

# Independent auditor's report



Deloitte revizija d.o.o.  
Dunajska cesta 165  
1000 Ljubljana  
Slovenia  
VAT ID: SI62560085

Tel: +386 (0) 1 3072 800  
Fax: +386 (0) 1 3072 900  
www.deloitte.si

## INDEPENDENT AUDITOR'S REPORT to the shareholders of ZAVAROVALNICA TRIGLAV d.d.

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the consolidated financial statements of the company ZAVAROVALNICA TRIGLAV d.d. and its subsidiaries (hereinafter "the Group"), which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated income statement, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2019, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU (hereinafter "IFRSs").

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and Regulation (EU) 537/2014 of the European Parliament and of the Council, dated 16 April 2014, on specific requirements regarding statutory audit of public-interest entities. Our responsibilities under those rules are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and other ethical requirements that are relevant to our audit of the financial statements in Slovenia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have 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 judgment, were of most significance in our audit of the consolidated financial statements of the year ended 31 December 2019. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Insurance Technical Provisions

Key Audit Matter	How the matter was addressed in our audit
<b>Valuation of Insurance Technical Provisions</b>	
Disclosures regarding insurance technical provisions are included in disclosures 3.15. <i>"Insurance technical provisions and insurance technical provisions for life-assurance policies where the investment risk is borne by the policyholders"</i> .	We obtained understanding of key controls and tested their operating effectiveness. We also reviewed the processes of analyzing the economic and non-economic assumptions used in the calculation of provisions.
Insurance technical provisions are an important liability of the Group in the consolidated statement of financial position. As at 31 December 2019, the value of insurance technical provisions equals EUR 2,393,927 thousand (2018: EUR 2,310,503 thousand). The provisions are measured in accordance with the accounting policies set in the financial statements.	We reviewed the adequacy of key management assumptions used in assessing the amount of insurance technical provisions for individual cases and reconciled them in accordance with appropriate supporting documents.
The calculation of provisions for insurance contracts is complex, as it involves a high degree of management judgement and complex mathematical and statistical calculations. The models for calculating the amount of technical provisions are created separately for each category. The creation depends largely on economic and demographic assumptions.	We assessed whether the provisions recorded were in accordance with the requirements of the accounting framework, industry best practice and regulatory requirements.
Management reviews premiums, claims settlements and other input data and assumptions of the model; the actuarial function is responsible for reviewing the adequacy of the estimated provisions.	In addition, we have reviewed the information disclosed in the financial statements to assess whether the balances are sufficiently disclosed for the users of the financial statements.
Insurance technical provisions are accounting estimates that are materially significant accounting balances and are therefore subject to high degree of judgement, which is why we considered this accounting estimates as key audit matter.	Experts from the actuarial field were included in the assessment of actuarial assumptions, including the treatment and judgment of management's assumptions. Actuarial experts were included in testing the calculations of the models, and they also performed independent calculations and assessments.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms, and their related entities. DTTL (also referred to as "Deloitte Global") and each of its member firms are legally separate and independent entities. DTTL does not provide services to clients. Please see [www.deloitte.com/si/about](http://www.deloitte.com/si/about) to learn more.

In Slovenia the services are provided by Deloitte revizija d.o.o. and Deloitte svetovanje d.o.o. (jointly referred to as "Deloitte Slovenia") which are affiliates of Deloitte Central Europe Holdings Limited. Deloitte Slovenia is one of the leading professional services organisations in the country providing services in audit and assurance, consulting, financial advisory, risk advisory, tax and related services, through over 135 national and foreign professionals.

Deloitte revizija d.o.o. - The company is registered with the Ljubljana District Court, registration no. 1647105 - VAT ID SI62560085 - Nominal capital EUR 74,214.30.  
© 2020. Deloitte Slovenia

## Financial Investments

Key audit matter	How the matter was addressed in our audit
<b>Valuation of Financial Investments</b>	
<p>The disclosures in relation to financial investments are included in disclosures 3.7. »Financial Investments« and as at 31 December 2019, these financial investments amount to EUR 2,740,039 thousand (2018: EUR 2,588,904 thousand).</p> <p>The Group classifies these financial investments in the following groups:</p> <ul style="list-style-type: none"> <li>- financial assets measured at fair value through profit or loss,</li> <li>- held-to-maturity financial assets,</li> <li>- loans and deposits and</li> <li>- available-for-sale financial assets.</li> </ul> <p>Classification is made in accordance with purpose of purchase of the financial investment. At initial recognition, a decision on their classification is taken.</p> <p>These financial investments are measured by the group to which the financial investment is classified:</p> <ul style="list-style-type: none"> <li>- financial assets measured at fair value through profit or loss are measured at fair value,</li> <li>- held-to-maturity financial assets are measured at amortized cost less impairment losses,</li> <li>- loans and deposits are measured at amortized cost using the effective interest method, and</li> <li>- available-for-sale financial assets are measured at fair value.</li> </ul> <p>Due to significance of these financial investments in statement of financial position of the insurance company, they are considered as key audit matter.</p>	<p>For these financial investments, we reviewed adequacy of measurement.</p> <p>We also performed the following procedures:</p> <ul style="list-style-type: none"> <li>- For investments in marketable securities, we have recalculated the fair value of investments based on the value arising from the securities market as of 31 December 2019.</li> <li>- For investments in non-marketable securities measured at fair value, we have considered the appropriateness of the assumptions used and the methodology used by the company. In particular, we considered the assumptions for the calculation of discount rates and expected future cash flows. We included auditor's experts in procedures of assessment of valuations.</li> <li>- For investments measured at amortized cost, we have recalculated the amortized cost based on the maturity data of each investment as of 31 December 2019.</li> </ul>

## Other Matter

The consolidated financial statements of ZAVAROVALNICA TRIGLAV, d.d., for the year ended December 31, 2018, were audited by another auditor who expressed an unmodified opinion on those statements on March 8, 2019.

## Other information

Management is responsible for the other information. The other information comprises the information, included in Annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we express no assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, assess whether the other information is materially inconsistent with the consolidated financial statements, legal requirements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on our work performed we conclude that other information include material misstatement we need to report such circumstances.

In relation to this and based on our procedures performed, we report that:

- other information are, in all material respects, consistent with the consolidated financial statements;
- other information are prepared in compliance with applicable law or regulation; and
- based on our knowledge and understanding of the Group and its environment obtained in the audit, we did not identify any material misstatement of fact related to the other information.

## Responsibilities of Management, Supervisory board and Audit committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements of the Group, management is responsible for assessing its ability to continue as a going concern, disclosing matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Supervisory Board and Audit Committee are responsible for overseeing the Group's financial reporting process and for approving audited annual report.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence concerning the financial information of the entities or business activities within the Group in order to express an opinion on the consolidated financial statements. We are responsible for conducting, overseeing and performing the audit of the Group. We have sole responsibility for the audit opinion expressed.

With Supervisory Board and Audit Committee we communicate the planned scope and timing of the audit and significant findings from the audit, including deficiencies in internal control we have identified during our audit.

We also provide Supervisory Board and Audit Committee with the statement of compliance with relevant ethical requirements regarding independence, and we communicate with them all relationships and other matters for which it may reasonably be thought to bear on independence, and, if appropriate, all the related safeguards.

From the matters communicated with Supervisory Board and Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period, and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

## Report on Other Legal and Regulatory Requirements

### Appointment of the Auditor and the Period of Engagement

Deloitte revizija d.o.o. was appointed as the statutory auditor of the Company on General Shareholders' Meeting held on 28 May 2019. Our total uninterrupted engagement has lasted 1 year.

### Confirmation to the Audit Committee

We confirm that our audit opinion on the financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on 10 March 2019 in accordance with Article 11 of Regulation (EU) No. 537/2014 of the European Parliament and the Council.

### Provision of Non-audit Services

We declare that no prohibited non-audit services referred to in the Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and the Council were provided. There are no services, in addition to the statutory audit, which we provided to the Company and its controlled undertakings, and which have not been disclosed in the Annual Report.

Engagement partner responsible for the audit on behalf of Deloitte revizija d.o.o. is Barbara Žibret Kralj, certified auditor.

DELOITTE REVIZIJA d.o.o.

Barbara Žibret Kralj  
Certified auditor

*For signature please refer to the original  
Slovenian version.*

Ljubljana, 10 March 2020

**Deloitte.**

DELOITTE REVIZIJA D.O.O.  
Ljubljana, Slovenija 3

TRANSLATION ONLY, SLOVENE ORIGINAL PREVAILS



Deloitte revizija d.o.o.  
Dunajska cesta 165  
1000 Ljubljana  
Slovenia  
VAT ID: SI62560085

Tel: +386 (0) 1 3072 800  
Fax: +386 (0) 1 3072 900  
www.deloitte.si

**INDEPENDENT AUDITOR'S REPORT  
to the shareholders of ZAVAROVALNICA TRIGLAV d.d.**

**Opinion**

We have audited the financial statements of the company ZAVAROVALNICA TRIGLAV d.d. (hereinafter 'the Company'), which comprise the statement of financial position as at 31 December 2019, and the income statement, statement of other comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2019, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU (hereinafter 'IFRSs').

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and Regulation (EU) 537/2014 of the European Parliament and of the Council, dated 16 April 2014, on specific requirements regarding statutory audit of public-interest entities. Our responsibilities under those rules are further described in *the Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and other ethical requirements that are relevant to our audit of the financial statements in Slovenia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have 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 judgment, were of most significance in our audit of the financial statements of the year ended 31 December 2019. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**Insurance Technical Provisions**

Key Audit Matter	How the matter was addressed in our audit
<b>Valuation of Insurance Technical Provisions</b>	
Disclosures regarding insurance technical provisions are included in disclosures 3.15. <i>"Insurance technical provisions and insurance technical provisions for life-assurance policies where the investment risk is borne by the policyholders"</i> .	We obtained understanding of key controls and tested their operating effectiveness. We also reviewed the processes of analyzing the economic and non-economic assumptions used in the calculation of provisions.
Insurance technical provisions are an important liability of the Company in the statement of financial position. As at 31 December 2019, the value of insurance technical provisions equals EUR 1,713,421 thousand (2018: EUR 1,696,143 thousand). The provisions are measured in accordance with the accounting policies set in the financial statements.	We reviewed the adequacy of key management assumptions used in assessing the amount of insurance technical provisions for individual cases and reconciled them in accordance with appropriate supporting documents.
The calculation of provisions for insurance contracts is complex, as it involves a high degree of management judgement and complex mathematical and statistical calculations. The models for calculating the amount of technical provisions are created separately for each category. The creation depends largely on economic and demographic assumptions.	We assessed whether the provisions recorded were in accordance with the requirements of the accounting framework, industry best practice and regulatory requirements.
Management reviews premiums, claim settlements and other input data and assumptions of the model; the actuarial function of the Company is responsible for reviewing the adequacy of the estimated provisions.	In addition, we have reviewed the information disclosed in the financial statements to assess whether the balances are sufficiently disclosed for the users of the financial statements.
Insurance technical provisions are accounting estimates that are materially significant accounting balances and are therefore subject to high degree of judgement, which is why we considered these accounting estimates as key audit matter.	Experts from the actuarial field were included in the assessment of actuarial assumptions, including the treatment and judgment of management's assumptions. Actuarial experts were included in testing the calculations of the Company's model, and they also performed independent calculations.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms, and their related entities. DTTL (also referred to as "Deloitte Global") and each of its member firms are legally separate and independent entities. DTTL does not provide services to clients. Please see [www.deloitte.com/s/about](http://www.deloitte.com/s/about) to learn more.

In Slovenia the services are provided by Deloitte revizija d.o.o. and Deloitte svetovanje d.o.o. (jointly referred to as "Deloitte Slovenia") which are affiliates of Deloitte Central Europe Holdings Limited. Deloitte Slovenia is one of the leading professional services organizations in the country providing services in audit and assurance, consulting, financial advisory, risk advisory, tax and related services, through over 135 national and foreign professionals.

Deloitte revizija d.o.o. - The company is registered with the Ljubljana District Court, registration no. 1647105 - VAT ID SI62560085 - Nominal capital EUR 74,214.30.  
© 2020. Deloitte Slovenia



## Investments in Subsidiaries

Key audit matter	How the matter was addressed in our audit
<b>Valuation of Investments in the Equity of Subsidiaries</b>	
<p>The disclosures in relation to investments in subsidiaries are included in disclosures 3.5. "Investments in subsidiaries" and 5.4. "Related party transactions".</p> <p>Investments in the equity of subsidiaries amount to EUR 134,939 thousand (2018: EUR 131,939 thousand) and are measured at cost. At least once a year, the management assesses the impairment indicators of the aforementioned investments and, where required, performs tests based on discounting future cash flows. These procedures require management assessment.</p> <p>In assessing impairment indicators, professional judgement and the use of subjective assumptions by the management are required.</p> <p>Due to the significance of the above-mentioned circumstances, the identification of impairment indicators and calculation of the impairments are considered as key audit matter.</p>	<p>We have assessed the management's consideration of impairment indicators for investments in subsidiaries. The emphasis of our audit procedures was on assessing and testing the key assumptions that the management used for identifying the impairment indicators and for assessing for impairment.</p> <p>Our procedures also included the following:</p> <ul style="list-style-type: none"> <li>- verification and comparison of net assets with investment value,</li> <li>- assessment of assumptions used in the calculation of discount rates and their recalculation,</li> <li>- review of planned future cash flows that the Company uses for impairment testing,</li> <li>- comparison of the planned cash flows, including the assumptions on revenue growth rate and operating profitability, with previous results of testing the accuracy of management's assumptions,</li> <li>- verification of the adequacy of disclosures in the financial statements.</li> </ul> <p>We included an auditor's expert in our procedures.</p>

## Financial Investments

Key audit matter	How the matter was addressed in our audit
<b>Valuation of Financial Investments</b>	
<p>The disclosures in relation to financial investments are included in disclosure 3.7. "Financial investments".</p> <p>As at 31 December 2019, these financial investments amount to EUR 1,912,207 thousand (2018: EUR 1,840,037 thousand).</p> <p>The insurance company classifies these financial investments in the following groups:</p> <ul style="list-style-type: none"> <li>- financial assets measured at fair value through profit or loss,</li> <li>- held-to-maturity financial assets,</li> <li>- loans and deposits and</li> </ul>	<p>For these financial investments, we reviewed adequacy of measurement.</p> <p>We also performed the following procedures:</p> <ul style="list-style-type: none"> <li>- For investments in marketable securities, we have recalculated the fair value of investments based on the value arising from the securities market as of 31 December 2019.</li> <li>- For investments in non-marketable securities measured at fair value, we have considered the appropriateness of the assumptions used and the methodology used by the company. In particular, we</li> </ul>

<ul style="list-style-type: none"> <li>- available-for-sale financial assets.</li> </ul> <p>These financial investments are classified in accordance with the purpose of their purchase. At initial recognition, the management decides on the classification of investments.</p> <p>The Company measures these financial investments by the group to which the financial investment is classified:</p> <ul style="list-style-type: none"> <li>- financial assets measured at fair value through profit or loss are measured at fair value,</li> <li>- held-to-maturity financial assets are measured at amortized cost less impairment losses,</li> <li>- loans and deposits are measured at amortized cost using the effective interest method, and</li> <li>- available-for-sale financial assets are measured at fair value.</li> </ul> <p>Due to significance of the financial investments in statement of financial position of the insurance company, they are considered as key audit matter.</p>	<p>considered the assumptions for the calculation of discount rates and expected future cash flows. We included auditor's experts in procedures of assessment of valuations.</p> <ul style="list-style-type: none"> <li>- For investments measured at amortized cost, we have recalculated the amortized cost based on the maturity data of each investment as of 31 December 2019.</li> </ul>
---	--

## Other Matter

The financial statements of ZAVAROVALNICA TRIGLAV, d.d., for the year ended December 31, 2018, were audited by another auditor who expressed an unmodified opinion on those statements on March 8, 2019.

## Other information

Management is responsible for the other information. The other information comprises the information, included in Annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we express no assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, assess whether the other information is materially inconsistent with the financial statements, legal requirements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on our work performed we conclude that other information include material misstatement we need to report such circumstances.

In relation to this and based on our procedures performed, we report that:

- other information are, in all material respects, consistent with the financial statements;
- other information are prepared in compliance with applicable law or regulation; and
- based on our knowledge and understanding of the Company and its environment obtained in the audit, we did not identify any material misstatement of fact related to the other information.

#### Responsibilities of Management, Supervisory Board and Audit Committee for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, management is responsible for assessing its ability to continue as a going concern, disclosing matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Supervisory Board and Audit Committee are responsible for overseeing the Company's financial reporting process and for approving audited annual report.

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

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

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

With Supervisory Board and Audit Committee we communicate the planned scope and timing of the audit and significant findings from the audit, including deficiencies in internal control we have identified during our audit.

We also provide Supervisory Board and Audit Committee with the statement of compliance with relevant ethical requirements regarding independence, and we communicate with them all relationships and other matters for which it may reasonably be thought to bear on independence, and, if appropriate, all the related safeguards.

From the matters communicated Supervisory Board and Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period, and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

#### Report on Other Legal and Regulatory Requirements

##### Appointment of the Auditor and the Period of Engagement

Deloitte revizija d.o.o. was appointed as the statutory auditor of the Company on General Shareholders' Meeting held on 28 May 2019. Our total uninterrupted engagement has lasted first years.

##### Confirmation to the Audit Committee

We confirm that our audit opinion on the financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on 10 March 2020 in accordance with Article 11 of Regulation (EU) No. 537/2014 of the European Parliament and the Council.

##### Provision of Non-audit Services

We declare that no prohibited non-audit services referred to in the Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and the Council were provided. There are no services, in addition to the statutory audit, which we provided to the Company, and which have not been disclosed in the Annual Report.

Engagement partner responsible for the audit on behalf of Deloitte revizija d.o.o. is Barbara Žibret Kralj, certified auditor.

DELOITTE REVIZIJA d.o.o.

Barbara Žibret Kralj  
Certified auditor

*For signature please refer to the original Slovenian version.*

Ljubljana, 10 March 2020

**Deloitte.**  
DELOITTE REVIZIJA D.O.O.  
Ljubljana, Slovenija

TRANSLATION ONLY, SLOVENE ORIGINAL PREVAILS