



ANNUAL REPORT

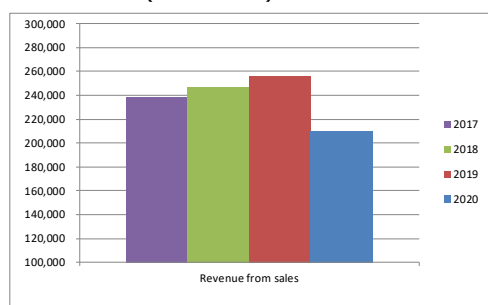
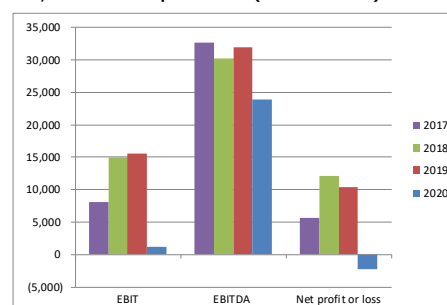
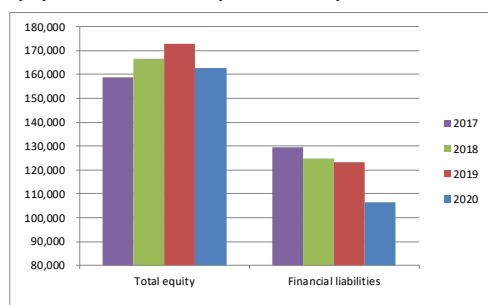
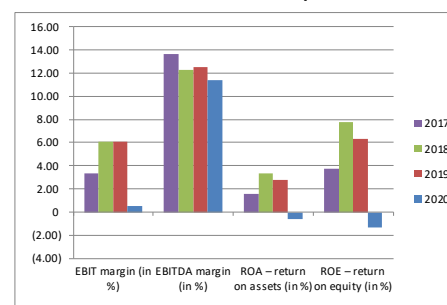
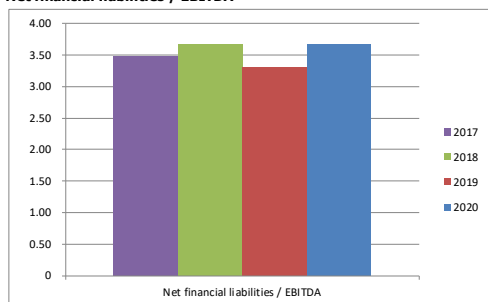
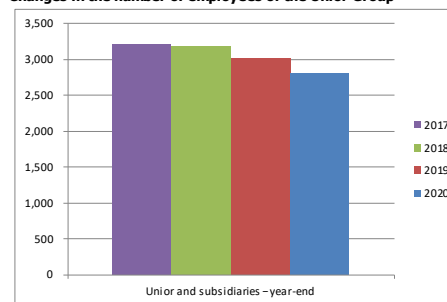
of the company UNIOR d.d. and of the
UNIOR Group

2020



Key performance data of the Unior Group

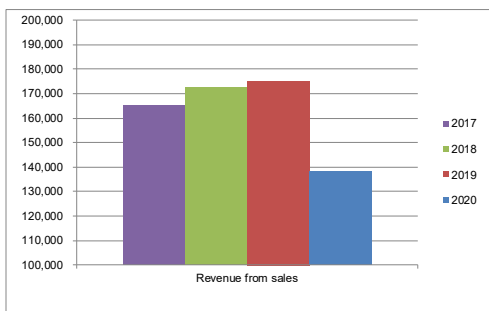
(in thousand EUR)	2020	2019	2018	2017
Profit or loss				
Revenue from sales	210,240	255,994	246,453	239,020
EBIT	1,128	15,557	14,991	8,038
EBITDA	23,931	31,974	30,188	32,640
Net profit or loss	(2,196)	10,433	12,155	5,696
Financial situation				
Total assets	341,402	374,839	370,394	363,974
Total equity	162,852	172,897	166,446	158,647
Financial liabilities	106,428	123,346	124,762	129,501
Operating liabilities	61,301	66,413	67,346	59,729
Rate of return indicators				
EBIT margin (in %)	0.54	6.08	6.08	3.36
EBITDA margin (in %)	11.38	12.49	12.25	13.66
ROA – return on assets (in %)	(0.61)	2.80	3.31	1.60
ROE – return on equity (in %)	(1.30)	6.34	7.77	3.73
Financial reliability ratios				
Equity / total assets (in %)	47.70	46.13	44.94	43.59
Net financial liabilities / EBITDA	3.66	3.32	3.67	3.47
Employees				
Unior and subsidiaries – year-end	2,808	3,018	3,187	3,212

Revenue from sales (in thousand EUR)

EBIT, EBITDA and net profit or loss (in thousand EUR)

Equity and financial liabilities (in thousand EUR)

Rate of return indicators of the Unior Group

Net financial liabilities / EBITDA

Changes in the number of employees of the Unior Group


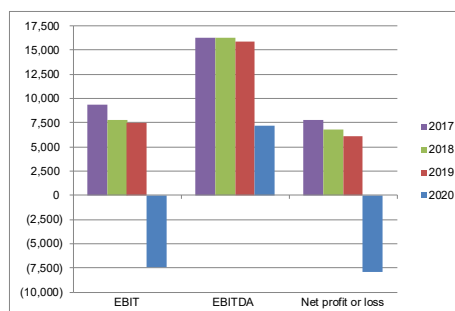
Key performance data of Unior d.d.

(in thousand EUR)	2020	2019	2018	2017
Profit or loss				
Revenue from sales	138,055	175,336	172,365	165,273
EBIT	(7,403)	7,526	7,795	9,414
EBITDA	7,148	15,859	16,274	16,278
Net profit or loss	(7,959)	6,124	6,795	7,747
Financial situation				
Total assets	221,730	251,492	252,105	245,247
Total equity	91,939	99,923	95,864	89,063
Financial liabilities	84,522	103,201	105,977	109,737
Operating liabilities	40,047	43,208	45,371	41,925
Rate of return indicators				
EBIT margin (in %)	(5.36)	4.29	4.52	5.70
EBITDA margin (in %)	5.18	9.04	9.44	9.85
ROA – return on assets (in %)	(3.36)	2.43	2.73	2.92
ROE – return on equity (in %)	(7.97)	6.46	7.63	8.00
Financial reliability ratios				
Equity / total assets (in %)	41.46	39.73	38.03	36.32
Net financial liabilities / EBITDA	11.41	6.14	6.14	6.35
Employees				
Employees – year-end	1,666	1,797	1,825	1,793

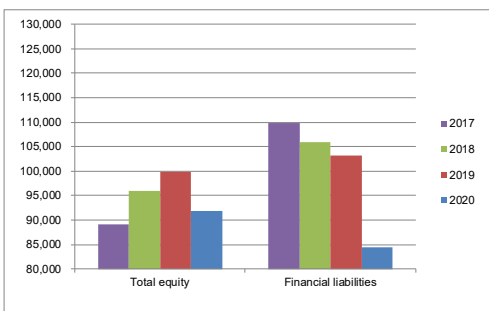
Revenue from sales (in thousand EUR)



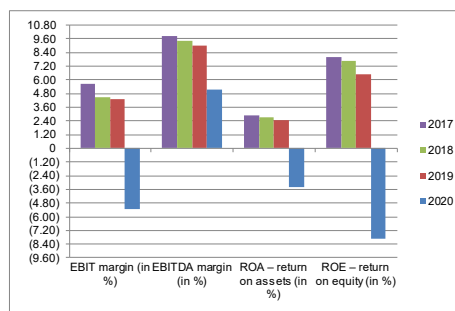
EBIT, EBITDA and net profit or loss (in thousand EUR)



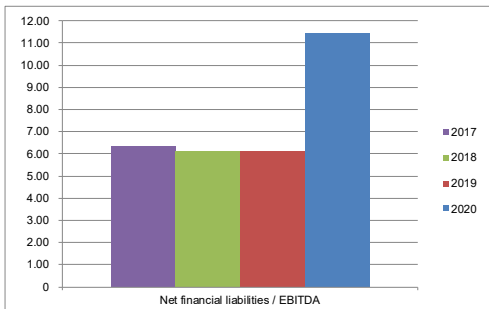
Equity and financial liabilities (in thousand EUR)



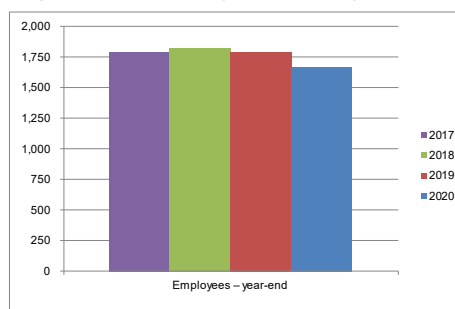
Rate of return indicators of the Unior Group



Net financial liabilities / EBITDA



Changes in the number of employees of the company



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EUROPEAN MANUFACTURER SINCE 1919

BUSINESS REPORT

of UNIOR d.d. and the UNIOR Group

1 Letter from the President of the Management Board

Dear shareholders, business partners and colleagues,

2019 marked the year in which one hundred years of existence of the UNIOR d.d. joint-stock company was celebrated; despite an uncertain outlook in view of a projected slowdown of economic activity, we entered 2020 in an atmosphere of moderate optimism. As late as during the first half of March, the volume of orders served as a guarantee that all our planned key performance indicators would be met as early as during the first half of the year.

On 11/3/2020, the World Health Organization declared the global pandemic of the COVID-19 Coronavirus Disease, leading to the adoption of stringent restrictive measures all over the world that would end up almost turning our personal and professional lives upside down. Strategies of meeting the ambitious objectives of both UNIOR d.d. and the UNIOR Group as a whole were transformed into strategies of survival, reducing commercial damage and taking advantage of rare business opportunities in the blink of an eye.

The majority of companies in the automotive industry, where UNIOR's products prevail, and hardware stores through which UNIOR sells a part of its hand tools, either shut down completely for an indefinite period or, at best, significantly reduced their economic activity. In mid-March, the company experienced a sudden and drastic drop in orders. Instantly, the company found itself compelled to restrict its production volume and adapt it to the new state of affairs in terms of orders. At the same time, more than half of employees had to be sent home and were temporarily laid-off, during some weeks, as many as 80 per cent thereof. A significant fall in sales in view of the effects of the coronavirus pandemic was experienced as early as during the second half of March and the first quarter of the year. The sharpest decline in operations was experienced during the entire second quarter, when sales in our most critical month of the year, April, fell by 71 per cent compared to April 2019. The situation improved during the third quarter. Nevertheless, our sales were more than 10 per cent lower than the sales generated in the third quarter of 2019. Despite the second wave of the pandemic, improved demand in our industry allowed us to generate the same sales volume in the third quarter of the year as during the final three months of 2019.

Our largest programme, Forge, was most affected by the effects of the epidemic, experiencing a more than 70 per cent fall in sales in April and May compared to the year before. From September, a slightly higher monthly sales volume was generated compared to 2019. A similar sales trend was also experienced by our Hand Tools Programme, even though its sales volume fell by slightly less than the sales volume of Forge. Nevertheless, the fall was significant. The Hand Tools Programme recovered more slowly. The sales volume generated in the final quarter of the year continued to lag behind the sales volume generated in 2019. The Special Machines Programme did not experience any significant cancellations of orders and continued to operate throughout the year with the least disruption in terms of reductions or cancellations of orders. As late as November, the planned sales volume for the year was believed to be achieved by the end of the year. The second wave of the epidemic accompanied by travel restrictions rendering the collection of machinery more difficult was the main driving force behind the inability of the Special Machines Programme to generate the planned sales volume for 2020 as generated in 2019 despite a similar gross operating profit to 2019. In 2020, UNIOR d.d. experienced a 21 per cent fall in sales volume compared to 2019, the Forge Programme a 22 per cent fall, the Hand Tools Programme an 18 per cent fall and the Special Machines Programme a 26 per cent fall.

Managing the operations of the company during the past year proved challenging in view of an abrupt and lengthy fall in sales volume and significant fluctuations in sales from month to month as dictated by epidemic-associated measures. Our main activities focused on reducing risks and damage were aimed at managing the cash flow, ensuring uninterrupted deliveries to existing customers, taking



advantage of rare business opportunities arising from challenges experienced by our competitors, preventing the spread of infections among our employees and managing our expenses.

In order to mitigate the effects of the coronavirus epidemic, UNIOR d.d. immediately actively launched a comprehensive expense management project allowing us to save EUR 5.7 million in fixed expenses associated with materials and services and variable labour costs until September when the project was discontinued.

Government grants co-financing labour costs in compliance with the adopted intervention laws played a very important role in preserving the liquidity of the company and jobs. In 2020, UNIOR d.d. received EUR 5.6 million thereof in total for the entire year. Before the epidemic was declared, the company had been able to obtain additional sources of funding as a precaution on time.

All our liabilities to the banks associated with repaying our loans were regularly honoured until the end of May. In compliance with intervention laws, the banks granted a deferral of repayment of loan principals for the period between June 2020 and May 2021. A deferral of repayment of loan principals, government aid, the sale of the property in Maribor, management of inventories and payables and a significant reduction in investments served as the main factors of cash flow management.

As early as the declaration of the epidemic in the spring, the company immediately implemented measures intended to protect the health of its employees, assisted by the experience of our Group company based in China. Measures were continuously upgraded and amended and served as an example for many companies near and far. Unior was one of the first companies in Slovenia to provide its employees with safety face masks. During the second wave of the epidemic, the company was one of the first companies in Slovenia to provide for rapid coronavirus antigen tests. In view of the implemented measures, absences from work due to a coronavirus infection never compromised our business processes.

In terms of the key indicators met, the performance of UNIOR d.d. in 2020 lags far behind in both planned key indicators for the year and key indicators met in recent years. In 2020, UNIOR d.d. achieved EUR 138.1 million net revenue from sales, falling by 21.3 per cent compared to our record year of 2019 and lagging behind by our planned net revenue from sales for 2020 by 20.9 per cent. The 2020 financial year ended with EUR 7.96 million in loss, indicating a EUR 14.1 million worse result than 2019. In addition to the negative effects of the coronavirus pandemic, the negative result of both UNIOR d.d. and the UNIOR Group was additionally impacted by the EUR 4.3 million revaluation of the investment property in Maribor to a fair value realised by the company with the sales thereof in November. The revaluation of the property did not affect the EBITDA. In 2020, it amounted to EUR 7.1 million, EUR 8.8 million less than in 2019.

In 2020, after several failed attempts, UNIOR d.d. was finally able to sell its investment property in the Tezno Business and Production Park in Maribor deemed a non-essential property. By selling the property, the company delivered on its commitment to its creditor banks. The company's debt was reduced by the received purchase price (EUR 8.5 million). The sales proceedings of Unitur d.o.o. was suspended upon the declaration of the first wave of the epidemic during the receipt of non-binding offers. At this time, the company does not know when it can be feasibly resumed.

Most analyses of economic trends in mid-2020 projected at least two years of recovery of the industry. For this reason, the company launched an employee reduction project during the second half of the year. At the end of 2020, UNIOR d.d. employed 1666 people, amounting to 131 or 7.3 per cent fewer employees than less than one year prior. In the majority of cases, employment agreements were terminated by mutual agreement with employees who either retired or whose fixed-term employment agreements expired. Some employees were also made redundant on operational grounds. In 2020, severance costs were high and amounted to EUR 1.3 million. In view of a significant reduction in workload, on average, 944 employees were temporarily laid off in April, 1080

employees in May, 902 employees in June, 377 employees in July, 150 employees in August and 99 employees in September. Government measures played an important role in preventing collective redundancies.

The coronavirus disease pandemic in 2020 also had a significant negative effect on the performance of the UNIOR Group as a whole. Negative effects of the pandemic were observed as early as January in our affiliate Ningbo UNIOR in China. The pandemic continues to affect the performance of tourism activities in the UNIOR Group, having compelled UNITUR d.o.o. to close the doors of its tourism facilities during the first wave from mid-March to mid-June and during the second wave from mid-October to the end of 2020. The UNIOR Group was less negatively affected by the pandemic than UNIOR d.d. in view of the significantly lower levels of collaboration of most Group companies with the automotive industry, the fast recovery of the Chinese economy accompanied by the sound performance of Ningbo UNIOR at the same levels as in 2019 and the only slightly worse performance of UNITUR compared to 2019 resulting from state aid, tourism vouchers and sound cost management despite challenging operating conditions and a significant reduction in revenue from sales.


In 2020, the UNIOR Group generated EUR 210.3 million in net revenue from sales or 17.9 per cent less than in 2019. The 2020 financial year ended with EUR 2.2 million in loss, indicating a EUR 12.6 million worse result than 2019. Both the negative results of UNIOR d.d. and the UNIOR Group were affected not only by the coronavirus pandemic but also by the EUR 4.3 million revaluation to a fair value of the investment property in Maribor which did not, however, have any impact on the EBITDA whatsoever. In 2020, the EBITDA of the UNIOR Group amounted to EUR 23.9 million, EUR 8 million less than in 2019.

In 2020, the debt of the UNIOR Group was reduced. Its financial liabilities fell by EUR 16.9 to EUR 106.4 million, in part due to regular repayment of loan principals and in part due to the purchase price received following the sales of the investment property in Maribor. The NFD/EBITDA indicator increased from 3.32 in 2019 to 3.66. The Group continues to honour all its commitments to the banks as established in Syndicated Credit Agreements.

In 2021, the financial liabilities of the Group will be reduced by a further EUR 4.4 million. By the end of 2021, the NFD/EBITDA ratio will have fallen from 3.66 in 2020 to 3.09, indicating the continuation of the UNIOR Group debt reduction trend. As the value of this indicator as conditioned by the banks will not have fallen below 3 in 2021 and following the ban thereof by anti-corona laws, payments of dividends to owners in 2021 are not planned.

Despite a further significantly uncertain outlook, UNIOR d.d. plans to significantly improve all performance indicators in 2021 compared to 2020. The automotive industry in which UNIOR d.d. predominantly operates was hit particularly hard by the crisis triggered by the negative effects of the coronavirus pandemic on the global economy. According to the most influential global companies in the industry, the automotive industry will be recovering for at least two years. As a result, most planned performance indicators for 2021 will not have achieved the values in 2019. In 2021, UNIOR plans EUR 164 million net revenue from sales or 6.4 per cent less than in 2019. In 2021, EUR 3 million in profits or EUR 3.1 million less than in 2019 are planned for UNIOR d.d.

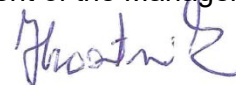
In 2021, EUR 237 million net revenue from sales is planned, amounting to 12.7-per cent more than the previous year and 7.4 per cent less than 2019. In 2021, EUR 8.2 million in profits are planned for the UNIOR Group, indicating an improvement of the net result by EUR 10.4 million or by EUR 18.2 million provided that EUR 7.8 million in received grants for mitigating the effects of the pandemic in the Group in 2020 are not taken into account. The planned profits for 2021 will be EUR 2.2 million or 21.1 per cent lower than in 2019.



The performance of the parent company and the Group will be negatively affected by the expected unfavourable developments in steel scrap and alloy surcharge prices.

The important decision has been made to commence an investment in a new aluminium product forging production programme in 2021, taking advantage of business opportunities for growth and reducing the dependence of the Forge Programme on deliveries of products intended for the operation of internal combustion engines. This will allow to reduce the risks brought about by accelerated electrification of passenger car propulsion systems. Mass production of aluminium forged products will commence in the second half of 2021.

Darko Hrastnik
President of the Management Board



2 Report of the Supervisory Board

Operations of the Supervisory Board

In 2020, the Supervisory Board supervised the operations of UNIOR d.d. and the UNIOR Group within the limits of its powers as laid down by the law, the Articles of Association and the Rules of Procedure of the Supervisory Board. It performed its duties by providing for a transparent relationship between the Supervisory Board and other stakeholders and ensuring immediate public releases of reports on the sessions carried out thereby. Four regular and two correspondence sessions of the Supervisory Board were held in 2020. All relevant events, activities and decisions made by the Management Board were promptly communicated to the Supervisory Board, in particular during uncertain times and changes to operating conditions triggered by the epidemic.

The Management Board reported to the Supervisory Board via reports on the operations of both UNIOR d.d. and the UNIOR Group, enabling the Supervisory Board to duly exercise its supervisory role. Reports of the Management Board were usually compiled by area and separately by programme and included a synopsis of all business effects. The reports allowed the Management Board to indicate all the most important categories affecting the operation of the joint-stock company. All items contained in financial statements and indicators of the reported period were compared to values of the previous period and planned values for the current period.

During and between sessions, the Supervisory Board took note of the current performance and performance estimates for the following short-term periods. In line with the year marked by the coronavirus epidemic, close attention was paid to the volume of orders, risk-reduction and cost-management measures and current liquidity management.

During all its regular sessions, the Supervisory Board took note of the report of the Audit Committee.

In March 2020, the Supervisory Board took note of the 2019 annual inner audit report. The Supervisory Board took note of the report of the Audit Committee on the audit of the audited UNIOR d.d. and the UNIOR Group 2019 Annual Report. It adopted a written report on the results of the audit of the audited UNIOR d.d. and the UNIOR Group 2019 Annual Report and adopted the Corporate Governance Declaration, Declaration of Conformity with the Code and the Statement on Non-Financial Operations. It took note of the decision of the company's Management Board on the distributable profit of the 2019 financial year. It also deliberated on the proposition of the company's Management Board that the distributable profit should remain undistributed. The Supervisory Board took note of the report of the HR Committee on the criteria regarding variable remuneration of the Management Board for 2019 and adopted the decision not to pay out the variable remuneration of the company's Management Board for the 2019 financial year. It deliberated on and approved the agenda of the 24th General Meeting of UNIOR d.d. and proposed decisions for various items on the agenda. The Supervisory Board took note of the performance of the company and measures adopted during the outbreak of the COVID-19 epidemic, its effects on the performance of the company and Group and the feasibility of achieving the UNIOR d.d. business plan. The Supervisory Board took note of the chronological report on the status of judicial proceedings between UNIOR d.d. and Rhydcon d.o.o. and foreseen further activities. The Supervisory Board evaluated its efficiency, adopted amendments to the Rules of Procedure of the Audit Committee of the Supervisory Board and the Rules of Procedure of the Supervisory Board. At their own initiative, the Members of the Supervisory Board renounced 30 per cent of all remuneration for their work between April and the end of the COVID-19 epidemic.

During its first correspondence session in May, the Supervisory Board approved the amended agenda of the 24th General Meeting of UNIOR d.d.



In May, the Supervisory Board, at its second regular session, took note of the Non-audited three-month report on the performance of UNIOR d.d. and the Unior Group for the period between January and March 2020 and the Annual Work Plan for the Internal Audit Committee for 2020 and approved its implementation. During that session, the Supervisory Board also took note of judicial proceedings between UNIOR d.d. and Rhydcon d.o.o. in addition to deliberating on and adopting a policy of remuneration of members of the Management Board of UNIOR d.d. and of members of the Management Boards of UNIOR d.d. subsidiaries.

During its second correspondence session in June, the Supervisory Board, on the proposal of the Management Board, consented to the conclusion of a sales agreement for the property located at the premises of the former TAM/Starkom in Maribor.

During its third regular session in August, the Supervisory Board deliberated on and took note of the Non-audited six-month report on the performance of UNIOR d.d. and the Unior Group for the period between January and June 2020. On proposal of the Management Board, it consented to the initiation of liquidation proceedings of Unior Hungaria Kft, took note of the status of the sales proceedings for the investment property UNIOR d.d. at the premises of the former TAM in Maribor and the judicial proceedings between UNIOR d.d. and Rhydcon d.o.o. The Supervisory Board also deliberated on the initiative of the Slovenian Directors' Association (SDA) for voluntary attainment of gender diversity in management and supervisory boards.

The fourth session of the Supervisory Board was held in November, during which it deliberated on and took note of the Non-audited nine-month report on the performance of UNIOR d.d. and the Unior Group for the period between January and September 2020, took note of the guidelines for the compilation of the UNIOR d.d. Business Plan for 2021 and approved the Financial Calendar of Publications of UNIOR d.d. for 2021.

The Supervisory Board considers to have acted independently of the Management Board in 2020 and the work performed by its members not to have given rise to any conflict of interest.

The sessions were attended by all Members of the Supervisory Board. The President and Member of the Management Board were invited to all sessions of the Supervisory Board. Session materials provided Members of the Supervisory Board with high-quality information.

Operations of the Supervisory Board Committees

Audit Committee

In 2020, six regular sessions of the Audit Committee were convened.

The first sessions in 2020 were dedicated to reviewing the UNIOR d.d. and the UNIOR Group (audited and non-audited) 2019 Annual Report, a discussion on the course of the audit using external auditors and their report – the Audit Committee carried out all required activities to propose the approval of the audited UNIOR d.d. and the UNIOR Group 2019 Annual Report to the Supervisory Board.

The Audit Committee and external audit activities

Subject to the External Audit Quality Monitoring Guidelines, the Audit Committee evaluated the work of the external auditor Deloitte revizija d.o.o. for the 2019 financial year. In 2020, the Audit Committee regularly and promptly communicated on audit plans, carried out pre-audit proceedings and findings of the external auditors.

The Audit Committee and internal audit activities

Throughout the year, the Audit Committee deliberated on and took note of periodical internal audit reports. At the beginning of the year, it took note of the annual report of the Internal Audit Service for

2019 and, at the end of the year, of the planned internal audits for 2020. At the end of the year, it also completed questionnaires on the performance of the Internal Audit Service.

In addition to the above, the Audit Committee:

- regularly took note of and deliberated on interim performance reports for UNIOR d.d. and the UNIOR Group;
- took note of risk management reports;
- took note of activities intended to identify and combat internal fraud in 2019;
- took note of the procurement of strategic raw materials and energy products and reviewed insurance policies concluded for the last 3 years;
- took note of the list of Top 100 Slovenian suppliers of UNIOR that provide UNIOR with more than 50 per cent of their annual turnover (materials or services).

Throughout 2020, close attention was paid to the effects of the economic slowdown and the COVID-19 coronavirus disease on the performance and realisation of the company and a review of the activities and measures intended to ensure liquidity.

At the end of the year, it evaluated its work and the autonomy of its members in addition to adopting an annual plan of work for 2021.

HR Committee

Subject to the criteria regarding the pay-out of variable remuneration of the Management Board for the 2019 financial year, the HR Committee took note of the calculated variable remuneration of the Management Board for 2019. Subject to the criteria in force, the calculation was approved and the decision not to pay out the proposed variable remuneration of the Management Board for 2019.

2020 Annual Report Overview

Opinion on the Corporate Governance Declaration

The Supervisory Board reviewed and became acquainted with the Corporate Governance Declaration, the Declaration of Conformity with the Code, and the Statement on Non-Financial Operations, published in Section 9.7 of the 2020 Annual Report. The Supervisory Board agrees therewith and hereby approves them.

Annual Report

In 2020, the Audit Committee monitored the financial reporting proceedings and made its proposals to ensure its comprehensiveness, monitored the independence of the auditor of annual and consolidated financial statements (hereinafter referred to as the "Auditor"), worked closely with the Auditor in identifying the most significant audit areas and ensured mutual communication on the main audit-related matters. It reviewed the non-audited and audited UNIOR d.d. and the UNIOR Group 2020 Annual Report and the report of the Ljubljana-based auditing company Deloitte revizija d.o.o. It reported to the Supervisory Board on its role in the evaluation of the annual report compilation and compulsory audit monitoring process in addition to clarifying that the compulsory audit had made a significant contribution to the comprehensiveness of the financial statements.

The Supervisory Board reviewed the drawn up annual report and proposed use of distributable profits, both presented thereto by the Management Board.

Following a review of the annual report and consolidated annual report, auditor and Audit Committee reports, the Supervisory Board hereby finds that the financial statements of UNIOR d.d. and the

UNIOR Group give a true and fair view of the financial position on 31/12/2020, their profit/loss, other comprehensive income and cash flows for the then finished year in compliance with international financial reporting standards as adopted by the EU. Members of the Supervisory and Management Boards ensure that the UNIOR d.d. and the UNIOR Group 2020 Annual Report and its constituent elements, including the Corporate Governance Declaration and Statement on Non-Financial Operations have been compiled and published in compliance with the Companies Act and the International Financial reporting Standards. The Supervisory Board does not have any objections to the UNIOR d.d. and the UNIOR Group 2020 Annual Report and hereby confirms it.

Statement of profits

The Supervisory Board took note of the decision of the Management Board of the company that, subject to the audited Income Statement, the negative net income of the year amounts to EUR 7,959,483. The negative net income shall be included in distributable profits in full, less non-current deferred development costs amounting to EUR 3,139,716.

The established distributable profits of the 2020 financial year subject to the audited annual financial statements of the company for 2020 amount to EUR 5,873,511. The Management Board proposes that the distributable profits remain undistributed.

The Supervisory Board proposes that the General Meeting of Shareholders grant a discharge to the Management Board and the Supervisory Board for 2020 operations.

In forming the draft resolution on the allocation of profits for the current year of 2020, the Management Board and the Supervisory Board took into account the valid provisions of the Companies Act and the Articles of Association of Unior d.d. The Supervisory Board agrees with the proposal of the Management Board that the distributable profits of the 2020 financial year remain undistributed.

Chairman of the Supervisory Board:
Branko Pavlin MSc



3 Presentation of the Company

History

Back in the 18th century, the first iron workshops (iron foundries) developed at the foothills of Pohorje, primarily operating as forges manufacturing agricultural and craft tools. In 1919, the limited-liability Styrian Iron Industrial Company producing forged hand tools used in agriculture, forestry and by various craftsmen was founded. Before WWII, this forge plant (abbreviated name: Styria Zreče) already employed 250 people. In 1944, the factory, which also continued production during the war, employing 450 people, burned down completely.

After the war, the already-restored factory was given a new name, the Zreče Forged Tools Factory (TKO). It was nationalised in 1950. The basic reconstruction of the company whose main focus was manufacturing hand tools was related to the new technology of American-style drop-forging. Its new capacities (a tool workshop and a hand tool machining plant) served as the basis for the development of two production programmes: Hand Tools and Drop-Forged Forgings, increasingly used in the automotive industry.

In the 1970s, the plant with new visions was also given a new name: UNIOR Zreče Forging Industry. The new name is a compound of the words “UNiverzalno ORodje” (universal tools), for which the factory was already well known back then. Unior began to establish itself as an important partner of the automotive industry, turning into one of the biggest European producers of light forgings and connecting rods for internal combustion engines.

In the mid-1970s, UNIOR started to construct a spa and ski resort on the mountain of Rogla on the nearby Pohorje range and the Terme Zreče spa in Zreče itself, leading to the development of the Tourism Programme. The growing machining needs of the company led to the creation of the Special Machines Programme in 1978 which started developing and constructing special-purpose metalworking machines.

Following the independence of Slovenia, UNIOR also faced great difficulties; however, it successfully compensated for the loss of the former Yugoslav market with new export markets. UNIOR started to expand exports of its hand tools by establishing an extensive global distribution network, with the most important role being played by its distribution, marketing and sales companies in Austria, Germany, Great Britain, France, Italy, Spain, Greece, North Macedonia and Singapore.

In 1997, the company was converted into a joint-stock company called UNIOR Kovaška industrija Zreče d.d., abbreviated as UNIOR d.d.

By founding Ningbo Unior Forging Co. Ltd. in 2005 in Yuyau, China, with a 50-per cent ownership share of UNIOR d.d., engaged in forging, UNIOR became a global supplier of the automotive industry.

In 2017, the Tourism Programme was carved out, leading to the entry of a new company, Unitur d.o.o., 100 per cent owned by UNIOR d.d., into the Companies Register. The Special Machines Programme was renamed the Special Machines Programme.

The UNIOR joint-stock company is one of the largest and most important Slovenian companies in terms of exports boasting a tradition of professionalism and innovation. The company is committed to business excellence as pursued by its devoted employees. The UNIOR Group and its international network of affiliated companies is building on the visibility and consolidation of the UNIOR brand, thus spreading the name of Slovenia throughout the world.



UNIOR today

The UNIOR joint-stock company is organised into three programmes:

- Forge,
- Hand Tools and
- Special Machines.

The mission of UNIOR d.d.

To be a global development partner in the production of forged products, hand tools and technological metal processing solutions.

Our mission is pursued on the basis of our values, core skills, and competitive advantages.

Our values are:

- responsibility,
- excellence,
- innovation, and
- entrepreneurship.

Our core skills and competitive advantages are:

- a wide range of technical and technological knowledge,
- adaptability,
- identifying business opportunities in our key business segments,
- manufacturing high-technology products
- good value for money,
- programmes and companies in the UNIOR Group are the key global providers in their activities, and
- a global presence.

The vision of UNIOR d.d.

To be recognised as an innovative, forward-looking international company in the metalworking industry. To belong, in some areas of operation, among the leading companies in the world according to our market share or technical solutions. To develop, produce and market products and technical solutions with an increasing added value through our own innovative processes in collaboration with business partners and research organisations.

Basic particulars of UNIOR d.d.

Company Address: Kovaška cesta 10, 3214 Zreče, Slovenia
Telephone: +386 (0)3 757 81 33
Website: www.unior.si
E-mail: unior@unior.com
Registration number: 5042437000
Tax number: 72461721

UNIOR Group

The UNIOR Group consists of sixteen subsidiaries and four associates. Our subsidiaries and associates operate in sixteen countries all over the world.

Company	Country	Continent
Subsidiaries		
UNITUR	Slovenia	Europe
ROGLA INVESTICIJE	Slovenia	Europe
SPITT	Slovenia	Europe
UNIOR PRODUKTIONS- UND HANDELSGESELLSCHAFT	Austria	Europe
UNIOR BULGARIA	Bulgaria	Europe
UNIOR FRANCE	France	Europe
UNIOR VINKOVCI	Croatia	Europe
UNIOR ITALIA	Italy	Europe
UNIOR MAKEDONIJA	N. Macedonia	Europe
UNIOR DEUTSCHLAND	Germany	Europe
UNIOR PROFESSIONAL TOOLS	Russia	Europe
UNIOR COMPONENTS	Serbia	Europe
UNIOR ESPANA	Spain	Europe
UNIOR HUNGARIA	Hungary	Europe
NINGBO UNIOR FORGING	China	Asia
UNIOR – NORTH AMERICA	USA	North America
Associates:		
ŠTORE STEEL	Slovenia	Europe
UNIOR TEHNA	Bosnia and Herzegovina	Europe
UNIOR TEPID	Romania	Europe
UNIOR TEOS ALATI	Serbia	Europe

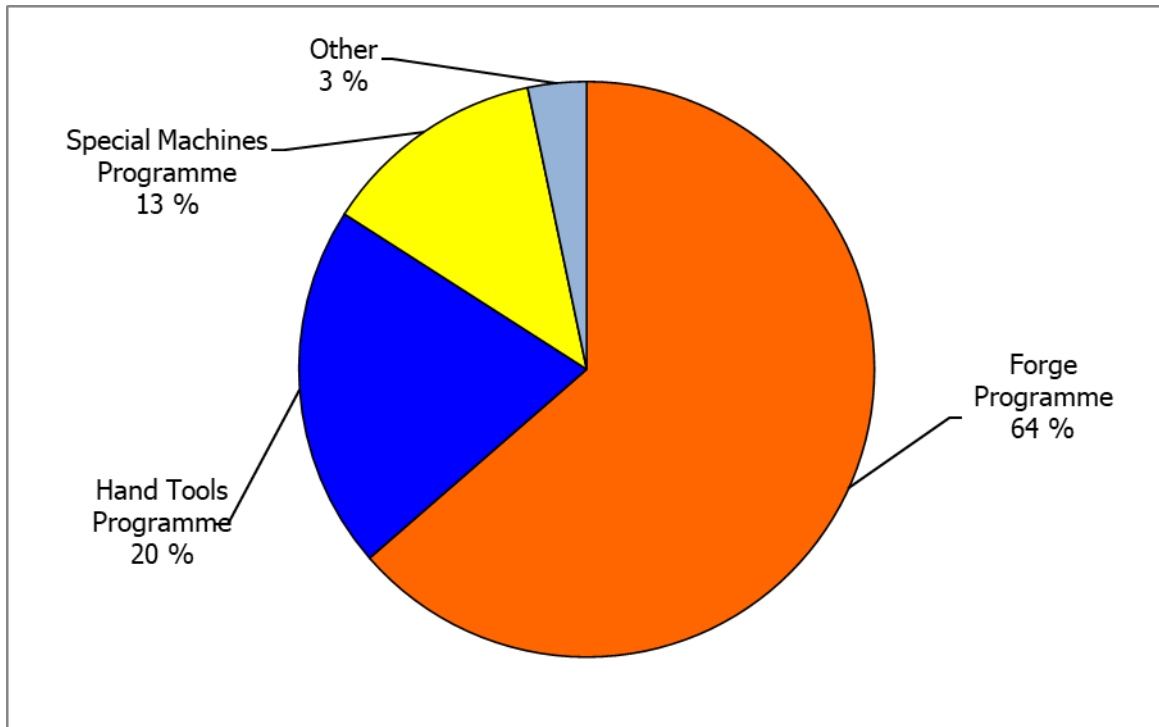
EUROPEAN MANUFACTURER SINCE 1919



For detailed information on our subsidiaries and associates and their activities, please refer to Section 15 of the 2020 Annual Report.

4 Programmes and activities of UNIOR d.d.

Revenue from sales of UNIOR by programme in 2020



EUROPEAN MANUFACTURER SINCE 1919

Forge Programme

Mission of the Forge Programme

To develop, forge and process forgings and assemblies for the automotive industry and other buyers.

Vision of the Forge Programme

To be a global, modern and successful development-oriented programme which has established an excellent reputation with the group of the most successful automotive producers and their system suppliers. To be the first or second largest producers of steering mechanisms forgings in our industry in Europe. To increase the share of machined forgings in sales. To launch mass production of aluminium forgings, allowing us to establish an additional programme to not only increase the business volume in the following years but also to reduce the risk of an increased share of electric vehicles in recent times. To generate a gross added value per employee amounting to EUR 45 thousand.

Key strategic guidelines for meeting the objectives of the Forge Programme:

- mass production of aluminium forgings;
- automation of forging and final control and provision of HR are pre-conditions for implementing the sales plan and shift to Industry 4.0;
- implementation of investments in the automation of processes in particular;
- larger series and specialisation in the Forgings Processing Plant;
- digitalisation of production and business processes;
- potential additional expansion of production in China;
- in the event of unsuccessful sales of the Sinter plant, gradual decrease of the production volume and, at the right time, liquidation thereof.

The Forge Programme is the oldest programme and the basic technology serving as the basis on which today's UNIOR developed. Despite the automotive industry being heavily hit by the severe recession during the first half of 2020 caused by COVID-19, the Forge Programme was able to contribute 64 per cent of all revenue from sales of the company. UNIOR d.d. continues to constitute one of the largest local producers of forgings in the European supply chain whose quality and flexibility has successfully withstood aggressive Asian competitors for several years.

Its main production groups are forged connecting rods for engines, parts of steering mechanisms and forgings for drive trains in passenger cars.

We exclusively supply manufacturers from the automotive industry (more than 96 per cent of our products are sold thereto) with sophisticated forgings complying with the highest safety requirements. In light of our specialised know-how, machinery and needs of the market, we have specialised in the production of mass quantities of forgings that have two things in common: narrow tolerances and axial asymmetry. A smaller portion of production are forgings supplied in-house for the Hand Tools Programme.

On the market, the Forge Programme operates as a development-oriented supplier which develops and optimises forgings in collaboration with customers allowing simplification of processing and boasting the best characteristics of use. We are a Direct OEM (original equipment manufacturer) and Tier 1 and Tier 2 supplier. As a supplier to the automotive industry, we are committed to the current quality standards. For this purpose, we have obtained the ISO IATF 16949 standard and our buyers also regularly monitor and control the quality of our products, timeliness of deliveries, and other competitive capacities.

Our subsidiaries Unior Vinkovci d.o.o in Croatia and Ningbo Unior Forging Co. Ltd. in China are also extremely important. They have allowed us to join the ranks of global forgings producers and keep up with the trend of global projects which will shape our future to an increasing extent.

Our development strategy is based on the following key assumptions: cost-effective and technologically competitive production in line with continuous growth in demand of hot-forged forgings and the current trend of negative growth of investments in the industry.

On the European market, we plan to preserve our market shares and primary position as a producer of parts of steering mechanisms of passenger cars; in terms of connecting rods for engines, on the other hand, follow development trends, adapt our capacities and get ahead of the remaining European competition in this segment. In 2021, we will begin producing parts of steering mechanisms – aluminium forgings – which will help us preserve the position of the leading producer of this product segment. This will allow us to keep up with the widespread trend of automotive producers to reduce the weight of vehicles and, as a result, of CO₂ emissions.

Our planned sales volume will also be generated by increasing the share of machined forgings where we have been penetrating the market as a provider of these services with increasing success. During recent years, great efforts have been made to obtain such projects but our price competitiveness has proved challenging to demonstrate. A rise in investments, improved cost control and simultaneous development of technologies have allowed us to become an interesting provider with machined forgings as demonstrated by this year's sales objective in this segment.

In the last decade, our programme has been diligently focusing its investments on toolmaking technologies and modernisation of its production facilities, all the while upgrading its range of products by developing the forgings machining department. We have been comprehensively managing the development and the technology of production of all production tools, whereas the diverse machinery in the forge enables us to produce competitive products in small and large

batches. In addition to hammer or press forging, our customers can also avail of heat treatment, finishing, and testing as well as machining of forgings.

In terms of modern techniques and available technologies, we have been managing the required resources allowing us to ensure stable processes and high-quality products for even the most demanding customers in the automotive industry. In addition, the strategic liaison with the nearby steelworks and mechanical engineering provides us with potential and a competitive edge that similar forges do not possess as a rule. The dispersion of locations serving as the basis for specialisation has proven beneficial in terms of cost effectiveness; by ensuring a global presence via our Chinese forge, we have also created the required pre-condition to obtain large global projects.

Global visibility has opened opportunities and chances of growth and development of our brand on other markets, such as Mexico, the USA and Latin America. Large automotive conglomerates have been communicating their expectations and inviting us to more actively enter said markets.

Hand Tools Programme

Mission of the Hand Tools Programme

To develop, produce and market premium hand tools and cold-forged products for specific market niches and general areas of use. To be a reliable partner for everyone looking for useful, efficient, and safe tools with a long lifespan.

Vision of the Hand Tools Programme

In 2022, UNIOR will become the leading world manufacturer of special-purpose tools in terms of sales revenue as well as one of the five largest manufacturers of general tools in the world. The Hand Tools Programme will exceed EUR 100 thousand in revenue from sales per employee and exceed EUR 40 thousand in gross added value per employee. Our market share in the global consumption of professional hand tools will increase from 1.7 to 2.0 per cent as measured by purchase prices of wholesale distributors.

Key strategic guidelines for meeting the objectives of the Hand Tools Programme:

- accelerated development and growth of sales of specialised tools and pliers;
- optimisation of logistical processes in the Programme;
- digitalisation of production and business processes;
- growth of sales of the cold-forged line;
- rationalisation of sales channels, the sales network and logistics;
- optimisation of logistical processes in the Programme;
- rationalisation (reduction) of assortment and automation;
- increased productivity even with a reduced number of employees;
- greater level of specialisation by plant.

In many places all over the world, UNIOR Hand Tools stand for quality in this industry and the programme generates 20 per cent of all revenue of UNIOR d.d. Boasting a variety of more than 5000 manufactured products, UNIOR Hand Tools are ranked among the top five most important European producers of hand tools. Today, the programme is present on all continents and 120 markets where it mostly operates under its own brand. Some hand tools are also produced for foreign brands. Its professionalism and development in the aforementioned market segment have been demonstrated by the fact that hand tools are produced by taking into account the state of the art and by adapting to new needs of users – also by utilising premium materials, such as chromium-vanadium steel, which guarantees an extremely long useful life. The latter is also related to the fact that UNIOR Hand Tools are developed by using in-house development and capacities where solutions for various

sectors and industries are developed. The development strategy of the Hand Tools Programme is based on a long-standing tradition of in-house production. During recent years, marketing has primarily expanded to new operating dimensions and activity development guidelines of the programme.

The Hand Tools Programme is a reliable partner of everyone looking for a useful, efficient and safe tool with a long service life. In order to follow the trends as posed by the market and to meet the increasingly demanding wishes of our consumers, the programme has been recently primarily focusing on market niches, specialised tools of various industries. The latter constitute approximately 40 per cent of the total revenue from sales of hand tools.

Specialised tools are intended for the automotive and cycling industry. They also include various measuring tools, VDE-certified tools and workshop equipment. The programme can pride itself on delivering tangible results and achievements by providing solutions for aviation, building construction and the most demanding users in the electrical industry, including users in nuclear power plants. One of the key steps in the aforementioned development segment is to consolidate the position of the programme in existing areas which can lead to us becoming a producer of cycling tools with the biggest market share in the world and one of the biggest producers of VDE-certified tools and metal packaging or products that provide for an orderly workplace in Europe. We are planning to become the second-largest producer of pliers in Europe through a comprehensive review of the existing assortment of pliers and its upgrade.

UNIOR hand tools conform to stringent quality standard requirements, VDE IEC 6090 standard requirements, and conform to the CE designation and many others. UNIOR tools exceed the requirements of the DIN standard. We operate in accordance with the EFQM Business Excellence Model engaging all our employees in quality improvement processes. Specific solutions are particularly subject to the required know-how and capacities of our in-house forge and the ability to produce cold-forged products, such as nuts, bolts, rotors, stators, shafts, gearings, gear pumps and hubs. Our advantage lies in the fact that we provide products with small tolerances and without subsequent processing with a high level of cost efficiency. The above has enabled us to expand our development to hydraulic engines and agricultural machinery. Development is also being expanded to non-ferrous metals where the technology of forging asymmetric hollow products is being learnt.

Our development strategy is thus based on a long-standing tradition of in-house production based on our own know-how, backgrounds of our work so far and marketing to which new dimensions of operation and guidelines are being added. The basic strategic guidelines pursued by the programme are: accelerated development and growth of sales of specialised tools, digitalisation of the sales-marketing process, digitalisation of production processes, improved productivity through measures and natural reduction of employees, rationalisation of sales channels, the sales network and optimisation of logistical processes in the programme. The following have also been implemented successfully: our strategy of entering new markets and industrial platform, our strategy focusing directly on consumers, segmentation of the market that increases the sales volume of special-purpose tools in various market niches and with new customers.

Special Machines Programme

Mission of the Special Machines Programme

To develop technology solutions and manufacture specific machines for known customers. That our products are innovative, technologically advanced and provide a higher rate of competitiveness to our customers.

Vision of the Special Machines Programme

Our vision is to become one of the top 10 Special Machines departments engaged in the production of special-purpose metal-cutting machines in the EU. To achieve a long-standing presence on our

key markets (EU, North America and China) and produce the technologically most complex machines for the automotive industry. By 2022, to have generated EUR 55 thousand gross added value per employee.

Key strategic guidelines for meeting the objectives of the Special Machines Programme:

- review of strategic guidelines and activities of the programme;
- a stable sales volume without major oscillations;
- self-funding ability and stable profitability;
- uniform global distribution of sales among three main sales regions (EU, USA, China, in a ratio of 50: 25: 25), to extend sales to Tier 1 customers;
- outsourcing of less advanced processes, keeping and strengthening advanced processes inside the company;
- development of universal machine and new component solutions;
- greater collaboration with the Maintenance, Hand Tools and Forge Programmes.

The Special Machines Programme is engaged in the development and construction of special CNC machine tools used for large-scale processing of blanks made from steel, aluminium and other alloys. The majority of machine tools are prototypes and require the integration of state-of-the-art application of metal-cutting technology. Despite the specific needs of customers, machines are built from standardised modules. Arising from the needs for the machining of specific workpieces, the programme has designed a set of basic machine tool models that can be modified and adapted to the requirements and internal regulations of the customer.

Our products are a result of our own development and technological solutions developed through long-standing tradition. They are marketed directly with automotive industry users, primarily with car makers and to a smaller extent with Tier 1 suppliers. At the beginning of our operations, the programme was focused solely on EU Member States, primarily on German car makers; however, during the last decade, our sales activities have extended to the global market, resulting primarily from the relocation of European technology to other continents (North America, China). The same partnership built on the EU market was also expected by customers elsewhere in the world where their production facilities are located, even though this constitutes an additional challenge given the relatively small size of our programme.

On the market, the programme utilises the tradition of UNIOR as a whole, its branching and global presence in the metal-working industry. In line with the challenging nature and high value of products the following business model is being built:

- corporate/economic confidence of buyers in our solutions and products,
- proficiency of our staff,
- tradition and multi-annual presence in the most demanding segment of capital goods,
- a wide range of reference products, and
- quality products at competitive prices.

Key features of our range:

- expert support during the product development phase,
- responsiveness and a continuous presence with our buyers,
- adaptability to the buyer's requests,
- product/machine flexibility,
- energy-efficient machines,
- high-quality collection and fast start-up,
- high-quality and fast servicing activities in the immediate vicinity,
- reasonable prices, and
- reliable and stable operation of machines.

Special machines are very complex in the face of individual enquiries, unique machinery and technical solutions. Today, the programme is renowned on the market for its great flexibility, rapid responsiveness, professionalism and the substantial technological skills of its human resources. It has focused on niche segments, such as the constituent parts of car engines, machining of body parts of vehicles and battery housings, and have learnt the deep-drilling technology as a specific machining technology.

There are trends towards increasing the flexibility, expanding the usefulness, reducing delivery times and providing high-quality servicing services in the immediate vicinity of customers in the special-purpose machine industry.

In view of intensive investments in development and learning of new technologies, the market has recognised us as a development-oriented supplier. Close collaboration, trust and lengthy experience in machining important constituent parts of the engine, such as the crank and cam shaft and various elements of peripherals, ensure a continuity of orders. Contemporary guidelines on new machine requirements, such as electromobility, require new adaptations and a mindset shift for tomorrow.

In addition to fully satisfying the needs, requests and expectations of our customers, creativity is being introduced in our programme, developing satisfied, creative, contemporary thinking and progress-oriented co-workers.

In order to comply with quality requirements and expectations and perform well in a period of fast technological innovations and ruthless competition, we have decided to harmonise our quality management system with the globally used ISO 9001 and VDA 6.4 quality management standards. We also aim to be an ecologically oriented, environmentally friendly company. For this reason, we have undertaken to comply with the requirements of the ISO 14001 standard, establishing the basis for satisfied customers and all of us.

During the ensuing period, prime consideration will be given to existing EU-based customers, primarily to German OEM customers, which we have been serving as a long-term and established supplier. The programme will focus on ensuring a uniform scale of operations; in favourable economic conditions, also on opportunities to increase the scale of operations with our existing capacities.

In terms of technology, we remain positioned as a development-oriented supplier in the automotive industry for specific machining of work pieces in the engine – crank shafts and deep-drilling. This segment continues to be heavily investment-focused on the truck manufacturing industry. In addition, the programme has been actively adapting to new special-purpose machine requirements that allow for electromobility, namely concerning battery housing and body parts of vehicles.

As far as the construction and configuration of machines is concerned, the programme will simplify the complexity of technological solutions and place more emphasis on the standardisation of elements and procurement components. The machine production concept in machining, the procurement of special-purpose constituent parts and machine assembly will be reset, allowing us to shorten the production and delivery of machines from the current average 12 months to 10 months as of the date of commission.

On our strategic markets, where the majority of our turnover is generated, we will continue to further consolidate our position in order to support our business processes with our own subsidiaries providing sales and service support. The geographic regional distribution will be focused on the EU (50 per cent of realisation), primarily on the German automotive industry, 30 per cent of realisation in North and South America and 20 per cent of realisation in China.

5 Important events in 2020

Receipt of a lawsuit

On 20 February, the company received a lawsuit from the Celje District Court, lodged on 30/12/2019, in the case of the commercial dispute between Rhydcon d.o.o. and UNIOR d.d. regarding the payment of EUR 754,938 with interest, which, according to the applicant Rhydcon d.o.o., constitutes the final, fifth, instalment, in exchange for the share already given by UNIOR d.d. to Rhydcon d.o.o. subject to the judgement received on 18/10/2019.

Coronavirus epidemic

On 23 March, the company published the changes introduced to its operations arising from the coronavirus epidemic. In view of the rapidly changing market conditions, reduced or completely halted demand by customers and in order to take care of the health and safety of all employees, the company was compelled to restrict its production volume. Most of the production of the Forge Programme came to a complete halt; the Hand Tools Programme continued its operation until the provision of all products required by customers, whereas the Special Machines Programme engaged in the production of capital goods for the automotive industry continued to operate normally as no changes to the order status were observed.

Suspension of the sales proceedings of the UNITUR d.o.o. subsidiary

On 21 April, the company, foreseeably until 1/9/2020, suspended the sales proceedings for the sales of the 100 per cent ownership share in its UNITUR d.o.o. subsidiary which had commenced in October 2019.

Extension of the suspension of the sales proceedings of the UNITUR d.o.o. subsidiary

On 10 September, the company announced that the sales proceedings for the sales of the 100 per cent ownership share in its UNITUR d.o.o. subsidiary, which had been suspended on 21/4/2020, would remain suspended until the end of 2020 and that they are planned to be resumed in January 2021. In 2021, the sales proceedings were not resumed, which was communicated to the public by the company on 1/2/2021. For a clarification of the event, please refer to Section 12.10 of the 2020 Annual Report.

Sales of the property in Maribor

On 21 October, the company signed an agreement on the sale of property at a location in Maribor. The buyer was a long-term existing lessee of production halls and lands of 31,529 m² in total surface area in the Tezno Business and Production Park in Maribor. UNIOR d.d. had received the consent of the Supervisory Board of the company and creditor banks, signatories of the Syndicated Credit Agreement, to the sale thereof. The company had commissioned an appraisal of the property for sales purposes which was carried out by an SIC GRAS-licensed tangible property appraiser. In compliance with the appraisal, the property was sold for EUR 8.5 million. The purchase price was paid on 6/11/2020. The entire sum was used to reduce the debt of the company subject to the Syndicated Credit Agreement. In view of the revaluation of property to a fair value, UNIOR d.d. suffered a EUR 4.3 million loss as a result of a lower appraisal than the value of the investment property as specified in its books.

6 The Most Important Markets and Customers

Its forgings and machines make UNIOR an important supplier of the automotive industry. For this reason, the developments in the industry are of key importance for its performance. Our main customers are almost all major vehicle producers: Volkswagen, Audi, Škoda, BMW, Daimler, Renault, Dacia, the JLR (Jaguar Land Rover) Group and Volvo, in addition to their system suppliers: ZF Friedrichshafen, Volvo, Robert Bosch, Jtekt, SEAC, GKN. Among the other sectors our customers operate in, the craftsmen, repairers and end users who are of particular importance for the Hand Tools Programme are also worth mentioning.

Our most important market is the European Union, where Unior exports more than 90 per cent of its metal-working products or where, in addition to the turnover in Slovenia, almost 90 per cent of all revenue from sales of the company is generated. During recent years, business with South America has also been on the rise. We are also expected to penetrate the North American market.

Forge Programme

Similarly, to other programmes, the EU is the most important market of both the Forge Programme and the Zreče forge where more than 97 per cent of revenue from sales is generated. Most products (95 per cent) are directly intended for the automotive industry (our customers are VW, Audi, Renault, Dacia, BMW, Volvo, Škoda, Porsche, JLR) and their suppliers (ZF Friedrichshafen, THK, JTEKT, SEAC, GKN, Robert Bosch, Mahle).

During the last decade, our sales position has been primarily consolidated and boosted in the field of connecting rods for passenger cars. Many new projects have been obtained, allowing us to oust our competitors. We are also engaged in the development of engines that form a constituent part of hybrid vehicles. Europe-based competitors continue to be our biggest competitors in the segment.

We are the world's leading producer of steering mechanisms for passenger cars. Competitors from Asia (primarily from China and India) are increasingly present on our most important steering mechanism part markets. Chinese competitors in particular have made a great step towards reaching Europe within the last two years. In view of the foreclosure of the North American market (trade war), a lower conjuncture in China and its competitiveness, the supplier base of the Chinese-based automotive industry has further focused its efforts on the EU. Our key advantages in our battle therewith lie, in our opinion, in our cooperation with customers in development projects, high levels of productivity, technological advantages, and flexibility.

A much stronger competition is faced in the sales of sintered products than in the forge and forgings machining programme. Major global producers dominate the supply chain, make huge investments in the development and automation of production, making smaller, flexible and specialised producers more difficult to operate which leads to us losing the price war and market share.

Hand Tools Programme

The closure of hardware stores and confinement of people in their homes affected both the final consumption and mindset of our distributors who reduced their orders overnight as the closure of stores was reflected in their customers' reduced consumption. For this reason, UNIOR itself was also compelled to introduce changes to some working methods and to our mindset, allowing us to successfully adapt to the situation at hand. The company began to focus its attention on digitalisation, duly adapted its sales channels and introduced B2B sales to business partners and B2C online sales of specialised tools to specific markets. Despite the challenging situation, decisions were made promptly and strategically. In view of our ability to adapt quickly, new customers in the construction and ship-building industries were obtained despite the challenging situation on the market. In addition, our specialisation in various hand tool development segments proved extremely beneficial. As countries were investing in infrastructure, the sales of automotive and cycling tools increased.

It gives us great pride to have been able to preserve our position on the market and, despite challenging conditions on the market, launch new products and kits used for repairing and maintaining items used in fieldwork. Our presence in as many as 120 countries of the world was successfully preserved and, in some cases, even increased. The highest revenue from sales of hand tools, as much as 70 per cent, continues to be generated on EU Member State markets. The programme collaborates closely with its customers and believes in long-term partnerships therewith. The most important users of UNIOR hand tools and cold-forged products thus include:

- the hydraulic industry in the production of water pumps,
- the production of agricultural machinery (tractors, tractor attachments, work machinery), the heavy construction machinery industry,
- the automotive industry and industry of internal combustion engines for maritime transport; the truck, military, oil and gas industries,
- users of RFID tools,
- users of height safety tools,
- the bicycle and motorbike production industries, and
- the electrical industry.

The programme continues to expand its sales network by penetrating new markets, recognising that especially times like these require agility and the willingness to change. For this reason, several new customers have been obtained during the last five years which allow us to generate as much as 40 per cent of all revenue from the sales of hand tools. Strategic planning and the readiness adopt to rapid changes are intended to be preserved for successful and efficient development of our work in the future. Keeping pace with the times and trends set by the world remains our development motto during the years to come.

Special Machines Programme

We are present on the market with a wide range of special-purpose machines boasting increasing levels of flexibility in compliance with the requirements and expectations of our customers. This trend has been detected as a result of the rapid changes of car models and increasing levels of competitiveness of Asian countries (Korea, Japan, China). As a result, customers are willing to invest only in high-productivity equipment, even though it may not be economically feasible in every single case. New materials (lightweight aluminium alloys, magnesium) changing machine concepts have been increasingly present for energy consumption purposes. On the other hand, trends indicating the transition to environmentally less harmful processing techniques have also been identified. In order to increase their profits and to reduce their risks, OEM customers have been increasingly

opting for contract-based services and shifting towards the phase of monitoring, developing new products, completing products and marketing.

The expectations of our customers are clear – to purchase the most reliable and flexible capital goods by spending minimum investment funds. Many customers are unwilling to accept state-of-the-art achievements or, in view of low labour costs in non-European costs, choose simpler and more quickly delivered equipment.

Given the wide range of metalworking machine tools, the Machine Engineering Programme has focused on two segments willing to invest in niches. Today, these are:

- the automotive industry – as the driving force behind new investments and the integration of technologies;
- the supplier "Tier 1" industry – on which the automotive industry has also been focusing in order to maintain and monitor a wider range of suppliers serving to reduce its own risks.

We are in constant close contact with our target group of customers – the automotive industry – from the development stage of the buyer's product onwards, providing us with the only way to be able offer the most appropriate solutions, although it does not serve as a decisive factor in obtaining orders. The above is linked to high development costs which are, as a rule, not recognised by the customer during this phase. This advantage may only be utilised by improving our knowledge of technical and technological solutions.

Development guidelines of our main customers are accepted in view of ensuring a larger scale of operations. Until now, Europe has been the main initiator of integrating new technologies with a greater emphasis on component suppliers. New technical and technological solutions have also complemented the customer support provided in North America and, starting next year, also in China, where the highest growth is expected in the future.

Strategically speaking, our programme is expected to be upgraded by entering important markets with our own brand or combined with a local machine tool producer, allowing us to simplify post-servicing activities, to reduce the origin risk, language barrier and local characteristics of customers.

On the market, we mainly encounter renowned competitors involved in making special machines in Germany, whose tradition and maximum support of the best development institutes grants them a technological advantage, allowing for this support and impeccable communication in their mother tongue to constitute a strategic advantage.

The construction of special-purpose machines is subject to cyclical oscillations of investment demand, development of drive train technologies, electromobility, hydrogen cells and hybrid vehicle drive trains. To keep up with trends, we need to become engaged in the development of future technologies and machining methods for the constituent parts of the drive train.

By closely monitoring the needs of our customers, the programme has a timely focus on the development of even more adaptable products, cheaper and more accessible configurations, shorter delivery times and assurance of quality servicing activities that provide our customers with the guarantee of faultless operation of our products – machines and machine tools.

With the support of our distributor network and our own marketing activities, the programme ensures and develops a long-term presence in key markets; in any event, a global approach ensures the scale, recognition, implementation of our long-term strategy, implementation of development guidelines for the programme and improvement of its competitiveness.

7 Shares

Upon the founding of the UNIOR joint-stock company, 2,138,200 shares were issued, each having a par value of EUR 8.35. Since then, the company has carried out two capital increases. The first one on 1/12/1999, when 200,214 shares were issued, and the second on 1/2/2010, when 500,000 new shares were issued. As at 31/12/2020, UNIOR has a total of 2,838,414 shares, kept since 2006 in the form of no-par value shares. Issued in non-materialised form and, since 21/1/2000, entered in the Central Registry of the Ljubljana-based Central Securities Clearing Corporation (KDD), d.d. All issued shares of the UNIOR d.d. joint-stock company are of one class, resulting in the same rights and obligations of shareholders. No restrictions to voting rights for shares apply. No share transfer restrictions apply. All shares are freely transferable. The company has not created an employee share scheme. The company is not aware of:

- any agreements between shareholders which may result in restrictions on the transfer of securities or voting rights;
- any significant agreements to which the company is a party and which take effect, alter or terminate upon a change of control of the company following a takeover bid as laid down by the law regulating takeovers and the effects of such agreements;
- any agreements between the company and its board members or employees providing for compensation if they resign or are made redundant without valid reason or if their employment ceases because of a takeover bid as laid down by the law regulating takeovers.

Relevant information on shares

	2020	2019	2018	2017
Total shares	2,838,414	2,838,414	2,838,414	2,838,414
Number of treasury shares	73,114	73,114	3,330	3,330
Number of shareholders	850	873	928	951
Dividends per share	-	-	-	-
Value of treasury shares in the balance sheet (in thousand EUR)	2,016	2,033	120	120

Treasury shares

The UNIOR Group has a total of 73,114 treasury shares, out of which 3,330 shares of 0.12 per cent of the total shareholding are owned by Unior Deutschland GmbH, Leonberg and the Zreče-based SPITT, d.o.o. UNIOR d.d. owns 69,784 treasury shares or 2.46 per cent of the total shareholding. No treasury shares were acquired or disposed of in 2020. Neither the company nor any third party on behalf of the company pledged any treasury shares in 2020. UNIOR d.d. obtained treasury shares in 2019 subject to a judgement having the force of res judicata.

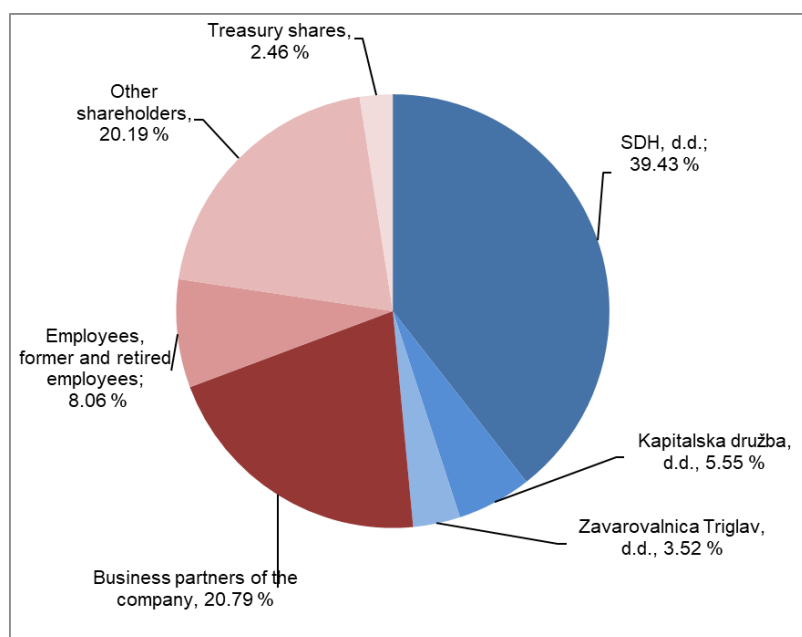
Ownership structure

Ten largest shareholders as at 31/12/2020

Shareholder	Number of shares	Shareholding
SDH, d.d.	1,119,079	39.43 %
ŠTORE STEEL d.o.o.	346,182	12.20 %
Triglav vzajemni skladi - delniški Triglav	178,433	6.29 %
KAPITALSKA DRUŽBA, d.d.	157,572	5.55 %
NLB Skladi, d.o.o. – Slovenia mixed	104,000	3.66 %
ZAVAROVALNICA TRIGLAV, d.d.	100,000	3.52 %
UNIOR d.d.	69,784	2.46 %
RHYDCON d.o.o.	49,544	1.75 %
Subotič Tomáš, Prague	46,433	1.64 %
ŽELEZAR ŠTORE D.P. d.d.	43,627	1.54 %
Total ten largest shareholders	2,214,654	78.02 %
Other shareholders	623,760	21.98 %
TOTAL	2,838,414	100.00 %

Ownership structure as at 31/12/2020

Shareholder	Number of shares	Shareholding
SDH, d.d.	1,119,079	39.43 %
Kapitalska družba, d.d.	157,572	5.55 %
Zavarovalnica Triglav, d.d.	100,000	3.52 %
Business partners of the company	590,231	20.79 %
Employees, former and retired employees	228,778	8.06 %
Other shareholders	572,970	20.19 %
Treasury shares	69,784	2.46 %
TOTAL	2,838,414	100.00 %





Admission of Shares to Quotation on the Stock Exchange

The 14th regular General Meeting of the Company adopted the decision on 21/7/2010 to admit the shares of UNIOR d.d. to quotation on the organised Ljubljana Stock Exchange. On 13/7/2011, the company received the decision of the Securities Market Agency, file number 40200-10/2011-6. The shares prospectus was made public on 16/8/2011. On 18/8/2011, our shares were admitted to quotation on the Ljubljana Stock Exchange. The first trading day was 22/8/2011. Our shares are listed in the Standard Quotation of the stock market.

Communications to Shareholders

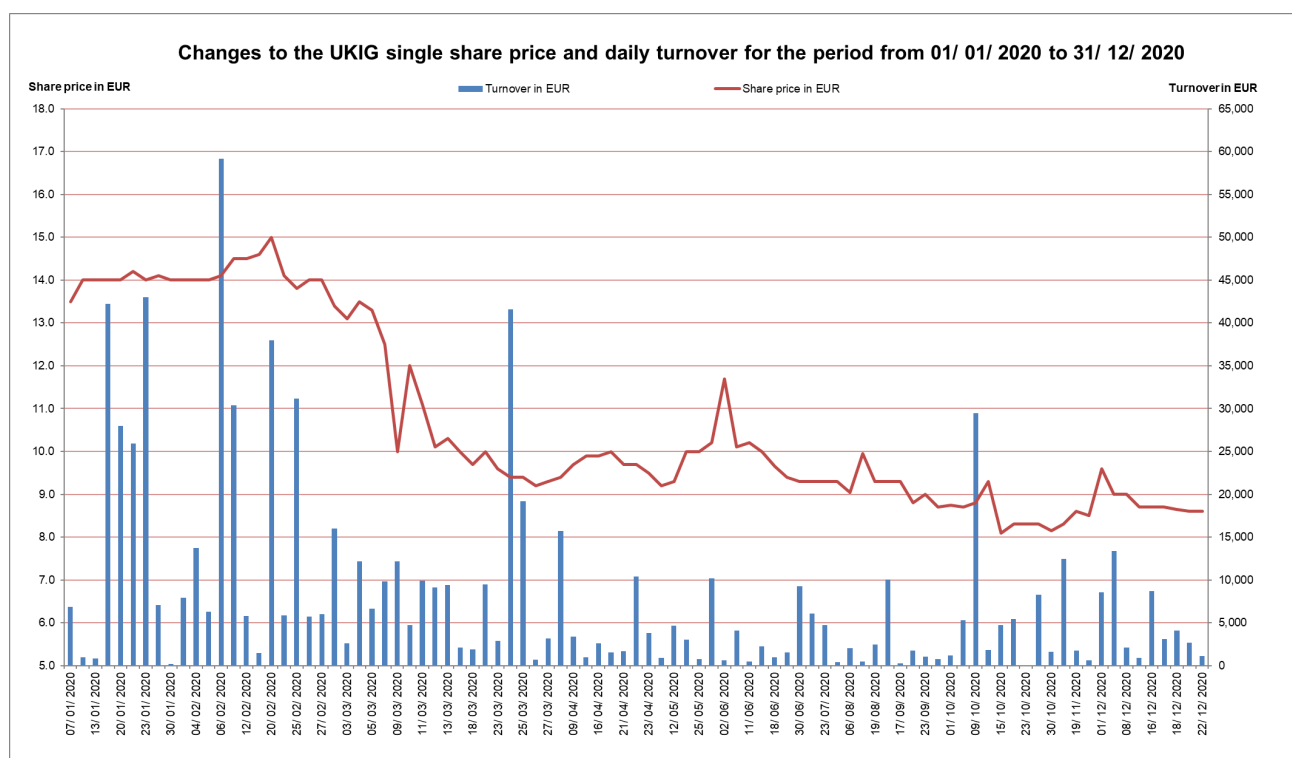
After its shares were admitted to quotation on the Ljubljana Stock Exchange, the Company has been following the practice of communicating with shareholders and new interested investors in compliance with the law and customary business practice through the SEOnet electronic notification system of the Ljubljana Stock Exchange and the Company's website.

Performance indicators per share

	2020	2019	2018	2017
Earnings per share (in EUR)	(2.80)	2.16	2.39	2.73
Book value per share (in EUR)	32.39	35.20	33.77	31.38
Sales per share (in EUR)	48.64	61.77	60.73	58.23
Cash flow per share (in EUR)	0.34	5.43	5.23	5.57
Percentage of dividends disbursed	0 %	0 %	0 %	0 %

Trading of UKIG Shares

On 22/12/2020 (closing share price for 2020), the market price of one UKIG share was EUR 8.60. Between 1/1/2020 and 31/12/2020, the trading turnover amounted to EUR 766,428.55. On 22/12/2020, the market value/carrying amount ratio of the share was 0.27.



8 Sustainable development

UNIOR d.d. acknowledges its role as a strategic development and welfare stakeholder in the local environment and also as a part of global society. Through our vision, mission and conduct, UNIOR wishes to contribute to the welfare of the local environment, the sustainable development of the Republic of Slovenia, as laid down in the 2030 Slovenia Development Strategy, climate goals of the European Union until 2050 and the achievement of sustainability objectives of the UN until 2030, in a long-term strategic way. For this reason, the company has been strategically identifying opportunities and risks associated with sustainable development, climate change, a smart and circular economy, meaning that it increasingly promotes sustainable management of the entire added value chain of its products and services.

In its local environment, the company significantly contributes to the vitality and development of not only the economy and entrepreneurship, but also of education, culture, sport and wider society. Our conduct as specified above is based on our values, tested throughout our time-honoured tradition of engaging all stakeholders in a partnership dialogue, and on the ambitious vision that continuously pushes boundaries and raises the added value for all.

8.1 Key sustainability guidelines of UNIOR d.d.

The sustainable development of UNIOR d.d. is based on five pillars that contribute to the achievement of sustainability objectives of the UN until 2030.

Competitiveness that generates added value for all

- Provision of competitive products and services through state-of-the-art technologies and materials.
- Delivery of successful operating results.
- Generation of favourable indirect effects on the economy.
- Provision of safe and high-quality jobs.

Contributing to the sustainability objectives of the UN until 2030



An active, healthy, safe and responsible company

- A healthy and active lifestyle of employees and the wider community.
- Contribution to a more inclusive labour market, provision of equal opportunities and high-quality jobs.
- Provision of safety to all participants in the value chain (suppliers, employees, customers).
- Operations in compliance with the law and high ethical standards.

Contributing to the sustainability objectives of the UN until 2030





Learning for and throughout life

- Employee education and training.
- Connecting education institutions and business.
- Provision of study placements.
- Transfer of development and research findings to the economic environment.
- Promotion of lifelong learning.

Contributing to the sustainability objectives of the UN until 2030



A healthy natural environment, low-carbon future

- Replacement of fossil fuels with renewable energy.
- Sustainable management of natural resources.
- Sustainable development of the local community.

Contributing to the sustainability objectives of the UN until 2030



High degree of cooperation

- Transparent and efficient operations.
- Multi-stakeholder dialogue and cooperation.
- Socially responsible projects and partnerships.

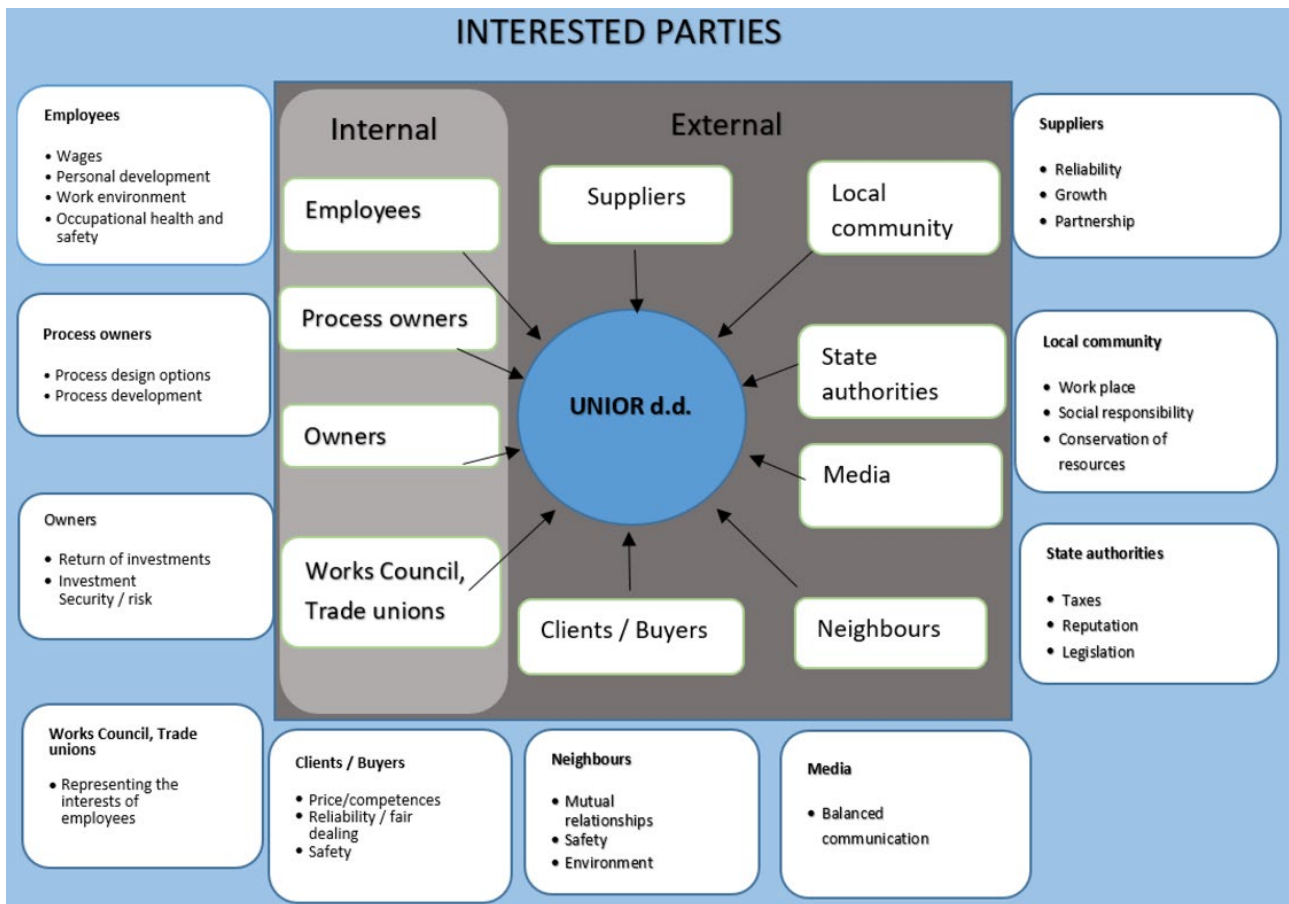
Contributing to the sustainability objectives of the UN until 2030



8.1.1 The stakeholder matrix

UNIOR d.d. is a complex company operating on the global market, making its stakeholder matrix diversified as a result. All groups of stakeholders or interested parties and their interests have been carefully examined and transparent and responsible relationships established therewith for responsible management purposes. The Management Board and Board of Directors guarantee that current and future needs and expectations of shareholders are regularly identified, coordinated and met to the best of our abilities. The stakeholders and their interests are shown in the diagram.

Our stakeholders and their interests



8.1.2 Sustainable development reporting

UNIOR d.d. reports on its sustainable development in its annual reports.

Subject to the matrix of our key stakeholders, sustainability areas are defined in the following sections. The sustainability report was compiled by all areas and activities of UNIOR d.d., including the senior management.

Reasonable efforts were made to ensure the proper balance, comparability, accuracy, clarity and reliability of the data.

8.2 Concern and responsibility for employees

Our concern for our employees plays a central role in all our business plans. As the largest single employer in the region and one of the largest in the country, UNIOR d.d. recognises that investing in our employees does not only demonstrate responsibility towards colleagues but also towards the wider environment. During the corona crisis, special attention was paid to the preservation of jobs and the health, safety and well-being of employees.

Employee details

UNIOR d.d. Employee details	2020	2019	2018	2017
Total number of employees	1,666	1,797	1,825	1,793
– <i>Forge Programme</i>	906	974	1,007	982
– <i>Hand Tools Programme</i>	348	378	390	395
– <i>Special Machines Programme</i>	165	179	177	154
– <i>Joint services</i>	151	163	155	160
– <i>Maintenance</i>	96	103	96	102
Departures	165	110	161	158
New employees	34	82	193	169
Average length of service of employees	18.4	17.8	17.8	17.7
Average age	43.4	42.7	41.7	41.6
Average number of employees in terms of hours worked	1,675	1,756	1,780	1,787
Average absence from work (in hours)	136.9	149.9	130.2	132.7
Average salary (in EUR)	1,706	1,705	1,619	1,535

At the end of 2020, UNIOR d.d. employed 1666 people, 131 fewer than the year before. Compared to 2019, the number of employees fell in all three programmes, Joint Services and Maintenance. The departure of 165 employees in total was observed, out of which the majority due to a termination of the employment agreement on operational grounds or grounds of unfitness, followed by the expiration of fixed-term employment agreements and terminations of employment agreements at the request of employees. The company recruited 34 employees in total, the majority of which in the Forge, Hand Tools and Special Machines Programmes. The average age of employees in the company has been on the rise during recent years. In 2020, it rose to 43.4 years. Due to the nature of work, most employees or approximately 70 per cent employees are male. A large proportion of

Unior's employees concluded an employment agreement of indefinite duration. In 2020, more than 97 per cent of all employees were in the possession of such an agreement.

The average monthly gross salary per employee in 2020 amounted to EUR 1706, rising by 0.1 per cent compared to 2019. Accompanied by a 0.1 per cent fall of the consumer price index, the average salary had risen by 0.2 per cent in real terms. During this period, the net salary increased by 1.1 per cent or by 1.2 per cent in real terms.

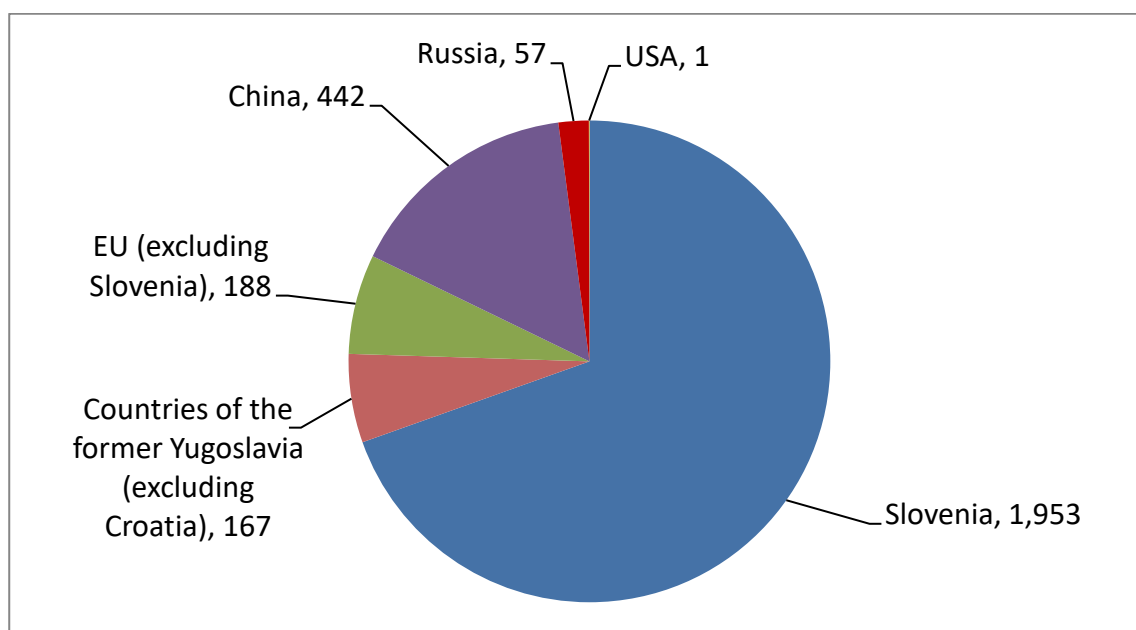
During severe disruptions on the market caused by the epidemic, UNIOR as a major employer sought to preserve as many jobs and as much the invaluable know-how of its employees as possible. For this reason, we took advantage of the temporary lay-off and short-time work measures of the state. This way and also, in large part, due to state aid, UNIOR was able to successfully overcome several months of uncertainty and, slowly but surely, returned to the workplace without any major issues.

By taking into account the parent company and its subsidiaries, the UNIOR Group, at the end of 2020, employed 2808 people or 210 fewer than at the end of 2019. At the end of 2020, the UNIOR Group and its associates had 3,407 employees compared to 3637 employees at the end of the year before.

Employees in the UNIOR Group by region

Number of employees as at 31 December	2020	2019	2018	2017
Slovenia	1,953	2,136	2,187	2,222
Countries of the former Yugoslavia (excluding Croatia)	167	170	165	161
EU (excluding Slovenia)	188	200	229	240
China	442	451	546	527
Russia	57	60	59	62
USA	1	1	1	0
Total UNIOR Group	2,808	3,018	3,187	3,212

Total number of employees in hours worked	2,832	3,001	3,112	3,086
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8.2.1 Investing in the competences of our employees

The development of employees is one of the key processes used to implement UNIOR's commitment to sustainability. Only employees acquiring new skills and competences can successfully adapt to changing conditions and exhibit responsibility towards themselves, others and the company. The skills and competences of our employees are increased through various HR methods, primarily through training in areas of expertise and soft skills. External and internal training is organised and co-financing of work-study is facilitated. Lifelong learning is promoted. Since 2013, the company has been carrying out business schools, involving four levels of management since 2017.

Despite the changed circumstances, employees were able to attend training sessions in innovation, smart plants, quality, information security, project management, foreign languages, first aid, mentorship, fire -extinguishing, safe handling of hazardous chemicals, protection of the environment, and occupational health and safety. All these topics contribute to the protection of the health of our employees, their development, development of new ideas and products, a safe work environment, protection of the environment and a forward-oriented mindset.

In 2020, UNIOR completed the ASI Pilots project, in which an advanced competence model was developed in cooperation with Odelo Slovenija. UNIOR was included in the KOC-TOP (Competence Centre of Plants of the Future) project that included training in plants of the future attended by employees. Increasing emphasis is placed on the development and implementation of e-training sessions by recognising their benefits: our employees can attend them at their leisure, losses of working hours are reduced, fewer materials are printed and no travel expenses are involved.

In 2020, UNIOR carried out 8875 hours of training or 66.9 per cent less than in 2019. In 2020, UNIOR spent EUR 174,597 or 43.7 per cent less than in 2019 on training, work-study and scholarships. The sum is a total of all training-related costs and does not include the costs of absence of employees from the workplace. Fewer hours and lower funds resulted primarily from adapting to the epidemic. In order to protect the health of our employees and manage our costs, training sessions were temporarily cancelled and, later, were carried out in a restricted and adapted format. More than in the past, UNIOR took advantage of free-of-charge online training which also contributed to a lower consumption of funds.

Training and Education	2020	2019	2018	2017
Hours of training (in hours)	8,875	26,826	24,068	19,885
Training costs (in EUR)	174,597	310,174	288,925	181,968

8.2.2 *Concern for the organisational structure*

UNIOR promotes a culture of recognising one's own responsibility for one's health, safety and development and responsibility for each other's health. In 2020, the company continued with year-end reviews during which employees and managers are encouraged to embark on a mutual dialogue on their welfare at the workplace, achieved and set objectives for the future, training needs, proposed improvements at the workplace, etc. The response thereto has been positive and has allowed managers and employees to become more familiar with each other and cooperate more easily in the future.

At the beginning of 2020, the company continued with its introductory development interviews whose objective is to identify and recognise promising and committed employees who will be engaged in more frequent development activities, build their satisfaction and create new joint opportunities.

Aware of the importance of managers for a successful organisational culture, the company continued implementing the 360-degree manager evaluation method. Employees were given the chance to share their views on the managers, their attitude towards employees, provision of accurate information and work instructions, proper concern for their occupational health and safety, etc. A year-end review was conducted with managers subject to the results and objectives for the future were set.

Upon the declaration of the epidemic, our activities were primarily focused on building a culture promoting the protection of one's own health and the health of their co-workers. Several activities intended to prevent the spread of infections were carried out.

A high level of respect of human rights, of differences between employees, the prohibition of discrimination, mobbing and other hazardous effects form an important part of the organisational culture of our company. The company has adopted its own Code of Ethics and rules which regulate the responsibilities of the company towards employees and vice versa in further detail. Employees can file complaints regarding breaches of the Code of Ethics directly before their direct supervisor or other superior or can send their complaint via e-mail to etika@unior.si.

On 1/7/2016, the Rules on Preventing and Identifying Fraud laying down the tasks and responsibilities of employees associated with preventing, identifying and examining fraud was adopted. Since the same date, the Rules on Business Gifts and the Policy of Ethical Standards have also been in force. Reports of corruption and conflicts of interest, bribes and other offending conduct can be sent by employees to the e-mail address used for complaints prijava.povejmo@unior.si, by calling the anonymous 080 10 90 hotline operated by an external independent company. The reported suspected fraud is known only to the competent professional.

Authorised personnel for receiving reports were appointed by decision of the Management Board who receives reports of alleged sexual or other abuse and mobbing at the workplace in each plant of the company. A total of 16 authorised personnel were appointed. Mobbing training is organised for them on a multiannual basis. No mobbing or disrespect of human rights have been reported anonymously during the last four years.

8.2.3 Raising the educational structure

Economic and technological development promote the recruitment of a larger share of new employees with a higher level of qualifications than before. In 2020, 19.9 per cent of all employees had completed at least the level of vocational college. The share rose by 2.8 per cent compared to 2017. Such employees will further contribute to seeking new and sustainable solutions ensuring the further economic stability of the company.

Employees by level of completed education in UNIOR d.d.

Qualification level		31/12/2020	31/12/2019	31/12/2018	31/12/2017
I	Unskilled	275	311	322	333
II	Semi-skilled	130	132	132	132
IV	Skilled	540	595	603	596
V	Secondary vocational education	390	430	449	425
VI	Higher vocational education	112	113	112	112
VII/1	Graduate vocational education (1 st Cycle Bologna Degree)	130	126	116	111
VII/2	University vocational education (2 nd Cycle Bologna Degree)	76	77	78	71
VIII/1	Master's degree	12	12	12	12
VIII/2	PhD	1	1	1	1
TOTAL		1,666	1,797	1,825	1,793

8.2.4 Taking care of the health of employees

Unior recognises that investing in the occupational safety and health of its employees is not an expense but an investment. Occupational safety is a big concern and continues to be improved via our annual programme of safety and promotion of occupational safety.

In 2020, most prevention activities were focused on COVID-19 measures and activities contained in the Occupational Health Promotion Programme. Our activities were aimed at preventing infections with COVID-19 in the company, reducing the incidence of occupational injuries, monitoring the use of hearing protection, improving work conditions, reducing the incidence of sick leave and taking care of a healthy lifestyle through activities.

Sick leave

The total incidence of sick leave in 2020 amounted to 6.2 or 0.8 per cent less than in 2019 when it amounted to 7.0 per cent. The total incidence of sick leave of a maximum of 30 days in 2020 amounted to 2.9 or 1.1 less than in 2019 when it amounted to 4 per cent. The total incidence of sick leave of more than 30 day was 0.3 per cent lower than in 2019 and amounted to 3.3 per cent. In 2019, sick leave of that length amounted to 3.0 per cent. In 2020, the incidence of sick leave was also lower due to a lengthy absence due to temporary lay-offs. However, similar incidences of sick leave as in 2020 had already been experienced in 2017 and 2018.

Sick leave	2020	2019	2018	2017
Sick leave (in per cent)	6.2	7.0	6.1	6.2

Occupational injuries

In 2020, there were 37 occupational injuries or 51.9 per cent less than in 2019, leading to the loss of 949 days or 52.3 per cent less than in 2019. In 2020, 20.5 per cent less working hours were completed than in 2019 due to the reduced scale of operations and increased incidences of absence (temporary lay-offs) resulting from the COVID-19 epidemic. In terms of calculations of hours present at work, there were 39.6 per cent less occupational injuries in 2020 than in 2019.

Occupational injuries	2020	2019	2018	2017
Number of injuries	37	77	69	74

Occupational health and safety measures have also been primarily focused on prevention:

- COVID-19 measures,
- training workers in safe work at the workplace and their associated obligations,
- occupational health and safety powers and responsibilities,
- injury communications in internal media,
- preventative medical examinations of employees,
- systematic control of sick leave,
- inspections of working and safety equipment and remedy of any deficiencies,
- systematic handling of injuries and prompt remedy of deficiencies,
- control of occupational safety (use of personal protective equipment, levels of tidiness at the workplace, and orderliness of installations) and fire safety,
- a health promotion campaign,
- ISO 45001 audit (transfer from OHSAS 18001 to the new standard and re-certification process).

Maternity leave

Data on maternity or paternity leave taken by our employees are a reflection of the age and gender structure of our employees. In 2019 and 2020, a 1 per cent incidence of maternity leave and a 0.1 per cent incidence of paternity leave were observed.

8.2.5 Dialogue during the corona crisis

UNIOR d.d. focuses on fostering a sustainable dialogue in the company marked by COVID-19 in 2020. As far as communications are concerned, the company sought to support current operations of the company and concerned itself with the health of employees to the maximum extent. Despite COVID-19-related challenges, inter-department cooperation was strengthened through various tools: our internal newspaper, weekly newsletter, regular communications on the bulletin board, intranet, etc. Department meetings and interpersonal communication flows were promoted throughout the entire hierarchy of the company, from senior management down to all employees even through internal interpersonal dialogue had to be replaced to a great extent with digital communication. The internal communication system was upgraded with structured content for production work teams on LCD displays installed in the Forge Programme.

By promoting sustainable dialogue and activities, awareness was raised and the value of health of co-workers was promoted. The value of creativity and innovation was promoted through two campaigns in March and October. Special attention was paid to seeking alternatives to interpersonal communication between employees faced with the challenging position of co-workers in terms of managing their work teams due to the pandemic.

8.3 Ongoing partnerships with customers and suppliers

UNIOR develops and strengthens permanent partnerships with customers, based on mutual and equal relationships. We are all aware that permanent value is created only through development-oriented cooperation. In several segments, our customers are pursuing a reduction of the carbon footprint of their own activity and the activity of their suppliers alike. An important role in our competitiveness on the global market is played by our efforts to pursue low-carbon operations, develop new models and solutions which reduce the effect on the environment and facilitate 'green operations'. This is the only way of being able to ensure long-term conduct in conformity with the requirements of ISO 14001 and 50001, directives, such as the Directive on end-of-life vehicles, and regulations, such as the Regulation concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) to our customers. Green energy has been gaining ground among market requirements.

The market has been splitting into smaller market segments. For this reason, the importance of market orientation to every single customer has been reinforced. All programmes of UNIOR d.d. are in continuous dialogue via all available communication channels (telephone calls, e-mails, website, trade fairs, portals, visits to customers, social media, journals). Each customer is their own individual entity and the communication method is tailored to their type.

UNIOR seeks to empower its customers and provide them with support and assistance in the procurement cycle and with all the required information and knowledge. Familiarity with the needs and experience of our customers allows us to improve the functionalities of our products and the quality of services on offer. Customers are regarded as co-generators of ideas and, as such, are engaged in the process of generating added value of products and services.

We are introducing CRM (Customer Relationship Management) or a system enabling employees in various processes of the company to become acquainted with the factors motivating customers to stay local to the UNIOR brand.

8.3.1 *Product labelling and customer safety*

The Forge Programme labels products in compliance with special requests of customers coordinated during the development phase. As a result, all products are traceable from the input material onwards as our products include a forged internal mark identifying the batch. In some cases, the customer may also request the engraving of the DMC (Data Matrix Code) on the product.

Cases and packaging units are also labelled in compliance with special requests of our customers. Most customers request a VDA label in conformity with the VDA 4902 standard requirements. In addition, they also require the ASN code to facilitate the transfer of data between the supplier and customer containing specific data of the product and pack.

Our hand tools are designed with the safety of the user at the forefront. For this reason, UNIOR's products are constructed in a way that ensures minimal physical effort during work and are fully adapted to the type of work.

Tool labels serve as the most reliable source of transfer of information to the customer. For this reason, an increasing number of pieces of information are placed on products and packaging on an annual basis. Globally recognised pictograms are used for safety advice. Tools that can be risky to use for customers are equipped with labels on proper use, the use of protective equipment during tool handling and the maximum force/power that they are allowed to achieve.

Important tools are equipped with the year and week of production communicating the age of the tool to the customer and, to UNIOR, a more efficient analysis of the underlying cause in the event of a claim.

Products are equipped with an ID number facilitating traceability from the input raw material through the entire production process to the end product. Customers are awarded a lifetime warranty on material defects. Tools used for working on high-voltage systems are properly isolated and tested subject to VDE regulations and are safe in conformity with the globally recognised European EN 60900:2004 standard. The standards are stamped on the tool itself. Pneumatic tools, the electric bicycle stand and other tools are equipped with the CE designation.

The Special Machines Programme seeks to provide the best turnkey solutions to optimise the requirements of our customers including ensuring safety of operators during works. Additional safety is ensured by complying with regulations and requirements of the customer and machine building standards in countries where machines are delivered. Special attention is paid to access to moving parts which require a safety concept of the machine that shall be approved by the customer. A CE designation warranting that the machine conforms to all safety requirements is issued for each machine.

Our products are primarily equipped with safety labels tailored to the specifications of our customers and intended to ensure the safety of machine operators.

8.3.2 Claims

As the maximum satisfaction of our customers is our top priority, claims are carefully managed in all our programmes.

In the Forge Programme, they are handled in compliance with the high expectations of demanding customers of the automotive industry and the requirements of the IATF16949:2016 standard. On their claim handling portals, customers mostly use the 8D method including additional detailed analyses of each report section. During the last four years, the claim trend has been on the decline, which has resulted from investments in technological equipment, automation of forging lines, improved final control work conditions and modernisation of the Toolshop.

In the Hand Tools Programme, claims are handled systematically through our servicing customer support department. An internal communication channel is a web "claim" application that provides for a single database, allowing for a fast shift from sales to quality-related activities. The incidence of claims remains at an extremely low level. In 2020, it rose slightly, which was primarily due to the launch of a completely new, expensive and technologically advanced product.

In the Special Machines Programme, the customer sends their claim to the servicing department which decides who will be handling the claim: either the central offices at UNIOR d.d. Zreče or our servicing partner close to the customer. As a rule, response times of the servicing facility from 24 hours onwards are laid down in relevant projects.

8.3.3 Managing the supplier chain

UNIOR d.d. passes on its management systems or the IATF, ISO, VDA standards to its suppliers as well. Approximately 70 per cent of its procurement volume is procured from local or Slovenian suppliers.

8.4 Environmental effect management

Our basic principles are responsible protection of the environment, prevention of negative effects on the environment, compliance with statutory requirements and continuous environmental protection improvements. UNIOR has established and integrated quality, environment and energy management systems.

8.4.1 Management systems

UNIOR d.d. has introduced certified management systems in compliance with international standards, namely on quality management (ISO 9001, IATF 16949, VDA 6.4), environmental management (ISO 14001), and occupational health and safety in compliance with the requirements of ISO 45001. At the end of 2020, the company was also awarded the ISO 50001 energy management system certificate. Operating in compliance with international management system standards is one of our commitments. For this reason, we continue to keep up-to-date with new developments, introduce them, and have them periodically audited and re-certified; when required, new certificates are obtained. Operation in compliance with international standards is the foundation of the long-term sustainable operation of the company.

Responsibilities and powers associated with management systems

The representative of the Management Board for quality, environmental and occupational health and safety management systems in UNIOR d.d. is the head of the general matters department, whereas the energy management system has been entrusted to the head of the energy department. Their powers and responsibilities include the following:

- to manage, supervise and integrate management systems between programmes and joint services and promotes awareness-raising of operating system requirements;
- to communicate with stakeholders on matters associated with management systems;
- to report to the company's Management Board; when needed, to heads of programmes and joint services, on the operation of management systems and any required improvements thereto.

Management systems have been implemented at six Unior locations in Slovenia: Zgornja cona Zreče (Zreče Upper Zone), Spodnja cona Zreče (Zreče Lower Zone), Obrat Obdelava odkovkov Konjice (Konjice Forge Machining Plant), Obrat Vitanje (Vitanje Plant), Obrat Lenart (Lenart Plant) and Obrat Stari Trg (Stari Trg Plant).

8.4.2 Environmental management

The entire environmental management system in UNIOR d.d. includes:

- rationalising consumption of resources;
- monitoring emissions to the environment;
- preventing environmental pollution;
- replacing substances with adverse effects on human health and the environment;
- enforcing compliance with the law on all levels;
- concern for continual improvement of the system and environmental effects;

- continuously raising awareness and educating employees on the importance of protecting the environment;
- communicating our environmental policy to employees, partner companies, suppliers and other stakeholders and promoting the introduction of similar principles with our customers.

8.4.3 Environmental aspects

Diligent analysis has allowed us to identify the key environmental aspects of our activity: waste water, waste, air emissions and noise. Subject to the identified environmental aspects, statutory and other requirements, UNIOR performs relevant monitoring, proactively communicates environment-related information to employees and interested stakeholders, primarily neighbours, and sets programmes and objectives for the years to come.

Subject to the Decree on activities and installations causing large-scale environmental pollution, at our premises at Kovaška cesta 10 in Zreče, the company has been committed to complying with the IED (Industrial Emissions Directive) and has been in the possession of an integrated environmental permit since 2009

Water consumption

The company monitors the consumption of potable and non-potable water and takes appropriate action (elimination of leakages, introduction of solutions that allow the company to reduce consumption levels). All of our six locations in Slovenia use potable water from the public water supply network; at the Zgornja cona (Upper Zone) and Obrat Vitanje Kovačnica (The Vitanje Forge Plant), there are also in-house water catchments.

Water consumption by source	2020	2019	2018	2017
Potable water (in m ³)	54,782	59,734	58,138	54,520
Own catchment (in m ³)	494,832	475,212	327,720	447,360

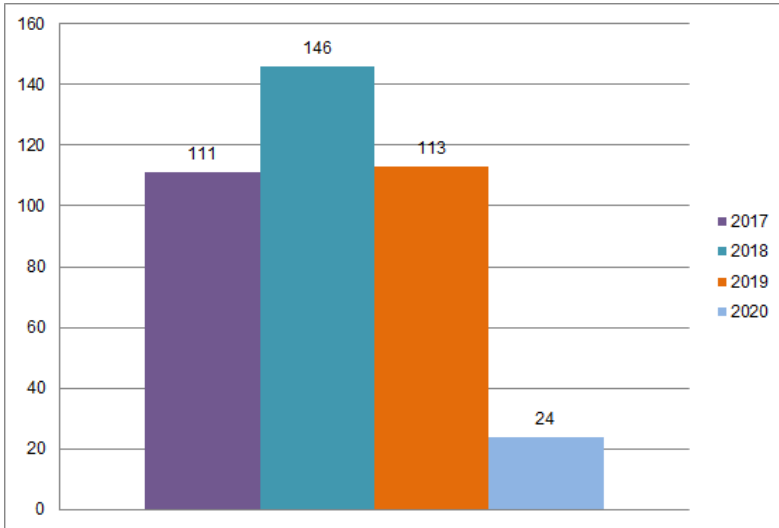
Waste Water

Non-potable and cooling waste water are produced at the Zreče Upper Zone and are drained to the Dravinja River Watercourse; urban waste water, on the other hand, is drained via the sewage system to the Zreče Urban Waste Water Treatment Plant before entering the watercourse. Subject to the quantities and operational monitoring of non-potable, cooling and urban waste water, the licensed company calculates fixture units (FU) and compiles a projection for the water treatment levy. At other locations of UNIOR d.d., primarily urban and rain waste water are produced.

Waste water by origin type	2020	2019	2018	2017
Urban waste water (in m ³)	54,782	59,734	58,138	54,520
Industrial waste water (in m ³)	6,700	6,670	7,000	6,900
Waste water from cooling systems (in m ³)	348,100	304,030	156,600	275,500

Waste water load

In 2020, the total fixture units for waste water fell by 78.8 per cent compared to 2019 as a result of an improved effect of treatment performed at the Zreče Urban Waste Water Treatment Plant.

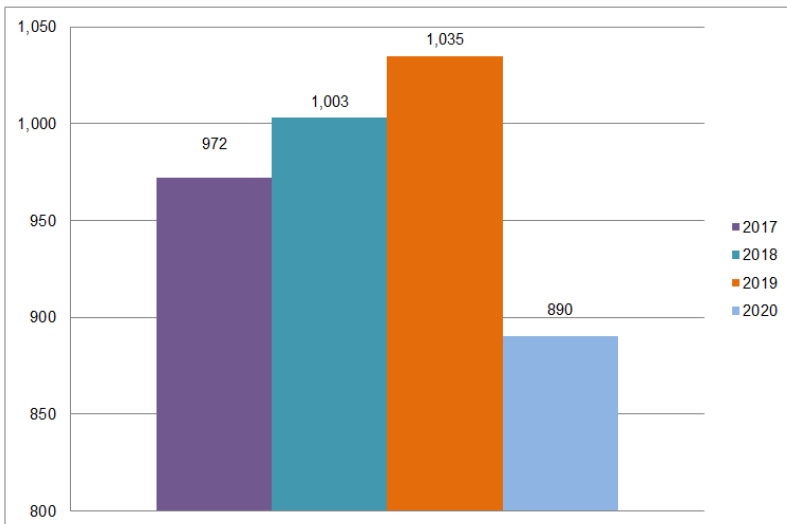


Total fixture units – waste water load

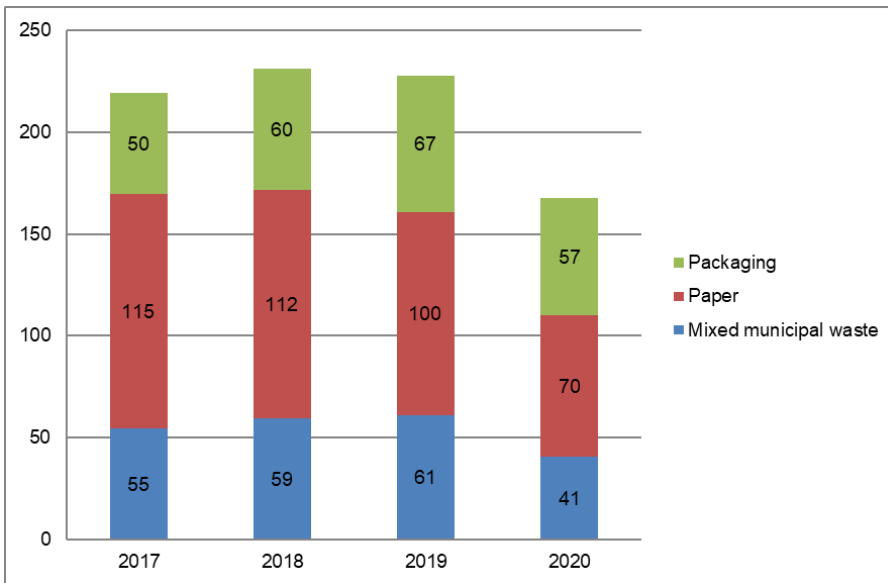
Waste

In compliance with the circular economy model, UNIOR manages waste considered raw materials. The waste management hierarchy has been gaining considerable ground in the company: reduction and separation at origin, recovery, recycling, composting, heat recovery before disposal.

In 2020, the volume of waste fell by 19 per cent compared to 2019 as a result of a lower work volume. The volume of municipal waste fell by 32 per cent, the volume of hazardous waste by 10 per cent and the volume of packaging by 7 per cent. The total volume of waste does not include secondary waste (scrap).



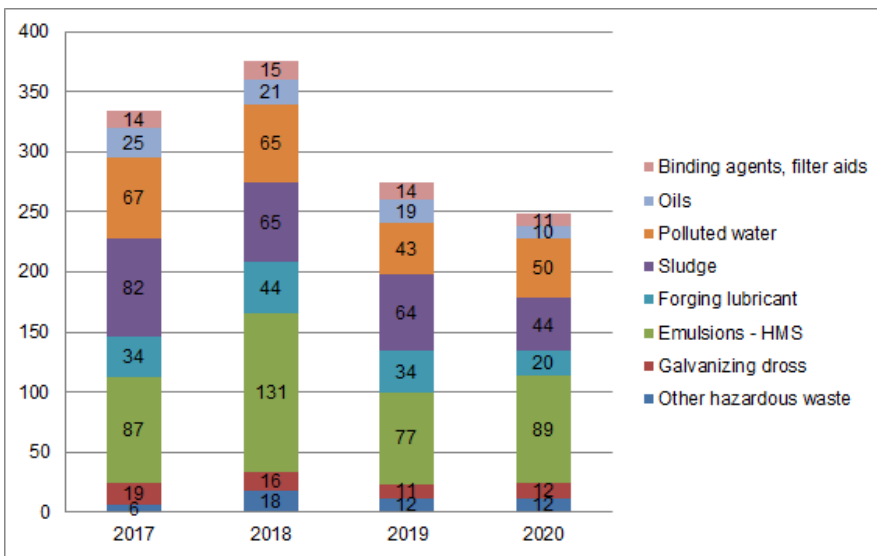
Volume of generated waste (in tons)



Volume of non-hazardous waste by group (in tons)

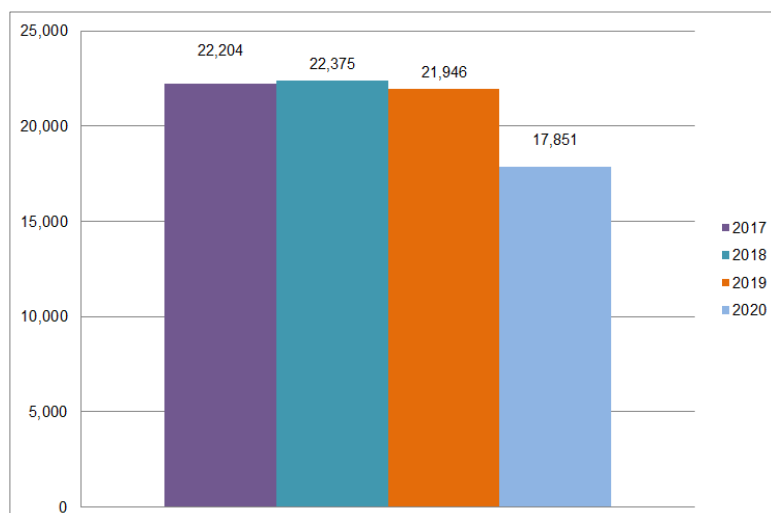
Non-hazardous waste was dominated by paper and packaging. The volume of mixed municipal waste saw a significant fall.

Hazardous waste was dominated by HMS emulsions, sludge and forging lubricants; oils, binding agents, filter aids and other hazardous waste were found in smaller volumes. In 2020, the total volume of hazardous and other types of waste fell compared to the year before.



Volume of hazardous waste by group (in tons)

The volume of secondary waste fell in 2020 compared to 2019.



Volume of secondary waste (in tons)

Recycling was the most frequently used waste management process. In 2020, UNIOR recycled more than 98 per cent of all generated waste which is comparable to the levels of the years before. The following waste was recycled to the greatest extent: turnings, shavings and other metal waste generated during forging and metalworking. The quantity of disposed waste fell considerably compared to 2018 as the previously disposed of sandblasting powder is now disposed of for processing purposes.

Type of waste management (in tons)	2020	2019	2018	2017
Recycling	18,411	22,784	22,709	22,542
Composting, biological treatment	41	40	63	85
Incineration	105	130	122	127
Disposal	41	61	283	263
Other	141	123	199	159
Total	18,739	23,138	23,376	23,176

Air Emissions

In 2020, 12 legally required measurements of emissions to air at the following locations were performed: Zreče Processing Facility, Lenart Hand Tools, Stari Trg Hand Tools, Slovenske Konjice Forge Machining. It was determined that none of the measurements of emission concentrations of the prescribed parameters at all locations exceeded permissible air emission limit values.

Noise

UNIOR is aware of being engaged in one of the "noisiest" activities. For this reason, it has actively focused on reducing environmental noise. It has commissioned projects on how to reduce environmental noise and, during recent years, all investments have also taken into account this aspect.

In 2020, the following measures were taken: a soundproofing booth for the metal cutting department, several noise dampeners on apertures and ventilators, two absorption noise barriers were installed,

the windows above the forge were removed and replaced with modern soundproof windows. Said measures made it possible for us to reduce the noise within the range prescribed by the Environment Noise Level Reduction Project.

Chemicals

The company performs regular fire safety and safe handling of chemicals training intended to prevent environmental events. Emergency (fire, chemical spills) drills are performed periodically at all locations. There were no environmental events in 2020.

Environmental complaints

In 2020, no complaints by local residents were received.

Conservation of biodiversity

UNIOR d.d. production locations are not located in any Natura 2000 protected areas. Our activity does not imperil any plant and animal species.

8.4.4 *Integrated energy management for a low-carbon society*

In light of climate challenges and energy efficiencies, UNIOR d.d. advocates the following energy consumption principles:

- the maximum energy-efficient use and maintenance of technological installations allowing for the continuous performance of services and processes;
- raising awareness among employees, business partners and clients on the importance of efficient energy consumption;
- monitoring and complying with statutory and other energy efficiency and consumption commitments;
- procuring energy products, services and equipment and the construction and restoration of infrastructure by observing economics and the state of the art;
- prudently setting and carrying out target checking of meeting energy objectives and targets and energy efficiency parameters;
- providing information and the required resources for meeting the set energy objectives;
- performing activities towards establishing a low-carbon society.

In December 2020, UNIOR d.d. was awarded the ISO 50001: 2018, certificate – Energy Management Systems by the SIQ (Slovenian Institute of Quality and Metrology) certification body. A broader energy group was established, consisting of members from all programmes and larger departments intended to improve energy consumption monitoring processes, an internal energy audit was carried out and all the required documentation for energy installations was taken care of. By complying with the requirements of the ISO 50001:2018 standard, UNIOR has demonstrated a systematic approach to continuously introducing energy management improvements.

For several years, UNIOR d.d. has been managing advanced projects providing the company and the environment with several positive values. By harnessing thermal energy and other activities, it



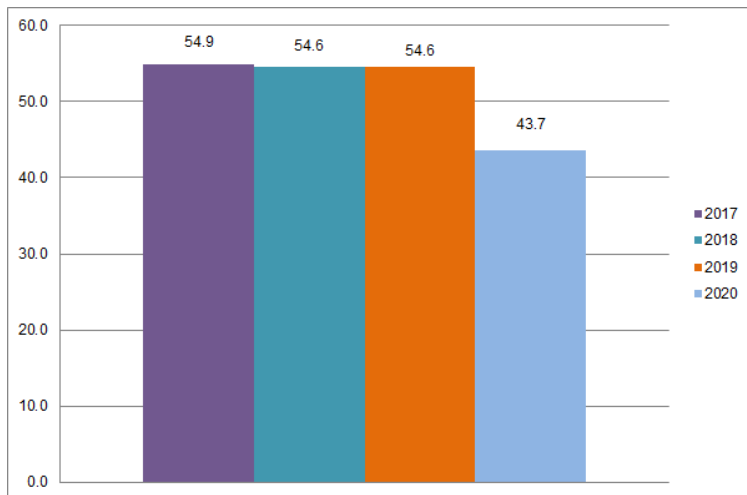
takes good care of the local environment by providing Zreče households therewith. UNIOR has been setting increasingly ambitious energy management goals.

Awareness is raised among our employees regarding the need to conserve energy – closing water and air valves, switching off lights during breaks, etc. Energy consumption is monitored and action is taken when it exceeds the set targets. Meters have been installed on all major energy consumers, measuring energy sources and the quantities consumed. Since these data are continuously monitored, Unior is able to detect underutilisation of a machine or a need of major repair. UNIOR provides for innovative, technologically advanced and reliable energy service solutions which improve its energy efficiency and environmental footprint. Excess heat from annealing furnaces and compressors is exploited to heat its premises in winter and to heat galvanising tubs in summer. The existing system of targeted monitoring of energy consumption has been upgraded with the new energy management information system allowing for better control of energy consumption.

UNIOR has built a new boiler room which heats the Slovenske Konjice Plant and consequently reduced thermal energy generation losses.

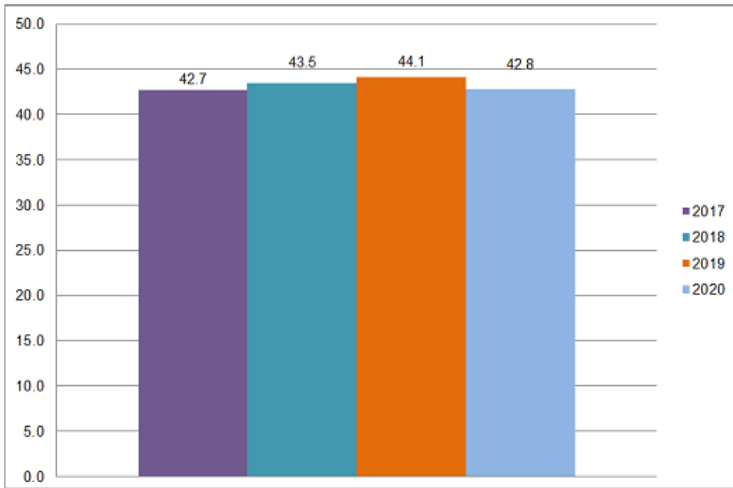
Energy consumption

Our most important energy products are electricity and natural gas which are diligently managed and their consumption reduced on a long-term basis.



Electricity consumption (in million kWh)

Despite an increased production volume, the consumption of electricity has remained at approximately the same level. The specific consumption of electricity (kWh/kg) trend is negative. The graph illustrates the consumption of electricity during the last 4 years. A slight downward trend can be observed. A significant effect of corona in 2020 can also be identified.

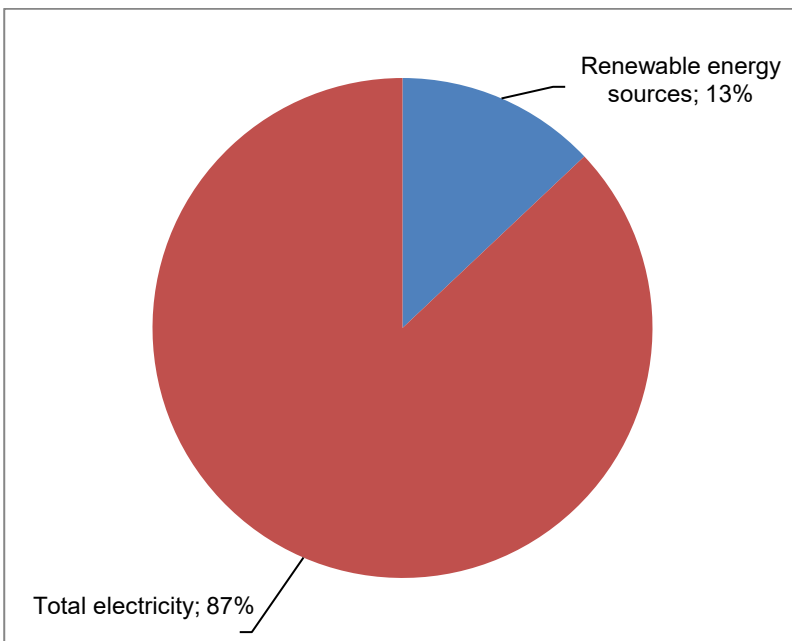


Consumption of natural gas (in million Sm³)

The consumption of natural gas rose slightly in 2018 and 2019 in view of a newly installed SPTE installation used for co-generation of thermal energy and electricity allowing UNIOR to generate electricity in a highly efficient manner.

In-house green energy generation volume

The company has installed 4 SPTE installations used for co-generation of thermal energy and electricity and 2 solar panels enhancing our energy independence and generating green energy. The total installed electric power of all installations amounts to 2,090 kW_{el}.



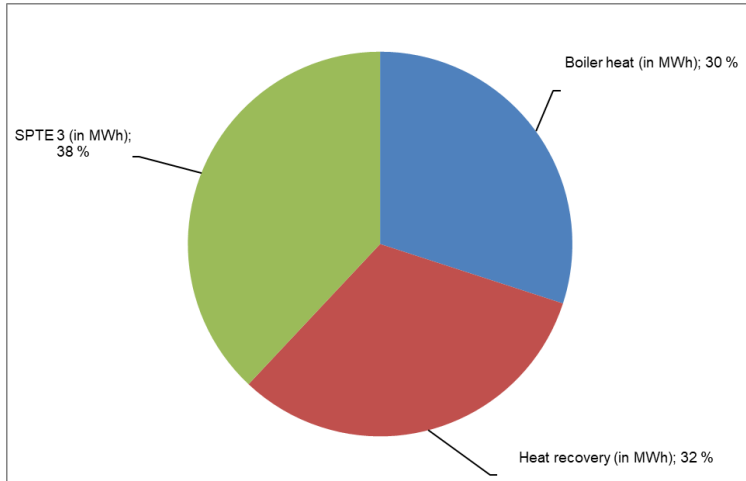
Generation of electricity from renewable sources of energy by total consumption of electricity (in per cent)



EUROPEAN MANUFACTURER SINCE 1919

Thermal energy generation

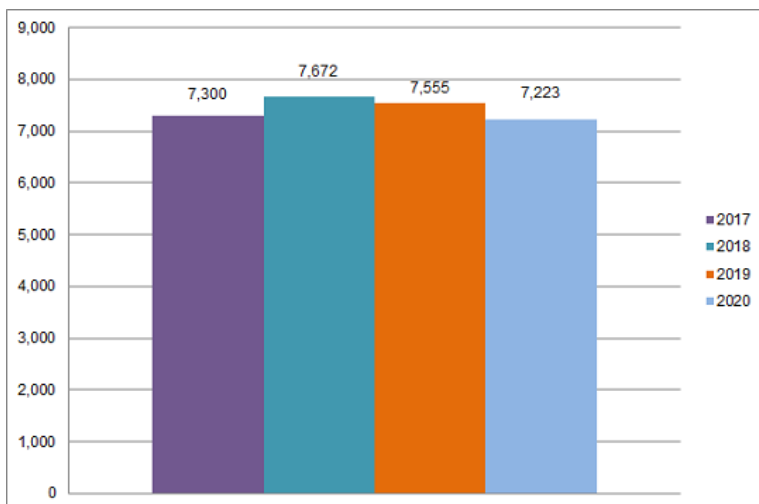
By harnessing thermal energy from compressors and flue gases on annealing furnaces, UNIOR successfully generates 32 per cent of its required heat. The remaining heat is generated through the consumption of co-generated thermal energy and electricity (38 per cent) and from natural gas-powered boilers.



Thermal energy generation structure by resource (in per cent)

Greenhouse gas emissions

Consistent with our low-carbon society efforts, UNIOR has been going to great lengths to reduce greenhouse gas emissions. From 2008, when UNIOR started to monitor related data, to 2020, greenhouse gas emissions were reduced by a good 24 per cent. In 2018, UNIOR started up a new SPTE-installation allowing us to increase the consumption of natural gas and, as a result, greenhouse gas emissions. However, during the following years, the rehabilitation of thermal stations and boiler rooms led to another reduction of greenhouse gas emissions.



CO₂ emissions (in tons)

8.5 Promoting innovative, development- and sustainability-oriented solutions

The R&D activities of UNIOR d.d. are focused primarily on projects containing new materials for its products, on the production of environment-friendly and digitalisation-supported products and technologies.

Our systematic invention- and innovation-oriented activities with its many improvements leads to savings in various areas of operation. UNIOR d.d. systematically raises awareness of its employees and provides them with support through useful suggestions and technical improvements. Despite the pandemic, UNIOR d.d. was able to generate EUR 400 thousand in economic benefits.

UNIOR d.d. is also engaged in sustainability-development-oriented dialogue with companies engaged in R&D projects

Important R&D projects

The most important R&D projects in 2020 include PARRIZ (Supporting Applied Research in the Development of Innovative Products) and ROBKONCEL (Intelligent Integrated Production Quality Control System with a Reconfigurable Robot-Operated Control Cell and an Intelligent Process Control System).

UNIOR d.d. implemented the Supporting Applied Research in the Development of Innovative Products (PARRIZ) project as part of the "R&D Project Incentives 2" invitation to tender. The R&D-project was divided into two sub-projects which served to research and develop two sets of products, namely aluminium alloy forgings based on warm-forming technology and new hand tools.

ROBKONCEL is a project developing an intelligent integrated production quality control system with a reconfigurable robot-operated control cell and an intelligent process control system. This project is ongoing in 2021.

In 2020, UNIOR successfully completed the ASI Pilots project in cooperation with Odelo Slovenija. The project resulted in a competence model for competences of the future. UNIOR continued to be involved in the KOC-TOP (Competence Centre of Plants of the Future) project bringing together various companies.

The project included communications on plant of the future training sessions to which our employees were referred, thus developing their competence of the future.

The Forge Programme focused on establishing aluminium forging conditions which constitutes a long-term sustainability-oriented programme focused on reducing the carbon footprint by reducing the weight and performing recycling of products.

The Special Machines Programme is proud to have obtained new projects for an area that directly affects environmental burdens. The programme has already developed and also delivered to the customer machines used for metalworking constituent parts installed in electric vehicles, such as battery housing, steering mechanisms for electric vehicles, etc. Our machines also include the successfully implemented technology of cooling tools with an oily mist which significantly reduces the environmental burden compared to the traditional emulsion-based metalworking method.

8.6 Aspects of social sustainability

It gives us great pride that our knowledge, hard-work, ambitions and creativity via our diverse programmes have led to the creation of many jobs, strongly contributed to a greater visibility and popularity of our region and to the major progress of the entire region during the last century.

UNIOR d.d. provides its employees with a high-quality work and wider local environment by investing in the knowledge of employees and future employees, a healthy and safe lifestyle and socially responsible projects.

8.6.1 *Supporting sports, cultural and humanitarian projects*

With its hundred-year tradition, UNIOR d.d. is extremely involved in its environment, with a wide range of interested stakeholders and has been continuously following the needs of its environment. This is why our operations rely on the principles of ethical conduct, sustainability, and concern for a healthy environment.

UNIOR supports various organisations and associations by raising awareness, providing moral support and financial funds. Current events and various one-time events are supported through sponsorship and donations. Young people and socially disadvantaged individuals are supported. On an annual basis, numerous cultural, sports and humanitarian projects are supported.

8.6.2 *Continuing the scholarship tradition*

Great attention is paid to recruiting potential new employees. Our scholarship programme has been supporting cooperation with promising HR for more than four decades. Scholarship holders are included in the work process and UNIOR d.d. during their educational process. At the end of 2020, UNIOR supported 37 active scholarship holders acquiring skills in educational programmes which will significantly contribute to the creation of a plant of the future. These programmes are: mechanical engineering, electricity, mechatronics, metallurgy and computing. The company believes to establish a high-quality relationship with scholarship holders during their studies, facilitating a successful cooperation in the future.

8.6.3 *Maintaining the "Family-Friendly Company" certificate*

In 2020, the company continued its activities forming part of the obtained basic "Family-Friendly Company" certificate. Employees were able to request additional flexibility in their working hours or adaptation of their working conditions. One of the measures as part of this certificate also involves providing financial aid to children of late parents, former UNIOR employees. At the end of the year, children received gifts in an adapted ceremony. Unfortunately, the ban on assembly prevented us from carrying out the "Blacksmith Picnic" and UNIOR Family Day which has proven the most popular among employees and is known to be very important to them.

As we place great importance on the opinions of our employees, a survey was conducted on an employee sample at the end of 2020 regarding their level of satisfaction with the adopted measures and their ability to ensure a proper work-life balance. In 2021, UNIOR expects to receive the full "Family-Friendly Company" certificate.

8.6.4 *Educating and training our future HR in cooperation with the Slovenske Konjice-Zreče School Centre*

For as many as four decades, UNIOR d.d. has been participating through its employed instructors in practical classes at the School Workshop as part of the Zreče Secondary Vocational and Technical School which forms part of the Slovenske Konjice-Zreče School Centre. UNIOR promotes the importance of investing in educational programmes, demonstrating not only its responsibility towards the wider environment but also educating HR which it needs. Through its investments and donations, UNIOR d.d. provides for the procurement of state-of-the-art technological equipment and high-quality premises and extremely constructively cooperates with the school in the implementation of its programmes with the aim of implementing its strategy of educating the necessary human resources and thus addressing the educational programme of the needs of the socio-economic environment.

Its objectives are met through high-quality training of high school students during practical classes and training while working with an employer, the so-called PUD/PRI (practical training including working with an employer/practical training – vocational training). It also carries out varied mechanical engineering internal training courses for the purposes and needs of specific jobs (skills) on the UNIOR d.d. level. In addition, it provides for the preparation and implementation of the national vocational qualification (NPK).

Per school year, up to 50 students of mechanical engineering demonstrate their knowledge by successfully completing vocational A levels and the school leavers' exam in the following educational programmes: machine operator, metalworker – toolworker and machine installation installer.

The development of educational programmes is primarily focused on Industry 4.0 development competences. As such, robotisation, automation and digitalisation are the thematic expertise of our future experts.

9 Corporate governance

Unior d.d. employs a two-tier governance system. The tasks of the Management Board and the Supervisory Board are separated in compliance with the law and the Articles of Association in such a way that the Management Board is in charge of managing the operations of the Company and the Supervisory Board is responsible for supervising them. The Company also has an Executive Board composed of the executive directors of individual programmes, the executive directors of sectors, the internal audit manager and the President and Member of the Management Board. The main task of Members of the Board of Directors is to manage the areas they are responsible for within the powers conferred.

As a non-publicly traded company, maximum transparency of operations and the provision of honest and correct information to our shareholders and other stakeholders on the developments at the Company was ensured in the past. Through the admission of our shares to quotation at the stock exchange in 2011, the company began introducing even more stringent standards of corporate governance, thus adapting its operations to statutory regulations, stock exchange rules and high rules applicable in the relevant environment. Therefore, we now operate as a publicly traded company.

As early as in the admission of shares to quotation on the stock exchange preparation process, a person in charge of relations with investors at the Company was appointed. Investors and other interested public are notified of all important events via the SEOnet stock exchange system and the website of the company. By doing this, we have increased the transparency of our operations and provided investors with access to information allowing them to make quality and informed investment decisions.

9.1 The Management Board

The Company has a two-member Management Board. Its President is Darko Hrastnik, appointed on 29/11/2018, when he was awarded a new five-year term by the Supervisory Board for the period from 1/6/2019 to 31/5/2024. This is his third term as President; he has previously served as Member of the Management Board twice. On 30/5/2017, the Supervisory Board of the Company appointed Branko Bračko Member of the Management Board of Unior, d.d., for another term from 15/11/2017 to 14/11/2022. He is currently serving his second term.

Information on the Work and Leadership Experience of the Management Board Members

Darko Hrastnik, President of the Management Board

Educational attainment: BSc in Metallurgical Engineering and Materials

Professional and managerial experience:

2000–	UNIOR d.d.
2012–	President of the Management Board
2009–2012	Member of the Management Board
2007–2012	Executive Director of the Hand Tools Programme
2004–2007	Head of the Hand Tools Programme
2002–2003	Member of the Management Board
2000–2002	Executive Director of the Forge Program,
1999–2008	Technical College in Celje, associate lecturer for the Business Administration and Management course



1996–2000	MPP Livarna, d.o.o., Maribor, CEO
1994–1996	TAM Metalurgija, d.o.o., CMO
1994–1994	Livarna Ferralit, d.o.o., Žalec, CPO
1989–1993	Livarna, d.o.o., Štore
1992–1993	CTO
1989–1992	Development Department

Branko Bračko, Member of the Management Board
Educational attainment: BSc in Mechanical Engineering

Professional and managerial experience:

2012–	Unior d.d., Member of the Management Board
2009–2012	Unior Formingtools d.o.o. Kragujevac (Serbia), CEO
2009–2012	Unior d.d., Deputy Executive Director of the Special Machines Programme
2008–2009	Weba Maribor d.o.o., procurator
2002–2007	Unior d.d., Deputy Director of the Special Machines Programme
2001–2002	MPP Tehnološka oprema d.o.o., Maribor, deputy CEO
1994–2001	UNIOR d.d., Special Machines Programme, CTO, Head of Machining, Head of Installations, CPO
1992–1994	Carrera Optyl d.o.o. Ormož, deputy CPO

9.2 Board of Directors

The Board of Directors consists of Members of the Management Board, chief officers of various programmes and departments and the Head of the Internal Audit Department. The main tasks of the Board of Directors are the independent management of each individual programme or service. The Board of Directors works closely with the Management Board, exercises its strategic and operational powers and also serves as a consulting body for the Management Board.

The Executive Board is composed of:

- Darko Hrastnik, BSc Met., President of the Management Board,
- Branko Bračko, BSc ME, Member of the Management Board,
- Robert Ribič, BSc ME, Head of the Forge Programme,
- Danilo Loriger, BSc Chem. Eng., Head of the Hand Tools Programme,
- Boštjan Leskovar, MSc, Head of the Special Machines Programme,
- Uroš Stropnik MSc, Head of the General Affairs department,
- Bogdan Polanec MSc, CFO,
- Boštjan Slapnik MSc, CPO,
- Zlatko Zobovič, BSc Econ, CCO,
- Rok Planinšec MSc, CIO,
- Marjan Adamič, MSc, Head of the Maintenance department,
- Dani Kukovič, BSc EE, Chief Energy Officer,
- Patricija Sedmak, BSc Econ., Head of the Internal Audit department.



9.3 The Supervisory Board

The Supervisory Board operates within the scope of the powers conferred thereto by Article 281 of the Companies Act. Its main task in the two-tier system is to oversee the operations of the Management Board and thereby protect the interests of the Company's stakeholders.

At the 3rd Extraordinary General Meeting of the company held on 23/8/2017, a six-member Supervisory Board of Unior was elected for a four-year term starting on 13/12/2017 to 12/12/2021.

The representatives of capital within the Supervisory Board are:

- Branko Pavlin, MSc, President,
- Simona Razvornik Škofič, BS Econ. Deputy,
- Jože Golobič, BA in Law, and
- Rajko Stanković, senior administrative employee.

The representatives of employees are:

- Boris Brdnik, BA Management, and
- Saša Artnak, BA Econ.

The Supervisory Board of the company has also created two committees, namely the Audit and HR Committees.

The Audit Committee operates in the following composition:

- Simona Razvornik Škofič, BS Econ. (President),
- Rajko Stanković, senior administrative employee (Deputy),
- Saša Artnak, BA Econ. and
- Blanka Vezjak, external member of the Audit Committee (since 15/2/2018).

The HR Committee operates in the following composition:

- Jože Golobič, BA in Law President
- Branko Pavlin, MSc, (Deputy),
- Boris Brdnik, BA Management.

9.4 General Meeting of Shareholders

The General Meeting of Shareholders is the supreme body of the company where the will of the company's shareholders is directly exercised and where key decisions are made. Each share of the company carries the right to one vote; however, no voting right are carried by treasury shares. The Company has not issued any preference shares or shares carrying limited voting rights.

As a rule, the General Meeting of Shareholders is convened once a year, in June, by the company's Management Board which notifies the shareholders thereof on the website of the Agency of the Republic of Slovenia for Public Legal Records (AJ PES), SEOnet and the company's website— no later than thirty days prior to the General Meeting. The General Meeting may be attended and their voting rights exercised by all shareholders entered in the company's central share register on the cut-off date published in the convening notice, their representatives and attorneys-in-fact. The entire material for the General Meeting is available for inspection at the Company's registered office as of the convening until the meeting is held.

At the General Meeting, the Management Board presents to the shareholders all the information necessary to assess the individual items on the agenda, taking into account the legal and any other restrictions regarding their disclosure.

In 2020, the convening notice of the General Meeting of Shareholders was published on 8/5/2020 on the AJPES website, on SEOnet and on the company's website. On 10/6, the 24th General Meeting of Shareholders of UNIOR d.d. was held. At the meeting, the shareholders:

- took note of the annual report, the opinion of the auditor and the written report of the Supervisory Board on the annual report and were notified of the remuneration of the Management and Supervisory Boards of both the company and its subsidiaries;
- were notified of the judicial proceedings between UNIOR d.d. and RHYDCON d.o.o. Šmarje pri Jelšah;
- deliberated on the distributable profits of the 2019 financial year and on granting discharge to the Management and Supervisory Boards.

A notification of the decision adopted by the General Meeting was published on 10/6/2020 on SEOnet and the company's website.

In 2021, the regular General Meeting of Shareholders is due to be held on 9/6/2021. The convening notice of the General Meeting of Shareholders including the proposed content of decisions, location, time, participation and voting conditions is due to be published on 7/5/2021/.

9.5 Policy of remuneration of the Management and Supervisory Boards

For a detailed clarification of the remuneration to the Management and Supervisory Boards, please refer to Sections 9.7 and 12.8 of the 2020 Annual Report.

Management Board

In compliance with the employment agreement concluded with the company's Supervisory Board, both Members of the Management board received fixed remuneration for their work in 2020. In 2020, no variable remuneration was paid out thereto. In addition, they did not receive any optional bonuses as these are not foreseen in their employment agreement.

Supervisory Board

Members of the Supervisory Board receive a meeting allowance and payment for the performance of their function. Members of its committee receive an additional meeting allowance for their work therein and additional remuneration for the performance of their function. In addition, they also receive daily and transport allowances. Meeting allowances are paid out to Members of the Supervisory Board and its committee until this reach 50 per cent of the basic remuneration for the performance of their function; similarly, extra remuneration for the performance of their function is paid out until this reaches 50 per cent of the basic remuneration for the performance of their function.

9.6 Trading in Shares of the Management Board and the Supervisory Board

In UNIOR, internal owners (employees and the Management Board) hold a 4.97 per cent participating share, out of which 0.06 per cent by the Management Board. Members of the Supervisory Board do not hold any shares of the company. In 2020, the number of shares and participating interests owned by the Management Board and the Supervisory Board did not change.

Trading in Shares of the Management Board and the Supervisory Board

	Ownership		Net procurement	
	2020	2019	2020	2019
Darko Hrastrnik	1,505	1,505	0	0
Branko Bračko	250	250	0	0
Management Board in total	1,755	1,755	0	0
Branko Pavlin	0	0	0	0
Simona Razvornik Škofič	0	0	0	0
Jože Golobič	0	0	0	0
Rajko Stankovič	0	0	0	0
Saša Artnak	0	0	0	0
Boris Brdnik	0	0	0	0
Supervisory Board in total	0	0	0	0
Total number of issued shares	2,838,414	2,838,414		

As a publicly traded company, we have compiled a list of persons with access to insider information. In compliance with the law and the Rules of the Ljubljana Stock Exchange, the above is restricted from trading prior to public bid periods.

9.7 Corporate Governance Declaration

The Management and Supervisory Boards of Unior Kovaška industrija d.d. hereby declare that in the 2020 financial year, the company was governed in compliance with the provisions of the Companies Act, the Financial Instruments Market Act, the Rules of the Ljubljana Stock Exchange and other applicable regulations in force.

The Corporate Governance Declaration forms an integral part of the 2020 Annual Report and can also be accessed via the www.unior.si website for a minimum period of five years following its publication.

The management and governance system of the company and Group provides guidance and facilitates control over the company and its subsidiaries. It lays down the distribution of the rights and responsibilities between management bodies; sets out corporate decision-making rules and procedures in place at the company; provides a framework for setting, meeting and monitoring the implementation of business objectives and enforces values, principles and standards of fair and responsible decision-making and conduct in all aspects of our operations.

The management and governance system serves as a means of implementing the long-term strategic objectives of the company and Group and the way in which both the Management and Supervisory Boards of UNIOR d.d. exercise their responsibility vis-à-vis shareholders and other stakeholders of the company and Group. UNIOR d.d. and its subsidiary pursue the vision and objectives of introducing modern management and governance principles and complying with the most advanced local and foreign practices to the greatest extent possible.

The Management and Supervisory Boards of UNIOR Kovaška industrija d.d. hereby declare that the company complies with the provisions of the Management Code for Publicly Traded Companies of 27/10/2016 which came into force on 1/1/2017 (hereinafter referred to as the "Code") with certain derogations as clarified herein.

The Declaration of Compliance with the Provisions of the Code forms an integral part of the 2020 Annual Report and can also be accessed via the www.unior.si website for a minimum period of five years following its publication.

The Code is published on the website of the Ljubljana Stock Exchange at www.ljse.si.

This Declaration applies to the 2020 financial year, i.e. from 1/1/2020 to 31/12/2020 are presented below. No changes were introduced to the company's governance between the end of the financial year and the publication hereof.

Clarifications to derogations from individual provisions of the company are provided by the company's Management and Supervisory Boards below:

- Provision 1: the company shall operate in compliance with the basic objective, i.e. long-term and sustainable maximisation of the value of the company and other objectives, such as long-term creation of value for its shareholders and observation of social and environmental aspects for the purpose of ensuring sustainable development of the company even though the above is not provided for in the Articles of Association thereof;
- Provision 4: even though the company has not formally adopted a diversity policy related to representation in management or supervisory bodies (Management Board) in cooperation with the Supervisory Board, all appointment procedures for members of these bodies shall



be carried out in compliance with the ZGD-1, Rules and Procedures of the Supervisory Board and Code, providing equal opportunities to all categories in all recruitment procedures; notwithstanding the fact that the company has not adopted a diversity policy that would be implemented in relation to representation in the company's management and supervisory bodies with regard to aspects, such as gender, age or education, as of yet, the Management and Supervisory Boards are composed in a manner ensuring the complementarity of knowledge and experience of their members and a heterogeneous composition;

- Provision 8.1: in the event of being notified by an institution or individual that they wish to collect powers of attorney for the General Meeting in an organised manner, the company shall ensure a public announcement on organised collection of powers of attorney for the General Meeting, the list of attorneys-in-fact and their contact information, collection deadlines and a power of attorney form; however, it shall not publish the costs incurred to the company in relation to the organised collection of powers of attorney;
- Provision 9: a diversity policy shall not be taken into account in terms of composition and appointment of the Supervisory Board as the company has not adopted a diversity policy as clarified in Provision 4 (Indent 2 in this Section);
- Provision 10: a diversity policy shall not be taken into account in terms of the selection process of candidates for membership of the Supervisory Board as the company has not adopted a diversity policy as clarified in Provision 4 (Indent 2 in this Section). In addition, not all conditions specified in Point 10.1, primarily the level of qualification and awarded certificates demonstrating specialised expert qualifications for membership in the Supervisory Board, shall be observed;
- Provision 28.3: the company shall not provide for public announcements of its communications in the foreign language used in international financial fora as a rule, but shall only provide for public announcements in Slovenian due to being listed in the Standard Quotation of the Ljubljana Stock Exchange;
- Provision 29.9.: in 2020, the company did not make the Rules of Procedure of its bodies (Management and Supervisory Boards and the General Meeting) publicly available on its website; however, all Rules of Procedure were available to all users for work-related purposes; in addition, the Rules of Procedure of the General Meeting is available at all General Meetings.

Subject to Paragraph 5 of Article 70 of the Companies Act laying down the minimum content of the Corporate Governance Declaration, UNIOR d.d. hereby provides the following explanatory notes:

1. *Description of the main features of its internal control and risk management systems in the company as related to the financial reporting process.*

UNIOR d.d. manages risks and implements internal control procedures on all levels. The purpose of internal controls is to safeguard the precision, reliability and transparency of all processes and management of financial reporting risks. The internal control system simultaneously sets up mechanisms that prevent the irrational use of assets and cost ineffectiveness.

The internal control system comprises procedures that ensure that:

- business events are recorded accurately and fairly based on credible bookkeeping records which guarantee that the company disposes of its assets in a fair manner;
- business events are recorded and financial statements drawn up in compliance with legislation in force;

- any unauthorised acquisition, use or disposal of assets of the company which could have a material impact on financial statements are prevented or identified in a timely way.

Inner controls in the company are conducted by all employees of the company, but primarily by the Finance and Accounting and Controlling Departments, which are in charge of managing books of account and drawing up financial statements in compliance with accounting, tax and other relevant regulations in force. Licensed external auditors inspect the performance of IT internal controls for internal audit needs. The company has also organised two staff departments: the Internal Audit and Inner Fraud Control Management System Departments which are also in charge of inspecting the performance of the internal control system. The described internal control and risk management structure is also used in UNIOR Group subsidiaries;

2. Significant direct and indirect ownership of securities of the company in the sense of acquiring a qualifying holding as laid down by the law governing takeovers

Data on acquiring a qualifying holding as laid down by the Takeovers Act shall be promptly published in the electronic notification system of the Ljubljana Stock Exchange and communicated to the Securities Market Agency. As at 31/12/2020, a qualifying holding of UNIOR d.d. as laid down by the Takeovers Act is held by SDH, d.d., the holder of 1,119,079 or 39.4 per cent of its shares;

3. explanatory notes on each holder of securities with special control rights.

No individual shareholder of UNIOR d.d. holds any securities with special control rights subject to a participating interest in the company;

4. Explanatory notes on all voting rights restrictions.

No voting rights restrictions have been imposed on the shareholders of UNIOR d.d.

5. Rules of the company on appointing and replacing Members of the Management and Supervisory Boards and amending the Articles of Association of the company.

The Company's rules do not specifically regulate the appointment and replacement of Members of the Management and Supervisory Boards and amendments to the Articles of Association. Legislation in force shall be comprehensively applied;

6. Powers of members of the management, in particular powers to issue or acquire treasury shares.

In 2020, UNIOR d.d. was not authorised to issue or acquire treasury shares;

7. Performance of the General Meeting of the company and its key powers


The General Meeting of Shareholders met once in 2020. The powers of the General Meeting and the rights of the shareholders are provided for in law and are exercised in the manner laid down by the Company's Articles of Association, the Rules of Procedure of the General Meeting and the Chair of the General Meeting. The voting procedure at UNIOR General Meetings is clarified in detail in Section 9.4 (General Meeting) of the 2020 Annual Report;

8. data on the composition and operation of the Management and Supervisory Boards and their respective committees.

A comprehensive presentation of the Management and Supervisory Boards and their respective committees can be found in Sections 9.1, 9.2 and 9.3 of the 2020 Annual Report;

9. description of the diversity policy implemented with regard to representation in the company's Management and Supervisory Boards.

A specific diversity policy in accordance with Article 70 of the Companies Act (ZGD-1) with regard to representation in the company's Management and Supervisory Boards has not been formally adopted by the company; however, all appointments of the members of these bodies shall be



carried out in accordance with the Companies Act (ZGD-1), the Rules of Procedure of the Supervisory Board and the Slovenian Corporate Governance Code for Public Limited Companies, in order to ensure that the same opportunities are provided to all categories in all recruitment procedures. Notwithstanding the fact that the company has not adopted a diversity policy that would be implemented in relation to representation in the company's management and supervisory bodies with regard to aspects, such as gender, age or education, as of yet, the Management and Supervisory Boards are composed in a manner ensuring the complementarity of knowledge and experience of their members and a heterogeneous composition.

Composition of the Management and Supervisory Boards and their remuneration

The composition and organisation of the Management Board are presented in Section 9.1 of the 2020 Annual Report and, in compliance with Annex C to the Code, is illustrated in the table below.

Name and surname	Function	Scope of operations of the Management Board	First appointment	End of term	Gender	Nationality	Year of birth	Education	Professional profile	Membership in supervisory boards of non-affiliates
Darko Hrastnik	President of the Management Board	Finances, HR, Sales, Production	17/08/2012	31/05/2024	male	Slovenian	1964	Bachelor's Degree in Metallurgical and Material Engineering	Management	-
Branko Bračko	Member of the Management Board	Procurement, Sales, Production	15/11/2012	14/11/2022	male	Slovenian	1967	Bachelor's Degree in Mechanical Engineering	Management	Member of the Supervisory Board of Stanovanjsko podjetje Konjice d.o.o. Member of the Supervisory Board of ACS Slovenski avtomobilski grozd

The Supervisory Board, its composition, members and committees are presented in Chapter 9.3 of the 2020 Annual Report. In compliance with Annex C to the Code, the composition of the Supervisory Board is illustrated in the table below.

Name and surname	Function	First appointment	End of term	Representative of capital/employees	Participation at sessions of the SB	Gender	Nationality	Year of birth	Education	Professional profile	Independence subject to Article 23 of the Code	Existence of a conflict of interest	Membership in management boards of other companies	Membership in committees	President/Member	Participation at sessions of committees
Branko Pavlin	President of the SB	13/12/2013	12/12/2021	Representative of capital	6/6	male	Slovenian	1950	Master's degree in Management	Management	YES	NO	President of the SB of the Supervisors' Association of Slovenia, Honorary	HR Committee	Deputy President	1/1
Simona Razvornik Škofič	Deputy President of the SB	13/12/2017	12/12/2021	Representative of capital	6/6	female	Slovenian	1971	Bachelor's degree in Economics	Finance	YES	NO	-	Audit Committee	President	6/6
Jože Golobič	Member of the SB	13/12/2017	12/12/2021	Representative of capital	6/6	male	Slovenian	1973	Bachelor's degree in Law	Legal Affairs	YES	NO	Member of the SB of Elektro Maribor, d.d.	HR Committee	President	1/1
Rajko Stankovič	Member of the SB	13/12/2017	12/12/2021	Representative of capital	6/6	male	Slovenian	1968	Senior administrative officer	Corporate governance	YES	NO	Member of the SB and Audit Committee of Žito, d.o.o.	Audit Committee	Deputy President	6/6
Boris Brdnik	Member of the SB	13/12/2017	12/12/2021	Representative of employees	6/6	male	Slovenian	1972	Bachelor's Degree in Management of Organisations	Management	YES	NO	-	HR Committee	Member	1/1
Saša Artnak	Member of the SB	13/12/2017	12/12/2021	Representative of employees	6/6	female	Slovenian	1986	Bachelor's degree in Economics	Finance	YES	NO	-	Audit Committee	Member	6/6

Name and surname	Committee	Participation at sessions of committees	Gender	Nationality	Education	Year of birth	Professional profile	Membership in supervisory boards of non-affiliates
Blanka Vezjak	Audit Committee	6/6	female	Slovenian	Master's degree in Economics	-	Audit	External Member of the Audit Committee of Mariborski vodovod, d.d. External Member of the Audit Committee of Nigrad, d.d. External Member of the Audit Committee of Plinovodi, d.o.o.

This Member of the Audit Committee did not consent to the publication of her year of birth

In compliance with Annex C to the Code, remuneration of the Management Board and Members of the Supervisory Board is illustrated below. For a more detailed presentation, refer to Section 9.5 of the 2020 Annual Report.

REMUNERATION TO THE MANAGEMENT BOARD

(in EUR)	Function	Fixed Remuneration	Variable Remuneration	Deferred Remuneration	Termination benefits at retirement	Bonuses	Reimbursements Bonuses	Total gross	Total net
	Darko Hrastnik	167,650	0	0	0	18,067	0	185,717	70,181
	Branko Bračko	155,750	0	0	0	17,416	0	173,166	68,487

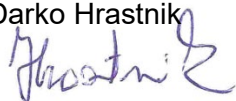
Remuneration to the Supervisory Board

(in EUR)	Function	Remuneration for performance of duties	Attendance fees SB and committees	Total gross	Total net	Transport costs
	Branko Pavlin	14,879	1,834	16,713	12,020	0
	Simona Razvornik Škofič	12,541	2,752	15,293	10,987	0
	Jože Golobič	11,691	1,834	13,525	9,701	0
	Rajko Stankovič	10,628	2,752	13,380	9,595	0
	Saša Artnak	10,628	1,966	12,594	9,024	0
	Boris Brdnik	10,628	1,513	12,141	8,695	0
	Blanka Vezjak	2,126	886	3,012	2,191	0

In Zreče, on 20/4/2021

President of the Management Board

Darko Hrastnik



Member of the Management Board

Branko Bračko



9.8 Statement on Non-Financial Operations

In compliance with the provisions of paragraph 12 of Articles 56 and 70.c of the Companies Act (ZGD-1), UNIOR d.d. hereby issues the following Statement on Non-Financial Operations of UNIOR d.d. and the UNIOR Group.

The Statement on Non-Financial Operations forms an integral part of the 2020 Annual Report and can also be accessed via the www.unior.si website for a minimum period of five years following its publication.

UNIOR d.d. is a parent company in the dynamic UNIOR Group, which, together with subsidiaries and associated companies, operates in 16 countries around the world and sells its products and services on all continents. For more information on the business model of the company, refer to Sections 3 (Presentation of the company), 4 (Programmes and activities) and 6 (The most important markets and companies) of the 2020 Annual Report.

The governance policy is provided for in the Corporate Governance Policy of UNIOR laying down the main company and Group operation factors and has been made available to the public on the website of the company (<https://www.unior.si/skupina/o-skupini-unior/korporativno-upravljanje/vodstvo-druzbe>). The governance policy constitutes a commitment of current and future conduct of the Supervisory and Management Boards, executive and other managerial personnel and employees. Our concern for the protection of the environment has been adapted to the requirements of the ISO 14001 standard obtained by most Group production companies. As the quality of products and services has proven rewarding, we have been pursuing premium quality for our customers and business partners who avail of it at all times. Our objective is to achieve controlled premium results. For this reason, all areas of operation – from management, sales, R&D and procurement to production, logistics, processes, efficiency and performance and energy management – have introduced and are certified in the following systems: ISO 9001, IATF 16949, VDA 6.4., ISO 45001 and ISO 50001. Concern for employees has been firmly integrated in all business planning of the Group. As the biggest employer in the region, one of the largest in the country and as an economic entity that contributes and shapes the local way of life to a significant extent, we are aware that by investing in our employees, we not only demonstrate our responsibility to colleagues, but also our responsibility to the wider environment as proven by the Basic Family-Friendly Company Certificate obtained in 2017. Acknowledging social dialogue and in compliance with the legislation in force, regulations governing the rights, obligations and responsibilities of employees are always adopted in cooperation with both the Works Council and representative trade unions

Due diligence in all areas is carried out as an integral part of all systems managed by the Group. Heads of processes compile performance reports presented to the management at regular periodic meetings held on a minimum quarterly basis. The results and performance of individual areas are reviewed at these management reviews that result in various decisions addressing change and strive towards continuously improving the entire system.

We are more than aware of risks associated with the operations of the Group. For this reason, special attention is paid to all risks therein. A Risk Management Committee has been established, and individual risk managers have been appointed in compliance with the established risk register. For more information on risks, refer to Sections 9.9 (Risk management) and 17.7 (Risk management) of the 2020 Annual Report.

Our conduct takes into consideration business ethics and builds an organisational culture promoting the legal, transparent and ethical conduct of all Group employees. For this reason, a UNIOR Group fraud control system has been established and an authorised person has been appointed by the company's Management Board. The Code of Ethics of UNIOR d.d. has been adopted and presented to all employees who have also received a copy in written form. The Code

of Ethics is also published on the company's website (<https://www.unior.si/skupina/o-skupini-unior/korporativno-upravljanje/vodstvo-druzbe>).

The Code of Ethics of the UNIOR Group adopted by all Group companies has also been adopted. The Code of Ethics of UNIOR d.d. contains fundamental standards of ethical conduct in the company along with the commitment of our employees to ensure excellence, responsibility and transparency. Societal culture on all levels is respected, human rights are observed. Each individual is treated respectfully. As a large employer, we ensure fair, safe and healthy working conditions of all employees. In order to prevent corruption and bribery, we have adopted rules set out in the Rules on Business Gifts, the Ethical Standards Policy and the Rules on the Prevention and Detection of Fraud. A toll-free anonymous hotline and a general e-mail address are available to all at all times for any cases of identified fraud, theft, conflict of interest and other detrimental conduct for the company.

Key non-financial performance indicators are monitored by surveying and measuring the organisational climate and satisfaction of employees; regular and proper communication with all employees as well as training and education of all employees are provided for. The "Family-Friendly Company" certificate has also been obtained. For a detailed description of our relationship with all stakeholders of the company and the Group, please refer to Section 8 (Sustainable development) of the 2020 Annual Report. Sections 12.4.4 and 17.4.5 of the 2020 Annual Report contain the main categories of costs, including employee remuneration. Added value per employee of the company and the Group has been disclosed in Section 10.5 of the 2020 Annual Report, while Section 10.6 contains a disclosure of key performance indicators.

In Zreče, on 20/4/2021

President of the Management Board
Darko Hrastnik



Member of the Management Board
Branko Bračko



9.9 Risk Management

Both UNIOR and the UNIOR Group have developed and established a system for identifying and managing risks that can affect the performance of Group companies. Risks have been divided into several groups, namely: strategic, operating, financial and operational. They have been divided into four levels (low, moderate, high, critical). Each risk has been evaluated subject to an estimated effect and likelihood of occurrence.

Risk Management Committees and Risk Managers regularly monitor our exposure to risks, plan and implement risk mitigation measures, and plan and monitor improvement measures which further contribute to a successful management thereof. The company has established a register of risks containing descriptions and properties of individual identified risks. The risk management approach varies by risk. The purpose of relevant measures is to minimise each risk subject to resources at our disposal.

The Management Board of UNIOR d.d. continuously monitors various risks which are periodically reported to the Supervisory Board. Management Boards of Group companies regularly report on risks to their own relevant Supervisory Boards.

2020 was characterised by the situation associated with COVID-19 with a significant effect on the performance of both the company and Group as a whole. The declaration of the pandemic in 2020 and the subsequent introduction of measures in countries where the Group operates significantly changed the volume of orders. The effect of COVID-19 is also visible in managed risks.

The most important risks as at the end of 2020 are summarised below.

STRATEGIC RISKS

RISK OF INCREASED NOISE LEVELS IN THE ENVIRONMENT

In 2020, UNIOR applied or technically, spatially and economically justified environment noise level reduction measures as foreseen in our noise reduction projects, including absorption noise barriers, noise dampeners, soundproof windows and soundproofing booths. In 2021, passive noise mitigation measures were applied. Solutions are sought in active cooperation with local residents and the local community. Any complaints of the local population are handled with due care.

There is no risk of increased noise levels in the environment in the remaining Group companies.

WIDESPREAD USE OF ELECTRIC CARS AND ALTERNATIVE MATERIALS

In light of our considerable dependence on the internal combustion engine-powered car market, particular attention is paid to its development and the potential large-scale use of electric cars which could affect the demand for internal combustion engine forgings. In the event that the demand for electric cars rises considerably at the expense of sales of internal combustion engine-powered cars, the demand for one part of the forgings produced by us is at stake.

Given the COVID-19-related situation and the effect of various countries on the sales of electric cars (grants, lower taxes), a growth in sales volume of electric cars and hybrid vehicles is expected.

This risk has been mitigated through a diverse range of products, by seeking opportunities outside of the automotive industry segment, by planning investments in our production capacities and by

undertaking joint development of products with our customers. In light of the reduced weight of cars and environmental requirements, the company has identified the need for non-steel-material-based products. For this purpose, we have been focusing our efforts on R&D of alternative forging materials, in concrete terms, introducing aluminium forgings which are feel have great potential.

The risk associated with the large-scale use of electric cars relates to the entire UNIOR Group, in particular its main activity – forgings.

OPERATING RISKS

THE EFFECTS OF THE EPIDEMIC ON THE PERFORMANCE OF UNIOR d.d. AND THE UNIOR GROUP

In light of restricted movement (municipalities, countries), a fall in the sales volume, reduced liquidity and resulting poorer performance of Group companies, customers and suppliers, the global COVID-19 can jeopardise the very existence of UNIOR d.d. and most Group companies. The scope and duration of its effects remain unclear. The beginning of vaccinations against COVID-19 and the fact that the Group has been successfully implementing measures intended to prevent the spread of infections make us feel somewhat more optimistic.

Measures implemented by the Group are focused on daily monitoring global developments, daily monitoring sales projections for the following three months, adaptability to customer requirements, event analyses and simulation of their effect on our performance, regular monitoring of legislative measures and aid, regular implementation and upgrading of the employee health protection system, weekly monitoring and daily management of our cash flow, appropriate communication with interested stakeholders, frequent video conferences with Group companies, optimum utilisation of state grants and flexibility of production and sales.

GOVERNANCE OF GROUP COMPANIES

Constitutes a growth and development opportunity for the Group on the one hand and a business volume reduction risk on the other. The COVID-19 epidemic, including all its repercussions, has made governance of Group companies more difficult. It has a negative effect on both the current and future financial stability of Group companies.

Faced with these developments, UNIOR d.d. has been implementing measures to improve the financial stability and optimise the ownership structure of Group companies, monitoring global developments, monitoring opportunities to receive state aid in Group company countries; when required, conducting internal audits and further optimising the portfolio of Group companies. The beginning of vaccinations against COVID-19 in Group company countries and the fact that Group companies have been successfully implementing measures intended to prevent the spread of infections make us feel somewhat more optimistic.

EPIDEMIC-RELATED CHANGES TO MARKET CONDITIONS AND BUSINESS VOLUME

This risk is associated with geopolitical and other developments on individual markets or countries which, in turn, affect the economic situation (e.g., a fast reduction in the sales volume), requiring rapid adapting of operations to the new situation in terms of inventory, employees, investments and costs.

A situation characterised by reduced levels of demand and more intense pressure to take advantage of the offered projects (as a result, also price reduction pressure) has emerged in the market. Each Group activity has also been facing its own (also specific) risks related to changes to market conditions which have been managed in various ways:

- the production of forgings operating in the mass production of semi-finished products for the automotive industry by managing orders, monitoring commissioned new projects, monitoring the situation on the market or vehicle sales developments – the global nature and dispersion of customers are key;
- the production of hand tools, which has a widespread sales and distribution network, has been managing new challenges by penetrating new markets, implementing measures in existing markets and implementing inventory, receivables and employee number management measures;
- mechanical engineering as a supplier of high-performance capital goods for the automotive industry has been continuously monitoring developments on the market and closely collaborating with its distributors to maximise obtained enquiries and be as responsive thereto as possible. The programme has been striving for optimum capacity utilisation through orders and coordinating the scheduling dynamic to ensure an as even as possible distribution of projects in its schedule and utilisation by configuration process;
- our tourism activity has been managing the risk assessed as high by actively monitoring intervention activities on the national level to ensure contingency operations of the company, preserve jobs and implement measures which can guarantee state aid. The risk has also been managed by strictly adhering to all recommendations of the Slovenian Public Health Institute (NIJZ) and other competent institutions both for employees, guests and visitors of our tourism centres. The "Unitur Plus Standard" publication has been issued.

It is believed that the key competitive advantages of UNIOR's processes in products in these changed circumstances continue to be reasonable prices, high quality, flexibility and innovation. Attention is paid to existing customers and markets with whom long-term development partnerships are built.

INADEQUATE EMPLOYEE STRUCTURE AND NUMBER IN LIGHT OF OUR ORDER VOLUME

The epidemic caused by the coronavirus significantly affected the volume of orders and performance of the company and Group throughout 2020. The metalworking sales volume has been improving. For this reason, no more employees are included in the temporary lay-off measure despite its extension by the state in order to prevent the spread of infections and where opportunities and conditions allow, employees work from home from time to time. In addition, additional/other employee number optimisation measures have been implemented: restrictions to student work, non-extension of fixed-term employment agreements, retirements and employment agreement terminations on economic grounds and grounds of incompetence. In our tourism activities, measures to prevent the spread of infections provide only for permitted activities, such as medical rehabilitation and preparations of professional athletes in Terme Zreče and skiing and "to go" catering on Rogla, whereas the remaining parts of tourism-related activities continue to avail of the temporary lay-off measure of the state.

FINANCIAL RISKS

Financial risks of UNIOR d.d. and the UNIOR Group have been disclosed in Sections 12.7 and 17.7 of the 2020 Annual Report.

OPERATIONAL RISKS

INFECTIONS WITH SERIOUS TRANSMISSIBLE DISEASES, EPIDEMICS

This risk is associated with the risk of infection which could result in movement and production restrictions due to the absence of employees. In order to prevent the introduction and spread of the transmissible coronavirus in the company and Group, we have been compelled to step up measures used to prevent the risk of its introduction or spread among employees. These measures are divided into:

- general measures (raising the awareness of employees on general self-help protective measures, avoiding close contact with individuals exhibiting symptoms of a transmissible disease, no touching of eyes, nose and mouth, that ill employees should stay at home, observing cough etiquette, regularly washing hands with soap and water, disinfecting hands);
- additional measures (mandatory use of face masks, the importance of proper use of a mask, mandatory social distancing, maximum three employees in the smoking room, changes to the lunch break schedule, varied times of entering locker rooms, prohibition of non-urgent business visits, meetings, restricted movement within the company for all employees, additional control of compliance with the measures also via an external company, workplaces, computer mice, telephones and keyboards are sanitised by each employee at their own workplace);
- travel on official duty restrictions (strict prohibition of travel on official duty, travel to red list countries subject to information published by official national institutions of countries in which Group companies operate);
- the introduction of fast antigen tests (FAT);
- security/logistics measures – delivery and shipping (obligatory completion of a Visitor Information Form prior to entry, drivers shall deliver goods while using face masks, mandatory control of persons arriving from a red list country, transfer of the contact flow and documentation to outer rings of companies, mandatory hand sanitising of all persons entering protected zones of companies, restricted movement of visitors in companies given the urgency of the visit, prohibition of group visits);
- measures in specific cases (heads shall reorganise and adapt the working process in order to reduce the number of employees in the working area – floating work times, shift work, installation of cardboard, plexiglass or metal physical barriers and obstacles).

Measures, instructions of companies, recommendations of national public health national institutions in various countries shall be communicated to employees via established communication channels and managers. During the first half of 2020, UNIOR recorded close to zero infections with the novel coronavirus, whereas, during the second half of the year, infections started to appear in the UNIOR Group. Nevertheless, the aforementioned measures rendered them measurable and they did not cause any disruptions to our operations.

CONTINUOUS IT OPERATIONS

Sudden outages or failures of the IT system results in direct business damage. Continuous operation of complex IT environments and processes has proven increasingly challenging. An efficient system ensuring continuous operations and (any) restoration following a catastrophe which restores operations also upon disasters and other unexpected outages or security incidents is a challenging task which needs to be prepared with all due diligence.

The set of mitigation measures includes a systematic approach by introducing an IT management system according to COBIT and ITIL recommendations; by introducing an equipment function control system, availability of resources, RPO (recovery point objective), RTO (Recovery Time Objective), location of a data copy, step-by-recovery process (identification of an incident, incident report,

collection of data, situation assessment, incident notification, action, findings, conclusion of the state of emergency).

The current situation in the world caused by the novel coronavirus has not affected continuous IT operations to any significant extent. Some additional measures, in particular for the HR aspect in the event of an outbreak of infections in the company, have been introduced. These are focused on verifying the competences of employees, reviewing the replacement matrix, the use of remote working tools and stringent compliance with working rules in force in the current situation (distance between employees, mandatory face masks, working from home, restricted entry of external personnel to the company, restrictions to physical contacts and in-person meetings).

INFORMATION AND CYBERSECURITY

Information security is a secure and consistent process implemented to protect information and IT systems from unauthorised security breaches, use, disclosure, rift, modification or distribution. It involves continuous training, evaluation, protection, control and identification, responses to incidents and repairs, documentation and review. It reduces illegal information access, use, disclosure, rift, modification or destruction. Its objective is to preserve the confidentiality, integrity and availability of information irrespective of their format: electronic, printed or any other. The set of mitigation measures involves a systematic approach by introducing information security management in compliance with ISO 27001 and TISAX standard; with an appropriate security policy, by organising information security, HR management, physical and environmental security, communication management, access control, introduction of an IT system and upgrades, development and maintenance of software solutions, incident management, continuous operations management and compliance.

NON-DELIVERY OF BASIC RAW MATERIALS AND COMMODITIES

For various reasons, we can remain without a basic raw material or other commodity installed in our products, preventing us from providing a sufficient quantity of products or realising a project which has an essential effect on the realisation of deliveries for customers.

In relation to the novel COVID-19 disease, no major issues were identified in the supply chain throughout the year. However, the situation changed during the last quarter of 2020. Due to an increase in orders, some suppliers were unable to deliver in within the desired timelines. Delivery times were extended. A higher demand increases purchase prices.

This risk is managed by increasing the range of possible suppliers, emergency stocks, optional alternative materials, given the situation on the market at hand, also by ensuring more optimal planning subject to the order volume and payments.

10 Business Report

10.1 Situation of the Economy and the Automotive Industry

In 2020, the global economy was adversely affected the outbreak of the COVID-19 caused by the SARS-CoV-2 coronavirus. It all began in December 2019 in the city of Wuhan in China, from where the COVID-19 disease initially spread all over China and subsequently to the rest of the world. Given the exponential growth of infection rates, a pandemic was declared by the World Health Organisation on 11/3/2020. Initially, Italy, Spain, France and Great Britain were the most affected; later on, the epidemic spread to the USA and all over the world.

Many countries adopted strict restrictive measures that brought public life almost to a halt. Many companies, shops and public institutions closed their doors, resulting in a deep recession of the global economy. However, the measures brought about successful results in the fight against the coronavirus. As early as the end of May COVID-19 seemed to have been beaten.

The relaxation of restrictive measures during the third quarter restored public life and, as a result, economic activity. In the autumn, the infection rate began to rise again. For this reason, restrictive measures to prevent the spread of infections were re-introduced during the final quarter of 2020. Alongside slightly less restrictive healthcare measures, an extensive support of economic policies and a more favourable global environment, the economic crisis has continued. However, it has proven far less severe during the second than in the first wave of the pandemic despite worse healthcare conditions.

According to OECD analysts, the global effect of the COVID-19 pandemic led to a 3.4 per cent contraction of the global economy in 2020 in real terms. Even though the duration and strictness of pandemic-restriction measures varied among countries, all of the biggest countries with the exception of China, which was able to bring the epidemic under control as early as March and registered economic growth of 2.3 per cent in 2020, ended the year in recession. On the other hand, the US economy contracted by 3.5 per cent, the Japanese by 4.8 per cent, the Russian by 3.6 per cent, the Indian by 7.4 per cent, the Brazilian by 4.4 per cent and the South African by 7.2 per cent.

According to preliminary data by Eurostat, the gross domestic product (hereinafter referred to as the "GDP") in the Eurozone contracted by 6.6 per cent and in the entire EU by 6.2 per cent in 2020. According to seasonally adjusted data excluding differences in working days, the Eurozone experienced a 6.8 per cent contraction of its GDP, whereas the GDP in the entire EU in 2020 fell by 6.4 per cent.

In the most important Slovenian trading partner, Germany, original data provided by Eurostat indicated a 4.9 per cent fall of its GDP in 2020. Italy, which was most heavily affected by the first wave of COVID-19, registered an 8.9 per cent fall of its GDP in 2020. The French economy contracted by 8.1 per cent and the Spanish by 11 per cent.

2020 macroeconomic indicators for UNIOR's key markets

	EU	Eurozone	Germany	France	Slovenia
Annual GDP growth	- 6.2%	- 6.6 %	- 4.9 %	- 8.1 %	- 5.5 %
Unemployment rate (December)	7.3%	8.1 %	4.6 %	7.8 %	4.7 %

(Source: Eurostat)

According to preliminary data of the Statistical Office of the Republic of Slovenia, Slovenian GDP fell by 5.5 in 2020. According to seasonally adjusted data, it fell by 6.1 per cent compared to 2019. Economic weakness was experienced as early as during the first quarter, when the annual GDP fell by 2.3 per cent in real terms. During the second quarter, which was most affected by the pandemic-related lockdown during the spring, the fall deepened further to 12.9 per cent. A strong rebound was experienced during the third quarter when the restrictive measures were relaxed and most public life was restored. However, Slovenian GDP continued to lag behind the third quarter of 2019 by 2.4 per cent. Measures intended to restrict the spread of the novel coronavirus were re-introduced during the final quarter. On an annual level, GDP fell by 4.5 per cent in real terms as calculated by the Statistical Office of the Republic of Slovenia (SURs).

In 2020, industrial output in Slovenia fell by 6.2 per cent – for the first time after six consecutive years of growth. At the same time, the production value in manufacturing activities fell by 6 per cent compared to 2019, which was primarily due to a 10.2 per cent fall in production of capital goods.

The economic downturn and the mid-year reduction in energy product prices in 2020 led to a fall of the consumer price index compared to the end of 2019. The Eurozone recorded a 0.3-per cent annual deflation. Slovenia a 1.1 per cent deflation. The average annual inflation in Slovenia was also negative. A 0.1 per cent deflation was recorded. In 2019, there had been an average 1.6-per cent inflation.

The European Central Bank (ECB) predicts a continued contraction of the GDP in the Eurozone during the first quarter 2021, resulting primarily from the developments in the service industry as the industrial sector seems to be recovering more quickly. At the same time, consumers seem to remain extremely cautious. Corporate investments have been reduced not only due to a general feeling of uncertainty but also due to weaker balance sheets. Nevertheless, on 11/3/2021, the ECB published its economic projections for 2021 which foresee a 4-per cent growth of the average Eurozone GDP, whereas analysts of the International Monetary Fund predict that Slovenian GDP will rise by 3.7 per cent in 2021 and by 4.5 per cent in 2022.

According to estimates published by the OECD on 9/3/2021, the average global GDP will rise by 5.6 per cent in 2021 in order to return to the pre-pandemic levels by the end of the year. All predictions continue to be uncertain as substantial differences by industry and economy have been observed. A faster introduction of vaccines in all countries will facilitate a faster discontinuation of all restrictive measures, and, as a result, increase confidence and consumption. On the other hand, a slow introduction of vaccines and the emergence of new viral strains, resistant to the existing vaccines, will result in a weaker recovery, bigger job losses and more company bankruptcies.

(Sources: Data provided by SURs and Eurostat, OECD, IMF, Finance newspaper, Bank of Slovenia: A summary of macroeconomic developments).

Automotive industry

Production and sales of motor vehicles in the world

In 2020, the automotive industry was one of the most adversely affected industries by the COVID-19 pandemic. The production of vehicles in the world contracted for the third year in a row. In 2020, 77.6 million motor vehicles were produced globally or 15.8 per cent less than in 2019. The production thereof in China fell by only two per cent. With 25.2 million vehicles produced, it was able to retain the position of the largest vehicle producer in the world with a 32.5 per cent market share (in comparison: its market share in 2019 amounted to 27.9 per cent). The second place was retained by Europe where, despite a 21.6-per cent reduction in production, 16.9 million vehicles were produced. its market share in the global automotive industry amounted to 21.8 per cent. The global sales of motor vehicles also fell for the third year in a row. In 2020, 77.7 million or 14.1 per cent less

motor vehicles were sold than in 2019. This sales volume is comparable to 2011 when 78.2 million vehicles were sold.

Production of motor vehicles in the world

in million vehicles	2019		Growth 20/19
	2019	2020	
EUROPE	21.6	16.9	-21.6 %
EU27 + UK	18.0	13.8	-23.5 %
EU15 + UK	13.6	10.2	-25.2 %
Germany	4.9	3.7	-24.4 %
Spain	2.8	2.3	-19.6 %
France	2.2	1.3	-39.5 %
UK	1.4	1.0	-28.5 %
Rest of Europe	3.6	3.1	-12.0 %
AMERICA	20.1	15.7	-22.1 %
USA	10.9	8.8	-19.0 %
Mexico	4.0	3.2	-20.8 %
Brazil	2.9	2.0	-31.6 %
ASIA AND OCEANIA	49.3	44.3	-10.2 %
China	25.8	25.2	-2.0 %
Japan	9.7	8.1	-16.7 %
India	4.5	3.4	-25.0 %
South Korea	4.0	3.5	-11.2 %
AFRICA	1.1	0.7	-35.3 %
TOTAL	92.2	77.6	-15.8 %

Sales of motor vehicles in the world

in million vehicles	2019		Growth 20/19
	2019	2020	
EUROPE	20.9	16.7	-20.2 %
EU27 + UK	17.9	13.6	-23.8 %
EU15 + UK	16.1	12.3	-23.8 %
Germany	4.0	3.3	-18.6 %
Spain	1.5	1.0	-31.4 %
France	2.8	2.1	-23.8 %
UK	2.7	2.0	-28.2 %
Rest of Europe	3.0	3.1	0.8 %
AMERICA	24.8	20.0	-19.6 %
USA	17.0	14.5	-15.2 %
Mexico	1.4	0.7	-48.3 %
Brazil	2.8	2.1	-26.2 %
ASIA AND OCEANIA	43.5	40.1	-7.8 %
China	25.8	25.3	-1.9 %
Japan	5.2	4.6	-11.5 %
India	3.8	2.9	-23.0 %
South Korea	1.8	1.9	6.2 %
AFRICA	1.2	0.9	-22.6 %
TOTAL	90.4	77.7	-14.1 %

(Source: OICA (International Organization of Motor Vehicle Manufacturers); in addition to passenger cars, data include freight vehicles and buses)

Sales of passenger cars in the EU

According to the European Automobile Manufacturers' Association (ACEA), 9.9 million passenger cars were registered for the first time in the EU in 2020, 3.1 million or 23.7 per cent less than 2019 which marks the highest annual decline since this piece of statistical data is measured. A fall in sales was observed in all members of the ACEA. The fall was slightly lower than the average on the largest, German, automotive market, namely 19.1 per cent; other major manufacturers recorded much higher contractions, namely Spain 32.3 per cent, Italy 27.9 per cent and France 25.5 per cent. The sales of passenger cars in Great Britain, excluded from the comparison of data for last year, experienced a 29.4 fall in 2020.

In order to mitigate the adverse effects of the coronavirus epidemic on the automotive industry, many countries offered grants to their citizens for the purchase of a new passenger car. However, most grants were intended only for the purchase of electric cars. For this reason, the share of sales of electric cars in 2020 (electric and plug-in hybrid cars) in the EU rose by 10.5 per cent. In 2019, the share had amounted to solely 3 per cent. The number of electric cars sold thus rose in 2020 from 248 thousand to 539 thousand and plug-in hybrids from 140 thousand to 507 thousand sold. The share of traditional hybrid vehicles also rose from 5.7 to 11.9 per cent, whereas the share of vehicles utilising alternative tractions (hydrogen, gas) rose from 2.0 to 2.1 per cent.

Even though the fall in car sales in the EU caused by COVID-19 primarily affected diesel- and petrol-fuelled vehicles, these two types of fuel continued to prevail with a 75.5-per cent market share or 13.9 per cent less than in 2019. The share of petrol-fuelled cars fell from 57.8 to 47.5 per cent and the share of diesel-fuelled cars from 31.6 to 28 per cent.

(Source: (ACEA - European Automobile Manufacturers' Association)

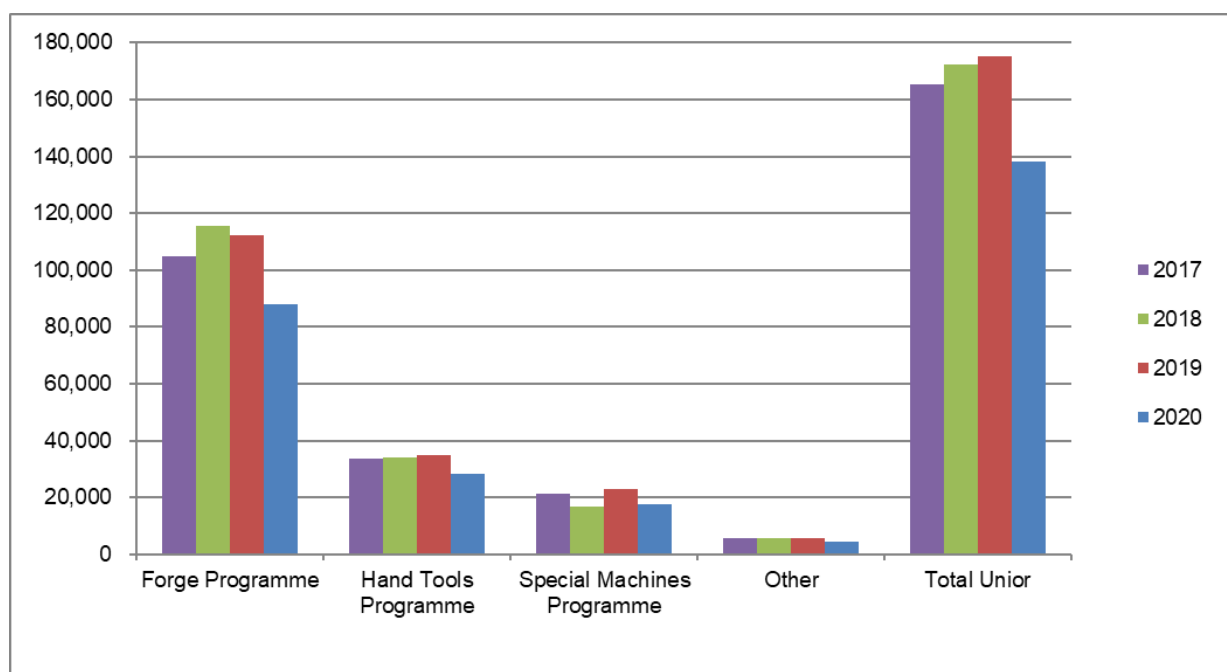
10.2 Sales

10.2.1 Sales of UNIOR d.d.

In 2020, revenue from sales generated by UNIOR d.d. amounted to EUR 138.1 million or 21.3 per cent less than the year before. Affected by the coronavirus epidemic, both the Forge and Hand Tools Programmes generated a lower sales volume. The sales of the Forge Programme fell by 21.7 per cent and of the Hand Tools Programme by 18.9 per cent. The Special Machines Programme did not experience any order cancellations from customers; however, its sales fell by 23.3 per cent due to delays in the collection of machines by foreign customers caused by the epidemic. Delays began in the second quarter and were caused by travel prohibitions between countries. They continued in a chain-like manner during the second half of the year when additional challenges were experienced by customers who had not prepared any production facilities for the collection and installation of our machines caused by delays and lockdowns during the second quarters.

Revenue from sales by programme

(in thousand EUR)	2020	2019	2018	2017
Forge Programme	87,821	112,128	115,566	104,676
Hand Tools Programme	28,244	34,837	34,233	33,516
Special Machines Programme	17,441	22,751	16,932	21,413
Other	4,548	5,620	5,634	5,668
Total Unior	138,055	175,336	172,365	165,273

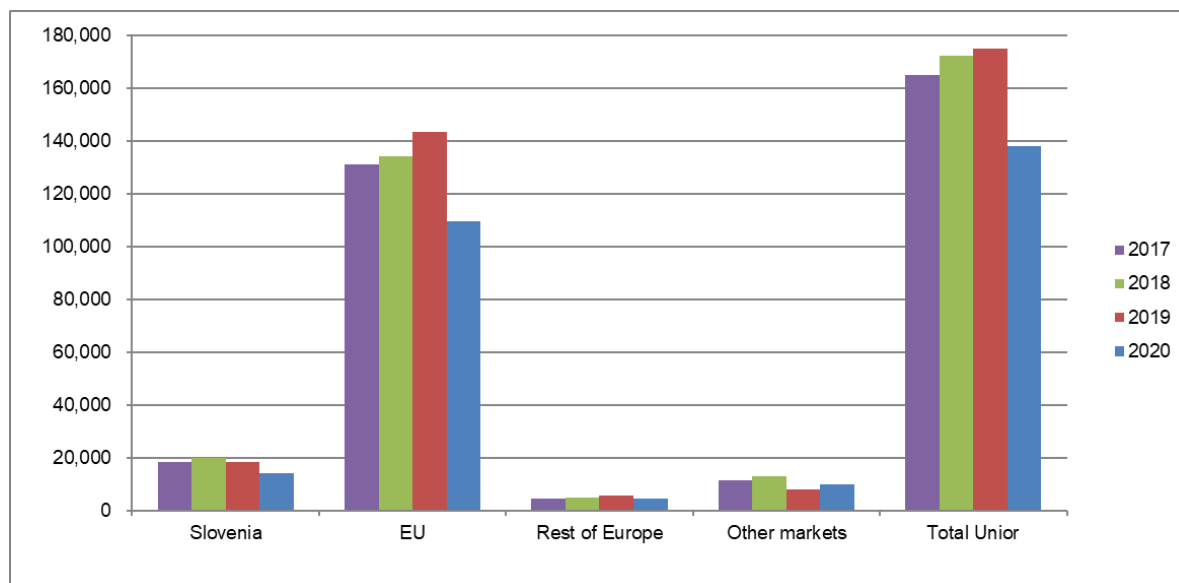


Our markets constitute 7.2 per cent of our revenue. Our sales volume thereon rose by 26.1 per cent. European markets constitute a 92.8 per cent share in our structure and are the most important for our operations. Excluding Slovenia, a 23.7 per cent fall was recorded on them as resulting from the coronavirus epidemic. For the same reason, sales in Slovenia also fell by 22.6 per cent.



Revenue from sales by market

(in thousand EUR)	2020	2019	2018	2017
Slovenia	14,211	18,355	19,985	18,146
EU	109,550	143,489	134,287	131,059
Rest of Europe	4,345	5,601	4,998	4,501
Other markets	9,949	7,892	13,095	11,567
Total Unior	138,055	175,336	172,365	165,273

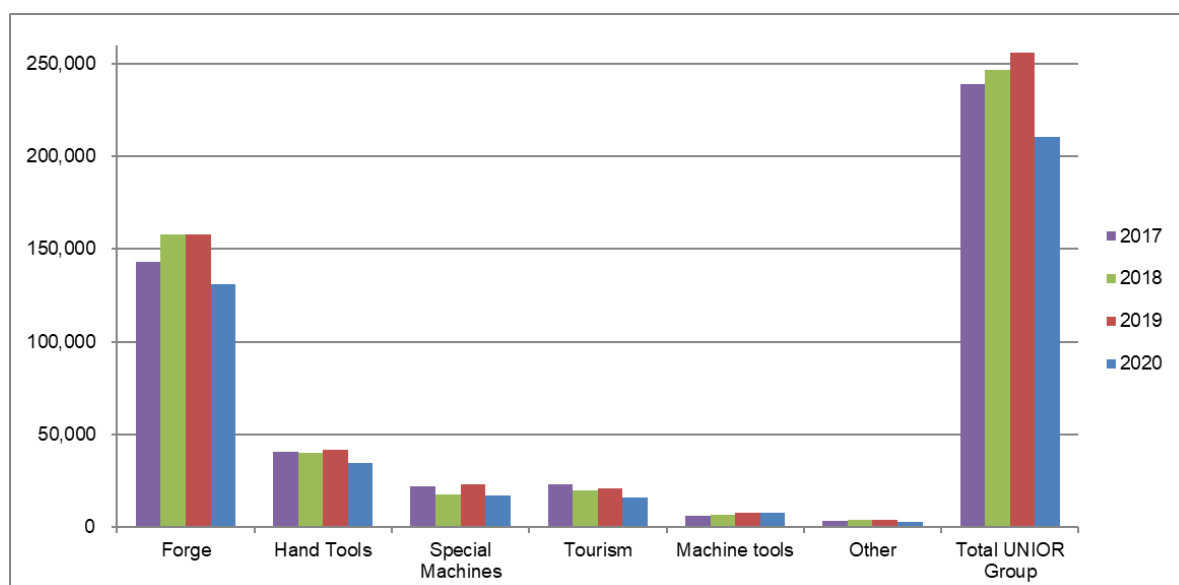


10.2.2 Sales of the UNIOR Group

In 2020, the UNIOR Group generated EUR 210.2 million in revenue from sales or 17.9 per cent less than the year before. The main reason behind the fall was the COVID-19 coronavirus disease whose adverse effects appeared as early as in January in China where UNIOR has a forgings company and later, in March, spread to Europe, affecting the remaining activities of the UNIOR Group. In 2020, the sales volume of forgings amounted to EUR 131.3 million or 16.9 per cent less compared to the year before. Its share in Group sales amounted to 62.5 per cent. Sales of hand tools in the Group generated EUR 34.7 million in sales or 17.3 per cent less compared to 2019. Its share in Group sales amounted to 16.5 per cent. Special Machines did not record any cancellations by its customers. Nevertheless, the activity generated EUR 17 million or 26.5 per cent less in sales compared to the previous year due to delayed collections by customers caused by the pandemic. The pandemic used to and continues to affect the operations of our tourism activity. Unitur d.o.o. was compelled to close the doors of its tourism facilities during the first wave between mid-March and mid-June and during the second wave between mid-October and the end of 2020. Its revenue fell by 23.1 per cent and amounted to EUR 16.2 million. The coronavirus-caused crisis affected the machine tool production the least. Its sales volume remained unaltered: EUR 7.8 million, whereas remaining sales fell by 18.8 per cent.

Revenue from sales by activity of the UNIOR Group

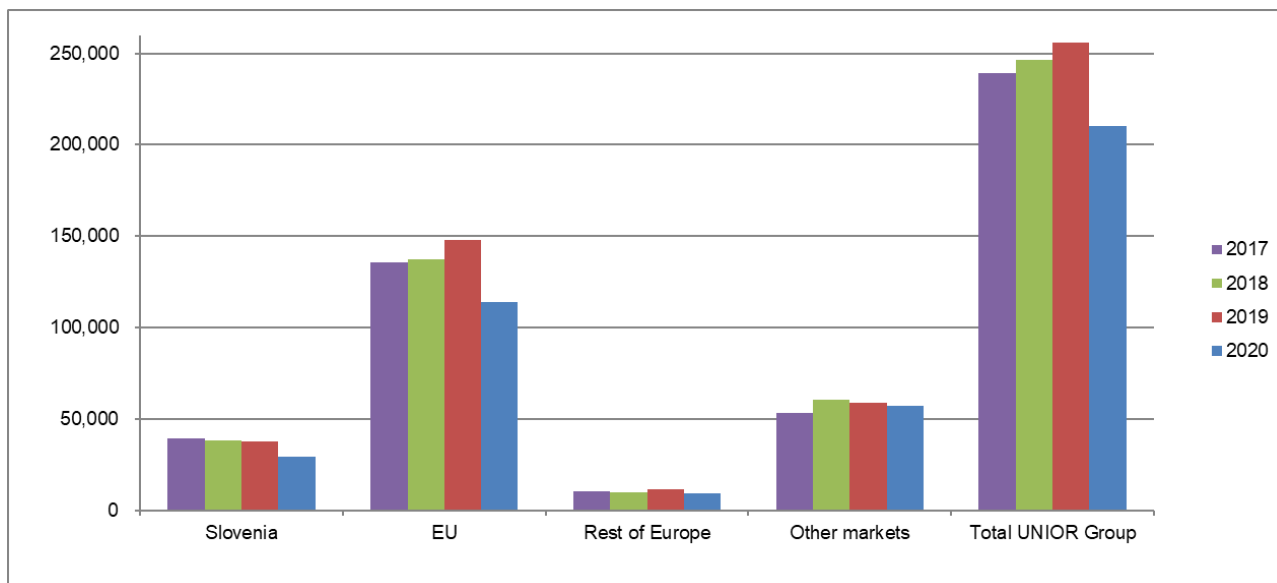
(in thousand EUR)	2020	2019	2018	2017
Forge	131,310	158,056	157,681	142,894
Hand Tools	34,734	42,005	40,161	40,653
Special Machines	17,045	23,205	18,011	22,313
Tourism	16,212	21,081	19,756	23,373
Machine tools	7,840	7,832	7,039	6,261
Other	3,099	3,815	3,805	3,526
Total UNIOR Group	210,240	255,994	246,453	239,020



The EU market plays the most important role in the operations of the UNIOR Group where it generated EUR 113.9 million in sales or a 54.2 per cent share in the sales structure. In 2020, sales on the EU market fell by 22.9 per cent. In Slovenia, the sales volume amounted to EUR 29.4 million, falling by 22.4 per cent. Slovenia and the rest of the EU constitute a 68.2 per cent share in sales of the UNIOR Group. On the remaining European markets, which constitute a 4.5 per cent share, sales fell by 18.6 per cent to EUR 9.6 million. In light of the fast recovery of the Chinese economy after the coronavirus epidemic, the sales volume on other markets fell by only 2.2 per cent compared to the previous year, amounting to EUR 57.4 million or a 27.3 per cent share in the sales of the UNIOR Group.

Revenue from sales by market of the UNIOR Group

(in thousand EUR)	2020	2019	2018	2017
Slovenia	29,407	37,917	38,123	39,476
EU	113,878	147,679	137,587	135,830
Rest of Europe	9,552	11,731	10,124	10,251
Other markets	57,403	58,667	60,619	53,463
Total UNIOR Group	210,240	255,994	246,453	239,020



10.3 Production and services

10.3.1 Production and services of UNIOR d.d.

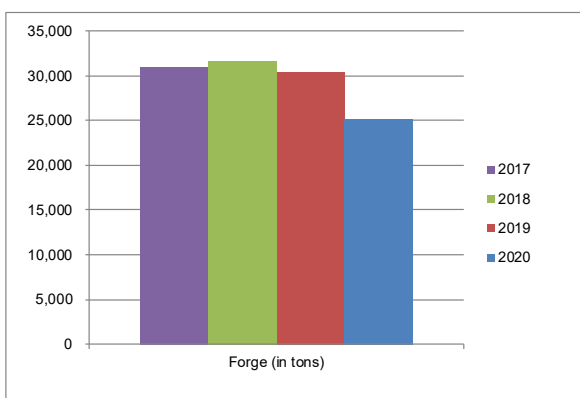
The reduced sales volume in 2020 also led to a reduced production volume compared to 2019. In view of a lack of orders upon the outbreak of the epidemic and the resulting shutdown of production of our customers during the second quarter of 2020 in particular, the Forge Programme produced 17.5 per cent or 5326 tons fewer forgings. In terms of pieces, it lagged behind even further by falling by 18.7 per cent. The Hand Tools Programme produced 19.2 per cent less than in the year before in tons. In terms of pieces, production fell by 22.7 per cent. The number of completed hours in 2020 in the Special Machines Programme (where production is measured thereby) fell by 20.9 per cent compared to the year before.



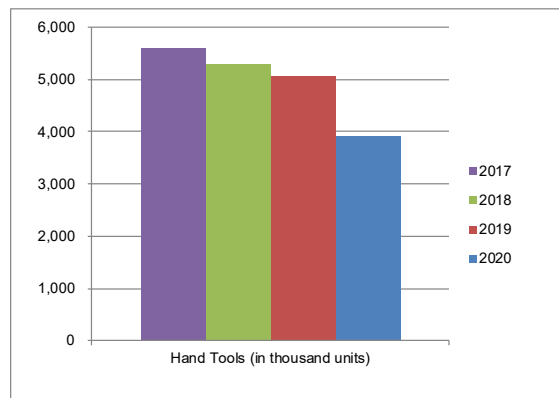
Production and services by programme

	2020	2019	2018	2017
Forge (in tons)	25,160	30,486	31,662	30,978
Forge (in thousand units)	60,169	73,988	79,516	79,966
Hand Tools (in tons)	2,262	2,798	2,931	2,787
Hand Tools (in thousand units)	3,904	5,048	5,291	5,601
Special Machines (hours worked)	56,431	71,305	63,978	61,868

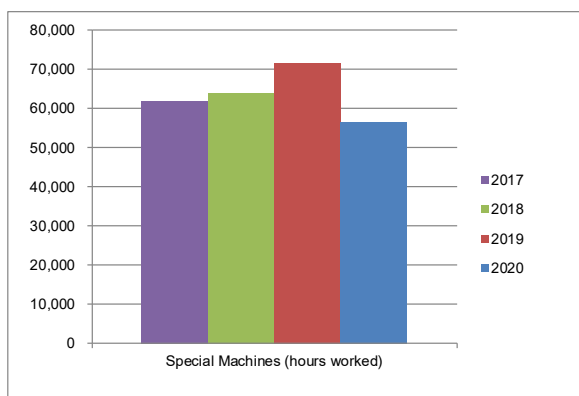
Forge production



Hand Tools production



Special Machines production



10.3.2 Production and services of the UNIOR Group

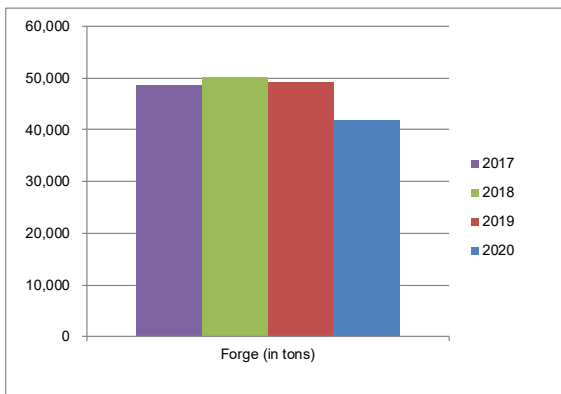
The UNIOR Group produces forgings in its forges in Zreče, Slovenia, in Vinkovci, Croatia, and Yuyau, China. Forgings are machined in Slovenske Konjice. Hand tools are produced at four locations in Slovenia, namely in Zreče, Vitanje, Lenart and Stari trg ob Kolpi. Mechanical engineering takes place in Zreče, Slovenia, whereas machine tools are produced in Kragujevac, Serbia. The Tourism activity is carried out only in Slovenia and includes the Terme Zreče spa in Zreče and the Rogla ski resort.

The reduced sales volume in 2020 also resulted in a lower production volume in the UNIOR Group compared to 2019. The UNIOR Group produced 41,981 tons or 7209 tons or 14.7 per cent fewer forgings than in the year before primarily due to the shutdown of production of our customers in Europe during the second quarter of 2020 and the prohibition of forgings production in China from 29/1 to 12/2/2020 are presented below. The Hand Tools Programme produced 3.9 million pieces of hand tools or 22.7 per cent fewer than in the year before, whereas production in terms of product weight amounted to 2262 tons or 19.2 per cent less than in 2019. The number of completed hours in 2020 in the Special Machines Programme and machine tool production (where production is measured thereby) fell by 12.5 per cent compared to the year before. Given the closure of tourism facilities between mid-March and mid-June and between mid-October and the end of the year, the Tourism programme generated 20.9 per cent fewer overnight stays of guests in 2020 compared to 2019.

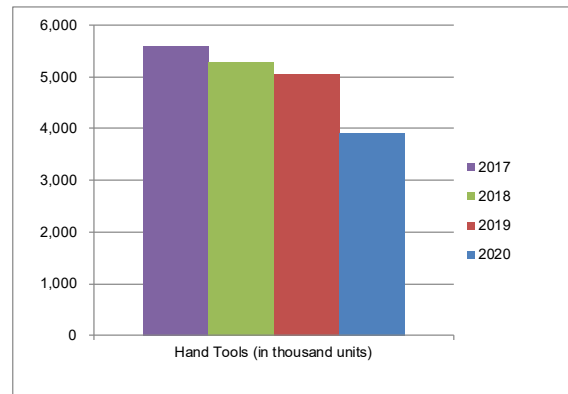
Production and services in the UNIOR Group

	2020	2019	2018	2017
Forge (in tons)	41,981	49,190	50,168	48,637
Forge (in thousand units)	88,754	103,907	110,221	109,168
Hand Tools (in tons)	2,262	2,798	2,931	2,787
Hand Tools (in thousand units)	3,904	5,048	5,291	5,601
Special Machines and machine tools (worked hours)	255,894	292,402	284,158	269,792
Total overnight stays in Tourism	159,554	201,722	198,612	199,450

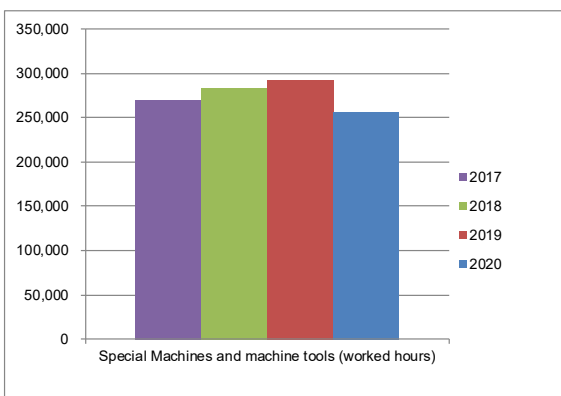
Forge production



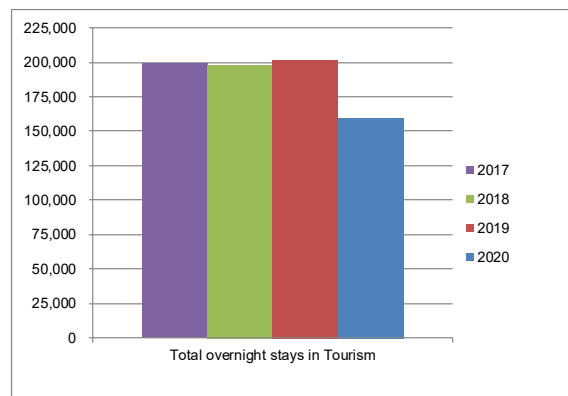
Hand Tools production



Special Machine and machine tools production



Total overnight stays in Tourism



10.4 Procurement in UNIOR d.d.

Steel

Procurement of steel in 2020 was extremely specific as surplus material was held by our suppliers and delivery time extensions were negotiated by UNIOR. At the end of the year, issues were experienced due to delivery time extensions by our suppliers and disruptions to timely deliveries. In 2020, 44,843 tons of steel or 16 per cent less were received than in 2019. The average price of this material was lower in part due to a lower agreed basic price of steel and in part due to lower prices of scrap and alloy surcharges.

Steel powder

In 2020, UNIOR procured 468 tons or 7.3 per cent less steel powder than in 2019. The price fell due to lower surcharge prices. Delivery times were stabilised and amount to two months on average.

Other (bushings, aluminium, copper sheet, grey cast iron, non-ferrous metal)

In 2020, UNIOR procured 11.2 tons of various assortments of non-ferrous metals. Compared to 2019, the ordered quantity rose by 6 per cent. The rise in quantity is partly due to a larger order of aluminium used for trial forging thereof. A comparison between years is not applicable as a diverse array of materials and prices not repeated throughout the years are identified.

Sheet metal

In 2020, 808 tons of different types of sheet metal or 30 per cent less than in 2019 was consumed. This can be directly attributed to lower orders of products and the situation on the market. In 2019, 1200 tons was consumed. On average, the price of sheet metal was lower in 2020 than in 2019. A higher rise in prices of sheet metal was observed during the last quarter in 2020 when delivery times also began to extend. Due to the situation at hand, all the sheet metal required for the first quarter of 2021 was ordered as early as December.

Sanding materials

The consumption of sanding materials experienced a similar trend to production 2020. In 2020, 20 per cent less sanding material was consumed than in 2019.

Cutting Tools

In terms of value, the consumption of cutting tools in 2020 fell by slightly less than 20 per cent compared to the previous year of 2019, consistent with market trends.

Consumables

In terms of value, the consumption of consumables in 2020 fell by 26 per cent compared to 2019.

Chemical products

In 2020, UNIOR recorded a fall of slightly less than 28 per cent in terms of value compared to 2019 which was also due to the situation on the market.

10.5 Performance

10.5.1 Performance of UNIOR d.d.

In 2020, UNIOR d.d. generated a negative net result of EUR 7.9 million which is EUR 14 million lower compared to the previous year of 2019 when a positive net result of EUR 6.1 million had been generated. The negative net result of 2020 also includes EUR 4.3 million of negative effects of the revaluation of the property in Maribor to a fair value. Without taking into account the effects of the above, the negative net result of 2020 amounts to EUR 3.6 million. The poor financial result resulted from the outbreak of the epidemic which was very keenly felt by UNIOR d.d. as early as during the second half of March but also in April in May, whereas a positive operating result of EUR 1.7 million was generated during the second half of the year.

The operating result (EBIT) fell by EUR 14.9 million EUR – in 2020, an operating loss of EUR 7.4 million was generated, whereas in 2019 UNIOR had generated an operating profit of EUR 7.5 million. The EBIT also includes EUR 4.3 million of negative effects of the revaluation of our property in Maribor to a fair value. The EBITDA generated in 2020 amounts to EUR 7.1 million, lagging behind the EBITDA generated the year before by EUR 8.7 million.

Sales and profitability of UNIOR

(in thousand EUR)	2020	2019	2018	2017
Revenue from sales	138,055	175,336	172,365	165,273
Operating costs	152,768	175,099	173,255	160,088
EBIT	(7,403)	7,526	7,795	9,414
EBITDA	7,148	15,859	16,274	16,278
Profit and loss before taxes	(10,302)	6,774	7,559	7,554
Net profit or loss	(7,959)	6,124	6,795	7,747

In the year marked by a global epidemic, the most important objective of the company remained to protect its cashflow and ensure continuous liquidity with an emphasis on fulfilling its obligations towards its employees, business partners and banks. All commitments made to the banks, as specified in the Syndicated Credit Agreement of December 2016, were honoured by the company without any derogations even in 2020 when the situation proved to be far from normal.

Operating expenses structure

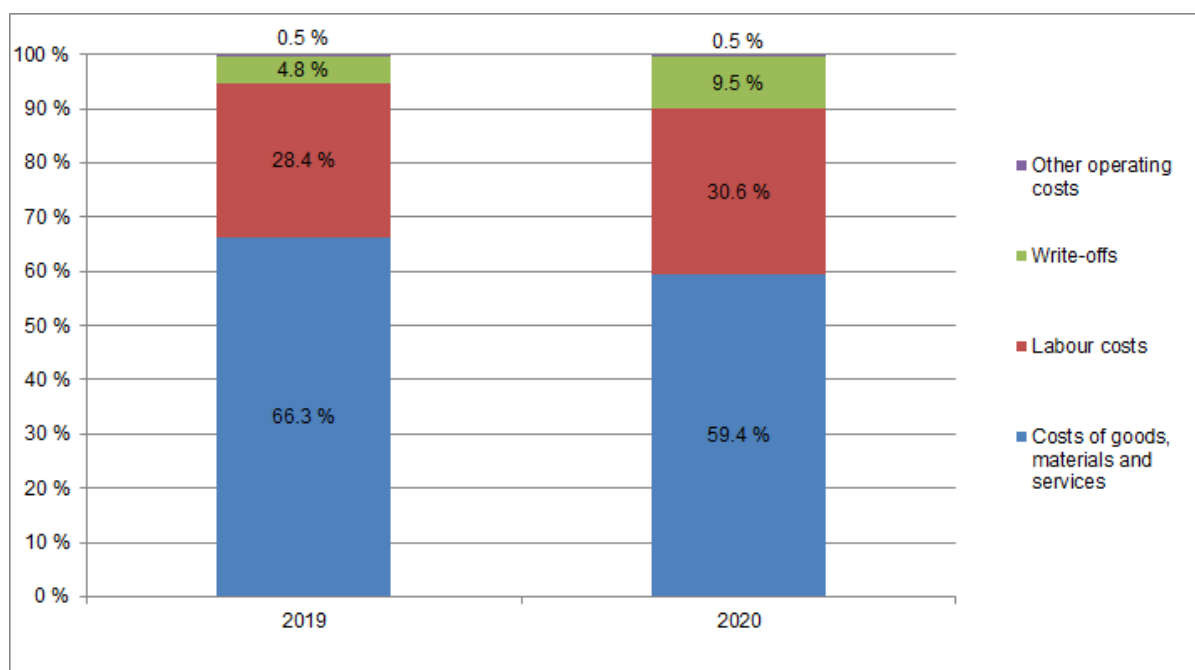
In the current year, operating expenses fell by 12.8 per cent. Costs of goods, materials and services fell by 21.8 per cent compared to the comparable period during the year before and were completely consistent with the decline in sales by 21.3 per cent. Compared to 2019, labour costs fell by 5.9 per cent. The decline is lower compared to the decline in sales and production due to the fact that the effects of the measures contained in new legislation adopted during the epidemic (retained contributions, reimbursement of expenditure on temporarily laid-off workers and other reimbursements subject to intervention legislation) constituting state aid are reported in the category of other operating revenue, whereas labour costs continue to be recognised in expenses. The value of funds obtained subject to state employment retention measures in 2020 amounts to EUR 5.6 million. Write-offs including depreciation and operating expenses from revaluation rose by 74.6 per cent as depreciation rose by 6 per cent due to more intensive investments in equipment during the past year; operating expenses from revaluation also include EUR 4.3 million negative



effects of revaluation of our property in Maribor to a fair value. Other operating expenses fell by 37.3 per cent but these represent the smallest proportion in the structure of operating expenses.

Operating expenses structure in the UNIOR Group

(in thousand EUR)	2020	2019
Costs of goods, materials and services	90,813	116,056
Labour costs	46,778	49,706
Write-offs	14,551	8,332
Other operating costs	626	1,005
Total operating expenses	152,768	175,099



Compared to the previous year, the structure of expenses was changed due to the above; namely, labour costs increased by 2.2 per cent and write-offs increased by 4.7 per cent as far as the structure thereof is concerned. Due to a fall in the value of costs of goods, materials and services, their share in the structure fell by 6.9 per cent.

Productivity

(in EUR)	2020	2019	2018	2017
Gross output per employee	86,785	104,001	101,714	94,853
Gross added value per employee	32,195	37,337	36,374	35,295

Productivity in the company is measured by gross operating profit by employee which fell by 16.6 per cent compared to 2019. The other indicator, gross added value per employee, fell by 13.8 per cent compared to the year before. The decline in both indicators is consistent with a smaller volume of production and sales.

10.5.2 Performance of the UNIOR Group

In 2020, the UNIOR Group generated a negative net result of EUR 2.2 million which is EUR 12.6 million lower than the previous year of 2019 when a positive net result of EUR 10.4 million was generated. The negative net result of 2020 also includes EUR 4.3 million of negative effects of the revaluation of the property in Maribor to a fair value. Without taking into account the effects of the above, the negative net result of 2020 of the UNIOR Group amounts to EUR 2.1 million. The poor financial result resulted from the outbreak of the COVID-19 pandemic which was very keenly felt by the UNIOR Group throughout most of 2020 but primarily during the first half of the year, whereas positive operating results of EUR 4.9 million were generated during the second half of the year.

The operating profit/loss (EBIT) of the UNIOR Group in 2020 amounted to EUR 1.1 million, falling by EUR 14.4 million compared to the year before and amounting to only 7.3 per cent of the EBIT generated in 2019. The EBIT also includes EUR 4.3 million of negative effects of the revaluation of our property in Maribor to a fair value. Without the revaluation, the EBIT would have amounted to EUR 5.5 million.

The EBITDA that the aforementioned revaluation of investment property did not affect in any way whatsoever amounted to EUR 23.9 million in 2020, lagging behind the EBITDA in the year before by 25.2 per cent of EUR 8 million.

Sales and profitability of the UNIOR Group

(in thousand EUR)	2020	2019	2018	2017
Revenue from sales	210,240	255,994	246,453	239,020
Operating costs	219,043	246,531	242,455	237,586
EBIT	1,128	15,557	14,991	8,038
EBITDA	23,931	31,974	30,188	32,640
Profit and loss before taxes	(3,077)	12,651	14,776	7,676
Net profit or loss	(2,196)	10,433	12,155	5,696

In 2020, marked by a global epidemic, the UNIOR Group also honoured all its commitments towards the banks as specified in the Syndicated Credit Agreement of December 2016.

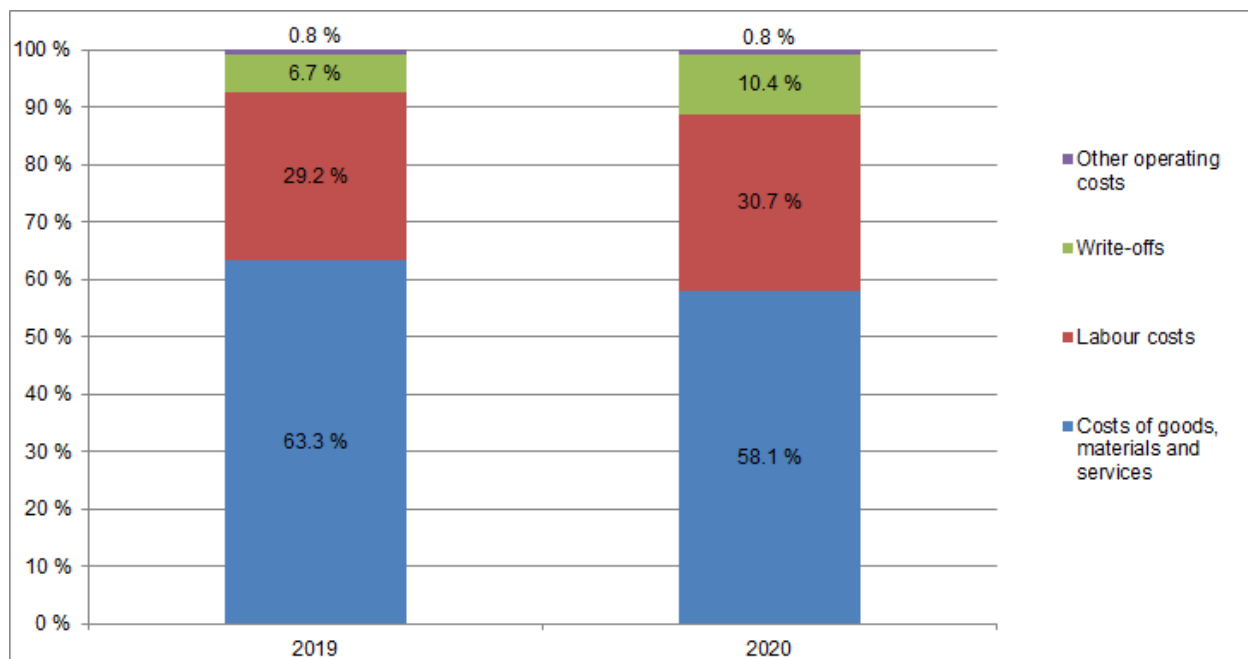
Operating expenses structure of the UNIOR Group

In 2020, operating expenses of the UNIOR Group fell by 11.1 per cent. Costs of goods, materials and services fell by 18.4 per cent compared to the comparable period of the previous year and were completely consistent with the decline in sales by 17.9 per cent. Compared to 2019, labour costs fell by 6.5 per cent. The decline is lower compared to the decline in sales and production due to the fact that the effects of the measures contained in new legislation adopted during the epidemic (retained contributions, reimbursement of expenditure on temporarily laid-off workers and other reimbursements subject to intervention legislation) constituting state aid are reported in the category of other operating revenue whereas labour costs continue to be recognised in expenses. The value of funds obtained subject to state employment retention measures in 2020 amounts to EUR 7.8 million. Write-offs including depreciation and operating expenses from revaluation rose by 38.9 per cent as depreciation rose by 5.7 per cent due to more intensive investments in equipment during the past year; operating expenses from revaluation also include EUR 4.3 million negative effects of revaluation of our property in Maribor to a fair value. Other operating expenses fell by 12.7 per cent but these represent the smallest proportion in the structure of operating expenses.



Operating expenses structure in the UNIOR Group

(in thousand EUR)	2020	2019
Costs of goods, materials and services	127,314	156,050
Labour costs	67,251	71,923
Write-offs	22,802	16,417
Other operating costs	1,676	2,141
Total operating expenses	219,043	246,531



Compared to the previous year, the structure of expenses was changed due to the above; namely, labour costs increased by 1.5 per cent and write-offs increased by 3.7 per cent as far as the structure thereof is concerned. Due to a fall in the value of costs of goods, materials and services, their share in the structure fell by 5.2 per cent.

Productivity of the UNIOR Group

(in EUR)	2020	2019	2018	2017
Gross output per employee	77,744	87,334	82,727	79,593
Gross added value per employee	32,197	34,621	32,384	32,950

Productivity in the UNIOR Group is measured by gross operating profit by employee which fell by 11 per cent compared to 2019 and amounted to EUR 77.7 thousand per employee. The other indicator, gross added value per employee, fell by 7 per cent compared to the year before and amounted to EUR 32.2 thousand per employee. Lower productivity indicators are a reflection of an almost 18 per cent decline in the sales volume and a 5.6 per cent decline in the number of employees in terms of hours worked.

10.6 Performance indicators

	UNIOR d.d.		UNIOR Group	
	2020	2019	2020	2019
Equity financing rate <i>(equity/liabilities)</i>	0.415	0.397	0.477	0.461
Long-term financing rate <i>((equity + non-current debt + non-current provisions) / (liabilities))</i>	0.764	0.708	0.770	0.724
Operating fixed assets rate <i>(Fixed assets at carrying amount / assets)</i>	0.415	0.369	0.529	0.512
Long-term assets rate <i>((Fixed assets at the carrying amount + investment properties + non-current financial investments + non-current operating receivables) / assets)</i>	0.567	0.561	0.589	0.600
Equity to operating fixed assets <i>(equity / fixed assets at carrying amount)</i>	1.000	1.077	0.902	0.901
Acid test <i>(liquid assets / current liabilities)</i>	0.057	0.080	0.202	0.142
Quick ratio <i>((liquid assets + current receivables) / current liabilities)</i>	0.462	0.450	0.722	0.583
Current ratio <i>(current assets / current liabilities)</i>	1.724	1.458	1.716	1.414
Operating efficiency ratio <i>(operating revenue / operating expenses)</i>	0.952	1.043	1.005	1.063
Net return on equity <i>(net profit of the financial year / average equity excluding net profit or loss of the reporting year)</i>	(0.080)	0.065	(0.013)	0.063
Dividend to share capital <i>(total dividends of the financial year / average share capital of the parent company)</i>	0,000	0,000	0,000	0,000

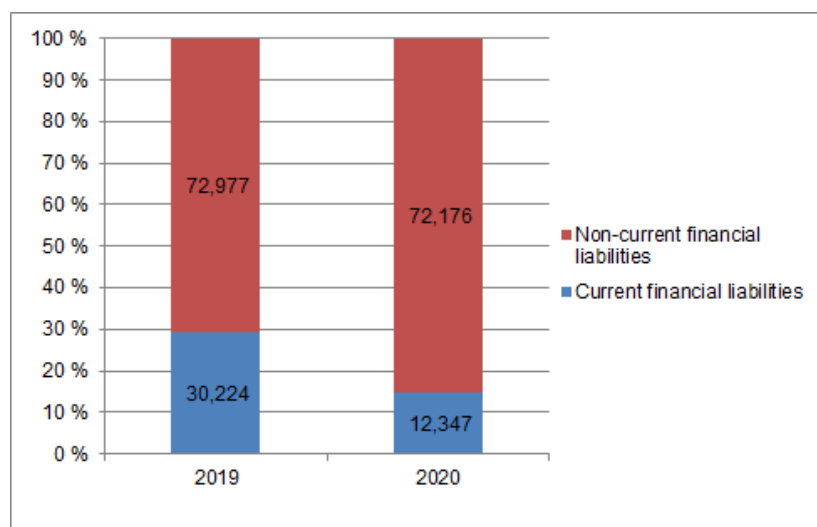
10.7 Financial situation

10.7.1 Financial situation of UNIOR, d.d.

At the end of 2020, the total assets of the company amounted to EUR 221.7 million, falling by EUR 29.8 million or 11.8 per cent during the 2020 calendar year. Non-current assets fell by EUR 13 million, of which by EUR 12.8 million was associated with the sales of the investment property in Maribor. Tangible fixed assets fell by EUR 0.8 million due to a surplus of depreciation compared to investments in 2020. Non-current investments fell by EUR 1.4 million due to the repayment of non-current loans and investment allowances. Non-current operating receivables fell by EUR 0.2 million, almost entirely due to lower non-current operating receivables due from Group companies. Non-current assets increased deferred tax assets by EUR 2.3 million. Current assets fell by EUR 16.7 million or 15.6 per cent. The inventory status fell by EUR 5.9 million in all types of inventories. Current investments fell by EUR 2 million due to a lower loan balance due to Unitur d.o.o. Current operating receivables fell by EUR 6 million primarily due to an expedited recovery of trade receivables. Cash fell by EUR 2.9 million compared to the beginning of the year.

In 2020, the company's equity fell by EUR 8 million, resulting from EUR 7.9 million in loss during the 2020 financial year and changes to fair value reserves. During the current year, our financial liabilities fell by EUR 18.7 million, namely due to regular repayments of loan principals during the first half of the year (the company reached an agreement with commercial banks in compliance with intervention legislation to defer the repayment of loan principals for the period between June 2020 and May 2021) and an extraordinary repayment of EUR 8.5 million for the purchase price received during the sales of the property in Maribor and the lower utilisation of revolving credits. A total of 85.4 per cent of financial liabilities of the company are of a non-current nature, whereas current liabilities constitute the utilised revolving loan and EUR 8.7 million in principals of non-current financial obligations maturing in 2021. As far as the interest rate is concerned, 98.1 per cent of all financial liabilities of the company include a floating interest rate, out of which 57.3 per cent is subject to an interest rate swap until December 2022.

Maturity of financial liabilities



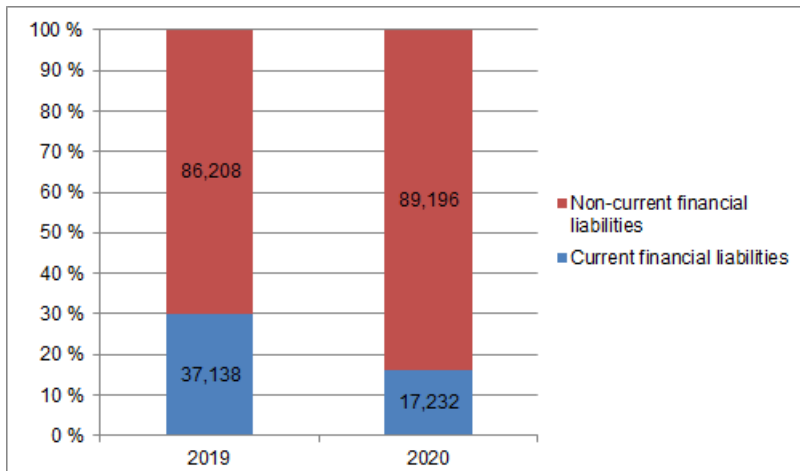
In 2020, operating liabilities fell by EUR 3.2 million or 7.3 per cent and amount to EUR 40 million. Current trade payables fell by EUR 3.2 million, liabilities to Group companies fell by EUR 0.2 million and liabilities associated with advance payments received from customers fell by EUR 2.8 million. Other current operating liabilities rose by EUR 3 million, out of which EUR 2.5 million referred revenue of the Special Machines Programme related to projects which are still pending shipment.

10.7.2 *Financial situation of the UNIOR Group*

At the end of 2020, the total assets of the UNIOR Group amounted to EUR 341.4 million, falling by EUR 33.4 million or 8.9 per cent during the 2020 calendar year. Non-current assets amounted to EUR 206.7 million. Compared to the year before, they fell by EUR 21.7 million, of which by EUR 12.8 million associated with the sales of the investment property in Maribor. Tangible fixed assets fell by EUR 11.6 million, of which EUR 3 million due to the surplus amortisation over investments and EUR 6.9 resulting from the revaluation of lands subject to appraisal as at 31/12/2020 are presented below. Intangible assets rose by EUR 0.4 million due to capitalised development costs. Non-current investments rose by EUR 94 thousand resulting from the valuation of associates on a one-line consolidation basis. Non-current operating receivables fell by EUR 28 thousand. Deferred tax assets rose by EUR 2.3 million to EUR 5.7 million. At the end of 2020, current assets amounted to EUR 134.7 million, falling by EUR 11.7 million or 8 per cent compared to the end of the year before. The inventory status fell by EUR 8.4 million compared to the year before. All types of inventories were reduced. Current investments rose by EUR 0.4 million due to higher deposits held with banks. Current operating receivables fell by EUR 4.8 million primarily due to shortening maturity dates and to an expedite recovery of trade receivables. Cash rose by EUR 1.1 million compared to the beginning of the year.

As at 31/12/2020, the equity of the UNIOR Group amounted to EUR 162.9, falling by EUR 10 million as a result of EUR 2.2 million in loss of the 2020 financial year, changes to fair value reserves amounting to EUR 5.7 million, a reduced cumulative translation adjustment amounting to EUR one million, disbursement of dividends to non-controlling interest owners amounting to EUR 0.6 million and other changes in equity amounting to EUR half a million. Non-current and current financial liabilities amount to EUR 106.4 million in total. During the current year, they fell by EUR 16.9 million, namely due to regular repayments of loan principals during the first half of the year (the Group reached an agreement with commercial banks in compliance with local intervention legislation whenever possible to defer the repayment of loan principals for the period between June 2020 and May 2021) and an extraordinary repayment of EUR 8.5 million for the purchase price received during the sales of the property in Maribor and the lower utilisation of revolving credits. A total of 83.8 per cent of financial liabilities of the UNIOR Group is of a non-current nature, whereas current liabilities constitute utilised revolving loans and EUR 9.4 million in principals of non-current financial obligations maturing in 2021. As far as the interest rate is concerned, 96.5 per cent of all financial liabilities of the Group includes a floating interest rate, of which 53.8 per cent is subject to an interest rate swap until December 2022.

Maturity of financial liabilities



In 2020, operating liabilities of the UNIOR Group fell by EUR 5.1 million or 7.7 per cent and amount to EUR 61.3 million. Current trade payables fell by EUR 4.8 million, and liabilities associated with advance payments received from customers fell by EUR 3.2 million. On the other hand, current bills of exchange payable rose by EUR 0.5 million and other current operating liabilities rose by EUR 2.4 million as a result of higher deferred revenue of the Special Machines Programme related to projects which are still pending shipment.

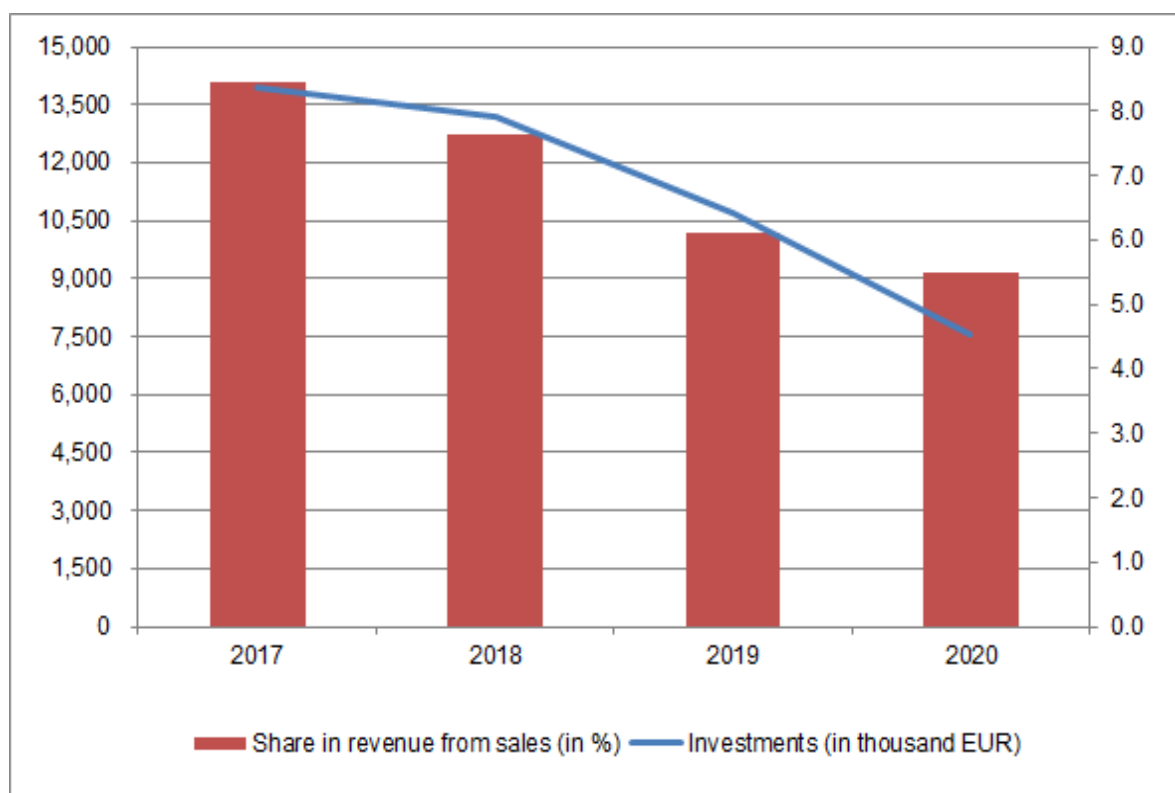
10.8 Investments

10.8.1 Investments of UNIOR d.d.

In 2020, UNIOR invested EUR 7.6 million in new fixed assets. EUR 2.4 million was invested in the form of our own products. The total value of investments fell by EUR 3.1 million compared to 2019. EUR 2.8 million was invested in buildings, the majority of which investment in the expansion of production premises. EUR 4.7 million was invested in modernising and expanding machine capacities of production, the majority of which (EUR 2.7 million) for the Forge Programme for which CNC machine tools were procured and the robotisation of the forging lines was continued.

Investments in fixed assets and their share in revenue from sales of the company

	2020	2019	2018	2017
Investments (in thousand EUR)	7,578	10,708	13,165	13,948
Share in revenue from sales (in %)	5.49	6.11	7.64	8.44



EUR 7.5 million was spent on paying for investments in fixed assets in 2020. In 2020, payments were EUR 2.7 million lower than in the year before. EUR 1.6 million of funds was also spent in 2020 to pay for investments of the previous year (2019).

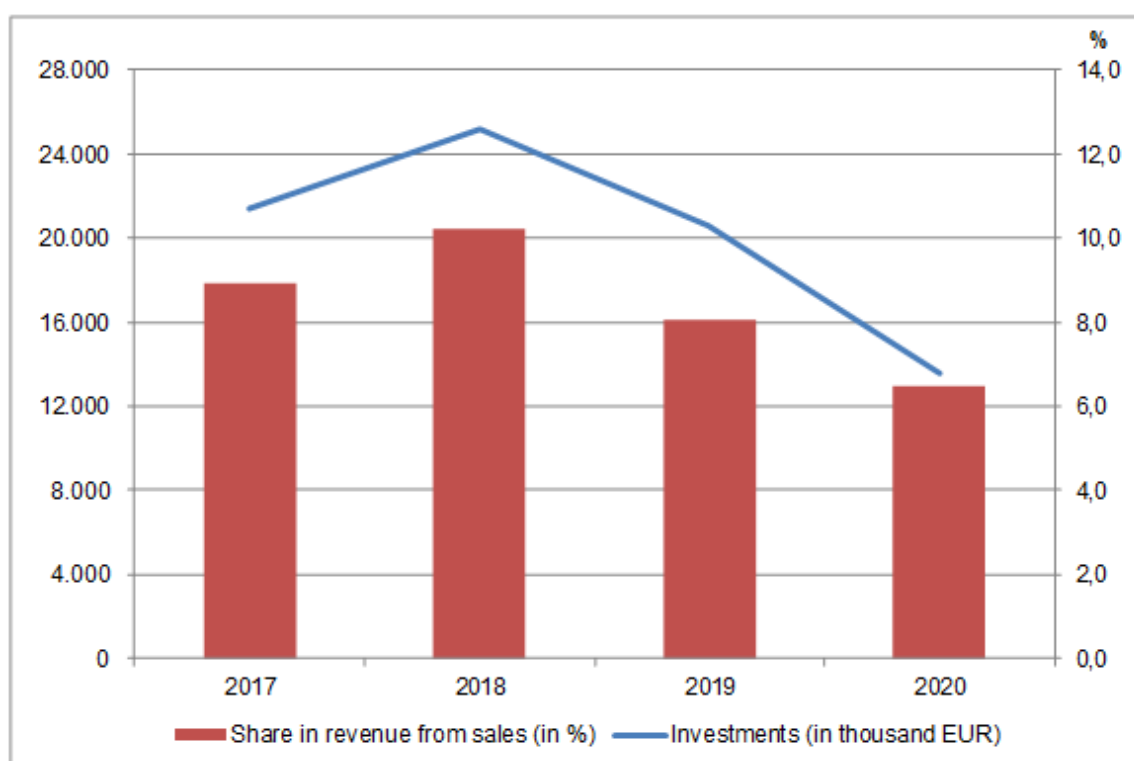
10.8.2 Investments of the UNIOR Group

In 2020, the UNIOR Group invested EUR 13.6 million in new fixed assets, of which EUR 2.4 million was invested in the form of our own products. Investments in intangible fixed assets amounted to EUR 2 million and investments into tangible fixed assets to EUR 11.6 million. EUR 12.4 million was invested in the metalworking activity and EUR 1.2 in the tourism activity. The total value of investments fell by EUR 7 million compared to 2019.

EUR 3.7 million was invested in buildings, the majority of which was investments in the expansion of production premises. EUR 7.3 million was spent on modernising and expanding the machine capacities of production, of which the majority or EUR 5.3 million was on the forgings production where two forging lines (in Croatia and China), CNC machine tools for the Toolshop and forgings machining were procured and the robotisation of the forging lines was continued.

Investments in fixed assets and their share in revenue from sales of the UNIOR Group

	2020	2019	2018	2017
Investments (in thousand EUR)	13,593	20,546	25,135	21,370
Share in revenue from sales (in %)	6,47	8,03	10,20	8,94



10.9 Internal audit department

The Internal Audit Department is a service acting as a separate and independent support function forming part of the organisation of the parent company. Organisationally speaking, it reports directly to the Management Board; functionally speaking, it reports to the Audit Committee of the Supervisory Board and the Supervisory Board itself. Internal audits are carried out both in UNIOR d.d. and subsidiaries of the UNIOR Group in Slovenia and abroad subject to the adopted Internal Audit Charter.

The Internal Audit Department carries out its mission within the context of approved medium-term and annual work plans. In compliance with the 2020 Annual Work Plan as subsequently amended, eight regular internal audits were carried out.

During the audits, the level of attainment of audit objectives in the categories of operation, reporting and compliance with the regulations of each audited area was audited. Recommendations and options for improvement of the audited areas were proposed. Their implementation was also verified on a regular basis.

The Internal Audit Department reported to the audited unit, the management of the audited unit and the Management Board of the company on each audit carried out. Periodically, a summary of the findings of individual audits, risks and the implementation of internal audit recommendations was reported to the Management Board, the Supervisory Board and its Audit Committee.

10.10 Foreign branches

UNIOR d.d. does not have any foreign branches or operating units abroad.

10.11 Post-Balance Sheet Events

10.11.1 Post-Balance Sheet Business Events

Signing of the agreement selling the UNIOR FRANCE S.A.S. subsidiary in France

For a more detailed presentation of the effect of the sales of this subsidiary, please refer to Sections 12.10 and 17.9 of the 2020 Annual Report.

Effect of the COVID-19 disease epidemic on our operations

For a more detailed presentation of the effect of the epidemic, please refer to Sections 12.10 and 17.9 of the 2020 Annual Report.

10.11.2 Other Post-Balance Sheet Events

Suspension of the sales proceedings of the UNITUR d.o.o. subsidiary

On 1/2/2021, the company announced that the sales proceedings of its 100 per cent ownership share in its UNITUR d.o.o. subsidiary, originally initiated in October 2019, would remain suspended due to the COVID-19 viral disease epidemic and that the sales proceedings would be foreseeably re-initiated by the end of 2021 or as soon as the conditions associated with the COVID-19 viral disease were to improve.

Call for applications for the appointment of Members of the Supervisory Board of UNIOR d.d.

On 8/3/2021, the company published the Call for applications for the appointment of Members of the Supervisory Board of UNIOR d.d. subject to a decision by the Supervisory Board of UNIOR d.d., in which interested candidates were invited to apply for membership of the Supervisory Board of UNIOR d.d. – representatives of capital for a four-year term starting on 13/12/2021.

Receipt of an offence decision of the Securities Market Agency (ATVP)

On 10/3/2021, UNIOR d.d. made public that it had received a decision of the Securities Market Agency, subject to which the ATVP had decided that UNIOR Kovaška industrija d.d. was responsible for an offence subject to Indent 3, paragraph one of Article 528 of the Market in Financial Instruments Act on the following grounds: the interim report which forms part of the Non-audited six-month report on the operations of UNIOR Kovaška industrija, d.d. and the UNIOR Group for the period between January and June 2019 or the first six months of the financial year, namely from 1/1/2019 to 30/6/2019 had not contained data referred to in paragraph five of Article 137 of the Market in Financial Instruments Act on material types of risks and uncertainties related to the remaining six months of the financial year or a declaration that no such material risks existed. The breach, for which the aforementioned decision subject to an order of the Securities Market Agency, was remedied in compliance with the deadline and method specified in the order as early as 31/8/2020 by including a description of material types of risks and uncertainties related to the remaining six months of the current financial year in the Non-audited six-month report on the operations of UNIOR d.d. and the UNIOR Group for the period between January and June 2020. Following the remedy of the breach above, UNIOR d.d. received a decision of the Securities Market Agency establishing that the identified breach of UNIOR d.d. had been remedied.

10.12 Provision of a public utility

Provision of the thermal energy supply public utility in the Zreče Centre Development

A Delegation Agreement was concluded on 1/3/2007 with the Municipality of Zreče for a period of 20 years. Pursuant to the above, UNIOR d.d., with the consent of the Municipality of Zreče, assumed a concession activity subject to a Management and Implementation Agreement. In compliance with the Public Service Delegation Agreement on thermal energy supply in Zreče, UNIOR d.d. also undertook to manage and maintain the thermal energy distribution network.

Income statement for the provision of the thermal energy generation and supply public utility

(in EUR)	2020	2019
Revenue from supplying natural gas and electricity	391,126	500,506
Total revenue	391,126	500,506
Costs of goods, materials and services	405,337	500,948
Depreciation	84,818	82,221
Labour costs	94,758	104,533
Other operating expenses	14,952	15,477
Financial expenses from financial liabilities	10,572	13,392
Total operating costs	610,437	716,570
PROFIT OR LOSS	(219,311)	(216,064)

In order to ensure separate accounting of the public utility activity, revenue generated from the public utility shall be monitored at specific locations accounting for the operating results thereof in compliance with the Public Service Delegation Agreement on thermal energy supply in the Zreče Centre Development. Revenue shall represent charged thermal energy to users.

Operating costs shall consist of fixed eligible costs (costs of materials and services, labour costs, maintenance costs, depreciation and other operating expenses) and variable costs (energy product cost).

Subject to all data, the Energy Agency consented to the initial price of thermal energy for the distribution system.

Cost separation criteria associated with the provision of the public utility in compliance with the Transparency of Financial Relations and Maintenance of Separate Accounts for Different Activities Act (ZPFOLERD-1)

UNIOR d.d. shall provide for the thermal energy supply public utility in the Zreče Centre Development

In order to ensure separate reporting and accounting of the provision of the thermal energy supply public utility in compliance with the Public Service Delegation Agreement, separate cost centres shall be organised in UNIOR d.d. as follows:

- cost centre 52100 – SPTE 1 (generation of electricity and thermal energy);
- cost centre 52200 – SPTE 2 (generation of electricity and thermal energy);
- cost centre 52500 – Dobrava Boiler Room (thermal energy).

Direct costs of the provided public utility shall be recorded subject to their natural types and depending on the element of the business process they shall be incurred by: costs of operational tools or depreciation, labour costs, costs of services, costs of work items or costs of materials.

Post-generation distribution of thermal energy and electricity

Fixed eligible costs excluding energy product costs (costs of materials and services, labour costs, maintenance costs, depreciation, other write-offs and other operating expenses) incurred at the 52500 cost centre (CC) Dobrava Boiler Room shall be incurred solely from the generation and sales of thermal energy.

At cost centres 52100 co-generation SPTE 1 and 52200 co-generation SPTE 2, fixed costs shall be calculated subject to the share of generated electricity and thermal energy.

The calculation is based on the technical specification of the manufacturer of the electricity-generating apparatus in the following ratio:

- SPTE 1: CC 52100 (Electricity 391kW – 45.4 per cent),
(Thermal energy 508kW – 54.6 per cent);
- SPTE 2: CC 52200 (Electricity 637 kW – 43.94 per cent),
(Thermal energy 766kW – 56.51 per cent).

Variable costs (energy products) of cost centres 52100 co-generation SPTE 1 and 52200 co-generation SPTE 2 shall be determined in proportion to the actually generated electricity and thermal energy.

The indirect costs of the public utility shall be ascertained using the criteria for the purpose of their allocation to individual activities and for the separate accounting of individual activities.

Indirect costs of the public utility shall represent general costs of Joint Services of the company. The share of revenue of an individual activity in the total revenue of the company shall be applied as the criterion.

The objective justification of the criteria was verified by the auditing company Deloitte revizija d.o.o. in the 2020.

10.13 2021 objectives

10.13.1 2021 objectives of UNIOR d.d.

In 2021, UNIOR d.d. is planning to generate EUR 164 million in net revenue from sales or an 18.8 per cent rise compared to the year before.

At the end of 2021, UNIOR d.d. plans to generate minimum EUR 3 million in profits or EUR 11 million more than in the 2020 financial year.

Sales and profitability of UNIOR

(in thousand EUR)	2021 (plan)	2020 (realisation)
Revenue from sales	164,050	138,055
EBIT	4,365	(7,403)
EBITDA	13,563	7,148
Profit or loss	3,003	(7,959)

Forge Programme

In 2021, a sales volume of EUR 98.3 million is planned in the Forge Programme. The lower planned sales volume in EUR compared to 2019 is linked primarily to lower sales prices caused by lower steel surcharges and basic steel prices in 2020. The sales plan is based on the existing and projected conjuncture by our customers in 2021. Despite a still rather strong effect of COVID-19, our customers remain relatively optimistic and are projecting a significantly better year than 2020. It bodes well for us that we supply connecting rods for the automotive industry almost exclusively for petrol engines, increasing our connecting rods growth and thus the growth of our turnover.

The sales volume in terms of price is based on the steel surcharge in 2020. The average surcharge in 2020 amounted to EUR 156/ton which is lower than in 2019. In 2021, a recovery of basic steel prices is foreseen. Surcharges are also expected to reach higher levels than in the 2020 crisis year. In the event of substantial changes to the surcharge value of steel (scrap and alloy surcharges) and to basic prices of steel in 2021, the sales volume may diverge from the plan which would also lead to a divergence from the planned profits and EBITDA caused by delays in surcharge levies (quarter calculation) and, as a result, to changes in our cost structures.

In the European Union, the sales volume of passenger cars in 2020 fell by 23.7 per cent compared to 2019, whereby all EU Member States a more than 10 per cent fall. This marks the biggest decline of sales volume since these statistical data have been recorded by the European Automotive Manufacturers' Association (ACEA). The normalisation of conditions regarding COVID-19 through the use of vaccines could contribute to an improved sales volume in the EU in 2021. In addition, the Chinese market is already in a much better shape than in 2020 when the COVID-19 epidemic was in full swing in that country. On the other hand, the normalisation of the situation in North America following the US elections will most likely contribute to a consolidation of the market.

An important category of sales is also related to drive trains. If the policy of promoting sales of electric cars continues, this could result in a slightly lower sales volume of connecting rods for traditional energies in the following years. However, according to current projections and customer orders for 2021, the sales volume thereof is due to rise.



Strategic objectives of the Forge Programme will thus be oriented towards creating the required technical and capacity-related conditions to preserve and increase its market shares, to reduce all activities and costs which do not result in any added value and to find new projects and directions of development which diverge from the current market and production policy of the programme but follow current guidelines in the automotive industry.

Hand Tools Programme

In 2021, the Hand Tools Programme is planning a sales volume of EUR 30.65 million. The planned realisation of overall sales of hand tools is higher than realised in 2020 and lower than in 2019. At the same time, sales of special-purpose tools, general hand tools and cold-forged tools will increase.

The sales volume of special-purpose hand tools has been growing faster than the standard programme for several years. During the last two years, the strategically set special-purpose tool sales volume objective (33 per cent of the total sales volume of hand tools) has been exceeded. Its share is estimated to rise to a stable 40 per cent or even bigger share in the following two years.

The planned sales volume for 2021 foresees a moderate recovery of the market given the current COVID-19 circumstances. However, further developments and thus the performance of the market remains unpredictable. Our ten biggest customers are foreseen to grow by 10 per cent compared to 2020 and the remaining existing customers by an average of 7 per cent. The projected sales volume also contains a sales volume generated with new customers between EUR 2 and 2.5 million. The sales programme will continue to grow towards accelerating the sales of special-purpose tools for market niches and being awarded projects with major global customers.

We would like to consolidate and increase our sales volume in traditional and relatively stable markets of EU Member States and other European countries where we wish to be competitive by serving the market quickly. A higher rise will also be recorded in North and South American regions, primarily due to cycling tools, whereas no increase in sales is foreseen on the domestic market.

The normalisation of operations on our largest traditional EU market and the acquisition of new customers are expected. Further reorganisation of our sales network with distributors who have failed to adapt to fast changes on the market, serving the entire logistics market and digitalisation are of primary importance.

Special Machines Programme

In 2021, the Special Machines Programme is planning a sales volume of EUR 19 million, an increase compared to the year before and less than in 2019 which marked one of the biggest realisations of the programme in its history.

At this time, the effects and any potential governmental measures to contain the coronavirus pandemic in key countries of our operation remain unknown. For this reason, our projected sales volume is more an estimate than an actual plan. The above sales volume remains within our capacities and is based on the current volume of orders at the end of the year for the following year. Due to the pandemic, the usual tolerance will be increased from the standard +/-10 per cent to +/-20 per cent of the realisation plan for the following year.

During a crisis, there is a lack of orders of capital goods; in addition, the pandemic and its effects can also affect the sentiments of decision-makers. In the event of a downward deviation, emergency measures to obtain orders intended to fill our capacities will be introduced, promptly given an analysis of the volume of orders. In the event of an air of optimism on the market and a release of

investment projects, our projections may also be exceeded and the volume of orders be increased primarily during the second half of the year (2021) and also the period to follow.

In 2021, the programme will continue to reduce its realisation share with the VW Group for passenger cars; its share fell below 50 per cent in 2019 and, in 2021, it will barely exceed 20 per cent. The fall results primarily from electromobility as all new investments in VW are focused on increasing electric car production capacities. Thanks to our timely development, our programme has become a significant supplier of battery housing machining equipment and remain a competitive supplier despite changes to the drive train.

A large sales volume is again expected with the Scania, MAN and Paccar truck producers where the investment volume is much better than in the passenger car industry. Our focus on the production of machine tools for the drive train of truck engines has been facilitating positive effects during the last 10 years in harmonising the volume of orders in-between years. These effects have proven particularly favourable since 2019 as a constant turnover has been observed despite a slowdown of the automotive industry.

The diversity of customers will be increased again. Other smaller projects will represent more than 40 per cent of the total sales volume, reducing our dependence on any individual customer. The diversity of drive trains, the ratio between the passenger car and truck shares and the regional distribution of customers reduces risks in the event of turbulent times on individual markets or sales segments and facilitate a more optimal filling of capacities and a more stable operating volume.

In the future, our sales, servicing and partner activities will continue to be focused primarily on our existing customers with whom we have years of experience and with whom we can negotiate larger and long-term investment projects.

10.13.2 2021 objectives of the UNIOR Group

In 2021, the UNIOR Group plans a net revenue from sales of EUR 237 million or 12.7-per cent or EUR 26.8 more than in 2020.

The Group is planning to generate an operating profit/loss (EBIT) of EUR 11.8 million in 2021 or EUR 10.6 million more than in 2020. The Group is planning to generate EBITDA of EUR 29.5 million EUR or 23.2 per cent or EUR 5.6 million more compared to 2020.

Despite a still uncertain economic outlook and the persisting COVID-19 pandemic, profits of EUR 8.2 million are planned for 2021 or improving the net operating result by EUR 10.4 million.

Sales and profitability of the UNIOR Group

(in thousand EUR)	2021 (plan)	2020 (realisation)
Revenue from sales	236,992	210,240
EBIT	11,762	1,128
EBITDA	29,486	23,931
Profit or loss	8,233	(2,196)



EUROPEAN MANUFACTURER SINCE 1919

FINANCIAL REPORT of UNIOR d.d.

11 Individual financial statements of UNIOR d.d.

11.1 Balance sheet of UNIOR d.d. as at 31/12/2020

(in EUR)				
	Item	Note	31/12/2020	31/12/2019
	ASSETS		221,730,206	251,492,463
A	NON-CURRENT ASSETS		131,388,160	144,399,216
I.	Intangible assets and other IA	12.3.1	4,783,148	4,805,288
1.	Non-current property rights		210,235	242,157
2.	Goodwill		403,940	403,940
3.	Non-current deferred development costs		3,139,716	3,498,132
4.	Other intangible assets		90,859	108,179
5.	Intangible assets being acquired		938,398	552,880
II.	Property, plant and equipment	12.3.2	87,142,950	87,957,260
1.	Land and buildings		36,698,360	37,503,652
	<i>a) Land</i>		<i>10,749,105</i>	<i>10,590,369</i>
	<i>b) Buildings</i>		<i>25,949,255</i>	<i>26,913,283</i>
2.	Manufacturing plants and equipment		44,520,700	46,511,948
3.	Other plant and equipment, small tools and other tangible fixed assets		9,334	1,609
4.	Property, plant and equipment being acquired		5,914,556	3,940,051
III.	Investment property	12.3.3	697,716	13,554,890
IV.	Non-current investments	12.3.4	25,850,047	27,272,681
1.	Non-current investments, excluding loans		24,555,362	24,997,507
	<i>a) Shares and participating interests in Group companies</i>		<i>21,832,476</i>	<i>22,072,476</i>
	<i>b) Shares and participating interests in associates</i>		<i>2,612,335</i>	<i>2,812,335</i>
	<i>c) Other non-current investments</i>		<i>110,551</i>	<i>112,696</i>
2.	Non-current loans		1,294,685	2,275,174
	<i>a) Non-current loans to Group companies</i>		<i>1,290,998</i>	<i>2,271,013</i>
	<i>b) Non-current loans to others</i>		<i>3,687</i>	<i>4,161</i>
V.	Non-current operating receivables	12.3.6	7,344,838	7,530,148
1.	Non-current operating receivables due from Group companies		7,326,263	7,499,313
2.	Non-current trade receivables		0	0
3.	Non-current operating receivables due from others		18,575	30,835
VI.	Deferred tax assets	12.3.12	5,569,461	3,278,949
B.	CURRENT ASSETS		90,342,046	107,093,247
I.	Assets (groups for disposal) held for sale		0	0
II.	Inventories	12.3.5	63,741,199	69,633,224
1.	Materials		21,921,244	23,412,367
2.	Work in progress		26,692,207	28,072,528
3.	Products		12,238,941	14,041,429
4.	Merchandise		2,888,807	4,106,900
III.	Current investments	12.3.7	2,393,901	4,414,223
1.	Current investments, excluding loans		0	0
2.	Short-term loans		2,393,901	4,414,223
	<i>a) Short-term loans to Group companies</i>		<i>2,389,368</i>	<i>4,390,932</i>
	<i>a) Other short-term loans</i>		<i>4,533</i>	<i>23,291</i>
IV.	Current operating receivables	12.3.6	21,225,518	27,205,338
1.	Current operating receivables due from Group companies		5,247,555	5,841,437
2.	Current trade receivables		11,319,006	18,391,417
3.	Current operating receivables due from others		4,658,957	2,972,484
V.	Cash and cash equivalents	12.3.8	2,981,428	5,840,462

(in EUR)				
	Item	Note	31/12/2020	31/12/2019
	LIABILITIES		221,730,206	251,492,463
A.	EQUITY	12.3.9	91,938,771	99,923,283
I.	Called-up capital		23,688,983	23,688,983
1.	Share capital		23,688,983	23,688,983
2.	Uncalled capital (deduction item)		0	0
II.	Capital reserves		30,277,035	30,277,035
III.	Revenue reserves		20,660,288	20,660,288
1.	Legal reserves		1,417,442	1,417,442
2.	Reserves for treasury shares and own participating interests		2,016,459	2,032,777
3.	Treasury shares and own participating interests (deduction item)		(1,987,821)	(1,987,821)
4.	Statutory reserves		0	0
5.	Other revenue reserves		19,214,208	19,197,890
IV.	Fair value reserves		8,299,239	8,324,267
V.	Net profit brought forward		16,972,710	10,848,985
VI.	Net loss brought forward		0	0
VII.	Net profit of the financial year		0	6,123,725
VIII.	Net loss of the financial year		7,959,484	0
B.	PROVISIONS AND DEFERRED REVENUE	12.3.10	5,222,641	5,160,222
1.	Provisions for pensions and similar liabilities		4,745,766	4,661,157
2.	Other provisions		476,875	499,065
3.	Deferred revenue		0	0
C.	NON-CURRENT LIABILITIES		72,175,636	72,977,253
I.	Non-current financial liabilities	12.3.11	72,175,636	72,977,253
1.	Non-current financial liabilities to Group companies		0	0
2.	Non-current financial liabilities to banks		71,309,639	72,088,359
3.	Non-current financial liabilities from bonds payable		0	0
4.	Other non-current financial liabilities		865,997	888,894
II.	Non-current operating liabilities		0	0
1.	Non-current operating liabilities to Group companies		0	0
2.	Non-current trade payables		0	0
3.	Non-current bills of exchange payable		0	0
4.	Non-current operating liabilities from advance payments		0	0
5.	Other non-current operating liabilities		0	0
D.	CURRENT LIABILITIES		52,393,158	73,431,705
I.	Liabilities included in groups for disposal		0	0
II.	Current financial liabilities	12.3.13	12,346,519	30,223,677
1.	Current financial liabilities to Group companies		465,530	457,970
2.	Current financial liabilities to banks		11,576,863	29,522,265
3.	Current financial liabilities from bonds payable		0	0
4.	Other current financial liabilities		304,126	243,442
III.	Current operating liabilities	12.3.14	40,046,639	43,208,028
1.	Current operating liabilities to Group companies		1,547,953	1,729,901
2.	Current trade payables		27,702,548	30,934,754
3.	Current bills of exchange payable		0	0
4.	Current operating liabilities from advance payments		895,384	3,651,139
5.	Other current operating liabilities		9,900,754	6,892,234

Notes to financial statements form an integral part of the financial statements.

11.2 Individual income statement of UNIOR d.d. from the period between 1/1/2020 to 31/12/2020

(in EUR)	Item	Note	2020	2019
A. Net revenue from sales		12.4.1	138,054,639	175,336,252
1. Net revenue from sales on the domestic market			14,210,611	18,354,596
a) <i>Net revenue from sales of products and services</i>			7,396,221	9,893,434
b) <i>Net revenue from sales of merchandise and materials</i>			6,814,390	8,461,162
2. Net revenue from sales on foreign markets			123,844,028	156,981,656
a) <i>Net revenue from sales of products and services</i>			113,827,691	144,502,708
b) <i>Net revenue from sales of merchandise and materials</i>			10,016,337	12,478,948
B. Change in value of product inventories and work-in-progress			(2,930,256)	2,546,009
C. Capitalised own products and services		12.4.2	2,389,485	2,759,635
D. Other operating revenue		12.4.3	7,851,001	1,983,545
I. GROSS OPERATING PROFIT			145,364,869	182,625,441
D. Costs of goods, materials and services		12.4.4	90,813,303	116,056,188
1. Cost of merchandise and materials sold			10,696,882	12,762,416
2. Costs of materials used			62,888,679	81,036,373
a) <i>Costs of materials</i>			48,597,443	64,024,234
b) <i>Costs of energy</i>			5,729,687	6,331,760
c) <i>Other costs of materials</i>			8,561,549	10,680,379
3. Costs of services			17,227,742	22,257,399
a) <i>Transportation services</i>			3,621,724	4,284,958
b) <i>Maintenance costs</i>			1,249,145	1,435,811
c) <i>Lease payments</i>			988,564	829,289
d) <i>Other costs of services</i>			11,368,309	15,707,341
E. Labour costs		12.4.4	46,778,230	49,705,715
1. Costs of salaries			34,531,899	37,275,821
2. Costs of pension insurances			476,925	463,372
3. Costs of other social insurances			5,914,647	6,446,812
4. Other labour costs			5,854,759	5,519,710
F. Write-offs		12.4.4	14,550,919	8,332,434
1. Depreciation			8,376,407	7,900,177
2. Operating expenses from the revaluation of intangible fixed assets and property, plant and equipment			4,800,383	83,778
3. Operating expenses from the revaluation of operating current assets			1,374,129	348,479
G. Other operating expenses		12.4.4	625,698	1,004,971
1. Provisions			75,528	6,944
2. Other costs			550,170	998,027
II. OPERATING PROFIT OR LOSS			(7,403,281)	7,526,133
H. Financial revenue		12.4.5	877,354	3,865,461
1. Financial revenue from participating interests			682,956	3,600,863
a) <i>Financial revenue from participating interests in Group companies</i>			652,442	1,560,504
b) <i>Financial revenue from participating interests in associates</i>			30,484	2,040,256
c) <i>Financial revenue from participating interests in other companies</i>			30	103
d) <i>Financial revenue from other investments</i>			0	0
2. Financial revenue from loans given			146,456	212,329
a) <i>Financial expenses from loans given to Group companies</i>			136,784	205,666
a) <i>Financial revenue from loans given to others</i>			9,672	6,663
3. Financial revenue from operating receivables			47,942	52,269
<i>Financial revenue from operating receivables due from Group companies</i>			1,092	0
a) <i>Financial revenue from operating receivables due from others</i>			46,850	52,269
I. Financial expenses		12.4.5	3,775,808	4,617,872
1. Financial expenses from the impairment and write-offs of investments			524,176	81,755
2. Financial expenses from financial liabilities			2,843,594	3,179,137
a) <i>Financial expenses from loans received from Group companies</i>			11,408	8,404
b) <i>Financial expenses from loans from banks</i>			2,815,199	3,156,044
c) <i>Financial expenses from bonds issued</i>			0	0
d) <i>Financial expenses from other financial liabilities</i>			16,987	14,689
3. Financial expenses from operating liabilities			408,038	1,356,980
a) <i>Financial expenses from operating liabilities due to Group companies</i>			449	414
b) <i>Financial expenses from trade payables and bills of exchange payable</i>			330,117	220,903
c) <i>Financial expenses from other operating liabilities</i>			77,472	1,135,663
III. PROFIT OR LOSS			(10,301,735)	6,773,722
Corporate income tax		12.5	0	0
Deferred tax		12.5	(2,342,252)	649,997
NET PROFIT OR LOSS OF THE ACCOUNTING PERIOD			(7,959,483)	6,123,725

Net earnings or loss per share

(in EUR)		Note	2020	2019
Item				
	Net loss per share		2.80	-
	Net earnings per share in EUR		-	2.16

Net earnings or loss per share are calculated by dividing the net profit/loss of the financial year in the income statement with the number of shares issued by UNIOR d.d.

Notes to financial statements form an integral part of the financial statements.

11.3 Individual statement of other comprehensive income of UNIOR d.d.

(in EUR)		2020	2019
Item			
1.	Net profit/loss of the financial year after tax	(7,959,483)	6,123,725
2.	Other comprehensive income of the accounting period, after tax	(25,028)	(76,430)
2.1	Items which will not be subsequently reclassified as profit or loss	(25,028)	(76,430)
	Net profit/loss recognised in fair value reserves in respect of property, plant and equipment	53,259	0
	Actuarial net profit/loss for retirement benefit plans and changes to deferred taxes recognised in retained profit/loss	(78,287)	(76,430)
3.	Total comprehensive income of the financial year after tax	(7,984,511)	6,047,295

Notes to financial statements form an integral part of the financial statements.

11.4 Cash flow statement of UNIOR d.d.

(in EUR)				
	Item	Note	2020	2019
A.	Cash flows from operating activities			
a)	Net profit or loss			
	Profit or loss before tax		(10,301,735)	6,773,722
	Income tax and other taxes not included in operating expenses	12.5.	2,342,252	(649,997)
			(7,959,483)	6,123,725
b)	Adjustments for			
	Depreciation (+)	12.3.1, 12.3.2	8,376,407	7,900,177
	Operating revenues from revaluation associated with investment and financing items (-)	12.4.3	(88,117)	0
	Operating expenses from revaluation associated with investment and financing items (+)	12.4.4	4,800,383	83,778
	Allowances set up for receivables	12.3.6	429,634	22,375
	Allowances set up for inventories	12.3.5	944,495	326,099
	Formation and reversal of non-current provisions	12.3.10	62,419	378,087
	Financial revenue excluding financial revenue from operating receivables (-)	12.4.5	(829,412)	(3,813,192)
	Financial expenses excluding financial expenses from operating liabilities (+)	12.4.5	3,367,770	3,179,137
			17,063,579	8,076,461
c)	Changes in net current assets (and accruals and deferrals, provisions and deferred tax assets and liabilities) from operating items of the balance sheet			
	Opening less closing operating receivables	12.3.6	5,735,496	5,748,614
	Opening less closing deferred tax assets	12.3.12	(2,342,252)	649,997
	Opening less closing inventories	12.3.5	4,947,530	(1,766,360)
	Closing less opening operating liabilities	12.3.14	(3,161,389)	(2,163,310)
	Closing less opening deferred tax liabilities	12.3.12	51,740	(17,928)
			5,231,125	2,451,013
d)	Net cash from operating activities (a + b + c)			
			14,335,221	16,651,199
B.	Cash flows from investing activities			
a)	Cash proceeds from investing activities			
	Cash proceeds from interest and profit participation relating to investing activities	12.4.5	829,412	3,600,863
	Cash proceeds from disposal of intangible assets	12.3.1	23,715	27,087
	Cash proceeds from disposal of property, plant and equipment	12.3.2	88,117	405,650
	Cash proceeds from disposal of investment property	12.3.3	8,500,000	0
	Cash proceeds from disposal of non-current financial investments	12.3.4	62,874	8,492
	Cash proceeds from disposal of current financial investments	12.3.7	7,509,432	2,206,949
			17,013,550	6,249,041
b)	Cash repayments from investing activities			
	Cash repayments to acquire intangible assets	12.3.1	(1,073,530)	(2,282,035)
	Cash repayments to acquire tangible fixed assets	12.3.2	(6,958,380)	(9,778,888)
	Cash repayments to acquire investment property	12.3.3	0	(5,777)
	Cash repayments to acquire non-current financial investments	12.3.4	(174,763)	(115,910)
	Cash repayments to acquire current investments	12.3.7	(4,478,763)	(2,937,852)
			(12,685,436)	(15,120,462)
c)	Net cash from investing activities (a + b)			
			4,328,114	(8,871,421)
C.	Cash flows from financing activities			
a)	Cash proceeds from financing activities			
	Cash proceeds from paid-in capital		0	0
	Cash proceeds from increase in non-current financial liabilities	12.3.11	7,947,003	1,853,436
	Cash proceeds from increase in current financial liabilities	12.3.13	3,986,757	8,983,583
			11,933,760	10,837,019
b)	Cash repayments from financing activities			
	Interest paid on financing activities	12.4.5	(2,843,594)	(3,179,137)
	Cash repayments to acquire treasury shares	12.3.9	0	(1,987,821)
	Cash repayments of non-current financial liabilities	12.3.11	(7,782,979)	(979,935)
	Cash repayments of current financial liabilities	12.3.13	(22,829,556)	(12,632,787)
			(33,456,129)	(18,779,680)
c)	Net cash from financing activities (a + b)			
			(21,522,369)	(7,942,661)
D.	Closing balance of cash			
			2,981,428	5,840,462
x)	Net cash flow of the period (sum of items Ac, Bc and Cc)			
			(2,859,034)	(162,883)
y)	Opening balance of cash			
			5,840,462	6,003,345

Notes to financial statements form an integral part of the financial statements.

11.5 Statement of changes in equity of UNIOR d.d.

CHANGES IN EQUITY FOR THE PERIOD FROM 31/12/2019 TO 31/12/2020

	I. Called-up capital	II. Capital reserves	III. Revenue reserves				IV. Fair value reserves	V. Net profit or loss brought forward	VI. Net operating profit or loss of the financial year	Total
			Legal reserves	Reserves reasury share	Own shares (Deduction item)	Other reserves from profit		Net profits	Net profit Operating year	
(in EUR)	Share capital Equity						Net profit			
Balance as at the end of the previous financial year	23,688,983	30,277,035	1,417,442	2,032,777	(1,987,821)	19,197,890	8,324,267	10,848,985	6,123,725	99,923,283
Opening balance of the financial year	23,688,983	30,277,035	1,417,442	2,032,777	(1,987,821)	19,197,890	8,324,267	10,848,985	6,123,725	99,923,283
Changes in equity – transactions with owners	0	0	0	0	0	0	0	0	0	0
Total comprehensive income of the financial year	0	0	0	0	0	0	(25,028)	0	(7,959,484)	(7,984,512)
Entry of operating profit/loss of the financial year	0	0	0	0	0	0	0	0	(7,959,484)	(7,959,484)
Entry of actuarial profit from termination benefit provisions	0	0	0	0	0	0	(78,287)	0	0	(78,287)
Changes in reserves from valuation at fair value	0	0	0	0	0	0	53,259	0	0	53,259
Changes in equity	0	0	0	(16,318)	0	16,318	0	6,123,725	(6,123,725)	0
Reallocation of the remaining part of the net profit from the comparative financial year to other equity items	0	0	0	0	0	0	0	6,123,725	(6,123,725)	0
Reserves for treasury shares and own participating interests	0	0	0	(16,318)	0	16,318	0	0	0	0
Closing balance of the financial year	23,688,983	30,277,035	1,417,442	2,016,459	(1,987,821)	19,214,208	8,299,239	16,972,710	(7,959,484)	91,938,771

CHANGES IN EQUITY FOR THE PERIOD FROM 31/12/2018 TO 31/12/2019

	I. Called-up capital	II. Capital reserves	III. Revenue reserves				IV. Fair value reserves	V. Net profit or loss brought forward	VI. Net operating profit or loss of the financial year	Total
			Legal reserves	Reserves reasury share	Own shares (Deduction item)	Other reserves from profit		Net profits net profit/ loss	Net profit Operating year	
(in EUR)	Share capital Equity						Net profit			
Balance as at the end of the previous financial year	23,688,983	30,277,035	1,417,442	120,190	0	21,110,477	8,400,697	4,053,960	6,795,025	95,863,809
Opening balance of the financial year	23,688,983	30,277,035	1,417,442	120,190	0	21,110,477	8,400,697	4,053,960	6,795,025	95,863,809
Adjustment of the elimination of UNITUR d.o.o.	0	0	0	0	(1,987,821)	0	0	0	0	(1,987,821)
Changes in equity – transactions with owners	0	0	0	0	0	0	0	0	0	0
Acquired treasury shares and shareholdings	0	0	0	0	(1,987,821)	0	0	0	0	(1,987,821)
Total comprehensive income of the financial year	0	0	0	0	0	0	(76,430)	0	6,123,725	6,047,295
Entry of operating profit/loss of the financial year	0	0	0	0	0	0	0	0	6,123,725	6,123,725
Entry of actuarial profit from termination benefit provisions	0	0	0	0	0	0	(76,430)	0	0	(76,430)
Changes in equity	0	0	0	1,912,587	0	(1,912,587)	0	6,795,025	(6,795,025)	0
Reallocation of the remaining part of the net profit from the comparative financial year to other equity items	0	0	0	0	0	0	0	6,795,025	(6,795,025)	0
Reserves for treasury shares and own participating interests	0	0	0	1,912,587	0	(1,912,587)	0	0	0	0
Closing balance of the financial year	23,688,983	30,277,035	1,417,442	2,032,777	(1,987,821)	19,197,890	8,324,267	10,848,985	6,123,725	99,923,283

Notes to financial statements form an integral part of the financial statements.

12 Notes to individual financial statements of UNIOR d.d.

UNIOR Kovaška industrija d.d., with its registered office at Kovaška 10, Zreče, Slovenia, is the parent company of the UNIOR Group.

The financial statements of the going concern were compiled for the year ending on 31/12/2020 are presented below.

A list of all companies in which UNIOR d.d. holds at least a 20 per cent participating interest as well as all particulars thereof are disclosed in Section 15 of the 2020 (UNIOR Group) Annual Report.

12.1 Statement of compliance

All individual financial statements have been drawn up in line with International Financial Reporting Standards (IFRS) as adopted by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC).

As regards the process of standard confirmation by the European Union, there were no differences as at the balance sheet date between the accounting policies used by UNIOR d.d., and the International Financial Reporting Standards (IFRS) adopted by the European Union. These mandatory financial statements have been compiled to comply with legal requirements. In conformity with the law, the company shall have financial statements audited by an independent auditor. The audit shall be limited to the required financial statements for general purposes ensuring conformity with the statutory audit requirement of mandatory financial statements. The audit shall cover the required financial statements as a whole and give no assurance as to individual line items, accounts or transactions. Solely audited financial statements shall not be deemed applicable by any party for making decisions regarding ownership, financing or any specific transactions referring to the Company. As a result, users of the mandatory financial statements may not rely solely on the financial statements and shall conduct other appropriate procedures before making any decisions.

Financial statements of UNIOR d.d. were confirmed by the Management Board of UNIOR d.d. on 20/4/2021.

12.2 Bases used in drawing up financial statements

All financial statements and notes thereto are drawn up and presented in euros (EUR) or the functional currency in Slovenia without cents and are rounded to the nearest whole number.

12.2.1 Fair value

The assets and liabilities shown are valued at cost or amortised cost, with the exception of land and investment property which are valued at fair value; costs of interest rate swaps are recognised in the income statement. They are not estimated to differ from fair value considerably.

Assets and liabilities measured or disclosed at fair value are classified into a fair value hierarchy consisting of the following levels:

- Level 1: assets valued using the stock exchange quotation on the last day of the accounting period;
- Level 2: unquoted assets whose value can be monitored for the entire tenor thereof;

- Level 3: assets whose value cannot be obtained from market data; this category discloses land and investment property measured at fair value and at fair value disclosed plant and equipment valued at cost subject to verification of signs of impairment. This level also includes fair value disclosures of non-current investments valued at cost less impairment and operating liabilities, whereas current investments and liabilities are valued at amortised cost.

Classification of assets and liabilities in relation to their fair value as at 31/12/2020

(in EUR)	Level 1	Level 3	Total
Property, plant and equipment		10,749,105	10,749,105
– Land		10,749,105	10,749,105
Investment property		697,716	697,716
Non-current investments	0	25,850,047	25,850,047
– Quoted shares	0	0	0
– Unquoted shares		24,555,362	24,555,362
– Non-current investments – long-term loans		1,294,685	1,294,685
Non-current operating receivables		7,344,838	7,344,838
Current investments		2,393,901	2,393,901
Current operating receivables		21,225,518	21,225,518
Non-current financial liabilities		72,175,636	72,175,636
Non-current operating liabilities		0	0
Current financial liabilities		12,346,519	12,346,519
Current operating liabilities		40,046,639	40,046,639

Classification of assets and liabilities in relation to their fair value as at 31/12/2019

(in EUR)	Level 1	Level 3	Total
Property, plant and equipment		10,590,369	10,590,369
– Land		10,590,369	10,590,369
Investment property		13,549,113	13,549,113
Non-current investments	2,145	27,270,536	27,272,681
– Quoted shares	2,145	0	2,145
– Unquoted shares		24,995,362	24,995,362
– Non-current investments – long-term loans		2,275,174	2,275,174
Non-current operating receivables		7,530,148	7,530,148
Current investments		4,414,223	4,414,223
Current operating receivables		27,205,338	27,205,338
Non-current financial liabilities		72,977,253	72,977,253
Non-current operating liabilities		0	0
Current financial liabilities		30,223,677	30,223,677
Current operating liabilities		43,208,028	43,208,028

Land and investment property are valued at fair value established by valuation, non-current investments are disclosed at cost less impairment, whereas operating liabilities, current investments and liabilities at amortised cost.

The methodology used for estimated values is disclosed by category in Section 12.3 of the 2020 Annual Report.

12.2.2 Accounting policies used

The same accounting policies as the previous year have been used.

In the current reporting period, the following amendments to the existing standards issued by the International Accounting Standards Committee (IASB) and adopted by the EU shall apply:

- **Amendments to IAS 1 – Presentation of Financial Statements – and to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors** – definition of 'material', as adopted by the EU on 29/11/2019 and effective for annual reporting periods beginning on or after 1/1/2020),
- **Amendments to IFRS 3 – Business Combination** – definition of 'business' as adopted by the EU on 21/4/2020 (applicable to business combinations whose acquisition date coincides with the beginning of the first annual reporting period beginning on or after 1/1/2020 and with the acquisition of assets at the beginning of this period of after),
- **Amendments to IFRS 9 – Financial Instruments, IAS 39 – Financial Instruments: Recognition and Measurement and IFRS 7 – Financial Instruments: Disclosures** – Interest Rate Benchmark Reform as adopted by the EU on 15/1/2020 and effective for annual reporting periods beginning on or after 1/1/2020),
- **Amendments to IFRS 16 – Leases** – COVID-19 Related Rent Concessions as adopted by the EU on 9/10/2020 and effective for annual reporting periods beginning on or after 1/6/2020; for financial period beginning on or after 1/1/2020,
- **Amendments to References to the Conceptual Framework in IFRS Standards** as adopted by the EU on 29/11/2019 and effective for annual reporting periods beginning on or after 1/1/2020).

The adoption of these amendments to existing standards did not result in any material changes in the financial statements.

12.2.3 Foreign currency transactions

Transactions denominated in a foreign currency are translated into euros according to the reference exchange rate of the European Central Bank as at the day of the transaction. Cash and non-cash and liabilities denominated in foreign currencies as at the balance sheet date are translated into functional currency using the European Bank balances reference exchange rate on the last day of the accounting period. Exchange rate differences are recognised in the profit or loss statement.

12.2.4 Operating profit/loss

Operating profit or loss is defined as operating profit or loss before tax and financial items. Financial items include interest on bank balances, deposits, investments held for sale, interest paid on loans, profit or loss from the disposal of available-for-sale financial instruments, and exchange rate gains and losses from the translation of all monetary assets and liabilities in a foreign currency.

12.2.5 Significant estimates and judgements

In accordance with the International Financial Reporting Standards, estimates, judgements and assumptions affecting the application of policies and the disclosed values of assets and liabilities, revenue and expenses are made by the Management Board of the company for financial statement compilation purposes. Estimates are made subject to experience from previous years and expectations in the reporting period. As the actual performance may diverge, they are subject to continuous verification and revision. Estimates and judgements are also made for financial investment impairment, receivables and inventory impairment purposes in addition to estimates of the useful life of fixed assets. As far as estimates and judgements of land are concerned, land is valued subject to CUT valuation methods.

Deferred tax

Based on the estimate that there will be sufficient profits available in the future, deferred tax assets have been formed for the following:

- provisions for jubilee awards and termination benefits at retirement;
- impairment of trade receivables;
- impairment of investments,
- relief for investments in research and development,
- relief arising from unused tax loss.

For a more detailed presentation of deferred taxes, please refer to Section 12.3.12 of the 2020 Annual Report.

Deferred tax assets recognised as part of provisions formed for jubilee awards and termination benefits, are decreased by appropriate amounts through the uptake of provisions formed and increased by appropriate amounts with respect to the newly formed provisions.

The tax rate used for the calculation of deductible temporary differences is 19 per cent. Based on the conditions set out in the IAS 12 and the Business Plan for the coming period, taxable profits will be available to cover the unused tax losses in the coming years.

Disclosed deferred tax liabilities arise from taxable temporary differences from the revaluation of land to a higher value and from the revaluation of termination benefits.

In the balance sheet, the company discloses offset deferred tax assets and liabilities; in more detailed disclosures, these are expressed in gross terms.

As at the reporting date, the disclosed amount of deferred tax assets and deferred tax liabilities is disclosed. If the company fails to have sufficient profits at its disposal, the disclosed amount of deferred tax assets is lowered accordingly.

Provisions

The Management Board of the company confirms the content and the amount of the provisions formed on the basis of:

- the calculation of provisions for jubilee awards and termination benefits;
- the estimate of the potential expected number of damages communicated by the legal department of the company or any other external attorney subject existing lawsuits and tort claims.

The amounts of the provisions formed constitute the best estimate of future expenditure.

Risks

In compliance with IFRS 7, financial risks (credit risk, interest rate risk and liquidity risk) are disclosed and presented in detail in the financial part of the 2020 Annual Report, namely in Section 12.7, Financial Risks.

12.2.6 Summary of Significant Accounting Policies and Disclosures

Individual categories of prescribed disclosures and all material matters are presented in conformity with International Financial Reporting Standards. The accounting policies used as well as the nature and the materiality level of disclosures are defined in the internal acts of the company. Comparative information from the previous period has also been disclosed and the said information included the quantitative and descriptive sections for all material disclosed amounts in the financial statements. The comparative figures have been adjusted to equate the presentation of the information in the current year.

The accounting policies shown below were consistently adhered to in all periods shown in the financial statements.

Property, plant and equipment

Land is valued subject to the revaluation model based on the appraisal of a licensed appraiser in conformity with international valuation standards at an interval of minimum every five years. Revaluation of land is performed based on an appraisal by a licensed appraiser. The revaluation is disclosed through other comprehensive income as reserves from valuation at fair value. The revaluation surplus is disclosed in the equity category as fair value reserves and does not directly affect the profit or loss. Building construction and buildings, plant and equipment are measured using the cost model. An asset is disclosed at cost less the accumulated depreciation adjustment and any accumulated impairment losses. The manner and methods used for the valuation of assets for impairment are described below under the heading "Impairment of Property, Plant and Equipment." The cost of an item of property, plant and equipment is the cash price equivalent at the recognition date. The cost of an item of property, plant and equipment comprises: its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; any costs directly attributable to bringing the asset to the location and restoring it to the condition required for it to be capable of operating in the manner intended by the management and the initial estimate of the costs of dismantling and removing the item and restoring the site where it was located. The Company undertakes this obligation either upon acquisition or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

In case of a significant cost value of an item of property, plant and equipment containing components with different estimated useful lives, it is divided into its component parts. Each component part is treated separately. Land is treated separately and is not depreciated.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset increase the value of that asset. The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when the expenditures, borrowing costs and the activities necessary to prepare the asset for its intended use arise.

Subsequent costs

The subsequent costs associated with the replacement of an item of property, plant and equipment increases its cost. Other subsequent expenditures associated with an item of property, plant and equipment increase its cost if it is likely that its future economic benefits will exceed the originally

estimated one or that its useful life will be prolonged. All other expenditures are recognised as expenses when they arise.

Depreciation

The amount of depreciation in each period is recognised in the profit or loss. The depreciation of an asset begins when it is available for use. Fixed assets are depreciated according to the straight-line depreciation method taking into account the estimated useful life of each item of property, plant and equipment. The depreciation method used is examined at the end of each financial year. The residual value of an asset is only taken into account for material items by also taking into account the costs of the liquidation of the item of property, plant and equipment. Land and works of art are not depreciated.

Depreciation rates applied by the company are as follows:

	Lowest (in %)	Highest (in %)
Property, plant and equipment:		
Property:		
Property	0.5	13.6
Masonry buildings	0.5	13.6
Other buildings	2.5	5.0
Equipment:		
Production equipment	0.1	25.4
IT and electrical equipment	1.0	50.0
Fork lifts and hoists	1.8	22.1
Cars and tractors	12.5	25.0
Cleaning and heating equipment	3.3	20.6
Measuring and control apparatus	3.2	43.6
Furniture – office and other	1.5	50.0
Other equipment	33.3	33.3

Derecognition

The recognition of the carrying number of individual items of property, plant and equipment is reversed upon disposal or if no future economic benefits are expected from its use or disposal. Gains or losses arising from the derecognition of an item of property, plant and equipment are included in the profit or loss when any of the conditions are met.

Leased assets

Assets acquired through leases are recognised as right-of-use assets and lease liabilities. Right-of-use assets do not include short-term (up to 1 year) and low-value leases (leased assets of up to EUR 5,000 in value). Asset values are recognised in the current value of unpaid lease payments. Lease payments are discounted at the interest rate implicit in the lease or at the incremental borrowing rate of interest. Lease rights are also calculated by taking into account any initial direct costs and an estimate of costs incurred in removing or restoring the asset. The incremental borrowing rate is laid down subject to the interest rate used for risk-free government bonds and a credit spread. Right-of-use assets are measured using the cost model. The initial value of rights-of-use assets over their useful life is decreased by depreciation and loss from impairment and adjusted for any remeasurement of the lease liability. Right-of-use assets are depreciated from the commencement date to the end of the lease term. After the commencement date of the lease term, lease liability is increased by interest and decreased by lease payments. Lease modifications are subject to a remeasurement of the value of the liability or a calculation of a separate lease. Right-of-use assets and lease liabilities are disclosed as separate items in the statement of financial position.

Intangible assets

Intangible assets are valued using the cost model. They are initially recognised at cost equalling fair value. After the initial recognition, intangible assets are disclosed at cost less the amortisation adjustment and the eventual impairment loss. Development costs incurred are recognised as intangible assets if the company can demonstrate the following: the technical feasibility of completing the project so that it will be available for use or sale; its intention to complete the project and use or sell it; its ability to use or sell the project; the likelihood that the project will generate future economic benefits (the existence of a market for the output of the project or the project itself or, if the project is to be used internally, the usefulness of the project); the availability of technical, financial and other resources to complete the development and to use or sell the project, and its ability to reliably measure the expenditure attributable to the intangible asset during its development (capitalisation of costs).

Goodwill

Goodwill is valued at the fair value of the transferred purchase consideration, including the recognised value of any non-controlling interest in the acquiree less the net recognised value of the acquired assets and liabilities valued as at the acquisition date. The transferred purchase consideration includes the fair value of the transferred assets, liabilities to the previous owners of the acquiree and participating interest issued by the company. After initial recognition, goodwill is measured at cost less accumulated impairment. The impairment is reviewed once a year for each item the goodwill refers to.

Emission coupons

Non-current deferred costs of emission coupons allocated by the Slovenian Environment Agency operating within the scope of the Ministry of the Environment and Spatial Planning are disclosed as part of intangible non-current fixed assets.

Depreciation

Amortisation begins when an asset is available for use, i.e. when it is at the location and in the condition necessary for it to function as planned. The carrying amount of an intangible asset is decreased according to the straight-line depreciation method over the asset's useful life. The depreciation period and method for an intangible asset with a finite useful life are reviewed at least at the end of each financial year. If the expected useful life of the asset differs from previous estimates, the depreciation period is changed accordingly.

The useful life of an intangible asset that arises from contractual or other legal rights does not exceed the period of validity of contractual or other legal rights, but may be shorter, depending on the period in which the asset is expected to be used. The estimated useful life of other intangible assets is 5 years.

Depreciation rates applied by the company are as follows:

	Lowest (in %)	Highest (in %)
Intangible non-current fixed assets:	3.3	22.6

Investment property

Investment property is held with the aim of generating lease payments or increasing the value of a non-current investment. Investment property is measured using the fair value method; the fair value is estimated subject to an appraisal of a licensed property appraiser. Changes in fair value are recognised in the income statement. Investment property is not depreciated.



Investments

Investments into subsidiaries, associates and joint ventures or other companies are valued at cost. The company assesses impairment signs. Valuations are performed for any investments where they are identified subject to future cash flows which serve as the basis for recording any impairment.

Financial instruments

Financial instruments can be classified into classes, namely:

1. financial instruments measured at amortised cost;
2. financial instruments measured at fair value through other comprehensive income; and
3. financial instruments measured at fair value through profit and loss.

Financial instruments at amortised cost

Financial assets held within the business model used to acquire contractual cash flows and provided that the cash flows represent only payments of principal and interest on the principal amount outstanding (loans, receivables and unlisted debt securities)) are allocated to these financial instruments. A financial instrument is recognised at fair value increased by costs directly attributable to the transaction. Profit and loss are recognised in the profit or loss account upon elimination, modification or impairment.

Financial instruments at fair value through other comprehensive income

This group has been formed for equity securities which could be preserved in our portfolio for non-current purposes upon the decision to recognise them. These equity securities are not held for trading purposes. Upon initial recognition, they are measured at fair value by taking into account transaction costs arising from the acquisition of the financial asset. Gains and losses arising from these financial instruments are never allocated to the statement of profit or loss. Dividends from financial instruments allocated to this group are recognised as financial revenue in the statement of profit or loss.

Financial instruments measured at fair value through profit and loss

Financial instruments allocated to this group are those intended for trading purposes and those who need to be measured at their fair value. Gains and losses arising from these financial instruments are allocated to the statement of profit or loss. Dividends from financial instruments allocated to this group are recognised as financial revenue in the statement of profit or loss.

Operating receivables

Non-current and current trade receivables, receivables due from the state and employees are recorded separately in the ledger. Interest receivable on the above is also recognised in the operating receivables category. Non-current and current operating receivables are disclosed at transaction value. Operating receivables denominated in foreign currencies on the last day of the financial year are translated to the domestic currency according to the reference exchange rate of the European Central Bank. The suitability of the disclosed individual receivable is established at the end of the reporting period based on informed evidence regarding expected repayment cash flows. The impairment of receivables is formed on the basis of expected losses in respect of the risk that they will not be recovered. Historical, current and future-oriented recovery information is taken into account.

Commodity loans

The company extends commodity loans to Group companies and associates as required for their operations. Commodity loans are recognised among non-current operating receivables. Interest on

commodity loans can also be accrued. An allowance for the commodity loans given is set up subject to estimated expected credit losses.

Loans given

Upon initial recognition, loans given are recognised at fair value less costs by taking into account the effective yield method. Depending on their maturity date, they are classified as non-current or current assets as at the settlement date. Subject to the rating of the borrower, the credit risk is managed by laying down the maturity of the loan and the repayment method secured by standard collateral. Collateral is liquidated in the event of default of the borrower as per agreement. The loan repayment ability is assessed by using the cash flow availability and the method of assessing the net value of assets the creditor disposes of serving as the basis of repayment of the loans given.

Loans received

Upon initial recognition, loans received are recognised at fair value less costs by taking into account the effective yield method. The structure of loans received is dominated by bank loans with the repayment of the principal on the expiry of the loan agreement. Depending on their maturity, they are classified as non-current or current financial liabilities upon recognition. On the last day of the year, all financial liabilities that fall due within the next year are transferred to current financial liabilities. Loans received are secured with blank bills of exchange, receivables, stocks and mortgages on movable and immovable property.

Assets held for sale

Assets (groups for disposal) for sale are non-current assets intended for sale whose value will be recovered through their sale within the next twelve months and not through their use. Non-current assets are reclassified as assets held for sale at a time when their sales are highly probable meaning that there are a known buyer and a preliminary contract or contract for their sale has been signed. Assets are reclassified to assets held for sale at their carrying amount as previously disclosed among non-current assets irrespective of the expected purchase price for a particular asset. Assets held for sale are not depreciated.

Inventories

Inventories are measured at the lower of cost and net realisable value. The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and sale. The unit of quantity price of an item held in inventory includes costs incurred when acquiring inventories and bringing them to their present location and condition. For finished products and work-in-progress, costs include a corresponding proportion of production costs during normal use of capital goods. The consumption of inventories is disclosed according to the weighted average cost method. At the end of the year, the company verifies the inventories without any movements in the current year and impairs them to their realisable value.

The company sets up an allowance according to their age, namely:

- for inventories without any movements in the current year, an allowance in the amount of 5 per cent of the inventories value is set up,
- for inventories without any movement in two years, an additional allowance of 15 per cent of the inventories value is set up,
- for inventories without any movement in three years, an additional allowance of 10 per cent of the inventories value is set up,
- for inventories without any movement in four years, an additional allowance of 10 per cent of the inventories value set up,
- for inventories without any movement in five years or more, an additional allowance of 10 per cent of the inventories value is set up.



Cash

Cash includes cash in hand and demand deposits and bank deposits with a maturity of up to three months. The balance of cash and cash equivalents denominated in foreign currencies is translated into the domestic currency according to the reference exchange rate of the European Central Bank as at the last day of the financial year.

Equity

Share capital

The share capital of UNIOR d.d., is divided into 2,838,414 ordinary registered no-par value shares registered in the relevant name and are freely transferable.

Dividends

Dividends are recognised in the financial statements of the company upon adoption of the respective dividend distribution decision by the General Meeting of Shareholders.

Redemption of Treasury Shares

In 2019, the company obtained treasury shares by virtue of a judgement becoming final. These are recognised in the financial statements as a deduction equity item. Shares are disclosed using the user-cost method. Reserves for treasury shares in the value of obtained treasury shares are established against other revenue reserves. The number of treasury shares is indicated in Sections 7 and 12.3.9 of the 2020 Annual Report.

Provisions

In accordance with the corporate collective agreement and statutory provisions, the company is required to account for and pay out jubilee and termination benefits at retirement. These types of earnings are measured using simplified accounting method requiring the valuation of actuarial liabilities in accordance with the expected growth in salaries from the date of valuation up to the envisaged retirement of an employee. This means the accrual of earnings in proportion to the work performed. The estimated liability is recognised in the amount of the present value of expected future expenditures. Measurements also include an estimate of the projected increase in salaries and staff turnover.

The calculation serves as the basis for recognising gains or losses in the current year in the income statement. The main parameters taken into account in the calculation are the retirement age of 65 years for both women and men, the required length of service of 40 years, the discount rate of 0.8 per cent and annual wage growth of 2.2 per cent.

Government grants

Government grants are recognised at fair value, but not until UNIOR provides reasonable assurance that conditions related thereto shall be met and the aid is in fact received. Government grants are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate. If a government grant relates to a particular asset, it is recognised as deferred income recognised by UNIOR d.d. in the income statement in the period of the expected useful life of the asset in equal annual instalments.

Financial liabilities

Financial liabilities are initially recognised at fair value including transaction costs incurred. In subsequent periods, financial liabilities are measured at their amortised cost using the effective interest rate method. Any difference between proceeds (excluding transaction costs) and liabilities is recognised in the income statement throughout the entire period of financial liability.

Service lease obligations

Subject to the IFRS 16 standard, fixed assets subject to long-term lease were allocated to equipment at the beginning of 2019 and are kept as right-of-use assets. Equipment is recognised as long-term subject to concluded agreements. If the lease duration was not specified (lease of indefinite duration), the agreement was restricted to the duration of the medium-term business plan of the company (five years) and using a 1.2 per cent discount rate.

Corporate income tax

Corporate income tax is levied in accordance with the Corporate Income Tax Act. Corporate income tax is levied on the basis of gross profit plus fiscally unrecognised costs and less legally permitted tax relief. The corporate income tax liability is calculated from the resulting base amount. There is no tax base in 2020.

Deferred tax

In order to disclose an appropriate profit or loss in the reporting period, deferred taxes were also levied. These are disclosed as deferred tax assets and deferred tax liabilities. Deferred taxes were levied using the balance sheet liability method. The carrying amounts of assets and liabilities were compared to their tax base, and the difference between the two values was defined as a permanent or temporary difference. Temporary differences were divided into taxable and deductible. Taxable temporary differences increased taxable amounts and deferred tax liabilities. Deductible temporary differences decreased our taxable amounts and increased deferred tax assets.

Revenue

Revenue from contracts with customers (primarily for the Special Machines Programme)

Operating revenue is recognised when it is reasonable to expect that they will lead to proceeds unless realised upon inception or they can be measured reliably – in that case, a five-step model in conformity with IFRS 15 is applied. Revenue from services rendered is recognised using the percentage of completion method as at the balance sheet date. This method is used to recognise revenue in the reporting period in which services were rendered. The amounts of each material category of revenue recognised in the period and generated revenue on domestic and foreign markets are disclosed. Revenue on the domestic market is revenues generated in Slovenia and foreign markets include EU Member States and third countries. During the sales process, UNIOR acts as the principal. As a rule, contractual arrangements do not include any material variable arrangements.

Revenue from the sale of products, goods and materials (primarily for the Forge and Hand Tools Programmes)

Revenue from the sale of products, and materials is measured at selling prices stated in invoices and other documents, less discounts and rebates approved either when the sale is made or subsequently, including those granted for early payment. Items corresponding in materiality from previous periods are also disclosed among revenue from the sale of products, goods, materials and services rendered.



Lease revenue

Lease revenue primarily comprises revenue from investment property, i.e. buildings and land leased out under operating leases. The company allocates lease revenue to operating revenue.

Other operating revenue including operating revenue from revaluation

Donations, grants, subsidies, premiums and revenue from revaluation generated from the sale of fixed assets and the reversal of provisions in the net amount among other revenues.

Financial revenue and financial expenses

Financial revenue comprises revenue from interest payable on the loans given, dividend revenue, revenue from the disposal of available-for-sale financial assets and from exchange rate gains. Revenue from interest payable on loans given is initially recognised using the effective interest rate method. Dividend revenue is disclosed in the profit or loss when the right of redemption is exercised.

Financial expenses comprise interest costs on borrowings, exchange rate losses and losses arising from the impairment of financial assets recognised in the income statement. Borrowing costs are recognised in the profit or loss statement using the effective interest rate method.

Gross operating profit

Gross operating profit comprises sales revenues, changes in the value of inventories of finished products and work-in-progress, capitalised own products and services as well as other operating revenue.

Expenses – Costs

Costs are recognised as expenses in the period in which they incur. They are classified by nature. They are disclosed by nature within the scope of the Company's three-digit chart of accounts. Expenses are recognised if the decrease in economic benefits in the reporting period is associated with decreases in assets or increases in debt and if this decrease can be reliably measured.

Profit or loss

Profit or loss consists of the operating profit or loss plus financial revenue and less financial expenses.

Impairment of Property, Plant and Equipment

If there is any indication of potential impairment of an asset, its recoverable amount is estimated. If the asset's recoverable amount cannot be estimated, the company determines the recoverable amount of the cash-generating unit the asset belongs to. Impairment is disclosed in the income statement and, in the event of revaluation of land, the previously built-up capital revaluation surplus is initially decreased. Impairment losses need to be reversed in the event of changes to the estimates used to determine the recoverable amount of the assets. The loss due to the impairment of the asset is reversed only up to the amount that does not entail the increased carrying amount of an asset exceeding the carrying amount that would have been determined after the deduction of the depreciation write-off, if the impairment loss was not recognised as an asset in prior years. The reversal of a loss is recognised in the profit or loss as revenue. A capital revaluation surplus is built up to reverse the reversal of land impairment. Fair value of land is established by appraisal.

Impairment of intangible assets

Intangible assets are verified as at the reporting date for impairment purposes. Where the recoverable amount is lower than the carrying amount of an asset, the carrying amount is decreased

to the asset's recoverable amount. This decrease is disclosed by the company as an impairment loss and recorded as an operating expense from revaluation.

Impairment of Financial Assets

At each reporting date, the company performs tests the assessment of investment impairment subject to selected criteria defined in the Bookkeeping Rules in order to establish any objective evidence of potential impairment of the investment. If such reasons exist, the amount of impairment loss is calculated.

If an impairment of the investments disclosed at amortised cost is found to be necessary, the amount of the loss is measured as the difference between the carrying amount of the investment and the present value of expected future cash flows discounted by the original effective interest rate. The amount of loss is recognised in profit or loss. If reasons for the impairment of an investment cease to exist, the reversal of the impairment of an investment disclosed at amortised cost is recognised in the profit or loss.

Investments measured at fair value are disclosed in profit or loss by taking into account transaction costs arising from the acquisition or issue.

In term of financial instruments measured at fair value in profit or loss, gains and losses arising from these are allocated to the income statement.

Statement of other comprehensive income

The statement of other comprehensive income shows items (including potential adjustments for earlier transfers mad) not recognised in the profit or loss as required or permitted by other IFRS.

Cash flow statement

The company reports cash flow from operating activities using the indirect method based on balance sheet items as at 31/12/2020 and 31/12/2019 and the 2020 income statement and additional data required to adjust inflows and outflows.

Statement of changes in equity

The statement of changes in equity shows the movement of the individual components of equity in the financial year (total revenue and expenses as well as transactions with owners in their capacity as owners), including the allocation of net profit or loss. The statement of comprehensive income increasing the net profit of the current year by all proceeds directly recognised in equity is included.

12.2.7 New Standards and Interpretations that have not yet Entered into Force

Standards and the amendments to existing standards issued by the IASB and adopted by the EU that do not yet apply

As at the date of approval of these financial statements, the International Accounting Standards Board (IASB), has issued Amendments to IFRS 4 – Insurance Contracts –, Extension of the Temporary Exemption from Applying IFRS 9, as adopted by the European Union on 16/12/2020, which have not yet entered into force (the date of expiry of the temporary exemption was extended to annual periods beginning on or after 1/1/2023).



New standards and amendments to existing standards issued by the IASB which have not been adopted by the EU as of yet

At present, IFRS as adopted by the EU do not fundamentally differ from those adopted by the International Accounting Standards Board (IASB) with the exception of the following new standards and amendments as at 31/12/2020 (the effective dates below apply to IFRS as issued by the IASB):

- **IFRS 14 – Regulatory Deferral Accounts** (effective for annual reporting periods beginning on or after 1/1/2016 – the European Commission decided not to launch the interim standard confirmation proceedings but to wait for its final version instead,
- **IFRS 17 – Insurance Contracts**, including amendments to IFRS 17 (effective for annual reporting periods beginning on or after 1/1/2023),
- **Amendments to IAS 1 – Presentation of Financial Statements** – Classification of Liabilities as Current or Non-current (effective for annual reporting periods beginning on or after 1/1/2023),
- **Amendments to IAS 16 – Property, plant and equipment** — Proceeds before Intended Use (effective for annual reporting periods beginning on or after 1/1/2022),
- **Amendments to IAS 37 – Provisions, Contingent Liabilities and Contingent Assets** – Onerous Contracts—Cost of Fulfilling a Contract (effective for annual reporting periods beginning on or after 1/1/2022),
- **Amendments to IFRS 3 – Business Combinations** – Reference to the Conceptual Framework with amendments to IFRS 3 (effective for annual reporting periods beginning on or after 1/1/2022),
- **Amendments to IFRS 10 – Consolidated Financial Statements and IAS 28 – Investments in Associates and Joint Ventures** – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture, and further amendments (date of entry into force suspended indefinitely until the research project on the equity method is concluded),
- **Amendments to IFRS 9 – Financial Instruments; IAS 39 – Financial Instruments: Recognition and Measurement; IFRS 7 – Financial instruments: Disclosures, IFRS 4 – Insurance Contracts and IFRS 16 – Leases** – Interest Rate Benchmark Reform – Phase 2 (effective for annual reporting periods beginning on or after 1/1/2021),
- **Annual Improvements to IFRSs 2018-2020 Cycle**) arising from the annual project to improve IFRSs (IFRS 1, IFRS 9, IFRS 16 and IAS 41) remedying incoherencies and text interpretations (Amendments to IFRS 1, IFRS 9 and IAS 41 are effective for annual reporting periods beginning on or after 1/1/2022. The amendment to IFRS 16 refers only to the illustrative example. For this reason, no effective date is provided.

The company anticipates that the introduction of these new standards, amendments to existing standards and new interpretations during the initial period of application will not have a material impact on its financial statements.

Hedge accounting in relation to the portfolio of financial assets and liabilities, whose principles have not been adopted by the EU, remains unregulated.

The company believes that the use of hedge accounting with respect to financial assets and liabilities in compliance with IAS 39 – Financial Instruments: Recognition and Measurement will not have any material effect on the financial statements of the company if applied on the balance sheet date.

12.3 Notes to the balance sheet of UNIOR d.d.

12.3.1 Intangible assets

(in EUR)	Goodwill	Deferred costs of development	Investments in rights of intellectual property	Other intangible assets	Intangible assets being acquired	Total
Cost						
Balance as at 31 December 2019	484,728	14,092,823	2,090,551	108,179	552,880	17,329,161
Direct increases – investments	0	123,557	5,180	6,395	938,398	1,073,530
Transfer from investments in progress	0	552,880	0	0	(552,880)	0
Decreases during the year	0	0	0	(23,715)	0	(23,715)
Balance as at 31 December 2020	484,728	14,769,260	2,095,731	90,859	938,398	18,378,976
Value adjustment						
Balance as at 31 December 2019	80,788	10,594,691	1,848,394	0	0	12,523,873
Depreciation during the year	0	1,034,853	37,102	0	0	1,071,955
Impairment	0	0	0	0	0	0
Balance as at 31 December 2020	80,788	11,629,544	1,885,496	0	0	13,595,828
Current value as at 31 December 2020	403,940	3,139,716	210,235	90,859	938,398	4,783,148
Current value as at 31 December 2019	403,940	3,498,132	242,157	108,179	552,880	4,805,288

(in EUR)	Goodwill	Deferred costs of development	Investments in rights of intellectual property	Other intangible assets	Intangible assets being acquired	Total
Cost						
Balance as at 31 December 2018	484,728	12,383,342	2,261,620	125,345	3,250	15,258,285
Direct increases – investments	0	0	0	6,671	2,275,364	2,282,035
Transfer from investments in progress	0	1,709,481	13,003	0	(1,722,484)	0
Decreases during the year	0	0	(184,072)	(23,837)	(3,250)	(211,159)
Balance as at 31 December 2019	484,728	14,092,823	2,090,551	108,179	552,880	17,329,161
Value adjustment						
Balance as at 31 December 2018	80,788	9,655,215	1,996,242	0	0	11,732,245
Depreciation during the year	0	939,476	36,224	0	0	975,700
Impairment	0	0	(184,072)	0	0	(184,072)
Balance as at 31 December 2019	80,788	10,594,691	1,848,394	0	0	12,523,873
Current value as at 31 December 2019	403,940	3,498,132	242,157	108,179	552,880	4,805,288
Current value as at 31 December 2018	403,940	2,728,127	265,378	125,345	3,250	3,526,040

The company received 6,395 emission allowances from the Ministry of the Environment and Spatial Planning, the Environmental Agency of the Republic of Slovenia for 2020. These allowances are carried in the ledger at the value of 1 euro. In 2020, the Company settled its liabilities for 2020 in the amount of 7,555 allowances. As at 31/12/2020, the current holdings of emission allowances amount to 12,751 and are disclosed among other intangible assets.

In increase during the year is represented by non-current deferred development costs in the Special Machines Programme disclosed among intangible non-current intangible assets being acquired in the amount of EUR 920,670. Non-current development costs amounting to EUR 3,139,716 in total refer to deferred development costs in the Special Machines Programme. In addition to other emission allowances, other intangible fixed assets amounting to EUR 90,859 also include a disclosure of non-current deferred costs and accrued revenue.

Goodwill arises from the merger by acquisition of Inexa Adria d.o.o. The goodwill fair value of cash-generating units carried at impairments from operating activities is reviewed on an annual basis.

Financing investment costs for the acquisition of an intangible fixed asset until it reflects the enterprise are included in the cost of intangible assets.

The company has not pledged any intangible fixed assets as collateral for the repayment of its debts.

12.3.2 Property, plant and equipment

(in EUR)	Land	Buildings	Production Equipment	Small tools	Fixed assets being acquired	Total
Cost						
Balance as at 31 December 2019	10,590,369	64,107,834	144,069,776	591,101	3,940,051	223,299,131
Direct increases – investments	53,736	0	317,874	0	6,610,513	6,982,123
Transfer from investments in progress	0	928,752	3,698,102	9,154	(4,636,008)	0
Decreases during the year	0	(338,137)	(2,502,513)	(7,224)	0	(2,847,874)
Revaluation	105,000	0	0	0	0	105,000
Balance as at 31 December 2020	10,749,105	64,698,449	145,583,239	593,031	5,914,556	227,538,380
Value adjustment						
Balance as at 31 December 2019	0	37,194,551	97,557,828	589,492	0	135,341,871
Depreciation during the year	0	1,632,100	5,671,298	1,054	0	7,304,452
Decreases during the year	0	(77,457)	(2,166,587)	(6,849)	0	(2,250,893)
Balance as at 31 December 2020	0	38,749,194	101,062,539	583,697	0	140,395,430
Current value as at 31 December 2020	10,749,105	25,949,255	44,520,700	9,334	5,914,556	87,142,950
Current value as at 31 December 2019	10,590,369	26,913,283	46,511,948	1,609	3,940,051	87,957,260

(in EUR)	Land	Buildings	Production Equipment	Small tools	Fixed assets being acquired	Total
Cost						
Balance as at 31 December 2018	10,590,369	61,233,393	132,756,798	597,553	9,820,146	214,998,259
Direct increases – investments	0	0	1,340,903	0	8,437,985	9,778,888
Transfer from investments in progress	0	3,175,672	11,140,181	2,227	(14,318,080)	0
Decreases during the year	0	(301,231)	(1,168,106)	(8,679)	0	(1,478,016)
Revaluation	0	0	0	0	0	0
Balance as at 31 December 2019	10,590,369	64,107,834	144,069,776	591,101	3,940,051	223,299,131
Value adjustment						
Balance as at 31 December 2018	0	35,658,809	93,257,257	596,906	0	129,512,972
Depreciation during the year	0	1,538,611	5,385,012	854	0	6,924,477
Decreases during the year	0	(2,869)	(1,084,441)	(8,268)	0	(1,095,578)
Balance as at 31 December 2019	0	37,194,551	97,557,828	589,492	0	135,341,871
Current value as at 31 December 2019	10,590,369	26,913,283	46,511,948	1,609	3,940,051	87,957,260
Current value as at 31 December 2018	10,590,369	25,574,584	39,499,541	647	9,820,146	85,485,287

Property, plant and equipment include the disclosure of assets acquired through leasing at a cost of EUR 1,400,771 and at the present value as at 31/12/2020, EUR 999,752.

Subject to IFRS 16, the company discloses leased fixed assets among property, plant and equipment amounting to EUR 1,658,777. Depreciation arising from these fixed assets in 2020 amounted to EUR 278,985 and interest on leases amounted to EUR 16,987. At the end of the year, lease liabilities amounted to EUR 1,170,123, out of which short-term lease liabilities EUR 304,126. Short-term lease expenses not recognised as fixed assets due to a shorter lease term and leases of assets whose value does not exceed the threshold of recognising assets as fixed assets are included among leases in Section 12.4.4 of the 2020 Annual Report.

Major investments included investments in the modernisation and expansion of mechanical and spatial capacities required for production purposes. UNIOR procured CNC machine tools and launched the robotisation of its second forging line.

The company has pledged as collateral land and buildings at an estimated value of EUR 55,370,000 and plant, machinery and tools at their present value of EUR 18,342,569.

Due to changes, land was revalued to its fair value on the basis of an appraisal report, compiled by an authorised real estate appraiser, according to the balance as at 31/12/2020 are presented below. The land was valued by an appraiser using the market comparison method indicating the value by comparing the valued property with equal or similar properties whose price was known. Subject to the sales prices achieved and the adjustments, an indicative price, which a comparable property

would achieve on the market, was taken into account. Public utility charges were added to the land valuation, namely as a right attributed to the construction land where facilities with issued building permits are located. An estimate of costs of disposal was also taken into account in the valuation process.

Financing investment costs for the acquisition of an intangible fixed asset until it reflects the enterprise are included in the cost of property, plant and equipment.

The value of revalued land at cost is EUR 2,249,951.

12.3.3 Investment property

Investment property

(in EUR)	31/12/2020	31/12/2019
Land	697,716	7,379,503
Buildings	0	6,175,387
Total	697,716	13,554,890

Changes in investment property

(in EUR)	31/12/2020	31/12/2019
Opening balance as at 1 January	13,554,890	13,549,113
Acquisitions	0	5,777
Disposals	(12,845,777)	0
Fair value changes	(11,397)	0
Closing balance as at 31 December	697,716	13,554,890

Investment property includes buildings and land intended for resale or being leased out at our Zreče premises. Land intended for sale and disclosed among investment property was valued by an appraiser using the market sales method indicating the value by comparing the valued property with equal or similar properties whose price was known. Subject to the sales prices achieved and the adjustments, an indicative price, which a comparable property would achieve on the market, was taken into account. Public utility charges were added to the land valuation, namely as a right attributed to the construction land where facilities with issued building permits are located. An estimate of costs of disposal was also taken into account in the valuation process. The effect of changing the fair value of investment property amounting to EUR 11,397 is included in the profit or loss of 2020.

The reduction of investment property by EUR 12,845,777 in 2020 results from the sales of property in Maribor.

Lease revenue in the 2020 financial year amounted to EUR 752,555.

Future lease payments refer to lease payments for the powder painting production line and lease payments received for leased out classrooms, apartment and parking spaces. Lease payments fell compared to 2019 as a result of the sales of property in Maribor.

Minimum total of lease payments from operating leases – receivables

(in EUR)	2020	2019
Up to 1 year	73,650	984,469
From 2 to 5 years	225,444	1,976,246
More than 5 years	275,054	196,815
Total	574,148	3,157,530

12.3.4 Non-current investments

Investments in subsidiaries, measured at cost

(in EUR)	Share	31/12/2020	31/12/2019
Domestic:			
ROGLA INVESTICIJE d.o.o. Zreče	100.000	385,368	385,368
SPITT d.o.o. Zreče	100.000	265,000	265,000
UNITUR d.o.o. Zreče	100.000	6,483,792	6,483,792
		<u>7,134,160</u>	<u>7,134,160</u>
Foreign:			
UNIOR Produktions- und Handels- GmbH Ferlach	99.550	510,000	510,000
UNIOR DEUTSCHLAND GmbH Leonberg	100.000	1,052,614	1,052,614
UNIOR FRANCE S.A.S. Melun	100.000	0	0
UNIOR ITALIA S.R.L. Limbiate	95.000	71,202	71,202
UNIOR ESPANA S.L. Uharte-Arakil	95.000	398,718	398,718
UNIOR MAKEDONIJA d.o.o. Skopje	97.360	320,000	560,000
UNIOR PROFESSIONAL TOOLS Ltd St. Petersburg	55.000	178,332	178,332
UNIOR COMPONENTS d.o.o. Kragujevac	100.000	4,908,158	4,908,158
NINGBO UNIOR FORGING Co.Ltd. Yuyao	50.000	1,983,530	1,983,530
UNIOR NORTH AMERICA Inc. Novi	100.000	81,480	81,480
UNIOR BULGARIA Ltd Sofia	77.310	2,000	2,000
UNIOR VINKOVCI d.o.o. Vinkovci	100.000	5,192,282	5,192,282
UNIOR HUNGARIA Kft. Nagyrecse	70.000	0	0
		<u>14,698,316</u>	<u>14,938,316</u>
Total subsidiaries		21,832,476	22,072,476

Investments in subsidiaries, measured at cost

(in EUR)	Share	31/12/2020	31/12/2019
Domestic:			
ŠTORE STEEL d.o.o. Štore	29.253	1,274,260	1,274,260
RC SIMIT d.o.o. Kidričevo	20.000	0	200,000
		<u>1,274,260</u>	<u>1,474,260</u>
Foreign:			
UNIOR SINGAPORE Pte. Ltd. Singapore	40.000	0	0
UNIOR TEOS ALATI d.o.o. Belgrade	20.000	423,000	423,000
UNIOR TEPID, S.R.L. Brasov	49.000	765,075	765,075
UNIOR TEHNA d.o.o. Sarajevo	25.000	150,000	150,000
		<u>1,338,075</u>	<u>1,338,075</u>
Total associates		2,612,335	2,812,335

In 2020, the company spent EUR 144,905 on the mandatory capital increase of UNIOR Singapore Pte. Ltd. Two associates were liquidated: RC Simit d.o.o and UNIOR Singapore Pte. Ltd. A value adjustment of our investment in UNIOR Makedonija d.o.o. of EUR 240,000 was made. Non-current investments in subsidiaries and associates thus fell by EUR 440,000 in the 2020 financial year. The company assesses impairment signs. Valuations are performed for any investments where they are identified subject to future cash flows which serve as the basis for recording any impairment.

Group financial statements also includes subsidiaries where the company holds a minimum 50 per cent shareholding resulting in a dominant influence over it.

Financial assets, measured at fair value through profit or loss

(in EUR)	31/12/2020	31/12/2019
Other investments	110,551	112,696
Total in other companies and banks	110,551	112,696

Non-current investments in debt, measured at amortized value

(in EUR)	31/12/2020	31/12/2019
given to subsidiaries		
Long-term loan given to SPITT d.o.o.	100,376	118,627
Long-term loan given to UNIOR Vinkovci d.o.o.	1,430,000	1,720,000
Long-term loan given to UNIOR HUNGARIA Kft.	514,951	485,092
Long-term loan given to UNIOR BULGARIA Ltd.	0	96,000
Long-term loan given to UNIOR ESPANA S.L.	255,544	322,216
Transfer to current investments	(1,009,873)	(470,922)
Long-term loan given to Jorgić Broker a.d.	762	762
Long-term loan given to BIONIC MEDICAL d.o.o.	0	21,428
Long-term loan given to Mr. Črešnar Primož	474	2,337
Long-term deposit for excise duties	2,925	2,925
Transfer to current investments	(474)	(23,291)
Total in debt	1,294,685	2,275,174
Total non-current investments excluding treasury shares	25,850,047	27,272,681

The non-current loan of Unior Hungaria Kft. is secured by a mortgage on property owned by UNIOR Hungaria Kft. The mortgage amounts to EUR 753,075 and falls due on 31/12/2021. The interest rate amounts to 6-month EURIBOR + 3 per cent. As the mortgage is likely not to be repaid in full, a value adjustment of its value amounting to EUR 600,000 has already been made. The pledged property will be sold to repay the remainder of the disclosed loan. It has been estimated that the sales price will not exceed the value of the disclosed loan. Due to its maturity date, it has been transferred among current investments. Other non-current debt investments are not secured by a pledged property. Disclosed non-current loans are fully recoverable.

Proceeds accruing from interests in 2020 amounted to EUR 136,237 and EUR 205,042 in 2019.

Changes in non-current investments in shares, participating interests and loan

(in EUR)	2020	2019
Balances of investments as at 1 January	27,272,681	27,285,997
Increases:		
Acquisition of shares and participating interests	144,905	80,000
Increase of investments in liabilities	29,858	35,910
Return of the current portion of investments	0	455,234
Decreases:		
Sales of shares and participating interests	(2,145)	0
Discontinuation	(200,000)	0
Repayments of long-term loans given		(8,492)
Current portion of investments	(1,010,347)	(494,213)
Impairment of investments	(384,905)	(81,755)
Balance as at 31 December	25,850,047	27,272,681

Non-current investments were increased by the statutorily required capital increase of UNIOR Singapore Pte. Ltd. by converting the receivables of the company into participating interest amounting to EUR 144,905 and the accrual of interest on loan interest amounting to EUR 29,858.

Impairment in 2020 is represented by value adjustments of non-current investments, namely by EUR 144,905, associated with an investment in UNIOR Singapore Pte. Ltd. and a EUR 240,000 investment in UNIOR Makedonija d.o.o. 2020 also included the liquidation of RC Simit d.o.o., representing a EUR 200,000 reduction, and the sales of Intereuropa d.d. shares amounting to EUR 2,145.

Equity and profit or loss of related parties

Company name	Country Company	Percentage participating in equity	Size equity in EUR	Operating of the year in EUR
<u>Subsidiaries</u>				
UNITUR d.o.o.	Slovenia	100.000	29,108,573	(41,301)
ROGLA INVESTICIJE d.o.o.	Slovenia	100.000	440,581	1,770
SPITT d.o.o.	Slovenia	100.000	764,880	7,451
UNIOR Produktions- und Handels-GmbH	Austria	99.550	82,699	10,171
UNIOR DEUTSCHLAND GmbH	Germany	100.000	1,236,043	108,373
UNIOR FRANCE S.A.S.	France	100.000	(343,810)	17,723
UNIOR ITALIA S.R.L.	Italy	95.000	127,118	(26,463)
UNIOR ESPANA S.L.	Spain	95.000	568,860	45,122
UNIOR MAKEDONIJA d.o.o.	N. Macedonia	97.363	66,730	1,656
UNIOR PROFESSIONAL TOOLS Ltd.	Russia	55.000	838,710	(269,044)
UNIOR BULGARIA Ltd.	Bulgaria	77.310	98,483	59,034
UNIOR HUNGARIA Kft.	Hungary	70.000	(740,399)	(188,322)
UNIOR COMPONENTS d.o.o.	Serbia	100.000	13,196,240	1,015,438
UNIOR - NORTH AMERICA Inc.	USA	100.000	131,495	29,195
NINGBO UNIOR FORGING Co. Ltd.	China	50.000	27,508,696	4,877,090
UNIOR VINKOVCI d.o.o.	Croatia	100.000	3,517,519	35,468
<u>Associates:</u>				
ŠTORE STEEL d.o.o.	Slovenia	29.253	59,745,423	(2,562,672)
UNIOR TEPID S.R.L.	Romania	49.000	6,919,923	1,196,909
UNIOR TEHNA d.o.o.	Bosnia and Herzegovina	25.000	1,527,758	106,851
UNIOR TEOS ALATI d.o.o.	Serbia	20.000	3,452,181	467,249

Detailed information on subsidiaries and associates (company name, address, activity and number of employees) is disclosed in Section 15.2 of the 2020 Annual Report.

12.3.5 Inventories

(in EUR)	31/12/2020	31/12/2019
Materials	22,571,274	23,923,280
Work in progress	26,689,184	28,086,391
Products	14,232,322	15,693,864
Merchandise	3,283,277	4,229,826
Inventory surpluses	176,798	53,969
Inventory deficits	(471,150)	(128,233)
Value adjustment	(2,740,506)	(2,225,873)
Total	63,741,199	69,633,224

Balance of value adjustment of inventories

(in EUR)	31/12/2020	31/12/2019
– materials	539,700	502,291
– finished products	1,869,589	1,622,234
– merchandise	331,217	101,348
Total	2,740,506	2,225,873

Change in allowances set up for inventories

(in EUR)	2020	2019
Balance of allowances set up for inventories as at 1		
January	2,225,873	1,899,774
– reconciliation from the previous year	(11,300)	0
– formation	756,519	326,099
– write-offs	(230,586)	0
Balance as at 31 December	2,740,506	2,225,873

In the 2020 financial year, inventories fell by EUR 5,892,025 in total, resulting from a lower production volume caused by epidemic-related issues and rationalisations of all operating segments.

The carrying value of inventories equals the net realisable value. A value adjustment is formed for inventories not experiencing any movement in specific periods of time subject to the methodology contained in our accounting policies. The balance of value adjustments of inventories in 2020 amounted to EUR 514,633 more than at the end of 2019.

Inventories amounting to EUR 20 million are pledged in favour of banks as collateral for our financial liabilities.

Inventories are shown in gross amounts as a result of a separate disclosure of value adjustments of inventories and their effects, arising from established changes during stocktaking. Inventories contained in the balance sheet statement are shown in net amounts.

12.3.6 Operating receivables

Operating receivables

(in EUR)	31/12/2020	31/12/2019
Non-current operating receivables		
Non-current operating receivables due from associates	7,326,263	7,499,313
Non-current trade receivables due from others	18,575	30,835
Value adjustment of non-current operating receivables	0	0
Total non-current operating receivables	7,344,838	7,530,148
Current operating receivables		
Current operating receivables due from subsidiaries	5,471,898	5,821,781
Current operating receivables due from associates	276,883	1,336,529
Current trade receivables, domestic	1,890,820	2,415,843
Current trade receivables, foreign	9,080,373	14,099,284
VAT receivables	1,399,193	780,795
Advance payments	331,680	611,668
Advance payments from subsidiaries	0	19,656
Other current operating receivables	3,259,764	2,191,689
Value adjustments	(260,750)	(71,907)
Value adjustments, subsidiaries	(224,343)	0
Total current operating receivables	21,225,518	27,205,338

Operating receivables were reduced by EUR 185,310 due to repayments by both subsidiaries and customers. Other current receivables include disclosed receivables from sold non-recourse factoring operating receivables, receivables from the distribution of profits of Ningbo Unior Forging Co. Ltd., receivables from refunds. These also include a disclosure of deferred costs and accrued revenue as recorded. Receivables shown in the table are fully recoverable. The impairment of receivables is formed on the basis of expected losses in respect of the risk that they will not be recovered. Historical, current and future-oriented recovery information is taken into account. All current trade receivables due from non-affiliated customers are secured. As all receivables are current, no discount rate is applied to their recovery.

In 2020, the company formed value adjustments of trade receivables amounting to EUR 429,634.

Changes in allowances set up for receivables

(in EUR)	2020	2019
Balance as at 1 January	71,907	153,196
Collected written-off receivables	(16,448)	(15,267)
Final write-off of receivables	0	(88,397)
Setting up allowances during the year	429,634	22,375
Balance as at 31 December	485,093	71,907

Maturity of receivables of the company	31/12/2020	31/12/2019
Receivables not yet due	15,878,040	19,545,454
Receivables overdue up to 90 days	3,016,058	6,162,925
Receivables from 91 to 180 days overdue	548,731	607,871
Zapadle terjatve od 181 do 360 dni	1,407,041	411,389
Receivables more than 360 year overdue	375,648	477,699
Total	21,225,518	27,205,338

12.3.7 Current investments

(in EUR)	31/12/2020	31/12/2019
Loans given		
– to subsidiaries	1,379,495	3,920,010
– to others	4,059	0
Short-term portion of long-term loans given to subsidiaries	1,009,873	470,922
Short-term portion of non-current investments in liabilities	474	23,291
Total	2,393,901	4,414,223

Current investments have not been pledged as collateral.

The company discloses current investments at amortised cost.

Short-term loans (except for the current portion of non-current loans) are not secured but are believed to be fully recoverable. Interest on loans given is being repaid.

Changes in current investments

(in EUR)	2020	2019
Balance as at 1 January	4,414,223	3,644,341
Increases:		
Increase in short-term loans given to Group companies	4,474,704	2,937,852
Increase in short-term loans given to others	4,059	0
Transfer of the current portion of non-current investments	1,010,347	494,213
Decreases:		
Decrease in short-term loans given to Group companies	(7,486,140)	(2,185,521)
Decrease in short-term loans given to others	(23,292)	(21,428)
Transfer to non-current investments	0	(455,234)
Balance as at 31 December	2,393,901	4,414,223

A reduction of non-current investments represents a lower loan stock of the loan given to our subsidiary Unitur d.o.o. The loan stock fell by EUR 2,209,238 compared to the end of 2019. The balance of current investments in other Group companies is lower than one year ago.

12.3.8 Cash and cash equivalents

Bank balances, cheques and cash

(in EUR)	31/12/2020	31/12/2019
Cash in hand and cheques received	580	282
Cash at bank	2,980,848	5,840,180
Total	2,981,428	5,840,462

The cash balance is lower than at the end of the previous year when the company returned cash and cash equivalents to utilised revolving loans for cost optimisation purposes. The cash balance is represented by the balance of cash on accounts with commercial banks and cash in hand.

12.3.9 Equity

The equity of UNIOR d.d. comprises called-up capital, capital reserves, revenue reserves, reserves from revaluation at fair value and the net loss or profit of the financial year.

As at 31/12/2020, the share capital of the parent company is registered in the amount of EUR 23,688,983 as disclosed in the balance sheet. It is divided into 2,838,414 no-par value shares. The book value of shares as at 31/12/2020 amounts to EUR 32.39 per share and has fallen by 7.9 per cent compared to the previous year due to the loss generated in the current year. The company does not hold any authorised capital. No contingent share capital increases were held in the 2020 financial year. No dividend stocks were issued. The company is not a member in another company for whose liabilities it would be liable without any restrictions.

Capital reserves amount to EUR 30,277,035 and did not change compared to the previous year. Capital reserves are composed of a paid-in capital surplus from capital increases amounting to EUR 5,770,132; excess of the sales value over the carrying amount of sold treasury shares amounting to EUR 2,889,134 and a general revaluation surplus in equity included into capital reserves upon shifting to International Financial Reporting Standards amounting to EUR 21,617,769.

Revenue reserves amounting to EUR 20,660,288 are intentionally retained revenue from previous years, mainly for the settlement of potential future losses. Their balance did not change compared to the end of 2019. Reserves include reserves for treasury shares owned by UNIOR d.d. and treasury shares owned by its subsidiaries Unior Deutschland GmbH and SPITT d.o.o. amounting to EUR 2,016,459.

Reserves from revaluation at fair value amounting to EUR 8,299,239 represent reserves from the revaluation of land at fair value and losses and actuarial gains from actuarial calculations of termination benefits at retirement. In the past year, provisions due to fair value measurements amounted to EUR 8,324,267. The EUR 25,028 reduction is composed of an EUR 104,999 increase from the revaluation of land at fair value and a EUR 78,287 decrease from the change in actuarial gains from calculated provisions subject to pension schemes and a EUR 53,259 impairment of surplus value.

Fair value reserves

(in EUR)	31/12/2020	31/12/2019
Land	10,503,500	10,398,501
Termination benefits at retirement	(529,466)	(529,466)
Actuarial gains	329,551	407,838
Impairment of value surpluses	(2,004,346)	(1,952,606)
Total	8,299,239	8,324,267

Changes in reserves from valuation at fair value

(in EUR)	2020	2019
Balance as at 1 January	8,324,267	8,400,697
Decreases:		
– Actuarial gains	(78,287)	(76,430)
– Impairment of value surpluses	(51,740)	0
Increases:		
– Land	104,999	0
Balance as at 31 December	8,299,239	8,324,267

The net result of the year is negative – the company generated a EUR 7,959,484 loss, compared to EUR 6,123,725 in generated profits during the previous year.

Changes in equity in the current year represent:

- a reduction of reserves from the valuation at fair value resulting from changes in reserves from the revaluation of land at fair value and from the actuarial gains generated during the calculation of termination benefit provisions amounting to EUR 25,028,
- net profits brought forward - profits increased from the transfer of the unallocated profit for the financial year 2019 amounting to EUR 6,123,725,
- the entry of net loss generated in the 2020 financial year amounts to EUR 7,959,484.

Balance sheet profits is a category referred to in the Companies Act.

Distributable profit/Distributable loss

(in EUR)	31/12/2020	31/12/2019
a) Profit/loss of the current year	(7,959,483)	6,123,725
b) Net profit brought forward	16,972,710	10,848,985
c) Net loss brought forward	0	0
d) Decrease in capital reserves	0	0
e) Decrease in revenue reserves	0	0
f) Increase in revenue reserves	0	0
g) Non-current deferred development costs	(3,139,716)	(3,498,132)
h) Distributable profit	5,873,511	13,474,578

12.3.10 Non-current Provisions and Deferred Revenue

(in EUR)	Provisions for termination and jubilee benefits	Provisions for annuities	Donations received for fixed assets	Total
Balance as at 31 December 2019	4,661,157	298,248	200,817	5,160,222
Formed provisions	401,128	6,718	6,395	414,241
Utilised provisions	(133,691)	(16,795)	(18,508)	(168,994)
Reversed provisions	(182,828)	0	0	(182,828)
Balance as at 31 December 2020	4,745,766	288,171	188,704	5,222,641

(in EUR)	Provisions for termination and jubilee benefits	Provisions for annuities	Donations received for fixed assets	Total
Balance as at 31 December 2018	4,371,919	307,946	212,934	4,892,799
Formed provisions	455,359	7,097	6,671	469,127
Utilised provisions	(75,081)	(16,795)	(18,788)	(110,664)
Reversed provisions	(91,040)	0	0	(91,040)
Balance as at 31 December 2019	4,661,157	298,248	200,817	5,160,222

Provisions for jubilee and termination benefits are formed in the amount of estimated future pay-outs of jubilee and termination benefits discounted at the balance sheet date. The main parameters taken into account in the calculation are the retirement age of 65 years for both women and men, the required length of service of 40 years, the discount rate of 0.8 per cent and annual wage growth of 2.2 per cent. Provisions are reversed due to different assumptions used to calculate provisions and for all employees for whom provisions had been formed in the past but who are no longer employed at Unior.

Provisions for annuities are formed for employees sustaining occupational injuries that have resulted in permanent damage thereto.

Non-current provisions, deferred revenue also includes a disclosure of funds received from the Ministry of Economy for co-financing development projects and the Ministry of the Environment and Spatial Planning for emission allowances received. Provisions are utilised subject to the depreciation of the co-financed fixed assets. As at 31/12/2020, the balance of provisions amounts to EUR 188,704 and has been falling for several years.

There are no unfulfilled conditions or contingent liabilities associated with government grants.

12.3.11 Non-current financial liabilities

Changes in non-current financial liabilities

(in EUR)	Principal debt 01 Jan 2020	New loan in the year	Increase unpaid current portion	Repayment in the year	Principal debt 31 Dec 2020	Part which falls due in 2021	Non-current portion
Bank or creditor							
Domestic banks	71,667,466	7,001,929	7,747,079	(7,528,576)	78,887,898	(8,152,252)	70,735,646
Lease liabilities	888,894	333,916	0	(52,687)	1,170,123	(304,126)	865,997
Financial leases	420,893	611,158	0	(201,716)	830,335	(256,342)	573,993
Total loans taken out	72,977,253	7,947,003	7,747,079	(7,782,979)	80,888,356	(8,712,720)	72,175,636

(in EUR)	Principal debt 01 Jan 2019	New loan in the year	Repayment in the year	Principal debt 31 Dec 2019	Part which falls due in 2020	Non-current portion
Bank or creditor						
Domestic banks	86,616,897	0	(579,723)	86,037,174	(14,369,708)	71,667,466
Lease liabilities	0	1,340,903	(217,126)	1,123,777	(234,883)	888,894
Financial leases	344,003	512,533	(183,086)	673,450	(252,557)	420,893
Total loans taken out	86,960,900	1,853,436	(979,935)	87,834,401	(14,857,148)	72,977,253

Interest rates on long-term loans range from 6-month Euribor + 0.54 per cent to 6-month Euribor + 3.19 per cent and from 3-month Euribor + 0.5 per cent to 3-month Euribor + 2.9 per cent. The company has taken out long-term loans with a 3-month and 6-month Euribor benchmark interest rate. In 2017, the company concluded an interest rate swap for a period of five years for long-term loans amounting to EUR 47.5 million and thereby secured the company against any adverse movement effects of the variable Euribor interest rate. Current interest rate swap costs are recognised through the income statement.

Maturity of non-current financial liabilities by year

(in EUR)	2020	2019
Maturity from 1 to 2 years	13,202,430	11,437,473
Maturity from 2 to 3 years	49,013,637	11,516,355
Maturity from 3 to 4 years	8,292,617	49,640,235
Maturity from 4 to 5 years	1,666,952	213,116
Maturity more than 5 years	0	170,074
Total	72,175,636	72,977,253

Collateral for non-current and current liabilities from financing activities consists of mortgages on immovable and moveable property, investments and inventories at fair value amounting to EUR 134,060,738, as well as bills of exchange given. These amounts match the values of secured loan agreements. Collateral for non-current liabilities from financing activities in the past year remained the same.

12.3.12 Deferred Tax Assets and Liabilities

Deferred tax liabilities

(in EUR)	31/ 12/ 2020	31/ 12/ 2019
Deferred non-current tax assets	7,573,807	5,231,555
– provisions for jubilee and termination benefits	901,695	885,620
– impairment of trade receivables	92,168	13,662
– Impairment of investments	443,371	343,777
– tax relief for investments	1,774,443	1,494,176
– R&D investments	836,136	661,209
– tax loss	3,525,994	1,833,111
Deferred non-current tax liabilities	(2,004,346)	(1,952,606)
– surplus from revaluation of land	(2,042,330)	(1,975,715)
– surplus from revaluation of termination benefits at retirement	37,984	23,109
Net deferred non-current tax assets	5,569,461	3,278,949

Changes in deferred tax assets	2020	2019
Balance of deferred tax assets as at 1 January	5,231,555	5,881,552
Decrease:		
– provisions for jubilee and termination benefits	0	0
– impairment of trade receivables	0	(15,445)
– impairment of investments	0	0
– tax relief for investments	0	(340,816)
– R&D investments	0	(136,784)
– tax loss	0	(227,107)
Increases:		
– provisions for jubilee and termination benefits	16,077	54,955
– impairment of trade receivables	78,505	0
– impairment of investments	99,593	15,200
– tax relief for investments	280,267	0
– R&D investments	174,927	0
– tax loss	1,692,883	0
Balance of deferred tax assets as at 31 December	7,573,807	5,231,555

Changes in deferred tax liabilities	2020	2019
Balance of deferred tax liabilities as at 1 January	1,952,606	1,970,534
Decrease	0	(17,928)
Increase	51,740	0
Balance of deferred tax liabilities as at 31 December	2,004,346	1,952,606

Deferred tax is determined using the balance sheet liability method, taking into account temporary differences between the carrying amounts of assets and liabilities used for financial and tax reporting purposes. Deferred tax is recognised in the amount that is expected to be paid when the temporary differences are reversed subject to laws that have been enacted or substantively enacted as at the reporting date.

Deferred tax assets arise from the calculated provisions for jubilee and termination benefits y, the impairment of trade receivables, the impairment of R&D investments and the disclosed tax loss. The tax rate applied to all items is 19 per cent.

Non-current deferred tax liabilities relate to the recalculation of property - land to a fair value which is shown on the revaluation surplus and the surplus from revaluation of termination benefits. The tax rate applied is 19 per cent.

12.3.13 Current financial liabilities

Changes in current financial liabilities

(in EUR)	Balance of liabilities 1 Jan 2020 With the short-term portion of non-current liabilities	New loan in the year	Transfer of unpaid short-term portion to non-current liabilities	Repayment in the year	Transfer of current portion of the non-current payable	Balance debt 31 Dec 2020
Bank or creditor						
Domestic banks	29,269,708	3,013,781	(7,747,079)	(21,368,141)	8,152,252	11,320,521
Related persons	466,530	901,944	0	(902,944)	0	465,530
Lease liabilities	234,882	71,032	0	(305,914)	304,126	304,126
Financial leases	252,557	0	0	(252,557)	256,342	256,342
Total loans taken out	30,223,677	3,986,757	(7,747,079)	(22,829,556)	8,712,720	12,346,519

(in EUR)	Balance of liabilities 1 Jan 2019 With the short-term portion of non-current liabilities	New loan in the year	Transfer of unpaid short-term portion to non-current liabilities	Repayment in the year	Transfer of current portion of the non-current payable	Balance debt 31 Dec 2019
Bank or creditor						
Domestic banks	18,304,470	8,743,184	0	(12,147,654)	14,369,708	29,269,708
Related persons	458,971	8,559	0	(1,000)	0	466,530
Lease liabilities	0	231,840	0	(231,841)	234,883	234,882
Financial leases	252,292	0	0	(252,292)	252,557	252,557
Total loans taken out	19,015,733	8,983,583	0	(12,632,787)	14,857,148	30,223,677

Current financial liabilities include the disclosure of loan taken out from its affiliates Unior Deutschland GmbH, Rogla investicije d.o.o. and RC Simit d.o.o., a revolving loan with a consortium of commercial banks and short-term project financing. All other financial liabilities are non-current.

The interest rate for taken out short-term loans is 2.0 to 4.0 per cent fixed and 6-month Euribor + 1.8 per cent to 6-month Euribor + 2.9 per cent.

Collateral for non-current and current liabilities from financing activities consists of mortgages on immovable and moveable property, investments and inventories at fair value amounting to EUR 134,060,738, as well as bills of exchange given. These amounts match the values of secured loan agreements. Collateral for non-current liabilities from financing activities in the past year remained the same.

12.3.14 Current operating liabilities

Current operating liabilities

(in EUR)	31/12/2020	31/12/2019
Current operating liabilities due to associates		
Domestic	73,417	45,667
Foreign	1,474,536	1,684,234
Current operating liabilities due to associates		
Domestic	6,771,558	5,992,806
Foreign	6,205	41,816
Current trade payables due to other suppliers:		
Domestic	14,772,936	16,733,305
Foreign	6,151,849	8,166,827
Current operating liabilities due to the state	593,366	594,721
Current operating liabilities due to employees	4,227,300	3,370,029
Current operating liabilities from advance payments	895,384	3,651,139
Current interest payable	19,812	22,697
Other current liabilities	5,060,276	2,904,787
Current portion of non-current operating liabilities	0	0
Total	40,046,639	43,208,028

Maturity dates of operating liabilities of the company

(in EUR)	31/12/2020	31/12/2019
Not yet due	29,214,193	27,142,653
Receivables 90 days overdue	10,393,580	14,325,726
Receivables 91 up to 180 days overdue	438,413	1,501,330
Receivables 181 up to 360 days overdue	453	238,319
Receivables over 360 days overdue	0	0
Total	40,046,639	43,208,028

Other current liabilities include:

- accrued costs amounting to EUR 1,909,856, which include accrued sales commission amounting to EUR 577,658, our liability from leave unexpended in 2020 amounting to EUR 1,114,362, and our liability for the 2020 audit amounting to EUR 11,700;
- current deferred revenue amounting to EUR 149,326 from IFRS 15 for goods dispatched to buyers at the end of 2020 which had not arrived to their premises during the 2020 financial year and current deferred revenue from projects implemented in the Special Machines Programme amounting to EUR 2,668,038.

12.3.15 Contingent liabilities

(in EUR)	31/12/2020	31/12/2019
Given guarantees and sureties	7,362,604	5,167,197
Legal claims	754,938	0
Total	8,117,542	5,167,197

Sureties and guarantees given to affiliates amount to EUR 7,362,604 and were increased by the guarantee given for the loan taken out by the UNITUR d.o.o. subsidiary of EUR 2,700,000 and fell by the regular repayment of liabilities for which guarantees have been given.

Legal actions refer to the legal action received from the District Court of Celje regarding the commercial dispute between Rhydcon d.o.o. and UNIOR d.d. for the repayment of EUR 754,938 including interest in exchange for the received UNIOR d.d. shares and interest. There is no real basis to this claim. No hearing has been fixed by the court so far.

UNIOR d.d. issued a letter of support to UNIOR Vinkovci d.o.o. assuring them not to discontinue the operations of this subsidiary within the following twelve months and to provide financial support if required. No future liabilities are estimated to be incurred as a result thereof.

12.4 Notes to the income statement of UNIOR d.d.

12.4.1 Net revenue from sales

Net revenue from sales by geographical segment

(in EUR)	2020	2019
Slovenia	14,210,611	18,354,596
– subsidiaries	935,500	1,296,085
– associates	48,791	42,297
– other customers	13,226,320	17,016,214
Foreign	123,844,028	156,981,656
– subsidiaries	11,135,220	14,009,001
– associates	3,958,974	5,796,892
– other customers	108,749,834	137,175,763
Total	138,054,639	175,336,252

Net revenue from sales by business segment

(in EUR)	2020	2019
Forge	87,821,283	112,127,835
Hand Tools	28,243,785	34,837,467
Special Machines	17,441,258	22,750,796
Joint services	4,159,513	5,534,793
Maintenance	388,800	85,361
Total	138,054,639	175,336,252

Subject to sales agreements of the Special Machines Programme amounting to a total of EUR 17,533,882, which remained unrealised as at 31/12/2020, EUR 4,329,127 will be recognised in revenue in future periods.

12.4.2 Capitalised own products and services

Capitalised own products and own services are products made by the Company itself or the services provided by the company for its own needs included in either property, plant and equipment or intangible non-current fixed assets. Their value does not exceed the costs of their production or services rendered.

Capitalised own products and services

(in EUR)	2020	2019
Capitalised own products and services	2,389,485	2,759,635
Total	2,389,485	2,759,635

Capitalised own products and services disclose the value of capitalised development costs in the Special Machines Programme amounting to EUR 920,670 and own investments in Maintenance and Special Machines for the needs of other programmes amounting to EUR 1,468,815 including a complete restoration of machines in the Forge, of CNC machine tools and the production of a new machine required by the Toolshop.

12.4.3 Other operating revenue

Other operating revenue

(in EUR)	2020	2019
Benefits for exceeding the quota of disabled employees	188,335	163,017
Paid receivables already included in the value adjustment	29,289	15,267
Damages received	126,156	264,994
Reversal of non-current provisions	445,732	378,242
Profit from the sale of fixed assets	88,117	194,548
Subsidies, grants and similar revenue	1,579	43,072
Receipt of emission allowances	6,671	6,951
Subsidies – temporary lay-offs (COVID-19)	3,271,905	0
Subsidies – exemption from payment of contributions (COVID-19)	2,090,541	0
Subsidies – reimbursement of sickness benefits of up to 30 days (COVID-19)	33,368	0
Subsidies – reimbursement of quarantine payments (COVID-19)	10,513	0
Subsidies – reimbursement of absence due to a force majeure (COVID-19)	48,805	0
Subsidies – reimbursement of the crisis allowance (COVID-19)	158,376	0
Other operating revenue	1,351,614	917,454
Total	7,851,001	1,983,545

The write-off of non-current provisions includes the reversal of provisions from retained contributions for the employment of disabled persons above the prescribed quota and the reversal of non-current provisions from the actuarial calculation of termination and jubilee benefits, whereas profits from the sales of fixed assets represents a positive effect of the sale of non-essential land.

In compliance with intervention law adopted to mitigate the repercussions of the COVID-19 disease epidemic, the company received EUR 5,613,508 in state aid from the Republic of Slovenia in 2020 for the purposes illustrated in the table above.

12.4.4 Costs and expenses

2020 (in EUR)	Production costs	Costs of selling	Costs of general Activities	Total
Cost of merchandise and materials sold	5,292,680	4,064,600	1,339,602	10,696,882
Costs of materials	61,052,682	544,912	1,291,085	62,888,679
Costs of services	12,351,163	2,261,100	2,615,479	17,227,742
<i>Costs of salaries</i>	28,473,646	1,711,076	4,347,177	34,531,899
<i>Costs of social insurances</i>	4,913,480	281,159	720,008	5,914,647
<i>Costs of pension insurances</i>	407,790	15,709	53,426	476,925
<i>Other labour costs</i>	5,111,852	186,772	556,135	5,854,759
Total labour costs	38,906,768	2,194,716	5,676,746	46,778,230
Depreciation	7,237,577	209,589	929,241	8,376,407
Operating expenses from the revaluation of current operating assets	327,345	1,042,231	4,553	1,374,129
Expenses from the revaluation of intangible assets and property, plant and equipment	426,556	0	4,373,827	4,800,383
Other costs	287,768	37,598	300,332	625,698
Total costs	125,882,539	10,354,746	16,530,865	152,768,150

2019 (in EUR)	Production costs	Costs of selling	Costs of general Activities	Total
Cost of merchandise and materials sold	5,568,058	4,993,947	2,200,411	12,762,416
Costs of materials	78,528,692	903,289	1,604,392	81,036,373
Costs of services	16,547,489	2,733,439	2,976,471	22,257,399
<i>Costs of salaries</i>	31,065,808	1,730,898	4,479,115	37,275,821
<i>Costs of social insurances</i>	5,423,158	285,267	738,387	6,446,812
<i>Costs of pension insurances</i>	397,442	14,784	51,146	463,372
<i>Other labour costs</i>	4,880,519	145,481	493,710	5,519,710
Total labour costs	41,766,927	2,176,430	5,762,358	49,705,715
Depreciation	6,874,429	201,089	824,659	7,900,177
Operating expenses from the revaluation of current operating assets	234,001	110,868	3,610	348,479
Expenses from the revaluation of intangible assets and property, plant and equipment	71,369	5,250	7,159	83,778
Other costs	568,307	59,189	377,475	1,004,971
Total costs	150,159,272	11,183,501	13,756,535	175,099,308

Other labour costs comprise holiday allowance, meal allowance, travel allowance, jubilee and termination benefits above the formed provision and certain other remuneration paid out to employees.

Costs of services include the disclosure of EUR 35,478 in costs of hiring workers through recruitment agencies representing 5 employees in relation to hours worked.

Procurement of materials in associates is presented in Section 12.6.2 of the 2020 Annual Report.

As part of its other costs, the company discloses:

(in EUR)	2020	2019
– Provisions for annuities	6,718	6,944
– Other provisions	68,810	0
– Ground exploitation fee	192,077	190,026
– Environmental protection expenditures	28,126	61,769
– Bonuses to pupils and students undergoing practical training	52,952	373,971
– Scholarships to pupils and students	114,117	107,991
– Damages paid to employees	41,188	61,047
– Financial aid – grants	95,142	147,778
– Other operating expenses	26,568	55,445
Total	625,698	1,004,971

Lease payments

Lease payments in 2020 amounted to EUR 988,564, whereas in 2019 they amounted to EUR 829,289. The increase results from server and computing capacities and internet telephony leased by the company.

The company pays leases for its commercial and storage facilities needed by the Special Machines Programme, for parking facilities at the Forge Machining Plant in Slovenske Konjice and for renting working clothes for all employees.

Minimum total of lease payments from operating leases – liabilities

(in EUR)	2020	2019
Up to 1 year	295,972	572,773
From 2 to 5 years	1,183,890	2,291,091
More than 5 years	1,479,862	2,863,863
Total	2,959,724	5,727,727

The contractual amount spent for the audit of the Annual Report of Unior d.d. and the consolidated annual report for the UNIOR Group is EUR 25,000. The audit was performed by Deloitte Revizija d.o.o. Ljubljana. The contractual provision of non-audit services amounted to EUR 800 in the 2020 financial year and include the accuracy verification of the financial commitments' calculation for the needs of banks and the verification of criteria for allocating revenue generated through the provision of a public utility.

12.4.5 Financial revenue and financial expenses

Financial revenue

(in EUR)	2020	2019
Financial revenue from participating interests		
Financial revenue from participating interests in Group companies	652,442	1,560,504
Financial revenue from participating interests in associates	30,484	2,040,256
Financial revenue from participating interests in other companies	30	103
Total	682,956	3,600,863
Financial revenue from loans given		
Financial revenue from loans given to Group companies	136,784	205,666
Financial revenue from loans given to others	9,672	6,663
Total	146,456	212,329
Financial revenue from operating receivables		
Financial revenue from operating receivables due from Group companies	1,092	0
Financial revenue from operating receivables due from others	46,850	52,269
Total	47,942	52,269
Total financial revenue	877,354	3,865,461

Financial revenue from participating interests in Group companies includes a share of profits in Ningbo Unior Forging Co. Ltd. Financial revenue from participating interests in associates includes of profits in Unior Teos Alati d.o.o.

Financial expenses

(in EUR)	2020	2019
Financial expenses from the impairment and write-offs of investments	524,176	81,755
Financial expenses from financial liabilities		
Financial expenses from loans received from Group companies	11,408	8,404
Financial expenses from loans from banks	2,815,199	3,156,044
Financial expenses from other financial liabilities	16,987	14,689
Total	2,843,594	3,179,137
Financial expenses from operating liabilities		
Financial expenses from operating liabilities due to Group companies	449	414
Financial expenses from trade payables	330,117	220,903
Financial expenses from other operating liabilities	77,472	1,135,663
Total	408,038	1,356,980
Total financial expenses	3,775,808	4,617,872

An impairment of the investment in UNIOR Makedonija d.o.o. amounting to EUR 240,000 was formed; an impairment of the investment in UNIOR Singapore Pte. Ltd. amounting to EUR 144,905 was formed. The liquidation of RC Simit d.o.o. generated EUR 139,271 in loss. Financial interest payables due for loans from banks amounted to EUR 2,815,199 or 10.8 per cent less than in 2019.

12.5 Declaration on Corporate Income Tax and Deferred Tax of UNIOR d.d.

(in EUR)	2020	2019
Corporate income tax	0	0
Deferred tax	(2,342,252)	649,997
Total	(2,342,252)	649,997

Reconciliation of the taxable and accounting profit multiplied by the tax rate in Slovenia:

(in EUR)	2020	2019
Net profit or loss of the financial year before taxes	(10,301,735)	6,773,722
Corporate income tax in Slovenia 19%	0	1,287,007
Non-taxable revenue	611,905	3,510,394
Unrecognised tax expenses	2,037,041	1,510,829
Value adjustment of receivables	78,506	(15,445)
Value adjustment of investments	99,593	15,200
Formation of provisions	16,076	54,955
Tax relief for investments in research and development	174,927	(136,784)
Tax relief for investments	280,267	(340,816)
Tax relief for employing disabled persons	0	0
Tax relief for a voluntary supplementary pension scheme	0	0
TAX LOSS	1,692,883	(227,107)
Deferred tax	(2,342,252)	649,997
Effective tax rate in %	22.7	9.6

No tax base was disclosed for 2020. No tax relief was availed of during the current declaration on corporate income tax. Tax relief which can be utilised in subsequent periods amounts to a total of EUR 32,297,750, out of which a tax loss of EUR 18,557,862.

Deferred tax

Profits established subject to tax legislation differs from the profits established subject to accounting rules and the IFRS. The deferral of taxes is accounted for only for temporary differences in the tax burden between the business accounts and financial statements, i.e. for those reconciled in the defined period.

Deferred tax assets are calculated using the temporary difference in non-current provisions for termination and jubilee benefits, the impairment of trade receivables, unutilised tax relief and tax losses.

The effect of deferred taxes on net profits amounts to EUR 2,342,252, increasing the net profits of the current year.

12.6 Related-Party Transactions

All related-party transactions were performed under usual market conditions.

12.6.1 Sales to associates

Sale to related parties

(in EUR)	2020	2019
Subsidiaries		
Domestic:	1,001,287	1,363,434
UNITUR d.o.o. Zreče	973,096	1,339,031
SPITT d.o.o. Zreče	28,191	24,403
Foreign:	11,139,511	14,009,001
UNIOR Produktions- und Handels- GmbH Ferlach	2,567,319	3,632,738
UNIOR DEUTSCHLAND GmbH Leonberg	233,024	416,699
UNIOR ITALIA S.R.L. Limbiate	767,764	997,148
UNIOR ESPANA S.L. Uharte-Arakil	638,452	748,465
UNIOR MAKEDONIJA d.o.o. Skopje	182,895	231,318
UNIOR PROFESSIONAL TOOLS Ltd St. Petersburg	764,145	1,475,792
UNIOR BULGARIA Ltd. Sofia	174,663	190,183
UNIOR HUNGARIA Kft. Nagyrecse	154,903	206,349
UNIOR COMPONENTS d.o.o. Kragujevac	245,530	216,308
UNIOR NORTH AMERICA Inc. Novi	153,137	113,256
NINGBO UNIOR FORGING Co.Ltd. Yuyao	(55,986)	162,448
UNIOR VINKOVCI d.o.o. Vinkovci	5,313,665	5,618,297
Total subsidiaries	12,140,798	15,372,435
Associates		
Domestic:	48,790	42,297
ŠTORE STEEL d.o.o. Štore	36,041	27,897
RC SIMIT d.o.o. Kidričevo	12,749	14,400
Foreign:	3,958,975	5,796,892
UNIOR TEPID S.R.L. Brasov	2,335,406	3,568,786
UNIOR SINGAPORE Pte. Ltd. Singapore	1,982	170,202
UNIOR TEHNA d.o.o. Sarajevo	413,716	465,796
UNIOR TEOS ALATI d.o.o. Belgrade	1,207,871	1,592,108
Total associates	4,007,765	5,839,189
Total sales to related persons	16,148,563	21,211,624

12.6.2 Procurement from associates

Procurement from related parties

(in EUR)	2020	2019
Subsidiaries		
Domestic:	227,068	383,540
UNITUR d.o.o. Zreče	61,889	215,629
SPITT d.o.o. Zreče	165,179	167,911
Foreign:	11,512,645	12,593,939
UNIOR Produktions- und Handels- GmbH Ferlach	664,940	833,460
UNIOR DEUTSCHLAND GmbH Leonberg	1,716,088	694,083
UNIOR ITALIA S.R.L. Limbiate	18,378	22,683
UNIOR ESPANA S.L. Uharte-Arakil	1,759	0
UNIOR BULGARIA Ltd. Sofia	9	0
UNIOR COMPONENTS d.o.o. Kragujevac	689,513	878,309
UNIOR NORTH AMERICA Inc. Novi	660,064	474,886
NINGBO UNIOR FORGING Co.Ltd. Yuyao	0	135,104
UNIOR VINKOVCI d.o.o. Vinkovci	7,761,894	9,555,414
Total subsidiaries	11,739,713	12,977,479
Associates		
Domestic:	14,430,544	17,968,910
ŠTORE STEEL d.o.o. Štore	14,430,544	17,968,910
Foreign:	94,482	194,408
UNIOR TEPID S.R.L. Brasov	17,757	146,868
UNIOR SINGAPORE Pte. Ltd. Singapore	0	5,039
UNIOR TEHNA d.o.o. Sarajevo	0	72
UNIOR TEOS ALATI d.o.o. Belgrade	76,725	42,429
Total associates	14,525,026	18,163,318
Total procurement from related parties	26,264,739	31,140,797

12.6.3 Operating receivables due from associates

Operating receivables due from related parties

(in EUR)	31/12/2020	31/12/2019
Subsidiaries		
Domestic:	7,101,115	7,101,875
UNITUR d.o.o. Zreče	7,098,550	7,098,730
SPITT d.o.o. Zreče	2,565	3,145
Foreign:	5,472,703	6,238,875
UNIOR Produktions- und Handels- GmbH Ferlach	1,521,921	1,640,398
UNIOR DEUTSCHLAND GmbH Leonberg	63,081	79,521
UNIOR ITALIA S.R.L. Limbiate	292,151	333,220
UNIOR ESPANA S.L. Uharte-Arakil	267,205	297,880
UNIOR MAKEDONIJA d.o.o. Skopje	233,275	479,723
UNIOR PROFESSIONAL TOOLS Ltd St. Petersburg	439,377	1,227,969
UNIOR BULGARIA Ltd. Sofia	271,751	271,019
UNIOR HUNGARIA Kft. Nagyrecse	159,435	185,060
UNIOR COMPONENTS d.o.o. Kragujevac	0	68,982
UNIOR NORTH AMERICA Inc. Novi	20,071	22,075
NINGBO UNIOR FORGING Co.Ltd. Yuyao	0	55,986
UNIOR VINKOVCI d.o.o. Vinkovci	2,204,436	1,577,042
Total subsidiaries	12,573,818	13,340,750
Associates		
Domestic:	64,537	42,132
ŠTORE STEEL d.o.o. Štore	64,537	40,668
RC SIMIT d.o.o. Kidričevo	0	1,464
Foreign:	212,346	1,294,397
UNIOR TEPID S.R.L. Brasov	132,072	942,920
UNIOR SINGAPORE Pte. Ltd. Singapore	0	120,527
UNIOR TEHNA d.o.o. Sarajevo	87,211	119,773
UNIOR TEOS ALATI d.o.o. Belgrade	(6,937)	111,177
Total associates	276,883	1,336,529
Total operating receivables due from related parties	12,850,701	14,677,279

12.6.4 Operating liabilities due to associates

Operating liabilities due to related parties

(in EUR)	31/12/2020	31/12/2019
Subsidiaries		
Domestic:	73,417	45,667
SPITT d.o.o. Zreče	73,417	45,667
Foreign:	1,474,536	1,684,234
UNIOR Produktions- und Handels- GmbH Ferlach	67,929	206,617
UNIOR DEUTSCHLAND GmbH Leonberg	431,668	271,083
UNIOR ITALIA S.R.L. Limbiate	7,068	6,612
UNIOR BULGARIA Ltd. Sofia	0	(9)
UNIOR COMPONENTS d.o.o. Kragujevac	304,322	602,809
UNIOR NORTH AMERICA Inc. Novi	50,756	60,431
UNIOR VINKOVCI d.o.o. Vinkovci	612,793	536,691
Total subsidiaries	1,547,953	1,729,901
Associates		
Domestic:	6,771,558	5,992,806
ŠTORE STEEL d.o.o. Štore	6,771,558	5,992,806
Foreign:	6,205	41,816
UNIOR TEPID S.R.L. Brasov	1,761	0
UNIOR TEOS ALATI d.o.o. Belgrade	4,444	41,816
Total associates	6,777,763	6,034,622
Operating liabilities due to related parties	8,325,716	7,764,523

12.6.5 Receivables and liabilities from loans and interest from associates

Receivables from loans and interest due from associates

(in EUR)	31/12/2020	31/12/2019
Subsidiaries		
Domestic:	1,441,235	3,959,407
UNITUR d.o.o., Zreče	911,875	3,121,113
SPITT d.o.o., Zreče	529,360	838,294
Foreign:	2,239,130	2,702,538
UNIOR Makedonija d.o.o., Skopje	33,173	63,773
UNIOR VINKOVCI d.o.o., Croatia	1,434,802	1,725,711
UNIOR HUNGARIA Kft. Nagyrecse, Hungary	514,951	485,092
UNIOR ESPANA S.L. Uharte-Arakil	256,204	323,049
UNIOR BULGARIA Ltd, Bulgaria	0	104,913
Total subsidiaries	3,680,365	6,661,945

Liabilities from loans and interest due to associates

(in EUR)	31/12/2020	31/12/2019
Subsidiaries		
Domestic:	68,172	66,484
ROGLA INVESTICIJE d.o.o., Zreče	68,172	66,484
Foreign:	397,358	391,486
UNIOR DEUTSCHLAND GmbH, Germany	397,358	391,486
Total subsidiaries	465,530	457,970
Associates		
Domestic:	0	8,560
RC SIMIT d.o.o., Kidričevo	0	8,560
Total associates	0	8,560
Total receivables from loans and interest due from related parties	465,530	466,530

12.7 Risk Management

Operating risks of UNIOR d.d. and the UNIOR Group are disclosed in Section 9.9 of the 2020 Annual Report. Financial risks of UNIOR d.d. are disclosed below.

FINANCIAL RISKS

CREDIT RISK

Credit risk refers to a risk that the company will not be able to recover all its operating receivables and investments owed by its debtors within the agreed time frame. Credit risks are managed through regular monitoring of the business operations and financial position of all existing and new business partners, by limiting exposure to individual business partners and through an active process of collecting receivables. The ever-changing macroeconomic environment can cause changes to the credit rating and solvency of our customers. Therefore, despite diligent management of receivables, defaults in payment or insolvency are possible. By regularly monitoring outstanding receivables due from customers, age structure of receivables and average payment deadlines, the company preserves its credit exposure within acceptable limits. All current trade receivables, with the exception of receivables due from associates, have also been secured with an insurance company since 1/10/2014. During the epidemic, all enforcement proceedings and discontinuation of deliveries in the event of outstanding payments were extended by 30 days, as agreed with the insurance company. Credit risks are closely monitored in all areas of the operation.

INTEREST RATE RISK

The interest rate risk refers to the risk of financial loss due to unfavourable interest rate movements. As changes in the interest rate can materially reduce the economic benefits of the company, the movement of benchmark interest rates is continuously monitored. The risk is assessed as low, a stable low level of benchmark interest rates has been constantly present in recent years. The company has been able to reach an agreement with the consortium of banks to have interest margins formed subject to a margin scale until 2023 subject to the performance of the UNIOR Group. In December 2017, the credit exposure of the company amounting to EUR 47.5 million or one part of loan B due in 2023 was protected with an interest rate swap for a period of five years. This has allowed us to manage and minimise the interest rate increase risk.

Balance of liabilities linked to an individual variable interest rate in 2020

in (EUR)	Liability amount as at 31/12/2020	Interest rate in %	Hypothetical rise in interest rates		
			by 15%	by 50 %	by 100 %
Interest rate type					
3-month EURIBOR	64,534,821	-0.5380	52,080	173,599	347,197
6-month EURIBOR	18,351,680	-0.5230	14,397	47,990	95,979
Total effect	82,886,501		66,476	221,588	443,177

Balance of liabilities linked to an individual variable interest rate in 2019

in (EUR)	Liability amount as at 31/12/2019	Interest rate in %	Hypothetical rise in interest rates		
			by 15%	by 50 %	by 100 %
Interest rate type					
3-month EURIBOR	88,145,942	-0.3900	51,565	171,885	343,769
6-month EURIBOR	13,464,682	-0.3250	6,564	21,880	43,760
Total effect	101,610,624		58,129	193,765	387,529

As at 31/12/2020, the total financial liabilities of UNIOR d.d. amount to EUR 84,522,155. The difference amounting to EUR 1,635,654 to the disclosed balance regarding the sensitivity of the interest rate represents financial liabilities with a fixed interest rate.

LIQUIDITY RISK

The liquidity risk refers to the risk of shortage in liquid assets to repay operating and financial liabilities of the company within the agreed time frame. The liquidity risk includes risks associated with the shortage in financial resources available and, as a result, with the inability of the company to settle its liabilities within the agreed time frame. Financial solvency largely depends on effective money management on the one hand, receivables and payables management and investment dynamics on the other. The liquidity risk is managed by the company by monitoring and managing the liquidity of assets (receivables and inventories), liabilities and cash flows from operating activities and investments in a centralised manner. Significant attention is paid to drawing up and monitoring the cash flow plan including the foreseen inflows and required outflows. Successful planning enables us to optimally manage any current surpluses or deficits of liquid assets - current imbalance is regulated by drawing on the approved revolving credit line with the commercial banks trade union. This risk was additionally lowered for the duration of the epidemic by successfully negotiating a deferral of payment of all loan principals with all banks for the period between June 2020 and May 2021 which had a positive effect on the cash flow and reduced the liquidity risk in these uncertain times. The liquidity risk was further reduced in November when new liquidity was obtained with two commercial banks to meet our ongoing current assets needs for a period of one year with a one-year moratorium. The company was granted a guarantee by the Republic of Slovenia for the taken-out loans in compliance with the Act Providing Additional Liquidity to the Economy to Mitigate the Consequences of the COVID-19 Epidemic.

12.8 Disclosure of remuneration in compliance with the Companies Act

In compliance with Indent 3 of Paragraph 3 of Article 69 of the Companies Act (ZGD-1), UNIOR hereinafter discloses the remuneration received by Members of the Management Board, other company employees employed under an individual contract of employment for which the tariff part of the collective agreement does not apply and Members of the Supervisory Board.

(in EUR)	Gross values		Net values	
	2020	2019	2020	2019
Management Board	323,400	374,042	138,668	155,872
Supervisory Board	86,658	114,793	62,213	82,675
Employees employed on the basis of individual contracts of employment	3,877,272	3,657,287	2,181,733	2,017,081

The company has not granted any advance payments, loans or sureties for their liabilities to Members of the Management Board, other company employees employed under an individual contract of employment for which the tariff part of the collective agreement does not apply and Members of the Supervisory Board.

12.9 Proposed distribution of balance sheet profit of the current year

The Management Board adopted the audited financial statements by its decision of 20/4/2021.

Established distributable profits of the 2020 financial year subject to the audited annual financial statements of the company for 2020 amount to EUR 5,873,511. The Management Board proposes that the distributable profits remain undistributed.

Distributable profits of the 2020 financial year consist of net profits amounting to EUR 7,959,483, profit from previous years brought forward amounting to EUR 16,672,710 and is reduced by non-current deferred development costs amounting to EUR 3,139,716.

12.10 Events after the balance sheet date in UNIOR d.d.

Signing of the agreement selling the UNIOR FRANCE S.A.S. subsidiary in France

On 8/3/2021, UNIOR Kovaška industrija d.d., Zreče, Slovenia, and H.J.P. ROSIER HOLDING B.V., Alphen an der Rijn, the Netherlands, signed an agreement on the sales of the 100-per cent shareholding in UNIOR FRANCE S.A.S., Melun, France, for the agreed purchase price of EUR 450,000.

Ownership shall be transferred as soon as the following suspensive conditions are met:

- the entire purchase price of EUR 450,000 is transferred to the transaction account of UNIOR d.d. within a period of 30 days following the signature of the agreement;
- current and future outstanding receivables are secured through a tacit cession of receivables of Unior France and H.J.P. Rosier Holding, H.J.P. Rosier Holding immovable property collateral,

moveable property collateral (inventories held in Unior France and H.J.P. Rosier Holding) and H.J.P. shareholding collateral.

The purchase price of EUR 450,000 arrived to the transaction account of UNIOR d.d. on 26/3/2021. As all the necessary arrangements for the agreed collateral are yet to be made, the ownership transfer continues to be pending.

Provided that all suspensive conditions are met and the 100 per cent shareholding in Unior France is transferred to its new owner, UNIOR d.d. shall generate a positive effect in its income statement from financial revenue from participating interests of EUR 450,000 and assets shall be increased for the same amount in the balance sheet.

Effect of the COVID-19 disease epidemic on our operations

At the beginning of 2021, Slovenia and the majority of other European countries are faced with the so-called "third wave" of the COVID-19 epidemic and a rising incidence of infections. Measures adopted by countries are constantly adapted to the current incidence of new infections resulting in considerable differences in the length and stringency of epidemic containing measures.

Restrictive measures exhibit a local negative effect on economic growth on the one hand; however, on the other, the global economic situation has been improving as the availability of vaccines against COVID-19 has been improving the moral in the real economy and to an even greater extent on financial markets reaching new record highs.

Similarly, to other Eurozone countries, the third wave of the COVID-19 epidemic has affected the Slovenian economy to a lesser extent than the first. Compared to the first wave when a sharp decline was also experienced by the industry, only service activities unable to adapt to the restrictive healthcare measures to a sufficient extent due to the nature of their operations have been severely hit.

UNIOR d.d. began 2021 much better than 2020. During the first month of the year, revenue from sales increased by 5.2 per cent compared to the same period of the past year and by 6.2 per cent as planned. Despite a downward trend of sales of new cars in Europe, our main programme, Forge, is currently experiencing a good and stable volume of orders. The Hand Tools Programme has been faced with a record volume of order resulting from growth of the special-purpose hand tool segment and sales to recently obtained new customers during previous years. The Special Machines Programme continues to be the most affected in its operations by the epidemic as restrictive global travel measures have resulted in delays in the collection of completed projects at customers' premises and, consequently, also to delays in new orders.

The COVID-19 epidemic is believed not to have any additional negative effects on the operations of UNIOR d.d. or to have only negative effects to the extents previously foreseen in the 2021 Business Plan which foresees an 18.8 per cent increase in revenue from sales for 2021. Nevertheless, revenue from sales will continue to be lower than revenue from sales in 2019 by 6.4 per cent due to the effect of the epidemic.

13 Statement on the Management Board's Responsibility

In compliance with Article 134 of the Market in Financial Instruments Act (ZTFI-1), the Management Board of the company declares to the best of its knowledge that the Financial Statement of UNIOR d.d. has been drawn up in compliance with International Financial Reporting Standards as adopted by the European Union and gives a true and fair view of the financial situation and operating results of UNIOR d.d. as a whole and that the Business Report of UNIOR d.d. includes a fair review of the developments and operating results and financial position of UNIOR d.d., including a description of material types of risks UNIOR d.d. as a whole is exposed to.

The Management Board of the company hereby adopts and confirms the financial statements including associated policies and notes of the company for the year 2020.

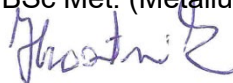
The Management Board hereby confirms to have diligently applied the appropriate accounting policies, that accounting estimates have been made subject to the fair value, precautionary and due diligence principles and that its financial statements give a true and fair view of the financial situation and operating results of the company in 2020.

The Management Board is also responsible for adequate accounting, adopting corresponding decisions to safeguard its property and other assets and for the prevention and detection of fraud and other irregularities or illegal acts. The Management Board also confirms that the Financial Statements including notes are drawn up on the basis of going concern and in compliance with the legislation in force and International Financial Reporting Standards as adopted by the European Union.

At any time within a period of five years following the lapse of the year in which taxes shall be levied, the tax authorities may audit the operations of the company which may consequently result in additional tax liabilities, default interest and penalties arising from corporate income tax or other taxes and levies. The Management Board of the company is not aware of any circumstances which could give rise to this kind of material liability.

In Zreče, on 20/4/2021

President of the Management Board,
Darko Hrastnik, BSc Met. (Metallurgical Engineering)



Member of the Management Board,
Branko Bračko, BSc ME, (Mechanical Engineering)



14 Independent Auditor's Report



Deloitte revizija d.o.o.
Dunajska cesta 165
1000 Ljubljana
Slovenia

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INDEPENDENT AUDITOR'S REPORT for the shareholders of UNIOR d.d.

Financial statement audit report

Opinion

We have audited the financial statements of the company UNIOR d.d., (hereinafter referred to as the "Company") including the statement of its financial situation as at 31 December 2020, its income statement, its other comprehensive income statement, its change in equity statement and its cash flow statement for the then finished year and notes to financial statements, including a summary of significant accounting policies.

We believe that the financial statements give a true and fair view of the financial situation of the company on 31 December 2020, its profit and loss statement and cash flows for the year then ended in accordance with the international financial reporting standards, as adopted by the European Union (hereinafter the 'IFRS').

Basis for Opinion

The audit was carried out pursuant to the International Auditing Standards (IAS) and Regulation (EU) No. 537/2014 of European Parliament and the Council of 16 April 2014 on specific requirements regarding statutory audits of public-interest entities (the Regulation). Our responsibilities based on these standards are described in this report in the paragraph entitled Auditor's Responsibility for the Audit of Financial Statements In accordance with the Code of Ethics for Professional Accountants, issued by the International Ethics Standards Board for Accountants (Code IESBA), and ethical requirements relating to the auditing of financial statements in Slovenia, we confirm our independence from the Company and our compliance with all other ethical obligations in accordance herewith and the IESBA Code. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the financial year ending on 31 December 2020. These matters were handled in the context of our audit of the financial statements as a whole and in forming our opinions about them. No separate opinions thereon shall be provided.



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Deloitte Revizija d.o.o Company registered at the District Court in Ljubljana – Registration number 1647105, VAT Reg. No.: SI62560085 - Share capital: EUR 74,214.30

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Key Audit Matter	Audit procedures used in addressing a key audit matter
Investments in subsidiaries	
<p>Investments in subsidiaries as at 31/12/2020 amount to EUR 21,832,362 and are measured at cost.</p> <p>The management of the Company assesses their impairment signs on an annual basis. When required, annual impairment tests using the discounted future cash flow method. This procedure is performed at the discretion of the management.</p> <p>The assessment of impairment signs requires a professional judgement and the use of subjective assumptions by the management.</p> <p>In light of the material nature of judgements of the management in establishing impairment signs and the size of the item, this area was handled as a key audit matter.</p>	<p>Assessment by the management and judgements of investment impairment signs were reviewed. The emphasis of our audit procedures was on assessing and testing the key auditing assumptions, which the management used for identifying the signs of impairment and for assessing these impairments. These procedures included:</p> <ul style="list-style-type: none"> - a comparison between the net value of subsidiary assets and the value of the investment; - a review of assumptions used to assess impairment signs and during impairment assessment procedures; - a review of expected cash flows used in assessing impairments; - Assessing the adequacy of disclosures in the financial statements. <p>Disclosures related to investments in subsidiaries are included in Notes to 12.2.6. Summary of Significant Accounting Policies and Disclosures and 12.3.4 non-current investments.</p>

Key Audit Matter	Audit procedures used in addressing a key audit matter
Recognition of revenue in financial statements	
<p>As clearly shown in the financial statements of the company and notes to 12.4.1 The Company generated net revenue from sales of merchandise and services on the domestic and foreign markets amounting to EUR 138,054,639 in the year ending on 31 December 2020.</p> <p>As noted in Section 12.2.6 Summary of Significant Accounting Policies and Disclosures, revenue shall be recognised when it is reasonably believed to lead to cash proceeds.</p> <p>Revenue from sales is one of the key performance indicators of the Company. In light of their material significance, a large quantity of data processed in addition to risks associated with the adequacy of revenue from sales recording procedures, this area was established as a key audit matter.</p>	<p>Audit procedures included an assessment of the adequacy of the accounting policies of the company associated with the recognition of revenue, their compliance with IFRS. The following audit procedures were performed:</p> <ul style="list-style-type: none"> • the design, implementation and operating efficiency of internal controls related to recognising revenue in terms of recording adequacy and prevention of fraud were reviewed. • Revenue was analysed, analytically assessed, tested in detail and the adequacy of the recording procedures reviewed.



Other information

The Management Board is responsible for other information. Other information comprises information in the annual report, with the exception of financial statements and the auditor's report on the latter.

Our opinion on the financial statements does not apply to other information and we do not express any kind of assurance regarding them.

Our responsibility with regard to the conducted audit of the financial statements is to read other information and estimate whether it is significantly non-compliant with the financial statements, regulatory requirements or our knowledge, obtained during the audit of the Company, or whether it indicates being significantly incorrect any

other way. If work performed gives rise to the conclusion on the existence of significant misstatement of other information, these circumstances shall be reported. With regard to the stated and on the basis of the described procedures we report that:

- other information in all relevant respects is in line with the audited financial statements,
- other information is prepared in accordance with the applicable laws and regulations, and
- on the basis of knowledge and understanding of the company and its environment acquired the audit, no relevant misstatements in connection with other information have been established.

Responsibility of the management and other competent persons responsible for managing financial statements

The Management Board is responsible for drawing up and providing a fair view of these financial statements in accordance with the IFRS standards and for such internal control, in accordance with the decision of the Management Board, which shall enable the drawing up of financial statements which shall no significant misstatement due to fraud or error.

When drawing up the financial statements of the Company, the Management Board's responsibility is to estimate the ability of the Group to continue as a going concern, to disclose matters related to the going concern and to use the assumption of the going concern as a basis for accounting, unless the Management Board intends to liquidate the company or suspend business operations or does not have any other realistic possibility than to perform one or the other.

Competent management persons are responsible for monitoring the drawing up of financial statements and approving the audited annual report.

Auditor's responsibility for auditing the financial statements

Our objectives are to obtain reasonable assurance that the financial statements as a whole do not contain any material misstatements due to fraud or error and to compile the auditor's report which includes our opinion. Reasonable assurance is a high level of assurance, but not a guarantee, that the audit, conducted in accordance with audit rules, always establishes a material misstatement, if it exists.

Misstatements may arise from fraud or error and are considered as material if it is reasonable to expect that they would individually or jointly affect the economic decisions of the users adopted on the basis of these financial statements.



During the conduct of the audit in accordance with the rules of auditing, we exercise professional judgement and maintain a professional distrust.

We also:

- Identify and assess the risks of material misstatements in the financial statements, whether due to fraud or error, form and perform audit procedures in response to the assessed risks and obtain sufficient and suitable audit evidence, which provide the basis for our opinion. The risk of not detecting a misstatement arising from fraud is greater than the one connected to an error, as fraud may include secret agreements, falsification, deliberate omissions, misleading disclosures or the avoidance of internal controls.
- We gain an understanding of internal controls which are of material importance for the audit, namely with the aim of creating audit procedures suitable for the circumstances, but not with a view to express an opinion on the effectiveness of the Company's internal controls.
- Estimate the suitability of the applied accounting policies and the acceptability of the accounting estimates and related disclosures of the management.
- On the basis of the acquired audit evidence of the existence of significant uncertainty regarding the events or circumstances, which raise doubts about the capacity of the organisation to continue as a going concern, we adopt a decision on the suitability of the managements use of the going concern assumption as a basis for the accounting. If we adopt a decision on the existence of significant uncertainties, we are obliged to report on the material noted disclosures in the financial statements in the auditor's report, or, if such disclosures are inadequate, adjust our opinion.
- The auditor's conclusions are based on the audit evidence obtained up to the date of the issuance of the auditor's report. However, later events or circumstances may cause the suspension of the organisation as a going concern.
- We shall evaluate the general presentation, structure and content of the financial statements, including disclosures, and estimate whether the financial statements represent the respective business transactions and events in such a manner that ensures a fair view thereof.

Competent persons for the management of financial statements shall also be notified of the planned scope and duration of the audit procedure and material findings of the audit, including weaknesses in internal controls established during the audit.

Competent persons for the management of financial statements also received our declaration of compliance with all ethical independence requirements and were notified of all relations and other matters which could be reasonably considered to impact our independence. Related measures were also reported.

The most significant matters during the audit of the financial statements of the Company were identified as key audit matters out of all matters which competent persons for the management of financial statements were notified of. These matters are described in the Auditor's report, unless the legal or regulatory provisions prohibit the public disclosure of such matters.

Report on other legal and regulatory requirements

Naming the auditor and the duration of the transaction.

Deloitte revizija d.o.o., was named as the legal auditor of the company at the shareholder's meeting on 5 June 2019. Our performance of the trade lasts fully and without interruptions for 9 years.

Certificate of the Audit Committee

We confirm that our audit opinion on financial statements in this report complies with the additional report to the Audit Committee on 20 April 2021, in accordance with Article 11 of the Regulation (EU) no. 537/2014 of the European Parliament and Board.

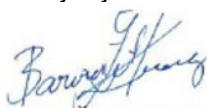
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Performing non-auditing services

We declare that we have not performed any illegal non-auditing services from Article 5(1) of the Regulation (EU) no, 537/2014 of the European Parliament and the Council. Besides the required audit, we did not perform any other services which are not revealed in the annual report for the audited company.

On behalf of the auditing company Deloitte revizija d.o.o. the person responsible for the audit is Barbara Zibret Kralj.

Deloitte revizija d.o.o.
Dunajska cesta 165
1000 Ljubljana



Barbara Zibret Kralj
Authorised auditor
Ljubljana, 20 April 2021

Deloitte.
DELOITTE REVIZIJA D.O.O.
Ljubljana, Slovenija 3

Stamp with inscription:
Deloitte.
DELOITTE REVIZIJA D.O.O.
Ljubljana, Slovenia 3



EUROPEAN MANUFACTURER SINCE 1919

FINANCIAL REPORT of the UNIOR Group

15 UNIOR Group





15.1 Composition of the UNIOR Group

Subsidiaries

Company name	Country	Share in %
 UNITUR d. o. o.	Slovenia	100.00
 ROGLA INVESTICIJE d. o. o.	Slovenia	100.00
 SPITT d. o. o.	Slovenia	100.00
 UNIOR PRODUKTIONS UND HANDELS GmbH	Austria	99.55
 UNIOR DEUTSCHLAND GmbH	Germany	100.00
 UNIOR FRANCE S. A. S.	France	100.00
 UNIOR ITALIA S. R. L.	Italy	95.00
 UNIOR ESPANA S. L.	Spain	95.00
 UNIOR MAKEDONIJA d. o. o.	North Macedonia	97.36
 UNIOR PROFESSIONAL TOOLS Ltd.	Russia	55.00
 UNIOR BULGARIA Ltd.	Bulgaria	77.31
 UNIOR COMPONENTS d. o. o.	Serbia	100.00
 NINGBO UNIOR FORGING Co. Ltd.	China	50.00
 UNIOR VINKOVCI d. o. o.	Croatia	100.00
 UNIOR HUNGARIA Kft.	Hungary	70.00
 UNIOR – NORTH AMERICA Inc.	USA	100.00



Associates

Company name	Country	Share in %
 ŠTORE STEEL d. o. o.	Slovenia	29.25
 UNIOR TEPID S. R. L.	Romania	49.00
 UNIOR TEHNA, d. o. o.	Bosnia and Herzegovina	25.00
 UNIOR TEOS ALATI d. o. o.	Serbia	20.00

Consolidated financial statements of the UNIOR Group include all companies in which the parent company UNIOR d.d. holds a minimum 50 per cent shareholding allowing it to exercise dominating influence thereon.

The consolidated financial statements also include associates subject to the equity method. These companies are: Štore Steel d.o.o. in Slovenia and Unior Tepid S.R.L.; Unior Tehna d.o.o. and Unior Teos Alati d.o.o. abroad, in which the parent UNIOR d.d. holds a minimum 20 and maximum less than 50 per cent shareholding.

In 2020, its associates RC Simit d.o.o. in Slovenia and UNior Singapore PTE Ltd. in Singapore were liquidated.

15.2 Presentation of Companies Included in the Consolidation

15.2.1 Subsidiaries

UNITUR d.o.o.

Company Address: Cesta na Roglo 15, 3214 ZREČE
 Country: Slovenia
 Telephone: +386 (0)3 757 61 00
 Fax: +386 (0)3 576 24 46
 Website: <http://www.unitur.eu>
 E-mail: turizem@unitur.eu
 Company activity: Tourism and other commercial activities
 Number of employees: 287

ROGLA INVESTICIJE d.o.o.

Company Address: Kovaška cesta 10, 3214 Zreče, Slovenia
 Country: Slovenia
 Telephone: +386 (0)3 757 81 00
 Fax: +386 (0)3 576 21 03
 E-mail: unior@unior.com
 Company activity: Real estate trading
 Number of employees: 0

SPITT d.o.o.

Company Address: Kovaška cesta 10, 3214 Zreče, Slovenia
 Country: Slovenia
 Telephone: +386 (0)3 757 81 00
 Fax: +386 (0)3 576 21 03
 Company activity: Energy - steam and air conditioning supply
 Number of employees: 0

UNIOR PRODUKTIONS- und HANDELS- GmbH

Company Address: Auengasse 9, 9170 FERLACH
 Country: Austria
 Telephone: +43 4227 35 14
 Fax: +43 4227 35 15 18
 Website: <http://www.unior.at>
 E-mail: office@unior.at
 Company activity: Sales of hand tools
 Number of employees: 9

**UNIOR DEUTSCHLAND GmbH**

Company Address: Hertichstrasse 81, 71229 LEONBERG
Country: Germany
Telephone: +49 7152 381 1975
Fax: +49 7152 381 1975
Website: <http://www.unior-deutschland.com>
E-mail: unior@unior-deutschland.com
Company activity: Sale and servicing of machinery
Number of employees: 4

UNIOR FRANCE S.A.S.

Company Address: 166-172 Rue du General Delestraint, 77000 MELUN
Country: France
Telephone: +33 1 64 37 23 00
Fax: +33 1 64 39 40 90
E-mail: contact@uniortools.fr
Company activity: Sales of hand tools
Number of employees: 6

UNIOR ITALIA S.R.L.

Company Address: Via Caserta 8, 20812 LIMBIATE (MB)
Country: Italy
Telephone: +39 02 99 04 3403
Fax: +39 02 99 04 3414
E-mail: unioritalia@unioritalia.it
Company activity: Sales of hand tools
Number of employees: 2

UNIOR ESPAÑA S.L.

Company Address: Poligon Sargaitz 2, Nave A5, 31840 UHARTE - ARAKIL (Navarra)
Country: Spain
Telephone: +34 948 56 71 13
Fax: +34 948 46 42 48
Website: <http://www.unior.es>
E-mail: unior@unior.es
Company activity: Sales of hand tools
Number of employees: 3

UNIOR MAKEDONIJA d.o.o.

Company Address: Naroden front, br.5, 1000 SKOPJE
Country: North Macedonia
Telephone: +389 2 243 20 57
Fax: +389 2 243 20 89
Website: <http://www.uniormakedonija.mk>
E-mail: info@uniormakedonija.mk
Company activity: Sales of hand tools
Number of employees: 7

UNIOR PROFESSIONAL TOOLS Ltd.

Company Address: Blagodatnaya str. 63, bld. 1, D, 196105 SAINT PETERSBURG
 Country: Russia
 Telephone: +7 812 449 83 50
 Fax: +7 812 449 83 51
 Website: <http://www.unior.ru>
 E-mail: sales@unior.ru
 Company activity: Sales of hand tools
 Number of employees: 57

UNIOR BULGARIA Ltd.

Company Address: Ulitsa "Ivan Susanin" 49, 1404 SOFIA
 Country: Bulgaria
 Telephone: +359 2 9559 233
 Fax: +359 2 9559 380
 Website: <http://www.unior.bg>
 E-mail: office@unior.bg
 Company activity: Sales of hand tools
 Number of employees: 6

UNIOR COMPONENTS d.o.o.

Company Address: Kosovska 4, 34000 KRAGUJEVAC
 Country: Serbia
 Telephone: + 381 34 306 300
 Fax: + 381 34 306 336
 Website: <http://www.unior-components.com>
 E-mail: contact@unior-components.com
 Company activity: Production of machine tools
 Number of employees: 160

NINGBO UNIOR FORGING Company Ltd.

Company Address: Xindongwu, Moushan, YUYAO, ZHEJIANG 315456
 Country: China
 Telephone: + 86 574 6249 6150
 Fax: + 86 574 6249 6152
 Website: <http://www.unior.cn>
 E-mail: info@unior.cn
 Company activity: The production of steel forgings for the automotive industry
 Number of employees: 442

**UNIOR VINKOVCI d.o.o.**

Company Address: Ulica Kneza Mislava 42, 32100 VINKOVCI
Country: Croatia
Telephone: +385 32 323 999
Fax: +385 32 323 206
E-mail: kovacnica@unior.com
Company activity: The production of forgings
Number of employees: 155

UNIOR Hungaria Kft.

Company Address: Napfeny utca 1, 8756 NAGYRECSE
Country: Hungary
Telephone: +36 93 571 070
Fax: +36 93 571 073
Website: <http://www.unior.hu>
E-mail: info@unior.hu
Company activity: Sales of hand tools
Number of employees: 3

UNIOR – NORTH AMERICA Inc.

Company Address: 28213 Carlton Way Drive, 48377 NOVI (Michigan)
Country: USA
Telephone: +1 248 730 0060
Fax: +1 908 634 3044
Website: <http://www.unior.com>
E-mail: bleskovar@unior.com
Company activity: Sales, procurement and servicing activities on the North American market
Number of employees: 1

15.2.2 Associates

ŠTORE STEEL d.o.o.

Company Address: Železarska 3, 3220 ŠTORE
 Country: Slovenia
 Telephone: +386 (0)3 780 51 00
 Fax: +386 (0)3 780 53 83
 Website: <http://www.store-steel.si>
 E-mail: info@store-steel.si
 Company activity: The production of steel
 Number of employees: 487

UNIOR TEPID S.R.L.

Company Address: str. Bruxelles, nr. 10, 507165 PREJMER, jud. BRASOV
 Country: Romania
 Telephone: +40 268 322 483
 Fax: +40 268 317 786
 Website: <http://www.sculeserioase.ro>
 E-mail: tepid@tepid.ro
 Company activity: Sales of hand tools
 Number of employees: 59

UNIOR TEOS ALATI d.o.o.

Company Address: Subotička 23, 11000 Belgrade
 Country: Serbia
 Telephone: +381 11 744 03 30
 Fax: +381 11 744 08 05
 Website: <http://www.uniorteos.com>
 E-mail: office@uniorteos.com
 Company activity: Sales of hand tools
 Number of employees: 22

UNIOR TEHNA d.o.o.

Company Address: Bačići 58, 71000 SARAJEVO
 Country: Bosnia and Herzegovina
 Telephone: +387 33 776 376
 Fax: +387 33 776 371
 Website: www.uniortehna.ba
 E-mail: info@uniortehna.ba
 Company activity: Sales of hand tools
 Number of employees: 31

16 Consolidated Financial Statements

16.1 Consolidated balance sheet of the UNIOR Group as at 31/12/2020

(in EUR)			as at	as at
	Item	Note	31/12/2020	31/12/2019
	ASSETS		341,401,898	374,838,710
	A. NON-CURRENT ASSETS		206,672,731	228,412,133
	I. Intangible assets and other IA	17.3.2	8,333,468	7,952,020
	1. Non-current property rights		2,523,407	2,651,690
	2. Goodwill		521,448	521,448
	3. Non-current deferred development costs		4,259,356	4,117,823
	4. Other intangible assets		90,859	108,179
	5. Intangible assets being acquired		938,398	552,880
	II. Property, plant and equipment	17.3.3	172,207,675	183,848,948
	1. Land and buildings		99,271,152	106,438,802
	<i>a) Land</i>		27,492,923	34,372,078
	<i>b) Buildings</i>		71,778,229	72,066,724
	2. Manufacturing plants and equipment		65,654,842	68,348,229
	3. Other plant and equipment, small tools and other tangible fixed assets		568,984	580,338
	4. Property, plant and equipment being acquired		6,712,697	8,481,579
	III. Investment property	17.3.4	1,922,524	14,786,211
	IV. Non-current investments	17.3.5	18,512,953	18,419,167
	1. Non-current investments, excluding loans		18,499,689	18,403,608
	<i>a) Shares and participating interests in associates</i>		18,333,465	18,235,239
	<i>b) Other non-current investments</i>		166,224	168,369
	2. Non-current loans		13,264	15,559
	<i>a) Non-current loans to others</i>		13,264	15,559
	V. Non-current operating receivables	17.3.8	32,192	60,662
	1. Non-current trade receivables		0	0
	2. Non-current operating receivables due from others		32,192	60,662
	VI. Deferred tax assets	17.3.15	5,663,919	3,345,125
	B. CURRENT ASSETS		134,729,167	146,426,577
	I. Assets (groups for disposal) held for sale	17.3.6	120,000	120,000
	II. Inventories	17.3.7	75,000,399	83,382,793
	1. Materials		26,890,799	29,706,619
	2. Work in progress		27,980,774	29,724,167
	3. Products		14,611,493	16,146,854
	4. Merchandise		5,517,333	7,805,153
	III. Current investments	17.3.9	2,937,946	2,530,510
	1. Current investments, excluding loans		0	0
	<i>a) Other current investments</i>		0	0
	2. Short-term loans		2,937,946	2,530,510
	<i>a) Other short-term loans</i>		2,937,946	2,530,510
	IV. Current operating receivables	17.3.8	40,835,024	45,655,642
	1. Current trade receivables		24,943,436	32,940,446
	2. Current operating receivables due from others		15,891,588	12,715,196
	V. Cash and cash equivalents	17.3.10	15,835,798	14,737,632

Consolidated balance sheet of the UNIOR Group as at 31/12/2020 (cont.)

(in EUR)	Item	Note	as at 31/12/2020	as at 31/12/2019
	LIABILITIES		341,401,898	374,838,710
A.	EQUITY	17.3.11	162,852,381	172,897,190
A1.	EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		148,433,367	159,473,227
I.	Called-up capital		23,688,983	23,688,983
1.	Share capital		23,688,983	23,688,983
2.	Uncalled capital (deduction item)		0	0
II.	Capital reserves		40,155,331	40,155,331
III.	Revenue reserves		40,526,503	39,694,741
1.	Legal reserves		2,031,982	2,030,695
2.	Reserves for treasury shares and own participating interests		2,016,459	2,032,777
3.	Treasury shares and own participating interests (deduction item)		(2,016,459)	(2,108,011)
4.	Statutory reserves		3,278,156	2,884,949
5.	Other revenue reserves		35,216,365	34,854,331
IV.	Fair value reserves		20,231,979	25,961,576
V.	Net profit brought forward		30,986,078	23,918,936
VI.	Net loss brought forward		0	0
VII.	Net profit of the financial year		0	8,175,248
VIII.	Net loss of the financial year		4,471,502	0
IX.	Translation adjustment of capital		(2,684,005)	(2,121,588)
A2.	EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTEREST		14,419,014	13,423,963
B.	PROVISIONS AND DEFERRED REVENUE	17.3.12	9,487,895	9,465,639
1.	Provisions for pensions and similar liabilities		6,613,268	6,451,934
2.	Other provisions		2,649,702	2,762,310
3.	Deferred revenue		224,925	251,395
C.	NON-CURRENT LIABILITIES		90,528,420	88,924,327
I.	Non-current financial liabilities	17.3.13	89,196,301	86,207,965
1.	Non-current financial liabilities to banks		88,206,614	84,909,363
2.	Non-current financial liabilities from bonds payable		0	0
3.	Other non-current financial liabilities		989,687	1,298,602
II.	Non-current operating liabilities	17.3.14	0	0
1.	Non-current trade payables		0	0
2.	Non-current bills of exchange payable		0	0
3.	Non-current operating liabilities from advance payments		0	0
4.	Other non-current operating liabilities		0	0
III.	Deferred tax liabilities	17.3.15	1,332,119	2,716,362
D.	CURRENT LIABILITIES		78,533,202	103,551,554
I.	Liabilities included in groups for disposal	17.3.6	0	0
II.	Current financial liabilities	17.3.16	17,232,094	37,138,302
1.	Current financial liabilities to banks		16,623,171	36,063,263
2.	Current financial liabilities from bonds payable		0	0
3.	Other current financial liabilities		608,923	1,075,039
III.	Current operating liabilities	17.3.17	61,301,108	66,413,252
1.	Current trade payables		34,847,756	39,682,044
2.	Current bills of exchange payable		7,505,704	7,042,745
3.	Current operating liabilities from advance payments		1,572,278	4,746,821
4.	Other current operating liabilities		17,375,370	14,941,642

Notes to financial statements form an integral part of the financial statements.

16.2 Consolidated income statement of the UNIOR Group for the period between 1/1/2020 to 31/12/2020

(in EUR)	Item	Notes	2020	2019
A.	Net revenue from sales	17.4.2	210,239,617	255,994,454
1.	Net revenue from sales on the domestic market		29,407,490	37,916,611
	a) Net revenue from sales of products and services		22,715,866	29,651,650
	b) Net revenue from sales of merchandise and materials		6,691,624	8,264,961
2.	Net revenue from sales on foreign markets		180,832,127	218,077,843
	a) Net revenue from sales of products and services		161,308,720	194,293,949
	b) Net revenue from sales of merchandise and materials		19,523,407	23,783,894
B.	Change in value of product inventories and work-in-progress		(2,938,186)	760,290
C.	Capitalised own products and services	17.4.3	2,393,779	2,761,780
D.	Other operating revenue	17.4.4	10,476,648	2,571,368
I.	GROSS OPERATING PROFIT		220,171,858	262,087,892
D.	Costs of goods, materials and services	17.4.5	127,314,004	156,049,897
1.	Cost of merchandise and materials sold		9,197,592	9,821,008
2.	Costs of materials used		89,429,483	109,895,108
	a) Costs of materials		69,065,236	86,121,786
	b) Costs of energy		10,476,128	11,607,623
	c) Other costs of materials		9,888,119	12,165,699
3.	Costs of services		28,686,929	36,333,781
	a) Transportation services		5,638,306	6,392,572
	b) Maintenance costs		3,088,285	3,363,520
	c) Lease payments		1,186,952	1,274,182
	d) Other costs of services		18,773,386	25,303,507
E.	Labour costs	17.4.5	67,251,069	71,923,301
1.	Costs of salaries		51,054,107	54,896,255
2.	Costs of pension insurances		581,374	710,610
3.	Costs of other social insurances		8,382,045	9,127,300
4.	Other labour costs		7,233,543	7,189,136
F.	Write-offs	17.4.5	22,802,453	16,417,190
1.	Depreciation		16,635,502	15,733,201
2.	Operating expenses from the revaluation of intangible fixed assets and property, plant and equipment		4,862,743	228,884
3.	Operating expenses from the revaluation of operating current assets		1,304,208	455,105
G.	Other operating expenses	17.4.5	1,675,845	2,140,601
1.	Provisions		122,286	124,905
2.	Other costs		1,553,559	2,015,696
II.	OPERATING PROFIT OR LOSS		1,128,487	15,556,903
H.	Financial revenue	17.4.6	917,539	2,590,089
1.	Financial revenue from participating interests		313,223	2,063,923
	a) Financial revenue from participating interests in associates		312,923	2,063,536
	b) Financial revenue from participating interests in other companies		30	103
	c) Financial revenue from other investments		270	284
2.	Financial revenue from loans given		108,931	73,240
3.	Financial revenue from operating receivables		495,385	452,926
I.	Financial expenses	17.4.6	5,122,545	5,496,420
1.	Financial expenses from the impairment and write-offs of investments		268,389	3,611
2.	Financial expenses from financial liabilities		3,616,779	3,833,155
	a) Financial expenses from loans from banks		3,364,760	3,695,088
	b) Financial expenses from bonds issued		0	0
	c) Financial expenses from other financial liabilities		252,019	138,067
3.	Financial expenses from operating liabilities		1,237,377	1,659,654
	a) Financial expenses from trade payables and bills of exchange payable		378,065	255,730
	b) Financial expenses from other operating liabilities		859,312	1,403,924
III.	PROFIT OR LOSS		(3,076,519)	12,650,572
	Corporate income tax	17.5	1,573,281	1,383,571
	Deferred tax	17.5	(2,453,694)	833,788
	NET PROFIT OR LOSS OF THE ACCOUNTING PERIOD		(2,196,106)	10,433,213
	– Attributable TO EQUITY HOLDERS OF THE PARENT		(4,471,502)	8,175,248
	– Attributable to NON-CONTROLLING INTERESTS		2,275,396	2,257,965
	PROFIT OR LOSS FROM CONTINUING OPERATIONS	17.4	(2,196,106)	10,433,213
	PROFIT OR LOSS FROM DISCONTINUED OPERATIONS	17.4	0	0

Consolidated income statement of the UNIOR Group for the period between 1/1/2020 to 31/12/2020 (cont.)

(in EUR)		
Item	2020	2019
Share of holders of controlling interest in net profit (loss)	(4,471,502)	8,175,248
Share of holders of non-controlling interest in net profit (loss)	2,275,396	2,257,965
Net earnings (loss) per share of holders of controlling interest	(1.58)	2.88
Net earnings (loss) per share of holders of non-controlling interest	0.80	0.80
Net earnings (loss) per share from continuing operations	(0.77)	3.68
Net earnings (loss) per share from discontinued operations	0	0

Notes to financial statements form an integral part of the financial statements.

16.3 Consolidated statement of other comprehensive income of the UNIOR Group

(in EUR)		
Item	2020	2019
1. Net profit/loss of the financial year after tax	(2,196,106)	10,433,213
2. Other comprehensive income of the accounting period, after tax	(6,770,374)	(95,606)
2.1 Items which will not be subsequently reclassified as profit or loss	(5,729,597)	(463,425)
Net profit/loss recognised in fair value reserves in respect of property, plant and equipment	(5,635,407)	(373,800)
Net profit/loss recognised in the due fair value reserves in respect of intangible fixed assets	0	0
Actuarial net profit/loss for retirement benefit plans and changes to deferred taxes recognised in retained profit/loss	(94,190)	(89,625)
2.2 Items which will be subsequently reclassified to profit or loss	(1,040,777)	367,819
Gains and losses arising from translation of financial statements of entities located abroad	(1,040,777)	367,819
3. Total comprehensive income of the financial year after tax	(8,966,480)	10,337,607
Total comprehensive income of the reporting period attributable to the equity holders of the parent	(10,763,516)	7,956,878
Total comprehensive income of the reporting period attributable to non-controlling interest	1,797,036	2,380,729

Gains and losses arising from translation of financial statements of entities located abroad were disclosed in the 2019 Financial Report under Items which will not be subsequently reclassified to profit or loss. To ensure a more suitable disclosure, they were moved in the 2020 Financial Report to Items which will be subsequently reclassified to profit or loss. The 2019 is of a non-material nature and shall be disclosed equally to 2020 to ensure comparability of data.

Notes to financial statements form an integral part of the financial statements.

Changes in total comprehensive income are presented in item 16.5 (Consolidated statement of Changes in Equity of the UNIOR Group) of the 2020 Annual Report.

16.4 Consolidated Cash Flow Statement of the UNIOR Group

(in EUR)	Item	Note	2020	2019
A. Cash flows from operating activities				
a) Net profit or loss				
	Profit or loss before tax		(3,076,519)	12,650,572
	Income tax and other taxes not included in operating expenses	17.5	880,413	(2,217,359)
			(2,196,106)	10,433,213
b) Adjustments for				
	Depreciation (+)	17.3.2, 17.3.3	16,635,502	15,733,201
	Operating revenues from revaluation associated with investment and financing items (-)		(528,163)	(741,552)
	Operating expenses from revaluation associated with investment and financing items (+)	17.4.5	4,862,743	228,884
	Allowances set up for receivables	17.3.8	368,917	103,408
	Allowances set up for inventories	17.3.7	935,291	351,697
	Formation and reversal of non-current provisions	17.3.12	22,256	213,456
	Financial revenue excluding financial revenue from operating receivables (-)	17.4.6	(422,154)	(2,137,163)
	Financial expenses excluding financial expenses from operating liabilities (+)	17.4.6	3,885,168	3,836,766
			25,759,560	17,588,697
c) Changes in net current assets (and accruals and deferrals, provisions and deferred tax assets and liabilities) from operating items of the balance sheet				
	Opening less closing operating receivables	17.3.8	4,480,171	2,428,873
	Opening less closing deferred tax assets	17.3.15	(2,318,794)	681,014
	Opening less closing assets (groups for disposal) held for sale	17.3.6	0	0
	Opening less closing inventories	17.3.7	7,447,103	(836,178)
	Closing less opening liabilities included in groups for disposal	17.3.6	0	0
	Closing less opening operating liabilities	17.3.14, 17.3.17	(5,112,144)	(933,017)
	Closing less opening deferred tax liabilities	17.3.15	(1,384,243)	128,287
			3,112,093	1,468,979
d) Net cash from operating activities (a + b + c)				
			26,675,547	29,490,889
B. Cash flows from investing activities				
a) Cash proceeds from investing activities				
	Cash proceeds from interest and profit participation relating to investing activities		422,154	2,137,163
	Cash proceeds from disposal of intangible assets		41,777	108,609
	Cash proceeds from disposal of property, plant and equipment		710,958	472,766
	Cash proceeds from disposal of investment property		8,500,000	14,080
	Cash proceeds from disposal of non-current financial investments		333,558	40,071
	Cash proceeds from disposal of current financial investments		26,486	23,224
			10,034,933	2,795,913
b) Cash repayments from investing activities				
	Cash repayments to acquire intangible assets	17.3.2	(2,034,370)	(3,180,424)
	Cash repayments to acquire tangible fixed assets	17.3.3	(11,558,780)	(17,359,426)
	Cash repayments to acquire investment property		0	(5,777)
	Cash repayments to acquire non-current financial investments	17.3.5	(427,344)	(27,915)
	Cash repayments to acquire current investments		(433,922)	(486,880)
			(14,454,416)	(21,060,422)
c) Net cash from investing activities (a + b)				
			(4,419,483)	(18,264,509)
C. Cash flows from financing activities				
a) Cash proceeds from financing activities				
	Cash proceeds from paid-in capital	17.3.11	0	0
	Cash proceeds from increase in non-current financial liabilities	17.3.13	12,516,376	4,850,122
	Cash proceeds from increase in current financial liabilities	17.3.16	3,085,708	9,633,416
			15,602,084	14,483,538
b) Cash repayments from financing activities				
	Interest paid on financing activities	17.4.6	(3,616,779)	(3,833,155)
	Cash repayments to acquire treasury shares	17.3.11	0	(1,987,821)
	Cash repayments of non-current financial liabilities	17.3.13	(7,881,159)	(1,680,877)
	Cash repayments of current financial liabilities	17.3.16	(24,638,797)	(14,217,908)
	Dividends and other profit shares paid	17.3.11	(623,247)	(1,265,909)
			(36,759,982)	(22,985,670)
c) Net cash from financing activities (a + b)				
			(21,157,898)	(8,502,132)
D. Closing balance of cash				
			15,835,798	14,737,632
x)	Net cash flow for the period (sum of items Ac, Bc and Cc)		1,098,166	2,724,248
y)	Opening balance of cash		14,737,632	12,013,384

Notes to financial statements form an integral part of the financial statements.

16.5 Statement of changes in equity of the UNIOR Group

CHANGES IN EQUITY FOR THE PERIOD FROM 31/12/2019 TO 31/12/2020

	I. Called-up capital	II. Capital reserves	III. Revenue reserves					IV. Fair value reserves	V. Net profit or loss brought forward	VI. Net operating profit or loss of the financial year	VII. Translation adjustment of capital	Total equity of equity holders of the parent	Total equity of non-controlling interest	Total capital
	Share capital Equity		Legal reserves	reserves for treasury shares	Own shares	Statutory reserves	Other reserves from profit		Net profits net profit/ loss	brought forward loss of the financial year				
(in EUR)														
A.1. Balance as at the end of the previous financial year	23,688,983	40,155,331	2,030,695	2,032,777	(2,108,011)	2,884,949	34,854,331	25,961,576	23,918,936	8,175,248	(2,121,588)	159,473,227	13,423,963	172,897,190
A.2. Opening balance of the financial year	23,688,983	40,155,331	2,030,695	2,032,777	(2,108,011)	2,884,949	34,854,331	25,961,576	23,918,936	8,175,248	(2,121,588)	159,473,227	13,423,963	172,897,190
B.1. Changes in equity – transactions with owners	0	0	0	0	0	0	0	0	(276,344)	0	0	(276,344)	(801,985)	(1,078,329)
Disbursement of dividends	0	0	0	0	0	0	0	0	0	0	0	0	(623,247)	(623,247)
Other changes in equity	0	0	0	0	0	0	0	0	(276,344)	0	0	(276,344)	(178,738)	(455,082)
B.2. Total comprehensive income of the financial year	0	0	0	0	0	0	0	(5,729,597)	0	(4,471,502)	(562,417)	(10,763,516)	1,797,036	(8,966,480)
Entry of operating profit/loss of the financial year	0	0	0	0	0	0	0	0	0	(4,471,502)	0	(4,471,502)	2,275,396	(2,196,106)
Entry of actuarial profit from termination benefit provisions	0	0	0	0	0	0	0	0	(97,615)	0	0	(97,615)	0	(97,615)
Changes in reserves from valuation at fair value	0	0	0	0	0	0	0	(5,635,407)	0	0	0	(5,635,407)	0	(5,635,407)
Other items of comprehensive income of the financial year	0	0	0	0	0	0	0	3,425	0	0	0	3,425	0	3,425
Gains and losses arising from translation of financial statements of entities located abroad	0	0	0	0	0	0	0	0	0	0	(562,417)	(562,417)	(478,360)	(1,040,777)
B.3. Changes in equity	0	0	1,287	(16,318)	91,552	393,207	362,034	0	7,343,486	(8,175,248)	0	0	0	0
Reallocation of the remaining part of the net profit from the comparative financial year to other equity items	0	0	0	0	0	0	0	0	8,175,248	(8,175,248)	0	0	0	0
Setting up reserves for treasury shares and own participating interests from other equity items	0	0	0	(16,318)	91,552	0	(75,234)	0	0	0	0	0	0	0
Other changes in equity	0	0	1,287	0	0	393,207	437,268	0	(831,762)	0	0	0	0	0
C. Closing balance of the financial year	23,688,983	40,155,331	2,031,982	2,016,459	(2,016,459)	3,278,156	35,216,365	20,231,979	30,986,078	(4,471,502)	(2,684,005)	148,433,367	14,419,014	162,852,381

CHANGES IN EQUITY FOR THE PERIOD FROM 31/12/2018 TO 31/12/2019

	I. Called-up capital	II. Capital reserves	III. Revenue reserves					IV. Fair value reserves	V. Net profit or loss brought forward	VI. Net operating profit or loss of the financial year	VII. Translation adjustment of capital	Total equity of equity holders of the parent	Total equity of non-controlling interest	Total capital
	Share capital Equity		Legal reserves	reserves for treasury shares	Own shares	Statutory reserves	Other reserves from profit		Net profits net profit/ loss	brought forward loss of the financial year				
(in EUR)														
A.1. Balance as at the end of the previous financial year	23,688,983	40,155,331	2,027,126	120,190	(120,190)	2,363,564	36,284,683	26,425,001	15,000,669	10,268,662	(2,366,643)	153,847,376	12,598,907	166,446,283
A.2. Opening balance of the financial year	23,688,983	40,155,331	2,027,126	120,190	(120,190)	2,363,564	36,284,683	26,425,001	15,000,669	10,268,662	(2,366,643)	153,847,376	12,598,907	166,446,283
B.1. Changes in equity – transactions with owners	0	0	0	0	(1,987,821)	0	0	0	(343,206)	0	0	(2,331,027)	(1,555,673)	(3,886,700)
Acquired treasury shares and shareholdings	0	0	0	0	(1,987,821)	0	0	0	0	0	0	(1,987,821)	0	(1,987,821)
Disbursement of dividends	0	0	0	0	0	0	0	0	0	0	0	(1,265,909)	0	(1,265,909)
Other changes in equity	0	0	0	0	0	0	0	0	(343,206)	0	0	(343,206)	(289,764)	(632,970)
B.2. Total comprehensive income of the financial year	0	0	0	0	0	0	0	(463,425)	0	8,175,248	245,055	7,956,878	2,380,729	10,337,607
Entry of operating profit/loss of the financial year	0	0	0	0	0	0	0	0	0	8,175,248	0	8,175,248	2,257,965	10,433,213
Entry of actuarial profit from termination benefit provisions	0	0	0	0	0	0	0	0	(92,040)	0	0	(92,040)	0	(92,040)
Changes in reserves from valuation at fair value	0	0	0	0	0	0	0	(373,800)	0	0	0	(373,800)	0	(373,800)
Other items of comprehensive income of the financial year	0	0	0	0	0	0	0	2,415	0	0	0	2,415	0	2,415
Gains and losses arising from translation of financial statements of entities located abroad	0	0	0	0	0	0	0	0	0	0	245,055	245,055	122,764	367,819
B.3. Changes in equity	0	0	3,569	1,912,587	0	521,385	(1,430,352)	0	9,261,473	(10,268,662)	0	0	0	0
Reallocation of the remaining part of the net profit from the comparative financial year to other equity items	0	0	0	0	0	0	0	0	10,268,662	(10,268,662)	0	0	0	0
Setting up reserves for treasury shares and own participating interests from other equity items	0	0	0	1,912,587	0	0	(1,912,587)	0	0	0	0	0	0	0
Other changes in equity	0	0	3,569	0	0	521,385	482,235	0	(1,007,189)	0	0	0	0	0
C. Closing balance of the financial year	23,688,983	40,155,331	2,030,695	2,032,777	(2,108,011)	2,884,949	34,854,331	25,961,576	23,918,936	8,175,248	(2,121,588)	159,473,227	13,423,963	172,897,190

Notes to financial statements form an integral part of the financial statements.

17 Notes to the financial statements

The parent company of the UNIOR Group is UNIOR Kovaška industrija d.d., with its registered office at Kovaška 10, Zreče, Slovenia.

The consolidated financial statements of the UNIOR Group for the year ending on 31/12/2020 are presented below.

17.1 Statement of compliance

Financial statements of the Group have been drawn up in line with the Companies Act and International Financial Reporting Standards (IFRS) as adopted by the International Accounting Standards Board (IASB) and the interpretations adopted by the International Financial Reporting Standards Interpretations Committee (IFRSIC) and as adopted by the European Union.

As regards the process of standard confirmation by the European Union, there were no differences as at the balance sheet date between the accounting policies used by the UNIOR Group, and the International Financial Reporting Standards (IFRS) adopted by the European Union. These mandatory financial statements have been compiled to comply with legal requirements. In conformity with the law, the company shall have financial statements audited by an independent auditor. The audit shall be limited to the required financial statements for general purposes ensuring conformity with the statutory audit requirement of mandatory financial statements. The audit shall cover the required financial statements as a whole and give no assurance as to individual line items, accounts or transactions. Solely audited financial statements shall not be deemed applicable by any party for making decisions regarding ownership, financing or any other specific transactions referring to the company. As a result, users of the mandatory financial statements may not rely solely on the financial statements and shall conduct other appropriate procedures before making any decisions.

The Management Board of UNIOR d.d. approved the consolidated financial statements of the UNIOR Group on 20/4/2021/

17.2 Bases used in drawing up financial statements

All financial statements and notes thereto are drawn up in euros (EUR) or the functional currency in Slovenia without cents and are rounded to the nearest whole number.

17.2.1 Fair value

The assets and liabilities shown are valued at cost or amortised cost, with the exception of land and investment property which are valued at fair value; costs of interest rate swaps are recognised in the income statement. They are not estimated to differ from fair value considerably.

Assets and liabilities measured or disclosed at fair value are classified into a fair value hierarchy consisting of the following levels:

- Level 1: assets valued using the stock exchange quotation on the last day of the accounting period;
- Level 2: unquoted assets whose value can be monitored for the entire tenor thereof;
- Level 3: assets whose value cannot be obtained from market data; this category discloses land and investment property measured at fair value and at fair value disclosed plant and equipment valued at cost subject to verification of signs of impairment. This level also

includes fair value disclosures of non-current investments valued at cost less impairment and operating liabilities, whereas current investments and liabilities are valued at amortised cost.

Classification of assets and liabilities in relation to their fair value as at 31/12/2020

(in EUR)	Level 1	Level 3	Total
Property, plant and equipment		27,492,923	27,492,923
– Land		27,492,923	27,492,923
Investment property		1,922,524	1,922,524
Non-current investments	0	18,512,953	18,512,953
– Quoted shares	0		0
– Unquoted shares		18,499,689	18,499,689
– Non-current investments – long-term loans		13,264	13,264
Non-current operating receivables		32,192	32,192
Current investments		2,937,946	2,937,946
Current operating receivables		40,835,024	40,835,024
Non-current financial liabilities		89,196,301	89,196,301
Non-current operating liabilities		0	0
Current financial liabilities		17,232,094	17,232,094
Current operating liabilities		61,301,108	61,301,108

Classification of assets and liabilities in relation to their fair value as at 31/12/2019

(in EUR)	Level 1	Level 3	Total
Property, plant and equipment		34,372,078	34,372,078
– Land		34,372,078	34,372,078
Investment property		14,786,211	14,786,211
Non-current investments	2,145	18,417,022	18,419,167
– Quoted shares	2,145		2,145
– Unquoted shares		18,401,463	18,401,463
– Non-current investments – long-term loans		15,559	15,559
Non-current operating receivables		60,662	60,662
Current investments		2,530,510	2,530,510
Current operating receivables		45,655,642	45,655,642
Non-current financial liabilities		86,207,965	86,207,965
Non-current operating liabilities		0	0
Current financial liabilities		37,138,302	37,138,302
Current operating liabilities		66,413,252	66,413,252

Land and investment property are valued at fair value established by valuation, non-current investments are disclosed at cost less impairment, whereas operating liabilities, current investments and liabilities at amortised cost.

The methodology used for estimated values is disclosed by category in Section 17.3 of the 2020 Annual Report.

17.2.2 Accounting policies used

The same accounting policies as the previous year have been used.

The consolidated financial statements include UNIOR d.d. and its subsidiaries, participating interests of the Group in associates and participating interests in joint ventures (hereinafter referred to as the UNIOR Group). Investments in subsidiaries are eliminated in the consolidated accounts of the UNIOR Group. A more detailed overview of the composition of the UNIOR Group is presented in Section 15 (UNIOR Group) in the accounting section of the 2020 Annual Report.

All accounting policies applied are the same for the entire UNIOR Group and are listed in Section 12.2.2 of the 2020 Annual Report.

17.2.3 Foreign currency transactions

For the purpose of consolidation, the balance sheets of subsidiaries that are not disclosed in euros were translated according to the closing mid-market reference exchange rate of the European Central Bank as at 31/12/2020, whereas the income statements of the subsidiaries were translated using the average rate of the European Central Bank for 2020. The difference is disclosed under the translation equity adjustment in the consolidated financial statements of the UNIOR Group.

17.3 Notes to the balance sheet of the UNIOR Group

17.3.1 Balance Sheet by Division

Consolidates balance sheet per activity

Item	(in EUR)	31/12/2020			31/12/2019		
		Tourism act.	Metalworking act.	TOTAL	Tourism act.	Metalworking act.	TOTAL
ASSETS		60,649,801	280,752,097	341,401,898	69,603,503	305,235,207	374,838,710
A. NON-CURRENT ASSETS		58,738,389	147,934,342	206,672,731	67,114,919	161,297,214	228,412,133
I. Intangible assets and other IA		1,273,995	7,059,473	8,333,468	1,320,604	6,631,416	7,952,020
1. Non-current property rights		1,273,995	1,249,412	2,523,407	1,320,604	1,331,086	2,651,690
2. Goodwill		0	521,448	521,448	0	521,448	521,448
3. Non-current deferred development costs		0	4,259,356	4,259,356	0	4,117,823	4,117,823
4. Other intangible assets		0	90,859	90,859	0	108,179	108,179
5. Intangible assets being acquired		0	938,398	938,398	0	552,880	552,880
II. Property, plant and equipment		57,023,955	115,183,720	172,207,675	65,332,671	118,516,277	183,848,948
1. Land and buildings		50,928,799	48,342,353	99,271,152	56,527,942	49,910,860	106,438,802
2. Manufacturing plants and equipment		5,858,792	59,796,050	65,654,842	5,279,417	63,068,812	68,348,229
3. Other plant and equipment, small tools and other tangible fixed assets		8,303	560,681	568,984	8,073	572,265	580,338
4. Property, plant and equipment being acquired		228,061	6,484,636	6,712,697	3,517,239	4,964,340	8,481,579
III. Investment property		415,571	1,506,953	1,922,524	421,050	14,365,161	14,786,211
IV. Non-current investments		12,519	18,500,434	18,512,953	12,519	18,406,648	18,419,167
1. Non-current investments, excluding loans		12,519	18,487,170	18,499,689	12,519	18,391,089	18,403,608
2. Non-current loans		0	13,264	13,264	0	15,559	15,559
V. Non-current operating receivables		12,350	19,842	32,192	28,075	32,587	60,662
1. Non-current trade receivables		0	0	0	0	0	0
2. Non-current operating receivables due from others		12,350	19,842	32,192	28,075	32,587	60,662
VI. Deferred tax assets		0	5,663,919	5,663,919	0	3,345,125	3,345,125
B. CURRENT ASSETS		1,911,412	132,817,755	134,729,167	2,488,585	143,937,992	146,426,577
I. Assets (groups for disposal) held for sale		0	120,000	120,000	0	120,000	120,000
II. Inventories		251,338	74,749,061	75,000,399	456,926	82,925,867	83,382,793
1. Materials		242,429	26,648,370	26,890,799	447,493	29,259,126	29,706,619
2. Work in progress		0	27,980,774	27,980,774	0	29,724,167	29,724,167
3. Products		0	14,611,493	14,611,493	0	16,146,854	16,146,854
4. Merchandise		8,909	5,508,424	5,517,333	9,433	7,795,720	7,805,153
III. Current investments		0	2,937,946	2,937,946	0	2,530,510	2,530,510
1. Current investments, excluding loans		0	0	0	0	0	0
2. Short-term loans		0	2,937,946	2,937,946	0	2,530,510	2,530,510
IV. Current operating receivables		1,435,904	39,399,120	40,835,024	1,436,103	44,219,539	45,655,642
1. Current trade receivables		346,579	24,596,857	24,943,436	888,627	32,051,819	32,940,446
2. Current operating receivables due from others		1,089,325	14,802,263	15,891,588	547,477	12,167,719	12,715,196
V. Cash and cash equivalents		224,171	15,611,627	15,835,798	595,555	14,142,077	14,737,632

Balance Sheet by Division (cont.)

Item	(in EUR)	2020			2019		
		Tourism act. 31/12/2020	Metalworking act. 31/12/2020	TOTAL 31/12/2020	Tourism act. 31/12/2019	Metalworking act. 31/12/2019	TOTAL 31/12/2019
LIABILITIES		60,649,801	280,752,097	341,401,898	69,603,503	305,235,207	374,838,710
A. EQUITY		29,108,573	133,743,808	162,852,381	34,853,141	138,044,049	172,897,190
A1. EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		29,108,573	119,324,794	148,433,367	34,853,141	124,620,086	159,473,227
I. Called-up capital		6,483,792	17,205,191	23,688,983	6,483,792	17,205,191	23,688,983
1. Share capital		6,483,792	17,205,191	23,688,983	6,483,792	17,205,191	23,688,983
2. Uncalled capital (deduction item)		0	0	0	0	0	0
II. Capital reserves		11,409,929	28,745,402	40,155,331	11,409,929	28,745,402	40,155,331
III. Revenue reserves		15,911,428	24,615,075	40,526,503	15,911,428	23,783,313	39,694,741
1. Legal reserves		534,164	1,497,818	2,031,982	534,164	1,496,531	2,030,695
2. Reserves for treasury shares and own participating interests		0	2,016,459	2,016,459	0	2,032,777	2,032,777
3. Treasury shares and own participating interests (deduction item)		0	(2,016,459)	(2,016,459)	0	(2,108,011)	(2,108,011)
4. Statutory reserves		0	3,278,156	3,278,156	0	2,884,949	2,884,949
5. Other revenue reserves		15,377,264	19,839,101	35,216,365	15,377,264	19,477,067	34,854,331
IV. Fair value reserves		7,895,712	12,336,267	20,231,979	13,598,979	12,362,597	25,961,576
V. Net profit brought forward		0	43,537,065	30,986,078	0	36,480,276	23,918,936
VI. Net loss brought forward		12,550,987	0	0	12,561,340	0	0
VII. Net profit of the financial year		0	0	0	10,353	8,164,895	8,175,248
VIII. Net loss of the financial year		41,301	4,430,201	4,471,502	0	0	0
IX. Translation adjustment of capital		0	(2,684,005)	(2,684,005)	0	(2,121,588)	(2,121,588)
A2. EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTEREST		0	14,419,014	14,419,014	0	13,423,963	13,423,963
B. PROVISIONS AND DEFERRED REVENUE		2,747,365	6,740,530	9,487,895	2,747,365	6,718,274	9,465,639
1. Provisions for pensions and similar liabilities		650,574	5,962,694	6,613,268	625,037	5,826,897	6,451,934
2. Other provisions		2,059,864	589,838	2,649,702	2,121,278	641,032	2,762,310
3. Deferred revenue		0	224,925	224,925	1,050	250,345	251,395
C. NON-CURRENT LIABILITIES		22,751,866	67,776,554	90,528,420	21,478,592	67,445,735	88,924,327
I. Non-current financial liabilities		14,430,952	74,765,349	89,196,301	11,820,595	74,387,370	86,207,965
1. Non-current financial liabilities to banks		14,394,011	73,812,603	88,206,614	11,756,032	73,153,331	84,909,363
2. Non-current financial liabilities from bonds payable		0	0	0	0	0	0
3. Other non-current financial liabilities		36,941	952,746	989,687	64,563	1,234,039	1,298,602
II. Non-current operating liabilities		7,098,550	(7,098,550)	0	7,098,550	(7,098,550)	0
1. Non-current trade payables		0	0	0	0	0	0
2. Non-current bills of exchange payable		0	0	0	0	0	0
3. Non-current operating liabilities from advance payments		0	0	0	0	0	0
4. Other non-current operating liabilities		7,098,550	(7,098,550)	0	7,098,550	(7,098,550)	0
III. Deferred tax liabilities		1,222,364	109,755	1,332,119	2,559,446	156,916	2,716,362
D. CURRENT LIABILITIES		6,078,926	72,454,276	78,533,202	10,524,404	93,027,150	103,551,554
I. Liabilities included in groups for disposal		0	0	0	0	0	0
II. Current financial liabilities		2,580,179	14,651,915	17,232,094	5,394,766	31,743,536	37,138,302
1. Current financial liabilities to banks		2,561,158	14,062,013	16,623,171	5,372,493	30,690,770	36,063,263
2. Current financial liabilities from bonds payable		0	0	0	0	0	0
3. Other current financial liabilities		19,021	589,902	608,923	22,273	1,052,766	1,075,039
III. Current operating liabilities		3,498,747	57,802,361	61,301,108	5,129,638	61,283,614	66,413,252
1. Current trade payables		1,778,861	33,068,895	34,847,756	2,883,108	36,798,936	39,682,044
2. Current bills of exchange payable		0	7,505,704	7,505,704	0	7,042,745	7,042,745
3. Current operating liabilities from advance payments		502,810	1,069,468	1,572,278	934,095	3,812,726	4,746,821
4. Other current operating liabilities		1,217,076	16,158,294	17,375,370	1,312,435	13,629,207	14,941,642

Additional information by geographical area for the Group

(in EUR)	Revenue from sales		Total assets		Net investments	
	2020	2019	2020	2019	2020	2019
Slovenia	142,116,299	180,889,266	260,582,200	295,217,859	9,231,272	13,115,270
European Union	10,169,137	11,199,972	17,510,756	16,011,134	2,401,697	1,831,920
Rest of Europe	11,249,965	13,606,804	17,527,952	18,611,370	427,121	2,585,437
Other markets	46,704,216	50,298,412	45,780,990	44,998,346	1,533,059	3,013,000
Total	210,239,617	255,994,454	341,401,898	374,838,709	13,593,150	20,545,627

17.3.2 Intangible assets

UNIOR GROUP (in EUR)	Goodwill	Deferred costs development of	Investments in rights of intellectual property	Other intangible assets	Intangible assets being acquired	Total
Cost						
Balance as at 31 December 2019	602,236	16,238,698	5,510,539	108,179	552,880	23,012,532
Increases upon acquisitions of entities	0	0	0	0	0	0
Direct increases – investments	0	978,156	111,421	6,395	938,398	2,034,370
Transfer from investments in progress	0	552,880	0	0	(552,880)	0
Decreases during the year	0	0	(22,696)	(23,715)	0	(46,411)
Other changes (fluctuations, currency exchange rates)	0	(54,031)	(30,158)	0	0	(84,189)
Balance as at 31 December 2020	602,236	17,715,703	5,569,106	90,859	938,398	24,916,302
Value adjustment						
Balance as at 31 December 2019	80,788	12,120,875	2,858,849	0	0	15,060,512
Increases upon acquisitions of entities	0	0	0	0	0	0
Depreciation during the year	0	1,380,264	198,715	0	0	1,578,979
Decreases during the year	0	0	(4,634)	0	0	(4,634)
Other changes (fluctuations, currency exchange rates)	0	(44,792)	(7,231)	0	0	(52,023)
Balance as at 31 December 2020	80,788	13,456,347	3,045,699	0	0	16,582,834
Current value as at 31 December 2020	521,448	4,259,356	2,523,407	90,859	938,398	8,333,468
Current value as at 31 December 2019	521,448	4,117,823	2,651,690	108,179	552,880	7,952,020

UNIOR GROUP (in EUR)	Goodwill	Deferred costs development of	Investments in rights of intellectual property	Other intangible assets	Intangible assets being acquired	Total
Cost						
Balance as at 31 December 2018	602,236	14,375,778	4,996,798	125,345	9,630	20,109,787
Increases upon acquisitions of entities	0	0	0	0	0	0
Direct increases – investments	0	139,530	758,859	6,671	2,275,364	3,180,424
Transfer from investments in progress	0	1,709,481	19,440	0	(1,728,921)	0
Decreases during the year	0	0	(267,047)	(23,837)	(3,250)	(294,134)
Other changes (fluctuations, currency exchange rates)	0	13,909	2,489	0	57	16,455
Balance as at 31 December 2019	602,236	16,238,698	5,510,539	108,179	552,880	23,012,532
Value adjustment						
Balance as at 31 December 2018	80,788	10,919,656	2,895,039	0	0	13,895,483
Increases upon acquisitions of entities	0	0	0	0	0	0
Depreciation during the year	0	1,195,171	149,646	0	0	1,344,817
Decreases during the year	0	0	(185,525)	0	0	(185,525)
Other changes (fluctuations, currency exchange rates)	0	6,048	(311)	0	0	5,737
Balance as at 31 December 2019	80,788	12,120,875	2,858,849	0	0	15,060,512
Current value as at 31 December 2019	521,448	4,117,823	2,651,690	108,179	552,880	7,952,020
Current value as at 31 December 2018	521,448	3,456,122	2,101,759	125,345	9,630	6,214,304

The UNIOR Group received 6,395 emission allowances from the Ministry of the Environment and Spatial Planning, Environment Agency of the Republic of Slovenia, for 2019; in 2020, it settled its 2020 liability for 7,555 emission allowances. As at 31/12/2020, emission allowances amount to 12,751. These allowances are carried in the ledger at the value of 1 euro and are disclosed among other intangible assets which include not only a disclosure thereof but also of non-current deferred costs and accrued revenue amounting to EUR 78,108.

Non-current deferred development costs of EUR 4,259,356 in total refer to deferred costs of development of machine tools in the Special Machines Programme amounting to EUR 3,139,716 and development costs in the Ningbo Unior Forging forge in China amounting to EUR 1,119,640.

Investments in intellectual property rights include software licences, investments in the Rogla running polygon (concession fee), rights on foreign fixed assets, the Unitor brand, research on thermal water intake and investments of the founder in the Terme Zreče development plan.

Goodwill arises from merging Inexa Adria d.o.o. by acquisition with UNIOR d.d. in 2005 and from merging Unior Werkzeugmaschinen GmbH by acquisition to Unior Deutschland GmbH in 2010. The fair value of goodwill of cash-generating units is reviewed on an annual basis whose operations have not resulted in any impairment requirements.

The increase of intangible fixed assets by EUR 2,034,370 can be attributed primarily to non-current deferred development costs in the Special Machines Programme which, as at 31/12/2020 include intangible non-current assets being acquired amounting to EUR 920,670 and development costs in the Ningbo Unior Forging forge in China amounting to EUR 854,599 and investments in intellectual property rights amounting to EUR 111,421.

Financing investment costs for the acquisition of an intangible fixed asset until it reflects the enterprise are included in the cost of intangible assets.

The UNIOR Group has not pledged an intangible fixed assets as collateral for the repayment of its debts.

17.3.3 Property, plant and equipment

UNIOR GROUP (in EUR)	Land	Buildings	Production Equipment	Small tools	Fixed assets being acquired	Total
Cost						
Balance as at 31 December 2019	34,372,078	147,220,096	208,026,016	3,290,275	8,481,579	401,390,044
Increases upon acquisitions of entities	0	0	0	0	0	0
Direct increases – investments	53,736	23,782	744,895	146,805	10,589,562	11,558,780
Transfer from investments in progress	0	4,320,227	7,931,227	100,468	(12,351,922)	0
Decreases during the year	0	(363,569)	(4,210,737)	(157,315)	0	(4,731,621)
Revaluation	(6,918,044)	0	0	0	0	(6,918,044)
Transfers between groups	0	0	0	0	0	0
Other changes (changes in exchange rates)						
	(14,847)	(290,750)	(690,711)	(107,570)	(6,522)	(1,110,400)
Balance as at 31 December 2020	27,492,923	150,909,786	211,800,690	3,272,663	6,712,697	400,188,759
Value adjustment						
Balance as at 31 December 2019	0	75,153,372	139,677,787	2,709,937	0	217,541,096
Increases upon acquisitions of entities	0	0	0	0	0	0
Depreciation during the year	0	4,132,759	10,709,089	214,675	0	15,056,523
Decreases during the year	0	(90,960)	(3,790,234)	(139,469)	0	(4,020,663)
Transfers between groups	0	0	0	0	0	0
Other changes (changes in exchange rates)						
	0	(63,614)	(450,794)	(81,464)	0	(595,872)
Balance as at 31 December 2020	0	79,131,557	146,145,848	2,703,679	0	227,981,084
Current value as at 31 December 2020	27,492,923	71,778,229	65,654,842	568,984	6,712,697	172,207,675
Current value as at 31 December 2019	34,372,078	72,066,724	68,348,229	580,338	8,481,579	183,848,948

UNIOR GROUP (in EUR)	Land	Buildings	Production Equipment	Small tools	Fixed assets being acquired	Total
Cost						
Balance as at 31 December 2018	34,700,925	141,343,430	193,522,607	3,125,132	14,012,434	386,704,528
Increases upon acquisitions of entities	0	0	0	0	0	0
Direct increases – investments	22,140	2,189,831	2,043,757	240,186	12,863,512	17,359,426
Transfer from investments in progress	0	4,007,761	14,356,582	30,108	(18,394,451)	0
Decreases during the year	0	(301,231)	(2,107,457)	(140,550)	0	(2,549,238)
Revaluation	(373,800)	0	0	0	0	(373,800)
Transfers between groups	0	0	0	0	0	0
Other changes (changes in exchange rates)						
	22,813	(19,695)	210,527	35,399	84	249,128
Balance as at 31 December 2019	34,372,078	147,220,096	208,026,016	3,290,275	8,481,579	401,390,044
Value adjustment						
Balance as at 31 December 2018	0	71,164,182	131,433,212	2,518,917	0	205,116,311
Increases upon acquisitions of entities	0	0	0	0	0	0
Depreciation during the year	0	4,006,255	10,134,114	248,015	0	14,388,384
Decreases during the year	0	(11,748)	(1,980,985)	(83,739)	0	(2,076,472)
Transfers between groups	0	0	0	0	0	0
Other changes (changes in exchange rates)						
	0	(5,317)	91,446	26,744	0	112,873
Balance as at 31 December 2019	0	75,153,372	139,677,787	2,709,937	0	217,541,096
Current value as at 31 December 2019	34,372,078	72,066,724	68,348,229	580,338	8,481,579	183,848,948
Current value as at 31 December 2018	34,700,925	70,179,248	62,089,395	606,215	14,012,434	181,588,217

In 2020, the UNIOR Group invested EUR 11,558,780 of new funds in property, plant and equipment, out of which EUR 10,383,161 in metalworking and EUR 1,175,619 in tourism activities.

Among property, plant and equipment, the UNIOR Group as at 31/12/2020 discloses assets acquired through leasing at a cost of EUR 2,660,025 and at the present value of EUR 1,511,061.

Subject to IFRS 16, the UNIOR Group discloses leased fixed assets among property, plant and equipment amounting to EUR 2,733,524. Depreciation arising from these fixed assets in 2020

amounted to EUR 951,432 and interest on leases amounted to EUR 47,220. At the end of the year, lease liabilities amounted to EUR 985,782, out of which short-term lease liabilities EUR 414,791. Short-term lease expenses not recognised as fixed assets due to a shorter lease term and leases of assets whose value does not exceed the threshold of recognising assets as fixed assets are included among leases in Section 17.3.4 of the 2020 Annual Report.

The UNIOR Group has pledged as collateral land and buildings at an estimated value of EUR 100,010,052 and plant, machinery and equipment at their present value of EUR 20,717,733.

Due to changes, land was revalued to its fair value on the basis of an appraisal report, compiled by an authorised real estate appraiser, according to the balance as at 31/12/2020 are presented below. The land was valued by an appraiser using the market comparison method indicating the value by comparing the valued property with equal or similar properties whose price was known. Subject to the sales prices achieved and the adjustments, an indicative price, which a comparable property would achieve on the market, was taken into account. Public utility charges were added to the land valuation, namely as a right attributed to the construction land where facilities with issued building permits are located. An estimate of costs of disposal was also taken into account in the valuation process.

Financing investment costs for the acquisition of an intangible fixed asset until it reflects the enterprise are included in the cost of property, plant and equipment.

The value of revalued land at cost is EUR 7,420,774.

17.3.4 Investment property

Investment property

(in EUR)	31/12/2020	31/12/2019
Land	1,113,286	7,800,552
Buildings	809,238	6,985,659
Total	1,922,524	14,786,211

Changes in investment property

(in EUR)	2020	2019
Opening balance as at 1 January	14,786,211	14,787,206
Acquisitions	0	5,777
Fair value changes	(16,876)	0
Disposals	(12,845,777)	(14,080)
Other changes (fluctuations, currency exchange rates)	(1,034)	7,308
Closing balance as at 31 December	1,922,524	14,786,211

Investment property comprises land and buildings intended for resale or letting out for rental income, namely at our premises in Zreče, Rogla and Kragujevac, Serbia. Land intended for sale and disclosed among investment property was valued by an appraiser using the market sales method indicating the value by comparing the valued property with equal or similar properties whose price was known. Subject to the sales prices achieved and the adjustments, an indicative price, which a

comparable property would achieve on the market, was taken into account. Public utility charges were added to the land valuation, namely as a right attributed to the construction land where facilities with issued building permits are located. An estimate of costs of disposal was also taken into account in the valuation process. The effect of changing the fair value of investment property amounting to EUR 16,876 is included in the profit or loss of 2020.

The reduction of investment property by EUR 12,845,777 in 2020 results from the sales of property in Maribor.

Lease revenue in the 2020 financial year amounted to EUR 985,488.

Future lease payments refer to lease payments for the lease of the production hall in Kragujevac and powder painting production line and lease payments received for leased out classrooms, apartment and parking spaces. Reduced lease payments compared to 2019 result from the sales of the production hall at the commercial and production area Tezno in Maribor.

Minimum total of lease payments from operating leases – receivables

(in EUR)	2020	2019
Up to 1 year	305,529	1,259,506
From 2 to 5 years	1,152,960	3,076,394
More than 5 years	1,434,449	1,572,000
Total	2,892,938	5,907,900

17.3.5 Non-current investments

Investments in associates, in consolidation measured using the equity method

(in EUR)	Share	31/12/2020	31/12/2019
Domestic:			
ŠTORE STEEL d.o.o. Štore	29.253	13,870,327	14,136,845
RC SIMIT d.o.o. Kidričevo	20.000	0	254,967
		<u>13,870,327</u>	<u>14,391,812</u>
Foreign:			
UNIOR TEPID S.R.L. Brasov, Romania	49.000	3,390,762	2,861,583
UNIOR SINGAPORE Pte. Ltd. Singapore	40.000	0	(70,754)
UNIOR TEHNA d.o.o. Sarajevo, Bosnia and Herzegovina	25.000	381,940	415,594
UNIOR TEOS ALATI d.o.o. Belgrade, Serbia	20.000	690,436	637,004
		<u>4,463,138</u>	<u>3,843,427</u>
Total associates		18,333,465	18,235,239

Financial assets, measured at fair value through profit or loss

Investments in shares and participating interests in other companies and banks:

BANKS	750	750
OTHER COMPANIES	165,474	167,619
Total in other companies and banks	166,224	168,369

Non-current investments in debt, measured at amortized value

Long-term loans to others	15,544	40,659
Current portion of investments in liabilities	(2,280)	(25,100)
Total in debt	13,264	15,559

Total non-current investments excluding treasury shares	18,512,953	18,419,167
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Investments in associates are accounted for in the consolidated financial statements using the equity method. The profits and losses of the associates disclosed in the consolidated balance sheet either increase or decrease the value of non-current financial investments, whereas they increase financial revenue or expenses in the consolidated income statement.

In 2020 the impact of the valuation of associates under the equity method resulted in a positive effect of EUR 282,439, while in 2019 it had a positive impact of EUR 9,507.

At the end of 2020, two associates were liquidated: RC Simit d.o.o. in Slovenia and Unior Singapore Pte. Ltd. in Singapore.

Non-current loans are fully recoverable. Proceeds accruing from interests in 2020 amounted to EUR 108,931 and EUR 73,240 in 2019.



Changes in non-current investments in shares and participating interests

Changes in non-current investments in shares, participating interests and loans

(in EUR)	2020	2019
Balances of investments as at 1 January	18,419,167	18,431,323
Increases:		
Acquisition of shares and participating interests	144,905	0
Increase of investments in liabilities	0	6,051
Dividends or profit shares from associates	282,439	9,507
Other increases – revaluation	0	12,357
Decreases:		
Sales of shares and participating interests	(62,874)	(6,479)
Repayments of long-term loans given	(15)	(8,492)
Losses of associates	0	0
Transfer to current investments	(2,280)	(25,100)
Other decreases – impairment	(268,389)	0
Balance as at 31 December	18,512,953	18,419,167

Non-current investments were increased by the statutorily required capital increase of UNIOR Singapore Pte. Ltd. by converting the receivables of the company into participating interest amounting to EUR 144,905

Impairment in 2020 is represented by loss generated during the liquidation of RC Simit d.o.o. amounting to EUR 194,238 and UNIOR Singapore Pte. Ltd. amounting to EUR 74,151. Shares of Intereuropa d.d. amounting to EUR 2,145 were also sold in 2020.

Changes in non-current investments in shares and participating interests in associates:

(in EUR)	2020	2019
Carrying amount as at 1 January	18,235,239	18,211,958
Acquisition of shares and participating interests	144,905	0
Profits (losses) using the equity method	(43,015)	1,516,065
Payout of profit arising from equity interest	(30,484)	(1,290,362)
Foreign currency translation differences	(25,387)	(121,408)
Sales of shares and participating interests	0	0
Impairments of investments	(268,389)	0
Other changes	320,596	(81,014)
Carrying amount as at 31 December	18,333,465	18,235,239

Equity and profit or loss of related parties

Company name	Country Company	Percentage participating in equity	Size equity in EUR	Operating of the year in EUR	Audited financial statements
Associates:					
ŠTORE STEEL d.o.o.	Slovenia	29.253	59,745,423	(2,562,672)	YES
UNIOR TEPID S.R.L.	Romania	49.000	6,919,923	1,196,909	YES
UNIOR TEHNA d.o.o.	Bosnia and Herzegovina	25.000	1,527,758	106,851	YES
UNIOR TEOS ALATI d.o.o.	Serbia	20.000	3,452,181	467,249	NO

Detailed information on associates (company name, address, activity and number of employees) is disclosed in Section 15.2 of the 2020 Annual Report.

17.3.6 Assets (groups for disposal) held for sale

Assets (groups for disposal) held for sale

(in EUR)	31/12/2020	31/12/2019
Assets (groups for disposal) held for sale	120,000	120,000
Total	120,000	120,000

Assets (groups for disposal) held for sale comprise bungalows on Mount Rogla.

17.3.7 Inventories

Inventories

(in EUR)	31/12/2020	31/12/2019
Materials	27,808,334	30,399,950
Work in progress	27,980,774	29,724,167
Products	16,481,082	17,769,088
Merchandise	5,991,423	8,046,097
Value adjustment	(3,261,214)	(2,556,509)
Total	75,000,399	83,382,793

Balance of value adjustment of inventories

(in EUR)	31/12/2020	31/12/2019
– materials	917,535	693,331
– finished products	1,869,589	1,622,234
– merchandise	474,090	240,944
Total	3,261,214	2,556,509

Change in allowances set up for inventories

(in EUR)	2020	2019
Balance of allowances set up for inventories as at 1 January	2,556,509	2,204,812
– materials	224,204	95,531
– finished products	477,941	220,604
– merchandise	233,146	35,562
– reversal of adjustment	(230,586)	0
Balance as at 31 December	3,261,214	2,556,509

In the 2020 financial year, inventories fell by EUR 8,382,394 in total, resulting from a lower production volume caused by coronavirus-epidemic-related issues, lower prices of some materials and rationalisations of all operating segments.

The carrying value of inventories equals the net realisable value. A value adjustment is formed for inventories not experiencing any movement in specific periods of time subject to the methodology contained in our accounting policies. The balance of value adjustments of inventories in 2020 amounted to EUR 704,705 more than at the end of 2019.

Inventories amounting to EUR 20 million are pledged in favour of banks as collateral for our financial liabilities. Inventories in the table above are shown in gross amounts as a result of a separate disclosure of value adjustments of inventories. Inventories contained in the balance sheet statement are shown in net amounts.

17.3.8 Operating receivables

Operating receivables

(in EUR)	31/12/2020	31/12/2019
Non-current operating receivables		
Non-current trade receivables due from others	35,768	64,238
Value adjustment of non-current operating receivables	(3,576)	(3,576)
Total non-current operating receivables	32,192	60,662
Current operating receivables		
Current operating receivables due from associates	276,883	1,336,529
Current trade receivables, domestic	2,103,153	3,254,126
Current trade receivables, foreign	23,356,348	28,893,150
VAT receivables	1,669,681	1,163,297
Advance payments	1,878,843	1,012,781
Other current operating receivables	12,343,064	10,539,118
Value adjustments of current operating receivables	(792,948)	(543,359)
Total current operating receivables	40,835,024	45,655,642

Non-current operating receivables of the UNIOR Group fell by EUR 28,470 as a result of repayments of trade receivables. The reduction of current trade receivables by EUR 4,820,618 also results from the repayment of foreign and domestic trade receivables and receivables due from associates. Other current receivables include disclosed receivables from sold non-recourse factoring operating receivables and receivables from refunds. These also include a disclosure of current deferred costs and accrued revenue and VAT for advance payments received as recorded. Receivables shown in the table are fully recoverable. The impairment of receivables is formed by the Group on the basis of expected losses in respect of the risk that they will not be recovered. Historical, current and future-oriented recovery information is taken into account. As all receivables are current, no discount rate is applied by the Group to their recovery.

In 2020, the UNIOR Group formed value adjustments of trade receivables amounting to EUR 368,917.

Changes in value adjustments of trade receivables

(in EUR)	2020	2019
Balance as at 1 January	543,359	702,211
Collected written-off receivables	(57,468)	(73,903)
Final write-off of receivables	(61,860)	(188,357)
Setting up allowances during the year	368,917	103,408
Balance as at 31 December	792,948	543,359

Maturity of the Group's receivables as at 31/12/2020

(in EUR)	31/12/2020	31/12/2019
Receivables not yet due	34,860,746	34,910,933
Receivables overdue up to 90 days	2,886,659	7,657,272
Receivables from 91 to 180 days overdue	1,070,219	1,610,705
Receivables 181 up to 365 days overdue	1,509,493	685,783
Receivables more than 1 year overdue	507,907	590,949
Total	40,835,024	45,455,642

17.3.9 Current investments
Current investments

(in EUR)	31/12/2020	31/12/2019
Loans given		
– to associates	0	0
– to others	4,059	1,386
Current investments in deposits	2,931,607	2,504,024
Short-term portion of non-current investments in liabilities	2,280	25,100
Total	2,937,946	2,530,510

Current investments of the Group have not been pledged as collateral. The UNIOR Group discloses current investments at amortised cost. Short-term loans (except for the current portion of non-current loans) are not secured but are believed to be fully recoverable. Interest on loans given is being repaid.

Changes in current investments

(in EUR)	2020	2019
Balance as at 1 January	2,530,510	2,066,854
Increases:		
Increase in short-term loans given to associates	0	0
Increase in short-term loans given to others	4,059	1,386
Increase of investments in deposits	427,583	460,394
Return of the current portion of non-current investments	2,280	25,100
Decreases:		
Decrease in short-term loans given to associates	0	0
Decrease in short-term loans given to others	(26,486)	(23,224)
Decrease in investments in deposits	0	0
Other decreases - impairment	0	0
Balance as at 31 December	2,937,946	2,530,510

17.3.10 Cash and cash equivalents

(in EUR)	31/12/2020	31/12/2019
Cash in hand and cheques received	30,508	29,169
Cash at bank	15,805,290	14,708,463
Total	15,835,798	14,737,632

17.3.11 Equity

The equity of the UNIOR Group comprises called-up capital, capital reserves, revenue reserves, reserves from revaluation at fair value and the net loss or profit brought forward of the financial year and translation adjustment of capital.

As at 31/12/2020, the share capital of the parent company is registered in the amount of EUR 23,688,983 as disclosed in the balance sheet. It is divided into 2,838,414 no-par value shares. The parent company does not hold any authorised capital. No contingent share capital increases were held in the 2020 financial year. No dividend stocks were issued by the parent company. The parent company is not a member in another company for whose liabilities it would be liable without any restrictions.

Capital reserves amount to EUR 40,155,331 and did not change compared to the previous year. Capital reserves are composed of a paid-in capital surplus from capital increases amounting to EUR 7,944,612; excess of the sales value over the carrying amount of sold treasury shares amounting to EUR 3,977,907 and a general revaluation surplus in equity included into capital reserves upon shifting to International Financial Reporting Standards amounting to EUR 28,232,812.

Revenue reserves amounting to EUR 40,526,503 are intentionally retained revenue from previous years, mainly for the settlement of potential future losses. Compared to the balance as at the end of 2019, they increased by 831,762 from the allocation of net profit brought forward to revenue reserves. Reserves include reserves for treasury shares owned by UNIOR d.d. and treasury shares owned by its subsidiaries Unior Deutschland GmbH and SPITT d.o.o. amounting to EUR 2,016,459.

Reserves from revaluation at fair value amounting to EUR 20,231,979 represent reserves from the revaluation of land at fair value and losses and actuarial gains from actuarial calculations of termination benefits at retirement. In the past year, provisions due to fair value measurements amounted to EUR 25,961,576. The EUR 5,729,597 reduction is composed of an EUR 6,918,045 decrease from the revaluation of land at fair value and a EUR 97,615 decrease from the change in actuarial gains from calculated provisions subject to pension schemes and a EUR 1,286,063 impairment of surplus value.

Fair value reserves

(in EUR)	31/12/2020	31/12/2019
Land	24,343,841	31,261,886
Termination benefits at retirement	(614,983)	(614,983)
Actuarial gains	377,477	475,092
Impairment of value surpluses	(3,874,356)	(5,160,419)
Total	20,231,979	25,961,576

Changes in reserves from valuation at fair value

(in EUR)	2020	2019
Balance as at 1 January	25,961,576	26,425,001
Decreases:		
– Land	(7,023,044)	(373,800)
– Termination benefits at retirement	0	0
– Actuarial gains	(97,615)	(92,040)
– Impairment of value surpluses	(51,740)	0
Increases:		
– Land	104,999	0
– Termination benefits at retirement	0	0
– Actuarial gains	0	0
– Impairment of value surpluses	1,337,803	2,415
Balance as at 31 December	20,231,979	25,961,576

Net profit brought forward totals EUR 30,986,078 and represents undistributed profit from previous years.

The net profit of the UNIOR Group in 2020 amounts to EUR 2,196,106 or EUR 5,763,378 less than the loss of the parent company. Differences arise from the operating results of subsidiaries amounting EUR 3,407,966, operating results of associates amounting to EUR 282,439, exclusions and adjustments at consolidation amounting to EUR -202,423, and profit attributable to non-controlling interest amounting to EUR 2,275,396.

Changes in equity attributable to equity holders of the parent company in the current year represent:

- the entry of net loss generated in the 2020 financial year amounts to EUR 4,471,502;
- a reduction of reserves from the valuation at fair value resulting from changes in reserves from the revaluation of land at fair value and from the actuarial gains generated during the calculation of termination benefit provisions amounting to EUR 5,729,597;
- other changes in equity represent a reduction of EUR 276,344;
- net profit or loss brought forward increased by EUR 8,175,248 from the profit brought forward from 2019 and decreased by EUR 1,108,106 from the transfer to other equity items and other changes in equity;
- equity adjustment from foreign currency translation decreased by EUR 562,417 as the exchange rate of the local euro currency rose compared to the exchange rate of currencies in some countries where some subsidiaries of the UNIOR Group are based.

Movements in equity attributable to non-controlling interest in the current year are as follows:

- The net profit of the financial year attributable to the owners of non-controlling interest represents a profit of EUR 2,275,396;
- the disbursement of dividends to owners of non-controlling interest reduced equity by EUR 623,247,
- other changes in equity represent a reduction of EUR 178,738;
- equity adjustment from foreign currency translation decreased by EUR 478,360 as the exchange rate of the local euro currency rose compared to the exchange rate of currencies in some countries where some subsidiaries of the UNIOR Group are based.

17.3.12 Non-current Provisions and Deferred Revenue

(in EUR)	Provisions for termination and jubilee benefits	Provisions for annuities	Donations received for fixed assets	Provisions from non-current deferred revenue	Total
Balance as at 31 December 2019	6,451,934	298,248	2,464,062	251,395	9,465,639
Formed provisions	570,113	6,718	29,487	229	606,547
Utilised provisions	(162,498)	(16,795)	(132,018)	(26,699)	(338,010)
Reversed provisions	(246,281)	0	0	0	(246,281)
Balance as at 31 December 2020	6,613,268	288,171	2,361,531	224,925	9,487,895

(in EUR)	Provisions for termination and jubilee benefits	Provisions for annuities	Donations received for fixed assets	Provisions from non-current deferred revenue	Total
Balance as at 31 December 2018	6,131,689	307,946	2,512,662	299,886	9,252,183
Formed provisions	582,592	7,097	73,785	0	663,474
Utilised provisions	(125,633)	(16,795)	(122,385)	(48,491)	(313,304)
Reversed provisions	(136,714)	0	0	0	(136,714)
Balance as at 31 December 2019	6,451,934	298,248	2,464,062	251,395	9,465,639

Provisions for jubilee and termination benefits are formed in the amount of estimated future pay-outs of jubilee and termination benefits discounted at the balance sheet date. The main parameters taken into account in the calculation are the retirement age of 65 years for both women and men, the required length of service of 40 years, the discount rate of 0.8 per cent and annual wage growth of 2.2 per cent. Provisions are reversed due to different assumptions used to calculate provisions and for all employees for whom provisions had been formed in the past but who are no longer employed at Unior.

Provisions for annuities are formed for employees sustaining occupational injuries that have resulted in permanent damage thereto.

Non-current provisions for donation received also include a disclosure of funds received from the Ministry of Economy for co-financing development projects and the Ministry of the Environment and Spatial Planning for emission allowances received. Non-current provisions also disclose funds received from the Ministry of the Economy for co-financing investments in the reconstruction and development of tourism facilities in Zreče and on Rogla, for the restoration of the spa after fire, co-financing the construction of the Atrij Hotel in Zreče and boiler rooms for district wood-biomass-powered heating on Rogla and funds received for co-financing investments in the development of entrepreneurship in Serbia granted by the Development Fund of the Republic of Serbia. Provisions are utilised subject to the depreciation of co-financed fixed assets. Their balance as at 31/12/2020 amounts to EUR 2,361,531.

Provisions from non-current deferred revenue amount to EUR 224,925.

There are no unfulfilled conditions or contingent liabilities associated with government grants.

17.3.13 Non-current financial liabilities

Changes in non-current financial liabilities

(in EUR)	Principal debt 1/1/2020	New loan in the year	Increase unpaid current portion	Repayment in the year	Principal debt 31/12/2020	Part which falls due in 2021	Non-current portion
Bank or creditor							
Domestic banks	83,119,217	9,701,929	7,747,079	(7,528,576)	93,039,649	(8,130,657)	84,908,992
Foreign banks	1,064,972	1,841,643	0	(5,889)	2,900,726	(397,762)	2,502,964
Other creditors	513,150		0	0	513,150	(108,453)	404,697
Commercial leases	783,020	341,918	0	(139,067)	985,871	(417,130)	568,741
Financial leases	727,606	630,886	0	(207,627)	1,150,865	(339,958)	810,907
Total loans taken out	86,207,965	12,516,376	7,747,079	(7,881,159)	98,590,261	(9,393,960)	89,196,301

(in EUR)	Principal debt 1/1/2019	New loan in the year	Return unpaid current portion	Repayment in the year	Principal debt 31/12/2019	Part which falls due in 2020	Non-current portion
Bank or creditor							
Domestic banks	100,141,314	0	0	(579,723)	99,561,591	(16,442,374)	83,119,217
Foreign banks	210,884	1,000,318	0	0	1,211,202	(146,230)	1,064,972
Other creditors	382,786	271,731	0	0	654,517	(141,367)	513,150
Commercial leases	0	2,527,070	0	(821,201)	1,705,869	(922,849)	783,020
Financial leases	387,828	1,051,003	0	(279,953)	1,158,878	(431,272)	727,606
Total loans taken out	101,122,812	4,850,122	0	(1,680,877)	104,292,057	(18,084,092)	86,207,965

Interest rates on long-term loans range from 6-month Euribor + 0.54 per cent to 6-month Euribor + 3.22 per cent and from 3-month Euribor + 0.5 per cent to 3-month Euribor + 2.9 per cent and the real interest rate ranges between 1.0 and 4.2 per cent. The UNIOR Group has taken out long-term loans with a 3-month and 6-month Euribor benchmark interest rate. In 2017, an interest rate swap for a period of five years was concluded for EUR 47.5 million in long-term loans of UNIOR d.d. and EUR 7.8 million of Unitur d.o.o. securing the UNIOR Group against any adverse fluctuations of the variable Euribor interest rate. Current interest rate swap costs are recognised through the income statement.

Maturity of non-current financial liabilities by year

(in EUR)	2020	2019
Maturity from 1 to 2 years	15,521,694	13,468,949
Maturity from 2 to 3 years	51,314,256	13,473,436
Maturity from 3 to 4 years	10,709,223	58,502,700
Maturity from 4 to 5 years	3,611,968	297,790
Maturity more than 5 years	8,039,160	465,090
Total	89,196,301	86,207,965

Collateral for non-current and current liabilities from financing activities consists of mortgages on immovable and moveable property, investments and inventories at fair value amounting to EUR 153,855,790, as well as bills of exchange given. These amounts match the values of secured loan agreements.

17.3.14 Non-current operating liabilities

The UNIOR Group does not have any non-current operating liabilities.

17.3.15 Deferred Tax Assets and Liabilities

(in EUR)	31/12/2020	31/12/2019
Deferred non-current tax assets	8,297,982	5,928,169
Deferred non-current tax liabilities	(3,966,182)	(5,299,406)
Net deferred non-current tax assets	5,663,919	3,345,125
Net deferred non-current tax liabilities	1,332,119	2,716,362

Changes in deferred tax assets	2020	2019
Balance of deferred tax assets as at 1 January	5,928,169	6,794,644
Increases:	2,390,126	75,216
Decreases:	(20,313)	(941,691)
Balance of deferred tax assets as at 31 December	8,297,982	5,928,169
– Offset with deferred tax liabilities	2,634,063	2,583,044
Net deferred tax assets as at 31 December	5,663,919	3,345,125

Changes in deferred tax liabilities	2020	2019
Balance of deferred tax liabilities as at 1 January	5,299,406	5,356,580
Increases:	52,512	247
Decreases:	(1,385,736)	(57,421)
Balance of deferred tax liabilities as at 31 December	3,966,182	5,299,406
– Offset with deferred tax assets	2,634,063	2,583,044
Net deferred tax liabilities as at 31 December	1,332,119	2,716,362

Deferred tax is determined using the balance sheet liability method, taking into account temporary differences between the carrying amounts of assets and liabilities used for financial and tax reporting purposes. Deferred tax is recognised in the amount that is expected to be paid when the temporary differences are reversed subject to laws that have been enacted or substantively enacted as at the reporting date.

When performing the consolidation, temporary differences can appear in the tax burden that arise from the differences between the official financial statements of a subsidiary and its financial statements adjusted to the financial reporting regulations applying to the parent company.

Deferred tax assets arise from the calculated provisions for jubilee and termination benefits y, the impairment of trade receivables, the impairment of R&D investments and the disclosed tax loss. The tax rates used for all items comply with tax legislation in the individual countries in which Group companies operate, varying between 9.0 and 33.825 per cent.

Non-current deferred tax liabilities relate to the recalculation of property - land to a fair value disclosed on the surplus from revaluation. The tax rates used for all items comply with tax legislation in the individual countries in which Group companies operate, varying between 9.0 and 33.825 per cent.

17.3.16 Current financial liabilities

Changes in current financial liabilities

(in EUR)	Balance of liabilities 01/01/2020	New	Transfer unpaid	Repayment	Transfer current portion of the non- current payable	Balance of liabilities 31/12/2020
	with the current portion non-current liabilities	loan in the year	current portion non-current liabilities	in the year 2020		
Bank or creditor						
Domestic banks	31,342,374	3,013,781	(7,747,079)	(21,853,545)	8,130,657	12,886,188
Foreign banks	4,289,617	0	0	(1,290,354)	397,762	3,397,025
Other creditors	152,190	0	0	(68,850)	108,453	191,793
Commercial leases	922,849	71,927	0	(994,776)	417,130	417,130
Financial leases	431,272	0	0	(431,272)	339,958	339,958
Total loans taken out	37,138,302	3,085,708	(7,747,079)	(24,638,797)	9,393,960	17,232,094

(in EUR)	Balance of liabilities 01/01/2019	New	Transfer unpaid	Repayment	Transfer of current portion of the non- current payable	Balance of liabilities 31/12/2019
	with the current portion non-current liabilities	loan in the year	current portion non-current liabilities	in the year 2019		
Bank or creditor						
Domestic banks	18,764,875	8,743,184	0	(12,608,059)	16,442,374	31,342,374
Foreign banks	4,518,049	41,495	0	(416,157)	146,230	4,289,617
Other creditors	89,620	156	0	(78,953)	141,367	152,190
Commercial leases	0	848,581	0	(848,581)	922,849	922,849
Financial leases	266,158	0	0	(266,158)	431,272	431,272
Total loans taken out	23,638,702	9,633,416	0	(14,217,908)	18,084,092	37,138,302

Current financial liabilities disclosed by the UNIOR Group include short-term loans with banks and foreign development funds, a short-term project-financing loan with a commercial bank and the current portion of the loan taken out from Petrol d.d.

The interest rate for taken out short-term loans varies between 2.0 and 5.24 per cent fixed and between 6--month Euribor + 0.5 per cent and 6-month Euribor + 2.9 per cent.

Collateral for non-current and current liabilities from financing activities consists of mortgages on immovable and moveable property, investments and inventories at fair value amounting to EUR 153,855,790, as well as bills of exchange given. These amounts match the values of secured loan agreements.

Fluctuations in foreign currency exchange rates reduced current financial liabilities of the UNIOR Group by EUR 32,196 in 2020.

17.3.17 Current operating liabilities

(in EUR)	31/12/2020	31/12/2019
Current operating liabilities due to associates		
Domestic	6,771,558	6,045,025
Foreign	6,205	41,816
Current trade payables due to other suppliers:		
Domestic	16,449,711	19,665,744
Foreign	11,620,282	13,929,459
Current operating liabilities due to the state	610,376	715,723
Current operating liabilities due to employees	5,516,678	4,800,856
Current operating liabilities from advance payments	1,572,278	4,746,821
Current interest payable	27,299	22,697
Current bills of exchange payable	7,505,704	7,042,745
Other current liabilities	11,221,017	9,402,366
Total	61,301,108	66,413,252

The Current liabilities to the State item only disclose liabilities to the state of Slovenia, whereas liabilities of foreign companies to the states in which they operate are disclosed under other current liabilities.

Other current liabilities include:

- current deferred revenue amounting to EUR 3,063,550, out of which current deferred revenue amounting to EUR 149,326 from IFRS 15 for goods dispatched to buyers at the end of 2020 which had not arrived to their premises during the 2020 financial year and current deferred revenue from projects implemented in the Special Machines Programme amounting to EUR 2,668,038 and current deferred revenue from the pre-sales of ski passes amounting to EUR 227,335
- accrued costs amounting to EUR 3,015,745, which include accrued sales commission amounting to EUR 577,658, our liability from leave unexpended in 2020 amounting to EUR 1,567,953, and other accrued costs amounting to EUR 870,134;
- VAT from given advances in the amount of EUR 6,060.

17.3.18 Contingent liabilities

(in EUR)	31/12/2020	31/12/2019
Given guarantees and sureties	7,362,604	5,167,197
Legal claims	754,938	0
Total	8,117,542	5,167,197

Sureties and guarantees given to affiliates amount to EUR 7,362,604 and were increased by the guarantee given for the loan taken out by the Unitur d.o.o. subsidiary of EUR 2,700,000 and fell by the regular repayment of liabilities for which guarantees have been given.

Legal actions refer to the legal action received from the District Court of Celje regarding the commercial dispute between Rhydcon d.o.o. and UNIOR d.d. for the repayment of EUR 754,938 including interest in exchange for the received UNIOR d.d. shares and interest. There is no real basis to this claim. No hearing has been fixed by the court so far.

17.4 Notes to the income statement of the UNIOR Group

17.4.1 Consolidated Income Statement by Division

(in EUR)	Tourism act. 2020	Metalworking 2020	Total 2020	Tourism act. 2019	Metalworking 2019	Total 2019
A. Net revenue from sales	16,211,699	194,027,918	210,239,617	21,080,554	234,913,900	255,994,454
1. Net revenue from sales on the domestic market	16,211,699	13,195,791	29,407,490	21,080,554	16,836,057	37,916,611
2. Net revenue from sales on foreign markets	0	180,832,127	180,832,127	0	218,077,843	218,077,843
B. Changes in value of product inventories and work-in progress	0	(2,938,186)	(2,938,186)	0	760,290	760,290
C. Capitalised own products and services	0	2,393,779	2,393,779	0	2,761,780	2,761,780
D. Other operating revenue	1,969,201	8,507,447	10,476,648	338,097	2,233,271	2,571,368
I. GROSS OPERATING PROFIT	18,180,900	201,990,958	220,171,858	21,418,651	240,669,241	262,087,892
D. Costs of goods, materials and services	7,471,880	119,842,124	127,314,004	9,752,803	146,297,094	156,049,897
1. Cost of merchandise and materials sold	7,919	9,189,673	9,197,592	10,632	9,810,376	9,821,008
2. Costs of materials used	3,374,734	86,054,749	89,429,483	4,361,033	105,534,075	109,895,108
3. Costs of services	4,089,227	24,597,702	28,686,929	5,381,139	30,952,642	36,333,781
E. Labour costs	7,298,001	59,953,068	67,251,069	8,062,584	63,860,717	71,923,301
1. Costs of salaries	5,404,934	45,649,173	51,054,107	5,828,500	49,067,755	54,896,255
2. Costs of pension insurances	60,654	520,720	581,374	60,687	649,923	710,610
3. Costs of other social insurances	863,481	7,518,564	8,382,045	960,197	8,167,103	9,127,300
4. Other labour costs	968,932	6,264,611	7,233,543	1,213,200	5,975,936	7,189,136
F. Write-offs	2,550,287	20,252,166	22,802,453	2,553,008	13,864,182	16,417,190
1. Depreciation	2,485,746	14,149,756	16,635,502	2,480,482	13,252,719	15,733,201
2. Operating expenses from the revaluation of intangible fixed assets and property, plant and equipment	11,110	4,851,633	4,862,743	9,775	219,109	228,884
3. Operating expenses from the revaluation of operating current assets	53,430	1,250,778	1,304,208	62,751	392,354	455,105
G. Other operating expenses	429,651	1,246,194	1,675,845	415,554	1,725,047	2,140,601
1. Provisions	14,311	107,975	122,286	0	124,905	124,905
2. Other costs	415,340	1,138,219	1,553,559	415,554	1,600,142	2,015,696
II. OPERATING PROFIT OR LOSS	431,082	697,405	1,128,487	634,701	14,922,202	15,556,903
H. Financial revenue	2,861	914,678	917,539	1,819	2,588,270	2,590,089
1. Financial revenue from participating interests	0	313,223	313,223	0	2,063,923	2,063,923
2. Financial revenue from loans given	2,851	106,080	108,931	5	73,235	73,240
3. Financial revenue from operating receivables	10	495,375	495,385	1,814	451,112	452,926
I. Financial expenses	465,355	4,657,190	5,122,545	458,634	5,037,786	5,496,420
1. Financial expenses from the impairment and write-offs of investments	0	268,389	268,389	0	3,611	3,611
2. Financial expenses from financial liabilities	457,030	3,159,749	3,616,779	451,311	3,381,844	3,833,155
3. Financial expenses from operating liabilities	8,325	1,229,052	1,237,377	7,323	1,652,331	1,659,654
III. PROFIT OR LOSS	(31,412)	(3,045,107)	(3,076,519)	177,886	12,472,686	12,650,572
Corporate income tax	9,167	1,564,114	1,573,281	0	1,383,571	1,383,571
Deferred tax	721	(2,454,415)	(2,453,694)	167,534	666,254	833,788
NET PROFIT OR LOSS OF THE ACCOUNTING PERIOD	(41,301)	(2,154,805)	(2,196,106)	10,353	10,422,860	10,433,213
– Attributable TO EQUITY HOLDERS OF THE PARENT	(41,301)	(4,430,201)	(4,471,502)	10,353	8,164,895	8,175,248
– Attributable to NON-CONTROLLING INTERESTS	0	2,275,396	2,275,396	0	2,257,965	2,257,965

Due to the negative repercussions of the COVID-19 pandemic, net revenue from sales of the UNIOR Group in 2020 fell by EUR 45,754,837 in total compared to 2019, out of which by EUR 40,885,983 in metalworking and EUR 4,868,854 in tourism. Due to a lower operating volume in 2020, both the EBIT (Earnings Before Interest and Taxes) and net profit or loss fell compared to 2019, whereby the EBIT in both activities was positive and the net profit or loss negative.

17.4.2 Net revenue from sales

(in EUR)	2020	2019
Slovenia	29,407,490	37,916,611
– associates	48,791	42,297
– other customers	29,358,699	37,874,314
Foreign	180,832,127	218,077,843
– associates	3,958,974	5,796,892
– other customers	176,873,153	212,280,951
Total	210,239,617	255,994,454

Subject to sales agreements of the Special Machines Programme amounting to a total of EUR 17,533,882, which remained unrealised as at 31/12/2020, EUR 4,329,127 will be recognised in revenue in future periods.

17.4.3 Capitalised own products and services

Capitalised own products and own services are products made by the Company itself or the services provided by the company for its own needs included in either property, plant and equipment or intangible non-current fixed assets. Their value does not exceed the costs of their production or services rendered.

Capitalised own products and services

(in EUR)	2020	2019
Capitalised own products and services	2,393,779	2,761,780
Total	2,393,779	2,761,780

Capitalised own products and services disclose the value of capitalised development costs in the Special Machines Programme amounting to EUR 920,670, the immersion erosion machine made by Special Machines for the Forge amounting to EUR 369,330 and own investments in Maintenance and Special Machines for the needs of other programmes amounting to EUR 1,103,779 including a complete restoration of machines in the Forge and of CNC machine tools.

17.4.4 Other operating revenue

(in EUR)	2020	2019
Benefits for exceeding the quota of disabled employees	225,931	190,707
Paid receivables already included in the value adjustment	57,468	73,903
Damages received	187,131	400,885
Reversal of non-current provisions	664,226	619,236
Profit from the sale of fixed assets	153,391	213,998
Revaluation of investment property to fair value	0	0
Subsidies, grants and similar revenue	407,762	110,329
Receipt of emission allowances	6,671	6,951
Subsidies – temporary lay-offs (COVID-19)	4,190,554	0
Subsidies – exemption from payment of contributions (COVID-19)	2,421,103	0
Subsidies – reimbursement of sickness benefits of up to 30 days (COVID-19)	35,052	0
Subsidies – reimbursement of quarantine payments (COVID-19)	11,914	0
Subsidies – reimbursement of absence due to a force majeure (COVID-19)	52,739	0
Subsidies – reimbursement of the crisis allowance (COVID-19)	169,207	0
Subsidies – partial reimbursement of fixed costs (COVID-19)	426,924	0
Subsidies – incentives to preserve jobs (COVID-19)	476,051	0
Other operating revenue	990,524	955,359
Total	10,476,648	2,571,368

The write-off of non-current provisions includes the reversal of provisions from retained contributions for the employment of disabled persons above the prescribed quota and the reversal of non-current provisions from the actuarial calculation of termination and jubilee benefits, whereas profits from the sales of fixed assets represents a positive effect of the sale of non-essential land.

In compliance with intervention law adopted to mitigate the repercussions of the COVID-19 disease epidemic, the UNIOR Group received EUR 7,783,544 in state aid in 2020 for the purposes illustrated in the table above.

17.4.5 Costs and expenses

2020 (in EUR)	Production costs	Costs of selling	Costs of general Activities	Total
Cost of merchandise and materials sold	3,793,390	4,064,600	1,339,602	9,197,592
Costs of materials	78,685,674	5,214,467	5,529,342	89,429,483
Costs of services	16,466,513	5,545,106	6,675,310	28,686,929
<i>Costs of salaries</i>	40,661,996	4,009,509	6,382,602	51,054,107
<i>Costs of social insurances</i>	6,602,053	738,348	1,041,644	8,382,045
<i>Costs of pension insurances</i>	494,871	23,502	63,001	581,374
<i>Other labour costs</i>	6,239,170	285,280	709,093	7,233,543
Total labour costs	53,998,090	5,056,639	8,196,340	67,251,069
Depreciation	13,804,505	672,472	2,158,525	16,635,502
Operating expenses from the revaluation of current operating assets	186,914	1,063,023	54,271	1,304,208
Expenses from the revaluation of intangible assets and property, plant and equipment	460,656	7,603	4,394,484	4,862,743
Other costs	747,065	294,548	634,232	1,675,845
Total costs	168,142,807	21,918,458	28,982,106	219,043,371

2019 (in EUR)	Production costs	Costs of selling	Costs of general Activities	Total
Cost of merchandise and materials sold	2,626,650	4,993,947	2,200,411	9,821,008
Costs of materials	97,991,017	5,370,239	6,533,852	109,895,108
Costs of services	22,185,162	6,659,008	7,489,611	36,333,781
<i>Costs of salaries</i>	43,686,554	4,431,667	6,778,034	54,896,255
<i>Costs of social insurances</i>	7,145,560	867,467	1,114,273	9,127,300
<i>Costs of pension insurances</i>	605,756	29,839	75,015	710,610
<i>Other labour costs</i>	6,238,114	264,325	686,697	7,189,136
Total labour costs	57,675,984	5,593,298	8,654,019	71,923,301
Depreciation	13,217,696	602,184	1,913,321	15,733,201
Operating expenses from the revaluation of current operating assets	297,554	123,136	34,415	455,105
Expenses from the revaluation of intangible assets and property, plant and equipment	82,024	45,497	101,363	228,884
Other costs	1,057,333	324,924	758,344	2,140,601
Total costs	195,133,420	23,712,233	27,685,336	246,530,989

Other labour costs comprise holiday allowance, meal allowance, travel allowance, jubilee and termination benefits above the formed provision and certain other remuneration paid out to employees.

Costs of services of the UNIOR Group include disclosure of EUR 35,478 in costs of hiring workers through recruitment agencies representing 5 employees in relation to hours worked.

Procurement of materials in associates is presented in Section 17.6.2 of the 2020 Annual Report.

As part of its other costs, the Group discloses:

(in EUR)	2020	2019
– Provisions for annuities	6,718	6,944
– Other provisions	115,568	117,961
– Ground exploitation fee	296,096	291,960
– Environmental protection expenditures	128,346	128,588
– Bonuses to pupils and students undergoing practical training	292,271	651,043
– Scholarships to pupils and students	119,166	114,799
– Damages paid to employees	42,688	70,047
– Financial aid – grants	142,552	190,988
– Other operating expenses	532,440	568,271
Total	1,675,845	2,140,601

Lease payments

Lease payments in 2020 amounted to EUR 1,186,952, whereas in 2019 they amounted to EUR 1,274,182. The increase results from server and computing capacities and internet telephony leased by UNIOR d.d. since the last quarter of 2018. Lease payments amount to EUR 550,120 of total costs.

The UNIOR Group makes the following lease payments: for commercial and storage facilities used by our hand tools' distributors abroad; for leasing a production hall in China; for leasing commercial and storage facilities needed by the Special Machines Programme; for leasing the Pesek Hut and the parking facilities next to the Forge Machining Plant in Slovenske Konjice in addition to leasing work clothes used by all employees of the parent company.

Minimum total of lease payments from operating leases – liabilities

(in EUR)	2020	2019
Up to 1 year	1,186,952	1,274,182
From 2 to 5 years	4,747,808	5,096,728
More than 5 years	5,934,760	6,370,910
Total	11,869,520	12,741,820

The costs of auditing the annual reports of the companies in the UNIOR Group amount to EUR 68,943. Contractual amounts for the provision of non-audit services by the Deloitte Group for the UNIOR Group amounted to EUR 3,300 in the 2020 financial year and include the verification of the accuracy of the calculation of financial commitments for the needs of banks and the verification of the criteria for allocating revenue generated through the provision of a public utility and a review of the report on relations with associates.

17.4.6 Financial revenue and financial expenses

Financial revenue

(in EUR)	2020	2019
Financial revenue from participating interests		
Financial revenue from participating interests in associates	312,923	2,063,536
Financial revenue from participating interests in other companies	30	103
Financial revenue from other investments	270	284
Total	313,223	2,063,923
Financial revenue from loans given		
Financial revenue from loans given to others	108,931	73,240
Total	108,931	73,240
Financial revenue from operating receivables		
Financial revenue from operating receivables due from others	495,385	452,926
Total	495,385	452,926
Total financial revenue	917,539	2,590,089

Financial revenue from participating interests in associates comprises a positive effect from profit or loss of associates amounting to EUR 282,439.

Financial expenses

(in EUR)	2020	2019
Financial expenses from the impairment and write-offs of investments	268,389	3,611
Financial expenses from financial liabilities		
Financial expenses from loans from banks	3,364,760	3,695,088
Financial expenses from other financial liabilities	252,019	138,067
Total	3,616,779	3,833,155
Financial expenses from operating liabilities		
Financial expenses from trade payables and bills of exchange payable	378,065	255,730
Financial expenses from other operating liabilities	859,312	1,403,924
Total	1,237,377	1,659,654
Total financial expenses	5,122,545	5,496,420

Financial expenses from the impairment and amounts written of financial assets are represented by loss generated during the liquidation of RC Simit d.o.o. amounting to EUR 194,238 and Unior Singapore Pte. Ltd. amounting to EUR 74,151. Financial interest payables due for loans from banks amounted to EUR 3,364,760 or 8.9 per cent less than in 2019.

17.5 Corporate Income Tax Account and Deferred Tax

Corporate income tax is accounted for subject to legislation in force in countries where UNIOR Group subsidiaries are based.

(in EUR)	2020	2019
Corporate income tax	1,573,281	1,383,571
Deferred tax	(2,453,694)	833,788
Total	(880,413)	2,217,359

Reconciliation of the taxable and accounting profit multiplied by the tax rate in Slovenia:

(in EUR)	2020	2019
Net profit or loss of the financial year before taxes	(3,076,519)	12,650,572
Corporate income tax in Slovenia (19 %)	(584,539)	2,403,609
Non-taxable revenue	948,921	3,575,458
Unrecognised tax expenses	2,998,524	2,419,750
Value adjustment of receivables	150,660	103,238
Formation of provisions	30,653	60,847
Tax relief for investments in research and development	174,927	(136,784)
Tax relief for investments	279,062	(449,367)
Other relief and adjustments of tax deductible expenses	(1,515,716)	2,639,425
Tax profit	(2,672,592)	4,279,639
Corporate income tax	(880,413)	2,217,359
Effective tax rate in %	28.6	17.5

Tax relief from unused tax losses which can be used in future periods in the UNIOR Group amounts to EUR 20,341,717.

Deferred tax

Profits established subject to tax legislation differs from the profits established subject to accounting rules and the IFRS. The deferral of taxes is accounted for only for temporary differences in the tax burden between the business accounts and financial statements, i.e. for those reconciled in the defined period. The tax rates used comply with tax legislation in the individual countries in which Group companies operate, varying between 9.0 and 33.825 per cent.

Deferred tax assets are calculated using the temporary difference in non-current provisions formed for termination and jubilee benefits, the impairment of trade receivables, unused tax relief and tax losses, as well as from temporary differences in the tax burden that arise from differences between the official financial statements of a subsidiary and its financial statements. Deferred tax liabilities relate to the recalculation of property - land to a fair value disclosed on the surplus from revaluation

The effect of deferred taxes on net profits amounts to EUR 2,453,694, increasing the net profits of the current year.

17.6 Related-Party Transactions

All related-party transactions were performed under usual market conditions.

17.6.1 Sales to associates

Sale to related parties

(in EUR)	2020	2019
Associates		
Domestic:	48,790	42,297
ŠTORE STEEL d.o.o. Štore	36,041	27,897
RC SIMIT d.o.o. Kidričevo	12,749	14,400
Foreign:	3,958,975	5,796,892
UNIOR TEPID S.R.L. Brasov	2,335,406	3,568,786
UNIOR SINGAPORE Pte. Ltd. Singapore	1,982	170,202
UNIOR TEHNA d.o.o. Sarajevo	413,716	465,796
UNIOR TEOS ALATI d.o.o. Belgrade	1,207,871	1,592,108
Total associates	4,007,765	5,839,189

17.6.2 Procurement from associates

Procurement from related parties

(in EUR)	2020	2019
Associates		
Domestic:	14,430,544	17,968,910
ŠTORE STEEL d.o.o. Štore	14,430,544	17,968,910
Foreign:	94,482	194,408
UNIOR TEPID S.R.L. Brasov	17,757	146,868
UNIOR SINGAPORE Pte. Ltd. Singapore	0	5,039
UNIOR TEHNA d.o.o. Sarajevo	0	72
UNIOR TEOS ALATI d.o.o. Belgrade	76,725	42,429
Total associates	14,525,026	18,163,318

17.6.3 Operating receivables due from associates

(in EUR)	31/12/2020	31/12/2019
Associates		
Domestic:	64,537	42,132
ŠTORE STEEL d.o.o. Štore	64,537	40,668
RC SIMIT d.o.o. Kidričevo	0	1,464
Foreign:	212,346	1,294,397
UNIOR TEPID S.R.L. Brasov	132,072	942,920
UNIOR SINGAPORE Pte. Ltd. Singapore	0	120,527
UNIOR TEHNA d.o.o. Sarajevo	87,211	119,773
UNIOR TEOS ALATI d.o.o. Belgrade	(6,937)	111,177
Total associates	276,883	1,336,529

17.6.4 Operating liabilities due to associates

(in EUR)	31/12/2020	31/12/2019
Associates		
Domestic:	6,771,558	6,045,025
ŠTORE STEEL d.o.o. Štore	6,771,558	5,992,806
RC SIMIT d.o.o. Kidričevo	0	52,219
Foreign:	6,205	41,816
UNIOR TEPID S.R.L. Brasov	1,761	0
UNIOR SINGAPORE Pte. Ltd. Singapore	0	0
UNIOR TEHNA d.o.o. Sarajevo	0	0
UNIOR TEOS ALATI d.o.o. Belgrade	4,444	41,816
Total associates	6,777,763	6,086,841

17.6.5 Receivables and liabilities from loans and interest from associates

Receivables from loans and interest due from associates

The UNIOR Group does not have any receivables from loans and interest due from associates.

Liabilities from loans and interest due to associates

(in EUR)	31/12/2020	31/12/2019
Domestic:	0	8,560
RC SIMIT d.o.o., Kidričevo	0	8,560
Total	0	8,560

17.7 Risk Management

Both UNIOR and the UNIOR Group have developed and established a system for identifying and managing risks that can affect the performance of Group companies. Risks have been divided into several groups, namely: strategic, operating, financial and operational. They have been divided into four levels (low, moderate, high, critical). Each risk has been evaluated subject to an estimated effect and likelihood of occurrence.

Risk Management Committees and Risk Managers regularly monitor our exposure to risks, plan and implement risk mitigation measures, and plan and monitor improvement measures which further contribute to a successful management thereof. The parent company has established a register of risks containing descriptions and properties of individual identified risks. The risk management approach varies by risk. The purpose of relevant measures is to minimise each risk subject to resources at our disposal.

The Management Board of UNIOR d.d. continuously monitors various risks which are periodically reported to the Supervisory Board. Management Boards of Group companies regularly report on risks to their own relevant Supervisory Boards.

2020 was characterised by the situation associated with COVID-19 with a significant effect on the performance of both the company and Group as a whole. The declaration of the pandemic in 2020 and the subsequent introduction of measures in countries where the Group operates significantly changed the volume of orders. The effect of COVID-19 is also visible in managed risks.

For a more detailed description of strategic, business and operational risks of the UNIOR Group, please refer to Section 9.9 of the 2020 Annual Report. Financial risks of the UNIOR Group including a sensitivity analysis are disclosed separately below.

FINANCIAL RISKS

CREDIT RISK

Credit risk refers to a risk that UNIOR Group companies will not be able to recover all their operating receivables and investments owed by its debtors within the agreed time frame. Credit risks are managed through regular monitoring of the business operations and financial position of all existing and new business partners, by limiting exposure to individual business partners and through an active process of collecting receivables. The ever-changing macroeconomic environment can cause changes to the credit rating and solvency of our customers. Therefore, despite diligent management of receivables, defaults in payment or insolvency are possible. By regularly monitoring outstanding receivables due from customers, age structure of receivables and average payment deadlines, the UNIOR Group preserves its credit exposure within acceptable limits. Most trade receivables, with the exception of receivables due from associates, have also been secured with an insurance company since 1/10/2014. During the epidemic, all enforcement proceedings and discontinuation of deliveries in the event of outstanding payments were extended by 30 days, as agreed with the insurance company. Credit risks are closely monitored in all areas of the operation.

INTEREST RATE RISK

The interest rate risk refers to the risk of financial loss due to unfavourable interest rate movements. As changes in the interest rate can materially reduce the economic benefits of the UNIOR Group, the movement of benchmark interest rates is continuously monitored. The risk is assessed as low,

a stable low level of benchmark interest rates has been constantly present in recent years. The UNIOR Group has been able to reach an agreement with the consortium of banks for its Slovenia-based companies to have interest margins formed subject to a margin scale until 2023 subject to the performance of the UNIOR Group. In December 2017, the credit exposure of UNIOR d.d. amounting to EUR 47.5 million and the EUR 7.8 million credit exposure of Unitur d.o.o. was protected with an interest rate swap for a period of five years. This has allowed us to manage and minimise the interest rate increase risk.

A Sensitivity Analysis of Financial Liabilities with Respect to Changes in the Variable Interest Rate

Balance of liabilities linked to an individual variable interest rate in 2020

in (EUR)	Liability amount as at 31/12/2020	Amount interest rate	Hypothetical rise in interest rates		
			by 15%	by 50 %	by 100 %
Interest rate type					
3-month EURIBOR	77,627,821	- 0.3090	62,646	208,819	417,638
6-month EURIBOR	25,121,465	- 0.2370	19,708	65,693	131,385
Total effect	102,749,286		82,354	274,512	549,023

Balance of liabilities linked to an individual variable interest rate in 2019

in (EUR)	Liability amount as at 31/12/2019	Amount interest rate	Hypothetical rise in interest rates		
			by 15%	by 50 %	by 100 %
Interest rate type					
3-month EURIBOR	101,745,942	- 0.3090	59,521	198,405	396,809
6-month EURIBOR	15,876,688	- 0.2370	7,740	25,800	51,599
Total effect	117,622,630		67,261	224,205	448,408

As at 31/12/2020, the total financial liabilities of UNIOR d.d. amount to EUR 106,428,395. The difference amounting to EUR 3,679,109 to the disclosed balance regarding the sensitivity of the interest rate represents financial liabilities with a fixed interest rate.

LIQUIDITY RISK

The liquidity risk refers to the risk of shortage in liquid assets to repay operating and financial liabilities of the Group companies within the agreed time frame. The liquidity risk includes risks associated with the shortage in financial resources available and, as a result, with the inability of Group companies to settle its liabilities within the agreed time frame. Financial solvency largely depends on effective money management on the one hand, receivables and payables management and cash flow-adapted investment dynamics on the other. Significant attention is paid to drawing up and monitoring the cash flow plan including the foreseen inflows and required outflows. Successful planning enables us to optimally manage any current surpluses or deficits of liquid assets - current imbalance is regulated by drawing on the approved revolving credit line with commercial banks. This risk was additionally lowered for the duration of the epidemic by successfully negotiating a deferral



of payment of all loan principals with all banks for the period between June 2020 and May 2021 which had a positive effect on the cash flow and reduced the liquidity risk in these uncertain times. The liquidity risk was further reduced in November when new liquidity was obtained by the UNIOR d.d. parent company with two commercial banks to meet our ongoing current assets needs for a period of one year with a one-year moratorium. The company was granted a guarantee by the Republic of Slovenia for the taken-out loans in compliance with the Act Providing Additional Liquidity to the Economy to Mitigate the Consequences of the COVID-19 Epidemic.

17.8 Remuneration of the Management and Supervisory Board

No additional remuneration was paid out to Members of the Management and Supervisory Board for performing their tasks in subsidiaries in 2020. Their remuneration is disclosed in Section 9.5 of the 2020 Annual Report.

17.9 Events after the balance sheet date in the UNIOR Group

Events after the balance sheet date in UNIOR d.d. listed in Sections 10.11 and 12.10 of the 2020 Annual Report also have a material effect on the entire UNIOR Group. Events additionally referring to the UNIOR Group or which have a different effect on the Group than on UNIOR d.d. are presented below.

Signing of the agreement selling the UNIOR FRANCE S.A.S. subsidiary in France

On 8/3/2021, UNIOR Kovaška industrija d.d., Zreče, Slovenia, and H.J.P. ROSIER HOLDING B.V., Alphen an der Rijn, the Netherlands, signed an agreement on the sales of the 100-per cent shareholding in UNIOR FRANCE S.A.S., Melun, France, for the agreed purchase price of EUR 450,000.

Ownership shall be transferred as soon as the following suspensive conditions are met:

- the entire purchase price of EUR 450,000 is transferred to the transaction account of UNIOR d.d. within a period of 30 days following the signature of the agreement;
- current and future outstanding receivables are secured through a tacit cession of receivables of Unior France and H.J.P. Rosier Holding, H.J.P. Rosier Holding immovable property collateral, moveable property collateral (inventories held in Unior France and H.J.P. Rosier Holding) and H.J.P. shareholding collateral.

The purchase price of EUR 450,000 arrived to the transaction account of UNIOR d.d. on 26/3/2021. As all the necessary arrangements for the agreed collateral are yet to be made, the ownership transfer continues to be pending.

Provided that all suspensive conditions are met and the 100 per cent shareholding in Unior France is transferred to its new owner, the UNIOR Group shall generate a positive effect in its income statement from financial revenue from participating interests of EUR 793,810 and assets shall be increased by EUR 486,871 in the balance sheet.

Provided that all suspensive conditions are met and ownership over Unior France is transferred to its new owner, Unior France S.A.S. will leave the UNIOR Group.

Effect of the COVID-19 disease epidemic on the operations of the UNIOR Group

The effect of the COVID-19 viral disease epidemic in Europe and its estimated effects on the operations of the parent company UNIOR d.d. are described in detail in Section 12.10 of the 2020 Annual Report.

At the beginning of 2021, the majority of countries in which Group companies operate are faced with the so-called "third wave" of the COVID-19 epidemic and a rising incidence of infections. Measures adopted by countries are constantly adapted to the current incidence of new infections resulting in considerable differences in the length and stringency of epidemic containing measures.

Even though restrictive measures have had a negative effect on economic growth, it has been lower than during the first wave. Compared to the first wave when a sharp decline was also experienced by the industry, only service activities unable to adapt to the restrictive healthcare measures to a sufficient extent due to the nature of their operations have been severely hit.

Restrictive measures have had a negative effect on the operations of the tourism activity of the UNIOR Group. During the first months of 2021, revenue from sales in Unitur d.o.o. were generated solely from the provisions of allowed activities, such as medical rehabilitation and preparations of professional athletes in Terme Zreče and skiing and "to go" catering on Rogla.

The situation in China is completely different. Since March 2020, has recorded only sporadic and isolated cases of infections. For this reason, the local economy and life have been functioning smoothly (including our China-based forgings company). For this reason, it has been estimated that the COVID-19 epidemic in China will not have any negative effect on the operations of the UNIOR Group.

The COVID-19 epidemic is believed not to have any additional negative effects on the operations of the UNIOR Group or to have only negative effects to the extents previously foreseen in the 2021 Business Plan which foresees a 12.7 per cent increase in revenue from sales for 2021. Nevertheless, revenue from sales will continue to be lower than revenue from sales in 2019 by 7.4 per cent due to the effect of the epidemic.

The COVID-19 epidemic is estimated not to jeopardise the continued existence and business continuity of the UNIOR Group.

18 Statement on the Management Board's Responsibility

In compliance with Article 134 of the Market in Financial Instruments Act (ZTFI-1), the Management Board of the company declares to the best of its knowledge that the Financial Statement of the UNIOR Group has been drawn up in compliance with International Financial Reporting Standards as adopted by the European Union and gives a true and fair view of the financial situation and operating results of the UNIOR Group as a whole and that the Business Report of the UNIOR Group includes a fair review of the developments and operating results and financial position of the UNIOR Group including a description of material types of risks the UNIOR Group as a whole is exposed to.

The Management Board of the company hereby adopts and confirms the financial statements including associated policies and notes of the UNIOR Group for the year 2020.

The Management Board hereby confirms to have diligently applied the appropriate accounting policies, that accounting estimates have been made subject to the fair value, precautionary and due diligence principles and that financial statements of the UNIOR Group give a true and fair view of the financial situation and operating results of the UNIOR Group in 2020.

The Management Board is also responsible for adequate accounting, adopting corresponding decisions to safeguard its property and other assets and for the prevention and detection of fraud and other irregularities or illegal acts. It also confirms that the Financial Statements including notes are drawn up on the basis of going concern of the UNIOR Group and in compliance with the legislation in force and International Financial Reporting Standards as adopted by the European Union.

At any time within a period of five years following the lapse of the year in which taxes shall be levied, the tax authorities may audit the operations of the UNIOR Group which may consequently result in additional tax liabilities, default interest and penalties arising from corporate income tax or other taxes and levies. The Management Board of the company is not aware of any circumstances which could give rise to this kind of material liability.

In Zreče, on 20/4/2021

President of the Management Board,
Darko Hrastnik, BSc Met. (Metallurgical Engineering)



Member of the Management Board,
Branko Bračko, BSc ME, (Mechanical Engineering)



19 Independent Auditor's Report



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INDEPENDENT AUDITOR'S REPORT for the shareholders of UNIOR d.d.

Financial statement audit report

Opinion

We have audited the consolidated financial statements of the UNIOR Group (hereinafter the "Group"), composed of its consolidated balance sheet of 31 December 2020, the consolidated profit and loss statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and explanatory notes to the consolidated financial statements, including a summary of essential accounting policies.

We believe that the consolidated financial statements give a true and fair view of the consolidated financial situation of the Group as at 31 December 2020, its consolidated profit and loss statement and consolidated cash flows for the year then ended in accordance with the international financial reporting standards, as adopted by the European Union (hereinafter the "IFRS").

Basis for Opinion

The audit was carried out pursuant to the International Auditing Standards (IAS) and Regulation (EU) No. 537/2014 of European Parliament and the Council of 16 April 2014 on specific requirements regarding statutory audits of public-interest entities (the Regulation). Our responsibilities based on these standards are described in this report in the paragraph Auditor's responsibility for auditing the consolidated financial statements. In accordance with the Code of Ethics for Professional Accountants, issued by the International Ethics Standards Board for Accountants (Code IESBA), and ethical requirements, which relate to the auditing of financial statements in Slovenia, we confirm our independence from the Group and our compliance with all other ethical obligations in accordance with these requirements and the IESBA Code. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

Key audit matters are those that are, in our expert valuation, the most essential for our professional in terms of our auditing of consolidated financial statements for the financial year, which ended on 31 December 2020. These matters were handled in the context of our audit of the consolidated financial statements as a whole and in forming our opinions about them. No separate opinions on these matters shall be made.



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Key Audit Matter	Audit procedures used in addressing a key audit matter
Recognition of revenue in financial statements	
<p>As clearly shown in the financial statements of the Group and notes to 17.4.2 Net revenue from sales, the Group generated net revenue from sales of merchandise and services on the domestic and foreign markets amounting to EUR 210,239,617 in the year ending on 31 December 2020.</p> <p>As noted in Section 12.2.6 Summary of Significant Accounting Policies and Disclosures (section Revenue: Revenue from contracts and Revenue from the sale of products, goods and materials), revenue shall be recognised when it is reasonably believed to lead to cash proceeds.</p> <p>Revenue from sales is one of the key performance indicators of the Group. In light of their material significance, a large quantity of data processed in addition to risks associated with the adequacy of revenue from sales recording procedures, this area was established as a key audit matter.</p>	<p>Audit procedures included an assessment of the adequacy of the accounting policies of the company associated with the recognition of revenue, their compliance with IFRS. The following audit procedures were performed:</p> <ul style="list-style-type: none"> • the design, implementation and operating efficiency of internal controls related to recognising revenue in terms of recording adequacy and prevention of fraud were reviewed. • Revenue was analysed, analytically assessed, tested in detail and the adequacy of the recording procedures reviewed.

Other information

The management is responsible for other information. Other information comprises information in the annual report, with the exception of financial statements and the auditor's report on the latter.

Our opinion on the consolidated financial statements does not apply to other information and we do not express any kind of assurance regarding them.

Our responsibility with regard to the conducted audit of the consolidated financial statements is to read other information and estimate whether it is materially non-compliant with the consolidated financial statements, regulatory requirements or our knowledge, obtained during the audit of the company, or whether it indicates being materially incorrect in any other way. If the work performed gives rise to the conclusion that there is significant misstatement of other information, such circumstances shall be reported. With regard to the stated and on the basis of the described procedures, it is hereby reported that:

- other information in all relevant respects is in line with the audited consolidated financial statements,
- other information is drawn up in accordance with the applicable laws and regulations, and
- on the basis of knowledge and understanding of the Group and its environment acquired during the audit, no relevant misstatements in connection with other information have been established.

Responsibility of the management and other competent persons responsible for managing financial statements.

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The Management Board is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the IFRS standards and for such internal control, in accordance with the decision of the Management Board, to enable the preparation of the consolidated financial statements, which contain no significant misstatements due to fraud or error.

When preparing the consolidated financial statements of the Group, the Management Board's responsibility is to estimate the ability of the Group to continue as a going concern, to disclose matters related to the going concern and to use the assumption of the going concern as a basis for accounting, unless the Management Board intends to liquidate the Group or suspend business operations or does not have any other realistic possibility than to perform one or the other.

Competent management persons are responsible for monitoring the drawing up of financial statements and approving the audited annual report.

The auditor's responsibility for auditing the consolidated financial statements

Our objectives are to obtain reasonable assurance that the consolidated financial statements as a whole do not contain any material misstatements due to fraud or error and to compile the auditor's report which includes our opinion. Reasonable assurance is a high level of assurance, but not a guarantee, that the audit, conducted in accordance with audit rules, always establishes a material misstatement, if it exists. Misstatements may arise from fraud or error and are considered as material if it is reasonable to expect that they would individually or jointly affect the economic decisions of the users adopted on the basis of these consolidated financial statements.

During the conduct of the audit in accordance with the rules of auditing, we exercise professional judgement and maintain a professional distrust.

We also:

- Identify and assess the risks of material misstatements in the consolidated financial statements, whether due to fraud or error, form and perform audit procedures in response to the assessed risks and obtain sufficient and suitable audit evidence, which provide the basis for our opinion. The risk of not detecting a misstatement arising from fraud is greater than the one connected to an error, as fraud may include secret agreements, falsification, deliberate omissions, misleading disclosures or the avoidance of internal controls.
- We gain an understanding of internal controls which are, important for the audit, namely with the aim of creating audit procedures suitable for the circumstances, but not with a view to express an opinion on the effectiveness of the Group's internal controls.
- Estimate the suitability of the applied accounting policies and the acceptability of the accounting estimates and related disclosures of the management.
- On the basis of the acquired audit evidence of the existence of significant uncertainty regarding the events or circumstances, which raise doubts about the capacity of the organisation to continue as a going concern, we adopt a decision on the suitability of the managements use of the going concern assumption as a basis for the accounting. If we adopt a decision on the existence of significant uncertainties, we are obliged to report on the relevant noted disclosures in the consolidated financial statements in the auditor's report, or, if such disclosures are inadequate, adjust our opinion. The auditor's conclusions are based on the audit evidence obtained up to the date of the issuance of the auditor's report. However, later events or circumstances may cause the suspension of the organisation as a going concern.
- Evaluate the general presentation, structure and content of the consolidated financial statements, including the disclosures, and estimate whether the consolidated financial statements represent the respective business transactions and events in such a manner that a fair presentation is achieved.

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- Obtain sufficient and appropriate audit evidence with regard to the financial information and business activities of the Group companies in order to be able to express an opinion on the consolidated financial statements. We are responsible for the management, monitoring and implementation of the audit of the Group. The audit opinion is solely our responsibility.

Competent persons for the management of financial statements shall also be notified of the planned scope and duration of the audit procedure and material findings of the audit, including weaknesses in internal controls established during the audit.

Competent persons for the management of financial statements also received our declaration of compliance with all ethical independence requirements and were notified of all relations and other matters which could be reasonably considered to impact our independence. Related measures were also reported.

The most significant matters during the audit of consolidated financial statements were identified as key audit matters out of all matters which competent persons for the management of financial statements were notified of. These matters are described in the Auditor's report, unless the legal or regulatory provisions prohibit the public disclosure of such matters.

Report on other legal and regulatory requirements

Naming the auditor and the duration of the transaction

Deloitte revizija d.o.o., was named as the legal auditor of the company at the shareholder's meeting on 5 June 2019. Our performance of the trade lasts fully and without interruptions for 9 years.

Certificate of the Audit Committee

We confirm that our audit opinion on financial statements in this report complies with the additional report to the Audit Committee on 20 April 2021, in accordance with Article 11 of the Regulation (EU) no. 537/2014 of the European Parliament and Board.

Performing non-auditing services

We declare that we have not performed any illegal non-auditing services from Article 5(1) of the Regulation (EU) no, 537/2014 of the European Parliament and the Council. Besides the required audit, we did not perform any other services which are not revealed in the consolidated annual report for the audited company or its subsidiaries.

Report of the auditor on compliance with Commission Delegated Regulation (EU) 2018/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (ESEF)

The auditor performed the assurance engagement transaction as to whether the consolidated financial statements (excluding notes thereto) provided in electronic form (ESEF documents) and contained in the 315700XWRPNT7WD8TK89-2020-12-31.zip file constituting audited consolidated financial statements of the UNIOR Group of the financial year ending on 31/12/2020 have been drawn up in compliance with the requirements of the ESEF Regulation.



Responsibility of the management and other competent persons responsible for managing the financial statements

The management of the Company shall be responsible for the drawing up procedure and content of ESEF documents and, within the same framework, for a fair view of audited financial statements in electronic form in compliance with the ESEF Regulation in addition to internal controls as required in compliance with its decision allowing for drawing up ESEF documents which do not contain any material misstatements due to error or fraud.

Persons responsible for managing the financial statements are the competent persons for monitoring the drawing up procedure of ESEF documents.

Responsibility of the auditor

The auditor shall be responsible for performing the assurance engagement transaction and reaching the conclusion whether the ESEF documents contained in the 315700XWRPNT7WD8TK89-2020-12-31.zip file have been drawn up in compliance with the requirements of the ESEF Regulation. Our assurance engagement transaction was performed in compliance with the International standard on assurance engagements 'Assurance engagements other than audits or reviews of historical financial information' - 3000 (ISAE, 30001) issued by the International Auditing and Assurance Standards Board (IAASB). Subject to this standard, the transaction shall be planned and implemented in a way that allows us to obtain reasonable assurance for our conclusion.

The auditor performed their work in compliance with independence and ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standard Board for Accountants. The Code has been designed on the basic principles of integrity, objectivity, professional competence and required due diligence, confidentiality and professional conduct. Our company operates in compliance with the International Standard on Quality Management (ISQM) 1 subject to which it maintains a comprehensive quality management system, included documented policies and procedures in respect of ethical requirements, professional standards and legal and regulatory requirements in force.

Procedures of an auditing nature were performed as part of our work:

- the risk of a material misstatement in ESEF documents and their material non-compliance with the requirements of the ESEF Regulation was identified and assessed;
- knowledge on internal controls required for the assurance engagement transaction was obtained allowing us to establish proper procedures in the given circumstances without providing an opinion on the level of effectiveness of internal controls;
- it was assessed whether the received ESEF documents comply with the conditions referred to in Points 1 and 2 of Annex II to the ESEF Regulation;
- we were given reasonable assurance that the audited financial statements (referred to in Paragraph one hereof) of their issuer have been disclosed correctly in electronic XHTML format;
- we were given reasonable assurance that the values contained in the electronic version of the audited financial statements (referred to in Paragraph one hereof) in XHTML format were properly labelled and to the extent foreseen for the audited financial year and in Inline XBRL technology (iXBRL) allowing automatic reading of ESEF documents to provide with full and correct information contained in the audited financial statements.

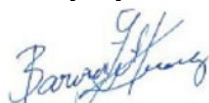
**Conclusion**

Subject to the procedures performed and evidence obtained, we hereby confirm that the ESEF documents as referred to in Paragraph one hereof, in all material aspects, correctly reflect the audited financial statements of the UNIOR Group of the financial year ending on 31/12/2020 and that they have been drawn up in compliance with the ESEF Regulation to the extent as suitable for the audited financial year and that the information contained has been properly and fully contained in the XHTML format.

Our conclusion does not constitute an opinion on whether a true and fair view of the financial statements have been given. In addition, no assurance is being made on other information published together with ESEF documents.

On behalf of the auditing company Deloitte revizija d.o.o. the person responsible for the audit is Barbara Žibert Kralj.

Deloitte revizija d.o.o.
Dunajska cesta 165
1000 Ljubljana



Barbara Žibert Kralj

Authorised auditor
Ljubljana, 20 April 2021



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Ljubljana, Slovenija 3

Stamp with inscription:

Deloitte.

DELOITTE REVIZIJA D.O.O.

Ljubljana, Slovenia 3