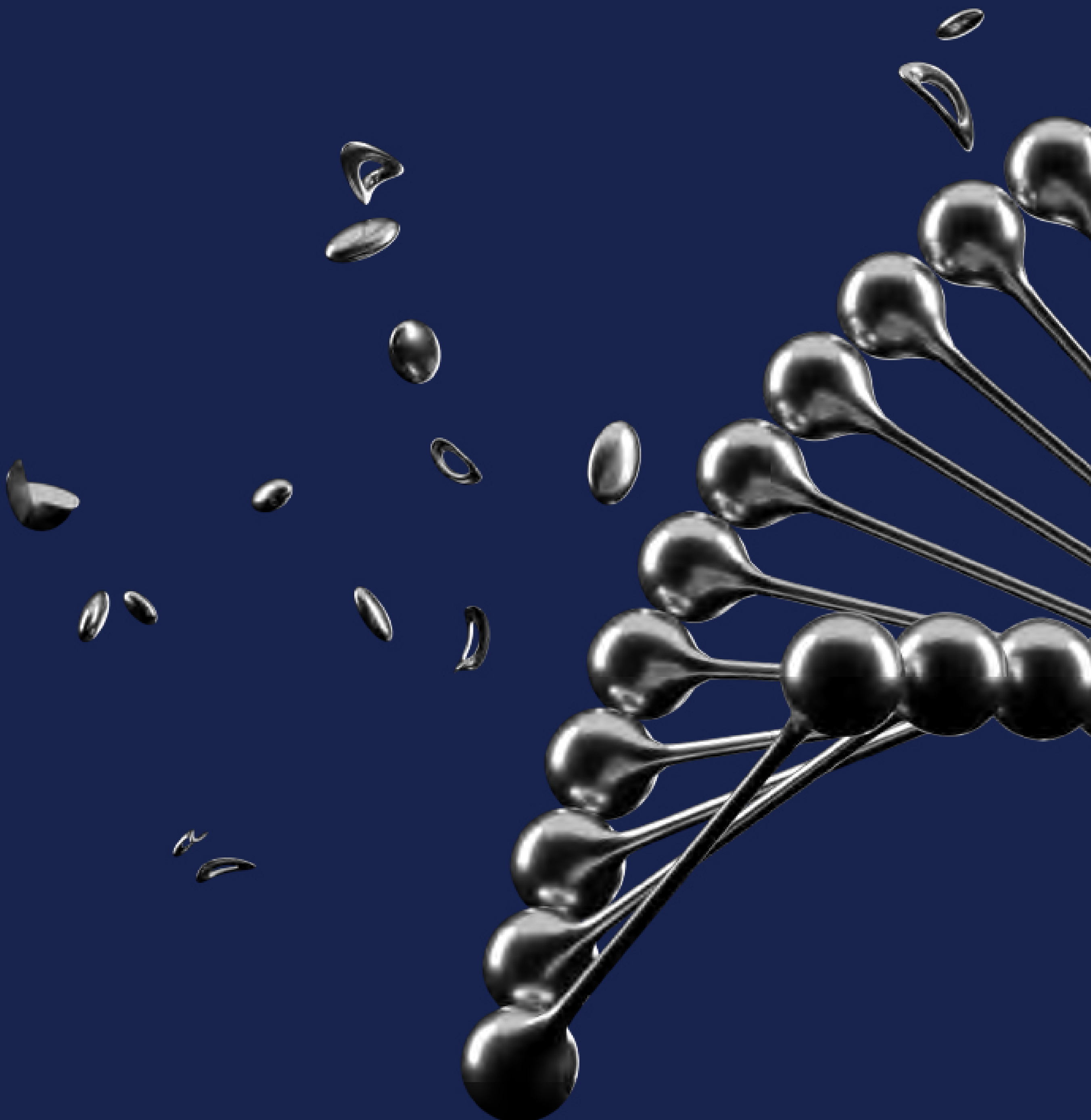
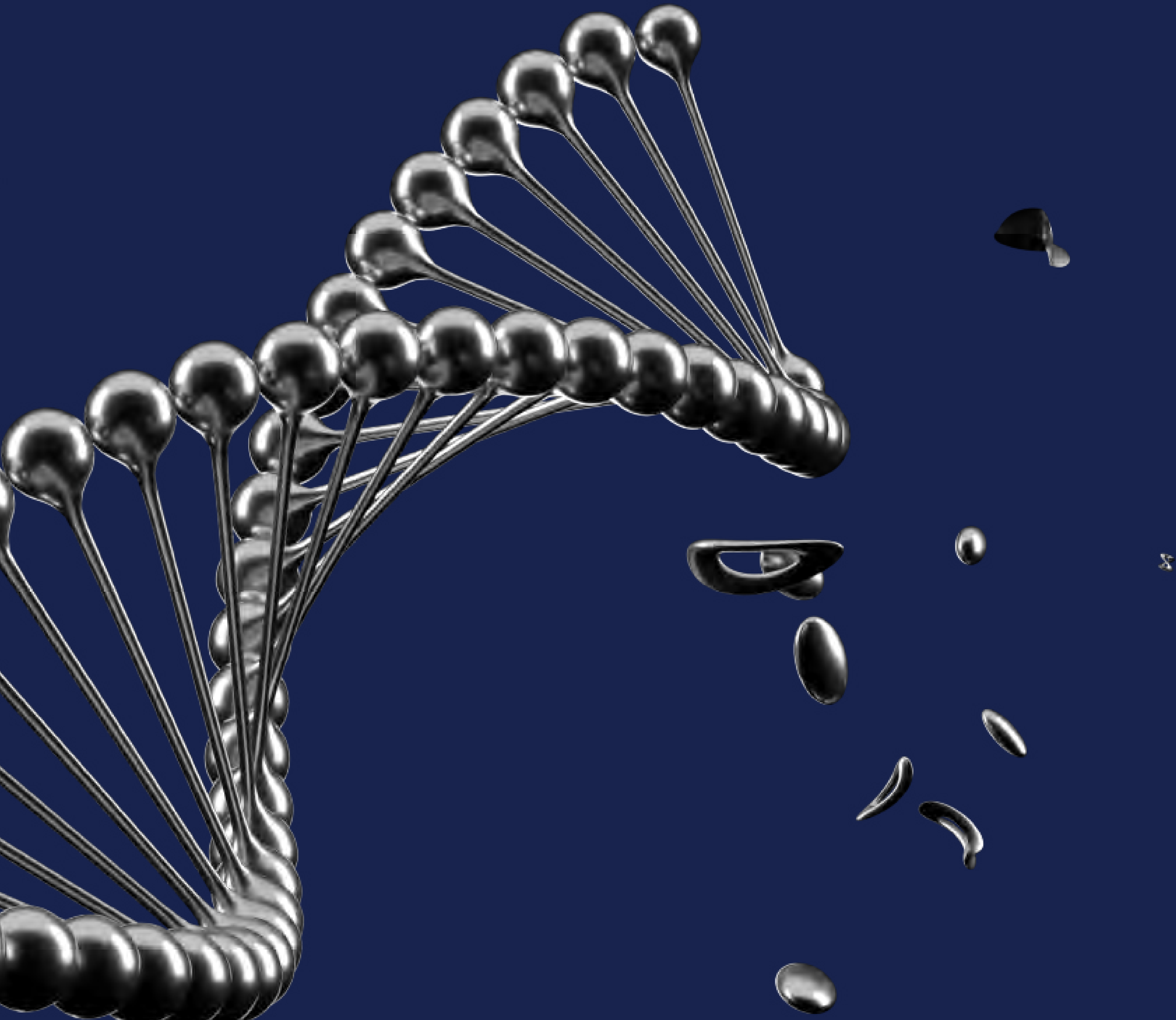
impol
Aluminium Industry

WITH A VIEW ON TOMORROW

Annual report of the Impol Group and of Impol 2000, d. d. for 2019

Aluminium is in our **DNA**





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ON/OFF
INSIDE
+20mm

5TH

LARGEST SLOVENIAN EXPORTER

50,304

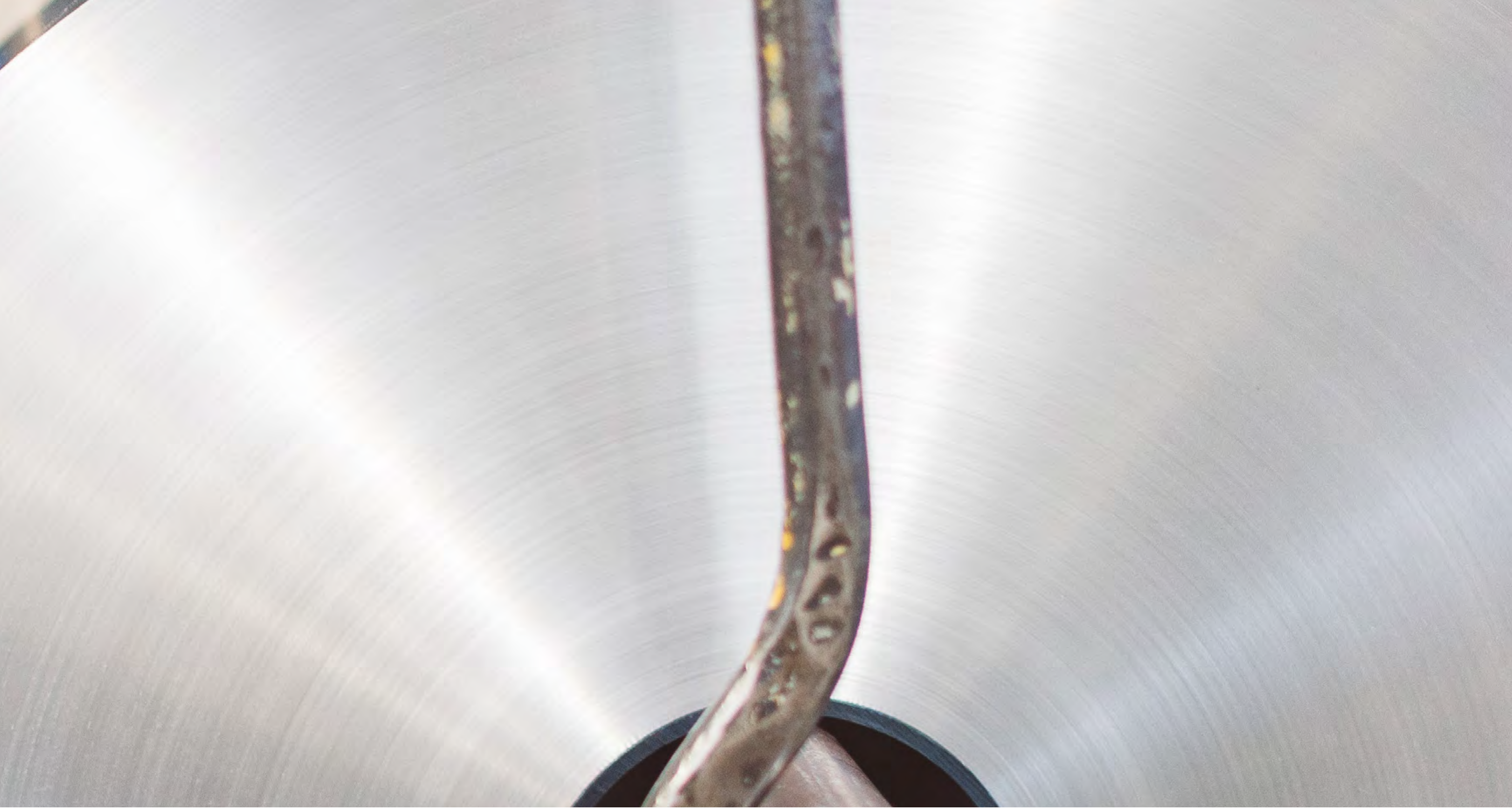
IN EUR WAS THE AMOUNT OF THE ADDED VALUE PER EMPLOYEE

2,393

OF EMPLOYEES

3.23

IS THE NET DEBT AND ACHIEVED EBITDA RATIO



50.4

IN EUR MILLION
WAS THE AMOUNT
OF THE EBITDA

242,500

TONNES OF PRODUCTS
WAS THE SALES
VOLUME IN 2019

23.8

IN EUR MILLION
WAS THE AMOUNT
OF PROFIT AFTER TAX

BUILDING ON TRADITION, CREATING THE FUTURE

JOINT REPORT OF THE MANAGEMENT BOARD AND EXECUTIVE DIRECTORS ON THE PERFORMANCE OF IMPOL 2000, D. D. AND THE IMPOL GROUP IN 2019

Dear shareholders, business partners and co-workers!

The 2019 Joint Report of the Management Board and Executive Directors on the performance of Impol was already heavily affected by the coronavirus pandemic and the measures adopted to mitigate its impact in the period of time of drawing up the report. In the second half of 2019, the global economic policies became unstable, and in the last quarter more serious negative impacts on the global economy started to emerge from China, which also affected the aluminium industry. Operating results were also negatively affected, which in turn caused slightly poorer results from those planned, which were however satisfactory, if we take into account the impact the measures had on the business environment.

In 2019, the quantitative volume of our business operations was almost the same as in the previous year, income rose to EUR 683 million, which means a 9 % increase compared to 2018. This was affected by over 10 % lower aluminium prices at the LME. We achieved a profit or loss before tax in the amount of EUR 27.5 million, which is satisfactory considering all the negative environmental impacts. We have successfully increased the volume of finalised products and upgraded lower finishing stages to higher. We managed to conclude long-term contracts with our clients, which will positively affect our operations in the next two years.

In 2019, we continued overhauling and upgrading our production equipment for the hot-rolling mills and other rolling equipment, which in terms of the current quantitative volume represents almost 63 % of our annual production. Due to inadequacies of our suppliers, we shall continue with the renovations in the following two years.

In the extrusion division we directed much of our energy, by mastering the production processes on the new extrusion press, in developing the process of product finalisation, which is being implemented within Impol-FinAl. This further helps us to lay a fine foundation for upgrading our operations toward higher added value of our products.

At the beginning of 2019, we received the aviation certificate for the EN 9100 standard and are continuing to organise and complement processes for meeting all the requirements of this market.

The sales programme remains heavily dispersed, since in this manner we can more easily ensure the stability and sustainability of the Company's operation in periods of recession and crisis. The latter is still present in the current market situation.

Good business economy was maintained primarily because of our own foundries enabling us to successfully achieve the following goals: the increase in the share of own production of input materials, maintenance and achievement of higher quality products, the development of sophisticated alloys and increase in 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 delays.

In 2019, the reduction of revenues to a certain extent occurred more slowly than the reduction of the aluminium prices, since we have been manufacturing products achieving a higher net sales premium on the market. And this is proof that we are successfully working toward achieving our set goals, that we are oriented toward products which due to their higher level of complexity and quality enable us to achieve higher market margins.

We were able to ensure a relevant structure of financing sources to the Impol Group also in 2019, due to which we also increased debt; however, we managed to keep it on the planned scope level. The EBITDA net debt amounted to 3.23, which is indicative of stable and, in normal business conditions, safe financing of all business processes.

Comprehensive risk management and constant attempts to optimise the financing resources improved the structure of financing resources in such a way that already a third of long-term sources of assets as working capital was used to finance short-term investments in inventories and receivables. 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 already 47 % of its investments with equity.

**The name Impol Group is used for the entire Impol group controlled by Impol 2000, d. d.*

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. Since the beginning of 2019, we are controlling the entire shareholding in the Company, which provides information support to the Impol Group and consequently a higher level of information safety.

We are still intensively developing the area of quality. We are maintaining 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.
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 is reflected in the period of time after the end of the 2019 financial year, when the announcement of the COVID-19 pandemic was considered as the most significant event of the year, causing an increase in demand in certain areas and a decrease in others, whereas business as a whole is significantly less affected due to dispersion.

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 strive toward the greatest possible exploitation of the market potential, recognising that in any give moment we are focused the most on the area where the greatest optimism reigns, and in stagnating areas we try to maintain the already achieved position.

The overview of the achieved earnings before the depreciation expenses, the payment of interests and tax from profit (EBITDA) by individual programmes of operation in 2019 shows that the rolling programme generated 36 % of the total achieved EBITDA in the Impol Group the pressed products programme generated 46 % and 18 % by other activities (foundry, etc.).

In order to pursue its development objectives and manage the growth of the scope of operations and the increase in aluminium prices in 2019, the Impol Group invested approximately EUR 28 million in fixed assets, thus making it possible to increase the number of its employees.
Given the results achieved, investments in the Impol Group are profitable and safe, evidenced by a timely and full settlement of all liabilities and organisation of uninterrupted operations.

The shares of Impol 2000, d. d. are not quoted on a regulated market and therefore we enable our shareholders to determine the value of their investment by objectively showing the value of the Company in its financial statements. The consolidated book value of capital, excluding minority owners, per share in the Impol Group is steadily increasing also in 2019, and is now amounting to EUR 206.3 per share, which means a doubling of the value in the last five years and a four-fold increase in the period of the last ten years. The book value of capital per share in the holding company of the Group, Impol 2000, d. d. also rose in the past year and amounted to almost EUR 59 per share at the end of the year.

At the end of the first quarter of 2020, we are unable to clearly forecast what the consequences of COVID-19 will be and we therefore have not yet formulated a proposal to the Shareholders' Association with regard to the dividend policy. At this moment it has been generally decided that in 2020 dividends will not be paid out due to findings establishing that a recession is imminent. A final decision will be reached in the last quarter, when we will able to make a more realistic assessment.

When acquiring major business stakes in other companies, we are following guidelines of including especially those programmes that upgrade the existing programmes or supplement them in terms of a higher added value, whereby 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 SE Europe, whereas investments outside this area will concentrate on extending the sales network. External sources in a form of leverage will be included into the Impol Group through the Group companies with sufficient assets to provide for adequate collateral for obtained additional non-proprietary sources of financing. 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 the Management Board.

Impol operates according to a one-tyre management system . The constant presence and flexibility of the Management Board 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 Management Board adopted 143 decisions at six meetings in person and six 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. We can realistically expect that the pandemic will cause us to deviate from these goals in the current and next year. In addition to this, deviations will occur due to a sharp drop in aluminium prices in commodity markets, which should not have a significant impact on our ability to generate profit; however, this will significantly affect smaller costs of input aluminium raw materials and consequently lower income.

The Management Board 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.

Jernej Čokl
(Chairman
of the Management
Board)

Vladimir Leskovar
(Deputy Chairman
of the Management Board)

Janko Žerjav
(Member of the Management
Board)

Milan Cerar
(Member of the Management
Board)

Bojan Gril
(Member of the Management
Board)

Andrej Kolmanič
(Chief Executive Officer)

Irena Šela
(Chief Financial and IT
Officer)

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

Parent company

Impol 2000 d. d., with its registered office at Partizanska ulica 38, Slovenska Bistrica, is the holding company of the Impol Group and a large public limited company; therefore, it is bound to prepare a consolidated annual report and have its operations audited, pursuant to the Companies Act. With the issue of bonds at the end of 2015, the company was transformed to a public limited company. The Company Impol 2000, d. d. implements many activities; the biggest one regarding the revenues is the transit sale of commercial goods. Other sources of revenues include planning, controlling, organising, financing and informing services, sale and after sale and other services.

Impol 2000, d. d., a management company, was established in August 1998, and registered in the Register of Companies at the Regional Court in Maribor on 03/ 08/ 1998 as a public limited company, pursuant to the decision Srg. 98/01042 bearing 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 01/ 10/ 1999, the Company adopted a decision on increasing its share capital. The in-kind contribution of Impol, d. d. i.e. the takeover of the 100-percent share that Impol d. d. had in Impol Servis, d. o. o. was registered in the Register of Companies at the Regional Court in Maribor on 15/ 2/ 2000 with the decision Srg. 1999/03108, and with the entry number 1/10469/00.

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

The book value of a share of Impol 2000, d. d. as of 31/ 12/ 2019 is presented in the table.

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

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

Companies in the Impol Group

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

The Impol Group operates as part of the holding company Impol 2000, d. d., which has direct subsidiaries Impol, d. o. o., Rondal, d. o. o., Impol Servis, d. o. o., Impol-FinAl, d. o. o., Impol-TLM, d. o. o., and Alcad, d. o. o. Impol d. o. o. operates with fourteen active subsidiaries, four active subsidiaries, and two active associated companies
(GRI 102-4, 5, 45).

Table 2: Other operating companies within the Impol Group

	Company	Share
	Impol 2000, d. d. – parent company – directly controls:	
1	Impol Servis, d. o. o. (controls 27.4 % of Unidel, d. o. o.)	100 %
2	Impol, d. o. o. with the following subsidiaries:	97.5 %
2.1	Impol Seval a. d., Serbia with the subsidiaries:	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	Impol Seval President, d. o. o. (100 %)	
2.1.5 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 28 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 four companies, and Impol Hungary Kft. Consolidated calculations include all companies in which the Impol Group holds more than 50 % management rights, meaning that Simfin, Impol Brazil and Slobodna carinska cona are not included in the consolidation.

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

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

Subsidiary – direct influence	Registration number	Standard classification of activities	Carrying amount of the financial investment as of 31/ 12/ 2019 in EUR	Carrying amount of the financial investment as of 31/ 12/ 2018 in EUR	Stake in %	Equity as of 31/ 12/ 2018 in EUR	Net profit or loss in 2018 in EUR	Equity as of 31/ 12/ 2019 in EUR	Net profit or loss in 2019 in EUR
Impol Servis, d. o. o. Partizanska ulica 38, Slovenska Bistrica	5482593	47,250	245,037	245,037	100	1,140,935	81,069	1,264,523	124,242
Impol, d. o. o. Partizanska ulica 38, Slovenska Bistrica	5040736	24,530, 25,500	67,588,863	67,588,863	97.5387	140,921,140	18,834,401	148,098,860	13,192,873
Rondal, d. o. o., Partizanska ulica 38, Slovenska Bistrica	5888859	25,500	100,000	100,000	100*	9,427,508	333,113	9,992,888	567,905
Impol-TLM, d. o. o., Narodnog preporoda 12, Šibenik, Croatia	4433203	2,442	1,872,415	1,872,415	100	-2,608,245	596,339	-2,255,692	344,081
Impol-FinAl, d. o. o. Partizanska ulica 38, Slovenska Bistrica	7176899	25,620	1,000,000	1,000,000	100	782,147	-53,489	699,755	-82,110
Alcad, d. o. o., Mroževa ulica 5, 2310 Slovenska Bistrica	5694507	62,010	2,227,000	0	100			1,023,477	-22,830**

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

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

Subsidiary – direct influence	Company registration number	Standard Industrial Classification	Country companies	Equity as of 31/ 12/ 2018 in EUR	Net profit or loss in 2018 in EUR	Equity as of 31/ 12/ 2019 in EUR	Net profit or loss in 2019 in EUR
Impol-Montal, d. o. o., Partizanska ulica 38, Slovenska Bistrica	5479355	28,120	Slovenia	1,598,559	288,246	2,010,423	411,865
Impol Stanovanja, d. o. o., Partizanska ulica 39, Slovenska Bistrica	5598010	70,320	Slovenia	3,396,673	30,889	3,471,247	74,657
Štatenberg, d. o. o. Štatenberg 86, Makole	5465249	55,301	Slovenia	424,503	-1,714	431,519	7,016
Unidel, d. o. o., Kraigherjeva ulica 37, Slovenska Bistrica	5764769	85,325	Slovenia	1,230,439	112,564	1,348,440	120,568
Impol Aluminum Corporation, New York, USA	/	51,520	USA	2,031,016	77,940	1,931,766	129,194
Impol Seval, a. d., Sevojno, Serbia, with 4 subsidiaries:	07606265	2442	Serbia	53,700,404	7,569,466	58,100,663	4,281,873
Impol Seval PKC, d. o. o. Sevojno, Serbia	17618245	7022	Serbia	74,566	7,310	64,157	21,636
Impol Seval Final, d. o. o., Sevojno, Serbia	17618261	6920	Serbia	106,721	19,921	88,198	34,803
Impol Seval Tehnika, d. o. o., Užice, Serbia	17618253	2562	Serbia	388,296	21,607	452,205	60,164
Impol Seval President, d. o. o., Zlatibor, Serbia	20701846	5510	Serbia	395	-23,200	-45,715	-45,906
Stampal SB, d. o. o., Partizanska ulica 38, Slovenska Bistrica	1317610	28,400	Slovenia	8,623,356	1,156,293	9,246,783	626,125
Kadring, d. o. o. Trg svobode 26, Slovenska Bistrica	5870941	74,140	Slovenia	829,210	159,941	1,008,940	180,275
Impol FT, d. o. o., Partizanska ulica 38, Slovenska Bistrica	2239418	28,400	Slovenia	10,099,987	1,793,199	11,357,674	1,276,421
Impol PCP, d. o. o., Partizanska ulica 38, Slovenska Bistrica	2239442	28,400	Slovenia	13,694,334	2,573,783	15,754,060	2,087,731
Impol LLT, d. o. o., Partizanska ulica 38, Slovenska Bistrica	2239434	27,530	Slovenia	5,643,643	1,082,306	6,391,357	755,774
Impol R in R, d. o. o., Partizanska ulica 38, Slovenska Bistrica	2239400	73,102	Slovenia	1,174,083	162,962	1,373,793	202,314
Impol Infrastruktura, d. o. o., Partizanska ulica 38, Slovenska Bistrica	2239426	70,320	Slovenia	978,318	163,827	1,160,633	183,895
Impol Hungary Kft., Vecsey Karoly ulica 7, Budapest, Hungary	/	1,724	Hungary	26,962	136,604	37,322	92,253

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

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

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

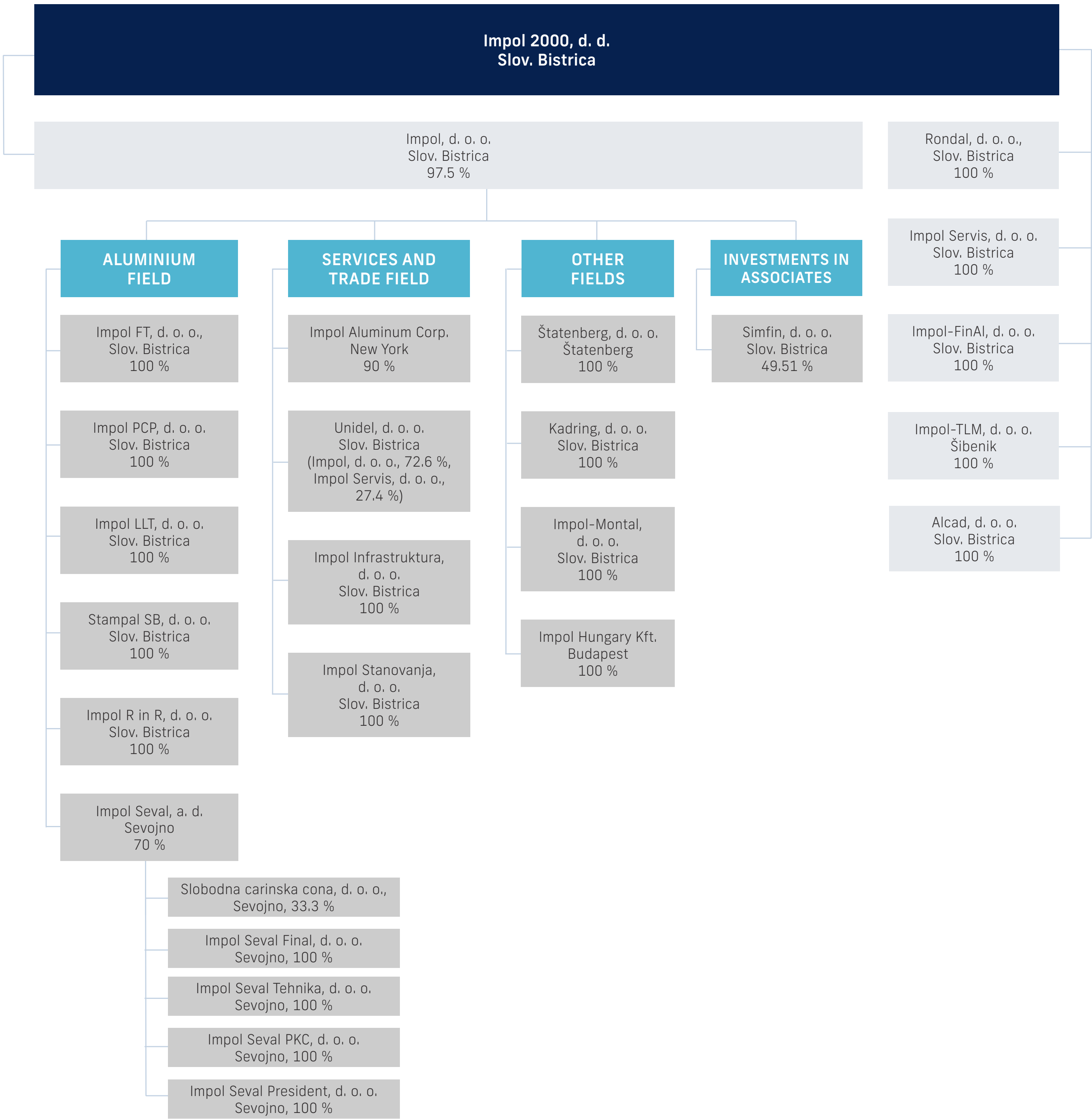
**Equity stake in possession of a subsidiary - Impol, d. o. o.*
***Equity stake in possession of a subsidiary - Impol Seval, a. d., majority held by Impol, d. o. o.*

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

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

Organisation chart

Figure 1: The Impol Group organisation



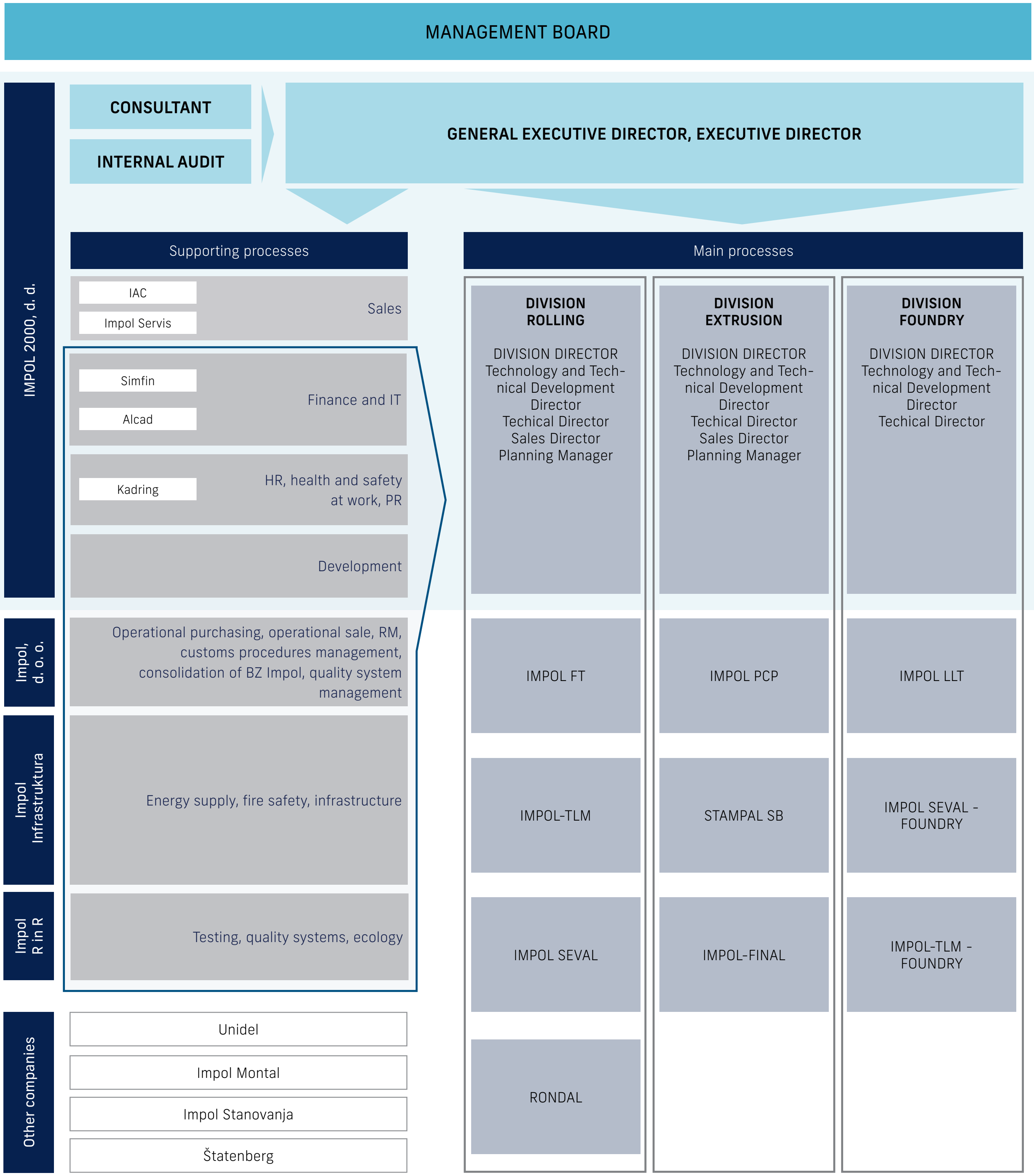
With the Group growing and expanding, we included the division form of organisation in our business operation at the beginning of the 2017. The aim of this change is to unify business operations between related programmes on various locations, and at the same time enable a single and comprehensive development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

The Impol Group is divided, in the field of aluminium (main activity), into three divisions: foundry, rolling and pressing, where we also include the mechanical processing of our products, which is being further developed. Within each individual division the development of the expert field, the achievement of set annual goals, the sale of specialised products to end buyers and ensuring the consistency of operations with corporate rules of the Impol Group are coordinated.

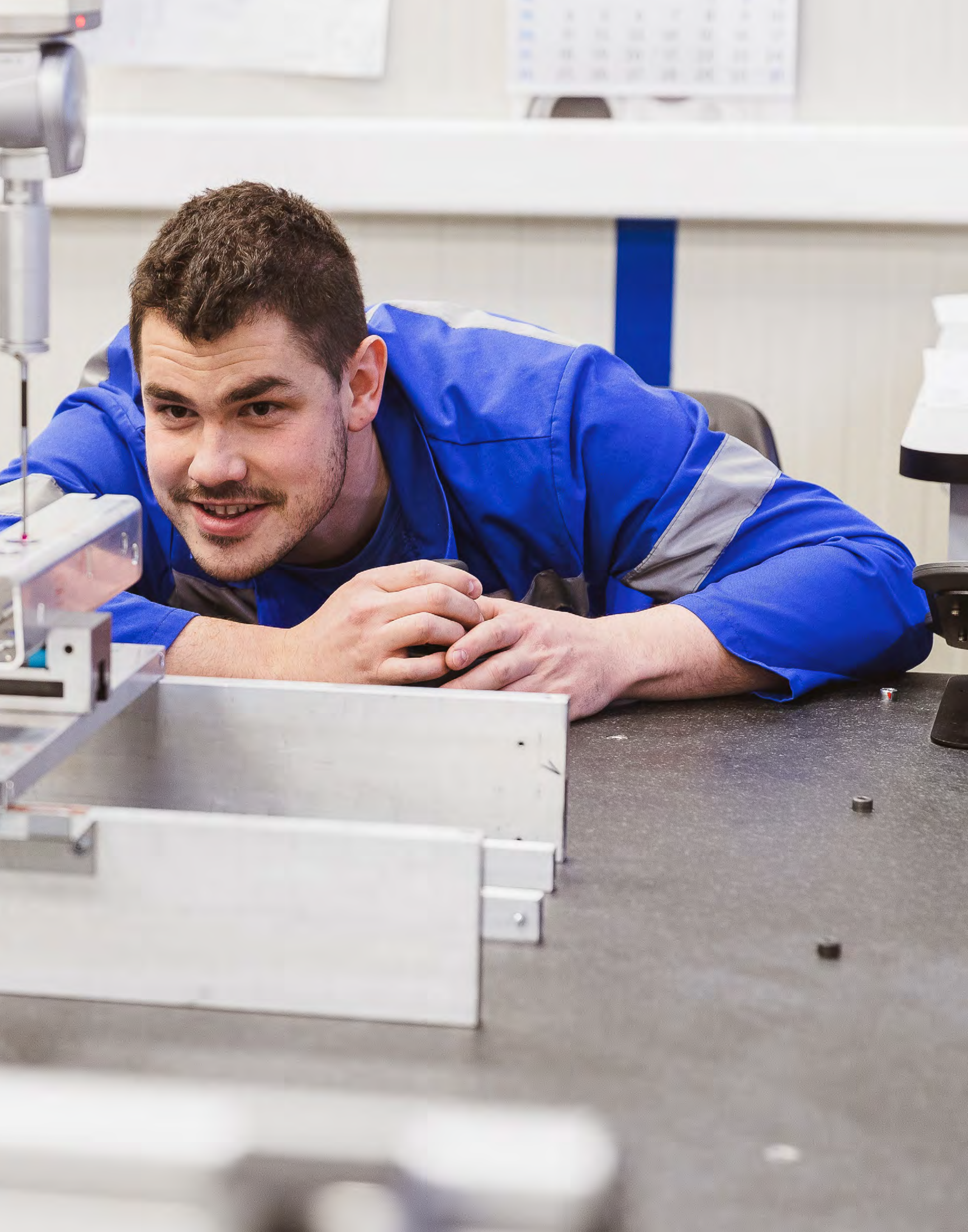
Key corporate supporting processes are:
- Sales,
- Finance and IT,
- HR Management,
- Development,
- Purchasing,
- Energy supply,
- Quality.

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

Figure 2: Organisation chart of the Impol Group division organisation



CONQUERING CHALLENGES, OVERCOMING OBSTACLES



STRATEGIC ORIENTATIONS

Vision, Mission and Values

Vision

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

Impol's Mission

Processing of aluminium into products that meet our customers' highest possible expectations of value and satisfying the needs of the customers, employees, owners, environment and other stakeholders. This also includes best service provided to our customers.

Values

INNOVATION – together with our customers we develop products aimed to meet their needs, their inventiveness and constant personal development.

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

FLEXIBILITY – our services are distinguished by speed, efficiency and transparency, which are provided.

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

LOYALTY – to the company, the owners, the employees and the environment by observing regulatory provisions and ethical norms.

Main objectives and strategy

In 2019, we prepared a strategy for 2020-2026 with emphasis on the following:
- To increase the annual income to over EUR billion.
- Redirect profits to the greatest extent possible in order to expand and modernise the material basis of work and to ensure at least 60 % of financing of business processes with capital.
- Be present on the market so that the majority of or all sales are intended for final customers with whom new products are being developed, thus expanding the extent of operations 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.
- Increasing the volume of finished products to at least 10 thousand tonnes per year.
- Develop new finalisation programmes of rolled and extruded products.
- Adapting technology so as to be able to use 30 percent of external secondary raw material.
- Reduce the necessary input volumes by decreasing the flow factors and loss factors with at least 1 % annual dynamic.
- Increase the utilisation of the working equipment and productivity by adopting organisational measures and increase the EBITDA margin to 15 % by introducing changes to production programmes..
- Automatise the control over all manufacturing and logistics processes by applying digitalisation, and actively include customers and suppliers in this process.

Plan of Operations for the Impol Group in 2020

The following is the Plan of Operations for the Impol Group, which we prepared in November 2019 (before the COVID-19 pandemic).

The situation in the second half of 2019 had an impact on the objectives set in the 2020 plan. This situation caused a drop in demand for aluminium products. We thus had to consider the following:

- A drop in demand in the sale of semi-finished products intended for the automotive industry;
- Unforeseeable events caused by trade wars;
- An accelerated penetration of products of manufacturers from Europe and Asia into the European market;
- Increased salary costs arising from amendments to the legislation.

Objectives for 2020:

- To generate at least EUR 29.0 million in profit before tax, EBITDA in the amount of EUR 54.5 million and value added per employee in the amount of EUR 52,000.
- To allocate larger part of the investments next year to foundry capacities in Croatia, making us independent from other purchasing resources.
- To allocate the second part of investments to the construction of additional capacities for the manufacture of finalised products.
- Fill the capacities of the new extruding line in the extrusion area.
- Complete the majority of the investments in the rolling area, which will enable us to start developing products for the transport industry and a wider range of products for other industries.
- To intensively implement business digitalisation.
- To increase the volume of business operations on long-term bases with buyers and build cooperation on common development programmes, where Impol's products are customised for specific needs of our customers.
- To develop new sources for the purchase of aluminium raw materials and to ensure the purchase of used aluminium from the customers of Impol's products in the biggest possible extent.
- To change the price policy so that the sales prices will reflect the complexity of the production process of each individual product.
- To increase the sale of pre-painted strips and sheets.
- To ensure, irrespective of the point of sale within the Group, that the customers have access to the entire range of Impol's products, all being sold under the Impol trademark.
- To enable and optimise production processes to facilitate the delivery of products to customers within the agreed deadlines.
- To ensure a positive net cash flow in non-aluminium programmes.
- To begin developing environmentally-friendly alloys – green aluminium.
- To obtain the ASI standard in 2020.
- To achieve the minimum quantitative volume of aluminium production for customers in the amount of 241,000 tonnes.

Table 7: Planned indicators for 2020

Indicators	
Cash flow from current operations (net profit after tax + depreciation) in EUR 000	47,763
Added value per employee in EUR	52,050
EBITDA (operating profit + depreciation) in EUR 000	54,466
EBIT (operating profit) in EUR 000	32,518
Profit before tax in EUR 000	29,044
Net debt in EUR 000	168,703
Net debt/EBITDA	3.10
Equity as of 31/ 12/ 2020 in EUR 000	269,830
Balance-sheet total as of 31/ 12/ 2020 in EUR 000	546,670

At the beginning of 2020, upon the occurrence of the COVID-19 pandemic, we prepared four scenarios of impacts on the Group's business operations. More about this in the section "Important events after the end of the financial year".

MANAGEMENT AND GOVERNANCE SYSTEM

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

1. Reference to a valid Code

In 2019, the Company was subject to its own code entitled the Impol Group Code of Business Conduct*. The governance is in line with the provisions of the ZGD-1 and the aforementioned Code. The Company fully respects the aforementioned Code.

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

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

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

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

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

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

We believe that the current system of internal controls in Impol 2000, d. d. and the Impol Group was effectively established in 2019 and that the operation was in accordance with the legal provisions and ensured the possibility of achieving business goals.

** Accessible on the website: https://www.impol.com/app/uploads/2020/01/Kodeks_an_splet-2018.pdf*

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

The shareholders shall exercise their rights on the Company matters at a General Meeting in accordance with the ZGD-1. The convocation of a General Meeting is regulated by the Statute. The General Meeting is convened by the Management Board. A General Meeting shall also be convened if shareholders whose shares represent one-twentieth of the new equity require it in a written form stating the purpose and reasons. If the Management Board 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 has been convened.

The Management Board 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 Management Board shall also indicate the time and place of the General Meeting.

The General meeting can only be attended and the right to cast votes may be exercised by the shareholders who announce their participation at the General Meeting no later than by the end of the fourth day before the General Meeting.

General Meeting shall decide upon:
- Adoption of the Annual Report,
- Use of the distributable profit,
- Appointment and recall of the Management Board members,
- Granting of a discharge to the Management Board members,
- Amendments to the Statute,
- Measures to increase and decrease equity,
- Dissolution of the Company and status transformation,
- 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 Management Board fails to approve it, or if the Management Board leaves a decision on the approval of the Annual Report to the General Meeting.

At the General Meeting held on 19 July 2019 the shareholders took note of the Annual Report and the Report of the Management Board on the results of the verification of the Annual Report for 2018, and of the remuneration of the members of the management and supervisory bodies. The shareholders adopted a resolution on using the accumulated profit and granting discharge to the Management Board and Supervisory Board for 2018, a resolution on the appointment of an auditor for 2019 and amendment or expansion of the company's activity and amendment of the statute of Impol 2000, d. d.

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

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

The Management Board which represents the Company is composed of non-executive directors. The President of the Management Board is the legal representative of the Company. The Management Board there- fore runs the Company, whereas the two Executive Directors run the ongoing operations. The Executive Directors who are not members of the Management Board also represent the Company in accordance with the law and are independent representatives of the company. In accordance with the resolution adopted by the Management Board, 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 Management Board:
- Jernej Čokl, President of the Management Board;
- Vladimir Leskovar, Vice President of the Management Board;
- Janko Žerjav, Member of the Management Board;

- Milan Cerar, Member of the Management Board;
- Bojan Gril, Member of the Management Board;

Jernej Čokl, Vladimir Leskovar, Janko Žerjav and Milan Cerar are members of the Management Board appointed by the General Meeting. Their term of office expires on 31/ 12/ 2020. Bojan Gril is a Management Board member, appointed by a representative body of workers in 2019, whose term expires on 27/ 1/ 2021.

The Management Board appointed two executive directors who are not members of the Management Board:
- Andrej Kolmanič, Chief Executive Officer,
- Irena Šela, Executive Director of Finance and IT.

The term of office of the Executive Directors will run from 1/ 1/ 2018 and ended on 31/ 12/ 2020.

The Management Board also appointed the Audit Committee as the standing committee of the Management Board in accordance with Articles 280 and 289 of the Companies Act ZGD-1, comprising of:
- Vladimir Leskovar, President,
- Bojan Gril, Member of the Management Board;
- Tanja Ahaj, External Member.

Operation of the Audit Committee

The Audit Committee of the Company Impol 2000, d. d. (hereinafter: AC) held in its full compositions as appointed in 2019 three meetings in person and three meetings by correspondence at which it implemented its tasks in line with the provision of Article 280 of the Companies Act ZGD-1.

The Audit Committee:

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

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

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

d) Verified the mid-annual report of the Group and proposed its adoption and publication by the Management Board in line with regulatory requirements;

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

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

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

h) Took part in the preparation of a contract between an independent auditor and the company Impol 2000, d. d. and other Group companies that need to be audited individually;

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

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

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

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

m) Cooperated with the internal auditor mainly by mutual sharing of information on the main internal audit issues as it followed the operation of internal audit on monthly basis through the reports it received on its operation;

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

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

5.1. Share Capital Structure

The share capital of Impol 2000, d. d., amounts to EUR 4,451,539.81 and is divided into:
- 23,951 par value shares of the first issue,
- 1,029,297 par value shares of the second issue,
- 13,519 par value shares of the third issue.

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

Impol 2000, d. d. is the holding company of the Impol Group and is organised as a public limited company. Its capital is divided into 1,066,767 pro rata shares, issued in non-materialised form and registered as such on 5/ 3/ 2007. The shares are transferable and are all of the same class. The central share register is kept by KDD. At the end of the year, 827 shareholders were registered.

All members of the Management Board own 16,588 shares of the company Impol 2000, d. d. or 1.55 % in total. Members did not trade in shares in 2019.

An overview of the 10 largest shareholders of total 827 shareholders continues to show adequately diversified ownership (GRI 102-5).

Largest shareholders of Impol 2000 d. d. as of 31/ 12/ 2019, are presented in the table.

Table 8: Overview of the largest shareholders as of 31/ 12/ 2019

Shareholder	Number of shares	Share
Bistral d. o. o.	111,449	10.45 %
Impol Montal, d. o. o	80,482	7.54 %
Karona, d. o. o.	72,796	6.82 %
Alu-Trg, d. o. o.	58,882	5.52 %
Upimol 2000, d. o. o.	54,787	5.14 %
Simpal, d. o. o.	53,400	5.01 %
Alumix, d. o. o.	53,400	5.01 %
Danilo Kranjc	48,344	4.53 %
Simfin, d. o. o.	19,173	1.80 %
Varimat, d. o. o.	17,206	1.61 %
Others (mainly natural persons)	**502,296**	**46.58 %**

As of 31/ 12/ 2019, natural persons own 542,977 shares or 50.90 % of shares.

5.2. Restrictions on transfer of shares

The transfer of shares shall request a written consent of the Management Board, 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 2019, qualified holdings on the basis of the first paragraph Article 77 of the Takeovers Act were as follows.

Table 9: Shareholders with qualifying holdings as of 31/ 12/ 2019

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

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

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

Executive Directors are appointed by the Management Board. 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 Management Board. The Management Board 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 Management Board which runs the company, supervises the implementation of operations and performs other tasks in accordance with the law and statute. The Management Board 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 Management Board 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 Management Board and represents the interests of all the employees in the companies affiliated to the Group. The term of the member of the Management Board appointed by the RBEIG is two years with the possibility of reappointment. The term of office of the Management Board 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 Management Board is finally decided by the General Meeting by adopting a resolution. If the term of office of a Management Board 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 Management Board and Executive Directors have no special powers in connection with the issue or purchase of treasury shares.

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

The Company is not aware of any such agreements.

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

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

6. Diversity policy

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

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

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

The diversity policy should be considered particularly in the candidate selection and proposal process for members of the management body. We also ask all the company shareholders, who have the right to give proposals in the General Meeting's decisions, to take into consideration the diversity policy. We established that the Company is implementing the diversity policy, since its management bodies are composed so as to ensure suitable know-how, experience and personal characteristics that contribute to the Group’s growth and development.

Jernej Čokl
(Chairman of the Management Board)

Vladimir Leskovar
(Deputy Chairman of the Management Board)

Janko Žerjav
(Member of the Management Board)

Milan Cerar
(Member of the Management Board)

Bojan Gril
(Member of the Management Board)

Andrej Kolmanič
(Chief Executive Officer)

Irena Šela
(Chief Financial and IT Officer)

CHALLENGES CREATE NEW OPPORTUNITIES

Table 10: Important events in 2019

January	February	March
• We began implementing the MARTIN project with the aim of modelling the thermomechanical processing of aluminium alloys for high-end products. • In the foundry of Impol LLt we put into service new hydraulic tongs for extracting bars in order to handle material faster. • We elected new members in the Representative Body of Employees of the Impol Group. • Employees participated in the winter games of the Impol Group.	• We obtained the internationally recognised EN9100 standard with which we demonstrate compliance with the quality standard for the manufacture of parts for the aviation industry. • We installed a new hot-water boiler for heating the industrial zone. • We prepared a comprehensive brochure in order to present the entire range of tread plates for the European and US market.	• On 7 March 2019, the Impol Group signed a contract on the purchase of a controlling stake of Alcad, d. o. o. • We started a 25-MN extruding line in the profiles production process at impol PCP. At the same time, we installed a new manufacturing hall and a new pickling, we expanded and modernised the packing line, and enlarged the warehouses. • An open-door day was organised for future students. • Stampal SB and Impol-FinAl presented their products at the Hannover Industrial Fair.

April	May	June
• A charging devices was put into service for the 5th induction smelting furnace at Impol LLT. • New customers have been obtained for the finalisation programme and long-term contracts have been concluded for the manufacture of parts for electric cars. • At Impol R and D we acquired a new OES Analyzer and a new tensile-testing machine. • An audit of the quality systems was conducted, namely the transition to the ISO 9001:2015 and IATF 16946 standards which replaced the ISO/TS standard. Auditors assessed that the quality system improved compared to the previous year.	• The Salico line was opened at Impol-TLM. • During the May Day holidays, we carried out maintenance works. • At Impol PCP the loading ramps and the leveller were overhauled; a suction hood was constructed and the cooling tower was replaced. • On May 16, the European MP, Tanja Fajon, MA, visited impol’s manufacturing plants in Slovenska Bistrica. • A new homogenising furnace was put into service at Impol-TLM.	• The Impol Group received the Golden Innovator of Podravje Award of the Chamber of Commerce and Industry of Slovenia for the innovation Algorithm for the Smart Filtration (ASF) of the Optical Emission Spectrum (OES). • A new homogenising furnace was put into service at Impol Seval.. • At the 2nd Family Day, we opened the doors to the families of our employees.

July

- At Impol Infrastruktura we completed the project of constructing a warehouse for oils and lubricants.
- At Impol FT we dismantled the decommissioned RL5 shears and installed new RL6 shears for cutting Novastilmec sheets.
- At Impol R and D we obtained a mobile OES SpectroTEST spectrometer, intended for chemical analyses of input material for purposes of the foundry.

August

- At Impol PCP we implemented the project of sorting containers for return material.
- A metal roof was built by the slab warehouse.
- Intense works were carried out to construct a new hall for finalisation purposes.

September

- The Impol Group presented itself at the Aluminium Fair in the USA.
- The first quantities of cast bars were produced for direct forging and intended for customers.
- The Bureau Veritas certification agency carried out a control audit of the ISO 14001:2015 and OHSAS 18001:2007 standards.
- The French Ambassador, Florence Ferrari, visited Impol's production plant.
- We attended sports games.
- The results of the MARTIN project were presented at a conference in Portorož.
- A non-revised report on operations of the Impol Group for the first half of 2019 was published.

October

- The 15th Research Symposium of Impol was held.
- We obtained a building permit for the construction of a new hall at Impol-FinAl.
- The bridge crane was replaced at Impol PCP.
- The development and quality management process was reshaped.
- By organising the Health Promotion Week at the Impol Group we put an emphasis on preventive healthcare.

November

- The Impol Group received the title of the best group in the Podravje region for the year 2018.
- At the solemn meeting of innovators and jubilee attendants we awarded Impol's golden badges to 28 innovators. We had a total of 125 jubilee attendants this year.
- At Impol Seval we have implemented the first sub-phase of modernising the hot-rolling mill.

December

- Stampal SB received a special quality award from KTM.
- A general replacement of the linings on the smelting furnace and other overhauls were carried out at Impol LLT.
- We organised a socialising event for retired employees.
- We organised a theatre play for children of our employees and a visit by Santa Claus who cheered them up with gifts.

ANALYSIS OF THE PERFORMANCE

Performance of the Impol Group

Notes on the Statement of Financial Position of the Impol Group

In the 2019 financial year, we generated net sales revenue of EUR 683.24 million, which is 6.09 % less than in 2018. The reason for the decrease is on one hand a slight drop in volume sale (by 1.6 % less than in 2018) and to a greater extent the reduction of the aluminium price on the stock-exchange market, which is the basis for forming sales prices (which were lower by 10 % compared to 2018). The revenues generated in the domestic market account for 5.8 % in the structure of sales revenues, and compared to the previous year they increased by 3.7 %. Revenues generated in foreign markets accounted for 94.2 % of total revenues and in comparison with 2018 they fell by 6.2 %. 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 663.7 million are by 5.3 % higher than in the previous year. The costs of goods, material and services increased by 7.0 % in comparison to the previous year and account for 86.3 % in the structure. The most important category of operating expenses is the cost of material, which amounted to EUR 430.5 million in 2019, which is 10.2 % less than in the previous year. Their proportion in total operating expenses equals 64.9 %. The largest share of costs of material represents the costs of raw materials, and the remaining costs are the costs of energy products, water, disposal of packaging and other materials.

- Costs of services which account for 6.7 % of total operating expenses amounted to EUR 44.1 million in 2019 and decreased by 18.9 % compared to 2018.
- Costs of labour amounting to EUR 67.5 million are by 2.8 % higher compared to 2018.
- Write-offs of EUR 20.1 million increased by 20.5 % compared to 2018. Of which the depreciation charge represented EUR 19.8 million, which is by 22.7 % more than in 2018. The increase is the consequence of the completion of a larger part of the investments.
- Other operating expenses in 2019 amounted to EUR 3.1 million, which is by 20.5 % more than in the previous year. The biggest proportion of other operating expenses is the cost associated with the environmental taxes (concession for water, land use fee, etc.), various membership fees, donations.
- In the 2019 financial year, we generated EUR 30.5 million of earnings before interest and taxes (EBIT) and EUR 50.4 million of earnings before interest, tax, depreciation and amortisation (EBITDA). Compared to the previous year, this means lower EBIT by 29.3 % and lower EBITDA by 15.2 %. A lower realised EBIT value is the consequence of a lower scope of operations, particularly in the last quarter of 2019, considering the fact that in 2019 we had higher costs of energy products, labour costs and depreciation costs compared to the previous year and the decrease of sales prices of products due to already mentioned reduction in demand.
- We generated a negative financing result in the amount of EUR 3.0 million (2018: EUR -2.3 million). Lower financial revenues from forwards had the greatest impact.
- Financial expenses relating to the interests from the liabilities to banks amounted to EUR 3.2 million in 2019 (2018: EUR 2.9 million), which is the consequence of a higher interim level of financial liabilities than the previous year.
- We thus generated net profit of EUR 23.8 million (2018: EUR 36.7 million).

Notes on the Statement of Financial Position of the Impol Group

At the end of 2019, the assets of the Impol Group equalled EUR 518.1 million, which is EUR 12.1 million less than total assets of the Group at the end of 2018. Investments in short-term assets had the greatest impact on the reduction of assets, of which the greatest reduction was recorded in investments in inventories, cash and receivables. We increased investment in long-term assets.

Long-term assets increased by EUR 8.1 million. The greatest increase was recorded in production equipment and machinery and consequently assets being acquired saw a reduction. This is also a consequence of the increase in depreciation costs. As of 31/ 12/ 2019, short-term assets amount to EUR 280.5 million, which is EUR 20.4 million less than on 31 December 2018. Inventories decreased by EUR 10.4 million, operating receivables decreased by EUR 3.1 million due to lower sales in December and the disposal of receivables in the amount of EUR 10.5 million, and due to lower price of aluminium of sold products, which affects the value of the receivables. Short-term financial investments amount to EUR 2.5 million, a part of which are represented by bank deposits and a part are receivables from the purchase of receivables. In 2019, we also decreased cash by EUR 7.4 million compared to 2018.

As of 31 December 2019, total liabilities of the Impol Group amounted to EUR 518.1 million and decreased in 2019 by EUR 12.1 million. The Group decreased its long-term liabilities by EUR 9.5 million and decreased its short-term liabilities by EUR

23.2 million, both in comparison to 2018 and mainly due to liabilities to suppliers.

Total capital of the Impol Group increased in 2019 by EUR 20.3 million, largely because net profit after tax (GRI 201-1).

Cash flow statement

In 2019, we generated positive operating cash flow in the amount of EUR 36.8 million. In 2018, it amounted to EUR 84.1 million and we generated negative investing cash flow in the amount of EUR 26.4 million. The year before the negative cash flow amounted to EUR 55.2 million. Cash flow from financing was negative in the amount of EUR 17.8 million. The closing balance of cash was thus reduced by EUR 7.4 million.

Performance of Impol 2000, d. d.

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

In 2019, Impol 2000, d. d. (hereinafter: the generated net sales revenues of EUR 26.0 million from the sales of products, services and merchandise, which is 5.66 % less than in 2018. In the domestic market we generated net revenues arising from the sales of products, services and merchandise of EUR 24.3 million, which is 3.34 % less than in the previous year. In foreign markets we generated net revenues of EUR 1.4 million, which is 30.5 % less than in 2018. In 2019, operating expenses increased by 5.88 % compared to 2018 and stood at EUR 25.6 million. Costs of goods and material sold account for 59.4 % of total operating expenses and are followed by labour costs equalling 31.0 %, and costs of services with 7.2 %.

In 2019, we generated EUR 0.44 million of operating profit. In 2018, operating profit amounted to EUR 3.41 million.

Operating cash flow (EBITDA) in the amount of EUR 0.77 million was positive. In 2019, we generated EUR 5.35 million of profit from financing mostly resulting from financial revenues from participating interests in the Group and financial expenses based on interests from issued bonds. Financial expenses of EUR 1.1 million are EUR 0.28 million lower than in 2018, mainly due to lower financial expenses from issued bonds in 2015. In 2019, net profit after tax amounted to EUR 5.7 million while in 2018 it amounted to EUR 5.5 million.

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

At the end of 2019, the assets of the Company represented EUR 132.5 million, which is 1.7 % more than at the end of 2018. In 2019, long-term assets decreased by 1.4 % in comparison to 2018.

The increase in all of the assets is mainly the results of the increase in short-term financial investments - loans granted to Group companies Impol-TLM, d. o. o., and higher cash.

As of 31/ 12/ 2019, the total liabilities stood at EUR 132.5 million and were EUR 2.3 million higher than the liabilities of the previous year. Higher liabilities of the Company partially stem from increased short-term financial liabilities from companies in the Impol Group. In 2019, the Company paid the fourth instalment of bonds issued in 2015.

The capital of the Company in the amount of EUR 62.9 million was 2.8 % or EUR 1.7 million higher than in 2018. In 2019, dividends were paid out in the gross amount of EUR 3.75/share.

The net debt on the last day of 2019 (calculated as the difference between financial liabilities and monetary assets and short-term financial investments) amounted to EUR 55.8 million and is lower by EUR 4.4 million compared to 2018.

Cash flow statement

In 2019, we generated positive operating cash flow in the amount of EUR 1.67 million. In 2018, it amounted to EUR 1.76 million.

The cash flow from investing amounted to EUR 3.67 million at the end of 2019. Cash receipts from investing activities in the amount of EUR 11.5 million are composed mainly of received participating interests of profits of the subsidiary of Impol, d. o. o. and return of the loan by the subsidiary Impol-TLM, d. o. o. in the amount of EUR 5.1 million. Cash disbursements from investing activities in the amount of EUR 7.8 million mainly refer to loans granted to Impol-TLM.

The negative cash flow from financing amounted to EUR -5.17 million in 2019. Cash receipts from financing activities amounted to EUR 10.00 million due to the increase of short-term financial liabilities to companies in the Group, and the cash disbursements from financing activities in the amount of EUR 15.17 million are composed of expenses for the repayment of bonds (principal + interests), for the return of short-term loans to subsidiaries, and for the repayment of dividends to shareholders of Impol 2000, d. d. In 2018, the positive cash flow from financing was negative and it amounted to EUR -1.6 million.

The entire cash flow in 2019 was positive and amounted to EUR 0.17 million (EUR -0.24 million in 2018).

Impol Group in 2019

2019 was characterised by the following events:

- At the beginning of the year demand was stable and enabled the growth of our sales volume. In the second half of the year, the market situation aggravated. The following events impacted the market the hardest: the trade war between the USA and China, Brexit, accelerated penetration of Chinese product into the European market and uncertainties regarding the strategic orientations of car manufacturers.
- A drop in demand by the automotive industry was followed by other industries.
- We continued carrying out activities of reshaping the product mix in order to increase the portion of products with high added value.
- We gained additional clients in the finished products sector, while at the same time we developed business processes with which we wish to meet the demands of the market up to the "TIER 1" supplier level in a comprehensive manner.
- We obtained the EN 9100 aviation standard with which we became a competitive supplier of complex aluminium products intended for aircraft manufacture.
- Together with our customers we developed new products, alloys and testing method. This was facilitated by past investments in the growth of production capacities with the focus on those products that are intended for the markets with long-term growth perspective.
- Business economy was maintained also because of our own foundry enabling us to successfully achieve the defined goals: the increase in the share of own production of input materials, maintenance and achievement of higher quality products, the development of sophisticated alloys and increase in the share of secondary aluminium processing, which in the Impol Group already exceeds 70 %.
- We recorded a drop in basic quoted prices on the LME, which to a large extent resulted in a lower growth of revenues and on the other hand in lower costs of raw material.

Figure 3: Trend in aluminium prices on the LME* in 2009-2019

LME – London Metal Exchange.

- The quantitative volume of aluminium product sales of the Impol Group was by 1.6 % lower in 2019 compared to the previous year. Due to the large volume of investments, depreciation costs increased and we also recorded an increase in costs of energy products due to the growth of the latter.
- The impact of market fluctuations was rather successfully managed by a relatively large-scale dispersal of customers, without any dominant or exclusive customers.
- Our sales continue to be concentrated mostly on nearby markets in Europe, as only a small number of products of the Impol Group programme can tolerate higher costs of transportation. It is also more difficult to provide high-quality sales

and after-sale services at a larger distance.

- Germany remains by far the largest individual market. The Impol Group has established a permanent business partnership with customers from about 50 countries, although customers from the EU prevail (GRI 102-6).
- Despite being mainly focused on Europe, we increased our sales share in the US market, where new opportunities have opened for us due to sanctions to Chinese suppliers.
- We finance 46.7 % of all investments with equity, which is indicative of an increase in financing with equity compared to the previous year. In 2019, we decreased the volume of taking out loans from banks by 3.7 % compared to the previous year.
- We invested almost EUR 27.9 million in long-term assets in 2019.
- We have achieved EUR 50.3 thousand of added value per employee, which means a 6.5 % drop compared to the previous year, which is the consequence of the decrease in business performance compared to the previous year, of which we already discussed in the business analysis.

Figure 4: Sales of products by country in 2019

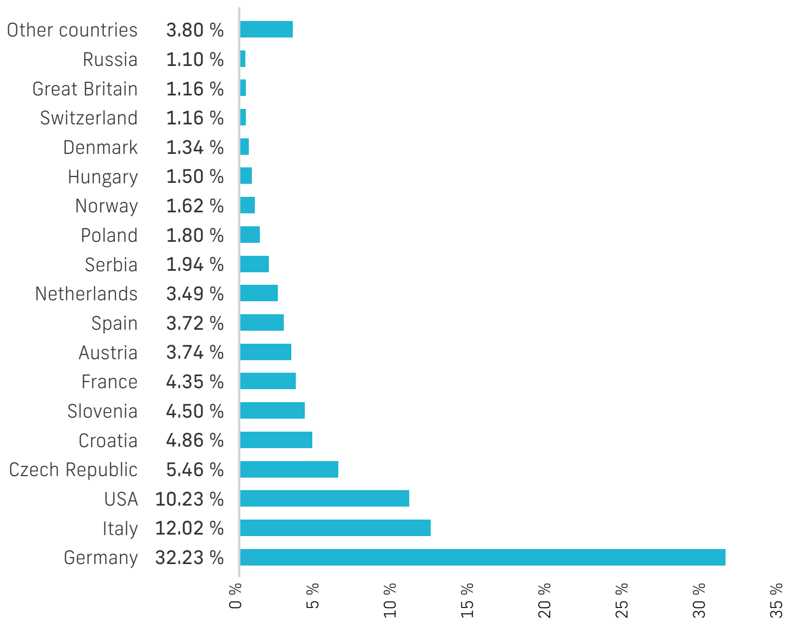


Figure 5: Working capital by year

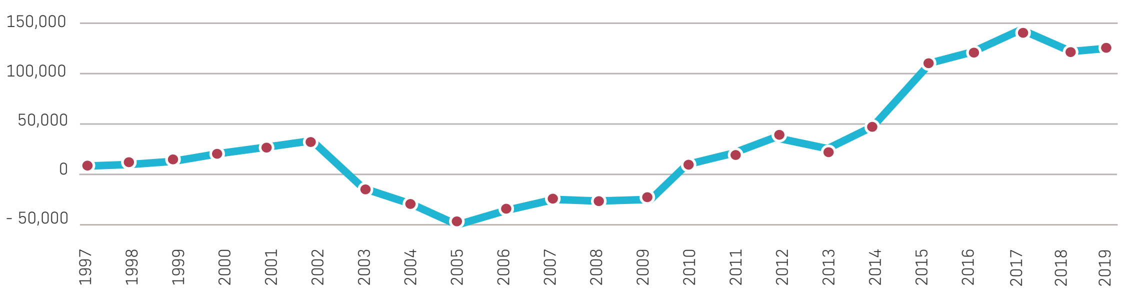


Table 11: Overview of results of the Impol Group in EUR million

Year/Indicator	2014	2015	2016	2017	2018	2019
Consolidated net sales revenue	486.3	546.1	543.4	666.7	727.6	683.2
Consolidated operating expenses and costs	466.2	518.5	507.2	632.6	700.9	663.7
– of which depreciation	16.2	15.1	15.3	15.6	16.2	19.8
Operating profit	22.8	33.2	41.5	46.9	43.2	30.5
Financial revenues/expenses difference	-8.4	-7.3	-6.3	-7.8	-2.3	-3.0
Profit (or loss) after tax	12.4	22.5	30.4	34.5	36.7	23.8
Cash flow from current operations*	28.5	38.3	46.6	50.2	53.1	44.0
Equity	106.5	127.6	154.0	187.5	221.8	242.1
Assets	327.6	362.4	381.1	463.4	530.2	518.1
Consolidated carrying amount in EUR (including the equity of minority owners)	99.88	119.6	144.4	175.74	207.94	226.93
Added value per employee in EUR	45,815	54,712	49,337	54,110	53,488	50,304
EBITDA** in 000 EUR	39,429	48,382	56,851	62,598	59,380	50,367
Changes in EBITDA	1.07	1.24	1.18	1.10	0.948	0.848
Net debt*** in 000 EUR	156,704	117,962	148,599	172,846	163,859	162,923
Net debt/EBITDA	4.00	2.44	2.61	2.76	2.76	3.23

** 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 2019 compared to 2018.*
*** EBITDA = operating profit + depreciation.*
**** Net debt = long-term financial liabilities + short-term financial liabilities – cash and cash equivalents – short-term financial assets.*

Table 12: Key indicators

Year/Indicator	2014	2015	2016	2017	2018	2019
Equity/all sources of operating assets	32.50 %	35.20 %	40.40 %	40.50 %	41.80 %	46.70 %
Golden rule of balance sheet = long-term assets/ long-term investments	135.00 %	184.50 %	175.10 %	170.20 %	150.10 %	149.60 %
Debt/operating revenues	45.10 %	42.60 %	41.20 %	40.80 %	41.80 %	39.80 %
Option to settle liabilities with property	149.40 %	155.9 %	170.30 %	170.30 %	174.20 %	190.70 %
Financial expenses/expenses	2.10 %	1.30 %	1.20 %	0.80 %	0.60 %	0.70 %
Income/employee ratio in EUR 000	262.77	299.84	243.94	295.23	313.55	291.24
Margin	2.56 %	4.13 %	5.60 %	5.17 %	5.50 %	3.49 %
Debt/equity	205 %	182 %	144 %	144.10 %	136.00 %	111.50 %

IMPORTANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

The impact of the novel coronavirus on the business operations of the Impol Group

At the beginning of March, the COVID-19 pandemic hit Europe too. The Impol Group immediately responded to the crisis by adopting measures in various areas of operation at all three locations: Slovenia, Serbia and Croatia. With the intention of effectively managing the risks, we adopted numerous organisational measures in carrying out our business operations, placing special emphasis on ensuring liquidity.

Measures adopted to ensure the health and safety of employees:

- All business trips have been cancelled, meetings are being held via electronic conferences.
- Visits at the Impol Group are restricted to transport only and other urgent business transactions.
- Stricter rules apply to all visitors in order to prevent infections.
- Employees whose may do so will work from home.
- All internal meetings will be held with a restricted number of persons who will be asked to keep a safe distance from each other.
- All rooms will be equipped with disinfectants and employees exposed to interactions will have to wear means of protection.
- Lunch in common areas has been suspended.

Measures adopted with regard to sales, purchasing and finances:

- In March, no impact of the novel coronavirus on our business operations was recorded, since we have achieved our production and sales objectives within the outline framework
- No cancellations by suppliers have been recorded in the purchasing area. Purchase operations are running smoothly. We are not depending on supplies from China, which have been suspended.
- In April, we are expecting a slightly decreased production volume, mainly in production for the automotive industry, construction industry and trade. The overall impact on operations will result in an approximately 10 % drop in sales of our products.
- Special attention was given to ensuring liquidity:
    - We have adopted a costs rationalisation approach.
    - Investments in long-term assets were restricted to only the most urgent, necessary for ensuring production.
    - We have adopted the rationalisation of the inventory of raw materials and of unfinished products with the intention of releasing a certain part of liquid assets, since we had a reserve in this regard.
    - To a certain extent, the decrease in aluminium prices on the stock market also enabled us to reduce the needs for financing inventories and receivables.
    - And to a larger extent, we made arrangements in the first quarter with banks for long-term financing operations in 2020.

- We work with banks on a daily basis and discuss the renewal of short-term loans.
- We have prepared four scenarios of possible impacts on the operation of the Impol Group, from a 10 % to a 50 % drop in sales volume and in production. What is important is that all scenarios show that we can sufficiently manage risks and ensure liquidity. Despite this, more accurate forecasts for 2020 cannot be made due to considerable uncertainty, however, we can make the most likely forecast, where we plan a 10 % drop in sales volume. As a comparison, we are also including a pessimistic scenario with a 25 % drop in sales volume. Revenue itself is not provided, since revenue is very much dependent on stock prices of aluminium, which may drop at any give moment and have decreased by EUR 300 per tonne since the beginning of the year. This entails lower revenue per tonne, and since the purchasing of raw material also depends on the value of aluminium on the stock market, this means that due to raw material costs alone the co-dependency is the same (GRI 102-48).

Table 13: Scenarios of reducing the scope of operations due to the consequences of the pandemic

An adjusted business plan for 2020	For a 10 % drop in sales volume	For a 25 % drop in sales volume
Net profit before taxes (in EUR million)	20.31	7.1
Operating profit (in EUR million)	24.63	11.4
EBITDA (in EUR million)	45.92	32.7

We have also informed the Management Board of the Impol Group about the measures adopted in order to manage the outbreak of the novel coronavirus epidemic and about the sensitivity analysis of the consequences for the business operation of the Impol Group. The Management Board believes that we have appropriately responded to the epidemic and are managing the present situation.

The current climate in the country as well as in all production locations of the Impol Group and in sales and purchasing markets of the Impol Group is still very uncertain and quickly changing. Despite all this, however, we believe that Impol Group's operations, considering all the measures adopted, will continue and this will not change in the future.

Other events after the end of the financial year

The Impol Group also made a few internal changes to the management structure. Management of the extruding division was taken over by Urh Knuplež, MA, whereas Stampal SB is now managed by Matevž Račič and Impol-FinAl by Darko Vranešević.

With the purpose of environmentally-oriented operation and development of social responsibility. the Impol Group adopted the Sustainable Development Policy.

IMPOL IN THE WORLD OF ALUMINIUM

"The Impol Group is the largest processor of aluminium semi-finished products in Slovenia, offering customers a varied sales programme – rolled and extruded aluminium products with a high level of after-treatment, which meet the highest standards according to quality requirements. Our excellence is also confirmed by numerous representatives of prestigious brands from the most complex industries, such as automotive, food, pharmaceutical, aviation, tool manufacturing, transportation, construction and other industries.

Our business operations are directly tied to a socially responsible business model that involves transitioning to a circular economy, manufacturing sustainable products which may be entirely recycled, a responsible attitude toward nature, the environment and employees and focusing on the future."

The main strategic advantage of the Impol Group is a diverse aluminium processing programme, since we successfully control numerous processes of aluminium processing: casting, rolling, extruding, drawing, forging, stamping and further processing – finalising semi-finished products. At the same time we create synergy effects by controlling other areas that support our main activity – the processing of aluminium products. Activities in the Impol Group are organised within individual companies for which the same corporate rules apply, and which conduct business among themselves according to market rules.

In terms of global processing of produced primary aluminium, which in 2019 amounted to 63.68 million tonnes, the Impol Group achieved a 0.38 % processing share compared to newly produced aluminium. In compliance with its strategic orientations, Impol continues to focus more on the added value in the product, even though the production volume continues to be an important factor, since fixed costs in a mass production process can only be properly contained with a sufficient quantity of products.

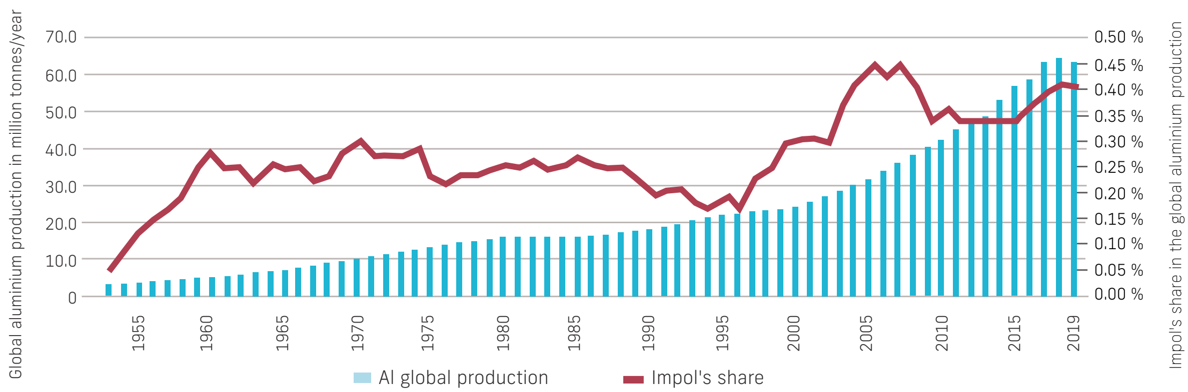
Table 14: Global production of primary aluminium - situation in June 2019

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

**Source: Cross asset research, Societe Generale, June 2019*

In April 2020, aluminium price developments on the LME amounted to approximately USD 1,400 per tonne.

Figure 6: The share of Impol in the use of produced primary aluminium in 2019



The aluminium processing industry is characterised by shaping the sales prices of 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 most significant trends in business operations is digitalisation, enabling efficient process management, optimisation implementation and the search for new business solutions.

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

SALES

Products and services – Adding value to aluminium

The basic policy of the Impol Group is to add value to aluminium, which we are achieving by processing aluminium rolled and extruded products, and we also act as a development and strategic partner to our customers. In addition to the rolling and extruding programme, we also offer niche products – blanks and slugs.

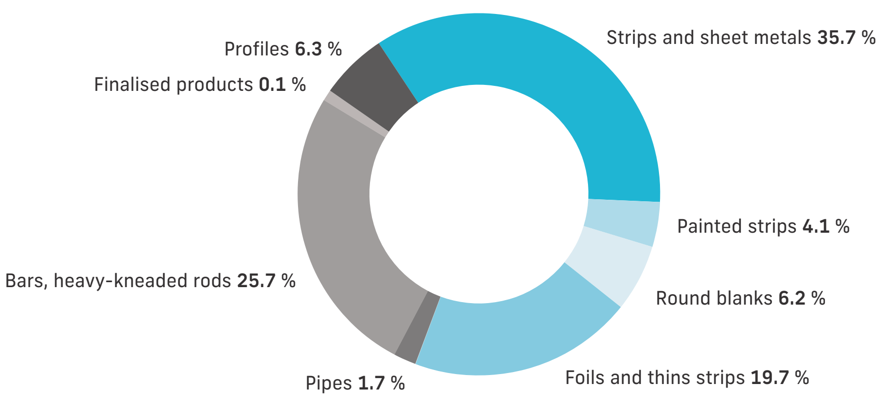
The entire production programme is based on orders and is triggered by sales orders. Customers are divided into two segments: distributors and end customers, whereby the share of sales to end customers has been increasing in recent years accounting for 60 %, in order to maintain the stability of operations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

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

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

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

Figure 7: Shares of sales by product programmes



Market and customers

In 2019, European countries once again represented the Impol Group's most important market since about 88 % of our products are sold there, including in Slovenia, . In terms of individual countries, the biggest share of our products are exported to Germany, namely almost one third. Our second biggest market is Italy with a 12 % share. Other large markets are the USA, where we export 10 %, and the Czech Republic and Croatia with 5 %.

We continue to preserve dispersal among markets, customers and industries. The sales are dispersed among numerous customers, and an individual customer as a rule does not exceed 10 % of total production. Our strategic positioning is additionally enhanced by a diversified production programme. Buyers of Impol products come from various market segments, the biggest share represents transport (24 %), construction (13 %) and food industry (9.5 %) (GRI 102-6).

Figure 8: Sales by region expressed in percentage

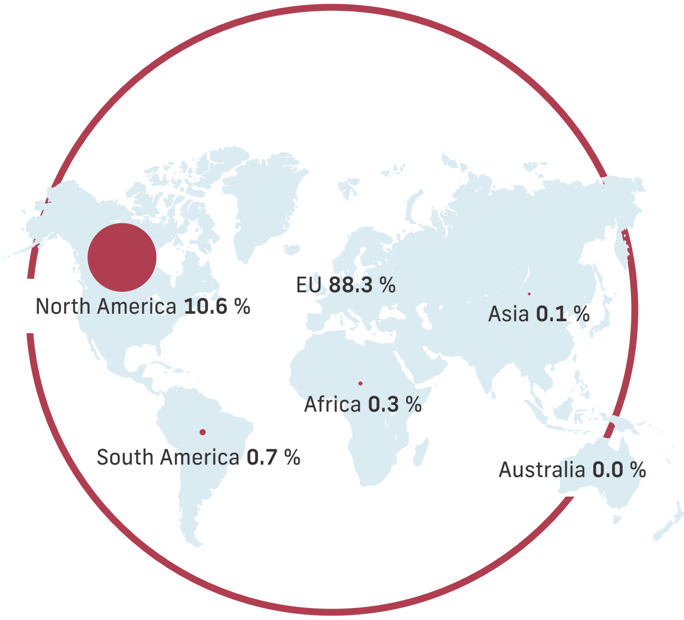
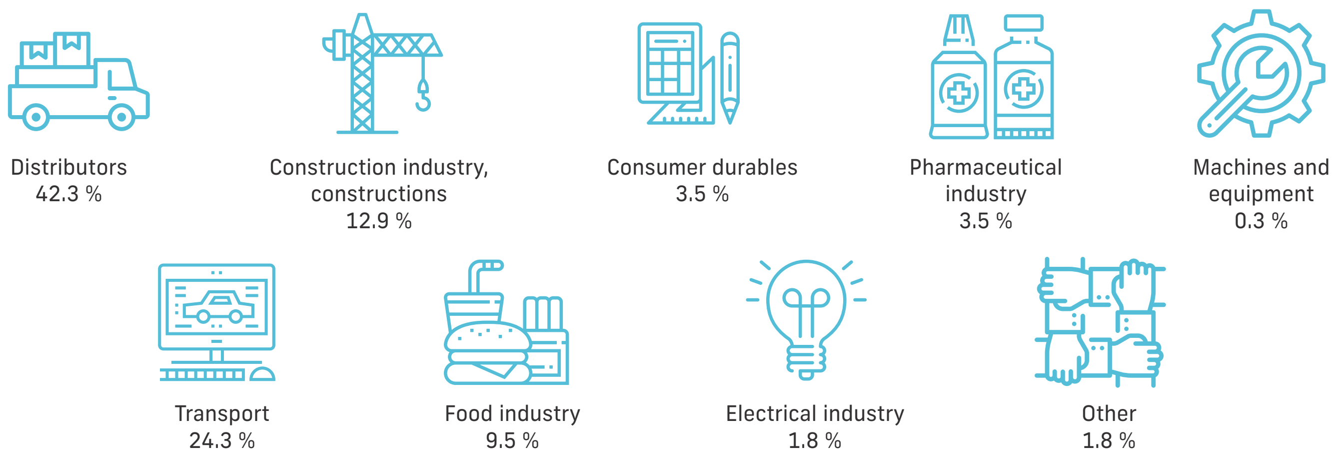
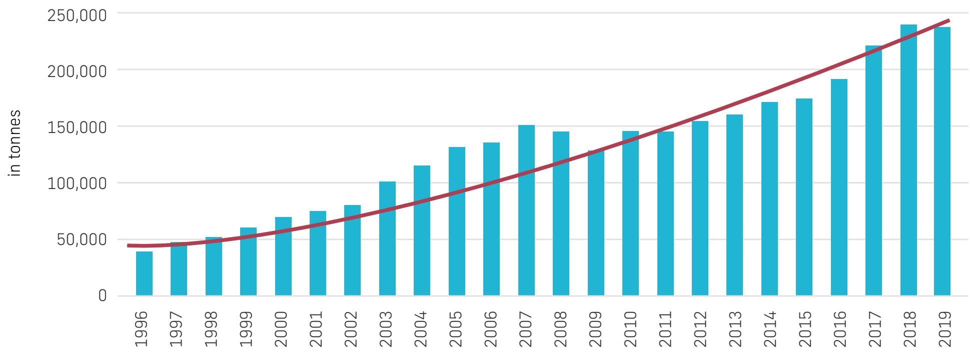


Figure 9: Customers by market segment



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

Figure 10: Trend in sold quantities of products



Organisation of sales

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

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

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

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

Brands

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

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

Significant achievements in sales

- We kept our existing customers and gained new ones in demanding markets.
- We increased customer satisfaction and supply reliability.
- We gained new demanding customers and projects in the field of finished products.
- We expanded the range of rolled products to the automotive industry market.
- We validated newly developed complex products.

- We obtained the EN 9100 certificate.
- We updated sales support with the assistance of a new CRM system.

Forecast for 2020

- We will increase the share of sales of products carrying higher added value.
- We will increase the share of sales of rolled and pressed products in accordance with the increase of production capacities.
- We will validate newly developed products.
- We will accelerate activities to conquer the aviation industry market.
- We will keep the European market and continue exporting to the American market.
- We will ensure stable demand throughout the entire year.
- We will increase the share of final customers.
- We will introduce changes in the field of logistics in order to improve the indicators of supply timeliness.

PURCHASING

Organisation of purchasing

The Impol Group implements an organised strategic purchasing policy. Product managers provide for uniform purchasing conditions for individual product groups at the level of all companies within the Impol Group. Negotiations and conclusions of strategic purchase contracts are carried out in a uniform way as well. The basic tasks of strategic purchasing include the development of a unified purchasing information system in the Impol Group, the development of strategic suppliers of the Impol Group, the development and selection of new suppliers, concluding strategic purchasing contracts for all the companies within the Impol Group and creating a unified purchasing policy and purchasing conditions in the Impol Group (GRI 103-1).

Supply chain

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

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

In the field of secondary aluminium, the Impol Group is active both in the market – by establishing loop-backs with customers – as well as in production management – with a cost- or technology-efficient re-melting method. This is why we invest in state-of-the-art technology and equipment in foundries (GRI 102-9).

Management of the price risk related to aluminium stock price volatility

Aluminium is a raw material listed on the London Metal Exchange (LME) stock market. In 2019, the price of aluminium was by 11 % lower than in 2018, since 2018 was characterised by challenging conditions (trade wars, sanctions against Russia and China). The average price of aluminium thus amounted to EUR 1,600/t in 2019 and reached EUR 1,700/t a few more times by May. This was then followed by a drop and until the end of the year the price fluctuated around EUR 1,600/t.

After the sanctions against Russia were lifted in 2019, the market was affected by mainly the following events: trade war between the USA and China, general negative climate due to lower growth rates of aluminium consumption, drop in orders and weakening of the German economy. The global PMI index fell under 50 points, and industrial production – particularly automotive – saw a decline. The European market was faced with massive problems, since in the absence of protective measures it had to deal with an excessive offer of mainly Chinese goods.

Toward the end of the year, the stocks in LME warehouses were rising rapidly, and in December considerable backwardation occurred. This situation is the sole consequence of the fact that nobody wanted to end the year with high amounts of stocks, and spot sales were well above demand, which was particularly significant due to the general economic uncertainty in 2019.

Figure 11: Loopback system

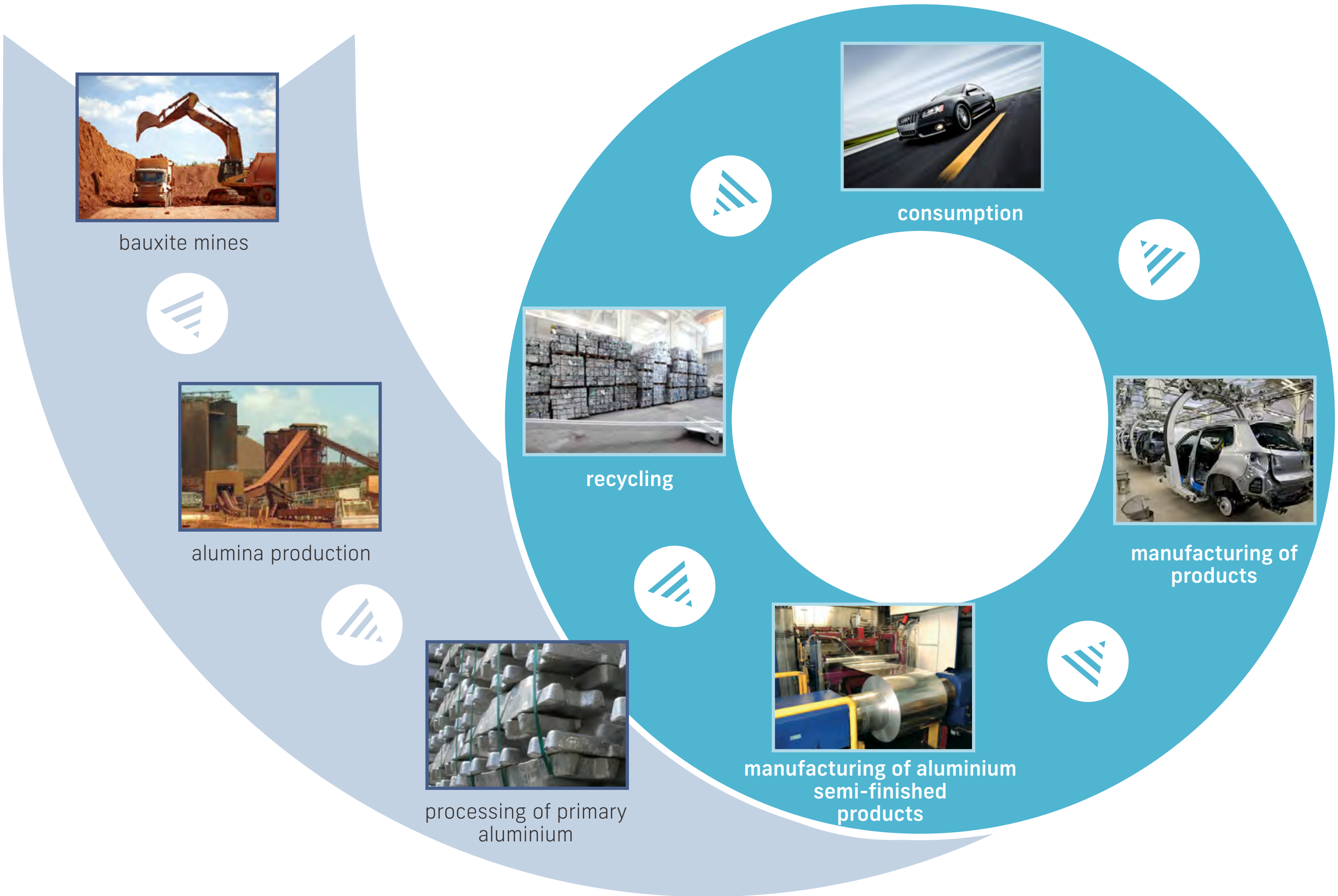
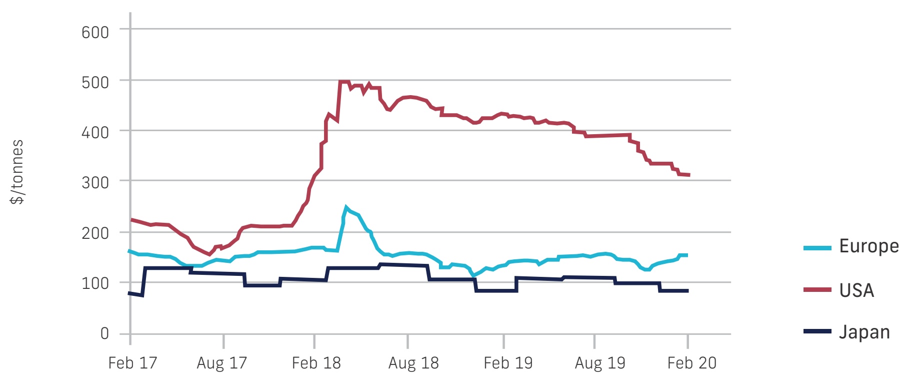


Figure 12: Aluminium market



Source: Fastmarkets MB

Since the beginning of 2019, economic trends warranted caution, the main consequence of which was reflected in poor demand and drop in orders. During the year, we were repeatedly faced with increased exposure which the Impol Group promptly manages with a combination of futures (on the LME) as well as by adjusting quantities and making arrangements with suppliers.

The biggest issue with managing exposure is backwardation, i.e. a situation when the spot price of aluminium is significantly higher than the price for future forward deliveries. Thus, we were faced with high spot prices at which physical raw material is procured, on the other hand, however, prices for forward deliveries were dropping. We were able to handle the situation by cooperating with our customers as well as with suppliers, since the grip of backwardation did not allow for the possibility of optimal hedging on the LME. The end result of making business with the LME (i.e. difference between LME in costs of raw material and LME in sale of products to customers) for 2019 was nonetheless positive.

Purchasing audit processes

We pass on our commitments with regard to environmental management, sustainable development and care for the health and safety of our employees to our suppliers of material and services. For this purpose, we send suppliers questionnaires to complete and also assess them annually on the basis of 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. In addition to the above, all suppliers must confirm our general purchase conditions, which also contain the requirements related to sustainable development (GRI 102-42, 102-43).

Local community development

In 2019, the Impol Group offered its support to local operators for the implementation of various support activities, infrastructural works and services (logistics, accounting services, auditing, etc.), which contributed to a greater extent to the development of small and micro companies at a local and regional level. Thanks to support provided by the Impol Group to local operators in the area of Slovenska Bistrica, the local community will keep being strong and stable (GRI 204-1).

Challenges in purchasing raw material in 2019

The first major shake-up was setting up production in Aluminij Mostar in BiH, where we purchased a large part of slabs for doubled foils. Due to appropriate risk management of suppliers, we have successfully ensured all the necessary raw material. In the second half of 2019, the biggest challenge, due to a drop in orders and consequently increase in stocks, which was the consequence of the global economic crisis, was to coordinate the supply with smaller demands, since we already had contracted obligations. We managed to find suitable solutions with all the suppliers with which we have good long-standing relationships, and have not withdrawn from any contract.

Trends in purchasing for 2020

The main challenges which the coming year brings are to keep up with eventual increases of sales orders by purchasing raw material. Purchasing prices, which have to be in line with our needs and selling prices, also present a challenge. We have to be ready to manage risks caused by trade wars, Brexit, the coronavirus, etc.

DEVELOPMENT AND INVESTMENT PROCESSES

R&D activities

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

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

In 2019, our main focus was on developing technologies which are the basis for developing products intended for the automotive industry. The extruding division developed technologies the purpose of which was to master the technical specifications for the manufacture of profiles for the automotive industry. We developed technology for manufacturing profiles intended for safety components that require excellent absorption of energy during vehicle collisions, and technology for profiles intended for body parts. Efforts were also put in the development of green alloy for free-cutting alloys (machining). The alloy will be compliant with the directives of RoHS (Restriction of Hazardous Substances Directive) and ELV (End of Life Vehicles Directive), and will significantly decreases elements, such as lead, mercury, chrome-VI and cadmium.

The rolling division developed a technology for the manufacture of sheet metal for deep drawing, used in the automotive industry. Sheet metal is manufactured using rolls which are surface-treated with a special EDT (Electrical Discharge Roll Texturing) process. Sheet metal manufactured using this process has better wettability for lubricants during deep drawing and gives isotropic surface characteristics to the sheet. With this method sheets may be turned at random (regardless of the rolling direction) and combined for the manufacture of body parts. We also developed sheet and foil properties for various applications.

We continued integrating the OptiAl system into the production process. The system enables optimal consumption of input raw material entering the warehouse for purposes of preparing a batch, thereby reducing the consumption of primary aluminium. The MARTIN project enables us a more in-depth study of all the new products listed above, which are manufactured using new technologies, and the optimisation of process parameters and material properties. The project enables us to build numeric tools for shortening the development phase of technologies and products.

We have completed 59 development tasks and developed 10 new products, 39 new technologies, 4 new alloys and 7 improved alloys.

In 2020, we are planning to further develop profiles for the automotive industry with the highest mechanical properties and develop a new foil for anti-corrosion protection of other materials, to continue developing EDT sheets and material welding technologies.

Investment activity

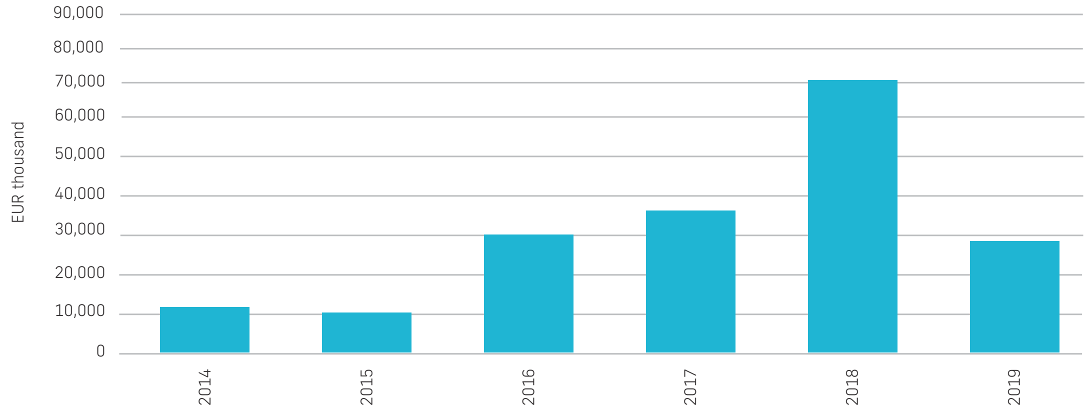
In 2019, we concluded the investment projects of the rolling division, namely we continued optimising the overhauled hot-rolling mill in the Croatian company Impol-TLM and put into service a new combined cutting line. Furthermore, we continued modernising the hot-rolling mill at Impol Seval and successfully completed the first renovation phase. The foundry's equipment was also modernised by putting into service a new homogenising furnace in the foundry in Šibenik as well as in Seval. With additional investments in the upgrade of the production programme a lot of focus was placed to performance optimisation and development of new products with higher added value. We also began carrying out activities for the construction of a new foundry in Šibenik.

The main projects within the extruding division were the putting into service of the 25-MN press in the profiles process, installing a new cooling system on the 28-MN press, completing the cast bars project and implementing the pipe plant updating process. With the cast bars range we are successfully covering a new field, since the demand for cast bars in the European market is rising. At the same time, we additionally developed the finalisation programme, we obtained new long-term projects of prestigious manufacturers from the automotive industry and adjusted the production equipment and business organisation accordingly.

Table 15: Volume of investments in EUR million

	2014	2015	2016	2017	2018	2019
Investment in acquisition of shares / stakes	0	0	2.2	0.67	0	2.0
Investment in fixed assets	14.0	12.0	31.0	39.4	70.2	27.9
Investment in short-term assets	25.5	40.8	0.8	58.7	12.5	-20.4
Total	**29.5**	**52.8**	**34.0**	**98.77**	**82.7**	**9.5**

Figure 13: Volume of investment in fixed assets



FINANCING AND DIVIDEND POLICY

In 2019, the Impol Group continued to consolidate the structure of its financing sources by financing 46.7 % of total investments with equity. In comparison with the preceding year, the structure of its financing sources remained at the same level. The borrowing within the Group is mainly carried out through the companies Impol 2000, d. d., and Impol, d. o. o., and through Impol Seval, a. d. in Serbia.

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

The share of financing of the Group outside the banking system represents 17.8 % of total financial liabilities. We devote special attention to the engagement of assets in short-term investments (inventories, receivables, cash, other) and their continuous optimisation so as to avoid problems that are difficult to manage such as a shortage of funds or reduced availability of said funds from external short-term financing sources.

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

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

REPORT ON SUSTAINABLE DEVELOPMENT

NON-FINANCIAL OPERATION STATEMENT

1. Description of the Company’s business model

Management's statement: Fundamental principles of sustainable development

Planning business operations of the Impol Group is always carried out having in mind the future and by giving great emphasis to creating long-term stability and perspective. This is also reflected through a socially responsible approach to the environment, to employees and other stakeholders in the Company. We formed the fundamental principles of sustainable development, which include key stakeholders of our operations, with the intention of ensuring long-term business operations (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 retires, 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 market positioning
The Impol Group established a strategic organisation of sales in order to maximise market opportunities: an evenly distributed sales programme between end customers and traders, and a sales programme that is spread over various types of alloys, products and application markets.

Andrej Kolmanič
(Chief Executive Officer)

Irena Šela
(Chief Financial and IT Officer)

2. Business policies

Policy of the Impol Group

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

For this reason we are committed 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.
- Preserve natural resources using return material, secondary raw material and careful use of all resources.
- Decrease specific consumption of energy products by investing in more energy-efficient machines.

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

We pass on the requirements regarding the knowledge and respect of the principles of our policy and operation in accordance with the statutory requirements to our suppliers and all those who work for the Impol Group or on its behalf. The policy is accessible to the general public.

3. Pillars of social responsibility

AN INNOVATIVE BUSINESS MODEL – TRANSITIONING TO A CIRCULAR ECONOMY

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

RESPONSIBILITY TOWARD NATURE

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

SUSTAINABLE PRODUCTS

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

RECYCLING

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

RESPONSIBILITY TOWARD EMPLOYEES

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

RESPONSIBILITY TOWARD THE LOCAL COMMUNITY

We are one of the largest employers in Slovenia and have received multiple awards for the best employer in the Podravska region. We therefore impact significantly the quality of life in the local community. We show our care for the local environment by sponsoring associations and local events, by helping the municipality develop and by supporting the development of local training programmes (GRI 413-1).

LOOKING AHEAD

We are building on a 190-year long tradition. We are one of the oldest Slovenian companies and the fifth largest Slovenian exporter. Management emphasises the importance of strategic orientation toward the future, which is reflected in the fact that we set ambitious long-term goals for growth and development (GRI 102-11).

STAKEHOLDERS OF THE IMPOL GROUP

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?
Clients	Quality products, respecting agreements, punctuality of supplies, development support, ethical business. Recognising statutory requirements and ensuring compliance.	Ensuring high-quality values and prices of products and create long-term growth through partnerships.	Cooperating in the development of products, advisory meetings, visits and receiving clients, target communication, satisfaction surveys.
Employees	Employment safety, pleasant working environment, safe work, career development, recognitions and rewards.	Employing the best people and motivated them through a targeted development of their commitment.	Developing employee competences, stimulative rewarding system, providing quality information, providing feedback.
Suppliers	Partnership relations, process efficiency, safe business operations, ethical business.	Finding an optimal ration between price and quality of service and observing the fundamental principles of sustainable development.	Regularly providing feedback, publishing invitations to tender, rigorously observing business agreements.
Investors, banks	Profitability of business operations, fulfilling agreements, transparency.	Responsibly managing financial resources and justifying the trust of investors.	Regular meetings, informing through annual, half-year reports, respecting obligations.

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

The table shows a list of the main stakeholders of the Impol Group. our attitude toward them and how we recognise and meet their needs (GRI 102-40, GRI 102-44).

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

Environment

Policy

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

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

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

Due diligence

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

Environmental Management Programme and New Objectives

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

Main risks and their management

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

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

For the recognised environmental aspects we identified and assessed operational environmental risks. At this level we implement preventive measures. These measures include regular inspections of warehouses, inspections of the state of packaging units and of the collecting containers, the tightness of the reservoirs, we monitor quantities and carry out internal monitoring of waste water. Processes include measures to be adopted in case of an emergency. For this purpose we have allocated means of intervention on agreed locations and instructions on how to use these means. Our professional fire brigade is trained and equipped for intervention in case of environmental disasters. We conduct drills for instances of identified accidents on a yearly basis, verifying the competence of employees and critically assessing the efficiency of the performed intervention. The drill results are also used to improve the intervention procedures.

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

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

Key indicators of success

Processing of the return (circular) and secondary aluminium.

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

In 2019, we used the following shares of aluminium for the production of 243,167 tonnes of aluminium products:

- primary aluminium: 30 percent,
- return (circular) aluminium: 46 percent,
- secondary aluminium: 24 percent (GRI 301-2).

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 (GRI 306-1).

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).

Table 17: CO_2 emissions and consumption of energy products

YEAR	Gas consumption Sm³	Fuel oil consumption in tonnes	CO_2 emissions in tonnes	Production	Specifically in CO_2/t
2007	13,753,685	184.12	26,320	117067.554	0.224827453
2008	13,074,976	301.93	25,462	107548.950	0.236748011
2009	11,958,399	277.28	23,408	94762.752	0.247016887
2010	13,223,117	202.76	25,556	111452.649	0.229299171
2011	13,831,022	189.80	26,660	116064.727	0.229699416
2012	13,583,614	186.44	26,184	117328.898	0.223167527
2013	14,677,504	180.19	28,234	121368.3676	0.232630632
2014	15,937,999	154.26	30,528	129615.755	0.235526923
2015	16,724,874	127.80	31,932	130767.708	0.244188726
2016	16,955,249	48.90	32,115	135936.4785	0.236250051
2017	17,905,082	0	33,744	135377.297	0.249258929
2018	17,687,100	0	33,328	142114.919	0.234514435
2019	17,541,281	0	33,057	140129.7256	0.235902838

Table 18: Emissions in 2019 - annually

	Company			
	Companies in Slovenia	Companies In Serbia	Company in Croatia	Total in kg/year
total dust	782.47	7,054.00	1,622.00	9,458.47
nitrogen oxides (NO and NO_2), expressed as NO_2	48,093.11	30,069.00	6,708.23	84,870.34
fluoride and its compounds, expressed as HF	0.00	123.00		123.00
manganese and its compounds, expressed as Mn	2.02			2.02
lead and its compounds, expressed as Pb	5.36			5.36
TOTAL powdered inorganic substances II 2	8.10			8.10
TOTAL powdered inorganic substances II and III	23.14			23.14
TOTAL powdered inorganic substances III	12.79			12.79
sulphur oxides (SO_2 and SO_3)	41.10			41.10
chlorine inorganic compounds, if not specified in the hazard group I, expressed as HCl	4,768.49			4,768.49
organic compounds, expressed as total organic carbon (TOC)	69,500.26	6,969.00	67,909.89	144,379.15
polychlorinated dibenzodioxins (PCDD) and polychlorinated dibenzofurans (PCDF)	3,31E-05	2,00E-06		3,51E-05
Ammonia NH_3	30.79			30.79

Table 19: Volume and type of waste water by locations (GRI 303-1)

Total by locations in m³/year						
Location Slovenska Bistrica	total industrial	industrial into the Bistrica watercourse	industrial to treatment plant	total urban	urban to municipal treatment plant	urban into the Bistrica watercourse
	147,309	19,325	127,984	16,188	16,188	0
Location Serbia	total industrial	industrial into the Đetinja watercourse	industrial to treatment plant	total urban	urban to municipal treatment plant	urban into the Đetinja watercourse
	12,381	12,381	0	7,676	0	7,676
Location Šibenik	total industrial	industrial into the sea	industrial to treatment plant	total urban	urban to municipal treatment plant	urban into the sea
	1,055,755	1,055,755	0	95,472	95,472	0

Table 20: Indicators of a rational use of energy, water and industrial gasses

		Energy supply,	El. energy	Natural gas	Ind. water	Potable water	Nitrogen	Argon
		Unit	**kWh**	**Sm³**	**m³**	**m³-persons**	**kg**	**kg**
	Plan	*unit/t*	*750.00*	*112.00*	*1.20*	*1.30*	*34.00*	*4.9*
Cumulatively 1 - 12 2018	**Production**	**tonnes-persons**	150,632.314			13,206		
	Consumption	**unit**	121,288,994	19,038,260	215,754	25,775	5,483,765	630,020
		unit/t	805.20	126.39	1.43	1.95	36.40	4.18
	Deviation	**unit/t**	-284.80	14.39	0.23	0.65	2.40	-0.72
		%	-26.13	12.85	19.36	50.14	7.07	-14.64
Cumulatively 1 - 12 2019	**Production**	**tonnes-persons**	148,206.414			13,151		
	Consumption	**unit**	111,453,338	18,943,425	198,201	17,740	6,089,360	655,320
		unit/t	752.01	127.82	1.34	1.35	41.09	4.42
	Deviation	**unit/t**	2.01	15.82	0.14	0.05	7.09	-0.48
		%	0.27	14.12	11.44	3.77	20.84	-9.76
Comparison 19/18	**Production**	**persons**	0.98			1.00		
	Consumption	**per unit**	0.93	1.01	0.93	0.69	1.13	1.06

**Data refers to the consumption of energy products in companies within the Impol Group in Slovenia.*

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

Table 21: Hazardous waste in kg

Number	Types of hazardous waste according to Correct waste management	Slovenia	Serbia	Croatia	Total
06 02 05*	**Other bases (lye)**	673,860	0	0	673,860
08 01 11*	**Mixture or waste paints**	234	0	0	234
08 01 13*	**Paint or lacquer sludge containing organic solvents or other hazardous substances**	0	0	0	0
08 03 17*	**Waste from removing paint or lacquer sludge containing organic solvents or other hazardous substances**	0	55,420	99	55,519
10 10 09*	**Flue-gas dust containing hazardous substances**	94,540	0	0	94,540
11 01 07*	**Bases (lye) for leaching**	5,200	0	0	5,200
11 01 09*	**Sludges and filter cakes not included in 100110**	228,900	0	0	228,900
11 01 98*	**Other waste containing hazardous substances**	6,360	0	0	6,360
12 01 06*	**Waste oil**	0	26,070	0	26,070
12 01 09*	**Machining emulsions and solutions free of halogens**	144,020	0	472,000	616,020
12 01 12*	**Spent waxes and fats**	610	0	0	610
12 01 18*	**Metal sludge**	4,960	0	0	4,960
12 03 01*	**Water-based washing liquids**	15,140	0	0	15,140

Number	Types of hazardous waste according to Correct waste management	Slovenia	Serbia	Croatia	Total
13 01 10*	Waste hydraulic and gear oils	0	15,570	0	15,570
13 02 05*	Mineral-based non-chlorinated engine, gear and lubricating oils	181,295	0	9,780	191,075
13 03 07*	Non-chlorinated insulating oils and oils for heat transfer based on mineral oils	0	0	99,700	99,700
13 05 02*	Sludge from oil/water separators	840	0	0	840
13 05 07*	Oily water from oil-water drains	2,185	0	19,160	21,345
15 01 10*	Packaging containing residues of or contaminated by hazardous substances	1,920	35,070	8,000	44,990
15 02 02*	Absorbents and filter materials, wiping cloths and protective clothing	30,360	0	42,625	72,985
16 01 07*	Oil filters	2,301	0	435	2,736
16 03 03*	Wastes containing hazardous substances (cryolite)	220	0	0	220
16 05 06*	Laboratory chemicals, consisting of or containing hazardous substances, including mixtures of laboratory chemicals	380	0	0	380
16 06 01*	Waste batteries and accumulators	1,375	580	0	1,955
20 01 21*	Fluorescent tubes and other mercury-containing waste	165	140	35	340
20 01 35*	Discarded electrical and electronic equipment other than those mentioned in 200121 or 200123	1,515	1,600	1,730	4,845

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 processing waste. 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 2019 amounted to 2,184 tonnes. The specific quantity of hazardous waste amounts to 9 kg/t.

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.

Renewable resources

In 2019, the solar power plant generated 1,122,721 kWh of electric energy.

Since it was put into service in 2011, the power plant generated 9,639 MWh of electric energy. In case that the mentioned energy would be obtained from natural gas, we would need around 1,473,864 m^3 of natural gas and would generated 3,213 tonnes of CO_2 emissions. If used lignite to produce electric energy, we would use 3,870 tonnes of it, thus generating 7,383 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 Natura 2000 area is 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 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.

Fire prevention is of crucial importance in all areas of the Company's activities in order to ensure suitable fire safety. What is also important is awareness and safety culture, which has to become a constant concern of responsible persons as well as employees and other users of facilities or premises.

In 2019, we recorded two fires in companies of the Impol Group. Both fires occurred in Impol FT, d. o. o., in the FTT production process. The direct fire damage is not significant and no person was injured.

18 interventions were made with regard to the protection of the environment. Most of the environmental interventions (13 cases) were necessary due to oil or fuel leaking from forklifts or freight vehicles, in four cases due to rainstorms and buildings being flooded, and in one case due to hazardous gas leaking. Various absorption agents and decontamination or degreasing materials and agents were used to remove the consequences of the leakage of environmentally hazardous fluids. There was no significant impact on 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 out local community, which also represents our most important pool of loyal, hard-working and dedicated employees. We establish an even stronger relationship with the local community by organising numerous activities, among which:
- promoting and supporting the "metallurgy technician" programme at the Slovenska Bistrica Secondary School;
- actively cooperating with local educational institutions through donations;
- promoting associations and interest groups which actively contributed to enhancing the quality of life of local residents;
- transparent communication.

Due diligence

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

Main risks and their management

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

Table 22: Main risks and their management

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 – 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. • Audit of the managers' work. • Regular assessment of the employees and stimulative salary policy.

Key indicators

Table 23: Employees by companies in the Impol Group as of 31/ 12/ 2019

Country	Company	2014	2015	2016	2017	2018	2019
Slovenia	Impol 2000, d. d.	33	41	41	53	110	109
	Impol, d. o. o.	11	18	38	41	37	41
	Impol FT, d. o. o.	290	294	282	286	271	267
	Impol PCP, d. o. o.	455	451	449	459	441	425
	Impol LLT, d. o. o.	133	138	135	136	149	151
	Impol R in R, d. o. o.	32	34	33	35	41	43
	Impol Infrastruktura, d. o. o.	24	23	24	21	22	23
	Stampal SB, d. o. o.	41	41	50	61	60	64
	Rondal, d. o. o.	60	61	65	66	67	63
	Impol Stanovanja, d. o. o	2	2	2	2	2	2
	Unidel, d. o. o.	35	37	37	37	37	38
	Kadring, d. o. o.	15	14	16	17	18	20
	Impol Servis, d. o. o.	7	7	7	7	7	8
	Impol-FinAl, d. o. o.	/	/	/	7	13	38
	Alcad, d. o. o.	/	/	/	/	/	24
	Total Slovenian companies	1,138	1,161	1,179	1,228	1275	1,316
Serbia	Impol Seval, a. d.	569	553	544	539	533	532
	Impol Seval PKC, d. o. o.	12	12	12	12	12	11
	Impol Seval Tehnika, d. o. o.	86	85	85	82	77	75
	Impol Seval Final, d. o. o.	26	25	25	24	24	25
	Impol Seval President, d. o. o.	9	9	10	10	10	8
	Total Serbian companies	702	684	676	667	656	651
Croatia	Impol-TLM, d. o. o.	0	0	342	385	414	423
USA	Impol Aluminum Corporation	3	3	3	1	1	1
Hungary	Impol Hungary Kft.	2	2	2	2	2	2
Impol Group	Total number of employees	1,845	1,850	2,202	2,283	2,348	2,393

GRI 102-41

Table 24: Staff turnover at the Group

	Arrivals		Departures		% of total turnover		% of turnover due to consensual terminations of the employment relationship	
	2018	2019	2018	2019	2018	2019	2018	2019
Slovenia	99	106	52	65	4.08 %	4.93 %	2.04 %	1.51 %
Serbia	26	46	37	51	5.64 %	7.83 %	0.61 %	0.77 %
Croatia	46	38	17	28	4.11 %	6.61 %	1.21 %	2.84 %
Impol Group	171	190	106	144	4.52 %	6.02 %	1.49 %	1.55 %

GRI 102-7

Table 25: Employee gender structure at the Impol Group

	Slovenia	Serbia	Croatia	Hungary, USA	Impol Group
Men	1,089 (82.8 %)	527 (80.9 %)	376 (88.9 %)	2 (66.7 %)	1,994 (83.2 %)
Women	227 (17.2 %)	124 (19.1 %)	47 (11.1 %)	1 (33.3 %)	399 (16.7 %)
Total	1,316	651	423	3	2393

Table 26: Education and qualification structure

	Doctoral Degree	Master's Degree	Bachelor's Degree	University Degree	Post-sec-ondary Degree	Secondary School Degree	Vocational Degree	Semi-qual-ified	Non- qual-ified
Slovenia	0.5 %	0.5 %	10.1 %	7.8 %	7.1 %	32.8 %	31.0 %	6.6 %	3.6 %
Serbia	0 %	0 %	13.7 %	0 %	2.2 %	40.7 %	36.4 %	4.8 %	2.3 %
Croatia	0.2 %	0 %	12.1 %	0 %	3.8 %	45.4 %	23.9 %	13.0 %	1.9 %
Total	0.2 %	0.3 %	11.5 %	4.2 %	5.1 %	37.0 %	31.1 %	7.2 %	3.0 %

Table 27: Type of employment, contracts

	Employment contract for an indefinite period of time	Employment contract for a definite period of time	Individual contract
Slovenia	1,194	63	59
Serbia	577	53	21
Croatia	352	69	2
Hungary	1		1
USA			1
Impol Group	2,124	185	84

Table 28: % of employees under special protection and the disabled

	% of the employees under special protection (age)	% of the disabled
Slovenia	12.4 %	6.1 %
Serbia	33.9 %	10.7 %
Croatia	23.9 %	2.1 %

Table 29: Utilisation of working time

	Utilisation of working time	% absence due to sickness, chargeable to the Company
Slovenia	78.77 %	3.55 %
Serbia	80.41 %	3.92 %
Croatia	82.75 %	2.85 %

Table 30: Training and education of the employees

	Slovenia	Serbia	Croatia	Impol Group
Number of hours of training per employee	13.0	77.21	8.3	64.52
Number of employees who are part-time students	14	0	2	12
Number of beneficiaries of grants	71	8	12	72

(GRI 404-1)

In the area of Slovenska Bistrica the number of employees increased by 3.2 % in relation to the previous year and as of 31/ 12/ 2019 amounts to EUR 1,316. In Serbia the number of employees decreased by 6 employees, whereas the number of employees in Croatia increased from 414 to 423.

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 2019.

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 Management Board) on all three locations come from the local environment (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 2019, these training courses were attended by 29 % of employees. The training course lasted two hours.

Table 31: Number of accidents and incidents at work

	Number of accidents at work	Number of incidents
Slovenia	28	219
Serbia	25	30
Croatia	9	20
Total	62	269

In 2019, we recorded a total of 62 accidents at work, none of which were serious. There were no fatalities (GRI 403-2).

Periodically, we measure the mood and employee satisfaction. The results of the last measurements are presented in the 2018 Annual Report of the Impol Group. Re-measurements will be carried out in Autumn 2020.

Activities of the Impol Group for employees

Fair payment

- Employees in Slovenia and Serbia earn wages that are above the average in the industry sector and above the national average.
- Employees receive the maximum permissible holiday pay.
- As the business objectives were attained, employees were entitled to a 13th month pay.
- Employees received a Christmas 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 with the intention of systematically eliminate hazardous situations (incidents).
- We are improving working conditions.
- We modernised training in the area of health and safety at work and upgraded the workplace qualification verification system.
- 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. The monthly premium paid individual Impol Group Impol companies per employee amounts to EUR 25.04 or to EUR 34.95 depending on an individual's own input.

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 system 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. The monthly magazine "Metalurgov poročevalec" is published in Slovenia and Croatia.
- There is a Representative Body of Employees of the Impol Group (RBEIG) operating within the Impol Group composed of members elected by the employees. Its task is to elect a worker-director and exchange information within the Impol Group.

Knowledge and understanding

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

Self-actualisation

- A system for the rewarding of innovation and useful proposals 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, despite enabling summertime work to high-school students due to mandatory practical training or their wish for 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 and to condemn it. No instances of child labour were detected in out supply chain, which is also the result of an efficient assessment of our suppliers. Our requirements with regard to child labour as well as youth work are presented in our employment conditions which are provided to all suppliers and which are binding in all controlling companies abroad (GRI 408-1).

Forced labour

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

In a world where "modern slavery" is still present, affecting millions of people, we developed a policy with which we call for the elimination of forced labour. The Impol Group strongly condemns and prohibits any form of forced labour in the Group itself as well as in the supply chain, which includes suppliers and clients (GRI 409-1).

Supply chains and conflict materials

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

Use of conflict minerals

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

Anti-corruption efforts

Policy

In carrying out our work we observe high standards of business ethics and in accordance with the Code of Business Conduct of the Impol Group we build a culture that stimulates legal, ethical and transparent treatment of 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 2019 with regard to uncompetitive behaviour or actions initiating monopoly. No major penalties or fines were paid due to failure comply with laws and regulations in areas where Impol operates (GRI-206-1).

Memberships in Communities/Associations

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

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

GRI Reporting

Table 32: Index according to the GRI GS (Global Standards) reporting standard - basic option (Core)

GENERAL STANDARD DISCLOSURES			
GRI - standard	Disclosure	Page	Notes / restrictions
GRI 101: Basis			
GRI 102: General disclosures			
Organisation presentation			
102-1	Organisation name	14	
102-2	Primary brands	47	
102-3	Organisation HQ	14	
102-4	Local activities	15	
102-5	Ownership and legal form	15; 29	
102-6	Markets (geographical and sectoral division and division by types of clients)	39, 46	
102-7	Organisation size (number of employees, number of activities, sales revenues, obligations/equity, number of products/services)	47, 67, 92-94	
102-8	Employees by type of employment, type of contract, region, gender	69	
102-9	Description of the organisation's supply chain	48	
102-10	Significant changes in the reporting period relating to the organisation's size, composition, ownership and supply chain		There were no significant changes.
102-11	Clarification whether and how the organisation applies principle of prudence	58	
102-12	External documents, principles and other economic, environmental and social initiatives signed and supported by the organisation	72	
102-13	Membership in organisations	72	
Strategy and analysis			
102-14	Statement of the highest decision-maker in the organisation with regard to the importance of sustainable development for the organisation and the strategy of addressing the organisation's sustainable development	56	
Ethics and integrity			
102-16	Description of values, principles, standards and principles of conduct, such as codes of conduct and codes of ethics		Described in the Company's policy and Code of Business Conduct of the Impol Group (accessible via http://www.impol.com)
Management			
102-18	Management structure of the organisation, including commissions of the highest management authority	29	Management and governance system
Involving stakeholders			
102-40	List of groups of stakeholders with which the organisation cooperates	58	
102-41	Share of all employees by collective agreement	67	
102-42	Starting points for recognising and selecting stakeholders with which the organisation cooperates or to be involved	50	Purchasing audit processes
102-43	Approaches for involving stakeholders, including the frequency of cooperation by groups of stakeholders	50	Purchasing audit processes
102-44	Key topics and questions raised during the cooperation with stakeholders and how the organisation responded to them, including its reporting	58	

Report information			
102-45	Units included in consolidated financial statements	15	Companies in the Impol Group + consolidated report
102-46	Process of defining the report and delimiting topics		The topics are defined on the basis of the sustainability analysis in accordance with the GRI guidelines.
102-47	List of essential topics	77	
102-48	Effects of the change of information from previous reports and reasons for them	42	
102-49	Significant changes compared to previous reporting periods in relation to limiting the volume and aspects		There were no significant changes.
102-50	Reporting period (calendar, fiscal year)	77	
102-51	Date of the last previous report	77	
102-52	Reporting cycle (annual, two-year)	77	
102-53	Contact information for questions relating to the report	77	
102-54	Reference regarding the report in accordance with the GRI standards	77	
102-55	Index by GRI guidelines	77	
102-56	External reporting verification by GRI guidelines		An external verification has not yet been carried out.

SPECIFIC STANDARD DISCLOSURES		Page	Notes / restrictions
103-1	Explanation of an essential topic and its limits	48	Described in the Management's statement
103-2	Management approaches and their constituents		Described in the section "Strategic orientations"
103-3	Evaluation of management approaches		Described in the section "Strategic orientations"
ECONOMIC IMPACTS			
GRI 201: Economic performance			
201-1	Directly generated and distributed economic value	37; 92-93	
201-3	Liabilities from the pension plan	112	
201-4	Significant received state aid	142	
GRI 202: Presence on the market			
202-2	Share of local staff in higher management	69	
GRI 204: Purchasing practice			
204-1	Share of assets for purchasing, used for local suppliers at important production locations	50	
GRI 206: Competition protection			
206-1	Number of legal procedures in the area of competition protection, monopoly prevention and monopoly practices and results of concluded procedures in the reporting year		There were no pending legal procedure from the specified area in the reporting period.
ENVIRONMENTAL IMPACTS			
GRI 301: Materials			

301-1	Used material by weight and volume	60	We control the information about weight.
301-2	Processing return and circular material	60	
GRI 302: Energy			
302-3	Energy intensity (energy consumption per unit/tonne of product)	63	
302-4	Energy consumption reduction	61	
GRI 303: Water			
303-1	Water consumption by sources	62	
303-3	Share and total volume of recycle and re-used water		
GRI 304: Biodiversity		65	
GRI 305: Emission to air			
305-1	Volume of direct greenhouse gas emissions (Scope 1)	61	
305-2	Volume of indirect greenhouse gas emissions (Scope 2)	61	A system for managing this information is being established.
305-4	Intensity of greenhouse emissions (volume of emissions per product unit)	61	
305-5	Reduction of greenhouse gas emissions	61	
305-7	NO_x, SO_x and other significant emission to air by type and weight	61	
GRI 306: Waste water and waste			
306-1	The entire quantity of waste water by quality and emission destination	61	
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	71	
SOCIAL IMPACTS			
GRI 401: Hiring employees			
401-1	Number and rate of newly employed persons and employee fluctuation	69	
401-3	Return to work and rate of employee retention after having used paternal leave, by gender	69	
GRI 403: Safety and health at work			
403-2	Rate of injuries at work, absenteeism, number of fatalities at work	69	
403-3	Employees with a high level of risk for occupational diseases	69	
GRI 404: Training			
404-1	Average number of hours of training per year per employee by gender and employee category	61	
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	71
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	71
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	69
GRI 413: Local communities		
413-1	Share of activities in which the local community was involved or for which certain impacts were verified and development programmes were prepared	58
GRI 414: Verifying suppliers regarding working practices		
414-2	Significant existing and potential negative impacts in relation to working practices in the supply chain and adopted measures	71

GRI reporting

The Impol Group reports according to standards of the Global Reporting Initiative, Global Standards (GRI, GS), attaining the basic level. Reporting ensures a high level of transparency toward stakeholders of the Company, enables the comparison of sustainable reporting with other companies and competitors (GRI 102-54).

The reporting content and the GRI content table are based on topics which are important to the Impol Group. The procedures of managing key topics are presented in the relevant sections. Reporting refers to the Impol Group and all its affiliated companies. All disclosures in the report apply to the 2019 calendar year.

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

The entire report refers to the period that started on 1/ 1/ 2019 and ended on 31/ 12/ 2019 (GRI 102-47, GRI 102-50). The reporting cycle lasts one year (GRI 102-52). The last annual report was issued in 2019 for the period that started on 1/ 1/ 2019 and ended on 31/ 12/ 2019 (GRI 102-51).

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

RISKS UNDER CLOSE SUPERVISION

RISK MANAGEMENT

The exposure to various risks is regularly monitored in the Impol Group and measures to manage these risks are adopted accordingly. In the Impol Group, risk management is based on the principle that the risk assessment and management is the integral part of all business activities. The basic guidelines of risk management are specified in the Code of Business Conduct of the Impol Group. We are constantly building a risk management system. Active risk management is the primary responsibility of individual business areas which are responsible for the establishment of appropriate and effective internal controls and the implementation of business activities in accordance with prescribed restrictions and given strategic objectives.

The second level comprises of the Risk Management Committee (RMC). Its tasks are to:
- Determine the most important areas of risks in the Impol system, identify risks and draft proposals to decrease them and submit the proposals to the Management Board;
- Address important business events and identify the most significant risks in advance and the measures to decrease;
- Examine potential methods and procedures for risk minimisation, propose their use and monitor the implementation of measures aiming at risk reduction together with the assessment of the results of this process.

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

We face several risks within the scope of our business process. They were divided into:
- Business risks,
- Financial risks,
- Operational risks.

The risks are explained into details in the table below.

Table 33: Types of risks and their management through the application of special measures (business risks)

Business risks	Risk description and measures
Legislation and regulation risks	• Monitoring changes in individuals business areas and analysis of the impact of new laws or amendments on the business operations of the Group
Market and price risks	Sales: • Market prices do follow the changes in purchase prices or they only adjust to the them with a lag long for several months, for this reason contracts are being concluded by determining sales premiums so that the changes in purchase premiums are translated into sales premiums. • Customer service – delays resulting from production stoppages, inadequately organised logistics cause excessive costs and delays, for this reason Impol employees are being continuously trained with internal organisational measures for quality and full compliance with all the obligations. • 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. Therefore, contracts are being concluded for longer, at least one year delivery periods. • Energy products – unexpected increase in prices, shortage of readily available sources, for this reason the majority of energy is purchased for a period of at least two years in advance.
Human resources	Risks occurring here: • Lack of mobility and the associated costs that are higher than it would be justified. • Inadequate assurance of knowledge retention. • Risk associated with the acquisition of key personnel. • Civil claims for damages The education and training of our employees is planned and regularly monitored. Their responsibility at workplaces is strengthened by introducing a system of governance standards. The risks related to a lack of adequate professional labour force on the market is managed by our scholarship policy thus ensuring us to have future co-workers, by the development of key staff and by a directed governance policies including goals. In order to ensure more efficient management, accepting responsibility and improving relationships we organise workshops on all levels of management. We carry out employee profiling on key job positions with the intention to prepare career plans and in this manner promptly train successors before they take those key positions.

Investments	Risks arising here are as follows: • The risks associated with investment planning in fixed assets in terms of 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. For this reason, when planning the required added value per employee, Impol starts from the finding that the said value must, in addition to meeting the requirements arising from short-term operations and the dividend-related expectations of the shareholders, also meet the need of investing no less than EUR 10 thousand in order to preserve the existing position of employment and that at least a total of EUR 1 million must be earmarked for all types of investments for each new position of employment taking into account the expected growth in the number of new positions of employment. The risks associated with the investments in short-term assets are reduced by the establishment of adequate investment elaborates, economic assessment during the investment approval phase, establishment of contractor selection system, our own control during the investment implementation phase, adequate monitoring in the accounting and real-time analysis of the investment realisation, and by the direct decision-making of the Management Board with regard to each individual investment in fixed assets. We achieve the reduction of investment risks to current assets by setting objectives in advance in the area of forming inventories and dates of recovering receivables from customers as well as by introducing a relevant policy of obtaining and directing external financial sources. These types of investments are thus financed by long-term assets, and we strive to finance a considerable portion of short-term assets with long-term sources of funding.
Research and development	• With the intention of managing risks relating to the ineffectiveness of development processes and ensuring new products, we tackled the upgrade of development and research processes. Special emphasis was given to the development of products with the intention of becoming the development supplier of our customers. Also, we delimited the systems of applicative and technological development.
Environmental protection	• Risks: Discharges of hazardous substances. This area is being managed with constant control over emissions and by turning on devices which prevent/decrease the risks of emissions.

Table 34: Types of risks and their management through the application of special measures (financial risks)

Financial risks	Risk description
Liquidity risks	• Liquidity risk is risk of incurring loss of short-term insolvency. • We manage resources and investments so that at any moment we are capable of fulfilling all our due liabilities. For higher liabilities we form in advance earmarked deposits or we provide in advance agreed credit lines. By planning expected cash outflows and inflows we minimise risks and give special attention to a relevant level of stocks and receivables. • Successful business performance facilitates sustainable solvency and capital increase.
Risk of a change in the prices of aluminium raw materials	• Aluminium is a raw material listed on the stock market and it price is subject to constant change. Customers seek to purchase products based on the prearranged price basis for aluminium. • Risks are managed by hedging - forwards and futures contracts.
Risk of change in 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.
Interest rate risk	• Risk associated with changes in the terms and conditions of financing and borrowing.
Credit Risk	• Risk of customer failure to settle their liabilities. • Credit risk is managed by a credit control process encompassing internal customer credit rating in the Group with the assistance of selected credit insurance companies. The Group has already insured larger part of its customers, especially major 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 only carried out 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 lawsuits	• 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).
Damage to property risk	• The threat of damage to property resulting from destructive natural forces, machinery break-down, fire, etc. • We manage risks by concluding property insurance, machinery breakdown insurance, business interruption insurance, fire insurance and other specific insurance.

Operational risk is the risk of incurring losses together with legal risk arising from:
1. Inadequate or incorrect implementation of internal procedures,
2. Other incorrect actions by the people belonging to the company's internal business area,
3. Inadequate or incorrect functioning of systems within the company's internal business area,
4. External events or acts.

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

Table 35: Types of risks and their management through the application of special measures (operational risks)

Operational risks	Risk description and measures
Risks in production	The following risks occur in production management: • Failure to manage technological processes (recurring problems and associated dissatisfaction of customers), excessive inventories that may affect the increase in foreign exchange, cost, price and risks. • Equipment reliability – insurance costs, deductibles. • Bottlenecks – disruptive inventories, disrupted flow with logistical difficulties, failures to meet delivery deadline, etc. • 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.
Information technology risks	The following risks are identified in the field of information technology: • 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. Risk Management • 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 are identified within risk assessment at the workplace. They are managed by constantly training employees and with a replacement system.

Internal audit

There are two Internal Audit departments within the Impol Group.

An Internal Audit Department operates within the parent company and provides assistance to the Management and Supervisory Boards in the decision-making process so as to minimise risks. The Internal Audit Department operates in line with the plan defined by the Management Board and in compliance with prompt resolutions adopted by the Management Board in respect of the department's engagement in the process for the resolution of problems. In 2019, the Internal Audit Department was engaged in 55 projects and issued 127 proposals for improvement. In its proposals it specified shortcomings and drew up plans to resolve problems or presented direct solutions. It prepared relevant draft decisions to be adopted by the responsible bodies.

The Internal Audit Department reported on its work to the Management Board and two executive directors on monthly basis.

It operates within the framework of the entire Impol Group for companies in Slovenia and outside of it.

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

The Internal Audit Department functions in line with the operating standards and generally accepted guidelines. The Department was granted additional training and is therefore qualified to perform certain controlling tasks. In this way it ensures immediate and high-quality implementation of the findings of internal audits. This has then a direct impact on the reduction of operating costs and improves operating results.

An internal audit was conducted in the following areas:
- Audit of the performance in sales, purchase and quality control processes in the Impol Group;
- Audit of the performance of subsidiaries in the Impol Group;
- Personal data protection and compliance with the GDPR;
- Authorisations and responsibilities;
- Monitoring and analysis of individual costs groups;
- Verification of the consistency of operations of companies in the Impol Group in Slovenia with Article 294 of the Companies Act;
- Verifying reports on the relations with affiliates;
- Monitoring the purchase of materials in subsidiaries
- Overview of internal controls in the accounting of salaries in the Impol Group and accounting system analysis;
- Internal audit of statistics reports, report for the Bank of Slovenia, reports for employees with disability and other reports in subsidiaries in Slovenia;
- Overview of the chargeability of the value added tax, reports on supplies according to Article 76.a of the Value Added Tax Act and recapitalisation report in subsidiaries in Slovenia;
- Internal audit of audit tables for external audit, audit of inventory tables for assets and liabilities to sources of assets and audit of the financial accounts statistics for subsidiaries in Slovenia;
- Overview of the Rules on securities transactions for persons who dispose of internal information, and the filling out of the SONI 1 form.
- Overview of disclosures in annual reports and analysis of the compliance with the Companies Act;
- Monitoring the consideration of the legal amendments in the companies of the Impol Group (laws and IFRS),
- Overview and analysis of contracts for the implementation of external audits for companies in the Impol Group;
- Audit of the observance of Article 38.a of the Companies Act in companies of the Impol Group in Slovenia;
- Cooperation with the external audit company Auditor in the mandatory annual audit of companies in the Impol Group;
- Monitoring the operation of the Risk Management Committee (RMC);
- Cooperation with other external reviewers.

FINANCIAL REPORT OF THE IMPOL GROUP FOR THE YEAR 2019

EXECUTIVE DIRECTORS' LIABILITY DECLARATION

The Executive Directors are responsible for preparing an Annual Report of the Impol Group that provides a true and fair view of the financial situation of the Impol Group as well as of its operating results for 2019.

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 (Chief Financial and IT Officer)

Slovenska Bistrica, 17/ 4/ 2020

DECLARATION OF THE MANAGEMENT BOARD

The Management Board confirms consolidated financial statements and financial statement of the company Impol 2000, d. d. for the year ending on 31 December 2019 and for the applied accounting guidelines. This Annual Report was adopted by the Company's Management Board at its session held on 24/ 4/ 2020/

Jernej Čokl (Chairman of the Management Board)	Vladimir Leskovar (Deputy Chairman of the Management Board)	Janko Žerjav (Member of the Management Board)	Milan Cerar (Member of the Management Board)	Bojan Gril (Member of the Management Board)

Slovenska Bistrica, 24/ 4/ 2020

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, 2019, 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, 2019, 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) and Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities. Our responsibilities under those 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.

Emphasis of Matter - events after the balance sheet date

As disclosed in the section Significant events after the end of the financial year, the pandemic of the new coronavirus COVID-19 will have an impact on the operations of the IMPOL Group in 2020. As the current situation in the country as well as in the relevant markets abroad is still very uncertain, the variant version of the assessment of the possible impact of the situation caused by the pandemic on the future operations of the IMPOL Group in 2020 disclosed in the annual report represents the best assessment of management in the given situation and taking into account the available information by the date of preparation of the annual report. Our opinion is not qualified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We considered the following matter as a key audit matter:

Business combinations

In March 2019, the IMPOL Group acquired an additional 67.93% stake in the capital of the company ALCAD d.o.o., which, taking into account the previous 32.07% stake already

Our audit procedures consisted of assessing the appropriateness of the determination of purchase price of the business combination in accordance

AUDITOR
REVIZIJSKA DRUŽBA d.o.o. PTUJ

held by the Group, represents full control or 100% stake in the capital of the acquired company. Details are described in the financial report of the IMPOL Group, under Note 22. Business combinations.

Determining the purchase price of the business combination, evaluation of fair value of the assets and liabilities acquired and allocation of purchase price to the assets, including goodwill, and liabilities acquired requires a high degree of management judgment and estimates, therefore we considered this matter to be a key audit matter.

with IFRS 3 Business Combinations, an assessment of the appropriateness of the measurement of fair value of acquired assets, including goodwill, and liabilities, the assessment of the appropriateness and accuracy of allocating the purchase price of the business combination to the assets and liabilities acquired and assessing the adequacy of disclosures in financial statements regarding the business combination in stake.

Regarding the valuation of fair value of real estate as a key element of the acquired assets in the acquired company, we assessed appropriateness of valuation approaches and methods used in determining the fair value by an independent appraiser of real estate, engaged as a management's expert, and the suitability of individual valuation assumptions used for given purposes in determining the fair value of real estate.

Other information

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, assess whether the other information is materially inconsistent with the consolidated financial statements, legal requirements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. In addition, our responsibility is to report, based on the knowledge and understanding obtained in the audit, on whether the other information contains any material misstatements of fact. Based on the procedures performed, we report that:

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

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.

AUDITOR

REVIZIJSKA DRUŽBA d.o.o. PTUJ

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

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

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

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

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

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.

We also provide Management board and Audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Management board and Audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

AUDITOR

REVIZIJSKA DRUŽBA d.o.o. PTUJ

Report on other legal and regulatory requirements

Consistence with the Additional Report to the Audit Committee

We confirm that our audit opinion on the financial statements expressed herein is consistent with the additional report issued to the Audit Committee on 24 April 2020.

Prohibited services

We confirm that we have not performed any prohibited non-audit services referred to the Article 5 (1) of EU Regulation No. 537/2014. We also remained independent of the audited entity in conducting the audit.

Other audit services

We confirm that apart from the statutory audit of financial statements the auditing company has not performed any other services for the company IMPOL 2000 d.d. and its subsidiaries as disclosed in the annual report.

Appointment of the Auditor and Certified Auditor responsible for the audit

We were appointed as the statutory auditor of the Company's unconsolidated and consolidated financial statements for the financial years 2019, 2020 and 2021, by the shareholders of IMPOL 2000 d.d. on the General Shareholder's Assembly held on 19 July 2019. The Audit Contract was concluded for a period of 3 years. The total period of uninterrupted engagement on financial statements audit by the auditing company is 21 years. The company Impol 2000 d.d. became a public-interest entity by the listing of issued bonds on the organized securities market, which was carried out in December 2015.

On behalf of the auditing company Auditor d.o.o. the auditor responsible for the audit performed is Simon Pregl, univ. dipl. ekon., certified auditor.

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

24. April 2020

Certified auditor:

Simon Pregl, univ. dipl. ekon.

Simon Pregl

CONSOLIDATED FINANCIAL STATEMENTS OF THE IMPOL GROUP

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

Consolidated income statement

Table 36: Consolidated income statement for 2019 in EUR

Item			Note	2019	2018
1.		Net sales revenues	1	683,244,306	727,577,563
	a)	*Net sales revenues in the domestic market*		*39,538,681*	*41,070,994*
	b)	*Net sales revenues in the foreign market*		*643,705,625*	*686,506,569*
2.		Change in the value of product inventories and unfinished production		5,863,725	7,907,134
3.		Capitalised own products and services		913,198	743,110
4.		Other operating revenues (including operating revenues from revaluation)	1	4,194,401	7,888,569
5.		Costs of goods, materials and services	2	572,914,059	615,959,836
	a)	*Purchase value of goods and materials sold, and costs of the materials used*		*528,771,640*	*561,515,389*
	b)	*Costs of services*		*44,142,419*	*54,444,447*
6.		Labour costs	2	67,532,542	65,661,976
	a)	*Costs of wages and salaries*		*49,227,559*	*48,241,102*
	b)	*Social security costs (pension insurance costs are shown separately)*		*8,514,495*	*8,410,341*
	c)	*Other labour costs*		*9,790,488*	*9,010,533*
7.		Write-offs	2	20,142,770	16,713,466
	a)	*Depreciation*		*19,833,534*	*16,164,707*
	b)	*Revaluation operating expenses of intangible assets and tangible fixed assets*		*70,734*	*70,166*
	c)	*Revaluation operating expenses of current assets*		*238,502*	*478,593*
8.		Other operating expenses	2	3,093,139	2,565,753
9.		Financial revenues from participating interests	3	237,636	408,825
	a)	*Financial revenues from participating interests in associate companies*		*127,190*	*89,423*
	b)	*Financial revenues from participating interests in other companies*		*110,446*	*319,402*
10.		Financial revenues from loans granted	3	6,491	36,492
	a)	*Financial revenues from loans granted to others*		*6,491*	*36,492*
11.		Financial revenues from operating receivables	3	2,929,081	5,100,906
	a)	*Financial revenues from operating receivables due from others*		*2,929,081*	*5,100,906*
12.		Financial expenses from the impairment and write-offs of financial investments	3	0	1,555,575
13.		Financial expenses from financial liabilities	3	4,386,435	4,452,333
	a)	*b) Financial expenses from loans received from associated companies*		*3,872*	*1,081*
	b)	*Financial expenses from loans received from banks*		*3,166,577*	*2,984,866*
	c)	*Financial expenses from issued bonds*		*684,000*	*1,064,000*
	d)	*Financial expenses from other financial liabilities*		*485,666*	*379,600*
	e)	*Financial expenses from interests*		*46,320*	*22,786*
14.		Financial expenses due to operating liabilities	3	1,812,136	1,834,297
	a)	*Financial expenses from trade creditors and bills of exchange*		*3,423*	*34,945*

Item			Note	2019	2018
	b)	*Financial expenses from other operating liabilities*		*1,808,713*	*1,799,352*
15.		Income tax	4	3,449,059	3,954,392
16.		Deferred taxes	5	237,267	258,549
17.		**Net profit or loss for the accounting period**		**23,821,431**	**36,706,422**
		Of which profit/loss attributable to non-controlling interest		1,821,920	3,067,529
		Profit/loss attributable to owners of the parent company		21,999,511	33,638,893
		Continuing operations result		23,821,431	36,706,422
		Discontinued operations result		0	0

Consolidated statement of other comprehensive income

Table 37: Consolidated statement of other comprehensive income in EUR

	Note	2019	2018
Net profit or loss for the accounting period		**23,821,431**	**36,706,422**
Changes in reserves from fair value measurement of assets through another comprehensive income (+/−)	16	-16,008	-61,721
Gains and losses arising from the translation of financial statements of foreign operations (impact of changes in exchange rates) (+/−)	16	512,890	-292,298
Actuarial gains and losses of defined benefit plans (employee benefits) (+/-)	16	-79,388	-51,616
Other items of total comprehensive income (+/-)	5.16	3,041	1,006,307
Total comprehensive income for the accounting period		**24,241,966**	**37,307,094**
• of which total comprehensive income of non-controlling interest		1,986,175	3,025,817
• of which total comprehensive income of controlling interest		22,255,791	34,281,277

Consolidated balance sheet

Table 38: Consolidated balance sheet in EUR

				Note	31/ 12/ 2019	31/ 12/ 2018
A.			**LONG-TERM ASSETS**		**236,955,738**	**228,857,055**
	I.		Intangible assets and long-term deferred costs and accrued revenues	6	3,495,060	2,562,160
	1.		*Long-term property rights*		*1,713,587*	*1,637,287*
	2.		*Goodwill*		*1,261,518*	*319,229*
	3.		*Long-term deferred development costs*		*519,955*	*605,644*
	II.		Tangible fixed assets	7	227,117,390	220,329,131
	1.		Land and buildings		60,799,566	58,932,273
		a)	Land		15,858,477	15,151,684
		b)	Buildings		44,941,089	43,780,589
	2.		*Production equipment and machinery*		*112,341,534*	*88,764,013*
	3.		*Other machinery and equipment*		*7,401,678*	*5,912,374*
	4.		*Tangible fixed assets being acquired*		*46,574,612*	*66,720,471*
		a)	Tangible fixed assets under construction and manufacture		43,611,780	63,171,462
		b)	Advances to acquire tangible fixed assets		2,962,832	3,549,009
	III.		Assets under financial lease	8	1,765,233	736,768
	1.		*Assets under financial lease from other companies*		*1,765,233*	*736,768*
	IV.		Investment property	9	1,713,502	1,835,298
	V.		Long-term financial investments	10	1,146,780	1,470,774
	1.		*Long-term financial investments, excluding loans*		*916,737*	*1,123,398*
		a)	Shares and participating interests in subsidiaries		604,765	813,762
		b)	Other shares and participating interests		311,972	309,636
	2.		*Long-term loans*		*230,043*	*347,376*
		a)	Long-term loans to others		230,043	347,376
	VI.		Long-term operating receivables		0	0
	VII.		Deferred tax assets	5	1,717,773	1,922,924
B.			**SHORT-TERM ASSETS**		**280,515,737**	**300,900,375**
	I.		Assets (disposal groups) available for sale	11	39,171	0
	II.		Inventories	12	163,688,339	174,107,381
	1.		*Raw material and material*		*117,009,283*	*133,184,490*
	2.		*Work in process*		*24,968,136*	*20,958,730*
	3.		*Products and merchandise*		*21,604,680*	*19,827,388*
	4.		Advances for inventories		106,240	136,773
	III.		Short-term financial investments	13	2,586,431	2,100,843
	1.		*Short-term financial investments, excluding loans*		*2,016,265*	*2,023,609*
		a)	Other short-term financial investments		2,016,265	2,023,609
	2.		*Short-term loans*		*570,166*	*77,234*
		a)	Short-term loans to others		570,166	77,234
	IV.		Short-term operating receivables	14	76,962,321	80,031,602
	1.		*Short-term operating receivables from customers*		*66,329,288*	*66,476,801*
	2.		*Short-term operating receivables from others*		*10,633,033*	*13,554,801*
	V.		Monetary assets	15	37,239,475	44,660,549
C.			**SHORT-TERM ACCRUED COST AND DEFERRED REVENUES**		**583,534**	**446,682**
			TOTAL ASSETS		**518,055,009**	**530,204,112**

				Note	31/ 12/ 2019	31/ 12/ 2018
A.			**CAPITAL**	**16**	**242,082,787**	**221,821,679**
	I.		Minority equity		22,052,503	20,354,714
	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		-860,051	-797,851
	VII.		Capital revaluation adjustment		345,211	-1,453
	VIII		Retained net profit or loss		175,384,468	145,466,231
	IX.		Net profit or loss for the financial year		21,999,511	33,638,893
B.			**PROVISIONS AND LONG-TERM ACCRUED EXPENSES AND DEFERRED REVENUES**	**17**	**4,327,010**	**4,012,202**
		1.	*Provisions for pensions and similar obligations*		*3,759,353*	*3,432,616*
		2.	*Other provisions*		*1,745*	*2,088*
		3.	*Long-term accrued costs and deferred revenues*		*565,912*	*577,498*
C.			**LONG-TERM LIABILITIES**	**18**	**112,309,297**	**121,755,940**
	I.		Long-term financial liabilities		110,248,666	119,585,582
		1.	*Long-term financial liabilities to banks*		*109,454,896*	*109,346,146*
		2.	*Long-term financial liabilities from bonds payable*		*0*	*10,000,000*
		3.	*Other long-term financial liabilities*		*79,846*	*98,391*
		4.	*Long-term financial liabilities from leases*		*713,924*	*141,045*
		a)	Long-term financial liabilities from leases to other companies		713,924	141,045
	II.		Long-term operating liabilities		106,449	232,805
		1.	*Other long-term operating liabilities*		*106,449*	*232,805*
	III.		Deferred tax liabilities	5	1,954,182	1,937,553
D.			**SHORT-TERM LIABILITIES**	**19**	**157,669,907**	**180,832,395**
	I.		Liabilities included in groups for disposal		0	0
	II.		Short-term financial liabilities		92,499,953	91,034,671
		1.	*Short-term financial liabilities to banks*		*74,274,699*	*72,890,218*
		2.	*Short-term financial liabilities based on bonds*		*10,000,000*	*10,000,000*
		3.	*Other short-term financial liabilities*		*7,682,004*	*8,026,752*
		4.	*Short-term financial liabilities from leases*		*543,250*	*117,701*
		a)	Short-term financial liabilities from leases to other companies		543,250	117,701
	III.		Short-term operating liabilities		65,169,954	89,797,724
		1.	*Short-term business liabilities to suppliers*		*54,773,382*	*76,239,100*
		2.	*Short-term operating liabilities from advance payments*		*1,364,961*	*1,328,054*
		3.	*Other short-term operating liabilities*		*9,031,611*	*12,230,570*
E.			**SHORT-TERM ACCRUED COSTS AND DEFERRED REVENUES**	**20**	**1,666,008**	**1,781,896**
			TOTAL LIABILITIES TO SOURCES OF ASSETS		**518,055,009**	**530,204,112**

Due to having started with the first application of the IFRS 16 – Lease standard in 2019, the data for the first year for items tangible fixed assets, long-term financial liabilities and short-term financial liabilities are adjusted to the requirements of the IFRS 16 standard with the purpose of showing the impact of the transition on the new aforementioned standard.

Consolidated statement of changes in equity in 2019

Table 39: Consolidated statement of changes in equity in 2019 in EUR

		Called-up equity	Equity of the non-controlling share	Capital reserves	
		I	II	III	
		Share capital			Reserves for own shares and own business shares
		I	II	III	IV/1
A.1	**Balance at the end of the previous financial year as of 31/ 12/ 2018**	**4,451,540**	**20,354,714**	**10,751,254**	**506,406**
A.2	**Initial balance of the reporting period as of 1/ 1/ 2019**	**4,451,540**	**20,354,714**	**10,751,254**	**506,406**
B.1	**Changes in equity – transactions with owners**	**0**	**-288,386**	**0**	**0**
	Disbursement of dividends to other legal and natural persons	0	-288,386	0	0
B.2	**Total comprehensive income for the accounting period**	**0**	**1,986,175**	**0**	**0**
	Entry of net profit/loss in the financial year	0	1,821,920	0	0
	Change in reserves resulting from valuation of financial investments at fair value	0	-394	0	0
	Gains and losses arising from the translation of financial statements of foreign operations (+ / −)	0	166,226	0	0
	Actuarial gains/losses, recognised under reservations for retirement benefits	0	-1,651	0	0
	Other items of the total comprehensive income in the financial year	0	74	0	0
B.3	**Changes in equity**	**0**	**0**	**0**	**0**
	Allocation of the remaining portion of the net profit to other equity components	0	0	0	0
	Other changes in equity	0	0	0	0
E.	**Closing balance of the financial year as of 31/ 12/ 2019**	**4,451,540**	**22,052,503**	**10,751,254**	**506,406**

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

Consolidated statement of changes in equity in 2018

Table 40: Consolidated statement of changes in equity in 2018 in EUR

		Called-up equity	Equity of the non-controlling share	Capital reserves	
		I	II	III	
		Share capital			Reserves for own shares and own business shares
		I	II	III	IV/1
A.1	**Balance at the end of the previous financial year as of 31/ 12/ 2017**	**4,451,540**	**17,524,338**	**10,751,254**	**506,406**
A.2	**Initial balance of the reporting period as of 01/ 1/ 2018**	**4,451,540**	**17,524,338**	**10,751,254**	**506,406**
B.1	**Changes in equity – transactions with owners**		**-195,441**		
	Disbursement of dividends		-195,441		
B.2	**Total comprehensive income for the accounting period**		**3,025,817**		
	Entry of net profit/loss in the financial year		3,067,529		
	Change in reserves resulting from valuation of financial investments at fair value		-1,520		
	Gains and losses arising from the translation of financial statements of foreign operations (impact of changes in exchange rates) (+/−)		-39,344		
	Actuarial gains/losses, recognised under reservations for retirement benefits		-1,135		
	Other items of the total comprehensive income in the financial year		287		
B.3	**Changes in equity**				
	Allocation of the remaining portion of the net profit for the comparable reporting period to other equity components				
	Other changes in equity				
E.	**Closing balance of the financial year as of 31/ 12/ 2018**	**4,451,540**	**20,354,714**	**10,751,254**	**506,406**

Revenue reserves			Reserves resulting from valuation at fair level	Capital revaluation adjustment	Retained net profit or loss	Net profit or loss for the financial year	Total EQUITY
IV			V	VI	VII	VIII	IX
Own shares and own business shares (as a deductible item)	Statutory reserves	Other revenue reserves			Retained net profit	Net profit for the current year	Total CAPITAL
IV/2	IV/3	IV/4	V	VI	VII	VIII	IX
-506,406	**2,225,770**	**5,732,581**	**-735,539**	**251,501**	**116,049,376**	**31,226,097**	**187,476,918**
-506,406	**2,225,770**	**5,732,581**	**-735,539**	**251,501**	**116,049,376**	**31,226,097**	**187,476,918**
					-2,766,892		**-2,962,333**
					-2,766,892		-2,962,333
			-99,297	**-252,954**	**994,635**	**33,638,893**	**37,307,094**
						33,638,893	36,706,422
			-60,201				-61,721
				-252,954			-292,298
			-50,481				-51,616
			11,385		994,635		1,006,307
			36,985		**31,189,112**	**-31,226,097**	**0**
					31,226,097	-31,226,097	0
			36,985		-36,985		0
-506,406	**2,225,770**	**5,732,581**	**-797,851**	**-1,453**	**145,466,231**	**33,638,893**	**221,821,679**

Consolidated cash flow statement

Table 41: Consolidated cash flow statement in EUR

Item			Note	2019	2018
A.		**Cash flows from operating activities**			
	a)	**Profit & Loss Statement items**		**46,660,687**	**55,002,921**
		Operating revenues (except from revaluation) and financial revenues from operating receivables	1	688,922,666	736,579,889
		Operating revenues excluding depreciation (except from revaluation) and financial expenses from operating liabilities	2	-638,575,653	-677,364,029
		Income tax and other taxes not included in operating expenses	4	-3,686,326	-4,212,939
	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**		**-9,826,562**	**29,085,185**
		Opening minus closing operating receivables	14	3,257,197	18,327,823
		Opening minus closing deferred costs and accrued revenue		-131,883	-223,542
		Opening minus closing deferred tax receivables	5	241,546	240,666
		Opening minus closing assets (groups for disposal) for sale		557,071	0
		Opening minus closing inventory	12	10,415,088	-11,522,018
		Closing minus opening operating debts	19	-24,884,093	21,541,890
		Closing minus opening accrued costs and deferred revenues and provisions	17.20	701,883	700,151
		Closing minus opening deferred tax liabilities	5	16,629	20,215
	c)	**Positive or negative cash flow from operating activities (a + b)**		**36,834,125**	**84,088,106**
B.		**Cash flows from investing activities**			
	a)	**Cash receipts from investing activities**		**13,606,461**	**40,280,947**
		Cash receipts from interest and participation in profit of others relating to investing activities	3	116,937	102,784
		Cash receipts from the disposal of intangible fixed assets		2,532	0
		Cash receipts from the disposal of tangible fixed assets	1	2,032,068	3,743,703
		Cash receipts from the disposal of long-term financial investments	3	152,669	471,408
		Cash receipts from the disposal of short-term financial investments	3	11,302,255	35,963,052
	b)	**Cash disbursements from investing activities**		**-40,016,584**	**-95,468,162**
		Cash disbursements for the acquisition of intangible assets	6	-576,252	-777,328
		Cash disbursements for the acquisition of tangible fixed assets	7	-25,781,963	-69,563,087
		Cash disbursements for the acquisition of investments in companies in the Group	22	-1,817,531	0
		Cash disbursements for the acquisition of long-term financial investments	10	-34,354	-32,489
		Cash disbursements for the acquisition of short-term financial investments	13	-11,806,484	-25,095,258
	c)	**Positive or negative cash flow from investing activities (a + b)**		**-26,410,123**	**-55,187,215**
C.		**Cash flows from financing activities**			
	a)	**Cash receipts from financing activities**		**89,545,510**	**104,211,492**
		Cash receipts from the increase of long-term financial liabilities	18	55,897,176	74,024,542
		Cash receipts from the increase of short-term financial liabilities	19	33,648,334	30,186,950
	b)	**Cash disbursements from financing activities**		**-107,390,586**	**-100,919,226**
		Cash disbursements for given interests from financing activities	3	-4,131,418	-4,442,595
		Cash repayments of long-term financial liabilities	18	-6,032,357	-9,127,897
		Cash repayments of short-term financial liabilities	19	-93,245,954	-84,386,401
		Cash repayments of dividends and other profit shares paid	16	-3,980,857	-2,962,333
	c)	**Positive or negative cash flow from financing activities (a + b)**		**-17,845,076**	**3,292,266**
D.		**Monetary assets at the end of the period**	**15**	**37,239,475**	**44,660,549**
	x)	**Net cash flow in the period**		**-7,421,074**	**32,193,157**
	y)	**Monetary assets at the beginning of the period**	**15**	**44,660,549**	**12,467,392**

Notes to the financial statements

Parent company

In compliance with the Companies Act, Impol 2000, d. d., having its head office in Slovenska Bistrica, Partizanska 38, and being a large public limited company, is obliged to have its operations audited. The Company is classified under the activity code 70.100 – management of companies. The company's share capital in the amount of EUR 4,451,540 EUR is divided into 1,066,767 registered pro rata shares that are not traded in the organised security market. The shares are owned by 827 shareholders.

The consolidated financial statements for the financial year that ended on 31 December 2019 are presented hereafter. The consolidated financial statements include the company Impol 2000, d. d. and its subsidiaries and participations in associates.

Introductory note on reporting standards

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

Statement of compliance with the IFRS

The Management Board confirmed the financial statements and the consolidated financial statements on 24/ 4/ 2020/

The 2019 financial statements of the company Impol 2000, d. d. and the consolidated financial statements of the 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).

At the balance sheet date, regarding the standard-setting process in the European Union and the financial reporting guidelines of the company Impol 2000, d. d. and the Impol Group, there are no differences between the IFRS used and the IFRS adopted by 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 to the existing accounting standards, introduction of new standards and new notes applicable for the current accounting period

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

- Amendments to IAS 19 Employee Benefits – Plan Amendment, Curtailment or Settlement adopted by the EU on 13 March 2019 (effective for annual periods beginning on or after 1 January 2019);
- Amendments to IAS 28 Financial investments in companies and joint ventures – Long-terms shares in affiliated companies in joint ventures adopted by the EU on 8 February 2019 (effective for annual periods beginning on or after 1 January 2019);
- IFRS 16 Leases, adopted by the European Union on 31 October 2017 (effective for annual periods beginning on or after 1 January 2019);
- Amendments to IFRS 9 Financial Instruments – Prepayment elements with negative compensation, adopted by the EU on 22 March 2018 (effective for annual periods beginning on or after 1 January 2019);
- Amendments to various standards due to improvements to IFRSs (period 2015 to 2017) resulting from the annual improvement project of IFRS (IFRS 3, IFRS 11, IAS 12, and IAS 23) primarily with a view to removing inconsistencies and clarifying wording adopted by the EU on 14 March 2019 (effective for annual periods beginning on or after 1 January 2019);
- IFRIC 23 Uncertainty regarding Income Tax Treatment, adopted by the European Union on 23 October 2018 (effective for annual periods beginning on or after 1 January 2019);

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. The impact of implementing the new IFRS 16 standard on the balance sheet of the Impol Group on 1 January 2019 is shown below.

In accordance with the new manner of treating leases on the basis of the IFRS 16, a contract is a lease contract or is a contract that contains a lease, if it allows the transfer of the right to manage the use of a certain asset for a certain period of time in exchange for compensation. In these contracts the new model requires from the lessee to recognise the asset representing the right to use. This asset is then amortised and the liabilities from the lease bear interest. In the past, the Impol Group recognised costs of operating lease, instead on 1/ 1/ 2019 the Group recognised the payment of obligations due from the amount of leases as a right to use assets from the operating lease.

This amendment to the standard eliminates the current double model of calculating leases, when the organisation acts as the lessee, and which stated financial leases as an asset, whereas operating leases were recognised as expenses on the basis of straight-line method for the entire duration of the lease. Instead, the accounting standards require, from 1/ 1/ 2019 on, that leases, which do not represent exceptions and which the Company may select (short-term leases and leases where the asset, which is the subject of the lease, is of low value), are to be recognised as a balance sheet by applying a single model, similarly to calculating financial leases.

In order to transition to the new IFRS 16 standard, the Impol Group applied an adjusted retrospective method with a cumulative effect of starting to apply the standard on 1 January 2019, for this reason the comparison data for 2018 have not been recalculated, but all changes due to the new standard are stated as an adjustment of the initial state in the balance sheet on the date of initial application.

The Impol Group applied exceptions, provided for in the standard, namely for lease contract with low values and for leases the duration of which is shorter than 12 months since the initial application.

The liability from lease, which at the same time also represents the amount of the asset from the right to use as of 1/ 1/ 2019, was calculated as the current value of leases not yet settled, and discounted with the use of the lessee’s assumed interest rate for the lease on the date of transition.

Table 42: Impact of the transition to items of assets in the consolidated balance sheet in EUR

Carrying amount of the right to use assets from lease contracts	Balance as of 31/ 12/ 2018	Transition to the amended accounting treatment of leases on 1/ 1/ 2019	Balance as of 1/ 1/ 2019
Immovable property	0	27,287	27,287
Production equipment and machinery and other machinery and equipment	736,768	890,272	1,627,040
Total rights to use assets from lease contracts	**736,768**	**917,559**	**1,654,327**

Table 43: Impact of the transition to items of financial liabilities in the consolidated balance sheet in EUR

Financial liabilities from leases	Balance as of 31/ 12/ 2018	Transition to the amended accounting treatment of leases on 1/ 1/ 2019	Balance as of 1/ 1/ 2019
Long-term financial liabilities from financial lease	141,045	-	141,045
Short-term financial liabilities from financial lease	117,701	-	117,701
Long-term financial liabilities from operating lease	-	917,559	917,559
Short-term financial liabilities from operating lease	-	0	0
Total financial liabilities from leases	**258,746**	**917,559**	**1,176,305**

Assets under lease and liabilities from leases of the Impol Group increased by EUR 917,559 on 1 January 2019 due to transitioning to the new IFRS 16 standard

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 specified below before the commencement of their application.

- Amendments to IAS 1 Financial Statement Presentation and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Essential Definitions adopted by the EU on 29 November 2019 (effective for annual periods beginning on or after 1 January 2020);
- Amendments to IFRS 9 – Financial Instruments, IAS 39 – Financial Instruments: recognising and measuring and IFRS 7 – Financial Instruments: disclosures – Interest Rate Benchmark Reform, adopted by the European Union on 15 January 2020 (effective for annual periods beginning on or after 1 January 2020);
- Amendments to references to the conceptual framework in IFRS adopted by the European Union on 29 November 2019 (effective for annual periods beginning on or after 1 January, 2020).

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

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

Currently, the International Financial Reporting Standards as they were adopted by the European Union, do not differ significantly from the regulations adopted by the International Accounting Standards Board, with the exception of the following new standards, amendments of existing standards and new notes which were not yet confirmed for application in the European Union when the financial statements for the 2019 financial year were being drawn up/approved.

- IFRS 14 Regulatory deferral Accounts (effective for annual periods beginning on or after 1 January 2016) – the European Commission has decided not to launch the endorsement process of this interim standard and wait for the final standard;
- IFRS 17 Insurance contracts (effective for annual periods beginning on or after January 1, 2021);
- Amendments to IFRS 3 Business Combinations - The definition of a business entity (effective for business combinations where the takeover date is the same as the date of the beginning of the first annual reporting period, beginning on or after 1 January 2020, and for obtaining assets that may occur at the beginning of said period or after it);
- 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 Impol Group estimates a possible impact of these amendments on its consolidated financial statements. Regardless of the above, the Group assumes that the introduction of these new standards and amendments in the initial phase of application shall not significantly affect its consolidated financial statements.

Basis and estimates for preparing financial statements

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

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

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

Use of estimates and judgements

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

Assessments and assumptions are mostly present in the following estimates:

- **Estimate of useful life of depreciable assets**

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

- **Impairment testing of assets**

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

- Investment property (Note 9);
- Goodwill (Note 6);
- Investments in associates (Note 10);
- Financial receivables (Notes 13 and 10);
- Estimate of fair value of assets (see point "Carrying and fair values of financial instruments").

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

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

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

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

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

Equity investment in subsidiaries, associates and other companies are measured at fair value, in accordance with IAS 27.

- **Estimate of the collectible value of receivables**

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

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

The Group forms deferred tax assets for provisions for long-service bonuses and severance pays upon retirement, impairments of financial investments, impairment of claims, and tax losses. Deferred tax liabilities are formed as temporary deductible differences between the carrying value and the tax value of fixed assets.

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

- **Estimate of formed provisions**

Within the requirements regarding certain post-employment and other benefits, the present value of long-service bonuses and severance pays upon retirement. is 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 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 44: Reference ECB exchange rates for converting balance sheet items

Currency	31/ 12/ 2019
USD	1.1234
HUF	330.53
RSD	117.38
HRK	7.4395

Table 45: Exchange rates for converting profit or loss

Currency	Average annual exchange rate in 2019
USD	1.1195
HUF	325.30
RSD	117.91
HRK	7.4180

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

Subsidiaries

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

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

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

Investments in associates

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

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

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

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

Intangible assets

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

At initial recognition, intangible assets are valued at cost. The carrying 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 46: Applied depreciation rates for intangible fixed assets

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

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

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

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

a) the feasibility of the completion of the project so that is 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 stated 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. Purchase value includes costs that can be directly attributed to individual assets.

Important parts of fixed assets that have different useful lives are recognised as individual tangible fixed assets.

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

Purchase value 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 reported at cost at the date of completion of construction when immovable property becomes investment immovable property.

Positive or negative differences between the net recoverable value and the carrying value of the disposed asset are recognised in profit or loss. The costs of replacing a part of a tangible fixed asset are recognised at the carrying value of this asset, if it is probable that future economic gains of this part of the asset will flow into the Group and 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 47: 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 %
Computers:	50.00 %	50.00 %
Motor vehicles:		
• Transport vehicles	6.20 %	20.00 %
• Personal vehicles	12.50 %	15.50 %
Other tangible fixed assets	10.00 %	10.00 %
Investment property (cost model)	1.30 %	3.00 %

Assets under financial lease

Upon signing the contract, an assessment is made if the contract contains a lease in accordance with the IFRS 16 standard. According to this standard, a contract is a lease contract if it grants the right to use a certain asset for a certain period of time in return for payment.

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

The asset with the right to use is recognised on the date of commencement of the lease, i.e. when the asset is available for use. The initial measurement of the asset includes the amount of the initial measurement of the liability from the lease (discounted current value of the rents which have not yet been paid on that date), the payment of rents, which were made on the date of commencement of the lease or before, decreased by the received rental incentives and assessment of possible costs incurred by the Company after the removal of the asset.

The assets are then measured according to their purchase value, decreased by the accumulated depreciation and by the loss due to the impairment, and adjusted for each re-measurement of the liability from the lease. The asset is amortised from the commencement of the lease until the end of its useful life or until the end of the lease period, if it is shorter than the useful life period. If the contract is concluded for an undetermined period of time or if it is automatically extended every year, the expected periods of amortisation for each individual group of assets will apply.

Signs of impairment are verified on a yearly basis and if any such signs exist, then the recoverable amount of these assets is estimated. In case of impairment, it is recognised in the statement of profit or loss in accordance with 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 stated at cost, reduced by depreciation and impairment loss. Depreciation is calculated using the straight-line method, while considering the useful life of the investment property Depreciation rates are between 1.3 and 3 percent.

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

Financial instruments

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

At initial recognition, financial instruments are stated 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.

After determining the fair value of financial instruments, the following hierarchy of determining fair value is taken into account:
- 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 assets or liabilities 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. The specified assets can be classified into three groups according to IFRS 9, namely:
- Financial assets at fair value through profit or loss.
- Financial assets measured at amortised cots.
- Financial assets measured at fair value through other comprehensive income.

The basis for the above classification is represented by business models under which individual financial assets and their contractual cash flows are managed. In accordance with the IFRS 9 standard, classifying and measuring financial assets in financial statements is defined by the selected business model under which the financial assets and the characteristics of their contractual cash flows are managed. Upon initial recognition, each financial asset is classified in one of the following business models:
- Model with the intention of obtaining contractual cash flows (measuring at amortised costs).
- Model with the intention of selling and obtaining contractual cash flows (measuring at fair value through statement of comprehensive income.
- Other models (measuring at fair value through profit or loss).

Financial assets at fair value through profit or loss

Financial assets measured at fair value through profit or loss are initially measured at fair value, whereas transaction costs are stated, upon purchase, in the profit or loss statement. 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 from these financial instruments are classified in the profit or loss statement. Dividends from financial instruments classified in this group are recognised as financial revenues in the profit or loss statement.

Financial assets measured at amortised cots

Financial assets measured at amortised cots are measured at amortised cots according to the effective interest rate method. They are stated in the amount of unpaid principal, increased by unpaid interests and compensations, and decreased by the impairment amount.

Financial assets measured at fair value through other comprehensive income

Financial assets held for trading and financial assets measured at fair value through other comprehensive income are measured at fair value after initial recognition. Fair value is based on the published market price as of the reporting date, which represents the best offer or, if not available, the 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 reported under business, financial and other receivables at amortised value, considering the current interest rate.

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

Cash and cash equivalents

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

Non-derivative financial liabilities

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

Derivative financial instruments

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

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

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

The Group uses the following derivative financial instruments:

- **Future transactions (forwards)**

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

In case of aluminium raw materials or hedging of LME risks, the Impol Group follow the principle that profit or loss from a forward is recognised in profit or loss at liquidation or after settling individual forwards on the stock market on the day of maturity, which is usually the same as the period of the realisation of the sale transaction on the physical market, or after realising the actual processing margin, which is the subject of hedging. In the presented manner, possible fluctuations in the achieved processing margin of sales on the physical market due to changes in prices of aluminium raw material at the time of sale, which are used as the base for determining the sales price (LME + sales premium), are balanced or neutralised by the effects of the realised forward, both being recognised in profit or loss of the same period. With this principle, the Impol

Group provides profitability, which mostly depends on the difference between the purchase premium and the achieved sales premium and not on the fluctuations of aluminium prices. Profit or loss from these forwards is recognised in profit and loss under other financial income and revenue.

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

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

- **Interest rate swaps**

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

Inventories

The Group follows the following inventories:
- Inventory of raw materials;
- Inventory of materials;
- Inventory of incomplete production;
- Inventory of finished goods and merchandise.

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

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

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

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

Impairment of inventories is described in detail under the Impairment section.

Equity

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/ 2019, the share capital of Impol 2000, d. d., amounts to EUR 4,451,540 and is divided into 1,066,767 ordinary no-par value shares. Dividends are paid in accordance with the decisions of the General Meeting.

Capital reserves

Capital reserves of the Group include all amounts of payments that exceed the lowest emission amounts of shares, and the amounts based on eliminating the general revaluation adjustment. Capital reserves of the parent company Impol 2000, d. d. include paid-in capital surplus and the general revaluation adjustment.

Own shares

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

Statutory reserves

Statutory reserves of the controlling company are formed based on the statute of the company in the amount of 15 percent of net profit of the financial year. They are set aside in the amount of ½ of the parent company's share capital.

Reserves resulting from valuation at fair value and capital revaluation adjustment

Reserves resulting from valuation at fair value include actuarial gains or losses based on provisions for retirement allowances and the effects of fair value changes of derivative financial instruments that are classified as hedging instruments (currency swaps). Capital revaluation adjustment includes the effects based on revaluations of financial statements of foreign companies.

Provisions and long-term accrued expenses 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 long-service bonuses and severance pays upon retirement

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

Actuarial calculation is based on assumptions and assessments applicable at the time of the calculation that due to changes in the following year may differ from actual assumptions that will apply at that time. This mostly considers the discount rate, assessment of turnover of staff, assessment of mortality, and assessment of wage growth.

Financial liabilities from leases

Financial liabilities from leases are recognised on the date of commencement of the lease of the asset. On the date of commencement of the lease, the liability from the lease is measured according to the current value of the rents, if they have not been yet paid. These rents are discounted. At a later measurement of the financial liability from leases, this liability is increased by the value reflecting the interests on the liabilities from leases and decreased by the value of the payment of the rent, and, in case of the rental conditions changing, the current value is re-measured on the basis of the re-assessment of future rents or changes to the lease (lease duration or lease price).

After the date of commencement of the lease, the financial liabilities from leases are re-measured by applying a new discount rate, if the duration of the lease or the value of future rents has changed.

In case of lease termination or reduction, the profit or loss, related to the partial or full termination of the lease, is recognised in the statement of profit or loss.

Liabilities from leases are recognised as long-term liabilities, except for liabilities that will be settled within 12 months and are stated in the balance sheet as short-term liabilities from leases.

Long-term accrued costs and deferred revenues

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

Impairments

Financial assets

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

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

A financial investment is assessed at each reporting date by the accounting department to determine its suitability. If a financial investment is losing value (e.g. due to unsuccessful operations of the entity where the company has its equity participation, insufficient solvency etc.), it mus be determined what kind of corrections have to be made to the initially recognised value of cost and debited to revaluation financial expenditures. Likewise, the responsible person must order a write-down or write-off of the financial investment as soon as relevant reasons appear.

Impairment of receivables and loans granted

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

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

Upon initial recognition, financial assets measured at fair value through other comprehensive income are measured at cost, to which transaction costs from the purchase of the financial asset are added. Profit and loss from these financial instruments are never classified in the profit or loss statement.

The amount of loss in the impairment of financial assets measured at amortised cost is measured as the difference between the carrying amount of the financial investment and the current value of expected future cash flows, discounted at the original effective interest rate. The impairment loss is recognised in profit or loss. Should the grounds for the impairment of the financial investment cease to exist, the reversal of the impairment of the financial asset, which is stated at amortised cost, is recognised in the profit or loss statement.

In case of financial instruments measured at fair value through profit or loss is classified under the profit or loss statement.

Non-financial assets

Tangible and intangible assets

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

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. 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 profit or loss. The recoverable amount of an asset or cash-generating unit is the higher of its value in use and its fair value, less costs to sell. 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 stated 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 it may be reliably measured. The Group uses a five-level model of recognising revenues in accordance with IFRS 15. The identification of the contract with customers is followed by the identification of separate performance commitments, price formulation, price distribution to separate performance commitments with previous steps of recognising revenues. The basic principle is that the recognition of revenues reflects the transfer of goods and services in an amount that reflects the compensation for which the Company expects that it is entitled to.

Operating revenues include the following:

- revenues from the sale of products, merchandise and materials are measured based on sale prices indicated on invoices or other documents, reduced by discounts approved upon sale or later on, also due to early payments. Revenues from sale of products are 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 income, 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 occur in case of disposal of property, devices, equipment and intangible assets, compensations received, subventions, removal of provisions, payment of previously written off operating receivables, liability write-offs and other.

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

For calculating consumption, the Group uses the FIFO method.

Financial revenues and expenses

Financial income comprises interest income on funds invested, dividend income, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss, and foreign exchange gains and gains on hedging instruments that are recognised in profit or loss, interest from receivables not paid on time and positive currency differences. Interest income is 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.

NOTES TO INDIVIDUAL ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

1. Operating revenues

Table 48: Operating revenues in EUR

Operating revenues	Operating revenues generated with		2019	2018
	associates	others		
Net sales revenues	73,533	683,170,772	683,244,306	727,577,563
Change in the value of product inventories and unfinished production	0	5,863,725	5,863,725	7,907,134
Capitalised own products and services*	0	913,198	913,198	743,110
Other operating revenues	0	4,194,401	4,194,401	7,888,569
TOTAL	**73,533**	**694,142,096**	**694,215,629**	**744,116,376**

Net sales revenues	Operating revenue generated with		2019	2018
	associates	others		
Net revenues from the sale of products	0	589,567,953	589,567,953	647,676,045
Net revenues from services	72,711	4,333,385	4,406,096	4,209,882
Net sales revenues from sales of goods and materials	822	89,269,435	89,270,257	75,691,636
TOTAL	**73,533**	**683,170,772**	**683,244,306**	**727,577,563**

Other operating revenues	2019	2018
Revenues from the reversal of provisions	604,114	606,893
Other revenues associated with business effects (subsidies, grants, compensations, premiums, etc.)	2,675,908	4,285,869
Revaluation operating revenues	914,379	2,995,807
TOTAL	**4,194,401**	**7,888,569**

Revaluation operating revenues	2019	2018
From disposal of tangible fixed assets***	777,828	2,816,243
From operating receivables	73,369	150,638
From operating liabilities	63,182	28,926
TOTAL	**914,379**	**2,995,807**

**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.*
***These are mainly revenues from claims and returned excise duties for electricity and gas.*
****This involves selling a hotel owned by a company in the Group in Serbia, holiday facilities owned by a company in Slovenia and inoperable manufacturing equipment owned by companies in the Group in Slovenia.*

Net sales revenues by business segment

Table 49: Net sales revenues by business segment in EUR

	2019	2018
Revenues from sales in Slovenia	**30,731,800**	**40,307,408**
• Revenues from sales in Slovenia - Associates	73,533	75,901
• Revenues from sales in Slovenia - Other companies	30,658,267	40,231,507
Revenues from sales in EU	**527,758,552**	**569,520,320**
• Revenues from sales in EU - Other companies	527,758,552	569,520,320
Revenues from sales in other European countries	**45,160,658**	**48,150,312**
• Revenues from sales in other European countries - Other companies	45,160,658	48,150,312
Revenues from sales on other markets	**79,593,295**	**69,599,523**
• Revenues from sales on other markets - Other companies	79,593,295	69,599,523
TOTAL	**683,244,306**	**727,577,563**

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

2. Operating expenses

Table 50: Operating expenses in EUR

	Manufacturing costs	Cost of sales	Costs of general activities	Total 2019	Total in 2019 Purchased from:		Total 2019	Total 2018
					Associate companies	Other companies		
Purchase value of merchandise and materials sold	0	98,291,329	0	98,291,329	0	98,291,329	98,291,329	81,916,246
Costs of material	424,971,368	4,880,295	628,647	430,480,310	0	430,480,310	430,480,310	479,599,143
Costs of services	16,059,642	16,818,768	11,264,010	44,142,419	1,908,633	42,233,786	44,142,419	54,444,447
Labour costs	42,666,222	1,743,530	23,122,790	67,532,542	0	67,532,542	67,532,542	65,661,976
Depreciation	16,771,000	1,475,314	1,587,220	19,833,534	0	19,833,534	19,833,534	16,164,707
Revaluation operating expenses	71,876	13,148	224,211	309,236	0	309,236	309,236	548,759
Provisions	0	0	0	0	0	0	0	324
Other operating expenses	1,993,731	54,056	1,045,352	3,093,139	0	3,093,139	3,093,139	2,565,429
TOTAL	**502,533,839**	**123,276,440**	**37,872,230**	**663,682,509**	**1,908,633**	**661,773,876**	**663,682,509**	**700,901,031**

Revaluation operating expenses in EUR	2019	2018
Revaluation operating expenses from tangible fixed assets	70,734	70,166
Revaluation operating revenues from inventories	3,952	21,260
Revaluation operating revenues from operating receivables	234,550	457,333
TOTAL	**309,236**	**548,759**

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

Labour costs

Table 51: Itemisation of labour costs in EUR

	2019	2018
Costs of wages and salaries	49,227,559	48,241,102
Costs of pension insurance	4,854,426	4,826,242
Costs of other social security contributions	3,660,070	3,584,099
Other labour costs	9,790,488	9,010,533
TOTAL	**67,532,542**	**65,661,976**

3. Financial revenues and expenses

Financial revenues from participating interests in associate companies represent shares in the amount of EUR 127,190, calculated according to the equity method in the consolidated financial statements.

Table 52: Financial revenues from financial investments in EUR

	Total 2019	Of which from companies		Total 2018
		Associate companies	Other companies	
Financial revenues from shares – Profit-sharing, dividends	237,636	127,190	110,446	149,035
Financial revenues from shares – Revenues from the sale of long-term investments	0	0	0	259,790
Financial revenues from loans – interests	6,491	0	6,491	36,492
Financial revenues from operating receivables - interests	20,436	0	20,436	38,125
Financial revenues from operating receivables – foreign exchange differences	2,221,300	0	2,221,300	3,014,731
Financial revenues from forwards	687,345	0	687,345	2,048,051
TOTAL	**3,173,208**	**127,190**	**3,046,018**	**5,546,223**

Table 53: Financial expenses from financial investments in EUR

	Total 2019	Of which from companies		Total 2018
		Associate companies	Other companies	
Financial expenses from (excluding bank loans) – interests	68,479	3,872	64,607	81,839
Financial expenses from (excluding bank loans) – foreign exchange differences	162,943	0	162,943	12,904
Financial expenses from leases – interests (financial lease)	13,193	0	13,193	22,786
Financial expenses from financial liabilities – interest rate swaps	218,921	0	218,921	250,283
Financial expenses from loans received from banks – interests	3,163,644	0	3,163,644	2,982,402
Financial expenses from loans received from banks – foreign exchange differences	2,933	0	2,933	2,464
Financial expenses from issued bonds – interests	684,000	0	684,000	1,064,000
Financial expenses from other financial liabilities – interests	39,194	0	39,194	35,655
Financial expenses from leases – interests (operating lease)	33,127	0	33,127	0
Financial expenses from operating liabilities – interests	9,637	0	9,637	40,535
Financial expenses from operating liabilities – foreign exchange differences	1,794,054	0	1,794,054	1,793,762
Financial expenses from impairment	0	0	0	1,555,575
Financial expenses from forwards	8,444	0	8,444	0
TOTAL	**6,198,570**	**3,872**	**6,194,698**	**7,842,205**

4. Income tax

Table 54: Income tax in EUR

Income tax	2019	2018
Revenues determined in accordance with accounting regulations	1,215,945,570	1,216,104,114
Revenues recognised for tax purposes	1,210,277,040	1,211,856,666
Expenses determined under accounting regulations	1,181,910,874	1,171,389,204
Expenses recognised for tax purposes	1,182,060,501	1,170,664,299
DIFFERENCE BETWEEN DEDUCTIBLE REVENUES AND EXPENSES	28,216,539	41,192,367
TAX BASE/LOSS	28,554,270	42,020,697
TAX BASE	18,215,776	29,774,340
TAX	3,449,059	3,954,392
Effective tax rate in %	12.54	9.66

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

Income tax is accounted for in accordance with laws that apply in individual countries where the Group has its subsidiaries. In 2019, the effective profit tax rate for Slovenia was 19 % (in 2018: 19 %), while the applicable income tax rate in Croatia is 18 %, in Serbia 15 %, in the USA 31 % (in 2018: 31 %) and in Hungary 9 % (in 2018: 9 %).

Table 55: Overview of current income tax by companies in EUR

Income tax	2019	2018
Impol 2000, d. d.	73,461	518,552
Impol, d. o. o.	2,183,255	2,041,367
Impol FT, d. o. o.	213,993	189,420
Impol PCP, d. o. o.	429,259	544,721
Impol Montal, d. o. o	28,809	17,217
Impol R in R, d. o. o.	0	0
Impol Infrastruktura, d. o. o.	38,252	34,699
Impol LLT, d. o. o.	128,808	222,542
Impol Seval, a. d.	0	0
Impol-TLM, d. o. o.	0	0
Alcad, d. o. o.	0	0
Impol-FinAl, d. o. o.	0	0
Stampal SB, d. o. o.	96,258	216,264
Kadring, d. o. o.	37,576	37,365
Rondal, d. o. o.	112,061	39,067
Impol Servis, d. o. o.	18,183	17,369
Impol Seval Tehnika, d. o. o.	13,423	4,994
Impol Seval PKC, d. o. o.	4,025	1,493
Impol Seval Final, d. o. o.	6,305	3,510
Impol Seval President, d. o. o.	0	0
Štatenberg, d. o. o.	791	0
Impol Hungary Kft.	9,124	13,510
Impol Aluminum Corporation, New York	35,902	18,639
Impol Stanovanja, d. o. o	16,705	6,514
Unidel, d. o. o.	2,869	27,147
TOTAL income tax	**3,449,059**	**3,954,392**

5. Deferred tax assets and liabilities

Table 56: Deferred tax assets and liabilities in EUR

	Deferred tax assets	Deferred tax liabilities
Deferred tax balance as of 31/ 12/ 2018	**1,922,924**	**1,937,553**
Deferred tax balance as of 1/ 1/ 2019	**1,922,924**	**1,937,553**
Deductible temporary differences (+)	75,785	0
Taxable temporary differences (+)	0	0
Transfers of deferred taxes of companies in the Group upon acquisition	33,351	0
Utilisation of deductible temporary differences (-)	310,711	0
Reversal of deductible temporary differences (+)	0	700
Exchange rate differences (+/-)	-3,576	17,329
Deferred tax balance as of 31/ 12/ 2019	**1,717,773**	**1,954,182**

Change in receivables and liabilities for deferred tax assets and liabilities in the amount of EUR -255,130 was recognised:	2019	2018
• Profit or loss account (+ / -)	-237,267	-258,549
• Capital – Reserves resulting from valuation at fair value (+/-)	3,041	11,727
• Capital – Retained profit or loss brought forward (+ / -)	0	994,635
• Capital – Revaluation difference (+/-)	-20,904	-2,385
TOTAL	**-255,130**	**745,428**

Trend in deferred tax receivables – consolidated

Table 57: Trend in deferred tax receivables – consolidated in EUR

	Carrying depreciation exceeds the depreciation for tax purposes	Impairments (revaluation operating expenses)	Provisioning	Tax loss	Other events (unused tax relief for investments, etc.)	TOTAL
Balance of deferred tax receivables as of 31/ 12/ 2018	**1,077**	**320,864**	**212,854**	**1,224,337**	**163,793**	**1,922,925**
Balance of deferred tax receivables as of 1/ 1/ 2019	**1,077**	**320,864**	**212,854**	**1,224,337**	**163,793**	**1,922,925**
Occurrence of deductible temporary differences (+)	55	7,922	9,769	18,120	51,331	87,197
Transfers of deferred taxes of companies in the Group upon acquisition			4,851	0	28,500	33,351
Utilisation of deductible temporary differences (-)	0	830	1,138	223,578	96,576	322,122
Exchange rate differences (+/-)	10	0	0	-3,586	0	-3,576
Balance of deferred tax receivables as of 31/ 12/ 2019	**1,142**	**327,953**	**226,337**	**1,015,293**	**147,048**	**1,717,773**

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 long-service bonuses and severance pays upon retirement, for fair value of financial instruments, which is recognised under other comprehensive income as negative amount, and for tax losses.

Table 58: Trend in deferred tax liabilities – consolidated in EUR

	Depreciation for tax purposes exceeds accounting depreciation	TOTAL
Deferred tax liabilities as of 31/ 12/ 2018	**1,937,553**	**1,937,553**
Deferred tax liabilities as of 1/ 1/ 2019	**1,937,553**	**1,937,553**
Reversal of deductible temporary differences (+)	700	700
Exchange rate differences (+/-)	17,329	17,329
Deferred tax liabilities as of 31/ 12/ 2019	**1,954,182**	**1,954,182**

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

The consolidated balance sheet still includes deferred tax receivables and deferred tax liabilities that arise in different states 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 59: Basic net earnings per share in EUR

	2019	2018
Profit or loss relating to the owners of the controlling entity	21,999,511	33,638,893
Weighted average of the number of regular shares	984,659	984,659
Basic earnings per share (in EUR)	**22.34**	**34.16**

Table 60: Weighted average of the number of regular shares as of 31/ 12/ 2019 in EUR

	2019	2018
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 2019 include:

- Change of fair value of hedges (interest swaps) in the amount of **EUR -16,008**, 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 512,890**;
- Actuary losses based on the re-calculation of provisions for retirement benefits for the financial year 2019, in the amount of **EUR -79,388**;
- 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 -3,041**.

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

Table 61: Trend in intangible assets in 2019 in EUR

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

Table 62: Trend in intangible assets in 2018 in EUR

	Long-term property rights	Goodwill	Long-term deferred development costs acquired	Long-term property rights acquired	TOTAL
Purchase value as of 31/ 12/ 2017	**8,260,045**	**319,229**	**325,824**	**589,990**	**9,495,086**
Opening balance adjustments	0	0	0	-351	-351
Purchase value as of 01/ 1/ 2018	**8,260,045**	**319,229**	**325,824**	**589,639**	**9,494,735**
Direct increases – acquisitions	49,714	0	279,821	465,358	794,893
Transfer from construction in progress	654,313	0	0	-654,313	0
Transfer between companies in the Group – acquisition	6,500	0	0	0	6,500
Transfer between companies in the Group – sale (–)	24,248	0	0	0	24,248
Exchange rate differences (+/-)	665	0	0	-38	627
Decreases – Exclusions, other decreases (–)	69,681	0	0	0	69,681
Purchase value as of 31/ 12/ 2018	**8,877,307**	**319,229**	**605,644**	**400,647**	**10,202,827**
Value adjustment as of 31/ 12/ 2017	**7,296,923**	**0**	**0**	**0**	**7,296,923**
Opening balance adjustment	-351	0	0	0	-351
Value adjustment 1/ 1/ 2018	**7,296,573**	**0**	**0**	**0**	**7,296,573**
Depreciation during the year	403,666	0	0	0	403,666
Transfer between companies in the Group – sale (–)	24,248	0	0	0	24,248
Exchange rate differences (+/-)	574	0	0	0	574
Decreases – Exclusions, other decreases (–)	35,899	0	0	0	35,899
Value adjustment as of 31/ 12/ 2018	**7,640,666**	**0**	**0**	**0**	**7,640,666**
Carrying amount as of 31/ 12/ 2018	**1,236,640**	**319,229**	**605,644**	**400,647**	**2,562,160**
Carrying amount as of 31/ 12/ 2017	**637,647**	**319,229**	**325,824**	**915,463**	**2,198,163**

The disclosed intangible assets are owned by the Group and are free of debts. More than half of all intangible assets that were used on 31/ 12/ 2019 were fully depreciated.

Goodwill

Structure of goodwill according to business combinations that generated it.

Table 63: Structure of goodwill in EUR

	31/ 12/ 2019	31/ 12/ 2018
Alcad, d. o. o.*	942,289	0
Stampal SB, d. o. o.	319,229	319,229
TOTAL	**1,261,518**	**319,229**

**Goodwill according to the balance on the date of acquiring control of Alcad, d. o. o., i.e. as of 7/ 3/ 2019, was established as a difference between the fair value of the granted compensations and the fair value of assets and debts taken over. The Group assessed the fair values of the assets, the liabilities and the potential liabilities of the acquired company Alcad, d. o. o., and took them into account in the initial accounting of the business combination, whereby it identified a surplus of the purchase price by the share of the acquired company above the fair value of the obtained equity in the amount of EUR 942,289. Before taking over control, the Impol Group has a 32.07 % shareholding in Alcad, d. o. o., which falls among associate companies, and with an addition acquisition of a 67.93 % share it acquired a 100 % equity shareholding of the acquired company. A more detailed presentation of the transaction in question is given under point 22. Business combinations.*

On 31/ 12/ 2019, goodwill was tested for possible impairment and no need for impairment was determined.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7. Tangible fixed assets

Table 64: Trend in tangible fixed assets in 2019 in EUR

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

**Due to the application of the IFRS 16 – Lease standard (more about this in the introductory note to the reporting standards), the assets under lease in the balance sheet are not recognised among tangible fixed assets any more, but rather separately under the item Assets under lease. Due to reclassification, the opening values of assets under financial lease (purchase value, value correction and carrying amount as of 31/ 12/ 2018) were reduced by their relevant part and are separately recognised in the table Trend in right to use assets in 2019. The carrying amount of assets under financial lease as of 31/ 12/ 2018 amounted to EUR 736,768, and for the specified amount was recognised under category Assets under lease in the balance sheet as of 31/ 12/ 2018, on the other hand, however, the categories Production equipment and machinery and other machinery and equipment were reduced by the same amount compared to the figure reported in the 2018 annual report.*

In 2019, the Impol Group invested in increasing its production capacities in Slovenia as well as in companies abroad. More information is provided in the operating part of the annual report.

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

Table 65: Trend in tangible assets in 2018 in EUR

	Land	Buildings	Property being acquired	Total immovable property
Purchase value as of 31/ 12/ 2017	**9,588,984**	**88,204,319**	**3,695,207**	**101,488,510**
Opening balance adjustments	0	0	0	0
Purchase value as of 01/ 1/ 2018	**9,588,984**	**88,204,319**	**3,695,207**	**101,488,510**
Direct increases – acquisitions	0	0	13,752,951	13,752,951
Direct increases – financial lease	0	0	0	0
Transfer from construction in progress	5,756,573	6,597,683	-12,354,256	0
Transfer between companies in the Group – acquisition	0	0	2,890,273	2,890,273
Transfer between companies in the Group – sale (–)	0	0	0	0
Transfer to investment property (-)	0	0	4,806	4,806
Exchange rate differences (+/-)	46,580	95,357	-208	141,729
Decreases – sales (–)	240,453	0	0	240,453
Decreases – exclusions, other decreases (–)	0	23,817	0	23,817
Transfers between categories of tangible fixed assets	0	0	0	0
Purchase value as of 31/ 12/ 2018	**15,151,684**	**94,873,542**	**7,979,161**	**118,004,387**
Value adjustment as of 31/ 12/ 2017	**0**	**48,826,396**	**0**	**48,826,396**
Opening balance adjustment	0	0	0	0
Value adjustment 1/ 1/ 2018	**0**	**48,826,396**	**0**	**48,826,396**
Depreciation during the year	0	2,208,266	0	2,208,266
Direct increase	0	59,938	0	59,938
Transfer between companies in the Group – sale	0	0	0	0
Exchange rate differences (+/-)	0	16,924	0	16,924
Decreases – sales (–)	0	0	0	0
Decreases – exclusions, other decreases (–)	0	18,571	0	18,571
Transfers between categories of tangible fixed assets	0	0	0	0
Value adjustment as of 31/ 12/ 2018	**0**	**51,092,953**	**0**	**51,092,953**
Carrying amount as of 31/ 12/ 2018	**15,151,684**	**43,780,589**	**7,979,161**	**66,911,434**
Carrying amount as of 31/ 12/ 2017	**9,588,984**	**39,377,923**	**3,695,207**	**52,662,114**

More than half of all tangible fixed assets that were used on 31/ 12/ 2019 were fully depreciated.

Production equipment and machinery	Other machinery and equipment	Equipment and other tangible fixed assets being acquired	Advances to acquire tangible fixed assets	Total equipment	Total
286,876,086	**24,261,275**	**31,802,835**	**11,630,322**	**354,570,518**	**456,059,028**
0	351	0	0	351	351
286,876,086	**24,261,626**	**31,802,835**	**11,630,322**	**354,570,869**	**456,059,379**
0	1,845	59,375,858	11,542,122	70,919,825	84,672,776
0	11,490	15,923	0	27,413	27,413
35,511,743	2,274,212	-37,785,955	0	0	0
0	0	1,744,970	0	1,744,970	4,635,243
3,065,101	1,113,303	0	0	4,178,404	4,178,404
0	0	0	0	0	4,806
112,196	13,760	38,670	22,137	186,763	328,492
5,168,516	41,922	0	0	5,210,438	5,450,891
319,513	431,044	0	19,645,572	20,396,129	20,419,946
-33,923	112,321	0	0	78,398	78,398
313,912,972	**25,088,985**	**55,192,301**	**3,549,009**	**397,743,267**	**515,747,654**
220,813,724	**18,537,432**	**0**	**0**	**239,351,156**	**288,177,552**
0	351	0	0	351	351
220,813,724	**18,537,783**	**0**	**0**	**239,351,507**	**288,177,903**
11,656,539	1,773,248	0	0	13,429,787	15,638,053
0	47,305	0	0	47,305	107,243
2,772,971	934,363	0	0	3,707,334	3,707,334
36,831	7,886	0	0	44,717	61,641
4,926,903	39,266	0	0	4,966,169	4,966,169
273,444	415,965	0	0	689,409	707,980
-34,853	113,251	0	0	78,398	78,398
224,498,923	**19,089,879**	**0**	**0**	**243,588,802**	**294,681,755**
89,414,049	**5,999,106**	**55,192,301**	**3,549,009**	**154,154,465**	**221,065,899**
66,062,362	**5,723,843**	**31,802,835**	**11,630,322**	**115,219,362**	**167,881,476**

Pledged tangible fixed assets

Table 66: Assets pledged as security for settlement of liabilities (without asserts under lease) in EUR

	Purchase value (+)	Value adjustment (+)	Carrying amount (=)
Immovable property	72,280,673	41,607,047	30,673,627
Equipment	92,784,344	67,086,184	25,698,159
TOTAL	**165,065,017**	**108,693,231**	**56,371,786**

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

8. Assets under financial lease

Table 67: Trend in right to use assets in 2019 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
Purchase value as of 31/ 12/ 2018	**0**	**0**	**0**	**1,207,511**	**1,207,511**
Opening balance adjustments	27,287	890,272	917,559	0	917,559
Purchase value as of 01/ 1/ 2019	**27,287**	**890,272**	**917,559**	**1,207,511**	**2,125,070**
Direct increase (+)	259	568,010	568,269	23,452	591,721
Other decreases (-)	0	0	0	200,000	200,000
Exchange rate differences (+/-)	0	-2,490	-2,490	0	-2,490
Purchase value as of 31/ 12/ 2019	**27,546**	**1,455,792**	**1,483,338**	**1,030,963**	**2,514,301**
Value adjustment as of 31/ 12/ 2018	**0**	**0**	**0**	**470,743**	**470,743**
Opening balance adjustments	0	0	0	0	0
Value adjustment 1/ 1/ 2019	**0**	**0**	**0**	**470,743**	**470,743**
Depreciation (+)	5,463	383,233	388,696	90,134	478,829
Other decreases (-)	0	0	0	200,000	200,000
Exchange rate differences (+/-)	0	-504	-504	0	-504
Value adjustment as of 31/ 12/ 2019	**5,463**	**382,729**	**388,192**	**360,876**	**749,068**
Carrying amount as of 31/ 12/ 2019	**22,083**	**1,073,063**	**1,095,146**	**670,087**	**1,765,233**
Carrying amount as of 31/ 12/ 2018	**0**	**0**	**0**	**736,768**	**736,768**

In transitioning to the new IFRS 16 – Lease standard, the Impol Group has adopted the decision 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.

9. Investment property

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

Table 68: Trend in investment property in 2019 in EUR

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

Table 69: Trend in investment property in 2018 in EUR

Description	Buildings	TOTAL
Purchase value as of 31/ 12/ 2017	**5,444,323**	**5,444,323**
Purchase value as of 01/ 1/ 2018	**5,444,323**	**5,444,324**
Transfer from tangible fixed assets (+)	4,806	4,806
Purchase value as of 31/ 12/ 2018	**5,449,129**	**5,449,129**
Value adjustment as of 31/ 12/ 2017	**3,490,844**	**3,490,844**
Value adjustment 1/ 1/ 2018	**3,490,844**	**3,490,844**
Depreciation (+)	122,988	122,988
Value adjustment as of 31/ 12/ 2018	**3,613,832**	**3,613,832**
Carrying amount as of 31/ 12/ 2018	**1,835,297**	**1,835,298**
Carrying amount as of 31/ 12/ 2017	**1,953,479**	**1,953,479**

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

In 2019, the Group generated income with investment property in the amount of EUR 278,152 (EUR 562,756 in 2018). Connected depreciation costs in 2019 were EUR 117,773 (EUR 122.988 in 2018).

Pledged investment property of the Impol Group as of 31/ 12/ 2019

Table 70: Pledged investment property as of 31/ 12/ 2019 in EUR

	Purchase value (+)	Value adjustment (+)	Carrying amount (=)
Investment property	5,153,605	3,526,262	1,627,343
TOTAL	**5,153,605**	**3,526,262**	**1,627,343**

Impol, d. o. o. has pledged investment property.

10. Long-term financial investments

Table 71: Long-term financial investments in EUR

	Purchase value of long-term financial investments as of 31/ 12/ 2019	Of which long-term financial investments in companies:		Value adjustment as of 31/ 12/ 2019			Carrying amount	
		associates	other companies	Total value adjustment (–) as of 31/ 12/ 2019	- of which to associated companies	- of which to other companies	31/ 12/ 2019	31/ 12/ 2018
		+	+	-	-	-		
Long-term financial investments (+)	1,317,134	639,412	677,722	170,355	34,648	135,707	1,146,779	1,471,897
Short-term part of long-term financial investments (-)	0	0	0	0	0	0	0	-1,122
TOTAL LONG-TERM FINANCIAL INVESTMENTS	**1,317,134**	**639,412**	**677,722**	**170,355**	**34,648**	**135,707**	**1,146,779**	**1,470,775**

	Purchase value of long-term financial investments as of 31/ 12/ 2019	Of which long-term financial investments in companies:		Value adjustment as of 31/ 12/ 2019			Carrying amount	
		associates	other companies	Total value adjustment (–) as of 31/ 12/ 2019	- of which to associated companies	- of which to other companies	31/ 12/ 2019	31/ 12/ 2018
Investments in shares and participating interest	951,384	639,412	311,972	34,648	34,648	0	916,737	1,123,399
Other long-term financial investments in equity	0	0	0	0	0	0	0	0
TOTAL long-term financial investments excluding loans	**951,384**	**639,412**	**311,972**	**34,648**	**34,648**	**0**	**916,737**	**1,123,399**
Long-term loans granted	278,858	0	278,858	135,707	0	135,707	143,151	152,383
Other long-term funds invested	64,381	0	64,381	0	0	0	64,381	172,482
Long-term deposits	22,511	0	22,511	0	0	0	22,511	22,511
TOTAL long-term loans	**365,750**	**0**	**365,750**	**135,707**	**0**	**135,707**	**230,043**	**347,376**
Long-term unpaid called-up capital	0	0	0	0	0	0	0	0
TOTAL LONG-TERM FINANCIAL INVESTMENTS	**1,317,134**	**639,412**	**677,722**	**170,355**	**34,648**	**135,707**	**1,146,779**	**1,470,775**

Long-term financial investments as of 31/ 12/ 2019 are not are pledged as security for liabilities, except in the amount of EUR 22,511 which is subject to the pledge of the deposit for the bank warranty insurance.

Trend in long-term financial investments excluding loans

Table 72: Trend in long-term financial investments excluding loans in EUR

	Purchase value as of 1/ 1/ 2019	Change due to the use of the equity method	Exchange rate differ-ences	Sales	Purchase value 31/ 12/ 2019	Value adjust-ment 1/ 1/ 2019	Value adjust-ment 31/ 12/ 2019	Carrying amount 31/ 12/ 2019	Carrying amount 1/ 1/ 2019
	+	+	+/-	-	=	-	-	=	
Investments in equity of associate companies at home	813,762	127,192	8	336,197	604,765	0	0	604,765	813,762
Investments in equity of associate companies abroad	34,647	0	0	0	34,647	34,647	34,647	0	0
Total associate companies	**848,409**	**127,192**	**8**	**336,197**	**639,412**	**34,647**	**34,647**	**604,765**	**813,762**
Investments in equity of other companies at home	188,150	0	0	0	188,150	0	0	188,150	188,150
Investments in equity of other companies abroad	121,486	0	2,336	0	123,822	0	0	123,822	121,486
Total other companies	**309,636**	**0**	**2,336**	**0**	**311,972**	**0**	**0**	**311,972**	**309,636**
TOTAL investment in shares and stocks	**1,158,045**	**127,192**	**2,344**	**336,197**	**951,384**	**34,647**	**34,647**	**916,737**	**1,123,399**

Investments in shares of associate companies

Table 73: Investments in associates in EUR

Associate company	Participating inter-ests of the Group in the	Investment as of 31/ 12/ 2019 – Equity method	Value adjustment as of 31/ 12/ 2019	Investment as of 31/ 12/ 2019	Investment as of 31/ 12/ 2018
		+	-	=	
Simfin, d. o. o.	49.51 %	603,474	0	603,474	492,383
Alcad, d. o. o.*	-	0	0	0	319,959
Brezcarinska cona RS	33.33 %	1,291	0	1,291	1,421
Impol Brazil	50.00 %	34,647	34,647	0	0
TOTAL		**639,412**	**34,647**	**604,765**	**813,762**

In 2019, the Impol Group purchased the operating share in Alcad, d. o. o., from a natural person, who previously owned a 67.93 % share, thereby becoming 100 % owner of this company. Thus, the investment in the associated company decreased, and Alcad, d. o. o., became part of the Impol Group.

Trend in long-term financial investments – loans

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

	Purchase value 1/ 1/ 2019	New loans	Loans repaid	Exchange rate differ-ences	Purchase value 31/ 12/ 2019	Value ad-justment 1/ 1/ 2019	Value ad-justment as of 31/ 12/ 2019	Carrying amount as of 31/ 12/ 2019	Carrying amount as of 1/ 1/ 2019
	+	+	-	+/-	-	=	-	-	=
Long-term loans to others	288,090	0	9,932	700	278,858	135,707	135,707	143,151	152,383
Other long-term funds invested to others	172,482	34,353	142,455	0	64,381	0	0	64,381	172,482
Long-term deposits to others	22,511	0	0	0	22,511	0	0	22,511	22,511
TOTAL	**483,083**	**34,353**	**152,386**	**700**	**365,750**	**135,707**	**135,707**	**230,043**	**347,376**

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

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

Table 75: Non-current assets (disposal groups) available for sale in EUR

	Land	Buildings	Equipment and other	Total
Carrying amount as of 31/ 12/ 2018	**0**	**0**	**0**	**0**
Carrying amount as of 1/ 1/ 2019	**0**	**0**	**0**	**0**
Transfer from tangible fixed assets (+)	142,098	412,468	39,171	593,737
Sales (-)	142,098	412,468	0	554,567
Carrying amount as of 31/ 12/ 2019	**0**	**0**	**39,171**	**39,171**

In case of land and buildings, this is the sale of a hotel with corresponding land by a subsidiary in Serbia, and in case of equipment this involves the intended sale of equipment, taken out of service by Impol, d. o. o. We estimate that the realisable value of this equipment is significantly higher than its carrying value.

12. Inventories

Table 76: Inventories in EUR

	Purchase value 31/ 12/ 2019	Carrying amount 31/ 12/ 2019	Carrying amount 31/ 12/ 2018
Raw material and material	117,009,283	117,009,283	133,184,490
Work in progress and services	24,968,136	24,968,136	20,958,730
Products	17,764,591	17,764,591	15,737,310
Merchandise	3,840,088	3,840,088	4,090,078
Advances for inventories to others	106,240	106,240	136,773
TOTAL	**163,688,338**	**163,688,338**	**174,107,380**

Inventories as of 31/ 12/ 2019 were not pledged as security for liabilities.

At the end of 2019, inventories decreased in value, compared to 31/ 12/ 2018, by EUR 10 million, mostly in inventories of raw materials and materials. The reason for this is mainly the decrease in aluminium prices on the LME. More information about this is provided in the business part of the annual report, under section The impol Group in 2019.

Received goods and material to be processed are recorded as foreign goods and only their quantity is monitored. At the end of 2019, the Group's inventories of goods given on consignment amounted to EUR 1,180,524.

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

Table 77: Write-offs of inventories due to a change in their quality or value in EUR

Type of inventory	2019	2018
Raw material and material	0	21,260
TOTAL	**0**	**21,260**

Inventory surpluses and deficits

Table 78: Inventory surpluses and deficits in EUR

	Total	Surpluses	Deficits (-)
Raw material and material	4,244	4,244	0
Merchandise	64	4,180	-4,116
TOTAL	**4,308**	**8,424**	**-4,116**

13. Short-term financial investments

Table 79: Short-term financial investments in EUR

	Purchase Value of short-term FI as of 31/ 12/ 2019	Of which short-term financial investments in companies: others	Value adjustment due to impairment	Carrying amount 31/ 12/ 2019	Carrying amount 31/ 12/ 2018
	=	+	-	=	
Short-term financial investments (+)	4,405,075	4,405,075	1,818,643	2,586,431	2,099,721
Short-term part of long-term financial investments (+)	0	0	0	0	1,122
TOTAL	**4,405,075**	**4,405,075**	**1,818,643**	**2,586,431**	**2,100,843**
	Purchase Value of short-term FI as of 31/ 12/ 2019	**Of which short-term financial investments in companies: others**	**Value adjustment due to impairment**	**Carrying amount 31/ 12/ 2019**	**Carrying amount 31/ 12/ 2018**
	=	+	-	=	
Receivables acquired for sale	3,567,386	3,567,386	1,551,121	2,016,265	2,023,609
TOTAL short-term financial investments excluding loans	**3,567,386**	**3,567,386**	**1,551,121**	**2,016,265**	**2,023,609**
Short-term portion of long-term loans granted	0	0	0	0	1,122
Short-term loans granted	336,759	336,759	267,522	69,237	75,200
Short-term deposits	500,930	500,930	0	500,930	913
TOTAL short-term loans granted	**837,689**	**837,689**	**267,522**	**570,167**	**77,234**
TOTAL	**4,405,075**	**4,405,075**	**1,818,643**	**2,586,431**	**2,100,843**

Table 80: Trend in short-term financial investments excluding loans in EUR

	Purchase value as of 1/ 1/ 2019	Purchases	Sale or redemption	Exchange rate differences	Purchase value 31/ 12/ 2019	Value adjustment 1/ 1/ 2019	Exchange rate differences	Value adjustment 31/ 12/ 2019	Carrying amount 31/ 12/ 2019	Carrying amount 1/ 1/ 2019
	+	+	-	+/-	=	-	+/-	-	=	
Receivables acquired for sale*	3,580,380	0	0	-12,994	3,567,386	1,556,771	5,650	1,551,121	2,016,265	2,023,609
Forward transactions (hedgings)**	0	687,127	687,127	0	0	0	0	0	0	0
Total short-term financial investments (excluding loans)	**3,580,380**	**687,127**	**687,127**	**-12,994**	**3,567,386**	**1,556,771**	**5,650**	**1,551,121**	**2,016,265**	**2,023,609**

**Financial investments in purchased receivables in the amount of EUR 2,016,265 (HRK 15,000,000) refer to the remaining receivables purchased by the subsidiary Impol-TLM, d. o. o. in 2016 and 2017 from Croatian banks, which they had toward the companies TLM Aluminium in TLM TPP. The purpose of the purchase is the acquisition of tangible assets of the insolvent Companies TLM Aluminium, d. o. o., for carrying out business operations in Croatia, which was mostly realised in 2018. The financial investments in acquired receivables in the amount of EUR 2,016,265 (HRK 15,000,000) are hedged by pledging movable and immovable property.*
***The purchase and sale in the amount of EUR 687,127 refer to accounts relating to hedging the aluminium price.*

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

	Repayment value (+) 1/ 1/ 2019	New loans	Sale or redemption	Exchange rate differences	Repayment value 31/ 12/ 2019	Value adjustment 1/ 1/ 2019	Value adjustment 31/ 12/ 2019	Carrying amount 31/ 12/ 2019	Carrying amount 1/ 1/ 2019
	+	+	-	+/-	=	-	-	=	
Short-term loans to others	343,844	119,347	127,059	629	336,760	267,523	267,523	69,237	76,321
Short-term deposits to banks	913	11,000,010	10,500,010	17	500,930	0	0	500,930	913
Total short-term financial investments - loans	**344,757**	**11,119,357**	**10,627,069**	**646**	**837,690**	**267,523**	**267,523**	**570,167**	**77,234**

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 82: Short-term operating receivables in EUR

	Short-term operating receivables	Short-term operating receivables from companies:		Value adjustment - other companies - 31/ 12/ 2019	31/ 12/ 2019	31/ 12/ 2018
		Associate companies	Other companies			
	=	+	+	-	=	
Short-term operating receivables from customers	73,826,984	10,079	73,816,905	7,497,696	66,329,288	66,476,802
• of which already matured on 31/ 12/ 2019	22,528,407	0	22,528,407	0	22,528,407	22,930,765
Short-term advances and securities granted	632,413	0	632,413	0	632,413	570,063
Short-term receivables related to financial revenues	120,917	0	120,917	77,301	43,616	51,052
Short-term receivables from state institutions	9,184,967	0	9,184,967	0	9,184,967	12,607,670
Other short-term operating receivables	772,038	12	772,026	0	772,038	326,015
TOTAL	**84,537,319**	**10,091**	**84,527,228**	**7,574,997**	**76,962,322**	**80,031,602**

Short-term operating receivables from customers	
• domestic market	5,143,620
• foreign market	61,185,668
TOTAL	**66,329,288**

Trend in value adjustment of current operating receivables due to impairment

Table 83: Trend in value adjustment of short-term operating receivables due to the impairment in EUR

	2019	Of which value adjustment for short-term receivables from other companies	2018
Balance as of 01/ 1/ 2019	**8,243,171**	**8,243,171**	**9,147,496**
Exchange rate differences (+/-)	-74,021	-74,021	-89,052
Decrease in value due to settlement of receivables (–)	125,431	125,431	324,116
Decrease in value due to write-offs of receivables (–)	653,768	653,768	-1,023,404
Created value adjustments for the period due to the impairment (+)	164,860	164,860	532,248
Transfers of formed adjustments of companies in the Group upon acquisition	20,186	20,186	0
Balance as of 31/ 12/ 2019	**7,574,998**	**7,574,998**	**8,243,171**

Table 84: Analysis of outstanding trade receivables in EUR

	31/ 12/ 2019	31/ 12/ 2018
Matured in 2019	15,115,461	X
Matured in 2018	54,673	14,948,579
Matured in 2017	280,722	93,432
Matured in 2016	66,791	75,951
Matured in 2015 or before	7,010,760	7,812,803
TOTAL receivables from customers already due	**22,528,407**	**22,930,765**

15. Monetary assets

Table 85: Monetary assets in EUR

	31/ 12/ 2019	31/ 12/ 2018
Cash in hand and immediately cashable securities	579,827	491,877
Cash in banks and other financial institutions	36,659,648	44,168,672
Monetary assets	**37,239,475**	**44,660,549**

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

Short-term accrued costs and deferred revenues

Table 86: Short-term deferred costs and accrued revenues in EUR

	31/ 12/ 2019	31/ 12/ 2018
Short-term deferred costs or expenses	541,190	403,670
Short-term deferred income	15,303	15,991
VAT from advances received	27,041	27,021
SHORT-TERM ACCRUED COST AND DEFERRED REVENUES	**583,534**	**446,683**

16. Equity

Table 87: Equity in EUR

	31/ 12/ 2019	31/ 12/ 2018
Equity	**242,082,787**	**221,821,679**
Minority equity	22,052,503	20,354,714
Called-up equity	4,451,540	4,451,540
Share capital	4,451,540	4,451,540
Capital reserves	10,751,254	10,751,254
Revenue reserves	7,958,351	7,958,351
Reserves for own shares and own business shares	506,406	506,406
Own shares and own business shares (as a deductible item)	-506,406	-506,406
Statutory reserves	2,225,770	2,225,770
Other revenue reserves	5,732,581	5,732,581
Reserves resulting from valuation at fair value	-860,051	-797,851
Capital revaluation adjustment	345,211	-1,453
Retained net profit or loss	175,384,468	145,466,231
Net profit or loss for the financial year	21,999,511	33,638,893

Share capital

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

Reserves

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

Capital reserves

Capital reserves as of 31/ 12/ 2019 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/ 2019 amount to EUR 7,958,351 , which include own shares (as deduction) and the corresponding reserves for own shares, statutory reserves and other reserves from profit.

As of 31/ 12/ 2019, 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 88: Repurchased own shares in EUR

	Balance as of 1/ 1/ 2019			Balance as of 31/ 12/ 2019		
	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/ 2019, the revaluation adjustment of capital amounts to EUR 345,211 EUR and increased in 2019 by EUR 346,664, which corresponds to an increased due to exchange rate differences that occurred when including financial reports of foreign subsidiaries into consolidated financial statements. As part of this increase, the Group also recognised a positive difference in the amount of EUR 22,492, which resulted from exchange rate differences in coordinating loans granted by the parent company Impol 2000, d. d. to companies Impol-TLM, d. o. o., taking into account IAS 21, specifically Article 32, which requires that exchange rate differences in relation to the monetary item, which is part of the financial investment of the reporting company in business operations abroad, be recognised at the beginning under other comprehensive income.

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 -299,552, actuarial gains/losses based on provisions for retirement allowances in the amount of EUR -628,253, and the adjustment of reserves resulting from valuation of financial investments at fair value for deferred tax liabilities in the amount of EUR 56,915 (due to the positive amount of the adjustment these are effectively deferred tax receivables), as shown in the table.

Table 89: Reserves from fair value measurement in EUR

	State 1/ 1/ 2019	Formation	Reversal	State 31/ 12/ 2019
	+/-	+/-	+/-	=
Reserves resulting from valuation of long-term financial investments at fair value	-283,544	-16,008	0	-299,552
Actuarial gains/losses, recognised under reservations for retirement benefits	-577,673	-79,388	28,808	-628,253
Adjustment of reserves resulting from valuation of financial investments at fair value for deferred tax liabilities	53,874	3,041	0	56,915
TOTAL	**-807,344**	**-92,355**	**28,808**	**-870,890**
Of which reserves resulting from valuation at fair value belonging to non-controlling share	-9,493	-1,970	623	-10,840
Reserves resulting from valuation at fair value belonging to owners of the controlling company	-797,851	-90,384	28,185	-860,051

Disbursement of dividends

In 2019, based on the resolution of the general meeting of shareholders, the controlling company Impol 2000, d. d. paid dividends in the gross amount of EUR 3.75 per share or a total of EUR 4,000,376. Since the receivers of dividends are also the companies Impol-Montal, d. o. o. that owns 80.482 shares of Impol 2000, d. d. and Kadring, d. o. o. that owns 1,626 shares of Impol 2000, d. d., the actual payment of dividends outside the group was EUR 3,692,472, while Impol-Montal, d. o. o. received the amount of EUR 301,807 and Kadring, d. o. o. in the amount of EUR 6,097.

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

Table 90: Provisions and long-term accrued expenses and deferred revenues in EUR

	Provisions				Long-term accrued costs and deferred revenues		
	Provisions for long-service bonuses	Provisions for severance pays upon retirement	Provisions for retirement, long-service bonuses and severance pays upon retirement	Other provisions due to long-term accrued costs	Received government grants	Other long-term deferred costs and accrued revenue	Total
Balance as of 31/ 12/ 2018	**1,181,796**	**2,250,821**	**3,432,616**	**2,088**	**471,142**	**106,356**	**4,012,202**
Balance as of 01/ 1/ 2019	**1,181,796**	**2,250,821**	**3,432,616**	**2,088**	**471,142**	**106,356**	**4,012,202**
Formation (+)	168,440	327,517	495,957	0	308,961	0	804,917
Other increase (+)	0	0	0	0	744	18,554	19,298
Entry of provisions of companies in the Group upon acquisition	17,089	37,906	54,995	0	0	0	54,995
Utilisation (–)	72,166	113,350	185,516	0	290,955	0	476,471
Reversal (–)	26,864	16,476	43,340	343	529	48,360	92,572
Exchange rate differences	1,900	2,741	4,641	0	0	0	4,641
Balance as of 31/ 12/ 2019	**1,270,194**	**2,489,158**	**3,759,353**	**1,745**	**489,362**	**76,550**	**4,327,010**

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 for termination benefits and long-service bonuses, discounted to the end of the reporting period. Labour costs and interest expenses are recognised in profit or loss, while the conversion of post-employment benefits and/or unrealised actuarial gains and losses are recognised in other comprehensive income as equity.

The calculation of provisions for long-service bonuses and severance pays upon retirement is based on the following conditions:

- Discount rate based on information on the return of long-term government bonds of the Republic of Slovenia or Republic of Serbia;
- Currently valid amounts of long-service bonuses and severance pays upon retirement from internal rules;
- Fluctuation of employees mostly depending on their age;
- Mortality based on last available mortality tables of the local population.

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

Received government grants include assets from disposed of contributions of disabled persons and subsidies for improving the working conditions for disabled persons in the total amount of EUR 489,362. Their balance and trend in 2019 is presented below.

Table 91: Received government grants in EUR

	Disposed of contributions	Assets from disposed of contributions for covering depreciation costs	Calculated interest from unused contributions	TOTAL received government grants
Balance as of 31/ 12/ 2018	**201,792**	**268,821**	**529**	**471,142**
Balance as of 01/ 1/ 2019	**201,792**	**268,821**	**529**	**471,142**
Formation – disposed of contributions (+)	291,048	0	0	291,048
Formation – subsidies (+)	17,913	0	0	17,913
Other increase (+)	0	0	744	744
Utilisation (75 % of pays of disabled persons) (-)	261,265	0	0	261,265
Utilisation (acquisition of fixed assets from disposed of contributions) (+/-)	-22,844	22,844	0	0
Utilisation (covering depreciation costs and residual value at disposal) (-)	0	29,691	0	29,691
Annulment of interest from previous years (-)	0	0	529	529
Balance as of 31/ 12/ 2019	**226,644**	**261,974**	**744**	**489,362**

18. Long-term financial and operating liabilities

Table 92: Long-term financial and operating liabilities in EUR

	Total debt as of 31/ 12/ 2019	The part falling due in 2020	31/ 12/ 2019	31/ 12/ 2018
	+	-	=	
Long-term financial liabilities regarding bonds	10,000,000	10,000,000	0	10,000,000
Long-term financial liabilities to banks	159,919,376	50,464,479	109,454,897	109,346,146
Long-term financial liabilities (excluding liabilities from leases) to other companies	98,391	18,545	79,846	98,391
Long-term financial liabilities from leases (financial lease to other companies)	155,395	110,628	44,767	141,045
Long-term financial liabilities from leases (operating lease to other companies)	1,104,378	435,222	669,157	0
Other long-term operating liabilities	106,449	0	106,449	232,805
TOTAL long-term financial and operating liabilities	**171,383,989**	**61,028,874**	**110,355,116**	**119,818,387**

Table 93: Trend in long-term financial liabilities - without liabilities from leases in EUR

	Total debt as of 01/ 01/ 2019	New loans	Repayment in the current year	Transfers of long-term financial liabilities of companies in the Group upon acquisition	Exchange rate differences	Total debt as of 31/ 12/ 2019	Of which the part of long-term debt falling due in 2020	Of which the part falling due after 1/ 1/ 2021
	+	+	-	+	+/-	=	-	=
Long-term financial liabilities to banks	109,346,146	55,897,176	5,644,295	138,390	181,959	159,919,376	50,464,479	109,454,897
Long-term financial liabilities from bonds payable	10,000,000	0	0		0	10,000,000	10,000,000	0
Long-term financial liabilities to others	98,391	0	0		0	98,391	18,545	79,846
TOTAL	**119,444,537**	**55,897,176**	**5,644,295**	**138,390**	**181,959**	**170,017,767**	**60,483,024**	**109,534,743**

Interest rates for long-term loans

The range of the interest rate for long-term received loans in 2019 was from 1.75 % fixed to a six-month EURIBOR +2.3 % (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 109,534,743. Carrying amounts of assets given as insurance for long-term financial liabilities are disclosed under individual disclosures of group assets.

Bonds

In 2015, the Impol Group issued 5-year bonds in the amount of EUR 50,000,000 with the intention to finance the investment cycle for additional long-term growth and development. Bonds are traded at the Ljubljana Stock Exchange since 26 December 2015. The annual interest rate is 3.8 percent. Coupons are paid on an annual basis. The final maturity date is 19/ 10/ 2020/ The remaining principal with interests falls due on 19/ 10/ 2020 in the principal amount of EUR 10,000,000 plus interest. The short-term part of the liabilities based on bonds, which falls due on 19/ 10/ 2020, is stated under short-term financial liabilities.

Liabilities from leases

Table 94: Trend in long-term liabilities from leases in EUR

	Total debt as of 31/ 12/ 2018	Opening balance adjustments	Total debt as of 01/ 01/ 2019	New leases	Reimbursements in the current year (-)	Exchange rate differences (+/-)	Total debt as of 31/ 12/ 2019	Of which the part of long-term debt falling due in 2020	Of which the part of long-term debt falling due after 1/ 1/ 2021
Long-term financial liabilities from leases – Other companies	0	917,559	917,559	566,841	379,443	-578	1,104,378	435,222	669,157
Long-term financial liabilities from leases – Financial lease – Other companies	141,045	0	141,045	23,452	9,102	0	155,395	110,628	44,767
TOTAL	**141,045**	**917,559**	**1,058,604**	**590,293**	**388,546**	**-578**	**1,259,773**	**545,850**	**713,924**

The note on the initial use of the IFRS 16 – Lease standard is given in the introductory note on reporting standards and accounting policies. A 3 % annual interest rate was 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 95: 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	576,112	543,250
1 to 5 years	740,744	713,924
Over 5 years		0
Total	**1,316,856**	**1,257,174**

Table 96: Maturity of long-term financial and operating liabilities in EUR

	31/ 12/ 2019	31/ 12/ 2018
Maturing in 2020	X	52,058,468
Maturing in 2021	39,651,405	26,766,859
Maturing in 2022	32,889,850	19,067,480
Maturing in 2023	25,104,418	14,173,883
Maturing in 2024	10,587,431	7,751,697
Maturing in 2025 or later	2,122,012	X
Total long-term financial and operating liabilities	**110,355,116**	**119,818,387**

19. Short-term liabilities

Table 97: Short-term liabilities in EUR

A. Short-term financial and operating liabilities	31/ 12/ 2019	31/ 12/ 2018
Short-term operating liabilities to suppliers on the domestic market to associate companies	390,988	875,558
Short-term operating liabilities to suppliers on the domestic market to other companies	15,512,454	21,281,542
Short-term operating liabilities to suppliers on foreign market to other companies	38,869,940	54,082,000
Short-term operating liabilities based on advances to other companies	1,364,961	1,328,054
Other short-term operating liabilities to associate companies	513	694
Other short-term operating liabilities to other companies	9,031,098	12,229,876
TOTAL short-term operating liabilities:	**65,169,954**	**89,797,723**
Short-term portion of long-term financial liabilities to banks	50,464,479	43,149,684
Short-term part of long-term financial liabilities (excluding liabilities from leases) – other companies	18,545	53,422
Short-term part of long-term financial liabilities – bonds	10,000,000	10,000,000
Short-term part of long-term financial liabilities from leases – financial lease – other companies	110,628	117,108
Short-term part of long-term financial liabilities from right to use – operating lease – other companies	435,222	0
Short-term financial liabilities (excluding liabilities from leases) – associated companies	500,000	500,000
Short-term financial liabilities to banks	23,810,221	29,740,534
Short-term financial liabilities (excluding liabilities from leases) – other companies	7,129,553	7,463,545
Short-term financial liabilities from the distribution of profit	33,906	9,784
Short-term financial liabilities from leases – other companies	-2,601	594
TOTAL short-term financial liabilities	**92,499,953**	**91,034,670**
TOTAL SHORT-TERM FINANCIAL AND OPERATING LIABILITIES	**157,669,907**	**180,832,394**

B. Short-term financial and operating liabilities	31/ 12/ 2019	31/ 12/ 2018
Short-term financial liabilities	31,471,079	37,714,457
Short-term part of long-term financial liabilities	61,028,874	53,320,213
Total short-term financial liabilities	**92,499,953**	**91,034,670**
Short-term operating liabilities	65,169,954	89,797,723
Total short-term operating liabilities	65,169,954	89,797,723
TOTAL SHORT-TERM FINANCIAL AND OPERATING LIABILITIES	**157,669,907**	**180,832,394**

C. Short-term operating liabilities	31/ 12/ 2019	31/ 12/ 2018
Short-term operating liabilities to suppliers – to associate companies	390,988	875,558
Short-term operating liabilities to suppliers – to other companies	54,382,394	75,363,542
TOTAL short-term liabilities to suppliers	**54,773,382**	**76,239,100**
• Of which already matured on the day of balance	24,026,270	23,603,395
Short-term operating liabilities for advances	1,364,961	1,328,054
TOTAL short-term liabilities for advances	**1,364,961**	**1,328,054**
Short-term liabilities to employees	7,139,880	8,241,953
Short-term liabilities to government	1,073,746	1,670,480
Short-term liabilities from interest – associated companies	513	694
Short-term liabilities from interest – other companies	215,619	203,978
Other short-term operating liabilities – other companies	601,853	2,113,465
TOTAL other short-term operating liabilities	**9,031,611**	**12,230,570**
TOTAL SHORT-TERM OPERATING LIABILITIES	**65,169,954**	**89,797,723**

Itemisation of short-term liabilities from interests	31/ 12/ 2019	31/ 12/ 2018
Interest related to financial expenses from operating liabilities	2,553	2,562
Interest related to financial expenses from financial liabilities	213,580	202,110
Total	**216,133**	**204,672**

Table 98: Trend in short-term financial liabilities in EUR (without liabilities from leases and liabilities relating to the distribution of profit)

	Total debt as of 1/ 1/ 2019	New loans in current year (+)	Measured financial derivatives at fair value	Transfer of the short-term portion of long-term liabilities (+)	Transfers of short-term financial liabilities of companies in the Group upon acquisition	Exchange rate differences (+/-)	Reimbursements in the current year (-)	Short-term debt balance on 31/ 12/ 2019
Short-term portion of long-term financial liabilities to banks	43,149,684	0	0	50,464,479	60,170	-58,158	43,151,696	50,464,479
Short-term financial liabilities to banks	29,740,534	26,310,222	0	0	0	0	32,240,535	23,810,221
Short-term portion of long-term liabilities on the basis of bonds	10,000,000	0	0	10,000,000	0	0	10,000,000	10,000,000
Fair value of interest rate swaps	283,545	0	16,008	0	0	0	0	299,553
Short-term financial liabilities to associate companies	500,000	500,000	0	0	0	0	500,000	500,000
Short-term portion of long-term financial liabilities to others	53,422	0	0	18,545	0	0	53,422	18,545
Short-term financial liabilities to other companies	7,180,000	6,830,000	0	0	0	0	7,180,000	6,830,000
TOTAL	**90,907,185**	**33,640,222**	**16,008**	**60,483,024**	**60,170**	**-58,158**	**93,125,653**	**91,922,798**

Table 99: Trend in short-term financial liabilities from leases in EUR

	Total debt as of 31/ 12/ 2018	Total debt as of 01/ 01/ 2019	Transfer of the short-term portion of long-term PDU	Exchange rate differences (+/-)	Reimbursements in the current year (-)	Short-term debt balance as of 31/ 12/ 2019
Short-term financial liabilities from leases (operating lease)	0	0	435,222	0	2,602	432,620
Short-term financial liabilities from leases (financial lease)	117,701	117,701	110,630	0	117,701	110,630
TOTAL	**117,701**	**117,701**	**545,852**	**0**	**120,303**	**543,250**

Table 100: Analysis of outstanding liabilities to suppliers in EUR

	31/ 12/ 2019	31/ 12/ 2018
Matured in 2019	20,670,130	X
Matured in 2018	3,270,478	22,878,195
Matured in 2017	11,334	591,663
Matured in 2016	0	53,518
Matured in 2015 or before	74,328	80,018
TOTAL liabilities to suppliers already due	**24,026,270**	**23,603,395**

Liabilities to suppliers matured in 2018 are the consequence of handovers still not completed in relation to overhauls carried out by suppliers.

The range of the interest rate for short-term received loans in 2019 was from 1% fixed to a six-month EURIBOR +1.05%.

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

Part of short-term financial liabilities in the amount of EUR 81,922,798 is insured, while part of short-term financial liabilities in the amount of EUR 10,000,000 is not insured.

20. Short-term accrued costs and deferred revenues

Table 101: Short-term accrued expenses and deferred revenues in EUR

	31/ 12/ 2019	31/ 12/ 2018
Accrued deferred costs or expenses	1,471,912	1,693,456
Short-term deferred income	43,507	50,815
VAT from advances granted	150,589	37,625
TOTAL SHORT-TERM ACCRUED COSTS AND DEFERRED REVENUES	**1,666,008**	**1,781,896**

Short-term deferred costs or expenses include accrued costs of provisions for agents for transactions in 2019, costs of interest of issued bonds accrued until 31/ 12/ 2019, calculated amounts of unused leaves after the balance as of 31/ 12/ 2019, and deferred income based on accruals and VAT from given advances as of 31/ 12/ 2019

21. Contingent liabilities

The Impol Group has issued guarantees in the amount EUR 5,808,089, 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 413,969 in connection with employment litigations for compensation for damages and other economic actions in the amount of EUR 119,091 EUR.

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

22. Business combinations

In 2019, the Impol Group purchased the operating share in Alcad, d. o. o., from a natural person, who previously owned a 67.93 % share, thereby becoming 100 % owner of this company, since it previously already owner a 32.07 % shareholding in Alcad, d. o. o., which falls among associate companies.

On the date of acquiring control, i.e. on 7/ 3/ 2019, the Group assessed the fair values of the assets, the liabilities and the potential liabilities of the acquired company Alcad, d. o. o., and took them into account in the initial accounting of the business combination, whereby it identified a surplus of the purchase price by the share of the acquired company above the fair value of the obtained equity in the amount of EUR 942,289, as shown in the table below.

Table 102: Fair value of equity obtained in EUR

	Fair value as of 7/ 3/ 2019	Carrying amount as of 7/ 3/ 2019
Assets		
Intangible assets	73,751	73,751
Immovable property	695,370	389,184
Machinery, devices and equipment	415,143	415,143
Deferred tax assets	33,351	33,351
Operating receivables	423,900	423,900
Short-term accrued costs and deferred revenues	4,970	4,970
Cash and cash equivalents	142,469	142,469
Total assets	**1,788,954**	**1,482,768**
Liabilities		
Operating liabilities	181,675	181,675
Financial liabilities	198,560	198,560
Provisions	54,995	54,995
Short-term accrued costs and deferred revenues	100	100
Total liabilities	**435,330**	**435,330**
Net acquisition assets	1,353,624	1,047,438
Purchase price*	2,295,913	
Goodwill	**942,289**	

**Purchase price: purchase price for an additional 67.93 % share + fair value of the previously acquired 32.07 % share.*

Since the 32.07 % share in Alcad, d. o. o. was accounted for before taking over control as an investment in an associated company (IAS 28), this (previous) share was considered, for purposes of accounting for the takeover, as disposed of and regained on the takeover date at fair value. The resulting difference from the fair value and carrying amount of the investment in accordance with IAS 28 was recognised as part of the consolidated operating results (IFRS 3, Article 42).

23. Financial instruments and financial risks

Financial risks of the Impol Group are assessed as high considering their probability and importance, which is why special attention is put to these risks. The activities are monitored and managed by the Finance and Business Administration Department, the Risk Management Department and all other relevant departments in Impol Group companies operating outside Slovenia.

Liquidity risks

When it comes to liquidity risk management, the Impol Group examines whether it is able to settle all current operating liabilities and whether it is generating a sufficiently large cash flow to settle financing liabilities.
Floating weekly and monthly planning of cash flows allows us to establish the liquid asset requirements. Potential shortages of cash are covered by bank credit lines, whereas any short-term surpluses are invested in liquid current financial assets.

Successful business performance facilitates sustainable solvency and capital increase.

Long-term financial liabilities

Table 103: Long-term financial liabilities in EUR

	Total debt as of 31/ 12/ 2019	The part falling due in 2020	31/ 12/ 2019	31/ 12/ 2018
	+	-	=	
Long-term financial liabilities to banks	159,919,376	50,464,479	109,454,897	109,346,146
Long-term financial liabilities regarding bonds	10,000,000	10,000,000	0	10,000,000
Long-term financial liabilities (excluding liabilities from leases) to other companies	98,391	18,545	79,846	98,391
Long-term financial liabilities from leases (financial lease to other companies)	155,395	110,628	44,767	141,045
Long-term financial liabilities from leases (operating lease to other companies)	1,104,378	435,222	669,157	0
TOTAL long-term financial liabilities	**171,277,540**	**61,028,874**	**110,248,667**	**119,585,583**

Maturity of long-term financial liabilities by years

Table 104: Maturity of long-term financial liabilities by years in EUR

	31/ 12/ 2019	31/ 12/ 2018
Maturing in 2020	X	52,058,468
Maturing in 2021	39,651,405	26,766,859
Maturing in 2022	32,889,850	19,067,480
Maturing in 2023	25,104,418	14,173,883
Maturing in 2024	10,587,431	7,518,892
Maturing in 2025 or later	2,015,563	X
Total long-term financial liabilities	**110,248,667**	**119,585,582**

Table 105: Short-term financial and operating liabilities in EUR

	31/ 12/ 2019	31/ 12/ 2018
Short-term financial liabilities	31,471,079	37,714,457
Short-term part of long-term financial liabilities	61,028,874	53,320,213
Total short-term financial liabilities	92,499,953	91,034,670
Short-term operating liabilities	65,169,954	89,797,723
Total short-term operating liabilities	65,169,954	89,797,723
TOTAL SHORT-TERM FINANCIAL AND OPERATING LIABILITIES	**157,669,907**	**180,832,394**

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 2019, the activity of forward operations generated the forward balance of EUR 678,901.

Table 106: Forward balance in 2019 in EUR

	2019	2018	2017	2016
Financial revenues from forwards – forward purchases/sales of aluminium	687,345	1,532,937	53,076	88,462
Financial expenses from forwards – forward purchases/sales of aluminium	8,444	3,095	4,183,264	1,099,525

Fair value of these financial instruments as of 31/ 12/ 2019, amounts to EUR 299,602 and is recognised off-balance-sheet. The impact of potential changes of concluded forwards is neutral, since values are neutralised on the physical market.

Foreign exchange risk

Since in 2019 there were no significant fluctuations of the US dollar compared to the Euro, we have not decided to use derivative financial instruments in order to hedge the exchange rate risk.

Table 107: Financial revenues from forwards in EUR

	2019	2018	2017	2016
Financial revenues from forwards	0	515,114	99,999	98,752
Financial expenses from forwards	0	-13,663	78,686	44,563

Table 108: Overview of USD inflows, outflows and open positions at Impol d. o. o. in millions of USD

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

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/ 2019 for companies based in Slovenia:
- USD: 12,833,625
- AUD: 104,245

Open short-term operating liabilities in foreign currencies as of 31/ 12/ 2019 for companies based in Slovenia:
- CHF: 370
- USD: 3,654,957
- HRK: 11,486
- GBP: 17,480

Open short-term operating receivables in foreign currencies as of 31/ 12/ 2019 for companies based in Serbia:
- EUR: 7,987,530
- USD: 3,648,318
- GBP: 17,480

Open short-term operating liabilities in foreign currencies as of 31/ 12/ 2019 for companies based in Serbia:
- EUR: 27,771,634
- GBP: 33,173

Open short-term operating receivables in foreign currencies as of 31/ 12/ 2019 for companies based in Croatia:
- EUR: 865,796

Open short-term operating liabilities in foreign currencies as of 31/ 12/ 2019 for companies based in Croatia:
- EUR: 6,070,866

Analysis of the sensitivity to currency pairs to which we are exposed in Slovenia
Adverse change of any currency pair by 10 % would decrease the operating result by not more than EUR 751,184. The largest change refers to the currency pair EUR/USD, where the impact on the operating results amounted to EUR 742,767 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 259,684,641 RSD, which according to the exchange rate of the National Bank of Serbia as of 31/ 12/ 2019 amounts to EUR 2,344,812. The largest part refers to the currency pair EUR/RSD, where the impact on the operating results amounted to RSD 232,646,818 due to an adverse change (which according to the exchange rate of the National Bank of Serbia as of 31/ 12/ 2019 amounts to EUR 1,978,410.

Analysis of the sensitivity to currency pairs to which we are exposed in Croatia
Adverse change of the currency pair EUR/HKR by 10 % would decrease the operating result by not more than HKR 3,873,915, which according to the exchange rate of the National Bank of Croatia as of 31/ 12/ 2019 amounts to EUR 520,507.

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

Table 109: Revenues and expenses from foreign exchange differences in EUR

	2019	2018
Financial revenues from operating receivables – foreign exchange differences	2,221,300	3,014,731
TOTAL revenues from foreign exchange differences	**2,221,300**	**3,014,731**
Financial expenses from financial liabilities – foreign exchange differences	165,876	15,368
Financial expenses from operating liabilities – foreign exchange differences	1,794,054	1,793,762
TOTAL expenses from foreign exchange differences	**1,959,930**	**1,809,130**

Interest rate risk

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

Analysis of the sensitivity to changes in interest rates

The Impol Group is exposed to interest rate risk in the portion of debt which is tied to the variable interest rate (variable portion of is tied to EURIBOR).

Table 110: Short and long-term financial liabilities at a fixed rate in EUR

	31/ 12/ 2019	31/ 12/ 2018
Short-term and long-term financial liabilities	40,526,704	40,247,980

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

	31/ 12/ 2019	31/ 12/ 2018
Short-term and long-term financial liabilities	162,221,915	170,372,272

Table 112: Value of financial liabilities secured with interest rate swaps in EUR

	31/ 12/ 2019	31/ 12/ 2018
Interest rate swaps amount	31,625,000	44,031,250

Table 113: Short-term and long-term financial liabilities in EUR

	31/ 12/ 2019	31/ 12/ 2018
Increase of the interest rate by 50 bp	-652,985	-631,705
Increase of the interest rate by 100 bp	-1,305,969	-1,263,410
Decrease of the interest rate by 50 bp	652,985	631,705
Decrease of the interest rate by 100 bp	1,305,969	1,263,410

The change of the interest rate by 50 or 100 basic points at the reporting date would increase/decrease the net operating result
by the amount listed in the table above. The sensitivity analysis of the operating result in case of indebtedness at a variable interest rate
assumes that all other variables remain unchanged. In the calculation the liabilities at a variable interest rate are reduced by the entire amount of interest rate swaps.
On the reporting date, the Impol Group does not have substantial amounts of financial receivables tied to the variable interest rate.

the Sensitivity Analysis was also carried out on the assumption that banks actually take into consideration the EURIBOR negative value in
calculating the total interest rate. This means that as of the date of calculation (31/ 12/ 2019, when the six-month EURIBOR amounted to -0.324
and the three-month EURIBOR amounted to -0.383, the total interest rate was less than the interest margin.

Fair value of interest rate swaps as of 31/ 12/ 2019, in the amount of EUR -299,553, 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/ 2019, the insurance companies insured receivables to customers in the amount of EUR 54,479,662, representing 70.80 % 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 redeem ability.

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

Accounting and fair values of financial instruments

Classification of financial instruments according to their fair value as of 31/ 12/ 2019 is presented in the table.

Table 114: Accounting and fair values of financial instruments in EUR

	Carrying amount	Fair value	Fair value level
Investments in associate companies	604,765	604,765	3
Long-term financial investments – available-for-sale assets	311,972	311,972	3
Long-term loans granted	230,043	230,043	3
Short-term financial investments-receivables, acquired for sale	2,016,265	2,016,265	3
Short-term loans granted	570,166	570,166	3
Short-term operating receivables	76,962,321	76,962,321	3
Cash and cash equivalents	37,239,475	37,239,475	3
Long-term financial liabilities	110,248,666	110,248,666	3
Long-term operating liabilities	106,449	106,449	3
Short-term financial liabilities (excluding bonds and financial derivatives)	82,200,400	82,200,400	3
Short-term financial liabilities based on bonds*	10,000,000	10,310,000	1
Short-term financial liabilities – fair value of financial derivatives (FV of interest rate swaps)	299,553	299,553	2
Short-term operating liabilities	65,169,954	65,169,954	3

** Bonds listed on the stock market.*

EVENTS AFTER THE REPORTING DATE

In 2020, Impol Seval President was acquired by Impol Seval in Serbia.

In March 2020, the World Health Organisation declared the outbreak of the COVID-19 a pandemic, the consequences of which on the business operations and process organisation of the Impol Group were evident already during the preparation of this annual report. More information about this is provided in the business part of the annual report, under section Events after the reporting date.

OTHER DISCLOSURES

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

Composition of the Management Board:
- Jernej Čokl, President of the Management Board;
- Vladimir Leskovar, Vice President of the Management Board;
- Janko Žerjav, Member of the Management Board;
- Milan Cerar, Member of the Management Board;
- Bojan Gril, Member of the Management Board;

The Management Board appointed two executive directors who are not members of the Management Board:
- Andrej Kolmanič, Chief Executive Officer,
- Irena Šela, Executive Director of Finance and IT.

The Management Board also appointed an Audit Commission composed by:
- Vladimir Leskovar, President of the Commission;
- Bojan Gril, Member of the Management Board;
- Tanja Ahaj, External Member.

The Company has no claims against members of the management bodies and employees on individual contracts.

Table 115: Remuneration of members of the Management Board, executive directors, directors of subsidiaries, members of the Supervisory Board and employees based on individual contracts in the Impol Group in 2019 in EUR

	2019	2018
Board members (Management Board, executive directors) or directors of subsidiaries	2,830,430	2,831,348
Members of the Supervisory Board of Impol Seval in Impol-TLM	90,837	62,402
Employees on individual contracts	5,649,426	5,766,000
TOTAL	**8,570,693**	**8,659,749**

Table 116: The amount (cost) spent for the auditor (according to ZGD-1, point 2, paragraph 4, Article 69) in EUR

	2019	2018
Auditing of the annual report	105,118	107,527
Other audit services	3,150	3,150
TOTAL	**108,268**	**110,677**

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 2019 the auditors of the company in the Impol Group were not carrying out any other audit or non-audit services.

SIGNATURE OF THE ANNUAL REPORT FOR 2019 AND ITS PARTS

The president and members of the Management Board and the executive directors of the company Impol 2000, d. d. are familiar with the content of all parts of the consolidated annual report of the Group and with the whole Annual Report of the Impol Group for 2019. We agree with the content and confirm it with our signature.

Jernej Čokl
(Chairman
of the Management
Board)

Vladimir Leskovar
(Deputy Chairman
of the Management Board)

Janko Žerjav
(Member of the Management
Board)

Milan Cerar
(Member of the Management
Board)

Bojan Gril
(Member of the Management
Board)

Andrej Kolmanič
(Chief Executive Officer)

Irena Šela
(Chief Financial and IT
Officer)

FINANCIAL REPORT OF IMPOL 2000 D. D. FOR THE YEAR 2019

EXECUTIVE DIRECTORS' LIABILITY DECLARATION

The Executive Directors are responsible for drawing up the Annual Report of Impol 2000, d. d. so that it gives a true and fair view of the financial situation of Impol 2000, d. d. as well as its results of operations for 2019.

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 the 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
(Chief Financial and IT Officer)

Slovenska Bistrica, 17/ 4/ 2020

DECLARATION OF THE MANAGEMENT BOARD

The Management Board hereby approves the Financial Statements of Impol 2000, d. d. for the year ending on 31 December 2019, and the accounting policies applied. This Annual Report was adopted by the Company's Management Board at its session held on 24/ 4/ 2020/

Jernej Čokl
(Chairman of the Management Board)

Vladimir Leskovar
(Deputy Chairman of the Management Board)

Janko Žerjav
(Member of the Management Board)

Milan Cerar
(Member of the Management Board)

Bojan Gril
(Member of the Management Board)

Slovenska Bistrica, 24/ 4/ 2020

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, 2019, 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, 2019, 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) and Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities. Our responsibilities under those 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.

Emphasis of Matter - events after the balance sheet date

As disclosed in the section Significant events after the end of the financial year, the pandemic of the new coronavirus COVID-19 will have an impact on the operations of IMPOL 2000 d.d. as the parent company of the IMPOL Group in 2020. As the current situation in the country as well as in the relevant markets abroad is still very uncertain, IMPOL 2000 d.d. in the annual report presented a variant version of the assessment of the possible impact of the situation caused by the pandemic on the future operations of the IMPOL Group in 2020. The latter represents the best assessment of management in the given situation and taking into account the available information by the date of preparation of the annual report. Our opinion is not qualified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We considered the following matter as a key audit matter:

The recoverable amount of investments in subsidiaries

The company IMPOL 2000, d.d., shows as at 31. 12. 2019 financial investments in subsidiaries in total amount of 126.850 thousand EUR, which equals to 96% of all assets in

Our audit procedures included assessment of the appropriateness of management's assessment and test of key assumptions by the management in

AUDITOR
REVIZIJSKA DRUŽBA d.o.o. PTUJ

balance sheet at the balance sheet date. Those investments include the following:
-long term financial investment in equity of subsidiaries in total amount of 73.033 thousand EUR,
-long term loans to subsidiaries in total amount of 44.217 thousand EUR,
-short term loans to subsidiaries in total amount of 9.600 thousand EUR.

As described in the section Use of estimates and judgments in the financial part of the annual report of the company Impol 2000 d.d., an assessment in accordance with the provisions of IAS 36 - Impairment of assets on each reporting date is carried out to determine whether there is any indication that an asset may be impaired. If such evidence exists, the impairment test is carried out to assess the recoverable amount of such investments.

Due to the materiality of the items listed above and the need for specific professional assessments in connection with the determination of the recoverable amount we considered identification of indicators of impairment and impairment test itself to be a key audit matter.

determining potential indicators of impairment of investments in subsidiaries as well as determination of the recoverable amount itself.

Regarding the tests of impairment and the determination of the recoverable amount of the investments in subsidiaries, as described in Note 8 Long-term financial investment in the financial report of the company Impol 2000, d.d., our audit procedures included verification of the appropriateness and acceptability of the business projections in relation to the requirements of IAS 36, review of the methodological appropriateness and mathematical accuracy of the discount rate used as well as the nature and extent of participation by an authorized appraiser who was engaged as a management's expert by the Company.

Other information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, assess whether the other information is materially inconsistent with the financial statements, legal requirements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatements of fact. Based on the procedures performed, we report that:

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

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

AUDITOR
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accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also provide Management board and Audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Management board and Audit committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

AUDITOR
REVIZIJSKA DRUŽBA d.o.o. PTUJ

Report on other legal and regulatory requirements

Management and Supervisory Board Renumeration

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

Consistence with the Additional Report to the Audit Committee

We confirm that our audit opinion on the financial statements expressed herein is consistent with the additional report issued to the Audit Committee on 24 April 2020.

Prohibited services

We confirm that we have not performed any prohibited non-audit services referred to the Article 5 (1) of EU Regulation No. 537/2014. We also remained independent of the audited entity in conducting the audit.

Other audit services

We confirm that apart from the statutory audit of financial statements the auditing company has not performed any other services for the company IMPOL 2000 d.d. and its subsidiaries as disclosed in the annual report.

Appointment of the Auditor and Certified Auditor responsible for the audit

We were appointed as the statutory auditor of the Company's unconsolidated and consolidated financial statements for the financial years 2019, 2020 and 2021, by the shareholders of IMPOL 2000 d.d. on the General Shareholder's Assembly held on 19 July 2019. The Audit Contract was concluded for a period of 3 years. The total period of uninterrupted engagement on financial statements audit by the auditing company is 21 years. The company Impol 2000 d.d. became a public-interest entity by the listing of issued bonds on the organized securities market, which was carried out in December 2015.

On behalf of the auditing company Auditor d.o.o. the auditor responsible for the audit performed is Simon Pregl, univ. dipl. ekon., certified auditor.

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

24. April 2020

Certified auditor:

Simon Pregl, univ. dipl. ekon.

Simon Pregl

FINANCIAL STATEMENTS OF IMPOL 2000 D. D.

Accounting policies and notes form an integral part of the financial statements presented below and should be read in conjunction with them.

Profit and loss statement

Table 117: Profit and loss statement in EUR

Item			Note	2019	2018
1.		Net sales revenues	1	25,969,310	27,528,096
	a)	Net sales revenues in the domestic market		24,332,454	25,172,823
	b)	Net sales revenues in the foreign market		1,636,856	2,355,273
2.		Other operating revenues (including operating revenues from revaluation)	1	39,789	35,452
3.		Costs of goods, materials and services	2	17,026,999	16,408,679
	a)	Purchase value of goods and materials sold, and costs of the materials used		15,191,787	14,490,931
	b)	Costs of services	2	1,835,212	1,917,748
4.		Labour costs		7,935,670	7,364,218
	a)	Costs of wages and salaries		5,638,118	5,112,654
	b)	Social security costs (pension insurance costs are shown separately)		950,191	861,036
	c)	Other labour costs		1,347,361	1,390,528
5.		Write-offs	2	328,048	177,941
	a)	Depreciation		327,253	161,988
	b)	Revaluation operating expenses of intangible assets and tangible fixed assets		795	286
	c)	Revaluation operating expenses of current assets		0	15,667
6.		Other operating expenses	2	277,939	197,982
7.		Financial revenues from participating interests	3	5,852,326	3,413,900
	a)	Financial revenues from shares in companies in the Group		5,852,326	3,413,900
8.		Financial revenues from loans granted	3	562,182	521,381
	a)	Financial revenues from loans granted to companies in the Group		562,096	521,288
	b)	Financial revenues from loans granted to others		86	93
9.		Financial revenues from operating receivables	3	12,478	25,657
	a)	Financial revenues from operating receivables due from others		12,478	25,657
10.		Financial expenses from financial liabilities	3	1,078,259	1,361,808
	a)	Financial expenses from loans received by companies in the Group		377,749	292,143
	b)	Financial expenses from loans received from banks		0	5
	c)	Financial expenses from issued bonds		684,000	1,064,000
	d)	Financial expenses from other financial liabilities		3,551	1,893
	e)	Financial expenses from leases companies in the Group		7,253	0
	f)	Financial expenses from leases to others		5,706	3,767
11.		Financial expenses due to operating liabilities	3	651	225
	a)	Financial expenses from trade creditors and bills of exchange		0	27
	b)	Financial expenses from other operating liabilities		651	198
12.		Income tax	4	73,461	518,552
13.		Deferred taxes	5	-734	12,144
14.		**Net profit or loss for the accounting period**		**5,715,792**	**5,482,937**

Second comprehensive income statement

Table 118: Statement of other comprehensive income in EUR

	Note	2019	2018
Net profit or loss for the accounting period		**5,715,792**	**5,482,937**
Changes in revaluation reserves from the revaluation of tangible fixed assets (+/-)		0	0
Changes in reserves from fair value measurement (+/-)		0	0
Gains or losses from the conversion of financial statements of companies abroad (impact of exchange rate changes) (+/-)		0	0
Actuarial gains and losses of defined benefit plans (employee benefits) (+/-)	15	-7,731	-3,076
Other items of total comprehensive income (+/-)		0	0
Total comprehensive income for the accounting period		**5,708,061**	**5,479,861**

Balance Sheet

Table 119: Balance sheet in EUR

				Note	31/ 12/ 2019	31/ 12/ 2018
A.				**Long-term assets**	**118,348,611**	**120,038,685**
	I.			Intangible assets and long-term deferred costs and accrued revenues	6	448,943	501,998
		1.		Long-term property rights		448,943	501,998
	II.			Tangible fixed assets	7	283,412	219,455
		1.		Production equipment and machinery		78,787	69,304
		2.		Other machinery and equipment		204,625	150,151
	III.			Assets under financial lease	8	342,424	47,310
		1.		Asset under lease to companies in the Group		211,568	0
		2.		Assets under financial lease from other companies		130,856	47,310
	IV.			Investment property	9	0	0
	V.			Long-term financial investments		117,250,496	119,247,320
		1.		Long-term financial investments, excluding loans		73,033,316	70,806,315
			a)	Shares and stocks in companies in the Group		73,033,316	70,806,315
		2.		Long-term loans		44,217,180	48,441,005
			a)	Long-term loans to companies in the Group		44,217,180	48,441,005
	VI.			Long-term operating receivables		0	0
	VII.			Deferred tax assets	5	23,336	22,602
B.				**Short-term assets**		**14,184,515**	**10,238,531**
	I.			Assets (disposal groups) available for sale	10	0	0
	II.			Inventories		7,485	11,557
		1.		Products and merchandise	11	7,485	11,557
	III.			Short-term financial investments		9,600,000	5,100,000
		1.		Short-term loans		9,600,000	5,100,000
			a)	Short-term loans to companies in the Group	12	9,600,000	5,100,000
	IV.			Short-term operating receivables		4,082,269	4,802,573
		1.		Short-term operating receivables from companies in the Group		1,216,321	2,296,422
		2.		Short-term operating receivables from customers		2,340,712	2,330,547
		3.		Short-term operating receivables from others		525,236	175,604
	V.			Monetary assets	13	494,761	324,401

				Note	31/ 12/ 2019	31/ 12/ 2018
C.			**Short-term accrued costs and deferred revenues**	**13**	**14,345**	**4,868**
			Total assets		**132,547,471**	**130,282,084**
A.			**Equity**	**14**	**62,933,084**	**61,225,400**
	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		- 28,297	- 20,573
	VI.		Retained net profit or loss		34,084,444	32,601,891
	VII.		Net profit or loss for the financial year		5,715,792	5,482,937
B.			**Provisions and long-term accrued expenses and deferred revenues**	**15**	**273,943**	**258,488**
		1.	Provisions for pensions and similar obligations		273,943	258,488
C.			**Long-term liabilities**	**16**	**45,217,178**	**10,030,828**
	I.		Long-term financial liabilities		45,217,178	10,030,828
		1.	Long-term financial liabilities to companies in the Group		45,000,000	0
		2.	Long-term financial liabilities from bonds payable		0	10,000,000
		3.	Long-term financial liabilities from leases		217,178	30,828
		a)	Long-term financial liabilities from leases to companies in the Group		163,404	0
		b)	Long-term financial liabilities from leases to other companies		53,774	30,828
	II.		Long-term operating liabilities		0	0
	III.		Deferred tax liabilities		0	0
D.			**Short-term liabilities**	**17**	**23,812,578**	**58,332,080**
	I.		Liabilities included in groups for disposal		0	0
	II.		Short-term financial liabilities		20,629,237	55,524,591
		1.	Short-term financial liabilities to companies in the Group		10,500,000	45,499,600
		2.	Short-term financial liabilities based on bonds		10,000,000	10,000,000
		3.	Other short-term financial liabilities		852	4,778
		4.	Short-term financial liabilities from leases		128,385	20,213
		a)	Short-term financial liabilities from leases to companies in the Group		51,285	0
		b)	Short-term financial liabilities from leases to other companies		77,100	20,213
	III.		Short-term operating liabilities		3,183,341	2,807,489
		1.	Short-term operating liabilities to companies in the Group		1,788,064	203,176
		2.	Short-term business liabilities to suppliers		363,950	395,002
		3.	Short-term operating liabilities from advance payments		20,307	173,456
		4.	Other short-term operating liabilities		1,011,020	2,035,855
E.			**Short-term accrued costs and deferred revenues**	**17**	**310,688**	**435,288**
			Total liabilities to sources of assets		**132,547,471**	**130,282,084**

Statement of changes in equity in 2019

Table 120: Statement of changes in equity in 2019 in EUR

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

Revaluation reserves	Reserves resulting from valuation at fair value	Retained net profit or loss	Net profit and loss of the financial year	Total capital
IV	V	VI	VII	VIII
		Retained net profit	Net profit for the current year	Total capital
IV	V	VI	VII	VIII
	-20,573	**32,601,891**	**5,482,937**	**61,225,400**
	-20,573	**32,601,891**	**5,482,937**	**61,225,400**
		-4,000,376		**-4,000,376**
		-3,692,471		-3,692,471
		-307,905		-307,905
	-7,731		**5,715,792**	**5,708,061**
			5,715,792	5,715,792
	-7,731			-7,731
	7	**5,482,930**	**-5,482,937**	**0**
		5,482,930	-5,482,937	0
				0
	7	-7		0
	-28,297	**34,084,445**	**5,715,792**	**62,933,085**

Statement of changes in equity in 2018

Table 121: Statement of changes in equity in 2018 in EUR

		Called-up equity	Capital reserves	Revenue reserves	
		I	II	III	III
		Share capital		Statutory reserves	Other revenue reserves
		I	II	III/1	III/2
A.1	**Balance at the end of the previous financial year (31/ 12/ 2017)**	**4,451,540**	**10,751,254**	**2,225,770**	**5,732,581**
A.2	**Initial balance of the reporting period (01/ 01/ 2018)**	**4,451,540**	**10,751,254**	**2,225,770**	**5,732,581**
B.1	**Changes in equity – transactions with owners**				
	Disbursement of dividends to other legal and natural persons				
	Disbursement of dividends to associated legal persons				
B.2	**Total comprehensive income for the accounting period**				
	Entry of net profit or loss for the reporting period				
	Other items of the total comprehensive income in the financial year				
B.3	**Changes in equity**				
	Allocation of the remaining portion of the net profit for the comparable reporting period to other equity components				
	Allocation of a portion of the net profit for the comparable reporting period to other equity components based on the resolution of management and supervisory bodies				
	Other changes in equity				
C.	**Closing balance of the financial year (31/ 12/ 2018)**	**4,451,540**	**10,751,254**	**2,225,770**	**5,732,581**

Revaluation reserves	Reserves resulting from valuation at fair value	Retained net profit and loss	Net profit and loss of the financial year	Total capital
IV	V	VI	VII	VIII
Other revenue reserves		Retained net profit	Net profit for the current year	Total capital
IV	V	VI	VII	VIII
	-17,838	**32,481,493**	**3,118,354**	**58,743,154**
	-17,838	**32,481,493**	**3,118,354**	**58,743,154**
		-2,997,615		**-2,997,615**
		-2,766,892		-2,766,892
		-230,723		-230,723
	-3,076		**5,482,937**	**5,479,861**
			5,482,937	5,482,937
	-3,076			-3,076
	341	**3,118,013**	**-3,118,354**	**0**
		3,118,354	-3,118,354	0
				0
	341	-341		0
	-20,573	**32,601,891**	**5,482,937**	**61,225,400**

Cash flow statement

Table 122: Cash flow statement in EUR

Item			Note	2019	2018
A.		**Cash flows from operating activities**			
	a)	**Profit & Loss Statement items**		**686,726**	**3,080,304**
		Operating revenues (except from revaluation) and financial revenues from operating receivables	1	26,000,711	27,581,628
		Operating revenues excluding depreciation (except from revaluation) and financial expenses from operating liabilities	2	-25,241,258	-23,970,628
		Income tax and other taxes not included in operating expenses	4	-72,727	-530,696
	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**		**983,735**	**-1,315,443**
		Opening minus closing operating receivables	12	755,903	-1,252,901
		Opening minus closing deferred costs and accrued revenue	13	-9,477	11,877
		Opening minus closing deferred tax receivables	5	-734	12,144
		Opening minus closing inventory	10	4,072	852
		Closing minus opening operating debts	17	333,983	-215,848
		Closing minus opening accrued costs and deferred revenues and provisions	17	-100,012	128,433
	c)	**Positive or negative cash flow from operating activities (a + b)**		**1,670,461**	**1,764,861**
B.		**Cash flows from investing activities**			
	a)	**Cash receipts from investing activities**		**11,479,359**	**8,814,339**
		Cash receipts from interest and participation in profit of others relating to investing activities	3	6,378,910	3,926,552
		Cash receipts from the disposal of tangible fixed assets		449	67,787
		Cash receipts from the disposal of long-term financial investments		0	4,800,000
		Cash receipts from the disposal of short-term financial investments	11	5,100,000	20,000
	b)	**Cash disbursements from investing activities**		**-7,808,082**	**-9,222,027**
		Cash disbursements for the acquisition of intangible assets	6	-40,881	-128,265
		Cash disbursements for the acquisition of tangible fixed assets	7	-164,026	-189,432
		Cash disbursements for the acquisition of long-term financial investments	9	-7,603,175	-8,274,330
		Cash disbursements for the acquisition of short-term financial investments		0	-630,000
	c)	**Positive or negative cash flow from investing activities (a + b)**		**3,671,277**	**-407,688**
C.		**Cash flows from financing activities**			
	a)	**Cash receipts from financing activities**		**10,000,400**	**20,264,328**
		Cash receipts from the increase of short-term financial liabilities	17	10,000,400	20,264,328
	b)	**Cash disbursements from financing activities**		**-15,171,778**	**-21,862,533**
		Cash disbursements for given interests from financing activities	3	-1,032,839	-1,370,062
		Cash repayments of long-term financial liabilities	16	-114,425	0
		Cash repayments of short-term financial liabilities	17	-10,020,213	-17,494,409
		Cash repayments of dividends and other profit shares paid		-4,004,301	-2,998,062
	c)	**Positive or negative cash flow from financing activities (a + b)**	**17**	**-5,171,378**	**-1,598,205**
D.		**Monetary assets at the end of the period**		**494,761**	**324,401**
	x)	**Cash flows in the period (sum of cash flows Ac, Bc and Cc)**		**170,360**	**-241,032**
	y)	**Monetary assets at the beginning of the period**		**324,401**	**565,433**

Notes to the financial statements

Reporting entity

In accordance with the Companies Act, Impol 2000, d. d. (hereinafter referred to as: Company), with head office in Slovenska Bistrica, Partizanska ulica 38, is classified as a large public limited company, and as such, subject to regular annual audit. The Company is classified under the activity code 70.100 – management of companies. The company's share capital in the amount of EUR 4,451,540 EUR is divided into 1,066,767 registered pro rata shares that are not traded in the organised security market. The shares are owned by 827 shareholders.

The following section presents financial statements of Impol 2000, d. d. for the financial year that ended on 31/ 12/ 2019

Introductory note on reporting standards

The financial statements of the company Impol 2000, d. d. and the notes for 2019 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.

Due to the issue of bonds, which are traded in the organised securities market, and on the basis of the requirements of the Companies Act (ZGD-1), the company Impol 2000, d. d. is obliged to prepare a consolidated annual report for the financial year 2019 in accordance with IFRS. 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 Management Board and the Executive directors hereby approve the financial statements for the financial year 2019.

The 2019 financial statements of the company Impol 2000, d. d. were drawn up in accordance with the International Financial Reporting Standards (IFRS), as they were adopted by the European Union, including the notes that were adopted by the International Financial Reporting Interpretations Committee (IFRIC) and that were also adopted by the European Union, and in accordance with the Slovenian Companies Act (ZGD-1).

On the balance sheet date, there were no differences between the applied IFRS and the IFRS adopted by the European Union in accounting guidelines of Impol 2000, d. d. as regards the process of confirming standards in the European Union.

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

a) Amendment in the existing accounting standards applicable for the current accounting period

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

- Amendments to IAS 19 Employee Benefits – Plan Amendment, Curtailment or Settlement adopted by the EU on 13 March 2019 (effective for annual periods beginning on or after 1 January 2019);
- Amendments to IAS 28 Financial investments in companies and joint ventures – Long-terms shares in affiliated companies in joint ventures adopted by the EU on 8 February 2019 (effective for annual periods beginning on or after 1 January 2019);
- IFRS 16 Leases, adopted by the European Union on 31 October 2017 (effective for annual periods beginning on or after 1 January 2019);
- Amendments to IFRS 9 Financial Instruments – Prepayment elements with negative compensation, adopted by the EU on 22 March 2018 (effective for annual periods beginning on or after 1 January 2019);
- Amendments to various standards Improvements to IFRSs (period 2015 to 2017) resulting from the annual improvement project of IFRS (IFRS 3, IFRS 11, IAS 12, and IAS 23) primarily with a view to removing inconsistencies and clarifying wording, adopted by the EU on 14 March 2019 (effective for annual periods beginning on or after 1 January 2019);
- IFRIC 23 Uncertainty regarding Income Tax Treatment, adopted by the European Union on 23 October 2018 (effective for annual periods beginning on or after 1 January 2019);

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. The impact of implementing the new IFRS 16 standard on the balance sheet of Impol 2000, d. d., on 1 January 2019 is shown below.

In accordance with the new manner of treating leases on the basis of the IFRS 16, a contract is a lease contract or is a contract that contains a lease, if the contract allows the transfer of the right to manage the use of a certain asset for a certain period of time in exchange for compensation. In these contracts the new model requires from the lessee to recognise the asset representing the right to use. This asset is then amortised and the liabilities from the lease bear interest. In the past, Impol 2000, d. d. recognised costs of operating lease, instead on 1/ 1/ 2019 the Group recognised the payment of obligations due from the amount of leases as a right to use assets from the operating lease.

This amendment to the standard eliminates the current double model of calculating leases, when the organisation acts as the lessee, and which stated financial leases as an asset, whereas operating leases were recognised as expenses on the basis of straight-line method for the entire duration of the lease. Instead, the accounting standards require, from 1/ 1/ 2019 on, that leases, which do not represent exceptions and which the Company may select (short-term leases and leases where the asset, which is the subject of the lease, is of low value), are to be recognised as a balance sheet by applying a single model, similarly to calculating financial leases.

In order to transition to the new IFRS 16 standard, Impol 2000, d. d. applied an adjusted retrospective method with a cumulative effect of starting to apply the standard on 1 January 2019, for this reason the comparison data for 2018 have not been recalculated, but all changes due to the new standard are recognises as an adjustment of the initial state in the balance sheet on the date of initial application.

Impol 2000, d. d. applied exceptions, provided for in the standard, namely for lease contract with low values and for leases the duration of which is shorter than 12 months since the initial application.

The liability from lease as of 1/ 1/ 2019, which at the same time also represents the amount of the asset from the right to use, was calculated as the current value of leases not yet settled, and discounted with the use of the lessee's assumed interest rate for the lease on the date of transition.

Table 123: Impact of the transition to items of assets in the balance sheet in EUR

Carrying amount of the right to use assets from lease contracts	Balance as of 31/ 12/ 2018	Transition to the amended accounting treatment of leases on 1/ 1/ 2019	Balance as of 01/ 1/ 2019
Immovable property – companies in the Group	0	264,460	264,460
Equipment – other companies	47,310	125,006	172,316
Total rights to use assets from lease contracts	**47,310**	**389,466**	**436,776**

Table 124: Impact of the transition to items of financial liabilities in the balance sheet in EUR

Carrying amount of the right to use assets from lease contracts	Total debt as of 31/ 12/ 2018	Transition to the amended accounting treatment of leases on 1/ 1/ 2019	Total debt as of 1/ 1/ 2019
Long-term financial liabilities related to right to use – operating lease – companies in the Group	0	264,460	264,460
Long-term financial liabilities related to right to use – operating lease – other companies	0	125,006	125,006
Long-term financial liabilities related to right to use – financial lease – other companies	30,828	0	30,828
Short-term financial liabilities related to right to use – financial lease – other companies	20,213	0	20,213
TOTAL	**51,041**	**389,466**	**440,507**

Assets under lease and liabilities from leases of Impol 2000, d. d. by EUR 389,466 on 1 January 2019 due to transitioning to the new standard.

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 indicated below before their application:

- Amendments to IAS 1 Financial Statement Presentation and IAS 8 Accounting Policies, amendments to Accounting Estimates and Errors – Essential Definitions adopted by the EU on 29 November 2019 (effective for annual periods beginning on or after 1 January 2020);
- Amendments to IFRS 9 – Financial Instruments, IAS 39 – Financial Instruments: recognising and measuring and IFRS 7 – Financial Instruments: disclosures – Interest Rate Benchmark Reform, adopted by the European Union on 15 January 2020 (effective for annual periods beginning on or after 1 January 2020);
- Amendments to references to the conceptual framework in IFRS adopted by the European Union on 29 November 2019 (effective for annual periods beginning on or after 1 January, 2020).

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 2019 financial year were being drawn up/approved.

- IFRS 14 Regulatory deferral Accounts (effective for annual periods beginning on or after 1 January 2016) – the European Commission has decided not to launch the endorsement process of this interim standard and wait for the final standard;
- IFRS 17 Insurance contracts (effective for annual periods beginning on or after January 1, 2021);
- Amendments to IFRS 3 Business Combinations - The definition of a business entity (effective for business combinations where the takeover date is the same as the date of the beginning of the first annual reporting period, beginning on or after 1 January 2020, and for obtaining assets that may occur at the beginning of said period or after it);
- 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).

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

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

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. Changes in accounting estimates may only be recognised for the period in which the estimates were changed, if the changes apply only to this period, or both for the current and future periods, if the changes affect both the current and future periods.

Assessments and assumptions are mostly present in the following estimates:

- **Estimate of useful life of depreciable assets**

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

- **Impairment testing of assets**

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

  - investment in subsidiaries (Note 9);
  - investments in associates (Note 9);
  - financial receivables (Note 11);
  - estimate of the fair value of assets (Note 18).

All items in financial statements represent the costs or the settlement value. All assets and liabilities that are measured by fair value in financial statements are classified in a hierarchy of fair value based on the lowest level of inputs that are important for measuring the total fair value:

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

Impol 2000, d. d. classified all its financial instruments in level three (Note 18), except for listed bonds, which are classified in level one, in accordance with the IFRS 13.

- **Estimate of the net realizable 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 stated 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 2019.

- **Estimate of the collectible value of receivables**

At least once annually, namely before preparing the annual statement of account, the suitability of reported amounts of individual claims is assessed. If, based on the accounting data, the Management Board 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 management board, such receivables shall be subject to judicial proceedings (action or enforcement). Receivables already subject to a judicial proceeding are recognised as 'disputable' receivables. For 'doubtful' and 'disputable' receivables, an adjustment of their value shall be made which shall be charged against revaluation operating expenses.

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

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

- **Estimate of formed provisions**

Within the requirements regarding certain post-employment and other benefits, the present value of long-service bonuses and severance pays upon retirement. is 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 the company is not subject to any pending actions or claims against it.

Important accounting policies of the company

The accounting policies applied in the preparation of financial statements were the same as were applied in the preparation of financial statements for the financial year that ended on December 31, 2019.

Transactions in foreign currency

Transactions in foreign currencies are converted to functional currencies at exchange rates at the dates of the transactions. Cash and liabilities denominated in foreign currencies at the end of the reporting period are converted to the functional currency according to the valid ECB exchange rate published by the Bank of Slovenia. Positive or negative foreign currency differences are differences between the 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 accounting value 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 equity 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.

Investments in associates

Associates are companies where Impol 2000, d. d. has a significant influence but does not control their financial and business policies. A significant influence exists if the company 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 associates at cost. Costs which the company can relate to the acquisition increase the cost of the investment.

Intangible assets

Intangible assets of Impol 2000, d. d. include other long-term deferred items (IT – programmes, programme solutions). At initial recognition, intangible assets are valued at cost. The carrying 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 below.

Table 125: Applied depreciation rates 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. Purchase value includes costs that can be directly attributed to individual assets.

Important parts of fixed assets that have different useful lives are recognised as individual tangible fixed assets.

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

Positive or negative differences between the net recoverable value and the carrying value of the disposed asset are recognised in profit or loss. The costs of replacing a part of a tangible fixed asset are recognised at the carrying value of this asset if it is probable that future economic gains of this part of the asset will flow into the Company 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 126: Depreciation rates used for tangible fixed assets

Depreciation rates used in the company	Depreciation rate in %	
	Lowest	Highest
Tangible fixed assets		
Equipment		
Production equipment	20 %	20 %
Furniture	20 %	25 %
Computer hardware	50 %	50 %
Motor vehicles		
Passenger cars	20 %	20 %

Assets under financial lease

Upon signing the contract, an assessment is made if the contract contains a lease in accordance with the IFRS 16 standard. According to this standard, a contract is a lease contract if it grants the right to use a certain asset for a certain period of time in return for payment.

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

The asset with the right to use is recognised on the date of commencement of the lease, i.e. when the asset is available for use. The initial measurement of the asset includes the amount of the initial measurement of the liability from the lease (discounted current value of the rents which have not yet been paid on that date), the payment of rents, which were made on the date of commencement of the lease or before, decreased by the received rental incentives and assessment of possible costs incurred by the Company after the removal of the asset.

The assets are then measured according to their purchase value, decreased by the accumulated depreciation and by the loss due to the impairment, and adjusted for each re-measurement of the liability from the lease. The asset is amortised from the commencement of the lease until the end of its useful life or until the end of the lease period, if it is shorter than the useful life period. If the contract is concluded for an undetermined period of time or if it is automatically extended every year, the expected periods of amortisation for each individual group of assets will apply.

Signs of impairment are verified on a yearly basis and if any such signs exist, then the recoverable amount of these assets is estimated. In case of impairment, it is recognised in the statement of profit or loss in accordance with 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.

After determining the fair value of financial instruments, the following hierarchy of determining fair value is taken into account:
- 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 assets or liabilities 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. The specified assets can be classified into three groups according to IFRS 9, namely:
- Financial assets at fair value through profit or loss.
- Financial assets measured at amortised cots.
- Financial assets measured at fair value through other comprehensive income.

The basis for the above classification is represented by business models under which individual financial assets and their contractual cash flows are managed. In accordance with the IFRS 9 standard, classifying and measuring financial assets in financial statements is defined by the selected business model under which the financial assets and the characteristics of their contractual cash flows are managed. Upon initial recognition, each financial asset is classified in one of the following business models:
- Model with the intention of obtaining contractual cash flows (measuring at amortised costs).
- Model with the intention of selling and obtaining contractual cash flows (measuring at fair value through statement of comprehensive income.

- Other models (measuring at fair value through profit or loss).

Financial assets at fair value through profit or loss

Financial assets measured at fair value through profit or loss are initially measured at fair value, whereas transaction costs are stated, upon purchase, in the profit or loss statement. 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 from these financial instruments are classified in the profit or loss statement. Dividends from financial instruments classified in this group are recognised as financial revenues in the profit or loss statement. Impol 2000, d. d. possesses no such assets.

Financial assets measured at amortised cots

Financial assets measured at amortised cots are measured at amortised cots according to the effective interest rate method. They are stated in the amount of unpaid principal, increased by unpaid interests and compensations, and decreased by the impairment amount.

Financial assets measured at fair value through other comprehensive income

Financial assets held for trading and financial assets measured at fair value through other comprehensive income are measured at fair value after initial recognition. Fair value is based on the published market price as of the reporting date, which represents the best offer or, if not available, the 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 reported under business, financial and other receivables at amortised value, considering the current interest rate.

In addition to the above financial assets, separate financial statements of Impol 2000, d. d., also show investments in subsidiaries and affiliated companies, which are valued at cost in accordance with the IAS 27 standard.

Cash and cash equivalents

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

Non-derivative financial liabilities

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

Inventories

Merchandise inventories of Impol 2000, d. d. are valued at cost or net realizable value, whichever is lower. Net recoverable value is the estimated selling price at the reporting date less sales expenses and other possible administrative expenses, which are usually connected with the sale.

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

Equity

As of 31/ 12/ 2019, the share capital of Impol 2000, d. d., amounts to EUR 4,451,540 and is divided into 1,066,767 ordinary no-par value shares.

Capital reserves of Impol 2000, d. d. in the total amount of EUR 10,751,254 comprise of the paid-in share premium in the amount of EUR 97,090 and EUR 9,489,713, and a general capital revaluation adjustment of EUR 1,164,451.
In accordance with the Company Statute, statutory reserves represent ½ of the Company's share capital and amount to EUR 2,225,770.
In accordance with the resolution of the General Meeting held on 19/ 7/ 2019, dividends were paid out in the amount of EUR 4,000,376 or EUR 3.75 per share in 2019. The accounting value of the share as of 31/ 12/ 2019 amounted to EUR 58.99 per share, and the net profit amounted to EUR 5.36 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 long-service bonuses and severance pays upon retirement

In accordance with legal requirements and its internal rules, the Company is bound to pay jubilee and retirement benefits to its employees, for which it formed long-term provisions. There are no other obligations relating to pensions. Provisions are formed in the amount of the expected future payments of long-service bonuses and severance pays upon retirement discounted on the date of the statement of financial position. 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 mostly considers the discount rate, assessment of turnover of staff, assessment of mortality, and assessment of wage growth.

Financial liabilities from leases

Financial liabilities from leases are recognised on the date of commencement of the lease of the asset. On the date of commencement of the lease, the liability from the lease is measured according to the current value of the rents, if they have not been yet paid. These rents are discounted. At a later measurement of the financial liability from leases, this liability is increased by the value reflecting the interests on the liabilities from leases and decreased by the value of the payment of the rent, and, in case of the rental conditions changing, the current value is re-measured on the basis of the re-assessment of future rents or changes to the lease (lease duration or lease price).

After the date of commencement of the lease, the financial liabilities from leases are re-measured by applying a new discount rate, if the duration of the lease or the value of future rents has changed.

In case of lease termination or reduction, the profit or loss, related to the partial or full termination of the lease, is recognised in the statement of profit or loss.

Liabilities from leases are recognised as long-term liabilities, except for liabilities that will be settled within 12 months and are stated in the balance sheet as short-term liabilities from leases.

Impairment

Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows from that asset. Financial asset is impaired, if its accounting value is higher than the estimated recoverable value or if there is objective evidence of the impairment. The replacement value represents the present value of the estimated future cash flows discounted at the original effective interest rate of this instrument. The impairment is recognised in the statement of profit or loss.

A financial investment is assessed at each reporting date by the accounting department to determine its suitability. If a financial investment is losing value (e.g. due to unsuccessful operations of the entity where the company has its equity participation, insufficient solvency etc.), it mus be determined what kind of corrections have to be made to the initially recognised value of cost and debited to revaluation financial expenditures. Likewise, the responsible person must order a write-down or write-off of the financial investment as soon as relevant reasons appear.

Impairment of receivables and loans granted

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

Upon initial recognition, financial assets measured at fair value through other comprehensive income are measured at cost, to which transaction costs from the purchase of the financial asset are added. Profit and loss from these financial instruments are never classified in the profit or loss statement.

The amount of loss in the impairment of financial assets measured at amortised cost is measured as the difference between the carrying amount of the financial investment and the current value of expected future cash flows, discounted at the original effective interest rate. The impairment loss is recognised in profit or loss. Should the grounds for the impairment of the financial investment cease to exist, the reversal of the impairment of the financial asset, which is stated at amortised cost, is recognised in the profit or loss statement.

In case of financial instruments measured at fair value through profit or loss is classified under the profit or loss statement.

Financial investments in subsidiaries are calculated in the accounting statements of Impol 2000, d. d., at cost.. As at every reporting date, the Company assess the remaining carrying amount in order to determine whether there are any indications of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the higher of its value in use and its fair value, less costs to sell. 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 if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Non-financial assets

Tangible and intangible assets

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

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. 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 profit or loss. The recoverable amount of an asset or cash-generating unit is the higher of its value in use and its fair value, less costs to sell. 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 stated at values higher than expected from their sale or utilisation. Inventories are usually partially written off to their net recoverable value under individual items.

Recognition of income

Income is recognised if the increase of economic benefits in the financial year is related to the increase of an asset or decrease of a liability, and if this increase can be measured reliably.

Operating income is recognised when it could reasonably be expected that they will result in remuneration, if this is not already realised upon occurring and it may be reliably measured. The Company uses a five-level model of recognising income in accordance with IFRS 15. The identification of the contract with customers is followed by the identification of separate performance commitments, price formulation, price distribution to separate performance commitments and recognition of revenues in accordance with previous steps. The basic principle is that the recognition of income reflects the transfer of goods and services in an amount that reflects the compensation for which the Company expects that it is 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;
- Income from services done, other than services that lead to financial income and are measured by 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 accounting value of an asset or liability and its tax base in profit or loss. Deferred tax is determined using tax rates effective at the date of the statement of financial position that are expected to be used when the deferred tax liability is realised or the deferred tax liability is settled. Deferred tax receivables are recognised in the extent of the probability that there will be taxable profit available in the future that can be used to cover the deferred tax receivable.

Cash flow statement

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

Segment reporting

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

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

NOTES TO INDIVIDUAL ITEMS OF FINANCIAL STATEMENTS

1. Operating revenues

Table 127: Operating revenues in EUR

Operating revenues	Operating revenues generated with companies			2019	2018
	in the Group	associated	others		
Net sales revenues	10,137,892	425	15,830,993	25,969,310	27,528,096
Other operating revenues	0	0	39,789	39,789	35,452
TOTAL	**10,137,892**	**425**	**15,870,782**	**26,009,099**	**27,563,548**

Table 128: Other operating revenues in EUR

Other operating revenues	2019	2018
Revenues from the reversal of provisions	20,416	7,330
Other revenues associated with business effects (subsidies, grants, compensations, premiums, etc.)	9,395	24,032
Revaluation operating revenues (from operating receivables and sale of fixed assets)	9,978	4,090
TOTAL	**39,789**	**35,452**

Table 129: Net sales revenues by the type of merchandise or service in EUR

Product, merchandise or service	2019	2018
Revenues from services – foreign market	10,175,524	12,418,991
Revenues from sale of merchandise – domestic market	14,156,930	12,753,832
Revenues from sale of merchandise – foreign market	1,635,436	2,346,545
Revenues from services – foreign market	1,420	8,728
TOTAL	**25,969,310**	**27,528,096**

Table 130: Net sales revenues by operating segments in EUR

Net sales revenues by operating segments	2019	2018
Revenues from sales in Slovenia	24,332,454	25,172,823
• Companies in the Group	10,137,892	12,380,573
• Associates	425	294
• Other companies	14,194,137	12,791,956
Revenues from sales in EU	505,543	289,429
• Companies in the Group	0	1,078
• Other companies	505,543	288,351
Revenues from sales in other European countries	1,131,313	2,065,844
• Other companies	1,131,313	2,065,844
TOTAL	**25,969,310**	**27,528,096**

2. Operating expenses

Analysis of costs and expenses

Table 131: Analysis of costs and expenses in EUR

	Costs of sale	Costs of general activities	Total 2019	TOTAL purchases in 2019 in: Companies in the Group	Associate companies	Other companies	Total 2018
Purchase value of merchandise and materials sold	15,047,587	0	15,047,587	15,043,515	0	4,072	14,332,393
Costs of material	0	144,200	144,200	41,897	0	102,304	158,538
Costs of services	647,014	1,188,198	1,835,213	251,569	328,331	1,255,313	1,917,748
Labour costs	0	7,935,670	7,935,670	0	0	7,935,670	7,364,218
Depreciation	0	327,253	327,253	52,892	0	274,361	161,988
Revaluation operating expenses	0	795	795	0	0	795	15,954
Other operating expenses	0	277,939	277,939	5,043	0	272,896	197,982
TOTAL	**15,694,601**	**9,874,056**	**25,568,657**	**15,394,915**	**328,331**	**9,845,410**	**24,148,821**

Revaluation operating expenses

Table 132: Revaluation operating expenses in EUR

	2019	2018
From disposal of tangible fixed assets	795	286
From operating receivables	0	15,667
TOTAL	**795**	**15,954**

Costs of material

Table 133: Cost of materials in EUR

	2019	2018
Costs of energy	43,880	44,427
Costs of office supplies and professional literature	76,720	87,213
Other costs of material	23,600	26,898
TOTAL	**144,200**	**158,538**

Costs of services

Table 134: Cost of services in EUR

	2019	2018
Costs of transport services	35,958	28,113
Costs of rents	22,457	168,554
Reimbursement of employee costs	218,788	183,664
Other costs of services	1,558,010	1,537,417
TOTAL	**1,835,213**	**1,917,748**

**The costs of rents in 2019 compared to 2018 are lower due to the IFRS 16 – Loans standard being applied.*

Auditors cost

Table 135: The amount (cost) spent for the auditor (according to ZGD-1, point 20, paragraph 1, Article 69) in EUR

	2019	2018
Auditing of the annual report	23,622	23,621
TOTAL	**23,622**	**23,621**

Except for the mandatory annual audit of the financial statements for the financial year of 2019 the audit firm did not carry out any other audit or non-audit services.

Labour costs

Table 136: Itemisation of labour costs in EUR

Itemisation of labour costs	2019	2018
Costs of wages and salaries	5,638,118	5,112,654
Costs of pension insurance	539,235	484,444
Costs of other social security contributions	410,956	376,593
Other labour costs	1,347,361	1,390,528
TOTAL	**7,935,670**	**7,364,218**

Remuneration of members of the Management and Supervisory Board and employees on individual contracts in EUR	2019	2018
Members of the Management Board and CEOs	1,288,250	1,246,115
Employees on individual contracts	3,196,857	3,182,322
TOTAL	**4,485,107**	**4,428,437**

Employee education structure as of 31/ 12/ 2019

Table 137: Education structure

Education level	Number of employees as of 31/ 12/ 2019	Number of employees as of 31/ 12/ 2018
Doctoral Degree	3	3
Master's Degree	3	4
Bachelor's Degree	41	37
University Degree	15	14
Post-secondary Degree	12	16
Secondary School Degree	16	17
Vocational Degree	13	13
Semi-qualified	2	3
Non- qualified	4	13
TOTAL	**109**	**110**

Depreciation

Table 138: Depreciation in EUR

	2019	2018
Depreciation of intangible fixed assets	93,935	58,887
Depreciation of tangible fixed assets	99,273	103,101
Depreciation of tangible fixed assets relating to the right to use assets	134,045	0
Total depreciation	**327,253**	**161,988**

Other costs and expenses

Table 139: Other costs and expenses in EUR

	2019	2018
Charges independent of operation	216,481	141,202
Grants	55,339	56,672
Other costs	6,119	108
TOTAL	**277,939**	**197,982**

3. Financial revenues and expenses

Financial revenues from financial investments

Table 140: Financial revenues from financial investments in EUR

	Total 2019	Of which from companies in the Group	Of which from companies Other companies	Total 2018
Financial revenues from participating interests – in profits, dividends	5,852,326	5,852,326	0	3,413,900
Financial revenues from loans - interests	562,182	562,096	86	521,381
Financial revenues from operating receivables - interests	12,281	0	12,281	25,652
Financial revenues from operating receivables – foreign exchange differences	197	0	197	5
TOTAL	**6,426,985**	**6,414,422**	**12,563**	**3,960,938**

**Shares in profit refer to participation in profit of the subsidiary Impol, d. o. o., i.e.:*
- In accordance with the resolution of the General Meeting of Impol, d. o. o., held on 17/ 10/ 2019, Impol 2000, d. d. is entitled to a proportionate (97,5387%) share of the accumulated profit, intended for distribution in the total amount of EUR 6,000,000, i.e. in the amount of EUR 5,852,326.

Financial expenses from financial investments

Table 141: Financial expenses from financial investments in EUR

	Total 2019	Of which from companies in the Group	Of which from companies Other companies	Total 2018
Financial expenses from (excluding bank loans) – interests	377,749	377,749	0	292,143
Financial expenses from leases – interests (financial lease)	2,565	0	2,565	3,767
Financial expenses from loans received from banks – interests	0	0	0	5
Financial expenses from issued bonds – interests	684,000	0	684,000	1,064,000
Financial expenses from other financial liabilities – interests arising from provisions of severance pay, jubilee benefits	3,550	0	3,550	1,893
Financial expenses from leases – interests (operating lease)	10,394	7,253	3,141	0
Financial expenses from operating liabilities – interests	596	0	596	94
Financial expenses from operating liabilities – foreign exchange differences	56	0	56	131
Total	**1,078,909**	**385,002**	**693,908**	**1,362,032**

Financial expenses due to operating liabilities

Table 142: Financial expenses from operating liabilities in EUR

	Total 2019	Of which from companies to others	Total 2018
Financial expenses from trade creditors – interests	0	0	27
Financial expenses from other operating liabilities – interests	596	596	67
Financial expenses from other operating liabilities – foreign exchange differences	56	56	131
TOTAL	**651**	**651**	**225**

4. Income tax

Table 143: Income tax in EUR

Income tax	2019	2018
Revenues determined in accordance with accounting regulations	32,436,084	31,524,486
Revenue adjustment for tax purposes – Decrease (-)	5,868,604	3,420,707
Revenues recognised for tax purposes	**26,567,480**	**28,103,779**
Expenses determined in accordance with accounting regulations (+)	26,647,566	25,510,853
Expense adjustment for tax purposes – Decrease (-)	336,115	398,699
Expense adjustment for tax purposes – Increase (+)	0	32,036
Expenses recognised for tax purposes	**26,311,451**	**25,144,190**
DIFFERENCE BETWEEN DEDUCTIBLE REVENUES AND EXPENSES	**256,029**	**2,959,589**
Change of the tax base when amending tax base when amending accounting policies, error corrections and revaluations (+/-)	-3,869	-1,708
Increase in tax base for predetermined tax relief (+)	295,430	170,695
TAX BASE	**547,590**	**3,128,576**
Decrease in tax base and tax relief (up to the maximum amount of the tax base) (-)	160,955	399,355
TAX BASE	**386,636**	**2,729,221**
TAX (19 %)	**73,461**	**518,552**

In 2019, the effective profit tax rate for Slovenia was 19 % (in 2018: 19 %).

5. Deferred tax assets

Table 144: Deferred tax receivables in EUR

Changes in deferred-tax assets and liabilities were recognised in:	2019	2018
• Profit or loss account (+ / -)	734	-12,144
TOTAL	**734**	**-12,144**

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 2020 in Slovenia.

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

Table 145: Trend in deferred tax for Impol 2000, d. d. in EUR

	Provisioning	Total
Balance of deferred tax receivables as of 31/ 12/ 2018	**22,602**	**22,602**
Balance of deferred tax receivables as of 1/ 1/ 2019	**22,602**	**22,602**
Occurrence of deductible temporary differences (+)	734	734
Balance of deferred tax receivables as of 31/ 12/ 2019	**23,336**	**23,336**

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 146: Basic net earnings per share in EUR

	2019	2018
Profit or loss relating to the owners of the controlling entity	5,715,792	5,482,937
Weighted average of the number of regular shares	1,066,767	1,066,767
Basic earnings per share (in EUR)	**5.36**	**5.14**
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 147: Trend in intangible assets in 2019 in EUR

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

Table 148: Trend in intangible assets in 2018 in EUR

Description	Long-term property rights	Intangible assets being acquired	Total
Purchase value as of 31/ 12/ 2017	**23,793**	**431,151**	**454,944**
Opening balance adjustments	0	0	0
Purchase value as of 01/ 1/ 2018	**23,793**	**431,151**	**454,944**
Direct increases – acquisitions	0	128,265	128,265
Transfer from construction in progress	**421,545**	**-421,545**	**0**
Purchase value as of 31/ 12/ 2018	**445,338**	**137,871**	**583,209**
Value adjustment as of 31/ 12/ 2017	22,325	0	22,325
Opening balance adjustment	**0**	**0**	**0**
Value adjustment 1/ 1/ 2018	22,325	0	22,325
Depreciation during the year	**58,886**	**0**	**58,886**
Value adjustment as of 31/ 12/ 2018	**81,211**	**0**	**81,211**
Carrying amount as of 31/ 12/ 2018	**364,127**	**137,871**	**501,997**
Carrying amount as of 31/ 12/ 2017	**1,469**	**431,151**	**432,619**

Disclosed intangible assets are the property of Impol 2000, d. d. and encumbrance free. Purchase value of intangible fixed assets with zero present value, which are still being utilised, amounts to EUR 18,123.

7. Tangible fixed assets

Table 149: Trend in tangible fixed assets in 2019 in EUR

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

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

Table 150: Trend in tangible fixed assets in 2018 in EUR

Description	Production equipment and machinery	Other machinery and equipment	Equipment and other tangible fixed assets being acquired	Total equipment	TOTAL
Purchase value as of 31/ 12/ 2017	**1,105,606**	**344,349**		**1,449,955**	**1,449,955**
Purchase value as of 01/ 1/ 2018	**1,105,606**	**344,349**	**0**	**1,449,955**	**1,449,955**
Direct increases – acquisitions			83,004	83,004	83,004
Transfer from construction in progress	54,039	135,393	-189,432	0	0
Transfer between companies in the Group – acquisition			106,428	106,428	106,428
Transfer between companies in the Group – sale (-)	468,452			468,452	468,452
Decreases – Exclusions, other decreases (-)	9,220	8,667		17,887	17,887
Transfers between categories of tangible fixed assets	44,541	33,859		78,400	78,400
Purchase value as of 31/ 12/ 2018	**726,514**	**504,934**	**0**	**1,231,448**	**1,231,448**
Value adjustment as of 31/ 12/ 2017	**1,002,909**	**198,304**		**1,201,213**	**1,201,213**
Value adjustment 1/ 1/ 2018	**1,002,909**	**198,304**	**0**	**1,201,213**	**1,201,213**
Depreciation	30,740	72,837		103,577	103,577
Transfer between companies in the Group – sale (-)	400,906			400,906	400,906
Decreases – Exclusions, other decreases (-)	9,220	8,381		17,601	17,601
Transfers between categories of tangible fixed assets	33,687	44,713		78,400	78,400
Value adjustment as of 31/ 12/ 2018	**657,210**	**307,473**	**0**	**964,683**	**964,683**
Carrying amount as of 31/ 12/ 2018	**69,304**	**197,461**	**0**	**266,765**	**266,765**
Carrying amount as of 31/ 12/ 2017	**102,697**	**146,045**	**0**	**248,742**	**248,742**

Disclosed tangible assets are the property of Impol 2000, d. d. and encumbrance free. Purchase value of intangible fixed assets with zero present value, which are still being utilised, amounts to EUR 871,622.

8. Assets under financial lease

Table 151: Trend in right to use assets in 2019 in EUR

Description	Right to use immovable property – operating lease – companies in the Group	Total right to use immovable property – operating lease	Right to use equipment – 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
Purchase value 31/ 12/ 2018	**0**	**0**	**0**	**0**	**0**	**97,881**	**97,881**	**97,881**
Opening balance adjustments	264,460	264,460	125,006	125,006	389,466	0	0	389,466
Purchase value 1/ 1/ 2019	**264,460**	**264,460**	**125,006**	**125,006**	**389,466**	**97,881**	**97,881**	**487,346**
Direct increases (+):	0	0	39,693	39,693	39,693	0	0	39,693
Purchase value 31/ 12/ 2019	**264,460**	**264,460**	**164,698**	**164,698**	**429,158**	**97,881**	**97,881**	**527,039**
Value values 31/ 12/ 2018	**0**	**0**	**0**	**0**	**0**	**50,570**	**50,570**	**50,570**
Opening balance adjustments	0	0	0	0	0	0	0	0
Value values 1/ 1/ 2019	**0**	**0**	**0**	**0**	**0**	**50,570**	**50,570**	**50,570**
Depreciation (+)	52,892	52,892	61,577	61,577	114,469	19,576	19,576	134,045
Value adjustment 31/ 12/ 2019	**52,892**	**52,892**	**61,577**	**61,577**	**114,469**	**70,146**	**70,146**	**184,615**
Carrying amount 31/ 12/ 2019	**211,568**	**211,568**	**103,122**	**103,122**	**314,690**	**27,734**	**27,734**	**342,424**
Carrying amount 31/ 12/ 2018	**0**	**0**	**0**	**0**	**0**	**47,310**	**47,310**	**47,310**

Upon transferring to the new IFRS 16 – Lease standard within the Impol 2000, d. d., we have reached the decision to choose the possibility of using the standard retroactively, with a cumulative effect of the beginning of use of the standard and measurement of assets amounting to calculated lease liabilities. A 3 % annual interest rate 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.

Assets under financial lease

The carrying amount of equipment under financial lease as of 31/ 12/ 2019, amounts to EUR 27,735 (31/ 12/ 2018: EUR 47,310).

Table 152: Value of assets under financial lease in EUR as of 31/ 12/ 2019

	Purchase value (+)	Value adjustment (+)	Carrying amount (=)
Equipment	97,881	70,146	27,735
TOTAL	**97,881**	**70,146**	**27,735**

9. Long-term financial investments

Table 153: Value of assets under financial lease in EUR as of 31/ 12/ 2019

	Purchase value as of 31/ 12/ 2019	Of which long-term financial investments in companies:		Value adjustment due to impairment as of 31/ 12/	Carrying amount	
		in the Group	associates		31/ 12/ 2019	31/ 12/ 2018
	=	+	+	-	=	
Investments in shares and participating interest	73,067,963	73,033,315	34,648	34,648	73,033,315	70,806,315
TOTAL long-term financial investments excluding loans	**73,067,963**	**73,033,315**	**34,648**	**34,648**	**73,033,315**	**70,806,315**
Long-term loans granted	44,217,180	44,217,180	0	0	44,217,180	48,441,005
TOTAL long-term loans	**44,217,180**	**44,217,180**	**0**	**0**	**44,217,180**	**48,441,005**
TOTAL LONG-TERM FINANCIAL INVEST-MENTS	**117,285,143**	**117,250,495**	**34,648**	**34,648**	**117,250,495**	**119,247,320**

The financial investment in the equity of Impol,d. o. o. (97,5387% ownership share) was pledged in the form of a given guarantee, reserved for liabilities of Impol, d. o. o., to banks. As of 31/ 12/ 2019, the balance of these liabilities of Impol, d. o. o., amounts to EUR 31,250,000.

The investment in Rondal, d. o. o. was pledged as security for liabilities of Impol, d. o. o., under the credit agreement. Impol, d. o. o. repaid the loan from the contract in question in 2019, consequently the pledge expired.

Trend in investments in subsidiaries and associates

Table 154: Trend in investments in subsidiaries and associates

Investments in subsidiary or associate	Purchase value			Cost adjustment due to the impairment		Carrying amount		Ownership as of 31/ 12/ 2019
	Purchase value 1/ 1/ 2019	Purchases/ other increase	Purchase value 31/ 12/ 2019	Value adjustment 1/ 1/ 2019	Value adjustment 31/ 12/ 2019	31/ 12/ 2019	1/ 1/ 2019	
	+	+	=	-	=	=	=	
Impol Servis, d. o. o.	245,037		245,037	0	0	245,037	245,037	100 %
Impol, d. o. o.	67,588,863		67,588,863	0	0	67,588,863	67,588,863	97.54 %
Impol-FinAl, d. o. o.**	1,000,000		1,000,000	0	0	1,000,000	1,000,000	100 %
Rondal, d. o. o.	100,000		100,000	0	0	100,000	100,000	100 %
Impol-TLM, d. o. o.,	1,872,415		1,872,415	0	0	1,872,415	1,872,415	100 %
Alcad, d. o. o.***		2,227,000	2,227,000	0		2,227,000	0	100 %
Total subsidiaries	**70,806,315**	**2,227,000**	**73,033,315**	**0**	**0**	**73,033,315**	**70,806,315**	
Impol Brazil Aluminium	34,648		34,648	34,648	34,648	0	0	50 %
Total associate companies	**34,648**	**0**	**34,648**	**34,648**	**34,648**	**0**	**0**	
TOTAL	**70,840,963**	**2,227,000**	**73,067,963**	**34,648**	**34,648**	**73,033,315**	**70,806,315**	

In 2019, the recoverable value of the financial investment in the subsidiary Impol-TLM, d. o. o. was verified (as of 31/ 12/ 2019, the Company states negative capital), i.e. with the evaluation the recoverable value as the value during use carried out by an authorised appraiser (test of the financial investment impairment, in accordance with the provisions of IFRS 36). The result of the evaluation established that the accounting value of the financial investment in Impol-TLM, d. o. o. does not exceed the recoverable value of the financial investment determined by the appraisal. The Company operates in accordance with plans.

***In 2019, an authorised appraiser was also performed a verification of the recoverable value of the financial investment in Impol-FinAl, d. o. o., which was founded by Impol 2000, d. o., in 2016, through evaluation of the recoverable value as the value in use (financial investment impairment testing in accordance with IAS 36). The result of the evaluation established that the accounting value of the financial investment in Impol-FinAl, d. o. o., does not exceed the recoverable value of the financial investment determined by the appraisal. On the basis of the performed analyses and plans of operations, the management reasonably expects that the investment in the company will be profitable, which is also evident from the already concluded contracts with customers.*

**** 2019, Impol 2000, d. d. purchased the operating share in Alcad, d. o. o., from a natural person, who previously owned a 67.93 % share, thereby becoming 100 % owner of this company, since it already owned a 32.07 % share in the company. The purpose of the purchase was to control IT as a key IKT process in the entire Impol Group. After the balance on 30/ 11/ 2019, the recoverable value of the financial investment in the subsidiary's capital was verified through an assessment, carried out by an authorised appraiser, which at the same time served as a basis for the verification of goodwill, recognised in the consolidated financial statements (more about this in Note 22 Business combinations as part of consolidated financial statements). In both cases it was established that the recoverable value of the financial investment, identified by the assessment as value during use, exceeds the carrying amount of the appraised assets.*

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

Trend in long-term loans granted

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

	Loans granted to companies in the Group	Total
Balance of long-term loans granted as of 1/ 1/ 2019	48,441,005	48,441,005
New long-term loans granted (+)	5,376,175	5,376,175
Transfer of the short-term portion of long-term loans granted falling due in 2020, among short-term financial investments (-)	9,600,000	9,600,000
Balance of long-term loans granted as of 31/ 12/ 2019	**44,217,180**	**44,217,180**

These are long-term loans granted to companies in the Group in Slovenia and Croatia. All loans are secured with bills of exchange and are calculated at the established interest rate, which applies to loans between associated entities, increased by the spread due to maturity. The range of the interest rate is from 0.946 to 1.05 % annual interest rate.

New loans in 2019 were approved for investments in tangible fixed assets, for current financing of business operations and for settling outstanding instalments of long-term loans. The overview of the balance of long-term loans granted on 31/ 12/ 2019 by individual companies in the Group is presented as part of Note 20 Transactions with associates.

Maturity of long-term loans granted

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

	Total as of 31/ 12/ 2019	Receivables from companies in the Group	Total as of 31/ 12/ 2018
Maturing in 2020	X	X	9,600,000
Maturing in 2021	9,600,000	9,600,000	9,600,000
Maturing in 2022	9,651,000	9,651,000	9,651,000
Maturing in 2023	12,966,180	12,966,180	9,990,005
Maturing in 2024	12,000,000	12,000,000	9,600,000
TOTAL long-term loans granted	**44,217,180**	**44,217,180**	**48,441,005**

10. Merchandise inventories

Table 157: Merchandise inventories in EUR

	31/ 12/ 2019		31/ 12/ 2018
	Purchase value (+)	Carrying amount	
Merchandise	7,485	7,485	11,557
TOTAL	**7,485**	**7,485**	**11,557**

On 31/ 12/ 2019, the Company inspected the value of merchandise inventories and determined that the net realisable value of inventories exceeds the accounting value, therefore no impairment of inventories was recorded in 2019. Inventories were not pledged as security for liabilities.

11. Short-term financial investments

Table 158: Short-term financial investments in EUR

	Purchase value as of 31/ 12/ 2019	Of which short-term financial invest-ments in compa-nies:	Carrying amount	
		in the Group	31/ 12/ 2019	31/ 12/ 2018
	=	+	=	
Short-term portion of long-term loans granted	9,600,000	9,600,000	9,600,000	4,800,000
Short-term loans granted	0	0	0	300,000
TOTAL short-term loans granted	**9,600,000**	**9,600,000**	**9,600,000**	**5,100,000**
TOTAL SHORT-TERM FINANCIAL INVESTMENTS	**9,600,000**	**9,600,000**	**9,600,000**	**5,100,000**

Trend in loans granted

Table 159: Trend in loans granted in EUR

	Loans granted to companies in the Group	Total
Balance of short-tern loans granted as of 1/ 1/ 2019	5,100,000	5,100,000
Refunds (-)	5,100,000	5,100,000
Transfer of the short-term portion of long-term loans granted, falling due in 2019 from long-term financial investments (+)	9,600,000	9,600,000
Balance of short-tern loans granted as of 31/ 12/ 2019	**9,600,000**	**9,600,000**

The balance of short-term loans granted on 31/ 12/ 2019 states the receivables from long-term loans granted, namely for the part falling due in 2020. These are two loans granted, calculated at a 1.03 % and 1.05 % annual interest rate. All short-term loans granted to subsidiaries are calculated at the established interest rate, increased by 1 percentage point and maturity percentage. If the variable part of the established interest rate is less than 0 %, contractual interests would be used and accounted in accordance with the variable part of the recognised interest rate of 0 %, increased by the spread. Both loans are secured with bills of exchange. The overview of the balance of short-term loans granted on 31/ 12/ 2019 by individual companies in the Group is presented as part of Note 20 Transactions with associates.

12. Short-term operating receivables

In Slovenia, company's receivables are secured through Coface PKZ zavarovalnica, d. d. Slovenia in the amount of EUR 1,899,566 in accordance with the balance as of 31/ 12/ 2019 (balance as of 31/ 12/ 2018: EUR 1,899,704).

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: in the Group	Short-term operating receivables from companies: Other companies	Value adjustment due to impairment	31/ 12/ 2019	31/ 12/ 2018
	=	+	+	-	=	+
Short-term receivables from customers	3,017,181	654,046	2,363,135	22,423	2,994,758	4,100,292
• of which already matured on 31/ 12/ 2019	152,736	130	152,606	0	152,736	395,231
Short-term advances and securities granted	1,031	0	1,031	0	1,031	2,199
Short-term receivables related to financial revenues	589,558	562,275	27,283	0	589,558	564,035
Short-term receivables from state institutions	478,605	0	478,605	0	478,605	114,444
Other short-term operating receivables	18,316	0	18,316	0	18,316	21,603
TOTAL short-term operating receivables	**4,104,692**	**1,216,321**	**2,888,370**	**22,423**	**4,082,269**	**4,802,573**

Short-term receivables related to financial revenues

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

SHORT-TERM RECEIVABLES RELATED TO FINANCIAL REVENUES	31/ 12/ 2019	31/ 12/ 2018
Short-term receivables for interests related to financial revenues from operating receivables (customer) (+)	27,283	37,358
Short-term receivables for interests related to financial revenues from loans granted (+)	562,275	526,677
TOTAL	**589,558**	**564,035**

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

	2019	2018
Short-term operating receivables in the domestic market	3,374,594	4,161,056
Short-term operating receivables in the foreign market	707,675	641,517
TOTAL	**4,082,269**	**4,802,573**

Analysis of outstanding trade receivables in EUR

Table 163: Analysis of outstanding trade receivables in EUR

	31/ 12/ 2019	31/ 12/ 2018
Matured in 2019	145,537	X
Matured in 2018	0	374,582
Matured in 2017	0	0
Matured in 2016	3,261	11,729
Matured in 2015 or before	3,938	8,920
TOTAL receivables from customers already due	**152,736**	**395,231**

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

	2019	Of which value adjustment of short-term receivables from companies: other	2018
Balance as of 01/ 1/ 2019	**31,951**	**31,951**	**52,476**
Decrease in value due to settlement of receivables (–)	9,528	9,528	32,353
Decrease in value due to write-offs of receivables (–)	0	0	3,839
Created value adjustments for the period due to the impairment (+)	0	0	15,667
Balance as of 31/ 12/ 2019	**22,423**	**22,423**	**31,951**

On 31/ 12/ 2019, the Company had no disclosed receivables from the members of the Management board, Executive Directors or internal owners.

13. Monetary assets

Table 165: Monetary assets in EUR

	31/ 12/ 2019	31/ 12/ 2018
Cash in hand and immediately cashable securities	135	471
Cash in banks and other financial institutions	494,626	323,930
Monetary assets	**494,761**	**324,401**

The Company has no short-term deposits under three months, but on 31/ 12/ 2019 the so-called over-night deposit in the amount of EUR 149,005 has been formed.

Short-term accrued costs and deferred revenues

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

	31/ 12/ 2019	31/ 12/ 2018
Short-term deferred costs or expenses	14,242	1,546
VAT from advances received	103	3,322
SHORT-TERM ACCRUED COST AND DEFERRED REVENUES	**14,344**	**4,868**

Short-term deferred costs or expenses mainly refer to the costs of professional literature and advertising paid in advance.

14. Equity

Table 167: Equity in EUR

	31/ 12/ 2019	31/ 12/ 2018
Equity	**62,933,084**	**61,225,400**
Called-up equity	4,451,540	4,451,540
Share capital	4,451,540	4,451,540
Capital reserves	10,751,254	10,751,254
Revenue reserves	7,958,351	7,958,351
Statutory reserves	2,225,770	2,225,770
Other revenue reserves	5,732,581	5,732,581
Reserves resulting from valuation at fair value	-28,297	-20,573
Retained net profit or loss	34,084,444	32,601,891
Net profit or loss for the financial year	5,715,792	5,482,937

In 2019, Impol 2000, d. d. paid out dividends in the amount of EUR 3,75 gross per share or in a total amount of EUR 4,000,376.

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

	State 31/ 12/ 2018	State 1/ 1/ 2019	Allocation (+/-)	Reversal (-/+)	State 31/ 12/ 2019
Actuarial gains/losses, recognised under reservations for retirement benefits	-20,573	-20,573	-7,731	7	-28,297
TOTAL	**-20,573**	**-20,573**	**-7,731**	**7**	**-28,297**

Disclosure regarding accumulated profit

Table 169: Accumulated profit in EUR

	31/ 12/ 2019	31/ 12/ 2018
Net profit or loss for the accounting period	5,715,792	5,482,937
Retained net profit/loss	34,084,445	32,601,891
Total retained net profit/loss	**39,800,237**	**38,084,828**
Increase (additional formation) of reserves from profit - separate	0	0
Accumulated profit	**39,800,237**	**38,084,828**

In March 2020, the World Health Organisation declared the outbreak of the COVID-19 a pandemic. This will result in significant economic loss, which is currently still difficult to assess, for the global economic and, of course, for Impol 2000, d. d. For this reason the Management Board will propose a decision at the regular General Meeting in 2020 not to distribute the entire accumulated profit.

Table 170: Use of the accumulated profit in EUR

Dividends to shareholders in the amount of EUR 0.00/share	0
Participation on the Management Board based on contracts	0
Undistributed accumulated profit/loss for 2019 (to the retained profit/loss)	39,800,237

The accumulated profit in the amount of EUR 39,800,237 will remain undistributed.

15. Provisions

Table 171: Provisions in EUR

	Provisions for anniversary rewards	Provisions for severance pays upon retirement	Provisions for retirement, long-service bonuses and severance pays upon retirement	Received government grants	Total
Balance as of 31/ 12/ 2018	**70,638**	**187,851**	**258,488**	**0**	**258,488**
Opening balance adjustments			0	0	0
Balance as of 01/ 1/ 2019	**70,638**	**187,851**	**258,488**	**0**	**258,488**
Formation (+)	3,752	13,178	16,930	6,917	23,847
Utilisation (-)	1,475	0	1,475	6,917	8,392
Balance as of 31/ 12/ 2019	**72,914**	**201,029**	**273,943**	**0**	**273,943**

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

	Provisions for severance pays upon retirement	Provisions for long-service bonuses	TOTAL
Balance as of 31/ 12/ 2018	**187,850**	**70,638**	**258,488**
Balance as of 01/ 1/ 2019	**187,850**	**70,638**	**258,488**
Interest costs (+)	2,622	929	3,551
Past and present service costs (+/-)	2,826	2,822	5,648
Payout of benefits (-)	0	-1,475	-1,475
Actuarial profit/loss (other comprehensive income) (+/-)	7,731		7,731
Balance as of 31/ 12/ 2019	**201,029**	**72,914**	**273,943**

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

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

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

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

Trend in received government grants

Table 173: Trend in received government grants

	Disposed of contributions	TOTAL received government grants
Balance as of 31/ 12/ 2018	**0**	**0**
Balance as of 01/ 1/ 2019	**0**	**0**
Formation – disposed of contributions (+)	6,917	6,917
Utilisation (75 % of pays of disabled persons) (-)	6,917	6,917
Balance as of 31/ 12/ 2019	**0**	**0**

16. Long-term financial and operating liabilities

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

	Entire debt as of 31/ 12/ 2019	The part falling due in 2020	31/ 12/ 2019	31/ 12/ 2018
	+	-	=	
Long-term financial liabilities regarding bonds	10,000,000	10,000,000	0	10,000,000
Long-term financial liabilities to companies in the Group (long-term loans)	45,000,000	0	45,000,000	0
Long-term financial liabilities from leases – financial lease – other companies	30,828	21,492	9,336	30,828
Long-term financial liabilities from leases – operating lease – companies in the Group	214,689	51,285	163,404	0
Long-term financial liabilities from leases – operating lease – other companies	100,044	55,606	44,437	0
TOTAL long-term financial and operating liabilities	**55,345,561**	**10,128,383**	**45,217,178**	**10,030,828**

	Total debt as of 31/ 12/ 2019	The part falling due in 2020	31/ 12/ 2019	31/ 12/ 2018
	+	-	=	
Long-term financial liabilities	55,345,561	10,128,383	45,217,178	10,030,828
Long-term operating liabilities	0	0	0	0
TOTAL long-term financial and operating liabilities	**55,345,561**	**10,128,383**	**45,217,178**	**10,030,828**

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

	31/ 12/ 2019	31/ 12/ 2018
Maturing in 2020	x	10,021,486
Maturing in 2021	80,203	9,342
Maturing in 2022	80,868	0
Maturing in 2023	56,107	0
Maturing in 2024 or later	45,000,000	0
TOTAL long-term financial and operating liabilities	**45,217,178**	**10,030,828**

Trend in long-term financial liabilities

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

Type of long-term financial liabilities	Interest rate	Date of maturity	Total debt as of 01/ 1/ 2019	Total debt as of 31/ 12/ 2019	New loans	Of which the part falling due on: in 2020	after 1/ 1/ 2021	Loan security
	%		+	=		(-)	=	
Bonds	3.8	19/10/2020	10,000,000		10,000,000	10,000,000	0	Unsecured
Long-term loans - companies in the Group	0.646	23/09/2024	0	45,000,000	45,000,000		45,000,000	Bills of exchange
TOTAL			**10,000,000**	**45,000,000**	**55,000,000**	**10,000,000**	**45,000,000**	**X**

Issued bonds

In 2015, Impol 2000, d. d. for the first time issued five-year bonds in the amount of EUR 50 million in order to finance the cycle of investments for the subsequent long-term growth and development. The annual interest rate is 3.8 %. Coupons are paid on an annual basis. The final maturity date is 19/ 10/ 2020/

Liabilities for issued bonds relate to the bonds listed as IM01. The controlling company issued the bonds in the total nominal value of EUR 50,000,000. The total issue of bonds comprises 50,000 denominations of EUR 1,000.

Table 177: Depreciation schedule for the issued bonds in EUR

No.	Date of maturity of liability	Payment of coupon in EUR (interest)	Payment of principal value in EUR	Total payment in EUR
1	On 19/ 10/ 2020	380,000.00	10,000,000.00	10,380,000.00
	TOTAL	**380,000**	**10,000,000**	**10,380,000**

The interest rate for the issued bonds is stable and amounts to 3.80 % annually. Bonds have been traded on the Ljubljana Stock Exchange from December 2015.

Long-term loans

On 24/ 9/ 2019, a long-term framework loan in the amount of EUR 67 million was granted to Impol 2000, d. d., in order to cover liabilities relating to the short-term loan and to financing operations. The loan, drawn as of the balance on 31/ 12/ 2019 in the amount of EUR 45,000,000, is calculated at the established interest rate, increased by 1 percentage point and maturity percentage, and secured with a bill of exchange. The loan was granted by the subsidiary Impol, d. o. o.

Liabilities from leases

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

	Total debt as of 31/ 12/ 2018	Opening balance adjustment s(MSRP 16)	Total debt as of 1/ 1/ 2019	New leases	Reimbursements in the current year (-)	Total debt as of 31/ 12/ 2019	Part of long-term debt falling due in the following year	Long-term debt balance as of 31/ 12/ 2019
Long-term financial liabilities from leases – operating lease – companies in the Group	0	264,460	264,460	0	49,771	214,689	51,285	163,404
Long-term financial liabilities from leases – operating lease – other companies	0	125,006	125,006	39,693	64,655	100,044	55,606	44,437
Long-term financial liabilities from leases – financial lease – other companies	30,828	0	30,828	0	0	30,823	21,492	9,336
TOTAL	**30,828**	**389,466**	**420,294**	**39,693**	**114,426**	**345,555**	**128,383**	**217,178**

The note on the initial use of the IFRS 16 – Lease standard is given in the introductory note on reporting standards and accounting policies. A 3 % annual interest rate was applied for calculating liabilities from leases for all leases.

Table 179: Maturity of long-term financial liabilities from leases in EUR

Maturity of long-term financial liabilities from leases	Payment of principal value in EUR	Total payment in EUR
	31/ 12/ 2019	31/ 12/ 2018
Maturing in 2020	x	21,486
Maturing in 2021	80,203	9,342
Maturing in 2022	80,868	
Maturing in 2023	56,107	
TOTAL long-term financial liabilities from leases	**217,178**	**30,828**

Table 180: Future minimum lease payments and their present value

	Future minimum lease payments	Present net value of future lease payments
Up to 1 year	137,634	128,384
1 to 5 years	226,141	217,178
Over 5 years	0	0
TOTAL	**363,776**	**345,563**

In 2019, the company did not capitalise borrowing costs (nor in 2018).

17. Short-term liabilities

Table 181: Short-term financial liabilities (without leases) in EUR

	Total debt as of 1/ 1/ 2019	New loans in current year (+)	Transfer of the short-term portion of long-term liabilities (+)	Reimburse-ments in the current year (-)	Short-term debt balance on 31/ 12/ 2019	Short-term debt balance on 31/ 12/ 2018
Short-term financial liabilities based on bonds	10,000,000	0	10,000,000	10,000,000	10,000,000	10,000,000
Short-term financial liabilities to companies in the Group (excluding liabilities from leases)*	45,499,600	55,500,400	0	90,500,000	10,500,000	45,499,600
TOTAL	**55,499,600**	**55,500,400**	**10,000,000**	**100,500,000**	**20,500,000**	**55,499,600**

**In 2019, the loan in the amount of EUR 45 million was repaid with a new, long-term loan received by the same subsidiary.*

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

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

The interest rate for the issued bonds amounts to 3.8 % annually. This is an unsecured obligation. The last payment according to the depreciation plan falls due in 2020.

Table 182: Short-term financial liabilities from leases in EUR

	Total debt as of 1/ 1/ 2019	Transfer of the short-term portion of long-term financial liabilities from leases	Reimbursements in the current year (-)	Total debt as of 31/ 12/ 2019
Short-term financial liabilities from leases – operating lease – companies in the Group	0	51,285	0	51,285
Short-term financial liabilities from leases – operating lease – other companies	0	55,606	0	55,606
Short-term financial liabilities from leases – financial lease – other companies	20,214	21,493	20,214	21,493
TOTAL:	**20,214**	**128,384**	**20,214**	**128,384**

Table 183: Short-term financial and operating liabilities in EUR

	31/ 12/ 2019	31/ 12/ 2018
Short-term operating liabilities to suppliers on the domestic market to companies in the Group	344,722	142,971
Short-term operating liabilities to suppliers on the domestic market to associate companies	115,633	118,811
Short-term operating liabilities to suppliers on the domestic market to other companies	237,818	268,356
Short-term operating liabilities on foreign markets to suppliers to other companies	10,500	7,835
Short-term operating liabilities based on advances to companies in the Group	1,341,267	0
Short-term operating liabilities based on advances to other companies	20,307	173,456
Other short-term operating liabilities to companies in the Group	102,074	60,205
Other short-term operating liabilities to other companies	1,011,020	2,035,855
TOTAL short-term operating liabilities	**3,183,341**	**2,807,489**
Short-term part of long-term financial liabilities – bonds	10,000,000	10,000,000
Short-term part of long-term financial liabilities from leases – financial lease – other companies	21,493	20,209
Short-term part of long-term financial liabilities from leases – operating lease – companies in the Group	51,285	0
Short-term part of long-term financial liabilities from right to use – operating lease – other companies	55,606	0
Short-term financial liabilities (other than liabilities from leases) – companies in the Group	10,500,000	45,499,600
Short-term financial liabilities from the distribution of profit	852	4,778
Short-term financial liabilities from leases – other companies	0	5
TOTAL short-term financial liabilities	**20,629,237**	**55,524,592**
TOTAL short-term financial and operating liabilities	**23,812,578**	**58,332,080**

Table 184: Short-term operating liabilities in EUR

	31/ 12/ 2019	31/ 12/ 2018
Short-term operating liabilities to suppliers – companies in the Group	344,722	142,971
Short-term operating liabilities to suppliers – associate companies	115,633	118,811
Short–term operating liabilities to suppliers – other companies	248,318	276,191
TOTAL short-term liabilities to suppliers	**708,673**	**537,973**
• of which already matured on the day of balance	501,105	180,681
Short-term operating liabilities for advances	1,361,574	173,456
TOTAL short-term liabilities for advances	**1,361,574**	**173,456**
Short-term liabilities to employees	934,250	1,199,571
Short-term liabilities to government	30,466	795,696
Short-term liabilities from interest – companies in the Group	102,074	60,205
Short-term liabilities from interest – other companies	0	10
Other short-term operating liabilities – other companies	46,304	40,579
TOTAL other short-term operating liabilities	**1,113,094**	**2,096,060**
TOTAL SHORT-TERM OPERATING LIABILITIES	**3,183,341**	**2,807,489**

Table 185: Analysis of outstanding liabilities to suppliers in EUR

	31/ 12/ 2019	31/ 12/ 2018
Matured in 2019	501,105	-
Matured in 2018	0	180,681
TOTAL liabilities to suppliers already due	**501,105**	**180,681**

Short-term financial liabilities comprise liabilities from the received loans with the maturity of less than one year. They include liabilities in the amount of EUR 10,000,000 from bonds, which represents the short-term portion of the liabilities from the repayment of bond principals, falling due in 2020, and other short-term loans received from companies in the Group, in the total amount of EUR 10,500,000, presented in the table: Short-term financial liabilities in EUR

Interest for loans between companies in the Group 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 2020 (totalling EUR 128,385) and to the liabilities from unpaid dividends (EUR 852).

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

Table 186: Short-term accrued expenses and deferred revenues in EUR

	31/ 12/ 2019	31/ 12/ 2018
Accrued deferred costs or expenses	283,405	397,912
Short-term deferred income	27,283	37,358
VAT from advances granted	0	18
TOTAL SHORT-TERM ACCRUED COSTS AND DEFERRED REVENUES	**310,688**	**435,288**

Accrued deferred costs or expenses refer to calculated interest from issued bonds, resulting from the day of the last payment of the coupon up to and including 31/ 12/ 2019, and calculated amounts of unused leaves after the balance as of 31/

12/ 2019 Short-term deferred revenues are formed from charged (yet unpaid) operating interest. At the time of settlement, they are recorded as income.

18. Financial instruments and financial risks

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

Table 187: Risks

Risk area	Risk description	Risk management method	Exposure
Liquidity risk	Lack of liquid assets for the settlement of operating or financing liabilities.	Pre-agreed credit lines and preparation of inflow and outflow schedules.	Low
Interest rate risk	Risk associated with changes in the terms and conditions of financing and borrowing.	Monitoring of the ECB's and FED's policies, hedging by using appropriate derivative financial instruments – interest rate swaps, shifting from a fixed to a floating interest rate.	Moderate
Credit risk	Risk of customer failure to settle their liabilities.	Securing trade receivables – primarily receivables from foreign debtors – through Prva kreditna zavarovalnica and foreign insurance firms, monitoring of customer credit ratings, limiting maximum exposure to individual customers. Transactions with customers located in high-risk markets are only performed on the basis of advance payments or prime bank guarantees.	Moderate to high

Liquidity risk

When it comes to liquidity risk management, we examine whether the company is able to settle its running operating liabilities and whether it is generating a sufficiently large cash flow to settle its financing liabilities.

Floating weekly and monthly planning of cash flows allows us to establish the 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 not loans with variable interest rate, for this reason it is not exposed to the interest rate change risk.

Analysis of the sensitivity to changes in interest rates:

Impol 2000, d. d., is exposed to interest rate risk in the portion of debt which is tied to the variable interest rate (variable portion of is tied to EURIBOR).

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

	31/ 12/ 2019	31/ 12/ 2018
Financial liabilities	10,000,000	20,000,000

Table 189: Short-term and long-term financial liabilities at a variable interest rate in EUR

	31/ 12/ 2019	31/ 12/ 2018
Financial liabilities	55,846,415	45,550,642

Table 190: Impact of the operating result changes on the interest rate changes in EUR

	31/ 12/ 2019	31/ 12/ 2018
Increase of the interest rate by 50 bp	-279,232	-227,753
Increase of the interest rate by 100 bp	-558,464	-455,506
Decrease of the interest rate by 50 bp	279,232	227,753
Decrease of the interest rate by 100 bp	558,464	455,506

Interest rate changes on the reporting date for 50 or 100 basis points would increase/decrease the net profit or loss for the amounts from the above table. Sensitivity analysis of the profit or loss in case of the indebtedness at a variable interest rate assumes that all other variables remain unchanged.

the Sensitivity Analysis was also carried out on the assumption that banks actually take into consideration the EURIBOR negative value in
calculating the total interest rate. This means that as of the date of calculation (31/ 12/ 2019), when the six-month EURIBOR amounted to -0.324
and the three-month EURIBOR amounted to -0.383, the total interest rate was less than the interest margin.

Credit risk
Credit control process encompasses customer credit rating which is carried out regularly by Prva kreditna zavarovalnica and 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 2019, receivables from customers decreased in comparison to 2018. Much attention is given to their regular recovery. Approximately 63 % of receivables from customers are secured at the Coface PKZ insurance company, for this reason sales limits are being monitored on a daily basis.

Accounting and fair values of financial instruments

Classification of financial instruments according to their fair value as of 31/ 12/ 2019, is shown in the following table.

Table 191: Carrying and fair values of financial instruments in EUR

	Carrying amount	Fair value	Fair value level
Long-term investments in subsidiaries	73,033,315	73,033,315	3
Long-term loans granted to companies in the Group	44,217,180	44,217,180	3
Short-term loans granted to companies in the Group	9,600,000	9,600,000	3
Short-term operating receivables	4,082,269	4,082,269	3
Cash and cash equivalents	494,761	494,761	3
Long-term financial liabilities	45,217,178	45,217,178	3
Short-term financial liabilities	10,629,237	10,629,237	3
Short-term financial liabilities based on bonds*	10,000,000	10,310,000	1
Short-term operating liabilities	3,183,341	3,183,341	3

**Bonds listed on the stock market.*

19. Contingent liabilities

As of 31/ 12/ 2019, Impol 2000, d. d. had EUR 44,904,696 of guarantees granted to the subsidiary Impol, d. o. o. from the received long-term loans at banks. The given guarantee in the amount of EUR 31,250,000 is secured by the pledge of a 97.5% ownership share in Impol, d. o. o.

As of 31/ 12/ 2019, Impol 2000, d. d. granted EUR 3,080,000 of guarantees of payment to the subsidiary Impol Seval, a. d., and EUR 4,473,001 of guarantees granted to Impol-TLM, d. o. o.

A lawsuit against the Company in the total amount of EUR 100,000 in connection with economical disputes is still pending.. The Company estimates that the claim is unjustified, which is why the it did not form short-term provisions for these purposes.

20. Transactions with associates

Table 192: Receivables from companies in the Group as of 31/ 12/ 2019 in EUR

	Long-term financial investments	Long-term loans granted	Short-term loans granted	Short-term operating receivables	Total
Impol, d. o. o.	67,588,863	0	0	0	**67,588,863**
Impol FT, d. o. o.	0	0	0	894	**894**
Impol PCP, d. o. o.	0	0	0	360	**360**
Impol-TLM, d. o. o.	1,872,415	44,166,180	9,600,000	560,797	**56,199,393**
Impol-FinAl, d. o. o.	1,000,000	0	0	0	**1,000,000**
Stampal SB, d. o. o.	0	0	0	648,206	**648,206**
Alcad, d. o. o.	2,227,000	0	0	0	**2,227,000**
Kadring, d. o. o.	0	0	0	383	**383**
Rondal, d. o. o.	100,000	0	0	4,204	**104,204**
Impol Servis, d. o. o.	245,037	0	0	0	**245,037**
Štatenberg, d. o. o.	0	51,000	0	1,478	**52,478**
Total	**73,033,315**	**44,217,180**	**9,600,000**	**1,216,321**	**128,066,816**

Table 193: Liabilities to companies in the Group as of 31/ 12/ 2019 in EUR

	Long-term financial liabilities	Short-term financial liabilities	Short-term operating liabilities	Total
Impol, d. o. o.	45,163,404	10,051,285	1,716,064	**56,930,753**
Impol FT, d. o. o.	0	0	922	**922**
Impol PCP, d. o. o.	0	0	101	**101**
Impol Infrastruktura, d. o. o.	0	0	2,804	**2,804**
Impol-FinAl, d. o. o.	0	0	41,393	**41,393**
Kadring, d. o. o.	0	0	8,813	**8,813**
Rondal, d. o. o.	0	500,000	744	**500,744**
Impol Servis, d. o. o.	0	0	13,988	**13,988**
Unidel, d. o. o.	0	0	3,235	3,235
Total	**45,163,404**	**10,551,285**	**1,788,064**	**57,502,753**

Table 194: Liabilities to associates in EUR as of 31/ 12/ 2019 in EUR

	Short-term operating liabilities	Total
Simfin, d. o. o.	115,633	**115,633**
Total	**115,633**	**115,633**

Table 195: Revenues generated with companies in the Group in 2019 in EUR

	Net revenues from the sale of services	Total operating revenues	Financial revenues from participating interests	Financial revenues from loans granted	Total financial revenues from investments
Impol, d. o. o.	8,857,406	**8,857,406**	5,852,326	0	**5,852,326**
Impol FT, d. o. o.	10,476	**10,476**	0	0	**0**
Impol PCP, d. o. o.	14,603	**14,603**	0	0	**0**
Impol R in R, d. o. o.	3,940	**3,940**	0	0	**0**
Impol Infrastruktura, d. o. o.	3,653	**3,653**	0	0	**0**
Impol LLT, d. o. o.	3,862	**3,862**	0	0	**0**
Impol-TLM, d. o. o.	0	**0**	0	561,613	**561,613**
Impol-FinAl, d. o. o.	6,108	**6,108**	0	0	**0**
Stampal SB, d. o. o.	1,188,620	**1,188,620**	0	0	**0**
Alcad, d. o. o.	3,295	**3,295**	0	0	**0**
Kadring, d. o. o.	1,678	**1,678**	0	0	**0**
Rondal, d. o. o.	43,514	**43,514**	0	0	**0**
Impol Servis, d. o. o.	281	**281**	0	0	**0**
Štatenberg, d. o. o.	0	**0**	0	482	**482**
Impol Stanovanja, d. o. o	228	**228**	0	0	**0**
Unidel, d. o. o.	228	**228**	0	0	**0**
Total	**10,137,892**	**10,137,892**	**5,852,326**	**562,096**	**6,414,422**

Table 196: Expenses generated with companies in the Group in 2019 in EUR

	Purchase value of merchandise and materials sold	Costs of services	Costs of material	Other operating expenses	Depreciation relating to the right to use	Total operating expenses	Financial expenses from interests	Financial liabilities from rights to use	Total expenses from financial investments
Impol, d. o. o.	15,043,515	101,750	21,666	5,043	52,892	**15,224,866**	373,348	7,253	**380,602**
Impol FT, d. o. o.	0	1,244	799	0	0	**2,043**	0	0	**0**
Impol PCP, d. o. o.	0	3,060	0	0	0	**3,060**	0	0	**0**
Impol R in R, d. o. o.	0	0	34	0	0	**34**	0	0	**0**
Impol Infrastruktura, d. o. o.	0	28,106	0	0	0	**28,106**	0	0	**0**
Impol-FinAl, d. o. o.	0	330	0	0	0	**330**	0	0	**0**
Alcad, d. o. o.	0	16,480	0	0	0	**16,480**	0	0	**0**
Kadring, d. o. o.	0	71,603	9,777	0	0	**81,380**	0	0	**0**
Rondal, d. o. o.	0	0	0	0	0	**0**	4,400	0	**4,400**
Impol Servis, d. o. o.	0	17,568	2,850	0	0	**20,418**	0	0	**0**
Unidel, d. o. o.	0	11,428	6,770	0	0	**18,199**	0	0	**0**
Total	**15,043,515**	**251,569**	**41,897**	**5,043**	**52,892**	**15,394,915**	**377,749**	**7,253**	**385,002**

Table 197: Revenues generated with associates in 2019 in EUR

	Net revenues from the sale of services	Total operating revenues
Simfin, d. o. o.	425	**425**
Total	**425**	**425**

Table 198: Expenses generated with associates in 2019 in EUR

	Costs of services	Total operating expenses
Simfin, d. o. o.	321,750	**321,750**
Alcad, d. o. o.	6,580	**6,580**
Total	**328,331**	**328,331**

Remuneration of members of the Management and Supervisory Board in 2019 (Art. 294, paragraph 5 of ZGD-1)

Table 199: Remuneration of members of the Management and Supervisory Board in EUR

Position	Fixed portion of remuneration	Variable portion of remuneration	Remuneration for management and other bonuses	Reimbursement of expenses	Insurance premiums	Total remuneration
MB* and Executive Directors	459,753	729,587	92,221	5,372	1,318	1,288,250

**MB - Management Board.*

The table shows remuneration for 2019.

The company has no claims against members of the management bodies and employees on individual contracts.

EVENTS AFTER THE REPORTING DATE

At the beginning of March, the coronavirus pandemic hit Europe. With the intention of effectively managing the risks, Impol 2000, d. d. adopted numerous organisational measures in carrying out business operations. The demand for standard aluminium products started to increase due to a drop in competing offer, however, issues in supply occurred due to decreasing production and closing of certain logistic routes. The coronavirus will certainly cause significant economic damage, which is currently still difficult to assess. More information about this is provided in the business part of the annual report of the Impol Group, under section Events after the reporting date.

There were no other events that would significantly affect the financial statements of Impol 2000, d. d. for 2019 after the reporting date.

SIGNATURE OF THE ANNUAL REPORT FOR 2019 AND ITS PARTS

The Chairman and members of the Management Board 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 2019 and with the entire Annual Report of Impol 2000, d. d. for 2019. We agree with the content and confirm it with our signature.

Jernej Čokl
(Chairman of the Management Board)

Vladimir Leskovar
(Deputy Chairman of the Management Board)

Janko Žerjav
(Member of the Management Board)

Milan Cerar
(Member of the Management Board)

Bojan Gril
(Member of the Management Board)

Andrej Kolmanič
(Chief Executive Officer)

Irena Šela
(Chief Financial and IT Officer)

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Chairman of the Management Board

Vladimir Leskovar

Deputy Chairman of the Management Board

Janko Žerjav

Member of the Management Board

Milan Cerar

Member of the Management Board

Bojan Gril

Member of the Management Board

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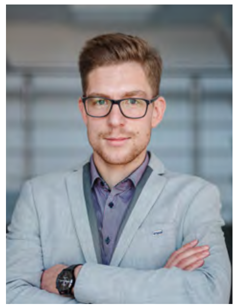

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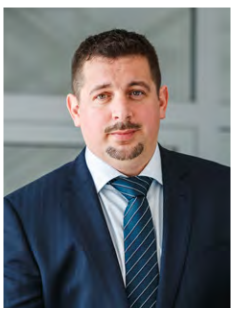

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