning of the period, adjusted by the amount of effective interest and payments during the period, and the amortised cost in foreign currency converted at the exchange rate at the end of the period. Non-cash assets and liabilities denominated in foreign currencies that are measured at fair value are translated into the functional currency at the exchange rate at the date when the fair value was determined. Non-cash items measured at historical costs in foreign currency are translated into the functional currency by applying the exchange rate valid at the date of the transaction. Foreign currency differences are recognised in profit or loss, under financial revenues or financial expenses.

Financial statements of companies in the Group

The consolidated financial statements are presented in EUR. Items of every company in the Group that are included in the financial statements are converted into the reporting currency for the purpose of the consolidated financial statements as follows:

- Assets and liabilities in the financial statement are converted according to ECB exchange rates on the date of reporting.

For converting the financial statement from national currencies into EUR, the following reference ECB exchange rates were used.

Table 50: Reference ECB exchange rates for converting financial statement items

Currency	31/12/2022
USD	1.0666
HUF	400.87
RSD	117.29
HRK	7.5365

For converting balance sheet items from national currencies into EUR, the following exchange rates were used.

Table 51: Exchange rates for converting profit or loss

	Average annual exchange rate in 2022
USD	1.0530
HUF	391.29
RSD	117.37
HRK	7.5349

Currency differences are recognised under other comprehensive income and reported under the item exchange differences in capital. If a foreign entity is disposed of in a way that there is no longer a controlling or significant influence, the corresponding cumulative amount in the exchange difference in capital is translated into gains and losses on disposal. If the Group disposes of only part of its share in a subsidiary that includes a foreign company, while maintaining a controlling influence, the corresponding share of the cumulative amount is reclassified as non-controlling share. If the Group disposes of only part of its investment in a associated company of joint venture that includes a foreign company, while maintaining a controlling influence, the corresponding share of the cumulative amount is reclassified as profit or loss.

Subsidiaries

Subsidiaries are entities controlled by the controlling company Impol 2000, d. d. Control exists when the controlling company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Accounting policies of subsidiaries are harmonised with the accounting policies of Impol 2000, d. d.

After loss of control, the Group recognises assets and liabilities of the subsidiary, non-controlling shares and other components of capital in connection with the subsidiary. Any surpluses or deficits that arise at the loss of control are recognised in profit or loss. If the Group retains a share in a previous subsidiary, this share is measured at fair value at the date of the loss of control. Later, this share is recognised in capital as an investment in a associated company (using the equity method) or as available-for-sale financial assets, depending on the level of control. Investments in subsidiaries are measured at cost. Costs, which can be connected with purchasing a subsidiary, increase the value at cost of the capital investment. Sharing in profit of the subsidiary is recognised in profit or loss after the subsidiary acquires the right to profit-sharing. Consolidated financial statements do not include revenue/expenditure and loss based on transaction within the Group.

More on this in the section presenting the controlling company Impol 2000, d. d., and the Impol Group.

Investments in associated companies

Associated companies are entities where the Group has a significant influence but does not control their financial and business policies. A significant influence exists if an entity owns 20 to 50 percent of voting rights in another entity.

Investments in associated companies are recognised in individual statements at cost and in consolidated statements using the equity method. Consolidated financial statements include the share of the entity in profit or loss, using the equity method, from the date of the beginning ant until the date of the end of the significant influence. Accounting policies of associated companies are harmonised with the accounting policies of Impol 2000, d. d.

If the share of the Company in the loss of the associate is bigger than its share, the carrying amount of the share in the associate is reduced to zero, and it is no longer recognised in future losses. Costs that can be connected with the purchase increase the value at cost of the capital investment.

More on this in the section presenting the controlling company Impol 2000, d. d., and the Impol Group.

Intangible assets

Intangible assets include:
- Investments in licences and other long-term property rights (IT, software),
- Goodwill,
- Long-term deferred development costs.

At initial recognition, intangible assets are valued at cost. The carrying amount of intangible assets with a finite useful life is reduced with depreciation. Later expenditure in connection with intangible assets are only capitalised if they increase future economic gain. All other costs are recognised in profit or loss as expenditure at the moment they arise.

Among intangible assets with a finite useful life, the Group recognises software and licences. For the acquired software, the value at cost also includes the costs of acquisition and training for use, and for material rights, only the costs of acquisition. Within the whole useful life of individual intangible assets, the Company consistently allocates its depreciable amount to individual financial periods as the current depreciation.

Depreciation is calculated using the straight-line method, while considering the useful life of the intangible asset. Depreciation starts at the value of cost, after the asset is made available for use. Depreciation methods, useful life and other values are reviewed and, when necessary, adjusted at the end of every financial year.

Depreciation rates based on the estimated useful life of individual types of intangible fixed assets.

Table 52: Depreciation rates used for intangible fixed assets

Depreciation rates used in the Group	Depreciation rate in %	
	Lowest	Highest
Intangible assets		
• Software	10.00%	50.00%
• Intangible investments	10.00%	10.00%
• Long-term deferred development costs	20.00%	33.33%

Goodwill, which occurred at consolidation, represents the excess of the cost of an acquisition over the entity's share in fair value of the acquired identifiable assets, liabilities and contingent liabilities of subsidiaries at the date of acquisition. Negative goodwill is recognised immediately in the consolidated profit or loss account. Goodwill is considered as an asset with a finite useful life and is tested at least once a year regarding possible impairment.

Every impairment is recognised immediately in the consolidated profit or loss account and is not removed later. At a disposal of a subsidiary, the corresponding amount of goodwill is included in profit or loss.

Long-term deferred development costs are recognised as intangible assets, if the following can be proven:

a) the feasibility of the completion of the project so that is available for use;
b) intention to finish the project and use it;
c) likelihood of economic benefits of the project;
d) availability of technical, financial and other factors for completing the development and using the project;
e) ability to reliably measure the costs attributed to the intangible assets during its development.

When calculating the accumulated profit the long-term deferred development costs on the balance-sheet cut-off date are taken into consideration so as to reduce the accumulated profit.

Among intangible assets, the Impol Group also shows emission allowances related to greenhouse gas emissions (CO_2 allowances). The Group acknowledges the receipt and use of emission allowances as follows:

- rights from emission allowances granted by the State (the Ministry of the Environment and Spatial Planning and the Slovenian Environment Agency) are shown in the statement of financial position in the amount of EUR 1 for one emission allowance;
- purchases of emission allowances on the market are recorded as long-term intangible assets at cost if they cover actual emissions that will occur in future periods;
- purchases of emission allowances are recognised directly among expenses when the estimated level of actual emissions exceeds the number of emission rights which have been either allocated to or purchased by the Company to cover actual emissions;
- If, at the end of the year, the market value of emission allowances is lower than their carrying amount, the relevant impairment is recognised.

On the balance sheet date, the Group first uses all emission allowances obtained from the State; in the event of a deficit, it uses the allowances bought on the market.

Property, plant and equipment

Property, plant and equipment are recognised using the cost model. At initial recognition, they are measured at cost, reduced by depreciation and impairment loss, except land, which is not subject to depreciation and are recognised at cost, reduced by all impairments. Cost includes expenses which may be directly attributed to the acquisition of an individual asset.

Important parts of tangible fixed assets with different useful lives are calculated as individual tangible fixed assets.

Borrowing costs that are directly connected with purchasing, building or creating an asset in acquisition are recognised within the value at cost of this asset.

Value at cost of assets created in the Group includes material costs, direct costs of labour, indirect production costs, and (if required) the initial assessment of costs of decommissioning, removal and restoring the site where the asset is held. Immovable property that was built for future use as investment property is considered as a tangible fixed asset and is recognised at cost at the date of completion of construction when immovable property becomes investment immovable property.

The positive or negative difference between the net sales value and the carrying amount of the disposed asset is recognised in the statement of profit or loss. The costs of replacing a part of a tangible fixed asset are recognised at the carrying amount of this asset, if it is probable that future economic gains of this part of the asset will flow into the Group and if the value at cost can be reliably measured.

All other costs (repairs, maintenance) for preserving or renewing future economic gain are recognised in the profit or loss account as expenditures immediately after they occur. Depreciation is calculated using the straight-line method, considering the useful life of individual tangible fixed assets and the residual value, while residual value is only determined for significant assets. Land is not subject to depreciation. Depreciation starts after the asset is made available for use.

Depreciation rates based on the estimated useful life of individual types of tangible fixed assets.

Table 53: Depreciation rates used for tangible fixed assets

Depreciation rates used in the Impol Group	Depreciation rate in %	
	Lowest	Highest
Tangible fixed assets		
Immovable property:		
• Buildings	1.30%	3.00%
• Other constructions	1.30%	2.50%
Equipment:		
• Production equipment	1.93%	33.33%
• Other equipment	5.00%	33.33%
Computer equipment	50.00%	50.00%
Motor vehicles:		
• Transport vehicles	6.20%	20.00%
• Personal vehicles	12.50%	15.50%
Other tangible fixed assets	10.00%	10.00%
Investment property (cost model)	1.30%	3.00%

Assets under lease

When signing a contract, it must be determined whether said contract includes lease pursuant to IFRS 16. According to this standard, a contract is a lease contract if it grants the right to use a certain asset for a certain period of time in return for payment.

For these types of contracts, the IFRS 16 standard specifies that at the beginning of the lease the lessee must recognise the right to use the asset (asset under lease) and the liability from the lease. The right to use the asset is amortised and interests are attributed to liabilities.

The asset with the right to use is recognised on the date of commencement of the lease, i.e. when the asset is available for use. The initial measurement of the asset encompasses the amount of the initial measurement of lease obligation (discounted current value of lease that has not yet been paid on that date), and the payment of leases that have been effectuated on the day of commencement of the lease or before, minus any received lease incentives and estimates of potential costs that will occur within the Company with the removal of the asset.

The assets are then measured according to their cost, decreased by the accumulated depreciation and by the loss due to the impairment, and adjusted for each re-measurement of the liability from the lease. The asset is depreciated from the beginning of the lease until the end of its useful life, or until the end of the duration of the lease, if this period is shorter than its useful life. If the contract is concluded for an undefined period or if it is automatically extended every year, the expected depreciation periods for each individual group of assets are used.

Signs of impairment are verified annually; in this case, the replaceable value of these assets must be determined. In the event of impairment, it must be recognised in the profit or loss statement pursuant to IAS 36.
The Group excludes from the right to use assets leases that last no longer than 12 months (short-term leases) and do not have the option to purchase, and leases where the leased asset is of small value. This takes into account the value of the asset when it is new.

Investment property

Investment property is property that is owned with the intention to collect rent (land, buildings or parts of buildings or both). They are recognised at cost, reduced by depreciation and impairment loss. Depreciation is calculated using the straight-line method, while considering the useful life of the investment property. Depreciation rates are between 1.3 and 3 percent.

For reporting and disclosure in annual statements fair value of investment property is valued using the cash flow capitalisation method, where cash flow mostly consists of rent received from renting investment property. Investment property that is rented within the Group is reclassified as tangible fixed assets, except in cases where ancillary services are so insignificant that the property does not meet the reclassification criteria.

Financial instruments

Financial instruments include:
- Non-derivative financial assets,
- Non-derivative financial liabilities,
- Derivative financial instruments.

At initial recognition, financial instruments are recognised at fair value. Fair value is the amount at which an asset can be sold or a liability exchanged between knowledgeable, willing parties in an arm's length transaction. After the initial recognition, they are measured according to value as described hereafter.

Determination of the fair value of financial instruments takes into account the following hierarchy of determination levels:
- level one includes quoted prices (unadjusted) on functioning markets for the same assets and liabilities,
- level two includes inputs that besides quoted prices from level one are also noted directly

(i.e. prices) or indirectly (i.e. derived from prices) as assets or liabilities,
- level three includes inputs for the asset or liability not based on observable market data.

Quoted prices are applied as the basis for determination of the fair value of financial instruments. If a financial instrument is placed on an organised market or if the market is estimated as not functioning, inputs from levels two and three are used for determining the fair value.

Non-derivative financial assets

Non-derivative financial assets include cash and cash equivalents, claims and loans, and investments. Pursuant to the IFRS 9, the aforementioned assets can be divided into the following three groups:
- financial assets at fair value through profit or loss,
- financial assets at amortised cost,
- financial assets at fair value through other comprehensive income.

The basis for the aforementioned division is represented by the business models, in the framework of which each individual financial asset is managed, as well as its contractual cash flows. Pursuant to IFRS 9, classifying and measuring financial assets in the financial statements is defined according to the chosen business model, in the framework of which financial assets are managed, and the characteristics of their contractual cash flows. Upon initial recognition, each of the financial assets is classified into one of the following business models:
- model with the purpose of acquiring contractual cash flows (measurement at amortised cost),
- model with the purpose of selling and acquiring contractual cash flows (measurement at fair value through comprehensive income statement),
- other models (measurement at fair value through the profit or loss statement).

Financial assets at fair value through profit or loss

The financial assets measured at fair value through the profit or loss statement are initially measured at fair value, while transaction costs are indicated in the profit or loss statement upon purchase. Financial instruments are classified in this group, which are intended for trading, and financial instruments measured by the Group at fair value. Profit or loss arising from these financial instruments are classified into the profit or loss statement. Dividends from financial instruments classified in this group are recognised as financial revenues in the profit or loss statement.

Financial assets at amortised cost

Financial assets measured at amortised cost are measured at amortised cost using the effective interest rate. They are shown in the amount of outstanding capital, increased for the amount of outstanding interest and compensation, and decreased for the amount of impairment.

Financial assets at fair value through other comprehensive income

Financial assets owned for trading, and financial assets measured at fair value through other comprehensive income, are measured at fair value after initial recognition. The fair value is based on the published market price on the reporting date which represents the best offer or, if unavailable, closing offer.

Loans and receivables

Loans and receivables are non-derivative financial assets that are not quoted in an active market. They are included in short-term assets, except with maturity longer than 12 months after the date of the financial statement, in which case they are classified as long-term assets. In the financial situation statement, loans and receivables are reported under business, financial and other receivables at amortised value, considering the current interest rate.

In addition to the above financial assets, individual separate financial statements of companies in the Impol Group also show investments in associated and affiliated companies, which are valued at cost in accordance with the IAS 27 standard.

Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits under three months and other short-term highly liquid investments with original maturity of three months or less. They are disclosed at cost. Overdrafts are included under short-term financial liabilities.

Non-derivative financial liabilities

Non-derivative financial liabilities include business, financial and other liabilities. Financial liabilities are initially recognised at fair value, increased by costs directly attributable to the transaction. After initial recognition, financial liabilities are measured at amortised value using the effective interest method. Financial liabilities are classified under long-term liabilities, except with maturity shorter that 12 months after the date of the consolidated statement of financial position, in which case liabilities are classified as short-term liabilities.

Derivative financial instruments

Derivative financial instruments are initially recognised at fair value. Costs connected with the transaction are recognised in profit or loss after they arise. After initial recognition, derivative financial instruments are measured at fair value, while changes are recognised as described hereafter.

When a derivative financial instrument is used as a hedge against the risk of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect profit or loss, the effective part of changes in fair value of derivative financial instruments is recognised under the comprehensive income of the period and disclosed under the revaluation surplus/reserves resulting from valuation at fair value. The ineffective part of changes in fair value of the derivative financial instrument is recognised directly in profit or loss. The Group usually stops using the instrument as a hedge against the risk of exposure to variability in cash flows if the financial instrument no longer meets the criteria for hedging or if the financial instrument is sold, terminated or exercised. The accumulated profit or loss recognised under other comprehensive income remains recognised under the revaluation surplus, until the forecast transaction does not affect profit or loss. If the forecast transaction can no longer be expected, the amount in other comprehensive income has to be recognised directly in profit or loss. In other cases, the amount recognised under other comprehensive income is transferred to profit or loss of the same period in which the hedged item affects profit or loss.

The effects of other derivative financial instruments that are not used as a hedge of the exposure to variability in cash flows or that cannot be attributed to individual risks in connection with a recognised asset or liability are recognised in profit or loss.

The Group uses the following derivative financial instruments:

- **future transactions (forwards)**

Effective management of the whole raw material field of the Impol Group is focused on two areas: currency risk management and management of risks regarding changes in aluminium prices. Both areas are closely linked and are managed by the Group with forwards and futures.

In case of aluminium raw materials or hedging of LME risks, the Impol Group follow the principle that profit or loss from a forward is recognised in profit or loss at liquidation or after settling individual forwards on the LME on the day of maturity, which is usually the same as the period of the realisation of the sale transaction on the physical market, or after realising the actual production margin, which is the subject of hedging. In the presented manner, possible fluctuations in the achieved production margin of sales on the physical market due to changes in prices of aluminium raw material at the time of sale, which are used as the base for determining the sales price (LME + sales premium), are balanced or neutralised by the effects of the realised forward, both being recognised in profit or loss of the same period. With this principle, the Impol Group provides profitability, which mostly depends on the difference between the purchase premium and the achieved sales premium and not on the fluctuations of aluminium prices. Profit or loss from these forwards is recognised in profit or loss under other financial income and revenue.

Currency risk management through forward currency contracts is also directly connected with managing aluminium prices and fluctuations of LME prices of aluminium. The Group purchases aluminium in US dollars and realises most of its sales in EUR. Purchasing and selling in different currencies leads to inconsistencies between purchase and sales prices, which is harmonised by the Group by using futures (forwards). Profit or loss from forward currency transactions is recognised in profit or loss under other financial income and revenue.

Futures (forwards) include fair value of open transactions on the date of the statement of financial position, which is determined based on publicly available information on the value of futures on the organised market on the date of reporting for all open transactions.

- **interest rate swaps**

Interests of received loans bear the interest rate change risk, against which the Group uses interest rate swaps. Interest rate swaps value the fair value of open swaps on the date of the financial situation with discounting of future cash flows in connection with variable interest (receipt of interest from swaps) and fixed interest (payment of interest from swaps). When interest rate swaps are defined as a safety instrument against the variability of cash flows of recognised assets or liabilities or the intended transaction, profit or loss resulting from the instrument that is defined as a successful safety against risk is recognised directly under other comprehensive income and item reserves from fair value measurement in the financial statement. Profit or loss resulting from the instrument that is defined as unsuccessful is recognised in profit or loss under other financial expenditure.

Inventories

The Group follows the following inventories:

- inventory of raw materials,
- inventory of materials,
- inventory of incomplete production,
- inventory of finished goods and merchandise.

Inventories are measured at the lower of cost and net recoverable value. Net recoverable value is the estimated selling price at the reporting date less sales expenses and other possible administrative expenses, which are usually connected with the sale.

Inventories of materials and merchandise are valued at cost including the purchase price, import duties and other non-refundable purchase taxes, and the direct costs of purchase. The FIFO method is used for valuing inventories of merchandise and measuring use.

Inventories of incomplete production are valued at cost of production depending on the percentage of completion.

In consolidation, unrealised profit or loss in inventories purchased within the Group are excluded by reducing the corresponding part of inventories and increasing operational expenditure. The calculation of profit is performed based on the achieved EBIT margin of the financial year.

Impairment of inventories is described in detail under in chapter on impairment.

Equity

Equity is an obligation towards the owners which falls due if the Company ceases to operates, whereby the size of the capital is adjusted considering the price of net wealth attainable at that point. The equity is defined with sums that have been invested by owners, and sums that arose during the course of the business operations of the company and which belong to the owners.

Total equity consists of share capital, non-controlling interest capital, capital reserves, profit reserves, net profit carried over from previous years, reserves from fair value measurement, translation reserve, and temporarily undistributed net profit of the financial year. Own shares, for which the corresponding profit reserves are created, represent a deductible capital item. Group equity is reported separately for the controlling owner and non-controlling interests.

Called-up capital

Called-up capital of the controlling company is present as share capital, which is nominally defined in the Statute of the controlling company registered with the court and paid-in by the company's owners.

As of 31/12/2022, the share capital of the controlling company Impol 2000, d. d., amounts to EUR 4,451,540 and is divided into 1,066,767 ordinary no-par value shares. Dividends are paid in accordance with the decisions of the General Meeting.

Capital reserves

Capital reserves of the Group include all amounts of payments that exceed the lowest emission amounts of shares, and the amounts based on eliminating the general revaluation adjustment.

Capital reserves of the controlling company Impol 2000, d. d. include paid-in capital surplus and the general revaluation adjustment.

Own shares

If the controlling company or its subsidiaries buy shares of the controlling company, the paid amounts, including transaction costs and excluding taxes, are deducted from the total equity as own shares, until these shares are cancelled, reissued or sold. If own shares are reissued or sold, all the received payments excluding transaction costs and connected tax effects are included in capital reserves.

Statutory reserves

Statutory reserves of the controlling company are formed based on the Statute of the Company in the amount of 15% of net profit of the financial year. They are set aside in the amount of half of the controlling company's share capital.

Reserves from fair value measurement and capital revaluation adjustment

Reserves from fair value measurement, include actuarial gains or losses based on provisions for severance pays upon retirement and the effects of fair value changes of derivative financial instruments that are classified as hedging instruments (interest rate swaps). Capital revaluation adjustment includes the effects based on revaluations of financial statements of foreign companies.

Provisions and long-term accrued costs and deferred revenues

Provisions are formed for a present obligation as a result of a past event and when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

Provisions for jubilee and retirement benefits

In accordance with legal requirements and its internal rules, the Group is bound to pay jubilee and retirement benefits to its employees, for which it formed long-term provisions. There are no other retirement obligations. Provisions are formed in the amount of the expected future payments of jubilee and retirement benefits discounted on the date of the statement of financial position. Calculations are made for individual employees by including the costs of all expected jubilee and retirement benefits.

Actuarial calculation is based on assumptions and assessments applicable at the time of the calculation that due to changes in the following year may differ from actual assumptions that will apply at that time. This mainly refers to discount rates, employee fluctuation estimates, mortality rates and wage growth estimates.

Financial liabilities from leases

Financial liabilities from leases are recognised on the commencement date of the lease of asset. On the commencement date of lease, the lease liability is measured at current value of lease still due. These leases are discounted. At a later measurement of the financial liability from leases, it is increased for the value reflecting liability interests from lease, and reduced for the value of leases paid. In the event of an amendment of the lease conditions, the current value is measured again on the basis of revaluation of future leases or an amendment of lease (duration or price).

After the commencement date of lease, financial liabilities from leases are measured again using the new discount rate, if the duration of lease or the value of future leases have changed.

In the event of lease termination or reduction the profit or loss connected to partial or full termination of lease are recognised in the profit or loss statement.

Liabilities from lease are disclosed as a long-term liability, with the exception of liabilities that will be settled in a 12-month period and that are disclosed in the financial statement as short-term liabilities from lease.

Long-term accrued costs and deferred revenues

Long-term accrued costs and deferred revenues refer to received non-returnable funds for co-financing the purchase of equipment for improving the working conditions for the disabled. Grants related to assets are recognised as income in the statement of comprehensive income and in the useful life of the asset.

Among long-term accrued costs and deferred revenues, all types of state support are also shown as deferred revenues. State subsidies are recognised at fair value, but only when there is an acceptable assurance that the Impol Group will fulfil the conditions related to them and receive the subsidies. Government subsidies are recognised as revenue in the periods in which they are matched with the relevant costs that they are supposed to compensate. If the state support relates to a specific asset, it is recognised as deferred revenues, which the Impol Group recognises in the income statement proportionately over the period of the expected useful life.

Impairments

Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows from that asset.

A financial asset is impaired if its carrying amount is higher than the estimated replacement value. The financial asset is revalued if there is an objective evidence of impairment. The replacement value represents the present value of the estimated future cash flows discounted at the original effective interest rate of this instrument. The impairment is recognised in the profit or loss statement.

A financial investment is assessed at each reporting date by the accounting department to determine its suitability. If a financial investment is losing value (e.g. due to unsuccessful operations of the entity where the Company has its capital participation, insufficient solvency etc.), it mus be determined what kind of corrections have to be made to the initially recognised value of cost and debited to revaluation financial expenditures. The responsible person also has to order a partial or total cancellation of the financial investment as soon as reasons for this occur.

Impairment of receivables and loans granted

Impairments of receivables are formed based on the assessment of recoverability time analysis. Here, in accordance with the provisions of IFRS 9, the impairment of receivables is formed on the basis of expected losses in relation to the risk that the receivables would not be repaid, taking into account historical, current and forward-looking information on repayments.

If it is estimated that when the carrying amount of the receivable exceeds its fair value (i.e. the recoverable value), the receivable is impaired. Receivables that are assessed not to be collected within the regular deadline or in the whole amount are considered as doubtful. If proceedings were already brought before the court, receivables are considered as disputed. Impairment of loans granted is assessed for every individual loan. Impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. All impairment losses are recognised in profit or loss.

When it comes to financial assets measured at fair value through other comprehensive income, the latter is measured according to its cost upon initial recognition, and is then increased for the cost of the business transaction arising from the purchase of said financial asset. Profit or loss arising from these financial instruments are never classified into the profit or loss statement.

When it comes to impairment of financial assets measured at amortised cost, the amount of loss is measured as the difference between the carrying amount of a financial investment and the current value of expected future cash flows, discounted according to the initial effective interest rate. The value of said loss is recognised in the profit or loss statement. If reasons for the impairment of the financial investment cease to exist, the reversal of impairment of the financial asset disclosed at amortised cost is recognised in the profit or loss account.

In the event of financial assets measured at fair value through the profit or loss statement, profit or loss arising from these financial instruments are classified into the profit or loss statement.

Non-financial assets

Tangible and intangible assets

The carrying amount of the Company's non-financial assets is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised when the carrying amount of an asset or cash-generating unit exceeds its recoverable value. A cash-generating unit is the smallest group of assets that generate financial income that are to a greater extent independent from financial income from other assets and groups of assets. Impairment losses are recognised in the profit or loss statement. The recoverable value of the asset or cash-generating unit is the value in use or its fair value, reduced by costs of disposal, whichever is higher. In assessing value in use, estimated future cash flows are discounted to their present value by using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment loss of goodwill is not reversed.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the assets' recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation write-off, if no impairment loss had been recognised in the previous periods.

Inventories

Inventories are impaired if their carrying amount exceeds their estimated recoverable amount. Additionally, individual types of inventories are analysed by their age structure. Depending on the group of inventories, the amount of impairment loss according to their age is determined as a percentage of their value. Impairment also includes expert judgement on possible utilisation or sale of such inventories. At least at the end of every financial period, the Company measures the net recoverable amount of inventories and the need for write-offs. Costs of inventories are not reversible if inventories are damaged, partially or completely obsolete, or if their sales price is reduced. Costs of inventories are also not reversible if the estimated costs of completion or costs in connection with sales increase. Partial write-offs of inventories under their original value or costs up to the net recoverable value is in accordance with the policy that assets cannot be recognised at values higher than expected from their sale or utilisation. Inventories are usually partially written off to their net recoverable value under individual items.

Recognition of revenues and expenses

Revenues are recognised if the increase of economic gain in the financial year is connected with an increase of an asset or a decrease of a liability, and if this increase can be reliably measured.

Operating revenues are recognised when it could reasonably be expected that they will result in remuneration, if this is not already realised upon occurring and they may be reliably measured. The Group uses a five-level model of recognising revenues in accordance with IFRS 15. The identification of the contract with customers is followed by the identification of separation enforcement obligations, the identification of the price, the division of the price according to separation enforcement obligations and, pursuant to the aforementioned steps, the recognition of revenues. The main principle is that recognition of revenues reflects the transfer of goods and services to a customer in the amount reflecting the indemnity that the Company expects to be entitled to.

Operating revenues include:
- Revenues from the sale of products, merchandise and materials are measured based on sale prices indicated on invoices or other documents, reduced by discounts approved upon sale or later on, also due to early payments. Revenues from sale of products is recognised in profit or loss after the Company transfers significant risks and gains in connection with the ownership of products to the buyer;
- Revenues from sale of services, except services that lead to financial revenues, are measured according to sales prices of completed services. They are recognised in the period in which the service is performed. The work completion percentage method at the financial statement date is applied;
- Incomplete production and complete products at warehouse are valued at production costs. The degree of completion of performed services in case of incomplete production is assessed with an inventory;
- Other operating revenues occurs in case of disposal of property, devices, equipment and intangible assets, compensations received, subventions, removal of provisions, payment of previously written off operating receivables, liability write-offs and other.

Sales revenues are recognised in an amount that reflects the transaction price, which is allocated to the individual performance obligation. The transaction price is the amount of compensation to which the Impol Group expects to be entitled in exchange for the transfer of goods or services to the buyer, excluding amounts collected on behalf of third parties. The control of the goods and services depends on the terms of the sales contract, and the transfer occurs at the moment when the buyer takes over the goods or the service is performed.

A customer contract asset is a right to consideration in exchange for goods or services that have been transferred to the customer but have not yet been billed to the customer. In this case, the Impol Group shows accrued revenues for goods and services delivered to customers among assets from contracts with customers.

A liability from contracts with customers is a liability to transfer goods or services to the customer in exchange for compensation received by the Company from the customer. Within the framework of liabilities from contracts with customers, the Impol Group would thus show liabilities from approved volume discounts. Liabilities from contracts are recognised as income when the Impol Group fulfils its performance obligation under the contract.

Operating expenses in a financial period are in principle the same as costs increased by costs of initial inventories of incomplete production and complete products, and reduced by accrued charges of final inventories. Costs of sales and costs of general activities are immediately after their occurrence included in revenues.

For calculating consumption, the Group uses the FIFO method.

Operating expenses are recognised when costs are not stated in the value of inventories of goods and work in process any more, or when the merchandise is sold. Costs that can not be stated at inventories of goods and work in process are recognised as operating expenses upon their occurrence. The cost of goods sold includes expenses related to the sale of goods when the cost of goods is not kept in inventories.

Material costs are the original costs of purchased materials that are directly used in the creation of business effects (direct material costs), as well as material costs that do not have such a nature and are included in the relevant functional groups of indirect business costs.

Service costs are the original costs of purchased services that are directly necessary for the creation of business effects (direct service costs), as well as service costs that do not have such a nature and are included in the relevant functional groups of indirect business costs.

Depreciation costs are the original costs associated with the strictly consistent transfer of the value of depreciable tangible fixed assets and depreciable intangible assets.

Write-offs include impairments, write-offs and losses on the sale of intangible assets and tangible fixed assets, as well as impairments or write-offs of receivables.

Labour costs are original costs related to accrued wages and similar amounts in gross amounts, as well as to duties calculated from this basis and not an integral part of gross amounts. Labour costs also include the costs of creating provisions for jubilee and retirement benefits for employees.

Other operating expenses arise in connection with the creation of provisions, concession fees, expenses for environmental protection, donations, etc.

Financial revenues and expenses

Financial revenues comprise interest income on funds invested, dividend income, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss, and foreign exchange gains and gains on hedging instruments that are recognised in profit or loss, interest from receivables not paid on time and positive currency differences. Interest revenues are recognised as it accrues in profit or loss by using the effective interest method. Dividend income is recognised on the date that the shareholder's right to receive payment is established.

Financial expenses comprise interest expenses on borrowings (part of borrowing costs can be capitalised under property, devices and equipment), foreign exchange losses, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets, losses on hedging instruments that are recognised in profit or loss.

Taxes

Income tax comprises current and deferred tax.

Current tax liabilities are disclosed in profit or loss, except for the part relating to items disclosed directly in other comprehensive income. Current tax is the expected tax payable on the taxable income for the year.

Deferred tax is disclosed using the balance sheet liability method, which takes into account temporary differences occurring between the carrying amount of an asset or liability and its tax base in profit or loss. Deferred tax is determined using tax rates effective at the date of the statement of financial position that are expected to be used when the deferred tax liability is realised or the deferred tax liability is settled. Deferred tax receivables are recognised in the extent of the probability that there will be taxable profit available in the future that can be used to cover the deferred tax receivable.

Deferred tax in respect of insignificant amounts are not additionally recognised in consolidated financial statements.

Cash flow statement

The cash flow statement for the part regarding operations is composed using the indirect method from the data of the statement of financial position on 31/12 of the financial year and the statement of financial position on 31/12 of the previous financial year and additional data necessary for adjusting inflows and outflows, and for a suitable breakdown of significant items. The part regarding investing and financing is composed using the indirect method. Paid and received interest from trade receivables are distributed between cash flows from operating activities. Interest from loans and paid and received dividends are distributed between cash flows from financing.

Segment reporting

Because of the very similar nature of product groups, their production procedure and distribution, the Company defined only one reporting segment. Presentation of data with segment reporting takes into account that aluminium business activities represent the main operating activities of the Group. Other activities have an insignificant effect on presenting financial information.

The Group reports on sales by geographical area. The defined geographical areas are Slovenia, European Union, other European countries and the rest of the world.

DISCLOSURES TO INDIVIDUAL ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

1. Operating revenues

Table 54: Operating revenues in EUR

A. Operating revenues	Operating revenues generated with companies		2022	2021
	associated	others		
Net sales revenues	65,868	1,142,300,334	1,142,366,202	845,443,348
Change in the value of product inventories and unfinished production	0	-6,698,437	-6,698,437	9,055,402
Capitalised own products and services*	0	195,992	195,992	436,124
Other operating revenues	0	8,219,062	8,219,062	3,985,440
TOTAL:	**65,868**	**1,144,016,951**	**1,144,082,820**	**858,920,314**

B. Net sales revenues	Net sales revenues from sales generated with companies		2022	2021
	associated	others		
Net revenues from the sale of products	0	971,123,831	971,123,831	699,802,276
Net revenues from the sale of services	64,131	5,998,842	6,062,973	4,550,396
Net revenues from the sale of goods and material	1,737	165,177,661	165,179,398	141,090,676
TOTAL:	**65,868**	**1,142,300,334**	**1,142,366,202**	**845,443,348**

C. Other operating revenues	2022	2021
Revenues from the reversal of provisions and long-term accrued costs and deferred revenues	1,464,934	709,420
Other revenues associated with business effects (subsidies, grants, compensations etc.)***	3,935,181	2,891,779
Revaluation operating revenues	2,818,948	384,242
TOTAL:	**8,219,062**	**3,985,440**

D. Revaluation operating revenue****	2022	2021
From disposal of tangible fixed assets	2,052,504	304,268
From operating receivables	541,160	53,301
From operating liabilities	1,956	26,673
From the disposal of investment property (cost model)	223,329	0
TOTAL:	**2,818,948**	**384,242**

*Capitalised own products and services are products produced by the Group for its own needs and which it capitalised among tangible or intangible long-term fixed assets. Their value does not exceed the costs of their production or services rendered.

**Revenues from the elimination of provisions and long-term accrued costs and deferred revenues in the amount of EUR 1,040,571 relate to the elimination of provisions for jubilee and retirement benefits, in the amount of EUR 370,194 to the use of resigned contributions from the employment of the disabled to cover costs, and in the amount of EUR 54,169 to cover the costs of depreciation and write-offs of fixed assets, purchased from state support received from the employment of disabled persons.

***Other operating revenues related to business effects refer to the refund of excise duties for electricity and gas (EUR 1,219,050), insurance premiums and compensations received (EUR 783,115), income from claims (EUR 760,352), co-financing of the INDIGO project (294,903 EUR), reimbursements in connection with measures for covid-19 - rapid tests, quarantines, etc. (EUR 208,288), state aid due to the increase in energy prices (EUR 180,000), co-financing of other projects - Martin, KOC MAT, JP VIP, TPK (EUR 109,484), income from the use of emission allowances obtained by the state (EUR 49,632), co-financing of practical training and practice (EUR 31,423) and various other operating revenues (EUR 298,934).

**** Revaluation operating revenues refer mainly to profits achieved from the sale of tangible fixed assets and investment properties (sale of holiday capacities on Rab, cold rolling mill Bistral 1, cutting lines, sale of business premises with associated parking in Maribor, termination of leases and other) in the total amount of EUR 2,275,832, to payments of receivables and received insurance premiums in connection with receivables for which value corrections were previously created due to impairment in the total amount of EUR 541,160 and to write-offs of obsolete liabilities in the total amount of EUR 1,956.

Net sales revenues by business segment

Table 55: **Net sales revenues by business segment in EUR**

	2022	2021
Revenues from sales in Slovenia	**61,624,375**	**45,916,692**
• Revenues from sales in Slovenia – Associated companies	65,868	62,107
• Revenues from sales in Slovenia – other companies	61,558,507	45,854,585
Revenues from sales in EU	**941,609,288**	**694,143,296**
• Revenues from sales in EU – other companies	941,609,288	694,143,296
Revenues from sales in other European countries	**73,254,574**	**52,138,146**
• Revenues from sales in other European countries – other companies	73,254,574	52,138,146
Revenues from sales on other markets	**65,877,966**	**53,245,214**
• Revenues from sales on other markets – other companies	65,877,966	53,245,214
TOTAL	**1,142,366,202**	**845,443,348**

Net sales revenues from the sale of aluminium products (per state) is specified in detail under section Market and Customers.

2. Operating expenses

Table 56: Operating expenses in EUR

A. Analysis of costs and expenses	Manufacturing costs	Costs of sales	Costs of general activities	Total 2022	Total purchase in 2022 from: Associated companies	Total purchase in 2022 from: Other companies	2021
Cost of merchandise and materials sold	0	176,492,648	22,528	176,515,176	0	176,515,176	169,960,774
Costs of material	660,318,511	10,384,065	518,618	671,221,194	0	671,221,194	471,601,459
Costs of services	26,901,899	20,789,394	15,230,848	62,922,141	2,085,332	60,836,808	57,793,855
Labour costs	56,237,984	3,930,579	37,453,231	97,621,794	0	97,621,794	83,247,171
Depreciation	10,348,080	175,526	12,913,159	23,436,766	0	23,436,766	22,627,935
Revaluation operating expenses*	20,419	0	3,674,051	3,694,470	0	3,694,470	2,494,561
Provisions	0	0	0	0	0	0	944
Other operating expenses	112,062	3,920	4,253,826	4,369,808	0	4,369,808	4,195,040
TOTAL:	**753,938,956**	**211,776,132**	**74,066,261**	**1,039,781,349**	**2,085,332**	**1,037,696,017**	**811,921,740**

B. Revaluation operating expenses*	2022	2021
Revaluation operating expenses from tangible fixed assets	3,636,542	33,298
Revaluation operating expenses from rights to use	0	517
Revaluation operating expenses from inventories	25,794	843,964
Revaluation operating expenses from operating receivables	32,134	1,616,782
TOTAL:	**3,694,470**	**2,494,561**

* The major part of the amount of revaluation operating expenses refers to the carrying amount of eliminated unusable fixed assets. The stated exclusions of fixed assets were carried out due to breakdowns, destruction, technological obsolescence, the inability to purchase spare parts, and above all further unsuitability for the products produced by the Impol Group. There was no interest on the market for the mentioned eliminated assets, so their value in larger plants was determined at the price of waste material.
** Among other operating expenses, the biggest share is the costs related to emission allowances, costs related to environmental charges (water concession, compensation for building land), charges due to non-fulfillment of the disabled quota, scholarships, various membership fees, donations and others.

Labour costs

Table 57: Itemisation of labour costs in EUR

	2022	2021
Costs of wages and salaries	67,367,726	59,291,928
Costs of pension insurance	6,355,104	5,663,486
Costs of other social security contributions	5,052,733	4,421,174
Other labour costs	18,846,231	13,870,583
Total	**97,621,794**	**83,247,171**

3. Financial revenues and expenses

Table 58: Financial revenues in EUR

	Total 2022	Of which from companies		Total 2021
		Associated companies	Other	
Financial revenues from participating interests – profit-sharing, dividends	284,040	191,204	92,836	173,655
Financial revenues from loans – interests	5,659	0	5,659	10,383
Financial revenues from operating receivables – interests	15,889	0	15,889	235,459
Financial revenues from operating receivables – foreign exchange differences	2,206,958	0	2,206,958	1,453,388
Financial revenues from forwards	1,468,051	0	1,468,051	821,924
Total:	**3,980,597**	**191,204**	**3,789,393**	**2,694,809**

Financial revenues from participating interests in associated companies represent shares in the amount of EUR 191,204, calculated according to the equity method in the consolidated financial statements.

Table 59: Financial expenses in EUR

	Total 2022	Of which from companies		Total 2021
		Associated companies	Other	
Financial expenses from (excluding bank loans) – interests	47,489	5,649	41,840	35,434
Financial expenses from leases – interests (financial lease)	9,054	0	9,054	9,738
Financial expenses from financial liabilities – interest rate swaps	57,718	0	57,718	121,927
Financial expenses from loans received from banks – interests	4,196,624	0	4,196,624	3,165,717
Financial expenses from loans received from banks – foreign exchange differences	1,798	0	1,798	1,134
Financial expenses from other financial liabilities – interests	45,255	0	45,255	42,728
Financial expenses from leases – interests (operating lease)	29,550	0	29,550	29,098
Financial expenses from operating liabilities – interests*	12,816	0	12,816	20,005
Financial expenses from operating liabilities – foreign exchange differences**	2,118,379	0	2,118,379	1,028,366
Financial expenses from forwards	818,966	0	818,966	4,448,111
Total:	**7,337,650**	**5,649**	**7,332,001**	**8,902,258**

Financial expenses from operating liabilities***	Total 2022	Of which from companies		Total 2021
		Associated companies	Other	
Finance expenses from trade creditors – interests*	2,544	0	2,544	13,916
Financial expenses from other operating liabilities – interests*	10,272	0	10,272	6,089
Finance expenses from other operating liabilities – foreign exchange differences**	2,118,379	0	2,118,379	1,028,366
Total:	**2,131,195**	**0**	**2,131,195**	**1,048,371**

4. Income tax

Table 60: Income tax in EUR

Income tax	2022	2021
Revenues determined in accordance with accounting regulations	2,085,220,474	1,596,088,988
Revenues recognised for tax purposes	2,069,975,812	1,560,810,564
Expenses determined under accounting regulations	1,970,300,805	1,521,073,637
Expenses recognised for tax purposes	1,972,867,479	1,518,071,374
Difference between deductible revenues and expenses	97,108,333	42,739,190
Tax base/loss	97,782,715	44,494,534
Tax base	90,025,927	36,779,891
Tax in %		
Tax	12,804,225	5,072,948
Effective tax rate (in%)	12.68%	12.44%

Income tax is accounted for in accordance with laws that apply in individual countries where the Group has its subsidiaries. The applicable income tax rate in Slovenia in 2022 was 19% (in 2021: 19%), while the applicable income tax rate in Croatia is 18%, in Serbia 15%, in the USA 21%, and in Hungary 9%.

The amount of unused tax losses, which will reduce the tax base in the coming years at the level of companies in the Impol Group, amounts to EUR 148,710 as of 31/12/2022.

In the consolidated statement of financial position as of 31/12/2022, the Impol Group shows EUR 10,934 in profit tax receivables under item IV.2 Short-term business receivables from others and EUR 8,202,623 in profit tax liabilities in the balance sheet items III.3 Other short-term business liabilities.

Table 61: Overview of current income tax by companies in EUR

Income tax	2022	2021
Impol 2000, d. d.	132,185	137,426
Impol, d. o. o.	7,712,417	2,970,301
Impol FT, d. o. o.	1,099,996	454,877
Impol PCP, d. o. o.	2,251,568	700,248
Impol-Montal, d. o. o.	31,496	27,487
Impol R in R, d. o. o.	7,974	5,396
Impol Infrastruktura, d. o. o.	5,908	8,586
Impol LLT, d. o. o.	294,543	151,901
Impol Seval, a. d.	0	0
Impol-TLM, d. o. o.	334,358	0
Alcad, d. o. o.	14,312	10,449
Impol-FinAl, d. o. o.	49,592	19,859
Stampal SB, d. o. o.	214,067	167,971
Kadring, d. o. o.	34,195	31,719
Rondal, d. o. o.	305,604	197,280
Impol Servis, d. o. o.	63,392	90,645
Impol Seval Tehnika, d. o. o.	1,621	8,341
Impol Seval PKC, d. o. o.	1,980	4,183
Impol Seval Final, d. o. o.	5,678	910
Štatenberg, d. o. o.	1,188	485
Impol Hungary Kft.	11,103	7,151
Impol Aluminum Corporation, New York	194,158	47,598
Impol Stanovanja, d. o. o.	6,015	6,313
Unidel, d. o. o.	30,876	23,820
TOTAL income tax	**12,804,225**	**5,072,948**

CbCR reporting

Since in 2021 the total consolidated revenues of the Impol Group reached or exceeded EUR 750,000,000, the same applies for 2022. In 2023, on the basis of Chapter III.B of ZDavP-2, country-by-country reporting (CbCR) will be carried out for the first time for the year 2022. The reporting company for the international group of companies is the controlling company Impol 2000, d. d.

5. Deferred tax assets and liabilities

Table 62: Deferred tax assets and liabilities in EUR

	Deferred tax receivables	Deferred tax liabilities
Deferred tax assets as of 31/12/2021	**1,541,516**	**1,906,193**
Opening balance adjustments	0	0
Deferred tax assets as of 01/01/2022	**1,541,516**	**1,906,193**
Deductible temporary differences (+)	104,092	0
Taxable temporary differences (+)	0	27,951
Utilisation of deductible temporary differences (-)	1,113,580	0
Reversal of deductible temporary differences (+)	0	113,128
Exchange rate differences (+/-)	-1,407	2,380
Deferred tax balance as of 31/12/2022	**530,621**	**1,823,397**

Change in receivables and liabilities for deferred tax assets and liabilities in the amount of EUR -928,098 (2021: EUR -223,044) was recognised:

	2022	2021
• Profit or loss account (+ / -)	-877,870	-199,503
• Capital – Reserves from fair value measurement (+/-)	-46,443	-27,113
• Capital – Revaluation difference (+/-)	-3,785	3,572
Total	**-928,098**	**-223,044**

Deferred tax receivables are formed due to deductible temporary differences due to the differences between the accounting and tax recognised depreciation, for written-off receivables, for which impairments are temporarily not recognised for tax purposes upon recognition, for formed provisions for jubilee and retirement benefits, for fair value of financial instruments, which is recognised under other comprehensive income as negative amount (interest rate swaps), and for tax losses and unused tax relief for investments. The considered deductible temporary differences will in the future result in a reduction of the taxable profit shown in the Group's profit or loss statement. The latter, separated by category, is shown in the following table.

Trend in deferred tax receivables – consolidated

Table 63: Trend in deferred tax receivables – consolidated in EUR

	Accounting depreciation exceeds the depreciation for tax purposes	Asset impairments (revaluation operating expenses)	Formation of provisions	Tax loss	Unused relief for investments	Interest rate swaps	TOTAL
Balance of deferred tax receivables as of 31/12/2021	**1,188**	**591,163**	**261,655**	**581,879**	**87,139**	**18,492**	**1,541,516**
Opening balance adjustments - allocation	1,481	0	108,289	-109,770	0	0	0
Balance of deferred tax receivables as of 01/01/2022	**2,669**	**591,163**	**369,944**	**472,109**	**87,139**	**18,492**	**1,541,516**
Appearance of deductible temporary differences (+)	1,089	25	93,537	0	9,441	0	104,092
Utilisation of deductible temporary differences (-)	0	538,019	45,147	471,025	12,946	46,443	1,113,580
Exchange rate differences (+/-)	-3	0	-320	-1,084	0	0	-1,407
Balance of deferred tax receivables as of 31/12/2022	**3,755**	**53,169**	**418,014**	**0**	**83,634**	**-27,951**	**530,621**

Deferred tax liabilities are formed from taxable temporary differences between depreciation taken into account for tax purposes and depreciation shown in the accounts. The considered deductible temporary differences will in the future result in an increase of the taxable profit shown in the Group's profit or loss statement.

Trend in deferred tax liabilities – consolidated

Table 64: **Trend in deferred tax liabilities – consolidated in EUR**

	Depreciation for tax purposes exceeds accounting depreciation	TOTAL
Deferred tax liabilities as of 31/12/2021	**1,906,193**	**1,906,193**
Opening balance adjustments	0	0
Deferred tax liabilities as of 01/01/2022	**1,906,193**	**1,906,193**
Occurrence of deductible temporary differences (+)	27,951	27,951
Reversal of deductible temporary differences (+)	113,127	113,127
Exchange rate differences (+/-)	2,380	2,380
Deferred tax liabilities as of 31/12/2022	**1,823,397**	**1,823,397**

The consolidated financial statement still includes deferred tax receivables and deferred tax liabilities that arise in different states or refer to different tax jurisdictions, and are unsettled both as receivables and as liabilities.

Net earnings per share

Basic earnings per share are calculated by dividing net earnings attributable to shareholders by the weighted average of the number of regular shares during the year, excluding the average number of own shares.

Table 65: **Net earnings per share in EUR**

	2022	2021
Profit or loss relating to the owners of the controlling entity	79,980,475	32,444,828
Weighted average of the number of regular shares	984,659	984,659
Net earnings per share in EUR	**81.23**	**32.95**

Table 66: **Weighted average of the number of regular shares as of 31/12/2022 in the EUR**

	2022	2021
Regular shares as of 01/01	1,066,767	1,066,767
Effect of own shares*	-82,108	-82,108
Weighted average of the number of regular shares as of 31/12	**984,659**	**984,659**

*These are shares of the controlling company Impol 2000, d. d., owned by companies in the Group, which are Impol-Montal, d. o. o. (80,482 shares) and Kadring, d. o. o. (1,626 shares).
Because the Impol Group has no preference shares or bonds that could be converted to shares, the diluted earnings per share is the same as the basic earnings per share.

Changes in other comprehensive income

Changes in other comprehensive income in 2022 include:

- Change of fair value of hedges (interest swaps) in the amount of EUR 244,438, while the derivatives were intended for hedging the cash flow from loans received. Exchange rate differences from converting financial statements of foreign companies included;
- Exchange rate differences from converting financial statements of foreign companies included consolidation in the amount of EUR -33,965;
- Actuary profits based on the re-calculation of provisions for retirement benefits for the financial year 2022, in the amount of EUR 37,825;
- Other items of total comprehensive income refer to the adjustment of the value of reserves resulting from interest rate swaps at fair value for deferred tax receivables in the amount of EUR -46,443.

6. Intangible assets and long-term deferred costs and accrued revenues

Table 67: Trend in intangible assets in 2022 in EUR

	Long-term property rights	Goodwill	Long-term deferred development costs	Long-term property rights acquired	TOTAL
Cost as of 31/12/2021	**9,579,859**	**1,261,518**	**653,803**	**57,272**	**11,552,452**
Opening balance adjustments	0	0	0	0	0
Cost as of 01/01/2022	**9,579,859**	**1,261,518**	**653,803**	**57,272**	**11,552,452**
Direct increases – acquisitions	1,430,914	0	0	539,741	1,970,655
Transfer from investments in progress	308,912	0	0	-308,912	0
Transfer between companies in the Group – acquisition	0	0	0	2,680	2,680
Exchange rate differences	102	0	0	111	213
Decreases – exclusions, other decreases (-)	1,247,624	0	0	0	1,247,624
Cost as of 31/12/2022	**10,072,163**	**1,261,518**	**653,803**	**290,892**	**12,278,376**
Value adjustment as of 31/12/2021	**7,880,362**	**0**	**370,513**	**0**	**8,250,875**
Opening balance adjustment	0	0	0	0	0
Value adjustment as of 01/01/2022	**7,880,362**	**0**	**370,513**	**0**	**8,250,875**
Depreciation during the year	475,115	0	130,762	0	605,877
Exchange rate differences	232	0	0	0	232
Decreases – exclusions, other decreases (-)	9,716	0	0	0	9,716
Value adjustment as of 31/12/2022	**8,345,993**	**0**	**501,275**	**0**	**8,847,268**
Carrying amount as of 31/12/2022	**1,726,170**	**1,261,518**	**152,528**	**290,892**	**3,431,108**
Carrying amount as of 31/12/2021	**1,699,496**	**1,261,518**	**283,290**	**57,272**	**3,301,575**

The majority of increases and decreases in long-term property rights relate to the purchase and use of emission allowances. In 2022, the Impol Group purchased EUR 1,403,320 worth of emission allowances on the market, and EUR 24,816 of them were obtained free of charge from the state. The reported utilisation of emission allowances in 2022 for emissions generated in 2022 amounted to EUR 1,188,276 for allowances purchased on the market, and in the amount of EUR 49,632 for allowances obtained free of charge from the state. The total stated costs of the utilisation of emission allowances, which are shown among other operating expenses for 2022, amount to EUR 1,451,887, as the Group recognised EUR 213,979 of emission allowances, which it purchased directly on the market, among operating expenses.

The balance of emission allowances at the end of 2022 amounts to 6,788 allowances at a price of EUR 85.70, which represents EUR 581,732. The stated emission allowances will be used by the Impol Group in 2023 for emissions generated in 2023. The market price of the emission allowances (EUA Dec2023 futures contract) after the last publication on the portal https://belektron.eu/ for 2022 amounted to EUR 86.40 on 28/12/2022.

Table 68: **Trend in intangible assets in 2021 in EUR**

	Long-term property rights	Goodwill	Long-term deferred development costs	Long-term property rights acquired	TOTAL
Cost as of 31/12/2020	**9,021,940**	**1,261,518**	**653,803**	**64,614**	**11,001,874**
Opening balance adjustments	0	0	0	0	0
Cost as of 01/01/2021	**9,021,940**	**1,261,518**	**653,803**	**64,614**	**11,001,874**
Direct increases – acquisitions	1,411,984	0	0	291,593	1,703,577
Transfer from investments in progress	298,979	0	0	-298,979	0
Transfer between companies in the Group – acquisition	60,641	0	0	0	60,641
Exchange rate differences	630	0	0	44	675
Decreases – exclusions, other decreases (-)	1,214,316	0	0	0	1,214,316
Cost as of 31/12/2021	**9,579,859**	**1,261,518**	**653,803**	**57,272**	**11,552,451**
Value adjustment as of 31/12/2020	**7,354,858**	**0**	**239,752**	**0**	**7,594,609**
Opening balance adjustment	0	0	0	0	0
Value adjustment as of 01/01/2021	**7,354,858**	**0**	**239,752**	**0**	**7,594,609**
Depreciation during the year	534,095	0	130,762	0	664,857
Exchange rate differences	428	0	0	0	428
Decreases – exclusions, other decreases (-)	9,019	0	0	0	9,019
Value adjustment as of 31/12/2021	**7,880,362**	**0**	**370,513**	**0**	**8,250,876**
Carrying amount as of 31/12/2021	**1,699,496**	**1,261,518**	**283,290**	**57,272**	**3,301,575**
Carrying amount as of 31/12/2020	**1,667,082**	**1,261,518**	**414,051**	**64,614**	**3,407,265**

The disclosed intangible assets are owned by the Group and are free of debts. More than 70 percent of all intangible assets that were used on 31/12/2022 were fully depreciated.

Goodwill

Structure of goodwill according to business combinations that generated it.

Table 69: **Structure of goodwill in EUR**

	31/12/2022	31/12/2021
Alcad, d. o. o.	942,289	942,289
Stampal SB, d. o. o.	319,229	319,229
TOTAL:	**1,261,518**	**1,261,518**

On 31/12/2022, goodwill was tested for possible impairment and no need for impairment was determined.

7. Tangible fixed assets

Table 70: Trend in tangible fixed assets in 2022 in EUR

	Land	Buildings	Property being acquired	Total immovable property	Production machinery and equipment	Other machinery and equipment	Equipment and other tangible fixed assets being acquired	Advances to acquire tangible fixed assets	Total equipment	Total
Cost as of 31/12/2021	**17,285,364**	**109,289,127**	**3,205,400**	**129,779,891**	**384,945,113**	**31,533,657**	**4,320,792**	**5,380,609**	**426,180,171**	**555,960,062**
Opening balance adjustments	0	0	0	0	0	0	0	0	0	0
Cost as of 01/01/2022	**17,285,364**	**109,289,127**	**3,205,400**	**129,779,891**	**384,945,113**	**31,533,657**	**4,320,792**	**5,380,609**	**426,180,171**	**555,960,062**
Direct increases – acquisitions	0	11,966	5,578,622	5,590,588	0	0	14,337,459	8,904,793	23,242,252	28,832,840
Transfer from investments in progress	25,000	3,586,957	-3,563,819	48,138	9,889,829	3,336,046	-13,274,013	0	-48,138	0
Transfer between companies in the Group – acquisition	0	0	123,229	123,229	0	0	1,387,853	0	1,387,853	1,511,082
Transfer between companies in the Group – sales (-)	0	0	0	0	0	95,961	0	0	95,961	95,961
Transfer from investment property	0	68,808	0	68,808	0	0	0	0	0	68,808
Exchange rate differences	-26,192	-37	38	-26,191	13,878	4,998	-1,600	-6,275	11,001	-15,190
Decreases – sales (-)	214,841	500,235	0	715,076	5,501,464	116,793	0	0	5,618,257	6,333,333
Decreases – exclusions, other decreases (-)	0	450,604	2,200	452,804	4,713,291	744,100	0	4,631,383	10,088,774	10,541,578
Cost as of 31/12/2022	**17,069,331**	**112,005,982**	**5,341,270**	**134,416,583**	**384,634,065**	**33,917,847**	**6,770,491**	**9,647,744**	**434,970,147**	**569,386,730**
Value adjustment as of 31/12/2021	**0**	**58,099,677**	**0**	**58,099,677**	**248,825,663**	**23,427,026**	**0**	**0**	**272,252,689**	**330,352,366**
Opening balance adjustment	0	0	0	0	0	0	0	0	0	0
Value adjustment as of 01/01/2022	**0**	**58,099,677**	**0**	**58,099,677**	**248,825,663**	**23,427,026**	**0**	**0**	**272,252,689**	**330,352,366**
Depreciation during the year	0	2,474,079	0	2,474,079	17,503,523	2,264,954	0	0	19,768,477	22,242,556
Direct increase	0	0	0	0	0	45,666	0	0	45,666	45,666
Transfer between companies in the Group – sales (-)	0	0	0	0	0	24,088	0	0	24,088	24,088
Transfer from investment property	0	68,808	0	68,808	0	0	0	0	0	68,808
Exchange rate differences	0	10,236	0	10,236	7,843	4,176	0	0	12,019	22,255
Decreases – sales (-)	0	453,741	0	453,741	5,449,645	114,970	0	0	5,564,615	6,018,356
Decreases – exclusions, other decreases (-)	0	188,456	0	188,456	1,348,109	734,935	0	0	2,083,044	2,271,500
Value adjustment as of 31/12/2022	**0**	**60,010,603**	**0**	**60,010,603**	**259,539,275**	**24,867,829**	**0**	**0**	**284,407,104**	**344,417,707**
Carrying amount as of 31/12/2022	**17,069,331**	**51,995,379**	**5,341,270**	**74,405,980**	**125,094,790**	**9,050,018**	**6,770,491**	**9,647,744**	**150,563,043**	**224,969,023**
Carrying amount as of 31/12/2021	**17,285,364**	**51,189,450**	**3,205,400**	**71,680,214**	**136,119,450**	**8,106,631**	**4,320,792**	**5,380,609**	**153,927,482**	**225,607,696**

In 2022, the Impol Group invested in increasing its production capacities in Slovenia as well as in companies abroad, namely investments in real estate in the total amount of EUR 5,713,817 and investments in equipment in the total amount of EUR 15,725,312 were made. More information about this is provided in the operating part of the annual report. In 2022, the Impol Group eliminated (sold, wrote off) tangible fixed assets with a total carrying amount of EUR 3,953,672, whereby it realised EUR 3,636,542 of revaluation operating expenses and EUR 2,052,504 of revaluation operating revenues.

More than 60% of all tangible fixed assets that were used on 31/12/2022 were fully depreciated.

Table 71: Trend in tangible fixed assets in 2021 in EUR

	Land	Buildings	Property being acquired	Total immovable property	Production machinery and equipment	Other machinery and equipment	Equipment and other tangible fixed assets being acquired	Advances to acquire tangible fixed assets	Total equipment	Total
Cost as of 31/12/2020	**16,148,499**	**106,874,815**	**994,787**	**124,018,100**	**348,765,465**	**29,509,788**	**31,354,197**	**3,920,077**	**413,549,527**	**537,567,627**
Opening balance adjustments	0	0	0	0		0	0	0	0	0
Cost as of 01/01/2021	**16,148,499**	**106,874,815**	**994,787**	**124,018,100**	**348,765,465**	**29,509,788**	**31,354,197**	**3,920,077**	**413,549,527**	**537,567,627**
Direct increases – acquisitions	0	0	5,843,686	5,843,686	0	1,321	10,942,363	3,922,417	14,866,101	20,709,787
Transfer from investments in progress	1,086,620	2,541,333	-3,742,981	-115,028	36,530,713	2,473,041	-38,888,727	0	115,028	0
Transfer between companies in the Group – acquisition	0	0	110,337	110,337	0	0	922,542	0	922,542	1,032,879
Exchange rate differences	50,246	48,603	-429	98,419	244,406	14,177	-9,583	10,755	259,755	358,174
Revaluation due to impairment (-)	0	0	0	0	320,879	0	0	0	320,879	320,879
Decreases – sales (-)	0	174,184	0	174,184	568,191	9,388	0	0	577,579	751,763
Decreases – exclusions, other decreases (-)	0	1,439	0	1,439	588,619	455,282	0	2,472,640	3,516,541	3,517,980
Transfer of assets under lease for – equipment – financial lease	0	0	0	0	882,217	0	0	0	882,217	882,217
Cost as of 31/12/2021	**17,285,364**	**109,289,127**	**3,205,400**	**129,779,891**	**384,945,113**	**31,533,657**	**4,320,792**	**5,380,609**	**426,180,171**	**555,960,062**
Value adjustment as of 31/12/2020	**0**	**55,723,718**	**0**	**55,723,718**	**233,164,141**	**21,417,646**	**0**	**0**	**254,581,787**	**310,305,506**
Opening balance adjustment	0	0	0	0	0	0	0	0	0	0
Value adjustment as of 01/01/2021	**0**	**55,723,718**	**0**	**55,723,718**	**233,164,141**	**21,417,646**	**0**	**0**	**254,581,787**	**310,305,506**
Depreciation during the year	0	2,538,555	0	2,538,555	16,401,826	2,361,949	0	0	18,763,775	21,302,330
Direct increase	0	0	0	0	0	96,871	0	0	96,871	96,871
Exchange rate differences	0	11,830	0	11,830	73,500	8,133	0	0	81,633	93,463
Revaluation due to impairment (-)	0	0	0	0	320,879	0	0	0	320,879	320,879
Decreases – sales (-)	0	174,184	0	174,184	323,096	6,236	0	0	329,332	503,516
Decreases – exclusions, other decreases (-)	0	243	0	243	560,809	451,337	0	0	1,012,146	1,012,389
Transfer of assets under lease for – equipment – financial lease	0	0	0	0	390,980	0	0	0	390,980	390,980
Value adjustment as of 31/12/2021	**0**	**58,099,677**	**0**	**58,099,677**	**248,825,663**	**23,427,026**	**0**	**0**	**272,252,689**	**330,352,366**
Carrying amount as of 31/12/2021	**17,285,364**	**51,189,450**	**3,205,400**	**71,680,214**	**136,119,450**	**8,106,631**	**4,320,792**	**5,380,609**	**153,927,482**	**225,607,696**
Carrying amount as of 31/12/2020	**16,148,499**	**51,151,096**	**994,787**	**68,294,382**	**115,601,324**	**8,092,141**	**31,354,197**	**3,920,077**	**158,967,740**	**227,262,121**

*Due to the application of the IFRS 16 – Lease standard, the assets under lease in the financial statement up to 01/01/2019, are no longer recognised among tangible fixed assets, but are instead recognised separately under "Assets under lease". A more detailed presentation of the change is disclosed as part of the 2019 annual report.

Pledged tangible fixed assets

Table 72: **Assets pledged as security for settlement of liabilities (without asserts under finance lease) in EUR**

	Cost (+)	Value adjustment (-)	Carrying amount (=)
Immovable property	67,958,944	44,871,822	23,087,122
Equipment	41,371,409	24,903,335	16,468,074
TOTAL:	**109,330,353**	**69,775,158**	**39,555,196**

Assets are pledged as security for the settlement of liabilities by the following companies: Impol, d. o. o., Impol Seval, a. d., and Impol-Montal, d. o. o.

8. Assets under lease

Table 73: **Trend in right to use assets in the first half of 2022 in EUR**

	Assets under lease immovable property – operating lease – other companies	Assets under lease for – equipment – operating lease – other companies	Total assets under lease – operating lease	Assets under lease for equipment – financial lease – other companies	Total assets under lease – equipment – financial lease	Total assets under lease
Cost as of 31/12/2021	**37,798**	**1,823,937**	**1,861,735**	**175,223**	**175,223**	**2,036,958**
Opening balance adjustments	0	0	0	0	0	0
Cost as of 01/01/2022	**37,798**	**1,823,937**	**1,861,735**	**175,223**	**175,223**	**2,036,958**
Direct increase (+)	0	388,251	388,251	0	0	388,251
Decreases (-)	0	242,071	242,071	0	0	242,071
Other decreases (-)	665	41,454	42,119	0	0	42,119
Exchange rate differences	634	-3,118	-2,484	0	0	-2,484
Cost as of 31/12/2022	**37,767**	**1,925,545**	**1,963,312**	**175,223**	**175,223**	**2,138,535**
Value adjustment as of 31/12/2021	**18,144**	**959,354**	**977,498**	**122,679**	**122,679**	**1,100,177**
Opening balance adjustments	0	0	0	0	0	0
Value adjustment as of 01/01/2022	**18,144**	**959,354**	**977,498**	**122,679**	**122,679**	**1,100,177**
Depreciation (+)	10,328	452,072	462,400	14,274	14,274	476,674
Decreases (-)	0	241,590	241,590	0	0	241,590
Other decreases (-)	0	34,285	34,285	0	0	34,285
Exchange rate differences (+/-)	31	-1,330	-1,299	1	1	-1,298
Value adjustment as of 31/12/2022	**28,503**	**1,134,221**	**1,162,724**	**136,954**	**136,954**	**1,299,678**
Carrying amount as of 31/12/2022	**9,264**	**791,324**	**800,588**	**38,269**	**38,269**	**838,857**
Carrying amount as of 31/12/2021	**19,654**	**864,583**	**884,237**	**52,544**	**52,544**	**936,781**

Table 74: **Trend in right to use assets in the first half of 2021 in EUR**

	Assets under lease for – immovable property – operating lease – other companies	Assets under lease for – equipment – operative lease – other companies	Total assets under lease – operative lease	Assets under lease for - equipment – financial lease – other companies	Total assets under lease – equipment – financial lease	Total assets under lease
Cost as of 31/12/2020	**27,546**	**1,843,142**	**1,870,688**	**1,043,040**	**1,043,040**	**2,913,728**
Opening balance adjustments	0	0	0	0	0	0
Cost as of 01/01/2021	**27,546**	**1,843,142**	**1,870,688**	**1,043,040**	**1,043,040**	**2,913,728**
Direct increase (+)	9,818	278,171	287,989	14,400	14,400	302,389
Decreases (-)	0	283,599	283,599	882,217	882,217	1,165,816
Other decreases (-)	0	19,107	19,107	0	0	19,107
Exchange rate differences	434	5,330	5,764	0	0	5,764
Cost as of 31/12/2021	**37,798**	**1,823,937**	**1,861,735**	**175,223**	**175,223**	**2,036,958**
Value adjustment as of 31/12/2020	**10,984**	**786,068**	**797,052**	**439,733**	**439,733**	**1,236,785**
Opening balance adjustments	0	0	0	0	0	0
Value adjustment as of 01/01/2021	**10,984**	**786,068**	**797,052**	**439,733**	**439,733**	**1,236,785**
Depreciation (+)	7,091	465,924	473,014	73,926	73,926	546,941
Decreases (-)	0	283,081	283,081	390,980	390,980	674,061
Other decreases (-)	0	11,719	11,719	0	0	11,719
Exchange rate differences (+/-)	69	2,162	2,231	0	0	2,231
Value adjustment as of 31/12/2021	**18,144**	**959,354**	**977,498**	**122,679**	**122,679**	**1,100,177**
Carrying amount as of 31/12/2021	**19,654**	**864,583**	**884,237**	**52,544**	**52,544**	**936,781**
Carrying amount as of 31/12/2020	**16,562**	**1,057,074**	**1,073,636**	**603,307**	**603,307**	**1,676,943**

In transitioning to the new IFRS 16 – Lease standard, the Impol Group adopted the decision in 2019 to consistently select – for all leases – the option of retroactively applying the standard with cumulative effect of starting to apply the standard and measuring the asset in the amount that is equal to the calculated lease liability. A 3.00% annual interest rate was applied for calculating the current value of liabilities from leases for all leases. The right to use the asset is amortised and interests are attributed to liabilities. A more detailed presentation of the change is disclosed as part of the 2019 annual report.

9. Investment property

In the period under observation the investment property only includes buildings and associated land held to earn rentals.

Table 75: Trend in investment property in 2022 in EUR

Description	Buildings	TOTAL
Cost as of 31/12/2021	**5,488,285**	**5,488,285**
Opening balance adjustments	0	0
Cost as of 01/01/2022	**5,488,285**	**5,488,285**
Decreases (-)	167,141	167,141
Transfer between tangible fixed assets (-)	68,808	68,808
Cost as of 31/12/2022	**5,252,337**	**5,252,337**
Value adjustment as of 31/12/2021	**3,966,505**	**3,966,505**
Opening balance adjustments	0	0
Value adjustment as of 01/01/2022	**3,966,505**	**3,966,505**
Depreciation (+)	111,659	111,659
Decreases (-)	165,469	165,469
Transfer between tangible fixed assets (-)	68,808	68,808
Value adjustment as of 31/12/2022	**3,843,887**	**3,843,887**
Carrying amount as of 31/12/2022	**1,408,450**	**1,408,450**
Carrying amount as of 31/12/2021	**1,521,780**	**1,521,781**

In 2022, the Group generated income with investment property in the amount of EUR 252,610 (EUR 267,177 in 2021). Connected depreciation costs in 2022 were EUR 111,659 (EUR 113.807 in 2021). In 2022, the Impol Group disposed of (sold) investment properties, the carrying amount of which at the time of sale was EUR 1,672, realising EUR 223,329 in revaluation operating revenues.

Table 76: Trend in investment property in 2021 in EUR

Description	Buildings	TOTAL
Cost as of 31/12/2020	**5,488,285**	**5,488,285**
Opening balance adjustments	0	0
Cost as of 01/01/2021	**5,488,285**	**5,488,285**
Cost as of 31/12/2021	**5,488,285**	**5,488,285**
Value adjustment as of 31/12/2020	**3,852,698**	**3,852,698**
Opening balance adjustments	0	0
Value adjustment as of 01/01/2021	**3,852,698**	**3,852,698**
Depreciation (+)	113,807	113,807
Value adjustment as of 31/12/2021	**3,966,505**	**3,966,505**
Carrying amount as of 31/12/2021	**1,521,780**	**1,521,781**
Carrying amount as of 31/12/2020	**1,635,587**	**1,635,588**

The Impol Group estimates that the carrying amount of investment property qualifies as fair value. The carrying amount of investment property pledged as security for settlement of liabilities is presented in the following table.

Pledged investment property of the Impol Group as of 31/12/2022

Table 77: Pledged investment property as of 31/12/2022 in the EUR

	Cost (+)	Value adjustment (-)	Carrying amount (=)
Investment property	5,025,620	3,694,800	1,330,820
TOTAL:	**5,025,620**	**3,694,800**	**1,330,820**

Impol, d. o. o. owns the pledged investment property.

10. Long-term financial investments

Table 78: Long-term financial investments in EUR

	Cost/amortised cost of LTFI as of 31/12/2022	Of which LTFI in companies: Associated companies	Other companies	Value adjustment as of 31/12/2022: Total value adjustment as of (-) 31/12/2022	- of which to associated companies	- of which to other companies	Carrying amount as of 31/12/2022	Carrying amount as of 31/12/2021
		+	+	-	-	-		
Long-term financial investments (+)	1,414,662	733,837	680,825	170,355	34,648	135,707	1,244,307	1,157,834
Short-term part of long-term financial investments (-)	0	0	0	0	0	0	0	0
Total long-term investments	**1,414,662**	**733,837**	**680,825**	**170,355**	**34,648**	**135,707**	**1,244,307**	**1,157,834**
Investments in shares and participating interest	1,052,403	733,837	318,566	34,648	34,648	0	1,017,755	917,962
Total long-term financial investments, except for loans	**1,052,403**	**733,837**	**318,566**	**34,648**	**34,648**	**0**	**1,017,755**	**917,962**
Long-term loans granted	269,087	0	269,087	135,707	0	135,707	133,380	142,263
Other long-term funds invested	93,172	0	93,172	0	0	0	93,172	97,609
TOTAL long-term loans	**362,259**	**0**	**362,259**	**135,707**	**0**	**135,707**	**226,552**	**239,871**
Total long-term investments	**1,414,662**	**733,837**	**680,825**	**170,355**	**34,648**	**135,707**	**1,244,307**	**1,157,834**

LTFI: Long-term financial investments

Long-term financial investments as of 31/12/2022 were not pledged as security for liabilities.

Trend in long-term financial investments excluding loans

Table 79: Trend in long-term financial investments excluding loans in EUR

	Purchase value 01/01/2022	Change due to the use of the equity method	Exchange rate differences	Purchase value 31/12/2022	Value adjustment as of 01/01/2022	Value adjustment as of 31/12/2022	Carrying amount as of 31/12/2022	Carrying amount as of 01/01/2022
Investments in capital of associated companies	641,644	92,184	8	733,836	34,648	34,648	699,189	606,996
Investments in capital of other companies	310,966	0	7,600	318,566	0	0	318,566	310,966
TOTAL investment in shares and stocks	**952,610**	**92,184**	**7,608**	**1,052,402**	**34,648**	**34,648**	**1,017,755**	**917,962**

Investments in shares of associated companies

Table 80: Investments in associated companies in EUR

Associated company	Participating interests of the Group in capital	Balance of the investments as of 31/12/2022 - Equity method	Value adjustment 31/12/2022	Carrying amount of the investment as of 31/12/2022	Carrying amount of the investment as of 31/12/2021
		+	-	=	
Simfin, d. o. o.	49.51%	692,107	0	692,107	600,210
Slobodna carinska cona, d. o. o., Serbia	33.33%	7,081	0	7,081	6,786
Impol Brazil Aluminium LTDA, Brazil	50.00%	34,648	34,648	0	0
TOTAL:		**733,836**	**34,648**	**699,189**	**606,996**

Trend in long-term financial investments – loans

Table 81: Trend in long-term financial investments – loans in EUR

	Amortised cost as of 01/01/2022	New loans	Refunds (-)	Exchange rate differences (+/-)	Amortised cost as of 31/12/2022	Value adjustment (-) as of 01/01/2022	Value adjustment as of 31/12/2022	Carrying amount as of 31/12/2022	Carrying amount as of 01/01/2022
Long-term loans to others	277,970	0	8,828	-55	269,087	135,707	135,707	133,380	142,263
Other long-term funds invested to other companies	97,609	18,228	22,665	0	93,172	0	0	93,172	97,609
TOTAL:	**375,579**	**18,228**	**31,493**	**-55**	**362,259**	**135,707**	**135,707**	**226,552**	**239,871**

Long-term loans as of 31/12/2022 refer to loans given to employees and others in the Seval Group in Serbia, in the amount of EUR 133,380. The loans granted are not secured. For loans granted in the amount of EUR 135,707, a 100% value correction due to impairment is created.

11. Non-current assets (disposal groups) available for sale

Table 82: Trend in non-current assets (disposal groups) available for sale in EUR

	Equipment and other elements	Total
Carrying amount as of 31/12/2021	**39,171**	**39,171**
Opening balance adjustments	0	0
Carrying amount as of 01/01/2022	**39,171**	**39,171**
Carrying amount as of 31/12/2022	**39,171**	**39,171**

In the case of the disclosed non-current assets for sale, the concerned assets are the sale of equipment excluded from the use within Impol, d. o. o. We estimate that the realisable value of said equipment is higher than its carrying amount. It is a Blaw Knox hot rolling mill, for which Impol has a serious buyer, the sale should be carried out in the first half of 2023.

12. Inventories

Table 83: Inventories in EUR

	Cost as of 31/12/2022	Carrying amount as of 31/12/2022	Carrying amount as of 31/12/2021
Raw material and material	214,036,396	214,036,396	187,382,093
Work in progress and services	25,903,797	25,903,797	26,017,510
Products	17,739,209	17,739,209	24,310,471
Merchandise	3,585,241	3,585,241	4,205,688
Advances for inventories to others	233,562	233,562	1,231,807
TOTAL	**261,498,204**	**261,498,204**	**243,147,569**

Inventories as of 31/12/2022 were not pledged as security for liabilities.

On 31/12/2022, the Group inspected the value of merchandise inventories and determined that the net realisable value of inventories exceeds the carrying amount, therefore no impairment of inventories was recorded on 31/12/2022. At the end of 2022, inventories increased in value compared to 31/12/2021 by 18 EUR million.

Received goods and material to be produced are recorded as foreign goods and only their quantity is monitored. At the end of 2022, the Group's inventories of goods given on consignment amounted to EUR 2,624,443.

Inventory surpluses and deficits

Table 84: Inventory surpluses and deficits in EUR

	Total	Surpluses	Deficits (-)
Raw material and material	-28,592	3,299	31,891
Work in progress and services	8,408	8,408	0
Products	0	0	0
Merchandise	-6,173	3,409	9,582

13. Short-term financial investments

Table 85: **Short-term financial investments in EUR**

	Cost/amortised cost/fair value of STFI as of 31/12/2022	Of which STFI in: other companies	Value adjustment due to impairment	Carrying amount as of 31/12/2022	Carrying amount as of 31/12/2021
	=	+	-	=	
Short-term financial investments (+)	1,482,344	1,482,344	267,522	1,214,822	717,971
Short-term part of long-term financial investments (+)	0	0	0	0	0
TOTAL:	**1,482,344**	**1,482,344**	**267,522**	**1,214,822**	**717,971**
Fair value of forwards from the purchase/sale of aluminium and fair value of financial derivatives - interest rate swaps	1,162,112	1,162,112	0	1,162,112	640,532
TOTAL short-term financial investments excluding loans:	**1,162,112**	**1,162,112**	**0**	**1,162,112**	**640,532**
Short-term loans granted (including bonds)	320,232	320,232	267,522	52,709	77,427
Short-term deposits	0	0	0	0	12
TOTAL short-term loans granted:	**320,232**	**320,232**	**267,522**	**52,709**	**77,439**
Short-term unpaid called-up capital	0	0	0	0	0
TOTAL:	**1,482,344**	**1,482,344**	**267,522**	**1,214,822**	**717,971**

Table 86: **Trend in short-term financial investments excluding loans in EUR**

	Fair value 01/01/2022	Purchases (+)	Measured at higher fair value (+)	Sales (-)	Fair value 31/12/2022	Carrying amount as of 31/12/2022	Carrying amount as of 01/01/2022
Fair value of forwards from the purchase/sale of aluminium	640,532	1,075,727	1,014,999	1,716,259	1,014,999	1,014,999	640,532
Interest rate swaps (IRS)	0	0	147,113	0	147,113	147,113	0
Total short(term financial investments excluding loans)	**640,532**	**1,075,727**	**1,162,112**	**1,716,259**	**1,162,112**	**1,162,112**	**640,532**

Short-term financial investments, excluding loans, in the total amount of EUR 1,162,112 represent the fair value of forward contracts from purchases/sales of aluminium in the amount of EUR 1,014,999 and the effect of measuring interest rate swaps in the amount of EUR 147,113, both as of 31/12/2022. The effect of the measurement of forward contracts from purchases/sales of aluminium was fully recognised in the profit or loss, the effect of the measurement of interest rate swaps at fair value in the total amount of EUR 244,438 (the latter were namely on 31/12/2021 due to a negative value (EUR -97,325) shown among short-term financial liabilities) within the framework of other comprehensive income. The hedges of interest rate swaps, which refer to the hedged items in the statement of financial position, are shown within capital as a reserve for fair value. The Group defines the said hedging as successful in its entirety.

Table 87: Trend in short-term financial investments – loans in EUR

	Amortised cost (+) as of 01/01/2022	New loans (+)	Refunds (-)	Foreign exchange differences (+/-)	Amortised cost as of 31/12/2022	Value adjustment as of (-) 01/01/2022	Value adjustment as of (-) 31/12/2022	Carrying amount as of 31/12/2022	Carrying amount as of 01/01/2022
Short-term loans to others	344,962	94,184	118,995	82	320,233	267,523	267,523	52,709	77,439
Total short-term financial investments - loans	**344,962**	**94,184**	**118,995**	**82**	**320,233**	**267,523**	**267,523**	**52,709**	**77,439**

The majority of the carrying amount of short-term investments granted (EUR 52,709) refers to loans granted to employees of the Impol Group, whereas for loans granted to companies in the past years (EUR 267,523) a value adjustment due to impairment was fully formed.

Short-term financial investments were not pledged as security for liabilities.

14. Short-term operating receivables

Carrying amounts of all trade receivables and other receivables in significant amounts correspond to their fair value.

Table 88: Short-term operating receivables in EUR

	Short-term operating receivables	Short-term operating receivables from companies: Associated companies	Short-term operating receivables from companies: Other	Value adjustment due to impairment*	Value adjustment of short-term operating receivables to other companies	31/12/2022	31/12/2021
	=	+	+	-	-	=	
Short-term operating receivables from customers	121,010,875	7,405	121,003,470	5,829,819	5,829,819	115,181,056	100,660,102
• of which already matured on 31/12	21,458,200	122	21,458,078	0	0	21,458,200	19,250,743
Short-term advances and securities granted	278,660	0	278,660	0	0	278,660	980,275
Short-term receivables related to financial revenues	131,242	0	131,242	76,458	76,458	54,784	39,969
Short-term receivables from state institutions**	6,923,755	0	6,923,755	0	0	6,923,755	14,108,141
Other short-term operating receivables	694,540	0	694,540	0	0	694,540	186,101
TOTAL	**129,039,072**	**7,405**	**129,031,667**	**5,906,278**	**5,906,278**	**123,132,794**	**115,974,587**

Short-term operating receivables from customer receivables in EUR by markets:	
• in the domestic market	8,937,687
• in the foreign market	106,243,369
TOTAL	**115,181,056**

**The majority of claims to the state refer to receivables for deduction of value added tax in the tax jurisdictions of the Republic of Slovenia, the Republic of Croatia and the Republic of Serbia. Within the item receivables from the state, on 31/12/2022, the Impol Group reports, among other things, receivables from profit tax for EUR 10,934, of which EUR 1,990 refers to receivables from profit tax in the Republic of Slovenia and EUR 8,944 to receivables from the title of profit tax in the Republic of Serbia.

Trend in value adjustment of short-term operating receivables due to the impairment

Table 89: Trend in value adjustment of short-term operating receivables due to the impairment in EUR

	2022	Of which value adjustment for short-term receivables from other companies	2021
Balance as of 01/01/2022	**8,037,988**	**8,037,988**	**6,536,446**
Exchange rate differences (+/-)	-181,069	-181,069	-33,096
Decrease in value due to settlement of receivables (-)	539,945	539,945	116,580
Decrease in value due to write-offs of receivables (-)	1,429,723	1,429,723	21,916
Value adjustments due to the impairment (+)	19,026	19,026	1,673,134
Balance as of 31/12/2022	**5,906,278**	**5,906,278**	**8,037,988**

Table 90: Analysis of outstanding trade receivables in EUR

	31/12/2022	31/12/2021
Matured in 2022	15,624,142	-
Matured in 2021	1,074,000	12,863,934
Matured in 2020	14,578	30,569
Matured in 2019	82,516	131,770
Matured in 2018 or before	4,662,964	6,224,470
TOTAL receivables from customers already due	**21,458,200**	**19,250,743**

15. Cash and short-term deferred costs and accrued revenues

Table 91: Cash in EUR

	31/12/2022	31/12/2021
Cash in hand and immediately cashable securities	3,205,356	2,037,520
Cash in banks and other financial institutions	68,120,542	32,501,683
Cash	**71,325,898**	**34,539,203**

The Group has no cash deposits of under three months. Night deposits are included under Cash in banks.

Table 92: Short-term deferred costs and accrued revenues in EUR

	31/12/2022	31/12/2021
Short-term deferred costs or expenses	1,158,092	834,740
Short-term deferred income	656,921	229,314
VAT from advances received	45,822	141,006
Short-term deferred costs and accrued revenues	**1,860,834**	**1,205,059**

Short-term deferred costs or expenses mainly refer to the costs of property insurance, professional literature, IT maintenance, licenses, membership fees and the like.

Short-term accrued revenues in the amount of EUR 623,939 refer to accrued revenues for the co-financing of costs within the INDIGO project, while the remaining amount of EUR 32,982 mainly relates to insurance premiums charged for reimbursement of damage to assets owned by the Impol Group, which will be covered by insurance companies (EUR 32,533) and on other accrued revenues (EUR 449). In the case of short-term accrued revenues in connection with the INDIGO project, for which the companies in the Impol Group (Impol 2000, d. d., Impol LLT, d. o. o., Alcad, d. o. o., and Kadring, d. o. o.) have not yet submitted claims to the line ministry, it is a matter of co-financing the costs of public of the tender "Digital transformation of the economy" by the Ministry of Economic Development and Technology - the INDIGO project. The total amount of approved funds within the mentioned project, to which the companies in the Group are entitled, amounts to EUR 876,378. In 2022, the companies have already issued claims in the total amount of EUR 252,439.

16. Equity

Table 93: Equity in EUR

	31/12/2022	31/12/2021
Equity	**357,477,591**	**277,624,237**
Capital of non-controlling share	25,483,342	19,861,615
Called-up capital	4,451,540	4,451,540
Share capital	4,451,540	4,451,540
Capital reserves	10,751,254	10,751,254
Revenue reserves	7,958,351	7,958,351
Legal reserves	0	0
Reserves for own shares and own business shares	506,406	506,406
Own shares and own business shares (as a deductible item)	-506,406	-506,406
Statutory reserves	2,225,770	2,225,770
Other revenue reserves	5,732,581	5,732,581
Revaluation reserves	0	0
Reserves from fair value measurement	-506,816	-825,682
Capital revaluation adjustment	650,881	727,596
Retained net profit or loss	228,708,564	202,254,735
Net profit or loss for the financial year	79,980,475	32,444,828

Non-controlling share

The capital of the non-controlling interest refers to the minority shares held by the owners in the company Impol Aluminum Corp., USA, namely in the amount of 10 percent of the ownership share of the capital of the said company, and to the minority shares held by the owners in the company Impol Seval, a. d., Serbia, and its subsidiaries, in the amount of 30% of the ownership share in the capital of the said company.

Share capital

The share capital of Impol 2000, d. d. equals EUR 4,451,540 and is divided into 1,066,767 ordinary registered no-par value shares.

Reserves

The Group's reserves include capital reserves, reserves from profit and the reserves from fair value measurement and the revaluation adjustment of capital. None of these reserves can be used to pay dividends or other participating interests.

Capital reserves

Capital reserves as of 31/12/2022 amount to EUR 10,751,254. Capital reserves include paid-in capital surplus in the amount of EUR 9,586,803 and the general revaluation adjustment of capital in the amount of EUR 1,164,451.

Revenue reserves

Revenue reserves as of 31/12/2022 amount to EUR 7,958,351, which include own shares (as deduction) and the corresponding reserves for own shares, statutory reserves and other revenue reserves.

As of 31/12/2022, the Impol Group owned 82,108 own shares in the total amount of EUR 506,406 (as deduction of capital). These are shares of the controlling company Impol 2000, d. d., owned by companies in the Group, which are Impol-Montal, d. o. o. (80,482 shares) and Kadring, d. o. o. (1,626 shares). Reserves for own shares are disclosed in the same amount under Reserves from profit.

Table 94: Repurchased own shares in EUR

	Balance as of 01/01/2022			Balance as of 31/12/2022		
	Number	Percent	Value	Number	Percent	Value
Own shares acquired	82,108	7.70%	506,406	82,108	7.70%	506,406
TOTAL		7.70%	**506,406**		7.70%	**506,406**

Capital revaluation adjustment

The capital revaluation adjustment as of 31/12/2022, the revaluation adjustment of capital amounts to EUR 650,881 and decreased in 2022 by EUR 76,715, which corresponds to an increased due to currency differences that occurred when including financial reports of foreign subsidiaries into consolidated financial statements.

Reserves from fair value measurement

Reserves from fair value measurement contain the balance of changes in the value of effective cash flow protection (interest rate swaps) in the amount of EUR 147,113, accumulated actuarial losses from accrued severance payments upon retirement in the total amount of EUR -625,978, and a adjustment of the value of reserves resulting from valuation at fair value for deferred tax liabilities in the amount of EUR -27,951 (due to the negative amount of the correction, these are effectively deferred tax liabilities, but the latter are offset by deferred tax receivables in the statement of financial position), as can be seen from the table:

Table 95: Reserves from fair value measurement in EUR

	Balance as of 01/01/2022	Formation	Reversal	Balance as of 31/12/2022
	+/-	+/-	+/-	=
Reserves resulting from valuation financial investments at fair value (interest rate swaps - IRS)	-97,325	244,438	0	147,113
Actuarial gains/losses, recognised under provisions for retirement benefits	-746,849	37,825	83,046	-625,978
Adjustment of reserves resulting from valuation of financial investments at fair value for deferred tax liabilities	18,492	0	-46,443	-27,951
TOTAL	**-825,682**	**282,264**	**36,603**	**-506,816**
Of which reserves from fair value measurement belonging to non-controlling share	0	0	0	0
Reserves from fair value measurement belonging to owners of the controlling company	-825,682	282,264	36,603	-506,816

Disbursement of dividends

In 2022, based on the resolution of the general meeting of shareholders, the controlling company Impol 2000, d. d. paid dividends in the gross amount of EUR 6.00 per share or a total of EUR 6,400,602. Since the receivers of dividends are also the companies Impol-Montal, d. o. o. that owns 80.482 shares of Impol 2000, d. d. and Kadring, d. o. o. that owns 1,626 shares of Impol 2000, d. d., the actual payment of dividends outside the group was EUR 5,907,954, while Impol-Montal, d. o. o. received dividends in the amount of EUR 482,892 and Kadring, d. o. o. in the amount of EUR 9,756.

17. Provisions and long-term accrued costs and deferred revenues

Table 96: Provisions and long-term accrued expenses and deferred revenues in EUR

	Provisions for retirement benefits	Provisions for jubilee benefits	Total provisions for pensions, jubilee and retirement benefits	Other provisions due to long-term accrued costs	Received government grants	Other long-term deferred costs and accrued revenues	Total
Balance as of 31/12/2021	**1,454,768**	**2,855,713**	**4,310,481**	**157,895**	**537,379**	**21,193**	**5,026,949**
Balance as of 01/01/2022	**1,454,768**	**2,855,713**	**4,310,481**	**157,895**	**537,379**	**21,193**	**5,026,949**
Formation (+)	205,115	332,083	537,197	0	1,229,591	1,622	1,768,410
Other increase (+)	0	0	0	0	24,993	0	24,993
Utilisation (-)	94,043	176,142	270,185	154,174	714,714	0	1,139,073
Reversal (-)	499,110	267,464	766,574	0	49,733	877	817,183
Exchange rate differences	164	255	420	-399	0	0	21
Balance as of 31/12/2022	**1,066,894**	**2,744,445**	**3,811,339**	**3,322**	**1,027,516**	**21,938**	**4,864,116**

It is estimated that no provisions, other than the above stated, need to be formed. The provisions refer to the business entities outside the Group. Provisions for post-employment and other long-term benefits of the employees are created in the amount of the estimated future payments of jubilee and retirement benefits, discounted to the end of the reporting period. Labour costs and interest expenses are recognised in profit or loss, while the conversion of post-employment benefits and/or unrealised actuarial gains and losses are recognised in other comprehensive income as capital.

The calculation of provisions for jubilee and retirement benefits is based on the following conditions:

- Discount rate based on information on the return of long-term government bonds of the Republic of Slovenia. Croatia or Republic of Serbia;
- Currently valid amounts of jubilee and retirement benefits from internal rules;
- Employee turnover mostly depending on their age;
- Mortality based on last available mortality tables of the local population.

Other provisions due to long-term accrued costs in the amount of EUR 1,327 refer to provisions due to claims in Croatia, and in the amount of EUR 1,995 to the formation of a risk fund for purposed of running a student employment agency (Kadring, d. o. o.).

Among received state aid after the balance on 31/12/2022, are stated assets from disposed of contributions of disabled persons and subsidies for improving the working conditions for disabled persons in the total amount of EUR 446,040, and assets from the INIDIGO project in the amount of EUR 581,476. For the latter project, the Impol 2000, d. d, (as the leading consortium partner) signed a consortium agreement with the Ministry of Economic Development and Technology in April 2022. It is about co-financing the costs of the public tender for the digital transformation of the economy. The project involves four companies from the Impol Group (Impol 2000, d. d., Impol LLT, d. o. o., Alcad, d. o. o., and Kadring, d. o. o.) as well as external partners. The project will last until mid-2024. In this regard, the companies in the Group will receive state aid in the estimated total amount of EUR 876,378, of which EUR 294,902 have already drawn state aid to cover co-financed costs in 2022.

The trend in received government grants in 2022 is presented below.

Table 97: Received government grants in EUR

	Disposed of contributions	Assets from disposed of contributions for covering depreciation costs	Calculated interest from unused contributions	Emission allowances obtained free of charge from the state	State support from the Indigo project	TOTAL received government grants
Balance as of 31/12/2021	**136,256**	**376,206**	**101**	**24,816**	**0**	**537,379**
Opening balance adjustments	0	0	0		0	0
Balance as of 01/01/2022	**136,256**	**376,206**	**101**	**24,816**	**0**	**537,379**
Formation – disposed of contributions (+)	335,534	0	0	0	0	335,534
Formation – subsidies (+)	17,679	0	0	0	0	17,679
Formation - INDIGO project	0	0	0	0	876,378	876,378
Other increase (+)	0	0	177	24,816	0	24,993
Utilisation (75% of pays of disabled persons) (-)	365,643	0	0	0	0	365,643
Utilisation (acquisition of fixed assets from disposed of contributions) (+/-)	-20,736	20,736	0	0	0	0
Utilisation (covering depreciation costs and residual value at disposal) (-)	0	54,169	0	0	0	54,169
Utilisation (covering incurred costs - INDIGO project) (-)	0	0	0	0	294,902	294,902
Utilisation of emission allowances (-)	0	0	0	49,632	0	49,632
Annulment of interest from previous years (-)	0	0	101	0	0	101
Balance as of 31/12/2022	**103,090**	**342,773**	**177**	**0**	**581,476**	**1,027,516**

18. Long-term financial and operating liabilities

Table 98: Long-term financial and operating liabilities in EUR

	Total debt as of 31/12/2022	Part falling due in 2023 (-)	31/12/2022	31/12/2021
Long-term financial liabilities to banks	191,067,435	74,613,499	116,453,936	105,080,640
Long-term financial liabilities (excluding liabilities from leases)	3,248,501	2,144,020	1,104,481	3,248,501
Long-term financial liabilities from leases – financial lease – other companies	12,925	12,925	0	12,925
Long-term financial liabilities from leases – operative lease – other companies	851,653	417,313	434,340	521,696
Long-term business liabilities to suppliers – other companies	181,187	127,188	53,999	181,187
Other long-term operating liabilities	366,997	1,198	365,798	303,992
TOTAL long-term financial and operating liabilities	**195,728,698**	**77,316,143**	**118,412,555**	**109,348,941**
Long-term financial liabilities	195,180,514	77,187,757	117,992,758	108,863,763
Long-term operating liabilities	548,183	128,387	419,797	485,179
TOTAL long-term financial and operating liabilities	**195,728,698**	**77,316,143**	**118,412,555**	**109,348,941**

Table 99: Trend in long-term financial liabilities – without liabilities from leases in EUR

	Total debt as of 01/01/2022	New loans (+)	Loans paid in the current year (-)	Exchange rate differences (+/-)	Total debt as of 31/12/2022	Part of the long-term debt falling due in the next year (-)	Balance of long-term debt 31/12/2022	Total debt as of 31/12/2021
Long-term financial liabilities to banks	105,080,640	96,560,969	10,590,504	16,329	191,067,435	74,613,499	116,453,936	105,080,640
Long-term financial liabilities (excluding liabilities from financial lease) to others	3,248,501	0	0	0	3,248,501	2,144,020	1,104,481	3,248,501
TOTAL long-term financial liabilities	**108,329,141**	**96,560,969**	**10,590,504**	**16,329**	**194,315,936**	**76,757,518**	**117,558,418**	**108,329,141**

Interest rates and insurance of long-term financial liabilities

The range of the interest rate for long-term received loans in 2022 was from 1.05% fixed to a six-month EURIBOR +2.00% (depending on the field, maturity, insurance and credit institutions range).

Long-term financial liabilities are insured with mortgages, business share, equipment, and bills of exchange. Long-term financial liabilities are insured in the amount of EUR 116,453,936, whereas the amount of EUR 1,104,481 is not insured. Carrying amounts of assets given as insurance for long-term financial liabilities are disclosed under individual disclosures of group assets.

Liabilities from leases

Table 100: Trend in long-term financial liabilities from leases in EUR

	Total debt as of 01/01/2022	New leases (+)	Termination of the lease in current year (-) / Repayments in the current year (-)	Exchange rate differences (+/-)	Total debt as of 31/12/2022	Part of the long-term debt falling due in the next year (-)	Long-term debt balance on 31/12/2022
Long-term financial liabilities from leases – operating lease – other companies	521,696	388,251	57,337	-958	851,653	417,313	434,340
Long-term financial liabilities from leases – financial lease – other companies	12,925	0	0	0	12,925	12,925	0
TOTAL	**534,622**	**388,251**	**57,337**	**-958**	**864,578**	**430,238**	**434,340**

A 3% interest rate is applied for calculating liabilities from leases for all leases.

Future minimum lease payments and their present values in connection with liabilities from leases are as shown in the table below.

Table 101: Future minimum lease payments and their present value in EUR

	Future minimum lease payments	Present value of lease payments
Up to 1 year	479,161	402,807
1 to 5 years	446,679	434,340
Total:	**925,840**	**837,147**

Table 102: Maturity of long-term financial and operating liabilities in EUR

	31/12/2022	31/12/2021
Matured in 2023	X	47,512,664
Matured in 2024	54,783,013	37,269,659
Matured in 2025	30,762,159	15,945,701
Matured in 2026	18,642,574	5,232,061
Matured in 2027	8,382,423	3,388,856
Due in 2028 or later	5,842,385	X
Total long-term financial and operating liabilities	**118,412,555**	**109,348,941**

19. Short-term liabilities

Table 103: **Short-term liabilities in EUR**

A. Short-term financial and operating liabilities	31/12/2022	31/12/2021
Short-term operating liabilities to suppliers on the domestic market – associated companies	269,040	403,027
Short-term operating liabilities to suppliers on the domestic market – other companies	23,251,380	21,537,314
Short-term pat of long-term operating liabilities to suppliers on the domestic market – other companies	127,188	123,860
Short-term operating liabilities to suppliers on the foreign market – other companies	35,462,636	65,071,306
Short-term operating liabilities based on advances - to other companies	5,090,272	4,810,143
Other short-term operating liabilities – associated companies	1,195	420
Other short-term operating liabilities – others	26,872,624	19,067,160
TOTAL short-term operating liabilities:	**91,074,335**	**111,013,230**
Short-term portion of long-term financial liabilities to banks	74,960,443	62,224,221
Short-term part of long-term financial liabilities (excluding liabilities from lease) – other companies	2,143,788	2,148,936
Short-term part of long-term financial liabilities from leases – financial lease – other companies	12,284	21,745
Short-term part of long-term financial liabilities from leases – operating lease – other companies	390,522	379,647
Short-term financial liabilities (other than lease liabilities) – associated companies	500,000	500,000
Short-term financial liabilities to banks	33,300,000	51,100,000
Short-term financial liabilities (other than lease liabilities) – other companies	2,870,000	5,617,325
Short-term financial liabilities from the distribution of profit	21,748	20,054
TOTAL short-term financial liabilities:	**114,198,786**	**122,011,929**
TOTAL short-term financial and operating liabilities:	**205,273,121**	**233,025,159**

B. Short-term financial and operating liabilities	31/12/2022	31/12/2021
Short-term financial liabilities	36,691,748	57,237,379
Short-term part of long-term financial liabilities	77,507,038	64,774,550
Total short-term financial liabilities	**114,198,786**	**122,011,929**
Short-term operating liabilities	90,947,146	110,889,370
Short-term part of long-term operating liabilities	127,188	123,860
Total short-term operating liabilities	**91,074,335**	**111,013,230**
Total short-term financial and operating liabilities	**205,273,121**	**233,025,159**

C. Short-term operating liabilities	31/12/2022	31/12/2021
Short-term operating liabilities to suppliers – associated companies	269,040	403,027
Short-term operating liabilities to suppliers – other companies	58,714,015	86,608,620
Short-term pat of long-term operating liabilities to suppliers – other companies	127,188	123,860
TOTAL short-term liabilities to suppliers	**59,110,243**	**87,135,507**
• **of which already matured on the financial statement date**	**2,490,961**	**14,397,235**
Short-term operating liabilities for advances	5,090,272	4,810,143
TOTAL short-term liabilities for advances	**5,090,272**	**4,810,143**
Short-term liabilities to employees	15,880,708	12,679,684
Short-term liabilities to government	9,695,411	5,395,610
Short-term liabilities from interest – associated companies	1,195	420
Short-term liabilities from interest – other companies	322,604	190,426
Other short-term operating liabilities – associated companies	18	18
Other short-term operating liabilities – other companies	973,883	801,423
TOTAL other short-term operating liabilities	**26,873,819**	**19,067,580**
Total short-term operating liabilities	**91,074,335**	**111,013,230**

D. Itemisation of short-term operating liabilities from interest	31/12/2022	31/12/2021
Interest related to finance expenses from operating liabilities	2,724	2,851
Interest related to finance expenses from financial liabilities	321,076	187,995
Total:	**323,800**	**190,846**

Table 104: Trend in short-term financial liabilities in EUR (without liabilities from leases and liabilities relating to the distribution of profit)

	Total debt as of 01/01/2022	New loans in current year (+)	Transfer of the short-term portion of long-term liabilities (+)	Change in fair value (+/-)	Exchange rate differences (+/-)	Loans paid in current year (-)	Balance of short-term debt balance 31/12/2022
Short-term portion of long-term financial liabilities to banks	62,224,221	0	74,613,499	0	26,703	61,903,981	74,960,443
Short-term financial liabilities to banks	51,100,000	20,000,000	0	0	0	37,800,000	33,300,000
Fair value of derivative financial instruments (interest rate swaps - IRS)	97,325	0	0	-97,325	0	0	0
Short-term financial liabilities to associated companies (excluding liabilities from leases)	500,000	500,000	0	0	0	500,000	500,000
Short-term financial liabilities to other companies (excluding liabilities from leases)	7,668,936	4,678,418	2,144,020	0	0	9,477,585	5,013,788
TOTAL:	**121,590,483**	**25,178,418**	**76,757,518**	**-97,325**	**26,703**	**109,681,566**	**113,774,231**

Table 105: Trend in short-term financial liabilities from leases in EUR

	Total debt as of 01/01/2022	Transfer of the short-term portion of long-term leases (-)	Termination of the lease in current year (-)	Exchange rate differences (+/-)	Decrease in liabilities/set-off with rent in the current year (-)	Short-term debt balance as of 31/12/2022
Short-term financial liabilities from lease – operating lease – other companies	379,647	417,313	3,693	-251	402,494	390,522
Short-term financial liabilities from lease – financial lease – other companies	21,745	12,925	-16	0	22,402	12,284
TOTAL:	**401,393**	**430,238**	**3,677**	**-251**	**424,896**	**402,807**

The range of the interest rate for short-term received loans in 2022 was from 0.95% fixed to a six-month EURIBOR +0.95%.

Short-term financial liabilities from loans are partly secured with a mortgage and others with equipment, bills of exchange, assignment of receivables and guarantees. Loans received in the amount of EUR 2,133,333 are not insured.

Table 106: Analysis of outstanding liabilities to suppliers in EUR

	31/12/2022	31/12/2021
Matured in 2022	2,344,620	X
Matured in 2021	3,415	14,061,897
Matured in 2020	62	150,217
Matured in 2019	60,128	91,998
Matured in 2018 or before	82,735	93,123
TOTAL outstanding liabilities to suppliers	**2,490,961**	**14,397,235**

Among short-term operating liabilities to the state, as of 31/12/2022, the Impol Group shows, among other things, liabilities from profit tax for EUR 8,202,623. The stated liability amount refers to the following tax jurisdictions:

- Slovenia: EUR 7,656,531;
- Serbia: EUR 9,285;
- USA: EUR 191,683;
- Hungary: EUR 10,838;
- Croatia: EUR 334,286.

20. Short-term accrued costs and deferred revenues

Table 107: Short-term accrued expenses and deferred revenues in EUR

	31/12/2022	31/12/2021
Accrued deferred costs or expenses	3,496,963	2,624,422
Short-term deferred revenues	53,907	39,772
VAT from advances granted	95,289	99,330
Total short-term accrued costs and deferred revenues	**3,646,159**	**2,763,523**

Short-term accrued costs and deferred revenues as of 31/12/2022 represent:

- accrued costs relating to the calculated amounts of unused annual leaves as of 31/12/2022 in the total amount of EUR 1,906,249 and to the accrued costs for already incurred obligations for 2022 in the total amount of EUR 1,590,714 (among the latter the largest item is represented by the accrued costs for the concession from the Ražinka water source in Croatia (EUR 922,444), the accrued costs of employee bonuses (EUR 407,562), the accrued costs of raw materials used due to loss (EUR 245,494) and other accrued costs in the total amount of EUR 15,214);
- deferred income from accrued and unpaid late interest from operations in the total amount of EUR 53,907;
- VAT from advances given on 31/12/2022 in the total amount of EUR 95,289.

21. Contingent liabilities

The Impol Group has issued guarantees in the amount EUR 4,952,357, mostly in connection with custom duties upon importation of goods and materials, and liabilities in the amount of EUR 42,364 in connection with recalculated VAT at bankruptcy.

There are currently lawsuits against the Group in the total amount of EUR 289,742 in connection with employment litigations for compensation for damages and other economic actions in the amount of EUR 100,000. The Group assesses the aforementioned lawsuits as unfounded, therefore it has not created provisions for them in the stated amounts.

As of 31/12/2022, the Group has created provisions in this regard in the amount of EUR 3,322, during 2022, provisions in the amount of EUR 153,751 were used (from the company Impol-TLM, d. o. o.). For employment litigations the Group had eventual obligations secured by an insurance company, therefore it is estimated that in most of the cases mentioned above, in the event of an unfavourable resolution of the cases, the Impol Group would have to settle only the amount of the deductible franchise, while the insurance company would cover the compensation.

22. Financial instruments and financial risks

Regarding the probability of occurrence and relevance, the financial risks of the Impol Group are ranked as high. For this reason attention is given to these risk categories. They are actively monitored and managed by the Finance and Business Administration Department, the Risk Management Department and all other relevant departments in Impol Group companies operating outside Slovenia.

Liquidity risks

When it comes to liquidity risk management, the Impol Group examines whether it is able to settle all current operating liabilities and whether it is generating a sufficiently large cash flow to settle financing liabilities. Floating weekly and monthly scheduling of cash flows allows the Company to determine liquid asset requirements. Potential shortages of cash are covered by bank credit lines, whereas any short-term surpluses are invested in liquid short-term financial investments. Successful business performance facilitates sustainable solvency and capital increase.

Long-term financial liabilities

Table 108: Long-term financial liabilities in EUR

	Total debt as of 31/12/2022	The part falling due in 2023	31/12/2022	31/12/2021
Long-term financial liabilities to banks	191,067,435	74,613,499	116,453,936	105,080,640
Long-term financial liabilities (excluding liabilities from leases)	3,248,501	2,144,020	1,104,481	3,248,501
Long-term financial liabilities from leases – financial lease – to others	12,925	12,925	0	12,925
Long-term financial liabilities from leases – operative lease – other companies	851,653	417,313	434,340	521,696
TOTAL long-term financial liabilities	**195,180,514**	**77,187,757**	**117,992,757**	**108,863,763**

Maturity of long-term financial liabilities by years

Table 109: Maturity of long-term financial liabilities by years in EUR

	31/12/2022	31/12/2021
Matured in 2023	X	47,355,524
Matured in 2024	54,729,014	37,215,660
Matured in 2025	30,762,159	15,945,701
Matured in 2026	18,642,574	5,231,881
Matured in 2027	8,382,423	3,114,996
Due in 2028 or later	5,476,587	X
Total long-term financial liabilities	**117,992,757**	**108,863,763**

Table 110: Short-term financial and operating liabilities in EUR

	31/12/2022	31/12/2021
Short-term financial liabilities	36,691,748	57,237,379
Short-term part of long-term financial liabilities	77,507,038	64,774,550
Total short-term financial liabilities	**114,198,786**	**122,011,929**
Short-term operating liabilities	90,947,146	110,889,370
Short-term part of long-term operating liabilities	127,188	123,860
Total short-term operating liabilities	**91,074,335**	**111,013,230**
Total short-term financial and operating liabilities	**205,273,121**	**233,025,159**

Risk of changes in aluminium prices

The primary objective of the Group is to regulate fluctuations, to try to coordinate purchases and sales and protect possible inconsistencies by concluding derivatives.

In 2022, the activity of forward operations generated the forward balance of EUR 649,085.

Table 111: Forward balance in 2022 in EUR

	2022	2021	2020	2019	2018
Financial revenue from forwards – forward purchases/sales of aluminium	1,468,051	821,924	1,455,157	687,345	1,532,937
Financial expenditure from forwards – forward purchases/sales of aluminium	818,966	4,448,111	341,445	8,444	3,095

The fair value of these financial instruments (aluminium hedging) as of 31/12/2022 amounts to EUR 1,014,999 and is shown as a financial receivable within short-term financial investments. The impact of potential changes of concluded forwards is neutral, since values in a certain period of time are neutralised on the physical market.

Foreign exchange risk

In 2022, we did not decide to protect foreign exchange risk using implemented financial instruments.

Table 112: Overview of dollar inflows, outflows and open positions at Impol, d. o. o. in USD million

	2018	2019	2020	2021	2022
Inflows	55.9	82.6	35.4	38.2	35.3
Outflows	21.9	56.8	43.0	67.7	75.1

Since the Group operates in several countries, the open receivables and liabilities in foreign currencies are distributed by individual countries.

Open short-term operating receivables in foreign currencies as of 31/12/2022 for companies based in Slovenia:

- USD: 7,496,734
- AUD: 90,839

Open short-term operating liabilities in foreign currencies as of 31/12/2022 for companies based in Slovenia:

- USD: 119,636
- HRK: 3,344
- GBP: 17,749

Open short-term operating receivables in foreign currencies as of 31/12/2022 for companies based in Serbia:

- EUR: 9,547,580

Open short-term operating liabilities in foreign currencies as of 31/12/2022 for companies based in Serbia:

- EUR: 4,910,312
- USD: 7,255

Open short-term operating receivables in foreign currencies as of 31/12/2022 for companies based in Croatia:

- EUR: 4,910,312
- USD: 7,255

Open short-term operating liabilities in foreign currencies as of 31/12/2022 for companies based in Croatia:

- EUR: 2,115,451

Analysis of the sensitivity to currency pairs to which we are exposed in Slovenia

Adverse change of any currency pair by 10% would decrease the operating result by not more than EUR 636,135. The largest change refers to the currency pair EUR/USD, where the impact on the operating results amounted to EUR 628,769 due to an adverse change.

Analysis of the sensitivity to currency pairs to which we are exposed in Serbia

Adverse change of any currency pair by 10% would decrease the operating result by not more than RSD 54,464,017 (which according to the exchange rate of the National Bank of Serbia as of 31/12/2022 amounts to EUR 464,391). The largest part refers to the currency pair EUR/RSD, where the impact on the operating results amounted to RSD 54,386,113 due to an adverse change (which according to the exchange rate of the National Bank of Serbia as of 31/12/2022 amounts to EUR 463,727).

Analysis of the sensitivity to currency pairs to which we are exposed in Croatia

Adverse change of any currency pair by 10% would decrease the operating result by not more than HRK 5,588,663 (which according to the exchange rate as of 31/12/2022 amount to HNB EUR 741,743). The main part refers to the EUR/HRK currency pair (HRK 5,586,224 or EUR 741,419), which, given the fact that Croatia switched to the euro on 01/01/2023, means that the aforementioned analysis is irrelevant.

The Group adopted a measure to reduce the impact of exchange differences on the operating profit in the Serbian and Croatian part of the Group and to minimise the need for financing a substantial share of raw materials. A large part of the sales in the European Union is thus organised through Impol, d. o. o. The latter provides aluminium to be produced and in this way eliminates the risk of higher foreign exchange differences.

Table 113: Revenues and expenses from foreign exchange differences in EUR

	2022	2021
Financial revenues from operating receivables – foreign exchange differences	2,206,958	1,453,388
TOTAL revenues from foreign exchange differences	**2,206,958**	**1,453,388**
Financial expenses from loans received from banks – foreign exchange differences	1,798	1,134
Financial expenses from operating liabilities – foreign exchange differences	2,118,379	1,028,366
TOTAL expenses from foreign exchange differences	**2,120,177**	**1,029,500**

Interest rate risk

The risk refers to the risk of growth of the interbank reference interest rate EURIBOR, to which certain long-term and short-term financial liabilities are tied, in the event that no fixed interest rate has been agreed for the financial debt. In 2022, after several years of negative EURIBOR values, it will again be positive and growing.

Analysis of the sensitivity to changes in interest rates

The Impol Group is exposed to interest rate risk in the portion of debt which is tied to the variable interest rate (the variable portion is tied to EURIBOR).

Table 114: Short and long-term financial liabilities of the Impol Group at a fixed rate in EUR

	31/12/2022	31/12/2021
Financial liabilities	133,002,711	66,611,221

Table 115: Short-term and long-term financial liabilities at a variable interest rate in EUR

	31/12/2022	31/12/2021
Financial liabilities	99,188,834	164,264,471

Table 116: Value of financial liabilities secured with interest rate swaps in EUR

	31/12/2022	31/12/2021
Interest rate swaps amount	8,000,000	14,000,000

Table 117: Analysis of the impact of the operating result changes on the interest rate changes in EUR

	31/12/2022	31/12/2021
Increase of IR for 50 bp	-455,944	-751,322
Increase of IR for 100 bp	-911,888	-1,502,645
Decrease of IR for 50 bp	455,944	751,322
Decrease of IR for 100 bp	911,888	1,502,645

Interest rate changes on the reporting date for 50 or 100 basis points would increase/decrease the amounts specified in the table above. Sensitivity analysis of the profit or loss in case of the indebtedness assumes that all other variables remain unchanged. In the calculation the liabilities at a variable interest rate are reduced by the entire amount of interest rate swaps. On the reporting date, the Impol Group does not have substantial amounts of financial receivables tied to the variable interest rate.

Fair value of interest rate swaps 31/12/2022, in the amount of EUR +147,113, is recognised as a financial assets (receivable) in the framework of short-term financial investments (without loans).

Credit risk

The credit control process encompasses customer credit rating which is carried out regularly by a chosen credit insurance and foreign insurance firms as well as our customer solvency monitoring system. The Group had its receivables to customers insured by credit insurance companies.

As of 31/12/2022, the insurance companies insured receivables to customers in the amount of EUR 100,306,360, representing 87.09% of all open receivables to customers.

The remaining unsecured receivables are monitored in accordance with the open receivables monitoring policy and their maturity structure is the same as for entire receivables. This means regular monitoring of the credit rating of customers, setting internal limits and monitoring risks as part of the Risk Management Committee.

Only quality insurances are included under secured receivables. Promissory notes and enforcement drafts are not included due to their low level of redeemability.

By regularly monitoring open and past due trade receivables, the ageing structure of receivables and average payment deadlines, the Impol Group maintains its credit exposure within acceptable limits given the strained conditions on the market. The Group's policy is that individual buyers shall not exceed 7% of all sales.

Carrying amounts and fair values of financial instruments

Classification of financial instruments according to their fair value as of 31/12/2022 is presented in the table.

Table 118: Carrying amounts and fair values of financial instruments in EUR

	Carrying amount	Fair value	Fair value level
Investments in associated companies	699,189	699,189	3
Long-term financial investments – available-for-sale assets	318,566	318,566	3
Long-term loans granted	226,552	226,552	3
Fair value of forwards from the purchase/ sale of aluminium	1,014,999	1,014,999	2
Short-term financial investments – fair value of financial derivatives (interest rate swaps)	147,113	147,113	2
Short-term loans granted	52,710	52,710	3
Short-term operating receivables	123,132,794	123,132,794	3
Cash and cash equivalents	71,325,898	71,325,898	3
Long-term financial liabilities	117,992,757	117,992,757	3
Long-term operating liabilities	419,797	419,797	3
Short-term financial liabilities (excluding financial derivatives)	114,198,786	114,198,786	3
Short-term operating liabilities	91,074,335	91,074,335	3

EVENTS AFTER THE REPORTING DATE

In the period from the end of 2022 until the date of approval of the financial statements, no events occurred that would in any way affect the presented financial statements of the Impol Group for the financial year 2022.

Other important events that occurred in the stated period after the end of the financial year and do not affect the consolidation of the Group for the financial year 2022 are as follows:

- Due to general price increases, the minimum wage rose at the beginning of 2023. Inflation in Slovenia impacted the raise of minimum wage, which increased from EUR 1,074.43 to EUR 1,203.36, meaning a 12% increase. We adjusted the salary system in this part of the Impol Group accordingly.

OTHER DISCLOSURES

The Impol Group has a single-tier management system in place.

Composition of the Board of Directors (up to 31/12/2026):
- Jernej Čokl, Board of Directors President;
- Vladimir Leskovar, Board of Directors Vice President;
- Janko Žerjav, Board of Directors Member;
- Andrej Kolmanič, Board of Directors Member;
- Dejan Košir, Board of Directors Member.

The Board of Directors appointed two Executive Directors:
- Andrej Kolmanič, Chief Executive Officer,
- Irena Šela, Executive Director of Finance and IT.

The Board of Directors also appointed an Audit Commission composed by:
- Vladimir Leskovar, President of the Commission;
- Dejan Košir;
- Tanja Ahaj, External Member.

The Company had no matured receivables from members of the Board of Directors and employees on individual contracts.

Table 119: Remuneration of members of the Board of Directors, Executive Directors, Directors of Subsidiaries, members of the Supervisory Board and employees based on individual contracts in the Impol Group in 2022 in EUR

	2022	2021
Management members (Board of Directors, Executive Directors and Directors of Subsidiaries)	3,776,265	3,226,653
Members of the Supervisory Board	143,857	161,660
Employees on individual contracts	10,607,309	8,404,956
TOTAL	**14,527,431**	**11,793,269**

Table 120: The amount (cost) spent for the auditor (according to ZGD-1, Point 2, Paragraph 4, Article 69) in EUR

	Total 2022	Total 2021
Auditing of the annual report	151,405	104,965
Other audit services	3,150	3,150
TOTAL	**154,555**	**108,115**

Except for the mandatory annual audit of financial statements and legally defined audit overview report on the relations with affiliated companies in Slovenia (Article 546 of the Companies Act (ZGD-1)) for financial year 2022, the auditors were not carrying out any other audit or non-audit services for companies in the Impol Group.

SIGNATURE OF THE ANNUAL REPORT FOR 2022 AND ITS COMPONENTS

The president and members of the Board of Directors and the Executive Directors of Impol 2000, d. d. are familiar with the content of all parts of the Consolidated Annual Report of the Group and with the whole Annual Report of the Impol Group for 2022. We agree with the content and confirm it with our signature.

Jernej Čokl
(Board of Directors President)

Vladimir Leskovar
(Board of Directors Vice President)

Janko Žerjav
(Board of Directors Member)

Andrej Kolmanič
(Board of Directors Member)

Dejan Košir
(Board of Directors Member)

Andrej Kolmanič
(Chief Executive Officer)

Irena Šela
(Executive Director of Finance and IT)

FINANCIAL REPORT OF IMPOL 2000, D. D. FOR THE YEAR 2022

"The ladder of success is best climbed by stepping on the rungs of opportunity."

Ayn Rand

STATEMENT ON THE RESPONSIBILITY OF THE EXECUTIVE DIRECTORS

The Executive Directors are responsible for drawing up the Annual Report of Impol 2000, d. d. so that it gives a true and fair view of the financial situation of Impol 2000, d. d. as well as its results of operations for 2022.

The Executive Directors hereby confirm to have diligently applied the appropriate accounting policies and that accounting estimates have been prepared following the principle of prudence and good management. We likewise certify that the financial statements, along with the notes to these statements, have been drawn up on the assumption that and Company will continue to operate, and in accordance with the valid legislation and International Accounting Standards.

The Executive Directors are responsible for proper accounting, adoption of appropriate measures for preservation of property, constant monitoring of other risks when conducting business and adoption and implementation of measures for minimisation of such risks, and prevention and detection of fraud and other irregular or illegal activities.

Andrej Kolmanič
(Chief Executive Officer)

Irena Šela
(Executive Director of Finance and IT)

Slovenska Bistrica, 11 April 2023

DECLARATION OF THE BOARD OF DIRECTORS

The Board of Directors hereby approves the Financial Statements of Impol 2000, d. d. for the year ending on 31/12/2022, and the accounting policies applied. This Annual Report was adopted by the Company's Board of Directors at its session held on 20/04/2023.

Jernej Čokl
(Board of Directors President)

Vladimir Leskovar
(Board of Directors Vice President)

Janko Žerjav
(Board of Directors Member)

Andrej Kolmanič
(Board of Directors Member)

Dejan Košir
(Board of Directors Member)

Slovenska Bistrica, 20 April 2023

INDEPENDENT AUDITOR'S REPORT FOR IMPOL 2000, D. D.

AUDITOR
REVIZIJSKA DRUŽBA d.o.o. PTUJ

This is a translation of the original report in Slovene language

INDEPENDENT AUDITOR'S REPORT

To the shareholders of IMPOL 2000 d.d.,
Slovenska Bistrica

Report on the audit of the separate financial statements

Opinion

We have audited the separate financial statements of IMPOL 2000, d.d., Partizanska 38, Slovenska Bistrica (the Company), which comprise the separate statement of financial position as at December 31, 2022, the separate income statement, the separate statement of other comprehensive income, the separate statement of changes in equity and the separate cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Separate Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Slovenia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for other information. The other information comprises the business report, which is an integral part of the Annual report of the IMPOL Group and IMPOL 2000, d.d., but does not include the financial statements and our auditor's report thereon.

Our opinion on the separate financial statements does not cover other information.

In connection with our audit of the separate financial statements, our responsibility is to read the other information and, in doing so, assess whether the other information is materially inconsistent with the financial statements, legal requirements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatements of fact. Based on the procedures performed, we report that:

AUDITOR
REVIZIJSKA DRUŽBA d.o.o. PTUJ

- *the other information is in all respect consistent with the audited separate financial statements;*
- *the other information is prepared in compliance with applicable law and regulation; and*
- *based on knowledge and understanding of the Company obtained in the audit on the other information, we have not identified any material misstatement on fact.*

Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with IFRSs adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are responsible for overseeing the Company's financial reporting process and for the approval of the audited annual report.

Auditor's Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- *Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.*
- *Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.*
- *Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.*
- *Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.*
- *Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.*

We communicate with Management board and Audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

AUDITOR
REVIZIJSKA DRUŽBA d.o.o. Ptuj
Murkova 4, Ptuj

April 19th, 2023

Certified auditor:

Simon Pregl, univ. dipl. ekon.

Simon Pregl

FINANCIAL STATEMENTS OF IMPOL 2000, D. D.

Accounting policies and notes form an integral part of the financial statements presented below and should be read in conjunction with them.

Profit or loss statement

Table 121: Profit or loss statement for 2022 in EUR

Item		Note	2022	2021
1.	**Net sales revenues**	**1**	**49,092,982**	**34,823,045**
a)	Net sales revenues in the domestic market		46,156,410	33,260,931
b)	Net sales revenues in the foreign market		2,936,572	1,562,114
4.	**Other operating revenues (including operating revenues from revaluation)**	**1**	**167,962**	**42,650**
5.	**Costs of goods, materials and services**	**2**	**35,597,143**	**23,780,141**
a)	Cost of goods and materials sold, and costs of the materials used		33,538,642	22,177,512
b)	Costs of services	2	2,058,501	1,602,629
6.	**Labour costs**		**12,719,793**	**10,171,301**
a)	Costs of wages and salaries		8,022,804	6,962,167
b)	Social security costs (pension insurance costs are shown separately)		1,313,077	1,135,831
c)	Other labour costs		3,383,912	2,073,303
7.	**Write-offs**	**2**	**256,243**	**262,528**
a)	Depreciation		256,243	262,528
8.	**Other operating expenses**	**2**	**322,540**	**195,302**
9.	**Financial revenues from participating interests**	**3**	**10,000,000**	**10,670,000**
a)	Financial revenues from participating interests in companies in the Group		10,000,000	10,670,000
10.	**Financial revenues from loans granted**	**3**	**793**	**800**
a)	Financial revenues from loans granted to companies in the Group		790	482
b)	Financial revenues from loans granted to others		3	318
11.	**Financial revenues from operating receivables**	**3**	**12,329**	**3,399**
a)	Financial revenues from operating receivables due from others		12,329	3,399
12.	**Financial expenses from the impairment and write-offs of financial investments**		**0**	**0**
13.	**Financial expenses from financial liabilities**	**3**	**448,536**	**456,106**
a)	Financial expenses from loans received by companies in the Group		437,088	445,824
b)	Financial expenses from other financial liabilities		4,579	3,697
c)	Financial expenses from leases from companies in the Group		2,572	4,179
d)	Financial expenses from leases		4,297	2,406
14.	**Financial expenses from operating liabilities**	**3**	**319**	**82**
a)	Financial expenses from trade creditors and bills of exchange		5	50
b)	Financial expenses from other operating liabilities		314	32
15.	**Income tax**	**4**	**132,185**	**137,426**
16.	**Deferred taxes**	**5**	**1,022**	**-4,001**
17.	**Net profit or loss for the financial year**		**9,796,285**	**10,541,009**

Statement of other comprehensive income

Table 122: Statement of other comprehensive income in EUR

	Note	2022	2021
Net profit or loss for the financial year		**9,796,285**	**10,541,009**
Other comprehensive income in the accounting period		**-4,367**	**-8,287**
a) Items that later will not be reclassified to the profit or loss statement		-4,367	-8,287
Actuarial gains and losses of defined benefit plans (employee benefits) (+/-)	15	-4,367	-8,287
b) Items that will later be reclassified to the profit or loss statement		0	0
Total comprehensive income in the accounting period		**9,791,918**	**10,532,722**

Statement of financial position

Table 123: Statement of financial position in EUR

		Note	31/12/2022	31/12/2021
A.	**LONG-TERM ASSETS**		**142,056,105**	**142,055,396**
I.	**Intangible assets and long-term deferred costs and accrued revenues**	**6**	**255,613**	**298,523**
1.	Long-term property rights		255,613	298,523
II.	**Tangible fixed assets**	**7**	**215,996**	**228,487**
1.	Production machinery and equipment		67,877	71,513
2.	Other machinery and equipment		146,989	156,974
3.	Tangible fixed assets being acquired		1,130	0
a)	Tangible fixed assets under construction and manufacture		1,130	0
III.	**Assets under lease**	**8**	**172,561**	**166,430**
1.	Assets under lease to companies in the Group		52,892	105,784
2.	Assets under lease from other companies		119,669	60,646
IV.	**Investment property**	**9**	**0**	**0**
V.	**Long-term financial investments**		**141,385,661**	**141,334,661**
1.	Long-term financial investments, excluding loans		141,334,661	141,334,661
a)	Shares and stocks in companies in the Group		141,334,661	141,334,661
2.	Long-term loans		51,000	0
a)	Long-term loans to companies in the Group		51,000	0
VI.	**Long-term operating receivables**		**0**	**0**
VII.	**Deferred tax receivables**	**5**	**26,274**	**27,295**
B.	**SHORT-TERM ASSETS**		**11,860,827**	**6,701,535**
I.	**Assets (disposal groups) available for sale**		**0**	**0**
II.	**Inventories**	**10**	**0**	**7,485**
1.	Products and merchandise		0	7,485
III.	**Short-term financial investments**	**11**	**0**	**51,000**
1.	Short-term loans		0	51,000
a)	Short-term loans to companies in the Group		0	51,000
IV.	**Short-term operating receivables**	**12**	**5,647,509**	**5,481,948**
1.	Short-term operating receivables from companies in the Group		49,588	786,019
2.	Short-term operating receivables from customers		4,918,614	4,620,782
3.	Short-term operating receivables from others		679,307	75,147
V.	**Cash**	**13**	**6,213,318**	**1,161,102**
C.	**SHORT-TERM DEFERRED COSTS AND ACCRUED REVENUES**	**13**	**192,150**	**45,569**
	TOTAL ASSETS		**154,109,082**	**148,802,500**
A.	**CAPITAL**	**14**	**69,662,254**	**66,270,938**
I.	**Called-up capital**		**4,451,540**	**4,451,540**
1.	Share capital		4,451,540	4,451,540
II.	**Capital reserves**		**10,751,254**	**10,751,254**
III.	**Revenue reserves**		**7,958,351**	**7,958,351**
1.	Statutory reserves		2,225,770	2,225,770
2.	Other revenue reserves		5,732,581	5,732,581
IV.	**Revaluation reserves**		**0**	**0**
V.	**Reserves from fair value measurement**		**-45,756**	**-42,180**
VI.	**Capital revaluation adjustment**		**0**	**0**
VII.	**Retained net profit or loss**		**36,750,580**	**32,610,964**
VIII.	**Net profit or loss for the financial year**		**9,796,285**	**10,541,009**
B.	**PROVISIONS AND LONG-TERM ACCRUED EXPENSES AND DEFERRED REVENUES**	**15**	**490,324**	**329,502**
1.	Provisions for pensions and similar obligations		322,325	329,502
2.	Long-term accrued costs and deferred revenues		167,999	0
C.	**LONG-TERM LIABILITIES**	**16**	**64,470,436**	**66,610,079**
I.	**Long-term financial liabilities**		**64,470,436**	**66,610,079**
1.	Long-term financial liabilities to companies in the Group		63,319,148	63,319,148
2.	Other long-term financial liabilities		1,066,667	3,200,000
3.	Long-term financial liabilities from leases		84,621	90,931
a)	Long-term financial liabilities from leases to companies in the Group		0	56,108

b)	Long-term financial liabilities from leases to other companies		84,621	34,823
II.	**Long-term operating liabilities**		**0**	**0**
III.	**Deferred tax liabilities**		**0**	**0**
D.	**SHORT-TERM LIABILITIES**	**17**	**19,053,912**	**15,196,001**
I.	**Liabilities included in groups for disposal**		**0**	**0**
II.	**Short-term financial liabilities**		**7,230,318**	**7,215,811**
1.	Short-term financial liabilities to companies in the Group		5,000,000	5,000,000
2.	Other short-term financial liabilities		2,133,334	2,134,185
3.	Short-term financial liabilities from leases		96,984	81,626
a)	Short-term financial liabilities from leases to companies in the Group		56,108	54,452
b)	Short-term financial liabilities from leases to other companies		40,876	27,174
III.	**Short-term operating liabilities**		**11,823,594**	**7,980,190**
1.	Short-term operating liabilities to companies in the Group		7,556,735	5,090,557
2.	Short-term operating liabilities to suppliers		360,073	262,621
3.	Short-term operating liabilities from advance payments		224,140	203,333
4.	Other short-term operating liabilities		3,682,646	2,423,679
D.	**SHORT-TERM ACCRUED COSTS AND DEFERRED REVENUES**	**17**	**432,156**	**395,980**
	TOTAL LIABILITIES TO SOURCES OF ASSETS		**154,109,082**	**148,802,500**

Statement of changes in equity for the year 2022

Table 124: **Statement of changes in equity for the year 2022 in EUR**

		Called-up capital	Capital reserves	Revenue reserves		Revaluation reserves	Reserves from fair value measurement	Retained net profit or loss	Net profit or loss for the financial year	Total EQUITY
		I	II	III		IV	V	VI	VII	VIII
		Share capital	Capital reserves	Statutory reserves	Other revenue reserves	Revaluation reserves	Reserves from fair value measurement	Retained net profit	Net profit for the current year	TOTAL EQUITY
		I	II	III/1	III/2	IV	V	VI	VII	VIII
A.1	**Balance at the end of the previous reporting period as of 31/12/2021**	**4,451,540**	**10,751,254**	**2,225,770**	**5,732,581**	**0**	**-42,180**	**32,610,964**	**10,541,009**	**66,270,938**
A.2	**Opening balance for the reporting period as of 01/01/2022**	**4,451,540**	**10,751,254**	**2,225,770**	**5,732,581**	**0**	**-42,180**	**32,610,964**	**10,541,009**	**66,270,938**
B.1	**Changes in equity – transactions with owners**	**0**	**0**	**0**	**0**	**0**	**0**	**-6,400,602**	**0**	**-6,400,602**
	Disbursement of dividends to other legal and natural persons	0	0	0	0	0	0	-5,907,954	0	-5,907,954
	Disbursement of dividends to associated legal persons	0	0	0	0	0	0	-492,648	0	-492,648
B.2	**Total comprehensive income for the reporting period**	**0**	**0**	**0**	**0**	**0**	**-4,367**	**0**	**9,796,285**	**9,791,918**
	Entry of net profit/loss in the financial year	0	0	0	0	0	0	0	9,796,285	9,796,285
	Actuarial gains/losses, recognised under provisions for retirement benefits	0	0	0	0	0	-4,367	0	0	-4,367
B.3	**Changes in equity**	**0**	**0**	**0**	**0**	**0**	**791**	**10,540,218**	**-10,541,009**	**0**
	Allocation of the remaining portion of the net profit for the comparable reporting period to other capital components	0	0	0	0	0	0	10,541,009	-10,541,009	0
	Other changes in equity	0	0	0	0	0	791	-791	0	0
C.	**Closing balance for the reporting period as of 31/12/2022**	**4,451,540**	**10,751,254**	**2,225,770**	**5,732,581**	**0**	**-45,756**	**36,750,580**	**9,796,285**	**69,662,254**

Statement of changes in equity for the year 2021

Table 125: **Statement of changes in equity for 2021 in EUR**

		Called-up capital	Capital reserves	Revenue reserves		Revaluation reserves	Reserves from fair value measurement	Retained net profit or loss	Net profit or loss for the financial year	Total EQUITY
		I	II	III		IV	V	VI	VII	VIII
		Share capital	Capital reserves	Statutory reserves	Other revenue reserves	Revaluation reserves	Reserves from fair value measurement	Retained net profit	Net profit for the current year	TOTAL EQUITY
		I	II	III/1	III/2	IV	V	VI	VII	VIII
A.1	**Balance at the end of the previous reporting period as of 31/12/2020**	**4,451,540**	**10,751,254**	**2,225,770**	**5,732,581**	**0**	**-35,938**	**36,598,198**	**281,879**	**60,005,284**
A.2	**Opening balance for the reporting period as of 01/01/2021**	**4,451,540**	**10,751,254**	**2,225,770**	**5,732,581**	**0**	**-35,938**	**36,598,198**	**281,879**	**60,005,284**
B.1	**Changes in equity – transactions with owners**	**0**	**0**	**0**	**0**	**0**	**0**	**- 4,267,068**	**0**	**-4,267,068**
	Disbursement of dividends to other legal and natural persons	0	0	0	0	0	0	-3,938,636	0	- 3,938,636
	Disbursement of dividends to associated legal persons	0	0	0	0	0	0	-328,432	0	-328,432
B.2	**Total comprehensive income for the reporting period**	**0**	**0**	**0**	**0**	**0**	**-8,287**	**0**	**10,541,009**	**10,532,722**
	Entry of net profit/loss in the financial year	0	0	0	0	0	0	0	10,541,009	10,541,009
	Actuarial gains/losses, recognised under provisions for retirement benefits	0	0	0	0	0	-8,287	0	0	-8,287
B.3	**Changes in equity**	**0**	**0**	**0**	**0**	**0**	**2,045**	**279,834**	**-281,879**	**0**
	Allocation of the remaining portion of the net profit to other capital components	0	0	0	0	0	0	281,879	-281,879	0
	Other changes in equity	0	0	0	0	0	2,045	-2,045	0	0
C.	**Closing balance for the reporting period as of 31/12/2021**	**4,451,540**	**10,751,254**	**2,225,770**	**5,732,581**	**0**	**-42,180**	**32,610,964**	**10,541,009**	**66,270,938**

Cash flow statement

Table 126: Cash flow statement in EUR

Item			Note	2022	2021
A.		**Cash flows from operating activities**			
	a)	**Profit or loss statement items**		**439,981**	**560,931**
		Operating revenues (except for revaluation) and financial revenues from operating receivables	1	49,212,335	34,841,181
		Operating expenses excluding depreciation (except from revaluation) and financial expenses from operating liabilities	2	-48,639,147	-34,146,825
		Income tax and other taxes not included in operating expenses	4	-133,207	-133,425
	b)	**Changes of net working assets (and accrued costs and deferred revenues, provisions and deferred tax receivables and liabilities) of the financial statement operating items**		**3,756,572**	**-3,959,420**
		Opening minus closing operating receivables	12	-164,771	-2,350,561
		Opening minus closing deferred costs and accrued revenues	13	-146,581	-28,449
		Opening minus closing deferred tax receivables	5	1,022	-4,001
		Opening minus closing inventory		7,485	0
		Closing minus opening operating debts	17	3,811,615	-1,698,750
		Closing minus opening accrued costs and deferred revenues and provisions	17	247,802	122,341
	c)	**Positive or negative cash flow from operating activities (a + b)**		**4,196,553**	**-3,398,489**
B.		**Cash flows from investing activities**			
	a)	**Cash receipts from investing activities**		**10,000,003**	**10,738,239**
		Cash receipts from interest and participation in profit of others relating to investing activities	3	10,000,003	10,670,317
		Cash receipts from the disposal of tangible fixed assets		0	7,922
		Cash receipts from the disposal of short-term financial investments	11	0	60,000
	b)	**Cash disbursements from investing activities**		**-95,136**	**-1,176,825**
		Cash disbursements for the acquisition of tangible fixed assets	7	-95,136	-70,158
		Cash disbursements for the acquisition of investment property		0	0
		Cash disbursements for the acquisition of long-term financial investments	9	0	-1,066,667
		Cash disbursements for the acquisition of short-term financial investments	9	0	-40,000
	c)	**Positive or negative cash flow from investing activities (a + b)**		**9,904,867**	**9,561,414**
C.		**Cash flows from financing activities**			
	a)	**Cash receipts from financing activities**		**0**	**4,200,000**
		Cash receipts from the increase of long-term financial liabilities	17	0	4,200,000
	b)	**Cash disbursements from financing activities**		**-9,049,204**	**-10,363,391**
		Cash disbursements for given interests from financing activities	3	-411,882	-487,802
		Cash disbursements of long-term financial liabilities	16.17	-22,486	0
		Cash disbursements of short-term financial liabilities	16.17	-2,214,234	-5,608,520
		Cash disbursements of dividends and other profit shares paid	17	-6,400,602	-4,267,069
	c)	**Positive or negative cash flow from financing activities (a + b)**		**-9,049,204**	**-6,163,391**
D.		**Cash at the end of the period**		**6,213,318**	**1,161,102**
	x)	**Cash flows in the period (sum of cash flows Ac, Bc and Cc)**		**5,052,216**	**-466**
	y)	**Cash at the beginning of the period**		**1,161,102**	**1,161,568**

Notes to the financial statements

Reporting entity

In accordance with the Companies Act, Impol 2000, d. d. (hereinafter referred to as: Company), with head office in Slovenska Bistrica, Partizanska ulica 38, is classified as a large public limited company, and as such, subject to regular annual audit. The Company is classified under the activity code 70.100 – management of companies. The Company's share capital in the amount of EUR 4,451,540 is divided into 1,066,767 ordinary registered no-par value shares that are not traded in the organised security market. The shares are owned by 820 shareholders.

The following section presents financial statements of Impol 2000, d. d. for the financial year that ended on 31/12/2022.

Introductory note on reporting standards

The financial statements of Impol 2000, d. d. and the notes for 2022 were prepared in accordance with International Financial Reporting Standards (hereinafter referred to as: IFRS), as adopted by the European Union. By 2015, the company prepared financial statements in accordance with the Slovenian Accounting Standards and the notes by the Slovenian Institute of Auditors.

On the basis of requirements of the Companies Act (ZGD-1), the Impol Group, the controlling company of which is Impol 2000, d. d., is bound to draw up a consolidated annual report according to the IFRS, since it is a so called large group. Therefore, the preparation of individual financial statements in compliance with IFRS, as adopted by the European Union, has also been (voluntarily) introduced by Impol 2000, d. d..

Statement of compliance with the IFRS

The Board of Directors confirmed the separate financial statements and the consolidated financial statements on 20/04/2023.

The 2022 financial statements of the company Impol 2000, d. d. were drawn up in accordance with the International Financial Reporting Standards (IFRS), as they were adopted by the European Union, including the notes that were adopted by the International Financial Reporting Interpretations Committee (IFRIC) and that were also adopted by the European Union, and in accordance with the Slovenian Companies Act (ZGD-1).

On the statement of financial position date, there were no differences between the applied IFRS and the IFRS adopted by the European Union in accounting guidelines of Impol 2000, d. d. as regards the process of confirming standards in the European Union.

The financial statements have been drawn up on the basis of the going concern assumption. The applied accounting policies remain the same as in previous years.

a) Amendment of existing accounting policies, introduction of new standards, and new notes applicable for the current accounting period

The following amendments in the existing accounting standards, new standards, and new notes issued by the International Accounting Standards Board and adopted by the European Union, apply for the current accounting period:

- Amendments to IAS 16 – Tangible fixed assets – Profit before intended use (applicable for annual periods beginning on or after 01/01/2022). The European Union adopted the above amendments on 28/06/2021. The amendments prohibit an entity from deducting proceeds from the sale of products from the costs of property, plant, and equipment during the period in which the asset is prepared for its intended use and require the recognition of the proceeds from the sale and the related costs in profit or loss. In doing so, the Company must distinguish between the costs of production and sales before the fixed asset is available for its intended use, and the costs associated with the preparation of the fixed asset for its intended use.
- Amendments to IAS 37 – Provisions, contingent liabilities and contingent assets – Onerous Contracts – Cost of fulfilling a contract (applicable for annual periods beginning on or after 01/01/2022). The European Union adopted the above amendments on 28/06/2021. The amendments define the costs that an entity considers in determining the cost of performing a contract for purposes of assessing whether a contract is onerous.
- Amendments to IFRS 3 – Business Combinations – References to the fundamental framework with amendments to IFRS 3 (applicable for annual periods beginning on or after 01/01/2022). The European Union adopted the above amendments on 28/06/2021. The amendments update the reference in IFRS 3 to the fundamental framework of financial reporting standards without changing the accounting requirements for the accounting of business combinations.
- Annual improvements of IFRS 2018-2020 (amendments IFRS 1, IFRS 9, IFRS 16 and IAS 41). Annual improvements effective for annual periods beginning on or after 01/01/2022 contain:
  - amendments to IFRS 1 – First-time use of IFRS, namely simplifying the introduction of IFRS in a subsidiary that uses IFRS for the first time,
  - amendments to IFRS 9 – Financial instruments, where explanations are given which commission costs should be taken into account in the "10 percent test" for derecognition of financial liabilities,
  - amendments to the illustrative example to IFRS 16 - Leases,
  - amendments to IAS 41 – Agriculture, where the requirement to exclude cash flows for tax when measuring fair value is removed, bringing fair value into line with the definition in IFRS 13.

The adoption of the new standards, amendments to existing standards and notes did not result in significant changes or impacts on the financial statements of Impol 2000, d. d.

b) Standards and amendments to existing standards issued by the International Financial Reporting Standards and adopted by the European Union, but not yet applied

The standards adopted by the European Union and notes, but not yet applied up to the date of the consolidated financial statements, are presented hereafter. Impol 2000, d. d. will apply these standards and notes for drawing up the financial statements after their implementation. Impol 2000, d. d. did not adopt any of the standards or notes specified below before the commencement of their application.

- Amendments to IAS 1 - Presentation of financial statements and amendments to IAS 1 - Disclosure of accounting policies: IAS 1 contains an amendment related to the presentation of short-term and long-term liabilities and an amendment related to the disclosure of accounting policies. In January 2020, the International Financial Reporting Standards Interpretations Committee (IFRS) issued amendments to IAS 1 that clarify the criteria for determining whether liabilities are classified as short-term and long-term. These amendments clarify that the classification as short-term or long-term is based on whether the Company has the right at the end of the reporting period to postpone the settlement of liabilities for at least twelve months after the reporting period. The amendments also clarify that settlement includes the transfer of cash, goods, services or equity instruments, unless the obligation to transfer the equity instruments arises from a conversion feature that is a separate component of the compound financial instrument. The amendments originally applied to annual reporting periods beginning on or after 01/01/2022, but in May 2020 the effective date was postponed to annual reporting periods beginning 01/01/2023. The amendment to IAS 1 related to the disclosure of accounting policies introduces the disclosure of material and not only material accounting policies and contains guidance on when information related to accounting policies is material.
- Amendments to IAS 8 - Definition of accounting estimates: The amendment introduces the definition of an accounting estimate and other clarifications, which will help to distinguish between an accounting policy and an accounting estimate. The amendment will also clarify that the effect of an amendment in input data or measurement techniques is an amendment in accounting estimate, unless their consequence is the correction of an error from a prior period. The amendments to IFRS 8 are effective for annual periods beginning on or after 01/01/2023.
- Amendments to IAS 12 - Income tax - Deferred tax receivables and deferred tax liabilities for individual transactions: The amended standard clarifies whether the first-time recognition exception applies to certain transactions that are recognised both as an asset and as a liability (e.g. a lease under IFRS 16 - Leases). The amendment introduces an additional criterion for the initial application of the exception according to IAS 12.15, whereby the exception is not applied at the first recognition of an asset or liability that results in the same taxable and deductible temporary differences at the time of recognition. The amendments to IFRS 12 are effective for annual periods beginning on or after 01/01/2023.
- IFRS 17 - Insurance contracts and amendments to IFRS 17 - Insurance contracts relating to the first-time adoption of IFRS 17 and comparable information under IFRS 9. IFRS 17 requires insurance liabilities to be measured at present settlement value and provides a more uniform measurement and presentation approach for all insurance contracts. It applies to annual reporting periods beginning on or after 01/01/2023, including amendments to IFRS 17 which was adopted by the EU on 09/09/2022 and also applies to annual reporting periods beginning on or after 01/01/2023.

Impol 2000, d. d. decided not to adopt or apply these standards, amendments and notes before their entry into force. Impol 2000, d. d. estimates that the implementation of these new standards and amendments will not have a significant impact on its separate financial statements during the period of initial application.

c) New standards, standard amendments and notes not yet adopted by the European Union

Currently, the International Financial Reporting Standards as they were adopted by the European Union, do not differ significantly from the regulations adopted by the International Accounting Standards Board, with the exception of the following new standards, amendments of existing standards and new notes which were not yet confirmed for application in the European Union when the financial statements for the 2022 financial year were being drawn up/approved:

- Amendments to IAS 1 – Presentation of Financial Statements – Classification of obligations to short- and long-term (applicable for annual periods starting on or after 01/01/2024). The amendments affect the presentation of liabilities in the statement of financial position but do not change the existing requirements related to the measurement or recognition period of either assets, liabilities, income, or expenses or the information which the company discloses about these items. The amendments also clarify the requirements relating to debt classification, which the company may settle by issuing own equity instruments. The EU has not yet approved the amendments/changes to the standard.
- Amendments to IAS 1 - Non-current liabilities with commitments (effective for annual periods beginning on or after 01/01/2024). If the company's right to defer depends on the company meeting certain conditions, those conditions affect whether the right to defer existed at the end of the reporting period if the company is required to meet the conditions on or before the end of the reporting period, and not if the company is required to qualify after the end of the reporting period. The amendment also contains a clarification of the term settlement for the purpose of classifying liabilities as current or non-current. The EU has not yet approved the amendments/changes to the standard.
- Amendments to IFRS 16 - Leases: Lease liability in a sale and leaseback transaction (effective for annual periods beginning on or after 01/01/2024). The amendment to the standard contains a requirement that the seller-lessee determine the rental payment or modified rental payment so that the seller-lessee would not recognise a gain or loss related to the right-of-use retained by the seller-lessee. The EU has not yet approved the amendments/changes to the standard.
- Amendments to IFRS 10 - Consolidated financial statements and IAS 28 - Investments

in associated companies and joint ventures - Sale or contribution of assets between the investor and its associate or joint venture. The amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between investors and their associated company or joint venture. The main consequence of the amendments is for the company to recognise the entire profit or loss amount if the transaction includes business operations (regardless of the fact whether they are located in a subsidiary or not). For transactions with assets that do not represent operations, only part of the profit or loss is recognised even if the assets are located in a subsidiary. The EU has not yet approved the amendments/changes to the standard.

Impol 2000, d. d. estimates the potential impact of these amendments on its separate financial statements. Despite the above-mentioned, Impol 2000, d. d. estimates that the implementation of these new standards and amendments will not have a significant impact on its separate financial statements during the period of initial application.

The basis for drawing up financial statements

Financial statements of Impol 2000, d. d. were drawn up on historical cost basis.
In accordance with the legislation, the company shall ensure independent auditing of these financial statements.

Functional and reporting currency

The financial statements in this report are in EUR (without cents), and EUR is also the functional currency of the company. Due to the rounding off of value data, there may be insignificant deviations from the sums given in the tables.

Use of estimates and judgements

The preparation of financial statements requires the management of the controlling company to make judgements, estimates and assumptions that affect the carrying amounts of assets and liabilities of the Group as well as the reported income and expenses. Estimates and assumptions are based on previous experiences and many other factors which are considered in given circumstances as justified and based on which we can determine the carrying amount of assets and liabilities that are not clearly evident from other sources. Actual results can differ from these estimates. Estimates and assumptions must be reviewed on an ongoing basis. Revisions to accounting estimates are only recognised in the period in which the estimate was revised, if the revisions only applies to this period, or for the period of revision and future years, if the revision affects the current as well as future years.

Estimates and assumptions are mostly present in the following judgements:

- **estimate of useful life of depreciable assets**

For estimating the useful life of assets, the Company considers the expected physical wear, technical ageing, economical ageing, and the expected legal and other restrictions of use. The Company annually reviews the useful life of more significant assets. The applied depreciation method and useful life are evaluated at the end of each financial year, and if the expected pattern of using future economic gains arising from the depreciable assets changes significantly, the depreciation method shall be amended to fit the changed pattern. These changes are regarded as changes in accounting estimates.

- **impairment testing of assets**

Impairment testing of assets is performed by the management to ensure that the carrying amount does not exceed the recoverable amount. On every reporting date, the management estimates potential signs of impairment. Critical estimates were used for the following assessments of value:
  - Investment in subsidiaries (Note 9),
  - Investments in associated companies (Note 9),
  - Financial receivables (Note 11),
  - Estimate of the fair value of assets (Note 18).

All items in financial statements represent the costs or the settlement value. All assets and liabilities that are measured by fair value in financial statements are classified in a hierarchy of fair value based on the lowest level of inputs that are important for measuring the total fair value:
  - level one includes quoted prices (unadjusted) on functioning markets for the same assets and liabilities,
  - level two includes inputs that besides quoted prices from level one are also noted directly (i.e. prices) or indirectly (i.e. derived from prices) as assets or liabilities,
  - level three includes inputs for the asset or liability not based on observable market data.

Impol 2000, d. d., classified all its financial instruments in level three (Note 18).

- **estimate of the net realisable value of the merchandise inventory**

At least at the end of every financial period, the Company measures the net recoverable amount of inventories and the need for write-offs. Costs of inventories are not reversible if inventories are damaged, partially or completely obsolete, or if their sales price is reduced. Costs of inventories are also not reversible if the estimated costs of completion or costs in connection with sales increase. Partial write-offs of inventories under their original value or costs up to the net recoverable value is in accordance with the policy that assets cannot be recognised at values higher than expected from their sale or utilisation. Inventories are usually partially written off to their net recoverable value under individual items.

- **estimate of the collectible value of receivables**

At least once annually, namely before preparing the annual statement of account, the suitability of recognised amounts of individual claims is assessed. If, based on the accounting data, the

Board of Directors decides to recognise the receivables not settled within the agreed period as doubtful and disputable, the adjustment of their value is charged against the revaluation operating expenses in a proportion defined in the resolution.
Receivables older than 365 days shall be recognised as 'doubtful'. Unless otherwise decided by the Board of Directors, such receivables shall be subject to judicial proceedings (action or enforcement). Receivables already subject to a judicial proceeding are recognised as 'disputable' receivables. For 'doubtful' and 'disputable' receivables, an adjustment of their value shall be made which shall be charged against revaluation operating expenses.

- **estimate of the possibility to use deferred tax liabilities**

The Company has formed deferred tax liabilities in respect of the formulation of provisions and impairment of operating receivables.
The Company checks the amount of recognised deferred tax liabilities at the end of the financial year. Deferred tax assets are recognised in case of a probable available future profit against which the deferred tax assets can be utilised.

- **estimate of formed provisions**

Within the requirements regarding certain post-employment and other benefits, the present value of jubilee and retirement benefits is recorded. They are recognised based on the actuarial assessment. The actuarial assessment is based on the assumptions and estimates valid at the time of the assessment and can differ from actual assumptions in the future due to certain changes (discount levels, assessment of turnover of staff, assessment of mortality, and assessment of wage growth).

The Company has not formed any provisions for judicial actions, since it does not have current obligations due to binding past events.

Important accounting policies of the company

The accounting policies applied in the preparation of financial statements were the same as were applied in the preparation of financial statements for the financial year that ended on 31/12/2022.

Transactions in foreign currency

Transactions in foreign currencies are converted to functional currencies at exchange rates at the dates of the transactions. Cash and liabilities denominated in foreign currencies at the end of the reporting period are converted to the functional currency according to the valid ECB exchange rate published by the Bank of Slovenia. Positive or negative foreign currency differences are differences between the amortised cost in the functional currency at the beginning of the period, adjusted by the amount of effective interest and payments during the period, and the amortised cost in foreign currency converted at the exchange rate at the end of the period. Non-cash assets and liabilities denominated in foreign currencies that are measured at fair value are translated into the functional currency at the exchange rate at the date when the fair value was determined. Non-cash items measured at historical costs in foreign currency are translated into the functional currency by applying the exchange rate valid at the date of the transaction. Foreign exchange differences are recognised in the statement of profit or loss.

Subsidiaries

Subsidiaries are entities controlled by the controlling company Impol 2000, d. d. Control exists when the controlling company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Investments of the Company in subsidiaries are measured at cost. If the loss of Impol 2000, d. d. is higher than its share, the carrying amount of the Company's share shall be reduced to zero and this share shall no longer be recognised in subsequent losses. Costs, which can be connected with purchasing a subsidiary, increase the value at cost of the capital investment. The subsidiary's participation in profit is recognised in the statement of profit or loss of Impol 2000, d. d. when the Company obtains the profit-sharing right.

For more information see section “Presentation of the controlling company Impol 2000, d. d. and the Impol Group.

Investments in associated companies

Associates are companies where Impol 2000, d. d. has a significant influence but does not control their financial and business policies. A significant influence exists if an entity owns 20 to 50 percent of voting rights in another entity. For more information see section “Presentation of the controlling company Impol 2000, d. d. and the Impol Group.

Impol 2000, d. d. recognises investments in associated companies at cost. Costs which the company can relate to the acquisition increase the cost of the investment.

Intangible assets

Intangible assets of Impol 2000, d. d. include other long-term deferred items (IT programmes, programme solutions). At initial recognition, intangible assets are valued at cost. The carrying amount of intangible assets with a finite useful life is reduced with depreciation. Later expenditure in connection with intangible assets are only capitalised if they increase future economic gain. All remaining costs are recognised in profit or loss as expenses, the moment they arise.

Depreciation is calculated using the straight-line method, while considering the useful life of the intangible asset. Depreciation starts after the asset is made available for use.

Depreciation rates based on the estimated useful life of individual types of intangible fixed assets are presented in the following table.

Table 127: Depreciation rates used for intangible fixed assets

Depreciation rates used in the Company	Depreciation rate in %	
	Lowest	Highest
Intangible assets		
Computer software	10.00%	50.00%

Each impairment is immediately recognised in the statement of profit or loss and is subsequently not reversed.

Tangible assets

All tangible fixed assets of the Company are disclosed according to the cost model. Upon initial recognition they are measured at cost, reduced by the accumulated depreciation and accumulated impairment losses. Cost includes expenses which may be directly attributed to the acquisition of an individual asset.

Important parts of tangible fixed assets with different useful lives are calculated as individual tangible fixed assets.

Borrowing costs that are directly connected with purchasing, building or creating an asset in acquisition are recognised within the value at cost of this asset.

The positive or negative difference between the net sales value and the carrying amount of the disposed asset is recognised in the statement of profit or loss. The costs of replacement of a certain part of the tangible fixed asset are recognised in the carrying amount of this asset when it is probable that the future economic benefits related to the part of this asset will flow to the Company and the cost can be measured reliably.

All other costs (repairs, maintenance) for preserving or renewing future economic gain are recognised in the profit or loss account as expenditures immediately after they occur. Depreciation is calculated using the straight-line method, considering the useful life of individual tangible fixed assets and the residual value, while residual value is only determined for significant assets. Land is not subject to depreciation. Depreciation starts after the asset is made available for use. Depreciation rates based on the estimated useful life of individual types of tangible fixed assets.

Table 128: Depreciation rates used for tangible fixed assets

Depreciation rates used in the Company	Depreciation rate in %	
	Lowest	Highest
Tangible fixed assets		
Equipment		
Production equipment	10.00%	20.00%
Furniture	20.00%	25.00%
Computer hardware	50.00%	50.00%
Motor vehicles		
Personal vehicles	20.00%	20.00%

Assets under lease

When signing a contract, it must be determined whether said contract includes lease pursuant to IFRS 16. According to this standard, a contract is a lease contract if it grants the right to use a certain asset for a certain period of time in return for payment.

For these types of contracts, the IFRS 16 standard specifies that at the beginning of the lease the lessee must recognise the right to use the asset (asset under lease) and the liability from the lease. The right to use the asset is amortised and interests are attributed to liabilities.

The asset with the right to use is recognised on the date of commencement of the lease, i.e. when the asset is available for use. The initial measurement of the asset encompasses the amount of the initial measurement of lease obligation (discounted current value of lease that has not yet been paid on that date), and the payment of leases that have been effectuated on the day of commencement of the lease or before, minus any received lease incentives and estimates of potential costs that will occur within the Company with the removal of the asset.

The assets are then measured according to their cost, decreased by the accumulated depreciation and by the loss due to the impairment, and adjusted for each re-measurement of the liability from the lease. The asset is depreciated from the beginning of the lease until the end of its useful life, or until the end of the duration of the lease, if this period is shorter than its useful life. If the contract is concluded for an undefined period or if it is automatically extended every year, the expected depreciation periods for each individual group of assets are used.

Signs of impairment are verified annually; in this case, the replaceable value of these assets must be determined. In the event of impairment, it must be recognised in the profit or loss statement pursuant to IAS 36.

The Company excludes from the right to use assets leases that last no longer than 12 months (short-term leases) and do not have the option to purchase, and leases where the leased asset is of small value. This takes into account the value of the asset when it is new.

Financial instruments

In the financial instruments section of its statements, Impol 2000, d. d. discloses the following items:

- Non-derivative financial assets,
- Non-derivative financial liabilities,

In its accounts, the Company does not recognise derivative financial instruments.

Non-derivative financial instruments are initially recognised at their fair value. Fair value is the amount at which an asset can be sold or a liability exchanged between knowledgeable, willing parties in an arm's length transaction. After initial recognition, the non-derivative financial instruments are measured using the method defined below.

Determination of the fair value of financial instruments takes into account the following hierarchy of determination levels:

- level one includes quoted prices (unadjusted) on functioning markets for the same assets and liabilities,
- level two includes inputs that besides quoted prices from level one are also noted directly (i.e. prices) or indirectly (i.e. derived from prices) as assets or liabilities,
- level three includes inputs for the asset or liability not based on observable market data.

Quoted prices are applied as the basis for determination of the fair value of financial instruments. If a financial instrument is placed on an organised market or if the market is estimated as not functioning, inputs from levels two and three are used for determining the fair value.

Non-derivative financial assets

Non-derivative financial assets of Impol 2000, d. d. include cash and cash equivalents, receivables and loans, and investments. Pursuant to the IFRS 9, the aforementioned assets can be divided into the following three groups:

- financial assets at fair value through profit or loss,
- financial assets at amortised cost,
- financial assets at fair value through other comprehensive income.

The basis for the aforementioned division is represented by the business models, in the framework of which each individual financial asset is managed, as well as its contractual cash flows. Pursuant to IFRS 9, classifying and measuring financial assets in the financial statements is defined according to the chosen business model, in the framework of which financial assets are managed, and the characteristics of their contractual cash flows. Upon initial recognition, each of the financial assets is classified into one of the following business models:

- model with the purpose of acquiring contractual cash flows (measurement at amortised cost),
- model with the purpose of selling and acquiring contractual cash flows (measurement at fair value through comprehensive income statement),
- other models (measurement at fair value through the profit or loss statement).

Financial assets at fair value through profit or loss

The financial assets measured at fair value through the profit or loss statement are initially measured at fair value, while transaction costs are indicated in the profit or loss statement upon purchase. Financial instruments are classified in this group, which are intended for trading, and financial instruments measured by Impol 2000, d. d., at fair value. Profit or loss arising from these financial instruments are classified into the profit or loss statement. Dividends from financial instruments classified in this group are recognised as financial revenues in the profit or loss statement. Impol 2000, d. d. possesses no such assets.

Financial assets at amortised cost

Financial assets measured at amortised cost are measured at amortised cost using the effective interest rate. They are shown in the amount of outstanding capital, increased for the amount of outstanding interest and compensation, and decreased for the amount of impairment.

Financial assets at fair value through other comprehensive income

Financial assets owned for trading, and financial assets measured at fair value through other comprehensive income, are measured at fair value after initial recognition. The fair value is based on the published market price on the reporting date which represents the best offer or, if unavailable, closing offer. Impol 2000, d. d. possesses no such assets.

Loans and receivables

Loans and receivables are non-derivative financial assets that are not quoted in an active market. They are included in short-term assets, except with maturity longer than 12 months after the date of the financial statement, in which case they are classified as long-term assets. In the financial situation statement, loans and receivables are reported under business, financial and other receivables at amortised value, considering the current interest rate.
In addition to the aforementioned financial assets, the investments in subsidiaries and associated companies accounted pursuant to IAS 27 according to their cost are also shown in the

framework of separate financial statements of Impol 2000, d. d.

Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits under three months and other short-term highly liquid investments with original maturity of three months or less. They are disclosed at cost. Overdrafts are included under short-term financial liabilities.

Non-derivative financial liabilities

Non-derivative financial liabilities include business, financial and other liabilities. Financial liabilities are initially recognised at fair value, increased by costs directly attributable to the transaction. After initial recognition, financial liabilities are measured at amortised value using the effective interest method. Financial liabilities are classified under long-term liabilities, except with maturity shorter that 12 months after the date of the statement of financial position. in which case liabilities are classified as short-term liabilities.

Inventories

Merchandise inventories of Impol 2000, d. d., are valued at cost or net realizable value, whichever is lower. Net recoverable value is the estimated selling price at the reporting date less sales expenses and other possible administrative expenses, which are usually connected with the sale.

Cost of merchandise inventories consists of the purchase price, import and other non-refundable purchase charges and direct purchase costs. The FIFO method is used for valuing inventories of merchandise and measuring use. The Company does not own any other inventories. The inventory impairment policy is described in section “Impairment”.

Equity

Equity is an obligation towards the owners which falls due if the Company ceases to operates, whereby the size of the capital is adjusted considering the price of net wealth attainable at that point. Equity is defined with sums that have been invested by owners, and sums that arose during the course of the business operations of the Company and which belong to the owners.

Total equity consists share capital, capital reserves, profit reserves, net profit carried over from previous years, reserves from fair value measurement, temporarily undistributed net profit of the financial year.
On 31/12/2022, the share capital of Impol 2000, d. d. amounted to EUR 4,451,540 and was divided into 1,066,767 ordinary no-per value shares.

Capital reserves of Impol 2000, d. d. in the total amount of EUR 10,751,254 comprise of the paid-in share premium in the amount of EUR 97,090 and EUR 9,489,713, and a general capital revaluation adjustment of EUR 1,164,451.

In accordance with the Company Statute, statutory reserves represent ½ of the Company's share capital and amount to EUR 2,225,770.

In accordance with the resolution of the General Meeting held on 21/07/2022, dividends were paid out in the amount of EUR 6,400,602 or EUR 6.00 per share in 2022. The carrying amount of the share as of 31/12/2022 amounted to EUR 65.30 per share, and the net profit amounted to EUR 9.18 per share.

Provisions

Provisions are formed for a present obligation as a result of a past event and when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

Provisions for jubilee and retirement benefits

In accordance with legal provisions, the collective agreement and internal rules, the Company is committed to the payment of jubilee and retirement benefits. For this purpose, long-term provisions are formed. There are no other retirement obligations. Provisions are formed in the amount of the expected future payments of jubilee and retirement benefits discounted on the date of the statement of financial position. The actuarial calculation is made for each employee, taking into account the costs of retirement benefits and the cost of all expected jubilee benefits until retirement. Actuarial calculation is based on assumptions and assessments applicable at the time of the calculation that due to changes in the following year may differ from actual assumptions that will apply at that time. This mainly refers to discount rates, employee fluctuation estimates, mortality rates and wage growth estimates.

Government grants

Government grants are recognised at fair value, but only when there is an acceptable assurance that Impol 2000, d. d., will fulfil the conditions related to them and receive the grants. Government subsidies are recognised as revenue in the periods in which they are matched with the relevant costs that they are supposed to compensate. If the government grant relates to a specific asset, it is recognised as deferred revenues, which Impol 2000, d. d., recognises in the income statement proportionately over the period of the expected useful life.

Financial liabilities from leases

Financial liabilities from leases are recognised on the commencement date of the lease of asset. On the commencement date of lease, the lease liability is measured at current value of lease still due. These leases are discounted. At a later measurement of the financial liability from leases, it is increased for the value reflecting liability interests from lease, and reduced for the value of leases paid. In the event of an amendment of the lease conditions, the current value is measured again on the basis of revaluation of future leases or an amendment of lease (duration or price).

After the commencement date of lease, financial liabilities from leases are measured again using the new discount rate, if the duration of lease or the value of future leases have changed. In the event of lease termination or reduction the profit or loss connected to partial or full termination of lease are recognised in the profit or loss statement.

Liabilities from lease are disclosed as a long-term liability, with the exception of liabilities that will be settled in a 12-month period and that are disclosed in the financial statement as short-term liabilities from lease.

Impairment

Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows from that asset. Financial asset is impaired, if its carrying amount is higher than the estimated recoverable value or if there is objective evidence of the impairment. The replacement value represents the present value of the estimated future cash flows discounted at the original effective interest rate of this instrument. The impairment is recognised in the profit or loss statement.

A financial investment is assessed at each reporting date by the accounting department to determine its suitability. If a financial investment is losing value (e.g. due to unsuccessful operations of the entity where the Company has its capital participation, insufficient solvency etc.), it mus be determined what kind of corrections have to be made to the initially recognised value of cost and debited to revaluation financial expenditures. The responsible person also has to order a partial or total cancellation of the financial investment as soon as reasons for this occur.

Impairment of receivables and loans granted

Impairments of receivables are formed based on the assessment of recoverability time analysis. Here, in accordance with the provisions of IFRS 9, the impairment of receivables is formed on the basis of expected losses in relation to the risk that the receivables would not be repaid, taking into account historical, current and forward-looking information on repayments.

If it is estimated that when the carrying amount of the receivable exceeds its fair value (i.e. recoverable value), the receivable is impaired. Receivables that are assessed not to be collected within the regular deadline or in the whole amount are considered as doubtful. If proceedings were already brought before the court, receivables are considered as disputed. Impairment of loans granted is assessed for every individual loan. Impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The loss is recognised in the statement of profit or loss for the period (for more information see section Estimate of the recoverable value of receivables).

When it comes to financial assets measured at fair value through other comprehensive income, the latter is measured according to its cost upon initial recognition, and is then increased for the cost of the business transaction arising from the purchase of said financial asset. Profit or loss arising from these financial instruments are never classified into the profit or loss statement.

When it comes to impairment of financial assets measured at amortised cost, the amount of loss is measured as the difference between the carrying amount of a financial investment and the current value of expected future cash flows, discounted according to the initial effective interest rate. The value of said loss is recognised in the profit or loss statement. If reasons for the impairment of the financial investment cease to exist, the reversal of impairment of the financial asset disclosed at amortised cost is recognised in the profit or loss account.
In the event of financial assets measured at fair value through the profit or loss statement, profit or loss arising from these financial instruments are classified into the profit or loss statement.

Impairment of financial investments in equity of subsidiaries

Financial investments into subsidiaries are calculated according to their cost in the financial statements of Impol 2000, d. d. At each reporting date, the Company reviews the carrying amount of the Company's non-financial assets in order to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable value of the asset or cash-generating unit is the value in use or its fair value, reduced by costs of disposal, whichever is higher. When determining the asset's value in use, the estimated future cash flows are discounted to their present value using the pre-tax discount rate reflecting the current market assessment of the time value of money and those risks specific to the asset. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the profit or loss statement.

Non-financial assets

Tangible and intangible assets

The carrying amount of the Company's non-financial assets is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised when the carrying amount of an asset or cash-generating unit exceeds its recoverable value. A cash-generating unit is the smallest group of assets that generate financial income that are to a greater extent independent from financial income from other assets and groups of assets. Impairment losses are recognised in the profit or loss statement. The recoverable value of the asset or cash-generating unit is the value in use or its fair value, reduced by costs of disposal, whichever is higher. In assessing value in use, estimated future cash flows are discounted to their present value by using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment loss of goodwill is not reversed.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the assets' recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation write-off, if no impairment loss had been recognised in the previous periods.

Inventories

Inventories are impaired if their carrying amount exceeds their estimated recoverable amount. Additionally, individual types of inventories are analysed by their age structure. Depending on the group of inventories, the amount of impairment loss according to their age is determined as a percentage of their value. Impairment also includes expert judgement on possible utilisation or sale of such inventories. At least at the end of every financial period, the Company measures the net recoverable amount of inventories and the need for write-offs. Costs of inventories are not reversible if inventories are damaged, partially or completely obsolete, or if their sales price is reduced. Costs of inventories are also not reversible if the estimated costs of completion or costs in connection with sales increase. Partial write-offs of inventories under their original value or costs up to the net recoverable value is in accordance with the policy that assets cannot be recognised at values higher than expected from their sale or utilisation. Inventories are usually partially written off to their net recoverable value under individual items.

Recognition of revenues

Revenues are recognised in the financial statements if the increase of economic gain in the financial year is connected with an increase of an asset or a decrease of a liability, and if this increase can be reliably measured.

Operating revenues, which include revenues from contracts with customers and other operating revenues, are recognised when it could reasonably be expected that they will result in remuneration, if this is not already realised upon occurring and they may be reliably measured. In connection with revenues from contracts with customers, the Company uses a five-step revenue recognition model in accordance with IFRS 15. The identification of the contract with customers is followed by the identification of separation enforcement obligations, the identification of the price, the division of the price according to separation enforcement obligations and, pursuant to the aforementioned steps, the recognition of revenues. The main principle is that recognition of revenues reflects the transfer of goods and services to a customer in the amount reflecting the indemnity that the Company expects to be entitled to. Operating income of Impol 2000, d. d. includes:

- Revenues from the sale of merchandise measured by sales prices, stated on invoices or other documents, reduced by discounts granted at sale or later, even for the reason of earlier payment. Revenues are recognised in profit or loss after the Company has transferred the significant risks and rewards of ownership to the buyer.
- Revenues from sale of services, except services that lead to financial revenues, are measured according to sales prices of completed services. The work completion percentage method at the financial statement date is applied;
- Other operating revenues arising from the disposal of property, devices, equipment and intangible assets, reversal of provisions, settlement of written-of receivables and other.

Sales revenues are recognised in an amount that reflects the transaction price, which is allocated to the individual performance obligation. The transaction price is the amount of compensation to which the Company expects to be entitled in exchange for the transfer of goods or services to the buyer, excluding amounts collected on behalf of third parties. The control of the goods and services depends on the terms of the sales contract, and the transfer occurs at the moment when the buyer takes over the goods or the service is performed.

A customer contract asset is a right to consideration in exchange for goods or services that have been transferred to the customer but have not yet been billed to the customer. In this case, the Company shows accrued revenues for goods and services delivered to customers among assets from contracts with customers.

A liability from contracts with customers is a liability to transfer goods or services to the customer in exchange for compensation received by the Company from the customer. Within the framework of liabilities from contracts with customers, the Company would thus show liabilities from approved volume discounts. Liabilities from contracts are recognised as revenues when the Company fulfils its performance obligation under the contract.

Financial revenues comprises interest income, investment income, dividend income and positive foreign exchange differences. Interest income is generally recognised at the time of occurrence using the agreed interest rates. Dividend income is recognised on the date that the shareholder's right to receive payment is established.

Recognising expenses

Expenses are recognised in the financial statements if the decrease in economic benefit in the accounting period is connected to a decrease in assets or an increase in debts, and if said decrease can be reliably measured.

Operating expenses are, in principle, in the accounting period equal to costs that cannot be kept in the stocks of products and unfinished production and are consequently already recognised as operating expenses when they are incurred, as well as expenses from the cost of the goods sold. The cost of goods sold includes expenses related to the sale of goods when the cost of goods is not kept in inventories, since it is a trading activity. In addition to the cost of goods sold, operating expenses also include the costs of materials and services, labour costs, depreciation and write-offs, and other operating expenses.

Depreciation costs are the original costs associated with the strictly consistent transfer of the value of depreciable tangible fixed assets and depreciable intangible assets.

Write-offs include impairments, write-offs and losses on the sale of intangible assets and tangible fixed assets, as well as impairments or write-offs of receivables.

Labour costs are original costs related to accrued wages and similar amounts in gross amounts, as well as to duties calculated from this basis and not an integral part of gross amounts. Labour costs also include the costs of creating provisions for jubilee and retirement benefits for employees.

Other operating expenses arise in connection with the creation of provisions, concession fees, expenses, etc.

Financial expenses comprise borrowing costs (part of borrowing costs can be capitalised under property, devices and equipment) and negative foreign exchange differences.

Taxes

Income tax comprises current and deferred tax.

Current tax liabilities are disclosed in profit or loss, except for the part relating to items disclosed directly in other comprehensive income. Current tax is the expected tax payable on the taxable income for the year. Taxable profit differs from net profit reported for the financial year since it excludes income or expense items taxable or deductible in other financial years and other items that are never subject to taxation or deduction. The current tax liability is calculated using tax rates effective on the balance sheet date.

Deferred tax is disclosed entirely using the balance sheet liability method, which takes into account temporary differences occurring between the carrying amount of an asset or liability and its tax base in profit or loss. Deferred tax is determined using tax rates effective at the date of the statement of financial position that are expected to be used when the deferred tax liability is realised or the deferred tax liability is settled. Deferred tax receivables are recognised in the extent of the probability that there will be taxable profit available in the future that can be used to cover the deferred tax receivable.

Cash flow statement

The cash flow statement for the part regarding operations is composed using the indirect method from the data of the statement of financial position on 31/12 of the financial year and the statement of financial position on 31/12 of the previous financial year and additional data necessary for adjusting inflows and outflows, and for a suitable breakdown of significant items. The part regarding investing and financing is composed using the indirect method. Paid and received interest from trade receivables are distributed between cash flows from operating activities. Interest from loans and paid and received dividends are distributed between cash flows from financing.

Segment reporting

Because of the very similar nature of product groups, their production procedure and distribution, Impol 2000, d. d., as well as the Impol Group defined only one reporting segment. Presentation of data with segment reporting takes into account that aluminium business activities represent the main operating activities of the Group. Other activities have an insignificant effect on presenting financial information.

Impol 2000, d. d., reports on the sale by geographical areas. The defined geographical areas are Slovenia, European Union, other European countries and the rest of the world.

NOTES TO INDIVIDUAL ITEMS OF FINANCIAL STATEMENTS

1. Operating revenues

Table 129: Operating revenues in EUR

Operating revenues	Operating revenues generated with companies		2022	2021
	in the Group	others		
Net sales revenues	14,409,853	34,683,128	49,092,982	34,823,045
Other operating revenues	0	167,962	167,962	42,650
TOTAL	**14,409,853**	**34,851,090**	**49,260,944**	**34,865,695**

Table 130: Other operating revenues in EUR

Other operating revenues	2022	2021
Revenues from the reversal of provisions	59,751	27,379
Other revenues associated with business effects (subsidies, grants, compensations, premiums, etc.)*	105,667	8,518
Revaluation operating revenue**	2,545	6,753
TOTAL:	**167,962**	**42,650**

*After the intervention legislation for mitigating and eliminating the consequences of the covid-19 epidemic in 2022 we received aid for the purchase of SARS-CoV-2 tests and an aid in the form of covering the costs due to the quarantine ordered for employees in the total amount of EUR 5,834. The Company also received co-financing from the KOC MAT project (co-financing of the Competence centres for personnel development project) in the amount of EUR 5,500, from the JP VIP project (protection of innovation potential) EUR 38,302 and for the INDIGO project (digital transformation of the economy) EUR 55,869. Other operating revenues amounted to EUR 162.
**This is the elimination of the impairment due to the payment of a receivable in the amount of EUR 2,495, the remaining amount refers to revaluation business income from leased assets.

Net sales revenues by the type of merchandise or service

Table 131: Net sales revenues by the type of merchandise or service in EUR

Product, merchandise or service	2022	2021
Revenues from services – domestic market	14,448,603	11,804,102
Revenues from sale of merchandise – Domestic market	31,707,807	21,456,829
Revenues from sale of merchandise – Foreign market	2,933,712	1,556,998
Revenues from services – foreign market	2,860	5,116
TOTAL	**49,092,982**	**34,823,045**

Net sales revenues by operating segments

Table 132: Net sales revenues by operating segments in EUR

Net sales revenues by operating segments	2022	2021
Revenues from sales in Slovenia	**46,156,409**	**33,260,931**
• companies in the Group	14,408,063	11,765,236
• other companies	31,748,346	21,495,695
Revenues from sales in EU	**1,381,254**	**696,253**
• companies in the Group	1,790	4,496
• other companies	1,379,465	691,757
Revenues from sales in other European countries	**1,555,318**	**865,861**
• other companies	1,555,318	865,861
TOTAL	**49,092,982**	**34,823,045**

2. Operating expenses

Analysis of costs and expenses

Table 133: **Analysis of costs and expenses in EUR**

	Costs of sale	Costs of general activities	Total 2022	TOTAL purchases in 2022 from: Companies in the Group	Associated companies	Other companies	Total 2021
Cost of merchandise and materials sold	33,329,436	0	**33,329,436**	33,329,436	0	0	**22,007,175**
Costs of material	0	209,207	**209,207**	59,475	0	149,731	**170,337**
Costs of services	553,953	1,504,548	**2,058,501**	300,239	509,549	1,248,713	**1,602,629**
Labour costs	0	12,719,793	**12,719,793**	0	0	12,719,793	**10,171,301**
Depreciation	0	256,243	**256,243**	52,892	0	203,351	**262,528**
Other operating expenses	0	322,540	**322,540**	4,707	0	317,832	**195,302**
TOTAL:	**33,883,388**	**15,012,331**	**48,895,719**	**33,746,749**	**509,549**	**14,639,421**	**34,409,272**

Costs of material

Table 134: **Costs of materials in EUR**

	2022	2021
Costs of energy	56,245	37,169
Costs of office supplies and professional literature	100,820	87,711
Other costs of materials	52,142	45,457
TOTAL	**209,207**	**170,337**

Costs of services

Table 135: **Costs of services in EUR**

	2022	2021
Costs of transport services	50,174	53,541
Costs of rents	10,463	16,643
Reimbursement of employee costs	141,362	72,111
Other costs of services	1,856,502	1,460,334
TOTAL	**2,058,501**	**1,602,629**

Auditor's cost

Table 136: **The amount (cost) spent for the auditor (according to ZGD-1, Point 2, Paragraph 4, Article 69) in EUR**

	2022	2021
Auditing of the annual report	21,060	23,622
TOTAL	**21,060**	**23,622**

Except for the mandatory annual audit of separate and consolidated financial statements of Impol 2000, d. d., for the financial year of 2022, the audit firm did not carry out any other audit or non-audit services.

Labour costs

Table 137: **Itemisation of labour costs in EUR**

	2022	2021
Costs of wages and salaries	8,022,804	6,962,167
Costs of pension insurance	720,002	628,975
Costs of other social security contributions	593,075	506,856
Other labour costs	3,383,912	2,073,304
TOTAL:	**12,719,793**	**10,171,301**

Table 138: **Remuneration of members of the Board of Directors and Supervisory Board and employees on individual contracts in EUR**

	2022	2021
Board of Directors members	1,478,404	1,146,916
Employees on individual contracts	6,151,505	4,854,578
TOTAL	**7,629,910**	**6,001,494**

Employee education structure as of 31/12/2022

Table 139: **Education structure**

Education level	Number of employees as of 31/12/2022	Number of employees as of 31/12/2021
Doctoral Degree	5	4
Master's Degree	4	4
Bachelor's Degree	50	48
Higher education	20	18
College	16	11
Secondary School Degree	21	19
Qualified	10	9
Semi-qualified	2	2
Non- qualified	3	2
Total	**131**	**117**

Depreciation

Table 140: **Depreciation in EUR**

	2022	2021
Depreciation of intangible fixed assets	42,910	47,820
Depreciation of tangible fixed assets	106,979	106,967
Depreciation of tangible fixed assets relating to the right to use assets	106,354	107,741
Total depreciation	**256,243**	**262,528**

Other costs and expenses

Table 141: **Other costs and expenses in EUR**

	2022	2021
Charges independent of operation	158,576	163,370
Grants	163,927	31,900
Other costs	36	32
TOTAL	**322,539**	**195,302**

3. Financial revenues and expenses

Financial revenues

Table 142: **Financial revenues from financial investments and operating receivables in EUR**

	Total 2022	Of which from companies in the Group	Other	**Total 2021**
Financial revenues from participating interests – in profits, dividends	**10,000,000**	10,000,000	0	**10,670,000**
Financial revenues from loans – interests	**793**	790	3	**800**
Financial revenues from operating receivables – interests	**12,329**	0	12,329	**3,397**
Financial revenues from operating receivables – foreign exchange differences	**0**	0	0	**1**
Total	**10,013,122**	**10,000,790**	**12,332**	**10,674,199**

*Profit shares refer to the participation in the profits of subsidiaries in 2022, namely, according to the resolution of the General Meeting of the subsidiary Impol, d. o. o, dated 23/12/2022, Impol 2000, d. d., received the entire part of the balance sheet profit intended for distribution, i.e. in the amount of EUR 10,000,000.

Financial expenses

Table 143: Financial expenses from financial investments and operating liabilities in EUR

	Total 2022	Of which from companies in the Group	Other	Total 2021
Financial expenses from (excluding bank loans) – interests	**437,086**	437,086	0	**445,824**
Financial expenses from leases – interests (financial lease)	**0**	0	0	**140**
Financial expenses from other financial liabilities – interests	**4,579**	0	4,579	**3,697**
Financial expenses from leases – interests (operating lease)	**6,869**	2,572	4,297	**6,446**
Financial expenses from operating liabilities – interests	**5**	0	5	**50**
Financial expenses from operating liabilities – foreign exchange differences	**315**	0	315	**32**
Total:	**448,854**	**439,658**	**9,196**	**456,188**

4. Income tax

Table 144: Income tax in EUR

Income tax	2022	2021
Revenues determined in accordance with accounting regulations	59,274,065	45,539,894
Revenue adjustment for tax purposes – decrease	10,029,427	10,689,909
Revenues recognised for tax purposes	**49,244,638**	**34,849,985**
Expenses determined under accounting regulations	49,344,573	34,865,460
Expense adjustment for tax purposes – Decrease	522,104	295,556
Expense adjustment for tax purposes – Increase	0	610
Expenses recognised for tax purposes	**48,822,469**	**34,570,513**
Difference between deductible revenues and expenses	**422,170**	**279,471**
Change of the tax base when amending tax base when amending accounting policies, error corrections and revaluations	-2,579	-5,166
Increase in tax base for predetermined tax relief	500,000	533,500
Tax base	**919,591**	**807,806**
Decrease in tax base and tax relief (up to the maximum amount of the tax base)	223,878	84,512
Tax base	**695,713**	**723,293**
Tax (19%)	**132,185**	**137,426**
Effective tax rate (in%)	**1.33%**	**1.29%**

In 2022, the effective profit tax rate for Slovenia was 19% (in 2021: 19%). According to the balance as of 31/12/2022, in the statement of financial position, among other short-term business liabilities (item 4. Other short-term business liabilities), the Company shows liabilities from profit tax in the amount of EUR 6,212.

CbCR reporting

Since in 2021 the total consolidated revenues of the Impol Group reached or exceeded EUR 750,000,000, the same applies for 2022. In 2023, on the basis of Chapter III.B of ZDavP-2, country-by-country reporting (CbCR) will be carried out for the first time for the year 2022. The reporting company for the international group of companies is the company Impol 2000, d. d.

5. Deferred taxes

Trend in deferred tax for Impol 2000, d. d.

Table 145: **Trend in deferred tax for Impol 2000, d. d. in EUR**

	Deferred taxes from deductible temporary differences due to the differences in provisions for jubilee and retirement benefits	Total
Balance of deferred tax receivables as of 31/12/2021	**27,296**	**27,296**
Balance of deferred tax receivables as of 01/01/2022	**27,296**	**27,296**
Utilisation of deductible temporary differences (-)	1,022	1,022
Balance of deferred tax receivables as of 31/12/2022	**26,274**	**26,274**

Deferred tax receivables were formed from deductible temporary differences due to the differences in provisions for jubilee and retirement benefits. The considered deductible temporary differences will in the future result in a reduction of the taxable profit shown in the Company's profit or loss statement. The 19% rate was applied in the calculation which is equal to the effective profit tax rate for 2023 in Slovenia.

Table 146: **Change in deferred tax receivables in EUR**

Changes in deferred-tax assets and liabilities were recognised in:	2022	2021
• Profit or loss account (+/-)	-1,022	4,001
TOTAL	**-1,022**	**4,001**

Impact on the net operating result of Impol 2000, d. d, from deferred taxes, amounted to EUR -1,022, which reduced the net profit for the current year.

Net earnings per share

Basic earnings per share are calculated by dividing net earnings attributable to shareholders by the weighted average of the number of regular shares during the year, excluding the average number of own shares.

Table 147: **Net earnings per share in EUR**

	2022	2021
Profit or loss relating to the owners of the controlling entity	9,796,285	10,541,009
Weighted average of the number of regular shares	1,066,767	1,066,767
Net earnings per share (in EUR)	**9.18**	**9.88**
Regular shares as of 01/01	1,066,767	1,066,767
Effect of own shares	0	0
Weighted average of the number of regular shares as of 31/12	**1,066,767**	**1,066,767**

Because the Company does not have any preference shares, nor bonds which could be converted into shares, the adjusted earnings per share equals the basic earnings per share.

6. Intangible assets and long-term deferred costs and accrued revenues

Table 148: Trend in intangible assets in 2022 in EUR

Description	Long-term property rights	**Total**
Cost as of 31/12/2021	**624,089**	**624,089**
Opening balance adjustments	0	**0**
Cost as of 01/01/2022	**624,089**	**624,089**
Cost as of 31/12/2022	**624,089**	**624,089**
Value adjustment as of 31/12/2021	**325,566**	**325,566**
Opening balance adjustment	0	**0**
Value adjustment as of 01/01/2022	**325,566**	**325,566**
Depreciation during the year	42,910	**42,910**
Value adjustment as of 31/12/2022	**368,476**	**368,476**
Carrying amount as of 31/12/2022	**255,613**	**255,613**
Carrying amount as of 31/12/2021	**298,523**	**298,523**

Table 149: Trend in intangible assets in 2021 in EUR

Description	Long-term property rights	Total
Cost as of 31/12/2020	**624,089**	**624,089**
Opening balance adjustments	0	0
Cost as of 01/01/2021	**624,089**	**624,089**
Cost as of 31/12/2021	**624,089**	**624,089**
Value adjustment as of 31/12/2020	**277,745**	**277,745**
Opening balance adjustment	0	0
Value adjustment as of 01/01/2021	**277,745**	**277,745**
Depreciation during the year	47,820	47,820
Value adjustment as of 31/12/2021	**325,566**	**325,566**
Carrying amount as of 31/12/2021	**298,523**	**298,523**
Carrying amount as of 31/12/2020	**346,344**	**346,344**

The intangible assets shown mostly relate to software owned by Impol 2000, d. d., and are free of encumbrances. Cost of intangible fixed assets with zero present value, which are still being utilised, amounts to EUR 201,874. The Company does not report intangible assets with an indefinite useful life.

7. Tangible fixed assets

Table 150: Trend in tangible fixed assets in 2022 in EUR

Description	Production machinery and equipment	Other machinery and equipment	Equipment and other tangible fixed assets being acquired	Total equipment	Total
Cost as of 31/12/2021	**739,009**	**615,316**	**0**	**1,354,326**	**1,354,326**
Opening balance adjustments	0	0	0	**0**	**0**
Cost as of 01/01/2022	**739,009**	**615,316**	**0**	**1,354,326**	**1,354,326**
Direct increases – acquisitions	0	0	58,326	**58,326**	**58,326**
Transfer from investments in progress	0	94,006	-94,006	**0**	**0**
Transfer between companies in the Group – acquisition	0	0	36,810	**36,810**	**36,810**
Decreases – exclusions, other decreases (-)	0	35,861	0	**35,861**	**35,861**
Cost as of 31/12/2022	**739,009**	**673,462**	**1,130**	**1,413,601**	**1,413,601**
Value adjustment as of 31/12/2021	**667,496**	**458,343**	**0**	**1,125,839**	**1,125,839**
Opening balance adjustments	0	0	0	**0**	**0**
Value adjustment as of 01/01/2022	**667,496**	**458,343**	**0**	**1,125,839**	**1,125,839**
Depreciation during the year	3,637	103,342	0	**106,979**	**106,979**
Direct increase	0	649	0	**649**	**649**
Decreases – exclusions, other decreases (-)	0	35,861	0	**35,861**	**35,861**
Value adjustment as of 31/12/2022	**671,133**	**526,472**	**0**	**1,197,605**	**1,197,605**
Carrying amount as of 31/12/2022	**67,877**	**146,989**	**1,130**	**215,996**	**215,996**
Carrying amount as of 31/12/2021	**71,513**	**156,973**	**0**	**228,487**	**228,487**

With the application of the IFRS 16 – Lease standard, the assets under lease in the balance sheet are not recognised among tangible fixed assets since 01/01/2019, but rather separately under the item "Assets under lease" - see Note 8.

Table 151: **Trend in tangible fixed assets in 2021 in EUR**

Description	Production machinery and equipment	Other machinery and equipment	Equipment and other tangible fixed assets being acquired	**Total equipment**	**TOTAL**
Cost as of 31/12/2020	**739,009**	**582,378**	**0**	**1,321,387**	**1,321,387**
Opening balance adjustments	0	0	0	**0**	**0**
Cost as of 01/01/2021	**739,009**	**582,378**	**0**	**1,321,387**	**1,321,387**
Direct increases – acquisitions	0	0	67,769	**67,769**	**67,769**
Transfer from investments in progress	0	70,158	-70,158	**0**	**0**
Transfer between companies in the Group – acquisition	0	0	2,389	**2,389**	**2,389**
Decreases – exclusions, other decreases (-)	0	37,219	0	**37,219**	**37,219**
Cost as of 31/12/2021	**739,009**	**615,316**	**0**	**1,354,326**	**1,354,326**
Value adjustment as of 31/12/2020	**663,859**	**392,233**	**0**	**1,056,092**	**1,056,092**
Opening balance adjustments	0	0	0	**0**	**0**
Value adjustment as of 01/01/2021	**663,859**	**392,233**	**0**	**1,056,092**	**1,056,092**
Depreciation during the year	3,637	103,329	0	**106,967**	**106,967**
Decreases – exclusions, other decreases (-)	0	37,219	0	**37,219**	**37,219**
Value adjustment as of 31/12/2021	**667,496**	**458,343**	**0**	**1,125,839**	**1,125,839**
Carrying amount as of 31/12/2021	**71,513**	**156,973**	**0**	**228,487**	**228,487**
Carrying amount as of 31/12/2020	**75,151**	**190,145**	**0**	**265,296**	**265,296**

Disclosed tangible assets are the property of Impol 2000, d. d. and encumbrance free. The cost of intangible fixed assets, which currently amount to zero and are still being utilised as of 31/12/2022, amounts to EUR 1,064,925.

8. Assets under lease

Table 152: **Trend in right to use assets in the first half of 2022 in EUR**

Description	Right to use immovable property – operating lease – companies within the Group	Total right to use immovable property – operating lease	Right to use equipment – operating lease – other companies	**Total right to use equipment – operating lease**	**Total right to use – operating lease**	Right to use equipment – financial lease – other companies	**Total right to use equipment – financial lease**	**Total right to use**
Cost as of 31/12/2021	**264,460**	**264,460**	**151,519**	**151,519**	**415,979**	**97,881**	**97,881**	**513,860**
Opening balance adjustments	0	0	0	0	**0**	0	**0**	**0**
Cost as of 01/01/2022	**264,460**	**264,460**	**151,519**	**151,519**	**415,979**	**97,881**	**97,881**	**513,860**
Direct increase (+)	**0**	**0**	**113,160**	**113,160**	**113,160**	**0**	**0**	**113,160**
Decreases (-)	0	0	58,934	58,934	**58,934**	0	**0**	**58,934**
Other decreases (-)	0	0	27,700	27,700	**27,700**	0	**0**	**27,700**
Cost as of 31/12/2022	**264,460**	**264,460**	**178,045**	**178,045**	**442,505**	**97,881**	**97,881**	**540,386**
Value adjustment as of 31/12/2021	**158,676**	**158,676**	**90,873**	**90,873**	**249,549**	**97,881**	**97,881**	**347,430**
Opening balance adjustments	0	0	0	0	**0**	0	**0**	**0**
Value adjustment as of 01/01/2022	**158,676**	**158,676**	**90,873**	**90,873**	**249,549**	**97,881**	**97,881**	**347,430**
Depreciation (+)	52,892	52,892	53,462	53,462	**106,354**	0	**0**	**106,354**
Decreases (-)	0	0	58,934	58,934	**58,934**	0	**0**	**58,934**
Other decreases (-)	0	0	27,025	27,025	**27,025**	0	**0**	**27,025**
Value adjustment as of 31/12/2022	**211,568**	**211,568**	**58,376**	**58,376**	**269,944**	**97,881**	**97,881**	**367,825**
Carrying amount as of 31/12/2022	**52,892**	**52,892**	**119,669**	**119,669**	**172,561**	**0**	**0**	**172,561**
Carrying amount as of 31/12/2021	**105,784**	**105,784**	**60,646**	**60,646**	**166,430**	**0**	**0**	**166,430**

Table 153: **Trend in right to use assets in the first half of 2021 in EUR**

Description	Right to use immovable property – operating lease – companies in the Group	Total right to use immovable property – operating lease	Right to use equipment – operating lease – other companies	Total right to use equipment – operating lease	**Total right to use – operating lease**	Right to use equipment – financial lease – other companies	**Total right to use equipment – financial lease**	**Total right to use**
Cost as of 31/12/2020	**264,460**	**264,460**	**170,626**	**170,626**	**435,086**	**97,881**	**97,881**	**532,966**
Opening balance adjustments	0	0	0	0	**0**	0	**0**	**0**
Cost as of 01/01/2021	**264,460**	**264,460**	**170,626**	**170,626**	**435,086**	**97,881**	**97,881**	**532,966**
Other decreases (-)	**0**	**0**	**19,107**	**19,107**	**19,107**	**0**	**0**	**19,107**
Cost as of 31/12/2021	**264,460**	**264,460**	**151,519**	**151,519**	**415,979**	**97,881**	**97,881**	**513,860**
Value adjustment as of 31/12/2020	**105,784**	**105,784**	**55,902**	**55,902**	**161,686**	**89,723**	**89,723**	**251,408**
Opening balance adjustments	0	0	0	0	**0**	0	**0**	**0**
Value adjustment as of 01/01/2021	**105,784**	**105,784**	**55,902**	**55,902**	**161,686**	**89,723**	**89,723**	**251,408**
Depreciation (+)	52,892	52,892	46,690	46,690	**99,583**	8,158	**8,158**	**107,741**
Other decreases (-)	0	0	11,719	11,719	**11,719**	0	**0**	**11,719**
Value adjustment as of 31/12/2021	**158,676**	**158,676**	**90,873**	**90,873**	**249,549**	**97,881**	**97,881**	**347,430**
Carrying amount as of 31/12/2021	**105,784**	**105,784**	**60,646**	**60,646**	**166,430**	**0**	**0**	**166,430**
Carrying amount as of 31/12/2020	**158,676**	**158,676**	**114,724**	**114,724**	**273,400**	**8,158**	**8,158**	**281,558**

*Upon transferring to the new IFRS 16 – Lease standard within Impol 2000,d. d., the latter has made the decision in 2019 to choose the possibility of using the standard retroactively, with a cumulative effect of the beginning of use of the standard and measurement of assets amounting to calculated lease liabilities.

A 3% annual interest rate is applied for calculating the current value of liabilities from leases for all leases. The right to use the asset is amortised and interests are attributed to liabilities.

Assets under financial lease

As of 31/12/2022, Impol 2000, d. d., does not report assets under financial lease among its assets.

9. Long-term financial investments

Table 154: **Long-term financial investments in EUR**

	Cost of long-term financial investments as of 31/12/2022	Of which long-term financial investments in companies:		Value adjustment as of 31/12/2022		Carrying amount as of	
		in the Group	associated companies	Total value adjustment as of 31/12/2022	of which to associated companies	31/12/2022	31/12/2021
		+	+	-	-		
Investments in shares and participating interest	141,369,308	141,334,661	34,648	34,648	34,648	141,334,661	141,334,661
TOTAL long-term financial investments except for loans	**141,369,308**	**141,334,661**	**34,648**	**34,648**	**34,648**	**141,334,661**	**141,334,661**
Long-term loans granted	51,000	51,000	0	0	0	51,000	0
TOTAL long-term loans	**51,000**	**51,000**	**0**	**0**	**0**	**51,000**	**0**
Total long-term investments	**141,420,308**	**141,385,661**	**34,648**	**34,648**	**34,648**	**141,385,661**	**141,334,661**

Trend in investments in subsidiaries and associated companies

Table 155: Trend in investments in subsidiaries and associated companies in EUR

Long-term financial investment in the company:	Cost as of 01/01/2022	Cost as of 31/12/2022	Cost adjustment due to impairment		Carrying amount as of		Ownership as of 31/12/2022
			Value adjustment as of 01/01/2022	Value adjustment as of 31/12/2022	31/12/2022	01/01/2022	%
	+	+	-	-	=	=	
Impol Servis, d. o. o.	245,037	245,037	0	0	245,037	245,037	100%
Impol, d. o. o.	73,988,863	73,988,863	0	0	73,988,863	73,988,863	100%
Impol-FinAl, d. o. o.	1,000,000	1,000,000	0	0	1,000,000	1,000,000	100%
Rondal, d. o. o.	100,000	100,000	0	0	100,000	100,000	100%
Impol-TLM, d. o. o.	63,773,761	63,773,761	0	0	63,773,761	63,773,761	100%
Alcad, d. o. o.	2,227,000	2,227,000	0	0	2,227,000	2,227,000	100%
Total subsidiaries	**141,334,661**	**141,334,661**	**0**	**0**	**141,334,661**	**141,334,661**	
Impol Brazil Aluminium	34,648	34,648	34,648	34,648	0	0	50%
Total associated companies	**34,648**	**34,648**	**34,648**	**34,648**	**0**	**0**	
TOTAL	**141,369,309**	**141,369,309**	**34,648**	**34,648**	**141,334,661**	**141,334,661**	

Long-term financial investments in capital are entirely classified in the Group for financial investments in subsidiaries and associated companies and are measured at cost. As the controlling company, Impol 2000, d. d., is responsible for preparation of consolidated financial statements for the companies presented above. There were no changes in the volume and value of investments in 2022 compared to 2021.

A financial investment in the equity of the subsidiary Impol, d. o. o., namely 97.54% of the ownership share in this Company was pledged In the form of the given guarantee for the obligations of Impol, d. o. o., to banks. The balance of these liabilities of the Impol, d. o. o., amounts to EUR 8,000,000 as of 31/12/2022.

The presentation of subsidiaries and the equity and operating results of the companies in question for 2022 is given in the business part of the annual report.

Trend in long-term loans granted

Table 156: Trend in long-term loans granted in EUR

	Loans granted to Group companies	Total
Balance of long-term loans granted as of 01/01/2022	**0**	**0**
New loans (+)	51,000	51,000
Balance of long-term loans granted as of 31/12/2022	**51,000**	**51,000**

This is a loan granted to a company in the Group in Slovenia. The loan is secured with bills of exchange and is calculated at the established interest rate, which applies to loans between associated entities, increased by 1 percentage point due to maturity. It is due on 31/12/2026.

10. Merchandise inventories

Table 157: **Merchandise inventories in EUR**

	Cost as of 01/01/2022	Changes (+/-)	Carrying amount as of 31/12/2022	Carrying amount as of 31/12/2021
Merchandise	7,485	-7,485	0	7,485
TOTAL	**7,485**	**-7,485**	**0**	**7,485**

Merchandise inventories decreased to EUR 0 at the end of 2022 due to identified deficiencies according to the inventory.

11. Short-term financial investments

Table 158: **Short-term financial investments in EUR**

	Cost (+) 01/01/2022	New loans (+)	Refunds or transfer among long-term loans granted (-)	Carrying amount as of 31/12/2022	Carrying amount as of 01/01/2022
Short-term loans to companies in the Group	51,000	0	51,000	0	51,000
Total short-term financial investments - loans	**51,000**	**0**	**51,000**	**0**	**51,000**

This is a loan granted to a company in the Group in Slovenia. The loan was secured with bills of exchange and was calculated at the established interest rate, which applies to loans between associated entities, increased by 1 percentage point due to maturity. Upon maturity of the loan, i.e. at the beginning of 2022, this was converted into a long-term loan with the annex.

12. Short-term operating receivables

Table 159: **Short-term operating receivables in EUR**

	Short-term operating receivables	Short-term operating receivables from companies:		Value adjustment due to impairment (to other companies)	31/12/2022	31/12/2021
		in the Group	Other			
	=	+	+	-	=	
Short-term operating receivables from customers	4,970,742	46,355	4,924,387	5,773	4,964,969*	5,404,358
• of which already matured on 31/12/2022	802,036	4,363	797,674	0	802,036	315,504
Short-term advances and securities granted	0	0	0	0	0	190
Short-term receivables related to financial revenues	40,367	3,233	37,134	0	40,367	33,954
Short-term receivables from state institutions	148,548	0	148,548	0	148,548	32,236
Other short-term operating receivables	493,625	0	493,625	0	493,625	11,209
TOTAL	**5,653,283**	**49,588**	**5,603,695**	**5,773**	**5,647,510**	**5,481,948**

* In Slovenia, the Company's receivables from customers are secured through Coface PKZ zavarovalnica, d. d. Slovenia in the amount of EUR 4,055,917 in accordance with the balance as of 31/12/2022 (balance as of 31/12/2021: EUR 3,751,706).

Table 160: **Short-term operating receivables from customers in the domestic and foreign market in EUR**

	31/12/2022	31/12/2021
Short-term operating receivables in the domestic market	4,611,646	5,242,878
Short-term operating receivables in the foreign market	353,323	161,480
TOTAL	**4,964,969**	**5,404,358**

Trade debtors abroad are converted into the local currency at the exchange rate of the ECB published by the Bank of Slovenia. Exchange rate difference arising until the date of settlement of the receivable or until the financial statement date are classified as the financial income or expenses item.

Analysis of outstanding trade receivables in EUR

Table 161: Analysis of outstanding trade receivables in EUR

	31/12/2022	31/12/2021
Matured in 2022	802,002	-
Matured in 2021	34	315,504
TOTAL receivables from customers already due	**802,036**	**315,504**

Trend in value adjustment of short-term operating receivables due to the impairment

Table 162: Trend in value adjustment of short-term operating receivables due to the impairment in EUR

	2022	Of which value adjustment of short-term receivables from companies: other	2021
Balance as of 01/01/2022	8,268	8,268	21,686
Decrease in value due to settlement of receivables (-)	2,495	2,495	6,219
Decrease in value due to write-offs of receivables (-)	0	0	7,199
Balance as of 31/12/2022	5,773	5,773	8,268

Table 163: Short-term receivables related to financial revenues in EUR

	31/12/2022	31/12/2021
Short-term receivables for interests related to financial revenues from operating receivables from other companies (customers) (+)	37,134	31,511
Short-term receivables for interests related to financial revenues from loans granted to companies in the Group (+)	3,233	2,443
TOTAL	**40,367**	**33,954**

On 31/12/2022, the Company had no disclosed receivables from members of the Board of Directors, the Executive Directors and internal owners.

13. Cash

Table 164: Cash in EUR

	31/12/2022	31/12/2021
Cash in hand and immediately cashable securities	387	153
Cash in banks and other financial institutions	6,212,931	1,160,950
Short-term deposits up to three months	0	0
Cash	**6,213,318**	**1,161,102**

The Company has no short-term deposits under three months, but as of 31/12/2022 the so-called over-night deposit in the amount of EUR 1,443,278 has been formed, which is included in the credit balance shown at banks and other financial institutions.

Short-term deferred costs and accrued revenues

Table 165: Short-term deferred costs and accrued revenues in EUR

	31/12/2022	31/12/2021
Short-term deferred costs or expenses	16,910	26,000
Short-term deferred income	174,488	0
VAT from advances received	751	19,569
Short-term deferred costs and accrued revenues	**192,149**	**45,569**

Short-term deferred costs or expenses mainly refer to the costs of professional literature, IT maintenance, licenses, membership fees and other.

In the case of short-term accrued revenues, for which the Company has not yet submitted claims to the line ministry, it is a matter of co-financing the costs of the public tender "Digital transformation of the economy" by the Ministry of Economic Development and Technology - the INDIGO project. The total amount of approved funds within the mentioned project, to which the Company is entitled, amounts to EUR 223,867. In 2022, the Company already issued claims in the total amount of EUR 49,379.

14. Equity

Table 166: Equity in EUR

	31/12/2022	31/12/2021
Equity	**69,662,254**	**66,270,938**
Called-up capital	4,451,540	4,451,540
Share capital	4,451,540	4,451,540
Capital reserves	10,751,254	10,751,254
Revenue reserves	7,958,351	7,958,351
Statutory reserves	2,225,770	2,225,770
Other revenue reserves	5,732,581	5,732,581
Reserves from fair value measurement	-45,756	-42,180
Retained net profit or loss	36,750,580	32,610,964
Net profit or loss for the financial year	9,796,285	10,541,009

The share capital of Impol 2000, d. d., amounts to EUR 4,451,540 and is divided into 1,066,767 registered no-par value shares, namely into:
- 23,951 no-par value shares of the first issue,
- 1,029,297 no-par value shares of the second issue,
- 13,519 no-par value shares of the third issue.

The shares are held by named persons, are of the same class and are transferable. The central share register is kept by KDD.

Capital reserves of Impol 2000, d. d., include paid-in capital surplus and the general revaluation adjustment.

Statutory reserves were formed in previous years on the basis of the Company's Statute, namely in the amount of 15% of the Company's net profit for the business year, until the latter reached ½ of the Company's share capital.

In 2022, the amount of other profit reserves did not change compared to the situation in 2021.

The change in reserves resulting from fair value valuation in 2022 is presented in the table.

Table 167: Trend in reserves from fair value measurement in EUR

	Balance as of 31/12/2021	Balance as of 01/01/2022	Formation (+/-)	Reversal (-/+)	Balance as of 31/12/2022
Actuarial gains/losses, recognised under provisions for retirement benefits	-42,180	-42,180	-4,367	791	-45,756
TOTAL	**-42,180**	**-42,180**	**-4,367**	**791**	**-45,756**

In 2022, Impol 2000, d. d., paid out dividends in the amount of EUR 6,00 gross per share or in a total amount of EUR 6,400,602.

The net profit of the financial year 2022 amounted to EUR 9,796,285 and remained entirely unused for possible purposes from Article 230 ZGD-1.

Disclosure regarding distributable profit

Table 168: Distributable profit in EUR

	31/12/2022	31/12/2021
Net profit or loss for the financial year	9,796,285	10,541,009
Retained net profit	36,750,580	32,610,964
Balance sheet profit	**46,546,865**	**43,151,973**

At the regular annual General Meeting of Impol 2000, d. d., in 2023, the Board of Directors will propose that the balance sheet profit as of 31/12/2022 be divided in the amount of EUR 10 gross per share.

Table 169: Use of the distributable profit in EUR

Dividends to shareholders in the amount of EUR 10.00/share	10,667,670
Undistributed accumulated profit/loss for 2022 (to the retained profit/loss)	**35,879,195**

Distributable profit in the amount of EUR 35,879,195 would remain undistributed upon the proposal of the management.

15. Provisions and received government grants

Table 170: Provisions and received government grants in EUR

	Provisions for retirement benefits	Provisions for jubilee benefits	Total provisions for pensions, jubilee and retirement benefits	Received government grants	Total
Balance as of 31/12/2021	**108,331**	**221,171**	**329,502**	**0**	**329,502**
Opening balance adjustments	0	0	0	0	0
Balance as of 01/01/2022	**108,331**	**221,171**	**329,502**	**0**	**329,502**
Formation (+)	11,214	35,473	46,687	229,754	276,442
Utilisation (-)	3,111	5,169	8,280	61,755	70,035
Reversal (-)	42,039	3,545	45,584	0	45,584
Balance as of 31/12/2022	**74,395**	**247,930**	**322,325**	**167,999**	**490,324**

Provisions for jubilee and retirement benefits

Table 171: Trend in provisions for jubilee and retirement benefits in EUR

	Provisions for jubilee benefits	Provisions for retirement benefits	TOTAL
Balance as of 31/12/2021	**221,171**	**108,331**	**329,502**
Changes (conversions, adjustments) to the opening balance			0
Balance as of 01/01/2022	**221,171**	**108,331**	**329,502**
Interest costs (+)	3,104	1,476	4,580
Past and present service costs (+/-)	28,003	9,739	37,742
Cancelled provisions - early departures (-)	-3,545	-3,414	-6,959
Payout of benefits (-)	-5,169	-3,111	-8,280
Actuarial profit/loss (IPI) (+/-)		-38,626	-38,626
Actuarial profit/loss (other comprehensive income) (+/-)	4,367		4,367
Balance as of 31/12/2022	**247,930**	**74,395**	**322,325**

Provisions for pensions, jubilee and retirement benefits to other companies were first allocated in 2015. Provisions for jubilee and retirement benefits were allocated in the amount of the estimated future payments for jubilee and retirement benefits, discounted to the end of the reporting period. Labour costs and costs of interest are recognised in the statement of profit or loss, while the conversion of such provisions or unrealised actuarial profit or loss due to retirement benefits is recognised in other comprehensive income from capital.

Calculation of provisions for post-employment benefits and other long-term employee benefits is based on actuarial model, which takes into account the following assumptions:

- annual discount rate, derived from data on the yield of government bonds of the Republic of Slovenia (for 2022, we increased the annual discount factor, from 1.45 to 3.75 percent);
- currently valid amounts of jubilee and retirement benefits from internal rules;
- employee turnover depending primarily on age (for 2022, we reduced the turnover rate from 30 to 20 percent);
- mortality rate based on last available mortality tables of the local population (for 2022, we reduced the mortality rate from 7 to 5 percent).

It is estimated that no provisions, other than the above stated, need to be formed.

Received government grants

In April 2022, Impol 2000, d. d., as the leading consortium partner signed a consortium agreement with the Ministry of Economic Development and Technology for the implementation of the INDIGO project. It is about co-financing the costs of the public tender for the Digital transformation of the economy. The project will last until mid-2024. In this regard, Impol 2000, d. d will receive state aid in the estimated amount of EUR 223,868, of which EUR 55,869 was already drawn state aid to cover co-financed costs in 2022.

The remaining amounts of the formed or of the used state subsidies refer to bonuses received for exceeding the employment quota for disabled people, partial exemption from the payment of contributions due to the employment of disabled people, over 60 years of age and employment for an indefinite period.

16. Long-term financial and operating liabilities

Table 172: **Long-term financial and operating liabilities in EUR**

	Total debt as of 31/12/2022	The part falling due in 2023	31/12/2022	31/12/2021
Long-term financial liabilities	66,700,754	2,230,318	64,470,436	66,610,079
Long-term operating liabilities	0	0	0	0
TOTAL long-term financial and operating liabilities	**66,700,754**	**2,230,318**	**64,470,436**	**66,610,079**
Long-term financial liabilities to Group companies (excluding the liabilities from financial lease)	63,319,148	0	63,319,148	63,319,148
Long-term financial liabilities (excluding liabilities from financial lease) to others	3,200,000	2,133,333	1,066,667	3,200,000
Long-term financial liabilities from leases – operating lease – companies in the Group	56,108	56,108	0	56,108
Long-term financial liabilities from leases – operative lease – other companies	125,497	40,876	84,621	34,823
TOTAL long-term financial and operating liabilities	**66,700,754**	**2,230,318**	**64,470,436**	**66,610,079**

Table 173: **Maturity of long-term financial and operating liabilities in EUR**

	31/12/2022	31/12/2021
Matured in 2023	X	2,202,602
Matured in 2024	64,427,934	64,399,376
Matured in 2025	37,511	8,100
Matured in 2026	4,991	0
Matured in 2027	0	0
Due in 2028 or later	0	X
Total long-term financial and operating liabilities	**64,470,436**	**66,610,079**

Trend in long-term financial liabilities

Table 174: Trend in long-term financial liabilities (loans and bonds) in EUR

	Interest rate in %	Date of maturity	Total debt as of 01/01/2022	New loans	Repayment in the current year (-)	Total debt as of 31/12/2022	Part of the long-term debt falling due in the next year	Balance of the long-term debt as of 31/12/2022	Total debt as of 31/12/2021
Long-term financial liabilities to companies in the Group – loan	0.646	23/09/2024	63,319,148	0	0	63,319,148	0	63,319,148	63,319,148
Long-term financial liabilities to others – purchase of a business share	interest-free	16/02/2024	3,200,000	0	0	3,200,000	2,133,333	1,066,667	3,200,000
TOTAL long-term financial liabilities			**66,519,148**	**0**	**0**	**66,519,148**	**2,133,333**	**64,385,815**	**66,519,148**

In 2019, a long-term framework loan amounting to EUR 67 million has been approved to Impol 2000, d. d. by a company in the Group in order to cover its short-term loans and finance its business operations. The loan is calculated at the established interest rate, increased by 1 percentage point and maturity percentage, and secured with a bill of exchange. It is due in 2024.

The debt from the purchase price for acquiring an additional business share in Impol, d. o. o., in July 2021, belongs among long-term financial liabilities. Installments are due twice a year, and the amount of each installment is EUR 1,066,667. The loan is not secured.

Liabilities from leases

Table 175: Trend in long-term financial liabilities from leases in EUR

	Total debt as of 31/12/2021	Total debt as of 01/01/2022	New lease	Termination of the lease in current year (-) / Repayments in the current year (-)	Total debt as of 31/12/2022	Part of the long-term debt falling due in the next year	Balance of the long-term debt as of 31/12/2022
Long-term financial liabilities from leases – operating lease – companies in the Group	56,108	56,108	0	0	56,108	56,108	0
Long-term financial liabilities from leases – operating lease – other companies	34,823	34,823	113,160	22,486	125,497	40,876	84,621
Long-term financial liabilities from leases – financial lease – other companies	0	0	0	0	0	0	0
TOTAL	**90,931**	**90,931**	**113,160**	**22,486**	**181,606**	**96,984**	**84,621**

Table 176: Maturity of long-term financial liabilities from leases as of 31/12/2022 in EUR

	31/12/2022	31/12/2021
Matured in 2023	X	69,269
Matured in 2024	42,119	13,561
Matured in 2025	37,511	8,100
Matured in 2026	4,991	0
Matured in 2027	0	0
Due in 2028 or later	0	0
Total long-term financial liabilities from leases	**84,621**	**90,931**

Table 177: Future minimum lease payments and their present value

	Future minimum lease payments	Present net value of future lease payments
Up to 1 year	101,072	96,984
1 to 5 years	87,275	84,621
Over 5 years	0	0
TOTAL:	**188,347**	**181,606**

In 2022, the Company did not capitalise borrowing costs (nor in 2021).

17. Short-term liabilities

Table 178: Short-term financial and operating liabilities in EUR

	31/12/2022	31/12/2021
Short-term operating liabilities to suppliers on the domestic market to companies in the Group	5,663,921	4,487,426
Short-term operating liabilities to suppliers on the foreign market to Group companies	10,520	0
Short-term operating liabilities to suppliers on the domestic market to associated companies	57,485	123,367
Short-term operating liabilities to suppliers on the domestic market to other companies	279,494	126,510
Short-term operating liabilities on foreign markets to suppliers to others	23,094	12,745
Short-term operating liabilities based on advance payments to companies in the Group	1,533,005	488,973
Short-term operating liabilities based on advances to other companies	224,140	203,333
Other short-term operating liabilities to companies in the Group	349,290	114,158
Other short-term operating liabilities to others	3,682,646	2,423,679
TOTAL short-term operating liabilities:	**11,823,595**	**7,980,190**
Short-term part of long-term financial liabilities (excluding liabilities from lease) – other companies	2,133,333	2,133,333
Short-term part of long-term financial liabilities from leases – operating lease – companies in the Group	56,108	54,452
Short-term part of long-term financial liabilities from leases – operating lease – other companies	40,876	27,174
Short-term financial liabilities (other than lease liabilities) – companies in the Group	5,000,000	5,000,000
Short-term financial liabilities from the distribution of profit	0	852
TOTAL short-term financial liabilities:	**7,230,318**	**7,215,811**
TOTAL short-term financial and operating liabilities:	**19,053,912**	**15,196,001**

Short-term financial liabilities

Short-term financial liabilities consist of liabilities arising from acquired loans, the repayment date of which is shorter than one year, and thus also include the short-term part of long-term financial liabilities due in 2023. Interest for loans between Group companies are calculated at the established interest rate, which applies to loans between associated entities, increased by 1 percentage point.

Other short-term financial liabilities refer to the portion of liabilities for leases maturing in 2023.

Table 179: Short-term financial liabilities (without leases) in EUR

	Total debt as of 01/01/2022	New loans in current year (+)	Transfer of the short-term portion of long-term liabilities (+)	Repayment in the current year (-)	Short-term debt balance as of 31/12/2022	Short-term debt balance as of 31/12/2021
Short-term financial liabilities to companies in the Group – loan	5,000,000	5,000,000	0	5,000,000	5,000,000	5,000,000
Short-term financial liabilities to other companies – purchase of a business share	2,133,333	0	2,133,333	2,133,333	2,133,333	2,133,333
TOTAL:	**7,133,333**	**5,000,000**	**2,133,333**	**7,133,333**	**7,133,333**	**7,133,333**

Short-term loan given by a company in the Group will bear interest at an established interest rate applicable to associated persons, increased by one percentage point. Secured with bills of exchange.

Table 180: Short-term financial liabilities from leases in EUR

	Total debt as of 31/12/2021	Total debt as of 01/01/2022	Transfer of the short-term portion of long-term liabilities from leases	Decrease in liabilities/off-set with lease in the current year (-)	Total debt as of 31/12/2022
Short-term financial liabilities from leases – operating lease – companies in the Group	54,452	54,452	56,108	54,452	56,108
Short-term financial liabilities from lease – operating lease – other companies	27,174	27,174	40,876	27,174	40,876
TOTAL:	**81,626**	**81,626**	**96,984**	**81,626**	**96,984**

Short-term operating liabilities

Table 181: Short-term operating liabilities in EUR

	31/12/2022	31/12/2021
Short-term business liabilities to suppliers – companies in the Group	5,674,440	4,487,426
Short-term operating liabilities to suppliers – associate companies	57,485	123,367
Short-term operating liabilities to suppliers – others	302,588	139,255
TOTAL short-term liabilities to suppliers	**6,034,514**	**4,750,048**
• of which already matured on the financial statement date	5,648,195	4,575,068
Short-term operating liabilities for advances	1,757,144	692,306
TOTAL short-term liabilities for advances	**1,757,144**	**692,306**
Short-term liabilities to employees	3,386,540	2,267,658
Short-term liabilities to government	38,460	122,166
Short-term liabilities from interest – Group companies	146,230	114,158
Short-term liabilities from interest – other companies	0	44
Other short-term operating liabilities – Group companies	203,060	0
Other short-term operating liabilities – other companies	257,646	33,811
TOTAL other short-term operating liabilities	**4,031,936**	**2,537,837**
TOTAL SHORT-TERM OPERATING LIABILITIES	**11,823,595**	**7,980,190**

Table 182: **Analysis of outstanding liabilities to suppliers in EUR**

	31/12/2022	31/12/2021
Matured in 2022	5,648,195	-
Matured in 2021	0	4,575,068
Matured in 2020	0	0
Matured in 2019	0	0
Matured in 2018 or before	0	0
TOTAL outstanding liabilities to suppliers	**5,648,195**	**4,575,068**

According to the balance as of 31/12/2022, among short-term liabilities to the state, the Company shows, among other things, liabilities from profit tax for EUR 6,212.

Short-term accrued costs and deferred revenues

Table 183: **Short-term accrued expenses and deferred revenues in EUR**

	31/12/2022	31/12/2021
Accrued deferred costs or expenses	395,512	364,556
Short-term deferred revenues	36,643	31,424
TOTAL SHORT-TERM ACCRUED COSTS AND DEFERRED REVENUES	**432,155**	**395,980**

Accrued expenses or costs refer to unused annual leaves as of 31/12/2022. Short-term deferred revenues are formed from charged (still unpaid) operating interest. At the time of settlement, they are recorded as income.

18. Financial instruments and financial risks

Impol 2000, d. d. faces risks in its business process, shown in the table.

Table 184: **Risks**

Risk area	Risk description	Risk management method	Exposure
Liquidity risk	Lack of liquid assets for the settlement of operating or financing liabilities.	Pre-agreed credit lines and preparation of inflow and outflow schedules.	Low
Interest rate risk	Risk associated with changes in the terms and conditions of financing and borrowing.	Monitoring of the ECB's and FED's policies, security with appropriate financial instruments – interest rate swaps (at the level of Impol, d. o. o.), transition from the fixed to a floating interest rate.	Moderate
Credit risks	Customer default risk.	Securing trade receivables – primarily receivables from foreign debtors – through "Prva kreditna zavarovalnica" and foreign insurance firms, monitoring of customer credit ratings, limiting maximum exposure to individual customers. Transactions with customers located in high-risk markets are only performed on the basis of advance payments or prime bank guarantees.	Moderate to high

Liquidity risk

When it comes to liquidity risk management, we examine whether the Company is able to settle its running operating liabilities and whether it is generating a sufficiently large cash flow to settle its financing liabilities.

Floating weekly and monthly scheduling of cash flows allows the Company to determine liquid asset requirements. Potential cash shortages are covered by bank credit lines and other forms of financing, whereas short-term surpluses are invested in liquid short-term financial investments.

Interest rate risk

Impol 2000, d. d., currently has no loans with variable interest rate except in financial liabilities from leases, for this reason it is not exposed to the interest rate change risk. Despite the above, the Company shows the effects that a hypothetical change in interest rates on an annual basis would have on the Company's profit, taking into account the state of financial liabilities as of 31/12/2022.

Analysis of the sensitivity to changes in interest rates:

Impol 2000, d. d., is exposed to interest rate risk in the portion of debt which is tied to the variable interest rate (the variable portion is tied to EURIBOR). Given the fact that loans received by companies in the Group are usually extended, the sensitivity analysis also includes loans received at an otherwise fixed interest rate, which will change with the conclusion of a new loan agreement, taking into account the recognised interest rates in force at the time for loans between related parties.

Table 185: Short-term and long-term financial liabilities at a fixed interest rate

	31/12/2022	31/12/2021
Financial liabilities	3,200,000	5,333,333

Table 186: Short-term and long-term financial liabilities at a variable interest rate*

	31/12/2022	31/12/2020
Financial liabilities	68,500,754	68,492,557

*Also included are liabilities to the subsidiary in the amount of EUR 68,319,148, where the interest rate is otherwise fixed.

The value of financial receivables is presented in the table.

Table 187: Impact of the operating result changes on the interest rate changes in EUR

	31/12/2022	31/12/2021
Increase of IR for 50 bp	-342,504	-342,463
Increase of IR for 100 bp	-685,008	-684,926
Decrease of IR for 50 bp	342,504	342,463
Decrease of IR for 100 bp	685,008	684,926

Interest rate changes on the reporting date for 50 or 100 basis points would increase/decrease the net profit or loss at the annual level for the amounts from the above table. Sensitivity analysis of the profit or loss in case of the indebtedness at a variable interest rate assumes that all other variables remain unchanged. During the calculation, liabilities according to variable interest rate are reduced for the entire amount of receivables (loans granted) according to the variable interest rate.

Credit risk

The credit control process encompasses customer credit rating which is carried out regularly by Coface PKZ zavarovalnica d. d., in Slovenia and by foreign insurance companies as well as our customer solvency monitoring system. By regularly monitoring of open and matured trade debtors, the age structure of receivables and average payment deadlines, we maintain our credit exposure within acceptable limits given the strained conditions on the market. In 2022, receivables from customers, excluding receivables from companies in the Group, increased minimally compared to 2021, and the share of overdue receivables is higher compared to the previous year.
81% of receivables from customers are secured at the Coface PKZ insurance company, for this reason sales limits are being monitored on a daily basis.

Carrying amounts and fair values of financial instruments

Classification of financial instruments according to their fair value as of 31/12/2022 is presented in the table.

Table 188: Carrying amounts and fair values of financial instruments in EUR

	Carrying amount	Fair value	Fair value level
Long-term investments in subsidiaries	141,334,661	141,334,661	3
Long-term loans granted to Group companies	51,000	51,000	3
Short-term operating receivables	5,647,510	5,647,510	3
Cash and cash equivalents	6,213,318	6,213,318	3
Long-term financial liabilities	64,470,436	64,470,436	3
Short-term financial liabilities	7,230,318	7,230,318	3
Short-term operating liabilities	11,823,594	11,823,594	3

19. Contingent liabilities

As of 31/12/2022, Impol 2000, d. d. had EUR 8 million of guarantees granted to the subsidiary Impol, d. o. o. from the received long-term bank loans. The guarantee is secured by the pledge of a 97.54% ownership share in Impol, d. o. o.

A lawsuit against the Company in the total amount of EUR 100,000 in connection with economical disputes is still pending. The Company estimates that the claim is unjustified, which is why the it did not form short-term provisions for these purposes.

20. Transactions with associates

Table 189: Receivables from companies in the Group as of 31/12/2022 in EUR

	Long-term financial investments	Long-term loans granted	Short-term operating receivables	Total
Impol, d. o. o.	73,988,863	0	0	73,988,863
Impol FT, d. o. o.	0	0	940	940
Impol-TLM, d. o. o.	63,773,761	0	76	63,773,837
Impol-FinAl, d. o. o.	1,000,000	0	0	1,000,000
Stampal SB, d. o. o.	0	0	28,883	28,883
Alcad, d. o. o.	2,227,000	0	0	2,227,000
Rondal, d. o. o.	100,000	0	0	100,000
Impol Servis, d. o. o.	245,037	0	0	245,037
Štatenberg, d. o. o.	0	51,000	3,233	54,233
Unidel, d. o. o.	0	0	16,456	16,456
Total	**141,334,661**	**51,000**	**49,588**	**141,435,249**

Table 190: Liabilities to companies in the Group as of 31/12/2022 in EUR

	Long-term financial liabilities	Short-term financial liabilities	Short-term operating liabilities	Total
Impol, d. o. o.	63,319,148	5,056,108	5,759,763	74,135,019
Impol PCP, d. o. o.	0	0	1,866	1,866
Impol Infrastruktura, d. o. o.	0	0	3,737	3,737
Impol LLT, d. o. o.	0	0	78,876	78,876
Impol-TLM, d. o. o.	0	0	10,520	10,520
Alcad, d. o. o.	0	0	106,310	106,310
Kadring, d. o. o.	0	0	34,169	34,169
Rondal, d. o. o.	0	0	1,533,005	1,533,005
Impol Servis, d. o. o.	0	0	23,970	23,970
Unidel, d. o. o.	0	0	4,520	4,520
Total	**63,319,148**	**5,056,108**	**7,556,735**	**75,931,991**

Table 191: Liabilities to associated companies as of 31/12/2022 in EUR

	Short-term operating liabilities	Total
Simfin, d. o. o.	57,485	57,485
Total	**57,485**	**57,485**

Table 192: Revenues generated with companies in the Group in 2022 in EUR

	Net revenues from the sale of products	Net revenues from the sale of services	Net revenues from the sale of goods and material	Total operating revenues	Financial revenues from participating interests	Financial revenues from loans granted	Total financial revenues from investments
Impol, d. o. o.	385,838	15,123,946	2,315	15,512,098	10,000,000	0	10,000,000
Impol FT, d. o. o.	0	2,197	0	2,197	0	0	0
Impol PCP, d. o. o.	0	618	0	618	0	0	0
Impol R in R, d. o. o.	0	667	0	667	0	0	0
Impol LLT, d. o. o.	0	785	0	785	0	0	0
Impol-TLM, d. o. o.	0	1,790	0	1,790	0	0	0
Impol-FinAl, d. o. o.	0	723	0	723	0	0	0
Stampal SB, d. o. o.	0	56,959	0	56,959	0	0	0
Kadring, d. o. o.	0	46	0	46	0	0	0
Rondal, d. o. o.	0	-1,183,195	0	-1,183,195	0	0	0
Štatenberg, d. o. o.	0	0	0	0	0	790	790
Unidel, d. o. o.	0	17,164	0	17,164	0	0	0
Total	**385,838**	**14,021,701**	**2,315**	**14,409,853**	**10,000,000**	**790**	**10,000,790**

Table 193: **Expenses generated with companies in the Group in 2022 in EUR**

	Cost of merchandise and materials sold	Costs of services	Costs of material	Other operating expenses	Depreciation relating to the right to use	Total operating expenses	Financial expenses from interests	Financial liabilities from rights to use	Total expenses from financial investments
Impol, d. o. o.	33,329,436	104,375	23,353	4,675	52,892	33,514,731	437,086	2,572	439,658
Impol FT, d. o. o.	0	538	160	0	0	698	0	0	0
Impol PCP, d. o. o.	0	1,530	0	32	0	1,562	0	0	0
Impol Infrastruktura, d. o. o.	0	37,482	0	0	0	37,482	0	0	0
Impol-TLM, d. o. o.	0	15,974	0	0	0	15,974	0	0	0
Alcad, d. o. o.	0	1,889	0	0	0	1,889	0	0	0
Kadring, d. o. o.	0	91,675	14,736	0	0	106,410	0	0	0
Impol Servis, d. o. o.	0	29,055	0	0	0	29,055	0	0	0
Unidel, d. o. o.	0	17,723	21,227	0	0	38,949	0	0	0
Total	**33,329,436**	**300,239**	**59,475**	**4,707**	**52,892**	**33,746,749**	**437,086**	**2,572**	**439,658**

Table 194: **Expenses generated with associated companies in 2022 in EUR**

	Cost of merchandise and materials sold	Costs of services	Total operating expenses
Simfin, d. o. o.	0	509,549	509,549
Total	**0**	**509,549**	**509,549**

Remuneration of members of the Board of Directors and Supervisory Board in 2022

Table 195: **Remuneration of members of the Board of Directors and Supervisory Board in EUR**

Position	Fixed portion of remuneration	Variable portion of remuneration	Remuneration for management and other bonuses	Reimbursement of expenses	Insurance premiums	Total remuneration
The Board of Directors and Executive Directors	507,881	752,476	230,882	3,809	1,356	1,496,404

The table shows remuneration for 2022.

The Company had no matured receivables from members of the Board of Directors and employees on individual contracts.

EVENTS AFTER THE REPORTING DATE

In the period from the end of 2022 until the date of approval of the financial statements, no events occurred that would in any way affect the presented financial statements of Impol 2000, d. d., for the financial year 2022.

Other important events that occurred in the stated period after the end of the financial year and do not affect the financial statements of Impol 2000, d. d., for the financial year 2022 are as follows:

- Due to general price increases, the minimum wage rose at the beginning of 2023. Inflation in Slovenia impacted the raise of minimum wage, which increased from EUR 1,074.43 to EUR 1,203.36, meaning a 12% increase. We adjusted the salary system at Impol 2000, d. d., and the Impol Group accordingly.
- Elections were held for the fifth member of the Board of Directors of the Impol Group, namely Dejan Košir was re-elected to the Board of Directors on 24/01/2023.

SIGNATURE OF THE ANNUAL REPORT FOR 2022 AND ITS COMPONENTS

The President and members of the Board of Directors and the Executive Directors of Impol 2000, d. d., are familiar with the content of all components of the Annual Report of Impol 2000, d. d., for 2022 and with the entire Annual Report of Impol 2000, d. d., for 2022. We agree with the content and confirm it with our signature.

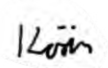
Jernej Čokl
(Board of Directors President)

Vladimir Leskovar
(Board of Directors Vice President)

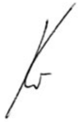
Janko Žerjav
(Board of Directors Member)

Andrej Kolmanič
(Board of Directors Member)

Dejan Košir
(Board of Directors Member)



Andrej Kolmanič
(Chief Executive Officer)



Irena Šela
(Executive Director of Finance and IT)

MANAGEMENT TEAM

"Coming together is a beginning. Keeping together is progress. Working together is success."

Henry Ford

THE BOARD OF DIRECTORS

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Board of
Directors President

Vladimir Leskovar

Board of
Directors Vice President

Janko Žerjav

Board of Directors Member

Andrej Kolmanič

Board of Directors Member

Dejan Košir

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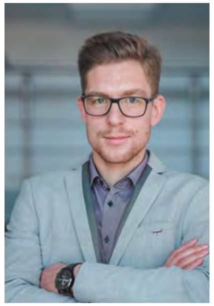

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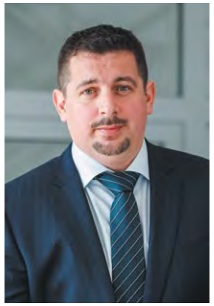

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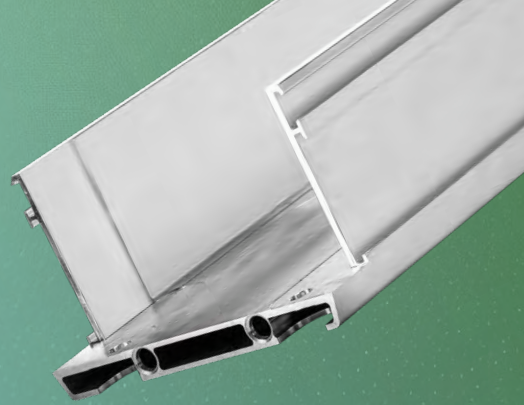

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