



**FINTEL ENERGIJA AD**

**CONSOLIDATED ANNUAL REPORT OF  
FINTEL ENERGIJA A.D.  
FOR THE YEAR 2020**

**Belgrade, April 2021.**

Pursuant to Articles 50 and 51 of the Law on Capital Market (RS Official Gazette, No. 31/2011, 112/2015, 108/2016 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:

## **CONSOLIDATED ANNUAL REPORT OF FINTEL ENERGIJA A.D. FOR THE YEAR 2020**

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**CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**FINTEL ENERGIJA AD, BEOGRAD**

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ACCOUNTING OF THE REPUBLIC OF SERBIA

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# CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED BALANCE SHEET

In RSD thousand

	AOP	Note	31 December 2020	31 December 2019
<b>A. SUBSCRIBED CAPITAL UNPAID</b>	<b>0001</b>		-	-
<b>B. NON-CURRENT ASSETS</b>	<b>0002</b>			
<b>(0003 + 0010 + 0019+ 0024 + 0034)</b>			<b>12,726,198</b>	<b>13,264,122</b>
<b>I. INTANGIBLE ASSETS (0004+0005+0006+0007+0008+0009)</b>	<b>0003</b>		-	-
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		-	-
<b>II. PROPERTY, PLANT AND EQUIPMENT</b>			<b>12,666,820</b>	<b>13,204,738</b>
<b>(0011+0012+0013+0014+0015+0016+0017+0018)</b>	<b>0010</b>			
1. Land	0011	8	40,145	40,145
2. Buildings	0012	8	4,256,106	3,154,811
3. Machinery and equipment	0013	8	8,237,667	8,700,161
4. Investment property	0014		-	-
5. Other property, plant and equipment	0015		-	-
6. Construction in progress	0016	8	132,901	1,305,695
7. Investments in leased PP&E	0017		-	-
8. Advances for PP&E	0018	8	-	3,926
<b>III. BIOLOGICAL ASSETS (0020+0021+0022+0023)</b>	<b>0019</b>		-	-
1. Forest farming	0020		-	-
2. Livestock	0021		-	-
3. Biological assets in production	0022		-	-
4. Advances for biological assets	0023		-	-
<b>IV. LONG-TERM FINANCIAL INVESTMENTS</b>			<b>59,378</b>	<b>59,384</b>
<b>(0025+0026+0027+0028+0029+0030+0031+0032+0033)</b>	<b>0024</b>			
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	9	59,378	59,384
<b>V. LONG-TERM RECEIVABLES</b>			-	-
<b>(0035+0036+0037+0038+0039+0040+0041)</b>	<b>0034</b>			
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		-	-
<b>C. DEFERRED TAX ASSETS</b>	<b>0042</b>	<b>10</b>	<b>61,539</b>	<b>33,468</b>

# CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED BALANCE SHEET (CONTINUED)

In RSD thousand

	AOP	Note	31 December 2020	31 December 2019
<b>D. CURRENT ASSETS</b>				
<b>(0044+0051+0059+0060+0061+0062+0068+0069+0070)</b>	<b>0043</b>		<b>771,307</b>	<b>728,003</b>
<b>I. INVENTORY (0045+0046+0047+0048+0049+0050)</b>	<b>0044</b>		<b>10,799</b>	<b>10,068</b>
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		10,799	10,068
<b>II. TRADE RECEIVABLES</b>				
<b>(0052+0053+0054+0055+0056+0057+0058)</b>	<b>0051</b>		<b>65,868</b>	<b>183,304</b>
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	11	65,868	183,304
6. Trade receivables - foreign	0057		-	-
7. Other trade receivables	0058		-	-
<b>III. RECEIVABLES FROM SPECIFIC OPERATIONS</b>	<b>0059</b>		<b>-</b>	<b>-</b>
<b>IV. OTHER RECEIVABLES</b>	<b>0060</b>		<b>17,556</b>	<b>14,683</b>
<b>V. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>	<b>0061</b>		<b>-</b>	<b>-</b>
<b>VI. SHORT TERM FINANCIAL INVESTMENTS</b>				
<b>(0063+0064+0065+0066+0067)</b>	<b>0062</b>		<b>14</b>	<b>900</b>
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		14	900
<b>VII. CASH AND CASH EQUIVALENTS</b>	<b>0068</b>	<b>12</b>	<b>309,064</b>	<b>277,063</b>
<b>VIII. VALUE ADDED TAX</b>	<b>0069</b>	<b>13</b>	<b>31,008</b>	<b>39,178</b>
<b>IX. PREPAYMENTS AND ACCRUED INCOME</b>	<b>0070</b>	<b>13</b>	<b>336,998</b>	<b>202,807</b>
<b>E. TOTAL ASSETS (0001+0002+0042+0043)</b>	<b>0071</b>		<b>13,559,044</b>	<b>14,025,593</b>
<b>F. OFF-BALANCE SHEET ASSETS</b>	<b>0072</b>	<b>7</b>	<b>379,649</b>	<b>956,738</b>
<b>A. EQUITY (0402+0411-0412+0413+0414+0415-0416+0417+0420-0421)</b>	<b>0401</b>		<b>386,439</b>	<b>460,346</b>
<b>I. SHARE CAPITAL</b>				
<b>(0403+0404+0405+0406+0407+0408+0409+0410)</b>	<b>0402</b>		<b>685,294</b>	<b>685,294</b>
1. Share capital	0403	14	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	14	681,237	681,237
8. Other capital	0410		-	-
<b>II. SUBSCRIBED CAPITAL UNPAID</b>	<b>0411</b>		<b>-</b>	<b>-</b>
<b>III. OWN SHARES</b>	<b>0412</b>		<b>-</b>	<b>-</b>
<b>IV. RESERVES</b>	<b>0413</b>		<b>-</b>	<b>-</b>
<b>V. REVALUATION RESERVES FROM VALUATION OF INTANGIBLES, PROPERTIES, PLANT AND EQUIPMENT</b>	<b>0414</b>		<b>-</b>	<b>-</b>
<b>VI. UNREALISED GAINS FROM SECURITAS AND OTHER COMPONENTS OF OTHER COMPREHENSIVE INCOME</b>	<b>0415</b>		<b>-</b>	<b>-</b>
<b>VII. UNREALIZED LOSSES FROM SECURITIES AND OTHER COMPONENTS OF OTHER COMPREHENSIVE INCOME</b>	<b>0416</b>	<b>14</b>	<b>249,094</b>	<b>211,305</b>
<b>VIII. RETAINED EARNINGS (0418+0419)</b>	<b>0417</b>	<b>14</b>	<b>30,816</b>	<b>54,584</b>
1. Retained earnings from previous years	0418		30,816	-
2. Retained earnings from current year	0419	14	-	54,584
<b>IX. NON-CONTROLLING INTEREST</b>	<b>0420</b>	<b>14</b>	<b>(57,517)</b>	<b>(44,498)</b>
<b>X. LOSS (0422+0423)</b>	<b>0421</b>	<b>14</b>	<b>23,060</b>	<b>23,729</b>
1. Loss from previous years	0422	14	-	23,729
2. Loss from current year	0423		23,060	-

# CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED BALANCE SHEET (CONTINUED)

In RSD thousand

	AOP	Note	31 December 2020	31 December 2019
<b>B. LONG-TERM PROVISIONS AND LIABILITIES (0425+0432)</b>	<b>0424</b>		<b>11,039,393</b>	<b>11,729,668</b>
<b>I. LONG-TERM PROVISIONS (0426+0427+0428+0429+0430+4031)</b>	<b>0425</b>		<b>71</b>	<b>-</b>
1. Provisions for warranty claims	0426		-	-
2. Provision for environmental rehabilitation	0427		-	-
3. Provisions for restructuring costs	0428		-	-
4. Provisions for employee benefits	0429		71	-
5. Provisions for litigations	0430		-	-
6. Other long term provisions	0431		-	-
<b>II. LONG-TERM LIABILITIES (0433+0434+0435+0436+0437+0438+0439+0440)</b>	<b>0432</b>		<b>11,039,322</b>	<b>11,729,668</b>
1. Liabilities convertible to equity	0433		-	-
2. Liabilities to parent and subsidiaries	0434	15	14,110	14,111
3. Liabilities to other related parties	0435	16	1,424,540	1,425,880
4. Liabilities for issued long-term securities	0436		-	-
5. Long term borrowings - domestic	0437	17	9,057,983	9,829,351
6. Long-term borrowings - foreign	0438		-	-
7. Finance lease liabilities	0439		-	-
8. Other long-term liabilities	0440	18	542,689	460,326
<b>C. DEFERRED TAX LIABILITIES 0441</b>	<b>0441</b>		<b>-</b>	<b>-</b>
<b>D. SHORT-TERM LIABILITIES (0443+0450+0451+0459+0460+0461+0462)</b>	<b>0442</b>		<b>2,133,212</b>	<b>1,835,579</b>
<b>I. SHORT-TERM FINANCIAL LIABILITIES (0444+0445+0446+0447+0448+0449)</b>	<b>0443</b>		<b>1,309,868</b>	<b>1,159,028</b>
1. Short term borrowings from parent and subsidiaries	0444	15	479,755	479,806
2. Short term borrowings from other related parties	0445	16	-	13,876
3. Short-term loans and borrowings - domestic	0446	17	830,113	665,346
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		-	-
<b>II. ADVANCES RECEIVED 0450</b>	<b>0450</b>		<b>-</b>	<b>-</b>
<b>III. TRADE PAYABLES (0452+0453+0454+0455+0456+0458)</b>	<b>0451</b>	<b>19</b>	<b>235,382</b>	<b>240,607</b>
1. Trade payables - parent and subsidiaries - domestic	0452		-	-
2. Trade payables - parent and subsidiaries - foreign	0453		55,466	27,735
3. Trade payables - other related parties - domestic	0454		1,504	1,469
4. Trade payables - other related parties - foreign	0455		-	-
5. Trade payables - domestic	0456		175,743	209,520
6. Trade payables - foreign	0457		2,669	1,883
7. Other operating liabilities	0458		-	-
<b>IV. OTHER SHORT-TERM LIABILITIES 0459</b>	<b>0459</b>		<b>83,692</b>	<b>85,006</b>
<b>V. LIABILITIES FOR VAT 0460</b>	<b>0460</b>		<b>-</b>	<b>-</b>
<b>VI. LIABILITIES FOR OTHER TAXES 0461</b>	<b>0461</b>		<b>13,285</b>	<b>20,132</b>
<b>VII. ACCRUED EXPENSES 0462</b>	<b>0462</b>	<b>20</b>	<b>490,985</b>	<b>330,806</b>
<b>E. LOSS EXCEEDING EQUITY (0412+0416+0421-0420-0417- 0415-0414-0413-0411-0402)&gt;=0=(0441+0424+0442- 0071)&gt;=0</b>	<b>0463</b>		<b>-</b>	<b>-</b>
<b>F. TOTAL EQUITY AND LIABILITIES (0424+0442+0441+0401-0463)&gt;=0</b>	<b>0464</b>		<b>13,559,044</b>	<b>14,025,593</b>
<b>G. OFF-BALANCE SHEET LIABILITIES 0465</b>	<b>0465</b>	<b>7</b>	<b>379,649</b>	<b>956,738</b>

Tiziano Giovannetti  
Director

27 April 2021



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

# CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED INCOME STATEMENT

In RSD thousand

	AOP	Note	Year ended 31 December 2020	2019
<b>INCOME FROM REGULAR OPERATING ACTIVITIES</b>				
<b>A. OPERATING INCOME (1002+1009+1016+1017)</b>	<b>1001</b>		<b>1,791,293</b>	<b>880,958</b>
<b>I. INCOME FROM THE SALE OF GOODS (1003+1004+1005+1006+1007+1008)</b>	<b>1002</b>		-	-
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		-	-
<b>II. INCOME FROM SALES OF PRODUCTS AND SERVICES (1010+1011+1012+1013+1014+1015)</b>	<b>1009</b>		<b>1,791,293</b>	<b>880,958</b>
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	21	1,791,293	880,958
6. Income from sales of products and services – foreign	1015		-	-
<b>III. INCOME FROM PREMIUMS, SUBVENTIONS AND DONATIONS</b>	<b>1016</b>		-	-
<b>IV. OTHER OPERATING INCOME</b>	<b>1017</b>		-	-
<b>EXPENSES FROM REGULAR OPERATING ACTIVITIES</b>				
<b>B. OPERATING EXPENSES (1019-1020- 1021+1022+1023+1024+1025+1026+1027+1028+1029)&gt; =0</b>	<b>1018</b>	-	<b>1,104,387</b>	<b>482,159</b>
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		427	456
VI. COST OF FUEL AND ENERGY	1024		11,334	5,744
VII. COST OF SALARIES, FRINGE BENEFITS AND OTHER PERSONAL EXPENSES	1025	22	33,879	30,007
VIII. COST OF PRODUCTION SERVICES	1026	23	222,366	65,622
IX. DEPRECIATION, DEPLETION AND AMORTIZATION	1027	24	588,736	278,480
X. COST OF LONG-TERM PROVISIONING	1028		1,207	-
XI. NON-PRODUCTION COSTS	1029	25	246,438	101,850
<b>C. OPERATING GAIN (1001-1018)&gt;=0</b>	<b>1030</b>		<b>686,906</b>	<b>398,799</b>
<b>D. OPERATING LOSS (1018-1001)&gt;=0</b>	<b>1031</b>		-	-
<b>E. FINANCE INCOME (1033+1038+1039)</b>	<b>1032</b>		<b>2,160</b>	<b>61,597</b>
I. FINANCIAL INCOME FROM RELATED PARTIES AND OTHER FINANCIAL INCOME (1034+1035+1036+1037)	1033		733	10,151
1. Finance income - parent company and subsidiaries	1034	26	555	2,766
2. Finance income - other related parties	1035	26	178	7,385
3. Share of profit of associates and joint ventures	1036		-	-
4. Other financial income	1037		-	-
II. INTEREST INCOME (from third parties)	1038	26	119	527
III. FOREIGN EXCHANGE GAINS (third parties)	1039	26	1,308	50,919



# CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED INCOME STATEMENT

In RSD thousand

	AOP	Note	Year ended	
			2020	2019
<b>F. FINANCE EXPENSES (1041+1046+1047)</b>	<b>1040</b>		<b>672,804</b>	<b>314,711</b>
I. FINANCIAL EXPENSES FROM RELATED PARTIES AND OTHER FINANCIAL EXPENSES (1042+1043+1044+1045)	1041		65,377	54,016
1. Finance expense - parent company and subsidiaries	1042	27	19,014	24,335
2. Finance expense - other related parties	1043	27	41,021	18,581
3. Share of loss of associates and joint ventures	1044		-	-
4. Other financial expense	1045		5,342	11,100
II. INTEREST EXPENSE (from third parties)	1046	27	606,796	256,439
III. FOREIGN EXCHANGE LOSSES (third parties)	1047		631	4,256
<b>G. PROFIT FROM FINANCING OPERATIONS (1032-1040)</b>	<b>1048</b>		<b>-</b>	<b>-</b>
<b>H. LOSS FROM FINANCING OPERATIONS (1040-1032)</b>	<b>1049</b>		<b>670,644</b>	<b>253,114</b>
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		-	-
<b>K. OTHER INCOME</b>	<b>1052</b>		<b>21,195</b>	<b>32,655</b>
<b>L. OTHER EXPENSES</b>	<b>1053</b>		<b>278</b>	<b>825</b>
<b>M. OPERATING PROFIT BEFORE TAX (1030-1031+1048-1049+1050-1051+1052-1053)</b>	<b>1054</b>		<b>37,179</b>	<b>177,515</b>
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		-	-
<b>Q. PROFIT BEFORE TAX (1054-1055+1056-1057)</b>	<b>1058</b>		<b>37,179</b>	<b>177,515</b>
<b>R. LOSS BEFORE TAX (1055-1054+1057-1056)</b>	<b>1059</b>		<b>-</b>	<b>-</b>
II. INCOME TAX				
I. CURRENT INCOME TAX	1060	28	30,089	37,166
II. DEFERRED TAX EXPENSE FOR THE PERIOD	1061		-	-
III. DEFERRED TAX INCOME FOR THE PERIOD	1062	28	15,715	3,764
<b>S. PERSONAL INCOME PAID TO EMPLOYER</b>	<b>1063</b>		<b>-</b>	<b>-</b>
<b>T. NET PROFIT (1058-1059-1060-1061+1062)</b>	<b>1064</b>		<b>22,805</b>	<b>144,113</b>
<b>V. NET LOSS (1059-1058+1060+1061-1062)</b>	<b>1065</b>		<b>-</b>	<b>-</b>
I. NET INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	1066		45,865	89,529
II. NET INCOME ATTRIBUTABLE TO THE OWNER	1067		-	54,584
III. NET LOSS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	1068		-	-
IV. NET LOSS ATTRIBUTABLE TO THE OWNER	1069		23,060	-
V. EARNINGS PER SHARE				
1. Basic earnings per share (in RSD)	1070	29	(0.87)	2.06
2. Diluted earnings per share (in RSD)	1071	29	(0.87)	2.06

# CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME  
In RSD thousand

Year ended 31 December

	AOP	Note	2020	2019
<b>A. NET PROFIT/(LOSS)</b>				
<b>I. PROFIT, NET (AOP 1064)</b>	<b>2001</b>		<b>22,805</b>	<b>144,113</b>
<b>II. LOSS, NET (AOP 1065)</b>	<b>2002</b>		-	-
<b>B. OTHER COMPREHENSIVE PROFIT OR LOSS</b>				
<i>a) Items that will not be reclassified to profit or loss</i>				
<b>1. Changes in the revaluation of intangible assets, property, plant and equipment</b>				
a) increase in revaluation reserves	2003		-	-
b) decrease in revaluation reserves	2004		-	-
<b>2. Actuarial gains (losses) of post-employment benefit obligations</b>				
a) gains	2005		-	-
b) losses	2006		-	-
<b>3. Gains and losses arising from equity investments</b>				
a) gains	2007		-	-
b) losses	2008		-	-
<b>4. Gains or losses arising from a share in the associate's other comprehensive profit or loss</b>				
a) gains	2009		-	-
b) losses	2010		-	-
<i>b) Items that may be subsequently reclassified to profit or loss</i>				
<b>1. Gains (losses) from currency translation differences</b>				
a) gains	2011		-	-
b) losses	2012		-	16
<b>2. Gains (losses) on investment hedging instruments in foreign business</b>				
a) gains	2013		-	-
b) losses	2014		-	-
<b>3. Gains and losses on cash flow hedges</b>				
a) gains	2015		-	-
b) losses	2016		82,362	215,536
<b>4. Gains (losses) from change in value of available-for-sale financial assets</b>				
a) gains	2017		-	-
b) losses	2018		-	-
<b>I. OTHER COMPREHENSIVE PROFIT BEFORE TAX</b> (2003+2005+2007+2009+2011+2013+2015+2017)- (2004+2006+2008+2010+2012+2014+2016+2018)>=0	2019		-	-
<b>II. OTHER COMPREHENSIVE LOSS BEFORE TAX</b> (2004+2006+2008+2010+2012+2014+2016+2018)- (2003+2005+2007+2009+2009+2011+2013+2015+2017)>=0	2020		82,362	215,552
<b>III. TAX ON OTHER COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD</b>	2021		(12,354)	(32,330)
<b>IV. TOTAL NET COMPREHENSIVE PROFIT (2019-2020-2021)&gt;=0</b>	<b>2022</b>		-	-
<b>V. TOTAL NET COMPREHENSIVE LOSS (2020-2019+2021)&gt;=0</b>	<b>2023</b>		<b>70,008</b>	<b>183,222</b>
<b>C. TOTAL NET COMPREHENSIVE PROFIT</b>				
<b>I. TOTAL COMPREHENSIVE PROFIT, NET</b> (2001-2002+2022-2023)>=0	2024		-	-
<b>II. TOTAL COMPREHENSIVE LOSS, NET</b> (2002-2001+2023-2022)>=0	2025		47,203	39,109
<b>D. TOTAL NET COMPREHENSIVE PROFIT / (LOSS)</b> <b>(2027+2028)=AOP 2024&gt;=0 или AOP 2025&gt;0</b>	<b>2026</b>			
1. Attributable to shareholders	2027		(60,864)	(44,363)
2. Attributable to non-controlling interest	2028		13,661	5,254

# CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENT OF CASH FLOWS In RSD thousand

	AOP	Note	Year ended 31 December	
			2020	2019
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>I. Cash inflow from operating activities (1 to 3)</b>	<b>3001</b>		<b>1,802,960</b>	<b>571,624</b>
1. Sales and advances received	3002		1,766,877	565,518
2. Interest from operating activities	3003		-	-
3. Other inflow from operating activities	3004		36,082	6,106
<b>II. Cash outflow from operating activities (1 to 5)</b>	<b>3005</b>		<b>1,002,759</b>	<b>550,313</b>
1. Payments and prepayments to suppliers	3006		393,617	225,663
2. Salaries, benefits and other personal expenses	3007		35,086	30,007
3. Interest paid	3008		532,635	273,871
4. Income tax paid	3009		41,421	20,772
5. Payments for other public revenues	3010		-	-
<b>III. Net cash inflow from operating activities (I - II)</b>	<b>3011</b>		<b>800,201</b>	<b>21,311</b>
<b>IV. Net cash outflow from operating activities (II - I)</b>	<b>3012</b>		<b>-</b>	<b>-</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>I. Cash flows from investing activities (1 to 5)</b>	<b>3013</b>		<b>-</b>	<b>38,269</b>
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		-	38,269
4. Interest from investing activities	3017		-	-
5. Dividend received	3018		-	-
<b>II. Cash outflow from investing activities (1 to 3)</b>	<b>3019</b>		<b>83,346</b>	<b>2,190,047</b>
1. Acquisition of subsidiaries or other business (net outflow)	3020		-	-
2. Purchase of intangible assets, property, plant and equipment	3021		83,346	2,190,047
3. Other financial investments (net outflow)	3022		-	-
<b>III. Net cash inflow from investing activities (I - II)</b>	<b>3023</b>		<b>-</b>	<b>-</b>
<b>IV. Net cash outflow from investing activities (II - I)</b>	<b>3024</b>		<b>83,346</b>	<b>2,151,778</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>I. Cash inflow from financing activities (1 to 5)</b>	<b>3025</b>		<b>-</b>	<b>2,128,872</b>
1. Increase in share capital	3026		-	-
2. Proceeds from long-term borrowings (net inflow)	3027		-	2,124,592
3. Proceeds from short-term borrowings (net inflow)	3028		-	4,280
4. Other long-term liabilities	3029		-	-
5. Other short-term liabilities	3030		-	-
<b>II. Cash outflow from financing activities (1 to 6)</b>	<b>3031</b>		<b>684,854</b>	<b>258,894</b>
1. Purchase of own shares	3032		-	-
2. Repayment of long-term borrowings (net outflow)	3033		658,172	235,893
3. Repayment of short-term borrowings (net outflow)	3034		-	-
4. Repayment of other liabilities (net outflow)	3035		-	-
5. Financial lease	3036		-	-
6. Dividend distribution	3037		26,682	23,001
<b>III. Net cash inflow from financing activities (I - II)</b>	<b>3038</b>		<b>-</b>	<b>1,869,978</b>
<b>IV. Net cash outflow from financing activities (II - I)</b>	<b>3039</b>		<b>684,854</b>	<b>-</b>
<b>D. TOTAL CASH INFLOW (3001+3013+3025)</b>	<b>3040</b>		<b>1,802,960</b>	<b>2,738,765</b>
<b>E. TOTAL CASH OUTFLOW (3005+3019+3031)</b>	<b>3041</b>		<b>1,770,959</b>	<b>2,999,254</b>
<b>F. NET CASH INFLOW (340-341)</b>	<b>3042</b>		<b>32,001</b>	<b>-</b>
<b>G. NET CASH OUTFLOW (341-340)</b>	<b>3043</b>		<b>-</b>	<b>260,489</b>
<b>H. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>3044</b>		<b>277,063</b>	<b>537,552</b>
<b>I. CURRENCY TRANSLATION GAINS ON CASH AND CASH EQUIVALENTS</b>	<b>3045</b>		<b>-</b>	<b>-</b>
<b>J. CURRENCY TRANSLATION LOSSES ON CASH AND CASH EQUIVALENTS</b>	<b>3046</b>		<b>-</b>	<b>-</b>
<b>K. CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (3042-3043+3044+3045-3046)</b>	<b>3047</b>		<b>309,064</b>	<b>277,063</b>

## CONSOLIDATED FINANCIAL STATEMENTS

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity components						Retained earnings (loss)
	AOP	Share capital	AOP	Reserves	AOP	Loss	
<b>Balance as at 1 January 2018</b>							
a) debit	4001	-	4037	-	4055	95,744	4091
b) credit	4002	3,825	4038	-	4056	-	4092
<b>Adjustments of material errors and changes in accounting policies</b>							
a) debit	4003	-	4039	-	4057	-	4093
b) credit	4004	-	4040	-	4058	-	4094
<b>Restated opening balance as at 1 January 2018</b>							
a) debit (1a+2a-26)>=0	4005	-	4041	-	4059	95,744	4095
б) credit (1б-2a+2б)>=0	4006	3,825	4042	-	4060	-	4096
<b>Changes in period</b>							
a) debit	4007	-	4043	-	4061	-	4097
b) credit	4008	681,469	4044	-	4062	44,422	4098
<b>Balance as at 31 December 2018</b>							
a) debit (3a+4a-4б)>=0	4001	-	4037	-	4055	51,322	4091
б) credit (3б-4a+4б)>=0	4002	685,294	4038	-	4056	-	4092
<b>Adjustments of material errors and changes in accounting policies</b>							
a) debit	4003	-	4039	-	4057	-	4093
b) credit	4004	-	4040	-	4058	-	4094
<b>Restated opening balance as at 1 January 2019</b>							
a) debit (5a+6a-6б)>=0	4005	-	4041	-	4059	51,322	4095
б) credit (5б-6a+6б)>=0	4006	685,294	4042	-	4060	-	4096
<b>Changes in period</b>							
a) debit	4007	-	4043	-	4061	-	4097
b) credit	4008	-	4044	-	4062	27,593	4098
<b>Balance as at 31 December 2019</b>							
a) debit (7a+8a-8б)>=0	4009	-	4045	-	4063	23,729	4099
б) credit (7б-8a+8б)>=0	4010	685,294	4046	-	4064	-	4100

## CONSOLIDATED FINANCIAL STATEMENTS

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity components						Retained earnings	
	AOP	Share capital	AOP	Reserves	AOP	Loss		AOP
<b>Adjustments of material errors and changes in accounting policies</b>								
a) debit	4011	-	4047	-	4065	-	4101	-
b) credit	4012	-	4048	-	4066	-	4102	-
<b>Restated opening balance as at 1 January 2020</b>								
a) debit (5a+6a-66)>=0	4013	-	4049	-	4067	23,729	4103	-
б) credit (5б-6a+6б)>=0	4014	685.294	4050	-	4068	-	4104	54,584
<b>Changes in period</b>								
a) debit	4015	-	4051	-	4069	23,060	4105	23,768
b) credit	4016	-	4052	-	4070	23,729	4106	-
<b>Balance as at 31 December 2020</b>								
a) debit (7a+8a-8б)>=0	4017	-	4053	-	4071	23,060	4107	-
б) credit (7б-8a+8б)>=0	4018	685.294	4054	-	4072	-	4108	30,815

## CONSOLIDATED FINANCIAL STATEMENTS

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	<i>Other comprehensive income components</i>						Total Equity
	AOP	Revaluation reserves	AOP	Cash flow hedge gain/(loss)	AOP	Gains (losses) from change in value of available-for-sale financial assets	
<b>Balance as at 1 January 2018</b>							
a) debit	4109	-	4127	15,163	4217	-	110,907
b) credit	4110	-	4128	-	4218	- 4235	48,220
<b>Adjustments of material errors and changes in accounting policies</b>							
a) debit	4111	-	4129		4219	-	-
b) credit	4112	-	4130		4220	- 4236	-
<b>Restated opening balance as at 1 January 2018</b>							
a) debit (1a+2a-26)>=0	4113	-	4131	15,163	4221	-	110,907
b) credit (16-2a+26)>=0	4114	-	4132	-	4222	- 4237	48,220
<b>Changes in period</b>							
a) debit	4115	-	4133	97,195	4223	-	141,590
b) credit	4116	-	4134	-	4224	- 4238	753,484
<b>Balance as at 31 December 2018</b>							
a) debit (3a+4a-46)>=0	4109	-	4127	112,358	4217	-	163,680
b) credit (36-4a+46)>=0	4110	-	4128	-	4218	- 4235	712,887
<b>Adjustments of material errors and changes in accounting policies</b>							
a) debit	4111	-	4129		4219	-	-
b) credit	4112	-	4130		4220	- 4236	-
<b>Restated opening balance as at 1 January 2019</b>							
a) debit (5a+6a-66)>=0	4113	-	4131	112,358	4221	-	163,680
b) credit (56-6a+66)>=0	4114	-	4132	-	4222	- 4237	712,887
<b>Changes in period</b>							
a) debit	4115	-	4133	98,947	4223	-	126,540
b) credit	4116	-	4134	-	4224	- 4238	82,177
<b>Balance as at 31 December 2019</b>							
a) debit (7a+8a-86)>=0	4117	-	4135	211,305	4225	-	235,034
b) credit (76-8a+86)>=0	4118	-	4136	-	4226	- 4239	739,878

## CONSOLIDATED FINANCIAL STATEMENTS

### CONSOLIDATED 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	
<b>Adjustments of material errors and changes in accounting policies</b>							
a) debit	4119	-	4137	-	4227	-	-
b) credit	4120	-	4138	-	4228	-	4240
<b>Restated opening balance as at 1 January 2020</b>							
a) debit (5a+6a-66)>=0	4121	-	4139	211,305	4229	-	235,034
b) credit (5b-6a+6b)>=0	4122	-	4140	-	4230	-	4241
<b>Changes in period</b>							
a) debit	4123	-	4141	37,789	4231	-	84,617
b) credit	4124	-	4142	-	4232	-	4242
<b>Balance as at 31 December 2020</b>							
a) debit (7a+8a-8b)>=0	4125	-	4143	249,094	4233	-	272,154
b) credit (7b-8a+8b)>=0	4126	-	4144	-	4234	-	4243

**EXPLANATORY NOTES TO THE  
CONSOLIDATED FINANCIAL STATEMENTS 31  
DECEMBER 2020**



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

## 1. General information

Fintel Energija A.D., Beograd (hereinafter the “**Company**” or “**Fintel Energija**”) and 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.

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 foreign legal entity FINTEL ENERGIJA GROUP S.P.A, Italy registration number 02658620402, (hereinafter the “**Principal Shareholder**”). Fintel Energia Group S.p.A. is 86,22% owned by Hopafi Srl, (the “Ultimate Parent”)

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

At 31 December 2020, 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.

The company's shares are traded on the organized market – Belgrade Stock Exchange since November 2018. The symbol of the shares is FINT, and ISIN number is RSFINEE60549. The market capitalization of the Company as at 31 December 2020 is RSD 16,569,066 thousand (unit price per share of RSD 625).

Fintel Energia Group SpA, the Principal Shareholder, is a joint stock company under Italian law. It constitutes 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 consolidated financial statements for the year ended 31 December 2020 have been prepared by the Group's Board of Directors, which approved them on the 27 April 2021. The approved financial statements may be amended based on the auditor's opinion, in accordance with legislation.

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

## **2. Summary of accounting policies and standards adopted**

### **2.1 Basis of presentation**

The Group has prepared these financial statements in accordance with the Law on Accounting of the Republic of Serbia (the "Law"). The financial statements have been 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 consolidated balance sheet (note 2.6). 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 are 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).
4. In accordance with IFRS 15 the Group analyses contracts with customers to identify the underlying obligations. If a contract includes multiple goods or services, the Group assesses whether these components should be recognised separately in accordance with IFRS 15. Taking account of the characteristics of the contracts entered into by the Group companies, no contracts with multiple obligations have been identified. The Company's management considers that this standard does not have a material impact on the Group's financial statements. Also, the Company's management anticipates that the adoption of this standard will not significantly affect the Group's financial statements in future periods.
5. Final version of IFRS 9 Financial Instruments reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Company's management considers that the application of IFRS 9 has had no impact on the Group's financial statements.

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

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 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 Group'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.

## **2.2 Going concern**

The Group meets its day-to-day working capital requirements through its bank facilities. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities. Bearing in mind the foregoing, management considers that the Group has adequate resources to continue in operational existence for the foreseeable future. At the end of 2019, China for the first time announced 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 2021. 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). The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements. Further information on the Group's borrowings is given in Note 18.

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

### 2.3 Scope of consolidation

These consolidated financial statements include the financial statements for the year ended 31 December 2020 of the Fintel Energija and the financial statements for the year ended 31 December 2019 of its subsidiaries, as approved by the sole Director. These financial statements have been appropriately adjusted, where necessary, in order to bring them into line with Law on Accounting of the Republic of Serbia. The companies included in the scope of consolidation are listed below:

Name	Share Capital (RSD '000)	Head office	31/12/2020 % held	31/12/2019 % held	
Fintel Energija ad	4,057	Belgrade (Serbia)	Parent Company		
MK-Fintel Wind ad	29,647	Belgrade (Serbia)	54%	54%	Direct
MK-Fintel Wind Holding doo	10	Belgrade (Serbia)	54%	54%	Direct
Energobalkan doo	360,513	Belgrade (Serbia)	54%	54%	Indirect
Vetropark Ram doo	10	Belgrade (Serbia)	54%	54%	Indirect
Vetropark Kula doo	314,032	Belgrade (Serbia)	54%	54%	Indirect
Vetropark Dunav 3 doo	-	Belgrade (Serbia)	-	54%	Indirect
Vetropark Dunav 1 doo	-	Belgrade (Serbia)	-	54%	Indirect
Vetropark Torak doo	240	Belgrade (Serbia)	54%	54%	Indirect
Vetropark Košava 2 doo	-	Belgrade (Serbia)	-	54%	Indirect
Fintel Russian Ventures ooo	-	Moscow (Russia)	-	100%	Direct
Fintel Energija Development doo	0	Belgrade (Serbia)	100%	100%	Direct
MK-Fintel Wind Development doo	0	Belgrade (Serbia)	54%	54%	Indirect
Vetropark Lipar doo	0	Belgrade (Serbia)	100%	100%	Direct
Vetropark Lipar 2 doo	0	Belgrade (Serbia)	100%	100%	Direct
Vetropark Project Torak doo	0	Belgrade (Serbia)	100%	100%	Direct
Vetropark Maestrale Ring	0	Belgrade (Serbia)	100%	100%	Direct

During 2020 Fintel Russian had been liquidated while Vetropark Dunav 1, Vetropark Dunav 3 and Vetropark Kosava 2 have been merged in MK-Fiintel Wind Development.

The shares of Fintel Energija ad (number of pledged shares 25,000,000) have been pledged in favour of AIK Bank ad and in accordance with the Long-term Loan Agreement signed on July 26, 2017.

The shares of MK-Fintel Wind ad have been pledged in favour of UniCredit Bank Serbia a.d., Begrade, and in accordance with the Long-term Loan Agreement signed on February 27, 2018 with Erste Group Bank AG, Erste Banka a.d., Novi Sad, UniCredit Bank Serbia a.d., Begrade, Zagrebačka Banka dd, Zagreb and the Development Bank of Austria.

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

## 2.4 Principles and methods of consolidation

### Subsidiaries

Subsidiaries are deemed to be all businesses and entities for which the Group:

- Has power thereover, i.e. the Group has the ability to direct the relevant activities that significantly affect the Group's returns;
- Is exposed to variable returns from its involvement therewith;
- Exercises its power to obtain benefits from the activities thereof.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group until the date that control ceases.

The consolidation procedures applied are as stated below.

Assets and liabilities, income and expenses and other components of comprehensive income of the fully consolidated entity are included in the consolidated financial statements on a line-by-line basis; the carrying amount of the investment is eliminated against the corresponding portion of equity of each subsidiary.

Unrealised gains on transactions between consolidated entities are eliminated, as well as receivables, payables, income and expenses, guarantees, commitments and risks relating to transactions between consolidated entities. Intercompany losses are not eliminated as they are deemed to provide evidence of an impairment of the asset transferred.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated balance sheet respectively.

Business combinations between entities that are not under common control, whereby the Group obtains control of an entity, are accounted for using the acquisition method. The consideration transferred comprises the acquisition-date fair values of the assets acquired, the liabilities assumed, equity interests issued and any other directly attributable acquisition-related costs. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The difference between the consideration transferred and the fair value of the assets acquired and liabilities and contingent liabilities assumed, if positive, is recorded as goodwill, or, if negative, after having confirmed the correct fair value measurement of the assets acquired and liabilities and contingent liabilities assumed and the consideration transferred, is recognised directly in profit or loss as income.

Non-controlling interests in businesses acquired are initially measured at the proportionate share of the fair value of the recognised amounts of the acquiree's assets, liabilities and contingent liabilities.

The acquisition of further equity interests in subsidiaries and the sale of equity interests that do not result in a loss of control are deemed to be transactions between equity owners; as such, the accounting impact of these transactions is recognised directly in equity attributable to the Group.

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

The sale of controlling interests gives rise to the recognition in profit or loss of any gain (or loss) on disposal and of the accounting impact of the fair value measurement at the disposal date of any residual interest.

## **2.5 Foreign currency translation**

### Functional and presentation currency

Items included in the consolidated financial statements of the Group 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.

## **2.6 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 consolidated income statement. Costs incurred for the expansion, modernisation or improvement of structural elements owned by the Group 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.

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".

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

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

	No. of years
Buildings	40
Equipment	3-20

The residual values of property, plant and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period. Depreciation begins when the assets are ready for their intended use as established by the directors (which coincides with the end of the test period).

Property, plant and equipment held under finance leases, whereby substantially all of the risks and benefits of ownership are transferred to the Group, are recognised as assets of the Group 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 Group 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 consolidated income statement on a straight-line basis over the lease term.

### ***Intangible assets***

Intangible assets consist of non-monetary assets which are identifiable and without physical substance, which are controlled by the Group as a result of past events and from which future economic benefits are expected. Intangible assets meeting the relevant recognition criteria are initially measured at purchase or production cost, inclusive of directly attributable costs necessary to prepare the asset for its intended use, less amortisation and impairment.

Borrowing costs directly attributable to the acquisition or production of intangible assets 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.

Amortisation begins when assets are ready for their intended use and is charged over their estimated useful lives.

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The useful life estimated by the Group for each category of intangible assets is as follows:

	<b>No. of years</b>
Other intangibles	Term of the right

There are no intangible assets with an indefinite useful life.

***Impairment of property, plant and equipment and intangible assets***

At the end of each reporting period, right-of-use assets, property, plant and equipment and intangible assets not fully depreciated/amortised are tested for indicators of impairment. If any such indicators are identified, an estimate is computed of the recoverable amount of the asset and any write-down of the carrying amount is recognised in profit or loss. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use, which is the present value of the future cash flows expected to be derived from an asset. For assets that do not generate sufficiently independent cash flows, the recoverable amount is determined with reference to the cash-generating unit to which the assets belong. In determining value in use, expected future cash flows are discounted using a discount rate which reflects current market assessments of the time value of money and the risks specific to the business. An impairment loss is recognised in profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. When it is no longer necessary to maintain an impairment, the carrying value of the asset is increased to the new value deriving from the estimate of its recoverable value, but not exceeding the net book value that the asset would have had if it had not been written down for impairment.

***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.

Purchases and sales of financial assets are recognised on trade-date, the date on which the group 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 Group that held them has transferred substantially all the risks and rewards of ownership. The only case applicable to the Group, except for financial derivatives as detailed below, is loans and receivables.

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



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evidence that the Group 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 Group companies 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 consolidated income statement as "Allocations to provisions and impairment".

Receivables are stated in the consolidated 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 consolidated income statement.

#### ***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 Group, as well as receivables/payables relating to collaterals received/given such as guarantees and other warrants.

#### ***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 re-measured 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 Group 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 Group that had contracted the debt has transferred all of the risks and obligations related thereto.

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### **Provisions**

Provisions are recognised when the Group 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 consolidated income statements via the depreciation of the asset to which the cost relates.

Changes in accounting estimates are reflected in the consolidated 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 consolidated 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 consolidated income statement.

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 consolidated 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.

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### ***Derivative financial instruments***

The Group holds derivatives to hedge its exposure to the risk of fluctuations in interest rates.

Transactions, which, in accordance with risk management policies, meet the hedge accounting requirements of International Financial Reporting Standards are designated as hedging relationships (accounted for as indicated below), whereas those entered into with the intention of hedging, but which do not meet the hedge accounting requirements of International Financial Reporting Standards are classified as trading transactions. In this case, changes in fair value of derivatives are recognised in profit or loss in the period in which they arise. Fair value is determined by reference to an active market.

For accounting purposes, hedging transactions are classified as fair value hedges if they have been entered into to hedge the exposure to changes in the market value of the underlying assets or liabilities; or as cash flow hedges if they have been entered into to hedge the exposure to variability in cash flows arising from an existing asset or liability or a highly probable forecast transaction.

For derivatives classified as fair value hedges, which meet hedge accounting requirements, gains and losses arising from their measurement at market value are recognised in profit or loss. Gains and losses arising from the fair value measurement of the underlying hedged items are also recognised in profit or loss.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in the equity reserve "cash flow hedging reserve". This reserve is subsequently reclassified to profit or loss in the periods when the hedged item affects profit or loss. The change in fair value attributable to the ineffective portion is recognised immediately in profit or loss. If the derivative instrument is sold and, accordingly, it no longer qualifies as an effective hedge of the exposure for which the transaction had been entered into, the portion of the "cash flow hedging reserve" relating thereto remains there until the underlying transaction affects profit or loss. When an envisaged transaction is no longer deemed probable, the corresponding portion of the cash flow hedging reserve is immediately reclassified to profit or loss.

Embedded derivatives present in financial assets/liabilities are separated and independently measured at fair value, except for cases whereby the strike price of the derivative at the date it was entered into approximates the amount determined by the measurement of the asset/liability in question at amortised cost. In this case, the measurement of the embedded derivative is absorbed by that of the financial asset/liability.

### ***Revenue***

The Group analyses contracts with customers to identify the underlying obligations. If a contract includes multiple goods or services, the Group assesses whether these components should be recognised separately in accordance with IFRS 15. Taking account of the characteristics of the contracts entered into by the Group companies, no contracts with multiple obligations have been identified.

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

The Group assesses each performance obligation contained in the contracts to determine whether it meets the criteria for the recognition of revenue over time in accordance with IFRS 15; contract revenue is recognised by reference to the stage of completion of the contract activity at the end of the reporting period under the percentage of completion method. Percentage of completion is determined by use of the cost-to-cost method, by applying to revenue the percentage of completion computed as the ratio of costs incurred to the estimated total cost required to complete the project.

Otherwise, revenue is recognised when the customer obtains control of an asset or service.

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 Group'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 Group companies.

Revenue arising from the sale of goods and finished products is recognised in profit or loss upon transfer to the customer of control relating to 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 upon the transfer of control arising from completion of the service rendered.

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

#### a) Revenue from the sale of electricity

Revenue from the sale of electricity mainly relates to the Feed in Tariff ("FiT") received for energy produced in the period, even though not yet billed, and has been determined by including data recorded on the basis of measurement received by EPS (the Serbian State Owned electricity supplier).

The FiT Mechanism is a system whereby a generator which has achieved the Privileged Power Producer Status or PPP, such as the Group, using Specified Renewable Technologies (Wind, Solar, Hydro, Biomass, Biogas) is eligible to receive a Feed In Tariff paid for generating power under a bilateral agreement (PPA or Power Purchase Agreement). The Serbian State Owned electricity supplier EPS is obliged to buy all power produced, metered and injected into the grid from renewable energy sources produced by PPPs such as the Group, for the duration of the FiT Mechanism (12 Years since the obtaining of the status of privileged electricity supplier).

#### b) Other revenue

Revenue from the sale of goods other than FiT and from other services rendered is recognised when the customer obtains control of an asset or service, which generally coincides with the time of shipment or completion of the service.

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#### c) Government grants

Government grants are recognised where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants are recognised in profit or loss over the period in which the related costs are recognised.

The benefit of a government loan at below market rate of interest is treated as a government grant. The benefit is determined at the start of the loan as the difference between the initial carrying amount of the loan (fair value plus directly attributable loan arrangement costs) and proceeds received and is subsequently recognised in profit or loss in accordance with the rules applicable to the recognition of government grants.

#### **Cost recognition**

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

#### **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 Group 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 consolidated 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 Group 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 consolidated 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.

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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 consolidated financial statements in the period in which the distribution has been approved by the shareholders.

#### ***Earnings per share***

The Group 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 Group, by the weighted average number of ordinary shares issued during the period.

### **3. Estimates and assumptions**

The preparation of the consolidated financial statements requires the directors to apply accounting policies and methods, which, in certain circumstances, are based on 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 consolidated financial statements, including the consolidated balance sheet, the consolidated income statement, the consolidated statement of comprehensive income and the consolidated statement of cash flows, as well as on related disclosures. The actual amounts of financial statement components for which the aforementioned estimates and assumptions have been used may differ from the amounts reported in the consolidated 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 estimation, used in the preparation of consolidated financial statements

#### **Impairment of assets**

Property, plant and equipment and intangible assets with a finite useful life 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 Group companies, 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, Group management proceeds with the determination thereof by means of the use of appropriate

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valuation techniques. The correct identification of indicators of the existence 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 assets with a finite useful life.

#### Deferred tax assets

Deferred tax assets are recognised based on forecast future taxable income. The determination of forecast future taxable income for the purpose of the recognition of deferred tax assets depends on factors that may change over time and may significantly affect the recoverability of deferred tax assets.

#### 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.

### 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 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.

The Group's maximum exposure to credit risk at 31 December 2020 and 2019 is the carrying amount of each class of assets indicated in the following table:

	31 December 2020	31 December 2019
Trade receivables	65,868	183,304
Other receivables	17,556	14,683
Prepayments and accrued income	336,998	202,807
<b>TOTAL</b>	<b>420,422</b>	<b>400,794</b>

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

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.

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.

<b>At 31 December 2020</b>				
	<b>Less than 1 year</b>	<b>1-2 years</b>	<b>2-5 years</b>	<b>Beyond 5 years</b>
Financial payables due to shareholders	479,755	-	-	1,438,650
Bank loans	1,283,751	1,288,420	4,178,676	5,563,425
Trade payables	235,382	-	-	-
Other liabilities	515,119	-	-	-
<b>Total</b>	<b>2,514,007</b>	<b>1,288,420</b>	<b>4,178,676</b>	<b>7,002,075</b>



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<b>At 31 December 2019</b>				
	<b>Less than 1 year</b>	<b>1-2 years</b>	<b>2-5 years</b>	<b>Beyond 5 years</b>
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	-	-	-
Other liabilities	401,359	-	-	-
<b>Total</b>	<b>2,274,604</b>	<b>1,270,652</b>	<b>4,270,374</b>	<b>8,171,021</b>

An analysis of the financial liabilities by maturity shows a decrease of liabilities beyond 1 year as at 31 December 2020 compared to those at 2019, as a result of the payment of instalments due in 2020. Increase of liabilities due within 1 year is mainly due to accrued expenses for O&M services and interests on shareholders' loans.

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 368,442 thousand and the obtainment of the full feed in tariff in 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.

**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 2020, 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 501,776 thousand (2019: RSD 528,206 thousand) higher/lower, mainly as a result of foreign exchange gains/losses on translation of EUR – denominated borrowings.

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*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.

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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 2020 and 2019 is shown in the following table:

<i>RSD thousand</i>	31 December 2020	31 December 2019
<i>Non-current financial payables:</i>		
- Financial payables due to shareholders	14,110	14,111
- Bank loans	9,057,983	9,829,352
<i>Current financial payables:</i>		
- Bank loans	830,113	665,346
- Financial payables due to shareholders	1,918,405	1,933,674
- Financial assets	(59,378)	(59,384)
Cash and cash equivalents	(309,064)	(277,063)
<b>Net debt (A)</b>	<b>11,452,169</b>	<b>12,106,035</b>
<b>Equity (B)</b>	<b>386,437</b>	<b>460,346</b>
<b>Net capital employed (C=A+B)</b>	<b>11,838,607</b>	<b>12,566,381</b>
<b>Gearing ratio (A/C)</b>	<b>96,7%</b>	<b>96,3%</b>

The gearing ratio is substantially aligned to that of the previous year since the decrease of net debt was partially mitigated by the decrease of equity, mainly for cash flow reserve.

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### 5. Financial assets and liabilities by class

In accordance with IFRS 13, financial instruments stated at fair value have been categorised into levels of hierarchy that reflect the significance of the input used for the determination of their fair value. The levels are the following:

Level 1: quoted prices in active markets for assets or liabilities being measured;

Level 2: inputs other than Level 1 inputs that are directly observable (prices) or indirectly (derived from prices) market inputs;

Level 3: inputs not based on observable market data.

The following table shows the Group's financial assets and liabilities by class, with an indication of the corresponding fair value, at 31 December 2020 and 2019:

RSD thousand	At 31 December 2020					
	Amortised cost	Fair value through OCI	Fair value through profit or loss	Hedge accounting	Total	Level
Financial assets	59,378				59,378	
Trade receivables	65,868				65,868	
Other current assets	337,012				337,012	
Cash and cash equivalents	309,064				309,064	
<b>Total</b>	<b>771,322</b>	-	-	-	<b>771,322</b>	
Borrowings	9,888,096				9,888,096	
Financial payables due to Shareholders	1,918,405				1,918,405	
Trade payables	235,382				235,382	
Other current liabilities	574,678				574,678	
Derivative liabilities				542,689	542,689	2
<b>Total</b>	<b>12,616,561</b>	-	-	<b>542,689</b>	<b>13,159,250</b>	

RSD thousand	At 31 December 2019					
	Amortised cost	Fair value through OCI	Fair value through profit or loss	Hedge accounting	Total	Level
Financial assets	59,384				59,384	
Trade receivables	183,304				183,304	
Other current assets	203,707				203,707	
Cash and cash equivalents	277,063				277,063	
<b>Total</b>	<b>723,458</b>	-	-	-	<b>723,458</b>	
Borrowings	10,494,697				10,494,697	
Financial payables due to Shareholders	1,933,674				1,933,674	
Trade payables	240,609				240,608	
Other current liabilities	415,812				415,812	
Derivative liabilities				460,326	460,326	2
<b>Total</b>	<b>13,084,791</b>	-	-	<b>460,326</b>	<b>13,545,117</b>	

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**6. IFRS 8: segment information**

Based on the fact that Fintel Group 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 summary is provided below of guarantees issued by Fintel Group to third parties as well as the Group's commitments and other contingent liabilities.

*a) Guarantees issued*

Guarantees issued amount to RSD 379,649 thousand as of 31 December 2020 and RSD 956,738 thousand as of 31 December 2019 and refer to the 4P status for wind plants. They have been issued in favor of:

- Lenders of Kosava project phase I, for cost overrun during construction and till COD (RSD 324,521 thousand);
- Transmission System Operator in Republic of Serbia (RSD 55,128 thousand).

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

*b) Other*

There were no other contingent liabilities of the Group

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**STATEMENT OF FINANCIAL POSITION**

**8. Property, plant and equipment**

Movement table of PEE as at 31 December 2020 and 2019 is presented in the table below:

<i>RSD thousand</i>	<b>Year ended 31 December 2020</b>									
	Opening historical cost	Opening accumulated depreciation	Opening net book amount	Additions	Depreciation and impairment	Disposals	Transfers	Closing historical cost	Closing accumulated depreciation	Closing net book amount
Land	40,145	-	40,145	-	-	-	-	40,145	-	40,145
Buildings	3,266,290	(111,478)	3,154,811	19,635	(126,060)	-	1,207,720	4,493,645	(237,538)	4,256,106
Machinery and equipment	9,186,585	(486,424)	8,700,161	183	(462,676)	-	-	9,186,768	(949,100)	8,237,667
Construction in progress	1,305,695	-	1,305,695	31,001	-	-	(1,203,794)	132,901	-	132,901
Advances for PP&E	3,926	-	3,926	-	-	-	(3,926)	-	-	-
<b>Property, plant and equipment</b>	<b>13,802,640</b>	<b>(597,903)</b>	<b>13,204,737</b>	<b>50,819</b>	<b>(588,736)</b>	<b>(1,203,794)</b>	<b>-</b>	<b>13,853,459</b>	<b>(1,186,639)</b>	<b>12,666,820</b>

<i>RSD thousand</i>	<b>Year ended 31 December 2019</b>									
	Opening historical cost	Opening accumulated depreciation	Opening net book amount	Additions	Depreciation and impairment	Disposals	Transfers	Closing historical cost	Closing accumulated depreciation	Closing net book amount
Land	26,268	-	26,268	13,877	-	-	-	40,145	-	40,145
Buildings	548,760	(61,394)	487,366	-	(50,084)	-	2,717,529	3,266,290	(111,478)	3,154,811
Machinery and equipment	2,170,505	(258,028)	1,912,477	372,311	(228,396)	-	6,643,769	9,186,585	(486,424)	8,700,161
Construction in progress	3,157,688	-	3,157,688	830,498	-	-	(2,682,491)	1,305,695	-	1,305,695
Advances for PP&E	5,896,192	-	5,896,192	786,541	-	-	(6,678,807)	3,926	-	3,926
<b>Property, plant and equipment</b>	<b>11,799,413</b>	<b>(319,422)</b>	<b>11,479,990</b>	<b>2,003,227</b>	<b>(278,480)</b>	<b>-</b>	<b>-</b>	<b>13,802,640</b>	<b>(597,902)</b>	<b>13,204,738</b>

Buildings include civil works such as foundation of the wind farms, access roads etc.

Machinery and equipment mainly includes wind turbines and towers. They refer to the wind farms already in operation, "Kula" (9,9 MW), "La Piccolina" (6,6 MW) and Kosava Phase I (69 MW).

Construction in progress and advances for PP&E as at 31 December 2020, mainly relate to investment of all other plants except those already in operation, as detailed above.

Wind plants owned by VP Kula, Energobalkan and MKFW have been mortgaged in favour of the Banks. Net value of fixed assets at 31 December 2020 are RSD 1,312,005 thousand, RSD 896,654 thousand and RSD 9,166,261 thousand respectively for Vetropark Kula, Energobalkan and MK-Fintel Wind.

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**9. Other long-term financial investments**

Other long-term financial investments in amount of RSD 59,378 thousand at 31 December 2020 (RSD 59,384 thousand at 31 December 2019) consisted entirely of non-current assets, relate to:

- Long-term deposits - restricted cash of RSD 38,214 thousand (RSD 38,217 thousand as of 31 December 2019) attributable to the subsidiary Vetropark Kula doo that has been deposited as collateral to Erste in accordance with the loan agreement to guarantee the repayment of the loan.
- Long-term deposits - restricted cash of RSD 21,164 thousand (RSD 21,167 thousand as of 31 December 2019) attributable to the subsidiary Energobalkan doo that has been deposited as collateral to Unicredit Serbia in accordance with the loan agreement to guarantee the repayment of the loan.

**10. Deferred tax assets**

Defferred tax assets in amount of RSD 61,539 thousand at 31 December 2020 (RSD 33,468 thousand at 31 December 2019) mainly consist of those on the fair value of IRS of Vetropark Kula and MK-Fintel Wind.

**11. Trade receivables**

Trade receivables in amount of RSD 65,868 thousand at 31 December 2020 (RSD 183,304 thousand at 31 December 2019) mainly related to receivables from EPS for the production of electricity for November of Kosava Phase I plant. Compared to previous year, decrease is attributable to lesser production of the month.

**12. Cash and cash equivalents**

“Cash and cash equivalents” at 31 December 2020 and 2019 are detailed as follows:

	<b>31 December 2020</b>	<b>31 December 2019</b>
Current account		
- in dinars	147,547	117,806
- purpose account in dinars	18,448	30,568
- in foreign currency	64	2,953
- purpose account in foreign currency	143,005	125,736
<b>Cash and cash equivalents</b>	<b>309.064</b>	<b>277.063</b>

The part of cash which are on position of purposes accounts in amount of RSD 142,801 thousand are controlled by Erste Bank ad Novi Sad and the subsidiary disposes of the funds with the approval of the bank. The fair value of cash and cash equivalents coincides with the carrying amount thereof.

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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.

### 13. Other current assets

“Other current assets” of RSD 367,395 thousand at 31 December 2020 (RSD 241,985 thousand at 31 December 2019) are detailed in the following table:

	31 December 2020	31 December 2019
Value added tax	31,008	39,178
Prepayments and accrued income	336,998	202,807
<b>Total</b>	<b>368,006</b>	<b>241,985</b>

The balance of Value added tax receivables mainly relates to refundable VAT coming from investments in PPE.

Prepayments and accrued income mainly includes receivables from EPS for the production of electricity of December of the wind farms “Kula”, “La Piccolina” and “Kosava Phase I”. The increase in 2020 relates to the full FiT received from Kosava Phase I wind farm since June 2020.

### 14. Equity

Equity as at 31 December 2020 and 2019 is detailed in the following table:

	31 December 2020	31 December 2019
Share capital	4,057	4,057
Share premium	681,237	681,237
Other components of other comprehensive income	(249,094)	(211,305)
Retained earnings from previous year	30,815	-
Retained earnings from current year	-	54,584
Loss from previous years	-	(23,729)
Loss from previous years	(23,060)	-
<b>Equity attributable to the Group</b>	<b>443,955</b>	<b>504,842</b>
Capital and reserves attributable to non-controlling interests	108,809	45,960
Other components of other comprehensive income	(212,191)	(179,987)
Profit (loss) for the year	45,865	89,529
<b>Equity attributable to non-controlling interests</b>	<b>(57,517)</b>	<b>(44,498)</b>
<b>TOTAL EQUITY</b>	<b>386,437</b>	<b>460,346</b>

The equity components and changes therein are detailed below:



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Share capital

At 31 December 2020, the Company's fully subscribed and paid up share capital amounted to RSD 4,057 thousand consisting of 26,510,506 ordinary shares with nominal value of RSD 0.153 each.

Shareholders' of the Company are detailed as follow:

<b>Clan</b>	<b>In thousand of dinars</b>	<b>% of ownership</b>
Fintel Energia Group S.p.A.	3,825	94.30%
BDD M&V INVESTMENTS AD Beograd-ZBIRNI RAČUN	194	4.79%
SOCIETE GENERALE BANKA SRBIJA - KASTODI RN - FO	15	0.37%
Other	23	0.54%
<b>Total</b>	<b>4,057</b>	<b>100.00%</b>

Share premium

At 31 December 2020, such Reserve includes the share premium resulting from the capital increase of 2018 for 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.

Other components of other comprehensive income

The hedging reserve arises from the measurement, in accordance with applicable accounting standards (IFRS 9), of derivatives entered into by Group companies to hedge the risk of fluctuation in interest rates applied to loans for the construction of certain of the Group's wind power plants.

Retained earnings/(Losses) and other reserves arising on consolidation

These consist of losses and other reserves of subsidiaries and arising on consolidation. They also include net profit/(losses) for the current year.

Equity attributable to non-controlling interests

This arises from the consolidation of companies with non-controlling interests held by parties out with Fintel Group.

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**15. Liabilities to parent companies and subsidiaries**

The balance amounts to RSD 493,865 thousand at 31 December 2020 (RSD 493,917 thousand at 31 December 2019) includes financial payables to the Parent Company:

	<b>31 December 2020</b>	<b>31 December 2019</b>
Long-term loans	14,110	14,111
Less: Current part of Long-term loans	-	-
	<b>14,110</b>	<b>14,111</b>
Short-term loans	479,755	479,806
<b>Total</b>	<b>493,865</b>	<b>493,917</b>

The overview of loans from Parent Company and years of maturity is shown in the following table:

<b>Recipient</b>	<b>Lenders</b>	<b>Amount in 000</b>		<b>Maturity</b>
		<b>Amount EUR</b>	<b>RSD</b>	
MK Fintel Wind Holding d.o.o.	Fintel Energia Group S.p.A	80,000	9,406	31.12.2022
MK Fintel Wind Holding d.o.o.	Fintel Energia Group S.p.A	30,000	3,527	31.12.2022
MK Fintel Wind Holding d.o.o.	Fintel Energia Group S.p.A	10,000	1,176	31.12.2022
MK Fintel Wind Holding d.o.o.	Fintel Energia Group S.p.A	1,296,000	152,384	31.12.2021
Fintel Energija a.d.	Fintel Energia Group S.p.A	2,667,000	313,586	30.11.2023
Fintel Energija a.d.	Fintel Energia Group S.p.A	117,308	13,786	31.12.2021

**16. Liabilities and short term loans and borrowings from other related parties**

The balance amounts to RSD 1,424,540 thousand at 31 December 2020 (RSD 1,439,756 thousand at 31 December 2019) includes financial payables to MK Holding d.o.o., a non-controlling interest holder in subsidiaries: this amount consists of the non-controlling interest holder's share of shareholder loans granted to finance the construction of the wind farms in Serbia.

<b>Recipient</b>	<b>Donor</b>	<b>Amount EUR</b>	<b>Amount 000 RSD</b>	<b>Maturity</b>
MK Fintel Wind ad	MK Holding d.o.o.	899,700	105,787	2023
MK Fintel Wind ad	MK Holding d.o.o.	9,274,276	1,090,471	2023
MK Fintel Wind Holding d.o.o.	MK Holding d.o.o.	1,941,500	228,282	2023
<b>Total</b>		<b>12,115,476</b>	<b>1,424,540</b>	

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**17. 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 2020 and 2019:

<i>RSD thousand</i>	<b>31 December 2020</b>	<b>31 December 2019</b>
Long term borrowings	9,057,983	9,829,351
Short-term loans and borrowings	830,113	665,346
<b>Total</b>	<b>9,888,096</b>	<b>10,494,697</b>

Details of bank loans outstanding at 31 December 2020 are summarised in the following table:

<b>Beneficiary company</b>	<b>Residual debt at 31 December 2020</b>	<b>Long term</b>	<b>Short term</b>	<b>Maturity</b>
Vetropark Kula	796,953	697,591	99,362	2027
Energobalkan	494,076	439,568	54,508	2028
MK Fintel Wind	7,797,522	7,224,429	573,093	2030
Fintel Energija	799,545	696,395	103,150	2024
	<b>9,888,096</b>	<b>9,057,983</b>	<b>830,113</b>	

Loan of Vetropark Kula refers to the financing received in 2015 from Erste Bank for the development and construction of Kula wind farm. Its maturity is of 12 years and interest rate is variable plus spread (that ranges from EURIBOR+3,55%-4,00% per year).

Loan of Energobalkan refers to the financing received from Unicredit Bank for the development and construction of La Piccolina wind farm. Its maturity is of 12 years and interest rate is fixed, 4.5%. First draw down of the loan has been made in 2016.

Loan of MK Fintel Wind refers to the financing received from a pool of Banks including Erste Group Bank, Erste Bank Serbia, Austrian Development Bank (OoEb), Unicredit Serbia and Zagrebacka Banka, for the development and construction of Kosava phase I wind farm. Its maturity is of 12 years and interest rate is variable plus spread, ranging from 4.1% to 4.5%. First draw down of the loan has been made in 2018.

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.

The shares of Fintel Energija ad (number of pledged shares 25,000,000) have been pledged in favour of AIK Bank ad and in accordance with the Long-term Loan Agreement signed on July 26, 2017.

The shares of MK-Fintel Wind ad have been pledged in favour of UniCredit Bank Serbia a.d., Begrade, and in accordance with the Long-term Loan Agreement signed on February 27, 2018 with Erste Group Bank AG, Erste Banka a.d., Novi Sad, UniCredit Bank Serbia a.d., Begrade, Zagrebačka Banka dd, Zagreb and the Development Bank of Austria.

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#### **18. Other long-term liabilities**

Other long-term liabilities consist of the fair value measurement at the reporting date of the derivative pertaining to the subsidiary Vetropark Kula Doo (RSD 28,517 thousand and RSD 35,113 thousand at 31 December 2020 and 2019) and MK Fintel Wind (RSD 514,172 thousand and RSD 425,213 thousand at 31 December 2020 and 2019) used to hedge the interest rate risk arising from loan agreements entered into by the companies.

The derivative contract entered into in 2015 by Vetropark Kula is an interest rate swap with a term of 10 years and an initial notional of Euro 9,650 thousand.

The derivative contract entered into in 2018 by MK Fintel Wind is an interest rate swap with a term of 12 years and an initial notional of Euro 60,496 thousand.

#### **19. Trade payables**

Trade payables, which amounted to RSD 235,382 thousand as at 31 December 2020 and to RSD 240,607 as at 31 December 2018, consist mainly of payables to Fintel Energia Group SpA for management fee and those arising from the construction of Kosava phase I and maintenance of the Kula and La Piccolina wind plants.

#### **20. Accrued expenses**

Accrued liabilities, which amounts to RSD 490,985 thousand at 31 December 2020 and to RSD 330,806 at 31 December 2019, consist mainly of interests on shareholders loan due to Fintel Energia Group SpA and MK Group, accrued interests on financial loans and accrued expenses for O&M services.

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**STATEMENT OF PROFIT OR LOSS**

**21. Sales of products and services**

Sales of products and services amounts to RSD 1,791,293 thousand and RSD 880,958 thousand for the year ended 31 December 2020 and 31 December 2019 respectively.

The increase in revenue is mainly attributable to the increase of volume power produced from 115,0 GWh to 198.6 GWh in 2020 compared to the same period of 2019.

Revenue only refers to FiT received by wind plants "La Piccolina", "Kula" and "Kosava Phase I".

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, in the period March/May 2020, Serbian Government suspended recognition of Feed in Tariff. During this period, the energy produced by all wind farms owned by the Group has been temporarily sold to a market price of 28€/MWh, instead full "FiT".

In addition, it should be noted, that "Kosava Phase I" received half of the FiT during trial period, that ended in February 2020.

On 26 May 2020, the Serbian Ministry of Energy and Mining notified the subsidiary MK Fintel Wind that it had been awarded an energy licence for the 69 MW Kosava Phase I wind farm. The energy licence grants Fintel's subsidiary the right to the immediate receipt of a feed-in tariff of 98.9 Euro/MWh + inflation for the next 12 years, that is, until 2032.

**22. Cost of salaries, fringe benefits and other personal expenses**

Labour costs include all employee costs, including merit increases, category changes, cost of living increases, holiday pay, allocations to provisions required by law and collective labour contracts, as well as remuneration payable to directors, inclusive of related contributions.

At 31 December 2020, Group employees amount to 14 units.

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### 23. Cost of production services

It includes all costs arising from the purchase of services during the year in the ordinary course of business. Details of cost of services for 2019 and 2018 are provided in the following table:

	Year ended	
	31 December 2020	31 December 2019
Costs of ongoing maintenance services of wind farms	213,912	58,418
Land lease	1,606	-
Costs of office space rent- Other related parties	1,444	2,213
Costs of other transportation services	1,076	1,078
Others	4,328	3,913
<b>Cost of production services</b>	<b>222,366</b>	<b>65,622</b>

Increase in O&M services mainly refers to Kosava Phase I wind farm, that started its operation in September 2019.

### 24. Depreciation and amortisation

Depreciation and amortisation amounts to RSD 588,736 thousand (RSD 278,480 thousand for the year ended 31 December 2019). The increase is related to Kosava Phase I wind farm, depreciated for half year in 2019 and for the full year in 2020.

### 25. Non-production costs

Non-production costs for the years ended 31 December 2020 and 2019 are detailed as follows:

	Year ended	
	31 December 2020	31 December 2019
Consulting services	114,705	57,455
Property tax	40,860	9,593
Withholding tax on interest paid	26,634	8,473
Costs of fixed assets insurance	22,988	5,451
Other non production costs	19,029	2,501
Costs of credit request	11,609	-
Costs of garantes	1,711	1,061
Costs of bookkeeping services	1,426	2,911
Administrative and legal taxes	1,105	1,541
Audit services	1,117	1,508
Other non-material costs	5,254	11,356
<b>Total</b>	<b>246,438</b>	<b>101,850</b>

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**26. Finance income**

Finance income for the years ended 31 December 2020 and 2019 are detailed as follows:

	<b>31 December 2020</b>	<b>Year ended 31 December 2019</b>
Finance income – parent company	555	2,766
Finance income – other related parties	178	7,385
Interest income (from third parties)	119	527
Foreign exchange gains (third parties)	1,308	50,919
<b>Total finance income</b>	<b>2,160</b>	<b>61,597</b>

**27. Finance costs**

Finance costs for the years ended 31 December 2020 and 2019 are detailed as follows:

	<b>31 December 2020</b>	<b>Year ended 31 December 2019</b>
Finance expense – parent company	19,014	24,335
Finance expense – other related parties	41,021	18,581
Other financial expense	5,342	11,100
Finance expense – third parties	606,795	256,439
<b>Total finance costs</b>	<b>672,172</b>	<b>310,455</b>

Finance costs mainly include interests on shareholder's loans and interests on loans received by the Group companies.

Compared to 2019, increase in finance expenses are mainly attributable to Kosava Phase I, for which interest during construction till September 2019 were capitalized.

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## 28. Income tax expense

Income tax expenses for the years ended 31 December 2020 and 2019 are detailed as follows:

	<b>31 December 2020</b>	<b>Year ended 31 December 2019</b>
Income tax for the year	30,089	37,166
Deferred income tax for the period	(15,716)	(3,764)
	<b>14,373</b>	<b>33,402</b>

The tax on the Group'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:

	<b>31 December 2020</b>	<b>Year ended 31 December 2019</b>
<b>Profit before tax</b>	<b>37,179</b>	<b>177,515</b>
Tax calculated at domestic tax rates applicable to profits in the respective countries	5,577	26,627
<i>Tax effect on:</i>		
Expenses not deductible for tax purposes and other tax effects	24,512	10,539
	<b>30,089</b>	<b>37,166</b>

The weighted average applicable tax rate was 15% (2019: 15%).

The Group does not choose to consolidate for tax purpose and the losses of one group company are not available for the consolidated entity, which is why the losses of subsidiaries must be encountered as correction for the purpose of calculating the effective income tax rate.

## 29. Earnings/(loss) per share

The basic result per share has gone from an earning per share of RSD 2.06 in 2019 to a loss per share of RSD 0.87 for the year ended 31 December 2020. 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).

The diluted result per share has gone from an earning per share of RSD 2.06 in 2019 to a loss per share of RSD 0.87 for the year ended 31 December 2020. It has been computed by dividing the Group's net result by the average number of Fintel Energija shares outstanding in the years in question (average number of shares outstanding of 26,511 thousand).



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**30. Contingent liabilities and commitments**

There are not any contingent liabilities and commitments.

**31. Related party transactions**

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

A summary is provided below of the Group's transactions with related parties in 2020 and 2019. All transactions with related parties are entered into at market value.

As of 31 December 2020 and 31 December 2019 the outstanding balances with related parties were as follows:

	<b>At 31 December 2020</b>		
	Parent Company	Parent's subsidiaries and associates	Total
<i>RSD thousand</i>			
Trade and other payables	(55,466)	-	<b>(55,466)</b>
Other current liabilities	(197,677)	-	<b>(197,677)</b>
Long term debt	(14,110)	-	<b>(14,110)</b>
Short term debt	(479,755)	-	<b>(479,755)</b>
<b>Total</b>	<b>(747,008)</b>	-	<b>(747,008)</b>

	<b>At 31 December 2019</b>		
	Parent Company	Parent's subsidiaries and associates	Total
<i>RSD thousand</i>			
Trade and other payables	(27,735)	-	<b>(27,735)</b>
Other current liabilities	(174,361)	-	<b>(174,361)</b>
Long term debt	(14,111)	-	<b>(14,111)</b>
Short term debt	(479,806)	-	<b>(479,806)</b>
<b>Total</b>	<b>(696,013)</b>	-	<b>(696,013)</b>

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For the year ended 31 December 2020 and 2019 the following transaction occurred with related parties:

	<b>At 31 December 2020</b>		
	Parent Company	Parent's subsidiaries and associates	Total
<i>RSD thousand</i>			
Selling, general and administrative expenses	(27,735)	-	<b>(27,735)</b>
Finance expense	(23,327)	-	<b>(23,327)</b>
<b>Total</b>	<b>(51,062)</b>	<b>-</b>	<b>(51,062)</b>

	<b>At 31 December 2019</b>		
	Parent Company	Parent's subsidiaries and associates	Total
<i>RSD thousand</i>			
Selling, general and administrative expenses	(27,914)	-	<b>(27,914)</b>
Finance expense	(23,947)	-	<b>(23,947)</b>
<b>Total</b>	<b>(51,861)</b>	<b>-</b>	<b>(51,861)</b>

Remuneration of Fintel Group directors

Tiziano Giovannetti acts as sole director in of Fintel Energija's subsidiaries. His salary for 2020 amounted to RSD 237 thousand.

**32. Significant subsequent events**

There were no events occurring after the balance sheet date that could require an adjustment to the consolidated financial statements as at 31 December 2020, nor disclosures in the Notes to the Group's financial statements.

At the end of 2019, China for the first time announced 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 2021. 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).

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

### **33. Tax provision**

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 2020.

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 "PROJEKTOVANJE ZA PROJEKTOVANJE ELEKTRICNE ENERGIJE" around the perimeter.

**FINTEL ENERGIJA a.d., Beograd**

**CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020  
AND INDEPENDENT AUDITOR'S REPORT**

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Consolidated balance sheet	
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Consolidated cash flow statement	
Consolidated statement of changes in equity	
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## Independent Auditor's Report

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

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### Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Fintel Energija a.d., Beograd (the "Company") and its subsidiaries (together – the "Group") as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Law on Accounting in the Republic of Serbia.

### What we have audited

The Group's consolidated financial statements comprise:

- the consolidated income statement for the year ended 31 December 2020;
- the consolidated statement of other comprehensive income for the year ended 31 December 2020;
- the consolidated balance sheet as at 31 December 2020;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

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### 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 consolidated 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 Group in accordance with International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for 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 consolidated 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



- Overall materiality: RSD (“Serbian Dinars”) 139,921 thousand, which represents 1% of the Group’s total assets.
- The consolidated financial statements included the Company and 16 subsidiaries. We audited the financial information of the Company and 3 subsidiaries, which are, based on our judgement, significant components of the Group.
- Our audit scope addressed 99% of the Group’s total assets.
- Valuation of derivative financial instruments

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated 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.

### Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated 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 consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated 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 consolidated financial statements as a whole.

<b>Overall Group materiality</b>	RSD 139,921 thousand
<b>How we determined it</b>	1% of the Group's total assets
<b>Rationale for the materiality benchmark applied</b>	The Group is engaged in the development, construction and operation of wind farms. Due to fact that the Group is 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.



We agreed with the those charged with governance that we would report to them misstatements identified during our audit above RSD 13,922 thousand, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

### Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
<p><i>Valuation of derivative financial instruments and application of hedge accounting</i></p> <p>We focused on this area during the audit due to the significance of the amounts recognized in the consolidated financial statements and because of the complexity of valuation models used.</p> <p>As disclosed in Note 17 to the consolidated financial statements, other long term liabilities in the amount of RSD 542,689 thousand relate to the derivative financial instruments (namely, interest rate swaps), which are measured at fair value as at 31 December 2020.</p> <p>These instruments protect the Group against the increases in the 3-month Euribor rate, therefore the Group applied hedge accounting and recorded the effects of valuation of the derivatives of RSD 249,094 thousand in other comprehensive income.</p> <p>The management engaged the expert to calculate the fair value of the derivate financial instruments. It is calculated based on the valuation model using observable inputs.</p>	<p>Our audit approach was as follows:</p> <ul style="list-style-type: none"><li>• We updated our understanding of the process of valuation of the derivative financial instruments and the accounting policies related to hedge accounting.</li><li>• We obtained relevant hedging documentation, verified it for completeness and assessed compliance with accounting requirements.</li><li>• We obtained the independent confirmations from banks of balance and fair value of the derivatives as of 31 December 2020.</li><li>• We evaluated results of the management's expert work performed and compared it with amounts recognized in the consolidated financial statements.</li><li>• We verified the accounting entries related to hedge accounting and the related disclosures in the consolidated financial statements.</li></ul>

### How we tailored our Group audit scope

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

### Other information including the consolidated Annual Report

Management is responsible for the other information. The other information comprises the consolidated Annual Report (but does not include the consolidated financial statements and our auditor's report thereon).

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.





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

With respect to the consolidated Annual Report we also performed procedures required by the Law on Accounting in the Republic of Serbia. Those procedures include considering whether the consolidated Annual Report includes the disclosures required by the Law on Accounting in the Republic of Serbia.

Based on the work undertaken in the course of our audit, in our opinion:

- the consolidated Annual Report has been prepared in accordance with the requirements of the Law on Accounting in the Republic of Serbia; and
- the information given in the consolidated Annual Report for the financial year for which the consolidated financial statements are prepared is consistent with the consolidated financial statements.

In addition, considering the knowledge and understanding of the Group and its environment obtained during the audit, we are required to report if we have identified material misstatements in the consolidated Annual Report. We have nothing to report in this regard.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

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### Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 and auditing regulation effective 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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 consolidated 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.

The licensed auditor engaged as partner on the audit resulting in this independent auditor's report is Biljana Bogovac.

Refer to the original signed  
Serbian version

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Biljana Bogovac  
Licensed Certified Auditor

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Serbian version

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PricewaterhouseCoopers d.o.o., Beograd

Belgrade, 29 April 2021

## CONSOLIDATED FINANCIAL STATEMENTS

### CONSOLIDATED BALANCE SHEET

In RSD thousand

	AOP	Note	31 December 2020	31 December 2019
<b>A. SUBSCRIBED CAPITAL UNPAID</b>	<b>0001</b>		-	-
<b>B. NON-CURRENT ASSETS</b>	<b>0002</b>			
<b>(0003 + 0010 + 0019+ 0024 + 0034)</b>			<b>12,726,198</b>	<b>13,264,122</b>
<b>I. INTANGIBLE ASSETS (0004+0005+0006+0007+0008+0009)</b>	<b>0003</b>		-	-
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		-	-
<b>II. PROPERTY, PLANT AND EQUIPMENT</b>			<b>12,666,820</b>	<b>13,204,738</b>
<b>(0011+0012+0013+0014+0015+0016+0017+0018)</b>	<b>0010</b>			
1. Land	0011	8	40,145	40,145
2. Buildings	0012	8	4,256,106	3,154,811
3. Machinery and equipment	0013	8	8,237,667	8,700,161
4. Investment property	0014		-	-
5. Other property, plant and equipment	0015		-	-
6. Construction in progress	0016	8	132,901	1,305,695
7. Investments in leased PP&E	0017		-	-
8. Advances for PP&E	0018	8	-	3,926
<b>III. BIOLOGICAL ASSETS (0020+0021+0022+0023)</b>	<b>0019</b>		-	-
1. Forest farming	0020		-	-
2. Livestock	0021		-	-
3. Biological assets in production	0022		-	-
4. Advances for biological assets	0023		-	-
<b>IV. LONG-TERM FINANCIAL INVESTMENTS</b>			<b>59,378</b>	<b>59,384</b>
<b>(0025+0026+0027+0028+0029+0030+0031+0032+0033)</b>	<b>0024</b>			
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	9	59,378	59,384
<b>V. LONG-TERM RECEIVABLES</b>			-	-
<b>(0035+0036+0037+0038+0039+0040+0041)</b>	<b>0034</b>			
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		-	-
<b>C. DEFERRED TAX ASSETS</b>	<b>0042</b>	<b>10</b>	<b>61,539</b>	<b>33,468</b>

# CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED BALANCE SHEET (CONTINUED)

In RSD thousand

	AOP	Note	31 December 2020	31 December 2019
<b>D. CURRENT ASSETS</b>				
<b>(0044+0051+0059+0060+0061+0062+0068+0069+0070)</b>	<b>0043</b>		<b>771,307</b>	<b>728,003</b>
<b>I. INVENTORY (0045+0046+0047+0048+0049+0050)</b>	<b>0044</b>		<b>10,799</b>	<b>10,068</b>
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		10,799	10,068
<b>II. TRADE RECEIVABLES</b>				
<b>(0052+0053+0054+0055+0056+0057+0058)</b>	<b>0051</b>		<b>65,868</b>	<b>183,304</b>
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	11	65,868	183,304
6. Trade receivables - foreign	0057		-	-
7. Other trade receivables	0058		-	-
<b>III. RECEIVABLES FROM SPECIFIC OPERATIONS</b>	<b>0059</b>		<b>-</b>	<b>-</b>
<b>IV. OTHER RECEIVABLES</b>	<b>0060</b>		<b>17,556</b>	<b>14,683</b>
<b>V. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>	<b>0061</b>		<b>-</b>	<b>-</b>
<b>VI. SHORT TERM FINANCIAL INVESTMENTS</b>				
<b>(0063+0064+0065+0066+0067)</b>	<b>0062</b>		<b>14</b>	<b>900</b>
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		14	900
<b>VII. CASH AND CASH EQUIVALENTS</b>	<b>0068</b>	12	<b>309,064</b>	<b>277,063</b>
<b>VIII. VALUE ADDED TAX</b>	<b>0069</b>	13	<b>31,008</b>	<b>39,178</b>
<b>IX. PREPAYMENTS AND ACCRUED INCOME</b>	<b>0070</b>	13	<b>336,998</b>	<b>202,807</b>
<b>E. TOTAL ASSETS (0001+0002+0042+0043)</b>	<b>0071</b>		<b>13,559,044</b>	<b>14,025,593</b>
<b>F. OFF-BALANCE SHEET ASSETS</b>	<b>0072</b>	7	<b>379,649</b>	<b>956,738</b>
<b>A. EQUITY (0402+0411-0412+0413+0414+0415-0416+0417+0420-0421)</b>	<b>0401</b>		<b>386,439</b>	<b>460,346</b>
<b>I. SHARE CAPITAL</b>				
<b>(0403+0404+0405+0406+0407+0408+0409+0410)</b>	<b>0402</b>		<b>685,294</b>	<b>685,294</b>
1. Share capital	0403	14	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	14	681,237	681,237
8. Other capital	0410		-	-
<b>II. SUBSCRIBED CAPITAL UNPAID</b>	<b>0411</b>		<b>-</b>	<b>-</b>
<b>III. OWN SHARES</b>	<b>0412</b>		<b>-</b>	<b>-</b>
<b>IV. RESERVES</b>	<b>0413</b>		<b>-</b>	<b>-</b>
<b>V. REVALUATION RESERVES FROM VALUATION OF INTANGIBLES, PROPERTIES, PLANT AND EQUIPMENT</b>	<b>0414</b>		<b>-</b>	<b>-</b>
<b>VI. UNREALISED GAINS FROM SECURITAS AND OTHER COMPONENTS OF OTHER COMPREHENSIVE INCOME</b>	<b>0415</b>		<b>-</b>	<b>-</b>
<b>VII. UNREALIZED LOSSES FROM SECURITIES AND OTHER COMPONENTS OF OTHER COMPREHENSIVE INCOME</b>	<b>0416</b>	14	<b>249,094</b>	<b>211,305</b>
<b>VIII. RETAINED EARNINGS (0418+0419)</b>	<b>0417</b>	14	<b>30,816</b>	<b>54,584</b>
1. Retained earnings from previous years	0418		30,816	-
2. Retained earnings from current year	0419	14	-	54,584
<b>IX. NON-CONTROLLING INTEREST</b>	<b>0420</b>	14	<b>(57,517)</b>	<b>(44,498)</b>
<b>X. LOSS (0422+0423)</b>	<b>0421</b>	14	<b>23,060</b>	<b>23,729</b>
1. Loss from previous years	0422	14	-	23,729
2. Loss from current year	0423		23,060	-

# CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED BALANCE SHEET (CONTINUED)

In RSD thousand

	AOP	Note	31 December 2020	31 December 2019
<b>B. LONG-TERM PROVISIONS AND LIABILITIES (0425+0432)</b>	<b>0424</b>		<b>11,039,393</b>	<b>11,729,668</b>
<b>I. LONG-TERM PROVISIONS (0426+0427+0428+0429+0430+0431)</b>	<b>0425</b>		<b>71</b>	<b>-</b>
1. Provisions for warranty claims	0426		-	-
2. Provision for environmental rehabilitation	0427		-	-
3. Provisions for restructuring costs	0428		-	-
4. Provisions for employee benefits	0429		71	-
5. Provisions for litigations	0430		-	-
6. Other long term provisions	0431		-	-
<b>II. LONG-TERM LIABILITIES (0433+0434+0435+0436+0437+0438+0439+0440)</b>	<b>0432</b>		<b>11,039,322</b>	<b>11,729,668</b>
1. Liabilities convertible to equity	0433		-	-
2. Liabilities to parent and subsidiaries	0434	15	14,110	14,111
3. Liabilities to other related parties	0435	16	1,424,540	1,425,880
4. Liabilities for issued long-term securities	0436		-	-
5. Long term borrowings - domestic	0437	17	9,057,983	9,829,351
6. Long-term borrowings - foreign	0438		-	-
7. Finance lease liabilities	0439		-	-
8. Other long-term liabilities	0440	18	542,689	460,326
<b>C. DEFERRED TAX LIABILITIES</b>	<b>0441</b>		<b>-</b>	<b>-</b>
<b>D. SHORT-TERM LIABILITIES (0443+0450+0451+0459+0460+0461+0462)</b>	<b>0442</b>		<b>2,133,212</b>	<b>1,835,579</b>
<b>I. SHORT-TERM FINANCIAL LIABILITIES (0444+0445+0446+0447+0448+0449)</b>	<b>0443</b>		<b>1,309,868</b>	<b>1,159,028</b>
1. Short term borrowings from parent and subsidiaries	0444	15	479,755	479,806
2. Short term borrowings from other related parties	0445	16	-	13,876
3. Short-term loans and borrowings - domestic	0446	17	830,113	665,346
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		-	-
<b>II. ADVANCES RECEIVED</b>	<b>0450</b>		<b>-</b>	<b>-</b>
<b>III. TRADE PAYABLES (0452+0453+0454+0455+0456+0458)</b>	<b>0451</b>	<b>19</b>	<b>235,382</b>	<b>240,607</b>
1. Trade payables - parent and subsidiaries - domestic	0452		-	-
2. Trade payables - parent and subsidiaries - foreign	0453		55,466	27,735
3. Trade payables - other related parties - domestic	0454		1,504	1,469
4. Trade payables - other related parties - foreign	0455		-	-
5. Trade payables - domestic	0456		175,743	209,520
6. Trade payables - foreign	0457		2,669	1,883
7. Other operating liabilities	0458		-	-
<b>IV. OTHER SHORT-TERM LIABILITIES</b>	<b>0459</b>		<b>83,692</b>	<b>85,006</b>
<b>V. LIABILITIES FOR VAT</b>	<b>0460</b>		<b>-</b>	<b>-</b>
<b>VI. LIABILITIES FOR OTHER TAXES</b>	<b>0461</b>		<b>13,285</b>	<b>20,132</b>
<b>VII. ACCRUED EXPENSES</b>	<b>0462</b>	<b>20</b>	<b>490,985</b>	<b>330,806</b>
<b>E. LOSS EXCEEDING EQUITY (0412+0416+0421-0420-0417- 0415-0414-0413-0411-0402)&gt;=0=(0441+0424+0442- 0071)&gt;=0</b>	<b>0463</b>		<b>-</b>	<b>-</b>
<b>F. TOTAL EQUITY AND LIABILITIES (0424+0442+0441+0401-0463)&gt;=0</b>	<b>0464</b>		<b>13,559,044</b>	<b>14,025,593</b>
<b>G. OFF-BALANCE SHEET LIABILITIES</b>	<b>0465</b>	<b>7</b>	<b>379,649</b>	<b>956,738</b>

Tiziano Giovannetti  
Director

27 April 2021



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

# CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED INCOME STATEMENT

In RSD thousand

	AOP	Note	Year ended 31 December	
			2020	2019
<b>INCOME FROM REGULAR OPERATING ACTIVITIES</b>				
<b>A. OPERATING INCOME (1002+1009+1016+1017)</b>	<b>1001</b>		<b>1,791,293</b>	<b>880,958</b>
<b>I. INCOME FROM THE SALE OF GOODS (1003+1004+1005+1006+1007+1008)</b>	<b>1002</b>		-	-
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		-	-
<b>II. INCOME FROM SALES OF PRODUCTS AND SERVICES (1010+1011+1012+1013+1014+1015)</b>	<b>1009</b>		<b>1,791,293</b>	<b>880,958</b>
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	21	1,791,293	880,958
6. Income from sales of products and services – foreign	1015		-	-
<b>III. INCOME FROM PREMIUMS, SUBVENTIONS AND DONATIONS</b>	<b>1016</b>		-	-
<b>IV. OTHER OPERATING INCOME</b>	<b>1017</b>		-	-
<b>EXPENSES FROM REGULAR OPERATING ACTIVITIES</b>				
<b>B. OPERATING EXPENSES (1019-1020- 1021+1022+1023+1024+1025+1026+1027+1028+1029)&gt; =0</b>	<b>1018</b>	-	<b>1,104,387</b>	<b>482,159</b>
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		427	456
VI. COST OF FUEL AND ENERGY	1024		11,334	5,744
VII. COST OF SALARIES, FRINGE BENEFITS AND OTHER PERSONAL EXPENSES	1025	22	33,879	30,007
VIII. COST OF PRODUCTION SERVICES	1026	23	222,366	65,622
IX. DEPRECIATION, DEPLETION AND AMORTIZATION	1027	24	588,736	278,480
X. COST OF LONG-TERM PROVISIONING	1028		1,207	-
XI. NON-PRODUCTION COSTS	1029	25	246,438	101,850
<b>C. OPERATING GAIN (1001-1018)&gt;=0</b>	<b>1030</b>		<b>686,906</b>	<b>398,799</b>
<b>D. OPERATING LOSS (1018-1001)&gt;=0</b>	<b>1031</b>		-	-
<b>E. FINANCE INCOME (1033+1038+1039)</b>	<b>1032</b>		<b>2,160</b>	<b>61,597</b>
<b>I. FINANCIAL INCOME FROM RELATED PARTIES AND OTHER FINANCIAL INCOME (1034+1035+1036+1037)</b>	<b>1033</b>		<b>733</b>	<b>10,151</b>
1. Finance income - parent company and subsidiaries	1034	26	555	2,766
2. Finance income - other related parties	1035	26	178	7,385
3. Share of profit of associates and joint ventures	1036		-	-
4. Other financial income	1037		-	-
<b>II. INTEREST INCOME (from third parties)</b>	<b>1038</b>	26	<b>119</b>	<b>527</b>
<b>III. FOREIGN EXCHANGE GAINS (third parties)</b>	<b>1039</b>	26	<b>1,308</b>	<b>50,919</b>

## CONSOLIDATED FINANCIAL STATEMENTS

### CONSOLIDATED INCOME STATEMENT

In RSD thousand

	AOP	Note	Year ended	
			2020	2019
<b>F. FINANCE EXPENSES (1041+1046+1047)</b>	<b>1040</b>		<b>672,804</b>	<b>314,711</b>
<b>I. FINANCIAL EXPENSES FROM RELATED PARTIES AND OTHER FINANCIAL EXPENSES (1042+1043+1044+1045)</b>	<b>1041</b>		<b>65,377</b>	<b>54,016</b>
1. Finance expense - parent company and subsidiaries	1042	27	19,014	24,335
2. Finance expense - other related parties	1043	27	41,021	18,581
3. Share of loss of associates and joint ventures	1044		-	-
4. Other financial expense	1045		5,342	11,100
<b>II. INTEREST EXPENSE (from third parties)</b>	<b>1046</b>	<b>27</b>	<b>606,796</b>	<b>256,439</b>
<b>III. FOREIGN EXCHANGE LOSSES (third parties)</b>	<b>1047</b>		<b>631</b>	<b>4,256</b>
<b>G. PROFIT FROM FINANCING OPERATIONS (1032-1040)</b>	<b>1048</b>		<b>-</b>	<b>-</b>
<b>H. LOSS FROM FINANCING OPERATIONS (1040-1032)</b>	<b>1049</b>		<b>670,644</b>	<b>253,114</b>
<b>I. INCOME FROM VALUATION OF ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS</b>	<b>1050</b>		<b>-</b>	<b>-</b>
<b>J. LOSS FROM VALUATION OF ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS</b>	<b>1051</b>		<b>-</b>	<b>-</b>
<b>K. OTHER INCOME</b>	<b>1052</b>		<b>21,195</b>	<b>32,655</b>
<b>L. OTHER EXPENSES</b>	<b>1053</b>		<b>278</b>	<b>825</b>
<b>M. OPERATING PROFIT BEFORE TAX (1030-1031+1048-1049+1050-1051+1052-1053)</b>	<b>1054</b>		<b>37,179</b>	<b>177,515</b>
<b>N. OPERATING LOSS BEFORE TAX (1031-1030+1049-1048+1051-1050+1053-1052)</b>	<b>1055</b>		<b>-</b>	<b>-</b>
<b>O. NET INCOME ATTRIBUTABLE TO DISCONTINUED OPERATIONS, EXPENSES ARISING FROM CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF PRIOR PERIOD ERRORS</b>	<b>1056</b>		<b>-</b>	<b>-</b>
<b>P. NET LOSS ATTRIBUTABLE TO DISCONTINUED OPERATIONS, EXPENSES ARISING FROM CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF PRIOR PERIOD ERRORS</b>	<b>1057</b>		<b>-</b>	<b>-</b>
<b>Q. PROFIT BEFORE TAX (1054-1055+1056-1057)</b>	<b>1058</b>		<b>37,179</b>	<b>177,515</b>
<b>R. LOSS BEFORE TAX (1055-1054+1057-1056)</b>	<b>1059</b>		<b>-</b>	<b>-</b>
<b>II. INCOME TAX</b>				
I. CURRENT INCOME TAX	1060	28	30,089	37,166
II. DEFERRED TAX EXPENSE FOR THE PERIOD	1061		-	-
III. DEFERRED TAX INCOME FOR THE PERIOD	1062	28	15,715	3,764
<b>S. PERSONAL INCOME PAID TO EMPLOYER</b>	<b>1063</b>		<b>-</b>	<b>-</b>
<b>T. NET PROFIT (1058-1059-1060-1061+1062)</b>	<b>1064</b>		<b>22,805</b>	<b>144,113</b>
<b>V. NET LOSS (1059-1058+1060+1061-1062)</b>	<b>1065</b>		<b>-</b>	<b>-</b>
<b>I. NET INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS</b>	<b>1066</b>		<b>45,865</b>	<b>89,529</b>
<b>II. NET INCOME ATTRIBUTABLE TO THE OWNER</b>	<b>1067</b>		<b>-</b>	<b>54,584</b>
<b>III. NET LOSS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS</b>	<b>1068</b>		<b>-</b>	<b>-</b>
<b>IV. NET LOSS ATTRIBUTABLE TO THE OWNER</b>	<b>1069</b>		<b>23,060</b>	<b>-</b>
<b>V. EARNINGS PER SHARE</b>				
1. Basic earnings per share (in RSD)	1070	29	(0.87)	2.06
2. Diluted earnings per share (in RSD)	1071	29	(0.87)	2.06

# CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME  
In RSD thousand

Year ended 31 December

	AOP	Note	2020	2019
<b>A. NET PROFIT/(LOSS)</b>				
<b>I. PROFIT, NET (AOP 1064)</b>	<b>2001</b>		<b>22,805</b>	<b>144,113</b>
<b>II. LOSS, NET (AOP 1065)</b>	<b>2002</b>		<b>-</b>	<b>-</b>
<b>B. OTHER COMPREHENSIVE PROFIT OR LOSS</b>				
<i>a) Items that will not be reclassified to profit or loss</i>				
<b>1. Changes in the revaluation of intangible assets, property, plant and equipment</b>				
a) increase in revaluation reserves	2003		-	-
b) decrease in revaluation reserves	2004		-	-
<b>2. Actuarial gains (losses) of post-employment benefit obligations</b>				
a) gains	2005		-	-
b) losses	2006		-	-
<b>3. Gains and losses arising from equity investments</b>				
a) gains	2007		-	-
b) losses	2008		-	-
<b>4. Gains or losses arising from a share in the associate's other comprehensive profit or loss</b>				
a) gains	2009		-	-
b) losses	2010		-	-
<i>b) Items that may be subsequently reclassified to profit or loss</i>				
<b>1. Gains (losses) from currency translation differences</b>				
a) gains	2011		-	-
b) losses	2012		-	16
<b>2. Gains (losses) on investment hedging instruments in foreign business</b>				
a) gains	2013		-	-
b) losses	2014		-	-
<b>3. Gains and losses on cash flow hedges</b>				
a) gains	2015		-	-
b) losses	2016		82,362	215,536
<b>4. Gains (losses) from change in value of available-for-sale financial assets</b>				
a) gains	2017		-	-
b) losses	2018		-	-
<b>I. OTHER COMPREHENSIVE PROFIT BEFORE TAX</b> (2003+2005+2007+2009+2011+2013+2015+2017)- (2004+2006+2008+2010+2012+2014+2016+2018)>=0	2019		-	-
<b>II. OTHER COMPREHENSIVE LOSS BEFORE TAX</b> (2004+2006+2008+2010+2012+2014+2016+2018)- (2003+2005+2007+2009+2009+2011+2013+2015+2017)>=0	2020		82,362	215,552
<b>III. TAX ON OTHER COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD</b>	2021		(12,354)	(32,330)
<b>IV. TOTAL NET COMPREHENSIVE PROFIT (2019-2020-2021)&gt;=0</b>	<b>2022</b>		<b>-</b>	<b>-</b>
<b>V. TOTAL NET COMPREHENSIVE LOSS (2020-2019+2021)&gt;=0</b>	<b>2023</b>		<b>70,008</b>	<b>183,222</b>
<b>C. TOTAL NET COMPREHENSIVE PROFIT</b>				
<b>I. TOTAL COMPREHENSIVE PROFIT, NET</b> (2001-2002+2022-2023)>=0	2024		-	-
<b>II. TOTAL COMPREHENSIVE LOSS, NET</b> (2002-2001+2023-2022)>=0	2025		47,203	39,109
<b>D. TOTAL NET COMPREHENSIVE PROFIT / (LOSS)</b> (2027+2028)=AOP 2024>=0 или AOP 2025>0	<b>2026</b>			
1. Attributable to shareholders	2027		(60,864)	(44,363)
2. Attributable to non-controlling interest	2028		13,661	5,254



# CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENT OF CASH FLOWS

In RSD thousand

	AOP	Note	Year ended 31 December	
			2020	2019
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>I. Cash inflow from operating activities (1 to 3)</b>	<b>3001</b>		<b>1,802,960</b>	<b>571,624</b>
1. Sales and advances received	3002		1,766,877	565,518
2. Interest from operating activities	3003		-	-
3. Other inflow from operating activities	3004		36,082	6,106
<b>II. Cash outflow from operating activities (1 to 5)</b>	<b>3005</b>		<b>1,002,759</b>	<b>550,313</b>
1. Payments and prepayments to suppliers	3006		393,617	225,663
2. Salaries, benefits and other personal expenses	3007		35,086	30,007
3. Interest paid	3008		532,635	273,871
4. Income tax paid	3009		41,421	20,772
5. Payments for other public revenues	3010			
<b>III. Net cash inflow from operating activities (I - II)</b>	<b>3011</b>		<b>800,201</b>	<b>21,311</b>
<b>IV. Net cash outflow from operating activities (II - I)</b>	<b>3012</b>			
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>I. Cash flows from investing activities (1 to 5)</b>	<b>3013</b>		-	<b>38,269</b>
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		-	38,269
4. Interest from investing activities	3017		-	-
5. Dividend received	3018		-	-
<b>II. Cash outflow from investing activities (1 to 3)</b>	<b>3019</b>		<b>83,346</b>	<b>2,190,047</b>
1. Acquisition of subsidiaries or other business (net outflow)	3020			
2. Purchase of intangible assets, property, plant and equipment	3021		83,346	2,190,047
3. Other financial investments (net outflow)	3022		-	-
<b>III. Net cash inflow from investing activities (I - II)</b>	<b>3023</b>			
<b>IV. Net cash outflow from investing activities (II - I)</b>	<b>3024</b>		<b>83,346</b>	<b>2,151,778</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>I. Cash inflow from financing activities (1 to 5)</b>	<b>3025</b>		-	<b>2,128,872</b>
1. Increase in share capital	3026		-	-
2. Proceeds from long-term borrowings (net inflow)	3027		-	2,124,592
3. Proceeds from short-term borrowings (net inflow)	3028		-	4,280
4. Other long-term liabilities	3029		-	-
5. Other short-term liabilities	3030		-	-
<b>II. Cash outflow from financing activities (1 to 6)</b>	<b>3031</b>		<b>684,854</b>	<b>258,894</b>
1. Purchase of own shares	3032		-	-
2. Repayment of long-term borrowings (net outflow)	3033		658,172	235,893
3. Repayment of short-term borrowings (net outflow)	3034		-	-
4. Repayment of other liabilities (net outflow)	3035		-	-
5. Financial lease	3036		-	-
6. Dividend distribution	3037		26,682	23,001
<b>III. Net cash inflow from financing activities (I - II)</b>	<b>3038</b>		-	<b>1,869,978</b>
<b>IV. Net cash outflow from financing activities (II - I)</b>	<b>3039</b>		<b>684,854</b>	
<b>D. TOTAL CASH INFLOW (3001+3013+3025 )</b>	<b>3040</b>		<b>1,802,960</b>	<b>2,738,765</b>
<b>E. TOTAL CASH OUTFLOW (3005+3019+3031)</b>	<b>3041</b>		<b>1,770,959</b>	<b>2,999,254</b>
<b>F. NET CASH INFLOW (340-341)</b>	<b>3042</b>		<b>32,001</b>	-
<b>G. NET CASH OUTFLOW (341-340)</b>	<b>3043</b>		-	<b>260,489</b>
<b>H. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>3044</b>		<b>277,063</b>	<b>537,552</b>
<b>I. CURRENCY TRANSLATION GAINS ON CASH AND CASH EQUIVALENTS</b>	<b>3045</b>			
<b>J. CURRENCY TRANSLATION LOSSES ON CASH AND CASH EQUIVALENTS</b>	<b>3046</b>			
<b>K. CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (3042-3043+3044+3045-3046)</b>	<b>3047</b>		<b>309,064</b>	<b>277,063</b>

# CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Equity components							Retained earnings
		AOP	Share capital	AOP	Reserves	AOP	Loss	AOP	(loss)
<b>Balance as at 1 January 2018</b>									
	a) debit	4001	-	4037	-	4055	95,744	4091	-
	b) credit	4002	3,825	4038	-	4056	-	4092	44,395
<b>Adjustments of material errors and changes in accounting policies</b>									
	a) debit	4003	-	4039	-	4057	-	4093	-
	b) credit	4004	-	4040	-	4058	-	4094	-
<b>Restated opening balance as at 1 January 2018</b>									
	a) debit (1a+2a-26)>=0	4005	-	4041	-	4059	95,744	4095	-
	6) credit (16-2a+26)>=0	4006	3,825	4042	-	4060	-	4096	44,395
<b>Changes in period</b>									
	a) debit	4007	-	4043	-	4061	-	4097	44,395
	b) credit	4008	681,469	4044	-	4062	44,422	4098	27,593
<b>Balance as at 31 December 2018</b>									
	a) debit (3a+4a-46)>=0	4001	-	4037	-	4055	51,322	4091	-
	6) credit (36-4a+46)>=0	4002	685,294	4038	-	4056	-	4092	27,593
<b>Adjustments of material errors and changes in accounting policies</b>									
	a) debit	4003	-	4039	-	4057	-	4093	-
	b) credit	4004	-	4040	-	4058	-	4094	-
<b>Restated opening balance as at 1 January 2019</b>									
	a) debit (5a+6a-66)>=0	4005	-	4041	-	4059	51,322	4095	-
	6) credit (56-6a+66)>=0	4006	685,294	4042	-	4060	-	4096	27,593
<b>Changes in period</b>									
	a) debit	4007	-	4043	-	4061	-	4097	27,593
	b) credit	4008	-	4044	-	4062	27,593	4098	54,584
<b>Balance as at 31 December 2019</b>									
	a) debit (7a+8a-86)>=0	4009	-	4045	-	4063	23,729	4099	-
	6) credit (76-8a+86)>=0	4010	685,294	4046	-	4064	-	4100	54,584

# CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity components							Retained earnings
	AOP	Share capital	AOP	Reserves	AOP	Loss	AOP	
<b>Adjustments of material errors and changes in accounting policies</b>								
a) debit	4011	-	4047	-	4065	-	4101	-
b) credit	4012	-	4048	-	4066	-	4102	-
<b>Restated opening balance as at 1 January 2020</b>	4013	-	4049	-	4067	<b>23,729</b>	4103	-
a) debit (5a+6a-66)>=0	4014	<b>685.294</b>	4050	-	4068	-	4104	<b>54,584</b>
6) credit (56-6a+66)>=0								
<b>Changes in period</b>								
a) debit	4015	-	4051	-	4069	23,060	4105	23,768
b) credit	4016	-	4052	-	4070	23,729	4106	-
<b>Balance as at 31 December 2020</b>	4017	<b>685.294</b>	4053	-	4071	<b>23,060</b>	4107	-
a) debit (7a+8a-86)>=0	4018		4054	-	4072	-	4108	<b>30,815</b>
6) credit (76-8a+86)>=0								

# CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

		<i>Other comprehensive income components</i>					
		Revaluation reserves		Cash flow hedge gain/(loss)		Gains (losses) from change in value of available-for-sale financial assets	
	AOP	AOP	AOP	AOP	AOP	AOP	Total Equity
<b>Balance as at 1 January 2018</b>							
a) debit	4109	-	4127	15,163	4217	-	110,907
b) credit	4110	-	4128	-	4218	-	48,220
<b>Adjustments of material errors and changes in accounting policies</b>							
a) debit	4111	-	4129	-	4219	-	-
b) credit	4112	-	4130	-	4220	-	-
<b>Restated opening balance as at 1 January 2018</b>							
a) debit (1a+2a-26)>=0	4113	-	4131	15,163	4221	-	110,907
b) credit (16-2a+26)>=0	4114	-	4132	-	4222	-	48,220
<b>Changes in period</b>							
a) debit	4115	-	4133	97,195	4223	-	141,590
b) credit	4116	-	4134	-	4224	-	753,484
<b>Balance as at 31 December 2018</b>							
a) debit (3a+4a-46)>=0	4109	-	4127	112,358	4217	-	163,680
b) credit (36-4a+46)>=0	4110	-	4128	-	4218	-	712,887
<b>Adjustments of material errors and changes in accounting policies</b>							
a) debit	4111	-	4129	-	4219	-	-
b) credit	4112	-	4130	-	4220	-	-
<b>Restated opening balance as at 1 January 2019</b>							
a) debit (5a+6a-66)>=0	4113	-	4131	112,358	4221	-	163,680
b) credit (56-6a+66)>=0	4114	-	4132	-	4222	-	712,887
<b>Changes in period</b>							
a) debit	4115	-	4133	98,947	4223	-	126,540
b) credit	4116	-	4134	-	4224	-	82,177
<b>Balance as at 31 December 2019</b>							
a) debit (7a+8a-86)>=0	4117	-	4135	211,305	4225	-	235,034
b) credit (76-8a+86)>=0	4118	-	4136	-	4226	-	739,878

# CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED 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
<b>Adjustments of material errors and changes in accounting policies</b>								
a) debit	4119	-	4137	-	4227	-	-	-
b) credit	4120	-	4138	-	4228	-	4240	-
<b>Restated opening balance as at 1 January 2020</b>								
a) debit (5a+6a-66)>=0	4121	-	4139	211,305	4229	-	-	235,034
b) credit (56-6a+66)>=0	4122	-	4140	-	4230	-	4241	739,878
<b>Changes in period</b>								
a) debit	4123	-	4141	37,789	4231	-	-	84,617
b) credit	4124	-	4142	-	4232	-	4242	23,729
<b>Balance as at 31 December 2020</b>								
a) debit (7a+8a-86)>=0	4125	-	4143	249,094	4233	-	-	272,154
6) credit (76-8a+86)>=0	4126	-	4144	-	4234	-	4243	716,110

**EXPLANATORY NOTES TO THE  
CONSOLIDATED FINANCIAL STATEMENTS 31  
DECEMBER 2020**

**FINTEL ENERGIJA AD, BEOGRAD**  
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**31 DECEMBER 2020**

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

**1. General information**

Fintel Energija A.D., Beograd (hereinafter the "**Company**" or "**Fintel Energija**") and 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.

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 foreign legal entity FINTEL ENERGIA GROUP S.P.A, Italy registration number 02658620402, (hereinafter the "**Principal Shareholder**"). Fintel Energia Group S.p.A. is 86,22% owned by Hopafi Srl, (the "Ultimate Parent")

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

At 31 December 2020, 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.

The company's shares are traded on the organized market – Belgrade Stock Exchange since November 2018. The symbol of the shares is FINT, and ISIN number is RSFINEE60549. The market capitalization of the Company as at 31 December 2020 is RSD 16,569,066 thousand (unit price per share of RSD 625).

Fintel Energia Group SpA, the Principal Shareholder, is a joint stock company under Italian law. It constitutes 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 consolidated financial statements for the year ended 31 December 2020 have been prepared by the Group's Board of Directors, which approved them on the 27 April 2021. The approved financial statements may be amended based on the auditor's opinion, in accordance with legislation.

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## **2. Summary of accounting policies and standards adopted**

### **2.1 Basis of presentation**

The Group has prepared these financial statements in accordance with the Law on Accounting of the Republic of Serbia (the "Law"). The financial statements have been 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 consolidated balance sheet (note 2.6). 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 are 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).
4. In accordance with IFRS 15 the Group analyses contracts with customers to identify the underlying obligations. If a contract includes multiple goods or services, the Group assesses whether these components should be recognised separately in accordance with IFRS 15. Taking account of the characteristics of the contracts entered into by the Group companies, no contracts with multiple obligations have been identified. The Company's management considers that this standard does not have a material impact on the Group's financial statements. Also, the Company's management anticipates that the adoption of this standard will not significantly affect the Group's financial statements in future periods.
5. Final version of IFRS 9 Financial Instruments reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Company's management considers that the application of IFRS 9 has had no impact on the Group's financial statements.



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

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 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 Group'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.

## **2.2 Going concern**

The Group meets its day-to-day working capital requirements through its bank facilities. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities. Bearing in mind the foregoing, management considers that the Group has adequate resources to continue in operational existence for the foreseeable future. At the end of 2019, China for the first time announced 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 2021. 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). The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements. Further information on the Group's borrowings is given in Note 18.

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### 2.3 Scope of consolidation

These consolidated financial statements include the financial statements for the year ended 31 December 2020 of the Fintel Energija and the financial statements for the year ended 31 December 2019 of its subsidiaries, as approved by the sole Director. These financial statements have been appropriately adjusted, where necessary, in order to bring them into line with Law on Accounting of the Republic of Serbia. The companies included in the scope of consolidation are listed below:

Name	Share Capital (RSD '000)	Head office	31/12/2020 % held	31/12/2019 % held	
Fintel Energija ad	4,057	Belgrade (Serbia)	Parent Company		
MK-Fintel Wind ad	29,647	Belgrade (Serbia)	54%	54%	Direct
MK-Fintel Wind Holding doo	10	Belgrade (Serbia)	54%	54%	Direct
Energobalkan doo	360,513	Belgrade (Serbia)	54%	54%	Indirect
Vetropark Ram doo	10	Belgrade (Serbia)	54%	54%	Indirect
Vetropark Kula doo	314,032	Belgrade (Serbia)	54%	54%	Indirect
Vetropark Dunav 3 doo	-	Belgrade (Serbia)	-	54%	Indirect
Vetropark Dunav 1 doo	-	Belgrade (Serbia)	-	54%	Indirect
Vetropark Torak doo	240	Belgrade (Serbia)	54%	54%	Indirect
Vetropark Košava 2 doo	-	Belgrade (Serbia)	-	54%	Indirect
Fintel Russian Ventures ooo	-	Moscow (Russia)	-	100%	Direct
Fintel Energija Development doo	0	Belgrade (Serbia)	100%	100%	Direct
MK-Fintel Wind Development doo	0	Belgrade (Serbia)	54%	54%	Indirect
Vetropark Lipar doo	0	Belgrade (Serbia)	100%	100%	Direct
Vetropark Lipar 2 doo	0	Belgrade (Serbia)	100%	100%	Direct
Vetropark Project Torak doo	0	Belgrade (Serbia)	100%	100%	Direct
Vetropark Maestrle Ring	0	Belgrade (Serbia)	100%	100%	Direct

During 2020 Fintel Russian had been liquidated while Vetropark Dunav 1, Vetropark Dunav 3 and Vetropark Kosava 2 have been merged in MK-Fiintel Wind Development.

The shares of Fintel Energija ad (number of pledged shares 25,000,000) have been pledged in favour of AIK Bank ad and in accordance with the Long-term Loan Agreement signed on July 26, 2017.

The shares of MK-Fintel Wind ad have been pledged in favour of UniCredit Bank Serbia a.d., Begrade, and in accordance with the Long-term Loan Agreement signed on February 27, 2018 with Erste Group Bank AG, Erste Banka a.d., Novi Sad, UniCredit Bank Serbia a.d., Begrade, Zagrebačka Banka dd, Zagreb and the Development Bank of Austria.

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

## **2.4 Principles and methods of consolidation**

### Subsidiaries

Subsidiaries are deemed to be all businesses and entities for which the Group:

- Has power thereover, i.e. the Group has the ability to direct the relevant activities that significantly affect the Group's returns;
- Is exposed to variable returns from its involvement therewith;
- Exercises its power to obtain benefits from the activities thereof.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group until the date that control ceases.

The consolidation procedures applied are as stated below.

Assets and liabilities, income and expenses and other components of comprehensive income of the fully consolidated entity are included in the consolidated financial statements on a line-by-line basis; the carrying amount of the investment is eliminated against the corresponding portion of equity of each subsidiary.

Unrealised gains on transactions between consolidated entities are eliminated, as well as receivables, payables, income and expenses, guarantees, commitments and risks relating to transactions between consolidated entities. Intercompany losses are not eliminated as they are deemed to provide evidence of an impairment of the asset transferred.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated balance sheet respectively.

Business combinations between entities that are not under common control, whereby the Group obtains control of an entity, are accounted for using the acquisition method. The consideration transferred comprises the acquisition-date fair values of the assets acquired, the liabilities assumed, equity interests issued and any other directly attributable acquisition-related costs. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The difference between the consideration transferred and the fair value of the assets acquired and liabilities and contingent liabilities assumed, if positive, is recorded as goodwill, or, if negative, after having confirmed the correct fair value measurement of the assets acquired and liabilities and contingent liabilities assumed and the consideration transferred, is recognised directly in profit or loss as income.

Non-controlling interests in businesses acquired are initially measured at the proportionate share of the fair value of the recognised amounts of the acquiree's assets, liabilities and contingent liabilities.

The acquisition of further equity interests in subsidiaries and the sale of equity interests that do not result in a loss of control are deemed to be transactions between equity owners; as such, the accounting impact of these transactions is recognised directly in equity attributable to the Group.

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

The sale of controlling interests gives rise to the recognition in profit or loss of any gain (or loss) on disposal and of the accounting impact of the fair value measurement at the disposal date of any residual interest.

## **2.5 Foreign currency translation**

### Functional and presentation currency

Items included in the consolidated financial statements of the Group 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.

## **2.6 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 consolidated income statement. Costs incurred for the expansion, modernisation or improvement of structural elements owned by the Group 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.

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".

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

	No. of years
Buildings	40
Equipment	3-20

The residual values of property, plant and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period. Depreciation begins when the assets are ready for their intended use as established by the directors (which coincides with the end of the test period).

Property, plant and equipment held under finance leases, whereby substantially all of the risks and benefits of ownership are transferred to the Group, are recognised as assets of the Group 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 Group 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 consolidated income statement on a straight-line basis over the lease term.

### ***Intangible assets***

Intangible assets consist of non-monetary assets which are identifiable and without physical substance, which are controlled by the Group as a result of past events and from which future economic benefits are expected. Intangible assets meeting the relevant recognition criteria are initially measured at purchase or production cost, inclusive of directly attributable costs necessary to prepare the asset for its intended use, less amortisation and impairment.

Borrowing costs directly attributable to the acquisition or production of intangible assets 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.

Amortisation begins when assets are ready for their intended use and is charged over their estimated useful lives.

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The useful life estimated by the Group for each category of intangible assets is as follows:

	<b>No. of years</b>
Other intangibles	Term of the right

There are no intangible assets with an indefinite useful life.

***Impairment of property, plant and equipment and intangible assets***

At the end of each reporting period, right-of-use assets, property, plant and equipment and intangible assets not fully depreciated/amortised are tested for indicators of impairment. If any such indicators are identified, an estimate is computed of the recoverable amount of the asset and any write-down of the carrying amount is recognised in profit or loss. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use, which is the present value of the future cash flows expected to be derived from an asset. For assets that do not generate sufficiently independent cash flows, the recoverable amount is determined with reference to the cash-generating unit to which the assets belong. In determining value in use, expected future cash flows are discounted using a discount rate which reflects current market assessments of the time value of money and the risks specific to the business. An impairment loss is recognised in profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. When it is no longer necessary to maintain an impairment, the carrying value of the asset is increased to the new value deriving from the estimate of its recoverable value, but not exceeding the net book value that the asset would have had if it had not been written down for impairment.

***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.

Purchases and sales of financial assets are recognised on trade-date, the date on which the group 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 Group that held them has transferred substantially all the risks and rewards of ownership. The only case applicable to the Group, except for financial derivatives as detailed below, is loans and receivables.

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

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evidence that the Group 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 Group companies 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 consolidated income statement as "Allocations to provisions and impairment".

Receivables are stated in the consolidated 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 consolidated income statement.

#### ***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 Group, as well as receivables/payables relating to collaterals received/given such as guarantees and other warrants.

#### ***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 re-measured 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 Group 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 Group that had contracted the debt has transferred all of the risks and obligations related thereto.

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### **Provisions**

Provisions are recognised when the Group 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 consolidated income statements via the depreciation of the asset to which the cost relates.

Changes in accounting estimates are reflected in the consolidated 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 consolidated 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 consolidated income statement.

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 consolidated 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.



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

### ***Derivative financial instruments***

The Group holds derivatives to hedge its exposure to the risk of fluctuations in interest rates.

Transactions, which, in accordance with risk management policies, meet the hedge accounting requirements of International Financial Reporting Standards are designated as hedging relationships (accounted for as indicated below), whereas those entered into with the intention of hedging, but which do not meet the hedge accounting requirements of International Financial Reporting Standards are classified as trading transactions. In this case, changes in fair value of derivatives are recognised in profit or loss in the period in which they arise. Fair value is determined by reference to an active market.

For accounting purposes, hedging transactions are classified as fair value hedges if they have been entered into to hedge the exposure to changes in the market value of the underlying assets or liabilities; or as cash flow hedges if they have been entered into to hedge the exposure to variability in cash flows arising from an existing asset or liability or a highly probable forecast transaction.

For derivatives classified as fair value hedges, which meet hedge accounting requirements, gains and losses arising from their measurement at market value are recognised in profit or loss. Gains and losses arising from the fair value measurement of the underlying hedged items are also recognised in profit or loss.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in the equity reserve "cash flow hedging reserve". This reserve is subsequently reclassified to profit or loss in the periods when the hedged item affects profit or loss. The change in fair value attributable to the ineffective portion is recognised immediately in profit or loss. If the derivative instrument is sold and, accordingly, it no longer qualifies as an effective hedge of the exposure for which the transaction had been entered into, the portion of the "cash flow hedging reserve" relating thereto remains there until the underlying transaction affects profit or loss. When an envisaged transaction is no longer deemed probable, the corresponding portion of the cash flow hedging reserve is immediately reclassified to profit or loss.

Embedded derivatives present in financial assets/liabilities are separated and independently measured at fair value, except for cases whereby the strike price of the derivative at the date it was entered into approximates the amount determined by the measurement of the asset/liability in question at amortised cost. In this case, the measurement of the embedded derivative is absorbed by that of the financial asset/liability.

### ***Revenue***

The Group analyses contracts with customers to identify the underlying obligations. If a contract includes multiple goods or services, the Group assesses whether these components should be recognised separately in accordance with IFRS 15. Taking account of the characteristics of the contracts entered into by the Group companies, no contracts with multiple obligations have been identified.

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The Group assesses each performance obligation contained in the contracts to determine whether it meets the criteria for the recognition of revenue over time in accordance with IFRS 15; contract revenue is recognised by reference to the stage of completion of the contract activity at the end of the reporting period under the percentage of completion method. Percentage of completion is determined by use of the cost-to-cost method, by applying to revenue the percentage of completion computed as the ratio of costs incurred to the estimated total cost required to complete the project.

Otherwise, revenue is recognised when the customer obtains control of an asset or service.

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 Group'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 Group companies.

Revenue arising from the sale of goods and finished products is recognised in profit or loss upon transfer to the customer of control relating to 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 upon the transfer of control arising from completion of the service rendered.

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

#### a) Revenue from the sale of electricity

Revenue from the sale of electricity mainly relates to the Feed in Tariff ("FiT") received for energy produced in the period, even though not yet billed, and has been determined by including data recorded on the basis of measurement received by EPS (the Serbian State Owned electricity supplier).

The FiT Mechanism is a system whereby a generator which has achieved the Privileged Power Producer Status or PPP, such as the Group, using Specified Renewable Technologies (Wind, Solar, Hydro, Biomass, Biogas) is eligible to receive a Feed In Tariff paid for generating power under a bi-lateral agreement (PPA or Power Purchase Agreement). The Serbian State Owned electricity supplier EPS is obliged to buy all power produced, metered and injected into the grid from renewable energy sources produced by PPPs such as the Group, for the duration of the FiT Mechanism (12 Years since the obtaining of the status of privileged electricity supplier).

#### b) Other revenue

Revenue from the sale of goods other than FiT and from other services rendered is recognised when the customer obtains control of an asset or service, which generally coincides with the time of shipment or completion of the service.

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#### **c) Government grants**

Government grants are recognised where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants are recognised in profit or loss over the period in which the related costs are recognised.

The benefit of a government loan at below market rate of interest is treated as a government grant. The benefit is determined at the start of the loan as the difference between the initial carrying amount of the loan (fair value plus directly attributable loan arrangement costs) and proceeds received and is subsequently recognised in profit or loss in accordance with the rules applicable to the recognition of government grants.

#### **Cost recognition**

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

#### **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 Group 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 consolidated 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 Group 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 consolidated 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.

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

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 consolidated financial statements in the period in which the distribution has been approved by the shareholders.

### ***Earnings per share***

The Group 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 Group, by the weighted average number of ordinary shares issued during the period.

## **3. Estimates and assumptions**

The preparation of the consolidated financial statements requires the directors to apply accounting policies and methods, which, in certain circumstances, are based on 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 consolidated financial statements, including the consolidated balance sheet, the consolidated income statement, the consolidated statement of comprehensive income and the consolidated statement of cash flows, as well as on related disclosures. The actual amounts of financial statement components for which the aforementioned estimates and assumptions have been used may differ from the amounts reported in the consolidated 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 estimation, used in the preparation of consolidated financial statements

### ***Impairment of assets***

Property, plant and equipment and intangible assets with a finite useful life 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 Group companies, 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, Group management proceeds with the determination thereof by means of the use of appropriate

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valuation techniques. The correct identification of indicators of the existence 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 assets with a finite useful life.

Deferred tax assets

Deferred tax assets are recognised based on forecast future taxable income. The determination of forecast future taxable income for the purpose of the recognition of deferred tax assets depends on factors that may change over time and may significantly affect the recoverability of deferred tax assets.

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.

**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 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.

The Group's maximum exposure to credit risk at 31 December 2020 and 2019 is the carrying amount of each class of assets indicated in the following table:

	<b>31 December 2020</b>	<b>31 December 2019</b>
Trade receivables	65,868	183,304
Other receivables	17,556	14,683
Prepayments and accrued income	336,998	202,807
<b>TOTAL</b>	<b>420,422</b>	<b>400,794</b>

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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.

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.

<b>At 31 December 2020</b>				
	<b>Less than 1 year</b>	<b>1-2 years</b>	<b>2-5 years</b>	<b>Beyond 5 years</b>
Financial payables due to shareholders	479,755	-	-	1,438,650
Bank loans	1,283,751	1,288,420	4,178,676	5,563,425
Trade payables	235,382	-	-	-
Other liabilities	515,119	-	-	-
<b>Total</b>	<b>2,514,007</b>	<b>1,288,420</b>	<b>4,178,676</b>	<b>7,002,075</b>

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	<b>At 31 December 2019</b>			
	<b>Less than 1 year</b>	<b>1-2 years</b>	<b>2-5 years</b>	<b>Beyond 5 years</b>
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	-	-	-
Other liabilities	401,359	-	-	-
<b>Total</b>	<b>2,274,604</b>	<b>1,270,652</b>	<b>4,270,374</b>	<b>8,171,021</b>

An analysis of the financial liabilities by maturity shows a decrease of liabilities beyond 1 year as at 31 December 2020 compared to those at 2019, as a result of the payment of instalments due to in 2020. Increase of liabilities due within 1 year is mainly due to accrued expenses for O&M services and interests on shareholders' loans.

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 368,442 thousand and the obtainment of the full feed in tariff in 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.

**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 2020, 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 501,776 thousand (2019: RSD 528,206 thousand) higher/lower, mainly as a result of foreign exchange gains/losses on translation of EUR – denominated borrowings.

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*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.



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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 2020 and 2019 is shown in the following table:

<i>RSD thousand</i>	31 December 2020	31 December 2019
<i>Non-current financial payables:</i>		
- Financial payables due to shareholders	14,110	14,111
- Bank loans	9,057,983	9,829,352
<i>Current financial payables:</i>		
- Bank loans	830,113	665,346
- Financial payables due to shareholders	1,918,405	1,933,674
- Financial assets	(59,378)	(59,384)
Cash and cash equivalents	(309,064)	(277,063)
<b>Net debt (A)</b>	<b>11,452,169</b>	<b>12,106,035</b>
<b>Equity (B)</b>	<b>386,437</b>	<b>460,346</b>
<b>Net capital employed (C=A+B)</b>	<b>11,838,607</b>	<b>12,566,381</b>
<b>Gearing ratio (A/C)</b>	<b>96,7%</b>	<b>96,3%</b>

The gearing ratio is substantially aligned to that of the previous year since the decrease of net debt was partially mitigated by the decrease of equity, mainly for cash flow reserve.

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**5. Financial assets and liabilities by class**

In accordance with IFRS 13, financial instruments stated at fair value have been categorised into levels of hierarchy that reflect the significance of the input used for the determination of their fair value. The levels are the following:

Level 1: quoted prices in active markets for assets or liabilities being measured;

Level 2: inputs other than Level 1 inputs that are directly observable (prices) or indirectly (derived from prices) market inputs;

Level 3: inputs not based on observable market data.

The following table shows the Group's financial assets and liabilities by class, with an indication of the corresponding fair value, at 31 December 2020 and 2019:

<i>RSD thousand</i>	<b>At 31 December 2020</b>					Level
	Amortised cost	Fair value through OCI	Fair value through profit or loss	Hedge accounting	Total	
Financial assets	59,378				59,378	
Trade receivables	65,868				65,868	
Other current assets	337,012				337,012	
Cash and cash equivalents	309,064				309,064	
<b>Total</b>	<b>771,322</b>	-	-	-	<b>771,322</b>	
Borrowings	9,888,096				9,888,096	
Financial payables due to Shareholders	1,918,405				1,918,405	
Trade payables	235,382				235,382	
Other current liabilities	574,678				574,678	
Derivative liabilities				542,689	542,689	2
<b>Total</b>	<b>12,616,561</b>	-	-	<b>542,689</b>	<b>13,159,250</b>	

<i>RSD thousand</i>	<b>At 31 December 2019</b>					Level
	Amortised cost	Fair value through OCI	Fair value through profit or loss	Hedge accounting	Total	
Financial assets	59,384				59,384	
Trade receivables	183,304				183,304	
Other current assets	203,707				203,707	
Cash and cash equivalents	277,063				277,063	
<b>Total</b>	<b>723,458</b>	-	-	-	<b>723,458</b>	
Borrowings	10,494,697				10,494,697	
Financial payables due to Shareholders	1,933,674				1,933,674	
Trade payables	240,609				240,608	
Other current liabilities	415,812				415,812	
Derivative liabilities				460,326	460,326	2
<b>Total</b>	<b>13,084,791</b>	-	-	<b>460,326</b>	<b>13,545,117</b>	

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#### **6. IFRS 8: segment information**

Based on the fact that Fintel Group 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 summary is provided below of guarantees issued by Fintel Group to third parties as well as the Group's commitments and other contingent liabilities.

##### *a) Guarantees issued*

Guarantees issued amount to RSD 379,649 thousand as of 31 December 2020 and RSD 956,738 thousand as of 31 December 2019 and refer to the 4P status for wind plants. They have been issued in favor of:

- Lenders of Kosava project phase I, for cost overrun during construction and till COD (RSD 324,521 thousand);
- Transmission System Operator in Republic of Serbia (RSD 55,128 thousand).

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

##### *b) Other*

There were no other contingent liabilities of the Group

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**STATEMENT OF FINANCIAL POSITION**

**8. Property, plant and equipment**

Movement table of PEE as at 31 December 2020 and 2019 is presented in the table below:

<i>RSD thousand</i>	Year ended 31 December 2020									
	Opening historical cost	Opening accumulated depreciation	Opening net book amount	Additions	Depreciation and impairment	Disposals	Transfers	Closing historical cost	Closing accumulated depreciation	Closing net book amount
Land	40,145	-	40,145	-	-	-	-	40,145	-	40,145
Buildings	3,266,290	(111,478)	3,154,811	19,635	(126,060)	-	1,207,720	4,493,645	(237,538)	4,256,106
Machinery and equipment	9,186,585	(486,424)	8,700,161	183	(462,676)	-	-	9,186,768	(949,100)	8,237,667
Construction in progress	1,305,695	-	1,305,695	31,001	-	-	(1,203,794)	132,901	-	132,901
Advances for PP&E	3,926	-	3,926	-	-	-	(3,926)	-	-	-
<b>Property, plant and equipment</b>	<b>13,802,640</b>	<b>(597,903)</b>	<b>13,204,737</b>	<b>50,819</b>	<b>(588,736)</b>	<b>(1,203,794)</b>	<b>-</b>	<b>13,853,459</b>	<b>(1,186,639)</b>	<b>12,666,820</b>

<i>RSD thousand</i>	Year ended 31 December 2019									
	Opening historical cost	Opening accumulated depreciation	Opening net book amount	Additions	Depreciation and impairment	Disposals	Transfers	Closing historical cost	Closing accumulated depreciation	Closing net book amount
Land	26,268	-	26,268	13,877	-	-	-	40,145	-	40,145
Buildings	548,760	(61,394)	487,366	-	(50,084)	-	2,717,529	3,266,290	(111,478)	3,154,811
Machinery and equipment	2,170,505	(258,028)	1,912,477	372,311	(228,396)	-	6,643,769	9,186,585	(486,424)	8,700,161
Construction in progress	3,157,688	-	3,157,688	830,498	-	-	(2,682,491)	1,305,695	-	1,305,695
Advances for PP&E	5,896,192	-	5,896,192	786,541	-	-	(6,678,807)	3,926	-	3,926
<b>Property, plant and equipment</b>	<b>11,799,413</b>	<b>(319,422)</b>	<b>11,479,990</b>	<b>2,003,227</b>	<b>(278,480)</b>	<b>-</b>	<b>-</b>	<b>13,802,640</b>	<b>(597,902)</b>	<b>13,204,738</b>

Buildings include civil works such as foundation of the wind farms, access roads etc.

Machinery and equipment mainly includes wind turbines and towers. They refer to the wind farms already in operation, "Kula" (9,9 MW), "La Piccolina" (6,6 MW) and Kosava Phase I (69 MW).

Construction in progress and advances for PP&E as at 31 December 2020, mainly relate to investment of all other plants except those already in operation, as detailed above.

Wind plants owned by VP Kula, Energobalkan and MKFW have been mortgaged in favour of the Banks. Net value of fixed assets at 31 December 2020 are RSD 1,312,005 thousand, RSD 896,654 thousand and RSD 9,166,261 thousand respectively for Vetropark Kula, Energobalkan and MK-Fintel Wind.

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**9. Other long-term financial investments**

Other long-term financial investments in amount of RSD 59,378 thousand at 31 December 2020 (RSD 59,384 thousand at 31 December 2019) consisted entirely of non-current assets, relate to:

- Long-term deposits - restricted cash of RSD 38,214 thousand (RSD 38,217 thousand as of 31 December 2019) attributable to the subsidiary Vetropark Kula doo that has been deposited as collateral to Erste in accordance with the loan agreement to guarantee the repayment of the loan.
- Long-term deposits - restricted cash of RSD 21,164 thousand (RSD 21,167 thousand as of 31 December 2019) attributable to the subsidiary Energobalkan doo that has been deposited as collateral to Unicredit Serbia in accordance with the loan agreement to guarantee the repayment of the loan.

**10. Deferred tax assets**

Defferred tax assets in amount of RSD 61,539 thousand at 31 December 2020 (RSD 33,468 thousand at 31 December 2019) mainly consist of those on the fair value of IRS of Vetropark Kula and MK-Fintel Wind.

**11. Trade receivables**

Trade receivables in amount of RSD 65,868 thousand at 31 December 2020 (RSD 183,304 thousand at 31 December 2019) mainly related to receivables from EPS for the production of electricity for November of Kosava Phase I plant. Compared to previous year, decrease is attributable to lesser production of the month.

**12. Cash and cash equivalents**

“Cash and cash equivalents” at 31 December 2020 and 2019 are detailed as follows:

	<b>31 December 2020</b>	<b>31 December 2019</b>
Current account		
- in dinars	147,547	117,806
- purpose account in dinars	18,448	30,568
- in foreign currency	64	2,953
- purpose account in foreign currency	143,005	125,736
<b>Cash and cash equivalents</b>	<b>309.064</b>	<b>277.063</b>

The part of cash which are on position of purposes accounts in amount of RSD 142,801 thousand are controlled by Erste Bank ad Novi Sad and the subsidiary disposes of the funds with the approval of the bank. The fair value of cash and cash equivalents coincides with the carrying amount thereof.

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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.

**13. Other current assets**

“Other current assets” of RSD 367,395 thousand at 31 December 2020 (RSD 241,985 thousand at 31 December 2019) are detailed in the following table:

	<b>31 December 2020</b>	<b>31 December 2019</b>
Value added tax	31,008	39,178
Prepayments and accrued income	336,998	202,807
<b>Total</b>	<b>368,006</b>	<b>241,985</b>

The balance of Value added tax receivables mainly relates to refundable VAT coming from investments in PPE.

Prepayments and accrued income mainly includes receivables from EPS for the production of electricity of December of the wind farms “Kula”, “La Piccolina” and “Kosava Phase I”. The increase in 2020 relates to the full FiT received from Kosava Phase I wind farm since June 2020.

**14. Equity**

Equity as at 31 December 2020 and 2019 is detailed in the following table:

	<b>31 December 2020</b>	<b>31 December 2019</b>
Share capital	4,057	4,057
Share premium	681,237	681,237
Other components of other comprehensive income	(249,094)	(211,305)
Retained earnings from previous year	30,815	-
Retained earnings from current year	-	54,584
Loss from previous years	-	(23,729)
Loss from previous years	(23,060)	-
<b>Equity attributable to the Group</b>	<b>443,955</b>	<b>504,842</b>
Capital and reserves attributable to non-controlling interests	108,809	45,960
Other components of other comprehensive income	(212,191)	(179,987)
Profit (loss) for the year	45,865	89,529
<b>Equity attributable to non-controlling interests</b>	<b>(57,517)</b>	<b>(44,498)</b>
<b>TOTAL EQUITY</b>	<b>386,437</b>	<b>460,346</b>

The equity components and changes therein are detailed below:

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Share capital

At 31 December 2020, the Company's fully subscribed and paid up share capital amounted to RSD 4,057 thousand consisting of 26,510,506 ordinary shares with nominal value of RSD 0.153 each.

Shareholders' of the Company are detailed as follow:

<b>Član</b>	<b>In thousand of dinars</b>	<b>% of ownership</b>
Fintel Energia Group S.p.A.	3,825	94.30%
BDD M&V INVESTMENTS AD Beograd-ZBIRNI RAČUN	194	4.79%
SOCIETE GENERALE BANKA SRBIJA - KASTODI RN - FO	15	0.37%
Other	23	0.54%
<b>Total</b>	<b>4,057</b>	<b>100.00%</b>

Share premium

At 31 December 2020, such Reserve includes the share premium resulting from the capital increase of 2018 for 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.

Other components of other comprehensive income

The hedging reserve arises from the measurement, in accordance with applicable accounting standards (IFRS 9), of derivatives entered into by Group companies to hedge the risk of fluctuation in interest rates applied to loans for the construction of certain of the Group's wind power plants.

Retained earnings/(Losses) and other reserves arising on consolidation

These consist of losses and other reserves of subsidiaries and arising on consolidation. They also include net profit/(losses) for the current year.

Equity attributable to non-controlling interests

This arises from the consolidation of companies with non-controlling interests held by parties out with Fintel Group.

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### 15. Liabilities to parent companies and subsidiaries

The balance amounts to RSD 493,865 thousand at 31 December 2020 (RSD 493,917 thousand at 31 December 2019) includes financial payables to the Parent Company:

	31 December 2020	31 December 2019
Long-term loans	14,110	14,111
Less: Current part of Long-term loans	-	-
	<b>14,110</b>	<b>14,111</b>
Short-term loans	479,755	479,806
<b>Total</b>	<b>493,865</b>	<b>493,917</b>

The overview of loans from Parent Company and years of maturity is shown in the following table:

Recipient	Lenders	Amount EUR	Amount in 000		Maturity
				RSD	
MK Fintel Wind Holding d.o.o.	Fintel Energia Group S.p.A	80,000	9,406		31.12.2022
MK Fintel Wind Holding d.o.o.	Fintel Energia Group S.p.A	30,000	3,527		31.12.2022
MK Fintel Wind Holding d.o.o.	Fintel Energia Group S.p.A	10,000	1,176		31.12.2022
MK Fintel Wind Holding d.o.o.	Fintel Energia Group S.p.A	1,296,000	152,384		31.12.2021
Fintel Energija a.d.	Fintel Energia Group S.p.A	2,667,000	313,586		30.11.2023
Fintel Energija a.d.	Fintel Energia Group S.p.A	117,308	13,786		31.12.2021

### 16. Liabilities and short term loans and borrowings from other related parties

The balance amounts to RSD 1,424,540 thousand at 31 December 2020 (RSD 1,439,756 thousand at 31 December 2019) includes financial payables to MK Holding d.o.o., a non-controlling interest holder in subsidiaries: this amount consists of the non-controlling interest holder's share of shareholder loans granted to finance the construction of the wind farms in Serbia.

Recipient	Donor	Amount EUR	Amount 000 RSD	Maturity
MK Fintel Wind ad	MK Holding d.o.o.	899,700	105,787	2023
MK Fintel Wind ad	MK Holding d.o.o.	9,274,276	1,090,471	2023
MK Fintel Wind Holding d.o.o.	MK Holding d.o.o.	1,941,500	228,282	2023
<b>Total</b>		<b>12,115,476</b>	<b>1,424,540</b>	



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### 17. 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 2020 and 2019:

<i>RSD thousand</i>	<b>31 December 2020</b>	<b>31 December 2019</b>
Long term borrowings	9,057,983	9,829,351
Short-term loans and borrowings	830,113	665,346
<b>Total</b>	<b>9,888,096</b>	<b>10,494,697</b>

Details of bank loans outstanding at 31 December 2020 are summarised in the following table:

<b>Beneficiary company</b>	<b>Residual debt at 31 December 2020</b>	<b>Long term</b>	<b>Short term</b>	<b>Maturity</b>
Vetropark Kula	796,953	697,591	99,362	2027
Energobalkan	494,076	439,568	54,508	2028
MK Fintel Wind	7,797,522	7,224,429	573,093	2030
Fintel Energija	799,545	696,395	103,150	2024
	<b>9,888,096</b>	<b>9,057,983</b>	<b>830,113</b>	

Loan of Vetropark Kula refers to the financing received in 2015 from Erste Bank for the development and construction of Kula wind farm. Its maturity is of 12 years and interest rate is variable plus spread (that ranges from EURIBOR+3,55%-4,00% per year).

Loan of Energobalkan refers to the financing received from Unicredit Bank for the development and construction of La Piccolina wind farm. Its maturity is of 12 years and interest rate is fixed, 4.5%. First draw down of the loan has been made in 2016.

Loan of MK Fintel Wind refers to the financing received from a pool of Banks including Erste Group Bank, Erste Bank Serbia, Austrian Development Bank (OoEb), Unicredit Serbia and Zagrebacka Banka, for the development and construction of Kosava phase I wind farm. Its maturity is of 12 years and interest rate is variable plus spread, ranging from 4.1% to 4.5%. First draw down of the loan has been made in 2018.

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.

The shares of Fintel Energija ad (number of pledged shares 25,000,000) have been pledged in favour of AIK Bank ad and in accordance with the Long-term Loan Agreement signed on July 26, 2017.

The shares of MK-Fintel Wind ad have been pledged in favour of UniCredit Bank Serbia a.d., Begrade, and in accordance with the Long-term Loan Agreement signed on February 27, 2018 with Erste Group Bank AG, Erste Banka a.d., Novi Sad, UniCredit Bank Serbia a.d., Begrade, Zagrebačka Banka dd, Zagreb and the Development Bank of Austria.

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

#### **18. Other long-term liabilities**

Other long-term liabilities consist of the fair value measurement at the reporting date of the derivative pertaining to the subsidiary Vetropark Kula Doo (RSD 28,517 thousand and RSD 35,113 thousand at 31 December 2020 and 2019) and MK Fintel Wind (RSD 514,172 thousand and RSD 425,213 thousand at 31 December 2020 and 2019) used to hedge the interest rate risk arising from loan agreements entered into by the companies.

The derivative contract entered into in 2015 by Vetropark Kula is an interest rate swap with a term of 10 years and an initial notional of Euro 9,650 thousand.

The derivative contract entered into in 2018 by MK Fintel Wind is an interest rate swap with a term of 12 years and an initial notional of Euro 60,496 thousand.

#### **19. Trade payables**

Trade payables, which amounted to RSD 235,382 thousand as at 31 December 2020 and to RSD 240,607 as at 31 December 2018, consist mainly of payables to Fintel Energia Group SpA for management fee and those arising from the construction of Kosava phase I and maintenance of the Kula and La Piccolina wind plants.

#### **20. Accrued expenses**

Accrued liabilities, which amounts to RSD 490,985 thousand at 31 December 2020 and to RSD 330,806 at 31 December 2019, consist mainly of interests on shareholders loan due to Fintel Energia Group SpA and MK Group, accrued interests on financial loans and accrued expenses for O&M services.

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

## **STATEMENT OF PROFIT OR LOSS**

### **21. Sales of products and services**

Sales of products and services amounts to RSD 1,791,293 thousand and RSD 880,958 thousand for the year ended 31 December 2020 and 31 December 2019 respectively.

The increase in revenue is mainly attributable to the increase of volume power produced from 115,0 GWh to 198.6 GWh in 2020 compared to the same period of 2019.

Revenue only refers to FiT received by wind plants "La Piccolina", "Kula" and "Kosava Phase I".

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, in the period March/May 2020, Serbian Government suspended recognition of Feed in Tariff. During this period, the energy produced by all wind farms owned by the Group has been temporarily sold to a market price of 28€/MWh, instead full "FiT".

In addition, it should be noted, that "Kosava Phase I" received half of the FiT during trial period, that ended in February 2020.

On 26 May 2020, the Serbian Ministry of Energy and Mining notified the subsidiary MK Fintel Wind that it had been awarded an energy licence for the 69 MW Kosava Phase I wind farm. The energy licence grants Fintel's subsidiary the right to the immediate receipt of a feed-in tariff of 98.9 Euro/MWh + inflation for the next 12 years, that is, until 2032.

### **22. Cost of salaries, fringe benefits and other personal expenses**

Labour costs include all employee costs, including merit increases, category changes, cost of living increases, holiday pay, allocations to provisions required by law and collective labour contracts, as well as remuneration payable to directors, inclusive of related contributions.

At 31 December 2020, Group employees amount to 14 units.

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**23. Cost of production services**

It includes all costs arising from the purchase of services during the year in the ordinary course of business. Details of cost of services for 2019 and 2018 are provided in the following table:

	Year ended	
	31 December 2020	31 December 2019
Costs of ongoing maintenance services of wind farms	213,912	58,418
Land lease	1,606	-
Costs of office space rent- Other related parties	1,444	2,213
Costs of other transportation services	1,076	1,078
Others	4,328	3,913
<b>Cost of production services</b>	<b>222,366</b>	<b>65,622</b>

Increase in O&M services mainly refers to Kosava Phase I wind farm, that started its operation in September 2019.

**24. Depreciation and amortisation**

Depreciation and amortisation amounts to RSD 588,736 thousand (RSD 278,480 thousand for the year ended 31 December 2019). The increase is related to Kosava Phase I wind farm, depreciated for half year in 2019 and for the full year in 2020.

**25. Non-production costs**

Non-production costs for the years ended 31 December 2020 and 2019 are detailed as follows:

	Year ended	
	31 December 2020	31 December 2019
Consulting services	114,705	57,455
Property tax	40,860	9,593
Withholding tax on interest paid	26,634	8,473
Costs of fixed assets insurance	22,988	5,451
Other non production costs	19,029	2,501
Costs of credit request	11,609	-
Costs of garantes	1,711	1,061
Costs of bookkeeping services	1,426	2,911
Administrative and legal taxes	1,105	1,541
Audit services	1,117	1,508
Other non-material costs	5,254	11,356
<b>Total</b>	<b>246,438</b>	<b>101,850</b>

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**26. Finance income**

Finance income for the years ended 31 December 2020 and 2019 are detailed as follows:

	<b>31 December 2020</b>	<b>Year ended 31 December 2019</b>
Finance income – parent company	555	2,766
Finance income – other related parties	178	7,385
Interest income (from third parties)	119	527
Foreign exchange gains (third parties)	1,308	50,919
<b>Total finance income</b>	<b>2,160</b>	<b>61,597</b>

**27. Finance costs**

Finance costs for the years ended 31 December 2020 and 2019 are detailed as follows:

	<b>31 December 2020</b>	<b>Year ended 31 December 2019</b>
Finance expense – parent company	19,014	24,335
Finance expense – other related parties	41,021	18,581
Other financial expense	5,342	11,100
Finance expense – third parties	606,795	256,439
<b>Total finance costs</b>	<b>672,172</b>	<b>310,455</b>

Finance costs mainly include interests on shareholder's loans and interests on loans received by the Group companies.

Compared to 2019, increase in finance expenses are mainly attributable to Kosava Phase I, for which interest during construction till September 2019 were capitalized.

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**28. Income tax expense**

Income tax expenses for the years ended 31 December 2020 and 2019 are detailed as follows:

	<b>31 December 2020</b>	<b>Year ended 31 December 2019</b>
Income tax for the year	30,089	37,166
Deferred income tax for the period	<u>(15,716)</u>	<u>(3,764)</u>
	<b><u>14,373</u></b>	<b><u>33,402</u></b>

The tax on the Group'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:

	<b>31 December 2020</b>	<b>Year ended 31 December 2019</b>
<b>Profit before tax</b>	<b>37,179</b>	<b>177,515</b>
Tax calculated at domestic tax rates applicable to profits in the respective countries	5,577	26,627
<i>Tax effect on:</i>		
Expenses not deductible for tax purposes and other tax effects	<u>24,512</u>	<u>10,539</u>
	<b><u>30,089</u></b>	<b><u>37,166</u></b>

The weighted average applicable tax rate was 15% (2019: 15%).

The Group does not choose to consolidate for tax purpose and the losses of one group company are not available for the consolidated entity, which is why the losses of subsidiaries must be encountered as correction for the purpose of calculating the effective income tax rate.

**29. Earnings/(loss) per share**

The basic result per share has gone from an earning per share of RSD 2.06 in 2019 to a loss per share of RSD 0.87 for the year ended 31 December 2020. 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).

The diluted result per share has gone from an earning per share of RSD 2.06 in 2019 to a loss per share of RSD 0.87 for the year ended 31 December 2020. It has been computed by dividing the Group's net result by the average number of Fintel Energija shares outstanding in the years in question (average number of shares outstanding of 26,511 thousand).

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**30. Contingent liabilities and commitments**

There are not any contingent liabilities and commitments.

**31. Related party transactions**

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

A summary is provided below of the Group's transactions with related parties in 2020 and 2019. All transactions with related parties are entered into at market value.

As of 31 December 2020 and 31 December 2019 the outstanding balances with related parties were as follows:

	<b>At 31 December 2020</b>		
	Parent Company	Parent's subsidiaries and associates	Total
<i>RSD thousand</i>			
Trade and other payables	(55,466)	-	<b>(55,466)</b>
Other current liabilities	(197,677)	-	<b>(197,677)</b>
Long term debt	(14,110)	-	<b>(14,110)</b>
Short term debt	(479,755)	-	<b>(479,755)</b>
<b>Total</b>	<b>(747,008)</b>	<b>-</b>	<b>(747,008)</b>

	<b>At 31 December 2019</b>		
	Parent Company	Parent's subsidiaries and associates	Total
<i>RSD thousand</i>			
Trade and other payables	(27,735)	-	<b>(27,735)</b>
Other current liabilities	(174,361)	-	<b>(174,361)</b>
Long term debt	(14,111)	-	<b>(14,111)</b>
Short term debt	(479,806)	-	<b>(479,806)</b>
<b>Total</b>	<b>(696,013)</b>	<b>-</b>	<b>(696,013)</b>

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

For the year ended 31 December 2020 and 2019 the following transaction occurred with related parties:

	<b>At 31 December 2020</b>		
	Parent Company	Parent's subsidiaries and associates	Total
<i>RSD thousand</i>			
Selling, general and administrative expenses	(27,735)	-	<b>(27,735)</b>
Finance expense	(23,327)	-	<b>(23,327)</b>
<b>Total</b>	<b>(51,062)</b>	<b>-</b>	<b>(51,062)</b>

	<b>At 31 December 2019</b>		
	Parent Company	Parent's subsidiaries and associates	Total
<i>RSD thousand</i>			
Selling, general and administrative expenses	(27,914)	-	<b>(27,914)</b>
Finance expense	(23,947)	-	<b>(23,947)</b>
<b>Total</b>	<b>(51,861)</b>	<b>-</b>	<b>(51,861)</b>

#### Remuneration of Fintel Group directors

Tiziano Giovannetti acts as sole director in of Fintel Energija's subsidiaries. His salary for 2020 amounted to RSD 237 thousand.

### **32. Significant subsequent events**

There were no events occurring after the balance sheet date that could require an adjustment to the consolidated financial statements as at 31 December 2020, nor disclosures in the Notes to the Group's financial statements.

At the end of 2019, China for the first time announced 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 2021. 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).



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

### 33. Tax provision

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 2020.

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 PROMET ELEKTRICNOM ENERGIJOM' around the perimeter.

**CONSOLIDATED ANNUAL BUSINESS  
REPORT FOR THE YEAR ENDING 31  
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**FINTEL ENERGIJA AD**

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## 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](http://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.

### *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,
- 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 Ram d.o.o. Beograd, ID number 20927119 ("**Ram**").

### ***Information about the management of the company***

Members of Board of Directors:

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

### ***Key events impacting the Group in 2020***

Key events impacting the Group in 2020 are as following:

- At the end of 2019, China for the first time announced 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 this 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.

- On 26 May 2020, the Serbian Ministry of Energy and Mining notified the subsidiary MK Fintel Wind that it had been awarded an energy licence for the 69 MW Kosava Phase I wind farm in Vrsac, approximately 85 km north east of Belgrade. The energy licence grants Fintel's subsidiary the right to the immediate receipt of a feed-in tariff of 98.9 Euro/MWh + inflation for the next 12 years, that is, until 2032. Note that, during the trial period, the plant earned 50% of the expected feed-in-tariff.

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

Fintel Energija is a pionir in the production of electrical energy from wind power in the territory of the Republic of Serbia. Currently the total installed capacity of all wind turbines in Serbia is 398 MW, of which 85.5 MW is held in the ownership of the Company (21,5%). 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%).

**FINTEL ENERGIJA AD BEOGRAD**  
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CONSOLIDATED INCOME STATEMENT  
In RSD thousand

	AOP	Year ended 31 December 2020	2019
<b>INCOME FROM REGULAR OPERATING ACTIVITIES</b>			
<b>A. OPERATING INCOME (1002+1009+1016+1017)</b>	<b>1001</b>	<b>1,791,293</b>	<b>880,958</b>
<b>I. INCOME FROM THE SALE OF GOODS (1003+1004+1005+1006+1007+1008)</b>	<b>1002</b>	-	-
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	-	-
<b>II. INCOME FROM SALES OF PRODUCTS AND SERVICES (1010+1011+1012+1013+1014+1015)</b>	<b>1009</b>	<b>1,791,293</b>	<b>880,958</b>
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	1,791,293	880,958
6. Income from sales of products and services – foreign	1015	-	-
<b>III. INCOME FROM PREMIUMS, SUBVENTIONS AND DONATIONS</b>	<b>1016</b>	-	-
<b>IV. OTHER OPERATING INCOME</b>	<b>1017</b>	-	-
<b>EXPENSES FROM REGULAR OPERATING ACTIVITIES</b>			
<b>B. OPERATING EXPENSES (1019-1020-1021+1022+1023+1024+1025+1026+1027+1028+1029)&gt;=0</b>	<b>1018</b>	<b>1,104,387</b>	<b>482,159</b>
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	427	456
VI. COST OF FUEL AND ENERGY	1024	11,334	5,744
VII. COST OF SALARIES, FRINGE BENEFITS AND OTHER PERSONAL EXPENSES	1025	33,879	30,007
VIII. COST OF PRODUCTION SERVICES	1026	222,366	65,622
IX. DEPRECIATION, DEPLETION AND AMORTIZATION	1027	588,736	278,480
X. COST OF LONG-TERM PROVISIONING	1028	1,207	-
XI. NON-PRODUCTION COSTS	1029	246,438	101,850
<b>C. OPERATING GAIN (1001-1018)&gt;=0</b>	<b>1030</b>	<b>686,906</b>	<b>398,799</b>
<b>D. OPERATING LOSS (1018-1001)&gt;=0</b>	<b>1031</b>	-	-
<b>E. FINANCE INCOME (1033+1038+1039)</b>	<b>1032</b>	<b>2,160</b>	<b>61,597</b>
I. FINANCIAL INCOME FROM RELATED PARTIES AND OTHER FINANCIAL INCOME (1034+1035+1036+1037)	1033	733	10,151
1. Finance income - parent company and subsidiaries	1034	555	2,766
2. Finance income - other related parties	1035	178	7,385
3. Share of profit of associates and joint ventures	1036	-	-
4. Other financial income	1037	-	-
II. INTEREST INCOME (from third parties)	1038	119	527
III. FOREIGN EXCHANGE GAINS (third parties)	1039	1,308	50,919

**FINTEL ENERGIJA AD BEOGRAD**  
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CONSOLIDATED INCOME STATEMENT  
 In RSD thousand

	AOP	Year ended 31 December	
		2020	2019
<b>F. FINANCE EXPENSES (1041+1046+1047)</b>	<b>1040</b>	<b>672,804</b>	<b>314,711</b>
I. FINANCIAL EXPENSES FROM RELATED PARTIES AND OTHER FINANCIAL EXPENSES (1042+1043+1044+1045)	1041	65,377	54,016
1. Finance expense - parent company and subsidiaries	1042	19,014	24,335
2. Finance expense - other related parties	1043	41,021	18,581
3. Share of loss of associates and joint ventures	1044	-	-
4. Other financial expense	1045	5,342	11,100
II. INTEREST EXPENSE (from third parties)	1046	606,796	256,439
III. FOREIGN EXCHANGE LOSSES (third parties)	1047	631	4,256
<b>G. PROFIT FROM FINANCING OPERATIONS (1032-1040)</b>	<b>1048</b>	<b>-</b>	<b>-</b>
<b>H. LOSS FROM FINANCING OPERATIONS (1040-1032)</b>	<b>1049</b>	<b>670,644</b>	<b>253,114</b>
<b>I. INCOME FROM VALUATION OF ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS</b>	<b>1050</b>	<b>-</b>	<b>-</b>
<b>J. LOSS FROM VALUATION OF ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS</b>	<b>1051</b>	<b>-</b>	<b>-</b>
<b>K. OTHER INCOME</b>	<b>1052</b>	<b>21,195</b>	<b>32,655</b>
<b>L. OTHER EXPENSES</b>	<b>1053</b>	<b>278</b>	<b>825</b>
<b>M. OPERATING PROFIT BEFORE TAX (1030-1031+1048-1049+1050-1051+1052-1053)</b>	<b>1054</b>	<b>37,179</b>	<b>177,515</b>
<b>N. OPERATING LOSS BEFORE TAX (1031-1030+1049-1048+1051-1050+1053-1052)</b>	<b>1055</b>	<b>-</b>	<b>-</b>
<b>O. NET INCOME ATTRIBUTABLE TO DISCONTINUED OPERATIONS, EXPENSES ARISING FROM CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF PRIOR PERIOD ERRORS</b>	<b>1056</b>	<b>-</b>	<b>-</b>
<b>P. NET LOSS ATTRIBUTABLE TO DISCONTINUED OPERATIONS, EXPENSES ARISING FROM CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF PRIOR PERIOD ERRORS</b>	<b>1057</b>	<b>-</b>	<b>-</b>
<b>Q. PROFIT BEFORE TAX (1054-1055+1056-1057)</b>	<b>1058</b>	<b>37,179</b>	<b>177,515</b>
<b>R. LOSS BEFORE TAX (1055-1054+1057-1056)</b>	<b>1059</b>	<b>-</b>	<b>-</b>
II. INCOME TAX			
I. CURRENT INCOME TAX	1060	30,089	37,166
II. DEFERRED TAX EXPENSE FOR THE PERIOD	1061	-	-
III. DEFERRED TAX INCOME FOR THE PERIOD	1062	15,716	3,764
<b>S. PERSONAL INCOME PAID TO EMPLOYER</b>	<b>1063</b>	<b>-</b>	<b>-</b>
<b>T. NET PROFIT (1058-1059-1060-1061+1062)</b>	<b>1064</b>	<b>22,805</b>	<b>144,113</b>
<b>V. NET LOSS (1059-1058+1060+1061-1062)</b>	<b>1065</b>	<b>-</b>	<b>-</b>
I. NET INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	1066	45,865	89,529
II. NET INCOME ATTRIBUTABLE TO THE OWNER	1067	-	54,584
III. NET LOSS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	1068	-	-
IV. NET LOSS ATTRIBUTABLE TO THE OWNER	1069	23,060	-
V. EARNINGS PER SHARE			
1. Basic earnings per share (in RSD)	1070	31	(0.87)
2. Diluted earnings per share (in RSD)	1071	31	(0.87)



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CONSOLIDATED BALANCE SHEET  
 In RSD thousand

	AOP	31 December 2020	31 December 2019
<b>A. SUBSCRIBED CAPITAL UNPAID</b>	<b>0001</b>	-	-
<b>B. NON-CURRENT ASSETS</b>			
<b>(0003 + 0010 + 0019+ 0024 + 0034)</b>	<b>0002</b>	<b>12,726,198</b>	<b>13,264,122</b>
<b>I. INTANGIBLE ASSETS (0004+0005+0006+0007+0008+0009)</b>	<b>0003</b>	-	-
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	-	-
<b>II. PROPERTY, PLANT AND EQUIPMENT</b>			
<b>(0011+0012+0013+0014+0015+0016+0017+0018)</b>	<b>0010</b>	<b>12,666,820</b>	<b>13,204,738</b>
1. Land	0011	40,145	40,145
2. Buildings	0012	4,256,107	3,154,811
3. Machinery and equipment	0013	8,237,667	8,700,161
4. Investment property	0014	-	-
5. Other property, plant and equipment	0015	-	-
6. Construction in progress	0016	132,901	1,305,695
7. Investments in leased PP&E	0017	-	-
8. Advances for PP&E	0018	-	3,926
<b>III. BIOLOGICAL ASSETS (0020+0021+0022+0023)</b>	<b>0019</b>	-	-
1. Forest farming	0020	-	-
2. Livestock	0021	-	-
3. Biological assets in production	0022	-	-
4. Advances for biological assets	0023	-	-
<b>IV. LONG-TERM FINANCIAL INVESTMENTS</b>			
<b>(0025+0026+0027+0028+0029+0030+0031+0032+0033)</b>	<b>0024</b>	<b>59,378</b>	<b>59,384</b>
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	59,378	59,384
<b>V. LONG-TERM RECEIVABLES</b>			
<b>(0035+0036+0037+0038+0039+0040+0041)</b>	<b>0034</b>	-	-
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	-	-
<b>C. DEFERRED TAX ASSETS</b>	<b>0042</b>	<b>61,539</b>	<b>33,468</b>

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CONSOLIDATED BALANCE SHEET (CONTINUED)  
 In RSD thousand

	AOP	31 December 2020	31 December 2019
<b>D. CURRENT ASSETS</b>			
<b>(0044+0051+0059+0060+0061+0062+0068+0069+0070)</b>	<b>0043</b>	<b>771,307</b>	<b>728,003</b>
<b>I. INVENTORY (0045+0046+0047+0048+0049+0050)</b>	<b>0044</b>	<b>10,799</b>	<b>10,068</b>
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	10,799	10,068
<b>II. TRADE RECEIVABLES</b>			
<b>(0052+0053+0054+0055+0056+0057+0058)</b>	<b>0051</b>	<b>65,868</b>	<b>183,304</b>
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	65,868	183,304
6. Trade receivables – foreign	0057	-	-
7. Other trade receivables	0058	-	-
<b>III. RECEIVABLES FROM SPECIFIC OPERATIONS</b>	<b>0059</b>	-	-
<b>IV. OTHER RECEIVABLES</b>	<b>0060</b>	<b>17,556</b>	<b>14,683</b>
<b>V. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>	<b>0061</b>	-	-
<b>VI. SHORT TERM FINANCIAL INVESTMENTS</b>			
<b>(0063+0064+0065+0066+0067)</b>	<b>0062</b>	<b>14</b>	<b>900</b>
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	14	900
<b>VII. CASH AND CASH EQUIVALENTS</b>	<b>0068</b>	<b>309,064</b>	<b>277,063</b>
<b>VIII. VALUE ADDED TAX</b>	<b>0069</b>	<b>31,008</b>	<b>39,178</b>
<b>IX. PREPAYMENTS AND ACCRUED INCOME</b>	<b>0070</b>	<b>336,998</b>	<b>202,807</b>
<b>E. TOTAL ASSETS (0001+0002+0042+0043)</b>	<b>0071</b>	<b>13,559,044</b>	<b>14,025,593</b>
<b>F. OFF-BALANCE SHEET ASSETS</b>	<b>0072</b>	<b>379,649</b>	<b>956,738</b>
<b>A. EQUITY (0402+0411-0412+0413+0414+0415-0416+0417+0420-0421)</b>	<b>0401</b>	<b>386,437</b>	<b>460,346</b>
<b>I. SHARE CAPITAL</b>			
<b>(0403+0404+0405+0406+0407+0408+0409+0410)</b>	<b>0402</b>	<b>685,294</b>	<b>685,294</b>
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	-	-
<b>II. SUBSCRIBED CAPITAL UNPAID</b>	<b>0411</b>	-	-
<b>III. OWN SHARES</b>	<b>0412</b>	-	-
<b>IV. RESERVES</b>	<b>0413</b>	-	-
<b>V. REVALUATION RESERVES FROM VALUATION OF INTANGIBLES, PROPERTIES, PLANT AND EQUIPMENT</b>	<b>0414</b>	-	-
<b>VI. UNREALISED GAINS FROM SECURITAS AND OTHER COMPONENTS OF OTHER COMPREHENSIVE INCOME</b>	<b>0415</b>	-	-
<b>VII. UNREALIZED LOSSES FROM SECURITIES AND OTHER COMPONENTS OF OTHER COMPREHENSIVE INCOME</b>	<b>0416</b>	<b>249,094</b>	<b>211,305</b>
<b>VIII. RETAINED EARNINGS (0418+0419)</b>	<b>0417</b>	<b>30,816</b>	<b>54,584</b>
1. Retained earnings from previous years	0418	30,816	-
2. Retained earnings from current year	0419	-	54,584
<b>IX. NON-CONTROLLING INTEREST</b>	<b>0420</b>	<b>(57,517)</b>	<b>(44,498)</b>
<b>X. LOSS (0422+0423)</b>	<b>0421</b>	<b>23,060</b>	<b>23,729</b>

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 In RSD thousand

	AOP	31 December 2020	31 December 2019
1. Loss from previous years	0422	-	23,729
2. Loss from current year	0423	23,060	-
<b>B. LONG-TERM PROVISIONS AND LIABILITIES (0425+0432)</b>	<b>0424</b>	<b>11,039,393</b>	<b>11,729,668</b>
<b>I. LONG-TERM PROVISIONS (0426+0427+0428+0429+0430+4031)</b>	<b>0425</b>	<b>71</b>	<b>-</b>
1. Provisions for warranty claims	0426	-	-
2. Provision for environmental rehabilitation	0427	-	-
3. Provisions for restructuring costs	0428	-	-
4. Provisions for employee benefits	0429	71	-
5. Provisions for litigations	0430	-	-
6. Other long term provisions	0431	-	-
<b>II. LONG-TERM LIABILITIES (0433+0434+0435+0436+0437+0438+0439+0440)</b>	<b>0432</b>	<b>11,039,322</b>	<b>11,729,668</b>
1. Liabilities convertible to equity	0433	-	-
2. Liabilities to parent and subsidiaries	0434	14,110	14,111
3. Liabilities to other related parties	0435	1,424,540	1,425,880
4. Liabilities for issued long-term securities	0436	-	-
5. Long term borrowings - domestic	0437	9,057,983	9,829,351
6. Long-term borrowings - foreign	0438	-	-
7. Finance lease liabilities	0439	-	-
8. Other long-term liabilities	0440	542,689	460,326
<b>C. DEFERRED TAX LIABILITIES</b>	<b>0441</b>	<b>-</b>	<b>-</b>
<b>D. SHORT-TERM LIABILITIES (0443+0450+0451+0459+0460+0461+0462)</b>	<b>0442</b>	<b>2,133,212</b>	<b>1,835,579</b>
<b>I. SHORT-TERM FINANCIAL LIABILITIES (0444+0445+0446+0447+0448+0449)</b>	<b>0443</b>	<b>1,309,868</b>	<b>1,159,028</b>
1. Short term borrowings from parent and subsidiaries	0444	479,755	479,806
2. Short term borrowings from other related parties	0445	-	13,876
3. Short-term loans and borrowings - domestic	0446	830,113	665,346
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	-	-
<b>II. ADVANCES RECEIVED</b>	<b>0450</b>	<b>-</b>	<b>-</b>
<b>III. TRADE PAYABLES (0452+0453+0454+0455+0456+0458)</b>	<b>0451</b>	<b>235,382</b>	<b>240,607</b>
1. Trade payables - parent and subsidiaries - domestic	0452	-	-
2. Trade payables - parent and subsidiaries - foreign	0453	55,466	27,735
3. Trade payables - other related parties - domestic	0454	1,504	1,469
4. Trade payables - other related parties - foreign	0455	-	-
5. Trade payables - domestic	0456	175,743	209,520
6. Trade payables - foreign	0457	2,669	1,883
7. Other operating liabilities	0458	-	-
<b>IV. OTHER SHORT-TERM LIABILITIES</b>	<b>0459</b>	<b>83,692</b>	<b>85,006</b>
<b>V. LIABILITIES FOR VAT</b>	<b>0460</b>	<b>-</b>	<b>-</b>
<b>VI. LIABILITIES FOR OTHER TAXES</b>	<b>0461</b>	<b>13,285</b>	<b>20,132</b>
<b>VII. ACCRUED EXPENSES</b>	<b>0462</b>	<b>490,985</b>	<b>330,806</b>
<b>E. LOSS EXCEEDING EQUITY (0412+0416+0421-0420-0417-0415- 0414-0413-0411-0402)&gt;=0=(0441+0424+0442-0071)&gt;=0</b>	<b>0463</b>	<b>-</b>	<b>-</b>
<b>F. TOTAL EQUITY AND LIABILITIES (0424+0442+0441+0401-0463)&gt;=0</b>	<b>0464</b>	<b>13,559,044</b>	<b>14,025,593</b>
<b>G. OFF-BALANCE SHEET LIABILITIES</b>	<b>0465</b>	<b>379,649</b>	<b>956,738</b>

# FINTEL ENERGIJA AD BEOGRAD

## CONSOLIDATED ANNUAL BUSINESS REPORT

### Financial Indicators

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

Ratios and KPI	31/12/2020	31/12/2019
<b>Revenues (RSD thousands)</b>	<b>1.791.293</b>	<b>880.958</b>
<b>EBITDA (RSD thousands)</b> (Operating profit+Depreciation and amortization)	<b>1.275.642</b>	<b>677.279</b>
<b>Business profit (RSD thousands)</b>	<b>686.906</b>	<b>398.799</b>
<b>Cash flows from operating activities (RSD thousands)</b>	<b>800.199</b>	<b>21.311</b>
<b>Investments (RSD thousands)</b>	<b>83.346</b>	<b>2.151.778</b>
<b>EBITDA per turbine (RSD thousands)</b>	<b>51.026</b>	<b>58.053</b>
<b>Net profit per turbine (RSD thousands)</b>	<b>912</b>	<b>12.353</b>

Sales of products and services amounts to RSD 1,791,293 thousand and RSD 880,598 thousand for the year ended 31 December 2020 and 31 December 2019 respectively.

The increase in revenue is mainly attributable to the increase of volume power produced from 115,0 GWh to 198.6 GWh in 2020 compared to the same period of 2019.

Revenue only refers to FiT received by wind plants "La Piccolina", "Kula" and "Kosava Phase I".

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, in the period March/May 2020, Serbian Government suspended recognition of Feed in Tariff. During this period, the energy produced by all wind farms owned by the Group has been temporarily sold to a market price of 28€/MWh, instead full "FiT".

In addition, it should be noted, that "Kosava Phase I" received half of the FiT during trial period, that ended in February 2020.

On 26 May 2020, the Serbian Ministry of Energy and Mining notified the subsidiary MK Fintel Wind that it had been awarded an energy licence for the 69 MW Kosava Phase I wind farm. The energy licence grants Fintel's subsidiary the right to the immediate receipt of a feed-in tariff of 98.9 Euro/MWh + inflation for the next 12 years, that is, until 2032.

Compared to 2019, also EBITDA, business profit result and cash flow from operating activities grew in 2020 due primarily the starting of operation of Kosava Phase I.

Net profit for 2020 amounts to RSD 22,805 thousand compared to RSD 144.113 in 2020. This result was significantly affected by the suspension of the Feed in Tariff during first half as above mentioned and the obtainment of the full FiT for Kosava Phase only at the end of May 2020. Without Serbian Government COVID 19 measures and the recognition of full FiT for Kosava Phase I since January 2020,

revenues, EBITDA and profit before tax should have been higher for RSD 512.569 thousand compared to actual results at the end 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 14 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**

There were no events occurring after the balance sheet date that could require an adjustment to the consolidated financial statements as at 31 December 2020, nor disclosures in the Notes to the Group's financial statements.

### **5. Planned future development**

As of December 2020, 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 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).

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.

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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
<b>LA PICCOLINA</b>	Wind Vrsac	Energogr. doo	Energobalkan doo	6.6	in operation
<b>KULA</b>	Wind Kula	Energogr. doo	Vetropark Kula doo	9.9	in operation
<b>KOSAVA phase I</b>	Wind Vrsac	Energogr. doo	MK Fintel Wind A.D.	69	in operation
<b>KOSAVA phase II</b>	Wind Vrsac	Energogr. doo	MK Fintel Wind A.D.	68.4	under construction
<b>RAM</b>	Wind Veliko Gradiste	Energogr. doo	Vetropark RAM doo	10	under construction
<b>KULA 2</b>	Wind Kula	Energogr. doo	Vetropark Torak doo	10	under final phase of development
<b>LIPAR</b>	Wind Kula	Energogr. doo	Vetropark Lipar doo	10	under final phase of development
<b>LIPAR 2</b>	Wind Kula	Energogr. doo	Vetropark Lipar 2 doo	10	under final phase of development
<b>DUNAV 1</b>	Wind Veliko Gradiste	Energogr. doo	Vetropark DUNAV 1 doo	10	under final phase of development
<b>DUNAV 3</b>	Wind Veliko Gradiste	Energogr. doo	Vetropark DUNAV 3 doo	10	under final phase of development
<b>MAESTRALE RING</b>	Wind Subotica	Energogr. doo	Vetropark Maestrale Ring doo	678	under development
<b>PROJECT TORAK</b>	Wind Sombor	Energogr. doo	Project TORAK doo.	238	under development
<b>KOSAVA 2</b>	Wind Vrsac	Energogr. doo	Vetropark KOSAVA 2 doo	9.9	under development
<b>TOTAL</b>				<b>1,139.8</b>	

## 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,
- Maestralski Ring d.o.o. Beograd, ID number 21452068 ("**Maestralski 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,
- 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 Ram d.o.o. Beograd, ID number 20927119 ("**Ram**").

**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.

The Group's maximum exposure to credit risk at 31 December 2020 and 2019 is the carrying amount of each class of assets indicated in the following table:

	<b>31 December 2020</b>	<b>31 December 2019</b>
Trade receivables	65,868	183,304
Other receivables	17,556	14,683
Prepayments and accrued income	336,998	202,807
<b>TOTAL</b>	<b>420,422</b>	<b>400,794</b>

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.

The following table provides a maturity analysis of liabilities at 31 December 2020 and 2019. 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.

<b>At 31 December 2020</b>				
	<b>Less than 1 year</b>	<b>1-2 years</b>	<b>2-5 years</b>	<b>Beyond 5 years</b>
Financial payables due to shareholders	479,755	-	-	1,438,650
Bank loans	1,283,751	1,288,420	4,178,676	5,563,425
Trade payables	235,382	-	-	-
Other liabilities	515,119	-	-	-
<b>Total</b>	<b>2,514,007</b>	<b>1,288,420</b>	<b>4,178,676</b>	<b>7,002,075</b>

  

<b>At 31 December 2019</b>				
	<b>Less than 1 year</b>	<b>1-2 years</b>	<b>2-5 years</b>	<b>Beyond 5 years</b>
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	-	-	-
Other liabilities	401,359	-	-	-
<b>Total</b>	<b>2,274,604</b>	<b>1,270,652</b>	<b>4,270,374</b>	<b>8,171,021</b>

An analysis of the financial liabilities by maturity shows a decrease of liabilities beyond 1 year as at 31 December 2020 compared to those at 2019, as a result of the payment of instalments due to in 2020. Increase of liabilities due within 1 year is mainly due to accrued expenses for O&M services and interests on shareholders' loans.

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 368,442 thousand and the obtainment of the full feed in tariff in 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.

### ***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 2020, 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 501,776 thousand (2019: RSD 528,206thousand) 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.

# FINTEL ENERGIJA AD BEOGRAD

## CONSOLIDATED ANNUAL BUSINESS REPORT

### 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 2020 and 2019 is shown in the following table:

<i>RSD thousand</i>	31 December 2020	31 December 2019
<i>Non-current financial payables:</i>		
- Financial payables due to shareholders	14,110	14,111
- Bank loans	9,057,983	9,829,352
<i>Current financial payables:</i>		
- Bank loans	830,113	665,346
- Financial payables due to shareholders	1,918,405	1,933,674
- Financial assets	(59,378)	(59,384)
Cash and cash equivalents	(309,064)	(277,063)
<b>Net debt (A)</b>	<b>11,452,169</b>	<b>12,106,035</b>
<b>Equity (B)</b>	<b>386,437</b>	<b>460,346</b>
<b>Net capital employed (C=A+B)</b>	<b>11,838,607</b>	<b>12,566,381</b>
<b>Gearing ratio (A/C)</b>	<b>96,7%</b>	<b>96,3%</b>

The gearing ratio is substantially aligned to that of the previous year since the decrease of net debt was partially mitigated by the decrease of equity, mainly for cash flow reserve.

  
  
 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](http://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



**FINTEL ENERGIJA AD**

## STATEMENT BY PERSONS RESPONSIBLE FOR REPORT PREPARATION

To the best of our knowledge, Consolidated Annual Financial Statements of the Fintel Energija a.d. for 2020 were prepared in compliance with the relevant International Financial Reporting Standards and these present authentic and objective information about assets, liabilities, financial position and operations, profit and losses, cash flows and changes in equity of the Public Company, including those of the Companies included in the Consolidated Statements.

Legal representative:

Fintel Energija a.d.

Director



Tiziano Giovannetti

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

Note\*:

Consolidated Financial Statements of Fintel Energija a.d. for 2020 were approved on April 27, 2021 in the meeting of the Board of Director. At the moment when the Consolidated 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 Consolidated 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. and all its subsidiaries in the Fintel Energija Group for 2020 shall be passed in the regular annual Shareholders' Assembly meeting..

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

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

Belgrade, April 2021

Legal representative:

Fintel Energija a.d.

Director



Tiziano Giovannetti