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TRANSLATION

# Independent Auditor's Report

## To the Owners of Terna Energy Trading d.o.o., Beograd

### Opinion

We have audited the accompanying financial statements of Terna Energy Trading d.o.o., Beograd (the "Company"), which comprise:

— the balance sheet as at 31 December 2020;

and, for the period from 1 January to 31 December 2020:

- the income statement;
  - the statement of other comprehensive income;
  - the statement of changes in equity;
  - the cash flow statement;
- and
- notes, comprising a summary of significant accounting policies and other explanatory information

(the "financial statements").

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with the accounting regulations effective in the Republic of Serbia.

### Basis for Opinion

We conducted our audit in accordance with the Law on Auditing of the Republic of Serbia and applicable auditing standards in the Republic of Serbia. Our responsibilities under those regulations are further described in the Auditor's Responsibility for the audit of the financial statements section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants International Code of Ethics for

Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Serbia and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibility of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the accounting regulations effective in the Republic of Serbia, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law on Auditing of the Republic of Serbia and applicable auditing standards 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 financial statements.

As part of an audit in accordance with the Law on Auditing of the Republic of Serbia and applicable auditing standards 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting

from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our

auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the

underlying transactions and events in a manner that achieves fair presentation.

We communicate with management 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.

Belgrade, 24 May 2021

**KPMG d.o.o. Beograd**

***Signed on the Serbian original***

Vladimir Savković  
*Licensed Certified Auditor*

*This is a translation of the original Independent Auditor's Report issued in the Serbian language.  
All due care has been taken to produce a translation that is as faithful as possible to the original.  
However, if any questions arise related to interpretation of the information  
contained in the translation, the Serbian version of the document shall prevail.  
We assume no responsibility for the correctness of the translation of the Company's financial statements.*

Belgrade, 24 May 2021



**KPMG d.o.o. Beograd**



Vladimir Savkovic  
*Licensed Certified Auditor*

**To be filled by legal entity - entrepreneur**

Registration number: 2 0 8 4 1 2 9 0 Activity code: 3 5 1 4 TIN: 1 0 7 6 3 4 4 4 0

Name: TERNA ENERGY TRADING doo Beograd-Novi Beograd

Registered office: BELGRADE (NEW BELGRADE), BULEVAR ARSENIJA ČARNOJEVIĆA 70

**BALANCE SHEET**

on 31.12.2020

- in 000 RSD -

Group of accounts, account	ITEM	ADP	Note number	Amount		
				Current year	Previous year	
					Closing balance _____ 20__	Opening balance as at 1 January 20__
1	2	3	4	5	6	7
	<b>ASSETS</b>					
00	<b>A. SUBSCRIBED CAPITAL UNPAID</b>	0001				
	<b>B. PERMANENT ASSETS (0003 + 0010 + 0019 + 0024 + 0034)</b>	0002	19	21112	1179	0
01	I. INTANGIBLE ASSETS (0004 + 0005 + 0006 + 0007 + 0008 + 0009)	0003		0	0	0
010 and part of 019	1. Investment in development	0004				
011, 012 and part of 019	2. Concessions, patents, licenses, trademarks, service marks, software and similar rights	0005				
013 and part of 019	3. Goodwill	0006				
014 and part 019	4. Other intangible assets	0007				
015 and part 019	5. In-process intangible assets	0008				
016 and part 019	6. Advances for intangible assets	0009				
02	II. IMMOVABLES, PLANTS AND EQUIPMENT (0011 + 0012 + 0013 + 0014 + 0015 + 0016 + 0017 + 0018)	0010		0	0	0
020, 021 and part 029	1. Land	0011				
022 and part 029	2. Buildings	0012				
023 and part 029	3. Plant and equipment	0013				
024 and part 029	4. Investment immovables	0014				
025 and part 029	5. Other immovables, plant and equipment	0015				
026 and part 029	6. Immovables, plant and equipment under construction	0016				
027 and part 029	7. Investments in third-party immovables, plant and equipment	0017				
028 and part 029	8. Advances for immovables, plant and equipment	0018				

Group of accounts, account	ITEM	ADP	Note number	Amount		
				Current year	Previous year	
					Closing balance _____ 20__	Opening balance as at 1 January 20__
1	2	3	4	5	6	7
03	III. BIOLOGICAL RESOURCES (0020 + 0021 + 0022 + 0023)	0019		0	0	0
030, 031 and part 039	1. Forest and plantations	0020				
032 and part 039	2. Livestock	0021				
037 and part 039	3. Biological resources in preparation	0022				
038 and part 039	4. Advances for biological resources	0023				
04 except 047	IV. LONG-TERM FINANCIAL INVESTMENTS (0025 + 0026 + 0027 + 0028 + 0029 + 0030 + 0031 + 0032 + 0033)	0024	19	21112	1179	0
040 and part 049	1. Participation in equity of subsidiaries	0025				
041 and part 049	2. Participation in equity of associates and joint ventures	0026				
042 and part 049	3. Participation in equity in other legal entities and other securities for sale	0027				
part 043, part 044 and part 049	4. Long-term investments in parent companies and subsidiaries	0028				
part 043, part 044 and part 049	5. Long-term investments in other associated legal entities	0029				
part 045 and part 049	6. Long-term investments - domestic	0030				
part 045 and part 049	7. Long-term investments - foreign	0031				
046 and part 049	8. Securities held to maturity	0032				
048 and part 049	9. Other long-term financial investments	0033	19	21112	1179	
05	V. LONG-TERM FINANCIAL RECEIVABLES (0035 + 0036 + 0037 + 0038 + 0039 + 0040 + 0041)	0034		0	0	0
050 and part 059	1. Receivables from parent company and subsidiaries	0035				
051 and part 059	2. Receivables from other affiliated companies	0036				
052 and part 059	3. Receivables from receivables from credit sales	0037				
053 and part 059	4. Receivables from sales made under financial leasing contracts	0038				
054 and part 059	5. Receivables on sureties	0039				
055 and part 059	6. Contested and doubtful receivables	0040				
056 and part 059	7. Other long-term receivables	0041				
288	<b>V. DEFERRED TAX ASSETS</b>	0042				

Group of accounts, account	ITEM	ADP	Note number	Amount		
				Current year	Previous year	
					Closing balance ____ 20__	Opening balance as at 1 January 20__
1	2	3	4	5	6	7
	<b>G. CURRENT ASSETS (0044 + 0051 + 0059 + 0060 + 0061 + 0062 + 0068 + 0069 + 0070)</b>	0043		806341	530925	0
Class 1	I. INVENTORIES (0045 + 0046 + 0047 + 0048 + 0049 + 0050)	0044	20	2802	428	0
10	1. Materials, spare parts, tools and small inventory	0045				
11	2. Work and services in progress	0046				
12	3. Finished products	0047				
13	4. Goods	0048				
14	5. Permanent assets held for sale	0049				
15	6. Advances paid for inventories and services	0050	20	2802	428	
20	II. RECEIVABLES FROM SALES (0052 + 0053 + 0054 + 0055 + 0056 + 0057 + 0058)	0051	21	743801	443999	0
200 and part 209	1. Domestic trade receivables - parent companies and subsidiaries	0052				
201 and part 209	2. Foreign trade receivables - parent companies and subsidiaries	0053				
202 and part 209	3. Domestic trade receivables - other affiliated companies	0054				
203 and part 209	4. Foreign trade receivables - other affiliated companies	0055	21	241219	165216	
204 and part 209	5. Trade receivables - domestic	0056	21	479982	179628	
205 and part 209	6. Trade receivables - foreign	0057	21	22600	99155	
206 and part 209	7. Other receivables from sales	0058				
21	III. RECEIVABLES FROM SPECIFIC BUSINESS OPERATIONS	0059				
22	IV. OTHER RECEIVABLES	0060	22	6925	8718	
236	V. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS ACCOUNT	0061				
23 except 236 and 237	VI. SHORT-TERM FINANCIAL INVESTMENTS (0063 + 0064 + 0065 + 0066 + 0067)	0062		0	5905	0
230 and part 239	1. Short-term loans and investments in parent companies and subsidiaries	0063				
231 and part 239	2. Short-term loans and investments in other affiliated companies	0064				
232 and part 239	3. Short-term loans - domestic	0065				
233 and part 239	4. Short-term loans - foreign	0066				

Group of accounts, account	ITEM	ADP	Note number	Amount		
				Current year	Previous year	
					Closing balance _____ 20__	Opening balance as at 1 January 20__
1	2	3	4	5	6	7
234, 235, 238 and part 239	5. Other short-term financial investments	0067	23		5905	
24	VII. CASH AND CASH EQUIVALENTS	0068	24	50983	71275	
27	VIII. VALUE ADDED TAX	0069	25	1830	600	
28 except 288	IX. ACCRUED EXPENSES	0070				
	<b>D. TOTAL ASSETS = OPERATING ASSETS (0001 + 0002 + 0042 + 0043)</b>	0071		827453	532104	0
88	<b>D. OFF-BALANCE SHEET ASSETS</b>	0072				
	<b>EQUITY AND LIABILITIES</b>					
	<b>A. EQUITY (0402 + 0411 - 0412 + 0413 + 0414 + 0415 - 0416 + 0417 + 0420 - 0421) ≥ 0 = (0071 - 0424 - 0441 - 0442)</b>	0401	26	208914	226572	
30	I. CAPITAL (0403 + 0404 + 0405 + 0406 + 0407 + 0408 + 0409 + 0410)	0402	26	300	300	0
300	1. Share capital	0403				
301	2. Stakes in limited liability companies	0404	26	300	300	
302	3. Participating interests	0405				
303	4. State owned capital	0406				
304	5. Socially owned capital	0407				
305	6. Stakes in cooperatives	0408				
306	7. Share premium	0409				
309	8. Other capital	0410				
31	II. SUBSCRIBED CAPITAL UNPAID	0411				
047 and 237	III. TREASURY SHARES	0412				
32	IV. RESERVES	0413				
330	V. REVALUATION RESERVES FROM INTANGIBLE ASSETS, IMMOVABLES, PLANTS AND EQUIPMENT	0414				
33 except 330	VI. UNREALIZED PROFITS FROM SECURITIES AND OTHER ELEMENTS OF OTHER COMPREHENSIVE INCOME (credit balance accounts of group 33 except 330)	0415				

Group of accounts, account	ITEM	ADP	Note number	Amount		
				Current year	Previous year	
					Closing balance _____ 20__	Opening balance as at 1 January 20__
1	2	3	4	5	6	7
33 except 330	VII. UNREALIZED LOSSES FROM SECURITIES AND OTHER ELEMENTS OF OTHER COMPREHENSIVE INCOME (debit balance accounts of group 33 except 330)	0416				
34	VIII. RETAINED EARNINGS (0418 + 0419)	0417	26	226272	226272	0
340	1. Retained earnings from previous years	0418	26	226272	167811	
341	2. Retained earnings for the current year	0419	26		58461	
	IX. PARTICIPATION WITHOUT CONTROL RIGHTS	0420				
35	X. LOSS (0422 + 0423)	0421	26	17658	0	0
350	1. Loss from previous years	0422				
351	2. Loss for the current year	0423	26	17658		
	<b>B. LONG-TERM PROVISIONS AND LIABILITIES (0425 + 0432)</b>	0424		0	0	0
40	I. LONG-TERM PROVISIONS (0426 + 0427 + 0428 + 0429 + 0430 + 0431)	0425		0	0	0
400	1. Provisions for costs incurred during the warranty period	0426				
401	2. Provisions for the recovery of natural resources	0427				
403	3. Provisions for restructuring costs	0428				
404	4. Provisions for compensations and other employment benefits	0429				
405	5. Provisions for litigation expenses	0430				
402 and 409	6. Other long-term provisions	0431				
41	II. LONG-TERM LIABILITIES (0433 + 0434 + 0435 + 0436 + 0437 + 0438 + 0439 + 0440)	0432		0	0	0
410	1. Debts convertible into equity	0433				
411	2. Liabilities to parent companies and subsidiaries	0434				
412	3. Liabilities to other affiliated companies	0435				
413	4. Liabilities for long-term securities	0436				
414	5. Long-term loans - domestic	0437				
415	6. Long-term loans - foreign	0438				



Group of accounts, account	ITEM	ADP	Note number	Amount		
				Current year	Previous year	
					Closing balance _____ 20__	Opening balance as at 1 January 20__
1	2	3	4	5	6	7
416	7. Financial leasing liabilities	0439				
419	8. Other long-term liabilities	0440				
498	<b>V. DEFERRED TAX LIABILITIES</b>	0441				
from 42 to 49, (except 498)	<b>G. SHORT-TERM LIABILITIES (0443 + 0450 + 0451 + 0459 + 0460 + 0461 + 0462)</b>	0442		618539	305532	0
42	I. SHORT-TERM FINANCIAL LIABILITIES (0444 + 0445 + 0446 + 0447 + 0448 + 0449)	0443		0	0	0
420	1. Short-term loans from parent company and subsidiaries	0444				
421	2. Short-term loans from other affiliated companies	0445				
422	3. Short-term loans - domestic	0446				
423	4. Short-term loans - foreign	0447				
427	5. Liabilities for permanent assets and assets of discontinued operations held for sale	0448				
424, 425, 426 and 429	6. Other short-term financial liabilities	0449				
430	II. PREPAYMENTS, DEPOSITS AND GUARANTEES	0450				
43 except 430	III. OPERATING LIABILITIES (0452 + 0453 + 0454 + 0455 + 0456 + 0457 + 0458)	0451	27	610684	195658	0
431	1. Trade payables - domestic parent company and subsidiaries	0452				
432	2. Trade payables - foreign parent company and subsidiaries	0453				
433	3. Trade payables - other domestic affiliated companies	0454				
434	4. Trade payables - other foreign affiliated companies	0455	27	30395	24037	
435	5. Trade payables - domestic	0456	27	479349	139925	
436	6. Trade payables - foreign	0457	27	100940	31696	
439	7. Other operating liabilities	0458				
44, 45 and 46	IV. OTHER SHORT-TERM LIABILITIES	0459	28	4689	1049	
47	V. LIABILITIES FOR VALUE ADDED TAX	0460				
48	VI. LIABILITIES FOR OTHER TAXES, CONTRIBUTIONS AND OTHER DUTIES	0461	29	75	10323	
49 except 498	VII. DEFERRED EXPENSES	0462	30	3091	98502	

Group of accounts, account	ITEM	ADP	Note number	Amount		
				Current year	Previous year	
					Closing balance _____ 20__	Opening balance as at 1 January 20__
1	2	3	4	5	6	7
	D. LOSS ABOVE EQUITY (0412 + 0416 + 0421 - 0420 - 0417 - 0415 - 0414 - 0413 - 0411 - 0402) ≥ 0 = (0441 + 0424 + 0442 - 0071) ≥ 0	0463				
	Đ. TOTAL EQUITY AND LIABILITIES (0424 + 0442 - 0441 + 0401 - 0463) ≥ 0	0464		827453	532104	
89	E. OFF-BALANCE SHEET LIABILITIES	0465				

In Belgrade  on 10 May 2021	Legal representative  (signed) Name illegible
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This form is mandatory pursuant to the Rulebook on the content and layout of financial statement forms for legal entities, cooperatives and entrepreneurs (RS Official Gazette No 95/2014 and 144/2014).

**To be filled by legal entity - entrepreneur**

Registration number 2 0 8 4 1 2 9 0 Activity code 3 5 1 4 TIN 1 0 7 6 3 4 4 4 0

Name: TERNA ENERGY TRADING doo Beograd-Novı Beograd

Registered office: BELGRADE (NEW BELGRADE), BULEVAR ARSENIJA ČARNOJEVIĆA 70

**PROFIT AND LOSS ACCOUNT**  
for the period from 01.01.2020 to 31.12.2020

- in 000 RSD -

Group of accounts, account	ITEM	ADP	Note number	A m o u n t	
				Current year	Previous year
1	2	3	4	5	6
	<b>INCOME FROM OPERATIONS</b>				
60 to 65, except 62 and 63	<b>A. OPERATING INCOME</b> (1002 + 1009 + 1016 + 1017)	1001		3316269	3856345
60	I. INCOME FROM GOODS SOLD (1003 + 1004 + 1005 + 1006 + 1007+ 1008)	1002	5	3315954	3856345
600	1. Goods sold to domestic parent companies and subsidiaries	1003			
601	2. Goods sold to foreign parent companies and subsidiaries	1004			
602	3. Goods sold to other affiliated companies on the domestic market	1005			
603	4. Goods sold to other affiliated companies on the foreign market	1006	5	1532700	1856467
604	5. Goods sold to domestic customers	1007	5	1577472	1326376
605	6. Goods sold to foreign customers	1008	5	205782	673502
61	II. INCOME FROM PRODUCTS SOLD AND SERVICES PROVIDED (1010 + 1011 + 1012 + 1013 + 1014 + 1015)	1009		0	0
610	1. Products sold and services provided to domestic parent companies and subsidiaries	1010		0	
611	2. Products sold and services provided to foreign parent companies and subsidiaries	1011			
612	3. Products sold and services provided to other affiliated companies on the domestic market	1012			
613	4. Products sold and services provided to other affiliated companies on the foreign market	1013			
614	5. Products sold and services provided to domestic customers	1014			
615	6. Products sold and services provided to foreign customers	1015			
64	III. INCOME FROM PREMIUMS, SUBSIDIES, GRANTS, DONATIONS AND SIMILAR	1016	6	255	
65	IV. OTHER OPERATING INCOME	1017	7	60	
	<b>EXPENSES FROM OPERATIONS</b>				
50 to 55, 62 and 63	<b>B. OPERATING EXPENSES</b> (1019 - 1020 - 1021 + 1022 + 1023 + 1024 + 1025 + 1026 + 1027 + 1028 + 1029) ≥ 0	1018		3412261	3821632



Group of accounts, account	ITEM	ADP	Note number	Amount	
				Current year	Previous year
1	2	3	4	5	6
50	I. COST OF GOODS SOLD	1019	8	3373225	3776057
62	II. REVENUE FROM UNDERTAKING FOR OWN PURPOSES	1020			
630	III. INCREASE IN VALUE OF INVENTORIES OF WORK IN PROGRESS AND FINISHED PRODUCTS AND UNFINISHED SERVICES	1021			
631	IV. DECREASE IN VALUE OF INVENTORIES OF WORK IN PROGRESS AND FINISHED PRODUCTS AND UNFINISHED SERVICES	1022			
51 except 513	V. RAW MATERIAL COSTS	1023	9	102	91
513	VI. FUEL AND ENERGY COSTS	1024	9	128	199
52	VII. SALARIES, WAGES AND OTHER PERSONAL INDEMNITIES	1025	10	12051	12039
53	VIII. PRODUCTION SERVICES COSTS	1026	11	23770	28526
540	IX. DEPRECIATION COSTS	1027			
541 to 549	X. LONG-TERM PROVISIONS	1028			
55	XI. INTANGIBLE COSTS	1029	12	2985	4720
	<b>V. OPERATING PROFIT (1001 - 1018) ≥ 0</b>	1030		0	34713
	<b>G. OPERATING LOSS (1018 - 1001) ≥ 0</b>	1031		95992	
66	<b>D. FINANCIAL INCOME (1033 + 1038 + 1039)</b>	1032	13	1677	10885
66, except 662, 663 and 664	I. FINANCIAL INCOME FROM AFFILIATED COMPANIES AND OTHER FINANCIAL INCOME (1034 + 1035 + 1036 + 1037)	1033	13	1131	7133
660	1. Financial income from parent company and subsidiaries	1034			
661	2. Financial income from other affiliated companies	1035	13	1131	7133
665	3. Share in the profits of affiliated companies and joint ventures	1036			
669	4. Other financial income	1037			
662	II. INCOME FROM INTEREST (FROM THIRD PARTIES)	1038	13	2	9
663 and 664	III. POSITIVE EFFECTS ON EXCHANGE RATE AND EFFECTS OF FOREIGN CURRENCY CLAUSE (TO THIRD PARTIES)	1039	13	544	3743
56	<b>Đ. FINANCIAL EXPENSES (1041 + 1046 + 1047)</b>	1040		1818	12010
56, except 562, 563 and 564	I. FINANCIAL EXPENSES INCURRED WITH AFFILIATED COMPANIES AND OTHER FINANCIAL EXPENSES (1042 + 1043 + 1044 + 1045)	1041	14	1182	7519
560	1. Financial expenses incurred with parent company and subsidiaries	1042			
561	2. Financial expenses incurred with other affiliated companies	1043			
565	3. Share in losses of affiliated companies and joint ventures	1044			

Group of accounts, account	ITEM	ADP	Note number	Amount	
				Current year	Previous year
1	2	3	4	5	6
566 and 569	4. Other financial expenses	1045			
562	II. INTEREST EXPENSES (TO THIRD PARTIES)	1046			24
563 and 564	III. NEGATIVE EFFECTS ON EXCHANGE RATE AND EFFECTS OF FOREIGN CURRENCY CLAUSE (TO THIRD PARTIES)	1047	14	636	4467
	<b>E. PROFIT FROM FINANCING (1032 - 1040)</b>	1048			
	<b>Ž. LOSS FROM FINANCING (1032 - 1040)</b>	1049		141	1125
683 and 685	<b>Z. INCOME ON VALUE ADJUSTMENT OF OTHER ASSETS CARRIED AT FAIR VALUE THROUGH PROFIT AND LOSS ACCOUNT</b>	1050			
583 and 585	<b>I. EXPENSES ON VALUE ADJUSTMENT OF OTHER ASSETS CARRIED AT FAIR VALUE THROUGH PROFIT AND LOSS ACCOUNT</b>	1051			
67 to 68, except 683 and 685	<b>J. OTHER INCOME</b>	1052	15	80021	35386
57 to 58, except 583 and 585	<b>K. OTHER EXPENSES</b>	1053	16	1739	7
	<b>L. PROFIT FROM REGULAR OPERATIONS BEFORE TAX (1030 - 1031 + 1048 - 1049 + 1050 - 1051 + 1052 - 1053)</b>	1054			68967
	<b>Lj. LOSS FROM REGULAR OPERATIONS BEFORE TAX (1031 - 1030 + 1049 - 1048 + 1051 - 1050 + 1053 - 1052)</b>	1055		17851	
69-59	<b>M. NET PROFIT FROM DISCONTINUED OPERATIONS, EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS OF ERRORS FROM PREVIOUS PERIODS</b>	1056		193	
59-69	<b>N. NET LOSS FROM DISCONTINUED OPERATIONS, EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS OF ERRORS FROM PREVIOUS PERIODS</b>	1057	17		183
	<b>Nj. PROFIT BEFORE TAX (1054 - 1055 + 1056 - 1057)</b>	1058			68784
	<b>O. LOSS BEFORE TAX (1055 - 1054 + 1057 - 1056)</b>	1059	16	17658	
	<b>P. TAX ON PROFIT</b>				
721	I. TAX EXPENSES FOR THE PERIOD	1060	18		10323
part of 722	II. DEFERRED TAX EXPENSES OF A PERIOD	1061			
part of 722	III. DEFERRED TAX INCOME OF A PERIOD	1062			
723	<b>R. PERSONAL INDEMNITIES PAID TO EMPLOYER</b>	1063			
	<b>Š. NET PROFIT (1058 - 1059 - 1060 - 1061 + 1062 - 1063)</b>	1064	18		58461
	<b>T. NET LOSS (1059 - 1058 + 1060 + 1061 - 1062 + 1063)</b>	1065	18	17658	18
	I. NET PROFIT WHICH BELONGS TO MINORITY INVESTORS	1066			
	II. NET PROFIT WHICH BELONGS TO MAJORITY OWNER	1067			
	III. NET LOSS WHICH BELONGS TO MINORITY INVESTORS	1068			

Group of accounts, account	ITEM	ADP	Note number	A m o u n t	
				Current year	Previous year
1	2	3	4	5	6
	V. EARNINGS PER SHARE				
	1. BASIC EARNING PER SHARE TO MAJORITY OWNER	1070			
	2. DILUTED EARNING PER SHARE	1071			

In Belgrade

on 10 May 2021

(Round official seal of Tetra Energy Trading doo)

Legal representative

(signed)  
Name illegible

This form is mandatory pursuant to the Rulebook on the content and layout of financial statement forms for legal entities, cooperatives and entrepreneurs (RS Official Gazette No 95/2014 and 144/2014).

**To be filled by legal entity - entrepreneur**

Registration number 2 0 8 4 1 2 9 0 Activity code 3 5 1 4 TIN 1 0 7 6 3 4 4 4 0

Name: TERNA ENERGY TRADING doo Beograd-Novı Beograd

Registered office: BELGRADE (NEW BELGRADE), BULEVAR ARSENIJA ČARNOJEVIĆA 70

**STATEMENT OF COMPREHENSIVE INCOME**  
for the period from 1 January 2020 to 31 December 2020

- in 000 RSD -

Group Group of accounts, account t	ITEM	ADP	Note number	Amount	
				Current year	Previous year
1	2	3	4	5	6
	<b>A. NET OPERATING RESULT</b>				
	I. NET PROFIT (ADP 1064)	2001	26		58461
	II. NET LOSS (ADP 1065)	2002	26	17658	
	<b>B. OTHER COMPREHENSIVE PROFIT OR LOSS</b>				
	<b>a) items that will not be reclassified into profit and loss in future periods</b>				
330	1. Revaluations of intangible assets, immovables, plant and equipment				
	a) increase in revaluation reserves	2003			
	b) decrease in revaluation reserves	2004			
331	2. Actuarial profits or losses arising from a defined income plan				
	a) profit	2005			
	b) losses	2006			
332	3. Profit or losses from investing in equity instruments				
	a) profit	2007			
	b) losses	2008			
333	4. Profit or losses from shares in other comprehensive profit or loss of affiliated companies				
	a) profit	2009			
	b) losses	2010			
	<b>b) items that can subsequently be reclassified into profit or loss in future periods</b>				
334	1. Profit or losses from conversion of financial statements of foreign operations				
	a) profit	2011			



b) losses	2012			
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Group of accounts, account	ITEM	ADP	Note number	Amount	
				Current year	Previous year
1	2	3	4	5	6
335	2. Profit or losses on hedging instruments of net investment in foreign operations				
	a) profit	2013			
	b) losses	2014			
336	3. Profit or losses on cash flow hedging instruments				
	a) profit	2015			
	b) losses	2016			
337	4. Profit or losses on available-for-sale securities				
	a) profit	2017			
	b) losses	2018			
	I. OTHER GROSS COMPREHENSIVE INCOME (2003 + 2005 + 2007 + 2009 + 2011 + 2013 + 2015 + 2017) - (2004 + 2006 + 2008 + 2010 + 2012 + 2014 + 2016 + 2018) ≥ 0	2019			
	II. OTHER GROSS COMPREHENSIVE LOSS (2004 + 2006 + 2008 + 2010 + 2012 + 2014 + 2016 + 2018) - (2003 + 2005 + 2007 + 2009 + 2011 + 2013 + 2015 + 2017) ≥ 0	2020			
	III. TAX ON OTHER COMPREHENSIVE PROFIT OR LOSS FOR THE PERIOD	2021			
	IV. NET OTHER COMPREHENSIVE PROFIT (2019 - 2020 - 2021) ≥ 0	2022			
	V. NET OTHER COMPREHENSIVE LOSS (2020 - 2019 + 2021) ≥ 0	2023			
	<b>V. TOTAL NET COMPREHENSIVE RESULT FOR THE PERIOD</b>				
	I. TOTAL NET COMPREHENSIVE RESULT (2001 - 2002 + 2022 - 2023) ≥ 0	2024	26		58461
	II. TOTAL NET COMPREHENSIVE LOSS (2002 - 2001 + 2023 - 2022) ≥ 0	2025	26	17658	
	<b>G. TOTAL NET COMPREHENSIVE PROFIT OR LOSS (2027 + 2028) = ADP 2024 ≥ 0 or ADP 2025 &gt; 0</b>	2026		0	0
	1. Attributed to majority shareholders	2027			
	2. Attributed to non-controlling shareholders	2028			

In Belgrade  
on 10 May 2021

(Round official seal of Tetra Energy Trading doo)

Legal representative  
(signed)  
Name illegible

**To be filled by legal entity - entrepreneur**

Registration number	2	0	8	4	1	2	9	0	Activity code	3	5	1	4	TIN	1	0	7	6	3	4	4	4	0
Name: TERNA ENERGY TRADING doo Beograd-Novı Beograd																							
Registered office: BELGRADE (NEW BELGRADE), BULEVAR ARSENIJA ČARNOJEVIĆA 70																							

**CASH FLOW STATEMENT**  
in the period from 1 January 2020 to 31 December 2020

- in 000 RSD -

ITEM	ADP	Amount	
		Current year	Previous year
1	2	3	4
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
I. Cash inflows from operating activities (from 1 to 3)	3001	3099170	1993000
1. Inflows from sales and prepayments	3002	3096169	1959945
2. Interests from operating activities	3003		10
3. Other inflows provided by operating activities	3004	3001	33045
II. Cash outflows in operating activities (from 1 to 5)	3005	3105317	1979717
1. Trade payables and prepayments	3006	3087055	1960489
2. Salaries, wages and other personal indemnities	3007	9694	10435
3. Interest paid	3008		12
4. Tax on profit	3009	8531	8716
5. Outflows from other public revenues	3010	37	65
III. Net cash inflows from operating activities (I-II)	3011	0	13283
IV. Net cash outflows from operating activities (I-II)	3012	6147	
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
I. Cash inflows from investing activities (from 1 to 5)	3013	0	0
1. Sale of shares and stakes (net inflows)	3014	0	
2. Sale of intangible assets, immovables, plant, equipment and biological resources	3015		
3. Other financial investments (net inflows)	3016		
4. Interests from investing activities	3017		
5. Inflows from dividends	3018		
II. Cash outflows from investing activities (from 1 to 3)	3019	0	0

ITEM	ADP	Amount	
		Current year	Previous year
	2	3	2
1. Purchase of shares and stakes (net outflows)	3020		
2. Purchase of intangible assets, immovables, plants, equipment and biological resources	3021		
3. Other financial investments (net payment)	3022		
III. Net cash inflows from investing activities (I-II)	3023		
IV. Net cash outflows from investing activities (II-I)	3024		
<b>V. CASH FLOWS FROM FINANCING ACTIVITIES</b>	3025	0	0
I. Cash inflows from financing activities (1 to 5)			
1. Capital increase	3026		
2. Long-term loans (net inflows)	3027		
3. Short-term loans (net inflows)	3028		
4. Other long-term liabilities	3029	1175	
5. Other short-term liabilities	3030		
II. Cash outflows from financing activities (from 1 to 6)	3031	15280	0
1. Treasury shares and stakes	3032		
2. Long-term loans (outflow)	3033	15280	
3. Short-term loans (outflow)	3034		
4. Other liabilities (outflow)	3035		
5. Financial leasing	3036		
6. Dividends paid	3037		
III. Net cash inflows financing activities (I-II)	3038		
IV. Net cash outflows from financing activities (I-II)	3039	14105	
<b>G. TOTAL CASH INFLOWS</b> (3001 + 3013 + 3025)	3040	3100345	1993000
<b>D. TOTAL CASH OUTFLOWS</b> (3005 + 3019 + 3031)	3041	3120597	1979717
<b>Đ. NET CASH INFLOWS</b> (3040 - 3041)	3042		13283
<b>E. NET CASH OUTFLOWS</b> (3041 - 3040)	3043	20252	
<b>Ž. CASH AT THE BEGINNING OF THE ACCOUNTING PERIOD</b>	3044	71275	58749
<b>Z. POSITIVE EFFECTS ON EXCHANGE RATE CHANGES FROM CASH CALCULATION</b>	3045	48	37
<b>I. NEGATIVE EFFECTS ON EXCHANGE RATE CHANGES FROM CASH CALCULATION</b>	3046	88	794
<b>J. CASH AT THE END OF THE ACCOUNTING PERIOD</b> (3042 - 3043 + 3044 + 3045 - 3046)	3047	50983	71275

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on 10 May 2021

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**To be filled by legal entity - entrepreneur**

Registration number	2	0	8	4	1	2	9	0	Activity code	3	5	1	4	TIN	1	0	7	6	3	4	4	4	0
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Name: TERNA ENERGY TRADING doo Beograd-Novı Beograd

Registered office: BELGRADE (NEW BELGRADE), BULEVAR ARSENIJA ČARNOJEVIĆA 70

**CAPITAL CHANGES STATEMENT**

In 000 RSD

No	DESCRIPTION	Equity					
		ADP	30	ADP	31	ADP	32
			Capital		Subscribed capital unpaid		Reserves
1	2		3		4		5
	<b>Opening balance of the prior year as at 1 January</b>						
1.	a) debit balance account	4001		4019		4037	
	b) credit balance account	4002	300	4020		4038	
	<b>Correction of material important mistakes and changes of accounting policies</b>						
2.	a) corrections on the debit side of the account	4003		4021		4039	
	a) corrections on the credit side of the account	4004		4022		4040	
	<b>Corrected opening balance of the prior year as at 1 January</b>						
3.	a) corrected debit balance of the account $(1a + 2a - 2b) \geq 0$	4005		4023		4041	
	a) corrected credit balance of the account $(1b - 2a + 2b) \geq 0$	4006	300	4024		4042	
	<b>Changes in the previous year</b>						
4.	a) turnover on the debit side of the account	4007		4025		4043	
	b) turnover on the credit side of the account	4008		4026		4044	
	<b>State at the end of the previous year 31 December</b>						
5.	a) account's debit balance $(3a + 4a - 4b) \geq 0$	4009		4027		4045	
	b) account's credit balance $(3b - 4a + 4b) \geq 0$	4010	300	4028		4046	
	<b>Correction of material important mistakes and changes of accounting policies</b>						
6.	a) corrections on the account's debit side	4011		4029		4047	
	a) corrections on the account's credit side	4012		4030		4048	
	<b>Corrected opening balance of the current year as at 1 January</b>						
7.	a) corrected debit balance of the account $(5a + 6a - 6b) \geq 0$	4013		4031		4049	
	a) corrected credit balance of the account $(5b - 6a + 6b) \geq 0$	4014	300	4032		4050	
	<b>Changes in the current year</b>						
8.	a) turnover on the debit side of the account	4015		4033		4051	
	b) turnover on the credit side of the account	4016		4034		4052	
	<b>State at the end of the current year 31 December</b>						
9.	a) account's debit balance $(7a + 8a - 8b) \geq 0$	4017		4035		4053	

	b) account's credit balance $(7b - 8a + 8b) \geq 0$	4018	300	4036		4054	
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No	DESCRIPTION	Components of capital					
		ADP	35	ADP	047 and 237	ADP	34
			Loss		Treasury shares		Retained earnings
	2		6		7		8
1.	<b>Opening balance of the prior year as at 1 January</b>						
	a) debit balance account	4055		4073		4091	
	b) credit balance account	4056		4074		4092	167811
2.	<b>Correction of material important mistakes and changes of accounting policies</b>						
	a) corrections on the debit side of the account	4057		4075		4093	0
	b) corrections on the credit side of the account	4058		4076		4094	0
3.	<b>Corrected opening balance of the prior year as at 1 January</b>						
	a) corrected debit balance of the account (1a + 2a - 26) ≥ 0	4059		4077		4095	
	a) corrected credit balance of the account (1b - 2a + 26) ≥ 0	4060		4078		4096	167811
4.	<b>Changes in the previous year</b>						
	a) turnover on the debit side of the account	4061		4079		4097	
	b) turnover on the credit side of the account	4062		4080		4098	58461
5.	<b>State at the end of the previous year as at 31 December</b>						
	a) account's debit balance (3a + 4a - 4b) ≥ 0	4063		4081		4099	0
	b) account's credit balance (3b - 4a + 4b) ≥ 0	4064		4082		4100	226272
6.	<b>Correction of material important mistakes and changes of accounting policies</b>						
	a) corrections on the account's debit side	4065		4083		4101	
	b) corrections on the account's credit side	4066		4084		4102	0
7.	<b>Corrected opening balance of the current year as at 1 January</b>						
	a) corrected debit balance of the account (5a + 6a - 6b) ≥ 0	4067		4085		4103	
	a) corrected credit balance of the account (5b - 6a + 6b) ≥ 0	4068		4086		4104	226272
8.	<b>Changes in the current year</b>						
	a) turnover on the debit side of the account	4069	17658	4087		4105	
	b) turnover on the credit side of the account	4070		4088		4106	
9.	<b>State at the end of the current year as at 31 December</b>						
	a) debit balance of the account (7a + 8a - 8b) ≥ 0	4071	17658	4089		4107	
	b) credit balance of the account (7b - 8a + 8b) ≥ 0	4072		4090		4108	226272

ordina l numb er	DESCRIPTION	Comprehensive income					
		ADP	330	ADP	331	ADP	332
			Revaluation reserves		Actuarial profit or loss		Profits or losses from investing in owners equity instruments
1	2		9		10		11
1.	<b>Opening balance of the prior year as at 1 January</b>						
	a) debit balance account	4109		4127		4145	
	b) credit balance account	4110		4128		4146	
2.	<b>Correction of material important mistakes and changes of accounting policies</b>						
	a) corrections on the debit side of the account	4111		4129		4147	
	b) corrections on the credit side of the account	4112		4130		4148	
3.	<b>Corrected opening balance of the prior year as at 1 January</b>						
	a) corrected debit balance of the account $(1b + 2a - 25) \geq 0$	4113		4131		4149	
	a) corrected credit balance of the account $(1a - 2a + 25) \geq 0$	4114		4132		4150	
4.	<b>Changes in the previous year</b>						
	a) turnover on the debit side of the account	4115		4133		4151	
	b) turnover on the credit side of the account	4116		4134		4152	
5.	<b>State at the end of the previous year as at 31 December</b>						
	a) account's debit balance $(3a + 4a - 4b) \geq 0$	4117		4135		4153	
	b) account's credit balance $(3b - 4a + 4b) \geq 0$	4118		4136		4154	
6.	<b>Correction of material important mistakes and changes of accounting policies</b>						
	a) corrections on the account's debit side	4119		4137		4155	
	b) corrections on the account's credit side	4120		4138		4156	
7.	<b>Corrected opening balance of the current year as at 1 January</b>						
	a) corrected debit balance of the account $(5a + 6a - 6b) \geq 0$	4121		4139		4157	
	b) corrected credit balance of the account $(5b - 6a + 6b) \geq 0$	4122		4140		4158	
8.	<b>Changes in the current year</b>						
	a) turnover on the debit side of the account	4123		4141		4159	
	b) turnover on the credit side of the account	4124		4142		4160	
9.	<b>State at the end of the current year as at 31 December</b>						
	a) account's debit balance $(7a + 8a - 8b) \geq 0$	4125		4143		4161	
	b) account's credit balance $(7b - 8a + 8b) \geq 0$	4126		4144		4162	



number	DESCRIPTION	Comprehensive income					
		ADP	333	ADP	334 and 335	ADP	336
			Profits or losses from shares in other comprehensive profit or losses of affiliated companies		Profits and losses from foreign operations and from conversion of foreign financial statements		Profits or losses from cash flow hedging
1	2		12		13		14
1.	<b>Opening balance of the prior year as at 1 January _____</b>						
	a) debit balance account	4163		4181		4199	
	b) credit balance account	4164		4182		4200	
2.	<b>Correction of material important mistakes and changes of accounting policies</b>						
	a) corrections on the debit side of the account	4165		4183		4201	
	b) corrections on the credit side of the account	4166		4184		4202	
3.	<b>Corrected opening balance of the prior year as at 1 January</b>						
	a) corrected debit balance of the account $(1a + 2a - 2b) \geq 0$	4167		4185		4203	
	a) corrected credit balance of the account $(1a - 2a + 2b) \geq 0$	4168		4186		4204	
4.	<b>Changes in the previous year</b>						
	a) turnover on the debit side of the account	4169		4187		4205	
	b) turnover on the credit side of the account	4170		4188		4206	
5.	<b>State at the end of the previous year as at 31 December</b>						
	a) account's debit balance $(3a + 4a - 4b) \geq 0$	4171		4189		4207	
	b) account's credit balance $(3b - 4a + 4b) \geq 0$	4172		4190		4208	
6.	<b>Correction of material important mistakes and changes of accounting policies</b>						
	a) corrections on the account's debit side	4173		4191		4209	
	b) corrections on the account's credit side	4174		4192		4210	
7.	<b>Corrected opening balance of the current year as at 1 January</b>						
	a) corrected debit balance of the account $(5a + 6a - 6b) \geq 0$	4175		4193		4211	
	b) corrected credit balance of the account $(5b - 6a + 6b) \geq 0$	4176		4194		4212	
8.	<b>Changes in the current year</b>						
	a) turnover on the debit side of the account	4177		4195		4213	
	b) turnover on the credit side of the account	4178		4196		4214	
9.	<b>State at the end of the current year as at 31 December _____</b>						
	a) account's debit balance $(7a + 8a - 8b) \geq 0$	4179		4197		4215	
	b) account's credit balance $(7b - 8a + 8b) \geq 0$	4180		4198		4216	

ordinal number	DESCRIPTION	Components of comprehensive income		ADP	Total Equity [ $\sum(\text{row 1b col. 3 to col. 15}) - \sum(\text{row 1a col. 3 to col. 15}) \geq 0$ ]	ADP	Loss above equity [ $\sum(\text{row 1a col. 3 to col. 15}) - \sum(\text{row 1b col. 3 to col. 15}) \geq 0$ ]
		ADP	337				
			Profit or losses on available-for-sale securities				
1	2		15		16		17
1.	<b>Opening balance of the prior year as at 1 January</b>						
	a) debit balance account	4217		4235	168111	4244	
	b) credit balance account	4218					
2.	<b>Correction of material important mistakes and changes of accounting policies</b>						
	a) corrections on the debit side of the account	4219		4236	0	4245	
	b) corrections on the credit side of the account	4220					
3.	<b>Corrected opening balance of the prior year as at 1 January</b>						
	a) corrected debit balance of the account ( $1a + 2a - 2b \geq 0$ )	4221		4237	168111	4246	
	b) corrected credit balance of the account ( $1b - 2a + 2b \geq 0$ )	4222					
4.	<b>Changes in the previous year</b>						
	a) turnover on the debit side of the account	4223		4238	58461	4247	
	b) turnover on the credit side of the account	4224					
5.	<b>State at the end of the previous year 31 December</b>						
	a) account's debit balance ( $3a + 4a - 4b \geq 0$ )	4225		4239	226572	4248	
	b) account's credit balance ( $3b - 4a + 4b \geq 0$ )	4226					
6.	<b>Correction of material important mistakes and changes of accounting policies</b>						
	a) corrections on the account's debit side	4227		4240		4249	
	b) corrections on the account's credit side	4228					
7.	<b>Corrected opening balance of the current year as at 1 January</b>						
	a) corrected debit balance of the account ( $5a + 6a - 6b \geq 0$ )	4229		4241	226572	4250	
	b) corrected credit balance of the account ( $5b - 6a + 6b \geq 0$ )	4230					
8.	<b>Changes in the current year</b>						
	a) turnover on the debit side of the account	4231		4242		4251	
	b) turnover on the credit side of the account	4232					
9.	<b>State at the end of the current year as at 31 December</b>						
	a) account's debit balance ( $7a + 8a - 8b \geq 0$ )	4233		4243	208914	4252	
	b) account's credit balance ( $7b - 8a + 8b \geq 0$ )	4234					

In Belgrade  
on 10 May 2021

(Round official seal of Tetra Energy Trading doo)

Legal representative  
(signed)  
Name illegible

This form is mandatory pursuant to the Decision on the content and layout of financial statement forms for legal entities, cooperatives and entrepreneurs (RS Official Gazette No 95/2014 and 144/2014).

**Notes**  
**to the financial statements for**  
**the company**

**TERNA ENERGY TRADING D.O.O.**

BELGRADE, May 2021.

## **1. GENERAL INFORMATION**

TERNA ENERGY TRADING d.o.o Beograd (hereinafter: the Company) sells electricity on the domestic and foreign markets. The company was founded on 29 June 2012, on the basis of the Memorandum of Association as a limited liability company.

The founder is TERNA ENERGY TRADING LTD, CYPRUS, with 100% share.

The seat of the Company is at Bulevar Arsenija Čarnojevića 70, Novi Beograd;

Company's registration number: 20841290

TIN: 107634440

Activity code: 3514 – Trade of electricity

The number of employees as of 31 December 2020 is 3, and as of 31 December 2019 it is 3.

These financial statements were approved by Director Vladimir Marjanović on 10 May 2021. The approved financial statements may be subsequently amended based on the auditor's opinion and in accordance with applicable regulations.

## **2. THE BASIS FOR CREATING AND PRESENTING FINANCIAL STATEMENTS**

### **2.1. Statement of compliance**

The Company shall keep records and prepare regular financial reports in accordance with the applicable Law on Accounting (*Official Gazette of the RS* Nos. 62/2013 and 30/2018) and other applicable laws and bylaws in the Republic of Serbia. As a medium-sized entity, the Company shall apply the International Financial Reporting Standards for Small and Medium-Sized Entities ("IFRS for SMEs") in the recognition, valuation, presentation and disclosure of items in the financial statements.

The IFRS for SMEs were translated (the translation was approved by the International Accounting Standards Committee in July 2009, when it started to be applied) and published in the Republic of Serbia by the Decision of the Ministry of Finance No. 401-00-1304/2013-16 dated 25 December 2013, and the translation has been in use from the moment the financial statements were prepared on 31 December 2014. The decision on the translation of the IFRS for SMEs was published in the *Official Gazette of the RS* No. 117/2013. Amendments to the IFRS for SMEs, adopted by the International Accounting Standards Committee and published in May 2015, which have been applicable since 1 January 2017, with the possibility of earlier application, were translated and published as an integrative text within the standard by the Decision of the Ministry of Finance No. 401-00-3683/2018-16 dated 16 October 2018. Application of the amendments started from the moment the financial statements were prepared on 31 December 2019. The Decision on the translation of the IFRS for SMEs was published in the *Official Gazette of RS* No. 83/2018.

In accordance with the Law on Accounting, the Company shall prepare regular annual financial statements which shall include a balance sheet, income statement, statement of other results, statement of changes in equity, cash flow statement and notes to the financial statements. The balance sheet and income statement, statement of other results, statement of changes in equity and cash flow statement shall be prepared in the form prescribed by the Rulebook on the content and form of financial statements for companies, cooperatives and entrepreneurs (*Official Gazette of the RS* Nos. 95/2014 and 144/2014). The Rulebook prescribes the form and content of financial statements and the content of the items listed therein.

The content and form of financial statements, as well as the content of the items listed therein

are not fully in all material aspects in line with the requirements of Section 3 of the IFRS for SMEs "Presentation of Financial Statements". In addition, certain laws and bylaws in the Republic of Serbia prescribe accounting procedures which, in some cases, deviate from the requirements of the IFRS for SMEs, and the Law on Accounting determines the dinar as the official currency of reporting and presenting financial statements.

In terms of the above stated, the accounting regulations of the Republic of Serbia may deviate from the requirements of the IFRS for SMEs, which may have an impact on the reality and objectivity of the enclosed financial statements, in the manner defined in Section 3 of the IFRS for SMEs. Accordingly, the enclosed financial statements may not be considered to be financial statements prepared fully in compliance with the IFRS for SMEs, as defined in the provisions of Section 3 "Presentation of Financial Statements". Therefore, they shall not be financial statements that are prepared in accordance with the aforementioned financial reporting framework.

## **2.2. Rules of assessment**

Financial statements are prepared on the basis of the principles of original (historical) value.

## **2.3. Official currency in reporting**

Company's financial statements are expressed in thousands of dinars (RSD), which are the functional currency of the Company, and an official currency in which financial statements in the Republic of Serbia are submitted. Unless otherwise indicated, all amounts are stated in dinars rounded in thousands.

## **2.4. Making assessments**

The preparation of financial statements in compliance with the applicable reporting framework shall require of the management to use the best possible estimates and reasonable assumptions that have an effect on the presented values of assets and liabilities, as well as income and expenses during the reporting period.

These estimates and assumptions shall be based on previous experience, as well as various information available on the date of the preparation of the financial statements, which shall seem realistic and reasonable in view of the circumstances. Based on this information, an assumption shall be made about the value of assets and liabilities, which cannot be directly confirmed on the basis of other information. The actual value of assets and liabilities may deviate from the value estimated in this manner.

The estimates, as well as the assumptions on the basis of which the estimates are made, shall undergo regular audits. Audited accounting estimates shall be expressed for the period in which they are audited, in case an estimate has an impact only on the relevant period, or for the period in which it is audited and for future periods, in case the audit affects current and future periods.

## **2.5. Comparative data**

Comparative data shall be Company's financial statements as of the date and year that ended on 31 December 2019.

## **2.6. The concept of continuing operations (“going concern”)**

The consolidated financial statements have been prepared in accordance with the concept of continuing operations, which implies that the Company will continue to operate in the foreseeable future.

## **3. AN OVERVIEW OF SIGNIFICANT ACCOUNTING POLICIES**

Basic accounting policies applied in the preparation of these financial statements are stated further below.

The enclosed financial statements shall be Company’s individual financial statements.

### **3.1. Transactions in foreign currency**

Transactions in a foreign currency are translated into dinars at the middle exchange rate determined on the interbank foreign currency market prevailing on the transaction date.

Monetary positions denominated in a foreign currency on the date of the balance sheet are translated into dinars according to the middle exchange rate determined on the interbank foreign currency market prevailing on the date of the balance sheet. Non-monetary positions are translated into dinars at the middle exchange rate of the currency prevailing on the transaction date.

Positive and negative exchange rate differences from executed payments and collections in foreign currencies during the year as well as exchange differences occurred from the translation of assets and liabilities in a foreign currency on the balance sheet date are expressed in the Company’s profit and loss account, as income/expenses from exchange differences in the item financial income/expenses.

Receivables that contain the currency clause are converted into dinars at the middle exchange rate of the currency prevailing on the balance sheet date. Positive and negative effects occurring on this basis are presented in the Company’s profit and loss account as income/expenses on the basis of the effects of contracted hedging within the category of other income/expenses.

Official middle exchange rates of major foreign currencies are:

<b>Currency</b>	<b>2020.</b>	<b>2019.</b>
CHF	108,4388	108,4004
USD	95,6637	104,9186
EUR	117,5802	117,5928

### **3.2. Main financial instruments**

A financial asset or financial liability shall be initially recognised at the transaction cost, except when an arrangement is a financing transaction either for the Company (for a financial liability) or for another contracting party (for a financial asset) in that arrangement. An arrangement shall be a financing transaction if payment is delayed for a period that exceeds normal terms of business. If an arrangement is a financing transaction, a financial asset or a financial liability shall be measured at the present value of future payments discounted at the market interest rate for a similar debt instrument, as determined at the moment of initial recognition.

Transaction costs shall be included in the transaction price, except when initially measuring a financial asset or liability that is subsequently measured at fair value through the income statement.

#### ***Short-term receivables and placements***

Short-term receivables shall include receivables from customers, subsidiaries and associated companies and other customers in the country and abroad based on the sale of products, goods and services. At the stage of initial recognition, receivables shall be valued at the sales value of products and services less the agreed amount of discounts and rebates.

Receivables arising under normal loan terms shall be recognised at face value. Otherwise, they shall be valued at amortised cost using the effective interest method.

Short-term receivables that are not collected within 60 days or more after expiry of the payment period shall be indirectly written off in the amount of 100% of the nominal amount of receivables, except in case it is estimated that the collection of a receivable is not jeopardised, as well as in all other individual cases estimated on the basis of the collectability of a specific receivable.

Short-term placements shall consist of loans, securities and other short-term placements with a maturity period of up to one year, and they shall be measured at amortised cost.

Short-term financial placements and trading securities shall be carried at amortised cost.

Securities traded or purchased for resale shall be carried at fair (market) value. The effects of changes in fair (market) value shall be included as expenses and income of the relevant period. If it is probable that loans or securities cannot be collected under the agreed terms, a loss shall occur due to impairment.

#### ***Cash and cash equivalents***

Cash equivalents shall be short-term, highly liquid investments that may be quickly converted into known cash amounts. They shall not be affected by a significant risk of the change in value and shall be held for the purpose of discharging short-term cash liabilities and not for investments or other purposes.



***Financial liabilities***

Financial liabilities shall be long-term liabilities (liabilities towards associated companies and legal entities with cross-holding, long-term loans, liabilities resulting from long-term securities and other long-term liabilities), short-term financial liabilities (liabilities towards associated companies with cross-holding, short-term loans and other short-term financial liabilities), short-term operating liabilities (suppliers and other operating liabilities) and other short-term liabilities.

Short-term liabilities shall be liabilities that mature within one year from the date of occurrence, i.e., from the date of the annual balance sheet.

Financial liabilities shall be initially recognised at purchase value, which shall represent the fair value of the compensation received. After initial recognition, financial liabilities shall be carried at amortised cost using the effective interest method, except for financial liabilities carried at fair value in the income statement.

The amortised cost of a financial liability shall be an amount at which liabilities shall be initially valued, deduced by principal repayments, and increased or deduced by accumulated amortisation using the effective interest method.

***Impairment of financial assets***

At the end of each reporting period, an estimate shall be made whether there is objective evidence of the impairment of financial assets measured at purchase price/cost price or amortised cost. If there is objective evidence of impairment, an impairment loss shall be recognised in the income statement.

***Derecognition of a financial asset or financial liability***

A financial asset shall cease to be recognised only when contractual rights to cash flows from the financial asset have expired or have been settled, when all material risks and benefits of ownership of the financial asset have been transferred to another person, or control of the assets has been transferred to another person, and the other person has the practical ability to sell the asset in its entirety to an unrelated third party and can perform that activity independently.

A financial liability or part of a financial liability shall cease to be recognised only when it has been terminated, i.e., when a contractual obligation has been fulfilled, cancelled or has expired.

If financial instruments are exchanged with the existing creditor under substantially different terms, the transaction shall be treated as termination of the initial financial liability and recognition of a new financial liability. Also, a significant change in the terms of the existing financial liability or its part shall also be treated as termination of the initial financial liability and recognition of a new financial liability.

### **3.3. Other financial instruments**

Other financial instruments shall be measured at fair value, which shall be usually the transaction price. At the end of each reporting period, all other financial instruments shall be measured at fair value, with the recognition of changes in fair value in the income statement, except for the following:

- Certain changes in the fair value of hedging instruments in the designated hedging relationship that require recognition in other total result.
- Non-publicly traded equity instruments whose fair value cannot otherwise be measured reliably without undue cost or effort, and contracts relating to such instruments which, if executed, will result in the handover of such instruments which are measured at cost price less impairment.

The fair value of a financial liability that matures on call shall not be less than the amount to be paid on call, discounted from the first date when payment of the amount may be required.

Transaction costs shall not be included in the initial measurement of a financial asset or liability that shall be subsequently measured at fair value in the income statement.

If payment for an asset is deferred or financed at a non-market interest rate, the initial recognition of the asset shall be made at the present value of future payments discounted at the market interest rate.

### **3.4. Other long-term financial investments**

A long-term deposit shall mean a monetary amount agreed and deposited with the creditor, which shall remain with the creditor for the entire duration of the contract. The purpose of the deposit shall be to ensure the timely fulfilment of all debtor's obligations. In some contracts, the creditor may require deposit payment as a guarantee that the debtor will fulfil their obligations or that they will compensate for any damage.

### **3.5. Employees' benefits**

#### ***Short-term employees' benefits - taxes and contributions for mandatory social insurance***

In accordance with the regulations applicable in the Republic of Serbia, the Company shall be obliged to pay contributions to various social care state funds. These obligations shall include contributions at the expense of employees and at the expense of the employer in the amounts calculated by applying the rates prescribed by law. The Company shall be legally obliged to suspend the calculated contributions from the gross salaries of employees and to transfer the suspended funds from their account to appropriate state funds. Contributions at the expense of employees and the employer shall be expressed as expenses in the period to which they refer.

#### ***Long-term employees' benefits - liabilities based on severance pay***

In accordance with the legal regulations, the Company shall be obliged to pay severance pay to employees in the amount of 2 average gross salaries in the Republic of Serbia in the month preceding the month in which the severance pay shall be paid. The management estimated the amount of these reservations and concluded that there are intangible assets in terms of Company's financial statements.

The Company does not have its own pension funds or options for payments to employees in the form of shares and, on that basis, it has no identified liabilities as of 31 December 2020.

***Short-term paid leave***

According to the assessment of the Company's management, the amount of short-term paid leave as of 31 December 2020 is not material and, accordingly, the Company did not calculate the stated liabilities on the balance sheet date.

**Reservations**

A reservation shall be recognised in the balance sheet when the Company has a legal or actual obligation resulting from past events, and when it is probable that the settlements of the liability will require the outflow of assets with economic benefits.

**3.6. Capital**

The Company's capital shall include capital assets based on the founder's share, *unpaid subscribed capital, reserves, revaluation reserves and accumulated result*.

The Company's capital was created from the invested funds of the founders of the Company in cash. The founder may not withdraw the funds invested in the capital assets of the Company.

**3.7. Income**

***Income from sales and provision of services***

Income from the sale of products and goods shall be recognized when the significant risks and benefits of ownership of products and goods have been transferred to the customer. Income from the sale of products and goods shall be carried at invoice value less approved discounts and value added tax.

Income from the provision of services shall be recognized in the accounting period in which the service was provided and shall be carried at invoice value less approved discounts and value added tax.

***Financial income***

Financial income includes income from interest, exchange rate differences, dividends and other financial income, generated from relations with parent company, subsidiaries and other associated companies.

Interest income shall, in accordance with the principle of causality, be recognized in the income statement in the period to which it refers.

***Other income***

Other income includes gains on the sale of property, plant and equipment (capital assets) and intangible assets, gains on the sale of biological assets, gains on the sale of long-term securities and equity investments, gains on the sale of materials, collected written-off receivables, surpluses,

income from the effects of contracted risk protection, income from reduction of liabilities, income from reversal of long-term provisions, income from asset value adjustment, positive effects of changes in fair value of intangible assets, property, plant, equipment, biological assets and inventories up to the amount of previously stated expenses for those assets on the basis of value adjustment and cancellation of value adjustments on the basis of value adjustment in accordance with the accounting policy of the Company.

### **3.8. Expenses**

Expenses shall be recognized in the income statement using to the principle of causality of income and expenses, i.e., on an accounting basis and determined for the period in which they incurred.

#### ***Operating expenses***

Operating expenses shall include costs conditioned by the generation of sales income and shall include the purchase price of goods sold, costs of materials, fuel and energy, gross earnings, depreciation costs and services rendered by third parties. Operating expenses shall also include general expenses such as lease, marketing, insurance, payment transactions, tax and other expenses incurred in the current accounting period.

#### ***Financial expenses***

Financial expenses shall include expenses based on interest and exchange rate differences and other financial expenses. Interest expenses shall include an interest calculated on received loans, which shall be recorded in the income statement for the period to which they refer, and in accordance with the causality principle.

#### ***Other expenses***

Other expenses shall include losses on the sale and disposal of property, plant and equipment and intangible assets, losses on the disposal and sale of biological assets, losses on the sale of securities and share in the capital of legal entities, losses on the sale of materials, deficits, expenses based on the effects of contracted risk protection, expenses based on direct write-offs of receivables, expenses based on impairment of assets, negative effects of value adjustments of intangible investments, property, plant, equipment and biological assets, long-term and short-term financial placements, inventories, securities and receivables in accordance with the accounting policy of the Company.

### **3.9. Income tax**

#### ***Current tax***

Income tax shall be the amount that is calculated and paid in accordance with the provisions of the Law on Corporate Income Tax of the Republic of Serbia. Current income tax shall be the amount calculated by applying the prescribed 15% tax rate to the base that represents taxable profit. Taxable profit shall be determined in the tax balance as profit before tax carried on the income statement, after adjusting income and expenses in the manner prescribed by the tax legislation of

the Republic of Serbia. The amount of tax thus determined and carried on the tax return shall be deducted on the basis of tax credits and tax incentives.

The tax legislation of the Republic of Serbia does not envisage that tax losses from the current period may be used as a basis for the refund of taxes paid in previous periods. However, losses from the current period carried on the tax balance sheet, except for those resulting in capital losses and gains, may be used to deduce profit determined in the tax balance sheet of future accounting periods, however, not longer than five years.

### ***Deferred tax***

Deferred tax effects shall be calculated for all temporary differences between the tax base of assets and liabilities and their book value determined in accordance with the accounting regulations of the Republic of Serbia. The applicable tax rates as of the date of the balance sheet, or tax rates that have been enacted after the balance sheet date, shall be used to determine the deferred tax. On 15 December 2012, the Assembly of the Republic of Serbia adopted the Law on Amendments to the Law on Corporate Income Tax, which, among other things, envisages an increase in the tax rate from 10% to 15% starting from 1 January 2013. Deferred tax liabilities shall be recognized in full for all taxable temporary differences. Deferred tax assets shall be recognized for all deductible temporary differences, as well as on the basis of tax losses and tax credits that can be carried forward to the next fiscal period to the extent that it is certain that there will be taxable profit on the basis of which tax losses can be carried forward and tax credits used.

Current and deferred taxes shall be recognized as income and expenses and shall be included in net profit for the period, except for the amount of deferred taxes resulting from the revaluation of property, plant and equipment, as investments in shares of legal entities and banks, which shall be recorded as revaluation reserves.

## **4. FINANCIAL RISK MANAGEMENT**

The Company is exposed to certain financial risks in its ordinary course of business such as:

- Market risks,
- Liquidity risks,
- Credit risk.

Risk management in the Company is aimed at minimising potential negative effects on the financial status and operations of the Company in a situation of financial market unpredictability.

### **4.1. Market risk**

#### ***Risk of changes in foreign currency exchange rates***

The Company is exposed to the risk from changes in the foreign currency exchange rate when doing business in the country and abroad, which result from operations with various currencies, primarily EUR. The foreign exchange risk occurs in cases of non-adjustment of financial assets and liabilities denominated in a foreign currency and/or with the currency clause. To the extent possible, the Company minimises the foreign exchange risk by minimising open foreign currency positions.

The following table shows Company's exposure to the foreign exchange risk as of 31 December 2020:

In thousands of RSD	EUR	RSD	Total
Other long-term financial investments	0	21.112	21.112
Advances paid	437	2.364	2.802
Cash and cash equivalents	50.251	732	50.983
Receivables	263.820	479.981	743.801
Short-term financial investments	0	0	0
Other liabilities	0	6.925	6.925
Value added tax	0	1.830	1.830
<b>Total</b>	<b>314.509</b>	<b>512.944</b>	<b>827.453</b>
Short-term financial liabilities	0	0	0
Liabilities from operations	131.335	479.349	610.684
Other short-term liabilities	0	4.689	4.689
Liabilities for other taxes, contributions and duties	0	75	75
Accrued costs and deferred revenue	0	3.091	3.091
<b>Total</b>	<b>131.335</b>	<b>487.204</b>	<b>618.539</b>
<b>Net foreign currency position as of 31 December 2020.</b>	<b>183.174</b>	<b>25.741</b>	<b>208.914</b>

The following table shows Company's exposure to the foreign currency risk as of 31 December 2019:

In thousands of RSD	EUR	RSD	Total
Other long-term financial investments	0	1.179	1.179
Advances paid	0	428	428
Cash and cash equivalents	70.915	360	71.275
Receivables	264.371	179.628	443.999
Short-term financial investments	5.905	0	5.905
Other liabilities	0	8.718	8.718
Value added tax	0	600	600
<b>Total</b>	<b>341.191</b>	<b>190.913</b>	<b>532.104</b>
Short-term financial liabilities	0	0	0
Liabilities from operations	55.733	139.925	195.658
Other short-term liabilities	0	1.049	1.049
Liabilities for other taxes, contributions and duties	0	10.323	10.323
Accrued costs and deferred revenue	95.657	2.845	98.502
<b>Total</b>	<b>151.390</b>	<b>154.142</b>	<b>305.532</b>
<b>Net foreign currency position as of 31 December 2019.</b>	<b>189.801</b>	<b>36.771</b>	<b>226.572</b>

### Sensitivity analysis

Strengthening RSD in the amount of 0.5%, in relation to the following currencies as of 31 December 2020, would contribute to an increase (decrease) in capital and pre-tax results for the expressed amounts. This analysis is based on the assumption that all other variables, especially interest rates, would remain unchanged. The analysis was conducted with the same assumption for 2019.

In thousands of RSD	Result
31 December 2020.	
EUR	916
31 December 2019.	
EUR	949

### 4.2. Liquidity risk

The liquidity risk is a risk that the Company will not be able to fund assets with appropriate sources of funding in terms of deadlines and rates and the risk of inability to execute an asset at a reasonable price in an appropriate timeframe.

The Company manages liquidity in order to ensure that sources of funding are available for the settlement of liabilities at the time of their maturity. The Company continually estimates the liquidity risk by identifying and monitoring changes in the sources of funding required to fulfil business objectives of the Company, in accordance with the Company's business strategy.

The following table presents the maturity of assets and liabilities according to the remaining maturity, as of 31 December 2020:

In thousands of RSD	3				Total
	Up to 3 months	to 1 year	1 to 5 years	Over 5 years	
Other long-term financial investments	0	0	21.112	0	<b>21.112</b>
Advances paid	2.802	0	0	0	<b>2.802</b>
Cash and cash equivalents	50.983	0	0	0	<b>50.983</b>
Receivables	678.472	65.329	0	0	<b>743.801</b>
Short-term financial investments	0	0	0	0	<b>0</b>
Other liabilities	0	6.925	0	0	<b>6.925</b>
Value added tax	0	1.830	0	0	<b>1.830</b>
<b>Total</b>	<b>732.257</b>	<b>74.084</b>	<b>21.112</b>	<b>0</b>	<b>827.453</b>
Short-term financial liabilities	0	0	0	0	<b>0</b>
Liabilities from operations	592.093	18.591	0	0	<b>610.684</b>
Other short-term liabilities	2.539	2150	0	0	<b>4.689</b>
Liabilities for other taxes, contributions and duties	75	0	0	0	<b>75</b>
Accrued costs and deferred revenue	3.091	0	0	0	<b>3.091</b>
<b>Total</b>	<b>597.798</b>	<b>20.741</b>	<b>0</b>	<b>0</b>	<b>618.539</b>
<b>Maturity incapability as of 31. December 2020.</b>	<b>134.429</b>	<b>53.344</b>	<b>21.112</b>	<b>0</b>	<b>208.914</b>

The following table presents the maturity of assets and liabilities according to the remaining maturity date as of 31 December 2019:

In thousands of RSD	Up to Up to 3 months	3 to 3 months to 1 year	1 to 5 years	Over 5 years	Total
Other long-term financial investments	0	0	1.179	0	1.179
Advances paid	0	428	0	0	428
Cash and cash equivalents	71.275	0	0	0	71.275
Receivables	428.759	15.240	0	0	443.999
Short-term financial investments	5.905	0	0	0	5.905
Other liabilities	0	8.718	0	0	8.718
Value added tax	0	600	0	0	600
<b>Total</b>	<b>505.939</b>	<b>24.986</b>	<b>1.179</b>	<b>0</b>	<b>532.104</b>
Short-term financial liabilities	0	0	0	0	0
Liabilities from operations	192.926	635	2.097	0	195.658
Other short-term liabilities	1.049	0	0	0	1.049
Liabilities for other taxes, contributions and duties	0	10.323	0	0	10.323
Accrued costs and deferred revenue	98.502	0	0	0	98.502
<b>Total</b>	<b>292.477</b>	<b>10.958</b>	<b>2.097</b>	<b>0</b>	<b>305.532</b>
<b>Maturity incapability as of 31 December 2019</b>	<b>213.462</b>	<b>14.028</b>	<b>-918</b>	<b>0</b>	<b>226.572</b>

#### 4.3. Credit risk

Credit risk is a risk of financial loss of the Company as a result of delays of clients or other counterparties in settling their contractual obligations. The credit risk is primarily associated with Company's exposure in cash and cash equivalents, deposits in banks and financial institutions, investments in securities, receivables from legal entities and natural persons, and assumed obligations.

As of 31 December 2020, the Company disposes with cash and cash equivalents in the total amount of RSD 50.983 (31 December 2019: RSD 71.275).

#### *Trade receivables*

Maximum Company's exposure to the credit risk in terms of trade receivables per geographic regions is provided in the following table:



In thousands of RSD	2020.	2019.
Domestic customers	479.981	179.628
Foreign customers	263.820	264.372
- Euro area	263.820	264.371
- Other		0
<b>Total</b>	<b>743.801</b>	<b>443.999</b>

Maximum Company's exposure to the credit risk in terms of trade receivables per type of customer is provided in the following table:

In thousands of RSD	2020.	2019.
Wholesale customers	743.801	443.999
<b>Total</b>	<b>743.801</b>	<b>443.999</b>

The age structure in terms of trade receivables as of 31.12.2020 is provided in the following table:

In thousands of RSD	Gross 2020.	Value adjustment 2020.
Outstanding receivables	220.435	0
Delay from 0 to 30 days	238.712	0
Delay from 31 to 60 days	139.213	0
Delay from 61 to 90 days	80.112	0
Delay from 91 to 180 days	3.581	0
Delay from 181 to 360 days	61.748	0
Delay over 360 days	0	0
<b>Total</b>	<b>743.801</b>	<b>0</b>

The Company considers that all receivables are collectible and therefore they are not written off and charged to value adjustment of customers as of 31.12.2020.

The age structure in terms of trade receivables as of 31.12.2019 is provided in the following table:

In thousands of RSD	Gross 2019.	Value adjustment 2019.
Outstanding receivables	167.075	0
Delay from 0 to 30 days	209.359	0
Delay from 31 to 60 days	52.325	0
Delay from 61 to 90 days	0	0
Delay from 91 to 180 days	0	0
Delay from 181 to 360 days	15.240	0
Delay over 360 days	0	0
<b>Total</b>	<b>443.999</b>	<b>0</b>

#### 4.4. Capital risk management

The Company adopted the capital financial concept and its maintenance according to which the capital is defined on the bases of nominal monetary units.

The objective of capital management is that the Company keep the ability to continue with its operations for an indefinite period in the foreseeable future in order to maintain the optimal capital structure to reduce capital costs.

The Company monitors capital using the debt ratio that is calculated as a ratio between the net debt of the Company and its total capital.

As of 31 December 2020, and 2019, the debt ration of the Company was as follows:

In thousands of RSD	2020.	2019.
Total liabilities (excl. capital)	618.538	305.532
Less: cash equivalents and cash	50.983	71.275
Net liabilities	567.555	234.256
Capital – total	208.914	226.572
Debt ratio	<b>2,72</b>	<b>1,03</b>

#### 4.5 Fair value

The Company's business policy is to disclose information about the fair value of assets and liabilities for which there is official market information and when the fair value differs significantly from the book value. There is not enough market experience in the Republic of Serbia, or stability and liquidity in the purchase and sale of receivables and other financial assets and liabilities, as official market information is not available at all times. Therefore, fair value cannot be reliably determined in the absence of an active market. The Company's management conducts risk assessment and, in cases when it is estimated that the value at which the assets are kept in the business records will not be realized, it makes value adjustment.

The fair value of financial assets carried at amortized cost shall be estimated by discounting cash flows using the interest rate at which the Company could obtain long-term borrowings, which matches the effective interest rate. The Company believes that the book amount of receivables, net of impairment losses, as well as the nominal value of operating liabilities, approximately reflects their market value. The fair value of loan liabilities shall be estimated by discounting future contractual cash flows at the current market interest rate available to the Company for similar financial instruments. The fair value determined in this manner shall not deviate significantly from the value at which loan liabilities are carried in the business records of the Company. The Company's management believes that the amounts in the enclosed financial statements reflect the value that in the given circumstances is the most reliable and most useful for reporting purposes.

#### 5. INCOME FROM SALES OF GOODS

In thousands of RSD	2020.	2019.
Income from the sale of goods in domestic market	1.577.472	1.326.376
Income from the sale of goods in foreign market	205.782	673.502
Income from the sale of goods in foreign market to affiliated companies (note 31)	1.532.700	1.856.467
<b>Total</b>	<b>3.315.954</b>	<b>3.856.345</b>

**6. INCOME FROM PREMIUMS, SUBSIDIES, GRANTS, DONATIONS.**

In thousands of RSD	2020.	2019.
Income from subsidies	255	0
<b>Total</b>	<b>255</b>	<b>0</b>

The Company used the possibilities from the Decree on Fiscal Benefits and Direct Benefits to Private Sector Companies in the part referring to the postponement of the due date of personal income tax on salaries and salary compensations and contributions for mandatory social insurance on salaries and salary compensations, as well as in the part referring to the payment of grants for the payment of net salaries.

**7. OTHER OPERATING INCOME**

In thousands of RSD	2020.	2019.
Other operating income	60	0
<b>Total</b>	<b>60</b>	<b>0</b>

**8. COST OF GOODS SOLD**

In thousands of RSD	2020.	2019.
Cost of goods sold	3.373.225	3.776.057
<b>Total</b>	<b>3.373.225</b>	<b>3.776.057</b>

The cost of goods sold refers entirely to the cost of goods sold for wholesale and in transit.

**9. COST OF MATERIAL AND ENERGY**

In thousands of RSD	2020.	2019.
Costs of material	102	91
Costs of fuel and energy	128	199
<b>Total</b>	<b>230</b>	<b>290</b>

**10. COSTS OF SALARIES, WAGES AND OTHER PERSONAL INDEMNITIES**

In thousands of RSD	2020.	2019.
Costs of salaries and fringe benefits (gross)	9.798	9.655
Costs of taxes and contributions on salaries and fringe benefits charged to employer	1.247	1.231
Cost of indemnities to individuals according to other contracts	999	1.002
Other personal indemnities	7	150
<b>Total</b>	<b>12.051</b>	<b>12.038</b>

**11. COSTS OF PRODUCTION SERVICES**

In thousands of RSD	2020.	2019.
Cost of transfer services	22.924	27.560
Costs of mobile phone, internet, etc.	132	240
Other operating income	714	726
<b>Total</b>	<b>23.770</b>	<b>28.526</b>

Costs for transfer services refer to the costs of renting cross-border capacities. The decline in the use of production services was due to reduced foreign trade and thus reduced the need to use transfer services.

**12. NON-PRODUCTION COSTS**

In thousands of RSD	2020.	2019.
Costs of attorneys, consulting, auditing services.	1.303	2.310
Entertainment costs	108	496
Costs of insurance premiums	22	0
Costs of payment operations	901	1.704
Costs of local taxes	262	161
Other non-production costs	389	49
<b>Total</b>	<b>2.985</b>	<b>4.720</b>

**13. FINANCIAL INCOME**

In thousands of RSD	2020.	2019.
<b>Financial income incurred with affiliated companies:</b>		
- other affiliated companies (note 31)	1.131	7.133
Income from interest	2	9
<b>Foreign exchange gains:</b>		
- FX gains	544	3.743
<b>Total</b>	<b>1.677</b>	<b>10.885</b>

**14. FINANCIAL EXPENSES**

In thousands of RSD	2020.	2019.
<b>Financial expenses incurred with affiliated companies:</b>		
- other affiliated companies (note 31)	1.182	7.519
Costs of interest	0	24
<b>Foreign exchange losses:</b>		
- FX losses	636	4.467
<b>Total</b>	<b>1.819</b>	<b>12.010</b>

**15. OTHER INCOME**

In thousands of RSD	2020.	2019.
Penalties	80.021	35.362
Other income	0	24
Last year's operating income	193	0
<b>Total</b>	<b>80.214</b>	<b>35.386</b>

Penalties were charged for unfulfilled electricity deliveries in accordance with the Contract.

**16. OTHER EXPENSES**

In thousands of RSD	2020.	2019.
Other expenses	1.739	7
<b>Total</b>	<b>1.739</b>	<b>7</b>

**17. EXPENSES FROM PREVIOUS TAX YEARS**

In thousands of RSD	2020.	2019.
Expenses from previous tax years	0	183
<b>Total</b>	<b>0</b>	<b>183</b>

**18. INCOME TAX**

*(a) Income tax components*

In thousands of RSD	2020.	2019.
Current tax expense	0	10.323
<b>Total</b>	<b>0</b>	<b>10.323</b>

*(b) Adjustment of current income tax amount and profit before taxation and prescribed tax rate*

In thousands of RSD	2020.	2019.
Profit (loss) before taxation	-17.658	68.784
Expenses not deductible for tax purposes	0	36
Tax base-taxable income	-	68.820
<b>Tax calculated at statutory tax rate - 15%</b>	<b>-</b>	<b>10.323</b>
Effective tax rate	15%	15%
Net profit (loss)	-17.658	58.461

*(c) Transfer prices*

In accordance with the new provisions of the Law on Profit Tax, the Rulebook on transfer pricing and arm's length methods applicable to determination of prices in related-party transactions

became effective in 2013. In accordance with this Law and the Rulebook, companies are obliged to submit the transfer pricing study by 30 June 2021, together with the tax balance for 2020.

Considering that the Company conducts significant transactions with related parties, at the time of preparing the financial statements for 2020, the Company is in the process of preparation of the transfer pricing study. Based on the preliminary findings, the Company's management does not expect additional corrections of the final tax balance based on transactions with related parties in relation to the corrections determined by the preliminary analysis.

#### 19. NON-CURRENT ASSETS

The Company made a deposit with Uni Credit Bank in the amount of RSD 19,753 (EUR 168,000) under the Balance Responsibility Agreement concluded with Elektromreža Srbije for electricity supply in accordance with the Law on Energy. The amount will be deposited until 11 April 2023, with the possibility of extending the deposit period. The deposit is interest-free.

The amount of 1,359 refers to the deposit paid according to the Lease Agreement concluded with Porsche Mobility doo for the lease of a passenger vehicle.

In thousands of RSD	2020.	2019.
Other long-term financial investments	21.112	1.179
<b>Balance as of 31 December</b>	<b>21.112</b>	<b>1.179</b>

#### 20. INVENTORIES

In thousands of RSD	2020.	2019.
Advances paid	2.802	428
<b>Balance as of 31 December</b>	<b>2.802</b>	<b>428</b>

#### 21. TRADE RECEIVABLES

In thousands of RSD	2020.	2019.
<b>Trade receivables</b>		
<b>Domestic clients</b>		
- clients (third parties)	479.982	179.628
<b>Foreign clients</b>		
- other affiliated companies (note 31)	241.219	165.216
- clients (third parties)	22.600	99.155
<b>Balance as of 31 December</b>	<b>743.801</b>	<b>443.999</b>

#### 22. OTHER RECEIVABLES

In thousands of RSD	2020.	2019.
Other receivables	6.925	8.718
<b>Balance as of 31 December</b>	<b>6.925</b>	<b>8.718</b>

**23. SHORT-TERM FINANCIAL INVESTMENTS**

In thousands of RSD	2020.	2019.
Other short-term financial investments	0	5.905
<b>Balance as of 31 December</b>	<b>0</b>	<b>5.905</b>

**24. CASH AND CASH EQUIVALENTS**

In thousands of RSD	2020.	2019.
Current account	727	355
Cash	5	5
Foreign currency account	50.251	70.915
<b>Balance as of 31 December</b>	<b>50.983</b>	<b>71.275</b>

**25. VALUE ADDED TAX**

In thousands of RSD	2020.	2019.
Value added tax	1.830	600
<b>Balance as of 31 December</b>	<b>1.830</b>	<b>600</b>

**26. SHARE CAPITAL**

The capital assets of the Company refer entirely to the subscribed paid-in capital in the amount of RSD 300 thousand. The majority owner of the Company is Terna Energy Trading Ltd Kypros - with a 100% share.

In thousands of RSD	2020.	2019.
Stakes in limited liability companies	300	300
Retained profit from previous years	226.272	167.811
Retained profit from current year	0	58.461
Current year loss	(17.658)	0
<b>Balance as of 31 December</b>	<b>208.914</b>	<b>226.572</b>

On 11 March 2020, the World Health Organization announced that the spread of the Corona virus was a pandemic and, consequently, the Government of the Republic of Serbia declared a state of emergency on 15 March 2020. In response to the potentially serious threat posed by COVID-19 to the population health, Serbian government authorities have taken measures to fight the pandemic, including the introduction of restrictions on cross-border movement of people, restrictions on foreign visitors and the "close down" of certain industrial sectors, which has been conditioned by the further development of the situation. International passenger, air and rail traffic has been suspended, and schools, universities, restaurants, cinemas, theatres, museums and sports facilities, as well as retail facilities other than food stores, supermarkets and pharmacies, have been closed. Some companies in Serbia have issued instructions to their employees to stay at home and have restricted or temporarily suspended their operation. The state of emergency ended on 7 May 2020 with the observance of certain weaker measures, which were additionally relaxed on 22 May 2020 by unhindered entry and exit from the country of both citizens of the Republic of Serbia and all others.

The broader economic consequences of these events include:

- Disruption of business and economic activities in the Republic of Serbia, with a cascading effect on everyone in the supply chain.
- Significant disturbances for companies in certain sectors, both in the Republic of Serbia and on the markets that are largely dependent on supply chains from abroad, as well as in the operations of export-oriented companies that are largely dependent on foreign markets. Particularly affected sectors are trade and transport, travel and tourism, the entertainment industry, manufacturing, construction, retail, insurance, education, as well as the financial sector.
- Significant reduction in demand for non-vital goods and services.
- Increasing economic uncertainty, which is reflected in the instability of property prices and exchange rates.

The economic consequences for the sector in which the Company operates relate primarily to the following:

- Due to reduced economic activity in the Republic of Serbia and Europe, electricity demand dropped. Therefore, placements dropped, as well as market prices of electricity, which resulted in a decline in the Company's revenue in the current period in 2020. The wholesale price on the electricity market dropped by up to 30%.
- The drop in demand caused certain electricity producers to suspend or reduce production (overhaul, cold reserve), which affected the supply and volume of electricity trade. According to estimates, electricity trading on the domestic market (electricity exchange) decreased by about 15-20% in the period March-May 2020.
- In June 2020, trading on the domestic stock exchange returned to the pre-crisis period in terms of the amount of traded electricity.

The Company ended the business year 2020 with a loss caused by the above explained consequences of the pandemic.

## 27. LIABILITIES FROM OPERATIONS

In thousands of RSD	2020.	2019.
Domestic suppliers	479.349	139.925
Suppliers- other affiliated companies abroad (note 31)	30.395	24.037
Foreign suppliers	100.940	31.696
<b>Balance as of 31 December</b>	<b>610.684</b>	<b>195.658</b>

The Company has carrying liabilities towards other associated companies abroad in the amount of RSD 30,395 thousand (2019: RSD 24,037 thousand).

Trade payables bear no interest and have a payment currency that ranges up to 30 days.

## 28. OTHER SHORT-TERM LIABILITIES

In thousands of RSD	2020.	2019.
Liabilities for salaries and fringe benefits	2.145	1.049
Other liabilities	2.544	0
<b>Balance as of 31 December</b>	<b>4.689</b>	<b>1.049</b>



**29. LIABILITIES FOR OTHER TAXES, CONTRIBUTIONS AND OTHER DUTIES**

In thousands of RSD	2020.	2019.
Liabilities for other taxes, contributions and other duties	75	10.323
<b>Balance as of 31 December</b>	<b>75</b>	<b>10.323</b>

**30. ACCRUED COSTS AND DEFERRED REVENUE**

In thousands of RSD	2020.	2019.
Accrued costs and deferred revenue	3.091	98.502
<b>Balance as of 31 December</b>	<b>3.091</b>	<b>98.502</b>

**31. DISCLOSURE OF RELATION WITH RELATED PARTIES**

The Company is working on the preparation of the transfer pricing study and claims that transactions between associated companies are expressed on the basis of market conditions.

Transactions with affiliated companies in 2020 and 2019 are presented in the following table:

In thousands of RSD	2020.	2019.
<b>Profit and loss account:</b>		
<i>Income:</i>		
Income from sales Heron SA	45.385	613.082
Income from sales Terna Energy Trading Dooel	950.968	824.747
Income from sales Terna Energy SA	536.347	418.638
Income from penalties Heron SA / other income	73.792	0
Financial income incurred with other affiliated companies	1.131	7.133
<i>Expenses:</i>		
Purchase of goods Heron SA	31.987	186.286
Purchase of goods Terna Energy Trading Dooel	607.194	660.832
Purchase of goods Terna Energy SA	126.514	420.520
Financial expenses incurred with other affiliated companies	1.182	7.519
<b>Total net effect for Profit and loss account:</b>	<b>840.746</b>	<b>588.443</b>
<i>Receivables:</i>		
Receivables from sales Terna Energy SA	58.949	27.115
Receivables from sales Terna	104.009	82.697
Receivables from sales Heron SA	78.261	55.404
<i>Liabilities:</i>		
Liabilities from business operations Terna Energy Trading eood	-1.675	-1.675
Liabilities from business operations Heron SA	32.070	83
Liabilities from business operations Terna Energy Trading Dooel	0	25.629
<b>Total net effect for Balance Sheet:</b>	<b>210.824</b>	<b>141.179</b>

**32. UNRECONCILED RECEIVABLES AND LIABILITIES**

In accordance with Article 18 of the Law on Accounting, the Company reconciled receivables and liabilities as of 31 December 2020 and 31 December 2019, and there have been no subsequent corrections.

**33. LITIGATION AND OTHER OBLIGATION**

On 31 December 2020, there are no litigations in which the Company is the plaintiff or litigations in which the Company is the defendant.

**34. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

***Guarantees and warranties issued***

The Company has no issued bank guarantees as of 31 December 2020.

**35. EVENTS AFTER THE BALANCE SHEET DATE**

There were no corrective business events after the balance sheet date that would have material impact on the Company's financial statements as of 31 December 2020.

In Belgrade, 11.05.2021

Person responsible for creating financial statements

Legal representative

\_\_\_\_\_  
*Name and Surname, position* (Official seal)

Irena Lesan (signed)

\_\_\_\_\_  
*Name and Surname, position*

Vladimir Marjanović (signed)