Annual Report of Energoprojekt Holding Plc. for the year 2021

Belgrade, May 2022

ANNUAL REPORT FOR 2021

C O N T E N T S

ENERGOPROJEKT
HOLDING p.l.c.

1. FINANCIAL STATEMENTS OF ENERGOPROJEKT HOLDING Plc. FOR THE YEAR 2021 (Balance Sheet, Income Statement, Report on Other Income, Cash Flow Statement, Statement of Changes in Equity, Notes to the Financial Statements)

Name ENERGOPROJEKT HOLDING PLC

BALANCE SHEET
na dan 31.12.2021. godine

RSD thousand

Account group, account	DESCRIPTION	EDP	Note No.	Amount		
				Current year	Closing balance on 31.12.2020.	Opening balance on 01.01.2020.
1	2	3	4	5	6	7
	ASSETS					
00	**A. SUBSCRIBED CAPITAL UNPAID**	0001		-	-	
	B. NON-CURRENT ASSETS (0003+0009+0017+0018+0028)	0002		12.429.080	10.342.036	-
01	I. INTEGIBLES ASSETS (0004+0005+0006+0007+0008)	0003	23.	20.281	21.853	-
010	1. Investments in development	0004		-	-	-
011, 012 i 014	2. Concessions, patents, licenses, trademarks and service marks, software and other rights	0005	23.	20.281	21.853	-
013	3. Goodwill	0006		-	-	-
015 i 016	4. Intengible assets leased and intangible assets in development	0007		-	-	-
017	5. Advances paid on intangible assets	0008		-	-	-
02	II. PROPERTY, PLANT AND EQUIPMENT (0010+0011+0012+0013+0014+0015+0016)	0009	24.	2.266.904	1.972.317	-
020, 021 i 022	1. Land and buildings	0010	24.	1.583.947	1.282.357	
023	2. Plant and equipment	0011	24.	19.091	23.719	
024	3. Investment property	0012	24.	618.835	621.294	
025 i 027	4. Property, plant and equipment leased and property, plant and equipment under construction	0013		-	-	
026 i 028	5. Other property, plant and equipment and investment in PPE owned by third parties	0014	24.	367	283	
029 (p.o.)	6. Advances paid on property, plant and equipment in country	0015	24.	44.664	44.664	
029 (deo)	7. Advances paid on property, plant and equipment in abroad	0016		-	-	
03	III. BIOLOGICAL ASSETS	0017		-		
04 i 05	IV. LONG-TERM FINANCIAL INVESTMENT AND LONG-TERM RECEIVABLES (0019+0020+0021+0022+0023+0024+0025+0026+0027)	0018	25.	9.780.991	8.005.097	-
040 (deo), 041 (deo) i 042 (deo)	1. Share Investments in companies (except share investments valued using the equity method)	0019	25.1.	5.515.533	5.714.242	
040 (deo), 041 (deo), 042 (deo)	2. Share investments valued using the equity method	0020	25.2.	13.550	13.550	
043, 050 (deo) i 051 (deo)	3. Long term investments in the parent company, subsidiaries and other related parties and long-term receivables from these parties in the country	0021	25.3.	4.251.738	2.276.397	
044, 050 (deo), 051 (deo)	4. Long term investments in the parent company, subsidiaries and other related parties and long-term receivables from these parties in the abroad	0022		-	-	
045 (deo) i 053 (deo)	5. Long-term financial investments (given loans and borrowings) - domestic	0023		-	-	
045 (deo) i 053 (deo)	6. Long-term financial investments (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 i 056	9. Other long-term investments and other long-term receivables	0027	25.4.	170	908	
28 (deo), osim 288	V. LONG-TERM ACCRUED INCOMES	0028	26.	360.904	342.769	-
288	**V. DEFERRED TAX ASSETS**	0029		-	-	
	G.OPERATING ASSETS (0031+0037+0038+0044+0048+0057+0058)	0030		1.681.190	3.285.819	-
Klasa 1, osim grupe računa 14	I. INVENTORIES (0032+0033+0034+0035+0036)	0031	27.	3.374	1.379	-
10	1. Material ,parts, tools and small inventories	0032		1.383	-	
11 i 12	2. Work in progress and finished products	0033		-	-	
13	3. Goods	0034		24	-	
150, 152 i 154	4. Advances paid for goods and services in the country	0035		1.685	1.379	
151, 153 i 155	5. Advances paid for goods and services abroad	0036		282	-	
14	II. FIXED ASSETS HELD FOR SALE AND THE TERMINATION OF BUSINESS	0037	28.	6.111	40.597	-
20	III. RECEIVABLES FROM SALES (0039+0040+0041+0042+0043)	0038	29.	1.011.339	859.303	-
204	1. Domestic buyers	0039	29.	5.072	1.425	
205	2. Foreign buyers	0040		-	-	
200 i 202	3. Receivables from parent company, subsidiaries and other related parties in the country	0041	29.	1.006.267	857.878	
201 i 203	4. Receivables from parent company, subsidiaries and other related parties - abroad	0042		-	-	
206	5. Other receivables in sales	0043		-	-	

RSD thousand

Account group, account	DESCRIPTION	EDP	Note No.	Amount		
				Current year	Closing balance on 31.12.2020.	Opening balance on 01.01.2020.
1	2	3	4	5	6	7
21, 22 i 27	IV. OTHER SHORT-TERM RECEIVABLES (0045+0046+0047)	0044	30.	152.295	105.084	-
21, 22 osim 223 i 224, i 27	1. Other receivables	0045	30.1.	152.269	105.084	
223	2. Receivables for overpaid income tax	0046		-	-	
224	3. Reciavebles for overpaid other taxes and contributions	0047	30.2.	26	-	
23	V. SHORT-TERM FINANCIAL INVESTMENTS(0049+0050+0051+0052+0053+0054+0055+0056)	0048	31.	**218.678**	**1.783.534**	-
230	1. Short-term loans and investments - parent company and subsidiaries	0049	31.1.	92.313	175.621	
231	2. Short-term loans and investments - other related parties	0050	31.2.	76.515	76.513	
232, 234 (deo)	3. Short-term credits, loans and investments in the country	0051	31.3.	20	1.481.573	
233, 234 (deo)	4. Short-term credits, loans and investments abroad	0052		-	-	
235	5. Securities valued at depreciated value	0053		-	-	
236 (deo)	6. Financial assets at fair value through Income statement	0054		-	-	
237	7. Repurchased own shares and own share capital	0055	31.4.	49.827	49.827	
236 (deo), 238 i 239	8. Other short-term financial investments	0056		3	-	
24	VI. CASH AND CASH EQUIVALENTS	0057	32.	282.516	487.598	
28 (deo), osim 288	VII. SHORT-TERM ACCRUED INCOME	0058	33.	6.877	8.324	
	D. TOTAL ASSETS = OPERATING ASSETS(0001+0002+0029+0030)	0059		**14.110.270**	**13.627.855**	-
88	Đ. OFF-BALANCE SHEET ASSETS	0060		10.568.402	14.031.882	
	CAPITAL AND LIABILITIES					
	A. CAPITAL (0402+0403+0404+0405+0406-0407+0408+0411-0412) ≥ 0	0401	34.	10.090.845	9.233.531	-
30, osim 306	I. EQUITY CAPITAL	0402	34.1.	5.574.959	5.574.959	
31	II. UNPAID SUBSCRIBED CAPITAL	0403		-	-	
306	III. ISSUE PREMIUM	0404	34.2.	1.462.976	1.526.164	
32	IV. RESERVES	0405	34.3.	80.000	80.000	
330 i potražni saldo računa 331,332,333,334,335,336 i 337	V. POSITIVE REVALUATION RESERVES AND UNREALIZED GAINS ON FINANCIAL ASSETS AND OTHER COMPONENTS OF THE OTHER COMPREHENSIVE RESULT	0406	34.4.	1.031.367	784.634	
dugovni saldo računa 331,332,333,334,335,336 i 337	VI. UNREALIZED LOSSES ON FINANCIAL ASSETS AND OTHER COMPONENTS OF THE OTHER COMPREHENSIVE RESULT	0407	34.5.	31.196	25.534	
34	VII. RETAINED EARNINGS (0409+0410)	0408	34.6.	1.972.739	1.293.308	-
340	1. Retained earnings from previous years	0409		999.942	1.030.030	
341	2. Retained earnings from current year	0410		972.797	263.278	
	VIII. NON-CONTROLLING INTEREST	0411				
35	IX. LOSS (0413+0414)	0412		-	-	-
350	1. Losses from previous years	0413		-	-	
351	2. Losses from current year	0414		-	-	
	B. LONG TERM PROVISIONS AND LIABILITIES (0416+0420+0428)	0415		3.348.756	4.096.190	-
40	I. LONG TERM PROVISIONS (0417+0418+0419)	0416	35.	3.531	3.485	-
404	1. Provisions for wages and other employee benefits	0417	35.	3.531	3.485	
400	2.Provisions for warranty period costs	0418		-	-	
40, osim 400 i 404	3. Other long-term provisions	0419		-	-	
41	II. LONG TERM LIABILITIES (0421+0422+0423+0424+0425+0426+0427)	0420	36.	3.320.920	4.068.400	-
410	1. Liabilities that can be converted in capital	0421		-	-	
411 (deo) i 412 (deo)	2. Long-term loans and other long-term liabilities to parent company, subsidiaries and other related parties in the country	0422		-	730.472	
411 (deo) i 412 (deo)	3. Long-term loans and other long-term liabilities to parent company, subsidiaries and other related parties abroad	0423		-	-	
414 i 416 (deo)	4. Long-term loans and liabilities for leasing - domestic	0424		-	-	
415 i 416 (deo)	5. Long-term loans and liabilities for leasing - foreign	0425		-	-	
413	6. Liabilities from issued securities	0426	36.	3.300.000	3.300.000	
419	7. Other long-term liabilities	0427	36.	20.920	37.928	
49 (deo), osim 498 i 495 (deo)	III. LONG-TERM DEFERRED COSTS	0428	37.	24.305	24.305	
498	**V. DEFERRED TAX LIABILITIES**	0429	43.	190.198	140.885	
495 (deo)	**G. LONG-TERM DEFERRED INCOME AND DANATIONS RECEIVED**	0430		-	-	-
	D. SHORT-TERM PROVISIONS AND SHORT-TERM LIABILITIES (0432+0433+0441+0442+0449+0453+0454)	0431		480.471	157.249	-
467	I. SHORT-TERM PROVISIONS	0432		-	-	

RSD thousand

Account group, account	DESCRIPTION	EDP	Note No.	Amount		
				Current year	Closing balance on 31.12.2020.	Opening balance on 01.01.2020.
1	2	3	4	5	6	7
42, osim 427	II. SHORT-TERM FINANCIAL LIABILITIES (0434+0435+0436+0437+0438+0439+0440)	0433	38.	362.957	8.677	-
420 (deo) i 421 (deo)	1. Liabilities for loans to the parent company, subsidiaries and other related parties in the country	0434	38.1.	352.746	-	
420 (deo) i 421 (deo)	2. Liabilities for loans to the parent company, subsidiaries and other related parties - abroad	0435		-	-	
422 (deo),424 (deo),425 (deo),i 429 (deo)	3. Liabilities for loans and borrowings from persons other than domestic banks	0436	38.2.	10.141	8.559	
422 (deo),424 (deo),425 (deo),i 429 (deo)	4. Liabilities for loans from domestic banks	0437	38.3.	70	118	
423,424 (deo),425 (deo) i 429 (deo)	5. Loans, borrowings and liabilities - foreign	0438		-	-	
426	6. Liabilities for short-term securities	0439		-	-	
428	7. Liabilities for financial derivatives	0440		-	-	
430	III. RECEIVED ADVANCES, DEPOSED MONEY AND CAUTIONS	0441	39.	20.605	23.845	
43 osim 430	IV. OPERATING LIABILITIES (0443+0444+0445+0446+0447+0448)	0442	40.	9.075	28.625	-
431 i 433	1. Suppliers - parent company, subsidiaries and othher related parties - local	0443	40.	19	9.604	
432 i 434	2. Suppliers - parent company, subsidiaries and othher related parties - foreign counrtries	0444		-	-	
435	3. Suppliers - local	0445	40.	7.251	5.598	
436	4. Suppliers - foreign counrtries	0446	40.	495	851	
439 (deo)	5. Liabilities for bill of exchange	0447		-	-	
439 (deo)	6. Other operating liabilities	0448	40.	1.310	12.572	
44, 45 , 46, osim 467, 47 i 48	V. OTHER SHORT-TERM LIABILITIES (0450+0451+0452)	0449	41.	81.303	95.200	-
44, 45 i 46 osim 467	1. Other short-term liabilities	0450	41.1.	77.950	93.536	
47, 48 osim 481	2. Liabilities for value added tax and other taxes, contributions and fees payable	0451	41.2.	3.353	1.664	
481	3. Liabilities for income tax	0452		-	-	
427	VI. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS FROM DISCONTINUED OPERATIONS	0453		-	-	
49 (deo) osim 498	VII. SHORT-TERM ACCRUED EXPENSES	0454	42.	6.531	902	
	Đ. LOSSES EXCEEDING CAPITAL (0415+0429+0430+0431-0059)≥0 = (0407+0412-0402-0403-0404-0405-0406-0408-0411) ≥0	0455		-	-	-
	E. UKUPNA PASIVA (0401+0415+0429+0430+0431-0455)	0456		**14.110.270**	**13.627.855**	**-**
89	Ž. OFF-BALANCE SHEET LIABILITIES	0457		10.568.402	14.031.882	-

Belgrade,

Date 23.02.2022.

Legal Representative

General Director

Executive Director for finance, accounting and planning

Energoprojekt holding a.d. Beograd

142

Name ENERGOPROJEKT HOLDING PLC

INCOME STATEMENT
from 01.01. until 31.12.2021.

RSD thousand

Account group, account	DESCRIPTION	EDP	Note No.	Amount	
				Current year	Previous year
1	2	3	4	5	6
	A. OPERATING INCOME (1002+1005+1008+1009-1010+1011+1012)	1001		**378.856**	**275.815**
60	I. INCOME FROM SALE OF GOODS (1003+1004)	1002		2	-
600, 602 i 604	1. Income from sale of goods on the domestic market	1003	9.1.	2	-
601, 603 i 605	2. Income from sale of goods on the foreign market	1004		-	-
61	II. INCOME FROM SALE OF PRODUCTS AND SERVICES (1006+1007)	1005		250.748	238.396
610, 612 i 614	1. Income from sale of products and services on the domestic market	1006	9.2.	250.748	238.396
611, 613 i 615	2. Income from sale of products and services on the foreign market	1007		-	-
62	III. INCOME FROM THE OWN USE OF PRODUCTS, SERVICES AND GOODS	1008		-	-
630	IV. INCREASE IN INVENTORIES OF UNFINISHED AND FINISHED PRODUCTS	1009		-	-
631	V. DECREASE IN INVENTORIES OF UNFINISHED AND FINISHED PRODUCTS	1010		-	-
64 i 65	VI. OTHER OPERATING INCOME	1011	9.3.	128.106	31.841
68, osim 683, 685 i 686	VII. INCOME FROM IMPAIREMENT OF ASSETS (EXCEPT FINANCIAL)	1012	9.4.	-	5.578
	B. OPERATING EXPENSES (1014+1015+1016+1020+1021+1022+1023+1024)	1013		336.152	318.773
50	I. PURCHASE VALUE OF GOODS SOLD	1014	10.	2	-
51	II. MATERIAL COSTS AND FUEL AND ENERGY COSTS	1015	11.	26.297	20.961
52	III. EMPLOYEE EXPENSES AND BENEFITS(1017+1018+1019)	1016	12.	182.933	175.910
520	1. Expenses of wages and fringe benefits (gross)	1017		131.451	134.066
521	2. Taxes and contributions on wages and contributions on wages payable by employer	1018		20.615	21.033
52 osim 520 i 521	3. Other personnel expenses and fringe benefits	1019	12.	30.867	20.811
540	IV. DEPRECIASION EXPENSES	1020	13.	24.875	24.011
58, osim 583, 585 i 586	V. EXPENSES FROM IMPAIRMENT OF ASSETS (EXCEPT FINANCIAL)	1021	14.	2.459	-
53	VI. PRODUCTION SERVICE COSTS	1022	15.	53.628	47.781
54, osim 540	VII. PROVISION EXPENSES	1023	16.	834	1.049
55	VIII. INTANGIBLE EXPENSES	1024	17.	45.124	49.061
	V. OPERATING GAINS (1001-1013) ≥ 0	1025		42.704	-
	G. OPERATING LOSSES (1013-1001) ≥ 0	1026		-	42.958
	D. FINANCIAL INCOME (1028+1029+1030+1031)	1027	18.1.	1.020.644	408.583
660 i 661	I. FINANCIAL INCOMES FROM TRANSACTIONS WITH PARENT COMPANY, SUBSIDIARIES AND OTHER RELATED PARTIES	1028	18.1.	1.014.533	407.965
662	II. INTEREST INCOME (THIRD PARTY)	1029	18.1.	1.079	451
663 i 664	III. EXCHANGE RATE GAINS AND POSITIVE CURRENCY CLAUSE EFFECTS (THIRD PARTY)	1030	18.1.	4.843	167
665 i 669	IV. OTHER FINANCIAL INCOME	1031		189	-
	Đ. FINANCIAL EXPENCES (1033+1034+1035+1036)	1032	18.2.	151.606	90.907
560 i 561	I. FINANCIAL EXPENSES FROM TRANSACTIONS WITH PARENT COMPANY, SUBSIDIARIES AND OTHER RELATED PARTIES	1033	18.2.	24.974	72.460
562	II. INTEREST EXPENSES (THIRD PARTY)	1034	18.2.	125.940	18.253
563 i 564	III. NEGATIVE CURRENCY CLAUSE EFFECTS AND EXCHANGE RATE LOSSES	1035	18.2.	692	194
565 i 569	IV. OTHER FINANCIAL EXPENSES	1036		-	-
	E. FINANCIAL GAINS (1027-1032) ≥ 0	1037		869.038	317.676
	Ž. FINANCIAL LOSSES (1032-1027) ≥ 0	1038		-	-
683, 685 i 686	**Z. INCOME FROM VALUE ADJUSTMENT OF FINANCIAL ASSETS STATED AT FAIR VALUE THROUGH INCOME STATEMENT**	1039	19.1.	63.013	28.415
583, 585 i 586	**I. EXPENSES FROM VALUE ADJUSTMENT OF FINANCIAL ASSETS STATED AT FAIR VALUE THROUGH INCOME STATEMENT**	1040	19.2.	11.925	18.090
67	**J. OTHER INCOME**	1041	19.3.	26.521	2.832
57	**K. OTHER EXPENSES**	1042	19.4.	4.582	18.271
	L. TOTAL INCOMES (1001+1027+1039+1041)	1043		1.489.034	715.645
	LJ. TOTAL EXPENES (1013+1032+1040+1042)	1044		504.265	446.041
	M. PROFIT FROM REGULAR OPERATIONS BEFORE TAX (1043-1044) ≥ 0	1045		984.769	269.604
	N. LOSS FROM REGULAR OPERATIONS BEFORE TAX (1044-1043) ≥ 0	1046		-	-

RSD thousand

Account group, account	DESCRIPTION	EDP	Note No.	Amount	
				Current year	Previous year
1	2	3	4	5	6
69-59	**NJ. NET PROFIT FROM DISCONTINUED OPERATIONS, EFFECTS OF CHANGE IN ACCOUNTING POLICY AND ADJUSTMENTS OF ERRORS FROM PREVIOUS PERIODS**	1047		-	276
59-69	**O. NET PROFIT FROM DISCONTINUED OPERATIONS, EFFECTS OF CHANGE IN ACCOUNTING POLICY AND ADJUSTMENTS OF ERRORS FROM PREVIOUS PERIODS**	1048	20.	1.062	-
	P. PROFIT BEFORE TAX (1045-1046+1047-1048) ≥ 0	1049	21.	983.707	269.880
	R. LOSSES BEFORE TAX (1046-1045+1048-1047) ≥ 0	1050		-	-
	S. INCOME TAX				
721	I. TAXABLE EXPENSES FOR THE PERIOD	1051		-	-
722 dug. saldo	II. DEFERRED TAX EXPENSES FOR THE PERIOD	1052	43.	**10.910**	**6.602**
722 pot. saldo	III. DEFERRED TAX INCOME FOR THE PERIOD	1053			
723	**T. EMPLOYER`S EARNING PAID OUT**	1054		-	-
	T. NET PROFIT (1049-1050-1051-1052+1053-1054) ≥ 0	1055	21.	**972.797**	**263.278**
	U. NET LOSS (1050-1049+1051+1052-1053+1054 ≥ 0	1056		-	-
	I. NET PROFIT ATTRIBUTABLE TO NON-CONTROLING INTERESTS	1057			
	II. NET PROFIT ATTRIBUTABLE TO PARENT LEGAL ENTITY	1058			
	III. NET LOSS ATTRIBUTABLE TO NON-CONTROLING INTERESTS	1059			
	IV. NET LOSS ATTRIBUTABLE TO PARENT LEGAL ENTITY	1060			
	V. EARNINGS PER SHARE				
	1. Basic earnings per share	1061			
	2. Reduced (diluted) earnings per share	1062			

Belgrade,

Date 23.02.2022.

Legal Representative

General Director

Executive Director for finance, accounting and planning

Energoprojekt ... Beograd

Name ENERGOPROJEKT HOLDING PLC

STATEMENT OF OTHER RESULTS
from 01.01. until 31.12.2021.

RSD thousand

Account group, account	DESCRIPTION	EDP	Amount	
			Current year	Previous year
1	2	3	4	5
	A. NET OPERATING RESULTS			
	I. NET PROFIT (AOP 1055)	2001	972.797	263.278
	II. NET LOSS (AOP 1056)	2002		
	B. OSTALI SVEOBUHVATNI DOBITAK ILI GUBITAK			
	a) Item that will not be reclassified subsequently to profit or loss			
330	1. Change of revaluation of intangibles, property, plant and equipment			
	a) increase in revaluation reserves	2003	246.733	
	b) decrease in revaluation reserves	2004		
331	2. Actuarial gains or losses from defined benefits plans			
	a) gains	2005		
	b) losses	2006		
333	3. Gains and losses from share of other comprehensive profits and losses of affiliates			
	a) gains	2007		
	b) losses	2008		
	b) Items that will not be reclassified subsequently to profit or loss			
332	1. Gains and losses from equity instrument investments			
	a) gains	2009		
	b) losses	2010		
334	2. Gains and losses from translation of financial statements for foreign operations			
	a) gains	2011		
	b) losses	2012		
335	3. Gains and losses from hedging of investments in foreign operations			
	a) gains	2013		
	b) losses	2014		
336	4. Gains and losses from cash flow hedging			
	a) gains	2015		
	b) losses	2016		
337	5. Gains and losses on securities measured at fair value through other comprehensive result			
	a) gains	2017		
	b) losses	2018	5.662	8.218
	I. OTHER COMPREHENSIVE GROSS PROFIT (2003+2005+2007+2009+2011+2013+2015+2017) - (2004+2006+2008+2010+2012+2014+2016+2018) ≥ 0	2019	241.071	
	II. OTHER COMPREHENSIVE GROSS LOSSES (2004+2006+2008+2010+2012+2014+2016+2018) - (2003+2005+2007+2009+2011+2013+2015+2017) ≥ 0	2020		8.218
	III. DEFERRED TAX EXPENSE ON OTHER COMPREHENSIVE PROFIT OR LOSS FOR THE PERIOD	2021		
	IV. DEFERRED TAX INCOME ON OTHER COMPREHENSIVE PROFIT OR LOSS FOR THE PERIOD	2022		
	V. NNET OTHER COMPREHENSIVE PROFIT (2019-2020-2021+2022) ≥ 0	2023	241.071	
	VI. NET OTHER COMPREHENSIVE LOSS (2020-2019+2021-2022) ≥ 0	2024		8.218
	V. TOTAL COMPREHENSIVE NET RESULTS FOR THE PERIOD			
	I. TOTAL COMPREHENSIVE NET PROFIT (2001-2002+2023-2024) ≥ 0	2025	1.213.868	255.060
	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		
	1. Attributable to parent legal entity	2028		
	2. Attributable to non-controling interests	2029		

Belgrade,

Date 23.02.2022.

Legal Representative

General Director

Executive Director for finance, accounting and planning

Name ENERGOPROJEKT HOLDING PLC

CASH FLOW STATEMENT
from 01.01. until 31.12.2021.

RSD thousand

Description	EDP	Amount	
		Current year	Previous year
1	2	3	4
A. CASH FLOWS FROM OPERATING ACTIVITIES			
I. Cash inflow from operating activities (1 to 4)	3001	**464.082**	**277.150**
1. Sales and advance prepayments received in country	3002	192.299	239.271
2. Sales and prepayments received abroad	3003		
3. Interests from operating activities	3004		
4. Other inflow from operating operations	3005	271.783	37.879
II. Cash outflow from operating activities (1 to 8)	3006	**678.579**	**434.332**
1. Payments to suppliers and advance prepayments in country	3007	225.361	142.515
2. Payments to suppliers and advance prepayments abroad	3008	45.395	15.012
3. Employee expenses and benefits	3009	192.117	154.969
4. Interests paid in country	3010	165.063	61.185
5. Interests paid abroad	3011		
6. Income tax	3012		
7. Other payments to tax authorities	3013	50.144	60.143
8. Other outflows from operating activities	3014	499	508
III. Net cash inflow from operating activities (I-II)	3015	-	-
IV. Net cash outflow from operating activities (II-I)	3016	**214.497**	**157.182**
B. CASH FLOWS FROM INVESTING ACTIVITIES			
I. Cash inflow from investing activities (1 to 5)	3017	**987.144**	**1.137.459**
1. Sale of shares and stocks	3018	43	
2. Sale of intangible investments, property, plant, equipment and biological assets	3019		159
3. Other financial investments	3020	60.905	770.739
4. Interest received from investment activities	3021	60.012	13.662
5. Dividends received	3022	866.184	352.899
II. Cash outflow from investing activities (1 to 3)	3023	**604.738**	**2.761.357**
1. Purchase of shares and stocks	3024	1.814	77.899
2. Purchase of intangible investments, property, plant, equipment and biological assets	3025	1.452	6.353
3. Other financial investments	3026	601.472	2.677.105
III. Net cash inflow from investing activities (I-II)	3027	**382.406**	-
IV. Net cash outflow from investing activities (II-I)	3028	-	**1.623.898**
C. CASH FLOWS FROM FINANCING ACTIVITIES			
I. Cash inflow from financing activities (1 to 7)	3029	**352.700**	**3.887.899**
1. Equity increase	3030		
2. Long-term loans in country	3031		
3. Long-term loans abroad	3032		
4. Short-term loans in country	3033	352.700	587.899
5. Short-term loans abroad	3034		
6. Other long-term liabilities	3035		3.300.000
7. Other short-term liabilities	3036		
II. Cash outflow from financing activities (1 to 8)	3037	**730.465**	**1.803.199**
1. Repurchase of own shares and stocks	3038		
2. Long-term loans in country	3039	726.113	470.352
3. Long-term loans abroad	3040		
4. Short-term loans in country	3041		1.332.563
5. Short-term loans abroad	3042		
6. Other liabilities	3043	4.303	
7. Financial leasing	3044		
8. Dividends paid	3045	49	284
III. Net cash inflow from financing activities (I -II)	3046	-	**2.084.700**
D. Net cash outflow from financing activities (II-I)	3047	**377.765**	-
G. TOTAL CASH INFLOW (3001+3017+3029)	3048	**1.803.926**	**5.302.508**
D. TOTAL CASH OUTFLOW (3006+3023+3037)	3049	**2.013.782**	**4.998.888**
Đ. NET CASH INFLOW (3048-3049) ≥ 0	3050	-	**303.620**
E. NET CASH OUTFLOW (3049-3048) ≥ 0	3051	**209.856**	-
Ž. CASH BALANCE AT BEGINNING OF REPORTING PERIOD	3052	487.598	184.016
Z. EXCHANGE RATE GAINS FROM CASH TRANSLATION	3053	4.774	
I. EXCHANGE RATE LOSSES FROM CASH TRANSLATION	3054		38
J. CASH BALANCE AT END OF REPORTING PERIOD (3050-3051+3052+3053-3054)	3055	**282.516**	**487.598**

Belgrade,

Date 23.02.2022.

Legal Representative

General Director

Executive Director for finance, accounting and planning

Energoprojekt holding a.d. Beograd

Name ENERGOPROJEKT HOLDING PLC

STATEMENT OF CHANGES IN EQUITY
u periodu od 01.01. do 31.12.2021.

RSD thousand

Position	Description	EDP	Share capital (group 30 except 306 and 309)	EDP	Other share capital (account 309)	EDP	Unpaid subscribed capital (group 31)	EDP	Issue premium and Reserves (account 306 and group 32)	EDP	Revaluation reserves and unrealized gains and loss (group 33)	EDP	Retained earnings (group 34)	EDP	GLoss (group 35)	EDP	Non-controling interest	EDP	Total (corespond to the position AOP 0401) (column 2+3+4+5+6+7-8+9) ≥ 0	EDP	Loss exceeding the amount of capital (corespond to the position AOP 0455) (column 2+3+4+5+6+7-8+9) < 0
	1		2		3		4		5		6		7		8		9		10		11
1.	**Balance as at 01.01.2020.**	4001	5.574.959	4010	27.178	4019		4028	1.741.045	4037	767.318	4046	896.233	4055	28.262	4064		4073	8.978.471	4082	0
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 01.01.2020. (no.1+2)**	4003	**5.574.959**	**4012**	**27.178**	**4021**	**0**	**4030**	**1.741.045**	**4039**	**767.318**	**4048**	**896.233**	**4057**	**28.262**	**4066**	**0**	**4075**	**8.978.471**	**4084**	**0**
4.	Net changes in 2020	4004		4013	(27.178)	4022		4031	(134.881)	4040	(8.218)	4049	397.075	4058	(28.262)	4067		4076		4085	
5.	**Balance as at 31.12.2020. (no. 3+4)**	4005	**5.574.959**	**4014**	**0**	**4023**	**0**	**4032**	**1.606.164**	**4041**	**759.100**	**4050**	**1.293.308**	**4059**	**0**	**4068**	**0**	**4077**	**9.233.531**	**4086**	**0**
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 01.01.2020 (no. 5+6)**	4007	**5.574.959**	**4016**	**0**	**4025**	**0**	**4034**	**1.606.164**	**4043**	**759.100**	**4052**	**1.293.308**	**4061**	**0**	**4070**	**0**	**4079**	**9.233.531**	**4088**	**0**
8.	Net changes in 2021	4008		4017		4026		4035	(63.188)	4044	241.071	4053	679.431	4062		4071		4080		4089	
9.	**Balance as at 31.12.2021. (no. 7+8)**	**4009**	**5.574.959**	**4018**	**0**	**4027**	**0**	**4036**	**1.542.976**	**4045**	**1.000.171**	**4054**	**1.972.739**	**4063**	**0**	**4072**	**0**	**4081**	**10.090.845**	**4090**	**0**

Belgrade,

Date 23.02.2022.

Legal Representative

General Director

Executive Director for finance, accounting and planning

Energoprojekt Holding * Beograd * a.d.

ENERGOPROJEKT
HOLDING a.d.

NOTES TO THE
FINANCIAL STATEMENTS
FOR THE YEAR 2021

Belgrade, February 2022

CONTENTS

1. COMPANY BACKGROUND

Energoprojekt Holding Plc. Belgrade (hereinafter: the Company) is a public joint stock company with the core business activity 6420 - holding operations.

The Company harmonized its operations with the Companies Law (RS Official Gazette No. 36/2011, 99/2011, 83/2014 - other law and 5/2015, 44/2018, 95/2018 and 91/2019) by passing the Decision on Harmonization of Company's Articles of Association with the Companies Law adopted on the General Assembly meeting on 16 March 2012 and by passing the Articles of Association on the General Assembly meeting on 12 January 2012. The decisions, and in this regard data changes entered into the register, have been duly registered.

Pursuant to the decisions made by the General Assembly on 28 June 2013, on 17 June 2014 and on 23 July 2020, the Statute of the Company was changed. The change was registered in the Company Register of the Serbian Business Registers Agency.

General Company Data

Head Office	Beograd, Bulevar Mihaila Pupina 12
Registration Number	07023014
Registered business code and name of the business activity	6420 – holding company
Tax Identification Number	100001513

According to the registration with the Serbian Business Registers Agency, **Company core business activity** is the activity of holding companies (6420).

The Company is the parent company that owns a larger number of subsidiaries at home and abroad, as well as a joint company (joint venture) and associate in the country.

Company's subsidiary companies in the country are as follows:

- Energoprojekt Visokogradnja Plc.;
- Energoprojekt Niskogradnja Plc.;
- Energoprojekt Oprema Plc.;
- Energoprojekt Hidroinzenjering Plc.;
- Energoprojekt Urbanizam i arhitektura Plc.;
- Energoprojekt Industrija Plc.;
- Energoprojekt Entel Plc.;
- Energoprojekt Sunnyville Ltd., and
- Energoprojekt Park 11 Ltd.

By the decision of the Business Registers Agency of the Republic of Serbia BD 54170/2021 from 28/06/2021, the status change of the merger of the company Energoprojekt Energodata Plc. as transferring company (hereinafter: transferring company) to the company Energoprojekt Holding Plc. as the acquiring company (hereinafter: acquiring company) has been registered.

By the decision of the Business Registers Agency of the Republic of Serbia BD 54177/2021 from 28/06/2021, the transferring company Energoprojekt Energodata Plc. has ceased to exist due to the merger, and all the assets of the transferring company are transferred to the acquiring company as the result of the merger, referring to, without exception or limitation, all debts, obligations and other responsibilities of the transferring company to any third party, including the corresponding fiscal obligations of the transferring company owed to any creditor with public authority, and collaterals issued by the Transferor Company.

The day from which the business activities of the transferring company cease is 28/06/2021 as the day of registration of the status change of the merger with the acquiring company, i.e., the day of the deletion from the Business Registers Agency.

By the decision of the Business Registers Agency of the Republic of Serbia BDSL 6489/2021 from 15/07/2021, Energoprojekt Promet Ltd. was deleted from the Register of Economic Entities, since the corresponding company has not submitted the annual financial statements for 2017 and 2018 to the competent register by the end of 2019, all in accordance with Art. 547 (2) of the Law on Business Organizations and Art. 546 (1) Pt. 10) and 547b of the same law.

Subsidiary companies abroad - international companies are as follows:

- Zambia Engineering and Contracting Company Limited, Zambia,
- Energoprojekt Holding Guinea S.A, Guinea,
- I.N.E.C. Engineering Company Limited, Great Britain,
- Dom 12 S.A.L, Lebanon,
- Energo (Private) Limited, Zimbabwe and
- Energo Kaz Limited, Kazakhstan.
- Energoprojekt Energodata Montenegro Ltd

With the status change of the merger of the company Energoprojekt Energodata Plc. (previously explained in more detail in this Note), the company acquired a share in the foreign company Energoprojekt Energodata Montenegro Plc., which was registered by the Decision of the Central Register of Business Entities of the Revenue and Customs Administration in Podgorica No. 5-0297614/009 of 02/09/2021 and the Notice of 14/09/2021.

The joint company (joint venture) in the country is:

- Enjub Ltd.

The following table contains data on the ownership share in subsidiaries as of 31 December 2021.

Equity shares in subsidiaries	
Subsidiary:	*% ownership*
In the country:	
Energoprojekt Visokogradnja Plc.	100.00
Energoprojekt Niskogradnja Plc.	100.00
Energoprojekt Oprema Plc.	67.87
Energoprojekt Hidroinženjering Plc.	100.00
Energoprojekt Urbanizam and arhitektura Plc.	100.00
Energoprojekt Industrija Plc.	62.77
Energoprojekt Entel Plc.	100.00
Energoprojekt Promet Ltd.	100.00
Energoprojekt Sunnyville Ltd.	100.00
Energoprojekt Park 11 Ltd.	100.00
Equity shares in subsidiaries	
Subsidiary:	*% ownership*
Abroad:	
Zambia Engineering and Contracting Company Limited, Zambia	100.00
Energoprojekt Holding Guinee S.A, Guinea	100.00
I.N.E.C. Engineering Company Limited, Great Britain	100.00
Dom 12 S.A.L, Liban	100.00
Energo (private) Limited, Zimbabve	100.00
Energo Kaz Ltd, Kazahstan	100.00
Energoprojekt Energodata Montenegro Ltd	100.00

Ownership share of the Company in other affiliated legal entities in the country is presented in the following table.

Equity share in other affiliated legal entities in the country	
Name of the joint company	*% ownership*
Enjub Ltd.	50.00

In addition to the above listed subsidiaries and other affiliated legal entities, the Company has its representative office in Baghdad, Iraq as well, which has been in the dormant status since 2015.

The Company is, according to criteria specified by the Law on accounting and auditing, classified as a **medium-sized legal entity**.

The average number of employees with the Company in the reporting period, based on the actual number of employees at the end of each month, is 69 (as at 31 December 2020: 73).

The company’s shares are listed on the Belgrade Stock Exchange and these are traded in a regulated stock market – “Prime listing”.

The financial statements that are subject of these Notes are the **financial statements of the Company for the period from 1 January till 31 December 2021** that were approved by the Supervisory Board of the Company on the 1 March 2022, at its 29th session and that are subject to an audit by an external auditor.

Approved financial statements may subsequently be modified pursuant to the legislation in force.

Comparative information are the audited financial statements of the Company for the year 2020, which have been reclassified in accordance with the Rules on the Content and Form of the Financial Statements' Forms and the Content and Form of the Statistical Report Forms for Companies, Cooperatives and Entrepreneurs ("Official Gazette of the Republic of Serbia", No. 89/2020) and the Regulation on the Chart of Accounts and the Content of the Accounts in the Chart of Accounts for Companies, Cooperatives and Entrepreneurs ("Official Gazette of the Republic of Serbia", No. 89/2020).

According to the above regulations, the information in column 7 of the Balance Sheet should be stated in the event of retrospective application of a changed or new accounting policy or retrospective recalculation of items in the financial statements, or when items in the financial statements are reclassified. IAS 1 defines that the statements are presented at the beginning date of the previous period in the case of reclassifications that have a material effect on the information in the statement of financial position at the beginning of the previous period.

Paragraphs KK35 and KK38 of the Conceptual Framework for Financial Reporting stipulate that the costs of reporting of financial information should be justified by the benefits of reporting that information and that the benefits of reporting individual information justify the costs required to provide and use that information. In accordance with that, the data in column 7 referring to the situation as at 1 January 2020 are not shown in the Balance Sheet as at 31 December 2021.

The Company management takes all measures necessary to ensure the conditions for the smooth continuation of the Company's operations in the conditions of the Covid-19 pandemic, so that the principle of business continuity is not questioned.

The Company's management assesses that the Company continues to operate for an indefinite period of time and does not expect significant changes in the business, and thus the Company's financial statements for 2021 are prepared in accordance with a going concern principle.

2. MANAGEMENT STRUCTURE

Key management of the Company for the period up to 12 September 2021 of the reporting year included the following persons:

- Stojan Čolakov - General Manager;
- Siniša Tekić - Executive Manager for finances, accounting and plan;
- Milan Mamula - Executive Manager for legal affairs.

Key management of the Company for the period from 13 September 2021 includes the following persons:

- Dobroslav Bojović - General Director;
- Siniša Tekić - Executive Director for finance, accounting and planning;
- Momčilo Jevtić - Executive Director for legal affairs,
- Ilijana Stamenković - Executive Director for operative business.

3. OWNERSHIP STRUCTURE

According to records of the Central Securities Depository, the registered ownership structure of the Company as at 31 December 2021 is presented in the Note 34.1.

4. BASIS FOR THE PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

Financial statements of the Company were prepared in compliance with the Law on Accounting (RS Official Gazette, No. 73/2019 and 44/2021 - other law - hereinafter: the Law).

Pursuant to the Law, in recognizing, valuation, presentation and disclosure of items in financial statements, large legal entities, legal entities obliged to prepare consolidated financial statements (mother legal entities), public companies, that is, companies preparing to become public, irrespective of their size, shall apply International Financial Reporting Standards (hereinafter: IFRS). IFRS, within the meaning of the Law, are:

- The Framework for the preparation and presentation of financial statements;
- International Accounting Standards – IAS;
- International Financial Reporting Standards - IFRS and related Interpretations, issued by the International Financial Reporting Interpretations Committee, subsequent amendments to these Standards and the related Interpretations, as approved by the International Accounting Standards Committee, the translation of which was adopted and published by the Ministry in charge of finances.

The Company financial statements were presented in the form and with the content specified by the provisions of the Rules on the Contents and Form of Financial Statements' Forms and Contents and Form of the Statistical Report Form submitted by Companies, Cooperatives and Entrepreneurs (RS Official Gazette, No. 89/2020).

These Rules, among other things, laid down the form and content of individual positions in the Balance Sheet, Income Statement, Other Comprehensive Income Report, Cash Flow Statement, Statement of Changes in Equity and Notes to Financial Statements. Pursuant to the above mentioned Rules, amounts in RSD thousands are to be presented in these forms.

Chart of Accounts and content of accounts in the Chart of Accounts were prescribed by the Rules on Chart of Accounts and Contents of Accounts in the Chart of Accounts for Companies, Cooperatives and Entrepreneurs (RS Official Gazette, No. 89/2020).

In preparation of Company financial statements, the following laws and by-laws were taken into account, among others:

- Law on Corporate Income Tax ("Official Gazette of RS", No. 25/2001, 80/2002, 43/2003, 84/2004, 18/2010, 101/2011, 119/2012, 47/2013, 108/2013, 68/2014 - other law, 142/2014, 91/2015 - authentic interpretation, 112/2015, 113/2017, 95/2018, 86/2019, 153/2020 and 118/2021);
- Law on Added Value Tax ("Official Gazette of RS", No. 84/2004, 86/2004 - corrigendum, 61/2005, 61/2007, 93/2012, 108/2013, 68/2014 - other law, 142/2014, 83/2015, 108/2016, 113/2017, 30/2018, 72/2019 and 153/2020);
- Rules on the Contents of Tax Balance and Other Issues of Relevance for Calculation of Corporate Income Tax ("Official Gazette of RS", No. 20/2014, 41/2015, 101/2016, 8/2019, 94/2019, 159/2020 and 97/2021);
- Rules on the Contents of Tax Return for Calculation of Corporate Income Tax ("Official Gazette of RS", No. 30/2015, 101/2016, 44/2018 – other laws, 8/2019, 94/2019, 159/2020 and 97/2021);
- Rules on Method of Classification of Non-Current Assets and on Method of Calculation of Depreciation for Taxing Purposes ("Official Gazette of RS", No. 116/2004, 99/2010, 104/2018 and 8/2019);
- Rules on Transfer Pricing and Methods Applied in compliance with the “arm’s length” principle in determining the price of transactions among related parties ("Official Gazette of RS", No. 61/2013, 8/2014, 94/2019 and 95/2021) and others.

Among the legal acts comprising the internal regulations of the Company, in preparation of the financial statements of the Company, the Rules on Accounting and Accounting Policies in the Company, as adopted on 30 November 2020 by the Executive Board of the Company, Rules on Changes and Amendments to the Rules on Accounting in the Company, as adopted on 29 November 2021 by the Executive Board of the Company, and the Rules on Accounting Policies in the Company, as adopted on 23 December 2020 by the Supervisory Board of the Company was used. In addition to the above listed, other internal acts of the Company were used, such as, for example, the Collective Agreement of Energoprojekt Holding Plc. regulating employment in the country.

Basic accounting policies applied in preparation of these financial statements were listed in the Note no. 7.

The Law on Capital Market (RS Official Gazette, No. 31/2011, 112/2015, 108/2016, 9/2020 and 153/2020) set down mandatory data to be included in the annual, six monthly and quarterly statements of public companies with securities listed in the regulated markets.

It should be noted here that in certain cases, not all the relevant provisions of the IFRS or of the Interpretations thereof were taken into account in preparation of the Company financial statements.

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

- Pursuant to the Law on Accounting (RS Official Gazette, No. 73/2019 and 44/2021 - other law), the financial statements in the Republic of Serbia are to be presented in the format stipulated by the Rules on the Contents and Form of the Financial Statements Forms and the

Content and Form of Statistical Report Forms for Companies, Cooperatives and Entrepreneurs, which deviates from the presentation and names of certain general purpose financial statements, as well as from the presentation of certain balance positions stipulated by IAS 1 - “Presentation of Financial Statements“; and
- Off-balance assets and off-balance liabilities were presented in the Balance Sheet form. According to the IFRS definition, these items are neither assets, nor liabilities.

In addition to the above stated, some deviations were due to the different publishing dates of the Standards and the relevant Interpretations thereof, which are subject to continuous modifications, and the effective dates when these Standards and relevant Interpretations thereof come into force in the Republic of Serbia. Thus, for example, the deviations from the Standards came as the consequence of the fact that the published Standards and relevant Interpretations, which came into force, have not yet been officially translated or adopted in the Republic of Serbia; as the consequence of the fact that the published Standards and relevant Interpretations have not yet came into force; or as the consequence of some other reasons beyond effective control or influence of the Company, that has not significantly impacted the financial position of the Company and the results of its operations.

Published standards and interpretations that have not yet come into force

On the day of publication of these financial statements, the following standards, their amendments and interpretations were published, but have not yet entered into force:
- IFRS 17 “Insurance Contracts” - effective from 1 January 2023;
- Changes and Amendments to IAS 1 “Presentation of Financial Reports” – “Classification of Liabilities as Long-Term and Short-Term” – effective from 1 January 2023;
- Changes and Amendments to IAS 1 “Presentation of Financial Statements” – “Disclosure of Accounting Policies” – effective from 1 January 2023;
- Changes and Amendments to IAS 8 “Accounting Policies, Changes in the Accounting Estimates and Errors” – Definition of Accounting Estimates – effective from 1 January 2023;
- Changes and Amendments to IAS 12 “Income Taxes” – Deferred Tax on Assets and Liabilities Arising from one Transaction – effective from 1 January 2023,
- Changes and Amendments to IAS 16 “Properties, Plants and Equipment” – “Procedures before Intended Use” - effective from 1 January 2022;
- Amendment to IFRS 3 “Conceptual Framework Reference” – effective from 1 January 2022;
- Changes and Amendments to IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” – “Contract Performance Cost” - effective from 1 January 2022;
- Annual improvements of standards from 2018 to 2020 – effective from 1 January 2022.

5. ACCOUNTING PRINCIPLES

The following principles were applied in the preparation of Company financial statements:
- The Going Concern Principle,
- The Consistency Principle,
- The Prudence Principle,
- The Substance over Form Principle,
- The Accrual Principle,
- The Item by Item Assessment Principle.

By complying with the **Going Concern Principle**, the financial statements are prepared under the assumption that the proprietary position, financial standing and business results of the Company, as well as the economic policy of the country and economic situation in its immediate environment, enable the Company to operate for an unlimited period.

The **Consistency Principle** means that the valuation method for assets and changes in assets, liabilities, capital, income, expenses and business results, that is, for the Company's balance items, remains the same over a longer period. If, for example changes are implemented due to required harmonization with the legislation, reasoning for the change must be provided and the effects are disclosed according to the professional regulations concerning the change in valuation methods.

The **Prudence Principle** means applying a certain level of caution when preparing financial statements of the Company, so that the property and revenues are not overstated and obligations and expenses are not understated. The Prudence Principle, however, should not imply conscious, unrealistic decrease in revenues and capital of the Company or conscious, unrealistic increase of expenses and liabilities of the Company.

Namely, The Framework for Preparation and Presentation of Financial Statements clearly states that the Prudence Principle should not result in the forming of substantial hidden reserves, deliberate reduction of property of revenues, or deliberate exaggeration of liabilities or expenses causing the financial statements to become impartial and therefore unreliable.

The **Substance over Form Principle** means that, when recording the company's transactions, and consequently in preparing the financial reports, the accounting treatment should be based on the substance of the transactions and their economic reality and not just their legal form.
By complying with the **Accrual Principle**, recognition of effects of transactions and other events in the Company is not related to the point in time when cash or cash equivalents are received or paid based on these transactions or event, yet to the point in time when they occurred. This approach provides that the users of financial reports are informed not only about past transactions of the Company that resulted in payments or reception of cash, but also about liabilities of the Company to pay cash in the future and resources that represent cash to be received by the Company in the future.

In other words, compliance with the Accrual Principle provides information on past transactions and other events in the manner most useful to users for reaching their economy-related decisions.

The **Item by Item Assessment Principle** means that possible group valuations of various balance items (for example, property or liabilities) for the purpose of rationalization derive from separate valuation of items.

6. PRIOR PERIOD ERRORS, MATERIAL ERRORS AND CORRECTION OF OPENING BALANCE

Potential (im)material current period errors, discovered in that period are corrected before the financial statements are approved for publication.

Prior period errors represent omitted or false data presented in financial statements of the Company for one or several periods as a result of misuse or lack of use of reliable information, which were available when the financial statements for respective periods were approved for issue and which were expected to be obtained and taken into consideration upon preparation and presentation of the respective financial statements.

A materially significant error, discovered in the current period that refers to a previous period is an error that has significant influence on financial statements for one or several prior periods and due to which these financial statements cannot be considered anymore as reliable.

Materially significant errors are corrected retroactively in the first series of financial statements approved for publishing after these errors have been discovered, by correcting comparative data for presented prior period(s) when errors occurred or if the error occurred prior to the earliest presented prior period, opening balances for assets, liabilities and capital for the earliest presented prior period will be corrected.

If it is practically impossible to establish the effect of an error from a certain period by comparing information for one or several presented prior periods, the Company will correct opening balances for assets, liabilities and capital for the earliest period that can be corrected retroactively (may be also the current period).

When, at the beginning of the current period, it is impracticable to determine the cumulative effect of an error on all prior periods, the Company recalculates the comparative information to correct the error in advance from the earliest date for which it is practicable.

Subsequently *identified errors that are not of material significance* are corrected against expenses or in favour of revenues for the period in which they were identified.

The materiality of an error is valuated pursuant to provisions of the Framework for the preparation and presentation of financial reports that state that materiality may imply that omission or false accounting entries may affect economic decisions of users adopted based on financial statements.
Materially significant errors are valuated pursuant to relevant provisions from the Framework for the preparation and presentation of financial statements. Materiality is defined in the Company with respect to the significance of the error considering total revenues. A materially significant error is an error that for itself or together with other errors **exceeds 1,5% of the total income in the previous year**.

7. OVERVIEW OF PRINCIPAL ACCOUNTING POLICIES

Principal accounting policies that are applied in the preparation of these financial statements are presented herein. These policies are consistently applied to all included years, unless otherwise stated.

Important accounting policies applied to Company financial statements that are subject of these Notes and presented in the following text, are primarily based on the Rules on Accounting and Accounting Policies in the Company. If certain accounting aspects are not clearly defined in the Rules, the applied accounting policies are based on the legislation.

As for the general data, we are hereby noting that in compliance with IAS 21 - "The Effects of Changes in Foreign Exchange Rates", the **RSD is the functional and presentation reporting currency in financial statements of the Company**.

In preparation of Company financial statements, relevant provisions IAS 10 - "Events after the Reporting Period" were considered. They refer to events that occur between the balance sheet date and the date when the financial statements were authorized for issue. More precisely, for **effects of the event that provide evidence on circumstances at the balance sheet date**, already recognized amounts in financial statements of the Company were corrected in order to mirror corrected events after the balance sheet date; and for **effects of the event that provide evidence on circumstances after the balance sheet date**, no adjustments of recognized amounts were applied, and if there were any, these Notes will disclose the nature of events and the valuation of their financial effects, or, if impossible to evaluate the financial effects thereof, it is disclosed that such estimate cannot be made.

7.1 Valuation

In preparation and presentation of financial statements in compliance with the requirements of the legal regulations in force in the Republic of Serbia, the Company management is required to use the best possible valuations and reasonable assumptions. Although, understandably, the actual future results may vary, valuations and assumptions are based on information available at the balance sheet date.

The most important valuations refer to the impairment of financial and non-financial assets and definition of assumptions, necessary for actuarial calculation of long-term compensations to employees based on the retirement bonus.

Within the context of valuation, the business policy of the Company is to disclose information **on the fair value** of assets and liabilities, if the fair value varies significantly from the accounting value. In the Republic of Serbia, a reliable valuation of the fair value of assets and liabilities presents a common problem due to an insufficiently developed financial market, lack of stability and liquidity in sales and purchases of, for example, financial assets and liabilities, and sometimes unavailability of market information. Despite all the above, the Company pays close attention to these problems and its management performs continuous valuations, considering the risks.

If it is established that the recoverable (fair or value in use) value of assets in business books of the Company was overstated, the adjustment of value is applied.

7.2 Effects of Foreign Exchange Rates and Foreign Currency Translation

Transactions in foreign currency, upon initial recognition, are registered in dinar counter value by applying the official middle exchange rate on the transaction date, while upon differently agreed currency clause, translation of receivables (liabilities) is done at the exchange rate specified in the contract (selling FC rate of particular commercial bank, etc.)..

Pursuant to the provisions of IAS 21 - Changes in foreign exchange rates, monetary items in foreign currency (assets, receivables and liabilities in foreign currency) are recalculated at each balance sheet date by applying the valid exchange rate or the official middle exchange rate at the balance sheet date.

Gain/losses arising on the translation of foreign currency (apart from those related to monetary items as part of net investments of the Company in foreign business, included pursuant to IAS 21) are recognized as revenues or expenses of the Company for the period in which they occurred.

Official middle exchange rates of the National Bank of Serbia, at the balance sheet date, for foreign currencies used for the recalculation of monetary items in dinar counter value, are presented in the following table.

Official Middle Exchange Rates of the National Bank of Serbia

Currency	*31.12.2021.*	*31.12.2020.*
	Amount in RSD	
1 EUR	117.5821	117.5802
1 USD	103.9262	95.6637
1 GBP	140.2626	130.3984

Non-monetary items are those for which there is no right to receive, or obligation to deliver, money, such as prepaid amounts for goods and services (advances), goodwill, intangible assets, inventories, property, plant and equipment, etc. Subsequent to initial recognition applying exchange rate prevailing at transaction date, non-monetary items in foreign currency carried at historical cost are not retranslated.

Subsequent to initial recognition applying exchange rate prevailing at transaction date, non-monetary items in foreign currency carried at historical cost are not retranslated.

Non-monetary items measured at fair value carried at foreign currency are translated applying exchange rates at the date when the fair value was determined.

When a gain or loss from non-monetary item is recognized directly in total comprehensive income (within equity), any portion of that foreign exchange gain or loss is also recognized directly in comprehensive income.

The financial item and result of all companies whose functional currency is different from the presentation currency of the parent company are translated as follows:

- assets and liabilities (balance sheet items) are translated into dinars at the middle official exchange rate of the NBS on the reporting date; and
- income and expenses (income statement items) are translated into dinars at the average exchange rate of the NBS during the year, or in the period from the date of acquisition to the date of reporting if foreign operations were acquired by the Company during the year.

Exchange differences arising on translation of the financial statements of subsidiaries are recognized as a separate component of equity relating to those foreign operations.

7.3 Revenues

Revenues are increases in economic benefits during the accounting period in the form of inflows or increases in assets or decreases in liabilities, which result in increase in equity that does not represent increase in equity contributions.

Revenues include: operating revenues, financial revenues, other revenues (including also revenues from the property value adjustment), and income from the disposal of discontinuing operations, effects from change in accounting policy, correction of prior periods errors and transfer of revenues.

Among the **operating revenues**, the most important are the sales revenues from the sales of goods, products and services, and as other revenues the following may appear: income from the own use of products, services and merchandize, increase of finished goods, work in progress and services in progress (if there were any reductions in the finished goods, work in progress and services in progress, during the year, the total operating revenues shall be reduced by the amount of such reduction), income from premiums, subventions, donations, etc.; and other operating income.

Financial revenues include financial revenues from the related parties, gains arising from foreign currency clause, income from interest, profit sharing and other financial revenues.

Within **other income** (including income from the adjustments of value of assets, in addition to other income, gains on sale of property, plant and equipment and intangible assets, gains on sale of the basic herd, collected priory written-off receivables, surpluses, income from reduction of liabilities, income from value adjustments of assets, etc.

Within **income from the disposal of discontinuing operations, effects from change in accounting policy and correction of prior periods errors and transfer of income**, income according to the names of account of this groups are presented and the transfer of total income at the end of the period, which are, for the purposes of financial reporting, presented as net effect, after the decrease for the relevant expenses.

The most significant part of revenues originate from contracts with customers.

The basic principle of the standard dealing with this business aspect (IFRS 15 - Revenue from Contracts with Customers) is the recognition of revenue from the transfer of goods (products) and services to customers in amount that reflects fee that Company (seller) expects to be entitled to those goods and services.

The basic principle of bookkeeping is individual observation of each separate contract. In addition to the basic principle, it is also possible to:

- narrowing the focus - one calculation for several contracts; and
- focus expansion - multiple calculation for one contract.

Diversity is the basis for treatment of separate performance obligations.

To be considered as a contract with the customer it is necessary to fulfill the following five conditions:

- the parties have approved the contract (in writing, orally or in accordance with other business practice) and are committed to perform their respective obligations (the contract causes enforceable rights and obligations);
- each party's rights regarding the goods or services to be transferred can be identified;
- payment terms can be identified;
- content of the contract is commercial; and
- it is probable that the entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

When a contract with a customer does not meet the above criteria and the company receives consideration from the customer, it shall recognise the consideration received as revenue only when either of the following events has occurred:

- company has no remaining obligations to transfer goods or services to the customer and all, or substantially all, of the consideration promised by the customer has been received by the entity and is non-refundable; or
- the contract has been terminated and the consideration received from the customer is non-refundable otherwise, the Company enters fee (advance paid) as a liability.

Contract costs include:

- Costs to obtain a contract; and
- Costs to fulfil a contract.

Costs to obtain a contract shall be recognised as an asset if the entity expects to recover them. They are incremental costs of obtaining a contract that an entity incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained (for example, brokerage commission). As a practical expedient, the Company may recognize the incremental costs of obtaining a contract as an expense when incurred, if the amortization period of the asset that the Company otherwise would have recognized is one year or less.

In contrast, the costs to fulfil a contract that would be incurred regardless of whether the contract is signed should be recognized as an expense when incurred.

Costs incurred in fulfilling a contract with a customer are capitalized if they are not within the scope of another standard, relate directly to the contract, generate or enhance resources that will be used in satisfying performance obligations in the future, and if such costs are expected to be recovered.

The **principle in IFRS 15** are applied using the following five steps (in more detail as specified in IFRS 15):

A. Identify the contract(s) with a customer;
B. Identify the performance obligations in the contract;
C. Determine the transaction price;
D. Allocate the transaction price to the performance obligations in the contract; and
E. Recognise Revenue when the entity satisfies a performance obligation.

A) Identify the contract with customer

The first step is to determine what is considered a performance obligation of the Company towards the customer (and vice versa).

Performance obligations do not include (preparatory) activities (administrative, etc.) that the Company must undertake to fulfil a contract, and do not constitute an obligation to perform.

Both explicit obligations (contained in the contract) and implicit obligations (obligations arising from business practice) should be taken into account when determining liabilities.

B) Identify the performance obligations in the contract

Second step requires the identification of separate performance obligations conditioned by the focus of observation.

If the conditions for the contract to be considered hybrid in a way that contains different performance obligations are not met (partial benefit from certain goods / services can be realized and the promise to deliver those goods / services can be observed by the Company independently of other promises), all goods / services in the contract should be calculated as a single obligation to perform.

C) Determine the transaction price

In determining the transaction price (allocated to each performance obligations), the agreed conditions should be considered and usual business practice. The price, which may be considered as stand-alone and/or variable, reflects the amount of consideration that the company expects to be entitled to in exchange for the promised goods or services. The price is recorded without inflows collected in behalf of third parties (for example, without VAT).

The following are also taken into account when determining the transaction price: whether there are significant financing components, variable components, amounts paid to the buyer (eg refunds or rebates) and non-monetary fees. Variable components can include discounts, right-to-refund, incentives, bonuses, penalties and the like.

The amount of variable consideration is done by using either of the following methods:

- the expected value—the expected value is the sum of probability-weighted amounts in a range of possible consideration amounts. An expected value may be an appropriate estimate of the amount of variable consideration if an entity has a large number of contracts with similar characteristics.
- the most likely amount—the most likely amount is the single most likely amount in a range of possible consideration amounts (ie the single most likely outcome of the contract).

When there is a financing component, revenue is recognized at the amount that reflects the price that the customer would have paid for the promised goods or services if the customer had paid cash for those goods or services when (or as) they transfer to the customer (ie the cash selling price).

The Company is not required to adjust the consideration amount arise from financing component if it expects less than one year to elapse between sale and collection.

Non-monetary consideration received from the customer are measured at fair value.

Consideration payable to a customer includes cash amounts that the company pays, or expects to pay, to the customer as credit or other items (for example, a coupon or voucher). The company accounts for consideration payable to a customer as a reduction of the transaction price and, therefore, of revenue unless the payment to the customer is in exchange for a distinct good or service.

D) Allocate the transaction price

The objective when allocating the transaction price is for the company to allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the company expects to be entitled in exchange for transferring the promised goods or services to the customer.

To allocate the transaction price on a stand-alone selling price basis, the company estimates the stand-alone selling price. This is the price at which company would sell a good or service on a stand-alone (or separate) basis at contract inception. When estimating a stand-alone selling price, if not directly observable, the company considers all information (including market conditions, entity-specific factors and information about the customer or class of customer).

Suitable methods for estimating the stand-alone selling price of a good or service include the following:

a) Adjusted market assessment approach—evaluate the market in which it sells goods or services and estimate the price that a customer in that market would be willing to pay for those goods or services;
b) Expected cost plus a margin approach—add an appropriate margin for that good or service; and
c) Residual approach—the total transaction price less the sum of the observable stand-alone selling prices of other goods or services promised in the contract.

E) Recognise of revenues

The amount recognises as revenue is the amount allocated to each performance obligation **when (or as) each performance obligation is satisfied**. Control of an asset refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset.
Control includes the ability to prevent other entities from directing the use of, and obtaining the benefits from, an asset. The benefits of an asset are the potential cash flows (inflows or savings in outflows) that can be obtained directly or indirectly in many ways, such as by: using the asset to produce goods or provide services (including public services); using the asset to enhance the value of other assets; using the asset to settle liabilities or reduce expenses; selling or exchanging the asset; pledging the asset to secure a loan; and holding the asset.

Performance obligation may be satisfied:

- over time or
- at appoint in time.

An entity transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs;
- the entity's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or

- the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date (by diverting property for another purpose).

Methods that can be used to measure an entity's progress towards complete satisfaction of a performance obligation satisfied over time include the following:

a) input methods (according to the value that the goods or services transferred up to a certain date have for the buyer; for example, the number of units produced or delivered in relation to the total contracted amount of units; as a practical asset, if the Company is entitled to compensation in an amount commensurate with the value for the customer of goods or services completed or delivered up to that time, revenue may be recognized in the amount that the Company is entitled to invoice);
b) output methods (revenue is recognized on input that the Company invests to meet performance obligation).

If performance obligation is not fulfilled over time, then the Company does it at appoint in time, and revenue is recognized when the Company transfers control of certain goods or services to the customer.

In the first application of IFRS 15 - Revenue from Contracts with Customers, the Company uses a modified retrospective application.

At the balance sheet date, the Company has no effects arising from the requirements of IFRS 15.

7.4. Expenses

Expenses are reductions in economic benefits during the accounting period, manifested in the form of outflows or reductions in assets or liabilities, which result in a reduction in capital that does not represent a reduction based on distribution to owners.

The definition of expenditure includes:

- expenses incurred in the ordinary course of business; and
- losses

Expenses include **operating expenses**, financial expenses, other expenses (including impairment of other assets) operations and discontinued operations, effects of changes in accounting policies and corrections of prior period errors and the transfer of expenses.

Operating expenses include: purchase price, material used, gross salaries, salary compensation and other personal expenses, producing costs, non- material costs, depreciation and provisions.

Financial expenses include financial expenses arising from the related legal entities, gains arising on the translation of foreign currency, interest-related expenses and other financial expenses.

Other expenses (that additionally include expenses from depreciation of other assets measured at fair value through Income Statement), include losses that may or may not arise from usual activities of the Company. Losses (for example, shortages or losses that result from the sale of assets at a less value than the accounting value) represent a decrease of economic benefits and, as such, do not vary from other expenses.

Within operating **loss from discontinuing operations, effects of changes in accounting policy, corrections of prior period errors and transfer of expenses**, expenses according to the names of accounts comprising this groups are presented and the transfer of total expenses at the end of accounting period, which are for the purposes of financial reporting presented in net effect, after offsetting against relevant income.

7.5 Interest and Other Borrowing Costs

Borrowing costs include interest and other costs borne by the Company in relation to the borrowing of funds. Based on relevant provisions IAS 23 - Borrowing costs, Interest and other borrowing costs, borrowings are recognized as expenses at the moment of occurrence, unless they are directly attributed to the acquisition, construction or production or a certain asset (asset that obligatory needs significant time to be brought to working condition for its intended use or sale), in which case the interest and other borrowing costs are capitalized as a part of the purchase price (cost) of that asset.

Borrowing costs that are capitalized are those that would have been avoided had the expenditure on the qualifying asset not been incurred.

To the extent that cash is borrowed solely to acquire a qualifying asset, the amount of costs that can be capitalized on that asset is determined as the difference between the actual cost of the loan in question, less any income on temporary investment from that borrowing.

The Company should commence capitalization of borrowing costs on the date of commencement of capitalization, which is the date when the Company first meets each of the following conditions:

- make expenditures for the asset;
- incur borrowing costs and
- undertake the activities necessary to prepare the assets for its intended use or sell.

The Company should stop capitalizing borrowing costs when substantially all the activities necessary to prepare the qualifying assets for their intended use or sale have been completed.

7.6 Income Tax

Income tax is recorded in Company books as the sum of:

- The current tax; and
- The deferred tax.

The current tax is the amount of obligation for the payable (recoverable) income tax that refers to the taxable income (tax loss) for the respective period. In other words, the current tax is payable income tax defined in the tax return pursuant to tax regulations.

The deferred tax which is accounted in accordance with the relevant provisions of IAS 12 includes:

- Deferred tax assets or
- Deferred tax liabilities.

Deferred tax assets include income tax, recoverable in future periods in respect of:

- Deductible temporary differences,
- Unused tax losses transferred to the following period and
- Unused tax credit transferred to the following period.

Deductible temporary difference arises in cases where in expense has already been recorded in Company books, on certain bases, which, from the taxation aspect, is to be recognized in the following periods. Some typical examples of cases where the deductible temporary differences arise include the following:

- tax value of assets that are subject to depreciation exceeds the accounting value thereof;
- from the taxation aspect, certain provisions are not recognized and which are recognized at the time of use (for example, individual provisions under IAS 19);
- from the tax aspect impairment of property is not recognized and it is recognized upon the alienation of property (goods, materials, investment property, etc.);
- from tax aspect, expenses are not recognized when they are paid, etc.

For assets that are subject to depreciation, deferred tax assets are recognized for all deductible temporary differences between the accounting value of assets that are subject to depreciation and their tax base (values allocated to these assets for tax purposes). Deductible temporary differences exist if the accounting value of assets is less than their tax base.

The amount of deferred tax assets is determined by applying the prescribed (or notified) income tax rate on Company income on the amount of deductible temporary difference that is determined as at the Balance Sheet date.

If at the end of previous year, the temporary difference was deductible, on the basis of which the deferred tax assets were recognized, and at the end of current year, on the basis of the same assets, the temporary difference is taxable, the previously established deferred tax assets are released in their entirety, and at the same time the deferred tax liabilities are recognized in the amount determined as at the Balance Sheet date.

A deferred tax asset based on **unused tax losses** is determined by applying the prescribed (or expected) corporate income tax rate to the amount of tax loss.

A deferred tax asset based on **unused tax credit** are recognized in the amount of the unused tax credit, without applying the prescribed (or expected) corporate income tax rate to that amount.

The Company recognizes deferred tax assets, on all the above grounds (deductible temporary differences, unused tax losses and unused tax credit), only when it is probable, and to the extent that it is expected, that taxable gains will be available in the future. resources to be able to use.

Deferred tax assets may be recognized on other grounds for which the Company assesses income tax will be recoverable in future (for example, for provisions for non-due retirement bonus, specified pursuant to provisions IAS 19 - Employee Benefits, for the effects of the first application of IFRS 9, etc.).

Deferred tax liabilities include income taxes payable in future periods against deductible temporary differences.

Taxable temporary difference are temporary differences that will result in taxable amounts in determining taxable profit (tax loss) of future periods, when the carrying amount of the asset or liability is recovered or settled.

The taxable temporary difference arises in cases when a certain expense is recognized from the tax aspect, while from the accounting aspect it will be recognized in the business books of the Company only in the following periods.

With respect to assets that are subject to depreciation, deferred tax liabilities are recognized always if there is a deductible temporary difference between the accounting value of assets that are subject to depreciation and their tax base. Deductible temporary difference occurs if the accounting value is greater than its tax base.

A deductible temporary difference is stated at the balance sheet date by applying the prescribed tax rate of the income tax to the amount of the deductible temporary difference.

The amount of deferred tax liability is determined by applying the prescribed (or expected) tax rate on the Company profit on the amount of taxable temporary difference that is determined as at the Balance Sheet date.

On each Balance Sheet date, the deferred tax liabilities are reduced to the amount determined based on temporary difference as at that date.
If at the end of the previous year the temporary difference was taxable, on the basis of which the deferred tax liabilities were recognized, and at the end of the current year, based on the same assets, the temporary difference is deductible, the previously established deferred tax liabilities are released in their entirety, and at the same time the deferred tax assets of the Company are recognized in the amount determined as at the Balance Sheet date.

Deferred tax liabilities may be recognized on other grounds for which the Company assesses income tax will be recoverable in future against taxable temporary differences.

7.7 Intangible Assets

Intangible assets are non-monetary assets without identifiable physical substance, such as: licenses, concession, copyrights, investment in development, etc.

The property fulfils criteria to be identified if: it is detachable or it can be detached from the Company and sold, transferred, licensed, rented or traded, separately or with a related contract, property or liability; or that derives from contractual and other legal rights, regardless if these rights are transferable or separable from the Company or other rights or obligations.

To recognize an intangible asset, it must comply with the provisions of IAS 38 - Intangible assets:
- That it is likely that future economic benefits, attributable to assets, will flow to the Company that the Company has control over the asset, and
- That the purchase price (cost) can be reliably measured.

If one of the requirements is not fulfilled, expenses on the basis of intangible investments are recognized as debit to expenses in the period in which the expenses were incurred.

Accounting recognition of internally generated intangibles is dependent upon an assessment of whether they are created:
- In the research phase, or
- In the development phase.

Intangible assets generated from *research or research phase of an internal project*, will not be recognized as intangible asset. Expenditures related to research or to a research phase of an internal project are recognized as expenses in the period of occurrence.

The cost of an internally generated intangible asset generated from *development activities* (or the research phase of an internal project) includes all the directly attributable expenses necessary to generate, produce and prepare the asset for the use as intended by the Company management.

Initial measuring of intangible assets is performed at its cost (purchase price).

Subsequent measuring of intangible assets, after initial recognition, is performed at their cost (purchase price) reduced by the accumulated depreciation and accumulated losses from impairment (in compliance with IAS 36).

7.8 Property, Plant and Equipment

Property, plant and equipment are tangible assets that are: used in production, supply of goods and services, for rental to others or for administrative purpose; and which are expected to be used for more than one accounting period.

The above general principle for the recognition of property, plants and equipment is not applied exclusively in cases of recognition of assets of lesser value that are registered as inventory items (such as, for example, spare parts and servicing equipment). The total value of such assets is transferred to current expenses when the item is first put in service.

Property, plant and equipment are tangible assets: if and only if it is probable that future economic benefits associated with the item will flow to the entity; and if the purchase price (cost) of the item can be reliably measured.

Initial measuring of property, plant and equipment is performed at purchase cost (purchase price), which includes: invoice price, including import duties and other duties that cannot be refunded, less discounts and rebates received; all costs directly attributable to bringing the asset to the location and condition necessary for it to function, as expected by management; and an initial estimate of the cost of dismantling, removing the asset, and rebuilding the area where the asset is located.

With the aim to perform subsequent measuring of property, plant and equipment, these are grouped in the following categories:

a) Land,
b) Facilities,
c) Plants and equipment, and
d) Other.

Subsequent measuring of the category “Buildings” is performed under revaluation model, which means valuation at the revalued amount, which represents the fair value at the date of revaluation, less subsequent accumulated depreciation and subsequent accumulated impairment losses.

Subsequent measuring of all other categories within the Property, Plant and Equipment position, other than the facilities, is to be performed in compliance with the cost (purchase price) decreased by the accumulated depreciation and accumulated losses due to impairment (pursuant to IAS 36).

Leasehold improvements are presented and recognized in a special account, if it is probable that the Company will make the future economic benefits related to such asset. Amortization of investment in other person’s property, plant and equipment is performed on the basis of the estimated useful life of such assets, which may be equal or shorter than the validity period of the lease agreement.

7.9 Lease

Lease is an agreement according to which the lessor transfers the right to use the object of lease to the lessee for an agreed period of time in exchange for a single payment or for a series of payments.

In case of a **financial lease** (lease whereby all the risks and benefits related to ownership of the assets are essentially transferred, and upon expiry of the lease period, the property right may, but does not necessarily need to, be transferred), in compliance with the provisions of the IAS 17 - Leases, the lessee performs the **initial measurement** by recognizing the lease as an asset and liability in their Balance Sheet, according to the amounts of its fair value at the beginning of the lease, or according to the present value of the minimum payments for the lease, whichever is lower.
The *fair value* is the amount for which the lease can be exchanged between knowledgeable, willing parties in arm’s length transaction.

In calculation of the present value of minimum payments for the lease, the discount rate is generally defined based on the interest rate included in the lease.
If the interest rate cannot be determined, the incremental interest rate on the debt amount is used as the discount rate or as the expected interest rate the Company would pay in case of borrowed assets under similar conditions and similar guarantees for the purchase of the asset identical to the lease.

All initial direct expenses borne by the lessee are added to the amount that was recognized as the asset.

In case of **subsequent measurement**, the minimum lease payments should be divided between financial expenses and the reduction of outstanding obligations. The financial expenditure is allocated to periods within the leasing term and a constant periodic interest rate is applied to the outstanding balance.

In case of **business (operational) lease** (the lease whereby all the risks and benefits related to the ownership of the assets are not essentially transferred), the lease payments are recognized as expense, and in general at the linear basis during the lease period.

From the preparation of financial statements for 2021, IFRS 16 - Leases will be applied - retrospective model with a cumulative effect.

7.10 Amortisation of Intangible Assets, Property, Plant and Equipment

Amortization is the amount of assets (intangible assets, property, plant and equipment) amortized over time allocated within its useful life. Depreciation is conditioned by: useful life, depreciation method, depreciation amount and depreciation period.

The lifetime of an asset is determined by applying the time method, so that the lifetime of the asset may be understood as a time period when the asset is at Company's disposal for use. The useful lives of assets are reviewed at the end of each financial year.

The amount to be depreciated, is the revalued value for facilities, ie the purchase value (for other groups within the item property, plant and equipment and Intangible assets) or another amount that replaces that value (in the Company's financial statements), less the residual value that is systematically allocates over the useful life of assets.

Residual value is the evaluated amount that the Company would have received today, if it had disposed of an asset, after the deduction of the estimated disposal costs and under the assumption that the asset is at the end of its lifetime and in a condition as expected at the end of a useful lifetime.
The residual value of intangible assets is always presumed to be zero, except in the following cases:

- When there is an obligation of a third party to purchase intangible asset at the end of its useful life, or
- When there is an active market for the intangible asset, with the presumption that such market will exist at the end of the useful lifetime of the asset as well, when the residual value may be determined by referring to such market.

The residual value is reviewed at the end of each financial year by the competent appraisers and its change from previous estimates is included in accordance with the relevant provisions of IAS 8.

The residual value may be increased as the result of a valuation for an individual asset to the amount that is equal to the book value of such asset or larger than such value. In that case, the depreciation cost will, during the remaining useful lifetime of such asset, be zero, unless, as the result of subsequent valuations, the residual value is reduced to the amount that is lower than the book value.

Amortization of assets is performed by the **linear write-off** (proportional method), and the **calculation of amortisation starts** from the beginning of the following month from the moment when the asset becomes available for use, i.e., employment, or when it is at the location and the condition necessary for its functioning, in the manner envisaged by the management.

Amortization of intangible assets is conditional on the assessment of whether the useful lifetime is unlimited or limited. Intangible assets are not subject to amortization if it is estimated that the useful lifetime is unlimited, that is, if, based on the analysis of all the relevant factors, the end of the period when is it expected that the intangible asset will cease to generate incoming net cash flows for the Company cannot be foreseen.

Amortisation is not calculated for assets the value of which is not impaired over time (such as, for example, the works of art) nor for assets with unlimited lifetime (land, for example).

For an assets acquired by means of financial lease, amortization is calculated in the same manner as for other assets, except when it is not known whether the Company will acquire the ownership right on such asset, when the assets is amortized in its entirety in a shorter period than the lease period or the useful lifetime.

Calculation of amortization ceases when the asset is derecognized (ceases to be recognized as an asset) and when it is reclassified as a non-current asset held for sale or within discontinuing operations. Thus, amortization is calculated even when the asset is not used, that is, even when the asset is not being used actively, if such asset is not reclassified as a non-current asset held for sale or within the discontinuing operations.

Calculation of assets' amortisation is performed for tax balance purposes in compliance with the applicable legislation.

Assets that are, in accordance with the IFRS 5 - Non-Current Assets Held for Sale and Discontinuing Operations, classified as assets held for sale, as at the balance sheet date are presented as working capital and are assessed at the lower value of the accounting value and fair value reduced by the costs of sale.

7.11 Impairment of Intangible Assets, Property, Plant and Equipment

At each balance sheet date, competent persons, from the Company or external, check if there are indications that the accounting value of an asset (intangible assets, property, plant and/or equipment) is impaired, that is, if the accounting value exceeds the recoverable amount for the asset in question.

If there are indications of impairment, appraisal of recoverable amount is performed in compliance with the relevant provisions of IAS 36.

Recoverable amount is the higher amount of:

- The fair value, reduced by the costs of sales; and
- The use value.

Fair value reduced by the costs of sales is the expected net selling price of the asset or the amount that can be achieved in the sale of an asset in an at arm's length transaction between knowledgeable, willing parties, reduced by the disposal costs.

Use value is the present value of estimated future cash flows expected to occur from the continuous use of the property during its lifetime and sale at the end of that period. The discount rate used in determining the asset's present value reflects current market estimates of the time value of money, as well as the risks characteristic for the asset in question.

Recoverable amount is estimated for each asset separately or, if that is not possible, for the unit that generates cash related to that asset. The unit that generates cash is the smallest recognizable group of assets that generates cash flows independent to the greatest degree from the cash flow related to other assets or groups of assets.

If it has been established that the value is decreased, the accounting value is reduced to the recoverable amount. The loss due to the decrease is captured as follows:

- If the revaluation reserves were previously created for that asset, the loss is indicated by decreasing revaluation reserves, and
- If the revaluation reserves were not previously created for that asset, the loss in indicated as expenses for the respective period.

7.12 Investment Property

An investment property is a property (land or building or part of a building or both) held by the owner or the lessee in the financial lease in order to receive income from rentals or increase in capital value, or both, and not:

- To use it in the production, or acquisition of goods and services or for administration purposes; or
- The sale within the scope of usual business activities.

The investment property is recognized, pursuant to IAS 40 - Investment property, as an asset: if there is a chance that the Company may have economic benefit in the future from that investment property; and if its purchase price (cost) can be measured reliably.

An investment property should be measured initially at its cost. Related expenses are included in the price.

Subsequent expenditure related to an already recognized investment property is attributed to the expressed amount of the investment property if it can be recognized as an asset, if it is likely that future economic benefits related to that expenditure will flow to the Company and if the purchase price (cost) of that expenditure can be measured reliably. In the opposite case, the subsequent expenditure is presented as an operating expense in the period in which it was incurred.

After the initial recognition, the **subsequent measurement of the investment property** is performed according to the fair value, meaning its market value or most probable value that can be achieved on the market at the balance sheet date.

The change in the fair value of an investment property over a specific period is recognized in the income statement for the period in which the increase / decrease occurs.

Investment properties *are not subject to the calculation of depreciation or to the valuation of the decrease in value of the property.*

Investment property is not recognized as such any more upon the disposal (sale or conclusion of financial leasing) thereof or if it is not in use (when spent), any more and no future benefits are expected from the disposal thereof. Gains or losses from decommissioning or disposal of investment property are recognized in Income Statement in the year in which the asset was disposed of or decommissioned, while the entire amount of revaluation reserves that are an integral part of capital related to disposed investment property, is transferred directly to retained earnings for the current year.

7.13 Inventories

Inventories are assets: kept for sale in the usual line of activities, assets in production, but intended for sale; or primary and secondary materials used in the production or provision of services.

Inventories include: primary and secondary materials (including spare parts, tools and stock) used in the production, unfinished products that are being produced, finished products manufactured by the Company and goods.

Inventories are (pursuant to IAS 2 - Inventories) **measured** at lower value:

- The purchase price (cost) and
- Net realizable value, (ie net sales value / prices), while inventories of materials and goods being measured at cost.

The purchase price (cost) includes all:

- Purchase expenses,
- Conversion expenses and
- Other costs incurred in bringing the inventories to their present location and condition.

The costs of **purchase of materials and goods** as basis for the valuation of inventories of materials and goods, include the cost price, import duties and other fiscal expenditure (other than the recoverable tax amounts, such as the input value added tax), transportation costs, handling costs and other costs that are directly attributable to the purchase costs of inventories. Discounts, rebates and other similar items are deducted on the occasion of determining the purchase costs.

Valuation of material and goods inventories spent is performed by applying the **weighted average cost formulas**, calculated at the level of each individual warehouse.
In the recognition of assets of lower value (for example small inventory items, spare parts and servicing equipment), upon its use, the entire value (100% write-off) is transferred to expenses of the respective period.

Conversion costs and other costs incurred in bringing the inventories to their present location and condition are important in the valuation of inventories of unfinished products and finished products. These costs include: direct labour costs, direct material costs and indirect costs, or general production costs and non-production costs and borrowing costs.

Under certain conditions, specified in IAS 23, borrowing costs may also be included in the cost of inventories.

Net realizable value is the valuated price of sale within regular business activities (value excluding tax) reduced by estimated completion costs and valuated costs necessary for the realization of the sale. The valuation of the net realizable value is performed based on the most reliable evidence available at the time of valuation with regard amounts that may be achieved.

The amount of any write-off of inventories to the net realizable value and all losses of inventories are recognized as expenses for the period when the write-off or loss occurred.

7.14 Non-Current Assets Held for Sale

The Company recognizes and presents a non-current asset (or available group of assets) as an **asset held for sale** in compliance with IFRS 5 - Non-Current Assets Held for Sale and Discontinuing Operations if its accounting value can primarily be recovered by means of a sales transaction and not by means of its further use. To fulfil this requirement:

- The asset (or group for disposal) must be available for immediate sale in the current condition, solely under the usual conditions for the sale of such property (or disposal group); and
- The sale of the asset must be very probable.

For a sale to be highly probable, the appropriate level of management must commit to a plan to sell the property (or disposal group), that there is an active program to find a buyer, and that the execution of that plan has already begun, for example, an announced public sale. started negotiations or preparations for negotiations with potential buyers, etc.). In addition to the above, the probability of sale implies the existence of a market for that asset, that the offered price is reasonably determined, so that it enables the reality of the expectation that the sale will be made within one year from the date of recognition.

Extending the period required to complete the sale does not prevent the asset (or disposal group) from being classified as held for sale if the delay is due to events or circumstances beyond the Company's control and there is sufficient evidence that the Company is still committed to the plan. to sell the property (or disposal group).

The Company measures property, plant and equipment (or disposal group), classified as property, plant and equipment held for sale at a lower value than:

- The accounting value, and
- The fair value reduced by the costs of sale.

The accounting value is the present (non-write off) value stated in business books of the Company.

The fair value is the amount at which the asset may be traded between knowledgeable and willing parties in an at arm’s length transaction, or the market value on the date of sale.

Costs of sale are costs directly attributable to the sale of assets, or disposal groups, other than financing costs and income taxes, that are measured at present value rather than at the time of sale.

The Company does not depreciate property, plant and equipment as long as it is classified as held for sale (or as part of an disposal group that is classified as held for sale).

Written-off assets, as well as assets with insignificant non-write off value will not be recognized as assets held for sale.

The sale of fixed assets held for sale in accordance with IFRS 5 is recorded on a net basis, ie the difference between the net sales value and the carrying amount is reported as a gain or loss on the sale of fixed assets held for sale, while the sale of fixed assets held for sale is recorded. in accordance with IAS 2 is performed on a gross basis.

Assets that cease to be classified as held for sale (or cease to be included in a held-to-sale group) are valued at the lower of:

- the carrying amount before it is classified as held for sale (adjusted for depreciation and impairment that would be recognized if the asset was never classified for sale); and
- its recoverable amount at the date of the decision not to sell the fixed asset.

7.15 Fair Value

This IFRS 13 Fair Value Measurement defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, assuming the participants act in their best economic interest.

Fair value is a market-based measurement, not a measurement based on a specific company.

A fair value measurement is for a particular asset or liability. Therefore, the entity shall take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Such characteristics include, for example, the following:

- the condition and location of the asset; and
- restrictions, if any, on the sale or use of the asset.

A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

If there is a principal market for the asset or liability, the fair value measurement shall represent the price in that market (whether that price is directly observable or estimated using another valuation technique), even if the price in a different market is potentially more advantageous at the measurement date.

Basically, all fair value assessment techniques can be divided into three groups:

- market approach - using prices and other relevant information generated by market transactions involving identical or comparable (ie similar) assets, liabilities or a group of assets and liabilities, such as a business;

- cost approach - From the perspective of a market participant seller, the price that would be received for the asset is based on the cost to a market participant buyer to acquire or construct a substitute asset of comparable utility, adjusted for obsolescence.
- income approach converts future amounts (eg cash flows or income and expenses) to a single current (ie discounted) amount. When the income approach is used, the fair value measurement reflects current market expectations about those future amounts.

As with all fair value measurements, an entity's measurement method for determining the portion of the change in the liability's fair value that is attributable to changes in its credit risk must make maximum use of relevant observable inputs and minimum use of unobservable inputs.

An input, which may be observable or unobservable, is an assumption used by market participants to determine the price of an asset or liability, including risk assumptions, such as the risk inherent in a given valuation technique used in measuring fair value (such as a pricing model); and the risk inherent in the inputs to the assessment technique.

The fair value hierarchy is classified into three levels, according to the inputs for the valuation technique, which is used in determining fair value. In the context in question:

- highest priority is given to the fair value determined on the basis of level 1 inputs,
- average priority of fair values determined on the basis of level 2 inputs, a
- lowest priority of fair values determined on the basis of level 3 inputs.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Therefore, the emphasis within Level 1 is on determining both of the following:

- the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability; and
- whether the entity can enter into a transaction for the asset or liability at the price in that market at the measurement date.

Level 2 inputs are quoted prices for similar assets or liabilities in an active market, quoted prices for identical or similar assets or liabilities in markets that are not active, and the like. Depending on the characteristics (condition and location of assets, volume and level of activity in the markets where inputs are observed, etc.) of assets and "benchmark" assets, inputs are corrected when measuring fair value.

Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs shall be used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

In the absence of any reliable inputs, when approximating the fair value (when estimating the fair value of illiquid securities, etc.), the purchase value can be taken.

7.16 Financial Instruments

Financial assets

According to IFRS 9 – Financial instruments, the company recognises when, and only when, the entity becomes party to the contractual provisions of the instrument. A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting or settlement date accounting.

The company derecognises a financial asset when, and only when:
- the contractual rights to the cash flows from the financial asset expire, or
- it transfers the financial asset and the transfer qualifies for derecognition.

At initial recognition, the company measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. In relation to the above, the difference is that the initial recognition of trade receivables is measured at the transaction price (except in the case when the sale contains a significant component of financing).
In subsequent measurement of financial asset, the relevant group is the group in which the Company has classified the financial asset, which is conditioned by:
- business model of the Financial Management Company and
- characteristics of contractual cash flows of the financial asset ("SPPI" test - Solely Payments of Principal and Interest).

After initial recognition, the company measures a financial asset at:
- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Asset classified in the amortized cost category should meet both criteria:
- Business model: the financial asset is held for the purpose of collecting contracted cash flows;
- SPPI test: whether the agreed conditions give the right to cash flows that represent only the payment of principal and interest.

Asset classified at fair value through other comprehensive income should meet both criteria:
- Business model: the financial asset is held to collect contracted cash flows and sales;
- SPPI test: whether the agreed conditions give the right to cash flows that represent only the payment of principal and interest.

Financial asset measured at fair value through profit or loss includes assets that are not classified in the previous two groups. Valuation effects and realized gains and losses are recognized in the income statement in the period in which they arise.

All derivatives within the scope of IFRS 9 are measured at fair value. All changes are recognized in the income statement.

Dividends are recognised in profit or loss only when:

- the entity's right to receive payment of the dividend is established;
- it is probable that the economic benefits associated with the dividend will flow to the entity; and
- the amount of the dividend can be measured reliably.

A financial asset is impaired when one or more events occur that have an adverse effect on the estimated future cash flows of that financial asset.

With respect to assets measured at amortized cost (loans and receivables) and at fair value through other comprehensive income, the Company should recognize an impairment loss, ie a provision for **expected credit losses.**

At each reporting date:

- the company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition the company should measure the provision for losses on a financial asset at an amount equal to the expected credit losses over the life of the asset;
- an entity may assume that the credit risk on a financial instrument has not increased significantly since initial recognition, the Company should measure the provision for losses on a financial asset at an amount equal to twelve months of expected credit loss.

The company shall measure expected credit losses of a financial instrument in a way that reflects:

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

<u>Financial liabilities</u>

A financial liability is any liability that is:

- contract right:
  - delivery of cash or other financial means to another company; or
  - exchange of financial assets or financial liabilities with another company under conditions that are potentially unfavorable for the Company; or
- contract that will be or can be settled with the Company's equity instruments and which is:
  - non-derivative, for which the Company is or may be obliged to submit a variable number of equity instruments of the Company; or
  - derivatives, which will be or can be settled differently than by exchanging a fixed amount of cash or other financial assets for a fixed number of equity instruments of the Company.

Pursuant to IFRS 9 - Financial Instruments, a financial liability is recognized when the Company becomes a party to the contractual provisions of the financial instrument.

The company shall remove a financial liability (or a part of a financial liability) from its statement of financial position when, and only when, it is extinguished—ie when the obligation specified in the contract is discharged or cancelled or expires.

An exchange between an existing borrower and lender of debt instruments with substantially different terms shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the debtor) shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognised in profit or loss.

A financial liability is initially measured at fair value, increased or decreased, in case of financial liability not measured at fair value through profit or loss, for transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

From the aspect of subsequent valuation, with minor exceptions (derivatives, financial guarantees, etc.), financial liabilities are measured at amortized cost, using the effective interest rate method. Using this method, the Company identifies the fees that are an integral part of the effective interest rate of the financial liability (all of the above also applies to the financial asset).
Fees that are an integral part of the effective interest rate include start-up fees (servicing costs, costs of processing loan applications, registration of collateral, attorney's fees, etc.), commissions, etc.

The Company may, on initial recognition (no reclassification of a financial liability over time) classify a financial liability as measured at fair value through profit or loss: if it prevents an accounting mismatch due to the measurement of assets, liabilities, income and / or expenses on various bases. ; and if the group of financial assets and liabilities is managed and their performance is measured at fair value, in accordance with a documented risk management or investment strategy.

<u>Impairment of financial assets</u>

IFRS 9 introduces a revised model of impairment of financial assets, which is based on the expected credit loss and not on past losses.

The IAS 39 loss model recognized a loss on a financial instrument only when objective evidence of impairment of the financial instrument appeared, such as late payment of obligations, financial difficulties of the debtor, opening of pre-bankruptcy / bankruptcy proceedings, liquidation of the debtor, etc. This approach resulted in a rather late recognition of losses in the financial statements. In contrast, the model of expected credit losses requires an assessment of possible impairment losses on financial instruments before the deterioration of the financial and creditworthiness of the debtor, ie. that the value adjustment is recognized before the incurred losses occur.

According to the adopted Methodology for calculating the impairment of financial instruments in accordance with IFRS 9, the impairment is performed in accordance with the model of expected losses when assessing the impairment of financial assets measured at amortized cost or fair value through other results (except equity), and to contractual assets (contractual financial assets in accordance with IFRS 15).’

The Company assesses impairment at two levels: individual and group.

The Company applies individual assessment of allowances in cases where key credit risk drivers can be monitored on the basis of an individual instrument, where the Company then monitors them without the need for additional joint assessment.

The Company applies individual assessment of impairment to receivables from related legal entities; on receivables from the state, which do not relate to commercial relations in which the state is in the role of investor; on financial placements and given deposits; securities and cash and cash equivalents.

For the purposes of individual assessment, the Companies rely on the data on non-payment of liabilities (PD) from external sources, ie the data published by renowned rating agencies. The second parameter in the calculation, LGD (loss given default), which implies the amount of loss in case of default, is based on the Basel LGD of 45%. The exposure in the event of a default event (EAD) in this case is the amount of the claim at the reporting date. The discount factor will depend on the effective interest rate determined at initial recognition and the maturity of the instrument. If the collection of receivables is expected within 12 months, the discount factor is 1.

The Company applies the group assessment of impairment for measuring credit losses, ie receivables from third parties (including receivables from the state, state-owned companies and state bodies, where the state is predominantly in the role of investors) in teh country and abroad, as well as accruals and deferrals that have the category of financial assets, and other receivables, including contractual financial assets in accordance with IFRS 15, or receivables from uninvoiced income with these persons, which are not subject to individual estimates, as well as lease receivables arising from transactions under IFRS 16.

The calculation of the parameters that will be applied in the Energoprojekt System was performed on the basis of data on historical collection by the largest companies operating within Energoprojekt:, Energoprojekt Visokogradnja Plc, Energoprojekt Niskogradnja Plc, Energoprojekt Entel Plc and Energoprojekt Oprema Plc

Calculation approach PD is based on the creation of provision matrices from age intervals (14 intervals, based on late days as follows: "0" overdue receivables; "1" - 0-30 days late, "2" - 31-60 days late… "13" - 330-360 days late; "14" - over 360 days late) and rates of uncollected receivables ("roll-rate") between the observed intervals.

The loss rate in case of default, LGD, was calculated by observing collection of receivables in the "worst" observed interval during the period 2017-2019, 2017-2020, in a way that the amount claimed on 31.12.2019 was put in relation in the worst age interval increased by write-offs during the observed period and the total amount of registered receivables, ie. invoice in the worst age interval during the observed period. In certain cases, due to the existence of first-class (deposits, guarantees, etc.), or adequate collateral (pledges, mortgages), the Company may reduce the exposure by the amount of collateral before applying the LGD with the prior application of an appropriate impairment factor (haircut). In cases of receivables dating from before 2017, except in specific cases that need to be adequately documented, it is assumed that these are receivables that are impaired and for which the impairment calculation approach is applied to instruments where objective evidence of impairment has been identified (as is explained below).

When approaching the calculation of impairment for financial instruments for which objective evidence of impairment has been identified, no need to change the previous approach in accordance with IAS 39 has been identified, and the treatment and method of calculating impairment remains unchanged in accordance with IAS 39 and is based on the amount of loss measured. as the difference between the exposure and the present value of future expected cash flows, discounted at the effective interest rate.

In case there is a need to determine the discount factor, ie the effective interest rate for the purposes of calculating the expected credit loss (for certain financial instruments that are not measured under the simplified approach and level 3 assets that are measured individually), the Company will apply the effective interest rate of the instrument. , ie in case of its non-existence, as the best approximation, publicly available data will be used depending on the currency, maturity, etc. (NBS statistics, eminent publicly available sources of information, legal default interest rate, etc.)

The Company applies the simplified approach for trade receivables (related and third parties), contractual assets arising from transactions under IFRS 15 and lease receivables arising from transactions under IAS 17 / IFRS 16. The simplified approach implies that for a given the receivable calculates the life expectancy loss regardless of whether there has been a significant increase in credit risk from customers, contractual assets and lease receivables and the provision for losses in an amount equal to life expectancy throughout the life.

For other categories of financial assets (cash and cash equivalents, financial investments, securities) the Company applies the general approach.

The Company has used the Methodology for calculating the impairment of financial instruments in accordance with IFRS 9 to define indicators of significant increase in credit risk. In connection with the above, as indicators of a significant increase in credit risk, ie indicators that for a certain type of financial assets it is necessary to calculate the expected credit loss for the entire period of its life / duration, the following are taken into account:

- Decline in external credit rating used for the purpose of calculating the impairment;
- Delay in repayment of the obligation to the Companies in the amount of 30 days (if it is about third parties), or 90 days, if it is about related legal entities;
- Other qualitative criteria that may lead to the conclusion that there has been a significant increase in credit risk.

For the purposes of identifying impairment indicators, ie the criteria that it is necessary to calculate the expected credit losses for assets classified in level 3, in accordance with the requirements of IFRS 9, the Companies apply:

- Defined default threshold that applies to a given Company and a given category of financial assets;
- Other objective evidence of impairment in accordance with IFRS 9.

The approach of impairment for financial guarantees is based on the historical losses that Energoprojekt had on this basis.

Based on all the above, the Company in accordance with Methodology for calculating the impairment of financial instruments in accordance with IFRS 9, calculated the effects of application of IFRS 9 on 01.01.2020 in the amount of RSD 145,136 thousand (recosnised within capital), as at 31.12.2020 in the amount of RSD 10,339 thousand (income) and as at 31.12.2021 in the amount of RSD 51.086 thousand (income), which resulted in an impairment of financial instruments in the amount of RSD 83,711 thousand as at 31.12.2021.

The following table shows effects of the application IFRS 9 on 31.12.2021, which were recorded through the results of the current year (increase in gross results in the amount of RSD 51,086 thousand).

Financial instruments	**Financial instruments as of 31.12.2021. gross**	**acc. allowance for impairment**	**Opening balance of impairment as of 01.01.2021**	**Transfer (to acc. 0439) / from acc. 2309 and 2349**	**Expenses (acc. 58)**	**Income (acc. 68)**	**FX difference**	**Total effects on BS on 2021**	**Impairment as of 31.12.2021**	**Financial instruments as of 31.12.2021 Net**
1	2	3	4	5	6	7	8	9=6+7+8	10=4+5+9	11=2+10
Buyers in the country - parent and subsidiaries (acc. 2000 and acc. 2001) - EP Visokogradnja (Note 29)	888.497	acc. 2009	(81.401)		(10.163)	43.322	(1)	33.158	(48.244)	840.253
Short-term loans and placements - parent and subsidiaries (acc. 2300) (Note 31.1)	92.596	acc. 23090	(545)	66		196	0	196	(283)	92.313
Portion of long-term financial placements with parent end subsidiaries in the country up to 1 year (acc. 2340) (Note 31.3)		acc. 23490	(4.192)	4.192				0	0	0
Long-term receivables for uninvoiced income - other related parties (acc. 28102) (Note 26)	373.000	acc. 28182	(41.465)			19.332	(1)	19.332	(22.133)	350.867
Long-term placements with parent and subsidiaries in country, without interest RSD 5,000 (acc 04300) (Note 25.3)	4.264.783	acc. 04390	(7.193)	(4.258)	(1.762)	163	0	(1.599)	(13.050)	4.251.733
TOTAL	**5.618.876**		**(134.796)**	**0**	**(11.925)**	**63.013**	**(2)**	**51.087**	**(83.710)**	**5.535.166**

In accordance with applied Methodology for calculation of impairment of financial instruments in accordance with IFRS 9, it has been determined that short-term financial placements given to Enjub Ltd is fully covered by the pledge over property of the company, so there is no amount that should be impaired in accordance with IFRS 9 (Note 45).

Also, the effects of application of IFRS 9, due to material insignificance, are not recorded in the following financial assets: Receivables from sales (excluding receivables from Energoprojekt Visokogradnja with maturity over one year), Receivables from specific operations, Other receivables, Short-term loans and placements granted to Energoprojekt Energodata and Cash equivalents and cash.

Effects of the first application of IFRS 9 on 01.01.2020 in accordance with the provisions of Article 25a of the Law on Corporate Income Tax and the provisions of IAS 12, affected increase of deferred tax assets by RSD 21,770 thousand (15% of the total effect of IFRS 9 on 01.01.2021 of RSD 145,136 thousand, recorded through increase in retained earnings in previous years), while on 31.12.2020 and 31.12.2021 the deferred tax assets was each decreased by RSD 4,354 thousand (each by 1/5 of the amount of deferred tax assets recognized on 01.01.2020 by RSD 21,770 thousand) (Notes 43).

In accordance with adopted Methodology for calculating the impairment of financial instruments in accordance with IFRS 9, the Company has determined the existence of objective evidence of impairment in the following financial instruments:
- receivables from the sale of Energoprojekt Visokogradnja with a maturity of over 360 days and
- receivables for uninvoiced income from the Republic of Serbia based on the construction of the RS Embassy in Abuja, Nigeria.

When projecting net cash flows, we started from the assumption of collecting the above receivables in full, as follows:
- within 3 (three) years - for receivables for non-invoiced income and most receivables from sales based on sale to Energoprojekt Visokogradnja, which as at 01.01.2020 were assumed to be collected within 5 (five) years, whereas the remaining receivables from Energoprojekt Visokogradnja has changed from assumed collection within 2 (two) to 1 (one) year,
- within 4 (four) years for receivables that, as at 31.12.2020, were assumed to be collected within 5 (five) years,
- or within 5 (five) years - for receivables that on 31.12.2021 passed to level 3.

When discounting the value of net cash flow, in accordance with the adopted Methodology for calculating the impairment of financial instruments in accordance with IFRS 9, the interest rate published on the NBS website on loans granted to the non-financial sector in the amount of 2.06% for receivables in EUR.

The following is an overview of financial assets in which objective evidence of impairment has been identified, with data on the carrying amount of receivables and the discounted value of net cash flows as of 31.12.2021.

Financial instrument in which objective evidence of impairment has been identified	**Financial instruments as of 31.12.2021**	**Discounted value of net cash flow 31.12.2021**	**Impairment 31.12.2021**
Domestic buyers - parent and subsidiaries (acc. 200) - EP Visokogradnja (receivables with maturity over 360 days)	764,726	716,482	(48,244)
Long-term receivables for non-invoiced income-other related parties (account 28102)	373,000	350,866	(22,133)
TOTAL	**1,137,726**	**1,067,349**	**(70,377)**

For other financial assets for which no objective evidence of impairment has been identified.

Short-term loans and placements - parent and subsidiaries and long-term financial placements to parent and subsidiaries maturing within one year and Long-term placements to parent and subsidiaries in the country), in accordance with the adopted Methodology for calculating the impairment of financial instruments in accordance with IFRS 9, as the probability of default (PD) for receivables is the second contracting party legal entity, the rate of 0.68% determined as the average (for the observation period from 1981-2020) was used for the credit rating BB published by the renowned agency Standard & Poors, while as the second parameter in the calculation of LGD (loss given default) which means the amount of loss in case of default, used Basel LGD in the amount of 45%.

7.17 Provisions, Contingent Liabilities and Contingent Assets

A provision, according to IAS 37 - Provisions, contingent liability and contingent assets, means a liability of uncertain due date or amount exists at the balance sheet date.

The Company recognizes provisions only if the following conditions are met:

- The Company has a present obligation (legal or constructive) as a result of a past event,
- It is probable that an outflow of resources will be required to settle the obligation, and
- A reliable estimate can be made of the amount of the obligation.

The essence of provisions is to form provisions only for liabilities from past events that exist independently from future events. Therefore, provisions are not recognized for future operating losses.

For purposes of recognition of provisions, it is considered as probable that the requested settlement of Company's liabilities will cause an outflow of resources representing an economic benefit when it is more probable than not that an outflow of resources will occur, or when the probability that settlement of these liabilities by the Company will cause an outflow of resources, is greater than the probability that it will not.

Provisions may be made on various bases, and specifically, these may include: provisions for costs during the warranty period, provisions for recovery of natural resources, provisions for retained deposits and caution money, provisions for restructuring costs, provisions for fees and other employee benefits, provisions for lawsuits and for other purposes.

In the measurement of provisions, the amount recognized as provision is the best valuation of Company's expenditure requested to settle a present liability at the balance sheet date. In other words, it is the amount the Company has to pay at the balance sheet date to settle liabilities or to transfer liabilities to third parties.

Long term provision for expenses and risks are tracked by sorts, they are examined at each balance sheet date and corrected to reflect the best present valuation. If it is no longer probable that an outflow of resources will be required to settle the obligation, the provision is cancelled. Cancellation of provisions is credited as income.

When the effect of the time value of money is significant, the provision amount represents the present value of expenditure of the Company expected to settle the obligation. Discount rates are used in the calculation of the present value or pre-tax rates that reflect current market valuations of the time value and liability-related risks.

Contingent liability is:

- A possible liability that arises from past events and may be confirmed only if one or several uncertain future events, that are not entirely in the scope of influence of the Company, occur or not; or
- A present liability that arises from past events, yet not recognized, because it is not probable that an outflow of resources that represents economic benefit of the Company will be required to settle the obligation or because the amount of liability cannot be reliably valuated.

A contingent liability is not recognized in financial statements of the Company, but is disclosed in case that the outflow of economic benefit is possible and this possibility is not very small.
A contingent liability is permanently re-evalued (at least at the balance sheet date). If the outflow of economic benefits based on contingent liabilities becomes possible, provisions and expenses are recognized in financial statements of the Company for the period when the change occurred (unless in rare cases when a reliable valuation is not possible).

A contingent asset is an asset that may arise from past events and its existence will be confirmed only if one or several future events, which are not entirely in the scope of influence of the Company, occur.

A contingent asset is not recognized in financial statements of the Company, but is disclosed in case that the outflow of economic benefit is possible.

Contingent assets are permanently re-evalued (at least at the balance sheet date) to ensure that financial statements reflect the development of the event. If it is certain that the outflow of economic benefit based on contingent assets, related asset and revenue are recognized in financial statements of the Company for the period when they occurred.

7.18 Employee Benefit

In **terms of taxes and compulsory social security contributions**, the Company shall, according to regulations applied in the Republic of Serbia, pay for contributions to various public funds for social security. These liabilities include contributions paid by employees and contributions paid by the employer in amounts calculated according to prescribed rates. The Company has legal obligation to suspend calculated contributions from gross earnings of employees and to transfer the amount on their behalf to public funds.

Contributions paid by employees and contributions paid by the employer are recorded as expenses of the Company for the respective period. The company, upon retirement of employees, keeps no obligation to pay them any benefits.

For the valuation of provisions based on contributions and other employee benefits, relevant provisions of the IAS 19 - Employee benefits are applied. Provisions for contributions and other employee benefits include, for example: provisions for non-due retirement benefits upon regular retirement and provisions for retirement bonus paid by the Company upon termination of employment prior to the retirement date or paid upon decision of the employee to take voluntary redundancy in exchange for those benefits.

In the valuation of liabilities upon employment termination and pursuant to respective IAS 19 provisions, the discount rate is determined according to the market yield at the balance sheet date for high yield corporate bonds. Alternatively, also specified in IAS 19, until a developed market for corporate bonds in the Republic of Serbia is established, market yields for government bonds will be used for the (for discount rate of) valuation of liabilities of the Company upon employment termination (at the balance sheet date). The value date and deadline for corporate or government bonds should be in accordance with the value date and deadline for obligations related to the income after employment termination. If the Company, for the valuation of obligations upon employment termination and due to undeveloped market for government bonds, uses the government bond yield as reference with maturity date shorter than the estimated maturity of payments based on respective income, the discount rate is defined by valuating the reference securities yield for longer periods.

Retirement bonus is paid by the Company to employees in compliance with the newly amended provisions of the Collective Agreement, which were brought in line with the legal provisions (in the amount of two average gross salaries in the Republic of Serbia in accordance with the latest published data of the Republic authority in charge of statistics).

7.19 Information on Business Segments

A business segment is a part of assets and business operations that provide products or services that are subject to risks and benefits different from those present in some other business segments. The geographical segment provides products or services within a specific economic environment that are subject to risks and benefits different from the segments operating in some other economic environments.

8. FINANCIAL RISKS

Uncertainty in future events is among the basic specificities of business operations under market conditions in an economic environment that is characterized by several possible or potential outcomes. Unpredictability of future events is one of basic particularities of operating in an open market environment characterized by several possible or potential outcomes.

From the Company's point of view, there is a large number of potential risks that may more or less have adverse effects on the Company's business.

Certain (specific) risks are determined by internal factors, such as: *concentration risk*, which, in the Company's case, may be manifested as exposure to any one or a small group of buyers or suppliers; *operational risk*, that means the possibility of adverse effect due to unintentional or deliberate omissions by employees, inappropriate internal procedures and processes, inadequate information system management in the Company, etc.; *reputational risk*, that means a possibility that the Company's market position deteriorates due to the loss of trust or bad reputation (public institutions, suppliers, buyers, etc.) of the Company; legal risk, that means a possibility of adverse effects due to penalties and sanctions that derive from lawsuits due to the failure to fulfil contractual or legal obligations; etc.

Since the majority of these and some other risks not mentioned herein is set forth in detail in other chapters of the Notes or in other internal regulations of the Company (for example, the Rules on Accounting Practices and Policies of the Company regulates the minimization of operational risks by introducing procedures and work instructions), focus is places here on the **financial risks** that primarily include the following:

- Credit risk,
- Market risk and
- Liquidity risk.

Financial risks are significantly affected by external factors that are not directly controlled by the Company. In that sense, financial risk is considerably affected by the Company's environment which, apart from economic development, is likewise committed to legal, financial and other relevant aspects that define system risk level.

Generally, comparing markets of developed economies, companies that operate on markets with insufficient economic development, macroeconomic stability and high insolvency, such as the Republic of Serbia, are significantly exposed to financial risks. Insufficient development of the financial market makes it impossible to use a wide spectrum of hedging instruments, characteristic for developed markets. Companies that operate in the Republic of Serbia do not have the possibility to use many derivative instruments in financial risk management due to the fact that these instruments are not widely used nor there is an organized continuous market for financial instruments.

Financial risk management is a comprehensive and reliable management system that aims to minimize potential adverse effects to the financial condition and operations of the Company under unpredictable financial market conditions.

Considering limitations in the financial risk management that are characteristic of business on the Serbian market, it is clear that it is necessary to approach this issue in a proper manner as recognized by the Company’s management.

Essentially, financial risk management in the Company should ensure that the *Company’s risk profile* is always in compliance with *Company’s tendency towards risks* or in compliance with an acceptable structure and risk level that the Company will take in order to implement its business strategies and achieve business goals.

The following will be presented below:

- Company financial risk profile, or the assessment of the financial risks’ structure and level that the Company is exposed to in the course of its operations;
- Measures undertaken to manage the identified financial risks that the Company is exposed to; and
- Capital risk management, which, despite not specifically considered as a financial risk belonging to any of the individual financial risks’ category, significantly affects the risk levels of each of the risk types considered.

8.1 Credit Risk

A credit risk is a risk of adverse effects to the financial result and capital of the Company due to debtor's failure to fulfil obligations towards the Company within the specified deadline.

Credit risks mean not only debtor-creditor relations that derive from sales of Company's products, but also credit risks that derive from other financial instruments such as receivables based on long-term and short-term financial investments.

The company has substantial concentrations of credit risk in collection from buyers with long lending periods due to poor liquidity.

The structure of receivables form sales is presented in the table below, the receivables from specific operations in Note 30.1.1 and the structure of other receivables (except receivables for overpaid income tax and receivables based on overpaid other taxes and contributions) in Note 30.1.2.

Structure of trade receivables	*in RSD thousand*	
	31.12.2021	*31.12.2020*
Domestic buyers:		
Jerry Catering Services Ltd.	3.530	1.397
Saga Ltd.	656	
Prizma Ltd.	606	
5.Evropske univerzitetske igre Beograd 2020 Ltd.	463	
Stara Sent Andrea	115	
Bimbros Ltd.	75	
Others	333	28
Domestic buyers (gross)	5.778	1.425
Impairment	*(706)*	
Subtotal - Domestic buyers (net)	**5.072**	**1.425**
Foreign buyers:		
Partner Microcredit Foundation Tuzla	59	
Foreign buyers (gross)	59	-
Impairment	*(59)*	
Subtotal - Foreign buyers (net)	**0**	**0**
Receivables from parent company, subsidiaries and other related parties in the country:		
Energoprojekt Visokogradnja Plc.	888.497	820.339
Energoprojekt Niskogradnja Plc.	131.778	91.899
Energoprojekt Entel Plc.	4.478	3.852
Energoprojekt Sunnyville Ltd.	241	415
Energoprojekt Hidroinženjering Plc.	1.385	1.332
Energoprojekt Industrija Plc.	3.305	571
Energoprojekt Urbanizam i arhitektura Plc.	9.020	4.953
Energoprojekt Energodata Plc.		14.438
Energoprojekt Oprema Plc.	13.783	1.480
Energoprojekt Park 11 Ltd.	2.024	
Enjub Ltd.	1	
Receivables from parent company, subsidiaries and other related parties in the country (gross)	1.054.512	939.279
Impairment subsidiaries (EP Visokogradnja Plc.)	*(48.244)*	*(81.401)*
Impairment other related parties (Enjub Ltd.)	*(1)*	-
Subtotal - Receivables from parent company, subsidiaries and other related parties in the country (net)	**1.006.267**	**857.878**
Total	**1.011.339**	**859.303**

The following table shows aging structure of trade receivables.

Aging structure of trade receivables	*in RSD thousand*	
	31.12.2021	*31.12.2020*
Domestic buyers:		
a) Current	1.978	771
b) Up to 30 days	776	654
c) from 30 to 60 days	702	
d) from 60 to 90 days	579	
e) from 90 to 365 days	707	
f) over 90 days	1.036	
Subtotal - Domestic buyers	***5.778***	***1.425***
Foreign buyers:		
a) Current		
b) Up to 30 days		
c) from 30 to 60 days		
d) from 60 to 90 days		
e) from 90 to 365 days		
f) over 90 days	59	
Subtotal - Foreign buyers	***59***	***-***
Receivables from parent company, subsidiaries and other related parties in the country:		
a) Current	20.202	153
b) Up to 30 days	12.071	9.947
c) from 30 to 60 days	12.072	9.870
d) from 60 to 90 days	14.570	20.293
e) from 90 to 365 days	166.365	176.938
f) over 90 days	829.232	722.078
Subtotal - Receivables from parent company, subsidiaries and other related parties in the country	***1.054.512***	***939.279***
TOTAL - GROSS	***1.060.349***	***940.704***
Impairment Receivables from sales	***(49.010)***	***(81.401)***
TOTAL RECEIVABLES FROM SALES - NET	***1.011.339***	***859.303***

Buyers domestic - subsidiaries pertain to receivables based on service agreements, lease agreements and other to subsidiaries. According to the Service Agreements, except from Energoprojekt Entel, the Company was presented with blank bills of exchange with authorization as collaterals.

According to buyers domestic - other related parties (Enjub Ltd.), the Company do not present collaterals as security instruments.

According to Buyers domestic (externally), the Company has presented security instruments from Jerry Catering Service Ltd. (3 bills of exchange signed with authorization for filling and collection) while from other buyers in the country (externally) the Company does not have bail security instruments.

8.2. Market Risk

A market risk is a risk of adverse effects to the financial result and capital of the Company due to losses under specific balance sheet items as a result of negative price shifts on the market and other relevant financial parameters.

The market risk includes three risk types:

- The currency risk,
- The interest risk and
- The price risk.

The currency risk, also called foreign exchange risk or exchange rate risk, is a risk of fair value fluctuation or the fluctuation of future financial instruments cash flows due to the change in exchange rates.

The currency risk arises from financial instruments in foreign currency or the currency other than the currency (functional) in which the financial instruments are measured in financial statements.

The Company operates within international frames and is exposed to exchange rate risks arising from business operations in different currencies, first of all in euros.

The sensitivity analysis, presented in the following text, indicates that variations in the exchange rate will affect significantly variations in financial results of the Company. Therefore, we may conclude that the **Company is exposed to the currency risk**.

The following table contains, based on data from the foreign currency sub balance sheet, the net book value for monetary assets and liabilities.

Assets in EUR		*Liabilities in EUR*	
31.12.2021	*31.12.2020*	*31.12.2021*	*31.12.2020*
28,700,545	**26,446,238**	**3,640,281**	**7,183,134**

Considering differences in foreign currency sub balance sheets, the following table contains the sensitivity analysis related to the nominal exchange rate growth for dinar of 10% in comparison to foreign currencies.

The sensitivity rate of 10% presents the valuation of maximum reasonably expected changes in foreign currency exchange rates. The sensitivity analysis includes only cash assets, outstanding receivables and outstanding liabilities stated in foreign currency and their translation is adjusted at the end of the period for potential depreciation or appreciation of the functional currency against foreign currencies.

The analysis of the foreign currency sub balance sheet of the Company indicates that the Company is most sensitive to EUR exchange rate fluctuations. The sensitivity analysis was prepared on the premise of equal fluctuation of all relevant currencies.

All variables remaining unchanged, *appreciation of the national currency* would negatively affect current period results through net exchange rate losses between foreign currency assets and liabilities.

Therefore, all variables remaining unchanged, *depreciation of the national currency* would positively affect current period results through net exchange rate gains between foreign currency assets and liabilities.

Sensitivity analysis of results in case of depreciation of the national currency 10%	*in RSD thousand*	
	2021	*2020*
NET EFFECT ON THE RESULTS IN THE CURRENT PERIOD	**294,664**	**226,496**

The interest risk is a risk of adverse effects to the result and capital of the Company due to unfavourable interest rates' fluctuations. The Company is exposed to this type of risk due to financial obligations related to loans with potentially fluctuating interest rates (Euribor).

The interest-bearing structure of **financial assets (net amount) and liabilities** of the Company with fluctuating interest rate at the balance sheet date is presented in the following Table.

Interest bearing structure of financial assets (net amount) and liabilities with fluctuating interest rate	*In RSD thousand*	
	31.12.2021	*31.12.2020*
Interest-bearing financial assets with fluctuating interest rate:		
Long-term loans granted to related parties (net)	2.717.730	2.352.910
TOTAL	**2.717.730**	**2.352.910**
Interest-bearing financial liabilities with fluctuating interest rate:		
Corporate bonds	3.300.000	3.300.000
TOTAL	**3.300.000**	**3.300.000**
DIFFERENCE	**(582.270)**	**(947.090)**

If other variables remain unchanged and if financial assets with fluctuating interest rate are greater than financial liabilities with fluctuating interest rate, the *interest rate growth* will have a positive effect on the current period results, due to the positive effects of net interest income.

Therefore, if other variables remain unchanged and if financial assets with fluctuating interest rate are less than financial liabilities with fluctuating interest rate, *the interest rate growth* would have an adverse effect on the current period results, due to adverse effects of net interest income.

Due to the presented changes in Company's financial assets and liabilities with fluctuating interest rates, the sensitivity analysis of the Company to the interest rate growth of 1% is presented in the following Table. The 1% sensitivity rate is the estimate of potentially reasonably expected interest rate fluctuations.

The sensitivity analysis of results in case of interest rate growth of 1%	*in RSD thousand*	
	2021	*2020*
NET EFFECT ON THE CURRENT PERIOD RESULTS	**5,823**	**(9,471)**

The sensitivity analysis has showed that the negative change in interest rates (of 1%) has an effect on the change in business results, since the interest bearing financial liabilities with fluctuating interest rates significantly exceed the interest bearing financial assets with fluctuating interest rate, and it can thus be concluded that the **Company is exposed to the interest risk**.

In relation to the potential interest risks related to financial obligations, the supplier *risk management policy* as applied in the Company shall be briefly presented below.

As presented in the Table, the interest-bearing structure of financial obligations with fluctuating interest rate, trade payables to suppliers (obligations related to the invoices issued and to non-invoiced obligations), are not included in the group.

The basic fact that supports the applied approach is that suppliers usually do not apply default interest in case that the Company is in default. The fact that the default interest is not applied lies in the need to maintain long-term good business relationships between the supplier and the potentially good buyer. Therefore, *the Company is not exposed to any potential interest risks in case of default*.

The key Suppliers according to the obligations as at the balance sheet date are presented in the following Table.

Structure of liabilities to suppliers	*In RSD thousand*	
	31.12.2021.	*31.12.2020.*
Suppliers in the country and abroad - parent company, subsidiaries and other related parties:		
Energoprojekt Entel Plc.	19	
Energoprojekt Visokogradnja Plc.		393
Energoprojekt Niskogradnja Plc.		500
Energoprojekt Industrija Plc.		1.436
Energoprojekt Urbanizam i arhitektura Plc.		450
Energoprojekt Energodata Plc.		245
Napred razvoj Plc.		6.580
Subtotal	***19***	***9.604***
Suppliers in the country:		
Public Company Elektroprivreda Srbije, Belgrade	1.209	993
Public Utility Company „Beogradske elektrane“, Belgrade	965	859
AVB team Ltd. Belgrade	893	670
NOTARY PUBLIC Jasna Bojadžievska	726	
DOM ZDRAVLJA EUROMEDIK	426	
Vatrosprem Ltd.	334	
Direct Link Ltd.	268	
Public Utility Company Gradska čistoća, Belgrade	262	176
Attorney Ljiljana Gnjatović	176	172
Algotech Ltd.	168	168
Others	1.824	2.560
Subtotal	***7.251***	***5.598***
Suppliers abroad:		
I.A.T.A.	120	851
ALLROUNDAUTOMATIONS	214	
WIND CRNA GORA	10	
ZEJN Ltd.	151	
Svega	***495***	***851***
UKUPNO	***7.765***	***16.053***

Trade payables to Suppliers were broken down and presented by aging structure in the following Table.

Structure of liabilities to suppliers	*In RSD thousand*	
	31.12.2021.	*31.12.2020.*
Suppliers in the country and abroad - parent company, subsidiaries and other related parties:		
Energoprojekt Entel Plc.	19	
Energoprojekt Visokogradnja Plc.		393
Energoprojekt Niskogradnja Plc.		500
Energoprojekt Industrija Plc.		1.436
Energoprojekt Urbanizam i arhitektura Plc.		450
Energoprojekt Energodata Plc.		245
Napred razvoj Plc.		6.580
Subtotal	***19***	***9.604***
Suppliers in the country:		
Public Company Elektroprivreda Srbije, Belgrade	1.209	993
Public Utility Company „Beogradske elektrane“, Belgrade	965	859
AVB team Ltd. Belgrade	893	670
NOTARY PUBLIC Jasna Bojadžievska	726	
DOM ZDRAVLJA EUROMEDIK	426	
Vatrosprem Ltd.	334	
Direct Link Ltd.	268	
Public Utility Company Gradska čistoća, Belgrade	262	176
Attorney Ljiljana Gnjatović	176	172
Algotech Ltd.	168	168
Others	1.824	2.560
Subtotal	***7.251***	***5.598***
Suppliers abroad:		
I.A.T.A.	120	851
ALLROUNDAUTOMATIONS	214	
WIND CRNA GORA	10	
ZEJN Ltd.	151	
Svega	***495***	***851***
UKUPNO	***7.765***	***16.053***

According to the contractual agreements and for securing payment, the Company placed to SE Elektroprivreda Srbije, 8 blank bills of exchange with a "no protest" clause (for period 2021-2023). The Company received 3 blank bills of exchange from supplier Pan Computers Ltd. In behalf of guarantee for fulfillment of obligation within the guarantee period.

The price risk is a risk of fair value fluctuation or a risk that the future financial instruments cash flows will fluctuate due to the change in market prices (not prices that result from interest or currency risk) regardless if these changes are caused by specific factors related to a specific financial instrument or its issuer or regardless if factors affect all similar financial instruments traded on the market. The Company is not exposed to this kind of risk.

8.3 Liquidity Risk

Liquidity risk is a risk of having difficulties to fulfil due obligations, maintaining the necessary scope and structure of the working capital and good creditworthiness.

The most important liquidity indicators for the Company are presented in the following Table, and specifically:

- Current ratio (ratio of working capital and short-term obligations) indicating the short-term liabilities coverage against working capital;
- Rigorous ratio (ratio of liquid assets that include total working capital reduced by inventories and active accruals; and short-term obligations), indicating the short-term liabilities coverage against liquid assets;
- Operating cash flow ratio (ratio of cash flow increased by cash equivalents and short-term obligations), indicating the short-term liabilities coverage against cash assets; and
- Net working capital (difference in value between the working capital and short-term obligations).

Conclusions on liquidity indicators based on the ratio analysis means, among other things, their comparison to satisfactory general standards, also indicated in the following Table.

Liquidity Indicators	Satisfactory general standards	*2021*	*2020*
General liquidity ratio	2:1	3,50:1	20,90:1
Rigorous ratio	1:1	3,49:1	20,89:1
Operating cash flow ratio		0,59:1	3,10:1
Net working capital (in RSD 000)	Positive value	1,200,719	3,128,570

The results of the ration analysis indicate that the Company was liquidity during 2020, meaning that it had no difficulties to fulfil due liabilities and maintain the necessary scope and structure of the working capital and good creditworthiness.

Therefore, we emphasize that:

- Considering the dynamic nature of Company's business, the finance department aims to maintain financing flexibility, which means, among other things, to keep existing lines of credit and expand them;
- The management performs continuous monitoring of Company’s liquidity reserves that include available unused lines of credit, cash and cash equivalents as well as liquid potentials according to expected cash flows.

8.4 Capital Risk Management

The aim of capital risk management is to keep Company's ability to operate indefinitely, in order to provide to Company's owners satisfactory profit whilst maintaining adequate structure of funding sources or good creditworthiness.

Though there are several criteria based on which conclusions on the long-term existence of the Company can be made, profitable operations and satisfactory financial structure are surely some of basic criteria. Though there are several criteria to draw conclusions on the going concern assumption, profitable operations and satisfactory financial structure are surely one of basic criteria.

The best **profitability** indicator is the *return on (average) equity (ROE)* that indicates the average return on own assets per dinar invested. In the calculation of this profitability indicator, average own capital is defined as an arithmetic average value at the beginning and at the end of a year.

Profitability indicators	*In RSD thousand*	
	2021	*2020*
Net profit/(loss)	972.797	263.278
Average capital		
a) capital at the beginging of year	9.233.531	8.978.471
b) capital at the end of year	10.090.845	9.233.531
Total	*9.662.188*	*9.106.001*
Average return rate on own capital at the end of year	***10,07%***	***2,89%***

Financial structure adequacy is reflected in the amounts and type of debts.

The most important indicators of the Company’s financial structure are presented in the following Tables, and specifically:

- The ratio of borrowed funds to total assets, showing coverage per dinar of the company's assets from borrowed sources; and
- The ratio of long-term funds to total assets, showing coverage per dinar of the company's assets from long-term sources.

Financial structure Indicator	*In RSD thousand*	
	31.12.2021	*31.12.2020*
Liabilities	4.019.425	4.394.324
Total assets	14.110.270	13.627.855
Ratio of borrowed funds to total assets	**0,28 : 1**	**0,32 : 1**
Long term assets:		
a) capital	10.090.845	9.233.531
b) long term provision and liabilities (including deferred tax liabilitie)	3.538.954	4.237.075
Subtotal	*13.629.799*	*13.470.606*
Total assets	14.110.270	13.627.855
Ratio of long term to total assets	**0,97 : 1**	**0,99 : 1**

The net debt ratio shows how much each dinar of net debt is covered by the Company's capital.

Net debt means the difference between:

- Total liabilities of the Company (total liabilities+capital reduced by capital and plus loss above equity, and
- Cash and cash equivalents.

Parameters for the net debt to capital ratio	*In RSD thousand*	
	31.12.2021	*31.12.2020*
Net debt:		
a) Liabilities	4.019.425	4.394.324
b) Cash and cash equivalents	282.516	487.598
Total	*3.736.909*	*3.906.726*
Capital	10.090.845	9.233.531
Net debt to capital ratio	**1 : 2,70**	**1 : 2,36**

INCOME STATEMENT

9. OPERATING INCOME

9.1 Income from Sale of Goods

Structure of Income from sale of goods	*in RSD thousand*	
	01.01-31.12.21.	*01.01-31.12.20.*
Income from sale of goods on the domestic market	2	
TOTAL	***2***	***0***

9.2 Income from Sale of Products and Services

Structure of income from the sale of products and services is presented in the following table.

Structure of income from sale of products and services	*in RSD thousand*	
	01.01-31.12.21.	*01.01-31.12.20.*
Income from sale of products and services on the domestic market:		
a) Income from sale of products and services to the parent company and subsidiaries on the domestic market	250.731	238.389
b) Income from sale of products and services on the domestic market:	17	7
TOTAL	***250.748***	***238.396***

Income from sale of finished products and services to parent companies and subsidiaries on local market relate to:

- holding services provided to subsidiaries in the amount of RSD 245,032 thousand originate from contracts approved and adopted by the competent administrative bodies of the Company and subsidiaries, and in accordance with the relevant legal acts; and
- services for right-to-use solution - Electronic documentation system Business Connect (DMS) and right-to-use appropriate equipment in the amount of RSD 5,699 thousand.

Structure of income from sale of finished products and services to and subsidiaries on local market is presented in the table below.

Structure of income from the sale of finished products and services to subsidiaries on local market	*In RSD thousand*	
	01.01.- 31.12. 2021	*01.01.- 31.12. 2020*
Energoprojekt Visokogradnja Plc.	89.287	73.267
Energoprojekt Niskogradnja Plc.	62.416	70.023
Energoprojekt Hidroinženjering Plc.	14.040	12.946
Energoprojekt Entel Plc.	41.522	33.618
Energoprojekt Energodata Plc.	320	4.716
Energoprojekt Industrija Plc.	7.995	7.748
Energoprojekt Urbanizam i arhitektura Plc.	4.081	3.736
Energoprojekt Oprema Plc.	19.517	9.587
Energoprojekt Sunnyville Ltd.	1.902	3.387
Energoprojekt Park 11 Ltd.	9.651	19.361
TOTAL	***250.731***	***238.389***

Income from sale of finished products and services on local market in the amount of RSD 17 thousand generated by the sale of airline tickets.

9.3 Other operating income

Structure of other operating income	in RSD thousand	
	01.01-31.12.21.	*01.01-31.12.20.*
Income from conditional donations	3.152	9.176
Other operating income:		
Income from rent:		
a) Income from rent from parent company, subsidiaries and other related parties	13.091	13.449
b) Income from rent in the country	20.073	8.851
Subtotal - Income from rent	33.164	22.300
Other operating income	91.790	365
Subtotal - Other operating income	*124.954*	*22.665*
TOTAL	***128.106***	***31.841***

Income from conditional donations in the amount of RSD 3,152 thousand relate to direct grants of the Government of the Republic of Serbia provided to economic entities, in accordance with:

- Decree on Determining the Program of Direct Grants from the Budget of the Republic of Serbia to Economic Entities in the Private Sector in order to mitigate the economic consequences caused by the epidemic of COVID-19 disease caused by the SARS-Cov-2 virus ("Official Gazette of RS", 11/2021 from 12.02.2021) (hereinafter: the Decree on Determining the Program of Direct Grants of the Government of the RS), in the form of payment of non-refundable funds for salaries and wages to employees in the amount of the one half of a minimum net salary per employee (RSD 15,450.12 per month per employee, for March, April and May 2021).

Income from the rent collected from parent, subsidiary and other affiliated companies amounting to RSD 13,091 thousand, were generated based on:

- portion of the complex “Samački Hotel” complex in 24 Batajnički Drum, which has been rented since 2011 to the Energoprojekt Visokogradnja Company for RSD 13,019 thousand; and
- rent of a portion of the Energoprojekt building, which has been rented since 2016 to the end of February of the reporting year to the Energoprojekt Sunnyville Company for RSD 72 thousand.

Income from the rent collected from other legal entities on local market amounting to RSD 20,073 thousand were generated primarily from leasing of:

- portion of the complex “Samački Hotel” complex in 24 Batajnički Drum, which has been rented since August 2017 to the Jerry Catering Service Ltd. for RSD 7,737 thousand;
- space on the roof terrace and in basement of the Energoprojekt building leased to Telekom Srbija Plc. in the amount of RSD 1,044 thousand; and
- part of the Energoprojekt building, which has been rented up to 31 May of the reporting year to the Sava Neživotno Osiguranje Plc. for RSD 70 thousand.
- part of the Energoprojekt building that is rented to the company 5. Univerzitetske igre Beograd, 2020 Plc Belgrade in the amount of RSD 7,465 thousand and

- part of the Energoprojekt building, part of the warehouse in the basement of the Energoprojekt building, as well as rental of 5 (five) parking places (pet) that is rented to Saga Ltd Belgrade in the amount of RSD 3,827 thousand.
-

Other operating incomes in the amount of RSD 91,790 thousand were predominantly achieved on the basis of reinvoiced costs of property tax, fees for the use of construction land, preparation of a part of the urbanistic project for the construction of residential and commercial buildings in Block 26 and various payments in previous years to the company Trinity Capital doo: RSD 91,703 thousand, based on Appendix II under the Contract on joint construction of buildings in Block 26, Novi Beograd.

9.4. Income from impairment of assets (except financial)

Income from impairment of assets (except financial)	*in RSD thousand*	
	01.01-31.12.21.	*01.01-31.12.20.*
Income from impairment of properties, plants and equipment		5.578
TOTAL	***0***	***5.578***

Income from impairment of properties, plants and equipment in 2020 amounting to RSD 5,578 thousand referred to the adjustment of the fair value of the complex of buildings „Samački hotel“, whereas an expense from the impairment of properties, plants and equipment was recorded in the reporting year based on that (Note 14).

10. PURCHASE VALUE OF GOODS SOLD

Structure of Purchase value of goods sold	*in RSD thousand*	
	01.01-31.12.21.	*01.01-31.12.20.*
Purchase value of goods sold on the domestic market	2	
TOTAL	***2***	***0***

11. MATERIAL COSTS AND FUEL AND ENERGY COSTS

Structure of material cost and fuels and energy costs	*In RSD thousand*	
	01.01-31.12.21.	*01.01-31.12.20.*
Costs of other materials (overheads)	4.959	3.405
Costs of fuel and energy:		
a) Costs of fuel	596	658
b) Costs of electrical energy and heating	20.742	16.898
Subotal - costs of electrical energy and heating	*21.338*	*17.556*
TOTAL	***26.297***	***20.961***

Costs of other material (overheads) amounting to RSD 4,959 thousand refer to the costs of office supplies amounting to RSD 1,779 thousand, and other material costs amounting to RSD 3,180 thousand.

12. EMPLOYEE EXPENSES AND BENEFITS

Structure of employee expenses and benefits	In RSD thousand	
	01.01-31.12.21.	01.01-31.12.20.
Expenses of wages and fringe benefits (gross)	131.451	134.066
Taxes and contributions on wages and contributions on wages payable by employer	20.615	21.033
Other personnel expenses and fringe benefits:		
Service agreements contributions	3.745	3.090
Copyright agreements contributions	190	298
Costs of contributions for contract fees for temporary and periodical engagement	678	235
Considerations to individuals from other contracts	845	
Considerations to General Manager and/or Management and Supervisory Board members	20.721	12.192
Costs of employment of employees via agencies and cooperatives	500	
Other personnel expenses and fringe benefits	4.188	4.996
Subtotal - Other personnel expenses and fringe benefits	30.867	20.811
TOTAL	***182.933***	***175.910***

Other personnel expenses and fringe benefits amounting to RSD 4,188 thousand refer to the business trips' expenses amounting to RSD 2,026 thousand, Company expenses for employee commuting reimbursements amounting to RSD 1,960 thousand and other employee compensations amounting to RSD 202 thousand.

13. DEPRECIATION EXPENSES

Structure of depreciation expenses	in RSD thousand	
	01.01-31.12.21.	01.01-31.12.20.
Depreciation of intangible assets	6.398	5.784
Depreciation of real estates, plants and equipment	18.477	18.227
TOTAL	***24.875***	***24.011***

As of 31.12.2021, an estimation of the residual value and remaining useful life for property and equipment with significant accounting value was conducted. The change in the accounting estimation affected a change in the depreciation costs for 2021, and therefore the accounting value of the assets as at 31.12.2021 as well.

14. EXPENSES FROM IMPAIRMENT OF ASSETS (EXCEPT FINANCIAL)

Expenses from impairment of assets (except financial)	in RSD thousand	
	01.01-31.12.21.	01.01-31.12.20.
Expenses from impairment of properties, plants and equipment	2.459	
TOTAL	***2.459***	***0***

Expenses from impairment of properties, plants and equipment in the amount of RSD 2,459 thousand refers to the adjustment of the fair value of the complex of building “Samački hotel“ (Note 24).

15. PRODUCTION SERVICE COSTS

Structure of production service costs	*in RSD thousand*	
	01.01-31.12.21.	*01.01-31.12.20.*
Transportation service costs	2.051	2.347
Maintenance service costs	34.601	33.658
Advertising costs	5.999	739
Costs of other production services	10.977	11.037
TOTAL	***53.628***	***47.781***

Transportation services’ costs in the amount of RSD 2,051 thousand refer to the landline costs and mobile phone costs, internet services, taxi services, parking services for cars, postal services etc.

Repairs and maintenance services costs amounting to RSD 34,601 thousand pertain primarily to investment maintenance of the Energoprojekt building amounting to RSD 33,471 thousand.

Advertising costs amounting to RSD 5,999 thousand predominantly refer to the costs of celebrating 70 years of Energoprojekt in the amount of RSD 5,646 thousand (purchase of media space for a TV campaign, production of a new corporate film, printing of a monograph, advertisements in magazines and newspapers, etc.).

Costs of other services amounting to RSD 10,977 thousand refer to licenses’ costs: RSD 4,804 thousand; utility costs: RSD 3,629 thousand, costs of technical and operational support of Energoprojekt Industrija: RSD 1,411 thousand and costs of other production services: RSD 1,133 thousand (costs of occupational safety, vehicle registration, photocopying, binding etc.).

16. PROVISION EXPENSES

Structure of provision expenses	*in RSD thousand*	
	01.01-31.12.21.	*01.01-31.12.20.*
Costs of provisions for employee expenses and benefits	834	1.049
TOTAL	***834***	***1.049***

Provisions for employee expenses and benefits amount to RSD 834 thousand (Notes 35).

17. INTANGIBLE EXPENSES

Structure of intangible expenses	*in RSD thousand*	
	01.01-31.12.21.	*01.01-31.12.20.*
Intangible expenses	26.036	19.758
Expense account	2.952	2.999
Insurance premiums expenses	1.472	1.451
Payment operations' expenses	577	2.324
Membership fee expenses	402	601
Costs for taxes and fees	8.826	19.129
Other non-operating expenses	4.859	2.799
TOTAL	***45.124***	***49.061***

Intangible expenses amounting to RSD 26,036 thousand pertain to the costs of attorney fees, consulting and intellectual services, professional training, financial statements’ audit costs, education of employees, broker services, Belgrade Stock Exchange services, cleaning services and other costs.

Expense accounts amounting to RSD 2,952 thousand primarily relate to the catering services.

Insurance premium expenses amounting to RSD 1,472 thousand refer to the insurance of property and persons.

Payment operations expenses amounting to RSD 577 thousand pertain to the local payment operations costs, mostly from fees of commercial banks.

Membership fee expenses amounting to RSD 402 thousand relate to membership fees to the Serbian Chamber of Commerce in the amount of RSD 272 thousand, as well as membership fees to other chambers and associations.

Tax duties in the amount of RSD 8,826 thousand refer predominantly to the property tax amounting to RSD 8,355 thousand.

Other intangible expenses amounting to RSD 4,859 refer to costs taxes and court expenses in the amount of RSD 3,256 thousand, costs of professional literature and magazines in the amount of RSD 739 thousand, participation in financing salaries of persons with disabilities in the amount of RSD 533 thousand and other intangible expenses in the amount of RSD 331 thousand (costs of advertisements, total TV, issuance of a qualified electronic certificate, etc.).

18. FINANCIAL INCOME AND FINANCIAL EXPENSE

18.1 Financial Income

Structure of financial income	*in RSD thousand*	
	01.01-31.12.21.	*01.01-31.12.20.*
Financial income from transactions with parent company, subsidiaries and other related parties:		
Financial income from parent company and subsidiaries:		
Interest income from parent company and subsidiaries	143.631	50.381
Positive currency clause effects and exchange rate gains from transactions with parent company and subsidiaries	268	73
Dividends and other financial income from parent company and subsidiaries	865.995	352.756
Subtotal - Financial income from transactions with parent company and subsidiaries	1.009.894	403.210
Financial income from other related parties	4.639	4.755
Subtotal - Financial income from transactions with parent company, subsidiaries and other related parties	1.014.533	407.965
Interest income (third parties)	1.079	451
Positive currency clause effects and exchange rate gains	4.843	167
Other financial income:		
a) Dividend income	189	
b) Other financial income		
Subtotal – Other financial income	*189*	
TOTAL	***1.020.644***	***408.583***

Interest income from the parent company and subsidiaries in the amount of RSD 143,631 thousand relate to interest on loans granted to Energoprojekt Visokogradnja, Energoprojekt Niskogradnja, Energoprojekt Oprema, Energoprojekt Energodata, Energoprojekt Hidroinženjering and Energoprojekt Urbanizam i arhitektura.

Dividends and other financial income from the parent company and subsidiaries in the amount of RSD 865,995 thousand relate to dividend income from Energoprojekt Park 11: RSD 570,671 thousand and Energoprojekt Entel: RSD 295,324 thousand.

Financial income from other related parties in the amount of RSD 4,639 thousand relates to the interest income from the joint venture Enjub Ltd. in the amount of RSD 4,560 thousand and positive currency clause effect in the amount of RSD 79 thousand, primarily for liabilities under the loan from Napred Razvoj Plc. amounting to RSD 76 thousand.

Interest income (third party) in the amount of RSD 1,079 thousand refers regular interest on demand deposits and interest calculated from term deposits.

Exchange rate gains and positive currency clause effects (third party) in the amount of RSD 4,843 thousand pertain to the positive differences in exchange rates in the amount of RSD 4,828 thousand (primarily from funds on foreign-currency accounts of the company) and income from the effects of foreign currency clause in the amount of RSD 15 thousand.

18.2 Financial Expenses

Structure of financial expenses	*in RSD thousand*	
	01.01-31.12.21.	*01.01-31.12.20.*
Financial expenses from transactions with parent company, subsidiaries and other related parties:		
Financial expenses from parent company and subsidiaries:		
a) Interest from transactions with parent company and subsidiaries	3.475	
b) Negative currency clause effects and exchange rate losses from transactions with parent company and subsidiaries	168	351
c) Other financial expenses from transactions with parent company and subsidiaries		
Subtotal - Financial expenses from transactions with parent company and subsidiaries	3.643	351
Financial expenses from transactions with other related parties	21.331	72.109
Subtotal - Financial income from transactions with parent company, subsidiaries and other related parties	24.974	72.460
Interest expenses (third parties)	125.940	18.253
Negative currency clause effects and exchange rate losses	692	194
TOTAL	***151.606***	***90.907***

Interest from the relationship with the parent company and subsidiaries in the amount of RSD 3,475 thousand was recorded based on a loan taken from Energoprojekt Park 11 Ltd.

Financial expenses from other related parties in the amount of RSD 21,331 thousand predominantly pertain to the company Napred Razvoj Plc., based on interest costs from a loan taken in the amount of RSD 21,329 thousand.

Interest expenses (third party) in the amount of RSD 125,940 thousand predominantly relate to interest based on issued long-term corporate bonds of the Company for the reporting period (payment of the fourth bond coupon to the Central Securities Depository in accordance with the Prospectus of long-term bonds and the issue of the Company) in the amount of RSD 125,773 thousand.

Negative currency clause effects and exchange rate losses in the amount of RSD 692 thousand refer to foreign exchange losses in the amount of RSD 690 thousand (primarily for liabilities towards foreign suppliers) and costs from effects of foreign currency clause in the amount of RSD 2 thousand.

19. INCOME AND EXPENSES FROM VALUE ADJUSTMENT OF FINANCIAL ASSETS STATED AT FAIR VALUE THROUGH INCOME STATEMENT AND OTHER INCOME AND EXPENSES

19.1 Income from Value Adjustment of Financial Assets Stated at Fair Value through Income Statement

Structure of expenses from impairment of financial assets stated at fair value through income statement	*in RSD thousand*	
	01.01-31.12.21.	*01.01-31.12.20.*
Income from impairment of long-term financial investments and other securities stated at fair value through other total income	19.495	
Income from impairment of receivables and short-term financial investments	43.518	28.415
TOTAL	***63.013***	***28.415***

Income from impairment of long-term financial investments and securities that are stated at fair value through other total income in the amount of RSD 19,495 thousand fully relate to effects of the application application of IFRS 9 - Financial instruments at the balance sheet date recorded within the items: Long-term investments in the parent company and other subsidiaries in the country and Long-term receivables for non-invoiced income - other legal entities (Note 7.16).

Income from impairment of receivables and short-term financial investments in the amount of RSD 43,518 thousand fully relate to the effects of the application application of IFRS 9 - Financial instruments at the balance sheet date recorded within the items: Buyers in the country – parent company and subsidiaries (Energoprojekt Visokogradnja) and Short-term loans and investments in the parent company and subsidiaries (Energoprojekt Sunyville) (Note 7.16).

19.2 Expenses from Value Adjustment of Financial Assets Stated at fair Value through Profit or Loss Statement

Structure of expenses from impairment of financial assets stated at fair value through income statement	*u 000 dinara*	
	01.01-31.12.21.	*01.01-31.12.20.*
Expenses from impairment of long-term financial investments and other securities stated at fair value through other total income	1.762	7.193
Expenses from impairment of receivables and short-term financial investments	10.163	10.897
TOTAL	***11.925***	***18.090***

Expenses from the impairment of long-term financial investments and other available-for-sale securities that are stated at fair value through other total income in the amount of RSD 1,762 thousand entirely relates to the effects of application IFRS 9 - Financial Instruments at the balance sheet date recorded within the item: Long-term placements to parent company and subsidiaries (Note 7.16).

Expenses from the impairment of receivables and short-term financial investments in the amount of RSD 10,163 thousand entirely relate to the effects of application of IFRS 9 - Financial instruments at the balance sheet date recorded within the item: Buyers in the country – parent company and subsidiaries (Energoprojekt Visokogradnja) (Note 7.16).

19.3 Other Income

Structure of other income	*In RSD thousand*	
	01.01-31.12.21.	*01.01-31.12.20.*
Gains on sale of intangible assets, properties, plants and equipment	4.010	2.443
Income from effects of agreed risk protection, which cannot be disclosed under other comprehensive result	618	
Income from reduction in liabilities	1.869	
Other not mentioned income	20.024	389
TOTAL	***26.521***	***2.832***

Gains on sale of intangible assets, properties, plants and equipment in the amount of RSD 4,010 thousand relate to the sale of construction buildings intended for sale, in particular: apartments and garage spaces in the building K1G in Rakovica in Belgrade (Note 28).

Income from the effects of agreed risk protection which cannot be disclosed under Other comprehensive result in the amount of RSD 618 thousand refers to income on the basis of premature purchase of an apartment.

Income from the reduction in liabilities in the amount of RSD 1,869 thousand entirely relates to liabilities on the basis of the inventory of assets and expired liabilities of the Company as at 31.12.2021.

Other not mentioned income in the amount of RSD 20,024 thousand**,** primarily relates to income from the sale of land in Zimbabwe: RSD 14,950 thousand and income on the basis of the Settlement Agreement with the Central African Republic, which regulates the collection of receivables from previous periods: RSD 4,900 thousand.

19.4 Other Expenses

Structure of other expenses	*in RSD thousand*	
	01.01-31.12.21.	*01.01-31.12.20.*
Losses incurred from shelving and sale of intangible assets, property, plant and equipment	1	271
Expense from direct write-off of receivables	128	18.000
Other not mentioned expense	4.453	
TOTAL	***4.582***	***18.271***

Expenses from direct write-offs of receivables in the amount of RSD 128 thousand entirely relate to the write-off of receivables based on the inventory of assets and liabilities of the company as at 31.12.2021 to economic entities that have been deleted from the Register of the Business Registers Agency.

Other non-mentioned expenses in the amount of RSD 4,453 thousand primarily relate monetary awards for outstanding contribution to the growth and development of the Company in the past decade: RSD 4,303 thousand.

20. NET PROFIT / LOSS FROM DISCONTINUED OPERATIONS, EFFECTS OF CHANGE IN ACCOUNTING POLICY AND ADJUSTMENTS OF ERRORS FROM PREVIOUS YEARS

Structure of net profit/loss from discontinued operations, effects of change in accounting policy and adjustment of errors from previous year	*in RSD thousand*	
	01.01.- 31.12. 2021	*01.01.- 31.12. 2020*
Net profit from discontinued operations, effects of change in accounting policy and adjustments of errors from previous periods		276
Net loss from discontinued operations, effects of change in accounting policy and adjustments of errors from previous periods	1.062	
TOTAL	***(1.062)***	***276***

Net loss from discontinued operations, effects of change in accounting policy and corrections of errors from previous years in the amount of RSD 1,062 thousand relate to the subsequently determined income, i.e. expenses from the previous period in the amounts that are not significant and based on those provided recognition at the expense of, or for behalf of current period.

21. PROFIT/LOSS BEFORE TAX AND NET PROFIT/LOSS

Account group	Structure of profit/(loss) before tax and net profit/(loss)	*in RSD thousand*	
		01.01-31.12.21.	*01.01-31.12.20.*
60 to 65 and 68 except 683, 685 and 686	Operating income	378.856	275.815
50 to 55 and 58 except 583, 585 and 586	Operating expenses	336.152	318.773
	Operating result	*42.704*	*(42.958)*
66	Financial income	1.020.644	408.583
56	Financial expense	151.606	90.907
	Financial result	*869.038*	*317.676*
683, 685 and 686	Income from impairment of financial assets stated at fair value through income statement	63.013	28.415
67	Other income	26.521	2.832
583, 585 and 586	Expenses from impairment of financial assets stated at fair value through income statement	11.925	18.090
57	Other expenses	4.582	18.271
	Result from other income and expenses and income and expenses from impairment of financial assets stated at fair value through income statement	73.027	(5.114)
6 except 69-59	TOTAL INCOME	1.489.034	715.645
5 except 59-69	TOTAL EXPENSES	504.265	446.041
	Result from regular operations before tax	*984.769*	*269.604*
69-59	Net profit from discontinued operations, effects of change in accounting policy and adjustments of errors from previous periods		276
59-69	Net loss from discontinued operations, effects of change in accounting policy and adjustments of errors from previous periods	1.062	
	PROFIT/(LOSS) BEFORE TAX	***983.707***	***269.880***
721	Tax expense of the period		
722 (liab. balance)	Deferred tax expense of the period (Note 43)	10.910	6.602
722 (rec. balance)	Deferred tax income of the period		
	NET PROFIT/(LOSS)	***972.797***	***263.278***
6 with 69-59	***TOTAL INCOME***	***1.489.034***	***715.921***
5 with 59-69	***TOTAL EXPENSES***	***505.327***	***446.041***

Compared to the comparable period of the previous year, the increase in gross result of the Company in the amount of RSD 713,827 thousand is predominantly the result of an increased profit from financing in the amount of RSD 551,362 thousand due to higher income achieved on the basis of dividends from subsidiaries in the amount of RSD 513,239 thousand and higher interest income from subsidiaries in the amount of RSD 93,250 thousand.

22. EARNINGS / (LOSS) PER SHARE

Indicator	*In RSD thousand*	
	01.01-31.12.21.	*01.01-31.12.20.*
Net profit / (loss) accuring to shareholders of parent company	972.797	263.278
The weighted average number of shares during the year	10.833.592	10.833.592
Earnings / (loss) per share (In RSD)	***89,79***	***24,30***

Earnings / (loss) per share is calculated by dividing the net profit / (loss) for ordinary shareholders by the average weighted number of ordinary shares in circulation for the period.

BALANCE SHEET

23. INTANGIBLES ASSETS

In RSD thousand

Structure of intangible assets	Software	Concessions, licenses, trademarks, rights	Intangible assets in process	Advances for intangible assets	Total
Cost or valuation					
Opening balance 01.01.2020	42.048	1.843			**43.891**
Restated opening balance					
Transfers from / on					
Additions					
Disposals					
As of 31.12.2020	**42.048**	**1.843**			**43.891**
Restated opening balance					
Transfers from / on					
Additions					
Disposals					
Others (merger of Energodata)	46.758				**46.758**
As of 31.12.2021	**88.806**	**1.843**			**90.649**
Impairment					
Opening balance 01.01.2020.	15.716	538			**16.254**
Restated opening balance					
Changes in the year	5.600	184			**5.784**
Impairments					
As of 31.12.2020	**21.316**	**722**			**22.038**
Korekcija početnog stanja					
Changes in the year	6.214	184			**6.398**
Disposals					
Impairments					
Others (merger of Energodata)	41.932				41.932
As of 31.12.2021	**69.462**	**906**			**70.368**
Net book value					
As of 31.12.2020	***20.732***	***1.121***			***21.853***
As of 31.12.2021	***19.344***	***937***			***20.281***

24. PROPERTY, PLANT AND EQUIPMENT

In RSD thousand

Structure of property, plant and equipment	Buildings	Plant and equipment	Investment property	Other property, plant and equipment	Property, plant and equipment under construction	Advances for property, plant and equipment	Total
Cost or valuation							
Opening balance as of 01.01.2020	**1.305.656**	**116.987**	**615.716**	**283**		**44.664**	**2.083.306**
Restated opening balance							
Additions		1.922					**1.922**
Increase by transfer							
Other transfers from / to							
Disposals		(951)					**(951)**
Gains/(loss) included into "Other result" (acc. 330)							
Gains/(loss) included into Income statement			5.578				**5.578**
FX differences							
Other increases/(decreases)							
As of 31.12.2020	**1.305.656**	**117.958**	**621.294**	**283**		**44.664**	**2.089.855**
Restated opening balance							
Additions		1.210					**1.210**
Increase by transfer							
Other transfers from / to							
Disposals		(518)					**(518)**
Gains/(loss) included into "Other result" (acc. 330)							
Gains/(loss) included into Income statement			(2.459)				**(2.459)**
FX differences							
Other increases/(decreases) (merger of EP Energodata)	320.357	13.361		84			**333.802**
As of 31.12.2021	**1.626.013**	**132.011**	**618.835**	**367**		**44.664**	**2.421.890**
Accumulated depreciation							
Opening balance as of 01.01.2020	**11.945**	**88.193**					**100.138**
Restated opening balance							
Charges in the year	11.354	6.873					**18.227**
Disposals		(827)					**(827)**
Other increases/(decreases)							
As of 31.12.2020	**23.299**	**94.239**					**117.538**
Restated opening balance							
Charges in the year	13.050	6.787					**19.837**
Disposals		(517)					**(517)**
Other increases/(decreases) (merger of EP Energodata)	5.717	12.411					**18.128**
As of 31.12.2021	**42.066**	**112.920**					**154.986**
Net book value							
As of 31.12.2020	***1.282.357***	***23.719***	***621.294***	***283***		***44.664***	***1.972.317***
As of 31.12.2021	***1.583.947***	***19.091***	***618.835***	***367***		***44.664***	***2.266.904***

On 31 December 2021 the residual value and the remaining useful lifetime for the property and equipment with significant accounting value were evaluated. Effect of changes in accounting estimates affected depreciation costs for 2021, and that, consequently carrying value of assets as of 31 December 2021 (Note 13).

Assessment of Fair Value of "Buildings"

The fair value of "buildings" is usually the market value thereof that is established through valuation performed by independent qualified valuators based on market evidence.

In cases where there are no evidence of the fair value of the property in the market, due to the specific nature of the building and because such items are rarely put on sale, the Company performs valuation of fair value of the property by using the income approach or the depreciated replacement cost approach.

The Company in its business books registered **"Office building Energoprojekt"** carried at revalued amount at the assessment date.

The value of office building Energoprojekt on 31 December 2021 was stated at revalued amount in RSD 1,583,947 thousand. The value was determined by reducing fair value according to the latest estimate less subsequent accumulated depreciation. The last assessment was made on 31 December 2018 by an external independent qualified appraiser using the comparative method.

According to the relevant provisions of IAS 16, since the movements in fair value of property is insignificant, it was not necessary to estimate its fair value at the balance sheet date.

Starting from the revaluation value of the item in question as of 31 December 2021, as well as based on the assessment of the determined residual value as at 31 December 2021 and determined useful lifetime of the building (100 years; the remaining useful life as at 31 December 2021: 60 years), the amortization costs for the building over the reporting period (bearing in mind the residual value that is lower than the revalorized value thereof), is RSD 13,050 thousand.

Adjustment of the opening and closing balance of the value of buildings is presented in the Table.

in RSD thousand

No.	Building	Opening balance	Merger of EP Energodata	Total	Residual value as at the balance sheet date	Remaining useful life	Depreciation	Gains/(losses) included in Report on Other Income	Closing balance
	1	2	3	4 (2+3)	5	6	7	8	9 (2+3+7)
1	EP office building	1.282.357	314.640	1.596.997	801.260	60	13.050		1.583.947
	TOTAL	***1.282.357***	***314.640***	***1.596.997***	***801.260***	***60***	***13.050***		***1.583.947***

If the revaluated items had been presented by using the acquisition price method, their current value would amount to RSD 659,795 thousand.

Advances for property in the amount of RSD 44,664 thousand refer to the advance paid to the Republic of Serbia for the purchase of properties in Uganda, Peru and Nigeria.

An executive out-of-court mortgage was constituted on the Energoprojekt office building in favor of the creditors in question following the banking arrangements with Erste Bank, Unicredit Bank and OTP Bank (Note 45).

In respect of **Investment Property** the following figures are recognised in the Income Statement:

Income and expenses in respect of investment property recognised in the Income statement	*In RSD thousand*	
	31.12.2021.	*31.12.2020.*
Rental incomes	20.756	20.757
Direct operating costs arising from investment property that generated rental income during the year: Complex building „Samački hotel“	2.609	3.269

Adjustment of the opening and closing balance of the fair value of investment property is presented in the following Table.

In RSD thousand

No.	**Investment property**	**Opening balance**	**Increases, (purchases, additional investments and etc.)**	**Decreases (sales, disposals and etc.)**	**Gains / (loss) included in the Income Statement**	**Closing balance**
1	Complex "Samački hotel"	621.294			(2.459)	618.835
	TOTAL	***621.294***			***(2.459)***	***618.835***

In its books, the Company posted the fair value of its investment property in the amount of RSD 618,835 thousand relating to complex "Samački hotel" area of 8,034.00 m², with using right of city construction land area of 18,598.00 m², 24 Batajnički drum, Zemun.

Valuation of the fair value of complex "Samački hotel" as at 31 December 2021 was performed by external independent, qualified valuator with recognized and relevant professional qualifications and recent relevant work experience with relevant location and category of investment property appraised. In valuation of the fair value, the external independent qualified valuator used the cost approach for the building (due to the specific characteristics of the property subject to appraisal, and due to the fact that there is no offer of similar facilities for sale/rent in the market, on a similar location) and comparative approach for land.

Income amounting to RSD 20,756 thousand was generated from the rent of the property to the Energoprojekt Visokogradnja and Jerry Catering Service Ltd. in the reporting period (Note 9.3).

25. LONG-TERM FINANCIAL INVESTMENTS AND LONG-TERM RECEIVABLES

Structure of long-term financial investments and long-term receivables	*in RSD thousand*					
	31.12.2021			*31.12.2020*		
	Gross value	*Impairment*	*Net value*	*Gross value*	*Impairment*	*Net value*
Share Investments in companies (except share investments valued using the equity method) (Note 25.1)	6.340.336	(824.803)	5.515.533	6.533.383	(819.141)	5.714.242
Share investments valued using the equity method (Note 25.2)	14.613	(1.063)	13.550	14.613	(1.063)	13.550
Long term investments in the parent company, subsidiaries and other related parties and long-term receivables from these parties in the country (Note 25.3)	4.264.788	(13.050)	4.251.738	2.283.590	(7.193)	2.276.397
Other long-term financial investments and other long-term receivables (Note 25.4)	170		170	908		908
UKUPNO	**10.619.907**	**(838.916)**	**9.780.991**	**8.832.494**	**(827.397)**	**8.005.097**

25.1 Share Investments in companies (except share investments valued using the equity method)

The structure of **share investments (except share investments valued using the equity method)** for which impairment was performed is shown in the following Table.

Share Investments in companies (except share investments valued using the equity method)	*% of shares*	*In RSD thousand*	
		31.12.2021	*31.12.2020*
Equity shares in subsidiaries:			
Energoprojekt Visokogradnja Plc.	100,00%	1.911.036	1.909.222
Energoprojekt Niskogradnja Plc.	100,00%	1.104.981	1.104.981
Energoprojekt Oprema Plc.	67,87%	121.316	121.316
Energoprojekt Hidroinženjering Plc.	100,00%	427.626	427.626
Energoprojekt Urbanizam i arhitektura Plc.	100,00%	192.642	192.642
Energoprojekt Energodata Plc.	100,00%		194.862
Energoprojekt Industrija Plc.	62,77%	61.209	61.209
Energoprojekt Entel Plc.	100,00%	1.000.317	1.000.317
Energoprojekt Sunnyville Ltd.	100,00%	2.500	2.500
Energoprojek Park 11 Ltd.	100,00%	375.660	375.660
I.N.E.C. Engineering Company Limited, Great Britain	100,00%	70.311	70.311
Dom 12 S.A.L., Lebanon	100,00%	924.749	924.749
Energo Kaz d.o.o., Kazakhstan	100,00%	101	101
Zambia Engineering and Contracting Company Ltd., Zambia	100,00%	587	587
Energoprojekt Holding Guinee S.A., Guinea	100,00%	1.628	1.628
Energoprojekt (Malesia) Sdn. Bhd., Kuala Lumpur	100,00%	19.574	19.574
Energoprojekt Energodata Montenegro Ltd.	100,00%	1	
Total Equity shares in subsidiaries - gross		6.214.238	6.407.285
Allowance for impairment		*(715.065)*	*(715.065)*
Total Equity shares in subsidiaries - net		***5.499.173***	***5.692.220***
Share investments in other related parties and long-term securities stated at fair value through other comprehensive result:			
Banks and financial institutions:			
Dunav osiguranje Plc.	*0,01%*	*5.814*	*5.814*
Alta Bank Plc. Belgrade	*1,41%*	*120.176*	*120.176*
Belgrade Stock Exchange Plc.	*0,12%*	*100*	*100*
Agricultural Bank Agrobanka Plc. Belgrade - in bankruptcy	*0,36%*	*7*	*7*
Subtotal - Banks and financial institutions		126.097	126.097
Other companies:			
Beogradska industrija piva, slada i bezalkoholnih pića Plc. Belgrade - in bankruptcy	*0,00%*	1	1
Pinki Zemun Plc.	*0,00%*		
Subtotal - other companies		1	1
Share investments in other related parties and long-term securities stated at fair value through other comprehensive result - gross		126.098	126.098
Allowance for impairment		*(109.738)*	*(104.076)*
Share investments in other related parties and long-term securities stated at fair value through other comprehensive result - net		***16.360***	***22.022***
TOTAL		***5.515.533***	***5.714.242***

The structure of the impaired share investments (except share investments valued using the equity method) for which impairment was performed is shown in the following table.

Share Investments in companies (except share investments valued using the equity method) for which impairment was performed	*in RSD thousand*					
	31.12.2021			*31.12.2020*		
	Gross value	*Impairment*	*Net value*	*Gross value*	*Impairment*	*Net value*
Equity shares in subsidiaries:						
Energoprojekt Visokogradnja Plc.	1.911.036	(641.633)	1.269.403	1.909.222	(641.633)	1.267.589
Energoprojekt Urbanizam and arhitektura Plc.	192.642	(44.277)	148.365	192.642	(44.277)	148.365
I.N.E.C. Engineering Company Limited, Great Britain	70.311	(7.953)	62.358	70.311	(7.953)	62.358
Energoprojekt Holding Guinee S.A., Guinea	1.628	(1.628)	0	1.628	(1.628)	0
Energoprojekt (Malezija) Sdn. Bhd., Kuala Lumpur	19.574	(19.574)	0	19.574	(19.574)	0
Subtotal - Equity shares in subsidiaries	***2.195.191***	***(715.065)***	***1.480.126***	***2.193.377***	***(715.065)***	***1.478.312***
Share investments in other related parties and long-term securities stated at fair value through other comprehensive result:						
Banks and financial institutions:						
Dunav osiguranje Plc.	5.814	(4.602)	1.212	5.814	(4.180)	1.634
Alta Bank Plc. Belgrade	120.176	(105.128)	15.048	120.176	(99.888)	20.288
Agricultural Bank Agrobanka Plc. Belgrade - in bankruptcy	7	(7)	0	7	(7)	0
Subtotal - Banks and financial institutions	***125.997***	***(109.737)***	***16.260***	***125.997***	***(104.075)***	***21.922***
Other companies:						
Beogradska industrija piva, slada i bezalkoholnih pića Plc. Belgrade - in bankruptcy	1	(1)	0	1	(1)	0
Subtotal - other companies	***1***	***(1)***	***0***	***1***	***(1)***	***0***
Subtotal - Share investments in other related parties and long-term securities stated at fair value through other comprehensive result	***125.998***	***(109.738)***	***16.260***	***125.998***	***(104.076)***	***21.922***
TOTAL	***2.321.189***	***(824.803)***	***1.496.386***	***2.319.375***	***(819.141)***	***1.500.234***

Share investments are long-term investments in shares and stocks of subsidiaries and affiliates, joint ventures, banks and insurance companies (securities available for sale), as well as in other companies.

Increase in share investments in Energoprojekt Visokogradnja capital, in the amount of RSD 1.814 thousands compared to December 31, of the previous year, came as result of the payoff of the difference in the share price to the minority shareholders of the company in question, with the corresponding default interest and court proceeding costs (on the basis of the decision of the Commercial Court of Appeal, out-of-court settlement, etc.).

The decrease in capital of Energorpojekt Energodata compared to 31.12. of the previous year in the amount of RSD 194,862 thousand was recorded due to the status change of merger (Note 1).

Impairment of share investment in Energoprojekt Visokogradnja in the amount of RSD 641,633 thousand was performed on December 31, 2014 in compliance with IAS 36 – Impairment of Assets, based on the Report prepared by the Scientific and Research Centre of the Faculty of Economics of the University of Belgrade on equity valuation of Energoprojekt Visokogradnja for implementation of IAS/IFRS as at December 31, 2014.

Impairment of share investment in subsidiaries and affiliated companies abroad (Energoprojekt (Malaysia) Sdn. Bhd., Kuala Lumpur; Energoprojekt Holding Guinee S.A., Guinea; I.N.E.C. Engineering Company Limited, UK, and Necco Nigerian Engineering and Construction CO LTD, Kano, Nigeria) was performed in 2004 in compliance with the initial implementation of IAS provisions.

Share investment in Energoprojekt (Malaysia) Sdn. Bhd., Kuala Lumpur were completely impaired because in addition to the fact that that Company have no assets, also does not perform any business activities for a number of years now. The process of their dissolution in compliance with the local legislation has not been concluded yet.

Share in other companies and other available for sale securities are measured at market (fair) value, if it is possible to define it.

The change in the position share in other companies and other available for sale securities was recorded due to the adjustment of the value of shares in Company's portfolio of shares (Dunav osiguranje Plc. and Alta banka Plc.), with their fair value in the secondary securities' market as at the financial statements date (which are presented in the account for impairment of equity investments and profit and loss from securities available for sale).

The Company has made equity investments in the following banks with listed shares in the Belgrade Stock Exchange and their fair value was determined based on their current market value as at 31/12/2021:

- Dunav osiguranje Plc: 527 shares, with the market value as at the balance sheet day of RSD 2.300 per share, and
- Alta banka Plc. Belgrade: 4,056 shares, with the market value as at balance sheet day of RSD 3.710 per share.

The Company has share in capital in legal entities, as follows:

- Beogradska berza Plc.: 5 shares with market value of RSD 20,000.00 each, in total RSD 100,000.00

- Poljoprivredna banka Agrobanka Plc. Belgrade – in bankruptcy: 15 shares with market value of RSD 500.00 each, in total RSD 7,500.00, which was made worthless by inventory as at December 31, 2016;
- Beogradska industrija piva, slada i bezalkoholnih pića Plc. Belgrade – in bankruptcy: 47 shares with market value of RSD 29.78 each, in total RSD 1,400.00, which was made worthless by inventory as at December 31, 2016; and
- Pinki - Zemun Plc.: 3 shares with market value of RSD 52.00 each, in total RSD 156.00.

Maximum exposure to credit risk as at the financial statements date is the fair value of debt securities classified as available-for-sale.

Financial assets available for sale are presented in RSD.

25.2. Share investments valued using the equity method

Share investments valued using the equity method in the amount of RSD 13,550 thousand are shown in the following table.

Share investments valued using the equity method	*in RSD thousand*					
	31.12.2021			*31.12.2020*		
	Gross value	*Impairment*	*Net value*	*Gross value*	*Impairment*	*Net value*
Share investments in associates and joint ventures:						
Enjub Ltd. (share 50%)	13.550		13.550	13.550		13.550
Necco Nigerian Engenering and Construction CO LTD, Kano, Nigeria (share 40%)	1.063	(1.063)	-	1.063	(1.063)	-
Total - Share investments in associates and joint ventures - gross	***14.613***	***(1.063)***	***13.550***	***14.613***	***(1.063)***	***13.550***

Share investments in subsidiaries, affiliates and joint ventures are disclosed in compliance with the method for disclosing investments at cost. Company recognizes revenues in the amount received from the distribution of retained earnings of the investment user incurred after the acquisition date.

Share investment in Necco Nigerian Engenering and Construction CO LTD, Kano, Nigerija, were completely impaired because in addition to the fact that that Company have no assets, also does not perform any business activities for a number of years now. The process of their dissolution in compliance with the local legislation has not been concluded yet.

25.3 Long term investments in the parent company, subsidiaries and other related parties and long-term receivables from these parties in the country

Long term investments in parent company, subsidiaries and other related parties and long-term receivables from these parties in the country	*in RSD thousand*					
	31.12.2021			*31.12.2020*		
	Gross value	*Impairment*	*Net value*	*Gross value*	*Impairment*	*Net value*
Long-term credits and loans to parent company and subsidiaries in the country:						
Energoprojekt Viskokgradnja Plc.	1.279.462	(3.915)	1.275.547	713.810	(2.248)	711.562
Energoprojekt Oprema Plc.	1.871.358	(5.727)	1.865.631	513.203	(1.617)	511.586
Energoprojekt Niskogradnja Plc.	1.048.095	(3.207)	1.044.888	1.007.786	(3.174)	1.004.612
Energoprojekt Hidroinženjering Plc.	48.791	(149)	48.642	48.791	(154)	48.637
Energoprojekt Urbanizam and Arhitektura Plc.	17.082	(52)	17.030			-
Subtotal - Long-term credits and loans to parent company and subsidiaries in the country	***4.264.788***	***(13.050)***	***4.251.738***	***2.283.590***	***(7.193)***	***2.276.397***
Subtotal - Receivables from other related parties u zemlji	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL	**4.264.788**	**(13.050)**	**4.251.738**	**2.283.590**	**(7.193)**	**2.276.397**

Long-term financial investments in parent companies and subsidiaries in the amount of RSD 4,264,788 thousand refer to granted long-term loans in RSD (from funds - issue of corporate bonds - Note 36, given in order to repay loans to commercial banks) with a maturity of 30.12.2025 and interest calculated at an interest rate of 3M Belibor + 2.95% p.a. (quarterly calculation and payment of interest) and loans granted in EUR on the basis of Agreements on rescheduling and new loans granted (to Energopreojekt Oprema) with maturity on 31.12.2023 and interest „out of reach“ to the following subsidiaries:

- Energoprojekt Visokogradnja: RSD 1,279,462 on the basis on Contract on long-term loan no. 204 in the amount of RSD 713,810 thousand (from the funds of the issued corporate bonds) and Agreement on rescheduling no. 186 im the amount of RSD 565,652 thousand;

- Energoprojekt Niskogradnja: 1,048,095 thousand, on the basis on Contract on long-term loan no. 205 in the amount of RSD 1,007,786 thousand (from the funds of the issued corporate bonds) and Agreements on rescheduling no. 184 in the amount of RSD 40,309 thousand;

- Energoprojekt Oprema: 1,871,358 thousand on the basis on Contract on long-term loan no. 206 in the amount of RSD 955,685 thousand (from the funds of the issued corporate bonds) and Agreement on rescheduling no. 185 in the amount of RSD 868,635 thousand and the Agreement no. 181 in the amount of RSD 47,033 thousand, whereas the interest from the Agreement no. 181 amounts to RSD 5 thousand;

- Energoprojekt Hidroinženjering: RSD 48,791 thousand on the basis on Contract on long-term loan no. 207 (from the funds of the issued corporate bonds) and

- Energoprojekt Urbanizam i Arhitektura: RSD 17,082 thousand on the basis on Contract on long-term loan no. 183.

As a collateral to secure the collection, the Company has blank solo signed bills of exchange with the authority to fill in and collect the bills of exchange in the amount of total debt.

The increase of long-term financial investments in the mother company and subsidies, in the amount of RSD 1,981,198 thousand is the result of an increase on the basis of the Agreement on rescheduling, which transferred short-term loans together with unpaid accrued interest to long-term loans with maturity until 31.12.2023 and new loans granted to Energoprojekt Oprema.

Impairment of long-term investment to parent and subsidiary in the amount of RSD 13,050 thousand relates to the effects of application of IFRS 9 - Financial Instruments (Note 7.16).

25.4. Other long-term financial investments and other long-term receivables

Long-term investments in parent company, subsidiaries and other related parties and long-term receivables from these companies abroad	*in RSD thousand*					
	31.12.2021			*31.12.2020*		
	Gross value	*Impairment*	*Net value*	*Gross value*	*Impairment*	*Net value*
Other long-term financial investments:						
Long-term housing loans given to employees	170		170	908		908
Subtotal - Other long-term financial investments:	***170***	**-**	***170***	***908***	**-**	***908***
TOTAL	**170**	**-**	**170**	**908**	**-**	**908**

Long-term housing loans given to employees in the amount of RSD 170 thousand that were recorded within Other long-term financial investments, relate to two interest-free housing loans given to employees, on 10.06.1992 for 38.5 years. In accordance with the provisions of the contract and the Law on Amendments to the Law on Housing, the Company revalues the installments twice a year according to the changes of consumer prices in the Republic of Serbia for the accounting period. The portion of long-term financial placements on this basis with maturity up to one year, which is regularly collected amounts to RSD 20 thousand (Note 31.3).

26. LONG-TERM ACCRUED INCOME

Structure of long-term accred income	*in RSD thousand*					
	31.12.2021			*31.12.2020*		
	Gross value	*Impairment*	*Net value*	*Gross value*	*Impairment*	*Net value*
Long-term receivables for non-invoiced income	373.000	(22.133)	350.867	372.994	(41.465)	331.529
Other long-term accrued income	10.037		10.037	11.240		11.240
UKUPNO	**383.037**	**(22.133)**	**360.904**	**384.234**	**(41.465)**	**342.769**

Long-term receivables for non-invoiced income in the amount of RSD 373,000 thousand refer to the realization of the Agreement on Construction of the Republic of Serbia Embassy Building in Abuja, Federal Republic of Nigeria, a turnkey project, on the cadastral lot no. 313, registered in the Real Estate Registry, Cadastral Zone A00.

The impairment of the long-term receivables for non-invoiced income in the amount of RSD 22,133 thousand refers entirely to the effects of application of IFRS 9 - Financial Instruments for receivables for non-invoiced income from the Republic of Serbia based on construction -- construction of the embassy in Abuja, Nigeria (Note 7.16).

Other long-term accrued income in the amount of RSD 10,037 thousand relate to the development of the location of Block 45 building C and Block 70 building C (the treatment of these payments will be regulated in the upcoming period).

27. INVENTORIES

Structure of inventories	*in RSD thousand*					
	31.12.2021			*31.12.2020*		
	Gross value	*Impairment*	*Net value*	*Gross value*	*Impairment*	*Net value*
Materials, spare parts, tools and small inventory	1.712	(329)	1.383	329	(329)	0
Goods	24		24			0
Advances paid for goods and services in the country:						
a) Advances paid to other companies for materials, spare parts and small inventory in the country	168		168	166		166
b) Advances paid to other companies for goods and fixed assets purchased for sale in the country	126		126			0
c) Advances paid to other companies for services in the country	1.391		1.391	1.213		1.213
Total Advances paid for inventories and services in the country	1.685	0	1.685	1.379	0	1.379
Advances paid for inventories and services abroad:						
a) Advances paid to other companies for materials, spare parts and small inventory abroad	282		282			0
Total Advances paid for inventories and services abroad	282	0	282	0	0	0
TOTAL	**3.703**	**(329)**	**3.374**	**1.708**	**(329)**	**1.379**

Advances paid to other legal entities for services in the country in the amount of RSD 1,391 thousand mostly relate to advances given to the companies RSM Advisory Ltd in the amount of RSD

364 thousand (for the first installment of the fee for auditing the Financial Report for 2021) and Belgrade Stock Exchange Plc in the amount of RSD 701 thousand (primarily for the annual fee for organized stock trading in 2022: RSD 620 thousand and the annual fee - Open Market registration fee for 2022: RSD 60 thousand).

28. FIXED ASSETS HELD FOR SALE AND THE TERMINATION OF BUSINESS

Structure of fixed assets held for sale and the termination of business	*in RSD thousand*					
	31.12.2021			*31.12.2020*		
	Gross value	*Impairment*	*Net value*	*Gross value*	*Impairment*	*Net value*
Buildings intended for sale	6.111		6.111	40.597		40.597
TOTAL	**6.111**	**0**	**6.111**	**40.597**	**0**	**40.597**

Buildings intended for sale in the amount of RSD 6,111 thousand relate to the remaining part of unsold properties in the building K1G in Rakovica, in Belgrade.

Pursuant to the Decision made on 146th session of the Executive Board of the Company from 2019, to Conclusion on partial settlement and costs of the procedure I.IV 122/19 dated 17.05.2019 and the Contract on sale of real estate by direct agreement under the agreement of the parties I.Iv 122/19 dated 17.05.2019. The Company on behalf of partial collection of receivables from Enjub Ltd. Belgrade and under the Agreement on Reprogramming of the Debt no. 115 dated 18.04.2012, as of promissory note, on real estate of Enjub Ltd. Belgrade, which are located in the K1G Building in Rakovica, was recorded in its business books the figure under the item non-current assets held for sale the amount of RSD 81,453 thousand.

During the reporting period, the Company achieved a net profit on the sale of properties intended for sale in the amount of RSD 4,010 thousand (Note 19.3).

An overview of the properties intended for sale is shown in the following table.

in RSD thousand

No.	Item	Address	No.	Area m2	Cost	Tax on transfer of absolute right under Decision from 2021	Sale price	Gain / Loss from sales in previous period with correction made under Decision for tax on transfer of absolute rights from 2021	Gain/Loss from sales in the reporting period	Net book value
1	Two bedroom ap	Petra Konjovića 14	Lamella 1, 2nd floor, no. 15	51	6.072	157	6.925		696	
2	Two and half bed	Petra Konjovića 14	Lamella 1, 3rd floor, no. 16	78	9.234	241	10.532		1.057	
3	Two bedroom ap	Petra Konjovića 14	Lamella 1, 3rd floor, no. 17	46	5.417	142	6.179	620		
4	Two bedroom ap	Petra Konjovića 14	Lamella 1, 3rd floor, no. 20	50	5.856	154	6.768	758		
5	Two bedroom ap	Petra Konjovića 14	Lamella 1, 4th floor, No. 26	45	5.350	139	6.100	611		
6	Three bedroom a	Petra Konjovića 14a	Lamella 2, 1st floor, no. 4	80	9.384	247	11.170	1.540		
7	Two bedroom ap	Petra Konjovića 14a	Lamella 2, 3rd floor, no. 17	60	7.105	185	8.105		815	
8	Studio	Petra Konjovića 14b	Lamella 3, ground floor, no. 2	29	3.421	89	3.901	391		
9	Office space	Petra Konjovića 14b	Lamela 3, ground floor, no. L5	46	5.442	126				5.568
10	Studio	Petra Konjovića 14b	Lamella 3, 2nd floor, no. 13	33	3.948	102	4.634	584		
11	Two and half bed	Petra Konjovića 14b	Lamella 3, 2nd floor, no. 14	77	9.083	238	10.583		1.262	
12	Apartment	Petra Konjovića 14b	Lamella 3, attic, no. 15	54	6.361	167	7.255	727		
13	Garage place	Petra Konjovića 14a	Lamella 2, basement 2, no. 7	12	531	12	273	(270)		
14	Garage place	Petra Konjovića 14a	Lamella 2, basement 2, no. 8	12	531	12				543
15	Garage place	Petra Konjovića 14a	Lamella 2, basement 2, no. 9	12	531	12	588		45	
16	Garage place	Petra Konjovića 14a	Lamella 2, basement 2, no. 10	12	531	12	588		45	
17	Garage place	Petra Konjovića 14a	Lamella 2, basement 2, no. 11	12	531	12	588		45	
18	Garage place	Petra Konjovića 14a	Lamella 2, basement 2, no. 12	12	531	12	588	45		
19	Garage place	Petra Konjovića 14a	Lamella 2, basement 2, no. 13	12	531	12	588	45		
20	Garage place	Petra Konjovića 14a	Lamella 2, basement 2, no. 16	12	531	11	587		45	
21	Garage place	Petra Konjovića 14a	Lamella 2, basement 2, no. 17	12	531	11	588	45		
	Ukupno			**757**	**81.453**	**2.093**	**86.540**	**5.096**	**4.010**	**6.111**

The Company is actively implementing planned sales plans, which are expected to be fully realized within a year.

29. RECEIVABLES FROM SALES

Structure from receivables from sales	*in RSD thousand*					
	31.12.2021			*31.12.2020*		
	Gross value	*Impairment*	*Net value*	*Gross value*	*Impairment*	*Net value*
Domestic buyers	5.778	(706)	5.072	1.425		1.425
Foreign buyers	59	(59)	0			0
Receivables from parent company, subsidiaries and other related parties in the country:						
a) Domestic buyers - parent company and subsidiaries	1.054.511	(48.244)	1.006.267	939.279	(81.401)	857.878
b) Domestic buyers - other related parties	1	(1)	0			0
Subtotal - Receivables from parent company, subsidiaries and other related parties in the country	1.054.512	(48.245)	1.006.267	939.279	(81.401)	857.878
TOTAL	**1.060.349**	**(49.010)**	**1.011.339**	**940.704**	**(81.401)**	**859.303**

The structure of receivables from sales is shown in Note 8.1.

Local buyers - parent companies and subsidiaries refer to the receivables based on Service Agreements, Lease Agreements and other concluded with subsidiary companies. According to orividing holding service agreements, the Company, beside from Energoporjekt Entel, was presented with blank solo promissory notes to be filled out by beneficiary as collaterals for collection.

Increase in local buyers - parent company and subsidiaries compared to the same date of previous year by RSD 115,232 thousand refers to increase in receivables under holding service contracts in the amount of RSD 97,004 thousand (primarily, on the one hand, the result of increases in Energoprojekt Visokogradnja, Energoprojekt Niskogradnja, Energoprojekt Oprema, Energoprojekt Urbanizam I Arhitektura, and, on the other hand, reductions in Energoprojekt Sunnyville Plc and Energoprojekt Energodata (due to status change because of merger - Note 1) and increase in receivables for lease and right-to-use solution DMS of RSD 15,893 thousand (primarily in Energoprojekt Visokogradnja: RSD 15,627 thousand).

Impairment of receivables from domestic buyers - parent company and subsidies in the amount of RSD 48,245 thousand predominantly relates entirely to the effects of application IFRS 9 - Financial Instruments - receivables from subsidiary Energoprojekt Visokogradnja in the amount of RSD 48,244 thousand (Note 7.16).

Receivables from sale and other receivables from sale bear no interest.

30. OTHER SHORT-TERM RECEIVABLES

Struktura of other short-term receivables	in RSD thousand					
	31.12.2021			31.12.2020		
	Gross value	Impairment	Net value	Gross value	Impairment	Net value
Other receivables (Note 30.1)	152.269		152.269	105.084		105.084
Receivables for overpaid other taxes and contributions (Note 30.2)	26		26			0
TOTAL	**152.295**	**0**	**152.295**	**105.084**	**0**	**105.084**

30.1 Other receivables

Structure of other receivables	in RSD thousand					
	31.12.2021			31.12.2020		
	Gross value	Impairment	Net value	Gross value	Impairment	Net value
Receivables from specific transactions (Napomena 30.1.1.)	14.676		14.676	18.006		18.006
Other receivables (except receivables for overpaid income tax and receivables for overpaid other taxes and contributions) (Note 30.1.2.)	136.641		136.641	87.078		87.078
Value added tax (Note 30.1.3.)	952		952			0
TOTAL	**152.269**	**0**	**152.269**	**105.084**	**0**	**105.084**

30.1.1. Receivables from specific operations

Struktura of receivables from specific operations	in RSD thousand					
	31.12.2021			31.12.2020		
	Gross value	Impairment	Net value	Gross value	Impairment	Net value
Receivables from specific operations from parent company and subsidiaries	8.243		8.243	11.574		11.574
Receivables from specific operations from other related entities	6.433		6.433	6.431		6.431
Receivables from specific operations from other companies			0	1		1
TOTAL	**14.676**	**0**	**14.676**	**18.006**	**0**	**18.006**

A detailed overview of receivables from specific operations is shown in the following table.

Structure of receivables from specific operations	*in RSD thousand*	
	31.12.2021.	*31.12.2020.*
Receivables from specific operations from parent company and subsidiaries - gross:		
Energoprojekt Visokogradnja Plc.	2.231	2.788
Energoprojekt Niskogradnja Plc.	2.696	3.967
Energoprojekt Hidroinženjering Plc.	102	253
Energoprojekt Entel Plc.	43	43
Energoprojekt Energodata Plc.		82
Energoprojekt Industrija Plc.	732	479
Energoprojekt Urbanizam and arhitektura Plc.	416	267
Energoprojekt Oprema Plc.	158	1.863
Zambia Engineering and Contracting Company Limited, Zambia	1.502	1.475
I.N.E.C. Engineering Company Limited, Great Britain	363	357
Subtotal - gross	8.243	11.574
Impairment of receivables from specific operations - related parties		
Subtotal - Receivables from specific operations - related parties - net	***8.243***	***11.574***
Receivables from specific operations (other related parties) - gross:		
Enjub Ltd.	6.433	6.430
Impairment of receivables from specific operations (other related parties)		
Subtotal - Receivables from specific operations (other related parties) - net	6.433	6.430
Receivables from specific operations from other companies - gross		
Jedinstvena sindikalna organizacija		2
Subtotal - gross receivables from other companies	0	2
Impairment of receivables from specific operations from other companies		
Subtotal - Receivables from specific operations (other companies) - net	0	2
Subtotal - receivables from specific operations - gross	14.676	18.006
Impairment of receivables from specific operations:	0	0
TOTAL RECEIVABLES FROM SPECIFIC operations - NET	***14.676***	***18.006***

Receivables from specific operations from the parent company and subsidiaries in the amount of RSD 8,243 thousand are primarily recorded in the following companies:

- Energoprojekt Visokogradnja: RSD 2,231 thousand (primarily on the basis of reinvoiced costs of airline tickets, membership fees to the Serbian construction industry, insurance of the Energoprojekt office building and consumed energy in Park 11),
- Energoprojekt Niskogradnja: RSD 2,696 thousand (primarily on the basis of reinvoiced costs of the fee for the use of the Framework credit line with Erste Bank: RSD 1,719 thousand, as well as costs of airline tickets and insurance of the Energoprojekt office building) and
- Zambia Engineering and Contracting Company Limited, Zambia: RSD 1,502 thousand, (on the basis of reinvoiced costs of taxes and contributions for the directors of the company and costs of airline tickets).

Receivables from specific operations from other related parties in the amount of RSD 6,433 thousand entirely refer to the joint company Enjub on the basis of reinvoiced court and administrative fees, reinvoiced costs of net salaries and taxes and contributions of directors of the company and reinvoiced costs of legal services from previous years. Based on the receivables in questions, the Company does not have collaterals to secure the collection.

30.1.2 Other receivables (except receivables for overpaid income tax and receivables for overpaid other taxes and contributions)

Other receivables (except receivables for overpaid income tax and receivables for overpaid other taxes and contributions)	*in RSD thousand*					
	31.12.2021			*31.12.2020*		
	Gross value	*Impairment*	*Net value*	*Gross value*	*Impairment*	*Net value*
Receivables for interest and dividends:						
a) Receivables for interest and dividends from parent company and subsidiaries	45.722		45.722	1.293		1.293
b) Receivables for interest and dividends from other related parties	89.814		89.814	85.252		85.252
Subtotal - Receivables for interest and dividends	135.536	0	135.536	86.545	0	86.545
Receivables from employees	8		8	1		1
Receivables for refundable wage benefits	990		990	532		532
Other short-term receivables	107		107			0
TOTAL	**136.641**	**0**	**136.641**	**87.078**	**0**	**87.078**

The structure of interest and dividend receivables in the amount of RSD 135,536 thousand data is shown in the following table.

Structure of receivables for interest and dividends	*in RSD thousand*	
	31.12.2021	*31.12.2020*
Receivables for interest from parent company and subsidiaries:		
Energoprojekt Visokogradnja Plc.	13.707	
Energoprojekt Niskogradnja Plc.	19.352	
Energoprojekt Oprema Plc.	12.119	
Energoprojekt Sunnyville Ltd.	544	1.293
Subtotal - Receivables for interest from parent company and subsidiaries - gross	45.722	1.293
Impairment		
Subtotal - Receivables for interest from parent company and subsidiaries - net	*45.722*	*1.293*
Receivables for interest from other related parties:		
Enjub Ltd.	89.814	85.252
Subtotal - Receivables for interest from other related parties	89.814	85.252
Impairment		
Subtotal - Receivables for interest from other related parties - net	*89.814*	*85.252*
TOTAL	***135.536***	***86.545***

The increase of **interest receivables from the parent company and subsidiaries** compared to 31.12. of the previous year in the amount of RSD 44,429 thousand is the result of:
- on the one hand, increase of interest receivables: RSD 45,178 thousand on the basis on of the calculation of interest on loans from the issue of long-term corporate bonds for 2021 (Energoprojekt Visokogradnja, Energoprojekt Niskogradnja and Energoprojekt Oprema) and

- on the other hand, decrease of interest receivables in Energoprojekt Sunnyvile: RSD 749 thousand on the basis of collected interest in the reporting period.

Receivables for employee benefits that are refunded in the amount of RSD 990 thousand relate to receivables for sick leave over 30 dana and maternity leave.

30.1.3 Value added tax

Structure of value added tax	*in RSD thousand*	
	31.12.2021	*31.12.2020*
Value added tax	952	
TOTAL	***952***	***0***

Receivables for value added tax in the amount of 952 thousand dinars refer to the difference between the calculated tax and the previous tax taken over from Energoprojekt Energodata as the result of the status change of the merger (Note 1).

30.2 Receivables for overpaid other taxes and contributions

Structure of receivables for overpaid other taxes and contributions	*in RSD thousand*	
	31.12.2021	*31.12.2020*
Receivables for overpaid other taxes and contributions	26	
Impairment		
TOTAL	***26***	***0***

Receivables for overpaid other taxes and contributions in the amount of RSD 26 thousand refer to the liability assumed from Energoprojekt Energodata with the status change of merger (Note 1).

31. SHORT-TERM FINANCIAL INVESTMENTS

Structure of short-term financial investments	*in RSD thousand*					
	31.12.2021			*31.12.2020*		
	Gross value	*Impairment*	*Net value*	*Gross value*	*Impairment*	*Net value*
Short-term loans and investments - parent company and subsidiaries (Note 31.1)	92.596	(283)	92.313	176.166	(545)	175.621
Short-term loans and investments - other related parties (Note 31.2)	76.515		76.515	76.513		76.513
Short-term credits, loans and investments in the country (Note 31.3)	20		20	1.485.765	(4.192)	1.481.573
Repurchased own shares and own share capital (Note 31.4)	49.827		49.827	49.827		49.827
Other short-term financial investments:						
Short-term time deposits			0			0
Other short-term financial investments	3		3			0
Subtotal - Other short-term financial investments	3	0	3	0	0	0
TOTAL	**218.961**	**(283)**	**218.678**	**1.788.271**	**(4.737)**	**1.783.534**

31.1 Short-term loans and investments – parent company and subsidiaries

Structure of short-term loans and investments - parent company and subsidiaries	u 000 dinara					
	31.12.2021.			31.12.2020.		
	Gross value	Impairment	Net value	Gross value	Impairment	Net value
Energoprojekt Sunnyville Ltd.	92.596	(283)	92.313	152.098	(479)	151.619
Energoprojekt Urbanizam and arhitektura Plc.			0	16.694	(53)	16.641
Energoprojekt Oprema Plc.			0	4.148	(13)	4.135
Energoprojekt Energodata Plc.			0	3.226		3.226
TOTAL	**92.596**	**(283)**	**92.313**	**176.166**	**(545)**	**175.621**

Short-term loans and investments – parent company and subsidiaries relate to a loan granted to Energoprojekt Sunnyville Ltd in the amount of RSD 92,313 thousand (EUR 788 thousand) with maturity up to 12 months (and interest rate calculated in accordance with the principle „out of reach“ for 2022).

The impairment of Short-term loans and investments – parent company and subsidiaries in the amount of RSD 283 thousand refers to offects of the application of IFRS 9 – Financial instruments on the loan granted to Energoprojekt Sunnyville Ltd (Note 7.16).

The gross decrease within the item Short-term loans and investments – parent company and subsidiaries compared to 31.12. of the previous year in the amount of RSD 83,570 thousand is the result of:

- partly repaid loan - Energoprojekt Sunnyville: RSD 59,500 thousand and expense on the basis of effects of currency clauses: 2 thousand,
- Agreement on rescheduling with Energoprojekt Oprema: RSD 4,148 thousand and Energoprojekt Urbanizam i arhitektura: RSD 16,694 thousand, based on which the calculated and uncollected interest was accrued to the principal (with the balance on the balance sheet date) and the maturity extended to 31.12.2023, with the interest rate calculated in accordance with the principle "out of reach". Therefore, the loans in questions (together with the impairments) were transferred to the item Long-term investments in the parent company, subsidiaries and other related parties and long-term receivables from these parties in the country (Note 25.3) and
- status change of merger of Energoprojekt Energodata: RSD 3,226 thousand (Note 1).

As a collateral to secure the payment under the Agreement on the loan granted to Energoprojekt Sunnyville, the Company has 2 (two) solo blank signed bills of exchange with the authority to fill in and collect the bills of exchange in amount of the total debt.

31.2 Short-term loans and investments – other related parties

Structure of short-term loans and investments – other related parties	*in RSD thousand*					
	31.12.2021			*31.12.2020*		
	Gross value	*Impairment*	*Net value*	*Gross value*	*Impairment*	*Net value*
Enjub d.o.o.	76.515		76.515	76.513		76.513
TOTAL	**76.515**	**0**	**76.515**	**76.513**	**0**	**76.513**

The structure of the loans granted to the related party Enjub Ltd is shown in the table below.

Nr.	Contract No.	Original currency	Loan amount in original currency (in thousand)	Remaining receivables for loan in original currency (in thousand)	Remaining receivables for loan (in RSD thousand)	Maturity date	Interest rate
1	Appendix No. 14 under Loan Agreement No. 367	EUR	137	137	16.168	31.12.2022	interest rate is calculated in accordance with principle "out of reach" for 2022
2	Appendix No. 10 under Agreement on Rescheduling No. 115	EUR	1.198	513	60.347	31.12.2022	interest rate is calculated in accordance with principle "out of reach" for 2022
TOTAL			***1.335***	***650***	***76.515***		

As a collateral to secure the payment under the Agreements on loans given to other related parties, the Company has 3 (three) blank bills of exchange with the “no protest“ clause and mortgage on properties of Enjub Ltd in Belgrade (Note 45).

31.3 Short-term credits, loans and investments in the country

Structure of short-term credits, loans and investments in the country	in RSD thousand					
	31.12.2021.			31.12.2020.		
	Gross value	Impairment	Net value	Gross value	Impairment	Net value
Short-term credits and loans to companies in the country			0			0
Long-term financial investments with maturity up to one year in the country:						
Part of long-term financial investments (credits and loans) in parent company and subsidiaries with maturity up to one year in the country			0	1.485.701	(4.192)	1.481.509
b) Part of long-term financial investments (credits and loans) in other related parties with maturity up to one year in the country			0			0
Part of long-term financial investments (credits and loans) in other companies with maturity up to one year in the country (explained in Note 25.4)	20		20	64		64
Subtotal - Long-term financial investments with maturity up to one year in the country	20	0	20	1.485.765	(4.192)	1.481.573
TOTAL	**20**	**0**	**20**	**1.485.765**	**(4.192)**	**1.481.573**

The decrease of the gross amount of the **part of the long-term financial placements (credits and loans) in the parent companies and subsidiaries with maturity to one year in the country** in the amount of RSD 1,485,701 thousand RSD is the result of:

- Agreement on rescheduling with Energoprojekt Visokogradnja: RSD 550,499 thousand and Energoprojekt Oprem: RSD 780,353 thousand, based on which the calculated and uncollected interest was accrued to the principal (with the balance on the balance sheet date) and the maturity extended to 31.12.2023, with the interest rate calculated in accordance with the principle "out of reach". Therefore, the loans in questions (along with the impairments) were transferred to the item Long-term investments in the parent company, subsidiaries and other related parties and long-term receivables from these parties in the country (Note 25.3) and

- status change of merger of Energoprojekt Energodata: RSD 154,849 thousand (Note 1).

31.4 Repurchased own shares and own share capital

Structure of repurchased own shares and own share capital	in RSD thousand	
	31.12.2021	31.12.2020
Repurchased own shares and own share capital	49.827	49.827
TOTAL	***49.827***	***49.827***

Pursuant to Decision on Acquiring own shares on regulated market, made by Supervisory Board, on February 13, 2017, being active on Belgrade Stock exchange the Company has acquired 97,700 own shares (representing 0.89376% of total shares with the right to vote), wth nominal value of RSD 49,827 thousand.

32. CASH AND CASH EQUIVALENTS

Structure of cash and cash equivalents	*in RSD thousand*					
	31.12.2021			*31.12.2020*		
	Gross value	*Impairment*	*Net value*	*Gross value*	*Impairment*	*Net value*
Current (business) account	33.436		33.436	19.796		19.796
Foreign currency account	169.067		169.067	47.789		47.789
Other cash						
Short-term term deposits	80.000		80.000	420.000		420.000
Other cash	13		13	13		13
Subtotal - other cash	80.013	0	80.013	420.013	0	420.013
TOTAL	**282.516**	**0**	**282.516**	**487.598**	**0**	**487.598**

Within the Company’s **current (business) accounts and foreign currency accounts**, cash held with business banks locally and abroad (with OTP Banka, Erste Banka, Unicredt Bank, Addiko Bank, Alta Banka, AIK Bank, Banca Intesa Vojvodjanska Bank, Credit Agricole Bank, Komercijalna Bank, Sberbank, Eurobank Srbija, NLB Bank, Banka Postanska Stedionica, Api Bank, Direktna Banka and the Trade Bank of Iraq).

Short term deposits in the amount of RSD 80,000 thousand refer to the short term deposits in RSD held with Addiko bank.

Other cash in the amount of RSD 13 thousand refer to amount holds on special purpose account - Visa cards.

33. SHORT-TERM ACCRUED INCOME

Structure of short-term accrued income	in RSD thousand					
	31.12.2021			31.12.2020		
	Gross value	Impairment	Net value	Gross value	Impairment	Net value
Short-term prepayments (Note 33.1)	1.128		1.128	2.807		2.807
Short-term receivables for non-invoiced income (Note 33.2)	150		150	177		177
Other short-term accrued income (Note 33.3)	5.599		5.599	5.340		5.340
TOTAL	**6.877**	**0**	**6.877**	**8.324**	**0**	**8.324**

33.1 Short-term prepayments

Structure of short-term prepayments	in RSD thousand					
	31.12.2021			31.12.2020		
	Gross value	Impairment	Net value	Gross value	Impairment	Net value
Short-term prepayments - parent company and subsidiaries			0	2.045		2.045
Short-term prepayments of subscriptions for professional literature	445		445	94		94
Short-term prepayments of insurance premiums	683		683	668		668
TOTAL	**1.128**	**0**	**1.128**	**2.807**	**0**	**2.807**

Short-term prepayments of insurance premiums on the basis of property and personal insurance in the amount of RSD 683 thousand relate to Sava Neživotno Osiguranje in the amount up to 638 thousand and Wiener Städtische Osiguranje in the amount of RSD 45 thousand.

33.2 Short-term receivables for non-invoiced income

Structure of short-term receivables for non-invoiced income	in RSD thousand					
	31.12.2021			31.12.2020		
	Gross value	Impairment	Net value	Gross value	Impairment	Net value
Short-term receivables for non-invoiced income - other companies	150		150	177		177
TOTAL	**150**	**0**	**150**	**177**	**0**	**177**

Short-term receivables for non-invoiced income – other related parties in the amount of RSD 150 thousand refer to calculated income from the rent of space on the roof terrace of the Energoprojekt business building, which is rented to Telekom Srbija Plc for November and December 2021, which is closed and was incoived in January 2022.

33.3 Other short-term accrued income

Structure of other short-term accrued income	*in RSD thousand*					
	31.12.2021			*31.12.2020*		
	Gross value	*Impairment*	*Net value*	*Gross value*	*Impairment*	*Net value*
Accrued value added tax (VAT)	2.576		2.576	4.564		4.564
Other short-term accrued income - related companies	64		64			0
Other short-term accrued income - external	2.959		2.959	776		776
TOTAL	**5.599**	**0**	**5.599**	**5.340**	**0**	**5.340**

Accrued value added tax (VAT) in the amount of RSD 2,576 thousand encompasses the VAT stated in the reporting year, based on which the right of pre-tax deduction arises in the following accounting period.

Other short-term accrued income - external in the amount of RSD 2,959 thousand mostly relate to a fee to a commercial bank (that will be which will be reinvoiced to subsidiaries in the coming period) in the amount of RSD 1,159 thousand i deferred costs of licences in the amount of RSD 1,409 thousand.

34. CAPITAL

U 000 dinara

Description	Share capital	Other issued capital	Share issue premium	Reserves	Positive revaluation reserves and unrealized gains on financial assets and other components of the Other comprehensive result	Unrealized losses on financial assets and other components of the comprehensive result	Retained earnings	Loss	Total
Opening balance as of 01.01.2020	*5.574.959*	*27.178*	*1.526.164*	*214.881*	*784.634*	*(17.316)*	*896.233*	*(28.262)*	8.978.471
Net profit for the year							263.278		263.278
Other comprehensive income									
a) Changes in fair value of available-for-sale financial assets						(8.218)			(8.218)
b) Revaluation									
c) Other - adjustment of net value, IAS 12 and other									
Total - other comprehensive result						(8.218)			(8.218)
Total comprehensive result for 2020						(8.218)	263.278		255.060
Adjustments									
Increase in share capital									
Profit distribution							(28.262)	28.262	
Others (transfer from other equity items to retained earnings)		(27.178)		(134.881)			162.059		
As of 31.12.2020	***5.574.959***		***1.526.164***	***80.000***	***784.634***	***(25.534)***	***1.293.308***		***9.233.531***
Net profit for the year							972.797		972.797
Other comprehensive income									
a) Changes in fair value of available-for-sale financial assets						(5.662)			(5.662)
b) Revaluation									
c) Other - adjustment of net value, IAS 12 and other (merger of EP Energodata)					246.733				246.733
Total - other comprehensive result					246.733	(5.662)			241.071
Total comprehensive result for 31.12.2021					246.733	(5.662)	972.797		1.213.868
Adjustments (merger of EP Energodata)			(63.188)				(293.366)		(356.554)
Increase in share capital									
Profit distribution									
Other - (transfer from other equity items to retained earnings)									
As of 31.12.2021	***5.574.959***		***1.462.976***	***80.000***	***1.031.367***	***(31.196)***	***1.972.739***		***10.090.845***

34.1. Equity Capital

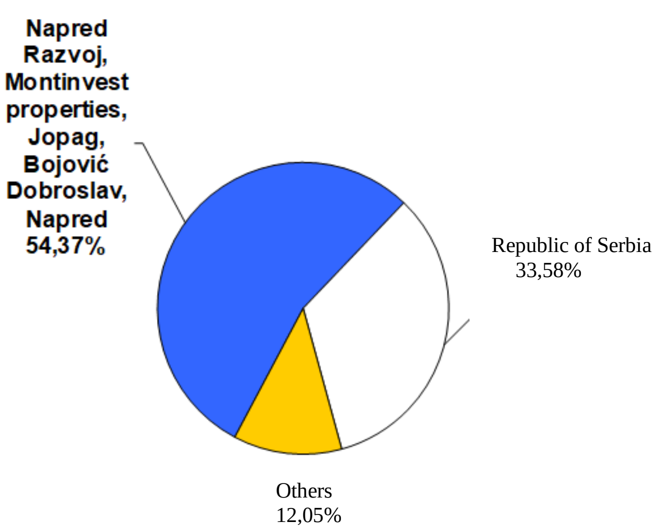
According to the Central Securities, Depository and Clearing House Register, the Company's present ownership structure as at 31.12.2021 is as follows:

	No. of shares	% of total issue
Shares owned by physical persons	**728,179**	**6.66**
Shares owned by legal persons	**9,843,377**	**89,97**
- Republic of Serbia	3,671,205	33,58
- Other legal entities	6,163,172	56.38
Aggregate (custody) account	**368,736**	**3.37**
Total no. of shares	**10,931,292**	**100**

No. of shareholders with equity investments	No of persons			No. of shares			% of total issue		
	domestic	foreign	total	domestic	foreign	total	domestic	foreign	total
Up to 5%	3,565	160	3,725	1,329,494	44,165	1,373,659	12,16%	0,40%	12.56%
5% to 10%	1	1	2	564,699	560,731	1,125,430	5.17%	5.13%	10.30%
More than 10% to 25%	0	0	0	0	0	0	0.00%	0%	0.00%
More than 25% to 33%	0	0	0	0	0	0	0.00%	0.00%	0.00%
More than 33% to 50%	2	0	2	8,432,203	0	8,432,203	77.14%	0.00%	77.14%
More than 50% to 66%	0	0	0	0	0	0	0.00%	0.00%	0.00%
More than 66% to 75%	0	0	0	0	0	0	0.00%	0.00%	0.00%
More than 75%	0	0	0	0	0	0	0.00%	0.00%	0.00%
Total no.	3,568	161	3,729	10,326,396	604,896	10,931,292	94,47%	5,53%	100.00%

Order of top 10 shareholders as per the no. of shares/votes:

Name	No. of shares	% of total issue
Napred Razvoj Plc Novi Beograd	4,760,998	43,55%
Republic of Serbia	3,671,205	33.58%
Montinvest Properties l.l.c.	564,699	5,17%
Jopag AG	560,731	5,13%
Tezoro broker PLC – summery account	264,917	2.42%
Energoprojekt Holding PLC	97,700	0.89%
Tezoro broker PLC	75,750	0.69%
Bojović Dobroslav	47,004	0.43%
OTP Banka Srbija -summ.account	43,007	0,39%
Grujić Sava	31,301	0,29%



Structure of equity capital is presented in the following table below.

Structure of equity capital	in RSD thousand	
	31.12.2021	31.12.2020
Share capital:		
a) Share capital in parent companies, subsidiaries and other affiliated companies		
b) Share capital (externally)	5.574.959	5.574.959
TOTAL	***5.574.959***	***5.574.959***

Share capital consists of 10,931,292 ordinary shares with nominal value of RSD 510.00 (RSD 5,574,959 thousand) and nominal book value of RSD 923.12.

Share capital - ordinary shares include founding shares and shares issued during operations which carry management right, right to a share of the shareholding company's profit and a part of the estate in case of bankruptcy, in accordance with the memorandum of association, i.e., decision on share issue.

The company's shares are prime-listed on the Belgrade Stock Exchange.

34.2. Issue premium

Issue premium	in RSD thousand	
	31.12.2021	31.12.2020
Issue premium	1.462.976	1.526.164
TOTAL	**1.462.976**	**1.526.164**

Issuing premium of RSD 1,462,976 is positive difference between the achieved selling price per share and the nominal value of such shares, which is the result of the conversion of shares of the Energoprojekt Group subsidiaries into Company shares at the par value of 1:1 in 2006, in the amount of RSD 1,300,283 thousand (whereby a decrease was recorded compared to 31.12. of the previous year in the amount of RSD 63,188 thousand due to the status change of the merger of Energoprojekt Energodata (Note 1)), based on repurchase and sale of own shares of the Company in the period from 2006 to 2011 in the amount of RSD 237,014 thousand, and based on repurchase of own shares at a value above the nominal value in 2017 in the amount of RSD 74,321 thousand, reduced for anterior issuing premium sum (Note 31.4).

34.3 Reserves

Structure of reserves	in RSD thousand	
	31.12.2021	31.12.2020
Other reserves	80,000	80,000
TOTAL	**80,000**	**80,000**

Pursuant to the Decision of the Shareholders Assembly from 2017, **other (dedicated) reserves** in the amount of RSD 80,000 thousand for acquiring own shares for distribution to employees with the Company, or to affiliated company, or for rewarding members of the Executive and Supervisory Board, were created.

34.4 Positive revaluation reserves and unrealized gains on financial assets and other components of the Other comprehensive result

Structure of positive revaluation reserves and unrealized gains on financial assets and other components of the Other comprehensive result	*in RSD thousand*	
	31.12.2021	*31.12.2020*
Revaluation reserves based on revaluation of property - Energoprojekt building	1,031,367	784,634
TOTAL	***1,031,367***	***784,634***

The following was disclosed in the Revaluation reserves from revaluation of property - Energoprojekt building position, in the amount of RSD 1,031,367 thousand:

- Effects of posting of the fair value of the Energoprojekt building as at 31.12.2018 in the amount of RSD 1,026,871 thousand;
- Levelling of the present value per m² of the Energoprojekt building in the amount of RSD 186,502 thousand; and
- Posting of 15% profit tax (negative aspect of revaluation reserves) for the amount of deferred tax on the basis of revaluation reserves, in compliance with IAS 12 - Income Taxes, in the amount of RSD 182,006 thousand.

The increase in revaluation reserves based on the revaluation of properties - Energoprojekt office building compared to 31.12. of the previous year in the amount of RSD 246,733 thousand was recorded on the basis of the status change of merger of Energoprojekt Energodate.

34.5 Unrealized losses from financial assets and other components of the comprehensive result

Structure of unrealized losses from financial assets and other components of the Other comprehensive result	*in RSD thousand*	
	31.12.2021	*31.12.2020*
Losses on securities measured at fair value through other comprehensive result	31,196	25,534
TOTAL	***31,196***	***25,534***

Changes in the position of **Losses on securities measured at fair value through other comprehensive result** in the amount of RSD 5,662 thousand pertain adjustments of value of securities in Company portfolio (Alta Banka Plc., Belgrade and Dunav Osiguranje Plc.), with their fair value in the secondary securities market as at the financial statements date (Note 25.1.).

34.6 Retained Earnings

Structure of retained earnings	in RSD thousand	
	31.12.2021	*31.12.2020*
Retained earnings from previous years:		
a) Balance as at 1 January of the reporting period	1.293.308	896.233
b) Correction of profit based on income tax		
c) Other corrections - merger of EN Energodata	(293.366)	
c) Profit distribution		(28.262)
e) Transfer from other equity items		162.059
Total	999.942	1.030.030
Retained earnings from current years	972.797	263.278
TOTAL	***1.972.739***	***1.293.308***

Retained earnings from prior years in the amount of RSD 972,797 thousand relate to the net result of the Company incurred in the reporting period (Note 21).

35. LONG-TERM PROVISIONS

Long-term provisions are recognized in the following cases:

- Where the Company has a (legal or actual) liability incurred as a result of a past event;
- Where it is probable that the resource containing economic value will necessarily be deployed to settle a liability; and
- Where the liability amount can be measured reliably.

Structure of long-term provisions is presented in the following table.

in RSD thousand

Structure of long term provisions	Provisions for wages and other employee benefits	Other long-term provisions	TOTAL
Opening balance as of 01.01.2020	3.262		3.262
Additional provision	1.049		1.049
Utilised in the year	(826)		(826)
Cancellation of unused amount			
As of 31.12.2020	3.485		3.485
Additional provision	1.490		1.490
Utilised in the year	(1.444)		(1.444)
Cancellation of unused amount			
As of 31.12.2021	**3.531**		**3.531**

Provisions for wages and other employee benefits (provisions for non-due retirement bonuses) are disclosed based on actuarial calculation made on 31 December 2021.

In the projection of provision calculation the deductive approach was used, meaning that all the Companies were treated as a whole, and based on general regularities and use of the number of employees as a template, allocation to specific Companies was performed. Considering that all subsidiaries are controlled by the same Company, the applied approach is objective and the projection results can be recognized as expected.

Decrease of the provision amount based on current retirement bonus values (by 14.96%) in the balance sheet as at 31.12.2021 in comparison to the retirement bonus values in the balance sheet as at 31.12.2020, was the result of several changed factors:

- on one hand, changes of some factors affect the increase of the provision amount (increase in the average expected retirement bonus by 9.66%) and the decrease of the difference between the discount rate and the assumed income increase); and
- on the other hand, changes of some factors affect the decrease of the provision amount (a decrease in the total number of employees by 19.39% and reduction the average years of service in the Company to 2.35% and increased expected employee fluctuation).

In addition to the above mentioned, the change in the provision structure per individual companies came as the result of the change in the aliquot part of the number of employees in individual companies against the total number of employees in the entire Company.

By taking into account the relevant provisions of IAS 19, the provision projections procedure was performed by following these steps:

- Firstly, according to employee gender, working experience and years of service in the Company; considering the expected annual fluctuation and mortality rate (estimated annual fluctuation and mortality rate), an estimation was made of the number of employees that will exercise the right to retirement bonus, as well as the period during which this bonus will be paid out;
- Secondly, considering provisions of the Company Collective Agreement, the bonus amount was appraised for each year of service indicated on the balance sheet date; and
- Thirdly, the discount factor, representing the discount rate to expected salary growth ratio, was used to determine the present value of the expected retirement bonus outflows.

The retirement bonus is, as of the beginning of 2015, pursuant to the provisions of the Collective Agreement in force, paid in the Company in compliance with the Article 54 of the Collective Agreement regulating employment in the country, according to which the Employer is to pay to the Employee retirement bonus amounting to two average gross salaries in the Republic of Serbia according to the latest data published by the relevant Republic authority in charge of statistics. In compliance with the legislation in force, the above mentioned amount is non-taxable.

Since the annual discount rate is necessary to determine the present value of (undue) retirement bonuses, as well as the average annual growth of salaries in the Republic of Serbia, these values shall be specified later in the text.

The rate of **4.0%** was accepted as the **annual discount rate**.

In the paragraph 83, IAS 19 it is explicitly stated that the rate used for discount should be defined according to market yields at the balance sheet date for high yield corporate bonds. In countries where there is no developed market for such bonds, market yields (at the balance sheet date) for government bonds should be used. The currency and term of the bonds should be consistent with the currency and estimated term of the post-employment benefit obligations.

Since the financial market of Serbia is insufficiently developed, the actual annual yield from the purchase of government bonds with the Republic of Serbia as the guarantor should be used as a reference for the determination of the discount rate as at the balance sheet date. In compliance to the above stated, the discount rate was determined according to the annual yield of long term government bonds issued by the Public Debt Administration of the Ministry of Finance of the Republic of Serbia, which were achieved in the relevant period. Annual yield on 12-years RSD securities issued on 07.09.2021 was 3.24%. Increased adopted discount rate compared to yield is a consequence of the fact that average maturity of benchmark securities is lower than average maturity of the benefits in question, and thus in the manner provided for in paragraph 86, IAS 19, the yield curve was extrapolated.

The annual expected salary growth in the Republic of Serbia was planned at the level of **4.0%.**

The annual discount rate and annual salaries' growth depend on inflation rate.

The Memorandum of the National Bank of Serbia on the target inflation rates by 2023, adopted by the Executive Board of the National Bank of Serbia, determines the target inflation rate (with permissible deviation) measured by annual percentage changes in the consumer price index, for the period from January 2021 to December 2023, in the amount of 3% with permissible deviation (positive and negative) of 1.5 percentage points.

The target inflation of 3% has been foreseen in the Memorandum for several years. Although it has been significantly higher in 2021 (approx. 7.5%), the past years it has been lower (in 2020 - 1.3%; in 2019 – 1.5%; in 2018 – 2%; in 2017 - 3%; in 2016 - 1.6% and in 2015 - 1.5%). Therefore, it is more realistic to assume inflation on the target level.

From the above stated, it can be concluded that the planned long-term annual growth in real salaries in the Republic of Serbia is 1%, which is, bearing in mind the planned growth in domestic product in the following period, realistically achievable.

If the inflation rate would change in the future, the applied logic would result in the change of nominal wages, but also in the discount rate (that is predominantly defined by the inflation rate), so that the change would not lead to the change in results presented in this document. The methodology used, indicating the long-term planned annual growth of wages in the Republic of Serbia of 4.0% and long-term annual discount rate of 4.0%, assumes the same, unchanged inflation rate in future. This assumption is requested in the paragraph 78 of IAS 19.

36. LONG-TERM LIABILITIES

Structure of long-term liabilities	In RSD thousand	
	31.12.2021	31.12.2020
Long-term loans and other long-term liabilities to parent company, subsidiaries and other related parties in the country		730.472
Liabilities from issued securities	3.300.000	3.300.000
Other long-term liabilities	20.920	37.928
TOTAL	***3.320.920***	***4.068.400***
Part of long-term liabilities with maturity up to one year	10.141	8.559

The structure of **liabilities for long-term loans and other long-term liabilities to the parent company, subsidiares and other related parties in the country** is shown in the table below.

Structure of long-term loans and other long-term liabilities to parent company, subsidiaries and other related parties in the country	In RSD thousand	
	31.12.2021	31.12.2020
Napred Razvoj a.d.		
Long-term borrowing		726.175
Long-term liabilities arising from interest on loans whose payment was delayed		4.297
TOTAL	***0***	***730.472***

The amount of the initial balance of liabilities to the company Napred Razvoj Plc in the amount of RSD 730,472 thousand (6,213 hiljada EUR) was transferred to: part of long-term credits and loans to other related parties in the country with maturity up to one year - for the amount of the principal: EUR 6,176 thousand, which was fully repaid in July 2021 and liability based on interest and financing costs in the country – other related parties: EUR 37 thousand, which were repaid in July and August 2021.

Liabilities for issued long-term securities in the period over a year in the amount of RSD 3,300,000 thousand relate entirely to long-term corporate bonds issued on 30.12.2020; 330,000 bonds of individual nominal value of RSD 10,000.00 (based on the decision of the General Meeting of the Company dated 23.07.2020 on the issuance of corporate bonds of the Company through a public offering and the decision of the Supervisory Board of the Company dated 25.11.2020 on the issuance of the first issue of corporate bond), with maturity of 30.12.2025 and quarterly calculation and payment of interest. Part of the funds from the issue of long-term corporate liabilities was used to provide long-term loans to subsidiaries in order to repay loans to commercial banks (Note 25.3).

Other long-term liabilities in the amount of RSD 20,920 thousand relate to:

- long-term advance received from Jerry catering service Ltd., Belgrade in RSD 20,075 thousand (EUR 170 thousand) according to Annex no. 1 of Contract no. 123 on long-term lease (for 15 years) a part of business area 935.56 m2 located within the buildings complex "Samački hotel", Batajnički drum no. 24, in Zemun (part of obligation for received advance up to a year is recorded within the item - Received advances from other legal entities in the country - Note 39); and

- long-term liabilities from taxes and contributions on salaries for the period March - May (in accordance with the Regulation on fiscal and direct benefits to entities in the economic sector and financial assistance to citizens in order to mitigate the economic consequences of COVID - 19) and August in accordance with the Conclusion of the Government of the RS) in the total amount of RSD 845 thousand, whose payment was postponed in accordance with the Decree on the procedure and manner of deferral of payment of taxes and contributions due in order to mitigate the economic consequences, paid off in full by 10.01.2023 (part of the liability for taxes and contributions on salaries up to one year in the amount of RSD 10,141 thousand is recorded within Portion of long-term liabilities in the country that is due up to a year - Note 38.2).

37. LONG-TERM DEFERRED COSTS (except long-term deferred income and received donations)

Structure of long-term deferred costs	*in RSD thousand*	
	31.12.2021	*31.12.2020*
Long-term pre-calculated costs:		
a) Long-term pre-calculated costs – parent company, subsidiaries and other related parties	24.305	24.305
b) Long-term pre-calculated costs - other companies		
Subttotal - Long-term pre-calculated costs	*24.305*	*24.305*
TOTAL	***24.305***	***24.305***

Pre-calculated costs – parent company, subsidiaries and other related parties in the amount of RSD 24,305 thousand entirely refers to, to the liability owed to Energoprojekt Oprema company for calculated expenses for the period till June 30, 2015, based on the Agreement on Construction of the Embassy of the Republic of Serbia in Abuja, Federal Republic of Nigeria, a turnkey project, in the cadastre lot no. 313, registered in the Real Estate Cadastre of the Cadastre Zone A00.

38. SHORT-TERM FINANCIAL LIABILITIES

Structure of short term financial liabilities	*in RSD thousand*	
	31.12.2021	*31.12.2020*
Liabilities for loans to the parent company, subsidiaries and other related parties (Note 38.1)	352.746	
Liabilities for credits and loans from foreign banks (Note 38.2)	10.141	8.559
Liabilities for credits and loans from domestic banks (Note 38.3)	70	118
TOTAL	***362.957***	***8.677***

38.1. Liabilities for loans to the parent company, subsidiaries and other related parties

Structure of liabilities for loans to the parent company, subsidiaries and other related parties	*in RSD thousand*	
	31.12.2021	*31.12.2020*
Energoprojekt Park 11 Ltd.	352.746	
TOTAL	***352.746***	***0***

Liabilities for loans to the parent company, subsidiaries and other related parties in the country in the amount of RSD 352,746 thousand (EUR 3,000) refers to liabilities to the subsidiary Energoprojekt Park 11 Ltd for a short-term loan with maturity on 30.07.2022 (with possibility of early repayment), with interest rate that is calculated in accordance with the principle “out of reach”.

38.2. Liabilities for credits and loans from foreign banks

Structure of liabilities for credits and loans from foreign banks	*in RSD thousand*	
	31.12.2021	*31.12.2020*
Other long-term liabilities from other legal and natural entities with maturity up to one year in the country	10.141	8.559
TOTAL	***10.141***	***8.559***

Other long-term liabilities from other legal and natural entities with maturity up to one year in the country in the amount of RSD 10.141 thousand entirely refers to liabilities for taxes and contributions for salaries from 2020, which will be due on 30/03/2022, according to the Decree on the procedure and manner of deferral of payment of due taxes and contributions in order to mitigate the economic consequences caused by the disease COVID-19 (Note 36).

38.3 Short-Term Credits and Loans from domestic banks

Structure of credits and loans from domestic banks	*in RSD thousand*	
	31.12.2021	*31.12.2020*
Other short-term financial liabilities to banks in the country	70	118
TOTAL	***70***	***118***

Other short-term financial liabilities to domestic banks amounting to RSD 70 thousand predominantly pertain to the liabilities incurred based on the expenses paid by using the company Visa cards in the amount of RSD 64 thousand, which were settled in January 2022.

39. RECEIVED ADVANCES, DEPOSED MONEY AND CAUTIONS

Structure of received advances, deposed money and cautions	*in RSD thousand*	
	31.12.2021	*31.12.2020*
Received advances from parent company and subsidiaries	10.941	15.411
Received advances from other legal entities in the country	8.445	8.434
Received deposed money and cautions	1.219	
UKUPNO	***20.605***	***23.845***

Received advances from parent company and subsidiaries in the amount of RSD 10,941 thousand predominantly relate to advances received from subsidiaries under the Agreement on introduction of electronic document system Business Connect in the amount of RSD 10,801 thousand.

Received advance from other legal entities in the country in the amount of RSD 8,445 thousand primarily relate to received advance from Jerry Catering Service Ltd., Beograd Company in RSD 7,721 thousand under the Annex I on the contract (no. 123/1583 from 10.04.2017) on long-term lease (15 years) a part of office space measuring 935.56 m² located within the complex "Samački hotel", no. 24 Batajnički drum, Zemun (part of the liability for received advance over a year was recorded within the item - Other long-term liabilities (Note 36).

Deposits received from other domestic legal entities in the amount of RSD 1,219 thousand refer to deposits received from the company 5. Univerzitetske igre Beograd 2020 d.o.o (5th University Games Belgrade 2020 LLC) on the basis of office space rental in the business building of Energoprojekt in the amount of RSD 563 and the company Saga d.o.o. Belgrade in the amount of RSD 656 RSD.

40. OPERATING LIABILITIES

Structure of operating liabilities	*in RSD thousand*	
	31.12.2021	*31.12.2020*
Suppliers:		
Suppliers - parent company and subsidiaries, local	19	3.024
Suppliers - other affiliated companies local		6.580
Suppliers, local	7.251	5.598
Suppliers, foreign countries	495	851
Total	*7.765*	*16.053*
Other operating liabilities	1.310	12.572
TOTAL	***9.075***	***28.625***

Total amount of liabilities to suppliers is broken down per currencies are presented in the following table.

Structure of operating liabilities per currencies	in RSD thousand	
	31.12.2021	31.12.2020
RSD	7,391	9,023
EUR	374	7,030
GBP		
TOTAL	***7,765***	***16,053***

The structure of liabilities to suppliers by legal entities is presented under Note 8.2.

Geographic distribution of suppliers is as follows:

Geographic distribution of suppliers	in RSD thousand	
	31.12.2021	31.12.2020
Suppliers, local (subsidiaries and other legal entities)	7.270	15.202
Suppliers, foreign countries (subsidiaries):		
Europe		
Total	-	-
Suppliers, foreign countries (other legal entities):		
Europe	495	851
Total	495	851
Value adjustment		
TOTAL	***7.765***	***16.053***

Other operating liabilities in the amount of RSD 1,310 thousand predominantly arose from issued credit note to subsidiaries Energoprojekt Hidroinženjering and Energoprojekt Sannyville, resulting from the difference between the final price of the services provided by the Company to its subsidiaries - determined on costs incurred in 2021 and the orientation prices - established from planned costs for 2021 in the total amount of RSD 1,301 thousand.

41. OTHER SHORT-TERM LIABILITIES

Structure of other short-term liabilities	in RSD thousand	
	31.12.2021	31.12.2020
Other short-term liabilities (Note 41.1)	77.950	93.536
Liabilities for value added tax and other taxes, contributions and fees payable (Note 41.2)	3.353	1.664
Liabilities for income tax		
TOTAL	***81.303***	***95.200***

41.1 Other short-term liabilities

Structure of other short-term liabilities	in RSD thousand	
	31.12.2021	31.12.2020
Liabilities from specific operations:		
Liabilities from specific operations - other companies	13	8.415
Subtotal - Liabilities from specific operations	13	8.415
Liabilities for wages, fringe benefits and compensations	13.699	13.939
Other liabilities:		
a) Liabilities for interest and financing costs	9.498	17.188
b) Liabilities for dividends	20.317	20.366
c) Liabilities to emplyees	155	475
d) Liabilities to General Manager, members of management and supervisory bodies	1.685	638
e) Liabilities to natural entities for fees under contract	283	225
f) Other liabilities	32.300	32.290
Subtotal - Other liabilities	64.238	71.182
TOTAL	***77.950***	***93.536***

The decrease in **Liabilities from specific operations - other legal entities** in the amount of RSD 8,402 thousand predominantly relate to the settled liability to Erste Bank Plc Novi Sad, that was engaged as the Issue Agent by the Company in 2020 during the issue of corporate bonds, in the amount of RSD 8,415 thousand. The fee was calculated in the amount of 0.3% on the value of issued corporate bonds.

Liabilities for wages, fringe benefits and compensations in the amount of RSD 13,699 thousand pertain to the liabilities (net, taxes and contributions) for December salary that the Company paid in January 2022.

Liabilities for interest and financing costs in the amount of RSD 9,498 thousand primarily relate to the interest for loan granted by Napred Ravoj Plc. for the period March - June in the amount of RSD 4,287 thousand (based on the Decision of the National Bank of Serbia on temporary measures to preserve the stability of the financial system, which established a moratorium on repayment of credit obligations), which expires on 31.03.2022 (Note 36) and the liability for interest for a loan from Energoprojekt Park 11 Plc for the period July - December in the amount of RSD 3,475 thousand (Note 38.1).

Liabilities for dividends in the amount of RSD 20,317 thousand pertain to the liabilities based on the decision of the Assembly of Shareholders from 2018 on profit distribution in the amount of RSD 4,448 thousand and for dividends' payment from previous years in the amount of RSD 15,869 thousand, which have not yet been paid to date due to unresolved property - legal issues (inheritance disputes, etc.) and unopened accounts of shareholders.

Other various liabilities in the amount of RSD 32,300 thousand predominantly relate to liabilities to shareholders based on forced purchase of shares of Energoprojekt Entel in the amount of RSD 31,987

thousand. On 15.09.2019, the Corporate agent M&V Investments returned the Company's funds deposited for forced purchase of shares of Energprojekt Entel such as, for part of shareholders who did not have the appropriate information, and the payment could not be realized. The company settles the obligations upon request of the shareholders.
Company Management is of the opinion that the disclosed value of short-term liabilities reflects their fair value at the balance sheet date.

41.2 Liabilities for value added tax and other taxes, contributions and fees payable

Structure of liabilities for value added tax and other taxes, contributions and fees payable	*in RSD thousand*	
	31.12.2021	*31.12.2020*
Liabilities for value added tax	1.994	1.170
Liabilities for other taxes, contributions and fees payable	1.359	494
TOTAL	***3.353***	***1.664***

Liabilities for value added tax relate to the difference between the calculated tax and the input tax. This liability was settled in the within the legal deadline, in January 2022.

Liabilities for other taxes, contributions and fees payable in the amount of RSD 1,359 thousand mostly relate to liabilities for taxes and contributions and considerations for members of management and supervisory bodies: RSD 866 thousand and taxes and contributions for remunerations based on service contracts: 138 thousand.

42. SHORT-TERM ACCRUED EXPENSES

Short-term accrued expenses	*in RSD thousand*	
	31.12.2021	*31.12.2020*
Short-term accrued expenses - other companies	6.531	84
Other short-term accrued expenses		818
TOTAL	***6.531***	***902***

Short-term accrued expenses – other related parties in the amount of RSD 6,531 thousand primarily relate to liabilities for calculated costs taken over due to the status change of merger of Energoprojekt Energodata (Note 1) in the amount of RSD 6,383 thousand.

43. DEFERRED TAX LIABILITIES

Deferred tax assets and liabilities	in RSD thousand	
	31.12.2021	*31.12.2020*
Deferred tax assets	14.760	20.220
Deferred tax liabilities	204.958	161.105
Net effects of deferred tax assets / (liabilities)	**(190.198)**	**(140.885)**

Deferred tax assets are the income tax amounts recoverable in future periods based on *deductible temporary differences.*

A deductible temporary difference is generated in cases where a company's balance sheet contains already disclosed expense on certain bases, which will be recognized from the tax aspect in the following periods. Deferred tax assets are verified on 31 December and are recognized only if it is considering probable that the deferred tax assets will probably be used to reduce a taxable income in the future period.

The amount of deferred tax assets is calculated by multiplying the amount of deductible temporary difference at the end of the year by the Company's corporate income tax rate (15%).

Deferred tax liabilities disclosed as at 31 December refer to *taxable temporary differences* between the book value of assets subject to depreciation and their tax base. Due to different provisions used in the Company to define accounting depreciation (in compliance with the IAS/IFRS and other provisions) and provisions that define tax depreciation (in compliance with the Law on Corporate Income Tax), the Company shall pay higher amount of income tax in the future period than it would pay if the actually disclosed accounting depreciation would be acknowledged by tax legislation. For this reason, the Company recognizes the deferred tax liability, which represents income tax payable once that the Company "recovers" the accounting value of the assets.

The amount of deferred tax liabilities is calculated by multiplying the amount of taxable temporary difference at the end of the year by the Company's income tax rate (15%).

Changes in balance of deferred tax assets during the reporting and reference years were as follows:

in RSD thousand

Deferred tax liabilities	Tax value exceeding the book value in intangible assets, plants and equipment	Capital losses in investment property	Provisions for retirement bonuses	Unpaid public revenues	Employee benefits accrued but unpaid in the tax period	Effects of application of IFRS 9	Total
Opening balance as of 01.01.2020	**2.134**		**489**	**11**	**26**		**2.660**
Changes in accounting policies						**21.770**	**21.770**
Restated opening balance 01.01.2020	**2.134**		**489**	**11**	**26**	**21.770**	**24.430**
Debit/credit to Income Statement	114		34	1	(5)	(4.354)	**(4.210)**
Direct debit to capital							
As of 31.12.2020	**2.248**		**523**	**12**	**21**	**17.416**	**20.220**
Changes in accounting policies							
Restated opening balance 01.01.2021	**2.248**		**523**	**12**	**21**	**17.416**	**20.220**
Debit/credit to Income Statement	(550)		(523)	(12)	(21)	(4.354)	**(5.460)**
Direct debit to capital							
As of 31.12.2021	**1.698**					**13.062**	**14.760**

Changes in balance of deferred tax liabilities during the reporting and reference years were as follows:

in RSD thousand

Deferred tax liabilities	Book value exceeding tax value in property	Capital gains in investment property	Total
Opening balance as of 01.01.2020	148.891	9.822	**158.713**
Debit / (credit) to Income Statement	130	2.262	2.392
Direct debit to capital			
As of 31.12.2020	**149.021**	**12.084**	**161.105**
Merger of Energoprojekt Energodata Plc.	38.403		38.403
Debit / (credit) to Income Statement	3.556	1.894	5.450
Direct debit to capital			
As of 31.12.2021	**190.980**	**13.978**	**204.958**

A summary of changes in balance of deferred tax liabilities of the Company is presented in the following tables.

Balance and changes in balance of deferred tax liabilities	*In RSD thousand*	
	31.12.2021	*31.12.2020*
Balance of deferred tax liabilities at the end of the previous year	140,885	134,283
Balance of deferred tax liabilities at the end of the current year	190,198	140,885
Changes in balance of deferred tax liabilities	**49,313**	**6,602**

Changes in balance of deferred tax liabilities	*In RSD thousand*	
	31.12.2021	*31.12.2020*
Merger of Energoprojekt Energodata Plc.	38,403	
Deferred tax expenses (income) of the period	10,910	6,602
Revaluation reserves		
Undistributed profit of the previous year		
TOTAL	**49,313**	**6,602**

Based on the change in the balance of deferred tax assets and deferred tax liabilities in 2021, it can be concluded that with the status change of merger of Energoprojekt Energodata there was an increase in deferred tax liabilities compared of the Company in the amount of RSD 38,403 thousand, and that with the calculation at the end of the year there was a net effect of increased deferred tax liabilities compared to the previous year in the amount of RSD 10,910 thousand was achieved, which affected, through deferred tax expenses for the period, the Company's net results in 2021 (Note 21) in such a way to be decreased.

44. OFF-BALANCE SHEET ASSETS AND LIABILITIES

In compliance with the relevant statutory provisions (Rules on Content and Form of Financial Statements Forms and the Content and Form of Statistical Report Forms for Companies, Cooperatives and Entrepreneurs), disclosed off-balance sheet items in its financial statements. Items disclosed under off-balance sheet assets and liabilities, presented in the following Table, are neither assets nor liabilities of the Company, but are primarily presented for information purposes.

Structure of off-balance sheet assets and liabilities is presented in the following table.

Structure of off-balance sheet assets and liabilities	*in RSD thousand*	
	31.12.2021	*31.12.2020*
Provided sureties and guarantees	10.458.506	11.018.898
Received sureties and guaranties	2.939	5.526
Received mortgages and other rights	76.515	76.513
Other off-balance sheet assets / liabilities	30.442	2.930.945
TOTAL	***10.568.402***	***14.031.882***

Provided sureties and guarantees amounting to RSD 10,458,506 thousand refer to the following:

- Guarantees issued for credits and guarantees for subsidiaries amounting to RSD 3,857,803.47 thousand;
- Corporate guarantees issued to Energoprojekt Niskogradnja in the amount of RSD 6,597,763 thousand for projects: Vinča Landfill - Serbia in the amount of RSD 5,558,501 thousand and Banco Pichincha - Peru in the amount of RSD 1,039,262 thousand.
- Guarantee issued by Erste Bank in favor of IATA (International Air Transport Association) for orderly settlement of obligations for airline tickets in the amount of RSD 2,940 thousand, which expires on 23.10.2022 and renewed annually.

To provide guarantees and corporate guarantees, the Company concluded agreements with subsidiary companies based on which the Company is the guarantor and based on which it received respective collaterals from the subsidiaries involved (bills of exchange).

Received sureties and guarantees in the amount of RSD 2,939 thousand relate to the received surety from Energoprojekt Niskogradnja Energoprojekt Visokogradnja, Energoprojekt Hidroinženjering, Energoprojekt Oprema and Energoprojekt Industrija for obtaining a guarantee from Erste Bank in favor of IATA (International Air Transport Association) for orderly settlement of obligations for airline tickets in the amount of RSD 2,940 thousand.

Received mortgages and other rights amounting to RSD 76,515 thousand pertain to the mortgage on Enjub Ltd. apartments, arising from the Loans Agreement granted to Enjub Ltd. (Note 45).

Other off-balance sheet assets/liabilities amounting to RSD 30,442 thousand include the following:

- Dividends receivables from Enjub Ltd., which were directly written-off in the previous accounting period in the amount of RSD 30,442 thousand; and
- Unused construction facilities in Budva that were directly written-off in the inventory count as at 31.12.2014 and presented in the off-balance records without any value.

45. MORTGAGES REGISTERED IN FAVOUR AND/OR AGAINST THE COMPANY

Mortgages registered against the Company are:

- Mortgage on business building Energoprojekt according to the bank arrangements made with:
  - Erste Bank Plc. Novi Sad in the amount of EUR 27,000,000.00, Appandix 2 under the Multi-Purpose Framework Limit Agreement No. OVLC003/20 (mortgage borrower Energoprojekt Holding and debtors: Energoprojekt Visokogradnja, Energoprojekt Niskogradnja, Energoprojekt Oprema, Energoprojekt Industrija and Energoprojekt Hidroinženjering);
  - Unicredit Bank Serbia Plc. Belgrade in the amount of EUR 3,188,287.47, Appendix 3 under the Short-term Loan Agreement No. RL 0029/20 (mortgage borrower Energoprojekt Holding and debtors: Energoprojekt Visokogradnja, Energoprojekt Niskogradnja and Energoprojekt Oprema);
  - OTP Bank Serbia Plc Novi Sad in the amount of EUR 6,782,000,00 Appendix 4 under the Framework Agreement on Issuance of Bank Guarantees, Letters of Credit and Binding Letters

of Intent no. 2818/21 - now OL2021/202 (mortgage borrower Energoprojekt Hidroinženjering, mortgage borrower Energoprojekt Holding i and debtors: Energoprojekt Visokogradnja, Energoprojekt Niskogradnja and Energoprojekt Oprema);

- OTP Bank Serbia Plc Novi Sad in the amount of EUR 3,218,000,00 Appendix 4 under the Framework Agreement on Issuance of Bank Guarantees, Letters of Credit and Binding Letters of Intent no. OUG 2820/21 - now OL2021/457 (mortgage borrower Energoprojekt Hidroinženjering, mortgage borrower Energoprojekt Holding i and debtors: Energoprojekt Visokogradnja, Energoprojekt Niskogradnja and Energoprojekt Oprema);

based on which an executive out-of-court mortgage on the Energoprojekt office building was was established on 30.12.2021 in the real estate list number 2652, Cadastral Municipality Novi Beograd, in favour of the creditors in question, in accordance with Line Statement of Energoprojekt Holding Plc, which was certified before the competent authority in accordance with the Serbian Law on Mortgage on 27.12.2021.

Mortgages registered in favour of the Company are as follows:

- As collateral to secure the repayment of loan pursuant to the Annex No. 14 of the Loan Agreement No. 367, in the amount of RSD 16,168 thousand (EUR 137 thousand), granted to the Company Enjub Ltd, the executive extrajudicial mortgage on the basis of pledge statement for the entire loan amount with added interest, was registered for apartments in 91A Jurija Gagarina Street, on the second and third floors, Cadastre lot No. 5089/9, Cadastral Municipality of Novi Beograd, registered in the Real Estate Registry folio No. 4550, Cadastral Municipality Novi Beograd, in favour of the Company, and
- As collateral to secure the repayment of the loan pursuant to the Annex No. 10 of the Agreement on Rescheduling of Approved Loan No. 115, approved to Enjub Ltd. in the amount of RSD 60,347 thousand (EUR 513 thousand), by decision no. 952-02-1973 / 2012, executive extrajudicial mortgage of the first order was registered on the basis of a pledge statement, up to the entire amount of the loan with added interest, on properties (apartments and business premises) in 93, 93A and 91A Jurija Gagarina Street (the mortgage was registered in the amount of EUR 1,198 thousand, since the mortgage related to the portion of repaid loan in 2019 in the amount of EUR 685 thousand was not removed).

46. RECONCILIATION OF RECEIVABLES AND LIABILITIES

- **Reconciliation of receivables**

According to the information available to the Company (authorised Open Item Statement (OIS)), as of the financial statements date, the balance of not reconciled receivables is shown in the table:

Item	Number of partners	Total amount of receivables	Number of partners with not conciled receivables	Total not conciled receivables	% not conciled receivables	% partners with not conciled receivables
1	2	3	4	5	6=5/3	7=4/2
Long-term credits and loans to parent company and subsidiaries in the country	5	4.265			0,00%	0,00%
Advances paid for materials, spare parts and small inventory in the country	44	168			0,00%	0,00%
Advances paid for materials, spare parts and small inventory abroad	1	282			0,00%	0,00%
Advances paid for goods and fixed assets purchased to be sold in the country	22	126	1	74	58,73%	4,55%
Advances paid for services in the country	42	1.391			0,00%	0,00%
Domestic buyers - parent company and subsidiaries	11	1.054.511	1	272	0,03%	9,09%
Domestic buyers	45	5.727	1	1.411	24,64%	2,22%
Buyers abroad	2	59	1	59	100,00%	50,00%
Receivables from joint and specific operations - subsidiaries abroad	2	1.521			0,00%	0,00%
Other receivables from specific operations from other ralated parties	1	6.433			0,00%	0,00%
Other receivables from specific operations from other companies	4	0			0,00%	0,00%
Other short-term liabilities from external subjects	10	95	3	72	75,79%	30,00%
Receivables from joint and specific operations - others	8	4.514			0,00%	0,00%
Receivables from joint and specific operations from subsidiaries - airline tickets	7	2.208			0,00%	0,00%
Short-term credits, loans and investments in parent company and subsidiaries in the country	4	92.596			0,00%	0,00%
Short-term credits, loans and investments in other related parties in the country	1	76.514			0,00%	0,00%
Receivables for agreed and default interest from buyers of parent company and subsidiaries	7	45.722			0,00%	0,00%
Receivables for agreed and default interest from buyers of other related parties	1	89.814			0,00%	0,00%
Receivables for dividends for share investment in subsidiaries	4	0			0,00%	0,00%

- **Reconciliation of liabilities**

According to the information available to the Company (authorised Open Item Statement (OIS)), as of the financial statements date, the balance of not reconciled liabilities is shown in the table:

Item	Number of partners	Total amount of liabilities	Number of partners with not conciled liabilities	Total not conciled liabilities	% not conciled liabilities	% partners with not conciled liabilities
1	2	3	4	5	6=5/3	7=4/2
Liabilities for issued securities in a period longer than one year	3	3.300.000			0,00%	0,00%
Other long-term liabilities	1	20.075	1	5.789	28,84%	100,00%
Received deposed money and cautions from other legal and natural entities	2	1.219			0,00%	0,00%
Received advances from parent company and subsidiaries	7	10.941			0,00%	0,00%
Received advances from other legal and natural entities in the country	9	8.445			0,00%	0,00%
Suppliers - parent company and subsidiaries in the country	9	19			0,00%	0,00%
Domestic suppliers	213	7.251	4	268	0,00%	1,88%
Suppliers - other related parties	1	0			0,00%	0,00%
Suppliers abroad	11	494	1	150	30,36%	9,09%
Short-term credits and loans from parent company and subsidiaries in the country	2	352.746			0,00%	0,00%

From the total amount of non conciliated receivables i liabilities, the major part refers to not conciliated relationships with the company Jerry catering service Ltd in the total amount of RSD 7,200 thousand, which relate to not conciliated receivables in the amount of RSD 1,411 thousand (recorded within the item: Domestic buyers) and not conciliated liabilities (recorded within the item: Other long-term liabilities) in the amount of RSD 5,789 thousand, which arose because the company in question:
- did not convert advance payments in 2017 (initial balance in the business books of the Company is converted as at 31.12.2017, whereas from 01.01.2018, pursuant to IFRAC 22, advance payments are not longer converted in the Company),
- keeps the balance in its books on a gross basis (the receivables on the basis of advances given are not reduced by the amount of VAT),
- did not record documentation for rent and reinvoiced costs of electric energy and public utility services for December 2021 in the reporting year.

47. TRANSACTIONS WITH RELATED PARTIES

In compliance with the requirements from the IAS 24 - Related Parties Disclosures, relationship, transactions, etc. between the Company and its related parties are disclosed below.

From the point of view **of the related parties**, transactions resulting in revenues and expenses in the income statement, the disclosed receivables and liabilities (for the purpose of disclosure of relationships with the related parties, we included all the balances in the Company within the assets and liabilities) in the balance sheet are shown in the following three tables:

Income and expenses incurred with related parties	*In RSD thousand*	
	2021	*2020*
Income:	.	
a) EP Visokogradnja Plc.	188.145	118.729
b) EP Niskogradnja Plc.	101.565	73.110
c) EP Hidroinženjering Plc.	15.904	12.957
d) EP Entel Plc.	336.847	386.374
e) EP Energodata Plc.	2.582	8.396
f) EP Industrija Plc.	7.996	7.749
g) EP Urbanizam i arhitektura Plc.	4.470	4.528
h) EP Oprema Plc.	74.759	29.545
i) EP Sunnyville Ltd.	4.777	11.950
j) EP Park 11 Ltd.	580.322	20.708
k) I.N.E.C. Engineering Company Limited, Great Britain	6	
l) Dom 12 S.A.L.		
m) Zambia Engineering and Contracting Company Limited, Zambia	27	3
n) Enjub Ltd.	4.563	4.657
o) Napred Razvoj Plc.	76	100
p) EP Ghana Ltd, Akra, Ghana		3
Total	*1.322.039*	*678.809*
Expenses:		
a) EP Visokogradnja Plc.	34.165	21.540
b) EP Niskogradnja Plc.	4.633	8.380
c) EP Hidroinženjering Plc.		155
d) EP Entel Plc.	182	176
e) EP Energodata Plc.	1.737	6.930
f) EP Industrija Plc.	3.872	3.031
g) EP Urbanizam i arhitektura Plc.	1.808	3
h) EP Oprema Plc.	1.647	16.343
i) EP Sunnyville Ltd.	3	58
j) EP Park 11 Ltd.	3.521	5
k) I.N.E.C. Engineering Company Limited, Great Britain		5
l) Dom 12 S.A.L.		
m) Zambia Engineering and Contracting Company Limited, Zambia		31
n) Enjub d.o.o.		16
o) Napred Razvoj Plc.	21.331	72.093
Total	*72.899*	*128.766*

Financial assets from related parties	In RSD thousand					
	31.12.2021			31.12.2020		
	Gross	Impairment provision	Net	Gross	Impairment provision	Net
a) EP Visokogradnja Plc.	2.183.898	52.159	2.131.739	2.087.587	85.384	2.002.203
b) EP Niskogradnja Plc.	1.201.920	3.207	1.198.713	1.103.864	3.174	1.100.690
c) EP Hidroinženjering Plc.	50.278	149	50.129	50.386	154	50.232
d) EP Entel Plc.	4.520		4.520	3.895		3.895
e) EP Energodata Plc.			-	172.594		172.594
f) EP Industrija Plc.	4.038		4.038	1.049		1.049
g) EP Urbanizam i arhitektura Plc.	26.518	52	26.466	21.914	52	21.862
h) EP Oprema Plc.	1.897.419	5.726	1.891.693	1.301.155	4.088	1.297.067
i) EP Sunnyville Ltd.	93.381	283	93.098	153.807	479	153.328
j) EP Park 11 Ltd.	2.024		2.024			-
k) I.N.E.C. Engineering Company Limited, Great Britain	364		364	357		357
l) Dom 12 S.A.L.			-			-
m) Enjub Ltd.	172.763	1	172.762	168.196		168.196
n) Zambia Engineering and Contracting Company Limited, Zambia	1.503		1.503	1.475		1.475
o) Napred Razvoj Plc.			-			-
Total	*5.638.626*	*61.577*	*5.577.049*	*5.066.279*	*93.331*	*4.972.948*

Financial liabilities towards related parties	*In RSD thousand*	
	2021	*2020*
a) EP Visokogradnja Plc.	140	393
b) EP Niskogradnja Plc.	2.350	3.618
c) EP Hidroinženjering Plc.	3.043	4.427
d) EP Entel Plc.	2.369	10.073
e) EP Energodata Plc.		245
f) EP Industrija Plc.	2.350	4.554
g) EP Urbanizam i arhitektura Plc.	1.404	2.623
h) EP Oprema Plc.	26.041	25.071
i) EP Sunnyville Ltd.	606	397
j) EP Park 11 Ltd.	356.222	3.910
k) Dom 12 S.A.L.		
l) Enjub Ltd.		
m) Zambia Engineering and Contracting Company Limited, Zambia		
n) Napred Razvoj Plc.	4.287	754.241
Total	*398.812*	*809.552*

Receivables from the related parties arise primarily from the sale of services and are mature and collectible within 15 days from invoicing date.

Liabilities to the related parties arise primarily from the purchase transactions with maturity periods from 5 to 30 days following the purchase date. Presented liabilities are exclusive of interest accrued.

The Company has not provided any payment collaterals for liabilities owed to related parties.

48. COMMITMENTS AND CONTINGENCIES

Contingent liabilities that can potentially result in an outflow of economic benefits of the Company can primarily arise from the lawsuits. Contingent **liabilities arising from lawsuits** are primarily reflected in the potential completion of lawsuits against the Company, yet no liability or provision was recorded in the balance sheet.

Details on lawsuits in which the Company is involved as the defendant are presented in the following Table.

Plaintiff	Basis for legal action	Contingent liability in RSD thousand	Prediction of final outcome
Sreta Ivanišević	Compensation for expropriated property (Bežanija)	Ungrounded	Uncertain
Marko Martinoli, Activist Ltd., Activeast ltd.	The forced purchase of shares Energoprojekt Entel Plc.	176,745	Ungrounded in relation to Energoprojekt Holding Plc.
Nikola Malbaša, Marko Martinoli and other minority shareholders Energoprojekt Industrija Plc.	The forced purchase of shares Energoprojekt Industrija Plc.	280,427	Ungrounded in relation to Energoprojekt Holding Plc.
Dekada Export-Import KFT Budapest	Determination the nullity of the contract of assignment of the Company's receivables to Vivand BT and Real Estate Option Contract	Ungrounded	Uncertain
Edmond Gašpar, Gojko Babić, Petar Rajačić	Forced purchase of shares of Energoprojekt Industrija Plc.	1) 5,769 - Debt principal with legal default interest 09.03.2018 until payment 2) 3,424 - Statutory default interest from 09.03.2018 to 07.05.2019 3) 717 - Costs of proceedings	Ungrounded in relation to Energoprojekt Holding Plc.
Zoran Petrović	Annulment of the decision on termination of employment service contract	Ungrounded	Uncertain
Zoran Petrović	Compensation for damages	900	Uncertain

Details on lawsuits in which the Company is involved as the defendant are presented in the following Table - continued.

Plaintiff	Basis for legal action	Contingent liability in RSD thousand	Prediction of final outcome
Alco Investments Holding Ltd. Cyprus	Determining the nullity of Annex no. 1a of the Joint Construction Agreement (Block 26)	No value	Unfounded in relation to Energoprojekt Holding plc.
Alco Investments Holding Ltd. Cyprus	Fulfilment of the Joint Construction Agreement (Block 26)	1,830,914	Ungrounded
Vladimir Milovanović	Debt	38,278	Uncertain
Jelena Dmitrović and others	Payment of difference in the share price of Energoprojekt Visokogradnja Plc.	983	Uncertain
Svetlana Stevović	Payment of difference in the share price of Energoprojekt Visokogradnja Plc.	655	Uncertain
Dimitraki Zipovski	Debt	10,000	Uncertain
Jovan Nikčević	Debt	8,706	Uncertain
Vesna Prodanović	Debt	9,000	Uncertain
Ranko Ljubojević	Expropriation	32,370	Grounded
Alco Investments Holding Ltd. Cyprus	Compensation for damages	1,763,775	Ungrounded
Dragan Opanković	Purchase of shares of Energoprojekt Industrija Plc.	1,809	Uncertain
Ali Hojeij	Debt	8,819	Uncertain
Miloš Milinović	Annulment of decision of Board of Directors and payment of salary difference	100	Uncertain
Miloš Milinović	Annulment of decision on work contract cancellation and compensation for damages	2,988	Ungrounded
Zvonko Radovanović	Annulment of decision on work contract		Ungrounded

Dispute with Proinvestment Plc. - principal debt with interest was paid and court fees, while the potential remaining payment of attorney's fees ranged from RSD 30,000 to RSD 92,000.

In addition to the presented court disputes in which the Company is the defendant, there is a dispute with New Company Ltd. Branch IN Hotel, in which the plaintiff seeks from the CC Napred Razvoj Plc. determination of the property right on the hotel building, built on the plot on which, in addition to GP Napred Razvoj Plc., the Company is also registered as the holder of the right of use. In this procedure, the Company is a passive rival and thus any contingent liabilities have not been incurred, but for formal reasons it had to be covered by the lawsuit.

Contingent assets that can potentially result in economic benefits for the Company may primarily arise based on the lawsuits in which the Company is involved as the plaintiff.

Contingent **assets arising from lawsuits leads** to the potential for completion of lawsuits in favour of the Company, yet no receivables were recorded in the balance sheet and no economic benefit has been recorded in any other manner (such as, for example, by reducing value of an unjustified advance payment, etc.).

Details on lawsuits in which the Company acts as the plaintiff are presented in the following Table.

Defendant	Basis for legal action	Contingency amount in RSD thousand	Prediction of final outcome
Republic of Serbia, EPS Serbia, Epsturs Ltd and Republic of Montenegro	Determining of the ideal ownership share in the Park hotel in Budva	The value has not been determined	Grounded, Second Instance proceedings were terminated due to the bankruptcy of Epsturs Ltd.
RS Securities Commission	Annulment of the Commission's temporary decision whereby to the company is denied right to vote in Energoprojekt Oprema Plc.	Without any value	Uncertain
RS Securities Commission	Annulment of the Commission's temporary decision whereby to the company is denied right to vote in Energoprojekt Industrija Plc.	Without any value	Uncertain
RS Securities Commission	Annulment of the Commission's final decision whereby to the company is denied right to vote in Energoprojekt Oprema Plc.	Without any value	Uncertain
RS Securities Commission	Annulment of the Commission's final decision whereby to the company is denied right to vote in Energoprojekt Industrija Plc.	Without any value	Uncertain
RS Securities Commission	Annulment of the Commission's final decision, whereby it was interrupted proceedings to decide on the request for publication of the takeover bid Energoprojekt Entel Plc.	Without any value	Uncertain
Ringier Axel Springer Ltd.	Determination of annulment of the contract and return of paid advance (lost dispute and appeal filed)	18,000	Uncertain
Energoprojekt Oprema Plc., Jadran Ltd. and Viacom VS Ltd.	Annulment of the Contract – determine	82,307	Uncertain
Public Company Elektroprivreda Sbije	Ungrounded collection of guarantee for good performance of works	1,980	Grounded
Gradimir Cvetković	Compensation for damages - unjustified travel charges	285	Grounded
Miloš Milinović	Counerclaim - unjustified travel charges	123	Grounded

In addition to the presented legal actions in which the Company in involved as the plaintiff, there is a court actions: legal proceedings against the City of Belgrade, Republic of Serbia and BG Hall Ltd. for debt from work carried out by Energoprojekt Visokogradnja on the facility "Arena", which was contracted by the Energoprojekt Holding Corporations. In the mentioned procedure, the claim against BG Hala Ltd. was accepted, while the claim against the City of Belgrade was rejected. The company filed a revision against this decision.

After the court adopted the revision of the Company, the procedure is, in a smaller part of the claim, final in relation to BG Hala Ltd., and in the remaining part of the claim the first instance procedure against BG Hala Ltd. and the City of Belgrade is in progress.

49. EVENTS AFTER THE REPORTING PERIOD

After the reporting period, non-adjusting events, there were no other that could significantly impact the credibility of financial statements.

Belgrade,

23 February 2022

Legal representatives

General Director

Dobroslav Bojović, m.Sc.(Econ)

Executive Director for finance,
accounting and planning

Siniša Tekić, m.Sc.(Econ)

ENERGOPROJEKT
HOLDING p.l.c.

2. INDEPENDENT AUDITOR'S REPORT (complete report)

RSM Serbia d.o.o. Beograd

ENERGOPROJEKT HOLDING P.L.C. BEOGRAD

Financial Statements for 2021 in accordance
with accounting regulations prevailing in the
Republic of Serbia
and
Independent auditor’s report

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM

TABLE OF CONTENTS

RSM Serbia d.o.o. Beograd

Bul. Mihajla Pupina 10 b/I
11070 Novi Beograd, Srbija

Matični broj: 17303252
PIB: 100120147
Račun: 160-13177-24

T +381 (0)11 2053 550
www.rsm.global/rsmserbia

R_S 9/22

Translation of the Auditors' Report issued in the Serbian language

Independent auditor's report

To the Shareholders and Supervisory Board of Energoprojekt Holding p.l.c. Beograd

Opinion

We have audited the financial statements of Energoprojekt Holding p.l.c. Beograd (hereinafter: the Company), which comprise the statement of financial position as at December 31, 2021, and the statements of income and other comprehensive income, changes in shareholder's equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with accounting regulations prevailing in the Republic of Serbia, based on the Law on Accounting.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Serbia, and we have fulfilled our other responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

1. Key Audit Matter: Valuation of investments in subsidiaries

The requested disclosures are presented within section 25.1. in Notes to the financial statements.

As of December 31, 2021, the Company states the total value of investments in subsidiaries in the amount of RSD 5,499,173 thousand. In the overall structure of investments, the book value of investment in Energoprojekt Visokogradnja a.d. Beograd amounts to RSD 1,269,404 thousand, and in Energoprojekt Oprema a.d. Beograd RSD 121,316 thousand.

The Company conducts a procedure to verify that its assets are measured at the lower of cost and their recoverable value. The specified procedure includes the identification of the indicators of impairment of investments in subsidiaries by comparing it to their recoverable value, whereby the indicators of impairment may refer to the lower value of investments when compared to the amount of its net assets, identification of difficulties due to lack of business activities, adopted restructuring plans, reduction of employees, liquidity problems and increased indebtedness.

Management is taking all measures to ensure smooth operations and resolving issues that may affect the further operations of these companies and its judgement is that the value of these investments as of December 31, 2021 has not been impaired and that the conditions for its impairment in accordance with *IAS 36 - Impairment of assets* have not been met.

Due to the importance of the estimates used in evaluating the investments in subsidiaries, the uncertainties in assumptions used to determine the recoverable value of the investments, as well as their total value and share in the total assets of the Company, we have determined that this is one of the key audit matters.

Our approach to this matter

Our audit procedures related to this matter included:

- Testing the reliability and completeness of the data used in assessing the recoverable value of investments in subsidiaries and their compliance with accounting records.
- Gaining understanding and evaluation the actions performed by management in identifying impairment indicators.
- Obtaining information about the financial position and financial performance of subsidiaries, with the aim of determining possible additional indicators of impairment of investments in subsidiaries that management did not consider.
- Reviewing key plans and Management projections for the following period.
- Evaluation of the quality of projections Company's management made, through comparison of previous projections with achieved results.
- Evaluation of disclosures made in financial statements.

The results of the procedures we have conducted confirm the adequacy of management's assessments regarding the recoverable value of investments in subsidiaries as of December 31, 2021.

The matter of valuation of investments in subsidiaries should be considered in audit next year.

2. Key Audit Matter 2: Evaluating trade receivables from subsidiaries Energoprojekt Visokogradnja a.d. Beograd and Energoprojekt Niskogradnja a.d. Beograd and financial placements to subsidiaries

The requested disclosures are presented within sections 7.16, 8.1, 25.3 and 29. in Notes to the financial statements.

On December 31, 2021, the Company reported trade receivables from the subsidiary Energoprojekt Visokogradnja a.d. Beograd in the amount of RSD 888,497 thousand for which are the recognized expected credit losses in amount of RSD 48,244 thousand, and from the subsidiary Energoprojekt Niskogradnja a.d. Beograd reported trade receivables in the amount of RSD 131,778 thousand.

On December 31, 2021, the Company reported long-term financial placements to subsidiaries totaling RSD 4,264,788 thousand for which are recognized expected credit losses in amount of RSD 13,050 thousand and short-term financial placements to subsidiaries totaling RSD 92,596 thousand for which are recognized expected credit losses in amount of RSD 283 thousand. In 2021, there was an increase in long-term borrowings to subsidiaries by the amount of RSD 1,981,198 thousand as a result of reprogramming agreements, which transferred short-term borrowings together with unpaid interest to long-term borrowings with maturity until December 31, 2023, and new borrowings given to Energoprojekt Oprema a.d. Beograd.

According to the adopted Methodology for calculating impairment of financial instruments in accordance with *IFRS 9 - Financial instruments* calculation of impairment is performed in accordance with the model of expected losses. On receivables from related legal entities the Company applies an individual valuation of impairment. For the purposes of individual assessment, the Company relies on data on probability of default (PD) from external sources, i.e. data published by renowned rating agencies. The amount of loss given default is based on Basel LGD of 45%. Exposure at default (EAD) is the amount of receivable on the reporting date. The discount factor depends on the effective interest rate determined when at initial recognition of financial instruments and on their term. If receivables are expected to be collected within 12 months, the discount factor is 1.

Due to the fact that these uncollected receivables and financial placements represent a significant category of assets in the Statement of Financial Position, as well as significant estimates and assumptions used in measuring expected credit losses, we have determined that this is one of the key audit matters.

Our approach to this matter

Our audit procedures related to this matter included:

- Gaining understanding of adopted accounting policies and methodology for calculating impairment of financial instruments in accordance with IFRS 9 - Financial Instruments.
- The assessment to what extent the choice of accounting policy is appropriate for the Company's operations and its financial assets.
- Testing the reliability and completeness of the used data and their compliance with accounting records.
- Evaluation of the applied model of expected credit loss and used parameters, including the probability of default, loss given default, exposure to risk and a significant increase in credit risk.
- Evaluation of the estimated expected receivables collection periods and review of cash flow plans and projections for the coming period.
- Evaluation of the quality of projections Company's management made, through comparison of previous projections with achieved results.
- Evaluation of disclosures made in financial statements.

Based on the procedures we have conducted, we have not identified materially significant irregularities with regard to recognized expected credit losses contained in trade receivables and financial placements to subsidiaries.

The matter of valuation of receivables from these subsidiaries and financial placements to subsidiaries should be considered in audit next year.

Other matter

The financial statements of Energoprojekt Holding p.l.c. Beograd for the year ended December 31, 2020, were audited by another auditor who expressed an unmodified opinion on those statements on April 13, 2021.

Other Information

Management is responsible for the other information. The other information comprises the Annual Business Report for the year ended December 31, 2021. The Company, as the parent legal entity, defined in Article 37 of the Internal Accounting Rulebook that in accordance with the requirement of Article 41 of the Law on Accounting, the Annual Business Report and the Consolidated Annual Business Report shall be presented as a single report that should contain information relevant to the economic whole. Consequently, we expect that the Annual Business Report will be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information within Annual Business Report when available to us, and in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Business Report, if we conclude that there is a material misstatement of other information, we are required to communicate the matter to those charged with governance and disclose that fact.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

Translation of the Auditors' Report issued in the Serbian language

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Belgrade, March 21, 2022

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

Stanimirka Svičević, Certified Auditor

Engagement Partner

Name ENERGOPROJEKT HOLDING PLC

BALANCE SHEET
na dan 31.12.2021. godine

RSD thousand

Account group, account	DESCRIPTION	EDP	Note No.	Amount		
				Current year	Closing balance on 31.12.2020.	Opening balance on 01.01.2020.
1	2	3	4	5	6	7
	ASSETS					
00	**A. SUBSCRIBED CAPITAL UNPAID**	0001		-	-	
	B. NON-CURRENT ASSETS (0003+0009+0017+0018+0028)	0002		12.429.080	10.342.036	-
01	I. INTEGIBLES ASSETS (0004+0005+0006+0007+0008)	0003	23.	20.281	21.853	-
010	1. Investments in development	0004		-	-	-
011, 012 i 014	2. Concessions, patents, licenses, trademarks and service marks, software and other rights	0005	23.	20.281	21.853	-
013	3. Goodwill	0006		-	-	-
015 i 016	4. Intengible assets leased and intangible assets in development	0007		-	-	-
017	5. Advances paid on intangible assets	0008		-	-	-
02	II. PROPERTY, PLANT AND EQUIPMENT (0010+0011+0012+0013+0014+0015+0016)	0009	24.	2.266.904	1.972.317	-
020, 021 i 022	1. Land and buildings	0010	24.	1.583.947	1.282.357	
023	2. Plant and equipment	0011	24.	19.091	23.719	
024	3. Investment property	0012	24.	618.835	621.294	
025 i 027	4. Property, plant and equipment leased and property, plant and equipment under construction	0013		-	-	
026 i 028	5. Other property, plant and equipment and investment in PPE owned by third parties	0014	24.	367	283	
029 (p.o.)	6. Advances paid on property, plant and equipment in country	0015	24.	44.664	44.664	
029 (deo)	7. Advances paid on property, plant and equipment in abroad	0016		-	-	
03	III. BIOLOGICAL ASSETS	0017		-		
04 i 05	IV. LONG-TERM FINANCIAL INVESTMENT AND LONG-TERM RECEIVABLES (0019+0020+0021+0022+0023+0024+0025+0026+0027)	0018	25.	9.780.991	8.005.097	-
040 (deo), 041 (deo) i 042 (deo)	1. Share Investments in companies (except share investments valued using the equity method)	0019	25.1.	5.515.533	5.714.242	
040 (deo), 041 (deo), 042 (deo)	2. Share investments valued using the equity method	0020	25.2.	13.550	13.550	
043, 050 (deo) i 051 (deo)	3. Long term investments in the parent company, subsidiaries and other related parties and long-term receivables from these parties in the country	0021	25.3.	4.251.738	2.276.397	
044, 050 (deo), 051 (deo)	4. Long term investments in the parent company, subsidiaries and other related parties and long-term receivables from these parties in the abroad	0022		-	-	
045 (deo) i 053 (deo)	5. Long-term financial investments (given loans and borrowings) - domestic	0023		-	-	
045 (deo) i 053 (deo)	6. Long-term financial investments (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 i 056	9. Other long-term investments and other long-term receivables	0027	25.4.	170	908	
28 (deo), osim 288	V. LONG-TERM ACCRUED INCOMES	0028	26.	360.904	342.769	-
288	**V. DEFERRED TAX ASSETS**	0029		-	-	
	G.OPERATING ASSETS (0031+0037+0038+0044+0048+0057+0058)	0030		1.681.190	3.285.819	-
Klasa 1, osim grupe računa 14	I. INVENTORIES (0032+0033+0034+0035+0036)	0031	27.	3.374	1.379	-
10	1. Material ,parts, tools and small inventories	0032		1.383	-	
11 i 12	2. Work in progress and finished products	0033		-	-	
13	3. Goods	0034		24	-	
150, 152 i 154	4. Advances paid for goods and services in the country	0035		1.685	1.379	
151, 153 i 155	5. Advances paid for goods and services abroad	0036		282	-	
14	II. FIXED ASSETS HELD FOR SALE AND THE TERMINATION OF BUSINESS	0037	28.	6.111	40.597	-
20	III. RECEIVABLES FROM SALES (0039+0040+0041+0042+0043)	0038	29.	1.011.339	859.303	-
204	1. Domestic buyers	0039	29.	5.072	1.425	
205	2. Foreign buyers	0040		-	-	
200 i 202	3. Receivables from parent company, subsidiaries and other related parties in the country	0041	29.	1.006.267	857.878	
201 i 203	4. Receivables from parent company, subsidiaries and other related parties - abroad	0042		-	-	
206	5. Other receivables in sales	0043		-	-	

RSD thousand

Account group, account	DESCRIPTION	EDP	Note No.	Amount Current year	Closing balance on 31.12.2020.	Opening balance on 01.01.2020.
1	2	3	4	5	6	7
21, 22 i 27	IV. OTHER SHORT-TERM RECEIVABLES (0045+0046+0047)	0044	30.	152.295	105.084	-
21, 22 osim 223 i 224, i 27	1. Other receivables	0045	30.1.	152.269	105.084	
223	2. Receivables for overpaid income tax	0046		-	-	
224	3. Reciavebles for overpaid other taxes and contributions	0047	30.2.	26	-	
23	V. SHORT-TERM FINANCIAL INVESTMENTS(0049+0050+0051+0052+0053+0054+0055+0056)	0048	31.	**218.678**	**1.783.534**	-
230	1. Short-term loans and investments - parent company and subsidiaries	0049	31.1.	92.313	175.621	
231	2. Short-term loans and investments - other related parties	0050	31.2.	76.515	76.513	
232, 234 (deo)	3. Short-term credits, loans and investments in the country	0051	31.3.	20	1.481.573	
233, 234 (deo)	4. Short-term credits, loans and investments abroad	0052		-	-	
235	5. Securities valued at depreciated value	0053		-	-	
236 (deo)	6. Financial assets at fair value through Income statement	0054		-	-	
237	7. Repurchased own shares and own share capital	0055	31.4.	49.827	49.827	
236 (deo), 238 i 239	8. Other short-term financial investments	0056		3	-	
24	VI. CASH AND CASH EQUIVALENTS	0057	32.	282.516	487.598	
28 (deo), osim 288	VII. SHORT-TERM ACCRUED INCOME	0058	33.	6.877	8.324	
	D. TOTAL ASSETS = OPERATING ASSETS(0001+0002+0029+0030)	0059		**14.110.270**	**13.627.855**	-
88	Đ. OFF-BALANCE SHEET ASSETS	0060		10.568.402	14.031.882	
	CAPITAL AND LIABILITIES					
	A. CAPITAL (0402+0403+0404+0405+0406-0407+0408+0411-0412) ≥ 0	0401	34.	10.090.845	9.233.531	-
30, osim 306	I. EQUITY CAPITAL	0402	34.1.	5.574.959	5.574.959	
31	II. UNPAID SUBSCRIBED CAPITAL	0403		-	-	
306	III. ISSUE PREMIUM	0404	34.2.	1.462.976	1.526.164	
32	IV. RESERVES	0405	34.3.	80.000	80.000	
330 i potražni saldo računa 331,332,333,334 ,335,336 i 337	V. POSITIVE REVALUATION RESERVES AND UNREALIZED GAINS ON FINANCIAL ASSETS AND OTHER COMPONENTS OF THE OTHER COMPREHENSIVE RESULT	0406	34.4.	1.031.367	784.634	
dugovni saldo računa 331,332,333,334 ,335,336 i 337	VI. UNREALIZED LOSSES ON FINANCIAL ASSETS AND OTHER COMPONENTS OF THE OTHER COMPREHENSIVE RESULT	0407	34.5.	31.196	25.534	
34	VII. RETAINED EARNINGS (0409+0410)	0408	34.6.	1.972.739	1.293.308	-
340	1. Retained earnings from previous years	0409		999.942	1.030.030	
341	2. Retained earnings from current year	0410		972.797	263.278	
	VIII. NON-CONTROLLING INTEREST	0411				
35	IX. LOSS (0413+0414)	0412		-	-	-
350	1. Losses from previous years	0413		-	-	
351	2. Losses from current year	0414		-	-	
	B. LONG TERM PROVISIONS AND LIABILITIES (0416+0420+0428)	0415		3.348.756	4.096.190	-
40	I. LONG TERM PROVISIONS (0417+0418+0419)	0416	35.	3.531	3.485	-
404	1. Provisions for wages and other employee benefits	0417	35.	3.531	3.485	
400	2.Provisions for warranty period costs	0418		-	-	
40, osim 400 i 404	3. Other long-term provisions	0419		-	-	
41	II. LONG TERM LIABILITIES (0421+0422+0423+0424+0425+0426+0427)	0420	36.	3.320.920	4.068.400	-
410	1. Liabilities that can be converted in capital	0421		-	-	
411 (deo) i 412 (deo)	2. Long-term loans and other long-term liabilities to parent company, subsidiaries and other related parties in the country	0422		-	730.472	
411 (deo) i 412 (deo)	3. Long-term loans and other long-term liabilities to parent company, subsidiaries and other related parties abroad	0423		-	-	
414 i 416 (deo)	4. Long-term loans and liabilities for leasing - domestic	0424		-	-	
415 i 416 (deo)	5. Long-term loans and liabilities for leasing - foreign	0425		-	-	
413	6. Liabilities from issued securities	0426	36.	3.300.000	3.300.000	
419	7. Other long-term liabilities	0427	36.	20.920	37.928	
49 (deo), osim 498 i 495 (deo)	III. LONG-TERM DEFERRED COSTS	0428	37.	24.305	24.305	
498	**V. DEFERRED TAX LIABILITIES**	0429	43.	190.198	140.885	
495 (deo)	**G. LONG-TERM DEFERRED INCOME AND DANATIONS RECEIVED**	0430		-	-	-
	D. SHORT-TERM PROVISIONS AND SHORT-TERM LIABILITIES (0432+0433+0441+0442+0449+0453+0454)	0431		480.471	157.249	-
467	I. SHORT-TERM PROVISIONS	0432		-	-	

RSD thousand

Account group, account	DESCRIPTION	EDP	Note No.	Amount		
				Current year	Closing balance on 31.12.2020.	Opening balance on 01.01.2020.
1	2	3	4	5	6	7
42, osim 427	II. SHORT-TERM FINANCIAL LIABILITIES (0434+0435+0436+0437+0438+0439+0440)	0433	38.	362.957	8.677	-
420 (deo) i 421 (deo)	1. Liabilities for loans to the parent company, subsidiaries and other related parties in the country	0434	38.1.	352.746	-	
420 (deo) i 421 (deo)	2. Liabilities for loans to the parent company, subsidiaries and other related parties - abroad	0435		-	-	
422 (deo),424 (deo),425 (deo),i 429 (deo)	3. Liabilities for loans and borrowings from persons other than domestic banks	0436	38.2.	10.141	8.559	
422 (deo),424 (deo),425 (deo),i 429 (deo)	4. Liabilities for loans from domestic banks	0437	38.3.	70	118	
423,424 (deo),425 (deo) i 429 (deo)	5. Loans, borrowings and liabilities - foreign	0438		-	-	
426	6. Liabilities for short-term securities	0439		-	-	
428	7. Liabilities for financial derivatives	0440		-	-	
430	III. RECEIVED ADVANCES, DEPOSED MONEY AND CAUTIONS	0441	39.	20.605	23.845	
43 osim 430	IV. OPERATING LIABILITIES (0443+0444+0445+0446+0447+0448)	0442	40.	9.075	28.625	-
431 i 433	1. Suppliers - parent company, subsidiaries and othher related parties - local	0443	40.	19	9.604	
432 i 434	2. Suppliers - parent company, subsidiaries and othher related parties - foreign counrtries	0444		-	-	
435	3. Suppliers - local	0445	40.	7.251	5.598	
436	4. Suppliers - foreign counrtries	0446	40.	495	851	
439 (deo)	5. Liabilities for bill of exchange	0447		-	-	
439 (deo)	6. Other operating liabilities	0448	40.	1.310	12.572	
44, 45 , 46, osim 467, 47 i 48	V. OTHER SHORT-TERM LIABILITIES (0450+0451+0452)	0449	41.	81.303	95.200	-
44, 45 i 46 osim 467	1. Other short-term liabilities	0450	41.1.	77.950	93.536	
47, 48 osim 481	2. Liabilities for value added tax and other taxes, contributions and fees payable	0451	41.2.	3.353	1.664	
481	3. Liabilities for income tax	0452		-	-	
427	VI. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS FROM DISCONTINUED OPERATIONS	0453		-	-	
49 (deo) osim 498	VII. SHORT-TERM ACCRUED EXPENSES	0454	42.	6.531	902	
	Đ. LOSSES EXCEEDING CAPITAL (0415+0429+0430+0431-0059)≥0 = (0407+0412-0402-0403-0404-0405-0406-0408-0411) ≥0	0455		-	-	-
	E. UKUPNA PASIVA (0401+0415+0429+0430+0431-0455)	0456		**14.110.270**	**13.627.855**	**-**
89	Ž. OFF-BALANCE SHEET LIABILITIES	0457		10.568.402	14.031.882	-

Belgrade,

Date 23.02.2022.

Legal Representative

General Director

Executive Director for finance, accounting and planning

Energoprojekt holding a.d. Beograd

142

Name ENERGOPROJEKT HOLDING PLC

INCOME STATEMENT
from 01.01. until 31.12.2021.

RSD thousand

Account group, account	DESCRIPTION	EDP	Note No.	Amount	
				Current year	Previous year
1	2	3	4	5	6
	A. OPERATING INCOME (1002+1005+1008+1009-1010+1011+1012)	1001		**378.856**	**275.815**
60	I. INCOME FROM SALE OF GOODS (1003+1004)	1002		2	-
600, 602 i 604	1. Income from sale of goods on the domestic market	1003	9.1.	2	-
601, 603 i 605	2. Income from sale of goods on the foreign market	1004		-	-
61	II. INCOME FROM SALE OF PRODUCTS AND SERVICES (1006+1007)	1005		250.748	238.396
610, 612 i 614	1. Income from sale of products and services on the domestic market	1006	9.2.	250.748	238.396
611, 613 i 615	2. Income from sale of products and services on the foreign market	1007		-	-
62	III. INCOME FROM THE OWN USE OF PRODUCTS, SERVICES AND GOODS	1008		-	-
630	IV. INCREASE IN INVENTORIES OF UNFINISHED AND FINISHED PRODUCTS	1009		-	-
631	V. DECREASE IN INVENTORIES OF UNFINISHED AND FINISHED PRODUCTS	1010		-	-
64 i 65	VI. OTHER OPERATING INCOME	1011	9.3.	128.106	31.841
68, osim 683, 685 i 686	VII. INCOME FROM IMPAIREMENT OF ASSETS (EXCEPT FINANCIAL)	1012	9.4.	-	5.578
	B. OPERATING EXPENSES (1014+1015+1016+1020+1021+1022+1023+1024)	1013		336.152	318.773
50	I. PURCHASE VALUE OF GOODS SOLD	1014	10.	2	-
51	II. MATERIAL COSTS AND FUEL AND ENERGY COSTS	1015	11.	26.297	20.961
52	III. EMPLOYEE EXPENSES AND BENEFITS(1017+1018+1019)	1016	12.	182.933	175.910
520	1. Expenses of wages and fringe benefits (gross)	1017		131.451	134.066
521	2. Taxes and contributions on wages and contributions on wages payable by employer	1018		20.615	21.033
52 osim 520 i 521	3. Other personnel expenses and fringe benefits	1019	12.	30.867	20.811
540	IV. DEPRECIASION EXPENSES	1020	13.	24.875	24.011
58, osim 583, 585 i 586	V. EXPENSES FROM IMPAIRMENT OF ASSETS (EXCEPT FINANCIAL)	1021	14.	2.459	-
53	VI. PRODUCTION SERVICE COSTS	1022	15.	53.628	47.781
54, osim 540	VII. PROVISION EXPENSES	1023	16.	834	1.049
55	VIII. INTANGIBLE EXPENSES	1024	17.	45.124	49.061
	V. OPERATING GAINS (1001-1013) ≥ 0	1025		42.704	-
	G. OPERATING LOSSES (1013-1001) ≥ 0	1026		-	42.958
	D. FINANCIAL INCOME (1028+1029+1030+1031)	1027	18.1.	1.020.644	408.583
660 i 661	I. FINANCIAL INCOMES FROM TRANSACTIONS WITH PARENT COMPANY, SUBSIDIARIES AND OTHER RELATED PARTIES	1028	18.1.	1.014.533	407.965
662	II. INTEREST INCOME (THIRD PARTY)	1029	18.1.	1.079	451
663 i 664	III. EXCHANGE RATE GAINS AND POSITIVE CURRENCY CLAUSE EFFECTS (THIRD PARTY)	1030	18.1.	4.843	167
665 i 669	IV. OTHER FINANCIAL INCOME	1031		189	-
	Đ. FINANCIAL EXPENCES (1033+1034+1035+1036)	1032	18.2.	151.606	90.907
560 i 561	I. FINANCIAL EXPENSES FROM TRANSACTIONS WITH PARENT COMPANY, SUBSIDIARIES AND OTHER RELATED PARTIES	1033	18.2.	24.974	72.460
562	II. INTEREST EXPENSES (THIRD PARTY)	1034	18.2.	125.940	18.253
563 i 564	III. NEGATIVE CURRENCY CLAUSE EFFECTS AND EXCHANGE RATE LOSSES	1035	18.2.	692	194
565 i 569	IV. OTHER FINANCIAL EXPENSES	1036		-	-
	E. FINANCIAL GAINS (1027-1032) ≥ 0	1037		869.038	317.676
	Ž. FINANCIAL LOSSES (1032-1027) ≥ 0	1038		-	-
683, 685 i 686	**Z. INCOME FROM VALUE ADJUSTMENT OF FINANCIAL ASSETS STATED AT FAIR VALUE THROUGH INCOME STATEMENT**	1039	19.1.	63.013	28.415
583, 585 i 586	**I. EXPENSES FROM VALUE ADJUSTMENT OF FINANCIAL ASSETS STATED AT FAIR VALUE THROUGH INCOME STATEMENT**	1040	19.2.	11.925	18.090
67	**J. OTHER INCOME**	1041	19.3.	26.521	2.832
57	**K. OTHER EXPENSES**	1042	19.4.	4.582	18.271
	L. TOTAL INCOMES (1001+1027+1039+1041)	1043		1.489.034	715.645
	LJ. TOTAL EXPENES (1013+1032+1040+1042)	1044		504.265	446.041
	M. PROFIT FROM REGULAR OPERATIONS BEFORE TAX (1043-1044) ≥ 0	1045		984.769	269.604
	N. LOSS FROM REGULAR OPERATIONS BEFORE TAX (1044-1043) ≥ 0	1046		-	-

RSD thousand

Account group, account	DESCRIPTION	EDP	Note No.	Amount	
				Current year	Previous year
1	2	3	4	5	6
69-59	**NJ. NET PROFIT FROM DISCONTINUED OPERATIONS, EFFECTS OF CHANGE IN ACCOUNTING POLICY AND ADJUSTMENTS OF ERRORS FROM PREVIOUS PERIODS**	1047		-	276
59-69	**O. NET PROFIT FROM DISCONTINUED OPERATIONS, EFFECTS OF CHANGE IN ACCOUNTING POLICY AND ADJUSTMENTS OF ERRORS FROM PREVIOUS PERIODS**	1048	20.	1.062	-
	P. PROFIT BEFORE TAX (1045-1046+1047-1048) ≥ 0	1049	21.	983.707	269.880
	R. LOSSES BEFORE TAX (1046-1045+1048-1047) ≥ 0	1050		-	-
	S. INCOME TAX				
721	I. TAXABLE EXPENSES FOR THE PERIOD	1051		-	-
722 dug. saldo	II. DEFERRED TAX EXPENSES FOR THE PERIOD	1052	43.	**10.910**	**6.602**
722 pot. saldo	III. DEFERRED TAX INCOME FOR THE PERIOD	1053			
723	**T. EMPLOYER`S EARNING PAID OUT**	1054		-	-
	T. NET PROFIT (1049-1050-1051-1052+1053-1054) ≥ 0	1055	21.	**972.797**	**263.278**
	U. NET LOSS (1050-1049+1051+1052-1053+1054 ≥ 0	1056		-	-
	I. NET PROFIT ATTRIBUTABLE TO NON-CONTROLING INTERESTS	1057			
	II. NET PROFIT ATTRIBUTABLE TO PARENT LEGAL ENTITY	1058			
	III. NET LOSS ATTRIBUTABLE TO NON-CONTROLING INTERESTS	1059			
	IV. NET LOSS ATTRIBUTABLE TO PARENT LEGAL ENTITY	1060			
	V. EARNINGS PER SHARE				
	1. Basic earnings per share	1061			
	2. Reduced (diluted) earnings per share	1062			

Belgrade,

Date 23.02.2022.

Legal Representative

General Director

Executive Director for finance, accounting and planning

Name ENERGOPROJEKT HOLDING PLC

STATEMENT OF OTHER RESULTS
from 01.01. until 31.12.2021.

RSD thousand

Account group, account	DESCRIPTION	EDP	Amount	
			Current year	Previous year
1	2	3	4	5
	A. NET OPERATING RESULTS			
	I. NET PROFIT (AOP 1055)	2001	972.797	263.278
	II. NET LOSS (AOP 1056)	2002		
	B. OSTALI SVEOBUHVATNI DOBITAK ILI GUBITAK			
	a) Item that will not be reclassified subsequently to profit or loss			
330	1. Change of revaluation of intangibles, property, plant and equipment			
	a) increase in revaluation reserves	2003	246.733	
	b) decrease in revaluation reserves	2004		
331	2. Actuarial gains or losses from defined benefits plans			
	a) gains	2005		
	b) losses	2006		
333	3. Gains and losses from share of other comprehensive profits and losses of affiliates			
	a) gains	2007		
	b) losses	2008		
	b) Items that will not be reclassified subsequently to profit or loss			
332	1. Gains and losses from equity instrument investments			
	a) gains	2009		
	b) losses	2010		
334	2. Gains and losses from translation of financial statements for foreign operations			
	a) gains	2011		
	b) losses	2012		
335	3. Gains and losses from hedging of investments in foreign operations			
	a) gains	2013		
	b) losses	2014		
336	4. Gains and losses from cash flow hedging			
	a) gains	2015		
	b) losses	2016		
337	5. Gains and losses on securities measured at fair value through other comprehensive result			
	a) gains	2017		
	b) losses	2018	5.662	8.218
	I. OTHER COMPREHENSIVE GROSS PROFIT (2003+2005+2007+2009+2011+2013+2015+2017) - (2004+2006+2008+2010+2012+2014+2016+2018) ≥ 0	2019	241.071	
	II. OTHER COMPREHENSIVE GROSS LOSSES (2004+2006+2008+2010+2012+2014+2016+2018) - (2003+2005+2007+2009+2011+2013+2015+2017) ≥ 0	2020		8.218
	III. DEFERRED TAX EXPENSE ON OTHER COMPREHENSIVE PROFIT OR LOSS FOR THE PERIOD	2021		
	IV. DEFERRED TAX INCOME ON OTHER COMPREHENSIVE PROFIT OR LOSS FOR THE PERIOD	2022		
	V. NNET OTHER COMPREHENSIVE PROFIT (2019-2020-2021+2022) ≥ 0	2023	241.071	
	VI. NET OTHER COMPREHENSIVE LOSS (2020-2019+2021-2022) ≥ 0	2024		8.218
	V. TOTAL COMPREHENSIVE NET RESULTS FOR THE PERIOD			
	I. TOTAL COMPREHENSIVE NET PROFIT (2001-2002+2023-2024) ≥ 0	2025	1.213.868	255.060
	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		
	1. Attributable to parent legal entity	2028		
	2. Attributable to non-controling interests	2029		

Belgrade,

Date 23.02.2022.

Legal Representative

General Director

Executive Director for finance, accounting and planning

MG

Name ENERGOPROJEKT HOLDING PLC

CASH FLOW STATEMENT
from 01.01. until 31.12.2021.

RSD thousand

Description	EDP	Amount: Current year	Amount: Previous year
1	2	3	4
A. CASH FLOWS FROM OPERATING ACTIVITIES			
I. Cash inflow from operating activities (1 to 4)	3001	**464.082**	**277.150**
1. Sales and advance prepayments received in country	3002	192.299	239.271
2. Sales and prepayments received abroad	3003		
3. Interests from operating activities	3004		
4. Other inflow from operating operations	3005	271.783	37.879
II. Cash outflow from operating activities (1 to 8)	3006	**678.579**	**434.332**
1. Payments to suppliers and advance prepayments in country	3007	225.361	142.515
2. Payments to suppliers and advance prepayments abroad	3008	45.395	15.012
3. Employee expenses and benefits	3009	192.117	154.969
4. Interests paid in country	3010	165.063	61.185
5. Interests paid abroad	3011		
6. Income tax	3012		
7. Other payments to tax authorities	3013	50.144	60.143
8. Other outflows from operating activities	3014	499	508
III. Net cash inflow from operating activities (I-II)	3015	-	-
IV. Net cash outflow from operating activities (II-I)	3016	**214.497**	**157.182**
B. CASH FLOWS FROM INVESTING ACTIVITIES			
I. Cash inflow from investing activities (1 to 5)	3017	**987.144**	**1.137.459**
1. Sale of shares and stocks	3018	43	
2. Sale of intangible investments, property, plant, equipment and biological assets	3019		159
3. Other financial investments	3020	60.905	770.739
4. Interest received from investment activities	3021	60.012	13.662
5. Dividends received	3022	866.184	352.899
II. Cash outflow from investing activities (1 to 3)	3023	**604.738**	**2.761.357**
1. Purchase of shares and stocks	3024	1.814	77.899
2. Purchase of intangible investments, property, plant, equipment and biological assets	3025	1.452	6.353
3. Other financial investments	3026	601.472	2.677.105
III. Net cash inflow from investing activities (I-II)	3027	**382.406**	-
IV. Net cash outflow from investing activities (II-I)	3028	-	**1.623.898**
C. CASH FLOWS FROM FINANCING ACTIVITIES			
I. Cash inflow from financing activities (1 to 7)	3029	**352.700**	**3.887.899**
1. Equity increase	3030		
2. Long-term loans in country	3031		
3. Long-term loans abroad	3032		
4. Short-term loans in country	3033	352.700	587.899
5. Short-term loans abroad	3034		
6. Other long-term liabilities	3035		3.300.000
7. Other short-term liabilities	3036		
II. Cash outflow from financing activities (1 to 8)	3037	**730.465**	**1.803.199**
1. Repurchase of own shares and stocks	3038		
2. Long-term loans in country	3039	726.113	470.352
3. Long-term loans abroad	3040		
4. Short-term loans in country	3041		1.332.563
5. Short-term loans abroad	3042		
6. Other liabilities	3043	4.303	
7. Financial leasing	3044		
8. Dividends paid	3045	49	284
III. Net cash inflow from financing activities (I -II)	3046	-	**2.084.700**
D. Net cash outflow from financing activities (II-I)	3047	**377.765**	-
G. TOTAL CASH INFLOW (3001+3017+3029)	3048	**1.803.926**	**5.302.508**
D. TOTAL CASH OUTFLOW (3006+3023+3037)	3049	**2.013.782**	**4.998.888**
Đ. NET CASH INFLOW (3048-3049) ≥ 0	3050	-	**303.620**
E. NET CASH OUTFLOW (3049-3048) ≥ 0	3051	**209.856**	-
Ž. CASH BALANCE AT BEGINNING OF REPORTING PERIOD	3052	487.598	184.016
Z. EXCHANGE RATE GAINS FROM CASH TRANSLATION	3053	4.774	
I. EXCHANGE RATE LOSSES FROM CASH TRANSLATION	3054		38
J. CASH BALANCE AT END OF REPORTING PERIOD (3050-3051+3052+3053-3054)	3055	**282.516**	**487.598**

Belgrade,

Date 23.02.2022.

Legal Representative

General Director

Executive Director for finance, accounting and planning

Name ENERGOPROJEKT HOLDING PLC

STATEMENT OF CHANGES IN EQUITY
u periodu od 01.01. do 31.12.2021.

RSD thousand

Position	Description	EDP	Share capital (group 30 except 306 and 309)	EDP	Other share capital (account 309)	EDP	Unpaid subscribed capital (group 31)	EDP	Issue premium and Reserves (account 306 and group 32)	EDP	Revaluation reserves and unrealized gains and loss (group 33)	EDP	Retained earnings (group 34)	EDP	GLoss (group 35)	EDP	Non-controling interest	EDP	Total (corespond to the position AOP 0401) (column 2+3+4+5+6+7-8+9) ≥ 0	EDP	Loss exceeding the amount of capital (corespond to the position AOP 0455) (column 2+3+4+5+6+7-8+9) < 0
	1		2		3		4		5		6		7		8		9		10		11
1.	**Balance as at 01.01.2020.**	4001	5.574.959	4010	27.178	4019		4028	1.741.045	4037	767.318	4046	896.233	4055	28.262	4064		4073	8.978.471	4082	0
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 01.01.2020. (no.1+2)**	4003	**5.574.959**	**4012**	**27.178**	**4021**	**0**	**4030**	**1.741.045**	**4039**	**767.318**	**4048**	**896.233**	**4057**	**28.262**	**4066**	**0**	**4075**	**8.978.471**	**4084**	**0**
4.	Net changes in 2020	4004		4013	(27.178)	4022		4031	(134.881)	4040	(8.218)	4049	397.075	4058	(28.262)	4067		4076		4085	
5.	**Balance as at 31.12.2020. (no. 3+4)**	4005	**5.574.959**	**4014**	**0**	**4023**	**0**	**4032**	**1.606.164**	**4041**	**759.100**	**4050**	**1.293.308**	**4059**	**0**	**4068**	**0**	**4077**	**9.233.531**	**4086**	**0**
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 01.01.2020 (no. 5+6)**	4007	**5.574.959**	**4016**	**0**	**4025**	**0**	**4034**	**1.606.164**	**4043**	**759.100**	**4052**	**1.293.308**	**4061**	**0**	**4070**	**0**	**4079**	**9.233.531**	**4088**	**0**
8.	Net changes in 2021	4008		4017		4026		4035	(63.188)	4044	241.071	4053	679.431	4062		4071		4080		4089	
9.	**Balance as at 31.12.2021. (no. 7+8)**	4009	5.574.959	4018	0	4027	0	4036	1.542.976	4045	1.000.171	4054	1.972.739	4063	0	4072	0	4081	10.090.845	4090	0

Belgrade,

Date 23.02.2022.

Legal Representative

General Director

Executive Director for finance, accounting and planning

NOTES TO THE
FINANCIAL STATEMENTS
FOR THE YEAR 2021

Belgrade, February 2022

C O N T E N T S

1. COMPANY BACKGROUND

Energoprojekt Holding Plc. Belgrade (hereinafter: the Company) is a public joint stock company with the core business activity 6420 - holding operations.

The Company harmonized its operations with the Companies Law (RS Official Gazette No. 36/2011, 99/2011, 83/2014 - other law and 5/2015, 44/2018, 95/2018 and 91/2019) by passing the Decision on Harmonization of Company's Articles of Association with the Companies Law adopted on the General Assembly meeting on 16 March 2012 and by passing the Articles of Association on the General Assembly meeting on 12 January 2012. The decisions, and in this regard data changes entered into the register, have been duly registered.

Pursuant to the decisions made by the General Assembly on 28 June 2013, on 17 June 2014 and on 23 July 2020, the Statute of the Company was changed. The change was registered in the Company Register of the Serbian Business Registers Agency.

General Company Data

Head Office	Beograd, Bulevar Mihaila Pupina 12
Registration Number	07023014
Registered business code and name of the business activity	6420 – holding company
Tax Identification Number	100001513

According to the registration with the Serbian Business Registers Agency, **Company core business activity** is the activity of holding companies (6420).

The Company is the parent company that owns a larger number of subsidiaries at home and abroad, as well as a joint company (joint venture) and associate in the country.

Company's subsidiary companies in the country are as follows:
- Energoprojekt Visokogradnja Plc.;
- Energoprojekt Niskogradnja Plc.;
- Energoprojekt Oprema Plc.;
- Energoprojekt Hidroinzenjering Plc.;
- Energoprojekt Urbanizam i arhitektura Plc.;
- Energoprojekt Industrija Plc.;
- Energoprojekt Entel Plc.;
- Energoprojekt Sunnyville Ltd., and
- Energoprojekt Park 11 Ltd.

By the decision of the Business Registers Agency of the Republic of Serbia BD 54170/2021 from 28/06/2021, the status change of the merger of the company Energoprojekt Energodata Plc. as transferring company (hereinafter: transferring company) to the company Energoprojekt Holding Plc. as the acquiring company (hereinafter: acquiring company) has been registered.

By the decision of the Business Registers Agency of the Republic of Serbia BD 54177/2021 from 28/06/2021, the transferring company Energoprojekt Energodata Plc. has ceased to exist due to the merger, and all the assets of the transferring company are transferred to the acquiring company as the result of the merger, referring to, without exception or limitation, all debts, obligations and other responsibilities of the transferring company to any third party, including the corresponding fiscal obligations of the transferring company owed to any creditor with public authority, and collaterals issued by the Transferor Company.

The day from which the business activities of the transferring company cease is 28/06/2021 as the day of registration of the status change of the merger with the acquiring company, i.e., the day of the deletion from the Business Registers Agency.

By the decision of the Business Registers Agency of the Republic of Serbia BDSL 6489/2021 from 15/07/2021, Energoprojekt Promet Ltd. was deleted from the Register of Economic Entities, since the corresponding company has not submitted the annual financial statements for 2017 and 2018 to the competent register by the end of 2019, all in accordance with Art. 547 (2) of the Law on Business Organizations and Art. 546 (1) Pt. 10) and 547b of the same law.

Subsidiary companies abroad - international companies are as follows:

- Zambia Engineering and Contracting Company Limited, Zambia,
- Energoprojekt Holding Guinea S.A, Guinea,
- I.N.E.C. Engineering Company Limited, Great Britain,
- Dom 12 S.A.L, Lebanon,
- Energo (Private) Limited, Zimbabwe and
- Energo Kaz Limited, Kazakhstan.
- Energoprojekt Energodata Montenegro Ltd

With the status change of the merger of the company Energoprojekt Energodata Plc. (previously explained in more detail in this Note), the company acquired a share in the foreign company Energoprojekt Energodata Montenegro Plc., which was registered by the Decision of the Central Register of Business Entities of the Revenue and Customs Administration in Podgorica No. 5-0297614/009 of 02/09/2021 and the Notice of 14/09/2021.

The joint company (joint venture) in the country is:

- Enjub Ltd.

The following table contains data on the ownership share in subsidiaries as of 31 December 2021.

Equity shares in subsidiaries	
Subsidiary:	*% ownership*
In the country:	
Energoprojekt Visokogradnja Plc.	100.00
Energoprojekt Niskogradnja Plc.	100.00
Energoprojekt Oprema Plc.	67.87
Energoprojekt Hidroinženjering Plc.	100.00
Energoprojekt Urbanizam and arhitektura Plc.	100.00
Energoprojekt Industrija Plc.	62.77
Energoprojekt Entel Plc.	100.00
Energoprojekt Promet Ltd.	100.00
Energoprojekt Sunnyville Ltd.	100.00
Energoprojekt Park 11 Ltd.	100.00
Equity shares in subsidiaries	
Subsidiary:	*% ownership*
Abroad:	
Zambia Engineering and Contracting Company Limited, Zambia	100.00
Energoprojekt Holding Guinee S.A, Guinea	100.00
I.N.E.C. Engineering Company Limited, Great Britain	100.00
Dom 12 S.A.L, Liban	100.00
Energo (private) Limited, Zimbabve	100.00
Energo Kaz Ltd, Kazahstan	100.00
Energoprojekt Energodata Montenegro Ltd	100.00

Ownership share of the Company in other affiliated legal entities in the country is presented in the following table.

Equity share in other affiliated legal entities in the country	
Name of the joint company	*% ownership*
Enjub Ltd.	50.00

In addition to the above listed subsidiaries and other affiliated legal entities, the Company has its representative office in Baghdad, Iraq as well, which has been in the dormant status since 2015.

The Company is, according to criteria specified by the Law on accounting and auditing, classified as a **medium-sized legal entity**.

The average number of employees with the Company in the reporting period, based on the actual number of employees at the end of each month, is 69 (as at 31 December 2020: 73).

The company’s shares are listed on the Belgrade Stock Exchange and these are traded in a regulated stock market – “Prime listing”.

The financial statements that are subject of these Notes are the **financial statements of the Company for the period from 1 January till 31 December 2021** that were approved by the Supervisory Board of the Company on the 1 March 2022, at its 29th session and that are subject to an audit by an external auditor.

Approved financial statements may subsequently be modified pursuant to the legislation in force.

Comparative information are the audited financial statements of the Company for the year 2020, which have been reclassified in accordance with the Rules on the Content and Form of the Financial Statements' Forms and the Content and Form of the Statistical Report Forms for Companies, Cooperatives and Entrepreneurs ("Official Gazette of the Republic of Serbia", No. 89/2020) and the Regulation on the Chart of Accounts and the Content of the Accounts in the Chart of Accounts for Companies, Cooperatives and Entrepreneurs ("Official Gazette of the Republic of Serbia", No. 89/2020).

According to the above regulations, the information in column 7 of the Balance Sheet should be stated in the event of retrospective application of a changed or new accounting policy or retrospective recalculation of items in the financial statements, or when items in the financial statements are reclassified. IAS 1 defines that the statements are presented at the beginning date of the previous period in the case of reclassifications that have a material effect on the information in the statement of financial position at the beginning of the previous period.

Paragraphs KK35 and KK38 of the Conceptual Framework for Financial Reporting stipulate that the costs of reporting of financial information should be justified by the benefits of reporting that information and that the benefits of reporting individual information justify the costs required to provide and use that information. In accordance with that, the data in column 7 referring to the situation as at 1 January 2020 are not shown in the Balance Sheet as at 31 December 2021.

The Company management takes all measures necessary to ensure the conditions for the smooth continuation of the Company's operations in the conditions of the Covid-19 pandemic, so that the principle of business continuity is not questioned.

The Company's management assesses that the Company continues to operate for an indefinite period of time and does not expect significant changes in the business, and thus the Company's financial statements for 2021 are prepared in accordance with a going concern principle.

2. MANAGEMENT STRUCTURE

Key management of the Company for the period up to 12 September 2021 of the reporting year included the following persons:

- Stojan Čolakov - General Manager;
- Siniša Tekić - Executive Manager for finances, accounting and plan;
- Milan Mamula - Executive Manager for legal affairs.

Key management of the Company for the period from 13 September 2021 includes the following persons:

- Dobroslav Bojović - General Director;
- Siniša Tekić - Executive Director for finance, accounting and planning;
- Momčilo Jevtić - Executive Director for legal affairs,
- Ilijana Stamenković - Executive Director for operative business.

3. OWNERSHIP STRUCTURE

According to records of the Central Securities Depository, the registered ownership structure of the Company as at 31 December 2021 is presented in the Note 34.1.

4. BASIS FOR THE PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

Financial statements of the Company were prepared in compliance with the Law on Accounting (RS Official Gazette, No. 73/2019 and 44/2021 - other law - hereinafter: the Law).

Pursuant to the Law, in recognizing, valuation, presentation and disclosure of items in financial statements, large legal entities, legal entities obliged to prepare consolidated financial statements (mother legal entities), public companies, that is, companies preparing to become public, irrespective of their size, shall apply International Financial Reporting Standards (hereinafter: IFRS). IFRS, within the meaning of the Law, are:

- The Framework for the preparation and presentation of financial statements;
- International Accounting Standards – IAS;
- International Financial Reporting Standards - IFRS and related Interpretations, issued by the International Financial Reporting Interpretations Committee, subsequent amendments to these Standards and the related Interpretations, as approved by the International Accounting Standards Committee, the translation of which was adopted and published by the Ministry in charge of finances.

The Company financial statements were presented in the form and with the content specified by the provisions of the Rules on the Contents and Form of Financial Statements' Forms and Contents and Form of the Statistical Report Form submitted by Companies, Cooperatives and Entrepreneurs (RS Official Gazette, No. 89/2020).

These Rules, among other things, laid down the form and content of individual positions in the Balance Sheet, Income Statement, Other Comprehensive Income Report, Cash Flow Statement, Statement of Changes in Equity and Notes to Financial Statements. Pursuant to the above mentioned Rules, amounts in RSD thousands are to be presented in these forms.

Chart of Accounts and content of accounts in the Chart of Accounts were prescribed by the Rules on Chart of Accounts and Contents of Accounts in the Chart of Accounts for Companies, Cooperatives and Entrepreneurs (RS Official Gazette, No. 89/2020).

In preparation of Company financial statements, the following laws and by-laws were taken into account, among others:

- Law on Corporate Income Tax ("Official Gazette of RS", No. 25/2001, 80/2002, 43/2003, 84/2004, 18/2010, 101/2011, 119/2012, 47/2013, 108/2013, 68/2014 - other law, 142/2014, 91/2015 - authentic interpretation, 112/2015, 113/2017, 95/2018, 86/2019, 153/2020 and 118/2021);
- Law on Added Value Tax ("Official Gazette of RS", No. 84/2004, 86/2004 - corrigendum, 61/2005, 61/2007, 93/2012, 108/2013, 68/2014 - other law, 142/2014, 83/2015, 108/2016, 113/2017, 30/2018, 72/2019 and 153/2020);
- Rules on the Contents of Tax Balance and Other Issues of Relevance for Calculation of Corporate Income Tax ("Official Gazette of RS", No. 20/2014, 41/2015, 101/2016, 8/2019, 94/2019, 159/2020 and 97/2021);
- Rules on the Contents of Tax Return for Calculation of Corporate Income Tax ("Official Gazette of RS", No. 30/2015, 101/2016, 44/2018 – other laws, 8/2019, 94/2019, 159/2020 and 97/2021);
- Rules on Method of Classification of Non-Current Assets and on Method of Calculation of Depreciation for Taxing Purposes ("Official Gazette of RS", No. 116/2004, 99/2010, 104/2018 and 8/2019);
- Rules on Transfer Pricing and Methods Applied in compliance with the “arm’s length” principle in determining the price of transactions among related parties ("Official Gazette of RS", No. 61/2013, 8/2014, 94/2019 and 95/2021) and others.

Among the legal acts comprising the internal regulations of the Company, in preparation of the financial statements of the Company, the Rules on Accounting and Accounting Policies in the Company, as adopted on 30 November 2020 by the Executive Board of the Company, Rules on Changes and Amendments to the Rules on Accounting in the Company, as adopted on 29 November 2021 by the Executive Board of the Company, and the Rules on Accounting Policies in the Company, as adopted on 23 December 2020 by the Supervisory Board of the Company was used. In addition to the above listed, other internal acts of the Company were used, such as, for example, the Collective Agreement of Energoprojekt Holding Plc. regulating employment in the country.

Basic accounting policies applied in preparation of these financial statements were listed in the Note no. 7.

The Law on Capital Market (RS Official Gazette, No. 31/2011, 112/2015, 108/2016, 9/2020 and 153/2020) set down mandatory data to be included in the annual, six monthly and quarterly statements of public companies with securities listed in the regulated markets.

It should be noted here that in certain cases, not all the relevant provisions of the IFRS or of the Interpretations thereof were taken into account in preparation of the Company financial statements.

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

- Pursuant to the Law on Accounting (RS Official Gazette, No. 73/2019 and 44/2021 - other law), the financial statements in the Republic of Serbia are to be presented in the format stipulated by the Rules on the Contents and Form of the Financial Statements Forms and the

Content and Form of Statistical Report Forms for Companies, Cooperatives and Entrepreneurs, which deviates from the presentation and names of certain general purpose financial statements, as well as from the presentation of certain balance positions stipulated by IAS 1 - “Presentation of Financial Statements“; and
- Off-balance assets and off-balance liabilities were presented in the Balance Sheet form. According to the IFRS definition, these items are neither assets, nor liabilities.

In addition to the above stated, some deviations were due to the different publishing dates of the Standards and the relevant Interpretations thereof, which are subject to continuous modifications, and the effective dates when these Standards and relevant Interpretations thereof come into force in the Republic of Serbia. Thus, for example, the deviations from the Standards came as the consequence of the fact that the published Standards and relevant Interpretations, which came into force, have not yet been officially translated or adopted in the Republic of Serbia; as the consequence of the fact that the published Standards and relevant Interpretations have not yet came into force; or as the consequence of some other reasons beyond effective control or influence of the Company, that has not significantly impacted the financial position of the Company and the results of its operations.

Published standards and interpretations that have not yet come into force

On the day of publication of these financial statements, the following standards, their amendments and interpretations were published, but have not yet entered into force:
- IFRS 17 “Insurance Contracts” - effective from 1 January 2023;
- Changes and Amendments to IAS 1 “Presentation of Financial Reports” – “Classification of Liabilities as Long-Term and Short-Term” – effective from 1 January 2023;
- Changes and Amendments to IAS 1 “Presentation of Financial Statements” – “Disclosure of Accounting Policies” – effective from 1 January 2023;
- Changes and Amendments to IAS 8 “Accounting Policies, Changes in the Accounting Estimates and Errors” – Definition of Accounting Estimates – effective from 1 January 2023;
- Changes and Amendments to IAS 12 “Income Taxes” – Deferred Tax on Assets and Liabilities Arising from one Transaction – effective from 1 January 2023,
- Changes and Amendments to IAS 16 “Properties, Plants and Equipment” – “Procedures before Intended Use” - effective from 1 January 2022;
- Amendment to IFRS 3 “Conceptual Framework Reference” – effective from 1 January 2022;
- Changes and Amendments to IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” – “Contract Performance Cost” - effective from 1 January 2022;
- Annual improvements of standards from 2018 to 2020 – effective from 1 January 2022.

5. ACCOUNTING PRINCIPLES

The following principles were applied in the preparation of Company financial statements:
- The Going Concern Principle,
- The Consistency Principle,
- The Prudence Principle,
- The Substance over Form Principle,
- The Accrual Principle,
- The Item by Item Assessment Principle.

By complying with the **Going Concern Principle**, the financial statements are prepared under the assumption that the proprietary position, financial standing and business results of the Company, as well as the economic policy of the country and economic situation in its immediate environment, enable the Company to operate for an unlimited period.

The **Consistency Principle** means that the valuation method for assets and changes in assets, liabilities, capital, income, expenses and business results, that is, for the Company's balance items, remains the same over a longer period. If, for example changes are implemented due to required harmonization with the legislation, reasoning for the change must be provided and the effects are disclosed according to the professional regulations concerning the change in valuation methods.

The **Prudence Principle** means applying a certain level of caution when preparing financial statements of the Company, so that the property and revenues are not overstated and obligations and expenses are not understated. The Prudence Principle, however, should not imply conscious, unrealistic decrease in revenues and capital of the Company or conscious, unrealistic increase of expenses and liabilities of the Company.

Namely, The Framework for Preparation and Presentation of Financial Statements clearly states that the Prudence Principle should not result in the forming of substantial hidden reserves, deliberate reduction of property of revenues, or deliberate exaggeration of liabilities or expenses causing the financial statements to become impartial and therefore unreliable.

The **Substance over Form Principle** means that, when recording the company's transactions, and consequently in preparing the financial reports, the accounting treatment should be based on the substance of the transactions and their economic reality and not just their legal form.
By complying with the **Accrual Principle**, recognition of effects of transactions and other events in the Company is not related to the point in time when cash or cash equivalents are received or paid based on these transactions or event, yet to the point in time when they occurred. This approach provides that the users of financial reports are informed not only about past transactions of the Company that resulted in payments or reception of cash, but also about liabilities of the Company to pay cash in the future and resources that represent cash to be received by the Company in the future.

In other words, compliance with the Accrual Principle provides information on past transactions and other events in the manner most useful to users for reaching their economy-related decisions.

The **Item by Item Assessment Principle** means that possible group valuations of various balance items (for example, property or liabilities) for the purpose of rationalization derive from separate valuation of items.

6. PRIOR PERIOD ERRORS, MATERIAL ERRORS AND CORRECTION OF OPENING BALANCE

Potential (im)material current period errors, discovered in that period are corrected before the financial statements are approved for publication.

Prior period errors represent omitted or false data presented in financial statements of the Company for one or several periods as a result of misuse or lack of use of reliable information, which were available when the financial statements for respective periods were approved for issue and which were expected to be obtained and taken into consideration upon preparation and presentation of the respective financial statements.

A materially significant error, discovered in the current period that refers to a previous period is an error that has significant influence on financial statements for one or several prior periods and due to which these financial statements cannot be considered anymore as reliable.

Materially significant errors are corrected retroactively in the first series of financial statements approved for publishing after these errors have been discovered, by correcting comparative data for presented prior period(s) when errors occurred or if the error occurred prior to the earliest presented prior period, opening balances for assets, liabilities and capital for the earliest presented prior period will be corrected.

If it is practically impossible to establish the effect of an error from a certain period by comparing information for one or several presented prior periods, the Company will correct opening balances for assets, liabilities and capital for the earliest period that can be corrected retroactively (may be also the current period).

When, at the beginning of the current period, it is impracticable to determine the cumulative effect of an error on all prior periods, the Company recalculates the comparative information to correct the error in advance from the earliest date for which it is practicable.

Subsequently *identified errors that are not of material significance* are corrected against expenses or in favour of revenues for the period in which they were identified.

The materiality of an error is valuated pursuant to provisions of the Framework for the preparation and presentation of financial reports that state that materiality may imply that omission or false accounting entries may affect economic decisions of users adopted based on financial statements.
Materially significant errors are valuated pursuant to relevant provisions from the Framework for the preparation and presentation of financial statements. Materiality is defined in the Company with respect to the significance of the error considering total revenues. A materially significant error is an error that for itself or together with other errors **exceeds 1,5% of the total income in the previous year**.

7. OVERVIEW OF PRINCIPAL ACCOUNTING POLICIES

Principal accounting policies that are applied in the preparation of these financial statements are presented herein. These policies are consistently applied to all included years, unless otherwise stated.

Important accounting policies applied to Company financial statements that are subject of these Notes and presented in the following text, are primarily based on the Rules on Accounting and Accounting Policies in the Company. If certain accounting aspects are not clearly defined in the Rules, the applied accounting policies are based on the legislation.

As for the general data, we are hereby noting that in compliance with IAS 21 - "The Effects of Changes in Foreign Exchange Rates", the **RSD is the functional and presentation reporting currency in financial statements of the Company**.

In preparation of Company financial statements, relevant provisions IAS 10 - "Events after the Reporting Period" were considered. They refer to events that occur between the balance sheet date and the date when the financial statements were authorized for issue. More precisely, for **effects of the event that provide evidence on circumstances at the balance sheet date**, already recognized amounts in financial statements of the Company were corrected in order to mirror corrected events after the balance sheet date; and for **effects of the event that provide evidence on circumstances after the balance sheet date**, no adjustments of recognized amounts were applied, and if there were any, these Notes will disclose the nature of events and the valuation of their financial effects, or, if impossible to evaluate the financial effects thereof, it is disclosed that such estimate cannot be made.

7.1 Valuation

In preparation and presentation of financial statements in compliance with the requirements of the legal regulations in force in the Republic of Serbia, the Company management is required to use the best possible valuations and reasonable assumptions. Although, understandably, the actual future results may vary, valuations and assumptions are based on information available at the balance sheet date.

The most important valuations refer to the impairment of financial and non-financial assets and definition of assumptions, necessary for actuarial calculation of long-term compensations to employees based on the retirement bonus.

Within the context of valuation, the business policy of the Company is to disclose information **on the fair value** of assets and liabilities, if the fair value varies significantly from the accounting value. In the Republic of Serbia, a reliable valuation of the fair value of assets and liabilities presents a common problem due to an insufficiently developed financial market, lack of stability and liquidity in sales and purchases of, for example, financial assets and liabilities, and sometimes unavailability of market information. Despite all the above, the Company pays close attention to these problems and its management performs continuous valuations, considering the risks.

If it is established that the recoverable (fair or value in use) value of assets in business books of the Company was overstated, the adjustment of value is applied.

7.2 Effects of Foreign Exchange Rates and Foreign Currency Translation

Transactions in foreign currency, upon initial recognition, are registered in dinar counter value by applying the official middle exchange rate on the transaction date, while upon differently agreed currency clause, translation of receivables (liabilities) is done at the exchange rate specified in the contract (selling FC rate of particular commercial bank, etc.)..

Pursuant to the provisions of IAS 21 - Changes in foreign exchange rates, monetary items in foreign currency (assets, receivables and liabilities in foreign currency) are recalculated at each balance sheet date by applying the valid exchange rate or the official middle exchange rate at the balance sheet date.

Gain/losses arising on the translation of foreign currency (apart from those related to monetary items as part of net investments of the Company in foreign business, included pursuant to IAS 21) are recognized as revenues or expenses of the Company for the period in which they occurred.

Official middle exchange rates of the National Bank of Serbia, at the balance sheet date, for foreign currencies used for the recalculation of monetary items in dinar counter value, are presented in the following table.

Official Middle Exchange Rates of the National Bank of Serbia

Currency	*31.12.2021.*	*31.12.2020.*
	Amount in RSD	
1 EUR	117.5821	117.5802
1 USD	103.9262	95.6637
1 GBP	140.2626	130.3984

Non-monetary items are those for which there is no right to receive, or obligation to deliver, money, such as prepaid amounts for goods and services (advances), goodwill, intangible assets, inventories, property, plant and equipment, etc. Subsequent to initial recognition applying exchange rate prevailing at transaction date, non-monetary items in foreign currency carried at historical cost are not retranslated.

Subsequent to initial recognition applying exchange rate prevailing at transaction date, non-monetary items in foreign currency carried at historical cost are not retranslated.

Non-monetary items measured at fair value carried at foreign currency are translated applying exchange rates at the date when the fair value was determined.

When a gain or loss from non-monetary item is recognized directly in total comprehensive income (within equity), any portion of that foreign exchange gain or loss is also recognized directly in comprehensive income.

The financial item and result of all companies whose functional currency is different from the presentation currency of the parent company are translated as follows:

- assets and liabilities (balance sheet items) are translated into dinars at the middle official exchange rate of the NBS on the reporting date; and
- income and expenses (income statement items) are translated into dinars at the average exchange rate of the NBS during the year, or in the period from the date of acquisition to the date of reporting if foreign operations were acquired by the Company during the year.

Exchange differences arising on translation of the financial statements of subsidiaries are recognized as a separate component of equity relating to those foreign operations.

7.3 Revenues

Revenues are increases in economic benefits during the accounting period in the form of inflows or increases in assets or decreases in liabilities, which result in increase in equity that does not represent increase in equity contributions.

Revenues include: operating revenues, financial revenues, other revenues (including also revenues from the property value adjustment), and income from the disposal of discontinuing operations, effects from change in accounting policy, correction of prior periods errors and transfer of revenues.

Among the **operating revenues**, the most important are the sales revenues from the sales of goods, products and services, and as other revenues the following may appear: income from the own use of products, services and merchandize, increase of finished goods, work in progress and services in progress (if there were any reductions in the finished goods, work in progress and services in progress, during the year, the total operating revenues shall be reduced by the amount of such reduction), income from premiums, subventions, donations, etc.; and other operating income.

Financial revenues include financial revenues from the related parties, gains arising from foreign currency clause, income from interest, profit sharing and other financial revenues.

Within **other income** (including income from the adjustments of value of assets, in addition to other income, gains on sale of property, plant and equipment and intangible assets, gains on sale of the basic herd, collected priory written-off receivables, surpluses, income from reduction of liabilities, income from value adjustments of assets, etc.

Within **income from the disposal of discontinuing operations, effects from change in accounting policy and correction of prior periods errors and transfer of income**, income according to the names of account of this groups are presented and the transfer of total income at the end of the period, which are, for the purposes of financial reporting, presented as net effect, after the decrease for the relevant expenses.

The most significant part of revenues originate from contracts with customers.

The basic principle of the standard dealing with this business aspect (IFRS 15 - Revenue from Contracts with Customers) is the recognition of revenue from the transfer of goods (products) and services to customers in amount that reflects fee that Company (seller) expects to be entitled to those goods and services.

The basic principle of bookkeeping is individual observation of each separate contract. In addition to the basic principle, it is also possible to:

- narrowing the focus - one calculation for several contracts; and
- focus expansion - multiple calculation for one contract.

Diversity is the basis for treatment of separate performance obligations.

To be considered as a contract with the customer it is necessary to fulfill the following five conditions:

- the parties have approved the contract (in writing, orally or in accordance with other business practice) and are committed to perform their respective obligations (the contract causes enforceable rights and obligations);
- each party's rights regarding the goods or services to be transferred can be identified;
- payment terms can be identified;
- content of the contract is commercial; and
- it is probable that the entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

When a contract with a customer does not meet the above criteria and the company receives consideration from the customer, it shall recognise the consideration received as revenue only when either of the following events has occurred:

- company has no remaining obligations to transfer goods or services to the customer and all, or substantially all, of the consideration promised by the customer has been received by the entity and is non-refundable; or
- the contract has been terminated and the consideration received from the customer is non-refundable otherwise, the Company enters fee (advance paid) as a liability.

Contract costs include:

- Costs to obtain a contract; and
- Costs to fulfil a contract.

Costs to obtain a contract shall be recognised as an asset if the entity expects to recover them. They are incremental costs of obtaining a contract that an entity incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained (for example, brokerage commission). As a practical expedient, the Company may recognize the incremental costs of obtaining a contract as an expense when incurred, if the amortization period of the asset that the Company otherwise would have recognized is one year or less.

In contrast, the costs to fulfil a contract that would be incurred regardless of whether the contract is signed should be recognized as an expense when incurred.

Costs incurred in fulfilling a contract with a customer are capitalized if they are not within the scope of another standard, relate directly to the contract, generate or enhance resources that will be used in satisfying performance obligations in the future, and if such costs are expected to be recovered.

The **principle in IFRS 15** are applied using the following five steps (in more detail as specified in IFRS 15):

A. Identify the contract(s) with a customer;
B. Identify the performance obligations in the contract;
C. Determine the transaction price;
D. Allocate the transaction price to the performance obligations in the contract; and
E. Recognise Revenue when the entity satisfies a performance obligation.

A) Identify the contract with customer

The first step is to determine what is considered a performance obligation of the Company towards the customer (and vice versa).

Performance obligations do not include (preparatory) activities (administrative, etc.) that the Company must undertake to fulfil a contract, and do not constitute an obligation to perform.

Both explicit obligations (contained in the contract) and implicit obligations (obligations arising from business practice) should be taken into account when determining liabilities.

B) Identify the performance obligations in the contract

Second step requires the identification of separate performance obligations conditioned by the focus of observation.

If the conditions for the contract to be considered hybrid in a way that contains different performance obligations are not met (partial benefit from certain goods / services can be realized and the promise to deliver those goods / services can be observed by the Company independently of other promises), all goods / services in the contract should be calculated as a single obligation to perform.

C) Determine the transaction price

In determining the transaction price (allocated to each performance obligations), the agreed conditions should be considered and usual business practice. The price, which may be considered as stand-alone and/or variable, reflects the amount of consideration that the company expects to be entitled to in exchange for the promised goods or services. The price is recorded without inflows collected in behalf of third parties (for example, without VAT).

The following are also taken into account when determining the transaction price: whether there are significant financing components, variable components, amounts paid to the buyer (eg refunds or rebates) and non-monetary fees. Variable components can include discounts, right-to-refund, incentives, bonuses, penalties and the like.

The amount of variable consideration is done by using either of the following methods:

- the expected value—the expected value is the sum of probability-weighted amounts in a range of possible consideration amounts. An expected value may be an appropriate estimate of the amount of variable consideration if an entity has a large number of contracts with similar characteristics.
- the most likely amount—the most likely amount is the single most likely amount in a range of possible consideration amounts (ie the single most likely outcome of the contract).

When there is a financing component, revenue is recognized at the amount that reflects the price that the customer would have paid for the promised goods or services if the customer had paid cash for those goods or services when (or as) they transfer to the customer (ie the cash selling price).

The Company is not required to adjust the consideration amount arise from financing component if it expects less than one year to elapse between sale and collection.

Non-monetary consideration received from the customer are measured at fair value.

Consideration payable to a customer includes cash amounts that the company pays, or expects to pay, to the customer as credit or other items (for example, a coupon or voucher). The company accounts for consideration payable to a customer as a reduction of the transaction price and, therefore, of revenue unless the payment to the customer is in exchange for a distinct good or service.

D) Allocate the transaction price

The objective when allocating the transaction price is for the company to allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the company expects to be entitled in exchange for transferring the promised goods or services to the customer.

To allocate the transaction price on a stand-alone selling price basis, the company estimates the stand-alone selling price. This is the price at which company would sell a good or service on a stand-alone (or separate) basis at contract inception. When estimating a stand-alone selling price, if not directly observable, the company considers all information (including market conditions, entity-specific factors and information about the customer or class of customer).

Suitable methods for estimating the stand-alone selling price of a good or service include the following:

a) Adjusted market assessment approach—evaluate the market in which it sells goods or services and estimate the price that a customer in that market would be willing to pay for those goods or services;
b) Expected cost plus a margin approach—add an appropriate margin for that good or service; and
c) Residual approach—the total transaction price less the sum of the observable stand-alone selling prices of other goods or services promised in the contract.

E) Recognise of revenues

The amount recognises as revenue is the amount allocated to each performance obligation **when (or as) each performance obligation is satisfied**. Control of an asset refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset.
Control includes the ability to prevent other entities from directing the use of, and obtaining the benefits from, an asset. The benefits of an asset are the potential cash flows (inflows or savings in outflows) that can be obtained directly or indirectly in many ways, such as by: using the asset to produce goods or provide services (including public services); using the asset to enhance the value of other assets; using the asset to settle liabilities or reduce expenses; selling or exchanging the asset; pledging the asset to secure a loan; and holding the asset.

Performance obligation may be satisfied:

- over time or
- at appoint in time.

An entity transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs;
- the entity's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or

- the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date (by diverting property for another purpose).

Methods that can be used to measure an entity's progress towards complete satisfaction of a performance obligation satisfied over time include the following:

a) input methods (according to the value that the goods or services transferred up to a certain date have for the buyer; for example, the number of units produced or delivered in relation to the total contracted amount of units; as a practical asset, if the Company is entitled to compensation in an amount commensurate with the value for the customer of goods or services completed or delivered up to that time, revenue may be recognized in the amount that the Company is entitled to invoice);
b) output methods (revenue is recognized on input that the Company invests to meet performance obligation).

If performance obligation is not fulfilled over time, then the Company does it at appoint in time, and revenue is recognized when the Company transfers control of certain goods or services to the customer.

In the first application of IFRS 15 - Revenue from Contracts with Customers, the Company uses a modified retrospective application.

At the balance sheet date, the Company has no effects arising from the requirements of IFRS 15.

7.4. Expenses

Expenses are reductions in economic benefits during the accounting period, manifested in the form of outflows or reductions in assets or liabilities, which result in a reduction in capital that does not represent a reduction based on distribution to owners.

The definition of expenditure includes:

- expenses incurred in the ordinary course of business; and
- losses

Expenses include **operating expenses**, financial expenses, other expenses (including impairment of other assets) operations and discontinued operations, effects of changes in accounting policies and corrections of prior period errors and the transfer of expenses.

Operating expenses include: purchase price, material used, gross salaries, salary compensation and other personal expenses, producing costs, non- material costs, depreciation and provisions.

Financial expenses include financial expenses arising from the related legal entities, gains arising on the translation of foreign currency, interest-related expenses and other financial expenses.

Other expenses (that additionally include expenses from depreciation of other assets measured at fair value through Income Statement), include losses that may or may not arise from usual activities of the Company. Losses (for example, shortages or losses that result from the sale of assets at a less value than the accounting value) represent a decrease of economic benefits and, as such, do not vary from other expenses.

Within operating **loss from discontinuing operations, effects of changes in accounting policy, corrections of prior period errors and transfer of expenses**, expenses according to the names of accounts comprising this groups are presented and the transfer of total expenses at the end of accounting period, which are for the purposes of financial reporting presented in net effect, after offsetting against relevant income.

7.5 Interest and Other Borrowing Costs

Borrowing costs include interest and other costs borne by the Company in relation to the borrowing of funds. Based on relevant provisions IAS 23 - Borrowing costs, Interest and other borrowing costs, borrowings are recognized as expenses at the moment of occurrence, unless they are directly attributed to the acquisition, construction or production or a certain asset (asset that obligatory needs significant time to be brought to working condition for its intended use or sale), in which case the interest and other borrowing costs are capitalized as a part of the purchase price (cost) of that asset.

Borrowing costs that are capitalized are those that would have been avoided had the expenditure on the qualifying asset not been incurred.

To the extent that cash is borrowed solely to acquire a qualifying asset, the amount of costs that can be capitalized on that asset is determined as the difference between the actual cost of the loan in question, less any income on temporary investment from that borrowing.

The Company should commence capitalization of borrowing costs on the date of commencement of capitalization, which is the date when the Company first meets each of the following conditions:

- make expenditures for the asset;
- incur borrowing costs and
- undertake the activities necessary to prepare the assets for its intended use or sell.

The Company should stop capitalizing borrowing costs when substantially all the activities necessary to prepare the qualifying assets for their intended use or sale have been completed.

7.6 Income Tax

Income tax is recorded in Company books as the sum of:

- The current tax; and
- The deferred tax.

The current tax is the amount of obligation for the payable (recoverable) income tax that refers to the taxable income (tax loss) for the respective period. In other words, the current tax is payable income tax defined in the tax return pursuant to tax regulations.

The deferred tax which is accounted in accordance with the relevant provisions of IAS 12 includes:

- Deferred tax assets or
- Deferred tax liabilities.

Deferred tax assets include income tax, recoverable in future periods in respect of:

- Deductible temporary differences,
- Unused tax losses transferred to the following period and
- Unused tax credit transferred to the following period.

Deductible temporary difference arises in cases where in expense has already been recorded in Company books, on certain bases, which, from the taxation aspect, is to be recognized in the following periods. Some typical examples of cases where the deductible temporary differences arise include the following:

- tax value of assets that are subject to depreciation exceeds the accounting value thereof;
- from the taxation aspect, certain provisions are not recognized and which are recognized at the time of use (for example, individual provisions under IAS 19);
- from the tax aspect impairment of property is not recognized and it is recognized upon the alienation of property (goods, materials, investment property, etc.);
- from tax aspect, expenses are not recognized when they are paid, etc.

For assets that are subject to depreciation, deferred tax assets are recognized for all deductible temporary differences between the accounting value of assets that are subject to depreciation and their tax base (values allocated to these assets for tax purposes). Deductible temporary differences exist if the accounting value of assets is less than their tax base.

The amount of deferred tax assets is determined by applying the prescribed (or notified) income tax rate on Company income on the amount of deductible temporary difference that is determined as at the Balance Sheet date.

If at the end of previous year, the temporary difference was deductible, on the basis of which the deferred tax assets were recognized, and at the end of current year, on the basis of the same assets, the temporary difference is taxable, the previously established deferred tax assets are released in their entirety, and at the same time the deferred tax liabilities are recognized in the amount determined as at the Balance Sheet date.

A deferred tax asset based on **unused tax losses** is determined by applying the prescribed (or expected) corporate income tax rate to the amount of tax loss.

A deferred tax asset based on **unused tax credit** are recognized in the amount of the unused tax credit, without applying the prescribed (or expected) corporate income tax rate to that amount.

The Company recognizes deferred tax assets, on all the above grounds (deductible temporary differences, unused tax losses and unused tax credit), only when it is probable, and to the extent that it is expected, that taxable gains will be available in the future. resources to be able to use.

Deferred tax assets may be recognized on other grounds for which the Company assesses income tax will be recoverable in future (for example, for provisions for non-due retirement bonus, specified pursuant to provisions IAS 19 - Employee Benefits, for the effects of the first application of IFRS 9, etc.).

Deferred tax liabilities include income taxes payable in future periods against deductible temporary differences.

Taxable temporary difference are temporary differences that will result in taxable amounts in determining taxable profit (tax loss) of future periods, when the carrying amount of the asset or liability is recovered or settled.

The taxable temporary difference arises in cases when a certain expense is recognized from the tax aspect, while from the accounting aspect it will be recognized in the business books of the Company only in the following periods.

With respect to assets that are subject to depreciation, deferred tax liabilities are recognized always if there is a deductible temporary difference between the accounting value of assets that are subject to depreciation and their tax base. Deductible temporary difference occurs if the accounting value is greater than its tax base.

A deductible temporary difference is stated at the balance sheet date by applying the prescribed tax rate of the income tax to the amount of the deductible temporary difference.

The amount of deferred tax liability is determined by applying the prescribed (or expected) tax rate on the Company profit on the amount of taxable temporary difference that is determined as at the Balance Sheet date.

On each Balance Sheet date, the deferred tax liabilities are reduced to the amount determined based on temporary difference as at that date.
If at the end of the previous year the temporary difference was taxable, on the basis of which the deferred tax liabilities were recognized, and at the end of the current year, based on the same assets, the temporary difference is deductible, the previously established deferred tax liabilities are released in their entirety, and at the same time the deferred tax assets of the Company are recognized in the amount determined as at the Balance Sheet date.

Deferred tax liabilities may be recognized on other grounds for which the Company assesses income tax will be recoverable in future against taxable temporary differences.

7.7 Intangible Assets

Intangible assets are non-monetary assets without identifiable physical substance, such as: licenses, concession, copyrights, investment in development, etc.

The property fulfils criteria to be identified if: it is detachable or it can be detached from the Company and sold, transferred, licensed, rented or traded, separately or with a related contract, property or liability; or that derives from contractual and other legal rights, regardless if these rights are transferable or separable from the Company or other rights or obligations.

To recognize an intangible asset, it must comply with the provisions of IAS 38 - Intangible assets:

- That it is likely that future economic benefits, attributable to assets, will flow to the Company that the Company has control over the asset, and
- That the purchase price (cost) can be reliably measured.

If one of the requirements is not fulfilled, expenses on the basis of intangible investments are recognized as debit to expenses in the period in which the expenses were incurred.

Accounting recognition of internally generated intangibles is dependent upon an assessment of whether they are created:

- In the research phase, or
- In the development phase.

Intangible assets generated from *research or research phase of an internal project*, will not be recognized as intangible asset. Expenditures related to research or to a research phase of an internal project are recognized as expenses in the period of occurrence.

The cost of an internally generated intangible asset generated from *development activities* (or the research phase of an internal project) includes all the directly attributable expenses necessary to generate, produce and prepare the asset for the use as intended by the Company management.

Initial measuring of intangible assets is performed at its cost (purchase price).

Subsequent measuring of intangible assets, after initial recognition, is performed at their cost (purchase price) reduced by the accumulated depreciation and accumulated losses from impairment (in compliance with IAS 36).

7.8 Property, Plant and Equipment

Property, plant and equipment are tangible assets that are: used in production, supply of goods and services, for rental to others or for administrative purpose; and which are expected to be used for more than one accounting period.

The above general principle for the recognition of property, plants and equipment is not applied exclusively in cases of recognition of assets of lesser value that are registered as inventory items (such as, for example, spare parts and servicing equipment). The total value of such assets is transferred to current expenses when the item is first put in service.

Property, plant and equipment are tangible assets: if and only if it is probable that future economic benefits associated with the item will flow to the entity; and if the purchase price (cost) of the item can be reliably measured.

Initial measuring of property, plant and equipment is performed at purchase cost (purchase price), which includes: invoice price, including import duties and other duties that cannot be refunded, less discounts and rebates received; all costs directly attributable to bringing the asset to the location and condition necessary for it to function, as expected by management; and an initial estimate of the cost of dismantling, removing the asset, and rebuilding the area where the asset is located.

With the aim to perform subsequent measuring of property, plant and equipment, these are grouped in the following categories:

a) Land,
b) Facilities,
c) Plants and equipment, and
d) Other.

Subsequent measuring of the category "Buildings" is performed under revaluation model, which means valuation at the revalued amount, which represents the fair value at the date of revaluation, less subsequent accumulated depreciation and subsequent accumulated impairment losses.

Subsequent measuring of all other categories within the Property, Plant and Equipment position, other than the facilities, is to be performed in compliance with the cost (purchase price) decreased by the accumulated depreciation and accumulated losses due to impairment (pursuant to IAS 36).

Leasehold improvements are presented and recognized in a special account, if it is probable that the Company will make the future economic benefits related to such asset. Amortization of investment in other person's property, plant and equipment is performed on the basis of the estimated useful life of such assets, which may be equal or shorter than the validity period of the lease agreement.

7.9 Lease

Lease is an agreement according to which the lessor transfers the right to use the object of lease to the lessee for an agreed period of time in exchange for a single payment or for a series of payments.

In case of a **financial lease** (lease whereby all the risks and benefits related to ownership of the assets are essentially transferred, and upon expiry of the lease period, the property right may, but does not necessarily need to, be transferred), in compliance with the provisions of the IAS 17 - Leases, the lessee performs the **initial measurement** by recognizing the lease as an asset and liability in their Balance Sheet, according to the amounts of its fair value at the beginning of the lease, or according to the present value of the minimum payments for the lease, whichever is lower.
The *fair value* is the amount for which the lease can be exchanged between knowledgeable, willing parties in arm's length transaction.

In calculation of the present value of minimum payments for the lease, the discount rate is generally defined based on the interest rate included in the lease.
If the interest rate cannot be determined, the incremental interest rate on the debt amount is used as the discount rate or as the expected interest rate the Company would pay in case of borrowed assets under similar conditions and similar guarantees for the purchase of the asset identical to the lease.

All initial direct expenses borne by the lessee are added to the amount that was recognized as the asset.

In case of **subsequent measurement**, the minimum lease payments should be divided between financial expenses and the reduction of outstanding obligations. The financial expenditure is allocated to periods within the leasing term and a constant periodic interest rate is applied to the outstanding balance.

In case of **business (operational) lease** (the lease whereby all the risks and benefits related to the ownership of the assets are not essentially transferred), the lease payments are recognized as expense, and in general at the linear basis during the lease period.

From the preparation of financial statements for 2021, IFRS 16 - Leases will be applied - retrospective model with a cumulative effect.

7.10 Amortisation of Intangible Assets, Property, Plant and Equipment

Amortization is the amount of assets (intangible assets, property, plant and equipment) amortized over time allocated within its useful life. Depreciation is conditioned by: useful life, depreciation method, depreciation amount and depreciation period.

The lifetime of an asset is determined by applying the time method, so that the lifetime of the asset may be understood as a time period when the asset is at Company's disposal for use. The useful lives of assets are reviewed at the end of each financial year.

The amount to be depreciated, is the revalued value for facilities, ie the purchase value (for other groups within the item property, plant and equipment and Intangible assets) or another amount that replaces that value (in the Company's financial statements), less the residual value that is systematically allocates over the useful life of assets.

Residual value is the evaluated amount that the Company would have received today, if it had disposed of an asset, after the deduction of the estimated disposal costs and under the assumption that the asset is at the end of its lifetime and in a condition as expected at the end of a useful lifetime.
The residual value of intangible assets is always presumed to be zero, except in the following cases:

- When there is an obligation of a third party to purchase intangible asset at the end of its useful life, or
- When there is an active market for the intangible asset, with the presumption that such market will exist at the end of the useful lifetime of the asset as well, when the residual value may be determined by referring to such market.

The residual value is reviewed at the end of each financial year by the competent appraisers and its change from previous estimates is included in accordance with the relevant provisions of IAS 8.

The residual value may be increased as the result of a valuation for an individual asset to the amount that is equal to the book value of such asset or larger than such value. In that case, the depreciation cost will, during the remaining useful lifetime of such asset, be zero, unless, as the result of subsequent valuations, the residual value is reduced to the amount that is lower than the book value.

Amortization of assets is performed by the **linear write-off** (proportional method), and the **calculation of amortisation starts** from the beginning of the following month from the moment when the asset becomes available for use, i.e., employment, or when it is at the location and the condition necessary for its functioning, in the manner envisaged by the management.

Amortization of intangible assets is conditional on the assessment of whether the useful lifetime is unlimited or limited. Intangible assets are not subject to amortization if it is estimated that the useful lifetime is unlimited, that is, if, based on the analysis of all the relevant factors, the end of the period when is it expected that the intangible asset will cease to generate incoming net cash flows for the Company cannot be foreseen.

Amortisation is not calculated for assets the value of which is not impaired over time (such as, for example, the works of art) nor for assets with unlimited lifetime (land, for example).

For an assets acquired by means of financial lease, amortization is calculated in the same manner as for other assets, except when it is not known whether the Company will acquire the ownership right on such asset, when the assets is amortized in its entirety in a shorter period than the lease period or the useful lifetime.

Calculation of amortization ceases when the asset is derecognized (ceases to be recognized as an asset) and when it is reclassified as a non-current asset held for sale or within discontinuing operations. Thus, amortization is calculated even when the asset is not used, that is, even when the asset is not being used actively, if such asset is not reclassified as a non-current asset held for sale or within the discontinuing operations.

Calculation of assets' amortisation is performed for tax balance purposes in compliance with the applicable legislation.

Assets that are, in accordance with the IFRS 5 - Non-Current Assets Held for Sale and Discontinuing Operations, classified as assets held for sale, as at the balance sheet date are presented as working capital and are assessed at the lower value of the accounting value and fair value reduced by the costs of sale.

7.11 Impairment of Intangible Assets, Property, Plant and Equipment

At each balance sheet date, competent persons, from the Company or external, check if there are indications that the accounting value of an asset (intangible assets, property, plant and/or equipment) is impaired, that is, if the accounting value exceeds the recoverable amount for the asset in question.

If there are indications of impairment, appraisal of recoverable amount is performed in compliance with the relevant provisions of IAS 36.

Recoverable amount is the higher amount of:

- The fair value, reduced by the costs of sales; and
- The use value.

Fair value reduced by the costs of sales is the expected net selling price of the asset or the amount that can be achieved in the sale of an asset in an at arm's length transaction between knowledgeable, willing parties, reduced by the disposal costs.

Use value is the present value of estimated future cash flows expected to occur from the continuous use of the property during its lifetime and sale at the end of that period. The discount rate used in determining the asset's present value reflects current market estimates of the time value of money, as well as the risks characteristic for the asset in question.

Recoverable amount is estimated for each asset separately or, if that is not possible, for the unit that generates cash related to that asset. The unit that generates cash is the smallest recognizable group of assets that generates cash flows independent to the greatest degree from the cash flow related to other assets or groups of assets.

If it has been established that the value is decreased, the accounting value is reduced to the recoverable amount. The loss due to the decrease is captured as follows:

- If the revaluation reserves were previously created for that asset, the loss is indicated by decreasing revaluation reserves, and
- If the revaluation reserves were not previously created for that asset, the loss in indicated as expenses for the respective period.

7.12 Investment Property

An investment property is a property (land or building or part of a building or both) held by the owner or the lessee in the financial lease in order to receive income from rentals or increase in capital value, or both, and not:

- To use it in the production, or acquisition of goods and services or for administration purposes; or
- The sale within the scope of usual business activities.

The investment property is recognized, pursuant to IAS 40 - Investment property, as an asset: if there is a chance that the Company may have economic benefit in the future from that investment property; and if its purchase price (cost) can be measured reliably.

An investment property should be measured initially at its cost. Related expenses are included in the price.

Subsequent expenditure related to an already recognized investment property is attributed to the expressed amount of the investment property if it can be recognized as an asset, if it is likely that future economic benefits related to that expenditure will flow to the Company and if the purchase price (cost) of that expenditure can be measured reliably. In the opposite case, the subsequent expenditure is presented as an operating expense in the period in which it was incurred.

After the initial recognition, the **subsequent measurement of the investment property** is performed according to the fair value, meaning its market value or most probable value that can be achieved on the market at the balance sheet date.

The change in the fair value of an investment property over a specific period is recognized in the income statement for the period in which the increase / decrease occurs.

Investment properties *are not subject to the calculation of depreciation or to the valuation of the decrease in value of the property.*

Investment property is not recognized as such any more upon the disposal (sale or conclusion of financial leasing) thereof or if it is not in use (when spent), any more and no future benefits are expected from the disposal thereof. Gains or losses from decommissioning or disposal of investment property are recognized in Income Statement in the year in which the asset was disposed of or decommissioned, while the entire amount of revaluation reserves that are an integral part of capital related to disposed investment property, is transferred directly to retained earnings for the current year.

7.13 Inventories

Inventories are assets: kept for sale in the usual line of activities, assets in production, but intended for sale; or primary and secondary materials used in the production or provision of services.

Inventories include: primary and secondary materials (including spare parts, tools and stock) used in the production, unfinished products that are being produced, finished products manufactured by the Company and goods.

Inventories are (pursuant to IAS 2 - Inventories) **measured** at lower value:

- The purchase price (cost) and
- Net realizable value, (ie net sales value / prices), while inventories of materials and goods being measured at cost.

The purchase price (cost) includes all:

- Purchase expenses,
- Conversion expenses and
- Other costs incurred in bringing the inventories to their present location and condition.

The costs of **purchase of materials and goods** as basis for the valuation of inventories of materials and goods, include the cost price, import duties and other fiscal expenditure (other than the recoverable tax amounts, such as the input value added tax), transportation costs, handling costs and other costs that are directly attributable to the purchase costs of inventories. Discounts, rebates and other similar items are deducted on the occasion of determining the purchase costs.

Valuation of material and goods inventories spent is performed by applying the **weighted average cost formulas**, calculated at the level of each individual warehouse.
In the recognition of assets of lower value (for example small inventory items, spare parts and servicing equipment), upon its use, the entire value (100% write-off) is transferred to expenses of the respective period.

Conversion costs and other costs incurred in bringing the inventories to their present location and condition are important in the valuation of inventories of unfinished products and finished products. These costs include: direct labour costs, direct material costs and indirect costs, or general production costs and non-production costs and borrowing costs.

Under certain conditions, specified in IAS 23, borrowing costs may also be included in the cost of inventories.

Net realizable value is the valuated price of sale within regular business activities (value excluding tax) reduced by estimated completion costs and valuated costs necessary for the realization of the sale. The valuation of the net realizable value is performed based on the most reliable evidence available at the time of valuation with regard amounts that may be achieved.

The amount of any write-off of inventories to the net realizable value and all losses of inventories are recognized as expenses for the period when the write-off or loss occurred.

7.14 Non-Current Assets Held for Sale

The Company recognizes and presents a non-current asset (or available group of assets) as an **asset held for sale** in compliance with IFRS 5 - Non-Current Assets Held for Sale and Discontinuing Operations if its accounting value can primarily be recovered by means of a sales transaction and not by means of its further use. To fulfil this requirement:

- The asset (or group for disposal) must be available for immediate sale in the current condition, solely under the usual conditions for the sale of such property (or disposal group); and
- The sale of the asset must be very probable.

For a sale to be highly probable, the appropriate level of management must commit to a plan to sell the property (or disposal group), that there is an active program to find a buyer, and that the execution of that plan has already begun, for example, an announced public sale. started negotiations or preparations for negotiations with potential buyers, etc.). In addition to the above, the probability of sale implies the existence of a market for that asset, that the offered price is reasonably determined, so that it enables the reality of the expectation that the sale will be made within one year from the date of recognition.

Extending the period required to complete the sale does not prevent the asset (or disposal group) from being classified as held for sale if the delay is due to events or circumstances beyond the Company's control and there is sufficient evidence that the Company is still committed to the plan. to sell the property (or disposal group).

The Company measures property, plant and equipment (or disposal group), classified as property, plant and equipment held for sale at a lower value than:

- The accounting value, and
- The fair value reduced by the costs of sale.

The accounting value is the present (non-write off) value stated in business books of the Company.

The fair value is the amount at which the asset may be traded between knowledgeable and willing parties in an at arm’s length transaction, or the market value on the date of sale.

Costs of sale are costs directly attributable to the sale of assets, or disposal groups, other than financing costs and income taxes, that are measured at present value rather than at the time of sale.

The Company does not depreciate property, plant and equipment as long as it is classified as held for sale (or as part of an disposal group that is classified as held for sale).

Written-off assets, as well as assets with insignificant non-write off value will not be recognized as assets held for sale.

The sale of fixed assets held for sale in accordance with IFRS 5 is recorded on a net basis, ie the difference between the net sales value and the carrying amount is reported as a gain or loss on the sale of fixed assets held for sale, while the sale of fixed assets held for sale is recorded. in accordance with IAS 2 is performed on a gross basis.

Assets that cease to be classified as held for sale (or cease to be included in a held-to-sale group) are valued at the lower of:

- the carrying amount before it is classified as held for sale (adjusted for depreciation and impairment that would be recognized if the asset was never classified for sale); and
- its recoverable amount at the date of the decision not to sell the fixed asset.

7.15 Fair Value

This IFRS 13 Fair Value Measurement defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, assuming the participants act in their best economic interest.

Fair value is a market-based measurement, not a measurement based on a specific company.

A fair value measurement is for a particular asset or liability. Therefore, the entity shall take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Such characteristics include, for example, the following:

- the condition and location of the asset; and
- restrictions, if any, on the sale or use of the asset.

A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

If there is a principal market for the asset or liability, the fair value measurement shall represent the price in that market (whether that price is directly observable or estimated using another valuation technique), even if the price in a different market is potentially more advantageous at the measurement date.

Basically, all fair value assessment techniques can be divided into three groups:

- market approach - using prices and other relevant information generated by market transactions involving identical or comparable (ie similar) assets, liabilities or a group of assets and liabilities, such as a business;

- cost approach - From the perspective of a market participant seller, the price that would be received for the asset is based on the cost to a market participant buyer to acquire or construct a substitute asset of comparable utility, adjusted for obsolescence.
- income approach converts future amounts (eg cash flows or income and expenses) to a single current (ie discounted) amount. When the income approach is used, the fair value measurement reflects current market expectations about those future amounts.

As with all fair value measurements, an entity's measurement method for determining the portion of the change in the liability's fair value that is attributable to changes in its credit risk must make maximum use of relevant observable inputs and minimum use of unobservable inputs.

An input, which may be observable or unobservable, is an assumption used by market participants to determine the price of an asset or liability, including risk assumptions, such as the risk inherent in a given valuation technique used in measuring fair value (such as a pricing model); and the risk inherent in the inputs to the assessment technique.

The fair value hierarchy is classified into three levels, according to the inputs for the valuation technique, which is used in determining fair value. In the context in question:

- highest priority is given to the fair value determined on the basis of level 1 inputs,
- average priority of fair values determined on the basis of level 2 inputs, a
- lowest priority of fair values determined on the basis of level 3 inputs.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Therefore, the emphasis within Level 1 is on determining both of the following:

- the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability; and
- whether the entity can enter into a transaction for the asset or liability at the price in that market at the measurement date.

Level 2 inputs are quoted prices for similar assets or liabilities in an active market, quoted prices for identical or similar assets or liabilities in markets that are not active, and the like. Depending on the characteristics (condition and location of assets, volume and level of activity in the markets where inputs are observed, etc.) of assets and "benchmark" assets, inputs are corrected when measuring fair value.

Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs shall be used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

In the absence of any reliable inputs, when approximating the fair value (when estimating the fair value of illiquid securities, etc.), the purchase value can be taken.

7.16 Financial Instruments

Financial assets

According to IFRS 9 – Financial instruments, the company recognises when, and only when, the entity becomes party to the contractual provisions of the instrument. A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting or settlement date accounting.

The company derecognises a financial asset when, and only when:

- the contractual rights to the cash flows from the financial asset expire, or
- it transfers the financial asset and the transfer qualifies for derecognition.

At initial recognition, the company measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. In relation to the above, the difference is that the initial recognition of trade receivables is measured at the transaction price (except in the case when the sale contains a significant component of financing).
In subsequent measurement of financial asset, the relevant group is the group in which the Company has classified the financial asset, which is conditioned by:

- business model of the Financial Management Company and
- characteristics of contractual cash flows of the financial asset ("SPPI" test - Solely Payments of Principal and Interest).

After initial recognition, the company measures a financial asset at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Asset classified in the amortized cost category should meet both criteria:

- Business model: the financial asset is held for the purpose of collecting contracted cash flows;
- SPPI test: whether the agreed conditions give the right to cash flows that represent only the payment of principal and interest.

Asset classified at fair value through other comprehensive income should meet both criteria:

- Business model: the financial asset is held to collect contracted cash flows and sales;
- SPPI test: whether the agreed conditions give the right to cash flows that represent only the payment of principal and interest.

Financial asset measured at fair value through profit or loss includes assets that are not classified in the previous two groups. Valuation effects and realized gains and losses are recognized in the income statement in the period in which they arise.

All derivatives within the scope of IFRS 9 are measured at fair value. All changes are recognized in the income statement.

Dividends are recognised in profit or loss only when:
- the entity's right to receive payment of the dividend is established;
- it is probable that the economic benefits associated with the dividend will flow to the entity; and
- the amount of the dividend can be measured reliably.

A financial asset is impaired when one or more events occur that have an adverse effect on the estimated future cash flows of that financial asset.

With respect to assets measured at amortized cost (loans and receivables) and at fair value through other comprehensive income, the Company should recognize an impairment loss, ie a provision for **expected credit losses.**

At each reporting date:
- the company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition the company should measure the provision for losses on a financial asset at an amount equal to the expected credit losses over the life of the asset;
- an entity may assume that the credit risk on a financial instrument has not increased significantly since initial recognition, the Company should measure the provision for losses on a financial asset at an amount equal to twelve months of expected credit loss.

The company shall measure expected credit losses of a financial instrument in a way that reflects:
- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Financial liabilities

A financial liability is any liability that is:
- contract right:
  - delivery of cash or other financial means to another company; or
  - exchange of financial assets or financial liabilities with another company under conditions that are potentially unfavorable for the Company; or
- contract that will be or can be settled with the Company's equity instruments and which is:
  - non-derivative, for which the Company is or may be obliged to submit a variable number of equity instruments of the Company; or
  - derivatives, which will be or can be settled differently than by exchanging a fixed amount of cash or other financial assets for a fixed number of equity instruments of the Company.

Pursuant to IFRS 9 - Financial Instruments, a financial liability is recognized when the Company becomes a party to the contractual provisions of the financial instrument.

The company shall remove a financial liability (or a part of a financial liability) from its statement of financial position when, and only when, it is extinguished—ie when the obligation specified in the contract is discharged or cancelled or expires.

An exchange between an existing borrower and lender of debt instruments with substantially different terms shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the debtor) shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognised in profit or loss.

A financial liability is initially measured at fair value, increased or decreased, in case of financial liability not measured at fair value through profit or loss, for transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

From the aspect of subsequent valuation, with minor exceptions (derivatives, financial guarantees, etc.), financial liabilities are measured at amortized cost, using the effective interest rate method. Using this method, the Company identifies the fees that are an integral part of the effective interest rate of the financial liability (all of the above also applies to the financial asset).
Fees that are an integral part of the effective interest rate include start-up fees (servicing costs, costs of processing loan applications, registration of collateral, attorney's fees, etc.), commissions, etc.

The Company may, on initial recognition (no reclassification of a financial liability over time) classify a financial liability as measured at fair value through profit or loss: if it prevents an accounting mismatch due to the measurement of assets, liabilities, income and / or expenses on various bases. ; and if the group of financial assets and liabilities is managed and their performance is measured at fair value, in accordance with a documented risk management or investment strategy.

Impairment of financial assets

IFRS 9 introduces a revised model of impairment of financial assets, which is based on the expected credit loss and not on past losses.

The IAS 39 loss model recognized a loss on a financial instrument only when objective evidence of impairment of the financial instrument appeared, such as late payment of obligations, financial difficulties of the debtor, opening of pre-bankruptcy / bankruptcy proceedings, liquidation of the debtor, etc. This approach resulted in a rather late recognition of losses in the financial statements. In contrast, the model of expected credit losses requires an assessment of possible impairment losses on financial instruments before the deterioration of the financial and creditworthiness of the debtor, ie. that the value adjustment is recognized before the incurred losses occur.

According to the adopted Methodology for calculating the impairment of financial instruments in accordance with IFRS 9, the impairment is performed in accordance with the model of expected losses when assessing the impairment of financial assets measured at amortized cost or fair value through other results (except equity), and to contractual assets (contractual financial assets in accordance with IFRS 15).’

The Company assesses impairment at two levels: individual and group.

The Company applies individual assessment of allowances in cases where key credit risk drivers can be monitored on the basis of an individual instrument, where the Company then monitors them without the need for additional joint assessment.

The Company applies individual assessment of impairment to receivables from related legal entities; on receivables from the state, which do not relate to commercial relations in which the state is in the role of investor; on financial placements and given deposits; securities and cash and cash equivalents.

For the purposes of individual assessment, the Companies rely on the data on non-payment of liabilities (PD) from external sources, ie the data published by renowned rating agencies. The second parameter in the calculation, LGD (loss given default), which implies the amount of loss in case of default, is based on the Basel LGD of 45%. The exposure in the event of a default event (EAD) in this case is the amount of the claim at the reporting date. The discount factor will depend on the effective interest rate determined at initial recognition and the maturity of the instrument. If the collection of receivables is expected within 12 months, the discount factor is 1.

The Company applies the group assessment of impairment for measuring credit losses, ie receivables from third parties (including receivables from the state, state-owned companies and state bodies, where the state is predominantly in the role of investors) in teh country and abroad, as well as accruals and deferrals that have the category of financial assets, and other receivables, including contractual financial assets in accordance with IFRS 15, or receivables from uninvoiced income with these persons, which are not subject to individual estimates, as well as lease receivables arising from transactions under IFRS 16.

The calculation of the parameters that will be applied in the Energoprojekt System was performed on the basis of data on historical collection by the largest companies operating within Energoprojekt:, Energoprojekt Visokogradnja Plc, Energoprojekt Niskogradnja Plc, Energoprojekt Entel Plc and Energoprojekt Oprema Plc

Calculation approach PD is based on the creation of provision matrices from age intervals (14 intervals, based on late days as follows: "0" overdue receivables; "1" - 0-30 days late, "2" - 31-60 days late… "13" - 330-360 days late; "14" - over 360 days late) and rates of uncollected receivables ("roll-rate") between the observed intervals.

The loss rate in case of default, LGD, was calculated by observing collection of receivables in the "worst" observed interval during the period 2017-2019, 2017-2020, in a way that the amount claimed on 31.12.2019 was put in relation in the worst age interval increased by write-offs during the observed period and the total amount of registered receivables, ie. invoice in the worst age interval during the observed period. In certain cases, due to the existence of first-class (deposits, guarantees, etc.), or adequate collateral (pledges, mortgages), the Company may reduce the exposure by the amount of collateral before applying the LGD with the prior application of an appropriate impairment factor (haircut). In cases of receivables dating from before 2017, except in specific cases that need to be adequately documented, it is assumed that these are receivables that are impaired and for which the impairment calculation approach is applied to instruments where objective evidence of impairment has been identified (as is explained below).

When approaching the calculation of impairment for financial instruments for which objective evidence of impairment has been identified, no need to change the previous approach in accordance with IAS 39 has been identified, and the treatment and method of calculating impairment remains unchanged in accordance with IAS 39 and is based on the amount of loss measured. as the difference between the exposure and the present value of future expected cash flows, discounted at the effective interest rate.

In case there is a need to determine the discount factor, ie the effective interest rate for the purposes of calculating the expected credit loss (for certain financial instruments that are not measured under the simplified approach and level 3 assets that are measured individually), the Company will apply the effective interest rate of the instrument. , ie in case of its non-existence, as the best approximation, publicly available data will be used depending on the currency, maturity, etc. (NBS statistics, eminent publicly available sources of information, legal default interest rate, etc.)

The Company applies the simplified approach for trade receivables (related and third parties), contractual assets arising from transactions under IFRS 15 and lease receivables arising from transactions under IAS 17 / IFRS 16. The simplified approach implies that for a given the receivable calculates the life expectancy loss regardless of whether there has been a significant increase in credit risk from customers, contractual assets and lease receivables and the provision for losses in an amount equal to life expectancy throughout the life.

For other categories of financial assets (cash and cash equivalents, financial investments, securities) the Company applies the general approach.

The Company has used the Methodology for calculating the impairment of financial instruments in accordance with IFRS 9 to define indicators of significant increase in credit risk. In connection with the above, as indicators of a significant increase in credit risk, ie indicators that for a certain type of financial assets it is necessary to calculate the expected credit loss for the entire period of its life / duration, the following are taken into account:

- Decline in external credit rating used for the purpose of calculating the impairment;
- Delay in repayment of the obligation to the Companies in the amount of 30 days (if it is about third parties), or 90 days, if it is about related legal entities;
- Other qualitative criteria that may lead to the conclusion that there has been a significant increase in credit risk.

For the purposes of identifying impairment indicators, ie the criteria that it is necessary to calculate the expected credit losses for assets classified in level 3, in accordance with the requirements of IFRS 9, the Companies apply:

- Defined default threshold that applies to a given Company and a given category of financial assets;
- Other objective evidence of impairment in accordance with IFRS 9.

The approach of impairment for financial guarantees is based on the historical losses that Energoprojekt had on this basis.

Based on all the above, the Company in accordance with Methodology for calculating the impairment of financial instruments in accordance with IFRS 9, calculated the effects of application of IFRS 9 on 01.01.2020 in the amount of RSD 145,136 thousand (recosnised within capital), as at 31.12.2020 in the amount of RSD 10,339 thousand (income) and as at 31.12.2021 in the amount of RSD 51.086 thousand (income), which resulted in an impairment of financial instruments in the amount of RSD 83,711 thousand as at 31.12.2021.

The following table shows effects of the application IFRS 9 on 31.12.2021, which were recorded through the results of the current year (increase in gross results in the amount of RSD 51,086 thousand).

Financial instruments	Financial instruments as of 31.12.2021. gross	acc. allowance for impairment	Opening balance of impairment as of 01.01.2021	Transfer (to acc. 0439) / from acc. 2309 and 2349	Expenses (acc. 58)	Income (acc. 68)	FX difference	Total effects on BS on 2021	Impairment as of 31.12.2021	Financial instruments as of 31.12.2021 Net
1	2	3	4	5	6	7	8	9=6+7+8	10=4+5+9	11=2+10
Buyers in the country - parent and subsidiaries (acc. 2000 and acc. 2001) - EP Visokogradnja (Note 29)	888.497	acc. 2009	(81.401)		(10.163)	43.322	(1)	33.158	(48.244)	840.253
Short-term loans and placements - parent and subsidiaries (acc. 2300) (Note 31.1)	92.596	acc. 23090	(545)	66		196	0	196	(283)	92.313
Portion of long-term financial placements with parent end subsidiaries in the country up to 1 year (acc. 2340) (Note 31.3)		acc. 23490	(4.192)	4.192				0	0	0
Long-term receivables for uninvoiced income - other related parties (acc. 28102) (Note 26)	373.000	acc. 28182	(41.465)			19.332	(1)	19.332	(22.133)	350.867
Long-term placements with parent and subsidiaries in country, without interest RSD 5,000 (acc 04300) (Note 25.3)	4.264.783	acc. 04390	(7.193)	(4.258)	(1.762)	163	0	(1.599)	(13.050)	4.251.733
TOTAL	**5.618.876**		**(134.796)**	**0**	**(11.925)**	**63.013**	**(2)**	**51.087**	**(83.710)**	**5.535.166**

In accordance with applied Methodology for calculation of impairment of financial instruments in accordance with IFRS 9, it has been determined that short-term financial placements given to Enjub Ltd is fully covered by the pledge over property of the company, so there is no amount that should be impaired in accordance with IFRS 9 (Note 45).

Also, the effects of application of IFRS 9, due to material insignificance, are not recorded in the following financial assets: Receivables from sales (excluding receivables from Energoprojekt Visokogradnja with maturity over one year), Receivables from specific operations, Other receivables, Short-term loans and placements granted to Energoprojekt Energodata and Cash equivalents and cash.

Effects of the first application of IFRS 9 on 01.01.2020 in accordance with the provisions of Article 25a of the Law on Corporate Income Tax and the provisions of IAS 12, affected increase of deferred tax assets by RSD 21,770 thousand (15% of the total effect of IFRS 9 on 01.01.2021 of RSD 145,136 thousand, recorded through increase in retained earnings in previous years), while on 31.12.2020 and 31.12.2021 the deferred tax assets was each decreased by RSD 4,354 thousand (each by 1/5 of the amount of deferred tax assets recognized on 01.01.2020 by RSD 21,770 thousand) (Notes 43).

In accordance with adopted Methodology for calculating the impairment of financial instruments in accordance with IFRS 9, the Company has determined the existence of objective evidence of impairment in the following financial instruments:
- receivables from the sale of Energoprojekt Visokogradnja with a maturity of over 360 days and
- receivables for uninvoiced income from the Republic of Serbia based on the construction of the RS Embassy in Abuja, Nigeria.

When projecting net cash flows, we started from the assumption of collecting the above receivables in full, as follows:
- within 3 (three) years - for receivables for non-invoiced income and most receivables from sales based on sale to Energoprojekt Visokogradnja, which as at 01.01.2020 were assumed to be collected within 5 (five) years, whereas the remaining receivables from Energoprojekt Visokogradnja has changed from assumed collection within 2 (two) to 1 (one) year,
- within 4 (four) years for receivables that, as at 31.12.2020, were assumed to be collected within 5 (five) years,
- or within 5 (five) years - for receivables that on 31.12.2021 passed to level 3.

When discounting the value of net cash flow, in accordance with the adopted Methodology for calculating the impairment of financial instruments in accordance with IFRS 9, the interest rate published on the NBS website on loans granted to the non-financial sector in the amount of 2.06% for receivables in EUR.

The following is an overview of financial assets in which objective evidence of impairment has been identified, with data on the carrying amount of receivables and the discounted value of net cash flows as of 31.12.2021.

Financial instrument in which objective evidence of impairment has been identified	Financial instruments as of 31.12.2021	Discounted value of net cash flow 31.12.2021	Impairment 31.12.2021
Domestic buyers - parent and subsidiaries (acc. 200) - EP Visokogradnja (receivables with maturity over 360 days)	764,726	716,482	(48,244)
Long-term receivables for non-invoiced income-other related parties (account 28102)	373,000	350,866	(22,133)
TOTAL	**1,137,726**	**1,067,349**	**(70,377)**

For other financial assets for which no objective evidence of impairment has been identified.

Short-term loans and placements - parent and subsidiaries and long-term financial placements to parent and subsidiaries maturing within one year and Long-term placements to parent and subsidiaries in the country), in accordance with the adopted Methodology for calculating the impairment of financial instruments in accordance with IFRS 9, as the probability of default (PD) for receivables is the second contracting party legal entity, the rate of 0.68% determined as the average (for the observation period from 1981-2020) was used for the credit rating BB published by the renowned agency Standard & Poors, while as the second parameter in the calculation of LGD (loss given default) which means the amount of loss in case of default, used Basel LGD in the amount of 45%.

7.17 Provisions, Contingent Liabilities and Contingent Assets

A provision, according to IAS 37 - Provisions, contingent liability and contingent assets, means a liability of uncertain due date or amount exists at the balance sheet date.

The Company recognizes provisions only if the following conditions are met:

- The Company has a present obligation (legal or constructive) as a result of a past event,
- It is probable that an outflow of resources will be required to settle the obligation, and
- A reliable estimate can be made of the amount of the obligation.

The essence of provisions is to form provisions only for liabilities from past events that exist independently from future events. Therefore, provisions are not recognized for future operating losses.

For purposes of recognition of provisions, it is considered as probable that the requested settlement of Company's liabilities will cause an outflow of resources representing an economic benefit when it is more probable than not that an outflow of resources will occur, or when the probability that settlement of these liabilities by the Company will cause an outflow of resources, is greater than the probability that it will not.

Provisions may be made on various bases, and specifically, these may include: provisions for costs during the warranty period, provisions for recovery of natural resources, provisions for retained deposits and caution money, provisions for restructuring costs, provisions for fees and other employee benefits, provisions for lawsuits and for other purposes.

In the measurement of provisions, the amount recognized as provision is the best valuation of Company's expenditure requested to settle a present liability at the balance sheet date. In other words, it is the amount the Company has to pay at the balance sheet date to settle liabilities or to transfer liabilities to third parties.

Long term provision for expenses and risks are tracked by sorts, they are examined at each balance sheet date and corrected to reflect the best present valuation. If it is no longer probable that an outflow of resources will be required to settle the obligation, the provision is cancelled. Cancellation of provisions is credited as income.

When the effect of the time value of money is significant, the provision amount represents the present value of expenditure of the Company expected to settle the obligation. Discount rates are used in the calculation of the present value or pre-tax rates that reflect current market valuations of the time value and liability-related risks.

Contingent liability is:

- A possible liability that arises from past events and may be confirmed only if one or several uncertain future events, that are not entirely in the scope of influence of the Company, occur or not; or
- A present liability that arises from past events, yet not recognized, because it is not probable that an outflow of resources that represents economic benefit of the Company will be required to settle the obligation or because the amount of liability cannot be reliably valuated.

A contingent liability is not recognized in financial statements of the Company, but is disclosed in case that the outflow of economic benefit is possible and this possibility is not very small.
A contingent liability is permanently re-evalued (at least at the balance sheet date). If the outflow of economic benefits based on contingent liabilities becomes possible, provisions and expenses are recognized in financial statements of the Company for the period when the change occurred (unless in rare cases when a reliable valuation is not possible).

A contingent asset is an asset that may arise from past events and its existence will be confirmed only if one or several future events, which are not entirely in the scope of influence of the Company, occur.

A contingent asset is not recognized in financial statements of the Company, but is disclosed in case that the outflow of economic benefit is possible.

Contingent assets are permanently re-evalued (at least at the balance sheet date) to ensure that financial statements reflect the development of the event. If it is certain that the outflow of economic benefit based on contingent assets, related asset and revenue are recognized in financial statements of the Company for the period when they occurred.

7.18 Employee Benefit

In **terms of taxes and compulsory social security contributions**, the Company shall, according to regulations applied in the Republic of Serbia, pay for contributions to various public funds for social security. These liabilities include contributions paid by employees and contributions paid by the employer in amounts calculated according to prescribed rates. The Company has legal obligation to suspend calculated contributions from gross earnings of employees and to transfer the amount on their behalf to public funds.

Contributions paid by employees and contributions paid by the employer are recorded as expenses of the Company for the respective period. The company, upon retirement of employees, keeps no obligation to pay them any benefits.

For the valuation of provisions based on contributions and other employee benefits, relevant provisions of the IAS 19 - Employee benefits are applied. Provisions for contributions and other employee benefits include, for example: provisions for non-due retirement benefits upon regular retirement and provisions for retirement bonus paid by the Company upon termination of employment prior to the retirement date or paid upon decision of the employee to take voluntary redundancy in exchange for those benefits.

In the valuation of liabilities upon employment termination and pursuant to respective IAS 19 provisions, the discount rate is determined according to the market yield at the balance sheet date for high yield corporate bonds. Alternatively, also specified in IAS 19, until a developed market for corporate bonds in the Republic of Serbia is established, market yields for government bonds will be used for the (for discount rate of) valuation of liabilities of the Company upon employment termination (at the balance sheet date). The value date and deadline for corporate or government bonds should be in accordance with the value date and deadline for obligations related to the income after employment termination. If the Company, for the valuation of obligations upon employment termination and due to undeveloped market for government bonds, uses the government bond yield as reference with maturity date shorter than the estimated maturity of payments based on respective income, the discount rate is defined by valuating the reference securities yield for longer periods.

Retirement bonus is paid by the Company to employees in compliance with the newly amended provisions of the Collective Agreement, which were brought in line with the legal provisions (in the amount of two average gross salaries in the Republic of Serbia in accordance with the latest published data of the Republic authority in charge of statistics).

7.19 Information on Business Segments

A business segment is a part of assets and business operations that provide products or services that are subject to risks and benefits different from those present in some other business segments. The geographical segment provides products or services within a specific economic environment that are subject to risks and benefits different from the segments operating in some other economic environments.

8. FINANCIAL RISKS

Uncertainty in future events is among the basic specificities of business operations under market conditions in an economic environment that is characterized by several possible or potential outcomes. Unpredictability of future events is one of basic particularities of operating in an open market environment characterized by several possible or potential outcomes.

From the Company's point of view, there is a large number of potential risks that may more or less have adverse effects on the Company's business.

Certain (specific) risks are determined by internal factors, such as: *concentration risk*, which, in the Company's case, may be manifested as exposure to any one or a small group of buyers or suppliers; *operational risk*, that means the possibility of adverse effect due to unintentional or deliberate omissions by employees, inappropriate internal procedures and processes, inadequate information system management in the Company, etc.; *reputational risk*, that means a possibility that the Company's market position deteriorates due to the loss of trust or bad reputation (public institutions, suppliers, buyers, etc.) of the Company; legal risk, that means a possibility of adverse effects due to penalties and sanctions that derive from lawsuits due to the failure to fulfil contractual or legal obligations; etc.

Since the majority of these and some other risks not mentioned herein is set forth in detail in other chapters of the Notes or in other internal regulations of the Company (for example, the Rules on Accounting Practices and Policies of the Company regulates the minimization of operational risks by introducing procedures and work instructions), focus is places here on the **financial risks** that primarily include the following:

- Credit risk,
- Market risk and
- Liquidity risk.

Financial risks are significantly affected by external factors that are not directly controlled by the Company. In that sense, financial risk is considerably affected by the Company's environment which, apart from economic development, is likewise committed to legal, financial and other relevant aspects that define system risk level.

Generally, comparing markets of developed economies, companies that operate on markets with insufficient economic development, macroeconomic stability and high insolvency, such as the Republic of Serbia, are significantly exposed to financial risks. Insufficient development of the financial market makes it impossible to use a wide spectrum of hedging instruments, characteristic for developed markets. Companies that operate in the Republic of Serbia do not have the possibility to use many derivative instruments in financial risk management due to the fact that these instruments are not widely used nor there is an organized continuous market for financial instruments.

Financial risk management is a comprehensive and reliable management system that aims to minimize potential adverse effects to the financial condition and operations of the Company under unpredictable financial market conditions.

Considering limitations in the financial risk management that are characteristic of business on the Serbian market, it is clear that it is necessary to approach this issue in a proper manner as recognized by the Company’s management.
Essentially, financial risk management in the Company should ensure that the *Company’s risk profile* is always in compliance with *Company’s tendency towards risks* or in compliance with an acceptable structure and risk level that the Company will take in order to implement its business strategies and achieve business goals.

The following will be presented below:

- Company financial risk profile, or the assessment of the financial risks’ structure and level that the Company is exposed to in the course of its operations;
- Measures undertaken to manage the identified financial risks that the Company is exposed to; and
- Capital risk management, which, despite not specifically considered as a financial risk belonging to any of the individual financial risks’ category, significantly affects the risk levels of each of the risk types considered.

8.1 Credit Risk

A credit risk is a risk of adverse effects to the financial result and capital of the Company due to debtor's failure to fulfil obligations towards the Company within the specified deadline.

Credit risks mean not only debtor-creditor relations that derive from sales of Company’s products, but also credit risks that derive from other financial instruments such as receivables based on long-term and short-term financial investments.

The company has substantial concentrations of credit risk in collection from buyers with long lending periods due to poor liquidity.

The structure of receivables form sales is presented in the table below, the receivables from specific operations in Note 30.1.1 and the structure of other receivables (except receivables for overpaid income tax and receivables based on overpaid other taxes and contributions) in Note 30.1.2.

Structure of trade receivables	*in RSD thousand*	
	31.12.2021	*31.12.2020*
Domestic buyers:		
Jerry Catering Services Ltd.	3.530	1.397
Saga Ltd.	656	
Prizma Ltd.	606	
5.Evropske univerzitetske igre Beograd 2020 Ltd.	463	
Stara Sent Andrea	115	
Bimbros Ltd.	75	
Others	333	28
Domestic buyers (gross)	5.778	1.425
Impairment	*(706)*	
Subtotal - Domestic buyers (net)	**5.072**	**1.425**
Foreign buyers:		
Partner Microcredit Foundation Tuzla	59	
Foreign buyers (gross)	59	-
Impairment	*(59)*	
Subtotal - Foreign buyers (net)	**0**	**0**
Receivables from parent company, subsidiaries and other related parties in the country:		
Energoprojekt Visokogradnja Plc.	888.497	820.339
Energoprojekt Niskogradnja Plc.	131.778	91.899
Energoprojekt Entel Plc.	4.478	3.852
Energoprojekt Sunnyville Ltd.	241	415
Energoprojekt Hidroinženjering Plc.	1.385	1.332
Energoprojekt Industrija Plc.	3.305	571
Energoprojekt Urbanizam i arhitektura Plc.	9.020	4.953
Energoprojekt Energodata Plc.		14.438
Energoprojekt Oprema Plc.	13.783	1.480
Energoprojekt Park 11 Ltd.	2.024	
Enjub Ltd.	1	
Receivables from parent company, subsidiaries and other related parties in the country (gross)	1.054.512	939.279
Impairment subsidiaries (EP Visokogradnja Plc.)	*(48.244)*	*(81.401)*
Impairment other related parties (Enjub Ltd.)	*(1)*	-
Subtotal - Receivables from parent company, subsidiaries and other related parties in the country (net)	**1.006.267**	**857.878**
Total	**1.011.339**	**859.303**

The following table shows aging structure of trade receivables.

Aging structure of trade receivables	*in RSD thousand*	
	31.12.2021	*31.12.2020*
Domestic buyers:		
a) Current	1.978	771
b) Up to 30 days	776	654
c) from 30 to 60 days	702	
d) from 60 to 90 days	579	
e) from 90 to 365 days	707	
f) over 90 days	1.036	
Subtotal - Domestic buyers	***5.778***	***1.425***
Foreign buyers:		
a) Current		
b) Up to 30 days		
c) from 30 to 60 days		
d) from 60 to 90 days		
e) from 90 to 365 days		
f) over 90 days	59	
Subtotal - Foreign buyers	***59***	***-***
Receivables from parent company, subsidiaries and other related parties in the country:		
a) Current	20.202	153
b) Up to 30 days	12.071	9.947
c) from 30 to 60 days	12.072	9.870
d) from 60 to 90 days	14.570	20.293
e) from 90 to 365 days	166.365	176.938
f) over 90 days	829.232	722.078
Subtotal - Receivables from parent company, subsidiaries and other related parties in the country	***1.054.512***	***939.279***
TOTAL - GROSS	***1.060.349***	***940.704***
Impairment Receivables from sales	***(49.010)***	***(81.401)***
TOTAL RECEIVABLES FROM SALES - NET	***1.011.339***	***859.303***

Buyers domestic - subsidiaries pertain to receivables based on service agreements, lease agreements and other to subsidiaries. According to the Service Agreements, except from Energoprojekt Entel, the Company was presented with blank bills of exchange with authorization as collaterals.

According to buyers domestic - other related parties (Enjub Ltd.), the Company do not present collaterals as security instruments.

According to Buyers domestic (externally), the Company has presented security instruments from Jerry Catering Service Ltd. (3 bills of exchange signed with authorization for filling and collection) while from other buyers in the country (externally) the Company does not have bail security instruments.

8.2. Market Risk

A market risk is a risk of adverse effects to the financial result and capital of the Company due to losses under specific balance sheet items as a result of negative price shifts on the market and other relevant financial parameters.

The market risk includes three risk types:

- The currency risk,
- The interest risk and
- The price risk.

The currency risk, also called foreign exchange risk or exchange rate risk, is a risk of fair value fluctuation or the fluctuation of future financial instruments cash flows due to the change in exchange rates.

The currency risk arises from financial instruments in foreign currency or the currency other than the currency (functional) in which the financial instruments are measured in financial statements.

The Company operates within international frames and is exposed to exchange rate risks arising from business operations in different currencies, first of all in euros.

The sensitivity analysis, presented in the following text, indicates that variations in the exchange rate will affect significantly variations in financial results of the Company. Therefore, we may conclude that the **Company is exposed to the currency risk**.

The following table contains, based on data from the foreign currency sub balance sheet, the net book value for monetary assets and liabilities.

Assets in EUR		*Liabilities in EUR*	
31.12.2021	*31.12.2020*	*31.12.2021*	*31.12.2020*
28,700,545	**26,446,238**	**3,640,281**	**7,183,134**

Considering differences in foreign currency sub balance sheets, the following table contains the sensitivity analysis related to the nominal exchange rate growth for dinar of 10% in comparison to foreign currencies.

The sensitivity rate of 10% presents the valuation of maximum reasonably expected changes in foreign currency exchange rates. The sensitivity analysis includes only cash assets, outstanding receivables and outstanding liabilities stated in foreign currency and their translation is adjusted at the end of the period for potential depreciation or appreciation of the functional currency against foreign currencies.

The analysis of the foreign currency sub balance sheet of the Company indicates that the Company is most sensitive to EUR exchange rate fluctuations. The sensitivity analysis was prepared on the premise of equal fluctuation of all relevant currencies.

All variables remaining unchanged, *appreciation of the national currency* would negatively affect current period results through net exchange rate losses between foreign currency assets and liabilities.

Therefore, all variables remaining unchanged, *depreciation of the national currency* would positively affect current period results through net exchange rate gains between foreign currency assets and liabilities.

Sensitivity analysis of results in case of depreciation of the national currency 10%	*in RSD thousand*	
	2021	*2020*
NET EFFECT ON THE RESULTS IN THE CURRENT PERIOD	**294,664**	**226,496**

The interest risk is a risk of adverse effects to the result and capital of the Company due to unfavourable interest rates' fluctuations. The Company is exposed to this type of risk due to financial obligations related to loans with potentially fluctuating interest rates (Euribor).

The interest-bearing structure of **financial assets (net amount) and liabilities** of the Company with fluctuating interest rate at the balance sheet date is presented in the following Table.

Interest bearing structure of financial assets (net amount) and liabilities with fluctuating interest rate	*In RSD thousand*	
	31.12.2021	*31.12.2020*
Interest-bearing financial assets with fluctuating interest rate:		
Long-term loans granted to related parties (net)	2.717.730	2.352.910
TOTAL	**2.717.730**	**2.352.910**
Interest-bearing financial liabilities with fluctuating interest rate:		
Corporate bonds	3.300.000	3.300.000
TOTAL	**3.300.000**	**3.300.000**
DIFFERENCE	**(582.270)**	**(947.090)**

If other variables remain unchanged and if financial assets with fluctuating interest rate are greater than financial liabilities with fluctuating interest rate, the *interest rate growth* will have a positive effect on the current period results, due to the positive effects of net interest income.

Therefore, if other variables remain unchanged and if financial assets with fluctuating interest rate are less than financial liabilities with fluctuating interest rate, *the interest rate growth* would have an adverse effect on the current period results, due to adverse effects of net interest income.

Due to the presented changes in Company's financial assets and liabilities with fluctuating interest rates, the sensitivity analysis of the Company to the interest rate growth of 1% is presented in the following Table. The 1% sensitivity rate is the estimate of potentially reasonably expected interest rate fluctuations.

The sensitivity analysis of results in case of interest rate growth of 1%	*in RSD thousand*	
	2021	*2020*
NET EFFECT ON THE CURRENT PERIOD RESULTS	**5,823**	**(9,471)**

The sensitivity analysis has showed that the negative change in interest rates (of 1%) has an effect on the change in business results, since the interest bearing financial liabilities with fluctuating interest rates significantly exceed the interest bearing financial assets with fluctuating interest rate, and it can thus be concluded that the **Company is exposed to the interest risk**.

In relation to the potential interest risks related to financial obligations, the supplier *risk management policy* as applied in the Company shall be briefly presented below.

As presented in the Table, the interest-bearing structure of financial obligations with fluctuating interest rate, trade payables to suppliers (obligations related to the invoices issued and to non-invoiced obligations), are not included in the group.

The basic fact that supports the applied approach is that suppliers usually do not apply default interest in case that the Company is in default. The fact that the default interest is not applied lies in the need to maintain long-term good business relationships between the supplier and the potentially good buyer. Therefore, *the Company is not exposed to any potential interest risks in case of default*.

The key Suppliers according to the obligations as at the balance sheet date are presented in the following Table.

Structure of liabilities to suppliers	*In RSD thousand*	
	31.12.2021.	*31.12.2020.*
Suppliers in the country and abroad - parent company, subsidiaries and other related parties:		
Energoprojekt Entel Plc.	19	
Energoprojekt Visokogradnja Plc.		393
Energoprojekt Niskogradnja Plc.		500
Energoprojekt Industrija Plc.		1.436
Energoprojekt Urbanizam i arhitektura Plc.		450
Energoprojekt Energodata Plc.		245
Napred razvoj Plc.		6.580
Subtotal	***19***	***9.604***
Suppliers in the country:		
Public Company Elektroprivreda Srbije, Belgrade	1.209	993
Public Utility Company „Beogradske elektrane“, Belgrade	965	859
AVB team Ltd. Belgrade	893	670
NOTARY PUBLIC Jasna Bojadžievska	726	
DOM ZDRAVLJA EUROMEDIK	426	
Vatrosprem Ltd.	334	
Direct Link Ltd.	268	
Public Utility Company Gradska čistoća, Belgrade	262	176
Attorney Ljiljana Gnjatović	176	172
Algotech Ltd.	168	168
Others	1.824	2.560
Subtotal	***7.251***	***5.598***
Suppliers abroad:		
I.A.T.A.	120	851
ALLROUNDAUTOMATIONS	214	
WIND CRNA GORA	10	
ZEJN Ltd.	151	
Svega	***495***	***851***
UKUPNO	***7.765***	***16.053***

Trade payables to Suppliers were broken down and presented by aging structure in the following Table.

Structure of liabilities to suppliers	In RSD thousand	
	31.12.2021.	*31.12.2020.*
Suppliers in the country and abroad - parent company, subsidiaries and other related parties:		
Energoprojekt Entel Plc.	19	
Energoprojekt Visokogradnja Plc.		393
Energoprojekt Niskogradnja Plc.		500
Energoprojekt Industrija Plc.		1.436
Energoprojekt Urbanizam i arhitektura Plc.		450
Energoprojekt Energodata Plc.		245
Napred razvoj Plc.		6.580
Subtotal	***19***	***9.604***
Suppliers in the country:		
Public Company Elektroprivreda Srbije, Belgrade	1.209	993
Public Utility Company „Beogradske elektrane“, Belgrade	965	859
AVB team Ltd. Belgrade	893	670
NOTARY PUBLIC Jasna Bojadžievska	726	
DOM ZDRAVLJA EUROMEDIK	426	
Vatrosprem Ltd.	334	
Direct Link Ltd.	268	
Public Utility Company Gradska čistoća, Belgrade	262	176
Attorney Ljiljana Gnjatović	176	172
Algotech Ltd.	168	168
Others	1.824	2.560
Subtotal	***7.251***	***5.598***
Suppliers abroad:		
I.A.T.A.	120	851
ALLROUNDAUTOMATIONS	214	
WIND CRNA GORA	10	
ZEJN Ltd.	151	
Svega	***495***	***851***
UKUPNO	***7.765***	***16.053***

According to the contractual agreements and for securing payment, the Company placed to SE Elektroprivreda Srbije, 8 blank bills of exchange with a "no protest" clause (for period 2021-2023). The Company received 3 blank bills of exchange from supplier Pan Computers Ltd. In behalf of guarantee for fulfillment of obligation within the guarantee period.

The price risk is a risk of fair value fluctuation or a risk that the future financial instruments cash flows will fluctuate due to the change in market prices (not prices that result from interest or currency risk) regardless if these changes are caused by specific factors related to a specific financial instrument or its issuer or regardless if factors affect all similar financial instruments traded on the market. The Company is not exposed to this kind of risk.

8.3 Liquidity Risk

Liquidity risk is a risk of having difficulties to fulfil due obligations, maintaining the necessary scope and structure of the working capital and good creditworthiness.

The most important liquidity indicators for the Company are presented in the following Table, and specifically:

- Current ratio (ratio of working capital and short-term obligations) indicating the short-term liabilities coverage against working capital;
- Rigorous ratio (ratio of liquid assets that include total working capital reduced by inventories and active accruals; and short-term obligations), indicating the short-term liabilities coverage against liquid assets;
- Operating cash flow ratio (ratio of cash flow increased by cash equivalents and short-term obligations), indicating the short-term liabilities coverage against cash assets; and
- Net working capital (difference in value between the working capital and short-term obligations).

Conclusions on liquidity indicators based on the ratio analysis means, among other things, their comparison to satisfactory general standards, also indicated in the following Table.

Liquidity Indicators	Satisfactory general standards	*2021*	*2020*
General liquidity ratio	2:1	3,50:1	20,90:1
Rigorous ratio	1:1	3,49:1	20,89:1
Operating cash flow ratio		0,59:1	3,10:1
Net working capital (in RSD 000)	Positive value	1,200,719	3,128,570

The results of the ration analysis indicate that the Company was liquidity during 2020, meaning that it had no difficulties to fulfil due liabilities and maintain the necessary scope and structure of the working capital and good creditworthiness.

Therefore, we emphasize that:

- Considering the dynamic nature of Company's business, the finance department aims to maintain financing flexibility, which means, among other things, to keep existing lines of credit and expand them;
- The management performs continuous monitoring of Company’s liquidity reserves that include available unused lines of credit, cash and cash equivalents as well as liquid potentials according to expected cash flows.

8.4 Capital Risk Management

The aim of capital risk management is to keep Company's ability to operate indefinitely, in order to provide to Company's owners satisfactory profit whilst maintaining adequate structure of funding sources or good creditworthiness.

Though there are several criteria based on which conclusions on the long-term existence of the Company can be made, profitable operations and satisfactory financial structure are surely some of basic criteria. Though there are several criteria to draw conclusions on the going concern assumption, profitable operations and satisfactory financial structure are surely one of basic criteria.

The best **profitability** indicator is the *return on (average) equity (ROE)* that indicates the average return on own assets per dinar invested. In the calculation of this profitability indicator, average own capital is defined as an arithmetic average value at the beginning and at the end of a year.

Profitability indicators	*In RSD thousand*	
	2021	*2020*
Net profit/(loss)	972.797	263.278
Average capital		
a) capital at the beginging of year	9.233.531	8.978.471
b) capital at the end of year	10.090.845	9.233.531
Total	*9.662.188*	*9.106.001*
Average return rate on own capital at the end of year	***10,07%***	***2,89%***

Financial structure adequacy is reflected in the amounts and type of debts.

The most important indicators of the Company’s financial structure are presented in the following Tables, and specifically:

- The ratio of borrowed funds to total assets, showing coverage per dinar of the company's assets from borrowed sources; and
- The ratio of long-term funds to total assets, showing coverage per dinar of the company's assets from long-term sources.

Financial structure Indicator	*In RSD thousand*	
	31.12.2021	*31.12.2020*
Liabilities	4.019.425	4.394.324
Total assets	14.110.270	13.627.855
Ratio of borrowed funds to total assets	**0,28 : 1**	**0,32 : 1**
Long term assets:		
a) capital	10.090.845	9.233.531
b) long term provision and liabilities (including deferred tax liabilitie)	3.538.954	4.237.075
Subtotal	*13.629.799*	*13.470.606*
Total assets	14.110.270	13.627.855
Ratio of long term to total assets	**0,97 : 1**	**0,99 : 1**

The net debt ratio shows how much each dinar of net debt is covered by the Company's capital.

Net debt means the difference between:

- Total liabilities of the Company (total liabilities+capital reduced by capital and plus loss above equity, and
- Cash and cash equivalents.

Parameters for the net debt to capital ratio	*In RSD thousand*	
	31.12.2021	*31.12.2020*
Net debt:		
a) Liabilities	4.019.425	4.394.324
b) Cash and cash equivalents	282.516	487.598
Total	*3.736.909*	*3.906.726*
Capital	10.090.845	9.233.531
Net debt to capital ratio	**1 : 2,70**	**1 : 2,36**

INCOME STATEMENT

9. OPERATING INCOME

9.1 Income from Sale of Goods

Structure of Income from sale of goods	*in RSD thousand*	
	01.01-31.12.21.	*01.01-31.12.20.*
Income from sale of goods on the domestic market	2	
TOTAL	***2***	***0***

9.2 Income from Sale of Products and Services

Structure of income from the sale of products and services is presented in the following table.

Structure of income from sale of products and services	*in RSD thousand*	
	01.01-31.12.21.	*01.01-31.12.20.*
Income from sale of products and services on the domestic market:		
a) Income from sale of products and services to the parent company and subsidiaries on the domestic market	250.731	238.389
b) Income from sale of products and services on the domestic market:	17	7
TOTAL	***250.748***	***238.396***

Income from sale of finished products and services to parent companies and subsidiaries on local market relate to:

- holding services provided to subsidiaries in the amount of RSD 245,032 thousand originate from contracts approved and adopted by the competent administrative bodies of the Company and subsidiaries, and in accordance with the relevant legal acts; and
- services for right-to-use solution - Electronic documentation system Business Connect (DMS) and right-to-use appropriate equipment in the amount of RSD 5,699 thousand.

Structure of income from sale of finished products and services to and subsidiaries on local market is presented in the table below.

Structure of income from the sale of finished products and services to subsidiaries on local market	*In RSD thousand*	
	01.01.- 31.12. 2021	*01.01.- 31.12. 2020*
Energoprojekt Visokogradnja Plc.	89.287	73.267
Energoprojekt Niskogradnja Plc.	62.416	70.023
Energoprojekt Hidroinženjering Plc.	14.040	12.946
Energoprojekt Entel Plc.	41.522	33.618
Energoprojekt Energodata Plc.	320	4.716
Energoprojekt Industrija Plc.	7.995	7.748
Energoprojekt Urbanizam i arhitektura Plc.	4.081	3.736
Energoprojekt Oprema Plc.	19.517	9.587
Energoprojekt Sunnyville Ltd.	1.902	3.387
Energoprojekt Park 11 Ltd.	9.651	19.361
TOTAL	***250.731***	***238.389***

Income from sale of finished products and services on local market in the amount of RSD 17 thousand generated by the sale of airline tickets.

9.3 Other operating income

Structure of other operating income	*in RSD thousand*	
	01.01-31.12.21.	*01.01-31.12.20.*
Income from conditional donations	3.152	9.176
Other operating income:		
Income from rent:		
a) Income from rent from parent company, subsidiaries and other related parties	13.091	13.449
b) Income from rent in the country	20.073	8.851
Subtotal - Income from rent	33.164	22.300
Other operating income	91.790	365
Subtotal - Other operating income	*124.954*	*22.665*
TOTAL	***128.106***	***31.841***

Income from conditional donations in the amount of RSD 3,152 thousand relate to direct grants of the Government of the Republic of Serbia provided to economic entities, in accordance with:

- Decree on Determining the Program of Direct Grants from the Budget of the Republic of Serbia to Economic Entities in the Private Sector in order to mitigate the economic consequences caused by the epidemic of COVID-19 disease caused by the SARS-Cov-2 virus ("Official Gazette of RS", 11/2021 from 12.02.2021) (hereinafter: the Decree on Determining the Program of Direct Grants of the Government of the RS), in the form of payment of non-refundable funds for salaries and wages to employees in the amount of the one half of a minimum net salary per employee (RSD 15,450.12 per month per employee, for March, April and May 2021).

Income from the rent collected from parent, subsidiary and other affiliated companies amounting to RSD 13,091 thousand, were generated based on:

- portion of the complex “Samački Hotel” complex in 24 Batajnički Drum, which has been rented since 2011 to the Energoprojekt Visokogradnja Company for RSD 13,019 thousand; and
- rent of a portion of the Energoprojekt building, which has been rented since 2016 to the end of February of the reporting year to the Energoprojekt Sunnyville Company for RSD 72 thousand.

Income from the rent collected from other legal entities on local market amounting to RSD 20,073 thousand were generated primarily from leasing of:

- portion of the complex “Samački Hotel” complex in 24 Batajnički Drum, which has been rented since August 2017 to the Jerry Catering Service Ltd. for RSD 7,737 thousand;
- space on the roof terrace and in basement of the Energoprojekt building leased to Telekom Srbija Plc. in the amount of RSD 1,044 thousand; and
- part of the Energoprojekt building, which has been rented up to 31 May of the reporting year to the Sava Neživotno Osiguranje Plc. for RSD 70 thousand.
- part of the Energoprojekt building that is rented to the company 5. Univerzitetske igre Beograd, 2020 Plc Belgrade in the amount of RSD 7,465 thousand and

- part of the Energoprojekt building, part of the warehouse in the basement of the Energoprojekt building, as well as rental of 5 (five) parking places (pet) that is rented to Saga Ltd Belgrade in the amount of RSD 3,827 thousand.
-

Other operating incomes in the amount of RSD 91,790 thousand were predominantly achieved on the basis of reinvoiced costs of property tax, fees for the use of construction land, preparation of a part of the urbanistic project for the construction of residential and commercial buildings in Block 26 and various payments in previous years to the company Trinity Capital doo: RSD 91,703 thousand, based on Appendix II under the Contract on joint construction of buildings in Block 26, Novi Beograd.

9.4. Income from impairment of assets (except financial)

Income from impairment of assets (except financial)	*in RSD thousand*	
	01.01-31.12.21.	*01.01-31.12.20.*
Income from impairment of properties, plants and equipment		5.578
TOTAL	***0***	***5.578***

Income from impairment of properties, plants and equipment in 2020 amounting to RSD 5,578 thousand referred to the adjustment of the fair value of the complex of buildings „Samački hotel“, whereas an expense from the impairment of properties, plants and equipment was recorded in the reporting year based on that (Note 14).

10. PURCHASE VALUE OF GOODS SOLD

Structure of Purchase value of goods sold	*in RSD thousand*	
	01.01-31.12.21.	*01.01-31.12.20.*
Purchase value of goods sold on the domestic market	2	
TOTAL	***2***	***0***

11. MATERIAL COSTS AND FUEL AND ENERGY COSTS

Structure of material cost and fuels and energy costs	*In RSD thousand*	
	01.01-31.12.21.	*01.01-31.12.20.*
Costs of other materials (overheads)	4.959	3.405
Costs of fuel and energy:		
a) Costs of fuel	596	658
b) Costs of electrical energy and heating	20.742	16.898
Subotal - costs of electrical energy and heating	*21.338*	*17.556*
TOTAL	***26.297***	***20.961***

Costs of other material (overheads) amounting to RSD 4,959 thousand refer to the costs of office supplies amounting to RSD 1,779 thousand, and other material costs amounting to RSD 3,180 thousand.

12. EMPLOYEE EXPENSES AND BENEFITS

Structure of employee expenses and benefits	In RSD thousand	
	01.01-31.12.21.	01.01-31.12.20.
Expenses of wages and fringe benefits (gross)	131.451	134.066
Taxes and contributions on wages and contributions on wages payable by employer	20.615	21.033
Other personnel expenses and fringe benefits:		
Service agreements contributions	3.745	3.090
Copyright agreements contributions	190	298
Costs of contributions for contract fees for temporary and periodical engagement	678	235
Considerations to individuals from other contracts	845	
Considerations to General Manager and/or Management and Supervisory Board members	20.721	12.192
Costs of employment of employees via agencies and cooperatives	500	
Other personnel expenses and fringe benefits	4.188	4.996
Subtotal - Other personnel expenses and fringe benefits	30.867	20.811
TOTAL	***182.933***	***175.910***

Other personnel expenses and fringe benefits amounting to RSD 4,188 thousand refer to the business trips' expenses amounting to RSD 2,026 thousand, Company expenses for employee commuting reimbursements amounting to RSD 1,960 thousand and other employee compensations amounting to RSD 202 thousand.

13. DEPRECIATION EXPENSES

Structure of depreciation expenses	in RSD thousand	
	01.01-31.12.21.	01.01-31.12.20.
Depreciation of intangible assets	6.398	5.784
Depreciation of real estates, plants and equipment	18.477	18.227
TOTAL	***24.875***	***24.011***

As of 31.12.2021, an estimation of the residual value and remaining useful life for property and equipment with significant accounting value was conducted. The change in the accounting estimation affected a change in the depreciation costs for 2021, and therefore the accounting value of the assets as at 31.12.2021 as well.

14. EXPENSES FROM IMPAIRMENT OF ASSETS (EXCEPT FINANCIAL)

Expenses from impairment of assets (except financial)	in RSD thousand	
	01.01-31.12.21.	01.01-31.12.20.
Expenses from impairment of properties, plants and equipment	2.459	
TOTAL	***2.459***	***0***

Expenses from impairment of properties, plants and equipment in the amount of RSD 2,459 thousand refers to the adjustment of the fair value of the complex of building “Samački hotel“ (Note 24).

15. PRODUCTION SERVICE COSTS

Structure of production service costs	*in RSD thousand*	
	01.01-31.12.21.	*01.01-31.12.20.*
Transportation service costs	2.051	2.347
Maintenance service costs	34.601	33.658
Advertising costs	5.999	739
Costs of other production services	10.977	11.037
TOTAL	***53.628***	***47.781***

Transportation services’ costs in the amount of RSD 2,051 thousand refer to the landline costs and mobile phone costs, internet services, taxi services, parking services for cars, postal services etc.

Repairs and maintenance services costs amounting to RSD 34,601 thousand pertain primarily to investment maintenance of the Energoprojekt building amounting to RSD 33,471 thousand.

Advertising costs amounting to RSD 5,999 thousand predominantly refer to the costs of celebrating 70 years of Energoprojekt in the amount of RSD 5,646 thousand (purchase of media space for a TV campaign, production of a new corporate film, printing of a monograph, advertisements in magazines and newspapers, etc.).

Costs of other services amounting to RSD 10,977 thousand refer to licenses’ costs: RSD 4,804 thousand; utility costs: RSD 3,629 thousand, costs of technical and operational support of Energoprojekt Industrija: RSD 1,411 thousand and costs of other production services: RSD 1,133 thousand (costs of occupational safety, vehicle registration, photocopying, binding etc.).

16. PROVISION EXPENSES

Structure of provision expenses	*in RSD thousand*	
	01.01-31.12.21.	*01.01-31.12.20.*
Costs of provisions for employee expenses and benefits	834	1.049
TOTAL	***834***	***1.049***

Provisions for employee expenses and benefits amount to RSD 834 thousand (Notes 35).

17. INTANGIBLE EXPENSES

Structure of intangible expenses	*in RSD thousand*	
	01.01-31.12.21.	*01.01-31.12.20.*
Intangible expenses	26.036	19.758
Expense account	2.952	2.999
Insurance premiums expenses	1.472	1.451
Payment operations' expenses	577	2.324
Membership fee expenses	402	601
Costs for taxes and fees	8.826	19.129
Other non-operating expenses	4.859	2.799
TOTAL	***45.124***	***49.061***

Intangible expenses amounting to RSD 26,036 thousand pertain to the costs of attorney fees, consulting and intellectual services, professional training, financial statements' audit costs, education of employees, broker services, Belgrade Stock Exchange services, cleaning services and other costs.

Expense accounts amounting to RSD 2,952 thousand primarily relate to the catering services.

Insurance premium expenses amounting to RSD 1,472 thousand refer to the insurance of property and persons.

Payment operations expenses amounting to RSD 577 thousand pertain to the local payment operations costs, mostly from fees of commercial banks.

Membership fee expenses amounting to RSD 402 thousand relate to membership fees to the Serbian Chamber of Commerce in the amount of RSD 272 thousand, as well as membership fees to other chambers and associations.

Tax duties in the amount of RSD 8,826 thousand refer predominantly to the property tax amounting to RSD 8,355 thousand.

Other intangible expenses amounting to RSD 4,859 refer to costs taxes and court expenses in the amount of RSD 3,256 thousand, costs of professional literature and magazines in the amount of RSD 739 thousand, participation in financing salaries of persons with disabilities in the amount of RSD 533 thousand and other intangible expenses in the amount of RSD 331 thousand (costs of advertisements, total TV, issuance of a qualified electronic certificate, etc.).

18. FINANCIAL INCOME AND FINANCIAL EXPENSE

18.1 Financial Income

Structure of financial income	*in RSD thousand*	
	01.01-31.12.21.	*01.01-31.12.20.*
Financial income from transactions with parent company, subsidiaries and other related parties:		
Financial income from parent company and subsidiaries:		
Interest income from parent company and subsidiaries	143.631	50.381
Positive currency clause effects and exchange rate gains from transactions with parent company and subsidiaries	268	73
Dividends and other financial income from parent company and subsidiaries	865.995	352.756
Subtotal - Financial income from transactions with parent company and subsidiaries	1.009.894	403.210
Financial income from other related parties	4.639	4.755
Subtotal - Financial income from transactions with parent company, subsidiaries and other related parties	1.014.533	407.965
Interest income (third parties)	1.079	451
Positive currency clause effects and exchange rate gains	4.843	167
Other financial income:		
a) Dividend income	189	
b) Other financial income		
Subtotal – Other financial income	*189*	
TOTAL	***1.020.644***	***408.583***

Interest income from the parent company and subsidiaries in the amount of RSD 143,631 thousand relate to interest on loans granted to Energoprojekt Visokogradnja, Energoprojekt Niskogradnja, Energoprojekt Oprema, Energoprojekt Energodata, Energoprojekt Hidroinženjering and Energoprojekt Urbanizam i arhitektura.

Dividends and other financial income from the parent company and subsidiaries in the amount of RSD 865,995 thousand relate to dividend income from Energoprojekt Park 11: RSD 570,671 thousand and Energoprojekt Entel: RSD 295,324 thousand.

Financial income from other related parties in the amount of RSD 4,639 thousand relates to the interest income from the joint venture Enjub Ltd. in the amount of RSD 4,560 thousand and positive currency clause effect in the amount of RSD 79 thousand, primarily for liabilities under the loan from Napred Razvoj Plc. amounting to RSD 76 thousand.

Interest income (third party) in the amount of RSD 1,079 thousand refers regular interest on demand deposits and interest calculated from term deposits.

Exchange rate gains and positive currency clause effects (third party) in the amount of RSD 4,843 thousand pertain to the positive differences in exchange rates in the amount of RSD 4,828 thousand (primarily from funds on foreign-currency accounts of the company) and income from the effects of foreign currency clause in the amount of RSD 15 thousand.

18.2 Financial Expenses

Structure of financial expenses	*in RSD thousand*	
	01.01-31.12.21.	*01.01-31.12.20.*
Financial expenses from transactions with parent company, subsidiaries and other related parties:		
Financial expenses from parent company and subsidiaries:		
a) Interest from transactions with parent company and subsidiaries	3.475	
b) Negative currency clause effects and exchange rate losses from transactions with parent company and subsidiaries	168	351
c) Other financial expenses from transactions with parent company and subsidiaries		
Subtotal - Financial expenses from transactions with parent company and subsidiaries	3.643	351
Financial expenses from transactions with other related parties	21.331	72.109
Subtotal - Financial income from transactions with parent company, subsidiaries and other related parties	24.974	72.460
Interest expenses (third parties)	125.940	18.253
Negative currency clause effects and exchange rate losses	692	194
TOTAL	***151.606***	***90.907***

Interest from the relationship with the parent company and subsidiaries in the amount of RSD 3,475 thousand was recorded based on a loan taken from Energoprojekt Park 11 Ltd.

Financial expenses from other related parties in the amount of RSD 21,331 thousand predominantly pertain to the company Napred Razvoj Plc., based on interest costs from a loan taken in the amount of RSD 21,329 thousand.

Interest expenses (third party) in the amount of RSD 125,940 thousand predominantly relate to interest based on issued long-term corporate bonds of the Company for the reporting period (payment of the fourth bond coupon to the Central Securities Depository in accordance with the Prospectus of long-term bonds and the issue of the Company) in the amount of RSD 125,773 thousand.

Negative currency clause effects and exchange rate losses in the amount of RSD 692 thousand refer to foreign exchange losses in the amount of RSD 690 thousand (primarily for liabilities towards foreign suppliers) and costs from effects of foreign currency clause in the amount of RSD 2 thousand.

19. INCOME AND EXPENSES FROM VALUE ADJUSTMENT OF FINANCIAL ASSETS STATED AT FAIR VALUE THROUGH INCOME STATEMENT AND OTHER INCOME AND EXPENSES

19.1 Income from Value Adjustment of Financial Assets Stated at Fair Value through Income Statement

Structure of expenses from impairment of financial assets stated at fair value through income statement	*in RSD thousand*	
	01.01-31.12.21.	*01.01-31.12.20.*
Income from impairment of long-term financial investments and other securities stated at fair value through other total income	19.495	
Income from impairment of receivables and short-term financial investments	43.518	28.415
TOTAL	***63.013***	***28.415***

Income from impairment of long-term financial investments and securities that are stated at fair value through other total income in the amount of RSD 19,495 thousand fully relate to effects of the application application of IFRS 9 - Financial instruments at the balance sheet date recorded within the items: Long-term investments in the parent company and other subsidiaries in the country and Long-term receivables for non-invoiced income - other legal entities (Note 7.16).

Income from impairment of receivables and short-term financial investments in the amount of RSD 43,518 thousand fully relate to the effects of the application application of IFRS 9 - Financial instruments at the balance sheet date recorded within the items: Buyers in the country – parent company and subsidiaries (Energoprojekt Visokogradnja) and Short-term loans and investments in the parent company and subsidiaries (Energoprojekt Sunyville) (Note 7.16).

19.2 Expenses from Value Adjustment of Financial Assets Stated at fair Value through Profit or Loss Statement

Structure of expenses from impairment of financial assets stated at fair value through income statement	*u 000 dinara*	
	01.01-31.12.21.	*01.01-31.12.20.*
Expenses from impairment of long-term financial investments and other securities stated at fair value through other total income	1.762	7.193
Expenses from impairment of receivables and short-term financial investments	10.163	10.897
TOTAL	***11.925***	***18.090***

Expenses from the impairment of long-term financial investments and other available-for-sale securities that are stated at fair value through other total income in the amount of RSD 1,762 thousand entirely relates to the effects of application IFRS 9 - Financial Instruments at the balance sheet date recorded within the item: Long-term placements to parent company and subsidiaries (Note 7.16).

Expenses from the impairment of receivables and short-term financial investments in the amount of RSD 10,163 thousand entirely relate to the effects of application of IFRS 9 - Financial instruments at the balance sheet date recorded within the item: Buyers in the country – parent company and subsidiaries (Energoprojekt Visokogradnja) (Note 7.16).

19.3 Other Income

Structure of other income	*In RSD thousand*	
	01.01-31.12.21.	*01.01-31.12.20.*
Gains on sale of intangible assets, properties, plants and equipment	4.010	2.443
Income from effects of agreed risk protection, which cannot be disclosed under other comprehensive result	618	
Income from reduction in liabilities	1.869	
Other not mentioned income	20.024	389
TOTAL	***26.521***	***2.832***

Gains on sale of intangible assets, properties, plants and equipment in the amount of RSD 4,010 thousand relate to the sale of construction buildings intended for sale, in particular: apartments and garage spaces in the building K1G in Rakovica in Belgrade (Note 28).

Income from the effects of agreed risk protection which cannot be disclosed under Other comprehensive result in the amount of RSD 618 thousand refers to income on the basis of premature purchase of an apartment.

Income from the reduction in liabilities in the amount of RSD 1,869 thousand entirely relates to liabilities on the basis of the inventory of assets and expired liabilities of the Company as at 31.12.2021.

Other not mentioned income in the amount of RSD 20,024 thousand**,** primarily relates to income from the sale of land in Zimbabwe: RSD 14,950 thousand and income on the basis of the Settlement Agreement with the Central African Republic, which regulates the collection of receivables from previous periods: RSD 4,900 thousand.

19.4 Other Expenses

Structure of other expenses	*in RSD thousand*	
	01.01-31.12.21.	*01.01-31.12.20.*
Losses incurred from shelving and sale of intangible assets, property, plant and equipment	1	271
Expense from direct write-off of receivables	128	18.000
Other not mentioned expense	4.453	
TOTAL	***4.582***	***18.271***

Expenses from direct write-offs of receivables in the amount of RSD 128 thousand entirely relate to the write-off of receivables based on the inventory of assets and liabilities of the company as at 31.12.2021 to economic entities that have been deleted from the Register of the Business Registers Agency.

Other non-mentioned expenses in the amount of RSD 4,453 thousand primarily relate monetary awards for outstanding contribution to the growth and development of the Company in the past decade: RSD 4,303 thousand.

20. NET PROFIT / LOSS FROM DISCONTINUED OPERATIONS, EFFECTS OF CHANGE IN ACCOUNTING POLICY AND ADJUSTMENTS OF ERRORS FROM PREVIOUS YEARS

Structure of net profit/loss from discontinued operations, effects of change in accounting policy and adjustment of errors from previous year	*in RSD thousand*	
	01.01.- 31.12. 2021	*01.01.- 31.12. 2020*
Net profit from discontinued operations, effects of change in accounting policy and adjustments of errors from previous periods		276
Net loss from discontinued operations, effects of change in accounting policy and adjustments of errors from previous periods	1.062	
TOTAL	***(1.062)***	***276***

Net loss from discontinued operations, effects of change in accounting policy and corrections of errors from previous years in the amount of RSD 1,062 thousand relate to the subsequently determined income, i.e. expenses from the previous period in the amounts that are not significant and based on those provided recognition at the expense of, or for behalf of current period.

21. PROFIT/LOSS BEFORE TAX AND NET PROFIT/LOSS

Account group	Structure of profit/(loss) before tax and net profit/(loss)	*in RSD thousand*	
		01.01-31.12.21.	*01.01-31.12.20.*
60 to 65 and 68 except 683, 685 and 686	Operating income	378.856	275.815
50 to 55 and 58 except 583, 585 and 586	Operating expenses	336.152	318.773
	Operating result	*42.704*	*(42.958)*
66	Financial income	1.020.644	408.583
56	Financial expense	151.606	90.907
	Financial result	*869.038*	*317.676*
683, 685 and 686	Income from impairment of financial assets stated at fair value through income statement	63.013	28.415
67	Other income	26.521	2.832
583, 585 and 586	Expenses from impairment of financial assets stated at fair value through income statement	11.925	18.090
57	Other expenses	4.582	18.271
	Result from other income and expenses and income and expenses from impairment of financial assets stated at fair value through income statement	73.027	(5.114)
6 except 69-59	TOTAL INCOME	1.489.034	715.645
5 except 59-69	TOTAL EXPENSES	504.265	446.041
	Result from regular operations before tax	*984.769*	*269.604*
69-59	Net profit from discontinued operations, effects of change in accounting policy and adjustments of errors from previous periods		276
59-69	Net loss from discontinued operations, effects of change in accounting policy and adjustments of errors from previous periods	1.062	
	PROFIT/(LOSS) BEFORE TAX	***983.707***	***269.880***
721	Tax expense of the period		
722 (liab. balance)	Deferred tax expense of the period (Note 43)	10.910	6.602
722 (rec. balance)	Deferred tax income of the period		
	NET PROFIT/(LOSS)	***972.797***	***263.278***
6 with 69-59	***TOTAL INCOME***	***1.489.034***	***715.921***
5 with 59-69	***TOTAL EXPENSES***	***505.327***	***446.041***

Compared to the comparable period of the previous year, the increase in gross result of the Company in the amount of RSD 713,827 thousand is predominantly the result of an increased profit from financing in the amount of RSD 551,362 thousand due to higher income achieved on the basis of dividends from subsidiaries in the amount of RSD 513,239 thousand and higher interest income from subsidiaries in the amount of RSD 93,250 thousand.

22. EARNINGS / (LOSS) PER SHARE

Indicator	*In RSD thousand*	
	01.01-31.12.21.	*01.01-31.12.20.*
Net profit / (loss) accuring to shareholders of parent company	972.797	263.278
The weighted average number of shares during the year	10.833.592	10.833.592
Earnings / (loss) per share (In RSD)	***89,79***	***24,30***

Earnings / (loss) per share is calculated by dividing the net profit / (loss) for ordinary shareholders by the average weighted number of ordinary shares in circulation for the period.

BALANCE SHEET

23. INTANGIBLES ASSETS

In RSD thousand

Structure of intangible assets	Software	Concessions, licenses, trademarks, rights	Intangible assets in process	Advances for intangible assets	Total
Cost or valuation					
Opening balance 01.01.2020	42.048	1.843			**43.891**
Restated opening balance					
Transfers from / on					
Additions					
Disposals					
As of 31.12.2020	**42.048**	**1.843**			**43.891**
Restated opening balance					
Transfers from / on					
Additions					
Disposals					
Others (merger of Energodata)	46.758				**46.758**
As of 31.12.2021	**88.806**	**1.843**			**90.649**
Impairment					
Opening balance 01.01.2020.	15.716	538			**16.254**
Restated opening balance					
Changes in the year	5.600	184			**5.784**
Impairments					
As of 31.12.2020	**21.316**	**722**			**22.038**
Korekcija početnog stanja					
Changes in the year	6.214	184			**6.398**
Disposals					
Impairments					
Others (merger of Energodata)	41.932				41.932
As of 31.12.2021	**69.462**	**906**			**70.368**
Net book value					
As of 31.12.2020	***20.732***	***1.121***			***21.853***
As of 31.12.2021	***19.344***	***937***			***20.281***

24. PROPERTY, PLANT AND EQUIPMENT

In RSD thousand

Structure of property, plant and equipment	Buildings	Plant and equipment	Investment property	Other property, plant and equipment	Property, plant and equipment under construction	Advances for property, plant and equipment	Total
Cost or valuation							
Opening balance as of 01.01.2020	**1.305.656**	**116.987**	**615.716**	**283**		**44.664**	**2.083.306**
Restated opening balance							
Additions		1.922					**1.922**
Increase by transfer							
Other transfers from / to							
Disposals		(951)					**(951)**
Gains/(loss) included into "Other result" (acc. 330)							
Gains/(loss) included into Income statement			5.578				**5.578**
FX differences							
Other increases/(decreases)							
As of 31.12.2020	**1.305.656**	**117.958**	**621.294**	**283**		**44.664**	**2.089.855**
Restated opening balance							
Additions		1.210					**1.210**
Increase by transfer							
Other transfers from / to							
Disposals		(518)					**(518)**
Gains/(loss) included into "Other result" (acc. 330)							
Gains/(loss) included into Income statement			(2.459)				**(2.459)**
FX differences							
Other increases/(decreases) (merger of EP Energodata)	320.357	13.361		84			**333.802**
As of 31.12.2021	**1.626.013**	**132.011**	**618.835**	**367**		**44.664**	**2.421.890**
Accumulated depreciation							
Opening balance as of 01.01.2020	**11.945**	**88.193**					**100.138**
Restated opening balance							
Charges in the year	11.354	6.873					**18.227**
Disposals		(827)					**(827)**
Other increases/(decreases)							
As of 31.12.2020	**23.299**	**94.239**					**117.538**
Restated opening balance							
Charges in the year	13.050	6.787					**19.837**
Disposals		(517)					**(517)**
Other increases/(decreases) (merger of EP Energodata)	5.717	12.411					**18.128**
As of 31.12.2021	**42.066**	**112.920**					**154.986**
Net book value							
As of 31.12.2020	***1.282.357***	***23.719***	***621.294***	***283***		***44.664***	***1.972.317***
As of 31.12.2021	***1.583.947***	***19.091***	***618.835***	***367***		***44.664***	***2.266.904***

On 31 December 2021 the residual value and the remaining useful lifetime for the property and equipment with significant accounting value were evaluated. Effect of changes in accounting estimates affected depreciation costs for 2021, and that, consequently carrying value of assets as of 31 December 2021 (Note 13).

Assessment of Fair Value of “Buildings”

The fair value of “buildings” is usually the market value thereof that is established through valuation performed by independent qualified valuators based on market evidence.

In cases where there are no evidence of the fair value of the property in the market, due to the specific nature of the building and because such items are rarely put on sale, the Company performs valuation of fair value of the property by using the income approach or the depreciated replacement cost approach.

The Company in its business books registered **"Office building Energoprojekt"** carried at revalued amount at the assessment date.

The value of office building Energoprojekt on 31 December 2021 was stated at revalued amount in RSD 1,583,947 thousand. The value was determined by reducing fair value according to the latest estimate less subsequent accumulated depreciation. The last assessment was made on 31 December 2018 by an external independent qualified appraiser using the comparative method.

According to the relevant provisions of IAS 16, since the movements in fair value of property is insignificant, it was not necessary to estimate its fair value at the balance sheet date.

Starting from the revaluation value of the item in question as of 31 December 2021, as well as based on the assessment of the determined residual value as at 31 December 2021 and determined useful lifetime of the building (100 years; the remaining useful life as at 31 December 2021: 60 years), the amortization costs for the building over the reporting period (bearing in mind the residual value that is lower than the revalorized value thereof), is RSD 13,050 thousand.

Adjustment of the opening and closing balance of the value of buildings is presented in the Table.

in RSD thousand

No.	Building	Opening balance	Merger of EP Energodata	Total	Residual value as at the balance sheet date	Remaining useful life	Depreciation	Gains/(losses) included in Report on Other Income	Closing balance
	1	2	3	4 (2+3)	5	6	7	8	9 (2+3+7)
1	EP office building	1.282.357	314.640	1.596.997	801.260	60	13.050		1.583.947
	TOTAL	***1.282.357***	***314.640***	***1.596.997***	***801.260***	***60***	***13.050***		***1.583.947***

If the revaluated items had been presented by using the acquisition price method, their current value would amount to RSD 659,795 thousand.

Advances for property in the amount of RSD 44,664 thousand refer to the advance paid to the Republic of Serbia for the purchase of properties in Uganda, Peru and Nigeria.

An executive out-of-court mortgage was constituted on the Energoprojekt office building in favor of the creditors in question following the banking arrangements with Erste Bank, Unicredit Bank and OTP Bank (Note 45).

In respect of **Investment Property** the following figures are recognised in the Income Statement:

Income and expenses in respect of investment property recognised in the Income statement	*In RSD thousand*	
	31.12.2021.	*31.12.2020.*
Rental incomes	20.756	20.757
Direct operating costs arising from investment property that generated rental income during the year: Complex building „Samački hotel“	2.609	3.269

Adjustment of the opening and closing balance of the fair value of investment property is presented in the following Table.

In RSD thousand

No.	**Investment property**	**Opening balance**	**Increases, (purchases, additional investments and etc.)**	**Decreases (sales, disposals and etc.)**	**Gains / (loss) included in the Income Statement**	**Closing balance**
1	Complex "Samački hotel"	621.294			(2.459)	618.835
	TOTAL	***621.294***			***(2.459)***	***618.835***

In its books, the Company posted the fair value of its investment property in the amount of RSD 618,835 thousand relating to complex "Samački hotel" area of 8,034.00 m², with using right of city construction land area of 18,598.00 m², 24 Batajnički drum, Zemun.

Valuation of the fair value of complex "Samački hotel" as at 31 December 2021 was performed by external independent, qualified valuator with recognized and relevant professional qualifications and recent relevant work experience with relevant location and category of investment property appraised. In valuation of the fair value, the external independent qualified valuator used the cost approach for the building (due to the specific characteristics of the property subject to appraisal, and due to the fact that there is no offer of similar facilities for sale/rent in the market, on a similar location) and comparative approach for land.

Income amounting to RSD 20,756 thousand was generated from the rent of the property to the Energoprojekt Visokogradnja and Jerry Catering Service Ltd. in the reporting period (Note 9.3).

25. LONG-TERM FINANCIAL INVESTMENTS AND LONG-TERM RECEIVABLES

Structure of long-term financial investments and long-term receivables	*in RSD thousand*					
	31.12.2021			*31.12.2020*		
	Gross value	*Impairment*	*Net value*	*Gross value*	*Impairment*	*Net value*
Share Investments in companies (except share investments valued using the equity method) (Note 25.1)	6.340.336	(824.803)	5.515.533	6.533.383	(819.141)	5.714.242
Share investments valued using the equity method (Note 25.2)	14.613	(1.063)	13.550	14.613	(1.063)	13.550
Long term investments in the parent company, subsidiaries and other related parties and long-term receivables from these parties in the country (Note 25.3)	4.264.788	(13.050)	4.251.738	2.283.590	(7.193)	2.276.397
Other long-term financial investments and other long-term receivables (Note 25.4)	170		170	908		908
UKUPNO	**10.619.907**	**(838.916)**	**9.780.991**	**8.832.494**	**(827.397)**	**8.005.097**

25.1 Share Investments in companies (except share investments valued using the equity method)

The structure of **share investments (except share investments valued using the equity method)** for which impairment was performed is shown in the following Table.

Share Investments in companies (except share investments valued using the equity method)	*% of shares*	*In RSD thousand*	
		31.12.2021	*31.12.2020*
Equity shares in subsidiaries:			
Energoprojekt Visokogradnja Plc.	100,00%	1.911.036	1.909.222
Energoprojekt Niskogradnja Plc.	100,00%	1.104.981	1.104.981
Energoprojekt Oprema Plc.	67,87%	121.316	121.316
Energoprojekt Hidroinženjering Plc.	100,00%	427.626	427.626
Energoprojekt Urbanizam i arhitektura Plc.	100,00%	192.642	192.642
Energoprojekt Energodata Plc.	100,00%		194.862
Energoprojekt Industrija Plc.	62,77%	61.209	61.209
Energoprojekt Entel Plc.	100,00%	1.000.317	1.000.317
Energoprojekt Sunnyville Ltd.	100,00%	2.500	2.500
Energoprojek Park 11 Ltd.	100,00%	375.660	375.660
I.N.E.C. Engineering Company Limited, Great Britain	100,00%	70.311	70.311
Dom 12 S.A.L., Lebanon	100,00%	924.749	924.749
Energo Kaz d.o.o., Kazakhstan	100,00%	101	101
Zambia Engineering and Contracting Company Ltd., Zambia	100,00%	587	587
Energoprojekt Holding Guinee S.A., Guinea	100,00%	1.628	1.628
Energoprojekt (Malesia) Sdn. Bhd., Kuala Lumpur	100,00%	19.574	19.574
Energoprojekt Energodata Montenegro Ltd.	100,00%	1	
Total Equity shares in subsidiaries - gross		6.214.238	6.407.285
Allowance for impairment		*(715.065)*	*(715.065)*
Total Equity shares in subsidiaries - net		***5.499.173***	***5.692.220***
Share investments in other related parties and long-term securities stated at fair value through other comprehensive result:			
Banks and financial institutions:			
Dunav osiguranje Plc.	*0,01%*	*5.814*	*5.814*
Alta Bank Plc. Belgrade	*1,41%*	*120.176*	*120.176*
Belgrade Stock Exchange Plc.	*0,12%*	*100*	*100*
Agricultural Bank Agrobanka Plc. Belgrade - in bankruptcy	*0,36%*	*7*	*7*
Subtotal - Banks and financial institutions		126.097	126.097
Other companies:			
Beogradska industrija piva, slada i bezalkoholnih pića Plc. Belgrade - in bankruptcy	*0,00%*	1	1
Pinki Zemun Plc.	*0,00%*		
Subtotal - other companies		1	1
Share investments in other related parties and long-term securities stated at fair value through other comprehensive result - gross		126.098	126.098
Allowance for impairment		*(109.738)*	*(104.076)*
Share investments in other related parties and long-term securities stated at fair value through other comprehensive result - net		***16.360***	***22.022***
TOTAL		***5.515.533***	***5.714.242***

The structure of the impaired share investments (except share investments valued using the equity method) for which impairment was performed is shown in the following table.

Share Investments in companies (except share investments valued using the equity method) for which impairment was performed	*in RSD thousand*					
	31.12.2021			*31.12.2020*		
	Gross value	*Impairment*	*Net value*	*Gross value*	*Impairment*	*Net value*
Equity shares in subsidiaries:						
Energoprojekt Visokogradnja Plc.	1.911.036	(641.633)	1.269.403	1.909.222	(641.633)	1.267.589
Energoprojekt Urbanizam and arhitektura Plc.	192.642	(44.277)	148.365	192.642	(44.277)	148.365
I.N.E.C. Engineering Company Limited, Great Britain	70.311	(7.953)	62.358	70.311	(7.953)	62.358
Energoprojekt Holding Guinee S.A., Guinea	1.628	(1.628)	0	1.628	(1.628)	0
Energoprojekt (Malezija) Sdn. Bhd., Kuala Lumpur	19.574	(19.574)	0	19.574	(19.574)	0
Subtotal - Equity shares in subsidiaries	***2.195.191***	***(715.065)***	***1.480.126***	***2.193.377***	***(715.065)***	***1.478.312***
Share investments in other related parties and long-term securities stated at fair value through other comprehensive result:						
Banks and financial institutions:						
Dunav osiguranje Plc.	5.814	(4.602)	1.212	5.814	(4.180)	1.634
Alta Bank Plc. Belgrade	120.176	(105.128)	15.048	120.176	(99.888)	20.288
Agricultural Bank Agrobanka Plc. Belgrade - in bankruptcy	7	(7)	0	7	(7)	0
Subtotal - Banks and financial institutions	***125.997***	***(109.737)***	***16.260***	***125.997***	***(104.075)***	***21.922***
Other companies:						
Beogradska industrija piva, slada i bezalkoholnih pića Plc. Belgrade - in bankruptcy	1	(1)	0	1	(1)	0
Subtotal - other companies	***1***	***(1)***	***0***	***1***	***(1)***	***0***
Subtotal - Share investments in other related parties and long-term securities stated at fair value through other comprehensive result	***125.998***	***(109.738)***	***16.260***	***125.998***	***(104.076)***	***21.922***
TOTAL	***2.321.189***	***(824.803)***	***1.496.386***	***2.319.375***	***(819.141)***	***1.500.234***

Share investments are long-term investments in shares and stocks of subsidiaries and affiliates, joint ventures, banks and insurance companies (securities available for sale), as well as in other companies.

Increase in share investments in Energoprojekt Visokogradnja capital, in the amount of RSD 1.814 thousands compared to December 31, of the previous year, came as result of the payoff of the difference in the share price to the minority shareholders of the company in question, with the corresponding default interest and court proceeding costs (on the basis of the decision of the Commercial Court of Appeal, out-of-court settlement, etc.).

The decrease in capital of Energorpojekt Energodata compared to 31.12. of the previous year in the amount of RSD 194,862 thousand was recorded due to the status change of merger (Note 1).

Impairment of share investment in Energoprojekt Visokogradnja in the amount of RSD 641,633 thousand was performed on December 31, 2014 in compliance with IAS 36 – Impairment of Assets, based on the Report prepared by the Scientific and Research Centre of the Faculty of Economics of the University of Belgrade on equity valuation of Energoprojekt Visokogradnja for implementation of IAS/IFRS as at December 31, 2014.

Impairment of share investment in subsidiaries and affiliated companies abroad (Energoprojekt (Malaysia) Sdn. Bhd., Kuala Lumpur; Energoprojekt Holding Guinee S.A., Guinea; I.N.E.C. Engineering Company Limited, UK, and Necco Nigerian Engineering and Construction CO LTD, Kano, Nigeria) was performed in 2004 in compliance with the initial implementation of IAS provisions.

Share investment in Energoprojekt (Malaysia) Sdn. Bhd., Kuala Lumpur were completely impaired because in addition to the fact that that Company have no assets, also does not perform any business activities for a number of years now. The process of their dissolution in compliance with the local legislation has not been concluded yet.

Share in other companies and other available for sale securities are measured at market (fair) value, if it is possible to define it.

The change in the position share in other companies and other available for sale securities was recorded due to the adjustment of the value of shares in Company's portfolio of shares (Dunav osiguranje Plc. and Alta banka Plc.), with their fair value in the secondary securities' market as at the financial statements date (which are presented in the account for impairment of equity investments and profit and loss from securities available for sale).

The Company has made equity investments in the following banks with listed shares in the Belgrade Stock Exchange and their fair value was determined based on their current market value as at 31/12/2021:

- Dunav osiguranje Plc: 527 shares, with the market value as at the balance sheet day of RSD 2.300 per share, and
- Alta banka Plc. Belgrade: 4,056 shares, with the market value as at balance sheet day of RSD 3.710 per share.

The Company has share in capital in legal entities, as follows:

- Beogradska berza Plc.: 5 shares with market value of RSD 20,000.00 each, in total RSD 100,000.00

- Poljoprivredna banka Agrobanka Plc. Belgrade – in bankruptcy: 15 shares with market value of RSD 500.00 each, in total RSD 7,500.00, which was made worthless by inventory as at December 31, 2016;
- Beogradska industrija piva, slada i bezalkoholnih pića Plc. Belgrade – in bankruptcy: 47 shares with market value of RSD 29.78 each, in total RSD 1,400.00, which was made worthless by inventory as at December 31, 2016; and
- Pinki - Zemun Plc.: 3 shares with market value of RSD 52.00 each, in total RSD 156.00.

Maximum exposure to credit risk as at the financial statements date is the fair value of debt securities classified as available-for-sale.

Financial assets available for sale are presented in RSD.

25.2. Share investments valued using the equity method

Share investments valued using the equity method in the amount of RSD 13,550 thousand are shown in the following table.

Share investments valued using the equity method	*in RSD thousand*					
	31.12.2021			*31.12.2020*		
	Gross value	*Impairment*	*Net value*	*Gross value*	*Impairment*	*Net value*
Share investments in associates and joint ventures:						
Enjub Ltd. (share 50%)	13.550		13.550	13.550		13.550
Necco Nigerian Engenering and Construction CO LTD, Kano, Nigeria (share 40%)	1.063	(1.063)	-	1.063	(1.063)	-
Total - Share investments in associates and joint ventures - gross	***14.613***	***(1.063)***	***13.550***	***14.613***	***(1.063)***	***13.550***

Share investments in subsidiaries, affiliates and joint ventures are disclosed in compliance with the method for disclosing investments at cost. Company recognizes revenues in the amount received from the distribution of retained earnings of the investment user incurred after the acquisition date.

Share investment in Necco Nigerian Engenering and Construction CO LTD, Kano, Nigerija, were completely impaired because in addition to the fact that that Company have no assets, also does not perform any business activities for a number of years now. The process of their dissolution in compliance with the local legislation has not been concluded yet.

25.3 Long term investments in the parent company, subsidiaries and other related parties and long-term receivables from these parties in the country

Long term investments in parent company, subsidiaries and other related parties and long-term receivables from these parties in the country	*in RSD thousand*					
	31.12.2021			*31.12.2020*		
	Gross value	*Impairment*	*Net value*	*Gross value*	*Impairment*	*Net value*
Long-term credits and loans to parent company and subsidiaries in the country:						
Energoprojekt Viskokgradnja Plc.	1.279.462	(3.915)	1.275.547	713.810	(2.248)	711.562
Energoprojekt Oprema Plc.	1.871.358	(5.727)	1.865.631	513.203	(1.617)	511.586
Energoprojekt Niskogradnja Plc.	1.048.095	(3.207)	1.044.888	1.007.786	(3.174)	1.004.612
Energoprojekt Hidroinženjering Plc.	48.791	(149)	48.642	48.791	(154)	48.637
Energoprojekt Urbanizam and Arhitektura Plc.	17.082	(52)	17.030			-
Subtotal - Long-term credits and loans to parent company and subsidiaries in the country	***4.264.788***	***(13.050)***	***4.251.738***	***2.283.590***	***(7.193)***	***2.276.397***
Subtotal - Receivables from other related parties u zemlji	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL	**4.264.788**	**(13.050)**	**4.251.738**	**2.283.590**	**(7.193)**	**2.276.397**

Long-term financial investments in parent companies and subsidiaries in the amount of RSD 4,264,788 thousand refer to granted long-term loans in RSD (from funds - issue of corporate bonds - Note 36, given in order to repay loans to commercial banks) with a maturity of 30.12.2025 and interest calculated at an interest rate of 3M Belibor + 2.95% p.a. (quarterly calculation and payment of interest) and loans granted in EUR on the basis of Agreements on rescheduling and new loans granted (to Energopreojekt Oprema) with maturity on 31.12.2023 and interest „out of reach“ to the following subsidiaries:

- Energoprojekt Visokogradnja: RSD 1,279,462 on the basis on Contract on long-term loan no. 204 in the amount of RSD 713,810 thousand (from the funds of the issued corporate bonds) and Agreement on rescheduling no. 186 im the amount of RSD 565,652 thousand;

- Energoprojekt Niskogradnja: 1,048,095 thousand, on the basis on Contract on long-term loan no. 205 in the amount of RSD 1,007,786 thousand (from the funds of the issued corporate bonds) and Agreements on rescheduling no. 184 in the amount of RSD 40,309 thousand;

- Energoprojekt Oprema: 1,871,358 thousand on the basis on Contract on long-term loan no. 206 in the amount of RSD 955,685 thousand (from the funds of the issued corporate bonds) and Agreement on rescheduling no. 185 in the amount of RSD 868,635 thousand and the Agreement no. 181 in the amount of RSD 47,033 thousand, whereas the interest from the Agreement no. 181 amounts to RSD 5 thousand;

- Energoprojekt Hidroinženjering: RSD 48,791 thousand on the basis on Contract on long-term loan no. 207 (from the funds of the issued corporate bonds) and

- Energoprojekt Urbanizam i Arhitektura: RSD 17,082 thousand on the basis on Contract on long-term loan no. 183.

As a collateral to secure the collection, the Company has blank solo signed bills of exchange with the authority to fill in and collect the bills of exchange in the amount of total debt.

The increase of long-term financial investments in the mother company and subsidies, in the amount of RSD 1,981,198 thousand is the result of an increase on the basis of the Agreement on rescheduling, which transferred short-term loans together with unpaid accrued interest to long-term loans with maturity until 31.12.2023 and new loans granted to Energoprojekt Oprema.

Impairment of long-term investment to parent and subsidiary in the amount of RSD 13,050 thousand relates to the effects of application of IFRS 9 - Financial Instruments (Note 7.16).

25.4. Other long-term financial investments and other long-term receivables

Long-term investments in parent company, subsidiaries and other related parties and long-term receivables from these companies abroad	*in RSD thousand*					
	31.12.2021			*31.12.2020*		
	Gross value	*Impairment*	*Net value*	*Gross value*	*Impairment*	*Net value*
Other long-term financial investments:						
Long-term housing loans given to employees	170		170	908		908
Subtotal - Other long-term financial investments:	***170***	**-**	***170***	***908***	**-**	***908***
TOTAL	**170**	**-**	**170**	**908**	**-**	**908**

Long-term housing loans given to employees in the amount of RSD 170 thousand that were recorded within Other long-term financial investments, relate to two interest-free housing loans given to employees, on 10.06.1992 for 38.5 years. In accordance with the provisions of the contract and the Law on Amendments to the Law on Housing, the Company revalues the installments twice a year according to the changes of consumer prices in the Republic of Serbia for the accounting period. The portion of long-term financial placements on this basis with maturity up to one year, which is regularly collected amounts to RSD 20 thousand (Note 31.3).

26. LONG-TERM ACCRUED INCOME

Structure of long-term accred income	*in RSD thousand*					
	31.12.2021			*31.12.2020*		
	Gross value	*Impairment*	*Net value*	*Gross value*	*Impairment*	*Net value*
Long-term receivables for non-invoiced income	373.000	(22.133)	350.867	372.994	(41.465)	331.529
Other long-term accrued income	10.037		10.037	11.240		11.240
UKUPNO	**383.037**	**(22.133)**	**360.904**	**384.234**	**(41.465)**	**342.769**

Long-term receivables for non-invoiced income in the amount of RSD 373,000 thousand refer to the realization of the Agreement on Construction of the Republic of Serbia Embassy Building in Abuja, Federal Republic of Nigeria, a turnkey project, on the cadastral lot no. 313, registered in the Real Estate Registry, Cadastral Zone A00.

The impairment of the long-term receivables for non-invoiced income in the amount of RSD 22,133 thousand refers entirely to the effects of application of IFRS 9 - Financial Instruments for receivables for non-invoiced income from the Republic of Serbia based on construction -- construction of the embassy in Abuja, Nigeria (Note 7.16).

Other long-term accrued income in the amount of RSD 10,037 thousand relate to the development of the location of Block 45 building C and Block 70 building C (the treatment of these payments will be regulated in the upcoming period).

27. INVENTORIES

Structure of inventories	*in RSD thousand*					
	31.12.2021			*31.12.2020*		
	Gross value	*Impairment*	*Net value*	*Gross value*	*Impairment*	*Net value*
Materials, spare parts, tools and small inventory	1.712	(329)	1.383	329	(329)	0
Goods	24		24			0
Advances paid for goods and services in the country:						
a) Advances paid to other companies for materials, spare parts and small inventory in the country	168		168	166		166
b) Advances paid to other companies for goods and fixed assets purchased for sale in the country	126		126			0
c) Advances paid to other companies for services in the country	1.391		1.391	1.213		1.213
Total Advances paid for inventories and services in the country	1.685	0	1.685	1.379	0	1.379
Advances paid for inventories and services abroad:						
a) Advances paid to other companies for materials, spare parts and small inventory abroad	282		282			0
Total Advances paid for inventories and services abroad	282	0	282	0	0	0
TOTAL	**3.703**	**(329)**	**3.374**	**1.708**	**(329)**	**1.379**

Advances paid to other legal entities for services in the country in the amount of RSD 1,391 thousand mostly relate to advances given to the companies RSM Advisory Ltd in the amount of RSD

364 thousand (for the first installment of the fee for auditing the Financial Report for 2021) and Belgrade Stock Exchange Plc in the amount of RSD 701 thousand (primarily for the annual fee for organized stock trading in 2022: RSD 620 thousand and the annual fee - Open Market registration fee for 2022: RSD 60 thousand).

28. FIXED ASSETS HELD FOR SALE AND THE TERMINATION OF BUSINESS

Structure of fixed assets held for sale and the termination of business	*in RSD thousand*					
	31.12.2021			*31.12.2020*		
	Gross value	*Impairment*	*Net value*	*Gross value*	*Impairment*	*Net value*
Buildings intended for sale	6.111		6.111	40.597		40.597
TOTAL	**6.111**	**0**	**6.111**	**40.597**	**0**	**40.597**

Buildings intended for sale in the amount of RSD 6,111 thousand relate to the remaining part of unsold properties in the building K1G in Rakovica, in Belgrade.

Pursuant to the Decision made on 146th session of the Executive Board of the Company from 2019, to Conclusion on partial settlement and costs of the procedure I.IV 122/19 dated 17.05.2019 and the Contract on sale of real estate by direct agreement under the agreement of the parties I.Iv 122/19 dated 17.05.2019. The Company on behalf of partial collection of receivables from Enjub Ltd. Belgrade and under the Agreement on Reprogramming of the Debt no. 115 dated 18.04.2012, as of promissory note, on real estate of Enjub Ltd. Belgrade, which are located in the K1G Building in Rakovica, was recorded in its business books the figure under the item non-current assets held for sale the amount of RSD 81,453 thousand.

During the reporting period, the Company achieved a net profit on the sale of properties intended for sale in the amount of RSD 4,010 thousand (Note 19.3).

An overview of the properties intended for sale is shown in the following table.

in RSD thousand

No.	Item	Address	No.	Area m2	Cost	Tax on transfer of absolute right under Decision from 2021	Sale price	Gain / Loss from sales in previous period with correction made under Decision for tax on transfer of absolute rights from 2021	Gain/Loss from sales in the reporting period	Net book value
1	Two bedroom ap	Petra Konjovića 14	Lamella 1, 2nd floor, no. 15	51	6.072	157	6.925		696	
2	Two and half bed	Petra Konjovića 14	Lamella 1, 3rd floor, no. 16	78	9.234	241	10.532		1.057	
3	Two bedroom ap	Petra Konjovića 14	Lamella 1, 3rd floor, no. 17	46	5.417	142	6.179	620		
4	Two bedroom ap	Petra Konjovića 14	Lamella 1, 3rd floor, no. 20	50	5.856	154	6.768	758		
5	Two bedroom ap	Petra Konjovića 14	Lamella 1, 4th floor, No. 26	45	5.350	139	6.100	611		
6	Three bedroom a	Petra Konjovića 14a	Lamella 2, 1st floor, no. 4	80	9.384	247	11.170	1.540		
7	Two bedroom ap	Petra Konjovića 14a	Lamella 2, 3rd floor, no. 17	60	7.105	185	8.105		815	
8	Studio	Petra Konjovića 14b	Lamella 3, ground floor, no. 2	29	3.421	89	3.901	391		
9	Office space	Petra Konjovića 14b	Lamela 3, ground floor, no. L5	46	5.442	126				5.568
10	Studio	Petra Konjovića 14b	Lamella 3, 2nd floor, no. 13	33	3.948	102	4.634	584		
11	Two and half bed	Petra Konjovića 14b	Lamella 3, 2nd floor, no. 14	77	9.083	238	10.583		1.262	
12	Apartment	Petra Konjovića 14b	Lamella 3, attic, no. 15	54	6.361	167	7.255	727		
13	Garage place	Petra Konjovića 14a	Lamella 2, basement 2, no. 7	12	531	12	273	(270)		
14	Garage place	Petra Konjovića 14a	Lamella 2, basement 2, no. 8	12	531	12				543
15	Garage place	Petra Konjovića 14a	Lamella 2, basement 2, no. 9	12	531	12	588		45	
16	Garage place	Petra Konjovića 14a	Lamella 2, basement 2, no. 10	12	531	12	588		45	
17	Garage place	Petra Konjovića 14a	Lamella 2, basement 2, no. 11	12	531	12	588		45	
18	Garage place	Petra Konjovića 14a	Lamella 2, basement 2, no. 12	12	531	12	588	45		
19	Garage place	Petra Konjovića 14a	Lamella 2, basement 2, no. 13	12	531	12	588	45		
20	Garage place	Petra Konjovića 14a	Lamella 2, basement 2, no. 16	12	531	11	587		45	
21	Garage place	Petra Konjovića 14a	Lamella 2, basement 2, no. 17	12	531	11	588	45		
	Ukupno			**757**	**81.453**	**2.093**	**86.540**	**5.096**	**4.010**	**6.111**

The Company is actively implementing planned sales plans, which are expected to be fully realized within a year.

29. RECEIVABLES FROM SALES

Structure from receivables from sales	*in RSD thousand*					
	31.12.2021			*31.12.2020*		
	Gross value	*Impairment*	*Net value*	*Gross value*	*Impairment*	*Net value*
Domestic buyers	5.778	(706)	5.072	1.425		1.425
Foreign buyers	59	(59)	0			0
Receivables from parent company, subsidiaries and other related parties in the country:						
a) Domestic buyers - parent company and subsidiaries	1.054.511	(48.244)	1.006.267	939.279	(81.401)	857.878
b) Domestic buyers - other related parties	1	(1)	0			0
Subtotal - Receivables from parent company, subsidiaries and other related parties in the country	1.054.512	(48.245)	1.006.267	939.279	(81.401)	857.878
TOTAL	**1.060.349**	**(49.010)**	**1.011.339**	**940.704**	**(81.401)**	**859.303**

The structure of receivables from sales is shown in Note 8.1.

Local buyers - parent companies and subsidiaries refer to the receivables based on Service Agreements, Lease Agreements and other concluded with subsidiary companies. According to orividing holding service agreements, the Company, beside from Energoporjekt Entel, was presented with blank solo promissory notes to be filled out by beneficiary as collaterals for collection.

Increase in local buyers - parent company and subsidiaries compared to the same date of previous year by RSD 115,232 thousand refers to increase in receivables under holding service contracts in the amount of RSD 97,004 thousand (primarily, on the one hand, the result of increases in Energoprojekt Visokogradnja, Energoprojekt Niskogradnja, Energoprojekt Oprema, Energoprojekt Urbanizam I Arhitektura, and, on the other hand, reductions in Energoprojekt Sunnyville Plc and Energoprojekt Energodata (due to status change because of merger - Note 1) and increase in receivables for lease and right-to-use solution DMS of RSD 15,893 thousand (primarily in Energoprojekt Visokogradnja: RSD 15,627 thousand).

Impairment of receivables from domestic buyers - parent company and subsidies in the amount of RSD 48,245 thousand predominantly relates entirely to the effects of application IFRS 9 - Financial Instruments - receivables from subsidiary Energoprojekt Visokogradnja in the amount of RSD 48,244 thousand (Note 7.16).

Receivables from sale and other receivables from sale bear no interest.

30. OTHER SHORT-TERM RECEIVABLES

Struktura of other short-term receivables	in RSD thousand					
	31.12.2021			31.12.2020		
	Gross value	Impairment	Net value	Gross value	Impairment	Net value
Other receivables (Note 30.1)	152.269		152.269	105.084		105.084
Receivables for overpaid other taxes and contributions (Note 30.2)	26		26			0
TOTAL	**152.295**	**0**	**152.295**	**105.084**	**0**	**105.084**

30.1 Other receivables

Structure of other receivables	in RSD thousand					
	31.12.2021			31.12.2020		
	Gross value	Impairment	Net value	Gross value	Impairment	Net value
Receivables from specific transactions (Napomena 30.1.1.)	14.676		14.676	18.006		18.006
Other receivables (except receivables for overpaid income tax and receivables for overpaid other taxes and contributions) (Note 30.1.2.)	136.641		136.641	87.078		87.078
Value added tax (Note 30.1.3.)	952		952			0
TOTAL	**152.269**	**0**	**152.269**	**105.084**	**0**	**105.084**

30.1.1. Receivables from specific operations

Struktura of receivables from specific operations	in RSD thousand					
	31.12.2021			31.12.2020		
	Gross value	Impairment	Net value	Gross value	Impairment	Net value
Receivables from specific operations from parent company and subsidiaries	8.243		8.243	11.574		11.574
Receivables from specific operations from other related entities	6.433		6.433	6.431		6.431
Receivables from specific operations from other companies			0	1		1
TOTAL	**14.676**	**0**	**14.676**	**18.006**	**0**	**18.006**

A detailed overview of receivables from specific operations is shown in the following table.

Structure of receivables from specific operations	in RSD thousand	
	31.12.2021.	*31.12.2020.*
Receivables from specific operations from parent company and subsidiaries - gross:		
Energoprojekt Visokogradnja Plc.	2.231	2.788
Energoprojekt Niskogradnja Plc.	2.696	3.967
Energoprojekt Hidroinženjering Plc.	102	253
Energoprojekt Entel Plc.	43	43
Energoprojekt Energodata Plc.		82
Energoprojekt Industrija Plc.	732	479
Energoprojekt Urbanizam and arhitektura Plc.	416	267
Energoprojekt Oprema Plc.	158	1.863
Zambia Engineering and Contracting Company Limited, Zambia	1.502	1.475
I.N.E.C. Engineering Company Limited, Great Britain	363	357
Subtotal - gross	8.243	11.574
Impairment of receivables from specific operations - related parties		
Subtotal - Receivables from specific operations - related parties - net	***8.243***	***11.574***
Receivables from specific operations (other related parties) - gross:		
Enjub Ltd.	6.433	6.430
Impairment of receivables from specific operations (other related parties)		
Subtotal - Receivables from specific operations (other related parties) - net	6.433	6.430
Receivables from specific operations from other companies - gross		
Jedinstvena sindikalna organizacija		2
Subtotal - gross receivables from other companies	0	2
Impairment of receivables from specific operations from other companies		
Subtotal - Receivables from specific operations (other companies) - net	0	2
Subtotal - receivables from specific operations - gross	14.676	18.006
Impairment of receivables from specific operations:	0	0
TOTAL RECEIVABLES FROM SPECIFIC operations - NET	***14.676***	***18.006***

Receivables from specific operations from the parent company and subsidiaries in the amount of RSD 8,243 thousand are primarily recorded in the following companies:

- Energoprojekt Visokogradnja: RSD 2,231 thousand (primarily on the basis of reinvoiced costs of airline tickets, membership fees to the Serbian construction industry, insurance of the Energoprojekt office building and consumed energy in Park 11),
- Energoprojekt Niskogradnja: RSD 2,696 thousand (primarily on the basis of reinvoiced costs of the fee for the use of the Framework credit line with Erste Bank: RSD 1,719 thousand, as well as costs of airline tickets and insurance of the Energoprojekt office building) and
- Zambia Engineering and Contracting Company Limited, Zambia: RSD 1,502 thousand, (on the basis of reinvoiced costs of taxes and contributions for the directors of the company and costs of airline tickets).

Receivables from specific operations from other related parties in the amount of RSD 6,433 thousand entirely refer to the joint company Enjub on the basis of reinvoiced court and administrative fees, reinvoiced costs of net salaries and taxes and contributions of directors of the company and reinvoiced costs of legal services from previous years. Based on the receivables in questions, the Company does not have collaterals to secure the collection.

30.1.2 Other receivables (except receivables for overpaid income tax and receivables for overpaid other taxes and contributions)

Other receivables (except receivables for overpaid income tax and receivables for overpaid other taxes and contributions)	*in RSD thousand*					
	31.12.2021			*31.12.2020*		
	Gross value	*Impairment*	*Net value*	*Gross value*	*Impairment*	*Net value*
Receivables for interest and dividends:						
a) Receivables for interest and dividends from parent company and subsidiaries	45.722		45.722	1.293		1.293
b) Receivables for interest and dividends from other related parties	89.814		89.814	85.252		85.252
Subtotal - Receivables for interest and dividends	135.536	0	135.536	86.545	0	86.545
Receivables from employees	8		8	1		1
Receivables for refundable wage benefits	990		990	532		532
Other short-term receivables	107		107			0
TOTAL	**136.641**	**0**	**136.641**	**87.078**	**0**	**87.078**

The structure of interest and dividend receivables in the amount of RSD 135,536 thousand data is shown in the following table.

Structure of receivables for interest and dividends	*in RSD thousand*	
	31.12.2021	*31.12.2020*
Receivables for interest from parent company and subsidiaries:		
Energoprojekt Visokogradnja Plc.	13.707	
Energoprojekt Niskogradnja Plc.	19.352	
Energoprojekt Oprema Plc.	12.119	
Energoprojekt Sunnyville Ltd.	544	1.293
Subtotal - Receivables for interest from parent company and subsidiaries - gross	45.722	1.293
Impairment		
Subtotal - Receivables for interest from parent company and subsidiaries - net	*45.722*	*1.293*
Receivables for interest from other related parties:		
Enjub Ltd.	89.814	85.252
Subtotal - Receivables for interest from other related parties	89.814	85.252
Impairment		
Subtotal - Receivables for interest from other related parties - net	*89.814*	*85.252*
TOTAL	***135.536***	***86.545***

The increase of **interest receivables from the parent company and subsidiaries** compared to 31.12. of the previous year in the amount of RSD 44,429 thousand is the result of:
- on the one hand, increase of interest receivables: RSD 45,178 thousand on the basis on of the calculation of interest on loans from the issue of long-term corporate bonds for 2021 (Energoprojekt Visokogradnja, Energoprojekt Niskogradnja and Energoprojekt Oprema) and

- on the other hand, decrease of interest receivables in Energoprojekt Sunnyvile: RSD 749 thousand on the basis of collected interest in the reporting period.

Receivables for employee benefits that are refunded in the amount of RSD 990 thousand relate to receivables for sick leave over 30 dana and maternity leave.

30.1.3 Value added tax

Structure of value added tax	*in RSD thousand*	
	31.12.2021	*31.12.2020*
Value added tax	952	
TOTAL	***952***	***0***

Receivables for value added tax in the amount of 952 thousand dinars refer to the difference between the calculated tax and the previous tax taken over from Energoprojekt Energodata as the result of the status change of the merger (Note 1).

30.2 Receivables for overpaid other taxes and contributions

Structure of receivables for overpaid other taxes and contributions	in RSD thousand	
	31.12.2021	31.12.2020
Receivables for overpaid other taxes and contributions	26	
Impairment		
TOTAL	***26***	***0***

Receivables for overpaid other taxes and contributions in the amount of RSD 26 thousand refer to the liability assumed from Energoprojekt Energodata with the status change of merger (Note 1).

31. SHORT-TERM FINANCIAL INVESTMENTS

Structure of short-term financial investments	in RSD thousand					
	31.12.2021			31.12.2020		
	Gross value	*Impairment*	*Net value*	*Gross value*	*Impairment*	*Net value*
Short-term loans and investments - parent company and subsidiaries (Note 31.1)	92.596	(283)	92.313	176.166	(545)	175.621
Short-term loans and investments - other related parties (Note 31.2)	76.515		76.515	76.513		76.513
Short-term credits, loans and investments in the country (Note 31.3)	20		20	1.485.765	(4.192)	1.481.573
Repurchased own shares and own share capital (Note 31.4)	49.827		49.827	49.827		49.827
Other short-term financial investments:						
Short-term time deposits			0			0
Other short-term financial investments	3		3			0
Subtotal - Other short-term financial investments	3	0	3	0	0	0
TOTAL	**218.961**	**(283)**	**218.678**	**1.788.271**	**(4.737)**	**1.783.534**

31.1 Short-term loans and investments – parent company and subsidiaries

Structure of short-term loans and investments - parent company and subsidiaries	u 000 dinara					
	31.12.2021.			31.12.2020.		
	Gross value	Impairment	Net value	Gross value	Impairment	Net value
Energoprojekt Sunnyville Ltd.	92.596	(283)	92.313	152.098	(479)	151.619
Energoprojekt Urbanizam and arhitektura Plc.			0	16.694	(53)	16.641
Energoprojekt Oprema Plc.			0	4.148	(13)	4.135
Energoprojekt Energodata Plc.			0	3.226		3.226
TOTAL	**92.596**	**(283)**	**92.313**	**176.166**	**(545)**	**175.621**

Short-term loans and investments – parent company and subsidiaries relate to a loan granted to Energoprojekt Sunnyville Ltd in the amount of RSD 92,596 thousand (EUR 788 thousand) with maturity up to 12 months (and interest rate calculated in accordance with the principle „out of reach“ for 2022).

The impairment of Short-term loans and investments – parent company and subsidiaries in the amount of RSD 283 thousand refers to offects of the application of IFRS 9 – Financial instruments on the loan granted to Energoprojekt Sunnyville Ltd (Note 7.16).

The gross decrease within the item Short-term loans and investments – parent company and subsidiaries compared to 31.12. of the previous year in the amount of RSD 83,570 thousand is the result of:

- partly repaid loan - Energoprojekt Sunnyville: RSD 59,500 thousand and expense on the basis of effects of currency clauses: 2 thousand,
- Agreement on rescheduling with Energoprojekt Oprema: RSD 4,148 thousand and Energoprojekt Urbanizam i arhitektura: RSD 16,694 thousand, based on which the calculated and uncollected interest was accrued to the principal (with the balance on the balance sheet date) and the maturity extended to 31.12.2023, with the interest rate calculated in accordance with the principle "out of reach". Therefore, the loans in questions (together with the impairments) were transferred to the item Long-term investments in the parent company, subsidiaries and other related parties and long-term receivables from these parties in the country (Note 25.3) and
- status change of merger of Energoprojekt Energodata: RSD 3,226 thousand (Note 1).

As a collateral to secure the payment under the Agreement on the loan granted to Energoprojekt Sunnyville, the Company has 2 (two) solo blank signed bills of exchange with the authority to fill in and collect the bills of exchange in amount of the total debt.

31.2 Short-term loans and investments – other related parties

Structure of short-term loans and investments – other related parties	*in RSD thousand*					
	31.12.2021			*31.12.2020*		
	Gross value	*Impairment*	*Net value*	*Gross value*	*Impairment*	*Net value*
Enjub d.o.o.	76.515		76.515	76.513		76.513
TOTAL	**76.515**	**0**	**76.515**	**76.513**	**0**	**76.513**

The structure of the loans granted to the related party Enjub Ltd is shown in the table below.

Nr.	Contract No.	Original currency	Loan amount in original currency (in thousand)	Remaining receivables for loan in original currency (in thousand)	Remaining receivables for loan (in RSD thousand)	Maturity date	Interest rate
1	Appendix No. 14 under Loan Agreement No. 367	EUR	137	137	16.168	31.12.2022	interest rate is calculated in accordance with principle "out of reach" for 2022
2	Appendix No. 10 under Agreement on Rescheduling No. 115	EUR	1.198	513	60.347	31.12.2022	interest rate is calculated in accordance with principle "out of reach" for 2022
TOTAL			***1.335***	***650***	***76.515***		

As a collateral to secure the payment under the Agreements on loans given to other related parties, the Company has 3 (three) blank bills of exchange with the “no protest“ clause and mortgage on properties of Enjub Ltd in Belgrade (Note 45).

31.3 Short-term credits, loans and investments in the country

Structure of short-term credits, loans and investments in the country	in RSD thousand					
	31.12.2021.			31.12.2020.		
	Gross value	Impairment	Net value	Gross value	Impairment	Net value
Short-term credits and loans to companies in the country			0			0
Long-term financial investments with maturity up to one year in the country:						
Part of long-term financial investments (credits and loans) in parent company and subsidiaries with maturity up to one year in the country			0	1.485.701	(4.192)	1.481.509
b) Part of long-term financial investments (credits and loans) in other related parties with maturity up to one year in the country			0			0
Part of long-term financial investments (credits and loans) in other companies with maturity up to one year in the country (explained in Note 25.4)	20		20	64		64
Subtotal - Long-term financial investments with maturity up to one year in the country	20	0	20	1.485.765	(4.192)	1.481.573
TOTAL	**20**	**0**	**20**	**1.485.765**	**(4.192)**	**1.481.573**

The decrease of the gross amount of the **part of the long-term financial placements (credits and loans) in the parent companies and subsidiaries with maturity to one year in the country** in the amount of RSD 1,485,701 thousand RSD is the result of:

- Agreement on rescheduling with Energoprojekt Visokogradnja: RSD 550,499 thousand and Energoprojekt Oprem: RSD 780,353 thousand, based on which the calculated and uncollected interest was accrued to the principal (with the balance on the balance sheet date) and the maturity extended to 31.12.2023, with the interest rate calculated in accordance with the principle "out of reach". Therefore, the loans in questions (along with the impairments) were transferred to the item Long-term investments in the parent company, subsidiaries and other related parties and long-term receivables from these parties in the country (Note 25.3) and
- status change of merger of Energoprojekt Energodata: RSD 154,849 thousand (Note 1).

31.4 Repurchased own shares and own share capital

Structure of repurchased own shares and own share capital	in RSD thousand	
	31.12.2021	31.12.2020
Repurchased own shares and own share capital	49.827	49.827
TOTAL	***49.827***	***49.827***

Pursuant to Decision on Acquiring own shares on regulated market, made by Supervisory Board, on February 13, 2017, being active on Belgrade Stock exchange the Company has acquired 97,700 own shares (representing 0.89376% of total shares with the right to vote), wth nominal value of RSD 49,827 thousand.

32. CASH AND CASH EQUIVALENTS

Structure of cash and cash equivalents	*in RSD thousand*					
	31.12.2021			*31.12.2020*		
	Gross value	*Impairment*	*Net value*	*Gross value*	*Impairment*	*Net value*
Current (business) account	33.436		33.436	19.796		19.796
Foreign currency account	169.067		169.067	47.789		47.789
Other cash						
Short-term term deposits	80.000		80.000	420.000		420.000
Other cash	13		13	13		13
Subtotal - other cash	80.013	0	80.013	420.013	0	420.013
TOTAL	**282.516**	**0**	**282.516**	**487.598**	**0**	**487.598**

Within the Company's **current (business) accounts and foreign currency accounts**, cash held with business banks locally and abroad (with OTP Banka, Erste Banka, Unicredt Bank, Addiko Bank, Alta Banka, AIK Bank, Banca Intesa Vojvodjanska Bank, Credit Agricole Bank, Komercijalna Bank, Sberbank, Eurobank Srbija, NLB Bank, Banka Postanska Stedionica, Api Bank, Direktna Banka and the Trade Bank of Iraq).

Short term deposits in the amount of RSD 80,000 thousand refer to the short term deposits in RSD held with Addiko bank.

Other cash in the amount of RSD 13 thousand refer to amount holds on special purpose account - Visa cards.

33. SHORT-TERM ACCRUED INCOME

Structure of short-term accrued income	in RSD thousand					
	31.12.2021			31.12.2020		
	Gross value	Impairment	Net value	Gross value	Impairment	Net value
Short-term prepayments (Note 33.1)	1.128		1.128	2.807		2.807
Short-term receivables for non-invoiced income (Note 33.2)	150		150	177		177
Other short-term accrued income (Note 33.3)	5.599		5.599	5.340		5.340
TOTAL	**6.877**	**0**	**6.877**	**8.324**	**0**	**8.324**

33.1 Short-term prepayments

Structure of short-term prepayments	in RSD thousand					
	31.12.2021			31.12.2020		
	Gross value	Impairment	Net value	Gross value	Impairment	Net value
Short-term prepayments - parent company and subsidiaries			0	2.045		2.045
Short-term prepayments of subscriptions for professional literature	445		445	94		94
Short-term prepayments of insurance premiums	683		683	668		668
TOTAL	**1.128**	**0**	**1.128**	**2.807**	**0**	**2.807**

Short-term prepayments of insurance premiums on the basis of property and personal insurance in the amount of RSD 683 thousand relate to Sava Neživotno Osiguranje in the amount up to 638 thousand and Wiener Städtische Osiguranje in the amount of RSD 45 thousand.

33.2 Short-term receivables for non-invoiced income

Structure of short-term receivables for non-invoiced income	in RSD thousand					
	31.12.2021			31.12.2020		
	Gross value	Impairment	Net value	Gross value	Impairment	Net value
Short-term receivables for non-invoiced income - other companies	150		150	177		177
TOTAL	**150**	**0**	**150**	**177**	**0**	**177**

Short-term receivables for non-invoiced income – other related parties in the amount of RSD 150 thousand refer to calculated income from the rent of space on the roof terrace of the Energoprojekt business building, which is rented to Telekom Srbija Plc for November and December 2021, which is closed and was incoived in January 2022.

33.3 Other short-term accrued income

Structure of other short-term accrued income	*in RSD thousand*					
	31.12.2021			*31.12.2020*		
	Gross value	*Impairment*	*Net value*	*Gross value*	*Impairment*	*Net value*
Accrued value added tax (VAT)	2.576		2.576	4.564		4.564
Other short-term accrued income - related companies	64		64			0
Other short-term accrued income - external	2.959		2.959	776		776
TOTAL	**5.599**	**0**	**5.599**	**5.340**	**0**	**5.340**

Accrued value added tax (VAT) in the amount of RSD 2,576 thousand encompasses the VAT stated in the reporting year, based on which the right of pre-tax deduction arises in the following accounting period.

Other short-term accrued income - external in the amount of RSD 2,959 thousand mostly relate to a fee to a commercial bank (that will be which will be reinvoiced to subsidiaries in the coming period) in the amount of RSD 1,159 thousand i deferred costs of licences in the amount of RSD 1,409 thousand.

34. CAPITAL

U 000 dinara

Description	Share capital	Other issued capital	Share issue premium	Reserves	Positive revaluation reserves and unrealized gains on financial assets and other components of the Other comprehensive result	Unrealized losses on financial assets and other components of the comprehensive result	Retained earnings	Loss	Total
Opening balance as of 01.01.2020	*5.574.959*	*27.178*	*1.526.164*	*214.881*	*784.634*	*(17.316)*	*896.233*	*(28.262)*	8.978.471
Net profit for the year							263.278		263.278
Other comprehensive income									
a) Changes in fair value of available-for-sale financial assets						(8.218)			(8.218)
b) Revaluation									
c) Other - adjustment of net value, IAS 12 and other									
Total - other comprehensive result						(8.218)			(8.218)
Total comprehensive result for 2020						(8.218)	263.278		255.060
Adjustments									
Increase in share capital									
Profit distribution							(28.262)	28.262	
Others (transfer from other equity items to retained earnings)		(27.178)		(134.881)			162.059		
As of 31.12.2020	***5.574.959***		***1.526.164***	***80.000***	***784.634***	***(25.534)***	***1.293.308***		***9.233.531***
Net profit for the year							972.797		972.797
Other comprehensive income									
a) Changes in fair value of available-for-sale financial assets						(5.662)			(5.662)
b) Revaluation									
c) Other - adjustment of net value, IAS 12 and other (merger of EP Energodata)					246.733				246.733
Total - other comprehensive result					246.733	(5.662)			241.071
Total comprehensive result for 31.12.2021					246.733	(5.662)	972.797		1.213.868
Adjustments (merger of EP Energodata)			(63.188)				(293.366)		(356.554)
Increase in share capital									
Profit distribution									
Other - (transfer from other equity items to retained earnings)									
As of 31.12.2021	***5.574.959***		***1.462.976***	***80.000***	***1.031.367***	***(31.196)***	***1.972.739***		***10.090.845***

34.1. Equity Capital

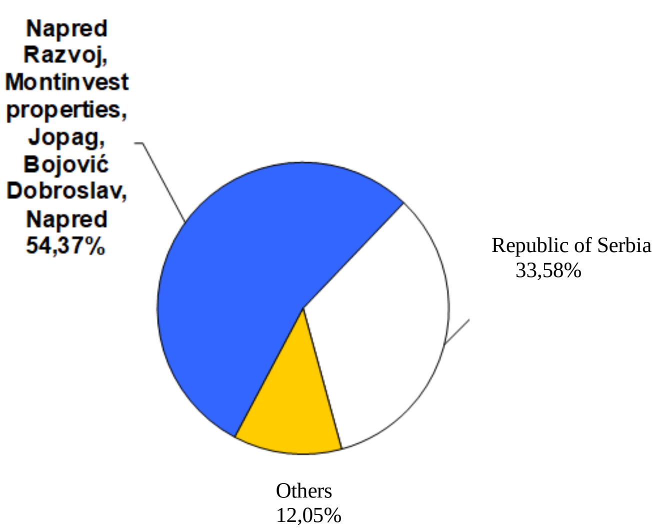
According to the Central Securities, Depository and Clearing House Register, the Company's present ownership structure as at 31.12.2021 is as follows:

	No. of shares	% of total issue
Shares owned by physical persons	**728,179**	**6.66**
Shares owned by legal persons	**9,843,377**	**89,97**
- Republic of Serbia	3,671,205	33,58
- Other legal entities	6,163,172	56.38
Aggregate (custody) account	**368,736**	**3.37**
Total no. of shares	**10,931,292**	**100**

No. of shareholders with equity investments	No of persons			No. of shares			% of total issue		
	domestic	foreign	total	domestic	foreign	total	domestic	foreign	total
Up to 5%	3,565	160	3,725	1,329,494	44,165	1,373,659	12,16%	0,40%	12.56%
5% to 10%	1	1	2	564,699	560,731	1,125,430	5.17%	5.13%	10.30%
More than 10% to 25%	0	0	0	0	0	0	0.00%	0%	0.00%
More than 25% to 33%	0	0	0	0	0	0	0.00%	0.00%	0.00%
More than 33% to 50%	2	0	2	8,432,203	0	8,432,203	77.14%	0.00%	77.14%
More than 50% to 66%	0	0	0	0	0	0	0.00%	0.00%	0.00%
More than 66% to 75%	0	0	0	0	0	0	0.00%	0.00%	0.00%
More than 75%	0	0	0	0	0	0	0.00%	0.00%	0.00%
Total no.	3,568	161	3,729	10,326,396	604,896	10,931,292	94,47%	5,53%	100.00%

Order of top 10 shareholders as per the no. of shares/votes:

Name	No. of shares	% of total issue
Napred Razvoj Plc Novi Beograd	4,760,998	43,55%
Republic of Serbia	3,671,205	33.58%
Montinvest Properties l.l.c.	564,699	5,17%
Jopag AG	560,731	5,13%
Tezoro broker PLC – summery account	264,917	2.42%
Energoprojekt Holding PLC	97,700	0.89%
Tezoro broker PLC	75,750	0.69%
Bojović Dobroslav	47,004	0.43%
OTP Banka Srbija -summ.account	43,007	0,39%
Grujić Sava	31,301	0,29%



Structure of equity capital is presented in the following table below.

Structure of equity capital	*in RSD thousand*	
	31.12.2021	*31.12.2020*
Share capital:		
a) Share capital in parent companies, subsidiaries and other affiliated companies		
b) Share capital (externally)	5.574.959	5.574.959
TOTAL	***5.574.959***	***5.574.959***

Share capital consists of 10,931,292 ordinary shares with nominal value of RSD 510.00 (RSD 5,574,959 thousand) and nominal book value of RSD 923.12.

Share capital - ordinary shares include founding shares and shares issued during operations which carry management right, right to a share of the shareholding company’s profit and a part of the estate in case of bankruptcy, in accordance with the memorandum of association, i.e., decision on share issue.

The company’s shares are prime-listed on the Belgrade Stock Exchange.

34.2. Issue premium

Issue premium	*in RSD thousand*	
	31.12.2021	*31.12.2020*
Issue premium	1.462.976	1.526.164
TOTAL	**1.462.976**	**1.526.164**

Issuing premium of RSD 1,462,976 is positive difference between the achieved selling price per share and the nominal value of such shares, which is the result of the conversion of shares of the Energoprojekt Group subsidiaries into Company shares at the par value of 1:1 in 2006, in the amount of RSD 1,300,283 thousand (whereby a decrease was recorded compared to 31.12. of the previous year in the amount of RSD 63,188 thousand due to the status change of the merger of Energoprojekt Energodata (Note 1)), based on repurchase and sale of own shares of the Company in the period from 2006 to 2011 in the amount of RSD 237,014 thousand, and based on repurchase of own shares at a value above the nominal value in 2017 in the amount of RSD 74,321 thousand, reduced for anterior issuing premium sum (Note 31.4).

34.3 Reserves

Structure of reserves	*in RSD thousand*	
	31.12.2021	*31.12.2020*
Other reserves	80,000	80,000
TOTAL	**80,000**	**80,000**

Pursuant to the Decision of the Shareholders Assembly from 2017, **other (dedicated) reserves** in the amount of RSD 80,000 thousand for acquiring own shares for distribution to employees with the Company, or to affiliated company, or for rewarding members of the Executive and Supervisory Board, were created.

34.4 Positive revaluation reserves and unrealized gains on financial assets and other components of the Other comprehensive result

Structure of positive revaluation reserves and unrealized gains on financial assets and other components of the Other comprehensive result	*in RSD thousand*	
	31.12.2021	*31.12.2020*
Revaluation reserves based on revaluation of property - Energoprojekt building	1,031,367	784,634
TOTAL	***1,031,367***	***784,634***

The following was disclosed in the Revaluation reserves from revaluation of property - Energoprojekt building position, in the amount of RSD 1,031,367 thousand:

- Effects of posting of the fair value of the Energoprojekt building as at 31.12.2018 in the amount of RSD 1,026,871 thousand;
- Levelling of the present value per m² of the Energoprojekt building in the amount of RSD 186,502 thousand; and
- Posting of 15% profit tax (negative aspect of revaluation reserves) for the amount of deferred tax on the basis of revaluation reserves, in compliance with IAS 12 - Income Taxes, in the amount of RSD 182,006 thousand.

The increase in revaluation reserves based on the revaluation of properties - Energoprojekt office building compared to 31.12. of the previous year in the amount of RSD 246,733 thousand was recorded on the basis of the status change of merger of Energoprojekt Energodate.

34.5 Unrealized losses from financial assets and other components of the comprehensive result

Structure of unrealized losses from financial assets and other components of the Other comprehensive result	*in RSD thousand*	
	31.12.2021	*31.12.2020*
Losses on securities measured at fair value through other comprehensive result	31,196	25,534
TOTAL	***31,196***	***25,534***

Changes in the position of **Losses on securities measured at fair value through other comprehensive result** in the amount of RSD 5,662 thousand pertain adjustments of value of securities in Company portfolio (Alta Banka Plc., Belgrade and Dunav Osiguranje Plc.), with their fair value in the secondary securities market as at the financial statements date (Note 25.1.).

34.6 Retained Earnings

Structure of retained earnings	in RSD thousand	
	31.12.2021	31.12.2020
Retained earnings from previous years:		
a) Balance as at 1 January of the reporting period	1.293.308	896.233
b) Correction of profit based on income tax		
c) Other corrections - merger of EN Energodata	(293.366)	
c) Profit distribution		(28.262)
e) Transfer from other equity items		162.059
Total	999.942	1.030.030
Retained earnings from current years	972.797	263.278
TOTAL	***1.972.739***	***1.293.308***

Retained earnings from prior years in the amount of RSD 972,797 thousand relate to the net result of the Company incurred in the reporting period (Note 21).

35. LONG-TERM PROVISIONS

Long-term provisions are recognized in the following cases:

- Where the Company has a (legal or actual) liability incurred as a result of a past event;
- Where it is probable that the resource containing economic value will necessarily be deployed to settle a liability; and
- Where the liability amount can be measured reliably.

Structure of long-term provisions is presented in the following table.

in RSD thousand

Structure of long term provisions	Provisions for wages and other employee benefits	Other long-term provisions	TOTAL
Opening balance as of 01.01.2020	3.262		3.262
Additional provision	1.049		1.049
Utilised in the year	(826)		(826)
Cancellation of unused amount			
As of 31.12.2020	3.485		3.485
Additional provision	1.490		1.490
Utilised in the year	(1.444)		(1.444)
Cancellation of unused amount			
As of 31.12.2021	**3.531**		**3.531**

Provisions for wages and other employee benefits (provisions for non-due retirement bonuses) are disclosed based on actuarial calculation made on 31 December 2021.

In the projection of provision calculation the deductive approach was used, meaning that all the Companies were treated as a whole, and based on general regularities and use of the number of employees as a template, allocation to specific Companies was performed. Considering that all subsidiaries are controlled by the same Company, the applied approach is objective and the projection results can be recognized as expected.

Decrease of the provision amount based on current retirement bonus values (by 14.96%) in the balance sheet as at 31.12.2021 in comparison to the retirement bonus values in the balance sheet as at 31.12.2020, was the result of several changed factors:

- on one hand, changes of some factors affect the increase of the provision amount (increase in the average expected retirement bonus by 9.66%) and the decrease of the difference between the discount rate and the assumed income increase); and
- on the other hand, changes of some factors affect the decrease of the provision amount (a decrease in the total number of employees by 19.39% and reduction the average years of service in the Company to 2.35% and increased expected employee fluctuation).

In addition to the above mentioned, the change in the provision structure per individual companies came as the result of the change in the aliquot part of the number of employees in individual companies against the total number of employees in the entire Company.

By taking into account the relevant provisions of IAS 19, the provision projections procedure was performed by following these steps:

- Firstly, according to employee gender, working experience and years of service in the Company; considering the expected annual fluctuation and mortality rate (estimated annual fluctuation and mortality rate), an estimation was made of the number of employees that will exercise the right to retirement bonus, as well as the period during which this bonus will be paid out;
- Secondly, considering provisions of the Company Collective Agreement, the bonus amount was appraised for each year of service indicated on the balance sheet date; and
- Thirdly, the discount factor, representing the discount rate to expected salary growth ratio, was used to determine the present value of the expected retirement bonus outflows.

The retirement bonus is, as of the beginning of 2015, pursuant to the provisions of the Collective Agreement in force, paid in the Company in compliance with the Article 54 of the Collective Agreement regulating employment in the country, according to which the Employer is to pay to the Employee retirement bonus amounting to two average gross salaries in the Republic of Serbia according to the latest data published by the relevant Republic authority in charge of statistics. In compliance with the legislation in force, the above mentioned amount is non-taxable.

Since the annual discount rate is necessary to determine the present value of (undue) retirement bonuses, as well as the average annual growth of salaries in the Republic of Serbia, these values shall be specified later in the text.

The rate of **4.0%** was accepted as the **annual discount rate**.

In the paragraph 83, IAS 19 it is explicitly stated that the rate used for discount should be defined according to market yields at the balance sheet date for high yield corporate bonds. In countries where there is no developed market for such bonds, market yields (at the balance sheet date) for government bonds should be used. The currency and term of the bonds should be consistent with the currency and estimated term of the post-employment benefit obligations.

Since the financial market of Serbia is insufficiently developed, the actual annual yield from the purchase of government bonds with the Republic of Serbia as the guarantor should be used as a reference for the determination of the discount rate as at the balance sheet date. In compliance to the above stated, the discount rate was determined according to the annual yield of long term government bonds issued by the Public Debt Administration of the Ministry of Finance of the Republic of Serbia, which were achieved in the relevant period. Annual yield on 12-years RSD securities issued on 07.09.2021 was 3.24%. Increased adopted discount rate compared to yield is a consequence of the fact that average maturity of benchmark securities is lower than average maturity of the benefits in question, and thus in the manner provided for in paragraph 86, IAS 19, the yield curve was extrapolated.

The annual expected salary growth in the Republic of Serbia was planned at the level of **4.0%.**

The annual discount rate and annual salaries' growth depend on inflation rate.

The Memorandum of the National Bank of Serbia on the target inflation rates by 2023, adopted by the Executive Board of the National Bank of Serbia, determines the target inflation rate (with permissible deviation) measured by annual percentage changes in the consumer price index, for the period from January 2021 to December 2023, in the amount of 3% with permissible deviation (positive and negative) of 1.5 percentage points.

The target inflation of 3% has been foreseen in the Memorandum for several years. Although it has been significantly higher in 2021 (approx. 7.5%), the past years it has been lower (in 2020 - 1.3%; in 2019 – 1.5%; in 2018 – 2%; in 2017 - 3%; in 2016 - 1.6% and in 2015 - 1.5%). Therefore, it is more realistic to assume inflation on the target level.

From the above stated, it can be concluded that the planned long-term annual growth in real salaries in the Republic of Serbia is 1%, which is, bearing in mind the planned growth in domestic product in the following period, realistically achievable.

If the inflation rate would change in the future, the applied logic would result in the change of nominal wages, but also in the discount rate (that is predominantly defined by the inflation rate), so that the change would not lead to the change in results presented in this document. The methodology used, indicating the long-term planned annual growth of wages in the Republic of Serbia of 4.0% and long-term annual discount rate of 4.0%, assumes the same, unchanged inflation rate in future. This assumption is requested in the paragraph 78 of IAS 19.

36. LONG-TERM LIABILITIES

Structure of long-term liabilities	In RSD thousand	
	31.12.2021	31.12.2020
Long-term loans and other long-term liabilities to parent company, subsidiaries and other related parties in the country		730.472
Liabilities from issued securities	3.300.000	3.300.000
Other long-term liabilities	20.920	37.928
TOTAL	***3.320.920***	***4.068.400***
Part of long-term liabilities with maturity up to one year	10.141	8.559

The structure of **liabilities for long-term loans and other long-term liabilities to the parent company, subsidiares and other related parties in the country** is shown in the table below.

Structure of long-term loans and other long-term liabilities to parent company, subsidiaries and other related parties in the country	In RSD thousand	
	31.12.2021	31.12.2020
Napred Razvoj a.d.		
Long-term borrowing		726.175
Long-term liabilities arising from interest on loans whose payment was delayed		4.297
TOTAL	***0***	***730.472***

The amount of the initial balance of liabilities to the company Napred Razvoj Plc in the amount of RSD 730,472 thousand (6,213 hiljada EUR) was transferred to: part of long-term credits and loans to other related parties in the country with maturity up to one year - for the amount of the principal: EUR 6,176 thousand, which was fully repaid in July 2021 and liability based on interest and financing costs in the country – other related parties: EUR 37 thousand, which were repaid in July and August 2021.

Liabilities for issued long-term securities in the period over a year in the amount of RSD 3,300,000 thousand relate entirely to long-term corporate bonds issued on 30.12.2020; 330,000 bonds of individual nominal value of RSD 10,000.00 (based on the decision of the General Meeting of the Company dated 23.07.2020 on the issuance of corporate bonds of the Company through a public offering and the decision of the Supervisory Board of the Company dated 25.11.2020 on the issuance of the first issue of corporate bond), with maturity of 30.12.2025 and quarterly calculation and payment of interest. Part of the funds from the issue of long-term corporate liabilities was used to provide long-term loans to subsidiaries in order to repay loans to commercial banks (Note 25.3).

Other long-term liabilities in the amount of RSD 20,920 thousand relate to:

- long-term advance received from Jerry catering service Ltd., Belgrade in RSD 20,075 thousand (EUR 170 thousand) according to Annex no. 1 of Contract no. 123 on long-term lease (for 15 years) a part of business area 935.56 m2 located within the buildings complex "Samački hotel", Batajnički drum no. 24, in Zemun (part of obligation for received advance up to a year is recorded within the item - Received advances from other legal entities in the country - Note 39); and

- long-term liabilities from taxes and contributions on salaries for the period March - May (in accordance with the Regulation on fiscal and direct benefits to entities in the economic sector and financial assistance to citizens in order to mitigate the economic consequences of COVID - 19) and August in accordance with the Conclusion of the Government of the RS) in the total amount of RSD 845 thousand, whose payment was postponed in accordance with the Decree on the procedure and manner of deferral of payment of taxes and contributions due in order to mitigate the economic consequences, paid off in full by 10.01.2023 (part of the liability for taxes and contributions on salaries up to one year in the amount of RSD 10,141 thousand is recorded within Portion of long-term liabilities in the country that is due up to a year - Note 38.2).

37. LONG-TERM DEFERRED COSTS (except long-term deferred income and received donations)

Structure of long-term deferred costs	*in RSD thousand*	
	31.12.2021	*31.12.2020*
Long-term pre-calculated costs:		
a) Long-term pre-calculated costs – parent company, subsidiaries and other related parties	24.305	24.305
b) Long-term pre-calculated costs - other companies		
Subttotal - Long-term pre-calculated costs	*24.305*	*24.305*
TOTAL	***24.305***	***24.305***

Pre-calculated costs – parent company, subsidiaries and other related parties in the amount of RSD 24,305 thousand entirely refers to, to the liability owed to Energoprojekt Oprema company for calculated expenses for the period till June 30, 2015, based on the Agreement on Construction of the Embassy of the Republic of Serbia in Abuja, Federal Republic of Nigeria, a turnkey project, in the cadastre lot no. 313, registered in the Real Estate Cadastre of the Cadastre Zone A00.

38. SHORT-TERM FINANCIAL LIABILITIES

Structure of short term financial liabilities	*in RSD thousand*	
	31.12.2021	*31.12.2020*
Liabilities for loans to the parent company, subsidiaries and other related parties (Note 38.1)	352.746	
Liabilities for credits and loans from foreign banks (Note 38.2)	10.141	8.559
Liabilities for credits and loans from domestic banks (Note 38.3)	70	118
TOTAL	***362.957***	***8.677***

38.1. Liabilities for loans to the parent company, subsidiaries and other related parties

Structure of liabilities for loans to the parent company, subsidiaries and other related parties	*in RSD thousand*	
	31.12.2021	*31.12.2020*
Energoprojekt Park 11 Ltd.	352.746	
TOTAL	***352.746***	***0***

Liabilities for loans to the parent company, subsidiaries and other related parties in the country in the amount of RSD 352,746 thousand (EUR 3,000) refers to liabilities to the subsidiary Energoprojekt Park 11 Ltd for a short-term loan with maturity on 30.07.2022 (with possibility of early repayment), with interest rate that is calculated in accordance with the principle “out of reach”.

38.2. Liabilities for credits and loans from foreign banks

Structure of liabilities for credits and loans from foreign banks	*in RSD thousand*	
	31.12.2021	*31.12.2020*
Other long-term liabilities from other legal and natural entities with maturity up to one year in the country	10.141	8.559
TOTAL	***10.141***	***8.559***

Other long-term liabilities from other legal and natural entities with maturity up to one year in the country in the amount of RSD 10.141 thousand entirely refers to liabilities for taxes and contributions for salaries from 2020, which will be due on 30/03/2022, according to the Decree on the procedure and manner of deferral of payment of due taxes and contributions in order to mitigate the economic consequences caused by the disease COVID-19 (Note 36).

38.3 Short-Term Credits and Loans from domestic banks

Structure of credits and loans from domestic banks	*in RSD thousand*	
	31.12.2021	*31.12.2020*
Other short-term financial liabilities to banks in the country	70	118
TOTAL	***70***	***118***

Other short-term financial liabilities to domestic banks amounting to RSD 70 thousand predominantly pertain to the liabilities incurred based on the expenses paid by using the company Visa cards in the amount of RSD 64 thousand, which were settled in January 2022.

39. RECEIVED ADVANCES, DEPOSED MONEY AND CAUTIONS

Structure of received advances, deposed money and cautions	in RSD thousand	
	31.12.2021	31.12.2020
Received advances from parent company and subsidiaries	10.941	15.411
Received advances from other legal entities in the country	8.445	8.434
Received deposed money and cautions	1.219	
UKUPNO	***20.605***	***23.845***

Received advances from parent company and subsidiaries in the amount of RSD 10,941 thousand predominantly relate to advances received from subsidiaries under the Agreement on introduction of electronic document system Business Connect in the amount of RSD 10,801 thousand.

Received advance from other legal entities in the country in the amount of RSD 8,445 thousand primarily relate to received advance from Jerry Catering Service Ltd., Beograd Company in RSD 7,721 thousand under the Annex I on the contract (no. 123/1583 from 10.04.2017) on long-term lease (15 years) a part of office space measuring 935.56 m² located within the complex "Samački hotel", no. 24 Batajnički drum, Zemun (part of the liability for received advance over a year was recorded within the item - Other long-term liabilities (Note 36).

Deposits received from other domestic legal entities in the amount of RSD 1,219 thousand refer to deposits received from the company 5. Univerzitetske igre Beograd 2020 d.o.o (5th University Games Belgrade 2020 LLC) on the basis of office space rental in the business building of Energoprojekt in the amount of RSD 563 and the company Saga d.o.o. Belgrade in the amount of RSD 656 RSD.

40. OPERATING LIABILITIES

Structure of operating liabilities	in RSD thousand	
	31.12.2021	31.12.2020
Suppliers:		
Suppliers - parent company and subsidiaries, local	19	3.024
Suppliers - other affiliated companies local		6.580
Suppliers, local	7.251	5.598
Suppliers, foreign countries	495	851
Total	*7.765*	*16.053*
Other operating liabilities	1.310	12.572
TOTAL	***9.075***	***28.625***

Total amount of liabilities to suppliers is broken down per currencies are presented in the following table.

Structure of operating liabilities per currencies	in RSD thousand	
	31.12.2021	31.12.2020
RSD	7,391	9,023
EUR	374	7,030
GBP		
TOTAL	***7,765***	***16,053***

The structure of liabilities to suppliers by legal entities is presented under Note 8.2.

Geographic distribution of suppliers is as follows:

Geographic distribution of suppliers	in RSD thousand	
	31.12.2021	31.12.2020
Suppliers, local (subsidiaries and other legal entities)	7.270	15.202
Suppliers, foreign countries (subsidiaries):		
Europe		
Total	-	-
Suppliers, foreign countries (other legal entities):		
Europe	495	851
Total	495	851
Value adjustment		
TOTAL	***7.765***	***16.053***

Other operating liabilities in the amount of RSD 1,310 thousand predominantly arose from issued credit note to subsidiaries Energoprojekt Hidroinženjering and Energoprojekt Sannyville, resulting from the difference between the final price of the services provided by the Company to its subsidiaries - determined on costs incurred in 2021 and the orientation prices - established from planned costs for 2021 in the total amount of RSD 1,301 thousand.

41. OTHER SHORT-TERM LIABILITIES

Structure of other short-term liabilities	in RSD thousand	
	31.12.2021	31.12.2020
Other short-term liabilities (Note 41.1)	77.950	93.536
Liabilities for value added tax and other taxes, contributions and fees payable (Note 41.2)	3.353	1.664
Liabilities for income tax		
TOTAL	***81.303***	***95.200***

41.1 Other short-term liabilities

Structure of other short-term liabilities	in RSD thousand	
	31.12.2021	31.12.2020
Liabilities from specific operations:		
Liabilities from specific operations - other companies	13	8.415
Subtotal - Liabilities from specific operations	13	8.415
Liabilities for wages, fringe benefits and compensations	13.699	13.939
Other liabilities:		
a) Liabilities for interest and financing costs	9.498	17.188
b) Liabilities for dividends	20.317	20.366
c) Liabilities to emplyees	155	475
d) Liabilities to General Manager, members of management and supervisory bodies	1.685	638
e) Liabilities to natural entities for fees under contract	283	225
f) Other liabilities	32.300	32.290
Subtotal - Other liabilities	64.238	71.182
TOTAL	***77.950***	***93.536***

The decrease in **Liabilities from specific operations - other legal entities** in the amount of RSD 8,402 thousand predominantly relate to the settled liability to Erste Bank Plc Novi Sad, that was engaged as the Issue Agent by the Company in 2020 during the issue of corporate bonds, in the amount of RSD 8,415 thousand. The fee was calculated in the amount of 0.3% on the value of issued corporate bonds.

Liabilities for wages, fringe benefits and compensations in the amount of RSD 13,699 thousand pertain to the liabilities (net, taxes and contributions) for December salary that the Company paid in January 2022.

Liabilities for interest and financing costs in the amount of RSD 9,498 thousand primarily relate to the interest for loan granted by Napred Ravoj Plc. for the period March - June in the amount of RSD 4,287 thousand (based on the Decision of the National Bank of Serbia on temporary measures to preserve the stability of the financial system, which established a moratorium on repayment of credit obligations), which expires on 31.03.2022 (Note 36) and the liability for interest for a loan from Energoprojekt Park 11 Plc for the period July - December in the amount of RSD 3,475 thousand (Note 38.1).

Liabilities for dividends in the amount of RSD 20,317 thousand pertain to the liabilities based on the decision of the Assembly of Shareholders from 2018 on profit distribution in the amount of RSD 4,448 thousand and for dividends' payment from previous years in the amount of RSD 15,869 thousand, which have not yet been paid to date due to unresolved property - legal issues (inheritance disputes, etc.) and unopened accounts of shareholders.

Other various liabilities in the amount of RSD 32,300 thousand predominantly relate to liabilities to shareholders based on forced purchase of shares of Energoprojekt Entel in the amount of RSD 31,987

thousand. On 15.09.2019, the Corporate agent M&V Investments returned the Company's funds deposited for forced purchase of shares of Energprojekt Entel such as, for part of shareholders who did not have the appropriate information, and the payment could not be realized. The company settles the obligations upon request of the shareholders.
Company Management is of the opinion that the disclosed value of short-term liabilities reflects their fair value at the balance sheet date.

41.2 Liabilities for value added tax and other taxes, contributions and fees payable

Structure of liabilities for value added tax and other taxes, contributions and fees payable	*in RSD thousand*	
	31.12.2021	*31.12.2020*
Liabilities for value added tax	1.994	1.170
Liabilities for other taxes, contributions and fees payable	1.359	494
TOTAL	***3.353***	***1.664***

Liabilities for value added tax relate to the difference between the calculated tax and the input tax. This liability was settled in the within the legal deadline, in January 2022.

Liabilities for other taxes, contributions and fees payable in the amount of RSD 1,359 thousand mostly relate to liabilities for taxes and contributions and considerations for members of management and supervisory bodies: RSD 866 thousand and taxes and contributions for remunerations based on service contracts: 138 thousand.

42. SHORT-TERM ACCRUED EXPENSES

Short-term accrued expenses	*in RSD thousand*	
	31.12.2021	*31.12.2020*
Short-term accrued expenses - other companies	6.531	84
Other short-term accrued expenses		818
TOTAL	***6.531***	***902***

Short-term accrued expenses – other related parties in the amount of RSD 6,531 thousand primarily relate to liabilities for calculated costs taken over due to the status change of merger of Energoprojekt Energodata (Note 1) in the amount of RSD 6,383 thousand.

43. DEFERRED TAX LIABILITIES

Deferred tax assets and liabilities	in RSD thousand	
	31.12.2021	31.12.2020
Deferred tax assets	14.760	20.220
Deferred tax liabilities	204.958	161.105
Net effects of deferred tax assets / (liabilities)	**(190.198)**	**(140.885)**

Deferred tax assets are the income tax amounts recoverable in future periods based on *deductible temporary differences.*

A deductible temporary difference is generated in cases where a company's balance sheet contains already disclosed expense on certain bases, which will be recognized from the tax aspect in the following periods. Deferred tax assets are verified on 31 December and are recognized only if it is considering probable that the deferred tax assets will probably be used to reduce a taxable income in the future period.

The amount of deferred tax assets is calculated by multiplying the amount of deductible temporary difference at the end of the year by the Company's corporate income tax rate (15%).

Deferred tax liabilities disclosed as at 31 December refer to *taxable temporary differences* between the book value of assets subject to depreciation and their tax base. Due to different provisions used in the Company to define accounting depreciation (in compliance with the IAS/IFRS and other provisions) and provisions that define tax depreciation (in compliance with the Law on Corporate Income Tax), the Company shall pay higher amount of income tax in the future period than it would pay if the actually disclosed accounting depreciation would be acknowledged by tax legislation. For this reason, the Company recognizes the deferred tax liability, which represents income tax payable once that the Company "recovers" the accounting value of the assets.

The amount of deferred tax liabilities is calculated by multiplying the amount of taxable temporary difference at the end of the year by the Company's income tax rate (15%).

Changes in balance of deferred tax assets during the reporting and reference years were as follows:

in RSD thousand

Deferred tax liabilities	Tax value exceeding the book value in intangible assets, plants and equipment	Capital losses in investment property	Provisions for retirement bonuses	Unpaid public revenues	Employee benefits accrued but unpaid in the tax period	Effects of application of IFRS 9	Total
Opening balance as of 01.01.2020	**2.134**		**489**	**11**	**26**		**2.660**
Changes in accounting policies						**21.770**	**21.770**
Restated opening balance 01.01.2020	**2.134**		**489**	**11**	**26**	**21.770**	**24.430**
Debit/credit to Income Statement	114		34	1	(5)	(4.354)	**(4.210)**
Direct debit to capital							
As of 31.12.2020	**2.248**		**523**	**12**	**21**	**17.416**	**20.220**
Changes in accounting policies							
Restated opening balance 01.01.2021	**2.248**		**523**	**12**	**21**	**17.416**	**20.220**
Debit/credit to Income Statement	(550)		(523)	(12)	(21)	(4.354)	**(5.460)**
Direct debit to capital							
As of 31.12.2021	**1.698**					**13.062**	**14.760**

Changes in balance of deferred tax liabilities during the reporting and reference years were as follows:

in RSD thousand

Deferred tax liabilities	Book value exceeding tax value in property	Capital gains in investment property	Total
Opening balance as of 01.01.2020	148.891	9.822	**158.713**
Debit / (credit) to Income Statement	130	2.262	2.392
Direct debit to capital			
As of 31.12.2020	**149.021**	**12.084**	**161.105**
Merger of Energoprojekt Energodata Plc.	38.403		38.403
Debit / (credit) to Income Statement	3.556	1.894	5.450
Direct debit to capital			
As of 31.12.2021	**190.980**	**13.978**	**204.958**

A summary of changes in balance of deferred tax liabilities of the Company is presented in the following tables.

Balance and changes in balance of deferred tax liabilities	*In RSD thousand*	
	31.12.2021	*31.12.2020*
Balance of deferred tax liabilities at the end of the previous year	140,885	134,283
Balance of deferred tax liabilities at the end of the current year	190,198	140,885
Changes in balance of deferred tax liabilities	**49,313**	**6,602**

Changes in balance of deferred tax liabilities	*In RSD thousand*	
	31.12.2021	*31.12.2020*
Merger of Energoprojekt Energodata Plc.	38,403	
Deferred tax expenses (income) of the period	10,910	6,602
Revaluation reserves		
Undistributed profit of the previous year		
TOTAL	**49,313**	**6,602**

Based on the change in the balance of deferred tax assets and deferred tax liabilities in 2021, it can be concluded that with the status change of merger of Energoprojekt Energodata there was an increase in deferred tax liabilities compared of the Company in the amount of RSD 38,403 thousand, and that with the calculation at the end of the year there was a net effect of increased deferred tax liabilities compared to the previous year in the amount of RSD 10,910 thousand was achieved, which affected, through deferred tax expenses for the period, the Company's net results in 2021 (Note 21) in such a way to be decreased.

44. OFF-BALANCE SHEET ASSETS AND LIABILITIES

In compliance with the relevant statutory provisions (Rules on Content and Form of Financial Statements Forms and the Content and Form of Statistical Report Forms for Companies, Cooperatives and Entrepreneurs), disclosed off-balance sheet items in its financial statements. Items disclosed under off-balance sheet assets and liabilities, presented in the following Table, are neither assets nor liabilities of the Company, but are primarily presented for information purposes.

Structure of off-balance sheet assets and liabilities is presented in the following table.

Structure of off-balance sheet assets and liabilities	*in RSD thousand*	
	31.12.2021	*31.12.2020*
Provided sureties and guarantees	10.458.506	11.018.898
Received sureties and guaranties	2.939	5.526
Received mortgages and other rights	76.515	76.513
Other off-balance sheet assets / liabilities	30.442	2.930.945
TOTAL	***10.568.402***	***14.031.882***

Provided sureties and guarantees amounting to RSD 10,458,506 thousand refer to the following:

- Guarantees issued for credits and guarantees for subsidiaries amounting to RSD 3,857,803.47 thousand;
- Corporate guarantees issued to Energoprojekt Niskogradnja in the amount of RSD 6,597,763 thousand for projects: Vinča Landfill - Serbia in the amount of RSD 5,558,501 thousand and Banco Pichincha - Peru in the amount of RSD 1,039,262 thousand.
- Guarantee issued by Erste Bank in favor of IATA (International Air Transport Association) for orderly settlement of obligations for airline tickets in the amount of RSD 2,940 thousand, which expires on 23.10.2022 and renewed annually.

To provide guarantees and corporate guarantees, the Company concluded agreements with subsidiary companies based on which the Company is the guarantor and based on which it received respective collaterals from the subsidiaries involved (bills of exchange).

Received sureties and guarantees in the amount of RSD 2,939 thousand relate to the received surety from Energoprojekt Niskogradnja Energoprojekt Visokogradnja, Energoprojekt Hidroinženjering, Energoprojekt Oprema and Energoprojekt Industrija for obtaining a guarantee from Erste Bank in favor of IATA (International Air Transport Association) for orderly settlement of obligations for airline tickets in the amount of RSD 2,940 thousand.

Received mortgages and other rights amounting to RSD 76,515 thousand pertain to the mortgage on Enjub Ltd. apartments, arising from the Loans Agreement granted to Enjub Ltd. (Note 45).

Other off-balance sheet assets/liabilities amounting to RSD 30,442 thousand include the following:

- Dividends receivables from Enjub Ltd., which were directly written-off in the previous accounting period in the amount of RSD 30,442 thousand; and
- Unused construction facilities in Budva that were directly written-off in the inventory count as at 31.12.2014 and presented in the off-balance records without any value.

45. MORTGAGES REGISTERED IN FAVOUR AND/OR AGAINST THE COMPANY

Mortgages registered against the Company are:

- Mortgage on business building Energoprojekt according to the bank arrangements made with:
  - Erste Bank Plc. Novi Sad in the amount of EUR 27,000,000.00, Appandix 2 under the Multi-Purpose Framework Limit Agreement No. OVLC003/20 (mortgage borrower Energoprojekt Holding and debtors: Energoprojekt Visokogradnja, Energoprojekt Niskogradnja, Energoprojekt Oprema, Energoprojekt Industrija and Energoprojekt Hidroinženjering);
  - Unicredit Bank Serbia Plc. Belgrade in the amount of EUR 3,188,287.47, Appendix 3 under the Short-term Loan Agreement No. RL 0029/20 (mortgage borrower Energoprojekt Holding and debtors: Energoprojekt Visokogradnja, Energoprojekt Niskogradnja and Energoprojekt Oprema);
  - OTP Bank Serbia Plc Novi Sad in the amount of EUR 6,782,000,00 Appendix 4 under the Framework Agreement on Issuance of Bank Guarantees, Letters of Credit and Binding Letters

of Intent no. 2818/21 - now OL2021/202 (mortgage borrower Energoprojekt Hidroinženjering, mortgage borrower Energoprojekt Holding i and debtors: Energoprojekt Visokogradnja, Energoprojekt Niskogradnja and Energoprojekt Oprema);

- OTP Bank Serbia Plc Novi Sad in the amount of EUR 3,218,000,00 Appendix 4 under the Framework Agreement on Issuance of Bank Guarantees, Letters of Credit and Binding Letters of Intent no. OUG 2820/21 - now OL2021/457 (mortgage borrower Energoprojekt Hidroinženjering, mortgage borrower Energoprojekt Holding i and debtors: Energoprojekt Visokogradnja, Energoprojekt Niskogradnja and Energoprojekt Oprema);

  based on which an executive out-of-court mortgage on the Energoprojekt office building was was established on 30.12.2021 in the real estate list number 2652, Cadastral Municipality Novi Beograd, in favour of the creditors in question, in accordance with Line Statement of Energoprojekt Holding Plc, which was certified before the competent authority in accordance with the Serbian Law on Mortgage on 27.12.2021.

Mortgages registered in favour of the Company are as follows:

- As collateral to secure the repayment of loan pursuant to the Annex No. 14 of the Loan Agreement No. 367, in the amount of RSD 16,168 thousand (EUR 137 thousand), granted to the Company Enjub Ltd, the executive extrajudicial mortgage on the basis of pledge statement for the entire loan amount with added interest, was registered for apartments in 91A Jurija Gagarina Street, on the second and third floors, Cadastre lot No. 5089/9, Cadastral Municipality of Novi Beograd, registered in the Real Estate Registry folio No. 4550, Cadastral Municipality Novi Beograd, in favour of the Company, and
- As collateral to secure the repayment of the loan pursuant to the Annex No. 10 of the Agreement on Rescheduling of Approved Loan No. 115, approved to Enjub Ltd. in the amount of RSD 60,347 thousand (EUR 513 thousand), by decision no. 952-02-1973 / 2012, executive extrajudicial mortgage of the first order was registered on the basis of a pledge statement, up to the entire amount of the loan with added interest, on properties (apartments and business premises) in 93, 93A and 91A Jurija Gagarina Street (the mortgage was registered in the amount of EUR 1,198 thousand, since the mortgage related to the portion of repaid loan in 2019 in the amount of EUR 685 thousand was not removed).

46. RECONCILIATION OF RECEIVABLES AND LIABILITIES

- **Reconciliation of receivables**

According to the information available to the Company (authorised Open Item Statement (OIS)), as of the financial statements date, the balance of not reconciled receivables is shown in the table:

Item	Number of partners	Total amount of receivables	Number of partners with not conciled receivables	Total not conciled receivables	% not conciled receivables	% partners with not conciled receivables
1	2	3	4	5	6=5/3	7=4/2
Long-term credits and loans to parent company and subsidiaries in the country	5	4.265			0,00%	0,00%
Advances paid for materials, spare parts and small inventory in the country	44	168			0,00%	0,00%
Advances paid for materials, spare parts and small inventory abroad	1	282			0,00%	0,00%
Advances paid for goods and fixed assets purchased to be sold in the country	22	126	1	74	58,73%	4,55%
Advances paid for services in the country	42	1.391			0,00%	0,00%
Domestic buyers - parent company and subsidiaries	11	1.054.511	1	272	0,03%	9,09%
Domestic buyers	45	5.727	1	1.411	24,64%	2,22%
Buyers abroad	2	59	1	59	100,00%	50,00%
Receivables from joint and specific operations - subsidiaries abroad	2	1.521			0,00%	0,00%
Other receivables from specific operations from other ralated parties	1	6.433			0,00%	0,00%
Other receivables from specific operations from other companies	4	0			0,00%	0,00%
Other short-term liabilities from external subjects	10	95	3	72	75,79%	30,00%
Receivables from joint and specific operations - others	8	4.514			0,00%	0,00%
Receivables from joint and specific operations from subsidiaries - airline tickets	7	2.208			0,00%	0,00%
Short-term credits, loans and investments in parent company and subsidiaries in the country	4	92.596			0,00%	0,00%
Short-term credits, loans and investments in other related parties in the country	1	76.514			0,00%	0,00%
Receivables for agreed and default interest from buyers of parent company and subsidiaries	7	45.722			0,00%	0,00%
Receivables for agreed and default interest from buyers of other related parties	1	89.814			0,00%	0,00%
Receivables for dividends for share investment in subsidiaries	4	0			0,00%	0,00%

- **Reconciliation of liabilities**

According to the information available to the Company (authorised Open Item Statement (OIS)), as of the financial statements date, the balance of not reconciled liabilities is shown in the table:

Item	Number of partners	Total amount of liabilities	Number of partners with not conciled liabilities	Total not conciled liabilities	% not conciled liabilities	% partners with not conciled liabilities
1	2	3	4	5	6=5/3	7=4/2
Liabilities for issued securities in a period longer than one year	3	3.300.000			0,00%	0,00%
Other long-term liabilities	1	20.075	1	5.789	28,84%	100,00%
Received deposed money and cautions from other legal and natural entities	2	1.219			0,00%	0,00%
Received advances from parent company and subsidiaries	7	10.941			0,00%	0,00%
Received advances from other legal and natural entities in the country	9	8.445			0,00%	0,00%
Suppliers - parent company and subsidiaries in the country	9	19			0,00%	0,00%
Domestic suppliers	213	7.251	4	268	0,00%	1,88%
Suppliers - other related parties	1	0			0,00%	0,00%
Suppliers abroad	11	494	1	150	30,36%	9,09%
Short-term credits and loans from parent company and subsidiaries in the country	2	352.746			0,00%	0,00%

From the total amount of non conciliated receivables i liabilities, the major part refers to not conciliated relationships with the company Jerry catering service Ltd in the total amount of RSD 7,200 thousand, which relate to not conciliated receivables in the amount of RSD 1,411 thousand (recorded within the item: Domestic buyers) and not conciliated liabilities (recorded within the item: Other long-term liabilities) in the amount of RSD 5,789 thousand, which arose because the company in question:
- did not convert advance payments in 2017 (initial balance in the business books of the Company is converted as at 31.12.2017, whereas from 01.01.2018, pursuant to IFRAC 22, advance payments are not longer converted in the Company),
- keeps the balance in its books on a gross basis (the receivables on the basis of advances given are not reduced by the amount of VAT),
- did not record documentation for rent and reinvoiced costs of electric energy and public utility services for December 2021 in the reporting year.

47. TRANSACTIONS WITH RELATED PARTIES

In compliance with the requirements from the IAS 24 - Related Parties Disclosures, relationship, transactions, etc. between the Company and its related parties are disclosed below.

From the point of view **of the related parties**, transactions resulting in revenues and expenses in the income statement, the disclosed receivables and liabilities (for the purpose of disclosure of relationships with the related parties, we included all the balances in the Company within the assets and liabilities) in the balance sheet are shown in the following three tables:

Income and expenses incurred with related parties	*In RSD thousand*	
	2021	*2020*
Income:	.	
a) EP Visokogradnja Plc.	188.145	118.729
b) EP Niskogradnja Plc.	101.565	73.110
c) EP Hidroinženjering Plc.	15.904	12.957
d) EP Entel Plc.	336.847	386.374
e) EP Energodata Plc.	2.582	8.396
f) EP Industrija Plc.	7.996	7.749
g) EP Urbanizam i arhitektura Plc.	4.470	4.528
h) EP Oprema Plc.	74.759	29.545
i) EP Sunnyville Ltd.	4.777	11.950
j) EP Park 11 Ltd.	580.322	20.708
k) I.N.E.C. Engineering Company Limited, Great Britain	6	
l) Dom 12 S.A.L.		
m) Zambia Engineering and Contracting Company Limited, Zambia	27	3
n) Enjub Ltd.	4.563	4.657
o) Napred Razvoj Plc.	76	100
p) EP Ghana Ltd, Akra, Ghana		3
Total	*1.322.039*	*678.809*
Expenses:		
a) EP Visokogradnja Plc.	34.165	21.540
b) EP Niskogradnja Plc.	4.633	8.380
c) EP Hidroinženjering Plc.		155
d) EP Entel Plc.	182	176
e) EP Energodata Plc.	1.737	6.930
f) EP Industrija Plc.	3.872	3.031
g) EP Urbanizam i arhitektura Plc.	1.808	3
h) EP Oprema Plc.	1.647	16.343
i) EP Sunnyville Ltd.	3	58
j) EP Park 11 Ltd.	3.521	5
k) I.N.E.C. Engineering Company Limited, Great Britain		5
l) Dom 12 S.A.L.		
m) Zambia Engineering and Contracting Company Limited, Zambia		31
n) Enjub d.o.o.		16
o) Napred Razvoj Plc.	21.331	72.093
Total	*72.899*	*128.766*

Financial assets from related parties	In RSD thousand					
	31.12.2021			31.12.2020		
	Gross	Impairment provision	Net	Gross	Impairment provision	Net
a) EP Visokogradnja Plc.	2.183.898	52.159	2.131.739	2.087.587	85.384	2.002.203
b) EP Niskogradnja Plc.	1.201.920	3.207	1.198.713	1.103.864	3.174	1.100.690
c) EP Hidroinženjering Plc.	50.278	149	50.129	50.386	154	50.232
d) EP Entel Plc.	4.520		4.520	3.895		3.895
e) EP Energodata Plc.			-	172.594		172.594
f) EP Industrija Plc.	4.038		4.038	1.049		1.049
g) EP Urbanizam i arhitektura Plc.	26.518	52	26.466	21.914	52	21.862
h) EP Oprema Plc.	1.897.419	5.726	1.891.693	1.301.155	4.088	1.297.067
i) EP Sunnyville Ltd.	93.381	283	93.098	153.807	479	153.328
j) EP Park 11 Ltd.	2.024		2.024			-
k) I.N.E.C. Engineering Company Limited, Great Britain	364		364	357		357
l) Dom 12 S.A.L.			-			-
m) Enjub Ltd.	172.763	1	172.762	168.196		168.196
n) Zambia Engineering and Contracting Company Limited, Zambia	1.503		1.503	1.475		1.475
o) Napred Razvoj Plc.			-			-
Total	*5.638.626*	*61.577*	*5.577.049*	*5.066.279*	*93.331*	*4.972.948*

Financial liabilities towards related parties	*In RSD thousand*	
	2021	*2020*
a) EP Visokogradnja Plc.	140	393
b) EP Niskogradnja Plc.	2.350	3.618
c) EP Hidroinženjering Plc.	3.043	4.427
d) EP Entel Plc.	2.369	10.073
e) EP Energodata Plc.		245
f) EP Industrija Plc.	2.350	4.554
g) EP Urbanizam i arhitektura Plc.	1.404	2.623
h) EP Oprema Plc.	26.041	25.071
i) EP Sunnyville Ltd.	606	397
j) EP Park 11 Ltd.	356.222	3.910
k) Dom 12 S.A.L.		
l) Enjub Ltd.		
m) Zambia Engineering and Contracting Company Limited, Zambia		
n) Napred Razvoj Plc.	4.287	754.241
Total	*398.812*	*809.552*

Receivables from the related parties arise primarily from the sale of services and are mature and collectible within 15 days from invoicing date.

Liabilities to the related parties arise primarily from the purchase transactions with maturity periods from 5 to 30 days following the purchase date. Presented liabilities are exclusive of interest accrued.

The Company has not provided any payment collaterals for liabilities owed to related parties.

48. COMMITMENTS AND CONTINGENCIES

Contingent liabilities that can potentially result in an outflow of economic benefits of the Company can primarily arise from the lawsuits. Contingent **liabilities arising from lawsuits** are primarily reflected in the potential completion of lawsuits against the Company, yet no liability or provision was recorded in the balance sheet.

Details on lawsuits in which the Company is involved as the defendant are presented in the following Table.

Plaintiff	Basis for legal action	Contingent liability in RSD thousand	Prediction of final outcome
Sreta Ivanišević	Compensation for expropriated property (Bežanija)	Ungrounded	Uncertain
Marko Martinoli, Activist Ltd., Activeast ltd.	The forced purchase of shares Energoprojekt Entel Plc.	176,745	Ungrounded in relation to Energoprojekt Holding Plc.
Nikola Malbaša, Marko Martinoli and other minority shareholders Energoprojekt Industrija Plc.	The forced purchase of shares Energoprojekt Industrija Plc.	280,427	Ungrounded in relation to Energoprojekt Holding Plc.
Dekada Export-Import KFT Budapest	Determination the nullity of the contract of assignment of the Company's receivables to Vivand BT and Real Estate Option Contract	Ungrounded	Uncertain
Edmond Gašpar, Gojko Babić, Petar Rajačić	Forced purchase of shares of Energoprojekt Industrija Plc.	1) 5,769 - Debt principal with legal default interest 09.03.2018 until payment 2) 3,424 - Statutory default interest from 09.03.2018 to 07.05.2019 3) 717 - Costs of proceedings	Ungrounded in relation to Energoprojekt Holding Plc.
Zoran Petrović	Annulment of the decision on termination of employment service contract	Ungrounded	Uncertain
Zoran Petrović	Compensation for damages	900	Uncertain

Details on lawsuits in which the Company is involved as the defendant are presented in the following Table - continued.

Plaintiff	Basis for legal action	Contingent liability in RSD thousand	Prediction of final outcome
Alco Investments Holding Ltd. Cyprus	Determining the nullity of Annex no. 1a of the Joint Construction Agreement (Block 26)	No value	Unfounded in relation to Energoprojekt Holding plc.
Alco Investments Holding Ltd. Cyprus	Fulfilment of the Joint Construction Agreement (Block 26)	1,830,943	Ungrounded
Proinvestments Plc.	Payment of difference in the share price of Energoprojekt Visokogradnja Plc.	3,234	Uncertain
Vladimir Milovanović	Debt	38,278	Uncertain
Jelena Dmitrović and others	Payment of difference in the share price of Energoprojekt Visokogradnja Plc.	983	Uncertain
Svetlana Stevović	Payment of difference in the share price of Energoprojekt Visokogradnja Plc.	655	Uncertain
Dimitraki Zipovski	Debt	10,000	Uncertain
Jovan Nikčević	Debt	8,706	Uncertain
Vesna Prodanović	Debt	9,000	Uncertain
Ranko Ljubojević	Expropriation	32,370	Grounded
Alco Investments Holding Ltd. Cyprus	Compensation for damages	1,763,775	Ungrounded
Dragan Opanković	Purchase of shares of Energoprojekt Industrija Plc.	1,809	Uncertain
Ali Hojeij	Debt	8,819	Uncertain
Miloš Milinović	Annulment of decision of Board of Directors and payment of salary difference	100	Uncertain
Miloš Milinović	Annulment of decision on work contract cancellation and compensation for damages	2,988	Ungrounded
Zvonko Radovanović	Annulment of decision on work contract		Ungrounded

Dispute with Proinvestment Plc. - principal debt with interest was paid and court fees, while the potential remaining payment of attorney's fees ranged from RSD 30,000 to RSD 92,000.

In addition to the presented court disputes in which the Company is the defendant, there is a dispute with New Company Ltd. Branch IN Hotel, in which the plaintiff seeks from the CC Napred Razvoj Plc. determination of the property right on the hotel building, built on the plot on which, in addition to GP Napred Razvoj Plc., the Company is also registered as the holder of the right of use. In this procedure, the Company is a passive rival and thus any contingent liabilities have not been incurred, but for formal reasons it had to be covered by the lawsuit.

Contingent assets that can potentially result in economic benefits for the Company may primarily arise based on the lawsuits in which the Company is involved as the plaintiff.

Contingent **assets arising from lawsuits leads** to the potential for completion of lawsuits in favour of the Company, yet no receivables were recorded in the balance sheet and no economic benefit has been recorded in any other manner (such as, for example, by reducing value of an unjustified advance payment, etc.).

Details on lawsuits in which the Company acts as the plaintiff are presented in the following Table.

Defendant	Basis for legal action	Contingency amount in RSD thousand	Prediction of final outcome
Republic of Serbia, EPS Serbia, Epsturs Ltd and Republic of Montenegro	Determining of the ideal ownership share in the Park hotel in Budva	The value has not been determined	Grounded, Second Instance proceedings were terminated due to the bankruptcy of Epsturs Ltd.
RS Securities Commission	Annulment of the Commission's temporary decision whereby to the company is denied right to vote in Energoprojekt Oprema Plc.	Without any value	Uncertain
RS Securities Commission	Annulment of the Commission's temporary decision whereby to the company is denied right to vote in Energoprojekt Industrija Plc.	Without any value	Uncertain
RS Securities Commission	Annulment of the Commission's final decision whereby to the company is denied right to vote in Energoprojekt Oprema Plc.	Without any value	Uncertain
RS Securities Commission	Annulment of the Commission's final decision whereby to the company is denied right to vote in Energoprojekt Industrija Plc.	Without any value	Uncertain
RS Securities Commission	Annulment of the Commission's final decision, whereby it was interrupted proceedings to decide on the request for publication of the takeover bid Energoprojekt Entel Plc.	Without any value	Uncertain
Ringier Axel Springer Ltd.	Determination of annulment of the contract and return of paid advance (lost dispute and appeal filed)	18,000	Uncertain
Energoprojekt Oprema Plc., Jadran Ltd. and Viacom VS Ltd.	Annulment of the Contract – determine	82,307	Uncertain
Public Company Elektroprivreda Sbije	Ungrounded collection of guarantee for good performance of works	1,980	Grounded
Gradimir Cvetković	Compensation for damages - unjustified travel charges	285	Grounded
Miloš Milinović	Counerclaim - unjustified travel charges	123	Grounded

In addition to the presented legal actions in which the Company in involved as the plaintiff, there is a court actions: legal proceedings against the City of Belgrade, Republic of Serbia and BG Hall Ltd. for debt from work carried out by Energoprojekt Visokogradnja on the facility "Arena", which was contracted by the Energoprojekt Holding Corporations. In the mentioned procedure, the claim against BG Hala Ltd. was accepted, while the claim against the City of Belgrade was rejected. The company filed a revision against this decision.

After the court adopted the revision of the Company, the procedure is, in a smaller part of the claim, final in relation to BG Hala Ltd., and in the remaining part of the claim the first instance procedure against BG Hala Ltd. and the City of Belgrade is in progress.

49. EVENTS AFTER THE REPORTING PERIOD

After the reporting period, non-adjusting events, there were no other that could significantly impact the credibility of financial statements.

Belgrade,

23 February 2022

Legal representatives

General Director

Dobroslav Bojović, m.Sc.(Econ)

Executive Director for finance, accounting and planning

Siniša Tekić, m.Sc.(Econ)

3. ANNUAL BUSINESS REPORT ENERGOPROJEKT HOLDING A.D. FOR 2021

ENERGOPROJEKT HOLDING a.d.

ANNUAL BUSINESS REPORT
ENERGOPROJEKT HOLDING A.D. FOR 2021

- General data;
- Short overview of business activities and organizational structure;
- Display of development, financial position and results of companies business operations, including relevant financial and non-financial indicators, as well as information on staff-related matters;
- Description of expected company development in the upcoming period, change in company's business policies and main differences and threats company's business operations are facing;
- Relevant important events occurred after the end of reporting business year;
- More relevant operations with affiliates;
- Company activities in the field of research and development;
- Information on investment aimed at environmental protection;
- Data on purchasing own shares;
- Existence of branch offices;
- Relevant financial instruments used for evaluation of financial position and business operations success;
- Goals and policies related to financial risk management and protection policy for each significant type of planned transaction for which the protection is being used. Exposure to price risk, credit risk, liquidity risk and money flow risk, risk management strategy for the respective risks and evaluation of their efficiency;
- **Corporate management report;**
- **Non-financial report**

NOTE:
In accordance with Article 41 of the Accounting Law and Article 37 of the Rulebook on Accounting in Energoprojekt Holding a.d., the Annual Business Report and Consolidated Annual Business Report of Energoprojekt Holding a.d. for 2021 are shown as one report containing information relevant for economic whole.

General data

Business name: Energoprojekt Holding a.d., Shareholder Company for holding business, Belgrade

Head office and address: Belgrade, Bulevar Mihaila Pupina 12

Registration number: 07023014

TIN: 100001513

Website and e-mail address: www.energorpojekt.rs; ep@energoprojekt.rs

Number and date for Ruling on registration into Register of Business entities: BD 8020/2005

Activity (code and description): 06420- Holding Business

Number of employees (average number in 2021): 69

Business name, head office, business address for Audit House: RSM Serbia d.o.o. Belgrade, with head office in Belgrade, Bulevar Mihaila Pupina 10B/1

Number of shareholder (on 31/12/2021): 3.729

Ten biggest shareholders (on 31/12/2021):

No.	First Name and Last name (business name)	number of shares	participation in share capital
1.	Napred Razvoj a.d. Novi Beograd	4.760.998	43,55%
2.	Republika Srbija	3.671.205	33,58%
3.	Montinvest Properties d.o.o.	564.699	5,17%
4.	Jopag AG	560.731	5,13%
5.	Tezoro broker a.d.-omnibus account	264.917	2,42%
6.	Energoprojekt Holding a.d.	97.700	0,89%
7.	Tezoro broker a.d.	75.750	0,69%
8.	Bojović Dobroslav	47.004	0,43%
9.	OTP Banka Srbija- omnibus account	43.007	0,39%
10.	Grujić Sava	31.301	0,29%

Share capital value: Share capital 5.574.958.920 RSD

Number of issued shares: 10.931.292 ordinary shares

Nominal share value: 510 RSD

ISIN number: RSHOLDE58279

CIF code: ESVUFR

Share price in the reporting period:

- Last price: 312 RSD/share (on 31/12/2021)
- Highest price: 430 RSD/share (on 14/04/2021)
- Lowest price: 301 RSD/share (on 19/07/2021)

Market capitalization: 3.410.563.104 RSD (on 31/12/2021)

Name of the organized market where shares are involved: Belgrade Stock Exchange, Novi Beograd, Omladinskih brigada 1

Energoprojekt Holding a.d. is public shareholder company. Shares of Energoprojekt Holding a.d. are ranked at the Belgrade Stock Exchange and they are traded at the regulated market – "Prime Listing" of Belgrade Stick Exchange. Other subsidiaries and connected companies do not have the status of public enterprises.

Short overview of business activities and organizational structure

"Energoprojekt System" consists of Energoprojekt Holding a.d. in the capacity of control-Mother Company, as well as its subsidiaries (in the country and abroad) and joint company (in the country). Companies within the Energoprojekt System are mutually connected by participation in the share capital.

Energoprojekt Holding a.d. is a control-Mother Company, with activity of financing and managing subsidiaries. Apart from the energy and water management, activity of the Energoprojekt System comprises designing and construction of industrial facilities, public and residential compounds, telecommunication systems, services in the field of urbanism and environmental protection, information technologies, commerce and real estate.

According to the amount of accomplished income of the Energoprojekt System, apart from national market, the most important ones are the markets in African countries (Uganda, Ghana, and Algeria), Russia, Middle East (Qatar, UAE and Oman), Latin America (Peru) and markets of the regional countries.

Energoprojekt Holding a.d. is a company with two-tier management organization and it comprises the following management authorities: Shareholders Assembly, Supervisory Board and the Executive Board.

Shareholders Assembly of Energoprojekt Holding a.d. is the highest management and decision-making authority/

Bodies of Holding operate within the scope of jurisdictions envisaged by the Law and the Statute/

Data on company management:

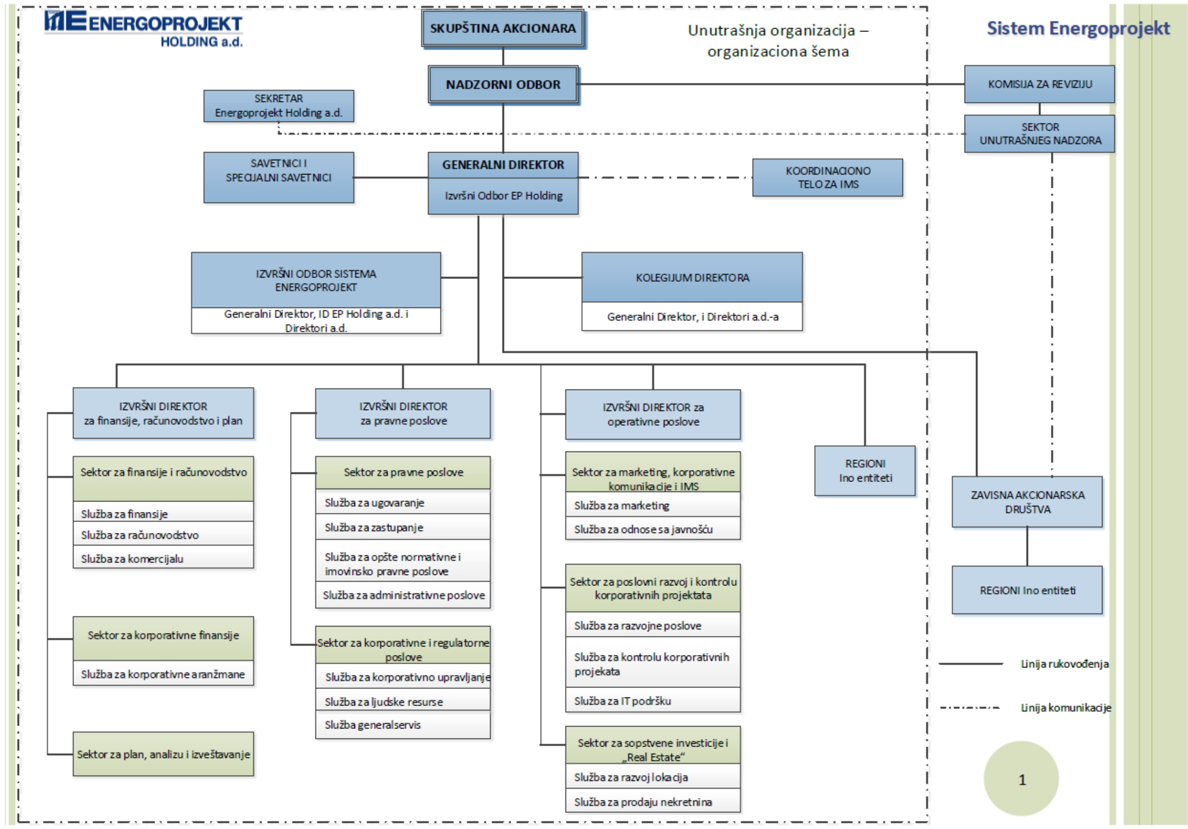
Members of the Supervisory Board (on 31/12/2021):

First Name and Last Name	Education	number of ENHL shares
1. Miodrag Zečević, President	VIII level, electrical engineer	7.254
2. Dragan Ugrčić, Member	VII level, economist (MA)	0
3. Aleksandar Šćekić, Member	VII level, bachelor of laws	0
4. Nada Bojović, Independen Member	VII level, work organization engineer	0

Members of the Executive Board (on 31/12/2021):

First Name and Last Name	Education	number of ENHL shares
1. Dobroslav Bojović Chief Executive Officer	VII level, economist	47.004
2. Siniša Tekić Chief Financial Officer, Accounting and Plan	VII level, economist	0
3. Momčilo Jevtić Legal Affairs Executive Officer	VII level, bachelor of laws	0
4. Ilijana Stamenković Operational Affairs Executive Officer	VII level, economist	0

Organizational structure of Energoprojekt Holding a.d. (Mother Company):



According to the allocation criteria from the Law on Accounting (the "Official Gazette of the RS number 73/2019 and 44/2021) Mother Company is allocated among medium-sized legal entity.

Management system is based on organization of the Energoprojekt System and legal status of the company within the Energoprojekt System, in accordance with the Law, Mother Company Statute and Statues of subsidiaries.

Subsidiaries are legal entities, controlled by the Mother Company. Mother Company has control over legal entity in which it has capital share, when there is exposure or right to variable profits based on its capital share and when nit has to possibility to affect those incomes by its power over legal entity that has been invested into.

Display of development, financial position and results of companies business operations, including relevant financial and non-financial indicators, as well as information on staff-related matters

Energoprojekt Holding a.d. Belgrade is a public shareholder company whose main activity is 6420- holding company activity.

The Company is a Mother Company which comprises several subsidiaries in the country and abroad, as well as a Joint Venture Company and affiliate company in the country.

Subsidiaries in the country are the following:

- Energoprojekt Visokogradnja a.d.,
- Energoprojekt Niskogradnja a.d.,
- Energoprojekt Oprema a.d.,
- Energoprojekt Hidroinženjering a.d.,
- Energoprojekt Urbanizam i arhitektura a.d.,
- Energoprojekt Industrija a.d.,
- Energoprojekt Entel a.d.,
- Energoprojekt Sunnyville d.o.o. i
- Energoprojekt Park 11 d.o.o.

By the Ruling of the Business Registers Agency of Serbia BD 54170/2021 as of 28/6/2021, a status change of merging company Energoprojekt Energodata a.d. as a transferor company (hereinafter the Transferor Company) to company Energoprojekt Holding a.d. as a Transferee Company (hereinafter the Transferee Company) was registered.

By the Ruling of the Business Regisers Agency of Serbia BD 54177/2021 as of 28/06/2021, the Transferor Company Energoprojekt Energodata a.d. seized to exist do to merging, and as a merging consequences, the entire asset of the Transferor Company was transferred to the Transferee Company, with no exceptions and limitations, all the debts, liabilities and other responsibilities of the Transferor Company towards ant third party, including also accompanying fiscal liabilities of the Transferor Company owed to any trustee with public authorizations, securities issued by the Transferor Company.

The date when all business activities of the Transferor Company seize to exist is 28/06/2021, as a registration date for a status change of merging with the Transferee Company, i.e. the date of erasure from the BRA Register.

By the Ruling of the Business Registers Agency of Serbia BDSL 6489/2021 as of 15/07/2021 Energoprojekt Promet d.o.o. was erased from the business entities registry, having in mind that the subject company did not deliver to the register in charge annual financial statements for 2017 and 2018, by the end of 2019, and all in accordance with Article 547, Paragraph 2 of the Company Law and Article 546, Paragraph 1, Item 10) and Article 547b of the respective Law.

Subsidiaries abroad- foreign companies are the following:

- Zambia Engineering and Contracting Company Limited, Zambia,
- Energoprojekt Holding Guinea S.A, Guinea,
- I.N.E.C. Engineering Company Limited, Great Britain,
- Dom 12 S.A.L, Lebanon,
- Energo (Private) Limited, Zimbabwe and
- Energo Kaz d.o.o., Kazakhstan.
- Energoprojekt Energodata Montenegro d.o.o.

The Company acquired a share in foreign company Energoprojekt Energodata Montenegro d.o.o. by status change of merging Energoprojekt Energodata a.d. (previously, explained in details in this mote), which was registered by the Ruling of the Central Registry of Business Entities of Income and Customs Administration in Podgorica no. 5-0297614/009 as of 02/09/2021 and Notification as of 14/09/2021.

Joint venture company in the country is the following:

- Enjub d.o.o.

Ownership percentage of the Company on 31/12/2021 in the aforementioned subsidiaries is shown in the table below.

Capital share of subsidiaries	
Name of the subsidiary	*ownership %*
In the country:	
Energoprojekt Visokogradnja a.d.	100,00
Energoprojekt Niskogradnja a.d.	100,00
Energoprojekt Oprema a.d.	67,87
Energoprojekt Hidroinženjering a.d.	100,00
Energoprojekt Urbanizam i arhitektura a.d.	100,00
Energoprojekt Industrija a.d.	62,77
Energoprojekt Entel a.d.	100,00
Energoprojekt Sunnyville d.o.o.	100,00
Energoprojekt Park 11 d.o.o.	100,00
Abroad:	
Zambia Engineering and Contracting Company Limited, Zambia	100,00
Energoprojekt Holding Guinea S.A, Guinea	100,00

I.N.E.C. Engineering Company Limited, Great Britain	100,00
Dom 12 S.A.L, Lebanon	100,00
Energo (private) Limited, Zimbabwe	100,00
Energo Kaz d.o.o., Kazahstan	100,00
Energoprojekt Energodata Montenegro d.o.o.	100,00

Ownership percentage of the Company in other related legal entities in the country is displayed in the table below.

Capital share in other related legal entities in the country	
Name of the joint venture	*ownership %*
Enjub d.o.o.	50,00

Apart from the aforementioned subsidiaries and other related legal entities, the Company has its representation office in Bagdad, Iraq, which is in dormant status as of 2015.

Company, in accordance with the criteria set in the Law on Accounting, was allocated to **medium-sized legal entity.**

Average number of employees in the Company, within th0e reporting period, based on the state of play at the end of every month is 69 (73 on 31/12/2020).

Company shares are listed and they are being traded at the regulated market – "Prime Listing" of the Belgrade Stock Exchange.

Achieved trading price (on the last day of the reporting period – 31 December 2021) of the Mother Company Energoprojekt Holding a.d. was 312 dinars per share (during 2021 share price was within the interval between 301 and 403 dinars), which was equivalent to the market capitalization of the Company in the amount of 3.410.563.104 dinars. Ratio of market and bookkeeping (accounting) prize (P/B) was 0.34. Total turnover of Energoprojekt Holding a.d. shares in 2021 was 7.670.921 dinars. Average turnover was 30.561 dinars. Average trading price achieved was 347 dinars per share.

Authentic display of business development and results, as well as financial state of play and data relevant for the property state of play evaluation, are given in details within the "Note added to financial statements of Energoprojekt Holding a.d. for 2021".

Consolidated financial statements of Energoprojekt Holding a.d., beside the shareholder company "Energoprojekt Holding" a.d. Belgrade (hereinafter: Energorpojekt Holding or the Company) involve the following:

- 10 subsidiaries in the country, out of which 9 subsidiaries are direct subsidiaries (7 shareholder companies and 2 limited liability companies) and 1 subsidiary indirectly through other subsidiaries (1 limited liability company),
- 1 joint venture, hereinafter joint venture company (1 limited liability company(where capital share is 50% and
- 6 direct subsidiaries abroad.

There are organized units for investment works and representing offices abroad (totally 108) within subsidiaries, as well as companies in the country and abroad (11 subsidiaries abroad and 1 affiliate in the country), which all together deal with construction, designing, equipping, creation of studies, programming of investment facilities and systems, trade of goods and services etc.).

According to the business activity, companies within the Energoporjekt were organized in the following manner within the reporting period:

Activity	Number of companies in the country	Number of units for Investment works and Representation offices abroad	Number of companies abroad
Designing and research	4	54	5
Cinstruction and equipping	6	54	10
Holding	1		
Other	2		2
Totally	**13**	**108**	**17**

Head office of the Mother Company and subsidiaries is in Bulevar Mihaila Pupina street number 12, Novi Beograd.

Total average number of employees in the companies that make group for consolidation of Energorpojekt Holding a.d. (hereinafter Energorpojekt System) in 2021, based on the state of play at the end of each month, not counting local labor force of foreign entities, is 1.247 (1.476 in 2020).

On 31 December 2021, the Mother Company employed 73 employees (76 employees on 31 December 2020). Labor force fluctuation was conditioned by retirements, employment termination by agreement, new hiring of the employees from the labor market and/or internal takeover within the Energorpojekt System. Regarding qualification structure of the employees, the biggest participation in total number of employees was by the employees with university education (59%), with college education (11%), with high school education (27%) and others (3%). Employees have appropriate knowledge, qualifications and experience for works at their respective jobs, in accordance with the Rulebook on organization of jobs. Human Resources sector is in charge of staff-related matters.

On 31 December 2021, the Group (Energorpojekt System) had 1118 employees (1383 employees on 31 December 2020). Labor force fluctuation was conditioned by retirements, employment agreements termination, employment termination by agreement, new hiring of the employees from the labor market and/or internal takeover within the Energorpojekt System. Regarding qualification structure of the employees, the biggest participation in total number of employees was by the employees with university education (50%), with college education (7%), with high school education (20%) highly qualified and qualified employees (21%) and others (2%). Employees have appropriate knowledge, qualifications and experience for works at their respective jobs, in accordance with the Rulebook on organization of jobs. Human Resources sector is in charge of staff-related matters.

Group for consolidation of Energoprojekt Holding a.d. (hereinafter the Energoprojekt System) consists of Mother Company Energoprojekt Holding and below listed subsidiaries, joint ventures and affiliates in the country, as well as subsidiaries abroad – foreign companies:

Subsidiaries, joint ventures and affiliates in the country

No.	N a m e	Ownership %
Subsidiaries		
	Construction and equipping	
1.	Energoprojekt Visokogradnja a.d.	100,00
2.	Energoprojekt Niskogradnja a.d.	100,00
3.	Energoprojekt Oprema a.d.	67,87
4.	Energoprojekt Sunnyville d.o.o.	100,00
5.	Energoprojekt Park 11 d.o.o.	100,00
	Designing and research	
6.	Energoprojekt Urbanizam i arhitektura a.d.	100,00
7.	Energoprojekt Industrija a.d.	62,77
8.	Energoprojekt Entel a.d.	100,00
9.	Energoprojekt Hidroinženjering a.d.	100,00

	Other	
10.	Energoplast d.o.o.	45,11
	(Energoprojekt Industrija a.d. 40,00% and Energoprojekt Entel a.d. 20,00	

Joint ventures

	Construction and equipping	
11.	Enjub d.o.o.	50,00

Subsidiary Energoplast d.o.o. was included into consolidated financial statements of Energoprojekt Holding a.d., by method of full consolidation, whereby his involvement was elimination by equity method, through first-instance consolidation into financial statements of Energorpojekt Industrija (40,00%) and Energorpojekt Entel (20,00%). Even though Energoprojekt Holding has (indirect) capital share of 45,11% in named company, consolidated financial statements of Energoprojekt Holding a.d. include it by method of full consolidation, having in mind a fact that Energoprojekt Holding, indirectly, has power control over Energoplast (even though it does not have majority ownership).

While involving joint venture Enjub d.o.o. into consolidated reports of Energorprojekt Holdoing a.d., in accordance with MSFI 11- Joint arrangements, equity method was applied.

Subsidiaries abroad – foreign companies

No.	N a m e	Ownership %
Subsidiaries		
	Construction and equipping	
1.	Zambia Engineering and Contracting Company Limited, Zambia	100,00
2.	Energoprojekt Holding Guinee S.A, Guinea	100,00
3.	Energo (Private) Limited, Zimbabwe	100,00
4.	Energo Kaz d.o.o., Kazakhstan	100,00

Other

5.	I.N.E.C. Engineering Company Limited, Great Britain	100,00
6.	Dom 12 S.A.L, Lebanon	100,00

Based on the decision of the Executive Board of Energorpojekt Holding, the consolidation exempts Energoprojekt Energodata Montenegro d.o.o., Montenegro (100%), in accordance with the Provisions of Article 32, of the Law on Accounting.

Subsidiary abroad, Energo Kaz d.o.o., Kazakhstan, is registered within the ownership of Energoprojekt Holding, but it is being coordinated and managed by subsidiary Energoprojekt Visokogradnja a.d.

Out of the aforementioned subsidiaries in the country and abroad, Energoprojekt Visokogradnja, Energoprojekt Niskogradnja, Energoprojekt Entel, Energoprojekt Hidroinženjering, Energoprojekt Industrija and Zambia Engineering and Contracting Company Limited, Zambia are companies who make consolidated financial statements themselves, based on organizational chart adopted by the Board of Directors or management of the aforementioned companies, so that their subsidiaries and affiliates named in the table below are involved through the first-instance consolidation.

No.	N a m e	Involved through the first-instance consolidation
Abroad		
Subsidiaries abroad – foreign companies		
	Construction and equipping	
1.	Energoprojekt Ghana Ltd., Accra, Ghana	EP Visokogradnja a.d.
2.	Energoprojekt Montenegro d.o.o., Montenegro	EP Visokogradnja a.d.
3.	Energoprojekt Rus d.o.o., Moscow, Russia	EP Visokogradnja a.d.
4.	Energo Uganda Company Ltd, Kampala, Uganda	EP Niskogradnja a.d.
5.	Enlisa S.A., Lima, Peru	EP Niskogradnja a.d.

6.	Energoprojekt Zambia Limited, Zambia	Zambia Engineering and Contracting Company Limited, Zambia
	Designing and research	
7.	Energoprojekt Entel L.L.C., Muscate, the Sultanate of Oman	EP Entel a.d.
8.	Energoprojekt Entel LTD, Doha, Qatar	EP Entel a.d.
9.	Energoconsult L.L.C., Abu Dhabi, UAE	EP Entel a.d.
10.	Energoprojekt Entel kompanija, Bahrein	EP Entel a.d.
11.	Enhisa S.A., Lima, Peru	EP Hidroinženjering a.d.

in the country

Affiliates in the country

	Other	
12.	Energopet d.o.o. (33,33 %)	EP Industrija a.d.

Based on the decision of the Board of Directors of Energoprojekt Oprema, starting from 31/12/2020, Energoprojekt Oprema is exempted from the liability of making, delivering and publishing consolidated financial reports, having in mind that in accordance with Provisions of Article 32, Paragraph 6 and 7 of the Law on Accounting the following companies are exempted from consolidation:

- Energo Nigeria Ltd., Lagos, Nigeria (24,92%) i
- Energoprojekt Oprema Crna Gora d.o.o., Podgorica, Montenegro (100%).

Having in mind that Energo Nigeria Ltd., Lagos, Nigeria no longer enters the Group for consolidation of Energorpojekt Holding a.d., all mutual relations with the subject company, starting from financial statements for 2020, are transferred from positions of relations with subsidiaries to external positions of balance sheet and income statement.

Management of the Company estimates that companies that make the Group for consolidation of Energoprojekt Holding a.d. keep doing their business for an indefinite period of time and they do not expect any significant changes in doing business, and according to such an evaluation, consolidated financial statements of Energoprojekt Holding a.d. for 2021 were made in accordance with the going concern.

Authentic display of development and results of business operation of the Energorpojekt System, as well as financial state of play and data relevant for evaluation of the property state of play of the Energorpojekt System, are shown in details and explained within the “Note added to financial statements of Energoprojekt Holding a.d. for 2021”.

Please find below some of the relevant parameters of business operation of the Mother Company (Energoprojekt Holding a.d.) and Energorpojekt System, which are relevant for proper understanding of the named subject.

The structure of total business operation result of Energoprojekt Holding a.d. (Mother Company) in 2021

Account Group	Structure of profit/(loss) prior taxation and net profit/(loss)	*u 000 dinars*	
		01/01-31/12/21	*01.01-31.12.20.*
60 to 65 and 68 except for 683, 685 and 686	Business income	378.856	275.815
50 to 55 and 58 except for 583, 585 and 586	Business expenditure	336.152	318.773
	Business profit/(loss)	*42.704*	*-42.958*
66	Financial income	1.020.644	408.583
56	Financial expenditure	151.606	90.907
	Profit/(loss) from financing	*869.038*	*317.676*
683, 685 and 686	Income from harmonizing value of financial asset shown per fair value through Balance sheet	63.013	28.415
67	Other income	26.521	2.832
583, 585 and 586	Expenditures from harmonizing value of financial asset shown per fair value through Balance sheeta	11.925	18.090
57	Other expenditures	4.582	18.271
	Profit/(loss) based on other income and expenditures and income and expenditures from harmonizing value of financial asset shown per fair value through Balance sheet	73.027	-5.114
6 except for 69-59	TOTAL INCOME	1.489.034	715.645
5 except for 59-69	TOTAL EXPENDITURE	504.265	446.041
	Profit/(loss) from regular business operation prior taxation	*984.769*	*269.604*
69-59	Positive net effect on result per business operation profit which is terminated, change of accounting policies and correction of mistakes from previous periods		276
59-69	Negative net effect on result per business operation profit which is terminated, change of accounting policies and correction of mistakes from previous periods	1.062	
	PROFIT/(LOSS) PRIOR TAXATION	***983.707***	***269.880***
721	Tax expenditures for the period		
722 (ows. saldo)	Postponed tax expenditures for the period (Note 43)	10.910	6.602
722 (demands. saldo)	Postponed tax income for the period		
	NET PROFIT/(LOSS)	***972.797***	***263.278***
6 from 69-59	***TOTAL INCOME***	***1.489.034***	***715.921***
5 from 59-69	***UKUPNI RASHODI***	***505.327***	***446.041***

In relation to the comparative period from the previous year, increase of gross results of the Company in the amount of 713.827 thousand RSD, is first of all a result of increase of profit from financing in the amount of 551.362 thousand RSD, due to higher profit achivede based on dividend from subsidiary legal entitites in the amount of 513.239 thousand RSD and higher interest rate income from subsidiary legal entities in the amount of 93.250 thousand RSD.

Profit per share

Profit (loss) per share is calculated in a manner that net profit/(loss) meant for ordinary shareholders is divided with average pondered number of ordinary shares which are in turnover for the period.

The table below shows the most significant indicators for business operations of the Company in 2021, as follows:

- General liquidity ratio (quotient of working assets and short-term liabilities), showing the coverage of each dinar of short-term liabilities by dinars of working assets,
- Rigorous liquidity ratio (quotient of liquidity assets, which mean total working assets reduced by supplies and short-term obligations), showing the coverage of each dinar of short-term liabilities by dinars of liquidity assets,
- Cash liquidity ratio (quotient of cash increased by cash equivalents and short-term liabilities), showing the coverage of each dinar of short-term liabilities by dinars of cash assets,
- Net working assets (value difference between working assets and short-term liabilities).

Making conclusions on liquidity indicators, obtained based on ration analysis, among other things, mean their comparison with general satisfactory standards, which are, also, given in the table below.

Liquidity indicators	General satisfactory standards	*2021*	*2020*
General liquidity ratio	2:1	3,50:1	20,90:1
Rigorous liquidity ratio	1:1	3,49:1	20,89:1
Cash liquidity ratio		0,59:1	3,10:1
Net working assets (in 000 RSD)	Positive value	1,200,719	3,128,570

Results of ratio analysis show that during 2021 the Company was liquid, i.e. that it did not have any difficulties to pay due liabilities, with maintenance of required scope and structure of working assets and preservation of good credit worthiness.

The best indicator of **profitability** is *income rate for average own capital,* showing the income that the Company achieves per one dinar of averagely engaged own assets. While calculating this indicator of profitability, average own capital is determined as an weighted average of asset value at the beginning and at the end of a year.

Profitability indicators	*in 000 dinars*	
	2021	*2020*
Net profit/(loss)	972,797	263,278
Average asset		
a) Asset at the beginning of a year	9,233,531	8,978,471
b) Asset at the end of a year	10,090,845	9,233,531
Total	*9,662,188*	*9,106,001*
Income rate to average own asset at the end of a year	***10.07%***	***2.89%***

Appropriateness of the financial structure is reflected n the amount and feature of indebtedness.

The following tables show the most important indicators of a financial structure of the Company, as follows:

- Share of borrowed assets in total asset sources, showing financing of one dinar of Company assets from borrowed sources; and
- Share of long-term assets in total asset sources, showing financing of one dinar of Company assets from long-term sources.

Financial structure indicators	*in 000 dinars*	
	31/12/2021	*31/12/2020*
Liabilities	4.019.425	4.394.324
Total assets	14.110.270	13.627.855
Sahre of borrowed assets in total asset sources	**0,28 : 1**	**0,32 : 1**
Long-term assets:		
a) Capital	10.090.845	9.233.531
b)Long-term reservations and long-term liabilities (including also postponed tax liabilities)	3.538.954	4.237.075
Total	*13.629.799*	*13.470.606*
Total assets	14.110.270	13.627.855
Sahre of long-term assets in total asset sources	**0,97 : 1**	**0,99 : 1**

Net debt ratio showing the coverage of each dinar of the Company's net debt by Company's capital.

Net debt means the difference between:

- Total Company liabilities (total passive assets reduced by capital and increased by the loss above the capital amount) and
- Cash and cash equivalents.

Parameters for calculating net debt ratio to total capital	*in 000 dinars*	
	31/12/2021	*31/12/2020*
Net debt:		
a) Liabilities	4,019,425	4,394,324
b) Cash and cash equivalents	282,516	487,598
Total	*3,736,909*	*3,906,726*
Capital	10,090,845	9,233,531
Net debt ratio to total capital	**1 : 2.70**	**1 : 2.36**

Structure of total consolidated business operation result of Energoprojekt System in 2021

Account Group	Structure of profit/(loss) prior taxation and net profit/(loss)	*u 000 dinara*	
		01.01-31.12.21.	*01.01-31.12.20.*
60 to 65 and 68 except for 683, 685 and 686	Business income	19,801,705	25,772,716
50 to 55 and 58 except for 583, 585 and 586	Business expenditure	18,825,327	24,587,883
	Business profit/(loss)	*976,378*	*1,184,833*
66	Financial income	937,080	707,719
56	Financial expenditure	765,732	1,266,237
	Profit/(loss) from financing	*171,348*	*(558,518)*
683, 685 and 686	Income from harmonizing value of financial asset shown per fair value through Balance sheet	253,831	406,664
67	Other income	630,940	1,058,735
583, 585 and 586	Expenditures from harmonizing value of financial asset shown per fair value through Balance sheeta	366,200	253,187
57	Other expenditures	360,787	442,746
	Profit/(loss) based on other income and expenditures and income and expenditures from harmonizing value of financial asset shown per fair value through Balance sheet	157,784	769,466
6 except for 69-59	TOTAL INCOME	21,623,556	27,945,834
5 except for 59-69	TOTAL EXPENDITURE	20,318,046	26,550,053
	Profit/(loss) from regular business operation prior taxation	*1,305,510*	*1,395,781*
69-59	Positive net effect on result per business operation profit which is terminated, change of accounting policies and correction of mistakes from previous periods		
59-69	Negative net effect on result per business operation profit which is terminated, change of accounting policies and correction of mistakes from previous periods	18,635	6,285
	PROFIT/(LOSS) PRIOR TAXATION	***1,286,875***	***1,389,496***
721	Tax expenditures for the period	350,801	331,420
722 (ows. saldo)	Postponed tax expenditures for the period (Note 43)	71,203	36,062
722 (demands. saldo)	Postponed tax income for the period		
	NET PROFIT/(LOSS)	***864,871***	***1,022,014***
6 from 69-59	***TOTAL INCOME***	***21,623,556***	***27,945,834***
5 from 59-69	***TOTAL EXPENDITURE***	***20,336,681***	***26,556,338***

Achieved **profit prior to taxation (gross profit)** of Energoprojekt System in the reporting year in the amount of 1.286.875 thousand dinars is, first of all, the result of the achieved:

- Business profit in the amount of 976.378 thousand dinars, first of all in Energoprojekt Park 11, Energoprojekt Entel, Energoprojekt Visokogradnja and Energoprojekt Oprema;

- Financial profit in the amount of 171.348 thousand dinars, first of all, based on net positive exchange rate differences and positive effects of currency clauses in the amount of 105.465 thousand dinars (first of all in Energoprojekt Niskogradnjia and Energoprojekt Oprema) and participation in the profit of affiliate Energopet d.o.o. (33,33%) in the amount of 57.781 thousand dinars; and

- Profit from other activities in the amount of 157.784 thousand dinars, first of all based on the following:

On one side:

- Income from abolishing long-term and short-term reservations: 114.313 thousand dinars (dominantly in Entel based on abolishment of reservations for costs within the guarantee deadline: 106.171 thousand dinars- (Note 22.1.)

- *Net* profit based on sale of equipment: 103.142 thousand dinars (dominantly in Energoprojekt Niskogradnja: 99.005 thousand dinars- first of all in Peru) (Note 22.1 and Note 22.2)

- *Net* profit based on noting other unmentioned incomes and expenditures: 22.634 thousand dinars (elaborated in Note 22.1 and Note 22.2);

And on the other side:

- *Net* loss based on harmonizing values of financial assets shown per fair value though income balance: 112.369 thousand dinars (dominantly, based on effects of MSFI9 implementation and on forming of value correction of financial assets on the balance date and in accordance with the established *Methodology for Calculating Devaluation of Financial Instruments in accordance with MSFI 9 (Note 21) and*

- Expenditures based on direct sign-offs of claims: 32.686 thousand dinars, first of all in Energoprojekt Entel: 26.723 thousand dinars, entirely in Energoprojekt Entel LTD, Doha, Qatar.

Profit per share

Indicator	*01/01-31/12/21.*	*01/01-31/12/20.*
Net profit belonging to the Mother Company shareholders (in 000 dinars)	622.125	1.110.515
Average pondered number of ordinary shares during the period	10.833.592	10.833.592
Profit per share (in dinars)	***57,43***	***102,51***

Net gain per share is calculated in a manner that gain that is allocated to shareholders is divided by pondered average number of shares in emission during the year, which do not involve ordinary shares that the Company (Companies in the System) purchased and that they hold as their own shares.

Some o relevant financial business operation parameters of Energoprojekt System from annual consolidated financial reports are the following:

	31/12/2021	31/12/2020	Border values
General liquidity ratio	1.82	1.59	(2:1)
Rigorous liquidity ratio	1.38	1.10	(1:1)
Cash liquidity ratio	0.23	0.27	(1:1)
Equity ratio-the level of independence (capital share in total passive assets)	55.58%	50.75%	(as close as possible to 100%)
Debt ratio (coverage of permanent assets by long-term sources of financing)	44.42%	49.25%	(as less as possible to 100%)
Credit ability (coverage of permanent assets with long-term sources of financing)	144.30%	134.39%	(equal to or more than 100%)
ROA-Return on Assets (Net profit rate to total business assets)	3.29%	3.85%	(the more the better)
ROE-Return on Equity (Profit rate to own business assets)	4.65%	5.73%	(the more the better)

Description of expected company development in the upcoming period, change in company's business policies and main differences and threats company's business operations are facing

Starting from strategic commitment for lasting and sustainable development of Energoprojekt System oriented towards continuous increase of profitability, doing business on traditional markets (in the country and abroad), economically profitable engagement of resources as well as global macroeconomic flows, the following business tasks are planned for 2022:

Priority tasks:

- Contracting new jobs and securing continuous work of the companies within the Energoprojekt System;
- Securing liquidity- activities on collection of claims and optimization of credit debt of the companies within the Energoprojekt System, as well as regular payment of due coupons of issued emission of long-term corporate bonds;
- Activities on designing promotion of common application center for accounting and bookkeeping of Energorpojekt System (Microsoft Dynamics 365 Business Central);
- Securing appropriate prerequisites for realization of business activities of the companies within Energorpojekt System.

Other business tasks:

- Health protection for employees;
- Realization of ongoing jobs with adequate resolving of contracting problems, with imperative goal to achieve satisfactory profit on each project;
- Adapting marketing activities and creation of business conditions for new investment and maximum engagement of existing capacities;
- Business operations rationalization, more quality planning and control followed by technological and organizational development;
- Involvement of all resources and property of the Company into business processes;
- Locations development and investing into own investment;
- Strengthening business cooperation between companies through designing and functional cooperation, accompanied by strengthening of corporate positions;
- Reviewing possible organizational changes aimed at adapting to market business conditions;
- Transparency of business operations and presentation of Energoprojekt in the public, through provision of relevant information through Stock Exchange and regular communication with investors, partners and professional public in the country and abroad.

The most significant threats and dangers the Company is actively exposed to are the following: Extending and deepening global pandemic and economic crisis; Competition by foreign companies from most populous countries with cheap labor force; Competition of foreign enterprises with more available cheaper financial assets; Institutional changes on national and selected foreign markets; Dependence of business operations on political stability of the market where Energoprojekt implements projects and similar.

Business operations in the country and on foreign markets requires establishment of a system for timely business risk identification and management which should be a constituent part pf all executive positions, and one of the basic functions of internal company audit. Intensive and planned work will be carried out on development of risk management strategy in the upcoming period, in accordance with determined annual plan of sector for internal monitoring of Energoprojekt Holding a.d. for 2022.

Relevant important events occurred after the end of reporting business year

After balance sheet date there were no events that would have relevant impact on authenticity of shown financial reports.

Relevant business news on relevant events are regularly published on website of Energoprojekt Holding a.d. (http:/www.energoprojekt.rs) and Belgrade Stock Exchange (both in Serbian and in English language), within liabilities related to ranking of Prime Listing of the Belgrade Stock Exchange.

More relevant operations with affiliates

Subject to requirements from MRS 24 – Publishing affiliates, what follows is publishing of relations, transactions etc., between the Company and affiliates.

From the aspect of **affiliated legal entities,** the following two tables show transactions that result in shown profit and expenditures in income statement and shown liabilities and claims (under which we included, for the purpose of publishing relations with affiliates, all saldos in Company’s net assets) in balance sheet.

Income and expenditures from affiliated legal entities	*in 000 dinars*	
	2021	*2020*
Income:		
a) EP Visokogradnja a.d.	188.145	118.729
b) EP Niskogradnja a.d.	101.565	73.110
c) EP Hidroinženjering a.d.	15.904	12.957
d) EP Entel a.d.	336.847	386.374
e) EP Energodata a.d.	2.582	8.396
f) EP Industrija a.d.	7.996	7.749
g) EP Urbanizam i arhitektura a.d.	4.470	4.528
h) EP Oprema a.d.	74.759	29.545
i) EP Sunnyville d.o.o.	4.777	11.950
j) EP Park 11 d.o.o.	580.322	20.708
k) I.N.E.C. Engineering Company Limited, Velika Britanija	6	
l) Dom 12 S.A.L.		
m) Zambia Engineering and Contracting Company Limited, Zambija	27	3
n) Enjub d.o.o.	4.563	4.657
o) Napred Razvoj a.d.	76	100
p) EP Ghana Ltd, Akra, Gana		3
Total	*1.322.039*	*678.809*
Rashodi:		
a) EP Visokogradnja a.d.	34.165	21.540
b) EP Niskogradnja a.d.	4.633	8.380
c) EP Hidroinženjering a.d.		155
d) EP Entel a.d.	182	176
e) EP Energodata a.d.	1.737	6.930
f) EP Industrija a.d.	3.872	3.031
g) EP Urbanizam i arhitektura a.d.	1.808	3
h) EP Oprema a.d.	1.647	16.343
i) EP Sunnyville d.o.o.	3	58
j) EP Park 11 d.o.o.	3.521	5
k) I.N.E.C. Engineering Company Limited,Great Britain		5
l) Dom 12 S.A.L.		
m) Zambia Engineering and Contracting Company Limited, Zambia		31
n) Enjub d.o.o.		16
o) Napred Razvoj a.d.	21.331	72.093
Total	*72.899*	*128.766*

Financial assets from affiliated legal entities	in 000 dinars					
	31/12/2021			31/12/2020		
	Gross	Value correction	Net	Gross	Value correction	Net
a) EP Visokogradnja a.d.	2.183.898	52.159	2.131.739	2.087.587	85.384	2.002.203
b) EP Niskogradnja a.d.	1.201.920	3.207	1.198.713	1.103.864	3.174	1.100.690
c) EP Hidroinženjering a.d.	50.278	149	50.129	50.386	154	50.232
d) EP Entel a.d.	4.520		4.520	3.895		3.895
e) EP Energodata a.d.			-	172.594		172.594
f) EP Industrija a.d.	4.038		4.038	1.049		1.049
g) EP Urbanizam i arhitektura a.d.	26.518	52	26.466	21.914	52	21.862
h) EP Oprema a.d.	1.897.419	5.726	1.891.693	1.301.155	4.088	1.297.067
i) EP Sunnyville d.o.o.	93.381	283	93.098	153.807	479	153.328
j) EP Park 11 d.o.o.	2.024		2.024			-
k) I.N.E.C. Engineering Company Limited, Great Britain	364		364	357		357
l) Dom 12 S.A.L.			-			-
m) Enjub d.o.o.	172.763	1	172.762	168.196		168.196
n) Zambia Engineering and Contracting Company Limited, Zambia	1.503		1.503	1.475		1.475
o) Napred Razvoj a.d.			-			-
Total	*5.638.626*	*61.577*	*5.577.049*	*5.066.279*	*93.331*	*4.972.948*

Financial liabilities towards affiliated legal entities	in 000 dinars	
	2021	2020
a) EP Visokogradnja a.d.	140	393
b) EP Niskogradnja a.d.	2.350	3.618
c) EP Hidroinženjering a.d.	3.043	4.427
d) EP Entel a.d.	2.369	10.073
e) EP Energodata a.d.		245
f) EP Industrija a.d.	2.350	4.554
g) EP Urbanizam i arhitektura a.d.	1.404	2.623
h) EP Oprema a.d.	26.041	25.071
i) EP Sunnyville d.o.o.	606	397
j) EP Park 11 d.o.o.	356.222	3.910
k) Dom 12 S.A.L.		
l) Enjub d.o.o.		
m) Zambia Engineering and Contracting Company Limited, Zambia		
n) Napred Razvoj a.d.	4.287	754.241
Total	*398.812*	*809.552*

Claims from affiliated legal entities usually originate from the transaction of services sale and they are due as of 15 days as of the invoice date.

Liabilities towards affiliated legal entities usually originate from the purchased transactions and they are due in the span from 5 to latest 30 days upon the purchasing date. Liabilities do not contain the interest.

The Company does not have given security payment instruments on behalf of the liabilities towards affiliated legal entities.

Company activities in the field of research and development

Research and development are not main activity of the Mother Company and its affiliates.

There are ongoing activities on further development and implementation of appropriate business and information system, adapted to current scope and planned business operations growth, as well as activities in relation with full implementation of integrated Document Management System.

Energoprojekt Holding a.d. harmonizes its business operations also with the demands of standards for management quality in accordance with ISO 9001, environmental protection management according to ISO 14001 and security and occupational health management according to BS OHSAS 18001 i.e. new ISO 45001 standard. Harmonization with the named standards was certified by Energoprojekt Holding a.d. as follows: since 2010 according to ISO 9001 standard, i.e. since 2013 according to ISO 14001, BS OHSAAS 18001 standards/ i.e. new ISO 45001. These certificates are maintained by Energoprojekt Holding a.d. through regular, annual verifications by the renowned external accredited verifier – Lloyd's Register. Top Energoprojekt Holding a.d. management passed and it reexamines on a regular basis the "IMS (Integrated Management System) Policy of Energoprojekt Holding a.d. The Policy has been published recently and it is available to interested stakeholders on web presentation (http://www.energoprojekt.rs/odrzivost/).

Information on investment aimed at environmental protection

All external suppliers/ partners/ associates of Energoprojekt Holding a.d. are familiar with the IMS Policy. They are bind by the contract to observe, during the realization, commitments of Energoprojekt Holding a.d. defined by policies, procedures and other documents in domain of environmental protection and occupational health safety.

On regular basis, and at least once a year, Companies from the Energoprojekt System follow the realization of set goals, which, among other things, comprise also goals/key success indicators related to reduction of natural resources use, pollution decrease, injury prevention, professional diseases, care for employees.

Business activities are regularly harmonized with applicable requirements of positive legislation in the segment of environmental protection and adequate environmental protection programs are being determined. Named programs are implemented through analysis and valuing impact i.e. risk in the field of environmental protection, as well as through appropriate technical-technological solutions and instructions for removal and/or decrease of harmful impacts on environment. In that regard, Energoprojekt management organizes and keeps monitoring, reexamining and directing activities of all organizational parts, services and individuals in order to make this IMS policy fully achievable.

Company's activities on environmental protection are integrated and they are being implemented in accordance with business philosophy and through common activities at the level of Energoprojekt System. For example, one could mention the "Waste Management Projekt", which is implemented in a coordinate manner, in accordance with the "Rulebook on Waste Management in Energoprojekt Office Building". Participation of representatives of each company within Energoprojekt System in the Waste Management Task Force is a guarantee that all planned activities will be implemented in a cheapest and the most efficient manner, for example, selection of various office material (used paper, used batteries, electrical and electronic devices that are out of use), recycling of the respective, as well as its disposal in accordance with envisaged standards, etc.

Data on purchasing own shares

Based on the Decision on acquiring own shares on a regulated market, made by the Supervisory Board on 13/02/2017, the Company acquired, by purchasing at the Belgrade Stock Exchange, 97.700 owns shares (which is 0.89376% out of total share number).

During 2021 there were no annulments, buy-off or sale of own shares of Energoprojekt Holding a.d.. Additionally, there were no buy-off of own shares, that is a share by the member of the group of consolidated legal entities.

Existence of branch offices

Energoprojekt Holding a.d. has no registered branch offices in Serbia.

Head office of the Mother Company and subsidiaries is in Bulevar Mihaila Pupina number 12, Novi Beograd.

Detailed overview and comments on business operation of (foreign) entities of the Energorpojekt System are shown within the notes accompanying financial statements of Energoprojekt Holding a.d. and notes accompanying financial statements of subsidiaries.

Relevant financial instruments used for evaluation of financial position and business operations success

Financial instruments involve financial assets and liabilities noted in the Company's balance sheet, starting from the moment when the Company becomes related to a financial instrument by contractual obligations, and finally with loss of control over rights resulting from a financial asset (by realization, advertising, assignment etc.), i.e. by settling, abolition or advertising financial obligation.

Financial assets

According to MSFI 9- Financial instruments, financial asset is recognized once the Company becomes one of the parties referring to contractual provisions (rights) of financial instrument. Purchasing or sale of financial asset is noted by use of accounting comprehension on the settlement date (date when the asset is being delivered to the entity or a date when the entity delivers the asset).

The Company seizes to acknowledge financial asset:

- When contractual rights to cash flows from the financial asset seize to be valid, or
- When it transfers the financial asset and the respective transfer, due to significantly transferred risk is use by the financial asset, is qualified as a termination of acknowledgment.

Financial assets are initially measured by their fair value, increased or reduced, in case of a financial asset that is not measured per fair value through income balance, for transaction costs that can be directly assigned to acquisition or emission of financial instrument. In reference to the aforementioned, the difference is in that the initial acknowledgment with claims from sale is measured per transaction price (except in the case when the sales contains significant financing component).

At additional measuring of financial assets, relevant group is the one in which the Company classified financial assets, and which is conditioned by the following:

- Company's business model for financial assets managements and
- Features of contractual cash flows of the financial asset ("SPPI" test-Solely Payemnts of Principal and Interest).

From the aspect of additional valuation, financial asset can be classified in three following groups:

- Financial asset measured per mortised value;
- Financial value measured per fair valued through other total result and
- Financial asset measured per fair value through income balance.

The asset qualified in the category per amortized value should meet both following criteria:

- Business model: the financial asset is kept for generation of agreed money flows;
- SPPI test: whether contractual terms give right to money flows that are only payment of the principal and the interest.

The asset qualified in the category per fair value through total other result should meet both following criteria:

- Business model: the financial asset is kept for generation of agreed money flows and sale;
- SPPI test: whether contractual terms give right to money flows that are only payment of the principal and the interest.

Financial asset measured per fair value through income balance comprises assets that are not classified in previous two groups. Valuing effects and realized losses and gains are acknowledged in the income balance in the period when they occurred.

All derivatives comprised by MSFI 9 are measured per fair value. All changes are acknowledged through income balance.

Dividend, as a financial asset, is recognized in the income balance when:

- The Company's right to being paid dividend has been established,
- When it is likely that future economic benefits related to dividend will spill over to the Company and
- When the dividend amount can be reliably measured.

Value is reduced to a financial asset when there is one or more occurrences that have harmful effect on evaluated future cash flows of the respective financial assets.

In reference to the assets measured per amortized value (loans and claims) and per fair value through other total result, the Company should acknowledge value reduction, i.e. to acknowledge reservation for **expected credit losses.**

On each reporting date:

- If the credit risk is significantly increased since the initial acknowledgement, the Company should measure reservations for losses for financial asset per amount that is equal to expected credit losses during the period of asset duration: and
- If the credit risk is significantly increased since the initial acknowledgement, the Company should measure reservations for losses for financial asset per amount that is equal to twelve-month expected credit losses.

On each reporting date, the Company should evaluate whether the credit risk of certain financial assets increase significantly since the beginning of acknowledgement, which, *inter alia,* means measuring of expected losses form financial asset in a way that reflects the following:

- Unambiguous amount and the amount that is pondered by the probability, which is determined by valuing the set of possible outcomes,
- Money tome frame and
- Reasonable, plausible information available without unnecessary costs of efforts on the reporting date on previous occurrences, current terms and forecasts of future economic terms.

<u>Financial liabilities</u>

A financial liability is each liability which is:

- Contractual right:
  - Supply of cash or other financial asset to the other company; or
  - Exchange of financial assets or financial liabilities with other company, according to terms that are possibly unfavorable for the Company; or

- A contract that will be or can be settled by instruments of own capital of the Company and which is:
    - Non-derivative, for the Company is or can be obliged to deliver variable number of instruments of the Company's own capital; or
    - Derivative, which will be or can be settled n a different manner from exchange of fixed amount or other financial asset for the fixed number of instruments of the Company's own capital.

According to MSFI 9- Financial instruments, financial liability is acknowledged when the Company becomes one of the parties that refer to contractual provisions of the financial instrument.

The Company seizes to acknowledge financial liability (or part of the financial liability) when it is terminated, i.e. when contractual obligation is met, cancelled or expired.

The exchange of debt instruments between existing Borrower and Lender, with significantly different terms should be comprised, accounting-wise as a termination of the original financial liability and acknowledgment of a new one. Similar to the aforementioned, significant change of terms of the existing (or part of) financial liability should be comprised accounting-wise as a termination of the original financial liability and acknowledgement of a new one.

Difference between bookkeeping value of the financial liability (or part of it) which is terminated or transferred to the other party and paid compensation, including also and all transferred non-cash assets or taken liabilities, should be acknowledged in the income balance.

Financial liability is initially measured by their fair value, increased or reduced, in case of a financial liability that is not measured by fair value through income balance, fir transaction costs that may be directly assigned to acquisition or emission of financial instrument.

From the aspect of additional valuing, with minor exemptions (derivatives, financial guarantees etc.), financial liabilities are measured by amortized value, by implementing a method of effective interest rate. By implementing this method, the Company identifies compensations that are the constituent part of the effective interest rate of the financial liability (all the aforementioned is applicable also to the financial asset). Compensations that are the constituent part of the effective interest rate comprise starting compensations (service costs, costs for processing credit application, pledge registration, costs for the attorney-at-law etc.), commissions etc.

The Company can, at the initial acknowledgement (reclassification of the financial liability is not done during time), classify financial liability as a measured one by fair value though income balance: if thereby accounting non-harmonization is prevented due to measuring assets, liabilities, income and/or expenditures per various basis, and if the group of financial assets and liabilities is managed and their performances are valued based on the fair value, in accordance with documented risk or investment strategy.

Financial assets value reduction:

MSFI 9 introduces revised model of devaluation of financial assets, which is based on the expected credit loss, and not on previous losses.

Model of the incurred loss from MRS 39 acknowledged the loss per financial instrument only when an objective evidence on financial instrument value reduction appears, like, for example, delay in payment of obligations, financial difficulties of the debtor, opening of pre-bankruptcy/bankruptcy procedure, liquidation of the debtor etc. This approach resulted in a quite late acknowledgement of loss in financial reports. Contrary to that, model of expected credit losses requires evaluation of possible losses from financial instrument value reduction, prior worsening of financial and credit ability of the debtor, i.e. that value compatibility is acknowledged before the occurred losses.

In accordance with the *Methodology for Calculating Devaluation of Financial Instruments in accordance with the MSFI 9*, devaluation calculation is done in accordance with the model of expected losses on the occasion of evaluation of devaluation of financial assets valued by amortized value or by fair value through other result (except for the share in capital), as well as to contractual assets (contractual financial assets in accordance with the MSFI 15).

The Company evaluates devaluation on two levels: individual and a group one.

The Company implements individual evaluation of the calculation of value corrections in cases where key initiators of the credit risk can be followed on a basis of an individual instrument, where the Company follows them with no need for additional joint evaluation.

Individual evaluation of the value correction is implemented by the Company to claims from subsidiary legal entities; to claims from the state, and which do not refer to commercial relations where the state is the investor; to financial placements and given deposits; securities and cash and cash equivalents.

For the requirements of the individual evaluation, the Companies rely on data on unsettled liabilities (PD) form external resources, i.e. data published by the renowned rating agencies. The other parameter in calculation, LGD (Loss Given Default), which means the amount of loss in case of unsettled liability, is based on the Basel LGD of 45%. Exposure in case of unsettlement of liabilities (EAD) in this case is the amount of claim on the reporting date. Discount factor will depend on the effective interest rate determined at the initial acknowledgement and maturity of instrument. If a collection of claims is expected within 12 months, the discount factor is 1.

Group evaluation of the calculation of value corrections is implemented by the Company for the requirements of measuring credit losses, i.e. value corrections at claims form third persons (including claims form the state, state-owned companies and public authorities, where the state is major investor), which comprise claims from buyers in the country and abroad, as well as active time delimitations that have the category of a financial asset, and other claims, including also contractual financial assets in accordance with MSGI 15, i.e. claims based on non-invoiced incomes with the respective entities, and which are not the subject of the scope of individual evaluation, as well as claims for lease which result from transactions within the MSFI 16.

Calculation of parameters that will be implemented in the Energoprojekt System is done based on the data on historical collection by the biggest companies that do their business within Energoprojekt, Energorpojekt Visokogradnja a.,d., Energorpojekt Niskogradnja a.d., Energorpojekt Entel a.d. and Energoprojekt Oprema a.d.

Access to PD callcualtion is founded on creation of patterns of reservation, based on age intervals (14 intervals, based on default date in the following manner: “0” undue claims; :”1”- 0-30 delay days, “2” – 31-60 default days…. “13”- 330-360 default days; “14” – more than 360 default days) and rates on uncollected claims (“roll-rate”) between observed intervals.

Loss rate in the case of debt unsettlement of liabilities, LGD, is calculated by observation of claim collection in the “worst” observed interval during the period 2017-2019, i.e. 2017-2020, in a manner that claim amount on 31/12/2019 was put to ratio in the worst interval increased by cut-offs during the observed period and total amount of registered claims, i.e. invoice in the works interval during the observed period. In some cases, due to existence of the first-class (deposit, guarantee etc.) or adequate security (pledge, mortgage), the Company can – prior to LGD implementation, reduce the exposure itself by the amount of collateral with previous implementation of appropriate reduction factor of the respective value (haircut). In cases of claims dating from before 2017, apart from specific claims which need to be appropriately documented, it is assumed that it is about claims that are devaluated and for which the approach of devaluation calculation for instruments for which objective devaluation proof is identified (the way it was explained below).

While approaching the calculation of value correction for financial instruments where objective devaluation proof was identified, need for changing current approach has not been identified I accordance with MRS 39, and the treatment and method for calculation value correction remains unchanged also in accordance with MRS 39 and it is based on the ratio of loss measured as a difference between exposure and current value of future expected money flows, discounted by effective interest rate.

In case of existence of the need for establishing discount factor, i.e. effective intertest rate for the requirements of calculation of the expected credit loss (for certain financial instruments which are not measured by simplified approach and asses in the level 3, which are measured individually), the Company will implement effective interest rate of the given instrument, i.e. in the case of non-existence of the respective, as the nest approximation, publicly available data will be used, depending on currency, maturity etc. (NBS statistics, the eminent publicly available sources of information, legal default interest rate, etc.).

The Company does not apply simplified approach for claiming agreed assets from the buyers (subsidiaries of third persons), which result from transactions within MSFI 15 and claims for leasing, which result from transactions within MRS17/MSFI 16. Simplified approach means that life expected credit loss is calculated for the given claim, regardless of whether significant credit risk from the buyer took place, contracted assets and claims based on the lease and reservation measure for losses in the amount equal to the expected credit losses during the entire life expectancy.

The Company applies general approach for other categories of financial property (cash and cash equivalents, financial placements, securities).

Using Methodology for Calculating Financial Instruments Value Correction and in accordance with MSFI 9, the Company defined indicators of significant credit risk increase. In reference to the aforementioned, the following is considered as indicators if significant credit risk increase, i.e. indicators that certain type of financial asset requires calculation of the expected credit loss for the entire period/duration of the respective:

- The drop of external credit rating which is used for the needs of value correction calculation;
- Delay in paying liabilities towards the Company, within 30 days (if the third persons are involved), i.e. 90 days if subsidiary legal entities are involved;
- The second qualitative criteria that van lead to a conclusion that significant credit risk occurred.

For the requirements of identification of devaluation indicators, i.e. criterion that calculation of expected credit loss for the assets being placed in the level 3 is expected, and in accordance with the requirements of MSFI 9, the Companies apply:

- Defined threshold for unsettling liabilities which is applicable to the subject Company and subject category of financial assets;
- Other objective devaluation proofs in accordance with MSFI 9.

Approach to value correction at financial guarantees is founded on the historical losses that Energoprojekt had on this basis.

In reference to the aforementioned, Based on the Methodology for Calculating Financial Instruments Devaluation in accordance with MSFI 9, the Company calculated effects of implementation of MSFI 9 on 01/01/2020 in the amount of 145.136 thousand RSD (acknowledged within the assets), on 31/12/2020 in the amount of 10.339 thousand RSD (income) and on 31/12/2021 in the amount of 51.086 thousand RSD (income), which resulted in value correction of financial instruments in the amount of 83.711 thousand RSD ON 31/12/2021.

The following table shows effects of implementation of MSFI 9 on 31/12/2021, which were noted through results of the current year (increase of gross results in the amount of 51.086 thousand RSD).

Iznos u 000 RSD

Financial instrument	Financial instrument state of play on 31/12/2021 Gross	Conto of correc ted value	Initial stae of play of value correction 01.01.2021.	Transfer (on conto 0439)/from conto 2309 and 2349	Expendit ure (conto 58)	Income (conto 68)	Exchan ge rate differen ces	Total imapct on income balance in 2021	Final state of play of value correction 31.12.2021.	Financial instrument state of play on 31/12/2021 Net
1	2	3	4	5	6	7	8	9=6+7+8	10=4+5+9	11=2+10
Buyers in the country - Mother Company and subsidiary legal entites (conto 2000 and 2001) - EP Visokogradnja (Napomena 29)	888.497	kto 2009	-81.401		-10.163	43.322	-1	33.158	-48.244	840.253
Short-term cloan placements - Mother Company and subsidiary legal entities (conto 2300) (Note 31.1)	92.596	kto 23090	-545	66		196	0	196	-283	92.313
Part of long-term financial placement to Mother Company and subsidiaries that becomes due up to 1 year in the country (conto 2340) (Note 31.3)		kto 23490	-4.192	4.192				0	0	0
Long-term claims for non-invoiced income - other legal entities (conto 28102) (Napomena 26)	373.000	kto 28182	-41.465			19.332	-1	19.332	-22.133	350.867
Long-term placements to Mother Company and subsidiary legal entities in the country (conto 04300) without 5.000 RSD interest (Note	4.264.783	kto 04390	-7.193	-4.258	-1.762	163	-0	-1.599	-13.050	4.251.733
TOTAL	**5.618.876**		**-134.797**	**0**	**-11.925**	**63.013**	**-2**	**51.086**	**-83.711**	**5.535.165**

In accordance with the implemented Methodology for Calculating Devaluation of Financial Instruments in accordance with MSFI 9, it was established that short-term financial placement given to Enjub d.o.o. are fully covered by pledge on real estate of the subject company, so there is no the amount to be devaluated in accordance with MSFI 9 (Note 45).

Additionally, impacts of MSFI implementation, due to material insignificance, are not noted at the following financial assets: Claims based on sales (apart from claims form Energorpojekt Visokogradnja with due payment date of beyond one year), Claims from specific businesses, Other claims and Cash equivalents and cash.

Effects of the first MSFI 9 implementation on 01/01/2020, in accordance with the provisions of Article 25a of the Law on Corporate Income Tax and provisions of MRS 12, affected increase of deferred tax assets of the Company in the amount 27.770 thousand RSD (15% of total impact of MSFI 9 implementation on 01/01/2020) in the amount of 145.136 thousand RSD, noted through increase of non-allocated profit from previous years), while on 31/12/2020 and 31/12/2021 deferred tax assets were reduce by 4.354 thousand RSD each (by 1/5 each, of the amount of deferred tax assets acknowledged on 01/01/2020 in the amount of 21.770 thousand RSD (Notes 43).

In accordance with the adopted Methodology for Calculating Value Correction of Financial Instruments in accordance with MSFI 9, the Company adopted the existence of objective devaluation proof at following financial instruments:

- Claims based on sales to Energoprojekt Visokogradnja with due payment date beyond 360 days, and
- Claims for non-invoiced income from the Republic of Serbia based on constructed Embassy of the Republic of Serbia in Abuja, Nigeria.

While making projections for net money flows, starting point was the assumption on collection of the abovenamed claims in total, as follows:

- Within 3 (three) years- for claims for non-invoiced income and majority of claims based on sales to Energoprojekt Visokogradnja where on 01/01/2020 it was assumed that they would be collected within 5 (five) years, while starting point for the remaining subject claims from Energoprojekt Visokogradnja was the assumption on collection within 2 (two) and 1 (one) year.
- Within 4 (four years) for claims where on 31/12/2020 it was assumed to be collected within 5 (five) years,
- i.e. within 5 (five) years- for claims that on 31/12/2021 went beyond level of 3.

While discounting values of net money flow, in accordance with adopted Methodology for Calculating Value Correction of Financial Instruments in accordance with MSFI 9, interest rate published at the NBS website for loans approved to non-financial sector in the amount of 2,06% for EUR claims was used.

Please find below the overview of financial assets with identified objective devaluation proof with the data on bookkeeping value of claims and discounted value of net money flow for 31/12/2021.

State of play on 31/12/2021 in 000 RSD

Financial instrument with identified objective devaluation proof	**State of play of financial instrument 31/12/2021**	**Discounted value of net money flow 31/12/2021**	**Value correction 31/12/2021**
Buyers in the country – Mother Company and subsidiary legal entities (conto 200) - EP Visokogradnja (claims with maturity date beyond 360 days)	764,726	716,482	(48,244)
Long-term claims for non-invoiced income – other legal entities (conto 28102)	373,000	350,866	(22,133)
TOTAL	**1,137,726**	**1,067,349**	**(70,377)**

For other financial assets with unidentified objective devaluation proof.

Short-term loans and placements- mother companies and subsidiary legal entities and Long-term placements to mother companies and subsidiary legal entities in the country), in accordance with adopted Methodology for Calculating Value Correction of Financial Instruments in accordance with MSFI 9, rate of 0.68% was established as an average (for the observation period from 1981-2020) for BB credit rating which was published by the renowned Standard&Poors agency as a probability of unsettling liabilities (PD) at claims where the second contracting party is a legal entity, while Basel LGD (Loss Given Default) in the amount of 45% was used as a second parameter in LGD calculation, which means the amount of loss in case of unsettling liabilities.

Relevant financial instruments used for evaluation of financial position and success of business operations of the group, i.e. Energoprojekt System, are described in more details within the note accompanying consolidated annual financial statements.

Goals and policies related to financial risk management and protection policy for each significant type of planned transaction for which the protection is being used. Exposure to price risk, credit risk, liquidity risk and money flow risk, risk management strategy for the respective risks and evaluation of their efficiency

Uncertainty regarding future developments is one of the basic features of business operations in terms of market economic environment, which is reflected in several possible, i.e. potential outcomes. Due to uncertainty, i.e. due to unknowing and insecurity which of potential developments will actually take place, legal entities are exposed to various risks in their business operations, and the respective risks might impact their future market position.

From the Company's aspect, there is a big number of potential risks that in different intensity might have negative impact on the business operation of the Company.

Some (specific) risks are conditioned by internal factors, such as, for example: *concentration risk,* which in case of the Company can be displayed as an exposure to one or smaller group of buyers or suppliers; *operational risk,* which is displayed as a possibility of occurrence of negative effects due to unintentional or intentional omissions in the work of employees, inappropriate internal procedures and processes, inappropriate information system management in the Company etc.; *reputation risk,* which means possibility of the Company's market position worsening due to loss of trust, i.e. negative public image (state institutions, suppliers, buyers etc.) on the Company's business operations; *legal risk,* which is demonstrated in the possibility of occurrence of negative effects due to fines and sanctions resulting from court disputes due to unmet contractual of legal obligations, etc.

Since the majority of these, as well as some other unmentioned risks, are the subject of the parts of Notes or other Company's internal documents (for example minimizing of operational risk through adopted procedures and working instructions, *inter alia,* is the subject of a Rulebook on Accounting and Accounting Policies of the Company), the text that follows will focus on considering **financial risks**¸ which first of all refer to the following:

- credit risk
- market risk and
- liquidity risk.

Financial risks are significantly conditioned by (extreme) factors which are not directly under the Company's control. In that regard, the amount of financial risk is significantly affected by the condition of the Company's environment, which is not determined only by the development of the economic environment, but also by legal, financial and other relevant aspects that determine system risks level.

Generally speaking, comparatively observed with markets in developed economies, companies which operate on markets, both with insufficient economic development and macroeconomic stability, and likewise with high non-liquidity, such as the Republic of Serbia, are significantly exposed to financial risks. Apart from the aforementioned, the insufficient development of financial market disables the use of broad spectrum of hedging instruments, the developed markets are known for. In that way, for example, companies that have business operations in the Republic of Serbia do not have the possibility to use bigger number of derivative financial instruments in financial risks management, because such instruments are not in a broad use, nor there is organized continuous financial instruments market.

Financial risk management is a comprehensive and reliable management system, directed to minimizing potential negative impacts on financial state of play and Company's business operations, in term of financial market unpredictability.

Respecting limitations in financial risk managements, related to doing business in Serbia's market, there is a clear necessity to approach appropriately to these problems, which is recognized also by the Company's management. Basically, financial risk management in the Company should provide that *Company's risky profit* is always in accordance with the *Company's affinity to risks,* i.e. in accordance with acceptable structure and risk level that the Company intends to take over for the needs of achieving its business strategies and goals.

Credit riks

Credit risk is a rsik from the possiility of occurence of negative effects for the Company's financial result and capital due to unfinishing debtors liabilities for the Company, wihtin defined deadlines.

Credit risk does not mean only debtor-trustee relationship that result from the sale of the Company's product, but also those credit risks that result from other financial instruments, such as, for example, Compay's claims based on long-term and short-term financial placements.

Company has significant concentrations of claim collection credit risk from some buyers, which have veri long crediting period by the Company, due to their insufficient liquidity.

Market risk

Market risk is the risk from the possibility of negative effect occurrence on the financial result and capital of the Company, due to losses within the balance positions, occurred as a consequence of negative market price movements and other relevant financial parameters.

Market risk is composed of:

- currency risk;
- interest risk; and
- price change risk.

- **Currency risk** which is also called foreign currency risk or exchange rate change risk is a risk from invoicing fair values or future cash flows of the financial instrument due to a change of foreign currency exchange rate. Currency risk is manifested at financial instruments that are marked in foreign currency, i.e. in a currency different from the (functional) currency with measured financial reports.

The Company does business in international frameworks and it is exposed to a foreign currency exchange rate change which results from business operations in different currencies, mainly EUR.

Sensitivity analysis, which was carried out, shows that the change of exchange rate would impact more significantly to the Company's results change, so it can be concluded that the Company is significantly exposed to currency risk.

- **Interest risk** is a risk from possibility of occurrence of negative effects on the Company's result and capital, due to unfavorable changes of interest rates. The Company is exposed to this type of risk through positions of financial liabilities for loans with potentially changeable interest rates (Euribor).

Feasibility Analysis that was carried out shows that the Company is exposed to the interest risk.

- **Price change risk** is a risk that the fair value and future cash flows of financial instrument will fluctuate due to change of market prices (which are not the ones that occur due to interest or currency risk), whether those changes are caused by factors specific for individual financial instruments or its issuer, or those factors impact all similar financial instruments traded on the market.

This type of risk is not visible in the Company.

Liquidity risk

Liquidity risk is a risk that the Company will have difficulties in settling due obligations, while maintaining required scope and structure of working assets and preserving credit worthiness.

Ratio Analysis result show that the Company had satisfactory liquidity level during the year, i.e. it did not have any difficulties in settling due obligations, with maintaining required scope and structure of working assets and preservation of god credit worthiness.

We underline the following in reference to the aforementioned:

- While respecting dynamic nature of the Company's business operations, finance department strives to maintain financing flexibility, which, among other thigs, mean availability of the existing credit lines, as well as the extension of the respective; and

- Management caries out continuous monitoring over Company's liquidity reserves, which comprise available unused credit lines, cash and cash equivalents, as well as liquid potentials in accordance with expected money flows.

Problems in question are defined and implemented in accordance with adopted internal documents of the Company:

- *"The Rulebook on Foundation of the Internal Control System and Risk Management in Energoprojekt Holing a.d.";*

- *"The Rulebook on Work of Internal Monitoring Sector of Energoprojekt Holding a.d.";*

- *"The Rulebook on Accounting in Energoprojekt Holding a.d.";*

- *"The Rulebook on Accounting Policies in Energoprojekt Holding a.d.".*

All companies within the Energoprojekt System have adopted and implement all individual documents, which address the aforementioned subject.

The majority of named, as well as other unmentioned risks, are the subject of Note accompanying financial statements (focusing, first of all, on considering financial risks: credit risk, market risk and liquidity risk) and/or other Company's internal documents.

CORPORATE MANAGEMENT REPORT

Energoprojekt Holding a.d. implement its own Corporate Management Code (which was adopted on the 11th session of Energoprojekt Holding a.d. Board of Directors, as of 26/01/2012). The respective is publically available on the Company's webpage on the following link: http://www.energoprojekt.rs/wp-content/uploads//2018/10/kodeks.pdf.

Company Subsidiaries from the Energorpojekt System apply their own Codes of corporate management, which regulated the aforementioned subject.

Corporate Management Code of Energorpojekt Holding a,d. establish principles of corporative practice and organizational structure in accordance with which behave corporate management holders of Energoprojekt Holding a.d., and in particular in reference with shareholders' rights, framework and method of actions of corporate management holders, public and business operations transparency. Basic goal of the Code is to introduce due diligence in domain of corporate managements, which should enable balance of impacts of its holders, consistency of control system and strengthening trust of shareholders and investors in Company, and all aimed at long-term business development of the Company.

The Company bodies invest efforts in more detailed elaborated principles within other general documents of the Company, established by the Code, once there is a need for the respective. There are no significant deviations from the rules of Corporate Management Code in the implementation itself.

In accordance with the "Rulebook on Belgrade Stock Exchange Listing", Energoprojekt Holding a.d. regularly delivers and publishes every year (simultaneously with annual business report) filled "Questionnaire on Corporate Management Practice" (which contains all relevant information on corporate management rules the Company is subject to, according to the national legislation requirements., i.e. corporate management rules/practice which the Company voluntarily decided to implement if they go beyond national legislation requirements) and it agrees to have the respective published on the website of the Belgrade Stock Exchange: https://www.bwlwx.rs/.

During 2021 there was no need for takeover by Energoprojekt Holding a.d. or its subsidiaries, when a company is the subject of implementation of regulations that arrange takeover of companies.

Management system is based on organizational arrangement of the Energorpojekt System and legal status of Companies within the Energoprojekt System, in accordance with the Law, Statue of the Mother Company and Statutes of Subsidiaries.

Energoprojekt System consists of Energoprojekt Holding a.d. in the capacity of a control, Mother Company, as well as other affiliates in the country and abroad. Energoprojekt Holding a.d. indirectly or directly has ownership control over all Companies in the System.

Energoprojekt Holding a.d. is a company with two-tier management organization and it comprises the following management authorities: Shareholders Assembly, Supervisory Board and the Executive Board. Subsidiaries from Energoprojekt System are organized as a single-tier and they have their own management bodies: Shareholders' Assemblies and Boards of Directors.

Shareholders Assembly of Energoprojekt Holding a.d. is the highest management and decision-making authority.

Members of the Supervisory Board are appointed by Energoprojekt Holding a.s. Assembly. Energoprojekt Holding a.s. Supervisory Boards currently has four members, out of which one is independent from the Company.

Energoprojekt Holding a.d. Supervisory Board consists of:

Miodrag Zečević – the Chairman

Dragan Ugrčić –member

Aleksandar Šćekić – member

Nada Bojović – independent member

Energoprojekt Holding a.d. Supervisory Board appoints the CEO and Executive Officers.

Energoprojekt Holding a.d. Supervisory Board currently has four members and it consists of the Chief Executive Officer and three Executive Officers (Executive Officer for Finance, Accounting and Plan; Executive Officer for Legal Affairs and Executive Officer for Operational Affairs). CEO represents the Company, and coordinates the work of Executive Directors and organized Company's business operations.

Energoprojekt Holding Executive Board consist of:

Dobroslav Bojović - Chief Executive Officer
Siniša Tekić - Executive Officer for Finance, Accounting and Plan
Momčilo Jevtić - Executive Officer for Legal Affairs
Ilijana Stamenković - Executive Officer for Operational Affairs

CVs of all members of the Supervisory and Executive Board of Energoprojekt Holdingn a.d. are available on issuer's webpage on the following link: http://www.energoprojekt.rs/organizacija/.

In reference to the selection of management bodies. Energoprojekt Holding a.d. is trying to apply optimally (to the extent reasonable at the given moment) appropriate diversification policy, respecting thereby aspects such as, for example, gender, age, or education and profession. Aim of diversification policy is, among other things, equal treatment of all potential candidates while selecting, i.e. holding some of the management positions, without the existence of any discriminatory rules, provisions or limitations. There are no significant deviations in reference to the set goals in implementation of the diversification policy itself.

In accordance with the Law and Provisions of the Company Statute, Supervisory Board formed and appointed Auditing Committee on Energoprojekt Holding a.d. . Beside legally binding Auditing Committee, no other committees or advisory bodies were formed.

There is an appointed person in the Company on the position if internal affairs and internal audit. Internal supervision and internal audit affairs in the Company are arranged by the "Rulebook on the Work of Internal Supervision Sector" and "Rulebook on Internal Affairs System and Risk Management Process in Energoprojekt Holding a.d.".

The "Rulebook on Internal Affairs System and Risk Management Process in Energoprojekt Holding a.d." defines the process of risk management, methodologies with criteria for risk evaluation and appropriateness of control activities for avoiding and mitigating risks, monitoring effect of measures defined for risk reduction/management in business operations and other risks (risks related to the procedure of financial and other reporting, harmonization with positive regulations, human resources management risks, occupational security and protection of employees, environmental protection etc.). In the context of internal affairs, the Company particularly recognizes and systematizes the information and communication in relation with financial reporting, which need to be identified, generated and processed in a way suitable for use at different levels of the Company, and distributed in a form and timeframe that needs to be adequate for set foals and requirements. The Company established control activities in relation with planning and delivering key processes, activities and procedures that are integrated into the system, with the aim of providing higher efficiency of business process and risk management. Risk identification of the Company is carried out in the context of the Company's Mission and Vision, adopted Strategy (Midterm Plan, Annual Plan and other adopted documents was done, by reviewing quarterly reports and business analysis, which comprise the most important business parameters (Financial and Economic Indicators of Business Operations; Business Profitability; Market Trends; Key Jobs and Business Events relevant for business operations and liquidity etc.). The Company continuously deals with education of employees in the field of risk management, raising level of knowledge and awareness of the respective, improves adequate preventive and corrective measures aimed at risk exposure reduction.

Through risk management process, the Company provides system for identification, analysis and evaluation of a risk it is exposed to in doing business, as well as the respective risks management in a way that the exposure is being kept on a level that will not jeopardize Company's property or business operations, i.e. that will provide accomplishing goals, plans and legality of its work. In reference to strategic commitments, adopted plans and Company goals, Energoprojekt Holdong a.d. Executive Board/Boards of Directors of the Companies within the Enrgorpojekt System adopt the level of risk acceptable for the Company.

NON-FINANCIAL REPORT

Energoprojekt System is internationally recognized designing-consulting, engineering and contracting group that takes significant position in the fields of energy, infrastructure, water management and environmental protection, civil engineering high-rise and industry.

Energoprojekt is the only group in the region that is listed by the renowned American magazine “Engineering News Report” among 225 biggest international designing and 250 biggest international contracting companies, which are ranked by total income they made on the international market.

Energorpojekt System consists of Energorpojekt Holding a.d. in the capacity of control, Mother Company, as well as of other Subsidiaries in the country and abroad. Energorpojekt Holding a.d. directly or indirectly has ownership control over all companies in the System.

Main activity of Energoprojekt Holding a.d. is Holdong Companies Activity-6420.

Energoprojekt Holding a.d. is a control-Mother Company, whose activity is to finance and manage subsidiaries.

Seven Subsidiaries are dealing with the basic activities: Energoprojekt Visokogradnja a.d., Energoprojekt Niskogradnja a.d., Energoprojekt Oprema a.d., Energoprojekt Entel a.d., Energoprojekt Hidroinženjering a.d., Energoprojekt Industrija a.d. and Energoprojekt Urbanizam i arhitektura a.d.. Two companies are founded with the aim of implementing concrete projects of residential-office construction: Energoprojekt Sunnyville d.o.o. and Energoprojekt Park 11 d.o.o..

Energoprojekt System is operating in four continents today, covering thereby about 20 countries.

Energoprojekt Holding a.d. and all Subsidiaries within the Energoprojekt System carry out their business operations in accordance with positive regulations in the Republic of Serbia and other countries where they have their activities.

Companies within the Energoprojekt System plan their business operations and follow implementation of adopted annual plans and mid-term plan within defined timeframes, and, if necessary, take required measures aimed and providing continuity and development of business operations, taking thereby into account all relevant factors that impact the business operations. These processes are defined by a set of internal normative documents, written procedures and other adopted documents, among which the most important are the following: Energoprojekt System Rulebook on Planning, EPH-09P procedures Strategic Planning, EPH-09P-10 Annual Plan Creation. In accordance with positive regulations of the Republic of Serbia, the most important normative documents of Energoprojekt Holding a.d. are the following: the Memorandum of Association, the Statute, Corporate Management Code and the Rules of Procedure of the Assembly/ Information on the members of the Supervisory and the Executive Boards of Energoprojekt Holding a.d., Reports from the Shareholders Assembly of Energoprojekt Holding a.d., important Decisions by Energoprojekt Holding a.d. Assembly, Quarterly and Annual Financial Statements and other relevant information from Belgrade Stock Exchange are publically available at web presentation of Energoprojekt (http://www.energoprojekt.rs/investitori/).

All other relevant documents of Energoprojekt Holding a.d. as well as of the Companies within the Energoprojekt System are regularly updated and in accordance with the business commitments of individual Companies, they are available electronically to employees and external verifiers (auditors, inspections etc.) on internet portals of the companies.

Energoprojekt Holding a.d. harmonizes its business operations with the requirements of standards for management quality according to ISO 9001, environmental protection management in accordance with ISO 14001 and occupational health and safety management in accordance with ISO 45001 standard. Harmonization with the aforementioned standards was certified by Energoprojekt Holding a.d. as follows: since 2010 according to ISO 9001 standard, i.e. since 2013 according to ISO 14001 and BS OHSAAS 18001 standards. According to transfer of BS OHSAS 18001 to ISO 45001, Energoprojekt Holding a.d. carried out transition in 2020 and certified business operations in accordance with the requirements of a new standard ISO45001. Business operations harmonization with the aforementioned standards of Energoprojekt Holding a.d. is maintained through regular, annual internal verifications, as well as regular annual external verifications by the renowned external accredited verifier- Lloyd’s Register. Valid Certificat No. 10279187 issued on 01/07/2020 by the mentioned company Lloyd’s Register is publically available to all interested stakeholders on web presentation (http://www.energoprojekt.rs/odrzivost/).

Top management of Energoprojekt Holding a,d, passed and reviews on a regular basis the “IMS (Integrated Management Systems) Policy of Energoprojekt Holding a,d, The IMS Policy is publically available to all interested stakeholders on web presentation (http://www.energoprojekt.rs/odrzivost/).

All Subsidiaries within the Energoprojekt System have defined sertified business operations, in the same manner, and in accordance with three standards: ISO 9001, ISO 14001, ISO 45001. Apart from the aforementioned, Energoprojekt Entel a.d. and Energoprojekt Hidroinženjering a.d. harmonized and certified their business operations in accordance with requirements of safety standard ISO 27001, information security management, and Energoprojekt Entel a.d. and Energoprojekt Industrija a.d. certified their business operations also in accordance with requirements of standards for energy management ISO 5001. All Companies adopted IMS Policies and certificates that are publically available to interested stakeholders on web presentations of each Company.

All external suppliers/partners/ associates of Energoprojekt Holding a.d. are familiar with the IMS Policy. During implementation of the agreed activities, they are contractually bind to observe Energoprojekt Holding a.d. commitment defined by policies, procedures and other documents, particularly in the field of environmental protection and occupational safety and security.

Energoprojekt Holding a.d. and all Subsidiaries transparently defined social, staffing and issued regarding respect for human rights Companies within Energoprojekt System define - by internal normative acts and written procedures in a transparent manner and according to clear criteria, activities of selecting and allocating employees to appropriate jobs, their assignments, rights and obligations, rewarding method, training process etc. The following document of Energoprojekt Holding a.d. define this area: the Rulebook on Internal Organization and Systematization at Energoprojekt Holding a.d; Rulebook on Earnings Policy at Energoprojekt Holding a.d; Rulebook on Work of Employees abroad at Energoprojekt Holding a.d; Rulebook on Per Diems for Service Travels at Energoprojekt Holding a.d; Rulebook on Education and Professional Qualification of Employees at Energoprojekt Holding a.d; Rulebook on Internal Whistleblowing Procedure at Energoprojekt Holding a.d; Decision on Determining Person Authorized for Receiving Information and Running Procedure related to Internal Whistleblowing; EPH-09P-16 procedure- Human Resources Management etc. All Subsidiaries within Energoprojekt System apply documents that define the aforementioned areas, which were adopted by the management of each Company.

Regularly, and at least once a year, Companies from Energoprojekt System monitor the implementation of set goals that, among other things, comprise also goals/key indicators of successes related to achieving business results (reduction of use of natural resources, pollution reduction), safety and health of the employees (injury prevention, professional diseases, care for employees). In reference to the care for employees, for more than 10 Energorpojekt Holding a.d. has been providing annual checkups/preventive medical checkups for all employees, aimed at early detection of diseases and at taking adequate treatment measures. Such checkup examinations are provided to employees also by other Companies within Energoprojekt System in a dynamic compatible with the needs and possibilities of each individual company.

Energoprojekt Holding a.d;. and all Subsidiaries within the Energoprojekt System developed risk management system and they defined control activities. Normative documents defining this process at Energoprojekt Holding a.d; are the following: Rulebook on Basis of Internal Affairs System and Risk Management and Rulebook on the Work of Internal Surveillance Sector at Energoprojekt Holding a.d. Other Subsidiaries within Energoprojekt System implement documents of the same kind, adopted by their respective management. These documents define risk management processes, risk evaluation and control activities methodology, monitoring effects of measures defined for business risk reduction/management. All described activities involve - apart from business risks- the risks related to issues of human resources management, environmental protection management, occupational safety and protection, ethical issues (bribery, corruption…) and other issues relevant for sustainability and development of Energoprojekt Holding a.d business operations and business operations of individual Subsidiaries within the Energoprojekt System. Evaluation and risk consideration are carried out by the Companies' management and Energoprojekt Holding a.d management at regular intervals, following defined normative documents related, and least once a year.

Besides planning and monitoring business result, as described above, the Executive Board of Energoprojekt Holding a.d reviews once a year the achievement of set key indicators of success, risk evaluation and defined control activities.

Energoprojekt Holding a.d

Executive Officer for Finance, Accounting and Plan

Siniša Tekić, B.Sc.Ecc

Energoprojekt Holding a.d;

Chief Executive Officer

Dobroslav Bojović, B.Sc.Ecc

Energoprojekt Holding a.d.
* Beograd *

4. STATEMENT BY PERSONS RESPONSIBLE FOR REPORT PREPARATION

To the best of our knowledge, Annual Financial Statements for the year of 2021 were prepared in compliance with the relevant International Financial Reporting Standards and these present authentic and objective information about assets, liabilities, financial position and operations, profit and losses, cash flows and changes in equity of the Public Company, including those of the Companies included in the Consolidated Statements.

Person responsible for preparation of the Annual Report:

Executive Director for Finance, Accounting and Planning

Energoprojekt Holding Plc.

Siniša Tekić, B.Sc.Ecc.

Legal Representative:

Chief Executive Officer

Energoprojekt Holding Plc.

Dobroslav Bojović, B.Sc.Ecc