Annual Report of Energoprojekt Holding Plc. for the year 2020

Belgrade, April 2021

Pursuant to Articles 50 and 51 of the Law on Capital Market (RS Official Gazette, No. 31/2011, 112/2015, 108/2016, 9/2020 and 153/2020) and pursuant to Article 3 of the Rulebook on Contents, Form and Method of Publication of Annual, Half-Yearly and Quarterly Reports of Public Companies (RS Official Gazette, No. 14/2012, 5/2015, 24/2017 and 14/2020), **Energoprojekt Holding Plc. based in Belgrade, registration No.: 07023014 hereby publishes the following:**

ANNUAL REPORT FOR 2020

C O N T E N T S

1. FINANCIAL STATEMENTS OF ENERGOPROJEKT HOLDING Plc. FOR THE YEAR 2020 (Balance Sheet, Income Statement, Report on Other Income, Cash Flow Statement, Statement of Changes in Equity, Notes to the Financial Statements)

Name ENERGOPROJEKT HOLDING PLC

BALANCE SHEET
as at 31.12.2020.

RSD thousand

Account class, account	DESCRIPTION	EDP	Note No.	Total		
				Current year	Previous year	
					Closing balance on 31.12.2019.	Opening balance on 01.01.2019.
1	2	3	4	5	6	7
	ASSETS					
00	**A. SUBSCRIBED CAPITAL UNPAID**	0001		-	-	-
	B. NON-CURRENT ASSETS (0003+0010+0019+0024+0034)	0002		9.999.267	8.942.794	-
01	I. INTANGIBLES (0004+0005+0006+0007+0008+0009)	0003		21.853	27.637	-
010 & part 019	1. Investments in development	0004	-	-	-	-
011, 012 & part 019	2. Concessions, patents, licenses, trademarks and service marks, software and other rights	0005	21.	21.853	27.637	-
013 & part 019	3. Goodwill	0006	-	-	-	-
014 & part 019	4. Other intangible assets	0007	-	-	-	-
015 & part 019	5. Intangible assets in progress	0008	-	-	-	-
016 & part 019	6. Advances paid on intangible assets	0009	-	-	-	-
02	II. PROPERTY, PLANT AND EQUIPMENT (0011+0012+0013+0014+0015+0016+0017+0018)	0010		1.972.317	1.983.168	-
020, 021 & part 029	1. Land	0011	-	-	-	-
022 & part 029	2. Buildings	0012	22.	1.282.357	1.293.711	-
023 & part 029	3. Plant and equipment	0013	22.	23.719	28.794	-
024 & part 029	4. Investment property	0014	22.	621.294	615.716	-
025 & part 029	5. Other property, plant and equipment	0015	22.	283	283	-
026 & part 029	6. Property, plant and equipment in progress	0016	-	-	-	-
027 & part 029	7. Investments in property, plant and equipment, not owned	0017	-	-	-	-
028 & part 029	8. Advances paid on property, plant and equipment	0018	22.	44.664	44.664	-
03	III. NATURAL ASSETS (0020+0021+0022+0023)	0019		-	-	-
030, 031 & part 039	1. Forests and growing crops	0020	-	-	-	-
032 & part 039	2. Livestock	0021	-	-	-	-
037 & part 039	3. Natural assets in progress	0022	-	-	-	-
038 & part 039	4. Advances paid for natural assets	0023	-	-	-	-
04, excl. 047	IV. LONG TERM FINANCIAL INVESTMENTS (0025+0026+0027+0028+0029+0030+0031+0032+0033)	0024		8.005.097	6.931.989	-
040 & part 049	1. Shares in subsidiaries	0025	23.1.	5.692.220	5.616.040	-
041 & part 049	2. Shares in affiliated companies and joint ventures	0026	23.1.	13.550	13.550	-
042 & part 049	3. Shares in other companies and other available for sale securities	0027	23.1.	22.022	30.240	-
part 043, part 044 & part 049	4. Long term investments in parent companies and subsidiaries	0028	23.2.	2.276.397	1.271.166	-
part 043, part 044 & part 049	5. Long term investments in other affiliated companies	0029	-	-	-	-
part 045 & part 049	6. Long term investments, domestic	0030	-	-	-	-
part 045 & part 049	7. Long term investments, foreign countries	0031	-	-	-	-
046 & part 049	8. Securities held to maturity	0032	-	-	-	-
048 & part 049	9. Other long term financial investments	0033	23.2.	908	993	-
05	V. LONG TERM RECEIVABLES (0035+0036+0037+0038+0039+0040+0041)	0034		-	-	-
050 & part 059	1. Receivables from parent company and subsidiaries	0035	-	-	-	-
051 & part 059	2. Receivables from other affiliated companies	0036	-	-	-	-
052 & part 059	3. Receivables from credit sales	0037	-	-	-	-
053 & part 059	4. Receivables from financial leasing contracts	0038	-	-	-	-
054 & part 059	5. Receivables from pledged assets	0039	-	-	-	-
055 & part 059	6. Bad debts and uncollectible claims	0040	-	-	-	-
056 & part 059	7. Other long term receivables	0041	-	-	-	-
288	**C. DEFERRED TAX ASSETS**	0042	-	-	-	-
	D. OPERATING ASSETS (0044+0051+0059+0060+0061+0062+0068+0069+0070)	0043		3.578.761	2.258.362	-
Class 1	I. INVENTORIES (0045+0046+0047+0048+0049+0050)	0044		41.976	63.887	-
10	1. Material ,parts, tools and small inventories	0045	-	-	-	-
11	2. Work and services in progress	0046	-	-	-	-
12	3. Finished products	0047	-	-	-	-
13	4. Goods	0048	-	-	-	-
14	5. Fixed assets for sale	0049	24.	40.597	58.379	-
15	6. Advances paid for inventories and services	0050	24.	1.379	5.508	-

Account class, account	DESCRIPTION	EDP	Note No.	Total		
				Current year	Previous year	
					Closing balance on 31.12.2019.	Opening balance on 01.01.2019.
1	2	3	4	5	6	7
20	II. RECEIVABLES FROM SALES (0052+0053+0054+0055+0056+0057+0058)	0051		859.303	754.688	-
200 & part 209	1. Local buyers - parent company and subsidiaries	0052	25.	857.878	753.142	-
201 & part 209	2. Foreign buyers - parent company and subsidiaries	0053	-	-	-	-
202 & part 209	3. Local buyers - other affiliated companies	0054	-	-	-	-
203 & part 209	4. Foreign buyers - other affiliated companies	0055	-	-	-	-
204 & part 209	5. Local buyers	0056	25.	1.425	1.546	-
205 & part 209	6. Foreign buyers	0057	-	-	-	-
206 & part 209	7. Other receivables from sales	0058	-	-	-	-
21	III. RECEIVABLES FROM SPECIAL TRANSACTIONS	0059	26.	18.006	13.274	-
22	IV. OTHER RECEIVABLES	0060	27.	87.078	85.981	-
236	V. FINANCIAL ASSETS ASSESSED AT FAIR VALUE THROUGH BALANCE SHEET	0061	-	-	-	-
23 excl. 236 & 237	VI. SHORT TERM FINANCIAL INVESTMENTS(0063+0064+0065+0066+0067)	0062		1.733.707	800.554	-
230 & part 239	1. Short term loans and investments - parent company and subsidiaries	0063	28.	175.621	723.969	-
231 & part 239	2. Short term loans and investments - other affiliated companies	0064	28.	76.513	76.521	-
232 & part 239	3. Short term credits and loans, domestic	0065	-	-	-	-
233 & part 239	4. Short term credits and loans, foreign countries	0066	-	-	-	-
234, 235, 238 & part 239	5. Other short term financial investments	0067	28.	1.481.573	64	-
24	VII. CASH AND CASH EQUIVALENTS	0068	29.	487.598	184.016	-
27	VIII. VALUE ADDED TAX	0069	-	-	-	-
28 excl. 288	IX. PREPAYMENTS AND ACCRUED INCOME	0070	30.	351.093	355.962	-
	E. TOTAL ASSETS = OPERATING ASSETS (0001+0002+0042+0043)	0071		**13.578.028**	**11.201.156**	-
88	**F. OFF-BALANCE SHEET ASSETS**	0072	40.	14.031.882	21.520.459	-
	LIABILITIES					
	A. CAPITAL (0402+0411-0412+0413+0414+0415-0416+0417+0420-0421) ≥ 0 = (0071-0424-0441-0442)	0401		9.183.704	8.928.644	-
30	I. EQUITY CAPITAL (0403+0404+0405+0406+0407+0408+0409+0410)	0402		7.101.123	7.128.301	-
300	1. Share capital	0403	31.1.	5.574.959	5.574.959	-
301	2. Shares of limited liability companies	0404	-	-	-	-
302	3. Investments	0405	-	-	-	-
303	4. State owned capital	0406	-	-	-	-
304	5. Socially owned capital	0407	-	-	-	-
305	6. Shares of cooperatives	0408	-	-	-	-
306	7. Issuing premium	0409	31.1.	1.526.164	1.526.164	-
309	8. Other share capital	0410	31.1.	-	27.178	-
31	II. SUBSCRIBED CAPITAL UNPAID	0411	-	-	-	-
047 & 237	III. TREASURY SHARES REPURCHASED	0412	31.2.	49.827	49.827	-
32	IV. RESERVES	0413	31.3.	80.000	214.881	-
330	V. REVALUATION RESERVES FROM REVALUATION OF INTANGIBLES, PROPERTY, PLANT AND EQUIPMENT	0414	31.4.	784.634	784.634	-
33 excl. 330	VI. UNREALISED GAINS FROM SECURITIES AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULT (credit balance under account class 33 excl. 330)	0415	-	-	-	-
33 excl. 330	VII. UNREALISED LOSSES FROM SECURITIES AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULT (debit balance under account class 33 excl. 330)	0416	31.5.	25.534	17.316	-
34	VIII. RETAINED EARNINGS (0418+0419)	0417		1.293.308	896.233	-
340	1. Retained earnings from previous years	0418	31.6.	1.030.030	896.233	-
341	2. Retained earnings from current year	0419	31.6	263.278	-	-
	IX. NON-CONTROLLING INTEREST	0420	-	-	-	-
35	**X. LOSSES (0422+0423)**	0421		-	28.262	-
350	1. Losses from previous years	0422	-	-	-	-
351	2. Losses from current year	0423	31.7.	-	28.262	-
	B. LONG TERM PROVISIONS AND LIABILITIES (0425+0432)	0424		4.071.885	1.235.435	-
40	I. LONG TERM PROVISIONS (0426+0427+0428+0429+0430+0431)	0425		3.485	3.262	-
400	1. Provisions for warranty costs	0426	-	-	-	-
401	2. Provisions for recovery of natural resources	0427	-	-	-	-
403	3. Provisions for restructuring costs	0428	-	-	-	-
404	4. Provisions for wages and other employee benefits	0429	32.	3.485	3.262	-
405	5. Provisions for legal expenses	0430	-	-	-	-
402 & 409	6. Other long term provisions	0431	-	-	-	-

Account class, account	DESCRIPTION	EDP	Note No.	Total		
				Current year	Previous year	
					Closing balance on 31.12.2019.	Opening balance on 01.01.2019.
1	2	3	4	5	6	7
41	II. LONG TERM LIABILITIES (0433+0434+0435+0436+0437+0438+0439+0440)	0432		4.068.400	1.232.173	-
410	1. Liabilities convertible into capital	0433	-	-	-	-
411	2. Liabilities to parent company and subsidiaries	0434	-	-	-	-
412	3. Liabilities to other affiliated companies	0435	33.	730.472	1.196.624	-
413	4. Liabilities for issued securities for more than one year	0436	33.	3.300.000	-	-
414	5. Long term credits and loans, domestic	0437	-	-	-	-
415	6. Long term credits and loans, foreign countries	0438	-	-	-	-
416	7. Long term liabilities from financial leasing	0439	-	-	-	-
419	8. Other long term liabilities	0440	33.	37.928	35.549	-
498	**C. DEFERRED TAX LIABILITIES**	0441	39.	140.885	134.283	-
42 to 49 (excl. 498)	**D. SHORT TERM LIABILITIES (0443+0450+0451+0459+0460+0461+0462)**	0442		181.554	902.794	-
42	I. SHORT TERM FINANCIAL LIABILITIES (0444+0445+0446+0447+0448+0449)	0443		8.677	744.878	-
420	1. Short term loans from parent company and subsidiaries	0444	-	-	-	-
421	2. Short term loans from other affiliated companies	0445	-	-	-	-
422	3. Short term credits and loans, domestic	0446	34.1.	-	744.754	-
423	4. Short term credits and loans, foreign countries	0447	-	-	-	-
427	5. Liabilities from fixed assets and assets from discontinued operations available for sale	0448	-	-	-	-
424,425,426 & 429	6. Other short term financial liabilities	0449	34.2.	8.677	124	-
430	II. RECEIVED ADVANCES, DEPOSITS AND BONDS	0450	35.	23.845	29.626	-
43 excl. 430	III. OPERATING LIABILITIES (0452+0453+0454+0455+0456+0457+0458)	0451		28.625	21.611	-
431	1. Suppliers - parent company and subsidiaries, local	0452	36.	3.024	6.509	-
432	2. Suppliers - parent company and subsidiaries, foreign countries	0453	-	-	-	-
433	3. Suppliers - other affiliated companies, local	0454	36.	6.580	-	-
434	4. Suppliers - other affiliated companies, foreign countries	0455	-	-	-	-
435	5. Suppliers, local	0456	36.	5.598	7.639	-
436	6. Suppliers, foreign countries	0457	36.	851	7.007	-
439	7. Other operating liabilities	0458	36.	12.572	456	-
44, 45 & 46	IV. OTHER SHORT TERM LIABILITIES	0459	37.	93.536	75.079	-
47	V. VALUE ADDED TAX	0460	38.1.	1.170	4.528	-
48	VI. OTHER TAXES, CONTRIBUTIONS AND FEES PAYABLE	0461	38.2.	494	693	-
49 excl. 498	VII. ACCRUED EXPENSES AND DEFERRED INCOME	0462	38.3.	25.207	26.379	-
	D. LOSSES EXCEEDING CAPITAL (0412+0416+0421-0420-0417-0415-0414-0413-0411-0402)≥0 = (0441+0424+0442-0071) ≥0	0463		-	-	-
	E. TOTAL LIABILITIES (0424+0442+0441+0401-0463) ≥ 0	0464		**13.578.028**	**11.201.156**	-
89	**F. OFF-BALANCE LIABILITIES**	0465	40.	14.031.882	21.520.459	-

Belgrade,

Date: 06.04.2021.

Legal Representative of the Company

Name **ENERGOPROJEKT HOLDING PLC**

INCOME STATEMENT
from 01.01. until 31.12.2020.

RSD thousand

Account class, account	DESCRIPTION	EDP	Note No.	Total - Current year	Total - Previous year
1	2	3	4	5	6
	A. INCOME FROM NORMAL ACTIVITIES				
60 to 65, excl. 62 & 63	**A. OPERATING INCOME (1002+1009+1016+1017)**	1001		**270.237**	**271.736**
60	I. INCOME FROM SALE OF MERCHANDISE (1003+1004+1005+1006+1007+1008)	1002		-	-
600	1. Income from sale of goods to parent company and subsidiaries on local market	1003	-	-	-
601	2. Income from sale of goods to parent company and subsidiaries on foreign markets	1004	-	-	-
602	3. Income from sale of goods to other affiliated companies on local market	1005	-	-	-
603	4. Income from sale of goods to other affiliated companies on foreign markets	1006	-	-	-
604	5. Income from sale of goods on local market	1007	-	-	-
605	6. Income from sale of goods on foreign markets	1008	-	-	-
61	II. INCOME FROM SALE OF PRODUCTS AND SERVICES (1010+1011+1012+1013+1014+1015)	1009		238.396	248.345
610	1. Income from sale of finished products and services to parent company and subsidiaries on local market	1010	9.1.	238.389	248.266
611	2. Income from sale of finished products and services to parent company and subsidiaries on foreign markets	1011	-	-	-
612	3. Income from sale of finished products and services to other affiliated companies on local market	1012	-	-	-
613	4. Income from sale of finished products and services to other affiliated companies on foreign markets	1013	-	-	-
614	5. Income from sale of finished products and services on local market	1014	9.1.	7	79
615	6. Income from sale of finished products and services on foreign markets	1015	-	-	-
64	III. INCOME FROM PREMIUMS, SUBSIDIES, GRANTS, DONATIONS, ETC.	1016	9.2.	9.176	-
65	IV. OTHER OPERATING INCOME	1017	9.3.	22.665	23.391
	EXPENSES FROM NORMAL ACTIVITIES		-		
55 to 55, 62 & 63	**B. OPERATING EXPENSES (1019-1020-1021+1022+1023+ 1024+1025+1026+1027+1028+1029) ≥ 0**	1018		318.773	344.617
50	I. COST PRICE OF GOODS SOLD	1019	-	-	-
62	II. INCOME FROM USE OF OWN PRODUCTS AND MERCHANDISE	1020	-	-	-
630	III. INCREASE IN INVENTORIES OF INTERMEDIATE AND FINISHED GOODS AND SERVICES IN PROGRESS	1021	-	-	-
631	IV. DECREASE IN INVENTORIES OF INTERMEDIATE AND FINISHED GOODS AND SERVICES IN PROGRESS	1022	-	-	-
51 excl. 513	V. MATERIAL COSTS	1023	10.	4.224	5.313
513	VI. FUEL AND ENERGY COSTS	1024	10.	17.556	21.134
52	VII. EMPLOYEE EXPENSES AND BENEFITS	1025	11.	175.910	185.346
53	VIII. PRODUCTION SERVICE COSTS	1026	12.	47.781	51.189
540	IX. DEPRECIATION EXPENSES	1027	13.	24.011	20.947
541 to 549	X. PROVISION EXPENSES	1028	13.	1.049	595
55	XI. INTANGIBLE EXPENSES	1029	14.	48.242	60.093
	C. OPERATING INCOME (1001-1018) ≥ 0	1030		-	-
	D. OPERATING LOSSES (1018-1001) ≥ 0	1031		48.536	72.881
66	**E. FINANCIAL REVENUES (1033+1038+1039)**	1032		408.583	98.358
66, excl. 662, 663 & 664	I. FINANCIAL INCOME FROM AFFILIATED COMPANIES AND OTHER FINANCIAL REVENUES (1034+1035+1036+1037)	1033		407.965	93.000
660	1. Financial income from parent company and subsidiaries	1034	15.1.	403.210	65.314
661	2. Financial income from other affiliated companies	1035	15.1.	4.755	10.336
665	3. Share of profits in associated companies and joint ventures	1036	-	-	-
669	4. Other financial revenues	1037	15.1.	-	17.350
662	II. INTEREST INCOME (THIRD PARTY)	1038	15.1.	451	888
663 & 664	III. EXCHANGE RATE GAINS AND POSITIVE CURRENCY CLAUSE EFFECTS (THIRD PARTY)	1039	15.1.	167	4.470
56	**F. FINANCIAL EXPENSES (1041+1046+1047)**	1040		90.907	87.212
56, excl. 562, 563 & 564	I. FINANCIAL EXPENSES FROM TRANSACTIONS WITH AFFILIATED COMPANIES AND OTHER FINANCIAL EXPENDITURE (1042+1043+1044+1045)	1041		72.460	56.637
560	1. Financial expenses from transactions with parent company and subsidiaries	1042	15.2.	351	15.303
561	2. Financial expenses from transactions with other affiliated companies	1043	15.2.	72.109	41.334
565	3. Share of losses in affiliated companies and joint ventures	1044	-	-	-
566 & 569	4. Other financial expenditure	1045	-	-	-
562	II. INTEREST EXPENSES (THIRD PARTY)	1046	15.2.	18.253	28.036
563 & 564	III. EXCHANGE RATE LOSSES AND NEGATIVE CURRENCY CLAUSE EFFECTS (THIRD PARTY)	1047	15.2.	194	2.539
	G. FINANCIAL GAINS (1032-1040)	1048		317.676	11.146
	H. FINANCIAL LOSSES (1040-1032)	1049		-	-

Account class, account	DESCRIPTION	EDP	Note No.	Total	
				Current year	Previous year
1	2	3	4	5	6
683 & 685	**I. INCOME FROM VALUE ADJUSTMENT OF OTHER ASSETS DISCLOSED AT FAIR VALUE THROUGH INCOME STATEMENT**	1050	16.1.	28.415	-
583 & 585	**J. EXPENSES FROM VALUE ADJUSTMENT OF OTHER ASSETS DISCLOSED AT FAIR VALUE THROUGH INCOME STATEMENT**	1051	16.3.	18.090	-
67 & 68, excl. 683 & 685	**K. OTHER INCOME**	1052	16.2.	8.410	69.771
57 & 58, excl. 583 & 585	**L. OTHER EXPENSES**	1053	16.4.	18.271	38.140
	M. INCOME FROM NORMAL OPERATIONS BEFORE TAX (1030-1031+1048-1049+1050-1051+1052-1053)	1054		269.604	-
	N. LOSSES FROM NORMAL OPERATIONS BEFORE TAX (1031-1030+1049-1048+1051-1050+1053-1052)	1055		-	30.104
69-59	**O. NET PROFIT FROM DISCONTINUED OPERATIONS, EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND ADJUSTMENT OF ERRORS FROM PREVIOUS YEARS**	1056	17.	276	3.758
59-69	**P. NET LOSSES FROM DISCONTINUED OPERATIONS, EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND ADJUSTMENT OF ERRORS FROM PREVIOUS YEARS**	1057	-	-	-
	Q. PROFIT BEFORE TAX (1054-1055+1056-1057)	1058	18.	269.880	-
	R. LOSSES BEFORE TAX (1055-1054+1057-1056)	1059	18.	-	26.346
	S. INCOME TAX		-		
721	I. TAXABLE EXPENSES FOR THE PERIOD	1060	-	-	-
part 722	II. DEFERRED TAX EXPENSES FOR THE PERIOD	1061	19.	6.602	1.916
part 722	III. DEFERRED TAX INCOME FOR THE PERIOD	1062	-	-	-
723	**T. MANAGEMENT EARNINGS**	1063	-	-	-
	U. NET PROFIT (1058-1059-1060-1061+1062-1063)	1064	19.	**263.278**	**-**
	V. NET LOSSES (1059-1058+1060+1061-1062+1063)	1065	19.	**-**	**28.262**
	I. NET PROFIT PAYABLE TO MINORITY SHAREHOLDERS	1066	-	-	-
	II. NET PROFIT PAYABLE TO MAJORITY SHAREHOLDER	1067	-	-	-
	III. NET LOSSES ATTRIBUTABLE TO MINORITY SHAREHOLDERS	1068	-	-	-
	IV. NET LOSSES ATTRIBUTABLE TO MAJORITY SHAREHOLDER	1069	-	-	-
	V. EARNINGS PER SHARE		-		
	1. Basic earnings per share	1070	-	-	-
	2. Reduced (diluted) earnings per share	1071	-	-	-

Belgrade,

Legal Representative of the Company

Date: 06.04.2021.

Energoprojekt Holding a.d. Beograd

Name ENERGOPROJEKT HOLDING PLC

STATEMENT OF OTHER RESULTS
from 01.01. until 31.12.2020.

RSD thousand

Account class, account	DESCRIPTION	EDP	Amount	
			Current year	Previous year
1	2	3	5	6
	A. NET OPERATING RESULTS			
	I. NET PROFIT (EDP 1064)	2001	263.278	
	II. NET LOSSES (EDP 1065)	2002		28.262
	B. OTHER COMPREHENSIVE RESULTS OR LOSSES			
	a) Items not reclassifiable in the balance sheet in future periods			
330	1. Change of revaluation of intangibles, property, plant and equipment			
	a) increase in revaluation reserves	2003		
	b) decrease in revaluation reserves	2004		
331	2. Actuarial gains or losses from defined income plans			
	a) gains	2005		
	b) losses	2006		
332	3. Gains and losses from equity instrument investments			
	a) gains	2007		
	b) losses	2008		
333	4. Gains and losses from share of other comprehensive profits and losses of affiliates			
	a) gains	2009		
	b) losses	2010		
	b) Items that may be reclassified in the balance sheet in future periods			
334	1. Gains and losses from translation of financial statements for foreign operations			
	a) gains	2011		
	b) losses	2012		
335	2. Gains and losses from hedging of net investments in foreign operations			
	a) gains	2013		
	b) losses	2014		
336	3. Gains and losses from cash flow hedging			
	a) gains	2015		
	b) losses	2016		
337	4. Gains and losses from available for sale securities			
	a) gains	2017		1.088
	b) losses	2018	8.218	14.196
	I. OTHER COMPREHENSIVE GROSS PROFIT (2003+2005+2007+2009+2011+2013+2015+2017) - (2004+2006+2008+2010+2012+2014+2016+2018) ≥ 0	2019		
	II. OTHER COMPREHENSIVE GROSS LOSSES (2004+2006+2008+2010+2012+2014+2016+2018) - (2003+2005+2007+2009+2011+2013+2015+2017) ≥ 0	2020	8.218	13.108
	III. TAX ON OTHER COMPREHENSIVE PROFIT OR LOSS FOR THE PERIOD	2021		
	IV. NET OTHER COMPREHENSIVE PROFIT (2019-2020-2021) ≥ 0	2022		
	V. NET OTHER COMPREHENSIVE LOSSES (2020-2019+2021) ≥ 0	2023	8.218	13.108
	C. TOTAL COMPREHENSIVE NET RESULTS FOR THE PERIOD			
	I. TOTAL COMPREHENSIVE NET PROFIT (2001-2002+2022-2023) ≥ 0	2024	255.060	
	II. TOTAL COMPREHENSIVE NET LOSSES (2002-2001+2023-2022) ≥ 0	2025		41.370
	D. TOTAL COMPREHENSIVE NET PROFIT OR LOSSES (2027+2028) = AOP 2024 ≥ 0 or AOP 2025 > 0	2026		
	1. Payable to majority shareholders	2027		
	2. Payable to non-controlling shareholders	2028		

Belgrade,

Date: 06.04.2021.

Legal Representative of the Company

Energoprojekt Holding Beograd

Name ENERGOPROJEKT HOLDING PLC

CASH FLOW STATEMENT
from 01.01. until 31.12.2020.

RSD thousand

Description	EDP	Total - Current year	Total - Previous year
1	2	3	4
A. CASH FLOWS FROM OPERATING ACTIVITIES			
I. Cash inflow from operating activities (1 to 3)	3001	**277.150**	**331.731**
1. Sales and prepayments	3002	239.271	282.370
2. Interests from operating activities	3003	-	-
3. Other inflow from normal operations	3004	37.879	49.361
II. Cash outflow from operating activities (1 to 5)	3005	**434.332**	**511.928**
1. Payments to suppliers and prepayments	3006	158.035	182.063
2. Employee expenses and benefits	3007	154.969	183.464
3. Interests paid	3008	61.185	57.586
4. Income tax	3009	-	29.569
5. Payments based on other public revenues	3010	60.143	59.246
III. Net cash inflow from operating activities (I-II)	3011	**-**	**-**
IV. Net cash outflow from operating activities (II-I)	3012	**157.182**	**180.197**
B. CASH FLOWS FROM INVESTING ACTIVITIES			
I. Cash inflow from investing activities (1 to 5)	3013	**366.720**	**1.092.201**
1. Sale of shares and stocks (net inflow)	3014	-	-
2. Sale of intangible investments, property, plant, equipment and natural assets	3015	159	107
3. Other financial investments (net inflow)	3016	-	1.053.462
4. Interest received from investment activities	3017	13.662	38.543
5. Dividends received	3018	352.899	89
II. Cash outflow from investing activities (1 to 3)	3019	**1.990.618**	**745.790**
1. Purchase of shares and stocks (net outflow)	3020	77.899	714.596
2. Purchase of intangible investments, property, plant, equipment and natural assets	3021	6.353	31.194
3. Other financial investments (net outflow)	3022	1.906.366	-
III. Net cash inflow from investing activities (I-II)	3023	**-**	**346.411**
IV. Net cash outflow from investing activities (II-I)	3024	**1.623.898**	**-**
C. CASH FLOWS FROM FINANCING ACTIVITIES			
I. Cash inflow from financing activities (1 to 5)	3025	**3.300.000**	**-**
1. Equity increase	3026	-	-
2. Long term loans (net inflow)	3027	-	-
3. Short term loans (net inflow)	3028	-	-
4. Other long term liabilities	3029	3.300.000	-
5. Other short term liabilities	3030	-	-
II. Cash outflow from financing activities (1 to 6)	3031	**1.215.300**	**182.271**
1. Repurchase of own shares and stocks	3032	-	-
2. Long term loans (net outflow)	3033	470.352	-
3. Short term loans (net outflow)	3034	744.664	149.137
4. Other liabilities	3035	-	32.370
5. Financial leasing	3036	-	-
6. Dividends paid	3037	284	764
III. Net cash inflow from financing activities (I -II)	3038	**2.084.700**	**-**
D. Net cash outflow from financing activities (II-I)	3039	**-**	**182.271**
E. TOTAL CASH INFLOW (3001+3013+3025)	3040	**3.943.870**	**1.423.932**
F. TOTAL CASH OUTFLOW (3005+3019+3031)	3041	**3.640.250**	**1.439.989**
G. NET CASH INFLOW (3040-3041)	3042	**303.620**	**-**
H. NET CASH OUTFLOW (3041-3040)	3043	**-**	**16.057**
I. CASH BALANCE AT BEGINNING OF REPORTING PERIOD	3044	184.016	200.519
J. EXCHANGE RATE GAINS FROM CASH TRANSLATION	3045	-	-
K. EXCHANGE RATE LOSSES FROM CASH TRANSLATION	3046	38	446
L. CASH BALANCE AT END OF REPORTING PERIOD (3042-3043+3044+3045-3046)	3047	**487.598**	**184.016**

Belgrade,

Date: 06.04.2021.

Legal Representative of the Company

Energoprojekt Holding a.d. Beograd II

Name ENERGOPROJEKT HOLDING PLC

STATEMENT OF CHANGES IN EQUITY
as at 31.12.2020.

No.	DESCRIPTION	Equity component															
		EDP	30 Equity capital	EDP	31 Subscribed capital unpaid	EDP	32 Provisions	EDP	35 Losses	EDP	047 & 237 Treasury shares repurchased	EDP	34 Retained earnings	EDP	330 Revaluation reserves	EDP	331 Actuarial gains or losses
1	2		3		4		5		6		7		8		9		10
1	**Opening balance on 01.01.2019.**																
	a) debit balance	4001	-	4019	-	4037	-	4055	-	4073	49.827	4091	-	4109	-	4127	-
	b) credit balance	4002	7.128.301	4020	-	4038	214.881	4056	-	4074	-	4092	1.020.227	4110	784.634	4128	-
2	**Adjustment for materially significant errors and changes in accounting policies**																
	a) adjustment of debit balance	4003	-	4021	-	4039	-	4057	-	4075	-	4093	-	4111	-	4129	-
	b) adjustment of credit balance	4004	-	4022	-	4040	-	4058	-	4076	-	4094	-	4112	-	4130	-
3	**Adjustment of opening balance on 01.01.2019.**																
	a) adjustment of debit balance (1a+2a-2b) ≥ 0	4005	-	4023	-	4041	-	4059	-	4077	49.827	4095	-	4113	-	4131	-
	b) adjustment of credit balance (1b-2a+2b) ≥ 0	4006	7.128.301	4024	-	4042	214.881	4060	-	4078	-	4096	1.020.227	4114	784.634	4132	-
4	**Changes in previous 2019. year**																
	a) debit balance activity	4007	-	4025	-	4043	-	4061	28.262	4079	-	4097	628	4115	-	4133	-
	b) credit balance activity	4008	-	4026	-	4044	-	4062	-	4080	-	4098	-	4116	-	4134	-
5	**Closing balance previous year at 31.12.2019.**																
	a) debit balance (3a+4a-4b) ≥ 0	4009	-	4027	-	4045	-	4063	28.262	4081	49.827	4099	-	4117	-	4135	-
	b) credit balance (3b-4a+4b) ≥ 0	4010	7.128.301	4028	-	4046	214.881	4064	-	4082	-	4100	1.019.599	4118	784.634	4136	-
6	**Adjustment for materially significant errors and changes in accounting policies**																
	a) adjustment of debit balance	4011	-	4029	-	4047	-	4065	-	4083	-	4101	123.366	4119	-	4137	-
	b) adjustment of credit balance	4012	-	4030	-	4048	-	4066	-	4084	-	4102	-	4120	-	4138	-
7	**Adjustment of opening balance current year at 01.01.2020.**																
	a) adjustment of debit balance (5a+6a-6b) ≥ 0	4013	-	4031	-	4049	-	4067	28.262	4085	49.827	4103	-	4121	-	4139	-
	b) adjustment of credit balance (5b-6a+6b) ≥ 0	4014	7.128.301	4032	-	4050	214.881	4068	-	4086	-	4104	896.233	4122	784.634	4140	-
8	**Changes in current 2020. year**																
	a) debit balance activity	4015	27.178	4033	-	4051	134.881	4069	-	4087	-	4105	28.262	4123	-	4141	-
	b) credit balance activity	4016	-	4034	-	4052	-	4070	28.262	4088	-	4106	425.337	4124	-	4142	-
9	**Closing balance at 30.09.2020.**																
	a) debit balance (7a+8a-8b) ≥ 0	4017	-	4035	-	4053	-	4071	-	4089	49.827	4107	-	4125	-	4143	-
	b) credit balance (7b-8a+8b) ≥ 0	4018	7.101.123	4036	-	4054	80.000	4072	-	4090	-	4108	1.293.308	4126	784.634	4144	-

Belgrade,

Date: 06.04.2021.

Name ENERGOPROJEKT HOLDING PLC

RSD thousand

No.	DESCRIPTION	Other results component										EDP	Total capital [Σ (row 1b col.3 to col.15) - Σ(row 1a col.3 to col.15)] ≥ 0	EDP	Losses exceeding capital [Σ(row 1a col.3 to col.15) - Σ(row 1b col.3 to col.15)] ≥ 0
		EDP	332 Gains and losses from equity instrument investments	EDP	333 Gains and losses from share of other profits and losses of affiliates	EDP	334 & 335 Gains and losses from foreign operations and translation of financial statements	EDP	336 Gains and losses from cash flow hedging	EDP	337 Gains and losses from available for sale securities				
1	2		11		12		13		14		15		16		17
1	**Opening balance on 01.01.2019.**														
	a) debit balance	4145	-	4163	-	4181	-	4199	-	4217	4.208	4235	9.094.008	4244	-
	b) credit balance	4146	-	4164	-	4182	-	4200	-	4218	-				
2	**Adjustment for materially significant errors and changes in accounting policies**														
	a) adjustment of debit balance	4147	-	4165	-	4183	-	4201	-	4219	-	4236		4245	-
	b) adjustment of credit balance	4148	-	4166	-	4184	-	4202	-	4220	-				
3	**Adjustment of opening balance on 01.01.2019.**														
	a) adjustment of debit balance (1a+2a-2b) ≥ 0	4149	-	4167	-	4185	-	4203	-	4221	4.208	4237	9.094.008	4246	-
	b) adjustment of credit balance (1b-2a+2b) ≥ 0	4150	-	4168	-	4186	-	4204	-	4222	-				
4	**Changes in previous 2019. year**														
	a) debit balance activity	4151	-	4169	-	4187	-	4205	-	4223	14.196	4238		4247	
	b) credit balance activity	4152	-	4170	-	4188	-	4206	-	4224	1.088				
5	**Closing balance previous year at 31.12.2019.**														
	a) debit balance (3a+4a-4b) ≥ 0	4153	-	4171	-	4189	-	4207	-	4225	17.316	4239	9.052.010	4248	-
	b) credit balance (3b-4a+4b) ≥ 0	4154	-	4172	-	4190	-	4208	-	4226	-				
6	**Adjustment for materially significant errors and changes in accounting policies**														
	a) adjustment of debit balance	4155	-	4173	-	4191	-	4209	-	4227	-	4240		4249	123.366
	b) adjustment of credit balance	4156	-	4174	-	4192	-	4210	-	4228	-				
7	**Adjustment of opening balance current year at 01.01.2020.**														
	a) adjustment of debit balance (5a+6a-6b) ≥ 0	4157	-	4175	-	4193	-	4211	-	4229	17.316	4241	8.928.644	4250	-
	b) adjustment of credit balance (5b-6a+6b) ≥ 0	4158	-	4176	-	4194	-	4212	-	4230	-				
8	**Changes in current 2020. year**														
	a) debit balance activity	4159	-	4177	-	4195	-	4213	-	4231	8.218	4242		4251	-
	b) credit balance activity	4160	-	4178	-	4196	-	4214	-	4232	-				
9	**Closing balance at 30.09.2020.**														
	a) debit balance (7a+8a-8b) ≥ 0	4161	-	4179	-	4197	-	4215	-	4233	25.534	4243	9.183.704	4252	-
	b) credit balance (7b-8a+8b) ≥ 0	4162	-	4180	-	4198	-	4216	-	4234	-				

Belgrade,

Date: 06.04.2021.

Legal Representative of the Company

NOTES TO THE
FINANCIAL STATEMENTS
FOR THE YEAR 2020

Belgrade, 2021

CONTENTS

1. COMPANY BACKGROUND

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

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

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

General Company Data

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

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

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

Company's subsidiary companies in the country are as follows:
- Energoprojekt Visokogradnja Plc.;
- Energoprojekt Niskogradnja Plc.;
- Energoprojekt Oprema Plc.;
- Energoprojekt Hidroinzenjering Plc.;
- Energoprojekt Urbanizam i arhitektura Plc.;
- Energoprojekt Energodata Plc.;
- Energoprojekt Industrija Plc.;
- Energoprojekt Entel Plc.;
- Energoprojekt Promet Ltd. and
- Energoprojekt Sunnyville Ltd.
- Energoprojekt Park 11 Ltd.

Since 2010, the Energoprojekt Promet Ltd. has been dormant company without any business activities and any assets at its disposal.

Subsidiary companies abroad - international companies are as follows:

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

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

- Enjub Ltd.

The following table contains data on the ownership share in subsidiaries as of 31 December 2020.

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

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

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

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

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

The average number of employees with the Company in the reporting period, based on the actual number of employees at the end of each month, is 73 (as at 31 December 2019: 75).

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

The financial statements that are subject of these Notes are the **financial statements of the Company for the period from 1 January till 31 December 2020** that were approved by the Supervisory Board of the Company on the 13 April 2021, at its 116th session and that are subject to an audit by an external auditor.

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

Comparative information are the audited financial statements of the Company for the year 2019.

The Company's management assesses that the Company continues to operate for an indefinite period of time and does not expect significant changes in the business, and thus the Company's financial statements for 2020 are prepared in accordance with a going concern principle.

2. MANAGEMENT STRUCTURE

Key management of the Company for the period up to 30 September of the reporting year included the following persons:

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

Key management of the Company for the period from 01 October included the following persons:

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

3. OWNERSHIP STRUCTURE

According to records of the Central Securities Depository, the registered ownership structure of the Company as at 31 December 2020 is presented in the Note 31.1.

4. BASIS FOR THE PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

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

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

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

The Company financial statements were presented in the form and with the content specified by the provisions of the Rules on the Contents and Form of Financial Statements' Forms submitted by Companies, Cooperatives and Entrepreneurs (RS Official Gazette, No. 95/2014 and 144/2014).

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

Chart of Accounts and content of accounts in the Chart of Accounts were prescribed by the Rules on Chart of Accounts and Contents of Accounts in the Chart of Accounts for Companies, Cooperatives and Entrepreneurs (RS Official Gazette, No. 95/2014 - valid until the preparation of financial statements as of 31 December 2021).

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

- Law on Corporate Income Tax ("Official Gazette of RS", No. 25/2001, 80/2002, 43/2003, 84/2004, 18/2010, 101/2011, 119/2012, 47/2013, 108/2013, 68/2014 - other law, 142/2014, 91/2015 - authentic interpretation, 112/2015, 113/2017, 95/2018, 86/2019 and 153/2020);
- Law on Added Value Tax ("Official Gazette of RS", No. 84/2004, 86/2004 - corrigendum, 61/2005, 61/2007, 93/2012, 108/2013, 68/2014 - other law, 142/2014, 83/2015, 108/2016, 113/2017, 30/2018, 72/2019 and 153/2020);

- Rules on the Contents of Tax Balance and Other Issues of Relevance for Calculation of Corporate Income Tax ("Official Gazette of RS", No. 20/2014, 41/2015, 101/2016, 8/2019, 94/2019 and 159/2020);
- Rules on the Contents of Tax Return for Calculation of Corporate Income Tax ("Official Gazette of RS", No. 30/2015, 101/2016, 44/2018 – other laws, 8/2019, 94/2019 and 159/2020);
- Rules on Method of Classification of Non-Current Assets and on Method of Calculation of Depreciation for Taxing Purposes ("Official Gazette of RS", No. 116/2004, 99/2010, 104/2018 and 8/2019);
- Rules on Transfer Pricing and Methods Applied in compliance with the “arm’s length” principle in determining the price of transactions among related parties ("Official Gazette of RS", No. 61/2013, 8/2014 and 94/2019) and others.

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

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

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

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

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

- Pursuant to the Law on Accounting (RS Official Gazette, No. 73/2019) , the financial statements in the Republic of Serbia are to be presented in the format stipulated by the Rules on the Contents and Form of the Financial Statements Forms for Companies, Cooperatives and Entrepreneurs (RS Official Gazette, No. 95/2014 and 144/2014 - valid until the preparation of financial statements as of 31.12.2021), which deviates from the presentation and names of certain general purpose financial statements, as well as from the presentation of certain balance positions stipulated by the Revised IAS 1 - “Presentation of Financial Statements“; and
- Off-balance assets and off-balance liabilities were presented in the Balance Sheet form. According to the IFRS definition, these items are neither assets, nor liabilities.

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

Published standards and interpretations that have not yet come into force

On the day of publication of these financial statements, the following standards, their amendments and interpretations were published, but have not yet entered into force:

- Amendment to IFRS 16 "Covid 19" - effective from 1 June 2020;
- IFRS 17 “Insurance Contracts” - effective from 1 January 2023;
- Amendment to IAS 1 “Classification of Liabilities as Long-Term and Short-Term” – effective from 1 January 2023;
- Amendment to IAS 16 “Procedures before Intended Use” - effective from 1 January 2022;
- Amendment to IFRS 3 “Conceptual Framework Reference” – effective from 1 January 2022;
- Amendment to IAS 37 “Contract Performance Cost” - effective from 1 January 2022;
- Annual improvements of standards from 2018 to 2020 – effective from 1 January 2022;
- Amendments to IFRS 10 and IAS 28 “Sale or Investment of Assets between an Investor and its Associated or Joint Venture” - deferred application until the International Accounting Standards Board (IASB) completed the equity method project; and
- Amendments to IFRS 4, IFRS 7, IFRS 9, IFRS 16 and IAS 39 “Interest Rate Benchmarking - Phase 2” - effective from 1 January 2021.

5. ACCOUNTING PRINCIPLES

The following principles were applied in the preparation of Company financial statements:

- The Going Concern Principle,
- The Consistency Principle,
- The Prudence Principle,
- The Substance over Form Principle,
- The Accrual Principle,
- The Item by Item Assessment Principle.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The materiality of an error is valuated pursuant to provisions of the Framework for the preparation and presentation of financial reports that state that materiality may imply that omission or false accounting entries may affect economic decisions of users adopted based on financial statements.
Materially significant errors are valuated pursuant to relevant provisions from the Framework for the preparation and presentation of financial statements. Materiality is defined in the Company with respect to the significance of the error considering total revenues. A materially significant error is an error that for itself or together with other errors **exceeds 1,5% of the total income in the previous year**.
In these financial statements, information for the comparative year 2019 were adjusted in accordance with the requirements of the first application of IFRS 9.

7. OVERVIEW OF PRINCIPAL ACCOUNTING POLICIES

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

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

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

In preparation of Company financial statements, relevant provisions IAS 10 - “Events after the Reporting Period” were considered. They refer to events that occur between the balance sheet date and the date when the financial statements were authorized for issue. More precisely, for **effects of the event that provide evidence on circumstances at the balance sheet date**, already recognized amounts in financial statements of the Company were corrected in order to mirror corrected events after the balance sheet date; and for **effects of the event that provide evidence on circumstances**

after the balance sheet date, no adjustments of recognized amounts were applied, and if there were any, these Notes will disclose the nature of events and the valuation of their financial effects, or, if impossible to evaluate the financial effects thereof, it is disclosed that such estimate cannot be made.

7.1 Valuation

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

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

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

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

7.2 Effects of Foreign Exchange Rates and Foreign Currency Translation

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

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

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

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

Official Middle Exchange Rates of the National Bank of Serbia

Currency	*31.12.2020*	*31.12.2019*
	Amount in RSD	
1 EUR	117.5802	117.5928
1 USD	95.6637	104.9186
1 GBP	130.3984	137.5998

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

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

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

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

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

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

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

7.3 Revenues

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

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

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

For the purpose of financial reporting, within the operating revenues in Income Statement no income from the own use of products, services and merchandize and income from the change in value of inventories (increases, i.e., decreases in the value of inventories of unfinished and finished products and unfinished services), and are corrected by such amounts in the Income Statement.

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

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

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

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

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

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

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

Diversity is the basis for treatment of separate performance obligations.

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

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

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

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

Contract costs include:

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

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

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

Costs incurred in fulfilling a contract with a customer are capitalized if they are not within the scope of another standard, relate directly to the contract, generate or enhance resources that will be used in satisfying performance obligations in the future, and if such costs are expected to be recovered.
The principle in IFRS 15 are applied using the following five steps (in more detail as specified in IFRS 15):

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

A) Identify the contract with customer

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

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

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

B) Identify the performance obligations in the contract

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

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

C) Determine the transaction price

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

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

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

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

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

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

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

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

D) Allocate the transaction price

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

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

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

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

E) Recognise of revenues

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

Performance obligation may be satisfied:

- over time or
- at appoint in time.

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

- the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs;
- the entity's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or
- the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date (by diverting property for another purpose).

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

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

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

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

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

7.4. Expenses

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

The definition of expenditure includes:

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

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

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

For the purposes of financial reporting, operating expenses are corrected in the Income Statement for the amount of income from the own use of products and merchandize and income from the depreciation of inventories of products (increase, i.e., decrease in the value of inventories of unfinished and finished products and unfinished services).

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

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

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

7.5 Interest and Other Borrowing Costs

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

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

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

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

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

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

7.6 Income Tax

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

- The current tax; and
- The deferred tax.

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

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

- Deferred tax assets or
- Deferred tax liabilities.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7.7 Intangible Assets

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

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

To recognize an intangible asset, it must comply with the provisions of IAS 38 - Intangible assets:

- That it is likely that future economic benefits, attributable to assets, will flow to the Company that the Company has control over the asset, and
- That the purchase price (cost) can be reliably measured.

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

Accounting recognition of internally generated intangibles is dependent upon an assessment of whether they are created:

- In the research phase, or
- In the development phase.

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

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

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

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

7.8 Property, Plant and Equipment

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

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

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

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

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

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

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

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

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

7.9 Lease

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

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

The *fair value* is the amount for which the lease can be exchanged between knowledgeable, willing parties in arm's length transaction.

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

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

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

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

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

7.10 Amortisation of Intangible Assets, Property, Plant and Equipment

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7.11 Impairment of Intangible Assets, Property, Plant and Equipment

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

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

Recoverable amount is the higher amount of:
- The fair value, reduced by the costs of sales; and
- The use value.

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

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

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

If it has been established that the value is decreased, the accounting value is reduced to the recoverable amount. The loss due to the decrease is captured as follows:
- If the revaluation reserves were previously created for that asset, the loss is indicated by decreasing revaluation reserves, and
- If the revaluation reserves were not previously created for that asset, the loss in indicated as expenses for the respective period.

7.12 Investment Property

An investment property is a property (land or building or part of a building or both) held by the owner or the lessee in the financial lease in order to receive income from rentals or increase in capital value, or both, and not:
- To use it in the production, or acquisition of goods and services or for administration purposes; or
- The sale within the scope of usual business activities.

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

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

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

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

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

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

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

7.13 Inventories

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

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

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

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

The purchase price (cost) includes all:

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

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

Valuation of material and goods inventories spent is performed by applying the **weighted average cost formulas**, calculated at the level of each individual warehouse.

In the recognition of assets of lower value (for example small inventory items, spare parts and servicing equipment), upon its use, the entire value (100% write-off) is transferred to expenses of the respective period.

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

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

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

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

7.14 Non-Current Assets Held for Sale

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

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

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

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

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

- The accounting value, and

- The fair value reduced by the costs of sale.

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

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

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

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

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

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

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

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

7.15 Fair Value

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

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

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

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

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

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

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

Basically, all fair value assessment techniques can be divided into three groups:
- market approach - using prices and other relevant information generated by market transactions involving identical or comparable (ie similar) assets, liabilities or a group of assets and liabilities, such as a business;
- cost approach - From the perspective of a market participant seller, the price that would be received for the asset is based on the cost to a market participant buyer to acquire or construct a substitute asset of comparable utility, adjusted for obsolescence.
- income approach converts future amounts (eg cash flows or income and expenses) to a single current (ie discounted) amount. When the income approach is used, the fair value measurement reflects current market expectations about those future amounts.

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

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

The fair value hierarchy is classified into three levels, according to the inputs for the valuation technique, which is used in determining fair value. In the context in question:
- highest priority is given to the fair value determined on the basis of level 1 inputs,
- average priority of fair values determined on the basis of level 2 inputs, a
- lowest priority of fair values determined on the basis of level 3 inputs.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Therefore, the emphasis within Level 1 is on determining both of the following:
- the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability; and
- whether the entity can enter into a transaction for the asset or liability at the price in that market at the measurement date.

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

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

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

7.16 Financial Instruments

Financial assets

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

The company derecognises a financial asset when, and only when:

- the contractual rights to the cash flows from the financial asset expire, or
- it transfers the financial asset and the transfer qualifies for derecognition.

At initial recognition, the company measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. In relation to the above, the difference is that the initial recognition of trade receivables is measured at the transaction price (except in the case when the sale contains a significant component of financing).
In subsequent measurement of financial asset, the relevant group is the group in which the Company has classified the financial asset, which is conditioned by:

- business model of the Financial Management Company and
- characteristics of contractual cash flows of the financial asset ("SPPI" test - Solely Payments of Principal and Interest).

After initial recognition, the company measures a financial asset at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Asset classified in the amortized cost category should meet both criteria:

- Business model: the financial asset is held for the purpose of collecting contracted cash flows;
- SPPI test: whether the agreed conditions give the right to cash flows that represent only the payment of principal and interest.

Asset classified at fair value through other comprehensive income should meet both criteria:

- Business model: the financial asset is held to collect contracted cash flows and sales;
- SPPI test: whether the agreed conditions give the right to cash flows that represent only the payment of principal and interest.

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

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

Dividends are recognised in profit or loss only when:

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

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

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

At each reporting date:

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

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

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

<u>Financial liabilities</u>

A financial liability is any liability that is:

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

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

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

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

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

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

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

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

Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Based on all the above, the Company in accordance with Methodology for calculating the impairment of financial instruments in accordance with IFRS 9, calculated the effects of application of IFRS 9 on 01.01.2020. and on 31.12.2020.

The Company has determined that the application of IFRS 9 affected the additional amount of impairment on 01.01.2020 for RSD 145,136 thousand, recognized within the capital, ie the item of previous years retained earnings on 01.01.2020 (restated of opening balance - Note 31.6), in the manner shown in the following table.

In RSD thousand

Financial instruments	**Financial instrument as of 01.01.2020, gross**	**Allowance for impairment**	**Impairment as of 01.01.2020**	**Financial instrument as of 01.01.2020, net**
1	2	3	4	5=2+4
Buyers local – parent company and subsidiaries (acc. 200) - EP Visokogradnja (Note 25)	730.306	acc. 209	(88.028)	642.278
Short-term loans and placements – parent company and subsidiaries (acc. 230) (NOte 28)	726.257	acc. 2390	(2.288)	723.969
Long-term placements - parent company and subsidiaries (acc. 0430) (Note 23.2)	1.182.381	acc. 0493	(3.725)	1.178.656
Accrued revenue (acc. 281) (Note 30)	373.034	acc. 2819	(51.095)	321.939
TOTAL	**3.011.978**		**(145.136)**	**2.866.842**

The following table shows effects of the application IFRS 9 on 31.12.2020, which were recorded through the results of the current year (increase in gross results in the amount of RSD 10,339 thousand).

Financial instruments	Financial instruments as of 31.12.2020. gross	acc. allowance for impairment	Opening balance of impairment as of 01.01.2020	transfer from acc. 043 to acc. 234	Expenses (acc. 58)	Income (acc. 68)	FX difference	Total effects on BS on 2020	Impairment as of 31.12.2020	Financial instruments as of 31.12.2020 Net
1	2	3	4	5	6	7	8	9=6+7+8	10=4+5+9	11=2+10
Buyers in the country - parent and subsidiaries (acc. 200) - EP Visokogradnja (Note 25)	820.339	kto 209	(88.028)		(10.285)	16.903	9	6.627	(81.401)	738.938
Short-term loans and placements - parent and subsidiaries (acc. 230) (Note 28)	172.940	kto 2390	(2.288)		(14)	1.757		1.743	(545)	172.395
Portion of long-term financial placements with parent end subsidiaries up to 1 year (acc. 234) (Note 28)	1.330.852	kto 2394		(3.725)	(598)	130		(468)	(4.192)	1.326.660
Long-term placements with parent and subsidiaries (acc. 0430) (Note 23.2)	2.283.590	kto 0493	(3.725)	3.725	(7.193)			(7.193)	(7.193)	2.276.397
Receivables for uninvoiced income (acc 281) (Note 30)	372.994	kto 2819	(51.095)			9.625	5	9.630	(41.465)	331.529
TOTAL	**4.980.715**		**(145.136)**	**0**	**(18.090)**	**28.415**	**14**	**10.339**	**(134.796)**	**4.845.919**

In accordance with applied Methodology for calculation of impairment of financial instruments in accordance with IFRS 9, it has been determined that short-term financial placements given to Enjub d.o.o. is fully covered by the pledge over property of the company, so there is no amount that should be impaired in accordance with IFRS 9 (Note 41).

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

Effects of the first application of IFRS 9 on 01.01.2020 in accordance with the provisions of Article 25a of the Law on Corporate Income Tax and the provisions of IAS 12, affected increase of deferred tax assets by RSD 21,770 thousand (15% of the total effect of IFRS 9 on 01.01.2020 of RSD 145,136 thousand, recorded through increase in retained earnings in previous years - Note 31.6), while on 31.12.2020. Deferred tax assets was decreased by RSD 4,354 thousand (by 1/5 of the amount of deferred tax assets recognized on 01.01.2020 by RSD 21,770 thousand) (Notes 39).

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

When projecting net cash flows, we started from the assumption of collecting the above receivables in full, as follows:
- on 01.01.2020 within 5 (five) years, respectively
- on 31.12.2020 within 4 (four) years - for receivables with which on 01.01.2020 it is assumed that it will be collected within 5 (five) years, or within 5 (five) years - for receivables that are on 31.12.2020 passed to level 3.

When discounting the value of net cash flow, in accordance with the adopted Methodology for calculating the impairment of financial instruments in accordance with IFRS 9, the interest rate published on the NBS website on loans granted to the non-financial sector in the amount of 2.99% for receivables in EUR (taken is a maturity period of 1-5 years).

The following is an overview of financial assets in which objective evidence of impairment has been identified, with data on the carrying amount of receivables and the discounted value of net cash flows as of 01.01.2020 and 31.12.2020.

As of 01.01.2020

Financial instrument in which objective evidence of impairment has been identified	**Financial instruments as of 01.01.2020**	**Discounted value of net cash flow 01.01.2020**	**Impairment 01.01.2020.**
Buyers in the country - parent and subsidiaries (acc. 200) - EP Visokogradnja (receivables with maturity over 360 days)	650,172	562,396	(87,776)
Receivables for non-invoiced income (account 281)	373,034	321,939	(51,095)
TOTAL	**1,023,206**	**884,335**	**(138,871)**

As of 31.12.2020

Financial instrument in which objective evidence of impairment has been identified	**Financial instruments as of 31.12.2020**	**Discounted value of net cash flow 31.12.2020**	**Impairment 31.12.2020.**
Buyers in the country - parent and subsidiaries (acc. 200) - EP Visokogradnja (receivables with maturity over 360 days)	711,883	630,824	(81,059)
Receivables for uninvoiced income (account 281)	372,994	331,529	(41,465)
TOTAL	**1,084,877**	**962,353**	**(122,524)**

For other financial assets for which no objective evidence of impairment has been identified (Buyers in the country - parent and subsidiary), namely, overdue receivables and receivables with a maturity up to 360 days), Short-term loans and placements - parent and subsidiaries, financial placements to parent and subsidiaries maturing within one year and Long-term placements to parent and subsidiaries), in accordance with the adopted Methodology for calculating the impairment of financial instruments in accordance with IFRS 9, as the probability of default (PD) for receivables is the second contracting party legal entity, the rate of 0.7% determined as the average (for the observation period from 1981-2019) was used for the credit rating BB published by the renowned agency Standard & Poors, while as the second parameter in the calculation of LGD (loss given default) which means the amount of loss in case of default, used Basel LGD in the amount of 45%.

During the first application of IFRS 9, the Company applied a cumulative modified (retrospective) approach, where IFRS 9 is applied retrospectively with a cumulative effect that is recognized as an adjustment on 01.01.2020 with data correction on 31.12.2019.

7.17 Provisions, Contingent Liabilities and Contingent Assets

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

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

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

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

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

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

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

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

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

Contingent liability is:

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

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

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

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

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

7.18 Employee Benefit

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

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

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

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

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

7.19 Information on Business Segments

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

8. FINANCIAL RISKS

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

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

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

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

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

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

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

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

Considering limitations in the financial risk management that are characteristic of business on the Serbian market, it is clear that it is necessary to approach this issue in a proper manner as recognized by the Company’s management.
Essentially, financial risk management in the Company should ensure that the *Company’s risk profile* is always in compliance with *Company’s tendency towards risks* or in compliance with an acceptable structure and risk level that the Company will take in order to implement its business strategies and achieve business goals.

The following will be presented below:

- Company financial risk profile, or the assessment of the financial risks’ structure and level that the Company is exposed to in the course of its operations;
- Measures undertaken to manage the identified financial risks that the Company is exposed to; and

- Capital risk management, which, despite not specifically considered as a financial risk belonging to any of the individual financial risks' category, significantly affects the risk levels of each of the risk types considered.

8.1 Credit Risk

A credit risk is a risk of adverse effects to the financial result and capital of the Company due to debtor's failure to fulfil obligations towards the Company within the specified deadline.
Credit risks mean not only debtor-creditor relations that derive from sales of Company's products, but also credit risks that derive from other financial instruments such as receivables based on long-term and short-term financial investments.

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

The following data is presented in the Tables below:

- The structure of short-term receivables, namely: trade receivables, receivables from specific transactions and other receivables; and
- Aging structure of short-term receivables.

The following table shows the structure of trade receivables on 31.12.2020 (Note 25).

Structure of trade receivables	*in RSD thousand*	
	31.12.2020	*31.12.2019*
Buyers (related parties) - gross:		
Energoprojekt Visokogradnja Plc.	820,339	730,306
Energoprojekt Niskogradnja Plc.	91,899	41,966
Energoprojekt Hidroinženjering Plc.	1,332	8,561
Energoprojekt Entel Plc.	3,852	3,486
Energoprojekt Energodata Plc.	14,439	9,870
Energoprojekt Industrija Plc.	571	
Energoprojekt Urbanizam i Arhitektura Plc.	4,953	2,347
Energoprojekt Oprema Plc.	1,479	4,949
Energoprojekt Sunnyville Ltd.	415	695
Energoprojekt Park 11 Ltd.		38,990
Enjub Ltd.		
Subtotal gross	*939,279*	*841,170*
Allowances for impairment of trade receivables - related parties	***(81,401)***	***(88,028)***
Total buyers - related parties - net	***857,878***	***753,142***
Buyers in the country (other related parties) - gross:		
Jerry catering service Ltd.	1,397	1,464
Kappa star recycling Ltd.	14	4
Telekom Srbija Plc.	14	28
Sava neživotno osiguranje Plc.		50
Subtotal gross	*1,425*	*1,546*
Allowances for impairment of trade receivables - domestic buyers		
Total buyers in the country - other legal entities - net	***1,425***	***1,546***
Subtotal trade receivables - gross	***940,704***	***842,716***
Allowances for impairment of trade receivables	***(81,401)***	***(88,028)***
TOTAL TRADE RECEIVABLES - NET	***859,303***	***754,688***

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

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

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

The following table shows the structure of receivables from specific operations as of 31.12.2020 (Note 26).

Structure of receivables from specific operations	*in RSD thousand*	
	31.12.2020	*31.12.2019*
Receivables from specific operations (related parties) - gross:		
Energoprojekt Visokogradnja a.d.	2,788	5,130
Energoprojekt Niskogradnja Plc.	3,967	394
Energoprojekt Hidroinženjering Plc.	253	48
Energoprojekt Entel Plc.	43	38
Energoprojekt Energodata Plc.	82	197
Energoprojekt Industrija Plc.	479	134
Energoprojekt Urbanizam i arhitektura Plc.	267	24
Energoprojekt Oprema Plc.	1,863	159
Zambia Engineering and Contracting Company Limited, Zambia	1,475	1,503
I.N.E.C. Engineering Company Limited, Great Britain	357	362
Enjub Ltd.	6,430	5,283
Subtotal - gross	*18,004*	*13,272*
Allowance for impairment gross - related parties		
Total receivables from specific operations - related parties - net	***18,004***	***13,272***
Receivables from specific operations (other legal entities) - gross:		
Jedinstvena sindikalna organizacija	***2***	***2***
Other		
Subtotal - gross	*2*	*2*
Allowance for impairment - other legal entities		
Total receivables from specific operations - other legal entities - net	***2***	***2***
Total receivables from specific operations - gross	***18,006***	***13,274***
Allowance for impairment of receivables from specific operations	***-***	***-***
TOTAL RECEIVABLES FROM SPECIFIC OPERATIONS - NET	***18,006***	***13,274***

The following table shows the structure of other receivables as at 31.12.2020 (Note 27).

Structure of other receivables	***In RSD thousand***	
	31.12.2020	***31.12.2019***
Other receivables (related parties) - gross:		
Energoprojekt Sunnyville Ltd.	*1,293*	*3,769*
Enjub Ltd.	85,252	80,602
Subtotal - gross	***86,545***	***84,371***
Allowance for impairment - related parties		
Total other receivables - related parties - net	***86,545***	***84,371***
Other receivables (other legal entities) - gross	**533**	**1,610**
Allowance for impairment - other legal entities		
Total other receivables - other legal entities - net	***533***	***1,610***
Total other receivables - gross	***87,078***	***85,981***
Allowance for impairment of other receivables	***0***	***0***
TOTAL OTHER RECEIVABLES - NET	***87,078***	***85,981***

The following table shows aging structure of trade receivables as of 31.12.2020:

Aging structure of trade receivables	*in RSD thousand*	
	31.12.2020	*31.12.2019*
Related parties:		
a) Current	153	27.321
b) Up to 30 days	9.947	20.892
c) from 30 to 60 days	9.870	18.834
d) from 60 to 90 days	20.293	18.132
e) Over 90 days	899.016	755.991
Subtotal - related parties	***939.279***	***841.170***
Buyers in the country:		
a) Current	771	840
b) Up to 30 days	654	706
c) from 30 to 60 days		
d) from 60 to 90 days		
e) Over 90 days		
Subtotal - buyers in the country	***1.425***	***1.546***
Buyers abroad:		
a) Current		
b) Up to 30 days		
c) from 30 to 60 days		
d) from 60 to 90 days		
e) Over 90 days		
Subtotal - buyers abroad	-	-
TOTAL - GROSS	***940.704***	***842.716***
Allowance for impairment	***(81.401)***	***(88.028)***
TOTAL TRADE RECEIVABLES - NET	***859.303***	***754.688***

8.2. Market Risk

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

The market risk includes three risk types:

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

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

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

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

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

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

Assets in EUR		*Liabilities in EUR*	
31.12.2020	*31.12.2019*	*31.12.2020*	*31.12.2019*
26,446,238	**28,696,172**	**7,183,134**	**17,387,136**

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

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

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

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

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

Sensitivity analysis of results in case of depreciation of the national currency 10%	*in RSD thousand*	
	2020	*2019*
NET EFFECT ON THE RESULTS IN THE CURRENT PERIOD	**226.496**	**132.986**

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

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

Interest bearing structure of financial assets and liabilities with fluctuating interest rate	*In RSD thousand*	
	31.12.2020	*31.12.2019*
Interest-bearing financial assets with fluctuating interest rate:		
Short and long term loans granted to related parties (net)	2,352,910	76,521
TOTAL	**2,352,910**	**76,521**
Interest-bearing financial liabilities with fluctuating interest rate:		
Corporate bonds and short-term loans	3,300,000	744,754
TOTAL	**3,300,000**	**744,754**
DIFFERENCE	**(947,090)**	**(668,233)**

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

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

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

The sensitivity analysis of results in case of interest rate growth of 1%	*in RSD thousand*	
	2020	*2019*
NET EFFECT ON THE CURRENT PERIOD RESULTS	**(9,471)**	**(6,682)**

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

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

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

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

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

Structure of liabilities to suppliers	*In RSD thousand*	
	31.12.2020	*31.12.2019*
Suppliers in the country and abroad - subsidiaries and other related parties:		
Napred razvoj Plc.	6.580	
Energoprojekt Industrija Plc.	1.436	1.570
Energoprojekt Niskogradnja Plc.	500	
Energoprojekt Urbanizam i arhitektura Plc.	450	390
Energoprojekt Visokogradnja Plc.	393	406
Energoprojekt Energodata Plc.	245	4.143
Other		
Subtotal	***9.604***	***6.509***
Suppliers in the country (external):		
Sava Neživotno Osiguranje Plc.	1.121	1.175
PE Elektroprivreda Srbije, Beograd	993	1.194
PUC „Beogradske elektrane“, Beograd	859	773
AVB team Ltd. Beograd	670	92
PUC Gradska čistoća, Beograd	176	148
Advokat ljiljana Gnjatović	172	174
Algotech Ltd.	168	503
Aksa Ltd.	160	0
Other	2.400	4.755
Subtotal	***5.598***	***7.639***
Suppliers abroad (external):		
International Air Transport Association (*IATA*)	851	2.121
Marg Inzinjering Ltd.		3.810
Lohn Igyvedi Iroda		1.076
Other		
Subtotal	***851***	***7.007***
TOTAL	***16.053***	***21.155***

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

Aging structure of liabilities to supplers	*In RSD thousand*	
	31.12.2020	*31.12.2019*
Related parties:		
a) Current	8,214	2,196
b) Up to 30 days	921	942
c) From 30 to 60 days		471
d) From 60 to 90 days	19	493
e) From 90 to 365 days	60	2,407
f) Over 365 days	390	
Subtotal	***9,604***	***6,509***
Suppliers in the country:		
a) Current	4,006	6,269
b) Up to 30 days	444	1,086
c) From 30 to 60 days	19	282
d) From 60 to 90 days	7	
e) From 90 to 365 days	1,122	2
f) Over 365 days		
Subtotal	***5,598***	***7,639***
Suppliers abroad:		
a) Current	851	7,007
b) Up to 30 days		
c) From 30 to 60 days		
d) From 60 to 90 days		
e) From 90 to 365 days		
f) Over 365 days		
Subtotal	***851***	***7,007***
TOTAL	***16,053***	***21,155***

According to the contractual agreements and for securing payment, the Company placed to SE Elektroprivreda Srbije, 8 blank bills of exchange with a "no protest" clause (for period 2020-2021). The Company received 3 blank bills of exchange from supplier Pan Computers Ltd. In behalf of guarantee for fulfillment of obligation within the guarantee period.

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

8.3 Liquidity Risk

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

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

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

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

Liquidity Indicators	Satisfactory general standards	*2020*	*2019*
General liquidity ratio	2:1	19.71:1	2.50:1
Rigorous ratio	1:1	19.48:1	2.43:1
Operating cash flow ratio		2.69:1	0.20:1
Net working capital (in RSD 000)	Positive value	3,397,207	1,355,568

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

Therefore, we emphasize that:

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

8.4 Capital Risk Management

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

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

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

Profitability indicators	*In RSD thousand*	
	2020	*2019*
Net profit/(loss)	263,278	(28,262)
Average capital		
a) capital at the beginging of year	8,928,644	9,094,008
b) capital at the end of year	9,183,704	8,928,644
Total	*9,056,174*	*9,011,326*
Average return rate on own capital at the end of year	***2.91%***	***-0.31%***

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

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

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

Financial structure Indicator	In RSD thousand	
	31.12.2020	31.12.2019
Liabilities	4.394.324	2.272.512
Total assets	13.578.028	11.201.156
Ratio of borrowed funds to total assets	**0,32 : 1**	**0,20 : 1**
Long term assets:		
a) capital	9.183.704	8.928.644
b) long term provision and liabilities (including deferred tax liabilitie)	4.212.770	1.369.718
Subtotal	*13.396.474*	*10.298.362*
Total assets	13.578.028	11.201.156
Ratio of long term to total assets	**0,99 : 1**	**0,92 : 1**

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

Net debt means the difference between:

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

Parameters for the net debt to capital ratio	In RSD thousand	
	31.12.2020	31.12.2019
Net debt:		
a) Liabilities	4.394.324	2.272.512
b) Cash and cash equivalents	487.598	184.016
Total	*3.906.726*	*2.088.496*
Capital	9.183.704	8.928.644
Net debt to capital ratio	**1 : 2,35**	**1 : 4,28**

INCOME STATEMENT

9. OPERATING INCOME

9.1 Income from Sale of Products and Services

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

Structure of income from sale of products and services	*In RSD thousand*	
	01.01.- 31.12. 2020	*01.01.- 31.12. 2019*
Income from sale of finished products and services to parent company and subsidiaries on local market	238,389	248,266
Income from sale of finished products and services on local market	7	79
Income from sale of finished products and services on foreign markets		
TOTAL	***238,396***	***248,345***

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

- holding services provided to subsidiaries in the amount of RSD 232,615 thousand originate from contracts approved and adopted by the competent administrative bodies of the Company and subsidiaries, and in accordance with the relevant legal acts; and
- services for right-to-use solution - Electronic documentation system Business Connect (DMS) and right-to-use appropriate equipment in the amount of RSD 5,774 thousand.

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

Structure of income from the sale of finished products and services to subsidiaries on local market	*In RSD thousand*	
	01.01.- 31.12. 2020	*01.01.- 31.12. 2019*
Energoprojekt Visokogradnja Plc.	73,267	44,784
Energoprojekt Niskogradnja Plc.	70,023	88,609
Energoprojekt Hidroinženjering Plc.	12,946	13,059
Energoprojekt Entel Plc.	33,618	44,960
Energoprojekt Energodata Plc.	4,716	2,970
Energoprojekt Industrija Plc.	7,748	6,234
Energoprojekt Urbanizam i arhitektura Plc.	3,736	3,248
Energoprojekt Oprema Plc.	9,587	24,458
Energoprojekt Sunnyville Ltd.	3,387	4,489
Energoprojekt Park 11 Ltd.	19,361	15,455
TOTAL	***238,389***	***248,266***

Income from sale of finished products and services on local market in the amount of RSD 7 thousand generated by the sale of airline tickets.

9.2 Income from Premiums, Subsidies, Donations and Grants

Structure of income from premiums, subsidies, grants, donations, etc.	*In RSD thousand*	
	01.01. -31.12. 2020	*01.01. -31.12. 2019*
Income from premiums, subsidies, grants, assistance, compensation and tax returns		
Income from conditional donations	9,176	
TOTAL	***9,176***	***0***

Income from conditional donations in the amount of RSD 9,176 thousand relate to direct grants of the Government of the Republic of Serbia provided to economic entities, in accordance with:

- Decree on Fiscal Benefits and Direct Benefits to Private Sector Companies and Financial Assistance to Citizens to Mitigate the Economic Consequences of COVID - 19 ("Official Gazette of RS" No. 54/2020 and 60/2020) (hereinafter: the Decree on fiscal benefits and direct benefits of the Government of the RS), in the form of payment of non-refundable funds for salaries and wages to employees in the amount of the minimum net salary per employee (RSD 30,367.00 per month per employee, for three months); and
- Conclusion of the Government of the Republic of Serbia 05 No. 401-6052/2020 ("Official Gazette of the RS" No. 104/2020) (hereinafter: the Conclusion of the Government of the RS), in the form of payment of non-refundable funds in August and September 2020, in the amount of 60% of direct benefits from the budget of the Republic of Serbia that were paid in July 2020.

9.3 Other Operating Income

Structure of other operating income	*In RSD thousand*	
	01.01.- 31.12. 2020	*01.01.- 31.12. 2019*
Incomes from the rent collected from parent, subsidiary and other affiliated companies	13,449	13,480
Incomes from the rent collected from other legal entities on local market	8,851	9,306
Other operating income (externally)	365	605
TOTAL	***22,665***	***23,391***

Incomes from the rent collected from parent, subsidiary and other affiliated companies amounting to RSD 13,449 thousand, were generated based on:

- portion of the complex “Samački Hotel” complex in 24 Batajnički Drum, which has been rented since 2011 to the Energoprojekt Visokogradnja Company for RSD 13,020 thousand; and
- rent of a portion of the Energoprojekt building, which has been rented since 2016 to the Energoprojekt Sunnyville Company for RSD 429 thousand.

Incomes from the rent collected from other legal entities on local market amounting to RSD 8.851 thousand were generated primarily from leasing of:

- portion of the complex "Samački Hotel" complex in 24 Batajnički Drum, which has been rented since August 2017 to the Jerry Catering Service Ltd. for RSD 7,737 thousand;
- space on the roof terrace and in basement of the Energoprojekt building leased to Telekom Srbija Plc. in the amount of RSD 1.044 thousand; and
- part of the Energoprojekt building, which has been rented up to 31 May of the reporting year to the Sava Neživotno Osiguranje Plc. for RSD 70 thousand.

10. MATERIAL COSTS AND FUEL AND ENERGY COSTS

Structure of material cost and fuels and energy costs	*In RSD thousand*	
	01.01.- 31.12. 2020	*01.01.- 31.12. 2019*
Material costs:		
a) Costs of other materials (overheads)	4,224	5,313
b) Costs of one-off write-off of tools and inventory		
Subtotal	*4,224*	*5,313*
Fuel and energy costs:		
a) Costs of fuel	658	987
b) Costs of electrical energy and heatings	16,898	20,147
Subtotal	*17,556*	*21,134*
TOTAL	***21,780***	***26,447***

Costs of other material (overheads) amounting to RSD 4,224 thousand refer to the costs of office supplies amounting to RSD 1,832 thousand, professional and expert literature, magazines, etc., amounting to RSD 819 thousand and other material costs amounting to RSD 1,573 thousand.

11. EMPLOYEE EXPENSES AND BENEFITS

Structure of employee expenses and benefits	*In RSD thousand*	
	01.01.- 31.12. 2020	*01.01.- 31.12. 2019*
Expenses of wages and fringe benefits (gross)	134,066	135,533
Taxes and contributions on wages and contributions on wages payable by employer	21,033	21,199
Service agreements contributions	3,090	4,334
Copyright agreements contributions	298	418
Costs of contributions for contract fees for temporary and periodical engagement	235	1,028
Considerations to General Manager and/or Management and Supervisory Board members	12,192	12,874
Other personnel expenses and fringe benefits	4,996	9,960
TOTAL	***175,910***	***185,346***
Average number of employees	73	75

Other personnel expenses and fringe benefits amounting to RSD 4,996 thousand refer to the business trips’ expenses amounting to RSD 2,881 thousand, Company expenses for employee commuting reimbursements amounting to RSD 1,822 thousand and other employee compensations amounting to RSD 293 thousand.

12. PRODUCTION SERVICE COSTS

Structure of production service costs	*In RSD thousand*	
	01.01.- 31.12. 2020	*01.01.- 31.12. 2019*
Service of outputs		
Transportation services cost	2,347	2,530
Repairs and maintenance services' costs	33,658	33,872
Rental costs		108
Trade fairs' costs		
Advertising costs	739	980
Other service costs	11,037	13,699
TOTAL	***47,781***	***51,189***

Transportation services’ costs in the amount of RSD 2,347 thousand refer to the landline costs and mobile phone costs, internet services, taxi services, parking services for cars, postal services etc.

Repairs and maintenance services costs amounting to RSD 33,658 thousand pertain primarily to investment maintenance of the Energoprojekt building amounting to RSD 31,604 thousand and to the ongoing maintenance of equipment amounting to RSD 2,054 thousand.

Advertising costs amounting to RSD 739 thousand dominant pertain to the sponsorships expenses in the amount of RSD 588 thousand (Kopaonik Business Forum).

Costs of other services amounting to RSD 11.037 thousand refer to licenses' costs: RSD 4,788 thousand; utility costs: RSD 2,393 thousand, maintenance costs of BI solutions: RSD 1,516 thousand, costs of technical and operational support of Energoprojekt Industrija: RSD 1,411 thousand and costs of other production services: RSD 929 thousand (costs of occupational safety, vehicle registration, photocopying, binding etc.).

13. DEPRECIATION EXPENSES AND PROVISION EXPENSES

Structure of depreciation expenses and provision	*In RSDthousand*	
	01.01.-31.12. 2020	*01.01.-31.12. 2019*
Depreciation expenses:		
a) Depreciation of intangible assets (Note 21)	5,784	2,923
b) Depreciation of property, plant and equipment (Note 22)	18,227	18,024
Total	*24,011*	*20,947*
Provisions expenses		
Provisions for employee expenses and benefits	1,049	595
Total	*1,049*	*595*
TOTAL	***25,060***	***21,542***

As of 31.12.2020, the evaluation of residual value and remaining useful life of property and equipment with significant carrying amounts was done. The effect of changes in accounting estimates influenced depreciation costs for 2020, and consequently carrying amount as of 31.12.2020.

Provisions for employee expenses and benefits amount to RSD 1,049 thousand (Notes 32).

14. INTANGIBLE EXPENSES

Structure of intangible expenses	*In RSD thousand*	
	01.01.- 31.12. 2020	*01.01.- 31.12. 2019*
Intangible expenses	19,758	25,507
Expense account	2,999	6,376
Insurance premiums expenses	1,451	1,428
Payment operations' expenses	2,324	1,801
Membership fee expenses	601	701
Tax duties	19,129	18,775
Other non-operating expenses	1,980	5,505
TOTAL	***48,242***	***60,093***

Intangible expenses amounting to RSD 19,758 thousand pertain to the costs of attorney fees, consulting and intellectual services, professional training, financial statements' audit costs, education of employees, broker services, Belgrade Stock Exchange services, cleaning services and other costs.

Expense accounts amounting to RSD 2,999 thousand primarily relate to the catering services.

Insurance premium expenses amounting to RSD 1,451 thousand refer to the insurance of property and persons.

Payment operations expenses amounting to RSD 2,324 thousand pertain to the local payment operations costs dominantly from fees for use of credit facility.

Membership fee expenses amounting to RSD 601 thousand relate to membership fees to the Serbian Chamber of Commerce in the amount of RSD 342 thousand, as well as membership fees to other chambers and associations.

Tax duties in the amount of RSD 19.129 thousand refer predominantly to the property tax amounting to RSD 18,678 thousand.

Other intangible expenses amounting to RSD 1.980 refer to costs taxes and court expenses in the amount of RSD 770 thousand, printing and packing the Energoprojekt's magazine in the amount of RSD 466 thousand, participation in financing salaries of persons with disabilities in the amount of RSD 491 thousand and other intangible expenses in the amount of RSD 253 thousand (costs of advertisements, total TV, issuance of a qualified electronic certificate, etc.).

15. FINANCIAL INCOME AND FINANCIAL EXPENSE

15.1 Financial Income

Structure of financial income	*In RSD thousand*	
	01.01.- 31.12. 2020	*01.01.- 31.12. 2019*
Financial income from transactions with parent companies and subsidiaries	403,210	65,314
Financial income from other related parties	4,755	10,336
Income from dividends		17,350
Total financial income from related parties and other financial income	*407,965*	*93,000*
Interest income (third party)	451	888
Exchange rate gains and positive currency clause effects (third party)	167	4,470
TOTAL	***408,583***	***98,358***

Financial income from transactions with parent companies and subsidiaries amounting to RSD 403,210 thousand refer to dividend income in the amount of RSD 352,756 thousand (from

Energoprojekt Entel Plc.), interest income from subsidiaries amounting to RSD 50,381 thousand and income from the effects of foreign exchange clauses and foreign exchange gains from subsidiaries amounting to RSD 73 thousand.

Financial income from other related parties in the amount of RSD 4,755 thousand relates to the interest income from the joint venture Enjub Ltd. in the amount of RSD 4,657 thousand and positive currency clause effect for liabilities under the loan from Napred Razvoj Plc. in the amount of RSD 98 thousand.

Interest income (third party) in the amount of RSD 451 thousand refers regular interest on demand deposits and interest calculated from term deposits.

Exchange rate gains and positive currency clause effects (third party) in the amount of RSD 167 thousand pertain to the positive differences in exchange rates in the amount of RSD 71 thousand (primarily from term funds) and income from the effects of foreign currency clause in the amount of RSD 96 thousand (predominantly from the effects of foreign currency clause originated from liabilities from borrowings from banks).

15.2 Financial Expense

Structure of financial expenses	*In RSD thousand*	
	01.01.- 31.12. 2020	*01.01.- 31.12. 2019*
Finacial expenses from transactions with parent company and subsidiaries	351	15,303
Financial expenses from other related parties	72,109	41,334
Total financial expense incurred from related parties and other financial expenses	*72,460*	*56,637*
Interest expenses (third party)	18,253	28,036
Exchange rate losses and negative currency clause effects (third party)	194	2,539
TOTAL	***90,907***	***87,212***

Financial expenses from transactions with parent companies and subsidiaries in the amount of RSD 351 thousand dominantly pertain to the expenses incurred from the effects of foreign currency clauses from subsidiaries in the amount of RSD 315 thousand (from loans in the amount of RSD 219 thousand, namely: Energoprojekt Sunnyville, Energoprojekt Oprema, Energoprojekt Urbanizam and Arhitektura, Energoprojekt Energodata, Energoprojekt Niskogradnja and Energoprojekt Visokogradnja and receivables from services provided in the amount of RSD 96 thousand).

Financial expenses from other related parties in the amount of RSD 72,109 thousand pertain to the company Napred Razvoj Plc. in the amount of RSD 72,093 thousand (interest costs from loan: RSD 58,933 thousand, fee for loans' charges: RSD 13.160 thousand and to the joint venture Enjub Ltd. in the amount of RSD 16 thousand (negative currency clause effects from loans and interest on loans).

Interest expense (third party) in the amount of RSD 18,253 thousand dominantly relate to the interest costs from loans granted by banks in the country in amount of RSD 18,250 thousand (granted by the Erste bank and Komercijalna Banka).

Exchange rate losses and negative currency clause effect (third party) in the amount of RSD 194 thousand refer to foreign exchange losses in the amount of RSD 154 thousand (primarily cash hold on FC accounts) and costs from effects of foreign currency clause in the amount of RSD 40 thousand (dominantly receivable from non-invoiced revenue based on construction of the embassy in Abuja).

16. INCOME AND EXPENSES FROM VALUE ADJUSTMENT OF OTHER ASSETS STATED AT FAIR VALUE THROUGH PROFIT OR LOSS AND OTHER INCOME AND EXPENSES

16.1 Income from Value Adjustment of Other Assets Stated at Fair Value trough Profit or Loss

Structure of income from value adjustment of other assets stated at fair value through the balance sheet	*In RSD thousand*	
	01.01.-31.12. 2020	*01.01.-31.12. 2019*
Income from adjusting the value of receivables and short-term financial investments	28.415	
TOTAL	***28.415***	***0***

Income from value adjustment of other assets stated at fair value through profit or loss in the amount of RSD 28,415 thousand entirely relates to the effects of application of IFRS 9 - Financial instruments at the balance sheet date recorded within the item: Buyers in the country - parent and subsidiaries (Energoprojekt Visokogradnja), Short-term loans and placements - parent and subsidiaries, Portion of long-term financial placements which are due up to a year and Receivables for uninvoiced income (Note 7.16).

16.2 Other Income

Structure of other income	*In RSD thousand*	
	01.01.- 31.12. 2020	*01.01.- 31.12. 2019*
Gains on sale of intangible assets, property, plant and equipment	2.443	2.960
Gains on sale of shares and securities		
Income from effects of agreed risk protection, which cannot be disclosed under other comprehensive result		348
Income from reduction in liabilities		6.122
Other income	389	140
Income from value adjustement of property, plant and equipment	5.578	60.201
TOTAL	***8.410***	***69.771***

Gains on sale of intangible assets, property, plant and equipment in the amount of RSD 2,443 thousand predominantly relate to gains on sale of fixed assets held for sale in the amount of RSD 2,433 thousand (Note 24).

Other not mentioned income in the amount of RSD 389 thousand, mostly relate to reimbursement of tuition fees paid by a former employee in the amount of RSD 200 thousand, sale of waste paper in the amount of RSD 107 thousand and damages in the amount of from RSD 53 thousand (from Sava Neživotno Osiguranje for repair of the roof on the office building).

Income from value adjustment of property, plant and equipment in the amount of RSD 5,578 thousand relates to adjustment of fair value of the “Samački hotel” building complex (Note 22).

16.3 Expenses from Value Adjustment of Other Assets Stated at fair Value through Profit or Loss

Structure of expenses from value adjustment of other assets stated at fair value through the balance sheet	*In RSD thousand*	
	01.01.-31.12. 2020	*01.01.-31.12. 2019*
Impairment of long-term financial investments and other available-for-sale securities	7,193	
Impairment of receivables and short-term financial investments	10,897	
TOTAL	***18,090***	***0***

Impairment of long-term financial investments and other available-for-sale securities in the amount of RSD 7,193 thousand relates entirely to the effects of application IFRS 9 - Financial Instruments at the balance sheet date within the item: Long-term placements to parent and subsidiaries (Note 7.16).

Impairment of receivables and short-term financial investments in the amount of RSD 10,897 thousand relate entirely to the effects of application of IFRS 9 - Financial instruments at the balance sheet date within the item: Buyers in the country - parent and subsidiaries (Energoprojekt Visokogradnja), Short-term loans and placements - parent and subsidiaries and Portion of long-term financial placements that are due within a year and receivables for uninvoiced income (Note 7.16).

16.4 Other Expenses

Structure of other expenses	*In RSD thousand*	
	01.01.-31.12. 2020	*01.01.-31.12. 2019*
Losses incurred from shelving and sale of intangible assets, property, plant and equipment	271	75
Loss from sales of equity shares and securities		3,493
Expense from direct write-off of receivables	18,000	
Other not mentioned expense		34,572
Impairment of property, plant and equipment		
TOTAL	***18,271***	***38,140***

Losses incurred from shelving and sale of intangible assets, property, plant and equipment in the amount of RSD 271 thousand predominantly relate to losses on sale of fixed assets held for sale in the amount of RSD 270 thousand (Note 24).

Expenses from direct write-offs of receivables in the amount of RSD 18,000 thousand relate entirely to the write-off of receivables from Ringier Axcel Springer Plc. namely, receivables for paid advance in the amount of RSD 4,800 thousand and disputed performed services recorded within the item Other accrued costs and deferred revenue in the amount of RSD 13,200 thousand in accordance with judgment issued by Commercial Court Belgrade no. 38-P.2266/2018 where the Company's claims were rejected.

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

Structure of net profit/loss from discontinued operations, effects of change in accounting policy and adjustment of errors from previous year	*in RSD thousand*	
	01.01.- 31.12. 2020	*01.01.- 31.12. 2019*
Net profit from discontinued operations, effects of change in accounting policy and adjustment of errors from previous year	276	3,758
Net loss from discontinued operations, effects of change in accounting policy and adjustment of errors from previous year		
TOTAL	***276***	***3,758***

Net profit from discontinued operations, effects of change in accounting policy and corrections of errors from previous years in the amount of RSD 276 thousand relate to the subsequently determined income, i.e. expenses from the previous period in the amounts that are not significant and based on those provided recognition at the expense of, or for behalf of current period.

18. PROFIT / LOSS BEFORE TAX

Structure of gross result	*In RSD thousand*	
	01.01.- 31.12.2020	*01.01.- 31.12.2019*
Operating income	270,237	271,736
Operating expenses	318,773	344,617
Operating result	**(48,536)**	**(72,881)**
Financial income	408,583	98,358
Financial expenses	90,907	87,212
Financial result	**317,676**	**11,146**
Income from value adjustment of other assets disclosed at fair value through income statement	28,415	
Other income	8,410	69,771
Expenses from value adjustment of other assets disclosed at fair value through income statement	18,090	
Other expenses	18,271	38,140
Result from other income and expenses	**464**	**31,631**
Net profit from discontinued operations, effects of change in accounting policy and adjustment of errors from previous year	276	3,758
Net loss from discontinued operations, effects of change in accounting policy and adjustment of errors from previous year		
TOTAL INCOME	**715,921**	**443,623**
TOTAL EXPENSES	**446,041**	**469,969**
PROFIT/LOSS BEFORE TAX	**269,880**	**(26,346)**

Compared to the comparable period of the previous year, the increase in gross result of the Company in the amount of RSD 296,226 thousand is predominantly the result of incurred income from dividend from the subsidiary Energoprojekt Entel Plc. in the amount of RSD 352,756 thousand.

19. NET PROFIT / (LOSS)

Structure of net result	*In RSD thousand*	
	01.01.- 31.12. 2020	*01.01.- 31.12. 2019*
Profit / (loss) before tax	269,880	(26,346)
Tax expense for period		
Deferred tax income / (expense) for period	6,602	1,916
Net profit / (loss)	***263,278***	***(28,262)***

20. EARNINGS / (LOSS) PER SHARE

Indicator	*In RSD thousand*	
	01.01.- 31.12. 2020	*01.01.- 31.12. 2019*
Net profit / (loss)	263,278	(28,262)
The weighted average number of shares during the year	10,833,592	10,833,592
Earnings / (loss) per share (In RSD)	***24.30***	***(2.61)***

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

BALANCE SHEET

21. INTANGIBLES ASSETS

In RSD thousand

Structure of intangible assets	Software	Concessions, licenses, trademarks, rights	Intangible assets in process	Advances for intangible assets	Total
Cost or valuation					
Opening balance 01.01.2019	42.048	1.843			**43.891**
Restated opening balance					
Transfers from / on					
Additions					
Disposals					
As of 31.12.2019	**42.048**	**1.843**			**43.891**
Restated opening balance					
Transfers from / on					
Additions					
Disposals					
As of 31.12.2020	**42.048**	**1.843**			**43.891**
Accumulated depreciation					
Opening balance 01.01.2019.	12.978	353			**13.331**
Restated opening balance					
Chanrges in the year	2.738	185			**2.923**
Disposals					
Impairments					
As of 31.12.2019	**15.716**	**538**			**16.254**
Restated opening balance					
Chanrges in the year	5.600	184			**5.784**
Disposals					
Impairments					
As of 31.12.2020	**21.316**	**722**			**22.038**
Net book value					
As of 31.12.2019	***26.332***	***1.305***			***27.637***
As of 31.12.2020	***20.732***	***1.121***			***21.853***

22. PROPERTY, PLANT AND EQUIPMENT

In RSD 000

Structure of property, plant and equipment	Buildings	Plant and equipment	Investment property	Other property, plant and equipment	Property, plant and equipment under construction	Advances for property, plant and equipment	Total
Cost or valuation							
Opening balance as of 01.01.2019	**1.305.656**	**110.528**	**555.515**	**283**		**44.664**	**2.016.646**
Restated opening balance							
Additions		7.918					**7.918**
Increase by transfer							
Other transfers from / to							
Disposals		(1.459)					**(1.459)**
Gains/(loss) included into "Other result" (acc. 330)							
Gains/(loss) included into Income statement			60.201				**60.201**
FX differences							
Other increases/(decreases)							
As of 31.12.2019	**1.305.656**	**116.987**	**615.716**	**283**		**44.664**	**2.083.306**
Restated opening balance							
Additions		1.922					**1.922**
Increase by transfer							
Other transfers from / to							
Disposals		(951)					**(951)**
Gains/(loss) included into "Other result" (acc. 330)							
Gains/(loss) included into Income statement			5.578				**5.578**
FX differences							
Other increases/(decreases)							
As of 31.12.2020	**1.305.656**	**117.958**	**621.294**	**283**		**44.664**	**2.089.855**
Accumulated depreciation							
Opening balance as of 01.01.2019		**83.409**					**83.409**
Restated opening balance							
Charges in the year	11.945	6.079					**18.024**
Disposals		(1.295)					**(1.295)**
Other increases/(decreases)							
As of 31.12.2019	**11.945**	**88.193**					**100.138**
Restated opening balance							
Charges in the year	11.354	6.873					**18.227**
Disposals		(827)					**(827)**
Other increases/(decreases)							
As of 31.12.2020	**23.299**	**94.239**					**117.538**
Net book value							
As of 31.12.2019	***1.293.711***	***28.794***	***615.716***	***283***		***44.664***	***1.983.168***
As of 31.12.2020	***1.282.357***	***23.719***	***621.294***	***283***		***44.664***	***1.972.317***

On 31 December 2020 the residual value and the remaining useful lifetime for the property and equipment with significant accounting value were evaluated. Effect of changes in accounting estimates affected depreciation costs for 2020, and that, consequently carrying value of assets as of 31 December 2020 (Note 13).

Assessment of Fair Value of “Buildings”

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

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

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

The value of office building Energoprojekt on 31 December 2020 was stated at revalued amount in RSD 1,282,357 thousand. The value was determined by reducing fair value according to the latest estimate less subsequent accumulated depreciation. The last assessment was made on 31 December 2018 by an external independent qualified appraiser using the comparative method.

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

Starting from the revaluation value of the item in question as of 31 December 2020, as well as based on the assessment of the determined residual value as at 31 December 2020 and determined useful lifetime of the building (100 years; the remaining useful life as at 31 December 2020: 61 years), the amortization costs for the building over the reporting period (bearing in mind the residual value that is lower than the revalorized value thereof), is RSD 11,354 thousand.

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

in RSD thousand

No.	Building	Opening balance	Residual value as at the balance sheet date	Remaining useful life	Depreciation	Gains/(losses) included in Report on Other Income	Closing balance
1	Energoprojekt office building	1,293,711	588,476	61	11,354		1,282,357
	TOTAL	***1,293,711***	***588,476***	***61***	***11,354***		***1,282,357***

If the revaluated items had been presented by using the acquisition price method, their current value would amount to RSD 529,803 thousand.

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

An executive out-of-court mortgage was constituted on the Energoprojekt office building in favor of the creditors in question following the banking arrangements with Erste Bank, Unicredit Bank and OTP Bank (Note 41).

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

Income and expenses in respect of investment property recognised in the Income statement	*In RSD thousand*	
	31.12.2020	*31.12.2019*
Rental incomes	20,757	20,787
Direct operating costs arising from investment property that generated rental income during the year: Complex building „Samački hotel“	3,269	2,308

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

In RSD thousand

No.	**Investment property**	**Opening balance**	**Increases, (purchases, additional investments and etc.)**	**Decreases (sales, disposals and etc.)**	**Gains / (loss) included in the Income Statement**	**Closing balance**
1	Complex "Samački hotel"	615,716			5,578	621,294
	TOTAL	***615,716***			***5,578***	***621,294***

In its books, the Company posted the fair value of its investment property in the amount of RSD 621,294 thousand relating to complex "Samački hotel" area of 8,034.00 m², with using right of city construction land area of 18,598.00 m², 24 Batajnički drum, Zemun..

Valuation of the fair value of complex "Samački hotel" as at 31 December 2020 was performed by external independent, qualified valuator with recognized and relevant professional qualifications and recent relevant work experience with relevant location and category of investment property appraised. In valuation of the fair value, the external independent qualified valuator used the cost approach for the building (due to the specific characteristics of the property subject to appraisal, and due to the fact that there is no offer of similar facilities for sale/rent in the market, on a similar location) and comparative approach for land.

Income amounting to RSD 20,757 thousand was generated from the rent of the property to the Energoprojekt Visokogradnja and Jerry Catering Service Ltd. in the reporting period (Note 9.3).

An executive out-of-court mortgage was constituted on the investment property in question following banking arrangement with OTP banka, (Note 41).

23. LONG-TERM FINANCIAL INVESTMENTS

Structure of long term financial investments	In RSD thousand	
	31.12.2020	31.12.2019
Shares in subsidiaries	6,407,285	6,331,105
Shares in affiliated companies and joint ventures	14,613	14,613
Shares in other companies and other available for sale securities	126,098	126,098
Long-term investments in parent companies and subsidiaries	2,283,590	1,274,891
Other long-term financial investments	908	993
Total	*8,832,494*	*7,747,700*
Impairment	(827,397)	(815,711)
TOTAL	***8,005,097***	***6,931,989***

23.1 Share Investments

Share investments relate to investments in shares and stocks as shown in the following Table.

Structure of share investments	% of shares	In RSD thousand	
		31.12.2020	31.12.2019
Equity shares in subsidiaries			
Energoprojekt Visokogradnja Plc.	100.00%	1,909,222	1,835,786
Energoprojekt Niskogradnja Plc.	100.00%	1,104,981	1,104,981
Energoprojekt Oprema Plc.	67.87%	121,316	121,316
Energoprojekt Hidroinženjering Plc.	100.00%	427,626	427,626
Energoprojekt Urbanizam i arhitektura Plc.	100.00%	192,642	192,642
Energoprojekt Energodata Plc.	100.00%	194,862	194,862
Energoprojekt Industrija Plc.	62.77%	61,209	61,209
Energoprojekt Entel Plc.	100.00%	1,000,317	997,573
Energoprojekt Sunnyville Ltd.	100.00%	2,500	2,500
Energoprojek Park 11 Ltd.	100.00%	375,660	375,660
I.N.E.C. Engineering Company Limited, Great Britain	100.00%	70,311	70,311
Dom 12 S.A.L., Lebanon	100.00%	924,749	924,749
Energo Kaz d.o.o., Kazakhstan	100.00%	101	101
Zambia Engineering and Contracting Company Limited, Zambia	100.00%	587	587
Energoprojekt Holding Guinee S.A., Guinea	100.00%	1,628	1,628
Energoprojekt (Malesia) Sdn. Bhd., Kuala Lumpur	100.00%	19,574	19,574
Allowance for impairment		*(715,065)*	*(715,065)*
Subtotal		***5,692,220***	***5,616,040***
Equity shares in associated companies and joint ventures			
Necco Nigerian Engenering and Construction CO LTD, Kano, Nigeria	40.00%	1,063	1,063
Enjub Ltd.	50.00%	13,550	13,550
Allowance for impairment		*(1,063)*	*(1,063)*
Subtotal		***13,550***	***13,550***
Equity shares in other legal entities and other available-for-sale securities			
Beogradsko mešovito preduzeće Plc., Beograd			
Dunav osiguranje Plc.	*0.01%*	*5,814*	*5,814*
Alta banka Plc. Beograd prior Jubmes banka Plc.)	*1.41%*	*120,176*	*120,176*
Beogradska berza Plc.	*0.12%*	*100*	*100*
Poljoprivredna banka Agrobanka Plc. Beograd - in bankruptcy	*0.36%*	*7*	*7*
Beogradska industrija piva,slada i bezalkoholnih pića Plc. Beograd - in bankruptcy	*0.0005%*	*1*	*1*
Pinki Zemun Plc.	*0.004%*		
Allowance for impairment		*(104,076)*	*(95,858)*
Subtotal		***22,022***	***30,240***
TOTAL		***5,727,792***	***5,659,830***

Share investments for which impairment was performed are presented in the following Table.

Share investment - impairment	*In RSD 000*		
	Gross investment amount	*Impairment*	*Net investment amount*
Shares in subsidiaries:			
Energoprojekt Visokogradnja Plc.	1,909,222	(641,633)	1,267,589
Energoprojekt Urbanizam i arhitektura Plc.	192,642	(44,277)	148,365
I.N.E.C. Engineering Company Limited, Great Britain	70,311	(7,953)	62,358
Energoprojekt Holding Guinee S.A., Guinea	1,628	(1,628)	-
Energoprojekt (Malesia) Sdn. Bhd., Kuala Lumpur	19,574	(19,574)	-
Total	***2,193,377***	***(715,065)***	***1,478,312***
Shares in affiliated companies and joint ventures:			
Necco Nigerian Engenering and Construction CO LTD, Kano, Nigeria	1,063	(1,063)	-
Total	***1,063***	***(1,063)***	***0***
Share in other legal entities and other securities available for sale:			
Banks, financial organisations and other legal entities:			
Dunav osiguranje a.d.o.	5,814	(4,180)	1,634
Alta Banka Plc. Beograd (prior Jubmes banka Plc.)	120,176	(99,888)	20,288
Agrobanka Plc. Beograd - in bankruptcy	7	(7)	-
Beogradska industrija piva,slada i bezalkoholnih pića Plc. Beograd - in bankruptcy	1	(1)	-
Total	***125,998***	***(104,076)***	***21,922***
TOTAL	***2,320,438***	***(820,204)***	***1,500,234***

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

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

Increase in share investment in Energoprojekt Visokogradnja in 2020 compared with the reference year in the amount of RSD 73,436 thousand originates from payment of the difference in the share price to the minority shareholders of the company in question, with corresponding default interest and court costs (based on the decision of the Commercial Court of Appeal, out-of-court settlement, etc.).

Increase in share investment in Energoprojekt Entela compared to the same date of previous year amounted to RSD 2,744 thousand and it was occurred on 04 June 2020 when the Company by accepting the offer of Napred Razvoj Plc. for sale of shares, through the right of pre-emption In that occasion 203 shares of Energoprojekt Entela was acquired at a price of RSD 13,461 per share, increased by transaction costs.

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

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

Share investment in Energoprojekt (Malaysia) Sdn. Bhd., Kuala Lumpur and Necco Nigerian Engineering and Construction CO LTD, Kano, Nigeria were completely impaired because in addition to the fact that these Companies have no assets, they do not perform any business activities for a number of years now. The process of their dissolution in compliance with the local legislation is on-going.

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

The change within the item shares in other legal entities and other available for sale securities was recorded due to value adjustments of securities in securities portfolio of the Company (Alta Bank Plc. – prior Jubmes banka Plc.) and Dunav osiguranje Plc.), with their fair value on the secondary securities market as of the financial statements preparation date (recorded through the impairment account equity shares and gains/loss on securities available for sale).

The Company has shares in the following Banks with listed shares in the Belgrade Stock Exchange and their fair value was determined based on their current market value as at 31.12.2020:

- Dunav osiguranje Plc.: 527 shares, with the market value as at the balance sheet day of RSD 3,100 per share; and
- Alta Bank Plc. – prior Jubmes banka Plc.: 4,056 shares, with the market value of RSD 5,002 per share.

The Company has shares in the following legal entities:

- Belgrade Stock Exchange Plc.: 5 shares at RSD 20.000,00 per share, totaling RSD 100,000.00;
- Agricultural Bank Agrobanka Plc. Belgrade – in bankruptcy: 15 shares at RSD 500.00 per share, totaling RSD 7,500.00, which was impaired according to the inventory count on 31.12.2016,
- Beogradska industrija piva, slada i bezalkoholnih pića Plc. Belgrade - in bankruptcy: 47 shares at RSD 29.78 per share, totalling RSD 1,400, which was impaired according to the inventory count on 31.12.2016; and
- Pinki - Zemun Plc.: 3 shares at RSD 52.00 per share, totalling RSD 156.00.

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

Financial assets available for sale are presented in RSD.

23.2 Long-Term Financial Investments

Structure of long-term financial investments	*In RSD thousand*	
	31.12.2020	*31.12.2019*
Long-term investments in parent companies and subsidiaries	2,283,590	1,274,891
Impairment provision	*(7,193)*	*(3,725)*
Total	*2,276,397*	*1,271,166*
Other long term financial investments:		
Housing loans granted to employees:	908	993
Impairment provision		
Total	*908*	*993*
TOTAL	***2,277,305***	***1,272,159***

Long-term financial investments in parent companies and subsidiaries in the amount of RSD 2,283,590 thousand entirely refer to granted long-term loans in RSD (from funds - issue of corporate bonds - Note 33, given in order to repay loans to commercial banks) with a maturity of 30.12.2025 and interest calculated at an interest rate of 3M Belibor + 2.95% p.a. (quarterly calculation and payment of interest) to the following subsidiaries::

- Energoprojekt Visokogradnja: RSD 713,810 thousand upon Agreement on Long-term Loan no. 204;
- Energoprojekt Niskogradnja: RSD 1,007,786 thousand upon Agreement on Long-Term Loan no. 205;
- Energoprojekt Oprema: RSD 513,203 thousand upon Agreement on Long-term Loan no. 206; and
- Energoprojekt Hidroinženjering: RSD 48,791 thousand upon Agreement on Long-term Loan no. 207.

The Company secured the loans in question with collaterals of Energoprojekt Visokogradnja, Energoprojekt Niskogradnja and Energoprojekt Oprema - 4 (four) solo, blank signed bills of exchange with the authority to fill in and collect bills, for the amount of total debt, while collateral of Energoprojekt Hidroinženjering is 2 (two) solo, blank signatures. bills of exchange with the authority to fill in and collect bills of exchange, for the amount of the total debt.
Increase in long-term investments in parent company and subsidiaries by RSD 1,008,699 thousand is the result, primarily on the one hand:

- Increases from long-term loans granted to Energoprojekt Visokogradnja, Energoprojekt Niskogradnja, Energoprojekt Oprema and Energoprojekt Hidroinženjering in the amount of RSD 2,456,056 thousand (predominantly granted from corporate bond issues); and
- decreases, transfer from long-term loan to portion that is due within a year of Energoprojekt Visokogradnja, Energoprojekt Energodata and Energoprojekt Oprema in the amount of RSD 1,447,221 thousand (Note 28).

Impairment of long-term investment to parent and subsidiary in the amount of RSD 7,193 thousand relates to the effects of application of IFRS 9 - Financial Instruments (Note 7.16).

The long-term housing loans granted to employees that are presented among other long-term financial investments refer to 3 (three) interest-free housing credits granted to employees, two of which were granted on 10.06.1992 for the repayment period of 38.5 years, and third was granted on 28.11.1995 for the repayment period of 40 years. In compliance with the terms and provisions of the loan agreements and in compliance with the provisions of the Law on Amendments and Addenda to the Law on Housing, the Company performs revalorisation of loan instalments twice a year based on the trends in consumer prices in the Republic of Serbia for the given accounting period. Given that by the preparation of the financial statements date, relevant data for computing revaluation for 2020 was not announced, the revaluation was not performed on 31.12.2020. A portion of the long-term financial investments made on this basis with maturity dates up to one year that is being regularly repaid/collected amounts to RSD 64 thousand (Note 28).

24. INVENTORIES

Structure of inventories	In RSD thousand	
	31.12.2020	31.12.2019
Non-current assets held for sale	40,597	58,379
Advances paid for inventories and services:		
a) Advances paid for inventories and services to parent companies and subsidiaries		
b) Advances paid for material, spare parts and inventory	166	259
c) Advances paid for services	1,213	5,249
Total	*1,379*	*5,508*
Impairment provision		
TOTAL	***41,976***	***63,887***

Non-current assets held for sale in the amount of RSD 40,597 thousand relate to remained unsold real estate in K1G Building in Rakovica, Belgrade.
Pursuant to the Decision made on 146th session of the Executive Board of the Company from 2019, to Conclusion on partial settlement and costs of the procedure I.IV 122/19 dated 17.05.2019 and the Contract on sale of real estate by direct agreement under the agreement of the parties I.Iv 122/19 dated 17.05.2019. The Company on behalf of partial collection of receivables from Enjub Ltd. Belgrade and under the Agreement on Reprogramming of the Debt no. 115 dated 18.04.2012, as of promissory note, on real estate of Enjub Ltd. Belgrade, which are located in the K1G Building in Rakovica, was recorded in its business books the figure under the item non-current assets held for sale the amount of RSD 81,453 thousand.

During the reporting period, the Company incurred a profit on sale of non-current assets held for sale in the net amount of RSD 2,163 thousand (Note 16.1 and 16.2).

Summary of non-current assets held for sale is presented below:

In RSD thousand

No.	Item	Address	No.	Area m2	Cost	Tax on transfer of absolute right under Decision from 2020	Sale price	Gain / Loss from sales in previous period with correction made under Decision for tax on transfer of absolute rights from 2020	Gain/ Loss from sales in the reporting period	Net book value
1	Two bedroom apartment	Petra Konjovića 14	Lamella 1, 2nd floor, no. 15	51	6,072	157				6,229
2	Two and half bedroom app.	Petra Konjovića 14	Lamella 1, 3rd floor, no. 16	78	9,234	241				9,475
3	Two bedroom apartment	Petra Konjovića 14	Lamella 1, 3rd floor, no. 17	46	5,417	142	6,179	620		
4	Two bedroom apartment	Petra Konjovića 14	Lamella 1, 3rd floor, no. 20	50	5,856	154	6,768		758	
5	Two bedroom apartment	Petra Konjovića 14	Lamella 1, 4th floor, No. 26	45	5,350	139	6,100	611		
6	Three bedroom apartments	Petra Konjovića 14a	Lamella 2, 1st floor, no. 4	80	9,384	247	11,170		1,540	
7	Two bedroom apartment	Petra Konjovića 14a	Lamella 2, 3rd floor, no. 17	60	7,105	185				7,290
8	Studio	Petra Konjovića 14b	Lamella 3, ground floor, no. 2	29	3,421	89	3,901	391		
9	Office space	Petra Konjovića 14b	Lamela 3, ground floor, no. L5	46	5,442	126				5,568
10	Studio	Petra Konjovića 14b	Lamella 3, 2nd floor, no. 13	33	3,948	102	4,634	584		
11	Two and half bedroom app.	Petra Konjovića 14b	Lamella 3, 2nd floor, no. 14	77	9,083	238				9,321
12	Apartment	Petra Konjovića 14b	Lamella 3, attic, no. 15	54	6,361	167	7,255	727		
13	Garage place	Petra Konjovića 14a	Lamella 2, basement 2, no. 7	12	531	12	273		(270)	
14	Garage place	Petra Konjovića 14a	Lamella 2, basement 2, no. 8	12	531	12				543
15	Garage place	Petra Konjovića 14a	Lamella 2, basement 2, no. 9	12	531	12				543
16	Garage place	Petra Konjovića 14a	Lamella 2, basement 2, no. 10	12	531	12				543
17	Garage place	Petra Konjovića 14a	Lamella 2, basement 2, no. 11	12	531	12				543
18	Garage place	Petra Konjovića 14a	Lamella 2, basement 2, no. 12	12	531	12	588		45	
19	Garage place	Petra Konjovića 14a	Lamella 2, basement 2, no. 13	12	531	12	588		45	
20	Garage place	Petra Konjovića 14a	Lamella 2, basement 2, no. 16	12	531	11				542
21	Garage place	Petra Konjovića 14a	Lamella 2, basement 2, no. 17	12	531	11	588		45	
	Total			**757**	**81,453**	**2,093**	**48,044**	**2,933**	**2,163**	**40,597**

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

Advances paid for materials, spare parts and inventory in the amount of RSD 166 thousand relate to advance payments to suppliers for purchase of materials (predominantly fuel).

Advances paid for services in the amount of RSD 1,213 thousand mainly refer to advance payments to the companies: Moore Stephens Auditing and Accounting Ltd. in the amount of RSD 447 thousand (first instalment for fee for audit of financial statements for 2020) and Beogradska Berza Plc. in RSD 640 thousand (primarily, annual fee for shares' trading in 2020 in the amount of RSD 620 thousand).

25. RECEIVABLES FROM SALES

Structure from receivables from sale	*In RSD thousand*	
	31.12.2020	*31.12.2019*
Local buyers - parent company and subsidiaries	939,279	841,170
Local buyers - other affiliated companies		
Local buyers (externally)	1,425	1,546
Impairment provision	(81,401)	(88,028)
TOTAL	***859,303***	***754,688***

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

Structure of local buyers - parent companies and subsidiaries is presented in the following table.

Structure of receivables from sale	*In RSD thousand*	
	31.12.2020	*31.12.2019*
Local buyers - parent company and subsidiaries:		
Energoprojekt Visokogradnja Plc.	820,339	730,306
Energoprojekt Niskogradnja Plc.	91,899	41,966
Energoprojekt Entel Plc.	3,852	3,486
Energoprojekt Sunnyville Ltd.	415	695
Energoprojekt Hidroinženjering Plc.	1,332	8,561
Energoprojekt Industrija Plc.	571	
Energoprojekt Urbanizam i arhitektura Plc.	4,953	2,347
Energoprojekt Energodata Plc.	14,438	9,870
Energoprojekt Oprema a.d.	1,480	4,949
Energoprojekt Park 11 Ltd.		38,990
Energoprojekt Garant Plc.		
Total	***939,279***	***841,170***
Local buyers - other affiliated companies		
Enjub Ltd.		
Total	-	-
Local buyers - externally	1,425	1,546
Total	***1,425***	***1,546***
Impairment of provision (EP Visokogradnja)	*(81,401)*	*(88,028)*
TOTAL	***859,303***	***754,688***

Increase in local buyers - parent company and subsidiaries compared to the same date of previous year by RSD 98,109 thousand refers to increase in receivables under holding service contracts in the amount of RSD 82,267 thousand (primarily the result of increases in Energoprojekt Visokogradnja, Energoprojekt Niskogradnja, Energoprojekt Urbanizam I Arhitektura and Energoprojekt Energodata and reductions in Energoprojekt Hidroinženjering, Energoprojekt Oprema and Energoprojekt Park 11) and increase in receivables for lease and right-to-use solution DMS of RSD 15,842 thousand (primarily in Energoprojekt Visokogradnja: RSD 15,688 thousand).

Impairment of receivables in the amount of RSD 81,401 thousand relates entirely to the effects of application IFRS 9 - Financial Instruments - receivables from subsidiary Energoprojekt Visokogradnja (Note 7.16).

Local buyers - (externally), the Company presented security instruments from Jerry Catering Service Ltd. (3 blank solo signed bills with authorization for completing and collecting), while from other local buyers (externally) the Company does not present any collaterals.
Receivables from sale and other receivables from sale bear no interest.

26. RECEIVABLES FROM SPECIAL TRANSACTIONS

Structure of receivables from special transactions	*In RSd thousand*	
	31.12.2020	*31.12.2019*
Receivables from special transactions from parent companies and subsidiaries	11,574	7,989
Receivables from special transactions from other affiliated companies	6,431	5,283
Receivables from special transactions from other companies	1	2
Impairment provision		
TOTAL	***18,006***	***13,274***

Receivable from special transactions from parent companies and subsidiaries in the amount of RSD 11.574 thousand predominantly relate to receivables for reimbursement of costs of issue of long-term corporate bonds from which funds for long-term loans to subsidiaries were approved (Note 23.2): RSD 8,291 thousand: Energoprojekt Niskogradnja: RSD 3,659 thousand, Energorpojekt Visokogradnja: RSD 2,592 thousand, Energorpojekt Oprema RSD 1,863 thousand and Energoprojekt Hidroinženjering: RSD 177 thousand), re-charged costs of airline tickets in the amount of RSD 1,233 thousand (primarily, Energoprojekt Industrija: RSD 459 thousand and Zambia Engineering and Contracting Company Limited, Zambia: RSD 317 thousand), re-charged costs of taxes and directors' contributions Zambia Engineering and Contracting Company Limited, Zambia: RSD 1,158 thousand and re-charged costs of electricity, office building insurance and membership fees: RSD 453 thousand (Energoprojekt Visokogradnja: RSD 197 thousand and Energoprojekt Urbanizam I Arhitektura: RSD 126 thousand).

Increase in receivables from special transactions from parent companies and subsidiaries compared to the same date of previous year in the amount of RSD 3,585 thousand relates, firstly, to increase on the basis of receivables for reimbursement of long-term corporate bonds: RSD 8,291 thousand and on the other hand, a decrease in receivables for re-charged air ticket costs in the amount of RSD 4,275 thousand (predominantly from Energoprojekt Visokogradnja).

Receivables from special transactions from other affiliated companies in the amount of RSD 6,431 thousand entirely relate to joint venture Enjub for re-charged court and administrative fees, re-charged costs of net salaries, taxes and contributions of director and re-charged costs of legal services from previous years. The Company does not have collection security instruments in this regards.

Increase in receivables from specific transactions in relation to the previous year was recorded primarily with company Enjub, based on re-charged costs of net salaries, taxes and contributions of director of Enjub Ltd. in 2020.

The structure of receivables from special transactions by legal entities is presented in Note 8.1.

27. OTHER RECEIVABLES

Structure of other receivables:	In RSD thousand	
	31.12.2020	31.12.2019
Interest and dividends receivables:		
a) Interest and dividend receivable from parent companies and subsidiaries	1,293	3,769
b) Interest and dividend receivable from affiliated companies	85,252	80,602
c) Dividend receivables - other legal entities		144
Total	*86,545*	*84,515*
Receivables from employees	1	317
Receivables for overpaid profit tax		
Recevables for overpaid other taxes and contributions		
Receivables for fringe benefits' returns	532	991
Other receivables		158
Impairment provision		
TOTAL	***87,078***	***85,981***

Structure of interest and dividend receivables in the amount of RSD 86,545 thousand is presented in the following table.

Structure of interest and dividend receivables	In RSD thousand	
	31.12.2020	31.12.2019
Interest receivables from parent and subsidiary:		
Energoprojekt Sunnyville Ltd.	1,293	3,769
Subtotal	*1,293*	*3,769*
Interest receivables from other related legal entities:		
Enjub Ltd.	85,252	80,602
Subtotal	*85,252*	*80,602*
Dividend receivables from other legal entities:		
Komercijalna banka Plc. (Note 23.1)		144
Subtotal	*0*	*144*
TOTAL	***86,545***	***84,515***

Decrease in interest receivable from parent company and subsidiaries by RSD 2,476 thousand was recorded in Energoprojekt Sunnyville (interest collected in the reporting period.

Increase in **interest receivables from other related parties** by RSD 4,650 thousand from accrued and uncollected interest in the reporting period, relates to Enjub Ltd..
Receivables for fringe benefits' returns in the amount of RSD 532 thousand pertain to the receivables for sick leave longer than 30 days and maternity leaves.

28. SHORT-TERM FINANCIAL INVESTMENTS

Structure of short term financial investments	*In RSD thousand*	
	31.12.2020	*31.12.2019*
Short-term loans and investments - parent companies and subsidiaries	176,166	726,257
Short-term loans and investments - other affiliated companies	76,513	76,521
Portion of long-term financial investments with maturity date up to one year:		
a) Portion of long-term financial investments in parent company and subsidiaries with maturity date up to one year	1,485,701	
b) Portion of other long-term financial investments with maturity date up to one year (Note 23.2)	64	64
Total	*1,485,765*	*64*
Impairment provision	(4,737)	(2,288)
TOTAL	***1,733,707***	***800,554***

Structure of impairment provision of short-term financial investments	*In RSD thousand*	
	31.12.2020	*31.12.2019*
Impairment of short-term loans and investments - parent and subsidiaries	(545)	(2,288)
Impairment of portion of long-term financial investments - parent and subsidiary that is due with a year	(4,192)	
TOTAL	***(4,737)***	***(2,288)***

Short-term loans and investments - subsidiaries and other related parties pertain to the loans approved with maturity dates up to 12 months (with interest rate which is calculated for subsidiaries in accordance with the principle of "arm's length" for the year 2021, and for other affiliated companies with interest rate of 3M Euribor + 6.5% pa.) presented in the following table below.

No	Borrower and Agreement no.	Original currency	Loan amount in original currency in 000	Remained amount from loan in original currency in 000	Remained amount from loan in RSD 000	Due date	Interest rate
1	**EP Urbanizam i arhitektura Plc.**						
	Debt Rescheduling Agreement no. 22	EUR	142	142	16.694	31.12.2021	interest rate calculated in accordance with "arm's length" principle for 2021
2	**EP Energodata Plc.**						
	Debt Rescheduling Agreement no. 24	RSD	3.226	3.226	3.226	31.12.2021	interest rate calculated in accordance with "arm's length" principle for 2021
3	**EP Oprema Plc.**						
	Debt Rescheduling Agreement no. 23	EUR	35	35	4.148	31.12.2021	interest rate calculated in accordance with "arm's length" principle for 2021
4	**EP Sunnyville Ltd.**						
	Annex 3 Debt Rescheduling Agreement 375	EUR	4.868	1.294	152.098	31.12.2021	interest rate calculated in accordance with "arm's length" principle for 2021
	Total subsidiaries	RSD	**3.226**	**3.226**	***176.166***		
		EUR	**5.045**	**1.471**			
1	**Enjub Ltd.**						
	Annex no. 13 Loan Agreement no. 367	EUR	137	137	16.167	31.12.2021	3M Euribor + 6.5% p.a.
	Annex 9 Debt Rescheduling Agreement 115	EUR	1.198	513	60.346	31.12.2021	3M Euribor + 6.5% p.a.
Total other related parties		EUR	***1.335***	***650***	***76.513***		
TOTAL		RSD	***3.226***	***3.226***	***252.679***		
		EUR	6.380	2.121			

Decrease in **short-term loans and investments – parent company and subsidiaries** by RSD 550,091 thousand is the result of net effect, on the one hand:

- repayment of the Energoprojekt Niskogradnja loan: RSD 204,442 thousand, Energoprojekt Park 11: RSD 54,171 thousand and partial repayment of Energoprojekt Sunnyville loan: RSD 299,231 thousand and positive outcomes of currency clauses: RSD 44 thousand and, on the other hand
- Debt Rescheduling Agreement made with Energoprojekt Oprema: RSD 4,148 thousand and Energoprojekt Energodata: RSD 3,226 thousand where computed but uncollected interest as at the balance sheet date was added to debt principal - loans granted during the reporting year; and
- Debt Rescheduling Agreement made with Energoprojekt Urbanizam i Arhitektura: RSD 428 thousand where computed but uncollected interest as at the balance sheet date was added to debt principal from loan from previous years.

Impairment of short-term investment - parent and subsidiary in the amount of RSD 545 thousand relates to the effects of IFRS 9 - Financial instruments placements to Energoprojekt Urbanizam I Arhitektura: RSD 53 thousand, Energoprojekt Oprema: RSD 13 thousand and Energoprojekt Sunnyville: RSD 479 thousand (Note 7.16).

The Company has 2 (two) signed blank solo bills of exchange to be filled out by beneficiary to be used as collateral for the collection of entire amount in respect of loans granted to subsidiaries.

As collateral for securing payment under Loan Agreements made with other related parties, the Company has blank promissory note with the clause "without protest" and mortgage pledged on property of Enjub Ltd., Belgrade (Note 41).

Summary of portion of long-term financial investments to parent company and subsidiary with maturity up to one year in the amount of RSD 1,485,701 thousand refers to granted long-term loans and interest added which are due up to a year (31 December 2021), with interest rate of 2.87%, is shown in the following tables.

No.	Borrower and contract number	Original currency	Loan amount in original currency in thousand	Outstanding receivable from loan in original currency in thousand	Outstanding receivable from loan in RSD thousand
1	**EP Energodata Plc.**				
	Debt Rescheduling Agreement no. 21	EUR	787	787	92,500
	Agreement on assignment of claims and regulation of mutual relations no. 117	EUR	500	500	58,790
2	**EP Oprema Plc.**				
	Debt Rescheduling Agreement no. 20	EUR	5,504	5,004	588,324
	Loan Agreement no. 125	EUR	935	935	109,938
	Loan Agreement no. 177	EUR	532	532	62,529
3	**EP Visokogradnja Plc.**				
	Debt Rescheduling Agreement no. 18	EUR	4,551	4,551	535,140
TOTAL (PRINCIPAL)		EUR	12,809	12,309	**1,447,221**

Borrower and contract number	Original currency	Interest amount in original currency in thousand	Outstanding receivable from interest in original currency in thousand	Outstanding receivable from interest in RSD thousand
EP Energodata a.d.				
Debt Rescheduling Agreement no. 21	EUR	22	22	2,655
Agreement on assignment of claims and regulation of mutual relations no. 117	EUR	8	8	904
EP Oprema a.d.				
Debt Rescheduling Agreement no. 20	EUR	150	150	17,669
Loan Agreement no. 125	EUR	13	13	1,571
Loan Agreement no. 177	EUR	3	3	323
EP Visokogradnja a.d.				
Debt Rescheduling Agreement no. 18	EUR	131	131	15,358
'AL (INTEREST)	EUR	327	327	**38,480**

Impairment of portion of long-term financial investments to parent and subsidiary which is due up to a year in the amount of RSD 4,192 thousand relates to the effects of application of IFRS 9 - Financial Instruments. It is about loan granted to Energoprojekt Visokogradnja in the amount of RSD 1,734 thousand and Energoprojekt Oprema in the total amount of RSD 2,458 thousand (Note 7.16).

Portion of other long-term financial investments which is due up to a year in the amount of RSD 64 thousand relates to long-term housing loans granted to employees (Note 23.2).

29. CASH AND CASH EQUIVALENTS

Structure of cash and cash equivalents	*In RSD thousand*	
	31.12.2020	*31.12.2019*
Current (business) account	19,796	57,147
Restricted cash and letters of credit		
Foreign currency account	47,789	203
Foreign currency 'petty cash		
Other cash		
a) Short-term term deposits	420,000	126,666
b) Other cash	13	
Total	*420,013*	*126,666*
TOTAL	***487,598***	***184,016***

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

Short term deposits in the amount of RSD 420,000 thousand refer to the short term deposits held with business banks in the country (Erste Bank Plc., Novi Sad) to 11 days terms, with interest rate of 0.20%. The term deposits are in RSD.

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

30. PREPAYMENTS AND DEFERRED EXPENSES

Structure of prepayments and deferred expenses	*In RSD thousand*	
	31.12.2020	*31.12.2019*
Prepayments:		
a) Prepaid expenses - parent company and subsidiaries	1,565	1,649
c) Prepaid subscriptions for expert and professional publications	94	504
c) Prepaid insurance premiums	668	717
Total	*2,327*	*2,870*
Receivables for accrued non-invoiced income:		
a) Receivables for accrued non-invoiced income - parent company and subsidiaries	480	
b) Receivables for accrued non-invoiced income - other affiliated companies	373,171	373,502
Total	*373,651*	*373,502*
Other prepayments and deferred expenses:		
a) Deferred value added tax	4,564	6,421
b) Other prepayments and deferred expenses	12,016	24,264
Total	*16,580*	*30,685*
Impairment of receivables for non-invoiced income - other legal entities	*(41,465)*	*(51,095)*
TOTAL	***351,093***	***355,962***

Prepaid expenses - parent companies and subsidiaries in the amount of RSD 1,565 thousand entirely refer to Energoprojekt Energodata, to prepayments for licensing costs.

Prepaid insurance premiums in respect of insurance of property and persons in the amount of RSD 668 thousand refers to Sava Nezivotno Osiguranje in the amount of RSD 563 thousand, Wiener Stadtische Insurance in the amount of RSD 102 thousand and Uniqua Osiguranje in RSD 3 thousand.

Receivables for accrued non-invoiced income in the amount of RSD 373,171 thousand refer to the realization of the Agreement on Construction of the Republic of Serbia Embassy Building in Abuja, Federal Republic of Nigeria, a turnkey project, on the cadastral lot No. 313, registered in the Real Estate Registry, Cadastral Zone A00 in the amount of RSD 372,994 thousand and calculated revenues for 2020 from lease in the amount of RSD 177 thousand.

Impairment of receivables for non-invoiced income from other legal entities in the amount of RSD 41,465 thousand refers entirely to the effects of application of IFRS 9 - Financial Instruments for receivables for non-invoiced income from the Republic of Serbia based on construction -- construction of the embassy in Abuja, Nigeria (Note 7.16).

Deferred value added tax in the amount of RSD 4,564 thousand and it is reported amount of VAT in the reporting year according to which deduction of previous tax is generated in the following accounting period.

Deferred VAT includes: VAT in from invoices related to reporting period but received after tax return for December 2020 and presented VAT from accounting approvals issued in 2021 related to transactions made in 2020.

Other prepayments and deferred income in the amount of RSD 12,016 thousand mostly relate to development of the location Block 26, Block 45 facility C and Blok 70 facility C in the amount of RSD 10,409 thousand (treatment of the payment will be regulated in the following period).

31. CAPITAL

In RSD thousand

Description	Share capital	Other issued capital	Share issue premium	Redeemed own shares	Reserves	Revalued reserves	Unrealised gains/loss on AFS securities	Undistributed profit	Loss	Total
Opening balance as of 01.01.2019	*5.574.959*	*27.178*	*1.526.164*	*(49.827)*	*214.881*	*784.634*	*(4.208)*	*1.020.227*		9.094.008
Net profit for the year									(28.262)	(28.262)
Other comprehensive income										
a) Changes in fair value of available-for-sale financial assets							(13.108)			(13.108)
b) Revaluation										
c) Other - adjustment of net value, IAS 12 and other										
Total - other comprehensive result							(13.108)			(13.108)
Total comprehensive result for 2019							(13.108)		(28.262)	(41.370)
Adjustments								(628)		(628)
Increase in share capital										
Profit distribution										
Other (IFRS 9, IAS 12)								(123.366)		(123.366)
As of 31.12.2019	***5.574.959***	***27.178***	***1.526.164***	***(49.827)***	***214.881***	***784.634***	***(17.316)***	***896.233***	***(28.262)***	***8.928.644***
Net profit for the year								263.278		263.278
Other comprehensive income										
a) Changes in fair value of available-for-sale financial assets							(8.218)			(8.218)
b) Revaluation										
c) Other - adjustment of net value, IAS 12 and other										
Total - other comprehensive result							(8.218)			(8.218)
Total comprehensive result for 2020							(8.218)	263.278		255.060
Adjustments										
Increase in share capital										
Profit distribution								(28.262)	28.262	
Other - (transfer from other equity items to retained earnings)		(27.178)			(134.881)			162.059		
As of 31.12.2020	***5.574.959***		***1.526.164***	***(49.827)***	***80.000***	***784.634***	***(25.534)***	***1.293.308***		***9.183.704***

31.1 Equity Capital

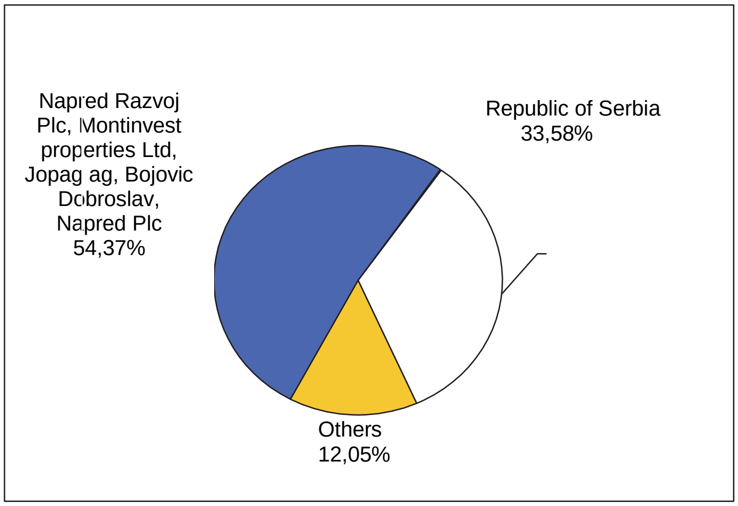
According to the Central Securities, Depository and Clearing House Register, the Company's present ownership structure as at 31.12.2020 is as follows:

	No. of shares	% of total issue
Shares owned by physical persons	**731,266**	**6.69**
Shares owned by legal persons	**9,843,080**	**90.04**
- Republic of Serbia	3,671,205	33,58
- Other legal entities	6,171,875	56.46
Aggregate (custody) account	**356,946**	**3.27**
Total no. of shares	**10,931,292**	**100**

No. of shareholders with equity investments	No of persons			No. of shares			% of total issue		
	domestic	foreign	total	domestic	foreign	total	domestic	foreign	total
Up to 5%	3,574	164	3,738	1,325,903	47,756	1,373,659	12,13%	0,44%	12.57%
5% to 10%	1	1	2	564,699	560,731	1,125,430	5.17%	5.13%	10.30%
More than 10% to 25%	0	0	0	0	0	0	0.00%	0%	0.00%
More than 25% to 33%	0	0	0	0	0	0	0.00%	0.00%	0.00%
More than 33% to 50%	2	0	2	8,432,203	0	8,432,203	77.14%	0.00%	77.14%
More than 50% to 66%	0	0	0	0	0	0	0.00%	0.00%	0.00%
More than 66% to 75%	0	0	0	0	0	0	0.00%	0.00%	0.00%
More than 75%	0	0	0	0	0	0	0.00%	0.00%	0.00%
Total no.	3,577	165	3,742	10,322.805	608,487	10,931,292	94,43%	5,57%	100.00%

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

Name	No. of shares	% of total issue
Napred Razvoj Plc Novi Beograd	4,760,998	43,55%
Republic of Serbia	3,671,205	33.58%
Montinvest Properties l.l.c.	564,699	5,17%
Jopag AG	560,731	5,13%
Tezoro broker PLC – summery account	257,950	2.36%
Energoprojekt Holding PLC	97,700	0.89%
Tezoro broker PLC	81,150	0.74%
Bojović Dobroslav	47,004	0.43%
Vojvođanska banka Plc.Novi Sad-summ.account	41,107	0,38%
Grujić Sava	31,301	0,29%



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

Structure of equity capital	*in RSD thousand*	
	31.12.2020	*31.12.2019*
Share capital:		
a) Share capital in parent companies, subsidiaries and other affiliated companies		
b) Share capital (externally)	5,574,959	5,574,959
Total	*5,574,959*	*5,574,959*
Issuing premiums	1,526,164	1,526,164
Other share capital		27,178
TOTAL	***7,101,123***	***7,128,301***

Share capital consists of 10,931,292 ordinary shares with nominal value of RSD 510.00 (RSD 5,574,959 thousand) and nominal book value of RSD 840.13.

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

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

Issuing premium of RSD 1,526,164 is positive difference between the achieved selling price per share and the nominal value of such shares, which is the result of the conversion of shares of the Energoprojekt System subsidiaries into Company shares at the par value of 1:1 in 2006, in the amount of RSD 1,363,471 thousand and repurchase and sale of own shares in the period from 2006 to 2011 in the amount of RSD 237,014 thousand and on the basis of the purchase of own shares at value above nominal in 2017 in the amount of RSD 74,321 thousand for which the previous balance of the emission premium was reduced (Note 31.2).

Pursuant to the Decision on distribution of retained earnings made under item 3 of the agenda at the 52nd regular session of the Assembly of the Company held on 23 July 2020, the amount within the item Other share capital in the amount of RSD 27,178 thousand was fully restated within the item Retained earnings from previous years (Note 31.6).

31.2 Purchased own shares

Structure of purchased own shares	*in RSD thousand*	
	31.12.2020	*31.12.2019*
Purchased own shares	49,827	49,827
TOTAL	**49,827**	**49,827**

Pursuant to the Decision by the Supervisory Board to acquire own shares on a regulated market made on February 13, 2017, the Company acquired 97,700 of own shares on the Belgrade Stock Exchange (which amounts to 0.89376% of the total number of shares with voting rights) with nominal value of RSD 49,827 thousand.

31.3 Reserves

Structure of reserves	*in RSD thousand*	
	31.12.2020	*31.12.2019*
Legal reserves		23,185
Statutory and other reserves		111,696
Other reserves	80,000	80,000
TOTAL	**80,000**	**214,881**

Pursuant to the Decision on distribution of retained earnings made under item 3 of the agenda at the 52nd regular session of the Assembly of the Company held on 23 July 2020, the legal reserves (from previous years) in the amount of RSD 23,185 thousand, statutory reserves (from previous years) in the amount of RSD 111,696 thousand have been fully restated within the item Retained earnings from previous years (Note 31.6).

According to Article 282, paragraph 4, item 2 of the Law on Business Companies and pursuant to the Decision of the Shareholders Assembly from 2017, a **dedicated reserves** in the amount of RSD 80,000 thousand for acquiring own shares for distribution to employees with the Company, or to affiliated company, or for rewarding members of the Executive and Supervisory Board, were created.

31.4 Revaluation Reserves from Revaluation of Intangibles, Property, Plant and Equipment

Structure of revaluation reserves from revaluation of intangibles, property, plant and equipment	*in RSD thousand*	
	31.12.2020	*31.12.2019*
Revaluation reserves based on revaluation of property - Energoprojekt building	784,634	784,634
TOTAL	***784,634***	***784,634***

The following was disclosed in the Revaluation reserves from revaluation of property - Energoprojekt building position, in the amount of RSD 784,634 thousand:

- Effects of posting of the fair value of the Energoprojekt building as at 31.12.2018 in the amount of RSD 824,556 thousand;
- Levelling of the present value per m² of the Energoprojekt building in the amount of RSD 98,543 thousand; and
- Posting of 15% profit tax (negative aspect of revaluation reserves) for the amount of deferred tax on the basis of revaluation reserves, in compliance with IAS 12 - Income Taxes, in the amount of RSD 138,465 thousand.

31.5 Unrealized Losses from Securities and Other Components of Other Comprehensive Result (debit balance under account class 33, excl. 330)

Structure of unrealized losses from securities and other components of other comprehensive results (debit balances under account class 33, excl. 330)	*in RSD thousand*	
	31.12.2020	*31.12.2019*
Unrealized losses on securities available for sale	25,534	17,316
TOTAL	***25,534***	***17,316***

Changes in the position of **Unrealized losses on securities available for sale** in the amount of RSD 8,218 thousand pertain adjustments of value of securities in Company portfolio (Alta Banka Plc., Beograd – prior Jubmes banka Plc. and Dunav Osiguranje Plc.), with their fair value in the secondary securities market as at the financial statements date (Note 23.1.).

31.6 Retained Earnings

Structure of retained earnings	*in RSD thousand*	
	31.12.2020	*31.12.2019*
Retained earnings from previous years:		
a) Balance as at 1 January of the reporting period	896,233	1,020,227
b) Correction of profit based on income tax		(628)
c) Profit distribution	(28,262)	
d) Transfer from other equity items	162,059	
e) Other restated amounts (IFRS 9, IAS 12)		(123,366)
Total	1,030,030	896,233
Retained earnings from current years	263,278	
TOTAL	***1,293,308***	***896,233***

In 52nd ordinary General Meeting of the Company held on 23 July 2020, within the item 3 of the meeting agenda, the decision on distribution of the retained earnings was made under the following stipulates:

- incurred loss for 2019 in the amount of RSD 28,262 thousand is fully covered from the retained earnings from previous years and
- legal reserves in the amount of RSD 23,185 thousand, Statutory reserves in the amount of RSD 111,696 thousand and the amount within the item Other share capital in RSD 27,178 thousand are fully restated within the item retained earnings from previous years (total RSD 162,059 thousand).

Retained earnings from prior years in the amount of RSD 263,278 thousand relate to the net result of the Company incurred in the reporting period (Note 19).

Data for the comparative year were adjusted in accordance with the first application of IFRS 9 in the net amount of RSD 123,366 thousand as follows:

- on the one hand, the effect of first application of IFRS 9 on the Company's financial assets on 01.01.2020 in the amount of RSD 145,136 thousand (Note 7.16) and
- on the other hand, increase in deferred tax assets by RSD 21,770 thousand in accordance with the provisions of Article 25a of the Law on Corporate Income Tax and the provisions of IAS 12 (Note 39).

31.7 Loss

Structure of loss	*In RSD thousand*	
	31.12.2020	*31.12.2019*
Loss from prior years		
Loss from current year		(28,262)
UKUPNO	***0***	***(28,262)***

Pursuant to the Decision on distribution of retained earnings made under item 3 of the agenda at the 52nd regular session of the Assembly of the Company held on 23 July 2020, incurred loss for 2019 in the amount of RSD 28,262 thousand is fully covered from the retained earnings of previous years (Note 31.6).

32. LONG-TERM PROVISIONS

Long-term provisions are recognized in the following cases:

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

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

Structure of long term provisions	Provisions for wages and other employee benefits	Other long term provision	TOTAL
Opening balance as of 01.01.2019	2,812		2,812
Additional provision	595		595
Utilised in the year	(145)		(145)
Cancellation of unused amount			
As of 31.12.2019	3,262		3,262
Additional provision	1,049		1,049
Utilised in the year	(826)		(826)
Cancellation of unused amount			
As of 31.12.2020	**3,485**		**3,485**

Provisions for wages and other employee benefits (provisions for non-due retirement bonuses) are disclosed based on actuarial calculation made on 31 December 2020.

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

Decrease of the provision amount based on current retirement bonus values (by 6.91%) in the balance sheet as at 31.12.2020 in comparison to the retirement bonus values in the balance sheet as at 31.12.2019, was the result of several changed factors:

- on one hand, changes of some factors affect the increase of the provision amount (increase in the average expected retirement bonus by 9.21%); and
- on the other hand, changes of some factors affect the decrease of the provision amount (a decrease in the total number of employees by 11.69% and reduction the average years of service in the Company to 3.3%).

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

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

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

The retirement bonus is, as of the beginning of 2015, pursuant to the provisions of the Collective Agreement in force, paid in the Company in compliance with the Article 57 of the Collective Agreement regulating employment in the country, according to which the Employer is to pay to the Employee retirement bonus amounting to two average gross salaries in the Republic of Serbia according to the latest data published by the relevant Republic authority in charge of statistics. In compliance with the legislation in force, the above mentioned amount is non-taxable.

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

The rate of **4.5%** was accepted as the **annual discount rate**.

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

Since the financial market of Serbia is insufficiently developed, the actual annual yield from the purchase of government bonds with the Republic of Serbia as the guarantor should be used as a reference for the determination of the discount rate as at the balance sheet date. In compliance to the above stated, the discount rate was determined according to the annual yield of long term government bonds issued by the Public Debt Administration of the Ministry of Finance of the Republic of Serbia, which were achieved in the relevant period. Annual yield on 12-years RSD securities issued on 01.12.2020 was 3.85%. Increased adopted discount rate compared to yield is a consequence of the fact that average maturity of benchmark securities is lower than average maturity of the benefits in question, and thus in the manner provided for in paragraph 86, IAS 19, the yield curve was extrapolated.

The annual expected salary growth in the Republic of Serbia was planned at the level of **2.5%.**

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

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

The target inflation of 3% has been foreseen in the Memorandum for several years, but in real states it is generally lower (in 2020 - 1.3%; in 2019 – 1.5%; in 2018 – 2%; in 2017 - 3%; in 2016 - 1.6% and in 2015 - 1.5%). Therefore, it is more realistic to plan inflation 1.5 percentage point lower than the target.

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

If the inflation rate would change in the future, the applied logic would result in the change of nominal wages, but also in the discount rate (that is predominantly defined by the inflation rate), so that the change would not lead to the change in results presented in this document. The methodology used, indicating the long-term planned annual growth of wages in the Republic of Serbia of 2.5% and long-term annual discount rate of 4.5%, assumes the same, unchanged inflation rate in future. This assumption is requested in the paragraph 78 of IAS 19.

33. LONG-TERM LIABILITIES

Structure of long-term liabilities	*In RSD thousand*	
	31.12.2020	*31.12.2019*
Liabilities towards other related parties	730,472	1,196,624
Liabilities from issued securities in a period over a year	3,300,000	
Other long-term liabilities	37,928	35,549
TOTAL	***4,068,400***	***1,232,173***

The structure of **liabilities towards other related parties** is shown in the table below.

Structure of long-term loans and borrowings towards other related parties	Interest rate	*In RSD thousand*	
		31.12.2020	*31.12.2019*
Napred Razvoj Plc.			
Long-term borrowing	*6% p.a.*	726,175	1,196,624
Long-term liabilities arising from interest on loans whose payment was delayed		4,297	
TOTAL		***730,472***	***1,196,624***

Liabilities towards other related parties in the amount of RSD 730,472 thousand entirely relate to liabilities towards Napred Razvoj Plc. according to Annex no. 5 of the Loan Agreement no. 91 dated 29 March 2019 under the following:

- long-term loan in the amount of RSD 726,175 thousand (EUR 6,176 thousand) at interest rate of 6% per annum and maturity of 30.03.2022 (with the possibility of early repayment); and
- long-term liabilities based on interest on loan for the period March - June 2020, the payment of which was postponed (based on the Decision of the National Bank of Serbia on temporary measures to preserve the stability of the financial system, which established a moratorium on loan repayments) in the amount of RSD 4,297 thousand (EUR 36 thousand), which according to the repayment plan are paid monthly in equal installments until the due date of the loan (part of the liability on this basis due on 31.12.2021 in the amount of RSD 17,188 thousand is recorded within the item Interest payable and financing costs - Note 37).

The Company issued 4 solo blank signed bills of exchange to secure the above borrowing.

Liabilities for issued long-term securities in the period over a year in the amount of RSD 3,300,000 thousand relate entirely to long-term corporate bonds issued on 30.12.2020; 330,000 bonds of individual nominal value of RSD 10,000.00 (based on the decision of the General Meeting of the Company dated 23.07.2020 on the issuance of corporate bonds of the Company through a public offering and the decision of the Supervisory Board of the Company dated 25.11.2020 on the issuance of the first issue of corporate bond), at annual interest rate of 2.95% + 3m Belibor with maturity of

30.12.2025 and quarterly calculation and payment of interest. Part of the funds from the issue of long-term corporate liabilities in the amount of RSD 2,283,590 thousand was used to provide long-term loans to subsidiaries in order to repay loans to commercial banks (Note 23.2).

Other long-term liabilities in the amount of RSD 37,928 thousand relate to:

- long-term advance received from Jerry catering service Ltd., Belgrade in RSD 27,812 thousand (EUR 235 thousand) according to Annex no. 1 of Contract no. 123 on long-term lease (for 15 years) a part of business area 935.56 m2 located within the buildings complex "Samački hotel", Batajnički drum no. 24, in Zemun (part of obligation for received advance up to a year is recorded within the item - Received advances from other legal entities in the country - Note 35);
- long-term liabilities from taxes and contributions on salaries for the period March - May (in accordance with the Regulation on fiscal and direct benefits to entities in the economic sector and financial assistance to citizens in order to mitigate the economic consequences of COVID - 19) and August in accordance with the Conclusion of the Government of the RS) in the total amount of RSD 10,116 thousand, whose payment was postponed in accordance with the Decree on the procedure and manner of deferral of payment of taxes and contributions due in order to mitigate the economic consequences, paid off in full by 10.01.2023 (part of the liability for taxes and contributions on salaries up to one year in the amount of RSD 8,559 thousand is recorded within Portion of long-term liabilities in the country that is due up to a year - Note 34.2).

34. SHORT-TERM FINANCIAL LIABILITIES

Structure of short term financial liabilities	*In RSD thousand*	
	31.12.2020	*31.12.2019*
Short term credits and loans domestic		744,754
Other short term financial liabilities:		
a) a) Portion of long-term liabilities with maturity date up to one year	8,559	
b) Other	118	124
Total	8,677	124
TOTAL	***8,677***	***744,878***

34.1 Short-Term Credits and Loans Domestic

Structure of short-term credits and loans domestic	Interest rate	*in RSD thousand*	
		31.12.2020	*31.12.2019*
Short-term loans granted by banks domestically:			
a) RSD loans			
b) Loans with foreign currency clause	*3M Euribor + 3.00% p.a.*		744,754
TOTAL		***0***	***744,754***

Decrease in Short-term loans from banks in the country compared to 31.12. previous year in the amount of RSD 744,754 thousand is the result of early repayment of loans granted by Erste Bank and Komercijalna Banka from funds obtained by issuing corporate bonds (Note 33).

34.2 Other Short-Term Financial Liabilities

Structure of long-term liabilities with maturity dates up to one year	*in RSD thousand*	
	31.12.2020	*31.12.2019*
Portion of long-term liabilities in the country that is due up to a year	8,559	
Other short-term financial liabilities	118	124
TOTAL	***8,677***	***124***

Current portion in the amount of RSD 8,559 thousand relates entirely to liabilities for taxes and contributions to salaries from 2020 that fall due during 2021, according to the Regulation on the procedure and manner of deferral of payment of arrears taxes and contributions in order to mitigate the economic consequences of COVIDA - 19 disease (Note 33).

Other short-term financial liabilities amounting to RSD 118 thousand pertain to the liabilities incurred based on the expenses paid by using the company Visa cards. The liabilities were settled in January 2021.

35. RECEIVED ADVANCES, DEPOSED MONEY AND CAUTIONS

Structure of received advances, deposed and cautions	*In RSD thousand*	
	31.12.2020	*31.12.2019*
Received advances from parent company and subsidiaries	15,411	18,335
Received advances from other legal entities in the country	8,434	11,258
Received deposed money from other legal entities in the country		33
TOTAL	***23,845***	***29,626***

Received advance from parent company and subsidiaries in the amount of RSD 15,411 thousand relate to advances received from subsidiaries under the Agreement on introduction of electronic document system Business Connect.

Received advance from other legal entities in the country in the amount of RSD 8,434 thousand primarily relate to received advance from Jerry Catering Service Ltd., Beograd Company in RSD 7,721 thousand under the Annex I on the contract (no. 123/1583 from 10.04.2017) on long-term lease (15 years) a part of office space measuring 935.56 m² located within the complex "Samački hotel", no. 24 Batajnički drum, Zemun (part of the liability for received advance over a year was recorded within the item - Other long-term liabilities (Note 33), and consequently a decrease within the item was predominantly recorded).

36. OPERATING LIABILITIES

Structure of operating liabilities	*In RSD thousand*	
	31.12.2020	*31.12.2019*
Suppliers:		
Suppliers - parent company and subsidiaries, local	3.024	6.509
Suppliers - other affiliated companies local	6.580	
Suppliers, local	5.598	7.639
Suppliers, foreign countries	851	7.007
Total	*16.053*	*21.155*
Other operating liabilities	12.572	456
TOTAL	***28.625***	***21.611***

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

Structure of operating liabilities per currencies	in RSD thousand	
	31.12.2020	31.12.2019
RSD	9,023	13,753
EUR	7,030	7,402
GBP		
TOTAL	***16,053***	***21,155***

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

Geographic distribution of suppliers is as follows:

Geographic distribution of suppliers	In RSD thousand	
	31.12.2020	31.12.2019
Suppliers, local (subsidiaries and other legal entities)	15,202	14,148
Suppliers, foreign countries (subsidiaries):		
Europe		
Total	-	-
Suppliers, foreign countries (other legal entities):		
Europe	851	7,007
Total	851	7,007
Value adjustment		
TOTAL	***16,053***	***21,155***

Other operating liabilities in the amount of RSD 12,572 thousand arose from issued credit note to subsidiaries Energoprojekt Hidroinženjering, Energoprojekt Entel, Energoprojekt Sannyville and Energoprojekt Park 11 resulting from the difference between the final price of the services provided by the Company to its subsidiaries - determined on costs incurred in 2020 and the orientation prices - established from planned costs for 2020.

37. OTHER SHORT-TERM LIABILITIES

Structure of other short-term liabilities	*In RSD thousand*	
	31.12.2020	*31.12.2019*
b) Liabilities from specific operations - other legal entities	8,415	
Total	*8,415*	*-*
Liabilities for wages, fringe benefits and compensations	13,939	12,611
Other liabilities:		
a) Liabilities for interest and financing costs	17,188	6,183
b) Liabilities for dividends	20,366	20,650
c) Liabilities to employeees	475	177
d) Liabilities to General Manager, or to management and Supervisory Board members	638	737
e) Liabilities to physical persons on contractual obligations	225	271
f) Other various liabilities	32,290	34,450
Total	*71,182*	*62,468*
TOTAL	***93,536***	***75,079***

Liabilities from specific operations - other legal entities in the amount of RSD 8,415 thousand relate entirely to the liability to Erste Bank a.d. Novi Sad, engaged as the Issue Agent during the issue of corporate bonds. The fee was calculated in the amount of 0.3% on the value of issued corporate bonds.

Liabilities for wages, fringe benefits and compensations in the amount of RSD 13,939 thousand pertain to the liabilities (net, taxes and contributions) for December salary that the Company paid in January 2021.

Liabilities for interest and financing costs in the amount of RSD 17,188 thousand entirely relate to the interest for loan granted by Napred Ravoj Plc. for the period March - June of the reporting year (based on the Decision of the National Bank of Serbia on temporary measures to preserve the stability of the financial system, which established a moratorium on repayment of credit obligations), which expires on 31.12.2021 (Note 33).

Liabilities for dividends in the amount of RSD 20,366 thousand pertain to the liabilities based on the decision of the Assembly of Shareholders from 2018 on profit distribution in the amount of RSD 4,463 thousand and for dividends' payment from previous years in the amount of RSD 15,903 thousand, which have not yet been paid to date due to unresolved property - legal issues (inheritance disputes, etc.) and unopened accounts of shareholders.

Other various liabilities in the amount of RSD 32,290 thousand predominantly relate to liabilities to shareholders based on forced purchase of shares of Energoprojekt Entel in the amount of RSD 31,987 thousand. On 15.09.2019, the Corporate agent M&V Investments returned the Company's funds deposited for forced purchase of shares of Energprojekt Entel such as, for part of shareholders who did not have the appropriate information, and the payment could not be realized. The company settles the obligations upon request of the shareholders.

Company Management is of the opinion that the disclosed value of short-term liabilities reflects their fair value at the balance sheet date.

38. LIABILITIES FOR VALUE ADDED TAX, LIABILITIES FOR OTHER TAXES, CONTRIBUTIONS AND FEES PAYABLE AND ACCRUED EXPENSES AND DEFERRED INCOME

38.1 Liabilities for Value Added Tax

Liabilities for value added tax	*In RSD thousand*	
	31.12.2020	*31.12.2019*
Liabilities for value added tax	1,170	4,528
TOTAL	***1,170***	***4,528***

Liabilities for value added tax pertain to the difference between calculated tax and input tax. This liability was settled by the Company within the legally prescribed deadline, in January 2021.

38.2 Liabilities for Other Taxes, Contributions and Fees Payable

Liabilities for other taxes, contributions and fees payable	*In RSD thousand*	
	31.12.2020	*31.12.2019*
Liabilities for profit tax		
Liabilities for other taxes, contributions and fees payable	494	693
TOTAL	***494***	***693***

Liabilities for other taxes, contributions and fees payable in the amount of RSD 494 thousand mainly pertain to the contributions for considerations to Supervisory Board members: RSD 263 thousand, contributions for remunerations based on service contracts: RSD 129 thousand, liabilities for taxes and contributions - sick leave over 30 days: RSD 22 thousand, liability for participation in financing persons with disabilities: RSD 42 thousand and others.

Of the total amount of liabilities for taxes, contributions and fees payable in the amount of RSD 494 thousand, the amount of RSD 473 was settled in January 2021.

38.3 Accrued Expenses and Deferred Income

Accrued expenses and deferred income	*In RSD thousand*	
	31.12.2020	*31.12.2019*
Pre-calculated expenses:		
a) Pre-calculated expenses - parent company, subsidiaries and other affiliated companies	24,305	24,308
b) Pre-calculated expenses - other legal entities	84	35
Total	*24,389*	*24,343*
Other accrued expenses and deferred income	818	2,036
TOTAL	***25,207***	***26,379***

Precalculated expenses - parent company, subsidiaries and other affiliated companies in the amount of RSD 24,305 thousand entirely refer to the liability owed to Energoprojekt Oprema company for calculated expenses for the period till 30.06.2015 based on the Agreement on Construction of the Embassy of the Republic of Serbia in Abuja, Federal Republic of Nigeria, "a turnkey project", in the cadastre lot No. 313, registered in the Real Estate Cadastre of the Cadastre Zone A00.

Other accrued expenses and deferred income in the amount of RSD 818 thousand mostly relate to the calculated interest for two days (for 30-31.12.2020) for liabilities originate from issued long-term corporate bonds in the amount of RSD 694 thousand (Note 33).

39. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities	*In RSD thousand*	
	31.12.2020	*31.12.2019*
Deferred tax assets	20.220	24.430
Deferred tax liabilities	161.105	158.713
Net effects of deferred tax assets / (liabilities)	**(140.885)**	**(134.283)**

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

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

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

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

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

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

In RSD 000

Deferred tax liabilities	Tax value exceeding the book value in intangible assets, plants and equipment	Capital losses in investment property	Provisions for retirement bonuses	Unpaid public revenues	Employee benefits accrued but unpaid in the tax period	Effects of first-application of IFRS 9	Total
Opening balance as of 01.01.2019.	**1.812**		**421**	**8**	**32**		**2.273**
Debit/credit to Income Statement	322		68	3	(6)		**387**
Direct debit to capital							
As of 31.12.2019	**2.134**		**489**	**11**	**26**		**2.660**
Changes in accounting policies						21.770	**21.770**
Restated opening balance 01.01.2020	**2.134**		**489**	**11**	**26**	**21.770**	**24.430**
Debit/credit to Income Statement	114		34	1	(5)	(4.354)	**(4.210)**
Direct debit to capital							
As of 31.12.2020	**2.248**		**523**	**12**	**21**	**17.416**	**20.220**

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

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Deferred tax liabilities	Book value exceeding tax value in property	Capital gains in investment property	Total
Opening balance as of 01.01.2019	**148,850**	**7,560**	**156,410**
Debit / (credit) to Income Statement	41	2,262	2,303
Direct debit to capital			
As of 31.12.2019	**148,891**	**9,822**	**158,713**
Debit / (credit) to Income Statement	130	2,262	2,392
Direct debit to capital			
As of 31.12.2020	**149,021**	**12,084**	**161,105**

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

Balance and changes in balance of deferred tax liabilities	*In RSD thousand*	
	31.12.2020	*31.12.2019*
Balance of deferred tax liabilities at the end of the previous year	134,283	154,137
Balance of deferred tax liabilities at the end of the current year	140,885	134,283
Changes in balance of deferred tax liabilities	**6,602**	**(19,854)**

Changes in balance of deferred tax liabilities	*In RSD thousand*	
	31.12.2020	*31.12.2019*
Deferred tax expenses (income) of the period	6,602	1,916
Revaluation reserves		
Undistributed profit of the previous year		(21,770)
TOTAL	**6,602**	**(19,854)**

Based on the change in the balance of deferred tax assets and deferred tax liabilities in 2020, it can be concluded that in net effect there was increase in the balance of deferred tax liabilities compared with the previous year by RSD 6,602 thousand, which affected, through deferred tax expenses for the period, the Company's net results in 2020 (Note 19) in such a way to be decreased.

40. OFF-BALANCE SHEET ASSETS AND LIABILITIES

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

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

Structure of off-balance sheet assets and liabilities	*In RSD thousand*	
	31.12.2020	*31.12.2019*
Provided sureties and guarantees	11,018,898	17,909,297
Provided mortgages and other rights		
Received sureties and guaranties	5,526	747,341
Received mortgages and other rights	76,513	76,522
Other off-balance sheet assets / liabilities	2,930,945	2,787,299
TOTAL	***14,031,882***	***21,520,459***

Provided sureties and guarantees amounting to RSD 11,018,898 thousand refer to the following:

- Guarantees issued for credits and guarantees for subsidiaries amounting to RSD 4,423,020 thousand;
- Corporate guarantees issued to Energoprojekt Niskogradnja in the amount of RSD 6,592,939 thousand for projects: Vinča Landfill - Serbia in the amount of RSD 5,558,411 thousand, Banco Pichincha - Peru in the amount of RSD 956,637 thousand and Ub - Lajkovac in the amount of RSD 77,891 thousand; and
- Guarantee issued by Erste Bank in favor of IATA (International Air Transport Association) for orderly settlement of obligations for airline tickets in the amount of RSD 2,939 thousand, which expires on 23.10.2021 and renewed annually.

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

Received sureties and guarantees in the amount of RSD 5,526 thousand relate to:

- Received surety from Energoprojekt Niskogradnja Energoprojekt Visokogradnja, Energoprojekt Hidroinženjering, Energoprojekt Energodata and Energoprojekt Industrija for obtaining a guarantee from Erste Bank in favor of IATA (International Air Transport Association) for orderly settlement of obligations for airline tickets in the amount of RSD 2,939 thousand.
- Received performance guarantee from Marg Engineering Ltd. in the amount of RSD 2,587 thousand based on introduction of electronic document system Business Connect, which expires on 31.12.2020.

Received mortgages and other rights amounting to RSD 76,513 thousand pertain to the mortgage on Enjub Ltd. apartments, arising from the Loans Agreement granted to Enjub Ltd. (Note 41).
Other off-balance sheet assets/liabilities amounting to RSD 2,930,945 thousand include the following:

- The right to use the municipal construction land - in Block 26 in Novi Beograd, amounting to RSD 2,900,503 thousand;
- Dividends receivables from Enjub Ltd., which were directly written-off in the previous accounting period in the amount of RSD 30,442 thousand; and
- Unused construction facilities in Budva that were directly written-off in the inventory count as at 31.12.2014 and presented in the off-balance records without any value.

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

Mortgages registered against the Company are:

- Mortgage on business building Energoprojekt

Pursuant to the Decision made by Energoprojekt Holding Shareholders Assembly dated 15 January 2020, and according to the bank arrangements made with:

- Erste Bank Plc. Novi Sad in the amount of EUR 32,200,000.00 under the Multi-Purpose Framework Limit Agreement No. OLC003/20 (mortgage borrower Energoprojekt Holding and debtors: Energoprojekt Visokogradnja, Energoprojekt Niskogradnja, Energoprojekt Oprema, Energoprojekt Hidroinženjering, Energoprojekt Industrija and Energoprojekt Energodata);
- Unicredit Bank Serbia Plc. Belgrade in the amount of EUR 5,100,000.00 under the Revolving Line Agreement for issuing bank guarantees no. RL 0028/20 (mortgage borrower Energoprojekt Holding and debtors: Energoprojekt Visokogradnja, Energoprojekt Niskogradnja, Energoprojekt Oprema);
- Unicredit Bank Serbia Plc. Belgrade in the amount of EUR 8,688,287.47 under the Short-term Loan Agreement No. RL 0029/20 (mortgage borrower Energoprojekt Holding and debtors: Energoprojekt Visokogradnja, Energoprojekt Niskogradnja and Energoprojekt Oprema);
- OTP Bank Serbia in the amount of EUR 14,159,060.12 under the General Agreement on Short-Term Multipurpose Revolving Line no. 01/13, with following Annexes (mortgage borrower Energoprojekt Holding and debtors: Energoprojekt Visokogradnja, Energoprojekt Niskogradnja, Energoprojekt Oprema and Energoprojekt Hidroinženjering); and
- OTP Bank Serbia in the amount of EUR 3,218,846.31 under the Framework Agreement on Issuance of Bank Guarantees, Letters of Credit and Binding Letters of Intent no. OUG 2125/16, with following Annexes (debtor Energoprojekt Hidroinženjering, mortgage borrower Energoprojekt Holding and joint debtors: Energoprojekt Visokogradnja, Energoprojekt Niskogradnja and Energoprojekt Oprema).

On 19 March 2020, on Energoprojekt office building, executive out-of-court mortgage was established. The property is registered in the List of Properties No. 2652, CM Novi Beograd. The mortgage was established in favour of creditors in question and in accordance with Line Statement of the Energoprojekt Holding Plc. certified by competent authority comply with the Serbian Mortgage Law dated 31 January 2020.

• Mortgage on investment property – Complex Samački hotel

Pursuant to the decision made by Supervisory Board of Energoprojekt Holding plc. dated 20 March 2020, and according to the bank arrangements made with:

- OTP Banka Srbija Plc. under Annex 3 of the General Agreement on short-term multipurpose revolving line no. MRL 11/20 on EUR 21,123,000 (mortgage debtor Energoprojekt Holding and debtors: Energoprojekt Visokogradnja, Energoprojekt Niskogradnja, Energoprojekt Oprema and Energoprojekt Hidroinženjering). On 17.03.2020 on Samački hotel and the accompanying buildings, executive out-of-court mortgage was registered. The property is registered in the List of Properties No. 2734 CM Zemun Polje as private ownership of Energoprojekt Holding Plc. Belgrade volume 1/1. The mortgage was established in favour of creditor in question and in accordance with Line Statement of the Energoprojekt Holding Plc. certified by competent authority comply with the Serbian Mortgage Law dated 13 March 2020.

Credit indebtedness of Energoprojekt Holding plc. and other debtors to banks was reduced as of 30 December 2020, and at the beginning of 2021 the Agreements, ie Annexes in respect of banking arrangements were concluded for:

- Mortgage on business building Energoprojekt with the following banks:
  - Erste Bank Plc. Novi Sad in the amount of EUR 27,000,000.00 under Annex no. 1 of the Multi-Purpose Framework Limit Agreement no. OVLC003/20;
  - Unicredit Bank Serbia plc. Belgrade in the amount of EUR 436,190.46 under Annex no. 1 of the Revolving Line Agreement for issuing bank guarantees no. RL 0028/20;
  - Unicredit Bank Serbia plc. Belgrade in the amount of EUR 3,688,287.47 under Annex no. 1 of the Short-term Loan Agreement No. RL 0029/20;
  - OTP Bank Serbia Plc. in the amount of EUR 9,949,000.00 under the Framework Agreement on Issuance of Bank Guarantees, Letters of Credit and Binding Letters of Intent no. OUG 2818/21; and
  - OTP Bank Serbia Plc. in the amount of EUR 3,218,000.00 under the Framework Agreement on Issuance of Bank Guarantees, Letters of Credit and Binding Letters of Intent no. OUG 2820/21;

In respect to afore-noted on 30 March 2021, a request to the Republic Geodetic Authority - Real Estate Cadastre Service of New Belgrade for registration of an executive out-of-court mortgage of the first range on the Energoprojekt business building, was submitted. The mortgage is placed in favor of creditors in question. The Line Statement of the Energoprojekt Holding Plc. was certified by competent authority and in line with the Serbian Mortgage Law.

• Mortgage on investment property – Complex Samački hotel with:

- OTP Banka Srbija Plc. under Framework Agreement on Issuance Bank Guarantees, L/Cs and Binding Letters of Intent no. OUG 2819/21 on EUR 14,623,000.00. In respect of this matter on 30 March 2021, the Company submitted request to the Republic Geodetic Authority - Service for Real Estate Cadastre New Belgrade for entering executive out-of-court mortgage on Samački hotel and the accompanying buildings. The process was initiated in accordance with Line Statement of the Energoprojekt Holding Plc. certified by competent authority comply with the Serbian Mortgage Law.

Mortgages registered in favour of the Company are as follows:

- As collateral to secure the repayment of loan pursuant to the Annex No. 13 of the Loan Agreement No. 367, in the amount of RSD 16,167 thousand (EUR 137 thousand), granted to the Company Enjub Ltd, the executive extrajudicial mortgage on the basis of pledge statement for the entire loan amount with added interest, was registered for apartments in 91A Jurija Gagarina Street, on the second and third floors, Cadastre lot No. 5089/9, Cadastral Municipality of Novi Beograd, registered in the Real Estate Registry folio No. 4550, Cadastral Municipality Novi Beograd, in favour of the Company, and

- As collateral to secure the repayment of the loan pursuant to the Annex No. 9 of the Agreement on Rescheduling of Approved Loan No. 115, approved to Enjub Ltd. in the amount of RSD 60,346 thousand (EUR 513 thousand), by decision no. 952-02-1973 / 2012, executive extrajudicial mortgage of the first order was registered on the basis of a pledge statement, up to the entire amount of the loan with added interest, on properties (apartments and business premises) in 93, 93A and 91A Jurija Gagarina Street (the mortgage was registered in the amount of EUR 1,198 thousand, since the mortgage related to the portion of repaid loan in 2019 in the amount of EUR 685 thousand was not removed).

42. RECONCILIATION OF CLAIMS AND LIABILITIES

According to the information available to the Company (authorised Open Item Statement (OIS)), as of the financial statements date, balance of receivables and liabilities were not reconciled:

- Unreconciled relations with the company Jerry Catering Service Ltd. in the amount of RSD 9,379 thousand (the Company shows less amount of net liabilities in it's books) were created with regard that the company Jerry Catering Service Ltd. did not:
  - translate advances in 2017 (opening balance in the Company's books was translated as of 31.12.2017, while from 01.01.2018, according to IFRAC 22, the Company did not translate advances);
  - the states were recorded at gross principle (it does not deduct its claim on the basis of advance payments by the amount of VAT), and given that
  - in the reporting period did not record lease documentation (December 2020) and for re-charged electricity and utility costs for November and December 2020;
- Unreconciled relations with the Nina Media Cliping Ltd. in the amount of RSD 186 thousand, considering that the Company did not record liability in its business books;
- Unreconciled relations with the Energoprojekt Energodata in the amount of RSD 150 due the Company did not record the liability towards the company in question.

43. TRANSACTIONS WITH RELATED PARTIES

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

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

Income and expenses incurred with related parties	*In RSD thousand*	
	2020	*2019*
Income:	.	
a) EP Visokogradnja Plc.	118,729	71,984
b) EP Niskogradnja Plc.	73,110	95,869
c) EP Hidroinženjering Plc.	12,957	13,059
d) EP Entel Plc.	386,374	44,960
e) EP Energodata Plc.	8,396	6,022
f) EP Industrija Plc.	7,749	6,236
g) EP Urbanizam i arhitektura Plc.	4,528	3,688
h) EP Oprema Plc.	29,545	43,391
i) EP Sunnyville Ltd.	11,950	24,870
j) EP Park 11 Ltd.	20,708	16,978
k) I.N.E.C. Engineering Company Limited, Great Britain		4
l) Dom 12 S.A.L.		
m) Zambia Engineering and Contracting Company Limited, Zambia	3	1
n) Enjub Ltd.	4,657	6,580
o) Napred Razvoj Plc.	100	3,756
p) EP Ghana Ltd, Akra, Ghana	3	
Total	*678,809*	*337,398*
Expenses:		
a) EP Visokogradnja Plc.	21,540	15,278
b) EP Niskogradnja Plc.	8,380	6,791
c) EP Hidroinženjering Plc.	155	57
d) EP Entel Plc.	176	197
e) EP Energodata Plc.	6,930	12,030
f) EP Industrija Plc.	3,031	2,001
g) EP Urbanizam i arhitektura Plc.	3	150
h) EP Oprema Plc.	16,343	17,181
i) EP Sunnyville Ltd.	58	3,843
j) EP Park 11 Ltd.	5	181
k) I.N.E.C. Engineering Company Limited, Great Britain	5	1
l) Dom 12 S.A.L.		
m) Zambia Engineering and Contracting Company Limited, Zambia	31	13
n) Enjub d.o.o.	16	942
o) Napred Razvoj Plc.	72,093	40,391
Total	*128,766*	*99,056*

Financial assets from related parties	*In RSD thousand*					
	31.12.2020			*31.12.2019*		
	Gross	*Impairment provision*	*Net*	*Gross*	*Impairment provision*	*Net*
a) EP Visokogradnja Plc.	2,087,587	85,384	2,002,203	1,270,633	89,714	1,180,919
b) EP Niskogradnja Plc.	1,103,864	3,174	1,100,690	246,791	644	246,147
c) EP Hidroinženjering Plc.	50,386	154	50,232	8,609		8,609
d) EP Entel Plc.	3,895		3,895	3,524		3,524
e) EP Energodata Plc.	172,594		172,594	102,577		102,577
f) EP Industrija Plc.	1,049		1,049	134		134
g) EP Urbanizam i arhitektura Plc.	21,914	52	21,862	18,637	51	18,586
h) EP Oprema Plc.	1,301,155	4,088	1,297,067	652,291	2,039	650,252
i) EP Sunnyville Ltd.	153,807	479	153,328	455,852	1,422	454,430
j) EP Park 11 Ltd.			-	93,161	171	92,990
k) I.N.E.C. Engineering Company Limited, Great Britain	357		357	362		362
l) Dom 12 S.A.L.			-			-
m) Enjub Ltd.	168,196		168,196	162,407		162,407
n) Zambia Engineering and Contracting Company Limited, Zambia	1,475		1,475	1,503		1,503
o) Napred Razvoj Plc.			-			-
Total	*5,066,279*	*93,331*	*4,972,948*	*3,016,481*	*94,041*	*2,922,440*

Financial liabilities towards related parties	*In RSD thousand*	
	2020	*2019*
a) EP Visokogradnja Plc.	393	406
b) EP Niskogradnja Plc.	3,618	2,895
c) EP Hidroinženjering Plc.	4,427	3,840
d) EP Entel Plc.	10,073	3,841
e) EP Energodata Plc.	245	4,667
f) EP Industrija Plc.	4,554	5,866
g) EP Urbanizam i arhitektura Plc.	2,623	2,298
h) EP Oprema Plc.	25,071	25,796
i) EP Sunnyville Ltd.	397	
j) EP Park 11 Ltd.	3,910	
n) Encom GmbH Consulting, Engineering & Trading		
l) Dom 12 S.A.L.		
m) Enjub Ltd.		
n) Zambia Engineering and Contracting Company Limited, Zambia		
o) Napred Razvoj Plc.	754,241	1,202,807
Total	*809,552*	*1,252,416*

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

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

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

44. COMMITMENTS AND CONTINGENCIES

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

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

Plaintiff	Basis for legal action	Contingent liability in RSD thousand	Prediction of final outcome
Sreta Ivanišević	Compensation for expropriated property (Bežanija)	Ungrounded	Uncertain
Pavle, Radmila and Milan Kovačević	Compensation for expropriated land (Block 26)	Ungrounded	Uncertain
Marko Martinoli, Activist Ltd., Activeast ltd.	The forced purchase of shares Energoprojekt Entel Plc.	176,745	Ungrounded in relation to Energoprojekt Holding Plc.
Nikola Malbaša, Marko Martinoli and other minority shareholders Energoprojekt Industrija Plc.	The forced purchase of shares Energoprojekt Industrija Plc.	280,427	Ungrounded in relation to Energoprojekt Holding Plc.
Dekada Export-Import KFT Budapest	Determination the nullity of the contract of assignment of the Company's receivables to Vivand BT and Real Estate Option Contract	Ungrounded	Uncertain
Edmond Gašpar, Gojko Babić, Petar Rajačić	Forced purchase of shares of Energoprojekt Industrija Plc.	1) 5,769 - Debt principal with legal default interest 09.03.2018 until payment 2) 3,424 - Statutory default interest from 09.03.2018 to 07.05.2019 3) 717 - Costs of proceedings	Ungrounded in relation to Energoprojekt Holding Plc.
Zoran Petrović	Annulment of the decision on termination of employment service contract	Not defined	Uncertain
Zoran Petrović	Compensation for damages	900	Uncertain

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

Plaintiff	Basis for legal action	Contingent liability in RSD thousand	Prediction of final outcome
Alco Investments Holding Ltd. Cyprus	Determining the nullity of Annex no. 1a of the Joint Construction Agreement (Block 26)	No value	Unfounded in relation to Energoprojekt Holding plc.
Alco Investments Holding Ltd. Cyprus	Fulfilment of the Joint Construction Agreement (Block 26)	1,830,914	Ungrounded
Proinvestments Plc.	Payment of difference in the share price of Energoprojekt Visokogradnja Plc.	3,234	Uncertain
Radmila Urošević, Dragan Mandić, Marko Đurović	Payment of difference in the share price of Energoprojekt Visokogradnja Plc.	1,000	Uncertain
Zoran Lekić	Payment of difference in the share price of Energoprojekt Visokogradnja Plc.	1748	Finalised
Jelena Dmitrović and others	Payment of difference in the share price of Energoprojekt Visokogradnja Plc.	983	Uncertain
Svetlana Stevović	Payment of difference in the share price of Energoprojekt Visokogradnja Plc.	655	Uncertain
Dimitraki Zipovski	Debt	10,000	Uncertain
Jovan Nikčević	Debt	8,706	Uncertain
Vesna Prodanović	Debt	9,000	Uncertain
Ranko Ljubojević	Expropriation	32,370	
Alco Investments Holding Ltd. Cyprus	Compensation for damages	1,763,775	Ungrounded
Dragan Opanković	Purchase of shares of Energoprojekt Industrija Plc.	1,809	Uncertain

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

Dispute with Radmila Urošević, Dragan Mandić and Marko Durović, - principal debt with interest was paid, while the potential remaining payment of litigation costs ranged from RSD 173 thousand to RSD 256 thousand.

Dispute with Ranko Ljubojević - principal debt was paid with interest and court costs, and the Audit was filed as an extraordinary legal remedy.

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

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

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

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

Defendant	Basis for legal action	Contingency amount in RSD thousand	Prediction of final outcome
Republic of Serbia, EPS Serbia, Epsturs Ltd and Republic of Montenegro	Determining of the ideal ownership share in the Park hotel in Budva	The value has not been determined	Grounded, Second Instance proceedings were terminated due to the bankruptcy of Epsturs Ltd.
RS Securities Commission	Annulment of the Commission's temporary decision whereby to the company is denied right to vote in Energoprojekt Oprema Plc.	Without any value	Uncertain
RS Securities Commission	Annulment of the Commission's temporary decision whereby to the company is denied right to vote in Energoprojekt Industrija Plc.	Without any value	Uncertain
RS Securities Commission	Annulment of the Commission's final decision whereby to the company is denied right to vote in Energoprojekt Oprema Plc.	Without any value	Uncertain
RS Securities Commission	Annulment of the Commission's final decision whereby to the company is denied right to vote in Energoprojekt Industrija Plc.	Without any value	Uncertain
RS Securities Commission	Annulment of the Commission's final decision, whereby it was interrupted proceedings to decide on the request for publication of the takeover bid Energoprojekt Entel Plc.	Without any value	Uncertain
Ringier Axel Springer Ltd.	Determination of annulment of the contract and return of paid advance (lost dispute and appeal filed)	18,000	Uncertain
Energoprojekt Oprema Plc., Jadran Ltd. and Viacom VS Ltd.	Annulment of the Contract – determine	82,306	Uncertain

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

45. EVENTS AFTER THE REPORTING PERIOD

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

Belgrade,

06 April 2021

Energoprojekt Holding a.d. Beograd

Legal representative

Stojan Čolakov
M.Sc.C.E.

ENERGOPROJEKT
HOLDING p.l.c.

2. INDEPENDENT AUDITOR'S REPORT (complete report)

ENERGOPROJEKT HOLDING PLC, BELGRADE

Independent Auditor's Report

on the Audit of the

Financial Statements for the Year 2020

MOORE

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

INDEPENDENT AUDITOR'S REPORT

To the shareholders of "Energoprojekt Holding" Plc., Belgrade

Opinion

We have audited the accompanying annual financial statements of "Energoprojekt Holding" Plc., Belgrade (the "Company"), which comprise the balance sheet as at 31 December 2020, the income statements, the statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the "Energoprojekt Holding" Plc., Belgrade as at 31 December 2020, and of its financial performances and its cash flows for the year then ended in accordance with the current accounting regulations in effect in the Republic of Serbia and accounting policies disclosed in the notes to the financial statements.

Basis for Opinion

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

Key Audit Matters

Accounts Receivable from Related Party "Energoprojekt Visokogradnja" Plc., Belgrade Valuation

Key Audit Matter	***How our audit addressed the key audit matter***
As of 31 December 2020, the amount of RSD 857,878 thousand was shown within the item Local buyers - parent company and subsidiaries, whereby receivable from "Energoprojekt Visokogradnja" Plc., Belgrade amounts to RSD 738,938 thousand. Valuation of receivable from related party "Energoprojekt Visokogradnja" Plc., Belgrade was identified as a key matter during the audit of financial statements as of 31 December 2020. *By preliminary analytical procedures during our audit, it has been identified that the average period of "Energoprojekt Visokogradnja" Plc., Belgrade receivables collection significantly deviates from the optimal terms. In addition, at the transaction level of accounting treatments it is a material significant figure presented 7.16. to Notes to the financial statements and it originated from the requirement of IFRS 9 - Financial instruments. In respect of this matter as of 31 December 2020, the impairment outcomes of the receivable in question following the modified retrospective method, were identified. The issue was identified as key audit matter in the audit of financial statements as of 31 December 2019.*	*During our audit, we have noted the following to answer on identified key audit matter:* *We were provided with audit confirmation letter as of 31 December 2020, approving the existence of receivable from related party "Energoprojekt Visokogradnja" Plc., Belgrade.* *We have verified the application of IFRS 9 - Financial instruments on receivables from related party "Energoprojekt Visokogradnja" Plc., Belgrade as of 31 December 2020, using modified retrospective method. Total impairment outcome of the receivable under requirements of IFRS 9 - Financial instruments as of 01 January 2020 in the amount of RSD 88,028 thousand was booked through account 340 - Retained earnings of previous years, with appropriate allowance for impairment. During 2020, the amount of booked allowance for impairment was reduced by RSD 6,627 thousand, and the same as of 31 December 2020 amounts RSD 81,401 thousand.* *We agree with the calculation of the established outcomes and the manner of their entering arose from application of IFRS 9 – Financial instruments.*

Key Audit Matters (Continued)

Long-term Placements to the Subsidiaries – Valuation and Collectible

Key Audit Matter	***How our audit addressed the key audit matter***
By audit procedures, we have found that long-term placements of "Energoprojekt Holding" a.d., Belgrade to its subsidiaries as of the balance sheet, increased by net RSD 1,005,231 thousand compared to last year on given date. The item afore-mentioned as of 31 December 2020, amounts to RSD 2,276,397 thousand. *Given the significant change within stated balance sheet item in the year 2020, long-term placements were identified as a key audit matter as of 31 December 2019 with our particular focus on as of 31 December 2020.*	*During our audit, we have noted the following to answer on identified key audit matter:* *We were provided with Open Items Statements as of 31 December 2020, approving the existence of granted long-term placements.* *The reason for significant increase in long - term placements to subsidiaries was examined. Due to liquidity problems that the subsidiaries: "Energoprojekt Oprema", „Energoprojekt Hidroinženjering", „Energoprojekt Energodata" „Energoprojekt Niskogradnjia" and „Energoprojekt Visokogradnjia" faced with, in 2020, the Company granted the amount of RSD 2,553,327 of long-term loans them. The amount dominantly originated from the funds of the issue of corporate bonds conducted by "Energoprojekt Hoding" on 30 December 2020. Simultaneously, the reclassification of granted long-term placements was booked within the item current portion in the amount of RSD 1,485,701 thousand as of 31 December 2020.* *The issue is disclosed in detail in Note no. 23.2. to the financial statements.* *In addition, as of 31 December 2020, the Company calculated outcome of impairment in accordance with IFRS 9 - Financial Instruments, using modified retrospective method as of 01 January 2020.*

Key Audit Matters (Continued)

Equity Share in Subsidiaries Valuation

Key Audit Matter	***How our audit addressed the key audit matter***
Equity shares in subsidiaries as of 31 December 2020, amounted to RSD 5,692,220 thousand. According to the International Standard on Auditing 315: Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and its Environment, we have found that within share structure, equity investment in "Energoprojekt Energodata" amounts to RSD 194,862 thousand and in "Energoprojekt Oprema" RSD 121,316 thousand. *Simultaneously, it has been determined that the these subsidiaries have significant operational issues accompanied by lack of business activities, restructuring plans, and decrease of employees. In respect of this matter, the problem of equity shares valuation in above-mentioned entities has been established as a significant risk, identified as a key audit matter with our particular focus on.*	*During our audit, we have noted the following to answer on identified key audit matter:* *The net assets value of "Energoprojekt Energodata" and "Energoprojekt Oprema" as of 31 December 2020 was checked. In both cases, the net working capital is a positive figure, ie in exceed of cumulative loss. Considering that subsidiaries faced with operational issues, the Management of the Company does not dispute them, but believes that they have not met all the prerequisites in accordance with IAS 36 - Impairment of assets and thus, as of 31 December 2020, the figures of equity shares in subsidiaries cannot be impaired.* *The management undertakes all measures to ensure uninterrupted operations and resolving issues that are the main initiators of operating losses incurred in these companies. In that sense, on 30 December 2020, at the 354th Session of the Executive Board of the "Energoprojekt Holding", a Decision on substantive change initiating a merger of "Energoprojekt Energodata" with the "Energoprojekt Holding", was made. Considering that the procedure of substantive change will be carried out during 2021, no allowance for impairment of equity investments in the "Energoprojekt Energodata" was booked on 31 December 2020.* *We have accepted the above arguments, and the issue of valuation of equity shares in subsidiaries should be opened during the next year audit.*

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the current accounting regulations in effect 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, the 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 the Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Persons authorized for management are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the planning and performance of 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 the Management 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 the 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current reporting period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter, or when, in extremely rare circumstances, we determine that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT

To the shareholders of "Energoprojekt Holding" Plc., Belgrade (Continued)

Other Information

Compliance of the 2020 Annual Business Report with the Financial Statements

Management is responsible for other information. Other information is all information provided in the 2020 Annual Business Report, other than the financial statements and the Auditor's Report. Our opinion on the financial statements does not cover other information and we do not provide assurance thereon.

Pursuant to the requirements of the Law on Auditing of the Republic of Serbia and Rulebook on Conditions for Auditing Financial Statements of Public Enterprises, we have checked the compliance of the Annual Business Report and the Financial Statements of the Company.

In conjunction with our audit, it is our responsibility, in accordance with the International Standards on Auditing 720 - Auditor's Responsibility Relating to Other Information, to read this other information and to assess whether based on knowledge gained during our audit, it contains any material inconsistencies with the financial statements or any apparent material misstatement of fact. If we conclude that there is a material misstatement of fact in other information, we must report that fact. We have nothing to report in this regard.

Belgrade, 13 April 2021

„MOORE STEPHENS
Revizija i Računovodstvo" d.o.o. Beograd
4 Studentski Trg, 5th floor

Stanko Rebić
Authorised Auditor

„MOORE STEPHENS
Revizija i Računovodstvo" d.o.o. Beograd
4 Studentski Trg, 5th floor

Bogoljub Aleksić
Managing Partner

Privredno društvo za reviziju, računovodstvo i konsalting MOORE STEPHENS Beograd Revizija i Računovodstvo d.o.o.

Name ENERGOPROJEKT HOLDING PLC

BALANCE SHEET
as at 31.12.2020.

RSD thousand

Account class, account	DESCRIPTION	EDP	Note No.	Total		
				Current year	Previous year	
					Closing balance on 31.12.2019.	Opening balance on 01.01.2019.
1	2	3	4	5	6	7
	ASSETS					
00	**A. SUBSCRIBED CAPITAL UNPAID**	0001		-	-	-
	B. NON-CURRENT ASSETS (0003+0010+0019+0024+0034)	0002		9.999.267	8.942.794	-
01	I. INTANGIBLES (0004+0005+0006+0007+0008+0009)	0003		21.853	27.637	-
010 & part 019	1. Investments in development	0004	-	-	-	-
011, 012 & part 019	2. Concessions, patents, licenses, trademarks and service marks, software and other rights	0005	21.	21.853	27.637	-
013 & part 019	3. Goodwill	0006	-	-	-	-
014 & part 019	4. Other intangible assets	0007	-	-	-	-
015 & part 019	5. Intangible assets in progress	0008	-	-	-	-
016 & part 019	6. Advances paid on intangible assets	0009	-	-	-	-
02	II. PROPERTY, PLANT AND EQUIPMENT (0011+0012+0013+0014+0015+0016+0017+0018)	0010		1.972.317	1.983.168	-
020, 021 & part 029	1. Land	0011	-	-	-	-
022 & part 029	2. Buildings	0012	22.	1.282.357	1.293.711	-
023 & part 029	3. Plant and equipment	0013	22.	23.719	28.794	-
024 & part 029	4. Investment property	0014	22.	621.294	615.716	-
025 & part 029	5. Other property, plant and equipment	0015	22.	283	283	-
026 & part 029	6. Property, plant and equipment in progress	0016	-	-	-	-
027 & part 029	7. Investments in property, plant and equipment, not owned	0017	-	-	-	-
028 & part 029	8. Advances paid on property, plant and equipment	0018	22.	44.664	44.664	-
03	III. NATURAL ASSETS (0020+0021+0022+0023)	0019		-	-	-
030, 031 & part 039	1. Forests and growing crops	0020	-	-	-	-
032 & part 039	2. Livestock	0021	-	-	-	-
037 & part 039	3. Natural assets in progress	0022	-	-	-	-
038 & part 039	4. Advances paid for natural assets	0023	-	-	-	-
04, excl. 047	IV. LONG TERM FINANCIAL INVESTMENTS (0025+0026+0027+0028+0029+0030+0031+0032+0033)	0024		8.005.097	6.931.989	-
040 & part 049	1. Shares in subsidiaries	0025	23.1.	5.692.220	5.616.040	-
041 & part 049	2. Shares in affiliated companies and joint ventures	0026	23.1.	13.550	13.550	-
042 & part 049	3. Shares in other companies and other available for sale securities	0027	23.1.	22.022	30.240	-
part 043, part 044 & part 049	4. Long term investments in parent companies and subsidiaries	0028	23.2.	2.276.397	1.271.166	-
part 043, part 044 & part 049	5. Long term investments in other affiliated companies	0029	-	-	-	-
part 045 & part 049	6. Long term investments, domestic	0030	-	-	-	-
part 045 & part 049	7. Long term investments, foreign countries	0031	-	-	-	-
046 & part 049	8. Securities held to maturity	0032	-	-	-	-
048 & part 049	9. Other long term financial investments	0033	23.2.	908	993	-
05	V. LONG TERM RECEIVABLES (0035+0036+0037+0038+0039+0040+0041)	0034		-	-	-
050 & part 059	1. Receivables from parent company and subsidiaries	0035	-	-	-	-
051 & part 059	2. Receivables from other affiliated companies	0036	-	-	-	-
052 & part 059	3. Receivables from credit sales	0037	-	-	-	-
053 & part 059	4. Receivables from financial leasing contracts	0038	-	-	-	-
054 & part 059	5. Receivables from pledged assets	0039	-	-	-	-
055 & part 059	6. Bad debts and uncollectible claims	0040	-	-	-	-
056 & part 059	7. Other long term receivables	0041	-	-	-	-
288	**C. DEFERRED TAX ASSETS**	0042	-	-	-	-
	D. OPERATING ASSETS (0044+0051+0059+0060+0061+0062+0068+0069+0070)	0043		3.578.761	2.258.362	-
Class 1	I. INVENTORIES (0045+0046+0047+0048+0049+0050)	0044		41.976	63.887	-
10	1. Material ,parts, tools and small inventories	0045	-	-	-	-
11	2. Work and services in progress	0046	-	-	-	-
12	3. Finished products	0047	-	-	-	-
13	4. Goods	0048	-	-	-	-
14	5. Fixed assets for sale	0049	24.	40.597	58.379	-
15	6. Advances paid for inventories and services	0050	24.	1.379	5.508	-

Account class, account	DESCRIPTION	EDP	Note No.	Total		
				Current year	Previous year	
					Closing balance on 31.12.2019.	Opening balance on 01.01.2019.
1	2	3	4	5	6	7
20	II. RECEIVABLES FROM SALES (0052+0053+0054+0055+0056+0057+0058)	0051		859.303	754.688	-
200 & part 209	1. Local buyers - parent company and subsidiaries	0052	25.	857.878	753.142	-
201 & part 209	2. Foreign buyers - parent company and subsidiaries	0053	-	-	-	-
202 & part 209	3. Local buyers - other affiliated companies	0054	-	-	-	-
203 & part 209	4. Foreign buyers - other affiliated companies	0055	-	-	-	-
204 & part 209	5. Local buyers	0056	25.	1.425	1.546	-
205 & part 209	6. Foreign buyers	0057	-	-	-	-
206 & part 209	7. Other receivables from sales	0058	-	-	-	-
21	III. RECEIVABLES FROM SPECIAL TRANSACTIONS	0059	26.	18.006	13.274	-
22	IV. OTHER RECEIVABLES	0060	27.	87.078	85.981	-
236	V. FINANCIAL ASSETS ASSESSED AT FAIR VALUE THROUGH BALANCE SHEET	0061	-	-	-	-
23 excl. 236 & 237	VI. SHORT TERM FINANCIAL INVESTMENTS(0063+0064+0065+0066+0067)	0062		**1.733.707**	**800.554**	-
230 & part 239	1. Short term loans and investments - parent company and subsidiaries	0063	28.	175.621	723.969	-
231 & part 239	2. Short term loans and investments - other affiliated companies	0064	28.	76.513	76.521	-
232 & part 239	3. Short term credits and loans, domestic	0065	-	-	-	-
233 & part 239	4. Short term credits and loans, foreign countries	0066	-	-	-	-
234, 235, 238 & part 239	5. Other short term financial investments	0067	28.	1.481.573	64	-
24	VII. CASH AND CASH EQUIVALENTS	0068	29.	487.598	184.016	-
27	VIII. VALUE ADDED TAX	0069	-	-	-	-
28 excl. 288	IX. PREPAYMENTS AND ACCRUED INCOME	0070	30.	351.093	355.962	-
	E. TOTAL ASSETS = OPERATING ASSETS (0001+0002+0042+0043)	0071		**13.578.028**	**11.201.156**	-
88	**F. OFF-BALANCE SHEET ASSETS**	0072	40.	14.031.882	21.520.459	-
	LIABILITIES					
	A. CAPITAL (0402+0411-0412+0413+0414+0415-0416+0417+0420-0421) ≥ 0 = (0071-0424-0441-0442)	0401		9.183.704	8.928.644	-
30	I. EQUITY CAPITAL (0403+0404+0405+0406+0407+0408+0409+0410)	0402		7.101.123	7.128.301	-
300	1. Share capital	0403	31.1.	5.574.959	5.574.959	-
301	2. Shares of limited liability companies	0404	-	-	-	-
302	3. Investments	0405	-	-	-	-
303	4. State owned capital	0406	-	-	-	-
304	5. Socially owned capital	0407	-	-	-	-
305	6. Shares of cooperatives	0408	-	-	-	-
306	7. Issuing premium	0409	31.1.	1.526.164	1.526.164	-
309	8. Other share capital	0410	31.1.	-	27.178	-
31	II. SUBSCRIBED CAPITAL UNPAID	0411	-	-	-	-
047 & 237	III. TREASURY SHARES REPURCHASED	0412	31.2.	49.827	49.827	-
32	IV. RESERVES	0413	31.3.	80.000	214.881	-
330	V. REVALUATION RESERVES FROM REVALUATION OF INTANGIBLES, PROPERTY, PLANT AND EQUIPMENT	0414	31.4.	784.634	784.634	-
33 excl. 330	VI. UNREALISED GAINS FROM SECURITIES AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULT (credit balance under account class 33 excl. 330)	0415	-	-	-	-
33 excl. 330	VII. UNREALISED LOSSES FROM SECURITIES AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULT (debit balance under account class 33 excl. 330)	0416	31.5.	25.534	17.316	-
34	VIII. RETAINED EARNINGS (0418+0419)	0417		1.293.308	896.233	-
340	1. Retained earnings from previous years	0418	31.6.	1.030.030	896.233	-
341	2. Retained earnings from current year	0419	31.6	263.278	-	-
	IX. NON-CONTROLLING INTEREST	0420	-	-	-	-
35	**X. LOSSES (0422+0423)**	0421		-	28.262	-
350	1. Losses from previous years	0422	-	-	-	-
351	2. Losses from current year	0423	31.7.	-	28.262	-
	B. LONG TERM PROVISIONS AND LIABILITIES (0425+0432)	0424		4.071.885	1.235.435	-
40	I. LONG TERM PROVISIONS (0426+0427+0428+0429+0430+0431)	0425		3.485	3.262	-
400	1. Provisions for warranty costs	0426	-	-	-	-
401	2. Provisions for recovery of natural resources	0427	-	-	-	-
403	3. Provisions for restructuring costs	0428	-	-	-	-
404	4. Provisions for wages and other employee benefits	0429	32.	3.485	3.262	-
405	5. Provisions for legal expenses	0430	-	-	-	-
402 & 409	6. Other long term provisions	0431	-	-	-	-

Account class, account	DESCRIPTION	EDP	Note No.	Total		
				Current year	Previous year	
					Closing balance on 31.12.2019.	Opening balance on 01.01.2019.
1	2	3	4	5	6	7
41	II. LONG TERM LIABILITIES (0433+0434+0435+0436+0437+0438+0439+0440)	0432		4.068.400	1.232.173	-
410	1. Liabilities convertible into capital	0433	-	-	-	-
411	2. Liabilities to parent company and subsidiaries	0434	-	-	-	-
412	3. Liabilities to other affiliated companies	0435	33.	730.472	1.196.624	-
413	4. Liabilities for issued securities for more than one year	0436	33.	3.300.000	-	-
414	5. Long term credits and loans, domestic	0437	-	-	-	-
415	6. Long term credits and loans, foreign countries	0438	-	-	-	-
416	7. Long term liabilities from financial leasing	0439	-	-	-	-
419	8. Other long term liabilities	0440	33.	37.928	35.549	-
498	**C. DEFERRED TAX LIABILITIES**	0441	39.	140.885	134.283	-
42 to 49 (excl. 498)	**D. SHORT TERM LIABILITIES (0443+0450+0451+0459+0460+0461+0462)**	0442		181.554	902.794	-
42	I. SHORT TERM FINANCIAL LIABILITIES (0444+0445+0446+0447+0448+0449)	0443		8.677	744.878	-
420	1. Short term loans from parent company and subsidiaries	0444	-	-	-	-
421	2. Short term loans from other affiliated companies	0445	-	-	-	-
422	3. Short term credits and loans, domestic	0446	34.1.	-	744.754	-
423	4. Short term credits and loans, foreign countries	0447	-	-	-	-
427	5. Liabilities from fixed assets and assets from discontinued operations available for sale	0448	-	-	-	-
424,425,426 & 429	6. Other short term financial liabilities	0449	34.2.	8.677	124	-
430	II. RECEIVED ADVANCES, DEPOSITS AND BONDS	0450	35.	23.845	29.626	-
43 excl. 430	III. OPERATING LIABILITIES (0452+0453+0454+0455+0456+0457+0458)	0451		28.625	21.611	-
431	1. Suppliers - parent company and subsidiaries, local	0452	36.	3.024	6.509	-
432	2. Suppliers - parent company and subsidiaries, foreign countries	0453	-	-	-	-
433	3. Suppliers - other affiliated companies, local	0454	36.	6.580	-	-
434	4. Suppliers - other affiliated companies, foreign countries	0455	-	-	-	-
435	5. Suppliers, local	0456	36.	5.598	7.639	-
436	6. Suppliers, foreign countries	0457	36.	851	7.007	-
439	7. Other operating liabilities	0458	36.	12.572	456	-
44, 45 & 46	IV. OTHER SHORT TERM LIABILITIES	0459	37.	93.536	75.079	-
47	V. VALUE ADDED TAX	0460	38.1.	1.170	4.528	-
48	VI. OTHER TAXES, CONTRIBUTIONS AND FEES PAYABLE	0461	38.2.	494	693	-
49 excl. 498	VII. ACCRUED EXPENSES AND DEFERRED INCOME	0462	38.3.	25.207	26.379	-
	D. LOSSES EXCEEDING CAPITAL (0412+0416+0421-0420-0417-0415-0414-0413-0411-0402)≥0 = (0441+0424+0442-0071) ≥0	0463		-	-	-
	E. TOTAL LIABILITIES (0424+0442+0441+0401-0463) ≥ 0	0464		**13.578.028**	**11.201.156**	-
89	**F. OFF-BALANCE LIABILITIES**	0465	40.	14.031.882	21.520.459	-

Belgrade,

Legal Representative of the Company

Date: 06.04.2021.

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Name ENERGOPROJEKT HOLDING PLC

INCOME STATEMENT
from 01.01. until 31.12.2020.

RSD thousand

Account class, account	DESCRIPTION	EDP	Note No.	Total	
				Current year	Previous year
1	2	3	4	5	6
	A. INCOME FROM NORMAL ACTIVITIES				
60 to 65, excl. 62 & 63	**A. OPERATING INCOME (1002+1009+1016+1017)**	1001		**270.237**	**271.736**
60	I. INCOME FROM SALE OF MERCHANDISE (1003+1004+1005+1006+1007+1008)	1002		-	-
600	1. Income from sale of goods to parent company and subsidiaries on local market	1003	-	-	-
601	2. Income from sale of goods to parent company and subsidiaries on foreign markets	1004	-	-	-
602	3. Income from sale of goods to other affiliated companies on local market	1005	-	-	-
603	4. Income from sale of goods to other affiliated companies on foreign markets	1006	-	-	-
604	5. Income from sale of goods on local market	1007	-	-	-
605	6. Income from sale of goods on foreign markets	1008	-	-	-
61	II. INCOME FROM SALE OF PRODUCTS AND SERVICES (1010+1011+1012+1013+1014+1015)	1009		238.396	248.345
610	1. Income from sale of finished products and services to parent company and subsidiaries on local market	1010	9.1.	238.389	248.266
611	2. Income from sale of finished products and services to parent company and subsidiaries on foreign markets	1011	-	-	-
612	3. Income from sale of finished products and services to other affiliated companies on local market	1012	-	-	-
613	4. Income from sale of finished products and services to other affiliated companies on foreign markets	1013	-	-	-
614	5. Income from sale of finished products and services on local market	1014	9.1.	7	79
615	6. Income from sale of finished products and services on foreign markets	1015	-	-	-
64	III. INCOME FROM PREMIUMS, SUBSIDIES, GRANTS, DONATIONS, ETC.	1016	9.2.	9.176	-
65	IV. OTHER OPERATING INCOME	1017	9.3.	22.665	23.391
	EXPENSES FROM NORMAL ACTIVITIES		-		
55 to 55, 62 & 63	**B. OPERATING EXPENSES (1019-1020-1021+1022+1023+ 1024+1025+1026+1027+1028+1029) ≥ 0**	1018		318.773	344.617
50	I. COST PRICE OF GOODS SOLD	1019	-	-	-
62	II. INCOME FROM USE OF OWN PRODUCTS AND MERCHANDISE	1020	-	-	-
630	III. INCREASE IN INVENTORIES OF INTERMEDIATE AND FINISHED GOODS AND SERVICES IN PROGRESS	1021	-	-	-
631	IV. DECREASE IN INVENTORIES OF INTERMEDIATE AND FINISHED GOODS AND SERVICES IN PROGRESS	1022	-	-	-
51 excl. 513	V. MATERIAL COSTS	1023	10.	4.224	5.313
513	VI. FUEL AND ENERGY COSTS	1024	10.	17.556	21.134
52	VII. EMPLOYEE EXPENSES AND BENEFITS	1025	11.	175.910	185.346
53	VIII. PRODUCTION SERVICE COSTS	1026	12.	47.781	51.189
540	IX. DEPRECIATION EXPENSES	1027	13.	24.011	20.947
541 to 549	X. PROVISION EXPENSES	1028	13.	1.049	595
55	XI. INTANGIBLE EXPENSES	1029	14.	48.242	60.093
	C. OPERATING INCOME (1001-1018) ≥ 0	1030		-	-
	D. OPERATING LOSSES (1018-1001) ≥ 0	1031		48.536	72.881
66	**E. FINANCIAL REVENUES (1033+1038+1039)**	1032		408.583	98.358
66, excl. 662, 663 & 664	I. FINANCIAL INCOME FROM AFFILIATED COMPANIES AND OTHER FINANCIAL REVENUES (1034+1035+1036+1037)	1033		407.965	93.000
660	1. Financial income from parent company and subsidiaries	1034	15.1.	403.210	65.314
661	2. Financial income from other affiliated companies	1035	15.1.	4.755	10.336
665	3. Share of profits in associated companies and joint ventures	1036	-	-	-
669	4. Other financial revenues	1037	15.1.	-	17.350
662	II. INTEREST INCOME (THIRD PARTY)	1038	15.1.	451	888
663 & 664	III. EXCHANGE RATE GAINS AND POSITIVE CURRENCY CLAUSE EFFECTS (THIRD PARTY)	1039	15.1.	167	4.470
56	**F. FINANCIAL EXPENSES (1041+1046+1047)**	1040		90.907	87.212
56, excl. 562, 563 & 564	I. FINANCIAL EXPENSES FROM TRANSACTIONS WITH AFFILIATED COMPANIES AND OTHER FINANCIAL EXPENDITURE (1042+1043+1044+1045)	1041		72.460	56.637
560	1. Financial expenses from transactions with parent company and subsidiaries	1042	15.2.	351	15.303
561	2. Financial expenses from transactions with other affiliated companies	1043	15.2.	72.109	41.334
565	3. Share of losses in affiliated companies and joint ventures	1044	-	-	-
566 & 569	4. Other financial expenditure	1045	-	-	-
562	II. INTEREST EXPENSES (THIRD PARTY)	1046	15.2.	18.253	28.036
563 & 564	III. EXCHANGE RATE LOSSES AND NEGATIVE CURRENCY CLAUSE EFFECTS (THIRD PARTY)	1047	15.2.	194	2.539
	G. FINANCIAL GAINS (1032-1040)	1048		317.676	11.146
	H. FINANCIAL LOSSES (1040-1032)	1049		-	-

Account class, account	DESCRIPTION	EDP	Note No.	Total	
				Current year	Previous year
1	2	3	4	5	6
683 & 685	**I. INCOME FROM VALUE ADJUSTMENT OF OTHER ASSETS DISCLOSED AT FAIR VALUE THROUGH INCOME STATEMENT**	1050	16.1.	28.415	-
583 & 585	**J. EXPENSES FROM VALUE ADJUSTMENT OF OTHER ASSETS DISCLOSED AT FAIR VALUE THROUGH INCOME STATEMENT**	1051	16.3.	18.090	-
67 & 68, excl. 683 & 685	**K. OTHER INCOME**	1052	16.2.	8.410	69.771
57 & 58, excl. 583 & 585	**L. OTHER EXPENSES**	1053	16.4.	18.271	38.140
	M. INCOME FROM NORMAL OPERATIONS BEFORE TAX (1030-1031+1048-1049+1050-1051+1052-1053)	1054		269.604	-
	N. LOSSES FROM NORMAL OPERATIONS BEFORE TAX (1031-1030+1049-1048+1051-1050+1053-1052)	1055		-	30.104
69-59	**O. NET PROFIT FROM DISCONTINUED OPERATIONS, EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND ADJUSTMENT OF ERRORS FROM PREVIOUS YEARS**	1056	17.	276	3.758
59-69	**P. NET LOSSES FROM DISCONTINUED OPERATIONS, EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND ADJUSTMENT OF ERRORS FROM PREVIOUS YEARS**	1057	-	-	-
	Q. PROFIT BEFORE TAX (1054-1055+1056-1057)	1058	18.	269.880	-
	R. LOSSES BEFORE TAX (1055-1054+1057-1056)	1059	18.	-	26.346
	S. INCOME TAX		-		
721	I. TAXABLE EXPENSES FOR THE PERIOD	1060	-	-	-
part 722	II. DEFERRED TAX EXPENSES FOR THE PERIOD	1061	19.	6.602	1.916
part 722	III. DEFERRED TAX INCOME FOR THE PERIOD	1062	-	-	-
723	**T. MANAGEMENT EARNINGS**	1063	-	-	-
	U. NET PROFIT (1058-1059-1060-1061+1062-1063)	1064	19.	**263.278**	**-**
	V. NET LOSSES (1059-1058+1060+1061-1062+1063)	1065	19.	**-**	**28.262**
	I. NET PROFIT PAYABLE TO MINORITY SHAREHOLDERS	1066	-	-	-
	II. NET PROFIT PAYABLE TO MAJORITY SHAREHOLDER	1067	-	-	-
	III. NET LOSSES ATTRIBUTABLE TO MINORITY SHAREHOLDERS	1068	-	-	-
	IV. NET LOSSES ATTRIBUTABLE TO MAJORITY SHAREHOLDER	1069	-	-	-
	V. EARNINGS PER SHARE		-		
	1. Basic earnings per share	1070	-	-	-
	2. Reduced (diluted) earnings per share	1071	-	-	-

Belgrade,

Legal Representative of the Company

Date: 06.04.2021.

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Name ENERGOPROJEKT HOLDING PLC

STATEMENT OF OTHER RESULTS
from 01.01. until 31.12.2020.

RSD thousand

Account class, account	DESCRIPTION	EDP	Amount	
			Current year	Previous year
1	2	3	5	6
	A. NET OPERATING RESULTS			
	I. NET PROFIT (EDP 1064)	2001	263.278	
	II. NET LOSSES (EDP 1065)	2002		28.262
	B. OTHER COMPREHENSIVE RESULTS OR LOSSES			
	a) Items not reclassifiable in the balance sheet in future periods			
330	1. Change of revaluation of intangibles, property, plant and equipment			
	a) increase in revaluation reserves	2003		
	b) decrease in revaluation reserves	2004		
331	2. Actuarial gains or losses from defined income plans			
	a) gains	2005		
	b) losses	2006		
332	3. Gains and losses from equity instrument investments			
	a) gains	2007		
	b) losses	2008		
333	4. Gains and losses from share of other comprehensive profits and losses of affiliates			
	a) gains	2009		
	b) losses	2010		
	b) Items that may be reclassified in the balance sheet in future periods			
334	1. Gains and losses from translation of financial statements for foreign operations			
	a) gains	2011		
	b) losses	2012		
335	2. Gains and losses from hedging of net investments in foreign operations			
	a) gains	2013		
	b) losses	2014		
336	3. Gains and losses from cash flow hedging			
	a) gains	2015		
	b) losses	2016		
337	4. Gains and losses from available for sale securities			
	a) gains	2017		1.088
	b) losses	2018	8.218	14.196
	I. OTHER COMPREHENSIVE GROSS PROFIT (2003+2005+2007+2009+2011+2013+2015+2017) - (2004+2006+2008+2010+2012+2014+2016+2018) ≥ 0	2019		
	II. OTHER COMPREHENSIVE GROSS LOSSES (2004+2006+2008+2010+2012+2014+2016+2018) - (2003+2005+2007+2009+2011+2013+2015+2017) ≥ 0	2020	8.218	13.108
	III. TAX ON OTHER COMPREHENSIVE PROFIT OR LOSS FOR THE PERIOD	2021		
	IV. NET OTHER COMPREHENSIVE PROFIT (2019-2020-2021) ≥ 0	2022		
	V. NET OTHER COMPREHENSIVE LOSSES (2020-2019+2021) ≥ 0	2023	8.218	13.108
	C. TOTAL COMPREHENSIVE NET RESULTS FOR THE PERIOD			
	I. TOTAL COMPREHENSIVE NET PROFIT (2001-2002+2022-2023) ≥ 0	2024	255.060	
	II. TOTAL COMPREHENSIVE NET LOSSES (2002-2001+2023-2022) ≥ 0	2025		41.370
	D. TOTAL COMPREHENSIVE NET PROFIT OR LOSSES (2027+2028) = AOP 2024 ≥ 0 or AOP 2025 > 0	2026		
	1. Payable to majority shareholders	2027		
	2. Payable to non-controlling shareholders	2028		

Belgrade, Legal Representative of the Company

Date: 06.04.2021. ______________________________________

Name ENERGOPROJEKT HOLDING PLC

CASH FLOW STATEMENT
from 01.01. until 31.12.2020.

RSD thousand

Description	EDP	Total	
		Current year	Previous year
1	2	3	4
A. CASH FLOWS FROM OPERATING ACTIVITIES			
I. Cash inflow from operating activities (1 to 3)	3001	**277.150**	**331.731**
1. Sales and prepayments	3002	239.271	282.370
2. Interests from operating activities	3003	-	-
3. Other inflow from normal operations	3004	37.879	49.361
II. Cash outflow from operating activities (1 to 5)	3005	**434.332**	**511.928**
1. Payments to suppliers and prepayments	3006	158.035	182.063
2. Employee expenses and benefits	3007	154.969	183.464
3. Interests paid	3008	61.185	57.586
4. Income tax	3009	-	29.569
5. Payments based on other public revenues	3010	60.143	59.246
III. Net cash inflow from operating activities (I-II)	3011	**-**	**-**
IV. Net cash outflow from operating activities (II-I)	3012	**157.182**	**180.197**
B. CASH FLOWS FROM INVESTING ACTIVITIES			
I. Cash inflow from investing activities (1 to 5)	3013	**366.720**	**1.092.201**
1. Sale of shares and stocks (net inflow)	3014	-	-
2. Sale of intangible investments, property, plant, equipment and natural assets	3015	159	107
3. Other financial investments (net inflow)	3016	-	1.053.462
4. Interest received from investment activities	3017	13.662	38.543
5. Dividends received	3018	352.899	89
II. Cash outflow from investing activities (1 to 3)	3019	**1.990.618**	**745.790**
1. Purchase of shares and stocks (net outflow)	3020	77.899	714.596
2. Purchase of intangible investments, property, plant, equipment and natural assets	3021	6.353	31.194
3. Other financial investments (net outflow)	3022	1.906.366	-
III. Net cash inflow from investing activities (I-II)	3023	**-**	**346.411**
IV. Net cash outflow from investing activities (II-I)	3024	**1.623.898**	**-**
C. CASH FLOWS FROM FINANCING ACTIVITIES			
I. Cash inflow from financing activities (1 to 5)	3025	**3.300.000**	**-**
1. Equity increase	3026	-	-
2. Long term loans (net inflow)	3027	-	-
3. Short term loans (net inflow)	3028	-	-
4. Other long term liabilities	3029	3.300.000	-
5. Other short term liabilities	3030	-	-
II. Cash outflow from financing activities (1 to 6)	3031	**1.215.300**	**182.271**
1. Repurchase of own shares and stocks	3032	-	-
2. Long term loans (net outflow)	3033	470.352	-
3. Short term loans (net outflow)	3034	744.664	149.137
4. Other liabilities	3035	-	32.370
5. Financial leasing	3036	-	-
6. Dividends paid	3037	284	764
III. Net cash inflow from financing activities (I -II)	3038	**2.084.700**	**-**
D. Net cash outflow from financing activities (II-I)	3039	**-**	**182.271**
E. TOTAL CASH INFLOW (3001+3013+3025)	3040	**3.943.870**	**1.423.932**
F. TOTAL CASH OUTFLOW (3005+3019+3031)	3041	**3.640.250**	**1.439.989**
G. NET CASH INFLOW (3040-3041)	3042	**303.620**	**-**
H. NET CASH OUTFLOW (3041-3040)	3043	**-**	**16.057**
I. CASH BALANCE AT BEGINNING OF REPORTING PERIOD	3044	184.016	200.519
J. EXCHANGE RATE GAINS FROM CASH TRANSLATION	3045	-	-
K. EXCHANGE RATE LOSSES FROM CASH TRANSLATION	3046	38	446
L. CASH BALANCE AT END OF REPORTING PERIOD (3042-3043+3044+3045-3046)	3047	**487.598**	**184.016**

Belgrade,

Legal Representative of the Company

Date: 06.04.2021.

Name ENERGOPROJEKT HOLDING PLC

STATEMENT OF CHANGES IN EQUITY
as at 31.12.2020.

RSD thousand

Equity component

No.	DESCRIPTION	EDP	30 Equity capital	EDP	31 Subscribed capital unpaid	EDP	32 Provisions	EDP	35 Losses	EDP	047 & 237 Treasury shares repurchased	EDP	34 Retained earnings
1	2		3		4		5		6		7		8
1	**Opening balance on 01.01.2019.**												
	a) debit balance	4001	-	4019	-	4037	-	4055	-	4073	49.827	4091	-
	b) credit balance	4002	7.128.301	4020	-	4038	214.881	4056	-	4074	-	4092	1.020.227
2	**Adjustment for materially significant errors and changes in accounting policies**												
	a) adjustment of debit balance	4003	-	4021	-	4039	-	4057	-	4075	-	4093	-
	b) adjustment of credit balance	4004	-	4022	-	4040	-	4058	-	4076	-	4094	-
3	**Adjustment of opening balance on 01.01.2019.**												
	a) adjustment of debit balance (1a+2a-2b) ≥ 0	4005	-	4023	-	4041	-	4059	-	4077	49.827	4095	-
	b) adjustment of credit balance (1b-2a+2b) ≥ 0	4006	7.128.301	4024	-	4042	214.881	4060	-	4078	-	4096	1.020.227
4	**Changes in previous 2019. year**												
	a) debit balance activity	4007	-	4025	-	4043	-	4061	28.262	4079	-	4097	628
	b) credit balance activity	4008	-	4026	-	4044	-	4062	-	4080	-	4098	-
5	**Closing balance previous year at 31.12.2019.**												
	a) debit balance (3a+4a-4b) ≥ 0	4009	-	4027	-	4045	-	4063	28.262	4081	49.827	4099	-
	b) credit balance (3b-4a+4b) ≥ 0	4010	7.128.301	4028	-	4046	214.881	4064	-	4082	-	4100	1.019.599
6	**Adjustment for materially significant errors and changes in accounting policies**												
	a) adjustment of debit balance	4011	-	4029	-	4047	-	4065	-	4083	-	4101	123.366
	b) adjustment of credit balance	4012	-	4030	-	4048	-	4066	-	4084	-	4102	-
7	**Adjustment of opening balance current year at 01.01.2020.**												
	a) adjustment of debit balance (5a+6a-6b) ≥ 0	4013	-	4031	-	4049	-	4067	28.262	4085	49.827	4103	-
	b) adjustment of credit balance (5b-6a+6b) ≥ 0	4014	7.128.301	4032	-	4050	214.881	4068	-	4086	-	4104	896.233
8	**Changes in current 2020. year**												
	a) debit balance activity	4015	27.178	4033	-	4051	134.881	4069	-	4087	-	4105	28.262
	b) credit balance activity	4016	-	4034	-	4052	-	4070	28.262	4088	-	4106	425.337
9	**Closing balance at 30.09.2020.**												
	a) debit balance (7a+8a-8b) ≥ 0	4017	-	4035	-	4053	-	4071	-	4089	49.827	4107	-
	b) credit balance (7b-8a+8b) ≥ 0	4018	7.101.123	4036	-	4054	80.000	4072	-	4090	-	4108	1.293.308

Other results component

No.	DESCRIPTION	EDP	330 Revaluation reserves	EDP	331 Actuarial gains or losses	EDP	332 Gains and losses from equity instrument investments	EDP	333 Gains and losses from share of other profits and losses of affiliates	EDP	334 & 335 Gains and losses from foreign operations and translation of financial statements	EDP	336 Gains and losses from cash flow hedging	EDP	337 Gains and losses from available for sale securities	EDP	Total capital [Σ (row 1b col.3 to col.15) - Σ(row 1a col.3 to col.15)] ≥ 0	EDP	Losses exceeding capital [Σ(row 1a col.3 to col.15) - Σ(row 1b col.3 to col.15)] ≥ 0
1	2		9		10		11		12		13		14		15		16		17
1	**Opening balance on 01.01.2019.**																		
	a) debit balance	4109	-	4127	-	4145	-	4163	-	4181	-	4199	-	4217	4.208	4235	9.094.008	4244	-
	b) credit balance	4110	784.634	4128	-	4146	-	4164	-	4182	-	4200	-	4218	-				
2	**Adjustment for materially significant errors and changes in accounting policies**																		
	a) adjustment of debit balance	4111	-	4129	-	4147	-	4165	-	4183	-	4201	-	4219	-	4236		4245	-
	b) adjustment of credit balance	4112	-	4130	-	4148	-	4166	-	4184	-	4202	-	4220	-				
3	**Adjustment of opening balance on 01.01.2019.**																		
	a) adjustment of debit balance (1a+2a-2b) ≥ 0	4113	-	4131	-	4149	-	4167	-	4185	-	4203	-	4221	4.208	4237	9.094.008	4246	-
	b) adjustment of credit balance (1b-2a+2b) ≥ 0	4114	784.634	4132	-	4150	-	4168	-	4186	-	4204	-	4222	-				
4	**Changes in previous 2019. year**																		
	a) debit balance activity	4115	-	4133	-	4151	-	4169	-	4187	-	4205	-	4223	14.196	4238		4247	
	b) credit balance activity	4116	-	4134	-	4152	-	4170	-	4188	-	4206	-	4224	1.088				
5	**Closing balance previous year at 31.12.2019.**																		
	a) debit balance (3a+4a-4b) ≥ 0	4117	-	4135	-	4153	-	4171	-	4189	-	4207	-	4225	17.316	4239	9.052.010	4248	-
	b) credit balance (3b-4a+4b) ≥ 0	4118	784.634	4136	-	4154	-	4172	-	4190	-	4208	-	4226	-				
6	**Adjustment for materially significant errors and changes in accounting policies**																		
	a) adjustment of debit balance	4119	-	4137	-	4155	-	4173	-	4191	-	4209	-	4227	-	4240		4249	123.366
	b) adjustment of credit balance	4120	-	4138	-	4156	-	4174	-	4192	-	4210	-	4228	-				
7	**Adjustment of opening balance current year at 01.01.2020.**																		
	a) adjustment of debit balance (5a+6a-6b) ≥ 0	4121	-	4139	-	4157	-	4175	-	4193	-	4211	-	4229	17.316	4241	8.928.644	4250	-
	b) adjustment of credit balance (5b-6a+6b) ≥ 0	4122	784.634	4140	-	4158	-	4176	-	4194	-	4212	-	4230	-				
8	**Changes in current 2020. year**																		
	a) debit balance activity	4123	-	4141	-	4159	-	4177	-	4195	-	4213	-	4231	8.218	4242		4251	-
	b) credit balance activity	4124	-	4142	-	4160	-	4178	-	4196	-	4214	-	4232	-				
9	**Closing balance at 30.09.2020.**																		
	a) debit balance (7a+8a-8b) ≥ 0	4125	-	4143	-	4161	-	4179	-	4197	-	4215	-	4233	25.534	4243	9.183.704	4252	-
	b) credit balance (7b-8a+8b) ≥ 0	4126	784.634	4144	-	4162	-	4180	-	4198	-	4216	-	4234	-				

Belgrade,

Legal Representative of the Company

Date: 06.04.2021.

Name ENERGOPROJEKT HOLDING PLC

BALANCE SHEET
as at 31.12.2020.

RSD thousand

Account class, account	DESCRIPTION	EDP	Note No.	Total		
				Current year	Previous year	
					Closing balance on 31.12.2019.	Opening balance on 01.01.2019.
1	2	3	4	5	6	7
	ASSETS					
00	**A. SUBSCRIBED CAPITAL UNPAID**	0001		-	-	-
	B. NON-CURRENT ASSETS (0003+0010+0019+0024+0034)	0002		9.999.267	8.942.794	-
01	I. INTANGIBLES (0004+0005+0006+0007+0008+0009)	0003		21.853	27.637	-
010 & part 019	1. Investments in development	0004	-	-	-	-
011, 012 & part 019	2. Concessions, patents, licenses, trademarks and service marks, software and other rights	0005	21.	21.853	27.637	-
013 & part 019	3. Goodwill	0006	-	-	-	-
014 & part 019	4. Other intangible assets	0007	-	-	-	-
015 & part 019	5. Intangible assets in progress	0008	-	-	-	-
016 & part 019	6. Advances paid on intangible assets	0009	-	-	-	-
02	II. PROPERTY, PLANT AND EQUIPMENT (0011+0012+0013+0014+0015+0016+0017+0018)	0010		1.972.317	1.983.168	-
020, 021 & part 029	1. Land	0011	-	-	-	-
022 & part 029	2. Buildings	0012	22.	1.282.357	1.293.711	-
023 & part 029	3. Plant and equipment	0013	22.	23.719	28.794	-
024 & part 029	4. Investment property	0014	22.	621.294	615.716	-
025 & part 029	5. Other property, plant and equipment	0015	22.	283	283	-
026 & part 029	6. Property, plant and equipment in progress	0016	-	-	-	-
027 & part 029	7. Investments in property, plant and equipment, not owned	0017	-	-	-	-
028 & part 029	8. Advances paid on property, plant and equipment	0018	22.	44.664	44.664	-
03	III. NATURAL ASSETS (0020+0021+0022+0023)	0019		-	-	-
030, 031 & part 039	1. Forests and growing crops	0020	-	-	-	-
032 & part 039	2. Livestock	0021	-	-	-	-
037 & part 039	3. Natural assets in progress	0022	-	-	-	-
038 & part 039	4. Advances paid for natural assets	0023	-	-	-	-
04, excl. 047	IV. LONG TERM FINANCIAL INVESTMENTS (0025+0026+0027+0028+0029+0030+0031+0032+0033)	0024		8.005.097	6.931.989	-
040 & part 049	1. Shares in subsidiaries	0025	23.1.	5.692.220	5.616.040	-
041 & part 049	2. Shares in affiliated companies and joint ventures	0026	23.1.	13.550	13.550	-
042 & part 049	3. Shares in other companies and other available for sale securities	0027	23.1.	22.022	30.240	-
part 043, part 044 & part 049	4. Long term investments in parent companies and subsidiaries	0028	23.2.	2.276.397	1.271.166	-
part 043, part 044 & part 049	5. Long term investments in other affiliated companies	0029	-	-	-	-
part 045 & part 049	6. Long term investments, domestic	0030	-	-	-	-
part 045 & part 049	7. Long term investments, foreign countries	0031	-	-	-	-
046 & part 049	8. Securities held to maturity	0032	-	-	-	-
048 & part 049	9. Other long term financial investments	0033	23.2.	908	993	-
05	V. LONG TERM RECEIVABLES (0035+0036+0037+0038+0039+0040+0041)	0034		-	-	-
050 & part 059	1. Receivables from parent company and subsidiaries	0035	-	-	-	-
051 & part 059	2. Receivables from other affiliated companies	0036	-	-	-	-
052 & part 059	3. Receivables from credit sales	0037	-	-	-	-
053 & part 059	4. Receivables from financial leasing contracts	0038	-	-	-	-
054 & part 059	5. Receivables from pledged assets	0039	-	-	-	-
055 & part 059	6. Bad debts and uncollectible claims	0040	-	-	-	-
056 & part 059	7. Other long term receivables	0041	-	-	-	-
288	**C. DEFERRED TAX ASSETS**	0042	-	-	-	-
	D. OPERATING ASSETS (0044+0051+0059+0060+0061+0062+0068+0069+0070)	0043		3.578.761	2.258.362	-
Class 1	I. INVENTORIES (0045+0046+0047+0048+0049+0050)	0044		41.976	63.887	-
10	1. Material ,parts, tools and small inventories	0045	-	-	-	-
11	2. Work and services in progress	0046	-	-	-	-
12	3. Finished products	0047	-	-	-	-
13	4. Goods	0048	-	-	-	-
14	5. Fixed assets for sale	0049	24.	40.597	58.379	-
15	6. Advances paid for inventories and services	0050	24.	1.379	5.508	-

Account class, account	DESCRIPTION	EDP	Note No.	Total		
				Current year	Previous year	
					Closing balance on 31.12.2019.	Opening balance on 01.01.2019.
1	2	3	4	5	6	7
20	II. RECEIVABLES FROM SALES (0052+0053+0054+0055+0056+0057+0058)	0051		859.303	754.688	-
200 & part 209	1. Local buyers - parent company and subsidiaries	0052	25.	857.878	753.142	-
201 & part 209	2. Foreign buyers - parent company and subsidiaries	0053	-	-	-	-
202 & part 209	3. Local buyers - other affiliated companies	0054	-	-	-	-
203 & part 209	4. Foreign buyers - other affiliated companies	0055	-	-	-	-
204 & part 209	5. Local buyers	0056	25.	1.425	1.546	-
205 & part 209	6. Foreign buyers	0057	-	-	-	-
206 & part 209	7. Other receivables from sales	0058	-	-	-	-
21	III. RECEIVABLES FROM SPECIAL TRANSACTIONS	0059	26.	18.006	13.274	-
22	IV. OTHER RECEIVABLES	0060	27.	87.078	85.981	-
236	V. FINANCIAL ASSETS ASSESSED AT FAIR VALUE THROUGH BALANCE SHEET	0061	-	-	-	-
23 excl. 236 & 237	VI. SHORT TERM FINANCIAL INVESTMENTS(0063+0064+0065+0066+0067)	0062		**1.733.707**	**800.554**	-
230 & part 239	1. Short term loans and investments - parent company and subsidiaries	0063	28.	175.621	723.969	-
231 & part 239	2. Short term loans and investments - other affiliated companies	0064	28.	76.513	76.521	-
232 & part 239	3. Short term credits and loans, domestic	0065	-	-	-	-
233 & part 239	4. Short term credits and loans, foreign countries	0066	-	-	-	-
234, 235, 238 & part 239	5. Other short term financial investments	0067	28.	1.481.573	64	-
24	VII. CASH AND CASH EQUIVALENTS	0068	29.	487.598	184.016	-
27	VIII. VALUE ADDED TAX	0069	-	-	-	-
28 excl. 288	IX. PREPAYMENTS AND ACCRUED INCOME	0070	30.	351.093	355.962	-
	E. TOTAL ASSETS = OPERATING ASSETS (0001+0002+0042+0043)	0071		**13.578.028**	**11.201.156**	-
88	**F. OFF-BALANCE SHEET ASSETS**	0072	40.	14.031.882	21.520.459	-
	LIABILITIES					
	A. CAPITAL (0402+0411-0412+0413+0414+0415-0416+0417+0420-0421) ≥ 0 = (0071-0424-0441-0442)	0401		9.183.704	8.928.644	-
30	I. EQUITY CAPITAL (0403+0404+0405+0406+0407+0408+0409+0410)	0402		7.101.123	7.128.301	-
300	1. Share capital	0403	31.1.	5.574.959	5.574.959	-
301	2. Shares of limited liability companies	0404	-	-	-	-
302	3. Investments	0405	-	-	-	-
303	4. State owned capital	0406	-	-	-	-
304	5. Socially owned capital	0407	-	-	-	-
305	6. Shares of cooperatives	0408	-	-	-	-
306	7. Issuing premium	0409	31.1.	1.526.164	1.526.164	-
309	8. Other share capital	0410	31.1.	-	27.178	-
31	II. SUBSCRIBED CAPITAL UNPAID	0411	-	-	-	-
047 & 237	III. TREASURY SHARES REPURCHASED	0412	31.2.	49.827	49.827	-
32	IV. RESERVES	0413	31.3.	80.000	214.881	-
330	V. REVALUATION RESERVES FROM REVALUATION OF INTANGIBLES, PROPERTY, PLANT AND EQUIPMENT	0414	31.4.	784.634	784.634	-
33 excl. 330	VI. UNREALISED GAINS FROM SECURITIES AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULT (credit balance under account class 33 excl. 330)	0415	-	-	-	-
33 excl. 330	VII. UNREALISED LOSSES FROM SECURITIES AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULT (debit balance under account class 33 excl. 330)	0416	31.5.	25.534	17.316	-
34	VIII. RETAINED EARNINGS (0418+0419)	0417		1.293.308	896.233	-
340	1. Retained earnings from previous years	0418	31.6.	1.030.030	896.233	-
341	2. Retained earnings from current year	0419	31.6	263.278	-	-
	IX. NON-CONTROLLING INTEREST	0420	-	-	-	-
35	**X. LOSSES (0422+0423)**	0421		-	28.262	-
350	1. Losses from previous years	0422	-	-	-	-
351	2. Losses from current year	0423	31.7.	-	28.262	-
	B. LONG TERM PROVISIONS AND LIABILITIES (0425+0432)	0424		4.071.885	1.235.435	-
40	I. LONG TERM PROVISIONS (0426+0427+0428+0429+0430+0431)	0425		3.485	3.262	-
400	1. Provisions for warranty costs	0426	-	-	-	-
401	2. Provisions for recovery of natural resources	0427	-	-	-	-
403	3. Provisions for restructuring costs	0428	-	-	-	-
404	4. Provisions for wages and other employee benefits	0429	32.	3.485	3.262	-
405	5. Provisions for legal expenses	0430	-	-	-	-
402 & 409	6. Other long term provisions	0431	-	-	-	-

Account class, account	DESCRIPTION	EDP	Note No.	Total		
				Current year	Previous year	
					Closing balance on 31.12.2019.	Opening balance on 01.01.2019.
1	2	3	4	5	6	7
41	II. LONG TERM LIABILITIES (0433+0434+0435+0436+0437+0438+0439+0440)	0432		4.068.400	1.232.173	-
410	1. Liabilities convertible into capital	0433	-	-	-	-
411	2. Liabilities to parent company and subsidiaries	0434	-	-	-	-
412	3. Liabilities to other affiliated companies	0435	33.	730.472	1.196.624	-
413	4. Liabilities for issued securities for more than one year	0436	33.	3.300.000	-	-
414	5. Long term credits and loans, domestic	0437	-	-	-	-
415	6. Long term credits and loans, foreign countries	0438	-	-	-	-
416	7. Long term liabilities from financial leasing	0439	-	-	-	-
419	8. Other long term liabilities	0440	33.	37.928	35.549	-
498	**C. DEFERRED TAX LIABILITIES**	0441	39.	140.885	134.283	-
42 to 49 (excl. 498)	**D. SHORT TERM LIABILITIES (0443+0450+0451+0459+0460+0461+0462)**	0442		181.554	902.794	-
42	I. SHORT TERM FINANCIAL LIABILITIES (0444+0445+0446+0447+0448+0449)	0443		8.677	744.878	-
420	1. Short term loans from parent company and subsidiaries	0444	-	-	-	-
421	2. Short term loans from other affiliated companies	0445	-	-	-	-
422	3. Short term credits and loans, domestic	0446	34.1.	-	744.754	-
423	4. Short term credits and loans, foreign countries	0447	-	-	-	-
427	5. Liabilities from fixed assets and assets from discontinued operations available for sale	0448	-	-	-	-
424,425,426 & 429	6. Other short term financial liabilities	0449	34.2.	8.677	124	-
430	II. RECEIVED ADVANCES, DEPOSITS AND BONDS	0450	35.	23.845	29.626	-
43 excl. 430	III. OPERATING LIABILITIES (0452+0453+0454+0455+0456+0457+0458)	0451		28.625	21.611	-
431	1. Suppliers - parent company and subsidiaries, local	0452	36.	3.024	6.509	-
432	2. Suppliers - parent company and subsidiaries, foreign countries	0453	-	-	-	-
433	3. Suppliers - other affiliated companies, local	0454	36.	6.580	-	-
434	4. Suppliers - other affiliated companies, foreign countries	0455	-	-	-	-
435	5. Suppliers, local	0456	36.	5.598	7.639	-
436	6. Suppliers, foreign countries	0457	36.	851	7.007	-
439	7. Other operating liabilities	0458	36.	12.572	456	-
44, 45 & 46	IV. OTHER SHORT TERM LIABILITIES	0459	37.	93.536	75.079	-
47	V. VALUE ADDED TAX	0460	38.1.	1.170	4.528	-
48	VI. OTHER TAXES, CONTRIBUTIONS AND FEES PAYABLE	0461	38.2.	494	693	-
49 excl. 498	VII. ACCRUED EXPENSES AND DEFERRED INCOME	0462	38.3.	25.207	26.379	-
	D. LOSSES EXCEEDING CAPITAL (0412+0416+0421-0420-0417-0415-0414-0413-0411-0402)≥0 = (0441+0424+0442-0071) ≥0	0463		-	-	-
	E. TOTAL LIABILITIES (0424+0442+0441+0401-0463) ≥ 0	0464		**13.578.028**	**11.201.156**	-
89	**F. OFF-BALANCE LIABILITIES**	0465	40.	14.031.882	21.520.459	-

Belgrade,

Date: 06.04.2021.

Legal Representative of the Company

Energoprojekt Holding a.d. Beograd

Name ENERGOPROJEKT HOLDING PLC

INCOME STATEMENT
from 01.01. until 31.12.2020.

RSD thousand

Account class, account	DESCRIPTION	EDP	Note No.	Total Current year	Total Previous year
1	2	3	4	5	6
	A. INCOME FROM NORMAL ACTIVITIES				
60 to 65, excl. 62 & 63	**A. OPERATING INCOME (1002+1009+1016+1017)**	1001		**270.237**	**271.736**
60	I. INCOME FROM SALE OF MERCHANDISE (1003+1004+1005+1006+1007+1008)	1002		-	-
600	1. Income from sale of goods to parent company and subsidiaries on local market	1003	-	-	-
601	2. Income from sale of goods to parent company and subsidiaries on foreign markets	1004	-	-	-
602	3. Income from sale of goods to other affiliated companies on local market	1005	-	-	-
603	4. Income from sale of goods to other affiliated companies on foreign markets	1006	-	-	-
604	5. Income from sale of goods on local market	1007	-	-	-
605	6. Income from sale of goods on foreign markets	1008	-	-	-
61	II. INCOME FROM SALE OF PRODUCTS AND SERVICES (1010+1011+1012+1013+1014+1015)	1009		238.396	248.345
610	1. Income from sale of finished products and services to parent company and subsidiaries on local market	1010	9.1.	238.389	248.266
611	2. Income from sale of finished products and services to parent company and subsidiaries on foreign markets	1011	-	-	-
612	3. Income from sale of finished products and services to other affiliated companies on local market	1012	-	-	-
613	4. Income from sale of finished products and services to other affiliated companies on foreign markets	1013	-	-	-
614	5. Income from sale of finished products and services on local market	1014	9.1.	7	79
615	6. Income from sale of finished products and services on foreign markets	1015	-	-	-
64	III. INCOME FROM PREMIUMS, SUBSIDIES, GRANTS, DONATIONS, ETC.	1016	9.2.	9.176	-
65	IV. OTHER OPERATING INCOME	1017	9.3.	22.665	23.391
	EXPENSES FROM NORMAL ACTIVITIES		-		
55 to 55, 62 & 63	**B. OPERATING EXPENSES (1019-1020-1021+1022+1023+ 1024+1025+1026+1027+1028+1029) ≥ 0**	1018		318.773	344.617
50	I. COST PRICE OF GOODS SOLD	1019	-	-	-
62	II. INCOME FROM USE OF OWN PRODUCTS AND MERCHANDISE	1020	-	-	-
630	III. INCREASE IN INVENTORIES OF INTERMEDIATE AND FINISHED GOODS AND SERVICES IN PROGRESS	1021	-	-	-
631	IV. DECREASE IN INVENTORIES OF INTERMEDIATE AND FINISHED GOODS AND SERVICES IN PROGRESS	1022	-	-	-
51 excl. 513	V. MATERIAL COSTS	1023	10.	4.224	5.313
513	VI. FUEL AND ENERGY COSTS	1024	10.	17.556	21.134
52	VII. EMPLOYEE EXPENSES AND BENEFITS	1025	11.	175.910	185.346
53	VIII. PRODUCTION SERVICE COSTS	1026	12.	47.781	51.189
540	IX. DEPRECIATION EXPENSES	1027	13.	24.011	20.947
541 to 549	X. PROVISION EXPENSES	1028	13.	1.049	595
55	XI. INTANGIBLE EXPENSES	1029	14.	48.242	60.093
	C. OPERATING INCOME (1001-1018) ≥ 0	1030		-	-
	D. OPERATING LOSSES (1018-1001) ≥ 0	1031		48.536	72.881
66	**E. FINANCIAL REVENUES (1033+1038+1039)**	1032		408.583	98.358
66, excl. 662, 663 & 664	I. FINANCIAL INCOME FROM AFFILIATED COMPANIES AND OTHER FINANCIAL REVENUES (1034+1035+1036+1037)	1033		407.965	93.000
660	1. Financial income from parent company and subsidiaries	1034	15.1.	403.210	65.314
661	2. Financial income from other affiliated companies	1035	15.1.	4.755	10.336
665	3. Share of profits in associated companies and joint ventures	1036	-	-	-
669	4. Other financial revenues	1037	15.1.	-	17.350
662	II. INTEREST INCOME (THIRD PARTY)	1038	15.1.	451	888
663 & 664	III. EXCHANGE RATE GAINS AND POSITIVE CURRENCY CLAUSE EFFECTS (THIRD PARTY)	1039	15.1.	167	4.470
56	**F. FINANCIAL EXPENSES (1041+1046+1047)**	1040		90.907	87.212
56, excl. 562, 563 & 564	I. FINANCIAL EXPENSES FROM TRANSACTIONS WITH AFFILIATED COMPANIES AND OTHER FINANCIAL EXPENDITURE (1042+1043+1044+1045)	1041		72.460	56.637
560	1. Financial expenses from transactions with parent company and subsidiaries	1042	15.2.	351	15.303
561	2. Financial expenses from transactions with other affiliated companies	1043	15.2.	72.109	41.334
565	3. Share of losses in affiliated companies and joint ventures	1044	-	-	-
566 & 569	4. Other financial expenditure	1045	-	-	-
562	II. INTEREST EXPENSES (THIRD PARTY)	1046	15.2.	18.253	28.036
563 & 564	III. EXCHANGE RATE LOSSES AND NEGATIVE CURRENCY CLAUSE EFFECTS (THIRD PARTY)	1047	15.2.	194	2.539
	G. FINANCIAL GAINS (1032-1040)	1048		317.676	11.146
	H. FINANCIAL LOSSES (1040-1032)	1049		-	-

Account class, account	DESCRIPTION	EDP	Note No.	Total	
				Current year	Previous year
1	2	3	4	5	6
683 & 685	**I. INCOME FROM VALUE ADJUSTMENT OF OTHER ASSETS DISCLOSED AT FAIR VALUE THROUGH INCOME STATEMENT**	1050	16.1.	28.415	-
583 & 585	**J. EXPENSES FROM VALUE ADJUSTMENT OF OTHER ASSETS DISCLOSED AT FAIR VALUE THROUGH INCOME STATEMENT**	1051	16.3.	18.090	-
67 & 68, excl. 683 & 685	**K. OTHER INCOME**	1052	16.2.	8.410	69.771
57 & 58, excl. 583 & 585	**L. OTHER EXPENSES**	1053	16.4.	18.271	38.140
	M. INCOME FROM NORMAL OPERATIONS BEFORE TAX (1030-1031+1048-1049+1050-1051+1052-1053)	1054		269.604	-
	N. LOSSES FROM NORMAL OPERATIONS BEFORE TAX (1031-1030+1049-1048+1051-1050+1053-1052)	1055		-	30.104
69-59	**O. NET PROFIT FROM DISCONTINUED OPERATIONS, EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND ADJUSTMENT OF ERRORS FROM PREVIOUS YEARS**	1056	17.	276	3.758
59-69	**P. NET LOSSES FROM DISCONTINUED OPERATIONS, EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND ADJUSTMENT OF ERRORS FROM PREVIOUS YEARS**	1057	-	-	-
	Q. PROFIT BEFORE TAX (1054-1055+1056-1057)	1058	18.	269.880	-
	R. LOSSES BEFORE TAX (1055-1054+1057-1056)	1059	18.	-	26.346
	S. INCOME TAX		-		
721	I. TAXABLE EXPENSES FOR THE PERIOD	1060	-	-	-
part 722	II. DEFERRED TAX EXPENSES FOR THE PERIOD	1061	19.	6.602	1.916
part 722	III. DEFERRED TAX INCOME FOR THE PERIOD	1062	-	-	-
723	**T. MANAGEMENT EARNINGS**	1063	-	-	-
	U. NET PROFIT (1058-1059-1060-1061+1062-1063)	1064	19.	**263.278**	-
	V. NET LOSSES (1059-1058+1060+1061-1062+1063)	1065	19.	-	**28.262**
	I. NET PROFIT PAYABLE TO MINORITY SHAREHOLDERS	1066	-	-	-
	II. NET PROFIT PAYABLE TO MAJORITY SHAREHOLDER	1067	-	-	-
	III. NET LOSSES ATTRIBUTABLE TO MINORITY SHAREHOLDERS	1068	-	-	-
	IV. NET LOSSES ATTRIBUTABLE TO MAJORITY SHAREHOLDER	1069	-	-	-
	V. EARNINGS PER SHARE		-		
	1. Basic earnings per share	1070	-	-	-
	2. Reduced (diluted) earnings per share	1071	-	-	-

Belgrade,

Date: 06.04.2021.

Legal Representative of the Company

Energoprojekt Holding a.d. * Beograd *

Name ENERGOPROJEKT HOLDING PLC

STATEMENT OF OTHER RESULTS
from 01.01. until 31.12.2020.

RSD thousand

Account class, account	DESCRIPTION	EDP	Amount	
			Current year	Previous year
1	2	3	5	6
	A. NET OPERATING RESULTS			
	I. NET PROFIT (EDP 1064)	2001	263.278	
	II. NET LOSSES (EDP 1065)	2002		28.262
	B. OTHER COMPREHENSIVE RESULTS OR LOSSES			
	a) Items not reclassifiable in the balance sheet in future periods			
330	1. Change of revaluation of intangibles, property, plant and equipment			
	a) increase in revaluation reserves	2003		
	b) decrease in revaluation reserves	2004		
331	2. Actuarial gains or losses from defined income plans			
	a) gains	2005		
	b) losses	2006		
332	3. Gains and losses from equity instrument investments			
	a) gains	2007		
	b) losses	2008		
333	4. Gains and losses from share of other comprehensive profits and losses of affiliates			
	a) gains	2009		
	b) losses	2010		
	b) Items that may be reclassified in the balance sheet in future periods			
334	1. Gains and losses from translation of financial statements for foreign operations			
	a) gains	2011		
	b) losses	2012		
335	2. Gains and losses from hedging of net investments in foreign operations			
	a) gains	2013		
	b) losses	2014		
336	3. Gains and losses from cash flow hedging			
	a) gains	2015		
	b) losses	2016		
337	4. Gains and losses from available for sale securities			
	a) gains	2017		1.088
	b) losses	2018	8.218	14.196
	I. OTHER COMPREHENSIVE GROSS PROFIT (2003+2005+2007+2009+2011+2013+2015+2017) - (2004+2006+2008+2010+2012+2014+2016+2018) ≥ 0	2019		
	II. OTHER COMPREHENSIVE GROSS LOSSES (2004+2006+2008+2010+2012+2014+2016+2018) - (2003+2005+2007+2009+2011+2013+2015+2017) ≥ 0	2020	8.218	13.108
	III. TAX ON OTHER COMPREHENSIVE PROFIT OR LOSS FOR THE PERIOD	2021		
	IV. NET OTHER COMPREHENSIVE PROFIT (2019-2020-2021) ≥ 0	2022		
	V. NET OTHER COMPREHENSIVE LOSSES (2020-2019+2021) ≥ 0	2023	8.218	13.108
	C. TOTAL COMPREHENSIVE NET RESULTS FOR THE PERIOD			
	I. TOTAL COMPREHENSIVE NET PROFIT (2001-2002+2022-2023) ≥ 0	2024	255.060	
	II. TOTAL COMPREHENSIVE NET LOSSES (2002-2001+2023-2022) ≥ 0	2025		41.370
	D. TOTAL COMPREHENSIVE NET PROFIT OR LOSSES (2027+2028) = AOP 2024 ≥ 0 or AOP 2025 > 0	2026		
	1. Payable to majority shareholders	2027		
	2. Payable to non-controlling shareholders	2028		

Belgrade,

Legal Representative of the Company

Date: 06.04.2021.

Energoprojekt Holding Beograd

Name ENERGOPROJEKT HOLDING PLC

CASH FLOW STATEMENT
from 01.01. until 31.12.2020.

RSD thousand

Description	EDP	Total	
		Current year	Previous year
1	2	3	4
A. CASH FLOWS FROM OPERATING ACTIVITIES			
I. Cash inflow from operating activities (1 to 3)	3001	**277.150**	**331.731**
1. Sales and prepayments	3002	239.271	282.370
2. Interests from operating activities	3003	-	-
3. Other inflow from normal operations	3004	37.879	49.361
II. Cash outflow from operating activities (1 to 5)	3005	**434.332**	**511.928**
1. Payments to suppliers and prepayments	3006	158.035	182.063
2. Employee expenses and benefits	3007	154.969	183.464
3. Interests paid	3008	61.185	57.586
4. Income tax	3009	-	29.569
5. Payments based on other public revenues	3010	60.143	59.246
III. Net cash inflow from operating activities (I-II)	3011	**-**	**-**
IV. Net cash outflow from operating activities (II-I)	3012	**157.182**	**180.197**
B. CASH FLOWS FROM INVESTING ACTIVITIES			
I. Cash inflow from investing activities (1 to 5)	3013	**366.720**	**1.092.201**
1. Sale of shares and stocks (net inflow)	3014	-	-
2. Sale of intangible investments, property, plant, equipment and natural assets	3015	159	107
3. Other financial investments (net inflow)	3016	-	1.053.462
4. Interest received from investment activities	3017	13.662	38.543
5. Dividends received	3018	352.899	89
II. Cash outflow from investing activities (1 to 3)	3019	**1.990.618**	**745.790**
1. Purchase of shares and stocks (net outflow)	3020	77.899	714.596
2. Purchase of intangible investments, property, plant, equipment and natural assets	3021	6.353	31.194
3. Other financial investments (net outflow)	3022	1.906.366	-
III. Net cash inflow from investing activities (I-II)	3023	**-**	**346.411**
IV. Net cash outflow from investing activities (II-I)	3024	**1.623.898**	**-**
C. CASH FLOWS FROM FINANCING ACTIVITIES			
I. Cash inflow from financing activities (1 to 5)	3025	**3.300.000**	**-**
1. Equity increase	3026	-	-
2. Long term loans (net inflow)	3027	-	-
3. Short term loans (net inflow)	3028	-	-
4. Other long term liabilities	3029	3.300.000	-
5. Other short term liabilities	3030	-	-
II. Cash outflow from financing activities (1 to 6)	3031	**1.215.300**	**182.271**
1. Repurchase of own shares and stocks	3032	-	-
2. Long term loans (net outflow)	3033	470.352	-
3. Short term loans (net outflow)	3034	744.664	149.137
4. Other liabilities	3035	-	32.370
5. Financial leasing	3036	-	-
6. Dividends paid	3037	284	764
III. Net cash inflow from financing activities (I -II)	3038	**2.084.700**	**-**
D. Net cash outflow from financing activities (II-I)	3039	**-**	**182.271**
E. TOTAL CASH INFLOW (3001+3013+3025)	3040	**3.943.870**	**1.423.932**
F. TOTAL CASH OUTFLOW (3005+3019+3031)	3041	**3.640.250**	**1.439.989**
G. NET CASH INFLOW (3040-3041)	3042	**303.620**	**-**
H. NET CASH OUTFLOW (3041-3040)	3043	**-**	**16.057**
I. CASH BALANCE AT BEGINNING OF REPORTING PERIOD	3044	184.016	200.519
J. EXCHANGE RATE GAINS FROM CASH TRANSLATION	3045	-	-
K. EXCHANGE RATE LOSSES FROM CASH TRANSLATION	3046	38	446
L. CASH BALANCE AT END OF REPORTING PERIOD (3042-3043+3044+3045-3046)	3047	**487.598**	**184.016**

Belgrade,

Date: 06.04.2021.

Legal Representative of the Company

Energoprojekt Holding a.d. Beograd

Name ENERGOPROJEKT HOLDING PLC

STATEMENT OF CHANGES IN EQUITY
as at 31.12.2020.

No.	DESCRIPTION	Equity component																	
		EDP	30 Equity capital	EDP	31 Subscribed capital unpaid	EDP	32 Provisions	EDP	35 Losses	EDP	047 & 237 Treasury shares repurchased	EDP	34 Retained earnings	EDP	330 Revaluation reserves	EDP	331 Actuarial gains or losses
1	2		3		4		5		6		7		8		9		10
1	**Opening balance on 01.01.2019.**																		
	a) debit balance	4001	-	4019	-	4037	-	4055	-	4073	49.827	4091	-	4109	-	4127	-
	b) credit balance	4002	7.128.301	4020	-	4038	214.881	4056	-	4074	-	4092	1.020.227	4110	784.634	4128	-
2	**Adjustment for materially significant errors and changes in accounting policies**																		
	a) adjustment of debit balance	4003	-	4021	-	4039	-	4057	-	4075	-	4093	-	4111	-	4129	-
	b) adjustment of credit balance	4004	-	4022	-	4040	-	4058	-	4076	-	4094	-	4112	-	4130	-
3	**Adjustment of opening balance on 01.01.2019.**																		
	a) adjustment of debit balance (1a+2a-2b) ≥ 0	4005	-	4023	-	4041	-	4059	-	4077	49.827	4095	-	4113	-	4131	-
	b) adjustment of credit balance (1b-2a+2b) ≥ 0	4006	7.128.301	4024	-	4042	214.881	4060	-	4078	-	4096	1.020.227	4114	784.634	4132	-
4	**Changes in previous 2019. year**																		
	a) debit balance activity	4007	-	4025	-	4043	-	4061	28.262	4079	-	4097	628	4115	-	4133	-
	b) credit balance activity	4008	-	4026	-	4044	-	4062	-	4080	-	4098	-	4116	-	4134	-
5	**Closing balance previous year at 31.12.2019.**																		
	a) debit balance (3a+4a-4b) ≥ 0	4009	-	4027	-	4045	-	4063	28.262	4081	49.827	4099	-	4117	-	4135	-
	b) credit balance (3b-4a+4b) ≥ 0	4010	7.128.301	4028	-	4046	214.881	4064	-	4082	-	4100	1.019.599	4118	784.634	4136	-
6	**Adjustment for materially significant errors and changes in accounting policies**																		
	a) adjustment of debit balance	4011	-	4029	-	4047	-	4065	-	4083	-	4101	123.366	4119	-	4137	-
	b) adjustment of credit balance	4012	-	4030	-	4048	-	4066	-	4084	-	4102	-	4120	-	4138	-
7	**Adjustment of opening balance current year at 01.01.2020.**																		
	a) adjustment of debit balance (5a+6a-6b) ≥ 0	4013	-	4031	-	4049	-	4067	28.262	4085	49.827	4103	-	4121	-	4139	-
	b) adjustment of credit balance (5b-6a+6b) ≥ 0	4014	7.128.301	4032	-	4050	214.881	4068	-	4086	-	4104	896.233	4122	784.634	4140	-
8	**Changes in current 2020. year**																		
	a) debit balance activity	4015	27.178	4033	-	4051	134.881	4069	-	4087	-	4105	28.262	4123	-	4141	-
	b) credit balance activity	4016	-	4034	-	4052	-	4070	28.262	4088	-	4106	425.337	4124	-	4142	-
9	**Closing balance at 30.09.2020.**																		
	a) debit balance (7a+8a-8b) ≥ 0	4017	-	4035	-	4053	-	4071	-	4089	49.827	4107	-	4125	-	4143	-
	b) credit balance (7b-8a+8b) ≥ 0	4018	7.101.123	4036	-	4054	80.000	4072	-	4090	-	4108	1.293.308	4126	784.634	4144	-

Belgrade,

Date: 06.04.2021.

Name ENERGOPROJEKT HOLDING PLC

RSD thousand

No.	DESCRIPTION	Other results component										EDP	Total capital [Σ (row 1b col.3 to col.15) - Σ(row 1a col.3 to col.15)] ≥ 0	EDP	Losses exceeding capital [Σ(row 1a col.3 to col.15) - Σ(row 1b col.3 to col.15)] ≥ 0
		EDP	332 Gains and losses from equity instrument investments	EDP	333 Gains and losses from share of other profits and losses of affiliates	EDP	334 & 335 Gains and losses from foreign operations and translation of financial statements	EDP	336 Gains and losses from cash flow hedging	EDP	337 Gains and losses from available for sale securities				
1	2		11		12		13		14		15		16		17
1	**Opening balance on 01.01.2019.**														
	a) debit balance	4145	-	4163	-	4181	-	4199	-	4217	4.208	4235	9.094.008	4244	-
	b) credit balance	4146	-	4164	-	4182	-	4200	-	4218	-				
2	**Adjustment for materially significant errors and changes in accounting policies**														
	a) adjustment of debit balance	4147	-	4165	-	4183	-	4201	-	4219	-	4236		4245	-
	b) adjustment of credit balance	4148	-	4166	-	4184	-	4202	-	4220	-				
3	**Adjustment of opening balance on 01.01.2019.**														
	a) adjustment of debit balance (1a+2a-2b) ≥ 0	4149	-	4167	-	4185	-	4203	-	4221	4.208	4237	9.094.008	4246	-
	b) adjustment of credit balance (1b-2a+2b) ≥ 0	4150	-	4168	-	4186	-	4204	-	4222	-				
4	**Changes in previous 2019. year**														
	a) debit balance activity	4151	-	4169	-	4187	-	4205	-	4223	14.196	4238		4247	
	b) credit balance activity	4152	-	4170	-	4188	-	4206	-	4224	1.088				
5	**Closing balance previous year at 31.12.2019.**														
	a) debit balance (3a+4a-4b) ≥ 0	4153	-	4171	-	4189	-	4207	-	4225	17.316	4239	9.052.010	4248	-
	b) credit balance (3b-4a+4b) ≥ 0	4154	-	4172	-	4190	-	4208	-	4226	-				
6	**Adjustment for materially significant errors and changes in accounting policies**														
	a) adjustment of debit balance	4155	-	4173	-	4191	-	4209	-	4227	-	4240		4249	123.366
	b) adjustment of credit balance	4156	-	4174	-	4192	-	4210	-	4228	-				
7	**Adjustment of opening balance current year at 01.01.2020.**														
	a) adjustment of debit balance (5a+6a-6b) ≥ 0	4157	-	4175	-	4193	-	4211	-	4229	17.316	4241	8.928.644	4250	-
	b) adjustment of credit balance (5b-6a+6b) ≥ 0	4158	-	4176	-	4194	-	4212	-	4230	-				
8	**Changes in current 2020. year**														
	a) debit balance activity	4159	-	4177	-	4195	-	4213	-	4231	8.218	4242		4251	-
	b) credit balance activity	4160	-	4178	-	4196	-	4214	-	4232	-				
9	**Closing balance at 30.09.2020.**														
	a) debit balance (7a+8a-8b) ≥ 0	4161	-	4179	-	4197	-	4215	-	4233	25.534	4243	9.183.704	4252	-
	b) credit balance (7b-8a+8b) ≥ 0	4162	-	4180	-	4198	-	4216	-	4234	-				

Belgrade,

Date: 06.04.2021.

Legal Representative of the Company

NOTES TO THE
FINANCIAL STATEMENTS
FOR THE YEAR 2020

Belgrade, 2021

C O N T E N T S

1. COMPANY BACKGROUND

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

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

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

General Company Data

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

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

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

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

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

Since 2010, the Energoprojekt Promet Ltd. has been dormant company without any business activities and any assets at its disposal.

Subsidiary companies abroad - international companies are as follows:

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

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

- Enjub Ltd.

The following table contains data on the ownership share in subsidiaries as of 31 December 2020.

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

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

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

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

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

The average number of employees with the Company in the reporting period, based on the actual number of employees at the end of each month, is 73 (as at 31 December 2019: 75).

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

The financial statements that are subject of these Notes are the **financial statements of the Company for the period from 1 January till 31 December 2020** that were approved by the Supervisory Board of the Company on the 13 April 2021, at its 116th session and that are subject to an audit by an external auditor.

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

Comparative information are the audited financial statements of the Company for the year 2019.

The Company's management assesses that the Company continues to operate for an indefinite period of time and does not expect significant changes in the business, and thus the Company's financial statements for 2020 are prepared in accordance with a going concern principle.

2. MANAGEMENT STRUCTURE

Key management of the Company for the period up to 30 September of the reporting year included the following persons:

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

Key management of the Company for the period from 01 October included the following persons:

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

3. OWNERSHIP STRUCTURE

According to records of the Central Securities Depository, the registered ownership structure of the Company as at 31 December 2020 is presented in the Note 31.1.

4. BASIS FOR THE PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

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

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

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

The Company financial statements were presented in the form and with the content specified by the provisions of the Rules on the Contents and Form of Financial Statements' Forms submitted by Companies, Cooperatives and Entrepreneurs (RS Official Gazette, No. 95/2014 and 144/2014).

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

Chart of Accounts and content of accounts in the Chart of Accounts were prescribed by the Rules on Chart of Accounts and Contents of Accounts in the Chart of Accounts for Companies, Cooperatives and Entrepreneurs (RS Official Gazette, No. 95/2014 - valid until the preparation of financial statements as of 31 December 2021).

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

- Law on Corporate Income Tax ("Official Gazette of RS", No. 25/2001, 80/2002, 43/2003, 84/2004, 18/2010, 101/2011, 119/2012, 47/2013, 108/2013, 68/2014 - other law, 142/2014, 91/2015 - authentic interpretation, 112/2015, 113/2017, 95/2018, 86/2019 and 153/2020);
- Law on Added Value Tax ("Official Gazette of RS", No. 84/2004, 86/2004 - corrigendum, 61/2005, 61/2007, 93/2012, 108/2013, 68/2014 - other law, 142/2014, 83/2015, 108/2016, 113/2017, 30/2018, 72/2019 and 153/2020);

- Rules on the Contents of Tax Balance and Other Issues of Relevance for Calculation of Corporate Income Tax ("Official Gazette of RS", No. 20/2014, 41/2015, 101/2016, 8/2019, 94/2019 and 159/2020);
- Rules on the Contents of Tax Return for Calculation of Corporate Income Tax ("Official Gazette of RS", No. 30/2015, 101/2016, 44/2018 – other laws, 8/2019, 94/2019 and 159/2020);
- Rules on Method of Classification of Non-Current Assets and on Method of Calculation of Depreciation for Taxing Purposes ("Official Gazette of RS", No. 116/2004, 99/2010, 104/2018 and 8/2019);
- Rules on Transfer Pricing and Methods Applied in compliance with the “arm’s length” principle in determining the price of transactions among related parties ("Official Gazette of RS", No. 61/2013, 8/2014 and 94/2019) and others.

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

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

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

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

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

- Pursuant to the Law on Accounting (RS Official Gazette, No. 73/2019) , the financial statements in the Republic of Serbia are to be presented in the format stipulated by the Rules on the Contents and Form of the Financial Statements Forms for Companies, Cooperatives and Entrepreneurs (RS Official Gazette, No. 95/2014 and 144/2014 - valid until the preparation of financial statements as of 31.12.2021), which deviates from the presentation and names of certain general purpose financial statements, as well as from the presentation of certain balance positions stipulated by the Revised IAS 1 - “Presentation of Financial Statements“; and
- Off-balance assets and off-balance liabilities were presented in the Balance Sheet form. According to the IFRS definition, these items are neither assets, nor liabilities.

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

Published standards and interpretations that have not yet come into force

On the day of publication of these financial statements, the following standards, their amendments and interpretations were published, but have not yet entered into force:

- Amendment to IFRS 16 "Covid 19" - effective from 1 June 2020;
- IFRS 17 “Insurance Contracts” - effective from 1 January 2023;
- Amendment to IAS 1 “Classification of Liabilities as Long-Term and Short-Term” – effective from 1 January 2023;
- Amendment to IAS 16 “Procedures before Intended Use” - effective from 1 January 2022;
- Amendment to IFRS 3 “Conceptual Framework Reference” – effective from 1 January 2022;
- Amendment to IAS 37 “Contract Performance Cost” - effective from 1 January 2022;
- Annual improvements of standards from 2018 to 2020 – effective from 1 January 2022;
- Amendments to IFRS 10 and IAS 28 “Sale or Investment of Assets between an Investor and its Associated or Joint Venture” - deferred application until the International Accounting Standards Board (IASB) completed the equity method project; and
- Amendments to IFRS 4, IFRS 7, IFRS 9, IFRS 16 and IAS 39 “Interest Rate Benchmarking - Phase 2” - effective from 1 January 2021.

5. ACCOUNTING PRINCIPLES

The following principles were applied in the preparation of Company financial statements:

- The Going Concern Principle,
- The Consistency Principle,
- The Prudence Principle,
- The Substance over Form Principle,
- The Accrual Principle,
- The Item by Item Assessment Principle.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The materiality of an error is valuated pursuant to provisions of the Framework for the preparation and presentation of financial reports that state that materiality may imply that omission or false accounting entries may affect economic decisions of users adopted based on financial statements.
Materially significant errors are valuated pursuant to relevant provisions from the Framework for the preparation and presentation of financial statements. Materiality is defined in the Company with respect to the significance of the error considering total revenues. A materially significant error is an error that for itself or together with other errors **exceeds 1,5% of the total income in the previous year**.
In these financial statements, information for the comparative year 2019 were adjusted in accordance with the requirements of the first application of IFRS 9.

7. OVERVIEW OF PRINCIPAL ACCOUNTING POLICIES

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

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

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

In preparation of Company financial statements, relevant provisions IAS 10 - “Events after the Reporting Period” were considered. They refer to events that occur between the balance sheet date and the date when the financial statements were authorized for issue. More precisely, for **effects of the event that provide evidence on circumstances at the balance sheet date**, already recognized amounts in financial statements of the Company were corrected in order to mirror corrected events after the balance sheet date; and for **effects of the event that provide evidence on circumstances**

after the balance sheet date, no adjustments of recognized amounts were applied, and if there were any, these Notes will disclose the nature of events and the valuation of their financial effects, or, if impossible to evaluate the financial effects thereof, it is disclosed that such estimate cannot be made.

7.1 Valuation

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

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

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

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

7.2 Effects of Foreign Exchange Rates and Foreign Currency Translation

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

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

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

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

Official Middle Exchange Rates of the National Bank of Serbia

Currency	*31.12.2020*	*31.12.2019*
	Amount in RSD	
1 EUR	117.5802	117.5928
1 USD	95.6637	104.9186
1 GBP	130.3984	137.5998

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

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

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

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

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

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

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

7.3 Revenues

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

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

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

For the purpose of financial reporting, within the operating revenues in Income Statement no income from the own use of products, services and merchandize and income from the change in value of inventories (increases, i.e., decreases in the value of inventories of unfinished and finished products and unfinished services), and are corrected by such amounts in the Income Statement.

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

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

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

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

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

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

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

Diversity is the basis for treatment of separate performance obligations.

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

When a contract with a customer does not meet the above criteria and the company receives consideration from the customer, it shall recognise the consideration received as revenue only when either of the following events has occurred:
- company has no remaining obligations to transfer goods or services to the customer and all, or substantially all, of the consideration promised by the customer has been received by the entity and is non-refundable; or
- the contract has been terminated and the consideration received from the customer is non-refundable otherwise, the Company enters fee (advance paid) as a liability.

Contract costs include:
- Costs to obtain a contract; and
- Costs to fulfil a contract.

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

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

Costs incurred in fulfilling a contract with a customer are capitalized if they are not within the scope of another standard, relate directly to the contract, generate or enhance resources that will be used in satisfying performance obligations in the future, and if such costs are expected to be recovered.
The principle in IFRS 15 are applied using the following five steps (in more detail as specified in IFRS 15):

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

A) Identify the contract with customer

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

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

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

B) Identify the performance obligations in the contract

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

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

C) Determine the transaction price

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

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

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

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

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

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

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

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

D) Allocate the transaction price

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

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

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

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

E) Recognise of revenues

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

Performance obligation may be satisfied:

- over time or
- at appoint in time.

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

- the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs;
- the entity's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or
- the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date (by diverting property for another purpose).

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

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

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

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

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

7.4. Expenses

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

The definition of expenditure includes:

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

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

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

For the purposes of financial reporting, operating expenses are corrected in the Income Statement for the amount of income from the own use of products and merchandize and income from the depreciation of inventories of products (increase, i.e., decrease in the value of inventories of unfinished and finished products and unfinished services).

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

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

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

7.5 Interest and Other Borrowing Costs

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

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

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

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

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

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

7.6 Income Tax

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

- The current tax; and
- The deferred tax.

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

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

- Deferred tax assets or
- Deferred tax liabilities.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7.7 Intangible Assets

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

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

To recognize an intangible asset, it must comply with the provisions of IAS 38 - Intangible assets:

- That it is likely that future economic benefits, attributable to assets, will flow to the Company that the Company has control over the asset, and
- That the purchase price (cost) can be reliably measured.

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

Accounting recognition of internally generated intangibles is dependent upon an assessment of whether they are created:

- In the research phase, or
- In the development phase.

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

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

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

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

7.8 Property, Plant and Equipment

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

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

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

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

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

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

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

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

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

7.9 Lease

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

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

The *fair value* is the amount for which the lease can be exchanged between knowledgeable, willing parties in arm's length transaction.

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

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

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

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

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

7.10 Amortisation of Intangible Assets, Property, Plant and Equipment

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7.11 Impairment of Intangible Assets, Property, Plant and Equipment

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

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

Recoverable amount is the higher amount of:

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

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

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

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

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

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

7.12 Investment Property

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

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

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

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

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

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

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

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

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

7.13 Inventories

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

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

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

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

The purchase price (cost) includes all:

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

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

Valuation of material and goods inventories spent is performed by applying the **weighted average cost formulas**, calculated at the level of each individual warehouse.

In the recognition of assets of lower value (for example small inventory items, spare parts and servicing equipment), upon its use, the entire value (100% write-off) is transferred to expenses of the respective period.

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

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

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

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

7.14 Non-Current Assets Held for Sale

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

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

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

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

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

- The accounting value, and

- The fair value reduced by the costs of sale.

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

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

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

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

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

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

Assets that cease to be classified as held for sale (or cease to be included in a held-to-sale group) are valued at the lower of:
- the carrying amount before it is classified as held for sale (adjusted for depreciation and impairment that would be recognized if the asset was never classified for sale); and
- its recoverable amount at the date of the decision not to sell the fixed asset.

7.15 Fair Value

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

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

A fair value measurement is for a particular asset or liability. Therefore, the entity shall take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Such characteristics include, for example, the following:
- the condition and location of the asset; and
- restrictions, if any, on the sale or use of the asset.

A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:
- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

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

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

- market approach - using prices and other relevant information generated by market transactions involving identical or comparable (ie similar) assets, liabilities or a group of assets and liabilities, such as a business;
- cost approach - From the perspective of a market participant seller, the price that would be received for the asset is based on the cost to a market participant buyer to acquire or construct a substitute asset of comparable utility, adjusted for obsolescence.
- income approach converts future amounts (eg cash flows or income and expenses) to a single current (ie discounted) amount. When the income approach is used, the fair value measurement reflects current market expectations about those future amounts.

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

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

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

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

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

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

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

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

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

7.16 Financial Instruments

Financial assets

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

The company derecognises a financial asset when, and only when:

- the contractual rights to the cash flows from the financial asset expire, or
- it transfers the financial asset and the transfer qualifies for derecognition.

At initial recognition, the company measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. In relation to the above, the difference is that the initial recognition of trade receivables is measured at the transaction price (except in the case when the sale contains a significant component of financing).
In subsequent measurement of financial asset, the relevant group is the group in which the Company has classified the financial asset, which is conditioned by:

- business model of the Financial Management Company and
- characteristics of contractual cash flows of the financial asset ("SPPI" test - Solely Payments of Principal and Interest).

After initial recognition, the company measures a financial asset at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Asset classified in the amortized cost category should meet both criteria:

- Business model: the financial asset is held for the purpose of collecting contracted cash flows;
- SPPI test: whether the agreed conditions give the right to cash flows that represent only the payment of principal and interest.

Asset classified at fair value through other comprehensive income should meet both criteria:

- Business model: the financial asset is held to collect contracted cash flows and sales;
- SPPI test: whether the agreed conditions give the right to cash flows that represent only the payment of principal and interest.

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

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

Dividends are recognised in profit or loss only when:

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

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

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

At each reporting date:

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

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

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

<u>Financial liabilities</u>

A financial liability is any liability that is:

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

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

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

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

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

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

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

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

Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Based on all the above, the Company in accordance with Methodology for calculating the impairment of financial instruments in accordance with IFRS 9, calculated the effects of application of IFRS 9 on 01.01.2020. and on 31.12.2020.

The Company has determined that the application of IFRS 9 affected the additional amount of impairment on 01.01.2020 for RSD 145,136 thousand, recognized within the capital, ie the item of previous years retained earnings on 01.01.2020 (restated of opening balance - Note 31.6), in the manner shown in the following table.

In RSD thousand

Financial instruments	**Financial instrument as of 01.01.2020, gross**	**Allowance for impairment**	**Impairment as of 01.01.2020**	**Financial instrument as of 01.01.2020, net**
1	2	3	4	5=2+4
Buyers local – parent company and subsidiaries (acc. 200) - EP Visokogradnja (Note 25)	730.306	acc. 209	(88.028)	642.278
Short-term loans and placements – parent company and subsidiaries (acc. 230) (NOte 28)	726.257	acc. 2390	(2.288)	723.969
Long-term placements - parent company and subsidiaries (acc. 0430) (Note 23.2)	1.182.381	acc. 0493	(3.725)	1.178.656
Accrued revenue (acc. 281) (Note 30)	373.034	acc. 2819	(51.095)	321.939
TOTAL	**3.011.978**		**(145.136)**	**2.866.842**

The following table shows effects of the application IFRS 9 on 31.12.2020, which were recorded through the results of the current year (increase in gross results in the amount of RSD 10,339 thousand).

Financial instruments	Financial instruments as of 31.12.2020. gross	acc. allowance for impairment	Opening balance of impairment as of 01.01.2020	transfer from acc. 043 to acc. 234	Expenses (acc. 58)	Income (acc. 68)	FX difference	Total effects on BS on 2020	Impairment as of 31.12.2020	Financial instruments as of 31.12.2020 Net
1	2	3	4	5	6	7	8	9=6+7+8	10=4+5+9	11=2+10
Buyers in the country - parent and subsidiaries (acc. 200) - EP Visokogradnja (Note 25)	820.339	kto 209	(88.028)		(10.285)	16.903	9	6.627	(81.401)	738.938
Short-term loans and placements - parent and subsidiaries (acc. 230) (Note 28)	172.940	kto 2390	(2.288)		(14)	1.757		1.743	(545)	172.395
Portion of long-term financial placements with parent end subsidiaries up to 1 year (acc. 234) (Note 28)	1.330.852	kto 2394		(3.725)	(598)	130		(468)	(4.192)	1.326.660
Long-term placements with parent and subsidiaries (acc. 0430) (Note 23.2)	2.283.590	kto 0493	(3.725)	3.725	(7.193)			(7.193)	(7.193)	2.276.397
Receivables for uninvoiced income (acc 281) (Note 30)	372.994	kto 2819	(51.095)			9.625	5	9.630	(41.465)	331.529
TOTAL	**4.980.715**		**(145.136)**	**0**	**(18.090)**	**28.415**	**14**	**10.339**	**(134.796)**	**4.845.919**

In accordance with applied Methodology for calculation of impairment of financial instruments in accordance with IFRS 9, it has been determined that short-term financial placements given to Enjub d.o.o. is fully covered by the pledge over property of the company, so there is no amount that should be impaired in accordance with IFRS 9 (Note 41).

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

Effects of the first application of IFRS 9 on 01.01.2020 in accordance with the provisions of Article 25a of the Law on Corporate Income Tax and the provisions of IAS 12, affected increase of deferred tax assets by RSD 21,770 thousand (15% of the total effect of IFRS 9 on 01.01.2020 of RSD 145,136 thousand, recorded through increase in retained earnings in previous years - Note 31.6), while on 31.12.2020. Deferred tax assets was decreased by RSD 4,354 thousand (by 1/5 of the amount of deferred tax assets recognized on 01.01.2020 by RSD 21,770 thousand) (Notes 39).

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

When projecting net cash flows, we started from the assumption of collecting the above receivables in full, as follows:
- on 01.01.2020 within 5 (five) years, respectively
- on 31.12.2020 within 4 (four) years - for receivables with which on 01.01.2020 it is assumed that it will be collected within 5 (five) years, or within 5 (five) years - for receivables that are on 31.12.2020 passed to level 3.

When discounting the value of net cash flow, in accordance with the adopted Methodology for calculating the impairment of financial instruments in accordance with IFRS 9, the interest rate published on the NBS website on loans granted to the non-financial sector in the amount of 2.99% for receivables in EUR (taken is a maturity period of 1-5 years).

The following is an overview of financial assets in which objective evidence of impairment has been identified, with data on the carrying amount of receivables and the discounted value of net cash flows as of 01.01.2020 and 31.12.2020.

As of 01.01.2020

Financial instrument in which objective evidence of impairment has been identified	Financial instruments as of 01.01.2020	Discounted value of net cash flow 01.01.2020	Impairment 01.01.2020.
Buyers in the country - parent and subsidiaries (acc. 200) - EP Visokogradnja (receivables with maturity over 360 days)	650,172	562,396	(87,776)
Receivables for non-invoiced income (account 281)	373,034	321,939	(51,095)
TOTAL	**1,023,206**	**884,335**	**(138,871)**

As of 31.12.2020

Financial instrument in which objective evidence of impairment has been identified	Financial instruments as of 31.12.2020	Discounted value of net cash flow 31.12.2020	Impairment 31.12.2020.
Buyers in the country - parent and subsidiaries (acc. 200) - EP Visokogradnja (receivables with maturity over 360 days)	711,883	630,824	(81,059)
Receivables for uninvoiced income (account 281)	372,994	331,529	(41,465)
TOTAL	**1,084,877**	**962,353**	**(122,524)**

For other financial assets for which no objective evidence of impairment has been identified (Buyers in the country - parent and subsidiary), namely, overdue receivables and receivables with a maturity up to 360 days), Short-term loans and placements - parent and subsidiaries, financial placements to parent and subsidiaries maturing within one year and Long-term placements to parent and subsidiaries), in accordance with the adopted Methodology for calculating the impairment of financial instruments in accordance with IFRS 9, as the probability of default (PD) for receivables is the second contracting party legal entity, the rate of 0.7% determined as the average (for the observation period from 1981-2019) was used for the credit rating BB published by the renowned agency Standard & Poors, while as the second parameter in the calculation of LGD (loss given default) which means the amount of loss in case of default, used Basel LGD in the amount of 45%.

During the first application of IFRS 9, the Company applied a cumulative modified (retrospective) approach, where IFRS 9 is applied retrospectively with a cumulative effect that is recognized as an adjustment on 01.01.2020 with data correction on 31.12.2019.

7.17 Provisions, Contingent Liabilities and Contingent Assets

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

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

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

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

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

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

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

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

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

Contingent liability is:

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

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

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

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

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

7.18 Employee Benefit

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

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

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

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

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

7.19 Information on Business Segments

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

8. FINANCIAL RISKS

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

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

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

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

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

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

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

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

Considering limitations in the financial risk management that are characteristic of business on the Serbian market, it is clear that it is necessary to approach this issue in a proper manner as recognized by the Company’s management.
Essentially, financial risk management in the Company should ensure that the *Company’s risk profile* is always in compliance with *Company’s tendency towards risks* or in compliance with an acceptable structure and risk level that the Company will take in order to implement its business strategies and achieve business goals.

The following will be presented below:

- Company financial risk profile, or the assessment of the financial risks’ structure and level that the Company is exposed to in the course of its operations;
- Measures undertaken to manage the identified financial risks that the Company is exposed to; and

- Capital risk management, which, despite not specifically considered as a financial risk belonging to any of the individual financial risks' category, significantly affects the risk levels of each of the risk types considered.

8.1 Credit Risk

A credit risk is a risk of adverse effects to the financial result and capital of the Company due to debtor's failure to fulfil obligations towards the Company within the specified deadline.
Credit risks mean not only debtor-creditor relations that derive from sales of Company's products, but also credit risks that derive from other financial instruments such as receivables based on long-term and short-term financial investments.

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

The following data is presented in the Tables below:

- The structure of short-term receivables, namely: trade receivables, receivables from specific transactions and other receivables; and
- Aging structure of short-term receivables.

The following table shows the structure of trade receivables on 31.12.2020 (Note 25).

Structure of trade receivables	*in RSD thousand*	
	31.12.2020	*31.12.2019*
Buyers (related parties) - gross:		
Energoprojekt Visokogradnja Plc.	820,339	730,306
Energoprojekt Niskogradnja Plc.	91,899	41,966
Energoprojekt Hidroinženjering Plc.	1,332	8,561
Energoprojekt Entel Plc.	3,852	3,486
Energoprojekt Energodata Plc.	14,439	9,870
Energoprojekt Industrija Plc.	571	
Energoprojekt Urbanizam i Arhitektura Plc.	4,953	2,347
Energoprojekt Oprema Plc.	1,479	4,949
Energoprojekt Sunnyville Ltd.	415	695
Energoprojekt Park 11 Ltd.		38,990
Enjub Ltd.		
Subtotal gross	*939,279*	*841,170*
Allowances for impairment of trade receivables - related parties	***(81,401)***	***(88,028)***
Total buyers - related parties - net	***857,878***	***753,142***
Buyers in the country (other related parties) - gross:		
Jerry catering service Ltd.	1,397	1,464
Kappa star recycling Ltd.	14	4
Telekom Srbija Plc.	14	28
Sava neživotno osiguranje Plc.		50
Subtotal gross	*1,425*	*1,546*
Allowances for impairment of trade receivables - domestic buyers		
Total buyers in the country - other legal entities - net	***1,425***	***1,546***
Subtotal trade receivables - gross	***940,704***	***842,716***
Allowances for impairment of trade receivables	***(81,401)***	***(88,028)***
TOTAL TRADE RECEIVABLES - NET	***859,303***	***754,688***

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

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

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

The following table shows the structure of receivables from specific operations as of 31.12.2020 (Note 26).

Structure of receivables from specific operations	*in RSD thousand*	
	31.12.2020	*31.12.2019*
Receivables from specific operations (related parties) - gross:		
Energoprojekt Visokogradnja a.d.	2,788	5,130
Energoprojekt Niskogradnja Plc.	3,967	394
Energoprojekt Hidroinženjering Plc.	253	48
Energoprojekt Entel Plc.	43	38
Energoprojekt Energodata Plc.	82	197
Energoprojekt Industrija Plc.	479	134
Energoprojekt Urbanizam i arhitektura Plc.	267	24
Energoprojekt Oprema Plc.	1,863	159
Zambia Engineering and Contracting Company Limited, Zambia	1,475	1,503
I.N.E.C. Engineering Company Limited, Great Britain	357	362
Enjub Ltd.	6,430	5,283
Subtotal - gross	*18,004*	*13,272*
Allowance for impairment gross - related parties		
Total receivables from specific operations - related parties - net	***18,004***	***13,272***
Receivables from specific operations (other legal entities) - gross:		
Jedinstvena sindikalna organizacija	***2***	***2***
Other		
Subtotal - gross	*2*	*2*
Allowance for impairment - other legal entities		
Total receivables from specific operations - other legal entities - net	***2***	***2***
Total receivables from specific operations - gross	***18,006***	***13,274***
Allowance for impairment of receivables from specific operations	***-***	***-***
TOTAL RECEIVABLES FROM SPECIFIC OPERATIONS - NET	***18,006***	***13,274***

The following table shows the structure of other receivables as at 31.12.2020 (Note 27).

Structure of other receivables	***In RSD thousand***	
	31.12.2020	***31.12.2019***
Other receivables (related parties) - gross:		
Energoprojekt Sunnyville Ltd.	*1,293*	*3,769*
Enjub Ltd.	85,252	80,602
Subtotal - gross	***86,545***	***84,371***
Allowance for impairment - related parties		
Total other receivables - related parties - net	***86,545***	***84,371***
Other receivables (other legal entities) - gross	**533**	**1,610**
Allowance for impairment - other legal entities		
Total other receivables - other legal entities - net	***533***	***1,610***
Total other receivables - gross	***87,078***	***85,981***
Allowance for impairment of other receivables	***0***	***0***
TOTAL OTHER RECEIVABLES - NET	***87,078***	***85,981***

The following table shows aging structure of trade receivables as of 31.12.2020:

Aging structure of trade receivables	*in RSD thousand*	
	31.12.2020	*31.12.2019*
Related parties:		
a) Current	153	27.321
b) Up to 30 days	9.947	20.892
c) from 30 to 60 days	9.870	18.834
d) from 60 to 90 days	20.293	18.132
e) Over 90 days	899.016	755.991
Subtotal - related parties	***939.279***	***841.170***
Buyers in the country:		
a) Current	771	840
b) Up to 30 days	654	706
c) from 30 to 60 days		
d) from 60 to 90 days		
e) Over 90 days		
Subtotal - buyers in the country	***1.425***	***1.546***
Buyers abroad:		
a) Current		
b) Up to 30 days		
c) from 30 to 60 days		
d) from 60 to 90 days		
e) Over 90 days		
Subtotal - buyers abroad	-	-
TOTAL - GROSS	***940.704***	***842.716***
Allowance for impairment	***(81.401)***	***(88.028)***
TOTAL TRADE RECEIVABLES - NET	***859.303***	***754.688***

8.2. Market Risk

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

The market risk includes three risk types:

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

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

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

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

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

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

Assets in EUR		*Liabilities in EUR*	
31.12.2020	*31.12.2019*	*31.12.2020*	*31.12.2019*
26,446,238	**28,696,172**	**7,183,134**	**17,387,136**

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

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

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

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

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

Sensitivity analysis of results in case of depreciation of the national currency 10%	*in RSD thousand*	
	2020	*2019*
NET EFFECT ON THE RESULTS IN THE CURRENT PERIOD	**226.496**	**132.986**

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

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

Interest bearing structure of financial assets and liabilities with fluctuating interest rate	*In RSD thousand*	
	31.12.2020	*31.12.2019*
Interest-bearing financial assets with fluctuating interest rate:		
Short and long term loans granted to related parties (net)	2,352,910	76,521
TOTAL	**2,352,910**	**76,521**
Interest-bearing financial liabilities with fluctuating interest rate:		
Corporate bonds and short-term loans	3,300,000	744,754
TOTAL	**3,300,000**	**744,754**
DIFFERENCE	**(947,090)**	**(668,233)**

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

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

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

The sensitivity analysis of results in case of interest rate growth of 1%	*in RSD thousand*	
	2020	*2019*
NET EFFECT ON THE CURRENT PERIOD RESULTS	**(9,471)**	**(6,682)**

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

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

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

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

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

Structure of liabilities to suppliers	*In RSD thousand*	
	31.12.2020	*31.12.2019*
Suppliers in the country and abroad - subsidiaries and other related parties:		
Napred razvoj Plc.	6.580	
Energoprojekt Industrija Plc.	1.436	1.570
Energoprojekt Niskogradnja Plc.	500	
Energoprojekt Urbanizam i arhitektura Plc.	450	390
Energoprojekt Visokogradnja Plc.	393	406
Energoprojekt Energodata Plc.	245	4.143
Other		
Subtotal	***9.604***	***6.509***
Suppliers in the country (external):		
Sava Neživotno Osiguranje Plc.	1.121	1.175
PE Elektroprivreda Srbije, Beograd	993	1.194
PUC „Beogradske elektrane“, Beograd	859	773
AVB team Ltd. Beograd	670	92
PUC Gradska čistoća, Beograd	176	148
Advokat ljiljana Gnjatović	172	174
Algotech Ltd.	168	503
Aksa Ltd.	160	0
Other	2.400	4.755
Subtotal	***5.598***	***7.639***
Suppliers abroad (external):		
International Air Transport Association (*IATA*)	851	2.121
Marg Inzinjering Ltd.		3.810
Lohn Igyvedi Iroda		1.076
Other		
Subtotal	***851***	***7.007***
TOTAL	***16.053***	***21.155***

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

Aging structure of liabilities to supplers	*In RSD thousand*	
	31.12.2020	*31.12.2019*
Related parties:		
a) Current	8,214	2,196
b) Up to 30 days	921	942
c) From 30 to 60 days		471
d) From 60 to 90 days	19	493
e) From 90 to 365 days	60	2,407
f) Over 365 days	390	
Subtotal	***9,604***	***6,509***
Suppliers in the country:		
a) Current	4,006	6,269
b) Up to 30 days	444	1,086
c) From 30 to 60 days	19	282
d) From 60 to 90 days	7	
e) From 90 to 365 days	1,122	2
f) Over 365 days		
Subtotal	***5,598***	***7,639***
Suppliers abroad:		
a) Current	851	7,007
b) Up to 30 days		
c) From 30 to 60 days		
d) From 60 to 90 days		
e) From 90 to 365 days		
f) Over 365 days		
Subtotal	***851***	***7,007***
TOTAL	***16,053***	***21,155***

According to the contractual agreements and for securing payment, the Company placed to SE Elektroprivreda Srbije, 8 blank bills of exchange with a "no protest" clause (for period 2020-2021). The Company received 3 blank bills of exchange from supplier Pan Computers Ltd. In behalf of guarantee for fulfillment of obligation within the guarantee period.

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

8.3 Liquidity Risk

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

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

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

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

Liquidity Indicators	Satisfactory general standards	*2020*	*2019*
General liquidity ratio	2:1	19.71:1	2.50:1
Rigorous ratio	1:1	19.48:1	2.43:1
Operating cash flow ratio		2.69:1	0.20:1
Net working capital (in RSD 000)	Positive value	3,397,207	1,355,568

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

Therefore, we emphasize that:

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

8.4 Capital Risk Management

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

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

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

Profitability indicators	*In RSD thousand*	
	2020	*2019*
Net profit/(loss)	263,278	(28,262)
Average capital		
a) capital at the beginging of year	8,928,644	9,094,008
b) capital at the end of year	9,183,704	8,928,644
Total	*9,056,174*	*9,011,326*
Average return rate on own capital at the end of year	***2.91%***	***-0.31%***

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

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

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

Financial structure Indicator	*In RSD thousand*	
	31.12.2020	*31.12.2019*
Liabilities	4.394.324	2.272.512
Total assets	13.578.028	11.201.156
Ratio of borrowed funds to total assets	**0,32 : 1**	**0,20 : 1**
Long term assets:		
a) capital	9.183.704	8.928.644
b) long term provision and liabilities (including deferred tax liabilitie)	4.212.770	1.369.718
Subtotal	*13.396.474*	*10.298.362*
Total assets	13.578.028	11.201.156
Ratio of long term to total assets	**0,99 : 1**	**0,92 : 1**

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

Net debt means the difference between:

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

Parameters for the net debt to capital ratio	*In RSD thousand*	
	31.12.2020	*31.12.2019*
Net debt:		
a) Liabilities	4.394.324	2.272.512
b) Cash and cash equivalents	487.598	184.016
Total	*3.906.726*	*2.088.496*
Capital	9.183.704	8.928.644
Net debt to capital ratio	**1 : 2,35**	**1 : 4,28**

INCOME STATEMENT

9. OPERATING INCOME

9.1 Income from Sale of Products and Services

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

Structure of income from sale of products and services	*In RSD thousand*	
	01.01.- 31.12. 2020	*01.01.- 31.12. 2019*
Income from sale of finished products and services to parent company and subsidiaries on local market	238,389	248,266
Income from sale of finished products and services on local market	7	79
Income from sale of finished products and services on foreign markets		
TOTAL	***238,396***	***248,345***

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

- holding services provided to subsidiaries in the amount of RSD 232,615 thousand originate from contracts approved and adopted by the competent administrative bodies of the Company and subsidiaries, and in accordance with the relevant legal acts; and
- services for right-to-use solution - Electronic documentation system Business Connect (DMS) and right-to-use appropriate equipment in the amount of RSD 5,774 thousand.

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

Structure of income from the sale of finished products and services to subsidiaries on local market	*In RSD thousand*	
	01.01.- 31.12. 2020	*01.01.- 31.12. 2019*
Energoprojekt Visokogradnja Plc.	73,267	44,784
Energoprojekt Niskogradnja Plc.	70,023	88,609
Energoprojekt Hidroinženjering Plc.	12,946	13,059
Energoprojekt Entel Plc.	33,618	44,960
Energoprojekt Energodata Plc.	4,716	2,970
Energoprojekt Industrija Plc.	7,748	6,234
Energoprojekt Urbanizam i arhitektura Plc.	3,736	3,248
Energoprojekt Oprema Plc.	9,587	24,458
Energoprojekt Sunnyville Ltd.	3,387	4,489
Energoprojekt Park 11 Ltd.	19,361	15,455
TOTAL	***238,389***	***248,266***

Income from sale of finished products and services on local market in the amount of RSD 7 thousand generated by the sale of airline tickets.

9.2 Income from Premiums, Subsidies, Donations and Grants

Structure of income from premiums, subsidies, grants, donations, etc.	*In RSD thousand*	
	01.01. -31.12. 2020	*01.01. -31.12. 2019*
Income from premiums, subsidies, grants, assistance, compensation and tax returns		
Income from conditional donations	9,176	
TOTAL	***9,176***	***0***

Income from conditional donations in the amount of RSD 9,176 thousand relate to direct grants of the Government of the Republic of Serbia provided to economic entities, in accordance with:

- Decree on Fiscal Benefits and Direct Benefits to Private Sector Companies and Financial Assistance to Citizens to Mitigate the Economic Consequences of COVID - 19 ("Official Gazette of RS" No. 54/2020 and 60/2020) (hereinafter: the Decree on fiscal benefits and direct benefits of the Government of the RS), in the form of payment of non-refundable funds for salaries and wages to employees in the amount of the minimum net salary per employee (RSD 30,367.00 per month per employee, for three months); and
- Conclusion of the Government of the Republic of Serbia 05 No. 401-6052/2020 ("Official Gazette of the RS" No. 104/2020) (hereinafter: the Conclusion of the Government of the RS), in the form of payment of non-refundable funds in August and September 2020, in the amount of 60% of direct benefits from the budget of the Republic of Serbia that were paid in July 2020.

9.3 Other Operating Income

Structure of other operating income	*In RSD thousand*	
	01.01.- 31.12. 2020	*01.01.- 31.12. 2019*
Incomes from the rent collected from parent, subsidiary and other affiliated companies	13,449	13,480
Incomes from the rent collected from other legal entities on local market	8,851	9,306
Other operating income (externally)	365	605
TOTAL	***22,665***	***23,391***

Incomes from the rent collected from parent, subsidiary and other affiliated companies amounting to RSD 13,449 thousand, were generated based on:

- portion of the complex “Samački Hotel” complex in 24 Batajnički Drum, which has been rented since 2011 to the Energoprojekt Visokogradnja Company for RSD 13,020 thousand; and
- rent of a portion of the Energoprojekt building, which has been rented since 2016 to the Energoprojekt Sunnyville Company for RSD 429 thousand.

Incomes from the rent collected from other legal entities on local market amounting to RSD 8.851 thousand were generated primarily from leasing of:

- portion of the complex “Samački Hotel” complex in 24 Batajnički Drum, which has been rented since August 2017 to the Jerry Catering Service Ltd. for RSD 7,737 thousand;
- space on the roof terrace and in basement of the Energoprojekt building leased to Telekom Srbija Plc. in the amount of RSD 1.044 thousand; and
- part of the Energoprojekt building, which has been rented up to 31 May of the reporting year to the Sava Neživotno Osiguranje Plc. for RSD 70 thousand.

10. MATERIAL COSTS AND FUEL AND ENERGY COSTS

Structure of material cost and fuels and energy costs	*In RSD thousand*	
	01.01.- 31.12. 2020	*01.01.- 31.12. 2019*
Material costs:		
a) Costs of other materials (overheads)	4,224	5,313
b) Costs of one-off write-off of tools and inventory		
Subtotal	*4,224*	*5,313*
Fuel and energy costs:		
a) Costs of fuel	658	987
b) Costs of electrical energy and heatings	16,898	20,147
Subtotal	*17,556*	*21,134*
TOTAL	***21,780***	***26,447***

Costs of other material (overheads) amounting to RSD 4,224 thousand refer to the costs of office supplies amounting to RSD 1,832 thousand, professional and expert literature, magazines, etc., amounting to RSD 819 thousand and other material costs amounting to RSD 1,573 thousand.

11. EMPLOYEE EXPENSES AND BENEFITS

Structure of employee expenses and benefits	In RSD thousand	
	01.01.- 31.12. 2020	01.01.- 31.12. 2019
Expenses of wages and fringe benefits (gross)	134,066	135,533
Taxes and contributions on wages and contributions on wages payable by employer	21,033	21,199
Service agreements contributions	3,090	4,334
Copyright agreements contributions	298	418
Costs of contributions for contract fees for temporary and periodical engagement	235	1,028
Considerations to General Manager and/or Management and Supervisory Board members	12,192	12,874
Other personnel expenses and fringe benefits	4,996	9,960
TOTAL	***175,910***	***185,346***
Average number of employees	73	75

Other personnel expenses and fringe benefits amounting to RSD 4,996 thousand refer to the business trips' expenses amounting to RSD 2,881 thousand, Company expenses for employee commuting reimbursements amounting to RSD 1,822 thousand and other employee compensations amounting to RSD 293 thousand.

12. PRODUCTION SERVICE COSTS

Structure of production service costs	In RSD thousand	
	01.01.- 31.12. 2020	01.01.- 31.12. 2019
Service of outputs		
Transportation services cost	2,347	2,530
Repairs and maintenance services' costs	33,658	33,872
Rental costs		108
Trade fairs' costs		
Advertising costs	739	980
Other service costs	11,037	13,699
TOTAL	***47,781***	***51,189***

Transportation services' costs in the amount of RSD 2,347 thousand refer to the landline costs and mobile phone costs, internet services, taxi services, parking services for cars, postal services etc.

Repairs and maintenance services costs amounting to RSD 33,658 thousand pertain primarily to investment maintenance of the Energoprojekt building amounting to RSD 31,604 thousand and to the ongoing maintenance of equipment amounting to RSD 2,054 thousand.

Advertising costs amounting to RSD 739 thousand dominant pertain to the sponsorships expenses in the amount of RSD 588 thousand (Kopaonik Business Forum).

Costs of other services amounting to RSD 11.037 thousand refer to licenses' costs: RSD 4,788 thousand; utility costs: RSD 2,393 thousand, maintenance costs of BI solutions: RSD 1,516 thousand, costs of technical and operational support of Energoprojekt Industrija: RSD 1,411 thousand and costs of other production services: RSD 929 thousand (costs of occupational safety, vehicle registration, photocopying, binding etc.).

13. DEPRECIATION EXPENSES AND PROVISION EXPENSES

Structure of depreciation expenses and provision	*In RSDthousand*	
	01.01.-31.12. 2020	*01.01.-31.12. 2019*
Depreciation expenses:		
a) Depreciation of intangible assets (Note 21)	5,784	2,923
b) Depreciation of property, plant and equipment (Note 22)	18,227	18,024
Total	*24,011*	*20,947*
Provisions expenses		
Provisions for employee expenses and benefits	1,049	595
Total	*1,049*	*595*
TOTAL	***25,060***	***21,542***

As of 31.12.2020, the evaluation of residual value and remaining useful life of property and equipment with significant carrying amounts was done. The effect of changes in accounting estimates influenced depreciation costs for 2020, and consequently carrying amount as of 31.12.2020.

Provisions for employee expenses and benefits amount to RSD 1,049 thousand (Notes 32).

14. INTANGIBLE EXPENSES

Structure of intangible expenses	*In RSD thousand*	
	01.01.- 31.12. 2020	*01.01.- 31.12. 2019*
Intangible expenses	19,758	25,507
Expense account	2,999	6,376
Insurance premiums expenses	1,451	1,428
Payment operations' expenses	2,324	1,801
Membership fee expenses	601	701
Tax duties	19,129	18,775
Other non-operating expenses	1,980	5,505
TOTAL	***48,242***	***60,093***

Intangible expenses amounting to RSD 19,758 thousand pertain to the costs of attorney fees, consulting and intellectual services, professional training, financial statements' audit costs, education of employees, broker services, Belgrade Stock Exchange services, cleaning services and other costs.

Expense accounts amounting to RSD 2,999 thousand primarily relate to the catering services.

Insurance premium expenses amounting to RSD 1,451 thousand refer to the insurance of property and persons.

Payment operations expenses amounting to RSD 2,324 thousand pertain to the local payment operations costs dominantly from fees for use of credit facility.

Membership fee expenses amounting to RSD 601 thousand relate to membership fees to the Serbian Chamber of Commerce in the amount of RSD 342 thousand, as well as membership fees to other chambers and associations.

Tax duties in the amount of RSD 19.129 thousand refer predominantly to the property tax amounting to RSD 18,678 thousand.

Other intangible expenses amounting to RSD 1.980 refer to costs taxes and court expenses in the amount of RSD 770 thousand, printing and packing the Energoprojekt's magazine in the amount of RSD 466 thousand, participation in financing salaries of persons with disabilities in the amount of RSD 491 thousand and other intangible expenses in the amount of RSD 253 thousand (costs of advertisements, total TV, issuance of a qualified electronic certificate, etc.).

15. FINANCIAL INCOME AND FINANCIAL EXPENSE

15.1 Financial Income

Structure of financial income	*In RSD thousand*	
	01.01.- 31.12. 2020	*01.01.- 31.12. 2019*
Financial income from transactions with parent companies and subsidiaries	403,210	65,314
Financial income from other related parties	4,755	10,336
Income from dividends		17,350
Total financial income from related parties and other financial income	*407,965*	*93,000*
Interest income (third party)	451	888
Exchange rate gains and positive currency clause effects (third party)	167	4,470
TOTAL	***408,583***	***98,358***

Financial income from transactions with parent companies and subsidiaries amounting to RSD 403,210 thousand refer to dividend income in the amount of RSD 352,756 thousand (from

Energoprojekt Entel Plc.), interest income from subsidiaries amounting to RSD 50,381 thousand and income from the effects of foreign exchange clauses and foreign exchange gains from subsidiaries amounting to RSD 73 thousand.

Financial income from other related parties in the amount of RSD 4,755 thousand relates to the interest income from the joint venture Enjub Ltd. in the amount of RSD 4,657 thousand and positive currency clause effect for liabilities under the loan from Napred Razvoj Plc. in the amount of RSD 98 thousand.

Interest income (third party) in the amount of RSD 451 thousand refers regular interest on demand deposits and interest calculated from term deposits.

Exchange rate gains and positive currency clause effects (third party) in the amount of RSD 167 thousand pertain to the positive differences in exchange rates in the amount of RSD 71 thousand (primarily from term funds) and income from the effects of foreign currency clause in the amount of RSD 96 thousand (predominantly from the effects of foreign currency clause originated from liabilities from borrowings from banks).

15.2 Financial Expense

Structure of financial expenses	*In RSD thousand*	
	01.01.- 31.12. 2020	*01.01.- 31.12. 2019*
Finacial expenses from transactions with parent company and subsidiaries	351	15,303
Financial expenses from other related parties	72,109	41,334
Total financial expense incurred from related parties and other financial expenses	*72,460*	*56,637*
Interest expenses (third party)	18,253	28,036
Exchange rate losses and negative currency clause effects (third party)	194	2,539
TOTAL	***90,907***	***87,212***

Financial expenses from transactions with parent companies and subsidiaries in the amount of RSD 351 thousand dominantly pertain to the expenses incurred from the effects of foreign currency clauses from subsidiaries in the amount of RSD 315 thousand (from loans in the amount of RSD 219 thousand, namely: Energoprojekt Sunnyville, Energoprojekt Oprema, Energoprojekt Urbanizam and Arhitektura, Energoprojekt Energodata, Energoprojekt Niskogradnja and Energoprojekt Visokogradnja and receivables from services provided in the amount of RSD 96 thousand).

Financial expenses from other related parties in the amount of RSD 72,109 thousand pertain to the company Napred Razvoj Plc. in the amount of RSD 72,093 thousand (interest costs from loan: RSD 58,933 thousand, fee for loans' charges: RSD 13.160 thousand and to the joint venture Enjub Ltd. in the amount of RSD 16 thousand (negative currency clause effects from loans and interest on loans).

Interest expense (third party) in the amount of RSD 18,253 thousand dominantly relate to the interest costs from loans granted by banks in the country in amount of RSD 18,250 thousand (granted by the Erste bank and Komercijalna Banka).

Exchange rate losses and negative currency clause effect (third party) in the amount of RSD 194 thousand refer to foreign exchange losses in the amount of RSD 154 thousand (primarily cash hold on FC accounts) and costs from effects of foreign currency clause in the amount of RSD 40 thousand (dominantly receivable from non-invoiced revenue based on construction of the embassy in Abuja).

16. INCOME AND EXPENSES FROM VALUE ADJUSTMENT OF OTHER ASSETS STATED AT FAIR VALUE THROUGH PROFIT OR LOSS AND OTHER INCOME AND EXPENSES

16.1 Income from Value Adjustment of Other Assets Stated at Fair Value trough Profit or Loss

Structure of income from value adjustment of other assets stated at fair value through the balance sheet	*In RSD thousand*	
	01.01.-31.12. 2020	*01.01.-31.12. 2019*
Income from adjusting the value of receivables and short-term financial investments	28.415	
TOTAL	***28.415***	***0***

Income from value adjustment of other assets stated at fair value through profit or loss in the amount of RSD 28,415 thousand entirely relates to the effects of application of IFRS 9 - Financial instruments at the balance sheet date recorded within the item: Buyers in the country - parent and subsidiaries (Energoprojekt Visokogradnja), Short-term loans and placements - parent and subsidiaries, Portion of long-term financial placements which are due up to a year and Receivables for uninvoiced income (Note 7.16).

16.2 Other Income

Structure of other income	*In RSD thousand*	
	01.01.- 31.12. 2020	*01.01.- 31.12. 2019*
Gains on sale of intangible assets, property, plant and equipment	2.443	2.960
Gains on sale of shares and securities		
Income from effects of agreed risk protection, which cannot be disclosed under other comprehensive result		348
Income from reduction in liabilities		6.122
Other income	389	140
Income from value adjustement of property, plant and equipment	5.578	60.201
TOTAL	***8.410***	***69.771***

Gains on sale of intangible assets, property, plant and equipment in the amount of RSD 2,443 thousand predominantly relate to gains on sale of fixed assets held for sale in the amount of RSD 2,433 thousand (Note 24).

Other not mentioned income in the amount of RSD 389 thousand, mostly relate to reimbursement of tuition fees paid by a former employee in the amount of RSD 200 thousand, sale of waste paper in the amount of RSD 107 thousand and damages in the amount of from RSD 53 thousand (from Sava Neživotno Osiguranje for repair of the roof on the office building).

Income from value adjustment of property, plant and equipment in the amount of RSD 5,578 thousand relates to adjustment of fair value of the "Samački hotel" building complex (Note 22).

16.3 Expenses from Value Adjustment of Other Assets Stated at fair Value through Profit or Loss

Structure of expenses from value adjustment of other assets stated at fair value through the balance sheet	*In RSD thousand*	
	01.01.-31.12. 2020	*01.01.-31.12. 2019*
Impairment of long-term financial investments and other available-for-sale securities	7,193	
Impairment of receivables and short-term financial investments	10,897	
TOTAL	***18,090***	***0***

Impairment of long-term financial investments and other available-for-sale securities in the amount of RSD 7,193 thousand relates entirely to the effects of application IFRS 9 - Financial Instruments at the balance sheet date within the item: Long-term placements to parent and subsidiaries (Note 7.16).

Impairment of receivables and short-term financial investments in the amount of RSD 10,897 thousand relate entirely to the effects of application of IFRS 9 - Financial instruments at the balance sheet date within the item: Buyers in the country - parent and subsidiaries (Energoprojekt Visokogradnja), Short-term loans and placements - parent and subsidiaries and Portion of long-term financial placements that are due within a year and receivables for uninvoiced income (Note 7.16).

16.4 Other Expenses

Structure of other expenses	In RSD thousand	
	01.01.-31.12. 2020	*01.01.-31.12. 2019*
Losses incurred from shelving and sale of intangible assets, property, plant and equipment	271	75
Loss from sales of equity shares and securities		3,493
Expense from direct write-off of receivables	18,000	
Other not mentioned expense		34,572
Impairment of property, plant and equipment		
TOTAL	***18,271***	***38,140***

Losses incurred from shelving and sale of intangible assets, property, plant and equipment in the amount of RSD 271 thousand predominantly relate to losses on sale of fixed assets held for sale in the amount of RSD 270 thousand (Note 24).

Expenses from direct write-offs of receivables in the amount of RSD 18,000 thousand relate entirely to the write-off of receivables from Ringier Axcel Springer Plc. namely, receivables for paid advance in the amount of RSD 4,800 thousand and disputed performed services recorded within the item Other accrued costs and deferred revenue in the amount of RSD 13,200 thousand in accordance with judgment issued by Commercial Court Belgrade no. 38-P.2266/2018 where the Company's claims were rejected.

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

Structure of net profit/loss from discontinued operations, effects of change in accounting policy and adjustment of errors from previous year	in RSD thousand	
	01.01.- 31.12. 2020	*01.01.- 31.12. 2019*
Net profit from discontinued operations, effects of change in accounting policy and adjustment of errors from previous year	276	3,758
Net loss from discontinued operations, effects of change in accounting policy and adjustment of errors from previous year		
TOTAL	***276***	***3,758***

Net profit from discontinued operations, effects of change in accounting policy and corrections of errors from previous years in the amount of RSD 276 thousand relate to the subsequently determined income, i.e. expenses from the previous period in the amounts that are not significant and based on those provided recognition at the expense of, or for behalf of current period.

18. PROFIT / LOSS BEFORE TAX

Structure of gross result	*In RSD thousand*	
	01.01.- 31.12.2020	*01.01.- 31.12.2019*
Operating income	270,237	271,736
Operating expenses	318,773	344,617
Operating result	**(48,536)**	**(72,881)**
Financial income	408,583	98,358
Financial expenses	90,907	87,212
Financial result	**317,676**	**11,146**
Income from value adjustment of other assets disclosed at fair value through income statement	28,415	
Other income	8,410	69,771
Expenses from value adjustment of other assets disclosed at fair value through income statement	18,090	
Other expenses	18,271	38,140
Result from other income and expenses	**464**	**31,631**
Net profit from discontinued operations, effects of change in accounting policy and adjustment of errors from previous year	276	3,758
Net loss from discontinued operations, effects of change in accounting policy and adjustment of errors from previous year		
TOTAL INCOME	**715,921**	**443,623**
TOTAL EXPENSES	**446,041**	**469,969**
PROFIT/LOSS BEFORE TAX	**269,880**	**(26,346)**

Compared to the comparable period of the previous year, the increase in gross result of the Company in the amount of RSD 296,226 thousand is predominantly the result of incurred income from dividend from the subsidiary Energoprojekt Entel Plc. in the amount of RSD 352,756 thousand.

19. NET PROFIT / (LOSS)

Structure of net result	In RSD thousand	
	01.01.- 31.12. 2020	01.01.- 31.12. 2019
Profit / (loss) before tax	269,880	(26,346)
Tax expense for period		
Deferred tax income / (expense) for period	6,602	1,916
Net profit / (loss)	***263,278***	***(28,262)***

20. EARNINGS / (LOSS) PER SHARE

Indicator	In RSD thousand	
	01.01.- 31.12. 2020	01.01.- 31.12. 2019
Net profit / (loss)	263,278	(28,262)
The weighted average number of shares during the year	10,833,592	10,833,592
Earnings / (loss) per share (In RSD)	***24.30***	***(2.61)***

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

BALANCE SHEET

21. INTANGIBLES ASSETS

In RSD thousand

Structure of intangible assets	Software	Concessions, licenses, trademarks, rights	Intangible assets in process	Advances for intangible assets	Total
Cost or valuation					
Opening balance 01.01.2019	42.048	1.843			**43.891**
Restated opening balance					
Transfers from / on					
Additions					
Disposals					
As of 31.12.2019	**42.048**	**1.843**			**43.891**
Restated opening balance					
Transfers from / on					
Additions					
Disposals					
As of 31.12.2020	**42.048**	**1.843**			**43.891**
Accumulated depreciation					
Opening balance 01.01.2019.	12.978	353			**13.331**
Restated opening balance					
Chanrges in the year	2.738	185			**2.923**
Disposals					
Impairments					
As of 31.12.2019	**15.716**	**538**			**16.254**
Restated opening balance					
Chanrges in the year	5.600	184			**5.784**
Disposals					
Impairments					
As of 31.12.2020	**21.316**	**722**			**22.038**
Net book value					
As of 31.12.2019	***26.332***	***1.305***			***27.637***
As of 31.12.2020	***20.732***	***1.121***			***21.853***

22. PROPERTY, PLANT AND EQUIPMENT

In RSD 000

Structure of property, plant and equipment	Buildings	Plant and equipment	Investment property	Other property, plant and equipment	Property, plant and equipment under construction	Advances for property, plant and equipment	Total
Cost or valuation							
Opening balance as of 01.01.2019	**1.305.656**	**110.528**	**555.515**	**283**		**44.664**	**2.016.646**
Restated opening balance							
Additions		7.918					**7.918**
Increase by transfer							
Other transfers from / to							
Disposals		(1.459)					**(1.459)**
Gains/(loss) included into "Other result" (acc. 330)							
Gains/(loss) included into Income statement			60.201				**60.201**
FX differences							
Other increases/(decreases)							
As of 31.12.2019	**1.305.656**	**116.987**	**615.716**	**283**		**44.664**	**2.083.306**
Restated opening balance							
Additions		1.922					**1.922**
Increase by transfer							
Other transfers from / to							
Disposals		(951)					**(951)**
Gains/(loss) included into "Other result" (acc. 330)							
Gains/(loss) included into Income statement			5.578				**5.578**
FX differences							
Other increases/(decreases)							
As of 31.12.2020	**1.305.656**	**117.958**	**621.294**	**283**		**44.664**	**2.089.855**
Accumulated depreciation							
Opening balance as of 01.01.2019		**83.409**					**83.409**
Restated opening balance							
Charges in the year	11.945	6.079					**18.024**
Disposals		(1.295)					**(1.295)**
Other increases/(decreases)							
As of 31.12.2019	**11.945**	**88.193**					**100.138**
Restated opening balance							
Charges in the year	11.354	6.873					**18.227**
Disposals		(827)					**(827)**
Other increases/(decreases)							
As of 31.12.2020	**23.299**	**94.239**					**117.538**
Net book value							
As of 31.12.2019	***1.293.711***	***28.794***	***615.716***	***283***		***44.664***	***1.983.168***
As of 31.12.2020	***1.282.357***	***23.719***	***621.294***	***283***		***44.664***	***1.972.317***

On 31 December 2020 the residual value and the remaining useful lifetime for the property and equipment with significant accounting value were evaluated. Effect of changes in accounting estimates affected depreciation costs for 2020, and that, consequently carrying value of assets as of 31 December 2020 (Note 13).

Assessment of Fair Value of "Buildings"

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

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

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

The value of office building Energoprojekt on 31 December 2020 was stated at revalued amount in RSD 1,282,357 thousand. The value was determined by reducing fair value according to the latest estimate less subsequent accumulated depreciation. The last assessment was made on 31 December 2018 by an external independent qualified appraiser using the comparative method.

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

Starting from the revaluation value of the item in question as of 31 December 2020, as well as based on the assessment of the determined residual value as at 31 December 2020 and determined useful lifetime of the building (100 years; the remaining useful life as at 31 December 2020: 61 years), the amortization costs for the building over the reporting period (bearing in mind the residual value that is lower than the revalorized value thereof), is RSD 11,354 thousand.

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

in RSD thousand

No.	Building	Opening balance	Residual value as at the balance sheet date	Remaining useful life	Depreciation	Gains/(losses) included in Report on Other Income	Closing balance
1	Energoprojekt office building	1,293,711	588,476	61	11,354		1,282,357
	TOTAL	***1,293,711***	***588,476***	***61***	***11,354***		***1,282,357***

If the revaluated items had been presented by using the acquisition price method, their current value would amount to RSD 529,803 thousand.

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

An executive out-of-court mortgage was constituted on the Energoprojekt office building in favor of the creditors in question following the banking arrangements with Erste Bank, Unicredit Bank and OTP Bank (Note 41).

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

Income and expenses in respect of investment property recognised in the Income statement	*In RSD thousand*	
	31.12.2020	*31.12.2019*
Rental incomes	20,757	20,787
Direct operating costs arising from investment property that generated rental income during the year: Complex building „Samački hotel“	3,269	2,308

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

In RSD thousand

No.	**Investment property**	**Opening balance**	**Increases, (purchases, additional investments and etc.)**	**Decreases (sales, disposals and etc.)**	**Gains / (loss) included in the Income Statement**	**Closing balance**
1	Complex "Samački hotel"	615,716			5,578	621,294
	TOTAL	***615,716***			***5,578***	***621,294***

In its books, the Company posted the fair value of its investment property in the amount of RSD 621,294 thousand relating to complex "Samački hotel" area of 8,034.00 m², with using right of city construction land area of 18,598.00 m², 24 Batajnički drum, Zemun..

Valuation of the fair value of complex "Samački hotel" as at 31 December 2020 was performed by external independent, qualified valuator with recognized and relevant professional qualifications and recent relevant work experience with relevant location and category of investment property appraised. In valuation of the fair value, the external independent qualified valuator used the cost approach for the building (due to the specific characteristics of the property subject to appraisal, and due to the fact that there is no offer of similar facilities for sale/rent in the market, on a similar location) and comparative approach for land.

Income amounting to RSD 20,757 thousand was generated from the rent of the property to the Energoprojekt Visokogradnja and Jerry Catering Service Ltd. in the reporting period (Note 9.3).

An executive out-of-court mortgage was constituted on the investment property in question following banking arrangement with OTP banka, (Note 41).

23. LONG-TERM FINANCIAL INVESTMENTS

Structure of long term financial investments	*In RSD thousand*	
	31.12.2020	*31.12.2019*
Shares in subsidiaries	6,407,285	6,331,105
Shares in affiliated companies and joint ventures	14,613	14,613
Shares in other companies and other available for sale securities	126,098	126,098
Long-term investments in parent companies and subsidiaries	2,283,590	1,274,891
Other long-term financial investments	908	993
Total	*8,832,494*	*7,747,700*
Impairment	(827,397)	(815,711)
TOTAL	***8,005,097***	***6,931,989***

23.1 Share Investments

Share investments relate to investments in shares and stocks as shown in the following Table.

Structure of share investments	% of shares	In RSD thousand	
		31.12.2020	31.12.2019
Equity shares in subsidiaries			
Energoprojekt Visokogradnja Plc.	100.00%	1,909,222	1,835,786
Energoprojekt Niskogradnja Plc.	100.00%	1,104,981	1,104,981
Energoprojekt Oprema Plc.	67.87%	121,316	121,316
Energoprojekt Hidroinženjering Plc.	100.00%	427,626	427,626
Energoprojekt Urbanizam i arhitektura Plc.	100.00%	192,642	192,642
Energoprojekt Energodata Plc.	100.00%	194,862	194,862
Energoprojekt Industrija Plc.	62.77%	61,209	61,209
Energoprojekt Entel Plc.	100.00%	1,000,317	997,573
Energoprojekt Sunnyville Ltd.	100.00%	2,500	2,500
Energoprojek Park 11 Ltd.	100.00%	375,660	375,660
I.N.E.C. Engineering Company Limited, Great Britain	100.00%	70,311	70,311
Dom 12 S.A.L., Lebanon	100.00%	924,749	924,749
Energo Kaz d.o.o., Kazakhstan	100.00%	101	101
Zambia Engineering and Contracting Company Limited, Zambia	100.00%	587	587
Energoprojekt Holding Guinee S.A., Guinea	100.00%	1,628	1,628
Energoprojekt (Malesia) Sdn. Bhd., Kuala Lumpur	100.00%	19,574	19,574
Allowance for impairment		*(715,065)*	*(715,065)*
Subtotal		***5,692,220***	***5,616,040***
Equity shares in associated companies and joint ventures			
Necco Nigerian Engenering and Construction CO LTD, Kano, Nigeria	40.00%	1,063	1,063
Enjub Ltd.	50.00%	13,550	13,550
Allowance for impairment		*(1,063)*	*(1,063)*
Subtotal		***13,550***	***13,550***
Equity shares in other legal entities and other available-for-sale securities			
Beogradsko mešovito preduzeće Plc., Beograd			
Dunav osiguranje Plc.	*0.01%*	*5,814*	*5,814*
Alta banka Plc. Beograd prior Jubmes banka Plc.)	*1.41%*	*120,176*	*120,176*
Beogradska berza Plc.	*0.12%*	*100*	*100*
Poljoprivredna banka Agrobanka Plc. Beograd - in bankruptcy	*0.36%*	*7*	*7*
Beogradska industrija piva,slada i bezalkoholnih pića Plc. Beograd - in bankruptcy	*0.0005%*	*1*	*1*
Pinki Zemun Plc.	*0.004%*		
Allowance for impairment		*(104,076)*	*(95,858)*
Subtotal		***22,022***	***30,240***
TOTAL		***5,727,792***	***5,659,830***

Share investments for which impairment was performed are presented in the following Table.

Share investment - impairment	In RSD 000		
	Gross investment amount	Impairment	Net investment amount
Shares in subsidiaries:			
Energoprojekt Visokogradnja Plc.	1,909,222	(641,633)	1,267,589
Energoprojekt Urbanizam i arhitektura Plc.	192,642	(44,277)	148,365
I.N.E.C. Engineering Company Limited, Great Britain	70,311	(7,953)	62,358
Energoprojekt Holding Guinee S.A., Guinea	1,628	(1,628)	-
Energoprojekt (Malesia) Sdn. Bhd., Kuala Lumpur	19,574	(19,574)	-
Total	***2,193,377***	***(715,065)***	***1,478,312***
Shares in affiliated companies and joint ventures:			
Necco Nigerian Engenering and Construction CO LTD, Kano, Nigeria	1,063	(1,063)	-
Total	***1,063***	***(1,063)***	***0***
Share in other legal entities and other securities available for sale:			
Banks, financial organisations and other legal entities:			
Dunav osiguranje a.d.o.	5,814	(4,180)	1,634
Alta Banka Plc. Beograd (prior Jubmes banka Plc.)	120,176	(99,888)	20,288
Agrobanka Plc. Beograd - in bankruptcy	7	(7)	-
Beogradska industrija piva,slada i bezalkoholnih pića Plc. Beograd - in bankruptcy	1	(1)	-
Total	***125,998***	***(104,076)***	***21,922***
TOTAL	***2,320,438***	***(820,204)***	***1,500,234***

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

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

Increase in share investment in Energoprojekt Visokogradnja in 2020 compared with the reference year in the amount of RSD 73,436 thousand originates from payment of the difference in the share price to the minority shareholders of the company in question, with corresponding default interest and court costs (based on the decision of the Commercial Court of Appeal, out-of-court settlement, etc.).

Increase in share investment in Energoprojekt Entela compared to the same date of previous year amounted to RSD 2,744 thousand and it was occurred on 04 June 2020 when the Company by accepting the offer of Napred Razvoj Plc. for sale of shares, through the right of pre-emption In that occasion 203 shares of Energoprojekt Entela was acquired at a price of RSD 13,461 per share, increased by transaction costs.

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

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

Share investment in Energoprojekt (Malaysia) Sdn. Bhd., Kuala Lumpur and Necco Nigerian Engineering and Construction CO LTD, Kano, Nigeria were completely impaired because in addition to the fact that these Companies have no assets, they do not perform any business activities for a number of years now. The process of their dissolution in compliance with the local legislation is on-going.

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

The change within the item shares in other legal entities and other available for sale securities was recorded due to value adjustments of securities in securities portfolio of the Company (Alta Bank Plc. – prior Jubmes banka Plc.) and Dunav osiguranje Plc.), with their fair value on the secondary securities market as of the financial statements preparation date (recorded through the impairment account equity shares and gains/loss on securities available for sale).

The Company has shares in the following Banks with listed shares in the Belgrade Stock Exchange and their fair value was determined based on their current market value as at 31.12.2020:

- Dunav osiguranje Plc.: 527 shares, with the market value as at the balance sheet day of RSD 3,100 per share; and
- Alta Bank Plc. – prior Jubmes banka Plc.: 4,056 shares, with the market value of RSD 5,002 per share.

The Company has shares in the following legal entities:

- Belgrade Stock Exchange Plc.: 5 shares at RSD 20.000,00 per share, totaling RSD 100,000.00;
- Agricultural Bank Agrobanka Plc. Belgrade – in bankruptcy: 15 shares at RSD 500.00 per share, totaling RSD 7,500.00, which was impaired according to the inventory count on 31.12.2016,
- Beogradska industrija piva, slada i bezalkoholnih pića Plc. Belgrade - in bankruptcy: 47 shares at RSD 29.78 per share, totalling RSD 1,400, which was impaired according to the inventory count on 31.12.2016; and
- Pinki - Zemun Plc.: 3 shares at RSD 52.00 per share, totalling RSD 156.00.

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

Financial assets available for sale are presented in RSD.

23.2 Long-Term Financial Investments

Structure of long-term financial investments	*In RSD thousand*	
	31.12.2020	*31.12.2019*
Long-term investments in parent companies and subsidiaries	2,283,590	1,274,891
Impairment provision	*(7,193)*	*(3,725)*
Total	*2,276,397*	*1,271,166*
Other long term financial investments:		
Housing loans granted to employees:	908	993
Impairment provision		
Total	*908*	*993*
TOTAL	***2,277,305***	***1,272,159***

Long-term financial investments in parent companies and subsidiaries in the amount of RSD 2,283,590 thousand entirely refer to granted long-term loans in RSD (from funds - issue of corporate bonds - Note 33, given in order to repay loans to commercial banks) with a maturity of 30.12.2025 and interest calculated at an interest rate of 3M Belibor + 2.95% p.a. (quarterly calculation and payment of interest) to the following subsidiaries::

- Energoprojekt Visokogradnja: RSD 713,810 thousand upon Agreement on Long-term Loan no. 204;
- Energoprojekt Niskogradnja: RSD 1,007,786 thousand upon Agreement on Long-Term Loan no. 205;
- Energoprojekt Oprema: RSD 513,203 thousand upon Agreement on Long-term Loan no. 206; and
- Energoprojekt Hidroinženjering: RSD 48,791 thousand upon Agreement on Long-term Loan no. 207.

The Company secured the loans in question with collaterals of Energoprojekt Visokogradnja, Energoprojekt Niskogradnja and Energoprojekt Oprema - 4 (four) solo, blank signed bills of exchange with the authority to fill in and collect bills, for the amount of total debt, while collateral of Energoprojekt Hidroinženjering is 2 (two) solo, blank signatures. bills of exchange with the authority to fill in and collect bills of exchange, for the amount of the total debt.
Increase in long-term investments in parent company and subsidiaries by RSD 1,008,699 thousand is the result, primarily on the one hand:

- Increases from long-term loans granted to Energoprojekt Visokogradnja, Energoprojekt Niskogradnja, Energoprojekt Oprema and Energoprojekt Hidroinženjering in the amount of RSD 2,456,056 thousand (predominantly granted from corporate bond issues); and
- decreases, transfer from long-term loan to portion that is due within a year of Energoprojekt Visokogradnja, Energoprojekt Energodata and Energoprojekt Oprema in the amount of RSD 1,447,221 thousand (Note 28).

Impairment of long-term investment to parent and subsidiary in the amount of RSD 7,193 thousand relates to the effects of application of IFRS 9 - Financial Instruments (Note 7.16).

The long-term housing loans granted to employees that are presented among other long-term financial investments refer to 3 (three) interest-free housing credits granted to employees, two of which were granted on 10.06.1992 for the repayment period of 38.5 years, and third was granted on 28.11.1995 for the repayment period of 40 years. In compliance with the terms and provisions of the loan agreements and in compliance with the provisions of the Law on Amendments and Addenda to the Law on Housing, the Company performs revalorisation of loan instalments twice a year based on the trends in consumer prices in the Republic of Serbia for the given accounting period. Given that by the preparation of the financial statements date, relevant data for computing revaluation for 2020 was not announced, the revaluation was not performed on 31.12.2020. A portion of the long-term financial investments made on this basis with maturity dates up to one year that is being regularly repaid/collected amounts to RSD 64 thousand (Note 28).

24. INVENTORIES

Structure of inventories	*In RSD thousand*	
	31.12.2020	*31.12.2019*
Non-current assets held for sale	40,597	58,379
Advances paid for inventories and services:		
a) Advances paid for inventories and services to parent companies and subsidiaries		
b) Advances paid for material, spare parts and inventory	166	259
c) Advances paid for services	1,213	5,249
Total	*1,379*	*5,508*
Impairment provision		
TOTAL	***41,976***	***63,887***

Non-current assets held for sale in the amount of RSD 40,597 thousand relate to remained unsold real estate in K1G Building in Rakovica, Belgrade.
Pursuant to the Decision made on 146th session of the Executive Board of the Company from 2019, to Conclusion on partial settlement and costs of the procedure I.IV 122/19 dated 17.05.2019 and the Contract on sale of real estate by direct agreement under the agreement of the parties I.Iv 122/19 dated 17.05.2019. The Company on behalf of partial collection of receivables from Enjub Ltd. Belgrade and under the Agreement on Reprogramming of the Debt no. 115 dated 18.04.2012, as of promissory note, on real estate of Enjub Ltd. Belgrade, which are located in the K1G Building in Rakovica, was recorded in its business books the figure under the item non-current assets held for sale the amount of RSD 81,453 thousand.

During the reporting period, the Company incurred a profit on sale of non-current assets held for sale in the net amount of RSD 2,163 thousand (Note 16.1 and 16.2).

Summary of non-current assets held for sale is presented below:

In RSD thousand

No.	Item	Address	No.	Area m2	Cost	Tax on transfer of absolute right under Decision from 2020	Sale price	Gain / Loss from sales in previous period with correction made under Decision for tax on transfer of absolute rights from 2020	Gain/ Loss from sales in the reporting period	Net book value
1	Two bedroom apartment	Petra Konjovića 14	Lamella 1, 2nd floor, no. 15	51	6,072	157				6,229
2	Two and half bedroom app.	Petra Konjovića 14	Lamella 1, 3rd floor, no. 16	78	9,234	241				9,475
3	Two bedroom apartment	Petra Konjovića 14	Lamella 1, 3rd floor, no. 17	46	5,417	142	6,179	620		
4	Two bedroom apartment	Petra Konjovića 14	Lamella 1, 3rd floor, no. 20	50	5,856	154	6,768		758	
5	Two bedroom apartment	Petra Konjovića 14	Lamella 1, 4th floor, No. 26	45	5,350	139	6,100	611		
6	Three bedroom apartments	Petra Konjovića 14a	Lamella 2, 1st floor, no. 4	80	9,384	247	11,170		1,540	
7	Two bedroom apartment	Petra Konjovića 14a	Lamella 2, 3rd floor, no. 17	60	7,105	185				7,290
8	Studio	Petra Konjovića 14b	Lamella 3, ground floor, no. 2	29	3,421	89	3,901	391		
9	Office space	Petra Konjovića 14b	Lamela 3, ground floor, no. L5	46	5,442	126				5,568
10	Studio	Petra Konjovića 14b	Lamella 3, 2nd floor, no. 13	33	3,948	102	4,634	584		
11	Two and half bedroom app.	Petra Konjovića 14b	Lamella 3, 2nd floor, no. 14	77	9,083	238				9,321
12	Apartment	Petra Konjovića 14b	Lamella 3, attic, no. 15	54	6,361	167	7,255	727		
13	Garage place	Petra Konjovića 14a	Lamella 2, basement 2, no. 7	12	531	12	273		(270)	
14	Garage place	Petra Konjovića 14a	Lamella 2, basement 2, no. 8	12	531	12				543
15	Garage place	Petra Konjovića 14a	Lamella 2, basement 2, no. 9	12	531	12				543
16	Garage place	Petra Konjovića 14a	Lamella 2, basement 2, no. 10	12	531	12				543
17	Garage place	Petra Konjovića 14a	Lamella 2, basement 2, no. 11	12	531	12				543
18	Garage place	Petra Konjovića 14a	Lamella 2, basement 2, no. 12	12	531	12	588		45	
19	Garage place	Petra Konjovića 14a	Lamella 2, basement 2, no. 13	12	531	12	588		45	
20	Garage place	Petra Konjovića 14a	Lamella 2, basement 2, no. 16	12	531	11				542
21	Garage place	Petra Konjovića 14a	Lamella 2, basement 2, no. 17	12	531	11	588		45	
	Total			**757**	**81,453**	**2,093**	**48,044**	**2,933**	**2,163**	**40,597**

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

Advances paid for materials, spare parts and inventory in the amount of RSD 166 thousand relate to advance payments to suppliers for purchase of materials (predominantly fuel).

Advances paid for services in the amount of RSD 1,213 thousand mainly refer to advance payments to the companies: Moore Stephens Auditing and Accounting Ltd. in the amount of RSD 447 thousand (first instalment for fee for audit of financial statements for 2020) and Beogradska Berza Plc. in RSD 640 thousand (primarily, annual fee for shares' trading in 2020 in the amount of RSD 620 thousand).

25. RECEIVABLES FROM SALES

Structure from receivables from sale	*In RSD thousand*	
	31.12.2020	*31.12.2019*
Local buyers - parent company and subsidiaries	939,279	841,170
Local buyers - other affiliated companies		
Local buyers (externally)	1,425	1,546
Impairment provision	(81,401)	(88,028)
TOTAL	***859,303***	***754,688***

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

Structure of local buyers - parent companies and subsidiaries is presented in the following table.

Structure of receivables from sale	*In RSD thousand*	
	31.12.2020	*31.12.2019*
Local buyers - parent company and subsidiaries:		
Energoprojekt Visokogradnja Plc.	820,339	730,306
Energoprojekt Niskogradnja Plc.	91,899	41,966
Energoprojekt Entel Plc.	3,852	3,486
Energoprojekt Sunnyville Ltd.	415	695
Energoprojekt Hidroinženjering Plc.	1,332	8,561
Energoprojekt Industrija Plc.	571	
Energoprojekt Urbanizam i arhitektura Plc.	4,953	2,347
Energoprojekt Energodata Plc.	14,438	9,870
Energoprojekt Oprema a.d.	1,480	4,949
Energoprojekt Park 11 Ltd.		38,990
Energoprojekt Garant Plc.		
Total	***939,279***	***841,170***
Local buyers - other affiliated companies		
Enjub Ltd.		
Total	-	-
Local buyers - externally	1,425	1,546
Total	***1,425***	***1,546***
Impairment of provision (EP Visokogradnja)	*(81,401)*	*(88,028)*
TOTAL	***859,303***	***754,688***

Increase in local buyers - parent company and subsidiaries compared to the same date of previous year by RSD 98,109 thousand refers to increase in receivables under holding service contracts in the amount of RSD 82,267 thousand (primarily the result of increases in Energoprojekt Visokogradnja, Energoprojekt Niskogradnja, Energoprojekt Urbanizam I Arhitektura and Energoprojekt Energodata and reductions in Energoprojekt Hidroinženjering, Energoprojekt Oprema and Energoprojekt Park 11) and increase in receivables for lease and right-to-use solution DMS of RSD 15,842 thousand (primarily in Energoprojekt Visokogradnja: RSD 15,688 thousand).

Impairment of receivables in the amount of RSD 81,401 thousand relates entirely to the effects of application IFRS 9 - Financial Instruments - receivables from subsidiary Energoprojekt Visokogradnja (Note 7.16).

Local buyers - (externally), the Company presented security instruments from Jerry Catering Service Ltd. (3 blank solo signed bills with authorization for completing and collecting), while from other local buyers (externally) the Company does not present any collaterals.
Receivables from sale and other receivables from sale bear no interest.

26. RECEIVABLES FROM SPECIAL TRANSACTIONS

Structure of receivables from special transactions	*In RSd thousand*	
	31.12.2020	*31.12.2019*
Receivables from special transactions from parent companies and subsidiaries	11,574	7,989
Receivables from special transactions from other affiliated companies	6,431	5,283
Receivables from special transactions from other companies	1	2
Impairment provision		
TOTAL	***18,006***	***13,274***

Receivable from special transactions from parent companies and subsidiaries in the amount of RSD 11.574 thousand predominantly relate to receivables for reimbursement of costs of issue of long-term corporate bonds from which funds for long-term loans to subsidiaries were approved (Note 23.2): RSD 8,291 thousand: Energoprojekt Niskogradnja: RSD 3,659 thousand, Energorpojekt Visokogradnja: RSD 2,592 thousand, Energorpojekt Oprema RSD 1,863 thousand and Energoprojekt Hidroinženjering: RSD 177 thousand), re-charged costs of airline tickets in the amount of RSD 1,233 thousand (primarily, Energoprojekt Industrija: RSD 459 thousand and Zambia Engineering and Contracting Company Limited, Zambia: RSD 317 thousand), re-charged costs of taxes and directors' contributions Zambia Engineering and Contracting Company Limited, Zambia: RSD 1,158 thousand and re-charged costs of electricity, office building insurance and membership fees: RSD 453 thousand (Energoprojekt Visokogradnja: RSD 197 thousand and Energoprojekt Urbanizam I Arhitektura: RSD 126 thousand).

Increase in receivables from special transactions from parent companies and subsidiaries compared to the same date of previous year in the amount of RSD 3,585 thousand relates, firstly, to increase on the basis of receivables for reimbursement of long-term corporate bonds: RSD 8,291 thousand and on the other hand, a decrease in receivables for re-charged air ticket costs in the amount of RSD 4,275 thousand (predominantly from Energoprojekt Visokogradnja).

Receivables from special transactions from other affiliated companies in the amount of RSD 6,431 thousand entirely relate to joint venture Enjub for re-charged court and administrative fees, re-charged costs of net salaries, taxes and contributions of director and re-charged costs of legal services from previous years. The Company does not have collection security instruments in this regards.

Increase in receivables from specific transactions in relation to the previous year was recorded primarily with company Enjub, based on re-charged costs of net salaries, taxes and contributions of director of Enjub Ltd. in 2020.

The structure of receivables from special transactions by legal entities is presented in Note 8.1.

27. OTHER RECEIVABLES

Structure of other receivables:	*In RSD thousand*	
	31.12.2020	*31.12.2019*
Interest and dividends receivables:		
a) Interest and dividend receivable from parent companies and subsidiaries	1,293	3,769
b) Interest and dividend receivable from affiliated companies	85,252	80,602
c) Dividend receivables - other legal entities		144
Total	*86,545*	*84,515*
Receivables from employees	1	317
Receivables for overpaid profit tax		
Recevables for overpaid other taxes and contributions		
Receivables for fringe benefits’ returns	532	991
Other receivables		158
Impairment provision		
TOTAL	***87,078***	***85,981***

Structure of interest and dividend receivables in the amount of RSD 86,545 thousand is presented in the following table.

Structure of interest and dividend receivables	*In RSD thousand*	
	31.12.2020	*31.12.2019*
Interest receivables from parent and subsidiary:		
Energoprojekt Sunnyville Ltd.	1,293	3,769
Subtotal	*1,293*	*3,769*
Interest receivables from other related legal entities:		
Enjub Ltd.	85,252	80,602
Subtotal	*85,252*	*80,602*
Dividend receivables from other legal entities:		
Komercijalna banka Plc. (Note 23.1)		144
Subtotal	*0*	*144*
TOTAL	***86,545***	***84,515***

Decrease in interest receivable from parent company and subsidiaries by RSD 2,476 thousand was recorded in Energoprojekt Sunnyville (interest collected in the reporting period.

Increase in **interest receivables from other related parties** by RSD 4,650 thousand from accrued and uncollected interest in the reporting period, relates to Enjub Ltd..

Receivables for fringe benefits’ returns in the amount of RSD 532 thousand pertain to the receivables for sick leave longer than 30 days and maternity leaves.

28. SHORT-TERM FINANCIAL INVESTMENTS

Structure of short term financial investments	In RSD thousand	
	31.12.2020	31.12.2019
Short-term loans and investments - parent companies and subsidiaries	176,166	726,257
Short-term loans and investments - other affiliated companies	76,513	76,521
Portion of long-term financial investments with maturity date up to one year:		
a) Portion of long-term financial investments in parent company and subsidiaries with maturity date up to one year	1,485,701	
b) Portion of other long-term financial investments with maturity date up to one year (Note 23.2)	64	64
Total	*1,485,765*	*64*
Impairment provision	(4,737)	(2,288)
TOTAL	***1,733,707***	***800,554***

Structure of impairment provision of short-term financial investments	In RSD thousand	
	31.12.2020	31.12.2019
Impairment of short-term loans and investments - parent and subsidiaries	(545)	(2,288)
Impairment of portion of long-term financial investments - parent and subsidiary that is due with a year	(4,192)	
TOTAL	***(4,737)***	***(2,288)***

Short-term loans and investments - subsidiaries and other related parties pertain to the loans approved with maturity dates up to 12 months (with interest rate which is calculated for subsidiaries in accordance with the principle of "arm's length" for the year 2021, and for other affiliated companies with interest rate of 3M Euribor + 6.5% pa.) presented in the following table below.

No	Borrower and Agreement no.	Original currency	Loan amount in original currency in 000	Remained amount from loan in original currency in 000	Remained amount from loan in RSD 000	Due date	Interest rate
1	**EP Urbanizam i arhitektura Plc.**						
	Debt Rescheduling Agreement no. 22	EUR	142	142	16.694	31.12.2021	interest rate calculated in accordance with "arm's length" principle for 2021
2	**EP Energodata Plc.**						
	Debt Rescheduling Agreement no. 24	RSD	3.226	3.226	3.226	31.12.2021	interest rate calculated in accordance with "arm's length" principle for 2021
3	**EP Oprema Plc.**						
	Debt Rescheduling Agreement no. 23	EUR	35	35	4.148	31.12.2021	interest rate calculated in accordance with "arm's length" principle for 2021
4	**EP Sunnyville Ltd.**						
	Annex 3 Debt Rescheduling Agreement 375	EUR	4.868	1.294	152.098	31.12.2021	interest rate calculated in accordance with "arm's length" principle for 2021
	Total subsidiaries	RSD	**3.226**	**3.226**	***176.166***		
		EUR	**5.045**	**1.471**			
1	**Enjub Ltd.**						
	Annex no. 13 Loan Agreement no. 367	EUR	137	137	16.167	31.12.2021	3M Euribor + 6.5% p.a.
	Annex 9 Debt Rescheduling Agreement 115	EUR	1.198	513	60.346	31.12.2021	3M Euribor + 6.5% p.a.
Total other related parties		EUR	***1.335***	***650***	***76.513***		
TOTAL		RSD	***3.226***	***3.226***	***252.679***		
		EUR	6.380	2.121			

Decrease in **short-term loans and investments – parent company and subsidiaries** by RSD 550,091 thousand is the result of net effect, on the one hand:

- repayment of the Energoprojekt Niskogradnja loan: RSD 204,442 thousand, Energoprojekt Park 11: RSD 54,171 thousand and partial repayment of Energoprojekt Sunnyville loan: RSD 299,231 thousand and positive outcomes of currency clauses: RSD 44 thousand and, on the other hand
- Debt Rescheduling Agreement made with Energoprojekt Oprema: RSD 4,148 thousand and Energoprojekt Energodata: RSD 3,226 thousand where computed but uncollected interest as at the balance sheet date was added to debt principal - loans granted during the reporting year; and
- Debt Rescheduling Agreement made with Energoprojekt Urbanizam i Arhitektura: RSD 428 thousand where computed but uncollected interest as at the balance sheet date was added to debt principal from loan from previous years.

Impairment of short-term investment - parent and subsidiary in the amount of RSD 545 thousand relates to the effects of IFRS 9 - Financial instruments placements to Energoprojekt Urbanizam I Arhitektura: RSD 53 thousand, Energoprojekt Oprema: RSD 13 thousand and Energoprojekt Sunnyville: RSD 479 thousand (Note 7.16).

The Company has 2 (two) signed blank solo bills of exchange to be filled out by beneficiary to be used as collateral for the collection of entire amount in respect of loans granted to subsidiaries.

As collateral for securing payment under Loan Agreements made with other related parties, the Company has blank promissory note with the clause "without protest" and mortgage pledged on property of Enjub Ltd., Belgrade (Note 41).

Summary of portion of long-term financial investments to parent company and subsidiary with maturity up to one year in the amount of RSD 1,485,701 thousand refers to granted long-term loans and interest added which are due up to a year (31 December 2021), with interest rate of 2.87%, is shown in the following tables.

No.	Borrower and contract number	Original currency	Loan amount in original currency in thousand	Outstanding receivable from loan in original currency in thousand	Outstanding receivable from loan in RSD thousand
1	**EP Energodata Plc.**				
	Debt Rescheduling Agreement no. 21	EUR	787	787	92,500
	Agreement on assignment of claims and regulation of mutual relations no. 117	EUR	500	500	58,790
2	**EP Oprema Plc.**				
	Debt Rescheduling Agreement no. 20	EUR	5,504	5,004	588,324
	Loan Agreement no. 125	EUR	935	935	109,938
	Loan Agreement no. 177	EUR	532	532	62,529
3	**EP Visokogradnja Plc.**				
	Debt Rescheduling Agreement no. 18	EUR	4,551	4,551	535,140
TOTAL (PRINCIPAL)		EUR	12,809	12,309	**1,447,221**

Borrower and contract number	Original currency	Interest amount in original currency in thousand	Outstanding receivable from interest in original currency in thousand	Outstanding receivable from interest in RSD thousand
EP Energodata a.d.				
Debt Rescheduling Agreement no. 21	EUR	22	22	2,655
Agreement on assignment of claims and regulation of mutual relations no. 117	EUR	8	8	904
EP Oprema a.d.				
Debt Rescheduling Agreement no. 20	EUR	150	150	17,669
Loan Agreement no. 125	EUR	13	13	1,571
Loan Agreement no. 177	EUR	3	3	323
EP Visokogradnja a.d.				
Debt Rescheduling Agreement no. 18	EUR	131	131	15,358
'AL (INTEREST)	EUR	327	327	**38,480**

Impairment of portion of long-term financial investments to parent and subsidiary which is due up to a year in the amount of RSD 4,192 thousand relates to the effects of application of IFRS 9 - Financial Instruments. It is about loan granted to Energoprojekt Visokogradnja in the amount of RSD 1,734 thousand and Energoprojekt Oprema in the total amount of RSD 2,458 thousand (Note 7.16).

Portion of other long-term financial investments which is due up to a year in the amount of RSD 64 thousand relates to long-term housing loans granted to employees (Note 23.2).

29. CASH AND CASH EQUIVALENTS

Structure of cash and cash equivalents	*In RSD thousand*	
	31.12.2020	*31.12.2019*
Current (business) account	19,796	57,147
Restricted cash and letters of credit		
Foreign currency account	47,789	203
Foreign currency 'petty cash		
Other cash		
a) Short-term term deposits	420,000	126,666
b) Other cash	13	
Total	*420,013*	*126,666*
TOTAL	***487,598***	***184,016***

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

Short term deposits in the amount of RSD 420,000 thousand refer to the short term deposits held with business banks in the country (Erste Bank Plc., Novi Sad) to 11 days terms, with interest rate of 0.20%. The term deposits are in RSD.

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

30. PREPAYMENTS AND DEFERRED EXPENSES

Structure of prepayments and deferred expenses	*In RSD thousand*	
	31.12.2020	*31.12.2019*
Prepayments:		
a) Prepaid expenses - parent company and subsidiaries	1,565	1,649
c) Prepaid subscriptions for expert and professional publications	94	504
c) Prepaid insurance premiums	668	717
Total	*2,327*	*2,870*
Receivables for accrued non-invoiced income:		
a) Receivables for accrued non-invoiced income - parent company and subsidiaries	480	
b) Receivables for accrued non-invoiced income - other affiliated companies	373,171	373,502
Total	*373,651*	*373,502*
Other prepayments and deferred expenses:		
a) Deferred value added tax	4,564	6,421
b) Other prepayments and deferred expenses	12,016	24,264
Total	*16,580*	*30,685*
Impairment of receivables for non-invoiced income - other legal entities	*(41,465)*	*(51,095)*
TOTAL	***351,093***	***355,962***

Prepaid expenses - parent companies and subsidiaries in the amount of RSD 1,565 thousand entirely refer to Energoprojekt Energodata, to prepayments for licensing costs.

Prepaid insurance premiums in respect of insurance of property and persons in the amount of RSD 668 thousand refers to Sava Nezivotno Osiguranje in the amount of RSD 563 thousand, Wiener Stadtische Insurance in the amount of RSD 102 thousand and Uniqua Osiguranje in RSD 3 thousand.

Receivables for accrued non-invoiced income in the amount of RSD 373,171 thousand refer to the realization of the Agreement on Construction of the Republic of Serbia Embassy Building in Abuja, Federal Republic of Nigeria, a turnkey project, on the cadastral lot No. 313, registered in the Real Estate Registry, Cadastral Zone A00 in the amount of RSD 372,994 thousand and calculated revenues for 2020 from lease in the amount of RSD 177 thousand.

Impairment of receivables for non-invoiced income from other legal entities in the amount of RSD 41,465 thousand refers entirely to the effects of application of IFRS 9 - Financial Instruments for receivables for non-invoiced income from the Republic of Serbia based on construction -- construction of the embassy in Abuja, Nigeria (Note 7.16).

Deferred value added tax in the amount of RSD 4,564 thousand and it is reported amount of VAT in the reporting year according to which deduction of previous tax is generated in the following accounting period.

Deferred VAT includes: VAT in from invoices related to reporting period but received after tax return for December 2020 and presented VAT from accounting approvals issued in 2021 related to transactions made in 2020.

Other prepayments and deferred income in the amount of RSD 12,016 thousand mostly relate to development of the location Block 26, Block 45 facility C and Blok 70 facility C in the amount of RSD 10,409 thousand (treatment of the payment will be regulated in the following period).

31. CAPITAL

In RSD thousand

Description	Share capital	Other issued capital	Share issue premium	Redeemed own shares	Reserves	Revalued reserves	Unrealised gains/loss on AFS securities	Undistributed profit	Loss	Total
Opening balance as of 01.01.2019	*5.574.959*	*27.178*	*1.526.164*	*(49.827)*	*214.881*	*784.634*	*(4.208)*	*1.020.227*		9.094.008
Net profit for the year									(28.262)	(28.262)
Other comprehensive income										
a) Changes in fair value of available-for-sale financial assets							(13.108)			(13.108)
b) Revaluation										
c) Other - adjustment of net value, IAS 12 and other										
Total - other comprehensive result							(13.108)			(13.108)
Total comprehensive result for 2019							(13.108)		(28.262)	(41.370)
Adjustments								(628)		(628)
Increase in share capital										
Profit distribution										
Other (IFRS 9, IAS 12)								(123.366)		(123.366)
As of 31.12.2019	***5.574.959***	***27.178***	***1.526.164***	***(49.827)***	***214.881***	***784.634***	***(17.316)***	***896.233***	***(28.262)***	***8.928.644***
Net profit for the year								263.278		263.278
Other comprehensive income										
a) Changes in fair value of available-for-sale financial assets							(8.218)			(8.218)
b) Revaluation										
c) Other - adjustment of net value, IAS 12 and other										
Total - other comprehensive result							(8.218)			(8.218)
Total comprehensive result for 2020							(8.218)	263.278		255.060
Adjustments										
Increase in share capital										
Profit distribution								(28.262)	28.262	
Other - (transfer from other equity items to retained earnings)		(27.178)			(134.881)			162.059		
As of 31.12.2020	***5.574.959***		***1.526.164***	***(49.827)***	***80.000***	***784.634***	***(25.534)***	***1.293.308***		***9.183.704***

31.1 Equity Capital

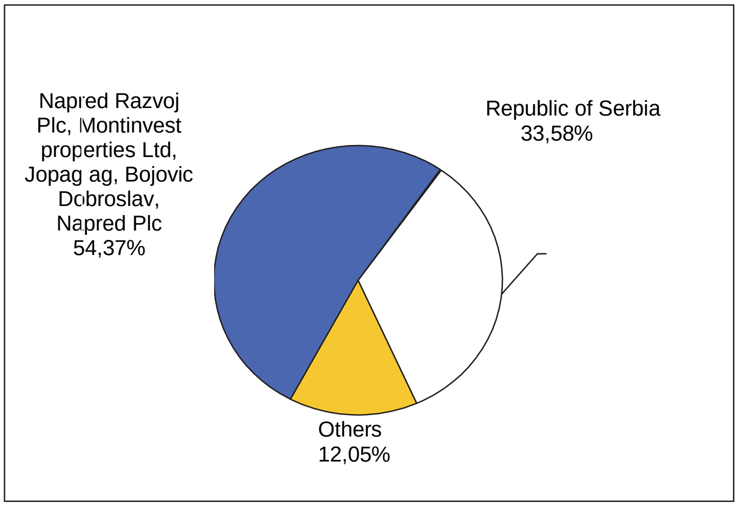
According to the Central Securities, Depository and Clearing House Register, the Company's present ownership structure as at 31.12.2020 is as follows:

	No. of shares	% of total issue
Shares owned by physical persons	**731,266**	**6.69**
Shares owned by legal persons	**9,843,080**	**90.04**
- Republic of Serbia	3,671,205	33,58
- Other legal entities	6,171,875	56.46
Aggregate (custody) account	**356,946**	**3.27**
Total no. of shares	**10,931,292**	**100**

No. of shareholders with equity investments	No of persons			No. of shares			% of total issue		
	domestic	foreign	total	domestic	foreign	total	domestic	foreign	total
Up to 5%	3,574	164	3,738	1,325,903	47,756	1,373,659	12,13%	0,44%	12.57%
5% to 10%	1	1	2	564,699	560,731	1,125,430	5.17%	5.13%	10.30%
More than 10% to 25%	0	0	0	0	0	0	0.00%	0%	0.00%
More than 25% to 33%	0	0	0	0	0	0	0.00%	0.00%	0.00%
More than 33% to 50%	2	0	2	8,432,203	0	8,432,203	77.14%	0.00%	77.14%
More than 50% to 66%	0	0	0	0	0	0	0.00%	0.00%	0.00%
More than 66% to 75%	0	0	0	0	0	0	0.00%	0.00%	0.00%
More than 75%	0	0	0	0	0	0	0.00%	0.00%	0.00%
Total no.	3,577	165	3,742	10,322.805	608,487	10,931,292	94,43%	5,57%	100.00%

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

Name	No. of shares	% of total issue
Napred Razvoj Plc Novi Beograd	4,760,998	43,55%
Republic of Serbia	3,671,205	33.58%
Montinvest Properties l.l.c.	564,699	5,17%
Jopag AG	560,731	5,13%
Tezoro broker PLC – summery account	257,950	2.36%
Energoprojekt Holding PLC	97,700	0.89%
Tezoro broker PLC	81,150	0.74%
Bojović Dobroslav	47,004	0.43%
Vojvođanska banka Plc.Novi Sad-summ.account	41,107	0,38%
Grujić Sava	31,301	0,29%



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

Structure of equity capital	*in RSD thousand*	
	31.12.2020	*31.12.2019*
Share capital:		
a) Share capital in parent companies, subsidiaries and other affiliated companies		
b) Share capital (externally)	5,574,959	5,574,959
Total	*5,574,959*	*5,574,959*
Issuing premiums	1,526,164	1,526,164
Other share capital		27,178
TOTAL	***7,101,123***	***7,128,301***

Share capital consists of 10,931,292 ordinary shares with nominal value of RSD 510.00 (RSD 5,574,959 thousand) and nominal book value of RSD 840.13.

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

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

Issuing premium of RSD 1,526,164 is positive difference between the achieved selling price per share and the nominal value of such shares, which is the result of the conversion of shares of the Energoprojekt System subsidiaries into Company shares at the par value of 1:1 in 2006, in the amount of RSD 1,363,471 thousand and repurchase and sale of own shares in the period from 2006 to 2011 in the amount of RSD 237,014 thousand and on the basis of the purchase of own shares at value above nominal in 2017 in the amount of RSD 74,321 thousand for which the previous balance of the emission premium was reduced (Note 31.2).

Pursuant to the Decision on distribution of retained earnings made under item 3 of the agenda at the 52nd regular session of the Assembly of the Company held on 23 July 2020, the amount within the item Other share capital in the amount of RSD 27,178 thousand was fully restated within the item Retained earnings from previous years (Note 31.6).

31.2 Purchased own shares

Structure of purchased own shares	*in RSD thousand*	
	31.12.2020	*31.12.2019*
Purchased own shares	49,827	49,827
TOTAL	**49,827**	**49,827**

Pursuant to the Decision by the Supervisory Board to acquire own shares on a regulated market made on February 13, 2017, the Company acquired 97,700 of own shares on the Belgrade Stock Exchange (which amounts to 0.89376% of the total number of shares with voting rights) with nominal value of RSD 49,827 thousand.

31.3 Reserves

Structure of reserves	*in RSD thousand*	
	31.12.2020	*31.12.2019*
Legal reserves		23,185
Statutory and other reserves		111,696
Other reserves	80,000	80,000
TOTAL	**80,000**	**214,881**

Pursuant to the Decision on distribution of retained earnings made under item 3 of the agenda at the 52nd regular session of the Assembly of the Company held on 23 July 2020, the legal reserves (from previous years) in the amount of RSD 23,185 thousand, statutory reserves (from previous years) in the amount of RSD 111,696 thousand have been fully restated within the item Retained earnings from previous years (Note 31.6).

According to Article 282, paragraph 4, item 2 of the Law on Business Companies and pursuant to the Decision of the Shareholders Assembly from 2017, a **dedicated reserves** in the amount of RSD 80,000 thousand for acquiring own shares for distribution to employees with the Company, or to affiliated company, or for rewarding members of the Executive and Supervisory Board, were created.

31.4 Revaluation Reserves from Revaluation of Intangibles, Property, Plant and Equipment

Structure of revaluation reserves from revaluation of intangibles, property, plant and equipment	*in RSD thousand*	
	31.12.2020	*31.12.2019*
Revaluation reserves based on revaluation of property - Energoprojekt building	784,634	784,634
TOTAL	***784,634***	***784,634***

The following was disclosed in the Revaluation reserves from revaluation of property - Energoprojekt building position, in the amount of RSD 784,634 thousand:

- Effects of posting of the fair value of the Energoprojekt building as at 31.12.2018 in the amount of RSD 824,556 thousand;
- Levelling of the present value per m² of the Energoprojekt building in the amount of RSD 98,543 thousand; and
- Posting of 15% profit tax (negative aspect of revaluation reserves) for the amount of deferred tax on the basis of revaluation reserves, in compliance with IAS 12 - Income Taxes, in the amount of RSD 138,465 thousand.

31.5 Unrealized Losses from Securities and Other Components of Other Comprehensive Result (debit balance under account class 33, excl. 330)

Structure of unrealized losses from securities and other components of other comprehensive results (debit balances under account class 33, excl. 330)	*in RSD thousand*	
	31.12.2020	*31.12.2019*
Unrealized losses on securities available for sale	25,534	17,316
TOTAL	***25,534***	***17,316***

Changes in the position of **Unrealized losses on securities available for sale** in the amount of RSD 8,218 thousand pertain adjustments of value of securities in Company portfolio (Alta Banka Plc., Beograd – prior Jubmes banka Plc. and Dunav Osiguranje Plc.), with their fair value in the secondary securities market as at the financial statements date (Note 23.1.).

31.6 Retained Earnings

Structure of retained earnings	*in RSD thousand*	
	31.12.2020	*31.12.2019*
Retained earnings from previous years:		
a) Balance as at 1 January of the reporting period	896,233	1,020,227
b) Correction of profit based on income tax		(628)
c) Profit distribution	(28,262)	
d) Transfer from other equity items	162,059	
e) Other restated amounts (IFRS 9, IAS 12)		(123,366)
Total	1,030,030	896,233
Retained earnings from current years	263,278	
TOTAL	***1,293,308***	***896,233***

In 52^{nd} ordinary General Meeting of the Company held on 23 July 2020, within the item 3 of the meeting agenda, the decision on distribution of the retained earnings was made under the following stipulates:

- incurred loss for 2019 in the amount of RSD 28,262 thousand is fully covered from the retained earnings from previous years and
- legal reserves in the amount of RSD 23,185 thousand, Statutory reserves in the amount of RSD 111,696 thousand and the amount within the item Other share capital in RSD 27,178 thousand are fully restated within the item retained earnings from previous years (total RSD 162,059 thousand).

Retained earnings from prior years in the amount of RSD 263,278 thousand relate to the net result of the Company incurred in the reporting period (Note 19).

Data for the comparative year were adjusted in accordance with the first application of IFRS 9 in the net amount of RSD 123,366 thousand as follows:

- on the one hand, the effect of first application of IFRS 9 on the Company's financial assets on 01.01.2020 in the amount of RSD 145,136 thousand (Note 7.16) and
- on the other hand, increase in deferred tax assets by RSD 21,770 thousand in accordance with the provisions of Article 25a of the Law on Corporate Income Tax and the provisions of IAS 12 (Note 39).

31.7 Loss

Structure of loss	*In RSD thousand*	
	31.12.2020	*31.12.2019*
Loss from prior years		
Loss from current year		(28,262)
UKUPNO	***0***	***(28,262)***

Pursuant to the Decision on distribution of retained earnings made under item 3 of the agenda at the 52nd regular session of the Assembly of the Company held on 23 July 2020, incurred loss for 2019 in the amount of RSD 28,262 thousand is fully covered from the retained earnings of previous years (Note 31.6).

32. LONG-TERM PROVISIONS

Long-term provisions are recognized in the following cases:

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

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

Structure of long term provisions	Provisions for wages and other employee benefits	Other long term provision	TOTAL
Opening balance as of 01.01.2019	2,812		2,812
Additional provision	595		595
Utilised in the year	(145)		(145)
Cancellation of unused amount			
As of 31.12.2019	3,262		3,262
Additional provision	1,049		1,049
Utilised in the year	(826)		(826)
Cancellation of unused amount			
As of 31.12.2020	**3,485**		**3,485**

Provisions for wages and other employee benefits (provisions for non-due retirement bonuses) are disclosed based on actuarial calculation made on 31 December 2020.

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

Decrease of the provision amount based on current retirement bonus values (by 6.91%) in the balance sheet as at 31.12.2020 in comparison to the retirement bonus values in the balance sheet as at 31.12.2019, was the result of several changed factors:

- on one hand, changes of some factors affect the increase of the provision amount (increase in the average expected retirement bonus by 9.21%); and
- on the other hand, changes of some factors affect the decrease of the provision amount (a decrease in the total number of employees by 11.69% and reduction the average years of service in the Company to 3.3%).

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

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

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

The retirement bonus is, as of the beginning of 2015, pursuant to the provisions of the Collective Agreement in force, paid in the Company in compliance with the Article 57 of the Collective Agreement regulating employment in the country, according to which the Employer is to pay to the Employee retirement bonus amounting to two average gross salaries in the Republic of Serbia according to the latest data published by the relevant Republic authority in charge of statistics. In compliance with the legislation in force, the above mentioned amount is non-taxable.

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

The rate of **4.5%** was accepted as the **annual discount rate**.

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

Since the financial market of Serbia is insufficiently developed, the actual annual yield from the purchase of government bonds with the Republic of Serbia as the guarantor should be used as a reference for the determination of the discount rate as at the balance sheet date. In compliance to the above stated, the discount rate was determined according to the annual yield of long term government bonds issued by the Public Debt Administration of the Ministry of Finance of the Republic of Serbia, which were achieved in the relevant period. Annual yield on 12-years RSD securities issued on 01.12.2020 was 3.85%. Increased adopted discount rate compared to yield is a consequence of the fact that average maturity of benchmark securities is lower than average maturity of the benefits in question, and thus in the manner provided for in paragraph 86, IAS 19, the yield curve was extrapolated.

The annual expected salary growth in the Republic of Serbia was planned at the level of **2.5%.**

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

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

The target inflation of 3% has been foreseen in the Memorandum for several years, but in real states it is generally lower (in 2020 - 1.3%; in 2019 – 1.5%; in 2018 – 2%; in 2017 - 3%; in 2016 - 1.6% and in 2015 - 1.5%). Therefore, it is more realistic to plan inflation 1.5 percentage point lower than the target.

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

If the inflation rate would change in the future, the applied logic would result in the change of nominal wages, but also in the discount rate (that is predominantly defined by the inflation rate), so that the change would not lead to the change in results presented in this document. The methodology used, indicating the long-term planned annual growth of wages in the Republic of Serbia of 2.5% and long-term annual discount rate of 4.5%, assumes the same, unchanged inflation rate in future. This assumption is requested in the paragraph 78 of IAS 19.

33. LONG-TERM LIABILITIES

Structure of long-term liabilities	In RSD thousand	
	31.12.2020	31.12.2019
Liabilities towards other related parties	730,472	1,196,624
Liabilities from issued securities in a period over a year	3,300,000	
Other long-term liabilities	37,928	35,549
TOTAL	***4,068,400***	***1,232,173***

The structure of **liabilities towards other related parties** is shown in the table below.

Structure of long-term loans and borrowings towards other related parties	Interest rate	In RSD thousand	
		31.12.2020	31.12.2019
Napred Razvoj Plc.			
Long-term borrowing	*6% p.a.*	726,175	1,196,624
Long-term liabilities arising from interest on loans whose payment was delayed		4,297	
TOTAL		***730,472***	***1,196,624***

Liabilities towards other related parties in the amount of RSD 730,472 thousand entirely relate to liabilities towards Napred Razvoj Plc. according to Annex no. 5 of the Loan Agreement no. 91 dated 29 March 2019 under the following:

- long-term loan in the amount of RSD 726,175 thousand (EUR 6,176 thousand) at interest rate of 6% per annum and maturity of 30.03.2022 (with the possibility of early repayment); and
- long-term liabilities based on interest on loan for the period March - June 2020, the payment of which was postponed (based on the Decision of the National Bank of Serbia on temporary measures to preserve the stability of the financial system, which established a moratorium on loan repayments) in the amount of RSD 4,297 thousand (EUR 36 thousand), which according to the repayment plan are paid monthly in equal installments until the due date of the loan (part of the liability on this basis due on 31.12.2021 in the amount of RSD 17,188 thousand is recorded within the item Interest payable and financing costs - Note 37).

The Company issued 4 solo blank signed bills of exchange to secure the above borrowing.

Liabilities for issued long-term securities in the period over a year in the amount of RSD 3,300,000 thousand relate entirely to long-term corporate bonds issued on 30.12.2020; 330,000 bonds of individual nominal value of RSD 10,000.00 (based on the decision of the General Meeting of the Company dated 23.07.2020 on the issuance of corporate bonds of the Company through a public offering and the decision of the Supervisory Board of the Company dated 25.11.2020 on the issuance of the first issue of corporate bond), at annual interest rate of 2.95% + 3m Belibor with maturity of

30.12.2025 and quarterly calculation and payment of interest. Part of the funds from the issue of long-term corporate liabilities in the amount of RSD 2,283,590 thousand was used to provide long-term loans to subsidiaries in order to repay loans to commercial banks (Note 23.2).

Other long-term liabilities in the amount of RSD 37,928 thousand relate to:

- long-term advance received from Jerry catering service Ltd., Belgrade in RSD 27,812 thousand (EUR 235 thousand) according to Annex no. 1 of Contract no. 123 on long-term lease (for 15 years) a part of business area 935.56 m2 located within the buildings complex "Samački hotel", Batajnički drum no. 24, in Zemun (part of obligation for received advance up to a year is recorded within the item - Received advances from other legal entities in the country - Note 35);
- long-term liabilities from taxes and contributions on salaries for the period March - May (in accordance with the Regulation on fiscal and direct benefits to entities in the economic sector and financial assistance to citizens in order to mitigate the economic consequences of COVID - 19) and August in accordance with the Conclusion of the Government of the RS) in the total amount of RSD 10,116 thousand, whose payment was postponed in accordance with the Decree on the procedure and manner of deferral of payment of taxes and contributions due in order to mitigate the economic consequences, paid off in full by 10.01.2023 (part of the liability for taxes and contributions on salaries up to one year in the amount of RSD 8,559 thousand is recorded within Portion of long-term liabilities in the country that is due up to a year - Note 34.2).

34. SHORT-TERM FINANCIAL LIABILITIES

Structure of short term financial liabilities	*In RSD thousand*	
	31.12.2020	*31.12.2019*
Short term credits and loans domestic		744,754
Other short term financial liabilities:		
a) a) Portion of long-term liabilities with maturity date up to one year	8,559	
b) Other	118	124
Total	8,677	124
TOTAL	***8,677***	***744,878***

34.1 Short-Term Credits and Loans Domestic

Structure of short-term credits and loans domestic	Interest rate	*in RSD thousand*	
		31.12.2020	*31.12.2019*
Short-term loans granted by banks domestically:			
a) RSD loans			
b) Loans with foreign currency clause	*3M Euribor + 3.00% p.a.*		744,754
TOTAL		***0***	***744,754***

Decrease in Short-term loans from banks in the country compared to 31.12. previous year in the amount of RSD 744,754 thousand is the result of early repayment of loans granted by Erste Bank and Komercijalna Banka from funds obtained by issuing corporate bonds (Note 33).

34.2 Other Short-Term Financial Liabilities

Structure of long-term liabilities with maturity dates up to one year	*in RSD thousand*	
	31.12.2020	*31.12.2019*
Portion of long-term liabilities in the country that is due up to a year	8,559	
Other short-term financial liabilities	118	124
TOTAL	***8,677***	***124***

Current portion in the amount of RSD 8,559 thousand relates entirely to liabilities for taxes and contributions to salaries from 2020 that fall due during 2021, according to the Regulation on the procedure and manner of deferral of payment of arrears taxes and contributions in order to mitigate the economic consequences of COVIDA - 19 disease (Note 33).

Other short-term financial liabilities amounting to RSD 118 thousand pertain to the liabilities incurred based on the expenses paid by using the company Visa cards. The liabilities were settled in January 2021.

35. RECEIVED ADVANCES, DEPOSED MONEY AND CAUTIONS

Structure of received advances, deposed and cautions	*In RSD thousand*	
	31.12.2020	*31.12.2019*
Received advances from parent company and subsidiaries	15,411	18,335
Received advances from other legal entities in the country	8,434	11,258
Received deposed money from other legal entities in the country		33
TOTAL	***23,845***	***29,626***

Received advance from parent company and subsidiaries in the amount of RSD 15,411 thousand relate to advances received from subsidiaries under the Agreement on introduction of electronic document system Business Connect.

Received advance from other legal entities in the country in the amount of RSD 8,434 thousand primarily relate to received advance from Jerry Catering Service Ltd., Beograd Company in RSD 7,721 thousand under the Annex I on the contract (no. 123/1583 from 10.04.2017) on long-term lease (15 years) a part of office space measuring 935.56 m² located within the complex "Samački hotel", no. 24 Batajnički drum, Zemun (part of the liability for received advance over a year was recorded within the item - Other long-term liabilities (Note 33), and consequently a decrease within the item was predominantly recorded).

36. OPERATING LIABILITIES

Structure of operating liabilities	*In RSD thousand*	
	31.12.2020	*31.12.2019*
Suppliers:		
Suppliers - parent company and subsidiaries, local	3.024	6.509
Suppliers - other affiliated companies local	6.580	
Suppliers, local	5.598	7.639
Suppliers, foreign countries	851	7.007
Total	*16.053*	*21.155*
Other operating liabilities	12.572	456
TOTAL	***28.625***	***21.611***

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

Structure of operating liabilities per currencies	*in RSD thousand*	
	31.12.2020	*31.12.2019*
RSD	9,023	13,753
EUR	7,030	7,402
GBP		
TOTAL	***16,053***	***21,155***

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

Geographic distribution of suppliers is as follows:

Geographic distribution of suppliers	*In RSD thousand*	
	31.12.2020	*31.12.2019*
Suppliers, local (subsidiaries and other legal entities)	15,202	14,148
Suppliers, foreign countries (subsidiaries):		
Europe		
Total	-	-
Suppliers, foreign countries (other legal entities):		
Europe	851	7,007
Total	851	7,007
Value adjustment		
TOTAL	***16,053***	***21,155***

Other operating liabilities in the amount of RSD 12,572 thousand arose from issued credit note to subsidiaries Energoprojekt Hidroinženjering, Energoprojekt Entel, Energoprojekt Sannyville and Energoprojekt Park 11 resulting from the difference between the final price of the services provided by the Company to its subsidiaries - determined on costs incurred in 2020 and the orientation prices - established from planned costs for 2020.

37. OTHER SHORT-TERM LIABILITIES

Structure of other short-term liabilities	*In RSD thousand*	
	31.12.2020	*31.12.2019*
b) Liabilities from specific operations - other legal entities	8,415	
Total	*8,415*	*-*
Liabilities for wages, fringe benefits and compensations	13,939	12,611
Other liabilities:		
a) Liabilities for interest and financing costs	17,188	6,183
b) Liabilities for dividends	20,366	20,650
c) Liabilities to employeees	475	177
d) Liabilities to General Manager, or to management and Supervisory Board members	638	737
e) Liabilities to physical persons on contractual obligations	225	271
f) Other various liabilities	32,290	34,450
Total	*71,182*	*62,468*
TOTAL	***93,536***	***75,079***

Liabilities from specific operations - other legal entities in the amount of RSD 8,415 thousand relate entirely to the liability to Erste Bank a.d. Novi Sad, engaged as the Issue Agent during the issue of corporate bonds. The fee was calculated in the amount of 0.3% on the value of issued corporate bonds.

Liabilities for wages, fringe benefits and compensations in the amount of RSD 13,939 thousand pertain to the liabilities (net, taxes and contributions) for December salary that the Company paid in January 2021.

Liabilities for interest and financing costs in the amount of RSD 17,188 thousand entirely relate to the interest for loan granted by Napred Ravoj Plc. for the period March - June of the reporting year (based on the Decision of the National Bank of Serbia on temporary measures to preserve the stability of the financial system, which established a moratorium on repayment of credit obligations), which expires on 31.12.2021 (Note 33).

Liabilities for dividends in the amount of RSD 20,366 thousand pertain to the liabilities based on the decision of the Assembly of Shareholders from 2018 on profit distribution in the amount of RSD 4,463 thousand and for dividends' payment from previous years in the amount of RSD 15,903 thousand, which have not yet been paid to date due to unresolved property - legal issues (inheritance disputes, etc.) and unopened accounts of shareholders.

Other various liabilities in the amount of RSD 32,290 thousand predominantly relate to liabilities to shareholders based on forced purchase of shares of Energoprojekt Entel in the amount of RSD 31,987 thousand. On 15.09.2019, the Corporate agent M&V Investments returned the Company's funds deposited for forced purchase of shares of Energprojekt Entel such as, for part of shareholders who did not have the appropriate information, and the payment could not be realized. The company settles the obligations upon request of the shareholders.

Company Management is of the opinion that the disclosed value of short-term liabilities reflects their fair value at the balance sheet date.

38. LIABILITIES FOR VALUE ADDED TAX, LIABILITIES FOR OTHER TAXES, CONTRIBUTIONS AND FEES PAYABLE AND ACCRUED EXPENSES AND DEFERRED INCOME

38.1 Liabilities for Value Added Tax

Liabilities for value added tax	*In RSD thousand*	
	31.12.2020	*31.12.2019*
Liabilities for value added tax	1,170	4,528
TOTAL	***1,170***	***4,528***

Liabilities for value added tax pertain to the difference between calculated tax and input tax. This liability was settled by the Company within the legally prescribed deadline, in January 2021.

38.2 Liabilities for Other Taxes, Contributions and Fees Payable

Liabilities for other taxes, contributions and fees payable	*In RSD thousand*	
	31.12.2020	*31.12.2019*
Liabilities for profit tax		
Liabilities for other taxes, contributions and fees payable	494	693
TOTAL	***494***	***693***

Liabilities for other taxes, contributions and fees payable in the amount of RSD 494 thousand mainly pertain to the contributions for considerations to Supervisory Board members: RSD 263 thousand, contributions for remunerations based on service contracts: RSD 129 thousand, liabilities for taxes and contributions - sick leave over 30 days: RSD 22 thousand, liability for participation in financing persons with disabilities: RSD 42 thousand and others.

Of the total amount of liabilities for taxes, contributions and fees payable in the amount of RSD 494 thousand, the amount of RSD 473 was settled in January 2021.

38.3 Accrued Expenses and Deferred Income

Accrued expenses and deferred income	*In RSD thousand*	
	31.12.2020	*31.12.2019*
Pre-calculated expenses:		
a) Pre-calculated expenses - parent company, subsidiaries and other affiliated companies	24,305	24,308
b) Pre-calculated expenses - other legal entities	84	35
Total	*24,389*	*24,343*
Other accrued expenses and deferred income	818	2,036
TOTAL	***25,207***	***26,379***

Precalculated expenses - parent company, subsidiaries and other affiliated companies in the amount of RSD 24,305 thousand entirely refer to the liability owed to Energoprojekt Oprema company for calculated expenses for the period till 30.06.2015 based on the Agreement on Construction of the Embassy of the Republic of Serbia in Abuja, Federal Republic of Nigeria, “a turnkey project”, in the cadastre lot No. 313, registered in the Real Estate Cadastre of the Cadastre Zone A00.

Other accrued expenses and deferred income in the amount of RSD 818 thousand mostly relate to the calculated interest for two days (for 30-31.12.2020) for liabilities originate from issued long-term corporate bonds in the amount of RSD 694 thousand (Note 33).

39. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities	*In RSD thousand*	
	31.12.2020	*31.12.2019*
Deferred tax assets	20.220	24.430
Deferred tax liabilities	161.105	158.713
Net effects of deferred tax assets / (liabilities)	**(140.885)**	**(134.283)**

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

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

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

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

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

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

In RSD 000

Deferred tax liabilities	Tax value exceeding the book value in intangible assets, plants and equipment	Capital losses in investment property	Provisions for retirement bonuses	Unpaid public revenues	Employee benefits accrued but unpaid in the tax period	Effects of first-application of IFRS 9	Total
Opening balance as of 01.01.2019.	**1.812**		**421**	**8**	**32**		**2.273**
Debit/credit to Income Statement	322		68	3	(6)		**387**
Direct debit to capital							
As of 31.12.2019	**2.134**		**489**	**11**	**26**		**2.660**
Changes in accounting policies						21.770	**21.770**
Restated opening balance 01.01.2020	**2.134**		**489**	**11**	**26**	**21.770**	**24.430**
Debit/credit to Income Statement	114		34	1	(5)	(4.354)	**(4.210)**
Direct debit to capital							
As of 31.12.2020	**2.248**		**523**	**12**	**21**	**17.416**	**20.220**

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

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Deferred tax liabilities	Book value exceeding tax value in property	Capital gains in investment property	Total
Opening balance as of 01.01.2019	**148,850**	**7,560**	**156,410**
Debit / (credit) to Income Statement	41	2,262	2,303
Direct debit to capital			
As of 31.12.2019	**148,891**	**9,822**	**158,713**
Debit / (credit) to Income Statement	130	2,262	2,392
Direct debit to capital			
As of 31.12.2020	**149,021**	**12,084**	**161,105**

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

Balance and changes in balance of deferred tax liabilities	*In RSD thousand*	
	31.12.2020	*31.12.2019*
Balance of deferred tax liabilities at the end of the previous year	134,283	154,137
Balance of deferred tax liabilities at the end of the current year	140,885	134,283
Changes in balance of deferred tax liabilities	**6,602**	**(19,854)**

Changes in balance of deferred tax liabilities	*In RSD thousand*	
	31.12.2020	*31.12.2019*
Deferred tax expenses (income) of the period	6,602	1,916
Revaluation reserves		
Undistributed profit of the previous year		(21,770)
TOTAL	**6,602**	**(19,854)**

Based on the change in the balance of deferred tax assets and deferred tax liabilities in 2020, it can be concluded that in net effect there was increase in the balance of deferred tax liabilities compared with the previous year by RSD 6,602 thousand, which affected, through deferred tax expenses for the period, the Company's net results in 2020 (Note 19) in such a way to be decreased.

40. OFF-BALANCE SHEET ASSETS AND LIABILITIES

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

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

Structure of off-balance sheet assets and liabilities	*In RSD thousand*	
	31.12.2020	*31.12.2019*
Provided sureties and guarantees	11,018,898	17,909,297
Provided mortgages and other rights		
Received sureties and guaranties	5,526	747,341
Received mortgages and other rights	76,513	76,522
Other off-balance sheet assets / liabilities	2,930,945	2,787,299
TOTAL	***14,031,882***	***21,520,459***

Provided sureties and guarantees amounting to RSD 11,018,898 thousand refer to the following:

- Guarantees issued for credits and guarantees for subsidiaries amounting to RSD 4,423,020 thousand;
- Corporate guarantees issued to Energoprojekt Niskogradnja in the amount of RSD 6,592,939 thousand for projects: Vinča Landfill - Serbia in the amount of RSD 5,558,411 thousand, Banco Pichincha - Peru in the amount of RSD 956,637 thousand and Ub - Lajkovac in the amount of RSD 77,891 thousand; and
- Guarantee issued by Erste Bank in favor of IATA (International Air Transport Association) for orderly settlement of obligations for airline tickets in the amount of RSD 2,939 thousand, which expires on 23.10.2021 and renewed annually.

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

Received sureties and guarantees in the amount of RSD 5,526 thousand relate to:

- Received surety from Energoprojekt Niskogradnja Energoprojekt Visokogradnja, Energoprojekt Hidroinženjering, Energoprojekt Energodata and Energoprojekt Industrija for obtaining a guarantee from Erste Bank in favor of IATA (International Air Transport Association) for orderly settlement of obligations for airline tickets in the amount of RSD 2,939 thousand.
- Received performance guarantee from Marg Engineering Ltd. in the amount of RSD 2,587 thousand based on introduction of electronic document system Business Connect, which expires on 31.12.2020.

Received mortgages and other rights amounting to RSD 76,513 thousand pertain to the mortgage on Enjub Ltd. apartments, arising from the Loans Agreement granted to Enjub Ltd. (Note 41).
Other off-balance sheet assets/liabilities amounting to RSD 2,930,945 thousand include the following:

- The right to use the municipal construction land - in Block 26 in Novi Beograd, amounting to RSD 2,900,503 thousand;
- Dividends receivables from Enjub Ltd., which were directly written-off in the previous accounting period in the amount of RSD 30,442 thousand; and
- Unused construction facilities in Budva that were directly written-off in the inventory count as at 31.12.2014 and presented in the off-balance records without any value.

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

Mortgages registered against the Company are:

- Mortgage on business building Energoprojekt

Pursuant to the Decision made by Energoprojekt Holding Shareholders Assembly dated 15 January 2020, and according to the bank arrangements made with:

- Erste Bank Plc. Novi Sad in the amount of EUR 32,200,000.00 under the Multi-Purpose Framework Limit Agreement No. OLC003/20 (mortgage borrower Energoprojekt Holding and debtors: Energoprojekt Visokogradnja, Energoprojekt Niskogradnja, Energoprojekt Oprema, Energoprojekt Hidroinženjering, Energoprojekt Industrija and Energoprojekt Energodata);
- Unicredit Bank Serbia Plc. Belgrade in the amount of EUR 5,100,000.00 under the Revolving Line Agreement for issuing bank guarantees no. RL 0028/20 (mortgage borrower Energoprojekt Holding and debtors: Energoprojekt Visokogradnja, Energoprojekt Niskogradnja, Energoprojekt Oprema);
- Unicredit Bank Serbia Plc. Belgrade in the amount of EUR 8,688,287.47 under the Short-term Loan Agreement No. RL 0029/20 (mortgage borrower Energoprojekt Holding and debtors: Energoprojekt Visokogradnja, Energoprojekt Niskogradnja and Energoprojekt Oprema);
- OTP Bank Serbia in the amount of EUR 14,159,060.12 under the General Agreement on Short-Term Multipurpose Revolving Line no. 01/13, with following Annexes (mortgage borrower Energoprojekt Holding and debtors: Energoprojekt Visokogradnja, Energoprojekt Niskogradnja, Energoprojekt Oprema and Energoprojekt Hidroinženjering); and
- OTP Bank Serbia in the amount of EUR 3,218,846.31 under the Framework Agreement on Issuance of Bank Guarantees, Letters of Credit and Binding Letters of Intent no. OUG 2125/16, with following Annexes (debtor Energoprojekt Hidroinženjering, mortgage borrower Energoprojekt Holding and joint debtors: Energoprojekt Visokogradnja, Energoprojekt Niskogradnja and Energoprojekt Oprema).

On 19 March 2020, on Energoprojekt office building, executive out-of-court mortgage was established. The property is registered in the List of Properties No. 2652, CM Novi Beograd. The mortgage was established in favour of creditors in question and in accordance with Line Statement of the Energoprojekt Holding Plc. certified by competent authority comply with the Serbian Mortgage Law dated 31 January 2020.

• Mortgage on investment property – Complex Samački hotel

Pursuant to the decision made by Supervisory Board of Energoprojekt Holding plc. dated 20 March 2020, and according to the bank arrangements made with:

- OTP Banka Srbija Plc. under Annex 3 of the General Agreement on short-term multipurpose revolving line no. MRL 11/20 on EUR 21,123,000 (mortgage debtor Energoprojekt Holding and debtors: Energoprojekt Visokogradnja, Energoprojekt Niskogradnja, Energoprojekt Oprema and Energoprojekt Hidroinženjering). On 17.03.2020 on Samački hotel and the accompanying buildings, executive out-of-court mortgage was registered. The property is registered in the List of Properties No. 2734 CM Zemun Polje as private ownership of Energoprojekt Holding Plc. Belgrade volume 1/1. The mortgage was established in favour of creditor in question and in accordance with Line Statement of the Energoprojekt Holding Plc. certified by competent authority comply with the Serbian Mortgage Law dated 13 March 2020.

Credit indebtedness of Energoprojekt Holding plc. and other debtors to banks was reduced as of 30 December 2020, and at the beginning of 2021 the Agreements, ie Annexes in respect of banking arrangements were concluded for:

- Mortgage on business building Energoprojekt with the following banks:
  - Erste Bank Plc. Novi Sad in the amount of EUR 27,000,000.00 under Annex no. 1 of the Multi-Purpose Framework Limit Agreement no. OVLC003/20;
  - Unicredit Bank Serbia plc. Belgrade in the amount of EUR 436,190.46 under Annex no. 1 of the Revolving Line Agreement for issuing bank guarantees no. RL 0028/20;
  - Unicredit Bank Serbia plc. Belgrade in the amount of EUR 3,688,287.47 under Annex no. 1 of the Short-term Loan Agreement No. RL 0029/20;
  - OTP Bank Serbia Plc. in the amount of EUR 9,949,000.00 under the Framework Agreement on Issuance of Bank Guarantees, Letters of Credit and Binding Letters of Intent no. OUG 2818/21; and
  - OTP Bank Serbia Plc. in the amount of EUR 3,218,000.00 under the Framework Agreement on Issuance of Bank Guarantees, Letters of Credit and Binding Letters of Intent no. OUG 2820/21;

In respect to afore-noted on 30 March 2021, a request to the Republic Geodetic Authority - Real Estate Cadastre Service of New Belgrade for registration of an executive out-of-court mortgage of the first range on the Energoprojekt business building, was submitted. The mortgage is placed in favor of creditors in question. The Line Statement of the Energoprojekt Holding Plc. was certified by competent authority and in line with the Serbian Mortgage Law.

• Mortgage on investment property – Complex Samački hotel with:

- OTP Banka Srbija Plc. under Framework Agreement on Issuance Bank Guarantees, L/Cs and Binding Letters of Intent no. OUG 2819/21 on EUR 14,623,000.00. In respect of this matter on 30 March 2021, the Company submitted request to the Republic Geodetic Authority - Service for Real Estate Cadastre New Belgrade for entering executive out-of-court mortgage on Samački hotel and the accompanying buildings. The process was initiated in accordance with Line Statement of the Energoprojekt Holding Plc. certified by competent authority comply with the Serbian Mortgage Law.

Mortgages registered in favour of the Company are as follows:

- As collateral to secure the repayment of loan pursuant to the Annex No. 13 of the Loan Agreement No. 367, in the amount of RSD 16,167 thousand (EUR 137 thousand), granted to the Company Enjub Ltd, the executive extrajudicial mortgage on the basis of pledge statement for the entire loan amount with added interest, was registered for apartments in 91A Jurija Gagarina Street, on the second and third floors, Cadastre lot No. 5089/9, Cadastral Municipality of Novi Beograd, registered in the Real Estate Registry folio No. 4550, Cadastral Municipality Novi Beograd, in favour of the Company, and

- As collateral to secure the repayment of the loan pursuant to the Annex No. 9 of the Agreement on Rescheduling of Approved Loan No. 115, approved to Enjub Ltd. in the amount of RSD 60,346 thousand (EUR 513 thousand), by decision no. 952-02-1973 / 2012, executive extrajudicial mortgage of the first order was registered on the basis of a pledge statement, up to the entire amount of the loan with added interest, on properties (apartments and business premises) in 93, 93A and 91A Jurija Gagarina Street (the mortgage was registered in the amount of EUR 1,198 thousand, since the mortgage related to the portion of repaid loan in 2019 in the amount of EUR 685 thousand was not removed).

42. RECONCILIATION OF CLAIMS AND LIABILITIES

According to the information available to the Company (authorised Open Item Statement (OIS)), as of the financial statements date, balance of receivables and liabilities were not reconciled:

- Unreconciled relations with the company Jerry Catering Service Ltd. in the amount of RSD 9,379 thousand (the Company shows less amount of net liabilities in it's books) were created with regard that the company Jerry Catering Service Ltd. did not:
  - translate advances in 2017 (opening balance in the Company's books was translated as of 31.12.2017, while from 01.01.2018, according to IFRAC 22, the Company did not translate advances);
  - the states were recorded at gross principle (it does not deduct its claim on the basis of advance payments by the amount of VAT), and given that
  - in the reporting period did not record lease documentation (December 2020) and for re-charged electricity and utility costs for November and December 2020;
- Unreconciled relations with the Nina Media Cliping Ltd. in the amount of RSD 186 thousand, considering that the Company did not record liability in its business books;
- Unreconciled relations with the Energoprojekt Energodata in the amount of RSD 150 due the Company did not record the liability towards the company in question.

43. TRANSACTIONS WITH RELATED PARTIES

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

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

Income and expenses incurred with related parties	*In RSD thousand*	
	2020	*2019*
Income:	.	
a) EP Visokogradnja Plc.	118,729	71,984
b) EP Niskogradnja Plc.	73,110	95,869
c) EP Hidroinženjering Plc.	12,957	13,059
d) EP Entel Plc.	386,374	44,960
e) EP Energodata Plc.	8,396	6,022
f) EP Industrija Plc.	7,749	6,236
g) EP Urbanizam i arhitektura Plc.	4,528	3,688
h) EP Oprema Plc.	29,545	43,391
i) EP Sunnyville Ltd.	11,950	24,870
j) EP Park 11 Ltd.	20,708	16,978
k) I.N.E.C. Engineering Company Limited, Great Britain		4
l) Dom 12 S.A.L.		
m) Zambia Engineering and Contracting Company Limited, Zambia	3	1
n) Enjub Ltd.	4,657	6,580
o) Napred Razvoj Plc.	100	3,756
p) EP Ghana Ltd, Akra, Ghana	3	
Total	*678,809*	*337,398*
Expenses:		
a) EP Visokogradnja Plc.	21,540	15,278
b) EP Niskogradnja Plc.	8,380	6,791
c) EP Hidroinženjering Plc.	155	57
d) EP Entel Plc.	176	197
e) EP Energodata Plc.	6,930	12,030
f) EP Industrija Plc.	3,031	2,001
g) EP Urbanizam i arhitektura Plc.	3	150
h) EP Oprema Plc.	16,343	17,181
i) EP Sunnyville Ltd.	58	3,843
j) EP Park 11 Ltd.	5	181
k) I.N.E.C. Engineering Company Limited, Great Britain	5	1
l) Dom 12 S.A.L.		
m) Zambia Engineering and Contracting Company Limited, Zambia	31	13
n) Enjub d.o.o.	16	942
o) Napred Razvoj Plc.	72,093	40,391
Total	*128,766*	*99,056*

Financial assets from related parties	*In RSD thousand*					
	31.12.2020			*31.12.2019*		
	Gross	*Impairment provision*	*Net*	*Gross*	*Impairment provision*	*Net*
a) EP Visokogradnja Plc.	2,087,587	85,384	2,002,203	1,270,633	89,714	1,180,919
b) EP Niskogradnja Plc.	1,103,864	3,174	1,100,690	246,791	644	246,147
c) EP Hidroinženjering Plc.	50,386	154	50,232	8,609		8,609
d) EP Entel Plc.	3,895		3,895	3,524		3,524
e) EP Energodata Plc.	172,594		172,594	102,577		102,577
f) EP Industrija Plc.	1,049		1,049	134		134
g) EP Urbanizam i arhitektura Plc.	21,914	52	21,862	18,637	51	18,586
h) EP Oprema Plc.	1,301,155	4,088	1,297,067	652,291	2,039	650,252
i) EP Sunnyville Ltd.	153,807	479	153,328	455,852	1,422	454,430
j) EP Park 11 Ltd.			-	93,161	171	92,990
k) I.N.E.C. Engineering Company Limited, Great Britain	357		357	362		362
l) Dom 12 S.A.L.			-			-
m) Enjub Ltd.	168,196		168,196	162,407		162,407
n) Zambia Engineering and Contracting Company Limited, Zambia	1,475		1,475	1,503		1,503
o) Napred Razvoj Plc.			-			-
Total	*5,066,279*	*93,331*	*4,972,948*	*3,016,481*	*94,041*	*2,922,440*

Financial liabilities towards related parties	*In RSD thousand*	
	2020	*2019*
a) EP Visokogradnja Plc.	393	406
b) EP Niskogradnja Plc.	3,618	2,895
c) EP Hidroinženjering Plc.	4,427	3,840
d) EP Entel Plc.	10,073	3,841
e) EP Energodata Plc.	245	4,667
f) EP Industrija Plc.	4,554	5,866
g) EP Urbanizam i arhitektura Plc.	2,623	2,298
h) EP Oprema Plc.	25,071	25,796
i) EP Sunnyville Ltd.	397	
j) EP Park 11 Ltd.	3,910	
n) Encom GmbH Consulting, Engineering & Trading		
l) Dom 12 S.A.L.		
m) Enjub Ltd.		
n) Zambia Engineering and Contracting Company Limited, Zambia		
o) Napred Razvoj Plc.	754,241	1,202,807
Total	*809,552*	*1,252,416*

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

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

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

44. COMMITMENTS AND CONTINGENCIES

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

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

Plaintiff	Basis for legal action	Contingent liability in RSD thousand	Prediction of final outcome
Sreta Ivanišević	Compensation for expropriated property (Bežanija)	Ungrounded	Uncertain
Pavle, Radmila and Milan Kovačević	Compensation for expropriated land (Block 26)	Ungrounded	Uncertain
Marko Martinoli, Activist Ltd., Activeast ltd.	The forced purchase of shares Energoprojekt Entel Plc.	176,745	Ungrounded in relation to Energoprojekt Holding Plc.
Nikola Malbaša, Marko Martinoli and other minority shareholders Energoprojekt Industrija Plc.	The forced purchase of shares Energoprojekt Industrija Plc.	280,427	Ungrounded in relation to Energoprojekt Holding Plc.
Dekada Export-Import KFT Budapest	Determination the nullity of the contract of assignment of the Company's receivables to Vivand BT and Real Estate Option Contract	Ungrounded	Uncertain
Edmond Gašpar, Gojko Babić, Petar Rajačić	Forced purchase of shares of Energoprojekt Industrija Plc.	1) 5,769 - Debt principal with legal default interest 09.03.2018 until payment 2) 3,424 - Statutory default interest from 09.03.2018 to 07.05.2019 3) 717 - Costs of proceedings	Ungrounded in relation to Energoprojekt Holding Plc.
Zoran Petrović	Annulment of the decision on termination of employment service contract	Not defined	Uncertain
Zoran Petrović	Compensation for damages	900	Uncertain

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

Plaintiff	Basis for legal action	Contingent liability in RSD thousand	Prediction of final outcome
Alco Investments Holding Ltd. Cyprus	Determining the nullity of Annex no. 1a of the Joint Construction Agreement (Block 26)	No value	Unfounded in relation to Energoprojekt Holding plc.
Alco Investments Holding Ltd. Cyprus	Fulfilment of the Joint Construction Agreement (Block 26)	1,830,914	Ungrounded
Proinvestments Plc.	Payment of difference in the share price of Energoprojekt Visokogradnja Plc.	3,234	Uncertain
Radmila Urošević, Dragan Mandić, Marko Đurović	Payment of difference in the share price of Energoprojekt Visokogradnja Plc.	1,000	Uncertain
Zoran Lekić	Payment of difference in the share price of Energoprojekt Visokogradnja Plc.	1748	Finalised
Jelena Dmitrović and others	Payment of difference in the share price of Energoprojekt Visokogradnja Plc.	983	Uncertain
Svetlana Stevović	Payment of difference in the share price of Energoprojekt Visokogradnja Plc.	655	Uncertain
Dimitraki Zipovski	Debt	10,000	Uncertain
Jovan Nikčević	Debt	8,706	Uncertain
Vesna Prodanović	Debt	9,000	Uncertain
Ranko Ljubojević	Expropriation	32,370	
Alco Investments Holding Ltd. Cyprus	Compensation for damages	1,763,775	Ungrounded
Dragan Opanković	Purchase of shares of Energoprojekt Industrija Plc.	1,809	Uncertain

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

Dispute with Radmila Urošević, Dragan Mandić and Marko Durović, - principal debt with interest was paid, while the potential remaining payment of litigation costs ranged from RSD 173 thousand to RSD 256 thousand.

Dispute with Ranko Ljubojević - principal debt was paid with interest and court costs, and the Audit was filed as an extraordinary legal remedy.

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

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

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

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

Defendant	Basis for legal action	Contingency amount in RSD thousand	Prediction of final outcome
Republic of Serbia, EPS Serbia, Epsturs Ltd and Republic of Montenegro	Determining of the ideal ownership share in the Park hotel in Budva	The value has not been determined	Grounded, Second Instance proceedings were terminated due to the bankruptcy of Epsturs Ltd.
RS Securities Commission	Annulment of the Commission's temporary decision whereby to the company is denied right to vote in Energoprojekt Oprema Plc.	Without any value	Uncertain
RS Securities Commission	Annulment of the Commission's temporary decision whereby to the company is denied right to vote in Energoprojekt Industrija Plc.	Without any value	Uncertain
RS Securities Commission	Annulment of the Commission's final decision whereby to the company is denied right to vote in Energoprojekt Oprema Plc.	Without any value	Uncertain
RS Securities Commission	Annulment of the Commission's final decision whereby to the company is denied right to vote in Energoprojekt Industrija Plc.	Without any value	Uncertain
RS Securities Commission	Annulment of the Commission's final decision, whereby it was interrupted proceedings to decide on the request for publication of the takeover bid Energoprojekt Entel Plc.	Without any value	Uncertain
Ringier Axel Springer Ltd.	Determination of annulment of the contract and return of paid advance (lost dispute and appeal filed)	18,000	Uncertain
Energoprojekt Oprema Plc., Jadran Ltd. and Viacom VS Ltd.	Annulment of the Contract – determine	82,306	Uncertain

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

45. EVENTS AFTER THE REPORTING PERIOD

After the reporting period, non-adjusting events, there were no other that could significantly impact the credibility of financial statements.

Belgrade,

06 April 2021

Energoprojekt Holding a.d. * Beograd *

Legal representative

Stojan Čolakov
M.Sc.C.E.

3. ANNUAL BUSINESS REPORT

- Company background;
- Summary of Company's business operations and organizational structure;
- Overview of Company's development, financial position and business results, including relevant financial and non-financial indicators and personnel-related information;
- Description of Company's expected development in the following period, changes in its business policies and main risks and threats to which its business is exposed;
- Significant events after the end of the reporting business year;
- Significant transactions with related parties;
- Company's research and development activities;
- Information on investments aimed at environmental protection;
- Information on redemption of own stock and/or shares;
- Company branches;
- Financial instruments of significance for the assessment of Company's financial position and business results;
- Objectives and policies related to financial risk management and protection policy for each type of planned significant transaction for which protection is applied; Exposure to price risk, credit risk, liquidity risk and cash flow risk, management strategy for these risks and assessment of their effectiveness;
- Statement on Code of Corporate Governance.

Company Background

Business name: Energoprojekt Holding Plc., Holding Company, Belgrade

Head office and address: Belgrade, Bulevar Mihaila Pupina 12

Registration number: 07023014

TIN: 100001513

Web site and e-mail address: www.energoprojekt.rs ; ep@energoprojekt.rs

Number and date of the Decision on Company Registration with the Companies Register: BD 8020/2005

Registered business activity (code and description): 06420 - Holding Company

Number of employees (average number of employees in 2020): 73

Auditor's business name, head office and business address: MOORE STEPHENS *Revizija i Računovodstvo d.o.o, Beograd, Studentski Trg 4/V*

Number of shareholders (as at December 31, 2020): 3.742

Ten principal Company's shareholders (as at December 31, 2020):

No.	Name and family name (business name)	No. of shares	% of share capital
1.	Napred Razvoj a.d. Novi Beograd	4,760,998	43.55%
2.	Republic of Serbia	3,671,205	33.58%
3.	Montinvest Properties Ltd.	564,699	5.17%
4.	Jopag AG	560,731	5.13%
5.	Tezoro broker Plc.- summ. acc.	257,950	2.36%
6.	Energoprojekt Holding Plc.	97,700	0.89%
7.	Tezoro broker Plc.	81,150	0.74%
8.	Bojović Dobroslav	47,004	0.43%
9.	Vojvođanska banka Plc. N. Sad – summ. acc.	41,107	0.38%
10.	Grujić Sava	31,301	0.29%

Equity capital: Share capital RSD 5,574,958,920

Shares issued: 10,931,292 ordinary shares

Share nominal value: RSD 510

ISIN number: RSHOLDE58279

CIF code: ESVUFR

Price of shares over the reported period:

- Last price (as at December 31, 2020): RSD 399/share
- Highest price (as at January 9, 2020): RSD 690/share
- Lowest price (as at December 16, 2020): RSD 360/share

Market capitalization (as at December 31, 2020): RSD 4,361,585,508

Organized market for shares trading: Belgrade Stock Exchange, New Belgrade, *Omladinskih brigada 1*

Energoprojekt Holding Plc.shares are quoted and traded on regulated market – Belgrade Stock Exchange Prime Listing.

Overview of Company's Business Activities and Organizational Structure

Energoprojekt Group comprises of the Energoprojekt Holding Plc. as the controlling - parent company and its subsidiaries (in the country and abroad), and joint venture company (in the country). Based on equity investments, companies of the Energoprojekt Group are related companies.

Energoprojekt Holding Plc. is the controlling – parent company pursuing financing and management of subsidiaries. In addition to energy and water management, the business activity of Energoprojekt Group includes design and construction of industrial plants, public and residential complexes, telecommunication systems, service provision in the fields of urbanism and environmental protection, information technologies, trade and real estate.

According to the Company's turnover, except for the domestic market, the most important markets are those in the African countries (Uganda, Ghana, Algeria), Kazakhstan, Russia, Middle East (Qatar, UAE, Oman) and South America (Peru).

Information about Company management:

Supervisory Board members (as at December 31, 2020):

Name and family name	Educational background	No. of ENHL shares
1. Dobroslav Bojović, President	VII-1 degree, B.Sc.Ecc.	47.004
2. Miodrag Zečević, member	VIII degree, M.Sc.E.E.	7.254
3. Nada Bojović, member	VII-1 degree, B.Sc. Labour Organization Eng.	0
4. Branislav Ivković, member	VIII degree, B.Sc.C.E.	1.000
5. Zoran Đerković, member	VIII degree, B.Sc.Econ.	0
6. Dragan Ugrčić, member	VII-2 degree M.Econ.	0

Executive Board members (as at December 31, 2020):

Name and family name	Educational background	No. of ENHL shares
1. Stojan Čolakov General Manager	VII-1 degree, B.Sc.C.E	0
2. Siniša Tekić Executive Manager for Finance, Accounting and Plan	VII-1 degree, B.Sc.Econ.	0
3. Milan Mamula Executive Manager for Legal Issues	VII-1 degree, B.Sc.Law	0

Overview of Company’s development, financial position and business results, including relevant financial and non-financial indicators and personnel-related information

Energoprojekt Holding Plc. Belgrade is a public limited company, with the code for dominant business acitivity 6420 - holding company activities.

The Company is a parent company which has a number of subsidiaries, local and abroad, as well as a joint-venture and affiliated company in the country.

Subsidiary companies in the country are as follows:

- Energoprojekt Visokogradnja Plc.
- Energoprojekt Niskogradnja Plc.
- Energoprojekt Oprema Plc.
- Energoprojekt Hidroinženjering Plc.
- Energoprojekt Urbanizam i arhitektura Plc.
- Energoprojekt Energodata Plc.
- Energoprojekt Industrija Plc.
- Energoprojekt Entel Plc.
- Energoprojekt Promet Ltd.
- Energoprojekt Sunnyville Ltd. and
- Energoprojekt Park 11 Ltd.

Energoprojekt Promet Ltd. is inactive from 2010 (in dormant status) having no business activities since then, having no property at all.

Subsidiary companies abroad – international companies are as follows:

- Zambia Engineering and Contracting Company Limited, Zambia,
- Energoprojekt Holding Guinee S.A, Guinea,
- I.N.E.C. Engineering Company Limited, Great Britain,
- Dom 12 S.A.L, Lebanon,
- Energo (Private) Limited, Zimbabwe and
- Energo Kaz Ltd., Kazakhstan.

Joint Venture in the country is:

- Enjub Ltd.

As at December 31, 2020, the ownership share of the Company in the above mentioned subsidiaries, is presented in the following table.

Share in subsidiary companies' equity	
Name of the company	*% ownership share*
In the country:	
Energoprojekt Visokogradnja Plc.	100,00
Energoprojekt Niskogradnja Plc.	100,00
Energoprojekt Oprema Plc.	67,87
Energoprojekt Hidroinženjering Plc.	100,00
Energoprojekt Urbanizam i arhitektura Plc.	100,00
Energoprojekt Energodata Plc.	100,00
Energoprojekt Industrija Plc.	62,77
Energoprojekt Entel Plc.	100,00
Energoprojekt Promet Ltd.	100,00
Energoprojekt Sunnyville Ltd.	100,00
Energoprojekt Park 11 Ltd.	100,00
Share in subsidiary companies' equity	
Name of the company	*% ownership share*
Aabroad:	
Zambia Engineering and Contracting Company Limited, Zambia	100,00
Energoprojekt Holding Guinee S.A, Guinea	100,00
I.N.E.C. Engineering Company Limited, Great Britain	100,00
Dom 12 S.A.L, Lebanon	100,00
Energo (private) Limited, Zimbabwe	100,00
Energo Kaz Ltd., Kazakhstan	100,00

The ownership share of the Company in other affiliated companies in the country is presented in the following table.

Share in other affiliated companies' equity in the country	
Name of the company	*% ownership share*
Enjub Ltd.	50,00

Beside the above mentioned subsidiaries and other affiliated companies, the Company has its branch office in Baghdad, Iraq, which is in a dormant status since 2015.

According to the accurate criteria of the Law on Accounting, the Company has been defined as **medium-size legal entity.**

The average number of employees in the Company, in the rported period, as of the end of each month, is 73 (December 31, 2019: 75).

Shares of the Company are quoted and traded on regulated market – Belgrade Stock Exchange Prime Listing.

The achieved trading price (as at the last day of reported period – December 31, 2020) of the parent company Energoprojekt Holding Plc. was RSD 399/share (in 2020, the price fluctuation was between RSD 360.- and RSD 690.-), which was the equivavlent of the market capitalization of the Company in the amount of RSD 4,361,585,508. Ratio between the market and booking (P/B) price was 0.48. The total turnover of shares of Energoprojekt Holding Plc. in 2020 was RSD 99,370,064, which has classified the shares of ENHL at position no.7 of the list of the most-traded shares of the Belgrade Stock Exchange in 2020. The average turnover was RSD 394,326. The average trading price was RSD 393/share.

Authentic overview of the development and business results of the Company, its financial position and information of significance for the assessment of the Company's assets are presented in detail and explained in the "Notes to Financial Statements of Energoprojekt Holding Plc. for 2020".

Only some of the relevant parameters of the parent company's (Energoprojekt Holding Plc.), which are of significance for adequate understanding of the presented subject matter.

Structure of the total business result of Energoprojekt Holding Plc. (parent company) in 2020

Structure of gross result	*In RSD thousand*	
	01/01-31/12/2020	*01/01-31/12/2019*
Operating income	270.237	271.736
Operating expenses	318.773	344.617
Operating result	**(48.536)**	**(72.881)**
Financial revenues	408.583	98.358
Financial expenses	90.907	87.212
Financial result	**317.676**	**11.146**
Revenues from valuation adjustment of other assets disclosed at fair value through Profit or Loss	28.415	
Other revenues	8.410	69.771
Expenses from valuation adjustment of other assets disclosed at fair value through Profit or Loss	18.090	
Other expenses	18.271	38.140
Result of other revenues and expenses	**464**	**31.631**
Net income from discontinuing operations, changes in accounting policy and correction of errors from previous period	276	3.758
Net expense from discontinuing operations, changes in accounting policy and correction of errors from previous period		
TOTAL INCOME	**715.921**	**443.623**
TOTAL EXPENSE	**446.041**	**469.969**
PROFIT/LOSS BEFORE TAX	**269.880**	**(26.346)**

Compared to the same period of the last year, the increase of total result of the Company, in the amount of RSD 296,226 thousand, is predominantly the result of the income based on dividend of the subsidiary company Energoprojekt Entel Plc. in the amount of RSD 352,756 thousand.

Earnings per Share

Earnings per Share is calculated by dividing the profit for ordinary shareholders with the average weighted number of common shares in circulation for the period.

Indicator	*In RSD thousand*	
	01/01-31/12 2020	*01/01-3112 2019*
Net profit (loss)	263.278	-28.262
Average number of shares per year	10.833.592	10.833.592
Earnings (loss) per share (in RSD)	***24,30***	***-2,61***

The most important liquidity indicators for the Company's business in 2020 are presented in the following table, and specifically:

- The current liquidity ratio (ratio of working capital and short-term liabilities), indicating the short-term liabilities coverage against working capital;
- Quick ratio (ratio of liquid assets, which include total working capital reduced by inventories, and short-term liabilities), indicating the short-term liabilities coverage against liquid assets;
- Operating cash flow liquidity ratio (ratio of cash flow increased by cash equivalents and short-term liabilities), indicating the short-term liabilities coverage against cash assets; and
- Net working capital (the excess of working capital over short-term liabilities).

Drawing conclusions on liquidity indicators based on the ratio analysis means, *inter alia*, comparison of these indicators against satisfactory general standards, which are presented in the following table.

Liqudity Indicators	Satisfactory General Standards	*2020*	*2019*
Current liquidity ratio	2:1	19,71:1	2,50:1
Quick ratio	1:1	19,48:1	2,43:1
Operating cash flow ratio		2,69:1	0,20:1
Net working capital (in RSD thousand)	Positive Value	3.397.207	1.355.568

The results of the ratio analysis indicate that the Company was liquid during 2020 meaning that it had no difficulties to meet its due liabilities or to maintain the necessary scope and structure of the working capital and to preserve its good standings.

The best **profitability** indicator is the *return on average equity capital employed* that indicates the average return on own assets per dinar invested. In the calculation of this profitability indicator, average own capital is defined as an arithmetic average value at the beginning and at the end of a year.

Profitability indicators	*In RSD thousand*	
	2020	*2019*
Net profit	263.278	(28.262)
Average capital:		
a) Capital at the beginning of the year	8.928.644	9.094.008
b) Capital at the end of the year	9.183.704	8.928.644
Total	*9.056.174*	*9.011.326*
Average return rate on own capital at the end of the year	***2,91%***	***-0,31%***

Financial adequacy structure is reflected in the amounts and types of debts.

The most significant indicators of Company's financial structure are presented in the following Tables, and specifically:

- The ratio of borrowed funds to total assets, indicating coverage per dinar of the Company's assets from borrowed sources;
  and
- The ratio of long-term funds to total assets, indicating coverage per dinar of the Company's assets from long-term sources.

Financial structure indicators	*In RSD thousand*	
	31.12.2020	*31.12.2019*
Liabilities	4.394.324	2.272.512
Total assets	13.578.028	11.201.156
Ratio of borrowed funds to total assets	**0,32 : 1**	**0,20 : 1**
Long-term assets:		
a) Capital	9.183.704	8.928.644
b) Long-term provisions and long-term liabilites (deferred tax liabilities included)	4.212.770	1.369.718
Total	*13.396.474*	*10.298.362*
Total assets	13.578.028	11.201.156
Ratio of long-term to total assets	**0,99 : 1**	**0,92 : 1**

Racio The net debt ratio indicates the Company's capital coverage against Company's net debt.

Net debt means the difference between:

- Total (long-term and short-term) financial liabilities of the Company (total liabilities reduced by the capital, long-term provisions and deferred tax liabilities of the Company plus Loss Above Equity)
  and
- Cash and cash equivalents.

Parameters for the net debt to capital ratio	*In RSD thousand*	
	31.12.2020	*31.12.2019*
Net debt:		
a) Liabilities	4.394.324	2.272.512
b) Cash and cash equivalents	487.598	184.016
Total	*3.906.726*	*2.088.496*
Capital	9.183.704	8.928.644
Net debt to capital ratio	**1 : 2,35**	**1 : 4,28**

Description of the Company's expected development in the following period, changes in its business policies and main risks and threats to which its business is exposed

Starting from the strategic determination to achieve lasting and sustainable development of the Energoprojekt Group oriented towards continuous profitability growth, conducting business in its traditional markets (in the country and abroad), economically viable employment of resources and global macroeconomic trends, the following business tasks were planned to be achieved in 2021:

Priority tasks:

- Contracting of new business and providing conditions for continued working activities within Energoprojekt Group;
- Providing liquidity – acitivities aimed to collect receivables and optimize credit-loans liabilities of Energoprojekt Group, as well as refinancing of short-term sources by emission of corporative bonds*;*
- Providing conditions to realize business activities of the companies within Energoprojekt Group;

Other business-related tasks:

- Health protection of the employes;
- Realization of all business activities, followed by suitable completing of contracts and relevant contract issues, with an imperative goal of reaching satisfactory profit level on every single project;

- Adapting new market activities and creating conditions for new contract deals, followed by maximum engagement of present capacities;

- Applying rational concept of business, with high-quality planning and supervising, maintaining technology and organizational development;

- Using all the resources and assets of the companies in business activities;

- Location development, joining concessions and private investments;

- Reinformcement of business cooperation by project and fuctional cooperation, with constant consolidation of corporative functions;

- Group development will be scheduled and perceived through possible structural changes and market adjustments;

- Transparency of business operations and public presentation of Energoprojekt, by means of supplying relevant information through the Stock Exchange and regular communication with investors, partners and experts, in the country and abroad.

The most significant threats to which the Company is exposed include: continuing and deepening of the global and Eurozone economic crisis; competition in the form of foreign companies from the countries with huge populations and cheap workforce; competition in the form of the foreign companies with easier access to cheaper financial resources; institutional changes in the domestic and selected foreign markets; dependency on the political stability of the markets in which Energoprojekt realizes its projects and so on.

It is necessary to establish a system for timely risks' identification and management for the business operations of the Energoprojekt in the country and in the foreign markets as one of the principal functions of the Company's internal audit. In the following period, efforts on risk management development strategy will be intensive and according to the plans, in compliance with the established annual plan of the Energoprojekt Holding Plc. internal audit for 2021.

Significant events after the end of the reported business year

There were no significant business events from the balance date to the date of publication of those statements, which would exert any impact on the authenticity of the disclosed financial statements.

Relevant business news on significant events are being regularly published on the Energoprojekt web site (at: http://www.energoprojekt.rs) and on the web site of the Belgrade Stock Exchange (in Serbian and in English), as a part of the Company's obligations related to the Prime Listing of its shares on the Belgrade Stock Exchange.

Significant business transactions with the related parties

In compliance with the requirements contained in the IAS 24 – Related Parties Disclosures, relationship, transactions, etc. between the Company and its related parties are disclosed below.

From the point of view of the **related parties**, transactions resulting in revenues and expenses in the Income Statement and in the disclosed receivables and liabilities (for the purpose of disclosure of relationships with the related parties, we included all the balances in the Company assets within it) in the Balance Sheet are presented in the following two Tables.

Income and expenses from related parties	In RSD thousand	
	2020	*2019*
Income:	.	
a) EP Visokogradnja Plc.	118.729	71.984
b) EP Niskogradnja PLc.	73.110	95.869
c) EP Hidroinženjering Plc.	12.957	13.059
d) EP Entel Plc.	386.374	44.960
e) EP Energodata Plc.	8.396	6.022
f) EP Industrija Plc.	7.749	6.236
g) EP Urbanizam i arhitektura Plc.	4.528	3.688
h) EP Oprema Plc.	29.545	43.391
i) EP Sunnyville Ltd.	11.950	24.870
j) EP Park 11 Ltd.	20.708	16.978
k) I.N.E.C. Engineering Company Limited, Great Britain		4
l) Dom 12 S.A.L.		
m) Zambia Engineering and Contracting Company Limited, Zambia	3	1
n) Enjub Ltd.	4.657	6.580
o) Napred Razvoj Plc.	100	3.756
p) EP Ghana Ltd, Akra, Ghana	3	
Total	*678.809*	*337.398*
Expenses:		
a) EP Visokogradnja Plc.	21.540	15.278
b) EP Niskogradnja Plc.	8.380	6.791
c) EP Hidroinženjering Plc.	155	57
d) EP Entel Plc.	176	197
e) EP Energodata Plc.	6.930	12.030
f) EP Industrija Plc.	3.031	2.001
g) EP Urbanizam i arhitektura Plc.	3	150
h) EP Oprema Plc.	16.343	17.181
i) EP Sunnyville Ltd.	58	3.843
j) EP Park 11 Ltd.	5	181
k) I.N.E.C. Engineering Company Limited, Great Britain	5	1
l) Dom 12 S.A.L.		
m) Zambia Engineering and Contracting Company Limited, Zambia	31	13
n) Enjub Ltd.	16	942
o) Napred Razvoj Plc.	72.093	40.391
Total	*128.766*	*99.056*

Financial assets from related parties	*In RSD thousand*					
	31.12.2020			*31.12.2019*		
	Gross	*Impairment*	*Net*	*Gross*	*Impairment*	*Net*
a) EP Visokogradnja Plc.	2.087.587	85.384	2.002.203	1.270.633	89.714	1.180.919
b) EP Niskogradnja Plc.	1.103.864	3.174	1.100.690	246.791	644	246.147
c) EP Hidroinženjering Plc.	50.386	154	50.232	8.609		8.609
d) EP Entel Plc.	3.895		3.895	3.524		3.524
e) EP Energodata Plc.	172.594		172.594	102.577		102.577
f) EP Industrija Plc.	1.049		1.049	134		134
g) EP Urbanizam i arhitektura Plc.	21.914	52	21.862	18.637	51	18.586
h) EP Oprema Plc.	1.301.155	4.088	1.297.067	652.291	2.039	650.252
i) EP Sunnyville Ltd.	153.807	479	153.328	455.852	1.422	454.430
j) EP Park 11 Ltd.			-	93.161	171	92.990
k) I.N.E.C. Engineering Company Limited, Great Britain	357		357	362		362
l) Dom 12 S.A.L.			-			-
m) Enjub Ltd.	168.196		168.196	162.407		162.407
n) Zambia Engineering and Contracting Company Limited, Zambia	1.475		1.475	1.503		1.503
o) Napred Razvoj Plc.			-			-
Total	*5.066.279*	*93.331*	*4.972.948*	*3.016.481*	*94.041*	*2.922.440*

Financial liabilities to related parties	*In RSD thousand*	
	2020	*2019*
a) EP Visokogradnja Plc.	393	406
b) EP Niskogradnja Plc.	3.618	2.895
c) EP Hidroinženjering Plc.	4.427	3.840
d) EP Entel Plc.	10.073	3.841
e) EP Energodata Plc.	245	4.667
f) EP Industrija Plc.	4.554	5.866
g) EP Urbanizam i arhitektura Plc.	2.623	2.298
h) EP Oprema Plc.	25.071	25.796
i) EP Sunnyville Ltd.	397	
j) EP Park 11 Ltd.	3.910	
n) Encom GmbH Consulting, Engineering & Trading		
l) Dom 12 S.A.L.		
m) Enjub Ltd.		
n) Zambia Engineering and Contracting Company Limited, Zambia		
o) Napred Razvoj Plc.	754.241	1.202.807
Total	*809.552*	*1.252.416*

Receivables from the related parties arise primarily from the sale of services and are mature and collectible within 15 days from invoicing date.

Liabilities from the related parties arise primarily from purchasing transactions and are mature and collectible within 5 to 30 days from purchasing date. Liabilities do not include interest rates.

Payment securities for liabilities to related legal entities were not provided by the Company.

Company's research and development activities

Activities on further development and implementation of an adequate business and information system are underway, and the system will be adequate to the current scope and planned growth of the Company's business, as well as activities related to implementation of integrated Document Management System (DMS) in Energoprojekt Group.

Also, Energoprojekt Holding Plc. conforms its business activities according to Quality Management Standard ISO 9001, Enviromental Protection Management regulated by ISO 14001 and Occupational Health and Safety Management regulated by BS OHSAS 18001, and the new ISO 45001 standard respectively. Conformity with the mentioned standards Energoprojekt Holding Plc. has certified by: ISO 9001 standard from 2010, and ISO 14001, BS OHSAAS 18001 / and the new ISO 45001 standards from 2013, respectively. Those certificates Energoprojekt Holding Plc. keep on valid through regular annual control performed by recognized external audit - Lloyd s Register. The highest Energoprojekt Holding Plc. management has accepted and regulary controls "IMS – Integrated Managing System policy of Energoprojekt Holding Plc. This policy hasben disclosed and it is available to all interested parties at web-presentation (http://www.energoprojekt.rs/odrzivost/).

Information on investments aimed at environmental protection

All the external suppliers / partners / cooperatives of Energoprojekt Holding Plc. are familiar with IMS Policy. Performing their activities, they are contacted to respect Energoprojekt Holding Plc. orientations defined by policiers, procedures and other legal acts, within the area of environmental protection and occupational health and safety.

Regularly, at least once per year, companies within the Energoprojekt Group control the realization of the previously set goals, which, inter alla, include goals / key indicators of success linked to reduce the use of natural resources and polution, professional injuries and deseases, and devotion to employees care.

Company’s business activities are regularly harmonized with the applicable requirements of the positive legal regulations in the field of environmental protection, environmental protection programs are adopted and efforts are made towards the strict compliance with such requirements and programs. The said programs are being implemented through impact and/or risk analyses and assessments in the field of environmental protection, as well as through the implementation of relevant technical and technological solutions and instructions for elimination and/or reduction of adverse environmental effects. In that sense, Energoprojekt management organize and continuously monitor, review and direct activities of all the organizational units, services and individuals in order to completely implement the said IMS policy.

Company’s activities aimed at environmental protection are integrated and implemented in compliance with the business philosophy and through joint activities on the level of the Energoprojekt Group. Thus, the “Waste Management Project” is an example of the said activities, which is being implemented in a coordinated manner, in compliance with the Rulebook on Waste Management in the Energoprojekt Building. Participation of the representatives of each Company of the Energoprojekt Group in the waste management working group serves as a guarantee that all the planned activities will be implemented in the least expensive and most effective manner: such as, for example, the selection of various office waste materials (used paper, used batteries, car batteries, discarded electrical and electronic appliances and devices), recycling of these items, as well as the disposal of such items in compliance with the legally prescribed standards, etc.

Information on redemption of own stock and/or shares;

Based on Resolution on Acquiring of Own Shares at the organized market, made by Supervisory Board on February 13, 2017, the Company has acquired, trading on Belgrade Stock Exchange, 97,700 own shares (meaning 0.89376% out of total shares).

During 2020, there were no redemption nor selling of own shares.

Company branches;

Energoprojekt Holding Plc. does not have any registered branches in Serbia.

The official seat of the Parent Company and its subsidiaries is located in 12 Mihaila Pupina Av. in New Belgrade.

Detailed reviews of and comments on the business operations of the (foreign) entities of the Energoprojekt Group are presented in the Notes to the Consolidated Financial Statements of the Energoprojekt Group and in the Notes to the Consolidated Financial Statements of its subsidiary companies.

Financial instruments of significance for the assessment of Company's financial position and business results;

Financial instruments include financial assets and liabilities recorded in the balance sheet of the Company as of the moment when the Company becomes legally bound by the financial instrument and until the loss of control over rights derived from that financial asset (by realization, activation, assignment, etc.), or by settlement, cancellation or activation of the financial liability..

<u>Financial Assets</u>

Pursuant to provisions of IFRS 9 – Financial Instruments, financial asset is recognized when the Company becomes one of the contractual parties with the right on financial instrument. The purchase or selling of the financial asset will be recorded by accounting calculations as at the day of settlement (the date when the assets will be delivered to the entity or the date when the entity will deliver the asset).

The Company derecognize the financial asset:

- when the contractual rights on cash flow from financial asset are no longer valid; or
- when it transfers the finacial asset and that transaction, due to the risk and benefit generated by the financial asset also significantly transferred, is qualified as derecognition.

Initially, financial assets are measured by their fair value, increased or reduced, in case of financial asset whgich is measured by fair value presented in Income Statement, for transaction expenses which may directly be added to acquisition or emission of financial instrument. Comparing to this, the difference is that the opening recognition at receivables from sale will be measured by transaction cost (except in case when the selling includes significant component of financing).

At additional measurement of financial asset, the relevant is the group where the Company has classified the financial asset, which depends on:

- The Company's business model for management of financial assets, and
- The features of contractual cash flow of financial asset ("SPPI" test - Solely Payments of Principal and Interest).

From the aspect of subsequent valuation, financial asset may be classified in one of following three groups:

- financial asset measured by depreciated value,
- financial asset measured by fair value presented in final result and
- financial value measured by fair value presented in Income Statement

An asset classified per depreciated value has to meet both of the following criteria:
- Business model: financial asset is hold to collect the contracted cash flow;

- SPPI test: if the contracted terms refer to cash flows which are nothing but payment of principal and interest.

An asset clasified by fair value presented in final result has to meet both of the following criteria:
- Business model: financial asset is hold to collect the contracted cash flow and selling;
- SPPI test: if the contracted terms refer to cash flows which are nothing but payment of principal and interest.

Financial asset measured by fair value presented in Income Statement includes the asset which are not classified in the above mentioned two groups. The valuation effects an realized benefit and losses are recognized in Income Statement in the period when they have occured.

All the derivates included in IFRS 9 will be measured by fair value. All the transactions are recognized in Income Statement.

Dividend as financial asset will be recognized in Income Statement when:

- The Company's right to dividend payment has been established,
- when there is a big chance that the future econimc benefit linked to dividend will flow into the Company and
- when the amount of dividend could be measured accurately.

The reduced value of financial asset will occure when one or more events happen with the negative effect on estimated future cash flows of that financial asset.

As for the assets measured by depreciated value (loans and receivables) and by fair value presented in final result, the Company should recognize the reduced value, meaning to recognize reserves **for expected credit losses**.

On each reporting date:

- if the credit risk has significant increase comparing to the opening recognition, the Company has to measure provisions for loss for financial asset in the amount which should be equal to the expected credit losses during the life age of the asset; and
- if the credit risk has not significant increases comparing to opening recognition, the Company has to measure provisions for loss for financial asset in the amount which should be equal to expected 12-month credit losses.

The Company should, on each reporting date, estimate whether there has been any significant increase in the credit risk related to a specific financial asset since the initial recognition, which, among other things, includes measuring of the expected losses from the financial asset in the manner which is reflecting:

- Arm's lenght value, weighted by probability which is defined by valuing of a serie of possbile results,
- Time value of the money and
- Reasonable and supported information which are available without unnecessary costs nor efforts as at reporting date about past events, present conditions and forecasts of future econimic conditions.

Financial liabilities

Financial liability is each liability which is:

- A contractual right to:
  - Provision of cash or another financial asset to another company; or
  - Exchange the financial assets or financial liabilities with another company under the conditions which are potentially adverse for the Company; or
- A contract which will or may be fulfilled by instruments of equity of the Company, and which is:
  - Non-derivative, for which the Company is or may be obliged to present changable number of instruments of equity of the Company; or
  - Derivative, which will or may be fulfilled in other way than by interchange of fixed amount of cash or some other financial asset for fixed number of instruments of equity.

Pursuant to IFRS 9 – Financial instruments, financial obligation is recognized when the Company becomes one of the parties related to contractual liabilities of the financial instrument.

The Company derecognizes a financial liability (or a part of the financial liability) when it is extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or has expired.

An exchange between an existing borrower and lender of debt instruments with substantially different terms should be accounted for as an extinguishment of the original financial liability and the recognition of a new one. Similarly to the above stated, a substantial modification of the terms of an existing financial liability (or a part of a financial liability) should be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The difference between the present value of a financial liability (or part of a financial liability) which has been cancelled or transferred to another party and the fees paid, including all the non-cash assets transferred or liabilities undertaken, should be recognized in income statement.

A financial liability is initially measured at its fair value, plus or minus, in the case of a financial liability which is not measured at fair value through profit or loss, the transaction costs which are directly attributable to acquisition or issue of a financial instrument.

From the aspect of subsequent valuation, with some minor exceptions (derivatives, financial guarantees, etc.), financial liabilities are measured at amortized value, by using the effective interest rate method. By using this method, the Company identifies fees which are integral parts of the effective interest rate for a financial liability (all the afore said is also applicable to financial assets). Fees which are integral parts of effective interest rate include the initial charges (the servicing costs, the costs of processing of credit applications, registration of pledge, lawyer's fees, etc.), commission amounts, etc.

The Company may, at initial recognition (financial liabilities are not reclassified over time), classify a financial liability as a liability measured at fair value through profit or loss: if, by doing that, it will prevent accounting mismatch due to measuring of assets, liabilities, income and/or expenses on different bases; and if a group of financial assets and liabilities are managed and their performances are valued based on fair value, according to the documented strategy of risk or investment management.

Depreciation of financial assets:

IFRS 9 has introduced a revised model of depreciation of financial assets, which is based on expected credit loss, and not on past losses.

The model of an incurred loss from IAS 39 recognized a loss related to a financial instrument only when objective proof of depreciation of a financial instrument is generated, such as, for example, defaulting in payment of liabilities, financial difficulties of the debtor, initiating of a prior bankruptcy and/or bankruptcy proceedings, liquidation of the debtor, etc. This approach has resulted in a quite belated recognition of loss in financial statements. Contrary to that, the model of expected credit losses requires that the possible losses from depreciation of financial instruments are assessed before the financial standing and creditworthiness of the debtor deteriorate, i.e. that the value adjustment is recognized before the losses occur.

According to the adopted *Calculation methodology for depreciation of financial instruments in accordance with IFRS 9,* depreciation is calculated according to the model of expected losses when performing assessment of depreciation of financial assets which are measured at amortized cost or at fair value through other comprehensive income (except for equity investments), as well as on contractual assets (contractual financial assets according to IFRS 15).

The Company performs assessment of depreciation on the following two levels: individual and group levels.

The Company applies individual assessment of the calculation of impairments in cases where the key drivers of credit risk can be monitored based on an individual instrument, where the Company then monitors them on that basis, without any need for an additional joint assessment.

The Company applies individual assessment of impairment to receivables from related legal persons; to receivables from the state, which are related to commercial relations where the state has the role of an investor; to financial investments and deposits made; securities and cash and cash equivalents.

For the needs of individual assessment, the Companies rely on information on defaulting upon liabilities (PD) from external sources, i.e. on information published by the reputable rating agencies. Another parameter used in calculation, the LGD (loss given default), which involves the amount of loss in case of defaulting upon a liability, is based on the Basel LGD of 45%. Exposure at defaulting (EAD) in such a case is the receivable amount as at reporting date. The discount factor will depend on the effective interest rate determined on occasion of initial recognition and maturity of the instrument. Where it is expected that the receivable will be collected within a period of 12 months, the discount factor will be 1.

The Company applies the group assessment of impairment calculation for the needs of credit loss measuring, and/or measuring of impairments in cases of third party receivables (including the receivables from the state, state-owned companies and public authorities, where the state predominantly has the role of an investor), which include domestic and foreign trade receivables, as well as prepayments and deferred expenses in the category of financial assets, and other receivables, including the contractual financial assets in compliance with IFRS 15, i.e. receivables on non-invoiced income from such persons, which are not subject to individual assessment, as well as lease receivables arising from the transactions within IFRS 16.

Calculation of parameters that will be applied in the Energoprojekt System was performed based on data on historical collection by the largest companies operating within Energoprojekt, i.e. Energoprojekt Visokogradnja Plc., Energoprojekt Niskogradnja Plc., Energoprojekt Entel Plc. and Energoprojekt Oprema Plc.

PD calculation approach is based on creation of provision matrices which are based on aging intervals (14 intervals, based on defaulting days as follows: “0” receivables not yet matured; “1”- 0-30 days of defaulting, “2” – 31-60 days of defaulting… “13” – 330-360 days of defaulting; “14” – more than 360 days of defaulting) and rates of uncollected receivables ("roll-rate") among the intervals observed.

The loss rate in case of defaulting or the loss given default (LGD) is calculated by observing collection of receivables in the “worst” interval observed in 2017-2019 and/or in 2017-2020, so that it was related to the receivables’ amount as at December 31, 2019 in the worst aging interval increased by the write-offs in the observed period and the total amount of registered receivables, i.e. invoices in the worst aging interval in the observed period. In certain cases, due to the existence of a first-rate (deposit, guarantee, etc.) or adequate security (pledge, mortgage), the Company may, before applying the LGD, reduce the exposure itself by the amount of collateral by first applying an adequate reduction factor for such value (haircut). In cases of receivables dating before 2017, except in some specific cases that need to be adequately documented, it is presumed that those are receivables which have been impaired and for which the impairment calculation approach is applied for the instruments for which an objective proof of impairment is identified (as it is explained in the following part).

In case of impairment calculation approach for the financial instrument for which objective proof of impairment has been identified, no need has been identified to change the approach used so far in compliance with IAS 39, and thus the treatment and the calculation method remain the same and in accordance with IAS 39 and it is based on the loss amount measured as the difference between the exposure and the present value of the future expected cash flows, discounted by the effective interest rate.

In case of a need to establish the discount factor, and/or the effective interest rate to calculated the expected credit loss (for specific financial instruments which are measured by using a simplified approach and means on the level 3 which are measured individually), the Company will apply the effective interest rate for the instrument concerned, and/or in case that the same does not exist, the publicly available information depending on the currency, maturity, etc will be used as the best approximation (the statistical data of the NBS, the renowned publicly available sources of information, the statutory defaulting interest rate, etc.)

The Company applies the simplified approach in cases of trade receivables (the related and the third parties), agreed assets arising from transactions within IFRS 15 and lease receivables arising from transactions within IAS17/IFRS 16. The simplified approach means that the credit loss over the expected life expectancy is calculated for the receivable concerned irrespective of whether there has been any significant increase of the credit risk from the buyers, the contractual assets and receivables based on lease and the measure of provisioning for losses in the amount which is equal to the expected credit losses during the entire useful life.

The Company applies the general approach to other categories of financial assets (cash and cash equivalents, financial investments, securities).

By means of the Impairment Calculation Methodology for Financial Instruments in accordance with IFRS 9, the Company defined the indicators of significant increase of credit risk. In relation to the afore said, the following are taken into account as the indicators of a significant increase of the credit risk and/or as the indicators of the need for calculation of the expected credit loss for a specific type of financial assets for the entire period of useful life/life expectancy of the same:

- Decrease of the external credit rating used for impairment calculation;
- Defaulting in repayment of a liability vis-à-vis the Company for 30 days (in case of third parties) and/or 90 days, in case of the related legal person;
- Other qualitative criteria that may lead to a conclusion that there has been a significant increase in credit risk.

For the needs of identification of impairment indicators, and/or criteria indicating the necessity to perform calculation of expected credit losses for the assets classified in level 3, in accordance with the requirements from IFRS 9, the Companies are applying:

- The defined threshold for defaulting applicable to the Company concerned and to the category of the financial asset concerned;
- Other objective proof of impairment in accordance with IFRS 9.

Impairment calculation approach for financial guarantees is based on historical losses that the Energoprojekt suffered on that basis.

Based on all of the above stated, the Company has, based on the adopted Impairment Calculation Methodology for Financial Instruments in accordance with IFRS 9, calculated the effects of IFRS 9 application as at January 1, 2020 and as at December 31, 2020.

The Company has determined that the application of IFRS 9 has resulted in an additional impairment amount as at January 1, 2020 of RSD 145,136 thousand, which has been recognized within equity, and/or within the item of Undistributed Profit from Previous Years as at January 1, 2020 (and specifically, as an adjustment of the initial balance - Note 31.6), as presented in the following table.

In RSD thousand

Financial instrument	financial instrument Balance as at 01/01/2020 Gross	Impairment account	Impairment amount as at 01/01/2020	Financial instrument Balance as at 01/01/2020 Net
1	2	3	4	5=2+4
Buyers in the country - parrent and related legal entities (acc. 200) - EP Visokogradnja (Note 25)	730.306	kto 209	-88.028	642.278
Short-term loans and investments - parrent and related legal entities (acc. 230) (Note 28)	726.257	kto 2390	-2.288	723.969
Long-term investments to parrent and related legal entities (acc. 0430) (Note 23.2)	1.182.381	kto 0493	-3.725	1.178.656
Receivables for non-invoiced income (acc. 281) (Note 30)	373.034	kto 2819	-51.095	321.939
TOTAL	**3.011.978**		**-145.136**	**2.866.842**

Effects of application of IFRS 9 as at December 31, 2020, which were recorded through the current year profit/loss (an increase in the gross profit/loss in the amount of RSD 10,339 thousand) are presented in the following table).

In RSD thousand

Financial instrument	Financial instrument Balance as at 31/12/2020 Gross	Imp. Acc.	Impairment opening balance 01/01/2020	Transfer. From acc. 043 to acc. 234	Expence (acc. 58)	Income (acc. 68)	FX diff.	Total effect at BU in 2020	Impairm. Final balance 31/12/2020	Financial instrument balance 31/12/2020 Net
1	2	3	4	5	6	7	8	9=6+7+8	10=4+5+9	11=2+10
Buyers in the country - parrent and related legal entities (acc. 200) - EP Visokogradnja (Note 25)	820.339	kto 209	(88.028)		(10.285)	16.903	9	6.627	(81.401)	738.938
Short-term loans and investments - parrent and related legal entities (acc. 230) (Note 28)	172.940	kto 2390	(2.288)		(14)	1.757		1.743	(545)	172.395
Part of long-term financial investments in parrent and related legal entities, with maturity up to 1 year (acc.234) (Note 28)	1.330.852	kto 2394		(3.725)	(598)	130		(468)	(4.192)	1.326.660
Long-term investment to parrent and related legal entities (acc. 0430) (Note 23.2)	2.283.590	kto 0493	(3.725)	3.725	(7.193)			(7.193)	(7.193)	2.276.397
Receivables for non-invoiced income (acc. 281) (Note 30)	372.994	kto 2819	(51.095)			9.625	5	9.630	(41.465)	331.529
TOTAL	**4.980.715**		**(145.136)**	**0**	**(18.090)**	**28.415**	**14**	**10.339**	**(134.796)**	**4.845.919**

Based on the applied Impairment Calculation Methodology for Financial Instruments in accordance with IFRS 9, it has been established that the short-term financial investments in Enjub Ltd. were in their entirety covered by the pledge on properties of the Company concerned, so that there is no amount that should be impaired in accordance with IFRS 9 (Note 41).

In addition to that, the effects of application of IFRS 9, due to the material insignificance, have not been recorded in cases of the following financial assets: Domestic buyers – parent and subsidiary legal persons (except for the receivables from Energoprojekt Visokogradnja), Receivables from specific business operations, Other receivables, Short-term credits and investments provided to Energoprojekt Energodata and Cash equivalents and cash.

The effects of the first application of IFRS 9 as at January 1, 2020, in compliance with the provisions of Article 25a of the Law on Corporate Income Tax and provisions of IAS 12, have resulted in an increase of the deferred tax assets of the Company in the amount of RSD 21,770 thousand (15% of the total effect of application of IFRS 9 as at January 1, 2020 in the amount of RSD 145,136 thousand, recorded through an increase in undistributed profit from previous years - Note 31.6), while as at December 31, 2020, the deferred tax assets were reduced by RSD 4,354 thousand (by 1/5 of the amount of deferred tax assets recognized as at January 1, 2020 of RSD 21,770 thousand) (Note 39).

In compliance with the adopted Impairment Calculation Methodology for Financial Instruments in accordance with IFRS 9, the Company has determined the existence of objective proof of impairment for the following financial instruments:

- receivables based on sale to Energoprojekt Visokogradnja with maturity period of more than 360 days, and

- receivables for non-invoiced income from the Republic of Serbia based on the constructed RS Embassy building in Abuja, Nigeria.

When performing projections of the net cash flows, the initial presumption was that the above mentioned receivables would be collected in their entirety, and specifically:

- On January 1, 2020 within 5 (five) years, and/or

- On December 31, 2020 within 4 (four) years – for the receivables for which on January 1, 2020 the presumption was that they would be collected within 5 (five) years, and/or within 5 (five) years – for the receivables that as at December 31, 2020 were transferred to level 3.

When discounting the value of the net cash flow, in compliance with the adopted Impairment Calculation Methodology for Financial Instruments in accordance with IFRS 9, the interest rate published on the NBS website for the credits approved to the non-financial sector amounting to 2.99% for receivables in EUR was used (the maturity period of 1 to 5 year was taken).

An overview of financial assets for which objective proof of impairment has been identified, with information on carrying amount of the receivable and on the discounted value of net cash flow as at January 1, 2020 and December 31, 2020 is presented below.

Balance as at 01/01/2020 In RSD thousand

Financial instrument with objective proof of depreciation identified	Financial instrument balance 01/01/2020	Discounted net cash flow value 01.01.2020.	Impairment 01.01.2020.
Buyers in the country - parrent and related legal entities (acc. 200) - EP Visokogradnja (recievables with maturity over 360 days)	650.172	562.396	(87.776)
Receivables for non-invoiced income (acc. 281)	373.034	321.939	(51.095)
TOTAL	**1.023.206**	**884.335**	**(138.871)**

Balance as at 31/12/2020 u 000 RSD

Financial instrument with objective proof of depreciation identified	Financial instrument balance 31/12/2020	Discounted net cash flow value 31.12.2021.	Impairment 31.12.2021.
Buyers in the country - parrent and related legal entities (acc. 200) - EP Visokogradnja (recievables with maturity over 360 days)	711.883	630.824	(81.059)
Receivables for non-invoiced income (acc. 281)	372.994	331.529	(41.465)
TOTAL	**1.084.877**	**962.353**	**(122.524)**

For other financial assets for which no objective proof of impairment has been identified (Domestic buyers – parent and subsidiary legal persons (and specifically, immature receivables and receivables with maturity of up to 360 days), Short-term credits and investments – parent and subsidiary legal persons, Part of long-term financial investments in parent and subsidiary legal persons with maturity of up to one year and Long-term investments in parent and subsidiary legal persons), in compliance with the adopted Impairment Calculation Methodology for Financial Instruments in accordance with IFRS 9, as the probability of defaulting upon liabilities (PD) for receivables for which the other contracting party is a legal person, the rate of 0.7% was used, which has been established as an average (for the observed period of 1981-2019) for the credit rating of BB which was published by the renowned Standard&Poors agency, and as the second parameter in LGD (loss given default) calculation which includes the loss amount in case of defaulting upon liabilities, the Basel LGD in the amount of 45% has been used.

On the occasion of the first application of IFRS 9, the Company applied the cumulative modified (retrospective) approach, where the IFRS 9 is applied retrospectively with a cumulative effect which is recognized as an adjustment as at January 1, 2020 with a correction of data as at December 31, 2019.

Objectives and policies related to financial risk management and protection policies for each type of planned significant transaction for which protection is applied; Exposure to price risk, credit risk, liquidity risk and cash flow risk, management strategy for these risks and the assessment of their effectiveness

Uncertainty reffered to future events is one of the principal business characteristics of trading commercial surroundings, reflected through variety of possible outcomes. As a result of this uncertainty, i.e. insecure and unknown possible events which are going to happen, legal entities are exposed to different business risks which could interfere their future market position.

Looking from the aspect of the Company, there are many potential risks of different possible impact on condition and business activity of the Company itself.

Some (specific) risks are affected by some internal causes, such as *concentration risk*, in this case reflected as exposure to a certain or small group of buyers or suppliers; *operational risk*, manifested by the possibility of emerging of negative effects, caused by willing or unwilling operational errors, unsuitable internal proceduree s and processes, inadequate managing of information system in the Company, etc.; *reputation risk* presents the possibility of aggravation of market position of the Company caused by lack of confidence, i.e. creating a negative public image (with state institutions, suppliers, buyers, etc.) about the business acitivities of the Company; *legal risk*, reflected as the possibility of emerging negative effects caused by legal sanctions and penalties of lawsuits for contractual and legal obligations unfulfilled; etc.

As those mentioned, and some other risks have been treated in Notes and some other internal Company acts (f.eg. to minimize the operational risk by procedurees and working instructions adopted, is treated by Rulebook on Accounting and Company Accounting Policy), in continuation we will put our focus on considering **financial risks**, mainly reffered to:

- Credit risk,
- Market risk   and
- Liquidity risk.

Financial risk is significantly affected by (external) causes which are not directly under the control of the Company. Having that in mind, the impact of financial risk is dominantly affected by Company surroundings, which was not influenced only by economic development, but also by legal, financial and other relevant aspects to define the size of system risks.

Generally, comparing to developed economies markets, companies active on markets of low developed level and macroeconomic stability, with high rate of insolvency, as we face in Republic of Serbia, are extremelly exposed to financial risk. Furthermore, undeveloped financial market makes impossible use of variety of *„hedging“* instruments, present on developed markets. Thus, companies having business in Republic of Serbia have no possibility of use different financial instruments in financial risks management, because those instruments are not widelly applied, nor there is an organized continued market of financial instruments.

Financial risk management is a comprehensive and reliable management system that aims to minimize potential adverse effects to the financial condition and operations of the Company under unpredictable financial market conditions.

Considering limitations in the financial risk management that are characteristic of business on the Serbian market, it is clear that it is necessary to approach this issue in a proper manner as recognized by the Company's management. Essentially, financial risk management in the Company should ensure that the *Company's risk profile* is always in compliance with *Company's tendency towards risks* or in compliance with an acceptable structure and risk level that the Company will take in order to implement its business strategies and achieve business goals.

Credit Risk

A credit risk is a risk of adverse effects to the financial result and capital of the Company due to a debtor's failure to fulfill obligations towards the Company within the specified deadline.

Credit risks mean not only debtor-creditor relations that derive from sales of Company's products, but also credit risks that derive from other financial instruments such as receivables based on long-term and short-term financial investments.

The company has substantial concentrations of credit risk in collection from buyers with long lending periods due to poor liquidity.

Market Risk

A market risk is a risk of adverse effects to the financial result and capital of the Company due to losses under specific balance sheet items as a result of negative price shifts on the market and other relevant financial parameters.

The market risk includes three risk types:

- Currency risk,
- Interest risk and
- Price risk.

Currency risk, also called foreign exchange risk or exchange rate risk, is a risk of fair value fluctuation or the fluctuation of future financial instruments cash flows due to the change in exchange rates. The currency risk arises from financial instruments in foreign currency or the currency other than the currency (functional) in which the financial instruments are measured in financial statements.

The Company operates within international frames and is exposed to exchange rate risks arising from business operations in different currencies, first of all in Euros.

The sensitivity analysis indicates that variations in the exchange rate will significantly affect variations in financial results of the Company and it can therefore be concluded that the Company is exposed to the currency risk to a significant extent.

• **Interest risk** is a risk of adverse effects to the result and capital of the Company due to unfavourable interest rates' fluctuations. The Company is exposed to this type of risk to a significant extent due to financial obligations related to loans with potentially fluctuating interest rates (Euribor).

Sensitivity analysis showed that the Company is exposed to the interest risk

• **Price risk** is a risk of fair value or future cash flow of the financial instrument fluctuation due to market price changes (but not caused by currency or interest risk), whether those changes ocurred due to specific financial instrument or its issuer, or due to some similar financial instruments present on the market.

This type of risk is not noted within the Company.

Liquidity Risk

Liquidity risk is a risk of having difficulties to fulfil due obligations and maintain the necessary scope and structure of the working capital and good standing.

The results of the ratio analysis indicate that the Company had satisfactory level of liquidity during the year, meaning that it had no difficulties to meet its due liabilities or to maintain the necessary scope and structure of the working capital and to preserve its good standing.

Therefore we emphasise that:

- Considering the dynamic nature of the Company's business, the finance department aims to maintain financial flexibility, which means, among other things, to keep the existing lines of credit available and to expand them; and

- The management performs continuous monitoring of Company's liquidity reserves that include available unused lines of credit, cash and cash equivalents, as well as the liquid potentials according to the expected cash flows.

This subject matter was defined in and it is being implemented in compliance with the following adopted internal acts of the Company:

- *“Rulebook on the Basic Elements of the Internal Control System and Risk Management in Energoprojekt Holding Plc.”,*

- *“Rulebook on the Operations of the Internal Supervision Sector of Energoprojekt Holding Plc.”,*

- *"Rulebook on Accounting in Energoprojekt Holding Plc."*;

- *" Rulebook on Accounting and Accounting Policies of Energoprojekt Holding Plc."*.

All the Companies in the Energoprojekt Group have adopted and are implementing their own individual acts regulating the said subject matter.

Most of the above listed risks, as well as some other risks not mentioned herein, are presented in greater detail in the Notes to the Financial Statements (which are primarily focusing on the review of the financial risks: the credit risk, market risk and liquidity risk) and/or other internal acts of the Company.

Statement on Code of Corporate Governance Implementation

Energoprojekt Holding Plc. implements its own Code of Corporate Governance (as adopted in 11th meeting of the Management Board of the Energoprojekt Holding Plc. held on January 26, 2012). The Code has been made publicly available on the Company’s Internet page, at link: http://www.energoprojekt.rs/wp-content/uploads//2018/10/kodeks.pdf

The affiliated companies from the energoprojekt Group do apply own codes of corporate governance, defining the issue in matter..

The Energoprojekt Holding Plc. Code on Corporate Governance set out the principles of corporate practices and organizational culture that the principal holders of the corporate governance function of the Energoprojekt Holding Plc. comply with, with regard to the shareholders’ rights, corporate governance frameworks and methods, public relations and transparency of the Company’s business operations. The main objective of this Code is to introduce good business practice in the field of corporate management, which should provide for the right balance between the influences exerted by the principal corporate governance holders, consistency of the control system and strengthening of shareholders’ and investors’ trust in the Company, all with the aim to achieve long-term development of the Company.

Relevant Company’s bodies make a point of presenting the principles laid down in the Code in greater detail in other general acts of the Company, whenever necessary. In the application thereof, there are no significant deviations from the rules of the Code of Corporate Governance.

In compliance with the Rules on Listing and Quotation of the Belgrade Stock Exchange, parallel with the disclosure of its Annual Business Report, Energoprojekt Holding Plc. delivers and discloses the completed “Questionnaire on Corporate Governance Practices” (containing all relevant information on codes of corporative governance valid within the Company, pursuant to provisions of national legislation and codes/praxis of corporative governance the Company has accepted if it goes above national laws) and has agreed to its online publication on the Internet page of the Belgrade Stock Exchange, at link: https://www.belex.rs/.

During 2020, there were no offers for overtaking from Energoprojekt Holding Plc. or its related companies, when the company is obliged to apply regulation for overtaking of other companies.

The management system is based on organizational structure of the Energoprojekt Group and legal status of the companies within that system, according to the law, acto of constitution of the parrent company and acts of constitution of related companies.

The Energoprojekt Group consists of Energoprojekt Holding Plc. as control, parrent company, as well as other related companies in the country and abroad. Energoprojekt Holding Plc. directly or indirectly has the ownership control ovar all the companies within the system.

Energoprojekt Holding Plc. is a company with the two-tier management structure and is including bodies as follows: Shareholders Assembly, Supervising Board and Executive Board.

The shareholders Assembly of Energoprojekt Holding Plc. is the highest body of management and decision making.

Members of he Supervisory Board are named by Shareholders Assembly of Energoprojekt Holding Plc. Supervising Board of Energoprojekt Holding Plc. at the moment has six members, with two of them independent from the Company.

Supervising Board of Energoprojekt Holding Plc. members are:

1. Dobroslav Bojović – President and Member
2. Dragan Ugrčić – Member
3. Miodrag Zečević – Member
4. Branislav Ivković – Member
5. Zoran Đerković – Independent Member
6. Nada Bojović – Independent Member

Supervising Board of Energoprojekt Holding Plc. names General Manager and executive managers.

Executive Board of Energoprojekt Holding Plc. at the moment has three members and is consisting of General Manager and two executive managers (Executive Manager for Finance, Accounting and Planning; Executive Manager for Legal Issues). General Manager represents the Company, coordinates the activities of executive managers and organizes the company business.

Executive Board of Energoprojekt Holding Plc. members are:

Stojan Čolakov - General Manager
Siniša Tekić – Executive Manager for Finance, Accounting and Planning
Milan Mamula – Executive Manager for Legal Issues

Biographies of all members of Supervising and Executive boards of Energoprojekt Holding Plc. are available on the internet page of issuer, at link: http://www.energoprojekt.rs/organizacija/

Regarding the matter of election of maging boards, Energoprojekt Holding Plc. tries to apply in ana optimal way (which is best possible in a particular moment) the appropriate diversity policy, respecting the aspects as life-age, gender or education and expertise. The goal of applying this diversity policy, *inter alla,* is the equal treatment of all potencial candidates for possible election or position in some of managing functions, without any discrimination rules, provisions or limits. Applying this diversity policy there are no significant deviations concerning the defined goals.

Pursuant to the law and provisins of Act of Constitution of the Company, the Supervising Board has formed and named the Auditing Committee of Energoprojekt Holding Plc. Aside of this Auditing Committee, whose formation is regulated by the law, there were no other committees nor counseling expert bodies founded.

The Company also has named perosns who are performing the internal supervising. Those activities are regulated by the „Rulebook on Internal Supervising Sector Activities“ and „Rulebook on Internal Control System ans Risk Management in Energoprojekt Holding Plc.“.

In „Rulebook on Internal Control System ans Risk Management in Energoprojekt Holding Plc..“ are described the basic elements of the system of internal control and risk reduction regarding the procedure of finance reporting. In this context, the Group recognizes and systematically processes information linked with financial reporting, which must be identified, collected and processed in a way that is suitable for use on different levels of the Company, and distributed in a form and time range which has to be adecuate to the goals and demands requested. The Company has established internal control over the key processes, activities and procedures which are integrated into the system, withthe main intention to provide more effective business process and risk management. The risk identification is made referring to the defined key goals of the Company, which are formed within middle-term annual plan and other documents adopted by the Company. The Executive Board of Energoprojekt Holding Plc./Board directors of the companies within the Energoprojekt Group, are taking special care for key risks linked to the procedure of financial reporting, which may provoke significant impact on the Company business activities, taking certain measures for their reducing or eliminating. Having this goal in mind, the permanent control of Companys’ business acitvities was performed, through the revising the quarterly reports and business activities analysis with the main business parametres (financial and economic ones; profitability; market trends; key businesses and business events which are of significance for business activities and liquidity, etc.). The Company is continuing to perform education of its employees for the risk management, counciousness level rising about this issue, and improving of appropriate preventive and corrective measures, with the aim of risk exposure diminuation.

Through the risk management process the Company provides the system for identification, analysis and assessment of the risk expopsure in business acitvities, as well as risk management in a way that this exposure will be at level which will not hurt the property and business activities of the Company, meaning that it will provide reaching the goals, plans and legality of its work. Depending on strategic determinatikon, adopted plans and goals of the Company, the Executive Board of Energoprojekt Holding Plc./Board of Direcotrs of the companies within the Energoprojekt Group, are adopting the risk level which is acceptable for the Coampny. Performing the adecuate risk management process, the Company controls and provides the high level of arguments and reliability of reporting and conformity of business activities with laws and other positive regulations and internal acts.

Energoprojekt Holding Plc.

Executive Manager for Finance, accounting and Planning

H. Siniša Tekić, B.Sc.Ecc.

Energoprojekt Holding Plc.

Chief Executive Officer

Stojan Čolakov, M.Sc.C.E

Energoprojekt Holding a.d. Beograd

4. STATEMENT BY PERSONS RESPONSIBLE FOR REPORT PREPARATION

To the best of our knowledge, Annual Financial Statements for the year of 2020 were prepared in compliance with the relevant International Financial Reporting Standards and these present authentic and objective information about assets, liabilities, financial position and operations, profit and losses, cash flows and changes in equity of the Public Company, including those of the Companies included in the Consolidated Statements.

Person responsible for preparation of the Annual Report:

Executive Director for Finance, Accounting and Planning

Energoprojekt Holding Plc.

Siniša Tekić, B.Sc.Ecc.

Legal Representative:

Chief Executive Officer

Energoprojekt Holding Plc.

Stojan Čolakov, M.Sc.C.E

5. DECISION OF COMPETENT COMPANY BODY ON THE ADOPTION OF ANNUAL FINANCIAL STATEMENTS *

Note *:

- Financial Statements of Energoprojekt Holding Plc. for the year 2020 were approved on April 13, 2021, in the 116th meeting of the Supervisory Board of the Issuer. At the moment when the Company's Annual Report is published, it has not yet been adopted by the competent Company's body (Shareholders' Assembly). The Company shall publish the complete the Decision of the competent body on the adoption of Company's Annual Report at a later date.

6. DECISION ON DISTRIBUTION OF PROFIT OR COVERAGE OF LOSSES *

Note *:

- Decision on Distribution of Company's Profit for 2020 shall be passed in the regular annual General Assembly meeting. The Company shall publish the complete Decision of the competent body on distribution of Company's profit at a later date.

A public company is legally obliged to prepare their annual consolidated financial statements, to disclose them and to deliver them to the Commission, and, providing that the securities of such company are admitted for trading, to deliver these Statements to the regulated market or to the MTP four months after the end of each business year at the latest, and to ensure that the annual financial statements are available to the general public over the course of five years at the minimum from the date of its disclosure

The Company shall be held responsible for the accuracy and authenticity of information presented in the Annual Report.

In Belgrade, April 2021

Person responsible for preparation of Annual Report:

Executive Director for Finance, Accounting and Planning

Energoprojekt Holding Plc.

Siniša Tekić, B.Sc.Ecc.

Legal Representative:

Chief Executive Officer

Energoprojekt Holding Plc.

Stojan Čolakov, M.Sc.C.E