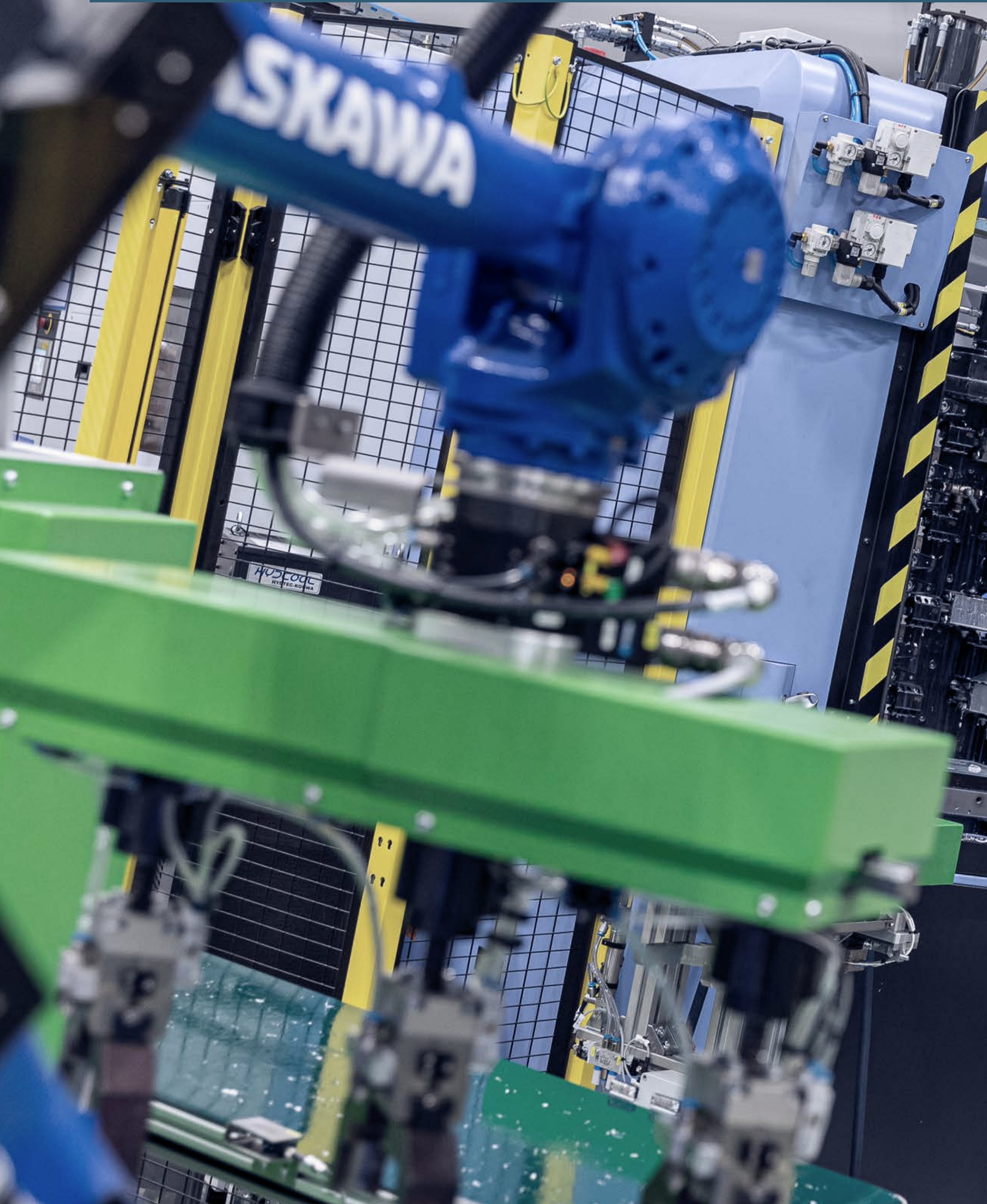
impol
Aluminium Industry

OUR WORLD IN 2020

Annual report of the Impol Group and of Impol 2000, d. d. for 2020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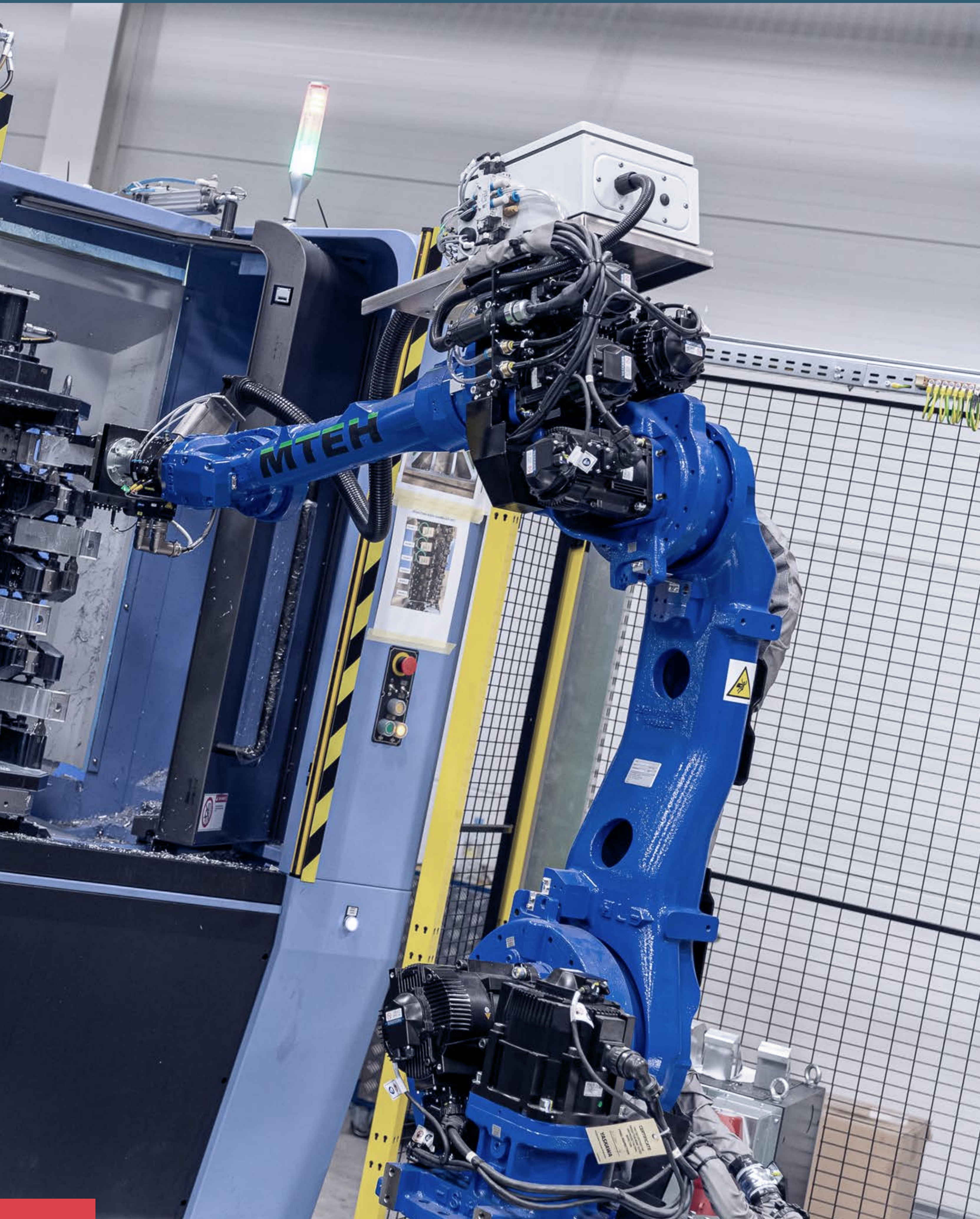
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6TH

LARGEST SLOVENIAN EXPORTER

46,341

IN EUR WAS THE AMOUNT OF ADDED VALUE PER EMPLOYEE

2,429

EMPLOYEES

3.24

IS THE RATIO BETWEEN NET DEBT AND ACHIEVED EBITDA

42

IN EUR MILLION WAS THE AMOUNT OF THE EBITDA

223,697

TONNES OF PRODUCTS WAS THE SALES VOLUME IN 2020

14.1

IN EUR MILLION WAS THE AMOUNT OF NET PROFIT

A YEAR OF CHALLENGES

JOINT REPORT OF THE BOARD OF DIRECTORS AND EXECUTIVE DIRECTORS ON THE PERFORMANCE OF IMPOL 2000, D. D. AND THE IMPOL GROUP IN 2020

Dear shareholders, business partners and co-workers!

We have established that already 2019 was unusual in nature, and 2020 was even more demanding than the previous year, which can be attributed mainly to the outbreak of the covid-19 pandemic. It is important to note here that in the first months of the pandemic we kept our nerve and adopted measures to prevent disruptions and ensured that production processes would run as smooth as possible. The Impol Group successfully managed to ensure its continuous operation, which brought more positive results in the last quarter of the year, thus enabling the Group to start operating with full capacity at the beginning of 2021.

2020 may be regarded as a year when unimaginable amounts of additional costs were incurred due to primary emissions, which, however, did not have a significant impact on the general rise in prices or on inflation. This, however, is not the case of aluminium, since aluminium price was intensively changing throughout the entire year, and the highest quoted price of aluminium on the stock market in that year was by 44% higher than the lowest price.

The most negative impacts of the pandemic were mainly felt in the first five months since the outbreak, i.e. from April to August. Consequently, we achieved a smaller annual volume compared to the previous year, namely by a one-month normal realisation, and the achieved operating results decreased accordingly.

In 2020, the quantitative volume of business operations were lower by 10% than in the previous year, and revenues were generated in the amount of EUR 584 million, representing a 14% decrease compared to 2019, mainly due to a smaller quantitative volume of business operations and partly due to lower sales prices. Profit before tax in the amount of EUR 16.4 million can still be considered as satisfactory, particularly considering all negative effects of the environment. We have successfully increased the volume of finalised products and upgraded lower finishing stages to higher; however, only in the last quarter.

In 2020, we almost completed the overhaul and update of the hot-rolling mill production equipment and other rolling equipment which in the current quantitative volume in 2020 represents almost 67% of the quantitative annual production, if slugs are included in rolling programmes (63% without them).

In the field of our pressing division, we are continuing to concentrate our energy into the development of the product finalisation process, which already enables us to achieve higher added value of our products.
At the beginning of 2020 we obtained the ASI certificate, demonstrating that we are trying to establish an environmental balance and sustainable management - all related to the aluminium industry. However, we continue to further upgrade and complement all these processes.
The composition of the production and sales programme remains heavily dispersed with the intention to ensure a higher level of at least partial stability and sustainability of the company's operations in recession and crisis periods. This is reflected already at the moment of drawing up and issuing this report, since in 2020 the Impol Group would have significantly greater difficulties without the minimum the dispersion of the production programme (even with the introduction of the manufacture of finalised products), particularly if focus was given to only those programmes that were most affected during the year.

Good business economy was maintained primarily because of our own foundries enabling us to increase the share of our own 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 processing. 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 challenges. More problems are also being encountered 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 2020, revenues decreased to a certain extent due to an average annual drop in prices, and to an even greater extent due to a one-month period of production volume downtime as a result of production processes being halted in late spring and early summer months, mainly for customers in the automotive industry and in the industry of other means of transport. The aircraft manufacture industry almost entirely stopped. Consequently, the Impol Group moved market penetration in this area to the following years.

In 2020, Impol also managed to guarantee a suitable structure of financing sources and even decrease its indebtedness by 5%, while remaining in the framework of the scope anticipated and planned. The EBITDA net debt remained virtually at the same indicator level as in the previous year and amounted to 3.24, which is indicative of a stable and in normal business conditions safe financing of all operating processes.

Comprehensive risk management and constant attempts to optimise the financing resources improved the structure of financing resources in such a way that already 46% 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 47% of its investments with equity. We are also strongly focused on insuring all assets and other business events in the selected manners.

In the area of raw materials and energy we stabilise operations by concluding long-term purchase contracts. We prudently invest in the information system upgrades to fully control the entire field of operations, all in order to guarantee continuous control over the entire business process with optimal contributions.

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 mentioned previously, Impol's production portfolio is divided into several product programmes, and this is continuously proven as a market niche advantage that can guarantee a more comprehensive range of products to a certain group of customers, and also reduces our susceptibility to fluctuations in the market, as it happens very rarely for demand for products of all programmes to drop at the same time. This was particularly strongly reflected in this year, during which this issue was aggravated by the pandemic.

As input materials, Impol's products are intended for the means of transport industry, pharmaceutical industry, food industry, electrical industry, construction business and retail. We are trying to maximise our exploitation of our marketing potential while being aware that, at any given moment, we are concentrating most of our efforts in the most optimistic area, and trying to maintain the position we have already achieved in other areas where stagnation is present.

In order to pursue its development objectives and manage the growth of the scope of operations and the increase in aluminium prices in 2020, the Impol Group invested approximately EUR 42.5 million in fixed assets and working capital, thus making it possible to increase the number of its employees - almost entirely in new finalisation programmes.

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 book value of capital, excluding minority owners, per share in the Impol Group is steadily increasing also in 2020, and is now amounting to EUR 236.43 per share, which means that it more than doubled in value in the last five years and increased more than four-fold in the period of the last ten years.

Since at the end of Q1 of 2021 we were able to manage the situation relatively well with orders, prices, demand, by organising business processes at Impol and by managing situations relating to the pandemic and since revenues in 2020 were achieved as part of the minimum set targets, the Impol will be able to form the dividend disbursement policy in a similar way as in the previous years.

When acquiring major business stakes in other companies, we will pursue the goals of including especially those programmes that upgrade the existing programmes or supplement them in terms of a higher added value, while taking into consideration the fact that the integration of new programmes must not weaken the composition of sources for financing the entire process as in this case the share of liabilities would increase. 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.

Impol operates according to a one-tyre 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 115 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. Due to intense changes in the environment, which in certain areas heavily deviate from this strategy's expectations, we began to intensively prepare changes and additions already toward the end of 2020. In the first half of 2021, we are expecting to adopt a new strategy and plan for the 2022-2026 period.

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.

The company monitored the entire process also aided by an internal audit and expects that this will continue further in the future.

Jernej Čokl
(Chairman
of the Board of directors)

Vladimir Leskovar
(Deputy Chairman
of the Board of directors)

Janko Žerjav
(Member of the Board of directors)

Andrej Kolmanič
(Member of the Board of directors)

Dejan Košir
(Member of the Board of directors)

Andrej Kolmanič
(Chief Executive Officer)

Irena Šela
(Executive Director of Finance and IT)

PRESENTATION OF THE PARENT COMPANY IMPOL, 2000, D. D., AND THE IMPOL GROUP

Parent company

Impol 2000 d. d., with its registered office at Partizanska ulica 38, Slovenska Bistrica, is the holding company of the Impol Group and a large public limited company; therefore, it is bound to prepare a consolidated annual report and have its operations audited, pursuant to the Companies Act. The Company Impol 2000, d. d. implements many activities; the biggest one regarding the 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.

Impol 2000, d. d., a management company, was established in August 1998, and registered in the Register of Companies at the Regional Court in Maribor on 03/ 08/ 1998 as a public limited company, pursuant to the decision 98/01042, and with the entry number 1/10469/00. The Company is classified under the activity code 70.100, i.e., the management of holding companies. The Company's registration number is 1317342. On 09/ 11/ 1998, the Company's decision Srg. 98/01486, on increasing the share capital with in-kind contributions, i.e., with the shares of Impol, d. d. Slovenska Bistrica, was registered in the Register of Companies at the Regional Court in Maribor, with the entry number 1/10469/00. On 1/ 10/ 1999, the Company adopted a decision on increasing its share capital. The in-kind contribution of Impol, d. d. i.e. the takeover of the 100-percent share that Impol d. d. had in Impol Servis, d. o. o. was registered in the Register of Companies at the Regional Court in Maribor on 15/ 2/ 2000 with the decision Srg. 1999/03108, and with the entry number 1/10469/00.

After the share capital increase being entered on 15/ 2/ 2000, the company's share capital amounts to EUR 4,451,540. The Company's share capital is divided into 1,066,767 registered pro rata shares.

The book value of a share of Impol 2000, d. d. as of 31/ 12/ 2020 is presented in the table.

Table 1: Book value of a share of Impol 2000, d. d. (the holding company of the Impol Group) in EUR

Year	Book value of a share – consolidated – including the equity of minority shareholders	Book value of a share – consolidated – excluding the equity of minority shareholders	Book value of a share of Impol 2000, d. d. (the holding company)
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

Companies in the Impol Group

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 2: Other operating companies within the Impol Group

	Company	Share
	Impol 2000, d. d. – parent 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:	97.5 %
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 %

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.
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. Consolidated calculations include all companies in which the Impol Group holds more than 50% management rights, meaning that Simfin, d. o. o., Impol Brazil and Slobodna carinska cona are not included in the consolidation.

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

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

Subsidiary – direct influence	Registration number	Activity Standard Classification	Carrying amount of the financial investment as of 31/ 12/ 2020 in EUR	Carrying amount of the financial investment as of 31/ 12/ 2019 in EUR	Stake in %	Equity as of 31/ 12/ 2019 in EUR	Net profit or loss in 2019 in EUR	Equity as of 31/ 12/ 2020	Net profit or loss in 2020 in EUR
Impol Servis, d. o. o. Partizanska ulica 38, Slovenska Bistrica	5482593	47,250	245,037	245,037	100	1,264,523	124,242	1,478,856	215,379
Impol, d. o. o. Partizanska ulica 38, Slovenska Bistrica	5040736	24,530, 25,500	67,588,863	67,588,863	97.5387	148,098,860	13,192,873	155,029,273	7,351,200
Rondal, d. o. o. Partizanska ulica 38, Slovenska Bistrica	5888859	25,500	100,000	100,000	100*	9,992,888	567,905	10,676,953	687,376
Impol-TLM, d. o. o., Narodnog preporoda 12, Šibenik, Croatia	4433203	2,442	63,773,761***	1,872,415	100	-2,255,692	344,081	58,539,651	-1,185,211
Impol-FinAl, d. o. o. Partizanska ulica 38, Slovenska Bistrica	7176899	25,620	1,000,000	1,000,000	100	699,755	-82,110	794,427	95,385
Alcad d. o. o., Partizanska ulica 5, Slovenska Bistrica	5694507	62,010	2,227,000	2,227,000	100	1,023,477	-22,830**	1,126,508	104,787

*At the end of 2011 Impol 2000, d. d. signed a contract on the purchase of a 100-percent stake of Rondal, d. o. o. which then became its subsidiary. The transfer was registered in January 2012. As of 31/ 12/ 2019, Rondal, d. o. o. has a 99-percent own share in the equity of the company, and Impol 2000, d. d., a 1-percent stake, which implies a 100% effective ownership of Rondal, d. o. o. by Impol 2000, d. d.
**Profit and loss, achieved from the date when the Company became part of the Group.
***In 2020, Impol 2000, d. d., carried out a conversion of loans given and interests into equity in Impol-TLM, d. o. o., in the amount of EUR 61.9 million.

Table 4: Subsidiaries where Impol 2000, d. d. exercises indirect influence

Subsidiary – direct influence	Company registration number	Standard Industrial Classification	Country companies	Equity as of 31/ 12/ 2019 in EUR	Net profit or loss in 2019 in EUR	Equity as of 31/ 12/ 2020 in EUR	Net profit or loss in 2020 in EUR
Impol-Montal, d. o. o., Partizanska ulica 38, Slovenska Bistrica	5479355	28,120	Slovenia	2,010,423	411,865	2,344,932	334,508
Impol Stanovanja, d. o. o., Partizanska ulica 39, Slovenska Bistrica	5598010	70,320	Slovenia	3,471,247	74,657	3,519,673	48,539
Štatenberg, d. o. o., Štatenberg 86, Makole	5465249	55,301	Slovenia	431,519	7,016	438,836	7,317
Unidel, d. o. o., Kraigherjeva ulica 37, Slovenska Bistrica	5764769	85,325	Slovenia	1,348,440	120,568	1,495,014	149,252
Impol Aluminum Corporation, New York (USA)	/	51,520	USA	1,931,766	129,194	1,799,635	33,431
Impol Seval, a. d., Sevojno, Serbia, with 4 subsidiaries:	07606265	2442	Serbia	58,100,663	4,281,873	57,072,723	101,447
Impol Seval PKC, d. o. o. Sevojno, Serbia	17618245	7022	Serbia	64,157	21,636	57,785	15,392
Impol Seval Final d. o. o. Sevojno, Serbia	17618261	6920	Serbia	88,198	34,803	69,837	16,642
Impol Seval Tehnika d. o. o., Užice, Serbia	17618253	2562	Serbia	452,205	60,164	474,451	22,788
Impol Seval President, d. o. o., Zlatibor, Serbia	20701846	5510	Serbia	-45,715	-45,906	0*	-8,749*
Stampal SB d. o. o., Partizanska ulica 38, Slovenska Bistrica	1317610	28,400	Slovenia	9,246,783	626,125	9,687,070	444,152
Kadring, d. o. o., Trg svobode 26, Slovenska Bistrica	5870941	74,140	Slovenia	1,008,940	180,275	1,175,679	167,534
Impol FT, d. o. o., Partizanska ulica 38, Slovenska Bistrica	2239418	28,400	Slovenia	11,357,674	1,276,421	13,208,160	1,874,705
Impol PCP, d. o. o., Partizanska ulica 38, Slovenska Bistrica	2239442	28,400	Slovenia	15,754,060	2,087,731	18,331,626	2,612,871
Impol LLT, d. o. o., Partizanska ulica 38, Slovenska Bistrica	2239434	27,530	Slovenia	6,391,357	755,774	7,459,366	1,078,043
Impol R in R, d. o. o., Partizanska ulica 38, Slovenska Bistrica	2239400	73,102	Slovenia	1,373,793	202,314	1,592,361	222,012
Impol Infrastruktura, d. o. o., Partizanska ulica 38, Slovenska Bistrica	2239426	70,320	Slovenia	1,160,633	183,895	1,218,676	59,965
Impol Hungary Kft., Vecsey Karoly ulica 7, Budapest, Hungary	/	1,724	Hungary	37,322	92,253	46,385	86,367

*Impol Seval President was acquired by Impol Seval, a. d. in 2020.

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

Table 5: Associated companies where Impol 2000, d. d. has indirect influence

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

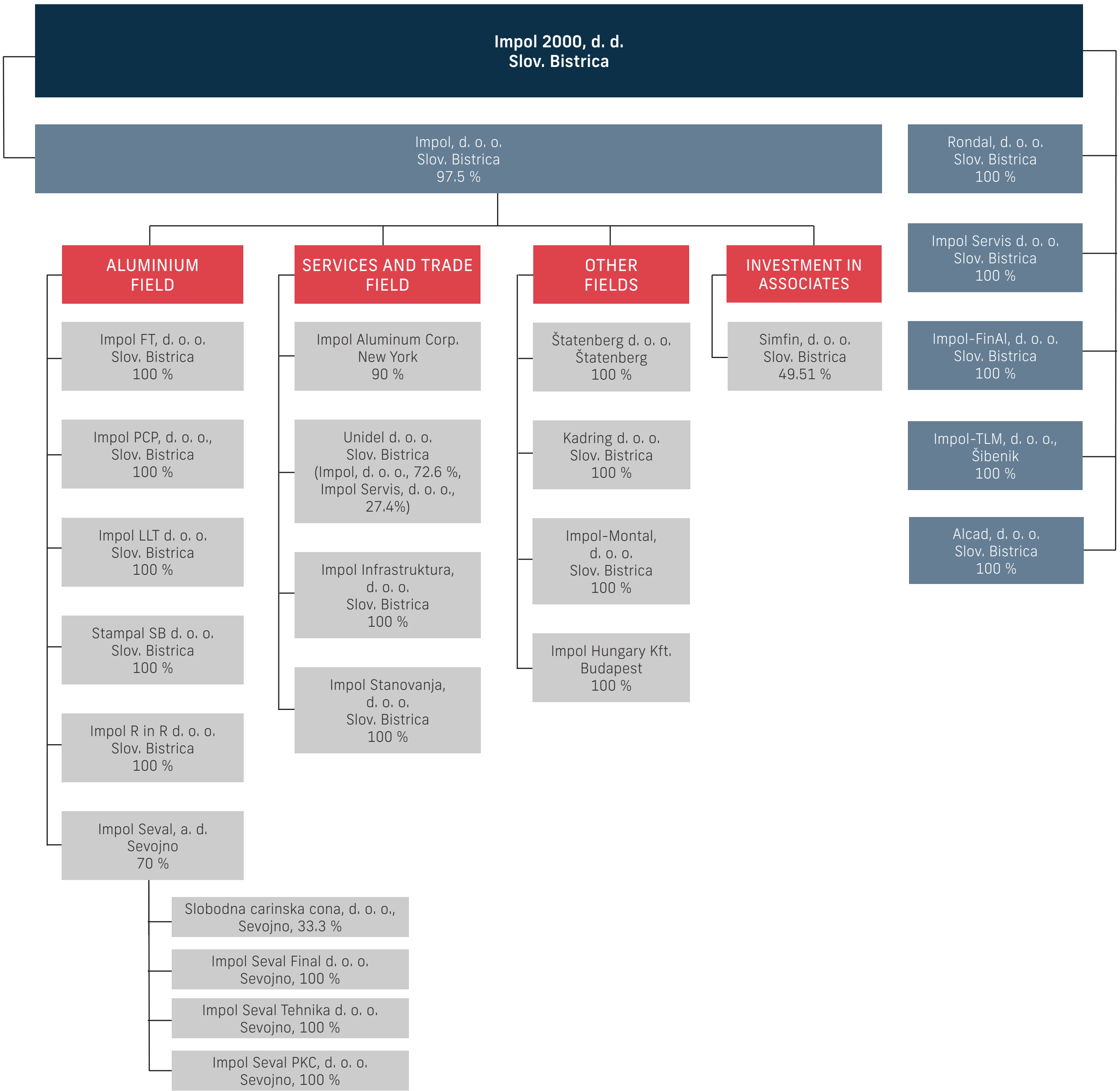
*Equity stake in possession of a subsidiary - Impol, d. o. o.
**Equity stake in possession of a subsidiary - Impol Seval, a. d., majority held by Impol, d. o. o.

Table 6: Associated companies where Impol 2000, d. d. has direct influence

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

Organisation chart

Figure 1: The Impol Group organisation



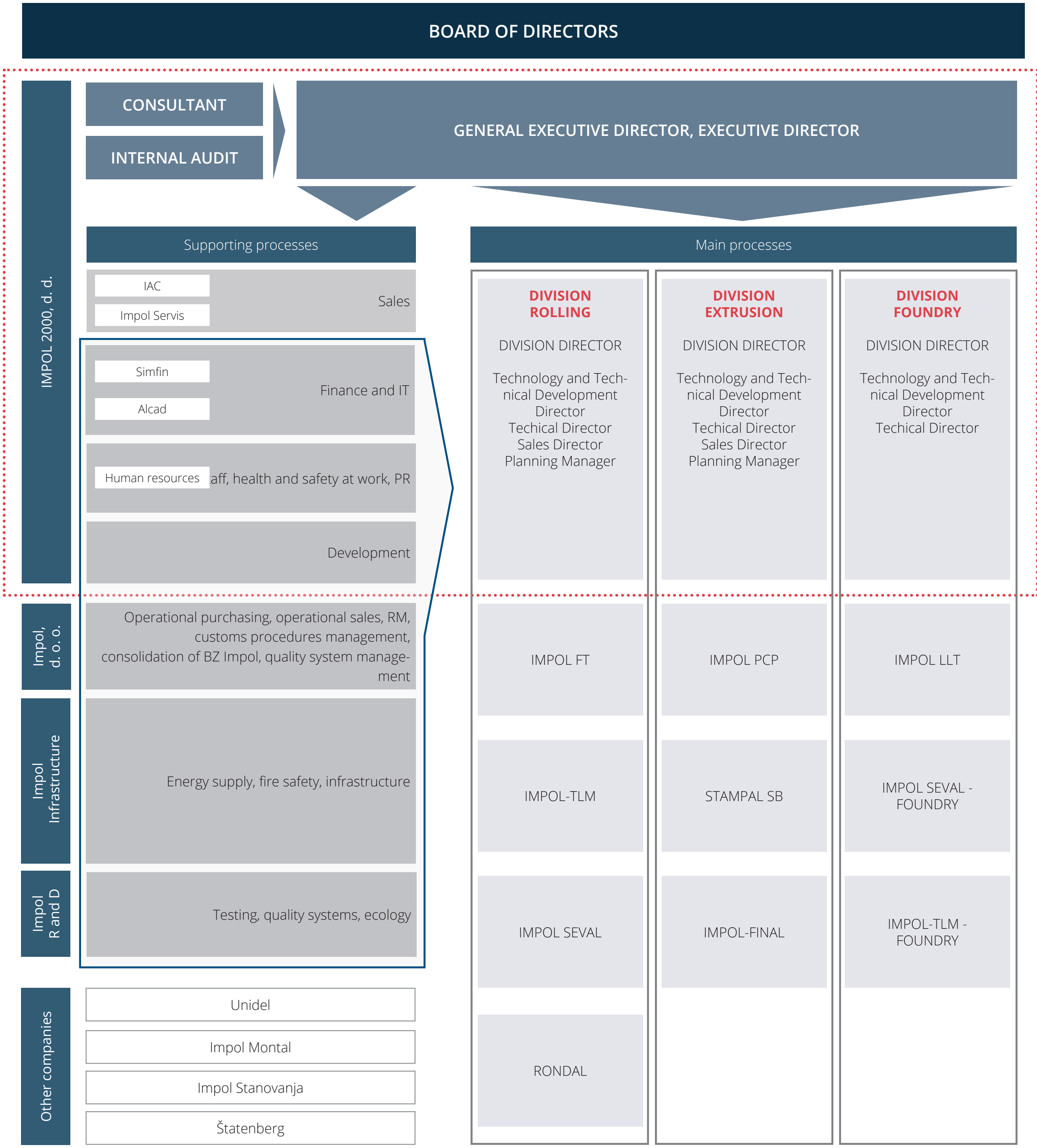
With the Group growing and expanding, a division form of organisation was included in our business operation at the beginning of the 2017. The aim of this change is to unify business operations between related programmes on various locations, and at the same time enable a single and comprehensive development of individual areas and accelerate the transfer of good practices.

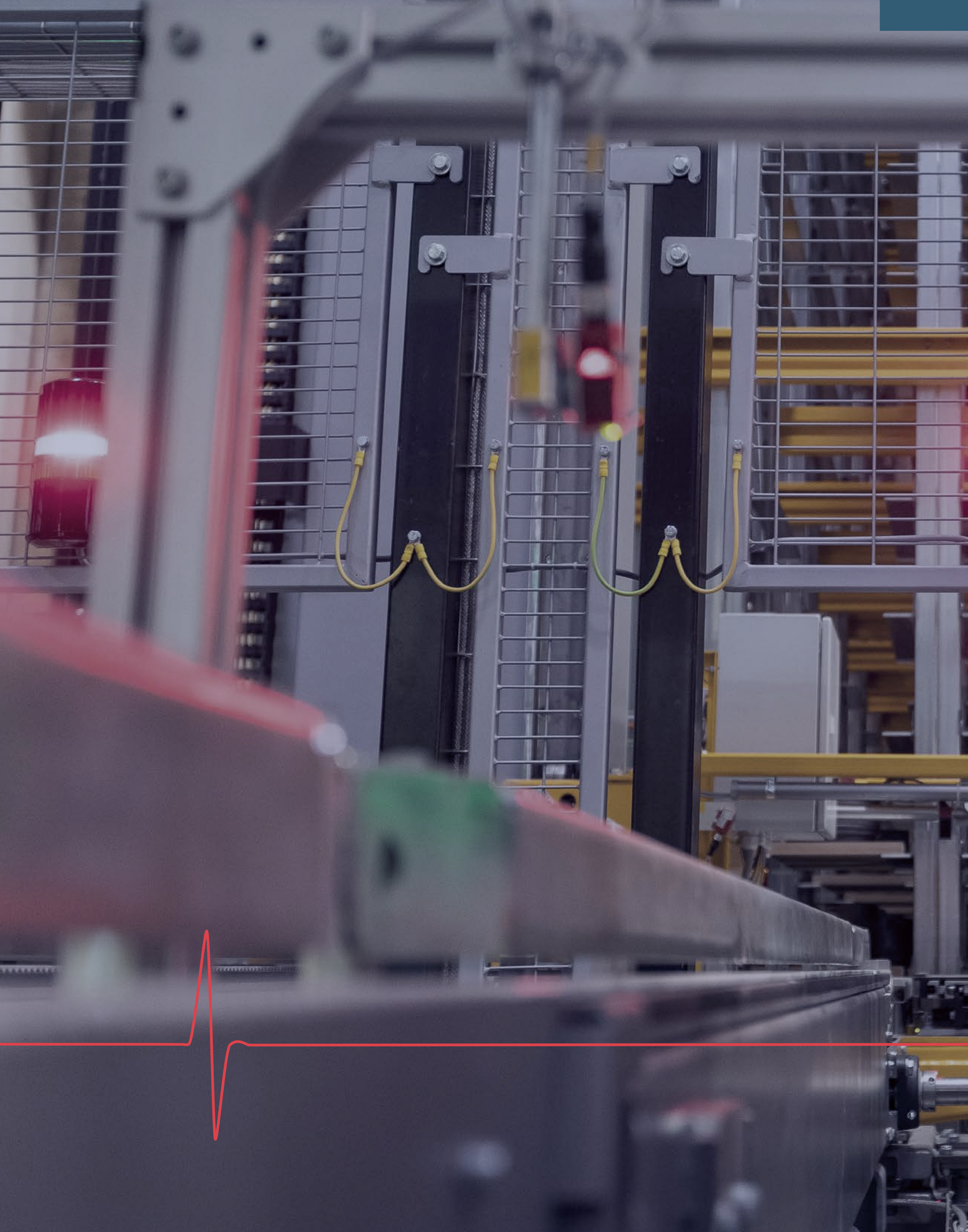
The Impol Group is divided, in the field of aluminium (which is its main activity), into three divisions: foundry, rolling and pressing, where we also include the mechanical processing of our products, which is being further developed. Within each individual division the development of the expert field, 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.

Key corporate supporting processes are:
- Sales,
- Finance and IT,
- HR Management,
- Development,
- Purchasing,
- Energy supply and
- Quality.

With this kind of organization of supporting processes we enable a single system of operation and a balanced development of individual business functions in the entire Impol Group. Consequently, divisions and thus companies within the divisions are provided with an efficient support in achieving the objectives of the Impol Group.

Figure 2: Organization chart of the Impol Group division organization





A YEAR OF SEARCHING

STRATEGIC ORIENTATIONS

Vision, Mission and Values

Vision

To become the development provider of a comprehensive programme of rolled, extruded and processed aluminium products..

Mission

Processing, finishing and finalising aluminium into products that meet our customers' highest possible expectations of value and satisfying the needs of the customers, employees, owners, environment and other stakeholders. Customer expectations are met by providing the best service and by establishing partnerships.

Values

INNOVATION – together with our customers we develop products to satisfy their needs, encourage innovation of our employees and provide their constant training.

DILIGENCE – teamwork ensures the involvement of all employees, promoting the reliability and trust in Impol on the market.

FLEXIBILITY – speed, efficiency, transparency are ensured with efficient services for our customers.

EXCELLENCE – quality from the idea to aftermarket activities is ensured with environmentally-friendly production processes.

LOYALTY – loyalty toward the company, the owner, the environment and employees is substantiated through our business management system.

Plan of Operations for the Impol Group in 2021

Table 7: Planned indicators for 2021

Indicators	
Cash flow from current operations (net profit after tax + depreciation) (in EUR 000)	54,115
Added value per employee in EUR	56,870
EBITDA (operating profit + depreciation) (in EUR 000)	64,845
EBIT (operating profit) (in EUR 000)	41,768
Profit before taxes (in EUR 000)	36,799
Net debt (in EUR 000)	169,212
Net debt/EBITDA	2.61

MANAGEMENT AND GOVERNANCE SYSTEM

Statement on the management of Impol 2000, d. d. in accordance with paragraph 5 Article 70 of the Companies Act ZGD-1

1/ Reference to a valid Code

In 2020, the Company was subject to its own code entitled the Impol Group Code of Business Conduct*. The governance is in line with the provisions of the ZGD-1 and the aforementioned Code. The Company fully respects the aforementioned Code.

The Code consists of 40 articles and describes the business conduct of the Impol Group in the following relations:
- Strategy and goals;
- Attitude toward external business entities;
- Manner of operating within the Impol Group;
- Areas of coordinated operation;
- Sustainable development.

2. Description of the main features of the internal control systems and risk management in the Company in relation to the financial reporting process

The Company's management is responsible for keeping proper accounts and the establishment of internal controls, ensuring the functioning of internal controls, 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 he 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 conformation), comparison of the actual physical state with the accounting records and by synchronisation of 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 2020 and that the operation was in accordance with the legal provisions and ensured the possibility of achieving business goals.

* Accessible on the website : https://www.impol.si/app/uploads/2019/10/Kodeks_slo_splet-2018.pdf

3. 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 new equity 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 no later than by the end of the fourth day before the General Meeting.

General Meeting shall decide upon:
- 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 equity,
- 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 17 July 2020 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 2019, and of the remuneration of the members of the management and supervisory bodies. The shareholders adopted a resolution on using the accumulated profit and granting discharge to the Board of directors for 2019, on the appointment of members of the Board of directors for the period from 1/ 1/ 2021 to 31/ 12/ 2026, and on the amount of basic salaries, attendance fees, other other income and reimbursement of costs to members of the Board of directors. Shareholders re-appointed Jernej Čokl, Janko Žerjav and Vladimir Leskovar as members of the Board of directors. Andrej Kolmanič joined the Board of directors as a new member by decision of the General Meeting on 1/ 1/ 2021.

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

On 1/ 1/ 2015, the Impol Group changed the form of management of the parent company Impol 2000, d. d. from its two-tier structure to one-tier structure valid up to 31/ 12/ 2014.

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 there- fore runs the Company, whereas the two Executive Directors run the ongoing operations. The Executive Directors who are not members of the Board of directors also 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 1/ 1/ 2021 on:
- Jernej Čokl, President of the Board of directors;
- Vladimir Leskovar, Vice President of the Board of directors;
- Janko Žerjav, Member of the Board of directors;
- Andrej Kolmanič, Member of the Board of directors;
- Bojan Gril, Member of the Board of directors (up to 27/ 1/ 2021).

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/ On 2026/ Bojan Gril is a Board of directors member, appointed by the representative body of workers in 2018, whose term expired on 27/ 1/ On 2021/ Dejan Košir was appointed by a representative body of workers as a new member of the Board of directors. On 31/ 12/ 2020, the term of office of Miro Cerar as member of the Board of directors expired. He was replaced by Andrej Kolmanič.

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 and ended on 31/ 12/ On 2024/

The Board of directors also appointed the Audit Committee as the standing committee of the Board of directors in accordance with Articles 280 and 289 of the Companies Act (ZGD-1), which in 2020 comprised of:
- Vladimir Leskovar, Chair of the Committee,
- Bojan Gril, Member of the Board of directors;
- Tanja Ahaj, External Member.

Operation of the Audit Committee

The Audit Committee of the Company Impol 2000, d. d. (hereinafter: AC) held in its full compositions as appointed in 2020 three meetings in person and two meetings by correspondence 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 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. The AC agreed with the internal audit plan. 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) Verified the mid-annual report of the Group and proposed its adoption and publication by the Board of directors in line with regulatory requirements;

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

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

g) Discussed the auditor selection procedure and proposed a candidate for an external auditor of the annual report to the Board of directors;

h) Verified the implementation of the contract concluded for the performance of an external audit in accordance with the law for a three-year period (2019, 2020 and 2021) between an independent auditor and Impol 2000, d. d., and other companies of the Group, where independent audits are necessary;

i) 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 the company 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;

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

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

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

m) Cooperated with the internal auditor mainly by mutual sharing of 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;

n) 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).

At the meeting in person held on 4/ 1/ 2021, the Board of directors adopted a decision to appoint Vladimir Leskovar, 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/ 1/ 2021 Dejan Košir replaces Bojan Gril as member of the Audit Committee.

5. Data is in accordance with paragraph 6 Article 70 of the Companies Act ZGD-1.

5.1. Share Capital Structure

The Company's share capital amounts to EUR 4,451,539.81 and is divided into:
- 23,951 par value shares of the first issue,
- 1,029,297 par value shares of the second issue,
- 13,519 par value shares of the third issue.

The shares are held by named persons and are of the same class.

Impol 2000, d. d. is the holding company of the Impol Group and is organised as a public limited company. Its capital is divided into 1,066,767 pro rata shares, issued in non-materialised form and registered as such on 5/ 3. 2007/ The shares are transferable and are all of the same class. The central share register is kept by KDD. At the end of the year, 830 shareholders were registered.

Members of the Board of directors in the composition of up to and including 31/ 12/ 2020 own 16,588 of all shares of Impol 2000, d. d. or 1.55% in total. Members did not trade in shares in 2020.

An overview of the 10 largest shareholders of a total of 830 shareholders continues to show adequately diversified ownership (GRI 102-5).

Approximately 50% of shares is owned by natural persons.

Table 8: Overview of the largest shareholders as of 31/ 12/ 2020

Holder	Number of shares	%
Bistral d. o. o.	111,449	10.45
Impol Montal d. o. o	80,482	7.54
Karona, d. o. o.	72,796	6.82
Alu-Trg, d. o. o.	58,882	5.52
Upimol 2000, d. o. o.	54,787	5.14
Alumix, d. o. o.	53,400	5.01
Simpal, d. o. o.	53,400	5.01
Danilo Kranjc	49,367	4.63
Simfin, d. o. o.	19,173	1.80
Varimat, d. o. o.	17,206	1.61
Other shareholders	**495,825**	**46.48**

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 December 2020, qualified holdings on the basis of the first paragraph Article 77 of the Takeovers Act are presented in the table below.

Table 9: Shareholders with qualifying holdings as of 31/ 12/ 2020

Shareholder	Number of shares	Share
Bistral d. o. o.	111,449	10.45
Impol Montal d. o. o	80,482	7.54
Karona, d. o. o.	72,796	6.82
Alu-Trg, d. o. o.	58,882	5.52
Upimol 2000, d. o. o.	54,787	5.14
Simpal, d. o. o.	53,400	5.01
Alumix, d. o. o.	53,400	5.01

By controlling the companies Simpal, d. o. o., and Alumix, d. o. o., teh 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.

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 three 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.

6. 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 proposal – 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 1/ 1/ 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. As of 01/ 1/ 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, whereas the Executive Director of Finance and IT, who is not a member of the Board of directors, is 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 processing 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
(Chairman
of the Board of directors)

Vladimir Leskovar
(Deputy Chairman
of the Board of directors)

Janko Žerjav
(Member of the Board of
directors)

Andrej Kolmanič
(Member of the Board of
directors)

Dejan Košir
(Member of the Board of
directors)

Andrej Kolmanič
(Chief Executive Officer)

Irena Šela
(Executive Director of Finance
and IT)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A YEAR OF FACING TESTS

Table 10: Important events in 2020

January	February	March
• With the new year the salaries of Impol employees increased, the value of one point increased from EUR 0.737 to 0.751. The salary of all employees thus increased, namely to at least EUR 50.09 gross (for those who did not receive any allowances defined in percentages). • Despite poor forecasts at the end of 2019, the January volume of orders improved significantly, for this reason we reorganised work by production processes at Impol PCP and at PP Alumobil and transitioned again to a four-shift work regime. • We organised the 3rd Winter Impolymics. • In January, we renovated the visitor area.	• Business operations by processes were running smoothly, almost all planned objectives were exceeded. • Impol concluded a contract with Samsung SDI for a five-year collaboration for the manufacture of products for the Fiat 500 electric car. • On February 1, we have moved again to four-shift work on the 55-MN line at the tube plant. • We published a promotional video “I will be a metallurgist” with which we wish to bring the study and employment in metallurgy closer to young people. • We set up an on-line shop for the retail sale of aluminium products, which is accessible at www.alumix.si.	• On March 5, we organised the event “Explore Impol” - a presentation of metallurgy vocations, where future metallurgy technicians and Impol scholarship recipients will have the opportunity to familiarise themselves with our company. • We adopted the first package of measures to contain the spread of the coronavirus. We advised employees to carefully monitor the situation and adjust their plans for the upcoming Easter and May Day holidays accordingly. • Due to production companies coming to a halt around Europe, the foundry saw a shortage of pure external raw materials in the form of 1000 series alloy, which we had to replace with primary aluminium. • At the end of March we overhauled Impol’s website.

April	May	June
• We completed the construction of the Final 3 facility, thereby following the strategy of increasing finalised products manufacturing capacities. • Production processes adjusted their operation to the measures adopted to contain the spread of the novel coronavirus. • All Impol employees, except those with individual contracts, received a crisis allowance at the end of the month. • Tehnofinal's cutting line saw an increase in workload, therefore we moved to four-shift working hours.	• Traditional overhauls were carried out during the May Day holidays. • The expansion of office premises at Alcad was completed. • Unidel supplied employees with protective equipment against the coronavirus. • Impol R in R received a new Wagner lathe and installed suction devices on CNC milling machines- • Impol Seval recorded a substantial drop in orders.	• Impol FT carried out several activities to improve the quality of rolling oil, which is important for manufacturing quality end products. • In all processes we gave a lot of attention to complaints. Various activities were conducted in order to improve/remove key causes. • In June, a transport logistics department started operations at Impol.

July

- The first infection with the novel coronavirus is recorded at Impol-FinAl. Despite half of the shift being quarantined, we quickly adapted and ensured a smooth continuation of the work process.
- In July, we successfully carried out an assessment of a potential buyer, Constellium, which ordered larger quantities of profiles according to specifications of end automotive buyers.

August

- A record volume of doubled and single foils were manufactured by the FTT programme at Impol FT.
- The greatest success of the rolling technology of this summer was the production of a foil for yoghurt caps from our own alloy 8079 slabs.
- At PP profiles we continued relocating tools to the new high-bay warehouse.
- The last stage of developing and testing materials for crash and non-crash Class 24 profiles for Volkswagen cars took place.
- At the end of August, Impol-TLM is included on the list of strategic projects of the Republic of Croatia with its reconstruction and construction of a new foundry project.
- Impol Servis records an increase in orders trend, mainly for fencing systems.

September

- In September, Impol LLT replaced the degassing device on gas line 1 where bars for the automotive industry are being manufactured.
- We successfully completed the development of material according to the DBL 4919.30 specification, thus being included on the list of possible Daimler supplier.
- At the end of September, the Chamber of Commerce and Industry of the Štajerska region gave out awards for the best innovations. Impol received two silver and one bronze award.
- Due to the coronacrisis, traditional sports games for employees at IC Impol are cancelled.

October

- Despite observing all the measures to prevent the spread of the coronavirus, introduced by the Impol Group and adopted by the National Institute of Public Health, an infection hotspot was recorded at Unidel's sewing plant in October.
- In mid-October we fully transitioned to three-shift work at Impol-FinAl, also for buyers VRM and ZF Sachs.
- Samsung confirmed Impol as an A supplier.

November

- Equipment installation is under way on the RL6 cutting line at Impol FT.
- Infections with the novel coronavirus increase, which makes it harder to organise work without interruptions.

December

- Traditional holiday events are cancelled due to the coronacrisis.
- Since December 23 most employees of the Impol Group are on collective leave.
- Optimism starts to take hold on the market – buyers are increasing the volume of orders.

PERFORMANCE ANALYSIS

Impol Group Performance

Notes on the Statement of Financial Position of the Impol Group

In the 2020 financial year, we generated net sales revenue of EUR 583.9 million, which is 14.54% less than in 2019. The reason for the decrease is on one hand a drop in volume sale (by 8.5% less than in 2019) and to a greater extent the reduction of the aluminium price on the stock-exchange market, which is the basis for forming sales prices (which were lower by 10% compared to the previous year). The revenues generated in the domestic market account for 6.61% in the structure of sales revenues, and compared to the previous year they increased by 2.44%. Revenues generated in foreign markets accounted for 93.39 percent of total revenues and in comparison with 2019 they fell by 15.28%. 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 568.7 million are by 14.30% higher than in the previous year. The costs of goods, material and services decreased by 16.42% in comparison to the previous year and account for 84.19% in the structure. The most important category of operating expenses is the cost of material, which amounted to EUR 345 million in 2020, which is 19.84% less than in the previous year. Their proportion in total operating expenses equals 60.7%. The largest share of costs of material represents the costs of raw materials, and the remaining costs are the costs of energy products, water, disposal of packaging and other materials.

- Costs of services which account for 6.9% of total operating expenses amounted to EUR 39.4 million in 2020 and decreased by 10.8% compared to 2019.
- Costs of labour amounting to EUR 65.3 million are by 3.3% lower compared to 2020.
- Write-offs of EUR 21.6 million increased by 7.30% compared to 2019. Of which the depreciation charge represented EUR 21.3 million, which is by 7.6% more than in 2019. The increase is the consequence of the completion of a larger part of the investments.
- Other operating expenses in 2020 amounted to EUR 3 million, which is by 2.9% less than in the previous year. The biggest proportion of other operating expenses is the cost associated with the environmental taxes (concession for water, land use fee, etc.), various membership fees, donations.
- In the 2020 financial year, we generated EUR 20.7 million of earnings before interest and taxes (EBIT) and EUR 42 million of earnings before interest, tax, depreciation and amortisation (EBITDA). Compared to the previous year, this means lower EBIT by 32.4% and lower EBITDA by 16.6%. The lower realised EBIT value is the consequence of a lower volume of business operations in 2020.
- We generated a negative financing result in the amount of EUR 4.3 million (2019: EUR -3 million). The largest impact was represented by higher financial expenses due to other operating liabilities.
- Financial expenses relating to the interests from the liabilities to banks amounted to EUR 3.3 million in 2020 (2019: EUR 3.2 million).
- We thus generated net profit of EUR 14.1 million (2019: EUR 23.8 million).

Notes on the Statement of Financial Position of the Impol Group

At the end of 2020, the assets of the Impol Group equalled EUR 535.9 million, which is EUR 17.8 million more than total assets of the Group at the end of 2019. Investments in short-term assets had the greatest impact on the reduction of assets, of which the greatest reduction was recorded in cash and investments in receivables. Investment in long-term assets remained approximately at the same level.

Long-term assets amounted to EUR 237 million and virtually did not change with respect to 2019. As of 31/ 12/ 2020, short-term assets amount to EUR 297.5 million, which is EUR 17 million more than on 31/12/2019. Inventories decreased by EUR 4.7 million, whereas operating receivables increased by EUR 3.9 million. Short-term financial investments amount to EUR 2.1 million, a part of which are represented by loans granted and a portion of receivables from the purchase of receivables. In 2020, we also increased cash by EUR 18.3 million compared to 2019.

As of 31/12/2020, total liabilities of the Impol Group amounted to EUR 535.9 million and increased by EUR 17.8 million in 2020. The Group decreased its long-term liabilities by EUR 1.7 million and increased its short-term liabilities by EUR 9 million, both in comparison to 2019 and mainly due to liabilities to suppliers.

Total capital of the Impol Group increased in 2020 by EUR 10.1 million, largely because net profit after tax (GRI 201-1).

Cash flow statement

In 2020, we generated positive operating cash flow in the amount of EUR 55.5 million. In 2019, it amounted to EUR 36.8 million. We generated negative investing cash flow in the amount of EUR 20.7 million compared to the year before when it amounted to EUR 26.4 million. Cash flow from financing was negative in the amount of EUR 16.4 million. The closing balance of cash was thus increased by EUR 18.3 million compared 2019.

Performance of Impol 2000, d. d.

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

In 2020, Impol 2000, d. d., generated net sales revenues of EUR 26 million from the sales of products, services and merchandise, which is approximately at the same level than in 2019. In the domestic market we generated net revenues arising from the sales of products, services and merchandise of EUR 23.8 million, which is 2.19% less than in the previous year. In foreign markets we generated net revenues of EUR 2.2 million, which is 31.36% more than in 2019 In 2020, operating expenses slightly increased (by 0.41%) compared to 2019 and stood at EUR 25.7 million. Costs of goods and material sold account for 63.25% of all operating expenses and are followed by labour costs equalling 29.34%, costs of services represent 5.17% of operating expenses, whereas write-offs and other operating expenses together represent 2.24% of all operating expenses.

In 2020, we generated EUR 0.56 million of operating profit. In 2019, operating profit amounted to EUR 0.44 million.

The operating cash flow (EBITDA) in the amount of EUR 0.92 million was positive. In 2020, we generated EUR 0.21 million of negative financing result. Financial revenues of EUR 0.54 million are EUR 5.9 million lower than in 2019 due to lower financial income from shares. In 2020, net profit after tax amounted to EUR 0.28 million while in 2019 it amounted to EUR 5.7 million.

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

At the end of 2020, the assets of the Company represented EUR 140.2 million, which is 5.81% more than at the end of 2019. In 2020, long-term assets increased by 14.83% in comparison to 2019. The increase in all assets is mainly the consequence of the increase in long-term
financial investments.

As of 31/ 12/ 2020, the total liabilities stood at EUR 140.2 million and were EUR 7.7 million higher than the liabilities of the previous year. Higher liabilities of the Company partially stem from increased long-term and short-term financial liabilities from companies in the Impol Group. In 2020, the Company paid the last instalment of bonds issued in 2015.

The capital of the Company in the amount of EUR 60 million was 4.65% or EUR 2.9 million lower than in 2019. In 2020, dividends were paid out in the gross amount of EUR 3.0/share, which equalled EUR 3.2 million for all shares.

The net debt on the last day of 2020 (calculated as the difference between financial liabilities and monetary assets and short-term financial investments) amounted to EUR 68.7 million and is higher by EUR 12.97 million compared to the end of 2019.

Cash flow statement

In 2020, we generated positive operating cash flow in the amount of EUR 7.7 million. In 2019, it amounted to EUR 1.7 million. The cash flow from investing was negative and amounted to EUR -7.2 million at the end of 2020. The negative cash flow from financing amounted to EUR 80 thousand in 2020.. In 2019, the positive cash flow from financing was negative and it amounted to EUR -5.2 million. The entire cash flow in 2020 was positive and amounted to EUR 0.67 million (EUR 0.17 million in 2019).

Impol Group in 2020

2020 was marked by the following events:

- Like many global entities the Impol Group was also impacted by the crisis due to the novel coronavirus pandemic, which started to affecting our business dynamics already in March. The largest drop in demand was felt in the automotive industry, which significantly decreased the realisation of the Impol Group in the spring months.
- An anti-dumping investigation was launched by US authorities on the US market, which represented a 10% sales share of the Impol Group, with the intention of protecting their own manufacturers, which in turn completely halted our sales on the American market. The Impol Group team intensively cooperated in the investigation and at the beginning of October the U. S. Department of Commerce published the preliminary results of the anti-dumping rates. Slovenia was given 4.8%, Croatia 3.22% and Serbia 11.2%. The investigation is expected to concluded in 2021.
- Despite a demanding year, we have reacquired additional customers in the field of product finalisation while simultaneously developing business processes in order to provide a comprehensive response to the requirements of the market towards a "TIER 1" supplier. We have successfully restarted regular production of finalised products for Samsung.
- We have successfully advocated for the AC40 rod manufacturing technology, which resulted in the AMS 4117 being amended.
- In our role of development supplier, we developed new products, alloys and testing methods, together with our customers. This was facilitated by past investments in the growth of production capacities with the focus on those products that are intended for the markets with long-term growth perspective.
- Our own foundry enabled us to maintain the economic nature of our business operations, and helped us to successfully attain the following objectives defined: increase in the share of our own production of input raw materials, maintenance and attainment of higher product quality, development of complex alloys, and increase in the share of secondary aluminium conversion which is already exceeding 25% of externally purchased raw materials in the Impol Group.
- The quantitative volume of aluminium product sales of the Impol Group was by 8% lower in 2020 compared to the previous year.
- We successfully controlled the influence of market fluctuations with a relatively high degree of dispersion of customers, without prevailing or exclusive customers, and thus being able to achieve a solid positive result.
- Germany remains the largest individual market by far. The Impol Group has established a permanent business partnership with customers from about 50 countries, although customers from the EU prevail (GRI 102-6).
- We finance 47% of all investments with equity, which is indicative of a slight improvement in financing with equity compared to the previous year. In 2020, we decreased the volume of taking out loans from banks by 4.5% compared to the previous year.
- We invested almost EUR 21.4 million in long-term assets in 2020.

Figure 3: Sales of products by country in 2020

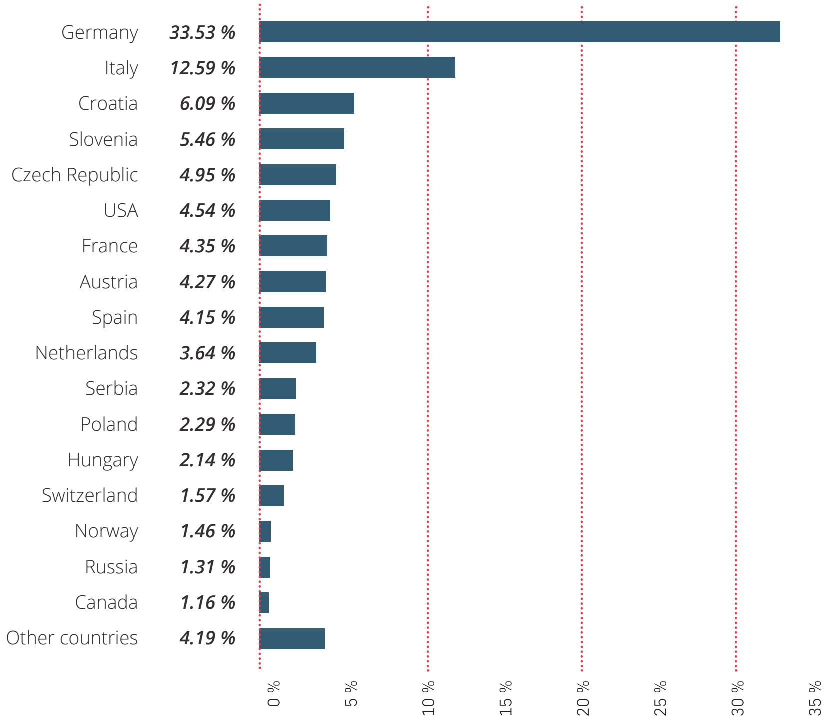


Figure 4: Working capital by year

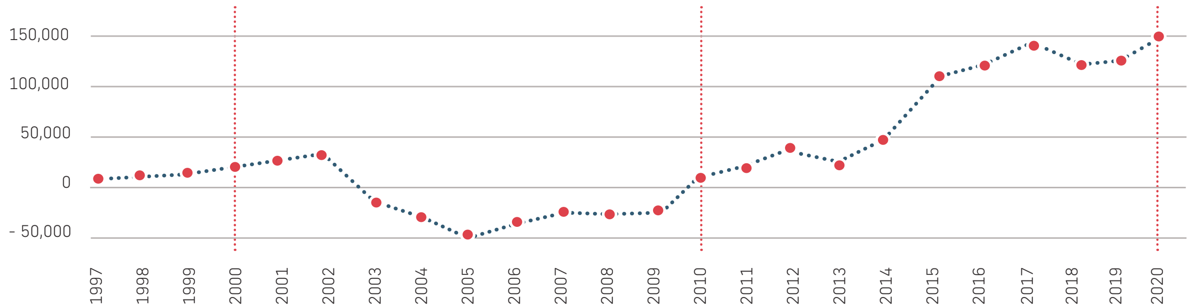


Table 11: Overview of results of the Impol Group in EUR million

Year/Indicator	2015	2016	2017	2018	2019	2020
Consolidated net sales revenue	546.1	543.4	666.7	727.6	683.2	583.9
Consolidated operating expenses and costs	518.5	507.2	632.6	700.9	663.7	568.7
- of which depreciation	15.1	15.3	15.6	16.2	19.8	21.3
Operating profit	33.2	41.5	46.9	43.2	30.5	20.7
Financial revenues/expenses difference	-7.3	-6.3	-7.8	-2.3	-3.0	-4.3
Profit (or loss) after tax	22.5	30.4	34.5	36.7	23.8	14.1
Cash flow from current operations*	38.3	46.6	50.2	53.1	44.0	35.7
Equity	127.6	154.0	187.5	221.8	242.1	252.2
Assets (active)	362.4	381.1	463.4	530.2	518.1	535.9
Share book value in EUR (including the equity of minority owners)	119.60	144.40	175.74	207.94	226.93	236.43
Added value per employee in EUR	54,712	49,337	54,110	53,488	50,304	46,341
EBITDA** in EUR 000	48,382	56,851	62,598	59,380	50,367	42,000
Changes in EBITDA	1.240	1.180	1.100	0.948	0.848	0.834
Net debt*** in EUR 000	117,962	148,599	172,846	163,859	162,923	135,901
Net debt/EBITDA	2.44	2.61	2.76	2.76	3.23	3.24

* 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 2020 compared to 2019.
** EBITDA = operating profit + depreciation.
*** Net debt = long-term financial liabilities + short-term financial liabilities – monetary assets and cash equivalents – short-term financial investments.

Table 12: Key indicators

Year/Indicator	2015	2016	2017	2018	2019	2020
Equity/all sources of operating assets	35.2 %	40.4 %	40.5 %	41.8 %	46.7 %	47.1 %
Golden rule of balance sheet = long-term assets / long-term investments	184.5 %	175.1 %	170.2 %	150.1 %	149.6 %	153.1 %
Net/operating revenues	42.6 %	41.2 %	40.8 %	41.8 %	39.8 %	48.6 %
Option to settle liabilities with property	155.9 %	170.3 %	170.3 %	174.2 %	190.7 %	192.0 %
Financial expenses/expenses	1.3 %	1.2 %	0.8 %	0.6 %	0.7 %	1.3 %
Income/employee ratio in EUR 000	299.84	243.94	295.23	313.55	291.24	243.99
Margin	4.13 %	5.6 %	5.17 %	5.5 %	3.49 %	2.42 %
Debt/equity	182 %	144 %	144.1 %	136.0 %	111.50 %	110.00 %

IMPORTANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

Management of Impol-TLM, d. o. o., was taken over by Bojan Kropf, MA.

On 27/ 1/ 2021, the term of office of Bojan Gril, member of the Board of directors, who was appointed by the representative body of workers, expired. Dejan Košir, BA Law, who was employed at the Impol PCP, d. o. o., as planner, was appointed new member of the Board of directors by the representative body of workers.

At the end of 2021, the Impol Group intends to acquire the companies Impol PCP, d. o. o., Impol FT, d. o. o., in Impol LLT, d. o. o. an d merging them with Impol, d. o. o.

IMPOL IN THE WORLD OF ALUMINIUM

"The Impol Group is the largest processor 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 car industry, food industry, pharmaceutical industry, aeronautical 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 ahead".

The main strategic advantage of the Impol Group is the diversity of the aluminium processing programme, since we master numerous aluminium treatment processes: casting, rolling, extruding, drawing, pressing, and further processing (product finalisation). At the same time, we also create synergy effects by controlling other areas that support our core activity, i.e. processing 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, processing of primary aluminium amounted to 65.29 million tonnes in 2020; the Impol Group achieved a 0.34% share of processing 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.

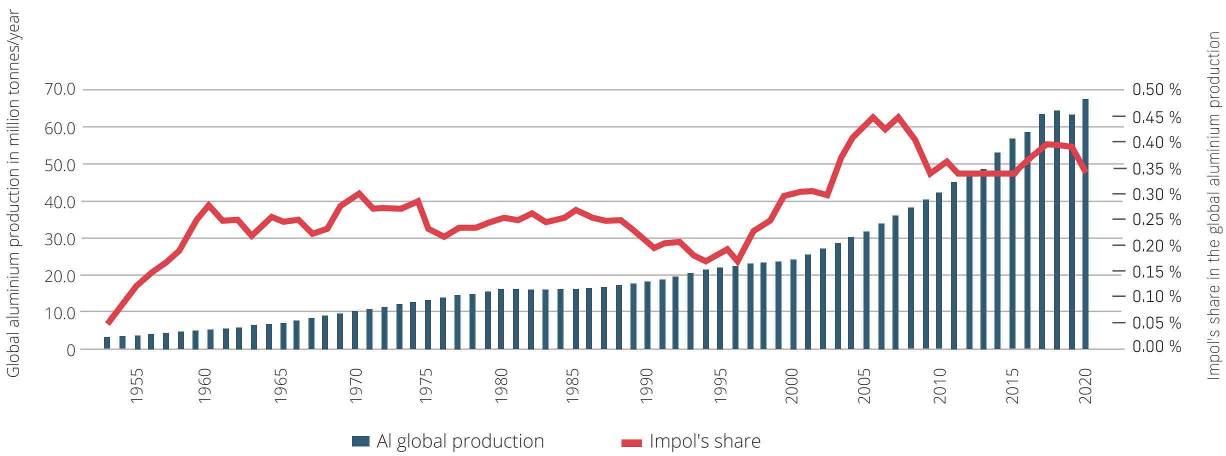
Table 13: Global production of primary aluminium - situation in 2020

Year/Indicator	2013	2014	2015	2016	2017	2018	2019p.	2020p.
Global production of primary aluminium in millions of tonnes	50.60	53.06	57.36	59.80	62.00	64.30	66.60	69.00
Global consumption of primary aluminium in millions of tonnes	49.90	53.30	57.08	59.30	62.30	64.80	67.00	70.00
Incurred imbalance (+ aluminium surplus, – aluminium deficit) in millions of tonnes	0.70	-0.24	0.29	0.50	-0.25	-0.50	-0.40	-1.00
LME cash price: USD/tonne – annual average	1,889	1,867	1,662	1,605	1,965	2,110	1,850	1,950

*Source: Cross asset research, Société Générale, June 2020)

In 2020, the average aluminium price on the LME amounted to approximately USD 1,650 per tonne.

Figure 5: The share of Impol in the use of produced primary aluminium in 2020



The aluminium processing 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 processing 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

Products and services – Adding value to aluminium

The main orientation of Impol Group is to add value to aluminium, which we are achieving through the processing of rolled and pressed aluminium products, and also play the role of the developmental and strategic partner to our customers. In addition to the rolling and extruding programme, we also offer niche products – blanks and slugs. In recent years 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.

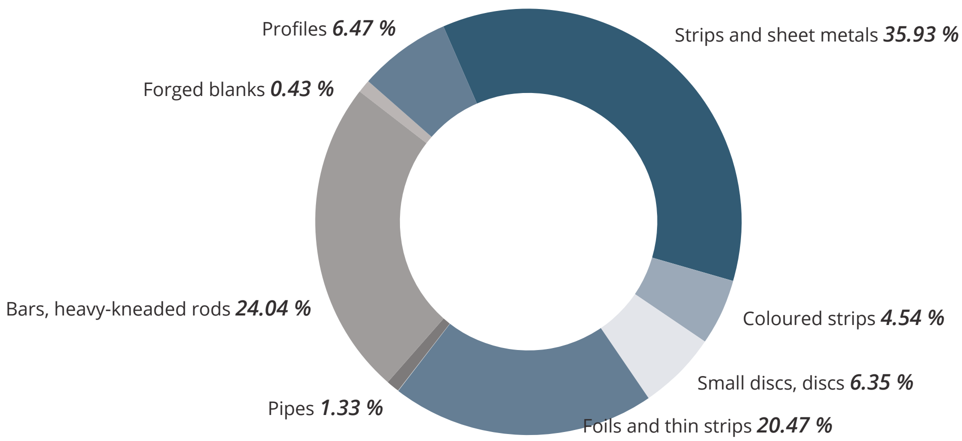
The entire production programme is based on orders and is triggered by sales orders. Customers are divided into two segments: distributors and end customers, whereby the share of sales to end customers has been increasing in recent years accounting for 60%, in order to maintain the stability of operations and the transparency of management of the production, sales and purchasing.

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 processing aluminium products - forging, painting, anodising and other mechanical processing. 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 extruding.

The fundamental task of the foundry division is to optimise operating costs, technologically upgrade our range and the quality of cast 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 stabilisation of 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 extruding division invests a lot of effort in increasing the range of products with additional processing – finalisation – and developing complex products that require an in-depth mastering of the technology.

Figure 6: Shares of sales by product programmes



Market and Customers

In 2020, countries of the European Union once again represented the Impol Group's most important market since about 93% of our products are sold there, including in Slovenia, . In terms of individual countries, the biggest share of our products are exported to Germany, namely one third. Our second biggest market is Italy with a 13% share. Other larger markets are Croatia (6%), Slovenia (5.5%) and Czech Republic (5%).

We continue to preserve dispersal among markets, customers and industries. The sales are dispersed among numerous customers, and an individual customer as a rule does not exceed 10% of total production. Our strategic positioning is additionally enhanced by a diversified production programme. Buyers of Impol products come from various market segments, whereby the biggest share is represented by transport (20.5%), construction (13.5%) and food industry (12.1%) (GRI 102-6).

Figure 7: Sales by region expressed in percentage

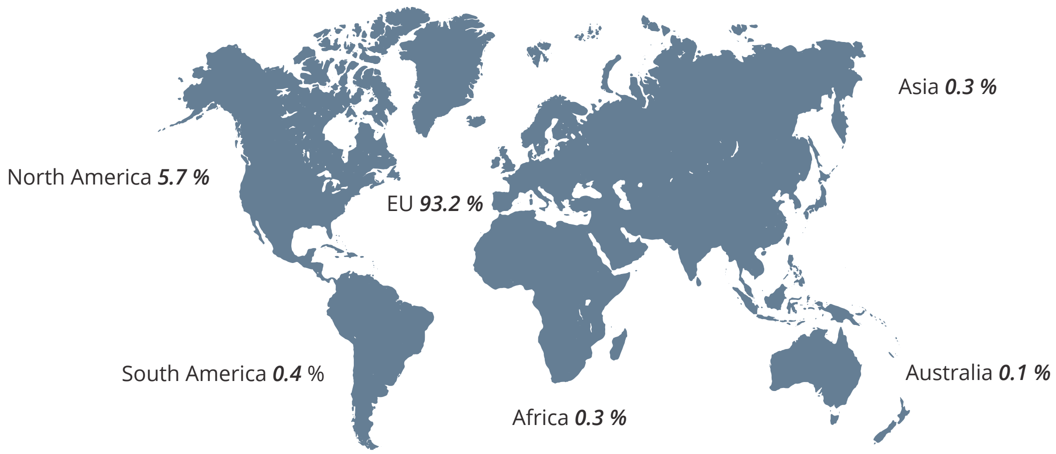
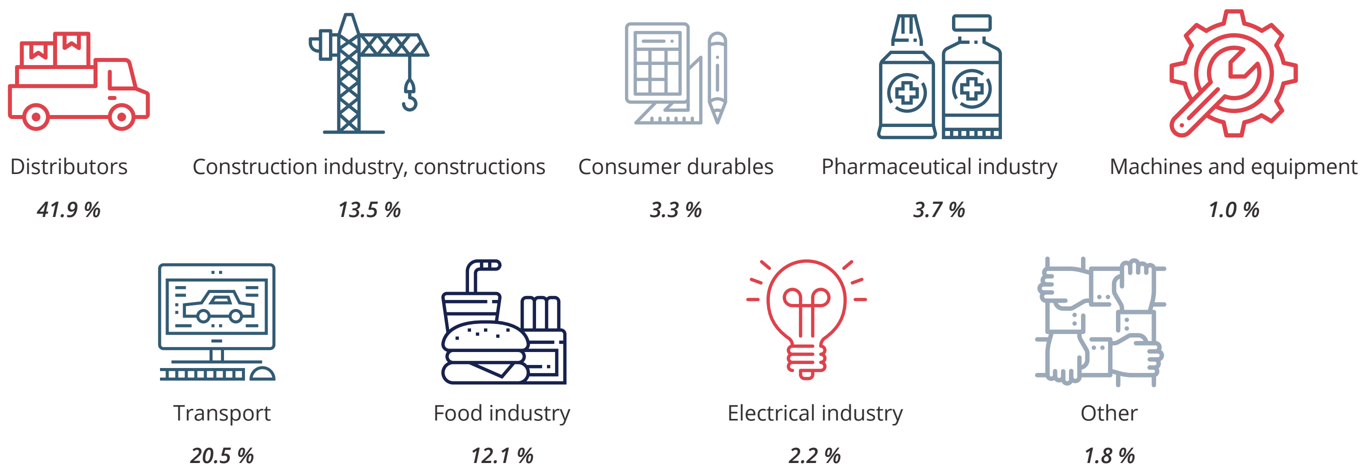
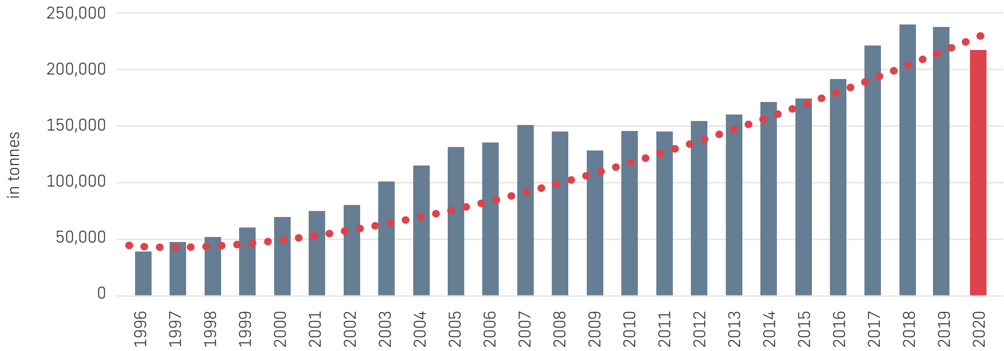


Figure 8: Customers by market segment



The sales growth of the Impol Group is most realistically presented with the data on the sold quantities of aluminium products in tonnes. The data on turnover value is distorted by the price trends on the LME.

Figure 9: Trend in sold quantities of products



Organisation of Sales

In the Impol Group the sale of aluminium is mainly carried out through Impol, d. o. o., while the sales of other products and services are done directly by companies within the Group that deal with market oriented activities. The entire sales process is managed by the parent company of the Impol Group - Impol 2000, d. d., with the exception of a smaller segment dealing with the sale of the paint programme, organised within Impol Seval.

The aluminium production programme of Impol is divided into standard and specialised programmes. The standard one is intended for the sale to retailers or distributors who buy standard products for resale, The specialised programme is intended for direct sale to final users who purchase products made especially for them according to specifications (specific shape, alloys, mechanical and chemical properties, etc.). This kind of division facilitates a higher level of operating safety and has proved to bear positive results in all market fluctuations. Through the development of additional product finalisation, we are also making our way towards the segment of immediate suppliers in the transport industry, This represents a new market opportunity for further development of the Impol Group.

In terms of standard programme sales, sales agreements are concluded in a form of prompt orders, whereas contracts for specialised programmes are, as a rule, concluded on a longer-term basis in advance, based on which deliveries are carried out following recalls.

Impol's products are purchased by industrial customers who further process them and therefore perceive the products as an input raw material. The acquisition of customers and suppliers is not carried out in line with the traditional marketing principles but mainly on the basis of knowledge we have one about the other within the industry and the established goodwill in this closed business environment.

Brands

Products of the Impol Group are being marketed under the Impol brand with the exception of products of the forgings niche programme, which are marketed under the Stampal SB brand and products of the slugs niche programme, which are marketed under the Rondal brand. 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.

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)

Significant achievements in sales

- We have retained the existing customers and obtained new customers in demanding markets (automotive, food industry).
- We have developed new projects with current buyers.
- Despite the coronacrisis, we managed to successfully increase the volume of the sale of thicker rolled products on the European market and the sale of foils. We have also concluded a 4-year contract with BMW for the sale of strips.

- We have successfully advocated for the first phase of the anti-dumping procedure initiated by the USA.
- Together with other manufacturers we have managed to initiate two anti-dumping investigations with the European Commission against China in the area of thicker rolled products and converter foils.
- We have increased the degree of customer satisfaction and of reliability of supplies.
- We have acquired new, demanding customers and projects in the field of finalisation.
- We have increased the volume of sale to distributors and thus successfully sought alternatives for the drop in demand by end users.

Forecast for 2021

- We will increase the share of sales of rolled and pressed products in accordance with the announced optimism on the market.
- We will improve IT support to manufacturing and sales processes.
- We will validate newly acquired products.
- We will keep the European market and our export activities to the US market.
- We will ensure stable demand throughout the entire year.
- We will increase the share of final customers.

PURCHASING

Organisation of purchasing

The Impol Group implements an organised strategic purchasing policy. Product managers provide for uniform purchasing conditions for specific product groups at the level of all companies within the Impol Group. Negotiations and conclusions of strategic purchase contracts are carried out in a uniform way as well. The basic tasks of strategic purchasing include the development of strategic suppliers of the Impol Group, the selection and development of new suppliers and management of the relationship with them, concluding strategic purchasing contracts enabling a stable, efficient and price-effective supply with raw material, energy products, key materials, services and equipment, which must meet the requirements of sustainable development for all the companies within the Impol Group and creating a unified purchasing policy and purchasing conditions in the Impol Group. Purchasing is the foundation of strong and connecting relationships between suppliers and buyers (GRI 103-1).

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 processor with no raw material sources of its own, appropriate raw materials must be purchased prior to the production of every single product. Raw material purchasing is made up by raw material in the form of formats (36%). Primary aluminium represents 39% and secondary aluminium in a form of aluminium scrap represents 25%, which are, together with alloying elements, processed in our own foundries into advanced aluminium alloys (GRI 102-9).

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 loop-backs 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.

Purchasing of Aluminium Raw Materials

Primary and secondary aluminium in various forms still make up the largest share in terms of raw material purchasing in 2020. Given the fact that we are a processor with no raw material sources of its own, appropriate raw materials must be purchased prior to the production of every single product. Raw material purchasing is made up by raw material in the form of formats (36%). Primary aluminium represents 39% and secondary aluminium in a form of aluminium scrap represents 25%, which are, together with alloying elements, processed in our own foundries into advanced aluminium alloys.

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Figure 10: Loopback system

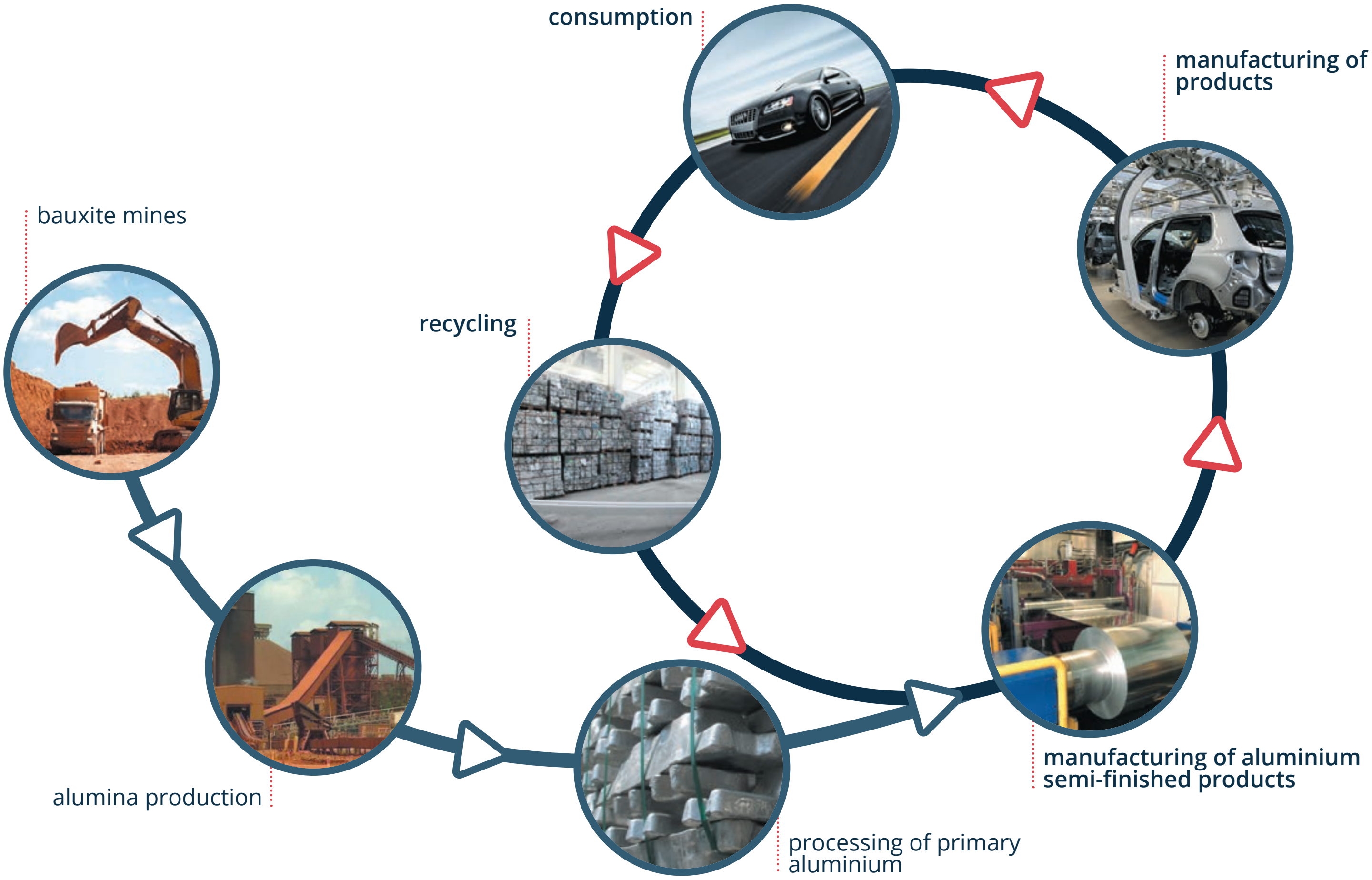
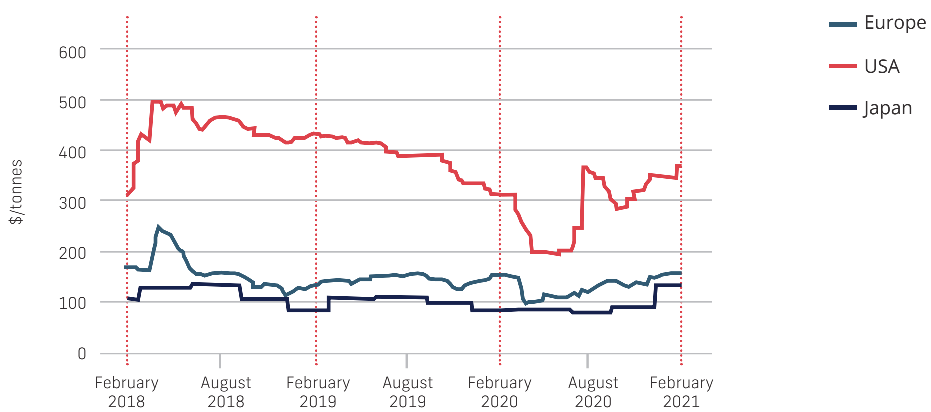


Figure 11: Aluminium market



*Source: Fastmarkets MB

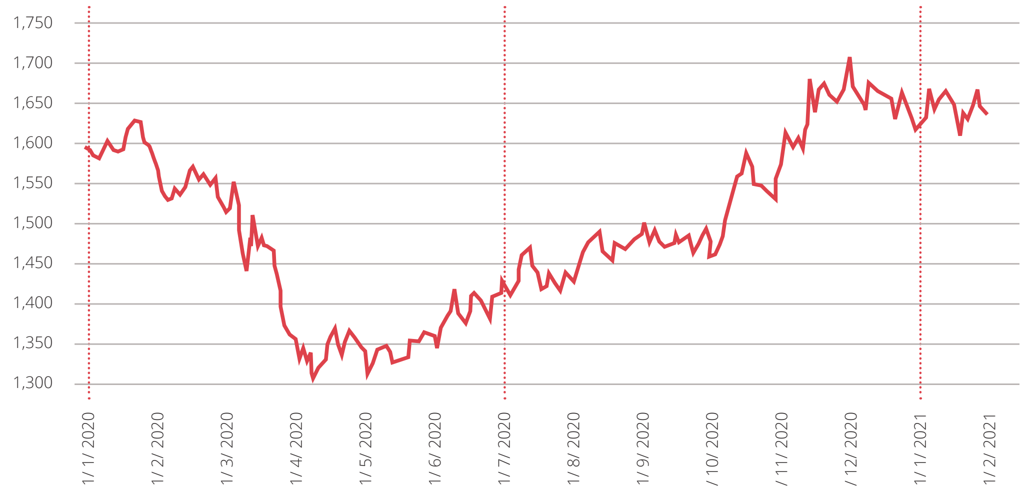
Management of the price risk related to aluminium stock price volatility

In 2020, aluminium price developments at the London Metal Exchange (LME) were significantly impacted by the following factors: coronavirus pandemic, extensive contraction of the economy or closure of entire sectors, excess of supply over demand and tensions in the political sphere, since increasingly more countries are protecting their economies by introducing customs duties or quotas.

The market was already weakened at the beginning of 2020, which we entered with a significantly negative state of mind due to low growth rates of aluminium consumption, the beginnings of the German economy crisis - mainly automotive industry - low PMI index and trade wars and sanctions initiated by the USA against Russia and China.

The already weakened market was affected most by the pandemic in Q2 of 2020, the spot price of aluminium fell by EUR 350/t by mid-2020 to approximately EUR 1,300/t (-22%), which is the lowest price after the big crisis in 2009. In the second half of the year, when the restrictive measures due to the pandemic started to loosen and the economy finally began to open up, prices did not really take off due to the summer standstill and surprisingly we witnessed a strong correction in the last quarter, which was also reflected in the prices themselves, which reached even higher levels than in the beginning of the year (EUR 1,700/t). The annual average of spot prices thus amounted to EUR 1,490/t, which is lower by almost EUR 100 compared to 2019.

Figure 12: Spot price trend at the LME in EUR/t



The pandemic and its consequences also affected the Impol Group, as certain markets almost completely closed. From the point of view of price risk due to a sharp drop in LME prices, we have managed to mitigate our exposure in terms of raw materials with timely adopted measures, which means that the exposure was controlled either by delaying supplies from suppliers, mainly by taking prompt action with futures at the LME. As a result, we were not caught in the spiral of falling stock-exchange prices with a good positioning, which was the case a decade ago during the great financial crisis, when we concluded contract with fixed prices and hedged raw materials, while the market prevented buyers from fulfilling their contractual obligations. In 2020, there were much less of these risks or there were only isolated cases. Then again, significant diversification also contributed to this.

In the last months of 2020, the economy started to show the first sign of recovery, and the level of orders increased, while at the same time the prices of painted metals, including aluminium, also increased.

Challenges in purchasing raw material in 2020

Challenges in purchasing were very different than usual this year. Due to a drop in orders caused by the global economic crisis due to the covid-19 pandemic, which, in turn, resulted in an increase in inventory, meaning that our most important challenge was how to consolidate raw materials delivery with reduced needs, since our liabilities have already been concluded. We managed to resolve the issue by moving quantities to future months with all suppliers that have established good long-term relationships with us, and we have not withdrawn from any contract. At the end of 2020, the situation completely reversed, and the demand in 2021 increased extremely with the quick growth of orders due to which sufficient amounts of raw materials had to be ensured again.

Purchasing trends for 2021

The main challenge for next year will be to follow the increase in sales orders with supplies of raw materials. Purchasing prices, which have to be in line with our needs and selling prices, also present a constant challenge. There is an increased demand for the so called "green" aluminium or aluminium with a low carbon footprint, for which appropriate raw materials will have to be ensured in the future.

DEVELOPMENT AND INVESTMENT PROCESSES

R&D Activities

R&D activities at the Impol Group are organised in multiple layers. The Impol Group organises development by dividing it into investment and technological development. Technological development department draws up a plan and coordinates the research and development tasks/projects approved by the Board of directors.

Investments are developed by the parent company Impol 2000, d. d. It also coordinates development activities of the Group and heads the Company's registered research team. The Group carries out research assignments that are awarded to the Company through tenders.

In the area of extruded products our research team focused on developing new alloys and testing methods and on implementing new projects (products) for the industry. We have developed medium-hard alloys corresponding to specification requirements of demanding customers in the automotive industry.

In the area of rolled products we have successfully completed the project of manufacturing foils for anti-corrosion surface protection. We have also successfully manufactured the EDT strip using the 5182 alloy. We have conducted a study of the welding properties of gas containers and thus offered our buyers a project for a comprehensive supply for gas containers. The optimisation of slab homogenisation was also one of the main achievements of our development activities. A lot of our efforts were also directed toward improving deep-drawing properties of foils and thin strips.

We are continuing with the development of the MARTIN project, which enables us to carry out an in-depth study of new products and technologies and to optimise process parameters and material properties. Throughout the project, we are building numerical tools intended to shorten the phase of technology and product development.

We have completed 36 development tasks and developed 10 new products, 14 new technologies, 4 new alloys and two ameliorated alloys.

Investment Activity

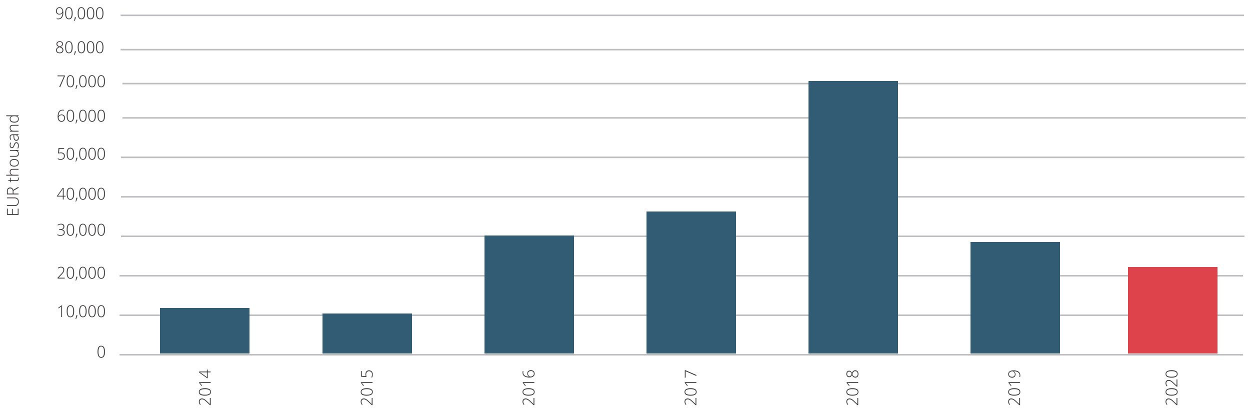
In 2020, we completed the investment projects for the rolling division by continuing to modernise the hot-rolling mill at Impol Seval and successfully completing the first renovation phase. With additional investments into the upgrade of the production programme, we have focused a lot of our efforts into the optimisation of our business processes, as well as into the development of new products with a higher value added. We continued carrying out activities for the construction of a new foundry in Šibenik.

In the area of the extruding division we have additionally developed the finalisation programme and adjusted the manufacturing equipment and business organisation accordingly.

Table 14: Volume of investments in EUR million

	2015	2016	2017	2018	2019	2020
Investment in acquisition of shares / stakes					2.0	
Investment in fixed assets	12.0	31.0	39.4	70.2	27.9	22.1
Investment in short-term assets	40.8	0.8	58.7	12.5	-20.4	17.0
Total	**52.8**	**31.8**	**98.1**	**82.7**	**9.5**	**39.1**

Figure 13: Volume of investment in fixed assets



FINANCING AND DIVIDEND POLICY

In 2020, the Impol Group continued to consolidate the structure of its financing sources by financing 46.7 % of total investments with equity. In comparison with the preceding year, the structure of its financing sources remained at the same level. The borrowing within the Group is mainly carried out through the companies Impol 2000, d. d., and Impol, d. o. o., and through Impol Seval, a. d. in Serbia.

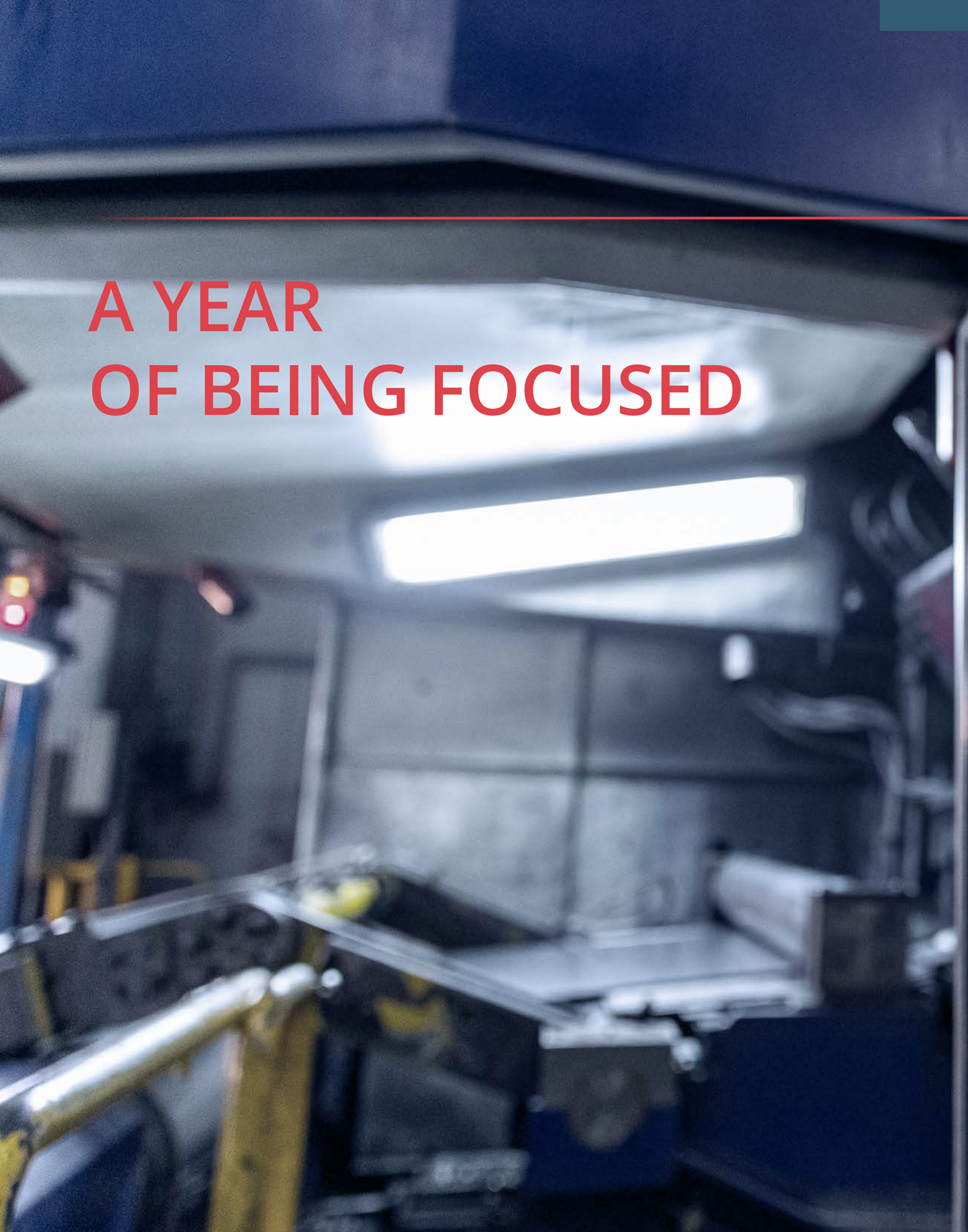
Owing to the need to ensure adequate repayment of long-term and short-term loans taken out by all Group companies and to guarantee a higher share of equity as a source for the financing of investments in durable short-term assets, we continue to maximise the use of profit for these purposes. Profit generated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

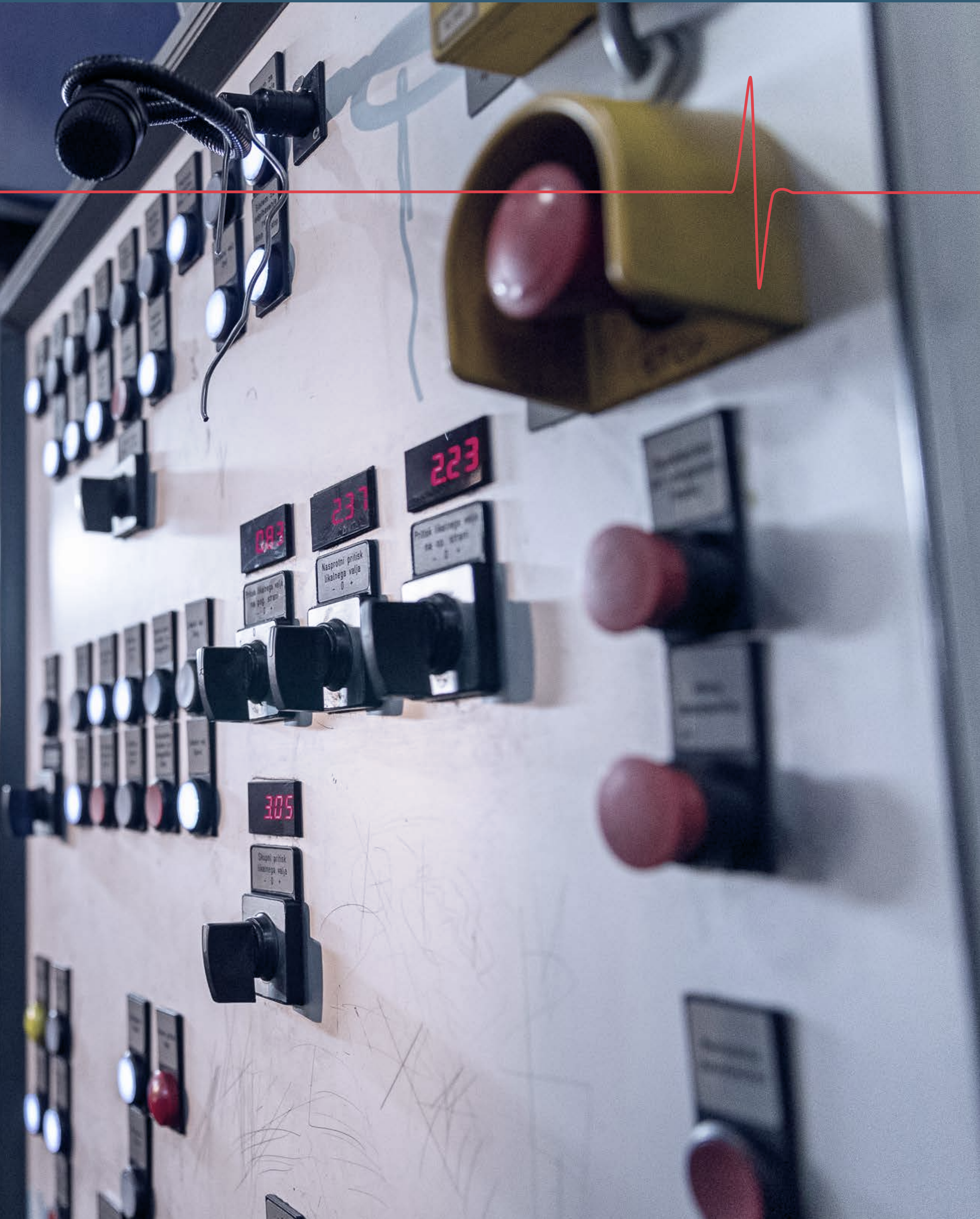
The share of financing of the Group outside the banking system represents 17.8% of total financial liabilities. We devote special attention to the engagement of assets in short-term investments (inventories, receivables, cash, other) and their continuous optimisation so as to avoid problems that are 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.

A YEAR OF BEING FOCUSED




Nasprotni prilisk
likalnega valja

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.
- We organise open-door days for local residents.

Strategic marketing position
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)

Šela

2. BUSINESS POLICIES

Policy of the Impol Group

Using advanced technologies we manufacture high-quality aluminium and aluminium alloy products. We offer our clients services of a high-quality level. We strive to constantly reduce environmental impacts which are the consequence of our current and past activities. By introducing and implementing constant improvements to processes we wish to achieve the long-term satisfaction and loyalty of our clients, a high level of health, safety and commitment of our employees, and to constantly reduce the negative impacts on the environment.

THIS IS WHY WE ARE COMMITED TO:
- respect statutory requirements, related to our operation, on all levels of business operations, and other legitimate requirements that we have adopted.
- listen and respond to the needs, expectations, ideas and initiatives of all interested parties, in particular clients, employees and the public.
- Take a teamwork approach in achieving the set goals, since in this way we can get the most from each individual.
- A constant development of competences of employees in order to build commitment and achieve business objectives.
- Invest in research and development with the aim of including advanced technologies and creating innovative products.
- gradually invest in the top available production techniques, introduce safer and health-friendly processes in accordance with technological and financial capabilities, and taking into consideration the principles of economy.
- Long-term financial safety and business growth with a professional approach and high productivity in all areas.
- Meet demands, verify efficiency and constant improvement of the quality system, environmental management and professional health and safety.
- Contribute to the preservation of natural resources using return material, secondary raw material and careful use of all resources.
- Decrease specific consumption of energy products by investing in more energy-efficient machines.

BY ADOPTING THE POLICY WE COMMIT TO PREVENTING ENVIRONMENTAL POLLUTION AND INJURIES AND DAMAGE TO HEALTH.

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.

3. Pillars of social responsibility

AN INNOVATIVE BUSINESS MODEL – TRANSITIONING TO A CIRCULAR ECONOMY

In a time characterised by hyper-production and limited resources, the care for the environment and the preservation of natural resources became the primary concern. Numerous companies are therefore transitioning to a circular economy, which enables the re-use of raw material. Aluminium processing enables an unlimited re-use of return raw materials with the preservation of its primary characteristics.

RESPONSIBILITY TOWARD NATURE

Reducing environmental pollution is one of several important business goals of the Impol Group. For this purpose, we prepare an investment plan outlining our activities on a yearly basis. In the last three years, for example, we allocated more than EUR 2 million for investments in environmental protection. The solar power plant also falls among significant investments ecology-wise. We also invest in projects aimed at improving the quality of life in the local community.

SUSTAINABLE PRODUCTS

Aluminium products are the products of the future, which comes as no surprise to manufacturers of numerous goods. Aluminium is lighter than steel, has excellent processing characteristics, and absorbs force better. The use of aluminium in the automotive industry enables the weight of cars to be decreased by 40%, thus contributing to the reduction of fuel consumption and, consequently, the degree of pollution. Even the construction industry, using up a quarter of the global aluminium production, recognises the effects that the use of aluminium has on the reduction of energy consumption. Aluminium is also an excellent material for packaging in the food industry, since it reduces the weight of the products and ensures excellent protection. On the benefits of the use of aluminium speaks also the fact that aluminium saves more energy than it actually consumes. Aluminium is also indispensable in modern architecture and design.

RECYCLING

Aluminium does not lose its original characteristics when recycled. It has a high internal material value due to which it is worth returning it, in terms of economy, to the loop that consists of the extraction of metals, use and recycling. Unlike other metals, aluminium may be recycled multiple times without seeing its quality deteriorate. During recycling, correct waste separation plays an important role. At Impol Group we invest in employee training and general public awareness with regard to the importance of recycling.

RESPONSIBILITY TOWARD EMPLOYEES

Responsibility toward employees is primarily reflected in the fair payment for a well-performed job. In addition to this, we organise numerous events for employees, stimulating the feeling of belonging and loyalty to the company, accelerating the exchange of knowledge between employees, spreading awareness among employees on a healthy lifestyle and creating a positive climate in the company. Special attention is given to employee training, encouraging useful proposals and preventing accidents at work.

RESPONSIBILITY TOWARD THE LOCAL COMMUNITY

The Impol Group is one of the largest Slovenian employers; furthermore, we also received numerous awards for the best employer in the Podravska region. We therefore impact significantly the quality of life in the local community. We show our care for the local environment by sponsoring associations and local events, by helping the municipality develop and by supporting the development of local training programs (GRI 413-1).

LOOKING AHEAD

Within the Impol Group, we are building on a nearly 200-year-long tradition. We are one of the oldest Slovenian companies and the sixth largest Slovenian exporter. Management emphasises the importance of strategic orientation toward the future, which is reflected in the fact that we set ambitious long-term goals for growth and development (GRI 102-11).

STAKEHOLDERS OF THE IMPOL GROUP

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,GRI 102-40).

Table 15: 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 motivated them through 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.	Regular meetings, informing through annual and half-year 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 and half-year 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.

Who are they?	What do they expect?	Policy of the Impol Group	How do we satisfy their needs?
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.

POLICIES, CAREFUL REVIEW, POLICY RESULTS, MAIN RISKS AND THEIR MANAGEMENT, AND KEY INDICATORS OF SUCCESS

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 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 processing our own and external sources of secondary aluminium.

Due diligence

We carry out our due due diligence as an integral part of environmental management. We perform monitoring, 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. At 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 processing 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, the ISO 14001 environmental standard and OHSAS 18001 standard (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

Processing of the return (circular) and secondary aluminium.

Within the Impol Group, we introduced a return loop system, which means that waste, which is generated during the processing 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 alloy elements, which are necessary for the production of alloys, with return and secondary aluminium.

In 2020, we used the following shares of aluminium for the production of 222,571 tonnes of aluminium products:
- primary aluminium: 31 percent,
- return (circular) aluminium: 50.7 percent,
- secondary aluminium: 17.03 Percent (GRI 301-2),
- alloy elements: 1.27 percent.

Since the percentages in our foundries are not unified, data for each individual foundry location are specified below.

Impol-TLM
- primary aluminium: 30.7 percent,
- return (circular) aluminium: 68.1 percent,
- secondary aluminium: 0.0 percent,
- alloy elements: 1.2 percent.

Impol LLT
- primary aluminium: 19.6 percent,
- return (circular) aluminium: 41.5 percent,
- secondary aluminium: 37.5 percent,
- alloy elements: 1.5 percent.

Impol Seval
- primary aluminium: 42.7 percent,
- return (circular) aluminium: 42.6 percent,
- secondary aluminium: 13.6 percent,
- alloy elements: 1.1 percent.

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 CO2 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).

Table 16: CO_2 emissions and consumption of energy products

YEAR	Gas consumption Sm³	Fuel oil consumption in tonnes	CO2 emissions/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

Since 2020, Impol-TLM has also been trading in greenhouse gas emission.

Table 17: Emissions in 2020 due to natural gas combustion at Impol-TLM

Year	Gas consumption Nm^3	CO_2 emissions/t	Production	Specifically in CO_2/t
2020	7,815,137	14,726	112,153	0.1206

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, which are as follows:

Table 18: Calculated emissions due to the consumption of energy products at Impol Seval for 2020

Year	Gas consumption Nm^3	CO_2 emissions/t	Production	Specifically in CO_2/t
2020	15,617,246	29,428	44,275.113	0.665

Table 19: 2020 emissions

	Company			
	Companies in Slovenia	Companies In Serbia	Companies in Croatia	Total in kg/year
total dust	704.98	5,024.00	2,034.81	7,763.79
nitrogen oxides (NO and NO_2), expressed as NO_2	35,761.47	42,358.00	7,644.12	85,763.59
fluoride and its compounds, expressed as HF	0.00	163.00		163.00
manganese and its compounds, expressed as Mn	0.60			0.60
lead and its compounds, expressed as Pb	0.63			0.63
TOTAL powdered inorganic substances II 2	1.67			1.67
TOTAL powdered inorganic substances II and III	13.53			13.53
TOTAL powdered inorganic substances III	11.85			11.85
sulphur oxides (SO_2 and SO_3)	251.84			251.84
chlorine inorganic compounds, if not specified in the hazard group I, expressed as HCl	4,707.60			4,707.60
organic compounds, expressed as total organic carbon (TOC)	68,602.99	7,346.00	162,944.86	238,893.85
carbon dioxide	66,714.54	6,105.00	2,426.67	75,246.21
polychlorinated dibenzodioxins (PCDD) and polychlorinated dibenzofurans (PCDF)	3,61E-05	2,97E-04		3,33E-04
ammonia NH_3	188.89			188.89

Table 20: Volume and type of waste water by locations (GRI 303-1)

Total by locations in m³/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
	189,071	13,212	46,654	21,606	21,606	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
	14,528	0	14,528	8,440	0	8,440
Location Croatia	Total industrial	Industrial into the sea	industrial to treatment plant	Total urban	Urban to municipal treatment plant	Urban into the sea
	1,077,997	1,077,997	0	81,846	81,846	81,846

Table 21: Indicators of a rational use of energy, water and industrial gasses

		Energy product	El. energy	Natural gas	Ind. water	Potable water	Nitrogen	Argon
		Unit	**kWh**	**Sm³**	**m³**	**m³-persons**	**kg**	**kg**
	Plan	**unit/t**	750.00	120.00	1.20	1.30	45.00	4.9
Cumulatively 1/ - 12/2019	**Production**	**tonnes-persons**	148,206.414			13,151		
	Consumption	**unit**	111,453,338	18,943,425	198,201	17,740	6,089,360	655,320
		unit/t	752.01	127.82	1.34	1.35	41.09	4.42
	Deviation	**unit/t**	2.01	7.82	0.14	0.05	-3.91	-0.48
		%	0.27	6.51	11.44	3.77	-8.70	-9.76
Cumulatively 1/ - 12/2020	**Production**	**tonnes-persons**	140,582.399			12,776		
	Consumption	**unit**	110,249,979	18,177,396	188,646	21,606	6,460,600	424,686
		unit/t	784.24	129.30	1.34	1.69	45.96	3.02
	Deviation	**unit/t**	34.24	9.30	0.14	0.39	0.96	-1.88
		%	4.56	7.75	11.82	30.09	212	-38.35
Comparison 20/19	**Production**	**persons**	0.95			0.97		
	Consumption	**per unit**	1.04	1.01	1.00	1.25	1.12	0.68

Table 22: Indicators of a rational use of energy, water and industrial gasses

		Energy product	El. energy	Natural gas	Ind. water	Potable water	Nitrogen	Argon
		Unit	**kWh**	**Sm³**	**m³**	**m³-persons**	**kg**	**kg**
Cumulatively 1/ - 12/2019	**Plan**	**unit/t**	650.00	70.00	10.00	0.30	2.50	40
	Production	**tonnes-persons**	101,068.000				5,094	
	Consumption	**unit**	64,068,826	7,598,962	1,055,755	24,922	81,069	3,900,277
		unit/t	633.92	75.19	10.45	0.25	15.91	38.59
	Deviation	**unit/t**	-16.08	5.19	0.45	-0.05	13.41	-1.41
		%	-2.47	7.41	4.46	-17.80	536.58	-3.52
Cumulatively 1/ - 12/2020	**Production**	**tonnes-persons**	112,207.000				5,112	
	Consumption	**unit**	63,578,877	7,815,137	1,077,997	29,489	52,357	5,441,705
		unit/t	566.62	69.65	9.61	0.26	10.24	48.50
	Deviation	**unit/t**	-83.38	-0.35	-0.39	-0.04	7.74	8.50
		%	-12.83	-0.50	-3.93	-12.40	309.68	21.24
Comparison 20/19	**Production**	**persons**	1.11				1.00	
	Consumption	**per unit**	0.89	0.93	0.92	1.07	0.64	1.26

Table 23: Indicators of a rational use of energy, water and industrial gasses at Impol Seval

		Energy product	El. energy	Natural gas	Ind. water	Potable water	Nitrogen	Argon
		Unit	**kWh**	**Sm³**	**m³**	**m³-persons**	**kg**	**kg**
Cumulatively 1/ - 12/2019	**Plan**	**unit/t**	645.00	328.00	1.99			
	Production	**tonnes-persons**	56,951.670			630		
	Consumption	**unit**	41,725,654	18,520,588	119,488	8,084	430,061	284,618
		unit/t	732.65	325.20	2.10	12.83		
	Deviation	**unit/t**	87.65	-2.80	0.11	12.83		
		%	13.59	-0.85	5.43			
Cumulatively 1/ - 12/2020	**Plan**	**unit/t**	795.00	348.00	2.10			
	Production	**tonnes-persons**	44,257.113			611		
	Consumption	**unit**	38,231,375	16,480,842	124,698	8,440	372,120	288,800
		unit/t	863.50	372.24	2.82	13.81		
	Deviation	**unit/t**	68.50	24.24	0.72	13.81		
		%	8.62	6.96	34.12			
Comparison 20/19	**Production**	**persons**	0.78			0.97		
	Consumption	**per unit**	1.18	1.14	1.34	1.08		

When purchasing new technologies we follow the BAT (best available technology) 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 potable 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 processors or disposal services. When selecting the final waste management system we give precedence to their processing. 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 2020 amounted to 2,032 tonnes and is lower by 7% compared to 2019. The specific quantity of hazardous waste amounts to 9.13 kg/t. Specific quantities are higher by 1.6% compared to 2019 due to lower production in 2020.

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 24: Hazardous waste in kg

Number	Types of hazardous waste according to Correct waste management	Slovenia	Serbia	Croatia	Total
06 02 05*	Other bases (lye)	647,260			647,260
08 01 11*	Mixture or waste paints		15,980		15,980
08 03 17*	Waste from removing paint or lacquer sludge containing organic solvents or other hazardous substances		27,040	5	27,045
10 10 09*	Flue-gas dust containing hazardous substances	84,657			84,657
11 01 07*	Bases (lye) for leaching	3,240			3,240
11 01 09*	Sludges and filter cakes not included in 100110	219,940			219,940
11 01 11*	Water-based rinsing fluid containing hazardous substances	420			420
11 01 13*	Degreasing waste containing hazardous substances	15,620			15,620
11 01 98*	Other waste containing hazardous substances	4,740			4,740
12 01 09*	Machining emulsions and solutions free of halogens	234,758		455,680	690,438
12 01 12*	Spent waxes and fats	842			842
12 01 14*	Machining sludges containing hazardous substances	200	4,000		4,200
12 01 18*	Metal sludge	2,940			2,940
12 03 01*	Water-based washing liquids	15,660			15,660
13 01 10*	Waste non-chlorinated hydraulic oils		12,850		12,850
13 02 05*	Mineral-based non-chlorinated engine, gear and lubricating oils	40,058		27,360	67,418
13 03 07*	Non-chlorinated insulating oils and oils for heat transfer based on mineral oils			88,600	88,600
13 05 02*	Sludge from oil/water separators	2,000			2,000
15 01 10*	Packaging containing residues of or contaminated by hazardous substances	906	36,890	13,280	51,076
15 01 11*	Metal packaging containing hazardous hard porous matrix (e.g. asbestos), including empty pressure tanks	586			586
15 02 02*	Absorbents and filter materials, wiping cloths and protective clothing	26,127		37,340	63,467
16 01 07*	Oil filters	1,420		350	1,770
16 05 06*	Laboratory chemicals, consisting of or containing hazardous substances, including mixtures of laboratory chemicals	300			300
16 06 01*	Waste batteries and accumulators		100	1,520	1,620
16 07 08*	Waste containing oil				0
20 01 21*	Fluorescent tubes and other mercury-containing waste	280	30	82	392
20 01 33*	Batteries and accumulators included in 16 06 01, 16 06 02 or 16 06 03 and unsorted batteries and accumulators containing these batteries	120			120
20 01 35*	Discarded electrical and electronic equipment other than those mentioned in 200121 or 200123		3,860	4,760	8,620

Renewable energy sources

In 2020, the solar power plant generated 1,136,436 kWh of electric energy.

Since it was put into service in 2011, the power plant generated 10,775 MWh of electric energy. In case that the mentioned energy would be obtained from natural gas, we would need around 1,647,631 m^3 of natural gas and would generated 3,592 tonnes of CO_2 emissions. If used lignite to produce electric energy, we would use 4,326 tonnes of it, thus generating 8,253 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 zone, namely in teh 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 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 2020, four fires were recorded in companies of the Impol Group. One fire occurred in Impol PCP, d. o. o., in the profiles production process, three fires occurred in Impol LLT, d. o. o., in the Foundry 1 production process. Fire interventions were carried out without injuries to fire fighters and employees.

18 interventions were made with regard to the protection of the environment. Most of the interventions (10 cases) were due to mitigating the consequences resulting from faults to hydraulics systems on forklifts and operating devices; in two cases due to fuel leakage from freight vehicle fuel tanks, in one case due to facilities being flooded and in five cases due to other malfunctions.

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 out 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. One of the representatives of the Board of directors is also the worker's director, elected by the employees of the Impol Group.
- 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 25: 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 satisfac-tion 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 – 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 26: Employees by Impol Group companies as of 31/ 12/

Country	Company	2015	2016	2017	2018	2019	2020
Slovenia	Impol 2000, d. d.	41	41	53	110	109	110
	Impol, d. o. o.	18	38	41	37	41	37
	Impol FT, d. o. o.	294	282	286	271	267	262
	Impol PCP, d. o. o.,	451	449	459	441	425	439
	Impol LLT d. o. o.	138	135	136	149	151	148
	Impol R in R d. o. o.	34	33	35	41	43	43
	Impol Infrastruktura, d. o. o.	23	24	21	22	23	21
	Stampal SB d. o. o.	41	50	61	60	64	70
	Rondal, d. o. o.	61	65	66	67	63	66
	Impol Stanovanja d. o. o.	2	2	2	2	2	2
	Unidel d. o. o.	37	37	37	37	38	35
	Kadring d. o. o.	14	16	17	18	20	19
	Impol Servis d. o. o.	7	7	7	7	8	10
	Impol-FinAl, d. o. o.	/	/	7	13	38	55
	Alcad, d. o. o.	/	/	/	/	24	41
	Total Slovenian companies	**1,161**	**1,179**	**1,228**	**1275**	**1,316**	**1,356**
Serbia	Impol Seval, a. d.	553	544	539	533	532	532
	Impol Seval PKC, d. o. o.	12	12	12	12	11	11
	Impol Seval Tehnika d. o. o.	85	85	82	77	75	75
	Impol Seval Final d. o. o.	25	25	24	24	25	25
	Impol Seval President, d. o. o.	9	10	10	10	8	/
	Total Serbian companies	**684**	**676**	**667**	**656**	**651**	**640**
Croatia	Impol-TLM, d. o. o.,	0	342	385	414	423	430
	Impol ulaganja, d. o. o.	0	0	0	0	0	0
USA	Impol Aluminum Corporation	3	3	1	1	1	1
Hungary	Impol Hungary Kft.	2	2	2	2	2	2
Impol Group	**Total number of employees**	**1,850**	**2,202**	**2,283**	**2,348**	**2,393**	**2,429**

GRI 102-41

Table 27: Staff turnover at the Impol Group

	Arrivals		Departures		% of total turnover		% of turnover due to consensual terminations of the employment relationship	
	2019	2020	2019	2020	2019	2020	2019	2020
Slovenia	106	127	65	87	4.93 %	6.42 %	1.51 %	2.67 %
Serbia	46	28	51	39	7.83 %	6.09 %	0.77 %	0.51 %
Croatia	38	45	28	38	6.61 %	8.84 %	2.84 %	4.88 %
Impol Group	**190**	**200**	**144**	**164**	**6.02 %**	**6.74 %**	**1.55 %**	**2.47 %**

GRI 102-7

Table 28: Employee gender structure at the Impol Group

	Slovenia	Serbia	Croatia	Hungary, USA	Impol Group
Men	1,116 (82.3 %)	519 (81.0 %)	381 (88.6 %)	2 (66.6 %)	2,018 (83.1 %)
Women	240 (17.7 %)	121 (19.0 %)	49 (11.4 %)	1 (33.3 %)	411 (16.9 %)
Total	**1,354**	**651**	**423**	**2**	**2,429**

Table 29: Education and qualification structure

	Doctoral Degree	Master's Degree	Bachelor's Degree	Higher education	College	Secondary School Degree	Qualified	Semi-qualified	Non- qualified
Slovenia	0.4 %	0.5 %	9.7 %	8.5 %	6.5 %	34.1 %	31.0 %	6.2 %	3.7 %
Serbia	0 %	0 %	13.6 %	0 %	1.9 %	43.9 %	33.1 %	0.6 %	6.9 %
Croatia	0 %	0 %	13.0 %	0 %	4.4 %	44.9 %	23.5 %	12.3 %	1.9 %
Total	**0.2 %**	**0.3 %**	**11.3 %**	**4.7 %**	**4.9 %**	**38.5 %**	**30.1 %**	**5.8 %**	**4.2 %**

Table 30: Type of employment, contracts

	Employment contract for an indefinite period of time	Employment contract for a definite period of time	Individual contract
Slovenia	1,219	73	64
Serbia	552	67	21
Croatia	345	83	2
Hungary	1		1
USA			1
Impol Group	**2,117**	**223**	**89**

Table 31: % of employees under special protection and the disabled

	% of the employees under special protection (age)	% of the disabled
Slovenia	13.0 %	5.8 %
Serbia	32.8 %	10.0 %
Croatia	26.0 %	1.63 %

Table 32: Utilisation of working time

	Utilisation of working time	% absence due to sickness, chargeable to the Company
Slovenia	79.97 %	3.03 %
Serbia	78.12 %	6.33 %
Croatia	82.49 %	3.35 %

Table 33: Training and education of the employees

	Slovenia	Serbia	Croatia
Number of hours of training per employee	10.74	22.1	4.24
Number of employees who are part-time students	10	0	0
Number of beneficiaries of grants	69	8	12

(GRI 404-1)

In Slovenska Bistrica the number of employees increased by 3% in relation to the previous year and as of 31/ 12/ 2020 the number of employees in all companies in Slovenia was 1,356. In Serbia the number of employees decreased by 11 employees, whereas the number of employees in Croatia increased from 423 to 430 employees.

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 2020.

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 (GRI 102 -8 , 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 2020, these training courses were attended by 34% of employees. The training course lasted two hours.

Table 34: Number of accidents and incidents at work

	Number of accidents at work.	Number of incidents
Slovenia	23	457
Serbia	19	10
Croatia	8	32
Total	**50**	**499**

In 2020, we recorded a total of 50 accidents at work, which is a 19% reduction of accidents compared to 2019. Unfortunately, we also recorded a fatality in Impol-TLM, d. o. o. (GRI 403-2).

In 2020, great attention was given to regulating working condition in a manner so as to prevent the novel coronavirus from spreading. The following measures were also adopted among other things:

- We introduced body temperature measurements before accessing the workspaces.
- We provided face masks and sanitisers for all employees.
- We regularly disinfected the workspaces.
- Employees with job tasks whose nature allowed them to do so worked from home.
- All employees were regularly informed about the current state of infections.

Periodically, we measure the mood and employee satisfaction. The measurement of the mood and commitment of employees in 2020 has shown an increase in indicators among employees.

Activities of the Impol Group for employees

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 a high amount of 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-actualization

- A system for the rewarding of innovation and useful proposals has been set up.
- Employees are engaged in project teams and provided with opportunities to prove their abilities.

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 in every company with more than 30 employees;
- 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 out supply chain, which is also the result of an efficient assessment of our suppliers. Our requirements with regard to child labour as well as 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 related 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 encouraged 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 themselves.

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 2020 with regard to uncompetitive behaviour or actions initiating monopoly. No major penalties or fines were paid due to failure 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 35: 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	14	
102-2	Primary brands	47	
102-3	Organisation HQ	14	
102-4	Local activities	15	
102-5	Ownership and legal form	15; 29	
102-6	Markets (geographical and sectoral division and division by types of clients)	40, 46	
102-7	Organisation size (number of employees, number of activities, sales revenues, obligations/equity, number of products/services)	47, 69, 92-94	
102-8	Employees by type of employment, type of contract, region, gender	70	
102-9	Description of the organisation's supply chain	48	
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	58	
102-12	External documents, principles and other economic, environmental and social initiatives signed and supported by the organisation	72	
102-13	Membership in organisations	72	
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	56	
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 structure of the organisation, including commissions of the highest management authority	29	Management and governance system
Involving stakeholders			
102-40	List of groups of stakeholders with which the organisation cooperates	58	
102-41	Share of all employees by collective agreement	67	
102-42	Starting points for recognising and selecting stakeholders with which the organisation cooperates or to be involved	50	Purchasing audit processes

102-43	Approaches for involving stakeholders, including the frequency of cooperation by groups of stakeholders	50	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	58	
Report information			
102-45	Units included in consolidated financial statements	15	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	77	
102-48	Effects of the change of information from previous reports and reasons for them	42	
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)	77	
102-51	Date of the last previous report	77	
102-52	Reporting cycle (annual, two-year)	77	
102-53	Contact information for questions relating to the report	77	
102-54	Reference regarding the report in accordance with the GRI standards	77	
102-55	Index by GRI guidelines	77	
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	48	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	37; 92-93	
201-3	Liabilities from the pension plan	112	
201-4	Significant received state aid	142	
GRI 202: Presence on the market			
202-2	Share of local staff in higher management	69	
GRI 204: Purchasing practice			
204-1	Share of assets for purchasing, used for local suppliers at important production locations	50	

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	60	We control the information about weight.
301-2	Processing return and circular material	60	
GRI 302: Energy			
302-3	Energy intensity (energy consumption per unit/tonne of product)	63	
302-4	Energy consumption reduction	63	
GRI 303: Water			
303-1	Water consumption by sources	63	
303-3	Share and total volume of recycle and re-used water		
GRI 304: Biodiversity		66	
GRI 305: Emission to air			
305-1	Volume of direct greenhouse gas emissions (Scope 1)	61	
305-2	Volume of indirect greenhouse gas emissions (Scope 2)	61	A system for managing this information is being established.
305-4	Intensity of greenhouse emissions (volume of emissions per product unit)	61	
305-5	Reduction of greenhouse gas emissions	61	
305-7	NO_x, SO_x and other significant emission to air by type and weight	62	
GRI 306: Waste water and waste			
306-1	The entire quantity of waste water by quality and emission destination	63	
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 2019 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	73	
SOCIAL IMPACTS			
GRI 401: Hiring employees			
401-1	Number and rate of newly employed persons and employee fluctuation	71	
401-3	Return to work and rate of employee retention after having used paternal leave, by gender	71	
GRI 403: Health and Safety at Work			
403-2	Rate of injuries at work, absenteeism, number of fatalities at work	71	

403-3	Employees with a high level of risk for occupational diseases	71	
GRI 404: Training			
404-1	Average number of hours of training per year per employee by gender and employee category	71	
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	72	
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	72	
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	71	
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	58	
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	73	

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 (GRI 102-54).

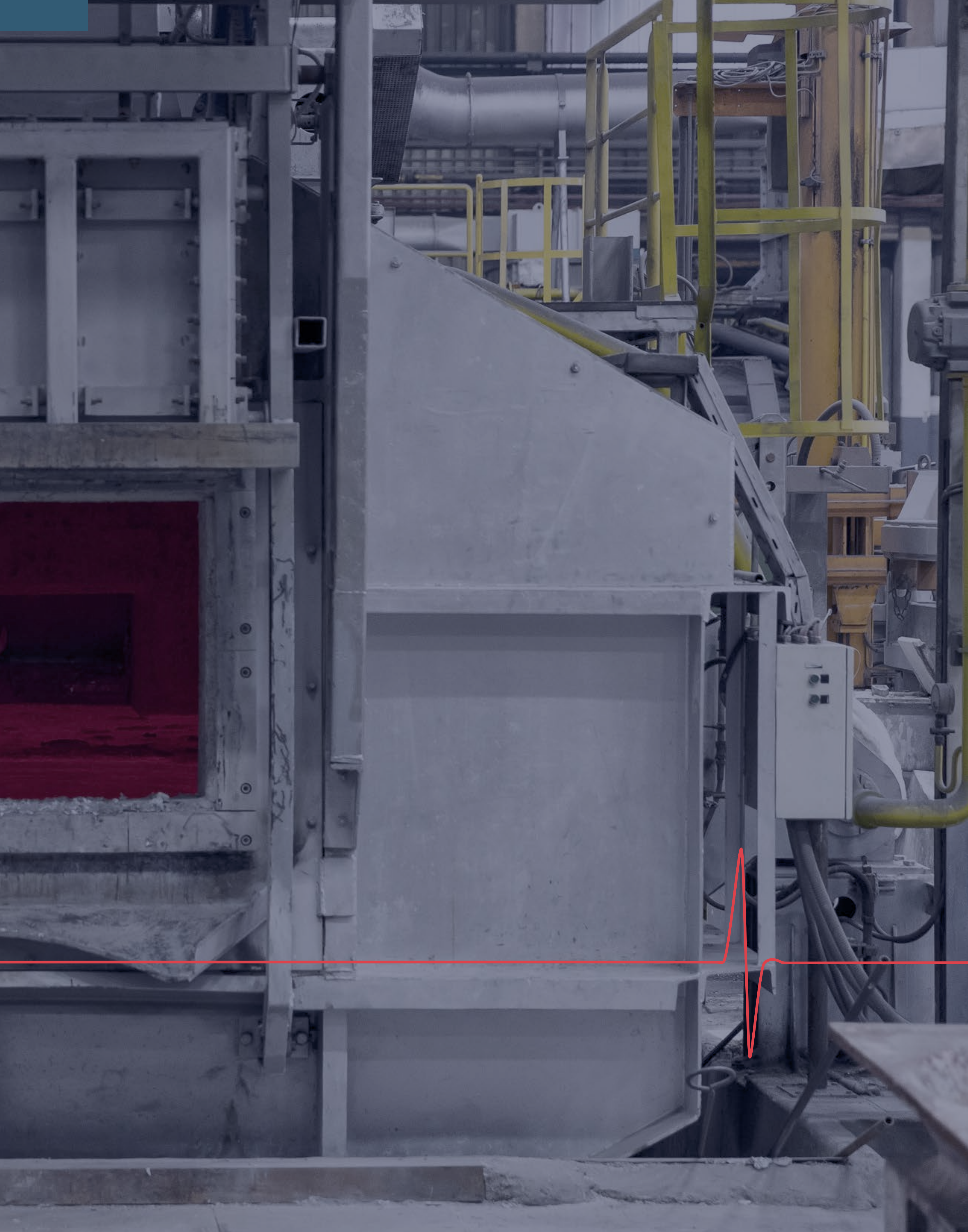
The reporting content and the GRI content table are based on topics which are important to the Impol Group. The procedures of managing key topics are presented in the relevant sections. Reporting refers to the Impol Group and all its affiliated companies. All disclosures in the report apply to the 2020 calendar year.

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/ 2020 and ended on 31/ 12/ 2020 (GRI 102-47).

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

A YEAR OF TAKING RISKS



RISK MANAGEMENT

The exposure to various risks is regularly monitored in the Impol Group and measures to manage these risks are adopted accordingly. In the Impol Group, risk management is based on the principle that the risk assessment and management is the 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:
- 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;
- Address important business events and identify the most significant risks in advance and the measures to decrease;
- 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.

We face several risks within the scope of our business process. They were divided into:
- business risks,
- financial risks,
- operational risks.

The risks are explained into details in the table below.

Table 36: Types of risks and their management through the application of special measures (business risks)

Business risks	Risk description and measures
Legislation and regulation risks	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 fluctuations of purchase prices, or only adapt to them with a delay of several months, which is why contracts are concluded by defining sales premiums by transferring the fluctuation of purchase premiums into 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.
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. 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 to have future co-workers, by the development of key staff and by a directed governance policies including goals. In order to ensure 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.

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 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.
Research and development	We have tackled 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 separate systems of applicative and technological development.
Environmental protection	• Risks: 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 37: 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 more important liabilities, it creates earmarked deposits or provides credit lines agreed upon in advance. 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	• Aluminium is a raw material listed on the stock market, which is why its price is subject to constant change. Customers seek to purchase products based on the prearranged price basis for aluminium. Risks are managed by hedging – forwards and futures contracts.
Risk of exchange rate changes	• 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.
Interest rate risk	• 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. The Impol Group has 50% of long-term financial liabilities with a fixed interest rate. While EURIBOR continues to remain at a historically low level, the process of financing due to contractual provisions or agreements prevents it from descending into negative values.
Credit risk	• 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,
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 38: 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 (poorly reproducible processes, which generates 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

There are two Internal Audit departments within the Impol Group.

An Internal Audit Department operates within the parent company and provides assistance to the Management and Supervisory Boards in the decision-making process so as to minimise risks. The Internal Audit Department operates in line with the plan defined 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 2020, the Internal Audit Department was engaged in 71 projects and issued 184 proposals for improvement. In its proposals it specified shortcomings and drew up plans to resolve problems or presented direct solutions. It prepared relevant draft decisions to be adopted by the responsible bodies.

The Internal Audit Department reported on its work to the Board of directors and two executive directors on monthly basis. It operates within the framework of the entire Impol Group for companies in Slovenia and outside of it.

In accordance with the Serbian legislation, the Serbian division appoints a special internal auditor who monitors the legality of operations and performance, for this reason a special department of internal audit was also established in the subsidiary Impol Seval, a. d.

The Internal Audit Department functions in line with the operating standards and generally accepted guidelines. In this way, it ensures immediate and high-quality implementation of the findings of internal audits. As a consequence, this has a direct impact on the reduction of operating costs and improves operating results.

An internal audit was conducted in the following areas:
- Procurement process in companies of the Impol Group from a corporate standpoint of rules, responsibilities and procedures;
- Review of the revised organisational regulation in the field of procurement;
- IT safety from the point of view of set and realised goals;
- Insurances in Impol Seval and compliance with the policies of the Impol Group;
- Review of the policies and compliance with them in removing documents from the physical archive;
- Cooperation with an external audit company in carrying out an external audit for 2020;
- Carrying out an assessment of monitoring customs procedures in accordance with the IATF standard;
- Audit of the observance of Impol 2000's Company Statute in selling and purchasing shares by shareholders of Impol 2000;
- Vertical communication from management to managers and their transmission of information to production;
- Horizontal communication between processes and transmission of good practice between subsidiaries;
- Assessment of handover transactions of managing subsidiaries in accordance with the Code;
- Appropriateness and assessment of the efficiency of the investment into the homogenisation furnace at Impol Seval;
- Compliance of energy procurement with environmental taxes;
- Overview of certain contracts with service suppliers;
- Overview of the performance of subsidiaries the Impol Group;
- Overview of the performance of monitoring production through the flow factor indicator;
- Managing complaints and internal ejections in production by processes;
- Monitoring the scope and assessing the need for student work through student employment agencies;
- Assessment of monitoring labour costs in subsidiaries of the Impol Group as a basis for adopting decisions;
- Overview and assessment of an independent report on the internal audit of Impol Seval, a. d.,
- Review of the compliance of the salary analysis with Article 294 of the Companies Act;
- Review of the compliance of monitoring business operations with a Article 38 of the Companies Act;
- Review of the compliance of the Annual report of the Group with Article 70 of the Companies Act;
- Assessment of General Meeting decisions of subsidiaries with regard to appointing an external auditor;
- Assessment of procedures applied to cost management;
- Audit of the observance of ethical principles in the Impol Group;
- Use and utilisation of applied calculations and price lists;
- Assessment of safety and health at work at a subsidiary;
- Consistency of the Accounting Rules with other documents in the Group from the point of view of storage dates;
- Organisation of the maintenance process in subsidiaries and especially assessment of maintenance services for infrastructural facilities;
- Assessment of the purchase of services for maintaining and overhauling tools in the production process;
- Assessment of the contract between subsidiaries from the point of view of transfer prices;
- Assessment of the leave entitlement in companies of the Group and compliance with the Group's objectives;
- Rules for using annual leaves and hours;
- Approach and organisation of the 2020 inventory and compliance with the internal rules of procedure;
- Assessment of the Rules on transfer prices;
- Overview of the applicability of organisational regulations for individual companies;
- Assessment of the usability of the HRM information programme Impol Group;
- Monitoring the completion of the SONI form;
- Monitoring the operation of the Risk Management Committee (RMC);
- Monitoring the approach toward sustainable development.

FINANCIAL REPORT OF THE IMPOL GROUP FOR THE YEAR 2020

EXECUTIVE DIRECTORS' LIABILITY DECLARATION

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 2020.

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 also responsible for appropriate accounting management and the adoption of appropriate measures to safeguard the property and prevent any irregularities or illegalities.

Andrej Kolmanič
(Chief Executive Officer)

Irena Šela
(Executive Director of Finance and IT)

Slovenska Bistrica, 15/ 4/ 2021

DECLARATION OF THE BOARD OF DIRECTORS

The Board of directors confirms consolidated financial statements and financial statement of the company Impol 2000, d. d. for the year ending on 31 December 2020 and for the applied accounting guidelines. This Annual Report was adopted by the Company's Board of directors at its session held on 22/ 4/ On 2021/

Jernej Čokl
(Chairman of the Board of directors)

Vladimir Leskovar
(Deputy Chairman of the Board of directors)

Janko Žerjav
(Member of the Board of directors)

Andrej Kolmanič
(Member of the Board of directors)

Dejan Košir
(Member of the Board of directors)

Slovenska Bistrica, 22/ 4/ 2021

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,

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 balance sheet as at December 31, 2020, consolidated income statement, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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, 2020, 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 consolidated 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 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 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.*

AUDITOR
REVIZIJSKA DRUŽBA d.o.o. PTUJ

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.

Audit committee and Management board are responsible for overseeing the Group's financial reporting process.

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 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 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.*

AUDITOR
REVIZIJSKA DRUŽBA d.o.o. PTUJ

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.

A U D I T O R
REVIZIJSKA DRUŽBA d.o.o. Ptuj
Murkova 4, Ptuj

May, 10th 2021

Certified auditor:

dr. Erika Turin, univ. dipl. ekon.
Erika Turin

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 income statement

Table 39: Cumulative income statement for 2020 in EUR

Item			Note	2020	2019
1.		**Net sales revenues**	1	**583,911,059**	**683,244,306**
	a)	*Net sales revenues in the domestic market*		*38,574,927*	*39,538,681*
	b)	*Net sales revenues in the foreign market*		*545,336,132*	*643,705,625*
2.		**Change in the value of product inventories and unfinished production**		**-1,404,542**	**5,863,725**
3.		**Capitalised own products and services**		**657,611**	**913,198**
4.		**Other operating revenues (including operating revenues from revaluation)**	1	**6,235,714**	**4,194,401**
5.		**Costs of goods, materials and services**	2	**478,815,606**	**572,914,059**
	a)	*Costs of goods and materials sold, and costs of the materials used*		*439,431,749*	*528,771,640*
	b)	*Costs of services*		*39,383,857*	*44,142,419*
6.		**Labour costs**	2	**65,316,005**	**67,532,542**
	a)	*Costs of wages and salaries*		*47,663,206*	*49,227,559*
	b)	*Social security costs (pension insurance costs are shown separately)*		*8,156,408*	*8,514,495*
	c)	*Other labour costs*		*9,496,391*	*9,790,488*
7.		**Write-offs**	2	**21,613,216**	**20,142,770**
	a)	*Depreciation*		*21,347,358*	*19,833,534*
	b)	*Revaluation operating expenses of intangible assets and tangible fixed assets*		*20,985*	*70,734*
	c)	*Revaluation operating expenses of current assets*		*244,873*	*238,502*
8.		**Other operating expenses**	2	**3,002,094**	**3,093,139**
9.		**Financial revenues from participating interests**	3	**269,709**	**237,636**
	a)	*Financial revenues from participating interests in associate companies*		*165,350*	*127,190*
	b)	*Financial revenues from participating interests in other companies*		*104,359*	*110,446*
10.		**Financial revenues from loans granted**	3	**7,639**	**6,491**
	a)	*Financial revenues from loans granted to others*		*7,639*	*6,491*
11.		**Financial revenues from operating receivables**	3	**2,980,394**	**2,929,081**
	a)	*Financial revenues from operating receivables due from others*		*2,980,394*	*2,929,081*
12.		**Financial expenses from the impairment and write-offs of financial investments**	3	**0**	**0**
13.		**Financial expenses from financial liabilities**	3	**3,869,390**	**4,386,435**
	a)	*b) Financial expenses from loans received from associated companies*		*3,086*	*3,872*
	b)	*Financial expenses from loans received from banks*		*3,275,196*	*3,166,577*
	c)	*Financial expenses from issued bonds*		*304,000*	*684,000*
	d)	*Financial expenses from other financial liabilities*		*243,452*	*485,666*
	e)	*Financial expenses from leases*		*43,656*	*46,320*

14.		**Financial expenses from operating liabilities**	**3**	**3,721,598**	**1,812,136**
	a)	*Financial expenses from trade creditors and bills of exchange*		*9,598*	*3,423*
	b)	*Financial expenses from other operating liabilities*		*3,712,000*	*1,808,713*
15.		**Income tax**	**4**	**2,329,410**	**3,449,059**
16.		**Deferred taxes**	**5**	**-119,371**	**237,267**
17.		**Net profit or loss for the accounting period**		**14,109,636**	**23,821,431**
		Of which profit/loss attributable to non-controlling interest		380,756	1,821,920
		Profit/loss attributable to owners of the parent company		13,728,880	21,999,511
		Continuing operations result		14,109,636	23,821,431
		Discontinued operations result		0	0

Second comprehensive consolidated income statement

Table 40: Group statement of other comprehensive income in EUR

	Note	2020	2019
Net profit or loss for the accounting period		**14,109,636**	**23,821,431**
Changes in reserves from fair value measurement of assets through another comprehensive income (+/-)	16	59,526	-16,008
Gains and losses arising from the translation of financial statements of foreign operations (impact of changes in exchange rates) (+/–)	16	-165,625	512,890
Actuarial gains and losses of defined benefit plans (employee benefits) (+/-)	16	-101,527	-79,388
Other items of total comprehensive income (+/-)	5, 16	-11,310	3,041
Total comprehensive income in the financial year		**13,890,700**	**24,241,966**
• of which total comprehensive income of non-controlling interest		335,263	1,986,175
• of which total comprehensive income of controlling interest		13,555,437	22,255,791

Consolidated balance sheet

Table 41: Consolidated balance sheet in EUR

				Note	31/ 12/ 2020	31/ 12/ 2019
A.			**Long-term assets**		**236,969,236**	**236,955,738**
	I.		**Intangible assets and long-term deferred costs and accrued revenues**	6	**3,407,265**	**3,495,060**
		1.	Long-term property rights		1,731,696	1,713,587
		2.	Goodwill		1,261,518	1,261,518
		3.	Long-term deferred development costs		414,051	519,955
	II.		**Tangible fixed assets**	7	**227,262,120**	**227,117,390**
		1.	Land and buildings		67,299,595	60,799,566
		a)	*Land*		*16,148,499*	*15,858,477*
		b)	*Buildings*		*51,151,096*	*44,941,089*
		2.	Production machinery and equipment		115,601,325	112,341,534
		3.	Other machinery and equipment		8,092,139	7,401,678
		4.	Tangible fixed assets being acquired		36,269,061	46,574,612
		a)	*Tangible fixed assets under construction and manufacture*		*32,348,984*	*43,611,780*
		b)	*Advances to acquire tangible fixed assets*		*3,920,077*	*2,962,832*
	III.		**Assets under lease**	8	**1,676,943**	**1,765,233**
		1.	Assets under lease from other companies		1,676,943	1,765,233
	IV.		**Investment property**	9	**1,635,588**	**1,713,502**
	V.		**Long-term financial investments**	10	**1,157,013**	**1,146,780**
		1.	Long-term financial investments, excluding loans		923,098	916,737
		a)	*Shares and participating interests in subsidiaries*		*621,590*	*604,765*
		b)	*Other shares and participating interests*		*301,508*	*311,972*
		2.	Long-term loans		233,915	230,043
		a)	*Long-term loans to others*		*233,915*	*230,043*
	VI.		**Long-term operating receivables**		**5,669**	**0**
		1.	Long-term operating receivables from others		5,669	0
	VII.		**Deferred tax receivables**	5	**1,824,638**	**1,717,773**
B.			**Short-term assets**		**297,502,472**	**280,515,737**
	I.		**Assets (disposal groups) available for sale**	11	**39,171**	**39,171**
	II.		**Inventories**	12	**158,945,177**	**163,688,339**
		1.	Raw material and material		115,548,261	117,009,283
		2.	Work in process		22,659,210	24,968,136
		3.	Products and merchandise		20,552,685	21,604,680
		4.	Advances for inventories		185,021	106,240
	III.		**Short-term financial investments**	13	**2,101,439**	**2,586,431**
		1.	Short-term financial investments, excluding loans		1,986,255	2,016,265
		a)	*Other short-term financial investments*		*1,986,255*	*2,016,265*
		2.	Short-term loans		115,184	570,166
		a)	*Short-term loans to others*		*115,184*	*570,166*
	IV.		**Short-term operating receivables**	14	**80,855,872**	**76,962,321**
		1.	Short-term operating receivables from customers		66,760,075	66,329,288
		2.	Short-term operating receivables from others		14,095,797	10,633,033
	V.		**Monetary assets**	15	**55,560,813**	**37,239,475**
C.			**Short-term accrued costs and deferred revenues**		**1,399,293**	**583,534**
			Total assets		**535,871,001**	**518,055,009**

				Note	31/ 12/ 2020	31/ 12/ 2019
A.			**Equity**	**16**	**252,218,776**	**242,082,787**
	I.		**Minority equity**		**22,041,612**	**22,052,503**
	II.		**Called-up equity**		**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.		**Revaluation reserves**		**0**	**0**
	VI.		**Reserves resulting from valuation at fair value**		**-880,420**	**-860,051**
	VII.		**Capital revaluation adjustment**		**224,165**	**345,211**
	VIII.		**Net profit brought forward**		**193,943,394**	**175,384,468**
	IX.		**Net profit or loss for the financial year**		**13,728,880**	**21,999,511**
B.			**Provisions and long-term accrued costs and deferred revenues**	**17**	**4,551,253**	**4,327,010**
		1.	Provisions for pensions and similar obligations		3,988,258	3,759,353
		2.	Other provisions		2,798	1,745
		3.	Long-term accrued costs and deferred revenues		560,197	565,912
C.			**Long-term liabilities**	**18**	**110,627,644**	**112,309,297**
	I.		**Long-term financial liabilities**		**108,055,174**	**110,248,666**
		1.	Long-term financial liabilities to banks		107,306,087	109,454,896
		2.	Other long-term financial liabilities		64,335	79,846
		3.	Long-term financial liabilities from leases		684,752	713,924
		a)	*Long-term financial liabilities related to leases to other companies*		*684,752*	*713,924*
	II.		**Long-term operating liabilities**		**606,197**	**106,449**
		1.	Other long-term operating liabilities		606,197	106,449
	III.		**Deferred tax liabilities**	**5**	**1,966,273**	**1,954,182**
D.			**Short-term liabilities**	**19**	**166,755,826**	**157,669,907**
	I.		**Liabilities included in groups for disposal**		**0**	**0**
	II.		**Short-term financial liabilities**		**85,508,980**	**92,499,953**
		1.	Short-term financial liabilities to banks		77,741,590	74,274,699
		2.	Short-term financial liabilities based on bonds		0	10,000,000
		3.	Other short-term financial liabilities		7,297,356	7,682,004
		4.	Short-term financial liabilities from leases		470,034	543,250
		a)	*Short-term financial liabilities from leases to other companies*		*470,034*	*543,250*
	III.		**Short-term operating liabilities**		**81,246,846**	**65,169,954**
		1.	Short-term operating liabilities to suppliers		70,422,840	54,773,382
		2.	Short-term operating liabilities from advance payments		1,298,029	1,364,961
		3.	Other short-term operating liabilities		9,525,977	9,031,611
D.			**Short-term accrued costs and deferred revenue**	**20**	**1,717,502**	**1,666,008**
			Total liabilities to sources of assets		535,871,001	518,055,009

Consolidated statement of changes in equity in 2020

Table 42: Group statement of changes in equity in 2020 in EUR

	Called-up equity	Equity of the non-controlling share	Capital Reserves	
	I	II	III	
	Share capital			Reserves for own shares and own business shares
	I	II	III	IV/1
Balance at the end of the previous financial year as of 31/ 12/ 2019	**4,451,540**	**22,052,503**	**10,751,254**	**506,406**
Retroactive conversions	**0**	**-11,474**	**0**	**0**
Initial balance of the reporting period as of 01/ 1/ 2020	**4,451,540**	**22,041,028**	**10,751,254**	**506,406**
Changes in equity – transactions with owners	**0**	**-334,679**	**0**	**0**
Disbursement of dividends to others	0	-334,679	0	0
Total comprehensive income for the reporting period	**0**	**335,263**	**0**	**0**
Entry of net profit/loss in the financial year	0	380,756	0	0
Change in reserves resulting from valuation of financial investments at fair value	0	1,466	0	0
Gains and losses arising from the translation of financial statements of foreign operations (+ / –)	0	-44,580	0	0
Actuarial gains/losses, recognised under reservations for retirement benefits	0	-2,101	0	0
Other items of total comprehensive income in the financial year	0	-278	0	0
Changes in equity	**0**	**0**	**0**	**0**
Allocation of the remaining portion of the net profit to other equity components	0	0	0	0
Other changes in equity	0	0	0	0
Closing balance of the financial year as of 31/ 12/ 2020	**4,451,540**	**22,041,612**	**10,751,254**	**506,406**

Revenue reserves			Reserves resulting from valuation at fair value Values	Capital revaluation adjustment	Net profit brought forward	Net profit or loss for the financial year	Total EQUITY
IV			V	VI	VII	VIII	IX
Own shares and own business shares (as a deductible item)	Statutory reserves	Other revenue reserves			Retained net profit	Net profit for the current year	Total EQUITY
IV/2	IV/3	IV/4	V	VI	VII	VIII	IX
-506,406	**2,225,770**	**5,732,581**	**-860,051**	**345,211**	**175,384,468**	**21,999,511**	**242,082,787**
0	**0**	**0**	**0**	**0**	**-454,581**	**0**	**-466,055**
-506,406	**2,225,770**	**5,732,581**	**-860,051**	**345,210**	**174,929,887**	**21,999,511**	**241,616,732**
0	**0**	**0**	**0**	**0**	**-2,953,977**	**0**	**-3,288,656**
0	0	0	0	0	-2,953,977	0	-3,288,656
0	**0**	**0**	**-52,397**	**-121,045**	**0**	**13,728,880**	**13,890,700**
0	0	0	0	0	0	13,728,880	14,109,636
0	0	0	58,060	0	0	0	59,526
0	0	0	0	-121,045	0	0	-165,625
0	0	0	-99,426	0	0	0	-101,527
0	0	0	-11,031	0	0	0	-11,310
0	**0**	**0**	**32,028**	**0**	**21,967,483**	**-21,999,511**	**0**
0	0	0	0	0	21,999,511	-21,999,511	0
0	0	0	32,028	0	-32,028	0	0
-506,406	**2,225,770**	**5,732,581**	**-880,420**	**224,165**	**193,943,394**	**13,728,880**	**252,218,776**

Consolidated statement of changes in equity in 2019

Table 43: Group statement of changes in equity in 2019 in EUR

	Called-up equity	Equity of the non-controlling share	Capital Reserves	
	I	II	III	
	Share capital			Reserves for own shares and own business shares
	I	II	III	IV/1
Balance at the end of the previous financial year as of 31/ 12/ 2018	**4,451,540**	**20,354,714**	**10,751,254**	**506,406**
Initial balance of the reporting period as of 01/ 1/ 2019	**4,451,540**	**20,354,714**	**10,751,254**	**506,406**
Changes in equity – transactions with owners	**0**	**-288,386**	**0**	**0**
Disbursement of dividends to other legal and natural persons	0	-288,386	0	0
Total comprehensive income for the reporting period	**0**	**1,986,175**	**0**	**0**
Entry of net profit/loss in the financial year	0	1,821,920	0	0
Change in reserves resulting from valuation of financial investments at fair value	0	-394	0	0
Gains and losses arising from the translation of financial statements of foreign operations (+ / –)	0	166,226	0	0
Actuarial gains/losses, recognised under reservations for retirement benefits	0	-1,651	0	0
Other items of total comprehensive income in the financial year	0	74	0	0
Changes in equity	**0**	**0**	**0**	**0**
Allocation of the remaining portion of the net profit to other equity components	0	0	0	0
Other changes in equity	0	0	0	0
Closing balance of the financial year as of 31/ 12/ 2019	**4,451,540**	**22,052,503**	**10,751,254**	**506,406**

Revenue reserves			Reserves resulting from valuation at fair value Values	Capital revaluation adjustment	Net profit brought forward	Net profit or loss for the financial year	Total EQUITY
IV			V	VI	VII	VIII	IX
Own shares and own business shares (as a deductible item)	Statutory reserves	Other revenue reserves			Retained net profit	Net profit for the current year	Total EQUITY
IV/2	IV/3	IV/4	V	VI	VII	VIII	IX
-506,406	**2,225,770**	**5,732,581**	**-797,851**	**-1,453**	**145,466,231**	**33,638,893**	**221,821,679**
-506,406	**2,225,770**	**5,732,581**	**-797,851**	**-1,453**	**145,466,231**	**33,638,893**	**221,821,679**
0	**0**	**0**	**0**	**0**	**-3,692,472**	**0**	**-3,980,858**
0	0	0	0	0	-3,692,472	0	-3,980,858
0	**0**	**0**	**-90,384**	**346,664**	**0**	**21,999,511**	**24,241,966**
0	0	0	0	0	0	21,999,511	23,821,431
0	0	0	-15,614	0	0	0	-16,008
0	0	0	0	346,664	0	0	512,890
0	0	0	-77,737	0	0	0	-79,388
0	0	0	2,967	0	0	0	3,041
0	**0**	**0**	**28,184**	**0**	**33,610,709**	**-33,638,893**	**0**
0	0	0	0	0	33,638,893	-33,638,893	0
0	0	0	28,184	0	-28,184	0	0
-506,406	**2,225,770**	**5,732,581**	**-860,051**	**345,211**	**175,384,468**	**21,999,511**	**242,082,787**

Consolidated cash flow statement

Table 44: Group cash flow statement in EUR

Item			Note	2020	2019
A.		**Cash flows from operating activities**			
	a)	**Profit and loss statement items**		**38,766,960**	**46,660,687**
		Operating revenues (except for revaluation) and financial revenues from operating receivables	1	592,155,051	688,922,666
		Operating expenses excluding depreciation (except from revaluation) and financial expenses from operating liabilities	2	-551,178,049	-638,575,653
		Income tax and other taxes not included in operating expenses	4	-2,210,042	-3,686,326
	b)	**Changes of net working assets (and accrued costs and deferred revenues, provisions and deferred tax receivables and liabilities) of the balance sheet operating items**		**16,689,553**	**-9,826,562**
		Opening minus closing operating receivables	14	-4,522,597	3,257,197
		Opening minus closing deferred costs and accrued revenues		-815,760	-131,883
		Opening minus closing deferred tax receivables	5	-118,175	241,546
		Opening minus closing assets (groups for disposal) for sale		0	557,071
		Opening minus closing inventory	12	4,655,614	10,415,088
		Closing minus opening operating debts	19	16,609,414	-24,884,093
		Closing minus opening accrued costs and deferred revenues and provisions	17, 2	868,966	701,883
		Closing minus opening deferred tax liabilities	5	12,091	16,629
	c)	**Net cash from operating activities or net outflows from operating activities (a + b)**		**55,456,513**	**36,834,125**
B.		**Cash flows from investing activities**			
	a)	**Cash receipts from investing activities**		**5,707,343**	**13,606,461**
		Cash receipts from interest and participation in profit of others relating to investing activities	3	277,347	116,937
		Cash receipts from the disposal of intangible assets		0	2,532
		Cash receipts from the disposal of tangible fixed assets	1	407,563	2,032,068
		Cash receipts from the disposal of investment property		0	0
		Cash receipts from the disposal of long-term financial investments	3	33,341	152,669
		Cash receipts from the disposal of short-term financial investments	3	4,989,092	11,302,255
	b)	**Cash disbursements from investing activities**		**-26,398,895**	**-40,016,584**
		Cash disbursements for the acquisition of intangible assets	6	-697,344	-576,252
		Cash disbursements for the acquisition of tangible fixed assets	7	-21,067,047	-25,781,963
		Cash disbursements for the acquisition of investment property		0	0
		Cash disbursements for the acquisition of long-term financial investments		-54,220	-34,354
		Cash disbursements for the acquisition of investments in companies in the Group	22	0	-1,817,531
		Cash disbursements for the acquisition of short-term financial investments	13	-4,580,284	-11,806,484
	c)	**Net cash from investment activities or net outflows from investment activities (a + b)**		**-20,691,552**	**-26,410,123**
C.		**Cash flows from financing activities**			
	a)	**Cash receipts from financing activities**		**86,447,774**	**89,545,510**
		Cash receipts from paid-in capital		0	0
		Cash receipts from the increase of long-term financial liabilities	18	58,494,992	55,897,176
		Cash receipts from the increase of short-term financial liabilities	19	27,952,782	33,648,334
	b)	**Cash disbursements from financing activities**		**-102,891,398**	**-107,390,586**
		Cash disbursements for given interests from financing activities	3	-3,184,517	-4,131,418
		Cash disbursements for the repayment of equity		0	0
		Cash repayments of long-term financial liabilities	18	-6,247,354	-6,032,357
		Cash repayments of short-term financial liabilities	19	-90,170,870	-93,245,954

		Cash repayments of dividends and other profit shares paid	16	-3,288,657	-3,980,857
	c)	**Net cash from financing activities or net outflows from financing activities (a + b)**		**-16,443,624**	**-17,845,076**
D.		**Monetary assets at the end of the period**	**15**	**55,560,812**	**37,239,475**
	x)	**Net cash flow in the period**		**18,321,337**	**-7,421,074**
	y)	**Monetary assets at the beginning of the period**	**15**	**37,239,475**	**44,660,549**

Notes to the financial statements

Parent 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 EUR is divided into 1,066,767 registered pro rata shares that are not traded in the organized security market. The shares are owned by 830 shareholders.

The consolidated financial statements for the financial year that ended on 31 December 2020 are presented hereafter. The consolidated financial statements include the company Impol 2000, d. d. and its subsidiaries 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 22/ 4/ On 2021/

The 2020 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 balance sheet 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 1 – Presentation of Financial Statements, and to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, adopted by the European Union on 29 November 2019 (effective for annual periods beginning on or after 1 January 2020);
- Amendments to IFRS 3 – Business Combinations – Definition of a Business Entity, adopted by the EU on 21 April 2020 (applicable for business combinations where the acquisition date is the same as the starting date of the first annual reporting period starting on or after 1 January 2020, and for acquisition of assets that occur at the beginning of this period or after);
- Amendments to IFRS 9 – Financial Instruments, IAS 39 – Financial Instruments: Recognising and measuring and IFRS 7 – Financial Instruments: disclosures – Interest Rate Benchmark Reform, adopted by the European Union on 15 January 2020

(effective for annual periods beginning on or after 1 January 2020);
- Amendments to IFRS 9 – Leases – Exemptions from rent payments in relation to Covid-19, adopted by the European Union on 12 October 2020 and applicable for annual periods starting on or after 1 June 2020, effective for financial years beginning on or after 1 January 2020);
- Amendments to references to the conceptual framework in IFRS adopted by the European Union on 29 November 2019 (effective for annual periods beginning on or after 1 January, 2020).

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 Impol Group intends to take these standards and notes into account in drawing up financial statements after their implementation. The Impol Group did not adopt any of the standards or notes specified below before the commencement of their application.

- Amendments to IFRS 4 – Insurance Contracts – Extension of the temporary exemption from application of the IFRS 9, which were adopted by the European Union on 16 December 2020, but have not yet entered into force (the date of expiration of the temporary exemption was extended to annual periods starting on or after 1 January 2023.

The Impol Group decided that it shall not adopt materials 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 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 2020 financial year were being drawn up/approved:

- IFRS 14 Regulatory deferral Accounts (effective for annual periods beginning on or after 1 January 2016) – the European Commission has decided not to launch the endorsement process of this interim standard and will wait for the final standard;
- IFRS 17 – Insurance Contracts, including amendments to IFRS 17 (applicable for annual periods starting on or after 1 January 2023);
- Amendments to IAS 1 – Presentation of Financial Statements – Classification of obligations to short- and long-term (applicable for annual periods starting on or after 1 January 2023);
- Amendments to IAS 16 – Tangible fixed assets – Profit before intended use (applicable for annual periods starting on or after 1 January 2022);
- Amendments to IAS 37 – Provisions, contingent liabilities and contingent assets – Onerous Contracts – Cost of fulfilling a contract (applicable for annual periods starting on or after 1 January 2022);
- Amendments IFRS 3 – Business Combinations – References to the conceptual framework with amendments to IFRS 3 (applicable for annual periods beginning on or after 1 January 2022);
- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associated and Joint Ventures – Sale or contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date was deferred indefinitely until the research project on the equity method has been concluded);
- Amendments to IFRS 9 – Financial Instruments, IAS 39 – Financial Instruments: Recognition and Measurement, IFRS 7 – Financial Instruments: Disclosures, IFRS 4 – Insurance Contracts and IFRS 16– Leases – Interest Rate Benchmark Reform – phase 2 (applicable for annual periods starting on or after 1 January 2021);
- Amendments to various standards due to improvements to IFRS (20182020 cycle) arising from the annual project for IFRS improvement (IFRS 1, IFRS 9, IFRS 16 and IFRS 41), primarily with a view of eliminating non-compliance and interpreting the text (amendments to IFRS, IFRS 9 and IAS 41 apply for annual periods starting on or after 1 January 2022); The amendment to IFRS 16 refers only to an illustrative example, therefore the date of entry into force is not provided.

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

Assessments and assumptions are mostly present in the following estimates:

- **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 associates (Note 10),
  - Financial receivables (Notes 13 and 10);
  - Estimate of fair value of assets (see point “Carrying 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 and loss from financial instruments measured at fair value through profit or loss is classified under the profit or loss statement.

Equity investment in subsidiaries, associates and other companies are measured at fair value, 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 long-service bonuses and severance pays upon retirement, impairments of financial investments, impairment of claims, and tax losses. Deferred tax liabilities are formed as temporary deductible differences between the carrying value 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**

The present value of severance pays upon retirement and long-service bonuses is recorded in the commitments for certain post-employment and other benefits. 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 in the Group at exchange rates at the dates of the transactions. Monetary assets 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 purchase value in the functional currency at the beginning of the period, adjusted by the amount of effective interest and payments during the period, and the purchase value in foreign currency converted at the exchange rate at the end of the period. Non-monetary 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 balance sheet are converted according to ECB exchange rates on the date of reporting.

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

Table 45: Reference ECB exchange rates for converting balance sheet items

Currency	31/ 12/ 2020
USD	1.2271
HUF	363.89
RSD	117.53
HRK	7.5519

Table 46: Exchange rates for converting profit or loss

Currency	Average annual exchange rate in 2020
USD	1.1422
HUF	351.25
RSD	117.71
HRK	7.5384

Currency differences are recognised under other comprehensive income and reported under the item exchange differences in equity. 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 equity 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 subsidiary 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 parent 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 equity 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 equity as an investment in a subsidiary (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 equity 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 transactions in the Group.

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

Investment in associates

Associates 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 associates 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 subsidiaries 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 value 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 equity investment.

More on this in the section presenting the parent 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 value 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 and 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 are presented in the table.

Table 47: Applied depreciation rates 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 and 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 and loss account and is not removed later. At a disposal of a subsidiary, the corresponding amount of goodwill is included in profit and 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 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.

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 accounting value of the disposed asset is recognized in the statement of profit or loss. The costs of replacing a part of a tangible fixed asset are recognised at the carrying value 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 and 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 48: Depreciation rates used for tangible fixed assets

Depreciation rates used in the Impol Group	Depreciation rate in %	
	Lowest	Highest
Tangible fixed assets		
Real 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 %
Computers:	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 financial lease

Upon signing the contract, an assessment is made if the contract contains a lease in accordance with the IFRS 16 standard. 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 purchase value, minus the accumulated depreciation and losses due to impairment, and are then adapted for each consecutive measurement of lease obligation. 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 and loss statement pursuant to IAS 36.

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 in 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 repayment value,
- 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 repayment value),
- 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 and loss statement).

Financial assets at fair value through profit or loss

The financial assets measured at fair value through the profit and loss statement are initially measured at fair value, while transaction costs are indicated in the profit and 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 and loss arising from these financial instruments are classified into the profit and loss statement. Dividends arising from financial instruments , classified into this group , are recognised as financial income in the profit and loss statement.

Financial assets at repayment value

Financial assets measured at repayment value are measured at repayment value 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 balance sheet, loans and receivables are recognised 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 subsidiaries and affiliated companies, which are valued at cost in accordance with the IAS 27 standard.

Monetary assets 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 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 of the 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 stock market 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 processing margin, which is the subject of hedging. In the presented manner, possible fluctuations in the achieved processing 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 and 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 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 balance sheet 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 the revaluation surplus item in the balance sheet. 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. For valuing inventories of merchandise and measuring use, the FIFO method is used.

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

Called-up equity

Called-up capital of the controlling company is present as share capital, which is nominally defined in the statute of the parent company registered with the court and paid-in by the company's owners.
As of 31/ 12/ 2020, the share capital of 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 parent 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 capital 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 percent of net profit of the financial year. They are set aside in the amount of ½ of the parent company's share capital.

Reserves resulting from valuation at fair value and capital revaluation adjustment

Reserves resulting from valuation at fair value, include actuarial gains or losses based on provisions for retirement allowances and the effects of fair value changes of derivative financial instruments that are classified as hedging instruments (currency 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 obligations relating to pensions. Provisions are formed in the amount of the expected future payments of long-service bonuses and severance pays upon retirement discounted on the date of the statement of financial position. Calculations are made for individual employees by including the costs of all expected retirement and jubilee 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 balance sheet 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.

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 value 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 equity 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.

If it is estimated that when the accounting value 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. 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 are measured according to their purchase value upon initial recognition, and are then increased for the cost of the business transaction arising from the purchase of said financial asset. Profit and loss arising from these financial instruments are never classified into the profit and loss statement.

When it comes to impairment of financial assets measured at repayment value, 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 repayment value is recognised in the profit or loss account.

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

Non-financial assets

Tangible and intangible assets

The carrying amounts of the Company’s non-financial assets are 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 recognized when the accounting value 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 and 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 income. The main principle is that recognition of income 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 includes the following:

- - 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. Income 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 balance sheet 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.

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 income.

For calculating consumption, the Group uses the FIFO method.

Financial revenues and expenses

Financial income comprises 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 recognized 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 recognised by using the balance sheet liability method providing for temporary differences between the carrying amounts of tax values of assets and liabilities and their values in individual financial statements. Deferred tax is determined by using tax rates that are valid on the date the balance sheet and that are expected to be used when the deferred tax receivable 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 due to 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 balance sheet on 31/ 12 of the financial year and balance sheet 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.

NOTES TO INDIVIDUAL ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

1. Operating revenues

Table 49: Operating revenue in EUR

Operating revenues	Operating revenue generated with companies		2020	2019
	associated	others		
Net sales revenues	63,863	583,847,197	583,911,059	683,244,306
Change in the value of product inventories and unfinished production	0	-1,404,542	-1,404,542	5,863,725
Capitalised own products and services*	0	657,611	657,611	913,198
Other operating revenues	0	6,235,714	6,235,714	4,194,401
TOTAL	**63,863**	**589,335,981**	**589,399,844**	**694,215,629**

Net sales revenues	Net sales revenues from sales generated with companies		2020	2019
	associated	others		
Net revenues from the sale of products	296	491,549,053	491,549,349	589,567,953
Net revenues from services	61,426	3,953,244	4,014,669	4,406,096
Net sales revenues from sales of goods and materials	2,141	88,344,900	88,347,041	89,270,257
TOTAL	**63,863**	**583,847,197**	**583,911,059**	**683,244,306**

Other operating revenues	2020	2019
Revenues from the reversal of provisions	694,752	604,114
Other revenues associated with business effects (subsidies, grants, compensations, premiums…)*	5,139,889	2,675,908
Revaluation operating revenues	401,074	914,379
TOTAL	**6,235,714**	**4,194,401**

Revaluation operating revenues	2020	2019
From disposal of tangible fixed assets***	254,026	777,828
From operating receivables	123,864	73,369
From operating liabilities	23,184	63,182
TOTAL	**401,074**	**914,379**

*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.
** This item also includes received state aid related to the covid-19 epidemic (ZIUZEOP April 2020, ZZUOOP October 2020, ZIUOPDVE November 2020), namely in the form of repayment of pension and disability insurance contributions for workers who worked during the epidemic, repayment of the crisis allowance and coverage of costs due to the ordered quarantine for workers in the total amount of EUR 1,907,240.
The difference is represented by revenues from claims and returned excise duties for electricity and gas.
***This is exclusively represented by the sale of tangible fixed assets (tools and other)

Net sales revenue by business segment

Table 50: Net sales revenues by business segment in EUR

	2020	2019
Revenue from sales in Slovenia	**31,076,427**	**30,731,800**
• Revenue from sales in Slovenia – Associated companies	63,863	73,533
• Revenue from sales in Slovenia – Other companies	31,012,564	30,658,267
Revenue from sales in EU	**469,824,948**	**527,758,552**
• Revenue from sales in the EU – Other companies	469,824,948	527,758,552
Revenues from sales in other European countries	**34,558,950**	**45,160,658**
• Revenue from sales in other European countries – Other companies	34,558,950	45,160,658
Revenues from sales on other markets	**48,450,735**	**79,593,295**
• Revenue from sales on other markets – Other companies	48,450,735	79,593,295
TOTAL	**583,911,059**	**683,244,306**

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

2. Operating expenses

Table 51: Operating expenses in EUR

	Manufac-turing costs	Cost of sales	Costs of general activities	Total 2020	Total in 2020 Purchased from: Associate companies	Other com-panies	Total 2020	Total 2019
Costs of merchandise and materials sold	0	94,319,292	58,400	94,377,692	0	94,377,692	94,377,692	98,291,329
Costs of material	338,247,925	6,401,421	404,711	345,054,057	0	345,054,056	345,054,057	430,480,310
Costs of services	12,923,878	15,494,723	10,965,256	39,383,857	1,694,326	37,689,531	39,383,857	44,142,419
Labour costs	40,973,666	1,701,262	22,641,077	65,316,005	0	65,316,005	65,316,005	67,532,542
Depreciation	17,585,667	165,598	3,596,093	21,347,358	0	21,347,358	21,347,358	19,833,534
Revaluation operating expenses	80,392	164,547	20,919	265,858	0	265,858	265,858	309,236
Other operating expenses	45,606	9,760	2,946,729	3,002,094	0	3,002,094	3,002,094	3,093,139
TOTAL	**409,857,133**	**118,256,603**	**40,633,184**	**568,746,921**	**1,694,326**	**567,052,595**	**568,746,921**	**663,682,509**

Revaluation operating expenses in EUR	2020	2019
Revaluating operating expenses from tangible fixed assets	20,985	70,734
Revaluation operating expenses from inventories	87,550	3,952
Revaluation operating expenses from operating receivables	157,322	234,550
TOTAL	**265,858**	**309,236**

Other operating expenses represent mainly expenditure on environmental protection, donations and costs that are re- mainly invoiced.

Table 52: Itemisation of labour costs in EUR

	2020	2019
Costs of wages and salaries	47,663,206	49,227,559
Costs of pension insurance	4,638,869	4,854,426
Costs of other social security contributions	3,517,539	3,660,070
Other labour costs	9,496,391	9,790,488
TOTAL	**65,316,005**	**67,532,542**

3. Financial revenues and expenses

Table 53: Financial revenue from financial investments in EUR

	Total 2020	Of which from companies		Total 2019
		Associate companies	Other	
Financial revenues from participating interests – Profit-sharing, dividends	269,709	165,350	104,359	237,636
Financial revenue from loans - interests	7,639	0	7,639	6,491
Financial revenues from operating receivables - interests	64,868	0	64,868	20,436
Financial revenues from operating receivables – foreign exchange differences	1,460,368	0	1,460,368	2,221,300
Financial revenue from forwards	1,455,157	0	1,455,157	687,345
Total	**3,257,742**	**165,350**	**3,092,392**	**3,173,208**

Financial revenues from participating interests in associate companies represent shares in the amount of EUR 165,350, calculated according to the equity method in the consolidated financial statements.

Table 54: Financial expenses from financial investments in EUR

	Total 2020	Of which from companies		Total 2019
		Associate companies	Other	
Financial expenses from (excluding bank loans) – interests	46,962	3,086	43,876	68,479
Financial expenses from (excluding bank loans) – foreign exchange differences	0	0	0	162,943
Financial expenses from leases – interests (financial lease)	8,085	0	8,085	13,193
Financial expenses from financial liabilities – interest rate swaps	158,400	0	158,400	218,921
Financial expenses from loans received from banks – interests	3,272,878	0	3,272,878	3,163,644
Financial expenses from loans received from banks – foreign exchange differences	2,318	0	2,318	2,933
Financial expenses from issued bonds – interests	304,000	0	304,000	684,000
Financial expenses from other financial liabilities – interests	41,176	0	41,176	39,194
Financial expenses from leases – interests (operative lease)	35,571	0	35,571	33,127
Financial expenses from operating liabilities – interests*	78,754	0	78,754	9,637
Financial expenses from operating liabilities – foreign exchange differences**	3,301,399	0	3,301,399	1,794,054
Financial expenses from forwards	341,445	0	341,445	8,444
Total	**7,590,988**	**3,086**	**7,587,902**	**6,198,570**

4. Income tax

Table 55: Income tax in EUR

Income tax	2020	2019
Revenues determined in accordance with accounting regulations	1,075,260,999	1,215,945,570
Revenue recognised for tax purposes	1,074,334,219	1,210,277,040
Expenses determined under accounting regulations	1,058,233,948	1,181,910,874
Expenses recognised for tax purposes	1,056,753,694	1,182,060,501
Difference between deductible revenues and expenses	17,580,526	28,216,539
Tax base/loss	17,149,157	28,554,270
Tax base	11,651,762	18,215,776
Tax	2,329,412	3,449,059
Effective tax rate in %	14.27 %	12.54 %

This is the sum of non-consolidated revenue and expenditure items.

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 2020 was 19% (in 2019: 19%), while the applicable income tax rate in Croatia is 18%, in Serbia 15%, in the USA 31% (in 2019: 31%) and in Hungary 9% (in 2019: 9 percent).

Table 56: Overview of current income tax by companies in EUR

Income tax	2020	2019
Impol 2000, d. d.	73,668	73,461
Impol, d. o. o.	693,003	2,183,255
Impol FT, d. o. o.	335,644	213,993
Impol PCP, d. o. o.,	541,107	429,259
Impol Montal d. o. o	24,661	28,809
Impol R in R d. o. o.	17,253	0
Impol Infrastruktura, d. o. o.	8,912	38,252
Impol LLT d. o. o.	203,523	128,808
Impol Seval, a. d.	0	0
Impol-TLM, d. o. o.,	0	0
Alcad, d. o. o.	8,743	0
Impol-FinAl, d. o. o.	9,693	0
Stampal SB d. o. o.	92,178	96,258
Kadring d. o. o.	35,688	37,576
Rondal, d. o. o.	162,086	112,061
Impol Servis d. o. o.	51,674	18,183
Impol Seval Tehnika d. o. o.	3,948	13,423
Impol Seval PKC, d. o. o.	2,727	4,025
Impol Seval Final d. o. o.	2,950	6,305
Impol Seval President, d. o. o.	0	0
Štatenberg d. o. o.	768	791
Impol Hungary Kft.	8,542	9,124
Impol Aluminum Corporation, New York	30,120	35,902
Impol Stanovanja d. o. o.	11,300	16,705
Unidel d. o. o.	11,224	2,869
TOTAL income tax	**2,329,412**	**3,449,059**

5. Deferred tax assets and liabilities

Table 57: Deferred tax assets and liabilities in EUR

	Deferred tax receivables	Deferred tax liabilities
Deferred tax balance as of 31/ 12/ 2019	**1,717,773**	**1,954,182**
Deferred tax balance as of 1/ 1/ 2020	**1,717,773**	**1,954,182**
Deductible temporary differences (+)	201,214	0
Taxable temporary differences (+)	-	14,563
Utilisation of deductible temporary differences (-)	78,590	0
Exchange rate differences (+/-)	-15,759	-2,472
Deferred tax balance as of 31/ 12/ 2020	**1,824,638**	**1,966,273**

Change in receivables and liabilities for deferred tax assets and liabilities in the amount of EUR 94,774 (2019: EUR -255,130) was recognised:	2020	2019
• Profit or loss account (+ / -)	119,371	-237,267
• Capital – Reserves resulting from valuation at fair value (+/-)	-11,310	3,041
• Capital – Retained profit or loss brought forward (+ / -)	0	0
• Capital – Revaluation difference (+/-)	-13,287	-20,904
Total	**94,774**	**-255,130**

The deferred tax receivables are to mainly formed for written-off receivables, for which impairments are temporarily not recognised for tax purposes upon recognition, for formed provisions for retirement upon retirement and jubilee benefits, for fair value of financial instruments, which is recognised under other comprehensive income as negative amount (interest rate swap), and for tax losses and unused tax relief for investments.

Trend in deferred tax receivables

Table 58: Trend in deferred tax receivables in EUR

	Carrying depreciation exceeds the depreciation for tax purposes	Asset impairments (revaluation operating expenses)	Provisioning	Tax loss	Unused relief for investments	Interest rate swap	Total
Balance of deferred tax receivables as of 31/ 12/ 2019 (+)	**1,142**	**327,955**	**226,336**	**1,015,293**	**90,133**	**56,915**	**1,717,774**
Balance of deferred tax receivables as of 1/ 1/ 2020	**1,142**	**327,955**	**226,336**	**1,015,293**	**90,133**	**56,915**	**1,717,774**
Appearance of deductible temporary differences (+)	0	36,086	11,991	143,107	10,029	0	201,214
Utilisation of deductible temporary differences (-)	-198	-50,991	-950	-1,128	-14,014	-11,310	-78,590
Exchange rate differences (+/-)	-2	-1,469	0	-14,288	0	0	-15,759
Balance of deferred tax receivables as of 31/ 12/ 2020	**942**	**311,581**	**237,378**	**1,142,984**	**86,148**	**45,605**	**1,824,638**

Trend in deferred tax liabilities

Table 59: Trend in deferred tax liabilities in EUR

	Depreciation for tax purposes exceeds accounting depreciation	TOTAL
Deferred tax liabilities as of 31/ 12/ 2019	**1,954,182**	**1,954,182**
Deferred tax liabilities as of 1/ 1/ 2020	**1,954,182**	**1,954,182**
Occurrence of deductible temporary differences (+)	14,563	14,563
Exchange rate differences (+/-)	-2,472	-2,472
Deferred tax liabilities as of 31/ 12/ 2020	**1,966,273**	**1,966,273**

Deferred tax liabilities are formed as deductible temporary differences between the carrying amount and the tax base of fixed assets in the company Impol Seval, a. d.

The consolidated balance sheet still includes deferred tax receivables and deferred tax liabilities that arise in different states materials 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 60: Basic net earnings per share in EUR

	2020	2019
Profit or loss relating to the owners of the controlling entity	13,728,880	21,999,511
Weighted average of the number of regular shares	984,659	984,659
Basic earnings per share (in EUR)	**13.94**	**22.34**

Table 61: Weighted average of the number of regular shares in EUR

	2020	2019
Regular shares as of 1/ 1/	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 2020 include:

- Change of fair value of hedges (interest swaps) in the amount of EUR 59,526, 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 -165,625;
- Actuary losses based on the re-calculation of provisions for retirement benefits for the financial year 2020, in the amount of EUR -101,527;
- 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 -11,310.

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

Table 62: Trend in intangible assets in 2020 in EUR

	Long-term property rights	Goodwill	Long-term deferred costs of development	Long-term deferred costs of development acquired	Long-term property rights acquired	TOTAL
Cost as of 31/ 12/ 2019	**8,727,799**	**1,261,518**	**632,796**	**0**	**185,226**	**10,807,339**
Opening balance adjustments	0	0	0	0	0	0
Cost as of 01/ 1/ 2020	**8,727,799**	**1,261,518**	**632,796**	**0**	**185,226**	**10,807,339**
Direct increases – acquisitions	197,214	0	0	21,007	479,123	697,344
Transfer from construction in progress	599,663	0	21,007	-21,007	-599,663	0
Exchange rate differences	-993	0	0	0	-73	-1,066
Decreases – exclusions, other decreases (-)	501,743	0	0	0	0	501,743
Cost as of 31/ 12/ 2020	**9,021,940**	**1,261,518**	**653,803**	**0**	**64,614**	**11,001,874**
Value adjustment 31/ 12/ 2019	**7,199,438**	**0**	**112,841**	**0**	**0**	**7,312,279**
Opening balance adjustment	0	0	0	0	0	0
Value adjustment 1/ 1/ 2020	**7,199,438**	**0**	**112,841**	**0**	**0**	**7,312,279**
Depreciation during the year	570,490	0	126,911	0	0	697,401
Exchange rate differences	-763	0	0	0	0	-763
Decreases – exclusions, other decreases (-)	414,308	0	0	0	0	414,308
Value adjustment 31/ 12/ 2020	**7,354,858**	**0**	**239,752**	**0**	**0**	**7,594,609**
Accounting value as of 31/ 12/ 2020	**1,667,082**	**1,261,518**	**414,051**	**0**	**64,614**	**3,407,265**
Accounting value as of 31/ 12/ 2019	**1,528,361**	**1,261,518**	**519,955**	**0**	**185,226**	**3,495,060**

Table 63: Trend in intangible assets in 2019 in EUR

	Long-term property rights	Goodwill	Long-term deferred development costs	Long-term deferred development costs acquired	Long-term property rights acquired	Total
Cost as of 31/ 12/ 2018	**8,877,307**	**319,229**	**0**	**605,644**	**400,647**	**10,202,827**
Cost as of 01/ 1/ 2019	**8,877,307**	**319,229**	**0**	**605,644**	**400,647**	**10,202,827**
Direct increases – acquisitions	0	942,289	0	22,672	127,811	1,092,772
Transfer from construction in progress	764,996	0	632,796	-632,796	-764,996	0
Transfer between companies in the Group – acquisition	0	0	0	4,480	421,289	425,769
Transfers of intangible fixed assets of companies in the Group upon acquisition	73,751	0	0	0	0	73,751
Exchange rate differences	2,591	0	0	0	476	3,067
Revaluation due to impairment	0	0	0	0	0	0
Decreases – sales (–)	5,798	0	0	0	0	5,798
Decreases – exclusions, other decreases (-)	985,048	0	0	0	0	985,048
Cost as of 31/ 12/ 2019	**8,727,799**	**1,261,518**	**632,796**	**0**	**185,226**	**10,807,339**
Value adjustment 31/ 12/ 2018	**7,640,666**	**0**	**0**	**0**	**0**	**7,640,666**
Value adjustment 1/ 1/ 2019	**7,640,666**	**0**	**0**	**0**	**0**	**7,640,666**
Depreciation during the year	511,213	0	112,841	0	0	624,054
Exchange rate differences	2,540	0	0	0	0	2,540
Decreases – sales (–)	3,338	0	0	0	0	3,338
Decreases – exclusions, other decreases (-)	951,644	0	0	0	0	951,644
Value adjustment 31/ 12/ 2019	**7,199,438**	**0**	**112,841**	**0**	**0**	**7,312,279**
Accounting value as of 31/ 12/ 2019	**1,528,361**	**1,261,518**	**519,955**	**0**	**185,226**	**3,495,060**
Accounting value as of 31/ 12/ 2018	**1,236,640**	**319,229**	**0**	**605,644**	**400,647**	**2,562,160**

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/ 2020 were fully depreciated.

Goodwill

Structure of goodwill according to business combinations that generated it.

Table 64: Structure of goodwill in EUR

	31/ 12/ 2020	31/ 12/ 2019
Alcad, d. o. o.*	942,289	942,289
Stampal SB d. o. o.	319,229	319,229
TOTAL:	**1,261,518**	**1,261,518**

*Goodwill according to the balance on the date of acquiring control of Alcad, d. o. o., i.e. as of 7/ 3. 2019, was established as a difference between the fair value of the granted compensations and the fair value of assets and debts taken over. In 2019, the Group assessed the fair values of the assets, the liabilities and the potential liabilities of the acquired company Alcad, d. o. o., and took them into account in the initial accounting of the business combination, whereby it identified a surplus of the purchase price by the share of the acquired company above the fair value of the obtained equity in the amount of EUR 942,289.

On 31/ 12/ 2020, goodwill was tested for possible impairment and no need for impairment was determined.

7. Tangible fixed assets

Table 65: Tangible fixed assets in 2020 in EUR

	Land	Buildings	Property being acquired	Total Real property
Cost as of 31/ 12/ 2019	**15,858,477**	**98,215,774**	**8,253,013**	**122,327,263**
Opening balance adjustments	0	0	0	0
Cost as of 01/ 1/ 2020	**15,858,477**	**98,215,774**	**8,253,013**	**122,327,263**
Direct increases – acquisitions	0	0	1,940,224	1,940,224
Transfer from construction in progress	438,350	8,820,190	-9,258,540	0
Transfer between companies in the Group – acquisition	0	0	100,326	100,326
Transfer between companies in the Group – sale (-)	0	30,422	0	30,422
Transfer to investment property (–)	0	0	39,156	39,156
Exchange rate differences	-148,328	-121,143	-1,080	-270,551
Decreases – sales (–)	0	5,689	0	5,689
Decreases – exclusions, other decreases (-)	0	3,895	0	3,895
Transfers between categories of tangible fixed assets	0	0	0	0
Cost as of 31/ 12/ 2020	**16,148,499**	**106,874,815**	**994,787**	**124,018,100**
Value adjustment 31/ 12/ 2019	**0**	**53,274,684**	**0**	**53,274,684**
Opening balance adjustment	0	0	0	0
Value adjustment 1/ 1/ 2020	**0**	**53,274,684**	**0**	**53,274,684**
Depreciation during the year	0	2,496,776	0	2,496,776
Direct increase	0	0	0	0
Transfer between companies in the Group – sale (-)	0	21,387	0	21,387
Exchange rate differences	0	-19,942	0	-19,942
Decreases – sales (–)	0	2,517	0	2,517
Decreases – exclusions, other decreases (-)	0	3,895	0	3,895
Transfers between categories of tangible fixed assets	0	0	0	0
Value adjustment 31/ 12/ 2020	**0**	**55,723,718**	**0**	**55,723,718**
Accounting value as of 31/ 12/ 2020	**16,148,499**	**51,151,096**	**994,787**	**68,294,382**
Accounting value as of 31/ 12/ 2019	**15,858,477**	**44,941,090**	**8,253,013**	**69,052,579**

In 2020, the Impol Group invested in increasing its production capacities in Slovenia as well as in companies abroad. More information about this is provided in the operating part of the annual report.

More than 50% of all tangible fixed assets that were used on 31/ 12/ 2020 were fully depreciated.

Production machinery and equipment	Other devices and equipment	Equipment and other tangible fixed assets being acquired	Advances to acquire tangible fixed assets	Total equipment	Total
330,549,360	**27,334,684**	**35,358,765**	**2,962,832**	**396,205,642**	**518,532,904**
0	0	0	0	0	0
330,549,360	**27,334,684**	**35,358,765**	**2,962,832**	**396,205,642**	**518,532,904**
0	0	17,486,696	5,286,988	22,773,684	24,713,908
19,063,144	3,015,576	-22,078,720	0	0	0
0	0	627,706	0	627,706	728,032
0	0	0	0	0	30,422
0	0	0	0	0	39,156
-563,112	-26,255	-40,250	-7,677	-637,294	-907,845
149,566	3,514	0	0	153,080	158,768
134,360	822,195	0	4,322,067	5,278,622	5,282,517
0	11,490	0	0	11,490	11,490
348,765,466	**29,509,787**	**31,354,197**	**3,920,077**	**413,549,527**	**537,567,626**
218,207,826	**19,933,006**	**0**	**0**	**238,140,832**	**291,415,515**
0	0	0	0	0	0
218,207,826	**19,933,006**	**0**	**0**	**238,140,832**	**291,415,515**
15,187,097	2,259,900	0	0	17,446,997	19,943,773
0	52,828	0	0	52,828	52,828
0	0	0	0	0	21,387
-102,298	-11,795	0	0	-114,093	-134,035
11,219	2,545	0	0	13,763	16,280
117,265	818,344	0	0	935,609	939,504
0	4,596	0	0	4,596	4,596
233,164,141	**21,417,646**	**0**	**0**	**254,581,787**	**310,305,506**
115,601,325	**8,092,140**	**31,354,197**	**3,920,077**	**158,967,740**	**227,262,120**
112,341,534	**7,401,678**	**35,358,765**	**2,962,832**	**158,064,811**	**227,117,390**

Table 66: Tangible assets in 2019 in EUR

	Land	Buildings	Property being acquired	Total Real property
Cost as of 31/ 12/ 2018	**15,151,684**	**94,873,544**	**7,979,160**	**118,004,387**
Opening balance adjustments	0	0	0	0
Cost as of 01/ 1/ 2019	**15,151,684**	**94,873,544**	**7,979,160**	**118,004,387**
Direct increases – acquisitions	0	0	4,128,438	4,128,438
Transfer from construction in progress	700,607	3,393,902	-3,945,705	148,804
Transfer between companies in the Group – acquisition	0	0	65,753	65,753
Transfer between companies in the Group – sale (-)	0	0	0	0
Transfer to non-current assets (–)	142,098	527,440	0	669,539
Transfer to assets under lease	0	0	0	0
Transfers of tangible fixed assets of companies in the Group upon acquisition (Alcad, d. o. o.)	159,008	518,610	17,752	695,370
Exchange rate differences	-10,577	124,827	7,615	121,864
Decreases – sales (–)	146	49,224	0	49,371
Decreases – exclusions, other decreases (-)	0	118,444	0	118,444
Transfers between categories of tangible fixed assets	0	0	0	0
Cost as of 31/ 12/ 2019	**15,858,477**	**98,215,774**	**8,253,013**	**122,327,263**
Value adjustment 31/ 12/ 2018	**0**	**51,092,954**	**0**	**51,092,954**
Opening balance adjustments	0	0	0	0
Value adjustment 1/ 1/ 2019	**0**	**51,092,954**	**0**	**51,092,954**
Depreciation during the year	0	2,313,770	0	2,313,770
Direct increase	0	0	0	0
Transfer between companies in the Group – sale (-)	0	0	0	0
Transfer to non-current assets (–)	0	114,972	0	114,972
Transfer from the right to use	0	0	0	0
Exchange rate differences	0	78,903	0	78,903
Decreases – sales (–)	0	17,596	0	17,596
Decreases – exclusions, other decreases (-)	0	78,376	0	78,376
Transfers between categories of tangible fixed assets	0	0	0	0
Value adjustment 31/ 12/ 2019	**0**	**53,274,684**	**0**	**53,274,684**
Accounting value as of 31/ 12/ 2019	**15,858,477**	**44,941,090**	**8,253,013**	**69,052,579**
Accounting value as of 31/ 12/ 2018*	**15,151,684**	**43,780,589**	**7,979,160**	**66,911,433**

*Due to the application of the IFRS 16 – Lease standard, the assets under lease in the balance sheet up to 1/ 1/ 2019, are no longer recognised among tangible fixed assets, but are instead recognised separately under "assets under lease". Due to reclassification, the opening values of assets under financial lease (purchase value, value correction and carrying amount as of 31/ 12/ 2018) were reduced by their relevant part and are separately recognised in the table Trend in right to use assets in 2019. The carrying amount of assets under financial lease as of 31/ 12/ 2018 amounted to EUR 736,768, and for the specified amount was recognised under category "Assets under lease" in the balance sheet as of 31/ 12/ 2018, on the other hand, however, the categories "Production equipment and machinery" and "Other machinery and equipment" were reduced by the same amount compared to the figure reported in the 2018 annual report. A more detailed presentation of the change is disclosed as part of the 2019 annual report.

Production machinery and equipment	Other devices and equipment	Equipment and other tangible fixed assets being acquired	Advances to acquire tangible fixed assets	Total equipment	Total
313,030,754	**24,763,692**	**55,192,302**	**3,549,009**	**396,535,757**	**514,540,144**
0	0	0	0	0	0
313,030,754	**24,763,692**	**55,192,302**	**3,549,009**	**396,535,757**	**514,540,144**
0	912	19,552,656	4,782,792	24,336,360	28,464,798
39,251,523	2,816,911	-42,217,237	0	-148,803	0
0	0	2,664,504	0	2,664,504	2,730,257
1,386,586	0	0	0	1,386,586	1,386,586
18,848,428	0	0	0	18,848,428	19,517,967
200,000	0	0	0	200,000	200,000
681	414,462	0	0	415,143	1,110,513
392,139	33,937	167,150	12,333	605,559	727,423
1,064,180	82,481	609	0	1,147,270	1,196,641
505,971	1,133,321	0	5,381,302	7,020,593	7,139,037
-520,573	520,573	0	0	0	0
330,549,359	**27,334,685**	**35,358,765**	**2,962,832**	**396,205,642**	**518,532,905**
224,266,742	**18,851,318**	**0**	**0**	**243,118,060**	**294,211,014**
0	0	0	0	0	0
224,266,742	**18,851,318**	**0**	**0**	**243,118,060**	**294,211,014**
14,325,605	1,968,776	0	0	16,294,382	18,608,152
0	31,790	0	0	31,790	31,790
225,687	0	0	0	225,687	225,687
18,809,258	0	0	0	18,809,258	18,924,230
200,000	0	0	0	200,000	200,000
201,730	24,145	0	0	225,876	304,778
1,046,693	78,780	0	0	1,125,474	1,143,069
445,810	1,123,047	0	0	1,568,857	1,647,233
-258,804	258,804	0	0	0	0
218,207,826	**19,933,006**	**0**	**0**	**238,140,832**	**291,415,515**
112,341,534	**7,401,679**	**35,358,765**	**2,962,832**	**158,064,811**	**227,117,390**
88,764,012	**5,912,374**	**55,192,302**	**3,549,009**	**153,417,698**	**220,329,132**

Pledged tangible fixed assets

Table 67: Assets pledged as security for settlement of liabilities (without asserts under lease) in EUR

	Cost (+)	Value adjustment (–)	Accounting value (=)
Real property	72,329,991	43,258,972	29,071,020
Equipment	92,239,039	68,172,267	24,066,772
TOTAL	**164,569,031**	**111,431,239**	**53,137,792**

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

8. Assets under lease

Table 68: Trend in right to use assets in the first half of 2020 in EUR

	Right to use immovable property – operating lease – other companies	Right to use equipment – operative lease – other companies	Total right to use – operative lease	Total right to use equipment – financial lease	Total right to use
Cost as of 31/ 12/ 2019	**27,546**	**1,455,792**	**1,483,338**	**1,030,963**	**2,514,301**
Opening balance adjustments	0	0	0	0	0
Cost as of 01/ 1/ 2020	**27,546**	**1,455,792**	**1,483,338**	**1,030,963**	**2,514,301**
Direct increase (+)	0	495,388	495,388	23,567	518,955
Decreases (-)	0	17,723	17,723	0	17,723
Other decreases (-)	0	78,064	78,064	11,490	89,554
Exchange rate differences	0	-12,250	-12,250	0	-12,250
Cost as of 31/ 12/ 2020	**27,546**	**1,843,142**	**1,870,688**	**1,043,040**	**2,913,728**
Value adjustment 31/ 12/ 2019	**5,463**	**382,729**	**388,192**	**360,876**	**749,068**
Opening balance adjustments	0	0	0	0	0
Value adjustment 1/ 1/ 2020	**5,463**	**382,729**	**388,192**	**360,876**	**749,068**
Depreciation (+)	5,521	500,139	505,660	83,453	589,113
Decreases (-)	0	17,723	17,723	0	17,723
Other decreases (-)	0	76,011	76,011	4,596	80,607
Exchange rate differences (+/-)	0	-3,066	-3,066	0	-3,066
Value adjustment 31/ 12/ 2020	**10,984**	**786,068**	**797,052**	**439,733**	**1,236,785**
Accounting value as of 31/ 12/ 2020	**16,562**	**1,057,074**	**1,073,636**	**603,307**	**1,676,943**
Accounting value as of 31/ 12/ 2019	**22,083**	**1,073,063**	**1,095,146**	**670,087**	**1,765,233**

Table 69: Trend in right to use assets in 2019 in EUR

	Right to use immovable property – operating lease – other companies	Right to use equipment – operative lease – other companies	Total right to use – operative lease	Total right to use equipment – financial lease	Total right to use
Cost as of 31/ 12/ 2018	**0**	**0**	**0**	**1,207,511**	**1,207,511**
Opening balance adjustments	27,287	890,272	917,559	0	917,559
Cost as of 01/ 1/ 2019	**27,287**	**890,272**	**917,559**	**1,207,511**	**2,125,070**
Direct increase (+)	259	568,010	568,269	23,452	591,721
Other decreases (-)	0	0	0	200,000	200,000
Exchange rate differences (+/-)	0	-2,490	-2,490	0	-2,490
Cost as of 31/ 12/ 2019	**27,546**	**1,455,792**	**1,483,338**	**1,030,963**	**2,514,301**
Value adjustment 31/ 12/ 2018	**0**	**0**	**0**	**470,743**	**470,743**
Opening balance adjustments	0	0	0	0	0
Value adjustment 1/ 1/ 2019	**0**	**0**	**0**	**470,743**	**470,743**
Depreciation (+)	5,463	383,233	388,696	90,134	478,829
Other decreases (-)	0	0	0	200,000	200,000
Exchange rate differences (+/-)	0	-504	-504	0	-504
Value adjustment 31/ 12/ 2019	**5,463**	**382,729**	**388,192**	**360,876**	**749,068**
Accounting value as of 31/ 12/ 2019	**22,083**	**1,073,063**	**1,095,146**	**670,087**	**1,765,233**
Accounting value as of 31/ 12/ 2018	**0**	**0**	**0**	**736,768**	**736,768**

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 depreciated, and the interest is calculated together with 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 70: Investment property in 2020 in EUR

Description	Buildings	TOTAL
Cost as of 31/ 12/ 2019	**5,449,130**	**5,449,130**
Cost as of 01/ 1/ 2020	**5,449,130**	**5,449,130**
Transfer from tangible fixed assets (+)	39,156	39,156
Cost as of 31/ 12/ 2020	**5,488,285**	**5,488,285**
Value adjustment 31/ 12/ 2019	**3,735,627**	**3,735,627**
Value adjustment 1/ 1/ 2020	3,735,627	3,735,627
Depreciation (+)	117,071	117,071
Value adjustment 31/ 12/ 2020	**3,852,698**	**3,852,698**
Accounting value as of 31/ 12/ 2020	**1,635,588**	**1,635,588**
Accounting value as of 31/ 12/ 2019	**1,713,502**	**1,713,502**

In 2020, the Group generated income with investment property in the amount of EUR 255,009 (EUR 278,152 in 2019). Connected depreciation costs in 2020 were EUR 117,071 (EUR 121.795 in 2019).

Table 71: Trend in investment property in 2019 in EUR

Description	Buildings	TOTAL
Cost as of 31/ 12/ 2018	**5,449,129**	**5,449,129**
Cost as of 01/ 1/ 2019	**5,449,129**	**5,449,129**
Cost as of 31/ 12/ 2019	**5,449,129**	**5,449,129**
Value adjustment 31/ 12/ 2018	**3,613,832**	**3,613,832**
Value adjustment 1/ 1/ 2019	**3,613,832**	**3,613,832**
Depreciation (+)	121,795	121,795
Value adjustment 31/ 12/ 2019	**3,735,627**	**3,735,627**
Accounting value as of 31/ 12/ 2019	**1,713,502**	**1,713,502**
Accounting value as of 31/ 12/ 2018	**1,835,298**	**1,835,298**

We estimate that the book value 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/ 2020

Table 72: Pledged investment property as of 31/ 12/ 2020 in EUR

	Cost (+)	Value adjustment (–)	Accounting value (=)
Investment property	5,192,761	3,639,312	1,553,449
TOTAL	**5,192,761**	**3,639,312**	**1,553,449**

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

10. Long-term financial investments

Table 73: Long-term financial investments in EUR

	Purchase value of long-term financial investments as of 31/ 12/ 2020	Of which long-term financial investments in companies:		Value adjustment as of 31/ 12/ 2020				Carrying amount	
		Associated companies	Other companies	Total value adjustment (–) as of 31/ 12/ 2020	- of which companies in the Group	- of which to Associate companies companies	- of which to other companies	31/ 12/ 2020	31/ 12/ 2019
		+	+	-	-	-			
Long-term financial investments (+)	1,327,368	656,238	671,130	170,355	0	34,648	135,707	1,157,013	1,146,779
Short-term part of long-term financial investments (-)	0	0	0	0	0	0	0	0	0
TOTAL LONG-TERM FINANCIAL INVESTMENTS	**1,327,368**	**656,238**	**671,130**	**170,355**	**0**	**34,648**	**135,707**	**1,157,013**	**1,146,779**

	Purchase value of long-term financial investments as of 31/ 12/ 2020	Of which long-term financial investments in companies:		Value adjustment as of 31/ 12/ 2020				Carrying amount	
		Associated companies	Other companies	Total value adjustment (–) as of 31/ 12/ 2020	- of which companies in the Group	- of which to Associate companies companies	- of which to other companies	31/ 12/ 2020	31/ 12/ 2019
Investments in shares and participating interest	957,746	656,238	301,508	34,648	0	34,648	0	923,098	916,737
TOTAL long-term financial investments excluding loans	**957,746**	**656,238**	**301,508**	**34,648**	**0**	**34,648**	**0**	**923,098**	**916,737**
Long-term loans granted	286,771	0	286,771	135,707	0	0	135,707	151,064	143,151
Other long-term funds invested	82,850	0	82,850	0	0	0	0	82,850	64,381
Long-term deposits	0	0		0	0	0	0	0	22,511
TOTAL long-term loans	**369,622**	**0**	**369,622**	**135,707**	**0**	**0**	**135,707**	**233,915**	**230,043**
Total long-term investments	**1,327,368**	**656,238**	**671,130**	**170,355**	**0**	**34,648**	**135,707**	**1,157,013**	**1,146,779**

Long-term financial investments as of 31/ 12/ 2020 were not pledged as security for liabilities.

Trend in long-term financial investments excluding loans

Table 74: Trend in long-term financial investments excluding loans in EUR

	Cost as of 01/ 1/ 2020	Change due to the use of the equity method	Exchange rate differences	Purchase value 31/ 12/ 2020	Value adjustment 1/ 1/ 2020	Value adjustment 31/ 12/ 2020	Carrying amount 31/ 12/ 2020	Carrying amount 1/ 1/ 2020
	+	+	+/-	=	-	-	=	
Shares and participating interests in subsidiaries	639,412	16,827	-2	656,238	34,648	34,648	621,590	604,765
Other shares and participating interests	311,972	0	-10,464	301,508	0	0	301,508	311,972
TOTAL	**951,384**	**16,827**	**-10,466**	**957,746**	**34,648**	**34,648**	**923,098**	**916,737**

Investments in shares of associate companies

Table 75: Investments in associates in EUR

Associate company	Participating interests of the Group in the	Investment as of 31/ 12/ 2020 – Equity method	Value adjustment 31/ 12/ 2020	Investment as of 31/ 12/ 2020	Investment as of 31/ 12/ 2019
		+	-	=	
Simfin, d. o. o.	49.51 %	615,453	0	615,453	603,474
Brezcarinska cona RS	33.33 %	6,137	0	6,137	1,291
Impol Brazil*	50.00 %	34,647	34,647	0	0
TOTAL		**656,237**	**34,647**	**621,590**	**604,765**

*The activity is not being carried out at the associated company Impol Brazil.

Trend in long-term financial investments – loans

Table 76: Development of long-term financial investments – loans in EUR

	Purchase value 1/ 1/ 2020	New loans	Loans repaid	Exchange rate differences	Purchase value 31/ 12/ 2020	Value adjustment 1/ 1/ 2020	Value adjustment 31/ 12/ 2020	Accounting value as of 31/ 12/ 2020	Accounting value as of 1/ 1/ 2020
	+	+	-	+/-	-	=	-	-	=
Long-term loans to others	278,858	16,429	8,337	-178	286,771	135,707	135,707	151,064	143,151
Other long-term funds invested to other companies	64,381	20,963	2,493	0	82,851	0	0	82,851	64,381
Long-term deposits to others	22,511	0	22,511	0	0	0	0	0	22,511
TOTAL:	**365,750**	**37,392**	**33,341**	**-178**	**369,622**	**135,707**	**135,707**	**233,915**	**230,043**

Long-term loans mostly include loans granted to employees in the Seval group. The loans are not secured.

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

Table 77: Non-current assets (disposal groups) available for sale in EUR

	Equipment and other elements	Total
Accounting value as of 31/ 12/ 2019	**39,171**	**39,171**
Opening balance adjustment (+/-)	0	0
Accounting value as of 1/ 1/ 2020	**39,171**	**39,171**
Accounting value as of 31/ 12/ 2020	**39,171**	**39,171**

This involves the planned sale of equipment, taken out of service by Impol, d. o. o. We estimate that the realisable value of said equipment is significantly higher than its carrying amount.

12. Inventories

Table 78: Inventories in EUR

	Purchase value 31/ 12/ 2020	Carrying amount 31/ 12/ 2020	Carrying amount 31/ 12/ 2019
Raw material and material	115,548,261	115,548,261	117,009,283
Work in progress and services	22,659,210	22,659,210	24,968,136
Products	18,561,395	18,561,395	17,764,591
Merchandise	1,991,290	1,991,290	3,840,088
Advances for inventories to others	185,021	185,021	106,240
TOTAL	**158,945,177**	**158,945,177**	**163,688,338**

On 31/12/2020, inventories were not pledged as security for liabilities.

At the end of 2020, inventories decreased in value, compared to 31/ 12/ 2019, by EUR 4.7 million. More reasons about this are provided in the business part of the annual report, under section The impol Group in 2020.

Received goods and material to be processed are recorded as foreign goods and only their quantity is monitored. At the end of 2020, the Group's inventories of goods given on consignment amounted to EUR 1,460,934.

Write-offs of inventories due to a change in their quality or value

Table 79: Write-offs of inventories due to a change in their quality or value in EUR

Type of inventory	2020	2019
Merchandise*	81,493	0
TOTAL	**81,493**	**0**

* These are merchandise inventories in the IAC company in the USA.

Inventory surpluses and deficits

Table 80: Inventory surpluses and deficits in EUR

	Total	Surpluses (+)	Deficits (-)
Raw material and material	190,575	190,575	0
Products	160	0	160
Merchandise	5,364	2,779	2,585

13. Short-term financial investments

Table 81: Short-term financial investments in EUR

	Purchase Value of short-term FI As of 31/ 12/ 2020	Of which short-term financial investments in companies: others	Value adjustment due to impairment	Carrying amount 31/ 12/ 2020	Carrying amount 31/ 12/ 2019
	=	+	-	=	
Short-term financial investments (+)	3,896,996	3,896,996	1,795,557	2,101,439	2,586,431
Short-term part of long-term financial investments (+)	0	0	0	0	0
TOTAL	**3,896,996**	**3,896,996**	**1,795,557**	**2,101,439**	**2,586,431**
	Purchase Value of short-term FI As of 31/ 12/ 2020	Of which short-term financial investments in companies: others	Value adjustment due to impairment	Carrying amount 31/ 12/ 2020	Carrying amount 31/ 12/ 2019
	=	+	-	=	
Receivables acquired for sale	3,514,290	3,514,290	1,528,035	1,986,255	2,016,265
TOTAL short-term financial investments excluding loans	**3,514,290**	**3,514,290**	**1,528,035**	**1,986,255**	**2,016,265**
Short-term loans granted (including bonds)	382,706	382,706	267,522	115,184	69,237
Short-term deposits	0	0	0	0	500,930
TOTAL short-term loans granted	**382,706**	**382,706**	**267,522**	**115,184**	**570,167**
TOTAL	**3,896,996**	**3,896,996**	**1,795,557**	**2,101,439**	**2,586,431**

Table 82: Development of short-term financial investments excluding loans in EUR

	Cost as of 01/ 1/ 2020	Purchases	Sale or redemption	Exchange rate differences	Purchase value 31/ 12/ 2020	Value adjustment 1/ 1/ 2020	Exchange rate differences	Value adjustment 31/ 12/ 2020	Carrying amount 31/ 12/ 2020	Carrying amount 1/ 1/ 2020
		+	-	+/-	=	-	+/-	-	=	
Other short-term financial investments	3,567,386	1,455,102	1,455,102	-53,096	3,514,290	1,551,121	23,086	1,528,035	1,986,255	2,016,265
Total short(term financial investments excluding loans)	**3,567,386**	**1,455,102**	**1,455,102**	**-53,096**	**3,514,290**	**1,551,121**	**23,086**	**1,528,035**	**1,986,255**	**2,016,265**

Financial investments in purchased receivables in the amount of EUR 1,986,255 (HRK 15,000,000) refer to the remaining receivables purchased by the subsidiary Impol-TLM, d. o. o. in 2016 and 2017 from Croatian banks, which they had toward the companies TLM Aluminium in TLM TPP. The purpose of the purchase is the acquisition of tangible assets of the insolvent company TLM Aluminium, d. o. o., for carrying out business operations in Croatia, which was mostly realised in 2018. The financial investments in acquired receivables in the amount of EUR 1,986,255 (HRK 15,000,000) are hedged by pledging movable and immovable property.

The purchase and sale in the amount of EUR 1,455,102 refer to accounts relating to hedging the aluminium price.

Table 83: Trend in short-term financial investments – loans in EUR

	Repayment value (+) 1/ 1/ 2020	New loans	Loans repaid	Exchange rate differences	Repayment value 31/ 12/ 2020	Value adjustment 1/ 1/ 2020	Value adjustment 31/ 12/ 2020	Carrying amount 31/ 12/ 2020	Carrying amount 1/ 1/ 2020
	+	+	-	+/-	=	-	-	=	
Short-term loans to others	837,690	3,125,182	3,580,101	-64	382,707	267,523	267,523	115,184	570,167
Total short-term financial investments - loans	**837,690**	**3,125,182**	**3,580,101**	**-64**	**382,707**	**267,523**	**267,523**	**115,184**	**570,167**

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 84: Short-term operating receivables in EUR

	Short-term operating receivables	Short-term operating receivables from companies:		Value adjustment due to impairment	Value adjustment of short-term operating receivables to other companies	31/ 12/ 2020	31/ 12/ 2019
		Associate companies	Other				
	=	+	+	-	-	=	
Short-term operating receivables from customers	73,219,757	6,664	73,213,093	6,459,681	6,459,681	66,760,075	66,329,288
• **of which already matured on 31/ 12/ 2020**	**16,041,173**	**234**	**16,040,939**	**0**	**0**	**16,041,173**	**22,528,407**
Short-term advances and securities granted	562,384	0	562,384	0	0	562,384	632,413
Short-term receivables related to financial revenues*	115,881	0	115,881	76,764	76,764	39,117	43,616
Short-term receivables from state institutions	10,562,089	0	10,562,089	0	0	10,562,089	9,184,967
Other short-term operating receivables	2,932,208	0	2,932,208	0	0	2,932,208	772,038
TOTAL	**87,392,318**	**6,664**	**87,385,654**	**6,536,446**	**6,536,446**	**80,855,872**	**76,962,322**

Short-term operating receivables from customers	
• in the domestic market	5,699,660
• in the foreign market	61,060,415
TOTAL	**66,760,075**

Trend in value adjustment of current operating receivables due to impairment

Table 85: Trend in value adjustment of short-term operating receivables due to the impairment in EUR

	2020	Of which value adjustment for short-term receivables from other companies	2019
Balance as of 01/ 1/ 2020	**7,574,998**	**7,574,998**	**8,243,171**
Exchange rate differences (+/-)	-237,358	-237,358	-74,021
Decrease in value due to settlement of receivables (–)	143,274	143,274	125,431
Decrease in value due to write-offs of receivables (–)	758,109	758,109	653,768
Created value adjustments for the period due to the impairment (+)	100,189	100,189	164,860
Balance as of 31/ 12/ 2020	**6,536,446**	**6,536,446**	**7,574,998**

Table 86: Analysis of outstanding trade receivables in EUR

	31/ 12/ 2020	31/ 12/ 2019
Matured in 2020	9,569,312	0
Matured in 2019	166,300	15,115,461
Matured in 2018	21,695	54,673
Matured in 2017	279,085	280,722
Matured in 2016 or before	6,004,781	7,077,551
TOTAL receivables from customers already due	**16,041,173**	**22,528,407**

15. Monetary assets

Table 87: Cash in EUR

	31/ 12/ 2020	31/ 12/ 2019
Monetary assets in hand and immediately cashable securities	154,216	579,827
Cash in banks and other financial institutions	55,406,597	36,659,648
Monetary assets	**55,560,813**	**37,239,475**

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

Short-term accrued costs and deferred revenues

Table 88: Short-term deferred costs and accrued revenues in EUR

	31/ 12/ 2020	31/ 12/ 2019
Short-term deferred costs or expenses	1,304,191	541,190
Short-term deferred income	0	15,303
VAT from advances received	95,102	27,041
Short-term accrued costs and deferred revenues	**1,399,293**	**583,534**

16. Equity

Table 89: Equity in EUR

	31/ 12/ 2020	31/ 12/ 2019
Equity	**252,218,776**	**242,082,787**
Equity of non-controlling share	22,041,612	22,052,503
Called-up equity	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
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
Reserves resulting from valuation at fair value	-880,420	-860,051
Capital revaluation adjustment	224,165	345,211
Net profit brought forward	193,943,394	175,384,468
Net profit or loss for the financial year	13,728,880	21,999,511

Share capital

The share capital of Impol 2000, d. d. equals EUR 4,451,549 and is divided into 1,066,767 ordinary no-par value shares.

Reserves

The Group's reserves include capital reserves, reserves from profit and the reserves resulting from valuation at fair value 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/ 2020 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/ 2020 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/ 2020, 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 90: Repurchased own shares in EUR

	Balance as of 01/ 1/ 2020			Balance as of 31/ 12/ 2020		
	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/ 2020, the revaluation adjustment of capital amounts to EUR 224,165 EUR and decreased in 2020 by EUR 121,046, which corresponds to an increased due to currency differences that occurred when including financial reports of foreign subsidiaries into consolidated financial statements.

Reserves resulting from valuation at fair value

Reserves resulting from valuation at fair value include changes of value of effective hedges of cash flow (interest rate swaps) in the amount of EUR -240,027, actuarial gains/losses based on provisions for retirement allowances in the amount of EUR -697,018, and the adjustment of reserves resulting from valuation of financial investments at fair value for deferred tax liabilities in the amount of EUR 45,605 (due to the positive amount of the adjustment these are effectively deferred tax receivables).

Table 91: Reserves from fair value measurement in EUR

	State 1/ 1/ 2020	Formation	Reversal	State 31/ 12/ 2020
	+/-	+/-	+/-	=
Reserves resulting from valuation of long-term financial investments at fair value	-299,552	59,526	0	-240,027
Actuarial gains/losses, recognised under reservations for retirement benefits	-628,253	-101,527	32,762	-697,018
Adjustment of reserves resulting from valuation of financial investments at fair value for deferred tax liabilities	56,915	-11,310	0	45,605
TOTAL	**-870,890**	**-53,311**	**32,762**	**-891,440**
Of which reserves resulting from valuation at fair value belonging to non-controlling share	-10,840	-914	734	-11,020
Reserves resulting from valuation at fair value belonging to owners of the controlling company	-860,051	-52,397	32,028	-880,420

Disbursement of dividends

In 2020, 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 3.00 per share or a total of EUR 3,200,301. 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, and owns 1,626 shares of Impol 2000, d. d., the actual payment of dividends outside the group was EUR 2,953,977, while Impol Montal, d. o. o. received dividends in the amount of EUR 241,446 and Kadring, d. o. o. in the amount of EUR 4,878.

Error correction from previous periods

The Impol Group debited to retained profit and loss (separately for the controlling and non-controlling share), as of 1/ 1/ 2020, an error correction from previous years in the total amount of EUR -466,055, which refers to a decision adopted by the Financial Administration of the Republic of Slovenia (FURS) in relation to the assessment of the environmental tax for air pollution with carbon dioxide emissions for 2018 at Impol, d. o. o., for which a refund could not be claimed.

Since this is neither an individually nor a collectively important error from previous years, the Group did not correct past financial statements and this error was corrected by charging it directly to capital.

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

Table 92: Provisions and long-term accrued expenses and deferred revenues in EUR

	Provisions for long-service bonuses	Provisions for severance pays upon retirement	Provisions for retirement, long-service bonuses and severance pays upon retirement	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/ 2019	**1,270,194**	**2,489,158**	**3,759,353**	**1,745**	**489,362**	**76,550**	**4,327,010**
Opening balance adjustments	0	0	0	0	0	0	0
Balance as of 01/ 1/ 2020	**1,270,194**	**2,489,158**	**3,759,353**	**1,745**	**489,362**	**76,550**	**4,327,010**
Formation (+)	203,714	368,286	572,000	74,004	326,746	0	972,750
Other increase (+)	0	0	0	0	1,039	1,158	2,196
Utilisation (-)	119,349	163,887	283,236	72,677	288,466	0	644,379
Reversal (–)	31,959	25,733	57,692	0	744	45,449	103,885
Other decreases (-)	0	0	0	271	0	0	271
Exchange rate differences	-754	-1,412	-2,166	-2	0	0	-2,168
Balance as of 31/ 12/ 2020	**1,321,846**	**2,666,412**	**3,988,258**	**2,798**	**527,938**	**32,259**	**4,551,253**

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 severance pays and long-service bonuses, 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 equity.

The calculation of provisions for retirement and jubilee 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 or Republic of Serbia,
- currently valid amounts of retirement and jubilee benefits from internal rules.
- Fluctuation of employees mostly depending on their age;
- Mortality based on last available mortality tables of the local population.

Impol-TLM, d. o. o., calculated provisions for jubilee and retirement benefits in accordance with the Croatian legislation for the first time in 2019.

Received government grants include assets from disposed of contributions of disabled persons and subsidies for improving the working conditions for disabled persons in the total amount of EUR 527,938. Their balance and trend in 2020 is presented below.

Table 93: Received government grants in EUR

	Disposed of contributions	Assets from disposed of contributions for covering depreciation costs	Calculated interest from unused contributions	TOTAL received government grants
Balance as of 31/ 12/ 2019	**226,644**	**261,974**	**744**	**489,362**
Opening balance adjustments			0	0
Balance as of 01/ 1/ 2020	**226,644**	**261,974**	**744**	**489,362**
Formation – disposed of contributions (+)	307,906	0	0	307,906
Formation– subsidies (+)	18,841	0	0	18,841
Other increase (+)	0	0	1,039	1,039
Utilisation (75% of pays of disabled persons) (-)	264,697	0	0	264,697
Utilisation (acquisition of fixed assets from disposed of contributions) (+/-)	-9,979	9,979	0	0
Utilisation (covering depreciation costs and residual value at disposal) (-)	0	23,768	0	23,768
Annulment of interest from previous years (-)	0	0	744	744
Exchange rate differences (+/-)	0	0	0	0
Balance as of 31/ 12/ 2020	**278,715**	**248,184**	**1,039**	**527,938**

18. Long-term financial and operating liabilities

Table 94: Long-term financial and operating liabilities in EUR

	Total debt as of 31/ 12/ 2020	The part falling due in 2021	31/ 12/ 2020	31/ 12/ 2019
	+	-	=	
Long-term financial liabilities to banks	161,734,548	54,428,462	107,306,087	109,454,897
Long-term financial liabilities (excluding liabilities from lease) to other companies	79,846	15,511	64,335	79,846
Long-term financial liabilities from leases – financial lease – to others	65,248	40,324	24,923	44,767
Long-term financial liabilities from leases – operative lease – other companies	1,129,591	469,762	659,829	669,157
Other long-term operating liabilities*	606,197	0	606,197	106,449
TOTAL long-term financial and operating liabilities	**163,615,430**	**54,954,059**	**108,661,371**	**110,355,116**

*The increase in long-term operating liabilities in 2020 compared to 2019 was mainly the consequence of the legal possibility of deferring tax and other duties payment for Serbian companies within the Impol Group (Impol Seval, a. d., Impol Seval Tehnika, d. o. o., Impol Seval Pkc, d. o. o., and Impol Seval Final, d. o. o.). These companies were granted this deferral as one of the measures related to the covid-19 epidemic. As of 31/ 12/ 2020, these long-term operating liabilities amount to EUR 389,082.

Table 95: Trend in long-term financial liabilities - without liabilities from leases in EUR

	Debt as of 1/ 1/ 2020	New loans	Repayment in the current year	Exchange rate differences	Debt as of 31/ 12/ 2020	Of which the portion of long-term debt falling due next year	Of which the portion falling due after 1/ 1/ 2022	Debt as of 31/ 12/ 2019
	+	+	-	+/-	=			
Long-term financial liabilities to banks	109,454,897	58,495,570	6,215,647	-272	161,734,548	54,428,462	107,306,087	109,454,897
Long-term financial liabilities (excluding liabilities from financial lease) to other companies	79,846	0	0	0	79,846	15,511	64,335	79,846
TOTAL long-term financial liabilities	**109,534,743**	**58,495,570**	**6,215,647**	**-272**	**161,814,394**	**54,443,973**	**107,370,422**	**109,534,743**

Interest rates for long-term loans:

The range of the interest rate for long-term received loans in 2020 was from 1.50% 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 107,370,422. Carrying amounts of assets given as insurance for long-term financial liabilities are disclosed under individual disclosures of group assets.

Liabilities from leases

Table 96: Trend in long-term financial liabilities from leases in EUR

	Debt as of 31/ 12/ 2019	Debt as of 1/ 1/ 2020	New leases	Reimbursements in the current year (-)	Exchange rate differences (+/-)	Debt as of 31/ 12/ 2020	Part of long-term debt falling due next year	Long-term debt balance as of 31/ 12/ 2020
Long-term financial liabilities from leases – Other companies	669,157	669,157	495,388	28,621	-6,341	1,129,591	469,762	659,829
Long-term financial liabilities from leases – Financial lease – Other companies	44,767	44,767	23,567	3,086	0	65,248	40,324	24,923
TOTAL	**713,924**	**713,924**	**518,955**	**31,707**	**-6,341**	**1,194,838**	**510,086**	**684,752**

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 97: Future minimum lease payments and their present value in EUR

	Future minimum lease payments	Present net value of future lease payments
Up to 1 year	498,745	470,034
From 1 to 5 years	712,432	684,752
Over 5 years	0	0
Total	**1,211,177**	**1,154,786**

Table 98: Maturity of long-term financial and operating liabilities in EUR

	31/ 12/ 2020	31/ 12/ 2019
Matured in 2021	X	39,651,405
Matured in 2022	53,105,125	32,889,850
Matured in 2023	33,062,210	25,104,418
Matured in 2024	17,063,891	10,587,431
Matured in 2025	3,804,094	2,122,012
Due in 2026 or later	1,626,052	X
Total long-term financial and operating liabilities	**108,661,372**	**110,355,116**

19. Short-term liabilities

Table 99: Short-term liabilities in EUR

A. Short-term financial and operating liabilities	31/ 12/ 2020	31/ 12/ 2019
Short-term operating liabilities to suppliers on the domestic market – associate companies	390,426	390,988
Short-term operating liabilities to suppliers on the domestic market – other companies	19,140,189	15,512,454
Short-term operating liabilities on foreign markets to suppliers - to other companies	50,892,225	38,869,940
Short-term operating liabilities based on advances - to other companies	1,298,029	1,364,961
Other short-term operating liabilities – associate companies	521	513
Other short-term operating liabilities - to other companies	9,525,456	9,031,098
TOTAL short-term operating liabilities:	**81,246,846**	**65,169,954**
Short-term portion of long-term financial liabilities to banks	53,941,590	50,464,479
Short-term part of long-term financial liabilities (excluding liabilities from lease) to other companies	15,280	18,545
Short-term part of long-term financial liabilities – bonds	0	10,000,000
Short-term part of long-term financial liabilities from leases – financial lease – other companies	40,331	110,630
Short-term part of long-term financial liabilities from leases – operative lease – other companies	429,703	432,620
Short-term financial liabilities (other than lease liabilities) – associated companies	500,000	500,000
Short-term financial liabilities to banks	23,800,000	23,810,221
Short-term financial liabilities (other than lease liabilities) – other companies	6,496,620	7,129,553
Short-term financial liabilities from the distribution of profit	285,456	33,906
TOTAL short-term financial liabilities:	**85,508,980**	**92,499,953**
TOTAL short-term financial and operating liabilities:	**166,755,826**	**157,669,907**
B. Short-term financial and operating liabilities	**31/ 12/ 2020**	**31/ 12/ 2019**
Short-term financial liabilities	31,082,077	31,473,679
Short-term part of long-term financial liabilities	54,426,904	61,026,274

Total short-term financial liabilities	**85,508,980**	**92,499,953**
Short-term operating liabilities	81,246,846	65,169,954
Total short-term operating liabilities	**81,246,846**	**65,169,954**
Total short-term financial and operating liabilities	**166,755,826**	**157,669,907**
C. Short-term operating liabilities	**31/ 12/ 2020**	**31/ 12/ 2019**
Short-term operating liabilities to suppliers – to associate companies	390,426	390,988
Short-term operating liabilities to suppliers – to other companies	70,032,414	54,382,394
TOTAL short-term liabilities to suppliers	**70,422,840**	**54,773,382**
• of which already matured on the day of balance	25,807,443	24,026,270
Short-term operating liabilities for advances	1,298,029	1,364,961
TOTAL short-term liabilities for advances	**1,298,029**	**1,364,961**
Short-term liabilities to employees	6,995,468	7,139,880
Short-term liabilities to government	1,877,686	1,073,746
Short-term liabilities from interest – associated companies	521	513
Short-term liabilities from interest – other companies	206,547	215,619
Other short-term operating liabilities – other companies	445,754	601,853
TOTAL other short-term operating liabilities	**9,525,977**	**9,031,611**
Total short-term operating liabilities	**81,246,846**	**65,169,954**
Itemisation of short-term operating liabilities from interest	**31/ 12/ 2020**	**31/ 12/ 2019**
Interest related to finance expenses from operating liabilities	3,074	2,553
Interest related to finance expenses from financial liabilities	203,994	213,580
Total	**207,068**	**216,133**

Table 100: Trend in short-term financial liabilities in EUR (without liabilities from leases and liabilities relating to the distribution of profit)

	Debt as of 1/ 1/ 2020	New loans in current year (+)	Transfer of the short-term portion of long-term liabilities (+)	Trend in fair value change (+/-)	Repayment in the current year (-)	Exchange rate differences (+/-)	Short-term debt balance as of 31/ 12/ 2020
Short-term portion of long-term financial liabilities – banks	50,464,479		54,409,223		50,931,475	-637	53,941,590
Short-term financial liabilities to banks	23,810,221	21,300,000			21,310,221		23,800,000
Short-term financial liabilities based on bonds	10,000,000				10,000,000		0
Fair value of derivative financial instruments (interest rate swaps, hedging)	299,553			277,067			576,620
Short-term financial liabilities to associate companies	500,000	500,000			500,000		500,000
Short-term portion of long-term financial liabilities to other companies	18,545		15,511		18,777		15,279
Short-term financial liabilities to other companies	6,830,000	6,197,068	0		6,830,000		5,920,001
TOTAL:	**91,922,798**	**27,997,068**	**54,424,734**	**277,067**	**89,590,473**	**-637**	**84,753,490**

Bonds

In 2015, the Impol Group issued 5-year bonds in the amount of EUR 50,000,000 with the intention to finance the investment cycle for additional long-term growth and development. Bonds have been traded on the Ljubljana Stock Exchange up to and including October 2020, namely from 26 December 2015. The annual interest rate was 3.8%. Coupons were paid on an annual basis. On 19/ 10/ 2020, liabilities from bonds were finally repaid (in the amount of EUR 10,000,000 of the principal with corresponding interests).

Table 101: Trend in short-term financial liabilities from leases in EUR

	Debt as of 31/ 12/ 2019	Debt as of 1/ 1/ 2020	Transfer of the short-term portion of long-term right to use	Termination of the lease in current year (-)	Foreign exchange differences (+/-)	Repayment in the current year (-)	Short-term debt balance in current year
Short-term financial liabilities from lease – operative lease – other companies	432,620	432,620	469,762	0	-2,902	469,776	429,703
Short-term financial liabilities from lease – financial lease – other companies	110,630	110,630	40,324	2,682	0	107,942	40,331
TOTAL:	**543,250**	**543,250**	**510,086**	**2,682**	**-2,902**	**577,718**	**470,034**

Table 102: Analysis of outstanding liabilities to suppliers in EUR

	31/ 12/ 2020	31/ 12/ 2019
Matured in 2020	22,269,172	X
Matured in 2019	1,479,494	20,670,130
Matured in 2018	1,973,123	3,270,478
Matured in 2017	11,327	11,334
Matured in 2016 or before	74,328	74,328
TOTAL outstanding liabilities to suppliers	**25,807,443**	**24,026,270**

The range of the interest rate for short-term received loans in 2020 was from 1.00% fixed to a six-month EURIBOR +1.00%.

Short-term liabilities are partly secured with a mortgage and others with equipment, bills of exchange, assignment of receivables and guarantees.

20. Short-term accrued costs and deferred revenues

Table 103: Short-term accrued expenses and deferred revenues in EUR

	31/ 12/ 2020	31/ 12/ 2019
Accrued deferred costs or expenses	1,575,446	1,471,912
Short-term deferred revenues	38,937	43,507
VAT from advances granted	103,119	150,589
Total short-term accrued costs and deferred revenues	**1,717,502**	**1,666,008**

Short-term deferred costs and deferred revenues include accrued costs of provisions for agents for transactions performed in 2020, calculated costs of unused annual leaves of employees after the balance as of 31/ 12/ 2020, and deferred income based on accruals and VAT from given advances as of 31/ 12/ On 2020/

21. Contingent liabilities

The Impol Group has issued guarantees in the amount EUR 3,387,636, 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 306,881 in connection with employment litigations for compensation for damages and other economic actions in the amount of EUR 119,091 EUR.

The Group estimates that except for two individual smaller amounts these claims are unjustified, which is why the Group did not form short-term provisions for these purposes. Employment litigations, insured by an insurance company, are not included among contingent liabilities.

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 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 planning of cash flows allows us to establish the 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 104: Long-term financial liabilities in EUR

	Total debt as of 31/ 12/ 2020	The part falling due in 2021	31/ 12. 2020	31/ 12/ 2019
	+	-	=	
Long-term financial liabilities to banks	161,734,548	54,428,462	107,306,087	109,454,897
Long-term financial liabilities (excluding liabilities from financial lease) to other companies	79,846	15,511	64,335	79,846
Long-term financial liabilities from leases – financial lease – to others	65,248	40,324	24,923	44,767
Long-term financial liabilities from leases – operative lease – other companies	1,129,591	469,762	659,829	669,157
TOTAL long-term financial liabilities	**163,009,233**	**54,954,059**	**108,055,174**	**110,248,667**

Maturity of long-term financial liabilities by years

Table 105: Maturity of long-term financial liabilities by years in EUR

	31/ 12/ 2020	31/ 12/ 2019
Matured in 2021	X	39,651,405
Matured in 2022	53,105,125	32,889,850
Matured in 2023	33,062,210	25,104,418
Matured in 2024	17,063,891	10,587,431
Matured in 2025	3,804,094	2,015,563
Due in 2026 or later	1,019,854	X
Total long-term financial liabilities	**108,055,174**	**110,248,667**

Table 106: Short-term financial and operating liabilities in EUR

	31/ 12/ 2020	31/ 12/ 2019
Short-term financial liabilities	31,082,077	31,471,079
Short-term part of long-term financial liabilities	54,426,904	61,028,874
Total short-term financial liabilities	**85,508,980**	**92,499,953**
Short-term operating liabilities	81,246,846	65,169,954
Total short-term operating liabilities	**81,246,846**	**65,169,954**
Total short-term financial and operating liabilities	**166,755,826**	**157,669,907**

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 2020, the activity of forward operations generated the forward balance of EUR 1,113,712.

Table 107: Forward balance in 2020 in EUR

	2020	2019	2018	2017
Financial revenue from forwards – forward purchases/sales of aluminium	1,455,157	687,345	1,532,937	53,076
Financial expenditure from forwards – forward purchases/sales of aluminium	341,445	8,444	3,095	4,183,264

Fair value of these financial instruments as of 31/ 12/ 2020, amounts to EUR -336,593 and is recognised as a liability within the framework of short-term financial liabilities. 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

Since in 2020 there were no significant fluctuations of the US dollar compared to the Euro, we have not decided to use derivative financial instruments in order to hedge the exchange rate risk.

Table 108: Financial revenues from forwards in EUR

	2020	2019	2018	2017
Financial revenue from forwards	0	0	515,114	99,999
Financial expenses from forwards	0	0	-13,663	78,686

Table 109: Overview of USD inflows, outflows and open positions at Impol d. o. o. in millions of USD

	2013	2014	2015	2016	2017	2018	2019	2020
Inflows	15.0	16.2	18.5	44.0	18.2	55.9	82.6	35.4
Outflows	36.0	45.1	41.5	52.0	66.5	21.9	56.8	43.0

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/ 2020 for companies based in Slovenia:
- USD: 5,649,138
- AUD: 191,577
- GBP: 42,146

Open short-term operating liabilities in foreign currencies as of 31/ 12/ 2020 for companies based in Slovenia:
- USD: 377,687
- HRK: 8,849
- GBP: 51,051

Open short-term operating receivables in foreign currencies as of 31/ 12/ 2020 for companies based in Serbia:
- EUR: 12,931,779
- USD: 25,745

Open short-term operating liabilities in foreign currencies as of 31/ 12/ 2020 for companies based in Serbia:
- EUR: 4,281,899

Open short-term operating receivables in foreign currencies as of 31/ 12/ 2020 for companies based in Croatia:
- EUR: 3,371,986

Open short-term operating liabilities in foreign currencies as of 31/ 12/ 2020 for companies based in Croatia:
- EUR: 2,048,202
- GBP : 1,161

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

An adverse change of any currency pair by 10% would decrease the operating result by not more than EUR 402,720. The largest change refers to the currency pair EUR/USD, where the impact on the operating results amounted to EUR 390,533 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 101,951,748 RSD, which according to the exchange rate of the National Bank of Serbia as of 31/ 12/ 2020 amounts to EUR 867,083). The largest part refers to the currency pair EUR/RSD, where the impact on the operating results amounted to RSD 101,705,462 due to an adverse change (which according to the exchange rate of the National Bank of Serbia as of 31/ 12/ 2020 amounts to EUR 864,988).

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 998,692, which according to the exchange rate of the National Bank of Serbia as of 31/ 12/ 2020 amount to EUR 132,507).

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 later provides aluminium to be processed and in this way eliminates the risk of higher foreign exchange differences.

Table 110: Revenues and expenses from foreign exchange differences in EUR

	2020	2019
Financial revenues from operating receivables – foreign exchange differences	1,460,368	2,221,300
TOTAL revenue from foreign exchange differences	**1,460,368**	**2,221,300**
Financial expenses from financial liabilities – foreign exchange differences	2,318	165,876
Financial expenses from operating liabilities – foreign exchange differences	3,301,399	1,794,054
TOTAL expenses from foreign exchange differences	**3,303,717**	**1,959,930**

Interest rate risk

If the Interbank Offered Rate (EURIBOR) is negative (less than 0%), banks charge contractual interest based on the EURIBOR reference interest rate of 0% plus a surcharge.

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 (variable portion of is tied to EURIBOR).

Table 111: Short and long-term financial liabilities at a fixed rate in EUR

	31/ 12/ 2020	31/ 12/ 2019
Short-term and long-term financial liabilities	35,570,628	40,526,704

Table 112: Short-term and long-term financial liabilities at a variable interest rate in EUR

	31/ 12/ 2020	31/ 12/ 2019
Short-term and long-term financial liabilities	157,993,526	162,221,915

Table 113: Value of financial liabilities secured with interest rate swaps in EUR

	31/ 12/ 2020	31/ 12/ 2019
Interest rate swaps amount	20,000,000	31,625,000

Table 114: Short-term and long-term financial liabilities in EUR

	31/ 12/ 2020	31/ 12/ 2019
Increase of the interest rate by 50 bp	-689,968	-652,985
Increase of the interest rate by 100 bp	-1,379,935	-1,305,969
Decrease of the interest rate by 50 bp	689,968	652,985
Decrease of the interest rate by 100 bp	1,379,935	1,305,969

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 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 interest rate swaps amount. On the reporting date, the Impol Group does not have substantial amounts of financial receivables tied to the variable interest rate.

The sensitivity analysis is created following the presumption that banks actually consider the negative EURIBOR value when calculating the total interest rate. This means that as of the date of calculation (31/ 12/ 2020), when the six-month EURIBOR amounted to -0.499 and the three-month EURIBOR amounted to -0.545, the total interest rate was less than the interest margin.

Fair value of interest rate swaps as of 31/ 12/ 2020, in the amount of EUR -240,027, is recognised as a liability within the framework of short-term financial liabilities.

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/ 2020, the insurance companies insured receivables to customers in the amount of EUR 51,966,048, representing 78% 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 percent of all sales.

Carrying and fair values of financial instruments

Classification of financial instruments according to their fair value as of 31/ 12/ 2020 is presented in the table.

Table 115: Carrying and fair values of financial instruments in EUR

	Carrying amount	Fair value	Fair value Values
Investments in associate companies	621,590	621,590	3
Long-term financial investments – available-for-sale assets	301,508	301,508	3
Long-term loans granted	233,915	233,915	3
Short-term financial investments-receivables, acquired for sale	1,986,255	1,986,255	3
Short-term loans granted	115,184	115,184	3
Short-term operating receivables	80,855,872	80,855,872	3
Cash and cash equivalents	55,560,813	55,560,813	3
Long-term financial liabilities	108,055,174	108,055,174	3
Long-term operating liabilities	606,197	606,197	3
Short-term financial liabilities (excluding bonds and financial derivatives)	84,932,360	84,932,360	3
Short-term financial liabilities – fair value of financial derivatives (FV of interest rate swaps and aluminium hedging)	576,620	576,620	2
Short-term operating liabilities	81,246,846	81,246,846	3

EVENTS AFTER THE REPORTING DATE

At the end of 2021, the Impol Group intends to acquire the companies Impol PCP, d. o. o., Impol FT, d. o. o., in Impol LLT, d. o. o. an d merging them with Impol, d. o. o.

OTHER DISCLOSURES

The Impol Group has a single-tier management system in place.

Composition of the Board of directors (up to 31/ 12/ 2020):
- Jernej Čokl, President of the Board of directors;
- Vladimir Leskovar, Vice President of the Board of directors;
- Janko Žerjav, Member of the Board of directors;
- Andrej Kolmanič, Member of the Board of directors;
- Bojan Gril, Member of the Board of directors;

The Board of directors appointed two executive directors who are not members of the Board of 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 (31/ 12/ 2020):
- Vladimir Leskovar, President of the Commision;
- Bojan Gril, Member of the Board of directors;
- Tanja Ahaj, External Member.

For more information about changes in appointed positions after 31/ 12/ 2020 see the business part of the annual report in section Administration and Management System.

The company had no matured receivables from members of the Board of directors and employees on individual contracts.

Table 116: 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 2020 in EUR

	2020	2019
Members of the Board of directors, executive directors and directors of subsidiaries	2,481,491	2,830,430
Members of the Supervisory Board of Impol Seval in Impol-TLM	138,827	90,837
Employees on individual contracts	5,429,484	5,649,426
TOTAL	**8,049,802**	**8,570,693**

Table 117: The amount (cost) spent for the auditor (according to ZGD-1, point 2, paragraph 4, Article 69) in EUR

	2020	2019
Auditing of the annual report	104,947	105,118
Other audit services	4,113	3,150
TOTAL	**109,060**	**108,268**

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 2020 the auditors of the company in the Impol Group were not carrying out any other audit or non-audit services.

SIGNATURE OF THE ANNUAL REPORT FOR 2020 AND ITS COMPONENTS

The president and members of the Board of directors and the executive directors of the company 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 2020. We agree with the content and confirm it with our signature.

Jernej Čokl
(Chairman
of the Board of directors)

Vladimir Leskovar
(Deputy Chairman
of the Board of directors)

Janko Žerjav
(Member of the Board of directors)

Andrej Kolmanič
(Member of the Board of directors)

Dejan Košir
(Member of the Board of directors)

Andrej Kolmanič
(Chief Executive Officer)

Irena Šela
(Executive Director of Finance and IT)

FINANCIAL REPORT OF THE COMPANY IMPOL 2000 FOR 2020

EXECUTIVE DIRECTORS' LIABILITY DECLARATION

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 2020.

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 minimization 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, 15/ 4/ 2021

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 December 31, 2020, and the accounting policies applied. This Annual Report was adopted by the Company's Board of directors at its session held on 22/ 4/ On 2021/

Jernej Čokl
(Chairman of the Board of directors)

Vladimir Leskovar
(Deputy Chairman of the Board of directors)

Janko Žerjav
(Member of the Board of directors)

Andrej Kolmanič
(Member of the Board of directors)

Dejan Košir
(Member of the Board of directors)

Slovenska Bistrica, 22/ 4/ 2021

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

Opinion

We have audited the financial statements of IMPOL 2000, d.d., Partizanska 38, Slovenska Bistrica (the Company), which comprise the balance sheet as at December 31, 2020, income statement, statement of other comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020, 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 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 financial statements does not cover other information.

In connection with our audit of the 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:

- *the other information is in all respect consistent with audited 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.*

AUDITOR
REVIZIJSKA DRUŽBA d.o.o. PTUJ

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

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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.

Audit committee and Management board are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 financial statements, including the disclosures, and whether the 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

Report on other legal and regulatory requirements

Management and Supervisory Board Renumeration

The company IMPOL 2000 d.d. did not disclose detailed information on the remuneration of individual members of management and supervisory bodies, as required by the fifth paragraph of Article 294 of the Companies Act (ZGD-1) within the notes to the financial statements, but provided the prescribed legal disclosure only at the cumulative level of all members of management and supervisory bodies together.

AUDITOR
REVIZIJSKA DRUŽBA d.o.o. Ptuj
Murkova 4, Ptuj

May, 10th 2021

Certified auditor:

dr. Erika Turin, univ. dipl. ekon.

Erika Turin

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 AND LOSS STATEMENT

Table 118: Profit and loss statement in EUR

Item			Note	2020	2019
1.		Net sales revenues	1	25,950,386	25,969,310
	a)	Net sales revenues in the domestic market		23,800,246	24,332,454
	b)	Net sales revenues in the foreign market		2,150,140	1,636,856
2.		Other operating revenues (including operating revenues from revaluation)	1	287,520	39,789
3.		Costs of goods, materials and services	2	17,565,077	17,026,999
	a)	Costs of goods and materials sold, and costs of the materials used		16,238,746	15,191,787
	b)	Costs of services	2	1,326,331	1,835,212
4.		Labour costs		7,532,891	7,935,670
	a)	Costs of wages and salaries		5,236,074	5,638,118
	b)	Social security costs (pension insurance costs are shown separately)		858,601	950,191
	c)	Other labour costs		1,438,216	1,347,361
5.		Write-offs	2	356,444	328,048
	a)	Depreciation		356,405	327,253
	b)	Revaluation operating expenses of intangible assets and tangible fixed assets		39	795
6.		Other operating expenses	2	218,513	277,939
7.		Financial revenues from participating interests	3	0	5,852,326
	a)	Financial revenues from participating interests in companies in the group		0	5,852,326
8.		Financial revenues from loans granted	3	527,150	562,182
	a)	Financial revenues from loans granted to companies in the group		526,814	562,096
	b)	Financial revenues from loans granted to others		336	86
9.		Financial revenues from operating receivables	3	10,151	12,478
	a)	Financial revenues from operating receivables due from others		10,151	12,478
10.		Financial expenses from financial liabilities	3	746,450	1,078,259
	a)	Financial expenses from loans received by companies in the group		428,357	377,749
	b)	Financial expenses from issued bonds		304,000	684,000
	c)	Financial expenses from other financial liabilities		3,614	3,551
	d)	Financial expenses from leases from companies in the group		5,739	7,253
	e)	Financial expenses from leases to others		4,740	5,706
11.		Financial expenses from operating liabilities	3	244	651
	a)	Financial expenses from other operating liabilities		244	651
12.		Income tax	4	73,668	73,461
13.		Deferred taxes	5	41	-734
14.		**Net profit or loss for the accounting period**		**281,879**	**5,715,792**

Statement of other comprehensive income

Table 119: Statement of other comprehensive income in EUR

	Note	2020	2019
Net profit or loss for the accounting period		**281,879**	**5,715,792**
Changes in revaluation reserves from the revaluation of tangible fixed assets (+/-)		0	0
Changes in reserves from fair value measurement (+/-)		0	0
Gains or losses from the conversion of financial statements of companies abroad (impact of exchange rate changes) (+/-)		0	0
Actuarial gains and losses of defined benefit plans (employee benefits) (+/-)	15	-9,378	-7,731
Other items of total comprehensive income (+/-)		0	0
Total comprehensive income in the financial year		**272,501**	**5,708,061**

Balance sheet

Table 120: Balance sheet in EUR

				Note	31/ 12/ 2020	31/ 12/ 2019
A.			**Long-term assets**		**135,902,154**	**118,348,611**
	I.		Intangible assets and long-term deferred costs and accrued revenues	6	346,344	448,943
		1.	Long-term property rights		346,344	448,943
	II.		Tangible fixed assets	7	265,296	283,412
		1.	Production machinery and equipment		75,151	78,787
		2.	Other machinery and equipment		190,145	204,625
	III.		Assets under lease	8	281,558	342,424
		1.	Assets under lease to companies in the Group		158,676	211,568
		2.	Assets under lease from other companies		122,882	130,856
	IV.		Investment property		0	0
	V.		Long-term financial investments	9	134,985,661	117,250,496
		1.	Long-term financial investments, excluding loans		134,934,661	73,033,316
		a)	Shares and stocks in companies in the group		134,934,661	73,033,316
		2.	Long-term loans		51,000	44,217,180
		a)	Long-term loans to companies in the group		51,000	44,217,180
	VI.		Long-term operating receivables		0	0
	VII.		Deferred tax receivables	5	23,295	23,336
B.			**Short-term assets**		**4,326,845**	**14,184,515**
	I.		Assets (disposal groups) available for sale		0	0
	II.		Inventories	10	7,485	7,485
		1.	Products and merchandise		7,485	7,485
	III.		Short-term financial investments	11	20,000	9,600,000
		1.	Short-term loans		20,000	9,600,000
		a)	Short-term loans to companies in the Group		0	9,600,000
		b)	Short-term loans to others		20,000	0
	IV.		Short-term operating receivables	12	3,137,793	4,082,269
		1.	Short-term operating receivables from companies in the Group		205,618	1,216,321

		2.	Short-term operating receivables from customers		2,425,208	2,340,712
		3.	Short-term operating receivables from others		506,967	525,236
	V.		Monetary assets	13	1,161,567	494,761
C.			**Short-term accrued costs and deferred revenues**	**13**	**17,120**	**14,345**
			Total assets		**140,246,119**	**132,547,471**
A.			**Equity**	**14**	**60,005,284**	**62,933,084**
	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 resulting from valuation at fair value		-35,938	-28,297
	VI.		Net profit brought forward		36,598,198	34,084,444
	VII.		Net profit or loss for the financial year		281,879	5,715,792
B.			**Provisions and long-term accrued costs and deferred revenues**	**15**	**281,146**	**273,943**
		1.	Provisions for pensions and similar obligations		281,146	273,943
C.			**Long-term liabilities**	**16**	**59,299,593**	**45,217,178**
	I.		Long-term financial liabilities		59,299,593	45,217,178
		1.	Long-term financial liabilities to companies in the group		59,119,148	45,000,000
		2.	Long-term financial liabilities from leases		180,445	217,178
		a)	Long-term financial liabilities from leases to companies in the group		110,560	163,404
		b)	Long-term financial liabilities from leases to other companies		69,885	53,774
	II.		Long-term operating liabilities		0	0
	III.		Deferred tax liabilities		0	0
D.			**Short-term liabilities**	**17**	**20,322,708**	**23,812,578**
	I.		Liabilities included in groups for disposal		0	0
	II.		Short-term financial liabilities		10,608,373	20,629,237
		1.	Short-term financial liabilities to companies in the group		10,500,000	10,500,000
		2.	Short-term financial liabilities based on bonds		0	10,000,000
		3.	Other short-term financial liabilities		852	852
		4.	Short-term financial liabilities from leases		107,521	128,385
		a)	Short-term financial liabilities from leases to companies in the group		52,845	51,285
		b)	Short-term financial liabilities from leases to other companies		54,677	77,100
	III.		Short-term operating liabilities		9,714,335	3,183,341
		1.	Short-term operating liabilities to companies in the Group		8,464,980	1,788,064
		2.	Short-term operating liabilities to suppliers		279,519	363,950
		3.	Short-term operating liabilities from advance payments		120,089	20,307
		4.	Other short-term operating liabilities		849,747	1,011,020
D.			**Short-term accrued costs and deferred revenue**	**17**	**337,388**	**310,688**
			Total liabilities to sources of assets		**140,246,119**	**132,547,471**

Statement of changes in equity in 2020

Table 121: Statement of changes in equity in 2020 in EUR

		Called-up equity	Capital reserves	Revenue reserves	
		I	II	III	
		Share capital		Statutory reserves	Other revenue reserves
		I	II	III/1	III/2
A.1.	**Balance at the end of the previous financial year as of 31/ 12/ 2019)**	**4,451,540**	**10,751,254**	**2,225,770**	**5,732,581**
A.2.	**Initial balance of the reporting period as of 01/ 1/ 2020)**	**4,451,540**	**10,751,254**	**2,225,770**	**5,732,581**
B.1.	**Changes in equity – transactions with owners**				
	Disbursement of dividends to other legal and natural persons				
	Disbursement of dividends to associated legal persons				
B.2.	**Total comprehensive income for the reporting period**				
	Entry of net profit or loss for the reporting period				
	Actuarial gains/losses, recognised under reservations for retirement benefits				
B.3.	**Changes in equity**				
	Allocation of the remaining portion of the net profit for the comparable reporting period to other equity components				
	Allocation of a portion of the net profit for the comparable reporting period to other equity components based on the resolution of management and supervisory bodies				
	Other changes in equity				
C.	**Closing balance of the financial year as of 31/ 12/ 2020)**	**4,451,540**	**10,751,254**	**2,225,770**	**5,732,581**

Revaluation reserves	Reserves resulting from valuation at fair value	Retained net profit or loss	Net profit and loss of the financial year	Total capital
IV	V	VI	VII	VIII
		Retained net profit	Net profit for the current year	Total capital
IV	V	VI	VII	VIII
	-28,297	**34,084,444**	**5,715,792**	**62,933,084**
	-28,297	**34,084,444**	**5,715,792**	**62,933,084**
		-3,200,301		**-3,200,301**
		-2,953,977		-2,953,977
		-246,324		-246,324
	-9,378		**281,879**	**272,501**
			281,879	281,879
	-9,378			-9,378
	1,737	**5,714,055**	**-5,715,792**	**0**
		5,714,055	-5,715,792	0
				0
	1,737	-1,737		0
	-35,938	**36,598,198**	**281,879**	**60,005,284**

Statement of changes in equity for the year 2019

Table 122: Statement of changes in equity in 2019 in EUR

		Called-up equity	Capital reserves	Revenue reserves	
		I	II	III	III
		Share capital		Statutory reserves	Other revenue reserves
		I	II	III/1	III/2
A.1.	**Balance at the end of the previous financial year as of 31/ 12/ 2018)**	**4,451,540**	**10,751,254**	**2,225,770**	**5,732,581**
A.2.	**Initial balance of the reporting period as of 01/ 1/ 2019)**	**4,451,540**	**10,751,254**	**2,225,770**	**5,732,581**
B.1.	**Changes in equity – transactions with owners**				
	Disbursement of dividends to other legal and natural persons				
	Disbursement of dividends to associated legal persons				
B.2.	**Total comprehensive income for the reporting period**				
	Entry of net profit or loss for the reporting period				
	Other items of total comprehensive income in the financial year				
B.3.	**Changes in equity**				
	Allocation of the remaining portion of the net profit for the comparable reporting period to other equity components				
	Allocation of a portion of the net profit for the comparable reporting period to other equity components based on the resolution of management and supervisory bodies				
	Other changes in equity				
C.	**Closing balance of the financial year as of 31/ 12/ 2019)**	**4,451,540**	**10,751,254**	**2,225,770**	**5,732,581**

Revaluation reserves	Reserves resulting from valuation at fair value	Retained net profit and loss	Net profit and loss of the financial year	Total capital
IV	V	VI	VII	VIII
Other revenue reserves		Retained net profit	Net profit for the current year	Total capital
IV	V	VI	VII	VIII
	-20,573	**32,601,891**	**5,482,937**	**61,225,400**
	-20,573	**32,601,891**	**5,482,937**	**61,225,400**
		-4,000,376		**-4,000,376**
		-3,692,471		-3,692,471
		-307,905		-307,905
			5,715,792	5,708,061
	-7,731		5,715,792	**5,708,061**
			5,715,792	5,715,792
	-7,731			**-7,731**
	7	5,482,930	-5,482,937	0
				0
				0
		34,084,445	**5,715,792**	**62,933,085**

Cash flow statement

Table 123: Cash flow statement in EUR

Item			Note	2020	2019
A.		**Cash flows from operating activities**			
	a)	**Profit and loss statement items**		**827,826**	**686,726**
		Operating revenues (except for revaluation) and financial revenues from operating receivables	1	26,218,262	26,000,711
		Operating expenses excluding depreciation (except from revaluation) and financial expenses from operating liabilities	2	-25,316,726	-25,241,258
		Income tax and other taxes not included in operating expenses	4	-73,710	-72,727
	b)	**Changes of net working assets (and accrued costs and deferred revenues, provisions and deferred tax receivables and liabilities) of the balance sheet operating items**		**6,916,870**	**983,735**
		Opening minus closing operating receivables	12	385,423	755,903
		Opening minus closing deferred costs and accrued revenues	13	-2,775	-9,477
		Opening minus closing deferred tax receivables	5	42	-734
		Opening minus closing inventory	10	0	4,072
		Closing minus opening operating debts	17	6,483,516	333,983
		Closing minus opening accrued costs and deferred revenues and provisions	17	50,664	-100,012
	c)	**Positive or negative cash flow from operating activities (a + b)**		**7,744,696**	**1,670,461**
B.		**Cash flows from investing activities**			
	a)	**Cash receipts from investing activities**		**9,673,545**	**11,479,359**
		Cash receipts from interest and participation in profit of others relating to investing activities	3	71,448	6,378,910
		Cash receipts from the disposal of tangible fixed assets		2,097	449
		Cash receipts from the disposal of short-term financial investments	11	9,600,000	5,100,000
	b)	**Cash disbursements from investing activities**		**-16,832,072**	**-7,808,082**
		Cash disbursements for the acquisition of intangible assets	6	0	-40,881
		Cash disbursements for the acquisition of tangible fixed assets	7	-92,923	-164,026
		Cash disbursements for the acquisition of long-term financial investments	9	-16,719,149	-7,603,175
		Cash disbursements for the acquisition of short-term financial investments		-20,000	0
	c)	**Positive or negative cash flow from investing activities (a + b)**		**-7,158,527**	**3,671,277**
C.		**Cash flows from financing activities**			
	a)	**Cash receipts from financing activities**		**24,619,156**	**10,000,400**
		Cash receipts from the increase of long-term financial liabilities	17	14,119,156	0
		Cash receipts from the increase of short-term financial liabilities		10,500,000	10,000,400
	b)	**Cash disbursements from financing activities**		**-24,538,518**	**-15,171,778**
		Cash disbursements for given interests from financing activities	3	-695,358	-1,032,839
		Cash repayments of long-term financial liabilities	16	-14,474	-114,425
		Cash repayments of short-term financial liabilities	17	-20,628,384	-10,020,213
		Cash repayments of dividends and other profit shares paid	17	-3,200,302	-4,004,301
	c)	**Positive or negative cash flow from financing activities (a + b)**		**80,638**	**-5,171,378**
D.		**Monetary assets at the end of the period**		**1,161,568**	**494,761**
	x)	**Cash flows in the period (sum of cash flows Ac, Bc and Cc)**		**666,807**	**170,360**
	y)	**Monetary assets at the beginning of the period**		**494,761**	**324,401**

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 EUR is divided into 1,066,767 registered pro rata shares that are not traded in the organized security market. The shares are owned by 830 shareholders.

The following section presents financial statements of Impol 2000, d. d. for the financial year that ended on December 31, 2020.

Introductory note on reporting standards

The financial statements of the company Impol 2000, d. d. and the notes for 2020 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 parent 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 and the Executive directors hereby approve the financial statements for the financial year 2020.

The 2020 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 balance sheet 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 in the existing accounting standards 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 1 – Presentation of Financial Statements, and to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, adopted by the European Union on 29 November 2019 (effective for annual periods beginning on or after 1 January 2020);
- Amendments to IFRS 3 – Business Combinations – Definition of a Business Entity, adopted by the EU on 21 April 2020 (applicable for business combinations where the acquisition date is the same as the starting date of the first annual reporting period starting on or after 1 January 2020, and for acquisition of assets that occur at the beginning of this period or after);
- Amendments to IFRS 9 – Financial Instruments, IAS 39 – Financial Instruments: recognising and measuring and IFRS 7 – Financial Instruments: disclosures – Interest Rate Benchmark Reform, adopted by the European Union on 15 January 2020 (effective for annual periods beginning on or after 1 January 2020);
- Amendments to IFRS 9 – Leases – Exemptions from rent payments in relation to Covid-19, adopted by the European Union on 12 October 2020 and applicable for annual periods starting on or after 1 June 2020, effective for financial years beginning on or after 1 January 2020);
- Amendments to references to the conceptual framework in IFRS adopted by the European Union on 29 November 2019 (effective for annual periods beginning on or after 1 January, 2020).

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 IFRS 4 – Insurance Contracts – Extension of the temporary exemption from application of the IFRS 9, which were adopted by the European Union on 16 December 2020, but have not yet entered into force (the date of expiration of the temporary exemption was extended to annual periods starting on or after 1 January 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 2020 financial year were being drawn up/approved*:

- IFRS 14 Regulatory deferral Accounts (effective for annual periods beginning on or after 1 January 2016) – the European Commission has decided not to launch the endorsement process of this interim standard and will wait for the final standard;
- IFRS 17 – Insurance Contracts, including amendments to IFRS 17 (applicable for annual periods starting on or after 1 January 2023);
- Amendments to IAS 1 – Presentation of Financial Statements – Classification of obligations to short- and long-term (applicable for annual periods starting on or after 1 January 2023);
- Amendments to IAS 16 – Tangible fixed assets – Profit before intended use (applicable for annual periods starting on or after 1 January 2022);
- Amendments to IAS 37 – Provisions, contingent liabilities and contingent assets – Onerous Contracts – Cost of fulfilling a contract (applicable for annual periods starting on or after 1 January 2022);
- Amendments IFRS 3 – Business Combinations – References to the conceptual framework with amendments to IFRS 3 (applicable for annual periods beginning on or after 1 January 2022);
- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associated and Joint Ventures – Sale or contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date was deferred indefinitely until the research project on the equity method has been concluded);
- Amendments to IFRS 9 – Financial Instruments, IAS 39 – Financial Instruments: Recognition and Measurement, IFRS 7 – Financial Instruments: Disclosures, IFRS 4 – Insurance Contracts and IFRS 16– Leases – Interest Rate Benchmark Reform – phase 2 (applicable for annual periods starting on or after 1 January 2021);
- Amendments to various standards due to improvements to IFRS (20182020 cycle) arising from the annual project for IFRS improvement (IFRS 1, IFRS 9, IFRS 16 and IFRS 41), primarily with a view of eliminating non-compliance and interpreting the text (amendments to IFRS, IFRS 9 and IAS 41 apply for annual periods starting on or after 1 January 2022), The amendment to IFRS 16 refers only to an illustrative example, therefore the date of entry into force is not provided.

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

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.

Assessments and assumptions are mostly present in the following estimates:

- **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 the useful life will be reviewed at least at the end of each financial year. 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 potential signs of impairment. Critical estimates were used for the following assessments of value:

  - Investment in subsidiaries (Note 9),
  - Investments in associates (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 realizable value of the merchandise inventory**

At least at the end of the financial year, the company checks the net realizable value of inventories and the need for write-off of inventories. 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. There were no such write-downs in 2020.

- **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 recognize 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 recognized 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 recognized 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 recognized 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**

The present value of severance pays upon retirement and long-service bonuses is recorded in the commitments for certain post-employment and other benefits. 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 December 31, 2020.

Transactions in foreign currency

Transactions in foreign currencies are converted to functional currencies at exchange rates at the dates of the transactions. Monetary assets 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 purchase value in the functional currency at the beginning of the period, adjusted by the amount of effective interest and payments during the period, and the purchase value in foreign currency converted at the exchange rate at the end of the period. Non-monetary 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 recognized in the statement of profit or loss.

Subsidiaries

Subsidiaries are entities controlled by the parent 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 accounting value of the company's share shall be reduced to zero and this share shall no longer be recognized in subsequent losses. Costs, which can be connected with purchasing a subsidiary, increase the value at cost of the equity investment. The subsidiary's participation in profit is recognized 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 parent company Impol 2000, d. d. and the Impol Group".

Investment in associates

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 parent company Impol 2000, d. d. and the Impol Group”.

Impol 2000, d. d. recognizes investments in associates 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 value 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 recognized in profit or loss as expenses, the moment they arise.

Depreciation is calculated using the straight-line method of depreciation, taking into account 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 table below.

Table 124: 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. Value at cost includes costs that can be directly attributed to individual assets.
Important parts of fixed assets that have different useful lives are recognised 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 accounting value of the disposed asset is recognized in the statement of profit or loss. The costs of replacement of a certain part of the tangible fixed asset are recognized in the accounting value 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 and 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 125: 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 %	20 %
Furniture	20 %	25 %
Computer hardware	50 %	50 %
Motor vehicles		
Passenger cars	20 %	20 %

Assets under lease

Upon signing the contract, an assessment is made if the contract contains a lease in accordance with the IFRS 16 standard. 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 purchase value, minus the accumulated depreciation and losses due to impairment, and are then adapted for each consecutive measurement of lease obligation. 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 undetermined period of time or if it is automatically extended every year, the expected periods of amortisation for each individual group of assets will apply.

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 and loss statement pursuant to IAS 36.

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 recognize derivative financial instruments.

Non-derivative financial instruments are initially recognized 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 repayment value,
- 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 repayment value),
- 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 and loss statement).

Financial assets at fair value through profit or loss

The financial assets measured at fair value through the profit and loss statement are initially measured at fair value, while transaction costs are indicated in the profit and 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 and loss arising from these financial instruments are classified into the profit and loss statement. Dividends arising from financial instruments , classified into this group , are recognised as financial income in the profit and loss statement. Impol 2000, d. d. possesses no such assets.

Financial assets at repayment value

Financial assets measured at repayment value are measured at repayment value 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 balance sheet, loans and receivables are recognised 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 associate companies accounted pursuant to IAS 27 according to their purchase value are also shown in the framework of separate financial statements of Impol 2000, d. d..

Monetary assets 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.

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. For valuing inventories of merchandise and measuring use, the FIFO method is used. The company does not own any other inventories. The inventory impairment policy is described in section "Impairment".

Equity

As of 31/ 12/ 2020, the share capital of Impol 2000, d. d., amounts to EUR 4,451,540 and is divided into 1,066,767 ordinary no-par 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 17/ 7/ 2020, dividends were paid out in the amount of EUR 3,200,301 or EUR 3.00 per share in 2020. The accounting value of the share as of 31/ 12/ 2020 amounted to EUR 56.25 per share, and the net profit amounted to EUR 0.26 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 long-service bonuses to employees and severance pays upon retirement. For this purpose, long-term provisions are formed. There are no other obligations relating to pensions. Provisions are formed in the amount of the expected future payments of long-service bonuses and severance pays upon retirement discounted on the date of the statement of financial position. The actuarial calculation is made for each employee, taking into account the costs of severance pays upon retirement and the cost of all expected long-service bonuses 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.

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 balance sheet 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 accounting value 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 equity 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. If it is estimated that when the accounting value 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 recognized 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 are measured according to their purchase value upon initial recognition, and are then increased for the cost of the business transaction arising from the purchase of said financial asset. Profit and loss arising from these financial instruments are never classified into the profit and loss statement.

When it comes to impairment of financial assets measured at repayment value, 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 repayment value is recognised in the profit or loss account.

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

Financial investments into subsidiaries are calculated according to their purchase value in the financial statements of Impol 2000 d. d.. At each reporting date, the Company reviews the carrying amounts 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. 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. An impairment loss is recognized when the accounting value of an asset or cash-generating unit exceeds its recoverable value. Impairment losses are recognised in the profit and loss statement.

Non-financial assets

Tangible and intangible assets

The carrying amounts of the Company's non-financial assets are 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 recognized when the accounting value 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 and 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 income

Income is 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 separate performance commitments, price formulation, price distribution to separate performance commitments and recognition of revenues in accordance with previous steps. The main principle is that recognition of income 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:

- Income from 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. Income is recognized 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 balance sheet date is applied;
- Other operating income arising from disposal of property, devices, equipment and intangible assets, reversal of provisions, settlement of written-of receivables and other.

Financial income comprises interest income, investment income, dividend income and positive foreign exchange differences. Interest income is generally recognized at the time of occurrence using the agreed interest rates. Dividend income is recognized on the date that the shareholder's right to receive payment is established.

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 accounting value 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 126: Operating revenue in EUR

Operating revenues	Operating revenue generated with companies		2020	2019
	in the Group	others		
Net sales revenues	9,077,876	16,872,511	25,950,386	25,969,310
Other operating revenues	-19,755	307,274	287,520	39,789
TOTAL	**9,058,121**	**17,179,785**	**26,237,906**	**26,009,099**

Table 127: Other operating revenues in EUR

Other operating revenues	2020	2019
Revenues from the reversal of provisions	29,752	20,416
Other revenues associated with business effects (subsidies, grants, compensations, premiums…)*	256,988	9,395
Revaluation operating revenues (from operating receivables and sale of fixed assets)	780	9,978
TOTAL	**287,520**	**39,789**

** This item also includes received state aid related to the covid-19 epidemic (ZIUZEOP April 2020, ZZUOOP October 2020, ZIUOPDVE November 2020), namely in the form of repayment of pension and disability insurance contributions for workers who worked during the epidemic, repayment of the crisis allowance and coverage of costs due to the ordered quarantine for workers in the total amount of EUR 272,024.

Table 128: Net sales revenues by the type of merchandise or service in EUR

Product, merchandise or service	2020	2019
Revenues from services – Domestic market	9,116,776	10,175,524
Revenues from sale of merchandise – Domestic market	14,683,469	14,156,930
Revenues from sale of merchandise – Foreign market	2,149,851	1,635,436
Revenues from services – Foreign market	290	1,420
TOTAL	**25,950,386**	**25,969,310**

Table 129: Net sales revenues by operating segments in EUR

Net sales revenues by operating segments	2020	2019
Revenues from sales in Slovenia	**23,800,246**	**24,332,454**
• Companies in the Group	9,077,876	10,137,892
• Associates	0	425
• Other companies	14,722,370	14,194,137
Revenues from sales in EU	**994,152**	**505,543**
• Other companies	994,152	505,543
Revenues from sales in other European countries	**1,155,989**	**1,131,313**
• Other companies	1,155,989	1,131,313
TOTAL	**25,950,386**	**25,969,310**

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2. Operating expenses

Analysis of costs and expenses

Table 130: Analysis of costs and expenses in EUR

	Costs of sale	Costs of general activities	Total 2020	TOTAL purchases in 2020 in: Companies in the Group	Associate companies	Other companies	Total 2019
Costs of merchandise and materials sold	16,057,248	0	16,057,248	16,057,248	0	0	15,047,587
Costs of material	0	181,498	181,498	70,215	0	111,283	144,200
Costs of services	438,670	887,660	1,326,330	208,241	360,161	757,928	1,835,213
Labour costs	0	7,532,891	7,532,891	0	0	7,532,891	7,935,670
Depreciation	0	356,405	356,405	52,892	0	303,513	327,253
Revaluation operating expenses	0	39	39	0	0	39	795
Other operating expenses	0	218,513	218,513	3,570	0	214,943	277,939
TOTAL	**16,495,918**	**9,177,006**	**25,672,924**	**16,392,166**	**360,161**	**8,920,597**	**25,568,657**

Revaluation operating expenses

Table 131: Revaluation operating expenses in EUR

	2020	2019
From disposal of tangible fixed assets	39	795
TOTAL	**39**	**795**

Costs of material

Table 132: Cost of materials in EUR

	2020	2019
Costs of energy	26,973	43,880
Costs of office supplies and professional literature	76,636	76,720
Other costs of materials	77,889	23,600
TOTAL	**181,498**	**144,200**

Costs of services

Table 133: Cost of services in EUR

	2020	2019
Costs of transport services	43,620	35,958
Costs of rents	9,896	22,457
Reimbursement of employee costs*	37,140	218,788
Other costs of services	1,235,674	1,558,010
TOTAL	**1,326,330**	**1,835,213**

*Due to the covid-19 epidemic there were significantly less business trips and training courses in 2020 compared to the previous year.

Auditors cost

Table 134: The amount (cost) spent for the auditor (according to ZGD-1, point 2, paragraph 4, Article 69) in EUR

	2020	2019
Auditing of the annual report	23,622	23,622
TOTAL	**23,622**	**23,622**

Except for the mandatory annual audit of the financial statements for the financial year of 2020, the audit firm did not carry out any other audit or non-audit services.

Labour costs

Table 135: Itemisation of labour costs in EUR

Itemization of labour costs	2020	2019
Costs of wages and salaries	5,236,074	5,638,118
Costs of pension insurance	476,980	539,235
Costs of other social security contributions	381,621	410,956
Other labour costs	1,438,216	1,347,361
TOTAL	**7,532,891**	**7,935,670**
Remuneration of members of the Management and Supervisory Board and employees on individual contracts in EUR	**2020**	**2019**
Members of the Board of directors and CEOs	1,100,511	1,288,250
Employees on individual contracts	3,203,640	3,196,857
TOTAL	**4,304,151**	**4,485,107**

Employee education structure as of 31/ 12/ 2020

Table 136: Education structure

Education level	Number of employees as of 31/ 12/ 2020	Number of employees as of 31/ 12/ 2019
Doctoral Degree	3	3
Master's Degree	3	3
Bachelor's Degree	42	41
Higher education	16	15
College	12	12
Secondary School Degree	17	16
Qualified	11	13
Semi-qualified	2	2
Non- qualified	4	4
TOTAL	**110**	**109**

Depreciation

Table 137: Depreciation in EUR

	2020	2019
Depreciation of intangible fixed assets	102,600	93,935
Depreciation of tangible fixed assets	111,001	99,273
Depreciation of tangible fixed assets relating to the right to use assets	142,804	134,045
Total depreciation	**356,405**	**327,253**

Other costs and expenses

Table 138: Other costs and expenses in EUR

	2020	2019
Charges independent of operation	200,007	216,481
Grants	18,504	55,339
Other costs	2	6,119
TOTAL	**218,513**	**277,939**

3. Financial revenues and expenses

Financial revenues

Table 139: Financial revenues from financial investments and operating receivables in EUR

	Total 2020	Of which from companies in the Group	Of which from companies Other companies	Total 2019
Financial revenues from participating interests – Profit-sharing, dividends	0	0	0	5,852,326
Financial revenue from loans - interests	527,150	526,814	336	562,182
Financial revenues from operating receivables - interests	10,151	0	10,151	12,281
Financial revenues from operating receivables – foreign exchange differences	0	0	0	197
TOTAL	**537,301**	**526,814**	**10,487**	**6,426,985**

Financial expenses

Table 140: Financial expenses from financial investments and operating liabilities in EUR

	Total 2020	Of which from companies in the Group	Of which from companies Other companies	Total 2019
Financial expenses from (excluding bank loans) – interests	428,357	428,357	0	377,749
Financial expenses from leases – interests (financial lease)	1,280	0	1,280	2,565
Financial expenses from issued bonds – interests*	304,000	0	304,000	684,000
Financial expenses from other financial liabilities – interests arising from provisions of severance pay, jubilee benefits	3,614	0	3,614	3,550
Financial expenses from leases – interests (operative lease)	9,199	5,739	3,460	10,394
Financial expenses from operating liabilities – interests	166	0	166	596
Financial expenses from operating liabilities – foreign exchange differences	78	0	78	56
Total	**746,694**	**434,096**	**312,598**	**1,078,909**

*In October 2020, the last instalment of the principal amount and bond interests market with IM01 was paid.

Financial expenses from operating liabilities

Table 141: Financial expenses from operating liabilities in EUR

	Total 2020	Of which from companies to others	Total 2019
Financial expenses from other operating liabilities – interests	166	166	596
Financial expenses from other operating liabilities – foreign exchange differences	78	78	56
TOTAL	**244**	**244**	**651**

4. Income tax

Table 142: Income tax in EUR

Income tax	2020	2019
Revenues determined in accordance with accounting regulations	26,775,207	32,436,084
Revenue adjustment for tax purposes – Decrease (-)	13,508	5,868,604
Revenue recognised for tax purposes	**26,761,699**	**26,567,480**
Expenses determined in accordance with accounting regulations (+)	26,419,618	26,647,566
Expense adjustment for tax purposes – Decrease (-)	140,392	336,115
Expense adjustment for tax purposes – Increase (+)	0	0
Expenses recognised for tax purposes	**26,279,225**	**26,311,451**
DIFFERENCE BETWEEN DEDUCTIBLE REVENUES AND EXPENSES	**482,474**	**256,029**
Change of the tax base when amending tax base when amending accounting policies, error corrections and revaluations (+/-)	-5,557	-3,869
Increase in tax base for predetermined tax relief (+)	5,062	295,430
TAX BASE	**481,978**	**547,590**
Decrease in tax base and tax relief (up to the maximum amount of the tax base) (-)	94,249	160,955
TAX BASE	**387,729**	**386,636**
TAX (19 %)	**73,668**	**73,461**

The applicable income tax rate in Slovenia in 2020 was 19% (in 2019: 19 percent).

5. Deferred tax receivables

Table 143: Deferred tax receivables in EUR

Changes in deferred-tax assets and liabilities were recognised in:	2020	2019
• Profit or loss account (+ / -)	-42	734
TOTAL	**-42**	**734**

Deferred tax receivables were formed as provisions for jubilee and retirement benefits. The 19% rate was applied in the calculation which is equal to the effective profit tax rate for 2021 in Slovenia.

Trend in deferred tax for Impol 2000, d. d.

Table 144: Trend in deferred tax for Impol 2000, d. d. in EUR

	Provisioning	Total
Balance of deferred tax receivables as of 31/ 12/ 2019	**23,336**	**23,336**
Balance of deferred tax receivables as of 1/ 1/ 2020	**23,336**	**23,336**
Utilisation of deductible temporary differences (-)	42	42
Balance of deferred tax receivables as of 31/ 12/ 2020	**23,295**	**23,295**

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 145: Basic earnings per share in EUR

	2020	2019
Profit or loss relating to the owners of the controlling entity	281,879	5,715,792
Weighted average of the number of regular shares	1,066,767	1,066,767
Basic earnings per share (in EUR)	**0.26**	**5.36**
Regular shares as of 1/ 1/	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 146: Trend in intangible assets in 2020 in EUR

Description	Long-term property rights	Total
Cost as of 31/ 12/ 2019	**624,089**	**624,089**
Opening balance adjustments	0	0
Cost as of 01/ 1/ 2020	**624,089**	**624,089**
Cost as of 31/ 12/ 2020	**624,089**	**624,089**
Value adjustment 31/ 12/ 2019	**175,146**	**175,146**
Opening balance adjustment	0	0
Value adjustment 1/ 1/ 2020	**175,146**	**175,146**
Depreciation during the year	102,600	102,600
Value adjustment 31/ 12/ 2020	**277,745**	**277,745**
Accounting value as of 31/ 12/ 2020	**346,344**	**346,344**
Accounting value as of 31/ 12/ 2019	**448,943**	**448,943**

Table 147: Trend in intangible assets in 2019 in EUR

Description	Long-term property rights	Intangible assets being acquired	Total
Cost as of 31/ 12/ 2018	**445,338**	**137,871**	**583,209**
Opening balance adjustments	0	0	0
Cost as of 01/ 1/ 2019	**445,338**	**137,871**	**583,209**
Direct increases – acquisitions	0	40,881	40,881
Transfer from construction in progress	178,751	-178,751	0
Cost as of 31/ 12/ 2019	**624,089**	**0**	**624,089**
Value adjustment 31/ 12/ 2018	**81,211**	**0**	**81,211**
Opening balance adjustment	0	0	0
Value adjustment 1/ 1/ 2019	**81,211**	**0**	**81,211**
Depreciation during the year	93,935	0	93,935
Value adjustment 31/ 12/ 2019	**175,146**	**0**	**175,146**
Accounting value as of 31/ 12/ 2019	**448,943**	**0**	**448,943**
Accounting value as of 31/ 12/ 2018	**364,127**	**137,871**	**501,997**

Disclosed intangible assets are the property of Impol 2000, d. d. and encumbrance free. The cost of intangible fixed assets with zero present value, which are still being utilized, amounts to EUR 25,674.

7. Tangible fixed assets

Table 148: Tangible fixed assets in 2020 in EUR

Description	Production machinery and equipment	Other devices and equipment	Equipment and other tangible fixed assets being acquired	Total equipment	TOTAL
Cost as of 31/ 12/ 2019	**739,009**	**530,092**	**0**	**1,269,102**	**1,269,102**
Opening balance adjustments	0	0	0	0	0
Cost as of 01/ 1/ 2020	**739,009**	**530,092**	**0**	**1,269,102**	**1,269,102**
Direct increases – acquisitions	0	0	68,886	68,886	68,886
Transfer from construction in progress	0	92,929	-92,929	0	0
Transfer between companies in the Group – acquisition	0	0	24,043	24,043	24,043
Decreases – exclusions, other decreases (-)	0	40,643	0	40,643	40,643
Cost as of 31/ 12/ 2020	**739,009**	**582,378**	**0**	**1,321,387**	**1,321,387**
Value adjustment 31/ 12/ 2019	**660,222**	**325,468**	**0**	**985,689**	**985,689**
Opening balance adjustment	0	0	0	0	0
Value adjustment 1/ 1/ 2020	**660,222**	**325,468**	**0**	**985,689**	**985,689**
Depreciation during the year	3,637	107,364	0	111,001	111,001
Direct increase	0	6	0	6	6
Decreases – exclusions, other decreases (-)	0	40,604	0	40,604	40,604
Value adjustment 31/ 12/ 2020	**663,859**	**392,233**	**0**	**1,056,092**	**1,056,092**
Accounting value as of 31/ 12/ 2020	**75,151**	**190,145**	**0**	**265,296**	**265,296**
Accounting value as of 31/ 12/ 2019	**78,787**	**204,625**	**0**	**283,412**	**283,412**

With the application of the IFRS 16 – Lease standard, the assets under lease in the balance sheet up to 1/ 1/ 2019, are no longer recognised among tangible fixed assets, but are instead recognised separately under “assets under lease” - see Note 8.

Table 149: Tangible fixed assets in 2019 in EUR

Description	Production machinery and equipment	Other devices and equipment	Equipment and other tangible fixed assets being acquired	Total equipment	TOTAL
Cost as of 31/ 12/ 2018	**726,514**	**407,053**	**0**	**1,133,568**	**1,133,568**
Opening balance adjustments	0	0	0	0	0
Cost as of 01/ 1/ 2019	**726,514**	**407,053**	**0**	**1,133,568**	**1,133,568**
Direct increases – acquisitions	0	0	108,343	108,343	108,343
Transfer from construction in progress	12,495	151,535	-164,030	0	0
Transfer between companies in the Group – acquisition	0	0	55,688	55,688	55,688
Decreases – sales (–)	0	4,000	0	4,000	4,000
Decreases – exclusions, other decreases (-)	0	24,496	0	24,496	24,496
Cost as of 31/ 12/ 2019	**739,009**	**530,092**	**0**	**1,269,102**	**1,269,102**
Value adjustment 31/ 12/ 2018	**657,210**	**256,902**	**0**	**914,112**	**914,112**
Opening balance adjustment	0	0	0	0	0
Value adjustment 1/ 1/ 2019	**657,210**	**256,902**	**0**	**914,112**	**914,112**
Depreciation during the year	3,012	96,262	0	99,274	99,274
Direct increase	0	4	0	4	4
Decreases – sales (–)	0	4,000	0	4,000	4,000
Decreases – exclusions, other decreases (-)	0	23,701	0	23,701	23,701
Transfers between categories of tangible fixed assets	0	0	0	0	0
Value adjustment 31/ 12/ 2019	**660,222**	**325,468**	**0**	**985,689**	**985,689**
Accounting value as of 31/ 12/ 2019	**78,787**	**204,625**	**0**	**283,412**	**283,412**
Accounting value as of 31/ 12/ 2018*	**69,304**	**150,151**	**0**	**219,455**	**219,455**

*Due to the application of the IFRS 16 – Lease standard, the assets under lease in the balance sheet are not recognised among tangible fixed assets any more, but rather separately under the item “Assets under lease”. Due to reclassification, the opening values of assets under financial lease (purchase value, value correction and carrying amount as of 31/ 12/ 2018) were reduced by their relevant part and are separately recognised in the table Trend in right to use assets in 2019. The carrying amount of assets under financial lease as of 31/ 12/ 2018 amounted to EUR 47,310. A more detailed presentation of the change is disclosed as part of the 2019 annual report.

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 utilized as of 31/ 12/ 2020 amounts to EUR 885,766.

8. Assets under lease

Table 150: Trend in right to use assets in the first half of 2020 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 – operative lease – other companies	Total right to use equipment – operating lease	Total right to use – operative 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/ 2019	**264,460**	**264,460**	**164,698**	**164,698**	**429,158**	**97,881**	**97,881**	**527,039**
Opening balance adjustments	0	0	0	0	0	0	0	0
Cost as of 01/ 1/ 2020	**264,460**	**264,460**	**164,698**	**164,698**	**429,158**	**97,881**	**97,881**	**527,039**
Direct increase (+)	0	0	83,992	83,992	83,992	0	0	83,992
Other decreases (-)	0	0	78,064	78,064	78,064	0	0	78,064
Cost as of 31/ 12/ 2020	**264,460**	**264,460**	**170,626**	**170,626**	**435,086**	**97,881**	**97,881**	**532,966**
Value adjustment 31/ 12/ 2019	**52,892**	**52,892**	**61,577**	**61,577**	**114,469**	**70,146**	**70,146**	**184,615**
Opening balance adjustments	0	0	0	0	0	0	0	0
Value adjustment 1/ 1/ 2020	**52,892**	**52,892**	**61,577**	**61,577**	**114,469**	**70,146**	**70,146**	**184,615**
Depreciation (+)	52,892	52,892	70,336	70,336	123,228	19,576	19,576	142,804
Other decreases (-)	0	0	76,011	76,011	76,011	0	0	76,011
Value adjustment 31/ 12/ 2020	**105,784**	**105,784**	**55,902**	**55,902**	**161,686**	**89,723**	**89,723**	**251,408**
Accounting value as of 31/ 12/ 2020	**158,676**	**158,676**	**114,724**	**114,724**	**273,400**	**8,158**	**8,158**	**281,558**
Accounting value as of 31/ 12/ 2019	**211,568**	**211,568**	**103,122**	**103,122**	**314,690**	**27,734**	**27,734**	**342,424**

Table 151: Trend in right to use assets in the first half of 2019 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 – operative lease – other companies	Total right to use equipment – operating lease	Total right to use – operative 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/ 2018	**0**	**0**	**0**	**0**	**0**	**97,881**	**97,881**	**97,881**
Opening balance adjustments*	264,460	264,460	125,006	125,006	389,466	0	0	389,466
Cost as of 01/ 1/ 2019	**264,460**	**264,460**	**125,006**	**125,006**	**389,466**	**97,881**	**97,881**	**487,346**
Direct increase (+)	0	0	39,693	39,693	39,693	0	0	39,693
Cost as of 31/ 12/ 2019	**264,460**	**264,460**	**164,698**	**164,698**	**429,158**	**97,881**	**97,881**	**527,039**
Value adjustment 31/ 12/ 2018	**0**	**0**	**0**	**0**	**0**	**50,570**	**50,570**	**50,570**
Opening balance adjustments	0	0	0	0	0	0	0	0
Value adjustment 1/ 1/ 2019	**0**	**0**	**0**	**0**	**0**	**50,570**	**50,570**	**50,570**
Depreciation (+)	52,892	52,892	61,577	61,577	114,469	19,576	19,576	134,045
Value adjustment 31/ 12/ 2019	**52,892**	**52,892**	**61,577**	**61,577**	**114,469**	**70,146**	**70,146**	**184,615**
Accounting value as of 31/ 12/ 2019	**211,568**	**211,568**	**103,122**	**103,122**	**314,690**	**27,734**	**27,734**	**342,424**
Accounting value as of 31/ 12/ 2018	**0**	**0**	**0**	**0**	**0**	**47,310**	**47,310**	**47,310**

* Upon transferring to the new IFRS 16 – Lease standard within the Impol 2000, d. d., Impol 2000, d.d., 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 more detailed presentation of the change is disclosed as part of the 2019 annual report.

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 depreciated, and the interest is calculated together with liabilities.

Assets under financial lease

The carrying amount of equipment under finance lease as of 31/ 12/ 2020, amounts to EUR 8,158 (31/ 12/ 2019: EUR 27,735).

Table 152: Value of assets under financial lease in EUR as of 31/ 12/ 2020

	Cost (+)	Value adjustment (–)	Accounting value (=)
Equipment	97,881	89,723	8,158
TOTAL	**97,881**	**89,723**	**8,158**

9. Long-term financial investments

Table 153: Long-term financial investments in EUR

	Cost as of 31/ 12/ 2020	Of which long-term financial investments in companies:		Value adjustment as of 31/ 12/ 2020	Carrying amount	
		in the Group	associates		31/ 12/ 2020	31/ 12/ 2019
	=	+	+	-	=	
Investments in shares and participating interest	134,969,308	134,934,661	34,648	34,648	134,934,661	73,033,315
TOTAL long-term financial investments excluding loans	**134,969,308**	**134,934,661**	**34,648**	**34,648**	**134,934,661**	**73,033,315**
Long-term loans granted	51,000	51,000	0	0	51,000	44,217,180
TOTAL long-term loans	**51,000**	**51,000**	**0**	**0**	**51,000**	**44,217,180**
TOTAL LONG-TERM FINANCIAL INVEST-MENTS	**135,020,308**	**134,985,661**	**34,648**	**34,648**	**134,985,661**	**117,250,495**

LFI - long-term financial investments.

The financial investment in the equity of Impol,d. o. o. (97,5387% ownership share) was pledged in the form of a given guarantee, reserved for liabilities of Impol, d. o. o., to banks. As of 31/ 12/ 2020 amounts to EUR 20,000,000.

Trend in investments in subsidiaries and associates

Table 154: Trend in investments in subsidiaries and associates

Long-term financial investments in the Company:	Purchase value			Cost adjustment due to the impairment		Carrying amount		Ownership as of 31/ 12/ 2020
	Purchase value 1/ 1/ 2020	Purchases / other increase	Purchase value 31/ 12/ 2020	Value adjust-ment 1/ 1/ 2020	Value adjust-ment 31/ 12/ 2020	31/ 12/ 2020	1/ 1/ 2020	
	+	+	=	-	=	=	=	
Impol Servis d. o. o.	245,037	0	245,037	0	0	245,037	245,037	100%
Impol, d. o. o.	67,588,863	0	67,588,863	0	0	67,588,863	67,588,863	97.54%
Impol-FinAl, d. o. o.	1,000,000	0	1,000,000	0	0	1,000,000	1,000,000	100%
Rondal, d. o. o.	100,000	0	100,000	0	0	100,000	100,000	100%
Impol-TLM, d. o. o.,	1,872,415	61,901,346	63,773,761	0	0	63,773,761	1,872,415	100%
Alcad, d. o. o.	2,227,000	0	2,227,000	0		2,227,000	2,227,000	100%
Total subsidiaries	**73,033,315**	**61,901,346**	**134,934,661**	**0**	**0**	**134,934,661**	**73,033,315**	
Impol Brazil Aluminium	0	0	34,648	34,648	34,648	0	0	50%
Total associate companies	**0**	**0**	**34,648**	**34,648**	**34,648**	**0**	**0**	
TOTAL	**73,033,315**	**61,901,346**	**134,969,309**	**34,648**	**34,648**	**134,934,661**	**73,033,315**	

*In September 2020, the Board of directors of Impol 2000 d. d. adopted a decision to convert the debt of Impol-TLM , d) O.. due to loans granted (EUR 60,885,328) and accrued interests (EUR 1,016,018) as of 30/ 9/ 2020 in the amount of EUR 61,901,346 to subsequent capital injections.

Long-term financial investments in equity are entirely classified in the group for financial investments in subsidiaries and associates 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.

Trend in long-term loans granted

Table 155: Trend in long-term loans granted in EUR

	Loans granted to Group companies	Total
Balance of long-term loans granted as of 1/ 1/ 2020	44,217,180	44,217,180
New long-term loans granted (+)	16,719,148	16,719,148
Conversion of long-term loans to subsequent capital injections (-)	60,885,328	60,885,328
Balance of long-term loans granted as of 31/ 12/ 2020	**51,000**	**51,000**

These are long-term loans granted to companies in the Group in Slovenia and Croatia, whereby loans given to the company in Croatia at the end of 2020 were closed with a conversion to subsequent capital injections. Loans are secured with bills of exchange and are calculated at the established interest rate, which applies to loans between associated entities, increased by the spread due to maturity. The range of the interest rate is from 0.946 to 1.05% annual interest rate.

New loans in 2020 were approved for investments in tangible fixed assets, for current financing of business operations and for settling outstanding instalments of long-term loans. The overview of the balance of long-term loans granted on 31/ 12/ 2020 by individual companies in the Group is presented as part of Note 20 Transactions with associates.

Maturity of long-term loans granted

Table 156: Maturity of long-term loans granted in EUR

	Total as of 31/ 12/ 2020	of which from companies in the Group	Total as of 31/ 12/ 2019
Matured in 2021	X	X	9,600,000
Matured in 2022	51,000	51,000	9,651,000
Matured in 2023	0	0	12,966,180
Matured in 2024	0	0	12,000,000
Matured in 2025	0	0	0
TOTAL long-term loans granted	**51,000**	**51,000**	**44,217,180**

10. Merchandise inventories

Table 157: Merchandise inventories in EUR

	31/ 12/ 2020		31/ 12/ 2019
	Cost (+)	Carrying amount	
Merchandise	7,485	7,485	7,485
TOTAL	**7,485**	**7,485**	**7,485**

On 31/ 12/ 2020, the Company inspected the value of merchandise inventories and determined that the net realizable value of inventories exceeds the accounting value, therefore no impairment of inventories was recorded in 2020. Inventories were not pledged as security for liabilities.

11. Short-term financial investments

Table 158: Short-term financial investments in EUR

	Cost as of 31/ 12/ 2020	Of which short-term financial investments in companies:	Carrying amount	
		in the Group	31/ 12/ 2020	31/ 12/ 2019
	=	+	=	
Short-term portion of long-term loans granted	0	0	0	9,600,000
Short-term loans granted	20,000	20,000	20,000	0
TOTAL short-term loans granted	**20,000**	**20,000**	**20,000**	**9,600,000**
TOTAL SHORT-TERM FINANCIAL INVESTMENTS:	**20,000**	**20,000**	**20,000**	**9,600,000**

Short-term FI - short-term financial investments.

Trend in loans granted

Table 159: Trend in loans granted in EUR

	Loans granted to Group companies	Loans to other companies	Total
Balance of short-term loans granted as of 1/ 1/ 2020	9,600,000	0	9,600,000
Refunds (-)	9,600,000	0	9,600,000
New loans (+)	0	20,000	0
Balance of short-term loans granted as of 31/ 12/ 2020	**0**	**20,000**	**20,000**

12. Short-term operating receivables

In Slovenia, company's receivables are secured through Coface PKZ zavarovalnica, d. d. Slovenia in the amount of EUR 2,037,106 in accordance with the balance as of 31/ 12/ 2020 (balance as of 31/ 12/ 2019: EUR 1,899,566).

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 balance sheet date are classified as the financial income or expenses item.

Table 160: Short-term operating receivables in EUR

	Short-term operating receivables	Short-term operating receivables from companies:		Value adjustment due to impairment	31/ 12/ 2020	31/ 12/ 2019
		in the Group	Other companies			
	=	+	+	-	=	=
Short-term receivables from customers	2,639,237	192,343	2,446,893	21,686	2,617,551	2,994,758
• of which already matured on 31/ 12/ 2020	324,170	0	324,170	0	324,170	152,736
Short-term advances and securities granted	12,622	10,640	1,982	0	12,622	1,031
Short-term receivables related to financial revenues*	31,932	1,960	29,972	0	31,932	589,558
Short-term receivables from state institutions	453,108	0	453,108	0	453,108	478,605
Other short-term operating receivables	22,580	675	21,905	0	22,580	18,316
TOTAL short-term operating receivables	**3,159,479**	**205,618**	**2,953,860**	**21,686**	**3,137,793**	**4,082,269**

*In November 2020 receivables from long-term loans given to a company in Croatia were converted to subsequent capital injections.

Short-term receivables related to financial revenues

Table 161: Short-term receivables related to financial revenues in EUR

Short-term receivables related to financial revenues*	31/ 12/ 2020	31/ 12/ 2019
Short-term receivables for interests related to financial revenues from operating receivables (customer) (+)	29,972	27,283
Short-term receivables for interests related to financial revenues from loans granted (+)	1,960	562,275
TOTAL	**31,932**	**589,558**

Table 162: Short-term operating receivables in the domestic and foreign market in EUR

	31/ 12/ 2020	31/ 12/ 2019
Short-term operating receivables in the domestic market	2,868,390	3,374,594
Short-term operating receivables in the foreign market	269,403	707,675
TOTAL	**3,137,793**	**4,082,269**

Analysis of outstanding trade receivables in EUR

Table 163: Analysis of outstanding trade receivables in EUR

	31/ 12/ 2020	31/ 12/ 2019
Matured in 2020	316,971	0
Matured in 2019	0	145,537
Matured in 2018	0	0
Matured in 2017	0	0
Matured in 2016 or before	7,199	7,199
TOTAL receivables from customers already due	**324,170**	**152,736**

Trend in value adjustment of current operating receivables due to impairment

Table 164: Trend in value adjustment of short-term operating receivables due to the impairment in EUR

	2020	Of which value adjustment of short-term receivables from companies: other	2019
Balance as of 01/ 1/	**22,423**	**22,423**	**31,951**
Decrease in value due to settlement of receivables (–)	737	737	9,528
Balance as of 31/ 12/	**21,686**	**21,686**	**22,423**

On 31/ 12/ 2020, the Company had no disclosed receivables from the members of the Board of directors, Executive Directors or internal owners.

13. Monetary assets

Table 165: Cash in EUR

	31/ 12/ 2020	31/ 12/ 2019
Monetary assets in hand and immediately cashable securities	273	135
Cash in banks and other financial institutions	1,161,294	494,626
Monetary assets	**1,161,568**	**494,761**

The Company has no short-term deposits under three months, but on 31/ 12/ 2020 the so-called over-night deposit in the amount of EUR 376,434 has been formed.

Short-term accrued costs and deferred revenues

Table 166: Short-term deferred costs and accrued revenues in EUR

	31/ 12/ 2020	31/ 12/ 2019
Short-term deferred costs or expenses	8,326	14,242
VAT from advances received	8,794	103
Short-term accrued costs and deferred revenues	**17,120**	**14,344**

Short-term deferred costs or expenses mainly refer to the costs of professional literature, membership fees, and licences paid in advance.

14. Equity

Table 167: Equity in EUR

	31/ 12/ 2020	31/ 12/ 2019
Equity	**60,005,284**	**62,933,084**
Called-up equity	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 resulting from valuation at fair value	-35,938	-28,297
Net profit brought forward	36,598,198	34,084,444
Net profit or loss for the financial year	281,879	5,715,792

In 2020, Impol 2000, d. d. paid out dividends in the amount of EUR 3,00 gross per share or in a total amount of EUR 3,200,301.

Table 168: Trend in reserves from fair value measurement in EUR

	State 31/ 12/ 2019	State 1/ 1/ 2020	Formation (+/-)	Reversal (-/+)	State 31/ 12/ 2020
Actuarial gains/losses, recognised under reservations for retirement benefits	-28,297	-28,297	-9,378	1,737	-35,938
TOTAL	**-28,297**	**-28,297**	**-9,378**	**1,737**	**-35,938**

Disclosure regarding distributable profit

Table 169: Distributable profit in EUR

	31/ 12/ 2020	31/ 12/ 2019
Net profit or loss for the accounting period	281,879	5,715,792
Retained net profit	36,598,198	34,084,444
Total retained net profit	**36,880,077**	**39,800,236**
Increase (additional formation) of reserves from profit - separate	0	0
Balance sheet profit	**36,880,077**	**39,800,236**

At the regular General Meeting in 2021, the Board of directors will propose to divide profit in the amount of EUR 4.00 gross/ share.

Table 170: Use of the distributable profit in EUR

Dividends to shareholders in the amount of EUR 4.00/share	4,267,068
Undistributed accumulated profit/loss for 2020 (to the retained profit/loss)	**32,613,009**

The accumulated profit in the amount of EUR 32,613,009 will remain undistributed.

15. Provisions

Table 171: Provisions in EUR

	Provisions for anniversary rewards	Provisions for severance pays upon retirement	Provisions for retirement, long-service bonuses and severance pays upon retirement	Received government grants	Total
Balance as of 31/ 12/ 2019	**72,914**	**201,029**	**273,943**	**0**	**273,943**
Opening balance adjustments	0	0	0	0	0
Balance as of 01/ 1/ 2020	**72,914**	**201,029**	**273,943**	**0**	**273,943**
Formation (+)	8,188	24,557	32,745	4,210	36,955
Utilisation (-)	4,551	20,991	25,542	4,210	29,752
Balance as of 31/ 12/ 2020	**76,551**	**204,595**	**281,146**	**0**	**281,146**

Table 172: Trend in provisions for long-service bonuses and severance pays upon retirement

	Provisions for severance pays upon retirement	Provisions for long-service bonuses	TOTAL
Balance as of 31/ 12/ 2019	**201,029**	**72,914**	**273,943**
Changes (conversions, adjustments) to the opening balance	0	0	0
Balance as of 01/ 1/ 2020	**201,029**	**72,914**	**273,943**
Interest costs (+)	2,624	990	3,614
Past and present service costs (+/-)	4,681	4,581	9,262
Payout of benefits (-)	-13,117	-1,934	-15,051
Actuarial profit/loss (other comprehensive income) (+/-)	9,378	0	9,378
Balance as of 31/ 12/ 2020	**204,595**	**76,551**	**281,146**

Provisions for pensions, long-service bonuses and severance pays upon retirement to other companies were first allocated in 2015. Provisions for severance pays upon retirement and long-service bonuses were allocated in the amount of the estimated future payments for severance pays and long-service bonuses, 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 severance pays upon retirement is recognized in other comprehensive income from equity.

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 arising from the data on the profitability of government bonds of the Republic of Slovenia;
- Currently valid amounts of severance pays and long-service bonuses from internal rules;
- Employee turnover mostly depending on their age;
- Mortality based on last available mortality tables of the local population.

It is estimated that no provisions, other than the above stated, need to be formed.

Trend in received government grants

Table 173: Trend in received government grants

	Disposed of contributions	TOTAL received government grants
Balance as of 31/ 12/ 2019	**0**	**0**
Balance as of 01/ 1/ 2020	**0**	**0**
Formation – disposed of contributions (+)	4,210	4,210
Utilisation (75% of pays of disabled persons) (-)	4,210	4,210
Balance as of 31/ 12/ 2020	**0**	**0**

16. Long-term financial and operating liabilities

Table 174: Long-term financial and operating liabilities in EUR

	Entire debt as of 31/ 12/ 2020	The part falling due in 2021	31/ 12/ 2020	31/ 12/ 2019
	+	-	=	
Long-term financial liabilities to companies in the Group (long-term loans)	59,119,148	0	59,119,148	45,000,000
Long-term financial liabilities from leases – financial lease – other companies	9,336	9,336	0	9,336
Long-term financial liabilities from leases – operating lease – companies in the Group	163,404	52,845	110,560	163,404
Long-term financial liabilities from leases – operative lease – other companies	115,227	45,342	69,885	44,437
TOTAL long-term financial and operating liabilities	**59,407,116**	**107,523**	**59,299,593**	**45,217,178**

	Total debt as of 31/ 12/ 2020	The part falling due in 2021	31/ 12/ 2020	31/ 12/ 2019
	+	-	=	
Long-term financial liabilities	59,407,116	107,523	59,299,593	45,217,178
Long-term operating liabilities	0	0	0	0
TOTAL long-term financial and operating liabilities	**59,407,116**	**107,523**	**59,299,593**	**45,217,178**

Table 175: Maturity of long-term financial and operating liabilities

	31/ 12/ 2020	31/ 12/ 2019
Matured in 2021	X	80,203
Matured in 2022	84,569	80,868
Matured in 2023	71,272	56,107
Matured in 2024	59,134,773	45,000,000
Due in 2025 or later	8,979	0
TOTAL long-term financial and operating liabilities	**59,299,593**	**45,217,178**

Trend in long-term financial liabilities

Table 176: Trend in long-term financial liabilities due to liabilities (loans and bonds) in EUR

Type of long-term financial bonds	Interest rate	Date of maturity	Total debt as of 1/ 1/ 2020	New loans	Total debt as of 31/ 12/ 2020	Of which the part falling due on: in 2021	after 1/ 1/ 2022	Loan security
	%		+	+	=	-	=	
Bonds*	3.8	19/10/2020	10,000,000	0	0	0	0	Unsecured
Long-term loans - companies in the Group	0.646	23/09/2024	45,000,000	14,119,148	59,119,148	0	59,119,148	Bills of exchange
TOTAL			**55,000,000**	**14,119,148**	**59,119,148**	**0**	**59,119,148**	**X**

* In 2015, Impol 2000, d. d. for the first time issued five-year bonds marked with IM01 in the amount of EUR 50 million in order to finance the cycle of investments for the subsequent long-term growth and development. The total issue of bonds comprises 50,000 denominations of EUR 1,000. Bonds have been traded on the Ljubljana Stock Exchange from December 2015 to October 2020. The interest rate remained unchanged, namely 3.8% per year. Coupons were paid on an annual basis. The final maturity date was 19/ 10/ On 2020/

Long-term loans

In 2019, a long-term framework loan amounting to EUR 67 million has been approved to Impol 2000 d. d. in order to cover its short-term loans and finance its business operations. The loan, drawn as of the balance on 31/ 12/ 2020 in the amount of EUR 59,119,148, is calculated at the established interest rate, increased by 1 percentage point and maturity percentage, and secured with a bill of exchange. The loan was granted by the subsidiary Impol, d. o. o.

Liabilities from leases

Table 177: Trend in long-term financial liabilities from leases in EUR

	Total debt as of 31/ 12/ 2019	Opening balance adjustments	Total debt as of 1/ 1/ 2020	New right to use	Termination of the lease in current year (-) / Re-payments in the current year (-)	Foreign exchange differences (+/-)	Total debt as of 31/ 12/ 2020	Part of long-term debt falling due next year	Long-term debt balance on 31/ 12/ 2020
Long-term financial liabilities from leases – operating lease – companies in the Group	163,404	0	163,404	0	0	0	163,404	52,845	110,560
Long-term financial liabilities from leases – operative lease – other companies	44,437	0	44,437	83,992	13,210	0	115,218	45,334	69,885
Long-term financial liabilities from leases – financial lease – other companies	9,336	0	9,336	0	0	8	9,344	9,344	0
TOTAL	**217,178**	**0**	**217,178**	**83,992**	**13,210**	**8**	**287,968**	**107,523**	**180,445**

Table 178: Maturity of long-term financial liabilities from leases in EUR

Maturity of long-term financial liabilities from leases	31/ 12/ 2020	31/ 12/ 2019
Matured in 2021	x	x
Matured in 2022	84,569	80,203
Matured in 2023	71,272	80,868
Matured in 2024	15,625	56,107
Matured in 2025	8,979	x
TOTAL long-term financial liabilities from leases	**180,445**	**217,178**

Table 179: Future minimum lease payments and their present value

	Future minimum lease payments	Present net value of future lease payments
Up to 1 year	114,615	107,521
1 to 5 years	187,014	180,445
Over 5 years	0	0
TOTAL	**301,629**	**287,966**

In 2020, the company did not capitalize borrowing costs (nor in 2019).

17. Short-term liabilities

Table 180: Short-term financial liabilities from leases in EUR

	Total debt as of 1/ 1/ 2020	New loans in current year (+)	Loans paid in current year (–)	Short-term debt balance as of 31/ 12/ 2020	Short-term debt balance as of 31/ 12/ 2019
Short-term financial liabilities based on bonds*	10,000,000	0	10,000,000	0	10,000,000
Short-term financial liabilities to companies in the Group (excluding liabilities from leases)	10,500,000	10,500,000	10,500,000	10,500,000	10,500,000
TOTAL:	**20,500,000**	**10,500,000**	**20,500,000**	**10,500,000**	**20,500,000**

*the last allowance from bonds market with IM01 matured in October 2020. The bonds were written of the central register with the final repayment of the principal amount, and Impol 2000, d.d. is not a public-interest entity any more according to the criteria of the Companies Act (ZGD-1) and Auditing Act (ZRev-2).

Short-term loans will bear interest at an established interest rate applicable to associated persons, increased by one percentage point.

All short-term loans are secured with bills of exchange.

Table 181: Short-term financial liabilities from leases in EUR

	Total debt as of 1/ 1/ 2020	Transfer of the short-term portion of long-term right to use	Decrease in liabilities/ set-off with rent in the current yeat (-)	Short-term debt balance as of 31/ 12/ 2020
Short-term financial liabilities from leases – operating lease – companies in the Group	51,285	52,845	51,285	52,845
Short-term financial liabilities from lease – operative lease – other companies	55,606	45,334	55,606	45,334
Short-term financial liabilities from lease – financial lease – other companies	21,493	9,344	21,493	9,343
TOTAL:	**128,384**	**107,523**	**128,386**	**107,521**

Table 182: Short-term financial and operating liabilities in EUR

	31/ 12/ 2020	31/ 12/ 2019
Short-term operating liabilities to suppliers on the domestic market to companies in the Group	4,465,483	344,722
Short-term operating liabilities to suppliers on the domestic market to associate companies	122,897	115,633
Short-term operating liabilities to suppliers on the domestic market to other companies	146,671	237,818
Short-term operating liabilities on foreign markets to suppliers to other companies	9,950	10,500
Short-term operating liabilities based on advance payments to Group companies	3,849,945	1,341,267
Short-term operating liabilities based on advances to other companies	120,089	20,307
Other short-term operating liabilities to Group companies	149,552	102,074
Other short-term operating liabilities to other companies	849,747	1,011,020
TOTAL short-term operating liabilities:	**9,714,334**	**3,183,341**
Short-term part of long-term financial liabilities – bonds	0	10,000,000
Short-term part of long-term financial liabilities from leases – financial lease – other companies	9,343	21,493
Short-term part of long-term financial liabilities from leases – operative lease – Group companies	52,845	51,285
Short-term part of long-term financial liabilities from leases – operative lease – other companies	45,334	55,606
Short-term financial liabilities (other than lease liabilities) – Group companies	10,500,000	10,500,000
Short-term financial liabilities from the distribution of profit	852	852
TOTAL short-term financial liabilities:	**10,608,373**	**20,629,237**
TOTAL short-term financial and operating liabilities:	**20,322,707**	**23,812,578**

Table 183: Short-term operating liabilities in EUR

	31/ 12/ 2020	31/ 12/ 2019
Short-term business liabilities to suppliers – companies in the Group	4,465,483	344,722
Short-term operating liabilities to suppliers – Associate companies	122,897	115,633
Short-term business liabilities to suppliers – Other companies	156,621	248,318
TOTAL short-term liabilities to suppliers	**4,745,001**	**708,673**
• of which already matured on the day of balance	4,552,162	501,105
Short-term operating liabilities for advances	3,970,034	1,361,574
TOTAL short-term liabilities for advances	**3,970,034**	**1,361,574**
Short-term liabilities to employees	776,022	934,250
Short-term liabilities to government	41,047	30,466
Short-term liabilities from interest – Group companies	149,552	102,074
Short-term liabilities from interest – other companies	0	0
Other short-term operating liabilities – other companies	32,678	46,304
TOTAL other short-term operating liabilities	**999,298**	**1,113,094**
TOTAL SHORT-TERM OPERATING LIABILITIES	**9,714,334**	**3,183,341**

Table 184: Analysis of outstanding liabilities to suppliers in EUR

	31/ 12/ 2020	31/ 12/ 2019
Matured in 2020	4,552,162	-
Matured in 2019	0	501,105
TOTAL outstanding liabilities to suppliers	**4,552,162**	**501,105**

Short-term financial liabilities comprise liabilities from the received loans with the maturity of less than one year. 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 the received long-term loans from leases maturing in 2021 (totalling EUR 107,522) and to the liabilities from unpaid dividends (EUR 852).

All short-term financial liabilities, except the short-term portion of bonds, liabilities from leases and liabilities from unpaid dividends, are secured.

Table 185: Short-term accrued expenses and deferred revenues in EUR

	31/ 12/ 2020	31/ 12/ 2019
Accrued deferred costs or expenses	300,259	283,405
Short-term deferred revenues	29,921	27,283
VAT from advances granted	7,208	0
TOTAL SHORT-TERM ACCRUED COSTS AND DEFERRED REVENUES	**337,388**	**310,688**

Accrued expenses or costs refer to unused annual leaves as of 31. 12/ On 2020/ Short-term deferred revenues are formed from charged (yet unpaid) operating interest. At the time of settlement, they are recorded as income.

18. Financial instruments and financial risks

Impol 2000, d. d. faces the following risks in its business process, in particular:

Table 186: 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, hedging by using appropriate derivative financial instruments – interest rate swaps, shifting from a fixed to a floating interest rate.	Moderate
Credit risk	Risk of customer failure to settle their liabilities.	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 allow the company to determine liquid asset requirements. Potential cash shortages are covered by bank credit lines and other forms of financing, whereas the potential 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, for this reason it is not exposed to the interest rate change risk.

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 (variable portion of is tied to EURIBOR).

Table 187: Short-term and long-term financial liabilities at a fixed interest rate in EUR

	31/ 12/ 2020	31/ 12/ 2019
Financial liabilities	0	10,000,000

Table 188: Short-term and long-term financial liabilities at a variable interest rate in EUR

	31/ 12/ 2020	31/ 12/ 2019
Financial liabilities	69,907,966	55,846,415

Table 189: Impact of the operating result changes on the interest rate changes in EUR

	31/ 12/ 2020	31/ 12/ 2019
Increase of the interest rate by 50 bp	-349,540	-279,232
Increase of the interest rate by 100 bp	-699,080	-558,464
Decrease of the interest rate by 50 bp	349,540	279,232
Decrease of the interest rate by 100 bp	699,080	558,464

Interest rate changes on the reporting date for 50 or 100 basis points would increase/decrease the net profit or loss 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.

The Sensitivity Analysis was also carried out on the assumption that banks actually take into consideration the EURIBOR negative value in calculating the total interest rate. This means that as of the date of calculation (31/ 12/ 2020, when the six-month EURIBOR amounted to -0.526 and the 3-month EURIBOR amounted to -0.545 the ,total interest rate was less than the interest margin.

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 2020, receivables from customers decreased in comparison to 2019. Much attention is given to their regular recovery. Approximately 63 percent 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 and fair values of financial instruments

Classification of financial instruments according to their fair value as of 31/ 12/ 2020, is shown in the following table.

Table 190: Carrying and fair values of financial instruments in EUR

	Carrying amount	Fair value	Fair value Values
Long-term investments in subsidiaries	134,934,661	134, 934,661	3
Long-term loans granted to Group companies	51,000	51,000	3
Short-term loans granted to other companies	20,000	20,000	3
Short-term operating receivables	3,137,793	3,137,793	3
Cash and cash equivalents	1,161,568	1,161,568	3
Long-term financial liabilities	59,299,593	59,299,593	3
Short-term financial liabilities	10,608,373	10,608,373	3
Short-term operating liabilities	9,714,334	9,714,334	3

19. Contingent liabilities

As of 31/ 12/ 2020, Impol 2000, d. d. had EUR 23,050,847 of guarantees granted to the subsidiary Impol, d. o. o. from the received long-term loans at banks. The given guarantee in the amount of EUR 20,000,000 is secured by the pledge of a 97.5% ownership share in Impol, d. o. o.

As of 31/ 12/ 2020, Impol 2000, d. d. granted EUR 3,080,000 of guarantees of payment to the subsidiary Impol Seval, a. d., and EUR 4,473,001 of guarantees granted to Impol-TLM, 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 191: Receivables from companies in the Group as of 31/ 12/ 2020 in EUR

	Long-term financial investments	Long-term loans granted	Short-term operating receivables	Total
Impol, d. o. o.	67,588,863	0	0	**67,588,863**
Impol FT, d. o. o.	0	0	59	**59**
Impol-TLM, d. o. o.,	63,773,761	0	0	**63,773,761**
Impol-FinAl, d. o. o.	1,000,000	0	0	**1,000,000**
Stampal SB d. o. o.	0	0	16,968	**16,968**
Alcad, d. o. o.	2,227,000	0	1,361	**2,228,361**
Kadring d. o. o.	0	0	9,954	**9,954**
Rondal, d. o. o.	100,000	0	175,316	**275,316**
Impol Servis d. o. o.	245,037	0	0	**245,037**
Štatenberg d. o. o.	0	51,000	1,960	**52,960**
Total	**134,934,661**	**51,000**	**205,618**	**135,191,279**

Table 192: Liabilities to companies in the Group as of 31/ 12/ 2020 in EUR

	Long-term financial liabilities	Short-term financial liabilities	Short-term operating liabilities	Total
Impol, d. o. o.	59,229,708	10,052,845	8,438,101	**77,720,654**
Impol Infrastruktura, d. o. o.	0	0	830	**830**
Rondal, d. o. o.	0	500,000	592	**500,592**
Impol Servis d. o. o.	0	0	14,421	**14,421**
Unidel d. o. o.	0	0	11,036	**11,036**
Total	**59,229,708**	**10,552,845**	**8,464,980**	**78,247,532**

Table 193: Revenues generated with companies in the Group in 2020 in EUR

	Net revenues from the sale of services	Other operating revenues	Total operating revenues	Financial revenues from loans granted	Total financial revenues from investments
Impol, d. o. o.	7,397,619	-19,755	**7,377,864**	0	**5,852,326**
Impol FT, d. o. o.	1,217	0	**1,217**	0	**0**
Impol PCP, d. o. o.,	1,257	0	**1,257**	0	**0**
Impol R in R d. o. o.	299	0	**299**	0	**0**
Impol Infrastruktura, d. o. o.	93	0	**93**	0	**0**
Impol LLT d. o. o.	56	0	**56**	0	**0**
Impol-TLM, d. o. o.,	0	0	**0**	526,331	**526,331**
Impol-FinAl, d. o. o.	831	0	**831**	0	**0**
Stampal SB d. o. o.	1,480,794	0	**148,734**	0	**0**
Alcad, d. o. o.	3,098	0	**3,098**	0	**0**
Kadring d. o. o.	55	0	**55**	0	**0**
Rondal, d. o. o.	191,892	0	**191,892**	0	**0**
Impol Servis d. o. o.	131	0	**131**	0	**0**
Štatenberg d. o. o.	0	0	**0**	483	**483**
Unidel d. o. o.	533	0	**533**	0	**0**
Total	**9,077,876**	**-19,755**	9,058,121	**526,814**	**526,814**

Table 194: Expenses generated with companies in the Group in 2020 in EUR

	Costs 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.	16,057,248	68,823	18,145	3,516	52,892	**16,200,624**	424,696	5,739	**430,435**
Impol FT, d. o. o.	0	764	0	54	0	**818**	0	0	**0**
Impol Infrastruktura, d. o. o.	0	32,967	0	0	0	**32,967**	0	0	**0**
Impol-TLM, d. o. o.,	0	192	0	0	0	**192**	0	0	**0**
Alcad, d. o. o.	0	22,208	0	0	0	**22,208**	0	0	**0**
Kadring d. o. o.	0	61,188	9,447	0	0	**70,635**	0	0	**0**
Rondal, d. o. o.	0	0	0	0	0	**0**	3,661	0	**3,661**
Impol Servis d. o. o.	0	13,637	725	0	0	**14,362**	0	0	**0**
Unidel d. o. o.	0	8,462	41,898	0	0	**50,360**	0	0	**0**
Total	**16,057,248**	**208,241**	**70,215**	**3,570**	**52,892**	**16,392,166**	**428,357**	**5,739**	**434,096**

Table 195: Expenses generated with associates in 2020 in EUR

	Costs of services	Total operating expenses
Simfin, d. o. o.	360,161	360,161
Total	**360,161**	**360,161**

Remuneration of members of the Board of directors and Supervisory Board in 2020 (Art. 294, paragraph 5 of ZGD-1)

Table 196: Remuneration of members of the Board of directors and Supervisory Board in EUR

Position	Fixed portion of remuneration:	Variable portion of re-muneration	Remuneration for manage-ment and other bonuses	Reimbursement of expenses	Insurance premiums	Other pay-ments	Total remuneration
BD* and Executive Directors	457,244	545,496	90,741	5,024	1,318	689	1,100,511

*BD - Board of directors

The table shows remuneration for 2020.

The company had no matured receivables from members of the Board of directors and employees on individual contracts.

EVENTS AFTER THE REPORTING DATE

There were no events that would significantly affect the financial statements of Impol 2000, d. d. for 2020 after the reporting date.

SIGNATURE OF THE ANNUAL REPORT FOR 2020 AND ITS COMPONENTS

The Chairman 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 2020 and with the entire Annual Report of Impol 2000, d. d. for 2020. We agree with the content and confirm it with our signature.

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of the Board of directors)

Vladimir Leskovar
(Deputy Chairman
of the Board of directors)

Janko Žerjav
(Member of the Board of directors)

Andrej Kolmanič
(Member of the Board of directors)

Dejan Košir
(Member of the Board of directors)

Andrej Kolmanič
(Chief Executive Officer)

Irena Šela
(Executive Director of Finance and IT)

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Chairman of the Board of directors

Vladimir Leskovar

Deputy Chairman of the Board of directors

Janko Žerjav

Member of the Board of directors

Andrej Kolmanič

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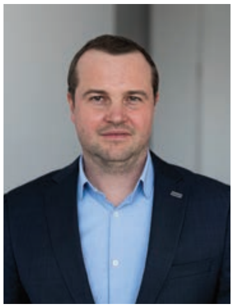

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