



FINTEL ENERGIJA AD

**ANNUAL REPORT OF
FINTEL ENERGIJA A.D.
FOR THE YEAR 2019**

Belgrade, June 2020.

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

ANNUAL REPORT OF FINTEL ENERGIJA A.D. FOR THE YEAR 2019

Content

- 1. FINANCIAL STATEMENTS OF THE FINTEL ENERGIJA A.D. for 2019 (Balance Sheet, Income Statement, Report on Other Income, Cash Flow Statement, Statement of Changes in Equity, Notes to Financial Statements)**
- 2. INDEPENDENT AUDITOR'S REPORT (complete report)**
- 3. ANNUAL BUSINESS REPORT (Note: Annual Business Report and Consolidated Annual Business Report are presented as a single report and these contain information of significance for the economic entity)**
- 4. STATEMENT BY THE PERSONS RESPONSIBLE FOR PREPARATION OF REPORTS**
- 5. DECISION OF COMPETENT COMPANY BODY ON THE ADOPTION OF ANNUAL FINANCIAL STATEMENTS * (Note)**
- 6. DECISION ON DISTRIBUTION OF PROFIT OR COVERAGE OF LOSSES * (Note)**

**STAND-ALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

FINTEL ENERGIJA AD, BEOGRAD

ContentsSTAND-ALONE FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH THE LAW ON
ACCOUNTING OF THE REPUBLIC OF SERBIA

Stand-alone Balance Sheet	3
Stand-alone Income Statement	6
Stand-alone Statement of Other Comprehensive Income	8
Stand-alone Statement of Cash Flows	9
Stand-alone Statement of Changes in Equity	10
Notes to the stand-alone Financial Statements	14-36

STAND-ALONE FINANCIAL STATEMENTS

STAND-ALONE BALANCE SHEET

In RSD thousand

	AOP	Note	31 December 2019	31 December 2018
A. SUBSCRIBED CAPITAL UNPAID	0001		-	-
B. NON-CURRENT ASSETS (0003 + 0010 + 0019+ 0024 + 0034)	0002		1,533,755	16,169
I. INTANGIBLE ASSETS (0004+0005+0006+0007+0008+0009)	0003			-
1. Development investments	0004			-
2. Concessions, licenses, software and other rights	0005			-
3. Goodwill	0006			-
4. Other intangible assets	0007			-
5. Intangible assets under development	0008			-
6. Advances for intangible assets	0009			-
II. PROPERTY, PLANT AND EQUIPMENT (0011+0012+0013+0014+0015+0016+0017+0018)	0010		57	82
1. Land	0011			-
2. Buildings	0012			-
3. Machinery and equipment	0013		57	82
4. Investment property	0014			-
5. Other property, plant and equipment	0015			-
6. Construction in progress	0016			-
7. Investments in leased PP&E	0017			-
8. Advances for PP&E	0018			-
III. BIOLOGICAL ASSETS (0020+0021+0022+0023)	0019			-
1. Forest farming	0020			-
2. Livestock	0021			-
3. Biological assets in production	0022			-
4. Advances for biological assets	0023			-
IV. LONG-TERM FINANCIAL INVESTMENTS (0025+0026+0027+0028+0029+0030+0031+0032+0033)	0024		1,533,698	16,087
1. Investments in subsidiary	0025	8	16,088	16,087
2. Investments in joint ventures	0026			-
3. Investments in other legal entities and other available for sales financial assets	0027			-
4. Long term investments in parent and subsidiaries	0028	9	1,517,610	-
5. Long-term investments in other related parties	0029			-
6. Long-term investments – domestic	0030			-
7. Long-term investments – foreign	0031			-
8. Securities held to maturity	0032			-
9. Other long-term financial investments	0033			-
V. LONG-TERM RECEIVABLES (0035+0036+0037+0038+0039+0040+0041)	0034			-
1. Receivables from parent company and subsidiaries	0035			-
2. Receivables from other related parties	0036			-
3. Receivables from sale of goods on credit	0037			-
4. Receivables arising out of finance lease contracts	0038			-
5. Claims arising from guarantees	0039			-
6. Bad and doubtful receivables	0040			-
7. Other long-term receivables	0041			-
C. DEFERRED TAX ASSETS	0042			-

STAND-ALONE FINANCIAL STATEMENTS

STAND-ALONE BALANCE SHEET (CONTINUED)

In RSD thousand

	AOP	Note	31 December 2019	31 December 2018
D. CURRENT ASSETS	0043			
(0044+0051+0059+0060+0061+0062+0068+0069+0070)			200,805	1,745,086
I. INVENTORY (0045+0046+0047+0048+0049+0050)	0044		556	497
1. Materials, spare parts and tools	0045			-
2. Work in progress	0046			-
3. Finished goods	0047			-
4. Merchandise	0048			-
5. Assets held for sale	0049			-
6. Advances for inventory and services	0050		556	497
II. TRADE RECEIVABLES				
(0052+0053+0054+0055+0056+0057+0058)	0051			-
1. Domestic trade receivables - parents and subsidiaries	0052			-
2. Foreign trade receivables - parents and subsidiaries	0053			-
3. Domestic trade receivables - other related parties	0054			-
4. Foreign trade receivables - other related parties	0055			-
5. Trade receivables - domestic	0056			-
6. Trade receivables - foreign	0057			-
7. Other trade receivables	0058			-
III. RECEIVABLES FROM SPECIFIC OPERATIONS	0059			-
IV. OTHER RECEIVABLES	0060		4,344	4,396
V. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	0061			-
VI. SHORT TERM FINANCIAL INVESTMENTS	0062		33,175	1,530,737
(0063+0064+0065+0066+0067)				
1. Short-term loans and investments - parent companies and subsidiaries	0063	10	33,161	1,530,723
2. Short-term loans and investments - other related parties	0064			-
3. Short-term loans and investments - domestic	0065			-
4. Short-term loans and investments - foreign	0066			-
5. Other short-term loans and investments	0067		14	14
VII. CASH AND CASH EQUIVALENTS	0068	11	12,024	101,989
VIII. VALUE ADDED TAX	0069	12	8,775	8,086
IX. PREPAYMENTS AND ACCRUED INCOME	0070	12	141,931	99,381
E. TOTAL ASSETS (0001+0002+0042+0043)	0071		1,734,560	1,761,255
F. OFF-BALANCE SHEET ASSETS	0072	7	472,723	475,142
A. EQUITY (0402+0411-0412+0413+0414+0415-0416+0417+0420-0421)	0401		465,744	522,294
I. EQUITY (0403+0404+0405+0406+0407+0408+0409+0410)	0402		685,294	685,294
1. Share capital	0403	13	4,057	4,057
2. Stakes of limited liability companies	0404			-
3. Stakes	0405			-
4. State owned capital	0406			-
5. Socially owned capital	0407			-
6. Stakes in cooperatives	0408			-
7. Share premium	0409	13	681,237	681,237
8. Other capital	0410			-
II. SUBSCRIBED CAPITAL UNPAID	0411			-
III. OWN SHARES	0412			-
IV. RESERVES	0413			-
V. REVALUATION RESERVES FROM VALUATION OF INTANGIBLES, PROPERTIES, PLANT AND EQUIPMENT	0414			-
VI. UNREALISED GAINS FROM SECURITAS AND OTHER COMPONENTS OF OTHER COMPREHENSIVE INCOME	0415			-
VII. UNREALIZED LOSSES FROM SECURITIES AND OTHER COMPONENTS OF OTHER COMPREHENSIVE INCOME	0416			-
VIII. RETAINED EARNINGS (0418+0419)	0417			-
1. Retained earnings from previous years	0418			-
2. Retained earnings from current year	0419			-
IX. NON-CONTROLLING INTEREST	0420			-
X. LOSS (0422+0423)	0421		219,550	163,000
1. Loss from previous years	0422		163,000	47,424
2. Loss from current year	0423		56,550	115,576

STAND-ALONE FINANCIAL STATEMENTS

STAND-ALONE BALANCE SHEET (CONTINUED)

In RSD thousand

	AOP	Note	31 December 2019	31 December 2018
B. LONG-TERM PROVISIONS AND LIABILITIES (0425+0432)	0424		799,631	743,277
I. LONG-TERM PROVISIONS (0426+0427+0428+0429+0430+0431)	0425			-
1. Provisions for warranty claims	0426			-
2. Provision for environmental rehabilitation	0427			-
3. Provisions for restructuring costs	0428			-
4. Provisions for employee benefits	0429			-
5. Provisions for litigations	0430			-
6. Other long term provisions	0431			-
II. LONG-TERM LIABILITIES (0433+0434+0435+0436+0437+0438+0439+0440)	0432		799,631	743,277
1. Liabilities convertible to equity	0433			-
2. Liabilities to parent and subsidiaries	0434			-
3. Liabilities to other related parties	0435			-
4. Liabilities for issued long-term securities	0436			-
5. Long term borrowings – domestic	0437	14	799,631	743,277
6. Long-term borrowings – foreign	0438			-
7. Finance lease liabilities	0439			-
8. Other long-term liabilities	0440			-
C. DEFERRED TAX LIABILITIES (0441)	0441			-
D. SHORT-TERM LIABILITIES (0443+0450+0451+0459+0460+0461+0462)	0442		469,185	495,684
I. SHORT-TERM FINANCIAL LIABILITIES (0444+0445+0446+0447+0448+0449)	0443		327,415	329,071
1. Short term borrowings from parent and subsidiaries	0444	15	327,415	329,071
2. Short term borrowings from other related parties	0445			-
3. Short-term loans and borrowings - domestic	0446			-
4. Short-term loans and borrowings - foreign	0447			-
5. Liabilities relating to current assets and held-for-sale assets attributable to discounted operations	0448			-
6. Other short term liabilities	0449			-
II. ADVANCES RECEIVED (0450)	0450			-
III. TRADE PAYABLES (0452+0453+0454+0455+0456+0458)	0451		34,285	68,411
1. Trade payables - parent and subsidiaries - domestic	0452			411
2. Trade payables - parent and subsidiaries - foreign	0453	16	27,735	58,761
3. Trade payables - other related parties - domestic	0454			-
4. Trade payables - other related parties - foreign	0455			-
5. Trade payables – domestic	0456	16	6,550	9,239
6. Trade payables – foreign	0457			-
7. Other operating liabilities	0458			-
IV. OTHER SHORT-TERM LIABILITIES (0459)	0459		265	7
V. LIABILITIES FOR VAT (0460)	0460			-
VI. LIABILITIES FOR OTHER TAXES (0461)	0461			-
VII. ACCRUED EXPENSES (0462)	0462	17	107,220	98,195
E. LOSS EXCEEDING EQUITY (0412+0416+0421-0420-0417- 0415-0414-0413-0411-0402)>=0=(0441+0424+0442- 0071)>=0	0463			-
F. TOTAL EQUITY AND LIABILITIES (0424+0442+0441+0401-0463)>=0	0464		1,734,560	1,761,255
G. OFF-BALANCE SHEET LIABILITIES (0465)	0465	7	472,723	475,142

Tiziano Giovannetti

Director

27 April 2020



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

STAND-ALONE FINANCIAL STATEMENTS

 STAND-ALONE INCOME STATEMENT
 In RSD thousand

	AOP	Note	Year ended 31 December	
			2019	2018
INCOME FROM REGULAR OPERATING ACTIVITIES				
A. OPERATING INCOME (1002+1009+1016+1017)	1001		142	-
I. INCOME FROM THE SALE OF GOODS (1003+1004+1005+1006+1007+1008)	1002			-
1. Income from sales of goods to parent and subsidiaries on domestic market	1003			-
2. Income from sales of goods to parent and subsidiaries on foreign market	1004			-
3. Income from the sale of goods to other related parties on domestic market	1005			-
4. Income from the sale of goods to other related parties on foreign market	1006			-
5. Income from sale of goods on domestic market	1007			-
6. Income from sale of goods on foreign market	1008			-
II. INCOME FROM SALES OF PRODUCTS AND SERVICES (1010+1011+1012+1013+1014+1015)	1009			-
1. Income from sales of products and services to parent and subsidiaries on domestic market	1010			-
2. Income from sales of products and services to parent and subsidiaries on foreign market	1011			-
3. Income from sales of products and services to other related parties on domestic market	1012			-
4. Income from sales of products and services to other related parties on foreign market	1013			-
5. Income from sales of products and services – domestic	1014			-
6. Income from sales of products and services – foreign	1015			-
III. INCOME FROM PREMIUMS, SUBVENTIONS AND DONATIONS	1016			-
IV. OTHER OPERATING INCOME	1017		142	-
EXPENSES FROM REGULAR OPERATING ACTIVITIES				-
B. OPERATING EXPENSES (1019-1020-1021+1022+1023+1024+1025+1026+1027+1028+1029)>=0	1018		36,253	38,076
I. COST OF GOODS SOLD	1019			-
II. WORK PERFORMED BY THE ENTITY AND CAPITALIZED	1020			-
III. INCREASE IN INVENTORIES OF UNFINISHED AND FINISHED GOODS AND ONGOING SERVICES	1021			-
IV. DECREASE IN INVENTORIES OF UNFINISHED AND FINISHED GOODS AND ONGOING SERVICES	1022			-
V. COST OF MATERIAL	1023		24	80
VI. COST OF FUEL AND ENERGY	1024			-
VII. COST OF SALARIES, FRINGE BENEFITS AND OTHER PERSONAL EXPENSES	1025		3,656	859
VIII. COST OF PRODUCTION SERVICES	1026		210	622
IX. DEPRECIATION, DEPLETION AND AMORTIZATION	1027		25	-
X. COST OF LONG-TERM PROVISIONING	1028			-
XI. NON-PRODUCTION COSTS	1029	18	32,338	36,515
C. OPERATING GAIN (1001-1018)>=0	1030			-
D. OPERATING LOSS (1018-1001)>=0	1031		36,111	38,076
E. FINANCE INCOME (1033+1038+1039)	1032		78,840	46,348
I. FINANCIAL INCOME FROM RELATED PARTIES AND OTHER FINANCIAL INCOME (1034+1035+1036+1037)	1033		74,752	45,849
1. Finance income - parent company and subsidiaries	1034	19	47,753	45,743
2. Finance income - other related parties	1035			106
3. Share of profit of associates and joint ventures	1036	19	26,999	-
4. Other financial income	1037			-
II. INTEREST INCOME (from third parties)	1038			-
III. FOREIGN EXCHANGE GAINS (third parties)	1039	19	4,088	499

STAND-ALONE FINANCIAL STATEMENTS

STAND-ALONE INCOME STATEMENT
In RSD thousand

	AOP	Note	Year ended 31 December	
			2019	2018
F. FINANCE EXPENSES (1041+1046+1047)	1040		100,687	126,295
I. FINANCIAL EXPENSES FROM RELATED PARTIES AND OTHER FINANCIAL EXPENSES (1042+1043+1044+1045)	1041		32,853	26,647
1. Finance expense - parent company and subsidiaries	1042	20	28,118	20,458
2. Finance expense - other related parties	1043			29
3. Share of loss of associates and joint ventures	1044			-
4. Other financial expense	1045	20	4,735	6,160
II. INTEREST EXPENSE (from third parties)	1046	20	67,730	99,130
III. FOREIGN EXCHANGE LOSSES (third parties)	1047		104	518
G. PROFIT FROM FINANCING OPERATIONS (1032-1040)	1048			-
H. LOSS FROM FINANCING OPERATIONS (1040-1032)	1049		21,847	79,947
I. INCOME FROM VALUATION OF ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	1050			-
J. LOSS FROM VALUATION OF ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	1051			-
K. OTHER INCOME	1052		1,408	2,943
L. OTHER EXPENSES	1053			496
M. OPERATING PROFIT BEFORE TAX (1030-1031+1048-1049+1050-1051+1052-1053)	1054			-
N. OPERATING LOSS BEFORE TAX (1031-1030+1049-1048+1051-1050+1053-1052)	1055		56,550	115,576
O. NET INCOME ATTRIBUTABLE TO DISCONTINUED OPERATIONS, EXPENSES ARISING FROM CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF PRIOR PERIOD ERRORS	1056			-
P. NET LOSS ATTRIBUTABLE TO DISCONTINUED OPERATIONS, EXPENSES ARISING FROM CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF PRIOR PERIOD ERRORS	1057			-
Q. PROFIT BEFORE TAX (1054-1055+1056-1057)	1058			-
R. LOSS BEFORE TAX (1055-1054+1057-1056)	1059		56,550	115,576
II. INCOME TAX				
I. CURRENT INCOME TAX	1060			-
II. DEFERRED TAX EXPENSE FOR THE PERIOD	1061			-
III. DEFERRED TAX INCOME FOR THE PERIOD	1062			-
S. PERSONAL INCOME PAID TO EMPLOYER	1063			-
T. NET PROFIT (1058-1059-1060-1061+1062)	1064			-
V. NET LOSS (1059-1058+1060+1061-1062)	1065		56,550	115,576
I. NET INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	1066			-
II. NET INCOME ATTRIBUTABLE TO THE OWNER	1067			-
III. NET LOSS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	1068			-
IV. NET LOSS ATTRIBUTABLE TO THE OWNER	1069		56,550	115,576
V. EARNINGS PER SHARE				
1. Basic earnings per share (in RSD)	1070		(2.13)	(4.36)
2. Diluted earnings per share (in RSD)	1071		(2.13)	(4.58)

STAND-ALONE FINANCIAL STATEMENTS

STAND-ALONE STATEMENT OF OTHER COMPREHENSIVE INCOME	Year ended 31 December			
In RSD thousand	AOP	Note	2019	2018
A. NET PROFIT/(LOSS)				
I. PROFIT, NET (AOP 1064)	2001			-
II. LOSS, NET (AOP 1065)	2002		56,550	115,576
B. OTHER COMPREHENSIVE PROFIT OR LOSS				
<i>a) Items that will not be reclassified to profit or loss</i>				
1. Changes in the revaluation of intangible assets, property, plant and equipment				
a) increase in revaluation reserves	2003			-
b) decrease in revaluation reserves	2004			-
2. Actuarial gains (losses) of post-employment benefit obligations				
a) gains	2005			-
b) losses	2006			-
3. Gains and losses arising from equity investments				
a) gains	2007			-
b) losses	2008			-
4. Gains or losses arising from a share in the associate's other comprehensive profit or loss				
a) gains	2009			-
b) losses	2010			-
<i>b) Items that may be subsequently reclassified to profit or loss</i>				
1. Gains (losses) from currency translation differences				
a) gains	2011			-
b) losses	2012			-
2. Gains (losses) on investment hedging instruments in foreign business				
a) gains	2013			-
b) losses	2014			-
3. Gains and losses on cash flow hedges				
a) gains	2015			-
b) losses	2016			-
4. Gains (losses) from change in value of available-for-sale financial assets				
a) gains	2017			-
b) losses	2018			-
I. OTHER COMPREHENSIVE PROFIT BEFORE TAX (2003+2005+2007+2009+2011+2013+2015+2017)- (2004+2006+2008+2010+2012+2014+2016+2018)>=0	2019			
II. OTHER COMPREHENSIVE LOSS BEFORE TAX (2004+2006+2008+2010+2012+2014+2016+2018)- (2003+2005+2007+2009+2009+2011+2013+2015+2017)>=0	2020			-
III. TAX ON OTHER COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD	2021			-
IV. TOTAL NET COMPREHENSIVE PROFIT (2019-2020-2021)>=0	2022			-
V. TOTAL NET COMPREHENSIVE LOSS (2020-2019+2021)>=0	2023			-
C. TOTAL NET COMPREHENSIVE PROFIT				
I. TOTAL COMPREHENSIVE PROFIT, NET (2001-2002+2022-2023)>=0	2024			-
II. TOTAL COMPREHENSIVE LOSS, NET (2002-2001+2023-2022)>=0	2025		56,550	115,576
D. TOTAL NET COMPREHENSIVE PROFIT / (LOSS) (2027+2028)=AOP 2024>=0 или AOP 2025>0	2026			-
1. Attributable to shareholders	2027		56,550	115,576
2. Attributable to non-controlling interest	2028			-

STAND-ALONE FINANCIAL STATEMENTS

STAND-ALONE STATEMENT OF CASH FLOWS

In RSD thousand

	AOP	Note	Year ended 31 December	
			2019	2018
A. CASH FLOWS FROM OPERATING ACTIVITIES				
I. Cash inflow from operating activities (1 to 3)	3001			
1. Sales and advances received	3002			
2. Interest from operating activities	3003			
3. Other inflow from operating activities	3004			
II. Cash outflow from operating activities (1 to 5)	3005		194,045	96,053
1. Payments and prepayments to suppliers	3006		99,111	893
2. Salaries, benefits and other personal expenses	3007		3,656	859
3. Interest paid	3008		91,278	94,301
4. Income tax paid	3009			
5. Payments for other public revenues	3010			
III. Net cash inflow from operating activities (I - II)	3011			
IV. Net cash outflow from operating activities (II - I)	3012		194,045	96,053
B. CASH FLOWS FROM INVESTING ACTIVITIES				
I. Cash flows from investing activities (1 to 5)	3013		58,792	
1. Sale of shares (net inflow)	3014			
2. Proceeds from sale of intangible assets, property, plant and equipment	3015			
3. Other financial investments (net inflow)	3016		24,693	
4. Interest from investing activities	3017		7,100	
5. Dividend received	3018		26,999	
II. Cash outflow from investing activities (1 to 3)	3019		-	155
1. Acquisition of subsidiaries or other business (net outflow)	3020			
2. Purchase of intangible assets, property, plant and equipment	3021			82
3. Other financial investments (net outflow)	3022			73
III. Net cash inflow from investing activities (I - II)	3023		58,792	
IV. Net cash outflow from investing activities (II - I)	3024			155
C. CASH FLOWS FROM FINANCING ACTIVITIES				
I. Cash inflow from financing activities (1 to 5)	3025		101,236	1,878,161
1. Increase in share capital	3026			681,469
2. Proceeds from long-term borrowings (net inflow)	3027		101,236	1,196,692
3. Proceeds from short-term borrowings (net inflow)	3028			
4. Other long-term liabilities	3029			
5. Other short-term liabilities	3030			
II. Cash outflow from financing activities (1 to 6)	3031		55,948	1,680,072
1. Purchase of own shares	3032			
2. Repayment of long-term borrowings (net outflow)	3033		35,451	591,389
3. Repayment of short-term borrowings (net outflow)	3034		20,497	1,088,683
4. Repayment of other liabilities (net outflow)	3035			
5. Financial lease	3036			
6. Dividend distribution	3037			
III. Net cash inflow from financing activities (I - II)	3038		45,288	198,089
IV. Net cash outflow from financing activities (II - I)	3039			
D. TOTAL CASH INFLOW (3001+3013+3025)	3040		160,028	1,878,161
E. TOTAL CASH OUTFLOW (3005+3019+3031)	3041		249,993	1,776,280
F. NET CASH INFLOW (340-341)	3042			101,881
G. NET CASH OUTFLOW (341-340)	3043		89,965	
H. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	3044		101,989	108
I. CURRENCY TRANSLATION GAINS ON CASH AND CASH EQUIVALENTS	3045			
J. CURRENCY TRANSLATION LOSSES ON CASH AND CASH EQUIVALENTS	3046			
K. CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (3042-3043+3044+3045-3046)	3047		12,024	101,989

STAND-ALONE FINANCIAL STATEMENTS

STAND-ALONE STATEMENT OF CHANGES IN EQUITY

In RSD thousand

	Equity components							Retained earnings (loss)
	AOP	Share capital	AOP	Reserves	AOP	Loss	AOP	
Balance as at 1 January 2017								
a) debit	4001		4037	-	4055	11,389	4091	-
b) credit	4002	817	4038	-	4056		4092	-
Adjustments of material errors and changes in accounting policies								
a) debit	4003		4039	-	4057		4093	-
b) credit	4004		4040	-	4058		4094	-
Restated opening balance as at 1 January 2017								
a) debit (1a+2a-26)>=0	4005		4041	-	4059	11,389	4095	-
b) credit (16-2a+26)>=0	4006	817	4042	-	4060		4096	-
Changes in period								
a) debit	4007		4043	-	4061	36,035	4097	-
b) credit	4008	3,008	4044	-	4062		4098	-
Balance as at 31 December 2017								
a) debit (3a+4a-46)>=0	4001		4037	-	4055	47,424	4091	-
b) credit (36-4a+46)>=0	4002	3,825	4038	-	4056		4092	-
Adjustments of material errors and changes in accounting policies								
a) debit	4003		4039	-	4057		4093	-
b) credit	4004		4040	-	4058		4094	-
Restated opening balance as at 1 January 2018								
a) debit (5a+6a-66)>=0	4005		4041	-	4059	47,424	4095	-
b) credit (56-6a+66)>=0	4006	3,825	4042	-	4060		4096	-
Changes in period								
a) debit	4007		4043	-	4061	115,576	4097	-
b) credit	4008	681,469	4044	-	4062		4098	-
Balance as at 31 December 2018								
a) debit (7a+8a-86)>=0	4009		4045	-	4063	163,000	4099	-
b) credit (76-8a+86)>=0	4010	685,294	4046	-	4064		4100	-

STAND-ALONE FINANCIAL STATEMENTS

STAND-ALONE STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Equity components							
	AOP	Share capital	AOP	Reserves	AOP	Loss	AOP	Retained earnings
Adjustments of material errors and changes in accounting policies								
a) debit	4011		4047	-	4065		4101	-
b) credit	4012		4048	-	4066		4102	-
Restated opening balance as at 1 January 2019								
a) debit (5a+6a-66)>=0	4013		4049	-	4067	163,000	4103	-
6) credit (56-6a+66)>=0	4014	685,294	4050	-	4068		4104	-
Changes in period								
a) debit	4015		4051	-	4069	56,550	4105	-
b) credit	4016		4052	-	4070		4106	-
Balance as at 31 December 2019								
a) debit (7a+8a-86)>=0	4017		4053	-	4071	219,550	4107	-
6) credit (76-8a+86)>=0	4018	685,294	4054	-	4072		4108	-

STAND-ALONE FINANCIAL STATEMENTS

STAND-ALONE STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	<i>Other comprehensive income components</i>						Total Equity
	AOP	Revaluation reserves	AOP	Acturial gain/(loss)	AOP	Gains (losses) from change in value of available-for-sale financial assets	
Balance as at 1 January 2017							
a) debit	4109	-	4127	-	4217	-	11,389
b) credit	4110	-	4128	-	4218	- 4235	817
Adjustments of material errors and changes in accounting policies							
a) debit	4111	-	4129	-	4219	-	
b) credit	4112	-	4130	-	4220	- 4236	
Restated opening balance as at 1 January 2017							
a) debit (1a+2a-26)>=0	4113	-	4131	-	4221	-	11,389
b) credit (16-2a+26)>=0	4114	-	4132	-	4222	- 4237	817
Changes in period							
a) debit	4115	-	4133	-	4223	-	36,035
b) credit	4116	-	4134	-	4224	- 4238	3,008
Balance as at 31 December 2017							
a) debit (3a+4a-46)>=0	4109	-	4127	-	4217	-	47,424
b) credit (36-4a+46)>=0	4110	-	4128	-	4218	- 4235	3,825
Adjustments of material errors and changes in accounting policies							
a) debit	4111	-	4129	-	4219	-	
b) credit	4112	-	4130	-	4220	- 4236	
Restated opening balance as at 1 January 2018							
a) debit (5a+6a-66)>=0	4113	-	4131	-	4221	-	47,424
b) credit (56-6a+66)>=0	4114	-	4132	-	4222	- 4237	3,825
Changes in period							
a) debit	4115	-	4133	-	4223	-	115,576
b) credit	4116	-	4134	-	4224	- 4238	681,469
Balance as at 31 December 2018							
a) debit (7a+8a-86)>=0	4117	-	4135	-	4225	-	163,000
b) credit (76-8a+86)>=0	4118	-	4136	-	4226	- 4239	685,294

STAND-ALONE FINANCIAL STATEMENTS

STAND-ALONE STATEMENT OF CHANGES IN EQUITY(CONTINUED)

	<i>Other comprehensive income components</i>						
	AOP	Revaluation reserves	AOP	Acturial gain/(loss)	AOP	Gains (losses) from change in value of available-for-sale financial assets	Total Equity
Adjustments of material errors and changes in accounting policies							
a) debit	4119	-	4137	-	4227	-	
b) credit	4120	-	4138	-	4228	-	4240
Restated opening balance as at 1 January 2019							
a) debit (5a+6a-66)>=0	4121	-	4139	-	4229	-	163,000
b) credit (56-6a+66)>=0	4122	-	4140	-	4230	-	4241
Changes in period							
a) debit	4123	-	4141	-	4231	-	56,550
b) credit	4124	-	4142	-	4232	-	4242
Balance as at 31 December 2019							
a) debit (7a+8a-86)>=0	4125	-	4143	-	4233	-	219,550
b) credit (76-8a+86)>=0	4126	-	4144	-	4234	-	4243

**EXPLANATORY NOTES TO THE STAND-
ALONE FINANCIAL STATEMENTS 31
DECEMBER 2019**

FINTEL ENERGIJA AD, BEOGRAD
EXPLANATORY NOTES TO THE STAND-ALONE FINANCIAL STATEMENTS
31 DECEMBER 2019

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

14. General information

Fintel Energija A.D. (hereinafter the "**Company**" or "**Fintel Energija**") is a Serbian holding leading independent renewable energy generator in Serbia. The Company through its subsidiaries acted as the pioneer in the Serbian wind business being the first ever to install and operate wind farms in the country.

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

Fintel Energia's registered office is located at Bulevar Mihajla Pupina 115e, Beograd, Serbia.

At 31 December 2019, the Company's fully subscribed and paid up share capital amounted to RSD 4,057 thousand, consisting of 26,510,506 ordinary shares of RSD 0.153 each.

In 2018 the Company listed its shares on the stock market. The process of Initial Public Offering of the Company's shares ended on 30. October 2018, and during the offering period 1,510,506 shares were registered. Initial price on the stock market was RSD 500 per share.

The company's shares are traded on the organized market – Belgrade Stock Exchange. The symbol of the shares is FINT, and ISIN number is RSFINEE60549. The market capitalization of the Company as at 31 December 2019 is RSD 16,436,514 thousand. Fintel Energia Group SpA, the majority shareholder of the Company, constitute a vertical operator in the integrated energy supply chain, which engages in the sale of electricity and natural gas in Italy and in the development and exploitation of renewable energy power plants (photovoltaic, wind and mini wind) in Italy and Serbia.

These stand-alone financial statements for the year ended 31 December 2019 have been approved on the 27 April 2020. The approved stand-alone financial statements may be amended based on the auditor's opinion, in accordance with legislation.

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

15. Summary of accounting policies and standards adopted

2.1 Basis of presentation

The Company has prepared these stand-alone financial statements in accordance with the Law on Accounting of the Republic of Serbia (the "Law"), , statements be prepared in accordance with all International Financial Reporting Standards (IFRS) translated into Serbian by 31 July 2013, as well as other regulations issued by the Ministry of Finance of the Republic of Serbia The Law requires certain presentations and treatments of accounts and balances which results in the following additional departures from IFRS:

1. The financial statements are prepared in format prescribed by the Ministry of Finance of the Republic of Serbia, which does not comply with IAS 1 (revised) – “Presentation of Financial Statements” requirements and IAS 7 – “Statement of cash flows”.
2. “Off-balance sheet assets and liabilities” are recorded on the face of the balance sheet (note 2.4). Such items do not meet the definition of either an asset or a liability under IFRS.
3. Decision of the Ministry of Finance of the Republic of Serbia no. 401-00-4980 / 2019-16 of 21st November 2019 (Official Gazette of the Republic of Serbia No. 92/2019) stipulate that official standards are consist of: official translations of International Financial Reporting Standards which include the Conceptual Framework for Financial Reporting, the basic texts of International Accounting standards (IAS), basic texts of IFRS issued by the International Accounting Standards Board, as well as interpretations issued by the Accounting Standards Interpretation Committee in the form in which they were issued or adopted and which do not include basis for conclusions, illustrative examples, guidelines, comments, dissenting opinions, elaborated examples and other additional explanatory material that can be adopted in connection with standards, interpretations, unless it is explicitly stated that it is an integral part of the standard or interpretation. IFRS 9 and IFRS 15 will be applicable from the financial statements prepared as of 31st December 2020, with the possibility of application when preparing the financial statements as at 31st December 2019 (disclosing the relevant information in the Notes to the consolidated financial statements).

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

The preparation of stand-alone financial statements in conformity with Law on Accounting of the Republic of Serbia requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

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

2. Summary of accounting policies and standards adopted (Continued)

2.2 Going concern

The Company meets its day-to-day working capital requirements through its bank facilities. The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current facilities. Bearing in mind the foregoing, management considers that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its stand-alone financial statements. Further information on the Company's borrowings is given in Note 14.

2.3 Foreign currency translation

Functional and presentation currency

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

Transactions and balances

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

2.4 Significant accounting policies

Property, plant and equipment

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

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

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

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

2. Summary of accounting policies and standards adopted (Continued)

2.4 Significant accounting policies (Continued)

Property, plant and equipment (Continued)

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

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

	No. of years
Equipment	3

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

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

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

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

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

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

2. Summary of accounting policies and standards adopted (Continued)

2.4 Significant accounting policies (Continued)

Other current and non-current assets, trade receivables and other receivables (Continued)

Purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the assets have expired and the company that held them has transferred substantially all the risks and rewards of ownership.

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

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

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

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

Cash and cash equivalents

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

Off balance sheet assets/liabilities

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

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

2. Summary of accounting policies and standards adopted (Continued)

2.4 Significant accounting policies (Continued)

Trade payables, financial and other payables

Trade payables, financial and other payables are recognised initially at their fair value, net of directly attributable ancillary costs, and subsequently measured at amortised cost using the effective interest method.

If there is a change in estimated cash flow that can be reliably measured, the carrying amount of the liability is remeasured to reflect the change, based on the present value of the new estimated cash flow and on the initially determined internal rate. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

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

Provisions

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

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

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

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

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

2. Summary of accounting policies and standards adopted (Continued)

2.4 Significant accounting policies (Continued)

Provisions (Continued)

If changes are deducted from an asset's carrying amount, the decrease is recognised as an opposite entry to the asset up to the amount of its carrying amount; any excess is recognised immediately in the income statement.

As regards estimation criteria adopted for the determination of the asset decommissioning and restoration provision, reference should be made to the paragraph on use of estimates. Risks that could give rise to a probable liability are disclosed in the section on commitments and risks, but are not provided for.

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

Revenue recognition

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

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

Revenue arising from the sale of goods and finished products is recognised in the income statement upon the transfer to the customer of the risks and rewards of ownership of the product sold, which normally coincides with the shipment of the goods to the customer and their acceptance thereby.

Revenue arising from the rendering of services is recognised in the accounting period in which the services are rendered by reference to the stage of completion at the reporting date.

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

Cost recognition

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

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

2. Summary of accounting policies and standards adopted (Continued)

2.4 Significant accounting policies (Continued)

Finance income and costs

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

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

Income tax

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

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

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

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

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

Related-party transactions

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

Dividends

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

FINTEL ENERGIJA AD, BEOGRAD
EXPLANATORY NOTES TO THE STAND-ALONE FINANCIAL STATEMENTS
31 DECEMBER 2019

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

2. Summary of accounting policies and standards adopted (Continued)

2.4 Significant accounting policies (Continued)

Earnings per share

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

3. Estimates and assumptions

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

A brief description is provided below of the key accounting policies used in the preparation of stand-alone financial statements.

Impairment of investments in subsidiaries

Investments in subsidiaries are tested for impairment when impairment indicators exist, which is recognised by a write-down when there are indicators that suggest it may be difficult to recover the related net carrying amount. The verification of the existence of the aforementioned indicators requires subjective assessments to be made by directors, based on information available within the Company, on information sourced from the market and on past experience. Moreover, if it has been established that there may be a case of potential impairment, as well as the computation of estimates for the determination thereof depend on factors that may change over time and which may affect the assessments and estimates made by the directors.

Based on assessments made by Fintel Group Directors, there are no indicators of impairment of investments in subsidiaries.

Provisions

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

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

4. Financial risk management

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

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

Credit risk

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

The Company's maximum exposure to credit risk at 31 December 2019 and 2018 is the carrying amount of each class of assets indicated in the following table:

<i>RSD thousand</i>	31 December 2019	31 December 2018
Other receivables	4,344	4,396
Long-term loans and investments	1,530,610	-
Short-term loans and investments	33,161	1,530,723
Prepayments and accrued income	141,931	99,381
TOTAL	1,697,047	1,634,500

Prepayments and accrued income mainly refer to receivables from subsidiaries MK Fintel Wind ad. MK Fintel Wind Holding doo, VP Lipar doo, VP Lipar 2 doo, VP Maestrane Ring d.o.o., Project Torak doo and Fintel Energija Development doo for interest, while Long-term loans and investments relate specifically to financing provided to the subsidiaries MK Fintel Wind ad and MK Fintel Wind Holding doo. Short-term loans relate to financing provided to the subsidiaries VP Lipar doo, VP Lipar 2 doo, VP Maestrane Ring d.o.o., Project Torak doo and Fintel Energija Development doo.

Those represent a low level of credit risk.

Liquidity risk

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

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

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

4. Financial risk management (continued)

Liquidity risk (Continued)

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

The following table provides a maturity analysis of liabilities at 31 December 2019 and 2018. The various maturity bands are determined based on the period between the reporting date and the contractual maturity of the Company's obligations, gross of accrued interest at 31 December. Interest is calculated in accordance with contractual terms for the financing.

At 31 December 2019				
<i>RSD thousand</i>	Less than 1 year	1-2 years	2-5 years	Beyond 5 years
Financial payables due to shareholders	327,415	-	-	-
Bank loans	50,675	140,756	803,192	-
Trade payables	6,550	-	-	-
Total	440,109	140,756	903,192	-
At 31 December 2018				
<i>RSD thousand</i>	Lessthan1year	1-2years	2-5years	Beyond 5years
Financial payables due to shareholders	329,071	-	-	-
Bank loans	83,010	46,293	427,272	448,724
Trade payables	68,410	-	-	-
Total	480,491	46,293	427,272	448,724

Bank loans due 2-5 years increased due to new loans taken out by the Company for Kosava phase I wind farm.

Accordingly, taking in account of the foregoing and as detailed in Note 2.1 above, of the fact that the shareholders have confirmed that they do not intend to request the repayment of the loan prior to the forthcoming year end it is believed that the Company and the Group will be able to meet its obligations in the foreseeable future.

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

4. Financial risk management (continued)

Market risk

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

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

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

Risk of fluctuation in exchange rates

Exchange rate risk is linked to operations in currency other than the RSD. Fintel is exposed to the risk of fluctuation in exchange rates, given that it conducts business in Serbia through its subsidiaries, which are companies committed to the study, construction, development and management of wind farms and other projects in the field of renewables. The consequent impact is reflected in the statement of profit or loss of the subsidiaries.

As at 31 December 2019, if the currency RSD had strengthened/weakened by 5% against the EUR with all other variables held constant, post-tax profit for the year would have been RSD 47,899 thousand (2018: RSD 45,575 thousand) higher/lower, mainly as a result of foreign exchange gains/losses on translation of EUR – denominated borrowings.

Risk of fluctuation in interest rates

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

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

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

Capital management risk

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

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

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

4. Financial risk management (continued)

Market risk (Continued)

The gearing ratio at 31 December 2019 and 2018 is shown in the following table:

<i>RSD thousand</i>	31/12/2019	31/12/2018
<i>Non-current financial payables:</i>		
- Bank loans	799,631	743,277
<i>Current financial payables:</i>		
- Financial payables due to shareholders	327,415	329,071
Cash and cash equivalents	(12,024)	(101,990)
Net debt (A)	1,115,022	970,358
Equity (B)	685,294	685,294
Net capital employed (C=A+B)	1,800,316	1,655,652
Gearing ratio (A/C)	62%	61%

5. Financial assets and liabilities by class

The following table shows the Company's financial assets and liabilities by class, with an indication of the corresponding fair value, at 31 December 2019 and 2018:

<i>RSD thousand</i>	At 31 December 2019					
	Amortised cost	Fair value through OCI	Fair value through profit or loss	Hedge accounting	Total	Level
Receivables due from subsidiaries related parties	1,550,771	-	-	-	1,550,771	
Other current assets	155,620	-	-	-	155,620	
Cash and cash equivalents	12,024	-	-	-	12,024	
Total	1,718,415	-	-	-	1,718,415	
Borrowings	799,631	-	-	-	799,631	
Financial payables due to shareholders	327,415	-	-	-	327,415	
Trade payables	34,285	-	-	-	34,285	
Other current liabilities	107,486	-	-	-	107,486	
Total	1,268,816	-	-	-	1,268,816	
<i>RSD thousand</i>	At 31 December 2018					
	Amortised cost	Fair value through OCI	Fair value through profit or loss	Hedge accounting	Total	Level
Receivables due from subsidiaries related parties	1,530,723	-	-	-	1,530,723	
Other current assets	112,374	-	-	-	112,374	
Cash and cash equivalents	101,990	-	-	-	101,990	
Total	1,745,086	-	-	-	1,745,086	
Borrowings	743,277	-	-	-	743,277	
Financial payables due to shareholders	329,071	-	-	-	329,071	
Trade payables	68,410	-	-	-	68,410	
Other current liabilities	98,202	-	-	-	98,202	
Total	1,238,961	-	-	-	1,238,961	

FINTEL ENERGIJA AD, BEOGRAD
EXPLANATORY NOTES TO THE STAND-ALONE FINANCIAL STATEMENTS
31 DECEMBER 2019

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

6. IFRS 8: segment information

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

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

a) Guarantees issued

Guarantees issued amount to RSD 472,723 thousand as of 31 December 2019. They have been issued in favor of Lenders of Kosava project phase I, for cost overrun during construction and till COD.

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

a) Other

There were no other contingent liabilities of the Company.

8. Investments in subsidiary

Investments in subsidiary is detailed as follow:

- RSD 16,009 thousand for 54% owned in of MK-Fintel Wind AD (RSD 16.009 thousand at 31 December 2018).
- RSD 5 thousand for 54% owned in of MK-Fintel Wind Holding Doo (RSD 5 thousand at 31 December 2018).
- RSD 72 thousand for 100% owned in of Fintel Russian Ventures ooo (RSD 72 thousand at 31 December 2018).
- RSD 100 for 100% owned in Lipar Doo.
- RSD 100 for 100% owned in Lipar 2 Doo.
- RSD 100 for 100% owned in Maestralski Ring Doo.
- RSD 100 for 100% owned in Project Torak Doo.
- RSD 200 for 100% owned in Fintel Energija Development Doo.

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

9. Long-term loans and investments – parent companies and subsidiaries

The balance amounts to RSD 1,517,610 thousand and they only refer to financing provided to the subsidiaries MK-Fintel Wind AD (RSD 1,416,033,565 thousand at 31 December 2019) and MK-Fintel Wind Holding Doo (RSD 101,576,661 thousand at 31 December 2019).

Summary of given loans, with maturities in the following table:

Recipient of the loan	Amount 31.12.2019 EUR	Amount 31.12.2019 RSD	Maturity
MK Fintel Wind ad	12,041,839	1,416,033,565	2021
MK Fintel Wind Holding d.o.o.	863,800	101,576,661	2021
Total	12,905,639	1,517,610,226	

At 31 December 2018 these loans were reclassified as short term loans while at 31 December 2019 they have been included in long term loans due to the new terms of the contracts.

10. Short-term loans and investments – parent companies and subsidiaries

Short-term loans and investments to parents' companies and subsidiaries amount to RSD 33,161 thousand and they refer to financing provided to the subsidiaries Lipar Doo (RSD 17,639 thousand at 31 December 2019), Lipar 2 Doo (RSD 3,528 thousand at 31 December 2019), Maestrle Ring Doo (RSD 7,761 thousand at 31 December 2019), Project Torak Doo (RSD 4,116 thousand at 31 December 2019) and Fintel Energija Development Doo (RSD 118 thousand at 31 December 2019).

Summary of given loans, with interest rates and maturities in the following table:

Recipient of the loan	Amount 31.12.2019 EUR	Amount 31.12.2019 RSD	Maturity
VP Lipar d.o.o.	150,000	17,638,920	2020
VP Lipar 2 d.o.o.	30,000	3,527,784	2020
VP Maestrle Ring d.o.o.	66,000	7,761,125	2020
Project Torak d.o.o.	35,000	4,115,748	2020
Fintel Energija Development d.o.o.	1,000	117,593	2020
Total	282,000	33,161,170	

11. Cash and cash equivalents

"Cash and cash equivalents" at 31 December 2019 and 2018 are detailed as follows:

	31 December 2019	31 December 2018
Current account		
- in dinars	11,968	101,932
- in foreign currency	56	57
Cash and cash equivalents	12,024	101,989

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

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

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

12. Other current assets

“Other current assets” of RSD 155,050 thousand at 31 December 2019 (RSD 107,467 thousand at 31 December 2018) are detailed in the following table:

<i>RSD thousand</i>	31 December 2019	31 December 2018
Value added tax	8,775	8,086
Prepayments and accrued income	141,931	99,381
Total	150,706	107,467

Prepayments and accrued income includes interests accrued during the years for the shareholder’s loans to the subsidiaries. Accrued interest is due on payment by the end of 2020.

13. Equity

Equity at 31 December 2019 and 2018 is detailed in the following table:

<i>RSD thousand</i>	31 December 2019	31 December 2018
Share capital	4,057	4,057
Share premium	681,237	681,237
Loss from previous years	(163,000)	(47,424)
Loss from current year	(56,550)	(115,576)
TOTAL EQUITY	465,744	522,294

The equity components and changes therein are detailed below:

Share capital

As of 31 December 2019, the Company's fully subscribed and paid up share capital amounted to RSD 4,056,524 (RSD 4,057 thousand as at 31. december 2018) consisting of 26,510,506 ordinary shares with nominal value of RSD 0.153 each.

Share premium

At 31 December 2019, such Reserve includes the share premium resulting from the capital increase related to the IPO of the Company on the Prime Listing Segment of the Belgrade Stock Exchange. The share premium worths RSD 755,022 Thousands (equivalent to RSD 499,847 per each new share issued by the Company). Such value is reported net of the IPO related costs.

Retained earnings/(Losses)

These consist of earnings/(Losses) from previous years. They also include net profit/(losses) for the current year.

FINTEL ENERGIJA AD, BEOGRAD
EXPLANATORY NOTES TO THE STAND-ALONE FINANCIAL STATEMENTS
31 DECEMBER 2019

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

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

Set out below are details of long and short term loans and borrowings at 31 December 2019 and 2018:

<i>RSD thousand</i>	31 December 2019	31 December 2018
Long term borrowings	799,631	743,277
Total	799,631	743,277

Details of bank loans outstanding at 31 December 2019 are summarised in the following table:

Beneficiary company	Creditor	Residual debt at 31.12.2019	Long term	Short term	Maturity
<i>(Amounts in RSD thousand)</i>					
Fintel Energija	AIK Bank	799,631	799,631	-	2024
		799,631	799,631	-	

Loan of Fintel Energija refers to the financing received from AIK Bank in 2017 for the development and construction of Kosava phase I wind farm. Its maturity is of 6 years and interest rate is fixed.

15. Long and short term loans and borrowings from parent and subsidiaries

Loans and borrowings to parent and subsidiaries of RSD 327,415 thousand as at 31 December 2019 (RSD 329,071 thousand at 31 December 2018), mainly consist of revocable loans to be repaid to the Ultimate Parent company Fintel Energia Group Spa that were granted for the benefit of Fintel Energija. The loan of EUR 2,667,000 is interest bearing, interest is 6%. Other loans are non-interest bearing. The loans are due in 2020.

16. Trade payables

Trade payables amounted to RSD 34,285 thousand at 31 December 2019 consist of domestic trade payables for services and payables to the parent company for services.

17. Accruals

Accruals amounted to RSD 107,220 thousand at 31 December 2019 consist mainly of interests on shareholders loan due to Fintel Energia Group SpA (RSD 100,825 thousand) accrued interests on financial loan.

18. Non-production costs

Non-production costs amount to RSD 32,338 thousand in 2019 (RSD 36,515 thousand in 2018) and relate to accounting services, management fee costs (invoices issued in according management fee contract), costs of other services.

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

19. Finance income

	2019	2018
Finance income - parent company and subsidiaries	47,753	45,743
Finance income - other related parties	-	106
Share of profit of associates and joint ventures	26,999	-
FOREIGN EXCHANGE GAINS (third parties)	4,088	499
Total	78,840	46,348

20. Finance expense

	2019	2018
Finance expense - parent company and subsidiaries	28,118	20,458
Finance expense - other related parties	-	29
Other financial expense	4,736	6,160
INTEREST EXPENSE (from third parties)	67,730	99,130
FOREIGN EXCHANGE LOSSES (third parties)	104	518
Total	100,688	126,295

21. Income tax expense

Income tax expenses for the years ended 31 December 2019 and 2018 are detailed as follows:

	Year ended 31 December	
	2019	2018
Income tax for the year	-	-
Deferred income tax for the period (note 12)	-	-
Origination and reversal of temporary differences	-	-
	-	-

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

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

21. Income tax expense (Continued)

	Year ended 31 December	
	2019	2018
Profit/(Loss) before tax	(56,550)	(115,576)
Tax calculated at domestic tax rates applicable to profits in the respective countries	-	-
<i>Tax effect on:</i>		
Depreciation effects	(57)	-
Revenues exempt from taxation	-	-
Expenses not deductible for tax purposes		
- Transfer pricing effect for interest expense	9,722	14,856
- Other expenses not deductible	-	-
Tax losses for which no deferred income tax asset was recognized (utilized recognised tax credit), net	-	-
Losses from subsidiaries	-	-
Other tax effects for reconciliation between accounting profit and tax expense	-	-
Adjustment in respect of prior years	-	-
Effective income tax rate	0%	0%

The weighted average applicable tax rate was 0% (2018: 0%).

22. Earnings/(loss) per share

The basic result per share has gone from a loss per share of RSD 4.36 in 2018 to RSD 2.13 for the year ended 31 December 2019. It has been computed by dividing the Group's net result by the number of Fintel Energija shares outstanding in the years in question (number of shares outstanding of 26,511 thousand).

There were no dilutive effects at 31 December 2019. Accordingly, diluted earnings per share thus coincide with basic earnings per share.

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

23. Related party transactions

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

A summary provided below of the Company's transactions with related parties in 2019 and 2018. All transactions with related parties are entered into at market value.

As of 31 December 2019 and 31 December 2018 the outstanding balances with related parties were as follows:

At 31 December 2019				
	Parent Company	Parent's subsidiaries and associates	Subsidiaries	Total
<i>RSD thousand</i>				
Short-term loans	-	-	33,161	33,161
Long-term loans	-	-	1,517,610	1,517,610
Other current assets	-	-	141,931	141,931
Other current liabilities	(100,824)	-	-	(100,825)
Trade payables	(27,735)	-	-	(27,735)
Shareholder's loan	(327,415)	-	-	(327,415)
Total	(455,974)	-	1,692,702	1,236,728

At 31 December 2018				
	Parent Company	Parent's subsidiaries and associates	Subsidiaries	Total
<i>RSD thousand</i>				
Short-term loans	-	-	1,530,723	1,530,723
Other current assets	-	-	99,381	99,381
Other current liabilities	(82,427)	-	-	(82,427)
Trade payables	(58,761)	-	(411)	(59,172)
Shareholder's loan	(329,071)	-	-	(329,071)
Total	(470,259)	-	1,629,693	1,159,434

For the year ended 31 December 2019 and 2018 the following transaction occurred with related parties:

At 31 December 2019					
	Parent Company	Parent's subsidiaries and associates	Subsidiaries	Other related parties	Total
<i>RSD thousand</i>					
Revenues	-	-	-	-	-
Selling, general and administrative expenses	(27,855)	-	-	-	(27,855)
Finance income	2,458	-	72,294	-	74,752
Finance expense	(19,142)	-	(8,976)	-	(28,118)
Total	(44,539)	-	63,318	-	18,779

At 31 December 2018					
	Parent Company	Parent's subsidiaries and associates	Subsidiaries	Other related parties	Total
<i>RSD thousand</i>					
Revenues	-	-	-	-	-
Selling, general and administrative expenses	(29,038)	-	-	-	(29,038)
Finance income	988	-	44,756	106	45,849
Finance expense	(18,918)	-	(1,540)	(29)	(20,458)
Total	(46,968)	-	43,215	77	(3,647)

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

23. Related party transactions (Continued)

Remuneration of Fintel's directors

Members of Board of Directors have not received any remuneration in 2019. Tiziano Giovannetti acts as sole director in of Fintel Energija's subsidiaries without any further remuneration.

24. Tax risk

Tax laws are subject to different interpretations and frequent amendments. Tax authorities' interpretation of Tax laws may differ to those made by the Group's management. As result, some transactions may be disputed by tax authorities and the Group may have to pay additional taxes, penalties and interests. Tax liability due date is five years. Tax authorities have rights to determine unpaid liabilities within five years since the transaction date. Management has assessed that the Group has paid all tax liabilities as of 31 December 2019.

25. Significant subsequent events

Although the new standards IFRS 9 and IFRS 15 have been effective since 1st January 2020, with the obligation to amend the financial statements prepared as of 31st December 2020, we do not expected that this will have a significant effect on the stand-alone financial statements of the Group.

At the end of 2019, China for the first time announces news about COVID-19 (coronavirus). At that time a limited number of cases of an unknown virus reported to the World Health Organization. In the first few months of 2020, the virus spread globally and caused significant negative effect. Management believes that this epidemic is an event after the date of the reporting period that does not require adjustments to the stand-alone financial statements. Although the virus is still evolving, at the time of issuing these stand-alone financial statements, the Company's management does not expect an impact on operations in 2020. The Company does not expect difficulties in collecting receivables and believes that liquidity will be stable in the future, due to the strong support of foreign partners (Company owners).

Legal representative:

The person responsible for the preparation of consolidated financial statements:



A handwritten signature in blue ink is positioned to the left of a circular blue stamp. The stamp contains the text 'FINTEL ENERGIJA AD' in the center, with 'BEOGRAD' at the bottom and 'POSREDOVANJE ZA PROIZVODNJU ELEKTRICNE ENERGIJE' around the perimeter.

Independent Auditor's Report

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

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Fintel Energija a.d., Beograd (the "Company") as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with the Law on Accounting and accounting regulations effective in the Republic of Serbia.

What we have audited

The Company's financial statements ("the financial statements") comprise:

- the income statement for the year ended 31 December 2019;
- the statement of other comprehensive income for the year ended December 2019;
- the balance sheet as at 31 December 2019;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

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

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

Independence

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

Our audit approach

Overview

Materiality

- Overall materiality: RSD (“Serbian Dinars”) 17,344 thousand, which represents 1% of the total assets.
-

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

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

Materiality

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

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

Overall the Company materiality	RSD 17,344 thousand
How we determined it	1% of the total assets
Rationale for the materiality benchmark applied	The Company acts as a holding company of the group of ten subsidiaries engaged in development, construction and operation of wind farms. Due to fact that the most of subsidiaries are still in development phase, with limited number of operating turbines, we chose total assets as the benchmark. We chose 1% which we, based on our professional judgement, considered as appropriate threshold in these circumstances.

Key audit matters

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

We have determined that there are no key audit matters to be communicated in our report.

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Biljana Bogovac,
Licensed Certified Auditor

PricewaterhouseCoopers d.o.o., Beograd

Belgrade, 8 June 2020

**STAND-ALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

FINTEL ENERGIJA AD, BEOGRAD

ContentsSTAND-ALONE FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH THE LAW ON
ACCOUNTING OF THE REPUBLIC OF SERBIA

Stand-alone Balance Sheet	3
Stand-alone Income Statement	6
Stand-alone Statement of Other Comprehensive Income	8
Stand-alone Statement of Cash Flows	9
Stand-alone Statement of Changes in Equity	10
Notes to the stand-alone Financial Statements	14-36

STAND-ALONE FINANCIAL STATEMENTS

STAND-ALONE BALANCE SHEET

In RSD thousand

	AOP	Note	31 December 2019	31 December 2018
A. SUBSCRIBED CAPITAL UNPAID	0001		-	-
B. NON-CURRENT ASSETS				
(0003 + 0010 + 0019+ 0024 + 0034)	0002		1,533,755	16,169
I. INTANGIBLE ASSETS (0004+0005+0006+0007+0008+0009)	0003			
1. Development investments	0004		-	-
2. Concessions, licenses, software and other rights	0005		-	-
3. Goodwill	0006		-	-
4. Other intangible assets	0007		-	-
5. Intangible assets under development	0008		-	-
6. Advances for intangible assets	0009		-	-
II. PROPERTY, PLANT AND EQUIPMENT				
(0011+0012+0013+0014+0015+0016+0017+0018)	0010		57	82
1. Land	0011		-	-
2. Buildings	0012		-	-
3. Machinery and equipment	0013		57	82
4. Investment property	0014		-	-
5. Other property, plant and equipment	0015		-	-
6. Construction in progress	0016		-	-
7. Investments in leased PP&E	0017		-	-
8. Advances for PP&E	0018		-	-
III. BIOLOGICAL ASSETS (0020+0021+0022+0023)	0019			
1. Forest farming	0020		-	-
2. Livestock	0021		-	-
3. Biological assets in production	0022		-	-
4. Advances for biological assets	0023		-	-
IV. LONG-TERM FINANCIAL INVESTMENTS				
(0025+0026+0027+0028+0029+0030+0031+0032+0033)	0024		1,533,698	16,087
1. Investments in subsidiary	0025	8	16,088	16,087
2. Investments in joint ventures	0026		-	-
3. Investments in other legal entities and other available for sales financial assets	0027		-	-
4. Long term investments in parent and subsidiaries	0028	9	1,517,610	-
5. Long-term investments in other related parties	0029		-	-
6. Long-term investments – domestic	0030		-	-
7. Long-term investments – foreign	0031		-	-
8. Securities held to maturity	0032		-	-
9. Other long-term financial investments	0033		-	-
V. LONG-TERM RECEIVABLES				
(0035+0036+0037+0038+0039+0040+0041)	0034			
1. Receivables from parent company and subsidiaries	0035		-	-
2. Receivables from other related parties	0036		-	-
3. Receivables from sale of goods on credit	0037		-	-
4. Receivables arising out of finance lease contracts	0038		-	-
5. Claims arising from guarantees	0039		-	-
6. Bad and doubtful receivables	0040		-	-
7. Other long-term receivables	0041		-	-
C. DEFERRED TAX ASSETS	0042			

STAND-ALONE FINANCIAL STATEMENTS

STAND-ALONE BALANCE SHEET (CONTINUED)

In RSD thousand

	AOP	Note	31 December 2019	31 December 2018
D. CURRENT ASSETS				
(0044+0051+0059+0060+0061+0062+0068+0069+0070)	0043		200,805	1,745,086
I. INVENTORY (0045+0046+0047+0048+0049+0050)	0044		556	497
1. Materials, spare parts and tools	0045			-
2. Work in progress	0046			-
3. Finished goods	0047			-
4. Merchandise	0048			-
5. Assets held for sale	0049			-
6. Advances for inventory and services	0050		556	497
II. TRADE RECEIVABLES				
(0052+0053+0054+0055+0056+0057+0058)	0051			-
1. Domestic trade receivables - parents and subsidiaries	0052			-
2. Foreign trade receivables - parents and subsidiaries	0053			-
3. Domestic trade receivables - other related parties	0054			-
4. Foreign trade receivables - other related parties	0055			-
5. Trade receivables - domestic	0056			-
6. Trade receivables - foreign	0057			-
7. Other trade receivables	0058			-
III. RECEIVABLES FROM SPECIFIC OPERATIONS	0059			-
IV. OTHER RECEIVABLES	0060		4,344	4,396
V. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	0061			-
VI. SHORT TERM FINANCIAL INVESTMENTS				
(0063+0064+0065+0066+0067)	0062		33,175	1,530,737
1. Short-term loans and investments - parent companies and subsidiaries	0063	10	33,161	1,530,723
2. Short-term loans and investments - other related parties	0064			-
3. Short-term loans and investments - domestic	0065			-
4. Short-term loans and investments - foreign	0066			-
5. Other short-term loans and investments	0067		14	14
VII. CASH AND CASH EQUIVALENTS	0068	11	12,024	101,989
VIII. VALUE ADDED TAX	0069	12	8,775	8,086
IX. PREPAYMENTS AND ACCRUED INCOME	0070	12	141,931	99,381
E. TOTAL ASSETS (0001+0002+0042+0043)	0071		1,734,560	1,761,255
F. OFF-BALANCE SHEET ASSETS	0072	7	472,723	475,142
A. EQUITY (0402+0411-0412+0413+0414+0415-0416+0417+0420-0421)	0401		465,744	522,294
I. EQUITY (0403+0404+0405+0406+0407+0408+0409+0410)	0402		685,294	685,294
1. Share capital	0403	13	4,057	4,057
2. Stakes of limited liability companies	0404			-
3. Stakes	0405			-
4. State owned capital	0406			-
5. Socially owned capital	0407			-
6. Stakes in cooperatives	0408			-
7. Share premium	0409	13	681,237	681,237
8. Other capital	0410			-
II. SUBSCRIBED CAPITAL UNPAID	0411			-
III. OWN SHARES	0412			-
IV. RESERVES	0413			-
V. REVALUATION RESERVES FROM VALUATION OF INTANGIBLES, PROPERTIES, PLANT AND EQUIPMENT	0414			-
VI. UNREALISED GAINS FROM SECURITAS AND OTHER COMPONENTS OF OTHER COMPREHENSIVE INCOME	0415			-
VII. UNREALIZED LOSSES FROM SECURITIES AND OTHER COMPONENTS OF OTHER COMPREHENSIVE INCOME	0416			-
VIII. RETAINED EARNINGS (0418+0419)	0417			-
1. Retained earnings from previous years	0418			-
2. Retained earnings from current year	0419			-
IX. NON-CONTROLLING INTEREST	0420			-
X. LOSS (0422+0423)	0421		219,550	163,000
1. Loss from previous years	0422		163,000	47,424
2. Loss from current year	0423		56,550	115,576

STAND-ALONE FINANCIAL STATEMENTS

STAND-ALONE BALANCE SHEET (CONTINUED)
In RSD thousand

	AOP	Note	31 December 2019	31 December 2018
B. LONG-TERM PROVISIONS AND LIABILITIES (0425+0432)	0424		799,631	743,277
I. LONG-TERM PROVISIONS (0426+0427+0428+0429+0430+0431)	0425			-
1. Provisions for warranty claims	0426			-
2. Provision for environmental rehabilitation	0427			-
3. Provisions for restructuring costs	0428			-
4. Provisions for employee benefits	0429			-
5. Provisions for litigations	0430			-
6. Other long term provisions	0431			-
II. LONG-TERM LIABILITIES (0433+0434+0435+0436+0437+0438+0439+0440)	0432		799,631	743,277
1. Liabilities convertible to equity	0433			-
2. Liabilities to parent and subsidiaries	0434			-
3. Liabilities to other related parties	0435			-
4. Liabilities for issued long-term securities	0436			-
5. Long term borrowings - domestic	0437	14	799,631	743,277
6. Long-term borrowings - foreign	0438			-
7. Finance lease liabilities	0439			-
8. Other long-term liabilities	0440			-
C. DEFERRED TAX LIABILITIES 0441	0441			-
D. SHORT-TERM LIABILITIES (0443+0450+0451+0459+0460+0461+0462)	0442		469,185	495,684
I. SHORT-TERM FINANCIAL LIABILITIES (0444+0445+0446+0447+0448+0449)	0443		327,415	329,071
1. Short term borrowings from parent and subsidiaries	0444	15	327,415	329,071
2. Short term borrowings from other related parties	0445			-
3. Short-term loans and borrowings - domestic	0446			-
4. Short-term loans and borrowings - foreign	0447			-
5. Liabilities relating to current assets and held-for-sale assets attributable to discounted operations	0448			-
6. Other short term liabilities	0449			-
II. ADVANCES RECEIVED 0450	0450			-
III. TRADE PAYABLES (0452+0453+0454+0455+0456+0458)	0451		34,285	68,411
1. Trade payables - parent and subsidiaries - domestic	0452			411
2. Trade payables - parent and subsidiaries - foreign	0453	16	27,735	58,761
3. Trade payables - other related parties - domestic	0454			-
4. Trade payables - other related parties - foreign	0455			-
5. Trade payables - domestic	0456	16	6,550	9,239
6. Trade payables - foreign	0457			-
7. Other operating liabilities	0458			-
IV. OTHER SHORT-TERM LIABILITIES 0459	0459		265	7
V. LIABILITIES FOR VAT 0460	0460			-
VI. LIABILITIES FOR OTHER TAXES 0461	0461			-
VII. ACCRUED EXPENSES 0462	0462	17	107,220	98,195
E. LOSS EXCEEDING EQUITY (0412+0416+0421-0420-0417- 0415-0414-0413-0411-0402)>=0=(0441+0424+0442- 0071)>=0	0463			-
F. TOTAL EQUITY AND LIABILITIES (0424+0442+0441+0401-0463)>=0	0464		1,734,560	1,761,255
G. OFF-BALANCE SHEET LIABILITIES 0465	0465	7	472,723	475,142

Tiziano Giovannetti
Director
27 April 2020



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

STAND-ALONE FINANCIAL STATEMENTS

STAND-ALONE INCOME STATEMENT

In RSD thousand

	AOP	Note	Year ended 31 December	
			2019	2018
INCOME FROM REGULAR OPERATING ACTIVITIES				
A. OPERATING INCOME (1002+1009+1016+1017)	1001		142	-
I. INCOME FROM THE SALE OF GOODS (1003+1004+1005+1006+1007+1008)	1002			-
1. Income from sales of goods to parent and subsidiaries on domestic market	1003			-
2. Income from sales of goods to parent and subsidiaries on foreign market	1004			-
3. Income from the sale of goods to other related parties on domestic market	1005			-
4. Income from the sale of goods to other related parties on foreign market	1006			-
5. Income from sale of goods on domestic market	1007			-
6. Income from sale of goods on foreign market	1008			-
II. INCOME FROM SALES OF PRODUCTS AND SERVICES (1010+1011+1012+1013+1014+1015)	1009			-
1. Income from sales of products and services to parent and subsidiaries on domestic market	1010			-
2. Income from sales of products and services to parent and subsidiaries on foreign market	1011			-
3. Income from sales of products and services to other related parties on domestic market	1012			-
4. Income from sales of products and services to other related parties on foreign market	1013			-
5. Income from sales of products and services – domestic	1014			-
6. Income from sales of products and services – foreign	1015			-
III. INCOME FROM PREMIUMS, SUBVENTIONS AND DONATIONS	1016			-
IV. OTHER OPERATING INCOME	1017		142	-
EXPENSES FROM REGULAR OPERATING ACTIVITIES				
B. OPERATING EXPENSES (1019-1020- 1021+1022+1023+1024+1025+1026+1027+1028+1029)> =0	1018		36,253	38,076
I. COST OF GOODS SOLD	1019			-
II. WORK PERFORMED BY THE ENTITY AND CAPITALIZED	1020			-
III. INCREASE IN INVENTORIES OF UNFINISHED AND FINISHED GOODS AND ONGOING SERVICES	1021			-
IV. DECREASE IN INVENTORIES OF UNFINISHED AND FINISHED GOODS AND ONGOING SERVICES	1022			-
V. COST OF MATERIAL	1023		24	80
VI. COST OF FUEL AND ENERGY	1024			-
VII. COST OF SALARIES, FRINGE BENEFITS AND OTHER PERSONAL EXPENSES	1025		3,656	859
VIII. COST OF PRODUCTION SERVICES	1026		210	622
IX. DEPRECIATION, DEPLETION AND AMORTIZATION	1027		25	-
X. COST OF LONG-TERM PROVISIONING	1028			-
XI. NON-PRODUCTION COSTS	1029	18	32,338	36,515
C. OPERATING GAIN (1001-1018)>=0	1030			-
D. OPERATING LOSS (1018-1001)>=0	1031		36,111	38,076
E. FINANCE INCOME (1033+1038+1039)	1032		78,840	46,348
I. FINANCIAL INCOME FROM RELATED PARTIES AND OTHER FINANCIAL INCOME (1034+1035+1036+1037)	1033		74,752	45,849
1. Finance income - parent company and subsidiaries	1034	19	47,753	45,743
2. Finance income - other related parties	1035			106
3. Share of profit of associates and joint ventures	1036	19	26,999	-
4. Other financial income	1037			-
II. INTEREST INCOME (from third parties)	1038			-
III. FOREIGN EXCHANGE GAINS (third parties)	1039	19	4,088	499

STAND-ALONE FINANCIAL STATEMENTS

STAND-ALONE INCOME STATEMENT

In RSD thousand

	AOP	Note	Year ended 31 December	
			2019	2018
F. FINANCE EXPENSES (1041+1046+1047)	1040		100,687	126,295
I. FINANCIAL EXPENSES FROM RELATED PARTIES AND OTHER FINANCIAL EXPENSES (1042+1043+1044+1045)	1041		32,853	26,647
1. Finance expense - parent company and subsidiaries	1042	20	28,118	20,458
2. Finance expense - other related parties	1043			29
3. Share of loss of associates and joint ventures	1044			-
4. Other financial expense	1045	20	4,735	6,160
II. INTEREST EXPENSE (from third parties)	1046	20	67,730	99,130
III. FOREIGN EXCHANGE LOSSES (third parties)	1047		104	518
G. PROFIT FROM FINANCING OPERATIONS (1032-1040)	1048			-
H. LOSS FROM FINANCING OPERATIONS (1040-1032)	1049		21,847	79,947
I. INCOME FROM VALUATION OF ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	1050			-
J. LOSS FROM VALUATION OF ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	1051			-
K. OTHER INCOME	1052		1,408	2,943
L. OTHER EXPENSES	1053			496
M. OPERATING PROFIT BEFORE TAX (1030-1031+1048-1049+1050-1051+1052-1053)	1054			-
N. OPERATING LOSS BEFORE TAX (1031-1030+1049-1048+1051-1050+1053-1052)	1055		56,550	115,576
O. NET INCOME ATTRIBUTABLE TO DISCONTINUED OPERATIONS, EXPENSES ARISING FROM CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF PRIOR PERIOD ERRORS	1056			-
P. NET LOSS ATTRIBUTABLE TO DISCONTINUED OPERATIONS, EXPENSES ARISING FROM CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF PRIOR PERIOD ERRORS	1057			-
Q. PROFIT BEFORE TAX (1054-1055+1056-1057)	1058			-
R. LOSS BEFORE TAX (1055-1054+1057-1056)	1059		56,550	115,576
II. INCOME TAX				
I. CURRENT INCOME TAX	1060			-
II. DEFERRED TAX EXPENSE FOR THE PERIOD	1061			-
III. DEFERRED TAX INCOME FOR THE PERIOD	1062			-
S. PERSONAL INCOME PAID TO EMPLOYER	1063			-
T. NET PROFIT (1058-1059-1060-1061+1062)	1064			-
V. NET LOSS (1059-1058+1060+1061-1062)	1065		56,550	115,576
I. NET INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	1066			-
II. NET INCOME ATTRIBUTABLE TO THE OWNER	1067			-
III. NET LOSS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	1068			-
IV. NET LOSS ATTRIBUTABLE TO THE OWNER	1069		56,550	115,576
V. EARNINGS PER SHARE				
1. Basic earnings per share (in RSD)	1070		(2.13)	(4.36)
2. Diluted earnings per share (in RSD)	1071		(2.13)	(4.58)

STAND-ALONE FINANCIAL STATEMENTS

STAND-ALONE STATEMENT OF OTHER COMPREHENSIVE INCOME		Year ended 31 December	
In RSD thousand		2019	2018
	AOP	Note	
A. NET PROFIT/(LOSS)			
I. PROFIT, NET (AOP 1064)	2001		-
II. LOSS, NET (AOP 1065)	2002		56,550
B. OTHER COMPREHENSIVE PROFIT OR LOSS			115,576
<i>a) Items that will not be reclassified to profit or loss</i>			
1. Changes in the revaluation of intangible assets, property, plant and equipment			
a) increase in revaluation reserves	2003		-
b) decrease in revaluation reserves	2004		-
2. Actuarial gains (losses) of post-employment benefit obligations			
a) gains	2005		-
b) losses	2006		-
3. Gains and losses arising from equity investments			
a) gains	2007		-
b) losses	2008		-
4. Gains or losses arising from a share in the associate's other comprehensive profit or loss			
a) gains	2009		-
b) losses	2010		-
<i>b) Items that may be subsequently reclassified to profit or loss</i>			
1. Gains (losses) from currency translation differences			
a) gains	2011		-
b) losses	2012		-
2. Gains (losses) on investment hedging instruments in foreign business			
a) gains	2013		-
b) losses	2014		-
3. Gains and losses on cash flow hedges			
a) gains	2015		-
b) losses	2016		-
4. Gains (losses) from change in value of available-for-sale financial assets			
a) gains	2017		-
b) losses	2018		-
I. OTHER COMPREHENSIVE PROFIT BEFORE TAX			
(2003+2005+2007+2009+2011+2013+2015+2017)-			
(2004+2006+2008+2010+2012+2014+2016+2018)>=0			
	2019		-
II. OTHER COMPREHENSIVE LOSS BEFORE TAX			
(2004+2006+2008+2010+2012+2014+2016+2018)-			
(2003+2005+2007+2009+2009+2011+2013+2015+2017)>=0			
	2020		-
III. TAX ON OTHER COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD			
	2021		-
IV. TOTAL NET COMPREHENSIVE PROFIT (2019-2020-2021)>=0			
	2022		-
V. TOTAL NET COMPREHENSIVE LOSS (2020-2019+2021)>=0			
	2023		-
C. TOTAL NET COMPREHENSIVE PROFIT			
I. TOTAL COMPREHENSIVE PROFIT, NET			
(2001-2002+2022-2023)>=0			
	2024		-
II. TOTAL COMPREHENSIVE LOSS, NET			
(2002-2001+2023-2022)>=0			
	2025		56,550
D. TOTAL NET COMPREHENSIVE PROFIT / (LOSS)			
(2027+2028)=AOP 2024>=0 или AOP 2025>0			
	2026		-
1. Attributable to shareholders			
	2027		56,550
2. Attributable to non-controlling interest			
	2028		115,576

STAND-ALONE FINANCIAL STATEMENTS

STAND-ALONE STATEMENT OF CASH FLOWS
In RSD thousand

	AOP	Note	Year ended 31 December	
			2019	2018
A. CASH FLOWS FROM OPERATING ACTIVITIES				
I. Cash inflow from operating activities (1 to 3)	3001			
1. Sales and advances received	3002			
2. Interest from operating activities	3003			
3. Other inflow from operating activities	3004			
II. Cash outflow from operating activities (1 to 5)	3005		194,045	96,053
1. Payments and prepayments to suppliers	3006		99,111	893
2. Salaries, benefits and other personal expenses	3007		3,656	859
3. Interest paid	3008		91,278	94,301
4. Income tax paid	3009			
5. Payments for other public revenues	3010			
III. Net cash inflow from operating activities (I - II)	3011			
IV. Net cash outflow from operating activities (II - I)	3012		194,045	96,053
B. CASH FLOWS FROM INVESTING ACTIVITIES				
I. Cash flows from investing activities (1 to 5)	3013		58,792	
1. Sale of shares (net inflow)	3014			
2. Proceeds from sale of intangible assets, property, plant and equipment	3015			
3. Other financial investments (net inflow)	3016		24,693	
4. Interest from investing activities	3017		7,100	
5. Dividend received	3018		26,999	
II. Cash outflow from investing activities (1 to 3)	3019		-	155
1. Acquisition of subsidiaries or other business (net outflow)	3020			
2. Purchase of intangible assets, property, plant and equipment	3021			82
3. Other financial investments (net outflow)	3022			73
III. Net cash inflow from investing activities (I - II)	3023		58,792	
IV. Net cash outflow from investing activities (II - I)	3024			155
C. CASH FLOWS FROM FINANCING ACTIVITIES				
I. Cash inflow from financing activities (1 to 5)	3025		101,236	1,878,161
1. Increase in share capital	3026			681,469
2. Proceeds from long-term borrowings (net inflow)	3027		101,236	1,196,692
3. Proceeds from short-term borrowings (net inflow)	3028			
4. Other long-term liabilities	3029			
5. Other short-term liabilities	3030			
II. Cash outflow from financing activities (1 to 6)	3031		55,948	1,680,072
1. Purchase of own shares	3032			
2. Repayment of long-term borrowings (net outflow)	3033		35,451	591,389
3. Repayment of short-term borrowings (net outflow)	3034		20,497	1,088,683
4. Repayment of other liabilities (net outflow)	3035			
5. Financial lease	3036			
6. Dividend distribution	3037			
III. Net cash inflow from financing activities (I - II)	3038		45,288	198,089
IV. Net cash outflow from financing activities (II - I)	3039			
D. TOTAL CASH INFLOW (3001+3013+3025)	3040		160,028	1,878,161
E. TOTAL CASH OUTFLOW (3005+3019+3031)	3041		249,993	1,776,280
F. NET CASH INFLOW (340-341)	3042			101,881
G. NET CASH OUTFLOW (341-340)	3043		89,965	
H. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	3044		101,989	108
I. CURRENCY TRANSLATION GAINS ON CASH AND CASH EQUIVALENTS	3045			
J. CURRENCY TRANSLATION LOSSES ON CASH AND CASH EQUIVALENTS	3046			
K. CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (3042-3043+3044+3045-3046)	3047		12,024	101,989

STAND-ALONE FINANCIAL STATEMENTS

STAND-ALONE STATEMENT OF CHANGES IN EQUITY
In RSD thousand

	Equity components							Retained earnings (loss)
	AOP	Share capital	AOP	Reserves	AOP	Loss	AOP	
Balance as at 1 January 2017								
a) debit	4001		4037		4055	11,389	4091	-
b) credit	4002	817	4038		4056		4092	-
Adjustments of material errors and changes in accounting policies								
a) debit	4003		4039		4057		4093	-
b) credit	4004		4040		4058		4094	-
Restated opening balance as at 1 January 2017								
a) debit (1a+2a-26)>=0	4005		4041		4059	11,389	4095	-
б) credit (16-2a+26)>=0	4006	817	4042		4060		4096	-
Changes in period								
a) debit	4007		4043		4061	36,035	4097	-
b) credit	4008	3,008	4044		4062		4098	-
Balance as at 31 December 2017								
a) debit (3a+4a-46)>=0	4001		4037		4055	47,424	4091	-
б) credit (36-4a+46)>=0	4002	3,825	4038		4056		4092	-
Adjustments of material errors and changes in accounting policies								
a) debit	4003		4039		4057		4093	-
b) credit	4004		4040		4058		4094	-
Restated opening balance as at 1 January 2018								
a) debit (5a+6a-66)>=0	4005		4041		4059	47,424	4095	-
б) credit (56-6a+66)>=0	4006	3,825	4042		4060		4096	-
Changes in period								
a) debit	4007		4043		4061	115,576	4097	-
b) credit	4008	681,469	4044		4062		4098	-
Balance as at 31 December 2018								
a) debit (7a+8a-86)>=0	4009		4045		4063	163,000	4099	-
б) credit (76-8a+86)>=0	4010	685,294	4046		4064		4100	-

STAND-ALONE FINANCIAL STATEMENTS

STAND-ALONE STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Equity components						Retained earnings
	AOP	Share capital	AOP	Reserves	AOP	Loss	
Adjustments of material errors and changes in accounting policies							
a) debit	4011		4047	-	4065		4101
b) credit	4012		4048	-	4066		4102
Restated opening balance as at 1 January 2019							
a) debit (5a+6a-66)>=0	4013		4049	-	4067	163,000	4103
6) credit (56-6a+66)>=0	4014	685,294	4050	-	4068		4104
Changes in period							
a) debit	4015		4051	-	4069	56,550	4105
b) credit	4016		4052	-	4070		4106
Balance as at 31 December 2019							
a) debit (7a+8a-86)>=0	4017		4053	-	4071	219,550	4107
6) credit (76-8a+86)>=0	4018	685,294	4054	-	4072		4108

STAND-ALONE FINANCIAL STATEMENTS

STAND-ALONE STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Other comprehensive income components

	AOP	Revaluation reserves	AOP	Actuarial gain/(loss)	AOP	Gains (losses) from change in value of available-for-sale financial assets	AOP	Total Equity
Balance as at 1 January 2017								
a) debit	4109	-	4127	-	4217	-	4235	11,389
b) credit	4110	-	4128	-	4218	-	-	817
Adjustments of material errors and changes in accounting policies								
a) debit	4111	-	4129	-	4219	-	-	-
b) credit	4112	-	4130	-	4220	-	4236	-
Restated opening balance as at 1 January 2017								
a) debit (1a+2a-26)>=0	4113	-	4131	-	4221	-	-	11,389
b) credit (1b-2a+2b)>=0	4114	-	4132	-	4222	-	4237	817
Changes in period								
a) debit	4115	-	4133	-	4223	-	-	36,035
b) credit	4116	-	4134	-	4224	-	4238	3,008
Balance as at 31 December 2017								
a) debit (3a+4a-4b)>=0	4109	-	4127	-	4217	-	-	47,424
b) credit (3b-4a+4b)>=0	4110	-	4128	-	4218	-	4235	3,825
Adjustments of material errors and changes in accounting policies								
a) debit	4111	-	4129	-	4219	-	-	-
b) credit	4112	-	4130	-	4220	-	4236	-
Restated opening balance as at 1 January 2018								
a) debit (5a+6a-6b)>=0	4113	-	4131	-	4221	-	-	47,424
b) credit (5b-6a+6b)>=0	4114	-	4132	-	4222	-	4237	3,825
Changes in period								
a) debit	4115	-	4133	-	4223	-	-	115,576
b) credit	4116	-	4134	-	4224	-	4238	681,469
Balance as at 31 December 2018								
a) debit (7a+8a-8b)>=0	4117	-	4135	-	4225	-	-	163,000
b) credit (7b-8a+8b)>=0	4118	-	4136	-	4226	-	4239	685,294

STAND-ALONE FINANCIAL STATEMENTS

STAND-ALONE STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Other comprehensive income components

	AOP	Revaluation reserves	AOP	Actuarial gain/(loss)	AOP	Gains (losses) from change in value of available-for-sale financial assets	AOP	Total Equity
Adjustments of material errors and changes in accounting policies								
a) debit	4119	-	4137	-	4227	-	-	
b) credit	4120	-	4138	-	4228	-	4240	
Restated opening balance as at 1 January 2019								
a) debit (5a+6a-66) >=0	4121	-	4139	-	4229	-	-	163,000
b) credit (56-6a+66) >=0	4122	-	4140	-	4230	-	4241	685,294
Changes in period								
a) debit	4123	-	4141	-	4231	-	-	56,550
b) credit	4124	-	4142	-	4232	-	4242	
Balance as at 31 December 2019								
a) debit (7a+8a-86) >=0	4125	-	4143	-	4233	-	-	219,550
b) credit (76-8a+86) >=0	4126	-	4144	-	4234	-	4243	685,294

**EXPLANATORY NOTES TO THE STAND-
ALONE FINANCIAL STATEMENTS 31
DECEMBER 2019**

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

14. General information

Fintel Energija A.D. (hereinafter the “**Company**” or “**Fintel Energija**”) is a Serbian holding leading independent renewable energy generator in Serbia. The Company through its subsidiaries acted as the pioneer in the Serbian wind business being the first ever to install and operate wind farms in the country.

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

Fintel Energia's registered office is located at Bulevar Mihajla Pupina 115e, Beograd, Serbia.

At 31 December 2019, the Company's fully subscribed and paid up share capital amounted to RSD 4,057 thousand, consisting of 26,510,506 ordinary shares of RSD 0.153 each.

In 2018 the Company listed its shares on the stock market. The process of Initial Public Offering of the Company's shares ended on 30. October 2018, and during the offering period 1,510,506 shares were registered. Initial price on the stock market was RSD 500 per share.

The company's shares are traded on the organized market – Belgrade Stock Exchange. The symbol of the shares is FINT, and ISIN number is RSFINEE60549. The market capitalization of the Company as at 31 December 2019 is RSD 16,436,514 thousand. Fintel Energia Group SpA, the majority shareholder of the Company, constitute a vertical operator in the integrated energy supply chain, which engages in the sale of electricity and natural gas in Italy and in the development and exploitation of renewable energy power plants (photovoltaic, wind and mini wind) in Italy and Serbia.

These stand-alone financial statements for the year ended 31 December 2019 have been approved on the 27 April 2020. The approved stand-alone financial statements may be amended based on the auditor's opinion, in accordance with legislation.

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

15. Summary of accounting policies and standards adopted

2.1 Basis of presentation

The Company has prepared these stand-alone financial statements in accordance with the Law on Accounting of the Republic of Serbia (the "Law"), , statements be prepared in accordance with all International Financial Reporting Standards (IFRS) translated into Serbian by 31 July 2013, as well as other regulations issued by the Ministry of Finance of the Republic of Serbia The Law requires certain presentations and treatments of accounts and balances which results in the following additional departures from IFRS:

1. The financial statements are prepared in format prescribed by the Ministry of Finance of the Republic of Serbia, which does not comply with IAS 1 (revised) – "Presentation of Financial Statements" requirements and IAS 7 – "Statement of cash flows".
2. "Off-balance sheet assets and liabilities" are recorded on the face of the balance sheet (note 2.4). Such items do not meet the definition of either an asset or a liability under IFRS.
3. Decision of the Ministry of Finance of the Republic of Serbia no. 401-00-4980 / 2019-16 of 21st November 2019 (Official Gazette of the Republic of Serbia No. 92/2019) stipulate that official standards are consist of: official translations of International Financial Reporting Standards which include the Conceptual Framework for Financial Reporting, the basic texts of International Accounting standards (IAS), basic texts of IFRS issued by the International Accounting Standards Board, as well as interpretations issued by the Accounting Standards Interpretation Committee in the form in which they were issued or adopted and which do not include basis for conclusions, illustrative examples, guidelines, comments, dissenting opinions, elaborated examples and other additional explanatory material that can be adopted in connection with standards, interpretations, unless it is explicitly stated that it is an integral part of the standard or interpretation. IFRS 9 and IFRS 15 will be applicable from the financial statements prepared as of 31st December 2020, with the possibility of application when preparing the financial statements as at 31st December 2019 (disclosing the relevant information in the Notes to the consolidated financial statements).

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

The preparation of stand-alone financial statements in conformity with Law on Accounting of the Republic of Serbia requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

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

2. Summary of accounting policies and standards adopted (Continued)

2.2 Going concern

The Company meets its day-to-day working capital requirements through its bank facilities. The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current facilities. Bearing in mind the foregoing, management considers that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its stand-alone financial statements. Further information on the Company's borrowings is given in Note 14.

2.3 Foreign currency translation

Functional and presentation currency

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

Transactions and balances

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

2.4 Significant accounting policies

Property, plant and equipment

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

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

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

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

2. Summary of accounting policies and standards adopted (Continued)

2.4 Significant accounting policies (Continued)

Property, plant and equipment (Continued)

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

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

	No. of years
Equipment	3

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

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

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

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

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

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

2. Summary of accounting policies and standards adopted (Continued)

2.4 Significant accounting policies (Continued)

Other current and non-current assets, trade receivables and other receivables (Continued)

Purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the assets have expired and the company that held them has transferred substantially all the risks and rewards of ownership.

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

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

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

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

Cash and cash equivalents

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

Off balance sheet assets/liabilities

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

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

2. Summary of accounting policies and standards adopted (Continued)

2.4 Significant accounting policies (Continued)

Trade payables, financial and other payables

Trade payables, financial and other payables are recognised initially at their fair value, net of directly attributable ancillary costs, and subsequently measured at amortised cost using the effective interest method.

If there is a change in estimated cash flow that can be reliably measured, the carrying amount of the liability is remeasured to reflect the change, based on the present value of the new estimated cash flow and on the initially determined internal rate. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

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

Provisions

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

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

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

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

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

2. Summary of accounting policies and standards adopted (Continued)

2.4 Significant accounting policies (Continued)

Provisions (Continued)

If changes are deducted from an asset's carrying amount, the decrease is recognised as an opposite entry to the asset up to the amount of its carrying amount; any excess is recognised immediately in the income statement.

As regards estimation criteria adopted for the determination of the asset decommissioning and restoration provision, reference should be made to the paragraph on use of estimates. Risks that could give rise to a probable liability are disclosed in the section on commitments and risks, but are not provided for.

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

Revenue recognition

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

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

Revenue arising from the sale of goods and finished products is recognised in the income statement upon the transfer to the customer of the risks and rewards of ownership of the product sold, which normally coincides with the shipment of the goods to the customer and their acceptance thereby.

Revenue arising from the rendering of services is recognised in the accounting period in which the services are rendered by reference to the stage of completion at the reporting date.

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

Cost recognition

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

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

2. Summary of accounting policies and standards adopted (Continued)

2.4 Significant accounting policies (Continued)

Finance income and costs

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

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

Income tax

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

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

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

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

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

Related-party transactions

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

Dividends

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

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

2. Summary of accounting policies and standards adopted (Continued)

2.4 Significant accounting policies (Continued)

Earnings per share

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

3. Estimates and assumptions

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

A brief description is provided below of the key accounting policies used in the preparation of stand-alone financial statements.

Impairment of investments in subsidiaries

Investments in subsidiaries are tested for impairment when impairment indicators exist, which is recognised by a write-down when there are indicators that suggest it may be difficult to recover the related net carrying amount. The verification of the existence of the aforementioned indicators requires subjective assessments to be made by directors, based on information available within the Company, on information sourced from the market and on past experience. Moreover, if it has been established that there may be a case of potential impairment, as well as the computation of estimates for the determination thereof depend on factors that may change over time and which may affect the assessments and estimates made by the directors.

Based on assessments made by Fintel Group Directors, there are no indicators of impairment of investments in subsidiaries.

Provisions

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

FINTEL ENERGIJA AD, BEOGRAD
EXPLANATORY NOTES TO THE STAND-ALONE FINANCIAL STATEMENTS
31 DECEMBER 2019

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

4. Financial risk management

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

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

Credit risk

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

The Company's maximum exposure to credit risk at 31 December 2019 and 2018 is the carrying amount of each class of assets indicated in the following table:

<i>RSD thousand</i>	31 December 2019	31 December 2018
Other receivables	4,344	4,396
Long-term loans and investments	1,530,610	-
Short-term loans and investments	33,161	1,530,723
Prepayments and accrued income	141,931	99,381
TOTAL	1,697,047	1,634,500

Prepayments and accrued income mainly refer to receivables from subsidiaries MK Fintel Wind ad. MK Fintel Wind Holding doo, VP Lipar doo, VP Lipar 2 doo, VP Maestrane Ring d.o.o., Project Torak doo and Fintel Energija Development doo for interest, while Long-term loans and investments relate specifically to financing provided to the subsidiaries MK Fintel Wind ad and MK Fintel Wind Holding doo. Short-term loans relate to financing provided to the subsidiaries VP Lipar doo, VP Lipar 2 doo, VP Maestrane Ring d.o.o., Project Torak doo and Fintel Energija Development doo.

Those represent a low level of credit risk.

Liquidity risk

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

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

FINTEL ENERGIJA AD, BEOGRAD
EXPLANATORY NOTES TO THE STAND-ALONE FINANCIAL STATEMENTS
31 DECEMBER 2019

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

4. Financial risk management (continued)

Liquidity risk (Continued)

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

The following table provides a maturity analysis of liabilities at 31 December 2019 and 2018. The various maturity bands are determined based on the period between the reporting date and the contractual maturity of the Company's obligations, gross of accrued interest at 31 December. Interest is calculated in accordance with contractual terms for the financing.

At 31 December 2019				
<i>RSD thousand</i>	Less than 1 year	1-2 years	2-5 years	Beyond 5 years
Financial payables due to shareholders	327,415	-	-	-
Bank loans	50,675	140,756	803,192	-
Trade payables	6,550	-	-	-
Total	440,109	140,756	903,192	-
At 31 December 2018				
<i>RSD thousand</i>	Less than 1 year	1-2 years	2-5 years	Beyond 5 years
Financial payables due to shareholders	329,071	-	-	-
Bank loans	83,010	46,293	427,272	448,724
Trade payables	68,410	-	-	-
Total	480,491	46,293	427,272	448,724

Bank loans due 2-5 years increased due to new loans taken out by the Company for Kosava phase I wind farm.

Accordingly, taking in account of the foregoing and as detailed in Note 2.1 above, of the fact that the shareholders have confirmed that they do not intend to request the repayment of the loan prior to the forthcoming year end it is believed that the Company and the Group will be able to meet its obligations in the foreseeable future.

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

4. Financial risk management (continued)

Market risk

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

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

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

Risk of fluctuation in exchange rates

Exchange rate risk is linked to operations in currency other than the RSD. Fintel is exposed to the risk of fluctuation in exchange rates, given that it conducts business in Serbia through its subsidiaries, which are companies committed to the study, construction, development and management of wind farms and other projects in the field of renewables. The consequent impact is reflected in the statement of profit or loss of the subsidiaries.

As at 31 December 2019, if the currency RSD had strengthened/weakened by 5% against the EUR with all other variables held constant, post-tax profit for the year would have been RSD 47,899 thousand (2018: RSD 45,575 thousand) higher/lower, mainly as a result of foreign exchange gains/losses on translation of EUR – denominated borrowings.

Risk of fluctuation in interest rates

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

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

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

Capital management risk

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

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

FINTEL ENERGIJA AD, BEOGRAD
EXPLANATORY NOTES TO THE STAND-ALONE FINANCIAL STATEMENTS
31 DECEMBER 2019

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

4. Financial risk management (continued)

Market risk (Continued)

The gearing ratio at 31 December 2019 and 2018 is shown in the following table:

<i>RSD thousand</i>	31/12/2019	31/12/2018
Non-current financial payables:		
- Bank loans	799,631	743,277
Current financial payables:		
- Financial payables due to shareholders	327,415	329,071
Cash and cash equivalents	(12,024)	(101,990)
Net debt (A)	1,115,022	970,358
Equity (B)	685,294	685,294
Net capital employed (C=A+B)	1,800,316	1,655,652
Gearing ratio (A/C)	62%	61%

5. Financial assets and liabilities by class

The following table shows the Company's financial assets and liabilities by class, with an indication of the corresponding fair value, at 31 December 2019 and 2018:

<i>RSD thousand</i>	At 31 December 2019					Level
	Amortised cost	Fair value through OCI	Fair value through profit or loss	Hedge accounting	Total	
Receivables due from subsidiaries related parties	1,550,771	-	-	-	1,550,771	
Other current assets	155,620	-	-	-	155,620	
Cash and cash equivalents	12,024	-	-	-	12,024	
Total	1,718,415	-	-	-	1,718,415	
Borrowings	799,631	-	-	-	799,631	
Financial payables due to shareholders	327,415	-	-	-	327,415	
Trade payables	34,285	-	-	-	34,285	
Other current liabilities	107,486	-	-	-	107,486	
Total	1,268,816	-	-	-	1,268,816	
<i>RSD thousand</i>	At 31 December 2018					Level
	Amortised cost	Fair value through OCI	Fair value through profit or loss	Hedge accounting	Total	
Receivables due from subsidiaries related parties	1,530,723	-	-	-	1,530,723	
Other current assets	112,374	-	-	-	112,374	
Cash and cash equivalents	101,990	-	-	-	101,990	
Total	1,745,086	-	-	-	1,745,086	
Borrowings	743,277	-	-	-	743,277	
Financial payables due to shareholders	329,071	-	-	-	329,071	
Trade payables	68,410	-	-	-	68,410	
Other current liabilities	98,202	-	-	-	98,202	
Total	1,238,961	-	-	-	1,238,961	

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

6. IFRS 8: segment information

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

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

a) Guarantees issued

Guarantees issued amount to RSD 472,723 thousand as of 31 December 2019. They have been issued in favor of Lenders of Kosava project phase I, for cost overrun during construction and till COD.

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

a) Other

There were no other contingent liabilities of the Company.

8. Investments in subsidiary

Investments in subsidiary is detailed as follow:

- RSD 16,009 thousand for 54% owned in of MK-Fintel Wind AD (RSD 16.009 thousand at 31 December 2018).
- RSD 5 thousand for 54% owned in of MK-Fintel Wind Holding Doo (RSD 5 thousand at 31 December 2018).
- RSD 72 thousand for 100% owned in of Fintel Russian Ventures ooo (RSD 72 thousand at 31 December 2018).
- RSD 100 for 100% owned in Lipar Doo.
- RSD 100 for 100% owned in Lipar 2 Doo.
- RSD 100 for 100% owned in Maestrle Ring Doo.
- RSD 100 for 100% owned in Project Torak Doo.
- RSD 200 for 100% owned in Fintel Energija Development Doo.

FINTEL ENERGIJA AD, BEOGRAD
EXPLANATORY NOTES TO THE STAND-ALONE FINANCIAL STATEMENTS
31 DECEMBER 2019

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

9. Long-term loans and investments - parent companies and subsidiaries

The balance amounts to RSD 1,517,610 thousand and they only refer to financing provided to the subsidiaries MK-Fintel Wind AD (RSD 1,416,033,565 thousand at 31 December 2019) and MK-Fintel Wind Holding Doo (RSD 101,576,661 thousand at 31 December 2019).

Summary of given loans, with maturities in the following table:

Recipient of the loan	Amount 31.12.2019 EUR	Amount 31.12.2019 RSD	Maturity
MK Fintel Wind ad	12,041,839	1,416,033,565	2021
MK Fintel Wind Holding d.o.o.	863,800	101,576,661	2021
Total	12,905,639	1,517,610,226	

At 31 December 2018 these loans were reclassified as short term loans while at 31 December 2019 they have been included in long term loans due to the new terms of the contracts.

10. Short-term loans and investments - parent companies and subsidiaries

Short-term loans and investments to parents' companies and subsidiaries amount to RSD 33,161 thousand and they refer to financing provided to the subsidiaries Lipar Doo (RSD 17,639 thousand at 31 December 2019), Lipar 2 Doo (RSD 3,528 thousand at 31 December 2019), Maestrale Ring Doo (RSD 7,761 thousand at 31 December 2019), Project Torak Doo (RSD 4,116 thousand at 31 December 2019) and Fintel Energija Development Doo (RSD 118 thousand at 31 December 2019).

Summary of given loans, with interest rates and maturities in the following table:

Recipient of the loan	Amount 31.12.2019 EUR	Amount 31.12.2019 RSD	Maturity
VP Lipar d.o.o.	150,000	17,638,920	2020
VP Lipar 2 d.o.o.	30,000	3,527,784	2020
VP Maestrale Ring d.o.o.	66,000	7,761,125	2020
Project Torak d.o.o.	35,000	4,115,748	2020
Fintel Energija Development d.o.o.	1,000	117,593	2020
Total	282,000	33,161,170	

11. Cash and cash equivalents

"Cash and cash equivalents" at 31 December 2019 and 2018 are detailed as follows:

	31 December 2019	31 December 2018
Current account		
- in dinars	11,968	101,932
- in foreign currency	56	57
Cash and cash equivalents	12,024	101,989

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

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

FINTEL ENERGIJA AD, BEOGRAD
EXPLANATORY NOTES TO THE STAND-ALONE FINANCIAL STATEMENTS
31 DECEMBER 2019

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

12. Other current assets

“Other current assets” of RSD 155,050 thousand at 31 December 2019 (RSD 107,467 thousand at 31 December 2018) are detailed in the following table:

<i>RSD thousand</i>	31 December 2019	31 December 2018
Value added tax	8,775	8,086
Prepayments and accrued income	141,931	99,381
Total	150,706	107,467

Prepayments and accrued income includes interests accrued during the years for the shareholder's loans to the subsidiaries. Accrued interest is due on payment by the end of 2020.

13. Equity

Equity at 31 December 2019 and 2018 is detailed in the following table:

<i>RSD thousand</i>	31 December 2019	31 December 2018
Share capital	4,057	4,057
Share premium	681,237	681,237
Loss from previous years	(163,000)	(47,424)
Loss from current year	(56,550)	(115,576)
TOTAL EQUITY	465,744	522,294

The equity components and changes therein are detailed below:

Share capital

As of 31 December 2019, the Company's fully subscribed and paid up share capital amounted to RSD 4,056,524 (RSD 4.057 thousand as at 31. december 2018) consisting of 26,510,506 ordinary shares with nominal value of RSD 0.153 each.

Share premium

At 31 December 2019, such Reserve includes the share premium resulting from the capital increase related to the IPO of the Company on the Prime Listing Segment of the Belgrade Stock Exchange. The share premium worths RSD 755,022 Thousands (equivalent to RSD 499,847 per each new share issued by the Company). Such value is reported net of the IPO related costs.

Retained earnings/(Losses)

These consist of earnings/(Losses) from previous years. They also include net profit/(losses) for the current year.

FINTEL ENERGIJA AD, BEOGRAD
EXPLANATORY NOTES TO THE STAND-ALONE FINANCIAL STATEMENTS
31 DECEMBER 2019

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

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

Set out below are details of long and short term loans and borrowings at 31 December 2019 and 2018:

<i>RSD thousand</i>	31 December 2019	31 December 2018
Long term borrowings	799,631	743,277
Total	799,631	743,277

Details of bank loans outstanding at 31 December 2019 are summarised in the following table:

Beneficiary company	Creditor	Residual debt at 31.12.2019	Long term	Short term	Maturity
<i>(Amounts in RSD thousand)</i>					
Fintel Energija	AIK Bank	799,631	799,631	-	2024
		799,631	799,631	-	

Loan of Fintel Energija refers to the financing received from AIK Bank in 2017 for the development and construction of Kosava phase I wind farm. Its maturity is of 6 years and interest rate is fixed.

15. Long and short term loans and borrowings from parent and subsidiaries

Loans and borrowings to parent and subsidiaries of RSD 327,415 thousand as at 31 December 2019 (RSD 329,071 thousand at 31 December 2018), mainly consist of revocable loans to be repaid to the Ultimate Parent company Fintel Energia Group Spa that were granted for the benefit of Fintel Energija. The loan of EUR 2,667,000 is interest bearing, interest is 6%. Other loans are non-interest bearing. The loans are due in 2020.

16. Trade payables

Trade payables amounted to RSD 34,285 thousand at 31 December 2019 consist of domestic trade payables for services and payables to the parent company for services.

17. Accruals

Accruals amounted to RSD 107,220 thousand at 31 December 2019 consist mainly of interests on shareholders loan due to Fintel Energia Group SpA (RSD 100,825 thousand) accrued interests on financial loan.

18. Non-production costs

Non-production costs amount to RSD 32,338 thousand in 2019 (RSD 36,515 thousand in 2018) and relate to accounting services, management fee costs (invoices issued in according management fee contract), costs of other services.

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

19. Finance income

	2019	2018
Finance income - parent company and subsidiaries	47,753	45,743
Finance income - other related parties	-	106
Share of profit of associates and joint ventures	26,999	-
FOREIGN EXCHANGE GAINS (third parties)	4,088	499
Total	78,840	46,348

20. Finance expense

	2019	2018
Finance expense - parent company and subsidiaries	28,118	20,458
Finance expense - other related parties	-	29
Other financial expense	4,736	6,160
INTEREST EXPENSE (from third parties)	67,730	99,130
FOREIGN EXCHANGE LOSSES (third parties)	104	518
Total	100,688	126,295

21. Income tax expense

Income tax expenses for the years ended 31 December 2019 and 2018 are detailed as follows:

	Year ended 31 December	
	2019	2018
Income tax for the year	-	-
Deferred income tax for the period (note 12)	-	-
Origination and reversal of temporary differences	-	-
	-	-

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

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

21. Income tax expense (Continued)

	Year ended 31 December	
	2019	2018
Profit/(Loss) before tax	(56,550)	(115,576)
Tax calculated at domestic tax rates applicable to profits in the respective countries	-	-
<i>Tax effect on:</i>		
Depreciation effects	(57)	-
Revenues exempt from taxation	-	-
Expenses not deductible for tax purposes		
- Transfer pricing effect for interest expense	9,722	14,856
- Other expenses not deductible	-	-
Tax losses for which no deferred income tax asset was recognized (utilized recognised tax credit), net	-	-
Losses from subsidiaries	-	-
Other tax effects for reconciliation between accounting profit and tax expense	-	-
Adjustment in respect of prior years	-	-
Effective income tax rate	0%	0%

The weighted average applicable tax rate was 0% (2018: 0%).

22. Earnings/(loss) per share

The basic result per share has gone from a loss per share of RSD 4.36 in 2018 to RSD 2.13 for the year ended 31 December 2019. It has been computed by dividing the Group's net result by the number of Fintel Energija shares outstanding in the years in question (number of shares outstanding of 26,511 thousand).

There were no dilutive effects at 31 December 2019. Accordingly, diluted earnings per share thus coincide with basic earnings per share.

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

23. Related party transactions

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

A summary provided below of the Company's transactions with related parties in 2019 and 2018. All transactions with related parties are entered into at market value.

As of 31 December 2019 and 31 December 2018 the outstanding balances with related parties were as follows:

At 31 December 2019				
RSD thousand	Parent Company	Parent's subsidiaries and associates	Subsidiaries	Total
Short-term loans	-	-	33,161	33,161
Long-term loans	-	-	1,517,610	1,517,610
Other current assets	-	-	141,931	141,931
Other current liabilities	(100,824)	-	-	(100,825)
Trade payables	(27,735)	-	-	(27,735)
Shareholder's loan	(327,415)	-	-	(327,415)
Total	(455,974)	-	1,692,702	1,236,728

At 31 December 2018				
RSD thousand	Parent Company	Parent's subsidiaries and associates	Subsidiaries	Total
Short-term loans	-	-	1,530,723	1,530,723
Other current assets	-	-	99,381	99,381
Other current liabilities	(82,427)	-	-	(82,427)
Trade payables	(58,761)	-	(411)	(59,172)
Shareholder's loan	(329,071)	-	-	(329,071)
Total	(470,259)	-	1,629,693	1,159,434

For the year ended 31 December 2019 and 2018 the following transaction occurred with related parties:

At 31 December 2019					
RSD thousand	Parent Company	Parent's subsidiaries and associates	Subsidiaries	Other related parties	Total
Revenues	-	-	-	-	-
Selling, general and administrative expenses	(27,855)	-	-	-	(27,855)
Finance income	2,458	-	72,294	-	74,752
Finance expense	(19,142)	-	(8,976)	-	(28,118)
Total	(44,539)	-	63,318	-	18,779

At 31 December 2018					
RSD thousand	Parent Company	Parent's subsidiaries and associates	Subsidiaries	Other related parties	Total
Revenues	-	-	-	-	-
Selling, general and administrative expenses	(29,038)	-	-	-	(29,038)
Finance income	988	-	44,756	106	45,849
Finance expense	(18,918)	-	(1,540)	(29)	(20,458)
Total	(46,968)	-	43,215	77	(3,647)

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

23. Related party transactions (Continued)

Remuneration of Fintel's directors

Members of Board of Directors have not received any remuneration in 2019. Tiziano Giovannetti acts as sole director in of Fintel Energija's subsidiaries without any further remuneration.

24. Tax risk

Tax laws are subject to different interpretations and frequent amendments. Tax authorities' interpretation of Tax laws may differ to those made by the Group's management. As result, some transactions may be disputed by tax authorities and the Group may have to pay additional taxes, penalties and interests. Tax liability due date is five years. Tax authorities have rights to determine unpaid liabilities within five years since the transaction date. Management has assessed that the Group has paid all tax liabilities as of 31 December 2019.

25. Significant subsequent events

Although the new standards IFRS 9 and IFRS 15 have been effective since 1st January 2020, with the obligation to amend the financial statements prepared as of 31st December 2020, we do not expected that this will have a significant effect on the stand-alone financial statements of the Group.

At the end of 2019, China for the first time announces news about COVID-19 (coronavirus). At that time a limited number of cases of an unknown virus reported to the World Health Organization. In the first few months of 2020, the virus spread globally and caused significant negative effect. Management believes that this epidemic is an event after the date of the reporting period that does not require adjustments to the stand-alone financial statements. Although the virus is still evolving, at the time of issuing these stand-alone financial statements, the Company's management does not expect an impact on operations in 2020. The Company does not expect difficulties in collecting receivables and believes that liquidity will be stable in the future, due to the strong support of foreign partners (Company owners).

Legal representative:

The person responsible for the preparation of consolidated financial statements:



The image shows a handwritten signature in blue ink over a circular blue stamp. The stamp contains the text: "PRILIKOM PROJEKTOVANJA ZA PROIZVODNJU ELEKTRICNE ENERGIJE", "FINTEL ENERGIJA AD", and "BEOGRAD".

**CONSOLIDATED ANNUAL BUSINESS
REPORT FOR THE YEAR ENDING 31
DECEMBER 2019**

FINTEL ENERGIJA AD

Content

1. Summary of the business activities and organizational structure	3
2. Presentation of development, financial position and activities of the legal entity, relevant financial information and non-financial indicators, personnel structure	5
3. Environmental protection	11
4. Significant events after the end of the business year	12
5. Planned future development	12
6. Research and development	14
7. Subsidiaries	14
8. Goals and policies in connection with managing financial risks, credit risks, liquidity risk and market risk	15

1. Summary of the business activities and organizational structure

Identification data

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

Seat: Belgrade

Address: Bulevar Mihaila Pupina 115e

Company Identification Number: 20305266

Tax Identification Number: 105058839

Date of incorporation: 27 June 2007

Persons authorized to represent: Tiziano Giovannetti

Website: www.fintelenergija.rs

Core business activity

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

Business activities

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

Organizational structure

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

Corporate Governance

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

1. Summary of the business activities and organizational structure (Continued)

Subsidiaries

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

- Lipar d.o.o. Beograd, ID number 21452149 ("**Lipar**"), whereby the Company holds 100,00% of the share capital,
- Lipar 2 d.o.o. Beograd, ID number 21452122 ("**Lipar 2**"), whereby the Company holds 100,00% of the share capital,
- Maestrle Ring d.o.o. Beograd, ID number 21452068 ("**Maestrle Ring**"), whereby the Company holds 100,00% of the share capital,
- Project Torak d.o.o. Beograd, ID number 21459631 ("**Project Torak**"), whereby the Company holds 100,00% of the share capital,
- Fintel Energija development d.o.o. Beograd, ID number 21522732 ("**Fintel Energija Development**"), whereby the Company holds 100,00% of the share capital,
- Fintel Russian Ventures ooo, whereby the Company holds 99,00% of the share capital ("**Fintel Russian Ventures o.o.o.**"),
- MK-Fintel Wind Holding d.o.o. za holding poslove Beograd, ID number 21280275, whereby the Company holds 53,99737% of the share capital ("**MK Fintel d.o.o.**"), while the remaining 46,00263% is held by the company *MK Holding d.o.o. za holding poslove Beograd*,
- MK-Fintel Wind akcionarsko društvo Beograd, ID number 20392126, whereby the Company holds 53,99737% of the share capital ("**MK Fintel a.d.**", "."), while the remaining 46,00263% is held by the company *MK Holding d.o.o. za holding poslove Beograd*.

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

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

Fintel Energija Development d.o.o. holds 54% in the following subsidiary: MK-Fintel Wind Development d.o.o. Beograd, ID number 21528536 ("**MK-Fintel Wind Development**").

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

- Vetropark Torak d.o.o. Beograd, ID number 21040339 ("**Torak**"),
- Vetropark Košava 2 d.o.o. Beograd, ID number 21064742 ("**Košava 2**"),
- Vetropark Ram d.o.o. Beograd, ID number 20927119 ("**Ram**"),
- Vetropark Dunav 1 d.o.o. Beograd, ID number 20926392 ("**Dunav 1**"),
- Vetropark Dunav 3 d.o.o. Beograd, ID number 20927089 ("**Dunav 3**").

Information about the management of the company

Members of Board of Directors:

- ✓ Claudio Nardone, chairman
- ✓ Tiziano Giovannetti
- ✓ Luka Bjeković
- ✓ Paolo Martini
- ✓ Aleksandra Stojanovic

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

Fintel Energija has a position of pioneer among independent producers of electrical energy form wind power in the territory of the Republic of Serbia. The total installed capacity of all wind turbines in Serbia is 398 MW, of which 89.5 MW is held in the ownership of the Company (22,5%). Out of the total current quota for construction of wind farms under preferential conditions, which is 500 MW, Fintel has been granted the right to build wind farms of a total capacity of 85.5 MW (17,1%).

CONSOLIDATED ANNUAL BUSINESS REPORT

CONSOLIDATED INCOME STATEMENT
In RSD thousand

	AOP	Note	Year ended 31 December	
			2019	2018
INCOME FROM REGULAR OPERATING ACTIVITIES				
A. OPERATING INCOME (1002+1009+1016+1017)	1001		880,958	450,305
I. INCOME FROM THE SALE OF GOODS (1003+1004+1005+1006+1007+1008)	1002		-	-
1. Income from sales of goods to parent and subsidiaries on domestic market	1003		-	-
2. Income from sales of goods to parent and subsidiaries on foreign market	1004		-	-
3. Income from the sale of goods to other related parties on domestic market	1005		-	-
4. Income from the sale of goods to other related parties on foreign market	1006		-	-
5. Income from sale of goods on domestic market	1007		-	-
6. Income from sale of goods on foreign market	1008		-	-
II. INCOME FROM SALES OF PRODUCTS AND SERVICES (1010+1011+1012+1013+1014+1015)	1009		880,958	450,305
1. Income from sales of products and services to parent and subsidiaries on domestic market	1010		-	-
2. Income from sales of products and services to parent and subsidiaries on foreign market	1011		-	-
3. Income from sales of products and services to other related parties on domestic market	1012		-	-
4. Income from sales of products and services to other related parties on foreign market	1013		-	-
5. Income from sales of products and services – domestic	1014		880,958	450,305
6. Income from sales of products and services – foreign	1015		-	-
III. INCOME FROM PREMIUMS, SUBVENTIONS AND DONATIONS	1016		-	-
IV. OTHER OPERATING INCOME	1017		-	-
EXPENSES FROM REGULAR OPERATING ACTIVITIES			-	-
B. OPERATING EXPENSES (1019-1020- 1021+1022+1023+1024+1025+1026+1027+1028+1029)>=0	1018		482,159	290,037
I. COST OF GOODS SOLD	1019		-	-
II. WORK PERFORMED BY THE ENTITY AND CAPITALIZED	1020		-	-
III. INCREASE IN INVENTORIES OF UNFINISHED AND FINISHED GOODS AND ONGOING SERVICES	1021		-	-
IV. DECREASE IN INVENTORIES OF UNFINISHED AND FINISHED GOODS AND ONGOING SERVICES	1022		-	-
V. COST OF MATERIAL	1023		456	175
VI. COST OF FUEL AND ENERGY	1024		5,744	1,593
VII. COST OF SALARIES, FRINGE BENEFITS AND OTHER PERSONAL EXPENSES	1025		30,007	10,374
VIII. COST OF PRODUCTION SERVICES	1026		65,622	51,302
IX. DEPRECIATION, DEPLETION AND AMORTIZATION	1027		278,480	138,773
X. COST OF LONG-TERM PROVISIONING	1028		-	-
XI. NON-PRODUCTION COSTS	1029		101,850	87,820
C. OPERATING GAIN (1001-1018)>=0	1030		398,799	160,268
D. OPERATING LOSS (1018-1001)>=0	1031		-	-
E. FINANCE INCOME (1033+1038+1039)	1032		61,597	150,796
I. FINANCIAL INCOME FROM RELATED PARTIES AND OTHER FINANCIAL INCOME (1034+1035+1036+1037)	1033		10,151	4,908
1. Finance income - parent company and subsidiaries	1034		2,766	1,333
2. Finance income - other related parties	1035		7,385	3,575
3. Share of profit of associates and joint ventures	1036		-	-

CONSOLIDATED ANNUAL BUSINESS REPORT

CONSOLIDATED INCOME STATEMENT

In RSD thousand

	AOP	Note	Year ended	
			31 December 2019	2018
4. Other financial income	1037		-	-
II. INTEREST INCOME (from third parties)	1038		527	134,474
III. FOREIGN EXCHANGE GAINS (third parties)	1039		50,919	11,414
F. FINANCE EXPENSES (1041+1046+1047)	1040		314,711	171,177
I. FINANCIAL EXPENSES FROM RELATED PARTIES AND OTHER FINANCIAL EXPENSES (1042+1043+1044+1045)	1041		54,016	34,637
1. Finance expense - parent company and subsidiaries	1042		24,335	18,904
2. Finance expense - other related parties	1043		18,581	14,438
3. Share of loss of associates and joint ventures	1044		-	-
4. Other financial expense	1045		11,100	1,295
II. INTEREST EXPENSE (from third parties)	1046		256,439	125,744
III. FOREIGN EXCHANGE LOSSES (third parties)	1047		4,256	10,796
G. PROFIT FROM FINANCING OPERATIONS (1032-1040)	1048		-	-
H. LOSS FROM FINANCING OPERATIONS (1040-1032)	1049		253,114	20,381
I. INCOME FROM VALUATION OF ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	1050		-	-
J. LOSS FROM VALUATION OF ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	1051		-	-
K. OTHER INCOME	1052		32,655	2,927
L. OTHER EXPENSES	1053		825	7,082
M. OPERATING PROFIT BEFORE TAX (1030-1031+1048-1049+1050-1051+1052-1053)	1054		177,515	135,732
N. OPERATING LOSS BEFORE TAX (1031-1030+1049-1048+1051-1050+1053-1052)	1055		-	-
O. NET INCOME ATTRIBUTABLE TO DISCONTINUED OPERATIONS, EXPENSES ARISING FROM CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF PRIOR PERIOD ERRORS	1056		-	-
P. NET LOSS ATTRIBUTABLE TO DISCONTINUED OPERATIONS, EXPENSES ARISING FROM CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF PRIOR PERIOD ERRORS	1057		-	-
Q. PROFIT BEFORE TAX (1054-1055+1056-1057)	1058		177,515	135,732
R. LOSS BEFORE TAX (1055-1054+1057-1056)	1059		-	-
II. INCOME TAX				
I. CURRENT INCOME TAX	1060		37,166	33,037
II. DEFERRED TAX EXPENSE FOR THE PERIOD	1061		-	27,692
III. DEFERRED TAX INCOME FOR THE PERIOD	1062		3,764	-
S. PERSONAL INCOME PAID TO EMPLOYER	1063		-	-
T. NET PROFIT (1058-1059-1060-1061+1062)	1064		144,113	75,003
V. NET LOSS (1059-1058+1060+1061-1062)	1065		-	-
I. NET INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	1066		89,529	47,410
II. NET INCOME ATTRIBUTABLE TO THE OWNER	1067		54,584	27,593
III. NET LOSS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	1068		-	-
IV. NET LOSS ATTRIBUTABLE TO THE OWNER	1069		-	-
V. EARNINGS PER SHARE				
1. Basic earnings per share (in RSD)	1070		2.06	1.04
2. Diluted earnings per share (in RSD)	1071		2.06	1.09

CONSOLIDATED ANNUAL BUSINESS REPORT

CONSOLIDATED BALANCE SHEET

In RSD thousand

	AOP	Note	31 December 2019	31 December 2018
A. SUBSCRIBED CAPITAL UNPAID	0001		-	-
B. NON-CURRENT ASSETS	0002			
(0003 + 0010 + 0019+ 0024 + 0034)			13,264,122	11,578,102
I. INTANGIBLE ASSETS (0004+0005+0006+0007+0008+0009)	0003		-	-
1. Development investments	0004		-	-
2. Concessions, licenses, software and other rights	0005		-	-
3. Goodwill	0006		-	-
4. Other intangible assets	0007		-	-
5. Intangible assets under development	0008		-	-
6. Advances for intangible assets	0009		-	-
II. PROPERTY, PLANT AND EQUIPMENT				
(0011+0012+0013+0014+0015+0016+0017+0018)	0010		13,204,738	11,479,992
1. Land	0011		40,145	26,269
2. Buildings	0012		3,154,811	487,366
3. Machinery and equipment	0013		8,700,161	1,912,477
4. Investment property	0014		-	-
5. Other property, plant and equipment	0015		-	-
6. Construction in progress	0016		1,305,695	3,157,688
7. Investments in leased PP&E	0017		-	-
8. Advances for PP&E	0018		3,926	5,896,192
III. BIOLOGICAL ASSETS (0020+0021+0022+0023)	0019		-	-
1. Forest farming	0020		-	-
2. Livestock	0021		-	-
3. Biological assets in production	0022		-	-
4. Advances for biological assets	0023		-	-
IV. LONG-TERM FINANCIAL INVESTMENTS				
(0025+0026+0027+0028+0029+0030+0031+0032+0033)	0024		59,384	98,110
1. Investments in subsidiary	0025		-	-
2. Investments in joint ventures	0026		-	-
3. Investments in other legal entities and other available for sales financial assets	0027		-	-
4. Long term investments in parent and subsidiaries	0028		-	-
5. Long-term investments in other related parties	0029		-	-
6. Long-term investments – domestic	0030		-	-
7. Long-term investments – foreign	0031		-	-
8. Securities held to maturity	0032		-	-
9. Other long-term financial investments	0033		59,384	98,110
V. LONG-TERM RECEIVABLES				
(0035+0036+0037+0038+0039+0040+0041)	0034		-	-
1. Receivables from parent company and subsidiaries	0035		-	-
2. Receivables from other related parties	0036		-	-
3. Receivables from sale of goods on credit	0037		-	-
4. Receivables arising out of finance lease contracts	0038		-	-
5. Claims arising from guarantees	0039		-	-
6. Bad and doubtful receivables	0040		-	-
7. Other long-term receivables	0041		-	-
C. DEFERRED TAX ASSETS	0042		33,468	-

CONSOLIDATED ANNUAL BUSINESS REPORT

CONSOLIDATED BALANCE SHEET (CONTINUED)

In RSD thousand

	AOP	Note	31 December 2019	31 December 2018
D. CURRENT ASSETS	0043			
(0044+0051+0059+0060+0061+0062+0068+0069+0070)			728,003	643,372
I. INVENTORY (0045+0046+0047+0048+0049+0050)	0044		10,068	749
1. Materials, spare parts and tools	0045		-	14
2. Work in progress	0046		-	-
3. Finished goods	0047		-	-
4. Merchandise	0048		-	-
5. Assets held for sale	0049		-	-
6. Advances for inventory and services	0050		10,068	735
II. TRADE RECEIVABLES			183,304	420
(0052+0053+0054+0055+0056+0057+0058)	0051			
1. Domestic trade receivables - parents and subsidiaries	0052		-	420
2. Foreign trade receivables - parents and subsidiaries	0053		-	-
3. Domestic trade receivables - other related parties	0054		-	-
4. Foreign trade receivables - other related parties	0055		-	-
5. Trade receivables – domestic	0056		183,304	-
6. Trade receivables – foreign	0057		-	-
7. Other trade receivables	0058		-	-
III. RECEIVABLES FROM SPECIFIC OPERATIONS	0059		-	-
IV. OTHER RECEIVABLES	0060		14,683	24,889
V. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	0061		-	-
VI. SHORT TERM FINANCIAL INVESTMENTS	0062		900	1,405
(0063+0064+0065+0066+0067)				
1. Short-term loans and investments - parent companies and subsidiaries	0063		-	-
2. Short-term loans and investments – other related parties	0064		-	-
3. Short-term loans and investments – domestic	0065		-	-
4. Short-term loans and investments – foreign	0066		-	-
5. Other short-term loans and investments	0067		900	1,405
VII. CASH AND CASH EQUIVALENTS	0068		277,063	537,552
VIII. VALUE ADDED TAX	0069		39,178	33,704
IX. PREPAYMENTS AND ACCRUED INCOME	0070		202,807	44,653
E. TOTAL ASSETS (0001+0002+0042+0043)	0071		14,025,593	12,221,474
F. OFF-BALANCE SHEET ASSETS	0072		956,738	905,782
A. EQUITY (0402+0411-0412+0413+0414+0415-0416+0417+0420-0421)	0401		460,346	522,454
I. SHARE CAPITAL				
(0403+0404+0405+0406+0407+0408+0409+0410)	0402		685,294	685,294
1. Share capital	0403		4,057	4,057
2. Stakes of limited liability companies	0404		-	-
3. Stakes	0405		-	-
4. State owned capital	0406		-	-
5. Socially owned capital	0407		-	-
6. Stakes in cooperatives	0408		-	-
7. Share premium	0409		681,237	681,237
8. Other capital	0410		-	-
II. SUBSCRIBED CAPITAL UNPAID	0411		-	-
III. OWN SHARES	0412		-	-
IV. RESERVES	0413		-	-
V. REVALUATION RESERVES FROM VALUATION OF INTANGIBLES, PROPERTIES, PLANT AND EQUIPMENT	0414		-	-
VI. UNREALISED GAINS FROM SECURITAS AND OTHER COMPONENTS OF OTHER COMPREHENSIVE INCOME	0415		-	-
VII. UNREALIZED LOSSES FROM SECURITIES AND OTHER COMPONENTS OF OTHER COMPREHENSIVE INCOME	0416		211,305	112,358
VIII. RETAINED EARNINGS (0418+0419)	0417		54,584	27,593
1. Retained earnings from previous years	0418		-	-

CONSOLIDATED ANNUAL BUSINESS REPORT

CONSOLIDATED BALANCE SHEET (CONTINUED)

In RSD thousand

	AOP	Note	31 December 2019	31 December 2018
2. Retained earnings from current year	0419		54,584	27,593
IX. NON-CONTROLLING INTEREST	0420		(44,498)	(26,753)
X. LOSS (0422+0423)	0421		23,729	51,322
1. Loss from previous years	0422		23,729	51,322
2. Loss from current year	0423		-	-
B. LONG-TERM PROVISIONS AND LIABILITIES (0425+0432)	0424		11,729,668	8,746,628
I. LONG-TERM PROVISIONS (0426+0427+0428+0429+0430+0431)	0425		-	-
1. Provisions for warranty claims	0426		-	-
2. Provision for environmental rehabilitation	0427		-	-
3. Provisions for restructuring costs	0428		-	-
4. Provisions for employee benefits	0429		-	-
5. Provisions for litigations	0430		-	-
6. Other long term provisions	0431		-	-
II. LONG-TERM LIABILITIES (0433+0434+0435+0436+0437+0438+0439+0440)	0432		11,729,668	8,746,628
1. Liabilities convertible to equity	0433		-	-
2. Liabilities to parent and subsidiaries	0434		14,111	14,199
3. Liabilities to other related parties	0435		1,425,880	-
4. Liabilities for issued long-term securities	0436		-	-
5. Long term borrowings - domestic	0437		9,829,351	8,487,640
6. Long-term borrowings - foreign	0438		-	-
7. Finance lease liabilities	0439		-	-
8. Other long-term liabilities	0440		460,326	244,789
C. DEFERRED TAX LIABILITIES	0441		-	2,717
D. SHORT-TERM LIABILITIES (0443+0450+0451+0459+0460+0461+0462)	0442		1,835,579	2,949,675
I. SHORT-TERM FINANCIAL LIABILITIES (0444+0445+0446+0447+0448+0449)	0443		1,159,028	2,069,218
1. Short term borrowings from parent and subsidiaries	0444		479,806	482,243
2. Short term borrowings from other related parties	0445		13,876	1,445,035
3. Short-term loans and borrowings - domestic	0446		665,346	141,940
4. Short-term loans and borrowings - foreign	0447		-	-
5. Liabilities relating to current assets and held-for-sale assets attributable to discounted operations	0448		-	-
6. Other short term liabilities	0449		-	-
II. ADVANCES RECEIVED	0450		-	-
III. TRADE PAYABLES (0452+0453+0454+0455+0456+0458)	0451		240,607	523,186
1. Trade payables - parent and subsidiaries - domestic	0452		-	-
2. Trade payables - parent and subsidiaries - foreign	0453		27,735	58,761
3. Trade payables - other related parties - domestic	0454		1,469	286
4. Trade payables - other related parties - foreign	0455		-	-
5. Trade payables - domestic	0456		209,520	462,808
6. Trade payables - foreign	0457		1,883	1,331
7. Other operating liabilities	0458		-	-
IV. OTHER SHORT-TERM LIABILITIES	0459		85,006	85,426
V. LIABILITIES FOR VAT	0460		-	-
VI. LIABILITIES FOR OTHER TAXES	0461		20,132	97
VII. ACCRUED EXPENSES	0462		330,806	271,748
E. LOSS EXCEEDING EQUITY (0412+0416+0421-0420-0417-0415-0414-0413-0411-0402)>=0=(0441+0424+0442-0071)>=0	0463		-	-
F. TOTAL EQUITY AND LIABILITIES (0424+0442+0441+0401-0463)>=0	0464		14,025,593	12,221,474
G. OFF-BALANCE SHEET LIABILITIES	0465		956,738	905,782

CONSOLIDATED ANNUAL BUSINESS REPORT

Financial Indicators

Key indicators from consolidated half-year financial statements are detailed as follow:

Ratios and KPI	31/12/2019	31/12/2018
Revenues (RSD thousands)	880.958	450.305
EBITDA (RSD thousands) (Operating profit+Depreciation and amortization)	677.279	299.040
Business profit (RSD thousands)	398.799	160.267
Earnings per share	2,06	1,04
Cash flows from operating activities (RSD thousands)	21.311	124.037
Investments (RSD thousands)	2.151.778	8.120.823
EBITDA per turbine (RSD thousands)	58.053	59.808
Net profit per turbine (RSD thousands)	12.353	15.001

Revenues for 2019 increased from RSD 450 million in 2018 to RSD 881 million in 2019 mainly due to “Kosava Phase I” that enters into operation in September 2019. The wind farm started its trial period in the second half of 2019 and received 48€ MWh for the electricity produced.

Compared to the same period of 2019, also EBITDA and business grew in 2019 due primarily to increased production of Kosava Phase I and overall efficiency (lowering the operational costs) for Kula and La Piccolina Wind Farms.

Earning per share increased from RSD 1.04 per share to RSD 2.06 per share mainly due to increase in business profit.

Investments (RSD 2,2 million in first half of 2019) refer to the construction of the 69 MW “Kosava phase I”, that has been completed in July 2019. The Group expects to successfully complete the trial period and to enter into the feed-in tariff regime by first half of 2020.

Personnel structure

The employees in the company have the appropriate qualifications, knowledge and experience necessary for the quality performance of the services provided by the Company. In addition to the Director, the Company has further 12 employees its subsidiaries who work mainly on maintenance of existing wind farms.

3. Environmental protection

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

4. Significant events after the end of the year

At the end of 2019, China for the first time announces news about COVID-19 (coronavirus). At that time a limited number of cases of an unknown virus reported to the World Health Organization. In the first few months of 2020, the virus spread globally and caused significant negative effect. Management believes that this epidemic is an event after the date of the reporting period that does not require adjustments to the consolidated financial statements. Although the virus is still evolving, at the time of issuing these consolidated financial statements, the Group's management does not expect an impact on operations in 2020. The Group does not expect difficulties in collecting receivables and believes that liquidity will be stable in the future, due to the strong support of foreign partners (Group owners).

Due to the pandemic related to COVID 19, Serbian Government took some kind of measures that affected also the business in which the Group operates. In detail, based on these new measures, Banks and Lessors are obligated to offer a moratorium on debt payments to their clients. The moratorium is a suspension of repayment of loan, as well as all other obligations to a bank. The moratorium lasts for at least 90 days, i.e. for the duration of the emergency state declared due to the pandemic.

In addition, for a period of 90 days, Serbian Government suspended recognition of Feed in Tariff. During this period, the energy produced by the wind farms is temporarily sold to a market price of 28€/MWh.

In terms of Group's volume revenue, measures adopted will not have any impact for the Group. On the other hand, decrease of FIT will have a negative impact on Group's revenue, that will be totally compensated on a cash flow point of view by the moratorium granted to the Group for all loans.

5. Planned future development

As of June 2019, the Group has increased its production of electrical energy from wind of 85.5 MW, through the construction of three projects, "Kula", "La Piccolina" and "Kosava phase I". The Group also has ongoing further onshore wind farms development of 908 MW. The pipeline is being actively developed and projects are continuously progressed through the development and obtaining the appropriate regulatory consents. Projects are all developed in accordance with the "gateway" approval process, so the pace of development will depend on a number of internal and external factors. Out of the ongoing project, the project that has most advanced is Kosava Phase II - a project that obtained all licenses and that plans to have 19 turbines with capacity of up to 65.5 MW, subject to turbine selection, which is estimated to become fully operational in the financial year 2021.

The growth of the Company's and Group's business will be driven primarily by the build of the Company's Development Pipeline Business, comprising approximately 861 MW of total capacity. Out of this amount, 125 MW is at an advanced development stage (building permits has been obtained for 75,5 MW, including 65 MW under construction) and approximately 693 MW where planning applications will be soon submitted or were submitted already).

CONSOLIDATED ANNUAL BUSINESS REPORT

5. Planned future development (Continued)

The Company is targeting in total between 180 MW and 230 MW of installed capacity through organic growth of its Wind Development Pipeline Business over the next three years. The Directors expect to finance approximately 80 or 90% of these investments through loans, while the remaining funds are to be financed through subordinated debt or Company's cash flow. It is the Directors' intention to take a flexible approach to the development of the Company's Wind Development Pipeline Business, in order to deliver growth without compromising the Company's ability to pay out dividends in line with its dividend policy. Even though the focus of the Group is on organic growth, growth through acquisitions would be considered on an opportunistic basis.

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

PLANT	LOCATION		DESIGN	OWNED BY	CAPACITY [MW]	STATUS
LA PICCOLINA	Wind	Vrsac	Energogr. doo	Energobalkan doo	6.6	in operation
KULA	Wind	Kula	Energogr. doo	Vetropark Kula doo	9.9	in operation
KOSAVA phase I	Wind	Vrsac	Energogr. doo	MK Fintel Wind A.D.	69	in operation
KOSAVA phase II	Wind	Vrsac	Energogr. doo	MK Fintel Wind A.D.	65.5	under construction
RAM	Wind	Veliko Gradiste	Energogr. doo	Vetropark RAM doo	10	under construction
KULA 2	Wind	Kula	Energogr. doo	Vetropark Torak doo	10	under final phase of development
LIPAR	Wind	Kula	Energogr. doo	Vetropark Lipar doo	10	under final phase of development
LIPAR 2	Wind	Kula	Energogr. doo	Vetropark Lipar 2 doo	10	under final phase of development
DUNAV 1	Wind	Veliko Gradiste	Energogr. doo	Vetropark DUNAV 1 doo	10	under final phase of development
DUNAV 3	Wind	Veliko Gradiste	Energogr. doo	Vetropark DUNAV 3 doo	10	under final phase of development
MAESTRALE RING	Wind	Subotica	Energogr. doo	Vetropark Maestrале Ring doo	632.8	under development
PROJECT TORAK	Wind	Sombor	Energogr. doo	Project TORAK doo.	140	under development
KOSAVA 2	Wind	Vrsac	Energogr. doo	Vetropark KOSAVA 2 doo	9.9	under development
TOTAL					993.7	

6. Research and development

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

There are no registered patents or licenses of the Company.

The Company manages, monitors and controls its generating power plants from 24/7 central control centre (the "Logistic Control Centre") at its head office in Belgrade. The Company has adopted a service model under which none of its plants is manned on a continued basis. The operating assets are managed by a team of four persons, the majority of whom operate remotely. These personnel execute a program preventive maintenance and ongoing operational tasks under the schedule set centrally by the Logistics Control Centre through the Vestas asset management software and respond to unscheduled breakdowns. The remote monitoring is based on the universally adopted SCADA system, which can be used across various generation technologies. This enables the Company to track, in real-time, turbine and generator performance, including faults, breakdowns and any other issues that might occur. Wind turbines can be remotely started and switched off from the Logistics Control Centre, avoiding the need to dispatch a technician on location if a minor fault occurs.

7. Subsidiaries

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

- Lipar d.o.o. Beograd, ID number 21452149 ("**Lipar**"), whereby the Company holds 100,00% of the share capital,
- Lipar 2 d.o.o. Beograd, ID number 21452122 ("**Lipar 2**"), whereby the Company holds 100,00% of the share capital,
- Maestrle Ring d.o.o. Beograd, ID number 21452068 ("**Maestrle Ring**"), whereby the Company holds 100,00% of the share capital,
- Project Torak d.o.o. Beograd, ID number 21459631 ("**Project Torak**"), whereby the Company holds 100,00% of the share capital,
- Fintel Energija development d.o.o. Beograd, ID number 21522732 ("**Fintel Energija Development**"), whereby the Company holds 100,00% of the share capital,
- Fintel Russian Ventures ooo, whereby the Company holds 99,00% of the share capital ("**Fintel Russian Ventures o.o.o.**"),
- MK-Fintel Wind Holding d.o.o. za holding poslove Beograd, ID number 21280275, whereby the Company holds 53,99737% of the share capital ("**MK Fintel d.o.o.**"), while the remaining 46,00263% is held by the company *MK Holding d.o.o. za holding poslove Beograd*,
- MK-Fintel Wind akcionarsko društvo Beograd, ID number 20392126, whereby the Company holds 53,99737% of the share capital ("**MK Fintel a.d.**"), while the remaining 46,00263% is held by the company *MK Holding d.o.o. za holding poslove Beograd*.

7. Subsidiaries (Continued)

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

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

Fintel Energija Development d.o.o. holds 54% in the following subsidiary: MK-Fintel Wind Development d.o.o. Beograd, ID number 21528536 (“**MK-Fintel Wind Development**”).

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

- Vetropark Torak d.o.o. Beograd, ID number 21040339 (“**Torak**”),
- Vetropark Košava 2 d.o.o. Beograd, ID number 21064742 (“**Košava 2**”),
- Vetropark Ram d.o.o. Beograd, ID number 20927119 (“**Ram**”),
- Vetropark Dunav 1 d.o.o. Beograd, ID number 20926392 (“**Dunav 1**”),
- Vetropark Dunav 3 d.o.o. Beograd, ID number 20927089 (“**Dunav 3**”).

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

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

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

Credit risk

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

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

Credit risk (Continued)

The Group's maximum exposure to credit risk at 31 December 2019 and 2018 is the carrying amount of each class of assets indicated in the following table:

	31 December 2019	31 December 2018
Trade receivables	183,304	-
Other receivables	14,683	24,889
Prepayments and accrued income	202,807	44,653
TOTAL	400,793	69,542

Trade receivables refer to those from EPS for electricity produced by wind farms in November

Prepayments and accrued income mainly refer to receivables from EPS for electricity produced by wind farms in December, while Other receivables mainly relate to overpaid income taxes.

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

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

Liquidity risk

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

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

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

CONSOLIDATED ANNUAL BUSINESS REPORT

8. Goals and policies in connection with managing financial risks, credit risks, liquidity risk and market risk (Continued)***Liquidity risk (Continued)***

The following table provides a maturity analysis of liabilities at 31 December 2019 and 2018. The various maturity bands are determined based on the period between the reporting date and the contractual maturity of the Group's obligations, gross of accrued interest at 31 December. Interest is calculated in accordance with contractual terms for the financing.

At 31 December 2019				
	Less than 1 year	1-2 years	2-5 years	Beyond 5 years
Financial payables due to shareholders	493,682	-	-	1,439,992
Bank loans	1,138,955	1,270,652	4,270,374	6,731,029
Trade payables	240,608	-	-	-
Total	1,873,245	1,270,652	4,270,374	8,171,021

At 31 December 2018				
	Less than 1 year	1-2 years	2-5 years	Beyond 5 years
Financial payables due to shareholders	1,941,477	-	-	14,199
Bank loans	310,099	269,361	1,097,797	7,789,694
Trade payables	523,186	-	-	-
Total	2,774,761	269,361	1,097,797	7,803,893

An analysis of the financial liabilities by maturity shows a decrease of payables due within 1 year and an increase beyond 1 year as at 31 December 2019 compared to those at 2018, as a result of the following main changes:

- a. Increase in bank loans due to new loans for Kosava phase I plant;
- b. Reclassification of part of the financial payables due to the shareholders from short term to long term;
- c. Decrease of trade payables for suppliers involved in the construction of wind farms in Serbia.

Accordingly, taking in account of the fact that the shareholders have confirmed that they do not intend to request the repayment of the loan prior to the forthcoming year end, as well as the liquid funds of RSD 336,448 thousand and the obtainment of the full feed in tariff expected for the first half of 2020 for Kosava Phase I wind farm, it is believed that the Company and the Group will be able to meet its obligations in the foreseeable future.

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

Market risk

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

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

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

Risk of fluctuation in exchange rates

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

As at 31 December 2019, if the currency RSD had strengthened/weaken by 5% against the EUR with all other variables held constant, post-tax profit for the year would have been RSD 528,206 thousand (2018: RSD 449,270 thousand) higher/lower, mainly as a result of foreign exchange gains/losses on translation of EUR – denominated borrowings.

Risk of fluctuation in interest rates

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

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

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

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

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

Market risk (Continued)

Capital management risk

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

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

The gearing ratio at 31 December 2019 and 2018 is shown in the following table:

<i>RSD thousand</i>	31 December 2019	31 December 2018
<i>Non-current financial payables:</i>		
- Financial payables due to shareholders	14,111	14,199
- Bank loans	9,829,351	8,487,640
<i>Current financial payables:</i>		
- Bank loans	665,346	141,940
- Financial payables due to shareholders	1,933,674	1,941,476
- Financial assets	(59,384)	(98,110)
Cash and cash equivalents	(277,063)	(537,552)
Net debt (A)	12,106,034	9,949,593
Equity (B)	460,344	522,454
Net capital employed (C=A+B)	12,566,378	10,472,047
Gearing ratio (A/C)	96,3%	95,0%

The gearing ratio has increased compared to prior year mainly due to new loans received during 2019 for the construction of Kosava Phase I wind farm, that enters into operation in September 2019.

Legal representative



STATEMENT ON CODE OF CORPORATE GOVERNANCE IMPLEMENTATION

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

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

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

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

Fintel Energija a.d. Beograd

Legal representative



Tiziano Giovannetti

STATEMENT BY PERSONS RESPONSIBLE FOR REPORT PREPARATION

To the best of our knowledge, Annual Financial Statements of the Fintel Energija a.d. for 2019 were prepared in compliance with the relevant International Financial Reporting Standards and these present authentic and objective information about assets, liabilities, financial position and operations, profit and losses, cash flows and changes in equity of the Public Company, including those of the Companies included in the Statements.

Legal representative:

Fintel Energija a.d.

Director



Mario Giovannetti
Mario Giovannetti



FINTEL ENERGIJA AD

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

Note*:

Financial Statements of Fintel Energija a.d. for 2019 were approved on April 27, 2020 in the meeting of the Board of Director. At the moment when the Annual Report of the Company is published, it has not yet been adopted by the competent Company's body (Shareholders' Assembly). The Company shall publish the complete the Decision of the competent body on the adoption of Company's Annual Report at a later date.

DECISION ON DISTRIBUTION OF PROFIT OR COVERAGE OF LOSSES *

Note*:

Decisions on distribution of profit or coverage of losses of the Fintel Energija a.d. for 2019 shall be passed in the regular annual Shareholders' Assembly meeting..

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

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

Belgrade, June 2019

Legal representative:

Fintel Energija a.d.

Director



Giovannetti