Annual Report of the Impol Group and of Impol 2000, d. d. for 2021

Aluminium Industry

“WE ARE WHAT WE
REPEATEDLY DO.
EXCELLENCE, THEN, IS
NOT AN ACT
BUT A HABIT.”

Aristotle

TABLE OF CONTENTS

Ratio between net **debt** and the achieved **EBITDA**

2021: 2.81
2020: 3.24
2019: 3.23

Extent of **net sales revenues** in EUR million

2021: 845.44
2020: 583.87
2019: 683.24

EBITDA in EUR million

2021: 69.63
2020: 42.00
2019: 50.37

Sales volume in thousand tonnes

2021: 258.0
2020: 224.0
2019: 238.0

Net profit in EUR million

2021: 35.52
2020: 14.11
2019: 23.82

Added value per **employee** in EUR

2021: 64,163
2020: 46,341
2019: 50,304

“New successes are built on past ones.”

John Jakes

REPORT ON OPERATIONS IN 2021

JOINT REPORT OF THE BOARD OF DIRECTORS AND EXECUTIVE DIRECTORS ON THE PERFORMANCE OF IMPOL 2000, D. D. AND THE IMPOL GROUP IN 2021

Dear shareholders, business partners and co-workers!

2021 was yet again a year full of new challenges and uncertainties. Unfortunately, the year we have entered is bringing even greater uncertainty.

Already the end of 2020 and especially the beginning of 2021 brought an extremely high level of demand for our products. During this time we faced the challenge of meeting the demands of our customers within the desired periods of time. We were able to sell a record volume of products, namely 10% more compared to the best year so far. In the last half of the year, we faced strong inflationary pressures in the area of certain types of costs. The price of aluminium continued to intensively increase throughout the year, and the difference between the lowest and highest price of aluminium on the LME amounted to 170%. This meant that we had to allocate almost EUR 120 million just to increase short-term assets, which we financed with cash flow and additional debts.

IIn 2021 the business operations volume was 20% higher than in the previous year, and we achieved revenues of EUR 847 million, which represents a 45% increase compared to 2020, mainly due to the higher volume of operations, the price increase of embedded aluminium raw materials and higher sales prices. TThe pre-tax profit amounted to EUR 41,7 million. The rolling division reached 66% of the total volume, and the extrusion division contributed to the remaining part of the production.

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.

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 complications. More problems are also being encountered at Impol Seval in Sevojno due to the obsolescence and irrational operations of certain foundry capacities. The importance of this part of every production process is indicative of the necessity for considering the construction and upgrade of foundry capacities in the years to come as the highest of priorities.

Impol managed to ensure an appropriate structure of financing sources in 2021 too and increased debt by 20%, mainly due to the increase in the price of aluminium on the LME and higher volume of business operations compared to the year before. We were able to decrease the EBITDA net debt remained compared to the previous year, amounting to 2.81, 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 40% 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 44% 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 2021, the Impol Group invested approximately EUR 116 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 carrying amount of capital, including minority shareholders, per share in the Impol Group is steadily increasing and in 2021 is now amounting to EUR 260.25 per share.

Since at the end of Q1 of 2022 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 2021 were achieved as part of the set targets, we will set a higher value to the dividend disbursement compared to 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-tier management system. The constant presence and flexibility of the Board of Directors provided a permanent control over business operation, the decisions were adopted regularly and in line with our needs, and the guidelines for further operation were defined in a form of entering modifications of plans and the strategy. As part of its operations, the Board of Directors adopted 108 decisions at five meetings in person and nine correspondence sessions, thus ensuring the conditions for a smooth business operation of all parts of the Impol Group.

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

Operations of the Impol Group are thus generally carried out in line with a new business strategy for 2026, including its goal to achieve growth in two key programmes – rolling and extrusion. The strategy was adopted in the first half of 2021 for the period of 2022-2026. The sharp increase in prices of aluminium and other significant costs demanded considerable adjustments to the set strategy in the special plan for 2022.

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

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

Special attention was given to setting the objectives in the area of sustainable development.
All of the above could not have been achieved without our excellent employees, cost control and improvement of our business operations.

Jernej Čokl
(Board of Directors President)

Vladimir Leskovar
(Board of Directors Vice President)

Janko Žerjav
(Board of Directors Member)

Andrej Kolmanič
(Board of Directors Member)

Dejan Košir
(Board of Directors Member)

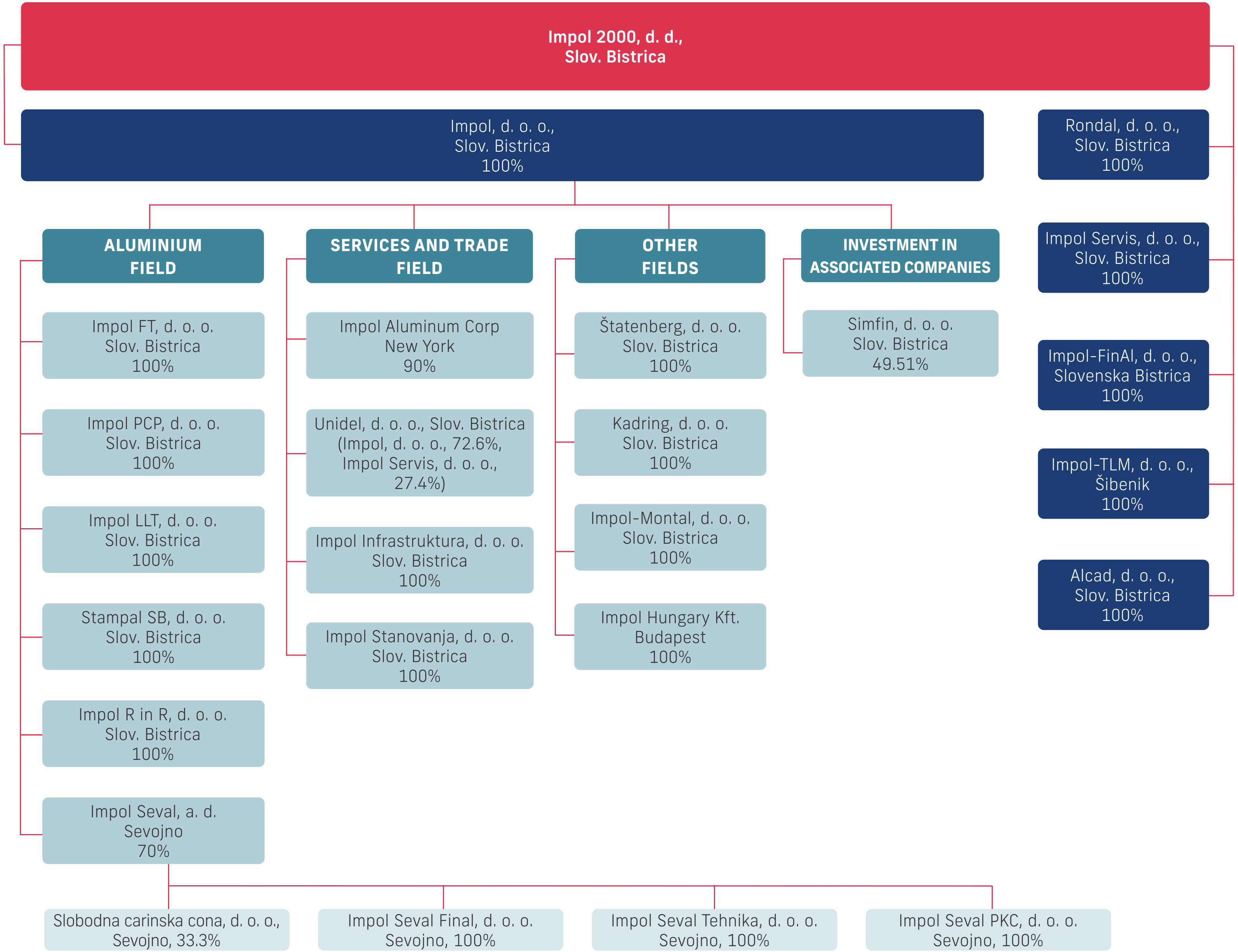
Andrej Kolmanič
(Chief Executive Officer)

Irena Šela
(Executive Director of Finance and IT)

Organisation of the Impol Group

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

Figure 1: The Impol Group organisation - ownership structure

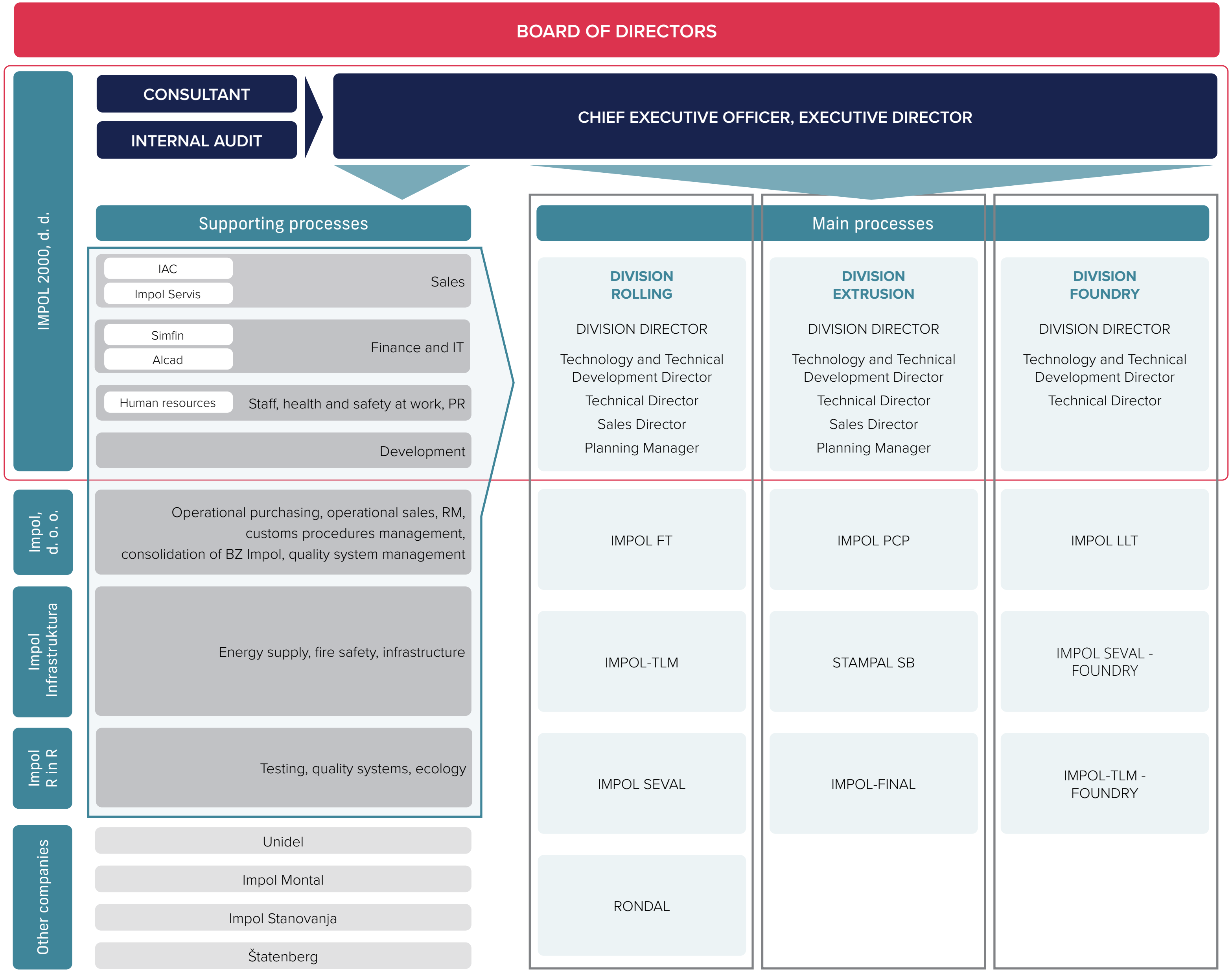


Division organisation

With the Group growing and expanding, a division form of organisation was included in our business operation at the beginning of 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 extrusion, 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.

Figure 2: Organisation chart of the Impol Group division organisation



MANAGEMENT AND GOVERNANCE SYSTEM

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

The Company's management is responsible for keeping proper accounts and the establishment of internal controls, ensuring the functioning of internal controls, 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 confirmation), comparison of the actual physical state with the accounting records and by synchronising data between subsidiary bookkeeping and the general ledger;
- Implementation of regular internal audits;
- Implementation of regular external assessments;
- Establishment of a Risk Management Committee which monitors all the risks identified within the Group and, where appropriate, is engaged in individual processes where certain risks may occur or have occurred;
- Implementation of its own system of managing risks regarding aluminium operations.

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

We believe that the current system of internal controls in Impol 2000, d. d. and the Impol Group was effectively established in 2021 and that the operation was in accordance with the legal provisions and ensured the possibility of achieving business goals.

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

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

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

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

The General Meeting shall decide regarding:

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

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

At the General Meeting held on 16 July 2021 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 2020, and of the remuneration of the members of the management and supervisory bodies.

The General Meeting decided to use part of the formed accumulated profit of Impol 2000, d. d., amounting to EUR 4,267,068.00, for the disbursement of dividends to shareholders, whereby shareholders will be paid dividends in the amount of EUR 4.00 gross per share. The remaining portion of the accumulated profit in the amount of EUR 32,613,008.96 shall remain undistributed.

b) 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 therefore runs the Company, whereas the two Executive Directors run the ongoing operations. The Executive Directors represent the Company in accordance with the law and are independent representatives of the Company. In accordance with the resolution adopted by the Board of Directors, the Executive Directors must obtain the approval for specific areas of operations:

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

Composition of the Board of Directors after appointments made at the General Meeting from 1/1/2021 on:

- Jernej Čokl, Board of Directors President;
- Vladimir Leskovar, Board of Directors Vice President;
- Janko Žerjav, Board of Directors Member;
- Andrej Kolmanič, Board of Directors Member;
- Dejan Košir, Board of Directors Member (since 28/1/2021).

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 31/12/2026. Dejan Košir was appointed by a representative body of workers as a new member of the Board of Directors.

The Board of Directors appointed two Executive Directors:

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

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

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

Executive Directors are appointed by the Board of Directors. The term of office of the Executive Directors shall be 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.

Operation of the Audit Committee

The Audit Committee of Impol 2000, d. d. (hereinafter: AC) held in its full composition, as appointed, in 2021 two meetings in person at which it implemented its tasks in line with the provision of Article 280 of the Companies Act ZGD-1.

The Audit Committee:

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

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

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

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

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

f) Verified the implementation of the contract concluded for the performance of an external audit 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;

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

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

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

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

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

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

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 (GRI 102-18).

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. 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 no-par value shares.

Table 1: 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:	100%
2.1	Impol Seval, a. d. Serbia with the subsidiaries:	70%
2.1.1	Impol Seval PKC, d. o. o. (100%)	
2.1.2	Impol Seval Tehnika, d. o. o. (100%)	
2.1.3	Impol Seval Final, d. o. o. (100%)	
2.1.4 associated	Slobodna carinska cona (33,33%)	
2.2	Impol LLT, d. o. o.	100%
2.3	Impol FT, d. o. o.	100%
2.4	Impol PCP, d. o. o.	100%
2.5	Stampal SB, d. o. o.	100%
2.6	Impol R in R, d. o. o.	100%
2.7	Impol Infrastruktura, d. o. o.	100%
2.8	Impol Aluminum Corporation, New York (USA)	90%
2.9	Impol Stanovanja, d. o. o.	100%
2.10	Štatenberg, d. o. o.	100%
2.11	Unidel, d. o. o. (27.4% is owned by Impol Servis, d. o. o.)	72.6%
2.12	Impol-Montal, d. o. o.	100%
2.13	Kadring, d. o. o.	100%
2.14	Impol Hungary Kft.	100%
2.15 associated	Simfin, d. o. o.	49.5%
3.	Rondal, d. o. o.	100%
4 associated	Impol Brazil	50%
5.	Impol-TLM, d. o. o.	100%
6.	Impol-FinAl, d. o. o.	100%
7.	Alcad, d. o. o.	100%

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

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

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

Subsidiaries - direct influence	Company registration number	Activity Standard Classification	Carrying amount of the financial investment in EUR 31/12/2020	Carrying amount of the financial investment in EUR 31/12/2021	Stake in %	Equity in EUR as of 31/12/2020	Net profit or loss in EUR in 2020	Equity in EUR as of 31/12/2021	Net profit or loss in EUR in 2021
Impol Servis, d. o. o., Partizanska ulica 38, Slovenska Bistrica	5482593	47,250	245,037	245,037	100	1,478,856	215,379	1,237,127	398,890
Impol, d. o. o., Partizanska ulica 38, Slovenska Bistrica	5040736	24,530, 25,500	67,588,863	73,988,863	100	155,029,273	7,351,200	186,595,051	36,452,375
Rondal, d. o. o., Partizanska ulica 38, Slovenska Bistrica	5888859	25,500	100,000	100,000	100	10,676,953	687,376	7,214,107	1,040,352
Impol-TLM, d. o. o., Narodnog preporoda 12, Šibenik, Croatia	4433203	2,442	63,773,761	63,773,761	100	58,539,651	-1,185,211	61,182,109	2,355,702
Impol-FinAl, d. o. o., Partizanska ulica 38, Slovenska Bistrica	7176899	25,620	1,000,000	1,000,000	100	794,427	95,385	1,001,616	208,592
Alcad, d. o. o., Mroževa ulica 5, Slovenska Bistrica	5694507	62,010	2,227,000	2,227,000	100	1,126,508	104,787	695,815	100,973

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

Subsidiary – indirect influence	Company registration number	Standard Industrial Classification	Country of the company	Equity in EUR as of 31/12/2020	Net profit or loss in EUR in 2020	Equity in EUR as of 31/12/2021	Net profit or loss in EUR in 2021
Impol-Montal, d. o. o.	5479355	28,120	Slovenia	2,344,932	334,508	1,817,946	423,014
Impol Stanovanja, d. o. o.	5598010	70,320	Slovenia	3,519,673	48,539	3,546,361	26,797
Štatenberg, d. o. o.	5465249	55,301	Slovenia	438,836	7,317	443,354	4,518
Unidel, d. o. o.	5764769	85,325	Slovenia	1,495,014	149,252	1,596,262	103,556
Impol Aluminum Corporation, New York	/	51,520	USA	1,799,635	33,431	2,133,775	176,192
Impol Seval, a. d.	7606265	2442	Serbia	57,072,723	101,447	66,216,948	10,087,227
Impol Seval PKC, d. o. o.	17618245	7022	Serbia	57,785	15,392	81,512	23,649
Impol Seval Final, d. o. o.	17618261	6920	Serbia	69,837	16,642	74,685	4,787
Impol Seval Tehnika, d. o. o.	17618253	2562	Serbia	474,451	22,788	510,652	35,786
Stampal SB, d. o. o.	1317610	28,400	Slovenia	9,687,070	444,152	6,163,324	779,897
Kadring, d. o. o.	5870941	74,140	Slovenia	1,175,679	167,534	783,732	158,561
Impol FT, d. o. o.	2239418	28,400	Slovenia	13,208,160	1,874,705	7,007,059	2,320,083
Impol PCP, d. o. o.	2239442	28,400	Slovenia	18,331,626	2,612,871	13,171,751	3,372,492
Impol LLT, d. o. o.	2239434	27,530	Slovenia	7,459,366	1,078,043	4,858,926	908,966
Impol R in R, d. o. o.	2239400	73,102	Slovenia	1,592,361	222,012	927,197	87,802
Impol Infrastruktura, d. o. o.	2239426	70,320	Slovenia	1,218,676	59,965	696,255	59,393
Impol Hungary Kft.	/	1,724	Hungary	46,385	86,367	50,335	72,289

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

Table 4: **Associated companies where Impol 2000, d. d. has indirect influence**

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

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

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

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

Shares and shareholders

After the share capital increase being entered on 15/2/2000, the company's share capital amounts to EUR 4,451,540.

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

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

The shares are held by named persons, are of the same class and are transferable. The central share register is kept by KDD. At the end of the year, 837 shareholders were registered, which continues to show adequately diversified ownership. Approximately 50% of shares is owned by natural persons.

Members of the Board of Directors in the composition of up to and including 31/12/2021 own 16,987 of all shares of Impol 2000, d. d. or 1.59% in total. Members did not trade in shares in 2021.

The carrying amount of a share of Impol 2000, d. d. as of 31/12/2021 is presented in the table.

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

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

Table 7: Overview of the largest shareholders as of 31/12/2021

Holder	Number of shares	%
Bistral, d. o. o.	111,449	10.4%
Impol-Montal, d. o. o.	80,482	7.5%
Karona, d. o. o.	72,796	6.8%
Alu-Trg, d. o. o.	58,882	5.5%
Upimol 2000, d. o. o.	54,787	5.1%
Alumix, d. o. o.	53,400	5.0%
Simpal, d. o. o.	53,400	5.0%
Kranjc Danilo	51,148	4.8%
Simfin, d. o. o.	19,173	1.8%
Varimat, d. o. o.	17,206	1.6%
Others	494,044	46.3%
Total	**1,066,767**	**100.0%**

5.2. Restrictions on transfer of shares

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

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

On 31 December 2021, qualified holdings on the basis of the first paragraph Article 77 of the Takeovers Act are presented in the table below.

Table 8: Shareholders with qualifying holdings as of 31/12/2021

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%
Alumix, d. o. o.	53,400	5.01%
Simpal, d. o. o.	53,400	5.01%

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

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

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

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

The Company has no employee share scheme.

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

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

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

The Company is not aware of any such agreements.

DIVERSITY POLICY

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

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

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

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

The management or supervision body of Impol 2000, d. d., is the Board of Directors, which is composed by five members. In the previous term (from 1/1/2015 until 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
(Board of Directors President)

Vladimir Leskovar
(Board of Vice President)

Janko Žerjav
(Board of Directors Member)

Andrej Kolmanič
(Board of Directors Member)

Dejan Košir
(Board of Directors Member)

Andrej Kolmanič
(Chief Executive Officer)

Irena Šela
(Executive Director of Finance and IT)

“If you fail to plan, you are planning to fail.”

Benjamin Franklin

STRATEGIC ORIENTATIONS

STRATEGIC ORIENTATIONS OF THE IMPOL GROUP

The mission of the Impol Group

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

Values

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

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

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

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

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

Key accelerators of change

Fundamental objectives

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

Sustainable Development Pillars of the Impol Group

SUSTAINABLE BUSINESS MODEL

Focus profit to modernise and expand production and ensure at least 60% of financing of business processes with capital.

We are accountable to our shareholders, the management board and Code of business conduct.

Ensuring the increase of the value of shareholders' investments.

Adapting the organisational structure with the intention of facilitating the development of each individual division and achieving internal efficiency.

Following values of sustainable development and meeting the expectations of end users and other stakeholders of the Impol Group.

Following EU guidelines and timeline of introducing the legislation in the area of sustainability.

In addition to profitability, the fundamental operating goals also include ensuring a positive impact on the world.

SUSTAINABLE PRODUCTS

Promoting sales to industrial customers as their development supplier.

To be the leading European supplier of forging rods, extruded products, and to become a valued supplier of rolled products to the automotive industry.

Restructuring the production mix in order to accelerate the manufacture of products with higher added value.

Increasing the volume of finalised products to at least 10 thousand tonnes per year and developing new technologies for finalising rolled and extruded products.

Emphasis will be placed to eco alloys in developing new alloys.

Increasing the share of use of returnable packaging and recycled packaging.

ENVIRONMENTAL PROTECTION

Lowering flow and burn-off factors by 1% annually, thereby reducing required incoming material.

By 2040, the majority of primary aluminium will have low carbon footprint (max. 8 t CO_2/t).

By 2030, 27% of energy will be obtained from renewable resources.

RECYCLING

Increasing the share of secondary input raw material to 50% and developing relevant technological processes accordingly.

We will primarily invest in increasing recycling capacities in the area of foundry.

Preparing a sales and purchasing model of establishing loop-backs with customers.

Preparing and processing waste aluminium before the melting phase with the goal of including contaminated waste and decreasing loss.

Reusing aluminium obtained from slag processing.

Establishing recycling of production materials and auxiliary resources.

SUSTAINABLE PRODUCTION/ PROCESSES

Increasing productivity, utilisation of the working equipment and reducing losses in processes with the project of operational excellence.

Optimising production and business processes by implementing a modern information system.

Introducing measuring productivity and OEE indicator; establishing standardisation processes and automatising scheduling and planning processes.

Increasing the efficiency of production processes by automatising and robotising production lines.

Increasing the efficiency of energy use by 2030 and achieve the national goal of -9% compared to the base year of 2020.

CARING FOR EMPLOYEES

Ensuring management excellence at all level with clear objectives, policies and consequences.

Developing areas, employment levels, where added value is raised, decreasing jobs without added value; establishing attractive jobs in order to ensure further development of the company and recruitment.

Ensuring a more just, transparent payment system that encourages productive work and development.

Upgrading the system of recruiting and selecting employees with the intention of introducing top staff from the desired areas into the system.

Establishing a career system for employees with the intention of preserving knowledge, raising motivation and employee commitment.

Ensuring a safe and healthy working environment.

PARTNERSHIP WITH THE LOCAL COMMUNITY

We are an active partner in sustainable development of the local community.

We will encourage sustainable mobility.

The volume of resources, intended for donations/ sponsorships, will amount to at least 0.3‰ of income on an annual basis.

Fundamental strategic policies of the divisions

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

Plan of operations in 2022

Table 9: Planned indicators for 2022

Indicators	
Cash flow from current operations (net profit after tax + depreciation) (in EUR 000)	68,607
Added value per employee in EUR	67,916
EBITDA (operating profit + depreciation) (in EUR 000)	80,547
EBIT (operating profit) (in EUR 000)	53,909
Profit before tax (PBT) (in EUR 000)	49,702
Net debt (in EUR 000)	157,113
Net debt/EBITDA	1.95

“Discipline is the mother of success”

Aeschylus

BUSINESS OVERVIEW

PERFORMANCE ANALYSIS

Impol Group Performance

Notes on the Statement of Financial Position of the Impol Group

In the 2021 financial year, we generated net sales revenue of EUR 845.4 million, which is 44.79% more than in 2020. The reason for the increase in revenues is on one hand higher volume sales (by 18.9% more than in 2020) and on the other hand the increase in aluminium prices on the LME, which is the basis for establishing sale prices. The revenues generated in the domestic market account for 6.58% in the structure of sales revenues, and compared to the previous year they increased by 44.15%. Revenues generated in foreign markets accounted for 93.42% of total revenues and in comparison with 2020 they increased by 44.83%. 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 811.9 million are by 42.76% higher than in the previous year. The costs of goods, material and services increased by 46.06% in comparison to the previous year and account for 84.14% in the structure. The most important category of operating expenses is the cost of material, which amounted to EUR 471.6 million in 2021, which is 36.7% more than in the previous year. Their share in total operating expenses equals 58.08%. 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 7.12% of total operating expenses amounted to EUR 57.8 million in 2021 and increased by 46.75% compared to 2020.
- Costs of labour amounting to EUR 83.2 million are by 27.45 % higher compared to 2020.
- Write-offs, which include depreciation costs, revaluation operating expenses of intangible assets and tangible fixed assets, revaluation operating expenses of current assets and revaluation operating revenues from leases in the amount of EUR 25.1 million, are by 16.24% higher compared to 2020. The increase is the consequence of a slightly higher depreciation and revaluation operating expenses from the write-off of short-term receivables due to a buyer's bankruptcy.
- Other operating expenses in 2021 amounted to EUR 4.2 million, which is by 39.77% more than in the previous year. The biggest share 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 2021 financial year, we generated EUR 47 million of earnings before interest and taxes (EBIT) and EUR 69.6 million of earnings before interest, tax, depreciation and amortisation (EBITDA). Compared to the previous year, this means a 127.56% higher EBIT and a 65.78% higher EBITDA.
- We generated a negative financing result in the amount of EUR 6.2 million (2020: EUR -4.3 million).
- Financial expenses relating to the interests from the liabilities to banks amounted to EUR 3.2 million in 2021 (2020: EUR 3.3 million).
- We thus generated net profit of EUR 35.5 million (2020: EUR 14.1 million).

Notes on the Statement of Financial Position of the Impol Group

At the end of 2021, the assets of the Impol Group equalled EUR 629.7 million, which is EUR 93.8 million more than total assets of the Group at the end of 2020. Investments in short-term operating receivables from customers had the greatest impact on the increase of assets. Investment in long-term assets remained approximately at the same level.

Long-term assets amounted to EUR 234 million and virtually did not change with respect to 2020 (reduction by 1.22%). As of 31/12/2021, short-term assets amount to EUR 394.4 million, which is EUR 96.9 million more than on 31/12/2020. Inventories increased by EUR 84.2 million, whereas operating receivables increased by EUR 35.1 million. Short-term financial investments amount to EUR 0.7 million, a part of which are represented by loans and a part are receivables from forwards (purchase of aluminium). In 2021, cash decreased by EUR 21 million compared to 2020.

As of 31/12/2021, total liabilities of the Impol Group amounted to EUR 629.7 million and increased by EUR 93.8 million in 2021. The Group increased capital by EUR 25.4 million (10.07% more than at the end of 2020), short-term financial liabilities increased by EUR 36.5 million (i.e. 42.69% more than at the end of 2020), and short-term operating liabilities increased by EUR 29.8 million (i.e. 36.64% more at the end of 2020).

Cash flow statement

In 2021, we generated negative operating cash flow in the amount of EUR 26.3 million. In 2020, it was positive and it amounted to EUR 55.5 million. We generated negative investing cash flow in the amount of EUR 18.1 million compared to the year before when it amounted to EUR 20.7 million. Cash flow from financing was positive in the amount of EUR 23.4 million (in 2020 it was negative in the amount of EUR 16.4 million). The closing balance of cash was thus decreased by EUR 21 million compared 2020.

Performance of Impol 2000, d. d.

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

In 2021, Impol 2000, d. d., generated net sales revenues of EUR 34.8 million from the sales of products, services and merchandise, which is 34% more than in the previous year. In the domestic market we generated net revenues arising from the sales of products, services and merchandise of EUR 33.3 million, which is 39.75% more than in the previous year. In foreign markets we generated net revenues of EUR 1.6 million, which is 27.35% less than in 2020. In 2021, operating expenses increased by 34.03% compared to 2020 and stood at EUR 34.4 million. Cost of goods and material sold account for 64.45% of all operating expenses and are followed by labour costs equalling 29.56%, costs of services represent 4.66% of operating expenses, whereas write-offs and other operating expenses together represent 1.33% of all operating expenses.

In 2021, we generated EUR 0.46 million of operating profit. In 2020, operating profit amounted to EUR 0.56 million.

The operating cash flow (EBITDA) in the amount of EUR 0.72 million was positive. In 2021, we generated EUR 10.2 million of positive financing result. Financial revenues of EUR 10.7 million are EUR 10.1 million higher than in 2020 due to financial revenues from shares. In 2021, the net profit after tax amounted to EUR 10.5 million, while in 2020 it amounted to EUR 0.28 million.

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

At the end of 2021, the assets of the Company represented EUR 148.8 million, which is 6.10% more than at the end of 2020. Long-term assets in 2021 where higher by 4.53% compared to long-term assets in 2020. The increase in all assets is mainly the consequence of the increase in long-term financial investments in companies in the Group and short-term operating receivables.

As of 31/12/2021, the total liabilities stood at EUR 148.8 million and were EUR 8.6 million higher than the liabilities of the previous year. More important liabilities of the Company partially stem from increased long-term financial liabilities and higher value of capital.

The capital of the Company in the amount of EUR 66.3 million was 10.44% higher or EUR 6.3 million higher compared to 2020. In 2021, dividends were paid out in the gross amount of EUR 4.0/share, which equalled EUR 4.3 million for all shares.

The net debt on the last day of 2021 (calculated as the difference between financial liabilities and monetary assets and short-term financial investments) amounted to EUR 72.6 million and is higher by EUR 3.9 million compared to the end of 2020.

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

In 2021, we generated negative operating cash flow in the amount of EUR 3.4 million. In 2020, it was positive and it amounted to EUR 7.7 million. The cash flow from investing was positive and amounted to EUR 9.6 million in 2021. The negative cash flow from financing amounted to EUR 6.2 million in 2021. In 2020, the positive cash flow from financing was positive and it amounted to EUR 80 thousand. The entire cash result in 2021 was negative and amounted to EUR -466 (in 2020 it was positive in the amount of EUR 0.67 million).

Review of 2021

2021 was marked by the following events in the aluminium industry:

- The year was stable in the beginning with a gradual increase in demand for products. Conjuncture in the second half of the year was even more dynamic.
- The price of aluminium increased in accordance with the growth in demand for aluminium products.
- We noticed anti-dumping activities of the European Commission against China, which resulted in increased demand for products of European manufacturers.
- Sales on the US market slowed down due to the increase in prices of transoceanic transport.
- A significant event was the coup in Guinea in West Africa, which owns 30% of bauxite reserves and is the second largest exporter of this ore in the world. This accelerated the increase of aluminium prices on the LME, which increased from the stable EUR 1,650/tonne to EUR 2,740/tonne, which resulted in an increased need for financing working capital.
- Due to restricting export of alloying elements by China (the main of which was magnesium), raw material prices increased drastically.
- From September on, we also faced the energy crisis, which caused an increase in electric energy and natural gas prices.
- Due to changed habits of consumers, demand for semi-transport circuits increased significantly, which severely affected also the automotive industry, since numerous companies had to delay production due to shortage of raw materials.
- Due to the risk of infections with the coronavirus, countries have adopted numerous measures which we implemented in our business operations on all locations.

The main successes of the Impol Group were as follows:

- Successfully meeting the needs of our buyers: despite the significant increase in demand and limited capacities, we have successfully met the need of our key customers.
- Ensuring liquidity: we have smoothly ensured liquid assets despite a 40% increase in working capital.
- Reducing complaints: we have reduced the value of complaints submitted by buyers by 50%.
- Developing the production chain: we have successfully brought four development project into the production phase and have become a TIER 1 supplier for renowned buyers.
- Synergy rolling effects: we were able to optimally fill the rolling capacities and increase the production volume and the sale of rolled products with organisational measures.

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

Year/Indicator	2015	2016	2017	2018	2019	2020	2021
Consolidated net sales revenue	546.1	543.4	666.7	727.6	683.2	583.9	845.4
Consolidated operating expenses and costs	518.5	507.2	632.6	700.9	663.7	568.7	811.9
• of which depreciation	15.1	15.3	15.6	16.2	19.8	21.3	22.6
Operating profit	33.2	41.5	46.9	43.2	30.5	20.7	47.0
Financial revenues/ expenses difference	-7.3	-6.3	-7.8	-2.3	-3.0	-4.3	-6.2
Profit (or loss) after tax	22.5	30.4	34.5	36.7	23.8	14.1	35.5
Cash flow from current operations*	38.3	46.6	50.2	53.1	44.0	35.7	58.6
Equity	127.6	154.0	187.5	221.8	242.1	252.2	277.6
Assets (active)	362.4	381.1	463.4	530.2	518.1	535.9	629.7
Share carrying amount in EUR (including the equity of minority owners)	119.60	144.40	175.74	207.94	226.93	236.43	260.25
Added value per employee in EUR	54,712	49,337	54,110	53,488	50,304	46,341	64,163
EBITDA** in EUR 000	48,382	56,851	62,598	59,380	50,367	42,000	69,627
Changes in EBITDA	1.240	1.180	1.100	0.948	0.848	0.834	1.658
Net debt*** in EUR 000	117,962	148,599	172,846	163,859	162,923	135,902	195,619
Net debt/EBITDA	2.44	2.61	2.76	2.76	3.23	3.24	2.81

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

Table 11: Key indicators

Year/Indicator	2016	2017	2018	2019	2020	2021
Equity/all sources of operating assets	40.4%	40.5%	41.8%	46.7%	47.1%	44.1%
Golden rule of balance sheet = long-term sources / long-term investments	175.1%	170.2%	150.1%	149.6%	153.1%	166.1%
Long-term operating expenses	41.2%	40.8%	41.8%	39.8%	48.6%	43.0%
Option to settle liabilities with property	170.3%	170.3%	174.2%	190.7%	192.0%	181.4%
Financial expenses/expenses	1.2%	0.8%	0.6%	0.9%	1.3%	1.1%
Income/employee ratio in EUR 000	243.94	295.23	313.55	291.24	243.99	343.00
Margin	5.6%	5.2%	5.5%	3.5%	2.4%	4.2%
Debt/equity	144.0%	144.1%	136.0%	111.5%	110.0%	124.0%

IMPORTANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

In the first months of 2022, we recorded a strong increase of coronavirus infections; however, we managed to minimise the negative impact on productivity by successfully adopting organisational measures and were able to achieve our monthly plans.

Due to general price increases, the inflation rate also increased, which in Slovenia amounted to 4.9% in 2021; smaller consequences were felt in Croatia and Serbia, since in both countries inflation was under 2%. Inflation in Slovenia impacted the raise of minimum wage, which increased from EUR 1,024.24 to EUR 1,074.43. The payment system was adjusted accordingly.

On 24 February 2022, Russia initiated an extensive invasion of Ukraine, prompting a Russo-Ukrainian war. The expected consequences were an increase in energy product prices and increase of aluminium prices on the LME; we are also expecting negative consequences in demand of our users.

Last year, we forecast a possible acquisition of the companies Impol FT, d. o. o., Impol PCP, d. o. o., and Impol LLT, d. o. o. by Impol, d. o. o. under item “Important events after the end of the financial year”. The acquisitions were not carried out and we stepped back from this intention.

IMPOL IN THE WORLD OF ALUMINIUM

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

The main strategic advantage of the Impol Group is the diversity of the aluminium processing programme, since we master numerous aluminium treatment processes: casting, rolling, extrusion, drawing, forging, stamping 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 67.4 million tonnes in 2021; the Impol Group achieved a 0.40% 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.

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

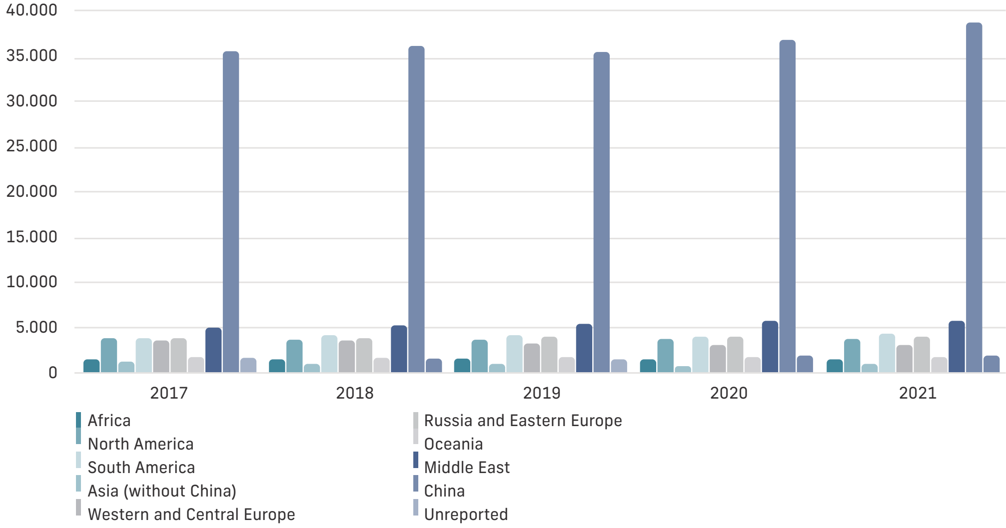


Figure 4: Production share by locations

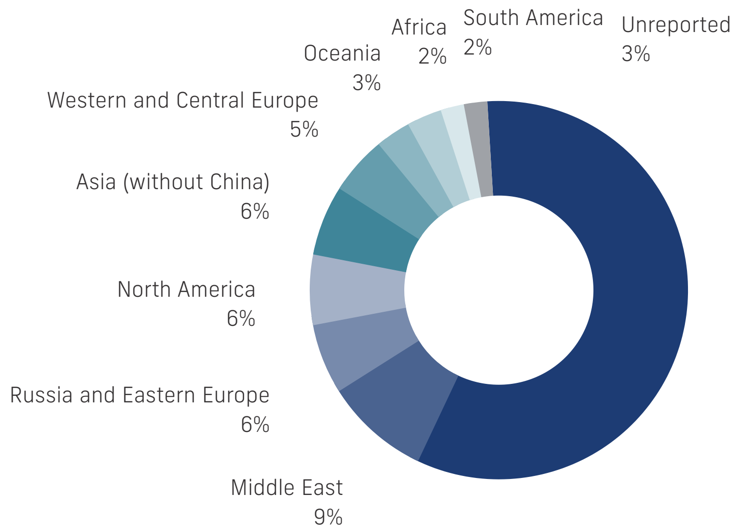


Figure 5: The share of Impol in the use of produced primary aluminium

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

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

We offer our customers a wide selection of aluminium products and can adapt our offer to specific needs. We also developed the segment of further processing aluminium products – forging, coating, 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 extrusion.

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

Our competitive advantage:

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

Figure 6: Shares of sales by product programmes

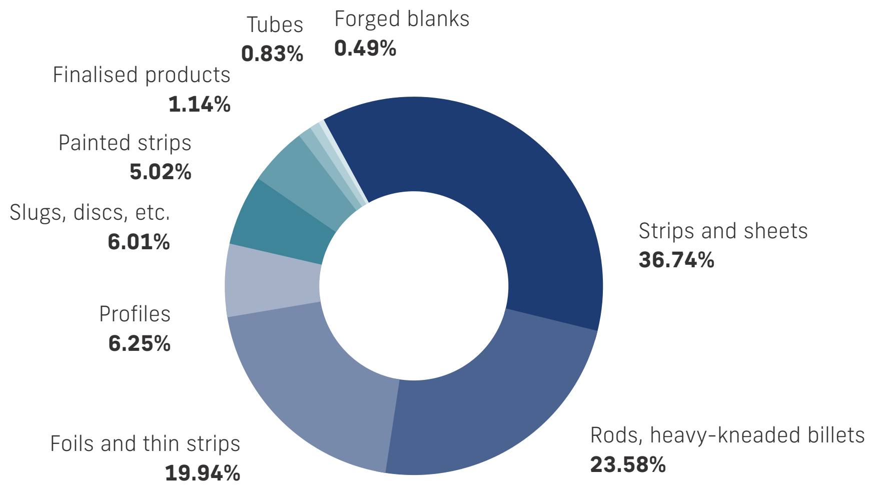


Figure 7: Sales by branch activity

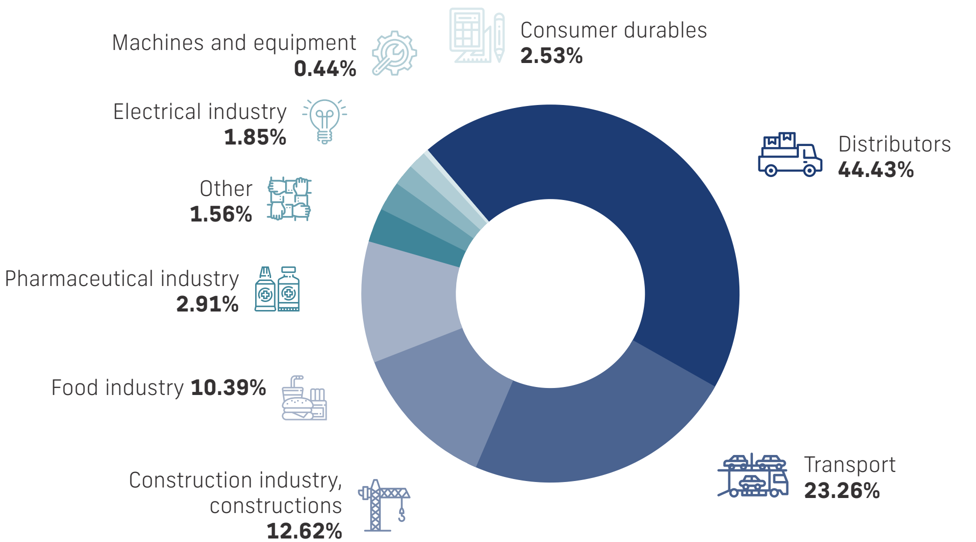


Figure 8: Revenues of the Impol Group by countries in %

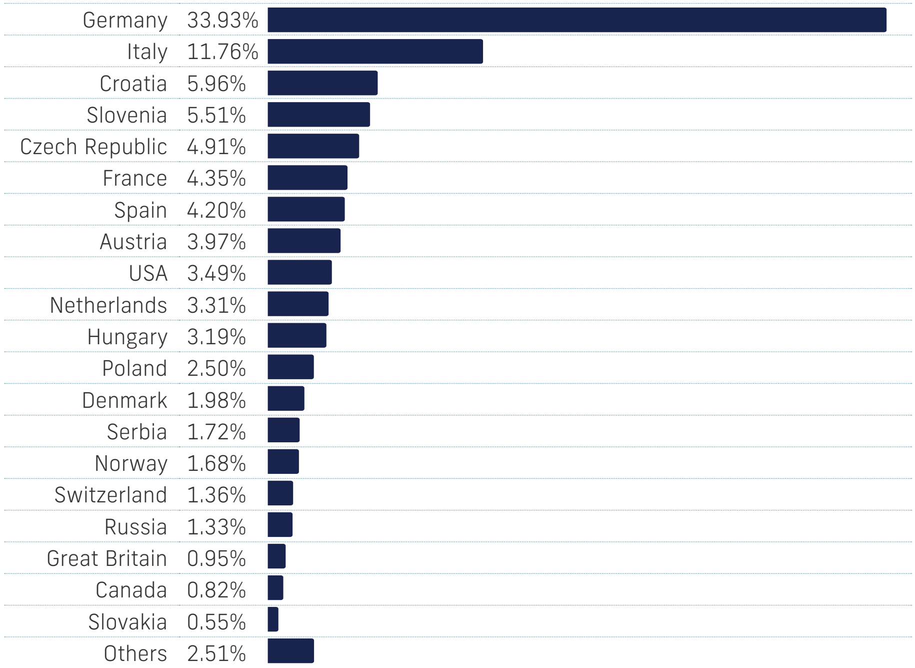
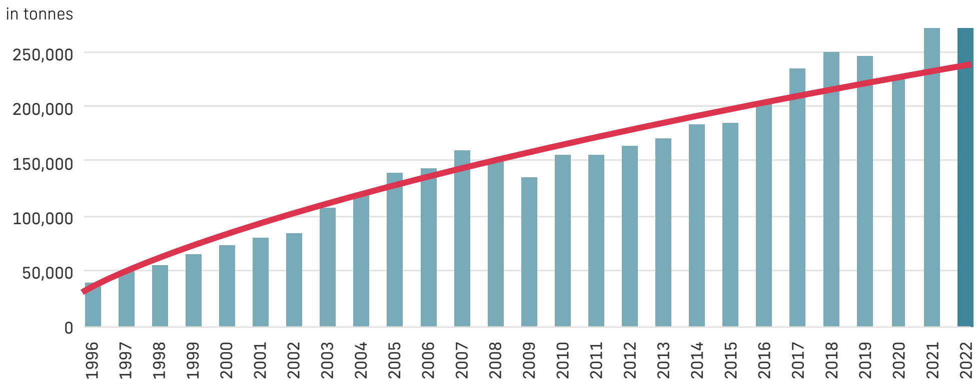


Figure 9: Trend in sold quantities of products



Brands

Products of the Impol Group are being marketed under the Impol brand with the exception of products of the 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)

PURCHASING

Supply chain

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

We introduced a closed loop system, which means that waste, which is generated during the 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 alloying elements, which are necessary for the production of alloys, with return and secondary aluminium.

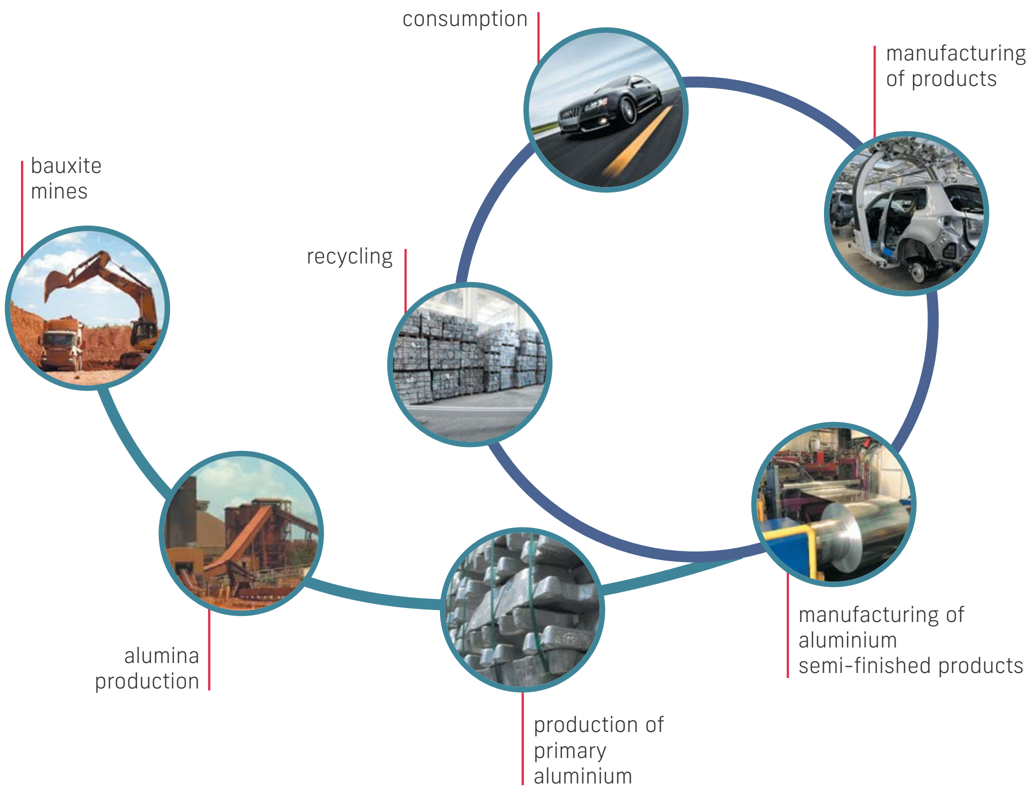
In 2021, we used the following shares of aluminium for the production of 262,500 tonnes of aluminium products:

- primary aluminium: 38%,
- formats (rolling slabs, billets): 37%,
- secondary aluminium: 25%.

Use of aluminium in foundries of the Impol Group:

- primary aluminium: 38%,
- return (circular) aluminium: 48.77%,
- industrial (pre-consumer) aluminium: 25%,
- post-consumer aluminium: 0.01%,
- alloying elements: 1.45%.

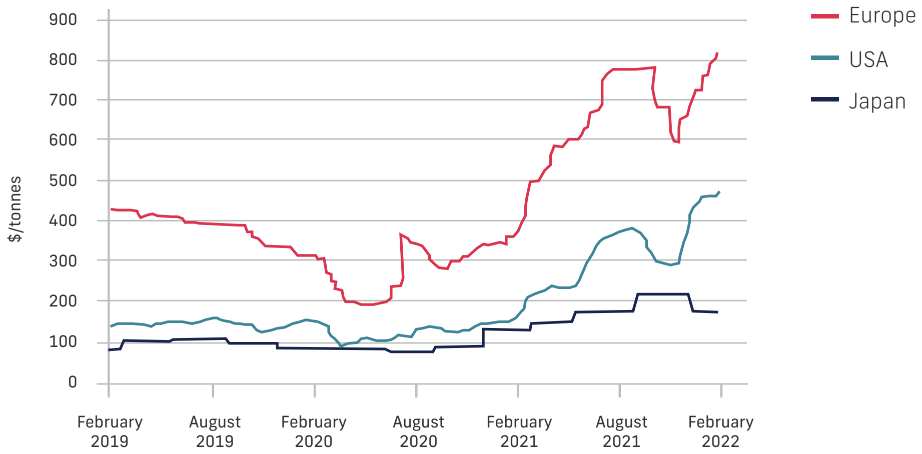
Figure 10: Closed loop system



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

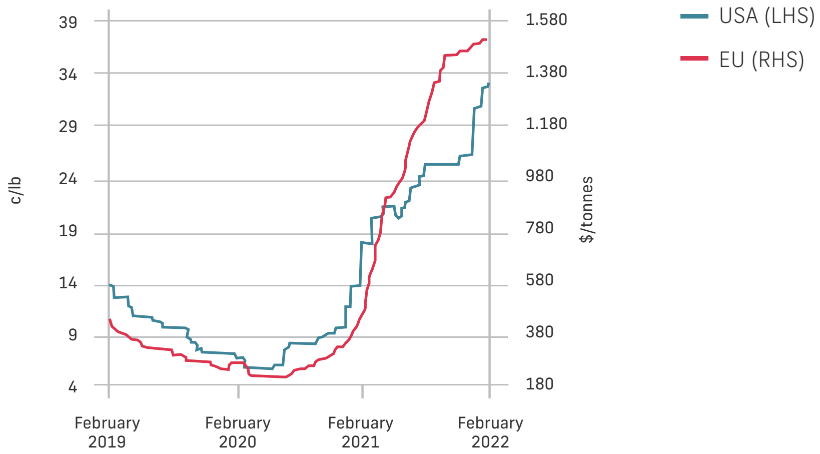
In the field of secondary aluminium, the Impol Group is active both in the market – by establishing closed loop with customers – as well as in production management – with a cost- or technology-efficient re-melting method. This is why we also implement investments in state-of-the-art technology and equipment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

Figure 11: Aluminium market



*Source: Fastmarkets MB

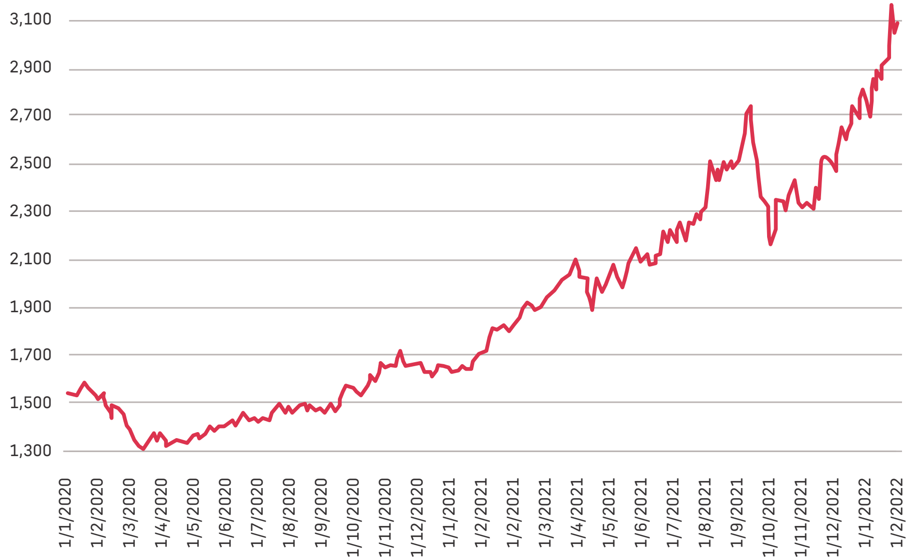
Figure 12: Changes in the prices of aluminium



*Source: Fastmarkets MB

In 2021, the prices of aluminium increased sharply and even exceeded USD 3,000/tonne. The aluminium prices increase was affected by numerous factors, such as the recovery of demand after the pandemic, the reduction of inventories in warehouses, the restriction of use of energy resources by China, which reduced the volume of production of aluminium and other metals. At the same time, the price of bauxite also increased, which was the result of events, such as the political instability in Guinea and a fire in a refinery in Jamaica.

Figure 13: Spot price trend at the LME in EUR/t



Increase in prices

In 2021, particularly in the last quarter, the prices of energy products and other materials increased significantly. Freight rates increased, which were 4x higher, as a result of delays in deliveries, restricted space on regular shipping lines and shortage of empty containers. The prices of energy products, mainly electric energy and natural gas, increased. The value of CO_2 allowances also increased.

We also saw an increase in the prices of other metals, i.e. alloying elements, among which magnesium stood out the most, the price of which increased by as much as seven times. With a thought-out strategic approach to business operations we were able to successfully minimise the negative impact of the increase in prices.

Development in the Impol Group

In 2021, the Impol Group carried out 86 different types of project tasks and realised 88.37% of the tasks, which were open in 2021, at the location Slovenska Bistrica. In order to manage and monitor the implementation, we are using a project module in the HRM4.0 system, which enables us to review the competences of the developers and their allocation to key projects. 36 researchers were involved in the development activities. The tasks being carried out in the Impol Group created a potential for savings in the amount of EUR 4 million. We are currently carrying out 60 project tasks in 2022. The currently open tasks show that we have a potential for savings in 2022 in the amount of EUR 6 million.

In 2022, we will focus primarily on the development of high-strength products, products with excellent energy absorption, excellent deep-drawing properties of products, improvement of processes, use of the largest possible share of quality input raw material and development of refining processes, which will enable us to maintain the required product properties.

Table 12: Overview of realised projects by work areas in 2021 (preliminary results*)

	Projects
Improved technology	31
Improved alloy	7
Improved products	22
New technology	15
New alloy	6
New methods for technology and processes	7
New products	21

* - The results are preliminary and may differ when preparing a management review.

Table 13: Overview of the number of tasks and their realisation in 2021 (preliminary results*)

	Number
Number of tasks carried out in 2021	86
Number of completed tasks	76
Technological solutions	32
R&D tasks	33
Other types of tasks	11

Table 14: Overview of the number of tasks and their realisation in 2021 (preliminary results*)

	Share
Successfully realised in 2021	88.37%
% of realised technological solutions	42.11%
% of R&D tasks	43.42%
% of other types of tasks	14.47%

Investment Activity

In 2021, we completed the investment projects for the rolling division by continuing to modernise the hot-rolling mill at Impol Seval and successfully completed the project. 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 and completed the cutting line at the location Slovenska Bistrica.

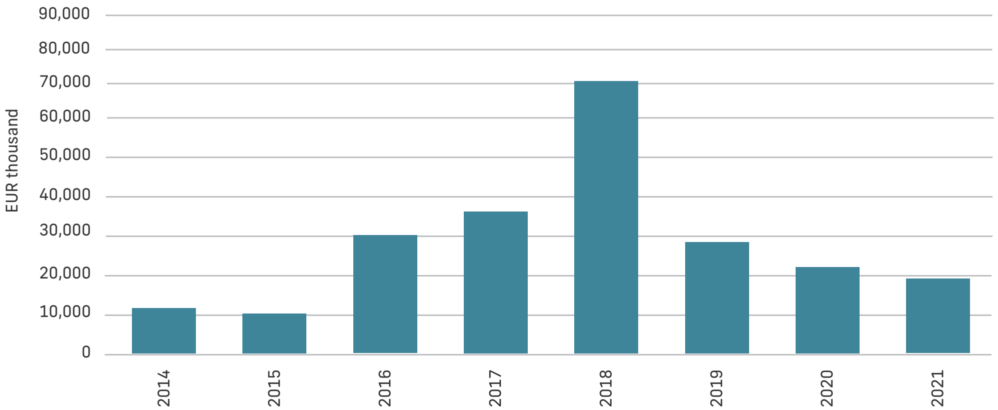
In the extrusion division we have made additional investments in the production of finalised products by constructing an additional part of the building and new production lines; we also started with a new investment in the blacksmith line and upgraded the equipment for manufacturing rods and profiles.

In the foundry divisions in Slovenska Bistrica we included casting equipment for casting rods of lower diameters into production and carried out numerous equipment updates.

Table 15: Investment volume in EUR million

	2017	2018	2019	2020	2021
Investment in acquisition of shares / stakes	0	0	2.0	0	0
Investment in fixed assets (tangible fixed assets and investment property)	39.4	70.2	27.9	22.1	20.8
Investment in short-term assets	58.7	12.5	-20.4	17.0	96.7
Total	**98.1**	**82.7**	**9.5**	**39.1**	**117.5**

Figure 14: Investment volume in fixed assets



Financing and dividend policy

In 2021, the Impol Group continued to consolidate the structure of its financing sources by financing 44.1% of total investments with equity. Compared to the previous year, we slightly increased the share of short-term sources due to the extreme increase in aluminium prices on the LME, which meant that we required additional financing of inventories and receivables. The borrowing within the Group is mainly carried out through Impol, d. o. o., and through Impol Seval, a. d. in Serbia.

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

The share of financing of the Group outside the banking system represents 3.8% 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.

"Strength does not come from physical capacity. It comes from an indomitable will."

Mahatma Gandhi

NON-FINANCIAL OPERATIONS

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

Andrej Kolmanič
(Chief Executive Officer)

Irena Šela
(Executive Director of Finance and IT)

Table 16: Stakeholders of the Impol Group

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

BUSINESS POLICIES

Policy of the Impol Group

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

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 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. As part of the management review we verify the environmental policy, assess the results of internal reviews and make relevant decisions for improving the system.

Environmental Management Programme and new objectives

Our lasting commitment to environmental protection is reflected in the efficient implementation of environmental programmes aimed at the mitigation of negative impacts on the environment.

We try to protect the environment by preventing the pollution of the Bistrica stream, reducing the emissions into the atmosphere as well as by using hazardous substances in a limited, controlled and prudent way, by using alternative energy sources and by contributing to global energy efficiency. All this is possible because we are using and 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

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

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

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

CO_2 emissions

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

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

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

Table 17: **Consumption of energy products at Impol, d. o. o., and CO_2 emissions from the use of natural gas**

YEAR	Consumption of gas in Sm³*	Consumption of fuel oil/t	Emissions of CO_2/t	Production	Specifically in CO_2/t
2007	13,753,685	184.12	26,320	117,067.554	0.224827453
2008	13,074,976	301.93	25,462	107,548.950	0.236748011
2009	11,958,399	277.28	23,408	94,762.752	0.247016887
2010	13,223,117	202.76	25,556	111,452.649	0.229299171
2011	13,831,022	189.80	26,660	116,064.727	0.229699416
2012	13,583,614	186.44	26,184	117,328.898	0.223167527
2013	14,677,504	180.19	28,234	121,368.368	0.232630632
2014	15,937,999	154.26	30,528	129,615.755	0.235526923
2015	16,724,874	127.80	31,932	130,767.708	0.244188726
2016	16,955,249	48.90	32,115	135,936.479	0.236250051
2017	17,905,082	0	33,744	135,377.297	0.249258929
2018	17,687,100	0	33,328	142,114.919	0.234514435
2019	17,541,281	0	33,057	140,129.726	0.235902838
2020	16,870,092	0	31,789	130,066.873	0.244405045
2021	**17,684,177**	**0**	**35,172**	**158,020.613**	**0.22257855**

*since 2021 on, data for gas are expressed in Nm³

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

YEAR	Consumption of gas in Nm³	Consumption of diesel in L	CO_2 emissions/t	Production in t	Specifically in CO_2/t
2021	531,699	0	1,057	1,260.681	0.83843573

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

YEAR	Consumption of gas in Nm³	Consumption of diesel in L	Emissions of CO_2/t	Production in t	Specifically in CO_2/t
2021	1,381,679	10,742	2,748	10,274.896	0.26725331

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

YEAR	Consumption of gas in Nm³	Consumption of diesel in L	Consumption of LPG/t	Power consumption in kWh	Production in t
2021	19,597,555	338,488	22.56	121,283,489	169,556.19

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

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

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

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

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

YEAR	Consumption of gas in Nm³	Consumption of diesel in t	CO_2 emissions/t	Production in t	Specifically in CO_2/t	Power consumption in kWh
2020	15,617,246	160.19	29,428	44,275.113	0.665	38,231,375
2021	19,184,163	190.42	40,931*	62,525.22	0.654	45,159,955

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

Table 23: CO_2 emissions: Scope 1 and Scope 2

		Impol in Slovenska Bistrica		Impol-TLM		Impol Seval	
YEAR	CO_2 emissions	Scope 1	Scope 2	Scope 1	Scope 2	Scope 1	Scope 2
2021	t/CO_2	39,946	69,859	16,811	8,113	40,931	26,012
	CO_2/t	0.235	0.412	0.141	0.068	0.654	0.416

Scope 1 → includes emissions from the use of natural gas, diesel and LPG (generation of CO_2 emissions directly at the location)
Scope 2 → includes emissions from the use of electric energy
Reporting on GHG emissions → CO_2 emissions, generated due to the use of natural gas, are reported
Impol in Slovenska Bistrica → includes the companies Impol, d. o. o., Stampal SB and Rondal

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

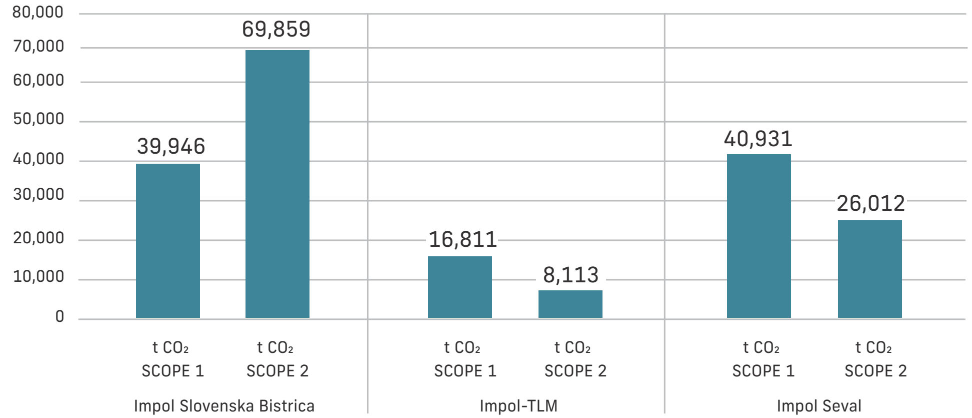


Figure 16: Comparison t CO_2/t (scope 1 and scope 2) in 2021

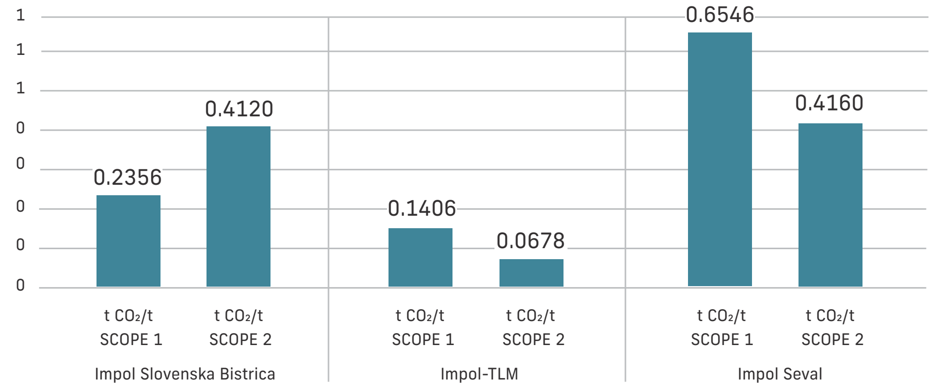


Table 24: 2021 emissions

	Company			
	Companies in Slovenia	Companies in Serbia	Companies in Croatia	Total in kg/year
total dust	1,152.01	5,509	2,276.43	8,937.44
nitrogen oxides (NO and NO_2), expressed as NO_2	56,088.77	64,861	7,597.089	128,546.859
fluoride and its compounds, expressed as HF	0	354		354
manganese and its compounds, expressed as Mn	0			
lead and its compounds, expressed as Pb	0			
TOTAL powdered inorganic substances II 2	0			
TOTAL powdered inorganic substances II and III	22.23			22.23
TOTAL powdered inorganic substances III	22.23			22.23
chlorine inorganic compounds, if not specified in the hazard group I, expressed as HCl	4,614.19			4,614.19
organic compounds, expressed as total organic carbon (TOC)	76,762.75	11,244	139,005.93	227,012.68
polychlorinated dibenzodioxins (PCDD) and polychlorinated dibenzofurans (PCDF)	$4.96 * 10^{-5}$			$4.96 * 10^{-5}$
ammonia NH_3	173.57			173.57

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

Total by locations in m³/year

Location	Total industrial	Industrial into the Bistrica watercourse	Industrial to treatment plant	Total urban	Urban to municipal treatment plant	Urban into the Bistrica watercourse
Location Slovenska Bistrica	193,057	4,435	36,483	26,580	26,508	0

Location	Total industrial	Industrial into the Đetinja watercourse	Industrial to treatment plant	Total urban	Urban to municipal treatment plant	Urban into the Đetinja watercourse
Location Serbia	15,637		15,637	7,500		7,500

Location	Total industrial	Industrial into the sea	Industrial to treatment plant	Total urban	Urban to municipal treatment plant	Urban into the sea
Location Croatia	1,067,989	1,067,989	0	77,314	77,314	77,314

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

	Cumulatively 1-12 2020							
	Energy product		Plan	Production	Consumption		Deviation	
		unit	unit/t	tonnes-persons	unit	unit/t	unit/t	%
Total Impol	El. energy	kWh	750.00	140,582.399	110,249,979	784.24	34.24	4.56
	Natural gas	Nm³	120.00		18,177,396	129.30	9.30	7.75
	Ind. water	m³	1.20		188,646	1.34	0.14	11.82
	Potable water	m³-persons	1.30	12,776	21,606	1.69	0.39	30.09
	Nitrogen	kg	45.00		6,460,600	45.96	0.96	2.12
	Argon	kg	4.90		424,686	3.02	-1.88	-38.35

	Cumulatively 1-12 2021							
	Energy product		Plan	Production	Consumption		Deviation	
		unit	unit/t	tonnes-persons	unit	unit/t	unit/t	%
Total Impol	El. energy	kWh	750.00	168,970.054	121,283,489	717.78	-32.22	-4.30
	Natural gas	Nm³	120.00		19,366,142	114.61	-5.39	-4.49
	Ind. water	m³	1.20		189,121	1.12	-0.08	-6.73
	Potable water	m³-persons	1.30	13,164	23,018	1.75	0.45	34.50
	Nitrogen	kg	45.00		7,046,420	41.70	-3.30	-7.33
	Argon	kg	4.90		446,589	2.64	-2.26	-46.06

	Comparison 21/20			
			Production	Consumption
	Energy product	unit	persons	per unit
Total Impol	El. energy	kWh	1.19	0.91
	Natural gas	Nm³		0.89
	Ind. water	m³		0.84
	Potable water	m³-persons	1.02	1.06
	Nitrogen	kg		0.91
	Argon	kg		0.88

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

Impol-TLM

		Cumulatively 1-12 2020					
Energy product		Plan	Production	Consumption		Deviation	
	unit	unit/t	tonnes-per-sons	unit	unit/t	unit/t	%
El. energy	kWh	650.00	112,207.000	63,578,877	566.62	-83.38	-12.83
Natural gas	Nm³	70.00		7,815,137	69.65	-0.35	-0.50
Ind. water	m³	10.00		1,077,997	9.61	-0.39	-3.93
Potable water-demi water	m³	0.30		29,489	0.26	-0.04	-12.40
Potable water	m³-persons	2.50	5,112	52,357	10.24	7.74	309.68
Nitrogen	kg	40.00		5,441,705	48.50	8.50	21.24
Argon	kg	4.00	33,646	141,941	4.22	0.22	5.47

Impol-TLM

		Cumulatively 1-12 2021					
Energy product		Plan	Production	Consumption		Deviation	
	unit	unit/t	tonnes-per-sons	unit	unit/t	unit/t	%
El. energy	kWh	650.00	119,579.000	67,611,464	565.41	-84.59	-13.01
Natural gas	Nm³	70.00		8,650,384	72.34	2.34	3.34
Ind. water	m³	10.00		1,067,989	8.93	-1.07	-10.69
Potable water-demi water	m³	0.30		29,904	0.25	-0.05	-16.64
Potable water	m³-persons	2.50	5,116	47,410	9.27	6.77	270.68
Nitrogen	kg	40.00		6,118,032	51.16	11.16	27.91
Argon	kg	4.00	36,285	158,241	4.36	0.36	9.03

Impol-TLM

		Comparison 21/20	
		Production	Consumption
Energy product	unit	persons	per unit
El. energy	kWh	1.07	1.00
Natural gas	Nm³		1.04
Ind. water	m³		0.93
Potable water-demi water	m³		0.95
Potable water	m³-persons	1.00	0.90
Nitrogen	kg		1.05
Argon	kg		1.03

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

Impol Seval

		Cumulatively 1-12 2020					
Energy product		Plan	Production	Consumption		Deviation	
	unit	unit/t	tonnes-per-sons	unit	unit/t	unit/t	%
El. energy	kWh	795.00	44,275.113	38,231,375	863.50	68.50	8.62
Natural gas	Sm³	348.00		16,480,842	372.24	24.24	6.96
Ind. water	m³	2.10		124,698	2.82	0.72	34.12
Potable water	m³-persons		611	8,440	13.81	13.81	
Nitrogen	kg			372,120		0.00	
Argon	kg			288,800		0.00	

Impol Seval

		Cumulatively 1-12 2021					
Energy product		Plan	Production	Consumption		Deviation	
	unit	unit/t	tonnes-per-sons	unit	unit/t	unit/t	%
El. energy	kWh	704.12	62,505.217	45,159,955	722.50	18.38	2.61
Natural gas	Nm³	334.03		20,245,001	323.89	-10.14	-3.03
Ind. water	m³	2.50		155,750	2.49	-0.01	-0.33
Potable water	m³-persons		608	7,500	12.34	12.34	
Nitrogen	kg			562,060		0.00	
Argon	kg			254,060		0.00	

Impol Seval

		Comparison 21/20	
		Production	Consumption
Energy product	unit	persons	per unit
El. energy	kWh	1.41	0.84
Natural gas	Nm³		0.87
Ind. water	m³		0.88
Potable water	m³-persons	1.00	0.89
Nitrogen	kg		
Argon	kg		

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 2021 amounted to 3,252 tonnes and is higher by 60% compared to 2020. The specific quantity of hazardous waste amounts to 12.4 kg/t. The specific quantities are higher by 36% than in 2020. The reasons for this is increased production compared to 2020.

Wastes 12 01 09* and 12 03 01* increased mainly due to increased production at Impol-FinAl, which in 2021 increased by 212% compared to 2020.

The objectives of reducing hazardous waste at Impol-FinAl are as follows:

- emulsion filtration,
- ionisation plants for washing water,
- device for processing of washing water into demi water.

Wastes under classification number 16 07 09* were generated when the cold-rolling mill Bistral 1 was disassembled.

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

Table 29: Hazardous waste in kg

Number	Types of hazardous waste according to the Rules on waste management	Slovenia	Serbia	Croatia	Total
06 02 05*	Other bases (lye)	759,100			759,100
08 01 11*	Mixture or waste paints		18,300		18,300
08 03 17*	Waste from removing paint or lacquer sludge containing organic solvents or other hazardous substances		49,660		49,660
10 10 09*	Flue-gas dust containing hazardous substances	84,540			84,540
11 01 05*	Acids for leaching	263			263
11 01 07*	Bases (lye) for leaching	6,640			6,640
11 01 09*	Sludges and filter cakes not included in 10 01 10	205,140			205,140
11 01 11*	Water-based rinsing fluid containing hazardous substances	220			220
11 01 13*	Degreasing waste containing hazardous substances				0
11 01 98*	Other waste containing hazardous substances	3,940			3,940
12 01 07*	Mineral-based machining oils free of halogens (except emulsions and solutions)		26,980		26,980
12 01 09*	Machining emulsions and solutions free of halogens	506,335	436,000	558,960	1,501,295
12 01 12*	Spent waxes and fats	400			400
12 01 14*	Machining sludges containing hazardous substances				0
12 01 18*	Metal sludge	2,600			2,600
12 03 01*	Water-based washing liquids	134,760			134,760
13 01 10*	Waste non-chlorinated hydraulic oils		6,540		6,540
13 02 05*	Mineral-based non-chlorinated engine, gear and lubricating oils	223,254		14,720	237,974
13 03 07*	Non-chlorinated insulating oils and oils for heat transfer based on mineral oils			81,580	81,580
13 05 02*	Sludge from oil/water separators	640			640
15 01 10*	Packaging containing residues of or contaminated by hazardous substances	1,040	36,110	9,780	46,930
15 01 11*	Metal packaging containing hazardous hard porous matrix (e.g. asbestos), including empty pressure tanks	420			420
15 02 02*	Absorbents and filter materials, wiping cloths and protective clothing	26,740		43,180	69,920
16 01 07*	Oil filters	2,900		240	3,140
16 05 06*	Laboratory chemicals, consisting of or containing hazardous substances, including mixtures of laboratory chemicals	520			520
16 06 01*	Waste batteries and accumulators		540		540
16 07 08*	Waste containing oil				0
16 07 09*	Waste containing other hazardous substances	5,240			5,240
20 01 21*	Fluorescent tubes and other mercury-containing waste	215	10	71	296
20 01 33*	Batteries and accumulators included in 16 06 01, 16 06 02 or 16 06 03 and unsorted batteries and accumu-lators containing these batteries	105			105
20 01 35*	Discarded electrical and electronic equipment other than those mentioned in 200121 or 200123	820	1280	2,365	4,465
	Total	**1,965,832**	**575,420**	**710,896**	**3,252,148**

Renewable energy sources

In 2021, the solar power plant generated 1,111,688 kWh of electric energy.

Since it was put into service in 2011, the power plant generated 11,887 MWh of electric energy. In case that the mentioned energy would be obtained from natural gas, we would need around 1,817,614 m^3 of natural gas and would generated 3,962.4 tonnes of CO_2 emissions. If lignite was used to produce electric energy, we would consume 4,772 tonnes of it, thus generating 9,105 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 the settlement of Visole, which is the site of a serpentine flora habitat. There are special conservation areas also in Serbia in Croatia, located more than 500 km from the industrial zone.

During every production expansion we verify that the expansion does not negatively impact on 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 2021, five fires were recorded in companies of the Impol Group at the location Slovenska Bistrica. One fire occurred in Rondal, d. o. o., two fires occurred in Impol LLT, d. o. o., one fire in Impol PCP, d. o. o., in the tube plant production process, and one fire occurred in Impol FT, d. o. o., in the FTT production process. Fire interventions were carried out without injuries to fire fighters and employees.

28 interventions were made by fire fighters in 2021 with regard to the protection of the environment. Most of the interventions (18 cases) were due to mitigating the consequences resulting from faults to hydraulics systems on forklifts and operating devices, namely in two cases due to fuel leakage from fuel lines on a forklift and from a freight vehicle fuel tank, in two cases due to discharge or spillage of emulsions, and in six cases due to other malfunctions. Various absorption agents and decontamination or degreasing materials and agents were used to remove the consequences of the leakage of environmentally hazardous fluids. The listed cases of environmental accidents occurred at locations where there were not consequences for the environment.

Social and HR matters and the respect of human rights

Policy

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

In the Impol Group our social responsibility is primarily substantiated through a fair attitude toward employees, whereby we observe the following principles:

- fair payment for a well-performed job;
- creating opportunities for career development;
- promoting inter-generational cooperation;
- developing own human resources;
- ensuring equal promotion opportunities for all employees;
- promoting innovation;
- actively promoting a healthy lifestyle and preventing accidents;
- finding appropriate solutions for employees with disability;
- respecting employee loyalty.

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

- promoting and supporting the "metallurgy technician" programme at the Slovenska Bistrica

Secondary School;
- actively cooperating with local educational institutions through donations;
- promoting associations and interest groups which actively contributed to enhancing the quality of life of local residents;
- transparent communication.

Due diligence

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

Main risks and their management

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

Table 30: Risks related to human resources

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

Key indicators

Table 31: Employees by Impol Group companies as of 31/12/2021

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

GRI 102-41

Table 32: Staff turnover at the Impol Group

	Arrivals		Departures		% of total turnover		% of turnover due to consensual terminations of the employment relationship	
	2020	2021	2020	2021	2020	2021	2020	2021
Slovenia	127	203	87	113	6.42%	8.00%	2.67%	2.76%
Serbia	28	48	39	50	6.09%	7.84%	0.51%	1.57%
Croatia	45	35	38	41	8.84%	9.62%	4.88%	3.29%
Impol Group	**200**	**286**	**164**	**204**	**6.74%**	**8.23%**	**2.47%**	**2.55%**

GRI 102-7

Table 33: Employee gender structure at the Impol Group

	Slovenia	Serbia	Croatia	Hungary, USA	Impol Group
Men	1,165 (81%)	518 (82%)	374 (88%)	3 (75%)	2,060 (82%)
Women	281 (19%)	120 (18%)	50 (12%)	1 (25%)	452 (18%)
Total	**1,446**	**638**	**424**	**4**	**2,512**

Table 34: Education and qualification structure

	Doctoral Degree	Master's Degree	Bachelor's Degree	Higher education	College	Secondary School Degree	Qualified	Semi-qualified	Non-qualified
Slovenia	0.6%	0.5%	10.4%	8.1%	6.7%	34.0%	30.4%	5.8%	3.6%
Serbia	0%	0%	13.6%	0.0%	1.9%	43.0%	34.7%	0.6%	6.2%
Croatia	0%	0%	12.3%	0.0%	4.5%	45.8%	23.6%	12.0%	1.9%
Total	**0.3%**	**0.3%**	**11.6%**	**4.7%**	**5.0%**	**38.2%**	**30.4%**	**5.5%**	**4.0%**

Table 35: Type of employment, contracts

	Employment contract for an indefinite period of time	Employment contract for a definite period of time	Individual contract
Slovenia	1231	147	68
Serbia	550	67	21
Croatia	348	70	6
Hungary	2	/	1
USA	0	/	1
Impol Group	**2131**	**284**	**97**

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

	% of the employees under special protection (age)	% of the disabled
Slovenia	13.7%	5.2%
Serbia	30.3%	10.0%
Croatia	25.5%	1.4%

Table 37: % of sick leaves

	% of total sick leaves	% of sick leaves burdening the company
Slovenia	6.54%	3.16%
Serbia	9.00%	5.80%
Croatia	7.00%	4.55%

Table 38: Training and education of the employees

	Slovenia	Serbia	Croatia
Number of hours of training per employee	10.2	20.6	1.01
Number of beneficiaries of grants	62	12	8

(GRI 404-1)

In Slovenska Bistrica the number of employees increased by 7% in relation to the previous year and as of 31/12/2021 the number of employees in all companies in Slovenia was 1,446. In Serbia the number of employees decreased by 2, whereas the number of employees in Croatia increased from 423 to 424 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 2021.

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

All employees attend periodic internal training during which they become familiar with the protection of human rights, rights of employees and prevention of mobbing at the workplace. In 2021, these training courses were attended by 43% of employees. The training course lasted two hours.

Table 39: Number of accidents and incidents at work

	Number of accidents at work 2020	Number of accidents 2020	Number of accidents at work 2021	Number of accidents 2021
Slovenia	23	457	21	536
Serbia	19	10	23	68
Croatia	8	32	7	87
Total	**50**	**499**	**51**	**691**

In 2021, we recorded a total of 51 accidents at work, which is a 2% increase in accidents compared to 2020. All accidents were mild (GRI 403-2).

In 2021, great attention was given again 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 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.
- We carried out regular testing of employees.

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. The next measurement is planned for 2022.

Activities of the Impol Group

Fair payment
- Employees in Slovenia and Serbia earn wages that are above the average in the industry sector and above the national average.
- Employees receive 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 workers' representative in the Board of Directors and exchange information within the Impol Group.

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

Self-actualisation
- A system for the rewarding of innovation and useful proposals 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 our 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 with regard to environmental management, sustainable devel-

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

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

Anti-corruption efforts

Policy

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

Due diligence

We put in place a system of internal audit, which verifies the compliance of business operations with the Slovenian legislation and includes the prohibition of corruption. At the same time, all employees are bound to respect the Impol Group Code of Business Conduct. We also put in place a transparent supply system, involving a greater number of decision-makers who also carry out control over business ethics 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 2021 with regard to uncompetitive behaviour or actions initiating monopoly. No major penalties or fines were paid due to failure to comply with laws and regulations in areas where Impol operates (GRI-206-1).

Memberships in Communities/Associations

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

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

GRI Reporting

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

GENERAL STANDARD DISCLOSURES			
GRI – standard	**Disclosure**	**Page:**	**Notes / restrictions**
GRI 101: Basis			
GRI 102: General disclosures			
Organisation presenta-tion			
102-1	Organisation name	12	
102-2	Primary brands	32	
102-3	Organisation HQ	12	
102-4	Local activities	12	
102-5	Ownership and legal form	12; 15	
102-6	Markets (geographical and sectoral division and division by types of clients)	31, 32	
102-7	Organisation size (number of employees, number of activities, sales revenues, obligations/equity, number of products/services)	50 68-70	
102-8	Employees by type of employment, type of contract, region, gender	50, 51	
102-9	Description of the organisation's supply chain	33	
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	39	
102-12	External documents, principles and other economic, environmental and social initiatives signed and supported by the organisa-tion	53	
102-13	Membership in organisations	53	
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	38	
Ethics and integrity			
102-16	Description of values, principles, standards and principles of conduct, such as codes of conduct and codes of ethics		Described in the Company’s policy and Code of Business Conduct of the Impol Group (accessible via http://www.impol.si)
Management			

102-18	Management composition of the organisation, including commissions of the highest management authority	9-11	Management and governance system
Involving stakeholders			
102-40	List of groups of stakeholders with which the organisation cooperates	39	
102-41	Share of all employees by collective agreement	50	
102-42	Starting points for recognising and selecting stakeholders with which the organisation cooperates or to be involved	34	Purchasing audit processes
102-43	Approaches for involving stakeholders, including the frequency of cooperation by groups of stakeholders	34	Purchasing audit processes
102-44	Key topics and questions raised during the cooperation with stakeholders and how the organisation responded to them, including its reporting	39	
Report information			
102-45	Units included in consolidated financial statements	12	Companies in the Impol Group + consolidated report
102-46	Process of defining the report and delimiting topics		The topics are defined on the basis of the sustainability analysis in accordance with the GRI guidelines.
102-47	List of essential topics	55	
102-48	Effects of the change of information from previous reports and reasons for them	28	
102-49	Significant changes compared to previous reporting periods in relation to limiting the volume and aspects		There were no significant changes.
102-50	Reporting period (calendar, fiscal year)	55	
102-51	Date of the last previous report	55	
102-52	Reporting cycle (annual, two-year)	55	
102-53	Contact information for questions relating to the report	55	
102-54	Reference regarding the report in accordance with the GRI standards	55	
102-55	Index by GRI guidelines	55	
102-56	External reporting verification by GRI guidelines		An external verification has not yet been carried out.

SPECIFIC STANDARD DISCLOSURES			
103-1	Explanation of an essential topic and its limits		Described in the Management's statement
103-2	Management approaches and their constituents		Described in the section "Strategic orientations"
103-3	Evaluation of management approaches		Described in the section "Strategic orientations"
ECONOMIC IMPACTS			
GRI 201: Economic performance			

201-1	Directly generated and distributed economic value	25; 68-70	
201-3	Liabilities from the pension plan	82	
201-4	Significant received state aid	107	
GRI 202: Presence on the market			
202-2	Share of local staff in higher management	50, 51	
GRI 204: Purchasing practice			
204-1	Share of assets for purchasing, used for local suppliers at important production locations	33	
GRI 206: Competition protection			
206-1	Number of legal procedures in the area of competition protection, monopoly prevention and monopoly practices and results of concluded procedures in the reporting year		There were no pending legal procedure from the specified area in the reporting period.
ENVIRONMENTAL IM-PACTS			
GRI 301: Materials			
301-1	Used material by weight and volume	33	We control the information about weight.
301-2	Processing return and circular material	33	
GRI 302: Energy			
302-3	Energy intensity (energy consumption per unit/tonne of product)	44	
302-4	Energy consumption reduction	44	
GRI 303: Water			
303-1	Water consumption by sources	44	
303-3	Share and total volume of recycle and re-used water		
GRI 304: Biodiversity		48	
GRI 305: Emission to air			
305-1	Volume of direct greenhouse gas emissions (Scope 1)	43	
305-2	Volume of indirect greenhouse gas emissions (Scope 2)	43	A system for managing this information is being established.
305-4	Intensity of greenhouse emissions (volume of emissions per product unit)	42	
305-5	Reduction of greenhouse gas emissions	42	
305-7	NO_x, SO_x and other significant emission to air by type and weight	44	
GRI 306: Waste water and waste			

306-1	The entire quantity of waste water by quality and emission destination	44	
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	52, 53	
SOCIAL IMPACTS			
GRI 401: Hiring employees			
401-1	Number and rate of newly employed persons and employee fluctuation	51	
401-3	Return to work and rate of employee retention after having used paternal leave, by gender	51	
GRI 403: Health and safety at work			
403-2	Rate of injuries at work, absenteeism, number of fatalities at work	51	
403-3	Employees with a high level of risk for occupational diseases	51	
GRI 404: Training			
404-1	Average number of hours of training per year per employee by gender and employee category	51	
GRI 406: Non-discrimination			
406-1	Number of discrimination cases and measures for their elimination		No cases of discrimination were recorded.
GRI 408: Child labour			
408-1	Activities and suppliers where there is a possibility of recognised risk of violations being committed in the area of child labour	52	
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	52	
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	51	
GRI 413: Local communities			
413-1	Share of activities in which the local community was involved or for which certain impacts were verified and development programmes were prepared	39	
GRI 414: Verification of suppliers regarding working practices			
414-2	Significant existing and potential negative impacts in relation to working practices in the supply chain and adopted measures	52	

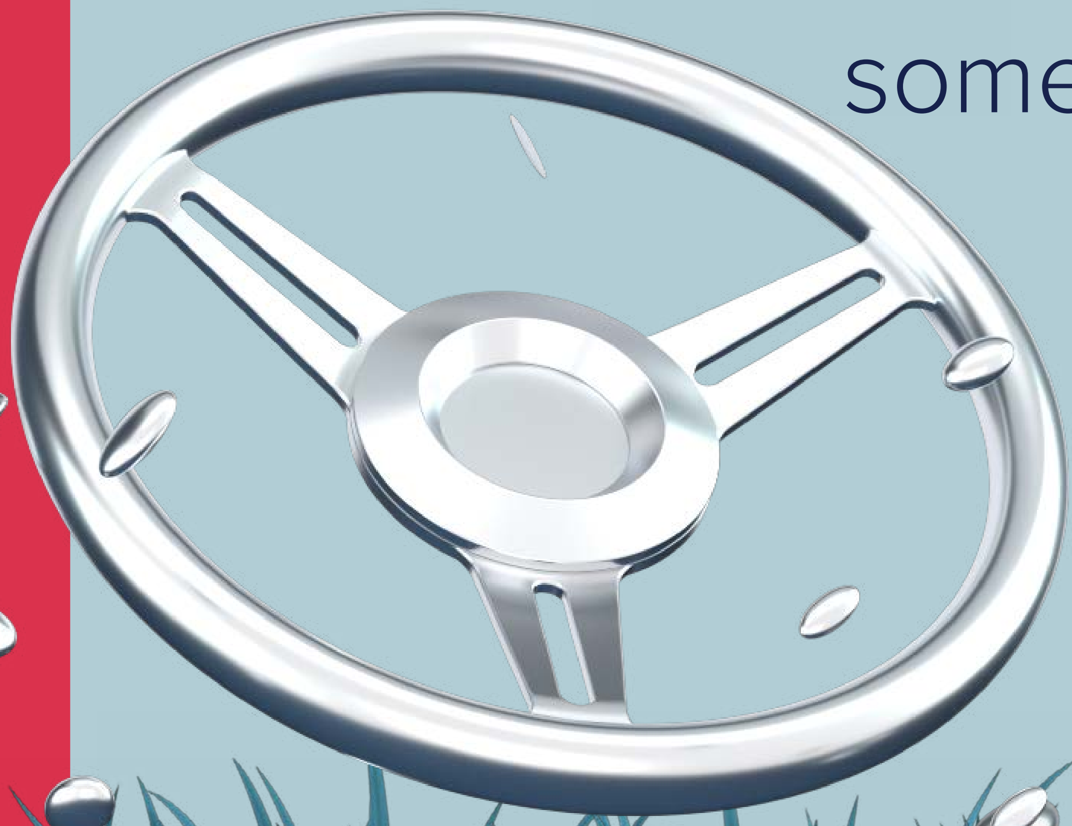
GRI reporting

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

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

The entire report refers to the period that started on 1/1/2021 and ended on 31/12/2021 (GRI 102-47).

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



“The art of being sometimes audacious and sometimes very prudent is the secret of success.”

Napoleon Bonaparte

RISK MANAGEMENT

RISK MANAGEMENT

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

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

a) determine the most important areas of risks in the Impol system, identify risks and draft proposals to decrease them and submit the proposals to the Board of Directors;
b) address important business events and identify the most significant risks in advance and the measures to decrease;
c) examine potential methods and procedures for risk minimisation, propose their use and monitor the implementation of measures aiming at risk reduction together with the assessment of the results of this process.

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

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

- business risks,
- financial risks,
- operational risks.

The risks are explained into details in the table below.

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

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

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

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

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

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

1. Inadequate or incorrect implementation of internal procedures,
2. Other incorrect actions by the people belonging to the company's internal business area,
3. Inadequate or incorrect functioning of systems within the company's internal business area, or
4. External events or acts.

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

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

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

Internal audit

The Internal Audit Department at the Impol Group is organised as part of the parent company Impol 2000, d. d., and in the subsidiary in Serbia. With its operations it assists the Board of Directors and Supervisory Board in the decision-making process so as to minimise risks. The Internal Audit Department operates in line with the annual plan confirmed by the Board of Directors and in compliance with prompt resolutions adopted by the Board of Directors in respect of the department's engagement in the process for the resolution of problems. In 2021, the Internal Audit Department was involved in 78 projects and provided 129 proposals for improvement. On the basis of these proposals an implementation plan or a direct solution was prepared and based on that appropriate proposals of decisions for adoption by responsible bodies were also developed. The Internal Audit Department cooperates with the Audit Commission and external auditors. In 2021, it reported monthly about its operations to the Board of Directors and to the Executive Directors. It operates within the framework of the entire Impol Group for companies in Slovenia and outside of it. In accordance with the Serbian legislation, an internal audit service was also organised in the subsidiary Impol Seval, where a special internal auditor was appointed, who monitors the legality of operations and performance in Serbia.

The Internal Audit Department functions in line with the International Standards for the Professional Practice of Internal Auditing, the Ethical Code, the Impol Group Code of Business Conduct, and the generally accepted guidelines for its operation. In this way, it ensures immediate and high-quality implementation of the findings of internal audits. Thus, lower operating costs and a positive effect on business operations are ensured.

Internal audits were carried out in the following areas: risk management due to the covid-19 pandemic, sales and adjusting to the market situation, procurement and possibilities of ensuring appropriate raw materials, ensuring appropriate personnel, mainly technical profiles, monitoring the efficiency of work from home, monitoring the realisation of Criteria for forming part of wages on the basis of performance, compliance with the rules for recruiting new personnel, monitoring and protecting data of employees when they leave the company, compliance of business operations with the financial and accounting legislation and supervision of the drafting of the annual report, management of customs processes, risk management in the area of protecting aluminium prices, monitoring performance in subsidiaries, appropriateness and suitability of KPIs or key performance indicators and carrying out benchmark in the area of IT, mainly for ensuring information safety, archiving documents in the physical archive, “eHramba” and business information systems, regulating the area of liability and authorisations and other minor assessments.

The internal audits, if possible, are carried out according to the COSO (The Committee of Sponsoring Organisations of the Treadway Commission) methodology. The above methodology is globally recognised and is the basis for a comprehensive monitoring of risk management.

“Only the patient and persistent succeed.” *Leung Chie Lau*

FINANCIAL REPORT OF THE IMPOL GROUP FOR THE YEAR 2021

STATEMENT ON THE RESPONSIBILITY OF THE EXECUTIVE DIRECTORS

The Executive Directors are responsible for preparing an Annual Report of the Impol Group that provides a true and fair view of the financial situation of the Impol Group as well as of its operating results for 2021.

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

The Executive Directors are 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, 13/4/2022

DECLARATION OF THE BOARD OF DIRECTORS

The Board of Directors confirms consolidated financial statements and financial statement of Impol 2000, d. d. for the year ending on 31 December 2021 and for the applied accounting guidelines. This Annual Report was adopted by the Company's Board of Directors at its session held on 20/4/2022.

Jernej Čokl
(Board of Directors President)

Vladimir Leskovar
(Board of Directors Vice President)

Janko Žerjav
(Board of Directors Member)

Andrej Kolmanič
(Board of Directors Member)

Dejan Košir
(Board of Directors Member)

Slovenska Bistrica, 20/4/2022

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, 2021, 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, 2021, 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:

AUDITOR
REVIZIJSKA DRUŽBA d.o.o. PTUJ

- *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.*

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.*

AUDITOR
REVIZIJSKA DRUŽBA d.o.o. PTUJ

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.*

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

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

April 26th, 2022

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 44: Consolidated income statement for 2021 in EUR

Item			Note	2021	2020
1.		**Net sales revenues**	1	**845,443,348**	**583,911,059**
	a)	*Net sales revenues in the domestic market*		*55,607,058*	*38,574,927*
	b)	*Net sales revenues in the foreign market*		*789,836,290*	*545,336,132*
2.		**Change in the value of product inventories and unfinished production**		**9,055,402**	**-1,404,542**
3/		**Capitalised own products and services**		**436,124**	**657,611**
4.		**Other operating revenues (including operating revenues from revaluation)**	1	**3,985,440**	**6,235,714**
5.		**Costs of goods, materials and services**	2	**699,356,088**	**478,815,606**
	a)	*Cost of goods and materials sold, and costs of the materials used*		*641,562,233*	*439,431,749*
	b)	*Costs of services*		*57,793,855*	*39,383,857*
6.		**Labour costs**	2	**83,247,171**	**65,316,005**
	a)	*Costs of wages and salaries*		*59,291,928*	*47,663,206*
	b)	*Social security costs (pension insurance costs are shown separately)*		*10,084,660*	*8,156,408*
	c)	*Other labour costs*		*13,870,583*	*9,496,391*
7.		**Write-offs**	2	**25,122,496**	**21,613,216**
	a)	*Depreciation*		*22,627,935*	*21,347,358*
	b)	*Revaluation operating expenses of intangible assets and tangible fixed assets*		*33,297*	*20,985*
	c)	*Revaluation operating expenses of current assets*		*2,460,747*	*244,873*
	d)	*Revaluation operating expenses from leases*		*517*	*0*
8.		**Other operating expenses**	2	**4,195,984**	**3,002,094**
9.		**Financial revenues from participating interests**	3	**173,655**	**269,709**
	a)	*Financial revenues from participating interests in associatec companies*		*84,420*	*165,350*
	b)	*Financial revenues from participating interests in other companies*		*89,235*	*104,359*
10.		**Financial revenues from loans granted**	3	**10,383**	**7,639**
	a)	*Financial revenues from loans granted to others*		*10,383*	*7,639*
11.		**Financial revenues from operating receivables**	3	**2,510,772**	**2,980,394**
	a)	*Financial revenues from operating receivables due from others*		*2,510,772*	*2,980,394*
12.		**Financial expenses from the impairment and write-offs of financial investments**	3	**0**	**0**
13.		**Financial expenses from financial liabilities**	3	**3,405,777**	**3,869,390**
	a)	*Financial expenses from loans received from associated companies*		*2,962*	*3,086*
	b)	*Financial expenses from loans received from banks*		*3,166,851*	*3,275,196*
	c)	*Financial expenses from issued bonds*		*0*	*304,000*
	d)	*Financial expenses from other financial liabilities*		*197,128*	*243,452*
	e)	*Financial expenses from leases*		*38,836*	*43,656*
14.		**Financial expenses from operating liabilities**	3	**5,496,482**	**3,721,598**
	a)	*Financial expenses from trade creditors and bills of exchange*		*13,899*	*9,598*
	b)	*Financial expenses from other operating liabilities*		*5,482,583*	*3,712,000*
15.		**Income tax**	4	**5,072,949**	**2,329,410**
16.		**Deferred taxes**	5	**199,503**	**-119,371**
17.		**Net profit or loss for the accounting period**		**35,518,674**	**14,109,636**
	a)	Of which profit/loss attributable to non-controlling interest		3,073,846	380,756
	b)	Profit/loss attributable to owners of the parent company		32,444,828	13,728,880
	c)	Continuing operations result		35,518,674	14,109,636
	d)	Discontinued operations result		0	0

Second comprehensive consolidated income statement

Table 45: Second comprehensive consolidated income statement in EUR

	Note	2021	2020
Net profit or loss for the accounting period		**35,518,674**	**14,109,636**
Changes in reserves from fair value measurement (+/-) from the revaluation of tangible fixed assets (+/-)		0	0
Changes in reserves from fair value measurement of assets through another comprehensive income (+/–)	16	142,702	59,526
Gains and losses arising from the translation of financial statements of foreign operations (impact of changes in exchange rates) (+/–)	16	536,459	-165,625
Actuarial gains and losses of defined benefit plans (employee benefits) (+/-)	16	-91,661	-101,527
Other items of total comprehensive income (+/-)	5, 16	-27,113	-11,310
Total comprehensive income in the accounting period		**36,079,061**	**13,890,700**
• of which total comprehensive income of non-controlling interest		3,106,875	335,263
• of which total comprehensive income of controlling interest		32,972,186	13,555,437

Consolidated balance sheet

Table 46: Consolidated balance sheet in EUR

			Note	31/12/2021	31/12/2020
A.		**Long-term assets**		**234,071,443**	**236,969,236**
	I.	**Intangible assets and long-term deferred costs and accrued revenues**	**6**	**3,301,575**	**3,407,265**
	1.	Long-term property rights		1,756,768	1,731,696
	2.	Goodwill		1,261,518	1,261,518
	3.	Long-term deferred development costs		283,289	414,051
	II.	**Tangible fixed assets**	**7**	**225,607,696**	**227,262,120**
	1.	Land and buildings		68,474,814	67,299,595
	a)	*Land*		*17,285,364*	*16,148,499*
	b)	*Buildings*		*51,189,450*	*51,151,096*
	2.	Production machinery and equipment		136,119,450	115,601,325
	3.	Other machinery and equipment		8,106,631	8,092,139
	4.	Tangible fixed assets being acquired		12,906,801	36,269,061
	a)	*Tangible fixed assets under construction and manufacture*		*7,526,192*	*32,348,984*
	b)	*Advances to acquire tangible fixed assets*		*5,380,609*	*3,920,077*
	III.	**Assets under lease**	**8**	**936,781**	**1,676,943**
	1.	Assets under lease from other companies		936,781	1676.943
	IV.	**Investment property**	**9**	**1,521,781**	**1,635,588**
	V.	**Long-term financial investments**	**10**	**1,157,834**	**1,157,013**
	1.	Long-term financial investments, excluding loans		917,962	923,098
	a)	*Shares and participating interests in subsidiaries*		*606,996*	*621,590*
	b)	*Other shares and participating interests*		*310,966*	*301,508*
	2.	Long-term loans		239,872	233,915
	a)	*Long-term loans to others*		*239,872*	*233,915*
	VI.	**Long-term operating receivables**		**4,262**	**5,669**
	1.	Long-term operating receivables from others		4,262	5,669
	VII.	**Deferred tax receivables**	**5**	**1,541,514**	**1,824,638**
B.		**Short-term assets**		**394,418,501**	**297,502,472**
	I.	**Assets (disposal groups) available for sale**	**11**	**39,171**	**39,171**
	II.	**Inventories**	**12**	**243,147,569**	**158,945,177**
	1.	Raw material and material		187,382,093	115,548,261
	2.	Work in progress		26,017,510	22,659,210
	3.	Products and merchandise		28,516,159	20,552,685
	4.	Advances for inventories		1,231,807	185,021
	III.	**Short-term financial investments**	**13**	**717,971**	**2,101,439**
	1.	Short-term financial investments, excluding loans		640,532	1,986,255
	a)	*Other short-term financial investments*		*640,532*	*1,986,255*
	2.	Short-term loans		77,439	115,184
	a)	*Short-term loans to others*		*77,439*	*115,184*
	IV.	**Short-term operating receivables**	**14**	**115,974,587**	**80,855,872**
	1.	Short-term operating receivables from customers		100,660,102	66,760,075
	2.	Short-term operating receivables from others		15,314,485	14,095,797
	V.	**Monetary assets**	**15**	**34,539,203**	**55,560,813**
C.		**Short-term deferred costs and accrued revenues**		**1,205,059**	**1,399,293**
		Total assets		**629,695,003**	**535,871,001**
A.		**CAPITAL**	16	277,624,237	252,218,776
	I.	**Capital of non-controlling share**		**19,861,615**	**22,041,612**

	II.		**Called-up capital**		**4,451,540**	**4,451,540**
		1.	Share capital		4,451,540	4,451,540
	III.		**Capital reserves**		**10,751,254**	**10,751,254**
	IV.		**Revenue reserves**		**7,958,351**	**7,958,351**
		1.	Legal reserves		0	0
		2.	Reserves for own shares and own business shares		506,406	506,406
		3.	Own shares and own business shares (as a deductible item)		-506,406	-506,406
		4.	**Statutory reserves**		**2,225,770**	**2,225,770**
		5.	**Other revenue reserves**		**5,732,581**	**5,732,581**
	V.		**Revaluation reserves**		**0**	**0**
	VI.		**Reserves resulting from valuation at fair value**		**-825,682**	**-880,420**
	VII.		**Capital revaluation adjustment**		**727,596**	**224,165**
	VIII.		**Retained net profit or loss**		**202,254,735**	**193,943,394**
	IX.		**Net profit or loss for the financial year**		**32,444,828**	**13,728,880**
B.			**PROVISIONS AND LONG-TERM ACCRUED EXPENSES AND DEFERRED REVENUES**	**17**	**5,026,949**	**4,551,253**
		1.	Provisions for pensions and similar obligations		4,310,482	3,988,258
		2.	Other provisions		157,895	2,798
		3.	Long-term accrued costs and deferred revenues		558,572	560,197
C.			**LONG-TERM LIABILITIES**	**18**	**111,255,135**	**110,627,644**
	I.		**Long-term financial liabilities**		**108,863,763**	**108,055,174**
		1.	Long-term financial liabilities to banks		105,080,640	107,306,087
		2.	Other long-term financial liabilities		3,248,501	64,335
		3.	Long-term financial liabilities from leases		534,622	684,752
		a)	Long-term financial liabilities from leases to other companies		534,622	684,752
	II.		**Long-term operating liabilities**		**485,179**	**606,197**
		1.	Long-term operating due from suppliers		181,187	0
		2.	Other long-term operating liabilities		303,992	606,197
	III.		**Deferred tax liabilities**	**5**	**1,906,193**	**1,966,273**
D.			**SHORT-TERM LIABILITIES**	**19**	**233,025,159**	**166,755,826**
	I.		**Liabilities included in groups for disposal**		**0**	**0**
	II.		**Short-term financial liabilities**		**122,011,929**	**85,508,980**
		1.	Short-term financial liabilities to banks		113,324,221	77,741,590
		2.	Other short-term financial liabilities		8,286,315	7,297,356
		3.	Short-term financial liabilities from leases		401,393	470,034
		a)	Short-term financial liabilities from leases to other companies		401,393	470,034
	III.		**Short-term operating liabilities**		**111,013,230**	**81,246,846**
		1.	Short-term operating liabilities to suppliers		87,135,507	70,422,840
		2.	Short-term operating liabilities from advance payments		4,810,143	1,298,029
		3.	Other short-term operating liabilities		19,067,580	9,525,977
D.			**SHORT-TERM ACCRUED COSTS AND DEFERRED REVENUES**	**20**	**2,763,523**	**1,717,502**
			TOTAL LIABILITIES TO SOURCES OF ASSETS		**629,695,003**	**535,871,001**

Consolidated statement of changes in capital in 2021

Table 47: Consolidated statement of changes in capital in 2021 in EUR

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

Consolidated statement of changes in capital in 2020

Table 48: Consolidated statement of changes in capital in 2020 in EUR

	Called-up capital	Capital of the non-controlling share	Capital reserves	Revenue reserves				Reserves resulting from valuation at fair value	Capital revaluation adjustment	Retained net profit or loss	Net profit or loss for the financial year	Total CAPITAL
	I	II	III	IV				V	VI	VII	VIII	IX
	Share capital			Reserves for own shares and own business shares	Own shares and own business shares (deductible item)	Statutory reserves	Other revenue reserves			Retained net profit/loss	Net profit/loss of the financial year	Total capital
	I	II	III	IV/1	IV/2	IV/3	IV/4	V	VI	VII	VIII	IX
Balance at the end of the previousfinancial year as of 31/12/2019	**4,451,540**	**22,052,503**	**10,751,254**	**506,406**	**-506,406**	**2,225,770**	**5,732,581**	**-860,051**	**345,211**	**175,384,468**	**21,999,511**	**242,082,787**
Retroactive conversions	0	-11,474	0	0	0	0	0	0	0	-454,581	0	-466,055
Initial balance of the reporting period as of 1/1/2020	**4,451,540**	**22,041,028**	**10,751,254**	**506,406**	**-506,406**	**2,225,770**	**5,732,581**	**-860,051**	**345,210**	**174,929,887**	**21,999,511**	**241,616,732**
Changes in equity – transactions with owners	**0**	**-334,679**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**-2,953,977**	**0**	**-3,288,656**
Disbursement of dividends to others	0	-334,679	0	0	0	0	0	0	0	-2,953,977	0	-3,288,656
Total comprehensive income for the reporting period	**0**	**335,263**	**0**	**0**	**0**	**0**	**0**	**-52,397**	**-121,045**	**0**	**13,728,880**	**13,890,700**
Entry of net profit/loss in the financial year	0	380,756	0	0	0	0	0	0	0	0	13,728,880	14,109,636
Change in reserves resulting from valuation of financial investments at fair value	0	1,466	0	0	0	0	0	58,060	0	0	0	59,526
Gains and losses arising from the translation of financial statements of foreign operations (+ / −)	0	-44,580	0	0	0	0	0	0	-121,045	0	0	-165,625
Actuarial profit/loss, recognised under provisions for retirement benefits	0	-2,101	0	0	0	0	0	-99,426	0	0	0	-101,527
Other items comprehensive income reporting periods	0	-278	0	0	0	0	0	-11,031	0	0	0	-11,310
Changes in capital	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**32,028**	**0**	**21,967,483**	**-21,999,511**	**0**
Allocation of the remaining portion of the net profit to other capital components	0	0	0	0	0	0	0	0	0	21,999,511	-21,999,511	0
Other changes in capital	0	0	0	0	0	0	0	32,028	0	-32,028	0	0
Closing balance of the reporting period as of 31/12/2020	**4,451,540**	**22,041,612**	**10,751,254**	**506,406**	**-506,406**	**2,225,770**	**5,732,581**	**-880,420**	**224,165**	**193,943,394**	**13,728,880**	**252,218,776**

Consolidated cash flow statement

Table 49: Consolidated cash flow statement in EUR

Item			Note	2021	2020
A.		**Cash flows from operating activities**			
	a)	Profit and loss statement items		63,320,747	38,766,960
		Operating revenues (except for revaluation) and financial revenues from operating receivables	1	849,922,073	592,155,051
		Operating expenses excluding depreciation (except from revaluation) and financial expenses from operating liabilities	2	-781,328,875	-551,178,049
		Income tax and other taxes not included in operating expenses	4	-5,272,451	-2,210,042
	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		-89,595,094	16,689,553
		Opening minus closing operating receivables	14	-36,740,644	-4,522,597
		Opening minus closing deferred costs and accrued revenues		194,235	-815,760
		Opening minus closing deferred tax receivables	5	256,011	-118,175
		Opening minus closing inventory	12	-85,046,360	4,655,614
		Closing minus opening operating debts	19	29,688,031	16,609,414
		Closing minus opening accrued costs and deferred revenues and provisions	17, 2	2,113,713	868,966
		Closing minus opening deferred tax liabilities	5	-60,080	12,091
	c)	**Net cash from operating activities or net outflows from operating activities (a + b)**		**-26,274,347**	**55,456,513**
B.		**Cash flows from investing activities**			
	a)	Cash receipts from investing activities		1,136,455	5,707,343
		Cash receipts from interest and participation in profit of others relating to investing activities	3	198,637	277,347
		Cash receipts from the disposal of tangible fixed assets	1	559,556	407,563
		Cash receipts from the disposal of long-term financial investments	3	1,141	33,341
		Cash receipts from the disposal of short-term financial investments	3	377,121	4,989,092
	b)	Cash disbursements from investing activities		-19,251,720	-26,398,895
		Cash disbursements for the acquisition of intangible assets	6	-1,739,402	-697,344
		Cash disbursements for the acquisition of tangible fixed assets	7	-17,180,703	-21,067,047
		Cash disbursements for the acquisition of long-term financial investments		-15,904	-54,220
		Cash disbursements for the acquisition of short-term financial investments	13	-315,711	-4,580,284
	c)	**Net cash from investment activities or net outflows from investment activities (a + b)**		**-18,115,265**	**-20,691,552**
C.		**Cash flows from financing activities**			
	a)	Cash receipts from financing activities		123,470,733	86,447,774
		Cash receipts from the increase of long-term financial liabilities	18	66,592,447	58,494,992
		Cash receipts from the increase of short-term financial liabilities	19	56,878,286	27,952,782
	b)	Cash disbursements from financing activities		-100,102,730	-102,891,398
		Cash disbursements for given interests from financing activities	3	-3,421,775	-3,184,517
		Cash disbursements for the repayment of capital		-1,066,667	0
		Cash disbursements of long-term financial liabilities	18	-6,619,865	-6,247,354
		Cash disbursements of short-term financial liabilities	19	-84,455,421	-90,170,870
		Cash disbursements of dividends and other profit shares paid	16	-4,539,002	-3,288,657
	c)	**Net cash from financing activities or net outflows from financing activities (a + b)**		**23,368,003**	**-16,443,624**
D.		**Monetary assets at the end of the period**	**15**	**34,539,203**	**55,560,812**
	a)	**Net cash flow in the period**		**-21,021,609**	**18,321,337**
	b)	**Monetary assets at the beginning of the period**	**15**	**55,560,812**	**37,239,475**

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 ordinary registered no-par value shares that are not traded in the organised security market. The shares are owned by 837 shareholders.

The consolidated financial statements for the financial year that ended on 31 December 2021 are presented hereafter. The consolidated financial statements include Impol 2000, d. d. and its subsidiaries and participations in associated companies.

Introductory note on reporting standards

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

Statement of compliance with the IFRS

The Board of Directors confirmed the financial statements and the consolidated financial statements on 20/4/2022.

The 2021 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 IFRS 9 – Financial Instruments, IAS 39 – Financial Instruments – Recognition and Measurement, IFRS 7 – Financial Instruments: Disclosures, IFRS 4 – Insurance Contracts and IFRS 16 – Leases – Reference interest rate reform – Phase 2, which were adopted by the European Union on 14/1/2021/
- Amendments to IFRS 16 – Leases: Exemptions from rent payments after 30 June 2021, which were adopted by the European Union on 31/8/2021.

The amendments to standard IFRS 9, IFRS 39, IFRS 7, IFRS 4 and IFRS 16 provide temporary exemption from the reporting of the financial effects of the swap of the inter-bank offered rate (IBOR) with the alternative almost risk-free rate (RFR). The amendments provide companies the use of a practical solution for accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, whereby the company must adjust the effective interest rate so that it is equal to the market interest rate trend. In addition to this, amendments enable companies to use certain generalisations for ceasing to use hedging, including a temporary exemption from the requirement of differentiation, for risk hedging ratios in which the alternative reference interest rate was specified as a non-contractually defined risk component. The amendments to the IFRS 7 – Financial Instruments standard require of the company to carry out disclosures which would enable users of financial statements to understand the effect of the reform of the reference interest rate for financial instruments of the company and its risk management strategy. The company must apply the amendments retrospectively without having to recalculate data from past periods.

Amendments to standard IFRS 16 – Leases: The exemptions from rent payments after 30 June 2021 apply to annual periods beginning on or after 1 April 2021, whereby the early use is permitted also in financial statements, which on the date of publication of the standard amendments were not approved for publication. The company may use the practical relief in addressing lease adjustments, whereby an individual lease reduction affects only payments which would originally be due on or before 30 June 2022, and under the condition that all conditions for the use of a practical solution are met.

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 IAS 16 – Tangible fixed assets – Profit before intended use (applicable for annual periods starting on or after 1 January 2022). The European Union adopted the above amendments on 28/6/2021. The amendments prohibit an entity from deducting proceeds from the sale of products from the costs of property, plant, and equipment during the period in which the asset is prepared for its intended use and require the recognition of the proceeds from the sale and the related costs in profit or loss.
- 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). The European Union adopted the above amendments on 28/6/2021. The amendments define the costs that an entity considers in determining the cost of performing a contract for purposes of assessing whether a contract is onerous.
- Amendments to IFRS 3 – Business Combinations – References to the fundamental framework with amendments to IFRS 3 (applicable for annual periods beginning on or after 1 January 2022). The European Union adopted the above amendments on 28/6/2021. The amendments update the reference in IFRS 3 to the fundamental framework of financial reporting standards without changing the accounting requirements for the accounting of business combinations.
- Amendments to various standards due to improvements to IFRS (period 2018-2020) resulting from the annual improvement project of IFRS (IFRS 1, IFRS 9 and IAS 41) primarily with a view to removing inconsistencies and clarifying wording. Amendments to IFRS 1, IFRS 9 and IAS 41 are effective for annual periods beginning on or after 1 January 2022. The European Union adopted the above amendments on 28/6/2021.

The Impol Group decided that it shall not adopt or apply these standards, adjustments or notes before they come into effect. 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.

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 2021 financial year were being drawn up/approved[2]:

- Amendments to IAS 1 – Presentation of Financial Statements and Position 2 of the IFRS International Financial Statements: Disclosure of accounting policies (amendments). These amendments are effective for annual periods beginning on or after 1 January 2023. Early application is permitted. The amendments define the guidelines for assessing the importance of disclosing accounting policies. The amendments to IAS 1 replace the requirement for disclosing "essential" accounting policies with the requirement for disclosing "important" accounting policies. At the same time, the Position contains instructions and illustrative examples as an aid in using the importance concept in assessing the disclosure of accounting policies. The EU has not yet approved the amendments/changes to the standard.
- 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 2024). In response to the coronavirus pandemic (covid-19), the IASB initially postponed the amendments effective date for one year, i.e. to 1 January 2023, in order to allow companies sufficient time to make changes to the classification of liabilities. The amendments serve to assist companies in deciding whether to classify debt and other liabilities with an uncertain settlement date as current or non-current liabilities in the statement of financial position, thus ensuring greater consistency in compliance with the requirements of the standard. The amendments affect the presentation of liabilities in the statement of financial position but do not change the existing requirements related to the measurement or recognition period of either assets, liabilities, income, or expenses or the information which the company discloses about these items. The amendments also clarify the requirements relating to debt classification, which the company may settle by issuing own equity instruments. In November 2021, the Board of Directors published a draft for public proceedings (ESD), which clarifies how the company addresses the liabilities for which commitments apply, which the company must fulfil by the date following the reporting period. The proposal for the amendments is effective for annual periods beginning on or after 1 January 2024, and the company must apply them retroactively in accordance with the IAS 8 standard. Early application is permitted. At the same time, the Board of Directors proposed to postpone the amendments effective date from 2020, which means that the company does not need to change the current practices before the effective date of the proposed amendments. The EU has not yet approved the amendments/changes to the standard and drafts for public proceeding.
- Amendments to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors: Definition of accounting assessments (amendments). These amendments to the standard are effective for annual periods beginning on or after 1 January 2023. Early application is permitted. The amendments address the changes to the accounting policies and accounting assessment at the beginning of this period or later and define accounting assessments as monetary amounts in the financial statements, which uncertainty is tied to from the point of view of measurement. The amendments also clarify what the amendments to the accounting assessments are and how they differ from the amendments to the accounting policies and error corrections. The EU has not yet approved the amendments/changes to the standard.
- Amendments to IFRS 10 – Consolidated Financial Statements and IAS 28 Investments in

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

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). The amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between investors and their associated company or joint venture. The main consequence of the amendments is for the company to recognise the entire profit or loss amount if the transaction includes business operations (regardless of the fact whether they are located in a subsidiary or not). For transactions with assets that do not represent operations, only part of the profit or loss is recognised even if the assets are located in a subsidiary. The EU has not yet approved the amendments/changes to the standard.
- Amendments to IAS 12 – Income Taxes: Deferred tax on assets and liabilities of a single transaction (amendments). In May 2021, the IASB published amendments to the IAS 12 accounting standard with which it restricted the use of the exception in the initial recognition according to IAS 12, and provisions explaining how the company should calculate the deferred tax on certain transactions, such as leases and liabilities related to decommissioning. In accordance with the amendments, the exception does not apply to transactions, the taxable amount of which was equal to the amount of deductible temporary differences upon the initial recognition. The exception only applies if the taxable amount is not equal to the amount of deductible temporary differences upon recognising the assets under lease and related liabilities (or liability related to decommissioning and decommissioning of a component of the asset). These amendments are effective for annual periods beginning on or after 1 January 2023. Early application is permitted. The EU has not yet approved the amendments/changes to the standard.

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

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

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

Use of estimates and judgements

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

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 associated companies (Note 10),
  - Financial receivables (Notes 13 and 10);
  - Estimate of fair value of assets (see point “Carrying amounts and fair values of financial instruments”).

Fair value is used in case of financial assets measured by fair value through profit or loss, and in case of derivatives. All other items in financial statements represent the purchase or the amortised value. All assets and liabilities that are measured by fair value in financial statements are classified in a hierarchy of fair value based on the lowest level of inputs that are important for measuring the total fair value:
- level one includes quoted prices (unadjusted) on functioning markets for the same assets and liabilities,
- level two includes inputs that besides quoted prices from level one are also noted directly (i.e. prices) or indirectly (i.e. derived from prices) as assets or liabilities,
- level three includes inputs for the asset or liability not based on observable market data.

Quoted prices are applied as the basis for determination of the fair value of financial instruments.

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

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

Profit and loss from financial instruments measured at fair value through profit or loss is classified under the profit or loss statement.
Capital investments in subsidiaries, associated and other companies are measured at cost, in accordance with IAS 27.

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

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

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

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

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

The Group had no other provisioning.

Important Accounting Policies of the Group

Transactions in foreign currency

Transactions in foreign currencies are converted to the respective functional currencies of entities 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 50: Reference ECB exchange rates for converting balance sheet items

Currency	31/12/2021
USD	1.1326
HUF	369.19
RSD	117.44
HRK	7.5156

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

Table 51: Exchange rates for converting profit or loss

	Average annual exchange rate in 2021
USD	1.1827
HUF	358.52
RSD	117.61
HRK	7.5284

Currency differences are recognised under other comprehensive income and reported under the item exchange differences in capital. If a foreign entity is disposed of in a way that there is no longer a controlling or significant influence, the corresponding cumulative amount in the exchange difference in capital is translated into gains and losses on disposal. If the Group disposes of only part of its share in a subsidiary that includes a foreign company, while maintaining a controlling influence, the corresponding share of the cumulative amount is reclassified as non-controlling share. If the Group disposes of only part of its investment in a 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 capital in connection with the subsidiary. Any surpluses or deficits that arise at the loss of control are recognised in profit or loss. If the Group retains a share in a previous subsidiary, this share is measured at fair value at the date of the loss of control. Later, this share is recognised in capital as an investment in a 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 capital investment. Sharing in profit of the subsidiary is recognised in profit or loss after the subsidiary acquires the right to profit-sharing. Consolidated financial statements do not include revenue/expenditure and loss based on transaction within the Group.

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

Investment in associated companies

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

Investments in associated companies are recognised in individual statements at cost and in consolidated statements using the equity method. Consolidated financial statements include the share of the entity in profit or loss, using the equity method, from the date of the beginning ant until the date of the end of the significant influence. Accounting policies of 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 amount of the share in the associate is reduced to zero, and it is no longer recognised in future losses. Costs that can be connected with the purchase increase the value at cost of the capital investment.

More on this in the section presenting the 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 amount of intangible assets with a finite useful life is reduced with depreciation. Later expenditure in connection with intangible assets are only capitalised if they increase future economic gain. All other costs are recognised in profit 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:

Table 52: Depreciation rates used for intangible fixed assets

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

Goodwill, which occurred at consolidation, represents the excess of the cost of an acquisition over the entity's share in fair value of the acquired identifiable assets, liabilities and contingent liabilities of subsidiaries at the date of acquisition. Negative goodwill is recognised immediately in the consolidated profit 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 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 carrying amount of the disposed asset is recognised in the statement of profit or loss. The costs of replacing a part of a tangible fixed asset are recognised at the carrying amount of this asset, if it is probable that future economic gains of this part of the asset will flow into the Group and if the value at cost can be reliably measured.

All other costs (repairs, maintenance) for preserving or renewing future economic gain are recognised in the profit 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 53: **Depreciation rates used for tangible fixed assets**

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

Assets under lease

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

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

The asset with the right to use is recognised on the date of commencement of the lease, i.e.

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

The assets are then measured according to their cost, 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 within the Group is reclassified as tangible fixed assets, except in cases where ancillary services are so insignificant that the property does not meet the reclassification criteria.

Financial instruments

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

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

Determination of the fair value of financial instruments takes into account the following hierarchy of determination levels:
- level one includes quoted prices (unadjusted) on functioning markets for the same assets and liabilities,
- level two includes inputs that besides quoted prices from level one are also noted directly (i.e. prices) or indirectly (i.e. derived from prices) as assets or liabilities,
- level three includes inputs for the asset or liability not based on observable market data.

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

Non-derivative financial assets

Non-derivative financial assets include cash and cash equivalents, claims and loans, and investments. Pursuant to the IFRS 9, the aforementioned assets can be divided into the following three groups:
- financial assets at fair value through profit or loss,
- financial assets at 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 from financial instruments classified in this group are recognised as financial revenues in the profit or 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 against the risk of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect profit or loss, the effective part of changes in fair value of derivative financial instruments is recognised under the comprehensive income of the period and disclosed under the revaluation surplus/reserves resulting from valuation at fair value. The ineffective part of changes in fair value of the derivative financial instrument is recognised directly in profit or loss. The Group usually stops using the instrument as a hedge against the risk of exposure to variability in cash flows if the financial instrument no longer meets the criteria for hedging or if the financial instrument is sold, terminated or exercised. The accumulated profit or loss recognised under other comprehensive income remains recognised under the revaluation surplus, until the forecast transaction does not affect profit or loss. If the forecast transaction can no longer be expected, the amount in other comprehensive income has to be recognised directly in profit or loss. In other cases, the amount recognised under other comprehensive income is transferred to profit or loss of the same period in which the hedged item affects profit or loss.

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

The Group uses the following derivative financial instruments:

- **future transactions (forwards)**

Effective management of the whole raw material field of the Impol Group is focused on two areas: currency risk management and management of risks regarding changes in aluminium prices. Both areas are closely linked and are managed by the Group with forwards and futures.
In case of aluminium raw materials or hedging of LME risks, the Impol Group follow the principle that profit or loss from a forward is recognised in profit or loss at liquidation or after settling individual forwards on the LME on the day of maturity, which is usually the same as the period of the realisation of the sale transaction on the physical market, or after realising the actual 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 its sales in EUR. Purchasing and selling in different currencies leads to inconsistencies between purchase and sales prices, which is harmonised by the Group by using futures (forwards). Profit or loss from forward currency transactions is recognised in profit or loss under other financial income and revenue.

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

- **interest rate swaps**

Interests of received loans bear the interest rate change risk, against which the Group uses interest rate swaps. Interest rate swaps value the fair value of open swaps on the date of the 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. The FIFO method is used for valuing inventories of merchandise and measuring use.

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

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

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

Capital

Called-up capital

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 31/12/2021, the share capital of Impol 2000, d. d., amounts to EUR 4,451,540 and is divided into 1,066,767 ordinary registered 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 jubilee and retirement benefits discounted on the date of the statement of financial position. Calculations are made for individual employees by including the costs of all expected 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 amount is higher than the estimated replacement value. The financial asset is revalued if there is an objective evidence of impairment. The replacement value represents the current value of the estimated future cash flows discounted at the original effective interest rate of this instrument. The impairment is recognised in the profit or loss statement.

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

Impairment of receivables and loans granted

Impairments of receivables are formed based on the assessment of recoverability time analysis.

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

When it comes to financial assets measured at fair value through other comprehensive income, the latter is measured according to its cost upon initial recognition, and is then increased for the cost of the business transaction arising from the purchase of said financial asset. Profit 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 amount of the Company's non-financial assets is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised when the carrying amount of an asset or cash-generating unit exceeds its recoverable value. A cash-generating unit is the smallest group of assets that generate financial income that are to a greater extent independent from financial income from other assets and groups of assets. Impairment losses are recognised in the profit 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:

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

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

Taxes

Income tax comprises current and deferred tax.

Income tax is recognised in profit or loss, except to the extent that it relates to items recognised 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.

DISCLOSURES TO INDIVIDUAL ITEMS OF GROUP FINANCIAL STATEMENTS

1. Operating revenues

Table 54: Operating revenues in EUR

Operating revenues	Operating revenues generated with companies		2021	2020
	associated	others		
Net sales revenues	62,107	845,381,241	845,443,348	583,911,059
Change in the value of product inventories and unfinished production	0	9,055,402	9,055,402	-1,404,542
Capitalised own products and services*	0	436,124	436,124	657,611
Other operating revenues	0	3,985,440	3,985,440	6,235,714
TOTAL:	**62,107**	**858,858,207**	**858,920,314**	**589,399,844**

Net sales revenues	Net sales revenues from sales generated with companies		2021	2020
	associated	others		
Net revenues from the sale of products	0	699,802,276	699,802,276	491,549,349
Net revenues from the sale of services	61,678	4,488,718	4,550,396	4,014,669
Net sales revenues from the sale of goods and materials	429	141,090,248	141,090,676	88,347,041
TOTAL:	**62,107**	**845,381,241**	**845,443,348**	**583,911,059**

Other operating revenues	2021	2020
Revenues from the reversal of provisions	709,419	694,752
Other revenues associated with business effects (subsidies, grants, compensations, premiums. etc.)**	2,891,779	5,139,888
Revaluation operating revenues	384,242	401,073
TOTAL:	**3,985,440**	**6,235,714**

Revaluation operating revenues	2021	2020
From disposal of tangible fixed assets	304,268	254,025
From operating receivables	53,302	123,864
From operating liabilities	26,673	23,185
TOTAL:	**384,242**	**401,074**

*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.
**Other operating revenues refer to revenues due from complaints, damages and returned excise duties for electricity and gas and also to received state aid after the intervention legislation for mitigating and eliminating the consequences of the covid-19 epidemic in 2021 for the purchase of SARS-CoV-2 tests and as an aid in the form of covering the costs due to the quarantine ordered for employees.

Net sales revenues by business segment

Table 55: Net sales revenues by business segment in EUR

	2021	2020
Revenues from sales in Slovenia	**45,916,692**	**31,076,427**
• Revenues from sales in Slovenia – Associated companies	62,107	63,863
• Revenues from sales in Slovenia – other companies	45,854,585	31,012,564
Revenues from sales in EU	**694,143,296**	**469,824,948**
• Revenues from sales in EU – other companies	694,143,296	469,824,948
Revenues from sales in other European countries	**52,138,146**	**34,558,950**
• Revenues from sales in other European countries – other companies	52,138,146	34,558,950
Revenues from sales on other markets	**53,245,214**	**48,450,735**
• Revenues from sales on other markets – other companies	53,245,214	48,450,735
TOTAL	**845,443,348**	**583,911,059**

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

2. Operating expenses

Table 56: Operating expenses in EUR

A. Analysis of costs and expenses	Manufacturing costs	Costs of sales	Costs of general activities	Total 2021	Total in 2021 Purchased from: Associated companies	Total in 2021 Purchased from: Other companies	2020
Cost of merchandise and materials sold	117,910	169,780,777	62,088	169,960,774	0	169,960,774	94,377,692
Costs of material	461,967,610	9,225,931	407,918	471,601,459	0	471,601,459	345,054,056
Costs of services	21,656,324	21,435,388	14,702,143	57,793,855	1,707,595	56,086,260	39,383,857
Labour costs	53,328,158	1,795,626	28,123,388	83,247,171	0	83,247,171	65,316,005
Depreciation	9,689,276	138,602	12,800,057	22,627,935	0	22,627,935	21,347,358
Revaluation operating expenses	848,887	6,152	1,639,522	2,494,561	0	2,494,561	265,858
Provisions	0	0	944	944	0	944	0
Other operating expenses	4,227	63,435	4,127,378	4,195,040	0	4,195,040	3,002,094
TOTAL:	**547,612,392**	**202,445,910**	**61,863,437**	**811,921,740**	**1,707,595**	**810,214,145**	**568,746,920**

B. Revaluation operating expenses	2021	2020
Revaluation operating expenses from tangible fixed assets	33,298	20,985
Revaluation operating expenses from rights to use	517	0
Revaluation operating expenses from inventories	843,964	87,550
Revaluation operating expenses from operating receivables	1,616,782	157,322
TOTAL:	**2,494,561**	**265,858**

During the year, the Group has impaired and partially also written-off the value of certain spare parts in stock, namely in the total amount of EUR 843,964 charged to revaluation operating expenses.
Due to the bankruptcy of a buyer in Germany we have written-off also receivables in the amount of EUR 1,616,782. The buyer was partially insured, this is why in 2022 we expect to receive compensation for damages by the insurance company.

Labour costs

Table 57: Itemisation of labour costs in EUR

	2021	2020
Costs of wages and salaries	59,291,928	47,663,206
Costs of pension insurance	5,663,486	4,638,869
Costs of other social security contributions	4,421,174	3,517,539
Other labour costs	13,870,583	9,496,391
Total	**83,247,171**	**65,316,005**

3. Financial revenues and expenses

Table 58: Financial revenues from financial investments in EUR

	Total 2021	Of which from companies		Total 2020
		Associated companies	Other companies	
Financial revenues from participating interests – profit-sharing, dividends	173,655	84,420	89,235	269,709
Financial revenues from loans – interests	10,383	0	10,383	7,639
Financial revenues from operating receivables – interests	235,459	0	235,459	64,868
Financial revenues from operating receivables – foreign exchange differences	1,453,388	0	1,453,388	1,460,368
Financial revenues from forwards	821,924	0	821,924	1,455,157
Total	**2,694,809**	**84,420**	**2,610,389**	**3,257,742**

Financial revenues from participating interests in associated companies represent shares in the amount of EUR 84,420, calculated according to the equity method in the consolidated financial statements.

Table 59: Financial expenses from financial investments in EUR

	Total 2021	Of which from companies		Total 2020
		Associated companies	Other companies	
Financial expenses from (excluding bank loans) – interests	35,434	2,962	32,473	46,962
Financial expenses from leases – interests (financial lease)	9,738	0	9,738	8,085
Financial expenses from financial liabilities – interest rate swaps	121,927	0	121,927	158,400
Financial expenses from loans received from banks – interests	3,165,717	0	3,165,717	3,272,878
Financial expenses from loans received from banks – foreign exchange differences	1,134	0	1,134	2,318
Financial expenses from issued bonds – interests	0	0	0	304,000
Financial expenses from other financial liabilities – interests	42,728	0	42,728	41,176
Financial expenses from leases – interests (operating lease)	29,098	0	29,098	35,571
Financial expenses from operating liabilities – interests	20,005	0	20,005	78,754
Financial expenses from operating liabilities – foreign exchange differences	1,028,366	0	1,028,366	3,301,399
Financial expenses from forwards	4,448,111	0	4,448,111	341,445
Total	**8,902,258**	**2,962**	**8,899,297**	**7,590,988**

4. Income tax

Table 60: Income tax in EUR

Income tax	2021	2020
Revenues determined in accordance with accounting regulations	1,596,088,988	1,075,260,999
Revenues recognised for tax purposes	1,560,810,564	1,074,334,219
Expenses determined under accounting regulations	1,521,073,637	1,058,233,948
Expenses recognised for tax purposes	1,518,071,374	1,056,753,694
Difference between deductible revenues and expenses	42,739,190	17,580,526
Tax base	44,494,534	17,149,157
Tax base	36,779,891	11,651,762
Tax	5,072,948	2,329,412
Effective tax rate (in%)	12.44%	14.27%

Income tax is accounted for in accordance with laws that apply in individual countries where the Group has its subsidiaries. In 2021, the effective profit tax rate for Slovenia was 19% (in 2020: 19%), while the applicable income tax rate in Croatia is 18%, in Serbia 15%, in the USA 21%, and in Hungary 9%.

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

Income tax	2021	2020
Impol 2000, d. d.	137,426	73,668
Impol, d. o. o.	2,970,301	693,003
Impol FT, d. o. o.	454,877	335,644
Impol PCP, d. o. o.	700,248	541,107
Impol-Montal, d. o. o.	27,487	24,661
Impol R in R, d. o. o.	5,396	17,253
Impol Infrastruktura, d. o. o.	8,586	8,912
Impol LLT, d. o. o.	151,901	203,523
Impol Seval, a. d.	0	0
Impol-TLM, d. o. o.	0	0
Alcad, d. o. o.	10,450	8,741
Impol-FinAl, d. o. o.	19,859	9,693
Stampal SB, d. o. o.	167,971	92,178
Kadring, d. o. o.	31,719	35,688
Rondal, d. o. o.	197,280	162,086
Impol Servis, d. o. o.	90,645	51,674
Impol Seval Tehnika, d. o. o.	8,341	3,948
Impol Seval PKC, d. o. o.	4,183	2,727
Impol Seval Final, d. o. o.	910	2,950
Štatenberg, d. o. o.	485	768
Impol Hungary Kft.	7,151	8,542
Impol Aluminum Corporation, New York	47,598	30,120
Impol Stanovanja, d. o. o.	6,313	11,300
Unidel, d. o. o.	23,820	11,224
TOTAL income tax	**5,072,949**	**2,329,410**

5. Deferred tax assets and liabilities

Table 62: Deferred tax assets and liabilities in EUR

	Deferred tax receivables	Deferred tax liabilities
Deferred tax balance as of 31/12/2020	**1,824,638**	**1,966,273**
Opening balance adjustment (+/-)	0	0
Deferred tax balance as of 1/1/2021	**1,824,638**	**1,966,273**
Deductible temporary differences (+)	378,950	0
Utilisation of deductible temporary differences (-)	667,063	0
Reversal of deductible temporary differences (+)	0	61,497
Exchange rate differences (+/-)	4,990	1,418
Deferred tax balance as of 31/12/2021	**1,541,514**	**1,906,193**

Change in receivables and liabilities for deferred tax assets and liabilities in the amount of EUR -223,044 (2020: EUR 94,774) was recognised:	2021	2020
• Profit or loss account (+ / -)	-199,503	119,371
• Capital – Reserves resulting from valuation at fair value (+/-)	-27,113	-11,310
• Capital – Revaluation difference (+/-)	3,572	-13,287
Total	**-223,044**	**94,775**

The deferred tax receivables are 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 63: Trend in deferred tax receivables in EUR

	Accounting depreciation exceeds the depreciation for tax purposes	Asset impairments (revaluation operating expenses)	Formation of provisions	Tax loss	Unused relief for investments	Interest rate swap	TOTAL
Balance of deferred tax receivables 31/12/2020	**942**	**311,581**	**237,378**	**1,142,985**	**57,649**	**74,105**	**1,824,639**
Opening balance adjustments	0	0	0	0	0	0	0
Balance of deferred tax receivables 1/1/2021	**942**	**311,581**	**237,378**	**1,142,985**	**57,649**	**74,105**	**1,824,639**
Appearance of deductible temporary differences (+)	245	301,366	25,437	88,851	36,856	0	452,755
Utilisation of deductible temporary differences (-)	0	22,525	1,160	654,205	7,366	55,613	740,869
Exchange rate differences (+/-)	1	742	0	4,247	0	0	4,990
Balance of deferred tax receivables 31/12/2021	**1,188**	**591,163**	**261,655**	**581,878**	**87,139**	**18,492**	**1,541,514**

Table 64: Trend in deferred tax liabilities in EUR

	Depreciation for tax purposes exceeds accounting depreciation	TOTAL
Deferred tax liabilities as of 31/12/2020	**1,966,273**	**1,966,273**
Opening balance adjustments	0	0
Deferred tax liabilities as of 1/1/2021	**1,966,273**	**1,966,273**
Reversal of deductible temporary differences (+)	61,497	61,497
Exchange rate differences (+/-)	1,418	1,418
Deferred tax liabilities as of 31/12/2021	**1,906,193**	**1,906,193**

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

Net earnings per share

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

Table 65: Net earnings per share in EUR

	2021	2020
Profit or loss relating to the owners of the controlling entity	32,444,828	13,728,880
Weighted average of the number of regular shares	984,659	984,659
Basic earnings per share (in EUR)	**32.95**	**13.94**

Table 66: Weighted average of the number of regular shares as of 31/12/2021 in EUR

	2021	2020
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 2021 include:

- Change of fair value of hedges (interest swaps) in the amount of EUR 142,702, 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 536,459;
- Actuary losses based on the re-calculation of provisions for retirement benefits for the financial year 2021, in the amount of EUR - 91,661.
- 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 -27,113.

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

Table 67: Trend in intangible assets in 2021 in EUR

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

Table 68: Trend in intangible assets in 2020 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 31/12/2019	**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 1/1/2020	**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 investments 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 as of 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 as of 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 as of 31/12/2020	**7,354,858**	**0**	**239,752**	**0**	**0**	**7,594,609**
Carrying amount as of 31/12/2020	**1,667,082**	**1,261,518**	**414,051**	**0**	**64,614**	**3,407,265**
Carrying amount as of 31/12/2019	**1,528,361**	**1,261,518**	**519,955**	**0**	**185,226**	**3,495,060**

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 31/12/2021 were fully depreciated.

Goodwill

Structure of goodwill according to business combinations that generated it.

Table 69: Structure of goodwill in EUR

	31/12/2021	31/12/2020
Alcad, d. o. o.	942,289	942,289
Stampal SB, d. o. o.	319,229	319,229
TOTAL:	**1,261,518**	**1,261,518**

On 31/12/2021, goodwill was tested for possible impairment and no need for impairment was determined.

7. Tangible fixed assets

Table 70: Tangible fixed assets in 2021 in EUR

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

In 2021, 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 31/12/2021 were fully depreciated.

Table 71: Tangible fixed assets in 2020 in EUR

	Land	Buildings	Property being acquired	Total immovable property	Production machinery and equipment	Other machinery and equipment	Equipment and other tangible fixed assets being acquired	Advances to acquire tangible fixed assets	Total equipment	Total
Cost as of 31/12/2019	**15,858,477**	**98,215,774**	**8,253,013**	**122,327,263**	**330,549,360**	**27,334,684**	**35,358,765**	**2,962,832**	**396,205,642**	**518,532,904**
Opening balance adjustments	0	0	0	0	0	0	0	0	0	0
Cost as of 1/1/2020	**15,858,477**	**98,215,774**	**8,253,013**	**122,327,263**	**330,549,360**	**27,334,684**	**35,358,765**	**2,962,832**	**396,205,642**	**518,532,904**
Direct increases – acquisitions	0	0	1,940,224	1,940,224	0	0	17,486,696	5,286,988	22,773,684	24,713,908
Transfer from investments in progress	438,350	8,820,190	-9,258,540	0	19,063,144	3,015,576	-22,078,720	0	0	0
Transfer between companies in the Group – acquisition	0	0	100,326	100,326	0	0	627,706	0	627,706	728,032
Transfer between companies in the Group – sales (-)	0	30,422	0	30,422	0	0	0	0	0	30,422
Transfer to investment property (-)	0	0	39,156	39,156	0	0	0	0	0	39,156
Exchange rate differences	-148,328	-121,143	-1,080	-270,551	-563,112	-26,255	-40,250	-7,677	-637,294	-907,845
Decreases – sales (-)	0	5,689	0	5,689	149,566	3,514	0	0	153,080	158,768
Decreases – exclusions, other decreases (-)	0	3,895	0	3,895	134,360	822,195	0	4,322,067	5,278,622	5,282,517
Transfers between categories of tangible fixed assets	0	0	0	0	0	11,490	0	0	11,490	11,490
Cost as of 31/12/2020	**16,148,499**	**106,874,815**	**994,787**	**124,018,100**	**348,765,466**	**29,509,787**	**31,354,197**	**3,920,077**	**413,549,527**	**537,567,626**
Value adjustment as of 31/12/2019	**0**	**53,274,684**	**0**	**53,274,684**	**218,207,826**	**19,933,006**	**0**	**0**	**238,140,832**	**291,415,515**
Opening balance adjustment	0	0	0	0	0	0	0	0	0	0
Value adjustment as of 1/1/2020	**0**	**53,274,684**	**0**	**53,274,684**	**218,207,826**	**19,933,006**	**0**	**0**	**238,140,832**	**291,415,515**
Depreciation during the year	0	2,496,776	0	2,496,776	15,187,097	2,259,900	0	0	17,446,997	19,943,773
Direct increase	0	0	0	0	0	52,828	0	0	52,828	52,828
Transfer between companies in the Group – sales (-)	0	21,387	0	21,387	0	0	0	0	0	21,387
Exchange rate differences	0	-19,942	0	-19,942	-102,298	-11,795	0	0	-114,093	-134,035
Decreases – sales (-)	0	2,517	0	2,517	11,219	2,545	0	0	13,763	16,280
Decreases – exclusions, other decreases (-)	0	3,895	0	3,895	117,265	818,344	0	0	935,609	939,504
Transfers between categories of tangible fixed assets	0	0	0	0	0	4,596	0	0	4,596	4,596
Value adjustment as of 31/12/2020	**0**	**55,723,718**	**0**	**55,723,718**	**233,164,141**	**21,417,646**	**0**	**0**	**254,581,787**	**310,305,506**
Carrying amount as of 31/12/2020	**16,148,499**	**51,151,096**	**994,787**	**68,294,382**	**115,601,325**	**8,092,140**	**31,354,197**	**3,920,077**	**158,967,740**	**227,262,120**
Carrying amount as of 31/12/2019	**15,858,477**	**44,941,090**	**8,253,013**	**69,052,579**	**112,341,534**	**7,401,678**	**35,358,765**	**2,962,832**	**158,064,811**	**227,117,390**

*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". A more detailed presentation of the change is disclosed as part of the 2019 annual report.

Pledged tangible fixed assets

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

	Cost (+)	Value adjustment (-)	Carrying amount (=)
Immovable property	68,481,337	43,956,471	24,524,866
Equipment	41,075,523	22,866,411	18,209,112
TOTAL	**109,556,860**	**66,822,882**	**42,733,978**

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

8. Assets under lease

Table 73: Trend in right to use assets in the first half of 2021 in EUR

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

Table 74: 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 – operating lease – other companies	Total right to use – operating 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 1/1/2020	**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 as of 31/12/2019	**5,463**	**382,729**	**388,192**	**360,876**	**749,068**
Opening balance adjustments	0	0	0	0	0
Value adjustment as of 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 as of 31/12/2020	**10,984**	**786,068**	**797,052**	**439,733**	**1,236,785**
Carrying amount as of 31/12/2020	**16,562**	**1,057,074**	**1,073,636**	**603,307**	**1,676,943**
Carrying amount as of 31/12/2019	**22,083**	**1,073,063**	**1,095,146**	**670,087**	**1,765,233**

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

9. Investment property

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

Table 75: Trend in investment property in 2021 in EUR

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

In 2021, the Group generated income with investment property in the amount of EUR 267,177 (EUR 255,009 in 2020). Connected depreciation costs in 2021 were EUR 113,807 (EUR 117.071 in 2020).

Table 76: Trend in investment property in 2020 in EUR

Description	Buildings	TOTAL
Cost as of 31/12/2019	**5,449,130**	**5,449,130**
Cost as of 1/1/2020	**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 as of 31/12/2019	**3,735,627**	**3,735,627**
Value adjustment as of 1/1/2020	**3,735,627**	**3,735,627**
Depreciation (+)	117,071	117,071
Value adjustment as of 31/12/2020	**3,852,698**	**3,852,698**
Carrying amount as of 31/12/2020	**1,635,588**	**1,635,588**
Carrying amount as of 31/12/2019	**1,713,502**	**1,713,502**

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

Pledged investment property of the Impol Group as of 31/12/2021

Table 77: Pledged investment property as of 31/12/2021 in EUR

	Cost (+)	Value adjustment (-)	Carrying amount (=)
Investment property	5,192,761	3,749,791	1,442,970
TOTAL:	**5,192,761**	**3,749,791**	**1,442,970**

10. Long-term financial investments

Table 78: Long-term financial investments in EUR

	Cost of long-term financial investments as of 31/12/2021	Of which long-term financial investments in companies:		Value adjustment as of 31/12/2021			Carrying amount	
		Associated companies	Other companies	Total value adjustment (-) as of 31/12/2021	- of which to associated companies	- of which to other companies	31/12/2021	31/12/2020
		+	+	-	-			
Long-term financial investments (+)	1,328,189	641,644	686,545	170,355	34,648	135,707	1,157,834	1,157,013
Short-term part of long-term financial investments (-)	0	0	0	0	0	0	0	0
Total long-term investments	**1,328,189**	**641,644**	**686,545**	**170,355**	**34,648**	**135,707**	**1,157,834**	**1,157,013**
Investments in shares and participating interest	952,610	641,644	310,966	34,648	34,648	0	917,962	923,098
Total long-term financial investments, except for loans	**952,610**	**641,644**	**310,966**	**34,648**	**34,648**	**0**	**917,962**	**923,098**
Long-term loans granted	277,970	0	277,970	135,707	0	135,707	142,263	151,064
Other long-term funds invested	97,609	0	97,609	0	0	0	97,609	82,850
TOTAL long-term loans	**375,579**	**0**	**375,579**	**135,707**	**0**	**135,707**	**239,871**	**233,915**
Total long-term investments	**1,328,189**	**641,644**	**686,545**	**170,355**	**34,648**	**135,707**	**1,157,834**	**1,157,013**

Long-term financial investments as of 31/12/2021 were not pledged as security for liabilities.

Trend in long-term financial investments excluding loans

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

	Cost as of 1/1/2021	Change due to the use of the equity method	Exchange rate differences	Cost as of 31/12/2021	Value adjustment as of 1/1/2021	Value adjustment as of 31/12/2021	Carrying amount as of 31/12/2021	Carrying amount as of 1/1/2021
Investments in capital of associated companies	656,238	-14,599	5	641,644	34,648	34,648	606,996	621,590
Investments in capital of other companies	301,508	0	9,458	310,966	0	0	310,966	301,508
Total investment in shares	**957,746**	**-14,599**	**9,463**	**952,610**	**34,648**	**34,648**	**917,962**	**923,098**

Investments in shares of associated companies

Table 80: Investments in associated companies in EUR

Associated company	Participating interests of the Group in capital	Investment as of 31/12/2021 – equity method	Value adjustment as of 31/12/2021	Investment as of 31/12/2021	Investment as of 31/12/2020
		+	-	=	
Simfin, d. o. o.	49.51%	600,210	0	600,210	615,453
Brezcarinska cona RS	33.33%	6,786	0	6,786	6,137
Impol Brazil	50.00%	34,648	34,648	0	0
TOTAL:		**641,644**	**34,648**	**606,996**	**621,590**

Trend in long-term financial investments – loans

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

	Cost as of 1/1/2021	New loans	Refunds (-)	Exchange rate differences (+/-)	Transfer to short-term financial investments (-)	Cost as of 31/12/2021	Value adjustment (-) as of 1/1/2021	Value adjustment as of 31/12/2021	Carrying amount as of 31/12/2021	Carrying amount as of 1/1/2021
Long-term loans to others	286,771	0	0	104	8,905	277,970	135,707	135,707	142,263	151,064
Other long-term funds invested to other companies	82,851	15,899	1,142	0	0	97,609	0	0	97,609	82,851
TOTAL:	**369,622**	**15,899**	**1,142**	**104**	**8,905**	**375,579**	**135,707**	**135,707**	**239,871**	**233,915**

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

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

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

	Equipment and other elements	Total
Carrying amount as of 31/12/2020	**39,171**	**39,171**
Opening balance adjustment (+/-)	0	0
Carrying amount as of 1/1/2021	**39,171**	**39,171**
Carrying amount as of 31/ 12/ 2021	**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 83: Inventories in EUR

	Cost as of 31/12/2021	Carrying amount as of 31/12/2021	Carrying amount as of 31/12/2020
Raw material and material	187,382,093	187,382,093	115,548,261
Work in progress and services	26,017,510	26,017,510	22,659,210
Products	24,310,471	24,310,471	18,561,395
Merchandise	4,205,688	4,205,688	1,991,290
Advances for inventories to others	1,231,807	1,231,807	185,021
TOTAL	**243,147,569**	**243,147,569**	**158,945,177**

Inventories as of 31/12/2021 were not pledged as security for liabilities.

On 31/12/2021, the Group inspected the value of merchandise inventories and determined that the net realisable value of inventories exceeds the carryingamount, therefore no impairment of inventories was recorded on 31/12/2021. During the year, the Group has impaired and partially also written-off the value of certain spare parts in stock, namely in the total amount of EUR 843,964 charged to revaluation operating expenses.

At the end of 2021, inventories increased in value, compared to 31/12/2020, by EUR 84 million. The main reason for such an increase is the increase in the raw material price, which is higher by 60% compared to 2020. More information about this is specified in the business part of the annual report, under section The impol Group in 2021.

Received goods and material to be processed are recorded as foreign goods and only their quantity is monitored. At the end of 2021, the Group's inventories of goods given on consignment amounted to EUR 2,924,894.

Inventory surpluses and deficits

Table 84: Inventory surpluses and deficits in EUR

	2021	Surpluses (+)	Deficits (-)
Raw material and material	3,262	3,262	0
Merchandise	4,657	4,657	0
Total	**7,919**	**7,919**	**0**

13. Short-term financial investments

Table 85: Short-term financial investments in EUR

	Cost as of 31/12/2021	Of which short-term financial investments in companies: others	Value adjustment due to impairment	Carrying amount as of 31/12/2021	Carrying amount as of 31/12/2020
	=	+	-	=	
Short-term financial investments (+)	985,493	985,493	267,522	717,971	2,101,439
Short-term part of long-term financial investments (+)	0	0	0	0	0
TOTAL	**985,493**	**985,493**	**267,522**	**717,971**	**2,101,439**
Fair value of forwards from the purchase/sale of aluminium	640,532	640,532	0	640,532	0
Receivables acquired for sale	0	0	0	0	1,986,255
TOTAL short-term financial investments excluding loans:	**640,532**	**640,532**	**0**	**640,532**	**1,986,255**
Short-term loans granted	344,949	344,949	267,522	77,427	115,184
Short-term deposits	12	12	0	12	0
TOTAL short-term loans granted:	**344,961**	**344,961**	**267,522**	**77,439**	**115,184**
Short-term unpaid called-up capital	0	0	0	0	0
TOTAL:	**985,493**	**985,493**	**267,522**	**717,971**	**2,101,439**

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

	Cost as of 1/1/2021	Purchases or other increases (+)	Sales or other reductions (-)	Exchange rate differences (+/-)	Cost as of 31/12/2021	Value adjustment (-) as of 1/1/2021	Decrease in value adjustment due to impairment - exclusion (–)	Exchange rate differences (+/-)	Value adjustment (-) as of 31/12/2021	Carrying amount as of 31/12/2021	Carrying amount as of 1/1/2021
Fair value of forwards from the purchase/sale of aluminium	0	640,532	0	0	640,532	0	0	0	0	640,532	0
Settlements due to aluminium hedging during the year	0	181,392	181,392	0	0	0	0	0	0	0	0
Receivables acquired for sale	3,514,290	0	3,525,260	10,970	0	1,528,035	1,532,805	-4,770	0.00	0	1,986,255
Total short(term financial investments excluding loans)	**3,514,290**	**821,924**	**3,706,652**	**10,970**	**640,532**	**1,528,035**	**1,532,805**	**-4,770**	**0.00**	**640,532**	**1,986,255**

In the trend of short-term financial investments (without loans) an open pruchased receivable, acquired for sale, is shown as open on 1/1/2021, among receivables of Impol-TLM, d. o. o., namely in the amount of EUR 1,986,255 to TLM Aluminium and TLM TPP, which was closed during 2021 in the amount of HRK 15,000,000 with compensation due liabilities for the purchase of fixed assets by TLM-TPP, whereby revenues in the amount of EUR 215,744 (HRK 1,624,203) were recognised upon the final closing. The difference is represented by the exclusion of the receivable and corresponding value adjustment formed in the past of this receivable after the balance on 1/1/2021, in the amount of EUR 1,5280,35 (HRK 11,539,566), which did not impact the operating result of the Group in 2021. Therefore, the balance of the receivables acquired for sale on 31/12/2021 amounts to EUR 0.

The short-term financial investments in the amount of EUR 640,532 represents fair value of forwards from the purchase/sale of aluminium as of 31/12/2021. The fair value of forwards from the purchase/sale of aluminium was recognised among financial liabilities due to the negative value according to the balance as of 31/12/2020.

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

	Repayment value (+) as of 1/1/2021	New loans (+)	Transfer from long-term fin.inv.	Refunds (-)	Exchange rate differences (+/-)	Repayment value as of 31/12/2021	Value adjustment (-) as of 1/1/2021	Value adjustment (-) as of 31/12/2021	Carrying amount as of 31/12/2021	Carrying amount as of 1/1/2021
Short-term loans to others	382,707	134,319	8,905	181,016	47	344,962	267,523	267,523	77,439	115,184
TOTAL SHORT-TERM FINANCIAL INVESTMENTS – LOANS	**382,707**	**134,319**	**8,905**	**181,016**	**47**	**344,962**	**267,523**	**267,523**	**77,439**	**115,184**

The majority of the carrying amount of short-term investments granted (EUR 77,427) refers to loans granted to employees of the Impol Group, whereas for loans granted to companies in the past years (EUR267,523) a value adjustment due to impairment was fully formed.

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

14. Short-term operating receivables

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

Table 88: Short-term operating receivables in EUR

	Short-term operating receivables	Short-term operating receivables from companies:		Value adjustment due to impairment	Value adjustment of short-term operating receivables to other companies	31/12/2021	31/12/2020
		Associated companies	Other				
	=	+	+	-	-	=	
Short-term operating receivables from customers	108,621,326	6,936	108,614,390	7,961,224	7,961,224	100,660,102	66,760,075
• of which already matured on 31/12/2021	19,250,743	0	19,250,743	0	0	19,250,743	16,041,173
Short-term advances and securities granted	980,275	0	980,275	0	0	980,275	562,384
Short-term receivables related to financial revenues	116,733	0	116,733	76,764	76,764	39,969	39,117
Short-term receivables from state institutions	14,108,141	0	14,108,141	0	0	14,108,141	10,562,089
Other short-term operating receivables	186,101	12	186,088	0	0	186,101	2,932,208
TOTAL	**124,012,575**	**6,948**	**124,005,627**	**8,037,988**	**8,037,988**	**115,974,587**	**80,855,872**

Short-term operating receivables from customers	
• in the domestic market	9,064,021
• in the foreign market	91,596,081
TOTAL	**100,660,102**

Trend in value adjustment of current operating receivables due to impairment

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

	2021	Of which value adjustment for short-term receivables from other companies	2020
Balance as of 1/1/2021	**6,536,446**	**6,536,446**	**7,574,998**
Exchange rate differences (+/-)	-33,096	-33,096	-237,358
Decrease in value due to settlement of receivables (-)	116,580	116,580	143,274
Decrease in value due to write-offs of receivables (-)	21,916	21,916	758,109
Value adjustments due to the impairment (+)	1,673,134	1,673,134	100,189
Balance as of 31/12/2021	**8,037,988**	**8,037,988**	**6,536,446**

Table 90: Analysis of outstanding trade receivables in EUR

	31/12/2021	31/12/2020
Matured in 2021	12,863,934	0
Matured in 2020	30,569	9,569,312
Matured in 2019	131,770	166,300
Matured in 2018	21,958	21,695
Matured in 2017 or before	6,202,512	6,283,866
TOTAL receivables from customers already due	**19,250,743**	**16,041,173**

15. Monetary assets

Table 91: Monetary assets in EUR

	31/12/2021	31/12/2020
Monetary assets in hand and immediately cashable securities	2,037,520	154,216
Cash in banks and other financial institutions	32,501,683	55,406,597
Monetary assets	**34,539,203**	**55,560,813**

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

Short-term deferred costs and accrued revenues

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

	31/12/2021	31/12/2020
Short-term deferred costs or expenses	834,740	1,304,191
Short-term deferred income	229,314	0
VAT from advances received	141,006	95,102
SHORT-TERM DEFERRED COSTS AND ACCRUED REVENUES	**1,205,059**	**1,399,293**

16. Capital

Table 93: Capital in EUR

	31/12/2021	31/12/2020
Capital	**277,624,237**	**252,218,776**
Capital of non-controlling share	19,861,615	22,041,612
Called-up capital	4,451,540	4,451,540
Share capital	4,451,540	4,451,540
Capital reserves	10,751,254	10,751,254
Revenue reserves	7,958,351	7,958,351
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	-825,682	-880,420
Capital revaluation adjustment	727,596	224,165
Retained net profit or loss	202,254,735	193,943,394
Net profit or loss for the financial year	32,444,828	13,728,880

Share capital

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

Reserves

The Group's reserves include capital reserves, reserves from profit and the reserves 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 31/12/2021 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 31/12/2021 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 31/12/2021, the Impol Group owned 82,108 own shares in the total amount of EUR 506,406 (as deduction of capital). These are shares of the controlling company Impol 2000, d. d., owned by companies in the Group, which are Impol-Montal, d. o. o. (80,482 shares) and Kadring, d. o. o. (1,626 shares). Reserves for own shares are disclosed in the same amount under Reserves from profit.

Table 94: Repurchased own shares in EUR

	Balance as of 1/1/2021			Balance as of 31/12/2021		
	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 31/12/2021, the revaluation adjustment of capital amounts to EUR 727,596 EUR and decreased in 2021 by EUR 503,431, 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 -97,325, actuarial gains/losses based on provisions for retirement allowances in the amount of EUR -746,849, and the adjustment of reserves resulting from valuation of financial investments at fair value for deferred tax liabilities in the amount of EUR 18,492 (due to the positive amount of the adjustment these are effectively deferred tax receivables), as shown in the table.

Table 95: Reserves from fair value measurement in EUR

	Balance as of 1/1/2021	Formation	Reversal	Balance 31/12/2021
	+/-	+/-	+/-	=
Reserves resulting from valuation of long-term financial investments at fair value	-240,027	142,702	0	-97,325
Actuarial gains/losses, recognised under provisions for retirement benefits	-697,018	-91,661	41,830	-746,849
Adjustment of reserves resulting from valuation of financial investments at fair value for deferred tax liabilities	45,605	-27,113	0	18,492
TOTAL	**-891,440**	**23,928**	**41,830**	**-825,682**
Of which reserves resulting from valuation at fair value belonging to non-controlling share	-11,020	0	11,020	0
Reserves resulting from valuation at fair value belonging to owners of the controlling company	-880,420	23,928	30,810	-825,682

Disbursement of dividends

In 2021, 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 4.00 per share or a total of EUR 4,267,068. Since the receivers of dividends are also the companies Impol-Montal, d. o. o., which owns 80.482 shares of Impol 2000, d. d. and Kadring, which owns 1,626 shares of Impol 2000, d. d., the actual payment of dividends outside the Group was EUR 3,938,636, while Impol Montal, d. o. o. received dividends in the amount of EUR 321,928 and Kadring, d. o. o. in the amount of EUR 6,504.

Acquisitions of non-controlling shares

The acquisitions of non-controlling shares by the Impol Group, where there are no changes in the control over the Company, are accounted for as transactions with owners, consequently the goodwill is not recognised. The change of non-controlling shares is based on the relative share of the net assets of the subsidiary. All surpluses/difference between the additional investment costs and the carrying value of the assets are recognised under capital.

In 2021, the following acquisition of non-controlling share was carried out:

- In 2021, the parent company Impol 2000, d. d. acquired a 2.46% shareholding in the amount of EUR 6,400,000 from a non-controlling owner of the subsidiary Impol, d. o. o., on the basis of which the share of the controlling owner in the capital of the subsidiary Impol, d. o. o. increased from 97.54% to 100%. The impact of the purchase of the non-controlling share is recognised in the consolidated financial statements as a change to the profit and loss of the Group carried forward in partially as part of the fair value reserves taken over, which belong to the controlling owner, and as a reduction of capital which belongs to the non-controlling share.

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

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

	Provisions for jubilee benefits	Provisions for retirement upon retirement	Total provisions for retirement, jubilee benefits 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 31/12/2020	**1,321,846**	**2,666,412**	**3,988,258**	**2,798**	**527,938**	**32,259**	**4,551,253**
Opening balance adjustments	0	0	0	0	0	0	0
Balance as of 1/1/2021	**1,321,846**	**2,666,412**	**3,988,258**	**2,798**	**527,938**	**32,259**	**4,551,253**
Formation (+)	314,763	409,928	724,692	154,828	354,688	0	1,234,208
Other increase (+)	0	0	0	0	24,917	942	25,859
Utilisation (-)	182,849	220,706	403,555	0	369,125	0	772,680
Reversal (–)	0	0	0	0	0	12,008	12,008
Other decreases (-)	0	0	0	0	1,039	0	1,039
Exchange rate differences	368	719	1,087	268	0	0	1,355
Balance as of 31/12/2021	**1,454,128**	**2,856,353**	**4,310,481**	**157,895**	**537,379**	**21,193**	**5,026,949**

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

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

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

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

Other provisions due to long-term accrued costs in the amount of EUR 155,476 refer to provisions due to claims in Croatia, and in the remaining amount of EUR 2,419 to the formation of a risk fung for purposed of running a student employment agency (Kadring, d. o. o.).
Among received state aid after the balance on 31/12/2021, are stated assets from disposed of contributions of disabled persons and subsidies for improving the working conditions for disabled persons in the total amount of EUR 512,563, and free received emission allowances in the total amount of EUR 24,816.

The trend of received state aid for the improvement of the working conditions for disabled persons in 2021 is presented in the table.

Table 97: Received government grants in EUR

	Disposed of contributions – disabled persons	Assets from disposed of contributions – disabled persons, for covering depreciation costs	Calculated interest from unused contributions – disabled persons	TOTAL received government grants due to employing disabled persons
Balance as of 31/12/2020	**278,715**	**248,184**	**1,039**	**527,938**
Opening balance adjustments	0	0	0	0
Balance as of 1/1/2021	**278,715**	**248,184**	**1,039**	**527,938**
Formation – disposed of contributions (+)	335,250	0	0	335,250
Formation – subsidies (+)	19,438	0	0	19,438
Other increase (+)	0	0	101	101
Utilisation (75% of pays of disabled persons) (-)	329,688	0	0	329,688
Utilisation (acquisition of fixed assets from disposed of contributions) (+/-)	-167,459	167,459	0	0
Utilisation (covering depreciation costs and residual value at disposal) (-)	0	39,219	0	39,219
Utilisation (covering residual value of fixed assets at disposal) (-)	0	218	0	218
Annulment of interest from previous years (-)	0	0	1,039	1,039
Balance as of 31/12/2021	**136,256**	**376,206**	**101**	**512,563**

18. Long-term financial and operating liabilities

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

	Total debt as of 31/12/2021	The part falling due in 2022	31/12/2021	31/12/2020
	+	-	=	
Long-term financial liabilities to banks	167,304,861	62,224,221	105,080,640	107,306,087
Long-term financial liabilities (excluding liabilities from financial lease) to others	5,397,668	2,149,167	3,248,501	64,335
Long-term financial liabilities from leases – financial lease – to others	34,670	21,745	12,925	24,923
Long-term financial liabilities from leases – operating lease – other companies	941,697	420,000	521,696	659,829
Long-term business liabilities to suppliers – other companies	305,046	123,860	181,187	0
Other long-term operating liabilities	663,420	359,428	303,992	606,197
TOTAL long-term financial and operating liabilities	**174,647,363**	**65,298,421**	**109,348,941**	**108,661,371**

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

	Total debt as of 1/1/2021	New loans	Loans paid in the current year	Exchange rate differences	Total debt as of 31/12/2021	Of which part of the long-term debt falling due next year	Balance of the long-term debt as of 31/12/2021	Total debt as of 31/12/2020
	+	+	-	+/-	=	-	=	
Long-term financial liabilities to banks	107,306,087	66,590,393	6,613,599	21,981	167,304,861	62,224,221	105,080,640	107,306,087
Long-term financial liabilities (excluding liabilities from leases)*	64,335	6,400,000	1,066,667	0	5,397,668	2,149,167	3,248,501	64,335
TOTAL long-term financial liabilities (without leases)	**107,370,422**	**72,990,393**	**7,680,266**	**21,981**	**172,702,530**	**64,373,389**	**108,329,141**	**107,370,422**

*The increase in long-term financial liabilities to others in 2021 in the amount of EUR 6,400,000 stems from the debt for the repayment of the purchase price for the acquisition of a 2.46% share in the subsidiary Impol, d. o. o., in the amount of EUR 6,400,000, on the basis of which the share of the controlling owner in the capital of the subsidiary Impol, d. o. o. increased from 97.54% to 100%. Installments are due twice a year, and the amount of each installment is EUR 1,066,667. Entire debt as of 31/12/2021 amounts to EUR 5,333,333, of which the amount of EUR 2,133,333 is due in 2022 (short-term portion).

Interest rates for long-term loans

The range of the interest rate for long-term received loans in 2021 was from 1.40% 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 105,129,141, whereas the amount of EUR 3,200,000 is not insured. Carrying amounts of assets given as insurance for long-term financial liabilities are disclosed under individual disclosures of group assets.

Liabilities from leases

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

	Total debt as of 1/1/2021	New leases	Termination of the lease in current year (-) / Repayments in the current year (-)	Exchange rate differences (+/-)	Total debt as of 31/12/2021	Part of the long-term debt falling due in the next year	Long-term debt balance as of 31/12/2021
		+	-	+/-	=	-	=
Long-term financial liabilities from leases – operating lease – other companies	659,829	287,408	8,433	2,892	941,697	420,000	521,696
Long-term financial liabilities from leases – financial lease – other companies	24,923	14,400	4,653	0	34,670	21,745	12,925
TOTAL	**684,752**	**301,808**	**13,086**	**2,892**	**976,367**	**441,745**	**534,622**

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

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

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

	Future minimum lease payments	Present net value of future lease payments
Up to 1 year	426,178	401,393
1 to 5 years	552,895	534,622
Total:	**979,073**	**936,014**

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

	31/12/2021	31/12/2020
Matured in 2022	X	53,105,125
Matured in 2023	47,512,664	33,062,210
Matured in 2024	37,269,659	17,063,891
Matured in 2025	15,945,701	3,804,094
Matured in 2026	5,232,061	1,626,052
Due in 2027 or later	3,388,856	X
Total long-term financial and operating liabilities	**109,348,941**	**108,661,372**

19. Short-term liabilities

Table 103: Short-term liabilities in EUR

A. SHORT-TERM FINANCIAL AND OPERATING LIABILITIES	31/12/2021	31/12/2020
Short-term operating liabilities to suppliers on the domestic market – associated companies	403,027	390,426
Short-term operating liabilities to suppliers on the domestic market – other companies	21,537,314	19,140,189
Short-term pat of long-term operating liabilities to suppliers on the domestic market – other companies	123,860	0
Short-term operating liabilities to suppliers on the foreign market – other companies	65,071,306	50,892,225
Short-term operating liabilities based on advances – other companies	4,810,143	1,298,029
Other short-term operating liabilities – associated companies	420	521
Other short-term operating liabilities – other companies	19,067,160	9,525,456
TOTAL short-term operating liabilities:	**111,013,230**	**81,246,846**
Short-term portion of long-term financial liabilities to banks	62,224,221	53,941,590
Short-term part of long-term financial liabilities (excluding liabilities from lease) – other companies	2,148,936	15,280
Short-term part of long-term financial liabilities from leases – financial lease – other companies	21,745	40,331
Short-term part of long-term financial liabilities from leases – operating lease – other companies	379,647	429,703
Short-term financial liabilities (other than lease liabilities) – associated companies	500,000	500,000
Short-term financial liabilities to banks	51,100,000	23,800,000
Short-term financial liabilities (other than lease liabilities) – other companies	5,617,325	6,496,620
Short-term financial liabilities from the distribution of profit	20,054	285,456
TOTAL short-term financial liabilities:	**122,011,929**	**85,508,980**
TOTAL short-term financial and operating liabilities:	**233,025,159**	**166,755,826**

B. SHORT-TERM FINANCIAL AND OPERATING LIABILITIES	31/12/2021	31/12/2020
Short-term financial liabilities	57,237,379	31,082,077
Short-term part of long-term financial liabilities	64,774,550	54,426,904
Total short-term financial liabilities	**122,011,929**	**85,508,980**
Short-term operating liabilities	110,889,370	81,246,846
Short-term part of long-term operating liabilities	123,860	0
Total short-term operating liabilities	**111,013,230**	**81,246,846**
TOTAL SHORT-TERM FINANCIAL AND OPERATING LIABILITIES	**233,025,159**	**6,755,826**

C. SHORT-TERM OPERATING LIABILITIES	31/12/2021	31/12/2020
Short-term operating liabilities to suppliers – associated companies	403,027	390,426
Short-term operating liabilities to suppliers – other companies	86,608,620	70,032,414
Short-term pat of long-term operating liabilities to suppliers – other companies	123,860	0
TOTAL short-term liabilities to suppliers	**87,135,507**	**70,422,840**
• of which already matured on the day of balance	14,397,235	25,807,443
Short-term operating liabilities for advances	4,810,143	1,298,029
TOTAL short-term liabilities for advances	**4,810,143**	**1,298,029**
Short-term liabilities to employees	12,679,684	6,995,468
Short-term liabilities to government	5,395,610	1,877,686
Short-term liabilities from interest – associated companies	420	521
Short-term liabilities from interest – other companies	190,426	206,547
Other short-term operating liabilities – associated companies	18	0
Other short-term operating liabilities – other companies	801,423	445,754
TOTAL other short-term operating liabilities	**19,067,580**	**9,525,977**
TOTAL SHORT-TERM OPERATING LIABILITIES	**111,013,230**	**81,246,846**

D. ITEMISATION OF SHORT-TERM OPERATING LIABILITIES FROM INTEREST	31/12/2021	31/12/2020
Interest related to finance expenses from operating liabilities	2,851	3,074
Interest related to finance expenses from financial liabilities	187,995	203,994
Total	**190,846**	**207,068**

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

	Debt as of 1/1/2021	New loans in current year (+)	Transfer of the short-term portion of long-term liabilities (+)	Trend in fair value change (+/-)	Exchange rate differences (+/-)	Repayment in the current year (-)	Short-term debt balance as of 31/12/2021
Short-term portion of long-term financial liabilities to banks	53,941,590	0	62,224,221		-9,079	53,932,511	62,224,221
Short-term financial liabilities to banks	23,800,000	46,100,000	0		0	18,800,000	51,100,000
Fair value of derivative financial instruments (interest rate swaps, hedging)	576,620			-479,295			97,325
Short-term financial liabilities – associated companies	500,000	500,000	0		0	500,000	500,000
Short-term financial liabilities – other companies	5,935,280	10,295,866	2,149,167		0	10,711,377	7,668,936
TOTAL:	**84,753,490**	**56,895,866**	**64,373,388**	**-479,295**	**-9,079**	**83,943,888**	**121,590,483**

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

	Total debt as of 1/1/2021	Transfer of the short-term portion of long-term right to use	Termination of the lease in current year (-)	Exchange rate differences (+/-)	Decrease in liabilities/set-off with rent in the current yeat (-)	Short-term debt balance in current year
Short-term financial liabilities from lease – operating lease – other companies	429,703	420,000	4,056	674	466,673	379,647
Short-term financial liabilities from lease – financial lease – other companies	40,331	21,745	33,769	0	6,561	21,745
TOTAL:	**470,034**	**441,745**	**37,826**	**674**	**473,235**	**401,393**

Table 106: Analysis of outstanding liabilities to suppliers in EUR

	31/12/2021	31/12/2020
Matured in 2021	14,061,897	X
Matured in 2020	150,217	22,269,172
Matured in 2019	91,998	1,479,494
Matured in 2018	19,155	1,973,123
Matured in 2017 or before	73,968	85,655
TOTAL outstanding liabilities to suppliers	**14,397,235**	**25,807,443**

The range of the interest rate for short-term received loans in 2021 was from 0.95% fixed to a six-month EURIBOR +0.95%.

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

20. Short-term accrued costs and deferred revenues

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

	31/12/2021	31/12/2020
Accrued deferred costs or expenses	2,624,422	1,575,446
Short-term deferred revenues	39,772	38,937
VAT from advances granted	99,330	103,119
TOTAL SHORT-TERM ACCRUED COSTS AND DEFERRED REVENUES	**2,763,523**	**1,717,502**

Short-term accrued costs and deferred revenues include accrued costs of provisions for agents for transactions performed in 2021, calculated costs of unused annual leaves of employees after the balance as of 31/12/2021, and deferred income based on accruals and VAT from given advances as of 31/12/2021.

21. Contingent liabilities

The Impol Group has issued guarantees in the amount EUR 4,985,000, 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 492,970 in connection with employment litigations for compensation for damages and other economic actions in the amount of EUR 104,800 EUR.
The Group estimates that except for two individual smaller amounts these claims are unjustified, which is why the Group has formed provisions in the amount of EUR 155,476 for these purposes as disclosed in point 17. 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 actively monitored and managed by the Finance and Business Administration Department, the Risk Management Department and all other relevant departments in Impol Group companies operating outside Slovenia.

Liquidity risks

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

Long-term financial liabilities

Table 108: Long-term financial liabilities in EUR

	Total debt as of 31/12/2021	The part falling due in 2022	31/12/2021	31/12/2020
	+	-	=	
Long-term financial liabilities to banks	167,304,861	62,224,221	105,080,640	107,306,087
Long-term financial liabilities (excluding liabilities from financial lease) to others	5,397,668	2,149,167	3,248,501	64,335
Long-term financial liabilities from leases – financial lease – to others	34,670	21,745	12,925	24,923
Long-term financial liabilities from leases – operating lease – other companies	941,697	420,000	521,696	659,829
TOTAL long-term financial liabilities	**173,678,897**	**64,815,134**	**108,863,763**	**108,055,174**

Maturity of long-term financial liabilities by years

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

	31/12/2021	31/12/2020
Matured in 2022	X	53,105,125
Matured in 2023	47,355,524	33,062,210
Matured in 2024	37,215,660	17,063,891
Matured in 2025	15,945,701	3,804,094
Matured in 2026	5,231,881	1,019,854
Due in 2027 or later	3,114,996	X
Total long-term financial and operating liabilities	**108,863,762**	**108,055,174**

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

	31/12/2021	31/12/2020
Short-term financial liabilities	57,237,379	31,082,077
Short-term part of long-term financial liabilities	64,774,550	54,426,904
Total short-term financial liabilities	**122,011,929**	**85,508,980**
Short-term operating liabilities	110,889,370	81,246,846
Short-term part of long-term operating liabilities	123,860	0
Total short-term operating liabilities	**111,013,230**	**81,246,846**
TOTAL SHORT-TERM FINANCIAL AND OPERATING LIABILITIES	**233,025,159**	**166,755,826**

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 2021, the activity of forward operations generated the forward balance of EUR -3,626,187.

Table 111: Forward balance in 2021 in EUR

	2021	2020	2019	2018
Financial revenue from forwards – forward purchase/sale of aluminium	821,924	1,455,157	687,345	1,532,937
Financial expenses from forwards – forward purchase/sale of aluminium	4,448,111	341,445	8,444	3,095

Foreign exchange risk

In 2021, we did not decide to protect foreign exchange risk using implemented financial instruments.

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

	2017	2018	2019	2020	2021
Inflows	18.2	55.9	82.6	35.4	38.2
Outflows	66.5	21.9	56.8	43.0	67.7

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 31/12/2021 for companies based in Slovenia:

- USD: 5,546,610
- AUD: 705

Open short-term operating liabilities in foreign currencies as of 31/12/2021 for companies based in Slovenia:

- USD: 1,467,247
- HRK: 22,471
- GBP: 10,042

Open short-term operating receivables in foreign currencies as of 31/12/2021 for companies based in Serbia:

- EUR: 26,679,987

Open short-term operating liabilities in foreign currencies as of 31/12/2021 for companies based in Serbia:

- EUR: 43,142,314
- USD: 22,950
- GBP: 334

Open short-term operating receivables in foreign currencies as of 31/12/2021 for companies based in Croatia:

- EUR: 9,918,495

Open short-term operating liabilities in foreign currencies as of 31/ 12/2021 for companies based in Croatia:

- EUR: 3,264,469

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 329,135. The largest change refers to the currency pair EUR/USD, where the impact on the operating results amounted to EUR 327,433 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 193,810,693 RSD, which according to the exchange rate of the National Bank of Serbia as of 31/12/2021 amounts to EUR 1,648,301. The largest part refers to the currency pair EUR/RSD, where the impact on the operating results amounted to RSD 193,567,498 due to an adverse change (which according to the exchange rate of the National Bank of Serbia as of 31/12/2021 amounts to EUR 1,646,233.

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

Adverse change of any currency pair by 10% would decrease the operating result by not more than HRK 5,001,947, which according to the exchange rate of the National Bank of Serbia as of 31/12/2021 amounts to EUR 665,403.

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

Table 113: Revenues and expenses from foreign exchange differences in EUR

	2021	2020
Financial revenues from operating receivables – foreign exchange differences	1,453,388	1,460,368
TOTAL revenues from foreign exchange differences	**1,453,388**	**1,460,368**
Financial expenses from loans received from banks – foreign exchange differences	1,134	2,318
Financial expenses from operating liabilities – foreign exchange differences	1,028,366	3,301,399
TOTAL expenses from foreign exchange differences	**1,029,500**	**3,303,717**

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 (the variable portion is tied to EURIBOR).

Table 114: Short and long-term financial liabilities of the Impol Group at a fixed rate in EUR

	31/12/2021	31/12/2020
Financial liabilities	66,611,221	35,570,628

Table 115: Short-term and long-term financial liabilities at a variable interest rate in EUR

	31/12/2021	31/12/2020
Financial liabilities	164,264,471	157,993,526

Table 116: Value of financial liabilities secured with interest rate swaps in EUR

	31/12/2021	31/12/2020
Interest rate swaps amount	14,000,000	20,000,000

Table 117: Short-term and long-term financial liabilities in EUR

	31/12/2021	31/12/2020
increase of the interest rate by 50 bp	-751,322	-689,968
increase of the interest rate by 100 bp	-1,502,645	-1,379,935
decrease of the interest rate by 50 bp	751,322	689,968
decrease of the interest rate by 100 bp	1,502,645	1,379,935

Interest rate changes on the reporting date for 50 or 100 basis points would increase/decrease the amounts specified in the table above. Sensitivity analysis of the profit or loss in case of the indebtedness assumes that all other variables remain unchanged. 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 calculated total interest rate. This means that as of the date of calculation (31/12/2021), when the six-month EURIBOR amounted to -0.544 and the three-month EURIBOR amounted to -0.571, the total interest rate was less than the interest margin.

Fair value of interest rate swaps as of 31/12/2021, in the amount of EUR -97,325, 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 31/12/2021, the insurance companies insured receivables to customers in the amount of EUR 89,082,710, representing 88.5% of all open receivables to customers.

The remaining unsecured receivables are monitored in accordance with the open receivables monitoring policy and their maturity structure is the same as for entire receivables. This means regular monitoring of the credit rating of customers, setting internal limits and monitoring risks as part of the Risk Management Committee.

Only quality insurances are included under secured receivables. Promissory notes and enforcement drafts are not included due to their low level of redeemability.

By regularly monitoring open and past due trade receivables, the ageing structure of receivables and average payment deadlines, the Impol Group maintains its credit exposure within acceptable limits given the strained conditions on the market. The Group's policy is that individual buyers shall not exceed 7% of all sales.

Carrying amounts and fair values of financial instruments

Classification of financial instruments according to their fair value as of 31/12/2021 is presented in the table.

Table 118: Carrying amounts and fair values of financial instruments in EUR

	Carrying amount	Fair value	Fair value level
Investments in associated companies	606,996	606,996	3
Long-term financial investments – available-for-sale assets	310,966	310,966	3
Long-term loans granted	239,871	239,871	3
Fair value of forwards from the purchase/sale of aluminium	640,532	640,532	3
Short-term loans granted	77,439	77,439	3
Short-term operating receivables	115,974,587	115,974,587	3
Cash and cash equivalents	34,539,203	34,539,203	3
Long-term financial liabilities	108,863,763	108,863,763	3
Long-term operating liabilities	485,179	485,179	3
Short-term financial liabilities (excluding financial derivatives)	121,914,604	121,914,604	3
Short-term financial liabilities – fair value of financial derivatives (fair value of interest rate swaps)	97,325	97,325	2
Short-term operating liabilities	111,013,230	111,013,230	3

EVENTS AFTER THE REPORTING DATE

In the first months of 2022, we recorded a strong increase of coronavirus infections; however, we managed to minimise the negative impact on productivity by successfully adopting organisational measures and were able to achieve our monthly plans.

Due to general price increases, the inflation rate also increased, which in 2021 amounted to 4.9% in Slovenia. Inflation in Slovenia impacted the raise of minimum wage, which increased from EUR 1,024.24 to EUR 1,074.43. The payment system of the entire Impol Group in Slovenia was adjusted accordingly.

In February 2022, Russia initiated an extensive invasion of Ukraine, prompting a Russo-Ukrainian war. The expected consequences were an increase in energy product prices and increase of aluminium prices on the LME; we are also expecting negative consequences for the demand of our users.

OTHER DISCLOSURES

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

Composition of the Board of Directors (up to 31/12/2026):
- Jernej Čokl, Board of Directors President;
- Vladimir Leskovar, Board of Directors Vice President;
- Janko Žerjav, Board of Directors Member;
- Andrej Kolmanič, Board of Directors Member;
- Bojan Gril, Board of Directors Member (up to 28/1/2021, from 29/1/2021 on Dejan Košir).

The Board of Directors appointed two Executive Directors:
- Andrej Kolmanič, Chief Executive Officer,
- Irena Šela, Executive Director of Finance and IT.

The Board of Directors also appointed an Audit Commission composed by:
- Vladimir Leskovar, President of the Commision
- Bojan Gril, Board of Directors Member (up to 28/1/2021, from 29/1/2021 on Dejan Košir),
- Tanja Ahaj, External Member.

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

Table 119: Remuneration of members of the Board of Directors, executive directors, directors of subsidiaries, members of the Supervisory Board and employees based on individual contracts in the Impol Group in 2021 in EUR

	2021	2020
Members of the management	3,226,653	2,481,491
Members of the Supervisory Board	161,660	138,827
Employees on individual contracts	8,404,956	5,429,484
TOTAL:	**11,793,269**	**8,049,802**

Table 120: The amount (cost) spent for the auditor (according to ZGD-1, Point 2, Paragraph 4, Article 69) in EUR

	Total 2021	Total 2020
Auditing of the annual report	104,965	104,947
Other audit services	3,150	4,113
TOTAL:	**108,115**	**109,060**

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 2021, the auditors were not carrying out any other audit or non-audit services for companies in the Impol Group.

SIGNATURE OF THE ANNUAL REPORT FOR 2021 AND ITS COMPONENTS

The president and members of the Board of Directors and the executive directors of Impol 2000, d. d. are familiar with the content of all parts of the Consolidated Annual Report of the Group and with the whole Annual Report of the Impol Group for 2021. We agree with the content and confirm it with our signature.

Jernej Čokl
(Board of Directors President)

Vladimir Leskovar
(Board of Directors Vice President)

Janko Žerjav
(Board of Directors Member)

Andrej Kolmanič
(Board of Directors Member)

Dejan Košir
(Board of Directors Member)

Andrej Kolmanič
(Chief Executive Officer)

Irena Šela
(Executive Director of Finance and IT)

“Self-trust is the first secret of success.”

Ralph Waldo Emerson

FINANCIAL REPORT OF IMPOL 2000 D. D.
FOR THE YEAR 2021

STATEMENT ON THE RESPONSIBILITY OF THE EXECUTIVE DIRECTORS

The Executive Directors are responsible for drawing up the Annual Report of Impol 2000, d. d. so that it gives a true and fair view of the financial situation of Impol 2000, d. d. as well as its results of operations for 2021.

The Executive Directors hereby confirm to have diligently applied the appropriate accounting policies and that accounting estimates have been prepared following the principle of prudence and good management. We likewise certify that the financial statements, along with the notes to these statements, have been drawn up on the assumption that and Company will continue to operate, and in accordance with the valid legislation and International Accounting Standards.

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

Andrej Kolmanič
(Chief Executive Officer)

Irena Šela
(Executive Director of Finance and IT)

Slovenska Bistrica, 13/4/2022

DECLARATION OF THE BOARD OF DIRECTORS

The Board of Directors hereby approves the Financial Statements of Impol 2000, d. d. for the year ending on 31 December 2021, and the accounting policies applied. This Annual Report was adopted by the Company's Board of Directors at its session held on 20/4/2022.

Jernej Čokl
(Board of Directors President)

Vladimir Leskovar
(Board of Directors Vice President)

Janko Žerjav
(Board of Directors Member)

Andrej Kolmanič
(Board of Directors Member)

Dejan Košir
(Board of Directors Member)

Slovenska Bistrica, 20/4/2022

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, 2021, 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, 2021, 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*

AUDITOR
REVIZIJSKA DRUŽBA d.o.o. PTUJ

– *based on knowledge and understanding of the Company obtained in the audit on the other information, we have not identified any material misstatement on fact.*

Responsibilities of Management and Those Charged with Governance for the 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.*

AUDITOR
REVIZIJSKA DRUŽBA d.o.o. PTUJ

- *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
Murkova 4, Ptuj

April 26th, 2022

Certified auditor:

dr. Erika Turin, univ. dipl. ekon.

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 121: Profit and loss statement for 2021 in EUR

Item			Note	2021	2020
1.		**Net sales revenues**	**1**	**34,823,045**	**25,950,386**
	a)	Net sales revenues in the domestic market		33,260,931	23,800,246
	b)	Net sales revenues in the foreign market		1,562,114	2,150,140
2.		**Other operating revenues (including operating revenues from revaluation)**	**1**	**42,650**	**287,520**
3/		**Costs of goods, materials and services**	**2**	**23,780,141**	**17,565,077**
	a)	Cost of goods and materials sold, and costs of the materials used		22,177,512	16,238,746
	b)	Costs of services	2	1,602,629	1,326,331
4.		**Labour costs**		**10,171,301**	**7,532,891**
	a)	Costs of wages and salaries		6,962,167	5,236,074
	b)	Social security costs (pension insurance costs are shown separately)		1,135,831	858,601
	c)	Other labour costs		2,073,303	1,438,216
5.		**Write-offs**	**2**	**262,528**	**356,444**
	a)	Depreciation		262,528	356,405
	b)	Revaluation operating expenses of intangible assets and tangible fixed assets		0	39
6.		**Other operating expenses**	**2**	**195,302**	**218,513**
7.		**Financial revenues from participating interests**	**3**	**10,670,000**	**0**
	a)	Financial revenues from participating interests in companies in the Group		10,670,000	0
8.		**Financial revenues from loans granted**	**3**	**800**	**527,150**
	a)	Financial revenues from loans granted to companies in the Group		482	526,814
	b)	Financial revenues from loans granted to others		318	336
9.		**Financial revenues from operating receivables**	**3**	**3,399**	**10,151**
	a)	Financial revenues from operating receivables due from others		3,399	10,151
10.		**Financial expenses from financial liabilities**	**3**	**456,106**	**746,450**
	a)	Financial expenses from loans received by companies in the Group		445,824	428,357
	b)	Financial expenses from issued bonds		0	304,000
	c)	Financial expenses from other financial liabilities		3,557	3,614
	d)	Financial expenses from leases from companies in the Group		4,179	5,739
	e)	Financial expenses from leases		2,546	4,740
11.		**Financial expenses from operating liabilities**	**3**	**82**	**244**
	a)	Financial expenses from trade creditors and bills of exchange		50	0
	b)	Financial expenses from other operating liabilities		32	244
12.		**Income tax**	**4**	**137,426**	**73,668**
13.		**Deferred taxes**	**5**	**-4,001**	**41**
14.		**Net profit or loss for the accounting period**		**10,541,009**	**281,879**

Statement of other comprehensive income

Table 122: Statement of other comprehensive income in EUR

	Note	2021	2020
Net profit or loss for the accounting period		**10,541,009**	**281,879**
Actuarial gains and losses of defined benefit plans (employee benefits) (+/-)	15	-8,287	-9,378
Other items of total comprehensive income (+/-)		0	0
Total comprehensive income in the accounting period		**10,532,722**	**272,501**

Balance sheet

Table 123: Balance sheet in EUR

				Note	31/12/2021	31/12/2020
A.			**LONG-TERM ASSETS**		**142,055,396**	**135,902,154**
	I.		**Intangible assets and long-term deferred costs and accrued revenues**	**6**	**298,523**	**346,344**
		1.	Long-term property rights		298,523	346,344
	II.		**Tangible fixed assets**	**7**	**228,487**	**265,296**
		1.	Production machinery and equipment		71,513	75,151
		2.	Other machinery and equipment		156,974	190,145
	III.		**Assets under lease**	**8**	**166,430**	**281,558**
		1.	Assets under lease to companies in the Group		105,784	158,676
		2.	Assets under lease from other companies		60,646	122,882
	IV.		**Investment property**		**0**	**0**
	V.		**Long-term financial investments**	**9**	**141,334,661**	**134,985,661**
		1.	Long-term financial investments, excluding loans		141,334,661	134,934,661
		a)	Shares and stocks in companies in the Group		141,334,661	134,934,661
		2.	Long-term loans		0	51,000
		a)	Long-term loans to companies in the Group		0	51,000
	VI.		**Long-term operating receivables**		**0**	**0**
	VII.		**Deferred tax receivables**	**5**	**27,295**	**23,295**
B.			**SHORT-TERM ASSETS**		**6,701,535**	**4,326,845**
	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**	**51,000**	**20,000**
		1.	Short-term loans		51,000	20,000
		a)	Short-term loans to companies in the Group		51,000	0
		b)	Short-term loans to others		0	20,000
	IV.		**Short-term operating receivables**	**12**	**5,481,948**	**3,137,793**
		1.	Short-term operating receivables from companies in the Group		786,019	205,618
		2.	Short-term operating receivables from customers		4,620,782	2,425,208
		3/	Short-term operating receivables from others		75,147	506,967
	V.		**Monetary assets**	**13**	**1,161,102**	**1,161,567**
C.			**SHORT-TERM DEFERRED COSTS AND ACCRUED REVENUES**	**13**	**45,569**	**17,120**
			TOTAL ASSETS		**148,802,500**	**140,246,119**
A.			**CAPITAL**	**14**	**66,270,938**	**60,005,284**
	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**		**-42,180**	**-35,938**
	VI.		**Capital revaluation adjustment**		**0**	**0**
	VII.		**Retained net profit or loss**		**32,610,964**	**36,598,198**
	VIII.		**Net profit or loss for the financial year**		**10,541,009**	**281,879**
B.			**PROVISIONS AND LONG-TERM ACCRUED EXPENSES AND DEFERRED REVENUES**	**15**	**329,502**	**281,146**
		1.	Provisions for pensions and similar obligations		329,502	281,146
C.			**LONG-TERM LIABILITIES**	**16**	**66,610,079**	**59,299,593**
	I.		**Long-term financial liabilities**		**66,610,079**	**59,299,593**
		1.	Long-term financial liabilities to companies in the Group		63,319,148	59,119,148
		2.	Other long-term financial liabilities		3,200,000	0
		3/	Long-term financial liabilities from leases		90,931	180,445

		a)	Long-term financial liabilities from leases to companies in the Group		56,108	110,560
		b)	Long-term financial liabilities from leases to other companies		34,823	69,885
	II.		**Long-term operating liabilities**		**0**	**0**
	III.		**Deferred tax liabilities**		**0**	**0**
D.			**SHORT-TERM LIABILITIES**	**17**	**15,196,001**	**20,322,708**
	I.		**Liabilities included in groups for disposal**		**0**	**0**
	II.		**Short-term financial liabilities**		**7,215,811**	**10,608,373**
		1.	Short-term financial liabilities to companies in the Group		5,000,000	10,500,000
		2.	Other short-term financial liabilities		2,134,185	852
		3/	Short-term financial liabilities related to leases		81,626	107,521
		a)	Short-term financial liabilities from leases to companies in the Group		54,452	52,845
		b)	Short-term financial liabilities from leases to other companies		27,174	54,676
	III.		**Short-term operating liabilities**		**7,980,190**	**9,714,335**
		1.	Short-term operating liabilities to companies in the Group		5,090,557	8,464,980
		2.	Short-term operating liabilities to suppliers		262,621	279,519
		3/	Short-term operating liabilities from advance payments		203,333	120,089
		4.	Other short-term operating liabilities		2,423,679	849,747
D.			**SHORT-TERM ACCRUED COSTS AND DEFERRED REVENUES**	**17**	**395,980**	**337,388**
			TOTAL LIABILITIES TO SOURCES OF ASSETS		**148,802,500**	**140,246,119**

Statement of changes in capital for the year 2021

Table 124: Statement of changes in capital in 2021 in EUR

		Called-up capital	Capital reserves	Revenue reserves		Revaluation reserves	Reserves resulting from valuation at fair value	Retained net profit or loss	Net profit or loss for the financial year	Total CAPITAL
		I	II	III		IV	V	VI	VII	VIII
		Share capital	Capital reserves	Statutory reserves	Other revenue reserves			Retained net profit	Net profit for the current year	TOTAL CAPITAL
		I	II	III/1	III/2	IV	V	VI	VII	VIII
A.1	**Balance at the end of the previous reporting period as of 31/12/2020**	**4,451,540**	**10,751,254**	**2,225,770**	**5,732,581**		**-35,938**	**36,598,198**	**281,879**	**60,005,284**
A.2	**Initial balance of the reporting period as of 1/1/2021**	**4,451,540**	**10,751,254**	**2,225,770**	**5,732,581**		**-35,938**	**36,598,198**	**281,879**	**60,005,284**
B.1	**Changes in equity – transactions with owners**							**- 4,267,068**		**-4,267,068**
	Disbursement of dividends to other legal and natural persons							-3,938,636		- .938.636
	Disbursement of dividends to associated legal persons							-328,432		-328,432
	Other changes in equity									
B.2	**Total comprehensive income for the reporting period**						**-8,287**		**10,541,009**	**10,532,722**
	Entry of net profit/loss in the financial year								10,541,009	10,541,009
	Actuarial gains/losses, recognised under provisions for retirement benefits						-8,287			-8,287
B.3	**Changes in capital**						**2,045**	**279,834**	**-281,879**	
	Allocation of the remaining portion of the net profit to other capital components							281,879	-281,879	
	Other changes in capital						2,045	-2,045		
C.	**Closing balance of the reporting period as of 31/12/2021**	**4,451,540**	**10,751,254**	**2,225,770**	**5,732,581**		**-42,180**	**32,610,964**	**10,541,009**	**66,270,938**

Statement of changes in capital in 2020

Table 125: Statement of changes in capital in 2020 in EUR

		Called-up capital	Capital reserves	Revenue reserves		Revaluation reserves	Reserves resulting from valuation at fair value	Retained net profit or loss	Net profit and loss of the financial year	Total capital
		I	II	III		IV	V	VI	VII	VIII
		Share capital		Statutory reserves	Other revenue reserves			Retained net profit	Net profit for the current year	Total capital
		I	II	III/1	III/2	IV	V	VI	VII	VIII
A.1	**Balance at the end of the previous reporting period as of 31/12/2019**	**4,451,540**	**10,751,254**	**2,225,770**	**5,732,581**		**-28,297**	**34,084,444**	**5,715,792**	**62,933,084**
A.2	**Initial balance of the reporting period as of 1/1/2020**	**4,451,540**	**10,751,254**	**2,225,770**	**5,732,581**		**-28,297**	**34,084,444**	**5,715,792**	**62,933,084**
B.1	**Changes in equity – transactions with owners**							**-3,200,301**		**-3,200,301**
	Disbursement of dividends to other legal and natural persons							-2,953,977		-2,953,977
	Disbursement of dividends to associated legal persons							-246,324		-246,324
B.2	**Total comprehensive income for the reporting period**						**-9,378**		**281,879**	**272,501**
	Entry of net profit or loss for the reporting period								281,879	281,879
	Actuarial gains/losses, recognised under provisions for retirement benefits						-9,378			-9,378
B.3	**Changes in capital**						**1,737**	**5,714,055**	**-5,715,792**	**0**
	Allocation of the remaining portion of the net profit for the comparable reporting period to other capital components							5,714,055	-5,715,792	0
	Allocation of a portion of the net profit for the comparable reporting period to other capital components based on the resolution of management and supervisory bodies									0
	Other changes in capital						1,737	-1,737		0
C.	**Closing balance of the reporting period as of 31/12/2020**	**4,451,540**	**10,751,254**	**2,225,770**	**5,732,581**		**-35,938**	**36,598,198**	**281,879**	**60,005,284**

Cash flow statement

Table 126: Cash flow statement in EUR

Item			Note	2021	2020
A.		**Cash flows from operating activities**			
	a)	**Profit and loss statement items**		**560,931**	**827,826**
		Operating revenues (except for revaluation) and financial revenues from operating receivables	1	34,841,181	26,218,262
		Operating expenses excluding depreciation (except from revaluation) and financial expenses from operating liabilities	2	-34,146,825	-25,316,726
		Income tax and other taxes not included in operating expenses	4	-133,425	-73,710
	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**		**-3,959,420**	**6,916,870**
		Opening minus closing operating receivables	12	-2,350,561	385,423
		Opening minus closing deferred costs and accrued revenues	13	-28,449	-2,775
		Opening minus closing deferred tax receivables	5	-4,001	42
		Closing minus opening operating debts	17	-1,698,750	6,483,516
		Closing minus opening accrued costs and deferred revenues and provisions	17	122,341	50,664
	c)	**Positive or negative cash flow from operating activities (a + b)**		**-3,398,489**	**7,744,696**
B.		**Cash flows from investing activities**			
	a)	**Cash receipts from investing activities**		**10,738,239**	**9,673,545**
		Cash receipts from interest and participation in profit of others relating to investing activities	3	10,670,317	71,448
		Cash receipts from the disposal of tangible fixed assets		7,922	2,097
		Cash receipts from the disposal of financial investments	11	60,000	9,600,000
	b)	**Cash disbursements from investing activities**		**-1,176,825**	**-16,832,072**
		Cash disbursements for the acquisition of tangible fixed assets	7	-70,158	-92,923
		Cash disbursements for the acquisition of financial investments	9	-1,106,667	-16,739,149
	c)	**Positive or negative cash flow from investing activities (a + b)**		**9,561,414**	**-7,158,527**
C.		**Cash flows from financing activities**			
	a)	**Cash receipts from financing activities**		**4,200,000**	**24,619,156**
		Cash receipts from the increase of financial liabilities	17	4,200,000	24,619,156
	b)	**Cash disbursements from financing activities**		**-10,363,391**	**-24,538,518**
		Cash disbursements for given interests from financing activities	3	-487,802	-695,358
		Cash repayment of financial liabilities	16, 17	-5,608,520	-20,642,858
		Cash disbursements of dividends and other profit shares paid	17	-4,267,069	-3,200,302
	c)	**Positive or negative cash flow from financing activities (a + b)**		**-6,163,391**	**80,638**
D.		**Monetary assets at the end of the period**		**1,161,102**	**1,161,568**
	a)	**Cash flows in the period (sum of cash flows Ac, Bc and Cc)**		**-466**	**666,807**
	b)	**Monetary assets at the beginning of the period**		**1,161,568**	**494,761**

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 ordinary registered no-par value shares that are not traded in the organised security market. The shares are owned by 837 shareholders.

The following section presents financial statements of Impol 2000, d. d. for the financial year that ended on 31 December 2021.

Introductory note on reporting standards

The financial statements of Impol 2000, d. d. and the notes for 2021 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 2021.

The 2021 financial statements of 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 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 IFRS 9 – Financial Instruments, IAS 39 – Financial Instruments – Recognition and Measurement, IFRS 7 – Financial Instruments: Disclosures, IFRS 4 – Insurance Contracts and IFRS 16 – Leases – Reference interest rate reform – Phase 2, which were adopted by the European Union on 14/1/2021;
- Amendments to IFRS 16 – Leases: Exemptions from rent payments after 30 June 2021, which were adopted by the European Union on 31/8/2021.

The amendments to standard IFRS 9, IFRS 39, IFRS 7, IFRS 4 and IFRS 16 provide temporary exemption from the reporting of the financial effects of the swap of the inter-bank offered rate (IBOR) with the alternative almost risk-free rate (RFR). The amendments provide companies the use of a practical solution for accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, whereby the company must adjust the effective interest rate so that it is equal to the market interest rate trend. In addition to this, amendments enable companies to use certain generalisations for ceasing to use hedging, including a temporary exemption from the requirement of differentiation, for risk hedging ratios in which the alternative reference interest rate was specified as a non-contractually defined risk component.

The amendments to the IFRS 7 – Financial Instruments standard require of the company to carry out disclosures which would enable users of financial statements to understand the effect of the reform of the reference interest rate for financial instruments of the company and its risk management strategy. The company must apply the amendments retrospectively without having to recalculate data from past periods.

The adoption of the new standards, amendments to existing standards and notes did not result in significant changes or impacts on the financial statements of Impol 2000, d. d.

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

The standards adopted by the European Union and notes, but not yet applied up to the date of the consolidated financial statements, are presented hereafter. Impol 2000, d. d. will apply these standards and notes for drawing up the financial statements after their implementation. Impol

2000, d. d. did not adopt any of the standards or notes specified below before the commencement of their application.

- Amendments to IAS 16 – Tangible fixed assets – Profit before intended use (applicable for annual periods starting on or after 1 January 2022). The European Union adopted the above amendments on 28/6/2021. The amendments prohibit an entity from deducting proceeds from the sale of products from the costs of property, plant, and equipment during the period in which the asset is prepared for its intended use and require the recognition of the proceeds from the sale and the related costs in profit or loss.
- 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). The European Union adopted the above amendments on 28/6/2021. The amendments define the costs that an entity considers in determining the cost of performing a contract for purposes of assessing whether a contract is onerous.
- Amendments to IFRS 3 – Business Combinations – References to the fundamental framework with amendments to IFRS 3 (applicable for annual periods beginning on or after 1 January 2022). The European Union adopted the above amendments on 28/6/2021. The amendments update the reference in IFRS 3 to the fundamental framework of financial reporting standards without changing the accounting requirements for the accounting of business combinations.
- Amendments to various standards due to improvements to IFRS (period 2018-2020) resulting from the annual improvement project of IFRS (IFRS 1, IFRS 9 and IAS 41) primarily with a view to removing inconsistencies and clarifying wording. Amendments to IFRS 1, IFRS 9 and IAS 41 are effective for annual periods beginning on or after 1 January 2022. The European Union adopted the above amendments on 28/6/2021.

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 2021 financial year were being drawn up/approved:

- Amendments to IAS 1 – Presentation of Financial Statements and Position 2 of the IFRS International Financial Statements: Disclosure of accounting policies (amendments). These amendments are effective for annual periods beginning on or after 1 January 2023. Early application is permitted. The amendments define the guidelines for assessing the importance of disclosing accounting policies. The amendments to IAS 1 replace the requirement for disclosing “essential” accounting policies with the requirement for disclosing “important” accounting policies. At the same time, the Position contains instructions and illustrative examples as an aid in using the importance concept in assessing the disclosure of accounting policies. The EU has not yet approved the amendments/changes to the standard;
- 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 2024). In response to the coronavirus pandemic, the IASB initially postponed the amendments effective date for one year, i.e. to 1 January 2023, in order to allow companies sufficient time to make changes to the classification of liabilities. The amendments serve to assist companies in deciding whether to classify debt and other liabilities with an uncertain settlement date as current or non-current liabilities in the statement of financial position, thus ensuring greater consistency in compliance with the requirements of the standard. The amendments affect the presentation of liabilities in the statement of financial position but do not change the existing requirements related to the measurement or recognition period of either assets, liabilities, income, or expenses or the information which the company discloses about these items. The amendments also clarify the requirements relating to debt classification, which the company may settle by issuing own equity instruments. In November 2021, the Board of Directors published a draft for public proceedings (ESD), which clarifies how the company addresses the liabilities for which commitments apply, which the company must fulfil by the date following the reporting period. The proposal for the amendments is effective for annual periods beginning on or after 1 January 2024, and the company must apply them retroactively in accordance with the IAS 8 standard. Early application is permitted. At the same time, the Board of Directors proposed to postpone the amendments effective date from 2020, which means that the company does not need to change the current practices before the effective date of the proposed amendments. The EU has not yet approved the amendments/changes to the standard and drafts for public proceeding;
- Amendments to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors: Definition of accounting assessments (amendments). These amendments to the standard are effective for annual periods beginning on or after 1 January 2023. Early application is permitted. The amendments address the changes to the accounting policies and accounting assessment at the beginning of this period or later and define accounting assessments as monetary amounts in the financial statements, which uncertainty is tied to from the point of view of measurement. The amendments also clarify what the amendments to the accounting assessments are and how they differ from the amendments to the accounting policies and error corrections. The EU has not yet approved the amendments/changes to the standard;
- Amendments to IFRS 10 – Consolidated Financial Statements and IAS 28 Investments in Associated 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). The amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between investors and their associated company or joint venture. The main consequence of the amendments is for the company to recognise the entire profit or loss amount if the transaction includes business operations, regardless of the fact whether they are located in a subsidiary or not. For transactions with assets that do not represent operations, only part of the profit or loss is recognised even if the assets are located

in a subsidiary. The EU has not yet approved the amendments/changes to the standard;
- Amendments to IAS 12 – Income Taxes: Deferred tax on assets and liabilities of a single transaction (amendments). In May 2021, the IASB published amendments to the IAS 12 accounting standard with which it restricted the use of the exception in the initial recognition according to IAS 12, and provisions explaining how the company should calculate the deferred tax on certain transactions, such as leases and liabilities related to decommissioning. In accordance with the amendments, the exception does not apply to transactions, the taxable amount of which was equal to the amount of deductible temporary differences upon the initial recognition. The exception only applies if the taxable amount is not equal to the amount of deductible temporary differences upon recognising the assets under lease and related liabilities (or liability related to decommissioning and decommissioning of a component of the asset). These amendments are effective for annual periods beginning on or after 1 January 2023. Early application is permitted. The EU has not yet approved the amendments/changes to the standard.

Impol 2000, d. d. estimates the potential impact of these amendments on its separate financial statements. Despite the above-mentioned, Impol 2000, d. d. estimates that the implementation of these new standards and amendments will not have a significant impact on its separate financial statements during the period of initial application.

The basis for drawing up financial statements

Financial statements of Impol 2000, d. d. were drawn up on historical cost basis.
In accordance with the legislation, the company shall ensure independent auditing of these financial statements.

Functional and reporting currency

The financial statements in this report are in EUR (without cents), and EUR is also the functional currency of the company. Due to the rounding off of value data, there may be insignificant deviations from the sums given in the tables.

Use of estimates and judgements

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

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 useful life are evaluated at the end of each financial year, and if the expected pattern of using future economic gains arising from the depreciable assets changes significantly, the depreciation method shall be amended to fit the changed pattern. These changes are regarded as changes in accounting estimates.

- **impairment testing of assets**

Impairment testing of assets is performed by the management to ensure that the carrying amount does not exceed the recoverable amount On every reporting date, the management estimates potential signs of impairment. Critical estimates were used for the following assessments of value:
  - Investment in subsidiaries (Note 9),
  - Investments in associated companies (Note 9),
  - Financial receivables (Note 11),
  - Estimate of the fair value of assets (Note 18)

All items in financial statements represent the costs or the settlement value. All assets and liabilities that are measured by fair value in financial statements are classified in a hierarchy of fair value based on the lowest level of inputs that are important for measuring the total fair value:
  - level one includes quoted prices (unadjusted) on functioning markets for the same assets and liabilities,
  - level two includes inputs that besides quoted prices from level one are also noted directly (i.e. prices) or indirectly (i.e. derived from prices) as assets or liabilities,
  - level three includes inputs for the asset or liability not based on observable market data.

Impol 2000, d. d., classified all its financial instruments in level three (Note 18).

- **estimate of the net realisable value of the merchandise inventory**

At least at the end of every financial period, the Company measures the net recoverable amount of inventories and the need for write-offs. Costs of inventories are not reversible if inventories are damaged, partially or completely obsolete, or if their sales price is reduced. Costs of inventories are also not reversible if the estimated costs of completion or costs in connection with sales increase. Partial write-offs of inventories under their original value or costs up to the net recoverable value is in accordance with the policy that assets cannot be recognised at values higher than expected from their sale or utilisation. Inventories are usually partially written off to their net recoverable value under individual items. There were no such write-downs in 2021.

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

At least once annually, namely before preparing the annual statement of account, the suitability of recognised amounts of individual claims is assessed. If, based on the accounting data, the Board of Directors decides to recognise the receivables not settled within the agreed period as 'doubtful' and 'disputable', the adjustment of their value is charged against the revaluation operating expenses in a proportion defined in the resolution.
Receivables older than 365 days shall be recognised as 'doubtful'. Unless otherwise decided by the Board of Directors, such receivables shall be subject to judicial proceedings (action or enforcement). Receivables already subject to a judicial proceeding are recognised as 'disputable' receivables. For 'doubtful' and 'disputable' receivables, an adjustment of their value shall be made which shall be charged against revaluation operating expenses.

- **estimate of the possibility to use deferred tax liabilities**

The Cmpany has formed deferred tax liabilities in respect of the formulation of provisions and impairment of operating receivables. The Cmpany checks the amount of recognised deferred tax liabilities at the end of the financial year. Deferred tax assets are recognised in case of a probable available future profit against which the deferred tax assets can be utilised.

- **estimate of formed provisions**

Within the requirements regarding certain post-employment and other benefits, the present value of retirement and jubilee benefits is recorded. They are recognised based on the actuarial assessment. The actuarial calculation is based on the assumption and estimates effective at the time of calculation, which may, as a result of future changes, differ from actual assumptions effective at that time (discount rates, evaluation of employee fluctuation assessment, mortality rates and wage growth assessment).

The Company has not formed any provisions for judicial actions, since it does not have current obligations due to binding past events.

Important accounting policies of the company

The accounting policies applied in the preparation of financial statements were the same as were applied in the preparation of financial statements for the financial year that ended on 31 December 2021.

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 recognised 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 carrying amount of the Company's share shall be reduced to zero and this share shall no longer be recognised in subsequent losses. Costs, which can be connected with purchasing a subsidiary, increase the value at cost of the capital investment. The subsidiary's participation in profit is recognised in the statement of profit or loss of Impol 2000, d. d. when the Company obtains the profit-sharing right.

For more information see section "Presentation of the parent company Impol 2000, d. d. and the Impol Group".

Investment in associated companies

Associated companies 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. recognises investments in associated companies at cost. Costs which the company can relate to the acquisition increase the cost of the investment.

Intangible assets

Intangible assets of Impol 2000, d. d. include other long-term deferred items (IT programmes, programme solutions). At initial recognition, intangible assets are valued at cost. The carrying amount of intangible assets with a finite useful life is reduced with depreciation. Later expenditure in connection with intangible assets are only capitalised if they increase future economic gain. All other costs are recognised in profit and loss as expenditure at the moment they arise.

Depreciation is calculated using the straight-line method, while considering the useful life of the intangible asset. Depreciation starts after the asset is made available for use.

Depreciation rates based on the estimated useful life of individual types of intangible fixed assets are presented in the table.

Table 127: Depreciation rates used for intangible fixed assets

Depreciation rates used in the Company	Depreciation rate in %	
	Lowest	Highest
Intangible assets		
Computer software	10.00%	50.00%

Each impairment is immediately recognised in the statement of profit or loss and is subsequently not reversed.

Tangible assets

All tangible fixed assets of the Company are disclosed according to the cost model. Upon initial recognition they are measured at cost, reduced by the accumulated depreciation and accumulated impairment losses. Cost includes expenses which may be directly attributed to the acquisition of an individual asset.

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

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

The positive or negative difference between the net sales value and the carrying amount of the disposed asset is recognised in the statement of profit or loss. The costs of replacement of a certain part of the tangible fixed asset are recognised in the carrying amount of this asset when it is probable that the future economic benefits related to the part of this asset will flow to the Company and the cost can be measured reliably.

All other costs (repairs, maintenance) for preserving or renewing future economic gain are recognised in the profit 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 128: Depreciation rates used for tangible fixed assets

Depreciation rates used in the Company	Depreciation rate in %	
	Lowest	Highest
Tangible fixed assets		
Equipment		
Production equipment	10.00%	20.00%
Furniture	20.00%	25.00%
Computer hardware	50.00%	50.00%
Motor vehicles		
Personal vehicles	20.00%	20.00%

Assets under lease

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

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

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

The assets are then measured according to their cost, 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.

Financial instruments

In the financial instruments section of its statements, Impol 2000, d. d. discloses the following items:
- Non-derivative financial assets,
- Non-derivative financial liabilities,

In its accounts, the company does not recognise derivative financial instruments.

Non-derivative financial instruments are initially recognised at their fair value. Fair value is the amount at which an asset can be sold or a liability exchanged between knowledgeable, willing parties in an arm's length transaction. After initial recognition, the non-derivative financial instruments are measured using the method defined below.

Determination of the fair value of financial instruments takes into account the following hierarchy of determination levels:
- level one includes quoted prices (unadjusted) on functioning markets for the same assets and liabilities,
- level two includes inputs that besides quoted prices from level one are also noted directly (i.e. prices) or indirectly (i.e. derived from prices) as assets or liabilities,
- level three includes inputs for the asset or liability not based on observable market data.

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

Non-derivative financial assets

Non-derivative financial assets of Impol 2000, d. d. include cash and cash equivalents, receivables and loans, and investments. Pursuant to the IFRS 9, the aforementioned assets can be divided into the following three groups:
- financial assets at fair value through profit or loss,
- financial assets at 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 from financial instruments classified in this group are recognised as financial revenues in the profit or loss statement. Impol 2000, d. d. possesses no such assets.

Financial assets at 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 associated companies accounted pursuant to IAS 27 according to their cost are also shown in the framework of separate financial statements of Impol 2000, d. d.

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 realisable value, whichever is lower. Net recoverable value is the estimated selling price at the reporting date less sales expenses and other possible administrative expenses, which are usually connected with the sale.

Cost of merchandise inventories consists of the purchase price, import and other non-refundable purchase charges and direct purchase costs. The FIFO method is used for valuing inventories of merchandise and measuring use. The Company does not own any other inventories. The inventory impairment policy is described in section “Impairment”.

Capital

As of 31/12/2021, the share capital of Impol 2000, d. d., amounts to EUR 4,451,540 and is divided into 1,066,767 ordinary registered 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 16/7/2021, dividends were paid out in the amount of EUR 4,267,068 or EUR 4.00 per share in 2021. The carrying amount of the share as of 31/12/2021 amounted to EUR 62.12 per share, and the net profit amounted to EUR 9.88 per share.

Provisions

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

Provisions for jubilee and retirement benefits

In accordance with legal provisions, the collective agreement and internal rules, the Company is committed to the payment of jubilee and retirement benefits. For this purpose, long-term provisions are formed. There are no other obligations relating to pensions. Provisions are formed in the amount of the expected future payments of jubilee and retirement benefits discounted on the date of the statement of financial position. The actuarial calculation is made for each employee, taking into account the costs of 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 carrying amount is higher than the estimated recoverable value or if there is objective evidence of the impairment. The replacement value represents the present value of the estimated future cash flows discounted at the original effective interest rate of this instrument. The impairment is recognised in the profit or loss statement.

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

Impairment of receivables and loans granted

Impairments of receivables are formed based on the assessment of recoverability time analysis. If it is estimated that when the carrying amount of the receivable exceeds its fair value (i.e. recoverable value), the receivable is impaired. Receivables that are assessed not to be collected within the regular deadline or in the whole amount are considered as doubtful. If proceedings were already brought before the court, receivables are considered as disputed. Impairment of loans granted is assessed for every individual loan. Impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The loss is recognised in the statement of profit or loss for the period (for more information see section “Estimate of the recoverable value of receivables”).

When it comes to financial assets measured at fair value through other comprehensive income, the latter is measured according to its cost upon initial recognition, and is then increased for the cost of the business transaction arising from the purchase of said financial asset. Profit 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 cost in the financial statements of Impol 2000, d. d.. At each reporting date, the Company reviews the carrying amount of the Company’s non-financial assets in order to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. The recoverable value of the asset or cash-generating unit is the value in use or its fair value, reduced by costs of disposal, whichever is higher. 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 recognised when the carrying amount 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 amount of the Company’s non-financial assets is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated.

An impairment loss is recognised when the carrying amount of an asset or cash-generating unit exceeds its recoverable value. A cash-generating unit is the smallest group of assets that generate financial income that are to a greater extent independent from financial income from other assets and groups of assets. Impairment losses are recognised in the profit 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

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 Company 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 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 recognised in profit or loss after the Company has transferred the significant risks and rewards of ownership to the buyer.
- Revenues from sale of services, except services that lead to financial revenues, are measured according to sales prices of completed services. The work completion percentage method at the 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 recognised at the time of occurrence using the agreed interest rates. Dividend income is recognised on the date that the shareholder's right to receive payment is established.

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.

Income tax is recognised in profit or loss, except to the extent that it relates to items recognised directly in other comprehensive income. Current tax is the expected tax payable on the taxable income for the year. Taxable profit differs from net profit reported for the financial year since it excludes income or expense items taxable or deductible in other financial years and other items that are never subject to taxation or deduction. The current tax liability is calculated using tax rates effective on the balance sheet date.

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

Cash flow statement

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

Segment reporting

Because of the very similar nature of product groups, their production procedure and distribution, Impol 2000, d. d. and the Impol Group defined only one reporting segment. Presentation of data with segment reporting takes into account that aluminium business activities represent the main operating activities of the Group. Other activities have an insignificant effect on presenting financial information.

Impol 2000, d. d., reports on the sale by geographical areas. The defined geographical areas are Slovenia, European Union, other European countries and the rest of the world.

NOTES TO INDIVIDUAL ITEMS OF FINANCIAL STATEMENTS

1. Operating revenues

Table 129: Operating revenues in EUR

Operating revenues	Operating revenues generated with companies in the Group	Operating revenues generated with companies others	2021	2020
Net sales revenues	11,769,731	23,053,313	34,823,045	25,950,386
Other operating revenues	0	42,650	42,650	287,520
TOTAL	**11,769,731**	**23,095,963**	**34,865,695**	**26,237,906**

Table 130: Other operating revenues in EUR

Other operating revenues	2021	2020
Revenues from the reversal of provisions	27,379	29,752
Other revenues associated with business effects (subsidies, grants, compensations, premiums, etc.)*	8,518	256,988
Revaluation operating revenue**	6,753	780
TOTAL:	**42,650**	**287,520**

*After the intervention legislation for mitigating and eliminating the consequences of the covid-19 epidemic in 2021 we received state aid for the purchase of SARS-CoV-2 tests and an aid in the form of covering the costs due to the quarantine ordered for employees in the total amount of EUR 6,516.
**This is mainly the elimination of impairment due to the payment of a receivable.

Net sales revenues by the type of merchandise or service

Table 131: Net sales revenues by the type of merchandise or service in EUR

Product, merchandise or service	2021	2020
Revenues from services – domestic market	11,804,102	9,116,776
Revenues from sale of merchandise – domestic market	21,456,829	14,683,469
Revenues from sale of merchandise – foreign market	1,556,998	2,149,851
Revenues from services – foreign market	5,116	290
TOTAL	**34,823,045**	**25,950,386**

Table 132: Net sales revenues by operating segments in EUR

Net sales revenues by operating segments	2021	2020
Revenues from sales in Slovenia	**33,260,931**	**23,800,246**
• companies in the Group	11,765,236	9,077,876
• Other companies	21,495,695	14,722,370
Revenues from sales in EU	**696,253**	**994,152**
• companies in the Group	4,496	0
• Other companies	691,757	994,152
Revenues from sales in other European countries	**865,861**	**1,155,989**
Revenues from sales in other European countries – other companies	**865,861**	**1,155,989**
TOTAL	**34,823,045**	**25,950,386**

2. Operating expenses

Analysis of costs and expenses

Table 133: Analysis of costs and expenses in EUR

	Costs of sale	Costs of general activities	Total 2021	TOTAL purchases in 2021 from: Companies in the Group	Associated companies	Other companies	Total 2020
Cost of merchandise and materials sold	22,007,175	0	22,007,175	22,007,175	0	0	16,057,248
Costs of material	0	170,337	170,337	49,139	0	121,198	181,498
Costs of services	437,679	1,164,951	1,602,629	284,417	364,803	953,410	1,326,330
Labour costs	0	10,171,301	10,171,301	0	0	10,171,301	7,532,891
Depreciation	0	262,528	262,528	52,892	0	209,636	356,405
Revaluation operating expenses	0	0	0	0	0	0	39
Other operating expenses	0	195,302	195,302	2,845	0	192,457	218,513
TOTAL:	**22,444,854**	**11,964,418**	**34,409,272**	**22,396,468**	**364,803**	**11,648,001**	**25,672,924**

Costs of material

Table 134: Costs of materials in EUR

	2021	2020
Costs of energy	37,169	26,973
Costs of office supplies and professional literature	87,711	76,636
Other costs of materials	45,457	77,889
TOTAL	**170,337**	**181,498**

Costs of services

Table 135: Costs of services in EUR

	2021	2020
Costs of transport services	53,541	43,620
Costs of rents	16,643	9,896
Reimbursement of employee costs	72,111	37,140
Other costs of services	1,460,334	1,235,674
TOTAL	**1,602,629**	**1,326,330**

Auditor’s cost

Table 136: The amount (cost) spent for the auditor (according to ZGD-1, point 2, paragraph 4, Article 69) in EUR

	2021	2020
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 2021, the audit firm did not carry out any other audit or non-audit services.

Labour costs

Table 137: Itemisation of labour costs in EUR

	2021	2020
Costs of wages and salaries	6,962,167	5,236,074
Costs of pension insurance	628,975	476,980
Costs of other social security contributions	506,856	381,621
Other labour costs	2,073,304	1,438,216
TOTAL:	**10,171,301**	**7,532,891**

Table 138: Remuneration of members of the Board of Directors and Supervisory Board and employees on individual contracts in EUR

	2021	2020
Members of the management	1,146,916	1,100,511
Employees on individual contracts	4,854,578	3,203,640
TOTAL:	**6,001,494**	**4,304,151**

Employee education structure as of 31/12/2021

Table 139: Education structure

Education level	Number of employees as of 31/12/2021	Number of employees as of 31/12/2020
Doctoral Degree	4	3
Master's Degree	4	3
Bachelor's Degree	48	42
Higher education	18	16
College	11	12
Secondary School Degree	19	17
Qualified	9	11
Semi-qualified	2	2
Non- qualified	2	4
Total	**117**	**110**

Depreciation

Table 140: Depreciation in EUR

	2021	2020
Depreciation of intangible fixed assets	47,820	102,600
Depreciation of tangible fixed assets	106,967	111,001
Depreciation of tangible fixed assets relating to the right to use assets	107,741	142,804
Total depreciation	**262,528**	**356,405**

Other costs and expenses

Table 141: Other costs and expenses in EUR

	2021	2020
Charges independent of operation	163,370	200,007
Grants	31,900	18,504
Other costs	32	2
TOTAL	**195,302**	**218,513**

3. Financial revenues and expenses

Financial revenues

Table 142: Financial revenues from financial investments and operating receivables in EUR

	Total 2021	Of which from companies		Total 2020
		in the Group	Other companies	
Financial revenues from participating interests – in profits, dividends	10,670,000	10,670,000	0	0
Financial revenues from loans – interests	800	482	318	527,150
Financial revenues from operating receivables – interests	3,397	0	3,397	10,151
Financial revenues from operating receivables – foreign exchange differences	1	0	1	0
Total	**10,674,199**	**10,670,482**	**3,716**	**537,301**

*Shares in profit refer to participation in profit ofsubsidiaries, i.e.:

- in accordance with the resolution of the General Meeting of Impol, d. o. o., held on 16/11/2021, Impol 2000, d. d. is entitled to the entire share of the accumulated profit, intended for distribution, i.e. in the amount of EUR 5,000,000.
- in accordance with the resolution of the General Meeting of Rondal, d. o. o., held on 16/11/2021, Impol 2000, d. d. is entitled to the entire share of the accumulated profit, intended for distribution, i.e. in the amount of EUR 4,500,000.
- in accordance with the resolution of the General Meeting of Impol Servis, d. o. o., held on 16/11/2021, Impol 2000, d. d. is entitled to the entire share of the accumulated profit, intended for distribution, i.e. in the amount of EUR 640,000.
- in accordance with the resolution of the General Meeting of Alcad, d. o. o., held on 16/11/2021, Impol 2000, d. d. is entitled to the entire share of the accumulated profit, intended for distribution, i.e. in the amount of EUR 530,000.

Financial expenses

Table 143: Financial expenses from financial investments and operating liabilities in EUR

	Total	Of which from companies		Total
	2021	in the Group	Other companies	2020
Financial expenses from (excluding bank loans) – interests	445,824	445,824	0	428,357
Financial expenses from leases – interests (financial lease)	140	0	140	1,280
Financial expenses from issued bonds – interests	0	0	0	304,000
Financial expenses from other financial liabilities – interests arising from provisions of severance pay, jubilee benefits	3,697	0	3,697	3,614
Financial expenses from leases – interests (operating lease)	6,446	4,179	2,267	9,199
Financial expenses from operating liabilities – interests	50	0	50	166
Financial expenses from operating liabilities – foreign exchange differences	32	0	32	78
Total:	**456,188**	**450,003**	**6,185**	**746,694**

4. Income tax

Table 144: Income tax in EUR

Income tax	2021	2020
Revenues determined in accordance with accounting regulations	45,539,894	26,775,207
Revenues adjustment for tax purposes – decrease (-)	10,689,909	13,508
Revenues recognised for tax purposes	**34,849,985**	**26,761,699**
Expenses determined in accordance with accounting regulations (+)	34,865,460	26,419,618
Expense adjustment for tax purposes – decrease (-)	295,556	140,392
Expense adjustment for tax purposes – increase (+)	610	0
Expenses recognised for tax purposes	**34,570,513**	**26,279,225**
DIFFERENCE BETWEEN DEDUCTIBLE REVENUES AND EXPENSES	**279,471**	**482,474**
Change of the tax base when amending tax base when amending accounting policies, error corrections and revaluations (+/-)	-5,166	-5,557
Increase in tax base for predetermined tax relief (+)	533,500	5,062
TAX BASE	**807,806**	**481,978**
Decrease in tax base and tax relief (up to the maximum amount of the tax base) (-)	84,512	94,249
TAX BASE	**723,293**	**387,729**
TAX (19%)	**137,426**	**73,668**

In 2021, the effective profit tax rate for Slovenia was 19% (in 2020: 19%).

5. Deferred tax receivables

Table 145: Deferred tax receivables in EUR

Changes in deferred-tax assets and liabilities were recognised in:	2021	2020
• Profit or loss account (+ / -)	4,001	-42
TOTAL	**4,001**	**-42**

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

	Formation of provisions	Total
Balance of deferred tax receivables as of 31/12/2020	**23,295**	**23,295**
Balance of deferred tax receivables as of 1/1/2021	**23,295**	**23,295**
Appearance of deductible temporary differences (+)	4,001	4,001
Balance of deferred tax receivables as of 31/12/2021	**27,296**	**27,296**

Net earnings per share

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

Table 147: Net earnings per share in EUR

	2021	2020
Profit or loss relating to the owners of the controlling entity	10,541,009	281,879
Weighted average of the number of regular shares	1,066,767	1,066,767
Basic earnings per share (in EUR)	**9.88**	**0.26**
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 148: Trend in intangible assets in 2021 in EUR

Description	Long-term property rights	Total
Cost as of 31/12/2020	**624,089**	**624,089**
Opening balance adjustments	0	0
Cost as of 1/1/2021	**624,089**	**624,089**
Cost as of 31/12/2021	**624,089**	**624,089**
Value adjustment as of 31/12/2020	**277,745**	**277,745**
Opening balance adjustment	0	0
Value adjustment as of 1/1/2021	**277,745**	**277,745**
Depreciation during the year	47,820	47,820
Value adjustment as of 31/12/2021	**325,566**	**325,566**
Carrying amount as of 31/12/2021	**298,523**	**298,523**
Carrying amount as of 31/12/2020	**346,344**	**346,344**

Table 149: 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 1/1/2020	**624,089**	**624,089**
Cost as of 31/12/2020	**624,089**	**624,089**
Value adjustment as of 31/12/2019	**175,146**	**175,146**
Opening balance adjustment	0	0
Value adjustment as of 1/1/2020	**175,146**	**175,146**
Depreciation during the year	102,600	102,600
Value adjustment as of 31/12/2020	**277,745**	**277,745**
Carrying amount as of 31/12/2020	**346,344**	**346,344**
Carrying amount as of 31/12/2019	**448,943**	**448,943**

Disclosed intangible assets are the property of Impol 2000, d. d. and encumbrance free. Cost of intangible fixed assets with zero present value, which are still being utilised, amounts to EUR 201,874.

7. Tangible fixed assets

Table 150: Tangible fixed assets in 2021 in EUR

Description	Production machinery and equipment	Other machinery and equipment	Equipment and other tangible fixed assets being acquired	Total equipment	Total
Cost as of 31/12/2020	**739,009**	**582,378**	**0**	**1,321,387**	**1,321,387**
Opening balance adjustments	0	0	0	0	0
Cost as of 1/1/2021	**739,009**	**582,378**	**0**	**1,321,387**	**1,321,387**
Direct increases – acquisitions	0	0	67,769	67,769	67,769
Transfer from investments in progress	0	70,158	-70,158	0	0
Transfer between companies in the Group – acquisition	0	0	2,389	2,389	2,389
Decreases – exclusions, other decreases (-)	0	37,219	0	37,219	37,219
Cost as of 31/12/2021	**739,009**	**615,316**	**0**	**1,354,326**	**1,354,326**
Value adjustment as of 31/12/2020	**663,859**	**392,233**	**0**	**1,056,092**	**1,056,092**
Opening balance adjustment	0	0	0	0	0
Value adjustment as of 1/1/2021	**663,859**	**392,233**	**0**	**1,056,092**	**1,056,092**
Depreciation during the year	3,637	103,329	0	106,967	106,967
Decreases – exclusions, other decreases (-)	0	37,219	0	37,219	37,219
Value adjustment as of 31/12/2021	**667,496**	**458,343**	**0**	**1,125,839**	**1,125,839**
Carrying amount as of 31/12/2021	**71,513**	**156,973**	**0**	**228,487**	**228,487**
Carrying amount as of 31/ 12/ 2020	**75,151**	**190,145**	**0**	**265,296**	**265,296**

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

Table 151: Tangible fixed assets in 2020 in EUR

Description	Production machinery and equipment	Other machinery and equipment	Equipment and other tangible fixed assets being acquired	Total equipment	TOTAL
Cost as of 31/12/2019	**739,009**	**530,092**	**0**	**1,269,102**	**1,269,102**
Opening balance adjustments	0	0	0	0	0
Cost as of 1/1/2020	**739,009**	**530,092**	**0**	**1,269,102**	**1,269,102**
Direct increases – acquisitions	0	0	68,886	68,886	68,886
Transfer from investments 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 as of 31/12/2019	**660,222**	**325,468**	**0**	**985,689**	**985,689**
Opening balance adjustment	0	0	0	0	0
Value adjustment as of 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 as of 31/12/2020	**663,859**	**392,233**	**0**	**1,056,092**	**1,056,092**
Carrying amount as of 31/12/ 2020	**75,151**	**190,145**	**0**	**265,296**	**265,296**
Carrying amount as of 31/12/ 2019	**78,787**	**204,625**	**0**	**283,412**	**283,412**

*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". 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 utilised as of 31/12/2021, amounts to EUR 954,502.

8. Assets under lease

Table 152: Trend in right to use assets in the first half of 2021 in EUR

Description	Right to use immovable property – operating lease – companies within the Group	Total right to use immovable property – operating lease	Right to use equipment – operating lease – other companies	**Total right to use equipment – operating lease**	Total right to use – operating lease	Right to use equipment – financial lease – other companies	Total right to use equipment – financial lease	Total right to use
Cost as of 31/12/2020	**264,460**	**264,460**	**170,626**	**170,626**	**435,086**	**97,881**	**97,881**	**532,966**
Opening balance adjustments	0	0	0	0	0	0	0	0
Cost as of 1/1/2021	**264,460**	**264,460**	**170,626**	**170,626**	**435,086**	**97,881**	**97,881**	**532,966**
Other decreases (-)	0	0	19,107	19,107	19,107	0	0	19,107
Cost as of 31/12/2021	264,460	264,460	151,519	151,519	415,979	97,881	97,881	513,860
Value adjustment as of 31/12/2020	**105,784**	**105,784**	**55,902**	**55,902**	**161,686**	**89,723**	**89,723**	**251,408**
Opening balance adjustments	0	0	0	0	0	0	0	0
Value adjustment as of 1/1/2021	**105,784**	**105,784**	**55,902**	**55,902**	**161,686**	**89,723**	**89,723**	**251,408**
Depreciation (+)	52,892	52,892	46,690	46,690	99,583	8,158	8,158	107,741
Other decreases (-)	0	0	11,719	11,719	11,719	0	0	11,719
Value adjustment as of 31/12/2021	**158,676**	**158,676**	**90,873**	**90,873**	**249,549**	**97,881**	**97,881**	**347,430**
Carrying amount as of 31/12/2021	**105,784**	**105,784**	**60,646**	**60,646**	**166,430**	**0**	**0**	**166,430**
Carrying amount as of 31/12/2020	**158,676**	**158,676**	**114,724**	**114,724**	**273,400**	**8,158**	**8,158**	**281,558**

Table 153: 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 – operating lease – other companies	Total right to use equipment – operating lease	Total right to use – operating lease	Right to use equipment – financial lease – other companies	Total right to use equipment – financial lease	Total right to use
Cost as of 31/12/2019	**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 1/1/2020	**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 as of 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 as of 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 as of 31/12/2020	**105,784**	**105,784**	**55,902**	**55,902**	**161,686**	**89,723**	**89,723**	**251,408**
Carrying amount as of 31/12/2020	**158,676**	**158,676**	**114,724**	**114,724**	**273,400**	**8,158**	**8,158**	**281,558**
Carrying amount as of 31/12/2019	**211,568**	**211,568**	**103,122**	**103,122**	**314,690**	**27,734**	**27,734**	**342,424**

*Upon transferring to the new IFRS 16 – Lease standard within Impol 2000, the latter has made the decision in 2019 to choose the possibility of using the standard retroactively, with a cumulative effect of the beginning of use of the standard and measurement of assets amounting to calculated lease liabilities. A 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 amortised and interests are attributed to liabilities.

Assets under financial lease

The carrying amount of equipment under finance lease as of 31/12/2021, amounts to EUR 0 (31/12/2020: EUR 8,158).

Table 154: Value of assets under financial lease as of 31/12/2021 in EUR

	Cost (+)	Value adjustment (-)	Carrying amount (=)
Equipment	97,881	97,881	0
TOTAL	**97,881**	**97,881**	**0**

9. Long-term financial investments

Table 155: Long-term financial investments in EUR

	Cost of long-term financial investments as of 31/12/2021	Of which long-term financial investments in companies:		Value adjustment as of 31/12/2021		Carrying amount	
		in the Group	associated companies	Total value adjustment as of 31/12/2021	of which to associated companies	31/12/2021	31/12/2020
		+	+	-	-		
Investments in shares and participating interest	141,369,308	141,334,661	34,648	34,648	34,648	141,334,661	134,934,661
TOTAL long-term financial investments except for loans	**141,369,308**	**141,334,661**	**34,648**	**34,648**	**34,648**	**141,334,661**	**134,934,661**
Long-term loans granted*	0	0	0	0	0	0	51,000
TOTAL long-term loans	**0**	**0**	**0**	**0**	**0**	**0**	**51,000**
Total long-term investments	**141,369,308**	**141,334,661**	**34,648**	**34,648**	**34,648**	**141,334,661**	**134,985,661**

*In 2021 transfer of the short-term part of long-term financial investments.

The financial investment in the capital of Impol, d. o. o. (97.5% ownership share) was pledged in the form of a given guarantee, reserved for liabilities of Impol, d. o. o., to banks. As of 31/12/2021, the balance of these liabilities of Impol, d. o. o. amounts to EUR 14,000,000.

Trend in investments in subsidiaries and associated companies

Table 156: Trend in investments in subsidiaries and associated companies in EUR

Long-term financial investments in the Company:	Cost			Cost adjustment due to the impairment		Carrying amount		Ownership as of 31/12/2021
	Cost as of 1/1/2021	Purchases / other increase	Cost as of 31/12/2021	Value adjustment as of 1/1/2021	Value adjustment as of 31/12/2021	31/12/2021	1/1/2021	
	+	+	=	-	=	=	=	
Impol Servis, d. o. o.	245,037	0	245,037	0	0	245,037	245,037	100%
Impol, d. o. o.	67,588,863	6,400,000	73,988,863	0	0	73,988,863	67,588,863	100%
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.	63,773,761	0	63,773,761	0	0	63,773,761	63,773,761	100%
Alcad, d. o. o.	2,227,000	0	2,227,000	0	0	2,227,000	2,227,000	100%
Total subsidiaries	**134,934,661**	**6,400,000**	**141,334,661**	**0**	**0**	**141,334,661**	**134,934,661**	
Impol Brazil Aluminium	34,648	0	34,648	34,648	34,648	0	0	50%
Total associated companies	**34,648**	**0**	**34,648**	**34,648**	**34,648**	**0**	**0**	
TOTAL	**134,969,309**	**6,400,000**	**141,369,309**	**34,648**	**34,648**	**141,334,661**	**134,934,661**	

*In July 2021, Impol 2000, d. d. acquired a 2.46% business share in Impol, d. o. o., thereby becoming its 100% owner.

Long-term financial investments in capital are entirely classified in the Group for financial investments in subsidiaries and associated companies and are measured at cost. As the controlling company, Impol 2000, d. d. is responsible for preparation of consolidated financial statements for the companies presented above.

Trend in long-term loans granted

Table 157: Trend in long-term loans granted in EUR

	Loans granted to Group companies	Total
Balance of long-term loans granted as of 1/1/2021	51,000	51,000
Transfer to short-term part (-)	51,000	51,000
Balance of long-term loans granted as of 31/12/2021	**0**	**0**

10. Merchandise inventories

Table 158: Merchandise inventories in EUR

	31/12/2021		31/12/2020
	Cost (+)	Carrying amount	
Merchandise	7,485	7,485	7,485
TOTAL	**7,485**	**7,485**	**7,485**

On 31/12/2021, the Company inspected the value of merchandise inventories and determined that the net realisable value of inventories exceeds the carrying amount, therefore no impairment of inventories was recorded in 2021. Inventories were not pledged as security for liabilities.

11. Short-term financial investments

Table 159: Short-term financial investments in EUR

	Cost (+) as of 1/1/2021	New loans (+)	Re-funds (-)	Transfer from long-term fin. inv.(+)	Cost as of 1/12/2021	Carrying amount as of 1/12/2021	Carrying amount as of 1/1/2021
Short-term loans to companies in the Group*	0	0	0	51,000	51,000	51,000	0
Short-term loans to others	20,000	40,000	60,000	0	0	0	20,000
TOTAL SHORT-TERM FINANCIAL INVESTMENTS – LOANS	**20,000**	**40,000**	**60,000**	**51,000**	**51,000**	**51,000**	**20,000**

LFI –- long-term financial investments
*This is a loan granted to a company in the Group in Slovenia. The loan is secured with bills of exchange and is calculated at the established interest rate, which applies to loans between associated entities, increased by 1 percentage point due to maturity. It is due on 1/1/2022.

12. Short-term operating receivables

In Slovenia, the Company's receivables are secured through Coface PKZ zavarovalnica, d. d. Slovenia in the amount of EUR 3,751,706 in accordance with the balance as of 31/12/2021 (balance as of 31/12/2020: EUR 2,037,106).
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	31/12/2021	31/12/2020
		in the Group	others			
	=	+	+	-	=	=
Short-term operating receivables from customers	5,412,626	783,576	4,629,050	8,268	5,404,358	2,617,551
• of which already matured on 31/12/2021	315,504	0	315,504	0	315,504	324,170
Short-term advances and securities granted	190	0	190	0	190	12,622
Short-term receivables related to financial revenues	33,954	2,443	31,511	0	33,954	31,932
Short-term receivables from state institutions	32,236	0	32,236	0	32,236	453,108
Other short-term operating receivables	11,209	0	11,209	0	11,209	22,580
TOTAL	**5,490,215**	**786,019**	**4,704,197**	**8,268**	**5,481,948**	**3,137,793**

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

	31/12/2021	31/12/2020
Short-term receivables for interests related to financial revenues from operating receivables (customer) (+)	31,511	29,972
Short-term receivables for interests related to financial revenues from loans granted (+)	2,443	1,960
TOTAL	**33,954**	**31,932**

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

	31/12/2021	31/12/2020
Short-term operating receivables in the domestic market	5,242,878	2,348,148
Short-term operating receivables in the foreign market	161,480	269,403
TOTAL	**5,404,358**	**2,617,551**

Analysis of outstanding trade receivables in EUR

Table 163: Analysis of outstanding trade receivables in EUR

	31/12/2021	31/12/2020
Matured in 2021	315,504	0
Matured in 2020	0	316,971
Matured in 2019	0	0
Matured in 2018	0	0
Matured in 2017 or before	0	7,199
TOTAL receivables from customers already due	**315,504**	**324,170**

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

	2021	Of which value adjustment of short-term receivables from companies: other	2020
Balance as of 1/1/2021	**21,686**	**21,686**	**22,423**
Decrease in value due to settlement of receivables (-)	6,219	6,219	737
Decrease in value due to write-offs of receivables (-)	**7,199**	**7,199**	**0**
Balance as of 31/12/2021	**8,268**	**8,268**	**21,686**

On 31/12/2021, the Company had no disclosed receivables from the members of the Board of Directors, Executive Directors or internal owners.

13. Monetary assets

Table 165: Monetary assets in EUR

	31/12/2021	31/12/2020
Monetary assets in hand and immediately cashable securities	153	273
Cash in banks and other financial institutions	1,160,950	1,161,294
Monetary assets	**1,161,102**	**1,161,568**

The Company has no short-term deposits under three months, but on 31/12/2021 the so-called over-night deposit in the amount of EUR 56,247 has been formed.

Short-term deferred costs and accrued revenues

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

	31/12/2021	31/12/2020
Short-term deferred costs or expenses	26,000	8,326
VAT from advances received	19,569	8,794
Short-term deferred costs and accrued revenues	**45,569**	**17,120**

Short-term deferred costs or expenses mainly refer to the costs of professional literature, advertising, IT maintenance, licences and others.

14. Capital

Table 167: Capital in EUR

	31/12/2021	31/12/2020
Capital	**66,270,938**	**60,005,284**
Called-up capital	4,451,540	4,451,540
Share capital	4,451,540	4,451,540
Capital reserves	10,751,254	10,751,254
Revenue reserves	7,958,351	7,958,351
Statutory reserves	2,225,770	2,225,770
Other revenue reserves	5,732,581	5,732,581
Reserves resulting from valuation at fair value	-42,180	-35,938
Retained net profit or loss	32,610,964	36,598,198
Net profit or loss for the financial year	10,541,009	281,879

In 2021, Impol 2000, d. d. paid out dividends in the amount of EUR 4,00 gross per share or in a total amount of EUR 4,267,068.

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

	Balance as of 31/12/2020	Balance as of 1/1/2021	Formation (+/-)	Reversal (-/+)	Balance as of 31/12/2021
Actuarial gains/losses, recognised under provisions for retirement benefits	-35,938	-35,938	-8,287	2,045	-42,180
TOTAL	**-35,938**	**-35,938**	**-8,287**	**2,045**	**-42,180**

Disclosure regarding distributable profit

Table 169: Distributable profit in EUR

	31/12/2021	31/12/2020
Net profit or loss for the accounting period	10,541,009	281,879
Retained net profit	32,610,964	36,598,198
Total retained net profit	**43,151,973**	**36,880,077**
Balance sheet profit	**43,151,973**	**36,880,077**

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 6.00/share	6,400,602
Undistributed accumulated profit/loss for 2021 (to the retained profit/loss)	**36,751,371**

Distributable profit in the amount of EUR 36,751,371 would remain undistributed upon the proposal of the management.

15. Provisions

Table 171: Provisions in EUR

	Provisions for jubilee benefits	Provisions for retirement benefits	Total
Balance as of 31/12/2020	**76,551**	**204,595**	**281,146**
Opening balance adjustments	0	0	0
Balance as of 1/1/2021	**76,551**	**204,595**	**281,146**
Formation (+)	41,012	34,724	75,735
Utilisation (-)	9,232	18,148	27,379
Balance as of 31/12/2021	**108,331**	**221,171**	**329,502**

Trend in provisions for jubilee and retirement benefits

Table 172: Trend in provisions for jubilee and retirement benefits in EUR

	Provisions for retire-ment benefits	Provisions for jubilee benefits	TOTAL
Balance as of 31/12/2020	**204,595**	**76,551**	**281,146**
Changes (conversions, adjustments) to the opening balance			0
Balance as of 1/1/2021	**204,595**	**76,551**	**281,146**
Interest costs (+)	2,722	976	3,698
Past and present service costs (+/-)	13,970	19,580	33,550
Payout of benefits (-)	-8,403	-2,131	-10,534
Actuarial profit/loss (IPI) (+/-)		13,355	13,355
Actuarial profit/loss (other compre-hensive income) (+/-)	8,287		8,287
Balance as of 31/12/2021	**221,171**	**108,331**	**329,502**

Provisions for pensions, jubilee and retirement benefits to other companies were first allocated in 2015. Provisions for jubilee and retirement benefits were allocated in the amount of the estimated future payments for jubilee and retirement benefits, discounted to the end of the reporting period. Labour costs and costs of interest are recognised in the statement of profit or loss, while the conversion of such provisions or unrealised actuarial profit or loss due to retirement benefits is recognised in other comprehensive income from capital.

Calculation of provisions for post-employment benefits and other long-term employee benefits is based on actuarial model, which takes into account the following assumptions:

- Annual discount rate arising from the data on the profitability of government bonds of the Republic of Slovenia;
- Currently valid amounts of jubilee and retirement benefits from internal rules;
- Employee turnover mostly depending on their age;
- Mortality based on last available mortality tables of the local population.

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

16. Long-term financial and operating liabilities

Table 173: Long-term financial and operating liabilities in EUR

	Total debt as of 31/12/2021	The part falling due in 2022	31/12/2021	31/12/2020
	+	-	=	
Long-term financial liabilities to companies in the Group (long-term loans)	63,319,148	0	63,319,148	59,119,148
Long-term financial liabilities to others (purchase of a share)	5,333,333	2,133,333	3,200,000	0
Long-term financial liabilities from leases – operating lease – companies in the Group	110,560	54,452	56,108	110,560
Long-term financial liabilities from leases – operating lease – other companies	62,996	28,173	34,823	69,885
TOTAL long-term financial and operating liabilities	**68,826,037**	**2,215,958**	**66,610,079**	**59,299,593**

	Total debt as of 31/12/2021	The part falling due in 2022	31/12/2021	31/12/2020
	+	-	=	
Long-term financial liabilities	68,826,037	2,215,958	66,610,079	59,299,593
Long-term operating liabilities	0	0	0	0
TOTAL long-term financial and operating liabilities	**68,826,037**	**2,215,958**	**66,610,079**	**59,299,593**

Table 174: Maturity of long-term financial and operating liabilities in EUR

	31/12/ 2021	31/12/2020
Matured in 2022	X	84,569
Matured in 2023	2,202,602	71,272
Matured in 2024	64,399,376	59,134,773
Matured in 2025	8,100	8,979
Matured in 2026	0	0
Due in 2027 or later	0	X
Total long-term financial and operating liabilities	**66,610,079**	**59,299,593**

Trend in long-term financial liabilities

Table 175: Trend in long-term financial liabilities due to liabilities (loans and bonds) in EUR

	Interest rate in %	Date of maturity	Total debt as of 1/1/2021	New loans	Loans paid in the current year (-)	Total debt as of 31/12/2021	Part of the long-term debt falling due in the next year	Long-term debt balance as of 31/12/2021	Total debt as of 31/12/2020	Insurance
			+	+	-		-	=		
Long-term financial liabilities to companies in the Group – loan	0.646	23/09/2024	59,119,148	4,200,000	0	63,319,148	0	63,319,148	59,119,148	Bills of exchange
Long-term financial liabilities to others – purchase of a business share	interest-free	16/02/2024	0	6,400,000	1,066,667	5,333,333	2,133,333	3,200,000	0	Unsecured
TOTAL long-term financial liabilities			**59,119,148**	**10,600,000**	**1,066,667**	**68,652,481**	**2,133,333**	**66,519,148**	**59,119,148**	

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 is calculated at the established interest rate, increased by 1 percentage point and maturity percentage, and secured with a bill of exchange. It is due in 2023.

The debt from the purchase price for acquiring an additional business share in impol, d. o. o., in July 2021, belongs among long-term financial liabilities. Installments are due twice a year, and the amount of each installment is EUR 1,066,667. The share in Impol, d. o. o. was transferred in terms of ownership to impol 2000, d. d. on the date of signing the contract.

Liabilities from leases

Table 176: Trend in long-term financial liabilities from leases in EUR

	Total debt as of 31/12/2020	Total debt as of 1/1/2021	Termination of the lease in current year (-) / Repayments in the current year (-)	Total debt as of 31/12/2021	Part of the long-term debt falling due in the next year	Balance of the long-term debt as of 31/12/2021
Long-term financial liabilities from leases – operating lease – companies in the Group	110,560	110,560	0	110,560	54,452	56,108
Long-term financial liabilities from leases – operating lease – other companies	69,885	69,885	6,889	62,996	28,173	34,823
TOTAL	**180,445**	**180,445**	**6,889**	**173,556**	**82,625**	**90,931**

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

Maturity of long-term financial liabilities from leases	31/12/2021	31/12/2020
		x
Matured in 2021	69,269	84,569
Matured in 2022	13,561	71,272
Matured in 2023	8,100	15,625
Matured in 2024	0	8,979
Matured in 2025	0	X
TOTAL long-term financial liabilities from leases	**90,931**	**180,445**

Table 178: Future minimum lease payments and their present value

	Future minimum lease payments	Present net value of future lease payments
Up to 1 year	85,591	81,626
1 to 5 years	93,167	90,931
Over 5 years	0	0
TOTAL	**178,758**	**172,557**

In 2021, the Company did not capitalise borrowing costs (nor in 2020).

17. Short-term liabilities

Table 179: Short-term financial liabilities (without leases) in EUR

	Debt as of 1/1/2021	New loans in current year (+)	Transfer of the short-term portion of long-term liabilities (+)	Repayment in the current year (-)	Short-term debt balance as of 31/12/2021	Short-term debt balance as of 31/12/2020
Short-term financial liabilities to companies in the Group – loan	10,500,000	10,500,000	0	16,000,000	5,000,000	10,500,000
Short-term financial liabilities to other companies – purchase of a business share	0	0	2,133,333	0	2,133,333	0
TOTAL:	**10,500,000**	**10,500,000**	**2,133,333**	**16,000,000**	**7,133,333**	**10,500,000**

Short-term loan given by a company in the Group will bear interest at an established interest rate applicable to associated persons, increased by one percentage point. Secured with bills of exchange.

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

	Total debt as of 1/1/2021	Transfer of the short-term portion of long-term right to use	Termination of the lease in current year (-)	Decrease in liabilities/ set-off with rent in the current yeat (-)	Short-term debt balance as of the current year
Short-term financial liabilities from leases – operating lease – companies in the Group	52,845	54,452	0	52,845	54,452
Short-term financial liabilities from lease – operating lease – other companies	45,334	28,173	1,329	45,004	27,174
Short-term financial liabilities from lease – financial lease – other companies	9,343	0	9,343	0	0
TOTAL:	**107,521**	**82,625**	**10,672**	**97,849**	**81,626**

Table 181: Short-term financial and operating liabilities in EUR

	31/12/2021	31/12/2020
Short-term operating liabilities to suppliers on the domestic market to companies in the Group	4,487,426	4,465,483
Short-term operating liabilities to suppliers on the domestic market to associated companies	123,367	122,897
Short-term operating liabilities to suppliers on the domestic market to other companies	126,510	146,671
Short-term operating liabilities to suppliers on the foreign market to other companies	12,745	9,950
Short-term operating liabilities based on advance payments to companies in the Group	488,973	3,849,945
Short-term operating liabilities based on advances to other companies	203,333	120,089
Other short-term operating liabilities to companies in the Group	114,158	149,552
Other short-term operating liabilities to other companies	2,423,679	849,747
TOTAL short-term operating liabilities:	**7,980,190**	**9,714,334**
Short-term part of long-term financial liabilities (excluding liabilities from lease) – other companies	2,133,333	0
Short-term part of long-term financial liabilities from leases – financial lease – other companies	0	9,343
Short-term part of long-term financial liabilities from leases – operating lease – companies in the Group	54,452	52,845
Short-term part of long-term financial liabilities from leases – operating lease – other companies	27,174	45,334
Short-term financial liabilities (other than lease liabilities) – companies in the Group	5,000,000	10,500,000
Short-term financial liabilities from the distribution of profit	852	852
TOTAL short-term financial liabilities:	**7,215,811**	**10,608,373**
TOTAL short-term financial and operating liabilities:	**15,196,001**	**20,322,707**

Table 182: Short-term operating liabilities in EUR

	31/12/2021	31/12/2020
Short-term business liabilities to suppliers – companies in the Group	4,487,426	4,465,483
Short-term operating liabilities to suppliers – associated companies	123,367	122,897
Short-term business liabilities to suppliers – other companies	139,255	156,621
TOTAL short-term liabilities to suppliers	**4,750,048**	**4,745,001**
• of which already matured on the day of balance	4,575,068	4,552,162
Short-term operating liabilities for advances	692,306	3,970,034
TOTAL short-term liabilities for advances	**692,306**	**3,970,034**
Short-term liabilities to employees	2,267,658	776,022
Short-term liabilities to government	122,166	41,047
Short-term liabilities from interest – companies in the Group	114,158	149,552
Short-term liabilities from interest – other companies	44	0
Other short-term operating liabilities – other companies	33,811	32,678
TOTAL other short-term operating liabilities	**2,537,837**	**999,298**
TOTAL SHORT-TERM OPERATING LIABILITIES	**7,980,190**	**9,714,334**

Table 183: Analysis of outstanding liabilities to suppliers in EUR

	31/12/2021	31/12/2020
Matured in 2021	4,575,068	-
Matured in 2020	0	4,552,162
TOTAL outstanding liabilities to suppliers	**4,575,068**	**4,552,162**

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 2022 and to the liabilities from unpaid dividends.

Table 184: Short-term accrued expenses and deferred revenues in EUR

	31/12/2021	31/12/2020
Accrued deferred costs or expenses	364,556	300,259
Short-term deferred revenues	31,424	29,921
VAT from advances granted	-	7,208
TOTAL SHORT-TERM ACCRUED COSTS AND DEFERRED REVENUES	**395,980**	**337,388**

Accrued expenses or costs refer to unused annual leaves as of 31/12/2021. Short-term deferred revenues are formed from charged (still unpaid) operating interest. At the time of settlement, they are recorded as income.

18. Financial instruments and financial risks

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

Table 185: 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.	Minor
Interest rate risk	Risk associated with changes in the terms and conditions of financing and borrowing.	Monitoring of the ECB's and FED's policies, security with appropriate financial instruments – interest rate swaps, transition from the 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 allows 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 (the variable portion is tied to EURIBOR).

Table 186: Short-term and long-term financial liabilities at a fixed interest rate in EUR

	31/12/2021	31/12/2020
Financial liabilities	5,333,333	0

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

	31/12/2021	31/12/2020
Financial liabilities	68,492,557	69,907,966

Table 188: Short-term and long-term financial liabilities in EUR

	31/12/2021	31/12/2020
Increase of the interest rate by 50 bp	-342,463	-349,540
Increase of the interest rate by 100 bp	-684,926	-699,080
Decrease of the interest rate by 50 bp	342,463	349,540
Decrease of the interest rate by 100 bp	684,926	699,080

Interest rate changes on the reporting date for 50 or 100 basis points would increase/decrease the amounts specified in the table above. Sensitivity analysis of the profit or loss in case of the indebtedness assumes that all other variables remain unchanged. 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 is created following the presumption that banks actually consider the negative calculated total interest rate. This means that as of the date of calculation (31/12/2021), when the six-month EURIBOR amounted to -0.544 and the three-month EURIBOR amounted to -0.571, 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 2021, receivables from customers increased compared to 2020, and the share of matured receivables is smaller compared to the previous year, since much attention is given to their regular recovery. 69% of receivables from customers are secured at the Coface PKZ insurance company, for this reason sales limits are being monitored on a daily basis.

Carrying amounts and fair values of financial instruments

Classification of financial instruments according to their fair value as of 31/12/2021:

Table 189: Carrying amounts and fair values of financial instruments in EUR

	Carrying amount	Fair value	Fair value level
Long-term investments in subsidiaries	141,334,661	141,334,661	3
Short-term loans granted to Group companies	51,000	51,000	3
Short-term operating receivables	5,481,948	5,481,948	3
Cash and cash equivalents	1,161,102	1,161,102	3
Long-term financial liabilities	66,610,079	66,610,079	3
Short-term financial liabilities	7,215,811	7,215,811	3
Short-term operating liabilities	7,980,190	7,980,190	3

19. Contingent liabilities

As of 31/12/2021, Impol 2000, d. d. had EUR 14 million of guarantees granted to the subsidiary Impol, d. o. o. from the received long-term bank loans. The guarantee is secured by the pledge of a 97.5% ownership share in Impol, d. o. o.

A lawsuit against the Company in the total amount of EUR 100,000 in connection with economical disputes is still pending. The Company estimates that the claim is unjustified, which is why the it did not form short-term provisions for these purposes.

20. Transactions with associates

Table 190: Receivables from companies in the Group as of 31/12/2021 in EUR

	Long-term financial investments in capital	Short-term operating receivables	Short-term loans granted	TOTAL
Impol, d. o. o.	73,988,863	0	0	**73,988,863**
Impol FT, d. o. o.	0	324	0	**324**
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	783,252	0	**783,252**
Alcad, d. o. o.	2,227,000	0	0	**2,227,000**
Rondal, d. o. o.	100,000	0	0	**100,000**
Impol Servis, d. o. o.	245,037	0	0	**245,037**
Štatenberg, d. o. o.	0	2,443	51,000	**53,443**
TOTAL	**141,334,661**	**786,019**	**51,000**	**142,171,680**

Table 191: Liabilities to companies in the Group as of 31/12/2021 in EUR

	Long-term financial liabilities	Short-term financial liabilities	Short-term operating liabilities	Total
Impol, d. o. o.	63,375,256	5,054,452	4,664,530	73,094,238
Impol Infrastruktura, d. o. o.	0	0	6,745	6,745
Stampal SB, d. o. o.	0	0	139	139
Alcad, d. o. o.	0	0	1,442	1,442
Kadring, d. o. o.	0	0	1,966	1,966
Rondal, d. o. o.	0	0	395,440	395,440
Impol Servis, d. o. o.	0	0	14,249	14,249
Unidel, d. o. o.	0	0	6,046	6,046
TOTAL	**63,375,256**	**5,054,452**	**5,090,557**	**73,520,265**

Table 192: Revenues generated with companies in the Group in 2021 in EUR

	Net revenues from the sale of services	TOTAL operating revenues	Financial revenues from investments	Financial revenues from short-term receivables	TOTAL revenues from financial investments	TOTAL
Impol, d. o. o.	11,368,142	11,368,142	5,000,000	0	**5,000,000**	16,368,142
Impol FT, d. o. o.	1,870	1,870	0	0	**0**	1,870
Impol PCP, d. o. o.	2,196	2,196	0	0	**0**	2,196
Impol R in R, d. o. o.	941	941	0	0	**0**	941
Impol LLT, d. o. o.	251	251	0	0	**0**	251
Impol-TLM, d. o. o.	4,496	4,496	0	0	**0**	4,496
Impol-FinAl, d. o. o.	84	84	0	0	**0**	84
Stampal SB, d. o. o.	667,734	667,734	0	0	**0**	667,734
Alcad, d. o. o.	0	0	530,000	0	**530,000**	530,000
Rondal, d. o. o.	-275,982	-275,982	4,500,000	0	**4,500,000**	4,224,018
Impol Servis, d. o. o.	0	0	640,000	0	**640,000**	640,000
Štatenberg, d. o. o.	0	0	0	482	**482**	482
TOTAL	**11,769,732**	**11,769,732**	**10,670,000**	**482**	**10,670,482**	**22,440,214**

Table 193: Expenses generated with companies in the Group in 2021 in EUR

	Cost of merchandise and materials sold	Costs of services	Costs of material	Depreciation relating to the right to use	Other operating expenses	TOTAL operating expenses	Financial expenses for interests and other liabilities	TOTAL expenses from financial investments	Total
Impol, d. o. o.	22,007,175	47,460	22,022	52,892	2,030	**22,131,579**	447,643	447,643	**22,579,222**
Impol FT, d. o. o.	0	520	279	0	0	**799**	0	0	**799**
Impol PCP, d. o. o.	0	2,366	84	0	0	**2,450**	0	0	**2,450**
Impol Infrastruktura, d. o. o.	0	44,372	0	0	0	**44,372**	0	0	**44,372**
Impol LLT, d. o. o.	0	261	406	0	0	**667**	0	0	**667**
Impol-TLM, d. o. o.	0	11,200	113	0	0	**11,313**	0	0	**11,313**
Alcad, d. o. o.	0	25,801	0	0	0	**25,801**	0	0	**25,801**
Kadring, d. o. o.	0	79,369	9,456	0	0	**88,825**	0	0	**88,825**
Rondal, d. o. o.	0	0	0	0	0	**0**	2,360	2,360	**2,360**
Impol Servis, d. o. o.	0	13,695	0	0	814	14,509	0	0	14,509
Unidel, d. o. o.	0	59,373	16,780	0	0	76,153	0	0	76,153
TOTAL	**22,007,175**	**284,417**	**49,140**	**52,892**	**2,844**	**22,396,468**	**450,003**	**450,003**	**22,846,471**

Table 194: Expenses generated with associated companies in 2021 in EUR

	Costs of services	TOTAL OPERATING EXPENSES
Simfin, d. o. o.	364,803	364,803
TOTAL	**364,803**	**364,803**

Remuneration of members of the Board of Directors and Supervisory Board in 2021 (Art. 294, paragraph 5 of ZGD-1)

Table 195: Remuneration of members of the Board of Directors and Supervisory Board in EUR

Position	Fixed portion of remuneration	Variable portion of remuneration	Remuneration for management and other bonuses	Reimbursement of expenses	Insurance premiums	Other payments	Total remuneration
The Board of Directors and Executive Directors	476,499	510,165	154,559	4,390	1,303	0	1,146,916

The table shows remuneration for 2021.

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

EVENTS AFTER THE REPORTING DATE

In the first months of 2022, we recorded a strong increase of coronavirus infections; however, we managed to minimise the negative impact on productivity by successfully adopting organisational measures and were able to achieve our monthly plans.

Due to general price increases, the inflation rate also increased, which in 2021 amounted to 4.9% in Slovenia. Inflation in Slovenia impacted the raise of minimum wage, which increased from EUR 1,024.24 to EUR 1,074.43. The payment system of the entire Impol Group in Slovenia was adjusted accordingly.

In February 2022, Russia initiated an extensive invasion of Ukraine, prompting a Russo-Ukrainian war. The expected consequences were an increase in energy product prices and increase of aluminium prices on the LME; we are also expecting negative consequences for the demand of our users.

SIGNATURE OF THE ANNUAL REPORT FOR 2021 AND ITS COMPONENTS

The President and members of the Board of Directors and the Executive directors of Impol 2000, d. d. are familiar with the content of all components of the Annual Report of Impol 2000, d. d. for 2021 and with the entire Annual Report of Impol 2000, d. d. for 2021. We agree with the content and confirm it with our signature.

Jernej Čokl
(Board of Directors President)

Vladimir Leskovar
(Board of Directors Vice President)

Janko Žerjav
(Board of Directors Member)

Andrej Kolmanič
(Board of Directors Member)

Dejan Košir
(Board of Directors Member)

Andrej Kolmanič
(Chief Executive Officer)

Irena Šela
(Executive Director of Finance and IT)

"Individually, we are one drop. Together, we are an ocean."

Ryunosuke Satoro

MANAGEMENT TEAM

THE BOARD OF DIRECTORS

Jernej Čokl

Board of
Directors President

Vladimir Leskovar

Board of
Directors Vice President

Janko Žerjav

Board of Directors Member

Andrej Kolmanič

Board of Directors Member

Dejan Košir

Board of Directors Member

EXECUTIVE DIRECTORS

Andrej Kolmanič

IMPOL 2000, D. D.
Chief Executive Officer
andrej.kolmanic@impol.si

Irena Šela

IMPOL 2000, D. D.
Executive Director of Finance
and IT
irena.sela@impol.si

COMPANY DIRECTORS

Andrej Kolmanič

IMPOL 2000, D. D.
Chief Executive Officer
andrej.kolmanic@impol.si

Irena Šela

IMPOL 2000, D. D.
Executive Director of Finance and IT
irena.sela@impol.si

Urh Knuplež, M.Sc.

IMPOL PCP, D. O. O.
Director
urh.knuplez@impol.si

Tomaž Smolar

IMPOL FT, D. O. O.
Director
tomaz.smolar@impol.si

Jure Čretnik

IMPOL LLT, D. O. O.
Director
jure.cretnik@impol.si

Ninko Tesić

IMPOL SEVAL, A. D.
Director
office@seval.rs

MSc Bojan Kropf

IMPOL-TLM, D. O. O.
Director
bojan.kropf@impol.si

Varužan Kevorkijan, Ph.D.

IMPOL R IN R, D. O. O.
Director
varuzan.kevorkijan@impol.si

Rafko Atelšek

IMPOL INFRASTRUKTURA, D. O. O.
Director
rafko.atelsek@impol.si

Matevž Račič

STAMPAL SB, D. O. O.
Director
matevz.racic@stampal-sb.si

Dominik Strmšek

RONDAL, D. O. O.
Director
dominik.strmsek@rondal.si

Denis Špelič, Ph.D.

ALCAD, D. O. O.
Director
denic.spelic@alcad.si

Darko Vranešević

IMPOL-FINAL, D. O. O.
Director
darko.vranesevic@impol.si

Marta Baum

UNIDEL, D. O. O.
Director
marta.baum@unidel.si

Mojca Gričnik

IMPOL STANOVANJA, D. O. O.
Director
stanovanja_doo@siol.net

Nina Potočnik

KADRING, D. O. O.
Director
nina.potocnik@kadring.si

Marko Žunec

IMPOL SERVIS, D. O. O.
Director
marko.zunec@impol.si

Jan Škrlj

IMPOL ALUMINUM CORPORATION
Director
jan@impolaluminum.com

DIRECTORS OF AREAS

Barbara Kapun

IMPOL 2000, D. D.
Finance Director
barbara.kapun@impol.si

Mojca Kolmanič

IMPOL 2000, D. D.
Purchasing Director
mojca.kolmanic@impol.si

Petra Pristavnik, M.Sc.

IMPOL 2000, D. D.
Sales Director of the Extru-sion Division
petra.pristavnik@impol.si

Gregor Žerjav

IMPOL 2000, D. D.
Sales Director of the Rolling Division
gregor.zerjav@impol.si

Matej Žerjav

IMPOL 2000, D. D.
Sales Director of Distri-bution
matej.zerjav@impol.si

Brigita Juhart Lesnik

IMPOL 2000, D. D.
HR Director
brigita.juhart@impol.si

Peter Cvahte, Ph.D.

IMPOL 2000, D. D.
Strategic Development Director
peter.cvahte@impol.si

Marjana Lažeta

IMPOL 2000, D. D.
Development Director of Rolled products
marjana.lazeta@impol.si

Matej Steinacher, Ph.D.

IMPOL 2000, D. D.
Development Director of Extruded products
matej.steinacher@impol.si

Vukašin Dragojević

IMPOL 2000, D. D.
Technology and Tehnical Development Director in the Extrusion Division
vukasin.dragojevic@impol.si

Darja Volšak, Ph.D.

IMPOL 2000, D. O. O.
Technology and Technical Development Director in the Rolling Division
darja.volsak@impol.si

Marina Jelen

IMPOL 2000, D. D.
Technology and Tehnical Development Director in the Foundry Division
marina.jelen@impol.si

Tadej Lozinšek, M.Sc.

IMPOL 2000, D. D.
Tehnical director in the Extrusion Division
tadej.lozinsek@impol.si

Barbara Hribernik Pigac

IMPOL 2000, D. D.
Quality Director
barbara.hribernik@impol.si

Tanja Ahaj

IMPOL 2000, D. D.
Internal Auditor
tanja.ahaj@impol.si

Jure Muc

IMPOL-FINAL, D. O. O.
Techical Director
jure.muc@impol.si

Jure Stegne

IMPOL PCP, D. O. O.
Technology and Technical Development Director Assistent in the Extrusion Division
jure.stegne@impol.si

INDEX OF TABLES

INDEX OF FIGURES

Annual Report of the Impol Group and of Impol 2000, d. d., for 2021

Editing, design and production: Kadring, d. o. o.
Photos: Impol
Slovenska Bistrica, May 2022