ENERGOPROJEKT ENTEL A.D., BEOGRAD

Consolidated Financial Statements for 2023 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, 2023, 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, 2023, 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 2023. 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 2023, 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 2023 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.

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.

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

Belgrade, April 26, 2024

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

Stanimirka Svičević, Certified Auditor

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31.12.2023

(in thousand Dinar)

Account group, account	POSITION	AOP	Notes*	Amount		
				Current year	Previous year	
					Ending balance on 31.12.2022.	Opening balance on 01.01.2022.
1	2	3	4	5	6	7
	ASSETS					
0	**A. UNPAID SUBSCRIBED CAPITAL**	0001				
	B. FIXED ASSETS (0003 + 0009 + 0017 + 0018 + 0028)	0002		2.293.984	2.969.825	
01	I. INTANGIBLE ASSETS (0004 + 0005 + 0006 + 0007 + 0008)	0003		3.922	5.505	
010	1. Investment in development	0004				
011, 012 and 014	2. Concessions, patents, licenses, similar rights, software and other rights	0005	25.	3.922	5.505	
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		1.154.226	1.128.203	
020, 021 and 022	1. Land and buildings	0010	26.1	810.715	754.821	
023	2. Plant and equipment	0011	26.1	89.075	101.783	
024	3. Investment property	0012				
025 and 027	4. Property, plant and equipment under constructio leased and property, plant and equipment under construction	0013	26.1	254.147	271.310	
026 and 028	5. Other property, plant and equipment and investment in PPE owned by third parties	0014	26.1	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		1.133.680	1.832.441	
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	27.	100.377	102.388	
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	27.	1.033.303	1.730.053	
28 (p.o.), except 288	V. LONG TERM PREPAYMENTS AND ACCURED INCOME	0028	28.	2.156	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 31.12.2022.	Opening balance on 01.01.2022.
1	2	3	4	5	6	7
	G. CURRENT ASSETS (0031 + 0037 + 0038 + 0044 + 0048 + 0057+ 0058)	0030		3.580.896	3.215.247	
Class 1 (except 14)	I. INVENTORIES (0032 + 0033 + 0034 + 0035 + 0036)	0031		21.757	11.552	
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	29.	15.617	6.287	
151, 153 and 155	5. Advance payaments for inventories and services - foreign	0036	29.	6.140	5.265	
14	II Non-current assets held for trading	0037				
20	III. TRADE RECEIVABLES (0039 + 0040 + 0041 + 0042 + 0043)	0038		1.080.610	1.094.415	
204	1. Trade receivables- domestic third party	0039	30.	142.303	296.343	
205	2. Trade receivables- foreign third party	0040	30.	938.284	797.643	
200 and 202	3. Trade receivables- domestic parent companies, subsidiaries and other associated entities	0041	30.	23	429	
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		136.411	152.632	
21, 22 except (223 and 224) and 27	1. Other receivables	0045	31.	136.411	152.632	
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		1.269.080	835.620	
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	32.	1.269.080	835.620	
24	VI. CASH AND CASH EQUIVALENTS	0057	33.	501.026	504.020	
28 (p.o.) except 288	VII. SHORT-TERMS PREPAYMENTS AND ACCURED INCOME	0058	34.	572.012	617.008	
	D. TOTAL ASSETS = OPERATING ASSETS (0001 + 0002 + 0029 + 0030)	0059		5.874.880	6.185.072	
88	**Đ. OFF BALANCE ASSETS**	0060	48.	1.821.190	1.909.895	
	EQUITY AND LIABILITIES					

(in thousand Dinar)

Account group, account	POSITION	AOP	Notes*	Amount		
				Current year	Previous year	
					Ending balance on 31.12.2022.	Opening balance on 01.01.2022.
1	2	3	4	5	6	7
	A. EQUITY (0402 + 0403 + 0404 + 0405 + 0406 - 0407 + 0408 + 0411 - 0412) ≥ 0	0401		4.165.692	4.133.829	
30, except 306	I. BASIC CAPITAL	0402	35.	173.223	173.223	
31	II. UNPAID SUBSCRIBED CAPITAL	0403				
306	III. SHARE PREMIUMS	0404				
32	IV. RESERVES	0405	35.	23.959	24.008	
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	35.	445.033	375.496	
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		3.523.477	3.561.102	
340	1. Retained profit from previous years	0409	35.	3.197.311	3.265.260	
341	2. Retained profit from current year	0410	35.	326.166	295.842	
	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		676.520	854.880	
40	I. LONG- TERM PROVISIONS (0417 + 0418 + 0419)	0416		489.836	625.126	
404	1. Provisions for employees benefits	0417	36.	267.083	311.621	
400	2. Provisions for costs incurred during the warranty period	0418	36.	222.753	313.505	
40, except 400 and 404	3. Other long-term provisions	0419				
41	II. LONG- TERM LIABILITIES (0421 + 0422 + 0423 + 0424 + 0425 + 0426 + 0427)	0420		149.295	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	37.	149.295	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	38.	37.389	69.667	
498	**V. DEFFERED TAX LIABILITIES**	0429	39.	64.303	59.760	
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		968.365	1.136.603	
467	I. SHORT - TERM PROVISIONS	0432				
42, except 427	II. SHORT-TERM FINANCIAL LIABILITIES (0434 + 0435 + 0436 + 0437 + 0438 + 0439 + 0440)	0433		81.768	82.042	

(in thousand Dinar)

Account group, account	POSITION	AOP	Notes*	Amount		
				Current year	Previous year	
					Ending balance on 31.12.2022.	Opening balance on 01.01.2022.
1	2	3	4	5	6	7
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				
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	40.	81.768	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	40.	66.943	41.166	
43 except 430	III. LIABILITIES FROM BUSINESS OPERATIONS (0443 + 0444 + 0445 + 0446 + 0447 + 0448)	0442		479.639	657.342	
431 and 433	1. Liabilities to suppliers - parent companies, subsidiaries and other related parties - domestic	0443	41.	5.896	9.837	
432 and 434	2. Liabilities to suppliers - parent companies, subsidiaries and other related parties - foreign	0444				
435	3. Liabilities to suppliers - domestic	0445	41.	8.626	10.693	
436	4. Liabilities to suppliers - foreign	0446	41.	464.144	636.179	
439 (p.o.)	5. Liabilities for bill of exchange	0447				
439 (p.o.)	6. Other liabilities from business operations	0448	41.	973	633	
44,45,46, except 467, 47 and 48	V. OTHER SHORT-TERM LIABILITIES (0450 + 0451 + 0452)	0449		331.683	272.656	
44, 45 and 46 except 467	1. Other short-term liabilities	0450	42.	267.420	220.181	
47, 48 except 481	2. Liabilities for value added tax and other public revenue	0451	43.	44.176	32.859	
481	3. Liabilities for income tax	0452	44.	20.087	19.616	
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	45.	8.332	83.397	
	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		5.874.880	6.185.072	
89	**Ž. OFF BALANCE LIABILITIES**	0457	48.	1.821.190	1.909.895	

*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 20.03.2024. i and were signed by the legal representative Energoprojekt Entel - Beograd.

ENERGOPROJEKT ENTEL BEOGRAD

Mladen Simović

Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period between 01.01.2023. and 31.12.2023.

(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		3.794.044	4.004.118
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		3.793.861	4.004.118
610, 612 and 614	1. Sales of finished goods and services rendered to domestic customers	1006	11.	777.584	697.610
611, 613 and 615	2. Sales of finished goods and services rendered to foreign customers	1007	11.	3.016.277	3.306.508
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			
68, except 683, 685 and 686	VII.INCOME FROM ASSETS VALUE ADJUSTMENT (EXCEPT FINANCIAL)	1012	12.	183	
	B. OPERATING EXPENSES (1014 + 1015 + 1016 + 1020 + 1021 + 1022 + 1023 + 1024)	1013		3.590.264	3.815.406
50	I. COST OF GOODS SOLD - COGS	1014			
51	II. COST OF MATERIAL, FUEL AND ENERGY	1015	13.	109.279	125.509
52	III. COSTS OF SALARIES, FRINGE BENEFITS AND OTHER PERSONAL EXPENSES (1017 + 1018 + 1019)	1016		2.235.121	2.357.637
520	1. Costs of salarie and fringe benefits	1017	14.	2.085.862	2.212.869
521	2. Costs of tax,earnings contributions and fringe benefits	1018	14.	62.105	65.598
52 except 520 and 521	3. Other personal expenses and indemnity	1019	14.	87.154	79.170
540	IV. DEPRECIATION COSTS	1020	15.	120.431	129.394
58, except 583, 585 and 586	V. EXPENSES FROM PROPERTY VALUE ADJUSTMENT (EXCEPT FINANCIAL)	1021	16.	2.603	
53	VI. COSTS OF PRODUCTION SERVICES	1022	17.	641.476	639.285
54, except 540	VII. PROVISIONS COSTS	1023	18.	64.621	56.275
55	VIII. NON-PRODUCTION COSTS	1024	19.	416.733	507.306
	V. OPERATING PROFIT (1001 - 1013) ≥ 0	1025		203.780	188.712
	G. OPERATING LOSS (1013 - 1001) ≥ 0	1026			
	D. FINANCIAL INCOME (1028 + 1029 + 1030 + 1031)	1027		114.598	67.039
660 and 661	I. FINANCIAL INCOME FROM RELATIONS WITH PARENTS COMPANIES, SUBSIDIARIES AND OTHER RELATED PARTIES	1028	20.1	8	18
662	II. INCOME FROM INTEREST	1029	20.1	76.052	12.616
663 and 664	III. FX GAINS AND INCOME FOR THE EFFECTS OF CURRENCY CLAUSE	1030	20.1	1.443	6.293
665 and 669	IV. OTHER FINANCIAL INCOME	1031	20.1	37.095	48.112
	Đ. FINANCIAL EXPENSES (1033 + 1034 + 1035 + 1036)	1032		18.335	24.811
560 and 561	I. FINANCIAL EXPENSES FROM RELATIONS WITH PARENTS COMPANIES, SUBSIDIARIES AND OTHER RELATED PARTIES	1033	20.2	1	1

(in thousand Dinar)

Account group, account	POSITION	AOP	Notes*	Amount	
				Current year	Previous year
1	2	3	4	5	6
562	II. COSTS OF INTERESTS	1034	20.2	14.570	14.996
563 and 564	III. FX LOSSES AND LOSSES FOR CURRENCY CLAUSE EFFECTS	1035	20.2	3.764	9.814
565 and 569	IV. OTHER FINANCIAL EXPENSES	1036			
	E. FINANCIAL PROFIT (1027 - 1032) ≥ 0	1037		96.263	42.228
	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	21.1	110.969	129.303
57	**K. OTHER EXPENSES**	1042	21.2	65.943	41.031
	L. TOTAL INCOME (1001 + 1027 + 1039 + 1041)	1043		4.019.611	4.200.460
	LJ. TOTAL EXPENSES (1013 + 1032 + 1040 + 1042)	1044		3.674.542	3.881.248
	M. PROFIT FROM OPERATIONS BEFORE TAXATION (1043 - 1044) ≥ 0	1045		345.069	319.212
	N. LOSS FROM OPERATIONS BEFORE TAXATION (1044 - 1043) ≥ 0	1046			
69 minus 59	**NJ. NET OPERATING PROFIT FROM DISCONTINUED OPERATIONS**	1047		1.613	56
59 minus 69	**O. NET OPERATING LOSS FROM DISCONTINUED OPERATIONS**	1048			
	P. ROFIT BEFORE TAXATION (1045 - 1046 + 1047 - 1048) ≥ 0	1049	23.	346.682	319.268
	R. LOSS BEFORE TAXATION (1046 - 1045 + 1048 - 1047) ≥ 0	1050			
	S. POREZ NA DOBITAK				
721	I. TAX EXPENSES FOR THE PERIOD	1051	23.	25.782	23.314
722 debt balance	II. DEFERRED TAX COSTS FOR THE PERIOD	1052	23.		112
722 demand balance	III. DEFERRED TAX INCOME FOR THE PERIOD	1053	23.	5.266	
723	**T. EMPLOYER`S EARNINGS PAID OUT**	1054			
	Ć. NET PROFIT (1049 - 1050 -1051 - 1052 + 1053 - 1054) ≥ 0	1055		326.166	295.842
	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	23.	326.166	295.842
	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	24.	772	700
	2. Diluted earnings per share	1062			

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

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the period between 01.01.2023. and 31.12.2023.

(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		326.166	295.842
	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		86.305	
	b) decrease in revaluation reserves	2004		19	
331	2. Actuarial gains (losses) on defined benefit plans				
	a) gains	2005		7	
	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
	b) losses	2012		16.094	
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		70.199	11.208
	II. OTHER COMPREHENSIVE GROSS LOSS (2004 + 2006 + 2008 + 2010 + 2012 + 2014 + 2016 + 2018) - (2003 + 2005 + 2007 + 2009 + 2011 + 2013 + 2015 + 2017) ≥ 0	2020			

(in thousand Dinar)

Account group, account	POSITION	AOP	Notes*	Amount	
				Current year	Previous year
1	2	3	4	5	6
	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		70.199	11.208
	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		396.365	307.050
	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		396.365	307.050
	1. Attributable to parent legal entity	2028		396.365	307.050
	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

Energoprojekt Entel - Beograd

CONSOLIDATED STATEMENT OF CASH FLOWS

for the period from 01.01.2023. to 31.12.2023.

(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	4.508.015	4.235.505
1. Sales and advance payments received - domestic	3002	990.972	757.439
2. Sales and advance payments received - foreign	3003	3.464.494	3.436.578
3. Received interests from operating activities	3004	28.504	486
4. Other inflows from operating activities	3005	24.045	41.002
II. Cash outflows from operating activities (1 to 8)	3006	3.786.791	4.088.863
1. Payments to suppliers and advance prepayments - domestic	3007	289.305	296.276
2. Payments to suppliers and advance prepayments - foreign	3008	1.067.869	1.009.677
3. Wages, salaries and other personal costs	3009	2.182.177	2.538.456
4. Paid interests - domestic	3010	2	20
5. Paid interests - foreign	3011		
6. Corporate income tax	3012	41.159	27.913
7. Other payments to tax authorities	3013	197.777	210.876
8. Other outflows from operating activities	3014	8.502	5.645
III. Net cash inflow from operating activities (I-II)	3015	721.224	146.642
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	2.003.139	448.739
1. Sale of shares and stakes	3018		
2. Sale of intangible assets, property, plant, equipment and biological assets	3019	826	1.526
3. Other financial investments	3020	1.948.019	419.415
4. Interests received from investing activities	3021	44.898	13.700
5. Dividends received	3022	9.396	14.098
II. Cash outflows from investing activities (1 till 3)	3023	2.404.472	288.341
1. Purchase of shares and stakes	3024		
2. Purchase of intangible investments, property, plant, equipment and biological assets	3025	14.175	13.288
3. Other financial investments	3026	2.390.297	275.053
III. Net cash inflow from investing activities (I-II)	3027		160.398
IV. Net cash outflow from investing activities (II-I)	3028	401.333	
V. CASH INFLOW FROM FINANCING ACTIVITIES			
I. Cash inflows from financing activities (1 till 7)	3029	1.925	
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		

(in thousand Dinar)

POSITION	AOP	Amount	
		Current year	Previous year
1	2	3	4
7. Other short-term liabilities	3036	1.925	
I. Cash outflows from financing activities (1 till 8)	3037	311.372	378.004
1. Purchase of own shares and stakes	3038		
2. Long-term liabilities - domestic	3039		
3. Long-term liabilities - foreign	3040		
4. Short-term loans liabilities - domestic	3041		
5. Short-term loans liabilities - foreign	3042		
6. Other liabilities	3043	74.775	82.042
7. Financial lease	3044		
8. Paid dividends	3045	236.597	295.962
III. Net cash inflows from financing activities (I-II)	3046		
IV. Net cash outflows from financing activities (II-I)	3047	309.447	378.004
G. Total cash inflows (3001 + 3017 + 3029)	3048	6.513.079	4.684.244
D. Total cash outflows (3006 + 3023 + 3037)	3049	6.502.635	4.755.208
Đ. Net cash inflows (3048 - 3049)≥0	3050	10.444	
E. Net cash outflows (3049 - 3048)≥0	3051		70.964
Ž. Cash at the beginning of the calculation period	3052	504.020	536.480
Z. Positive exchange rate differences due to calculation of cash	3053	801	42.135
I. Negative exchange rate differences due to calculation of cash	3054	14.239	3.631
J. Cash at the end of reporting period (3050 - 3051 + 3052 + 3053 - 3054)	3055	501.026	504.020

Energoprojekt Entel - Beograd

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period from 01.01.2023. to 31.12.2023.

(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 01.01.2022**	4001	173.223	4010		4019		4028	23.937	4037	363.327	4046	3.473.683	4055		4064		4073	4.034.170	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 01.01.2022	4003	173.223	4012		4021		4030	23.937	4039	363.327	4048	3.473.683	4057		4066		4075	4.034.170	4084	
4	**Net changes in 2022.**	4004		4013		4022		4031	71	4040	12.169	4049	87.419	4058		4067		4076		4085	
5	Balance as at 31.12.2022	4005	173.223	4014		4023		4032	24.008	4041	375.496	4050	3.561.102	4059		4068		4077	4.133.829	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 01.01.2023**	4007	173.223	4016		4025		4034	24.008	4043	375.496	4052	3.561.102	4061		4070		4079	4.133.829	4088	
8	Net changes in 2023.	4008		4017		4026		4035	-49	4044	69.537	4053	-37.625	4062		4071		4080		4089	
9	Balance as at 31.12.2023	4009	173.223	4018		4027		4036	23.959	4045	445.033	4054	3.523.477	4063		4072		4081	4.165.692	4090	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR 2023

Belgrade, 2024

CONTENTS

1. BASIC INFORMATION ON THE COMPANY

Seat	**Belgrade, Bulevar Mihaila Pupina 12**
Company Registration Number	07470975
Activity Code and Name	7112
Tax Identification Number	100389086

Parent Company's subsidiaries abroad are as follows:

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

The above companies form a group:

- **Energoprojekt Entel**

The percentage of ownership of the Parent Company in the aforementioned subsidiaries and affiliated companies is shown in the following table.

Participation in the capital of subsidiaries and other related and affiliated legal entities	
SUBSIDIARY NAME	***% of ownership***
ENERGOPROJEKT QATAR	100
ENERGOPROJEKT ENTEL OMAN L.L.C	100
ENERGO CONSULT UAE LLC	100
ENERGOPROJEKT BAHRAIN	100
AFFILIATED ENTITY	
ENERGOPLAST DOO	20

According to the criteria specified in the Law on Accounting, the Parent Company is classified as a medium-sized legal entity.
The Parent Company's shares were removed from the Stock Exchange based on the decision on the exclusion of shares from the Open Market, market segment Open Market share number 01/1-5833/19, because all the Issuer's shares were bought out in the compulsory share buyback procedure, and the decision regarding the withdrawal of the Issuer's shares from the market and the termination of the status of a public company was reached with the votes of shareholders who acquired 100% of the

Issuer's capital through joint action in the aforementioned procedure. The rules of the Stock Exchange provide that the Stock Exchange excludes securities from the Open Market at the request of the Issuer whose status as a public company ceases in accordance with provisions of Article 70 and Article 122, paragraph 2, point 2 of the Law on the Capital Market.

Consolidated financial statements for 2023 consist of financial statements of the Company and of subsidiaries, and have been approved by the BOARD OF DIRECTORS of ENERGOPROJEKT ENTEL on March 27, 2024, at the 78th meeting of the Board of Directors. The approved consolidated financial statements may be subsequently amended in accordance with the applying regulations.

Comparative data and opening balances consist of the data contained in the consolidated financial statements for the year 2022 that were audited by an external auditor.

The average number of employees in the Company, based on the balance at the end of each month, amounted to:

- 473 in 2023
- 514 in 2022

2. MANAGEMENT STRUCTURE

The Parent Company is managed by the Board of Directors consisting of:

Mladen Simović	CEO
Milan Mamula	BoD Chairman, Non-Executive Director
Dobroslav Bojović	Non-Executive Director

The organizational structure of Entel consists of:

GORDANA LISOV	Finance Manager
JAROSLAV UROŠEVIĆ	Project and Marketing Director
JELICA JERKOVIĆ	Planning, Analysis and General Operations Director

3. OWNERSHIP STRUCTURE

According to records of the Central Register of Securities, the registered ownership status of Eeergoprojekt Entel a.d. as at December 31, 2023 is as follows:

Energoprojekt Holding a.d. owns 100%.

4. BASES FOR PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

Financial statements of the Company were prepared in accordance with the Law on Accounting (“Offical Gazette of the Republic of Serbia”, no. 73/2019 and 44/2021 – State Law, hereinafter: the Law).

In accordance with the Law, for the recognition, valuation, presentation and disclosure of positions in financial statements, large legal entities, legal entities that have the obligation to prepare consolidated financial statements (parent legal entities), public companies, i.e. companies that are preparing to become public, regardless of their size, apply International Financial Reporting Standards (hereinafter: IFRS). In terms of the Law, IFRS represent:

- Framework for preparing and presenting financial statements,
- International Accounting Standards - IAS and
- International Financial Reporting Standards – IFRS and related interpretations, issued by the IFRS Interpretations Committee, subsequent amendments to those standards and related interpretations, approved by the International Accounting Standards Committee, the translation of which was determined and published by the ministry responsible for financial operations.

The Company's financial statements are presented in the form and content specified by the Rulebook on the content and form of financial report forms and the content and form of the Statistical Report form for companies, cooperatives and entrepreneurs ("Official Gazette of the Republic of Serbia", no. 89/20). This rulebook, among other things, prescribes the form and content of positions in the forms of Balance Sheet, Profit and Loss Statement, Statement of Other Results, Statement of Cash Flows, Statement of Changes in Equity and Notes to Financial Statements. According to the aforementioned Rulebook, amounts are entered in thousands of dinars in the forms of financial statements.

The Accounting framework and the content of the accounts in the Accounting framework are prescribed by the Rulebook on the accounting framework and the content of the accounts in the accounting framework for economic companies, cooperatives and entrepreneurs ("Official Gazette of the Republic of Serbia", No. 89/20).

On preparation of the Company's financial statements, among others, the following laws and regulations have been complied with:

- Law on Corporate Income Tax (Official Gazette of the Republic of Serbia No. 25/2001, 80/2002 - other law, 43/2003, 84/04, 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 the Republic of Serbia 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, 8/2020, 153/2020 and 138/2022),
- Rulebook on the content of the tax balance sheet and other issues of significance for the manner of determining corporate income tax (Official Gazette of the Republic of Serbia No. 20/2014 41/2015, 101/2016, 8/2019, 94/2019 and 159/2020 and 97/2021),

- Rulebook on the content of the tax return for the calculation of corporate income tax (Official Gazette of the RS No. 30/2015, 101/2016, 44/2018 - other laws, 8/2019, 94/2019, 159/2020 and 97/2021),
- Rulebook on the manner of classifying fixed assets by group and the manner of determining depreciation for tax purposes (Official Gazette of the Republic of Serbia No. 116/2004, 99/2010, 104/2018 and 8/2019),
- Rulebook on transfer pricing and methods that are applied according to the arm's length principle in determinations of transaction prices between related entities (Official Gazette of the Republic of Serbia No. 61/2013, 8/2014, 94/2019 and 95/2021) etc.

Of the legal acts that represent the Company's internal regulation, the Company applied the Company's Accounting Rulebook reached on November 30, 2020 by the Company's Executive Board, Rulebook on amendments to the Company's Accounting Rulebook reached on November 29, 2021 by the Company's Executive Board and the Rulebook on accounting policies in the Company reached on December 23, 2020 by the Company's Supervisory Board when preparing these financial statements. In addition to this, other internal acts of the Company were used, e.g. Collective Contract of Energoprojekt Holding a.d. for working on domestic market.

Basic accounting policies used for the preparation of these financial statements are listed in Note 5.

The Law on Capital Market („Official Gazette of the Republic of Serbia“ No. 129/2021) prescribes what data should be included in the annual, semi-annual and quarterly reports of public companies whose securities are traded on the regulated market.

Please note that in some cases, when preparing the Company's financial statements, all relevant provisions of IFRS and Interpretations are not fully complied with.

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

- Financial statements in the Republic of Serbia for the reporting period, in accordance with the Law on Accounting ("Official Gazette of the Republic of Serbia " No. 73/19 and 44/21 – other law), are presented in the format prescribed by the Rulebook on the Content and Form of Forms of Financial Statements for Business Companies, Cooperatives and Entrepreneurs, which deviates from the presentation and name of certain general purpose financial statements, as well as from the way of presenting certain balance sheet positions as provided by Revised IAS 1 – „Presentation of financial statements“, and
- Off-balance sheet assets and off-balance sheet liabilities are shown on the balance sheet form. According to the definition of IFRS, these items represent neither assets nor liabilities.

In addition to the above, deviations also arise as a result of the time difference between the publication of Standards and Interpretations, which are subject to continuous changes, and the moment when those Standards and Interpretations become valid in the Republic of Serbia. Thus, for example, deviations from the Standards arise as a consequence of the fact that the published Standards and

Interpretations, which have entered into force, have not yet been officially translated and adopted in the Republic of Serbia; as a consequence of the fact that the published Standards and Interpretations have not yet entered into force; or as a consequence of other reasons over which the Company has no influence, which has no significant impact on the financial position of the Company, as well as on the results of its operations.

Published standards and interpretations not yet effective

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

- IFRS S1 "General Requirements for Disclosure of Sustainability-related Financial Information" – enters into force on January 01, 2024
- IFRS S2 "Climate-Related Disclosures" - datum primene 1. januar 2024. Godine
- Amendments to IAS 1 "Presentation of financial statements"- "Non-current Liabilities with Contracts" - enters into force on January 01, 2024
- Amendments to IAS 1 – "Presentation of financial statements" – „Classification of liabilities as long-term and short-term" - enters into force on January 01, 2024
- Amendments to IAS 1 "Presentation of financial statements"- „ Non-current Liabilities with Covenants" - enters into force on January 01, 2024,
- Amendments to IAS 7 "Statement of cash flows" and IFRS 17 "Insurance contracts" - "Supplier finance arrangements" - enters into force on January 01, 2024,
- Amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates"- "Lack of Exchangeability" - enters into force on January 01, 2024,
    - Amendments to IFRS 16 "Leasing"- "Lease liability in a sale and leaseback" - enters into force on January 01, 2024

5. CONSOLIDATION

Consolidated financial statements are financial statements of the group that are presented as statements of a single economic entity.

Consolidated financial statements are prepared using uniform accounting policies for similar transactions and events in similar circumstances. In the event that a member of the group, which makes up the Parent Company with all its subsidiaries, uses accounting policies different from those adopted in the consolidated financial statements for similar transactions and events in similar circumstances, appropriate corrections are made to its financial statements (in accordance with the provisions of the Rulebook on accounting and accounting policies of the Company) when compiling consolidated financial statements.

Subsidiaries

Subsidiary of a Parent Company refers to the company that is under the control of the Company (Parent Company).

Parent Company controls the company in which it has invested, if and only if it has everything that follows:

- power over the investee company (has the current ability to direct relevant activities, i.e. activities that significantly affect the returns of the invested company);
- exposure, or rights to variable returns based on his participation in the company in which he invested and
- the ability to use its power over the investee to influence the amount of return for the investor.

The applied consolidation method for these companies in accordance with IFRS 10 – "Consolidated Financial Statements" is the full consolidation method. All internal relationships and transactions within the consolidation group are eliminated in the consolidation process. Participations without controlling rights are shown separately.

Associated companies

Associated Parent Company is the Parent Company over which the Group has significant influence, but not the control, i.e. where it owns between 20% and 50% of ownership and voting rights.

The applied method of consolidation for associated companies in accordance with IAS 28 – "Investments in associates and joint ventures" is the equity method. By applying this method, equity participation is adjusted for the realized profit or loss of the current year so that it reflects the participation of the Parent Company in the net assets of the associated companies. In the event that the accumulated loss exceeds the equity level, the participation in equity reduced to zero, and only exceptionally, if there are irrevocable contractual obligations to cover the loss, the difference of the greater loss in relation to equity is recognized as an expense in the Parent Company.

Overview of subsidiaries and associates that form a Consolidation Group with the Parent Company Energoprojekt Entel a.d. is shown in Note 1.

6. ACCOUNTING PRINCIPLES

When compiling the financial statements of the Parent Company, the following principles are followed:

- The principle of continuity;
- The principle of consistency
- The precautionary principle;
- The principle of substance over form;
- The matching principle;
- The principle of assessment.

Respecting the **principle of continuity**, financial statements are prepared under the assumption that the property, financial and yield position of the Parent Company, as well as the economic policy of the country and economic conditions in the region, allow for operations in the indefinitely long term (Going Concern).

The **principle of consistency** implies that the way of assessing the state and changes in assets, liabilities, capital, income, expenses and the result of operations, i.e. that the manner of estimating the balance sheets position of the Parent Company does not change for a long period of time. If, for example, due to compliance with legal regulations, the change does take place, the reason for the change is explained, and the effect of the change is expressed in accordance with the requirements of the professional regulations related to the method of assessment.

The **precautionary principle** implies the inclusion of a certain level of caution when compiling the Parent Company's financial statements, which should result in assets and income not being overestimated, and liabilities and expenses not being underestimated. However, compliance with the precautionary principle should not be understood as a conscious, unrealistic reduction of income and equity of the Parent Company; i.e., a conscious, unrealistic increase in expenses and obligations of the Parent Company. Namely, in the Framework for the Preparation and Presentation of Financial Statements, it is stressed that compliance with the precautionary principle must not result in significant creation of hidden reserves, intentional reduction of assets or income, or intentional exaggeration of liabilities or expenses, because in that case the financial statements would not be neutral, and, therefore, would not be reliable.

The principle of **substance over form** implies that when recording the Parent Company's transactions, and thus also when compiling financial statements, accounting inclusion should be done in accordance with the substance of the transactions and their economic reality, and not only based on their legal form.

Respecting the **matching principle**, the recognition of the effects of transactions and other events in the Parent Company is not related to the moment when cash or cash equivalent, based on those transactions and events, are received or paid, but are related to the moment when they occur. With such an approach, it is possible to inform the users of financial statements not only about the past transactions of the Parent Company that caused the payment and receipt of cash, but also about the obligations of the Parent Company to pay cash in the future, as well as about the resources representing cash that the Company will receive in the future.

In other words, by respecting the matching principle, information about past transactions and other events is provided in a way that is most useful for users when making economic decisions.

The **principle of assessment** implies that eventual group assessments of different balance sheet positions of the Parent Company (for example, assets or liabilities), for the sake of rationalization, arise from their individual assessment.

7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic accounting policies used to prepare these financial statements are listed below. These policies have been applied consistently to all years presented, unless otherwise indicated.

Significant accounting policies applied to the Parent Company's financial statements that are the subject of these Notes, which are set forth below, are primarily based on the Rulebook on Accounting and Accounting Policies of the Parent Company. If certain accounting aspects are not clearly specified by the Rulebook, the applied accounting policies are based on the applicable legal, professional and internal regulations.

When it comes to general data, we note that, in accordance with IAS 21 – "The Effects of Changes in Foreign Exchange Rates", the functional currency and the currency for presentation in the financial statements of the Parent Company is the dinar (RSD).

When compiling the financial statements, the relevant provisions of IAS 10 – "Events after the Reporting Period", which refer to events that occur from the date of the balance sheet to the date when the financial statements are approved for publication, were taken into account. More precisely, for the effects of events that provide evidence of the circumstances that existed on the balance sheet date, the amounts already recognized in the financial statements of the Parent Company were corrected, in order to reflect corrective events after the balance sheet; and for the effects of events that indicate circumstances that arose after the balance sheet date, no corrections were made to the recognized amounts, but, in case there were any, the nature of the events and an assessment of their financial effects are disclosed in these Notes or, if it is not possible to assess their financial effects, it is disclosed that this assessment cannot be made.

7.1 Assessment

Preparation and presentation of financial statements, in accordance with the requirements of the applicable legislation in the Republic of Serbia, requires the management of the Parent Company to use the best possible estimates and reasonable assumptions. Although, understandably, actual future results may differ, estimates and assumptions are based on information available at the balance sheet date.

The most significant assessments relate to determining the impairment of financial and non-financial assets and defining the assumptions necessary for the actuarial calculation of long-term benefits to employees based on severance pay and jubilee awards. In the context of assessments, the Parent Company's business policy is to disclose information about the fair value of assets and liabilities if the fair value differs significantly from the book value. In the Republic of Serbia, there is often a problem with reliable assessment of the fair value of assets and liabilities due to the insufficiently developed financial market, lack of stability and liquidity when buying and selling, for example, financial assets and liabilities, and because market information is not always available. Despite the above, this issue is not ignored in the Company, but the management makes continuous assessments, taking into account the risks, and when it is estimated that the recoverable (fair or usable) value of the assets in the Parent Company's books is overestimated, a value adjustment is made.

7.2 Effects of foreign exchange rates

Upon initial recognition, **transactions in foreign currency** are recorded in the dinar equivalent, using the official middle exchange rate valid on the day of the transaction.

According to provisions of IAS 21 – „The effects of changes in foreign exchange rates", on each balance sheet date, monetary items in foreign currency (foreign currency assets, receivables and liabilities) are converted using the official middle exchange rate on the balance sheet date.

Exchange rate differences arising from transactions in foreign currency (except for exchange rate differences created on monetary items that form part of Parent Company's net investments in foreign operations, and which are included according to requirements from IAS 21) are recognized as income or expense of the Parent Company in the period in which they arise.

The official middle exchange rates of the National Bank of Serbia on the balance sheet date, for foreign currencies that were used to convert monetary items of foreign currencies into dinar equivalents, are shown in the following table.

Official middle exchange rates of the National Bank of Serbia

Currency	*31/12/2023*	*31/12/2022*
	Amount in RSD	
1 EUR	117.1737	117.3224
1 USD	105.8671	110.1515
1 QAR	29.0843	30.2614
1 OMR	274.9673	286.0892
1 AED	28.8137	29.9881
1 BHD	281.5614	292.9561

7.3 Revenues

Income is the result that arises during usual activities of the Parent Company and includes different types of income (but does not refer to those based on lease agreements, i.e. leasing).

Income includes only gross inflows of economic benefits that the Company has received or should receive for its own account. Amounts collected on behalf of third parties such as sales taxes and value added tax do not represent an inflow of economic benefits for the Company and therefore do not lead to an increase in equity. These amounts are not included in the income.

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

When the performance obligation is fulfilled (or while it is being fulfilled), the Company recognizes income in the amount of the transaction price allocated to that performance obligation.

Assets based on contracts are recognized if the corresponding income from the fulfillment of the contractual performance obligation is recorded before the customer has paid the fee or before there are requests for invoicing, and thereby requests for recognition of receivables from customers. A contractual obligation is recognized when the customer has paid the fee or the claim from the customer is due before the Company has fulfilled the contractual performance obligation. At the level of the contract with the customer, the contractual obligations are offset against the contracted assets.

The basic principle of the customer revenue standard is that the Company recognizes revenue to reflect the transfer of promised goods or services to customers in an amount that reflects the consideration that the Company expects to be entitled to receive in exchange for the goods or services transferred.

The transaction price is the amount of compensation that the Company expects to be entitled to receive in exchange for the transfer of promised goods or services to the customer. The compensation promised in the contract concluded with the customer may contain fixed amounts, variable amounts, or both.

The usual measurement of sales revenue is based on the use of all available reliable information and takes into account possible price changes at the time of its final contracting, experience from previous periods (in the sense of how significant is the deviation of actual inflows from normal recognized revenues in previous periods).

The main sales transactions of the Parent Company refer to the design, consulting and engineering of thermal energy, nuclear, electric power and telecommunication facilities - where revenue from sales is recognized over time.

Revenue from design, consulting and engineering

The company performs design, consulting and engineering services (collectively hereinafter: "design services and consulting services") on the basis of contracts with customers. Such contracts are concluded before the start of design and consulting services, and according to the terms of the contract, the Company is contractually limited to the transfer of assets to another customer and has an enforceable right to payment for the work performed. Revenues from design services and consulting services are therefore recognized over time using the output method based on reports on services performed up to a certain date, which are confirmed by the customer and/or supervisory or control authority appointed by the contracting parties. The Company believes that this output method is an appropriate measure of progress towards full compliance with the performance obligations under IFRS 15.

The Company is authorized to invoice customers for design services and consulting services based on the achieved series of performance-related milestones (interim payment certificates). When a certain milestone is reached, the customer is sent a relevant report on the completed works signed by the customer or another supervisory body appointed by the contracting parties. The Company will previously recognize assets from the contract (as accruals) for any work performed. Any amount previously recognized as an asset from the contract, within prepayments and accrued income, is reclassified to accounts receivable at the time the conditions for invoicing the customer are met.

If the inflows exceed the revenues recognized up to the reporting date according to the output method, the Company recognizes obligations from the contract for the determined excess of inflows over the recognized revenues, recorded as part of accruals and deferred income. The Company believes that there is no significant financing component in the contract with customers, given that the period between the recognition of income and the payment of performance-related milestones is less than a year. In addition to the above, Management believes that contracts with customers for design services and consulting services do not have a significant financing component, given that the difference between the promised fee and the selling price of the service in cash arises for other reasons that do not include the transfer of financial resources either to the customer or to the entity, and the difference between these amounts is proportional to the reasons for that difference.

Revenues from sales are recognized in the amount reduced by the amounts of excise taxes, value added tax (VAT) and other similar mandatory duties. The amount of customs duty is included in the gross sales revenue recognized in the consolidated statement of comprehensive income.

Within business income, the most important are revenues from the sale of goods, products and services, and other income can be: income from activating effects and goods, increase in the value of inventories of unfinished and finished products and unfinished services (if there was a decrease in the inventory during the year, total business income is reduced by the amount of the reduction), income from premiums, subsidies, donations, etc.; and other business income.

7.4 Financial income

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

Income from dividends is recognized when the right to receive the dividend is established.

7.5 Other income

Within the scope of other income (which also includes income from adjusting the value of other assets that are valued at fair value through the Income Statement), in addition to other income, profits that may or may not arise from the usual activities of the Parent Company are reported. Gains represent increases in the Parent Company's economic benefits and as such, by nature, are no different from other income. Gains include, for example, gains from the sale of property, plant and equipment; at a higher value than the book value at the time of sale.

As part of the profit of discontinued operations, the effects of changes in accounting policy, the correction of errors from earlier periods and the transfer of income, the profits are reported according to the names of the accounts of this group and the transfer of total income at the end of the period, which for the purposes of financial reporting are shown in the net effect, after deductions for corresponding expenses.

7.6 Expenses

Expenses represent outflows of economic benefits during a given period that result in a reduction of the Parent Company's equity, except for the reduction related to the distribution of profits to the owners or the reduction resulting from the owner's withdrawal of part of equity from operations. Expenses are reflected through an outflow of funds, a decrease in the value of assets or an increase in liabilities.

Expenses include business expenses, financial expenses, other expenses (including expenses from impairment of other assets that are valued at fair value through the Income Statement) and the loss of business that is suspended, the effects of changes in accounting policy, corrections of errors from earlier periods and the transfer of expenses.

Business expenses include: cost of goods sold, material costs, salary costs, costs of production services, intangible costs, depreciation and provisioning costs, etc.

For the purposes of financial reporting, an adjustment of business expenses is made in the Income Statement for the amounts of income from the use of own products and merchandise and income from changes in the value of own inventories (increase or decrease in the value of inventories of unfinished and finished products and unfinished services).

Financial expenses include financial expenses from related legal entities, positive exchange rate differences, interest expenses and other financial expenses.

Within other expenses (which also include expenses based on the impairment of other assets that are stated at fair value through the Income Statement), in addition to other expenses, losses that may or may not arise from the usual activities of the Parent Company are reported. Losses (for example, shortages or losses arising from the sale of assets at a lower than book value) represent a reduction in economic benefits and, as such, are no different from other expenses.

Within the scope of the loss of business that is being suspended, the effects of the change in accounting policy and the correction of errors of earlier periods, expenses are reported according to the account names of this group and the transfer of total expenses at the end of the accounting period, which for the purposes of financial reporting are shown in the net amount, after offsetting with corresponding income.

7.7 Income tax

Income tax is recorded in accounting as the sum of:

- current tax; and
- deferred tax

Current tax is the amount of liability payable (recoverable) on income tax related to taxable profit (tax loss) for the period. In other words, current tax is the payable profit tax that is determined in the tax return for profit tax, in accordance with tax regulations

Deferred tax can be expressed in the form of:

- deferred tax assets; or
- deferred tax liabilities.

Deferred tax is recorded in bookkeeping based on the relevant provisions of IAS 12 – „Income tax“, which, among other, specify that *deferred tax assets and deferred tax liabilities are not to be discounted.*

Deferred tax assets are amounts of income tax that will be recoverable in future periods based on:

- deductible temporary differences;
- unused tax losses carried forward to the next period; and
- unused tax credits carried forward to the next period.

Deductible temporary difference arises in cases where the Parent Company's balance sheets, on certain grounds, have already shown an expense, which will be recognized from a tax perspective in the following periods. Deductible temporary differences typically appear in the following cases: the tax value of assets subject to depreciation is higher than the book value, from the tax point of view certain provisions are not recognized (IAS 19, Employee benefits), devaluation of property (goods, materials, etc.) and devaluation of investment real estate; from the tax point of view expenditures on unpaid public revenues that do not depend on business results and losses that occur when securities are valued at fair value and the effect is reported through the income statement are not recognized.

For depreciable assets, deferred tax assets are recognized for all deductible temporary differences between the carrying amount of the depreciable assets and their tax bases (values assigned to those assets for tax purposes). A deductible temporary difference exists when the book value of assets is less than their tax base.

Deferred tax assets are recognized in that case, provided that it is estimated that it is likely that taxable profit will exist in future periods, for the reduction of which the Company will be able to use the deferred tax assets.

The amount of a deferred tax asset shall be determined by applying the prescribed (or announced) corporate income tax rate of the Parent Company to the amount of the deductible temporary difference determined on the balance sheet date.

If at the end of the previous year the temporary difference was deductible, on the basis of which the deferred tax assets were recognized, and the temporary difference is taxable at the end of the current year, based on the same assets, the previously formed deferred tax assets shall be canceled in their entirety, with the simultaneous recognition of deferred tax liabilities in the amount determined on the balance sheet date.

Deferred tax asset based on unused tax losses is recognized only if the management of the Company estimates with reliability that in the following periods the Company will have a taxable profit that can be reduced on the basis of unused tax losses.

Deferred tax asset based on unused tax credits for investments in fixed assets is recognized only up to the amount for which it is probable that in future periods a taxable profit will be realized in the tax balance, i.e. a profit tax will be calculated, for the reduction of which the unused tax credit can be used, while this type of tax credit can be used legally.

Deferred tax asset can also be recognized on other grounds for which the Company determines that the amounts of income tax will be recoverable in future periods (for example, for provisions for unpaid severance pay during regular retirement, which are determined in accordance with the relevant provisions of IAS 19 – “Employee Benefits”).

Deferred tax liabilities are the amounts of income tax payable in future periods in relation to taxable temporary differences.

A taxable temporary difference arises in cases where a specific expenditure is recognized from a tax axpect, while it will be recognized in the business books of the Parent Company from an accounting aspect only in the following periods.

Regarding assets subject to depreciation, deferred tax liabilities will be recognized always when there is a taxable temporary difference between the book value of assets subject to depreciation and their tax base.

A taxable temporary difference arises in cases where the book value of assets subject to depreciation is greater than their tax base.

The amount of deferred tax liability is determined by applying the prescribed (or expected) Parent Company's corporate income tax rate to the amount of the taxable temporary difference determined on the balance sheet date.

At each balance sheet date, deferred tax liabilities are reduced to the amount determined on the basis of the temporary difference determined on that date. If at the end of the previous year the temporary difference was taxable, based on which deferred tax liabilities were recognized, and at the end of the current year, based on the same funds, the temporary difference is deductible, the previously formed deferred tax liabilities are canceled in their entirety, with simultaneous recognition deferred tax assets in the amount determined on the balance sheet date.

Deferred tax liabilities can be recognized on other grounds for which the Company determines that the amounts of income tax will be payable in future periods in relation to taxable temporary differences.

7.8 Intangible assets

Intangible assets are non-monetary assets without an identifiable physical substance, and this includes: software, licenses, concessions, patents, investments in development, trademarks, etc. An asset meets the criteria of being identifiable if it is either: separable, i.e., when it can be separated from the Parent Company and sold, transferred, licensed, leased or exchanged, either individually or together with a related contract, asset or liability; or arises on the basis of contractual or other legal rights, regardless of whether these rights are transferable or separable from the Parent Company or from other rights or obligations.

Recognition of an item as intangible asset requires that the item satisfies requirements prescribed by IAS 38 – Intangible Assets, i.e. that:

- it is probable that the future economic benefits that are attributable to the asset will flow to the Company;
- the Company can control this asset; and
- the cost of the asset can be measured reliably.

If one of the requirements is not met, expenditures based on intangible investments are recognized against expenses in the period in which the expenditures were incurred.

Accounting recognition of internally generated intangible assets is conditioned by the assessment of whether it is a result of:

- research phase; or
- development phase.

Intangible assets arising from research, or from the research phase of an internal project, are not recognized as intangible assets. Research expenditures, or expenditures incurred during the research phase of an internal project, are recognized as an expense in the period in which the expenditures are incurred.

The cost price of internally generated intangible assets arising from development (or from the development phase of an internal project) includes all directly attributable costs necessary for the creation, production and preparation of the asset for functioning in the manner foreseen by the management of the Parent Company.

The initial measurement of intangible assets is done at purchase value (cost).

After initial recognition, intangible assets are recorded at their cost less accumulated depreciation and any accumulated impairment losses (pursuant to relevant provisions of IAS 36 – Impairment of Assets).

7.9 Property, plant and equipment

Tangible assets used in production, for the delivery of goods, are recognized as **property, plant and equipment**.

The stated general principle for the recognition of property, plant and equipment does not apply only in cases involving the recognition of assets of lesser value (for example, spare parts and servicing equipment), which are reported in inventory. By putting these assets into use, their entire value is transferred to the expenses of the period.

Property, plant and equipment are recognized as fixed assets if: future economic benefits expected from that asset will probably flow to the Company, and if the purchase value (cost price) of the asset can be reliably determined.

The initial valuation of property, plant and equipment is **carried out at their purchase price (cost price), which includes: purchase value, including all dependent procurement costs, i.e. all costs directly attributable to bringing the asset to location and operational readiness**.

For the purpose of subsequent measurement of property, plant and equipment, these were divided into the following groups:

- land;

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

The subsequent measurement of the group "Buildings" is performed at fair value, which means the market value, i.e. the most probable value that can be realistically obtained on the market, on the balance sheet date. The fair value is determined through an assessment, performed by a professionally trained appraiser, based on market evidence. When there is no evidence of fair value in the market, due to the specific nature of the building and because such items are rarely sold, except as part of continuing operations, it may be necessary for the Company to estimate fair value using the yield approach or the depreciated replacement cost approach. Changes in the fair value of buildings are generally recognized in total equity, within the revaluation reserve position.

The subsequent measurement of all other groups within the "Property, plant and equipment" position, aside from buildings, is performed at cost less accumulated depreciation and accumulated losses due to impairment (pursuant to IAS 36).

The assessment of subsequent investments in property, plant and equipment is performed when:

- these investments extend the useful life of assets;
- this increases capacity;
- improves the asset, thus improving the quality of product, or
- reducing the costs of production compared to the costs before investments.

The costs of servicing, technical maintenance, minor repairs, etc., do not increase the value of the asset, but represent the expenditure of the period.

Leasehold improvements are reported and recognized in a separate account, if it is likely that future economic benefits related to that asset will flow to the Company. Depreciation of investments in leasehold improvements is carried out based on the estimated useful life of those assets, which may be equal to or shorter than the duration of the lease agreement.

7.10 Depreciation of intangible assets, property, plant and equipment

Depreciation is the amount of assets (intangible assets, property, plant and equipment) that is amortized over the useful life of assets.

Useful life of an asset is determined by the Company using the temporal method, so that the useful life of the asset can be seen as a time period during which the asset is expected to be available to the Company for use.

The depreciable amount, i.e. the purchase value or another amount that replaces this value in Parent Company's financial statements, less the residual value, is systematically allocated over the useful life of the assets.

Residual value is the estimated amount that the Company would receive today if it disposed of the asset, after deducting estimated costs of disposal and assuming 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 zero, except in the following cases:

- when there is an obligation of a third party to purchase the intangible asset at the end of its useful life or
- when there is an active market for intangible assets, assuming that such a market will exist at the end of the asset's useful life, when the residual value can be determined by referring to that market.

The residual value and the remaining useful life of an asset are verified at the end of each financial year by competent appraisers. If new estimates changed in relation to the previous estimates, the change is treated by changing the accounting valuation and it is accounted for in accordance with IAS 8 – Accounting Policies, Change of Accounting Estimates and Errors.

As a result of the estimate, the residual value can be increased for an individual asset to an amount equal to or greater than the book value of that asset. In that case, the depreciation expense will be zero over the remaining useful life of that asset, unless the residual value is reduced to an amount that is lower than the book value, as a result of subsequent assessments.

Depreciation of assets is carried out using the straight-line depreciation method (proportional method), and the calculation of depreciation starts from the day when the asset becomes available for use, i.e. when it is in the location and in the condition necessary for functioning, in the manner planned by the Company.

Depreciation of intangible assets is conditioned by an assessment of whether the useful life is unlimited or limited. Intangible assets are not subject to depreciation if the useful life is estimated to be indefinite, that is, if, based on the analysis of all relevant factors, the end of the period when the intangible asset is expected to generate inflows of net cash flows to the Company cannot be predicted. Depreciation is not calculated for assets that do not lose value over time (for example, works of art) or assets that have an indefinite useful life (for example, land).

For an asset acquired through financial leasing, depreciation is calculated as for other assets, except when it is unknown whether the Company will acquire the right of ownership over that asset, when the asset is fully depreciated in a shorter period than the lease term or useful life.

The calculation of depreciation ceases when the asset is written off (derecognized as an asset) and when it is reclassified as a fixed asset intended for sale or as part of a discontinued activity. Therefore, depreciation is calculated even when the asset is not used, i.e. when it is not actively used, if the asset has not been reclassified as a fixed asset intended for sale or within the scope of business that is being discontinued.

For the purposes of compiling the tax balance, i.e., for tax purposes, the calculation of depreciation of assets is carried out according to valid legal regulations.

The assets which are classified as assets intended for sale, according to IFRS 5 – “Non-Current Assets Held For Sale and Discontinued Operations”, are reported on the balance sheet date as current assets and are estimated at the value lower than the book value and the fair value less sales costs.

7.11 *Impairment of value of intangible assets, property, plant and equipment*

At each balance sheet date, the Parent Company's internal or external competent bodies review the book amounts of its assets (intangible assets, property, plant and equipment) to determine whether there are any indications that they were reduced, i.e. if the book value exceeds the recoverable amount of this asset.

If there are indications of impairment, pursuant to relevant provisions of IAS 36, the recoverable amount of this asset shall be estimated.

The **recoverable amount** is the higher value of:

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

Fair value less costs to sell is the expected net cost of this asset, i.e. this is the amount that can be obtained by selling an asset in an independent transaction between the informed, willing parties, less the costs of disposal.

Value in use is the present value of estimated future cash flows that are expected to arise from the continued use of the asset throughout its useful life, and its sale at the end of its useful life. The discount rate used in determining the present value reflects current market assessments of the time value of money, as well as risks specific to that asset.

The recoverable amount is estimated for each individual asset or, if this is not possible, for the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or groups of assets.

If it is determined that an impairment has occurred, the book value shall be reduced to the recoverable amount. Loss due to reduction is accounted for in the following manner:

- in the event that a revaluation reserve was previously formed for that asset, by reducing the revaluation reserves; and
- - in the event that no revaluation reserve was previously formed for that asset, as an expense of the period.

7.12 *Financial instruments*

Financial assets

Classification

The Company classifies financial assets according to the method of subsequent valuation, as follows:

1 financial asset measured at amortized value,
2 financial asset measured at fair value through other comprehensive income, and

3 financial asset measured at fair value through the profit and loss statement,

based on:

a) Parent Company's business model for the management of financial assets, and
b) characteristics of contractual cash flows of the financial asset.

A financial asset is measured at amortized cost (AC) if both conditions listed below are met:

a) the financial asset is held within the framework of a business model, the goal of which is achieved by the collection of contracted cash flows, and
b) according to the agreed terms of the financial asset, on a certain date, cash flows arise that represent only the payment of the principal and interest.

A financial asset is classified at fair value through other comprehensive income (FVTOCI) if both criteria stated below are met:

a) the financial asset is held within the framework of a business model, the goal of which is achieved by the collection of contracted cash flows, and
b) according to the agreed terms of the financial asset, on a certain date, cash flows arise that represent only the payment of the principal and interest.

If none of the above criteria for classification are met, the financial asset is classified as an asset at fair value through profit and loss (FVTPL) and is measured at fair value, with the effects of changes in fair value being recognized in the profit and loss account.

Measurement at amortized cost

The amortized value of a financial asset is the amount at which the asset is measured upon initial recognition less the principal repayments made, plus or minus the cumulative depreciation calculated using the effective interest method or any difference between the initial amount and the amount on the maturity date, corrected for possible impairment.

Effective interest method

The effective interest method is the method for calculating the amortized cost of the debt instrument and distributing interest income during the relevant period. The effective interest rate is the rate that accurately discounts the expected future cash receipts (including all fees and amounts paid or received between two contracting parties that are an integral part of the effective interest rate, transaction costs and any other or discounts) over the expected life of the financial instrument or where applicable, over a shorter period to the net book value of the financial asset.

In the event of financial assets, the effective interest is applied to gross book value (without impairment for expected credit losses). If the credit risk of a specific financial asset has increased so much that the asset is considered credit impaired, the effective interest is applied to the net book value (i.e. the gross book value minus the value adjustment).

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

Gain or loss from a financial asset that is measured at fair value through other comprehensive income is recognized in other income, except for gains or losses due to impairment and positive and negative exchange differences, until the financial asset is derecognized or reclassified. Interest income on such an asset is calculated using the effective interest method.

Ownership instruments

The Company subsequently measures all ownership instruments (equity instruments) at fair value. If the management of the Parent Company has chosen to record gains and losses based on changes in the fair value of investments in equity instruments as part of other income, these gains and losses cannot be subsequently reclassified to the income statement after the investment is derecognised, but any reserve amounts are reclassified on this basis to retained earnings. The Group's policy provides for the designation of equity instruments as assets that are valued at FVTOCI when they are held for strategic purposes and not just for yield. Dividends received on the basis of these investments are recognized by the Company in the income statement under other income when the Parent Company's right to receive the dividend is established.

Changes in the fair value of financial assets according to FVTOCI are recognized within other gains or losses in the consolidated statement of profit or loss and other results. Impairment losses (and reversals of impairment losses) of equity instruments measured at FVTOCI are not presented separately from other changes in fair value.

Loans and receivables

Loans and receivables include short-term receivables, short-term financial investments and long-term financial investments. Short-term receivables include receivables based on the sale of products, goods and services to associated companies and other legal and natural persons in the country and abroad, as well as receivables on other grounds (receivables for interest, receivables from employees, receivables from state authorities and organizations and other receivables), which is expected to be realized within 12 months from the balance sheet date.

Short-term financial investments include loans, securities and other short-term financial investments maturity, i.e. sales up to one year from the balance sheet date.

Within the framework of short-term financial investments, a part of the long-term loans granted by the Parent Company whose collection is expected within one year from the date of the balance sheet is also reported.

Within the framework of long-term financial investments, different types of investments are reported, such as: equity participations and other available-for-sale securities, long-term loans, long-term securities held to maturity, repurchased own shares and other long-term financial investments.

On initial recognition, all loans and receivables are measured at fair value (which is usually equal to the transaction price, i.e. the invoiced amount less amounts collected on behalf of and for the account of third parties, such as sales taxes). After the initial valuation, loans and receivables are valued at amortized (discounted) cost using the effective interest rate, less any value adjustment. Income and expenses arising from the derecognition of an asset valued at amortized cost, depreciation or impairment are included in the income or expenses in the report on the overall result of the Parent Company. The Company applies a group assessment of the calculation of value adjustments for the purposes of measuring credit losses, i.e. value adjustments for claims from third parties, which include claims from customers in the country and abroad, long-term claims - retention, as well as active accruals that have the category of financial assets (assets on the basis of contracts in accordance with IFRS 15), i.e. claims based on uninvoiced income with these persons, which are not the subject of individual assessments, as well as lease claims. For the above-mentioned claims, the Company has decided to apply a simplified approach, according to which the expected credit loss is always calculated for the entire lifetime of the financial instrument, bearing in mind the short maturity of this type of financial asset. The Company calculates expected credit losses according to the simplified approach as a product of the probability of default (PD), loss given default (LGD, exposure at default (EAD) and discount factor (which is equal to 1 if the receivable is expected to be collected within 12 months). The Company determines the expected credit losses for these items using the transition matrix in the observed period, which shows the monthly development of individual receivables between the intervals of default during the observed period. When calculating the probability of default (PD), customer segmentation is carried out based on common characteristics of credit risk, preparation of monthly age structures for each segment over a period of three years and more, and application of transition matrices in the observed period, which shows the monthly development of individual claims between the defined default intervals during the observed period. Depending on the type of claim, a threshold of 180 days for external customers and 360 days for related legal entities was assumed as the criterion for default.

For other categories of financial assets (receivables from related legal entities, the state, state-owned companies and state bodies, where the state is mainly in the role of investor, cash and cash equivalents, financial investments, securities), the Company applies a general approach. The following are taken into account as indicators of a significant increase in credit risk, i.e. indicators that for a certain type of financial asset it is necessary to calculate the expected credit loss for the entire life/duration of the financial instrument: data on the decline in external credit rating, delay in repayment of liabilities and other qualitative criteria that can lead to the conclusion that there has been a significant increase in credit risk.

For the purposes of identifying impairment indicators, i.e. the criteria that the calculation of expected credit losses is required for assets classified as level 3, in accordance with the requirements of IFRS 9, companies apply:

- Defined default threshold and given category of financial assets;

- Other objective evidence of impairment in accordance with IFRS 9.

The company applies an individual assessment of the calculation of value adjustments in cases where the key drivers of credit risk can be monitored on the basis of an individual instrument, where the entity then monitors them without the need for an additional joint assessment. During the individual assessment of expected credit losses, the calculation is made using the following formula:

ECL = Probability of default (PD) x Loss given default (LGD) x Exposure at default (EAD) x Discount factor

For the purposes of individual assessment, the Company relies on data on default (PD) from external sources, i.e. data published by renowned rating agencies or ratings of countries where the debtor operates. LGD means the rate of loss in case of default where the Company uses the Basel LGD or it is calculated as the ratio of the amount of receivables at the end of the observed period in the worst age interval (increased for write-offs in the observed period) with the total amount of registered receivables, i.e. invoices in the worst age interval during the observed period.

Exposure at Default (EAD) in this case is the amount of receivable at the reporting date. The discount factor depends on the effective interest rate determined during the initial recognition and maturity of the instrument. If the receivables are expected to be collected within 12 months, the discount factor is 1.

Cash and Cash Equivalents

The most liquid forms of financial assets of the Parent Company are **cash and cash equivalents**, which are valued at nominal value, i.e. at fair value. Cash and cash equivalents of the Parent Company include: securities, funds in dinar and foreign currency cash registers, funds in dinar and foreign currency accounts with banks, funds set aside for open letters of credit in the country, foreign currency letters of credit, highly liquid short-term investments that can quickly convert into known cash amounts without a greater risk that the value will decrease, funds whose use is limited or the value reduced, etc.

The criteria according to which the Parent Company’s assets are classified within cash and cash equivalents are specified in relevant provisions of IAS 7 – Cash Flow Statement, according to which:

- cash includes cash and deposits a vista, and
- cash equivalents are short-term, highly liquid investments which can be quickly transformed into known cash amounts, and are not affected by the effect of significant risk of change in value, which implies investments with short due date (three months or less).

Cash and cash equivalents include cash balances and short-term deposits with banks with an initial maturity of three months or less, but not the approved overdrafts on current accounts.

When calculating the allowance, the Company took into account the banks' credit ratings when determining the probability of default (PD) and the loss given default (LGD), whereby it was determined that the book value of these assets is approximately equal to their fair value.

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

- if it can be quickly converted into known cash amounts;
- if it is subject to insignificant risk of change in value; and
- if it has a short due date, i.e. up to three months from the date of acquisition.

Deposits with a maturity of more than three months but no longer than a year are classified as short-term financial assets, and deposits with a maturity of more than one year as long-term financial assets. Interest on term funds (deposits) is attributed to the term amount.

Cash and cash equivalents expressed in foreign currency (a currency that is different from the functional currency) are recorded in the functional currency of the Group by applying the exchange rate valid on the reporting date to the amount in the foreign currency. The result of the conversion is classified as an exchange rate difference in the consolidated statement of comprehensive income.

The Company applies the general approach and expected 12-month credit losses for financial assets that do not contain a significant financing component. When calculating expected credit losses for cash and cash equivalents, the Company applies an individual assessment of the calculation of value adjustments in cases where the key credit risk drivers can be monitored on the basis of an individual instrument, where the entity then monitors them without the need for an additional joint assessment.

Impairment of financial assets

Once a year, the Company analyzes whether there is objective evidence of impairment of financial assets and whether any devaluation, i.e. impairment, has an impact on the estimated future cash flows based on the given asset, and recognizes expected credit losses. The Company recognizes potential impairment losses in the consolidated statement of comprehensive income. The Company does not recognize expected losses based on future events.

The Company measures expected credit losses in a way that reflects:

a) an unbiased and probability-weighted estimate of the amount determined by evaluating an entire range of possible outcomes;
b) temporal value of money; and
c) reasonable and corroborating information available to the Company at the reporting date without excessive costs and effort about past events, current conditions and forecasts of future economic conditions.

The factors that the Company takes into consideration when determining whether a financial asset is impaired are the delinquent status and the marketability of the collateral, if any. The Company also uses the criteria below to determine whether there is objective evidence that an impairment loss has occurred:

- some part or installment of the repayment is in arrears and the delay in settling the obligation by the debtor cannot be attributed to the delay caused by the collection systems;
- a drop in credit rating of the contracted party, the Parent Company of the contracted party and a drop in external credit rating;
- other qualitative criteria that may lead to the conclusion that there has been a significant increase in credit risk (e.g. the debtor has significant financial difficulties, initiation of bankruptcy proceedings or financial reorganization by the debtor, etc.);
- the value of the collateral, if it exists, is significantly reduced due to the deterioration of market conditions;
- Other objective evidence of impairment in accordance with IFRS 9.

The only category of financial assets that is not subject to impairment testing are financial assets at fair value through the income statement, since any decrease in their fair value is recognized in the income statement.

Derecognition of financial assets

The Company ceases to recognize a financial asset when the contractual rights over that asset expire or when the Company loses control over the contractual rights that make up the financial asset. Upon derecognition, the difference between the asset's book value and the amount received for that asset is recognized in the income statement for the given period.

Classification as financial liability or equity

Issued debt and equity instruments are classified either as financial liabilities or as equity items in accordance with the substance of contractual arrangements and the definition of financial liability or equity.

Equity instruments

An equity instrument is any contract that proves the remaining interest in the funds of an entity after subtracting all his obligations. Equity instruments issued by the Group are recognized as inflows less direct issuance costs.

Financial liabilities

Initial recognition and measurement

The Company recognizes a financial liability when, and only when, the Company becomes one of the parties to the contractual provisions of the financial instrument.

A financial liability is initially measured at their fair value, which represents the transaction cost (i.e. inflow received at issuance). All transaction costs that can be directly attributed to issuance of the debt are subtracted from the fair value of the liability to calculate its initial book value.

The Company includes transaction costs in the calculation of the initial book value of the liability when these costs make up a significant part of the amount of the liability. Otherwise, transaction costs are included in expenses in the consolidated statement of comprehensive income of the Group in the period in which they were incurred.

Classification of financial liabilities

According to IFRS 9, all financial liabilities are classified as liabilities that are subsequently measured at amortized cost, except for:

a. *financial liabilities at fair value through profit or loss (FVTPL)* (these liabilities, including *derivatives* which are liabilities, are subsequently measured at fair value);
b. financial liabilities that occur when the transfer of financial asset fails to meet the criteria for Derecognition, or in the event of continuous participation;
c. *financial guarantee contracts*;
d. potential fees recognized by the acquirer in a business combination to which IFRS 3 applies (such potential fees are subsequently measured at fair value where changes in fair value are recognized in the income statement).

Subsequent valuation of financial liabilities

After initial recognition, the Company values all financial liabilities at amortized cost using the effective interest rate. Interest expenses on financial liabilities are recognized based on 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 financial liability (i) represents the potential consideration of the acquirer in a business combination, (ii) when it is intended for trading or (iii) when it is designated as a financial liability under FVTPL.

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

- if it was acquired primarily for the purposes of redemption in the near future; or
- if during the initial recognition it is part of the portfolio of identified financial instruments jointly managed by the Company and where there is evidence of a recent trend of short-term gains; or
- if it represents a derivative that is not a financial guarantee contract and is not designated as a protection (hedging) instrument.

A financial liability that is not held for trading and is not a potential consideration of the acquirer in a business combination can be designated as financial liability under FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces the accounting discrepancy that would otherwise arise; or
- the financial liability represents a group of financial assets or financial liabilities or a group of both assets and liabilities that is managed and whose financial result is estimated on the basis of fair value, in accordance with the documented investment strategy of the Parent Company or the risk management strategy, and information about the grouping is done internally, also on the basis of fair value; or
- the financial liability is part of a contract that contains one or more embedded derivatives, and IFRS 9 allows the entire contract to be designated for valuation under FVTPL.

Financial liabilities under FVTPL are measured at fair value, whereby all gains or losses resulting from changes in fair value are recognized in the profit and loss statement to the extent that they are not part of the designated hedging relationship. The net gain or loss recognized in the statement of profit and loss also includes the interest paid on the financial liability and included in the profit or loss for the period.

However, for liabilities designated as liabilities under FVTPL, the amount of change in fair value of the financial liability attributable to changes in the credit risk of that liability is recognized in other results, unless such recognition of the effects of changes in credit risk of the liability in other result would lead to or increase an accounting discrepancy in the statement of profit or loss.

The remaining remaining part of the change in fair value of the liability is recognized in the statement of profit or loss. Fair value changes attributed to the credit risk of a financial liability that are recognized withn other result cannot be subsequently reclassified to the statement of profit or loss, but are transferred to retained earnings upon derecognition of financial liability.

Profits and losses based on financial guarantee contracts issued by the Parent Company that are designated as instruments at fair value through the profit and loss account (income statement) are recognized in the income statement.

Derecognition of financial liabilities

A financial liability ceases to be recognized when the Company fulfills the obligation or when the payment obligation stipulated in the contract is canceled or expired. The difference between the book value of the financial liability that is written off and the compensation that has been paid or claimed is recognized in the income statement.

7.13 Participation in subsidiaries and other related companies

Participations in associated legal entities and joint ventures are accounted for in the Company according to the purchase value method. However, if, in accordance with IAS 36 – "Impairment of Assets", it is established that the recoverable value of the participation is less than the purchase (book) value, the Company reduces the value of participation to the recoverable amount, and the lowering of participation (impairment) is reported as an expense in the period when the impairment is established.

7.14 Provisions, contingent liabilities and contingent assets

According to IAS 37 – „Provisions, Contingent Liabilities and Contingent Assets", a provision represents a liability of uncertain maturity or amount.

The Company recognizes the provision only if the following three conditions are met:

- when the Company has a present obligation (legal or derived) as a result of a past event,
- when it is probable that an outflow of resources representing economic benefits will be required to settle the liability, and
- when a reliable estimate of the amount of liability can be made.

The essence of provisions is that it is established only for obligations arising from past events, which exist independently of the future actions of the Company. Hence, provisions are not recognized for future business losses.

For the purpose of recognizing a provision, it is considered probable that the required settlement of the Parent Company's obligations will cause an outflow of resources representing economic benefits, when it is more likely than not, that an outflow of resources will occur, i.e., the probability that the settlement of those obligations of the Parent Company will cause an outflow of resources is more likely than not.

Provisions can be formed on different bases, namely: for costs within the guarantee period, for costs of restoration of natural resources, for retained bails and deposits, for restructuring costs, for compensation and other benefits of employees, for costs of court disputes and on other grounds.

When measuring a provision, the amount recognized as a provision is the Parent Company's best estimate of the expenditure required to settle the present obligation at the balance sheet date. In other words, it is the amount that the Company would pay on the balance sheet date to settle the obligation or to transfer that obligation to a third party.

Provisions for costs and risks are tracked by type, tested at each balance sheet date and adjusted to reflect current best estimates. If it is no longer probable that an outflow of resources will be required to settle the liability, the provision is reversed. Cancellation of provisions is made in favor of income.

When the effect of the time value of money is significant, the amount of the provision represents the present value of expenditures expected to be required to settle the liability. When calculating the present value, discount rates, i.e. pre-tax rates are used, which reflect current market assessments of the time value of money and liability-specific risks.

A **potential liability** is:

- a possible obligation that arises on the basis of past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events that are not fully under the control of the Parent Company or
- a current obligation arising from past events, but not recognized because it is unlikely that an outflow of resources representing the Parent Company's economic benefits will be required to settle the obligation or the amount of the obligation cannot be estimated reliably enough.

A contigent liability is not recognized in the Parent Company's financial statements, but, in the event that an outflow of economic benefits is possible, and the possibility of an outflow of resources is not very small, its disclosure is made.

The contingent liability is constantly reassessed (at least at the balance sheet date). When an outflow of economic benefits based on contingent liabilities becomes probable, a provision and expense are recognized in the Parent Company's financial statements in the period in which the change in probability occurs (except in rare circumstances when a reliable estimate cannot be made).

Contigent assets are possible assets that arise based on past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events that are not fully under the Parent Company's control.

Potential assets are not recognized in the Parent Company's financial statements, but, in the event that the inflow of economic benefits is probable, their disclosure is made.

Contingent assets are continuously reassessed (at least at the balance sheet date) to ensure that the financial statements adequately reflect the development of the subject event. If it becomes certain that an inflow of economic benefits based on a potential asset will occur, the asset and related income are recognized in the Parent Company's financial statements in the period in which the change occurred.

7.15 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 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 investments

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 nonperformance 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 financial risks of the Parent Company; 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 Expected Credit Losses (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*	
	2023	**2022**
Trade receivables:		
BUYERS IN THE COUNTRY		
RECEIVABLES FROM RELATED ENTITIES	23	429
EPS	118,190	238,366
TEPSCO	4,292	8,868
Beočista energija	18,696	46,978
Others, in SERBIA	1,125	2,132
BUYERS ABROAD		
BUYERS IN OMAN		
OETC	23,999	29,629
PAEW	4,487	55,103
other	3,605	6,999
BUYERS IN QATAR		
KAHRAMAA QATAR	197,729	58,481
OTHER BUYERS IN QATAR	207,540	313,612
BUYERS IN UNITED ARAB EMIRATES		
DUBAI		
DEWA Contracts DUBAI	351,004	27,120
MERAAS DUBAI	69,328	147,591
OTHER BUYERS IN DUBAI	46,733	99,583
ABU DHABI	0	0
TRANSCO ABU DHABI	13,293	16,083
OTHER BUYERS IN ABU DHABI	20,565	43,441
Total	***1,080,610***	***1,094,415***

The Parent Company has not given any payment security instruments issued.

Structure of short-term receivables not impaired	*in 000 RSD*	
	2023	**2022**
Related entities:		
a) Current receivables	23	429
Total	***23***	***429***
Buyers in the country:		
a) Current receivables	129,452	153,159
b) Up to 30 days	12,851	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
Total	***142,303***	***296,343***
Buyers abroad:		
a) Current receivables	461,985	310,989
b) Up to 30 days	59,515	80,835
c) 30 - 60 days	115,965	50,280
d) 60 - 90 days	16,818	66,992
e) 90 - 365 days	206,671	173,109
f) More than 365 days	77,329	115,438
Total	***938,284***	***797,643***
TOTAL	***1,080,610***	***1,094,415***

STRUCTURE OF OTHER SHORT-TERM RECEIVABLES

Other short-term receivables	*in 000 RSD*	
	2023	**2022**
Receivables from employees	124,356	150,729
Receivables from Pearl Garden	11,634	

Receivables for refundable employee benefits	421	673
Total	**136,411**	**151,402**
Value-added tax in incoming invoices at the general rate (except for paid advances)	0	0
TOTAL:	**136,411**	**151,402**

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 2023	Note	External credit rating	Internal credit rating	12-month and lifetime ECL	Gross carrying amount	Value adjustment	Net carrying amount
Long-term financial placements	27	n/p	cash-generating	12-month ECL	100,377	-	100,377
Long-term receivables	27	from A- to AAA	cash-generating	12-month ECL	1,033,303	-	1,033,303
Trade receivables	29	n/p	cash-generating	lifetime ECL	1,080,610	-	1,080,610
Other receivables	30	n/p	cash-generating	12-month ECL	136,411	-	136,411
Short-term financial placements	31	AAA	cash-generating	12-month ECL	1,269,080	-	1,269,080
Cash	32	from A- to BBB-	from A- to BBB-	12-month ECL	501,026	-	501,026

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 consists of three types of risks:

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

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		Liabilities in USD	
2022	**2023**	**2022**	**2023**
2,602,140	2,357,212	1,720,438	1,435,626

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	
	2023	**2022**
NET EFFECT ON THE CURRENT PERIOD'S RESULT	9,334	9,712

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*	
	2023	**2022**
Suppliers in the country (related and other entities):		
ENERGOPROJEKT HOLDING	1,162	4,715
ENERGOPROJEKT INDUSTRIJA	1,234	1,998
ENERGOPROJEKT HIDROINZENJERING	3,500	3,124
OTHER RELATED ENTITIES	-	-
AUTORSKI BIRO	-	3,611
Other suppliers in the country	8,626	7,082
Subtotal	**14,522**	**20,530**
COUNTRY		
AF CONSULTANT	271	416
QATAR		
AGENT RES.OPTIMUM	162,872	251,370
SPONSOR QATAR	236,845	233,004

QATAR ROYALTIES		108
CONSULTANT	13,025	52,586
QATAR, OTHER SUPPLIERS	22,777	60,376
OMAN		
SPONSOR OMAN	6,154	18,957
OMAN ROYALTIES		
OMAN, OTHER SUPPLIERS	11,675	13,448
UNITED ARAB EMIRATES (UAE)		
UAE ROYALTIES		
CONSULTANTS IN EMIRATES	1,548	
OTHER SUPPLIERS IN UAE	8,977	5,915
SPONSOR EMIRATES		
Subtotal	**464,144**	**636,179**
Other liabilities	973	633
TOTAL:	**479,639**	**657,342**

The Parent Company has not given any payment security instruments.

Maturity structure of liabilities to suppliers	*in 000 RSD*	
	2023	**2022**
Related entities:		
a) Current liabilities	6,869	6,335
b) Up to 30 days		1,239
c) 30 - 60 days		1,689
d) 60 - 90 days		514
e) 90 - 365 days		60
Subtotal	**6,869**	**9,837**
Suppliers in the country:		
a) Current liabilities	8,626	10,693
Subtotal	**8,626**	**10,693**
Suppliers abroad:		
a) Current liabilities	464,144	636,812
Subtotal	**464,144**	**636,812**
TOTAL	***479,639***	***657,342***

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	Sattisfactory score	31/12/2023	31/12/2022
Current ratio	2 : 1	3.70 : 1	2.86 : 1
Quick ratio	1 : 1	3.68 : 1	2.85 : 1
Cash ratio		0.52 : 1	0.45 : 1
Net working capital ratio		2,612,531	2,092,756

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 arent 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.

Profitability indicators	*in 000 RSD*	
	31/12/2023	31/12/2022
Net profit/loss	326,166	295,843
Average capital employed		
Capital at the beginning of the year	4,133,829	4,034,170
Capital at the end of the year	4,165,692	4,133,829
Subtotal - average capital	**4,149,760**	**4,084,000**
Rate of return on average capital employed	**7.86%**	**7.24%**

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.

Financial structure indicators	*in 000 RSD*	
	31/12/2023	31/12/2022
Liabilities	1,610,878	2,051,243
Total assets	5,874,880	6,185,072
Share of borrowed funds in the total sources of funding	**0.27 : 1**	**0.33 : 1**
Long-term assets		
Equity	4,165,692	4,133,829
Long-term provisions and long-term liabilities	688,817	928,752
Subtotal - long-term assets	**4,854,509**	**5,062,581**
Total assets	5,874,880	6,185,072
Share of long-term assets in total sources of funding	**0.83 : 1**	**0.82 : 1**

The **net 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*	
	31/12/2023	31/12/2022
Net gearing ratio		
Liabilities	1,709,188	2,051,243
Cash and cash equivalents	501,026	504,020
Subtotal - Total debt	**1,208,162**	**1,547,223**
Equity	4,165,692	4,133,829
Total debt/shareholder equity	**1 : 3.45**	**1 : 2.67**

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	
	01/01-31/12/23	01/01-31/12/22
Revenue from the sale of goods domestically		
Revenue from the sale of products and services to the Parent Company and subsidiaries in the country	223	201
Revenue from the sale of products and services to other related entities in the country	2,210	2,109
Revenue from the sale of products and services in the country	775,151	695,300
Subtotal - revenue from the sale of products in the country	**777,584**	**697,610**
Revenue from the sale of goods abroad:		
Revenue from the sale of products and services abroad	3,016,277	3,306,508
Subtotal - revenue from the sale of goods abroad	**3,016,277**	**3,306,508**
T O T A L:	**3,793,861**	**4,004,118**

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 2023 amounts to 3,793,861 thousand dinars.

On 31 December 2023, the total transaction price of uncompleted (or partially completed) performance obligations related to the design, consulting and engineering services amounted to 6,291,720 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 2023 i.e. 3,051,789 thousand dinars will be recognized as revenue in the next reporting period. The remaining 51% or 3,239,931 thousand RSD will be recognized in the following financial years.

Total revenue from the 3 largest customers who individually have more than 10% share in the Company's revenues for 2023 amounted to 1,742,124 thousand RSD (2022: 10 customers with revenues of 2,907,750 thousand RSD).

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

NAME	REVENUE FROM SERVICES
SERBIA	
Related entities	2,433

EPS	512,816
Others	129,776
Beo čista doo	121,954
SHANGHAI ELECTRIC GROUP	10,605
Revenue from abroad	9,476
TOTAL SERBIA	**787,060**
QATAR	
Kahrama	748,908
Others	482,581
OMAN	
OETC	397,991
PAEW	271,584
Others	22,557
EMIRATES	
DEWA	480,400
Others	266,421
TRANSCO	245,810
Others	90,549
ABROAD	**3,006,801**
TOTAL:	**3,793,861**

12. OTHER OPERATING INCOME

Other operating income	*in 000 RSD*	
	01/01-31/12/23	**01/01-31/12/22**
INCOME FROM ASSETS VALUATION ADJUSTMENTS	183	0
T O T A L:	**183**	**0**

13. COSTS OF MATERIAL, FUEL AND ENERGY

Breakdown of costs of material, fuel and energy	*in 000 RSD*	
	01/01-31/12/23	**01/01-31/12/22**
COSTS OF MATERIALS AND ENERGY		
Costs of office supplies - external	15,536	16,184
Costs of office supplies - EP - analytical	1,070	743
Costs of other overhead material	11,877	13,238
Costs of other material (overhead)	**28,483**	**30,165**

Costs of fuel	52,646	66,813
Costs of electricity and heat	25,027	27,633
Costs of fuel and energy	**77,673**	**94,446**
Costs of spare parts	-	-
Costs of one-time write-off of tools and inventory	3,123	898
TOTAL:	**109,279**	**125,509**

Breakdown of costs by companies:

UNITED ARAB EMIRATES	**24,400**
ENTEL	**24,419**
QATAR	**39,526**
OMAN	**20,935**
	109,279

14. COSTS OF SALARIES, ALLOWANCES AND OTHER PERSONNEL EXPENSES

Breakdown of salaries, allowances and personnel expenses l	*in 000 RSD*	
	01/01-31/12/23	**01/01-31/12/22**
Employee salaries - gross	2,085,862	2,212,869
Costs of taxes and contributions on salaries and allowances charged to the employer	62,105	65,598
Other personnel expenses and remunerations:		
Costs of fees under copyright contracts	1,651	1,631
Costs of fees paid to individuals under other contracts	864	297
Costs of remuneration paid to directors and members of managing and supervisory boards	1,111	1,124
Costs of hiring employees through recruitment agencies and cooperatives	4,209	4,625
Other personnel expenses and compensations:	79,319	71,493
Subtotal of personnel expenses and compensations:	**87,154**	**79,170**
TOTAL:	**2,235,121**	**2,357,637**

Breakdown of costs by companies:

UNITED ARAB EMIRATES	**649,550**
ENTEL	**495,543**
QATAR	**674,563**
OMAN	**415,465**
	2,235,121

Other personal expenses in the amount of 87,154 thousand RSD refer to:

52300	COSTS OF FEES PAYABLE UNDER COPYRIGHT CONTRACTS	1,651
52500	COSTS OF FEES PAYABLE TO INDIVIDUALS UNDER OTHER CONTRACTS	865
52600	COSTS OF REMUNERATION TO MEMBERS OF THE BOARD OF DIRECTORS AND SUPERVISORY BOARD	1,111
52800	PUPIL AND STUDENT COOPERATIVES	4,209
52900	REIMBURSEMENT OF EMPLOYEE EXPENSES FOR TRAVEL TO/FROM WORK	11,280
52910	MEALS	20,572
52911	COSTS OF EMPLOYEE ACCOMMODATION (REIMBURSEMENT)	4,078
52920	SEVERANCE PAYMENT FOR TERMINATION OF EMPLOYMENT RELATIONSHIP /stimulative/	1,228
52941	REIMBURSEMENT OF BUSINESS TRIP EXPENSES - COSTS OF TRANSPORT, AIR FARES	28
52942	REIMBURSEMENT OF BUSINESS TRIP EXPENSES - COSTS OF NIGHT STAYS (HOTEL)	6,351
52943	REIMBURSEMENT OF BUSINESS TRIP EXPENSES - DAILY ALLOWANCES	27,229
52944	REIMBURSEMENT OF BUSINESS TRIP EXPENSES - OTHER EXPENSES	34
52960	Other personnel expenses and employee salaries and other benefits which HAVE the character of salaries	5,677
52990	SCHOLARSHIPS AND LOANS TO PUPILS AND STUDENTS	210
52991	SUPPORT ALLOWANCE FOR CHILDBIRTH, MATERNITY LEAVE	602
52999	OTHER ENTITLEMENTS, GIFTS FOR MARCH 8TH, CHILDBIRTHS...	2,029
		87,154

15. AMORTIZATION EXPENSES

Breakdown of amortisation costs	*in 000 RSD*	
	01/01-31/12/23	**01/01-31/12/22**
Amortization of intangibles	3,244	3,710
Depreciation of property, plant and equipment	117,187	125,684
TOTAL:	**120,431**	**129,394**

Annual depreciation is done before the evaluation of the items of property. On 31 December 2023, the Company assessed the residual value and the remaining useful life for property and equipment with significant carrying amounts. In 2023, 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, like in Serbia, so there were no conditions for applying the above standard.

The costs of amortisation by companies:

UNITED ARAB EMIRATES	**15,748**
ENTEL	**14,918**
QATAR	**69,034**

OMAN	**20,731**
	120.431

The costs of amortisation of intangible assets by companies:

UNITED ARAB EMIRATES	**24**
ENTEL	**1,112**
QATAR	**2,021**
OMAN	**87**
	3,244

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

UNITED ARAB EMIRATES	**1,952**
ENTEL	**13,806**
QATAR	**6,211**
OMAN	**20,644**
	42,613

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

UNITED ARAB EMIRATES	**13,772**
QATAR	**60,802**
	74,574

16. EXPENSES FROM ASSETS VALUATION ADJUSTMENT

Breakdown of expenses from assets valuation adjustment	*in 000 RSD*	
	01/01-31/12/23	**01/01-31/12/22**
Expenses from assets valuation adjustment e	2,603	-
TOTAL:	**2,603**	**0**

17. 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	
	01/01-31/12/23	01/01-31/12/22
Costs of performance	391,743	339,929
Costs of transportation services	131,582	161,956
Costs of maintenance services	23,345	20,550
Costs of leases	62,831	82,429
Costs of trade shows	5,945	5,772
Costs of advertising and marketing	6,312	4,968
Costs of research		
Costs of other services	19,718	23,681
TOTAL:	**641,476**	**639,285**

Costs of manufacture by companies:

UNITED ARAB EMIRATES	**107,553**
ENTEL	**108,182**
QATAR	**118,738**
OMAN	**57,270**
	391,743

Costs of transportation by companies:

UNITED ARAB EMIRATES	**39,291**
ENTEL	**14,593**
QATAR	**59,800**
OMAN	**17,898**
	131,582

Costs of mainenance by companies:

UNITED ARAB EMIRATES	**1,464**
ENTEL	**1,314**
QATAR	**14,984**
OMAN	**5,583**
	23,345

Costs of lease primarily refer to the lease of apartments incurred by our foreign companies.
The breakdown of costs by companies:

UNITED ARAB EMIRATES	**17,081**
ENTEL	**84**
QATAR	**43,761**
OMAN	**1,904**
	62,831

Costs of trade shows refer to

UNITED ARAB EMIRATES	**5,618**
ENTEL	**327**
QATAR	**0**
	5,945

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	**806**
ENTEL	**5,357**
QATAR	**149**
	6,312

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	**3,294**
ENTEL	**16,050**
OMAN	**374**
	19,718

18. COSTS OF PROVISIONING

Breakdown of provisioning costs	*in 000 RSD*	
	01/01-31/12/23	**01/01-31/12/22**
Costs of provisioning for employee salaries and benefits	64,621	56,275
TOTAL:	**64,621**	**56,275**

The position of provisions for salaries and other employee benefits complies with the law regulations in force in the countries we operate in.
The breakdown of these costs by companies:

UNITED ARAB EMIRATES	**25,794**
QATAR	**17,536**
OMAN	**21,291**
	64,621

19. INTANGIBLE COSTS

Breakdown of intangible costs	*in 000 RSD*	
	01/01-31/12/23	**01/01-31/12/22**
Costs of non-production services	222,992	292,496
Entertainment expenses	17,587	15,386
Costs of insurance premiums	43,591	51,028
Costs of payment operations	26,025	30,579
Costs of membership fees	1,381	1,446
Costs of salaries and benefits	21,808	24,876
Other intangible costs	83,349	91,495
TOTAL:	**416,733**	**507,306**

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:

UNITED ARAB EMIRATES	**11,812**
ENTEL	**14,046**
QATAR	**181,337**
OMAN	**15,797**
	222,992

Costs of entertainment refer to hospitality services, gifts to business partners, costs of samples of advertising, etc.
The breakdown of costs by companies:

UNITED ARAB EMIRATES	**2,500**
ENTEL	**10,236**
QATAR	**4,104**
OMAN	**747**
	17,587

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:

UNITED ARAB EMIRATES	**28,323**
ENTEL	**3,413**
QATAR	**5,920**
OMAN	**5,935**
	43,591

Of the total posted **costs of payment operations and bank services** the greatest portion in 2023 in the amount of 26,694 thousand RSD refers to the costs of guarantees.
Total costs for 2023 amounted to 30,579 thousand RSD.
The breakdown of costs by companies:

UNITED ARAB EMIRATES	**7,714**
ENTEL	**4,002**
QATAR	**13,925**
OMAN	**384**
	26,025

Costs of membership fees amounting to 1,381 thousand RSD mainly refer to various membership fees required for the company's operation abroad.
The breakdown of costs by companies:

UNITED ARAB EMIRATES	**34**
ENTEL	**1,078**
OMAN	**269**
	1,381

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 2023 in the amount of 2,079 thousand RSD.
In the company operating in Oman, these costs refer to taxes payable for local labour under local legislation.
The breakdown of costs by companies:

ENTEL	**2,541**
OMAN	**19,267**
	21,808

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 costs by companies:

UNITED ARAB EMIRATES	**15,064**
ENTEL	**50,670**
QATAR	**11,757**
OMAN	**5,858**
	83,349

20. FINANCIAL INCOME AND EXPENSES

20.1 Financial income

Breakdown of financial income	in 000 RSD	
	01/01-31/12/23	**01/01-31/12/22**
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	8	18
Subtotal - financial income from relations with the Parent Company and subsidiaries	8	18
Interest income (from third parties)	76,052	12,616
Foreign exchange gains and effects of foreign currency clause	1,443	6,293
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	7,330	9,173
Other financial income:		
b) Other financial income	29,765	38,939
Subtotal - other financial income	*29,765*	*38,939*
Total - Other financial income (income from profit sharing in associated entities and joint ventures and other financial income)	**37,095**	**48,112**
TOTAL:	**114,598**	**67,039**

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 2023 of 7,330 thousand RSD refers to income from the relevant profit earned in 2023 for the 20% interest held in ENERGOPLAST DOO.

Other financial income in 2023 of 29,765 thousand RSD refers to income from the rental of villas in Qatar. The villa rental activities are carried out by Pearl Garden on behalf and for the account of the owner.

20.2 *Financial expenses*

Breakdown of financial expenses	in 000 RSD	
	01/01-31/12/23	01/01-31/12/22
Financial expenses from relations with the Parent Company, subsidiaries and other related entities:		
Financial expenses from relations with other related entities	0	1
Subtotal - Financial expenses from relations with the Parent Company, subsidiaries and other related entities	0	1
Interest expenses (paid to third parties)	1,570	14,996
Foreign exchange losses and negative effects of the foreign currency clause	3,764	9,814
Otherfinancialexpenses:		
Other financial expenses	1	0
Subtotal- Other financial income	1	0
TOTAL:	**18,335**	**24,811**

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 2023, the IFRS 16 was applied for the first time on leased property with rights of use giving rise to interest in the amount of 14,570 thousand RSD.

21. OTHER INCOME AND EXPENDITURE

21.1 *Other income*

Breakdown of other income	in 000 RSD	
	01/01-31/12/23	01/01-31/12/22
Profit from the sale of intangible assets, property, plant and equipment	311	142
Surpluses	16	11
Collected receivables previously written off	18,610	20,860
Income from the reversal of long-term and short-term provisions	83,972	98,318
Other unmentioned income	8,060	9,972
TOTAL:	**110,969**	**129,303**

The largest item included in the other income of 83,872 thousand RSD refers to the reversal of part of provisions in Qatar company for Phase 12 project in the amount of 40,511 thousand RSD and for Phase 13 project in the amount of 43,461 thousand RSD.

Other unmentioned income in the amount of 8,060 thousand RSD refers to income from other amounts collected.

21.2 Other expenses

Breakdown of other expenditure	in 000 RSD	
	01/01-31/12/23	01/01-31/12/22
Losses from the decommissioning and sale of intangible assets, property, plant and equipment	138	111
Expenses for direct write-off of receivables	49,232	25,518
Other unmentioned expenses	16,573	15,402
Total	**65,943**	**41,031**

Losses from decommissioning of assets in the amount of 138 thousand RSD refer to decommissioning of office furniture in Belgrade.
Expenses for the direct write-off of receivables in the amount of 49,232 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 2023 in the amount of 3,174 thousand RSD and to donations in the amount of 745 thousand RSD.

22. PROFIT BEFORE TAXES

Breakdown of gross income	in 000 RSD	
	01/01-31/12/23	01/01-31/12/22
Operating income	3,794,044	4,004,118
Operating expenses	3,590,264	3,815,406
Net result	**203,780**	**188,712**
Financial income	114,598	67,039
Financial expenses	18,335	24,811
Net financial result	**96,263**	**42,228**
Other income	110,969	129,304
Other expenses	65,943	41,031
Result of other income and expenses	**45,026**	**88,273**
TOTAL INCOME	**4,019,611**	**4,200,461**

TOTAL EXPENSES	**3,674,542**	**3,881,248**
PROFIT/LOSS BEFORE TAXES	**345,069**	**319,213**

23. PROFIT TAX AND NET PROFIT

Breakdown of profit tax and net profit calculation	*in 000 RSD*	
	01/01-31/12/23	**01/01-31/12/22**
Profit/(loss) before taxes	346,682	319,268
Capital gains/(losses) recognized in the Income Statement	31,421	13,595
Taxable profit/ (loss)	**378,103**	**332,863**
Tax base	**378,103**	**332,863**
Calculated tax (15% of the tax base)	56,715	49,929
Total deductions from accrued tax	(25,782)	(25,810)
Accrued tax after deductions	**82,497**	**75,739**
Profit/loss before taxation	346,682	319,268
Tax expense of the period	25,782	23,314
Deferred tax expense/income of the period	5,266	-112
Net profit/(loss)	**326,166**	**295,842**

24. EARNINGS PER SHARE

Indicator	*in 000 RSD*	
	01/01-31/12/23	**01/01-31/12/22**
Net profit	326,166	295,842
Average number of shares during the year	422,495	422,495
Earnings per share (in RSD)	**772**	**700**

Earnings 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 2023 was 422,495 and thus the earning per share amounted to 700 RSD.

BALANCE SHEET - ASSETS

25. INTANGIBLE ASSETS

DESCRIPTION	investments in development	Concessions, patents, licences, software and other rights	Goodwill	Intangible assets taken under leasing	Advances for intangible assets	Total intangible assets
	Acc. (010)	Acc. (011+012)	Acc. (013)	Acc. (015)	Acc. (017)	Group 01
COST						
Balance on January 01 of current year	-	73,651	-	-	-	73,651
New procurements during the year		1,749				1,749
Impairments		(980)				(980)
FX differences		(1,999)				(1,999)
Balance on December 31 of current year	**-**	**72,421**	**-**	**-**	**-**	**72,421**
VALUE ADJUSTMENT						
Balance on January 01 of current year	-	68,146	-	-	-	68,146
Depreciation for the current year		3,243				3,243
Impairments		(980)				(980)
FX differences		**(1,910)**				(1,910)
Balance on December 31 of current year	**-**	**68,499**	**-**	**-**	**-**	**68,499**
PRESENT VALUE	**-**	**3,922**	**-**	**-**	**-**	**3,922**

26. PROPERTY, PLANT AND EQUIPMENT

26.1 Propery, plant and equipment without investment property

DESCRIPTION	Land	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. (020+021)	Acc. (022)	Acc. (023)	Acc. (026)	Acc. (025)	Acc. (027)	Group 02
COST							
Balance on January 01 of current year	-	903,728	361,293	289	314,438	34,338	1,614,086
New acquisitions during the year			12,410				12,410
Disposal and decommissioning			(24,369)				(24,369)
Gains/(losses) included in "Other result" (Acc. 330)		(16,957)					(16,957)
Foreign exchange differences		(16,128)	(9,772)		(12,252)		(38,152)
Other increases/(decreases)	119,957	(36,353)			63,442		147,046
Balance on 31 December of the current year	**119,957**	**834,290**	**339,562**	**289**	**365,628**	**34,338**	**1,694,064**
Balance on January 01 of current year	-	148,907	259,510	-	77,466	-	485,883
Depreciation in the current year		19,808	22,806		74,574		117,188
Disposal and decommissioning (enter with a minus sign)			(23,705)				(23,705)
Foreign exchange differences		(5,525)	(8,124)		**(6,221)**		(19,870)
Other increases/(decreases)		(19,658)					(19,658)
Balance on 31 December of the current year	**-**	**143,532**	**250,487**	**-**	**145,819**	**-**	**539,838**
PRESENT VALUE	**119,957**	**690,758**	**89,075**	**289**	**219,809**	**34,338**	**1,154,226**

Fair value of buildings is usually determined by appraisal carried out by independent qualified appraisers based on market evidence. Fair value of the buildings is usually their market value determined through appraisal.

When there are no evidence of fair value on the market, due to the specific nature of the building and due to the fact that such items are rarely sold, the Company estimates fair value by using the yield method or the depreciated replacement cost method.

The Company recorded a building in its business books – Energoprojekt commercial building, which is stated at revaluated amount on the appraisal date.

On 31 December 2023, the Company carried out the assessment of the Energoprojekt commercial building by a qualified independent external appraiser, where the value of the building and the value of the land, which were separately recorded in the Company's books in accordance with legal regulations, were assessed. The entire property (facility with land under the building) was evaluated using the yield method, and then the estimated value was allocated in accordance with NVS 2 (National Valuation Standard), which entails determining the value of the amortized costs of replacing the buildings, and then subtracting that value from the value of the whole property (facility with land under the building), and the value that remains after subtraction represents the value of the land.

Reconciliation of the initial and final state of the value of "buildings" is given in the table below.

No.	Building	Total	Part of EP Oprema commercial building	Total	Transfer of part to land before appraisal 31/12/2023	Residual value	Remaining useful life on day of balance sheet	Depreciation	Gains (losses) included in "Other result"	End balance
	1	2	3	4 (2+3)	5	6	7	8	9	10 (4+5+8+9)
1	Energoprojekt commercial building	1,572,262	305,223	1,877,485	402,371	1,059,266	58	13,885	268,723	1,729,952
	TOTAL	***1,572,262***				***1,059,266***	***58***	***13,885***	***268,723***	***1,729,952***

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 2023 amounts to RSD 255,170 thousand with annual depreciation of RSD 15,948 thousand.

New acquisitions in the amount of RSD 12,410 thousand refer to the purchase of:

in Serbia RSD 5,553 thousand:

- computers in the amount of RSD 4,686 thousand and
- other assets in the amount of RSD 867 thousand

and the purchases in companies are as follows:

- in Qatar RSD 2,405 thousand RSD - computers

- in the United Arab Emirates RSD 2,529 thousand, as follows:
  - computers in the amount of RSD 2,131 thousand
  - other assets in the amount of RSD 398 thousand

- in Oman RSD 1.923 thousand, as follows:
  - computers in the amount of RSD 1,859 thousand
  - other assets in the amount of RSD 64 thousand

Disposal of plant and equipment in the amount of 24,369 refers to:

Serbia

- for computers in the amount of RSD 6,374 thousand
- other assets in the amount of RSD 238 thousand;

Oman

- for computers in the amount of RSD 3,045 thousand and
- for cars in the amount of RSD 7,006 thousand;

Qatar

- for cars in the amount of RSD 2,879 thousand and
- other assets in the amount of RSD 796 thousand

United Arab Emirates

- for cars in the amount of RSD 2,651 thousand and
- for computers in the amount of RSD 1,380 thousand

27. LONG-TERM FINANCIAL INVESTMENTS

Breakdown of long-term financial investments	*in 000 RSD*	
	2023	**2022**
Equity stake in the capital of associated entities and joint ventures	100,377	102,388
Subtotal	**100,377**	**102,388**
Long-term termed deposits	107,283	138,310
Other long-term financial placements	3,580	4,697
Long-term retention (external)	922,440	1,587,046
Subtotal	*1,033,303*	*1,730,053*
Value adjustment		
TOTAL:	**1,133,680**	**1,832,441**

Equity stake in capital

Equity stake in the capital of associated entities and joint ventures is measured at cost. The Parent Company recognizes 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 RSD 100,377.

Other long-term financial investments

Other long-term investments abroad refer to:

- retention deposits
- deposits for employees' visas

- deposits for rented apartments

The breakdown by companies:

UNITED ARAB EMIRATES	**91,503**
QATAR	**15,780**
	107,283

Deposits for bank guarantees in the amount of RSD 107,283 thousand refer to the company operating in Qatar in the amount of RSD 91,503 thousand and Energoconsult L.L.C. in the amount of RSD 15,780 thousand).

Other long-term financial investments refer to deposits for apartments rented by companies. Deposits for apartments account for RSD 3,580 thousand which is as follows by companies: Qatar in the amount of RSD 1,957 thousand and Energoconsult L.L.C in the amount of RSD 1,623 thousand.

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 2023 in the amount of RSD 922,440 thousand by company:

UNITED ARAB EMIRATES	**205,281**
QATAR	**606,151**
OMAN	**111,008**
	922,440

Qatar RSD 606,151 thousand

The breakdown by customers:

KAHRAMA	**575,024**
OTHER QATAR	**31,127**
	606,151

Oman RSD 111,008 thousand

The breakdown by customers:

OETC	**63,472**
PAEW	**46,952**
OTHER OMAN	**584**
	111,008

ENERGOCONSULT L.L.C RSD 205,281 thousand

The breakdown by customers:

OTHER UNITED ARAB EMIRATES	**130,586**
TRANSCO	**10,585**
MERASS	**9,350**
DEWA	**54,760**
	205,281

28. LONG-TERM PREPAYMENTS AND ACCRUED INCOME

LONG-TERM PREPAYMENTS AND ACCRUED INCOME	*in 000 RSD*	
	2023	**2022**
Long-term prepaid insurance premiums	2,156	3,676
TOTAL:	**2,156**	**3,676**

29. INVENTORY

Inventory breakdown	*in 000 RSD*	
	2023	**2022**
Fixed assets helf for sale	-	-
Advances paid for inventory and services in the country:		
a) Advances paid for inventory and services to Parent Company and subsidiaries	815	1,582
b) Advances paid for inventory and services to other related entities	1,881	1,881
c) Advances paid to other entities for services in the country - external	12,921	2,824
Subtotal	**15,617**	**6,287**
dvances paid to other entities for services abroad - external	6,140	5,265
TOTAL:	**21,757**	**11,552**

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	1,8 1
RSM SRBIJA DOO	195
OTHER	678
VARIOUS SUPPLIERS QATAR	5,265
	11,552

30. ACCOUNTS RECEIVABLE

Accounts receivable	*in 000 RSD*	
	2023	**2022**
Customers in the country - Parent Company and subsidiaries	23	21
Customers in the country - other related entities - sub- ledger	-	408
Customers in the country	142,303	296,343
Customers abroad	938,284	797,643
TOTAL:	**1,080,610**	**1,094,415**

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

The Parent Company does not have any instruments of security for accounts receivable.

The Company does not have any 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 IFRS 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 balance of this account by companies is as follows:

UNITED ARAB EMIRATES	**500,923**
ENTEL	**142,326**
QATAR	**405,269**
OMAN	**32,092**
	1,080,610

The receivables of Energoconsult L.L.C. amount to RSD 500,923 thousand and its most significant customers are the following:

DEWA Contracts DUBAI	351,004
MERAAS DUBAI	69,328
OTHER DUBAI	46,733
TRANSCO ABU DHABI	13,293
OTHER ABU DHABI	20,565
	500,923

The receivables of Energoprojekt Entel L.L.C. Oman amount to RSD 32,092 thousand and its most significant customers are the following

OETC	23,999
PAEW	4,487

OTHER	3,605
	32,092

The receivables of the Qatar company amount to RSD 405,269 thousand and its most significant customers are the following

KAHRAMA	69,736
OTHER	335,533
	405,269

The receivables of the company in Serbia amount to RSD 142,326 thousand and its most significant customers are the following

EPS	118,190
TEPSCO	4,292
Beočista energija	18,696
Other Serbia	1,125
Associated entites	23
	142,326

31. OTHER RECEIVABLES

Other short-term receivables	*in 000 RSD*	
	2023	**2022**
Receivables from employees	124,356	150,729
Receivables from state bodies and organizations		
Receivables for overpaid profit tax		-
Receivables for other taxes and contributions prepaid	11,634	0
Receivables for employee allowances refundable	421	673
Subtotal	**136,411**	**151,402**
Value-added tax in incoming invoices at a general rate (except for advances paid)	-	1,230
TOTAL:	**136,411**	**152,632**

The "Receivables from Employees" position in the amount of RSD 124,356 thousand refers to the severance pays paid in advance to freelance workers in Qatar in the amount of RSD 85,570 thousand, in Oman in the amount of RSD 19,900 thousand, in the United Arab Emirates in the amount of RSD 18.886 thousand in compliance with local legislation.

32. SHORT-TERM FINANCIAL INVESTMENTS

Short-term financial investments:	*in 000 RSD*	
	2023	**2022**
Other short-term financial placements		
b) Other short-term financial placements	1,269,080	835,620
TOTAL:	**1,269,080**	**835,620**

Other short-term financial investments include funds deposited with commercial banks under fixed term amounting to RSD 1,269,080 thousand, funds deposited with commercial banks in Serbia in the amount of RSD 222,000 thousand at the interest rate of 5.50%, in Energoprojekt Entel Qatar: RSD 1,003,859 thousand at the interest rate of 5.00% per annum, and in companies in United Arab Emirates RSD 43,221 at the interest rate of 4.00% per annum.

33. CASH AND CASH EQUIVALENTS

CASH AND CASH EQUIVALENTS	*in 000 RSD*	
	2023	**2022**
In RSD:		
Current accounts	9,837	2,229
Cash on hand	528	422
Subtotal	**10,365**	**2,651**
in foreign currencies:		
Foreign currency accounts with domestic banks	22,915	17,946
Foreign currency accounts with banks abroad	467,261	483,254
Foreign currency on hand	485	169
Subtotal	490,661	501,369
TOTAL:	**501,026**	**504,020**

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 includes 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 companies:

BAHREIN	**1,030**
UNITED ARAB EMIRATES	**253,818**
ENTEL	**32,867**
QATAR	**94,314**
OMAN	**118,997**
	501,026

34. PREPAYMENTS AND ACCRUED INCOME

Breakdown of prepayments and accrued income	*in 000 RSD*	
	2023	**2022**
Prepaid expenses:		
Short-term prepaid expenses - Parent Company and subsidiaries - sub-ledger account	422	115
Prepaid expenses - other related legal entities	-	-
Prepaid subscriptions for professional publications	-	445
Short-term prepaid costs of leases	10,043	6,970
Short-term prepaid insurance premiums	9,044	12,144
f) Prepaid costs for marketing and propaganda	-	-
Other prepaid expenses	5,456	6,455
Subtotal	***24,965***	***26,129***
Receivables for not invoiced income:		
Short-term receivables for not invoiced revenue - other legal entities - external	546,485	590,677
b) Receivables for not invoiced income - other related legal entities		-
c) Receivables for not invoiced income - other legal entities		
Subtotal	***546,485***	***590,677***

Accrued expenses under liabilities	-	-
Other accruals:	-	-
a) Deferred value-added tax	562	202
Other accruals	-	-
Subtotal	***562***	***202***
TOTAL:	**572,012**	**617,008**

The breakdown of this account by companies:

UNITED ARAB EMIRATES	**266,835**
ENTEL	**68,501**
QATAR	**164,387**
OMAN	**72,289**
	572,012

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 in our companies. The lease contracts are concluded one year in advance and they are mostly paid on a quarterly basis. The Qatar and UAE companies make payments for business premises, while the Oman company does not lease business premises.

The breakdown of this account by companies:

UNITED ARAB EMIRATES	**6,231**
QATAR	**3,812**
	10,043

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

UNITED ARAB EMIRATES	**4.762**
ENTEL	**68**
QATAR	**3.123**
	9.044

Other prepaid expenses in the amount of RSD 5,456 thousand refer to prepaid tuitions and prepaid magazine subscriptions.

The breakdown of this account by companies:

ENTEL	**1,999**
QATAR	**2,775**
OMAN	**682**
	5,456

Receivables for not invoiced revenue refer to revenue invoiced in 2023 which apply to works in 2022 in accordance with IFRS 15. The breakdown of revenue by company is as follows:

The breakdown of this account by companies:

UNITED ARAB EMIRATES	**255,664**
ENTEL	**66,034**
QATAR	**154,495**
OMAN	**70,292**
	546,485

BALANCE SHEET – LIABILITIES

35. EQUITY

DESCRIPTION	Share capital	Reserves	Revaluation reserves	Undistributed profit	Total
Balance on January 01, 2022	*173,223*	*23,915*	*363,327*	*3,473,683*	*4,034,148*
Net profit for the year				295,843	295,843
Other comprehensive income					0
Subtotal - other comprehensive income	0	0	0	0	0
Other comprehensive income for 2022	173,223	23,915	363,327	3,769,526	4,329,991
Corrections		93	12,169	87,322	99,584
Profit sharing				-295,746	-295,746
Balance on December 31, 2022	***173,223***	***24,008***	***375,496***	***3,561,102***	***4,133,829***
Net profit for the year				326,166	326,166
Corrections		-49	69,537	-127,194	-57,706
Increase in equity	0				0
Profit sharing		0		-236,597	-236,597
Balance on December 31, 2023	***173,223***	***23,959***	***445,033***	***3,523,477***	***4,165,692***

35.1 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 records kept by the Central Securities Depository and Clearing House ISIN RSEPEN41315, the breakdown of ownership of ENERGOPROJEKT ENTEL AD on 31 December 2023 is presented in the table below.

Breakdown of share capital	*in 000 RSD*	
	2023	**2022**
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.

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.

35.2 Reserves

Breakdown of reserves	*in 000 RSD*	
	2023	**2022**
Legal reserves	22,744	22,744
Statutory and other reserves	1,215	1,264
TOTAL:	**23,959**	**24,008**

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.

35.3 *Positive revaluation reserves and unrealized gains from financial assets and other income*

Breakdown of positive revaluation reserves and unrealized gains from financial assets and other income	*in 000 RSD*	
	2023	**2022**
a) Revaluation reserves from revaluation of property - Energoprojekt commercial building	332,541	350,160
b) Revaluation reserves from revaluation of other property	0	0
Subtotal	332,541	350,160
Revaluation reserves from revaluation of property and equipment		
Other revaluation reserves	110,988	7,746
Subtotal	110,988	7,746
Profit from the conversion of financial statements of foreign operations	1,504	17,590
Losses from the conversion of financial statements of foreign operations		
Subtotal	1,504	17,590
TOTAL:	**445,033**	**375,496**

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.

35.4 *Undistributed profit*

Breakdown of undistributed profit	*in 000 RSD*	
	2023	**2022**
Undistributed profit from prior years:		
a) Balance on 01 January	3,561,102	3,425,321
b) Correction of profit from income tax	-15,721	- 20,216.00
c) Other corrections (IAS 12 etc.)		- 77,332.00
d) exchange rate differences	-111,473	184,780
Energoplast	0	48,452
e) Profit distribution	-236,597	-295,746
Subtotal	3,197,311	3,265,259
Undistributed profit of the current year	326,166	295,843
TOTAL:	**3,523,477**	**3,561,102**

36. LONG-TERM PROVISIONS

Breakdown of long-term provisions	Expenses during the warranty period	Employee salaries and other benefits	TOTAL
Balance on January 01 of the previous year	391,300	236,083	627,383
Additional provisions		124,960	124,960
Foreign exchange differences	19,839	13,550	33,389
Utilized during the year		- 62,972	- 62,972
Reversal of unutilized amounts	- 97,634		- 97,634
Balance on 31 December of the previous year	**313,505**	**311,621**	**625,126**
Additional provisions		64,621	64,621
Foreign exchange differences	- 6,780	- 15,391	- 22,171
Utilized during the year		- 93,768	- 93,768
Reversal of unutilized amounts	- 83,972		- 83,972
Balance on the balance sheet date	**222,753**	**267,083**	**489,836**

Provisions for employee salaries and other benefits

Provisions for employee salaries and other benefits (provisions for severance pays not yet due) are recognized based on the actuarial calculation completed on 31 December 2023.

Below are the assumptions used when calculating provisions for employee salaries and other benefits as of December 31, 2023.

Assumptions used when preparing the calculation on December 31, 2023	
Discount rate	6.1%
Earnings growth rate in the Republic of Serbia	9.0%
Turnover rate	14.0%

The actuarial loss in the company mainly arose as a result of higher average earnings in 2023 compared to the projected earnings based on the previous year's assumptions and due to the drop in the expected discount rate compared to the previous year's assumption.

Below are the assumptions used when calculating provisions for employee salaries and other benefits as of December 31, 2022.

Assumptions used when preparing the calculation on December 31, 2022	
Discount rate	8.0%
Earnings growth rate in the Republic of Serbia	8.0%

The earnings growth rate in the Republic of Serbia increased nominally in a slightly higher percentage than was projected by the previous calculation, while the discount rate decreased. In the previous calculation for the discount rate, annual yield on RSD securities with a maturity of slightly less than 5 and a half years, issued in October, November and December 2022, was used, while rates for longer terms (eight, ten and 12 years) government bonds issued by the Republic of Serbia in dinars were used for 2023. The turnover rate in last year's calculation was not determined in an adequate way, it was assumed that the percentage of annual employee leaving (voluntary employment termination and mortality) by intervals of total years of service was 5%, the mortality rate, i.e., the probability of survival and the turnover rate was not separated. For the calculation for the year 2023, the employee turnover rate was determined based on the submitted data on employee turnover, i.e. the number of employees who left the Company during the year, historically observed over the past ten years. The turnover percentage is determined at the level of the entire system as a whole.

Below are the amounts of provisions for severance pay at the time of retirement if the actuarial assumptions used would change +/- 1 percentage point.

Actuarial assumptions	Percentages	Amounts in 000 RSD
Discount rate		
increase	3.6%	6,073
decrease	-3.2%	6,501
Earnings growth rate in the Republic of Serbia		

increase	3.5%	6,493
decrease	-3.2%	6,076
Turnover rate		
increase	4.4%	6,026
decrease	-4.0%	6,554

36.1 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.

37. LONG-TERM LIABILITIES

Breakdown of long-term liabilities	*in 000 RSD*	
	2023	**2022**
Long-term loans and liabilities based on leasing abroad	149,295	160,087
TOTAL	**149,295**	**160,087**

This item refers to implementation of IFRS 16, more precisely to the item Long-term office-space leases abroad.

The breakdown of this account by companies:

UNITED ARAB EMIRATES	**44,865**
QATAR	**104,430**
	149,295

38. LONG-TERM ACCRUALS AND DEFERRED INCOME

LONG-TERM ACCRUALS AND DEFERRED INCOME	*in 000 RSD*	
	2023	**2022**
LONG-TERM ACCRUALS AND DEFERRED INCOME	37,389	69,667
TOTAL:	**37,389**	**69,667**

Long-term deferrals stated in the amount of RSD 37,389 thousand refer to retention liabilities for our subcontractor for Mega reservoir projects in Qatar.

39. DEFERRED TAX ASSETS AND LIABILITIES

DEFERRED TAX LIABILITIES	*in 000 RSD*	
	2023	**2022**
Deferred tax liabilities	64,303	59,760
TOTAL:	**64,303**	**59,760**

Deferred tax liabilities recognized on 31 December refer to *taxable temporary differences* between the carrying amount of assets susceptible to amortization and their tax base. Namely, due to different provisions based on which the Company defines accounting amortization (in line with provisions of accounting regulations, IAS/IFRS, etc.) and provisions which define tax amortization (according to Law on Corporate Income Tax), in the future, the Parent Company will pay a higher profit tax than it would pay if the actual accounting depreciation was recognized from the aspect of tax legislation. For this reason, the Parent Company recognizes deferred tax liabilities which are 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 2023, 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 RSD 4,543 thousand.

40. SHORT-TERM FINANCIAL LIABILITIES

SHORT-TERM FINANCIAL LIABILITIES	*in 000 RSD*	
	2023	**2022**
Liabilities due to financial leasing that are due abroad up to one year	81,768	82,042
TOTAL:	**81,768**	**82,042**

This item refers to implementation of IFRS 16, more precisely to the item Long-term office-space leases abroad.

The breakdown of this account by companies:

UNITED ARAB EMIRATES	**18,521**
QATAR	**63,247**
	81,768

ADVANCES, DEPOSITS AND CAUTION MONEY RECEIVED

Breakdown of advances, deposits and caution money received	*in 000 RSD*	
	2023	**2022**
Advances received from other entities in the country	60,908	31,642
Advances received from other entities abroad	6,035	9,524
TOTAL:	**66,943**	**41,166**

The breakdown of this account by companies:

UNITED ARAB EMIRATES	**6,035**
ENTEL	**60,908**
	66,943

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

MILLENNIUM TEAM	**60,908**
DEWA	**6,035**

41. OPERATING LIABILITIES

Operating liabilities	*in 000 RSD*	
	2023	**2022**
1. Suppliers - parent company and subsidiaries in the country	1,162	4,716
3. Suppliers - other related entities in the country	4,734	5,121
5. Suppliers in the country	8,626	10,693

6. Suppliers abroad	464,144	636,179
7. Other operating liabilities	973	633
TOTAL:	**479,639**	**657,342**

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 companies:

UNITED ARAB EMIRATES	**10,526**
ENTEL	**14,793**
QATAR	**436,230**
OMAN	**18,090**
	479,639

42. OTHER SHORT-TERM LIABILITIES

Breakdown of other short-term liabilities	*in 000 RSD*	
	2023	**2022**
Liabilities for salaries and allowances	253,906	202,044
b) Liabilities for dividends	6,213	6,691
d) Liabilities to employees	7,241	11,218
e) Liabilities to directors i.e. members of the board of directors and supervisory board	60	60
f) Liabilities to individuals for consideration payable under contracts	0	168
Subtotal	*267,420*	*220,181*
TOTAL:	**267,420**	**220,181**

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 companies:

UNITED ARAB EMIRATES	**88,679**
ENTEL	**45,322**
QATAR	**96,888**
OMAN	**36,531**
	267,420

Liabilities for unpaid dividends in the amount of RSD 6,213 thousand (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 recognized amount of other short-term liabilities matches their fair value on the balance sheet date.

43. LIABILITIES FOR VALUE ADDED TAX AND OTHER PUBLIC REVENUES

Liabilities for value added tax and other public liabilities	*in 000 RSD*	
	2023	**2022**
Liabilities for value-added tax arising from the differences between the accrued value-added tax and previous taxes	37,025	25,013
Other liabilities for other taxes, contributions and other duties	7,151	7,846
TOTAL:	**44,176**	**32,859**

44. LIABILITIES FOR PROFIT TAX

Liabilities for profit tax	*in 000 RSD*	
	2023	**2022**
Liabilities for profit tax	20,087	19,616
TOTAL:	**20,087**	**19,616**

45. SHORT-TERM DEFERRALS

Short-term deferrals	*in 000 RSD*	
	2023	**2022**
Short-term revenue collected - other legal entities	8,332	83,397
TOTAL:	**8,332**	**83,397**

"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."

46. RECONCILIATION OF RECEIVABLES AND LIABILITIES

The parent company reconciled its receivables and liabilities on 31 December 2023.

47. MORTGAGES REGISTERED AT THE EXPENSE OF AND IN FAVOR OF DOHA BANK GROUP

The subsidiary Energoprojekt Entel Doha, Qatar, has the right to dispose of and usufruct the real estate properties, having a residential area of 4,488 m^2, located on land plots nos. 65582, 65583, 65584, 65585, 65586, 65587, 65588, 65589 and 65590, with floor surface area of 10,736 m^2, in Doha, Qatar, Zone 44, East Al Naija, Al Mumtaza Streat Doha Qatar, which is registered as ownership of a local 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 at the expense of the Company include:

- **Mortgage on real estate property –Energoprojekt Commercial Building,** under bank arrangements with:

Erste banka a.d. Novi Sad in the amount of EUR 27,000,000.00 under Annex 2 to the Multipurpose Framework Limit Agreement no. OVLC003/20 (mortgage debtor is Energoprojekt Holding with the following debtors: Energoprojekt Visokogradnja, Energoprojekt Niskogradnja, Energoprojekt Hidroinženjering and Energoprojekt Industrija); and

OTP banka Srbija Novi Sad a.d. in the amount of EUR 3,218,000.00 under Annex 4 to the Framework Agreement for the Issuance of Bank Guarantees, Letters of Credit and Binding Letters of Intent No. OUG 2820/21 - new number OL2021/457 with all the belonging Annexes (debtor: Energoprojekt Hidroinženjering, mortgage debtor: Energoprojekt Holding and joint debtor: Energoprojekt Visokogradnja), under which the enforceable extrajudicial mortgage on the Energoprojekt commercial building was registered on 10 March 2022, Folio No. 2652, CM Novi Beograd, on behalf of the relevant creditors based on the Statements of Pledge issued by EnergoprojektHolding a.d.

48. 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 users of financial statement.

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*	
	2023	**2022**
Sureties, guarantees and other rights	1,821,190	1,909,895
Total	**1,821,190**	**1,909,895**

The amount of RSD 1,821,1905 thousand 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:

UNITED ARAB EMIRATES	**468,551**
ENTEL	**298,986**
QATAR	**1,049,293**
OMAN	**4,360**
	1,821,190

49. TRANSACTIONS WITH RELATED PARTIES

According to requirements under IAS 24 "Related Parties Disclosures", the transactions with related parties i.e. between the Company and related parties are disclosed below. In respect of the Company, related parties are deemed to be **subsidiaries and key management personnel** (persons with authority and responsibility for planning, directing and controlling the party’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 parties**, the two tables below present transactions which resulted in revenues and expenses recognized in the income statement and liabilities and receivables recognized in the balance sheet.

Receivables from related parties originate from services provided which 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 parties 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 related parties	*in 000 RSD*	
	2023	*2022*
Receivables:		
Parent companies and subsidiaries		
EP HOLDING	1,078	1,603
Other related legal entities		
EP VISOKOGRADNJA	-	70
EP HIDROINŽENJERING	1,881	1,881
EP NISKOGRADNJA	-	338
ENERGOPLAST	27,623	37,018
Subtotal	**30,582**	**40,910**
TOTAL RECEIVABLES	**30,582**	**40,910**
Liabilities:		
Parent companies and subsidiaries		
· EP HOLDING	1,162	4,715
Other related legal entities		
· EP INDUSTRIJA	1,234	1,998
· EP HIDROINŽENJERING	7,504	3,123
Subtotal	**9,900**	**9,836**
TOTAL LIABILITIES	**9,900**	**9,836**

Revenue from related parties	*in 000 RSD*	
	2023	*2022*
Revenues:		
Parent companies and subsidiaries		
· EP HOLDING	223	201

Financial income		
Other related legal entities		
· OTHER		
· EP INDUSTRIJA	1,134	695
· EP HIDROINŽENJERING	675	505
· EP NISKOGRADNJA	117	517
· EP VISOKOGRADNJA	292	404
Total revenue	**2,441**	**2,322**
Expenses from related parties	*in 000 RSD*	
	2023	*2022*
Rashodi:		
Parent companies and subsidiaries		
· EP HOLDING	47,685	54,017
Other related legal entities		
· EP INDUSTRIJA	5,588	4,417
· EP VISOKOGRADNJA	678	302
· EP HIDROINŽENJERING	16,411	12,371
Total expenses	**70,362**	**71,107**

50. COURT LITIGATION

Report on court litigations of Energoprojekt Entel a.d. on December 31, 2023

No.	Plaintiff	Legal representative	Start of dispute (year)	Defendant	Basis for litigation	Dispute value	Competent court	Expected timing of dispute resolution	Projected outcome
	Private entity	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 Court, Požarevac	Uncertain	Uncertain; the procedure is suspended First-degree procedure
3.	Private entity	Lawyer	2023	Ep Entel a.d. Beograd	Debt	240,000.00 RSD	Third Basic Court in Belgrade	Uncertain.	First-degree procedure
4.	Private entity Activist Activeast ltd.	Lawyer Ateljević	2017	Montinvest properties d.o.o., 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.	Private entities	Lawyer Ateljević	2020	EP Entel a.d	Damage compensation	66,488,842.92 RSD	Commercial Court, Belgrade		

51. 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.

52. GOING CONCERN

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

Financial statements comply with the going concern principle.

Taking into consideration the fact that the Company's operations over the last 20 years were profitable, and that financial assets are easily available, it can be concluded that, even without a detailed analysis, the Company can carry out the accounting treatment on a going concern principle.

In Belgrade,

March 20, 2024

Person responsible for preparing financial statements

Director

ENERGOPROJEKT ENTEL a.d. BEOGRAD

THE POWER OF BEING UNDERSTOOD
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