RSM Serbia d.o.o. Beograd

ENERGOPROJEKT ENTEL A.D. BEOGRAD

Consolidated Financial Statements for 2022
in accordance
with accounting regulations prevailing in the
Republic of Serbia

and

Independent auditor's report

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RSM Serbia d.o.o. Beograd

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Translation of the Auditors' Report issued in the Serbian language

Independent auditor's report

To the Board of directors and Assembly of Energoprojekt Entel a.d. Beograd

Opinion

We have audited the consolidated financial statements of Energoprojekt Entel a.d. Beograd and its subsidiaries (hereinafter: the Group), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statement of profit and loss, consolidated statement of other comprehensive income, consolidated statement of changes in shareholder's equity and consolidated statement of cash flows for the year then ended, and notes to consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with accounting regulations prevailing in the Republic of Serbia.

Basis for Opinion

We conducted our audit in accordance with auditing standards applicable in the Republic of Serbia and the Law on Auditing of the Republic of Serbia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other responsibilities in accordance with IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Group's management is responsible for other information. Other information includes the Consolidated Annual Business Report for the year ended 31 December 2022. Our opinion on the consolidated financial statements does not apply to other information and we do not express any form of conclusion that provides assurance about them.

In connection with our audit of the consolidated financial statements, it is our responsibility to read other information and consider whether there is a material inconsistency between them and the consolidated financial statements or our comprehension gained during the audit, or otherwise, material misstatements.

Based on the work we performed during the audit of the consolidated financial statements, in our opinion the Consolidated Annual Business Report for 2022, which include non-financial information in accordance with the requirements of Article 38 of the Law on Accounting, was prepared in accordance with the requirements based on the Law on Accounting ("Službeni glasnik" of RS no. 73/2019 and 44/2021) and information that are disclosed in the Consolidated Annual Business Report for 2022 are, in all material matters, harmonized with the consolidated financial statements for the same business year.

In addition, if, based on the work we have done, we conclude that there is a material misstatement of other information, we are required to disclose that fact in a report. In that sense, there is nothing that we should say in the report.

Translation of the Auditors' Report issued in the Serbian language

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation of the consolidated financial statements in accordance accounting regulations prevailing in the Republic of Serbia, based on the Law on Accounting, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

The objectives of our audit 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 standards applicable in the Republic of Serbia 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 standards applicable in the Republic of Serbia, 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 material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 Group 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.

Belgrade, April 28, 2023

RSM Serbia d.o.o.
Beograd-Novi Beograd
RSM

Stanimirka Svičević, Certified Auditor

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31.12.2022

(in thousand Dinar)

Account group, account	POSITION	AOP	Notes*	Amount		
				Current year	Previous year	
					Ending balance on 31.12.2021.	Opening balance on 01.01.2021.
1	2	3	4	5	6	7
	ASSETS					
0	**A. UNPAID SUBSCRIBED CAPITAL**	0001				
	B. FIXED ASSETS (0003 + 0009 + 0017 + 0018 + 0028)	0002		2.969.825	2.567.728	
01	I. INTANGIBLE ASSETS (0004 + 0005 + 0006 + 0007 + 0008)	0003	24	5.505	8.858	
010	1. Investment in development	0004				
011, 012 and 014	2. Concessions, patents, licenses, similar rights, software and other rights	0005	24	5.505	8.858	
013	3. Goodwill	0006				
015 and 016	4. Intangible assets leased and Intangible assets in development	0007				
017	5. Advance payments for acquisition of intangible assets	0008				
02	II. PROPERTY, PLANT and EQUIPMENT (0010 + 0011 + 0012 + 0013 + 0014 + 0015 + 0016)	0009	25	1.128.203	906.452	
020, 021 and 022	1. Land and buildings	0010	25	754.821	758.050	
023	2. Plant and equipment	0011	25	101.783	113.775	
024	3. Investment property	0012				
025 and 027	4. Property, plant and equipment under constructio leased and property, plant and equipment under construction	0013	25	271.310	34.338	
026 and 028	5. Other property, plant and equipment and investment in PPE owned by third parties	0014	25	289	289	
029 (p.o.)	6. Advance payments for property, plant and equipment in the country	0015				
029 (p.o.)	7. Advance payments for property, plant and equipment in the abroad	0016				
03	III. BIOLOGICAL ASSETS	0017				
04 and 05	IV. LONG TERM FINANCIAL INVESTMENTS AND LONG TERM RECEIVABLES (0019 + 0020 + 0021 + 0022 + 0023 + 0024 + 0025 + 0026 + 0027)	0018	26	1.832.441	1.652.418	
040 (p.o.), 041 (p.o.) and 042 (p.o.)	1. Investments in legal entities (excluding equity participations that are valued using the equity method)	0019				
040 (p.o.), 041 (p.o.), 042 (p.o.)	2. Investments that are valued using the equity method	0020	26	102.388	107.313	
043, 050 (p.o.) and 051 (p.o.)	3. Long-term loans to parent companies, subsidiaries, other associated companies and long-term receivables on these persons in the country	0021				
044, 050 (p.o.), 051 (p.o.)	4. Long-term loans to parent companies, subsidiaries, other associated companies and long-term receivables on these persons in the abroad	0022				
045 (p.o.) and 053 (p.o.)	5. Long-term loans (given loans and borrowings) - domestic	0023				
045 (p.o.) and 053 (p.o.)	6. Long-term loans (given loans and borrowings) - foreign	0024				
046	7. Long-term financial investments (securities valued at depreciated value)	0025				
047	8. Repurchased own shares	0026				
048, 052, 054, 055 and 056	9. Other long term investmenti and other long term receivables	0027	26	1.730.053	1.545.105	
28 (p.o.), except 288	V. LONG TERM PREPAYMENTS AND ACCURED INCOME	0028		3.676		
288	**VI. DEFFERED TAX ASSETS**	0029				

(in thousand Dinar)

Account group, account	POSITION	AOP	Notes*	Amount		
				Current year	Previous year	
					Ending balance on 31.12.2021.	Opening balance on 01.01.2021.
1	2	3	4	5	6	7
	G. CURRENT ASSETS (0031 + 0037 + 0038 + 0044 + 0048 + 0057+ 0058)	0030		3.215.247	3.412.125	
Class 1 (except 14)	I. INVENTORIES (0032 + 0033 + 0034 + 0035 + 0036)	0031	27	11.552	53.672	
10	1. Material, spare parts, tools and small inventory	0032				
11 and 12	2. Work in progress and finished products	0033				
13	3. Merchandise	0034				
150, 152 and 154	4. Advance payaments for inventories and services - domestic	0035	27	6.287	8.981	
151, 153 and 155	5. Advance payaments for inventories and services - foreign	0036	27	5.265	44.691	
14	II Non-current assets held for trading	0037				
20	III. TRADE RECEIVABLES (0039 + 0040 + 0041 + 0042 + 0043)	0038		1.094.415	1.415.339	
204	1. Trade receivables- domestic third party	0039	28	296.343	248.302	
205	2. Trade receivables- foreign third party	0040	28	797.643	1.166.084	
200 and 202	3. Trade receivables- domestic parent companies, subsidiaries and other associated entities	0041	28	429	953	
201 and 203	4. Trade receivables- foreign parent companies, subsidiaries and other associated entities	0042				
206	5. Other trade receivables	0043				
21, 22 and 27	IV. OTHER SHORT-TERM RECEIVABLES (0045+0046+0047)	0044	29	152.632	116.233	
21, 22 except (223 and 224) and 27	1. Other receivables	0045	29	152.632	116.233	
223	2. Receivables for overpaid income tax	0046				
224	3. Receivables from overpaid other taxes and contributions	0047				
23	VI. SHORT-TERM FINANCIAL INVESTMENTS (0049 + 0050 + 0051 + 0052 + 0053 + 0054 + 0055 + 0056)	0048		835.620	934.294	
230	1. hort-term loans and investments in parent companies and subsidiaries	0049				
231	2. Short-term loans and investments in other related parties	0050				
232, 234 (p.o.)	3. Short term loans and placements - domestic	0051				
233, 234 (p.o.)	4. Short term loans and placements - foreign	0052				
235	5. Securities valued at depreciated value	0053				
236 (p.o.)	6. Financial assets at fair value through Statement of comprehensive income	0054				
237	7. Repurchased own shares	0055				
236 (p.o.), 238 and 239	8. Other short term investments	0056	30	835.620	934.294	
24	VI. CASH AND CASH EQUIVALENTS	0057	31	504.020	536.480	
28 (p.o.) except 288	VII. SHORT-TERMS PREPAYMENTS AND ACCURED INCOME	0058	32	617.008	356.107	
	D. TOTAL ASSETS = OPERATING ASSETS (0001 + 0002 + 0029 + 0030)	0059		6.185.072	5.979.853	
88	**Đ. OFF BALANCE ASSETS**	0060	46	1.909.895	2.042.183	

(in thousand Dinar)

Account group, account	POSITION	AOP	Notes*	Amount		
				Current year	Previous year	
					Ending balance on 31.12.2021.	Opening balance on 01.01.2021.
1	2	3	4	5	6	7
	EQUITY AND LIABILITIES					
	A. EQUITY (0402 + 0403 + 0404 + 0405 + 0406 - 0407 + 0408 + 0411 - 0412) ≥ 0	0401	33	4.133.829	4.034.170	
30, except 306	I. BASIC CAPITAL	0402	33.1	173.223	173.223	
31	II. UNPAID SUBSCRIBED CAPITAL	0403				
306	III. SHARE PREMIUMS	0404				
32	IV. RESERVES	0405	33.2	24.008	23.937	
330 and demand balance 331, 332, 333, 334, 335, 336 and 337	V. POSITIVE REVALUATION RESERVES AND UNREALIZED GAINS ON FINANCIAL ASSETS AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULT	0406	33.3	375.496	363.327	
debt balance 331, 332, 333, 334, 335, 336 and 337	VI. UNREALIZED LOSSES ON FINANCIAL ASSETS AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULT	0407				
34	VIII. RETAINED PROFIT (0409+ 0410)	0408	33.4	3.561.102	3.473.683	
340	1. Retained profit from previous years	0409	33.4	3.265.260	3.141.436	
341	2. Retained profit from current year	0410	33.4	295.842	332.247	
	VIII. NON-CONTROLING INTEREST	0411				
35	IX. LOSS (0413 + 0414)	0412				
350	1. Previous year's losses	0413				
351	2. Current year loss	0414				
	B. LONG-TERM PROVISIONS AND LIABILITIES (0416 + 0420 + 0428)	0415		854.880	686.273	
40	I. LONG- TERM PROVISIONS (0417 + 0418 + 0419)	0416	34	625.126	627.383	
404	1. Provisions for employees benefits	0417	34	311.621	236.083	
400	2. Provisions for costs incurred during the warranty period	0418	34	313.505	391.300	
40, except 400 and 404	3. Other long-term provisions	0419				
41	II. LONG- TERM LIABILITIES (0421 + 0422 + 0423 + 0424 + 0425 + 0426 + 0427)	0420		160.087		
410	1. Liabilities that can be converted into capital	0421				
411 (p.o.) and 412 (p.o.)	2. Long-term loans and other long-term liabilities to parent, subsidiaries and other related parties - domestic	0422				
411 (p.o.) and 412 (p.o.)	3. Long-term loans and other long-term liabilities to parent, subsidiaries and other related parties - foreign	0423				
414 and 416 (p.o.)	4. Long-term loans and liabilities for leasing - domestic	0424				
415 and 416 (p.o.)	5. Long-term loans and liabilities for leasing - foreign	0425		160.087		
413	6. Liabilities based on issued securities	0426				
419	7. Other long-term liabilities	0427				
49 (p.o.), except 498 and 495 (p.o.)	III. LONG-TERM ACCRUALS AND DEFFERED INCOME	0428	35	69.667	58.890	
498	**V. DEFFERED TAX LIABILITIES**	0429	36	59.760	71.664	
495 (p.o.)	**G. LONG - TERM DEFERRED INCOME AND DONATIONS RECEIVED**	0430				
	D. SHORT - TERM PROVISIONS AND SHORT-TERM LIABILITIES (0432 + 0433 + 0441 + 0442 + 0449 + 0453 + 0454)	0431		1.136.603	1.187.746	
467	I. SHORT - TERM PROVISIONS	0432				

(in thousand Dinar)

Account group, account	POSITION	AOP	Notes*	Amount		
				Current year	Previous year	
					Ending balance on 31.12.2021.	Opening balance on 01.01.2021.
1	2	3	4	5	6	7
42, except 427	II. SHORT-TERM FINANCIAL LIABILITIES (0434 + 0435 + 0436 + 0437 + 0438 + 0439 + 0440)	0433	37	82.042	179	
420 (p.o.) and 421 (p.o.)	1. Liabilities for loans to parent companies, subsidiaries and other related parties - domestic	0434				
420 (p.o.) and 421 (p.o.)	2. Liabilities for loans to parent companies, subsidiaries and other related parties - foreign	0435				
422 (p.o.), 424 (p.o.), 425 (p.o.), and 429 (p.o.)	3. Liabilities for loans and borrowings from persons other than domestic banks	0436			179	
422 (p.o.), 424 (p.o.), 425 (p.o.) and 429 (p.o.)	4. Liabilities for loans from domestic banks	0437				
423, 424 (p.o.), 425 (p.o.) and 429 (p.o.)	5. Loans, borrowings and liabilities - foreign	0438	37	82.042		
426	6. Liabilities for short-term securities	0439				
428	7. Liabilities for financial derivatives	0440				
430	III. RECEIVED ADVANCES PAYMENTS, DEPOSITS AND BAILS	0441	38	41.166	51.903	
43 except 430	III. LIABILITIES FROM BUSINESS OPERATIONS (0443 + 0444 + 0445 + 0446 + 0447 + 0448)	0442	39	657.342	708.044	
431 and 433	1. Liabilities to suppliers - parent companies, subsidiaries and other related parties - domestic	0443	39	9.837	7.694	
432 and 434	2. Liabilities to suppliers - parent companies, subsidiaries and other related parties - foreign	0444				
435	3. Liabilities to suppliers - domestic	0445	39	10.693	8.023	
436	4. Liabilities to suppliers - foreign	0446	39	636.179	692.102	
439 (p.o.)	5. Liabilities for bill of exchange	0447				
439 (p.o.)	6. Other liabilities from business operations	0448	39	633	225	
44,45,46, except 467, 47 and 48	V. OTHER SHORT-TERM LIABILITIES (0450 + 0451 + 0452)	0449		272.656	346.588	
44, 45 and 46 except 467	1. Other short-term liabilities	0450	40	220.181	317.922	
47, 48 except 481	2. Liabilities for value added tax and other public revenue	0451	41	32.859	24.678	
481	3. Liabilities for income tax	0452	42	19.616	3.988	
427	VI. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS FROM DISCONTINUED OPERATIONS	0453				
49 (p.o.) except 498	VII. SHORT-TERM ACCRUALS AND DEFFERED INCOME	0454	43	83.397	81.032	
	Đ. LOSS OVER CAPITAL (0415 + 0429 + 0430 + 0431 - 0059) ≥ 0 = 0407 + 0412 - 0402 - 0403 - 0404 - 0405 - 0406 - 0408 - 0411) ≥ 0	0455				
	E. TOTAL EQUITY AND LIABILITIES (0401 + 0415 + 0429 + 0430 + 0431 - 0455)	0456		6.185.072	5.979.853	
89	**Ž. OFF BALANCE LIABILITIES**	0457	46	1.909.895	2.042.183	

*Notes refer to individual positions and they are presented as notes to the Consolidated Financial Statements

These consolidated financial statements were approved for publication on 08.03.2023. i and were signed by the legal representative Energoprojekt Entel - Beograd.

Mladen Simović

Mladen Simović 398291

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Date: 2023.07.27 12:55:34 +02'00'

Director

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the period between 01.01.2022. and 31.12.2022.

(in thousand Dinar)

Account group, account	POSITION	AOP	Notes*	Amount	
				Current year	Previous year
1	2	3	4	5	6
	A. OPERATING REVENUES (1002 + 1005 + 1008 + 1009 - 1010 + 1011 + 1012)	1001		4.004.118	4.169.072
60	I. INCOME FROM THE SALE OF MERCHANDISE (1003 + 1004)	1002			
600, 602 and 604	1. Sales of merchandise to domestic customers	1003			
601, 603 and 605	2. Sales of merchandise to foreign customers	1004			
61	II. INCOME FROM SALES OF PRODUCTS AND SERVICE RENDERED (1006 + 1007)	1005	11	4.004.118	4.169.042
610, 612 and 614	1. Sales of finished goods and services rendered to domestic customers	1006	11	697.610	822.781
611, 613 and 615	2. Sales of finished goods and services rendered to foreign customers	1007	11	3.306.508	3.346.261
62	III. INCOME FROM THE OWN USE OF PRODUCTS, SERVICES AND MERCHANDISE	1008			
630	IV. INCREASE OF FINISHED GOODS, WORK IN PROGRESS AND SERVICES IN PROGRESS	1009			
631	V. DECREASE OF FINISHED GOODS, WORK IN PROGRESS AND SERVICES IN PROGRESS	1010			
64 and 65	VI. OTHER OPERATING INCOME	1011	12		30
68, except 683, 685 and 686	VII.INCOME FROM ASSETS VALUE ADJUSTMENT (EXCEPT FINANCIAL)	1012			
	B. OPERATING EXPENSES (1014 + 1015 + 1016 + 1020 + 1021 + 1022 + 1023 + 1024)	1013		3.815.406	3.963.357
50	I. COST OF GOODS SOLD - COGS	1014			
51	II. COST OF MATERIAL, FUEL AND ENERGY	1015	13	125.509	110.667
52	III. COSTS OF SALARIES, FRINGE BENEFITS AND OTHER PERSONAL EXPENSES (1017 + 1018 + 1019)	1016	14	2.357.637	2.402.914
520	1. Costs of salarie and fringe benefits	1017	14	2.212.869	2.276.558
521	2. Costs of tax,earnings contributions and fringe benefits	1018	14	65.598	68.368
52 except 520 and 521	3. Other personal expenses and indemnity	1019	14	79.170	57.988
540	IV. DEPRECIATION COSTS	1020	15	129.394	59.701
58, except 583, 585 and 586	V. EXPENSES FROM PROPERTY VALUE ADJUSTMENT (EXCEPT FINANCIAL)	1021			
53	VI. COSTS OF PRODUCTION SERVICES	1022	16	639.285	856.881
54, except 540	VII. PROVISIONS COSTS	1023	17	56.275	39.612
55	VIII. NON-PRODUCTION COSTS	1024	18	507.306	493.582
	V. OPERATING PROFIT (1001 - 1013) ≥ 0	1025		188.712	205.715
	G. OPERATING LOSS (1013 - 1001) ≥ 0	1026			
	D. FINANCIAL INCOME (1028 + 1029 + 1030 + 1031)	1027	19.1	67.039	71.912
660 and 661	I. FINANCIAL INCOME FROM RELATIONS WITH PARENTS COMPANIES, SUBSIDIARIES AND OTHER RELATED PARTIES	1028		18	
662	II. INCOME FROM INTEREST	1029	19.1	12.616	13.604
663 and 664	III. FX GAINS AND INCOME FOR THE EFFECTS OF CURRENCY CLAUSE	1030	19.1	6.293	2.016
665 and 669	IV. OTHER FINANCIAL INCOME	1031	19.1	48.112	56.292
	Đ. FINANCIAL EXPENSES (1033 + 1034 + 1035 + 1036)	1032	19.2	24.811	2.720

(in thousand Dinar)

Account group, account	POSITION	AOP	Notes*	Amount	
				Current year	Previous year
1	2	3	4	5	6
560 and 561	I. FINANCIAL EXPENSES FROM RELATIONS WITH PARENTS COMPANIES, SUBSIDIARIES AND OTHER RELATED PARTIES	1033	19.2	1	1
562	II. COSTS OF INTERESTS	1034	19.2	14.996	1.140
563 and 564	III. FX LOSSES AND LOSSES FOR CURRENCY CLAUSE EFFECTS	1035	19.2	9.814	1.579
565 and 569	IV. OTHER FINANCIAL EXPENSES	1036			
	E. FINANCIAL PROFIT (1027 - 1032) ≥ 0	1037		42.228	69.192
	Ž. FINANCIAL LOSS (1032 - 1027) ≥ 0	1038			
683, 685 and 686	**Z. INCOME FROM FINANCIAL ASSETS VALUATION ADJUSTMENTS VALUED AT FAIR VALUE**	1039			
583, 585 and 586	**I.EXPENSES FROM FINANCIAL ASSETS VALUATION ADJUSTMENTS VALUED AT FAIR VALUE**	1040			
67	**J. OTHER INCOME**	1041	20.1	129.303	128.774
57	**K. OTHER EXPENSES**	1042	20.2	41.031	47.418
	L. TOTAL INCOME (1001 + 1027 + 1039 + 1041)	1043	21	4.200.460	4.369.758
	LJ. TOTAL EXPENSES (1013 + 1032 + 1040 + 1042)	1044	21	3.881.248	4.013.495
	M. PROFIT FROM OPERATIONS BEFORE TAXATION (1043 - 1044) ≥ 0	1045	21	319.212	356.263
	N. LOSS FROM OPERATIONS BEFORE TAXATION (1044 - 1043) ≥ 0	1046			
69 minus 59	**NJ. NET OPERATING PROFIT FROM DISCONTINUED OPERATIONS**	1047		56	
59 minus 69	**O. NET OPERATING LOSS FROM DISCONTINUED OPERATIONS**	1048			
	P. ROFIT BEFORE TAXATION (1045 - 1046 + 1047 - 1048) ≥ 0	1049	22	319.268	356.263
	R. LOSS BEFORE TAXATION (1046 - 1045 + 1048 - 1047) ≥ 0	1050			
	S. POREZ NA DOBITAK				
721	I. TAX EXPENSES FOR THE PERIOD	1051	22	23.314	23.491
722 debt balance	II. DEFERRED TAX COSTS FOR THE PERIOD	1052	22	112	525
722 demand balance	III. DEFERRED TAX INCOME FOR THE PERIOD	1053			
723	**T. EMPLOYER`S EARNINGS PAID OUT**	1054			
	Ć. NET PROFIT (1049 - 1050 -1051 - 1052 + 1053 - 1054) ≥ 0	1055	22	295.842	332.247
	U. NET LOSS (1050 - 1049 + 1051 + 1052 - 1053 + 1054) ≥ 0	1056			
	I. NET PROFIT ATTRIBUTABLE TO SHARES WITHOUT CONTROL RIGHTS	1057			
	II. NET PROFIT ATTRIBUTABLE TO PARENT LEGAL ENTITY	1058		295.842	332.247
	III. NET LOSS ATTRIBUTABLE TO SHARES WITHOUT CONTROL RIGHTS	1059			
	IV. NET LOSS ATTRIBUTABLE TO PARENT LEGAL ENTITY	1060			
	V. EARNINGS PER SHARE				
	1. Basic earnings per share	1061	23	700	786
	2. Diluted earnings per share	1062			

*Notes refer to individual positions and they are presented as notes to the Consolidated Financial Statements

Mladen Simović 398291

Digitally signed by Mladen Simović 398291
Date: 2023.07.27 12:56:06 +02'00'

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the period between 01.01.2022. and 31.12.2022.

(in thousand Dinar)

Account group, account	POSITION	AOP	Notes*	Amount	
				Current year	Previous year
1	2	3	4	5	6
	A. NET RESULT FROM OPERATIONS				
	I. NET PROFIT (AOP 1055)	2001		295.842	332.247
	II. NET LOSS (AOP 1056)	2002			
	B. OTHER COMPREHENSIVE PROFIT OR LOSS				
	a) Items that will not be reclassified subsequently to profit or loss				
330	1.Revaluation of intangibles and PPE				
	a) increase in revaluation reserves	2003			1.328
	b) decrease in revaluation reserves	2004			
331	2. Actuarial gains (losses) on defined benefit plans				
	a) gains	2005			
	b) losses	2006			
333	3. Gains or losses on interests in other comprehensive income or loss of associates				
	a) gains	2007			
	b) losses	2008			
	b) Items that will not be reclassified subsequently to profit or loss				
332	1. Gains or losses on investments in equity instruments				
	a) gains	2009			
	b) losses	2010			
334	2. Gains or losses on translation of financial statements of foreign operations				
	a) gains	2011		11.208	28.397
	b) losses	2012			
335	3. Gains and losses on hedge of investment in foreign operations				
	a) gains	2013			
	b) losses	2014			
336	4. Cash flow hedges				
	a) gains	2015			
	b) losses	2016			
337	5. Gains or losses on securities measured at fair value through profit or loss				
	a) gains	2017			
	b) losses	2018			
	I. OTHER COMPREHENSIVE GROSS PROFIT (2003 + 2005 + 2007 + 2009 + 2011 + 2013 + 2015 + 2017) - (2004 + 2006 + 2008 + 2010 + 2012 + 2014 + 2016 + 2018) ≥ 0	2019		11.208	29.725
	II. OTHER COMPREHENSIVE GROSS LOSS (2004 + 2006 + 2008 + 2010 + 2012 + 2014 + 2016 + 2018) - (2003 + 2005 + 2007 + 2009 + 2011 + 2013 + 2015 + 2017) ≥ 0	2020			
	III. DEFERRED TAX EXPENSE ON OTHER COMPREHENSIVE PROFIT OR LOSS FOR THE PERIOD	2021			
	IV. DEFERRED TAX REVENUE ON OTHER COMPREHENSIVE PROFIT OR LOSS FOR THE PERIOD	2022			
	V. OTHER COMPREHENSIVE NET PROFIT (2019 - 2020 - 2021 + 2022) ≥ 0	2023		11.208	29.725

(in thousand Dinar)

Account group, account	POSITION	AOP	Notes*	Amount	
				Current year	Previous year
1	2	3	4	5	6
	VI. OTHER COMPREHENSIVE NET LOSS (2020 - 2019 + 2021 - 2022) ≥ 0	2024			
	V. TOTAL COMPREHENSIVE NET RESULT FOR THE PERIOD				
	I. TOTAL COMPREHENSIVE NET PROFIT (2001 - 2002 + 2023 - 2024) ≥ 0	2025		307.050	361.972
	II. TOTAL COMPREHENSIVE NET LOSS (2002 - 2001 + 2024 - 2023) ≥ 0	2026			
	G. TOTAL COMPREHENSIVE NET PROFIT OR LOSS (2028 + 2029) = AOP 2025 ≥ 0 ili AOP 2026 > 0	2027		307.050	361.972
	1. Attributable to parent legal entity	2028		307.050	361.972
	2. Attributable to participations without the right of control	2029			

*Notes refer to individual positions and they are presented as notes to the Consolidated Financial Statements

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CONSOLIDATED STATEMENT OF CASH FLOWS

for the period from 01.01.2022. to 31.12.2022.

(in thousand Dinar)

POSITION	AOP	Amount	
		Current year	Previous year
1	2	3	4
A. CASH FLOW FROM OPERATING ACTIVITIES			
I. Cash inflow from operating activities (1 to 4)	3001	4.235.505	4.620.918
1. Sales and advance payments received - domestic	3002	757.439	1.037.798
2. Sales and advance payments received - foreign	3003	3.436.578	3.537.584
3. Received interests from operating activities	3004	486	540
4. Other inflows from operating activities	3005	41.002	44.996
II. Cash outflows from operating activities (1 to 8)	3006	4.088.863	4.305.452
1. Payments to suppliers and advance prepayments - domestic	3007	296.276	266.802
2. Payments to suppliers and advance prepayments - foreign	3008	1.009.677	1.355.646
3. Wages, salaries and other personal costs	3009	2.538.456	2.438.101
4. Paid interests - domestic	3010	20	14
5. Paid interests - foreign	3011		1.126
6. Corporate income tax	3012	27.913	31.337
7. Other payments to tax authorities	3013	210.876	206.565
8. Other outflows from operating activities	3014	5.645	5.861
III. Net cash inflow from operating activities (I-II)	3015	146.642	315.466
IV. Net cash outflow from operating activities (II-I)	3016		
B. CASH FLOW FROM INVESTING ACTIVITIES			
I. Cash inflow from investing activities (1 till 5)	3017	448.739	435.226
1. Sale of shares and stakes	3018		
2. Sale of intangible assets, property, plant, equipment and biological assets	3019	1.526	1.865
3. Other financial investments	3020	419.415	413.881
4. Interests received from investing activities	3021	13.700	13.604
5. Dividends received	3022	14.098	5.876
II. Cash outflows from investing activities (1 till 3)	3023	288.341	251.438
1. Purchase of shares and stakes	3024		
2. Purchase of intangible investments, property, plant, equipment and biological assets	3025	13.288	12.896
3. Other financial investments	3026	275.053	238.542
III. Net cash inflow from investing activities (I-II)	3027	160.398	183.788
IV. Net cash outflow from investing activities (II-I)	3028		
V. CASH INFLOW FROM FINANCING ACTIVITIES			
I. Cash inflows from financing activities (1 till 7)	3029		
1. Increase of basic capital	3030		
2. Long-term loans - domestic	3031		
3. Long-term loans - foreign	3032		
4. Short-term loans - domestic	3033		
5. Short-term loans - foreign	3034		
6. Other long-term liabilities	3035		
7. Other short-term liabilities	3036		
I. Cash outflows from financing activities (1 till 8)	3037	378.004	295.868
1. Purchase of own shares and stakes	3038		
2. Long-term liabilities - domestic	3039		

(in thousand Dinar)

POSITION	AOP	Amount	
		Current year	Previous year
1	2	3	4
3. Long-term liabilities - foreign	3040		
4. Short-term loans liabilities - domestic	3041		
5. Short-term loans liabilities - foreign	3042		
6. Other liabilities	3043	82.042	
7. Financial lease	3044		544
8. Paid dividends	3045	295.962	295.324
III. Net cash inflows from financing activities (I-II)	3046		
IV. Net cash outflows from financing activities (II-I)	3047	378.004	295.868
G. Total cash inflows (3001 + 3017 + 3029)	3048	4.684.244	5.056.144
D. Total cash outflows (3006 + 3023 + 3037)	3049	4.755.208	4.852.758
Đ. Net cash inflows (3048 - 3049)≥0	3050		203.386
E. Net cash outflows (3049 - 3048)≥0	3051	70.964	
Ž. Cash at the beginning of the calculation period	3052	536.480	342.970
Z. Positive exchange rate differences due to calculation of cash	3053	42.135	
I. Negative exchange rate differences due to calculation of cash	3054	3.631	9.876
J. Cash at the end of reporting period (3050 - 3051 + 3052 + 3053 - 3054)	3055	504.020	536.480

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Energoprojekt Entel - Beograd

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period from 01.01.2022. to 31.12.2022.

(in thousand Dinar)

Position	DESCRIPTIONS	AOP	Basic capital (group 30 except 306 and 309)	AOP	Other basic capital (309)	AOP	Subscribed unpaid capital (group 31)	AOP	Issue premium and reserves (306 and group 32)	AOP	Revaluation reserves and unrealized earnings and loss (group 33)	AOP	Retained profit (group 34)	AOP	Loss (group 35)	AOP	Participations without the right of control (corresponds to the position AOP 0411)	AOP	Total (corresponds to the position AOP 0401) (kol. 2+3+4+5+6+7-8+9) ≥0	AOP	Loss exceeding the amount of capital (corresponds to the position AOP 0455) (kol 2+3+4+5+6+7-8+9) <0
	1		2		3		4		5		6		7		8		9		10		11
1	**Balance as at 01.01.2021**	4001	173.223	4010		4019		4028	23.844	4037	332.345	4046	3.251.997	4055		4064		4073	3.781.409	4082	
2	Effects of retroactive correction of material errors and changes in accounting policies	4002		4011		4020		4029		4038		4047		4056		4065		4074		4083	
3	Adjusted opening balance as at 01.01.2021	4003	173.223	4012		4021		4030	23.844	4039	332.345	4048	3.251.997	4057		4066		4075	3.781.409	4084	
4	**Net changes in 2021.**	4004		4013		4022		4031	93	4040	30.982	4049	221.686	4058		4067		4076		4085	
5	Balance as at 31.12.2021	4005	173.223	4014		4023		4032	23.937	4041	363.327	4050	3.473.683	4059		4068		4077	4.034.170	4086	
6	Effects of retroactive correction of material errors and changes in accounting policies	4006		4015		4024		4033		4042		4051		4060		4069		4078		4087	
7	**Adjusted opening balance as at 01.01.2022**	4007	173.223	4016		4025		4034	23.937	4043	363.327	4052	3.473.683	4061		4070		4079	4.034.170	4088	
8	Net changes in 2022.	4008		4017		4026		4035	71	4044	12.169	4053	87.419	4062		4071		4080		4089	
9	Balance as at 31.12.2022	4009	173.223	4018		4027		4036	24.008	4045	375.496	4054	3.561.102	4063		4072		4081	4.133.829	4090	

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR 2022

Belgrade, 2023

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1. COMPANY DATA

Registered seat	**Belgrade, Bulevar Mihaila Pupina 12**
Registration number	07470975
Business activity code	7112
Tax identification number	100389086

Foreign subsidiaries of the Parent Company:

- ENERGOPROJEKT QATAR
- ENERGOPROJEKT ENTEL OMAN LLC
- ENERGO CONSULT UAE LLC
- ENERGOPROJEKT BAHRAIN

The companies listed above make up a group of companies:

- **Energoprojekt Entel**

The percentage of ownership of the Parent Company in all listed subsidiaries and associated entities is presented in the table below.

Share in the capital of subsidiaries and associated entities	
Name of the subsidiary	***% of ownership***
ENERGOPROJEKT QATAR	100
ENERGOPROJEKT ENTEL OMAN L.L.C	100
ENERGO CONSULT UAE LLC	100
ENERGOPROJEKT BAHRAIN	100
ASSOCIATED ENTITY	
ENERGOPLAST DOO	20

According to criteria precisely defined by the Law on Accounting, the Parent Company is classified as a medium-sized enterprise.

The Parent Company's shares have been delisted from the Stock Exchange under the Decision on Delisting Shares from the Open Market, market segment Open Market Shares, no. 01/1-5833/19, due to the fact that all Issuer's shares have been repurchased during the enforced share repurchase process and that the decision to delist the Issuer's shares from the market and to cease to operate as a public company was adopted by votes of shareholders who have acquired 100% share in the Issuer's capital by acting jointly in the said process. According to the rules of the Stock Exchange, the shares are delisted from the Open Market at the request of the Issuer whose capacity of a public company is terminated in compliance with Article 70 and Article 122, Paragraph 2, Point 2 of the Law on Capital Market.

The consolidated financial statements for 2022 comprise the Company's financial statements and the financial statements of subsidiaries and have been approved by the BOARD OF DIRECTORS OF ENERGOPROJEKT ENTEL on 29 March at the 66th session of the BoD. The approved consolidated financial statements may be amended subsequently in compliance with application regulations.

The sources of comparable data and opening balances are consolidated financial statements for 2021 which have been audited by an external auditor.

The average number of employees, based on the figures at each month's end, was the following:
- 514 in 2022
- 389 in 2021

2. MANAGEMENT STRUCTURE

The Parent Company is managed by the Board of Directors whose members are:

Mladen Simović	Managing Director
Milan Mamula	Chairman of the Board of Directors, non-executive director
Dobroslav Bojović	Non-executive director

Entel's organisational structure is as follows:

GORDANA LISOV	Chief Financial Officer (CFO)
JAROSLAV UROŠEVIĆ	Project and Marketing Director
JELICA JERKOVIĆ	Director of Planning, Analysis and General Affairs

3. OWNERSHIP STRUCTURE

According to the records kept by the Central Securities Depository and Clearing House, as of 31 December 2022, the registered owners of shares of Energoprojekt Entel as is as follows:

Energoprojekt Holding a.d. has 100% ownership.

4. BASIS FOR THE PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

The Company's financial statements are prepared in compliance with the Law on Accounting (Official Gazette of RS, No. 73/2019 and 44/2021 - other law - hereinafter: the "Law").

According to the Law, large legal entities, legal entities who are obliged to prepare consolidated financial statements (parent companies), public companies or companies which are about to become public companies, regardless of their size, are required to apply International Financial Reporting Standards (hereinafter: the "IFRS") when recognising, evaluating, presenting and disclosing items in their financial statements. In terms of the Law, the IFRS includes:

- Framework for the Preparation and Presentation of Financial Statements,
- International Accounting Standards - IAS, and
- International Financial Reporting Standards - IFRS and their interpretations issued by the International Financial Reporting Standards Interpretations Committee (IFRIC), subsequent amendments to these standards and their interpretations, as approved by the International Accounting Standards Board, whose translations have been established and published by the Ministry of Finance.

The Company's financial statements are presented in the form and with the content more precisely defined in the Rulebook on the Form and Content and the Layout of the Forms of Financial Statements and the Content and Layout of Forms of the Statistical Report for Companies, Cooperatives and Entrepreneurs (Official Gazette of RS, No. 89/2020). This Rulebook, among other things, prescribes the form and content of the items included in the Balance Sheet, Income Statement, Statement of Comprehensive Income, Cash Flow Statement, Changes-in-Equity Statement and Notes to the Financial Statements. According to the said Rulebook, the amounts in these forms must be specified in thousands of dinars.

The chart of accounts and the content of the accounts in the Chart of Accounts are prescribed by the Rulebook on the Chart of Accounts and the Content of the Chart of Accounts for Companies, Cooperatives and Entrepreneurs (Official Gazette of RS, No. 89/2020).

In the preparation of the Company's financial statements, the following laws and bylaws are complied with, among other things:

- Law on Corporate Profit Tax (Official Gazette of RS, No. 25/2001, 80/2002, 43/2003, 84/2004, 18/2010, 101/2011, 119/2012, 47/2013, 108/2013, 68/2014 - other law, 142/2014, 91/2015 - authentic interpretation, 112/2015, 113/2017, 95/2018, 86/2019, 153/2020 and 118/2021),
- Law on Value Added Tax (Official Gazette of RS, No. 84/2004, 86/2004 - correction, 61/2005, 61/2007, 93/2012, 108/2013, 68/2014 - other law, 142/2014, 83/2015, 108/2016, 113/2017, 30/2018, 72/2019, 153/2020 and 138/2022),
- Rulebook on the Content of the Tax Balance Sheet and Other Matters Relevant for Assessment of the Corporate Profit Tax (Official Gazette of RS, No. 20/2014 41/2015, 101/2016, 8/2019, 94/2019, 159/2020 and 97/2021),
- Rulebook on the Content of the Corporate Profit Tax Return (Official Gazette of RS, No. 30/2015, 101/2016, 44/2018 – other law, 8/2019, 94/2019, 159/2020 and 97/2021),
- Rulebook on the Fixed Assets Classification and Depreciation for Tax Purposes (Official Gazette of RS, No. 116/2004, 99/2010, 104/2018 and 8/2019),
- Rulebook on Transfer Prices and Application of the At Arm's Length Methods to Related Party Transaction Prices (Official Gazette of RS, No. 61/2013, 8/2014, 94/2019 and 95/2021) and others.

In the preparation of the Company's financial statements, the documents which represent the Company's internal policies were applied, such as Rulebook on Accounting, adopted on 30 November 2020 by the Company's Executive Board, Rulebook on Amendments to the Rulebook on Accounting, adopted on 29 November 2021 by the Company's Executive Board and the Rulebook on Accounting Policies adopted on 23 December 2020, adopted by the Company's Supervisory Board. In addition to the foregoing, other companies' internal acts were adopted, such as the Collective Bargaining Agreement for Energoprojekat Holding a.d. for business activities carried out in the country.

The basic accounting policies applied in the preparation of these financial statements are outlined in Note 6.

The Law on Capital Market (Official Gazette of RS, No. 31/2011, 112/2015, 108/2016, 9/2020 and 153/2020) prescribes the data to be contained in the annual, semi-annual and quarterly financial statements published by public companies which list their securities for trading on the regulated market.

Please note that in some instances, the Company's financial statements are not prepared fully in compliance with all relevant provisions of IFRS and Interpretations.

The accounting regulations in force in the Republic of Serbia and thus the presented financial statements deviate from the IFRS in the following:

- According to the Law on Accounting (Official Gazette of RS, No. 73/2019 and 44/2021-other law), the financial statements in the Republic of Serbia compiled for the reporting period are presented in the form prescribed by the Rulebook on the Content and the Layout of Forms of Financial Statements and the Content and Layout of Forms of the Statistical Report for Companies, Cooperatives and Entrepreneurs which deviates from the presentation and the names of individual financial statements intended for general use, including the method of presentation of certain balance sheet items compared to provisions prescribed by IAS 1 - Presentation of Financial Statements, and
- Off-balance sheet assets and liabilities are presented in the balance sheet. According to the definition in IFRS, these items are neither assets nor liabilities.

In addition to the foregoing, deviations also arise as a consequence of the difference between the time of publication of the Standards and Interpretations which are continuously subject to change and the time these Standards and Interpretations become effective in the Republic of Serbia. For example, deviations from the Standards arise because the published and effective Standards and Interpretations have not yet been officially translated and adopted in Serbia; the fact that the published Standards and Interpretations have not yet become effective or for other reasons beyond the Company's control, all of which do not have a material impact on the Company's financial standing or its business results.

Standards and Interpretations not yet effective

On the date of publication of these financial statements, the following standards, their amendments and interpretations are published but not yet effective:

- Amendments to IAS 1 Presentation of Financial Statements - Non-Current Liabilities with Covenants - effective from 1 January 2024,
- Amendments to IFRS 16 Leases - Lease Liability in Sale and Leaseback - effective from 1 January 2024,
- Amendments to IAS 1 Presentation of Financial Statements - Classification of Certain Liabilities as Current or Non-Current - effective from 1 January 2023,
- Amendments to IAS 12 Profit tax - Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction - effective from 1 January 2023,
- IFRS 17 Insurance Contracts and Amendments to IFRS 17 - effective from 1 January 2023,
- Amendments to IAS 1 Presentation of Financial Statements - Disclosure of Accounting Policies - effective from 1 January 2023,
- Amendments to IAS 8 Accounting policies, changes to accounting estimates and errors - Definition of Accounting Estimates - effective from 1 January 2023

5. CONSOLIDATION

These consolidated financial statements are the financial statements of a group of companies which are presented as financial statements of a single economic entity.

Consolidated financial statements are prepared by applying uniform accounting policies for similar transactions and events in similar circumstances. If for similar transactions and events under similar circumstances, a member company of the group comprising the parent company and all of its subsidiaries applies accounting policies that differ from those adopted in the consolidated financial statements, adequate adjustments are made to its financial statements (in compliance with provisions of the Company's Rulebook on Accounting and Accounting Policies) when preparing the consolidated financial statements.

Subsidiaries

A *subsidiary* is deemed to be a company under the control of the Company (parent company).

The parent company controls the investee if and only if the conditions set out below are cumulatively fulfilled:

- exerts authority over the investee (has the power to direct relevant activities or activities which have a significant impact on the investee's return);
- is exposed or entitled to variable return on its equity stake in the investee, and
- has the power to exert the authority of the investee which can have an impact on the investor's return.

In compliance with the IFRS 10 - Consolidated Financial Statements, the consolidation method applied to these financial statements is full consolidation. All internal relationships and transactions within the companies of the group have been eliminated in the process of consolidation. The equity stakes without controlling rights are presented separately.

Associated entities

Associated entity is the company over which the Grop has a significant influence but not control i.e. companies in which the Group has between 20% and 50% of ownership and voting rights.

The applied method of consolidation for associated entities as per IAS 28 - Investments in Associated Entities and Joint Ventures is the equity method. By applying this method, the equity stakes are adjusted for the profit or loss of the current year to reflect the parent company's equity stake/share in the net assets of associated entities. In the case the accumulated loss is higher than equity, the equity stake is reduced to zero and, only exceptionally, in the case of irrevocable contractual obligations to cover losses, the amount of loss which exceeds the equity is recognised as an expense in the parent company.

The overview of subsidiaries and associated entities which comprise a group of companies consolidated under the parent company Energoprojekt Entel a.d. is presented in Note 1.

6. ACCOUNTING PRINCIPLES

In presenting the parent company's financial statements, the following principles are complied with:

- Going concern;
- Consistency;
- Prudence;
- Essence above form;
- Causality between revenues and expenditure, and
- Individual evaluations.

In compliance with the **going concern** principle, the financial statements are prepared under the assumption that the parent company's proprietary, financial and revenue position, as well as the economic policy in the country, together with the economic environment, will enable the parent company to continue to operate for an unlimited period of time.

The **consistency** principle implies that the method of assessment of assets and changes to assets, liabilities, equity, revenues, expenditure and bottom line i.e. that the method of evaluation of balance sheet items of the parent company is not subject to changes over a long period of time. If, for example, harmonisation with the law regulations requires a change to be made, such change is justified with a rationale and the effects of change(s) are posted in compliance with the requirements of regulations governing the valuation method.

The **prudence** principle implies exercising a certain conservative approach to the preparation of financial statements of the parent company to ensure that assets and revenues are not overstated and liabilities and expenses are understated. However, this principle does not require a conscious and unrealistic understating of the parent company's revenues and capital i.e. as a conscious and unrealistic overstating of the parent company's expenditure and liabilities. Namely, the Framework for the Preparation and Presentation of Financial Statements stresses that compliance with the prudence principle should not result in the creation of significant hidden reserves, deliberate understatement of assets or revenues or deliberate overstatement of liabilities or expenditures because in this case, the financial statements would not be neutral and thus reliable.

The principle of **essence above form** implies that keeping records of the parent company's transactions and thus consequently, the preparation of financial statements, the accounting treatment should comply with the essence of the transactions and their economic reality, but not based on their legal form. By complying with the **principle of causality between revenues and expenditure**, the recognition of effects of transactions and other events in the Company is not carried out when cash or cash equivalents under such transactions and events are received or paid but when they take place. This approach enables the users of financial statements to be informed not only about the past transactions of the parent company which resulted in cash being received or paid, but also about the parent company's liabilities to pay cash in the future, including about assets convertible to cash which the Company will receive in the future.

In other words, compliance with the principle of causality between revenues and expenditures provides information about past transactions and other events in the manner most useful for financial statements users when making economic decisions.

The principle of individual assessment implies that group assessments of different balance sheet items of the parent company (e.g. assets or liabilities), for rationality purposes, arise from their individual assessments.

7. OVERVIEW OF SIGNIFICANT ACCOUNTING POLICIES

Basic accounting policies applied in the preparation of these financial statements are outlined below. These policies have been consistently applied in all years presented unless otherwise specified.

Significant accounting policies applied to the parent company's financial statements which are the subject matter of these Notes, as described below, are primarily based on the parent company's Rulebook on Accounting and Accounting Policies. When certain bookkeeping aspects are not precisely defined in the Rulebook, the accounting policies applied are based on the applicable laws, professional standards and internal regulations.

When it comes to general data, we would like to note that in compliance with IAS 21 - The Effects of Changes in Foreign Exchange Rates, the parent company's functional and presentational currency is the Serbian dinar.

In the preparation of financial statements, the relevant provisions of IAS 10 - The Events after the Balance Sheet Date governing the events after the balance sheet date and until the date when the financial statements were approved for publication were complied with. More precisely, the amounts already recognised in the parent company's financial statements are adjusted for the effects of events which provide evidence of circumstances existing on the balance sheet date to reflect the event that required the correction to be made after the balance sheet date whereas no corrections were made for the effects of events which are indicative of the circumstances existing after the balance sheet date. Instead, if they had been such effects, these Notes would include the disclosure of the nature of events and their estimated financial effects or, if financial effects cannot be estimated, the Notes must contain a statement that such an assessment was not possible.

7.1 Estimates

The preparation and presentation of financial statements in compliance with requirements imposed by law regulations in force in the Republic of Serbia require the parent company's management to use the best estimates and reasonable assumptions. Even though the actual future results can reasonably differ from estimates, those estimates and assumptions are based on information available on the balance sheet date.

The most significant estimates refer to the assessment of the impairment of financial and non-financial assets and the definition of assumptions required for the actuarial accounting of long-term employee benefits for severance pays. In the context of estimates, the parent company's business policy requires the company, for the fair value which is significantly different from the carrying value, to disclose information about the fair value of assets and liabilities. In Serbia, a reliable estimate of the fair value of assets and liabilities is often hard to achieve due to an insufficiently developed financial market, lack of stability and liquidity relating to the buying and selling of financial assets and liabilities, and because market information is not always readily available. In addition, this issue is not neglected by the Company as the management makes estimates taking into account the risks, and once it estimates the recoverable amount (fair value or value in use) of an asset in the parent company's business books is overstated, it makes value adjustments.

7.2 Effects of foreign exchange rates

Transactions in foreign currency are initially recognised in dinar counter value by applying the official medium foreign exchange rates applicable on the transaction date.

According to provisions of IAS 21 - The Effects of Foreign Exchange Rates, the monetary items denominated in foreign currencies (foreign currency funds, receivables and liabilities) are converted on the balance sheet date by applying the prevailing foreign exchange rate which is the official foreign exchange rate on the balance sheet date.

Foreign exchange differences arising from transactions denominated in foreign currencies (except for foreign exchange differences on monetary items which make up the parent company's net investments in foreign operations and are accounted for in compliance with IAS 21) are recognised as the parent company's income or expense in the period in which such differences arise.

The official foreign exchange rates set by the National Bank of Serbia on the balance sheet date for currencies used to convert items denominated in foreign currencies to dinar counter value are presented in the table below.

The official foreign exchange rates published by the National Bank of Serbia

Currency	*31.12.2022*	*31.12.2021*
	Amount in RSD	
1 EUR	117.3224	117.5821
1 USD	110.1515	103.9262
1 QAR	30.2614	28.5511
1 OMR	286.0892	269.9235
1 AED	29.9881	28.2915
1 BHD	292.9561	276.3994

7.3 Revenues

Revenue is the result of the parent company's regular business activities and includes various types of revenue (but not the revenues from lease contracts).

Revenues refer only to the gross inflow of economic benefits the Company received or should receive. The amounts collected on behalf of third parties, such as sales taxes and value-added taxes do not represent the inflow of economic benefits for the Company and thus do not increase the Company's capital. The said amounts are not included in revenues.

The performance obligation is a promise (or a set of promises) that the goods or services will be transferred to the customer.

Once the obligation is performed/fulfilled (or while it is being performed/fulfilled), the Company recognises revenue in the amount of the transaction price attributed to such performance obligation.

Contractual assets are recognised if the relevant revenue from the performed contractual obligation is recorded before the customer pays the compensation or before the invoice is issued and thus before the account receivables are posted. The contractual liability is recognised when the buyer pays the compensation or the receivable becomes due before the Company fulfils its performance obligation. At the level of a specific contract with the customer, the contractual liabilities are offset against the contractual assets.

The basic principle regarding the revenues from customers is that the Company recognises revenue to demonstrate the transfer of promised goods or services to the customers in the amount to which the Company expects to be entitled in exchange for the transferred goods or services.

The price of the transaction is the amount of consideration the Company expects to be entitled in exchange for the transfer of promised goods and services to the customer. The consideration promised in the contract concluded with the customer may consist of fixed and/or variable amounts.

The regular measurement of revenue from sales is based on the use of all available reliable information and takes into account any changes in the price during the final negotiations, and experience from prior periods (in terms of significant deviation of actual revenues from revenues commonly recognised in the prior periods).

The main sales transactions of the parent company are design, consulting and engineering services for thermal engineering, nuclear, electrical and telecommunication facilities - where the revenues from sales are recognised over time.

Revenue from design, consulting and engineering services

The Company provides design, consulting and engineering services (hereinafter: the "design and consulting services") under contracts with customers. These contracts are concluded before the provision of design and consulting services begins and, based on the contractual terms and conditions, the Company is under a contractual restriction on directing assets to another customer and has an enforceable right to payment in exchange for the performed work. Revenue from design and consulting services are thus recognised over time by using the output method based on reports on the services completed up to a certain date and which are confirmed by the customer and/or supervisory or control body appointed by the parties. The Company believes that this output method is an adequate measure of the progress towards complete satisfaction of the performance obligation under IFRS 15.

The Company is authorised to invoice design and consulting services to customers based on the achievement of a series of milestones of performance (progress certificates). Once a certain milestone is achieved, the relevant report on completed works is sent to the customer for signing by the customer or another supervisory body appointed by the parties. The Company will previously recognise contractual assets (as accruals) for any work performed. Any amount previously recognised as an asset within the accruals, contractual assets are reclassified to accounts receivable at the time when conditions are met for invoicing to the customer.

If the funds received are higher than the revenue recognised according to the output method by the reporting date, for the funds identified as surplus compared to revenue recognised, the Company recognises contractual liabilities recorded as a part of deferrals. The Company believes that it has no significant financing component in the contract with the customer considering that the period between the recognition of revenues and collection at the

performance milestone is shorter than a year. In addition, the management believes that there is no significant financing component in the contracts with customers for design and consulting services considering that the difference between the promised consideration and the selling price

of services in cash arises from other reasons which do not include the provision of finance either to the customer or the entity and the difference between those amounts is proportional to the reason for the difference.

Revenues from sales are recognised in the amount reduced for excise taxes, value-added tax (VAT) and other similar imposts. The customs duties include the gross revenue of sales recognised in the consolidated statement of comprehensive income.

The most important parts of the business revenues are revenues from the sale of goods, products and services and other potential revenues: revenue from consumption of services and goods, increase in value of the inventory of works-in-progress and finished products and services-in-progress (if the inventory decreases during the year, the total operating revenue is reduced for the amount of the decrease), revenue from premiums, subsidies, grants, donations and similar, including other operating income.

7.4 Financial income

Financial income includes financial income from related entities, foreign exchange gains, interest income and other forms of financial income.

Income from dividends is recognised when the right to dividends is established.

7.5 Other revenue

The other revenue item (which includes income from value adjustment of other assets measured at fair value through profit or loss), in addition to other revenue, includes profit which may but does not have to arise from the parent company's regular activities. The profit is the increase in economic benefits of the parent company and as such, the profit does not differ from other revenues. Profit includes profit from the sale of property, plant and equipment at a value higher than their carrying amount at the time of sale.

The profit from discontinued operations, the effects of changes in accounting policies, correction of errors from prior periods and transfer of income include profit according to accounts of this group and transfer of total revenues at the end of the period and profit which is recognised at net value for financial reporting purposes after netting relevant expenses.

7.6 Expenses

Expenses refer to the outflow of economic benefits during the given period which result in the reduction of capital in the parent company except for reductions which refer to the distribution of profit to owners or reductions which are the consequences of the withdrawal of the portion of capital by the owners. Expenses arise as an outflow of funds, decrease in assets and increase in liabilities.

Expenses include operating expenses, financial expenses, other expenses (including expenses arising from impairment of other assets measured at fair value through profit or loss) and the loss from discontinued operations, effects in the changes in accounting policies, correction of errors from prior periods and the transfer of expenses.

The following is posted as part of operating expenses: cost of goods sold, costs of material, costs of salaries, costs of production services, intangible expenses, costs of amortisation/depreciation, provisions, etc.

For financial reporting purposes, operating expenses in the income statement are presented and corrected for the amounts of revenue from consumption of own goods and services and revenues from changes in the value of inventory (increases or decreases of value of inventory of works-in-progress and finished products and works-in-progress).

Financial expenses include financial expenses from related entities, foreign exchange losses, interest expenses and other financial expenses.

The item of other expenses (including expenses from impairment of other assets measured at fair value through profit or loss) also includes losses which may but do not have to arise from the parent company's regular activities. Losses (e.g. shortages or losses arising from the sale of assets at a value lower than the carrying amount) include a decrease in economic benefits and, as such, are not different from other expenses.

The loss from discontinued operations, the effects of changes in accounting policies and the correction of errors from prior periods include expenses according to accounts of this group and the transfer of total expenses at the end of the accounting period and losses which are recognised at net value for financial reporting purposes after offsetting against relevant revenues.

7.7 Income tax

The income tax is accounted for as a sum of:

- current tax; and
- deferred tax.

Current tax is the amount of liability for payable (recoverable) income tax which refers to the taxable profit (tax loss) of the period. In other words, the current tax is the payable profit tax assessed in the corporate profit tax return in compliance with regulations.

Deferred tax arises in the form of:

- deferred tax assets; or

- deferred tax liabilities.

Deferred tax is accounted for according to relevant provisions of IAS 12 - Profit Tax which, among other things, precisely defines that *deferred tax assets and deferred tax liabilities may not be discounted.*

Deferred tax assets refer to profit tax amounts which are recoverable in future tax periods and may include:

- deductible temporary differences;
- unutilised tax losses carried forward; and
- unutilised tax credits carried forward.

Deductible temporary differences arise in cases when the parent company's balance sheet and income statement already recognise an expense on certain grounds which is to be recognised, in terms of taxes, in the future periods. Typical cases giving rise to deductible temporary differences include: tax value of assets subject to amortisation is higher than their carrying amount; when, in terms of taxes, some provisions have not been recognised (IAS 19, issued guarantees and other sureties), impairment of assets (goods, material, etc.) and provisions for investment property; when, in terms of taxes, expenses are not recognised for unpaid public revenues which do not depend on the company's business results, including losses arising from securities measured at fair value through profit or loss.

For assets subject to amortisation, deferred tax assets are recognised for all deductible temporary differences between the carrying amounts of assets subject to amortisation and the tax base of such assets (values assigned to those assets for tax purposes). The deductible temporary difference arises when the carrying amount of an asset is lower than its tax base.

In this case, deferred tax assets are recognised provided that an estimate is made that it is probable that there will be a taxable profit in future periods against which the Company will be able to utilise deferred tax assets.

The amount of deferred tax asset is determined by applying the prescribed profit tax rate applied by the parent company on the amount of the deductible temporary difference assessed on the balance sheet date.

If there is a deductible temporary difference at the end of the previous year based on which deferred tax assets are recognised, while the temporary difference arising from the same assets at the end of the current year, previously deferred tax assets are derecognised in their entirety and at the same time, deferred tax liabilities are recognised in the amount assessed on the balance sheet date.

A deferred tax asset arising from unused tax losses is recognised only in the case the Company's management can assess reliably that the Company will have a taxable profit in the future periods which can be reduced to offset unused tax losses.

A deferred tax asset arising from the unused tax credit for investments in fixed assets is recognised only up to the amount which is probable that the taxable profit in the tax balance sheet will be generated in the future period i.e. up to the amount of accrued profit tax which may be used to reduce the unused tax credit for as long as this kind of tax credit may be utilised under the law.

Deferred tax assets may be recognised on other grounds for which the Company determines that the amounts of tax profit will be recoverable in future periods (e.g., provisions for undue severance pays for retirement set aside in compliance with relevant provisions of IAS 19 - Employee Benefits).

Deferred tax liabilities refer to amounts of income tax payable in future periods in respect of taxable temporary differences.

The taxable temporary difference arises in cases when a certain expense is recognised for tax purposes whereas it will be recognised in the parent company's business books for bookkeeping purposes only in future periods.

For assets subject to amortisation, deferred tax liabilities are recognised always when there is a taxable temporary difference between the carrying amount of an asset subject to amortisation and its tax base.

The taxable temporary difference arises in cases when the carrying amount of an asset is higher than its tax base.

The amount of deferred tax liabilities is calculated by applying the parent company's prescribed (or expected) income tax rate on the amount of the taxable temporary difference assessed on the balance sheet date.

On each balance sheet date, deferred tax liabilities are reduced to the amount determined based on the temporary difference on that day. If the temporary difference was taxable at the end of the previous year giving rise to the recognition of deferred tax liability, and the temporary difference is deductible at the end of the for the same reasons, the previously recognised tax liabilities are derecognised in their entirety and the parent company's deferred tax assets are recognised at the same time in the amount determined on the balance sheet date.

Deferred tax liabilities may be recognised on other grounds for which the Company determines that the amounts of income tax will be payable in future periods in respect of taxable temporary differences.

7.8 Intangible assets

Intangible assets are identifiable assets without a physical substance such as software, licenses, concessions, investments in development, service marks, etc. An asset meets the criteria to be identified as an intangible asset if it is separable from the parent company and can be sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or arises under contractual or other legal rights regardless of whether the rights were transferrable or separable from the parent company's other rights or obligations.

For the intangible assets to be recognised, the following requirements prescribed by IAS 38 - Intangible Assets must be fulfilled:

- it is probable that the future economic benefits that are attributable to the asset will flow to the Company;
- the Company can exert control over the asset; and
- the cost (purchase price) can be measured reliably. If any of the requirements are not fulfilled, the expenses arising from intangible assets are charged to expenses in the period in which they arise.

The internally generated intangible assets may be recognised in the business books when estimated that they are the result of:

- research phase; or
- development phase.

Intangible assets from the research or a research phase of an internal project is not recognised as intangible asset. Expenditures for research or expenditure in the research phase of an internal project are recognised as an expense in the period in which such expenditure arises.

The purchase price of the internally generated intangible assets from development (or a development phase of an internal project) includes all directly attributable expenses required to create, produce and prepare the assets to function as intended by the parent company's management.

Intangible assets are initially recognised at cost (purchase price).

After initial recognition, intangible assets are measured at cost (purchase price) less any accumulated amortisation and accumulated impairment losses (according to relevant provisions of IAS 36 - Impairment of Assets).

7.9 Property, plant and equipment

Property, plant and equipment are recognised as physical assets used in production and for delivery of goods.

The said general principle for the recognition of property, plant and equipment is not applied only in cases when items of the property, plant and equipment are low-value assets (for example: spare parts and servicing equipment), which are recognised as part of the inventory. With the commissioning of these assets, their entire value is transferred to the expenses of the period.

Items of property, plant and equipment are recognised as assets when it is probable that the future economic benefits associated with the asset will flow to the Company and the cost (purchase price) of the asset can be measured reliably.

An item of property, plant and equipment is initially measured **at cost (purchase price) which includes: the original purchase price and all costs directly attributable to bringing the asset to the working condition for its intended use.**

For subsequent measurement purposes, the items of property, plant and equipment are divided into the following groups:

- land;
- buildings;
- plants and equipment; i
- other.

The group "Buildings" is subsequently measured at fair value which implies a market value i.e. the value which is most likely to be obtained on the market on the balance sheet date. The fair value is determined by the evaluation performed by the professional appraiser based on evidence collected on the market. If the market provides no evidence for fair value due to the specific characteristics of the building and the fact that such buildings are rarely offered for sale, except as a part of continuing operations, the Company may need to assess the fair value of the building by using the income approach or replacement cost approach. Any change to the fair value of a building is principally recognised in total equity as part of the revaluation reserve.

All other groups within the Property, Plant and Equipment item, except buildings, **are subsequently measured** at cost (purchase price) less any accumulated depreciation and accumulated impairment losses (according to IAS 36).

Subsequent expenditures for items of property, plant and equipment are measured when they:

- are investments that prolong the useful life of assets;
- increase capacity;
- improve the asset and thus improve the product quality or
- reduce the production costs compared to expenses before such an investment.

Costs of servicing, technical maintenance, minor repairs and other expenses do not increase the value of an asset but represent expenses of the period.

Investments in third-party property, plant and equipment are recognised and stated on a separate account if probable that the future economic benefits associated with such an asset will flow to the Company. Investments in third-party property, plant and equipment are amortised based on the estimated useful lives of such assets which may be equal to or shorter than the term of the lease contract.

7.10 Amortisation of intangible assets; Depreciation of property, plant and equipment

Amortisation is the amount of an asset (intangible asset, item of property, plant and equipment) which is amortised over the useful life of an asset.

In the Company, the useful life of an asset is determined by applying the time method so that the useful life of an asset can be understood as a time period during which an asset is expected to be available to the Company for use and consumption.

The amount subject to amortisation which is the cost or replacement cost in the parent company's financial statements, minus any residual value, is systematically allocated over the useful life of that asset.

The residual value is the estimated amount which the Company would receive if it disposed of the asset today after deducting any estimated costs of selling and under the assumption that the asset is at the end of its useful life and in the condition expected at the end of its useful life.

The residual value of an intangible asset is always assumed to be equal to zero except in the following cases:

- when there is an obligation of a third party to purchase that intangible asset at the end of its useful life, or

- when there is an active market for the intangible asset, under the assumption that such market will continue to exist also at the end of the asset's useful life when the residual value may be determined on such active market.

The residual value and the residual useful life of an asset are tested at the end of each financial year by competent appraisers. If new appraisals differ from the previous appraisals, the change is treated as a change in accounting estimate and is accounted for in bookkeeping records in line with IAS 8 - Accounting Policies, Changes to Accounting Estimates and Errors.

The residual value which is the result of appraisal may be increased for an individual asset up to the amount equal to the carrying amount of such an asset or higher than such carrying amount. In this case, the cost of amortisation over the remaining useful life of that asset will be equal to zero unless the residual value is reduced to the amount which is lower than its carrying amount as a result of subsequent appraisals.

The assets are amortised by applying the straight-line amortisation method (pro-rate method) and the amortisation starts to apply from the beginning of the month following the month in which the asset became available for use i.e. consumption i.e. when it is brought to the site and the condition ready for use in the manner intended by the Company.

Amortisation of intangible assets is the condition of the assessment of whether the useful life of an asset is finite or indefinite. The intangible asset is not subject to amortisation if its useful life is estimated as infinite, in other words, if the analysis of all relevant factors does not provide an indication of the end of the period during which the intangible asset will generate net cash inflow to the Company.

Assets whose value does not decrease over time (works of art, for example) or assets with indefinite useful life (e.g. land) are not subject to amortisation.

An asset procured under a finance lease is subject to amortisation in the same way as other assets except when it is not known whether the Company will acquire the right of ownership over such an asset when the asset is fully amortised over a short period of lease or useful life.

The amortisation ceases once the asset is derecognised (ceases to be recognised as an asset) and when reclassified as a fixed asset held for sale or as a part of a discontinued operation. So, the amortisation is calculated even when the asset is not used or is not used actively if such asset is not reclassified as a fixed asset held for sale or as part of the discontinued operation.

For the presentation of the tax balance sheet i.e. for tax purposes, the amortisation is carried out in compliance with applicable law regulations.

Assets which are classified as assets held for sale under IFRS 5 - Fixed Assets Held for Sale and Discontinued Operations are recognised on the balance sheet date as working assets and estimated at the lower of the carrying amount and fair value less costs to sell.

7.11 Impairment of intangible assets, items of property, plant and equipment

On each balance sheet date, the competent persons from the parent company or external experts check for indications whether the carrying amount of an asset (intangible asset, item of property, plant and equipment) is impaired, in other words, whether the carrying amount of an asset is higher than its recoverable amount.

If indications of impairment of an asset are present, the recoverable amount of such asset is estimated in compliance with relevant provisions of IAS 36.

The recoverable amount is the higher than:

- fair value less costs to sell; and
- value in use.

Fair value less costs to sell is the expected net realisable value of that asset i.e. it is the amount that can be received for the sale of such asset in an arm's length transaction between informed and willing parties, less the costs of disposal.

Value in use is the present value of estimated future cash flows expected to arise from the continued use of the asset throughout its useful life and from its sale at the expiry of its useful life. The discount rate used to determine the present value reflects the current market estimates of the time value of money and the risks specifically associated with that asset.

The recoverable amount is estimated for each separate asset or, if that is not feasible, for the cash-generating use such an asset belongs to. The cash-generating unit is the smallest recognisable group of assets which generates cash flows which is to the maximum extent possible unrelated i.e. independent from the cash flows generated by another asset or a group of assets.

If determined that the asset value has been impaired, the carrying amount of the asset is reduced to its recoverable amount. The impairment loss is accounted for in bookkeeping as follows:

- if a revaluation reserve was previously created for such an asset, by reducing the revaluation reserves; and
- if no revaluation reserve was previously created for such an asset, by charging the expense of the period.

7.12 Impairment of intangible assets, property, plant and equipment

On each balance sheet date, the competent persons from the parent company or external experts check for indications whether the carrying amount of an asset (intangible asset, item of property, plant and equipment) is impaired, in other words, whether the carrying amount of an asset is higher than its recoverable amount.

If indications of impairment of an asset are present, the recoverable amount of such asset is estimated in compliance with relevant provisions of IAS 36.

The recoverable amount is the amount higher than:

- fair value less costs to sell; and
- value in use.

Fair value less costs to sell is the expected net realisable value of that asset i.e. it is the amount that can be received for the sale of such asset in an arm's length transaction between informed and willing parties, less the costs of disposal.

Value in use is the present value of estimated future cash flows expected to arise from the continued use of the asset throughout its useful life and from its sale at the expiry of its useful life. The discount rate used to determine the present value reflects the current market estimates of the time value of money and the risks specifically associated with that asset.

The recoverable amount is estimated for each separate asset or, if that is not feasible, for the cash-generating use such an asset belongs to. The cash-generating unit is the smallest recognisable group of assets which generates cash flows which is to the maximum extent possible unrelated i.e. independent from the cash flows generated by another asset or a group of assets.

If determined that the asset value has been impaired, the carrying amount of the asset is reduced to its recoverable amount. The impairment loss is accounted for in bookkeeping as follows:

- if a revaluation reserve was previously created for such an asset, by reducing the revaluation reserves; and
- if no revaluation reserve was previously created for such an asset, by charging the expense of the period.

7.13 Financial instruments

Financial assets

Classification

The Company classifies financial assets based on the method of subsequent measurement as follows:

1 financial assets at amortised cost,
2 financial assets at fair value through other comprehensive income, and
3 financial assets at fair value through profit or loss,

based on:

a) the business model applied by the parent company in managing financial assets, and
b) characteristics of the contracted cash flows from the financial asset.

A financial asset is measured at amortised cost (AC) if the two conditions are cumulatively fulfilled:

a) the financial asset is held as part of the business model whose goal is achieved by collecting the contractual cash flows, and
b) under the contract terms and conditions, cash flows arise from the financial asset on a certain date and they refer solely to payments of principals and interest on the principal outstanding.

A financial asset is measured at fair value through other comprehensive income (FVTOCI) if both conditions provided below are cumulatively fulfilled:

a) financial asset is held under a business model whose goal is achieved also by collecting contractual cash flows and by selling financial assets, and

b) under the contract terms and conditions, cash flows arise from the financial asset on a certain date and they refer solely to payments of principals and interest on the principal outstanding.

If none of the above criteria is met for the asset classification, the financial asset is classified as a financial asset at fair value through profit or loss (FVTPL) and measured at fair value with effects of changes in fair value recognised in the income statement.

Measurement at amortised cost

An amortised cost of a financial asset is the amount at which an asset is initially measured minus any repayments of the principal, plus or minus accumulated amortisation calculated by applying the effective interest rate method or any difference between its initial value and its value on the due date, corrected for any value adjustment.

Effective interest rate method

The effective interest rate method is a method used to calculate the amortised cost of a debt instrument and the distribution of interest income during the relevant period. The effective interest rate is the rate which accurately discounts the expected future cash flows (including any fees and amounts paid or received between the parties which are part of the effective interest rate, transaction expenses or discounts), during the expected useful life of the financial instrument or, where appropriate, during a shorter period of time, on the net carrying amount of the financial asset.

In the case of financial assets, the effective interest rate is applied to the gross carrying amount (without any reductions for the expected credit losses). If the credit risk associated with a certain financial asset has become so high that the asset is deemed credit impaired, the effective interest rate is applied to the carrying amount (i.e. gross carrying amount minus value adjustment).

Financial assets at fair value through other comprehensive income (FVTOCI)

The profit or loss from the financial asset measured at fair value through other comprehensive income is recognised in other income, except for profit or loss arising from impairment and foreign exchange gains and losses up until the moment such financial asset is either derecognised or reclassified. Interest income on such an asset is calculated by applying the effective interest rate method.

Equity instruments

The Company subsequently measures all equity instruments at fair value. If the parent company's management decided to record profit and/or loss from changes in the fair value of an investment in equity instruments in the other income item, such profit and/or loss may not be subsequently reclassified to the income statement after the investment is derecognised, instead,

any amount of reserves/provisions created for these purposes are reclassified to undistributed profit. The Group's policy envisages that equity instruments should be designated as financial assets at fair value through other comprehensive income (FVTOCI) when held for strategic purposes and not only for return. The dividends received from these investments are recognised in the Company's income statement as part of the other revenues when the right of the parent company to receive dividends is established.

Changes in the fair value of financial assets at fair value through other comprehensive income are recognised as part of other profit or loss in the consolidated balance sheet and the statement of comprehensive income. Impairment losses (and reversal of impairment losses) on equity instruments at fair value through other comprehensive income are not recognised separately from other changes in fair value.

Loans and receivables

Loans and receivables include short-term receivables, short-term financial placements and long-term financial placements. Short-term receivables include receivables from the sale of products, goods and services sold to related entities and other legal entities and individuals in the country and abroad and receivables under other grounds (interest receivable, receivables from employees, receivables from government authorities and organisations and other receivables) which are expected to be collected within 12 months from the balance sheet date.

Short-term financial placements include loans, securities and other short-term financial placements with due dates i.e. sales arrangements to be effected within a year from the balance sheet date.

A short-term portion of long-term loans which are expected to be collected within a year of the balance sheet date is included in the parent company's short-term financial placements.

The long-term financial placement position includes different types of investments such as equity stock and other securities available for sale, long-term loans, long-term securities held to maturity, repurchased own shares and other long-term financial placements.

All loans and receivables are initially recognised at fair value (which is usually equal to the transaction price i.e. the amount invoiced minus any amounts collected on behalf or for the account of third parties, such as sales taxes). After initial measurement, loans and receivables are measured at amortised (discounted) cost by applying the effective interest rate minus any value adjustment. Income and expense arising from the derecognition of an asset measured at amortised cost, including amortisation or impairment, are included in revenues or expenses in the parent company's statement of comprehensive income. The Company applies an aggregate assessment of value adjustment to measure credit losses i.e. value adjustment of receivables from third parties which include receivables from customers in the country and abroad, long-term receivables - retention, and accruals which belong to a category of financial assets (contractual assets under IFRS 15) i.e. receivables from revenue not invoiced from these entities which are not included in individual assessments, and lease receivables. For these receivables,

the Company opted to apply a simplified approach under which the expected credit loss (ECL) is calculated for the entire lifetime of a financial instrument, taking into account the short maturity of this type of financial asset. The Company measures the lifetime ECL as a product of the probability of default (PD), loss given default (LGD), exposure at default (EAD) and the discount factor (which is equal to 1 if the receivables are expected to be collected within a 12-month period). The Company measures the expected credit loss on these items by using a transition matrix for the observed period which shows the monthly fluctuation in individual receivables between default intervals during the observed period. When assessing the probability of default (PD), the customers are segmented based on common credit risk characteristics, monthly maturity structure for each segment for a period of three or more years and by using a transition matrix in the observed period which shows the monthly fluctuation of individual receivables between the defined default intervals during the observed period. Depending on the type of receivable, the criterion for default is 180 days for external customers and 360 days for related entities.

For other categories of financial assets (receivables from related entities, governments, state-owned companies and government authorities, where the government primarily appears in the capacity of the investor, cash and cash equivalents, financial placements, and securities), the Company applies the generally accepted approach. The following are considered to be indicators of a significant increase in credit risk or indicators that a certain type of financial asset will require an expected credit loss to be calculated for the entire lifetime i.e. duration of the financial instrument: data about a drop in the external credit rating, delays in repayment of obligations and other qualitative criteria which may lead to the conclusion that an increase in credit risk has occurred. To identify impairment indicators i.e. the criterion which requires the measurement of expected credit losses for assets classified into tier 3 in accordance with requirements imposed by IFRS 9, the companies apply:

- A defined threshold of default on liabilities and the given category of financial assets,
- Other objective evidence of impairment in accordance with IFRS 9.

The Company makes individual assessments of value adjustment in cases the key drivers of credit risk can be monitored in respect of individual instruments ensuring the entity can monitor them without the need for additional aggregate assessment. Individual assessments of expected credit losses are done by using the following formula:

ECL = Probability of Default (PD) x Loss Given Default (LGD) x Exposure at Default (EAD) x Discount factor

For individual assessment purposes, the Company relies on data regarding the probability of default (PD) obtained from external sources i.e. data published by renowned rating agencies or on data about country ratings for countries the debtor operates in. Loss given default refers to the loss to be incurred in the case of default, where the Company applies the Basel LGD or it is calculated as the ratio of receivables at the end of the observed period in the worst maturity interval (plus write-offs in the observed period) and the total amount of recognised receivables i.e. the value of invoices in the worst maturity interval in the observed period.

The exposure at default (EAD) in this case is the amount of receivables on the report date. The discount factor depends on the effective interest rate established at the time of the initial recognition of the instrument and its maturity. If receivables are expected to be collected within a 12-month period, the discount factor is 1.

Cash and cash equivalents

The most liquid forms of financial assets held by the parent company are **cash and cash equivalents**, which are measured at nominal value i.e. fair value. The cash and cash equivalent position in the parent company includes securities and cash in hand in foreign and domestic currencies, funds in the bank accounts in dinar and foreign currencies, funds set aside for letters of credit opened in the country, FX letters of credit, short-term highly liquid placements which are readily convertible to cash without a significant risk of impairment to their value, funds whose use is limited or whose value is reduced, etc.

Criteria for classification of the parent company's assets in cash and cash equivalents are precisely defined in the relevant provisions of IAS 7 - Statement of Cash Flows, according to which:

- Cash comprises cash on hand and demand deposits,
- Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, which includes investments with short-term maturity (three months or less).

Cash and cash equivalents comprise cash on hand and short-term deposits with banks with initial maturity of three months or less, and do not include bank drafts.

When calculating value adjustment, the Company also considered banks' credit ratings when determining the probability of default (PD) and loss given default (LGD), and determined that the carrying amount of these assets approximates their fair value.

An investment (such as a deposit with a commercial bank) is qualified as a cash equivalent:

- if they are readily convertible to known amounts of cash;
- if susceptible to an insignificant risk of change in value; and
- if it is due within a short period of time i.e. up to three months from the acquisition date.

Deposits whose maturity is longer than three months but not longer than a year are classified as short-term financial assets whereas deposits with maturity periods longer than a year are classified as long-term financial assets. Interest on term deposits accrues on the amount deposited.

Cash and cash equivalents denominated in foreign currency (any currency other than the functional currency) are recorded in the functional currency of the Group by applying the foreign exchange rate prevailing on the reporting date. The result of such conversion is classified as a foreign exchange difference and posted in the consolidated statement of comprehensive income.

The Company uses a 12-month ECL for financial losses which do not contain a financing component. When calculating the expected credit losses for cash and cash equivalents, the Company individually assesses the value adjustments in cases where the key drivers of credit risk may be monitored per individual instrument which the entity may then monitor without needing to carry out aggregate assessments.

Impairment of financial assets

Once a year, the Company examines whether there is objective evidence of impairment of financial assets and whether such impairment, if any, has an impact on the estimated future cash flows attributable to that asset, and recognises the expected credit losses. The Company recognises potential impairment losses in the consolidated statement of comprehensive income. The Company does not recognise losses expected to arise from future events.

The Company measures the expected credit losses in the way which reflects:

a) unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
b) time value of money; and
c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Factors considered by the Company when determining whether a financial asset is impaired are its default status and the marketability of the collateral(s), if any. The Company also uses the criteria listed below to determine the presence of objective indications that the impairment has occurred:

- a portion or an entire instalment is overdue and such delay in the performance by the debtor cannot be attributed to the collection system;
- a downgraded credit rating of the party or the party's parent company and a drop in the external credit rating;
- other qualitative criteria which may lead to the conclusion that the credit risk has significantly increased (e.g. the debtor experiences major financial difficulties, a bankruptcy or financial reorganisation proceedings have been initiated by the debtor, etc.);
- the value of the collateral(s), if any, is significantly reduced due to deteriorated market conditions;
- other objective indicators of impairment according to provisions of IFRS 9.

The only category of financial assets which is not subject to testing for impairment are financial assets at fair value through profit or loss since, as any decrease in their fair value is recognised in the income statement.

Derecognition of financial assets

The Company ceases to recognise a financial asset when the contractual rights over the asset are expired or when the Company losses control over the contractual rights which make a financial asset. At the time of derecognition, the difference between the carrying amount of an asset and the amount received for the asset is recognised in the income statement for the given period.

Classification of financial liabilities or equity

The issued debt instruments and equity are classified either as financial liabilities or as items of equity in accordance with the essence of the contractual arrangements and the definition of financial liability i.e. equity.

Equity instruments

An equity instrument is any contract which proves the remaining interest in assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised as revenue minus any direct costs of the issue.

Financial liabilities

Initial recognition and measurement

The Company recognises a financial liability when and only when the Company, as a member of the Group, becomes a party to the contractual provisions of an instrument.

Financial liabilities are initially measured at fair value which is the transaction price (i.e. revenue received at the time of issue). All transaction expenses which are not directly attributable to the issue of a debt instrument are deducted from the fair value of the liability to determine its initial carrying amount.

The Company includes transaction expenses in the calculation of the initial carrying amount of the liability when the expenses make up a significant portion of the amount of the liability. Alternatively, the transaction expenses are included in expenses in the consolidated statement of comprehensive income of the Group in the period in which they arise.

Classification of financial liabilities

According to IFRS 9, all financial liabilities are classified as liabilities which are subsequently measured at amortised cost, except:

a. *Financial liabilities at fair value through profit or loss (FVTPL)* (those liabilities, including *derivatives,* are subsequently measured at fair value);
b. Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, or that are accounted for using the continuing-involvement method,
c. *Contract on financial guarantees;*
d. Potential consideration recognised by the acquirer in a business combination subject to IFRS 3 (such potential considerations are measured at fair value, while fair value changes are recognised in the income statement).

Subsequent measurement of financial liabilities

After initial recognition, the Company measures all financial liabilities at amortised cost based on the effective rate of interest. The interest expense from financial liabilities is recognised at the effective interest rate.

Financial liabilities at fair value through profit or loss (FVTPL)

Financial liabilities are classified as liabilities at fair value through profit or loss (FVTPL) when the financial liability (i) is a potential consideration received by the acquirer in a business combination, (ii) is held for trading or (iii) when designated as a financial liability through profit or loss.

A financial liability is classified as financial liability held for sale in the following cases:

- if acquired primarily for subsequent sale in the near future: or
- if, at the time of initial recognition, a portion of the portfolio of identified financial instruments is jointly managed or for which there is evidence of the recent trend of generated profit in the short term; or
- if represents a derivative which is not a contract on financial guarantee and is not designated as a hedging instrument.

A financial liability which is not held for trading and which is not a potential compensation for the acquirer in the business combination and, at initial measurement is designated as a financial liability at FVTPL if:

- such designation removes or significantly reduces the accounting inconsistencies which would otherwise arise; or
- a financial liability represents a group of financial assets or financial liabilities or a group of financial assets and liabilities which is managed and whose financial result is estimated at fair value in accordance with the documented investment strategy of the parent company or the risk management strategy, and the information on grouping is performed internally also on the fair value basis; or
- a financial liability is a portion of the contract which contains one or more embedded derivatives and IFRS 9 allows for the entire contract to be designated as measured at FVTPL.

Financial liabilities at FVTPL are measured at fair value and any profit or loss arising from changes in fair value is recognised in the income statement to the extent it is not part of the hedging. Net profit or loss recognised in the income statement includes interest paid on the financial liability which is included in the profit or loss of the period.

However, for financial liabilities measured at fair value through profit or loss, the change in fair value of a financial liability attributed to changes in credit risk associated with such liability is recognised as part of comprehensive income unless such recognition of effects of change in the credit risk associated with the financial liability in the comprehensive income would result in or increase the accounting inconsistency in the income statement. The residual portion of the fair value of a liability is recognised in the income statement. Changes in fair value which are attributable to the credit risk associated with the financial liability and recognised as part of the comprehensive income are not subsequently reclassified to income statement but instead, they are transferred to undistributed profit after the financial liability is derecognised.

Profit and loss from financial guarantees issued by the parent company and designated as instruments at fair value through profit or loss are recognised in the income statement.

Derecognition of financial liabilities

Financial liability is derecognised when the Company settles a liability or when the payment obligation under a contract is cancelled or expired. The difference between the carrying amount of a financial liability which is derecognised and the consideration paid or payable is recognised in the income statement.

7.14 Interests in subsidiaries and other related entities

Interest in associated entities and joint ventures is accounted for in the Company at cost. However, if according to IAS 36 - Impairment of Assets, it is determined that the recoverable amount of the interest is lower than the cost (carrying amount), the Company writes the interest down to the recoverable amount and the decrease in interest (impairment) is posted as expense in the period in which the impairment occurred.

7.15 Provisions, contingent liabilities and contingent assets

Provisions according to IAS 37 - Provisions, Contingent Liabilities and Contingent Assets represent liabilities of uncertain maturity or amount.

The Company recognises a provision only if the following three criteria are met:

- when the Company has a present liability (legal or constructive) as a result of a past event;
- when it is probable that the outflow of resources embodying economic benefits will be required to settle a liability, and
- when the amount of such liability can be measured reliably.

The essence of provisioning is to create a reserve only for liabilities arising from past events which exist regardless of the future actions taken by the parent company. Hence, the provisions are not recognised for future operating losses.

Provisions are recognised when it is probable that the settlement of a liability by the parent company will require an outflow of resources embodying economic benefits; when it is more likely than not that the outflow of resources will be required i.e. when the settlement of the parent company's liability is more likely than not to cause an outflow of resources.

Provisions may be created on different grounds such as: for expenses during the warranty period, for the costs of renewal of natural resources, for caution money and deposits retained, for

restructuring expenses, employee salaries and benefits, costs of court litigation and for other reasons.

When measuring provisions, the amount recognised as a provision represents the best estimate of the expenditures required for the parent company to settle a present liability on the balance sheet date. In other words, it is the amount the Company would be required to pay on the balance sheet date to settle a liability or for that liability to be transferred to a third party.

Provisions for expenses and risks monitored by type are tested on every balance sheet date and corrected in a way to ensure they reflect the best present estimate. If no longer probable that the outflow of resources will be required to settle a liability, a provision is reversed. Reversal of provisions is credited to revenue.

When the effect of the time value of money is significant, the amount of provisions represents a present value of expenditure expected to be needed to settle a liability. When calculating the present value, the discount rate is used i.e. the rate before taxes, which reflects the current market estimates of the time value of money and risks associated with the specific liability.

Contingent liability is:

- a possible obligation arising from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the parent company; or
- a present obligation arising from past events but not recognised because it is not probable that the outflow of resources embodying economic benefits will be required to settle a liability or the amount of obligation cannot be estimated reliably.

A contingent liability is not recognised in the parent company's financial statements but, if the outflow of economic benefits is possible and the possibility of outflow of resources is not small, the parent company discloses such liability.

A contingent liability is subject to continuous assessment (no later than the balance sheet date). When the outflow of economic benefits from a contingent liability becomes probable, the provisions and expenses are recognised in the parent company's financial statements in the period in which the change in probability occurs (except in rare circumstances when the reliable estimate is not possible).

A contingent asset is a possible asset which arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the parent company.

A contingent asset is not recognised in the parent company's financial statements instead it is disclosed when the inflow of economic benefits is probable.

A contingent asset is continuously assessed (no later than the balance sheet date) to ensure that financial statements adequately reflect the development of the relevant event. When the inflow of economic benefits from a contingent asset becomes probable, the assets and revenues associated with such an asset are recognised in the parent company's financial statements in the period in which the change arises.

7.16 Employee benefits

Regarding **taxes and contributions for compulsory social insurance**, the Company pays compulsory contributions to various state social protection funds in compliance with regulations in force in the Republic of Serbia. These liabilities include contributions payable by employees and those payable by employers in amounts calculated by applying the rates prescribed by law. The Company has a legal obligation to deduct the calculated contributions from the employees' gross salaries and to transfer the deducted funds to the relevant state-run funds on their behalf.

Contributions payable by employees and employers are charged to expenses in the period in which they arise. Upon the employees' retirement, the Company has no other payment obligations in respect of such employees.

For assessment of provisions for employee salaries and benefits, relevant provisions of IAS 19 - Employee Benefits are applied. Provisions for employee salaries and other benefits include provisions for undue severance pays at regular retirement and provisions for severance pay which are paid for as a result of the parent company's decision to terminate an employee's employment contract before the regular retirement or as a result of the employee's decision to voluntary accept to be declared redundant in exchange for such benefits.

When assessing the liabilities at the time of termination of employment in accordance with the relevant provisions of IAS 19, the discount rate applied is determined based on market yields on high-quality corporate bonds on the balance sheet date. Alternatively, as also defined in the relevant provisions of IAS 19, until there is a developed market for corporate yields in the Republic of Serbia, the bond yields (on the balance sheet date) of the government bonds will be used to assess the parent company's liabilities for severance pays. The currency and the term of corporate or government yields should match the currency and the estimated maturity of liability for severance pays. If due to the fact the government bond market in Serbia is not sufficiently developed, the Company relies on the yields of government bonds whose maturity is shorter than the estimated maturity of severance pays, the discount rate is determined by applying the benchmark securities yield over longer periods of time.

Severance pays at retirement are paid to Company's employees in accordance with the new provisions of the Collective Bargaining Agreement.

8. BASIC ACCOUNTING ESTIMATES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The presentation of financial statements requires the parent company's management to use the best possible estimates and reasonable assumptions which have an impact on the presented amounts of assets and liabilities and the disclosure of potential receivables and liabilities on the reporting date and revenues and expenses during the reporting period. These estimates and assumptions are based on information available on the date of the financial statements.

We present below the key forward-looking assumptions and other sources of estimation uncertainty on the balance sheet date which represent a significant risk of material corrections of the amount of balance sheet items in the next financial year.

Key estimates in applying accounting policies

We present below key judgements, other than those which include estimates, used by the parent company's management in applying the Company's accounting policies and which most affect the amounts presented in the financial statements.

Method of measuring progress toward complete satisfaction of performance obligation

A truthful presentation of the performance of a contract for design and consulting services is achieved by recognising revenues from services which are completed up to a certain date and confirmed by a customer and/or supervisory/control body appointed by the parties. At the time, the management considers the actual scope of agreed works completed based on the reports issued by experts. Directors of the parent company believe that this output method provides an adequate measure of progress toward complete satisfaction of performance obligation according to IFRS 15.

Analysis of the business model

Classification and measurement of financial assets depend on the results of the so-called SPPI test (whether the agreed cash flows from a financial asset represent solely payments of principal and interest on the principal outstanding). and the business model test. The Company determines a business model at the level which reflects the management method used on groups of financial assets to achieve a certain business goal. This analysis implies the use of judgement based on all relevant evidence, including those concerning the method for measuring and evaluating financial assets, the method used to manage financial assets and reward the personnel appointed to manage such assets. The Company monitors financial assets measured at amortised cost or at fair value through other comprehensive income which cease to be recognised before maturity to understand the reasons for their disposal and whether those reasons are consistent with the business goals for which the Company held such assets. This monitoring is a part of continuous analysis and assessments made by the parent company to determine whether the business model under which remaining undisposed assets are held is appropriate and, if not, whether any changes have occurred in the business model resulting in the need to make changes in the classification of such assets. For the period presented in the accompanying consolidated financial statements, the Company did not need to make such changes.

Key sources of estimation uncertainty

Below we present key forward-looking assumptions and other sources of estimation uncertainty on the balance sheet date which represent a significant risk of material correction of amounts of balance sheet items in the next financial year.

Value adjustment of receivables and short-term financial placements

As described in note 7.13, the Company applies a general approach and expected credit losses during the instrument's lifetime i.e. 12-month ECL for financial assets which do not include a significant financing component. The company considers the following indicators of an increase in credit risk:

- A sharp drop in the credit rating which is used for the calculation of value adjustment;
- Delay in payment of liabilities of 30 days for third parties i.e. 90 days for related entities;
- Other qualitative criteria which may lead to the conclusion that there has been a significant increase in credit risk.

To identify indicators of impairment i.e. criterion that calls for calculation of expected credit loss for assets classified in tier 3 in accordance with IFRS 9, the Company applies:

- A defined threshold of default applicable to the specific category of financial assets;
- Other objective evidence of impairment in accordance with IFRS 9.

IFRS 9 does not define what would be considered a significant increase in credit risk. In estimating whether the credit risk associated with an asset has increased significantly, the Company considers qualitative and quantitative reasonable and supportable forward-looking information.

Discount rate for the calculation of provisions for employee salaries and other employee benefits

Determining the parent company's liabilities for long-term employee benefits depends on certain assumptions which include the selection of the discount rate. The discount rate is based on the yields of high-quality corporate bonds at the end of the reporting period. Since the financial market in Serbia is not sufficiently developed, the most realistic benchmark for determining the discount rate on the balance sheet date is the annual yield on government bonds guaranteed by the Republic of Serbia. Accordingly, the discount rate is determined by considering the annual yield on the long-term government bonds issued by the Public Debt Administration of the Republic of Serbia, which were recorded in the relevant period, upon corrections disclosed in Note 31 due to the fact that the average maturity of the benchmark securities is shorter than the average maturity of the relevant benefits.

These assumptions are believed to be key sources of estimation uncertainty since a relatively minor change in assumptions used may have a significant impact on the amount of employee benefits. Further information on the discount rate and employee benefits are presented in Note 31.

Fair value

The fair value of financial instruments which are not actively traded on the market is determined by applying appropriate evaluation methods. The Company uses professional judgement when selecting appropriate methods and assumptions.

The parent company's business policy is to disclose information about the fair value of its assets and liabilities for which there is official market information and when the fair value differs significantly from the carrying amount. The Serbian market is characterised by insufficient market experience, stability and liquidity in the purchase and sale of receivables and other financial assets and liabilities since official market information is not readily available at any time. Therefore, in the absence of an active market, the fair value cannot be measured reliably. The parent company's management assesses the risk of assets recorded in its business books not realising their recognised value and makes value adjustments accordingly. In the opinion of the parent company's management, the amounts presented in these financial statements reflect the value which is the most truthful and useful for reporting purposes in the given circumstances.

9. FINANCIAL RISKS AND RISK MANAGEMENT IN THE PARENT COMPANY

Uncertainty in respect of future events is one of the elementary characteristics of doing business in market circumstances in Serbia which is reflected in multiple possible outcomes. Due to the presence of uncertainties, in other words, due to the lack of knowledge of future events and which one of the potential events will actually occur, economic entities are exposed to various risks which may have an impact on their future market position.

Regarding the parent company, there are many potential risks which may whose negative impact on the parent company's financial statement and operations may be of different intensity.

Some (specific) risks are conditioned by internal factors such as: concentration risk which, in the case of the parent company, may manifest in exposure to one or smaller group of customers and suppliers; operational risk, which can manifest in the form of adverse effects on the parent company due to unintentional and deliberate omissions by employees, inadequate internal policies and processes, inadequate management of information systems within the company, etc.; reputational risk is a risk of deterioration of the parent company's market position due to loss of trust in the parent company i.e. creation of a negative image of the parent company in the public (government institutions, suppliers, customers, etc.); legal risk which is manifested in adverse consequence of penalties and sanctions arising from court disputes due to non-performance of contractual or legal obligations, etc.

Since most of these risks and other risks not mentioned above are the subject matter of other sections of these Notes and other internal policies of the parent company (for example, minimising operational risks through the adoption of policies and guidelines, among other things, is the subject matter of the parent company's Rulebook on Accounting and Accounting Policies), we will focus on financial risks which are primarily the following:

- **Credit risk,**
- **Market risk, and**

- **Liquidity risk**

The financial risks significantly depend on (external) factors which are not under the direct control of the parent company. In this sense, the level of financial risks is significantly impacted by the environment in which the parent company operates which is not only defined by the development of the economic environment but also by legal, financial and other relevant aspects which determine the level of systemic risks.

In general, in comparison to markets in developed economies, the entity belonging to the parent company's group operating in markets which are not sufficiently developed and are characterised by low macroeconomic stability and high illiquidity, such as the Republic of Serbia, are exposed to significant financial risks. In addition to the foregoing, insufficient development of the financial market prevents the use of a broad spectre of hedging instruments typical for the developed markets. So, for example, companies which are members of the parent company's group operating in the Republic of Serbia are unable to use a higher number of derivative financial instruments to manage financial risks because such instruments are not widely used in Serbia and because there is no regulated and permanent financial instruments market.

Financial risks are managed through a comprehensive and reliable management system focused on minimising a potential adverse impact on the parent company's financial position and business operations in conditions of unpredictability of the financial market.

Considering limitations in the management of financial risks which are typical for businesses operating in the Serbian market, it is clearly necessary to adequately approach this topic, something that is also recognised by the parent company's management. Essentially, the financial risk management in the company should ensure the parent company's risk profile always complies with the parent company's risk appetite, in other words, with the acceptable risk structure and risk levels the Company intends to take to achieve its business strategy and goals.

By analysing the parent company's operations in the previous period, and the structure of balance sheet and income statement positions, it may be concluded that the Company is significantly exposed to various types of risks.

We will present below the following:

- Parent company's financial risk profile i.e. the estimate of the structure and levels of risk the parent company is exposed to in its operations;
- Measures for managing identified risks; and
- Capital risk management, even though it is not one of the individual financial risks, has a significant impact on each of the discussed risk types.

9.1 Credit risk

Credit risk is the risk of negative effects on the parent company's financial results and capital due to the non-performance of the debtors' obligations to the company within the defined deadlines.

Credit risk does not involve only the debtor-credit relations arising from the sale of products by the parent company but also those credit risks which arise from other financial instruments such as, for example, the parent company's receivables for long-term and short-term financial placements.

The Company has some significant concentrations of credit risk associated with the collection of receivables from customers who are granted a long postponement of payments to the parent company due to their low liquidity.

The applicable framework for assessment and ranking of the Group's credit risks includes the following categories:

Category	**Description**	**Recognition of ECL**
Cash-generating assets	Not due or past due for less than 180 days for external customers and 360 days for related entities	12-month ECL
Non-cash-generating assets *(Tier 3, according to requirements under IFRS 9 - Individual Assessment of Impairment)*	Receivables past due for more than 180 days for external customers and 360 days for related entities	Lifetime ECL
Non-cash-generating assets *(Tier 3 – Group assessment of impairment)*	Receivables past due for more than 180 days for external customers and 360 days for related entities	Lifetime ECL
Write-off	There is evidence that the debtor is facing severe financial difficulties and there are no realistic changes to their collection by the Group	The amount is written off

The tables below show:

- The structure of short-term receivables not impaired;
- The maturity structure of short-term receivables not impaired;
- The structure of short-term receivables impaired;

The Company has not given any payment security instruments issued.

Structure of short-term receivables not impaired	*in 000 RSD*	
	2022	**2021**
Trade receivables:		
BUYERS IN THE COUNTRY		
RECEIVABLES FROM RELATED ENTITIES	429	953
EPS	238,366	168,490
TEPSCO	8,868	3,225
Beočista energija	46,978	9,832
CNIM	0	22,355
Others, in SERBIA	2,132	44,400
BUYERS ABROAD		
BUYERS IN OMAN		
OETC	29,629	46,653
PAEW	55,103	102,031
Other	6,999	4,588
BUYERS IN QATAR		
KAHRAMAA KATAR	58,481	194,092
OTHER BUYERS IN QATAR	313,612	184,794
BUYERS IN UNITED ARAB EMIRATES		
DUBAI		
DEWA Contracts DUBAI	27,120	69,773
MERAAS DUBAI	147,591	100,463
FEWA		129,151
OTHER BUYERS IN DUBAI	99,583	287,694
ABU DHABI	0	0
TRANSCO ABU DHABI	16,083	22,039
OTHERS ABU DHABI	43,441	24,806
Total	***1,094,415***	***1.415,339***

The parent company has not given any payment security instruments issued.

Structure of short-term receivables not impaired	*in 000 RSD*	
	2022	**2021**
Related entities:		
a) Current receivables	429	953

Total	***429***	***953***
Buyers in the country:		
a) Current receivables	153,159	199,364
b) Up to 30 days	29,213	-
c) 30 - 60 days	62,193	-
d) 90 - 365 days	2,840	-
e) 90 - 365 days	-	-
f) More than 365 days	48,938	48,938
Subtotal	***296,343***	***248,302***
Buyers abroad		
a) Current receivables	310,989	579,525
b) Up to 30 days	80,835	121,945
c) 30 - 60 days	50,280	305,059
d) 60 - 90 days	66,992	16,947
e) 90 - 365 days	173,109	107,771
f) More than 365 days	115,438	34,837
Subtotal	***797,643***	***1,166,084***
TOTAL	***1,094,415***	***1,415,339***

STRUCTURE OF OTHER SHORT-TERM RECEIVABLES

Other short-term receivables	*in 000 RSD*	
	2022	**2021**
Receivables from employees	150,729	115,804
Receivables for overpaid income tax		
Receivables for refundable employee benefits	673	212

Subtotal	**151,402**	**116,016**
Value-added tax in incoming invoices at the general rate (except for paid advances)	1,230	217
TOTAL:	**152,632**	**116,233**

The table below shows the credit quality of the parent company's financial assets and the parent company's maximum exposure to credit risk according to credit rating:

31 December 2022	Note	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	Value adjustment	Net carrying amount
Long-term financial placements	26	n/p	cash-generating	12-month ECL	102,388	-	102,388
Long-term provisions	26	from A- to AAA	cash-generating	12-month ECL	1,730,053	-	1,730,053
Trade receivables	28	n/p	cash-generating	Lifetime ECL	1,094,415	-	1,094,415
Other receivables	29	n/p	cash-generating	12-month ECL	152,632	-	152,632
Short-term financial placements	30	AAA	cash-generating	12-month ECL	835,620	-	835,620
Cash	31	from A- to BBB-	from A- to BBB-	12-month ECL	504,020	-	504,020

The Company applies a simplified approach to the calculation of impairment for credit losses on accounts receivable, long-term receivables - retention and contractual assets i.e. receivables

for revenue not yet invoiced (accruals), in compliance with IFRS 9, by using lifetime ECL. The Company determines the expected credit loss on these items by using the transitional matrix in the observed period which shows monthly fluctuations in individual receivables between the past-due intervals in the observed period. Accordingly, the credit risk profile for these assets is presented based on their maturity status in the transition matrix.

Based on the approach used, the Company did not have material amounts subject to impairment under receivables and contractual assets.

9.2 Market risk

Market risk is the risk of occurrence of a negative impact on the parent company's financial performance and capital due to losses on the balance sheet items resulting from adverse effects of market price fluctuations and other relevant financial parameters.

The market risk comprises three types of risks:

- Currency risk,
- Interest rate risk, and
- Price risks

9.3 Currency risk

Currency risk or foreign exchange risk is the risk of changes in the fair value or future cash flows from a financial instrument due to changes in foreign exchange rates. The currency risk can be manifested in financial instruments covered by consolidation which are denominated in foreign currencies i.e. in a currency other than the function currency used to measure financial instruments which are presented in the consolidated financial statements.

The Group operates on international markets and is therefore exposed to foreign exchange risk which arises from doing business in various currencies, primarily the U.S. dollar.

The sensitivity analysis presented below shows that the negative change in the foreign exchange rate would have a significant impact on the presentation of the Group's financial performance which leads to the conclusion that the Group is exposed to a significant currency risk.

Based on data taken from a balance sheet in foreign currency, the table below shows the carrying values of monetary assets and liabilities.

Assets in USD		Liaiblities in USD	
2021	**2022**	**2021**	**2022**
2,641,352	2,602,140	1,371,977	1,720,438

Assets denominated in U.S. dollars include all receivables and cash equivalents (denominated in convertible currencies) which the Group includes in its consolidated financial statements.

Liabilities in USD include all debts (denominated in convertible currency) that the Enter Group includes in its consolidated financial statements.

Due to differences posted in foreign currency balance sheets, the table below presents the Group's sensitivity analysis in respect of a nominal increase in the exchange rate for dinar of 10% compared to the foreign currency. The sensitivity rate of 10% is a reasonable estimate of expected changes in the foreign exchange rates. The sensitivity analysis includes only cash assets, uncollected receivables and unsettled liabilities denominated in foreign currency and harmonises their translation at the end of the period for potential depreciation/appreciation of the functional currency compared to the foreign currency.

Even though, in terms of the Group, the currency risk covers multiple currencies (the analysis of the foreign currency balance sheet of the Group leads to the conclusion that the Group is most sensitive to changes in USD, while among the rest of the currencies, euro may also have a significant impact), the sensitivity analysis was done to reflect the fluctuations in all currencies relevant for the Group.

With all other variables unchanged, the appreciation of the national currency would result in a positive impact on the current period's results due to the positive effects of net foreign exchange differences between the assets and liabilities denominated in foreign currencies. Analogously, with all other variables unchanged, depreciation of the national currency would have a negative impact on the results of the current period due to the negative effects of the net foreign exchange differences between assets and liabilities denominated in foreign currencies.

Sensitivity analysis of results if the case of 10% depreciation of the national currency	in 000 RSD	
	2022	**2021**
NET EFFECT ON THE CURRENT PERIOD'S RESULT	9,712	12,805

Note: Net effect on the current period's result is calculated as follows (Assets denominated in USD - Liabilities denominated in USD) x 10% x medium exchange rate for USD on the balance sheet date.

9.4 Interest rate risk

Interest rate risk is the risk of occurrence of negative effects on the parent company's financial performance and capital due to unfavourable changes in interest rates. The parent company is exposed to this type of risk through items of financial liabilities under loans with variable interest rates (Belibor, Euribor), and from penalty interest for untimely settlement of liabilities.

The table below shows the most significant suppliers, with the parent company's balance of accounts payables on the balance sheet date.

The Company has not given any payment security instruments.

Structure of liabilities to suppliers	*in 000 RSD*	
	2022	**2021**
Suppliers in the country (related and other entities):		
ENERGOPROJEKT HOLDING	4,715	4,520
ENERGOPROJEKT INDUSTRIJA	1,998	2,178
ENERGOPROJEKT HIDROINZENJERING	3,124	996
OTHER RELATED ENTITIES	-	-
AUTORSKI BIRO	3,611	2,166

Other suppliers in the country	7,082	5,857
Subtotal	**20,530**	**15,717**
COUNTRY		
AF CONSULTANT	416	-
QATAR		
AGENT RES.OPTIMUM	251,370	274,714
SPONSOR QATAR	233,004	200,706
QATAR ROYALTIES	108	13,825
CONSULTANT	52,586	71,179
OTHER SUPPLIERS, QATAR	60,376	21,363
OMAN		
SPONZOR OMAN	18,957	24,974
OMAN RENTE		3,444
OMAN OSTALI	13,448	35,412
UNITED ARAB EMIRATES		
UAE ROYALTIES		11,669
CONSULTANTS IN EMIRATES		18,611
OTHER SUPPLIERS IN UAE	5,915	14,535
SPONSOR EMIRATES		1,670
Subtotal	**636,179**	**692,102**
Other liabilities	633	225
TOTAL:	**657,342**	**708,044**

The parent company has not given any payment security instruments.

Maturity structure of liabilities to suppliers	in 000 RSD	
	2022	2021
Related entities		
a) Current liabilities	6,335	4,520
b) Up to 30 days	1,239	2,178
c) 30 - 60 days	1,689	996
d) 60 - 90 days	514	-
e) 90 - 365 days	60	
Subtotal	**9,837**	**7,694**
Suppliers in the country:		
a) Current liabilities	10,693	8,023
Total	**10,693**	**8,023**
Suppliers abroad:		
a) Current liaiblities	636,812	692,327
Subtotal	**636,812**	**692,327**
TOTAL	***657,342***	***708,044***

9.5 Price risk

Price risk is the risk that the fair value financial instrument or its future cash flows will fluctuate due to changes in market prices (which are not those arising due to interest rate or currency risks), regardless of whether these changes were caused by factors specifically associated with an individual financial instrument or its issuer or whether these factors affect all similar financial instruments traded on the market.

9.6 Liquidity risk

Liquidity risk is the risk that the parent company will have difficulties in settling due liabilities which is managed by the company by maintaining the required volume and structure of working assets and preservation of good creditworthiness.

The table below shows the most significant indicators of the parent company's liquidity, as follows:

- current ratio (current assets / current liabilities), which shows the current assets available to cover each dinar of current liabilities;
- quick ratio (quotient of liquid assets, which includes total current assets minus inventory and accruals; and current liabilities); shows how many dinars of liquid assets are available to cover each dinar of current liabilities);
- cash ratio (quotient of cash plus cash equivalents and current liabilities); which shows how many dinars of cash are available to cover each dinar of current liabilities); and
- net working capital ratio (the difference between current assets and current liabilities).

The conclusions on liquidity ratios obtained from ratio analyses, among other things, require their comparison with satisfactory scores which are also presented in the table below.

Liquidity ratios	Satisfactory score	31/12/2022	31/12/2021
Current ratio	2 : 1	2.86 : 1	2.87 : 1
Quick ratio	1 : 1	2.85 : 1	2.83 : 1
Cash ratio		0.45 : 1	0.45 : 1
Net working capital ratio		2,092,756	2,224,379

9.7 Capital risk management

The goal of capital risk management is for the parent company to retain its capacity to continue to operate on a going concern basis and to ensure satisfactory return (profit) for the parent company's owners while maintaining adequate structure of sources of funding i.e. good creditworthiness.

Even though there are multiple criteria for reaching conclusions about the assumption of the parent company's long-term sustainability, some of the elementary criteria are profitability and satisfactory structure of funding.

The best indicator of **profitability** is the *return on average capital employed*, which shows the rate of return the parent company earns on each dinar of average capital employed. When calculating this indicator of profitability, the average capital employed is the arithmetical mean of the value of capital at the beginning and end of the year.

Indicators of profitability	*in 000 RSD*	
	31/12/2022	31/12/2021
Net profit/loss	295,842	332,247
Average capital employed		
Capital at the beginning of the year	4,034,170	3,781,409
Capital at the end of the year	4,133,829	4,034,170
Subtotal - average capital	**4,084,000**	**3,907,790**
Rate of return on average capital employed	**7.24%**	**8.50%**

Adequacy of the financial structure is reflected in the amount and nature of indebtedness.

The tables below show the most significant indicators of the parent company's financial structure, as follows:

- share of borrowed funds in the total sources of funding which shows the extent to which each dinar of the parent company's assets is funded from the sources of funding; and

- share of long-term assets in the total sources of funding, which shows the extent to which one dinar of the parent company's assets is funded from long-term sources.

Indicators of financial structure	*in 000 RSD*	
	31/12/2022	31/12/2021
Liabilities	2,051,243	1,945,683
Total assets	6,185,072	5,979,853
Share of borrowed funds in the total sources of funding	**0.33 : 1**	**0.33 : 1**
Long-term assets		
Equity	4,133,829	4,034,170
Long-term provisions and long-term liabilities	914,640	757,937
Subtotal - long-term assets	**5,048,469**	**4,792,107**
Total assets	6,185,072	5,979,853
Share of long-term assets in total sources of funding	**0.82 : 1**	**0.80 : 1**

The n**et gearing ratio** shows the extent to which each dinar of the parent company's debt is covered by its capital.

Net gearing ratio is the difference between:

- total (long-term and short-term) financial liabilities of the parent company (total liabilities minus equity, long-term provisions and deferred tax liabilities and the additional loss above equity); and
- cash and cash equivalents.

Parameters for calculating net gearing ratio	*in 000 RSD*	
	31/12/2022	31/12/2021
	Net gearing ratio	
Liabilities	2,051,243	1,945,683
Cash and cash equivalents	504,020	536,480
Subtotal - Total debt	**1,547,223**	**1,409,203**
Shareholder equity	4,133,829	4,034,170
Total debts/shareholder equity	**1 : 2.67**	**1 : 2.86**

10. ERRORS FROM PRIOR PERIODS, MATERIALITY OF ERRORS AND CORRECTIONS TO OPENING BALANCE

Errors from prior periods refer to missing or erroneously stated data in the Company's financial statements for one or more periods which arise from omission to use or misuse of reliable information which were available at the time the financial statements for those periods were approved for publication and which would reasonably be expected to be obtained and taken into consideration in the preparation and presentation of financial statements.

Material error identified in the current period but referring to the previous period is the error which has a significant impact on the financial statements of one or more previous periods resulting in the financial statements no longer being deemed reliable.

The parent company retroactively corrects *material errors* in the first set of financial statements approved for publication after such errors have been identified by correcting the comparable data for the presented prior period(s) in which such error(s) occurred; or, if the error occurred before the earliest presented prior period, the opening balances of assets, liabilities and equity for the earliest presented prior period are corrected.

If the effects which an error from a certain period has on comparable data for one or more prior periods cannot be determined, the parent company corrects the opening balances of assets, liabilities and equity for the earliest period for which retroactive correction of data is possible (which may be the current period).

Subsequently *identified non-material errors* are corrected and charged to expense or credited to revenues of the period in which the errors were identified.

The materiality of an error is estimated in compliance with relevant provisions of the Framework for the Preparation and Presentation of Financial Statements, according to which the materiality refers to business transactions which, if omitted or misstated, are likely to influence the financial decisions of the users of the financial statements.

In the Company, materiality is determined based on the share such error has in the total revenues. Material error is deemed to be an error which, individually or together with other errors, **is higher than 1.5% of the total revenue generated by the Company in the previous year.**

INCOME STATEMENT

11. OPERATING INCOME

Revenue from the sale of products and services

Structure of revenue from the sale of products and services	*in 000 RSD*	
	01/01 - 31/12/2022	**01/01 - 31/12/2021**
Revenue from the sale of goods domestically		
Revenue from the sale of products and services to the parent company and subsidiaries in the country	201	182
Revenue from the sale of products and services to other related entities in the country	2,109	3,781
Revenue from the sale of products and services in the country	695,300	818,818
Subtotal - revenue from the sale of products in the country	**697,610**	**822,781**
Revenue from the sale of goods abroad:		
Revenue from the sale of products and services abroad	3,306,508	3,346,261
Subtotal - revenue from the sale of goods abroad	**3,306,508**	**3,346,261**
T O T A L:	**4,004,118**	**4,169,042**

All Company's revenues refer to revenues under contracts with customers.
Revenue from design, consulting and engineering services during the time period that ended on 31 December 2022 amounts to 4,004,118 thousand dinars.

On 31 December 2022, the total transaction price of uncompleted (or partially completed) performance obligations related to the design, consulting and engineering services amounted to 6,874,798 thousand dinars and will be received during the remaining term of the contracts for services concluded with customers. The management expects that 49% of the transaction price allocated to the uncompleted (or partially completed) performance obligations at the end of 2022 i.e. 3,386,297 thousand dinars will be recognised as revenue in the next reporting period. The remaining 51% or 3,488,510 thousand RSD will be recognised in FY2023.

The total revenue from the 10 largest customers who individually have more than 10% share in the Company's revenues for 2022 amounted to 2,907,750 thousand RSD (2021: 10 customers with revenues of 2,907,750 thousand RSD).

The structure of generated revenue is provided in the table below:

COMPANY NAME	**REVENUE FROM SERVICES**
SERBIA	

Related entities	2,310
EPS	395,810
Others	122,319
Beo čista doo	139,093
SHANGHAI ELECTRIC GROUP	38,078
TOTAL SERBIA	**697,610**
QATAR	
Kahrama	926,018
Others	650,932
OMAN	
OETC	411,837
PAEW	310,853
OWSC	0
Others	22,020
UNITED ARAB EMIRATES	
DEWA	337,464
Others	406,172
TRANSCO	241,212
Others	
ABROAD	**3,306,508**
TOTAL:	**4,004,118**

12. OTHER OPERATING INCOME

Other operating income	*in 000 RSD*	
	1/1 - 31/12/2022	**1/1-31/12/2021**
Revenue from member contributions	0	30
T O T A L:	**0**	**30**

13. COSTS OF MATERIAL, FUEL AND ENERGY

Structure of costs of material, fuel and energy	*in 000 RSD*	
	1/1-31/12/2022	**1/1-31/12/2021**
COSTS OF MATERIAL AND ENERGY		
Costs of office supplies - external	16,184	14,652
Costs of office supplies - EP - sub-ledger account	743	997
Costs of other overhead material	13,238	15,770
Costs of other material (overhead)	**30,165**	**31,419**

Costs of fuel	66,813	53,735
Costs of electricity and heat	27,633	24,971
Costs of fuel and energy	**94,446**	**78,706**
Costs of spare parts	-	-
Costs of one-time write-off of tools and inventory	898	542
TOTAL:	**125,509**	**110,667**

Breakdown of costs by companies:

UNITED ARAB EMIRATES	**26,673**
ENTEL	**23,941**
QATAR	**47,089**
OMAN	**27,806**
	125,509

14. COSTS OF SALARIES, ALLOWANCES AND OTHER PERSONNEL EXPENSES

Structure of salaries, allowances and personnel expenses	*in 000 RSD*	
	1/1-31/12/2022	**1/1-31/12/2021**
Employee salaries - gross	2,212,869	2,276,558
Costs of taxes and contributions on salaries and allowances charged to the employer	65,598	68,368
Other personnel expenses and remunerations:		
Costs of fees under copyright contracts	1,631	1,379
Costs of fees paid to individuals under other contracts	297	85
Costs of remuneration paid to directors and members of managing and supervisory boards	1,124	377
Costs of hiring employees through recruitment agencies and cooperatives	4,625	6,452
Other personnel expenses and compensations:	71,493	49,695
Subtotal of personnel expenses and compensations:	**79,170**	**57,988**
TOTAL:	**2,357,637**	**2,402,914**

Breakdown of costs by companies:

UNITED ARAB EMIRATES	**662,754**
ENTEL	**470,381**
QATAR	**799,452**
OMAN	**425,050**
	2,357,637

Other personnel expenses of 79,170 thousand RSD refer to:

52300	COSTS OF FEES PAYABLE UNDER COPYRIGHT CONTRACTS	1,630
52500	COSTS OF FEES PAYABLE TO INDIVIDUALS UNDER OTHER CONTRACTS	297
52600	COSTS OF REMUNERATION TO MEMBERS OF THE BOARD OF DIRECTORS AND SUPERVISORY BOARD	1,124
52800	PUPIL AND STUDENT COOPERATIVES	4,625
52900	REIMBURSEMENT OF EMPLOYEE EXPENSES FOR TRAVEL TO/FROM WORK	8,575
52910	MEALS	31,360
52911	COSTS OF EMPLOYEE ACCOMMODATION (REIMBURSEMENT)	1,600
52941	REIMBURSEMENT OF BUSINESS TRIP EXPENSES - COSTS OF TRANSPORT, AIR FARES	34
52942	REIMBURSEMENT OF BUSINESS TRIP EXPENSES - COSTS OF NIGHT STAYS (HOTEL)	7,184
52943	REIMBURSEMENT OF BUSINESS TRIP EXPENSES - DAILY ALLOWANCES	15,530
52944	REIMBURSEMENT OF BUSINESS TRIP EXPENSES - OTHER EXPENSES	70
52960	Other personnel expenses and employee salaries and other benefits which HAVE the character of salaries	5,666
52973	COSTS OF TRANSPORTATION ABROAD_up to_2013	0
52991	SUPPORT ALLOWANCE FOR CHILDBIRTH, MATERNITY LEAVE	451
52999	OTHER ENTITLEMENTS, GIFTS FOR MARCH 8TH, CHILDBIRTHS	1,024

15. AMORTISATION EXPENSES

Structure of amotisation cost	*in 000 RSD*	
	1/1 - 31/12/2022	**1/1 - 31/12/2021**
Amortisation of intangible assets	3,710	2,491
Depreciation of property, plant and equipment	125,684	57,210
TOTAL:	**129,394**	**59,701**

Annual depreciation is done before the evaluation of the items of property. On 31 December 2022, the Company assessed the residual value and the remaining useful life for property and equipment with significant carrying amounts. In 2022, the Company begin its first-time application of IFRS 16 for leased property with rights of use. This type of property is owned by foreign companies in Qatar and the United Arab Emirates. In Oman, the company has its commercial building, including in Serbia, so there were no conditions for applying the above standard.

The costs of amortisation of intangible assets by companies:

UNITED ARAB EMIRATES	**98**
ENTEL	**1,298**

QATAR	**2,198**
OMAN	**116**
	3,710

The costs of depreciation of property, plant and equipment by companies:

BAHREIN	**3**
UNITED ARAB EMIRATES	**1,701**
ENTEL	**16,276**
QATAR	**8,378**
OMAN	**21,128**
	47,485

Costs of depreciation of leased property with the right of use by companies:

UNITED ARAB EMIRATES	**14,059**
QATAR	**64,140**
	78,199

16. COSTS OF PRODUCTION SERVICES

Costs of production services to subcontractors which we hire for work we do not have staff or specialised works which are performed only by certain companies. The costs breakdown by companies:

Breakdown of production costs	*in 000 RSD*	
	1/1 - 31/12/2022	**1/1 - 31/12/2021**
Costs of performance	339,929	475,141
Costs of transportation services	161,956	145,529
Costs of maintenance services	20,550	20,544
Costs of leases	82,429	177,005
Costs of trade shows	5,772	7,720
Costs of advertising and marketing	4,968	6,360
Costs of research		
Costs of other services	23,681	24,582
TOTAL:	**639,285**	**856,881**

Costs of manufacture by companies:

UAE	**46,552**
ENTEL	**89,984**
QATAR	**151,298**
OMAN	**52,095**
	339,929

Costs of transportation by companies:

UAE	**36,109**
ENTEL	**13,607**
QATAR	**83,693**
OMAN	**28,547**
	161,956

Costs of mainenance by companies:

UAE	**1,643**
ENTEL	**850**
QATAR	**13,252**
OMAN	**4,805**
	20,550

Costs of lease primarily refer to the lease of apartments incurred by our foreign companies.

The breakdown of costs by companies:

BAHREIN	**1,314**
UAE	**18,551**
QATAR	**54,065**
OMAN	**8,499**
	82,429

Costs of trade shows of 5,772 thousand RSD refer to the company operating in the United Arab Emirates.
The costs of advertising and marketing refer to: costs of promotion, and advertisements, including costs of market research and costs for the preparation of brochures and publications.

The breakdown of costs of advertising and marketing by companies:

UNITED ARAB EMIRATES	**144**
ENTEL	**4,670**
QATAR	**154**
	4,968

In the costs of other services, the most significant portion refers to costs of tendering, copying and licensing.

The breakdown of other expenses by companies:

UNITED ARAB EMIRATES	**3,484**
ENTEL	**19,452**
QATAR	**0**
OMAN	**745**
	23,681

17. COSTS OF PROVISIONING

Breakdown of costs of provisioning	*in 000 RSD*	
	1/1 - 31/12/2022	**1/1 - 31/12/2021**
Costs of provisioning		
Costs of provisioning during the warranty period		
Costs of provisioning for employee salaries and benefits	56,275	39,612
Other provisions		
TOTAL:	**56,275**	**39,612**

The position of provisions for salaries and other employee benefits complies with the law regulations in force in the countries we operate in. In 2022, the provisions for salaries and other employee benefits were created for the first time in a foreign company operating in the United Arab Emirates.

The breakdown of these costs by companies:

UAE	**28,099**
ENTEL	**902**
QATAR	**15,707**
OMAN	**11,567**
	56,275

18. INTANGIBLE EXPENSES

Breakdown of intangible expenses	*in 000 RSD*	
	1/1 - 31/12/2022	**1/1 - 31/12/2021**
Costs of non-production services	292,496	299,733

Entertainment expenses	15,386	14,980
Costs of insurance premiums	51,028	51,864
Costs of payment operations	30,579	31,919
Costs of membership fees	1,446	1,104
Costs of salaries and benefits	24,876	21,566
Other intangible expenses	91,495	72,416
TOTAL:	**507,306**	**493,582**

Costs of non-production services include the expenses for professional training of employees, healthcare services, legal fees, consulting services, audits of annual accounts, etc.

The breakdown of costs by companies:

BAHREIN	**98**
UNITED ARAB EMIRATES	**11,353**
ENTEL	**13,254**
QATAR	**259,729**
OMAN	**8,062**
	292,496

Costs of entertainment refer to hospitality services, gifts to business partners, costs of samples of advertising, etc.

The breakdown of these costs by companies:

UAE	**1,954**
ENTEL	**11,734**
QATAR	**1,277**
OMAN	**421**
	15,386

The most significant portion of **the costs of insurance premiums** refers to the costs of insurance of property and employees. The breakdown of costs by companies:

UAE	**29,876**
ENTEL	**6,896**
QATAR	**4,608**
OMAN	**9,648**
	51,028

Of the total posted **costs of payment operations and bank services** the greatest portion in 2022 in the amount of 26,694 thousand RSD refers to the costs of guarantees.
Total costs for 2022 amounted to 30,579 thousand RSD.
The breakdown of these costs by companies:

UAE	**5,799**
ENTEL	**3,562**
QATAR	**20,667**
OMAN	**551**
	30,579

Costs of membership fees amounting to 1,446 thousand RSD mainly refer to various membership fees required for the company's operation abroad.
The breakdown of these costs by company:

UAE	**37**
ENTEL	**1,409**
	1,446

The **costs of taxes** include the following expenses:
property tax, urban building land use fees, etc. The greatest portion of these expenses refers to property tax in 2022 in the amount of 2,092 thousand RSD.
In the company operating in Oman, these costs refer to taxes payable for local labour under local legislation.
The breakdown of these costs by company:

ENTEL	**2,519**
OMAN	**22,357**
	24,876

Other intangible expenses refer to fees (administrative, court fees, etc.), the costs of professional literature, costs of advertisements and tenders, etc. and the costs of the holding company.
The breakdown of these costs by company:

UAE	**8,196**
ENTEL	**57,074**
KATAR	**12,945**
OMAN	**13,280**
	91,495

19. FINANCIAL INCOME AND EXPENSES

19.1 Financial income

Breakdown of financial income	*in 000 RSD*	
	1/1 - 31/12/2022	**1/1 - 31/12/2021**
Financial income from relations with the parent company, subsidiaries and other related entities:		
Financial income from the parent company and subsidiaries:		
Effects of foreign currency clause and foreign exchange differences	18	-
Subtotal - financial income from relations with the parent company and subsidiaries	18	-
Interest income (from third parties)	12,616	13,604
Foreign exchange gains and effects of foreign currency clause	6,293	2,016
Other financial income (revenue from profit sharing in associated entities and joint ventures and other financial income):		
Income from profit sharing in associated entities and joint ventures	9,173	15,390
Other financial income:		
b) Other financial income	38,939	40,902
Subtotal - other financial income	*38,939*	*40,902*
Total - Other financial income (income from profit sharing in associated entities and joint ventures and other financial income)	**48,112**	**56,292**
TOTAL:	**67,039**	**71,912**

The most significant portion of the interest income from third parties is the interest earned from banks for funds held on accounts and from investments.
The income from profit sharing in subsidiaries in 2022 of 9,173 thousand RSD refers to income from the relevant profit earned in 2022 for the 20% interest held in ENERGOPLAST DOO.

Other financial income in 2022 of 38,939 thousand RSD refers to income from the rental of villas in Qatar. The villa rental activities are carried out by Perl Garden on behalf and for the account of the owner.

19.2 Financial expenses

Breakdown of financial expenses	in 000 RSD	
	1/1 - 31/12/2022	1/1 - 31/12/2021
Financial expenses from relations with the parent company, subsidiaries and other related entities:		
Financial expenses from relations with other related entities	1	1
Subtotal - Financial expenses from relations with the parent company, subsidiaries and other related entities	1	1
Interest expenses (paid to third parties)	14,996	1,140
Foreign exchange losses and negative effects of the foreign currency clause	9,814	1,579
Other financial expenses:		
Other financial expenses		0
Subtotal- Other financial income	-	0
TOTAL:	**24,811**	**2,720**

The largest portion of **expenses for foreign exchange differences and effects of foreign currency clauses** refers to the negative effects of invoices issued to foreign customers and invoices with foreign currency clauses. In 2022, the IFRS 16 was applied for the first time on leased property with rights of use giving rise to interest in the amount of 14,996 thousand RSD.

20. OTHER INCOME AND EXPENDITURE

20.1 Other income

Breakdown of other income	in 000 RSD	
	1/1 - 31/12/2022	1/1 - 31/12/2021
Profit from the sale of intangible assets, property, plant and equipment	142	47
Surpluses	11	27
Collected receivables previously written off	20,860	20,947
Income from the reversal of long-term and short-term provisions	98,318	106,171
Other unmentioned income	9,972	1,582
TOTAL:	**129,303**	**128,774**

The largest item included in the other income of 98,318 thousand RSD refers to the reversal of provisions in Serbia in the amount of 23,494 thousand RSD for the waste-to-energy facility project in Vinča and in Qatar for Phase 12 of the project in the amount of 50,392 thousand RSD and Mega reservoirs in the amount of 24,432 thousand RSD.

Other unmentioned income in the amount of 9,972 thousand RSD refers to income from other amounts collected.

20.2 Other expenditure

Breakdown of other expenditure	in 000 RSD	
	1/1 - 31/12/2022	1/1 - 31/12/2021
Losses from the decommissioning and sale of intangible assets, property, plant and equipment	111	2,755
Expenses for direct write-off of receivables	25,518	26,723
Other unmentioned expenses	15,402	17,940
Total	**41,031**	**47,418**

Losses from decommissioning of assets in the amount of 111 thousand RSD refer to decommissioning of office furniture in Belgrade.
Expenses for the direct write-off of receivables in the amount of 25,518 thousand RSD refer to the company in Qatar and arise from the write-off of receivables older than 3 years.

The largest portion of **other unmentioned expenses** refers to expenditures for humanitarian, cultural and healthcare services in 2022 in the amount of 12,769 thousand RSD and to donations in the amount of 1,335 thousand RSD.

21. PROFIT BEFORE TAXES

Breakdown of gross income	in 000 RSD	
	1/1 - 31/12/2022	1/1 - 31/12/2021
Operating income	4,004,118	4,169,072
Operating expenses	3,815,406	3,963,357
Net result	**188,712**	**205,715**
Financial income	67,039	71,912
Financial expenses	24,811	2,720
Net financial result	**42,228**	**69,192**
Other income	129,359	128,774
Other expenses	41,031	47,418
The result of other income and expenses	**88,328**	**81,356**

TOTAL INCOME	**4,200,516**	**4,369,758**
TOTAL EXPENSES	**3,881,248**	**4,013,495**
PROFIT/LOSS BEFORE TAXES	**319,268**	**356,263**

22. PROFIT TAX AND NET PROFIT

Structure of profit tax and net profit	*in 000 RSD*	
	1/1 - 31//12/2022	**1/1 - 31/12/2021**
Profit/(loss) before taxes	319,268	356,263
Capital gains/(losses) recognised in the Income Statement	0	0
Reconciliation and correction of income/(expenses) in the tax balance sheet	13,595	-8,131
Taxable profit/ (loss)	**332,863**	**348,132**
Amount of loss taken from the tax balance sheet for the prior years up to the amount of taxable profit		
Residual taxable profit	**332,863**	**348,132**
Capital gains/(losses) calculated in compliance with the law	0	0
Capital losses carried forward from prior years up to the amount of capital gains in compliance with the law		
Residual capital gains	0	0
Tax base	**332,863**	**348,132**
Accrued tax (15% of the tax base)	49,929	52,220
Total deductions from accrued tax	(25,810)	-
Accrued tax after deductions	**75,739**	**52,220**
Profit/loss before taxation	319,268	356,263
Tax expense of the period	23,314	23,491
Deferred tax expense/income of the period	-112	-525
Net profit/(loss)	**295,842**	**332,247**

23. EARNING PER SHARE

Indicator	in 000 RSD	
	1/1 - 31/12/2022	1/1 - 31/12/2021
Net profit	295,842	332,247
Average number of shares during the year	422,495	422,495
Earning per share (in RSD)	**700**	**786**

Earning per share is calculated by dividing the profit to be paid to common shareholders by the average weighted number of common shares outstanding in the period.

The weighted average number of shares for 2022 was 422,495 and thus the earning per share amounted to 700 RSD.

BALANCE SHEET - ASSETS

24. INTANGIBLE ASSETS

DESCRIPTION	Concessions, patents, licenses, software and other rights	Advances for intangible assets	Total intangible assets
	Acc. (011+012)	Acc. (017)	Group 01
COST			
Balance on 1 January of the current year	70,748	-	70,748
Impairment			-
Foreign exchange differences	2,903		2,903
Other increases/(decreases)			-
Balance on 31 December of the current year	**73,651**	**-**	**73,651**
VALUE ADJUSTMENT			
Balance on 1 January of the current year	61,890	-	61,890
Corrections to the opening balance			-
Amortisation of the current year	3,710		3,710
Foreign exchange differences	**2,546**		2,546
Other increases/(decreases)			-
Balance on 31 December of the current year	**68,146**	**-**	**68,146**
PRESENT VALUE	**5,505**	**-**	**5,505**

25. PROPERTY, PLANT AND EQUIPMENT

25.1 Property, plant and equipment without investment property

DESCRIPTION	Buildings	Plant and equipment	Other property, plant and equipment	Property, plant and equipment leased with rights of use for more than a year	Property, plant and equipment under construction	Total fixed assets
	Acc. (022)	Acc. (023)	Acc. (026)	Acc. (025)	Acc. (027)	Group 02
COST						
Balance on 1 January of the current year	880,287	354,508	289		34,338	1,269,422
Correction of the opening balance						-
New acquisitions during the year		13,226			13,026	26,252
Transfer from investments under construction					(13,026)	(13,026)
Disposal and decommissioning		(20,794)				(20,794)
Foreign exchange differences	23,441	14,353				37,794
Other increases/(decreases)				314,438		314,438
Balance on 31 December of the current year	**903,728**	**361,293**	**289**	**314,438**	**34,338**	**1,614,086**
VALUE ADJUSTMENT						-
Balance on 1 January of the current year	122,237	240,733	-		-	362,970
Correction of the opening balance						-
Depreciation in the current year	20,285	27,200		78,199		125,684
Disposal and decommissioning		(19,083)				(19,083)
Foreign exchange differences	6,385	10,660		**(733)**		16,312
Balance on 31 December of the current year	**148,907**	**259,510**	**-**	**77,466**	**-**	**485,883**
PRESENT VALUE	**754,821**	**101,783**	**289**	**236,972**	**34,338**	**1,128,203**

On 31 December 2022, the Company carried out the assessment of the residual value and the remaining useful life of property and equipment of a significant carrying amount. According to the said assessment of residual value and the remaining useful life, the Company's management does not expect changes to occur regarding the calculation of depreciation for the next accounting period.

The fair value of buildings is usually determined by appraisal carried out by independent qualified appraisers based on market evidence. The fair value of the commercial building in Belgrade was determined on 31 December 2018 in the amount of 488,898 thousand RSD.

The following "buildings" are recorded in the Company's business books at the revalued amount on the appraisal date:

Energoprojekt commercial building

Energoprojekt commercial building is recognised at fair value on 31 December 2022 in the amount of 476,250 thousand RSD. The last appraisal of the building's fair value was done on 31 December 2018.

Costs of depreciation were recorded in 2022. The building's useful life is 100 years (the remaining useful life of the building is 59 years).

The commercial building in Oman is not the subject of appraisal under the local legislation; its useful life is 25 years and it is believed its residual value upon expiry of that period will be equal to zero.

The value of the building on 31 December 2022 amounts to 282,084 thousand RSD with annual depreciation of 23,156 thousand RSD.

New acquisitions in the amount of 13,026 thousand RSD refer to the purchase of:

in Serbia, 9,787 thousand RSD:

- passenger cars in the amount of 6,922 thousand RSD,
- computers in the amount of 2,328 thousand RSD, and
- other assets in the amount of 490 thousand RSD
- office furniture in the amount of 47 thousand RSD

and the purchases in companies are as follows:

- in Qatar, 1,319 thousand RSD:
- computers in the amount of 872 thousand RSD;
- other assets in the amount of 447 thousand RSD

in the United Arab Emirates:

- computers in the amount of 1,920 thousand RSD

Disposal of plant and equipment in the amount of 20,794 refers to:

Serbia

- computers, in the amount of 15,705 thousand RSD, and
- other assets sredstava u visini 5.089 hiljada RSD;

26. LONG-TERM FINANCIAL PLACEMENTS

Breakdown of long-term financial placements	*in 000 RSD*	
	2022	**2021**
Equity stake in the capital of associated entities and joint ventures	102,388	107,313
Subtotal	**102,388**	**107,313**
Long-term termed deposits	138,310	123,308
Other long-term financial placements	4,697	4,254
Long-term retention (external)	1,587,046	1,417,543
Subtotal	*1,730,053*	*1,545,105*
Value adjustment		
TOTAL:	**1,832,441**	**1,652,418**

Equity stake in capital

Equity stake in the capital of associated entities and joint ventures is measured at cost. The parent company recognises the revenue only up to the amount to which it is entitled to receive its portion when the undistributed net profit of the investee is distributed following the acquisition of such equity stake by the parent company.

The parent company holds a 20% stake in Energoplast d.o.o. in the amount of 102,388 thousand RSD.

Other long-term financial placements

Other long-term placements abroad refer to:

- Retention deposits
- Deposits for employees' visas
- Deposits for rented apartments

The breakdown by company:

UAE	**106,126**
QATAR	**35,974**
OMAN	**907**
	143,007

Deposits for bank guarantees in the amount of 138,311 thousand RSD refer to the company operating in Qatar in the amount of 33,937 thousand RSD and Energoconsult L.L.C. in the amount of 104,374 thousand RSD).

Other long-term financial placements refer to deposits for apartments rented by companies. Deposits for apartments account for 4,697 thousand RSD which is as follows by company: Qatar in the amount of 2,037 thousand RSD, Energoconsult L.L.C in the amount of 1,753 thousand RSD and Oman in the amount of 907 thousand RSD.

The long-term receivables for retention include receivables from customers for retention which is usually 10% of the invoiced value. It can be charged only upon completion of all works on the project it relates to.

The breakdown of receivables for retention on 31 December 2022 in the amount of 1,587,046 thousand RSSD by company:

UAE	**254,453**
QATAR	**1,221,431**
OMAN	**111,162**
	1,587,046

The receivables of 1,221,431 thousand RSD in Qatar mainly refer to projects related to KAHRAMA in the amount of 1,183,369 thousand RSD.

Receivables in Oman amount to 111,162 thousand RSD.

The breakdown by customer:

OETC	**60,744**
PAEW	**49,810**
OTHER	**608**
	111,162

Receivables of ENERGOCONSULT L.L.C amount to 254,453 thousand RSD

The breakdown of receivables by customer is as follows:

OTHERS	**135,479**
TRANSCO	**9,766**
MERASS	**9,731**
DEWA	**99,477**
	254,453

27. INVENTORY

Structure of inventory	*in 000 RSD*	
	2022	**2021**
Fixed assets held for sale	-	-
Advances paid for inventory and services in the country:		
a) Advances paid for inventory and services to parent company and subsidiaries	1,582	2,350
b) Advances paid for inventory and services to other related entities	1,881	2,499
c) Advances paid to other entities for services in the country - external	2,824	4,132
Subtotal	**6,287**	**8,981**
Advances paid to other entities for services abroad - external	5,265	44,691
TOTAL:	**11,552**	**53,672**

An overview of advances paid is presented in the table below.

ENTEL	**6,287**
QATAR	**5,265**
	11,552

EP HOLDING	1,582
JP PARKING SERVIS BEOGRAD	10
BET BALKAN ENERGY TEAM	1,941
HIDROINŽENJERING	1,881
RSM SRBIJA DOO	195
OTHER	678
VARIOUS SUPPLIERS QATAR	5,265
	11,552

28. ACCOUNTS RECEIVABLE

Accounts receivable	*in 000 RSD*	
	2022	**2021**
Customers in the country - parent company and subsidiaries	21	19
Customers in the country - other related entities - sub-ledger	408	934
Customers in the country	296,343	248,302
Customers abroad	797,643	1,166,084
TOTAL:	**1,094,415**	**1,415,339**

The carrying amount of receivables from sales qualified as Receivables and Loans is equal to their fair value.

The parent company do not have instruments of security for accounts receivable.

The average credit period for design, consulting and engineering services is 90 days. No interest is accrued on overdue accounts receivable.

No changes were made to the evaluation techniques or significant assumptions made during the current reporting period. As specified in note 7.13 for the calculation of impairment of receivables from related entities and other receivables (note 30), the Company applies the general approach and lifetime expected credit losses or 12-month expected credit losses (ECL) on financial assets which do not include a financing component. To determine whether there is an indicator of impairment i.e. to determine whether the calculation of expected credit losses is needed for assets classified into tier 3 in accordance with IAS 9, the Company applies the threshold for non-performance of liabilities of 180 days for external customers and 360 days for related entities.

The Company uses an aggregate assessment of value adjustments to measure credit losses i.e. value adjustments for receivables from third parties (including receivables from the government, state-owned companies and government authorities, where the government primarily has the role of the investor), which includes accounts receivable in the country and abroad and accruals which are classified as financial assets and long-term receivables - retention (note 26), including also contractual financial assets in compliance with IFRS 15 i.e. receivables arising from revenue not invoiced from those companies which are not subject to individual assessment. The calculation is based on parameters which are applied at the Company level, derived from data about the history of the collection from the largest companies operating as part of Energoprojekt. The parameters used (PD and LGD) are calculated based on the history of the collection in the Company.

Based on the analysis conducted in accordance with the methodology applied for the calculation of impairment of financial assets in accordance with IFRS 9, the Company did not identify any material impairment of accounts receivable, other receivables, long-term and short-term financial placements and other accruals.

The maturity structure of receivables is presented in detail in Note 9.1.

The breakdown of this account by company is as follows:

UAE	**333,818**
ENTEL	**296,773**
QATAR	**372,093**
OMAN	**91,731**
	1,094,415

The receivables of Energoconsult L.L.C. amount to 333,818 thousand RSD and its most significant customers are the following:

DEWA Contracts DUBAI	27,120
MERAAS DUBAI	147,591
OTHERS, DUBAI	99,583
TRANSCO ABU DHABI	16,083
OTHERS ABU DHABI	43,441
	333,818

The receivables of Energoprojekt Enterl L.L.C. Oman amount to 91,731 thousand RSD and the most significant customers are the following:

OETC	29,629
PAEW	55.103
OTHERS	6,999
	91,731

The receivables of the Qatar company amount to 372,093 thousand RSD and its most significant customers are the following:

KAHRAMA	58,481
OTHERS	313,612
	372,093

The receivables of the Serbian company amount to 296,773 thousand RSD and its most significant customers are the following:

EPS	238,366
TEPSCO	8,868

Beočista energija	46,978
Others in SERBIA	2,561
	296,773

29. OTHER RECEIVABLES

Other short-term receivables	*in 000 RSD*	
	2022	**2021**
Receivables from employees	150,729	115,804
Receivables for overpaid profit tax		
Receivables for employee allowances refundable	673	212
Subtotal	**151,402**	**116,016**
Value-added tax in incoming invoices at a general rate (except for advances paid)	1,230	217
TOTAL:	**152,632**	**116,233**

The "Receivables from Employees" position in the amount of 150,729 thousand RSD refers to the severance pays paid in advance to freelance workers in Qatar in the amount of 90,444 thousand RSD, in Oman in the amount of 47,364 thousand RSD, in the United Arab Emirates in the amount of 12,921 thousand RSD in compliance with local legislation.

30. SHORT-TERM FINANCIAL PLACEMENTS

Short-term financial placements:	*in 000 RSD*	
	2022	**2021**
Other short-term financial placements		
b) Other short-term financial placements	835,620	934,294
TOTAL:	**835,620**	**934,294**

Other short-term financial placements include funds deposited with commercial banks under fixed term amounting to 835,620 thousand RSD, funds deposited with commercial banks in Serbia in the amount of 102,820 thousand RSD at the rate of interest of 3.90% in funds with

Energoprojekt Enter Qatar: 732,800 thousand RSD at the rate of interest of 1.25% per annum.

31. CASH AND CASH EQUIVALENTS

CASH AND CASH EQUIVALENTS	*in 000 RSD*	
	2022	**2021**
In RSD:		
Bank account	2,229	21,159
Cash on hand	422	517
Subtotal	**2,651**	**21,676**
In foreign currencies:		
Foreign currency accounts with domestic banks	17,946	48,419
Foreign currency accounts with banks abroad	483,254	465,940
Foreign currency on hand	169	445
Subtotal	501,369	514,804
TOTAL:	**504,020**	**536,480**

Cash and cash equivalents are distributed across accounts with a bank with S&P long-term credit rating as follows:

Even though cash and cash equivalents are also subject to requirements for impairment in accordance with requirements of IFRS 9, the identified impairment loss is not material.

The position **dinar and foreign currency bank accounts** of the parent company include the following funds:

- held in commercial banks in Serbia (Raiffaisen bank, Eurodirektna Banka, Mirabanka and Erste Banka)
- foreign currency funds in foreign banks (Doha Banka, ADCB Bank Dubai and Abu Dhabi, Bank Oman and Ahli united bank in Bahrein)

The balance of this account by company:

BAHREIN	**1,333**
UAE	**252,765**
ENTEL	**20,168**
QATAR	**145,074**
OMAN	**84,680**
	504,020

32. SHORT-TERM RECEIVABLES AND ACCRUALS

Breakdown of accruals	*in 000 RSD*	
	2022	**2021**
Prepaid expenses:		
Short-term prepaid expenses - parent company and subsidiaries - sub-ledger account	115	158
Prepaid subscriptions for professional publications	445	-
Short-term prepaid costs of leases	6,970	32.306
Short-term prepaid insurance premiums	12,144	29.736
Other prepaid expenses	6,455	8.216
Subtotal	***26,129***	***70.416***
Receivables for not invoiced income		
Short-term receivables for not invoiced revenue - other legal entities - external	590,677	285.569
Subtotal	***590,677***	***285.569***
Accrued expenses under liabilities	-	-
a) Deferred value-added tax	202	122
Subtotal	***202***	***122***
TOTAL:	**617,008**	**356.107**

Prepaid costs of leases on this account include prepaid costs of leases. They refer to the rental of business premises for offices and apartments for our employees. The lease contracts are concluded one year in advance and they are mostly paid on a quarterly basis. The Qatar and EAU companies make payments for business premises while the Oman company does not lease business premises.

The breakdown of this account by company:

EAU	**2,960**
QATAR	**4,010**
	6,970

Prepaid insurance premiums on this account refer to prepaid insurance costs.

UAE	**4,184**
ENTEL	**1,350**
QATAR	**2,545**
OMAN	**4,065**
	12,144

Other prepaid expenses in the amount of 6,455 thousand RSD refer to prepaid tuitions and prepaid magazine subscriptions.

The breakdown of this account by company is as follows:

UAE	**1,935**
ENTEL	**1,865**
QATAR	**2,187**
	6,455

Receivables for not invoiced revenue refers to revenue invoiced in 2022 which apply to works in 2022 in accordance with IFRS 15. The breakdown of revenue by company is as follows:

UAE	**274,172**
ENTEL	**32,172**
QATAR	**284,333**
	590,677

BALANCE SHEET - LIABILITIES

33. EQUITY

DESCRIPTION	Equity capital	Reserves	Revaluation reserves	Undistributed profit	Total
Balance on 1 January 2020	*173,223*	*23,844*	*332,345*	*3,251,997*	*3,781,409*
Net profit for the year				332,247	332,247
Other comprehensive income					0
Subtotal - other comprehensive income	0	0	0	0	0
Other comprehensive income for 2020	173,223	23,844	332,345	3,584,244	4,113,656
Corrections		93	30,982	184,763	215,838
Profit sharing				-295,324	-295,324
Balance on 31 December 2020	***173,223***	***23,937***	***363,327***	***3,473,683***	***4,034,170***
Net profit for the year				295,842	295,842
Corrections		71	12,169	87,323	99,563
Increase in equity	0				0
Profit sharing		0		-295,746	-295,746
Balance on 31 December 2021.	***173,223***	***24,008***	***375,496***	***3,561,102***	***4,133,829***

33.1 Share capital

The parent company's share capital registered with the Serbian Business Companies Register (registration certificate no. 8049/2005 dated 30 March 2005) amounts to 173,223 thousand RSD.

According to the records kept by the Central Securities Depository and Clearing House ISIN RSEPEN41315, the breakdown of ownership of ENERGOPROJEKT ENTEL AD on 31 December 2022 is presented in the table below.

Breakdown of the share capital	*in 000 RSD*	
	2022	**2021**
Share capital	173,223	173,223
a) Share capital of the parent company, subsidiaries and other related entities of ENERGOPROJEKT HOLDING 100%	173,223	173,223
TOTAL:	**173,223**	**173,223**

The share capital consists of 422,495 common shares with a nominal value of 173,223 thousand RSD and an individual carrying amount of 410.00 RSD.

The share capital - common shares include founders' shares and shares issued in the course of the business cycle with the right of management, right of profit sharing in the parent company's capital and a portion of liquidation estate in accordance with the founding act i.e. share issue decision.

The Company's shares have been delisted from the Stock Exchange under the decision on delisting the shares from the open market no. 01/1-5833/19 as all Issuer's shares had been repurchased in the enforced share repurchase procedure. The decisions to withdraw the Issuer's share from the capital and to change the company's form to a non-public company were adopted by the votes of shareholders who had acquired 100% share in the Issuer's capital by acting jointly in the said procedure. Under the rules of the Stock Exchange, the securities have been delisted from the Open Market at the request of the Issuer's request if it no longer operates as a public company in compliance with the provisions of Article 70 and Article 122, Paragraph 2, Point 2 of the Law on Capital Market.

33.2 Reserves

Breakdown of reserves	*in 000 RSD*	
	2022	**2021**
Legal reserve	22,744	22,744
Statutory and other reserves	1,264	1,193
TOTAL:	**24,008**	**23,937**

Legal reserves were formed by 2004 under the law when the company transferred at least 5% of the profit each year to reserves until they reached 10% of the share capital and were subsequently formed based on the Company's general act.

Other reserves are created in the Oman company in compliance with local regulations.

33.3 Positive revaluation reserves and unrealised gains from financial assets and other income

Breakdown of positive revaluation reserves and unrealised gains from financial assets and other income	*in 000 RSD*	
	2022	**2021**
a) Revaluation reserves from revaluation of property - Energoprojekt commercial building	350,160	333,126
b) Revaluation reserves from revaluation of other property	0	16,072
Subtotal	350,160	34,198
Revaluation reserves from revaluation of property and equipment		
Other revaluation reserves	7,746	7,746
Subtotal	7,746	7,746
Profit from the conversion of financial statements of foreign operations	17,590	6,383
Subtotal	17,590	6,383
TOTAL:	**375,496**	**363,327**

Profit or loss from the conversion of financial statements arising from foreign exchange differences due to different currencies used in the companies and recorded in the income statement (average exchange rate) and the balance sheet (final exchange rate) when reconciling mutual obligations between the parent company and subsidiaries.

33.4 Undistributed profit

Breakdown of undistributed profit	*in 000 RSD*	
	2022	**2021**
Undistributed profit from prior years		
a) Balance on 1 January	3,425,231	3,251,997
b) Correction of profit from profit tax	-20,216	-18,298

c) Other corrections (IAS 12 etc.)	-77,332	
d) foreign exchange differences	184,871	161,768
Energoplast	48,452	41,293
e) Profit distribution	-295,746	-295,324
Subtotal	3,265,260	3,141,436
Undistributed profit of the current year	295,842	332,247
TOTAL:	**3,561,102**	**3,473,683**

34. LONG-TERM PROVISIONS

Breakdown of long-term provisions	Expenses during the warranty period	Employee salaries and other benefits	TOTAL
Balance on 1 January of the previous year	468,575	208,626	677,201
Additional provisions		39,612	39,612
Foreign exchange differences	28,896	18,809	47,705
Utilised during the year	-	- 30,964	- 30,964
Reversal of unutilised amounts	- 106,171		- 106,171
Balance on 31 December of the previous year	**391,300**	**236,083**	**627,383**
Additional provisions		124,960	39,612
Foreign exchange differences	19,839	13,550	47,705
Utilised during the year	-	- 62,972	- 62,972
Reversal of unutilised amounts	- 97,634		- 97,634
Balance on the balance sheet date	**313,505**	**311,621**	**625,126**

The first-time application of IFRS 19 began in the United Arab Emirates company in 2022.

34.1 Provisions for employee salaries and other benefits

Provisions for salaries and other employee benefits (provisions for severance pays not yet due) are recognised based on the actuarial calculation completed on 31 December 2022 in Serbia.
The deductive approach was used in the projection i.e. all companies are observed as a whole based on general rules and by using the headcount as the allocation key, the provisions are allocated to specific

companies. Considering that all subsidiaries are under majority control of the same entity, the approach applied is impartial and the projection results can be deemed expected.
The increase in the amount of provisions for the present value of severance pays (by 31.85%) in the balance sheet on 31 December 3022 compared to 31 December 2021 is the result of changes in several factors:

- change in individual factors results in the increase in the amount of provisions (an increase in the average expected severance pays by 14.16% and a decrease in the difference between the discount rate and the expected salary increase), and the first-time application of provisions in our foreign entity in UAE; on one hand, and
- change in individual factors results in the reduction of the amount of provisions (reduction in the total number of employees by 12.84% and the reduction in the average years of services in the company by 1.00%).

In addition to the foregoing, the change in the breakdown of provisions by company is the result of a change in the prorate share which the number of employees in individual companies have in the total number of employees of the parent company.

The procedure for projecting provisions in compliance with relevant provisions of IAS 19 is carried out in several steps:

- firstly, the number of employees who will exercise the right to severance pay and the period in which the employees will receive the said severance pays is assessed based on gender, overall working experience and years of service in the Company, by applying the expected annual rate of employee turnover and mortality (the average annual rate of employee turnover and mortality) and the period in which the employees will receive them;
- secondly, in line with the provisions of the company's Collective Bargaining Agreement, the amount of severance paid was assessed for each year of service that was relevant on the balance sheet date, and
- thirdly, the present value of expected outflow for severance pay was done by applying the discount factor which is the quotient of the discount rate and the expected increase in salaries.

Severance pays at retirement have been paid in the Company as of the beginning of 2015 in accordance with provisions of the valid Collective Bargaining Agreement in line with Article 37 of the Collective Bargaining Agreement under which the Employer is obliged to pay severance to an employee who is retiring in the amount of two average gross salaries paid in the Republic of Serbia based on the data published by the Statistical Office of the Republic of Serbia. According to the current law regulations, the said amount is not subject to taxation.

Since to determine the present value of (undue) severance pays we need data about the annual discount rate and the average annual raise of salaries in the Republic of Serbia, we will define them more precisely below.

The accepted annual raise is 8%.

Paragraph 83 of IAS 19 explicitly defines that the discount rate to be used should be determined based on the rate of return on high-quality corporate bonds on the balance sheet date. In countries whose market for these types of bonds is not developed, the rates of return to be used are those earned on the government securities on the balance sheet date. The currency and the maturity of those bonds must match the currency and the estimated maturity of liabilities for employee benefits at the end of employment.

Since the Serbian financial market is not sufficiently developed, the most realistic benchmark for determining the discount rate on the balance sheet date is the annual yield on government securities which are guaranteed by the Republic of Serbia. Accordingly, the discount rate is determined by complying with the annual yield on long-term government securities issued by the Public Debt Administration of the Ministry of Finance of the Republic of Serbia earned in the relevant period. The annual yield on securities denominated in dinars with a maturity of less than 5 and half years issued in October, November and December 2022 was about 6.8%. The increase in the adopted discount rate compared to the specified yield is the consequence of the fact that the average maturity of benchmark securities is shorter than the average maturity of the relevant severance pays. Hence, in the manner prescribed by Paragraph 86 of IAS 19, the yield curve is extrapolated.

The annual expected raise in the Republic of Serbia is planned to be about 8%.

The annual discount rate and the annual raise depend on the rate of inflation.

The memorandum of the National Bank of Serbia about the targeted rates of inflation by 2024, adopted by the Executive Board of the National Bank of Serbia, defines the target rate of inflation (with allowed deviations), measured by the annual percentage of change in the consumer price index for the period from January 2022 to December 2024 in the amount of 3%, with allowed deviation (positive or negative) of 1.5 percentage points.

The targeted inflation of 3% is envisaged by the Memorandum for the past few years. Even though it was significantly higher in 2022 (15.1% November 2022 vs November 2021) (about 7.5%), it was, as a rule, lower in previous years (1.3% in 2020, 1.5% in 2019, -2% in 2018, 3% in 2017, 1.6% in 2016 and 1.5% in 2015). Considering the earned annual yield on securities denominated in dinars, the most realistic projection for inflation would be of the same level (7%); regardless of the fact that is it must higher than the targeted rate of inflation of NBS. Based on the foregoing, the planned annual raise in the Republic of Serbia is 1% (identical to the estimated amount of provisions for the previous year) which is, considering the planned increase in gross domestic product, feasible in the next period.

Should the rate of inflation change in the future, the applied logic would result in the change to nominal salaries but also to the change in the discount rate (predominantly determined by the rate of inflation), so that such change would not result in the change in results presented in this material. The methodology used, which resulted in long-term annual raise of 8% and a long-term annual discount rate of 8% in Serbia, assumes the same inflation for the entire future period. This assumption is also required under provisions of Paragraph 78 of IAS 19.

34.2 Long-term provisions for expenses in the warranty period

Provisions for expenses in the warranty period are calculated based on the management's best estimate and previous experience and are expected to be payable in a period shorter than 5 years. The final amount of liabilities to be payable may differ from the amount for which provisions were formed and will depend on future events. These provisions are not discounted because the impact of such discounting is not material.

35. LONG-TERM DFERRALS

Deferrals	*in 000 RSD*	
	2022	**2021**
Long-term deferred income from receivables	69,667	58,890
TOTAL:	**69,667**	**58,890**

Long-term deferrals stated in the amount of 69,667 thousand RSD refer to retention liabilities for our subcontractor for Mega reservoir projects in Qatar.

36. DEFERRED TAX ASSETS AND LIABILITIES

DEFERRED TAX LIABILITIES	*in 000 RSD*	
	2022	**2021**
DEFERRED TAX LIABILITIES	59,760	71,664
TOTAL:	**59,760**	**71,664**

Deferred tax liabilities recognised on 31 December refer to *taxable temporary differences* between the carrying amount of assets susceptible to amortisation and their tax base. Namely, due to different provisions based on which the Company defines accounting amortisation (in line with provisions of accounting regulations, IAS/IFRS, etc.) and provisions which define tax amortisation (according to Law on Corporate Income Tax), the parent company in the future period will pay higher taxes than if, under tax legislation, the actual bookkeeping amortisation was to be recognised. For this reason, the parent company recognises deferred tax liabilities which is the profit tax payable when the parent company "recovers" the carrying amount of assets.

The amount of deferred tax liabilities is calculated by multiplying the taxable temporary difference at the end of the year with the profit tax rate applied in the parent company (15%).

Based on changes in the balance of deferred tax assets and liabilities in 2022, it may be concluded that the net effect shows the reduction in the balance of deferred tax liabilities compared to the previous year in the amount of 112 thousand RSD.

37. SHORT-TERM FINANCIAL LIABILITIES

Breakdown of short-term liabilities	*in 000 RSD*	
	2022	**2021**
Other short-term financial liabilities	-	179
Short-term loans and liabilities abroad	82,042	-
TOTAL:	**82,042**	**179**

38. ADVANCES, DEPOSITS AND CAUTION MONEY RECEIVED

Breakdown of advances, deposits and caution money received	*in 000 RSD*	
	2022	**2021**
Advances received from other entities in the country	25,338	43,691
Advances received from other entities abroad	15,828	8,212
TOTAL:	**41,166**	**51,903**

An overview of the advances received is presented in the table below.

SHANGHAI ELECTRIC GROUP	1,088
VETROZELENA DOO BEOGRAD-VRAČAR	2,939
JP EPS BEOGRAD	1,691
POWER CONSTRUCTION CORPORATION OF CIHINA OGRANAK BEOGRAD	25,924
Wirtschaft und Infrastruktur GmbH Co Planungs KG	1,855
DEWA U DUBAI	7,669
	41,166

39. OPERATING LIABILITIES

Operating liabilities	in 000 RSD	
	2022	2021
1. Suppliers - parent company and subsidiaries in the country	4,716	4,520
3. Suppliers - other related entities in the country	5,121	3,174
5. Suppliers in the country	10,693	8,023
6. Suppliers abroad	636,179	692,102
7. Other operating liabilities	633	225
TOTAL:	**657,342**	**708,044**

Operating liabilities are not interest-bearing.

The parent company's management believes that the recognised amount of operating liabilities reflects their fair value on the balance sheet date.

The structure of maturity of accounts payable to suppliers is provided in Note 9.4.

The breakdown of this account by company is as follows:

Bahrain	**108**
UAE	**5,915**
ENTEL	**20,945**
QATAR	**597,951**
OMAN	**32,423**
	657,342

40. OTHER SHORT-TERM LIABILITIES

Breakdown of other short-term liabilities	in 000 RSD	
	2022	2021
Liabilities for salaries and allowances	202,044	293,011
b) Liabilities for dividends	6,691	6,907
d) Liabilities to employees	11,218	17,975

e) Liabilities to directors i.e. members of the board of directors and supervisory board	60	20
f) Liabilities to individuals for consideration payable under contracts	168	9
Subtotal	*220,181*	*317,922*
TOTAL:	**220,181**	**317,922**

Liabilities for salaries and other unmentioned liabilities mainly refer to liabilities (net salaries, taxes and contributions) for December which are payable to employees of the parent company in January of the next year.

The breakdown of this account by company is as follows:

UAE	**62,141**
ENTEL	**34,632**
QATAR	**81,051**
OMAN	**24,220**
	202,044

Liabilities for unpaid dividends in the amount of 6,691 thousand RSD (reason: the shareholders have not opened accounts for their securities). The amount of 1,733 thousand RSD refers to the unpaid dividends for 2017 while the remaining amount refers to all other years when the dividends were paid.

The parent company's management believes that the recognised amount of other short-term liabilities matches their fair value on the balance sheet date.

41. LIABILITIES FOR VALUE-ADDED TAX AND OTHER PUBLIC REVENUES

Liabilities for value-added tax and other public revenues	*in 000 RSD*	
	2022	**2021**
Liabilities for value-added taxes on invoices issued at the general rate (except advances received)	-	2,007
Liabilities for value-added tax arising from the differences between the accrued value-added tax and previous taxes	25,013	18,358
Other liabilities for other taxes, contributions and other duties	7,846	4,313
TOTAL:	**32,859**	**24,678**

42. LIABILITIES FOR PROFIT TAX

Liabilities for profit tax	in 000 RSD	
	2022	2021
Liabilities for profit tax	19,616	3,988
TOTAL:	**19,616**	3,988

43. SHORT-TERM DEFERRALS

Short-term deferrals	in 000 RSD	
	2022	2021
Short-term revenue collected - other legal entities	83,397	81,032
TOTAL:	**83,397**	**81,032**

The amount of 69,285 thousand dinars refers to the application of IFRS 15 in Serbia.

"Other deferrals refer to contractual obligations under contracts for design, consulting and engineering services and reflect the balance of liabilities to customers under those contracts. They arise if a certain amount collected at milestones is higher than the revenue recognised so far in line with the output method. In addition to the foregoing, there were no significant changes in liabilities under contracts."

The residual amount of 14,112 thousand RSD refers to VAT for the future period and 2,641 thousand RSD to the Oman company and 11,471 thousand RSD to the company in the UAE.

44. RECONCILIATION OF RECEIVABLES AND LIABILITIES

The parent company reconciled its receivables and liabilities on 31 December 2022. Elektroprivreda Serbija disputed, without a reasonable justification, the amount of 48,937,500 RSD for which the first-degree court decision was reached in favour of Entel. EPS filed an appeal. However, no court hearing was held in 2022, and we hope to see the judgement reached in 2023.

45. MORTGAGE REGISTERED ON DONA BANK GROUP AND MORTGAGES REGISTERED ON BEHALF OF DOHA BANK GROUP

The parent company's subsidiary Energoprojekt Entel Doha, Qatar, has the right to dispose of and usufruct the real estate properties, having a residential area of 4,488 m2, located on the land plots nos. 65582, 65583, 65584, 65585, 65586, 65587, 65588, 65589 and 65590, with floor surface area of 10.736 m2, in Doha, Qatar, Zone 44, East Al Naija, Al Mumtaza Streat Doha Qatar, which is registered as ownership of an individual.

The registered owner mortgaged the property to Doha Bank under contract no. 52973 as collateral for the issue of the bid bond and performance bond on behalf of Energoprojekt Entel Doha required for the completion of works.

Mortgages registered on the Company's property include:

- Mortgages on real estate property – Commercial building of Energoprojekt, under bank arrangements with:

- Erste banka a.d. Novi Sad in the amount of 27,000,000.00 EUR under Annexe 2 to the Multipurpose Framework Limit Agreement no. OVLC003/20 (mortgage debtor is Energoprojekt Holding with the following debtors: Energoprojekt Visokogradnja, Energoprojekt Niskogradnja, Energoprojekt Oprema, Energoprojekt Hidroinženjering and Energoprojekt Industrija),
- Unicredit banka Srbija a.d. Beograd in the amount of 3,188,287.47 EUR under Annexe 3 to the Contract on Short-Term Loan No. RL 0029/20 (mortgage debtor is Energoprojekt Holding with the following debtors: Energoprojekt Visokogradnja, Energoprojekt Niskogradnja, Energoprojekt Oprema),
- OTP banka Srbija a.d. Novi Sad in the amount of 6,782,000.00 EUR under Annexe 4 to the Framework Agreement for the Issuance of Bank Guarantees, Letters of Credit and Binding Letters of Intention No. OUG 2818/21 - new number OL2021/202 (mortgage debtor: Energoprojekt Holding with the following debtors: Energoprojekt Visokogradnja, Energoprojekt Niskogradnja, Energoprojekt Oprema and Energoprojekt Hidroinženjering), and
- OTP banka Srbija Novi Sad a.d. in the amount of 3,218,000.00 EUR under Annexe 4 to the Framework Agreement for the Issuance of Bank Guarantees, Letters of Credit and Binding Letters of Intention No. 2820/21 - new number OL2021/457 (debtor: Energoprojekt Hidroinženjering, mortgage debtor: Energoprojekt Holding and joint debtors: Energoprojekt Visokogradnja, Energoprojekt Niskogradnja and Energoprojekt Oprema),

under which the enforceable extrajudicial mortgage on the Energoprojekt commercial building was registered on 10 March 2022, Folio No. 2652, Cadastral Municipality of New Belgrade, on behalf of the relevant creditors based on the Statements of Pledge issued by the Energoprojekt Holding a.d.

46. OFF-BALANCE SHEET ASSETS AND LIABILITIES

The parent company stated the off-balance sheet assets and liabilities in its financial statements in compliance with legal provisions (Rulebook on the Content and Layout of Forms of Financial Statements for Companies, Cooperatives, Other Entities and Entrepreneurs). The items recognised within the position of off-balance sheet assets and liabilities presented in the table below are considered neither assets nor liabilities of the parent company but are primarily intended to provide information to the financial statement users.

The breakdown of off-balance sheet assets and liabilities is presented in the table below.

Breakdown of off-balance sheet assets and liabilities	*in 000 RSD*	
	2022	**2021**
Sureties, guarantees and other rights	1,909,895	2,042,183
Total	**1,909,895**	**2,042,183**

The amount of 1,909,895 thousand RSD represents the amount paid for bid forms and performance bonds for ENTEL companies in Qatar, Oman, the United Arab Emirates and Serbia.

The breakdown of this amount by company is presented as follows:

UAE	**527,875**
ENTEL	**213,670**
QATAR	**1,160,404**
OMAN	**7,946**
	1,909,895

47. TRANSACTIONS WITH RELATED ENTITIES

According to requirements under IAS 24 "Disclosure of Related Entities", the transactions with related entities i.e. between the Company and related entities are disclosed below. Related entities in respect of the Company are deemed to be **subsidiaries and key management personnel** (persons with authority and responsibility for planning, directing and controlling the entity's activities, either directly or indirectly, including all directors, regardless of whether they have the executive capacity or not) and their close family members.

In terms of the **related entities**, the two tables below present transactions which result in the revenues and expenses recognised in the income statement and liabilities and receivables recognised in the balance sheet.

Receivables from related entities originate from services provided and became due 90 days after the date of completion of services. The receivables are not covered by security instruments and are not interest-bearing.

Receivables from related entities originate from services provided and become due 90 days after the date of completion of services. The receivables are not covered by security instruments and are not interest-bearing.

Receivables and liabilities from/to related entities	*in 000 RSD*	
	31/12/2022	***31/12/2021***
Receivables		
Other related entities		
EP VISOKOGRADNJA	70	483
EP HOLDING	1,603	2,369
EP HIDROINŽENJERING	1,881	2,499
EP NISKOGRADNJA	338	451
ENERGOPLAST	37,018	51,116
Subtotal	**40,910**	**56,918**
Liabilities:		
Related entities		
· EP HOLDING	4,715	4,520
· EP INDUSTRIJA	1,998	2,178
· EP HIDROINŽENJERING	3,123	996
Subtotal	**9,836**	**7,694**

Revenue from related entities	*in 000 RSD*	
	31/12/2022	***31/12/2021***
Revenues:		
Other related entities		
· EP HOLDING	201	182

· OSTALI		
· EP INDUSTRIJA	695	2,358
· EP HIDROINŽENJERING	505	494
· EP NISKOGRADNJA	517	564
· EP VISOKOGRADNJA	404	365
Subtotal for revenues	**2,322**	**3,963**
Expenses from relations with related entities	*in 000 RSD*	
	31/12/2022	***31/12/2021***
Expenses:		
Other related entities		
· EP HOLDING	54,017	42,025
· EP INDUSTRIJA	4,417	12,972
· EP VISOKOGRADNJA	302	127
· EP HIDROINŽENJERING	12,371	6,031
Subtotal for expenses	**71,107**	**61,155**

48. COURT LITIGATION

Report on court litigations of Energoprojekt Entel a.d. on 31 December 2022

No.	Plaintiff	Legal representative	Start of dispute (year)	Defendant	Basis for litigation	Dispute value	Competent court	Expected timing of dispute resolution	Projected outcome
1.	EP Entel a.d.	Lawyer	2018	JP EPS (RB Kolubara)	Payment of debt under invoices	48,937,500.00 RSD	Commercial Court, Belgrade	2022	Uncertain. First-instance judgement in our behalf. EPS filed an appeal.
2.	Paripović Duško	Lawyer	2016	EP Entel a.d., as the second defendant out of four in total	Damage compensation - injury at work	1,300,000.00 RSD	Basic Ourt, Požarevac	Uncertain	Uncertain; the procedure is suspended Prvostepeni postupak
3.	Jaramaz Nataša	Lawyer	2022	EP Entel a.d.	Determining the right of ownership	8,225,000.00 RSD	Higher Court, Belgrade	2023	First-degree procedure
4.	Marko Martinoli, Activist d.o.o. Activeast ltd.	Lawyer Ateljević	2017	Montinvest properties doo Napred razvoj a.d., Dobroslav Bojović, EP Holding a.d. EP Entel a.d.	Enforced repurchase of shares of EP Entel	176,744,730.15 RSD	Commercial Court, Belgrade		
5.	Siniša Kisić et al.	Lawyer Ateljević	2020	EP Entel a.d	Damage compensation	66,488,842.92 RSD	Commercial Court, Belgrade		

49. EVENTS AFTER THE BALANCE SHEET DATE

No events took place after the balance sheet date which could have a significant impact on the authenticity of the presented financial statements.

50. GOING CONCERN

When preparing the financial statements, the management estimated that the Company is capable of doing business on a going concern basis.

The financial statements comply with the going concern principle.

By reviewing the company's operations in the last 15 years, the management determined that the Company's operations are profitable and that financial assets are easily available which means that it can be concluded that the Company, without detailed analysis, can carry out the accounting treatment on a going concern principle.

In Belgrade,

13 March 2023

Person responsible for preparing the financial statemetns	Director
Gordana Lisov 63034 Digitally signed by Gordana Lisov 63034 Date: 2023.07.27 12:45:07 +02'00'	Mladen Simović 398291 Digitally signed by Mladen Simović 398291 Date: 2023.07.27 12:45:46 +02'00'

2022Annual Business Report for
Energoprojekt Entel a.d.

Belgrade, April 2023

Energoprojekt Entel a.d. from Belgrade, Reg. No: 07470975 publishes:

2022 ANNUAL REPORT FOR CONSOLIDATED FINANCIAL STATEMENTS

T A B L E O F C O N T E N T S

I 1. ANNUAL CONSOLIDATED FINANCIAL STATEMENTS OF

ENERGOPROJEKT ENTEL A.D. FOR 2022 Balance Sheet, Income Statement, Statement of Comprehensive Income, Statement of Cash Flows, Changes-in-Equity Statement, Notes to Consolidated Financial Statements

I.2. INDEPENDENT AUDITOR'S REPORT FOR 2022

II. ANNUAL BUSINESS REPORT

- General data;
- Brief description of business activities and organisational structure;
- Overview of development, financial standing and performance, including relevant financial and non-financial indicators and information about personnel matters;
- Description of the Company's expected development in the future period, changes in business policies and main risks and threats the Company is exposed to;
- The most significant events which took place after the expiry of the business year for which the report was prepared;
- Significant transactions with related entities;
- Company's research and development activities;
- Information on investments in environmental protection;
- Branch offices;
- Relevant and significant financial instruments used to assess the Company's financial position and profitability;
- Goals and policies on financial risk management and the policy on protection against any significant major transaction; Exposure to price risk; credit risk; liquidity risk and cash flow risk; risk management strategies and assessment of their effectiveness;
- Statement on the code of corporate governance.

General data

Business name: Energoprojekt Entel a.d.
Registered seat: Belgrade, Bulevar Mihaila Pupina 12
Registration number: 07470975
TIN: 100389086

Website and email address: www.ep-entel.com; office@ep-entel.com

Number and date of the certificate of company registration: BD 8049 dated 29 March 2005.

Business activity bode (code and description): 7112, Company's business activity is ENGINEERING ACTIVITIES AND RELATED TECHNICAL CONSULTANCY

Number of employees (average number in 2022): 176

Energoprojekt Holding ad is a 100% owner.

Equity value (000 RSD): Share capital 173,223 RSD
Number of shares outstanding - common share: 422,495 with a nominal share value of 410 RSD.
ISIN No: RSEPENE41315
CIF code: ESVUFR

The Company's shares have been delisted from the Stock Exchange under the decision on delisting the shares from the open market no. 01/1-5833/19 as all Issuer's shares had been repurchased in the enforced share repurchase procedure. The decisions to withdraw the Issuer's share from the capital and to change the company's form to a non-public company were adopted by the votes of shareholders who had acquired 100% share in the Issuer's capital by acting jointly in the said procedure. Under the rules of the Stock Exchange, the securities have been delisted from the Open Market at the request of the Issuer's request if it no longer operates as a public company in compliance with the provisions of Article 70 and Article 122, Paragraph 2, Point 2 of the Law on Capital Market.

Business name, registered seat and the business address of the auditing company:

RSM Serbia d.o.o. Beograd
Bul. Mihajla Pupina 10 b/I, 11070 Novi Beograd, Serbia

Company management data

Members of the Board of Directors of Energoprojekt Entel (presently)

1. Milan Mamula, Chairman of the BoD
2. Dobrosav Bojović, Member of the BoD

3. Mladen Simović, Member of the BoD.

Members of the Supervisory Board (on 31 December 2022):

1. Prof. dr Miodrag Zečević, BSc in Electrical Engineering, Chairman
2. Dragan Ugrčić, BSc in Economy, Member
3. Prof Dr Ismail Musabegović, Member
4. Nada Bojović, BSc in Organisational Engineering

The overview of the Company's development financial position and performance, including relevant financial and non-financial indicators and information about personnel matters

Energoprojekt Entel a.d, Beograd is a joint stock company and a parent company to Energoprojekt Entel a.d. Beograd and 3 subsidiaries. The Company's primary business activity is the design of thermal power plants since its incorporation in 1951. In the course of its growth after its incorporation in 1990, the ENTEL company has made additions and broadened the range of its services which now include the design and consultancy services in areas of energy, water management, telecommunications and environmental protection, including project management in those areas.

While working on power plant facilities, the Company also developed its design and consultancy services related to the construction of switchgear plants, substations and long-distance transmission lines, initially only in the country, and over the last twenty years, on the projects implemented in Nigeria, Qatar, Oman, UAE and Jordan.
ENTEL also took part in the completion of projects for power plant facilities using conventional, new and renewable energy sources, in managing complex energy systems and appropriate environmental protection by ensuring treatment of all sources of air, soil and water pollution coming from the energy systems. In the last few years, ENTEL also worked on several renewable energy projects (solar power plants and wind farms).

Truthful presentation of the company's development and performance, financial position and data important for the assessment of the assets

A truthful presentation of the Company's development and performance, financial position and data important for the assessment of the Company's assets are presented in detail and explained in the Notes to 2022 Energoprojekt Entel a.d. Financial Statements (chapter 1 of the Annual Report). Below are only some of the business parameters relevant to proper understanding of the said matter.

Breakdown of the consolidated total generated income of Energoprojekt Entel a.d. in 2022:

Breakdown of gross income	*in 000 RSD*	
	1/1 - 31/12/2022	**1/1 - 31/12/2021**
Operating income	4,004,118	4,169,072

Operating expenses	3,815,406	3,963,357
Net result	**188,712**	**205,715**
Financial income	67,039	71,912
Financial expenses	24,811	2,720
Financial result	**42,228**	**69,192**
Other income	129,359	128,774
Other expenses	41,031	47,418
Result of other income and expenses	**88,328**	**81,356**
TOTAL INCOME	**4,200,516**	**4,369,758**
TOTAL EXPENSES	**3,881,248**	**4,013,495**
PROFIT/LOSS BEFORE TAXATION	**319,268**	**356,263**

Net profit per share

Indicator	*in 000 RSD*	
	1/1 - 31/12/2022	**1/1 - 31/12/2021**
Net profit	295,842	332,247
Average number of shares during the year	422,495	422,495
Earning per share (in RSD)	**700**	**786**

To draw a conclusion on liquidity indicators obtained through ratio analyses, among other things, it is necessary to compare them with satisfactory general standards which are also presented in the table below.

Liquidity indicators	**Satisfactory standards**	**31/12/2022**	**31/12/2021**
Current ratio	2:1	2.86:1	2.87:1
Quick ratio	1:1	2.85:1	2.83:1
Cash ratio		0.45:1	0.45:1
Net working capital ratio		2,092,756	2,224,379

Even though there are multiple criteria based on which conclusions may be drawn on the sustainability of the going concern assumption, profitability and satisfactory financial structure certainly are one of the key criteria.
The best indicator of the company's profitability is the return on average capital employed which shows how much the Company earns on each dinar of average capital employed. To calculate this profitability indicator, the average capital employed is determined as an arithmetic mean of the capital at the beginning and the end of the year.

Profitability indicator	in 000 RSD	
	1/1 - 31/12/2022	1/1 - 31/12/2021
Net profit/loss	295,842	332,247
Average capital		
Capital at the beginning of the year	4,034,170	3,781,409
Capital at the end of the year	4,133,829	4,034,170
Total - average capital	4,084,000	3,907,790
Rate of return on own capital	**7.24%**	**8.50%**

The adequacy of the financial structure is reflected in the amount and nature of indebtedness. The following tables present the most significant indicators of the parent company's financial structure as follows:

- the share of borrowed funds in the total sources of funding, which shows how much is each dinar of the parent company's funds covered from the borrowed funds: and
- the share of non-current assets in the total sources of funding, which shows how much is each dinar of the parent company's funds covered from long-term borrowed funds.

Indicators of financial structure	in 000 RSD	
	31/12/2022	31/12/2021
Liabilities	2,051,243	1,945,683
Total assets	6,185,072	5,979,853
Share of borrowed funds in total sources of funding	**0.33:1**	**0.33:1**
Long-term assets		
Capital	4,133,829	4,034,170
Long-term provisions and long-term liabilities	914,640	757,937
Subtotal - long-term assets	**5,048,469**	**4,792,107**
Total assets	6,185,072	5,979,853
Share of long-term assets in total sources of funding	**0.82:1**	**0.80:1**

The **net gearing ratio** shows how much is each dinar of the parent company's net debt covered by the parent company's equity.

Net gearing ratio is the difference between:

- total (current and non-current) financial liabilities of the parent company (total liabilities minus capital, long-term provisions, deferred tax liabilities and the loss above equity); and
- cash and cash equivalents.

Parameters for calculating net gearing ratio	*in 000 RSD*	
	31/12/2022	**31/12/2021**
Net gearing ratio		
Liabilities	2,051,243	1,945,683
Cash and cash equivalents	504,020	536,480
Subtotal - Net debt	**1,547,223**	**1,409,203**
Equity	4,133,829	4,034,170
Net gearing ratio	**1:2.67**	**1:2.86**

Description of the expected development of the company in the future period, changes in business policies and main risks and threats that the company is exposed to

The company's expected development will unfold in line with the company's adopted strategic documents.

1. ECONOMIC ENVIRONMENT

1.1 Economic environment in the country

Favourable conditions which have an impact on ENTEL's operations in the reporting period:

- Continued participation in the most significant capital projects in the energy industry which are currently implemented in the country:
  - Construction of the new coal-fired thermal power block in the Thermal Power Plant Kostolac B3;
  - Construction of the waste-to-energy facility in Vinca;
  - Construction of the combined heat and power plant (TE-TO) Pancevo (the service provision near completion);
  - Beginning of involvement on a very important project to examine perspectives and construction possibilities for the natural gas-fired production facilities in Elektroprivreda Srbija in the selected locations where there are already heat and power facilities.

Due to the significance of these projects and certain difficulties regarding their implementation, the service scope was not diminished except in respect of the analysis of the construction of the natural gas-fired power plant for which EPS has initiated a procedure for termination of the contract but gave up on it during later negotiations, reducing somewhat the scope of the agreed-upon services.

- Continued preparation of the technical documentation for the construction of the heat distribution pipeline Obrenovac - Belgrade though very slowly. The contracted service gave rise to a more extensive (currently missing) involvement of ENTEL in terms of design services. It is a landmark project, long in the pipeline, which is rarely implemented in the world;

- Involvement in the implementation of the Kostolac, Banat, Banat 2, Banat 3, Alibunar 1, Alibunar 2 and Basaid windfarm construction projects is a continued engagement in the renewal energy plants of high investment value which was ongoing in 2022 as well. What is particularly important is the successful completion of services related to the construction of the 300 MW Vetrozelena Wind Farm for a renowned international investor CPW Global with whom ENTEL had had good cooperation on the first contract ever for ENTEL on wind farms (VE Cibuk 1), including the contracting for the Banatsko Novo Selo Wind Farm, by which the company continued its activity in this attractive area.
- Carrying out permitting activities for a majority of new contracts performed by ENTEL and which stands for a significant financial portion of the contract;
- Expectation to further implement Jadarit Project (with the option to suspend for a short or long period), where the company could have a chance to secure significant engagement. The activities of the investor, Rio Tinto, and the main consultant on the project, Bechtel company, indicate a potential continuation of this project;
- After the successful implementation of the TE-TO Pancevo, the cooperation was continued with the large investor, Naftna industrija Srbije, whose majority owner is the Russian Gazprom, through minor projects for the construction of solar capacities on their business premises. The building of trust through successful implementation of all entrusted works is a good precondition for the continued cooperation also on large, capital investments of this important client.

Unfavourable conditions which have an impact on ENTEL's operations include the following:

- Implementation of the waste-to-energy facility construction project in Vinca encountered serious problems when the EPC general contract, the French company CNIM, declared bankruptcy. This situation resulted in the slowdown of planned activities. Under this project, ENTEL provides complex consultancy services which include the preparation of technical documentation for the EPC general contractor CNIM, the so-called permitting services and technical supervision services for the future facility owner i.e. investor - Beo Čista Energija (BČE), and thus the situation resulted in the slowdown of project-related activities but also brought about issues with the collection of receivables for the provided design services. After the BČE took over the obligation to complete the construction of the facility, the issue was resolved to some extent but time will be needed for all other aspects of completion of this complex project to be defined. When it comes to services provided by ENTEL to CNIM, under the "step in" contract, BČE took over the payment obligation to ENTEL for the remaining services.

- The problems EPS had with its production capacities and coal mines inevitably caused a significant import of electricity which continued throughout the reporting period. The import of electricity came at an unfavourable moment when the electricity price on the stock exchange went as high as 500 EUR/MWh, due to high gas prices, at the time prices were capped in Serbia. The geopolitical instability in Europe because of the conflict in Ukraine also contributed to the overall situation and resulted in wider scale energy crisis. Significant funds spent by EPS to stabilise the Serbian energy market, along with necessary investments in the production and procurement of coal had a major financial impact on EPS. In an attempt to recover, EPS re-examined all of its contracts and public procurements signed in 2021 and 2022 and by late March began sending official notices of the suspension of public procurement procedures. For this reason, ENTEL lost 2 million EUR in potential contracts for which it submitted the best bids. Also, as a countermeasure, the company began offering its services to other investors to ensure all of its capacities are employed and sufficient financial inflow is available.

- EPS remains the dominant user of ENTEL's services domestically and its previously described difficulties and decisions, along with untimely settlement of due liabilities (which is characterised by uncertainty in respect of future performance), unfavourable invoicing conditions which require the company to finance VAT payments for several months, represented a major challenge for the Company's operation in 2022.
- The project for excavation of jadarite and its processing conducive to the production of lithium, for which ENTEL was hired by the investor - Rio Sava Exploration, has been suspended due to high pressure from the public and environmental associations i.e. documents which are a prerequisite for its implementation (Detailed Regulation Plan) were annulled, though it is projected that the activities will be continued in a year. This situation is disadvantageous for ENTEL both in terms of implementation of the current contract and potential hiring for the provision of design services to the contractor involved in the jadarite processing plant, which were previously offered to the potential EPC general contractor. However, as already said, there are indications that the project will be continued but the timeframe is so far unknown.
- Naftna industrija Srbije (NIS) whose majority owner, as already mentioned, is the Russian Gazprom, faces difficulties in operation due to international sanctions on Russian companies. Considering that NIS has long been under the ENTEL's radar as a large potential client, with growing expectations after good cooperation on the completed TE-TO Pancevo Project and a series of minor solar energy projects, the new circumstances, whose duration cannot be foreseen, are a source of new problems because they pose a threat to the financial position of this large potential investor.
- There is a significant increase in the costs of the provision of services due to an increase in the costs of labour, fuel and means of transportation.
- A significant number of contracts are currently being performed by ENTEL with a multiannual term, with prices fixed in the period 2016 to 2018, which are now significantly below market prices as a result of inflation (around 15% annually). This effect, along with the higher prices of resources for the provision of contracted services has a significant adverse impact on the company's profitability. The clients in these contracts are unwilling to consider the change in prices.
- In addition to the described acute problems, there are also those traditionally faced by the company:
    - Public procurement processes which prioritise the lowest offered prices as a criterion for awarding a contract;
    - Reliance on foreign equipment suppliers and traditional design services, whereas there are few equipment suppliers to which ENTEL can be a traditional

partner;

- Lack of EPS's ambition to develop new projects and technologies for which ENTEL can offer the expertise that other companies in Serbia are unable to provide (hydrogen production and use in the energy sector, BIM technologies, etc.);
- The fact that EPS is managed by the acting director results in decision-making that is focused on clients with great influence;
- A series of projects on which ENTEL was hired as a designer with Chinese subcontractors are implemented in conditions characterised by great miscommunication with Chinese companies, primarily due to great differences in the project implementation methods in Serbia which are not familiar to Chinese companies;
- The fact that EPS is managed by the acting director and that other interests make the public companies focus on service providers which is not how ENTEL normally operates.

- An outflow of personnel is a serious problem because our competitors offer employees much better salaries than they earn in ENTEL, along with a company car, private medical insurance, work from home and similar employee benefits. These offers are not sustainable in the long run but they are attractive and employees can hardly resist them. For this reason, there is a tendency among employees with 7-10 years of service to leave which affects the company's personnel potential and stability of maintaining licenses needed to carry out its activities. This is a great problem for business sustainability particularly with the view of ENTEL's reputation in the market. A significant impact on what ENTEL traditionally provided to its employees - employment security - is also affecting Energoprojekt's image; the situation in other companies within the system, visible deterioration of working conditions within the building (reduced number of working elevators, hygiene). Energoprojekt's business policy is defined, among other things, by the Collective Bargaining Agreement does not envisage elements present in the market which could retain the employees.

Because employees are currently making a good earning on the domestic market where they are hired on capital projects, they are unable to participate in the projects implemented by ENTEL companies abroad (Oman and Dubai companies have reduced the number of Serbian workers to a minimum) and in the projects in the region. Projects which require employees to simultaneously work abroad and in the country have low efficiency because they are unable to establish direct contact among themselves and with clients.

1.2 Economic environment abroad

The foreign operations continue on our traditional markets:

- Qatar region (includes foreign companies in Qatar, Abu Dhabi, Dubai, Bahrain and Jordan), and
- Oman.

The foreign company operating in Qatar signed the first contract for electricity transmission on the territory of Bangladesh, which is a new market for ENTEL.
For the first time, we have services agreed to be provided for the Australian market.

QATAR

Favourable circumstances:

- Value of the remaining scope of work for the previously agreed projects ensures the business stability for a while;
- Good personnel structure;
- New capital project in Qatar in the gas production industry (NFE and NFS);
- Lifting of COVID-19-related restrictive measures;
- Favourable oil and gas prices in the global market;
- Deferred application of VAT.

Unfavourable circumstances:

- Budget cuts in areas of interest for ENTEL and drastic savings measures applied through state-funded projects;
- The market is disrupted by the current global crisis.

DUBAI

Favourable circumstances:

- Thanks to exceptionally good contracting in the previous period, there is still work to be carried out in future periods;
- Several jobs have been contracted which for now keeps the company busy.

Unfavourable circumstances:

- There was a sharp decline in the number of tenders in 2022. Only several tenders were announced;
- Our largest client, DEWA and EWA (FEWA), have not announced any significant tenders in the area we work in;
- Some clients have difficulties with collection and payment defaults of up to a year, which has a significant impact on the Company's operations;
- The completion of a 400 kV project during the year and the contracting of some minor new jobs;
- A decrease in revenues is expected in the upcoming period due to these circumstances;
- The requirements for the issue of approvals and licenses for engineers hired to supervise the works are made more strict. On the other hand, requirements are imposed for increased supervision by the consultants. This requires greater efforts to be invested in finding and selecting personnel for project implementation.

ABU DHABI

Favourable circumstances:

- Existence of available contracts;
- Securing the first contract in the oil and gas industry in the last 7 years;
- Securing the first contract in the electricity distribution sector in several years, without a tender;
- Increased number of tenders in this budget year with several of our bids being in the review process for large projects;
- Investment budgets were replenished due to oil price spikes;
- A sufficient number of engineers available for performance;
- The option to work remotely is still available;
- The weekend break is now compliant with European;
- The opening of cheap flight lines to Belgrade;
- The end of very stringent and extended COVID-related restrictions.

Unfavourable circumstances:

- The current liquidity ratio is hard to maintain due to low margins and difficulties with collection;
- The end of the provision of supervision services on several large projects will reduce the company's monthly revenues;
- Slow mobilisation for supervision services and the opening of new construction sites due to issues with equipment procurement, transport and contractor's mobilisation;
- Difficulties with the collection of payments from some clients;
- Low service prices after the pandemic and increase in expenses due to inflation;
- Multiple failures to secure projects or withdrawal from projects require greater engagement of resources for bid submissions;
- Guarantees are again needed for tenders;
- Increase in interest rates and costs of financing the guarantees;
- Repressive administrative measures on the payments of salaries and employment of workers in the United Arab Emirates;
- Non-issuance of visas and security passes for many different nationals due to the government's security policy;
- The plan to introduce a corporate profit tax of 9%;
- The retirement of experienced EPE workers results in the need for hiring new personnel.

OMAN

Favourable circumstances

- By signing large contracts with our largest business partners in the previous period (OETC and PAW), the company ensured its personnel is busy;
- Reduction to the visa fees for a large number of occupations as of June 2022;
- The trend of employees leaving the company has been stopped;
- The oil market price is higher than planned by the budget for 2022 and thus it is

expected to result in a surplus, creating new business opportunities;
- Improved collection from customers.

Unfavourable circumstances:

- Few tenders related to our business activity;
- The price of consultancy services has a very low share in the total project price and for this reason, many Western consultancy companies left the market, but African companies have come to the market offering low prices;
- Restrictions in the issue of new work visas for foreign nationals and instances of Omanisation (employment of Oman population).

Having in mind the company's intention to maintain its leadership position in its business activity, the company needs to ensure its development in the area of its activity, methodology, new knowledge and technologies, including the markets it operates on, and to improve its penetration of new markets. To achieve this goal, an ambitious plan has been set up for employee professional training for 2023.

Operating in the Middle East, the new jobs are contracted at lower unit prices compared to those in the past few years. Certain jobs were contracted at more favourable prices than in the past periods and now their implementation is in progress and has an impact on the current period's result. Also, to counter the drop in unit prices and maintain the current level of revenues and profits, the company is seeking to increase the volume of work. Hence intensive marketing activities are in progress for all foreign entities in the Middle East, while on the lookout for business opportunities in the countries of the region.

The issue of retaining personnel demands reconsideration and attention since several experts who are renowned in the market have left the company.

The foreign exchange rate between the Middle Eastern market (USD) and the functional currency (EUR) fluctuated dynamically which may have a significant impact on the company's operations overall.

2. BUSINESS POLICY

When it comes to ENTEL's traditional business activities (energy, water management, telecommunications and environmental protection) and large capital infrastructure projects of high complexity, the current investment climate has sunk as a result of EPS's financial problems and the war in Ukraine which brought about significant instability not only in the energy sector but on a greater scale as well. How this global crisis will affect Serbia remains to be seen in the coming period. New capital projects have now become uncertain which, together with problems encountered in the implementation of current projects, gives rise to added difficulties in planning the business operations for the current year.

In general, the fact is that the transition from electricity production using technologies, which result in the emission of pollutants (based on the use of fossil fuels which are the primary source of energy used by Serbian businesses), towards cleaner energy from renewable sources will have a great impact on all segments of operation of companies involved in the production, transmission and distribution of electricity. The above requires the company to re-examine its operations and establish a good strategic market position for the future. There is also a matter of energy storage which is growing in importance and which must be reviewed as one of the activities to be included in the ENTEL's portfolio.

ENTEL's main activities in the Qatar region remain unchanged and refer to consultancy services in the area of production, transmission and distribution of electricity and water, including design and consultancy services in oil and gas exploitation. However, with the support of experts from the country, the company will be hired on capital consultancy projects in the area of the production of electricity and drinking water in Qatar. It is significant that the company's involvement in Qatar has expanded to include the drinking water storage activity when hired to take part in the strategic projects for tank and underground storage, which opens up room for expanding its expertise in the area of water, including transfer of acquired knowledge to other markets in the Middle East. Having in mind that the importance of water as a resource is growing globally, it may be expected that there will be other projects in this area as well.

ENTEL's company operating in Oman is a dominant entity in providing services in the area of water production and transport, including electricity transmission and distribution. Efforts are made to secure the company's broader involvement in renewable energy projects to be implemented in the future.

The permitting activity in respect of the construction of buildings is a new business segment that current clients are significantly involved in and the company is seeking to participate or take over this segment of project works that range from project origination to obtaining all necessary permits after its construction. This activity involves a complex legal procedure and complex buildings to be implemented by ENTEL. Customers already recognise ENTEL's potential in providing the services as this activity greatly saves time for service implementation and paves the way to faster project completion. The negative circumstances include the fact that the competitors, seeing how attractive the service is, also started offering the same service which imposes a demand on ENTEL to create a new segment to ensure it can maintain its leadership position in the market.

The improved 3D design is recognised as a priority and a continuous process. The improvement made in this area provides assurances that very complex design services can be provided both on the domestic and international markets. ENTEL has taken measures, for now in the employee training area, to fully harmonise its design and consulting potential with the requirements of the contemporary application of BIM technology since the requirements of foreign clients condition it (few foreign clients are satisfied with 3D design only). ENTEL has the obligation to comply with global standards in BIM technology as envisaged under the Professional Training Plan, whose implementation has been delayed due to the pandemic but must begin as soon as possible (planned for 2023).

In Serbia, ENTEL has an IMS set in place which comprises the following standards: ISO 9001:2015, ISO 14001:2015, ISO 45000:2018, ISO 50001:2018 and ISO 27001:2013 whereas all foreign entities apply ISO 9001, ISO 14001 and ISO 45001 standards. System maintenance and improvement is a permanent obligation that is successfully performed.

3. ACHIEVED PERFORMANCE PARAMETERS FOR THE REPORTING PERIOD

3.1 Markets (country and abroad)

The company operates in the country and abroad. The company is primarily focused on foreign operations due to performance effects though a significant number of projects are also being implemented in Serbia as it has a significant position in the Company's overall performance.

Dominant markets that ENTEL operates on include:

- Serbia;
- Middle East (Qatar, Oman, the UAE).

3.1.1 SERBIA

Having in mind ENTEL's activity, the company's primary clients are still EPS and EMS, though the lack of profit from EMS is becoming evident (EMS awards most of the projects to daughter company Elektroistok projektni biro).

In addition to state institutions, the share of revenues from projects funded by private investors is significant along with institutional sources of funding from abroad. So, it is necessary to mention the wind farms construction projects such as Kostolac, Banat, Banat 2, Banat 3, Alibunar 1, Alibunar 2 and WF Vetrozelena where ENTEL plays a dominant role.

Likewise, the regulatory framework, which includes the Law on Renewable Energy Sources and the Regulation on Criteria, Conditions and Method of Reconciliation of Receivables and Liabilities between Customers and Manufacturers/Suppliers, creates the conditions for the operation of the new category of electricity producers/buyers, the so-called prosumers, in the Serbian market. There is an increasing number of companies interested in acquiring this status and which can potentially be ENTEL's clients for design and permitting services. In this respect, ENTEL could offer its services more transparently in this domain too, having in mind that industrial users may not necessarily know that the company is providing this service. The situation with EPS and the company's limited capacity to contract high-quality large projects requires the Company to focus on areas where ENTEL has not built its references in Serbia, which will require a long time to acquire new clients, to build their trust which may have an impact on the prices offered and the profit on such work should it be contracted.

ENTEL contracted the design services in the electricity transmission industry for the first time for a client in Australia which is a good indicator in terms of market and client diversification which is very important for the company.

Important events which took place after the end of the reporting period

No significant business events took place between the balance sheet date and the date of publication of the financial statements which would require disclosure in the financial statements or affect their authenticity.

The management believes that the company's going concern principle will not be affected. The said facts do not require any corrections to be made to the financial statements for the period from 1 January 2022 to 31 December 2022.

Relevant business news concerning important events is regularly published on Energoprojekkt's website (http:/www.energoprojekt.rs).

Significant jobs with related entities

According to requirements of IAS 24 - Disclosure of Related Entities, below we disclose the relations, transactions and other dealings between the Company and its related entities. Related entities, in respect of the Company, are **subsidiaries and key management personnel** (persons with authorisations and responsibility for planning, directing and controlling the entity's activities, either directly or indirectly, including all directors, regardless of whether they are executive directors or not) and their close family members.
In terms of **subsidiaries**, the two tables below show the transactions whose revenues and expenses are recognised in the income statement and liabilities and receivables are recognised in the balance sheet.

Receivables and liabilities from related entities originate from services provided and they are due within 90 days from the date of provision of services and are not covered by security instruments and are not interest-bearing.

Receivables and liabilities from/to related entities	*in 000 RSD*	
	2022	***2021***
Receivables:		
Other related entities		
EP VISOKOGRADNJA	70	483
EP HOLDING	1,603	2,369
EP HIDROINŽENJERING	1,881	2,499
EP NISKOGRADNJA	338	451
ENERGOPLAST	37,018	51,116
Subtotal	**40,910**	**56,918**
Liabilities:		
Related entities		
- EP HOLDING	4,715	4,520
- EP INDUSTRIJA	1,998	2,178

- EP HIDROINŽENJERING	3,123	996
Subtotal	**9,836**	**7,694**

Revenues from related entities	*in 000 RSD*	
	2022	2021
Revenues:		
Other related entities		
- EP HOLDING	201	182
- OTHERS		
- EP INDUSTRIJA	695	2,358
- EP HIDROINŽENJERING	505	494
- EP NISKOGRADNJA	517	564
- EP VISOKOGRADNJA	404	365
Subtotal for revenues	**2,322**	**3,963**
Expenses from related entities	*in 000 RSD*	
	2022	2021
Expenses:		
Other related entities		
- EP HOLDING	54,017	42,025
- EP INDUSTRIJA	4,417	12,972
- EP VISOKOGRADNJA	302	127
- EP HIDROINŽENJERING	12,371	6,031
Subtotal for expenses	**71,107**	**61,155**

Receivables and liabilities from/to related entities	*in 000 RSD*	
	2022	2021
Receivables:		
Parent company and subsidiaries		
EP HOLDING	1,603	2,526
Qatar company	115,980	235,419
UAE company	-	-
Other related entities		
EP VISOKOGRADNJA	70	483

EP HIDROINŽENJERING	1,881	2,499
EP NISKOGRADNJA	338	451
ENERGOPLAST	37,018	51,116
Subtotal	**39,307**	**54,549**
TOTAL RECEIVABLES	**156,890**	**292,494**
Liabilities:		
Parent company and subsidiaries		
- EP HOLDING	4,715	4,520
Oman company	22,691	77,633
Other related entities		
- EP ARHITEKTURA I URBANIZAM	-	-
- EP INDUSTRIJA	1,998	2,178
- EP HIDROINŽENJERING	3,123	996
Subtotal	**5,121**	**3,174**
TOTAL LIABILITIES	**32,527**	**85,327**

Receivables from related entities	*in 000 RSD*	
	2022	2021
Revenues:		
Parent company and subsidiaries		
- EP HOLDING	201	182
a) QATAR COMPANY	25,221	32,137
b) OMAN COMPANY	59,724	21,579
c) ENERGOCONSULT COMPANY	17,204	28,042
Financial income		
a) ENTRY OF PROFIT FROM QATAR COMPANY	234,636	235,164
b) INTEREST ON LOANS	-	-
c) FOREIGN EXCHANGE DIFFERENCES, QATAR	2,022	1,310
d) FOREIGN EXCHANGE DIFFERENCES OMAN	1,446	3
e) FOREIGN EXCHANGE DIFFERENCES ENERGOCONSULT	392	-
Other related entities		
- OTHERS		
- EP INDUSTRIJA	685	2,358

- EP HIDROINŽENJERING	505	494
- EP NISKOGRADNJA	517	564
- EP VISOKOGRADNJA	404	365
Subtotal for revenues	**342,967**	**322,198**

Expenses from related entities	*in 000 RSD*	
	2022	2021
Expenses:		
Parent company and subsidiaries		
- EP HOLDING	54,017	42,025
a) QATAR COMPANY	390	-
b) OMAN COMPANY	6,228	77,636
c) ENERGOCONSULT COMPANY	-	61
Other related entities		
- EP INDUSTRIJA	4,417	12,972
- EP VISOKOGRADNJA	302	127
- EP HIDROINŽENJERING	12,371	6,031
- EP URBANIZAM I ARHITEKTURA	-	-
Subtotal for expenses	**77,725**	**138,852**

*** Research and development activities**

Entel's operations in the reporting period for 2022 were successful in terms of achieved financial results. The total generated consolidated revenue of 35,762,000 EUR resulted in the plan being achieved at 115.4% and the revenue structure is the following:

* Revenues generated in the local market of 7,107,000 EUR resulted in the plan being achieved at 103%.
* The revenues generated in the foreign markets of 28,577,000 EUR resulted in the plan being achieved at 118.8%, of which 14,745,000 EUR refers to the Qatar company (125.2% of the plan), and 8,238,000 EUR refers to Abu Dhabi/Dubai company (106.6% of the plan) and 5,702,000 RSD from the Oman company (125.3% of the plan).

* Profit from Energoplast of 78,000 EUR.

The official exchange rate for EUR on 31 December 2022 was 1 EUR=117.3224 RSD, with the average foreign exchange rate in 12 months of 2022 being 1 EUR = 117.4588 RSD, 1 USD = 112.034 RSD and EUR/USD = 1.0484.

The company's business operations in 2022 were successful and the total consolidated revenue amounted to 35,762,000 EUR compared to the planned revenue of 31,000,000 EUR which means the plan was achieved at 115.4%, with consolidated profit of 2,717,000 EUR compared to the planned profit of 2,200,000 EUR (123.5% of the planned profit).

In the circumstances which include the war in Ukraine, EPS's financial crisis, the bankruptcy of the EPC general contractor for the construction of the waste-to-energy facility in Vinča, the shutdown of the Jadar project, the company's domestic operations are characterised by uncertainty in terms of contracting new work. In light of these events, the company is turning to private investors but primarily for smaller value projects. The exception could be the cooperation with the Russian giant Gazprom on finding out the possibilities for the construction of new gas blocks in Republika Srpska, but also potential penetration of the Saudi Arabia market through the provision of design services for EPC general contractor - L&T. In the country, the company has concluded its first contract for the Australian market, which comes in time to ensure good diversification of the markets where the company provides services.

On the other hand, foreign operations, particularly in Qatar, are characterised by aggressive bidding.

The total value of new contracts signed in 2022 on the entire ENTEL level amounts to over 23 million EUR. The greatest contribution to these contracts was made by Entel's companies in Qatar and Dubai.

In 2022, the Qatar company contracted most jobs of all ENTEL's companies, which amounted to 10.7 MEUR and thus significantly exceeded the plan of 7.15 MEUR (150%). The largest contract refers to an additional involvement in Phase 13 of the expansion of the electricity distribution system in Qatar, one of the most significant contracts Entel was hired for in the last several years. It is important because of its value and the fact that it refers to consultancy services for the expansion of the QAPCO 132kV power grid and coordination with the investor - Kahrama company. Kahrama continues to be the most important investor for ENTEL's contracts in Qatar.

Entel's company in Dubai also secured good contracts valued at almost 9 MEUR. This indicates that the potential of this market must be additionally exploited. Intensive negotiations for contracts with EPC general contractors/developers are noticeable, while two new contracts were concluded with the investor - DEWA company.

The company in Serbia is facing difficulties with contracting new work due to financial problems ENTEL faced due to EPS, its largest domestic investor. New procurements in respect of new investments in the development or expansion of EPS production capacities have practically been suspended and priority was given to current maintenance and emergency services which provide for the maintenance of the existing thermal energy units. The contract was signed with EPS for the continued provision of technical supervision services for construction works on the flue gas desulphurisation unit in the thermal energy plant Nikola Tesla A, worth approximately 560 thousand EUR, and the contract concluded with EPS for consultancy services on analysing potential locations for the development of gas-steam facilities and the feasibility of their construction, worth 510 thousand EUR, which was reduced to 350 thousand EUR due to a decreased scope of work.

The Oman company contracted new works worth 902 thousand EUR, which is significantly below the plan. Intensive efforts are invested to acquire new works, expand the range of services offered and rely on the support of the engineering personnel from other Entel companies, primarily the one from Serbia.

Information on investment in environmental protection

Environmental protection activities are implemented in three segments -preparation of design documentation, technical supervision of works and the administration building.
When it comes to the preparation of design documentation, applicable regulations, standards and best practices are applied to create the solutions.
When it comes to technical supervision of works, additional efforts are invested to ensure the contractors involved in the projects where ENTEL provides technical supervision services are compliant with regulations, standards and best practices in the area of environmental protection. In this sense, NOx and flue gas desulfurisation (FGD) projects are particularly important.
Within its administrative building, twelve years ago ENTEL established a no-paper communication to reduce expenses and impact on the environment. In 2022, the document management system (DMS) established at the EP level was fully applied. In addition, activities aimed at monitoring and rationalising consumption of electricity, heat and water, including waste disposal were carried out.

Branch offices

Energoprojekt Entel a.d. has no branch offices in Serbia.
The registered seat of the parent company and its subsidiaries is in Bulevar Mihaila Pupina 12, New Belgrade.

A detailed overview and the performance of Energoprojekt Entel a.d. are presented in notes to individual and consolidated financial statements.

Financial instruments relevant for the assessment of the company's financial position and performance

The recognition and accounting entries related to financial instruments are conditioned on their classification which is carried out by the company's management based on the properties of financial instruments.

When classifying each financial instrument, the Company's management may classify them into one of four possible types of financial instruments defined by the provisions of IAS 39 as follows:

- financial asset or liabilities at fair value through profit or loss,
- investments held to maturity;

- credit facilities (loans) and receivables; and
- financial assets available for sale.

Notes to financial statements describe in detail all financial instruments relevant to the assessment of the company's financial position and performance.

Goals and policies related to financial risk management and the hedging policy govern exposure to price risk, credit risk, liquidity risk and cash flow risk, risk management strategies and assessment of their effectiveness.

The financial risk management system is a comprehensive and reliable management system directed at minimising potential negative effects on the company's financial position and operations in the circumstances of market unpredictability.

Considering limitations in the management of financial risks which are typical for businesses operating in the Serbian market, it is necessary to adequately approach this topic, something that is also recognised by the parent company's management. Essentially, the financial risk management in the company should ensure the parent company's risk profile always complies with the parent company's risk appetite, in other words, with the acceptable risk structure and risk levels the Company intends to take to achieve its business strategy and goals.

Credit risk is the risk of negative effects on the parent company's financial results and capital due to the non-performance of the debtor's obligations to the company within the defined deadlines.
Credit risk does not involve only the debtor-credit relations arising from the sale of products by the parent company but also those credit risks which arise from other financial instruments such as, for example, the parent company's receivables for long-term and short-term financial placements.
The Company has some significant concentrations of credit risk associated with the collection of receivables from customers who are granted a long postponement of payments to the parent company due to their low liquidity.
The financial risks significantly depend on (external) factors which are not under the direct control of the parent company. In this sense, the level of financial risks is significantly impacted by the environment in which the parent company operates which is not only defined by the development of the economic environment but also by legal, financial and other relevant aspects which determine the level of systemic risks.
In general, in comparison to markets in developed economies, the entity belonging to the parent company's group operating in markets which are not sufficiently developed, characterised by low macroeconomic stability and high illiquidity, such as the Republic of Serbia, are exposed to significant financial risks. In addition to the foregoing, insufficient development of the financial market prevents the use of a broad spectre of hedging instruments typical for the developed markets. So, for example, companies which are members of the parent company's group operating in the Republic of Serbia are unable to use a higher number of derivative financial instruments to manage financial risks because such instruments are not widely used in Serbia and because there is no regulated and permanent financial instruments market.

Market risk

Market risk is the risk of occurrence of a negative impact on the parent company's financial performance and capital due to losses on the balance sheet items resulting from adverse effects of market price fluctuations and other relevant financial parameters.
The market risk comprises three types of risks:

- Currency risk,
- Interest rate risk, and
- Price risks

Currency risk or foreign exchange risk or foreign exchange rate fluctuation risk is the risk of changes in fair value or future cash flows from a financial instrument due to changes in foreign exchange rates. The currency risk can be manifested in financial instruments covered by consolidation which are denominated in foreign currencies i.e. in a currency other than the function currency used to measure financial instruments which are presented in the consolidated financial statements.

The Group operates on international markets and is therefore exposed to foreign exchange risk which arises from doing business in various currencies, primarily the EUR and U.S. dollar.

Interest rate risk is the risk of occurrence of negative effects on the company's financial performance and capital due to unfavourable changes in interest rates. The company is exposed to this type of risk through items of financial liabilities under loans with variable interest rates (Euribor).

Price risk is the risk that the fair value of a financial instrument or its future cash flows will fluctuate due to changes in market prices (which are not those arising due to interest rate or currency risks), regardless of whether these changes were caused by factors specifically associated with an individual financial instrument or its issuer or whether these factors affect all similar financial instruments traded on the market.

Liquidity risk

Liquidity risk is the risk that the parent company will have difficulties in settling due liabilities which is managed by the company by maintaining the required volume and structure of working assets and preservation of good creditworthiness.

Prudential liquidity risk management implies maintaining a sufficient amount of cash and securities available for sale and securing appropriate sources of funding due to the dynamic operations of the Company. The Company aims to ensure flexibility of funding by collecting from customers and investing available funds. In addition and in accordance with the Company's policy, "back to back" agreements are concluded with partner companies under which a portion of the risk related to potential delay in payments is transferred to/shared with them.

The majority of risks are described in the Notes to Financial Statements (focusing primarily on financial risks: credit risk, market risk and liquidity risk) and/or Company's other internal policies.

III. DATA ON OWN SHARES

The Company does not have its own shares. The Company has not repurchased its own shares in the previous reporting period.

IV. STATEMENT ON THE CODE OF CORPORATE GOVERNANCE

Energoprojekt Entel a.d. applies CODE OF CORPORATE GOVERNANCE in ENERGOPROJEKT HOLDING AD (adopted on the 2nd meeting of the Executive Board of Energoprojekt Holding a.d. held on 16 January 2023). It is made publicly available on the company's website:

http:/www.energoprojekt.rs/wp-content/uploads/2023/01/Kodeks-korporativnog-upravljanja-2023.pdf (www.ep-entel.com).

The Code of Corporate Governance of Energoprojekt Holding a.d. establishes the principles of corporate practice and organisational culture to be complied with by those responsible for the corporate governance of Energoprojekt Holding a.d., particularly in relation to shareholders' rights, corporate governance framework, responsibilities of those enacting corporate governance, company's public relations and transparency.

The basic goal of this Code is to introduce good business practices into corporate governance which should ensure the balance of impact of those responsible for corporate governance, consistency in the control system and the strengthening of shareholders' and investors' trust in the company, to ensure the company's long-term operation.

Company bodies invest significant efforts to elaborate the principles outlined in the Code in other of its policies, whenever needed.

There are no significant deviations in the practical application of these principles of corporate governance.

V. NON-FINANCIAL REPORT

Company data

Basic data about the Company are presented below:

Energoprojekt Entel is an internationally recognised design and consultancy company.
The company's basic data are the following:

Business name:	ENERGOPROJEKT ENTEL A.D. BEOGRAD
Registration number:	07470975
Date of incorporation:	23 November 1989
Registered office:	Bulevar Mihaila Pupina 12, New Belgrade
Company size:	Medium
Registered business activity:	7112 - Engineering activities and related technical consultancy

Energoprojekt is a single group in the region which is included in the list published by the renowned American magazine "Engineering News Report" as one of the 225 largest international design companies and one of the 250 largest international contracting companies, ranking them according to the overall revenue generated in the international market.

Energoprojekt Entel is the parent company. Related foreign entities include:

A foreign company operating in the United Arab Emirates.

A foreign company operating in Qatar

A foreign company operating in Oman

The Company's original business activity, which is the design of thermal energy facilities, has been included in the company's portfolio since its incorporation in 1951. During years of development, the Company (Entel as of 1990) completed and broadened the range of its services to include design and consultancy services related to energy, water management, telecommunications and environmental protection as well as project implementation management in these areas.
While working on power plant facilities, the Company also developed its design and consultancy services related to the construction of switchgear plants, substations and long-distance transmission lines, initially only in the country, (for the last twenty years, projects are successfully implemented in Nigeria, Qatar, Oman, the UAE and Jordan).
The company also took part in the completion of projects for power plant facilities using conventional, new and renewable energy sources, in managing complex energy systems and appropriate environmental protection by ensuring treatment of all sources of air, soil and water pollution coming from the energy systems. In the last few years, the Company also worked on several renewable energy projects (solar power plants and wind farms).
The contracted work is mainly carried out in Serbia, for all domestic and foreign projects, but also abroad by hiring foreign companies.
The markets the Company does business the most:

- The Republic of Serbia, and
- Middle East (Qatar, Oman, the UAE, Jordan).

Considering the Company's primary business activity, clients in Serbia are entities who are involved in energy activities (PUC EPS, EMS), In addition to government institutions, there is

an increasing trend in projects being financed by private investors and funds, including foreign institutional sources of funding.
The company's capital projects in the Republic of Serbia include the construction of TE Kolubara B, the construction of a new thermal energy block within TE Kostolac B3, the construction of a waste-to-energy facility in Vinca, the construction of the CHP plant in Pančevo.
When it comes to the countries of the Middle East, the company's activities in Qatar are mostly consultancy services in the area of production, transmission and distribution of electricity and water, including design and consultancy services in the oil and gas industry. In Oman, water production and transport services are dominant activities, including electricity transmission and distribution.
Energoprojekt Entel a.d. and all foreign subsidiaries comply with positive law regulations in the Republic of Serbia and other countries in which they carry out business activities.

Energoprojekt Entel a.d. and all foreign subsidiaries plan their operations and, within specified time periods, monitor the implementation of the adopted annual and medium-term plans and, as needed, take necessary measures to ensure business continuity and development considering all relevant factors which have an impact on business. These processes are defined by a series of internal normative acts, policies and other documents. The following documents define the policies in the company:

EN-09P-01	12/17 June 2021	Documented Information Management
EN-09P-02	13/11 May 2021	IMS Internal Audit
EN-09P-03	10/23 Feb 2016	Non-Compliance Management and Corrective Measures
EN-09P-04	10/17 June 2020	General Affairs
EN-09P-05	12/11 May 2021	Personnel Development Management
EN-09P-06	7/23 Feb 2016	Information Technology Infrastructure
EN-09P-07	12/23 April 2021	Bidding and Contracting
EN-09P-08	12/17 June 2020	Project Management
EN-09P-09	13/17 June 2020	Design and Development
EN-09P-10	7/23 Feb 2016	Study and Analyses Preparation
EN-09P-11	9/23 Feb 2016	Technical Inspection of Project Documentation
EN-09P-12	8/23 Feb 2016	Consultancy Services
EN-09P-13	9/31 May 2017	Supplier Management
EN-09P-14	9/13 May 2016	Hardware and Software Procurement Management
EN-09P-15	2/23 Feb 2016	Change Management
EN-09P-16	4/28 Feb 2019	Risk Management
EN-09P-17	1/31 May 2017	Compliance Management

EN-09P-18	3/1 Sep 2020	Protocol for New Employees, Termination and Work Hours
EN-14P-01	6/28 June 2019	Environmental Protection Management
EN-14P-02	6/28 June 2019	Emergency Preparation and Response
EN-27P-01	10/17 June 2021	Information Security Management
EN-27P-02	2/17 June 2021	Personal Data Protection
EN-45P-01	5/28 June 2019	Occupational Health and Safety Management
EN-50P-01	7/21 March 2022	Energy Management

Company's ownership structure

The Company is wholly owned by Energoprojekt Holding a.d. Beograd.
The Company is the founder and 100% owner of the following related entities:

- Energoprojekt Entel LLC, Muscat, Oman
- Energoprojekt Entel LTD, Doha, Qatar;
- Energo Consult LLC, Abu Dhabi, UAE;
- Energoprojekt Entel AD Beograd, Manama, Bahrain.

The Company owns a 20% share in the capital of Energoplast d.o.o. Beograd.

Company classification

According to Law on Classification of Business Activities and Regulation on Classification of Business Activities, including NACE classification, the company carries out the activity which is classified to sector M, area 71, group 1 and 2 i.e. 7112 - Engineering activities and related technical consultancy.

Sector M - Professional, scientific, innovation and technical activities - Includes specialised professional, scientific, innovation and technical activities. Their performance requires high skills, specialised knowledge and expertise to be offered to users;
Area 71 - Architectural and engineering activities; technical testing and analysis - Covers the provision of architectural and engineering services, design, plan preparation, supervision of construction, surveying and cartography. It also includes the performance of physical, chemical and other analytical testing.
Activity 71.12 - Engineering activities and related technical consultancy - Includes industrial design (the application of physical laws and principles of engineering in the design, development and utilisation of machines, materials, instruments, structures, processes and systems) and consultancy services related to machines and processes for low rise buildings, hydraulic structures and traffic, water management projects, preparation and implementation of designs in the area of electrical engineering, mining, chemistry, mechanical engineering, industry and safety system, preparation of designs for HVAC systems, air purification and testing of pollution in the area of acoustics, etc. geophysical, geological and seismological measurements - surveyor activities: surveying of boundaries and terrain, hydrological measurements, underground measurements and cartographic information. It does not

include: exploratory drilling related to mining; activities 09.10 and 09.90, software development and publication, activity 58.29 and 62.01, information technology services, activities 62.02 and 62.09, technical testing, activity 71.20, research and development in technical and technological sciences, activity 72.19 industrial design, activity 74.10 aerial filming, activity 74.20

Overview of laws regulating the relevant activity

This relevant activity is regulated by a large number of laws, rulebooks, and regulations, some of which are listed below:

Law on Planning and Construction - This law regulates the conditions and modalities of zoning, development and use of building land and building of facilities carrying out the supervision of the application of this Law and supervisory inspections; other issues of significance in the development of space, landscaping and use of building land and the construction of buildings.

Law on Legalization of Buildings - This law regulates the conditions, procedure and manner of legalizing buildings, parts of buildings, auxiliary buildings and other buildings constructed in the capacity of main buildings without a building or construction permit.

Law on Incentives for Construction Industry in Serbia during the Economic Crisis - This law regulates the conditions and method of implementation of construction, reconstruction projects and adaptation projects for high-rise and low-rise buildings; determines the type of procedures applicable to the selection of designers, technical inspection, contractors, technical supervision and other matters relevant for the implementation of construction projects for high-rise and low-rise buildings to provide incentives to the construction industry in Serbia during the economic crisis.

Law on Environmental Impact Assessment - This law regulates the impact assessment procedure for projects that may have significant effects on the environment, the contents of the Environmental Impact Assessment (EIA) Study, the participation of authorities and organisations concerned, the public participation, transboundary exchange of information for projects that may have a significant impact on the environment of another state, supervision and other issues of relevance to environmental impact assessment.

Rulebook on the Content, Method and Procedure for the Preparation of Plan Documents - This rulebook prescribes more closely the content, method and procedure for the preparation of plan documents, technical inspection and conditions and method of presentation of plan documents for public inspection.

Rulebook on the Content and Method of Technical Inspection of Main Designs - This rulebook establishes the content and method of technical inspection of main designs for the construction of buildings, main designs for reconstruction, adaptation and rehabilitation, as-built designs and main designs or individual parts of main designs completed in compliance with regulations in force in other countries, including other designs or parts thereof for which technical inspection was completed, and the regulations were amended or repealed between the date of completed technical inspection and applying for the building permit.

Factors affecting the prices of the company's activities

The following factors affect the company's prices:

- Availability of qualified labour;
- Availability of sources of funding (prices of loans);
- Projects financed by the country (public procurement), etc.

Company's exposure to risks

Below we present the most significant risks in the construction industry:
- Force Majeure risk,
- Regulatory risk,
- Foreign exchange risk,
- Project planning risk, etc.

Energoprojekt Entel (ENTEL) is committed to continuous improvement of its operations to ensure its traditional and new clients rank it among the top global organisations providing design and consultancy services in the area of energy, water management, telecommunications, environmental protection and project management. For this purpose, ENTEL establishes and improves its integrated management system (IMS) which comprises quality management (compliant with ISO 9001:2015), environmental protection management (compliant with ISO 14001:2015), occupational health and safety management (compliant with ISO 45001:2018), energy management (compliant with ISO 50001:2018 and information security management system (compliant with ISO 27001:2013). ENTEL uses its integrated management system to ensure the requirements, needs and expectations of its clients and employees, Energoprojekt system owners, suppliers and the wider community and the state are met as completely, efficiently, effectively and reliably as possible.

ENTEL makes sure its activities are compliant with applicable laws and other requirements in the area of environmental protection, occupational health and safety, energy efficiency, use and consumption of energy and information security, sets up programs for environmental protection, occupational health and safety, energy efficiency, use and consumption of energy and information security and engages in their consistent implementation, by also consulting and involving its employees. In our project solutions, specifications for the procurement of equipment and material and project implementation methods, we apply technical and technological solutions aimed at preventing or minimising environmental pollution i.e. occupational health and safety risks, equipment, plant and information security risks and take measures to use energy-efficient products and services; we also identify, analyse and measure risks and opportunities in the area of environmental protection, occupational health and safety, equipment, plant and information security and energy efficiency, the use and consumption of energy in line with the established criteria and we help our clients ensure compliance with law regulations governing these areas.

Top management of ENTEL organises and continuously monitors, reviews and directs activities of all organisational units, departments and individuals to ensure the IMS policy is fully complied with in all job positions. In this sense, it is top management's overall and ultimate responsibility to ensure all employees are fully familiar with the policy, clearly understand their tasks and responsibilities related to the application of this policy in everyday activities, make sure they are provided with available information and resources and they are fully motivated to achieve company's goals.

The ENTEL's IMS policy is continuously reviewed by the top management which has the obligation to ensure the policy is always up-to-date and timely harmonised with changes in the economic and social environment and that such up-to-date and harmonised IMS policy is efficiently implemented through the integrated management system.

Principles of the integrated management system

To enhance the business system performance, ENTEL's management applies the following principles:

- Consumer-orientation
- Leadership
- Employee involvement
- Process approach
- Improvement
- Decision-making which is based on evidence
- Relationship management

Responsibility for the integrated management system

The ultimate responsibility for the effective implementation of IMS lies with the top management. The top management has appointed its representative - Management's Representative for IMS (MRIMS) - to ensure coordination of activities between IMS and different process owners.

Process approach

The process approach implies the implementation of the processing system in ENTEL, including identification, interaction and management of these processes. The key factors for IMS are management's responsibility, documenting the processes and products, resources (human resources, material resources, etc.), and continuous enhancement of processes and products. ENTEL encourages and applies the process approach to IMS to ensure the satisfaction of its stakeholders (users, management, employees, shareholders, EP system, government and the community, financial institutions, service providers/suppliers, etc.) by meeting their needs, requirements and expectations.

The IMS model based on processes, shown in Figures 4-1 and 4-2, presents the links between IMS processes. Users and other relevant stakeholders have a significant role in defining the requirements, including input process elements, and in monitoring the fulfilment of their requirements by ENTEL, valuation of information related to their observations regarding whether ENTEL meets their needs, requirements and expectations.

ENTEL stresses the importance of continuous process management through understanding and fulfilment of requirements and needs, reviewing of the processes in terms of added value, achieved results, performance and process effectiveness and improvement based on objective measurements. ENTEL applies PDCA methodologies for process management (PLAN - DO - CHECK - ADVANCE).

ENTEL has connected its IMS with all other sub-systems of its business system.

Risk-based thinking

ENTEL promotes and implements "risk-based thinking" in the process of IMS planning, implementation and control. It includes the identification of risks and opportunities based on the understanding of the organisation's context, and stakeholders' requirements, needs and expectations, focused on achieving planned results, preventing or reducing undesirable effects and continuous improvement.

BUSINESS PORTRAIT OF ENERGOPROJEKT ENTEL

ENTEL offers a wide spectre of services in the area of its primary business activity - design and consulting in the following areas:

- Thermal energy facilities and plants
- Remote and district heating systems
- Seawater desalination plants
- Electricity distribution and transmission
- Electrical and power facilities and plants
- Telecommunication systems
- Hydrotechnical plants
- Oil and gas production and transport
- Environmental protection
- Energy system management centre
- Architecture and civil engineering

ENTEL provides the following services in the above areas:

- Pre-feasibility and feasibility studies
- Revamping and modernisation studies
- Economic and financial analyses
- Environmental impact assessment studies
- System and plant condition assessment
- Main designs, conceptual designs, preliminary designs, building approval documents, detailed designs and as-built designs

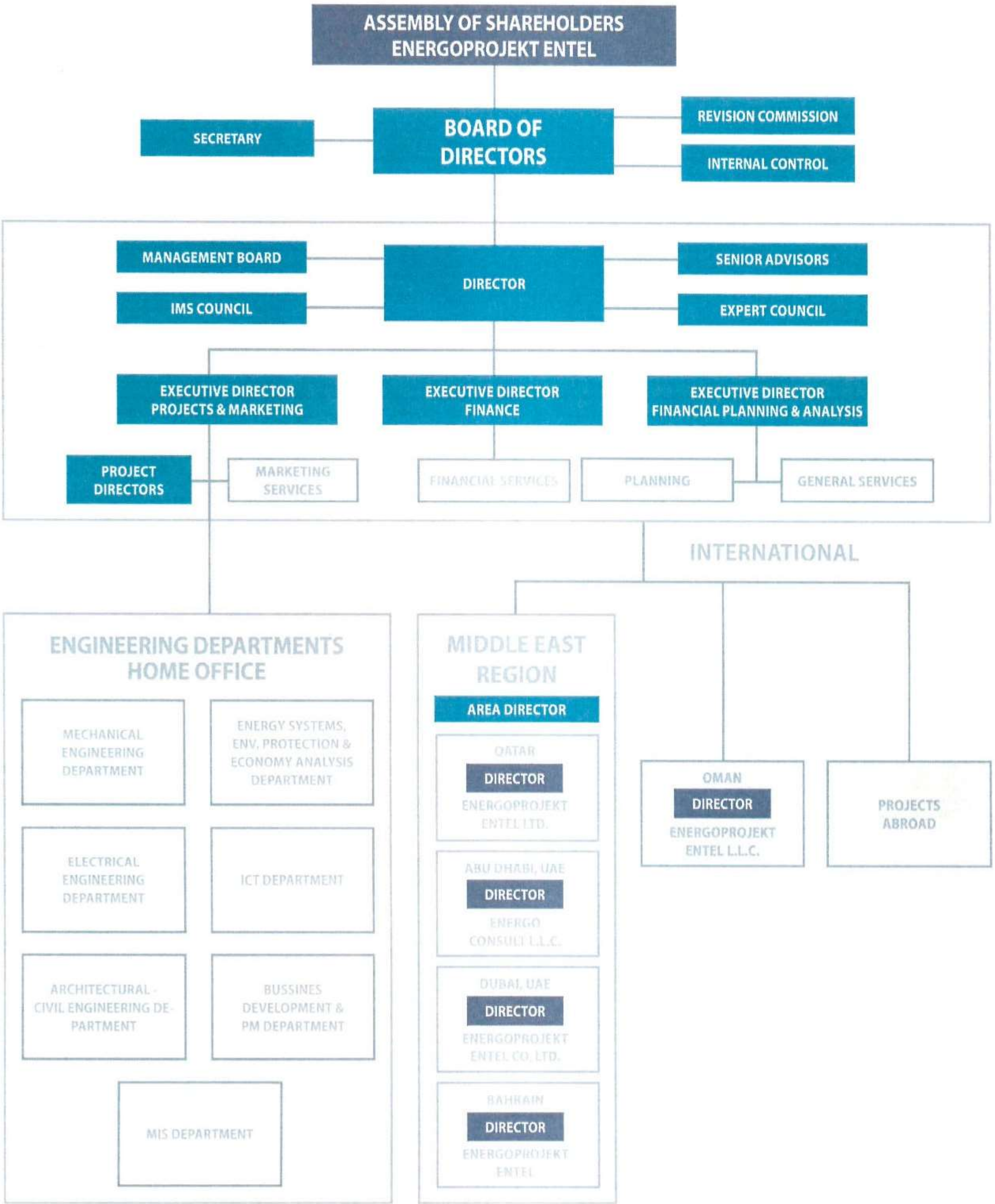
- Tender documentation
- Technical inspection and review of design documentation
- Assistance to investors in tender evaluation and contracting
- Technical supervision of works, including monitoring, inspection of detailed designs, acceptance procedures, FATs and SATs, assistance in commissioning
- Appraisal of fixed assets
- Project management and project quality control.

70 years of experience acquired in a myriad of projects in the country and abroad encompassing technical and consultancy services and management of large energy projects. ENTEL has been a designer and consultant internationally as well, working on various types of thermal energy projects with more than 20 000 MW of installed capacity in total.

The high esteem earned by ENTEL through over 300 major energy facilities is also backed up by a high-quality information system that provides efficiency, information and adequate management of the entire design and consultancy process.

ENTEL has more than 200 engineers, technicians and other professional staff under permanent employment contracts, with 6 of them holding PhD degrees and 4 MAs.

The company's organisation diagram is presented in the picture below. It comprises bureaus and foreign offices such as the Technical and Mechanical Engineering Bureau (TM), Architecture and Construction (AC), Electrical Engineering Bureau (EE), Information and Communication Technologies Bureau (ICT), Bureau for EE Analysis, Environmental and Economic Analysis, Business Development and Project Management Bureau (BD&PM), and foreign offices. ENTEL currently operates foreign offices in Qatar (IC), Dubai (BO), Abu Dhabi (IC) and Oman (IC), and independent project activities are carried out also in Jordan, Bangladesh and, together with other companies within the Energoprojekt system, it works in other parts of the world too.



ENTEL manages its operations through the following functions (and related departments):

• Quality, environmental protection, occupational health and safety, energy efficiency, BI	IMS Department (Department for Integrated Management System)
• Marketing	Marketing Department

• Finances, accounting	Finances, Accounting, Commercial Affairs and Procurement Department
• Planning	Planning and Analysis
• Information system	Integrated Management System Bureau
• Human resources	Human Resources and Payroll Department
• Translation	Translation Department
• Receipt and dispatch of documentation	PDOO Department

In addition to these organisational units, the secretariat, vehicle fleet and employee canteen.

The main user of ENTEL's services in the country is the electricity system in Serbia which is operated by Elektroprivreda Srbije i Elektromreza Srbije. ENTEL has prepared the designs for all thermal energy plants and a large number of long-distance transmission lines, substations and telecommunication facilities for these companies.

In the past ten years, the main users of ENTEL's services included:

- Kahramaa (Qatar General Electricity & Water Corporation), Qatar
- Qatar Petroleum, Qatar
- Commission of Electricity (General Company for Electrical Projects), Iraq
- Oman Electricity and Transmission Company (OETC), Oman
- Public Authority for Water (PAW), Oman
- Rural Areas Electricity Company (RAEC), Oman
- Dubai Electricity and Water Authority (DEWA), Dubai (UAE)
- Abu Dhabi Water and Electricity Authority (ADWEA), Abu Dhabi (UAE)
- Transmission and Dispatch Company (TRANSCO), Abu Dhabi (UAE)
- Elektroprivreda Crne Gore
- Elektroprivreda Republike Srspke.

ENTEL's **mission** is to provide top-quality professional services relying on state-of-the-art technology and expertise.

ENTEL's **vision** is to maintain and improve its market position in its primary business activity and to expand its portfolio of services to other related areas.

ENTEL's **system of values** is based on a responsible approach to business which takes into consideration the interests of all stakeholders and complies with law regulations, including the fulfilment of obligations to the community and the government. The system of values is defined in a separate document titled the Code of Ethics and Business Conduct.

ENTEL's **development strategy** is based on an efficient and consistent market approach and the development of strategic marketing, continuous monitoring and application of the latest methods and procedures for resolving the most complex tasks, relying on the broad use of information technologies to ensure precise planning, efficient implementation, control and information, and the continuous improvement and use of own databases and systematic planning and promotion of personnel capacity. Based on the development strategy, ENTEL defines its **subject-specific policies** such as: ownership, business activity, market, work technology, organisational engineering, management, human resources, rewarding system and IMS.

ORGANISATION'S ENVIRONMENT

Organisation and its environment

Elements related to the organisation's mission and the direction of its strategic development have an impact on ENTEL's capacity to achieve planned results in IMS, including external and internal issues.

External issues cover the following matters:

- Legislation: ENTEL applies Law on Planning and Construction and other relevant laws and bylaws governing the design services in Serbia, and those regulations which are applied in each country it provides its services
- Technology: In carrying out its activities - manufacture of products and provision of services - ENTEL applies state-of-the-art technologies and expertise to its project solutions, specifications for the procurement of equipment and material and project implementation while considering their applicability in specific projects
- Competition: ENTEL supports fair and free market competition in the spirit of the law on competition in each country and in line with ethical business principles. ENTEL does not support corruption practices by any participant involved in its business activities.
- Market: ENTEL actively monitors circumstances prevailing in its markets as well as in potential markets, by adapting its activities and/or organisation to maintain its market position and strengthen its comparative advantages;
- Culture: ENTEL respects the cultures and customs of all nations in the countries it operates, both on national and local levels.
- Social and economic matters: ENTEL invests efforts to ensure that its activities contribute to the economic and social development of communities in the countries where it operates, both on national, regional and local levels.
- Employee turnover: By creating good conditions for work and professional advancement, ENTEL aims to keep the employee turnover rate at an acceptable level, taking into account that some of it is inevitable. Special attention is paid to technical and organisational measures to protect information about employees who leave the company (through employment contract clauses, cancellation of rights of access, etc.).
- Environmental protection and occupational health and safety: In the preparation of design documentation, supervision of works and the work performed within the premises, ENTEL takes maximum care to comply with environmental protection and OHS requirements (proposes appropriate technical solutions as part of design documentation, monitors general contractor's activities on construction sites in terms of compliance with environmental protection and OHS measures, including organisation's hygiene-related activities on the premises in terms of chemical agents

used for these purposes, etc.).

In the recent period, the threat of the COVID-19 pandemic became a major issue, requiring the introduction of certain changes in the way ENTEL carries out its activities, primarily regarding remote work i.e. elaborating the means and procedures for working from home to ensure occupational health and safety of its employees, while also achieving its business goals. In defining the framework for working from home, we dealt with issues related to the information security and equipment to be used from home, outside of the business premises and with issues related to the security of communication between those devices and central equipment (servers) located on the company's premises.

Internal policies:

- System of value: ENTEL's responsible approach to business takes into consideration the interests of all stakeholders and complies with law regulations, including the fulfilment of obligations to the community and the government. The system of values is defined in a separate document titled the Code of Ethics and Business Conduct.
- Corporate culture: The success of ENTEL is directly connected with the expertise, responsibility, commitment and creativity of each individual and good teamwork. ENTEL strives to provide and continuously improve conditions for a comfortable, safe and healthy working environment. Communication with employees serves to build and promote mutual trust and responsibility, ethical conduct and solidarity amongst employees for the benefit of the company and employees as well.
- Corporate knowledge: ENTEL encourages individual advancement of employees and seeks to ensure other preconditions for transferring the individual to the corporate knowledge base, its organisation, preservation, exchange and use/reuse in the company's interest.
- Performance: ENTEL monitors, improves and enhances the business performance in all segments of its activities to ensure both organisational, material and human resources are available to act in the interest of all stakeholders, both internal and external.

As a part of mid-term and long-term development plans, ENTEL's top management carries out a SWOT analysis (Strengths, Weaknesses, Opportunities and Threats) to understand its own strengths and weaknesses as well as the threats in the economic environment and available opportunities. The currently valid document which regulates this matter is the 2020-2024 Mid-Term Business Plan of Energoprojekt Entel a.d. Based on established strategic goals, relevant annual targets are defined for IMS. The achievement of these targets is accompanied by appropriate risk and opportunities assessments, including actions to overcome significant risks or use opportunities. The EN-09P-16 policy defines the framework for risk and opportunity management which is defined in detail, on a global level, for each management system which is part of the IMS (QMS, EMS, OH&S, EnMS, ISMS), with detailed elaboration in relevant procedures concerning those management systems.

Employees' and other stakeholders' needs and expectations

The top management, comprising CEO, DPRM/PRIMS, DRAOP and PSS, ensures that all basic processes define and fulfil the needs, requirements and expectations of customers and increases their overall satisfaction level, as described in detail in points 8.2.2 (Defining product requirements) and 9.1.2 (Customer satisfaction).

In addition to customer orientation, the management processes in ENTEL are focused on meeting the requirements, needs and expectations of other stakeholders, both internal (employees, shareholders) and external (Energoprojekt business system, government and the general public, financial institutions, suppliers, business partners, competitors, etc.).

The overview of these stakeholders and their key interests are presented in Table 4-1 (outside of ENTEL) and Table 4-2 (within ENTEL). In addition, the criticality level is also defined (1=high, 3=low) and the dominant forms of communication with relevant stakeholders which are used to monitor their interests, requirements and expectations and through which the stakeholders exert their influence on the company's activities.

Subject and scope of application of IMS

ENTEL's IMS consists of the following management systems:

- Quality management system (QMS, compliant with ISO 9001:2015)
- Environmental protection management system (EMS, compliant with ISO 14001:2015)
- Occupational health and safety management system (OH&S, compliant with ISO 45001:2018)
- Energy management system (EnMS, compliant with ISO 50001:2018)
- Information security management system (ISMS, compliant with ISO 27001:2013).

ENTEL's primary business activity is the provision of design and consultancy services in the area of energy, water management, telecommunications and environmental protection. ENTEL's products are design documentation and software, and consultancy services.

ENTEL's IMS is described in the Rules of Procedure for the IMS (hereinafter: the "Rules of Procedure") which defines the subject matter and the scope of application of IMS, the concept, policy and goals of IMS, organisational structure, roles, responsibilities and authority, description of the interaction of IMS processes, IMS procedures and/or referral thereto, hierarchy and management of documented information, as well as other elements of IMS. The preparation of the Rules of Procedure and its verification are carried out in the same way as for other IMS documents.

The Rules of Procedure document is approved by the company's CEO. The original copy of the Rules of Procedure is archived in hard copy (in a register kept in the IMS Department) and electronically (on INFONET). Copies that have not been inspected are not subject to changes and are provided to business partners with the last revision, upon CEO's approval.

IMS and its processes

ENTEL has in place, maintains and continuously improves IMS in compliance with requirements of ISO 9001:2015 (QMS), ISO 14001:2015 (EMS), ISO 45001:2018 (OH&S), ISO 50001:2018 (EnMS), ISO 27001:2013 (ISMS) and the Rules of Procedure. The processes defined in the Rules of Procedure are described in detail in IMS procedures, which define the standard procedure for key processes, and identify process owners and responsibilities of other participants.

a) The model of ENTEL's integrated management system by process is presented in Figures 3-1 and 3-2. It consists of the following processes:

GOVERNANCE PROCESSES - LEADERSHIP AND PLANNING

- Strategic planning (mission, vision, system of values, strategy, policies per area) and IMS goals (quality, environmental protection, OH&S and employee consultations, energy efficiency and information security)
- Business planning
- Definition of roles, responsibilities, authorisations and communication
- Risks and opportunities related to IMS.

Table 3-1: External stakeholders

Stakeholder	**Interests/Requirements /Expectations**	**Criticality level**	**Communication method**
Clients	♦ Fulfilment of requirements ♦ High-quality products/ services ♦ Favourable prices ♦ Observance of agreed-upon deadlines ♦ Flexibility in fulfilment of requirements ♦ Support to implementation of development plans ♦ Information security	1	♦ Market research ♦ Bids/contracts ♦ Project progress monitoring ♦ Professional advice, technical inspections, audits ♦ Collection dynamics
Suppliers	♦ Partnership relationship ♦ Business stability ♦ Common approach to markets ♦ Environmental protection, OH&S ♦ Information security	3	♦ Market research ♦ Bids and contracts ♦ Contracts with suppliers
Financial institutions	♦ Partnership relationships ♦ Business stability ♦ Sustainable business growth	3	♦ Daily business communication
Competition	♦ Fair competition ♦ Ethics and fair business conduct ♦ Fight against corruption	3	♦ Market research Tender procedures
State authorities and regulatory bodies	♦ Compliance with laws and regulations ♦ Regular payment of taxes and contributions ♦ Respect for employees' rights ♦ Observance of copyrights ♦ Support to infrastructure development	2	♦ General Assembly ♦ Communication with competent authorities and institutions during project implementation

Occupational medicine institutions	♦ Safe and healthy workplace	2	♦ Communication with institutions
Local community	♦ Corporate social responsibility ♦ Environmental protection ♦ Rational use of natural and energy resources ♦ Support to meeting the needs of local communities	2	♦ Communication with local self-government units ♦ Communication with social organisations
Employee families	♦ Healthy and safe workplace conditions	1	♦ Periodic contact and cooperation, when needed
EP Holding	♦ Business stability ♦ Sustainable business growth ♦ Standardisation and business development ♦ Cooperation between members of the business system ♦ Common approach to markets ♦ Avoiding competition between members of the business system (group) ♦ Information security	2	♦ Daily business communication ♦ Executive Board ♦ General Assembly ♦ Internal audit

Table 3-2 Internal stakeholders

Stakeholder	**Interests/Requirements /Expectations**	**Criticality level**	**Communication method**
Shareholders	♦ Sustainable business growth ♦ Business stability ♦ Earning profit and dividends ♦ Increase in the value of shares ♦ Transparency of business operations ♦ Ethics and fair business conduct	2	♦ General Assembly ♦ Board of Directors
Management	♦ Sustainable business growth ♦ Business stability ♦ Supplier support ♦ Financial institutions support ♦ Appropriate attitude to employees ♦ Rewards must be proportionate to risks taken	2	♦ Board of Directors ♦ Daily business communication
Trade unions	♦ Sustainable business growth ♦ Business stability ♦ Good, safe and healthy workplace conditions	2	♦ Daily communication ♦ OH&S Board
Interns/visitors	♦ Good, safe and healthy workplace conditions ♦ Information security	1	♦ Internship contracts ♦ Persons who receive visitors
Workers	♦ Employment security ♦ Regular and decent salaries ♦ Good, safe and healthy workplace conditions	2	♦ Board of the trade union ♦ OH&S Board ♦ Daily business

	♦ Opportunity for further professional training and promotion ♦ Good interpersonal relationships ♦ Environmental protection ♦ Personal data protection		communication

SUPPORTING PROCESSES - RESOURCE MANAGEMENT

- Human resources management
- Knowledge management
- Infrastructure maintenance - business premises, equipment and tools
- Information technology infrastructure
- Finance management
- Managing law regulations and value adjustment

BASIC BUSINESS PROCESSES - OPERATIONS

- Communication with customers (marketing, bidding and contracting)
- Planning the sale of products and provision of services
- Procurement - external procurement of products and services
- Testing, inspection, verification and validation
- Delivery of products and services
- Post-delivery activities
- Waste management
- Incident investigation
- Emergency preparedness and response

VALUATION OF PERFORMANCES AND IMPROVEMENT PROCESS

- Measurement of customer satisfaction
- Monitoring and measurement of process and product performances
- Resolving non-conformities
- Implementation of corrective measures
- Internal audit
- Re-examination by the management.

b) Interconnectedness of IMS processes

The interconnectedness of processes outlined under point a) is presented in Figures 3-1 and 3-2. Figure 3-1 shows the corporate processes, supporting processes and processes relevant to the valuation of performances and improvements. Figure 3-2 shows details of operational processes for product sales. The figures are mutually connected by lines of planning ("a"), performance monitoring and measurement ("b") and improvements ("c").

The analysis of external and internal matters covers the elements defined in point 4.1 of the Rules of Procedure to understand the needs, requirements and expectations of shareholders and stakeholders defined under point 4.2 of the Rules of Procedure. This analysis is the basis of the strategic planning process whose outcome is the mid-term (usually four-year or five-year) development plan, created in coordination with Energoprojekt Holding. It is used to understand the risks and opportunities on the global level. Based on the mid-term development plan, an annual plan is prepared for each calendar year detailing the implementation of the mid-term plan, risks and opportunities and ensuring all necessary preconditions related to human resources, infrastructure, information technologies and finances. The business planning process is associated with the product manufacturing plan (Line "a"). In addition, based on the business planning results, the responsibilities, authority and communication and necessary preconditions for the implementation of the annual plan are defined precisely.

The implementation of the annual plan, as well as the company's performance, is monitored through product verification and validation (line "b") and based on the IMS internal audit results and reviews performed by the management annually. Based on monitoring and measurement results, which include monitoring and/or measurement of customer satisfaction, including satisfaction of stakeholders, the IMS correction and improvement measures are initiated and implemented. These improvements have an impact on business planning and basic processes, including marketing processes, product implementation planning and product sales processes (line "c").

The process of communication with ENTEL's customers, presented in Figure 4-2, includes the bidding and contracting that takes place through the marketing process which includes market research (in case the penetration of new markets or broadening the offer on existing markets is planned), product presentation to potential customers (including pre-qualification) and the preparation and submission of bids. This process is the basis for contracting i.e. preparation and presentation of contracts.

The ENTEL product sale and service provision processes fully comply with the project management principles in-built in the IMS procedures. Each contract is implemented as a special business venture - each project is assigned its own project manager and project team created jointly with ENTEL's organisational units.

The project management in ENTEL is generally based on the matrix project organisation and, exceptionally, for large and long-term projects, the project model is applied. The IMS procedures span the entire project lifecycle, from its origination and conception through planning, monitoring, control and reporting until its conclusion.

The planning process for product sale and service provision starts with the project origination, preparation and approval of the basic plan document (TEP - Technical Economic Project Implementation Design) is the baseline for operational planning as part of the product preparation i.e. service provision. At the same time, this document covers the planning of project design and development, regardless of whether it deals with an existing but modified or brand new product.

The design process in ENTEL primarily refers to the creation of a product or service concept based on the customer's specific requirements, while the development process refers to the methodology applied to prepare a product or provide a service.

The product planning process is closely connected to business planning and it is carried out by taking into account risks and opportunities and available human resources, infrastructure, information technologies and finances (line "a").

The product preparation/service provision is based on a series of policies and guidelines which define ENTEL's standard products (design documentation - studies, bids, technical documents), consultancy services and products which are subject to special design and development (software). During product preparation i.e. service provision process, the products and/or services are reviewed (through internal control) and verified (through the ENTEL's Council of Experts), and following the delivery, various forms of validation are carried out (technical inspection i.e. expert audit of the design documentation, handover of software, etc.) together with the customer. The verification and validation processes result in elements to be used for monitoring and measuring performance (line "b"). These elements are the basis for the implementation of measures for corrections and improvements to the IMS, which have an impact on marketing, product preparation and sale.

c) Methods and criteria for effective process performance and management

Methods and criteria for effective process performance and management listed in point a) are determined based on the management conditions, resources, input and output defined in the Rules of Procedure and other policies.

d) Information and criteria for supporting process performance and monitoring

Information and resources needed to provide support to process performance and monitoring are provided through market analysis, the re-examination of customers' needs, requirements and expectations, regulatory compliance (laws, standards) in the area of planning and construction, environmental protection, occupational health and safety, energy efficiency, use and consumption of energy and information security, including through monitoring of international legislation regulating bidding for equipment and works for the construction of buildings and through monitoring of advancements in technologies and changes in basic equipment parameters for buildings which fall within the scope of ENTEL's work.

Compliance management is defined by a special policy EN-09P-17.

e) Valuation of performance and improvements thereto

Monitoring, measurement and analysis of processes listed under point a) and measures to ensure continuity of improvements is carried out in accordance with chapters 9 and 10 of the ISO 9001 and other management standards.

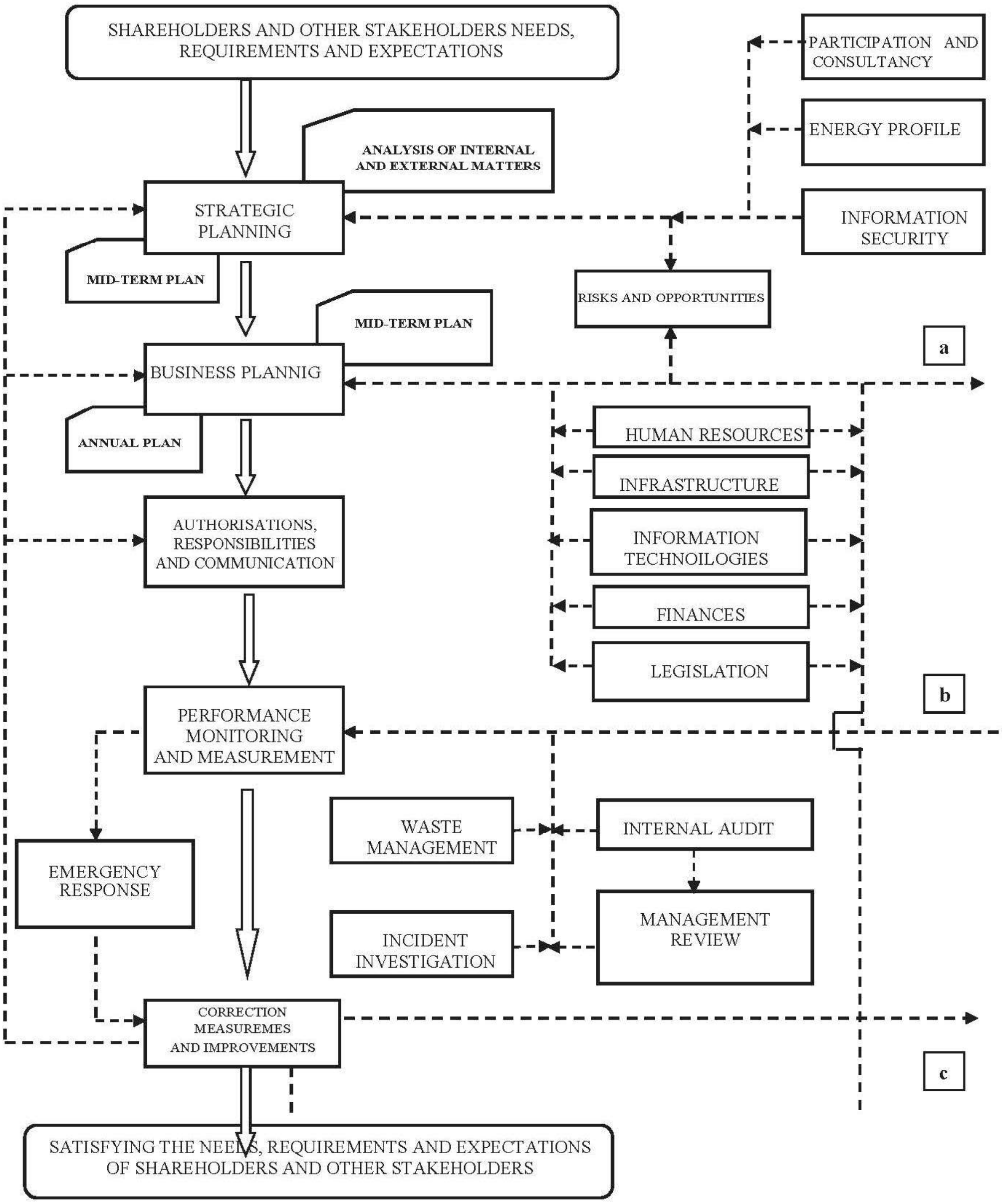
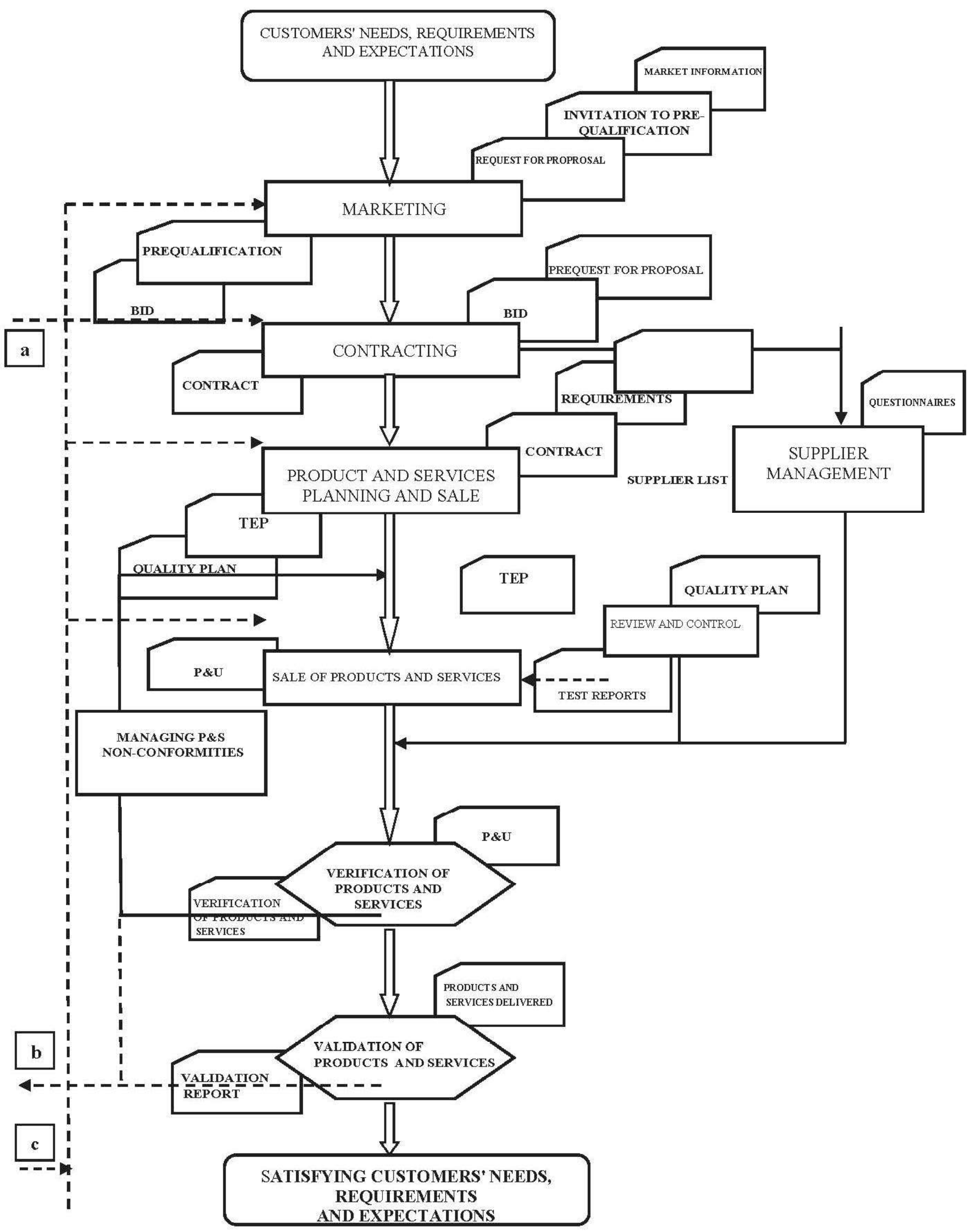

SHAREHOLDERS AND OTHER STAKEHOLDERS NEEDS, REQUIREMENTS AND EXPECTATIONS
ANALYSIS OF INTERNAL AND EXTERNAL MATTERS
STRATEGIC PLANNING
MID-TERM PLAN
PARTICIPATION AND CONSULTANCY
ENERGY PROFILE
INFORMATION SECURITY
RISKS AND OPPORTUNITIES
MID-TERM PLAN
BUSINESS PLANNIG
a
ANNUAL PLAN
HUMAN RESOURCES
INFRASTRUCTURE
AUTHORISATIONS, RESPONSIBILITIES AND COMMUNICATION
INFORMATION TECHNOILOGIES
FINANCES
LEGISLATION
b
PERFORMANCE MONITORING AND MEASUREMENT
WASTE MANAGEMENT
INTERNAL AUDIT
EMERGENCY RESPONSE
MANAGEMENT REVIEW
INCIDENT INVESTIGATION
CORRECTION MEASUREMES AND IMPROVEMENTS
c
SATISFYING THE NEEDS, REQUIREMENTS AND EXPECTATIONS OF SHAREHOLDERS AND OTHER STAKEHOLDERS

Fig. 3-1 IMS ENTEL Processes

Fig. 3-1 IMS ENTEL Processes



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Requirements for environmental protection management system

According to the requirements of ISO14001:2015 standard, ENTEL's impact on the environment is realised in three key areas (aspects):

- Preparation of design documentation (studies, bids, technical documents) which envisages measures to be taken to eliminate or at least reduce the environmental impact of buildings designed by ENTEL.
- Construction supervision, where ENTEL supervises the performance of works during which measures must be taken to avoid adverse effects on the environment. These measures are envisaged by the contractor and ENTEL, in the capacity of the consultant, is obliged to draw attention to any omissions which could result in an adverse impact on the environment.
- The administration building and other premises of ENTEL, where ENTEL can directly implement measures regarding solid waste management, electronic waste, electricity and water consumption, etc. In this segment, ENTEL cooperates with other companies within the Energoproject group, as they all use the same building.

These forms of environmental impact are regulated by special policies EN-14P-01 (regulating the aspect of impact, impact valuation, including risks and opportunities, decision-making on significant aspects for which environmental protection program is planned and implemented) and EN-14P-02 (regulating measures to be taken in the event of a threat to the environment or occupational health and safety) and Guidelines EN-14I-01 and EN-14I-02 (regulating solid waste management and electricity and water consumption).

Requirements for the occupational health and safety management system

According to requirements of OH&S ISO 45001:2018, ENTEL's impact on occupational health and safety and plant and equipment security is realised in three areas (aspects):

- Preparation of design documentation (studies, bids, technical documents) which envisages measures to be taken to eliminate or at least reduce the impact on occupational health and safety and equipment and plant security.
- Construction supervision, where ENTEL supervises the performance of works during which measures must be taken to avoid adverse impact on the OH&S and equipment and plant security. These measures are envisaged by the contractor and ENTEL, in the capacity of the consultant, is obliged to draw attention to any omissions which could result in an adverse impact on the OH&S and plant and equipment security.
- The administration building and other premises of ENTEL, where ENTEL can directly implement OH&S measures for its employees and other persons who may visit or stay in these areas (visitors, interns, business partners, etc.).

These forms of impact are defined in a special policy EN-45P-01 which outlines threats to OH&S and methods of assessment of risks and opportunities and countering them and in Guideline EN-45I-01 which defines the plan for occupational health and safety. Identification of threats and resolution of risks and opportunities, including incident management, are activities which require active involvement of employees. A special EP and OH&S policy EN-14P-02 defines emergency preparedness and response activities.

Under the legislation in force in Serbia, ENTEL prepared the Risk Assessment Act for individual job positions, in cooperation with the occupational medicine staff, appointed an OHS Officer and established appropriate records of OHS activities which are regularly maintained. Five job groups were identified - administrative-technical jobs in the administration building (management, designers), technical supervision jobs, drivers and canteen workers.

Requirements for energy management system

According to requirements of ISO 50001:2018, ENTEL's impact on energy efficiency, electricity use and consumption is reflected in three key areas:

- Preparation of design documentation (studies, bids, technical documents) which envisages solutions that comply with rational utilisation of all forms of energy. The focus is in particular on the procurement specification where the company takes care to use energy-efficient products.
- Construction supervision, where ENTEL supervises the performance of works during which measures must be taken to avoid irrational utilisation of energy. These measures are envisaged by the contractor and ENTEL, in the capacity of the consultant, is obliged to draw attention to any omissions which could result in an adverse impact on energy efficiency, energy use and consumption. In this segment, the company consumes energy mostly as fuel for company cars.
- The administration building and other premises of ENTEL, where ENTEL can directly implement measures for energy efficiency, energy use and consumption. In this segment, ENTEL cooperates with other companies within the Energoprojekt group as they are common users of the administration building and because metering points for energy and heat consumption are shared. In this segment, the company's significant consumption of energy refers to electricity and heat consumption for lighting and equipment, as well as for heating and cooling of business premises.

These aspects of impact are regulated by a special policy EN-50P-01 (regulates initial energy profile and action plans for energy efficiency, energy use and consumption) and Guideline EN-14I-02 (regulates electricity consumption management).

Requirements for information security system

According to requirements of ISO 27001:2013, ENTEL's impact on information security in all 14 areas of information security outlined in Annex A to this standard is achieved through harmonisation with 35 goals of control and by applying 114 control mechanisms in line with its business activities. Key elements of information security are reflected through:

- Register of information property classified into 6 types (purely information assets - data and information in any form, software - application and system software, tangible (physical) information assets, and services, human information assets - personnel and intangible assets (knowledge, licenses, certificates, reputation).

- Evaluation of information security risks, taking into account the value of information assets, probability of undesirable events and impact of such events on the information assets, based on their vulnerability
- Taking actions to mitigate information security risks
- Business continuity plan
- Statement of compliance.

These activities are regulated by a special policy EN-27P-01 which defines the methodology for information security risk assessment, actions to be taken regarding security incidents and the preparation of the business continuity plan*. A special Guideline EN-27I-01 defines in more detail the procedures for information security. A special segment of information security refers to elements related to the implementation of the remote work concept and connecting the ENTEL's information system with the document management system at the Energoprojekt level.

Personal data protection is the subject of a special policy EN-27P-02. This policy covers personal data analysis (mapping) processes, assessment of the impact on personal data security, the procedure to be followed in the case of a breach of personal data, giving and revoking consents to personal data processing, procedures for employees to exercise their right of access to their data and right of deletion. The policy is founded on the general frameworks established through Policy EN-27P-01, applicable provisions of the European General Data Protection Regulation and the Serbian Law on Personal Data Protection. The policy applies to the personal data of employees and their family members, candidates for employment with ENTEL via advertising and/or ENTEL's website, and to other data subjects - suppliers (subcontractors, suppliers, service providers), consultants, notified body, interns and other business partners.

Key non-financial performance indicators

We believe that key non-financial performance indicators are reflected in the company's stable operation both domestically and internationally. This is evident in our presence and involvement in the dynamic markets of the Middle East. We have been present in Qatar since 1992 and involved in all major state-funded projects in the area of electricity transmission when we were involved in phases IV, V, VI, VII, VIII, IX, XI, XII and XIII out of 13 phases of Qatar electrification project.
We also participated in the subway construction project in Doha. We worked on the Mega Reservoir project, one of the largest in the world, in respect of the water desalination system and water supplies in the tanks.
Most importantly, we have established an excellent relationship with our traditional and long-standing partner KAHRAMAA, which is a counterpart to our Elektroprivreda Srbije.
This successful and long-lasting cooperation is supported by certificates presented in the pictures below.

In-Country Value

ICV Scorecard Certificate

This Certificate is issued to:

ENERGOPROJEKT ENTEL LTD

Commercial Registration Number: LCS/14905 | Address: 21st Floor Palm Tower B West Bay

ICV Certification Details

Certificate Number	Certifier	Financial Year
10000848	Morison & Kuriachan Kuriakose Chartered Accountants	31 December 2020
Issue Date	**Expiry Date**	**Download Date**
04 October 2022	04 October 2023	04 October 2022

ICV Score & Contribution

Valid

ICV Score 54.78%

A. Goods & Services	50.91%
B. Workforce Training	0.01%
C. Supplier Development	0.00%
D. Investments in Fixed Assets	3.86%

On behalf of
ENERGOPROJEKT ENTEL LTD

04 October 2022

Full Name
MOMCILO MRVIC

Position
REGIONAL DIRECTOR

Signature

On behalf of
Morison & Kuriachan Kuriakose
Chartered Accountants

04 October 2022

Full Name
George George Karikampallil

Position
Engagement Leader - ICV Certification

Signature

Notes 1) This ICV Certificate is an extraction from Morison & Kuriachan Kuriakose Chartered Accountants's full ICV report dated 04/10/2022 and should be read in conjunction with the cover letter and factual findings report relevant to the ICV score in the full ICV report.

2) This full ICV report is issued vide an engagement letter between Morison & Kuriachan Kuriakose Chartered Accountants and ENERGOPROJEKT ENTEL LTD dated 15/05/2022. Morison & Kuriachan Kuriakose Chartered Accountants does not accept or assume any liability, responsibility or duty of care for any use of or reliance on this document by anyone, other than the intended recipient to the extent agreed in the engagement letter.

3) In the case any information included in the ICV Certificate requires further validation, contact should be made with Tawteen.

We have been doing business in the United Arab Emirates (UAE) since 2001 and we were involved in some very important state-funded and infrastructure projects in connection with the largest residential and commercial buildings.

The company's traditional and long-lasting partners are DEWA and Transco, state-owned entities which are counterparts to Elektroprivreda Srbija. We also have some other important clients such as Meraas, Emaar, DP World, and Etihad Railway. This successful and long-lasting cooperation is documented by certificates provided in the photos below.

IN-COUNTRY VALUE CERTIFICATE

Certificate ID: **113574**
Issue Date: **15.12.2021**
Valid Until: **23.12.2022**

ENERGO CONSULT - L L C

35.10%

Company General Information
License No.: **CN-1044511**
Company Type: **SME in UAE**
Financial Year End Date: **31.12.2020**
Company based in: **Within UAE**
Company Business: **SERVICE PROVIDER**

For Cases of Re-Certification
Re-Certification (*) No.:

Reason for this Re-Certification

Signed By
On behalf of Supplier

Name:
Vladimir Milosevic

Designation:
Resident Manager

Verified as per ICV Agreed Upon Procedures (AUP)
On behalf of Certification Body

Name:
Peter Brooks

Designation:
Senior Partner & Managing Directo

Electronically signed by Peter Brooks

Company:
Baker Tilly MKM Chartered Accountants

Certificate Issued Based on ICV Version: 3.0

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We have been doing business in Oman since 1997 and we were involved in many electricity transmission projects in connection with the preparation of design documents and supervision of water supply and sewerage networks in Oman.

The company's traditional and long-lasting partners are OETC and OWWSC, state-owned entities which are counterparts to Elektroprivreda Srbija.

Mladen Simović
398291

Digitally signed by
Mladen Simović
398291
Date: 28 April 2023
14:13:42 +02'00'

Mladen
Simović
398291

Digitally signed by
Mladen Simović
398291
Date: 2023.07.27
12:53:25 +02'00'

VI. STATEMENT OF PERSONS RESPONSIBLE FOR THE PREPARATION OF THE ANNUAL CONSOLIDATED FINANCIAL STATEMENT

According to our best knowledge, the annual consolidated financial statements have been prepared in compliance with relevant international financial reporting standards and present the true and fair value of the company's assets, liabilities, financial position and operations, profit and loss, cash flows and changes in equity, including companies covered by consolidation.

Person responsible for the preparation of the Annual Business Report:	Legal representative
Energoprojekt Entel a.d.	Energoprojekt Entel a.d.
Finance and Accounting Executive Director	Director
Gordana Lisov	Mladen Simović
Gordana Lisov 63034 Digitally signed by Gordana Lisov 63034 Date: 2023.07.27 12:52:42 +02'00'	Mladen Simović 398291 Digitally signed by Mladen Simović 398291 Date: 2023.07.27 12:53:53 +02'00'

VII. COMPANY COMPETENT BODY'S DECISION ON THE ADOPTION OF THE ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

Note*:

- The annual consolidated financial statements of Energoprojekt Entel a.d. for the year 2022 were approved and adopted by the BOARD OF DIRECTORS OF ENERGOPROJEKT ENTEL on 29 March 2023 on the 66th meeting of the BoD.

Person responsible for the preparation of the Annual Business Report:	Legal representative
Energoprojekt Entel a.d.	Energoprojekt Entel a.d.
Finance and Accounting Executive Director	Director
Gordana Lisov	Mladen Simović
Gordana Lisov 63034 Digitally signed by Gordana Lisov 63034 Date: 2023.07.27 12:52:21 +02'00'	Mladen Simović 398291 Digitally signed by Mladen Simović 398291 Date: 2023.07.27 12:54:19 +02'00'

VIII. DECISION ON PROFIT DISTRIBUTION OR LOSS COVERAGE*

Note*:

- The decision on profit distribution for the year 2022 will be adopted at the regular annual meeting of the General Assembly. The Company will publish the competent body's decision on profit distribution in its entirety.

Person responsible for the preparation of the Annual Business Report:	Legal representative
Energoprojekt Entel a.d.	Energoprojekt Entel a.d.
Finance and Accounting Executive Director	Director
Gordana Lisov	Mladen Simović
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