



FINTEL ENERGIJA AD

**CONSOLIDATED ANNUAL REPORT OF
FINTEL ENERGIJA A.D.
FOR THE YEAR 2022**

Belgrade, April 2023.

Pursuant to Articles 50 and 51 of the Law on Capital Market (RS Official Gazette, No. 31/2011, 112/2015, 108/2016 and 9/2020) and pursuant to Article 3 of the Rulebook on the Content, Form and Method of Publication of Annual, Half-Yearly and Quarterly Reports of Public Companies (RS Official Gazette, No. 14/2012, 5/2015, 24/2017 and 14/2020), Fintel Energija ad from Belgrade (registration number 20305266) hereby publishes the following:

CONSOLIDATED ANNUAL REPORT OF FINTEL ENERGIJA A.D. FOR THE YEAR 2022

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- 1. CONSOLIDATED FINANCIAL STATEMENTS OF THE FINTEL ENERGIJA A.D. for 2022 (Consolidated Balance Sheet, Consolidated Income Statement, Consolidated Report on Other Income, Consolidated Cash Flow Statement, Consolidated Statement of Changes in Equity, Notes to Consolidated Financial Statements)**
- 2. INDEPENDENT AUDITOR'S REPORT (complete report)**
- 3. CONSOLIDATED ANNUAL BUSINESS REPORT**
- 4. STATEMENT BY THE PERSONS RESPONSIBLE FOR PREPARATION OF REPORTS**
- 5. DECISION OF COMPETENT COMPANY BODY ON THE ADOPTION OF ANNUAL CONSOLIDATED FINANCIAL STATEMENTS * (Note)**
- 6. DECISION ON DISTRIBUTION OF PROFIT OR COVERAGE OF LOSSES * (Note)**

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

In RSD
thousand

POSITION	AOP	Note	31 December 2022	31 December 2021
ASSETS				
A. SUBSCRIBED AND UNPAID CAPITAL	0001			
B. NON-CURRENT ASSETS (0003 + 0009 + 0018 + 0028)	0002		12,672,865	12,841,038
I. INTANGIBLE ASSETS (0004 + 0005 + 0006 + 0007 + 0008)	0003		-	-
1. Development investments	0004			
2. Concessions, patents, licenses, trademarks, software and other intangible assets	0005			
3. Goodwill	0006			
4. Intangible assets leased and intangible assets in preparation	0007			
5. Advances for intangible assets	0008			
II. PROPERTY, PLANT AND EQUIPMENT (0010+0011 + 0012 + 0013 + 0014 + 0015 + 0016)	0009		12,077,750	12,377,347
1. Land and buildings	0010	8	4,339,457	4,405,370
2. Machinery and equipment	0011	8	7,649,657	7,794,293
3. Investment property	0012			
4. Property, plant and equipment leased and property, plant and equipment under construction	0013	8	88,636	177,684
5. Other property, plant and equipment and investing in third-party property, plant and equipment	0014			
6. Advances for property, plant and equipment in the country	0015			
7. Advances for property, plant and equipment foreign	0016			
III. BIOLOGICAL ASSETS	0017		-	-
IV. LONG-TERM FINANCIAL INVESTMENTS AND LONG-TERM RECEIVABLES (0019+0020+0021+0022+0023+0024+0025 + 0026 + 0027)	0018		595,135	463,691
1. Equity investments in legal entities (excluding equity investments valued using the equity method)	0019			-
2. Equity investments that are valued using the equity method	0020			
3. Long-term investments to parent companies, to subsidiaries and to other associated companies in the country	0021		75,333	
4. Long-term investments to parent companies, to subsidiaries and to other associated companies abroad	0022			
5. Long-term investments (loans and credits) in the country	0023			
6. Long-term investments (loans and credits) abroad	0024			
7. Long-term financial investments (securities valued at amortized cost)	0025			
8. Own shares purchased	0026			
9. Other long-term investments and receivables	0027	9	519,802	463,691
V. LONG-TERM PREPAYMENTS AND ACCRUED INCOME	0028		-	-
C. DEFERRED TAX ASSETS	0029	10	14,398	-

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET (CONTINUED)

In RSD
thousand

POSITION	AOP	Note	31 December 2022	31 December 2021
D. CURRENT ASSETS				
(0031+0037+0038+0044+0048+0057+0058)	0030		1,421,519	1,217,599
I. INVENTORIES (0032+0033+0034+0035+0036)	0031		16,306	21,314
1. Materials, spare parts, tools and supplies	0032		7,312	7,312
2. Work in progress and unfinished services	0033			
3. Goods	0034			
5. Advances paid to suppliers for stock and services in country	0035		8,910	13,918
6. Advances paid to suppliers for stock and services - abroad	0036		84	84
II. FIXED ASSETS HELD FOR SALE AND CESSATION OF OPERATIONS	0037			
III. RECEIVABLES FROM SALES (0039+0040+0041+0042+0043)	0038		376,952	209,684
1. Trade receivables - domestic	0039	11	376,952	209,684
2. Trade receivables - foreign	0040			
3. Trade receivables domestic - parent companies, subsidiaries and other related parties	0041			
4. Trade receivables foreign - parent companies, subsidiaries and other related parties	0042			
5. Other trade receivables	0043			
IV. OTHER SHORT-TERM RECEIVABLES (0045+0046+0047)	0044	12	222,907	195,587
1. Other receivables	0045		210,669	183,351
2. Receivables for prepaid CIT	0046		10,699	10,697
3. Receivables for prepaid other taxes & contributions	0047		1,539	1,539
V. SHORT-TERM FINANCIAL INVESTMENTS (0049+0050+0051+0052+0053+0054+0055+0056)	0048		14	14
1. Short-term loans and investments - parent and subsidiaries	0049			
2. Short-term loans and investments - other related parties	0050			
3. Short-term loans, borrowings and investments - domestic	0051			
4. Short-term loans, borrowings and investments - foreign	0052			
5. Securities valued at amortized cost	0053			
6. Financial instrument valued at fair value	0054			
7. Bought up own shares	0055			
8. Other Short-term financial investments	0056		14	14
VI. CASH AND CASH EQUIVALENTS	0057	13	203,183	525,003
VII. SHORT-TERM ACCRUALS	0058	12	602,157	265,997
E. TOTAL ASSETS = OPERATING ASSETS (0001 + 0002 + 0029+0030)	0059		14,108,802	14,058,637
F. OFF-BALANCE SHEET ASSETS	0060		55,127	55,127

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET (CONTINUED)

In RSD
thousand

POSITION	AOP	Note	31 December 2022	31 December 2021
EQUITY AND LIABILITIES				
A. EQUITY (0402 + 0403+0404+0405+0406-0407+0408+0411-0412) ≥ 0	0401	14	1,970,062	1,455,100
I. SHARE CAPITAL	0402		4,057	4,057
II. SUBSCRIBED CAPITAL UNPAID	0403			
III. SHARE ISSUING PREMIUMS	0404		681,237	681,237
IV. RESERVES	0405			
V. POSITIVE REVALUATION RESERVES AND UNREALIZED GAINS ON FINANCIAL ASSETS AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULTS	0406			
VI. UNREALIZED LOSSES ON FINANCIAL ASSETS AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULTS	0407		214,173	139,721
VII. UNDISTRIBUTED PROFIT (0409 + 0410)	0408		825,276	470,385
1. Retained profit from previous years	0409		470,331	7,752
2. Retained profit from current year	0410		354,945	462,633
VIII. PARTICIPATION WITHOUT CONTROL RIGHTS	0411		673,665	439,142
IX. LOSSES (0413 + 0414)	0412		-	-
1. Losses of previous years	0413			
2. Losses of current year	0414			
B. LONG-TERM LIABILITIES AND PROVISIONS (0416+0420+0428)	0415		8,442,798	9,490,683
I. LONG-TERM PROVISIONS (0417++0418+0419)	0416		99	99
1. Provisions for employees benefits	0417		99	99
2. Provisions for costs in warranty period	0418		-	
3. Other long-term provisions	0419		-	
II. LONGTERM LIABILITIES (0421+0422+0423+0424+0425+0426+0427)	0420		8,442,699	9,490,584
1. Liabilities which can be converted into capital	0421		-	
2. Long-term loans and other liabilities to parent companies, subsidiaries and other related parties - domestic	0422	15	1,115,216	1,413,181
3. Long-term loans and other liabilities to parent companies, subsidiaries and other related parties - foreign	0423	16	14,079	14,110
4. Long-term loans, borrowings and liabilities based on leasing - domestic	0424	17	6,847,939	7,758,924
5. Long-term loans, borrowings and liabilities based on leasing - foreign	0425			
6. Liabilities for long-term securities	0426			
7. Other long term liabilities	0427	18	465,465	304,369
III. LONG-TERM ACCRUALS	0428		-	
C. DEFERRED TAX LIABILITIES	0429	10		30,908
D. LONG-TERM DEFERRED INCOME AND DONATIONS RECEIVED	0430		-	

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET (CONTINUED)

In RSD
thousand

POSITION	AOP	Note	31 December 2022	31 December 2021
E. SHORT-TERM PROVISIONS AND LIABILITIES (0432+0433+0441+0442+0449+0453+0454)	0431		3,695,942	3,081,946
I. SHORT TERM PROVISIONS	0432		-	
II. SHORT-TERM FINANCIAL LIABILITIES (0434+0435+0436+0437+0438+0439+0440)	0433		2,445,678	2,090,689
1. Short-term loans from parent companies, subsidiaries and other related parties - domestic	0434		297,929	
2. Short-term loans from parent companies, subsidiaries and other related parties - foreign	0435	16	1,335,165	1,338,112
3. Liabilities based on loans and borrowings from entities other than domestic banks	0436	17	812,584	752,577
4. Liabilities based on loans and borrowings from domestic banks	0437		-	
5. Loans, borrowings and liabilities foreign	0438		-	
6. Liabilities for short-term securities	0439		-	
7. Liabilities based on financial derivatives	0440		-	
III. RECEIVED ADVANCES, DEPOSITS AND GUARANTEES	0441		116	77
IV. LIABILITIES FROM BUSINESS OPERATIONS (0443+0444+0445+0446+0447+0448)	0442	19	464,473	214,609
1. Trade payables - parent companies, subsidiaries and other related parties - domestic	0443		1,223	3,740
2. Trade payables - parent companies, subsidiaries and other related parties - foreign	0444		86,415	83,900
3. Trade payables - domestic	0445		369,023	126,956
4. Trade payables - foreign	0446		7,812	13
5. Obligations under bills of exchange	0447		-	
6. Other business liabilities	0448		-	
V. OTHER SHORT-TERM LIABILITIES (0450+0451+0452)	0449		178,483	168,650
1. Other short term liabilities	0450		98,127	99,730
2. Liabilities for VAT and other public revenues	0451		-	
3. Liabilities for income tax	0452		80,356	68,920
VI. LIABILITIES FOR FIXED ASSETS AND ASSETS OF DISCOUNTING OPERATIONS HELD FOR SALE	0453		-	
VII. SHORT-TERM ACCRUALS	0454	20	607,192	607,921
F. LOSS OVER CAPITAL (0415+0429+0430+0431-0059) ≥ 0 = (0407+0412-0402-0403-0404-0405-0406-0408-0411) ≥ 0	0455		-	-
G. TOTAL EQUITY AND LIABILITIES (0401+0415+0429+0430+0431-0455)	0456		14,108,802	14,058,637
H. OFF-BALANCE SHEET LIABILITIES	0457		55,127	55,127

Tiziano Giovanni
Director

28 April 2023



The accompanying notes are an integral part of these Consolidated Financial Statements.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

In RSD thousand

POSITION	AOP	Note	Year ended 31 December	
			2022	2021
A. OPERATING REVENUES (1002 + 1005+1008+1009-1010+1011+1012)	1001		2,172,310	2,480,896
I. REVENUES OF SOLD GOODS (1003 + 1004)	1002		-	-
1. Income from the sale of goods - domestic market	1003		.	.
2. Income from the sale of goods - foreign market	1004		.	.
II. REVENUES OF SOLD PRODUCTS AND SERVICES (1006+1007)	1005		2,172,310	2,480,896
1. Income from the sale of products and services - domestic market	1006	21	2,172,310	2,480,896
2. Income from the sale of products and services - foreign market	1007		.	.
III. INCOME FROM THE OWN USE OF PRODUCTS, SERVICES AND MERCHANDISE	1008		-	-
IV. INCREASE OF STOCK VALUE FOR WORK IN PROGRESS AND FINISHED GOODS	1009		-	-
V. DECREASE OF STOCK VALUE FOR WORK IN PROGRESS AND FINISHED GOODS	1010		-	-
VI. OTHER OPERATING INCOME	1011		-	178,138
VII. INCOME FROM ASSETS ADJUSTMENTS (EXCEPT FINANCIAL)	1012		-	-
B. OPERATING EXPENSES (1014+1015+1016+1020+1021+1022+1023+1024)	1013		1,207,992	1,240,567
I. COST OF GOODS SOLD	1014		-	-
II. COST OF MATERIALS, FUEL AND ENERGY	1015		14,456	13,932
III. COST OF SALARIES, WAGES AND OTHER PERSONNEL EXPENSES (1017+1018+1019)	1016	22	34,990	34,240
1. Cost of salary and compensation of salary (gross employee)	1017		18,519	18,546
2. Costs of taxes and contributions on salaries and compensation of salaries (employer)	1018		9,965	10,461
3. Other personal expenses and remunerations	1019		6,506	5,233
IV. DEPRECIATION EXPENSES	1020	23	611,332	593,038
V. EXPENSES FROM ASSETS ADJUSTMENTS (EXCEPT FINANCIAL)	1021	23	63,082	113,633
VIII. COSTS OF PRODUCTION SERVICES	1022	24	197,021	191,041
X. COSTS OF LONG-TERM PROVISIONS	1023		-	1,284
XI. INTANGIBLE EXPENSES	1024	25	287,111	293,399
C. OPERATING PROFIT (1001 - 1013) ≥ 0	1025		964,318	1,240,329
D. OPERATING LOSS (1013 - 1001) ≥ 0	1026		-	-
E. FINANCIAL REVENUE (1028+1029+1030+1031)	1027		49,380	406,845
I. FINANCIAL INCOME INCURRED WITH PARENT COMPANIES, SUBSIDIARIES AND OTHER RELATED PARTIES	1028	26	654	20
II. INCOME FROM INTEREST	1029	26	3,405	406,225
III. FX GAINS AND POSITIVE EFFECTS OF CURRENCY CLAUSE	1030	28	45,321	600
IV. OTHER FINANCIAL INCOME	1031		-	-

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

In RSD thousand

POSITION	AOP	Note	Year ended 31 December	
			2022	2021
F. FINANCIAL EXPENSES (1033+1034+1035+1036)	1032		521,472	739,846
I. FINANCIAL EXPENSES INCURRED WITH PARENT COMPANIES, SUBSIDIARIES AND OTHER RELATED PARTIES	1033	27	81,466	73,511
II. COSTS OF INTEREST	1034	27	364,028	565,643
III. FX LOSSES AND NEGATIVE EFFECTS OF CURRENCY CLAUSE	1035	27	32,592	2,034
IV. OTHER FINANCIAL COSTS	1036	27	43,386	98,657
G. PROFIT FROM FINANCING (1027 - 1032) ≥ 0	1037		-	-
H. LOSS FROM FINANCING (1032 - 1027) ≥ 0	1038		472,092	333,000
I. INCOME FROM VALUATION ADJUSTMENT OF FINANCIAL ASSETS CARRIED AT FAIR VALUE THROUGH P&L	1039		-	-
J. COSTS FROM VALUATION ADJUSTMENT OF FINANCIAL ASSETS CARRIED AT FAIR VALUE THROUGH P&L	1040	28	3,875	-
K. OTHER INCOME	1041		430,416	179,845
L. OTHER COSTS	1042		74,633	19,513
M. TOTAL INCOME (1001+1027+1039+1041)	1043		2,652,106	3,067,586
N. TOTAL COSTS (1013+1032+1040+1042)	1044		1,807,972	1,999,925
O. OPERATING PROFIT BEFORE TAX (1043-1044) ≥ 0	1045		844,134	1,067,661
P. OPERATING LOSS BEFORE TAX (11044-1043) ≥ 0	1046		-	-
Q. NET PROFIT FROM DISCONTINUED OPERATIONS, THE EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS FROM PREVIOUS PERIOD	1047		-	-
R. NET LOSS FROM DISCONTINUED OPERATIONS, LOSS CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS FROM PREVIOUS PERIOD	1048		-	-
S. PROFIT BEFORE TAX (1045-1046+1047-1048) ≥ 0	1049		844,134	1,067,661
T. LOSS BEFORE TAX (1046-1045+1048-1047) ≥ 0	1050		-	-
U. INCOME TAXES				
I. TAX EXPENSES FROM THE PERIOD	1051	29	169,061	100,219
II. DEFERRED TAX EXPENSE	1052	29	-	56,699
III. DEFERRED TAX INCOME	1053	29	21,125	-
V. EARNINGS OF EMPLOYER	1054		-	-
W. NET PROFIT (1049-1050-1051-1052+1053-1054) ≥ 0	1055		696,198	910,743
X. NET LOSS (1050-1049+1051+1052-1053+1054) ≥ 0	1056		-	-
I. NET PROFIT BELONGING TO PARTICIPATION WITHOUT CONTROLLING RIGHTS	1057		341,253	448,110
II. NET PROFIT BELONGING TO PARENT COMPANY	1058		354,945	462,633
III. NET LOSS BELONGING TO PARTICIPATION WITHOUT CONTROLLING RIGHTS	1059		-	-
IV. NET LOSS BELONGING TO PARENT COMPANY	1060		-	-
V. EARNINGS PER SHARE				
1. Basic earning per share	1061	30	13.39	17.45
2. Reduced (diluted) earnings per share	1062	30	13.39	17.45



CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

In RSD
thousand

POSITION	AOP	Note	Year ended 31 December	
			2022	2021
A. NET PROFIT/(LOSS)				
I. PROFIT, NET (AOP 1055)	2001		696,198	910,743
II. LOSS, NET (AOP 1056)	2002			
B. OTHER COMPREHENSIVE PROFIT OR LOSS				
a) Items that will not be reclassified to profit or loss				
1. Changes in the revaluation of intangible assets, property, plant and equipment				
a) increase in revaluation reserves	2003			
b) decrease in revaluation reserves	2004			
2. Actuarial gains (losses) of post employment benefit obligations				
a) gains	2005			
b) losses	2006		25	30
4. Gains or losses arising from a share in the associate's other comprehensive profit or loss				
a) gains	2007		8,777	
b) losses	2008			
b) Items that may be subsequently reclassified to profit or loss				
1. Gains or losses on investments in equity instruments				
a) gains	2009			
b) losses	2010			
1. Gains or losses on the translation of financial statements of foreign operations				
a) gains	2011			
b) losses	2012			
2. Gains or losses on hedging instruments of net investments in foreign operations				
a) gains	2013			
b) losses	2014			
3. Gains and losses on cash flow hedges				
a) gains	2015			238,320
b) losses	2016		161,096	
4. Gains or losses on securities that are measured at fair value through other comprehensive income				
a) gains	2017			
b) losses	2018			
I. OTHER COMPREHENSIVE PROFIT BEFORE TAX (2003 + 2005 + 2007 + 2009 + 2011 + 2013 + 2015 + 2017) - (2004 + 2006 + 2008 + 2010 + 2012 + 2014 + 2016 + 2018) ≥ 0	2019			238,290
II. OTHER COMPREHENSIVE LOSS BEFORE TAX (2004 + 2006 + 2008 + 2010 + 2012 + 2014 + 2016 + 2018) - (2003 + 2005 + 2007 + 2009 + 2011 + 2013 + 2015 + 2017) ≥ 0	2020		152,344	
III. DEFERRED TAX EXPENSES FOR OTHER COMPREHENSIVE PROFIT OR LOSS FOR THE PERIOD	2021			35,748
IV. DEFERRED TAX REVENUE ON OTHER COMPREHENSIVE PROFIT OR LOSS FOR THE PERIOD	2022			
IV. TOTAL NET COMPREHENSIVE PROFIT (2019 - 2020 - 2021+2022) ≥ 0	2023			202,542
V. TOTAL NET COMPREHENSIVE LOSS (2020 - 2019 + 2021-2022) ≥ 0	2024		152,344	
C. TOTAL NET COMPREHENSIVE PROFIT				
I. TOTAL COMPREHENSIVE PROFIT, NET (2001 - 2002 + 2023 - 2024) ≥ 0	2025		543,854	1,113,285
II. TOTAL COMPREHENSIVE LOSS, NET (2002 - 2001 + 2024 - 2023) ≥ 0	2026			
D. TOTAL NET COMPREHENSIVE PROFIT / (LOSS) (2028 + 2029) = AOP 2025 ≥ 0 or AOP 2026 > 0	2027		543,854	
1. Attributable to shareholders	2028		27,679	572,006
2. Attributable to non-controlling interest	2029		271,175	541,279



CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CASH FLOWS

In RSD thousand

POSITION	AOP	Year ended 31 December	
		2022	2021
A. CASH FLOWS FROM OPERATING ACTIVITIES			
I. Cash inflow from operating activities (1-4)	3001	2,064,794	2,446,170
1. Sales and advances received in the country	3002	1,936,730	2,403,308
2. Sales and advances received abroad	3003	-	-
3. Interest from operating activities	3004	-	-
4. Other inflow from operating activities	3005	128,064	42,863
II. Cash outflow from operating activities (1-8)	3006	794,643	1,004,032
1. Payments and prepayments to suppliers in the country	3007	241,744	336,154
2. Payments and prepayments to suppliers abroad	3008	-	-
3. Salaries, benefits and other personal expenses	3009	34,990	35,524
4. Interest paid in the country	3010	360,283	600,987
5. Interest paid abroad	3011	-	-
6. Income tax paid	3012	157,626	31,367
7. Payments for other public revenues	3013	-	-
8. Other outflows from operating activities	3014	-	-
III. Net cash inflow from operating activities (I - II)	3015	1,270,151	1,442,139
IV. Net cash outflow from operating activities (II - I)	3016	-	-
B. CASH FLOWS FROM INVESTING ACTIVITIES			
I. Cash flows from investing activities (1-5)	3017	-	-
1. Sale of shares	3018	-	-
2. Proceeds from sale of intangible assets, property, plant and equipment and biological assets	3019	-	-
3. Other financial investments	3020	-	-
4. Interest from investing activities	3021	-	-
5. Dividend received	3022	-	-
II. Cash outflow from investing activities (1-3)	3023	657,102	964,471
1. Acquisition of subsidiaries or other business	3024	390	-
2. Purchase of intangible assets, property, plant and equipment and biological assets	3025	569,675	560,158
3. Other financial investments	3026	87,037	404,313
III. Net cash inflow from investing activities (I - II)	3027	-	-
IV. Net cash outflow from investing activities (II - I)	3028	657,102	964,471

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

In RSD thousand

POSITION	AOP	Year ended 31 December	
		2022	2021
C. CASH FLOWS FROM FINANCING ACTIVITIES			
I. Cash inflow from financing activities (1-7)	3029-	0	1,400,338
1. Increase in share capital	3030	-	
2. Long-term borrowings in the country	3031-	0	552,619
3. Long-term borrowings abroad	3032		847,719
4. Short-term borrowings in the country	3033	-	
5. Short-term borrowings abroad	3034	-	
6. Other long-term liabilities	3035	-	
7. Other short-term liabilities	3036	-	
II. Cash outflow from financing activities (1-8)	3037	934,869	1,662,067
1. Purchase of own shares	3038		
2. Long-term borrowings in the country	3039	891,071	1,617,444
3. Long-term borrowings in abroad	3040	-	
4. Short-term borrowings in the country	3041	-	
5. Short-term borrowings country abroad	3042	-	
6. Other liabilities	3043	-	
7. Financial lease	3044	-	
8. Dividend distribution	3045	43,798	44,623
III. Net cash inflow from financing activities (I - II)	3046	-	-
IV. Net cash outflow from financing activities (II - I)	3047	934,869	261,729
D. TOTAL CASH INFLOW (3001 + 3017 + 3029)	3048	2,064,794	3,846,509
E. TOTAL CASH OUTFLOW (3006 + 3023 + 3037)	3049	2,386,614	3,630,570
F. NET CASH INFLOW (3048 - 3049) ≥ 0	3050	-	215,939
G. NET CASH OUTFLOW (3049 - 3048) ≥ 0	3051	321,820	-
H. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	3052	525,003	309,064
I. CURRENCY TRANSLATION GAINS ON CASH AND CASH EQUIVALENTS	3053	-	-
J. CURRENCY TRANSLATION LOSSES ON CASH AND CASH EQUIVALENTS	3054	-	-
K. CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (3050-3051+3052+3053-3054)	3055	203,183	525,003



CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY In RSD thousand

Position Description	AOP	Share capital	AOP	Other share capital	AOP	Subscribed but unpaid capital	AOP	Share premium and reserves
1 Balance as at 01.01.2021	4001	4,057	4010		4019		4028	681,237
2 Adjustments of material errors and changes in accounting policies	4002		4011		4020		4029	
3 Restated opening balance as at 01.01. 2021 (1+2)	4003	4,057	4012		4021		4030	681,237
4 Net changes in 2021	4004		4013		4022		4031	
5 Balance as at 31.12.2021 (3+4)	4005	4,057	4014		4023		4032	681,237
6 Adjustments of material errors and changes in accounting policies	4006		4015		4024		4033	
7 Restated opening balance as at 01.01.2022 (5+6)	4007	4,057	4016		4025		4034	681,237
8 Net changes in 2022	4008		4017		4026		4035	
9 Balance as at 31.12.2022 (7+8)	4009	4,057	4018		4027		4036	681,237

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

In RSD thousand

Position Description	AOP	Cash flow hedge gain/(loss)	AOP	Retained earnings	AOP	Loss	AOP	Non-controlling interest	AOP	Total	AOP	LOSS EXCEEDING EQUITY
1 Balance as at 01.01.2021	4037	(306,611)	4046	30,815	4055	23,060	4064	4073	4073	386,438	4082	
2 Adjustments of material errors and changes in accounting policies	4038		4047		4056		4065	4074	4074		4083	
3 Restated opening balance as at 01.01.2021 (1+2)	4039	(306,611)	4048	30,815	4057	23,060	4066	4075	4075	386,438	4084	
4 Net changes in 2021	4040	166,890	4049	439,570	4058	(23,060)	4067	439,142	4076		4085	
5 Balance as at 31.12.2021 (3+4)	4041	(139,721)	4050	470,385	4059		4068	439,142	4077	1,455,100	4086	
6 Adjustments of material errors and changes in accounting policies	4042		4051		4060		4069	4078	4078		4087	
7 Restated opening balance as at 01.01. 2022 (5+6)	4043	(139,721)	4052	470,385	4061		4070	439,142	4079	1,455,100	4088	
8 Net changes in 2022	4044	(74,452)	4053	354,891	4062		4071	234,523	4080		4089	
9 Balance as at 31.12.2022 (7+8)	4045	(214,173)	4054	825,276	4063	-	4072	673,665	4081	1,970,062	4090	



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EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(All amounts are in 000 RSD, unless otherwise stated)

1. General information

Fintel Energija A.D., Beograd (hereinafter the “**Company**” or “**Fintel Energija**”) and subsidiaries (together, “**Fintel Group**” or the “**Group**”) is the leading independent renewable energy producer in Serbia. The Company and the Group acted as the pioneer in the Serbian wind business being the first ever to install and operate wind farms in the country. The Group sells its power output through offtake arrangements (Power Purchase Agreement or the “PPA”) to JP Elektroprivreda Srbije (“EPS”) and does not supply electricity directly to the retail customers.

The Company was incorporated as a closed joint stock company on 27 June 2007, under the business name PRIVREDNO DRUŠTVO ZA PROIZVODNJU ELEKTRIČNE ENERGIJE FINTEL ENERGIJA AD BEOGRAD, by foreign legal entity FINTEL ENERGIJA GROUP S.P.A, Italy registration number 02658620402, (hereinafter the “**Principal Shareholder**”). Fintel Energia Group S.p.A. is 86,22% owned by Hopafi Srl, (the “**Ultimate Parent**”).

Fintel Energia's registered office is located at Masarikova 5, Beograd, Serbia.

At 31 December 2022, the Company's fully subscribed and paid up share capital amounted to RSD 4,057 thousand, consisting of 26,510,506 ordinary shares of RSD 0.153 each.

The company's shares are traded on the organized market – Belgrade Stock Exchange since November 2018. The symbol of the shares is FINT, and ISIN number is RSFINEE60549. The market capitalization of the Company as at 31 December 2022 is RSD 17,231,828 thousand (unit price per share of RSD 650).

Fintel Energia Group SpA, the Principal Shareholder, is a joint stock company under Italian law. It constitutes a vertical operator in the integrated energy supply chain, which engages in the sale of electricity and natural gas in Italy and in the development and exploitation of renewable energy power plants (photovoltaic, wind and mini wind) in Italy and Serbia.

These consolidated financial statements for the year ended 31 December 2022 have been prepared by the Group's Director, who approved them on the 28 April 2023. The approved financial statements may be amended based on the auditor's opinion, in accordance with legislation.

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2. Summary of accounting policies and standards adopted

2.1 Basis of presentation

The basic accounting policies applied in the preparation of these financial statements are presented below. These policies have been consistently applied to all years presented, unless otherwise indicated.

The Group has prepared these consolidated financial statements in accordance the Law on Accounting of the Republic of Serbia (the "Law"), as well as other regulations issued by the Ministry of Finance of the Republic of Serbia. The regulations of the Republic of Serbia that apply to the Group's consolidated financial statements as of and for the year ended December 31, 2022 deviate from IFRS and IAS in the following aspects of financial reporting:

1. The Group has prepared these consolidated financial statements in accordance with the requirements of the Rulebook on the accounting framework and the content of accounts in the accounting framework for economic companies, cooperatives and entrepreneurs (Official Gazette of the Republic of Serbia No. 89/2020) and the format prescribed by the Rulebook on the content and form of financial forms of the report and the content and form of the statistical report form for economic companies, cooperatives and entrepreneurs ("Official Gazette of the RS", No. 89/2020), which deviates from the format defined in IAS 1 (revised) - "Presentation of financial statements" and IAS 7 - "Statement of Cash Flows".
2. Decision of the Ministry of Finance of the Republic of Serbia no. 401-00-4980 / 2019-16 of 21st November 2019 (Official Gazette of the Republic of Serbia No. 92/2019) stipulate that official standards are consist of: official translations of International Financial Reporting Standards which include the Conceptual Framework for Financial Reporting, the basic texts of International Accounting standards (IAS), basic texts of IFRS issued by the International Accounting Standards Board, as well as interpretations issued by the Accounting Standards Interpretation Committee in the form in which they were issued or adopted and which do not include basis for conclusions, illustrative examples, guidelines, comments, dissenting opinions, elaborated examples and other additional explanatory material that can be adopted in connection with standards, interpretations, unless it is explicitly stated that it is an integral part of the standard or interpretation.
3. Decision of the Ministry of Finance of the Republic of Serbia no. 401-00-4351/2020-16 of September 10, 2020 (Official Gazette of the Republic of Serbia No. 123/20 125/20) of the new translated standards were published IFRS 16: Leasing and interpretation of IFRIC 23 - Uncertainty regarding the treatment profit tax. These translations begin to be applied for financial statements prepared on December 31, 2021, with the possibility of application when preparing financial statements on December 31, 2020.

According to the above, and bearing in mind the potential material effects that the deviation of the accounting regulations of the Republic of Serbia from IFRSs and IASs can have on the reality and objectivity of the Group's consolidated financial statements, the accompanying consolidated financial statements cannot be considered as financial statements prepared in accordance with IFRS and IAS.

The preparation of financial statements in conformity with Law on Accounting of the Republic of Serbia requires the use of certain critical accounting estimates. It also requires management to exercise its

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judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

2.2 Going concern

The Group meets its day-to-day working capital requirements through its bank facilities. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities. Bearing in mind the foregoing, management considers that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group does not expect difficulties in collecting receivables and believes that liquidity will be stable in the future, due to the strong support of foreign partners (Group owners). The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements. Further information on the Group's borrowings is given in Note 18.

2.3 Scope of consolidation

These consolidated financial statements include the financial statements for the year ended 31 December 2022 of the Fintel Energija and the financial statements for the year ended 31 December 2022 of its subsidiaries, as approved by the sole Director. These financial statements have been appropriately adjusted, where necessary, in order to bring them into line with Law on Accounting of the Republic of Serbia. The companies included in the scope of consolidation are listed below:

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Name	Share Capital (RSD '000)	Head office	31/12/2021 % held	31/12/2020 % held	
Fintel Energija ad	4,057	Belgrade (Serbia)	Parent Company		
MK-Fintel Wind ad	29,647	Belgrade (Serbia)	54%	54%	Direct
MK-Fintel Wind Holding doo	10	Belgrade (Serbia)	54%	54%	Direct
Energobalkan doo	360,513	Belgrade (Serbia)	54%	54%	Indirect
Vetropark Ram doo	10	Belgrade (Serbia)	54%	54%	Indirect
Vetropark Kula doo	314,032	Belgrade (Serbia)	54%	54%	Indirect
Vetropark Torak doo	240	Belgrade (Serbia)	54%	54%	Indirect
Fintel Energija Dev. doo	0	Belgrade (Serbia)	100%	100%	Direct
MK-Fintel Wind Dev. doo	0	Belgrade (Serbia)	54%	54%	Indirect
Vetropark Lipar doo	0	Belgrade (Serbia)	100%	100%	Direct
Vetropark Lipar 2 doo	0	Belgrade (Serbia)	100%	100%	Direct
Vetropark Project Torak doo	0	Belgrade (Serbia)	100%	100%	Indirect
Vetropark Maestralske Ring	0	Belgrade (Serbia)	100%	100%	Indirect
Agrosolar Doo	0	Belgrade (Serbia)	100%	100%	Indirect
Fintel Energija Dev. Ltd	118	Nicosia (Cyprus)	100%	100%	Direct
Vetropark Torak Ltd	118	Nicosia (Cyprus)	100%	100%	Indirect
Vetropark Ring Ltd	118	Nicosia (Cyprus)	100%	100%	Indirect
Staklenik Jedan d.o.o.	100	Beograd (Srbija)	100%	100%	Indirect
Staklenik Dva d.o.o.	100	Beograd (Srbija)	100%	100%	Indirect
Staklenik Tri d.o.o.	100	Beograd (Srbija)	100%	100%	Indirect
Staklenik Četiri d.o.o.	100	Beograd (Srbija)	100%	100%	Indirect
Staklenik Pet d.o.o.	100	Beograd (Srbija)	100%	100%	Indirect
Kula Solar Ltd	118	Nicosia (Cyprus)	100%	100%	Indirect

During 2022, 5 new Companies have been established in Serbia. On April 11, 2022, Fintel Energija Development Ltd sold its shares in VP Ring Ltd and Kula Solar Ltd to Fintel Energia Group S.P.A.

The shares of Fintel Energija ad (number of pledged shares 25,000,000) have been pledged in favour of AIK Bank ad and in accordance with the Long-term Loan Agreement signed on July 26, 2017.

The shares of MK-Fintel Wind ad have been pledged in favour of UniCredit Bank Serbia a.d., Begrade, and in accordance with the Long-term Loan Agreement signed on February 27, 2018 with Erste Group Bank AG, Erste Banka a.d., Novi Sad, UniCredit Bank Serbia a.d., Begrade, Zagrebačka Banka dd, Zagreb and Banka Intesa a.d. Begrade.

(All amounts are in 000 RSD, unless otherwise stated)

2.4 Principles and methods of consolidation

Subsidiaries

Subsidiaries are deemed to be all businesses and entities for which the Group:

- Has power thereover, i.e. the Group has the ability to direct the relevant activities that significantly affect the Group's returns;
- Is exposed to variable returns from its involvement therewith;
- Exercises its power to obtain benefits from the activities thereof.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group until the date that control ceases.

The consolidation procedures applied are as stated below.

Assets and liabilities, income and expenses and other components of comprehensive income of the fully consolidated entity are included in the consolidated financial statements on a line-by-line basis; the carrying amount of the investment is eliminated against the corresponding portion of equity of each subsidiary.

Unrealised gains on transactions between consolidated entities are eliminated, as well as receivables, payables, income and expenses, guarantees, commitments and risks relating to transactions between consolidated entities. Intercompany losses are not eliminated as they are deemed to provide evidence of an impairment of the asset transferred.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated balance sheet respectively.

Business combinations between entities that are not under common control, whereby the Group obtains control of an entity, are accounted for using the acquisition method. The consideration transferred comprises the acquisition-date fair values of the assets acquired, the liabilities assumed, equity interests issued and any other directly attributable acquisition-related costs. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The difference between the consideration transferred and the fair value of the assets acquired and liabilities and contingent liabilities assumed, if positive, is recorded as goodwill, or, if negative, after having confirmed the correct fair value measurement of the assets acquired and liabilities and contingent liabilities assumed and the consideration transferred, is recognised directly in profit or loss as income.

Non-controlling interests in businesses acquired are initially measured at the proportionate share of the fair value of the recognised amounts of the acquiree's assets, liabilities and contingent liabilities.

The acquisition of further equity interests in subsidiaries and the sale of equity interests that do not result in a loss of control are deemed to be transactions between equity owners; as such, the accounting impact of these transactions is recognised directly in equity attributable to the Group.

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The sale of controlling interests gives rise to the recognition in profit or loss of any gain (or loss) on disposal and of the accounting impact of the fair value measurement at the disposal date of any residual interest.

2.5 Foreign currency translation

Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured and presented in Serbian dinars ("RSD"). Dinar represents the official reporting currency in the Republic of Serbia.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of the transaction or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

2.6 Significant accounting policies

Property, plant and equipment

Property, plant and equipment is stated at purchase cost less depreciation and impairment. Cost includes all costs necessary to bring an asset to working condition for its intended use. This cost is increased by the present value of the estimated cost of site clearance when there is a legal or constructive obligation to decommission the asset. The corresponding liability is recognised in provisions for risks and charges. The accounting treatment of revised estimates of these costs, of the time value of money and of the discount rate are indicated in the point on provisions for risks and charges.

Borrowing costs directly attributable to the acquisition or construction of property, plant and equipment are included in the cost of the asset only if the asset in question is a qualifying asset, i.e. one that necessarily takes a substantial period of time to get ready for its intended use or sale.

Costs incurred on ordinary and/or cyclical repairs and maintenance are recognised directly in consolidated income statement. Costs incurred for the expansion, modernisation or improvement of structural elements owned by the Group or used by third parties are capitalised to the extent that they meet the requirements for recognition as a separate asset or as part of an asset.

Depreciation is calculated on a straight line basis using rates that allow assets to be depreciated over their estimated useful lives. When a depreciable asset is composed of separately identifiable elements, the useful life of which differs significantly from the other component parts of the asset, depreciation is computed separately for each of these parts in accordance with the "component approach".

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The useful life estimated by the Group for each category of property, plant and equipment is as follows:

	No. of years
Buildings	40
Equipment	3-20

The residual values of property, plant and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period. Depreciation begins when the assets are ready for their intended use as established by the directors (which coincides with the end of the test period).

Property, plant and equipment held under finance leases, whereby substantially all of the risks and benefits of ownership are transferred to the Group, are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, inclusive of the amount payable to exercise the purchase option. The corresponding lease obligation is recognised under financial liabilities. Assets held under finance leases are depreciated by applying the policy and rates previously indicated for property, plant and equipment, except where the lease term is shorter than an asset's useful life and there is no reasonable certainty that the Group will obtain ownership at the end of the lease term; in this case, the depreciation period coincides with the lease term. Any gain on sale of an asset arising from a sale and leaseback transaction is deferred and amortised over the lease term.

Leasing arrangements, whereby the lessor retains substantially all the risks and rewards incidental to ownership of an asset, are accounted for as operating leases. Costs relating to operating leases are recognised in consolidated income statement on a straight-line basis over the lease term.

Intangible assets

Intangible assets consist of non-monetary assets which are identifiable and without physical substance, which are controlled by the Group as a result of past events and from which future economic benefits are expected. Intangible assets meeting the relevant recognition criteria are initially measured at purchase or production cost, inclusive of directly attributable costs necessary to prepare the asset for its intended use, less amortisation and impairment.

Borrowing costs directly attributable to the acquisition or production of intangible assets are included in the cost of the asset only if the asset in question is a qualifying asset, i.e. one that necessarily takes a substantial period of time to get ready for its intended use or sale.

Amortisation begins when assets are ready for their intended use and is charged over their estimated useful lives.

The useful life estimated by the Group for each category of intangible assets is as follows:

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	No. of years
Other intangibles	Term of the right

There are no intangible assets with an indefinite useful life.

Impairment of property, plant and equipment and intangible assets

At the end of each reporting period, right-of-use assets, property, plant and equipment and intangible assets not fully depreciated/amortised are tested for indicators of impairment. If any such indicators are identified, an estimate is computed of the recoverable amount of the asset and any write-down of the carrying amount is recognised in profit or loss. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use, which is the present value of the future cash flows expected to be derived from an asset. For assets that do not generate sufficiently independent cash flows, the recoverable amount is determined with reference to the cash-generating unit to which the assets belong. In determining value in use, expected future cash flows are discounted using a discount rate which reflects current market assessments of the time value of money and the risks specific to the business. An impairment loss is recognised in profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. When it is no longer necessary to maintain an impairment, the carrying value of the asset is increased to the new value deriving from the estimate of its recoverable value, but not exceeding the net book value that the asset would have had if it had not been written down for impairment.

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Other current and non-current assets, trade receivables and other receivables

On initial recognition, financial assets are measured at fair value and are classified in one of the following categories based on their nature and the purpose for which the investments were acquired:

- held-to-maturity investments;
- loans and receivables;
- available-for-sale financial assets; and
- financial assets at fair value through profit or loss.

Purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the assets have expired and the Group that held them has transferred substantially all the risks and rewards of ownership. The only case applicable to the Group, except for financial derivatives as detailed below, is loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which mainly relate to receivables due from customers or Group companies. Loans and receivables are classified in the statement of financial position as trade receivables and other receivables. These assets are measured at amortised cost, using the effective interest rate, less impairment. Impairment losses on receivables are recognised if there is objective evidence that the Group will not be able to recover the receivable due from the counterparty in accordance with contractual terms. Objective evidence that a financial asset or group of financial assets is impaired includes observable data that comes to the attention of the Group companies regarding the following loss events:

- significant financial difficulties on the part of the issuer or borrower;
- the existence of ongoing legal disputes with the debtor relating to a receivable;
- reasonable likelihood that the beneficiary will declare bankruptcy or other debt restructuring or insolvency procedures.

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The amount of the loss is recognised in consolidated income statement as "Allocations to provisions and impairment".

Receivables are stated in the consolidated financial statements net of the provision for doubtful debts.

Cash and cash equivalents

These include cash on hand, deposits held at call with banks or other financial institutions for current operations, post office current accounts and other cash equivalents, as well as investments with original maturities of three months or less. The components of cash and cash equivalents are measured at fair value and changes therein are recognised in consolidated income statement.

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Off balance sheet assets/liabilities

Those include: assets held under leases, other than financial leases, consignment stock, material received from third parties for further processing and other assets not owned by the Group, as well as receivables/payables relating to collaterals received/given such as guarantees and other warrants.

Trade payables, financial and other payables

Trade payables, financial and other payables are recognised initially at their fair value, net of directly attributable ancillary costs, and subsequently measured at amortised cost using the effective interest method. If there is a change in estimated cash flow that can be reliably measured, the carrying amount of the liability is re-measured to reflect the change, based on the present value of the new estimated cash flow and on the initially determined internal rate. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Borrowings are recognised on the trade date of the related transactions and are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired and when the Group that had contracted the debt has transferred all of the risks and obligations related thereto.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation. The amount recognised represents the best estimate of the expenditure required to settle the obligation. When the time value of money is significant and the settlement date of the obligations can be reliably estimated, the provisions are measured at the present value of the expected disbursement using a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

If the liability relates to decommissioning and/or restoration of assets, the provision is recognised as an opposite entry to the asset to which it relates and the cost is recognised in consolidated income statements via the depreciation of the asset to which the cost relates.

Changes in accounting estimates are reflected in the consolidated income statement in the year in which the change takes place, except for changes in expected decommissioning and clearance costs due to changes in timing and the use of economic resources necessary to discharge the obligation or resulting from a change in the discount rate.

Such changes are added to or deducted from the carrying amount of the assets to which they relate and are recognised as depreciation charges in consolidated income statement. If changes are added to an asset's carrying amount, an assessment is made as to whether the new carrying amount is likely to be fully recovered; if not, the carrying amount of the asset is reduced to take account of the unrecoverable amount and the loss arising from the reduction is recognised in consolidated income statement.

If changes are deducted from an asset's carrying amount, the decrease is recognised as an opposite entry

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to the asset up to the amount of its carrying amount; any excess is recognised immediately in consolidated income statement.

As regards estimation criteria adopted for the determination of the asset decommissioning and restoration provision, reference should be made to the paragraph on use of estimates.

Risks that could give rise to a probable liability are disclosed in the section on commitments and risks, but are not provided for.

A contingent liability that was separately recognised in the initial accounting for a business combination as a liability, is measured at the higher of the amount the liability would be recognised by applying the above policy for provisions for risks and charges and the present value of the initially determined liability.

Derivative financial instruments

The Group holds derivatives to hedge its exposure to the risk of fluctuations in interest rates.

Transactions, which, in accordance with risk management policies, meet the hedge accounting requirements of International Financial Reporting Standards are designated as hedging relationships (accounted for as indicated below), whereas those entered into with the intention of hedging, but which do not meet the hedge accounting requirements of International Financial Reporting Standards are classified as trading transactions. In this case, changes in fair value of derivatives are recognised in profit or loss in the period in which they arise. Fair value is determined by reference to an active market.

For accounting purposes, hedging transactions are classified as fair value hedges if they have been entered into to hedge the exposure to changes in the market value of the underlying assets or liabilities; or as cash flow hedges if they have been entered into to hedge the exposure to variability in cash flows arising from an existing asset or liability or a highly probable forecast transaction.

For derivatives classified as fair value hedges, which meet hedge accounting requirements, gains and losses arising from their measurement at market value are recognised in profit or loss. Gains and losses arising from the fair value measurement of the underlying hedged items are also recognised in profit or loss.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in the equity reserve "cash flow hedging reserve". This reserve is subsequently reclassified to profit or loss in the periods when the hedged item affects profit or loss. The change in fair value attributable to the ineffective portion is recognised immediately in profit or loss. If the derivative instrument is sold and, accordingly, it no longer qualifies as an effective hedge of the exposure for which the transaction had been entered into, the portion of the "cash flow hedging reserve" relating thereto remains there until the underlying transaction affects profit or loss. When an envisaged transaction is no longer deemed probable, the corresponding portion of the cash flow hedging reserve is immediately reclassified to profit or loss.

Embedded derivatives present in financial assets/liabilities are separated and independently measured at fair value, except for cases whereby the strike price of the derivative at the date it was entered into

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approximates the amount determined by the measurement of the asset/liability in question at amortised cost. In this case, the measurement of the embedded derivative is absorbed by that of the financial asset/liability.

Revenue

The Group analyses contracts with customers to identify the underlying obligations. If a contract includes multiple goods or services, the Group assesses whether these components should be recognised separately in accordance with IFRS 15. Taking account of the characteristics of the contracts entered into by the Group companies, no contracts with multiple obligations have been identified.

The Group assesses each performance obligation contained in the contracts to determine whether it meets the criteria for the recognition of revenue over time in accordance with IFRS 15; contract revenue is recognised by reference to the stage of completion of the contract activity at the end of the reporting period under the percentage of completion method. Percentage of completion is determined by use of the cost-to-cost method, by applying to revenue the percentage of completion computed as the ratio of costs incurred to the estimated total cost required to complete the project.

Otherwise, revenue is recognised when the customer obtains control of an asset or service.

Revenue is measured at the fair value of the consideration received or receivable and relates to the sale of goods and the rendering of services that constitute the Group's core business. Revenue is recorded net of returns, discounts, rebates and allowances and excluding value added tax.

Revenue is recognised to the extent that it can be reliably measured and it is probable that future economic benefits will flow to the Group companies.

Revenue arising from the sale of goods and finished products is recognised in profit or loss upon transfer to the customer of control relating to the product sold, which normally coincides with the shipment of the goods to the customer and their acceptance thereby.

Revenue arising from the rendering of services is recognised upon the transfer of control arising from completion of the service rendered.

Revenue only includes economic benefits received or receivable flowing to Group companies in their own name and on their own behalf. Consequently, consideration received on behalf of third parties is excluded from revenue.

a) Revenue from the sale of electricity

Revenue from the sale of electricity mainly relates to the Feed in Tariff ("FiT") received for energy produced in the period, even though not yet billed, and has been determined by including data recorded on the basis of measurement received by EPS (the Serbian State Owned electricity supplier).

The FiT Mechanism is a system whereby a generator which has achieved the Privileged Power Producer Status or PPP, such as the Group, using Specified Renewable Technologies (Wind, Solar, Hydro, Biomass, Biogas) is eligible to receive a Feed In Tariff paid for generating power under a bi-lateral agreement (PPA

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or Power Purchase Agreement). The Serbian State Owned electricity supplier EPS is obliged to buy all power produced, metered and injected into the grid from renewable energy sources produced by PPPs such as the Group, for the duration of the FiT Mechanism (12 Years since the obtaining of the status of privileged electricity supplier).

b) Other revenue

Revenue from the sale of goods other than FiT and from other services rendered is recognised when the customer obtains control of an asset or service, which generally coincides with the time of shipment or completion of the service.

c) Government grants

Government grants are recognised where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants are recognised in profit or loss over the period in which the related costs are recognised.

The benefit of a government loan at below market rate of interest is treated as a government grant. The benefit is determined at the start of the loan as the difference between the initial carrying amount of the loan (fair value plus directly attributable loan arrangement costs) and proceeds received and is subsequently recognised in profit or loss in accordance with the rules applicable to the recognition of government grants.

Cost recognition

Costs are recognised when they relate to goods and services purchased or consumed in the period or by systematic allocation.

Finance income and costs

Finance income and costs are recognised on an accrual basis that takes account of the effective return/charge on related assets/liabilities.

Finance costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the asset, commencing from the date on which the Group companies start incurring the finance costs until the date on which the asset financed is ready for use.

Income tax

The tax expense for the year comprises current and deferred tax. Tax is recognized in the consolidated income statement, except to the extent that it relates to items recognized directly in equity, in which case deferred tax liability is also recognized in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in Serbia, where the Group operates and generates taxable profit. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Related-party transactions

Related party transactions are conducted at arm's length, based on efficiency and cost-effectiveness criteria.

Dividends

Dividends to be distributed to the shareholders of the Parent Company are recognised as a liability in the consolidated financial statements in the period in which the distribution has been approved by the shareholders.

Earnings per share

The Group calculates and discloses the basic earnings per share. Basic earnings per share is calculated by dividing the net income that belongs to shareholders, the owners of ordinary shares of the Group, by the weighted average number of ordinary shares issued during the period.

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3. Estimates and assumptions

The preparation of the consolidated financial statements requires the directors to apply accounting policies and methods, which, in certain circumstances, are based on assessments and estimates and which may also be based on past experience and on assumptions that are deemed to be reasonable and realistic. The use of such estimates and assumptions has an impact on the consolidated financial statements, including the consolidated balance sheet, the consolidated income statement, the consolidated statement of comprehensive income and the consolidated statement of cash flows, as well as on related disclosures. The actual amounts of financial statement components for which the aforementioned estimates and assumptions have been used may differ from the amounts reported in the consolidated financial statements that recognise the occurrence of the event linked to the estimate, because of the uncertainty of the assumptions and the conditions on which the estimates have been based.

A brief description is provided below of the key accounting estimation, used in the preparation of consolidated financial statements

Impairment of assets

Property, plant and equipment and intangible assets with a finite useful life are tested for impairment when impairment indicators exist, which is recognised by a write-down when there are indicators that suggest it may be difficult to recover the related net carrying amount. The verification of the existence of the aforementioned indicators requires subjective assessments to be made by directors, based on information available within the Group companies, on information sourced from the market and on past experience. Moreover, if it has been established that there may be a case of potential impairment, Group management proceeds with the determination thereof by means of the use of appropriate valuation techniques. The correct identification of indicators of the existence of potential impairment, as well as the computation of estimates for the determination thereof depend on factors that may change over time and which may affect the assessments and estimates made by the directors.

Based on assessments made by Fintel Group Directors, there are no indicators of impairment of assets with a finite useful life.

Deferred tax assets

Deferred tax assets are recognised based on forecast future taxable income. The determination of forecast future taxable income for the purpose of the recognition of deferred tax assets depends on factors that may change over time and may significantly affect the recoverability of deferred tax assets.

Provisions

Other provisions for risks and charges relate mainly to probable liabilities for penalties and interest on overdue amounts payable to the tax authorities. Allocations to provisions are made based on a best estimate at the reporting date of costs likely to be incurred to settle the liability, after having sought legal opinion.

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4. Financial risk management

The coordination and monitoring of key financial risks is carried out by the central treasury department of the Principal Shareholder Company, which provides guidelines for the management of various types of risk and for the use of financial instruments. The main features of Fintel Group's risk management policy are:

- central determination of operational risk management guidelines concerning market, liquidity and cash flow risks;
- monitoring of results achieved;
- diversification of commitments/obligations and of the product portfolio.

Credit risk

Credit risk represents the exposure to potential losses arising from the failure by commercial and financial counterparties to fulfil their contractual obligations.

The Group's maximum exposure to credit risk at 31 December 2022 and 2021 is the carrying amount of each class of assets indicated in the following table:

	31 December 2022	31 December 2021
Trade receivables	376,952	209,684
Other receivables	222,907	195,587
Prepayments and accrued income	602,156	265,997
TOTAL	1,202,015	671,269

Trade receivables mainly refer to those from EPS for sale of electricity of Kosava wind farm produced in November.

Prepayments and accrued income mainly refer to receivables from EPS for electricity of all wind farms produced in December and to insurance proceeds, while other receivables relate to overpaid income taxes and revenue from insurance.

Those represent a low level of credit risk since most of the above mentioned receivables are towards the Serbian State, State owned company and related parties.

Based on the evaluation made by the sole Director, there is not any impairment for the above receivables.

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Liquidity risk

Liquidity risk is associated with the ability to meet the commitments arising from financial liabilities assumed by the Group. Prudent risk management of liquidity arising in the course of ordinary activities implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities.

Liquidity risk is managed centrally by the Principal Shareholder, given that the administration department periodically monitors the Group's net cash/debt through the preparation of appropriate actual and forecast cash inflow and outflow reports. In this manner, the Group aims to ensure it has adequate cover for its financing needs, by accurately monitoring financing, credit facilities opened and utilisations thereof, in order to optimise its resources and manage any temporary liquidity surplus.

The Group's objective is to establish a financing structure that, consistent with its business objectives, guarantees sufficient liquidity for the Group, minimises the related opportunity cost and maintains an equilibrium in terms of term to maturity and composition of the debt.

The following table provides a maturity analysis of liabilities at 31 December 2022 and 2021. The various maturity bands are determined based on the period between the reporting date and the contractual maturity of the Group's obligations, gross of accrued interest at 31 December. Interest is calculated in accordance with contractual terms for the financing.

At 31 December 2022				
	Less than 1 year	1-2 years	2-5 years	Beyond 5 years
Financial payables due to shareholders	1,633,093			1,129,295
Bank loans	812,584			6,843,418
Trade payables	464,473			
Other liabilities				4,520
Total	2,910,150			7,977,233

At 31 December 2021				
	Less than 1 year	1-2 years	2-5 years	Beyond 5 years
Financial payables due to shareholders	1,338,112	-	-	1,427,291
Bank loans	1,099,084	1,132,212	3,542,790	4,484,042
Trade payables	214,608	-	-	-
Other liabilities	751,032	-	-	-
Total	3,402,837	1,132,212	3,542,790	5,911,333

An analysis of the financial liabilities by maturity shows a decrease of liabilities less than 1 year as at 31 December 2022, compared to those at 31 December 2021.

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Accordingly, taking in account of the fact that the shareholders do not intend to request the repayment of the loan prior to the year end, as well as the presence of liquid funds of RSD 722,986 thousand (including financial assets) and the obtainment of the full feed in tariff since 2020 for all wind farms, it is believed that the Company and the Group will be able to meet its obligations in the foreseeable future.

Market risk

In the conduct of its operations, the Group is potentially exposed to the following market risks:

- risk of fluctuation in exchange rates;
- risk of fluctuation in interest rates.

These risks are essentially managed centrally by the Parent company Fintel Energija.

Risk of fluctuation in exchange rates

Exchange rate risk is linked to operations in currency other than the RSD. Fintel Group is exposed to the risk of fluctuation in exchange rates, given that it conducts business in Serbia through its subsidiaries, which are companies committed to the study, construction, development and management of wind farms and other projects in the field of renewables. The Group has borrowings denominated in foreign currency mainly in EUR and USD which predominantly expose group to the foreign currency translation risk. Currency exposure arising from the borrowings is managed through the participation of the borrowing denominated in functional currency of the Group in the total credit portfolio.

As at 31 December 2022, if the currency RSD had strengthened/weaken by 5% against the EUR with all other variables held constant, post-tax profit for the year would have been RSD 442,904 thousand (2021: RSD 479,268) higher/lower, mainly as a result of foreign exchange gains/losses on translation of EUR – denominated borrowings.

Risk of fluctuation in interest rates

The risk of fluctuation in interest rates to which Fintel Group is exposed originates from financial payables. Fixed rate debt exposes the Group to risk linked to changes in the fair value of the debt for their part linked to changes in the reference rate market. Floating rate debt exposes the Group to cash flow risk originating from the volatility of interest rates.

The Group's financial indebtedness consists of current bank debt, medium/long term loans granted by banks.

In order to hedge the risk of fluctuation in interest rates the subsidiaries Vetropark Kula and MK-Fintel Wind also entered into agreements for an interest rate cap with spread in relation to financing for the "Kula" and "Kosava phase I" wind power plants.

As a result of the aforementioned hedging transactions, the impact of the expected change in interest rates in the coming twelve months is deemed to be insignificant in the context of the Group's consolidated financial statements.

Capital management risk

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The Group's objective as far as capital risk management is concerned is mainly to safeguard business continuity in order to guarantee returns to shareholders and benefits to other stakeholders. Moreover, the Group aims to maintain an optimal capital structure in order to reduce the cost of borrowing.

The Group monitors its capital based on the ratio of net debt to net invested capital (gearing ratio). Net debt is calculated as total debt, including current and non-current loans and borrowings, plus net exposure to banks. Net invested capital is calculated as the sum of total equity and net debt.

The gearing ratio at 31 December 2022 and 2021 is shown in the following table:

<i>RSD thousand</i>	31 December 2022	31 December 2021
<i>Non-current financial payables:</i>		
- Financial payables due to shareholders	1,129,295	1,427,291
- Bank loans	6,843,418	7,758,924
<i>Current financial payables:</i>		
- Bank loans	812,584	752,577
- Financial payables due to shareholders	1,633,093	1,338,112
- Financial assets	(519,802)	(463,691)
Cash and cash equivalents	(203,183)	(525,003)
Net debt (A)	9,695,405	10,288,211
Equity (B)	1,970,062	1,455,100
Net capital employed (C=A+B)	11,665,467	11,743,311
Gearing ratio (A/C)	83,1%	87,6%

The gearing ratio improved in 2022 compared to that of the previous year since the increase of equity for net profit of the year.

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5. Financial assets and liabilities by class

In accordance with IFRS 13, financial instruments stated at fair value have been categorised into levels of hierarchy that reflect the significance of the input used for the determination of their fair value. The levels are the following:

Level 1: quoted prices in active markets for assets or liabilities being measured;

Level 2: inputs other than Level 1 inputs that are directly observable (prices) or indirectly (derived from prices) market inputs;

Level 3: inputs not based on observable market data.

The following table shows the Group's financial assets and liabilities by class, with an indication of the corresponding fair value, at 31 December 2022 and 2021:

<i>RSD thousand</i>	At 31 December 2022					Level
	Amortised cost	Fair value through OCI	Fair value through profit or loss	Hedge accounting	Total	
Financial assets	519,802				519,802	
Trade receivables	376,952				376,952	
Other current assets	825,063				825,063	
Cash and cash equivalents	203,183				203,183	
Total	1,925,000				1,925,000	
Borrowings	7,660,523				7,660,523	
Financial payables due to Shareholders	2,762,389				2,762,389	
Trade payables	464,473				464,473	
Other current liabilities	785,675				785,675	
Derivative liabilities				465,465	465,465	
Total	11,673,060			465,465	12,138,525	

<i>RSD thousand</i>	At 31 December 2021					Level
	Amortised cost	Fair value through OCI	Fair value through profit or loss	Hedge accounting	Total	
Financial assets	463,691				463,691	
Trade receivables	209,684				209,684	
Other current assets	461,585				461,585	
Cash and cash equivalents	525,003				525,003	
Total	1,659,962	-	-	-	1,659,962	
Borrowings	8,511,501				8,511,501	
Financial payables due to Shareholders	2,765,403				2,765,403	
Trade payables	214,608				214,608	
Other current liabilities	776,571				776,571	
Derivative liabilities				304,369	304,369	
Total	12,268,084	-	-	304,369	12,572,453	

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6. IFRS 8: segment information

Based on the fact that Fintel Group operates only in the wind renewable energy sector and operations are essentially in Serbia, hence there is only one reportable segment.

7. Information on guarantees issued, commitments and other contingent liabilities

A summary is provided below of guarantees issued by Fintel Group to third parties as well as the Group's commitments and other contingent liabilities.

a) Guarantees issued

Guarantees issued amount to RSD 55,127 thousand as of 31 December 2022 and RSD 55,127 thousand as of 31 December 2021 and refer to the 4P status for wind plants.

It has been issued in favor of Transmission System Operator in Republic of Serbia (RSD 55,128 thousand).

These guarantees have been classified as Off-balance sheet liabilities.

b) Other

There were no other contingent liabilities of the Group

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STATEMENT OF FINANCIAL POSITION

8. Property, plant and equipment

Movement table of PP&E as at 31 December 2022 and 2021 is presented in the table below:

RSD thousand	Year ended 31 December 2022									
	Opening historical cost	Opening accumulated depreciation	Opening net book amount	Additions	Depreciation and impairment	Disposals	Transfers	Closing historical cost	Closing accumulated depreciation	Closing net book amount
Land and Buildings	4,773,024	(367,653)	4,405,225	67,823	133,737	-	-	4,840,847	(501,390)	4,339,457
Machinery and equipment	9,319,949	(1,525,656)	7,794,293	197,702	342,338	-	-	9,517,651	(1,867,994)	7,649,657
Construction in progress	177,684	-	177,684	-	-	-	89,046	88,636	-	88,636
Property, plant and equipment	14,270,656	(1,893,309)	12,377,347	265,525	476,075	-	-	14,447,134	(2,369,384)	12,077,750

RSD thousand	Year ended 31 December 2021									
	Opening historical cost	Opening accumulated depreciation	Opening net book amount	Additions	Depreciation and impairment	Disposals	Transfers	Closing historical cost	Closing accumulated depreciation	Closing net book amount
Land and Buildings	4,533,790	(237,538)	4,296,251	235,936	(130,115)	-	3,298	4,773,024	(367,653)	4,405,225
Machinery and equipment	9,186,768	(949,100)	8,237,667	133,181	(576,555)	-	-	9,319,949	(1,525,656)	7,794,293
Construction in progress	132,901	-	132,901	48,080	-	-	(3,298)	177,684	-	177,684
Property, plant and equipment	13,853,459	(1,186,639)	12,666,820	417,197	(706,670)	-	-	14,270,656	(1,893,309)	12,377,347

Land and Buildings include lands and civil works such as foundation of the wind farms, access roads etc.

Machinery and equipment mainly includes wind turbines and towers. They refer to the wind farms already in operation, "Kula" (9,9 MW), "La Piccolina" (6,6 MW) and Kosava Phase I (69 MW).

Construction in progress as at 31 December 2022, mainly relate to investment of all other plants except those already in operation, as detailed above.

In 2022, Depreciation of Machinery and Equipment also includes impairment of fixed assets due to damage occurred in 2022 to some blades of Kosava Phase I wind farm. Replacement of the blades has been completed by the end of the 2022 and correspondent cost will be reimbursed by DDOR, the insurance Company.

Wind plants owned by VP Kula, Energobalkan and MKFW have been mortgaged in favour of the Banks.

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9. Other long-term financial investments

Other long-term financial investments in amount of RSD 519,802 thousand at 31 December 2022 (RSD 463,691 thousand at 31 December 2021) consisted entirely of non-current assets, relate to:

- Long-term deposits - restricted cash of RSD 460,555 thousand (RSD 404,312 thousand as of 31 December 2021), attributable to the subsidiary MK-Fintel Wind AD that has been deposited in 2022 as collateral in accordance with the loan facility agreement to guarantee the repayment of the loan.
- Long-term deposits - restricted cash of RSD 38,130 thousand (RSD 38,214 thousand as of 31 December 2021) attributable to the subsidiary Vetropark Kula doo that has been deposited as collateral to Erste in accordance with the loan agreement to guarantee the repayment of the loan.
- Long-term deposits - restricted cash of RSD 21,118 thousand (RSD 21,165 thousand as of 31 December 2021) attributable to the subsidiary Energobalkan doo that has been deposited as collateral to Unicredit Serbia in accordance with the loan agreement to guarantee the repayment of the loan.

10. Deferred tax assets/ (Deferred tax liabilities)

Deferred tax assets amount to RSD 14,398 thousand at 31 December 2022, while there were none as of December 31, 2021. As of December 31, 2021, there were deferred tax liabilities in the amount of RSD 30,908 thousand.

11. Trade receivables

Trade receivables in amount of RSD 376,952 thousand at 31 December 2022 (RSD 209,684 thousand at 31 December 2021) mainly relate to receivables from EPS for electricity produced in November.

12. Other current assets

"Other current assets" of RSD 825,064 thousand at 31 December 2022 (RSD 461,585 thousand at 31 December 2021) are detailed in the following table:

	31 December 2022	31 December 2021
Other receivables	210,669	183,351
Receivables for prepaid CIT	10,669	10,697
Receivables for other prepaid expenses	1,539	1,539
Short term accruals	602,157	265,997
Total	825,064	461,584

The balance of other receivables mainly relates to refundable VAT paid in 2022.

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Prepayments and accrued income mainly includes receivables from EPS for electricity produced by all “Kula”, “La Piccolina” and “Kosava Phase I” in December . They also include RSD 244.600 thousand of insurance proceeds that will be reimbursed in 2023 for damage occurred in the 2022.

13. Cash and cash equivalents

“Cash and cash equivalents” at 31 December 2022 and 2021 are detailed as follows:

	31 December 2022	31 December 2021
Current account		
- in dinars	70,854	159,200
- purpose account in dinars	95,132	179,203
- in foreign currency	47	47
- purpose account in foreign currency	37,150	186,553
Cash and cash equivalents	203,183	525,003

The fair value of cash and cash equivalents coincides with the carrying amount thereof.

For the purpose of the preparation of the statement of cash flows, investing and financing transactions that did not require the use of cash or cash equivalents have been excluded.

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14. Equity

Equity as at 31 December 2022 and 2021 is detailed in the following table:

	31 December 2022	31 December 2021
Share capital	4,057	4,057
Share premium	681,237	681,237
Other components of other comprehensive income	(214,173)	(139,721)
Retained earnings from previous year	470,331	7,752
Retained earnings from current year	354,945	462,633
Loss from previous years	-	-
Equity attributable to the Group	1,296,397	1,015,958
Capital and reserves attributable to non-controlling interests	514,856	110,054
Other components of other comprehensive income	(182,444)	(119,022)
Profit (loss) for the year	341,253	448,110
Equity attributable to non-controlling interests	673,665	439,142
TOTAL EQUITY	1,970,062	1,455,100

Description	Share capital	Share premium and reserves	Cash flow hedge gain/(loss)	Retained earnings	Loss	Non-controlling interest	Total
Balance as at 01.01.2021.	4,057	681,237	(249,094)	30,816	23,060	(57,517)	386,439
Net changes in 2021.	-	-	109,372	439,571	(23,060)	496,658	
Balance as at 31.12.2021.	4,057	681,237	(139,722)	470,387	-	439,141	1,455,100
Restated opening balance as at 01.01.2022	4,057	681,237	(139,722)	470,387		439,141	1,455,100
Net changes in 2022	-	-	(74,452)	354,891	-	234,523	
Balance as at 31.12.2022.	4,057	681,237	(214,174)	825,278	-	673,665	1,970,062

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The equity components and changes therein are detailed below:

Share capital

At 31 December 2022, the Company's fully subscribed and paid up share capital amounted to RSD 4,057 thousand consisting of 26,510,506 ordinary shares with nominal value of RSD 0.153 each.

Shareholders' of the Company are detailed as follow:

<u>Član</u>	<u>In thousand of dinars</u>	<u>% of ownership</u>
Fintel Energia Group S.p.A.	3,825	94.30%
BDD M&V INVESTMENTS AD Beograd-ZBIRNI RAČUN	194	4.79%
SOCIETE GENERALE BANKA SRBIJA - KASTODI RN - FO	15	0.37%
Other	23	0.54%
Total	4,057	100.00%

Share premium

At 31 December 2021, such Reserve includes the share premium resulting from the capital increase of 2018 for the IPO of the Company on the Prime Listing Segment of the Belgrade Stock Exchange. The share premium worths RSD 755,022 thousands (equivalent to RSD 499,847 per each new share issued by the Company). Such value is reported net of the IPO related costs.

Other components of other comprehensive income

The hedging reserve arises from the measurement, in accordance with applicable accounting standards (IFRS 9), of derivatives entered into by Group companies to hedge the risk of fluctuation in interest rates applied to loans for the construction of certain of the Group's wind power plants.

Retained earnings/(Losses) and other reserves arising on consolidation

These consist of losses and other reserves of subsidiaries and arising on consolidation. They also include net profit/(losses) for the current year.

Equity attributable to non-controlling interests

This arises from the consolidation of companies with non-controlling interests held by parties out with Fintel Group.

15. Liabilities and short term loans and borrowings from other related parties

The balance amounts to RSD 1,115,216 thousand at 31 December 2022 (RSD 1,413,181 thousand at 31 December 2021) includes financial payables to MK Holding d.o.o., Lamium Trade and Namipo Management Ltd, a non-controlling interest holders in subsidiaries: this amount consists of the non-controlling interest holder's share of shareholder loans granted to finance the construction of the wind farms in Serbia.

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Liabilities, credits and loans from other related parties as of December 31, 2022 are detailed in the following table:

Recipient	Donor	Amount EUR	Amount 000 RSD	Maturity
MK Fintel Wind ad	MK Holding d.o.o.	10,173,976	1,193,635	2030
MK Fintel Wind Development d.o.o	Lamium Trade	22,935	2,691	2025
Fintel Energija Development Ltd	Namipo Management Ltd	3,350	394	2027
MK Fintel Wind Holding d.o.o.	MK Holding d.o.o.	1,844,700	216,425	2025
Total		12,044,961	1,115,216	

Liabilities, credits and loans from other related parties as of December 31, 2021 are detailed in the following table:

Recipient	Donor	Amount EUR	Amount 000 RSD	Maturity
MK Fintel Wind ad	MK Holding d.o.o.	899,700	105,789	2023
MK Fintel Wind ad	MK Holding d.o.o.	9,274,276	1,090,488	2023
MK Fintel Wind Holding d.o.o.	MK Holding d.o.o.	1,844,700	216,904	2023
Ukupno		12,018,676	1,413,181	

16. Liabilities to parent companies and subsidiaries

The balance amounts to RSD 1,349,244 thousand at 31 December 2022 (RSD 1,352,222 thousand at 31 December 2021) includes financial payables to the Parent Company:

	31 December 2022	31 December 2021
Long-term loans	14,079	14,110
Less: Current part of Long-term loans	-	-
	14,079	14,110
Short-term loans	1,335,165	1,338,112
Total	1,349,244	1,352,222

The overview of loans from Parent Company and years of maturity is shown in the following table:

Recipient	Lenders	Amount EUR	Amount in 000 RSD	Maturity
MK Fintel Wind Holding d.o.o.	Fintel Energija Group S.p.A	80,000	9,386	31.12.2026
MK Fintel Wind Holding d.o.o.	Fintel Energija Group S.p.A	30,000	3,250	31.12.2026
MK Fintel Wind Holding d.o.o.	Fintel Energija Group S.p.A	10,000	1,173	31.12.2026
MK Fintel Wind Holding d.o.o.	Fintel Energija Group S.p.A	1,296,000	152,050	31.12.2023
Fintel Energija a.d.	Fintel Energija Group S.p.A	2,667,000	312,899	31.12.2023
Fintel Energija a.d.	Fintel Energija Group S.p.A	7,300,000	856,454	31.12.2023
Fintel Energija a.d.	Fintel Energija Group S.p.A	117,308	13,763	31.12.2023
Total		11,500,308	1,349,222	

FINTEL ENERGIJA AD, BEOGRAD
EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2022

(All amounts are in 000 RSD, unless otherwise stated)

17. Long and short term loans and borrowings to external parties

Set out below are details of long and short term loans and borrowings at 31 December 2022 and 2021:

<i>RSD thousand</i>	31 December 2022	31 December 2021
Long term borrowings	6,847,939	7,758,924
Short-term loans and borrowings	812,584	752,577
Total	7,660,523	8,511,501

In July 2021 Fintel Energija early prepaid loans to AIK Bank for an outstanding amount of Eur 6,8 million. This loan has been obtained in 2017 in order to develop and build Kosava phase I wind farm.

Details of bank loans outstanding at 31 December 2022 are summarised in the following table:

Beneficiary company	Residual debt at 31 December 2022	Long term	Short term	Maturity
MK Fintel Wind	6,721,742	6,082,366	639,376	2030
Vetropark Kula	553,678	442,372	111,306	2027
Energobalkan	380,582	318,680	61,902	2028
Other Leasing	4,520	4,520	-	2026
	7,660,523	6,847,939	812,584	

Loan of MK Fintel Wind refers to the financing received from Erste Bank Serbia, Banca Intesa, Unicredit Serbia and Zagrebacka Banka for the development and construction of Kosava phase I wind farm. Its maturity is of 12 years and interest rate is variable plus spread, ranging from 2.69% to 3.15%. First draw down of the loan has been made in 2018.

On 29 March 2021, the "Amendment and Restatement Facility Agreement" was signed to refinance the Serbian wind power plant Kosava Phase I. The new contract has the following characteristics:

- Maximum total amount of the refinancing: Euro 78 million, of which Euro 28 million reserved for Banca Intesa to replace the portion previously reserved for OeB;
- Duration of the loan: 30 December 2030;
- Repayment terms: six-monthly instalments due on June 30 and December 31 of each year.
- Interest rate: 6 month Euribor + 3.15% for the portion financed by Erste Bank Serbia, Unicredit Serbia and Zagrebacka Banka and 6 month Euribor + 2.69% on the portion financed by Banca Intesa Serbia.

Loan of Vetropark Kula refers to the financing received in 2015 from Erste Bank for the development and construction of Kula wind farm. Its maturity is of 12 years and interest rate is variable plus spread (that ranges from EURIBOR+3,55%-4,00% per year).

Loan of Energobalkan refers to the financing received in 2016 from Unicredit Bank for the development and construction of La Piccolina wind farm. Its maturity is of 12 years and interest rate is fixed, 4.5%.

FINTEL ENERGIJA AD, BEOGRAD
EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2022

(All amounts are in 000 RSD, unless otherwise stated)

The shares of MK-Fintel Wind ad have been pledged in favour of Erste Banka a.d., Novi Sad, UniCredit Bank Serbia a.d., Begrade, Zagrebačka Banka dd, Zagreb and the Banca Intesa.

18. Other long-term liabilities

Other long-term liabilities consist of the fair value measurement at the reporting date of the derivative pertaining to the subsidiary Vetropark Kula Doo (RSD 15,645 thousand and RSD 17,518 thousand at 31 December 2022 and 2021) and MK Fintel Wind (RSD 449.820 thousand and RSD 514,172 thousand at 31 December 2022 and 2021) used to hedge the interest rate risk arising from loan agreements entered into by the companies.

The derivative contract entered into in 2015 by Vetropark Kula is an interest rate swap with a term of 10 years and an initial notional of Euro 9,650 thousand.

The derivative contract entered into in 2018 by MK Fintel Wind is an interest rate swap with a term of 12 years and an initial notional of Euro 60,496 thousand.

19. Trade payables

Trade payables, which amounted to RSD 464,473 thousand as at 31 December 2022 and to RSD 214,609 as at 31 December 2021, consist mainly of payables to Fintel Energia Group SpA for management fee and those arising from O&M services of all wind plants.

20. Short-term accruals

Accrued liabilities, which amounts to RSD 607,192 thousand at 31 December 2022 and to RSD 607,921 at 31 December 2021, consist mainly of interests on shareholders loan due to Fintel Energia Group SpA and MK Group, accrued interests on financial loans and amounts to be paid for the replacement of damaged blades.

FINTEL ENERGIJA AD, BEOGRAD
EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2022

(All amounts are in 000 RSD, unless otherwise stated)

STATEMENT OF PROFIT OR LOSS

21. Sales of products and services

Sales of products and services amounts to RSD 2,172,310 thousand and RSD 2,480,896 thousand for the year ended 31 December 2022 and 31 December 2021 respectively.

The decrease in revenue is attributable to adverse weather conditions, and therefore the realized production is lower compared to last year.

22. Cost of salaries, fringe benefits and other personal expenses

Labour costs include all employee costs, including merit increases, category changes, cost of living increases, holiday pay, allocations to provisions required by law and collective labour contracts, as well as remuneration payable to directors, inclusive of related contributions.

At 31 December 2022, Group employees amount to 11 units.

23. Depreciation and amortisation and expenses for assets adjustments

Depreciation and amortisation amounts to RSD 674,414 thousand (RSD 706,671 thousand for the year ended 31 December 2021). Increase of the mentioned expenses in the last two years mainly refers to the impairment of fixed assets in the amount of RSD 63,082 thousand in 2022 and RSD 113,633 thousand in 2021, due to damage occurred to some blades of Kosava Phase I wind farm.

24. Cost of production services

It includes all costs arising from the purchase of services during the year in the ordinary course of business. Details of cost of services for 2022 and 2021 are provided in the following table:

	Year ended	
	31 December 2022	31 December 2021
Costs of ongoing maintenance services of wind farms	189,903	182,417
Land lease	1,399	1,224
Costs of office space rent- Other related parties	1,263	1,358
Costs of other transportation services	-	1,076
Others	4,456	4,966
Cost of production services	197,021	191,041

FINTEL ENERGIJA AD, BEOGRAD
EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2022

(All amounts are in 000 RSD, unless otherwise stated)

25. Non-production costs

Non-production costs for the years ended 31 December 2022 and 2021 are detailed as follows:

	31 December 2022	Year ended 31 December 2021
Consulting services	167,073	157,857
Property tax	47,133	48,007
Costs of lawyer services	44	13,607
Withholding tax on interest paid	-	12,305
Costs of fixed assets insurance	41,635	27,042
Other non production costs	11,234	15,492
Costs of credit request	-	1,411
Costs of garanties	-	-
Costs of bookkeeping services	1,469	1,343
Administrative and legal taxes	996	1,732
Audit services	2,172	1,293
Other non-material costs	15,354	13,309
Total	287,111	293,399

26. Finance income

Finance income for the years ended 31 December 2022 and 2021 are detailed as follows:

	31 December 2022	Year ended 31 December 2021
Finance income with parent and other related companies	654	20
Interest income (from third parties)	3,405	406,225
Foreign exchange gains (third parties)	45,321	600
Total finance income	49,380	406,845

In accordance with IFRS 9, interest income, which amounted to RSD 406,225 thousand, includes RSD 406,107 thousand resulting from the recognition of income arising from the renegotiation of interest rates applicable to loans granted to the subsidiaries MK-Fintel Wind AD. That is the reason for the big difference, ie. much lower amount of financial income in 2022 compared to 2021.

FINTEL ENERGIJA AD, BEOGRAD
EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2022

(All amounts are in 000 RSD, unless otherwise stated)

27. Finance costs

Finance costs for the years ended 31 December 2022 and 2021 are detailed as follows:

	31 December 2022	Year ended 31 December 2021
Finance expense with parent and other related companies	81,466	73,511
Finance expense - third parties	364,028	565,643
Foreign exchange losses (third parties)	32,592	2,034
Other financial expense	43,386	98,657
Total finance costs	521,472	739,846

Finance costs mainly include interests on shareholder's loans and interests/expenses on loans received by the Group companies.

28. Other income

Other income as of December 31, 2022 amounts to RSD 430,416 thousand and mainly refers to income from the insurance company for the damage caused in Kosovo, phase I. The contracted amount includes the loss of production and the costs of replacing damaged propellers.

(All amounts are in 000 RSD, unless otherwise stated)

29. Income tax expense

Income tax expenses for the years ended 31 December 2022 and 2021 are detailed as follows:

	31 December 2022	Year ended 31 December 2021
Income tax for the year	169,061	100,219
Deferred tax expense for the period	(21,125)	56,699
	147,936	156,918

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to the Group's profits as follows:

	31 December 2022	Year ended 31 December 2021
Profit before tax	844,134	1,067,661
Tax calculated at domestic tax rates applicable to profits in the respective countries	126,620	160,149
<i>Tax effect on:</i>		
Expenses not deductible for tax purposes and other tax effects	(42,441)	(59,930)
	169,061	100,219

The weighted average applicable tax rate was 15% (2021: 15%).

The Group does not choose to consolidate for tax purpose and the losses of one group company are not available for the consolidated entity, which is why the losses of subsidiaries must be encountered as correction for the purpose of calculating the effective income tax rate.

30. Earnings/(loss) per share

The basic result per share has gone from an earning per share of RSD 17.45 in 2021 to an earning per share of RSD 13.39 for the year ended 31 December 2022. It has been computed by dividing the Group's net result by the number of Fintel Energija shares outstanding in the years in question (number of shares outstanding of 26,511 thousand).

The diluted result per share has gone from an earning per share of RSD 17.45 in 2021 to an earning per share of RSD 13.39 for the year ended 31 December 2022. It has been computed by dividing the Group's net result by the average number of Fintel Energija shares outstanding in the years in question (average number of shares outstanding of 26,511 thousand).

FINTEL ENERGIJA AD, BEOGRAD
EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2022

(All amounts are in 000 RSD, unless otherwise stated)

31. Contingent liabilities and commitments

There are not any contingent liabilities and commitments.

32. Related party transactions

As previously indicated, the Group is a subsidiary of Fintel EnergiGroup SpA,

A summary is provided below of the Group's transactions with related parties in 2022 and 2021. All transactions with related parties are entered into at market value.

As of 31 December 2022 and 31 December 2021 the outstanding balances with related parties were as follows:

	At 31 December 2022		
	Parent Company	Parent's subsidiaries and associates	Total
<i>RSD thousand</i>			
Trade and other payables	(85,351)	-	(85,351)
Other current liabilities	(306,266)	-	(306,266)
Long term debt	(14,871)	-	(14,871)
Short term debt	(1,181,487)	-	(1,181,487)
Total	(1,587,975)	-	(1,587,975)

	At 31 December 2021		
	Parent Company	Parent's subsidiaries and associates	Total
<i>RSD thousand</i>			
Trade and other payables	(83,899)	-	(83,899)
Other current liabilities	(202,072)	-	(202,072)
Long term debt	(14,110)	-	(14,110)
Short term debt	(1,338,112)	-	(1,338,112)
Total	(1,638,193)	-	(1,638,193)

FINTEL ENERGIJA AD, BEOGRAD
EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(All amounts are in 000 RSD, unless otherwise stated)

For the year ended 31 December 2022 and 2021 the following transaction occurred with related parties:

	At 31 December 2022		
	Parent Company	Parent's subsidiaries and associates	Total
<i>RSD thousand</i>			
Selling, general and administrative expenses	(30,979)	-	(30,979)
Financial expenses	(46,415)	-	(46,415)
Total	(77,393)	-	(77,393)

	At 31 December 2021		
	Parent Company	Parent's subsidiaries and associates	Total
<i>RSD thousand</i>			
Selling, general and administrative expenses	(28,432)	-	(28,432)
Financial expenses	(35,494)	-	(35,494)
Total	(63,926)	-	(63,926)

Remuneration of Fintel Group directors

Tiziano Giovannetti acts as sole director in of Fintel Energija's subsidiaries. His salary for 2022 amounted to RSD 236 thousand.

33. Significant subsequent events

There were no events occurring after the balance sheet date that could require an adjustment to the consolidated financial statements as at 31 December 2022, nor disclosures in the Notes to the Group's financial statements.

34. Tax provision

Tax laws are subject to different interpretations and frequent amendments. Tax authorities' interpretation of Tax laws may differ to those made by the Group's management. As result, some transactions may be disputed by tax authorities and the Group may have to pay additional taxes, penalties and interests. Tax liability due date is five years. Tax authorities have rights to determine unpaid liabilities within five years since the transaction date. Management has assessed that the Group has paid all tax liabilities as of 31 December 2022.

Legal representative:

The person responsible for the preparation of consolidated financial statements:



FINTEL ENERGIJA A.D., BELGRADE

**CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
AND THE INDEPENDENT AUDITOR'S REPORT**

FINTEL ENERGIJA A.D., BELGRADE
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022.

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Independent Auditor's Report

To the Shareholders of Fintel Energija a.d., Beograd

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Fintel Energija a.d., Beograd (the "Company") and its subsidiaries (together – the "Group") as at 31 December 2022, and the Group's consolidated financial performance and consolidated cash flows for the year then ended in accordance with the Law on Accounting in the Republic of Serbia.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated balance sheet as at 31 December 2022;
- the consolidated income statement for the year then ended;
- the consolidated statement of other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with the Law on Auditing in the Republic of Serbia. Our responsibilities under this law are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the Law on Auditing in the Republic of Serbia that are relevant to our audit of the consolidated financial statements in the Republic of Serbia. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the Law on Auditing in the Republic of Serbia.

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This version of our report/the accompanying documents is a translation from the original, which was prepared in Serbian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Our audit approach

Overview



- RSD 141,088 thousand, which represents 1% of the Group's total assets as at 31 December 2022
- The consolidated financial statements included the Company and 22 subsidiaries. We audited the financial information of the Company and 4 subsidiaries, which are, based on our judgement, significant components of the Group.
- Our audit scope addressed 99% of the Group's total assets as at 31 December 2022.
- Valuation of derivative financial instruments.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, if any, both individually and in aggregate on the consolidated financial statements as a whole.

Overall Group materiality	RSD 141,088 thousand
How we determined it	1% of the Group's total assets as at 31 December 2022



Rationale for the materiality benchmark applied

The Group is engaged in the development, construction and operation of wind farms. Due to fact that the Group is still in development phase, with limited number of operating turbines, we chose total assets as the benchmark. We chose 1% which we, based on our professional judgement, considered as appropriate threshold in these circumstances.

We agreed with the those charged with governance that we would report to them misstatements identified during our audit above RSD 14,108 thousand, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

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

Key audit matter

How our audit addressed the key audit matter

Valuation of derivative financial instruments

We focused on this area during the audit due to the significance of the amounts recognized in the consolidated financial statements and because of the complexity of valuation models used.

As disclosed in Note 18 to the consolidated financial statements, other long-term liabilities in the amount of RSD 465,369 thousand relate to the derivative financial instruments (namely, interest rate swaps), which are measured at fair value as at 31 December 2022.

These instruments protect the Group against the increases in the 3-month Euribor rate, therefore the Group applied hedge accounting and recorded the effects of valuation of the derivatives of RSD 161,096 thousand in other comprehensive income.

Our audit approach was as follows:

- We updated our understanding of the process of valuation of the derivative financial instruments and the accounting policies related to hedge accounting.
- We obtained relevant hedging documentation, verified it for completeness and assessed compliance with accounting requirements.
- We obtained the independent confirmations from banks of balance and fair values of the derivatives as at 31 December 2022.
- We engaged expert to determine fair values of derivative financial instruments and compared it with amounts recognized in the consolidated financial statements.
- We verified the accounting entries related to hedge accounting and the related disclosures in the consolidated financial statements.

How we tailored our Group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.



Reporting on other information including the consolidated Annual Report

Management is responsible for the other information. The other information comprises the consolidated Annual Report (but does not include the consolidated financial statements and our auditor's report thereon).

Our opinion on the consolidated financial statements does not cover the other information.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the consolidated Annual Report we also performed procedures required by the Law on Accounting in the Republic of Serbia. Those procedures include considering whether the consolidated Annual Report includes the disclosures required by the Law on Accounting in the Republic of Serbia.

Based on the work undertaken in the course of our audit, in our opinion:

- the consolidated Annual Report has been prepared in accordance with the requirements of the Law on Accounting in the Republic of Serbia; and
- the information given in the consolidated Annual Report for the financial year for which the consolidated financial statements are prepared is consistent with the consolidated financial statements.

In addition, in light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the consolidated Annual Report. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with the Law on Auditing in the Republic of Serbia, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:



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

We communicate with 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, actions taken to eliminate threats or safeguards applied.

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

The licensed auditor engaged as partner on the audit resulting in this independent auditor's report is Biljana Bogovac.

Refer to the original signed
Serbian version

Biljana Bogovac
Licensed Auditor

Refer to the original signed
Serbian version

PricewaterhouseCoopers d.o.o., Beograd

Belgrade, 28 April 2023

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

In RSD
thousand

POSITION	AOP	Note	31 December 2022	31 December 2021
ASSETS				
A. SUBSCRIBED AND UNPAID CAPITAL	0001			
B. NON-CURRENT ASSETS (0003 + 0009 + 0018 + 0028)	0002		12,672,885	12,841,038
I. INTANGIBLE ASSETS (0004 + 0005 + 0006 + 0007 + 0008)	0003		-	-
1. Development investments	0004			
2. Concessions, patents, licenses, trademarks, software and other intangible assets	0005			
3. Goodwill	0006			
4. Intangible assets leased and intangible assets in preparation	0007			
5. Advances for intangible assets	0008			
II. PROPERTY, PLANT AND EQUIPMENT (0010+0011 + 0012 + 0013 + 0014 + 0015 + 0016)	0009		12,077,750	12,377,347
1. Land and buildings	0010	8	4,339,457	4,405,370
2. Machinery and equipment	0011	8	7,649,657	7,794,293
3. Investment property	0012			
4. Property, plant and equipment leased and property, plant and equipment under construction	0013	8	88,636	177,684
5. Other property, plant and equipment and investing in third-party property, plant and equipment	0014			
6. Advances for property, plant and equipment in the country	0015			
7. Advances for property, plant and equipment foreign	0016			
III. BIOLOGICAL ASSETS	0017		-	-
IV. LONG-TERM FINANCIAL INVESTMENTS AND LONG-TERM RECEIVABLES (0019+0020+0021+0022+0023+0024+0025 + 0026 + 0027)	0018		595,135	463,691
1. Equity investments in legal entities (excluding equity investments valued using the equity method)	0019			-
2. Equity investments that are valued using the equity method	0020			
3. Long-term investments to parent companies, to subsidiaries and to other associated companies in the country	0021		75,333	
4. Long-term investments to parent companies, to subsidiaries and to other associated companies abroad	0022			
5. Long-term investments (loans and credits) in the country	0023			
6. Long-term investments (loans and credits) abroad	0024			
7. Long-term financial investments (securities valued at amortized cost)	0025			
8. Own shares purchased	0026			
9. Other long-term investments and receivables	0027	9	519,802	463,691
V. LONG-TERM PREPAYMENTS AND ACCRUED INCOME	0028		-	-
C. DEFERRED TAX ASSETS	0029	10	14,398	-

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET (CONTINUED)

In RSD
thousand

POSITION	AOP	Note	31 December 2022	31 December 2021
D. CURRENT ASSETS				
(0031+0037+0038+0044+0048+0057+0058)	0030		1,421,519	1,217,599
I. INVENTORIES (0032+0033+0034+0035+0036)	0031		16,306	21,314
1. Materials, spare parts, tools and supplies	0032		7,312	7,312
2. Work in progress and unfinished services	0033			
3. Goods	0034			
5. Advances paid to suppliers for stock and services in country	0035		8,910	13,918
6. Advances paid to suppliers for stock and services - abroad	0036		84	84
II. FIXED ASSETS HELD FOR SALE AND CESSATION OF OPERATIONS	0037			
III. RECEIVABLES FROM SALES (0039+0040+0041+0042+0043)	0038		376,952	209,684
1. Trade receivables - domestic	0039	11	376,952	209,684
2. Trade receivables - foreign	0040			
3. Trade receivables domestic - parent companies, subsidiaries and other related parties	0041			
4. Trade receivables foreign - parent companies, subsidiaries and other related parties	0042			
5. Other trade receivables	0043			
IV. OTHER SHORT-TERM RECEIVABLES (0045+0046+0047)	0044	12	222,907	195,587
1. Other receivables	0045		210,669	183,351
2. Receivables for prepaid CIT	0046		10,699	10,697
3. Receivables for prepaid other taxes & contributions	0047		1,539	1,539
V. SHORT- TERM FINANCIAL INVESTMENTS (0049+0050+0051+0052+0053+0054+0055+0056)	0048		14	14
1. Short-term loans and investments - parent and subsidiaries	0049			
2. Short-term loans and investments - other related parties	0050			
3. Short-term loans, borrowings and investments - domestic	0051			
4. Short-term loans, borrowings and investments - foreign	0052			
5. Securities valued at amortized cost	0053			
6. Financial instrument valued at fair value	0054			
7. Bought up own shares	0055			
8. Other Short-term financial investments	0056		14	14
VI. CASH AND CASH EQUIVALENTS	0057	13	203,183	525,003
VII. SHORT-TERM ACCRUALS	0058	12	602,157	265,997
E. TOTAL ASSETS = OPERATING ASSETS (0001 + 0002 + 0029+0030)	0059		14,108,802	14,058,637
F. OFF-BALANCE SHEET ASSETS	0060		55,127	55,127

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET (CONTINUED)

In RSD
thousand

POSITION	AOP	Note	31 December 2022	31 December 2021
EQUITY AND LIABILITIES				
A. EQUITY (0402 + 0403+0404+0405+0406-0407+0408+0411-0412) ≥ 0	0401	14	1,970,062	1,455,100
I. SHARE CAPITAL	0402		4,057	4,057
II. SUBSCRIBED CAPITAL UNPAID	0403			
III. SHARE ISSUING PREMIUMS	0404		681,237	681,237
IV. RESERVES	0405			
V. POSITIVE REVALUATION RESERVES AND UNREALIZED GAINS ON FINANCIAL ASSETS AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULTS	0406			
VI. UNREALIZED LOSSES ON FINANCIAL ASSETS AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULTS	0407		214,173	139,721
VII. UNDISTRIBUTED PROFIT (0409 + 0410)	0408		825,276	470,385
1. Retained profit from previous years	0409		470,331	7,752
2. Retained profit from current year	0410		354,945	462,633
VIII. PARTICIPATION WITHOUT CONTROL RIGHTS	0411		673,665	439,142
IX. LOSSES (0413 + 0414)	0412		-	-
1. Losses of previous years	0413			
2. Losses of current year	0414			
B. LONG-TERM LIABILITIES AND PROVISIONS (0416+0420+0428)	0415		8,442,798	9,490,683
I. LONG-TERM PROVISIONS (0417++0418+0419)	0416		99	99
1. Provisions for employees benefits	0417		99	99
2. Provisions for costs in warranty period	0418		-	
3. Other long-term provisions	0419		-	
II. LONGTERM LIABILITIES (0421+0422+0423+0424+0425+0426+0427)	0420		8,442,699	9,490,584
1. Liabilities which can be converted into capital	0421		-	
2. Long-term loans and other liabilities to parent companies, subsidiaries and other related parties - domestic	0422	15	1,115,216	1,413,181
3. Long-term loans and other liabilities to parent companies, subsidiaries and other related parties - foreign	0423	16	14,079	14,110
4. Long-term loans, borrowings and liabilities based on leasing - domestic	0424	17	6,847,939	7,758,924
5. Long-term loans, borrowings and liabilities based on leasing - foreign	0425			
6. Liabilities for long-term securities	0426			
7. Other long term liabilities	0427	18	465,465	304,369
III. LONG-TERM ACCRUALS	0428		-	
C. DEFERRED TAX LIABILITIES	0429	10		30,908
D. LONG-TERM DEFERRED INCOME AND DONATIONS RECEIVED	0430		-	

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET (CONTINUED)

In RSD
thousand

POSITION	AOP	Note	31 December 2022	31 December 2021
E. SHORT-TERM PROVISIONS AND LIABILITIES (0432+0433+0441+0442+0449+0453+0454)	0431		3,695,942	3,081,946
I. SHORT TERM PROVISIONS	0432		-	-
II. SHORT-TERM FINANCIAL LIABILITIES (0434+0435+0436+0437+0438+0439+0440)	0433		2,445,678	2,090,689
1. Short-term loans from parent companies, subsidiaries and other related parties - domestic	0434		297,929	
2. Short-term loans from parent companies, subsidiaries and other related parties - foreign	0435	16	1,335,165	1,338,112
3. Liabilities based on loans and borrowings from entities other than domestic banks	0436	17	812,584	752,577
4. Liabilities based on loans and borrowings from domestic banks	0437		-	
5. Loans, borrowings and liabilities foreign	0438		-	
6. Liabilities for short-term securities	0439		-	
7. Liabilities based on financial derivatives	0440		-	
III. RECEIVED ADVANCES, DEPOSITS AND GUARANTEES	0441		116	77
IV. LIABILITIES FROM BUSINESS OPERATIONS (0443+0444+0445+0446+0447+0448)	0442	19	464,473	214,609
1. Trade payables - parent companies, subsidiaries and other related parties - domestic	0443		1,223	3,740
2. Trade payables - parent companies, subsidiaries and other related parties - foreign	0444		86,415	83,900
3. Trade payables - domestic	0445		369,023	126,956
4. Trade payables - foreign	0446		7,812	13
5. Obligations under bills of exchange	0447		-	
6. Other business liabilities	0448		-	
V. OTHER SHORT-TERM LIABILITIES (0450+0451+0452)	0449		178,483	168,650
1. Other short term liabilities	0450		98,127	99,730
2. Liabilities for VAT and other public revenues	0451		-	
3. Liabilities for income tax	0452		80,356	68,920
VI. LIABILITIES FOR FIXED ASSETS AND ASSETS OF DISCOUNTING OPERATIONS HELD FOR SALE	0453		-	-
VII. SHORT-TERM ACCRUALS	0454	20	607,192	607,921
F. LOSS OVER CAPITAL (0415+0429+0430+0431-0059) ≥ 0 = (0407+0412-0402-0403-0404-0405-0406-0408-0411) ≥ 0	0455		-	-
G. TOTAL EQUITY AND LIABILITIES (0401+0415+0429+0430+0431-0455)	0456		14,108,802	14,058,637
H. OFF-BALANCE SHEET LIABILITIES	0457		55,127	55,127

Tiziano Giovannetti
Director

28 April 2023



The accompanying notes are an integral part of these Consolidated Financial Statements.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

In RSD thousand

POSITION	AOP	Note	Year ended 31 December	
			2022	2021
A. OPERATING REVENUES (1002 + 1005+1008+1009-1010+1011+1012)	1001		2,172,310	2,480,896
I. REVENUES OF SOLD GOODS (1003 + 1004)	1002		-	-
1. Income from the sale of goods - domestic market	1003		-	-
2. Income from the sale of goods - foreign market	1004		-	-
II. REVENUES OF SOLD PRODUCTS AND SERVICES (1006+1007)	1005		2,172,310	2,480,896
1. Income from the sale of products and services - domestic market	1006	21	2,172,310	2,480,896
2. Income from the sale of products and services - foreign market	1007		-	-
III. INCOME FROM THE OWN USE OF PRODUCTS, SERVICES AND MERCHANDISE	1008		-	-
IV. INCREASE OF STOCK VALUE FOR WORK IN PROGRESS AND FINISHED GOODS	1009		-	-
V. DECREASE OF STOCK VALUE FOR WORK IN PROGRESS AND FINISHED GOODS	1010		-	-
VI. OTHER OPERATING INCOME	1011		-	178,138
VII. INCOME FROM ASSETS ADJUSTMENTS (EXCEPT FINANCIAL)	1012		-	-
B. OPERATING EXPENSES (1014+1015+1016+1020+1021+1022+1023+1024)	1013		1,207,992	1,240,567
I. COST OF GOODS SOLD	1014		-	-
II. COST OF MATERIALS, FUEL AND ENERGY	1015		14,456	13,932
III. COST OF SALARIES, WAGES AND OTHER PERSONNEL EXPENSES (1017+1018+1019)	1016	22	34,990	34,240
1. Cost of salary and compensation of salary (gross employee)	1017		18,519	18,546
2. Costs of taxes and contributions on salaries and compensation of salaries (employer)	1018		9,965	10,461
3. Other personal expenses and remunerations	1019		6,506	5,233
IV. DEPRECIATION EXPENSES	1020	23	611,332	593,038
V. EXPENSES FROM ASSETS ADJUSTMENTS (EXCEPT FINANCIAL)	1021	23	63,082	113,633
VIII. COSTS OF PRODUCTION SERVICES	1022	24	197,021	191,041
X. COSTS OF LONG-TERM PROVISIONS	1023		-	1,284
XI. INTANGIBLE EXPENSES	1024	25	287,111	293,399
C. OPERATING PROFIT (1001 - 1013) ≥ 0	1025		964,318	1,240,329
D. OPERATING LOSS (1013 - 1001) ≥ 0	1026		-	-
E. FINANCIAL REVENUE (1028+1029+1030+1031)	1027		49,380	406,845
I. FINANCIAL INCOME INCURRED WITH PARENT COMPANIES, SUBSIDIARIES AND OTHER RELATED PARTIES	1028	26	654	20
II. INCOME FROM INTEREST	1029	26	3,405	406,225
III. FX GAINS AND POSITIVE EFFECTS OF CURRENCY CLAUSE	1030	28	45,321	600
IV. OTHER FINANCIAL INCOME	1031		-	-

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

In RSD thousand

POSITION	AOP	Note	Year ended 31 December	
			2022	2021
F. FINANCIAL EXPENSES (1033+1034+1035+1036)	1032		521,472	739,846
I. FINANCIAL EXPENSES INCURRED WITH PARENT COMPANIES, SUBSIDIARIES AND OTHER RELATED PARTIES	1033	27	81,466	73,511
II. COSTS OF INTEREST	1034	27	364,028	565,643
III. FX LOSSES AND NEGATIVE EFFECTS OF CURRENCY CLAUSE	1035	27	32,592	2,034
IV. OTHER FINANCIAL COSTS	1036	27	43,386	98,657
G. PROFIT FROM FINANCING (1027 - 1032) ≥ 0	1037		-	-
H. LOSS FROM FINANCING (1032 - 1027) ≥ 0	1038		472,092	333,000
I. INCOME FROM VALUATION ADJUSTMENT OF FINANCIAL ASSETS CARRIED AT FAIR VALUE THROUGH P&L	1039		-	-
J. COSTS FROM VALUATION ADJUSTMENT OF FINANCIAL ASSETS CARRIED AT FAIR VALUE THROUGH P&L	1040	28	3,875	-
K. OTHER INCOME	1041		430,416	179,845
L. OTHER COSTS	1042		74,633	19,513
M. TOTAL INCOME (1001+1027+1039+1041)	1043		2,652,106	3,067,586
N. TOTAL COSTS (1013+1032+1040+1042)	1044		1,807,972	1,999,925
O. OPERATING PROFIT BEFORE TAX (1043-1044) ≥ 0	1045		844,134	1,067,661
P. OPERATING LOSS BEFORE TAX (11044-1043) ≥ 0	1046		-	-
Q. NET PROFIT FROM DISCONTINUED OPERATIONS, THE EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS FROM PREVIOUS PERIOD	1047		-	-
R. NET LOSS FROM DISCONTINUED OPERATIONS, LOSS CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS FROM PREVIOUS PERIOD	1048		-	-
S. PROFIT BEFORE TAX (1045-1046+1047-1048) ≥ 0	1049		844,134	1,067,661
T. LOSS BEFORE TAX (1046-1045+1048-1047) ≥ 0	1050		-	-
U. INCOME TAXES				
I. TAX EXPENSES FROM THE PERIOD	1051	29	169,061	100,219
II. DEFERRED TAX EXPENSE	1052	29	-	56,699
III. DEFERRED TAX INCOME	1053	29	21,125	-
V. EARNINGS OF EMPLOYER	1054		-	-
W. NET PROFIT (1049-1050-1051-1052+1053-1054) ≥ 0	1055		696,198	910,743
X. NET LOSS (1050-1049+1051+1052-1053+1054) ≥ 0	1056		-	-
I. NET PROFIT BELONGING TO PARTICIPATION WITHOUT CONTROLLING RIGHTS	1057		341,253	448,110
II NET PROFIT BELONGING TO PARENT COMPANY	1058		354,945	462,633
III. NET LOSS BELONGING TO PARTICIPATION WITHOUT CONTROLLING RIGHTS	1059		-	-
IV. NET LOSS BELONGING TO PARENT COMPANY	1060		-	-
V. EAERNINGS PER SHARE				
1. Basic earning per share	1061	30	13.39	17.45
2. Reduced (diluted) earnings per share	1062	30	13.39	17.45



CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

In RSD
thousand

POSITION	AOP	Note	Year ended 31 December	
			2022	2021
A. NET PROFIT/(LOSS)				
I. PROFIT, NET (AOP 1055)	2001		696,198	910,743
II. LOSS, NET (AOP 1056)	2002			
B. OTHER COMPREHENSIVE PROFIT OR LOSS				
a) Items that will not be reclassified to profit or loss				
1. Changes in the revaluation of intangible assets, property, plant and equipment				
a) increase in revaluation reserves	2003			
b) decrease in revaluation reserves	2004			
2. Actuarial gains (losses) of post employment benefit obligations				
a) gains	2005			
b) losses	2006		25	30
4. Gains or losses arising from a share in the associate's other comprehensive profit or loss				
a) gains	2007		8,777	
b) losses	2008			
b) Items that may be subsequently reclassified to profit or loss				
1. Gains or losses on investments in equity instruments				
a) gains	2009			
b) losses	2010			
1. Gains or losses on the translation of financial statements of foreign operations				
a) gains	2011			
b) losses	2012			
2. Gains or losses on hedging instruments of net investments in foreign operations				
a) gains	2013			
b) losses	2014			
3. Gains and losses on cash flow hedges				
a) gains	2015			238,320
b) losses	2016		161,096	
4. Gains or losses on securities that are measured at fair value through other comprehensive income				
a) gains	2017			
b) losses	2018			
I. OTHER COMPREHENSIVE PROFIT BEFORE TAX (2003 + 2005 + 2007 + 2009 + 2011 + 2013 + 2015 + 2017) - (2004 + 2006 + 2008 + 2010 + 2012 + 2014 + 2016 + 2018) ≥ 0	2019			238,290
II. OTHER COMPREHENSIVE LOSS BEFORE TAX (2004 + 2006 + 2008 + 2010 + 2012 + 2014 + 2016 + 2018) - (2003 + 2005 + 2007 + 2009 + 2011 + 2013 + 2015 + 2017) ≥ 0	2020		152,344	
III. DEFERRED TAX EXPENSES FOR OTHER COMPREHENSIVE PROFIT OR LOSS FOR THE PERIOD	2021			35,748
IV. DEFERRED TAX REVENUE ON OTHER COMPREHENSIVE PROFIT OR LOSS FOR THE PERIOD	2022			
IV. TOTAL NET COMPREHENSIVE PROFIT (2019 - 2020 - 2021+2022) ≥ 0	2023			202,542
V. TOTAL NET COMPREHENSIVE LOSS (2020 - 2019 + 2021-2022) ≥ 0	2024		152,344	
C. TOTAL NET COMPREHENSIVE PROFIT				
I. TOTAL COMPREHENSIVE PROFIT, NET (2001 - 2002 + 2023 - 2024) ≥ 0	2025		543,854	1,113,285
II. TOTAL COMPREHENSIVE LOSS, NET (2002 - 2001 + 2024 - 2023) ≥ 0	2026			
D. TOTAL NET COMPREHENSIVE PROFIT / (LOSS) (2028 + 2029) = AOP 2025 ≥ 0 or AOP 2026 > 0	2027		543,854	
1. Attributable to shareholders	2028		27,679	572,006
2. Attributable to non-controlling interest	2029		271,175	541,279



CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CASH FLOWS In RSD thousand

POSITION	AOP	Year ended 31 December	
		2022	2021
A. CASH FLOWS FROM OPERATING ACTIVITIES			
I. Cash inflow from operating activities (1-4)	3001	2,064,794	2,446,170
1. Sales and advances received in the country	3002	1,936,730	2,403,308
2. Sales and advances received abroad	3003	-	-
3. Interest from operating activities	3004	-	-
4. Other inflow from operating activities	3005	128,064	42,863
II. Cash outflow from operating activities (1-8)	3006	794,643	1,004,032
1. Payments and prepayments to suppliers in the country	3007	241,744	336,154
2. Payments and prepayments to suppliers abroad	3008	-	-
3. Salaries, benefits and other personal expenses	3009	34,990	35,524
4. Interest paid in the country	3010	360,283	600,987
5. Interest paid abroad	3011	-	-
6. Income tax paid	3012	157,626	31,367
7. Payments for other public revenues	3013	-	-
8. Other outflows from operating activities	3014	-	-
III. Net cash inflow from operating activities (I - II)	3015	1,270,151	1,442,139
IV. Net cash outflow from operating activities (II - I)	3016	-	-
B. CASH FLOWS FROM INVESTING ACTIVITIES			
I. Cash flows from investing activities (1-5)	3017	-	-
1. Sale of shares	3018	-	-
2. Proceeds from sale of intangible assets, property, plant and equipment and biological assets	3019	-	-
3. Other financial investments	3020	-	-
4. Interest from investing activities	3021	-	-
5. Dividend received	3022	-	-
II. Cash outflow from investing activities (1-3)	3023	657,102	964,471
1. Acquisition of subsidiaries or other business	3024	390	-
2. Purchase of intangible assets, property, plant and equipment and biological assets	3025	569,675	560,158
3. Other financial investments	3026	87,037	404,313
III. Net cash inflow from investing activities (I - II)	3027	-	-
IV. Net cash outflow from investing activities (II - I)	3028	657,102	964,471

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

In RSD thousand

POSITION	AOP	Year ended 31 December	
		2022	2021
C. CASH FLOWS FROM FINANCING ACTIVITIES			
I. Cash inflow from financing activities (1-7)	3029-	0	1,400,338
1. Increase in share capital	3030	-	-
2. Long-term borrowings in the country	3031-	0	552,619
3. Long-term borrowings abroad	3032	-	847,719
4. Short-term borrowings in the country	3033	-	-
5. Short-term borrowings abroad	3034	-	-
6. Other long-term liabilities	3035	-	-
7. Other short-term liabilities	3036	-	-
II. Cash outflow from financing activities (1-8)	3037	934,869	1,662,067
1. Purchase of own shares	3038	-	-
2. Long-term borrowings in the country	3039	891,071	1,617,444
3. Long-term borrowings in abroad	3040	-	-
4. Short-term borrowings in the country	3041	-	-
5. Short-term borrowings country abroad	3042	-	-
6. Other liabilities	3043	-	-
7. Financial lease	3044	-	-
8. Dividend distribution	3045	43,798	44,623
III. Net cash inflow from financing activities (I - II)	3046	-	-
IV. Net cash outflow from financing activities (II - I)	3047	934,869	261,729
D. TOTAL CASH INFLOW (3001 + 3017 + 3029)	3048	2,064,794	3,846,509
E. TOTAL CASH OUTFLOW (3006 + 3023 + 3037)	3049	2,386,614	3,630,570
F. NET CASH INFLOW (3048 - 3049) ≥ 0	3050	-	215,939
G. NET CASH OUTFLOW (3049 - 3048) ≥ 0	3051	321,820	-
H. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	3052	525,003	309,064
I. CURRENCY TRANSLATION GAINS ON CASH AND CASH EQUIVALENTS	3053	-	-
J. CURRENCY TRANSLATION LOSSES ON CASH AND CASH EQUIVALENTS	3054	-	-
K. CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (3050-3051+3052+3053-3054)	3055	203,183	525,003



CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In RSD thousand

Position Description	AOP	Share capital	AOP	Other share capital	AOP	Subscribed but unpaid capital	AOP	Share premium and reserves
1 Balance as at 01.01.2021	4001	4,057	4010	4019	4028		4028	681,237
2 Adjustments of material errors and changes in accounting policies	4002		4011	4020	4029		4029	
3 Restated opening balance as at 01.01. 2021 (1+2)	4003	4,057	4012	4021	4030		4030	681,237
4 Net changes in 2021	4004		4013	4022	4031		4031	
5 Balance as at 31.12.2021 (3+4)	4005	4,057	4014	4023	4032		4032	681,237
6 Adjustments of material errors and changes in accounting policies	4006		4015	4024	4033		4033	
7 Restated opening balance as at 01.01.2022 (5+6)	4007	4,057	4016	4025	4034		4034	681,237
8 Net changes in 2022	4008		4017	4026	4035		4035	
9 Balance as at 31.12.2022 (7+8)	4009	4,057	4018	4027	4036		4036	681,237

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

In RSD thousand

Position Description	AOP	Cash flow hedge gain/(loss)	AOP	Retained earnings	AOP	Loss	AOP	Non- controlling interest	AOP	Total	AOP	LOSS EXCEEDING EQUITY
1 Balance as at 01.01.2021	4037	(306,611)	4046	30,815	4055	23,060	4064		4073	386,438	4082	
2 Adjustments of material errors and changes in accounting policies	4038		4047		4056		4065		4074		4083	
3 Restated opening balance as at 01.01.2021 (1+2)	4039	(306,611)	4048	30,815	4057	23,060	4066		4075	386,438	4084	
4 Net changes in 2021	4040	166,890	4049	439,570	4058	(23,060)	4067	439,142	4076		4085	
5 Balance as at 31.12.2021 (3+4)	4041	(139,721)	4050	470,385	4059		4068	439,142	4077	1,455,100	4086	
6 Adjustments of material errors and changes in accounting policies	4042		4051		4060		4069		4078		4087	
7 Restated opening balance as at 01.01. 2022 (5+6)	4043	(139,721)	4052	470,385	4061		4070	439,142	4079	1,455,100	4088	
8 Net changes in 2022	4044	(74,452)	4053	354,891	4062		4071	234,523	4080		4089	
9 Balance as at 31.12.2022 (7+8)	4045	(214,173)	4054	825,276	4063	-	4072	673,665	4081	1,970,062	4090	



**EXPLANATORY NOTES TO THE
CONSOLIDATED FINANCIAL STATEMENTS 31
DECEMBER 2022**

(All amounts are in 000 RSD, unless otherwise stated)

1. General information

Fintel Energija A.D., Beograd (hereinafter the “**Company**” or “**Fintel Energija**”) and subsidiaries (together, “**Fintel Group**” or the “**Group**”) is the leading independent renewable energy producer in Serbia. The Company and the Group acted as the pioneer in the Serbian wind business being the first ever to install and operate wind farms in the country. The Group sells its power output through offtake arrangements (Power Purchase Agreement or the “PPA”) to JP Elektroprivreda Srbije (“EPS”) and does not supply electricity directly to the retail customers.

The Company was incorporated as a closed joint stock company on 27 June 2007, under the business name PRIVREDNO DRUŠTVO ZA PROIZVODNJU ELEKTRIČNE ENERGIJE FINTEL ENERGIJA AD BEOGRAD, by foreign legal entity FINTEL ENERGIA GROUP S.P.A, Italy registration number 02658620402, (hereinafter the “**Principal Shareholder**”). Fintel Energia Group S.p.A. is 86,22% owned by Hopafi Srl, (the “**Ultimate Parent**”).

Fintel Energia’s registered office is located at Masarikova 5, Beograd, Serbia.

At 31 December 2022, the Company’s fully subscribed and paid up share capital amounted to RSD 4,057 thousand, consisting of 26,510,506 ordinary shares of RSD 0.153 each.

The company’s shares are traded on the organized market – Belgrade Stock Exchange since November 2018. The symbol of the shares is FINT, and ISIN number is RSFINEE60549. The market capitalization of the Company as at 31 December 2022 is RSD 17,231,828 thousand (unit price per share of RSD 650).

Fintel Energia Group SpA, the Principal Shareholder, is a joint stock company under Italian law. It constitutes a vertical operator in the integrated energy supply chain, which engages in the sale of electricity and natural gas in Italy and in the development and exploitation of renewable energy power plants (photovoltaic, wind and mini wind) in Italy and Serbia.

These consolidated financial statements for the year ended 31 December 2022 have been prepared by the Group’s Director, who approved them on the 28 April 2023. The approved financial statements may be amended based on the auditor’s opinion, in accordance with legislation.

(All amounts are in 000 RSD, unless otherwise stated)

2. Summary of accounting policies and standards adopted

2.1 Basis of presentation

The basic accounting policies applied in the preparation of these financial statements are presented below. These policies have been consistently applied to all years presented, unless otherwise indicated.

The Group has prepared these consolidated financial statements in accordance the Law on Accounting of the Republic of Serbia (the "Law"), as well as other regulations issued by the Ministry of Finance of the Republic of Serbia. The regulations of the Republic of Serbia that apply to the Group's consolidated financial statements as of and for the year ended December 31, 2022 deviate from IFRS and IAS in the following aspects of financial reporting:

1. The Group has prepared these consolidated financial statements in accordance with the requirements of the Rulebook on the accounting framework and the content of accounts in the accounting framework for economic companies, cooperatives and entrepreneurs (Official Gazette of the Republic of Serbia No. 89/2020) and the format prescribed by the Rulebook on the content and form of financial forms of the report and the content and form of the statistical report form for economic companies, cooperatives and entrepreneurs ("Official Gazette of the RS", No. 89/2020), which deviates from the format defined in IAS 1 (revised) - "Presentation of financial statements" and IAS 7 - "Statement of Cash Flows".
2. Decision of the Ministry of Finance of the Republic of Serbia no. 401-00-4980 / 2019-16 of 21st November 2019 (Official Gazette of the Republic of Serbia No. 92/2019) stipulate that official standards are consist of: official translations of International Financial Reporting Standards which include the Conceptual Framework for Financial Reporting, the basic texts of International Accounting standards (IAS), basic texts of IFRS issued by the International Accounting Standards Board, as well as interpretations issued by the Accounting Standards Interpretation Committee in the form in which they were issued or adopted and which do not include basis for conclusions, illustrative examples, guidelines, comments, dissenting opinions, elaborated examples and other additional explanatory material that can be adopted in connection with standards, interpretations, unless it is explicitly stated that it is an integral part of the standard or interpretation.
3. Decision of the Ministry of Finance of the Republic of Serbia no. 401-00-4351/2020-16 of September 10, 2020 (Official Gazette of the Republic of Serbia No. 123/20 125/20) of the new translated standards were published IFRS 16: Leasing and interpretation of IFRIC 23 - Uncertainty regarding the treatment profit tax. These translations begin to be applied for financial statements prepared on December 31, 2021, with the possibility of application when preparing financial statements on December 31, 2020.

According to the above, and bearing in mind the potential material effects that the deviation of the accounting regulations of the Republic of Serbia from IFRSs and IASs can have on the reality and objectivity of the Group's consolidated financial statements, the accompanying consolidated financial statements cannot be considered as financial statements prepared in accordance with IFRS and IAS.

The preparation of financial statements in conformity with Law on Accounting of the Republic of Serbia requires the use of certain critical accounting estimates. It also requires management to exercise its

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judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

2.2 Going concern

The Group meets its day-to-day working capital requirements through its bank facilities. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities. Bearing in mind the foregoing, management considers that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group does not expect difficulties in collecting receivables and believes that liquidity will be stable in the future, due to the strong support of foreign partners (Group owners). The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements. Further information on the Group's borrowings is given in Note 18.

2.3 Scope of consolidation

These consolidated financial statements include the financial statements for the year ended 31 December 2022 of the Fintel Energija and the financial statements for the year ended 31 December 2022 of its subsidiaries, as approved by the sole Director. These financial statements have been appropriately adjusted, where necessary, in order to bring them into line with Law on Accounting of the Republic of Serbia. The companies included in the scope of consolidation are listed below:

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Name	Share Capital (RSD '000)	Head office	31/12/2021 % held	31/12/2020 % held	
Fintel Energija ad	4,057	Belgrade (Serbia)	Parent Company		
MK-Fintel Wind ad	29,647	Belgrade (Serbia)	54%	54%	Direct
MK-Fintel Wind Holding doo	10	Belgrade (Serbia)	54%	54%	Direct
Energobalkan doo	360,513	Belgrade (Serbia)	54%	54%	Indirect
Vetropark Ram doo	10	Belgrade (Serbia)	54%	54%	Indirect
Vetropark Kula doo	314,032	Belgrade (Serbia)	54%	54%	Indirect
Vetropark Torak doo	240	Belgrade (Serbia)	54%	54%	Indirect
Fintel Energija Dev. doo	0	Belgrade (Serbia)	100%	100%	Direct
MK-Fintel Wind Dev. doo	0	Belgrade (Serbia)	54%	54%	Indirect
Vetropark Lipar doo	0	Belgrade (Serbia)	100%	100%	Direct
Vetropark Lipar 2 doo	0	Belgrade (Serbia)	100%	100%	Direct
Vetropark Project Torak doo	0	Belgrade (Serbia)	100%	100%	Indirect
Vetropark Maestralski Ring	0	Belgrade (Serbia)	100%	100%	Indirect
Agrosolar Doo	0	Belgrade (Serbia)	100%	100%	Indirect
Fintel Energija Dev. Ltd	118	Nicosia (Cyprus)	100%	100%	Direct
Vetropark Torak Ltd	118	Nicosia (Cyprus)	100%	100%	Indirect
Vetropark Ring Ltd	118	Nicosia (Cyprus)	100%	100%	Indirect
Staklenik Jedan d.o.o.	100	Beograd (Srbija)	100%	100%	Indirect
Staklenik Dva d.o.o.	100	Beograd (Srbija)	100%	100%	Indirect
Staklenik Tri d.o.o.	100	Beograd (Srbija)	100%	100%	Indirect
Staklenik Četiri d.o.o.	100	Beograd (Srbija)	100%	100%	Indirect
Staklenik Pet d.o.o.	100	Beograd (Srbija)	100%	100%	Indirect
Kula Solar Ltd	118	Nicosia (Cyprus)	100%	100%	Indirect

During 2022, 5 new Companies have been established in Serbia. On April 11, 2022, Fintel Energija Development Ltd sold its shares in VP Ring Ltd and Kula Solar Ltd to Fintel Energija Group S.P.A.

The shares of Fintel Energija ad (number of pledged shares 25,000,000) have been pledged in favour of AIK Bank ad and in accordance with the Long-term Loan Agreement signed on July 26, 2017.

The shares of MK-Fintel Wind ad have been pledged in favour of UniCredit Bank Serbia a.d., Beograd, and in accordance with the Long-term Loan Agreement signed on February 27, 2018 with Erste Group Bank AG, Erste Banka a.d., Novi Sad, UniCredit Bank Serbia a.d., Beograd, Zagrebačka Banka dd, Zagreb and Banka Intesa a.d. Beograd.

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2.4 Principles and methods of consolidation

Subsidiaries

Subsidiaries are deemed to be all businesses and entities for which the Group:

- Has power thereover, i.e. the Group has the ability to direct the relevant activities that significantly affect the Group's returns;
- Is exposed to variable returns from its involvement therewith;
- Exercises its power to obtain benefits from the activities thereof.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group until the date that control ceases.

The consolidation procedures applied are as stated below.

Assets and liabilities, income and expenses and other components of comprehensive income of the fully consolidated entity are included in the consolidated financial statements on a line-by-line basis; the carrying amount of the investment is eliminated against the corresponding portion of equity of each subsidiary.

Unrealised gains on transactions between consolidated entities are eliminated, as well as receivables, payables, income and expenses, guarantees, commitments and risks relating to transactions between consolidated entities. Intercompany losses are not eliminated as they are deemed to provide evidence of an impairment of the asset transferred.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, consolidate statement of comprehensive income, consolidated statement of changes in equity and consolidated balance sheet respectively.

Business combinations between entities that are not under common control, whereby the Group obtains control of an entity, are accounted for using the acquisition method. The consideration transferred comprises the acquisition-date fair values of the assets acquired, the liabilities assumed, equity interests issued and any other directly attributable acquisition-related costs. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The difference between the consideration transferred and the fair value of the assets acquired and liabilities and contingent liabilities assumed, if positive, is recorded as goodwill, or, if negative, after having confirmed the correct fair value measurement of the assets acquired and liabilities and contingent liabilities assumed and the consideration transferred, is recognised directly in profit or loss as income.

Non-controlling interests in businesses acquired are initially measured at the proportionate share of the fair value of the recognised amounts of the acquiree's assets, liabilities and contingent liabilities.

The acquisition of further equity interests in subsidiaries and the sale of equity interests that do not result in a loss of control are deemed to be transactions between equity owners; as such, the accounting impact of these transactions is recognised directly in equity attributable to the Group.

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The sale of controlling interests gives rise to the recognition in profit or loss of any gain (or loss) on disposal and of the accounting impact of the fair value measurement at the disposal date of any residual interest.

2.5 Foreign currency translation

Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured and presented in Serbian dinars ("RSD"). Dinar represents the official reporting currency in the Republic of Serbia.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of the transaction or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

2.6 Significant accounting policies

Property, plant and equipment

Property, plant and equipment is stated at purchase cost less depreciation and impairment. Cost includes all costs necessary to bring an asset to working condition for its intended use. This cost is increased by the present value of the estimated cost of site clearance when there is a legal or constructive obligation to decommission the asset. The corresponding liability is recognised in provisions for risks and charges. The accounting treatment of revised estimates of these costs, of the time value of money and of the discount rate are indicated in the point on provisions for risks and charges.

Borrowing costs directly attributable to the acquisition or construction of property, plant and equipment are included in the cost of the asset only if the asset in question is a qualifying asset, i.e. one that necessarily takes a substantial period of time to get ready for its intended use or sale.

Costs incurred on ordinary and/or cyclical repairs and maintenance are recognised directly in consolidated income statement. Costs incurred for the expansion, modernisation or improvement of structural elements owned by the Group or used by third parties are capitalised to the extent that they meet the requirements for recognition as a separate asset or as part of an asset.

Depreciation is calculated on a straight line basis using rates that allow assets to be depreciated over their estimated useful lives. When a depreciable asset is composed of separately identifiable elements, the useful life of which differs significantly from the other component parts of the asset, depreciation is computed separately for each of these parts in accordance with the "component approach".

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The useful life estimated by the Group for each category of property, plant and equipment is as follows:

	No. of years
Buildings	40
Equipment	3-20

The residual values of property, plant and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period. Depreciation begins when the assets are ready for their intended use as established by the directors (which coincides with the end of the test period).

Property, plant and equipment held under finance leases, whereby substantially all of the risks and benefits of ownership are transferred to the Group, are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, inclusive of the amount payable to exercise the purchase option. The corresponding lease obligation is recognised under financial liabilities. Assets held under finance leases are depreciated by applying the policy and rates previously indicated for property, plant and equipment, except where the lease term is shorter than an asset's useful life and there is no reasonable certainty that the Group will obtain ownership at the end of the lease term; in this case, the depreciation period coincides with the lease term. Any gain on sale of an asset arising from a sale and leaseback transaction is deferred and amortised over the lease term.

Leasing arrangements, whereby the lessor retains substantially all the risks and rewards incidental to ownership of an asset, are accounted for as operating leases. Costs relating to operating leases are recognised in consolidated income statement on a straight-line basis over the lease term.

Intangible assets

Intangible assets consist of non-monetary assets which are identifiable and without physical substance, which are controlled by the Group as a result of past events and from which future economic benefits are expected. Intangible assets meeting the relevant recognition criteria are initially measured at purchase or production cost, inclusive of directly attributable costs necessary to prepare the asset for its intended use, less amortisation and impairment.

Borrowing costs directly attributable to the acquisition or production of intangible assets are included in the cost of the asset only if the asset in question is a qualifying asset, i.e. one that necessarily takes a substantial period of time to get ready for its intended use or sale.

Amortisation begins when assets are ready for their intended use and is charged over their estimated useful lives.

The useful life estimated by the Group for each category of intangible assets is as follows:

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	No. of years
Other intangibles	Term of the right

There are no intangible assets with an indefinite useful life.

Impairment of property, plant and equipment and intangible assets

At the end of each reporting period, right-of-use assets, property, plant and equipment and intangible assets not fully depreciated/amortised are tested for indicators of impairment. If any such indicators are identified, an estimate is computed of the recoverable amount of the asset and any write-down of the carrying amount is recognised in profit or loss. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use, which is the present value of the future cash flows expected to be derived from an asset. For assets that do not generate sufficiently independent cash flows, the recoverable amount is determined with reference to the cash-generating unit to which the assets belong. In determining value in use, expected future cash flows are discounted using a discount rate which reflects current market assessments of the time value of money and the risks specific to the business. An impairment loss is recognised in profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. When it is no longer necessary to maintain an impairment, the carrying value of the asset is increased to the new value deriving from the estimate of its recoverable value, but not exceeding the net book value that the asset would have had if it had not been written down for impairment.

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Other current and non-current assets, trade receivables and other receivables

On initial recognition, financial assets are measured at fair value and are classified in one of the following categories based on their nature and the purpose for which the investments were acquired:

- held-to-maturity investments;
- loans and receivables;
- available-for-sale financial assets; and
- financial assets at fair value through profit or loss.

Purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the assets have expired and the Group that held them has transferred substantially all the risks and rewards of ownership. The only case applicable to the Group, except for financial derivatives as detailed below, is loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which mainly relate to receivables due from customers or Group companies. Loans and receivables are classified in the statement of financial position as trade receivables and other receivables. These assets are measured at amortised cost, using the effective interest rate, less impairment. Impairment losses on receivables are recognised if there is objective evidence that the Group will not be able to recover the receivable due from the counterparty in accordance with contractual terms. Objective evidence that a financial asset or group of financial assets is impaired includes observable data that comes to the attention of the Group companies regarding the following loss events:

- significant financial difficulties on the part of the issuer or borrower;
- the existence of ongoing legal disputes with the debtor relating to a receivable;
- reasonable likelihood that the beneficiary will declare bankruptcy or other debt restructuring or insolvency procedures.

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The amount of the loss is recognised in consolidated income statement as "Allocations to provisions and impairment".

Receivables are stated in the consolidated financial statements net of the provision for doubtful debts.

Cash and cash equivalents

These include cash on hand, deposits held at call with banks or other financial institutions for current operations, post office current accounts and other cash equivalents, as well as investments with original maturities of three months or less. The components of cash and cash equivalents are measured at fair value and changes therein are recognised in consolidated income statement.

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Off balance sheet assets/liabilities

Those include: assets held under leases, other than financial leases, consignment stock, material received from third parties for further processing and other assets not owned by the Group, as well as receivables/payables relating to collaterals received/given such as guarantees and other warrants.

Trade payables, financial and other payables

Trade payables, financial and other payables are recognised initially at their fair value, net of directly attributable ancillary costs, and subsequently measured at amortised cost using the effective interest method. If there is a change in estimated cash flow that can be reliably measured, the carrying amount of the liability is re-measured to reflect the change, based on the present value of the new estimated cash flow and on the initially determined internal rate. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Borrowings are recognised on the trade date of the related transactions and are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired and when the Group that had contracted the debt has transferred all of the risks and obligations related thereto.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation. The amount recognised represents the best estimate of the expenditure required to settle the obligation. When the time value of money is significant and the settlement date of the obligations can be reliably estimated, the provisions are measured at the present value of the expected disbursement using a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

If the liability relates to decommissioning and/or restoration of assets, the provision is recognised as an opposite entry to the asset to which it relates and the cost is recognised in consolidated income statements via the depreciation of the asset to which the cost relates.

Changes in accounting estimates are reflected in the consolidated income statement in the year in which the change takes place, except for changes in expected decommissioning and clearance costs due to changes in timing and the use of economic resources necessary to discharge the obligation or resulting from a change in the discount rate.

Such changes are added to or deducted from the carrying amount of the assets to which they relate and are recognised as depreciation charges in consolidated income statement. If changes are added to an asset's carrying amount, an assessment is made as to whether the new carrying amount is likely to be fully recovered; if not, the carrying amount of the asset is reduced to take account of the unrecoverable amount and the loss arising from the reduction is recognised in consolidated income statement.

If changes are deducted from an asset's carrying amount, the decrease is recognised as an opposite entry

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to the asset up to the amount of its carrying amount; any excess is recognised immediately in consolidated income statement.

As regards estimation criteria adopted for the determination of the asset decommissioning and restoration provision, reference should be made to the paragraph on use of estimates.

Risks that could give rise to a probable liability are disclosed in the section on commitments and risks, but are not provided for.

A contingent liability that was separately recognised in the initial accounting for a business combination as a liability, is measured at the higher of the amount the liability would be recognised by applying the above policy for provisions for risks and charges and the present value of the initially determined liability.

Derivative financial instruments

The Group holds derivatives to hedge its exposure to the risk of fluctuations in interest rates.

Transactions, which, in accordance with risk management policies, meet the hedge accounting requirements of International Financial Reporting Standards are designated as hedging relationships (accounted for as indicated below), whereas those entered into with the intention of hedging, but which do not meet the hedge accounting requirements of International Financial Reporting Standards are classified as trading transactions. In this case, changes in fair value of derivatives are recognised in profit or loss in the period in which they arise. Fair value is determined by reference to an active market.

For accounting purposes, hedging transactions are classified as fair value hedges if they have been entered into to hedge the exposure to changes in the market value of the underlying assets or liabilities; or as cash flow hedges if they have been entered into to hedge the exposure to variability in cash flows arising from an existing asset or liability or a highly probable forecast transaction.

For derivatives classified as fair value hedges, which meet hedge accounting requirements, gains and losses arising from their measurement at market value are recognised in profit or loss. Gains and losses arising from the fair value measurement of the underlying hedged items are also recognised in profit or loss.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in the equity reserve "cash flow hedging reserve". This reserve is subsequently reclassified to profit or loss in the periods when the hedged item affects profit or loss. The change in fair value attributable to the ineffective portion is recognised immediately in profit or loss. If the derivative instrument is sold and, accordingly, it no longer qualifies as an effective hedge of the exposure for which the transaction had been entered into, the portion of the "cash flow hedging reserve" relating thereto remains there until the underlying transaction affects profit or loss. When an envisaged transaction is no longer deemed probable, the corresponding portion of the cash flow hedging reserve is immediately reclassified to profit or loss.

Embedded derivatives present in financial assets/liabilities are separated and independently measured at fair value, except for cases whereby the strike price of the derivative at the date it was entered into

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approximates the amount determined by the measurement of the asset/liability in question at amortised cost. In this case, the measurement of the embedded derivative is absorbed by that of the financial asset/liability.

Revenue

The Group analyses contracts with customers to identify the underlying obligations. If a contract includes multiple goods or services, the Group assesses whether these components should be recognised separately in accordance with IFRS 15. Taking account of the characteristics of the contracts entered into by the Group companies, no contracts with multiple obligations have been identified.

The Group assesses each performance obligation contained in the contracts to determine whether it meets the criteria for the recognition of revenue over time in accordance with IFRS 15; contract revenue is recognised by reference to the stage of completion of the contract activity at the end of the reporting period under the percentage of completion method. Percentage of completion is determined by use of the cost-to-cost method, by applying to revenue the percentage of completion computed as the ratio of costs incurred to the estimated total cost required to complete the project.

Otherwise, revenue is recognised when the customer obtains control of an asset or service.

Revenue is measured at the fair value of the consideration received or receivable and relates to the sale of goods and the rendering of services that constitute the Group's core business. Revenue is recorded net of returns, discounts, rebates and allowances and excluding value added tax.

Revenue is recognised to the extent that it can be reliably measured and it is probable that future economic benefits will flow to the Group companies.

Revenue arising from the sale of goods and finished products is recognised in profit or loss upon transfer to the customer of control relating to the product sold, which normally coincides with the shipment of the goods to the customer and their acceptance thereby.

Revenue arising from the rendering of services is recognised upon the transfer of control arising from completion of the service rendered.

Revenue only includes economic benefits received or receivable flowing to Group companies in their own name and on their own behalf. Consequently, consideration received on behalf of third parties is excluded from revenue.

a) Revenue from the sale of electricity

Revenue from the sale of electricity mainly relates to the Feed in Tariff ("FiT") received for energy produced in the period, even though not yet billed, and has been determined by including data recorded on the basis of measurement received by EPS (the Serbian State Owned electricity supplier).

The FiT Mechanism is a system whereby a generator which has achieved the Privileged Power Producer Status or PPP, such as the Group, using Specified Renewable Technologies (Wind, Solar, Hydro, Biomass, Biogas) is eligible to receive a Feed In Tariff paid for generating power under a bi-lateral agreement (PPA

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or Power Purchase Agreement). The Serbian State Owned electricity supplier EPS is obliged to buy all power produced, metered and injected into the grid from renewable energy sources produced by PPPs such as the Group, for the duration of the FiT Mechanism (12 Years since the obtaining of the status of privileged electricity supplier).

b) Other revenue

Revenue from the sale of goods other than FiT and from other services rendered is recognised when the customer obtains control of an asset or service, which generally coincides with the time of shipment or completion of the service.

c) Government grants

Government grants are recognised where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants are recognised in profit or loss over the period in which the related costs are recognised.

The benefit of a government loan at below market rate of interest is treated as a government grant. The benefit is determined at the start of the loan as the difference between the initial carrying amount of the loan (fair value plus directly attributable loan arrangement costs) and proceeds received and is subsequently recognised in profit or loss in accordance with the rules applicable to the recognition of government grants.

Cost recognition

Costs are recognised when they relate to goods and services purchased or consumed in the period or by systematic allocation.

Finance income and costs

Finance income and costs are recognised on an accrual basis that takes account of the effective return/charge on related assets/liabilities.

Finance costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the asset, commencing from the date on which the Group companies start incurring the finance costs until the date on which the asset financed is ready for use.

Income tax

The tax expense for the year comprises current and deferred tax. Tax is recognized in the consolidated income statement, except to the extent that it relates to items recognized directly in equity, in which case deferred tax liability is also recognized in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in Serbia, where the Group operates and generates taxable profit. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Related-party transactions

Related party transactions are conducted at arm's length, based on efficiency and cost-effectiveness criteria.

Dividends

Dividends to be distributed to the shareholders of the Parent Company are recognised as a liability in the consolidated financial statements in the period in which the distribution has been approved by the shareholders.

Earnings per share

The Group calculates and discloses the basic earnings per share. Basic earnings per share is calculated by dividing the net income that belongs to shareholders, the owners of ordinary shares of the Group, by the weighted average number of ordinary shares issued during the period.

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3. Estimates and assumptions

The preparation of the consolidated financial statements requires the directors to apply accounting policies and methods, which, in certain circumstances, are based on assessments and estimates and which may also be based on past experience and on assumptions that are deemed to be reasonable and realistic. The use of such estimates and assumptions has an impact on the consolidated financial statements, including the consolidated balance sheet, the consolidated income statement, the consolidated statement of comprehensive income and the consolidated statement of cash flows, as well as on related disclosures. The actual amounts of financial statement components for which the aforementioned estimates and assumptions have been used may differ from the amounts reported in the consolidated financial statements that recognise the occurrence of the event linked to the estimate, because of the uncertainty of the assumptions and the conditions on which the estimates have been based.

A brief description is provided below of the key accounting estimation, used in the preparation of consolidated financial statements

Impairment of assets

Property, plant and equipment and intangible assets with a finite useful life are tested for impairment when impairment indicators exist, which is recognised by a write-down when there are indicators that suggest it may be difficult to recover the related net carrying amount. The verification of the existence of the aforementioned indicators requires subjective assessments to be made by directors, based on information available within the Group companies, on information sourced from the market and on past experience. Moreover, if it has been established that there may be a case of potential impairment, Group management proceeds with the determination thereof by means of the use of appropriate valuation techniques. The correct identification of indicators of the existence of potential impairment, as well as the computation of estimates for the determination thereof depend on factors that may change over time and which may affect the assessments and estimates made by the directors.

Based on assessments made by Fintel Group Directors, there are no indicators of impairment of assets with a finite useful life.

Deferred tax assets

Deferred tax assets are recognised based on forecast future taxable income. The determination of forecast future taxable income for the purpose of the recognition of deferred tax assets depends on factors that may change over time and may significantly affect the recoverability of deferred tax assets.

Provisions

Other provisions for risks and charges relate mainly to probable liabilities for penalties and interest on overdue amounts payable to the tax authorities. Allocations to provisions are made based on a best estimate at the reporting date of costs likely to be incurred to settle the liability, after having sought legal opinion.

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4. Financial risk management

The coordination and monitoring of key financial risks is carried out by the central treasury department of the Principal Shareholder Company, which provides guidelines for the management of various types of risk and for the use of financial instruments. The main features of Fintel Group's risk management policy are:

- central determination of operational risk management guidelines concerning market, liquidity and cash flow risks;
- monitoring of results achieved;
- diversification of commitments/obligations and of the product portfolio.

Credit risk

Credit risk represents the exposure to potential losses arising from the failure by commercial and financial counterparties to fulfil their contractual obligations.

The Group's maximum exposure to credit risk at 31 December 2022 and 2021 is the carrying amount of each class of assets indicated in the following table:

	31 December 2022	31 December 2021
Trade receivables	376,952	209,684
Other receivables	222,907	195,587
Prepayments and accrued income	602,156	265,997
TOTAL	1,202,015	671,269

Trade receivables mainly refer to those from EPS for sale of electricity of Kosava wind farm produced in November.

Prepayments and accrued income mainly refer to receivables from EPS for electricity of all wind farms produced in December and to insurance proceeds, while other receivables relate to overpaid income taxes and revenue from insurance.

Those represent a low level of credit risk since most of the above mentioned receivables are towards the Serbian State, State owned company and related parties.

Based on the evaluation made by the sole Director, there is not any impairment for the above receivables.

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Liquidity risk

Liquidity risk is associated with the ability to meet the commitments arising from financial liabilities assumed by the Group. Prudent risk management of liquidity arising in the course of ordinary activities implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities.

Liquidity risk is managed centrally by the Principal Shareholder, given that the administration department periodically monitors the Group's net cash/debt through the preparation of appropriate actual and forecast cash inflow and outflow reports. In this manner, the Group aims to ensure it has adequate cover for its financing needs, by accurately monitoring financing, credit facilities opened and utilisations thereof, in order to optimise its resources and manage any temporary liquidity surplus.

The Group's objective is to establish a financing structure that, consistent with its business objectives, guarantees sufficient liquidity for the Group, minimises the related opportunity cost and maintains an equilibrium in terms of term to maturity and composition of the debt.

The following table provides a maturity analysis of liabilities at 31 December 2022 and 2021. The various maturity bands are determined based on the period between the reporting date and the contractual maturity of the Group's obligations, gross of accrued interest at 31 December. Interest is calculated in accordance with contractual terms for the financing.

At 31 December 2022				
	Less than 1 year	1-2 years	2-5 years	Beyond 5 years
Financial payables due to shareholders	1,633,093			1,129,295
Bank loans	812,584			6,843,418
Trade payables	464,473			
Other liabilities				4,520
Total	2,910,150			7,977,233

At 31 December 2021				
	Less than 1 year	1-2 years	2-5 years	Beyond 5 years
Financial payables due to shareholders	1,338,112	-	-	1,427,291
Bank loans	1,099,084	1,132,212	3,542,790	4,484,042
Trade payables	214,608	-	-	-
Other liabilities	751,032	-	-	-
Total	3,402,837	1,132,212	3,542,790	5,911,333

An analysis of the financial liabilities by maturity shows a decrease of liabilities less than 1 year as at 31 December 2022, compared to those at 31 December 2021.

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Accordingly, taking in account of the fact that the shareholders do not intend to request the repayment of the loan prior to the year end, as well as the presence of liquid funds of RSD 722,986 thousand (including financial assets) and the obtainment of the full feed in tariff since 2020 for all wind farms, it is believed that the Company and the Group will be able to meet its obligations in the foreseeable future.

Market risk

In the conduct of its operations, the Group is potentially exposed to the following market risks:

- risk of fluctuation in exchange rates;
- risk of fluctuation in interest rates.

These risks are essentially managed centrally by the Parent company Fintel Energija.

Risk of fluctuation in exchange rates

Exchange rate risk is linked to operations in currency other than the RSD. Fintel Group is exposed to the risk of fluctuation in exchange rates, given that it conducts business in Serbia through its subsidiaries, which are companies committed to the study, construction, development and management of wind farms and other projects in the field of renewables. The Group has borrowings denominated in foreign currency mainly in EUR and USD which predominantly expose group to the foreign currency translation risk. Currency exposure arising from the borrowings is managed through the participation of the borrowing denominated in functional currency of the Group in the total credit portfolio.

As at 31 December 2022, if the currency RSD had strengthened/weakened by 5% against the EUR with all other variables held constant, post-tax profit for the year would have been RSD 442,904 thousand (2021: RSD 479,268) higher/lower, mainly as a result of foreign exchange gains/losses on translation of EUR – denominated borrowings.

Risk of fluctuation in interest rates

The risk of fluctuation in interest rates to which Fintel Group is exposed originates from financial payables. Fixed rate debt exposes the Group to risk linked to changes in the fair value of the debt for their part linked to changes in the reference rate market. Floating rate debt exposes the Group to cash flow risk originating from the volatility of interest rates.

The Group's financial indebtedness consists of current bank debt, medium/long term loans granted by banks.

In order to hedge the risk of fluctuation in interest rates the subsidiaries Vetropark Kula and MK-Fintel Wind also entered into agreements for an interest rate cap with spread in relation to financing for the "Kula" and "Kosava phase I" wind power plants.

As a result of the aforementioned hedging transactions, the impact of the expected change in interest rates in the coming twelve months is deemed to be insignificant in the context of the Group's consolidated financial statements.

Capital management risk

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The Group's objective as far as capital risk management is concerned is mainly to safeguard business continuity in order to guarantee returns to shareholders and benefits to other stakeholders. Moreover, the Group aims to maintain an optimal capital structure in order to reduce the cost of borrowing.

The Group monitors its capital based on the ratio of net debt to net invested capital (gearing ratio). Net debt is calculated as total debt, including current and non-current loans and borrowings, plus net exposure to banks. Net invested capital is calculated as the sum of total equity and net debt.

The gearing ratio at 31 December 2022 and 2021 is shown in the following table:

<i>RSD thousand</i>	31 December 2022	31 December 2021
<i>Non-current financial payables:</i>		
- Financial payables due to shareholders	1,129,295	1,427,291
- Bank loans	6,843,418	7,758,924
<i>Current financial payables:</i>		
- Bank loans	812,584	752,577
- Financial payables due to shareholders	1,633,093	1,338,112
- Financial assets	(519,802)	(463,691)
Cash and cash equivalents	(203,183)	(525,003)
Net debt (A)	9,695,405	10,288,211
Equity (B)	1,970,062	1,455,100
Net capital employed (C=A+B)	11,665,467	11,743,311
Gearing ratio (A/C)	83,1%	87,6%

The gearing ratio improved in 2022 compared to that of the previous year since the increase of equity for net profit of the year.

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5. Financial assets and liabilities by class

In accordance with IFRS 13, financial instruments stated at fair value have been categorised into levels of hierarchy that reflect the significance of the input used for the determination of their fair value. The levels are the following:

Level 1: quoted prices in active markets for assets or liabilities being measured;

Level 2: inputs other than Level 1 inputs that are directly observable (prices) or indirectly (derived from prices) market inputs;

Level 3: inputs not based on observable market data.

The following table shows the Group's financial assets and liabilities by class, with an indication of the corresponding fair value, at 31 December 2022 and 2021:

<i>RSD thousand</i>	At 31 December 2022					Level
	Amortised cost	Fair value through OCI	Fair value through profit or loss	Hedge accounting	Total	
Financial assets	519,802				519,802	
Trade receivables	376,952				376,952	
Other current assets	825,063				825,063	
Cash and cash equivalents	203,183				203,183	
Total	1,925,000				1,925,000	
Borrowings	7,660,523				7,660,523	
Financial payables due to Shareholders	2,762,389				2,762,389	
Trade payables	464,473				464,473	
Other current liabilities	785,675				785,675	
Derivative liabilities				465,465	465,465	
Total	11,673,060			465,465	12,138,525	

<i>RSD thousand</i>	At 31 December 2021					Level
	Amortised cost	Fair value through OCI	Fair value through profit or loss	Hedge accounting	Total	
Financial assets	463,691				463,691	
Trade receivables	209,684				209,684	
Other current assets	461,585				461,585	
Cash and cash equivalents	525,003				525,003	
Total	1,659,962	-	-	-	1,659,962	
Borrowings	8,511,501				8,511,501	
Financial payables due to Shareholders	2,765,403				2,765,403	
Trade payables	214,608				214,608	
Other current liabilities	776,571				776,571	
Derivative liabilities	-			304,369	304,369	
Total	12,268,084	-	-	304,369	12,572,453	

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6. IFRS 8: segment information

Based on the fact that Fintel Group operates only in the wind renewable energy sector and operations are essentially in Serbia, hence there is only one reportable segment.

7. Information on guarantees issued, commitments and other contingent liabilities

A summary is provided below of guarantees issued by Fintel Group to third parties as well as the Group's commitments and other contingent liabilities.

a) Guarantees issued

Guarantees issued amount to RSD 55,127 thousand as of 31 December 2022 and RSD 55,127 thousand as of 31 December 2021 and refer to the 4P status for wind plants.

It has been issued in favor of Transmission System Operator in Republic of Serbia (RSD 55,128 thousand).

These guarantees have been classified as Off-balance sheet liabilities.

b) Other

There were no other contingent liabilities of the Group

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STATEMENT OF FINANCIAL POSITION

8. Property, plant and equipment

Movement table of PP&E as at 31 December 2022 and 2021 is presented in the table below:

RSD thousand	Year ended 31 December 2022									
	Opening historical cost	Opening accumulated depreciation	Opening net book amount	Additions	Depreciation and impairment	Disposals	Transfers	Closing historical cost	Closing accumulated depreciation	Closing net book amount
Land and Buildings	4,773,024	(367,653)	4,405,225	67,823	133,737	-	-	4,840,847	(501,390)	4,339,457
Machinery and equipment	9,319,949	(1,525,656)	7,794,293	197,702	342,338	-	-	9,517,651	(1,867,994)	7,649,657
Construction in progress	177,684	-	177,684	-	-	-	89,046	88,636	-	88,636
Property, plant and equipment	14,270,656	(1,893,309)	12,377,347	265,525	476,075	-	-	14,447,134	(2,369,384)	12,077,750

RSD thousand	Year ended 31 December 2021									
	Opening historical cost	Opening accumulated depreciation	Opening net book amount	Additions	Depreciation and impairment	Disposals	Transfers	Closing historical cost	Closing accumulated depreciation	Closing net book amount
Land and Buildings	4,533,790	(237,538)	4,296,251	235,936	(130,115)	-	3,298	4,773,024	(367,653)	4,405,225
Machinery and equipment	9,186,768	(949,100)	8,237,667	133,181	(576,555)	-	-	9,319,949	(1,525,656)	7,794,293
Construction in progress	132,901	-	132,901	48,080	-	-	(3,298)	177,684	-	177,684
Property, plant and equipment	13,853,459	(1,186,639)	12,666,820	417,197	(706,670)	-	-	14,270,656	(1,893,309)	12,377,347

Land and Buildings include lands and civil works such as foundation of the wind farms, access roads etc.

Machinery and equipment mainly includes wind turbines and towers. They refer to the wind farms already in operation, "Kula" (9,9 MW), "La Piccolina" (6,6 MW) and Kosava Phase I (69 MW).

Construction in progress as at 31 December 2022, mainly relate to investment of all other plants except those already in operation, as detailed above.

In 2022, Depreciation of Machinery and Equipment also includes impairment of fixed assets due to damage occurred in 2022 to some blades of Kosava Phase I wind farm. Replacement of the blades has been completed by the end of the 2022 and correspondent cost will be reimbursed by DDOR, the insurance Company.

Wind plants owned by VP Kula, Energobalkan and MKFW have been mortgaged in favour of the Banks.

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9. Other long-term financial investments

Other long-term financial investments in amount of RSD 519,802 thousand at 31 December 2022 (RSD 463,691 thousand at 31 December 2021) consisted entirely of non-current assets, relate to:

- Long-term deposits - restricted cash of RSD 460,555 thousand (RSD 404,312 thousand as of 31 December 2021), attributable to the subsidiary MK-Fintel Wind AD that has been deposited in 2022 as collateral in accordance with the loan facility agreement to guarantee the repayment of the loan.
- Long-term deposits - restricted cash of RSD 38,130 thousand (RSD 38,214 thousand as of 31 December 2021) attributable to the subsidiary Vetropark Kula doo that has been deposited as collateral to Erste in accordance with the loan agreement to guarantee the repayment of the loan.
- Long-term deposits - restricted cash of RSD 21,118 thousand (RSD 21,165 thousand as of 31 December 2021) attributable to the subsidiary Energobalkan doo that has been deposited as collateral to Unicredit Serbia in accordance with the loan agreement to guarantee the repayment of the loan.

10. Deferred tax assets/ (Deferred tax liabilities)

Deferred tax assets amount to RSD 14,398 thousand at 31 December 2022, while there were none as of December 31, 2021. As of December 31, 2021, there were deferred tax liabilities in the amount of RSD 30,908 thousand.

11. Trade receivables

Trade receivables in amount of RSD 376,952 thousand at 31 December 2022 (RSD 209,684 thousand at 31 December 2021) mainly relate to receivables from EPS for electricity produced in November.

12. Other current assets

“Other current assets” of RSD 825,064 thousand at 31 December 2022 (RSD 461,585 thousand at 31 December 2021) are detailed in the following table:

	31 December 2022	31 December 2021
Other receivables	210,669	183,351
Receivables for prepaid CIT	10,669	10,697
Receivables for other prepaid expenses	1,539	1,539
Short term accruals	602,157	265,997
Total	825,064	461,584

The balance of other receivables mainly relates to refundable VAT paid in 2022.

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Prepayments and accrued income mainly includes receivables from EPS for electricity produced by all "Kula", "La Piccolina" and "Kosava Phase I" in December . They also include RSD 244.600 thousand of insurance proceeds that will be reimbursed in 2023 for damage occurred in the 2022.

13. Cash and cash equivalents

"Cash and cash equivalents" at 31 December 2022 and 2021 are detailed as follows:

	31 December 2022	31 December 2021
Current account		
- in dinars	70,854	159,200
- purpose account in dinars	95,132	179,203
- in foreign currency	47	47
- purpose account in foreign currency	37,150	186,553
Cash and cash equivalents	203,183	525,003

The fair value of cash and cash equivalents coincides with the carrying amount thereof.

For the purpose of the preparation of the statement of cash flows, investing and financing transactions that did not require the use of cash or cash equivalents have been excluded.

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14. Equity

Equity as at 31 December 2022 and 2021 is detailed in the following table:

	31 December 2022	31 December 2021
Share capital	4,057	4,057
Share premium	681,237	681,237
Other components of other comprehensive income	(214,173)	(139,721)
Retained earnings from previous year	470,331	7,752
Retained earnings from current year	354,945	462,633
Loss from previous years	-	-
Equity attributable to the Group	1,296,397	1,015,958
Capital and reserves attributable to non-controlling interests	514,856	110,054
Other components of other comprehensive income	(182,444)	(119,022)
Profit (loss) for the year	341,253	448,110
Equity attributable to non-controlling interests	673,665	439,142
TOTAL EQUITY	1,970,062	1,455,100

Description	Share capital	Share premium and reserves	Cash flow hedge gain/(loss)	Retained earnings	Loss	Non-controlling interest	Total
Balance as at 01.01.2021.	4,057	681,237	(249,094)	30,816	23,060	(57,517)	386,439
Net changes in 2021.	-	-	109,372	439,571	(23,060)	496,658	
Balance as at 31.12.2021.	4,057	681,237	(139,722)	470,387	-	439,141	1,455,100
Restated opening balance as at 01.01.2022	4,057	681,237	(139,722)	470,387		439,141	1,455,100
Net changes in 2022	-	-	(74,452)	354,891	-	234,523	
Balance as at 31.12.2022.	4,057	681,237	(214,174)	825,278	-	673,665	1,970,062

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The equity components and changes therein are detailed below:

Share capital

At 31 December 2022, the Company's fully subscribed and paid up share capital amounted to RSD 4,057 thousand consisting of 26,510,506 ordinary shares with nominal value of RSD 0.153 each.

Shareholders' of the Company are detailed as follow:

<u>Član</u>	<u>In thousand of dinars</u>	<u>% of ownership</u>
Fintel Energia Group S.p.A.	3,825	94.30%
BDD M&V INVESTMENTS AD Beograd-ZBIRNI RAČUN	194	4.79%
SOCIETE GENERALE BANKA SRBIJA - KASTODI RN - FO	15	0.37%
Other	23	0.54%
Total	4,057	100.00%

Share premium

At 31 December 2021, such Reserve includes the share premium resulting from the capital increase of 2018 for the IPO of the Company on the Prime Listing Segment of the Belgrade Stock Exchange. The share premium worths RSD 755,022 thousands (equivalent to RSD 499,847 per each new share issued by the Company). Such value is reported net of the IPO related costs.

Other components of other comprehensive income

The hedging reserve arises from the measurement, in accordance with applicable accounting standards (IFRS 9), of derivatives entered into by Group companies to hedge the risk of fluctuation in interest rates applied to loans for the construction of certain of the Group's wind power plants.

Retained earnings/(Losses) and other reserves arising on consolidation

These consist of losses and other reserves of subsidiaries and arising on consolidation. They also include net profit/(losses) for the current year.

Equity attributable to non-controlling interests

This arises from the consolidation of companies with non-controlling interests held by parties out with Fintel Group.

15. Liabilities and short term loans and borrowings from other related parties

The balance amounts to RSD 1,115,216 thousand at 31 December 2022 (RSD 1,413,181 thousand at 31 December 2021) includes financial payables to MK Holding d.o.o., Lamium Trade and Namipo Management Ltd, a non-controlling interest holders in subsidiaries: this amount consists of the non-controlling interest holder's share of shareholder loans granted to finance the construction of the wind farms in Serbia.

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Liabilities, credits and loans from other related parties as of December 31, 2022 are detailed in the following table:

Recipient	Donor	Amount EUR	Amount 000 RSD	Maturity
MK Fintel Wind ad	MK Holding d.o.o.	10,173,976	1,193,635	2030
MK Fintel Wind Development d.o.o	Lamium Trade	22,935	2,691	2025
Fintel Energija Development Ltd	Namipo Management Ltd	3,350	394	2027
MK Fintel Wind Holding d.o.o.	MK Holding d.o.o.	1,844,700	216,425	2025
Total		12,044,961	1,115,216	

Liabilities, credits and loans from other related parties as of December 31, 2021 are detailed in the following table:

Recipient	Donor	Amount EUR	Amount 000 RSD	Maturity
MK Fintel Wind ad	MK Holding d.o.o.	899,700	105,789	2023
MK Fintel Wind ad	MK Holding d.o.o.	9,274,276	1,090,488	2023
MK Fintel Wind Holding d.o.o.	MK Holding d.o.o.	1,844,700	216,904	2023
Ukupno		12,018,676	1,413,181	

16. Liabilities to parent companies and subsidiaries

The balance amounts to RSD 1,349,244 thousand at 31 December 2022 (RSD 1,352,222 thousand at 31 December 2021) includes financial payables to the Parent Company:

	31 December 2022	31 December 2021
Long-term loans	14,079	14,110
Less: Current part of Long-term loans	-	-
	14,079	14,110
Short-term loans	1,335,165	1,338,112
Total	1,349,244	1,352,222

The overview of loans from Parent Company and years of maturity is shown in the following table:

Recipient	Lenders	Amount EUR	Amount in 000 RSD	Maturity
MK Fintel Wind Holding d.o.o.	Fintel Energija Group S.p.A	80,000	9,386	31.12.2026
MK Fintel Wind Holding d.o.o.	Fintel Energija Group S.p.A	30,000	3,250	31.12.2026
MK Fintel Wind Holding d.o.o.	Fintel Energija Group S.p.A	10,000	1,173	31.12.2026
MK Fintel Wind Holding d.o.o.	Fintel Energija Group S.p.A	1,296,000	152,050	31.12.2023
Fintel Energija a.d.	Fintel Energija Group S.p.A	2,667,000	312,899	31.12.2023
Fintel Energija a.d.	Fintel Energija Group S.p.A	7,300,000	856,454	31.12.2023
Fintel Energija a.d.	Fintel Energija Group S.p.A	117,308	13,763	31.12.2023
Total		11,500,308	1,349,222	

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17. Long and short term loans and borrowings to external parties

Set out below are details of long and short term loans and borrowings at 31 December 2022 and 2021:

<i>RSD thousand</i>	31 December 2022	31 December 2021
Long term borrowings	6,847,939	7,758,924
Short-term loans and borrowings	812,584	752,577
Total	7,660,523	8,511,501

In July 2021 Fintel Energija early prepaid loans to AIK Bank for an outstanding amount of Eur 6,8 million. This loan has been obtained in 2017 in order to develop and build Kosava phase I wind farm.

Details of bank loans outstanding at 31 December 2022 are summarised in the following table:

Beneficiary company	Residual debt at 31 December 2022	Long term		Short term		Maturity
MK Fintel Wind	6,721,742	6,082,366		639,376		2030
Vetropark Kula	553,678	442,372		111,306		2027
Energobalkan	380,582	318,680		61,902		2028
Other Leasing	4,520	4,520		-		2026
	7,660,523	6,847,939		812,584		

Loan of MK Fintel Wind refers to the financing received from Erste Bank Serbia, Banca Intesa, Unicredit Serbia and Zagrebacka Banka for the development and construction of Kosava phase I wind farm. Its maturity is of 12 years and interest rate is variable plus spread, ranging from 2.69% to 3.15%. First draw down of the loan has been made in 2018.

On 29 March 2021, the "Amendment and Restatement Facility Agreement" was signed to refinance the Serbian wind power plant Kosava Phase I. The new contract has the following characteristics:

- Maximum total amount of the refinancing: Euro 78 million, of which Euro 28 million reserved for Banca Intesa to replace the portion previously reserved for OeB;
- Duration of the loan: 30 December 2030;
- Repayment terms: six-monthly instalments due on June 30 and December 31 of each year.
- Interest rate: 6 month Euribor + 3.15% for the portion financed by Erste Bank Serbia, Unicredit Serbia and Zagrebacka Banka and 6 month Euribor + 2.69% on the portion financed by Banca Intesa Serbia.

Loan of Vetropark Kula refers to the financing received in 2015 from Erste Bank for the development and construction of Kula wind farm. Its maturity is of 12 years and interest rate is variable plus spread (that ranges from EURIBOR+3,55%-4,00% per year).

Loan of Energobalkan refers to the financing received in 2016 from Unicredit Bank for the development and construction of La Piccolina wind farm. Its maturity is of 12 years and interest rate is fixed, 4.5%.

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The shares of MK-Fintel Wind ad have been pledged in favour of Erste Banka a.d., Novi Sad, UniCredit Bank Serbia a.d., Begrade, Zagrebačka Banka dd, Zagreb and the Banca Intesa.

18. Other long-term liabilities

Other long-term liabilities consist of the fair value measurement at the reporting date of the derivative pertaining to the subsidiary Vetropark Kula Doo (RSD 15,645 thousand and RSD 17,518 thousand at 31 December 2022 and 2021) and MK Fintel Wind (RSD 449.820 thousand and RSD 514,172 thousand at 31 December 2022 and 2021) used to hedge the interest rate risk arising from loan agreements entered into by the companies.

The derivative contract entered into in 2015 by Vetropark Kula is an interest rate swap with a term of 10 years and an initial notional of Euro 9,650 thousand.

The derivative contract entered into in 2018 by MK Fintel Wind is an interest rate swap with a term of 12 years and an initial notional of Euro 60,496 thousand.

19. Trade payables

Trade payables, which amounted to RSD 464,473 thousand as at 31 December 2022 and to RSD 214,609 as at 31 December 2021, consist mainly of payables to Fintel Energia Group SpA for management fee and those arising from O&M services of all wind plants.

20. Short-term accruals

Accrued liabilities, which amounts to RSD 607,192 thousand at 31 December 2022 and to RSD 607,921 at 31 December 2021, consist mainly of interests on shareholders loan due to Fintel Energia Group SpA and MK Group, accrued interests on financial loans and amounts to be paid for the replacement of damaged blades.

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STATEMENT OF PROFIT OR LOSS

21. Sales of products and services

Sales of products and services amounts to RSD 2,172,310 thousand and RSD 2,480,896 thousand for the year ended 31 December 2022 and 31 December 2021 respectively.

The decrease in revenue is attributable to adverse weather conditions, and therefore the realized production is lower compared to last year.

22. Cost of salaries, fringe benefits and other personal expenses

Labour costs include all employee costs, including merit increases, category changes, cost of living increases, holiday pay, allocations to provisions required by law and collective labour contracts, as well as remuneration payable to directors, inclusive of related contributions.

At 31 December 2022, Group employees amount to 11 units.

23. Depreciation and amortisation and expenses for assets adjustments

Depreciation and amortisation amounts to RSD 674,414 thousand (RSD 706,671 thousand for the year ended 31 December 2021). Increase of the mentioned expenses in the last two years mainly refers to the impairment of fixed assets in the amount of RSD 63,082 thousand in 2022 and RSD 113,633 thousand in 2021, due to damage occurred to some blades of Kosava Phase I wind farm.

24. Cost of production services

It includes all costs arising from the purchase of services during the year in the ordinary course of business. Details of cost of services for 2022 and 2021 are provided in the following table:

	Year ended	
	31 December 2022	31 December 2021
Costs of ongoing maintenance services of wind farms	189,903	182,417
Land lease	1,399	1,224
Costs of office space rent- Other related parties	1,263	1,358
Costs of other transportation services	-	1,076
Others	4,456	4,966
Cost of production services	197,021	191,041

FINTEL ENERGIJA AD, BEOGRAD
EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2022

(All amounts are in 000 RSD, unless otherwise stated)

25. Non-production costs

Non-production costs for the years ended 31 December 2022 and 2021 are detailed as follows:

	31 December 2022	Year ended 31 December 2021
Consulting services	167,073	157,857
Property tax	47,133	48,007
Costs of lawyer services	44	13,607
Withholding tax on interest paid	-	12,305
Costs of fixed assets insurance	41,635	27,042
Other non production costs	11,234	15,492
Costs of credit request	-	1,411
Costs of garanties	-	-
Costs of bookkeeping services	1,469	1,343
Administrative and legal taxes	996	1,732
Audit services	2,172	1,293
Other non-material costs	15,354	13,309
Total	287,111	293,399

26. Finance income

Finance income for the years ended 31 December 2022 and 2021 are detailed as follows:

	31 December 2022	Year ended 31 December 2021
Finance income with parent and other related companies	654	20
Interest income (from third parties)	3,405	406,225
Foreign exchange gains (third parties)	45,321	600
Total finance income	49,380	406,845

In accordance with IFRS 9, interest income, which amounted to RSD 406,225 thousand, includes RSD 406,107 thousand resulting from the recognition of income arising from the renegotiation of interest rates applicable to loans granted to the subsidiaries MK-Fintel Wind AD. That is the reason for the big difference, ie. much lower amount of financial income in 2022 compared to 2021.

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27. Finance costs

Finance costs for the years ended 31 December 2022 and 2021 are detailed as follows:

	31 December 2022	Year ended 31 December 2021
Finance expense with parent and other related companies	81,466	73,511
Finance expense - third parties	364,028	565,643
Foreign exchange losses (third parties)	32,592	2,034
Other financial expense	43,386	98,657
Total finance costs	521,472	739,846

Finance costs mainly include interests on shareholder's loans and interests/expenses on loans received by the Group companies.

28. Other income

Other income as of December 31, 2022 amounts to RSD 430,416 thousand and mainly refers to income from the insurance company for the damage caused in Kosovo, phase I. The contracted amount includes the loss of production and the costs of replacing damaged propellers.

FINTEL ENERGIJA AD, BEOGRAD
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(All amounts are in 000 RSD, unless otherwise stated)

29. Income tax expense

Income tax expenses for the years ended 31 December 2022 and 2021 are detailed as follows:

	31 December 2022	Year ended 31 December 2021
Income tax for the year	169,061	100,219
Deferred tax expense for the period	(21,125)	56,699
	147,936	156,918

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to the Group's profits as follows:

	31 December 2022	Year ended 31 December 2021
Profit before tax	844,134	1,067,661
Tax calculated at domestic tax rates applicable to profits in the respective countries	126,620	160,149
<i>Tax effect on:</i>		
Expenses not deductible for tax purposes and other tax effects	(42,441)	(59,930)
	169,061	100,219

The weighted average applicable tax rate was 15% (2021: 15%).

The Group does not choose to consolidate for tax purpose and the losses of one group company are not available for the consolidated entity, which is why the losses of subsidiaries must be encountered as correction for the purpose of calculating the effective income tax rate.

30. Earnings/(loss) per share

The basic result per share has gone from an earning per share of RSD 17.45 in 2021 to an earning per share of RSD 13.39 for the year ended 31 December 2022. It has been computed by dividing the Group's net result by the number of Fintel Energija shares outstanding in the years in question (number of shares outstanding of 26,511 thousand).

The diluted result per share has gone from an earning per share of RSD 17.45 in 2021 to an earning per share of RSD 13.39 for the year ended 31 December 2022. It has been computed by dividing the Group's net result by the average number of Fintel Energija shares outstanding in the years in question (average number of shares outstanding of 26,511 thousand).

FINTEL ENERGIJA AD, BEOGRAD
EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2022

(All amounts are in 000 RSD, unless otherwise stated)

31. Contingent liabilities and commitments

There are not any contingent liabilities and commitments.

32. Related party transactions

As previously indicated, the Group is a subsidiary of Fintel EnergiGroup SpA,

A summary is provided below of the Group's transactions with related parties in 2022 and 2021. All transactions with related parties are entered into at market value.

As of 31 December 2022 and 31 December 2021 the outstanding balances with related parties were as follows:

	At 31 December 2022		
	Parent Company	Parent's subsidiaries and associates	Total
<i>RSD thousand</i>			
Trade and other payables	(85,351)	-	(85,351)
Other current liabilities	(306,266)	-	(306,266)
Long term debt	(14,871)	-	(14,871)
Short term debt	(1,181,487)	-	(1,181,487)
Total	(1,587,975)	-	(1,587,975)

	At 31 December 2021		
	Parent Company	Parent's subsidiaries and associates	Total
<i>RSD thousand</i>			
Trade and other payables	(83,899)	-	(83,899)
Other current liabilities	(202,072)	-	(202,072)
Long term debt	(14,110)	-	(14,110)
Short term debt	(1,338,112)	-	(1,338,112)
Total	(1,638,193)	-	(1,638,193)

FINTEL ENERGIJA AD, BEOGRAD
EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2022

(All amounts are in 000 RSD, unless otherwise stated)

For the year ended 31 December 2022 and 2021 the following transaction occurred with related parties:

	At 31 December 2022		
	Parent Company	Parent's subsidiaries and associates	Total
<i>RSD thousand</i>			
Selling, general and administrative expenses	(30,979)	-	(30,979)
Financial expenses	(46,415)	-	(46,415)
Total	(77,393)	-	(77,393)

	At 31 December 2021		
	Parent Company	Parent's subsidiaries and associates	Total
<i>RSD thousand</i>			
Selling, general and administrative expenses	(28,432)	-	(28,432)
Financial expenses	(35,494)	-	(35,494)
Total	(63,926)	-	(63,926)

Remuneration of Fintel Group directors

Tiziano Giovannetti acts as sole director in of Fintel Energija's subsidiaries. His salary for 2022 amounted to RSD 236 thousand.

33. Significant subsequent events

There were no events occurring after the balance sheet date that could require an adjustment to the consolidated financial statements as at 31 December 2022, nor disclosures in the Notes to the Group's financial statements.

34. Tax provision

Tax laws are subject to different interpretations and frequent amendments. Tax authorities' interpretation of Tax laws may differ to those made by the Group's management. As result, some transactions may be disputed by tax authorities and the Group may have to pay additional taxes, penalties and interests. Tax liability due date is five years. Tax authorities have rights to determine unpaid liabilities within five years since the transaction date. Management has assessed that the Group has paid all tax liabilities as of 31 December 2022.

Legal representative:

The person responsible for the preparation of consolidated financial statements:



**CONSOLIDATED ANNUAL BUSINESS
REPORT FOR THE YEAR ENDING 31
DECEMBER 2022**

FINTEL ENERGIJA AD

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1. Summary of the business activities and organizational structure

Identification data

Business name: PRIVREDNO DRUŠTVO ZA PROIZVODNJU ELEKTRIČNE ENERGIJE FINTEL ENERGIJA AD BEOGRAD

Seat: Belgrade

Address: Masarikova 5

Company Identification Number: 20305266

Tax Identification Number: 105058839

Date of incorporation: 27 June 2007

Persons authorized to represent: Tiziano Giovannetti

Website: www.fintelenergija.rs

Core business activity

Description and code of the core business activity: 3511 - Production of electrical energy.

Business activities

Fintel Energija A.D. (hereinafter the “**Company**” or “**Fintel Energija**”) and its subsidiaries (together, “**Fintel Group**” or the “**Group**”) is the leading independent renewable energy generator in Serbia. The Company and the Group acted as the pioneer in the Serbian wind business being the first ever to install and operate wind farms in the country. The Group sells its power output through offtake arrangements (Power Purchase Agreement or the “PPA”) to JP Elektroprivreda Srbije (“EPS”) and does not supply electricity directly to the retail customers.

Organizational structure

By aligning corporate bodies and documents with the Companies Law (“Official Gazette of the RS” no. 36/2011, 99/2011, 83/2014, - other law, and 5/2015) the Company has the following internal organizational structure: Shareholder Assembly (consisting of the only shareholder Finte Energia Group S.p.A.) and Board of Directors.

Corporate Governance

By aligning corporate bodies and documents with the Companies Law (“Official Gazette of the RS” no. 36/2011, 99/2011, 83/2014, - other law, and 5/2015) the Company has the following internal organizational structure: Shareholder Assembly (consisting of the only shareholder Finte Energia Group S.p.A.) and Board of Directors.

Subsidiaries

The Company act as a holding company of the following subsidiaries:

- MK-Fintel Wind AD Beograd, ID number 20392126, whereby the Company holds 54,00% of the share capital ("**MK Fintel a.d.**", "."), while the remaining 46,00% is held by the company *MK Holding d.o.o. za holding poslove Beograd*;
- MK-Fintel Wind Holding d.o.o. za holding poslove Beograd, ID number 21280275, whereby the Company holds 54,00% of the share capital ("**MK Fintel Holding d.o.o.**"), while the remaining 46,00% is held by the company *MK Holding d.o.o. za holding poslove Beograd*;
- Fintel Energija development d.o.o. Beograd, ID number 21522732 ("**Fintel Energija Development**"), whereby the Company holds 100,00% of the share capital,

MK-Fintel Wind Holding d.o.o. holds 100% in the following subsidiaries, SPVs for other projects:

- Vetropark Kula d.o.o. Beograd, ID number 20901659 – SPV established for the project wind farm Kula ("**Kula**");
- Energobalkan d.o.o. Beograd, ID number 20833122 – SPV established for the project wind farm La Piccolina ("**Energobalkan**").

Fintel Energija Development d.o.o. holds:

- Fintel Energija Development Ltd Cyprus, ID number HE 419780 ("**Fintel Energija Development Cyprus**"), whereby the Company holds 100,00% of the share capital;
- MK-Fintel Wind Development d.o.o. Beograd, ID number 21528536 ("**MK-Fintel Wind Development**"), whereby the Company holds 54,00% of the share capital;
- Lipar d.o.o. Beograd, ID number 21452149 ("**Lipar**"), whereby the Company holds 100,00% of the share capital;
- Lipar 2 d.o.o. Beograd, ID number 21452122 ("**Lipar 2**"), whereby the Company holds 100,00% of the share capital.

MK-Fintel Wind Development holds 100% in the following subsidiaries:

- Vetropark Torak d.o.o. Beograd, ID number 21040339 ("**Torak**");
- Vetropark Ram d.o.o. Beograd, ID number 20927119 ("**Ram**").

Fintel Energija Development Ltd holds 100% in the following subsidiaries, SPVs for other projects:

- Vetropark Torak Ltd Cyprus, ID number HE 423070;
- Staklenik 1 d.o.o, ID number 21861103;
- Staklenik 2 d.o.o, ID number 21861111;
- Staklenik 3 d.o.o, ID number 21861120;
- Staklenik 4 d.o.o, ID number 21861081;
- Staklenik 5 d.o.o, ID number 21861090.

The following companies are 100% owned through Cyprus vehicles:

- Project Torak d.o.o. Beograd, ID number 21459631 ("**Project Torak**");

Information about the management of the company

Members of Board of Directors:

- ✓ Claudio Nardone, chairman
- ✓ Tiziano Giovannetti
- ✓ Giulio Moreno
- ✓ Tamara Mladenović
- ✓ Jovan Purar

Key events impacting the Group in 2022 and 2021

In 2022, there were no significant events that affected the Company.

Key events impacting the Group in first half of 2021 are as following:

- On 29 March 2021, the "Amendment and Restatement Facility Agreement" was signed to refinance the Serbian wind power plant Kosava Phase I. The new contract has the following characteristics:
 - Maximum total amount of the refinancing: Euro 78 million, of which Euro 28 million reserved for Banca Intesa to replace the portion previously reserved for OeB;
 - Duration of the loan: 30 December 2030;
 - Repayment terms: six-monthly instalments due on June 30 and December 31 of each year;
 - Interest rate: 6 month Euribor + 3.15% for the portion financed by Erste Bank Serbia, Unicredit Serbia and Zagrebacka Banka and 6 month Euribor + 2.69% on the portion financed by Banca Intesa Serbia.

2. Presentation of development, financial position and activities of the legal entity, relevant financial information and non-financial indicators, personnel structure

Fintel Energija is a pioneer in the production of electrical energy from wind power in the territory of the Republic of Serbia. Currently the total installed capacity of all wind turbines in Serbia is 398 MW, of which 85.5 MW is held in the ownership of the Company (21,5%). Out of the total current quota for construction of wind farms under preferential conditions, which is 500 MW, Fintel has been granted the right to build wind farms of a total capacity of 85.5 MW (17,1%).

FINTEL ENERGIJA AD BEOGRAD
CONSOLIDATED ANNUAL BUSINESS REPORT

CONSOLIDATED BALANCE SHEET

In RSD
thousand

POSITION	AOP	31 December 2022	31 December 2021
ASSETS			
A. SUBSCRIBED AND UNPAID CAPITAL	0001		
B. NON-CURRENT ASSETS (0003 + 0009 + 0018 + 0028)	0002	12,672,885	12,841,038
I. INTANGIBLE ASSETS (0004 + 0005 + 0006 + 0007 + 0008)	0003	-	-
1. Development investments	0004		
2. Concessions, patents, licenses, trademarks, software and other intangible assets	0005		
3. Goodwill	0006		
4. Intangible assets leased and intangible assets in preparation	0007		
5. Advances for intangible assets	0008		
II. PROPERTY, PLANT AND EQUIPMENT (0010+0011 + 0012 + 0013 + 0014 + 0015 + 0016)	0009	12,077,750	12,377,347
1. Land and buildings	0010	4,339,457	4,405,370
2. Machinery and equipment	0011	7,649,657	7,794,293
3. Investment property	0012		
4. Property, plant and equipment leased and property, plant and equipment under construction	0013	88,636	177,684
5. Other property, plant and equipment and investing in third-party property, plant and equipment	0014		
6. Advances for property, plant and equipment in the country	0015		
7. Advances for property, plant and equipment foreign	0016		
III. BIOLOGICAL ASSETS	0017	-	-
IV. LONG-TERM FINANCIAL INVESTMENTS AND LONG-TERM RECEIVABLES (0019+0020+0021+0022+0023+0024+0025 + 0026 + 0027)	0018	595,135	463,691
1. Equity investments in legal entities (excluding equity investments valued using the equity method)	0019		-
2. Equity investments that are valued using the equity method	0020		
3. Long-term investments to parent companies, to subsidiaries and to other associated companies in the country	0021	75,333	
4. Long-term investments to parent companies, to subsidiaries and to other associated companies abroad	0022		
5. Long-term investments (loans and credits) in the country	0023		
6. Long-term investments (loans and credits) abroad	0024		
7. Long-term financial investments (securities valued at amortized cost)	0025		
8. Own shares purchased	0026		
9. Other long-term investments and receivables	0027	519,802	463,691
V. LONG-TERM PREPAYMENTS AND ACCRUED INCOME	0028	-	-
C. DEFERRED TAX ASSETS	0029	14,398	-

FINTEL ENERGIJA AD BEOGRAD
CONSOLIDATED ANNUAL BUSINESS REPORT

CONSOLIDATED BALANCE SHEET (CONTINUED)

In RSD
thousand

POSITION	AOP	31 December 2022	31 December 2021
D. CURRENT ASSETS (0031+0037+0038+0044+0048+0057+0058)	0030	1,421,519	1,217,599
I. INVENTORIES (0032+0033+0034+0035+0036)	0031	16,306	21,314
1. Materials, spare parts, tools and supplies	0032	7,312	7,312
2. Work in progress and unfinished services	0033		
3. Goods	0034		
5. Advances paid to suppliers for stock and services in country	0035	8,910	13,918
6. Advances paid to suppliers for stock and services - abroad	0036	84	84
II. FIXED ASSETS HELD FOR SALE AND CESSATION OF OPERATIONS	0037		
III. RECEIVABLES FROM SALES (0039+0040+0041+0042+0043)	0038	376,952	209,684
1. Trade receivables - domestic	0039	376,952	209,684
2. Trade receivables - foreign	0040		
3. Trade receivables domestic - parent companies, subsidiaries and other related parties	0041		
4. Trade receivables foreign - parent companies, subsidiaries and other related parties	0042		
5. Other trade receivables	0043		
IV. OTHER SHORT-TERM RECEIVABLES (0045+0046+0047)	0044	222,907	195,587
1. Other receivables	0045	210,669	183,351
2. Receivables for prepaid CIT	0046	10,699	10,697
3. Receivables for prepaid other taxes & contributions	0047	1,539	1,539
V. SHORT-TERM FINANCIAL INVESTMENTS (0049+0050+0051+0052+0053+0054+0055+0056)	0048	14	14
1. Short-term loans and investments - parent and subsidiaries	0049		
2. Short-term loans and investments - other related parties	0050		
3. Short-term loans, borrowings and investments - domestic	0051		
4. Short-term loans, borrowings and investments - foreign	0052		
5. Securities valued at amortized cost	0053		
6. Financial instrument valued at fair value	0054		
7. Bought up own shares	0055		
8. Other Short-term financial investments	0056	14	14
VI. CASH AND CASH EQUIVALENTS	0057	203,183	525,003
VII. SHORT-TERM ACCRUALS	0058	602,157	265,997
E. TOTAL ASSETS = OPERATING ASSETS (0001 + 0002 + 0029+0030)	0059	14,108,802	14,058,637
F. OFF-BALANCE SHEET ASSETS	0060	55,127	55,127

FINTEL ENERGIJA AD BEOGRAD

CONSOLIDATED ANNUAL BUSINESS REPORT

CONSOLIDATED BALANCE SHEET (CONTINUED)

In RSD
thousand

POSITION	AOP	31 December 2022	31 December 2021
EQUITY AND LIABILITIES			
A. EQUITY (0402 + 0403+0404+0405+0406-0407+0408+0411-0412) ≥ 0	0401	1,970,062	1,455,100
I. SHARE CAPITAL	0402	4,057	4,057
II. SUBSCRIBED CAPITAL UNPAID	0403		
III. SHARE ISSUING PREMIUMS	0404	681,237	681,237
IV. RESERVES	0405		
V. POSITIVE REVALUATION RESERVES AND UNREALIZED GAINS ON FINANCIAL ASSETS AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULTS	0406		
VI. UNREALIZED LOSSES ON FINANCIAL ASSETS AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULTS	0407	214,173	139,721
VII. UNDISTRIBUTED PROFIT (0409 + 0410)	0408	825,276	470,385
1. Retained profit from previous years	0409	470,331	7,752
2. Retained profit from current year	0410	354,945	462,633
VIII. PARTICIPATION WITHOUT CONTROL RIGHTS	0411	673,665	439,142
IX. LOSSES (0413 + 0414)	0412	-	-
1. Losses of previous years	0413		
2. Losses of current year	0414		
B. LONG-TERM LIABILITIES AND PROVISIONS (0416+0420+0428)	0415	8,442,798	9,490,683
I. LONG-TERM PROVISIONS (0417++0418+0419)	0416	99	99
1. Provisions for employees benefits	0417	99	99
2. Provisions for costs in warranty period	0418	-	
3. Other long-term provisions	0419	-	
II. LONGTERM LIABILITIES (0421+0422+0423+0424+0425+0426+0427)	0420	8,442,699	9,490,584
1. Liabilities which can be converted into capital	0421	-	
2. Long-term loans and other liabilities to parent companies, subsidiaries and other related parties - domestic	0422	1,115,216	1,413,181
3. Long-term loans and other liabilities to parent companies, subsidiaries and other related parties - foreign	0423	14,079	14,110
4. Long-term loans, borrowings and liabilities based on leasing - domestic	0424	6,847,939	7,758,924
5. Long-term loans, borrowings and liabilities based on leasing - foreign	0425		
6. Liabilities for long-term securities	0426		
7. Other long term liabilities	0427	465,465	304,369
III. LONG-TERM ACCRUALS	0428	-	
C. DEFERRED TAX LIABILITIES	0429		30,908
D. LONG-TERM DEFERRED INCOME AND DONATIONS RECEIVED	0430	-	

FINTEL ENERGIJA AD BEOGRAD
CONSOLIDATED ANNUAL BUSINESS REPORT

CONSOLIDATED BALANCE SHEET (CONTINUED)

In RSD
thousand

POSITION	AOP	31 December 2022	31 December 2021
E. SHORT-TERM PROVISIONS AND LIABILITIES (0432+0433+0441+0442+0449+0453+0454)	0431	3,695,942	3,081,946
I. SHORT TERM PROVISIONS	0432	-	
II. SHORT-TERM FINANCIAL LIABILITIES (0434+0435+0436+0437+0438+0439+0440)	0433	2,445,678	2,090,689
1. Short-term loans from parent companies, subsidiaries and other related parties - domestic	0434	297,929	
2. Short-term loans from parent companies, subsidiaries and other related parties - foreign	0435	1,335,165	1,338,112
3. Liabilities based on loans and borrowings from entities other than domestic banks	0436	812,584	752,577
4. Liabilities based on loans and borrowings from domestic banks	0437	-	
5. Loans, borrowings and liabilities foreign	0438	-	
6. Liabilities for short-term securities	0439	-	
7. Liabilities based on financial derivatives	0440	-	
III. RECEIVED ADVANCES, DEPOSITS AND GUARANTEES	0441	116	77
IV. LIABILITIES FROM BUSINESS OPERATIONS (0443+0444+0445+0446+0447+0448)	0442	464,473	214,609
1. Trade payables - parent companies, subsidiaries and other related parties - domestic	0443	1,223	3,740
2. Trade payables - parent companies, subsidiaries and other related parties - foreign	0444	86,415	83,900
3. Trade payables - domestic	0445	369,023	126,956
4. Trade payables - foreign	0446	7,812	13
5. Obligations under bills of exchange	0447		
6. Other business liabilities	0448		
V. OTHER SHORT-TERM LIABILITIES (0450+0451+0452)	0449	178,483	168,650
1. Other short term liabilities	0450	98,127	99,730
2. Liabilities for VAT and other public revenues	0451	-	
3. Liabilities for income tax	0452	80,356	68,920
VI. LIABILITIES FOR FIXED ASSETS AND ASSETS OF DISCOUNTING OPERATIONS HELD FOR SALE	0453	-	
VII. SHORT-TERM ACCRUALS	0454	607,192	607,921
F. LOSS OVER CAPITAL (0415+0429+0430+0431-0059) ≥ 0 = (0407+0412-0402-0403-0404-0405-0406-0408-0411) ≥ 0	0455	-	-
G. TOTAL EQUITY AND LIABILITIES (0401+0415+0429+0430+0431-0455)	0456	14,108,802	14,058,637
H. OFF-BALANCE SHEET LIABILITIES	0457	55,127	55,127

FINTEL ENERGIJA AD BEOGRAD

CONSOLIDATED ANNUAL BUSINESS REPORT

CONSOLIDATED INCOME STATEMENT

In RSD thousand

POSITION	AOP	Year ended 31 December	
		2022	2021
A. OPERATING REVENUES (1002 + 1005+1008+1009-1010+1011+1012)	1001	2,172,310	2,659,034
I. REVENUES OF SOLD GOODS (1003 + 1004)	1002	-	-
1. Income from the sale of goods - domestic market	1003	-	-
2. Income from the sale of goods - foreign market	1004	-	-
II. REVENUES OF SOLD PRODUCTS AND SERVICES (1006+1007)	1005	2,172,310	2,480,896
1. Income from the sale of products and services - domestic market	1006	2,172,310	2,480,896
2. Income from the sale of products and services - foreign market	1007	-	-
III. INCOME FROM THE OWN USE OF PRODUCTS, SERVICES AND MERCHANDISE	1008	-	-
IV. INCREASE OF STOCK VALUE FOR WORK IN PROGRESS AND FINISHED GOODS	1009	-	-
V. DECREASE OF STOCK VALUE FOR WORK IN PROGRESS AND FINISHED GOODS	1010	-	-
VI. OTHER OPERATING INCOME	1011	-	-
VII. INCOME FROM ASSETS ADJUSTMENTS (EXCEPT FINANCIAL)	1012	-	-
B. OPERATING EXPENSES (1014+1015+1016+1020+1021+1022+1023+1024)	1013	1,207,992	1,240,567
I. COST OF GOODS SOLD	1014	-	-
II. COST OF MATERIALS, FUEL AND ENERGY	1015	14,456	13,932
III. COST OF SALARIES, WAGES AND OTHER PERSONNEL EXPENSES (1017+1018+1019)	1016	34,990	34,240
1. Cost of salary and compensation of salary (gross employee)	1017	18,519	18,546
2. Costs of taxes and contributions on salaries and compensation of salaries (employer)	1018	9,965	10,461
3. Other personal expenses and remunerations	1019	6,506	5,233
IV. DEPRECIATION EXPENSES	1020	611,332	593,038
V. EXPENSES FROM ASSETS ADJUSTMENTS (EXCEPT FINANCIAL)	1021	63,082	113,633
VIII. COSTS OF PRODUCTION SERVICES	1022	197,021	191,041
X. COSTS OF LONG-TERM PROVISIONS	1023	-	1,284
XI. INTANGIBLE EXPENSES	1024	287,111	293,399
C. OPERATING PROFIT (1001 - 1013) ≥ 0	1025	964,318	1,240,329
D. OPERATING LOSS (1013 - 1001) ≥ 0	1026	-	-
E. FINANCIAL REVENUE (1028+1029+1030+1031)	1027	49,380	406,845
I. FINANCIAL INCOME INCURRED WITH PARENT COMPANIES, SUBSIDIARIES AND OTHER RELATED PARTIES	1028	654	20
II. INCOME FROM INTEREST	1029	3,405	406,225
III. FX GAINS AND POSITIVE EFFECTS OF CURRENCY CLAUSE	1030	45,321	600
IV. OTHER FINANCIAL INCOME	1031	-	-

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CONSOLIDATED INCOME STATEMENT

In RSD thousand

POSITION	AOP	Note	Year ended 31 December	
			2022	2021
F. FINANCIAL EXPENSES (1033+1034+1035+1036)	1032		521,472	739,846
I. FINANCIAL EXPENSES INCURRED WITH PARENT COMPANIES, SUBSIDIARIES AND OTHER RELATED PARTIES	1033	28	81,466	73,511
II. COSTS OF INTEREST	1034	28	364,028	565,643
III. FX LOSSES AND NEGATIVE EFFECTS OF CURRENCY CLAUSE	1035	28	32,592	2,034
IV. OTHER FINANCIAL COSTS	1036	28	43,386	98,657
G. PROFIT FROM FINANCING (1027 - 1032) ≥ 0	1037			-
H. LOSS FROM FINANCING (1032 - 1027) ≥ 0	1038		472,092	333,000
I. INCOME FROM VALUATION ADJUSTMENT OF FINANCIAL ASSETS CARRIED AT FAIR VALUE THROUGH P&L	1039			
J. COSTS FROM VALUATION ADJUSTMENT OF FINANCIAL ASSETS CARRIED AT FAIR VALUE THROUGH P&L	1040		3,875	
K. OTHER INCOME	1041		430,416	179,845
L. OTHER COSTS	1042		74,633	19,513
M. TOTAL INCOME (1001+1027+1039+1041)	1043		2,652,106	3,067,586
N. TOTAL COSTS (1013+1032+1040+1042)	1044		1,807,972	1,999,925
O. OPERATING PROFIT BEFORE TAX (1043-1044) ≥ 0	1045		844,134	1,067,661
P. OPERATING LOSS BEFORE TAX (11044-1043) ≥ 0	1046			-
Q. NET PROFIT FROM DISCONTINUED OPERATIONS, THE EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS FROM PREVIOUS PERIOD	1047		-	
R. NET LOSS FROM DISCONTINUED OPERATIONS, LOSS CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS FROM PREVIOUS PERIOD	1048			
S. PROFIT BEFORE TAX (1045-1046+1047-1048) ≥ 0	1049		844,134	1,067,661
T. LOSS BEFORE TAX (1046-1045+1048-1047) ≥ 0	1050			-
U. INCOME TAXES				
I. TAX EXPENSES FROM THE PERIOD	1051	29	169,061	100,219
II. DEFERRED TAX EXPENSE	1052	29		56,699
III. DEFERRED TAX INCOME	1053	29	21,125	
V. EARNINGS OF EMPLOYER	1054			
W. NET PROFIT (1049-1050-1051-1052+1053-1054) ≥ 0	1055		696,198	910,743
X. NET LOSS (1050-1049+1051+1052-1053+1054) ≥ 0	1056			-
I. NET PROFIT BELONGING TO PARTICIPATION WITHOUT CONTROLLING RIGHTS	1057		341,253	448,110
II NET PROFIT BELONGING TO PARENT COMPANY	1058		354,945	462,633
III. NET LOSS BELONGING TO PARTICIPATION WITHOUT CONTROLLING RIGHTS	1059			
IV. NET LOSS BELONGING TO PARENT COMPANY	1060			
V. EAERNINGS PER SHARE				
1. Basic earning per share	1061	30	13,39	17,45
2. Reduced (diluted) earnings per share	1062	30		

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Financial Indicators

Key indicators from consolidated financial statements are detailed as follow:

Ratios and KPI	12/31/2022	12/31/2021
Revenues (RSD thousands)	2,172,310	2,480,896
EBITDA (RSD thousands) (Operating profit+Depreciation and amortization)	1,638,732	1,947,000
Business profit (RSD thousands)	946,318	1,240,329
Net profit (RSD thousands)	696,198	910,743
Earnings per share	13,39	17,45
Cash flows from operating activities (RSD thousands)	1,270,151	1,442,139
Investments (RSD thousands)	657,102	964,471
EBITDA per turbine (RSD thousands)	65,549	77,880
Net profit per turbine (RSD thousands)	27,848	36,430

Revenues amount to RSD 2,172,310 thousand and RSD 2,480,896 thousand for the year ended 31 December 2022 and 31 December 2021, respectively, and refer to *FiT* received by all in operation wind farms.

The slightly lower realized revenues in the current year compared to the previous year were influenced by weaker weather conditions, fewer windy days, which entailed lower realized production and therefore lower revenues

Compared to 2021, EBITDA and operating profit decreased in 2022 due to the above-mentioned impact of weather conditions on the realized result..

Net profit for 2022 is 696,198 thousand dinars compared to 910,743 thousand dinars in 2021. This result was significantly affected by the above-mentioned decrease in income. Also, in 2021 we had financial income recorded in accordance with IFRS 9 of 406,225 thousand dinars, arising from the renegotiation of interest rates applied to loans granted to the subsidiary company MK-Fintel AD, which also increased the net profit in 2021. year.

Personnel structure

The employees in the company have the appropriate qualifications, knowledge and experience necessary for the quality performance of the services provided by the Company. In addition to the Director, the Company has further 11 employees its subsidiaries who work mainly on maintenance of existing wind farms.

3. Environmental protection

Fintel Energija contributes to environmental protection mainly through investing in construction of capacities for production of electrical energy from renewable sources (green energy). Construction of wind farms significantly reduces CO2 emissions as one of the leading harmful factors that affect the environment.

4. Significant events after the end of the year

There were no events occurring after the balance sheet date that could require an adjustment to the consolidated financial statements as at 31 December 2022, nor disclosures in the Notes to the Group's financial statements.

5. Planned future development

As of December 2021, the Group has increased its production of electrical energy from wind of 85.5 MW, through the construction of three projects, "Kula", "La Piccolina" and "Kosava phase I". The Group also has ongoing further onshore wind farms development of above 1 GW. The pipeline is being actively developed and projects are continuously progressed through the development and obtaining the appropriate regulatory consents. Projects are all developed in accordance with the "gateway" approval process, so the pace of development will depend on a number of internal and external factors. Out of the ongoing project, the project that has most advanced is Kosava Phase II - a project that obtained all licenses and that plans to have 19 turbines with capacity of up 70.0 MW, subject to turbine selection, which is estimated to become fully operational in the financial year 2024.

The growth of the Company's and the Group's operations will primarily be stimulated by the expansion of ongoing projects related to wind farms, with a total capacity of about 1 GW.

The Directors expect to finance approximately 80 or 90% of these investments through loans, while the remaining funds are to be financed through subordinated debt or Company's cash flow. It is the Directors' intention to take a flexible approach to the development of the Company's wind farm projects, in order to deliver growth without compromising the Company's ability to pay out dividends in line with its dividend policy. Even though the focus of the Group is on organic growth, growth through acquisitions would be considered on an opportunistic basis.

The Group's plants in operation and projects in a development/authorisation phase as at the date of this document are:

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PLANT	LOCATION	DESIGN	OWNED BY	CAPACITY [MW]	STATUS
LA PICCOLINA	Wind Vrsac	Energogr. doo	Energobalkan doo	6.6	in operation
KULA	Wind Kula	Energogr. doo	Vetropark Kula doo	9.9	in operation
KOSAVA phase I	Wind Vrsac	Energogr. doo	MK Fintel Wind A.D.	69	in operation
KOSAVA phase II	Wind Vrsac	Energogr. doo	MK Fintel Wind A.D.	69	under construction
RAM	Wind Veliko Gradiste	Energogr. doo	Vetropark RAM doo	10	under construction
KULA 2	Wind Kula	Energogr. doo	Vetropark Torak doo	10	under final phase of development
LIPAR	Wind Kula	Energogr. doo	Vetropark Lipar doo	10	under final phase of development
LIPAR 2	Wind Kula	Energogr. doo	Vetropark Lipar 2 doo	10	under final phase of development
DUNAV 1	Wind Veliko Gradiste	Energogr. doo	Vetropark DUNAV 1 doo	10	under final phase of development
DUNAV 3	Wind Veliko Gradiste	Energogr. doo	Vetropark DUNAV 3 doo	10	under final phase of development
PROJECT TORAK	Wind Sombor	Energogr. doo	Project TORAK doo.	300	under development
KOSAVA 2	Wind Vrsac	Energogr. doo	Vetropark KOSAVA 2 doo	10	under development
STAKLENIK 1	Sun	Energogr. doo	Staklenik 1 d.o.o. Beograd	10	under development
STAKLENIK 2	Sun	Energogr. doo	Staklenik 2 d.o.o. Beograd	10	under development
STAKLENIK 3	Sun	Energogr. doo	Staklenik 3 d.o.o. Beograd	10	under development
STAKLENIK 4	Sun	Energogr. doo	Staklenik 4 d.o.o. Beograd	10	under development
STAKLENIK 5	Sun	Energogr. doo	Staklenik 5 d.o.o. Beograd	10	under development
TOTAL				575	

6. Research and development

There are no program of research or development that are relevant for the operations of the Company.

There are no registered patents or licenses of the Company.

The Company manages, monitors and controls its generating power plants from 24/7 central control centre (the "Logistic Control Centre") at its head office in Belgrade. The Company has adopted a service model under which none of its plants is manned on a continued basis. The operating assets are managed by a team of 7 persons, the majority of whom operate remotely. These personnel execute a program

preventive maintenance and ongoing operational tasks under the schedule set centrally by the Logistics Control Centre through the Vestas asset management software and respond to unscheduled breakdowns. The remote monitoring is based on the universally adopted SCADA system, which can be used across various generation technologies. This enables the Company to track, in real-time, turbine and generator performance, including faults, breakdowns and any other issues that might occur. Wind turbines can be remotely started and switched off from the Logistics Control Centre, avoiding the need to dispatch a technician on location if a minor fault occurs.

7. Subsidiaries

The Company act as a holding company of the following subsidiaries:

- MK-Fintel Wind AD Beograd, ID number 20392126, whereby the Company holds 53,99737% of the share capital ("**MK Fintel a.d.**",), while the remaining 46,00263% is held by the company *MK Holding d.o.o. za holding poslove Beograd*;
- MK-Fintel Wind Holding d.o.o. za holding poslove Beograd, ID number 21280275, whereby the Company holds 53,99737% of the share capital ("**MK Fintel Holding d.o.o.**"), while the remaining 46,00263% is held by the company *MK Holding d.o.o. za holding poslove Beograd*;
- Fintel Energija development d.o.o. Beograd, ID number 21522732 ("**Fintel Energija Development**"), whereby the Company holds 100,00% of the share capital,

MK-Fintel Wind Holding d.o.o. holds 100% in the following subsidiaries, SPVs for other projects:

- Vetropark Kula d.o.o. Beograd, ID number 20901659 – SPV established for the project wind farm Kula ("**Kula**");
- Energobalkan d.o.o. Beograd, ID number 20833122 – SPV established for the project wind farm La Piccolina ("**Energobalkan**").

Fintel Energija Development d.o.o. holds:

- Fintel Energija Development Ltd Cyprus, ID number HE 419780 ("**Fintel Energija Development Cyprus**"), whereby the Company holds 100,00% of the share capital;
- MK-Fintel Wind Development d.o.o. Beograd, ID number 21528536 ("**MK-Fintel Wind Development**"), whereby the Company holds 54,00% of the share capital;
- Lipar d.o.o. Beograd, ID number 21452149 ("**Lipar**"), whereby the Company holds 100,00% of the share capital;
- Lipar 2 d.o.o. Beograd, ID number 21452122 ("**Lipar 2**"), whereby the Company holds 100,00% of the share capital.

MK-Fintel Wind Development holds 100% in the following subsidiaries:

- Vetropark Torak d.o.o. Beograd, ID number 21040339 ("**Torak**");
- Vetropark Ram d.o.o. Beograd, ID number 20927119 ("**Ram**").

Fintel Energija Development Ltd holds 100% in the following subsidiaries, SPVs for other projects:

- Vetropark Torak Ltd Cyprus, ID number HE 423070;
- Staklenik 1 d.o.o. Beograd, ID number 21861103 ("**Staklenik 1**"), whereby the Company holds 100,00% of the share capital.
- Staklenik 2 d.o.o. Beograd, ID number 21861111 ("**Staklenik 2**"), whereby the Company holds 100,00% of the share capital.
- Staklenik 3 d.o.o. Beograd, ID number 21861120 ("**Staklenik 3**"), whereby the Company holds 100,00% of the share capital.
- Staklenik 4 d.o.o. Beograd, ID number 21861081 ("**Staklenik 4**"), whereby the Company holds 100,00% of the share capital.

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- Staklenik 5 d.o.o. Beograd, ID number 21861090 ("**Staklenik 5**"), whereby the Company holds 100,00% of the share capital.

The following companies are 100% owned through Cyprus vehicles:

- Project Torak d.o.o. Beograd, ID number 21459631 ("**Project Torak**");

8. Goals and policies in connection with managing financial risks, credit risks, liquidity risk and market risk

The coordination and monitoring of key financial risks is carried out by the central treasury department of the Principal Shareholder Company, which provides guidelines for the management of various types of risk and for the use of financial instruments. The main features of Fintel Group's risk management policy are:

- central determination of operational risk management guidelines concerning market, liquidity and cash flow risks;
- monitoring of results achieved;
- diversification of commitments/obligations and of the product portfolio.

Credit risk

Credit risk represents the exposure to potential losses arising from the failure by commercial and financial counterparties to fulfil their contractual obligations.

The Group's maximum exposure to credit risk at 31 December 2022 and 2021 is the carrying amount of each class of assets indicated in the following table:

	31 December 2022	31 December 2021
Trade receivables	376,952	209,684
Other receivables	222,907	56,725
Prepayments and accrued income	602,156	404,860
TOTAL	1,202,015	671,269

Trade receivables mainly refer to those from EPS for sale of electricity in wind farms produced in November:

Prepayments and accrued income mainly refer to calculated income, receivables from EPS for electricity of all wind farms produced in December and to insurance proceeds, while other receivables relate to overpaid income taxes.

Those represent a low level of credit risk since most of the above mentioned receivables are towards the Serbian State, State owned company and related parties.

Based on the evaluation made by the sole Director, there is not any impairment for the above receivables.

Liquidity risk

Liquidity risk is associated with the ability to meet the commitments arising from financial liabilities assumed by the Group. Prudent risk management of liquidity arising in the course of ordinary activities implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities.

Liquidity risk is managed centrally by the Principal Shareholder, given that the administration department periodically monitors the Group's net cash/debt through the preparation of appropriate actual and forecast cash inflow and outflow reports. In this manner, the Group aims to ensure it has adequate cover for its financing needs, by accurately monitoring financing, credit facilities opened and utilisations thereof, in order to optimise its resources and manage any temporary liquidity surplus.

The Group's objective is to establish a financing structure that, consistent with its business objectives, guarantees sufficient liquidity for the Group, minimises the related opportunity cost and maintains an equilibrium in terms of term to maturity and composition of the debt.

The following table provides a maturity analysis of liabilities at 31 December 2022 and 2021. The various maturity bands are determined based on the period between the reporting date and the contractual maturity of the Group's obligations, gross of accrued interest at 31 December. Interest is calculated in accordance with contractual terms for the financing.

At 31 December 2022				
	Less than 1 year	1-2 years	2-5 years	Beyond 5 years
Financial payables due to shareholders	1,633,093			1,129,295
Bank loans	812,584			6,843,418
Trade payables	464,473			
Other liabilities				4,520
Total	2,910,150			7,977,233

At 31 December 2021				
	Less than 1 year	1-2 years	2-5 years	Beyond 5 years
Financial payables due to shareholders	1,338,112	-	-	1,427,291
Bank loans	1,099,084	1,132,212	3,542,790	4,484,042
Trade payables	214,608	-	-	-
Other liabilities	751,032	-	-	-
Total	3,402,837	1,132,212	3,542,790	5,911,333

An analysis of the financial liabilities by maturity shows a decrease of liabilities less than 1 year as at 31 December 2022, compared to those at 31 December 2021. In more detail, Financial payables due to shareholders increased slightly compared to last year.

Accordingly, taking in account of the fact that the shareholders have confirmed that they do not intend to request the repayment of the loan prior to the year end, as well as the presence of liquid funds of RSD

722,985 thousand (including financial assets) and the obtainment of the full feed in tariff since 2020 for all wind farms, it is believed that the Company and the Group will be able to meet its obligations in the foreseeable future.

Market risk

In the conduct of its operations, the Group is potentially exposed to the following market risks:

- risk of fluctuation in exchange rates;
- risk of fluctuation in interest rates.

These risks are essentially managed centrally by the Parent company Fintel Energija.

Risk of fluctuation in exchange rates

Exchange rate risk is linked to operations in currency other than the RSD. Fintel Group is exposed to the risk of fluctuation in exchange rates, given that it conducts business in Serbia through its subsidiaries, which are companies committed to the study, construction, development and management of wind farms and other projects in the field of renewables. The Group has borrowings denominated in foreign currency mainly in EUR and USD which predominantly expose group to the foreign currency translation risk. Currency exposure arising from the borrowings is managed through the participation of the borrowing denominated in functional currency of the Group in the total credit portfolio.

As at 31 December 2021, if the currency RSD had strengthened/weakened by 5% against the EUR with all other variables held constant, post-tax profit for the year would have been RSD 442,904 thousand (2020: RSD 479,268) higher/lower, mainly as a result of foreign exchange gains/losses on translation of EUR – denominated borrowings.

Risk of fluctuation in interest rates

The risk of fluctuation in interest rates to which Fintel Group is exposed originates from financial payables. Fixed rate debt exposes the Group to risk linked to changes in the fair value of the debt for their part linked to changes in the reference rate market. Floating rate debt exposes the Group to cash flow risk originating from the volatility of interest rates.

The Group's financial indebtedness consists of current bank debt, medium/long term loans granted by banks.

In order to hedge the risk of fluctuation in interest rates the subsidiaries Vetropark Kula and MK-Fintel Wind also entered into agreements for an interest rate cap with spread in relation to financing for the "Kula" and "Kosava phase I" wind power plants.

As a result of the aforementioned hedging transactions, the impact of the expected change in interest rates in the coming twelve months is deemed to be insignificant in the context of the Group's consolidated financial statements.

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Capital management risk

The Group's objective as far as capital risk management is concerned is mainly to safeguard business continuity in order to guarantee returns to shareholders and benefits to other stakeholders. Moreover, the Group aims to maintain an optimal capital structure in order to reduce the cost of borrowing.

The Group monitors its capital based on the ratio of net debt to net invested capital (gearing ratio). Net debt is calculated as total debt, including current and non-current loans and borrowings, plus net exposure to banks. Net invested capital is calculated as the sum of total equity and net debt.

The gearing ratio at 31 December 2021 and 2020 is shown in the following table:

<i>RSD thousand</i>	31 December 2022	31 December 2021
<i>Non-current financial payables:</i>		
- Financial payables due to shareholders	1.129.295	1,427,291
- Bank loans	6.843.418	7,758,924
<i>Current financial payables:</i>		
- Bank loans	812.584	752,577
- Financial payables due to shareholders	1.633.093	1,338,112
- Financial assets	(519.802)	(463,691)
Cash and cash equivalents	(203.183)	(525,003)
Net debt (A)	9.695.405	10,288,211
Equity (B)	1.970.062	1,455,100
Net capital employed (C=A+B)	11.665.467	11,743,311
Gearing ratio (A/C)	83,1%	87,6%

The gearing ratio improved in 2022 compared to that of the previous year since the increase of equity for net profit of the year and decrease of net debt.

9. Corporate governance report

Statement on application of corporate governance code

In accordance with Article 368 of the Company Law (Official Gazette of RS, No 36/2011, 99/2011, 83/2014 – other laws, 5/2015, 44/2018, 95/2018 and 91/2019) company Fintel Energija ad states that it applies the Code of Corporate Governance which is available on the company website www.fintelenergija.rs. The Code of Corporate Governance contains outline of corporate governance practices implemented by the Company.

The Corporate Governance Code of the Company set out the principles of corporate practice and organizational culture according to which the corporate governance bodies of the Company behave, in particular with regard to the rights of shareholders, obligations and responsibilities of the Company's management, the role of stakeholders in corporate governance and disclosure of information and transparency of the Company

The internal control system and reducing the risk related to the financial reporting process

The system of internal controls and supervision consists of all measures and methods applied in the Company in order to secure his funds, improving the accuracy and reliability of accounting and operational data, risk reduction related to financial reporting, compliance with procedures, standards, laws and regulations.

Regulatory framework of the internal control sector or internal audit is in compliance with the Companies Law (Official Gazette of RS, No36/2011, 99/2011, 83/2014 – other laws, 5/2015, 44/2018, 95/2018 i 91/2019), Standards for the Professional Practice of Internal Auditing and other legal and professional regulations.

Internal control duties include:

- ✓ Control of compliance of the Company's operations with the law, other regulations and acts of the Company;
- ✓ Supervision of the implementation of accounting policies and financial reporting;
- ✓ Checking the implementation of risk management policies;
- ✓ Monitoring the compliance of the organization and activities of the Company with the corporate governance code;
- ✓ Evaluating the policies and processes in the Company, and proposing their improvement.

The Company hire at least one person in charge of internal control of business and shall meet the requirements prescribed for the internal auditor in accordance with the law governing accounting and auditing.

The person that manages internal control duties is obliged to regularly report to the Audit Committee about the conducted business supervision.

Audit Committee:

- ✓ Prepare, propose and verify the implementation of accounting policies and risk management policies;
- ✓ Proposes to the Board of Directors for the appointment and dismissal of persons in charge of performing the function of internal control in the Company;

- ✓ Supervise the internal control of the Company;
- ✓ Examine the application of accounting standards in the preparation of financial statements and assess the content of financial statements;
- ✓ Examine the fulfillment of conditions for the preparation of the consolidated financial statements of the Company;
- ✓ Conduct the procedure for selecting an auditor of the company and propose a candidate for the auditor of the company, with an opinion on its expertise and independence in relation to the Company,
- ✓ Give opinion on the proposal of the contract with the auditor of the Company and, if necessary, provides a reasoned proposal for the cancellation of the contract with the auditor of the Company;
- ✓ Supervise the audit process, including determining the key issues to be audited and verifying the independence and objectivity of the auditor.

External auditor

The Company's annual financial statements are subject to external audit.

In accordance with the Law and the Statute of the Company, the Shareholders' Assembly decided on the selection of auditor and compensation for his work.

The auditor's reports on the audit of the Company's financial statements and consolidated financial statements for 2021 were adopted at the Regular session of the Shareholders' Assembly held 26 June 2022. At the same meeting, the Shareholders Assembly elected the same auditing company, PricewaterhouseCoopers d.o.o. Beograd for audit of financial statements for 2022.

Bodies of Company governance

The Company shall be governed as a one-tire structure. The bodies of the Company are:

- ✓ Shareholders' assembly;
- ✓ Board of Directors.

The Statute of the Company define the scope of work of the Shareholders' assembly and Board of Directors.

Board of directors

Members of Board of Directors:

- ✓ Claudio Nardone, President;
- ✓ Tiziano Giovannetti;
- ✓ Giulio Moreno;
- ✓ Tamara Mlađenović
- ✓ Jovan Purar

Board of Directors' Activities in 2022

During 2022 the Board of Directors performed its duties in accordance with the applicable regulations, in the optimum number, composition and qualifications of its members. The agenda of the Board of Directors included regular activities related to the approval of consolidated and stand-alone financial

statements of the Company, convening of the regular and extraordinary meetings of the Shareholders' Assembly, consideration of the results of key business indicators.

In the course of 2022, there were no discrepancies or irregularities in the work of the Company. Based on the information available to the Board of Directors, the Company's operations are fully harmonized with the law, other positive regulations and internal acts of the Company.

Shareholders' Assembly

Rules of procedure regulate and determine the manner of operation and decision making of the Shareholder Assembly.

The provisions of these Rules apply and shall be binding for all persons who participate or attend the work of the Assmblly.

The Assembly consists of all shareholders of the Company. In order to personally participate in the work of the Assembly, the shareholder must own at least 0.1% of the total number of shares of the appropriate class. Shareholders who individually do not own 0.1% of the total number of shares have the right to participate in the work of the Assembly through a joint proxy.

Shareholders' assembly Activities in 2022

During 2022 the Shareholders' assembly held two sessions. Shareholders' assembly considered the Company's annual financial and consolidated financial statements, the independent auditor's reports on the audit of the Company's financial statements and the selection of auditors for 2022, the removal and the appointment of the member of the Board of Directors.

Legal representative



STATEMENT ON CODE OF CORPORATE GOVERNANCE IMPLEMENTATION

Fintel Energija a.d. implements Code of Corporate Governance, adopted April 19, 2018. and the Code has been made publicly available on the Company's Internet page (www.fintelenergija.rs).

The Company's Code on Corporate Governance set out the principles of corporate practices and organizational culture that the principal holders of the corporate governance function of the Fintel Energija a.d. comply with, with regard to the shareholders' rights, corporate governance frameworks and methods, public relations and transparency of the Company's business operations. The main objective of this Code is to introduce good business practice in the field of corporate management, which should provide for the right balance between the influences exerted by the principal corporate governance holders, consistency of the control system and strengthening of shareholders' and investors' trust in the Company, all with the aim to achieve long-term development of the Company.

Relevant Company's bodies make a point of presenting the principles laid down in the Code in greater detail in other general acts of the Company.

In compliance with the Rules on Listing and Quotation of the Belgrade Stock Exchange, parallel with the disclosure of Annual Report, Fintel Energija a.d. delivers and the completed Questionnaire on Corporate Governance Practices and has agreed to its online publication on the internet page of the Belgrade Stock Exchange.

Fintel Energija a.d. Beograd

Legal representative


Tiziano Giovannetti



FINTEL ENERGIJA AD

STATEMENT BY PERSONS RESPONSIBLE FOR REPORT PREPARATION

To the best of our knowledge, Consolidated Annual Financial Statements of the Fintel Energija a.d. for 2022 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.

Legal representative:

Fintel Energija a.d.

Director



Tiziano Giovannetti



FINTEL ENERGIJA AD

DECISION OF COMPETENT COMPANY BODY ON THE ADOPTION OF COMPANY'S ANNUAL CONSOLIDATED FINANCIAL STATEMENTS*

Note*:

Consolidated Financial Statements of Fintel Energija a.d. for 2022 were approved on April 28, 2023 by CEO of the Group.. At the moment when the Consolidated Annual Report of the Company is published, it has not yet been adopted by the competent Company's body (Shareholders' Assembly). The Company shall publish the complete the Decision of the competent body on the adoption of Company's Consolidated Annual Report at a later date.

DECISION ON DISTRIBUTION OF PROFIT OR COVERAGE OF LOSSES *

Note*:

Decisions on distribution of profit or coverage of losses of the Fintel Energija a.d. and all its subsidiaries in the Fintel Energija Group for 2022 shall be passed in the regular annual Shareholders' Assembly meeting..

A public company is legally obliged to prepare their annual consolidated financial statements, to disclose them and to deliver them to the Commission, and, providing that the securities of such company are admitted for trading, to deliver these Statements to the regulated market or to the MTP and to ensure that the annual financial statements are available to the general public over the course of five years at the minimum from the date of its disclosure.

The Company shall be held responsible for the accuracy and veracity of data presented in the Annual Consolidated Report.

Belgrade, April 2023

Legal representative:

Fintel Energija a.d.

Director



Tiziano Giovannetti