TELEGROUP d.o.o. BELGRADE

Separate Financial Statements as of and for the Year Ended 31 December 2022 and Independent Auditor's Report



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This is an English translation of Independent Auditor's Report originally issued in the Serbian language

INDEPENDENT AUDITOR'S REPORT

To the Owner of the Company "Telegroup" d.o.o. Belgrade

Opinion

We have audited the accompanying separate financial statements of the Company "Telegroup" d.o.o. Belgrade (hereinafter: "the Company"), which comprise the separate balance sheet as of 31 December 2022 and the separate income statement, the separate statement of other comprehensive income, the separate statement of changes in equity and separate statement of cash flows for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the unconsolidated financial position of the Company as of 31 December 2022, and its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with the regulations prevailing in the Republic of Serbia and accounting policies disclosed in Note 3 to the separate financial statements.

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises the Annual Business Report for the year ended 31 December 2022, but does not include the separate financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Solely based on the work we have performed during the audit of the separate financial statements, in our opinion, the information provided in the Annual Business Report for the year ended 31 December 2022, which has been prepared in accordance with the provisions of the Law on Accounting, is consistent with the separate financial statements in all material respects.

In addition, if based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



INDEPENDENT AUDITOR'S REPORT

To the Owner of the Company "Telegroup" d.o.o. Belgrade (Continued)

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

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

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

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

Auditor's Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate 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 separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate 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.



INDEPENDENT AUDITOR'S REPORT

To the Owner of the Company "Telegroup" d.o.o. Belgrade (Continued)

Auditor's Responsibilities for the Audit of the Separate Financial Statements (Continued)

- Conclude on the appropriateness of management's use of the going concern basis of
 accounting and, based on the audit evidence obtained, whether a material uncertainty
 exists related to events or conditions that may cast significant doubt on the Company's
 ability to continue as a going concern. If we conclude that a material uncertainty exists, we
 are required to draw attention in our auditor's report to the related disclosures in the
 separate 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 separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Catta

Certified Auditor

Belgrade, 30 March 2023

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	Filled in by legal entity	– entrepreneur	
Company ID	1 7 3 2 8 9 6 4 Activity code	6 2 0 2 Tax ID	1 0 1 7 3 3 2 3 7
Name	Telegroup d.o.o. Beograd		
Address	Београд-Стари Град, СВЕТОЗАРА МИЛЕТИЋА 9а		

BALANCE SHEET As of 31 December 2022

- in RSD 000 -

					Amazunt	- In RSD 000 -
					Amount Previou	ie voar
Accoun t	ITEM	AOP	Note	Current year 31.12.2022.	Closing balance 31.12.2021.	Opening balance 01.01.2021.
1	2	3	4	5	6	7
	ASSETS					
00	A. SUBSCRIBED UNPAID CAPITAL	0001				
	B. NON-CURRENT ASSETS (0003+0009+0017+0018+0028)	0002		670.753	787.460	
01	I. INTANGIBLE ASSETS (0004+0005+0006+0007+0008)	0003	6	17.563	34.771	
010	1. Research costs	0004				
011, 012 and 014	2. Concessions, patents, licenses, trademarks, software and other rights	0005	6	17.563	34.771	
013	3.Goodwill	0006				
015 and 016	Leased intangible assets, intangible assets in progress	0007				
017	5. Advances for intangible assets	8000				
02	II. PROPERTY, PLANT AND EQUIPMENT (PPE) (0010+0011+0012+0013+0014+00 15+0016)	0009	7	170.796	183.219	
020, 021 and 022	Land and construction facilities	0010	7	92.154	103.069	
023	2. Plant and equipment	0011	7	57.459	68.571	
024	3. Investment properties	0012	7	10.387	971	
025 and 027	Leased PPE and PPE under construction	0013	7	10.796	10.608	
026 and 028	5. Other PPE and leasehold improvements	0014				
029 (part)	6. Advances for PPE - domestic	0015				
029 (part)	7. Advances for PPE - foreign	0016				

					Amount						
	ITTA	400	New		Previou	•					
Account	ITEM	AOP	Note	Current year 31.12.2022.	Closing balance 31.12.2021.	Opening balance 01.01.2021					
1	2	3	4	5	6	7					
03	III. NATURAL ASSETS	0017									
04 and 05 (IV. LONG-TERM FINANCIAL PLACEMENTS (0019+0020+0021+0022+0023+ 0024+0025+0026+0027)	0018		444.100	438.832						
and 042 (part)	Investments in capital of parent companies and subsidiaries	0019	8	14.548	14.548						
and 042 i (part)	Interests in equity accounted investee	0020									
(part) and 051 (part)	Long-term placements to domestic parent companies, subsidiaries and other related entities	0021	8	14.827	40.923						
(part) and (part) (part)	Long-term placements to foreign parent companies, subsidiaries and other related entities	0022									
053	5. Long-term placements – domestic	0023	8	55.313	4.932						
053	6. Long-term placements - foreign	0024									
046 i	7. Long-term financial investments (securities measured at amortized cost)	0025									
047	8. Treasury shares and stakes	0026									
048, 052, 054, 055, 056	9. Other long-term placements	0027	9	359.412	378.429						
except F	V. LONG-TERM PREPAYMENTS AND ACCRUED INCOME	0028	15	38.294	130.638						
288	C. DEFERRED TAX ASSETS	0029			2.681						
(D. CURRENT ASSETS (0031+0037+0038+0044+0048+ 0057+0058)	0030		2.020.284	2.528.600						
	I INVENTORIES (0032+0033+0034+0035+0036)	0031	10	256.802	245.567						
10	Material, spare parts, tools and small value inventory	0032	10	57.289	73.842						
	2. Work in progress and finished goods	0033									
13	3. Goods	0034	10	19.149	53.379						
and 154	Advances paid for supplies and services - domestic	0035	10	154.401	117.414						
and 154	5. Advances paid for supplies and services - foreign	0036	10	25.963	932						
	II Non-current assets held for sale and discontinued operations	0037									

					Amount					
					Previou					
Account	ITEM	AOP	Note	Current year 31.12.2022.	Closing balance 31.12.2021.	Opening balance 01.01.2021.				
1	2	3	4	5	6	7				
20	III TRADE RECEIVABLES (0039+0040+0041+0042+0043)	0038	11	1.266.589	1.757.669					
204	1. Domestic trade receivables	0039	11	1.054.416	1.709.497					
205	2. Foreign trade receivables	0040	11	101.751	424					
200 and 202	Domestic trade receivables - parent companies, subsidiaries and other related parties	0041	11	77.855	46.830					
201 and 203	Foreign trade receivables - parent companies, subsidiaries and other related parties	0042	11	32.567	918					
206	5. Other receivables from sales	0043								
21,22 and 27	IV OTHER CURRENT RECEIVABLES (0045+0046+0047)	0044	12	7.482	42.790					
21, 22 except 223 and 224 and 27	1. Other receivables	0045	12	2.562	29.116					
223	2. Receivable for overpaid CIT	0046	12	4.920	13.507					
224	Receivable for overpaid other taxes and contributions	0047			167					
23	V. SHORT-TERM FINANCIAL PLACEMENTS (0049 + 0050 + 0051 + 0052 + 0053+0054+0055+0056)	0048	13	89.446	38.348					
230	1.Short-term loans and placements - parent companies and subsidiaries	0049			1.688					
231	Short-term loans and placements - other subsidiaries	0050	13	30.976	24.823					
232, 234 part	Domestic short-term loans and placements	0051	13	4.848	10.274					
233, 234 part	Foreign short-term loans and placements	0052								
235	5. Securities measured at amortized cost	0053								
236 (part)	6. Financial assets measured at fair value through profit or loss	0054								
237	7. Treasury shares and stakes	0055								
236 (part), 238 and 239	8. Other short-term financial investments	0056	13	53.622	1.563					
24	VI. CASH AND CASH EQUIVALENTS	0057	14	81.643	106.355					
28 except 288	VII. SHORT-TERM PREPAYMENTS AND ACCRUED INCOME	0058	15	318.322	337.871					
	E. TOTAL ASSETS - BUSINESS ASSETS (0001+0002+0029+0030)	0059		2.691.037	3.318.741					
88	F. OFF-BALANCE SHEET ASSETS	0060	16	791.321	986.228					

					Amount					
				Previous year						
Account	ITEM	AOP	Note	Current year 31.12.2022.	Closing balance 31.12.2021.	Opening balance 01.01.2021.				
1	2	3	4	5	6	7				
	EQUITY AND LIABILITIES									
	A. EQUITY (0402+0403+0404+0405+0406- 0407+0408+0411-0412)>=0	0401	17	1.224.373	1.146.259					
30 except 306	I. NOMINAL CAPITAL	0402	17	66.143	66.143					
31	II. SUBSCRIBED AND UNPAID CAPITAL	0403								
306	III. PREMIUM	0404								
32	IV. RESERVES	0405	17	9.665	9.665					
330 and credit balances of accounts of group 331, 332, 333, 334, 335, 336 and 337	V. POSITIVE REVALUATION RESERVES AND UNREALIZED GAINS ON FINANCIAL ASSETS AND OTHER COMPONENTS OF OTHER RESULT	0406								
debit balances of account of group 331, 332, 333, 334, 335, 336 and 337	VI. UNREALIZED LOSSES ON FINANCIAL ASSETS AND OTHER COMPONENTS OF OTHER COMPLETE RESULT	0407	17	6.109	6.876					
34	VII. RETAINED EARNINGS (0409+0410)	0408	17	1.154.674	1.077.327					
340	Retained earnings from previous years	0409	17	1.081.830	965.386					
341	Retained earnings from current year	0410	17	72.844	111.941					
	VIII. NON- CONTROLLING INTERESTS	0411								
35	IX. LOSS (0413+0414)	0412								
350	1. Previous years losses	0413								
351	2. Current year loss	0414								
	B. NON-CURRENT PROVISIONS AND LIABILITIES (0416+0420+0428)	0415		159.119	543.752					
40	I. LONG-TERM PROVISIONS (0417+0418+0419)	0416	18	5.612	8.935					
404	Provisions for salaries and other employee benefits	0417	18	5.612	8.935					
400	2. Warranty provisions	0418								
40 except 400 and 404	3. Other long-term provisions	0419								
41	II. LONG-TERM LIABILITIES (0421 + 0422 + 0423 + 0424 + 0425 + 0426 + 0427)	0420	19	89.391	366.817					

					Amount	Amount						
					Previou	ıs year						
Account	ITEM	AOP	Note	Current year 31.12.2022.	Closing balance 31.12.2021.	Opening balance 01.01.2021.						
1	2	3	4	5	6	7						
410	Liabilities which can be converted into capital	0421										
411 (part) and 412 (part)	2. Long-term loans and other liabilities from parent companies, subsidiaries and other related entities - domestic	0422										
411 (part) and 412 (part)	3. Long-term loans and other liabilities from parent companies, subsidiaries and other related entities - foreign	0423										
414 and 416 (part)	Domestic long-term loans and lease liabilities	0424	19	89.391	365.454							
415 and 416 (part)	5. Foreign long-term loans and lease liabilities	0425										
413	6. Issued securities	0426										
419	7. Other long-term liabilities	0427			1.363							
49 (part) except 498 and 495 (part)	III. LONG-TERM ACCRUALS AND DEFERRED INCOME	0428	23	64.116	168.000							
498	C. DEFERRED TAX LIABILITIES	0429	24	55								
495 (part)	D. LONG-TERM DEFERRED INCOME AND DONATIONS	0430										
	E. CURRENT LIABILITIES (0432+0433+0441+0442+0449 +0453+0454)	0431		1.307.490	1.628.730							
467	I. SHORT TERM LIABILITIES	0432										
42 except 427	II. Short-term financial liabilities (0434+0435+0436+0437+0438 +0439+0440)	0433	20	287.528	449.032							
420 (part) and 421 (part)	Short-term loans from parent, subsidiaries and other related entities - domestic	0434										
420 (part) and 421 (part)	Short-term loans from parent, subsidiaries and other related entities - foreign	0435										
422 (part) 424 (part) 425 (part) and 429 (part)	3. Borrowings from persons other than domestic banks	0436	20	17.122	19.581							
422 (part) 424 (part) 425 (part) and 429 (part)	Borrowings from domestic banks	0437	20	270.406	429.451							
423, 424 (part),425(pa rt) and 429 (part)	5. Foreign borrowings and liabilities	0438										
426	6. Liabilities for short-term securities	0439										
428	7. Liabilities based on financial derivatives	0440										

				Amount					
Accoun t	ITEM	АОР	Note	Current year 31.12.2022.	Previous Closing balance 31.12.2021.	Opening balance 01.01.2021.			
1	2	3	4	5	6	7			
430	III. ADVANCES, DEPOSITS AND CAUTION MONEY RECEIVED	0441	21	217.593	124.972				
43 except 430	IV. ACCOUNTS PAYABLE (0443+0444+0445+0446+0447+044 8)	0442	21	586.189	719.892				
431 and 433	Domestic trade payables - parent companies, subsidiaries and other related parties	0443	21	102.953	78.614				
432 and 434	Trade payables – foreign parent companies, subsidiaries and other related parties	0444	21	8.309	1.293				
435	3. Domestic trade payables - other companies	0445	21	398.066	589.136				
436	Foreign trade payables - other companies	0446	21	65.031	47.367				
439 (part)	5. Bills of exchange payable	0447							
439 (part)	6. Other operating liabilities	0448	21	11.830	3.482				
44, 45, 46 except 467, 47 and 48	V. OTHER CURRENT LIABILITIES (0450+0451+0452)	0449	22	14.513	42.758				
44, 45, 46 except 467	Other current liabilities	4450	22	11.211	36.539				
47, 48 except 481	2. Liabilities for value added tax and other public revenues	0451	22	3.302	3,287				
481	3. Liabilities for CIT	0452	22		2.932				
427	VI. LIABILITIES FOR ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	0453							
49 (part) except 498	VII. SHORT-TERM ACCRUALS AND DEFERRED INCOME	0454	23	201.667	292.076				
	F. LOSS OVER EQUITY (0415+0429+0430+0431-0059) >= 0 = (0407+0412-0402-0403-0404- 0405-0406-0408-0411)>=0	0455							
	G. TOTAL EQUITY AND LIABILITIES (0401+0415+0429+0430+0431- 0455)	0456		2.691.037	3.318.741				
89	H. OFF-BALANCE SHEET LIABILITIES	0457	16	791.321	986.228				

In Belgrade,

27 March 2023

RAD* SVETO Legal representative

TELEGRO

* XELEG

								Filled in by legal entity - entre	pre	enei	ur										
Company ID	1 7	3	2	8	9	6	4	Activity code	6	2	0	2	Tax ID	1	0	1	7	3	3 2	3	7
Name			Tel	egro	oup	d.o	o. E	Beograd											•		
Address			Бес	гра	ад-С	тар	и Гр	оад, СВЕТОЗАРА МИЛЕТИЋА 9а													

INCOME STATEMENT For the Year Ended 31 December 2022

- in RSD 000 -

				1	- in RSD 000
Account	ITEM	AOP	Note	Amo	unt
Account	11 E101	AOF	Note	Current year	Previous year
1	2	3	4	5	6
	A. OPERATING INCOME (1002 + 1005 + 1008 +1009+1010+1011+1012)	1001	26	3.623.391	4.840.464
60	I. SALES OF GOODS (1003+1004)	1002	26	663.299	1.075.551
600,602 and 604	1. Sales of goods on domestic market	1003	26	407.641	1.060.790
601,603 and 605	2. Sales of goods on foreign market	1004	26	255.658	14.761
61	II. SALES OF PRODUCTS AND RENDERING OF SERVICES (1006+1007)	1005	26	2.950.184	3.763.325
610,612 and 614	Sales of products and rendering of services on domestic market	1006	26	2.888.596	3.758.095
611,613 and 615	Sales of products and rendering services on foreign market	1007	26	61.588	5.230
62	III. REVENUES FROM ACTIVATION OF GOODS	1008	26	6.642	279
630	IV. INCREASE IN VALUE OF INVENTORIES OF UNFINISHED AND FINISHED GOODS	1009			
631	V. DECREASE IN VALUE OF INVENTORIES OF UNFINISHED AND FINISHED GOODS	1010			
64 and 65	VI. OTHER OPERATING INCOME	1011	26	3.266	1.309
68 except 683,685 and 686	VII. INCOME FROM ASSETS VALUE ADJUSTMENT (OTHER THAN FINANCIAL)	1012			
	B. OPERATING EXPENSES (1014+1015+1016+1020+1021+1022+1023+1024)	1013		3.515.160	4.709.846
50	I. COST OF GOODS SOLD	1014	27	543.674	826.931
51	II. COST OF MATERIAL, FUEL AND ENERGY	1015	28	487.594	1.229.927
52	III. SALARIES, COMPENSATIONS AND OTHER PERSONAL EXPENSES (1017+1018+1019)	1016	29	356.429	437.031

			N 4	Amo	unt
Account	ITEM	AOP	Note	Current year	Previous year
1	2	3	4	5	6
520	1. SALARIES AND COMPENSATIONS	1017	29	282.268	334.070
521	2. PIT and SSC on salaries	1018	29	41.591	51.346
52 except 520 and 521	3. OTHER PERSONAL EXPENSES	1019	29	32.570	51.615
540	IV. DEPRECIATION AND AMORTIZATION EXPENSE	1020	31	47.833	51.914
58 except 583,585 and 586	V. EXPENSES FROM ASSETS VALUE ADJUSTMENT (OTHER THAN FINANCIAL)	1021			
53	VI. COST OF PRODUCTION SERVICES	1022	30	1.145.825	1.158.822
54 except 540	VII. COST OF PROVISIONS	1023	18	2.094	1.191
55	VIII. NON-MATERIAL COSTS	1024	32	931.711	1.004.030
	C. NET OPERATING INCOME (1001-1013) >= 0	1025		108.231	130.618
	D. NET OPERATING LOSS (1013-1001) >= 0	1026			
	E. FINANCIAL INCOME (1028 + 1029 + 1030+1031)	1027	33	21.221	13.704
660 and 661	I. FINANCIAL INCOME - PARENT, SUBSIDIARIES AND OTHER RELATED PARTIES	1028	33	532	4.888
662	II. INTEREST INCOME	1029	33	7.233	7.156
663 and 664	III. FOREIGN EXCHANGE GAINS	1030	33	13.456	1.660
665 and 669	IV. OTHER FINANCIAL INCOME	1031			
	F. FINANCIAL EXPENSES (1033 + 1034 + 1035+1036)	1032	34	25.869	26.971
560 and 561	I. FINANCIAL EXPENSES - PARENT COMPANIES, SUBSIDIARIES AND OTHER RELATED PARTIES	1033	34	798	411
562	II. INTEREST EXPENSE	1034	34	16.815	22.669
563 and 564	III. FOREIGN EXCHANGE LOSSES	1035	34	7.906	3.342
565 and 569	IV. OTHER FINANCIAL EXPENSES	1036	34	350	549
	G. NET INCOME (1027-1032)	1037			
	H. NET LOSS (1032-1027)	1038		4.648	13.267
683, 685 and 686	I. GAINS FROM VALUE ADJUSTMENTS OF FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	1039			
583,585 and 586	J. LOSSES FROM VALUE ADJUSTMENTS OF FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	1040	35	42.436	12.978
67	K. OTHER INCOME	1041	36	32.784	34.265

				Amo	ount
Account	ITEM	AOP	Note	Current year	Previous year
1	2	3	4	5	6
57	L. OTHER EXPENSES	1042	37	3.405	5.147
	M. TOTAL INCOME (1001+1027+1039+1041)	1043		3.677.396	4.888.433
	N. TOTAL EXPENSES (1013+1032+1040+1042)	1044		3.586.870	4.754.942
	O. OPERATING PROFIT BEFORE TAX (1043-1044) >= 0	1045		90.526	133.491
	P. OPERATING LOSS BEFORE TAX ((1044-1043) >= 0	1046			
69-59	Q. NET GAINS FROM DISCONTINUED OPERATIONS, EFFECTS OF ACCOUNTING POLICY CHANGES AND PREVIOUS PERIODS ERRORS CORRECTIONS	1047			78
59-69	R. NET LOSSES FROM DISCONTINUED OPERATIONS, EFFECTS OF ACCOUNTING POLICY CHANGES AND PREVIOUS PERIODS ERRORS CORRECTIONS	1048			
	S. PROFIT BEFORE TAX (1045 - 1046 + 1047 -1048)	1049	24	90.526	133.569
	T. LOSS BEFORE TAX (1046 - 1045 + 1048 - 1047)	1050			
	U. INCOME TAXES				
721	I. CURRENT TAX EXPENSE	1051	24	14.945	21.672
Part 722	II. DEFERRED TAX EXPENSE OF PERIOD	1052	24	2.737	
Part 722	III. DEFERRED TAX INCOME OF PERIOD	1053			44
723	V. PAID PERSONAL INCOME TO THE OWNER	1054			
	W. NET PROFIT (1049-1050-1051-1052+1053- 1054) >= 0	1055	17	72.844	111.941
	X. NET LOSS (1050-1049+1051+1052-1053+1054) >= 0	1056			
	I. NET PROFIT ATTRIBUTABLE TO NON- CONTROLLING INTERESTS	1057			
	II.NET PROFIT ATTRIBUTABLE TO THE PARENT COMPANY	1058			
	III. NET LOSS ATTRIBUTABLE TO NON- CONTROLLING INTERESTS	1059			
	IV. NET LOSS ATTRIBUTABLE TO THE PARENT COMPANY	1060			

Account	ITEM	AOP	Note	Amount				
Account		AUP	Note	Current year	Previous year			
1. 1. 1. 1.	a destination and within a 2 major exposed	3	4	5	6			
	V. EARNINGS PER SHARE				Comments of the second			
	Basic earnings per share	1061						
	2. Diluted earnings per share	1062						

In Belgrade,

27 March 2023

Legal Representative

TELEGRO

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							Filled in by legal entity - entr	epre	ene	ur												
Company ID	1 7 3	2	8	9	6	4	Activity code	6	2	0	2	Tax ID	1	0	1	7	3	3	3	2	3	7
Name Telegroup d.o.o. Beograd																						
Address Београд-Стари Град, СВЕТОЗАРА МИЛЕТИЋА 9а																						

STATEMENT OF OTHER COMPREHENSIVE INCOME For the Year Ended 31 December 2022

		- in RSD 00						
Account	ITEM	AOP		Amo				
1	2	3	Note 4	Current year 5	Previous year 6			
	A. NET OPERATIONS RESULT	3	4	5				
	I. NET PROFIT (AOP 1055)	2001		72.844	111.941			
	II. NET LOSS (AOP 1056)	2002						
	B. OTHER COMPREHENSIVE INCOME OR LOSS							
	a) Items that will not be reclassified to profit or loss in future periods							
	Changes in revaluation of intangible assets, property, plant and equipment							
330	a) increase in revaluation reserves	2003						
	b) decrease in revaluation reserves	2004						
	Actuarial gains or losses on defined benefit plans							
331	a) gains	2005		767				
	b) losses	2006			2.979			
	Gains or losses on investments in associates							
333	a) gains	2007						
	b) losses	2008						
	b) Items that may be reclassified to profit or loss in future periods							
	Gains or losses on investments in equity instruments							
332	a) gains	2009						
	b) losses	2010						
	Gains or losses on translation of financial statements of foreign operations							
334	a) gains	2011						
	b) losses	2012						

				Amou	ınt i
Account	ITEM	AOP	Note	Current year	Previous year
1	2	3	4	5	6
	Gains or losses on hedge instruments of net investments abroad				
335	a) gains	2013			
	b) losses	2014			
	Gains or losses on cash flow hedge instruments				
336	a) gains	2015			
	b) losses	2016	ng pala (a) aya yan 2000an		
	Gains or losses on securities measured at fair value through other comprehensive income				
337	a) gains	2017	111 July 101		ration and the analysis of the second
	b) losses	2018			
	I. OTHER GROSS COMPREHENSIVE INCOME (2003 + 2005 + 2007 + 2009 + 2011 + 2013 + 2015 + 2017) - (2004 + 2006 + 2008 + 2010 + 2012 + 2014 + 2016 + 2018) ≥ 0	2019		767	
	II. OTHER GROSS COMPREHENSIVE LOSS (2004 + 2006 + 2008 + 2010 + 2012 + 2014 + 2016 + 2018) - (2003 + 2005 + 2007 + 2009 + 2011 + 2013 + 2015 + 2017) ≥ 0	2020			2.97
	III. DEFERRED TAX EXPENSES ON OTHER COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD	2021			
	IV. DEFERRED TAX INCOME ON OTHER COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD	2022			
	V. NET OTHER COMPREHENSIVE INCOME (2019- 2020-2021+2022)	2023		767	
	VI. NET OTHER COMPREHENSIVE LOSS (2020- 2019+2021-2022)	2024			2.97
	V. TOTAL NET COMPREHENSIVE RESULT OF PERIOD				
	I. TOTAL NET COMPREHENSIVE INCOME (2001 - 2002 + 2022 - 2023) ≥ 0	2025		73.611	108.96
	II. TOTAL NET COMPREHENSIVE LOSS (2002 - 2001 + 2023 - 2022) ≥ 0	2026			
	G. TOTAL NET COMPREHENSIVE INCOME OR LOSS (2027 + 2028) = AOP 2024 ≥ 0 or AOP 2025 > 0	2027			
	Attributable to the parent company	2028			
	Attributable to non-controlling interests	2029			

In Belgrade,

D*SVET Legal representative

27 March 2023

	Legal representative							
Company ID	7 3 2 8 9 6 4 Activity code 6 2 0 2 Tax ID 1 0 1 7 3 3 2 3							
Name	Tel	Telegroup d.o.o. Beograd						
Address	Београд-Стари Град, СВЕТОЗАРА МИЛЕТИЋА 9а							

STATEMENT OF CHANGES IN EQUITY For the Year Ended 31 December 2022

- in RSD 000-

Number	DESCRIPTION	АОР	Basic capital (group 30 without 306 and 309)	АОР	Basic capital (account 309)	АОР	Subscribed unpaid capital (Group 31)	АОР	Share premium (account 306 and group 32)
	1		2		3		4		5
1.	Balance as of 01.01.2021.	4001	66.143	4010		4019		4028	9.665
2.	Effects of retroactive correction of material errors and changes in accounting policies	4002		4011		4020		4029	
3.	Adjusted opening balance as of 01.01.2021.	4003	66.143	4012		4021		4030	9.665
4.	Net changes in 2021	4004		4013		4022		4031	
5.	Balance as of 31.12.2021.	4005	66.143	4014		4023		4032	9.665
6.	Effects of retroactive correction of material errors and changes in accounting policies	4006		4015		4024		4033	
7.	Adjusted opening balance as of 01.01.2022.	4007	66.143	4016		4025		4034	9.665
8.	Net changes in 2022	4008		4017		4026		4035	
9.	Balance as of 31.12.2022.	4009	66.143	4018		4027		4036	9.665

Number	DESCRIPTION	АОР	Reserves (group 33)	АОР	Retained earnings (group 34)	АОР	Loss (group 35)	АОР	Non-controlling interests
	1		6		7		8		9
1.	Balance as of 01.01.2021.	4037	-3.899	4046	964.622	4055		4064	
2.	Effects of retroactive correction of material errors and changes in accounting policies	4038		4047		4056		4065	
3.	Adjusted opening balance as of 01.01.2021.	4039	-3.899	4048	964.622	4057		4066	
4.	Net changes in 2021	4040	-2.977	4049	112.705	4058		4067	
5.	Balance as of 31.12.2021.	4041	-6.876	4050	1.077.327	4059		4068	
6.	Effects of retroactive correction of material errors and changes in accounting policies	4042		4051		4060		4069	
7.	Adjusted opening balance as of 01.01.2022.	4043	-6.876	4052	1.077.327	4061		4070	
8.	Net changes in 2022	4044	767	4053	77.347	4062		4071	
9.	Balance as of 31.12.2022.	4045	-6.109	4054	1.154.674	4063		4072	

Number	Description	AOP	Total equity (equal to AOP 0401) (col. 2+3+4+5+6+7- 8+9)>=0	AOP	Loss over equity (equal to AOP 0455) (col. 2+3+4+5+6+7-8+9) < 0
ž			10		11
1.	Balance as of 01.01.2021.	4073	1.036.531	4082	
2.	Effects of retroactive correction of material errors and changes in accounting policies	4074		4083	
3.	Adjusted opening balance as of 01.01.2021.	4075	1.036.531	4084	
4.	Net changes in 2021	4076		4085	
5.	Balance as of 31.12.2021.	4077	1.146.259	4086	
6.	Effects of retroactive correction of material errors and changes in accounting policies	4078		4087	
7.	Adjusted opening balance as of 01.01.2022.	4079	1.146.259	4088	
8.	Net changes in 2022	4080		4089	
9.	Balance as of 31.12.2022.	4081	1.224.373	4090	

In Belgrade,	Legal representative
27 March 2023	TELEGROPE
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	Filled in by legal entity	- entrepreneur	
Company ID	1 7 3 2 8 9 6 4 Activity code	6 2 0 2 Tax ID	1 0 1 7 3 3 2 3 7
Name	Telegroup d.o.o. Beograd		
Address	Београд-Стари Град, СВЕТОЗАРА МИЛЕТИЋА 9а	3	

STATEMENT OF CASH FLOWS

For the Year Ended 31 December 2022

- in RSD 000 -

		- in RSD 000 -					
ltem	AOP	Current year	Previous year				
1	2	3	4				
A. CASH FLOWS FROM OPERATING ACTIVITIES	3001	4.300.529	4.663.117				
I. Cash inflow from operating activities (1 to 4)	3001	4.300.329	4.003.117				
Sales and advances received in the country	3002	3.949.327	4.348.191				
2. Sales and advances received abroad	3003	314.444	195.259				
Interest received from operating activities	3004	7.233	6.611				
4. Other inflows from operating activities	3005	29.525	113.056				
II. Cash outflows from operating activities (1 to 8)	3006	3.779.500	5.000.018				
Payments to suppliers and advances paid in the country	3007	2.881.689	3.578.011				
2. Payments to suppliers and advances paid abroad	3008	143.972	199.965				
3. Salaries, compensations and other personal expenses	3009	361.464	439.135				
4. Interest paid in the country	3010	16.512	19.207				
5. Interest paid abroad	3011						
6. Corporate income tax paid	3012	16.166	44.619				
7. Outflows for other public charges	3013	23.627	74.205				
8. Other outflows from operating activities	3014	336.070	644.876				
III. Net cash flows from operating activities (I-II)	3015	521.029					
IV. Net cash outflows from operating activities (II-I)	3016		336.901				
B. CASH FLOWS FROM INVESTING ACTIVITIES	3017		43.198				
I. Cash inflows from financing activities (1 to 5)	3017		75.190				
1. Sale of shares or stakes	3018						
2. Sales of intangible assets, property, plant and equipment and natural assets	3019						
3. Other financial placements	3020		43.198				
4. Interest received from investing activities	3021						
5. Dividends received	3022						
II. Cash outflows from investing activities (1 to 3)	3023	106.626					
1. Purchase of shares and stakes	3024						
Purchase of intangible assets, property, plant and equipment and natural assets	3025						
3. Other financial placements	3026	106.626					
III. Net cash inflow from investing activities (I-II)	3027		43.198				
IV. Net cash used in investing activities (II-I)	3028	106.626					
C. CASH FLOWS FROM FINANCING ACTIVITIES	3029		257.201				
I. Cash flows from financing activities (1 to 7)			231.201				
Share/stake capital increase	3030						
Domestic long-term loans and borrowings	3031		257.201				

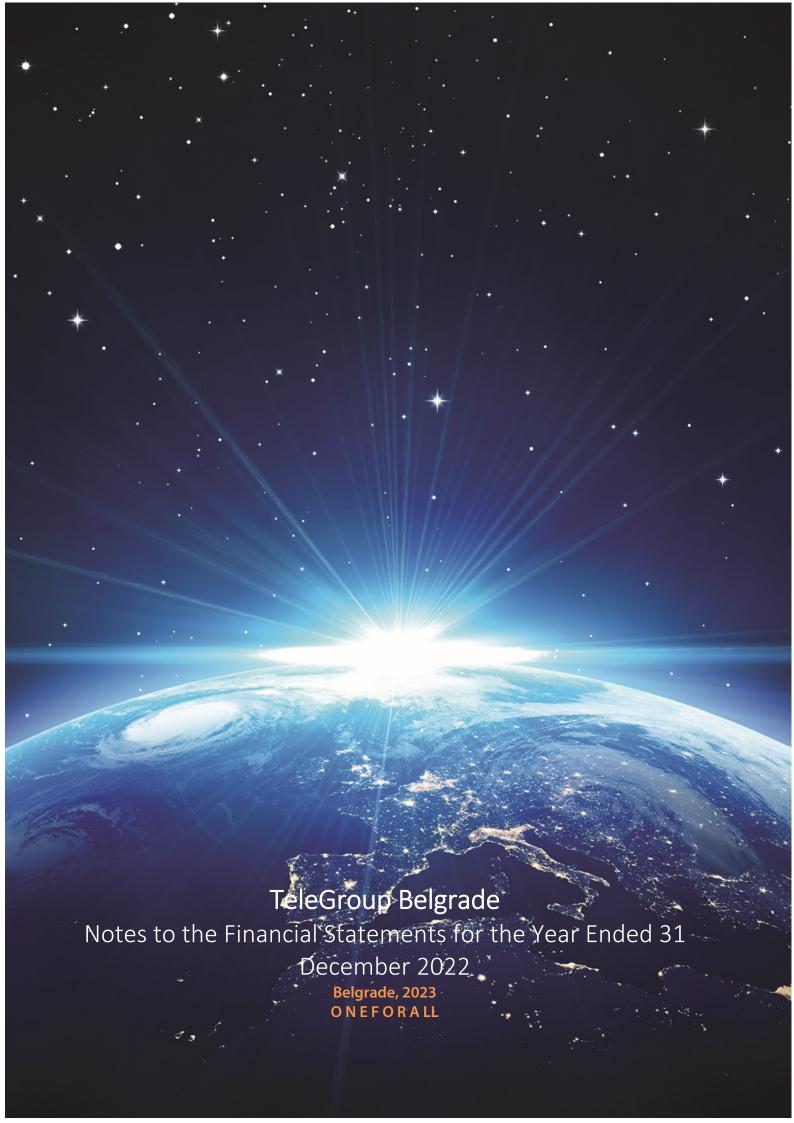
Item	AOP		
	2		
3. Foreign long-term loans and borrowings	3032		
	3033		
4. Domestic short-term loans and borrowings	3034		
5. Foreign short-term loans and borrowings	3035		
6. Other long-term liabilities	A Proposition of the Con-		
7. Other short-term liabilities	3036	110,000	46 712
II. Cash outflows from financing activities (1 to 8)	3037	440.833	46.713
Redeemed treasury shares and stakes	3038		N Section Company
Domestic long-term loans and borrowings	3039		
3. Foreign long-term loans and borrowings	3040		
Domestic short-term loans and borrowings	3041	428.931	34.220
5. Foreign short-term loans and borrowings	3042		
6. Other liabilities	3043		
7. Financial lease	3044	11.902	12.493
8. Dividends paid	3045		
III. Net cash from financing activities (I-II)	3046		210.488
IV. Net cash used in financing activities (II-I)	3047	440.833	
D. TOTAL CASH INFLOW (3001 + 3017 + 3029)	3048	4.300.529	4.963.516
E. TOTAL CASH OUTFLOW (3006 + 3023 + 3037)	3049	4.326.959	5.046.731
F. NET CASH INFLOWS (3048 - 3049)	3050		
G. NET CASH OUTFLOWS (3049 - 3048)	3051	26.430	83.215
H. CASH AT THE BEGINNING OF THE PERIOD	3052	106.355	189.654
I. FOREIGN EXCHANGE GAINS ON CASH AND CASH EQUIVALENTS	3053	1.734	22
J. FOREIGN EXCHANGE LOSSES ON CASH AND CASH EQUIVALENTS	3054	16	106
K. CASH AT THE END OF PERIOD (3050 - 3051 + 3052 + 3053 - 3054)	3055	81.643	106.355

In Belgrade,

27 March 2023

Legal representative

TELEGROUP 3





All amounts are expressed in RSD thousand, unless otherwise stated

TRANSLATION

1. CORPORATE INFORMATION

Company "TeleGroup" d.o.o. Belgrade, (hereinafter: the Company), Svetozara Miletica 9a, was established on 16 January 2001. The Company was established by the company "TeleGroup" Limited from London, Great Britain (hereinafter: the Founder).

The Company's main activity is the providing of IT consulting services. The Company designs and implements IT solutions, develops software applications, implements IPTV and OTT solutions for delivering video content, and for the building and integration of the telecommunication, electrical power and traffic infrastructure. The Company also offers professional services related to consulting, design, integration, installation, putting systems into operation, maintenance of systems, equipment and software applications, software engineering and project management.

The Company has entered into partnership and cooperation contracts with many renowned global companies. The Company has acquired an enviable client database, which is comprised of distinguished companies and institutions, by implementing major projects in big systems of various telecom operators, electrical power systems, state, public and financial sectors and through the cooperation with small- and medium-sized enterprises.

As of 31 December 2022 and 31 December 2021, the Company had 92 and 155 employees, respectively. Tax identification number of the Company is 101733237.

As of 31 December 2022, the Company has 2 subsidiaries (Note 8).

These separate financial statements were adopted by the Founder of the Company on 27 March 2023. The adopted financial statements can be subsequently amended, based on the Decision of the Founder of the Company no later than the end of 2022.

2. BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

The accompanying financial statements have been prepared in accordance with the Law on Accounting ("RS Official Gazette", no. 73/2019 and 44/2021 - hereinafter: the Law) and other applicable laws and by-laws in the Republic of Serbia.

For the recognition, measurement, presentation and disclosure of items in the financial statements, the Company, as a public company, is required to apply International Financial Reporting Standards, which, as per the aforementioned Law, comprise the Conceptual Framework for Financial Reporting, International Accounting Standards ("IASS") and International Financial Reporting Standards ("IFRSS") issued by the International Accounting Standards Board ("IASB"), as well as the related interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"), the translations of which to the Serbian language are approved and published by the competent Ministry of Finance.



All amounts are expressed in RSD thousand, unless otherwise stated

TRANSLATION

2. BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Pursuant to the Decision of the Minister of Finance of the Republic of Serbia on Determining the Translation of International Financial Reporting Standards no 401-00-4351/2020-16 dated 10 September 2020 ("RS Official Gazette", no. 123/2020 and 125/2020 - correction), the official translation of IFRSs applicable starting from the financial statements prepared as of 31 December 2021, was established. The translation of IFRSs translation established and published by the Ministry of Finance consists of the Conceptual Framework for Financial Reporting, IASs basic texts, IFRSs basic texts issued by the IASB, as well as interpretations issued by the IFRIC, in the form in which they are issued or adopted and which do not include reasoning, illustrative examples, guidelines. comments, dissenting opinions, elaborated examples and other supplementary explanatory material that may be adopted in connection with standards or interpretations, unless if it is not explicitly stated that it is an integral part of the standard or interpretations (hereinafter: the "IFRS translation"). The IFRS translation includes IASs/IFRSs applicable for the reporting periods beginning on or after 1 January 2019, which were applied in the preparation of the separate financial statements of the Company for the year ended 31 December 2021.

Amended and new IASs, IFRSs and related interpretations issued by the IASB and/or IFRIC after the said date, effective for annual periods beginning on or after 1 January 2020, 2021 and 2022 (Note 2.2(a)), have not been officially translated and published in the Republic of Serbia. Therefore, they have not been applied in the preparation of these separate financial statements.

The Company's financial statements are stated in thousands of Dinars (RSD), unless otherwise stated. The Dinar is the functional and official reporting currency of the Company. All amounts denominated in RSD are rounded to the nearest thousand, unless otherwise stated.

The content and form of financial statements and the content of the positions in forms is prescribed by the Guidelines on the Content and Form of Financial Statements and the Content and Form of the Statistical Report for Companies, Cooperatives and Entrepreneurs ("RS Official Gazette", no. 89/2020).

The principal accounting policies applied in the preparation of these financial statements are set out in Note 3.

The accounting policies and estimates adopted in the preparation of these financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2021.

2.1. Basis of Measurement

The accompanying separate financial statements have been prepared under the historical cost convention and going concern principle.



All amounts are expressed in RSD thousand, unless otherwise stated

TRANSLATION

2. BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS (Continued)

- 2.2. Impact and Implementation of the New and Revised IASs/IFRSs
- (a) Standards, Amendments and Interpretations to Existing Standards Effective in the Current Reporting Period not yet Officially Translated and Adopted in the Republic of Serbia

Until the date of preparation of the accompanying financial statements, the following amendments to IASs, IFRSs and interpretations, issued by the IASB and IFRIC, became effective as of 1 January 2022 and are, as such, applicable to the financial statements for 2022. However, they have not been officially translated and published by the Ministry of Finance, and, therefore, have not been adopted by the Company:

- Amendments to IFRS 3 "Business Combinations" updating a Reference to the Conceptual Framework in IFRS. The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.
- Amendments to IAS 16 "Property, Plant and Equipment" Proceeds before Intended Use. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such samples, together with the costs of producing them, in profit or loss.
- Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"
 Onerous Contracts Cost of Fulfilling a Contract. The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (e.g. direct labour and material) or an allocation of other costs that relate directly to fulfilling contracts (e.g. the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).
- Annual Improvements to IFRSs, 2018-2020 Cycle, make amendments to the following standards: IFRS 1 "First-time Adoption of International Financial Reporting Standards", IFRS 9 "Financial Instruments", IFRS 16 "Leases" and IAS 41 "Agriculture".

Considering the foregoing, and given the potentially material effects which the departures of accounting regulations of the Republic of Serbia from IASs and IFRSs may have on the Company's financial statements, the accompanying financial statements cannot be treated as financial statements prepared in accordance with IFRSs.

(b) New Standards, Amendments and Interpretations to Existing Standards that are Not Yet Effective and Have Not Been Early Adopted by the Company

There are a number of new and amended standards and IFRIC interpretations, which have been issued by the IASB that are not effective for the annual periods beginning on 1 January 2022, and have not been early adopted by the Company:



All amounts are expressed in RSD thousand, unless otherwise stated

TRANSLATION

- 2. BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS (Continued)
- 2.2. Impact and Implementation of the New and Revised IAS/IFRS (Continued)
- (b) New Standards, Amendments and Interpretations to Existing Standards that are Not Yet Effective and Have Not Been Early Adopted by the Company (Continued)
 - IFRS 17 "Insurance Contracts" (effective for annual reporting periods beginning on or after 1 January 2023) and subsequent amendments to IFRS 17 which address concerns and implementation challenges that were identified after IFRS 17 was published in 2017 (effective for annual reporting periods beginning on or after 1 January 2023). IFRS 17 supersedes IFRS 4 "Insurance Contracts" as of 1 January 2023.
 - Amendments to IFRS 4 Extension of the Temporary Exemption from Applying IFRS 9 (effective for annual reporting periods beginning on or after 1 January 2023).
 - Amendment to IFRS 17 "Insurance Contracts" Initial Application of IFRS 17 and IFRS 9 Comparative Information. An entity that elects to apply the amendment applies it when it first applies IFRS 17.
 - Amendments to IAS 1 "Presentation of Financial Statements" and IFRS Practice Statement 2 Disclosure of Accounting Policies (effective for annual reporting periods beginning on or after 1 January 2023).
 - Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" - Definition of Accounting Estimates (effective for annual reporting periods beginning on or after 1 January 2023). The amendments clarify the difference between the changes in accounting estimates and changes in accounting policies and correction of errors.
 - Amendments to IAS 12 "Deferred Taxes" Deferred Tax related to Assets and Liabilities Arising from a Single Transaction (effective for annual reporting periods beginning on or after 1 January 2023).
 - Amendments to IFRS 16 "Leases" Lease Liability in a Sale and Leaseback (effective for annual reporting periods beginning on or after 1 January 2024).
 - Amendments to IAS 1 "Presentation of Financial Statements" Classification of Liabilities as Current or Non-current (effective for annual reporting periods beginning on or after 1 January 2024).
 - Amendments to IAS 1 "Presentation of Financial Statements" Non-current Liabilities with Covenants (effective for annual reporting periods beginning on or after 1 January 2024).

2.3. Comparative Figures

Comparative figures and opening balances represent the data included in the audited financial statements as of and for the year ended 31 December 2021, prepared in accordance with the accounting regulations prevailing in the Republic of Serbia.



All amounts are expressed in RSD thousand, unless otherwise stated

TRANSLATION

2. BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4. Departure of Accounting Regulations in the Republic of Serbia from IFRS

An IFRS translation that is established and published by the Ministry includes IAS/IFRS basic texts, published by the International Accounting Standards Board, as well as interpretations published by the IFRS Interpretations Committee in the form in which they were issued and which does not include basis for conclusion, illustrative examples, guidelines, comments, opposite opinions, elaborate examples and further explanatory material that can be adopted in relation to standards, i.e. interpretations, unless it is explicitly stated that it constitutes an integral part of standards/interpretations.

An IFRS translation was established on the basis of the Decision of the Minister of Finance of the Republic of Serbia on Determining the Translation of International Financial Reporting Standards no. 401-00-4980/2019-16 dated 21 November 2019 ("RS Official Gazette", no. 92/2019). The IFRS translation has been in effect since the financial statements prepared for the year ended 31 December 2018. Those IFRSs and their interpretations that were amended or issued after this date have not been translated and published, and therefore they were not applied during the preparation of the accompanying financial statements.

Taking into consideration the abovementioned and the fact that certain laws and bylaws prescribe accounting procedures which in certain cases depart from IFRS requirements and that the Law on Accounting stipulates that RSD is the official reporting currency, the Republic of Serbia accounting regulations may depart from IFRS requirements, which may affect the reality and objectivity of the accompanying financial statements. Therefore, the accompanying financial statements cannot be deemed financial statements fully prepared in accordance with IFRS as described under the provisions of IAS 1 "Presentation of Financial Statements".

2.5. Foreign Currency Translation

Assets and liabilities components denominated in foreign currencies are translated into RSD at the official exchange rates published by the National Bank of Serbia, prevailing at the reporting date (Note 4.2). Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured.

Foreign exchange gains and losses arising upon settling such transactions and translation of monetary assets and liabilities denominated in foreign currencies at the year-end are credited or debited to the income statement, as financial income/expenses.



All amounts are expressed in RSD thousand, unless otherwise stated

TRANSLATION

2. BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6. Going Concern Assumption

The financial statements have been prepared under the going concern principle, which means that the Company will continue its operations in the foreseeable future, covering the period of at least twelve months from the date of the financial statements.

The Company's management considered all available information and analysed matters that might be relevant to the Company's ability to continue as a going concern, including significant circumstances and events, management plans, as well as the impact of the global crisis triggered by the Russian-Ukrainian conflict on the Company's business operations, as described in detail in Note 40.

2.7. Use of Estimates

The preparation of the financial statements in accordance with IFRS requires the application of the key accounting estimates. It also requires the management to use its judgement in the application of the accounting policies of the Company. These estimates and related assumptions are based on information available as of the date of the preparation of the financial statements. Actual results could differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. If through examination it is determined that there have been changes in the estimated value, the determined effects are recognised in the financial statements in the period when the change has occurred. Areas that require a higher degree of judgment or complexity, or areas where assumptions and estimates are material to the financial statements are disclosed in Note 5.



All amounts are expressed in RSD thousand, unless otherwise stated

TRANSLATION

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1. Intangible Assets

Intangible assets are initially recognised at cost. After the initial recognition, intangible assets are stated at cost less accumulated amortisation and cumulative impairment losses, if any.

The useful life of intangible assets is estimated as definite.

Intangible assets with definite useful lives are amortised over the useful lives of such assets and tested for impairment if there is any indication that such assets may be impaired. Amortisation of intangible assets is calculated using the straight-line method to allocate their cost over their estimated useful life ranging from 1 to 5 years.

Gains/losses from the disposal or sale of intangible assets are credited/debited to the Income statement of the period the asset was disposed or sold, in the amount of the difference between the net inflow and the carrying value of the asset.

3.2. Property, Plant and Equipment

Items of property, plant and equipment which fulfil the requirements to be recognised as assets are initially recognised at cost.

Cost includes expenditure that is directly attributable to the acquisition of the items, comprising the purchase price (import duties and VAT), all directly attributable costs of bringing the assets to the location and condition necessary to function in accordance with the management's expectations, the estimated cost of dismantling and removing the asset and restoring the site, as well as capitalised borrowing costs.

Subsequent to the initial measurement, items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Subsequent expenses are included in the cost of an item of property, plant and equipment or recognised as a separate asset if, and only if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. The net book value of a replaced asset is transferred out of the books. All other repair and maintenance costs are charged to the income statement of the period in which they are incurred.

Gains/losses from the disposal of property and equipment are credited/debited to the Income statement of the period the asset was disposed or sold, in the amount of the difference between the net inflow and the carrying value of the asset.

Land is not depreciated. Depreciation of other assets is calculated using the straight-line method to allocate their cost /or revalued amounts/ over their estimated useful lives, as follows:

Buildings 76 years
Machinery and equipment 5-7 years
Motor vehicles 4-6.5 years
Furniture, fittings and equipment 5 - 10 years

The estimated useful life of assets is reviewed periodically, and adjusted if necessary at each balance sheet date.



All amounts are expressed in RSD thousand, unless otherwise stated

TRANSLATION

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2. Property, Plant and Equipment (Continued)

The calculation of depreciation for tax purposes is done in accordance with the Corporate Income Tax Law of the Republic of Serbia ("Official Gazette of the Republic of Serbia", no. 25/2001, 80/2002, 43/2003, 84/2004, 18/2010, 101/2011, 119/2012, 47/2013, 108/2013, 68/2014, 142/2014, 91/2015, 112/2015, 113/2017, 95/2018, 86/2019, 153/200 and 118/2021) and the Rules on the Manner of Fixed Assets Classification in Groups and Depreciation for Tax Purposes ("Official Gazette of the Republic of Serbia", no. 116/2004, 99/2010, 104/2018 and 8/2019), which results in deferred taxes (Note 24c).

3.3. Equity Investments in Subsidiaries

Subsidiaries are all entities under Company's control, where control refers to the Company's power to govern the financial and operating policies, in order to generate benefits from their activities. It is considered that the control exists when the Company owns, directly or indirectly (through other subsidiaries) more than half of the voting rights. Equity investments in subsidiaries are stated at the original acquisition cost less potential impairment losses.

3.4. Impairment of Non-Financial Assets

Assets that have an indefinite useful life and are not subject to amortisation are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an assets fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Non-financial assets other than goodwill that incurred impairment are reviewed for possible reversal of the impairment at each reporting date.

3.5. Financial Instruments

Financial Assets

The management determines the classification of its financial assets at initial recognition. The classification depends on the purpose for which the financial assets were acquired, i.e. a business model they are held within and characteristics of contractual cash flows.

As from 1 January 2020, in accordance with IFRS 9 "Financial Instruments", financial assets are classified into the following categories: financial assets at amortized cost, financial assets measured at fair value through other comprehensive income (equity) and financial assets measured at fair value through profit or loss (statement of comprehensive income).



All amounts are expressed in RSD thousand, unless otherwise stated

TRANSLATION

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.5. Financial Instruments (Continued)

Financial Assets (Continued)

Financial assets are measured at amortized cost if held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and if the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the outstanding principal amount, unless irrevocably designated at initial recognition to fair value through profit or loss measurement option (if it leads to significant reduction/elimination of accounting mismatch).

Financial assets are measured at fair value through other comprehensive income if held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and to sell financial assets and if the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the outstanding principal amount, unless irrevocably designated at initial recognition to fair value through profit or loss measurement option (if it leads to significant reduction/elimination of accounting mismatch).

Financial assets are measured at fair value through profit or loss only if are not measured at amortized cost or at fair value through other comprehensive income.

A business model is defined in accordance with the Company's management estimates of the purpose for which the financial assets are held and objectives of maintaining of financial assets based on all available relevant information for business model evaluation. Business model of the Company can be defined as assets held in order to collect cash flows and includes financial placements and accounts receivable (trade and other).

The Company's financial instruments include trade receivables, other current and non-current receivables, trade payables, borrowings, corporate bonds and other current liabilities, which are subsequently measured at amortized cost and fulfil the requirements of IFRS 9 (business model test and the characteristics of contractual cash flows) to be measured at amortized cost.

The Company does not have financial assets measured at fair value through other comprehensive income or financial liabilities carried at fair value.

Financial assets are included in current assets, except for maturities longer than 12 months after the reporting date, when they are classified as non-current.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risk and rewards of ownership of the financial asset are transferred, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.



All amounts are expressed in RSD thousand, unless otherwise stated

TRANSLATION

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.5. Financial Instruments (Continued)

Financial Assets (Continued)

In addition to the above criteria, the implementation of IFRS 9 from 1 January 2020 specifies additional criteria that lead to the derecognition of financial assets. The financial asset ceases to be recognized by writing off the receivable. Also, derecognition of a financial asset occurs if subsequent changes in the contractual terms of the financial asset have occurred, which lead to significant modifications to the cash flows of the financial asset.

The Company has classified its financial assets mainly in the category of assets measured at amortized cost, except for financial assets that are measured at fair value through profit or loss. The Company has no financial assets that are measured at fair value through other comprehensive income.

In accordance with IFRS 9 "Financial Instruments", impairment is calculated and recognized for all financial instruments that are measured at amortized cost, as well as for financial assets that are measured at fair value through other comprehensive income.

Moreover, the Company applies simplified approach to recognize "lifetime" expected credit losses over the contracted life for its trade receivables (non-current and current) and other receivables without significant financing component using a provision matrix where trade receivables are grouped based on different customer attributes and different historical loss patterns.

Expected credit losses rates are based on Company's historical impairment of receivables in previous three years. Historical losses rates are adjusted for current and future information about macroeconomics factors, which affect the Company's customers.

Expected credit losses are recognized in the separate statement of profit or loss as impairment of financial assets.

When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was initially recognized, then the previously recognized impairment loss is reversed through separate statement of profit or loss.

The Company's financial assets include cash and trade receivables and other receivables, loans and other receivables.

Cash and Cash Equivalents

Cash and cash equivalents presented in the balance sheet include cash on the account with banks. For the purpose of preparing the cash flow statement, cash and cash equivalents include the above-mentioned positions.



All amounts are expressed in RSD thousand, unless otherwise stated

TRANSLATION

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.5. Financial Instruments (Continued)

Financial Assets (Continued)

Trade Receivables and Other Receivables

The Company sells its products and services on the basis of the usual terms of sale and such receivables are not interest bearing. Trade receivables and other receivables are measured at amortized cost.

In accordance with IFRS 9 "Financial Instruments", impairment is calculated and recognized for all financial instruments that are measured at amortized cost, as well as for financial assets that are measured at fair value through other comprehensive income. The Company applies the "expected credit loss" model when calculating the allowance for trade and other receivables.

the Company applies simplified approach to recognize "lifetime" expected credit losses over the contracted life for its trade receivables and other receivables without significant financing component using a provision matrix where trade receivables are grouped based on different customer attributes and different historical loss patterns.

Expected credit losses rates are based on Company's historical impairment of receivables in previous three years. Historical losses rates are adjusted for current and future information about macroeconomics factors, which affect the Company's customers.

Trade receivables are recorded and measured at invoiced value net of allowance for impairment of uncollectible receivables. Allowance for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due.

An estimate of the amount of uncollectible receivables is based on fixed percentages that apply to all receivables classified in a particular age category. Applied percentages are based on historical evidence of the amount in respect of losses incurred. Doubtful and disputed receivables are written off at the time they are identified.

Trade receivables are stated at amortized cost. Allowance for impairment of receivables on a group level is determined in a manner described in Note 3, i.e., the Company applies simplified approach to recognize "lifetime" expected credit losses over the contracted life for its trade and other receivables without significant financing component using a provision matrix where trade receivables are grouped based on different customer attributes and different historical loss patterns.

The carrying number of receivables is reduced using an allowance account, and the amount of loss is recognized in the statement of comprehensive income. When a receivable is uncollectible, it is written off against the allowance for trade receivables. Subsequent recoveries of amounts previously written off and reversal of the previously recognized impairment loss are credited to the statement of comprehensive income (Note 26).



All amounts are expressed in RSD thousand, unless otherwise stated

TRANSLATION

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.5. Financial Instruments (Continued)

Financial Assets (Continued)

Loans and Receivables

Loans and receivables are non-derivative financial assets that are not quoted in the active market with fixed or pre-determined payment amounts. These assets are accounted for at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement at the time of the write-off or impairment of loans or receivables as well as through the depreciation process.

Impairment of Financial Assets

At each financial reporting date, the Company assesses whether there is any indication of impairment of a financial asset or group of financial assets. Financial assets are considered impaired only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (the so-called "incurred loss"), and that event affects the estimated future cash flows of the financial asset or group of assets, which can be reliably estimated.

IFRS 9 "Financial Instruments" introduces the concept of "expected credit losses" that the Company should identify and recognise on the basis of all financial assets under the scope of this standard, rather than the "incurred loss" model according to the previously valid IAS 39 "Financial Instruments: Recognition and Measurement".

Impairment is calculated and recognized for all financial instruments that are measured at amortized cost and for financial assets that are measured at fair value through other comprehensive income.

For the current reporting period, the Company determined impairment in accordance with the accounting policy described in Note 3.

The Company applies the simplified approach to recognize "lifetime" expected credit losses over the contracted life for its trade receivables (non-current and current) and other receivables without significant financing component using a provision matrix where trade receivables are grouped based on different customer attributes and different historical loss patterns.

Expected credit losses and impairment losses are recognized in profit or loss (statement of comprehensive income) as impairment of financial assets.

When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was initially recognized, then the previously recognized impairment loss is reversed through profit or loss (statement of comprehensive income).



All amounts are expressed in RSD thousand, unless otherwise stated

TRANSLATION

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.5. Financial Instruments (Continued)

Financial Liabilities

Under IFRS 9 "Financial Instruments" financial liabilities are classified in a similar manner to under IAS 39, hence, financial liabilities are classified as measured at amortized cost and measured at fair value through statement of comprehensive income.

Management determines the classification of its financial liabilities at initial recognition. The Company's financial liabilities include accounts payable and trade and other payables (operating liabilities).

The Company recognizes financial liabilities in its balance sheet only when it becomes one of the counterparties to the financial instrument.

Financial liability is derecognized when the Company fulfils the obligations, or when the contractual repayment obligation either has been cancelled or has expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, while the difference in the respective carrying amounts is recognized in the separate statement of profit or loss.

Financial liabilities are initially recognised at fair value, increased by the directly attributable transaction costs. Exceptionally to the general rule of initial recognition of financial liabilities, short-term interest-free liabilities, whose discount is not material, are initially recognised at the original invoice value.

The Company's financial liabilities include trade payables and other trade payables.

Accounts Payable

Accounts payable and other current liabilities are measured at amortised cost, which approximates their nominal value due to the short-term nature of these liabilities.



All amounts are expressed in RSD thousand, unless otherwise stated

TRANSLATION

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.5. Financial Instruments (Continued)

Derecognition of Financial Assets and Financial Liabilities

Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Company has retained its right to receive cash flows from the asset, but it has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; or
- either the Company has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial Liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Offsetting of Financial Assets and Financial Liabilities

Financial assets and liabilities are offset and the net amount reported in the balance sheet if, and only if when there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

3.6. Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost of materials and goods comprises the purchase price increased by transport and other attributable costs of acquisition.

Output from inventories is determined using weighted average method.

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Allowances that are charged to "Other expenses" are made when appropriate, in order to reduce the carrying value of such inventories to their net realisable value.



All amounts are expressed in RSD thousand, unless otherwise stated

TRANSLATION

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.7. Off-balance Sheet Assets and Liabilities

Off-balance sheet assets/liabilities include receivables/payables arising from collaterals, such as guarantees and other forms of guarantees.

3.8. Profit Distribution

Distribution of profits to the Company's shareholders is recognised as a liability in the period in which the shareholders approved the above-mentioned distribution of profit.

3.9. Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are recognised in the amounts representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date. The provision charge is recognised in the expenses of the period.

When the effect of the time value of money is significant, the amount of provision is the present value of the outflows required to settle the liabilities, arrived at using the pretax discount rate which reflects the current market estimate of the time value of money and risks related to the liability. When discounting is used, the carrying value of a provision is increased in each period, in order to reflect the time flow. This increase is stated as the borrowing cost.

Provisions are reviewed as of each balance sheet date and adjusted in order to reflect the best possible present estimate.

When the outflow of the economic benefits is no longer probable, provisions are derecognised in income. Provisions are not recognised for future losses.

Contingent Liabilities and Contingent Assets

Contingent liabilities are not recognised in the financial statements. Contingent liabilities are disclosed in notes to the financial statement, unless probability of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognised in the financial statements. Contingent assets are disclosed in notes to the financial statement, unless probability of an outflow of resources embodying economic benefits is probable.

3.10. Leases

Company as a Lessee

The Company recognises the property and other assets it leases in accordance with IFRS 16 "Leases".

The Company recognises the right to use assets that are amortised/depreciated over the period and liabilities over the lease term - the lease term being the contracted/estimated lease period. The liability is due and payable based on Lessor's periodic invoices. The Company does not recognise rental costs, but it states an amortisation/depreciation cost with a right-of-use and interest as a financial expense.

Small-value leases and short-term leases of up to 12 months are still recorded as an expense of the period under the cost of productive services (Note 30).



All amounts are expressed in RSD thousand, unless otherwise stated

TRANSLATION

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.10. Leases (Continued)

Company as the Lessor

Finance Lease

When assets are leased under finance lease agreements, net investment into lease is recognised as a receivable. The difference between the future and present value of the receivable is recognised as unearned finance income.

Income from lease is recognised over the lease term using the net investment method, which approximates the constant periodical yield rate.

Operating Lease

When an asset is leased under operating lease agreement, it is stated in the income statement depending on the type of asset. Income from operating lease is recognised on a straight-line basis over the period of the lease.

3.11. Employee Benefits

(a) Employee Taxes and Contributions for Social Security

In accordance with the regulations prevailing in the Republic of Serbia, the Company has an obligation to pay contributions to various state social security funds. These obligations involve the payment of contributions on behalf of the employee, by the employer, in an amount calculated by applying the specific, legally-prescribed rates. The Company is also legally obligated to withhold contributions from gross salaries to employees, and on their behalf to transfer the withheld portions directly to the appropriate government funds. The Company has no legal obligation to pay further benefits. These contributions payable on behalf of the employee and employer are charged to expenses in the period in which they arise.

(b) Retirement Benefits

The Company provides retirement benefits. The right to these benefits usually conditioned with the employee remaining in service up to the retirement age and/or the completion of a minimum service period. The expected expenses for the benefits accumulate during the years of employment.

Liabilities from the benefits and related expenses are recognised in the amount of present value of future cash flows using the projected unit credit actuarial valuation method. Costs of past services provided are recognised in the income statement when incurred, while actuarial gains and losses are recognised in the statement of other comprehensive income. The basic assumptions on which the calculation of provision for employee benefits was performed are disclosed in Note 18.

(c) Profit Sharing

The Company recognises a liability and an expense for bonuses and profit sharing in the period when the decision on their payment has been adopted. The aforementioned liability is debited to retained earnings.



All amounts are expressed in RSD thousand, unless otherwise stated

TRANSLATION

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.12. Revenue Recognition

Under IFRS 15 the Company recognizes revenue when (or as) a performance obligation is satisfied, i.e. when control of the goods or services underlying the particular performance obligation is transferred to the customer. The performance obligation can be fulfilled, i.e. revenue recognized over the period the services are performed or at a point in time for sale of goods when the goods are delivered to the customer.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown net of value added tax, returns, rebates and discounts.

The Company recognizes revenue when the amount of revenue can be measured reliably, when future economic benefits will flow to the Company and when the specific criteria for all activities of the Company described below are met.

(a) Sales of Goods

Sales revenue is recognized when the customer acquires control of the product, i.e., when the Company delivers the goods to the customer and when there is no outstanding liability that could affect the acceptance of the product by the customer. Delivery is made when the products are shipped to a specific location, the risks of loss are transferred to the customer and when the customer accepts the products in accordance with the agreed conditions.

The products are sold with discounts and fees for the realized turnover, and the buyers have the right to return the defective goods. Sales revenues are stated on the basis of the price from the sales contract, less discounts and fees for realized turnover, and refunds.

IFRS 15 provides a single model based on five-step approach to revenue recognition being applied to all contracts with customers, as follows;

- 1) Identify the contract(s) with a customer
- 2) Identify the performance obligations in the contract
- 3) Determine the transaction price
- 4) Allocate the transaction price to the performance obligations in the contract
- 5) Recognize revenue when the entity meets a performance obligation

Revenue is recognized for each separate performance obligation in the contract in the amount of the transaction price. The transaction price is the amount of fees in the contract to which the Company expects to be entitled in exchange for the transfer of the promised goods to the buyer.

(b) Sales of services

Revenue from the sale of services is recognized on the basis of invoiced sales, at the fair value of the consideration received or receivable when the service or sale is made.



All amounts are expressed in RSD thousand, unless otherwise stated

TRANSLATION

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.12. Revenue Recognition (Continued)

(c) Interest income

Interest income is recognized on a time proportion basis using the effective interest method. When the value of receivables is reduced, the Company reduces the carrying amount of the receivable to its recoverable amount, which is the estimated value of expected cash inflows discounted at the instrument's original effective interest rate. The uniform reversal of discounts in future periods is recognized as interest income. Interest income on loans whose collection is questionable is recognized using the original effective interest method.

3.13. Expenditure Recognition

Expenses are recognised in the income statement on an accrual basis and determined for the period they were incurred in.

(a) Operating Expenses

Operating expenses include costs incurred in the generation of sales revenues and include cost of goods sold, costs of materials, fuel and energy, gross salaries, depreciation costs and services provided by third parties. Operating expenses include general expenses such as rental expenses, marketing, insurance, payment transactions, taxes and other costs incurred in the current accounting period.

(b) Financial Expenses

Financial expenses include interest expenses and exchange rate differences and other financial expenses. Interest expenses include interest calculated for received loans, which is recorded in the income statement in the period in which the expenses arise, on an accrual basis.

(c) Other Expenses

Other expenses include losses arising from sales and disposal of property, plant and equipment and intangible assets, shortages, direct write-off of receivables and sundry expenses.

3.14. Current and Deferred Income Taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognised in equity.

Current Income Tax

Current income tax is calculated and paid in accordance with the effective Law on Corporate Income Tax and relevant by-laws. Income tax is payable at the rate of 15% on the tax base reported in the annual corporate income tax return.

The tax regulations in the Republic of Serbia do not envisage that any tax losses of the current period can be used to recover taxes paid within a specific previous period. Losses of the current period may be transferred to the account of profit determined in the annual tax return from the future accounting periods, but not longer than 5 ensuing years.



All amounts are expressed in RSD thousand, unless otherwise stated

TRANSLATION

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.14. Current and Deferred Income Taxes (Continued)

Deferred Income Tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

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

Deferred tax liabilities are recognised on all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forwards of unused tax credits and unused tax losses can be utilised.

Unrecognised deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

3.15. Related Party Disclosures

For the purpose of these financial statements related legal entities are those entities when one legal entity has a possibility to control another entity or have the right to govern the financial and business operations of the entity, as defined by IAS 24 "Related Party Disclosures".

Relations between the Company and its related parties are regulated at contractual basis and are carried out on commercial terms and conditions. Outstanding balances of receivables and liabilities at the balance sheet date, as well as transactions occurred during the reporting periods with related parties separately disclosed in notes to the financial statements (Note 38).



All amounts are expressed in RSD thousand, unless otherwise stated

TRANSLATION

4. FINANCIAL INSTRUMENTS - RISK MANAGEMENT

In the ordinary course of business, the Company is exposed to a different extent to a variety of financial risks: market risk, credit risk, foreign exchange risk and liquidity risk. The Company's overall risk management, in the current situation of the unpredictability of financial markets, is focused on the minimisation of the potential adverse effects on the Company's financial performance. Risk management has been defined by the Company's policies as adopted by the Board of Directors.

4.1. Financial Instruments by Category

Categories of financial instruments according to the carrying value as of 31 December 2022 and 2021 are presented in the following table:

	2022	2021
Financial assets		
Cash and cash equivalents	81,643	106,355
Securities and other long-term financial	•	,
placements	69,631	45,864
Other long-term receivables	359,921	378,429
Trade receivables	1,266,589	1,757,669
Other short-term receivables	7,482	42,790
Short-term financial placements	89,446	38,348
	1,874,712	2,369,455
Financial liabilities	27/ 0/0	0.45 0.40
Long-term and short-term borrowings, leases	376,919	815,849
Accounts payable	586,189	719,892
Other short-term liabilities	11,211	36,539
	974,319	1,572,280

In 2022 and 2021, the Company had no derivative financial instruments.

A summary of significant accounting policies and methods applied, including the criteria for recognition and basis of measurement, as well as the basis for recognition of income and expenses for each category of financial assets, financial liabilities and equity instruments, are disclosed in Note 3 to the separate financial statements.

4.2. Financial Risk Factors

(a) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument shall be variable due to changes in market prices. Market risk includes three kinds of risks, as follows:

Foreign Exchange Risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to EUR. Foreign exchange risk arises from future commercial transactions, and recognised assets and liabilities in foreign operations.



All amounts are expressed in RSD thousand, unless otherwise stated

TRANSLATION

4. FINANCIAL INSTRUMENTS - RISK MANAGEMENT (Continued)

4.2. Financial Risk Factors (Continued)

(a) Market Risk (Continued)

Foreign Exchange Risk (Continued)

Management has set up a policy to manage its foreign exchange risk against its functional currency. The Company has receivables and liabilities denominated in foreign currencies, therefore timely matching of inflows and outflows in the same currency as a protection from currency risk has been maximized.

The Company has receivables and liabilities denominated in foreign currencies therefore timely matching of inflows and outflows in the same currency as a protection from currency risk has been maximized. On the other hand, the Company does not hedge its entire foreign exchange risk exposure due to the existing legislation and undeveloped financial market.

Exposure to foreign exchange risk as of 31 December is presented in the table below:

				2022
	EUR	USD	RSD	Total
Financial assets				
Cash and cash equivalents Securities and other long-term	207	-	81,436	81,643
financial placements	12,568	-	57,063	69,631
Other long-term receivables	6,079	5,831	348,011	359,921
Trade receivables	341,208	43,810	881,571	1,266,589
Other receivables	558	-	6,924	7,482
Short-term financial placements	26,614		62,832	89,446
Total	387,234	49,641	1,437,837	1,874,712
Financial liabilities				
Long-term and short-term				
borrowings, leases	376,919	-	-	376,919
Trade payables	65,486	98,801	421,902	586,189
Other short-term liabilities	598		10,613	11,211
Total	443,003	98,801	432,515	974,319
Net effect	(55,771)	(49,160)		
10%	(5,577)	(4,916)		



All amounts are expressed in RSD thousand, unless otherwise stated

TRANSLATION

4. FINANCIAL INSTRUMENTS - RISK MANAGEMENT (Continued)

4.2. Financial Risk Factors (Continued)

(a) Market Risk (Continued)

Foreign Exchange Risk (Continued)

				2021
	EUR	USD	RSD	Total
Financial assets				
Cash and cash equivalents Securities and other long-term	2,738	-	103,617	106,355
financial placements	34,044	-	11,820	45,864
Other long-term receivables	200,100	5,501	172,828	378,429
Trade receivables	478,783	4,313	1,274,573	1,757,669
Other short-term receivables	8,298	-	34,492	42,790
Short-term financial placements	26,157		12,191	38,348
Total	750,120	9,814	1,609,521	2,369,455
Financial liabilities				
Long-term and short-term				
borrowings, leases	757,412	-	58,437	815,849
Trade payables	110,516	26,582	582,794	719,892
Other short-term liabilities	3		36,536	36,539
Total	867,931	26,582	677,767	1,572,280
Net effect	(117,811)	(16,768)		
10%	(11,781)	(1,677)		

Sensitivity Analysis

Depreciation of the Dinar of 10% against EUR and USD would result in the following effects to the Company's result, with all other variables held constant:

	2022_	2021
EUR USD	(5,577) (4,916)	(11,781) (1,677)
Total	(10.493)	(13,458)

If as of 31 December 2022, the functional currency had increased/decreased by 10% against EUR and USD, with all other variables held constant, profit for the year after tax would have been higher/lower by the amount of RSD 10,493 thousand (2021: RSD 13,458 thousand), mainly as a result of foreign exchange gains/losses on translation of borrowings denominated in foreign currencies and receivables/payables denominated in EUR and USD.



All amounts are expressed in RSD thousand, unless otherwise stated

TRANSLATION

4. FINANCIAL INSTRUMENTS - RISK MANAGEMENT (Continued)

4.2. Financial Risk Factors (Continued)

(a) Market Risk (Continued)

Foreign Exchange Risk (Continued)

Sensitivity Analysis (Continued)

As of 31 December 2022, financial assets denominated in EUR amount to RSD 387,234 thousand (31 December 2021: RSD 750,120 thousand), which accounts for 88.64% (2021: 98.71%) of the total financial assets of the Company denominated in foreign currency.

As of 31 December 2022, financial liabilities denominated in EUR amount to RSD 443,003 thousand (31 December 2021: RSD 867,931 thousand), which accounts for 81.76% (2021: 97.03%) of the total financial liabilities of the Company denominated in foreign currency.

As of 31 December 2022, liabilities arising from borrowings and finance lease are denominated in a foreign currency in the amount of EUR 3,120,787 (2021: EUR 6,358,772.57).

Price Risk

The Company is not exposed to equity securities price risk because it does not have investments classified in the balance sheet either as available-for-sale or at fair value through profit or loss, whose effects of changes in fair value are presented in the income statement.

On the other hand, the Company is exposed to price risk from the changes in prices of services, due to the strong competition in the telecommunications market. By introducing new services, the Company strives to compensate for the existing risk.

Interest Rate Risk

The Company's interest rate risk arises mainly from long-term borrowings from banks. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk.

During 2022 and 2021, the majority of the Company's placements and borrowings were granted at fixed interest rates.

(b) Credit Risk

Credit risk is the risk that the credit beneficiaries will not be able to discharge their contractual obligations to the Company. Credit risk primarily arises with respect to trade receivables.

The Company's credit risk exposure arising from trade receivables mostly depends on specific characteristics of each individual customer. The Company has significant concentrations of credit risk, since the participation of the major individual customer, excluding related legal entities, exceeds 16% of the total income from sales (2019: 12%).



All amounts are expressed in RSD thousand, unless otherwise stated

TRANSLATION

4. FINANCIAL INSTRUMENTS - RISK MANAGEMENT (Continued)

4.2. Financial Risk Factors (Continued)

(b) Credit Risk (Continued)

In accordance with the adopted credit policy, the Company analyses the creditworthiness of each individual customer before offering it the standard sales conditions. Furthermore, for each customer, the credit limit is established, representing the maximum amount of a receivable before the approval of the General Manager is requested. For the customers whose credit rating does not meet the required conditions, sales are performed solely on the basis of advance payments.

(c) Liquidity Risk

Liquidity risk relates to the risk that the Company does not have enough highly liquid assets to settle liabilities when they fall due. The Company manages its assets and liabilities in such a way that it can fulfil its due obligations at all times, without the unacceptable losses and harming its reputation.

Cash flow planning is performed at the level of the Company's business activities and collectively for the Company as a whole. The Company's Finance Department supervises the liquidity planning with respect to the Company's requirements, in order to secure that the Company always has sufficient amounts of cash to settle its operating needs, as well as to have free space in its undrawn credit arrangements.

The Company has a sufficient amount of highly liquid assets (cash and cash equivalents) as well as a continuous inflow of cash from goods and services, which allow it to meet its commitments on due dates. The Company does not use financial derivatives.

In order to manage liquidity risk, the Company has adopted the financial policies which define the maximum amount of the advance payment to works and equipment suppliers, grace period and the length of repayment period depending on the value and type of purchase contracts. In addition, pursuant to the business policy, a dispersion in the decision-making levels in the procurement of goods/services was made.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows (balances due within 12 months equal their carrying balances as the impact of discounting is not material):

31 December 2022	Up to 3 months	From 3 to 12 months	From 1 to 5 years	Total
Long-term and short-term borrowings, leases Trade payables Other accounts payable	97,124 358,990 11,211	190,404 210,909	89,391 16,290	376,919 586,189 11,211
	467,325	401,313	105,681	974,319



All amounts are expressed in RSD thousand, unless otherwise stated

TRANSLATION

4. FINANCIAL INSTRUMENTS - RISK MANAGEMENT (Continued)

4.2. Financial Risk Factors (Continued)

(c) Liquidity Risk (Continued)

31 December 2021	Up to 3 months	From 3 to 12 months	From 1 to 5 years	Total
Long-term and short-term				
borrowings, leases	65,639	383,393	366,817	815,849
Trade payables	711,046	8,846	-	719,892
Other accounts payable	36,539	<u>-</u>		36,539
	813,224	392,239	366,817	1,572,280

4.3. Capital Risk Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to maintain an optimal capital structure to reduce the cost of capital and to provide returns for shareholders.

In order to maintain or adjust the capital structure, the Company may consider the following options: to adjust the amount of dividends paid to shareholders, to return capital to shareholders, to issue new shares or to sell assets to reduce debts.

The Company has no external requirements related to capital.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. This ratio is calculated as net debt divided by total capital. Net debt is calculated when the total loans (both short-term and long-term, as presented in the balance sheet) are reduced by cash and cash equivalent. The total capital is calculated when net debt is added to capital stated in the balance sheet.

The gearing ratios as of 31 December 2022 and 2021 were as follows:

	2022	2021
Total borrowings (Notes 19 and 20)	376,919	815,849
Less: Cash and cash equivalents (Note 14)	(81,643)	(106,355)
Net debt	295,276	709,494
Equity	1,224,373	1,146,259
Equity - total	1,519,649	1,855,753
Gearing ratio	19,43%	38,23%

^{*} Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the balance sheet) less cash and cash equivalents.

^{**} Total capital is calculated as equity as shown in the balance sheet plus net debt.



All amounts are expressed in RSD thousand, unless otherwise stated

TRANSLATION

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions relating to the future. The resulting accounting estimates shall rarely be equal to realised results, as a rule.

(a) Estimates and Assumptions

Useful Lives of Intangible Assets and Property, Plant and Equipment

Intangible assets and property, plant and equipment are amortised or depreciated over their useful lives. Useful lives are based on the management's estimates of the period that the assets will generate revenue, which are periodically reviewed for continued appropriateness. Changes to estimates can result in significant variations in the carrying value and amounts charged to the income statement in specific periods.

Impairment of Non-financial Assets

At each balance sheet date, the Company's management reviews the carrying amounts of the Company's intangible assets and property, plant and equipment presented in the financial statements. If there is any indication that such assets have been impaired, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

If the recoverable amount of an asset is estimated to be less than its carrying value, the carrying amount of the asset is reduced to its recoverable amount. An impairment review requires management to make subjective judgements concerning the cash flows, growth rates and discount rates of the cash generating units under review.

Impairment of Trade Receivables and Other Receivables

The Company calculates impairment for doubtful receivables based on estimated losses resulting from the inability of its customers to make required payments. The Company bases its estimate on the ageing of the account receivables balance and its historical write-off experience, customer credit-worthiness and changes in its customer payment terms when evaluating the adequacy of the impairment loss for doubtful accounts. These involve assumptions about future customer behaviour and the resulting future cash collections. The actual level of receivables collected may differ from the estimated levels of recovery, which could impact operational results positively or negatively.

Retirement Benefits

The costs of defined employee benefits payable upon the termination of employment, i.e. retirement in accordance with the legal requirements are determined based on the actuarial valuation. The actuarial valuation includes an assessment of the discount rate, future movements in salaries, mortality rates and future increase of retirement benefits. As these plans are long-term ones, significant uncertainties influence the outcome of the assessment. The actuarial valuation assumptions are disclosed in Note 18 to the financial statements.

If the used discount rate differed by 1% the provision for retirement benefits would be RSD 828 thousand lower or RSD 1,028 thousand higher in comparison with the provision for retirement benefits recognized in the Company's books of account as of 31 December 2021.



All amounts are expressed in RSD thousand, unless otherwise stated

TRANSLATION

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

(a) Estimates and Assumptions (Continued)

Provisions for Litigations

A provision is recognised when it is probable that an obligation exists for which a reliable estimate can be made of the obligation after careful analysis of the individual matter. The Company routinely assesses the likelihood of any adverse judgements or outcomes of the litigations, as well as ranges of probable and reasonable estimated losses.

Reasonable estimates include judgments made by the Company's management after considering information including notifications, settlements, estimates performed by legal department, available facts, identification of other potentially responsible parties and their ability to contribute to resolution, and prior experience.

A provision is recognized when it is probable that there is a liability whose amount can be reliably estimated by careful analysis. The required provision may change in the future due to new developments and new information becoming available.

Matters that are either possible obligations or do not meet the recognition criteria for a provision are disclosed, unless the possibility of transferring economic benefits is remote.

Fair Value

Company's business policy is to disclose the information on the fair value of assets and liabilities, for which there is official market information and when the fair value significantly differs from the carrying value.

There is no sufficient market experience, stability and liquidity in the Republic of Serbia when it comes to the purchase and sale of receivables and other financial assets and liabilities since official market information is not always available.

Therefore, it is not possible to reliably determine fair value in the absence of an active market. The Company's management assesses risks and makes an allowance for impairment in cases when it is estimated that the value at which assets are stated in the books of account is not going to be realised/recovered.

According to the Company's management, amounts in the accompanying financial statements reflect the value which, in given circumstances, is the most credible and most useful for reporting purposes.

Deferred Tax Assets

Deferred tax assets are recognised for all tax losses to the extent to which taxable profit will be available against which the unused tax losses can be utilized. Significant estimate of the management is necessary to determine the amount of deferred tax assets which can be recognised, based on the period of in which it was created and the amount of future taxable profits and the tax policy planning strategy.



All amounts are expressed in RSD thousand, unless otherwise stated

TRANSLATION

6. INTANGIBLE ASSETS

	Concessions, patents,	
	licenses and	
	similar rights	Total
COST		
As of 1 January 2021	106,349	106,349
Additions	872	872
Disposals and write-offs	(18,892)	(18,892)
Balance as of 31 December 2021	88,329	88,329
Additions	<u>-</u>	<u>-</u>
Disposals and write-offs	(93)	(93)
Balance as of 31 December 2022	88,236	88,236
ACCUMULATED AMORTISATION		
As of 1 January 2021	55,236	55,236
Amortisation charge (Note 31)	17,214	17,214
Disposals and write-offs	(18,892)	(18,892)
Balance as of 31 December 2021	53,558	53,558
Amortisation charge (Note 31)	17,208	17,208
Disposals and write-offs	(93)	(93)
		(1-2)
Balance as of 31 December 2022	70,673	70,673
CARRYING VALUE AS OF:		
- 31 December 2022	17,563	17,563
- 31 December 2021	34,771	34,771
		-,

According to a Company's management estimate, there are no indications that intangible assets are impaired on the reporting date.



All amounts are expressed in RSD thousand, unless otherwise stated TRANSLATION

7. PROPERTY, PLANT AND EQUIPMENT

_	Land	Buildings	Buildings - right-of-use assets	Plant and equipment	Plant and equipment right-of-use assets	Investment property	Constructio n in progress	Advances for property	Total
COST									
Balance as of 1 January 2020	9,804	114,063	16,063	195,010	4,130	1,190	_	4,200	344,460
Additions	- 7,004	- 114,005	5,500	173,010	3,625	- 1,170	16,544		25,669
Transfer from construction in progress to plant and			3,300		5,525				20,007
equipment	-	-	-	16,544	-	-	(16,544)	-	-
Transfer from buildings to investment property	-	-	-	· •	-	-	-	-	-
Disposals and write-offs	<u> </u>	<u> </u>	(394)	(15,247)	(1,024)	-		(4,200)	(20,865)
Balance as of 31 December 2021	9,804	114,063	21,169	196,307	6,731	1,190		<u> </u>	349,264
Additions Transfer from construction in progress to plant and	-	-	9,862		946	-	17,835	-	28,643
equipment	-	-	-	17,835	-	-	(17,835)	-	-
Transfer from investment property to buildings	-	1,191				(1,191)			
Transfer from buildings to investment property	-	(14,141)	- (5.000)	-	-	14,141		-	-
Disposals and write-offs		- 104 442	(5,229)	(74,075)	(4,676)	- 44440			(83,980)
Balance as of 31 December 2022	9,804	101,113	25,802	140,067	3,001	14,140			293,927
ACCUMULATED DEPRECIATION									
Balance as of 1 January 2021	_	19,433	5,315	117,438	3,749	203	_	_	146,138
Depreciation (Note 31)		1,479	7,067	24,338	1,800	16			34,699
Disposals and write-offs	<u> </u>	(114)	(179)	(14,040)	(460)	-			(14,792)
Balance as of 31 December 2021		20,798	12,203	127,736	5,089	219			166,045
Depreciation (Note 31) Transfer from investment property to buildings		1,483 235	7,741	20,477	908	16 (235)	-	-	30,625
Transfer from buildings to investment property	_	(3.753)	_	_	_	3,753	_	_	
Disposals and write-offs	_	(3.733)	(3,992)	(65,605)	(3,942)	5,755	_	_	(73,539)
Balance as of 31 December 2022		18,763	15,952	82,608	2,055	3,753			123,131
-		· · · · · · · · · · · · · · · · · · ·	•		· · · · · · · · · · · · · · · · · · ·	· · · · · · · · · · · · · · · · · · ·			•
CARRYING VALUE AS OF: - 31 December 2022	9,804	82,350	9,850	57,459	946	10,387			170,796
- 31 December 2021	9,804	93,265	8,966	68,571	1,642	971			183,219

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

The equipment acquired under the finance lease by the Company includes the following:

	2022	2021
Cost	50,326	58,404
Accumulated depreciation	(22,561)	(20,378)
Carrying value as of 31 December	27,765	38,026

The Company leases vehicles under the finance lease contract terms. The periods of these contracts are between 4 and 5 years.

The cost of the written-off equipment the Company utilises in its operations as of 31 December 2022 amounted to RSD 39,092 thousand (31 December 2021: RSD 67,705 thousand). The Company neither has pledges nor mortgages on buildings, plant and equipment.

Based on the Company's management estimate, property, plant and equipment as of 31 December 2022 are not impaired.

LONG-TERM FINANCIAL PLACEMENTS 8.

	2022	2021
Equity investments in subsidiaries (gross) Less: allowance for impairment Equity investments in subsidiaries (net)	26,533 (12,000) 14,533	26,533 (12,000) 14,533
Equity investments in associates (gross) Less: allowance for impairment	15 	15 -
Equity investments in associates (net)	15	15
Equity investments in subsidiaries	14,548	14,548
Long-term placements to the parent company, subsidiaries and other related parties (Note 38d) Long-term receivables from those parties in the	14,827	40,923
country (Note 38c) Long-term placements (granted borrowings) in the	- EE 242	4 022
country (Note 38d) Balance as of 31 December	55,313 84,688	4,932 60,403

8. LONG-TERM FINANCIAL PLACEMENTS (Continued)

Equity investments in subsidiaries relate to investments in the following companies:

Name and head office	2022	2021	Interest %
Jel-Mi Impregnacija d.o.o. Markovac Greensoft d.o.o. Novi Sad Telegroup Podgorica d.o.o. Podgorica Telegroup Finance d.o.o. Belgrade	26,042 - 491 	26,042 - 491 	80.31% 100.00%
Total	26,533	26,533	
Total gross balance as of 31 December	26,533	26,533	
Allowance for impairment	(12,000)	(12,000)	
Net equity investments in subsidiaries	14,533	14,533	

Movements in the allowance for impairment of long-term financial placements:

	2022	2021
Balance as of 1 January Additional charge	12,000	12,000
Balance as of 31 December	12,000	12,000

Long-term placements to related parties in the amount of RSD 14,827 thousand relate to a loan granted by the Company to Greensoft in previous years (Note 13), but in 2020 its maturity was extended until 1 July 2024 by an annex. The interest on the approved placement is 4% annually. The collateral for the approved placement is a joint and several guarantee of Telegroup d.o.o. Banja Luka. Long-term borrowings to related parties in the amount of RSD 1,750 thousand are related to a loan that the Company granted to Greensoft based on the Loan Agreement of 28 April 2021, with a repayment period from the third year from the disbursement date, with a one-year grace period and at a fixed interest rate of 3.5% per annum.

8. LONG-TERM FINANCIAL PLACEMENTS (Continued)

Balance as of 31 December

Other domestic long-term financial placements (extended borrowings) in the amount of RSD 55,313 thousand (31 December 2021: RSD 4,932 thousand) are mainly related to a placement in the amount of RSD 50,758 thousand, which the Company granted to Tg Operations d.o.o. in 2022 for a three-year repayment period and with a one-year grace period, at an interest rate of 3.5% per annum.

The remaining amount of 4,555 thousand is entirely related to a long-term non-interestbearing loan approved to a natural person for a period of 25 years (Note 38d).

OTHER LONG-TERM PLACEMENTS AND OTHER LONG-TERM RECEIVABLES 9.

	2022	2021
Long-term trade receivables - instalments in RSD Long-term trade receivables - instalments in a	66.829	6,356
foreign currency	2,863	196,878
,	69,692	203,234
Long-term receivables - retention in RSD Long-term receivables - retention in foreign	93,224	166,471
currency	196,443	8,724
•	289,667	8,724 1 75,195
Receivables from the Pre-packaged Reorganisation		
Plan	26,293	26,293
	411,945	404,722
Less: Allowance for impairment	(26,293)	(26,293)
Long-term receivables from other related parties	<u>53</u>	
Balance as of 31 December	359,412	378,429
Movements in the allowance for impairment of long-ter	m receivables:	
	2022	2021
Balance as of 1 January Allowance for impairment - transfer from trade receivables	26,293	26,293

Other long-term receivables total RSD 359,412 thousand, out of which an amount of RSD 289,667 thousand is related to trade receivables intended for money retention, which fall due after the project completion, i.e. after the handover of works.

26,293

The said retention is done in percentages, defined in the agreements with customers, per each delivered invoice/progress bill.

Long-term trade receivables relate to trade receivables whose maturity exceeds one year.

26,293

All amounts are expressed in RSD thousand, unless otherwise stated TRANSLATION

10. INVENTORIES

	2022	2021
Material, spare parts, tools and small inventory	57,289	73,842
Goods	19,149	53,379
Advances paid for inventories and services: - other related parties (Note 38e) - other legal entities Less: Allowance for impairment of advances	19,445 160,929 (10)	3,386 115,063 (103)
Advances paid for inventories and services	180,364	118,346
Balance as of 31 December	256,802	245,567

Inventories of goods amounting to RSD 19,149 thousand were measured at fair value less costs to sell.

Movements in the allowance for impairment of advances are as follows:

	2022	2021
Balance as of 1 January Recovered advances previously written-off	103	176
(Note 36)	-	(73)
Additional impairment of advances		
Balance as of 31 December	103	103

11. TRADE RECEIVABLES

Gross trade receivables as of 31 December 2022 amount to RSD 1,386,739 thousand (31 December 2021: RSD 1,776,692 thousand), whereas the accompanying allowance for impairment as of 31 December 2022 amounts to RSD 18,400 thousand (31 December 2021: RSD 19,023 thousand).

	2022	2021
Domestic trade receivables - subsidiaries Less: Allowance for impairment - subsidiaries	695 (695)	695 (695)
Domestic trade receivables - subsidiaries (Note 38c)	_	_
Receivables from the parent company, subsidiaries or other domestic related parties (Note 38c) Receivables from the parent company, subsidiaries or	77,855	46,830
other domestic related parties (Note 38c) - in RSD Receivables from the parent company, subsidiaries or	75,413	46,830
other domestic related parties (Note 38c) - in a foreign currency	2,442	<u> </u>
Foreign trade receivables - parent and subsidiaries (Note 38c) Foreign trade receivables - other related parties	603	428
(Note 38c)	31,964	490
Receivables from the parent company, subsidiaries and other related parties abroad	32,567	918
Domestic trade receivables Domestic trade receivables in RSD Domestic trade receivables in foreign currency	823,393 248,258 1,071,651	1,245,601 481,754 1,727,355
Less: Allowance for impairment of domestic trade receivables	(17,235)	(17,858)
Domestic trade receivables	1,054,416	1,709,497
Foreign trade receivables Foreign trade receivables in foreign currency Foreign trade receivables - German branch	102,221	894
Less: Allowance for impairment of foreign trade	102,221	894
receivables	(470)	(470)
Foreign trade receivables	101,751	424
Balance as of 31 December	1,266,589	1,757,669

11. TRADE RECEIVABLES (Continued)

The carrying value of gross trade receivables classified as loans and receivables approximates their fair value.

		Tot	al	Within credit period	Out of cr pe	edit riod
Domestic trade recei and subsidiaries	·	69	95	-		695
Foreign trade receiva and subsidiaries	·	60)3	-		603
Domestic trade receirely related parties		77,85	55	72,208	5,	647
Foreign trade receiva related parties Domestic trade recei		31,96 1,071,65		22,833 954,114	9, 117,	131
Foreign trade receiva		102,22		48,539		682
Total		1,284,98	9 1,0	097,694	187,	295
	Within credit period	Out of credit period < 60 days	61 to 180	181 to 365	>365	Total
Domestic trade receivables - parent and subsidiaries Foreign trade receivables -	-	-	-	-	695	695
parent and subsidiaries Domestic trade receivables -		590	13	-	-	603
other related parties	72,208	3,705	1,937	5	-	77,855
Foreign trade receivables - other related parties	22,833	8,915	216	-	-	31,964
Domestic trade receivables Foreign trade receivables	954,114 48,539	78,250 21,103	20,395 20,564	1,657 11,545	17,235 470	1,071,651 102,221
Total	1,097,694	112,563	43,125	13,207	18,400	1,284,989

As of 31 December 2022, the Company did not impair its trade receivables.

The concentration of credit risk related to receivables is not significant because the Company has a larger number of unrelated customers with individually small amounts of debt.

Accordingly, the Company's management believes that it is not necessary to make additional provisions for credit risk exposure, which exceeds the established allowance for impairment of receivables. Therefore, the maximum exposure to credit risk at the reporting date is equal to the net book value of sales receivables.

TRADE RECEIVABLES (Continued) 11.

Movements in the allowance for impairment of trade receivables were as follows:

	2022	2021
Balance as of 1 January	19,023	20,277
Additional charge for the year (Note 35) Recovered previously provisioned receivables (Note 36)	(623)	- (1,254)
(11000 30)	(023)	(1,231)
Balance as of 31 December	18,400	19,023

Establishment and reversal of allowance for impairment of receivables is stated in 'Other expenses/other income' in the income statement (Notes 35 and 36). Amounts credited to allowance for impairment are transferred out of the books when it is not expected that they will be settled.

Out of total domestic trade receivables as of 31 December 2022 amounting to RSD 1,266,589 thousand, the amount of RSD 385,018 thousand is denominated in foreign currencies, out of which the amount of RSD 43,810 thousand is denominated in USD and RSD 341,208 thousand in EUR. The remaining portion amounting to RSD 881,571 thousand is expressed in the local currency.

Other items within trade receivables do not contain impaired assets.

12. OTHER SHORT-TERM RECEIVABLES

	2022	2021
Other receivables Interest and dividends receivable:	21,602	20,606
related parties (Note 38d)third parties	3,652 17,377	3,652 16,873
Receivables from employees	16	41
Receivables from state authorities for overpaid tax (Branch in Germany)	557	
Other current receivables	-	40
Receivables for overpaid income tax	4,920	13,507
Receivables for other overpaid taxes,		167
contributions and compensations Receivables for overpaid VAT	1,972	18,259
Gross balance as of 31 December	28,494	52,539
Less: Allowance for impairment - related parties		
(Note 38d)	(3,652)	(3,652)
Less: Allowance for impairment	(17,360)	(6,097)
Balance as of 31 December	7,482	42,790

Out of total other receivables as of 31 December 2022 amounting to RSD 7,482 thousand, the amount of RSD 558 thousand was denominated in EUR.

12. OTHER SHORT-TERM RECEIVABLES (Continued)

Less: Allowance for impairment

Balance as of 31 December

Other short-term financial placements

13.

Movements in the allowance	for impairme	ent of other r	eceivables are	as follows:
morenies in the attendance			ccc., abics a. c	as

Movements in the allowance for impairment of other	receivables are as fol	lows:
·	2022	2021
Balance as of 1 January	9,749	5,730
Other allowance for impairment	504	<u>-</u>
Additional allowance for impairment (Note 35)	10,758	4,019
Balance as of 31 December	21,012	9,749
SHORT-TERM FINANCIAL PLACEMENTS		
	2022	2021
Short-term loans and placements - parents and		
subsidiaries	3,998	3,998
Less: Allowance for impairment	(3,998)	(2,310)
	-	1,688
Short-term domestic loans and placements- other		
related parties (Note 38d)	60,297	33,782
Less: Allowance for impairment	(29,321)	(8,959)
	30,976	24,823
Short-term domestic borrowings	25,476	21,274

Of the total short-term financial placements as of 31 December 2022 amounting to RSD 89,446 thousand, the amount of RSD 26,614 thousand is denominated in EUR.

(20,628)

4,848

53,622

89,446

Total allowance for impairment of short-term financial placements as of 31 December 2022 amounts to RSD 53,947 thousand, while movements in the allowance for impairment of short-term financial placements are as follows:

	2022	2021
Balance as of 1 January	22,269	13,310
Additional allowance for impairment (Note 35)	31,678	8,959
Balance as of 31 December	53,947	22,269

Loans granted to subsidiaries are non-interest bearing. Loans granted to other subsidiaries in the amount of RSD 3,998 thousand were 100% provided for. In previous years, the Company approved a short-term loan to Greensoft, which amounted to RSD 49,071 thousand as of 31 December 2019, but in 2020 its maturity was extended until 1 July 2024 according to an annex (Note 8).

(11,000)

10,274

1,563

38,348

All amounts are expressed in RSD thousand, unless otherwise stated TRANSLATION

SHORT-TERM FINANCIAL PLACEMENTS (Continued) 13.

Short-term domestic loans and placements relate to loans granted to third parties. They were granted with the repayment period from 6 to 12 months with the interest rate ranging from 3% to 12% per annum. As a collateral for securing the collection of the granted loans, the Company received promissory notes and established a first-tier mortgage of the business premises in Nis for one placement.

The Company signed a contract on a business savings account - overnight RSD term deposits - with Halkbank a.d. Belgrade, based on which the Company is able to acquire interest by depositing funds. The funds deposited to the Bank's account are recorded under other short-term placements. Term deposits as of 31 December 2022 amounted to RSD 52,000 thousand.

Other short-term placements include funds paid by the Company to companies in the form of deposits as a guarantee for regular settlement of liabilities under a lease agreement in the amount of RSD 1,622 thousand.

14. CASH AND CASH EQUIVALENTS

	2022	2021
Current accounts Foreign currency account Other cash and cash equivalents in RSD Other cash and cash equivalents in foreign currencies	81,088 34 348 173	102,986 2,326 631 412
Balance as of 31 December	81,643	106,355
15. PREPAYMENTS AND ACCRUED INCOME		
	2022	2021
Prepaid expenses for over 12 months	38,294	130,638
Long-term prepayments and accrued income	38,294	130,638
Descrident for the 42 months	4/0.400	222.4//
Prepaid expenses for up to 12 months	168,190	232,466
Receivables for uninvoiced income	148,126	95,726
Other prepayments and accrued income	2,006	9,679
Short-term prepayments and accrued income	318,322	337,871
Balance as of 31 December	356,616	468,509

Prepaid short-term and long-term expenses as of 31 December 2022 total RSD 206,484 thousand, out of which the amount of RSD 203,055 thousand includes prepaid expenses for support services and licenses with a fixed term for a future period and insurance expenses in the amount of RSD 3,429 thousand. Prepaid expenses for up to 12 months amount to RSD 168,190 thousand, whereas prepaid expenses for over 12 months amount to RSD 38,294 thousand.

As of 31 December 2022, the Company reported revenues in the amount of RSD 148,126 thousand, i.e. in the amount of the total value from the purchase orders for which the works have been executed (completed site diaries). These are services that are invoiced on a turnkey basis, and which could not be invoiced without the consent of the final investor.

16. OFF-BALANCE SHEET ASSETS AND LIABILITIES

	2022	2021
Guarantees	791,321	986,228
Balance as of 31 December	791,321	986,228

The Company had contingent liabilities related to banking and other guarantees and on other grounds, arising from regular business operations in the amount of RSD 791,321 thousand (31 December 2021: RSD 986,228 thousand). No financial liabilities are expected to arise from contingent liabilities.

Losses

17. EQUITY

			Gains/ losses arising	Actuarial	arising from the translation of FS of		
	Stake capital	Reserves	from securities	gains or losses	foreign transactions	Retained earnings	Total
Balance as of							
1 January 2021	66,143	9,665	<u> </u>	1,025	(4,924)	964,622	1,036,531
Net profit for the year Other comprehensive income: Changes in the fair value of financial assets available for	-	-	-	- -	-	111,941	111,941
sale (Note 8)	<u>-</u>		<u> </u>	(2,977)		764	(2,213)
Balance as of							
31 December 2021	66,143	9,665	<u> </u>	(1,952)	(4,924)	1,077,327	1,146,259
Net profit for the year Other comprehensive income: Cumulative actuarial effects base on employees who left						72,844	72,844
the company (Note 18)				767		4,503	5,270
Balance as of 31 December 2022	66,143	9,665	_	(1,185)	(4,924)	1,154,674	1,224,373
JI DECEIIDEI ZUZZ	00, 173	7,003		(1,103)	(7,744)	1,137,074	1,227,3/3

(a) Stake capital

The amount of the Company's share capital registered with the Serbian Business Registers Agency as of 16 January 2001 amounts to RSD 66,143 thousand out of which the contribution in kind amounts to RSD 522 thousand and contribution in cash amounts to RSD 65,621 thousand.

The Company is owned by Telegroup Limited, Great Britain.

(b) Reserves

Reserves are used for future losses coverage.

All amounts are expressed in RSD thousand, unless otherwise stated TRANSLATION

18. **LONG-TERM PROVISIONS**

	2022	2021
Employee benefits Other long-term provisions	5,612 	8,935 -
Balance as of 31 December	5,612	8,935

(a) **Employee Benefits**

Provisions for retirement benefits and other employee benefits are measured at the present value of the future outflows using the discount rate reflecting the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability. Bearing in mind that in the Republic of Serbia there is no developed market for such bonds, the reference interest rates of the National Bank of Serbia have been used.

Employee benefits	2022	2021
Balance as of 1 January	8,935	5,709
Difference effects as per calculations as of 1		(70)
January 2021	-	(79)
Additional provisions	2,094	1,191
Actuarial gains/losses	(5,270)	2,213
Reversal of provisions for pensioners	(147)	(99)
Balance as of 31 December	5,612	8,935
Main actuarial assumptions used are as follows:		
	2022	2021
Discount rate	9.00%	4.00%
Future salary increases	12 00%	7 00%

Discount rate	9.00%	4.00%
Future salary increases	12.00%	7.00%
Inflation rate	15.10%	4.00%
Fluctuation rate	27.49%	13.82%
Total number of employees	126	158

(b) Warranty provisions

The Company generally offers 1-to-3-year warranties for its products. Management estimates the related provision for future warranty claims based on historical warranty claim information, as well as recent trends that might suggest that past cost information may differ from future claims. As of 31 December 2022, the Company estimates that there will be no expenses incurred on the basis of given warranty period, and that it is not necessary to establish provisions on this basis.

18. LONG-TERM PROVISIONS (Continued)

(c) Litigations

Provisions for legal proceedings represent the Company management's best estimates of the expenditures required to settle such liabilities.

As of 31 December 2022, the Company does not act as a defendant in any litigation.

19. LONG-TERM LIABILITIES

	2022	2021
Long-term borrowings and domestic loans	348,621	652,294
Finance lease liabilities	17,517	24,834
Operating lease liabilities	10,781	10,809
Other long-term liabilities in accordance with the	10,701	10,007
Government Decree	_	1,363
Total long-term liabilities	376,919	689,300
Total long-term habilities	370,919	087,300
Less: Current portion of long-term borrowings due within one year (Note 20) Less: Current portion of long-term finance lease	(270,406)	(302,902)
liabilities due within one year (Note 20) Less: Current portion of long-term liabilities	(9,835)	(10,985)
arising from leased property due within one year	(7,287)	(8,596)
-		
Total current portion of long-term liabilities due within one year	(287,528)	(322,483)
Balance as of 31 December	89,391	366,817
Maturity of long-term borrowings:		
	2022	2021
Between one and two years - 2024 and 2025	89,391	365,357
Between 2 and 5 years		1,460
Balance as of 31 December	89,391	366,817
The carrying value of the Company's borrowings is currencies:	s denominated i	n the following
	2022	2021
EUR	348,621	652,294
RSD	-	-

All amounts are expressed in RSD thousand, unless otherwise stated TRANSLATION

19. LONG-TERM LIABILITIES (Continued)

Overview of the long-term loans by creditors

		2022		<u>20</u> 21		
Loans from domestic banks	Annual interest rate	Curre ncy	In the currency	Amount RSD 000	In the currency	Amount RSD 000
AIK banka a.d. Belgrade	2.5 % p.a.	EUR	€ 325,000	38,130	€ 650,000	76,428
AIK banka a.d. Belgrade	2.5 % p.a.	EUR	€ 524,160	61,496	€ 655,200	77,040
Komercijalna banka	2.25% p.a.	EUR	€ 1,466,667	172,073	€ 2,000,000	235,164
Banca Intesa	3.16% p.a.	EUR	€ 655,650	76,922	€ 2,184,750	256,888
NLB Bank	2.75% p.a.	EUR	-	-	€ 57,615	6,774
Total			€ 2,971,477	348,621	€ 5,547,565	652,294

Borrowings from AIK banka a.d. Belgrade amounting to RSD 38,130 thousand relate to a long-term loan granted in 2021 in the total amount of EUR 650,000 in four six-month instalments. Blank promissory notes and a first-tier pledge on the receivable under the purchase order no. 4500155837, dated 25 February 2021, and modifications of the purchase order no. 335647/1-2021, all issued by Telekom Srbija a.d. Belgrade, are used as collaterals.

Borrowings from AIK banka a.d. Belgrade amounting to RSD 61,496 thousand relate to a long-term loan granted in 2020 in the total amount of EUR 1,500,000 with a repayment period of 36 months, and a 6-month grace period. A portion of the loan was early repaid in 2021 in the amount of EUR 700,000 and a new annuity plan was drawn up for the remaining debt portion at a lower interest rate of 2.50% p.a. Blank promissory notes were provided as a collateral.

Borrowings from Komercijalna banka a.d. Belgrade amounting to RSD 172,073 thousand relate to a long-term loan granted in 2021 in the total amount of EUR 2,000,000, with a repayment period of 36 months and a grace period of 6 months. Interest is calculated in the grace period on a monthly basis, and after the expiration of that period at an interest rate of 2.5% per annum. Blank promissory notes were provided as a collateral.

Borrowings from Banca Intesa a.d. Belgrade amounting to RSD 76,922 thousand relate to a long-term loan granted in 2021 in the total amount of EUR 2,913,000, with a repayment period of four six-month instalments from the date of withdrawing a single loan tranche after signing the minutes on the qualitative and quantitative acceptance of the CPE-IPTV STB device with Telekom Srbije a.d. Belgrade. Interest is calculated on a monthly basis at an interest rate of 3.16% per annum. Blank promissory notes and a first-tier pledge on the receivable arising from the Framework Agreement on the Delivery of the CPE-IPTV STB Device concluded on 20 July 2020 were provided as collaterals.

(i) Finance Lease Liabilities

Finance lease liabilities are effectively secured as the right that the leased asset shall be returned to the lessor if the lessee fails to settle the liability.

19. LONG-TERM LIABILITIES (Continued)

Finance lease liabilities - minimum lease payments:

	202	2022		1
	Present value	Future value	Present value	Future value
Up to 1 year	9.269	9.835	10,392	10,985
From 1 to 3 years	7.350	7.682	13,449	13,849
Balance as of 31 December	16.619	17.517	23,841	24,834

The difference between the future value of minimum lease payments and their present value represents the interest contained in the lease payments.

Finance lease liabilities have the repayment period of 48 months at an interest rate ranging from 4.16% to 5.69%. As collateral for securing the timely settlement of liabilities arising from finance lease, the Company provided promissory notes.

20. SHORT-TERM FINANCIAL LIABILITIES

	2022	2021
Short-term domestic borrowings	-	126,549
Current portion of long-term borrowings due within one year (Note 19)	270,406	302,902
Current portion of long-term finance lease liabilities due within one year (Note 19)	9,835	10,985
Current portion of long-term liabilities arising from leased property due within one year	7,287	8,596
Balance as of 31 December	287,528	449,032

A current portion of long-term liabilities maturing in the following year in the amount of EUR 2,304,810 (equivalent to RSD 270,406 relates to two loans granted by AIK banka a.d. Belgrade, a loan granted by Komercijalna banka a.d. Belgrade maturing in the following year in the amount of EUR 666,667 (equivalent to RSD 78,215 thousand) and to a loan granted by Banca Intesa a.d.

A current portion of long-term liabilities arising from the finance lease maturing in the following year amounts to EUR 83.832 (equivalent to RSD 9,835 thousand).

21. RECEIVED ADVANCES, DEPOSITS AND RETAINERS AND ACCOUNTS PAYABLE

	2022	2021
Advances received in RSD Foreign currency advances received	217,593 	123,573 1,399
Total advances received	217,593	124,972
Foreign trade payables - parent and subsidiaries		
(Note 38c)	5,728	-
Domestic trade payables - related parties		
(Note 38c)	102,953	78,614
Foreign trade payable - related parties		
(Note 38c)	2,581	1,293
Domestic trade payables in RSD	307,511	501,804
Domestic trade payables in foreign currency	90,555	87,332
Domestic trade payables	398,066	589,136
Foreign trade payables	65,031	47,367
Foreign trade payables in RSD- branch in Germany	-	-
Foreign trade payables	65,031	47,367
Other accounts payable in RSD	11,438	2,376
Other accounts payable in a foreign currency	392	1,106
Other accounts payable	11,830	3,482
Total accounts payable	586,189	719,892

Advances received in the amount of RSD 217,593 thousand relate to the delivery of equipment and services.

Trade payables are non-interest bearing and have the credit days ranging from 30 to 90 days.

Accounts payable as of 31 December 2022 amounting to RSD 164,287 thousand are denominated in foreign currencies, out of which the amount of RSD 98,801 thousand in USD and the amount of RSD 65,486 thousand in EUR. The Company's management deems that the stated value of trade payables approximated their fair value as of the balance sheet date.

22. OTHER SHORT-TERM LIABILITIES

	2022	2021
Gross salaries and compensations Interests payable and financing expenses Liabilities to employees Liabilities to individuals for contractual fees Other liabilities	10,280 572 84 235 40	35,465 903 60 - 111
Balance as of 31 December	11,211	36,539
VAT liabilities		
Contribution liabilities charged to expenses Other tax and contribution liabilities Liabilities for other tax and contribution liabilities Other short-term liabilities	177 3,125 3,302 3,302	177 3,110 3,287 3,287
Tax liabilities from the result		2,932

The Company management deems that the stated value of other short-term liabilities reflects their fair value as of the balance sheet date.

23. SHORT-TERM ACCRUALS AND DEFERRED INCOME

	2022	2021
Accruals and deferred income		
Deferred income for over 12 months	64,116	168,000
Long-term accruals and deferred income	64,116	168,000
Accrued expenses	22,883	18,900
Deferred income for up to 12 months	174,154	261,249
Other accruals and deferred income	4,630	11,927
Short-term accruals and deferred income	201,667	292,076

Deferred income totalling RSD 238,269 thousand relate to deferred income from support services and licenses with a fixed duration, and relate to the future period. Namely, the amount of RSD 174,154 is related to deferred income for up to 12 months and the amount of RSD 64,116 is related to deferred income for over 12 months.

All amounts are expressed in RSD thousand, unless otherwise stated TRANSLATION

24. **INCOME TAXES**

(a) Components of Income Taxes

Major components of tax expense are as follows:

	2022	2021
Tax income /(expense) of the period Tax expense charged to income for the year	(14,945)	(21,672)
	(14,945)	(21,672)
Deferred tax income/(expense) of the period Origination and reversal of temporary differences	(2,737)	44
Total	(17,682)	(21,628)

(b) Numerical Reconciliation of Income Expense **Before** Tax and Loss Tax Multiplied by the Income Tax Rate

Calculated income tax expense/(income) differs from the theoretical amount which would be arrived at using the currently-enacted tax rate of 15% on the accounting loss before tax, as follows:

	2022	2021
Profit before tax	90,526	133,569
Income tax at statutory rate of - 15%	13,579	20,035
Expenses not deductible for tax purposes	1,366	1,637
Total	14,945	21,672
Effective tax rate	16,51%	16,23%

Deferred Tax Assets and Liabilities (c)

Deferred tax assets, net relate to the temporary difference between the carrying value of property, equipment and intangible assets and their tax basis, and long-term provisions for retirement benefits.

Movements in deferred tax assets during the year were as follows:

	2022	2021
Balance as of 1 January Effects of temporary differences (credited)/charged	2,681	2,637
to the income statement	(1,932)	44
Balance as of 31 December	750	2,681

All amounts are expressed in RSD thousand, unless otherwise stated TRANSLATION

24. INCOME TAXES (Continued)

(d) Deferred Tax Assets and Liabilities (Continued)

Movements in deferred tax liabilities during the year are presented in the table below:

	2022	2021
Balance as of 1 January		
Effects of temporary differences (credited)/charged to the income statement	(805)	
Balance as of 31 December	805	
Net effect	2,737	

25. RECONCILIATION OF OUTSTANDING BALANCES WITH COUNTERPARTIES

Pursuant to Article 18 of the Law on Accounting, the Company performed reconciliation of accounts receivable and accounts payable with its debtors and creditors as of 31 December 2022.

The Company prepared and submitted to clients 283 confirmations, out of which 196 were returned, while 87 confirmations had not been returned until the date of preparation of these financial statements.

Since these confirmations include a clause stating that "if the recipient does not return the confirmation within a certain period of time, the balance of receivables and payables shall be deemed reconciled", the Company considers that the outstanding balances stated in the remaining unreturned confirmations, are also reconciled.

The total amount of reconciled confirmations relates to:

- receivables in the amount of RSD 1,850,311 thousand; and
- payables in the amount of RSD 717,132 thousand.

The Company does not have unreconciled confirmations.

Based on the performed reconciliation procedure there are no material unreconciled amounts of receivables and payables.

26. OPERATING INCOME

	2022	2021
Sales of goods		
Sales of goods on the domestic market	407,641	1,060,790
Sales of goods to other related parties on the domestic market (Note 38a) Sales of goods to domestic parents and subsidiaries	110,690	75,047
Sales of goods on the domestic market	296,951	985,743
Sales of goods on foreign markets	255,658	14,761
Sales of goods to other related parties on foreign markets (Note 38a) Sales of goods to parents and subsidiaries on foreign	13,426	12,765
markets (Note 38a)	590	1,572
Sales of goods on foreign markets	241,642	424
Total sales of goods	663,299	1,075,551
Sales of products and services Sales of products and services on the domestic market	2,888,596	3,758,095
Sales of products and services to other related parties on the domestic market (Note 38a)	55,977	37,409
Sales of products and services on the domestic market	2,832,619	3,720,686
Sales of products and services to parents and subsidiaries on i.e. the domestic market (Note 38a)	_	_
Sales of products and services on a foreign market	61,588	5,230
Sales of goods to parents and subsidiaries on foreign markets	13	-
Sales of products and services to other related		
parties on a foreign market (Note 38a)	23,320	286
Sales of products and services on a foreign market	38,255	4,944
Total sales of products and services	2,950,184	3,763,325
Own-work and goods capitalised	6,642	279
Other operating income	3,266	1,309
Total operating income	3,623,391	4,840,464

The most significant portion of Company's operating income is related to the income from the sale of products and services on the domestic market, which was generated by providing the services that relate to the development and implementation of IT solutions, software application development, implementation of IPTV and OTT solutions for the delivery of video content and for the building and integration of telecommunication, electrical power and traffic infrastructure.

Out of the total income from the sale of goods realized in 2022, revenues from the sale of goods on the domestic market account for 61.45% of the total income from the sale of goods.

26. OPERATING INCOME (Continued)

Revenues from the sale of goods to parent and subsidiaries amount to RSD 590 thousand, and revenue from the sale of goods to other related parties is RSD 124,115 thousand.

Other income amounting to RSD 3,079 thousand is related to rental income from other related parties in the amount of RSD 1,307 thousand. Income from subsidies amounts to RSD 187 thousand.

Own- work and goods capitalised amount to RSD 6,642 thousand (2021: 279) (Note 38a).

27. COST OF GOODS SOLD

Cost of goods sold as of 31 December 2022 amounted to RSD 543,674 thousand (2021: RSD 826,931 thousand).

28. COST OF MATERIAL, FUEL AND ENERGY

	2022	2021
Processing material Other material (overhead) Spare parts	461,428 4,711 2,131	1,200,273 5,606 3,402
Costs of material	468,270	1,209,281
Fuel and energy	19,324	20,646
Total	487,594	1,229,927

Out of the total amount of cost of material, the amount of RSD 209 thousand (Note 38a) refers to related parties 38a).

29. TROŠKOVI ZARADA, NAKNADA ZARADA I OSTALI LIČNI RASHODI

	2022	2021
Gross salaries and compensations Payroll taxes and contributions payable by the	282,268	334,070
employer	41,591	51,346
Remuneration to natural persons arising from		
other contracts	11,810	10,024
Other personal expenses and benefits	20,760	41,591
Total	356,429	437,031
Number of employees at the year end	126	158

30. COSTS OF PRODUCTION SERVICES

	2022	2021
Expenses of own-work and goods capitalised	1,069,224	1,057,143
Transportation cost Maintenance	15,713 15,969	14,042 12,492
Rental expenses Fairs	10,221 -	2,327 470
Advertising and marketing fees Other services	25,994 8,704	69,664 2,684
Total	1,145,825	1,158,822

Out of the total amount of expenses of own-work and goods capitalised, the amount of RSD 216,324 thousand refers to related parties (Note 38a).

DEPRECIATION AND AMORTISATION EXPENSES

		2022	2021
	Amortisation of intangible assets (Note 6)	17,208	17,214
	Depreciation of PP&E (Note 7)	21,976	25,833
	Total	39,184	43,047
	Depreciation charge of leased property, plant and		
	equipment - IFRS 16 (Note 7)	8,649	8,867
	Total	47,833	51,914
32.	NON-MATERIAL COSTS		
J.	NON MATERIAL COSTS	2022	2021
	Cost of non-productive services	877,351	933,247
	Representation	13,073	17,280
	Insurance premiums	5,719	6,241
	Bank charges	16,528	22,602
	Membership fees	2,871	4,099
	Taxes	10,607	11,226
	Contributions	2,127	2,127
	Other non-material costs	3,436	7,208
	Total	931,711	1,004,030

Out of the total amount of non-material costs, the amount of RSD 46,235 thousand relates to the parent company, RSD 2,352 thousand is related to subsidiaries and the amount of RSD 172 thousand refers to related parties (Note 38a).

The largest portion of other non-material costs in the amount of RSD 1,655 thousand relates to donations and sponsorships.

All amounts are expressed in RSD thousand, unless otherwise stated TRANSLATION

33.	FINANCIAL INCOME		
		2022	2021
	Financial income from transactions with the parent company, subsidiaries and other related parties	532	4,888
	Financial income from transactions with the parent company and subsidiaries (Note 38b) Financial income from transactions with other	396	261
	related party transactions (Note 38b) Interest income	136 7,233	4,627 7,156
	Foreign exchange gains and gains arising from foreign currency clause application	13,456	1,660
	Total	21,221	13,704
34.	FINANCIAL EXPENSES		
		2022	2021
	Financial expenses from transactions with the parent company, subsidiaries and other related parties	798	411
	Financial expenses from transactions with the parent company and subsidiaries (Note 38b) Financial expenses from transactions with other	651	394
	related party transactions (Note 38b) Interest expense	147 16,815	17 22,669
	Foreign exchange losses and losses arising from foreign currency clause application Other financial expenses	7,906 350	3,342 549
	Total	25,869	26,971
35.	LOSSES FROM VALUE ADJUSTMENTS OF OTHER A	ASSETS CARRIED	AT FAIR VALUE
		2022	2021
	Impairment of accounts payable (Note 13)	31,678	8,959
	Impairment of borrowings (Note 12)	10,758	4,019
	Total	42,436	12,978

All amounts are expressed in RSD thousand, unless otherwise stated TRANSLATION

36. OTHER INCOME

37.

	2022	2021
Gains on sale of intangible assets, property, plant		
and equipment	24,333	1,949
Gains on sale of securities	-	-
Surpluses	39	121
Recovered advances provided for (Note 10)		73
Recovered receivables provided for (Note 11)	624	1,254
Sundry income	5,140	21,873
Gains from release of long-term and short-term		
provisions	-	940
Liabilities waived	2,648	8,055
Total	32,784	34,265
OTHER EXPENSES		
	2022	2021
Losses on the sale and disposal of intangible		
assets, property, plant and equipment	269	2,178

38. **RELATED PARTY TRANSACTIONS**

The Company's major shareholder is Telegroup Limited, London, which holds 100% of the Company's basic capital. As of 31 December 2022 the Company had two subsidiaries.

(a) Acquisitions from and Sale to Related Parties

The following transactions were carried out with related parties:

<u>.</u>	2022	2021
Sales of goods and services (Note 26)		
Subsidiary - Telegroup d.o.o. Podgorica	603	1,572
Other related parties - Greensoft d.o.o. Novi Sad	15,011	128
Other related parties - Telegroup d.o.o. Banja Luka	14,761	9,608
Other related parties - PUL-SEC d.o.o. Belgrade	-	57,180
Other related parties - Telegroup Ltd Pristina	1,869	5,486
Other related parties - Telegroup Sarajevo d.o.o.	12,674	3,443
Other related parties - All Control d.o.o. Belgrade	118,036	41,028
Other related parties - Telegroup GMBH, Berlin	9,310	-
Other related parties - Teamenergo d.o.o.	34,975	8,634
	207,239	127,079

Goods are sold based on the pricelists and terms that would be available to third parties.

	2022	2021
Purchases of goods and services(Notes 27, 30 and 32)		
Parent company - Telegroup LTD, Great Britain	46,235	39,117
Subsidiary - Telegroup d.o.o. Podgorica	5,288	-
Other related parties - Telegroup d.o.o. Banja Luka	20,199	15,519
Other related parties - Telegroup GMBH, Berlin	-	-
Other related parties - All Control d.o.o. Belgrade	15,043	17,651
Other related parties - Teamenergo d.o.o. Belgrade	198,548	342,762
Other related parties Telegroup Ltd Pristina	50	768
Other related parties - PUL-SEC d.o.o. Belgrade	<u>-</u>	162,475
	285,363	578,292

Goods and services are bought on normal commercial terms and conditions.

38. RELATED PARTY TRANSACTIONS (Continued)

(b) Financial Income and Expenses from Transactions with Related Parties

	2022	2021
Financial income (Note 33)		
Parent company - Telegroup LTD, Great Britain	396	261
Subsidiary - Greensoft d.o.o. Novi Sad Other related parties - Telegroup Sarajevo d.o.o.	- 2	-
Other related parties - Fetegroup Sarajevo d.S.S. Other related parties - Greensoft d.o.o. Novi Sad	2	2,556
Other related parties - All Control d.o.o. Belgrade	130	·
Other related parties - Telegroup d.o.o. Banja Luka	4	2,071
	532	4,888
	2022	2024
	2022	2021
Financial expenses (Note 34)		
Parent company - Telegroup LTD, Great Britain	651	394
Subsidiary - Greensoft d.o.o. Novi Sad Other related parties Telegroup Ltd Pristina	143	- 16
Other related parties - Telegroup Sarajevo d.o.o.	2	10
Other related parties - Telegroup d.o.o. Banja Luka	2	1
	798	411

38. **RELATED PARTY TRANSACTIONS (Continued)**

(c) Year-end Balances Arising from Sales/Purchases of Goods/Services (Net Present Value)

	2022	2021
Receivables from related parties (Notes 8 and 11)		
Subsidiary - Telegroup d.o.o. Podgorica	603	428
Other related parties - Telegroup d.o.o. Banja		
Luka	13,738	470
Other related parties - Telegroup Sarajevo d.o.o.	8,915	20
Other related parties - Telegroup GMBH, Berlin	9,310	-
Other related parties - Telegroup Ltd SH.P.K.	1,867	-
Other related parties - Teamenergo d.o.o. Belgrade	36,310	-
Other related parties - Greensoft d.o.o. Novi Sad	17,381	-
Other related parties - All Control d.o.o. Belgrade	22,298	46,830
	110,422	47,748
Payables to related parties (Note 21)		
Parent company - Telegroup LTD, Great Britain	5,728	-
Subsidiary - Greensoft d.o.o. Novi Sad	-	89
Other related parties - ALL Control	5,838	2,309
Other related parties - Telegroup d.o.o. Banja Luka	2,581	1,293
Other related parties - Teamenergo d.o.o.	97,116	76,216
	111,263	79,907

Receivables from related parties arise mainly from sale transactions and are due 60 days after the date of sale. Receivables are not secured in nature and bear no interest. Receivables from other related parties presented in the table above also include advances paid for goods/services. Payables to related parties arise mainly from purchase transactions and are due 60 days after the purchase date. Payables do not bear interest.

38. **RELATED PARTY TRANSACTIONS (Continued)**

(d) Loans and Interest to Related Parties

		2022	2021
	Loans to directors, management and their family members:		
	Long-term domestic borrowings (Note 8) Short-term loan portion (Note 13)	4,555 408	4,932 377
	Total	4,963	5,309
	Loans and interest to related parties		
	Short-term and long-term loans and placements	45 902	47 424
	- other related parties (Notes 8,12 and 13): Subsidiary - AGRO BYTE D.O.O.	45,803	67,434 1,688
	Other related parties - Greensoft d.o.o. Novi Sad		.,000
	(Note 8) - loans	14,506	40,923
	Other related parties - Greensoft d.o.o. Novi Sad		
	(Note 13) Short-term loans and placements - other related parties	30,976	24,823
	Other related parties - All Control d.o.o. Belgrade	321	2 1,023
	Interest to related parties		
	Other related parties - Greensoft d.o.o. Novi Sad (Note 12)	<u> </u>	
	End of year	53,387	71,086
(e)	Advances Paid for Inventories and Services to Relate	ed Parties (Note 10):	
		2022	2021
	Other related parties - Teamenergo d.o.o.	9,373	3,386
	Other related parties - All Control d.o.o. Belgrade	4,201	-
	End of year	13,574	3,386
(f)	Advances Paid for Inventories and Services to Subsid	liaries (Note 10):	
		2022	2021
	Subsidiary - Telegroup d.o.o. Podgorica	5,871	
	End of year	5,871	

39. EVENTS AFTER THE REPORTING PERIOD

There were no significant events subsequent to the reporting date, which would require adjustments and/or disclosures in the notes to the accompanying financial statements of the Company as of and for the year ended 31 December 2022.

TRANSLATION

40. EFFECT OF THE RUSSIAN-UKRAINIAN CONFLICT ON THE COMPANY'S BUSINESS ACTIVITY

Since early March 2022, there has been an increased instability in global financial and commodity markets due to the escalation of the conflict in Ukraine, which was accompanied by imposing sanctions on certain Russian companies and individuals.

In relation to the aforementioned conflict, there were no adverse effects on the Company's operations in 2022, nor does the management expect a significant impact thereof in the following period. On the other hand, as a result of the war, an additional negative impact on the global economy can be expected, especially on energy prices, fluctuations in exchange rates, interest rates, stock market activities, supply chain disruptions and increased inflationary pressures that may indirectly affect the Company's business activities.

The Company's management carefully monitors and assesses the potential impact of these circumstances and undertakes all necessary measures to ensure the stability of the Company's business. However, future effects cannot be predicted with reasonable certainty.

Based on the information available at present and the assessment of the implementation of plans, the Company's management believes that the existing circumstances shall not have an adverse effect to the Company's business activities or its liquidity, which is stable, and will not endanger the Company's ability to continue as a going concern in the upcoming period.

41. EXCHANGE RATES

The official exchange rates of the National Bank of Serbia for the major currencies, used in the translation of balance sheet items denominated in foreign currencies as of 31 December 2022 and 2021 into the functional currency (RSD), were as follows:

		31/12/2022	In RSD 31/12/2021
EUR		117,3224	117,5821
USD		110,1515	103,9262
CHF		119,2543	113,6388
GBP		132,7026	140,2626

Belgrade, 27 March 2023

Jelena Tomic
Head of Finance and Accounting

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BDO d.o.o. Beograd, privredno društvo osnovano u Republici Srbiji, je članica BDO International Limited, kompanije sa ograničenom odgovornošću sa sedištem u Velikoj Britaniji, i deo je međunarodne BDO mreže firmi članica.

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