



KPMG d.o.o. Beograd
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Independent Auditor's Report

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

Opinion

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

— the balance sheet as at 31 December 2021;

and, for the period from 1 January to 31 December 2021:

- 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 2021, 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 and the Law on Accounting 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.

Other Information

Management is responsible for the other information. The other information comprises the Annual Business Report for the year ended 31 December 2021.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report we do not express any form of assurance conclusion thereon.

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

Based solely on the work required to be undertaken in the course of the audit of the financial statements, in our opinion, the information given in the Annual Business Report for the financial year for which the financial statements are prepared, in all material respects:

- is consistent with the financial statements; and
- has been prepared in accordance with the applicable legal requirements.

In addition, in the light of the knowledge and understanding of the Company and its environment obtained in the course of our audit, we are required to report if we identify material misstatements in the Annual Business Report and to give an indication of the nature of any of such misstatements. We have nothing to report in this regard.

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.

KPMG d.o.o. Beograd

Signed on the Serbian original

Vladimir Savković
Licenced Certified Auditor

Belgrade, 13 May 2022

*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.

KPMG d.o.o. Beograd

Vladimir Savković



Vladimir Savković (signed)
Licenced Certified Auditor
(Round official seal of
KPMG

Belgrade, 13 May 2022

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 d.o.o. Beograd-Novi Beograd																							
Registered office: Beograd-Novi Beograd, BULEVAR ARSENIJA ČARNOJEVIĆA																							

BALANCE SHEET

on 31.12.2021

- in 000 RSD -

Group of account s, 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
	ASSETS					
00	A. SUBSCRIBED CAPITAL UNPAID	0001				
	B. PERMANENT ASSETS (0003 + 0009 + 0017 + 0018 + 0028)	0002	19	33,694	21,112	
01	I. INTANGIBLE ASSETS (0004 + 0005 + 0006 + 0007 + 0008)	0003				
010	1. Investment in development	0004				
011, 012 and 014	2. Concessions, patents, licenses, trademarks, service marks, software and other intangible assets	0005				
013	3. Goodwill	0006				
015 and 016	4. Leased intangible assets and intangible assets under construction	0007				
017	5. Advances for intangible assets	0008				
02	II. IMMOVABLES, PLANTS AND EQUIPMENT (0010 + 0011 + 0012 + 0013 + 0014 + 0015 + 0016)	0009				
020, 021 and 022	1. Land and buildings	0010				
023	2. Plant and equipment	0011				
024	3. Investment immovables	0012				
025 and 027	4. Leased immovables, plant and equipment and immovables, plant and equipment under construction	0013				
026 and 028	5. Other immovables, plant and equipment and investment in third-party immovables, plant and equipment	0014				
029 (part)	6. Advances for immovables, plant and equipment - domestic	0015				
029 (part)	7. Advances for immovables, plant and equipment - foreign	0016				

03	III. BIOLOGICAL RESOURCES	0017				
04 and 05	IV. LONG-TERM FINANCIAL INVESTMENTS AND LONG-TERM RECEIVABLES (0019 + 0020 + 0021 + 0022 + 0023 + 0024 + 0025 + 0026 + 0027)	0018	19	33,694	21,112	

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
040 (part), 041 (part) and 042 (part)	1. Participation in equity of legal entities (except participation in equity valued by method of participation)	0019				
040 (part), 041 (part) and 042 (part)	2. Participation in equity valued by method of participation	0020				
043, 050 (part) and 051 (part)	3. Long-term investments in parent companies, subsidiaries and other associated companies and long-term receivables - domestic	0021				
044, 050 (part), 051 (part)	4. Long-term investments in parent companies, subsidiaries and other associated companies and long-term receivables - foreign	0022				
045 (part) and 053 (part)	5. Long-term investments (credits and loans) - domestic	0023				
045 (part) and 053 (part)	6. Long-term investments (credits and loans) - foreign	0024				
046	7. Long-term financial investments (securities valued through method of depreciation)	0025				
047	8. Treasury shares and redeemed own stakes	0026				
048, 052, 054, 055 and 056	9. Other long-term investments and other long-term receivables	0027	19	33,694	21,112	
28 (part), except 288	V. LONG-TERM ACCRUED EXPENSES	0028				
288	V. DEFERRED TAX ASSETS	0029				
	G. CURRENT ASSETS (0031 + 0037 + 0038 + 0044 + 0048 + 0057 + 0058)	0030		2,139,238	806,341	
Class 1, except group 14	I. INVENTORIES (0032 + 0033 + 0034 + 0035 + 0036)	0031	20	555,611	2,802	
10	1. Materials, spare parts, tools and small inventory	0032				
11 and 12	2. Work in progress and finished products	0033				

13	3. Goods	0034				
150, 152 and 154	4. Advances paid for inventories and services - domestic	0035	20	26,119	1,364	
151, 153 and 155	5. Advances paid for inventories and services - foreign	0036	20	529,492	438	
14	II. PERMANENT ASSETS HELD FOR SALE AND FOR DISCONTINUED OPERATIONS	0037				
20	III. RECEIVABLES FROM SALES (0039 + 0040 + 0041 + 0042 + 0043)	0038	21	1,533,395	743,801	
204	1. Domestic trade receivables	0039	21	275,396	479,982	
205	2. Foreign trade receivables	0040	21	756,913	22,600	

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
200 and 202	3. Receivables from domestic parent companies, subsidiaries and other associated companies	0041				
201 and 203	4. Receivables from foreign parent companies, subsidiaries and other associated companies	0042	21	501,086	241,219	
206	5. Other receivables from sales	0043				
21, 22 and 27	IV. OTHER SHORT-TERM RECEIVABLES (0045 + 0046 + 0047)	0044	22	19,461	8,755	
21, 22 except 223 and 224 and 27	1. Other receivables	0045	22	8,215	1,830	
223	2. Receivables from overpaid tax on profit	0046	22	11,246	6,925	
224	3. Receivables from overpaid other taxes and contributions	0047				
23	V. SHORT-TERM FINANCIAL INVESTMENTS (0049 + 0050 + 0051 + 0052 + 0053 + 0054 + 0055 + 0056)	0048	23	7,053		
230	1. Short-term credits and investments - parent companies and subsidiaries	0049				
231	2. Short-term credits and investments - other associated companies	0050				
232, 234 (part)	3. Short-term credits, loans and investments - domestic	0051				
233, 234 (part)	4. Short-term credits, loans and investments - foreign	0052				
235	5. Shares valued through method of depreciation	0053				
236 (part)	6. Financial assets at fair value through profit and loss account	0054				
237	7. Treasury shares and redeemed own stakes	0055				
236 (part), 238 and 239	8. Other short-term financial investments	0056	23	7,053		

24	VI. CASH AND CASH EQUIVALENTS	0057	24	23,718	50,983	
28 (part), except 288	VII. SHORT-TERM ACCRUED EXPENSES	0058				
	D. TOTAL ASSETS = OPERATING ASSETS (0001 + 0002 + 0029 + 0030)	0059		2,172,932	827,453	
88	D. OFF-BALANCE SHEET ASSETS	0060				
	EQUITY AND LIABILITIES					
	A. EQUITY (0402 + 0403 + 0404 + 0405 + 0406 - 0407 + 0408 + 0411 - 0412) ≥ 0	0401	25	59,917	208,914	
30, except 306	I. CAPITAL	0402	25	300	300	
31	II. SUBSCRIBED CAPITAL UNPAID	0403				

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
306	III. SHARE PREMIUM	0404				
32	IV. RESERVES	0405				
330 and credit balance account of 331, 332, 333, 334, 335, 336 and 337	V. POSITIVE REVALUATION RESERVES AND UNREALIZED PROFIT FROM FINANCIAL ASSETS AND OTHER ELEMENTS OF OTHER COMPREHENSIVE INCOME	0406				
debit balance accounts 331, 332, 333, 334, 335, 336 and 337	VI. UNREALIZED LOSSES FROM FINANCIAL ASSETS AND OTHER ELEMENTS OF OTHER COMPREHENSIVE INCOME	0407				
34	VII. RETAINED EARNINGS (0409 + 0410)	0408	25	226,272	226,272	
340	1. Retained earnings from previous years	0409	25	226,272	226,272	
341	2. Retained earnings for the current year	0410				
	VIII. PARTICIPATION WITHOUT CONTROL RIGHTS	0411				
35	IX. LOSS (0413 + 0414)	0412		166,655	17,658	
350	1. Loss from previous years	0413	25	17,658		
351	2. Loss for the current year	0414	25	148,997	17,658	
	B. LONG-TERM PROVISIONS AND LIABILITIES (0416 + 0420 + 0428)	0415				
40	I. LONG-TERM PROVISIONS (0417 + 0418 + 0419)	0416				

404	1. Provisions for compensations and other employment benefits	0417				
400	2. Provisions for costs incurred during the warranty period	0418				
40, except 400 and 404	3. Other long-term provisions	0419				
41	II. LONG-TERM LIABILITIES (0421 + 0422 + 0423 + 0424 + 0425 + 0426 + 0427)	0420				
410	1. Debts convertible into equity	0421				
411 (part) and 412 (part)	2. Long-term credits and other long-term liabilities to parent companies, subsidiaries and other associated companies-domestic	0422				
411 (part) and 412 (part)	3. Long-term credits and other long-term liabilities to parent companies, subsidiaries and other associated companies-foreign	0423				
414 and 416 (part)	4. Long-term credits, loans and leasing liabilities – domestic	0424				
415 and 416 (part)	5. Long-term credits, loans and leasing liabilities -foreign	0425				
413	6. Liabilities for issued securities	0426				
419	7. Other long-term liabilities	0427				

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
49 (part), except 498 and 495 (part)	III. LONG-TERM DEFERRED EXPENSES	0428				
498	V. DEFERRED TAX LIABILITIES	0429				
495 (part)	G. DEFERRED LONG-TERM INCOME AND DONATIONS RECEIVED	0430				
	D. SHORT-TERM PROVISIONS AND SHORT-TERM LIABILITIES (0432+ 0433 + 0441+ 0442 + 0449 + 0453 + 0454)	0431		2,113,015	618,539	
467	I. SHORT-TERM PROVISIONS	0432				
42, except 427	II. SHORT-TERM FINANCIAL LIABILITIES (0434 + 0435 + 0436 + 0437 + 0438 + 0439 + 0440)	0433				
420 (part) and 421 (part)	1. Liabilities from credits from parent company and subsidiaries and other associated companies - domestic	0434				
420 (part) and 421 (part)	2. Liabilities from credits from parent company and subsidiaries and other associated companies - foreign	0435				
422 (part), 424 (part), 425 (part), and 429 (part)	3. Liabilities from credits and loans from legal entities which are not domestic banks	0436				
422 (part), 424 (part), 425 (part), and 429 (part)	4. Credit liabilities from domestic banks	0437				

423, 424 (part), 425 (part) and 429 (part)	5.Credits, loans and liabilities - foreign	0438				
426	6. Liabilities from short-term shares	0439				
428	7. Liabilities from financial derivatives	0440				
430	III. PREPAYMENTS, DEPOSITS AND GUARANTEES	0441	26	141,102		
43, except 430	IV. OPERATING LIABILITIES (0443 + 0444 + 0445 + 0446 + 0447 + 0448)	0442	27	321,145	479,349	
431 and 433	1. Trade payables - domestic parent company, subsidiaries and other associated companies	0443	27	856,078	100,940	
432 and 434	2. Trade payables - foreign parent company, subsidiaries and other associated companies	0444				
435	3. Trade payables - domestic	0445				
436	4. Trade payables - foreign	0446				
439 (part)	5. Promissory note liabilities	0447				
439 (part)	6. Other operating liabilities	0448				
44, 45, 46 except 467, 47 and 48	V. OTHER SHORT-TERM LIABILITIES (0450 + 0451 + 0452)	0449	28	997	4,764	
44, 45 and 46 except 467	1.Other short-term liabilities	0450	28	997	4,589	
47, 48 except 481	2. Liabilities for value added tax and other public revenues	0451	29		75	
481	3. Liabilities for tax on profit	0452				
427	VI. LIABILITIES FOR ASSETS HELD FOR SALE AND FOR DISCONTINUED OPERATIONS	0453				
49 (part) except 498	VII. SHORT DEFERRED EXPENSES	0454	30	74,439	3,091	

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
	Đ. LOSS ABOVE EQUITY (0415 + 0429 + 0430 + 0431 - 0059) ≥ 0 = 0407 + 0412 - 0402 – 0403 – 0404 – 0405 – 0406 -0408 - 0411) ≥ 0	0455				
	E. TOTAL EQUITY AND LIABILITIES (0401 + 0415 + 0429 + 0430 + 0431 - 0455)	0456		2,172,932	827,453	
89	Ž. OFF-BALANCE SHEET LIABILITIES	0457				

In Belgrade		Legal representative (signed)
on 11 May 2022	(Official seal of TERNA ENERGY TRADING doo)	Vladimir Marjanović

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 89/2020).

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 d.o.o. Beograd-Novi Beograd																							
Registered office: Beograd-Novi Beograd, BULEVAR ARSENIJA ČARNOJEVIĆA																							

PROFIT AND LOSS ACCOUNT
for the period from 01.01.2021 to 31.12.2021

- in 000 RSD -

Group of accounts, account	ITEM	ADP	Note number	Amount	
				Current year	Previous year
1	2	3	4	5	6
	A. OPERATING INCOME (1002 + 1005 + 1008 + 1009 – 1010 + 1011 + 1012)	1001		10,154,143	3,316,269
60	I. INCOME FROM GOODS SOLD (1003 + 1004)	1002		10,152,869	3,315,954
600, 602 and 604	1. Goods sold - domestic	1003	5	1,154,799	1,577,472
601, 603 and 605	2. Goods sold - foreign	1004	5	8,998,070	1,738,482
61	II. INCOME FROM PRODUCTS SOLD AND SERVICES PROVIDED (1006 + 1007)	1005			
610, 612 and 614	1. Products sold and services provided - domestic	1006			
611, 613 and 614	2. Products sold and services provided - foreign	1007	5	1,181	
62	III. REVENUE FROM UNDERTAKING FOR OWN PURPOSES	1008			
630	IV. INCREASE IN INVENTORIES OF WORK IN PROGRESS AND UNFINISHED PRODUCTS AND FINISHED PRODUCTS	1009			
631	V. DECREASE IN INVENTORIES OF WORK IN PROGRESS AND UNFINISHED PRODUCTS AND FINISHED PRODUCTS	1010			
64 and 65	VI. OTHER OPERATING INCOME	1011	5	93	315
68, except 683, 685 and 686	VII. INCOME ON VALUE ADJUSTMENT OF ASSETS (EXCEPT FINANCIAL)	1012			
	B. OPERATING EXPENSES (1014 + 1015 + 1016 + 1020 + 1021 + 1022 + 1023 + 1024)	1013		10,059,465	3,412,261
50	I. COST OF GOODS SOLD	1014	6	9,948,800	3,373,225
51	II. RAW MATERIAL COSTS, FUEL AND ENERGY COSTS	1015	7	293	230
52	III. SALARIES, WAGES AND OTHER PERSONAL INDEMNITIES (1017 + 1018 + 1019)	1016	8	12,245	12,051
520	1. Salaries and wages	1017	8	9,887	9,798
521	2. Tax costs, contribution costs and wages	1018	8	1,342	1,247
52 except 520 and 521	3. Other personal indemnities and fees	1019	8	1,016	1,006

540	IV. DEPRECIATION COSTS	1020			
58, except 583, 585 and 586	V. EXPENSES ON VALUE ADJUSTMENT OF ASSETS (EXCEPT FINANCIAL)	1021			

Group of accounts, account	ITEM	ADP	Note number	Amount	
				Current year	Previous year
1	2	3	4	5	6
53	VI. PRODUCTION SERVICES COSTS	1022	9	90,097	23,770
54, except 540	VII. PROVISION COSTS	1023			
55	VII. INTANGIBLE COSTS	1024	10	8,030	2,985
	V. OPERATING PROFIT (1001 - 1013) ≥ 0	1025		94,678	
	G. OPERATING LOSS (1013 - 1001) ≥ 0	1026			95,992
	D. FINANCIAL INCOME (1028 + 1029 + 1030 + 1031)	1027		2,197	1,677
660 and 661	I. FINANCIAL INCOME FROM PARENT COMPANIES, SUBSIDIARIES AND OTHER ASSOCIATED COMPANIES	1028	11	1,394	1,131
662	II. INCOME FROM INTEREST	1029	11		2
663 and 664	III. POSITIVE EFFECTS ON EXCHANGE RATE AND EFFECTS OF FOREIGN CURRENCY CLAUSE	1030	11	803	544
665 and 669	IV. OTHER FINANCIAL INCOME	1031			
	Đ. FINANCIAL EXPENSES (1033 + 1034 + 1035 + 1036)	1032		2,492	1,818
560 and 561	I. FINANCIAL EXPENSES FROM PARENT COMPANIES, SUBSIDIARIES AND OTHER ASSOCIATED COMPANIES	1033	12	1,467	1,182
562	II. INTEREST EXPENSES	1034			
563 and 564	III. NEGATIVE EFFECTS ON EXCHANGE RATE AND EFFECTS OF FOREIGN CURRENCY CLAUSE	1035	12	1,025	636
565 and 569	IV. OTHER FINANCIAL EXPENSES	1036			
	E. PROFIT FROM FINANCING (1027 - 1032) ≥ 0	1037			
	Ž. LOSS FROM FINANCING (1032 - 1027) ≥ 0	1038		295	141
683, 685 and 686	Z. INCOME ON VALUE ADJUSTMENT OF FINANCIAL ASSETS CARRIED AT FAIR VALUE THROUGH PROFIT AND LOSS ACCOUNT	1039			
583, 585 and 586	I. EXPENSES ON VALUE ADJUSTMENT OF FINANCIAL ASSETS CARRIED AT FAIR VALUE THROUGH PROFIT AND LOSS ACCOUNT	1040	13		
67	J. OTHER INCOME	1041	14	214,139	80,021
57	K. OTHER EXPENSES	1042	15	457,492	1,739
	L. TOTAL INCOME (1001 + 1027 + 1039 + 1041)	1043		10,370,479	3,397,967
	Lj. TOTAL EXPENSES (1013 + 1032 + 1040 + 1042)	1044		10,519,449	3,415,818
	M. PROFIT FROM REGULAR OPERATIONS BEFORE TAX (1043 - 1044) ≥ 0	1045			

	N. LOSS FROM REGULAR OPERATIONS BEFORE TAX (1044 - 1043) ≥ 0	1046		148,970	17,851
69-59	Nj. POSITIVE NET EFFECT OF RESULT ON PROFIT FROM DISCONTINUED OPERATIONS, EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS OF ERRORS FROM PREVIOUS PERIODS	1047	16		193

Group of accounts, account	ITEM	ADP	Note number	Amount	
				Current year	Previous year
1	2	3	4	5	6
59-69	O. NEGATIVE NET EFFECT OF RESULT ON LOSS FROM DISCONTINUED OPERATIONS, EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS OF ERRORS FROM PREVIOUS PERIODS	1048	17	27	
	P. PROFIT BEFORE TAX (1045 - 1046 + 1047 - 1048) ≥ 0	1049			
	R. LOSS BEFORE TAX (1046 - 1045 + 1048 - 1047) ≥ 0	1050	18	148,997	17,658
	S. TAX ON PROFIT				
721	I. TAX EXPENSES FOR THE PERIOD	1051			
722 debit side of account	II. DEFERRED TAX EXPENSES OF A PERIOD	1052			
722 credit side of account	III. DEFERRED TAX INCOME OF A PERIOD	1053			
723	T. PERSONAL INDEMNITIES PAID TO EMPLOYER	1054			
	Ć. NET PROFIT (1049 - 1050 - 1051 - 1052 + 1053 - 1054) ≥ 0	1055			
	U. NET LOSS (1050 - 1049 + 1051 + 1052 - 1053 + 1054) ≥ 0	1056	18	148,997	17,658
	I. NET PROFIT WHICH BELONGS TO PARTICIPATION WITHOUT CONTROL RIGHTS	1057			
	II. NET PROFIT WHICH BELONGS TO PARENT COMPANY	1058			
	III. NET LOSS WHICH BELONGS TO PARTICIPATION WITHOUT CONTROL RIGHTS	1059			
	IV. NET LOSS WHICH BELONGS TO PARENT COMPANY	1060			
	V. EARNINGS PER SHARE				
	1. BASIC EARNING PER SHARE	1061			
	2. DILUTED EARNING PER SHARE	1062			

In Belgrade

on 11 May 2022

(Official seal of TERNA ENERGY TRADING doo)

Legal representative
(signed)

Vladimir Marjanović

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 89/2020).

To be filled by legal entity - entrepreneur																							
Basic identification 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 d.o.o. Beograd-Novi Beograd																							
Registered office: Beograd-Novi Beograd, BULEVAR ARSENIJA ČARNOJEVIĆA																							

STATEMENT OF COMPREHENSIVE INCOME

for the period from 01.01.2021 to 21.12.2021

- in 000 RSD -

Group Group of accounts, account	ITE M	ADP	Note number	Amount	
				Current year	Previous year
1	2	3	4	5	6
	A. NET OPERATING RESULT				
	I. NET PROFIT (ADP 1055)	2001			
	II. NET LOSS (ADP 1056)	2002	18	148,997	17,658
	B. OTHER COMPREHENSIVE PROFIT OR LOSS				
	a) items that will not be reclassified into Profit and loss account in future periods				
	1. Revaluations of intangible assets, immovables, plant and equipment				
330	a) increase in revaluation reserves	2003			
	b) decrease in revaluation reserves	2004			
	2. Actuarial profits or losses arising from defined benefit plans				
331	a) profit	2005			
	b) losses	2006			
	3. Profit or losses from shares in other comprehensive profit or loss of associated companies				
333	a) profit	2007			
	b) losses	2008			
	b) items that can be subsequently reclassified into Profit and loss account in future periods				
	1. Profit or losses from investing in equity instruments				
332	a) profit	2009			
	b) losses	2010			
	2. Profit or losses from conversion of financial statements of foreign operations				
334	a) profit	2011			
	b) losses	2012			

Group Group of accounts, account	ITEM	ADP	Note number	Amount	
				Current year	Previous year
1	2	3	4	5	6
335	3. Profit or losses on hedging instruments of net investments in foreign operations				
	a) profit	2013			
	b) losses	2014			
336	4. Profit or losses on cash flow hedging instruments				
	a) profit	2015			
	b) losses	2016			
337	5. Profit or losses on securities valued at fair value through other comprehensive income				
	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. DEFERRED TAX EXPENSE ON OTHER COMPREHENSIVE PROFIT OR LOSS FOR THE PERIOD	2021			
	IV. DEFERRED TAX REVENUE ON OTHER COMPREHENSIVE PROFIT OR LOSS FOR THE PERIOD	2022			
	V. NET OTHER COMPREHENSIVE PROFIT (2019 - 2020 - 2021 + 2022) ≥ 0	2023			
	VI. NET OTHER COMPREHENSIVE LOSS (2020 - 2019 + 2021 - 2022) ≥ 0	2024			
	V. TOTAL NET COMPREHENSIVE RESULT FOR THE PERIOD				
	I. TOTAL NET COMPREHENSIVE PROFIT (2001 - 2002 + 2023 - 2024) ≥ 0	2025			
	II. TOTAL NET COMPREHENSIVE LOSS (2002 - 2001 + 2024 - 2023) ≥ 0	2026	18	148,997	17,658
	G. TOTAL NET COMPREHENSIVE PROFIT OR LOSS (2028 + 2029) = ADP 2025 ≥ 0 or ADP 2026 > 0	2027			
	1. Attributed to parent legal entity	2028			
	2. Attributed to non-controlling participations	2029			

In Belgrade

on 11 May 2022

(Official seal of TERNA ENERGY TRADING doo)

Legal representative
(signed)

Vladimir Marjanović

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 89/2020).

To be filled by legal entity - entrepreneur																								
Basic identification number	2	0	8	4	1	2	9	0	Activity code	3	5	1	4	3	TIN	1	0	7	6	3	4	4	4	0
Name: Terna Energy Trading d.o.o. Beograd-Novi Beograd																								
Registered office: Beograd-Novi Beograd, BULEVAR ARSENIJA ČARNOJEVIĆA																								

CAPITAL CHANGES STATEMENT

In period from 01.01.2021 to 31.12.2021

-in 000 RSD-

NO.	DESCRIPTION	ADP	Capital (group 30 except 306 and 309)	ADP	Other Capital (acc 309)	ADP	Subscribed capital unpaid (group 31)	ADP	Issue premium and reserves (acc 306 and group 32)
	1		2		3		4		5
1.	Balance on day 01.01. year ____	4001	300	4010		4019		4028	
2.	Effects of retroactive correction of material mistakes and changes of accounting policies	4002		4011		4020		4029	
3.	Corrected opening balance on day 01.01. year ____ (col 1+2)	4003	300	4012		4021		4030	
4.	Net changes in year ____	4004		4013		4022		4031	
5.	Balance on day 31.12. year ____ (col 3+4)	4005	300	4014		4023		4032	
6.	Effects of retroactive correction of material mistakes and changes of accounting policies	4006		4015		4024		4033	
7.	Corrected opening balance on day 01.01. year ____ (col 5+6)	4007	300	4016		4025		4034	
8.	Net changes in year ____	4008		4017		4026		4035	
9.	Balance on day 31.12. year ____ (col 7+8)	4009	300	4018		4027		4036	

NO.	DESCRIPTION	ADP	Revaluation reserves and unrealized profit and losses (group 33)	ADP	Unrealized profit (group 34)	ADP	Losses (group 35)	ADP	Participation without control rights
	1		6		7		8		9
1.	Balance on day 01.01. year ____	4037		4046	226,272	4055		4064	
2.	Effects of retroactive correction of material mistakes and changes of accounting policies	4038		4047		4056		4065	
3.	Corrected opening balance on day 01.01. year _____ (col 1+2)	4039		4048	226,272	4057		4066	
4.	Net changes in year _____	4040		4049		4058	17,658	4067	
5.	Balance on day 31.12. year ____ (col 3+4)	4041		4050	226,272	4059	17,658	4068	
6.	Effects of retroactive correction of material mistakes and changes of accounting policies	4042		4051		4060		4069	
7.	Corrected opening balance on day 01.01. year _____ (col 5+6)	4043		4052	226,272	4061	17,658	4070	
8.	Net changes in year _____	4044		4053		4062	148,997	4071	
9.	Balance on day 31.12. year ____ (col 7+8)	4045		4054	226,272	4063	166,655	4072	

NO.	DESCRIPTION	ADP	In total (correspondents to ADP 0401) (col. 2+3+4+5+6+7-8+9) ≥0	ADP	Loss above equity (correspondents to ADP 0455) (col. 2+3+4+5+6+7-8+9) <0
			10		11
1.	Balance on day 01.01. year ____	4073	226,572	4082	
2.	Effects of retroactive correction of material mistakes and changes of accounting policies	4074		4083	
3.	Corrected opening balance on day 01.01. year _____ (col 1+2)	4075	226,572	4084	
4.	Net changes in year _____	4076		4085	
5.	Balance on day 31.12. year ____ (col 3+4)	4077	208,914	4086	
6.	Effects of retroactive correction of material mistakes and changes of accounting policies	4078		4087	
7.	Corrected opening balance on day 01.01. year _____ (col 5+6)	4079	208,914	4088	
8.	Net changes in year _____	4080		4089	
9.	Balance on day 31.12. year ____ (col 7+8)	4081	59,917	4090	

In Belgrade

on 11 May 2022

(Official seal of TERNA ENERGY TRADING doo)

Legal representative
(signed)

Vladimir Marjanović

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 89/2020).

To be filled by legal entity - entrepreneur																							
Basic identification 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 d.o.o. Beograd-Novi Beograd																							
Registered office: Beograd-Novi Beograd, BULEVAR ARSENIJA ČARNOJEVIĆA																							

CASH FLOW STATEMENT

in the period from 01.01.2021 to 31.12.2021

- in 000 RSD -

ITEM	ADP	Amount	
		Current year	Previous year
1	2	3	4
A. CASH FLOWS FROM OPERATING ACTIVITIES			
I. Cash inflows from operating activities (from 1 to 4)	3001	6.383.355	3.099.170
1. Inflows from sales and prepayments - domestic	3002	1.356.584	2.202.045
2. Inflows from sales and prepayments - foreign	3003	5,015.220	894.124
3. Interests provided by operating activities	3004		
4. Other inflows from operating activities	3005	11.551	3.001
II. Cash outflows from operating activities (from 1 to 8)	3006	6.398.047	3.105.317
1. Trade payables and prepayments - domestic	3007	1.450.616	1.852.903
2. Trade payables and prepayments - foreign	3008	4.929.222	1.234.152
3. Salaries, wages and other personal indemnities	3009	13.444	9.694
4. Interests paid - domestic	3010		
5. Interests paid - foreign	3011		
6. Tax on profit	3012	4.323	8.531
7. Outflows from other public revenues	3013	442	37
8. Other outflows from operating activities	3014		
III. Net cash inflows from operating activities (I-II)	3015		
IV. Net cash outflows from operating activities (II-I)	3016	14.692	6.147
B. CASH FLOWS FROM INVESTING ACTIVITIES			
I. Cash inflows from investing activities (from 1 to 5)	3017		
1. Sale of shares and stakes	3018		
2. Sale of intangible assets, immovables, plant, equipment and biological resources	3019		
3. Other financial investments	3020		

ITEM	ADP	Amount	
		Current year	Previous year
1	2	3	2
4. Interests from investing activities	3021		
5. Inflows from dividends	3022		
II. Cash outflows from investing activities (from 1 to 3)	3023		
1. Purchase of shares and stakes	3024		
2. Purchase of intangible assets, immovables, plants, equipment and biological resources	3025		
3. Other financial investments	3026		
III. Net cash inflows from investing activities (I-II)	3027		
IV. Net cash outflows from investing activities (II-I)	3028		
V. CASH FLOWS FROM FINANCING ACTIVITIES	3029		1,175
I. Cash inflows from financing activities (1 to 7)			
1. Capital increase	3030		
2. Long-term credits - domestic	3031		
3. Long-term credits - foreign	3032		
4. Short-term credits - domestic	3033		
5. Short-term credits - foreign	3034		
6. Other long-term liabilities	3035		1,175
7. Other short-term liabilities	3036		
II. Cash outflows from financing activities (from 1 to 8)	3037	12,579	15,280
1. Treasury shares and stakes	3038		
2. Long-term credits - domestic	3039		15,280
3. Long-term credits - foreign	3040		
4. Short-term credits - domestic	3041		
5. Short-term credits - foreign	3042		
6. Other liabilities	3043	12,579	
7. Financial leasing	3044		
8. Dividends paid	3045		
III. Net cash inflows from financing activities (I-II)	3046		
IV. Net cash outflows from financing activities (II-I)	3047	12,579	14,105
G. TOTAL CASH INFLOWS (3001 + 3017 + 3029)	3048	6,383,355	3,100,345
D. TOTAL CASH OUTFLOWS (3006 + 3023 + 3037)	3049	6,410,626	3,120,597
Đ. NET CASH INFLOWS (3048 - 3049) ≥ 0	3050		
E. NET CASH OUTFLOWS (3049 - 3048) ≥ 0	3051	27,271	20,252
Ž. CASH AT THE BEGINNING OF THE ACCOUNTING PERIOD	3052	50,983	71,275
Z. POSITIVE EFFECTS ON EXCHANGE RATE CHANGES FROM CASH CALCULATION	3053	59	48
I. NEGATIVE EFFECTS ON EXCHANGE RATE CHANGES FROM CASH CALCULATION	3054	53	88
J. CASH AT THE END OF THE ACCOUNTING PERIOD (3050 - 3051 + 3052 + 3053 - 3054)	3055	23,718	50,983

In Belgrade

on 11 May 2022

(Official seal of TERNA ENERGY TRADING doo)

Legal representative
(signed)

Vladimir Marjanović

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 89/2020).

**NOTES TO THE FINANCIAL
STATEMENTS FOR THE
COMPANY
TERNA ENERGY TRADING D.O.O.**



BELGRADE, May 2022.

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 2021 is 3, and as of 31 December 2020 it is 3.

These financial statements were approved by Director Vladimir Marjanović and Emmanouil Fafalioson 11 May 2022 and signed by Director Vladimir Marjanović . 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. IFRS for SMEs, which were translated and officially published in the Republic of Serbia, were approved by the International Accounting Standards Board (IASB) in July 2009, when started their application.

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 and accordingly, the Company has applied these amendments, i.e. IFRS for SMEs, which have been in force since January 1, 2017 when preparing the financial statements for 2019.

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 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. The content and layout of financial statement forms are prescribed by the Rulebook on the content and layout of financial statement forms and the content and layout of statistical report forms for legal entities, cooperatives and entrepreneurs ("Official Gazette of RS, No. 89/2020").

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

In accordance with the legal framework applicable in the Republic of Serbia, in 2021 the Company switched to a new chart of accounts prescribed by the new Rulebook on chart of accounts and content of accounts in the chart of accounts for legal entities, cooperatives and entrepreneurs (Official Gazette of RS No. 89/2020). Accordingly, new forms of financial reports for 2021 are in force, in accordance with the Rulebook on the content and layout of the financial statement form and the content and layout of the statistical report form for companies, cooperatives and entrepreneurs (Official Gazette of RS no. 89/2020), which differ in layout and content from the forms of financial statements that were in force until 2020. Accordingly, comparative data in the financial statements and notes to the financial statements have been reclassified in the current year in order to comply with the statutory presentation for the current year.

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

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.

3.1. 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:

Currency	2021.	2020.
CHF	113,6388	108,4388
USD	103,9262	95,6637
EUR	117,5821	117,5802

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 provisions 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 2021.

Short-term paid leave

According to the assessment of the Company's management, the amount of short-term paid leave as of 31 December 2021 is not material and, accordingly, the Company did not calculate the stated liabilities on the balance sheet date.

Provisions

A provision 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 deduced 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 minimizes the foreign exchange risk by minimizing open foreign currency positions.

The following table shows Company's exposure to the foreign exchange risk as of 31 December 2021:

In thousands of RSD	EUR	RSD	TOTAL
Other long-term financial investments	0	33.694	33.694
Advances paid	529.492	26.119	555.611
Cash and cash equivalents	23.415	303	23.718
Receivables	1.257.998	275.397	1.533.395
Short-term financial investments	7.053	0	7.053
Other liabilities	0	11.246	11.246
Value added tax	0	8.215	8.215
Total	1.817.958	354.974	2.172.932
Short-term financial liabilities	141.102	0	141.102
Liabilities from operations	1.575.332	321.145	1.896.477
Other short-term liabilities	0	997	997
Liabilities for other taxes, contributions and duties	0	0	0
Accrued costs and deferred revenue	67.323	7.116	74.439
Total	1.783.757	329.258	2.113.015
Net foreign currency position as of 31 December 2021.	34.201	25.716	59.917

The following table shows Company's exposure to the foreign currency 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	438	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
Total	314.509	512.944	827.453
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
Total	131.335	487.204	618.539
Net foreign currency position as of 31 December 2020.	183.174	25.740	208.914

Sensitivity analysis

Strengthening RSD in the amount of 0.5%, in relation to the following currencies as of 31 December 2021, 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 2020.

In thousands of RSD	Total
31 December 2021	171
EUR	
31 December 2020	916
EUR	

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 2021:

TERNA ENERGY TRADING d.o.o. Beograd
Notes to financial statements for the year ended 31st December 2021

In thousands of RSD	Up to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Other long-term financial investments	0	0	33.694	0	33.694
Advances paid	555.611	0	0	0	555.611
Cash and cash equivalents	23.718	0	0	0	23.718
Receivables	1.254.962	278.433	0	0	1.533.395
Short-term financial investments	0	7.053	0	0	7.053
Other liabilities	0	11.246	0	0	11.246
Value added tax	0	8.215			8.215
Total	1.834.291	304.947	33.694	0	2.172.932
Advances received	0	141.102	0	0	141.102
Liabilities from operations	1.841.312	54.623	542	0	1.896.477
Other short-term liabilities	0	997	0	0	997
Liabilities for other taxes, contributions and duties	0	0	0	0	0
Accrued costs and deferred revenue	74.439	0	0	0	74.439
Total	1.915.751	196.722	542	0	2.113.015
Maturity incapability as of 31. December 2021	-81.460	108.225	33.152	0	59.917

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

In thousands of RSD	Up to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Other long-term financial investments	0	0	21.112	0	21.112
Advances paid	2.802	0	0	0	2.802
Cash and cash equivalents	50.983	0	0	0	50.983
Receivables	678.472	65.329	0	0	743.801
Short-term financial investments	0	6.925	0	0	6.925
Other liabilities	0	1.830	0	0	1.830
Total	732.257	74.084	21.112	0	827.453
Short-term financial liabilities	0	0	0	0	0
Liabilities from operations	592.093	18.591	0	0	610.684
Other short-term liabilities	4.689	0	0	0	4.689
Liabilities for other taxes, contributions and duties	75	0	0	0	75
Accrued costs and deferred revenue	3.091	0	0	0	3.091
Total	599.948	18.591	0	0	618.539
Maturity incapability as 31 December 2020.	132.309	55.493	21.112	0	208.914

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 2021 the Company disposes with cash and cash equivalents in the total amount of RSD 23.718 thousand (31 December 2020: RSD 50.983 thousand).

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	2021.	2020.
Trade receivables-domestic	275.396	479.982
Trade receivables-foreign	1.257.999	263.819
- Eurozone	546.570	263.819
- Other	711.429	0
Total	1.533.395	743.801

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	2021.	2020.
Wholesale customers	1.533.395	743.801
Total	1.533.395	743.801

The age structure in terms of trade receivables as of 31.12.2021 is provided in the following table:

In thousands of RSD	Gross 2021.	Value adjustment 2021.
Outstanding receivables	1.254.962	0
Delay from 0 to 30 days	0	0
Delay from 31 to 60 days	0	0
Delay from 61 to 90 days	340.519	-340.519
Delay from 91 to 120 days	136.865	0
Delay from 121 to 360 days	141.568	0
Delay over 360 days	0	0
Total	1.873.914	-340.519

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 120 days	3.581	0
Delay from 121 to 360 days	61.748	0
Delay over 360 days	0	0
Total	743.801	0

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 2021, and 2020, the debt ration of the Company was as follows:

In thousands of RSD	2021.	2020.
Total liabilities (excl. capital)	2.113.015	618.539
Less: cash equivalents and cash	23.717	50.983
Net liabilities	2.089.298	567.556
Capital – total	59.917	208.914
Debt ratio	34,87	2,72

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, SERVICES AND OTHER OPERATING INCOME

In thousands of RSD	2021.	2020.
Income from sales of goods to domestic customers	1.154.799	1.577.472
Income from sales of goods to foreign customers	8.998.070	1.738.482
Total	10.152.869	3.315.954

The increase in income from sales of goods to foreign customers was due to an increase in the amount of electricity purchased and sold and the conclusion of new contracts with foreign customers.

In thousands of RSD	2021.	2020.
Income from sales of finished goods and services rendered to foreign customers	1.181	0
Total	1.181	0

In thousands of RSD	2021.	2020.
Income from donations under specified conditions	93	255
Other operating income	0	60
Total	93	315

During 2021, the Company used direct grants to mitigate the economic consequences caused by the COVID-19 disease epidemic from the Budget of the Republic of Serbia.

6. COST OF GOODS SOLD

In thousands of RSD	2021.	2020.
Cost of goods sold	9.948.800	3.373.225
Total	9.948.800	3.373.225

The increase in the cost of goods sold was due to an increase in sales.

7. COSTS OF MATERIAL AND ENERGY

In thousands of RSD	2021.	2020.
Costs of material	128	102
Costs of fuel and energy	165	128
Total	293	230

8. COSTS OF SALARIES, WAGES AND OTHER PERSONAL INDEMNITIES

In thousands of RSD	2021.	2020.
Costs of salaries and fringe benefits	9.887	9.798
Costs of taxes and contributions on salaries and fringe benefits charged	1.342	1.247
Other personal indemnities	1.016	1.006
Total	12.245	12.051

9. COSTS OF PRODUCTION SERVICES

In thousands of RSD	2021.	2020.
Costs of transport services, mobiles phones, internet, etc.	144	132
Maintenance costs	95	57
Rental costs	867	657
Cost of transfer services	88.991	22.924
Total	90.097	23.770

Due to the increased turnover with foreign countries, in 2021 the Company used the services of companies that are transmission system operators more.

10. NON-PRODUCTION COSTS

In thousands of RSD	2021.	2020.
Costs of attorneys, consulting, auditing services.	3.248	1.303
Entertainment costs	52	108
Costs of insurance premiums	102	22
Costs of payment operations	4.295	901
Costs of local taxes	292	262
Other non-production costs	41	389
Total	8.030	2.985

The increased volume of business with foreign companies resulted in higher amounts of foreign payments, which affected the increase in banking fees.

11. FINANCIAL INCOME

In thousands of RSD	2021.	2020.
Financial income incurred with affiliated companies:		
- other affiliated companies (note 29)	1.394	1.131
Income from interest	0	2
Foreign exchange gains:		
- FX gains	803	544
Total	2.197	1.677

12. FINANCIAL EXPENSES

In thousands of RSD	2021.	2020.
Financial expenses incurred with affiliated companies:		
- other affiliated companies (note 29)	1.467	1.182
Costs of interest		0
Total	1.467	1.182

13. FX LOSSES

In thousands of RSD	2021.	2020.
FX losses	1.025	636
Total	1.025	636

14. OTHER INCOME

In thousands of RSD	2021.	2020.
Penalties	214.139	80.021
Other income	0	0
Total	214.139	80.021

15. OTHER EXPENSES

In thousands of RSD	2021.	2020.
Penalties	457.490	1.739
Other expenses	2	0
Total	457.492	1.739

Penalties were charged for unfulfilled electricity deliveries in accordance with the Contract to the companies: Holding Slovenske elektrane and Elmako Energy.

16. REVENUES BASED ON CORRECTION OF ERRORS FROM PREVIOUS YEARS

In thousands of RSD	2021.	2020.
Last year's operating income	0	193
Total	0	193

17. EXPENSES FROM PREVIOUS TAX YEARS

In thousands of RSD	2021.	2020.
Expenses from previous tax years	27	0
Total	27	0

18. INCOME TAX

(a) Income tax components

In thousands of RSD	2021.	2020.
Current tax expense	0	0
Total	0	0

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

In thousands of RSD	2021.	2020.
Profit (loss) before taxation	-148.997	-17.658
Expenses not deductible for tax purposes	0	0
Tax base-taxable income	-	-
Tax calculated at statutory tax rate - 15%	-	-
Effective tax rate	15%	15%
Net profit (loss)	-148.997	-17.658

(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

In thousands of RSD	2021.	2020.
Other long-term financial investments	33.694	21.112
Balance as of 31 December	33.694	21.112

20. Inventories

In thousands of RSD	2020.	2020.
Advances paid-domestic	26.119	2.364
Advances paid - foreign	529.492	438
Balance as of 31 December	555.611	2.802

21. TRADE RECEIVABLES

In thousands of RSD	2021.	2020.
<i>Trade receivables</i>		
<i>Domestic clients</i>		
- clients (third parties)	275.396	479.982
<i>Foreign clients</i>		
- other affiliated companies (note 29)	501.086	241.219
- clients (third parties)	756.913	22.600
Balance as of 31 December	1.533.395	743.801

22. OTHER RECEIVABLES

In thousands of RSD	2021.	2020.
Receivables for prepaid value added tax	8.215	1.830
Receivables for prepaid income tax	11.246	6.925
Balance as of 31 December	19.461	8.755

23. SHORT-TERM FINANCIAL INVESTMENTS

In thousands of RSD	2021.	2020.
Other short-term financial investments	7.053	0
Balance as of 31 December	7.053	0

24. CASH AND CASH EQUIVALENTS

In thousands of RSD	2021.	2020.
Current account	299	727
Cash	5	5
Foreign currency account	23.415	50.251
Balance as of 31 December	23.719	50.983

25. 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	2021.	2020.
Stakes in limited liability companies	300	300
Retained profit from previous years	226.272	226.272
Retained profit from current year	0	0
Retained loss from previous years	17.658	0
Retained loss from current year	148.997	17.658
Balance as of 31 December	59.917	208.914

26. ADVANCES RECEIVED

In thousands of RSD	2021.	2020.
Advances received	141.102	0
Balance as of 31 December	141.102	0

27. LIABILITIES FROM OPERATIONS

In thousands of RSD	2021.	2020.
Domestic suppliers	321.145	479.349
Suppliers- other affiliated companies abroad (note 31)	719.254	30.395
Foreign suppliers	856.078	100.940
Balance as of 31 December	1.896.477	610.684

28. OTHER SHORT-TERM LIABILITIES

In thousands of RSD	2021.	2020.
Liabilities for salaries and fringe benefits	0	2.145
Liabilities to natural individuals for indemnities under contracts	0	423
Other liabilities	997	2.121
Balance as of 31 December	997	4.689

29. LIABILITIES FOR OTHER TAXES, CONTRIBUTIONS AND OTHER DUTIES

In thousands of RSD	2021.	2020.
Liabilities for other taxes, contributions and other duties	0	75
Balance as of 31 December	0	75

30. ACCRUED COSTS AND DEFERRED REVENUE

In thousands of RSD	2021.	2020.
Accrued costs and deferred revenue	74.439	3.091
Balance as of 31 December	74.439	3.091

The company bought electricity from Terna Energy Trading in December, but the invoices were issued in January 2022, so that the company stated the cost of purchasing electricity and the liability for accrued costs and deferred revenue in 2021.

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 2021 and 2020 are presented in the following table:

In thousands of RSD	2021.	2020.
Profit and loss account:		
<i>Income:</i>		
Income from sales Heron SA	470.313	119.177
Income from sales Terna Energy Trading Dooel	4.062.531	950.968
Income from sales Terna Energy SA	904.676	536.347
Financial income incurred with other affiliated companies	1.394	1.131
<i>Expenses:</i>		
Purchase of goods Heron SA	84.289	31.987
Purchase of goods Terna Energy Trading Dooel	1.899.331	607.194
Purchase of goods Terna Energy eood	77.126	0
Purchase of goods Terna Energy SA	948.124	126.514
Financial expenses incurred with other affiliated companies	1.467	1.182
Total net effect for Profit and loss account:	2.428.577	840.746
<i>Receivables:</i>		
Receivables from sales Terna Energy SA	0	58.949
Receivables from sales Terna Trading dooel	455.824	104.009
Receivables from sales Heron SA	45.262	78.261
<i>Liabilities:</i>		
Liabilities from business operations Terna Energy Trading eood	45.368	0
Liabilities from business operations Terna Energy sa	652.885	0
Liabilities from business operations Heron SA	21.001	30.395
Liabilities from business operations Terna Energy Trading Dooel	0	0
Total net effect for Balance Sheet:	218.168	210.824

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 2021 and 31 December 2020.

33. LITIGATION AND OTHER OBLIGATION

On 31 December 2021, 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 2021.

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 2021.

In the opinion of the management, the Company has adequate resources to continue to operate in accordance with the principle of business continuity for a period of at least 12 months after the reporting date.

In Belgrade, 11.05.2022

Person responsible for creating financial statements

Legal representative

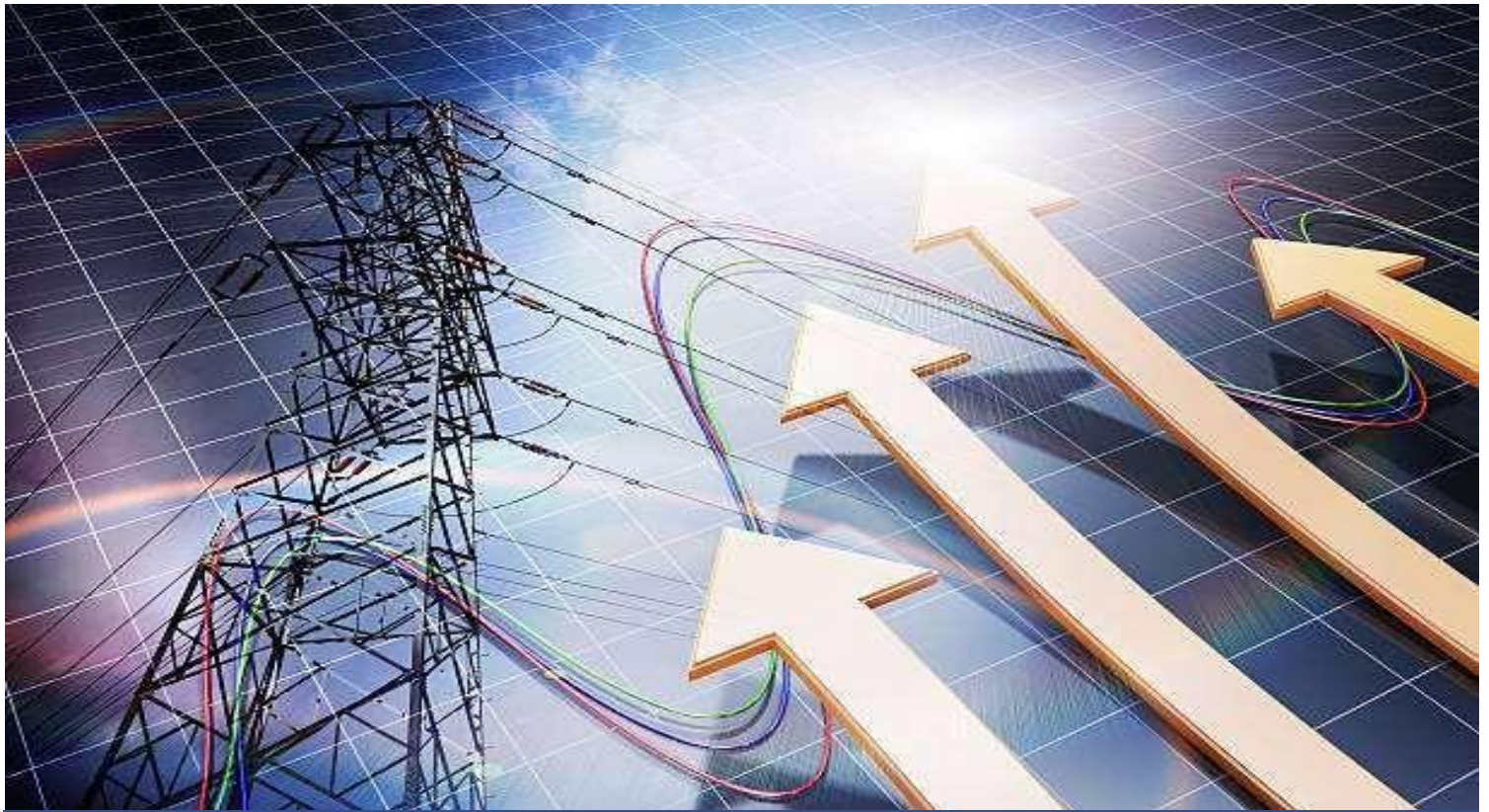
Name and Surname, position

(Official seal)

Name and Surname, position

Irena Lesan (signed)

Vladimir Marjanović (signed)



**ANNUAL REPORT ON BUSINESS OPERATIONS
FOR THE PERIOD
01.01.2021-31.12.2021**



Pursuant to the Articles 34 and 35 of the Law on Accounting (“Official Gazette of RS”, number 73/2019), Articles 50 and 51 of the Law on the Capital Market (“Official Gazette of RS”, number 31/2011), and Article 3 of the Rulebook on the content, form and method of publication of annual, half-yearly and quarterly reports of public companies (“Official Gazette of RS”, number 14/2012, 5/2015, 24/2017 and 14/2020), the company Terna Energy Trading d.o.o. from Belgrade, CRN: 20841290 publishes the following:

ANNUAL REPORT ON BUSINESS OPERATIONS FOR THE YEAR 2021

I Description of business activities and organizational structure of the legal entity

1. General

Terna Energy Trading d.o.o. Belgrade – Novi Beograd is a limited liability company registered in Serbia, having the legal address in Belgrade, Bulevar Arsenija Carnojevisa No. 70.

Company registration number is 20841290, TIN: 107634440.

Number and date of the Decision on company registration in the Company Register BD 86335/2012 dated 29.06.2012.

Code of the prevailing business activity of the company is 3514 – Trade of electricity

Paid-in and subscribed capital of the company amounts to RSD 300,000.00.

Audit firm which audited the last financial statement is as follows: Audit Firm KPMG d.o.o. Belgrade.

The Company’s owner is Terna Energy Trading LTD, company registration number HE327321, Cyprus, with capital interest 100%.

2. Founder’s details

Gek Terna Group was founded in 1969 in Greece. It holds the leading position in the field of infrastructure, energy generation and concessions and it has strong presence in the field of waste management, mining activities and real estate development. It is present in the markets of Central and South-eastern Europe, USA, Africa and Middle East.

This Group has been running its business operations in 16 countries all over the world and currently employs 3,500 people. It invests significant efforts towards creating safe and healthy work environment, putting an emphasis on human rights and values. Sale proceeds generated in 2020 of Gek Terna Group amount to EUR 2.5 billion.

3. Summary of business activities and organizational structure of the legal entity

The company is registered for the trade of electricity.

The company has 3 (three) legal representatives:

Valdimir Marjanovic

Emmanouil Fafalios

Dimitrios Milionis

Legal representatives shall represent the company with the limitation by counter-signature. Any of the legal representatives may conclude contracts and take legal actions with the counter-signature of the remaining two representatives.

II Company's financial indicators

Market conditions in which the company operates

According to the available data, at the time of drafting the Report, there were 56 active companies in the territory of Serbia operating within the scope of the business activity concerned, of which 5.36% are newly established companies.

Mostly limited liability companies (94.64%) operate within the scope of the business activity concerned, whereas 1.79% of entities are registered as joint stock companies and 3.57% are of other legal forms.

The largest number of entities engaged in the trade of electricity refers to micro companies (60.71%). When it comes to large companies, 1.79% of entities of this kind operate within the analyzed business activity, while there are 10.71% of medium-sized companies, 17.86% of small companies, as well as 8.93% of companies for which size data are not available within the Bisnode database.

20

The largest number of entities engaged in the trade of electricity refers to micro companies (60.71%). When it comes to large companies, 1.79% of entities of this kind operate within the analyzed business activity, while there are 10.71% of medium-sized companies, 17.86% of small companies, as well as 8.93% of companies for which size data are not available within the Bisnode database.

The companies engaged in the analyzed business activity are mainly companies from 5 to 10 years old (48.21% of entities). Companies older than 10 years make up 23.22%, from 3 to 5 years of age - 12.50%, from 1 to 3 years of age - 10.71%, and newly established companies, i.e. companies founded less than a year ago make up 5.36%.

Operating results of the company

In 2021, the company Terna Energy Trading doo generated total operating income in the amount of 10,154,143 thousand dinars, which is an increase of 206.19% compared to 2020. The loss for the year 2021 amounts to 148,997 thousand dinars, which is 743.79% more than in 2020.

The costs of wages and wage allowances in 2021 amounted to 9,887 thousand dinars, which is an increase of 0.9% compared to 2020.

DEVELOPMENT OF NET CURRENT ASSETS AS AN INDICATOR OF FINANCIAL POSITION OF THE COMPANY

No.	Items	2021	2020
1	2	3	4
1	Capital	208,914	226,572
2	Loss	148,997	17,658
3	Own resources (1-2)	59,917	208,914

4	Long-term provisions	0	0
5	Own and equal sources (3+4)	59,917	208,914
6	Long-term liabilities	0	0
7	Total long-term sources (5+6)	59,917	208,914
8	Fixed assets	33,694	21,112
9	Own net current assets (NCA) (5-8)	26,223	187,802
10	Net current assets (7-8)	26,223	187,802
11	Short-term loans	2,113,015	618,539
12	Own and borrowed financial capital	2,139,023	806,341
13	Inventories	555,611	2,802
	1. Coverage of inventories with own NCA (No. 9/Inventories)	0.05	67.02
	2. Coverage of inventories with NCA (No. 10/Inventories)	0.05	67.02
	3. Coverage of inventories with own and borrowed capital (No. 12 / Inventories)	3.85	287.77
14	Current assets	2,139,238	806,341
	1. Coverage of current assets with own NCA (No. 9/Current assets)	0.01	0.23
	2. Coverage of current assets with NCA (No. 10/Current assets)	0.01	0.23
	3. Coverage of current assets with own and borrowed capital (No. 12/Current assets)	1.00	1.00

LIQUIDITY INDICATORS

No.	Items	2021	2020
1	2	3	4
1	Tier 1 liquidity (cash / short-term liabilities)	0.01	0.08
2	Tier 2 liquidity (current assets – inventories) / short-term liabilities	0.75	1.30
3	Tier 3 liquidity (current assets / short-term liabilities)	1.01	1.30

INDICATORS OF ASSET COVERAGE WITH CAPITAL (COVERAGE TIERS)

No.	Items	2021	2020
1	2	3	4
1	Capital and fixed asset ratio (capital / fixed assets)	1.78	9.90
2	Long-term capital and fixed asset ratio (capital + long-term liabilities) / fixed assets))	1.78	9.90
3	Long-term capital and fixed asset + inventories ratio (capital + long-term liabilities) / (fixed assets + inventories))	0.10	8.74

INDICATORS OF ASSET STRUCTURE AND CAPITAL STRUCTURE

No.	Items	2021	2020
1	2	3	4
1	Asset structure Immobilization ratio (fixed assets / current assets)	0.02	0.03
	Fixed asset structure		
1	Participation of intangible assets in fixed property (intangible assets / fixed assets)	0.00	0.00
2	Participation of fixed assets in fixed property (fixed assets / fixed property)	0.00	0.00
3	Participation of long-term financial investments in fixed assets (long-term financial investments / fixed assets)	1.00	1.00
1	Current asset structure Participation of inventories in current assets (inventories / current assets)	0.26	0.00
2	Participation of short-term receivables and investments in current assets (short-term receivables and investments current assets)	0.72	0.93

3	Participation of cash and cash equivalents in current assets (cash and cash equivalents / current assets)	0.01	0.06
1	Capital structure (Participation of equity in liabilities)	0.03	0.25
2	Participation of borrowed capital in liabilities (borrowed capital / liabilities)	0.97	0.75
3	Debt ratio (capital raised / equity)	35.27	2.96
4	Participation of short-term borrowed capital in total capital (short-term borrowed capital / total capital)	0.97	0.75
5	Dependence on creditors (long-term liabilities / total liabilities)	0.00	0.00
6	Dependence on short-term creditors (short-term liabilities / total liabilities)	1.00	1.00

INDICATORS OF PROFITABILITY, COST-EFFECTIVENESS, AND TURNOVER

No.	Items	2021	2020
1	2	3	4
1	Profitability of total capital (profit / total liabilities)	0.00	0.00
2	Sales cost-effectiveness (operating income / operating costs)	1.01	0.97
3	Inventory turnover ratio (operating income / inventories)	18.28	1,183.54
4	Number of days of keeping inventories in the company (365 / inventory turnover ratio)	19.9719479	0.308397781
5	Profit rate (Operating profit / operating incomes)	0.01	0.00
6	Participation of costs of materials and goods (direct materials and goods / operating expenses)	0.99	0.99
7	Participation of wages (costs of wage / operating expenses) expenses)	0.00	0.00
8	Participation of depreciation (depreciation / operating expenses)	0.00	0.00
9	Participation of other expenses (other expenses / operating expenses)	0.05	0.00
10	Total asset turnover ratio (total income / total assets)	4.77	4.11

III Information on investments into environmental protection

Investments into environmental protection constitute an integral part of the company's business policy. Special attention is paid to the safety and health of employees, while applying high standards in the preventive care and protection of employees while performing daily work activities.

The following activities have been undertaken to improve the conditions in the field of environmental protection within the Company:

- Reduction of documentation printing,
- Replacement of FLUO lighting and mercury reflector with LED lighting and reflectors.

IV Events after the end of the business year that the report is prepared for

There were no significant events after the balance sheet date that would require adjustments or additional disclosures in the financial statements for the year 2021.

V Future development of the company

The company plans to improve and expand its business operations and conquer new markets.

Due to the current crisis in the field of electricity trade, the company is unable to set accurate plans of its development in the forthcoming period. Electricity is a stock exchange product and the price is determined on the market. The price is affected by the price of the basic products (coal, oil, gas), the price of the environmental tax (Co2 certificates), but also by regulatory changes in the manner and rules of the market operation. The price

on the free market follows the European price in its entirety, since the market in Serbia is a part of the European market.

VI Company's activities in the field of research and development

In accordance with the Quality Policy, the Company demonstrates its commitment to continuous growth and improvement of its business operations, through the development and improvement of its staff.

A large number of activities will be aimed at strengthening the market position and developing a strategy that will ensure a quick and efficient response to all challenges posed by sudden and unexpected changes in the current situation of severe and sudden changes in the global economy.

The same as in previous years, provisions of the Labour Law and the Rules of Procedure were absolutely complied with in 2021.

VII Information on share buy-back

The Company does not own its own shares. The Company has not acquired own shares since the preparation of the previous annual report.

VIII Existence of branch offices

The company has no branch offices.

IX Financial instruments

Financial asset or financial liability is initially recognized at the transaction price, except when the arrangement is in fact a financing transaction for either the Company (for a financial liability) or another contracting party (for a financial asset) in that particular arrangement. An arrangement is a financing transaction if the payment is deferred beyond normal business terms. If an arrangement is a financing transaction, the financial asset or financial liability is measured at the present value of future payments discounted at market interest rate for a similar debt instrument, as determined on initial recognition.

Transaction costs are included into the transaction price, except for the initial measurement of a financial asset or liability, which is subsequently measured at fair value through the profit and loss account.

Short-term receivables and investments

Short-term receivables are receivables from customers, subsidiaries and affiliate legal entities and other customers in the country and abroad generated based on sales of products, goods and services. Upon initial recognition, receivables are valued at the sale value of products and services, less the agreed amount of discounts and rebates.

Receivables generated under normal credit terms are recognized at nominal value. Otherwise, they are valued at depreciated value using the effective interest method.

Short-term receivables which are not collected within the period of 60 or more days after the payment deadline are subject to indirect write-off in the amount of 100% of the nominal amount of receivables, except when it is estimated that the receivable concerned is non-performing, as well as in any other individual case based on the assessment of the recoverability of a specific receivable.

Short-term investments include loans, securities and other short-term investments with maturity of maximum one year, which are measured at depreciated value.

Short-term financial investments and traded securities are disclosed at depreciated value.

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

Cash and cash equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to specific amounts of cash, are not subject to significant risks of impairment and are held for the purpose of meeting short-term cash liabilities and not for investment or other purposes.

Financial liabilities

Financial liabilities are long-term liabilities (liabilities towards affiliates and legal entities with cross-holding, long-term loans, liabilities arising from long-term securities and other long-term liabilities), short-term financial liabilities (liabilities towards affiliates and legal entities 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 are liabilities which become mature within one year after the date of generation thereof, i.e. after the annual balance sheet date.

Financial liabilities are initially recognized at the purchase value, which is the fair value of the consideration received. After initial recognition, financial liabilities are disclosed at depreciated value using the effective interest method, except for financial liabilities disclosed at fair value through profit or loss account.

Depreciated value of a financial liability is the amount at which the liabilities are initially valued, less principal repayments, increased or decreased by accumulated depreciation using the effective interest method.

Impairment of financial assets

At the end of each reporting period, it is assessed whether there is objective evidence of financial asset impairment, measured at the purchase value/cost or depreciated value. If there is objective evidence of impairment, an impairment loss is recognized in the profit and loss account.

Derecognition of a financial asset or financial liability

A financial asset is derecognized only when the contractual rights to the cash flows resulting from the financial asset have expired or have been settled, when all material risks and benefits of ownership over the financial asset have been transferred to another person or control over assets is transferred to another person and such other person has the practical right to sell the asset in its entirety to an independent third party and can exercise that right independently.

A financial liability or part of a financial liability is derecognised only when it has been discharged, i.e. when the obligation stipulated in the contract has been performed, cancelled or has expired.

If financial instruments are exchanged with an existing creditor under substantially different terms, the transaction is accounted for as a termination of the original financial liability and the recognition of a new financial liability. In addition, a significant change in the terms of an existing financial liability or a part thereof

is also accounted for as the termination of the original financial liability and the recognition of a new financial liability.

Other financial instruments

Other financial instruments are measured at fair value, which is usually the transaction price. At the end of each reporting period, all other financial instruments are measured at fair value, with the recognition of changes at fair value in the profit and loss account, except for the following:

- certain changes in fair value of hedging instruments in the specified hedging relationship that require recognition in other comprehensive income; and
- 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 implemented, will result in the submission of such instruments which are measured at the purchase value less impairment.

The fair value of the financial liability which becomes due on demand is not less than the amount to be paid on demand, discounted from the first date when payment of relevant amount may be required.

Transaction costs are not included in the initial measurement of a financial asset or liability which is subsequently measured at fair value through profit and loss account.

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

X Risk management

Although different trade arrangements involve different types of risk, there is a number of general risks to electricity trading:

- Political and legal / regulatory risks,
- Technical and operational risks, and
- Commercial and market risks.

In each of these three categories, there is a number of identified risks that may have a smaller or larger impact on electricity trade.

Political and legal / regulatory risks include:

- Risk of war and civil unrest,
- Changes in laws / regulations,
- Risk of expropriation,
- Breach of contract, and
- Dispute resolution,

Technical and operational risks are:

- Risks related to electricity transmission,
- Interruptions and long-term equipment failures,
- Hydrological risks and natural disasters,
- The transmission system operator declares a state of emergency and suspends cross-border trade,
- Systemic imbalance.

Commercial and market risks may be:

- Accounts receivable risks,
- Sudden price changes,
- Abuse of monopoly power,
- Quantitative risk,
- Liquidity risk, and
- Exchange rate risk

The plan of the Company is to maintain a positive financial position and to generate planned investments in order to maintain its market position.

Objectives and policies related to financial risk management, together with the policy of hedging each significant type of planned transaction for which hedges are used

Based on the results from previous years as well as current and forecast economic, political and other circumstances, the management of the company makes decisions that result in mitigating these risks. Employees, within the scope of their responsibilities, regularly monitor and inform the company's management about existing and potential risks. Note 4 to the financial statement describes risks relevant to the Company's financial position and performance.

XI Price risk

As a general rule, the price of electricity is determined based on supply and demand ratio on the free market, without restrictions, and may depend on various factors such as:

- Climate and/or hydrometeorological conditions - temperature oscillations, precipitation, river water level, seasons, etc.
- Energy exchange - prices of other energy products (fuel, gas, coal, etc.), supply, i.e. number of suppliers at a given time, trading currencies i.e. the impact of the exchange rate of traded currencies, financing costs, etc.
- Trade agreement terms - electricity trade agreements may be concluded on an annual, semi-annual, quarterly, monthly, weekly, daily or hourly basis. The duration of the agreement has a strong impact on the price of electricity, all in accordance with the level of risk taken by the supplier,
- Electricity supply - shortages or surpluses in the market, availability of cross-border capacities, foreseen or unforeseen maintenance / reconstruction of production and / or transport capacities, unplanned shortages of major producers,
- Product type - band energy (0-24), peak energy (8-20), non-standard trade (per hour, periodically, etc.),
- Duration of delivery - depending on the type of product, per hour, long-term contracts / tenders (week, month, year, etc.), and
- Field information - information on suspensions / outages of production units, information on planned increase / decrease in production, structure of production facilities of producers (hydro, thermal, etc.).
- Direct restrictions to regulate electricity prices are rarely set, only in exceptional circumstances. However, when electricity is traded through the energy exchange, rules are defined for each type of product traded, i.e., in accordance with the classification of products traded on energy exchanges, trade in each type of product is regulated by special rules and restrictions applied in each exchange. A trader in this market is forced to adhere to these restrictions.

Exposure to price risk, credit risk, liquidity risk, cash flow risk, strategy for managing these risks and assessing their effectiveness

The Company's management and responsible employees from professional organizational units, observe price, credit and liquidity risks through monthly and quarterly business analyses. Due to observing cash flows as well as liquidity and creditworthiness of its customers on a daily basis, the Company continuously monitors and takes measures to minimize liquidity risk.

The Company's exposure to these risks is disclosed in the Note 4 to the financial statements.

XII Transactions with affiliates

All income, liabilities and receivables from affiliates are disclosed in detail within the Note 31 to the financial statements.

In Belgrade, 11.05.2022

Person responsible for preparing this
report

Hand-written signature illegible
Name and surname, title

Irena Lesam

Official stamp imprint:
Company
TETRA doo

Terna Energy Trading d.o.o.
Belgrade – Novi Beograd
Company registration number: 20841290
Bulevar Arsenija Carnojevisa No. 70,
Belgrade, Serbia

(L.S.)

Legal representative

Hand-written signature illegible
Name and surname, title

Vladimir Marjanovic

.....**End of Translation**.....

I, the undersigned sworn-in court translator, certify hereby that this translation into English is fully true to the original text written in Serbian language. In witness whereof and by authority duly committed to me, I hereto have hereto set my hand and affixed my seal.



Belgrade, 25 May 2022

Natasa Ralic, Djordja Stanojevica 9a/14, Belgrade
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