

**Institute „Mihajlo Pupin“ Ltd, Belgrade**

**Notes to consolidated financial statements  
for the year ended December 31<sup>st</sup> 2022**

**Notes to consolidated financial statements  
for the year ended December 31<sup>st</sup> 2022 and 2021**

**1. Corporate Information**

Institute "Mihajlo Pupin" Ltd, Belgrade (hereinafter referred to as: the "Company") was founded on January 29<sup>th</sup> 1959.

The parent company operates in accordance with the Law on Business Companies ("Official Gazette of RS", no. 36/2011, 99/2011, 83/2014 - other law, 5/2015, 44/2018, 95/2018, 91/2019 and 109/2021) and the Law on Science and Research ("Official Gazette of RS", No. 49/2019). The Company's activities are directed at research and development and production activities in the field of high technologies (telecommunications, electronics, production of computer equipment, integral parts and electronic devices, machine equipment, automatics, hydraulics and pneumatics).

The Company's core activity is based on realization of long-term contracts (projects) on joint ventures, where it takes part as the Parent Company together with certain subsidiaries. Projects are intended for known clients, by entering into appropriate contracts. Project realization is executed in phases and usually comprises a longer period (over a year).

The parent company has majority ownership and control of the subsidiaries listed in Note 2. 1. which are included in the consolidation (together hereinafter referred to as "Group").

The group is headquartered in Belgrade, Volgina street number 15.

On day December 31<sup>st</sup> 2022 the Group had 499 zaposlena (Decembar 31<sup>st</sup> 2021: 504 employees).

**2. BASIS OF PREPARATION AND PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS**

**2.1. Basis of consolidation**

The accompanying consolidated financial statements include the financial statements of the parent and the following subsidiaries as at and for the year ended December 31<sup>st</sup> 2022. (Hereinafter referred to as "Consolidated subsidiaries"):

<b>1. <u>Name of company</u></b>	<b><u>% participation</u></b>
1. IMP "Automatika" Ltd, Belgrade	100%
2. IMP "Računarski sistemi" Ltd, Belgrade	100%
3. IMP "Telekomunikacije" Ltd, Belgrade	100%
4. IMP "Piezotehnologija" Ltd, Belgrade	100%
5. IMP "Poslovne usluge" Ltd, Belgrade	100%
6. Idvorski laboratorije" Ltd, Belgrade	75%

The company IMP – Naučnotehnološki park Ltd, Belgrade – in liquidation, TAX ID 104802558, registration number 20232005, was deleted from the Serbian Business Registers Agency (decision BD 74902/2020 of October 19, 2020).

All amounts of transactions arising from mutual business relations between the parent company and the aforementioned subsidiaries are eliminated on consolidation of financial statements.

The reporting period of the parent enterprise and subsidiaries Consolidated subsidiaries are the same.

The consolidated financial statements of the Group have been prepared using the uniform accounting policies for similar transactions and events, and these are consistently applied.

**Notes to consolidated financial statements  
for the year ended December 31<sup>st</sup> 2022 and 2021**

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

**2.1. Basis of consolidation (Continued)**

IMP "Automatika" Ltd Belgrade, was established in Decision of July 14<sup>th</sup> 1997 under the number 14423/97 Fi as a legal entity wholly owned by the parent company. The main activity of the company is research and experimental development in technical and technological sciences.

IMP "Računarski sistemi" Ltd Belgrade, was established in Decision of July 14<sup>th</sup> 1997 under the number 14424/97 Fi as a legal entity wholly owned by the parent company. The main activity of the company is research and development in technical sciences.

IMP "Telekomunikacije" Ltd Belgrade, was established in Decision of July 14<sup>th</sup> 1997 under the number 14426/97 Fi as a legal entity wholly owned by the parent company. The main activity of the company is research and development in technical sciences.

IMP "Piezotehnologija" Ltd Belgrade, was established in Decision of July 14<sup>th</sup> 1997 under the number 14429/97 Fi as a legal entity wholly owned by the parent company. The main activity of the company is the production of electronic components.

IMP "Poslovne usluge" Ltd Belgrade, was established in Decision of July 14<sup>th</sup> 1997 under the number 14430/97 Fi as a legal entity wholly owned by the parent company. The main activity of the company accounting, control, etc..

"Idvorski laboratorije" Ltd Belgrade, was established in Decision No. BD 69209/2013 June 24<sup>th</sup> 2013 as a legal entity with 75% ownership of the parent company, 20% owned by "IKT Mreže", identification number 28019734, Kralja Milana 4/4, Belgrade and 5% ownership of Electrotechnical faculty, University of Belgrade, identification number 07032498, Bulevar Kralja Aleksandra 73, Belgrade. The main activity of the company is the technical testing and analysis.

The parent company has significantly participation in the following associates: "Servis inženjering" IMP Ltd (participation 20%), IMP "Projekt inženjering" Ltd (participation 20%), "Elektronske transakcije" IMP Ltd (participation 25%) and "IMP-BEEL" Ltd (participation 20%).

Join entities not included in the accompanying consolidated financial statements for 2021 and 2020 year equity method, since mutual relations are immaterial compared to the amounts and transactions between the mother company and combining fresh surface of consolidated subsidiaries.

**Notes to consolidated financial statements  
for the year ended December 31<sup>st</sup> 2022 and 2021**

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

**2.2. Basis of preparation and presentation of consolidated financial statements**

The Group keeps records and prepares financial statements in accordance with the Law on Accounting of the Republic of Serbia ("Official Gazette of the RS", No. 73/2019 and 44/2021 - other law) and other applicable legislation in the Republic of Serbia.

In accordance with the Law on Accounting, large legal entities, legal entities that have the obligation to compile consolidated financial statements (parent legal entities), public companies, or companies preparing to become public in accordance with the Capital Market Law of the Republic of Serbia, regardless of size, apply International Financial Reporting Standards (IFRS) for the recognition, valuation, presentation and disclosure of positions in financial statements, the Serbian translation of which has been published by the Ministry of Finance.

International Financial Reporting Standards published in Serbian by the Ministry of Finance include the Financial Reporting Conceptual Framework, International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board, as well as interpretations of standards issued by the IFRS Interpretations Committee, but does not include the basis for conclusions, illustrative examples, application guidelines, comments, dissenting opinions or other supporting materials except when they are explicitly included as an integral part of the standard or interpretation.

The translation of IFRS was determined by the Decision of the Minister of Finance on determining the translation of the Conceptual Framework for Financial Reporting and the basic texts of International Accounting Standards, ie International Financial Reporting Standards No. 401-00-4980 / 2019-16 of 21 November 2019, published in the Official RS Gazette no. 92 of 25 December 2019. Aforementioned translation of IFRS is applied from the financial statements prepared as of December 31, 2020.

New or amended IFRS and interpretations adopted by the decision of the Ministry of Finance of the Republic of Serbia on determining the translation of International Financial Reporting Standards published in the Official Gazette of the Republic of Serbia No. 123/2020 on October 13, 2020 are applied when preparing financial statements for annual periods ending on or after 31 December 2021.

**Notes to consolidated financial statements  
for the year ended December 31<sup>st</sup> 2022 and 2021**

**2.2. Basis of preparation and presentation of consolidated financial statements (Continued)**

In addition, the attached financial statements have been prepared in accordance with the requirements of the Rulebook on Chart of Accounts and Content of Accounts for companies, cooperatives and entrepreneurs (Official Gazette of RS, No. 89/2020) and the Rulebook on Content and Form of Financial Statements for companies, cooperatives and entrepreneurs (Official Gazette of RS, No. 89/2020). These regulations governing the presentation of financial statements take precedence over the requirements defined by IFRS published by the Ministry of Finance.

Due to the above deviations, these financial statements are not in accordance with IFRS.

The Group has prepared these financial statements on the basis of and in accordance with the requirements of the laws and regulations of the Republic of Serbia, where investments in subsidiaries are stated at cost less any impairment.

The financial statements have been prepared under the principle of historical cost, unless otherwise stated in the accounting policies set out below.

In preparing these financial statements, the Company has applied the accounting policies set out in Note No. 3.

**2.3. Foreign currency conversion**

All assets and liabilities in foreign means of payment are converted into their dinar equivalent on the reporting date using the official exchange rate of the National Bank of Serbia valid on that day (Note 40). Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations at which the items are remeasured.

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 recognized in the income statement as part of finance income or expense.

**2.4. Comparative data**

Comparative figures and opening balances represent information contained in the financial statements for 2021. The company's financial statements have been subject to an independent audit and are presented in the Independent Auditor's Report.

**2.5. The going concern concept**

The accompanying financial statements have been prepared in accordance with the going concern principle.

**Notes to consolidated financial statements  
for the year ended December 31<sup>st</sup> 2022 and 2021**

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**3.1. Intangible Assets**

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

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

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

**3.2. Property, Plant and Equipment**

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

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

Subsequent to initial recognition as an asset, items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying value of the replaced asset is derecognized.

All other repairs and maintenance cost are charged to the income statement during the period in which they are incurred.

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

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost over their estimated useful life, as follows:

- Buildings	2,5-5%
- Machinery and equipment	6,67-20%
- Motor vehicles	20%
- Furniture, fitting and equipment	10-12,5%
- Computer equipment	25%

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

**Notes to consolidated financial statements  
for the year ended December 31<sup>st</sup> 2022 and 2021**

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3.2. Property, Plant and Equipment (Continued)**

The calculation of the depreciation and amortization for tax purposes is determined by the Law on Corporate Income Tax of the Republic of Serbia ("RS Official Gazette", no. 25/2001, 80/2002, 43/2003, 84/2004, 18/2010, 101/2011, 119/2012, 47/2013, 108/2013, 68/2014 - other law and 142/2014, 91/2015 - authentic interpretation and 112/2015, 113/2017, 95/2018, 86/2019, 153/2020 and 118/2021) and the Rules on the Manner of Fixed Assets Classification in Groups and Depreciation for Tax Purposes ("RS Official Gazette", no. 116/2004 99/2010, 104/2018 and 8/2019). Different depreciation methods used for the financial reporting purposes and the tax purposes give rise to deferred taxes (Note 20).

**3.3. Investment Property**

Investment properties are initially measured at cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation on investment property is calculated using the straight-line method to allocate their cost over their estimated useful life.

If indications of impairment of the investment property exist, the Company estimates recoverable amount as the higher of the value in use and fair value less cost to sell. Carrying value of the investment property is written-down to its recoverable amount and the loss is recognized in the current income statement.

Subsequent expenditures are capitalized only when it is probable that future economic benefits associated with them will flow to the Company and the cost can be measured reliably. All other repairs and maintenance costs are expensed as incurred.

**3.4. Impairment of Non-financial Assets**

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

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

Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

**3.5. Investments in Subsidiaries**

Equity investments in subsidiaries are reported at the original acquisition cost less accumulated impairment losses.

**3.6. Financial Instruments**

In accordance with IFRS 9, the Group classifies its financial assets in the following categories: those that are subsequently measured at fair value (either through other comprehensive income or income statement) and those that are measured at amortized cost. Classification is done on the basis:

- a) business model of the Company, for financial assets' management and
- b) the characteristics of the contractual cash flows of the financial asset.

**Notes to consolidated financial statements  
for the year ended December 31<sup>st</sup> 2022 and 2021**

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3.6. Financial Instruments (Continued)**

A financial asset will be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model aimed at holding financial assets to collect contracted cash flows, and
- the terms of the financial asset contract on the specified dates cause cash flows that are solely repayment of principal and interest on the outstanding principal amount.

A financial asset will be measured at fair value through other comprehensive income if both of the following conditions are met:

- the financial asset is held within the business model whose goal is achieved by collecting contractual cash flows and selling financial assets, and
- the terms of the financial asset contract on the specified dates cause cash flows that are solely repayments of principal and interest on the outstanding amount of principal.

A financial asset is measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income. Additionally, upon initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at fair value through other comprehensive income, at fair value through profit or loss if it eliminates or significantly reduces an accounting mismatch that would otherwise have arisen.

Reclassification of financial instruments is performed only when the business model for portfolio management as a whole changes. Reclassification has a prospective effect and is performed from the beginning of the first reporting period after the change of the business model.

The group did not change its business model in the current or comparative period, so no reclassifications were made.

*Business model assessment*

The business model is assessed in order to determine whether an asset with exclusive payment of principal and interest is classified at amortized cost or fair value through other comprehensive income. The business model determines whether cash flows arise from the collection of contractual cash flows, the sale of financial assets, or both.

*Offsetting financial instruments*

Financial assets and liabilities are offset so that the net amount is shown in the balance sheet if and only if there is a current legal right to offset the recognized amounts and when there is an intention to settle on a net basis or simultaneous realization of assets and settlement of liabilities.

Upon initial recognition, the Company measures a financial asset at its fair value, which, in the case of financial assets not measured at fair value through profit or loss, is increased by transaction costs directly attributable to the acquisition of the financial asset. Transaction costs of financial assets measured at fair value through profit or loss are presented as expenses of the period in the income statement.

*Offsetting financial instruments*

Subsequent to initial recognition, provisions for expected credit losses are recognized for financial assets measured at amortized cost and investments in debt instruments measured at fair value through other comprehensive income, causing an immediate loss.



**Notes to consolidated financial statements  
for the year ended December 31<sup>st</sup> 2022 and 2021**

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3.6. Financial Instruments (Continued)**

*Cash and cash equivalents*

Cash and cash equivalents include cash on hand, demand deposits with banks, and other highly liquid short-term investments with a maturity of three months or less.

Cash and cash equivalents in accordance with the requirements of IFRS 9 are classified as financial assets measured at amortized cost because they are held to collect contractual cash flows, these cash flows representing only the payment of principal and interest and are not stated at fair value. through the income statement.

*Trade and other receivables*

Trade and other receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any expected loss.

Trade receivables represent the amounts owed by customers for products sold and goods or services rendered in the ordinary course of business. If collection is expected within a year or less (or during the regular operating cycle, if it lasts longer), it is classified as current assets. Otherwise, they are classified as fixed assets, ie. long-term receivables.

*Trade and other payables*

Trade payables arise when the counterparty has settled its contractual obligations, and are initially recognized at fair value, while subsequently measured at amortized cost, using the effective interest method.

Trade payables are liabilities paid for goods or services that are procured from suppliers in the ordinary course of business. These liabilities are classified as current liabilities if the payment is due within one year or less (or during the regular operating cycle if it lasts longer). Otherwise, they are classified as long-term liabilities.

*Write-off*

Write-off of financial assets is performed, in whole or in part, when the Company uses all collection possibilities and concludes that there are no reasonable expectations that the collection can be made, ie. when the Company has no reasonable expectation that it will recover all or part of the financial asset. A write-off is an event of derecognition.

The Company may write off funds that are still in the process of forced collection, where it attempts to collect the funds it claims, and where there is no reasonable expectation that collection will be made.

*Recognition and derecognition*

The purchase or sale of financial assets is recognized on the day of the transaction, ie on the day when the Company undertakes to purchase or sell the assets.

Derecognition of financial assets is terminated upon the expiration of the right to cash flows from financial assets, or upon their transfer, whereby the Company transfers substantially all risks and rewards of ownership. Also, a financial asset ceases to be recognized when subsequent changes in the contractual terms of the financial asset result in a significant change in the cash flows from the financial asset.

Financial liabilities are derecognised when the obligation specified in the contract is settled, canceled or expires.

**Notes to consolidated financial statements  
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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3.6. Financial Instruments (Continued)**

*Modification*

When contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in derecognition of the financial asset in accordance with IFRS 9, the Company assesses whether the change in contracted cash flows is significant, taking into account the following factors: a significant change in the interest rate or an improvement in the terms of the loan, which significantly affect the credit risk associated with the asset, or a significant extension of the loan repayment period when the borrower has no financial difficulties.

If the changed conditions differ significantly, the cash flow rights from the original assets expire, and the Group ceases to recognize the original financial assets and recognizes the new asset at its fair value.

Any difference between the carrying amount of an asset that has been derecognised and the fair value of a new materially modified asset is recognized in the income statement, unless the substance of the difference relates to equity transactions with owners.

*Impairment of financial resources*

The Group estimates expected credit losses (ECL) in advance on financial assets measured at amortized cost and fair value through other results and recognizes net impairment losses at each reporting date.

*ECL measurement reflects:*

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

Financial assets measured at amortized cost and contractual assets are presented in the balance sheet less expected credit losses. For financial assets measured at fair value through other comprehensive income, the expected credit loss is recognized in the income statement, and other changes in value are recognized in other comprehensive income.

*Simplified approach to receivables impairment*

The Group applies a simplified approach to trade receivables, contractual assets and lease receivables and measures provisions for losses in an amount equal to expected credit losses over the entire life cycle.

The Group uses a provisioning matrix when calculating expected credit losses based on trade receivables.

The Group uses historical credit losses (adjusted based on current data that can be observed to show the effects of current conditions and forecasts of future conditions) for trade receivables to estimate 12-month expected credit losses or expected credit losses over the entire life of financial assets, according to what is applicable.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the income statement.

Impairment losses are reversed through the income statement if the amount of the impairment loss is reduced, and such a decrease can be attributed to an event occurring after the impairment was recognized.

**Notes to consolidated financial statements  
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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3.7. Inventories**

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

The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (based on normal operating capacity). Inventory outflow is recorded using the weighted average cost method.

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

**3.8. Cash and cash Equivalents**

Cash and cash equivalents include sight deposits in RSD and foreign currency in banks, cash on hand, as well as highly liquid assets with the original maturities up to three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**3.9. Off-balance Sheet Items**

Off-balance sheet assets/liabilities include: leased assets, excluding assets acquired on finance lease, goods on consignment, material received for processing and finishing and other assets not owned by the Company, as well as receivables/payables arising from collaterals, such as guarantees and other warranties.

**3.10. Profit Distribution**

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

**3.11. Provisions, Contingent Liabilities and Contingent Assets**

*Provisions*

Provisions are recognized in the amounts representing the best estimate of the expenditure required to settle the present obligation on the balance sheet date (Note 29). The provision charge is recognized in the expenses of the period.

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

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

If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed and the gain is recognized to the income statement of the current period. Provisions cannot be used for covering the losses of the future periods.

*Contingent Liabilities and Contingent Assets*

Contingent liabilities are not recognized in the financial statements. They are disclosed in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognized in the financial statements but disclosed in the notes to the financial statements when an inflow of economic benefits is probable.

**Notes to consolidated financial statements  
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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3.12. Leases**

***Company as a Lessee***

In accordance with IAS 17 - Leasing, leasing can be considered as:

- financial (capital) leasing,
- business (operational) leasing

At the time of concluding the lease agreement and the date of the obligation of the parties to comply with the main provisions of the lease agreement on that day, the lease is classified as either operating or financial leasing.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Whether the lease is financial or business depends on the essence of the transaction, and not on the form of the contract. Examples of situations that individually or together indicate the classification of leasing as financial are:

- a) the lease transfers the ownership of the asset to the lessee until the end of the lease term;
- b) the lessee has the option to purchase the asset at a price that is expected to be significantly lower than the fair value at the date the option can be exercised, and when it is reasonable to expect the option to be exercised at the inception;
- c) the duration of the lease covers most of the economic life of the asset, even if the ownership is not transferred;
- d) at the inception of the lease, the present value of the minimum lease payments is greater than or equal to the total fair value of the asset being leased; i
- e) the assets that are the subject of the lease are of a specific nature, so that without significant modifications they can be used only by the lessee.

When the company is a lessee, it recognizes a finance lease as an asset and a liability in its balance sheet, in an amount equal to the fair value of the leased assets at the inception of the lease.

In financial leasing, the legal form of the leasing contract stipulates that the lessee cannot acquire the right of ownership over the leased assets, but acquires economic benefits from the use of the leased assets.

Lease repayment is divided into interest and principal repayment according to calculated annuities. Interest expenses are charged to the expense of the period, ie they are recorded in the Income Statement.

The amount of depreciation of leased assets is systematically allocated to each accounting period during the expected useful life, in accordance with the depreciation policy adopted for the same depreciable assets owned by the company.

Leases of assets with which all benefits and risks associated with ownership are retained by the lessor, ie are not transferred to the lessee, are recorded as operating leases.

The payment of an operating lease is recognized as an expense in the income statement at the inception of the lease.

If the business lease agreement is terminated before the expiration of the lease period, any payments, penalties and penalties are recognized as an expense of the period in which the contract was terminated, in accordance with the provisions of the agreement.

**Notes to consolidated financial statements  
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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3.13. Employee Benefits**

**(a) Contributions for Social Security**

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

Tax and contributions payable on behalf of the employee and employer are charged to expenses in the period in which they arise.

**(b) Retirement Benefits**

The Company provides retirement benefits when retiring. The right to these benefits is usually conditional upon staying an employed person in service up to the age limit for retirement and achieving minimum length of service. Expected costs for these benefits are accumulated during the period of employment.

Retirement benefits on retirement are assessed annually by independent, qualified, actuaries, using the method of a projected credit unit. Costs of previously performed services are recognized in the income statement when they occur, while actuarial gains and losses are recognized in the statement of the remaining result and within equity.

**3.14. Foreign Currency Translation**

**(a) Functional and reporting currency**

The items included in the Group's consolidated financial statements are measured and presented in dinars ("RSD"), which is the currency of the primary economic environment in which the Group operates (functional currency).

**(b) Transactions and balances**

All assets and liabilities in foreign currencies are translated into their dinar equivalent on the reporting date using the official exchange rate of the National Bank of Serbia valid on that date (Note 40).

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or at which the items are remeasured.

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 recognized in the income statement as part of financial income (Note 13) and financial expenses (Note 14).

**3.15. Revenue Recognition**

**(a) Sales of Products and Goods**

In accordance with IFRS 15, revenue from the sale of products and goods is recognized when the significant risks and rewards of ownership of the goods and goods have been transferred to the customer. Revenues from the sale of products and goods are stated at invoice value less approved discounts and value added tax.

Revenues from the provision of services are recognized in the accounting period in which the service was provided and are stated at invoice value less approved discounts and value added tax.

**Notes to consolidated financial statements  
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**3.15. Revenue Recognition (Continued)**

**(a) Sales of Products and Goods (Continued)**

The Company recognizes revenue from the sale of products, goods and services when it performs a contractual obligation and when it performs a contractual obligation and when it transfers control of products, goods and services. In most contracts, control of products, goods or services passes to the customer at a certain point in time and the fee becomes unconditional.

Revenue is recognized in the amount of the entire transaction. The transaction price represents the amount of the fee that the Company expects to be entitled to in exchange for transferring control of the contracted goods or services to the customer, excluding amounts collected on behalf of third parties.

Revenue is recognized net of value added tax, refunds, rebates and other discounts.

Give all the necessary disclosures about income by type of income, based on which revenue is recognized, deliveries, what are the terms of crediting customers (payment currency), whether there are elements of financing, whether there are advance payments, etc.

The Company is considering whether there are other promises in the contract that represent special performance obligations to which part of the transaction price should be allocated. In determining the transaction price, the Company takes into account the effects of variable fees, the existence of significant financing components, non-monetary fees, as well as the fee paid to the buyer (if any).

*Revenues from sales of services*

Revenue from the provision of services is recognized in the accounting period in which the services are rendered.

Revenue is recognized only when it is probable that the economic benefits associated with the transaction will flow to the Company. When the outcome of a transaction involving the provision of services cannot be measured reliably, revenue is recognized only to the extent of the recoverable eligible expenses recognized.

*Variable fee*

If the fee under the Agreement includes a variable amount, the Company estimates the amount of the fee to which it will be entitled in exchange for the transfer of the goods to the buyer. The variable remuneration is estimated at the time of concluding the contract and is limited until it becomes very probable that there will be no significant reversal in the amount of recognized cumulative income, when the uncertainty associated with the variable remuneration is subsequently resolved.

*Contract acquisition costs*

The Company has chosen to take advantage of practical relief for contract costs incurred in connection with contracts that have a depreciation period of less than one year. These costs are incurred as they are incurred.

*Discounts*

The Company grants discounts and rebates to customers, both on invoices and subsequently approved. Discounts are treated as a variable fee and are assessed individually at the time of concluding the contract and re-assessed on the trade date. Discounts are calculated at the end of each reporting period.

**Notes to consolidated financial statements  
for the year ended December 31<sup>st</sup> 2022 and 2021**

**3.15. Revenue Recognition (Continued)**

**(c) Interest Income**

Interest income originates from interests accrued on deposits with banks and penalty interest accrued on default payments by the customers, in accordance with the contractual provisions. Interest income is recognized on an accrual basis.

**(d) Rental Income**

Rental income originates from the lease of properties and is accrued on a straight-line basis over the lease period.

**(e) Dividend Income**

Dividend income is recognized when the right to receive dividend is established.

**3.16. Recognition of expenses**

Operating expenses include all costs incurred in connection with the realized operating income and relate to costs of materials, energy and fuel, costs of salaries and compensation of salaries, depreciation, rental costs, other production services and other operating expenses.

Operating expenses also include general expenses such as marketing, representation, insurance, payment, taxes and other expenses incurred in the current accounting period.

Operating expenses are recorded in the income statement according to the principle of causality of income and expenses, in the amount actually incurred, in the accounting period to which they relate.

The costs of current maintenance and repairs of property, plant and equipment are recognized as an expense in the accounting period in which they are incurred in the amount actually incurred.

Lease costs are recognized in the income statement as incurred and in accordance with the relevant lease agreements.

Interest expenses are recorded in the income statement according to the principle of causality of income and expenses in the accounting period to which they relate.

**3.17. Current and Deferred Income Taxes**

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

*Current Income Tax*

Current income tax is calculated and paid in accordance with the effective Law on Corporate Income Tax of the Republic of Serbia ("RS Official Gazette", no. 25/2001, 80/2002, 43/2003, 84/2004, 18/2010, 101/2011, 119/2012, 47/2013, 108/2013, 68/2014 - other law and 142/2014, 91/2015 - authentic interpretation and 112/2015, 113/2017, 95/2018, 86/2019, 153/2020 and 118/2021) and relevant by-laws.

Income tax is calculated at the rate of 15% (2022: 15%) on the tax base reported in the annual corporate income tax return, and can be reduced by any applicable tax credits.

Pursuant to the Law on Amendments and Supplements to the Corporate Income Tax Law ("RS Official Gazette", no. 108/2013), starting from determining the income tax for 2014, the tax payers will no longer be able to use the tax incentive in the form of a tax credit for investment in fixed assets.

**Notes to consolidated financial statements  
for the year ended December 31<sup>st</sup> 2022 and 2021**

**3.17. Current and Deferred Income Taxes (Continued)**

*Current Income Tax (Continued)*

A taxpayer that had qualified for the right to a tax incentive by 31 December 2013 may use that right until the expiration of the time limit prescribed by law (not more than ten years).

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

*Deferred Income Tax*

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 financial statements.

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

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

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

**4. FINANCIAL INSTRUMENTS – RISK MANAGEMENT**

In the ordinary course of business, the Company is exposed to a different extent to a variety of financial risks: market risk, foreign exchange risk, credit risk and liquidity risk.

The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Risk management is performed by the financial department of the Company pursuant to accounting policies adopted by the General Meeting. There were no changes in the risk management policies during the year ended December 31<sup>st</sup> 2021.

**4.1. Financial Risk Factors**

**(a) Market Risk**

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

*Foreign Exchange Risk*

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

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



**Notes to consolidated financial statements  
for the year ended December 31<sup>st</sup> 2022 and 2021**

**4. FINANCIAL INSTRUMENTS – RISK MANAGEMENT (Continued)**

**4.1. Financial Risk Factors (Continued)**

**(a) Market Risk (Continued)**

*Foreign Exchange Risk*

The Group has receivables and liabilities in foreign currencies and the Group's management takes measures to maximize the matching of inflows and outflows in the same foreign currency to protect against changes in foreign exchange rates. On the other hand, the Group does not yet use hedging transactions, given the existing regulations and the underdeveloped financial market.

*Price Risk*

The Company is not significantly exposed to equity securities price risk because it does not have investments classified on the balance sheet either as available-for-sale or at fair value through profit or loss.

*Interest Rate Risk*

The risk of the fair value of the interest rate is very low and can possibly result from the finance lease.

The Company analyses its interest rate exposure on a dynamic basis, taking into consideration alternative resources of financing and refinancing, primarily for long-term borrowings as they represent the most sensitive interest-bearing position.

**(b) Credit Risk**

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

The Company's credit risk exposure arising from trade receivables mostly depends on individual characteristics of each individual customer. The Company does not have significant concentrations of credit risk because the majority of the Company's customers are state-owned companies.

In accordance with the adopted credit policy, the Company analyzes the credit worthiness of each individual customer before offering it the standard sales conditions.

Furthermore, for each customer, the credit limit is established, representing the maximum amount of a receivable before the approval of the General Manager is requested. For the customers whose credit rating does not meet the required conditions, sales is performed solely on the basis of advance payments.

**(c) Liquidity Risk**

Liquidity risk relates to the risk that the Group will face difficulties in settling its liabilities. The Group manages its assets and liabilities in such a way that it can fulfill its due obligations at all times, without the unacceptable losses and harming its reputation.

Cash flow planning is performed at the level of the Company's business activities and collectively for the Company as a whole.

The Company's Finance Department supervises the liquidity planning with respect to the Company's requirements, in order to secure that the Company always has sufficient amounts of cash to settle its operating needs, as well as to have free space in its undrawn credit arrangements.

The Company has appropriate amount of highly liquid assets (cash and cash equivalents), as well as continuous inflows from the goods sold and services rendered, which are used to settle the liabilities as they come due. The company does not use financial derivatives.

**Notes to consolidated financial statements  
for the year ended December 31<sup>st</sup> 2022 and 2021**

**4. FINANCIAL INSTRUMENTS – RISK MANAGEMENT (Continued)**

**4.1. Financial Risk Factors (Continued)**

**(c) Liquidity Risk (Continued)**

The possible excess of cash from business activities, over the balance of the required amount of current assets, is invested in interest-bearing current accounts, deposits or securities held-for-trading, choosing instruments with the appropriate maturities or with sufficient liquidity which secures enough space, as determined by the above mentioned plan.

**5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions relating to the future. The resulting accounting estimates shall rarely be equal to realized results, as a rule. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

***Useful Lives of Intangible Assets and Property, Plant and Equipment***

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

***Impairment of Non-financial Assets***

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

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

***Retirement Benefits to Employees***

The costs of defined employee benefits payable upon the termination of employment, i.e., retirement in accordance with the legal requirements, are determined based on the actuarial valuation. The actuarial valuation includes an assessment of the discount rate, future movements in salaries, mortality rates and staff fluctuation rate. As these plans are long-term ones, significant uncertainties influence the outcome of the assessment. The actuarial valuation assumptions are disclosed in Note 29 to the financial statements.

***Provisions for Litigation***

The Company is subject to number of claims incidentals to the normal conduct of its business, relating to and including commercial and employment matters, which are handled and defended in the ordinary course of business. The Company routinely assesses the likelihood of any adverse judgments or outcomes to these matters as well as ranges of probable and reasonable estimated losses. Required provision may change in the future due to new developments and as additional information becomes available.

**Notes to consolidated financial statements  
for the year ended December 31<sup>st</sup> 2022 and 2021**

**5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)**

*Provisions for Litigation (Continued)*

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

**Deferred Tax Assets**

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

**6. REVENUES FROM SALES**

Revenues from sales are related to:

	<b>2022.</b>	<i>in RSD 000</i> <b>2021.</b>
Sales of merchandise	2,748	4,178
Sales of finished goods and services rendered to domestic Customers	5,235,419	4,024,268
Sales of finished goods and services rendered to foreign Customers	315,958	263,809
<b>Total</b>	<b>5,554,125</b>	<b>4,292,255</b>

**7. OTHER OPERATING INCOME**

Other operating incomes are related to:

	<b>2022.</b>	<i>in RSD 000</i> <b>2021.</b>
Income from premiums, subventions, donations, compensations and tax returns	0	0
Income from donations under specified conditions	434,026	435,307
Rental fees income	8,414	8,757
<b>Total</b>	<b>442,440</b>	<b>444,064</b>

**Notes to consolidated financial statements  
for the year ended December 31<sup>st</sup> 2022 and 2021**

**8. MATERIAL COSTS**

Costs of material are related to:

	<b>2022.</b>	<i>in RSD 000</i> <b>2021.</b>
Material procurement cost	0	49
Cost of raw material	996,021	872,890
Cost of other material (overhead)	12,375	11,623
Cost of fuel and energy	61,185	51,847
Cost of spare parts	7,535	15,807
Cost of a one-time write-off of inventory and tools	3,651	4,175
<b>Total</b>	<b>1,080,767</b>	<b>956,391</b>

**9. COSTS OF SALARIES, FRINGE BENEFITS AND OTHER PERSONAL EXPENSES**

Costs of salaries, fringe benefits and other personal expenses are related to:

	<b>2022.</b>	<i>in RSD 000</i> <b>2021.</b>
Costs of salaries and fringe benefits (gross)	1,536,310	1,433,317
Taxes and contributions on salaries and benefits	231,081	223,861
The cost of compensation for services contract	5,977	5,502
Costs of remunerations according to author's contracts	1,461	2,806
Costs of salaries for temporary contracts	14,549	21,291
Compensations to individuals for other contracts	4,441	2,625
Costs of remuneration to members of Management Board and Supervisory Board	5,131	4,728
Costs of hiring employees through agencies and cooperatives	849	615
Other personal expenses remunerations	73,578	64,609
<b>Total</b>	<b>1,873,377</b>	<b>1,759,354</b>

Gross income of direct management in 2022 amounts to RSD 135,768 thousand.

**10. COSTS OF DEPRECIATION AND PROVISIONS**

Costs of depreciation and provisions are related to:

	<b>2022.</b>	<i>in RSD 000</i> <b>2021.</b>
Depreciation costs	73,798	70,651
Costs of provisions during the warranty period	163,188	136,708
Provisions for employee compensations and other benefits	16,618	13,661
Other provisions	19,623	18,370
<b>Total</b>	<b>273,227</b>	<b>239,390</b>

**Notes to consolidated financial statements  
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**11. OTHER OPERATING EXPENSES**

Other operating expenses are related to:

		<i>in RSD 000</i>
	<b>2021.</b>	<b>2021.</b>
Costs of services used in production process of own costs capitalized	2,058,530	1,254,461
Transport services costs	16,729	17,425
Maintenance costs	33,891	27,201
Rental costs	3,740	5,347
Fair costs	3,671	0
Advertising costs	2,371	897
Research costs	0	859
Other non-production costs	30,935	23,942
<b>Total</b>	<b>2,149,867</b>	<b>1,330,132</b>

**12. NON-PRODUCTION COSTS**

Non-production costs are related to:

		<i>in RSD 000</i>
	<b>2022.</b>	<b>2021.</b>
Costs of non-production services	124,285	92,011
Representation costs	24,186	17,176
Costs of insurance premiums	10,938	10,918
Costs of payment operations	30,321	21,964
Costs of membership fees	3,761	3,611
Tax costs	17,755	22,170
Contribution costs	1,648	2,541
Other non-production costs	38,412	25,478
<b>Total</b>	<b>251,306</b>	<b>195,869</b>

**13. FINANCIAL REVENUES**

Financial revenues are related to:

		<i>in RSD 000</i>
	<b>2022.</b>	<b>2021.</b>
Financial income from parent and subsidiary companies	1,229	2,336
Financial income from other subsidiary companies	217	254
Income from interest (to third parties)	922	1,106
FX gains (to third parties)	2,165	0
Income from foreign currency clause (to third parties)	4,455	1,358
Other financial revenues	8,016	3,052
<b>Total</b>	<b>17,004</b>	<b>8,106</b>

**Notes to consolidated financial statements  
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**14. FINANCIAL EXPENSES**

Financial expenses are related to:

	<i>in RSD 000</i>	
	<b>2022.</b>	<b>2021.</b>
Cost of interest (to third parties)	14,027	11,750
FX losses (to third parties)	5,469	1,463
Expenses from foreign currency clause (to third parties)	6,823	4,059
<b>Total</b>	<b>26,319</b>	<b>17,272</b>

**15. OTHER REVENUES**

Other revenues are related to:

	<i>in RSD 000</i>	
	<b>2022.</b>	<b>2021.</b>
Gains on sales of Intangible assets and property, plant and equipment	2,654	1,062
Collected written-off receivables	17,344	63,131
Revenues from the effects of hedging which do not fulfill the conditions to be set out in the framework of other comprehensive results	800	771
Income from reduction of liabilities	0	11
Income from abolishing of long-term and short-term provisions	6,849	2,855
Other income	23,305	20,312
<b>Total</b>	<b>50,952</b>	<b>88,142</b>

**16. OTHER EXPENSES**

Other expenses are related to:

	<i>in RSD 000</i>	
	<b>2022.</b>	<b>2021.</b>
Losses on writing-offs and disposals of Intangible assets and Property, plant and equipment	2,994	237
Costs of debt enforcement	5,028	0
Costs of forced collection	0	0
Other expenses	18,087	14,474
<b>Total</b>	<b>26,109</b>	<b>14,711</b>

**Notes to consolidated financial statements  
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**17. LOSS FROM DISCONTINUED OPERATIONS**

Profit from discontinued operations is related to:

	<b>2022.</b>	<i>in RSD 000</i> <b>2021.</b>
Gains on the effects of changes in accounting policies which are not materially significant	16,995	23,876
<b>Total</b>	<b>16,995</b>	<b>23,876</b>

**18. INCOME TAX**

The basic components of income taxes are as follows:

	<b>2021.</b>	<b>2021.</b>
Current income tax	46,555	50,013
Deferred tax income / expense for the period	(151)	(607)
<b>Total tax expense period</b>	<b>46,404</b>	<b>49,406</b>

**Current income tax**

The reconciliation of gross profit shown in the current income statement with the tax profit from the tax balance is shown in the following table:

						<b>in RSD</b>
Name of company	Taxable profit	Loss	Tax base	Schedule of calculated tax	Deduction of calculated tax	Calculated tax
IMP – AUTOMATIKA	96.208.617	0	96.208.617	14.431.767	0	14.431.767
IMP AUTOMATIKA-SECURITY	2.729.668	0	2.729.668	409.676	0	409.676
IMP – RAČUNARSKI SISTEMI	84.274.727	0	84.274.727	12.639.435	0	12.639.435
IMP - TELEKOMUNIKACIJE	12.788.423	0	12.788.423	1.918.028	0	1.918.028
IDVORSKI LABORATORIJE	6.605.472	0	6.605.472	991.602	0	991.602
IMP -- PIEZOTEHNOLOGIJA	1.545.879	0	1.545.879	232.770	0	232.770
INSTITUT MIHAJLO PUPIN	84.477.330	0	84.477.330	12.672.022	0	12.672.022
IMP – POSLOVNE USLUGE	21.730.454	0	21.730.454	3.258.786	0	3.258.786
<b>Total</b>	<b>310.360.570</b>	<b>0</b>	<b>310.360.570</b>	<b>46.554.086</b>	<b>0</b>	<b>46.554.086</b>

The effective tax rate in 2022 was 23,02% (2021: 23,70%).

For 2022, transfer price studies were performed, and adjustments were made on the basis of transfer prices in individual Tax Balances of the Companies within the Group.

Deferred tax liabilities and assets are recognized for the difference between current depreciation and amortization calculated for accounting and tax purposes due to the application of different depreciation rates in the financial statements and the tax balance sheet.

**Notes to consolidated financial statements  
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**18. INCOME TAX (Continued)**

The balance of deferred tax assets / liabilities as on the 31<sup>st</sup> of December is shown in the following table:

	<u>2022.</u>	<u>2021.</u>
Deferred tax assets	8,243	8,270
Deferred tax liabilities	151	(27)
<b>Deferred tax liabilities, net</b>	<u><b>8,394</b></u>	<u><b>8,243</b></u>

The balance of deferred tax assets / liabilities by companies in the Group as on the 31<sup>st</sup> of December 2022 and 2021 is shown in the following table:

	<u>2022.</u>	<u>2021.</u>
<b>Deferred tax assets</b>		
IMP – AUTOMATIKA Ltd	4,146	3,905
IMP AUTOMATIKA – SECURITY Ltd	101	33
IMP – RAČUNARSKI SISTEMI Ltd	1,277	366
IMP – TELEKOMUNIKACIJE Ltd	0	109
IDVORSKI LABORATORIJE Ltd	376	721
INSTITUT MIHAJLO PUPIN Ltd	2,693	2,411
IMP – POSLOVNE USLUGE Ltd	756	725
	<u><b>9,349</b></u>	<u><b>8,270</b></u>
<b>Deferred tax liabilities</b>		
IMP – TELEKOMUNIKACIJE Ltd	(907)	0
IMP – PIEZOTEHNOLOGIJA Ltd	(48)	(27)
	<u><b>(955)</b></u>	<u><b>(27)</b></u>
<b>Deferred tax assets and liabilities, net</b>	<u><b>8,394</b></u>	<u><b>8,243</b></u>

**19. INTANGIBLE ASSETS**

Intangibles are related to:

	<u>2022.</u>	<i>in RSD 000</i> <u>2021.</u>
Concession, patent, licence, and other similar rights	5,414	6,053
<b>Total</b>	<u><b>5,414</b></u>	<u><b>6,053</b></u>



Notes to consolidated financial statements  
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19. INTANGIBLE ASSETS (Continued)

	Concessions, patents, licences and similar rights	Intangible assets in preparation	Total
<b>COST VALUE</b>			
Balance as of January 1 <sup>st</sup> 2021	36,907	-	36,907
New procurement	763	-	763
Activation	0	-	0
<b>Balance as of 31. December 2021</b>	<b>37,670</b>	<b>-</b>	<b>37,670</b>
Procurement during the year	1,201	-	1,201
<b>Balance as of 31. December 2022</b>	<b>38,871</b>	<b>-</b>	<b>38,871</b>
<b>ACCUMULATED DEPRECIATION</b>			
Balance as of January 1 <sup>st</sup> 2021	29,751	-	29,751
Amortization (Note 10)	1,866	-	1,866
<b>Balance as of 31st December 2021</b>	<b>31,617</b>	<b>-</b>	<b>31,617</b>
Amortization (Note 10)	1,840	-	1,840
<b>Balance as of 31. December 2022</b>	<b>33,457</b>	<b>-</b>	<b>33,457</b>
<b>UNWRITTEN VALUE PER DAY:</b>			
- Balance as of 31. December 2022	5,414	-	5,414
- Balance as of 31. December 2021	6,053	-	6,053

20. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are related to:

	2022.	in RSD 000 2021.
Buildings	117,806	132,236
Plant and equipment	137,466	135,251
Property, plant, equipment leased	36,658	23,488
Other property, plant and equipment	13,366	13,296
Advances for property, plant and equipment	0	0
<b>Total</b>	<b>305,296</b>	<b>304,271</b>

**Notes to consolidated financial statements  
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**20. PROPERTY, PLANT AND EQUIPMENT (Continued)**

The trend of property, plant and equipment during 2022 is presented in the following table:

	Buildings	Plant and equipment	Other equipment	Property, plant and equipment under construction	Advances	Total
<b>COST VALUE</b>						
Balance as of January 1 <sup>st</sup> 2021	651,545	587,718	13,256	0	0	1,252,519
Purchase during year	2,598	0	40	63,973	1,666	68,277
Transfer from PPE	0	63,973	0	(63,973)	0	0
Disposals	0	(11,951)	0	0	0	(11,951)
<b>Balance as of December 31<sup>st</sup> 2021</b>	<b>654,143</b>	<b>639,740</b>	<b>13,296</b>	<b>0</b>	<b>1,666</b>	<b>1,308,845</b>
Cost value during the year	844	0	70	74,941	0	75,855
Transfer from PPE	0	74,941	0	(74,941)	0	0
Disposals	0	(11,859)	0	0	0	(11,859)
<b>Balance as of December 31<sup>st</sup> 2022</b>	<b>654,987</b>	<b>702,822</b>	<b>13,366</b>	<b>0</b>	<b>1,666</b>	<b>1,372,841</b>
<b>ACCUMULATED DEPRECIATION</b>						
Balance as of January 1 <sup>st</sup> 2021	506,664	439,264	0	0	0	945,928
Amortization (Note 10)	15,243	53,515	0	0	0	68,758
Disposals	0	0	0	0	0	0
<b>Balance as of December 31<sup>st</sup> 2021</b>	<b>0</b>	<b>(10,112)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(10,112)</b>
<b>ACCUMULATED DEPRECIATION</b>	<b>521,907</b>	<b>482,667</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,004,574</b>
Amortization (Note 10)	15,274	53,169	0	0	0	68,443
Disposals	0	0	0	0	0	0
<b>Balance as of December 31<sup>st</sup> 2022</b>	<b>0</b>	<b>(5,472)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(5,472)</b>
Amortization (Note 10)	<b>537,181</b>	<b>530,364</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,067,545</b>
<b>Undiscounted value:</b>						
- December 31 <sup>st</sup> 2022	117,806	172,458	13,366	0	1,666	305,296
- December 31 <sup>st</sup> 2021	132,236	157,073	13,296	0	1,666	304,271

The purchase value of fully depreciated property, plant and equipment on the 31<sup>st</sup> of December 2022 is RSD 351,077 thousand.

The company leases a certain number of cars through financial leasing. The current (unrecorded) value of equipment taken on lease on the 31<sup>st</sup> of December 2022 is RSD 31,268 thousand.

Based on the assessment of the Company's management, there is no indication that the property, plant and equipment on the reporting date is impaired.

**Notes to consolidated financial statements  
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**21. LONG TERM FINANCIAL INVESTMENTS**

Long term financial investments are related to:

	<b>2022.</b>	<i>in RSD 000</i> <b>2021.</b>
Investments in capital of parent companies and subsidiaries	92	92
Investments in other legal entities and other securities able for sale	0	2,900
Other long term investments	28,088	11,268
<b>Balance as of December 31<sup>st</sup></b>	<b>28,180</b>	<b>14,260</b>

**(i) Investments in capital of subsidiaries:**

	<b>2022.</b>	<b>2021.</b>
In stakes	92	92
Less: Provisions	0	0
<b>Balance as of December 31<sup>st</sup></b>	<b>92</b>	<b>92</b>

Equity investments in associated companies relate to:

<b>Name and headquarters</b>	<b>2022.</b>	<b>2021.</b>	<b>% stakes</b>
Projekt inženjering Ltd	62	62	20
Elektronske transakcije Ltd	11	11	25
Servis inženjering IMP Ltd	9	9	20
IMP-BEEL Ltd	10	10	20
<b>Balance as of December 31<sup>st</sup></b>	<b>92</b>	<b>92</b>	

**(ii) Equity investments in associated companies**

	<b>2022.</b>	<b>2021.</b>
In stakes	6,116	9,026
Less: Provisions	(6.116)	(6.126)
<b>Balance as of December 31<sup>st</sup></b>	<b>0</b>	<b>2,900</b>

Equity investments in other legal entities relate to:

<b>Name and headquarters</b>	<b>2022.</b>	<b>2021.</b>
Komercijalna banka a.d. Belgrade	0	2,900
<b>Balance as of December 31<sup>st</sup></b>	<b>0</b>	<b>2,900</b>

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**21. LONG TERM FINANCIAL INVESTMENTS (Continued)**

(iii) *Other long term financial investments*

	<b>2021.</b>	<b>2021.</b>
Long-term deposit- operating lease	1,155	394
Receivables from employees – purchase of apartments	2,446	2,682
Receivables from employees - loans	6,981	8,456
Receivables from customers-retention	18,365	0
Minus: Value adjustment	(859)	(264)
<b>Balance as of December 31st</b>	<b>28,088</b>	<b>11,268</b>

Other long-term financial investments include loans to employees for the purpose of purchasing, building apartments for the period of 20 years and an interest rate of 2% per year. The loans are revalued twice a year according to the growth of average monthly earnings without taxes and contributions.

Receivables from long-term housing loans are valued at the balance sheet date at amortized cost less any subsequent impairment, ie value adjustment for estimated non-collectibility of the financial instrument, based on discounting expected future cash flows using an interest rate of 5.00% per annum.

**22. INVENTORIES**

Inventories are related to:

	<b>2022.</b>	<i>in RSD 000</i> <b>2021.</b>
Material	838,567	561,947
Merchandise in warehouse	1,163	1,268
<b>Balance as of December 31st</b>	<b>839,730</b>	<b>563,215</b>

**23. ADVANCES PAID**

Advances paid are related to:

	<b>2022.</b>	<i>in RSD 000</i> <b>2021.</b>
Advances paid for services - domestic	635,380	464,440
Advances paid for services - foreign	7,035	18,005
Provisions for advances paid	(2,216)	(2,216)
<b>Balance as of December 31st</b>	<b>640,199</b>	<b>480,229</b>

**Notes to consolidated financial statements  
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**24. RECEIVABLES FROM SALES**

Receivables from sales are related to:

	<i>in RSD 000</i>	
	<b>2022.</b>	<b>2021.</b>
Trade receivables - domestic	1,344,847	815,606
Trade receivables – foreign	230,623	150,772
Provisions for trade receivables	(313,356)	(208,814)
<b>Balance as of December 31<sup>st</sup></b>	<b>1,262,114</b>	<b>757,564</b>

Movements in allowance for impairment were as follows:

	<b>2022.</b>	<b>2021.</b>
<b>Balance at beginning of year</b>	<b>208,814</b>	<b>187,542</b>
Collected during the year	151,252	84,403
Provisions during the year	(46,710)	(63,131)
<b>Balance as of December 31<sup>st</sup></b>	<b>313,356</b>	<b>208,814</b>

Amounts charged to the allowance are written off when they are not expected to be collected.

Concentration of credit risk with respect to receivables are not significant because the Company has a large number of unrelated customers with individually small amounts of debts. Accordingly, the Company does not consider it necessary to make additional provisions for credit risk exposure which exceeds formed allowance for impairment of receivables. Therefore the maximum exposure to credit risk at the reporting date is equal to the net book value of the receivables from the sale.

The Group owns bills of exchange as collateral.

**25. OTHER RECEIVABLES**

Other receivables are related to:

	<i>in RSD 000</i>	
	<b>2022.</b>	<b>2021.</b>
Receivables for interest	70	87
Receivables from employees	2,091	2,547
Receivables for overpaid tax	104	270
Receivables for overpaid income tax	9,499	8,097
Receivables for other taxes and contributions prepaid	0	0
Receivables for compensations to be refunded	10,058	3,560
Other current receivables	271,110	5,762
VAT	82,906	21,989
<b>Balance as of December 31<sup>st</sup></b>	<b>375,838</b>	<b>42,312</b>

**Notes to consolidated financial statements  
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**26. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents are related to:

	2022.	2021.
	<i>in RSD 000</i>	
Current (business) accounts	370,569	555,320
The main cash register	0	0
Foreign exchange account	627,181	591,052
Other cash and cash equivalents	3,303	2,424
<b>Balance as of December 31st</b>	<b>1,001,053</b>	<b>1,148,796</b>

**27. ASSETS FOR VAT AND OTHER PUBLIC REVENUE AND ACCURED**

Short – term accrued related to:

	2022.	2021.
	<i>in RSD 000</i>	
Prepaid costs	17,941	14,116
Accrued income (uninvoiced income)	1,156,434	1,031,038
Other accruals	83,077	61,123
<b>Balance as of December 31st</b>	<b>1,257,452</b>	<b>1,106,277</b>

**28. CAPITAL AND RESERVES**

Capital and reserves are related to:

	2022.	2021.
	<i>in RSD 000</i>	
Stakes in limited liability companies	475.659	475.659
Other capital	10.332	10.332
Legal reserves	2.997	2.997
Gains or losses on securities available for sale	(87,461)	(79,409)
Retained profit from previous years	1,159,412	1,021,038
Retained profit from current year	155,810	161,639
<b>Balance as of December 31st</b>	<b>1,716,749</b>	<b>1,592,256</b>

With the Government of the Republic of Serbia April 17<sup>th</sup> 2007 the Agreement on the share of state ownership of the means used by the Company. In accordance with the Agreement the Republic of Serbia shall assume all the founding and management rights, while the share of state ownership of the means used by the Company is 100%.

Decision of the Agency for Business Registers No. BD 19647/2014 of March 10<sup>th</sup> 2014 were executed reconciliation of the basic capital of the Company expressed in the Company to the amount of capital registered with the Register of Business Entities of the Agency for Business Registers and it amounted to RSD 413.803 thousand on this day.

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**28. CAPITAL AND RESERVES (Continued)**

Decision No. 104241/2014 of December 12<sup>th</sup> 2014, increase of the capital of the Company in the amount of RSD 61,831 thousand, so that at December 31<sup>st</sup> 2014. on the amount of RSD 475,634 thousand.

The Company is in 2022 realized net profit of RSD 155,810 thousand.

**29. LONG TERM PROVISIONS**

Long-term provisions are related to:

	2022.	<i>in RSD 000</i> 2021.
Provisions for costs incurred during the warranty period	80,423	92,969
Provisions for fees and other employee benefits	153,661	121,282
<b>Balance as of December 31st</b>	<b>234,084</b>	<b>214,251</b>

**(a) Provisions for costs within the warranty period**

Provisions for costs within the warranty period are formed based on the assessment of the professional services of the Parent and Consolidated Subsidiaries and relate to provisions for contracts for completed projects, for which there is an obligation to service for spare parts, engineering, and other related costs.

**(b) Employee benefits and other benefits**

Provisions for the other employee benefits include provisions for redundancy which is measured at the present value of the expected future outflow, using the discount rate that reflects interest on high-quality paper of the values reported in the currency of benefits will be paid. Bearing in mind that in Serbia there is no active market for such bonds have been used in market rates of return on government bonds.

Notes to consolidated financial statements  
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29.LONG-TERM PROVISIONS (Continued)

The principal actuarial assumptions used were as follows:

GROUP INSTITUTE "MIHAJLO PUPIN" L.t.d. BELGRADE

Serial no.	Pretpostavke korišćene prilikom izrade obračuna rezervisanja za otpremnine prilikom odlaska u penziju	2022 year							
1.	Discount rate	5.00%							
2.	Estimated growth rate of average earnings	12.00%							
3.	Percentage of fluctuation	4.90%							
4.	The amount of severance pay at the time of booking	324,003.00							
5.	The amount of seerance pay in the previous calculation	285,936.00							
	Companies in the Group	Automatika	Automatik a-Security	Računar-ski sistemi	Teleko-munika-cije	Idvorski labora-torije	Piezoteh-nologija	IMP	Poslovne usluge
6.	Total number of employees on 01.01. current year	183	0	72	25	5	7	193	48
7.	The total number of employees who left the company during the year	8	0	7	2	1	0	12	6
8.	Of that, the number of retired workers who were paid severance pay upon retirement during the year	2	0	5	1	0	0	5	5
9.	Total number of new employees during the year	20	8	9	4	1	1	1	5
10.	Total number of employees on 31.12. current year	195	8	74	27	4	8	182	47
11.	Were there any changes in the general act regarding the amount of provisions to witch employees are entitled when retiting in relation to the previous period	No							
12.	Method of recognizing actuarial gains/losses	Entirely in the period in which they arise							
13.	Where there any changes in the general act regarding the recognition of provisions upon retirement compared to the previous period	No							

Mortality tables for the period were used in the actuarial calculation 2010 – 2012.



**Notes to consolidated financial statements  
for the year ended December 31<sup>st</sup> 2022 and 2021**

**30. LONG TERM LIABILITIES**

Long term liabilities are related to:

	<b>2022.</b>	<i>in RSD 000</i> <b>2021.</b>
Liabilities from financial leasing	34,390	24,749
Long-term loans and borrowings in the country	140,787	150,297
<b>Balance as of December 31st</b>	<b>175,177</b>	<b>175,046</b>

Obligations from financial leasing related to leasing of cars from 5 to 6 years with an effective interest rate of 1,70 to 5,93% per year.

IMP – Automatika L.t.d. Belgrade has an obligation based on a loan with Banca Intesa (part), in the amount of EUR 300,000.00 (currency clause), with a grace period until April 17<sup>th</sup> 2023 for a repayment period of 18 months and an interest rate of three-month Euribor plus 3,55%.

INSTITUTE MIHAJLO PUPIN Ltd Belgrade has (part of) a loan with Raiffeisen Bank at EUR 800.000,00, with a currency clause and a grace period until 30.06.2024. year, three-month Euribor plus 2,55% interest.

**31. SHORT-TERM FINANCIAL LIABILITIES**

Short-term financial liabilities are related to:

	<b>2022.</b>	<i>in RSD 000</i> <b>2021.</b>
Short-term loans from parent companies and subsidiaries	0	0
Portion of the long-term liabilities that matures for less than a year	339,559	324,352
Other short-term financial liabilities	20,797	19,196
<b>Balance as of December 31st</b>	<b>360,356</b>	<b>343,548</b>

**Notes to consolidated financial statements  
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**31. SHORT-TERM FINANCIAL LIABILITIES (Continued)**

IMP Automatika Ltd, Belgrade has a credit in the amount of EUR 427.000,00 (currency clause) relating to a loan obtained from Raiffaiesen Bank (part) with a grace period until June 30th 2022 plus 18 months repayment and the interest rate on this loan is a one-month euribor plus 1,90%.

IMP Automatika Ltd, Belgrade has a credit in the amount of EUR 127.000,00 (currency clause) relating to a loan obtained from Raiffaiesen Bank (part) with a grace period until June 30th 2022 with 18 months repayment and the interest rate on this loan is a one-month euribor plus 1,90%.

IMP Automatika Ltd, Belgrade has a credit in the amount of EUR 300.000,00 (currency clause) relating to a loan obtained from Banca Intesa (part) with a grace period until 17.04.2023 plus 18 months repayment and the interest rate on this loan is a three-month euribor plus 3.55%.

IMP Automatika Ltd, Belgrade has an obligation based on a loan from Banca Intes, in the amount of EUR 1,040,000.00 (currency clause), approved on 12/01/2022. year, with the dynamics of repayment at once and interest at the three-month Euribor plus 3.12%.

IMP Automatika Ltd, Belgrade has a credit in the amount of EUR 426.000,00 (currency clause) relating to a loan obtained from OTP Bank (part), approved on May 12th 2020. year, with the dynamics of repayment at once and interest on the three-month Euribor plus 3,00%.

INSTITUTE MIHAJLO PUPIN LTD BELGRADE has (part of) a loan with Raiffeisen Bank at EUR 501,290,28, with a currency clause and a grace period until June 30th 2022 year, one-month Euribor plus 1.95% interest.

INSTITUTE MIHAJLO PUPIN LTD BELGRADE has (part of) a loan with Raiffeisen Bank in the amount of EUR 421,083,85, with a currency clause and a grace period until June 30th 2022. year, one-month Euribor plus 1.90% interest.

INSTITUTE MIHAJLO PUPIN LTD BELGRADE has (part of) a loan with Raiffeisen Bank at EUR 250,638,27, with a currency clause and a grace period until June 30th 2022. year, one-month Euribor plus 1.90% interest.

INSTITUTE MIHAJLO PUPIN LTD BELGRADE has (part of) a loan with Raiffeisen Bank at EUR 90,340,75, with a currency clause and a grace period until June 30th 2022. year, one-month Euribor plus 1.90% interest.

INSTITUTE MIHAJLO PUPIN Ltd Belgrade has (part of) a loan with Raiffeisen Bank at EUR 800.000,00, with a currency clause and a grace period until June 30th 2024, with three-month Euribor plus 2,55%.

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**32. RECEIVED ADVANCES**

Received advances are related to:

	<b>2022.</b>	<i>in RSD 000</i> <b>2021.</b>
Received advances, deposits and caution money	1,295,823	1,025,501
<b>Balance as of December 31st</b>	<b>1,295,823</b>	<b>1,025,501</b>

**33. TRADE PAYABLES**

Trade payables are related to:

	<b>2022.</b>	<i>in RSD 000</i> <b>2021.</b>
Trade payables – domestic	1,285,333	370,944
Trade payables – foreign	105,463	181,655
<b>Balance as of December 31st</b>	<b>1,390,796</b>	<b>552,599</b>

**Notes to consolidated financial statements  
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**34. OTHER SHORT-TERMS LIABILITIES**

Other current liabilities are related to:

	<i>in RSD 000</i>	
	<b>2022.</b>	<b>2021.</b>
Obligations to the importer	0	0
Liabilities for net salaries and fringe benefits, except allowances to be refunded	84,522	85,315
Liabilities for taxes on salaries and fringe benefits charged to employees	10,808	11,016
Liabilities for contributions on salaries and fringe benefits charged to employees	23,285	23,113
Liabilities for taxes and contributions on salaries and fringe benefits charged to employer	17,733	18,759
Liabilities for refundable net fringe benefits	413	378
Liabilities for taxes and contributions on refundable fringe benefits charged to employees	166	153
Liabilities for taxes and contributions on refundable fringe benefits charged to employer	88	86
Liabilities for interests and finance costs	2,017	396
Liabilities for dividends	0	0
Liabilities for share in the profit	0	0
Liabilities to employees	86,196	70,633
Liabilities to members of Management Board and Supervisory Board	274	251
Liabilities to individuals for contracted fees	1,109	2,339
Liabilities for short-term provisions	157	158
Liabilities for VAT and other public revenues	22,813	53,929
Liabilities for income tax	1,726	5,814
Liabilities for taxes, customs, and other duties charged to costs	301	134
Liabilities for contributions charged to costs	114	201
Other liabilities for taxes, contributions and other duties	2,671	1,612
<b>Balance as of December 31<sup>st</sup></b>	<b>254,393</b>	<b>274,287</b>

**Notes to consolidated financial statements  
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**35. LIABILITIES FOR VALUE ADDED TAX AND OTHER PUBLIC REVENUES ACCRUALS AND DEFERRED INCOME**

Accruals and deferred income are related to:

	<b>2022.</b>	<i>in RSD 000</i> <b>2021.</b>
Accruals and deferred income	47,643	8,447
<b>Balance as of December 31st</b>	<b>47,643</b>	<b>8,447</b>

**36. OFF-BALANCE SHEET EVIDENCE**

Off-balance sheet are related to:

	<b>2022.</b>	<i>in RSD 000</i> <b>2021.</b>
Off-Balance sheet assets	2,162,800	1,440,826
Off-Balance sheet liabilities	(2,162,800)	(1,440,826)
<b>Balance as of December 31st</b>	<b>0</b>	<b>0</b>

Guarantees in the amount of RSD 2,162,800 thousand at 31. December 2022 include guarantees of performance bonds issued to suppliers by banks.

**37. COURT DISPUTES**

**IMP – Automatika Ltd, Belgrade as a bankruptcy creditor:**

**1. Minel-elektrooprema Inc., Belgrade-in bankruptcy,  
Commercial court in Belgrade 32.St.4760/12**

Filed claims in amount of **RSD 27.799.222,10.**

Recognized claim by the Conclusion of the Commercial court in Belgrade from March 8, 2013 in amount of 27.799 thousand in full.

The Court passed a decision (28.03.2019) stating the sale of the bankruptcy debtor as a legal entity, but four public sales did not have results. According to the information received from the associate of the Bankruptcy Trustee, the main property of the bankruptcy debtor in Ripanj has not been sold, and so far, the creditors of the 1st and 2nd order have been paid through three partial divisions. During this year, the bankruptcy debtor is expected to revise the assessment of the value of property, especially real estate, due to the passage of time and to offer it individually for public sale, so it is expected that payments from creditors from the third payment order will begin this year. The collection of creditors from the third payment order will be made from the cashed bankruptcy estate, it will depend on the amount of the bankruptcy estate and the percentage of collection of creditors by payment order. IMP-AUTOMATIKA DOO BELGRADE will be in the third payment order.

Bankruptcy proceedings against the bankruptcy debtor are still ongoing (the bankruptcy estate has not yet been formed).

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**37. COURT DISPUTES (continued)**

**2. Projektomontaza Inc., Belgrade – in bankruptcy  
Commercial court in Belgrade 3.St 131/2017 (before 39.St.88/2013 and 3.St.142/2014 )**

**Filed claims in amount of RSD 1.116.788,17 on the day January 12, 2015 + interest**

Recognized claim by the Conclusion of the Commercial court in Belgrade from April 21, 2015 in amount of RSD 1.116.788,17 on behalf of the principal debt and RSD 578.829,88 on behalf of statutory default interest.

By the decision of the court, the plan of reorganization of the debtor prepared in advance was put out of force and on February 9, 2015., a decision was made on the bankruptcy of the debtor. On June 14, 2017. the court issued a decision terminating the bankruptcy proceedings against the bankruptcy debtor, and continuing over the bankruptcy estate. According to information from the Bankruptcy Administrator, the bankruptcy procedure is in the final phase. On December 21, 2022, the bankruptcy trustee submitted to the bankruptcy judge a draft decision for the main division of the bankruptcy estate with a 1.20% settlement in relation to the established claims of bankruptcy creditors of the III payment order, in which order is the claim of IMP - AUTOMATIKA DOO BELGRADE. After the adoption of the decision on the

**3. Termoelektro Ltd., Belgrade – in bankruptcy  
Commercial court in Belgrade St.162/2021 (before 4.St.181/2013)**

**Filed claims in amount of 180 thousand dinars + interest 43 thousand dinars, full filed in amount of 223 thousand dinars.**

**Recognized claim by the Conclusion of the Commercial court in Belgrade from March 04, 2015 in amount of 223 thousand dinars in full.**

On December 11, 2019, the Court issued a Decision on partial division, according to which January 13, 2020 IMP-Automatika Ltd, Belgrade was paid in the amount of RSD 996.68. On September 7, 2021. the Commercial Court in Belgrade issued a Decision by which, due to the sale of the bankruptcy debtor to the buyer STEEL SERVICE CENTER DOO SMEDEREVO, it suspended the proceedings against the bankruptcy debtor and continued the proceedings against the bankruptcy estate. The bankruptcy estate TERMOELEKTRO DOO BELGRADE IN BANKRUPTCY was registered on August 9, 2021. year in APR in the Register of Bankruptcies. Collection of the bankruptcy claim will depend on the amount of the bankruptcy estate and the percentage of the collection of the creditors' claims by payment lines, IMP - AUTOMATIKA DOO BELGRADE is in the III payment line. According to information from the Bankruptcy Administrator, the bankruptcy proceedings against the Bankruptcy Estate are in the final stage. There are still a number of litigation proceedings that have not been completed, as well as the land conversion procedure in the RGZ-Service for the Real Estate Cadastre, the completion of which depends on the further course of the bankruptcy proceedings against the bankruptcy estate.

The bankruptcy proceedings against the bankruptcy estate are still ongoing.

**4. Construction Company Gemax Ltd., Belgrade – Zemun in bankruptcy  
Commercial court in Belgrade, St. 70/2018 (before 2.St.2/2017)**

**Filed claims in amount of 456 thousand dinars behalf of the principal debt and 77 thousand dinars behalf of statutory default interest, of the day January 01, 2015.**

**Recognized claim by the Conclusion of the Commercial court in Belgrade from September 14, 2017 in amount of 456 thousand dinars on behalf of the principal debt and 77 thousand dinars which makes total amount of RSD 533 thousand.**

The bankruptcy proceedings against the bankrupt debtor were suspended due to the sale of the bankrupt debtor as a legal entity, further proceedings are conducted against the bankruptcy estate under the new number St.70/2018, and the bankruptcy estate was established on 04.04.2018. registered in APR. On October 28, 2019, the Commercial Court in Belgrade issued a Decision on the appointment of a new bankruptcy trustee, which was executed in the APR in the Bankruptcy Register on November 5, 2019.

**Notes to consolidated financial statements  
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**37. COURT DISPUTES (continued)**

**IMP-Automatika as a defendant (continued)**

According to the knowledge of the bankruptcy trustee, the proceedings against the bankruptcy estate are still ongoing because there are several legal proceedings, after the completion of which, as well as the sale of the remaining property of the bankrupt debtor, it is expected to satisfy the creditors in the III payment order, which includes the claim of the IMP - AUTOMATICA DOO BELGRADE. The collection of claims will depend on the amount of the bankruptcy estate after cashing in and the percentage of the collection of creditors' claims.

The bankruptcy proceedings against the bankruptcy estate are still ongoing.

**5. Angelina Kojic - Gina, Zrenjanin**

**Commercial court in Zrenjanin P.91/2017, according to the lawsuit of Automatika due to a debt of 3,366 thousand dinars P.241 / 2017 upon the counterclaim of the Angelina Kojic - Gina for the return of the advance and damages in the amount of RSD 11,027 thousand dinars**

The procedure for suing the Angelina Kojic - Gina began with a motion for enforcement based on a credible document with the Commercial Court in Belgrade no. lv.3257 / 2016, but upon the adopted objection of the Angelina Kojic - Gina, he moved to civil proceedings before the same court 12.P.3611 / 16. By the decision of February 20, 2017, the Commercial Court of Belgrade declared itself locally incompetent and referred the case to the locally competent Commercial Court in Zrenjanin.

On the joint proposal of the litigants, the Commercial Court in Zrenjanin terminated the procedure in the case P.91 / 2017 on November 28, 2017, until one of the parties submitted a proposal to continue the procedure.

The respondent Angelina Kojic - Gina filed a counterclaim against Automatika, which was filed with the same court under number P.241 / 17, for the purpose of recovering the advance and damages in the amount of RSD 11,026,579.33. By the decision of the court dated November 28, 2017, the procedure was terminated until the final conclusion of the case P.91 / 2017.

The litigants are in the process of amicable settlement of both disputes, because in the meantime the defendant / counter-plaintiff, the Angelina Kojic - Gina, has had his director removed. Both proceedings are still pending.

**6. MOPING DOO POŽAREVAC – Debt in the amount of 550 + spp**

**Commercial court in Požarevac 3.P.265/2021 (before IIV-283/2021, and with the public bailiff from Požarevac IIV-93/2021)**

IMP-AUTOMATIKA DOO BELGRADE in the capacity of executive commissioner on 05.07.2021. submitted a proposal for execution on the basis of a credible document to the Commercial Court in Požarevac against MOPING DOO POZAREVAC for debt on invoices-credible document in the amount of 550,258.02 rsd + spp, (ancillary claims - statutory default interest for the entire period of delay and court costs) court on 06.07.2021.g. passed the Decision on execution IIV.283 / 2021. Upon the complaint of the Executive Debtor adopted by the court, the case was referred to litigation with the same court, Posl.br. 3.P.365 / 2021. The dispute was resolved at the first hearing for the main hearing by concluding the Court Settlement 3.P.265 / 2021 on 01.12.2021. in the amount of 550,258.02 dinars in the name of the main debt, 32,156.17 dinars in the name of legal default interest for the entire period of delay and the amount of 94,858.72 dinars in the name of total costs of the procedure by paying at 3 monthly rates: 230,000 rsd on 20.12.2021 .; 230.000,00 RSD on 20.01.2022. and 217,272.19 RSD on 20.02.2022.g. The Defendant The Defendant (formerly the Executive Debtor) paid the Court Settlement in full in accordance with the concluded Court Settlement (the 3rd installment was paid on February 21, 2022, because February 20, 2022 was a Sunday), which ended the case.

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**37. COURT DISPUTES (continued)**

**IMP-Automatika as a defendant (continued)**

**7. MAŠINOIMPEKS DOO VOLUJAC-Užice – Debt in the amount of RSD 400.000,00+ spp  
Commercial court in Užice IIV.596/2021 (and with the public bailiff IIV.227/2021)**

IMP-AUTOMATIKA DOO BELGRADE in the capacity of executive creditor on 13.10.2021. submitted a proposal for execution on the basis of a credible document to the Commercial Court in Užice against MAŠINOIMPEKS DOO VOLUJAC-Užice due to debt on the rest of the invoice-authentic document in the amount of 400,000.00 RSD + spp (ancillary claims - statutory default interest for the entire period of delay and court costs ) which the court on 13.10.2021.g. passed the Decision on execution IIV.596 / 2021. In the enforcement procedure at the proposal of the Executive Debtor agreed with the Executive Creditor, the execution was postponed until the end of January 2022, and in February 2022. was continued извршење and through forced collection, the principal debt was collected in full, the statutory default interest for the entire period of delay and the court fee, and on April 1, 2022. year and expenses incurred before the public bailiff in the amount of RSD 41,254.29.

The case is closed.

**8. MAŠINOIMPEKS DOO VOLUJAC-Užice – Debt in the amount of RSD 232.204,24 + spp  
Commercial court in Užice IIV.544/2022 (and with the public bailiff IIV.174/2022)**

IMP – AUTOMATIKA DOO BELGRADE in the capacity of executive creditor on September 26, 2022. filed a Motion for enforcement based on a credible document to the Commercial Court in Užice against MAŠINOIMPEKS DOO VOLUJAC-Užice for the debt due to the balance of the invoice - a credible document in the amount of RSD 232,204.24 + spp (collateral claims - statutory default interest for the entire period of arrears and court costs ) which court is on the same day, September 26, 2022. issued the Decision on the execution of IIV.544/2022. In the execution procedure by the Public Executor (case number IIV.174/2022) by forced collection from the Enforcement Debtor on October 27, 2022. ordered and settled claim in the amount of RSD 250,468.62 - namely RSD 232,204.24 principal debt, RSD 11,516.38 statutory default interest for the entire period of delay, RSD 6,748.00 court fee, and on 02.12.2022. year and costs incurred before the Public Executor in the total amount of RSD 30,566.00.

The case is closed.

**9. Matej Vrbica from Belgrade, for the purpose of determining the existence of an employment relationship, and not an employment contract, First Basic Court in Belgrade 10.P1.191 / 16**

On November 30, 2016, the first instance court rendered the first instance verdict by which it REJECTED the plaintiff's claim as unfounded in its entirety. The plaintiff filed an appeal against the first instance verdict, to which IMP-AUTOMATIKA LTD BELGRADE, as the defendant, filed a Response to the appeal on February 10, 2017, with the second instance verdict of the Court of Appeals in Belgrade, the first instance verdict was CONFIRMED. The plaintiff filed an extraordinary legal remedy - AUDIT, to which IMP-AUTOMATIKA responded to the audit on November 5, 2018. on January 17, 2020. IMP-AUTOMATIKA LTD BELGRADE received the Decision of the Supreme Court of Cassation dated August 29, 2019. by which both the first-instance and second-instance decisions were revoked and the case was returned to the first-instance court for a new decision with an order to determine whether it was a simulated contract or not.

In the repeated procedure, the first instance court acted on the order of the Supreme Court of Cassation and after the conducted procedure on November 2, 2020 again passed the judgment 10.P1.110 / 20 by which he rejected the claim as unfounded in its entirety. The prosecutor again filed an appeal against the first-instance verdict on December 22, 2020. year, to which IMP - AUTOMATIKA DOO BELGRADE responded to the appeal on 01.25.2021. years. The second-instance court is on November 30, 2021. passed the verdict 1.4284/21, which again rejected as unfounded the appeal of the Prosecutor and confirmed the first-instance verdict. The prosecutor on June 7, 2022. In 2018, the second-instance verdict again filed an extraordinary legal remedy - revision, to which IMP - AUTOMATIKA DOO BELGRADE gave a response to the revision on August 5, 2022. years.

The procedure for revision - extraordinary legal remedy is still ongoing.



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**37. COURT DISPUTES (continued)**

**IMP AUTOMATIKA-SECURITY DOO BELGRADE** has no court cases in 2022.

IMP AUTOMATIKA-SECURITY DOO BELGRADE had only one misdemeanor proceeding in 2022, which was conducted before the Misdemeanor Court in Belgrade, the summons was received on 29.12.2021. year, and the applicant was the Agency for Economic Registers for offenses under Art. 14., paragraph 1, point 1 of the Law on Central Registration of Real Owners, because the real owner of the company was not registered within the legal deadline.

On 10.01.2022. IMP AUTOMATIKA-SECURITY DOO BELGRADE submitted to the Misdemeanor Court in Belgrade a written defense of the defendant legal entity and the defendant responsible person in the legal entity, because in this case it is a legal exception from the obligation to report the real owner of the company - namely, when in direct line, through the founder, comes to the Republic of Serbia as 100% of the founder, i.e. shareholder, there is no obligation to report the real owner of the company. In the case of IMP AUTOMATIKA-SECURITY DOO BELGRADE - 100% the founder of IMP AUTOMATIKA-SECURITY DOO BELGRADE is IMP - AUTOMATIKA DOO BELGRADE, whose 100% founder is INSTITUTE MIHAJLO PUPIN DOO BELGRADE, and whose 100% founder is the REPUBLIC OF SERBIA, therefore there is no legal obligation reporting the real owner of this company.

On February 24, 2022. year, the Misdemeanor Court in Belgrade passed Judgment no. 55 Ex. 56748/21 by which the defendant legal entity - IMP AUTOMATIKA-SECURITY DOO BELGRADE and the defendant responsible person in that legal entity - legal representative, were released from liability.

The case is closed.

**IMP – COMPUTER SYSTEMS DOO BELGRADE as Proposer in the non-litigation procedure:**

**1. Opponent of the proponent: Ministry of Internal Affairs, Belgrade**

**Third Basic Court in Belgrade, 3R3.br.156/22, procedure for cancellation of a document (amortization of a bill of exchange)**

The proposer - the company IMP - RAČUNARSKI SISTEMI DOO BELGRADE is, acting on the order of the Court dated 07.11.2022. made the payment of the ordered amount to the deposit account of the Court, and in the name of publishing an advertisement for the cancellation of the document (amortization of the bill of exchange).

The procedure is still ongoing.

**IMP-TELEKOMUNIKACIJE DOO BELGRADE in the capacity of bankruptcy creditor:**

**1. Bankruptcy debtor: Minel-elektrooprema AD Belgrade in bankruptcy**

**Commercial Court in Belgrade, 32 St. 4760/12**

Reported claim: RSD 93,112.00 + 55,349.77 statutory default interest, which makes a total of RSD 148,461.77.

Admitted claim in the amount of RSD 98,500.69, contested part of the statutory default interest in the amount of RSD 49,961.08.

On August 23, 2019. In 2008, the Court issued a Decision confirming the sale of the bankrupt debtor as a legal entity, four public sales were attempted which did not yield results. Until now, creditors of the first and second order have been paid 100%, through three partial installments. According to the information of the Bankruptcy Administrator, in the coming period activities related to the monetization of individual assets of the Bankruptcy Debtor - Property Units, in order to determine, after the monetization and settlement of various creditors, the available divisive mass, for the payment of creditors from the III payment order, in which order is also the claim of the IMP – TELEKOMUNIKACIJA DOO BELGRADE. The settlement will depend on the amount of the fractional mass.

The bankruptcy proceedings are still ongoing.

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**37. COURT DISPUTES (Continued)**

**IDVORSKI LABORATORIJE d.o.o. BELGRADE AS PROSECUTOR:**

1. Defendant-Executive debtor: LED VISION DOO LUKAVAC, Bosnia and Herzegovina, lawsuit with a proposal for issuing a payment order, for a debt in the amount of EUR 3,483.00 + spp, Commercial Court in Belgrade, 3.PL.183/2022

IDVORSKI LABORATORIJE d.o.o. BELGRADE submitted to the Commercial Court in Belgrade on June 30, 2022. year Lawsuit with a proposal for issuing a Payment Order against the debtor LED VISION d.o.o. Lukavac, Bosnia and Herzegovina, for a debt in the amount of EUR 3,483.00 + spp, based on the agreed jurisdiction and the explanation that the Defendant is a business company from Bosnia and Herzegovina that does not have an open current account, nor any property in the Republic of Serbia that could be subject of enforcement, which is why the charge against the Defendant could not be carried out on the basis of the law regulating enforcement and security, and the Prosecutor had a legal interest in issuing a payment order, which fulfilled the conditions for issuing a payment order to the Defendant by the Title Court. The court is on July 1, 2022. Mr. issued the Decision issuing Payment Order 3.PL.183/2022, which became legally binding and enforceable on 05.10.2022. years.

As it is a foreign legal entity, IDVORSKI LABORATORIJE d.o.o. BELGRADE on 14.12.2022. submitted to the Cantonal Court in Tuzla a proposal for the recognition of a final and enforceable decision of a foreign court, which procedure is ongoing. After receiving the Court's Decision on the recognition of the foreign court's decision - Payment Order of the Commercial Court in Belgrade, the Payment Order will be the subject of the enforcement procedure in Bosnia and Herzegovina, by forced collection from the debtor's account.

The process of recognizing the decision of a foreign court is ongoing.

**IMP-PIEZOTEHNOLOGIJA DOO BELGRADE in the capacity of bankruptcy creditor:**

**1. Bankruptcy debtor: BRAKE EQUIPMENT PRODUCTION COMPANY PRVA PETOLETKA-KOČNA TEHNIKA AD Trstenik in bankruptcy  
Commercial court in Kraljevo, St. no. 26/2015**

Reported claim: in the amount of RSD 67,733.40 in the name of the principal debt and in the amount of RSD 25,462.97 in the name of statutory default interest, which totals RSD 93,196.37.

The claim was recognized in its entirety by the Conclusion of the Commercial Court in Kraljevo dated January 18, 2016. years.

According to the information of the Bankruptcy Administrator, the final activities on the preparation of the sale of the property are underway and, depending on the speed of the sale and the price achieved, there will be a possible settlement of the creditors.

IMP-PIEZOTEHNOLOGIJA DOO BELGRADE is in the III payment order.

**INSTITUTE MIHAJLO PUPIN DOO BELGRADE as bankruptcy creditor:**

**1. Telefonija AD Beograd - in bankruptcy  
Commercial Court in Belgrade: 3.St.71/2014 (formerly 6.St.3715/2012)**

Reported claim in the amount: **RSD 1,665,810.72** in the name of the main debt  
**RSD 2,217,719.75** in the name of interest.

Claim recognized by the Conclusion of the Commercial Court in Belgrade dated March 24, 2015. year: RSD 1,665,810.72 in the name of the principal debt and RSD 249,302.88 in the name of secured interest, which makes the total amount of the recognized claim in the amount of RSD 1,915,113.60.

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**INSTITUTE MIHAJLO PUPIN DOO BELGRADE as bankruptcy creditor (Continued)**

According to the information of the bankruptcy trustee, based on the Decision of the Commercial Court in Belgrade 3.St.71/2014 dated 28.02.2020. year, by which the first partial division of the bankruptcy estate of the bankrupt debtor was determined, the claims of the creditors of the first and second order of payment were fully settled. In the following period, there are activities related to the monetization of the remaining property of the bankrupt debtor, in order to determine, after the monetization and settlement of various creditors, the available divisible mass, for the payment of creditors of the III payment order, in which payment order is the claim of INSTITUT MIHAJLO PUPIN DOO BELGRADE.  
The bankruptcy proceedings are still ongoing.

**2. . Bankruptcy estate - Partner inženjering ltd Belgrade  
Commercial Court in Belgrade-8.St.255/2016 (formerly 9.St.4659/2010)**

Reported receivable in the amount of: **RSD 8,117,941.21 in the name of the principal debt  
RSD 1,766,046.73 in the name of legal interest.**

Recognized claim in full by the Conclusion of the Commercial Court in Belgrade from March 29, 2011. The Commercial Court in Belgrade, after the sale of the bankruptcy debtor as a legal entity on 30.05.2016. suspended on 04.10.2016. bankruptcy over the bankruptcy debtor and continued the proceedings over the bankruptcy estate, new case 8. St.255 / 2016. According to the Main Division, the Institute as a bankruptcy creditor from the III payment order was collected in the percentage of 2.08% of the recognized claim, payment in the amount of 205,894.54 RSD on December 20, 2018.

According to the notice of the bankruptcy trustee, the bankruptcy proceedings are nearing the end, there are no assets and financial resources, and the account of the bankrupt debtor has been blocked for a long period of time, continuously since 16.05.2022 which on 08.02.2023 is RSD 5,204,920.55.

Liabilities significantly exceed potential income, so the conclusion of bankruptcy is expected in the following period.

**3. Bankruptcy estate - GOŠA Factory of rail vehicles, passenger and special wagons LTD  
Smederevska Palanka - in bankruptcy Commercial Court in Požarevac St.3/2020 (formerly 3.st.28/2017)**

Reported claim: **RSD 89,280.00 in the name of the principal debt  
RSD 58,070.75 in the name of statutory interest**

By the conclusion of the Commercial Court in Požarevac from September 26, 2018. receivable recognized in full. On the 12.11.2019 Court issued a decision which, due to the sale of the bankruptcy debtor as a legal entity suspends the bankruptcy of the bankruptcy debtor, and continues over the bankruptcy estate, new case St.3 / 2020. According to the Main Division, the bankruptcy creditors of the 2nd and 3rd Payment Orders (3rd order - commercial creditors, in which the Institute is a group), were not paid, payment was made to priority creditors of the 1st order - salaries of employees in the amount of 49, 28% of recognized receivables.

According to the notice of the bankruptcy administrator, the key problem in this bankruptcy proceeding is the litigation proceedings with AD ŽELEZNICA SRBIJE and AD SRBIJA VOZ, for the purpose of collecting claims, as well as with the CITY OF BELGRADE regarding the ownership of business premises at Maleševska Street 28 A in Belgrade. According to the judgment of the Commercial Court of Appeal in Belgrade 12.PŽ.10479/21 dated 07.12.2022. the legal proceedings with the CITY OF BELGRADE have been legally concluded, legal conditions have been created for the monetization of the said property, which is expected in the 4th quarter of 2023.

After monetizing the assets and collecting the claims, the bankruptcy trustee will draw up a draft decision on the final division, and after the legal force of that decision, the available funds will be paid to the creditors in accordance with the Bankruptcy Law, which means that at the very end, if there are funds, the creditors from III will be charged payment order, in which group is the claim of the Institut Mihajlo Pupin Ltd. Belgrade.

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**37. COURT DISPUTES (Continued)**

**Institute „Mihajlo Pupin“ Ltd Belgrad in the capacity of the defendant:**

**4. Mirković Mara from Belgrade - for the purpose of concluding a lease agreement for an indefinite period of time The Fourth Defendant Institute, now the Third Basic Court in Belgrade 5.P.12256/13**

On 18 May 2017, the first-instance court again issued a Decision on the termination of the procedure, the second-instance court accepted the plaintiff's appeal, revoked the decision on the termination of the procedure and returned the case to the first-instance court for retrial.

In the continued procedure, all the proposed evidence was presented and the Institute submitted a request to terminate the procedure until the final conclusion of the procedure before the RGA-Real Estate Cadastre Service - New Belgrade Branch to correct the registration of the right to use the disputed apartment in favor of the Institut Mihajlo Pupin Ltd. Belgrade. The procedure was not terminated on January 24, 2021. The judgment was appealed by the plaintiff, the second defendant Directorate for Building Land and Construction of Belgrade and the fourth defendant Institut Mihajlo Pupin Ltd. Belgrade. The outcome of the dispute is uncertain, because the second-instance court will review the final appeals, among other things, on the legal question - whether the right to use the apartment has been exhausted by one-time disposal or not, and based on that, it will issue a second-instance decision by which it will either cancel the first-instance verdict and return it to the first-instance court for reconsideration, i.e. to judge himself or confirm the first-instance verdict or change it.

The appeal procedure is still ongoing.

**5. Prosecutor: Danijela Maksimović to establish the ownership of the apartment  
Higher Court in Belgrade 8.P.2248/2022 (previously at the Third Basic Court in Belgrade  
29.P.2769/2022)**

The plaintiff filed the lawsuit on April 13, 2022. to the Third Basic Court in Belgrade, case number 29.P.2769/22, for the purpose of determining the ownership of 1/1 of the apartment at Gandijeva 24/5, and the Third Basic Court in Belgrade, by Decision no. 29.P.2769/22 of 06.09.2022. declared that he was not really competent in the said dispute, because he determined that the value of the dispute is RSD 5,302,843.68, and not RSD 309,739.43 as determined by the lawsuit, and according to the value of the dispute, the High Court in Belgrade is competent for the same. The plaintiff's claim is unfounded because the plaintiff can only be the owner of 15% of the contested apartment based on inheritance from the deceased. Svetlana Maksimović's mother, who was found by the court to have 15% ownership of the disputed apartment, and the plaintiff cannot have more rights to the disputed apartment than her legal predecessor had, i.e. testator (the apartment was the property of the subsidiary company IMP – SENZORI I MERENJA Ltd. Belgrade after whose liquidation the apartment was owned by the founder of this company - Institut Mihajlo Pupin Ltd. Belgrade which was also registered with RGA-Real Estate Cadastre Service - New Belgrade Branch as the owner of the apartment).

It is expected that the High Court in Belgrade will schedule a preliminary hearing.

**INSTITUT MIHAJLO PUPIN DOO BEOGRAD у СВОЈСТВУ УМЕШАЧА НА СТРАНИ ТУЖЕНОГ ЈП Путеви Србије (по основу закљученог Уговора о одржавању Система за наплату путарине на аутопутевима Републике Србије):**

**6. Plaintiffs: Ivković Miloš and Ivković Ilić Dušica for non-material damage compensation RSD 99,000.00 (RSD 40,000.00 plaintiff and RSD 59,000.00 plaintiff) + spp, Defendants: JP Putevi Srbije, Basic Court in Niš, 24.P.2888/20**

The Institute was invited by the defendant, JP Putevi Srbije, to be an intervener on the side of the defendant, which the Institute accepted and, in its capacity as an intervenor, contested the claim of the plaintiffs in its entirety, accepting the litigation in the state in which it was at the time of the intervention. He contested the findings and opinions of the expert neuropsychiatrist and submitted evidence to the court - a video of the plaintiff's passing through the toll ramp, during which the ramp descended on the plaintiff's vehicle at the toll station in Nis on January 21, 2020, from which it can be seen that, contrary to the allegations in the lawsuit and expert opinion, the passenger seat is empty, i.e. that the plaintiff was not in the vehicle at the time of the accident, nor was there a minor child in the back seat. The Institute compensated the claimant through the liability insurance policy of the company Dunav osiguranje ado Belgrade for material damage

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to the vehicle because it was established that the ramp descended on the vehicle due to technical problems in the operation of the toll collection system, which is undisputed, but the right to compensation is disputed in this dispute non-material damages to the plaintiffs due to the fear suffered and that the plaintiff's wife, also the plaintiff in this dispute, and a minor child were in the vehicle at the time of the accident. On February 14, 2022. the main hearing was concluded and first-instance Verdict 24.P.2888/2020 dated 02.14.2022 was issued. in which he completely rejected the claim of the plaintiffs. Only the prosecutor Miloš Ivković filed an appeal against the verdict, which made the rejection verdict against the second plaintiff Ivković Ilić Dušica legally binding. The Institute filed a response to the appeal, refuting it on all grounds. The appeal will be decided by the High Court in Nis, a second-instance decision of the court is expected. The appeal procedure is still ongoing.

**7. Nataša Petrović from Čačak for damages RSD 50,000.00 + spp  
Defendant JP Putevi Srbije, Basic Court in Čačak P.7097/21**

The institute was invited by the defendant - JP Putevi Srbije to sue for damages due to the fall of the ramp at the Preljina toll station on August 28, 2021. on the Prosecutor's vehicle, included as an intervener. As it was determined that there was no fault on the part of the Prosecutor in the occurrence of the damage, after reviewing the recordings obtained from JP Putevi Srbije, the Out-of-court settlement no. 791/1-22 of March 28, 2022. before the first hearing for the main hearing, which is scheduled for March 29, 2022. in order to reduce the costs of the procedure and after receiving the Institute's payment in the amount of RSD 71,900.00 on 28.03.2022. (main debt and the costs of the procedure, the plaintiff waived the demand for the payment of statutory default interest), The plaintiff waived the claim, and the Basic Court in Čačak on March 29, 2022 rendered a Judgment based on the waiver of claim no. 9.P.7097/21. The case is closed.

**8. Nemanja Popović from Belgrade for damages RSD 82,500.00 + spp  
Defendant JP Putevi Srbije, First Basic Court in Belgrade 81.P.48165/21**

The institute was invited by the defendant - JP Putevi Srbije to sue for damages due to the fall of the ramp at the Preljina toll station on August 28, 2021. on the Prosecutor's vehicle, included as an intervener. As it was determined that there was no fault on the part of the Prosecutor in the occurrence of the damage, after reviewing the recordings obtained from JP Putevi Srbije, the Out-of-court settlement no. 354/1-22 of 07.02.2022. before the first hearing for the main hearing scheduled for March 29, 2022. no. 354/1-22 of 07.02.2022. which was paid on February 8, 2022. in the amount of RSD 96,700.00 (principal debt and costs of the procedure, the plaintiff waived the demand for statutory default interest). The prosecutor withdrew the lawsuit on February 11, 2022. and the Court on 14.04.2022. issued a Decision on the withdrawal of the lawsuit. The case is closed.

**9. DELTAGRAF DOO SMEDEREVO for damages 160,000.00 dinars + spp.  
Defendant JP Putevi Srbije, Commercial Court in Belgrade 2.P.2073/21**

The Institute is not an intervenor in this dispute because the court did not issue a ruling on interference, but it provided the defendant - JP Putevi Srbije with complete documentation on the refusal to pay damages to the plaintiff here by the Company Dunav osiguranje ado Belgrade on the basis of the Institute's liability insurance policy because based on the video obtained JP Putevi Srbije determined that the driver - here the Prosecutor is to blame for the damage caused. The court, by its first-instance verdict dated 06.04.2022. partially accepted the Plaintiff's claim in the amount of RSD 102,578.00 with statutory default interest starting from 04/06/2022. until the final payment and in the amount of RSD 95,452.00 for the costs of the procedure, and refused the remaining part of RSD 43,962.00 with the associated interest. Both the Prosecutor and the Defendant filed an appeal against the verdict, the second-instance decision is awaited. The appeal procedure is still ongoing. Although the Institute is not a party or intervener in this proceeding, the second-instance decision could return the case to the first-instance court for a new decision, when the Institute could, if the Defendant invites it to interfere, join the litigation at the stage in which it is in the capacity of an intervener.

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**10. Goran Savić from Novi Sad for damages RSD 151,870.15 + spp  
Defendant JP Putevi Srbije, First Basic Court in Belgrade 15.P.58542/21**

The Institute was summoned by the defendant - PE Roads of Serbia, to a lawsuit for damages due to the fall of the ramp at the toll station Obrenovac on September 24, 2021. on the Prosecutor's vehicle, include as an intervener. As it was determined that there is no guilt on the part of the Prosecutor in causing the damage, by inspecting the recordings obtained from JP Putevi Srbije, an out-of-court settlement was concluded with the Prosecutor before the first hearing for the main hearing, no. 301 / 1-22 of 02.02.2022. year and paid on 03.02.2022.g. in the total amount of RSD 175,507.55 (RSD 151,870.15 principal debt to the Prosecutor who waived the claim for statutory default interest and RSD 23,637.40 costs of the proceedings to the attorney). The plaintiff withdrew the lawsuit on February 4, 2022. year and corrected the submission 08.02.2022. year, the Court ruled that the lawsuit was withdrawn on 17.02.2022, the case was terminated.

**11. Geodetic shop "Nikola" Veliko Gradište for damages 87,790.67 RSD + spp  
Defendant JP Putevi Srbije, First Basic Court in Belgrade 52.P.16852/21**

The Institute was summoned by the defendant - PE Roads of Serbia, to a lawsuit for damages due to the fall of the ramp at the toll station Obrenovac on September 24, 2021. on the Prosecutor's vehicle, included in the capacity of an intervener, to which the Institute agreed, but based on the insight into the recording of the Prosecutor's passage through the Obrenovac toll station on February 17, 2020. it was determined that there is no guilt on the part of the Prosecutor in the occurrence of the damage, the Out-of-Court Settlement no. 302 / 1-22 dated 2 February 2022. year and paid on 03.02.2022. in the total amount of 112,702.30 RSD (main debt and costs of the procedure, the Prosecutor waived the request for statutory default interest). Although the Institute determined that the First Basic Court in Belgrade is not really competent to resolve this case because it is an entrepreneur and the competent commercial court in Belgrade, as it has not received the Decision on Interference and has not yet become a party to the proceedings, it has not objected. the case would be resolved as soon as possible without further costs. The plaintiff withdrew the lawsuit on February 4, 2022. year and the court is expected to issue a decision that the lawsuit was withdrawn when the case is completed.

**12. DDOR NOVI SAD a.d.o. Novi Sad due to recourse debt 45,004.00 RSD + spp,  
defendant PE Roads of Serbia, Commercial Court in Novi Sad - 10.P.2902/2021**

The institute was summoned by the defendant - PE Roads of Serbia, to a lawsuit for recourse debt, ie. recourse for paid compensation for damage due to the fall of the ramp at the toll station Piroć-West on 27.07.2020. per vehicle insured, included as an intervener, and how the recordings from the toll plazas of JP Puteva Srbije are kept, due to the volume of material, only 6 months, and the lack of evidence of guilt on the part of the insured for damages as a prerequisite for successful defense, in order to reduce further costs procedure in which there is no prospect of success on the part of the defendant, the Institute concluded an Out-of-Court Settlement with the Prosecutor 286 / 1-22 on 01.02.2022, paid to the Prosecutor on 02.02.2022. the amount of RSD 60,604.24 (principal debt and costs of litigation, the plaintiff waived the claim for statutory default interest), the plaintiff withdrew the lawsuit and waived the claim on 04.02.2022. year, and the Court on 10.02.2022. passed a Decision on the basis of renunciation, which ended the procedure.

**13. Plaintiffs: MR PERCAN Ltd. VETERNIK and Lekić Miloš from Veternik for damages RSD 183,875.98 + spp, Defendants JP Putevi Srbije, Commercial Court in Sremska Mitrovica 3.P.60/2022**

The institute was invited by the defendant - JP Putevi Srbije to sue for damages due to the fall of the ramp at the Stara Pazova toll station on October 7, 2020. on the Plaintiff's vehicle, included as an intervener, to which the Institute agreed, but as JP Putevi Srbije no longer had the contested recording due to the passage of time, which is why there was no adequate evidence as to whether the Plaintiff was guilty of damage to the vehicle, in order to reduce further costs of the procedure, the Institute concluded with the Prosecutors the Out-of-court settlement no. 1605/1-22 of June 30, 2022. which was paid on June 30, 2022. in the total amount of RSD 181,890.45 (first plaintiff, the amount of RSD 180,063.23 - principal debt, legal interest and costs of the procedure, to the second plaintiff, RSD 1,827.22, the cost of the rep. fee for the MUP Record, waived part of the claim) After receiving the payment, the plaintiffs waived their claim on July 1, 2022. and the Court on 07.07.2022. issued a Judgment on the basis of renunciation. The case is closed.

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**14. Plaintiff: CVETKOVIĆ DOO NOVI SAD for damages RSD 161,847.00 + spp, Defendant JP Putevi Srbije, Commercial Court in Sremska Mitrovica 3.P.151/2022**

The institute was invited by the defendant - JP Putevi Srbije to sue for damages due to the fall of the ramp at the Stara Pazova toll station on March 10, 2022. on the Prosecutor's vehicle, included as an intervener, to which the Institute agreed, but as the first hearing for the main discussion had passed, the Institute was precluded from proposing evidence for the defense, which is why there was no chance of success in the dispute, in order to reduce further costs of the procedure, The Institute concluded with the Prosecutor the Out-of-court settlement no. 1982/1-22 of 15.08.2022. which was paid on August 16, 2022. in the total amount of RSD 227,184.35 (RSD 161,847.40 main debt, RSD 65,336.95 costs of the procedure, the plaintiff waived the demand for interest on the bond). The prosecutor on 18.08.2022. withdrew the lawsuit and the Court on 12.09.2022. issued a Decision by which he determined that the lawsuit was withdrawn. The case is closed.

**15. Plaintiff: Triglav osiguranje ADO Belgrade for recourse debt RSD 18,200.00 + spp Defendant JP Putevi Srbije, Commercial Court in Belgrade - 5.P.3537/2022**

The Institute was invited by the defendant - JP Putevi Srbije to enter into litigation for recourse debt, i.e. recourse for compensation paid due to the fall of the ramp at the Vrčin toll station on July 12, 2019. on the insured's vehicle, including as an intervener. As JP Putevi Srbije no longer had the disputed video due to the passage of time, which is why there was no adequate evidence on whether the plaintiff was guilty of damage to the vehicle, in order to reduce further costs of the proceedings, the Institute concluded with the Prosecutor on 16.09.2022. year Out-of-court settlement no. 2246/1-22, which was paid on September 19, 2021. year in the amount of RSD 23,295.11 (RSD 18,200.00 compensation for damages + RSD 5,095.11 interest determined by the lawsuit). The plaintiff on 21.09.2022. renounced the claim in full before the first hearing for the main hearing and requested a corresponding exemption from paying the court fee for the claim and judgment. The court is on September 21, 2022. issued a Judgment on Renunciation. The case is closed.

**16. Plaintiff: Zlatiborski konaci Ltd. Pećinci for damages RSD 127,240.00 + spp Defendant JP Putevi Srbije, Commercial Court in Sremska Mitrovica - 2.P.160/2022**

The institute was invited by the defendant - JP Putevi Srbije to sue for damages due to the fall of the ramp at the Stara Pazova toll station on October 7, 2020. on the Plaintiff's vehicle, included as an intervener, to which the Institute agreed, but as JP Putevi Srbije no longer had the contested recording due to the passage of time, which is why there was no adequate evidence as to whether the Plaintiff was guilty of damage to the vehicle, in order to reduce further costs of the procedure, the Institute concluded with the Prosecutors on 12.09.2022. Out-of-court settlement no. 2192/1-22, which was paid on September 13, 2022. in the total amount of RSD 142,240.00 (To the plaintiff RSD 127,240.00 in the name of compensation for damages, the plaintiff waived interest on the principal debt and the amount of RSD 15,000.00 for the costs of the procedure to the attorney). The plaintiff on 15.09.2022. waived the claim, and on September 19, 2022. year, the Court issued a Judgment based on the waiver, but as the waiver was made after the first hearing for the main hearing, it did not exempt the parties from court fees, so the Institute on 17.10.2022. year, in accordance with the provisions of Article 3 of the concluded settlement, made an additional payment to the attorney-at-law in the amount of RSD 27,997.00 in the name of owed court fees. The case is closed.

**17. Тужилац: Компанија Дунав осигурање АДО Београд ради регресног дуга РСД 194.820,00 + спп Тужени ЈП Путеви Србије, Привредни суд у Београду - 6.П.3134/2022**

The Institute was invited by the defendant - JP Putevi Srbije to enter into litigation for recourse debt, i.e. recourse for compensation paid due to the fall of the ramp at the Merošina toll station on August 28, 2020. on the insured's vehicle, included as an intervener, but as JP Putevi Srbije no longer had the contested recording due to the passage of time, which is why there was no adequate evidence as to whether the plaintiff was guilty of the damage to the vehicle, in order to reduce further costs of the procedure, the Institute concluded an out-of-court settlement with the Prosecutor on September 15, 2022. no. 2263/1-22, which was paid on September 20, 2022. in the amount of RSD 227,029.37 (RSD 194,820.00 in the name of the recourse debt and RSD 32,209.37 in the name of the legal interest determined by the lawsuit). The plaintiff on 29.09.2022. in a submission before the first hearing for the main hearing, waived the claim in its

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entirety (exemption from paying the court fee for the claim and for the verdict), and the Court on 30.09.2022. issued a Judgment on the basis of renunciation.  
The case is closed.

**18. Plaintiff: PANTIĆ TRANSPORT DOO SIBNICA for damages 104,632.00 RSD + spp, Defendant JP Putevi Srbije, Commercial Court in Belgrade 25.P.4603/2022**

The Institute was invited by the defendant - JP Putevi Srbije to sue for damages due to the fall of the ramp at the Mali Požarevac toll station on September 5, 2022. on the Plaintiff's vehicle, including as an intervener, to which the Institute agreed. As the inspection of the footage of the Plaintiff's vehicle passing through the disputed toll station, obtained from JP Putevi Srbije, determined that the cause of the ramp fall was a technical problem in the operation of the toll collection system, in order to reduce further costs of the procedure, the Institute concluded with the Plaintiff the Out-of-court settlement no. 2815/1-22 of 15.11.2022. which was paid on November 15, 2022. in the total amount of RSD 113.63200 (RSD 89,632.00 compensation for damages, RSD 15,000.00 expert opinion costs submitted with the lawsuit and RSD 9,000.00 composition of the lawsuit according to AT, the plaintiff waived part of the claim for interest on the amount of damages compensation and expert opinion costs determined in the lawsuit). After receiving the payment, the plaintiff waived the claim in its entirety on November 15, 2022. year and demanded that the Court, since the waiver of the claim was made before the first hearing for the main hearing, exempt from payment of court fees for the claim and judgment. The court is on 22.11.2022. issued a Judgment on the basis of renunciation.

The case is closed.

**19. Plaintiff: SAVA NEZIVOTNO OSIGURANJE ADO Belgrade for recourse debt RSD 20,300.00 + spp Defendant JP Putevi Srbije, Commercial Court in Belgrade - 19.P.1368/2022**

The Institute was invited by the defendant - JP Putevi Srbije to enter into litigation for recourse debt, i.e. recourse for compensation paid due to the fall of the ramp at the Velika Plana toll station 13 days 08/22/2019. on the insured's vehicle, included as an intervener, but as JP Putevi Srbije no longer had the contested recording due to the passage of time, which is why there was no adequate evidence as to whether the plaintiff was guilty of the damage to the vehicle, in order to reduce further costs of the procedure, the Institute concluded an out-of-court settlement with the Prosecutor on May 4, 2022. year no. 1131/1-22, which was paid on May 5, 2022. in the amount of RSD 30,086.02 (RSD 20,300.00 recourse debt, RSD 4,668.20 in the name of legal interest determined by the lawsuit and RSD 5,118.00 litigation costs in the amount of the court fee for the lawsuit). The prosecutor on 06.05.2022. withdrew the lawsuit and claim in its entirety. The court is on 12.05.2022. issued a Decision on the withdrawal of the lawsuit.

The case is closed.

**20. Plaintiff: MILOŠ PETROVIĆ from the village of Tulare for damages of RSD 16,700.00 + spp, Defendant JP Putevi Srbije, Basic Court in Niš 19.P.103/2022**

The institute was invited by the defendant - JP Putevi Srbije, to sue for damages due to the collapse of the ramp at the Leskovac Center toll station on August 27, 2022. on the Plaintiff's vehicle, including as an intervener, to which the Institute agreed. As a review of the recording of the Plaintiff's vehicle passing through the disputed toll station, obtained from JP Putevi Srbije, it was determined that there is no evidence that would guarantee success in the dispute, bearing in mind the value of the litigation, the fact that the competent court in Nis (travel expenses) and the uncertain outcome of the dispute, in order to reduce further costs of the procedure, the Institute concluded with the Plaintiff the Out-of-court settlement no. 1285/1-22 of 05/24/2022. which was paid on May 31, 2022. in the total amount of RSD 34,268.00 (RSD 16,700.00 compensation for damages to the plaintiff and RSD 17,568.00 to the attorney-at-law for the costs of the procedure, which include RSD 9,000.00 for the composition of the lawsuit and RSD 6,000.00 for access to I unmaintained court under AT and RSD 2,568.00 court fee for the lawsuit, The plaintiff waived part of the claim for the payment of interest determined by the claim). After receiving the payment, the plaintiff waived the claim in its entirety on June 1, 2022. and the Court on 03.06.2022. issued a Judgment on the basis of renunciation.

The case is closed.



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**37. COURT DISPUTES (Continued)**

**21. Plaintiff: NEBOJŠA DMITROVIĆ from Gornji Milanovac for compensation of RSD 60,000.00 + spp, Defendant JP Putevi Srbije, Basic Court in Gornji Milanovac 5.P.21/2022**

The Institute was invited by the defendant - JP Putevi Srbije to sue for damages due to the fall of the ramp at the Takovo toll station on September 12, 2020. on the Plaintiff's vehicle, including as an intervener, to which the Institute agreed. As JP Putevi Srbije no longer had the disputed recording due to the passage of time, which is why there was no adequate evidence on whether the plaintiff was guilty of damage to the vehicle, in order to reduce further costs of the procedure, the Institute concluded an out-of-court settlement with the plaintiff on 05/10/2022. no. 1177/1-22, which was paid on May 11, 2022. in the total amount of RSD 58,300.00 (RSD 45,000.00 damages to the Plaintiff and RSD 13,300.00 to the attorney-in-fact for the costs of the proceedings, which include RSD 9,000.00 for the composition of the claim and RSD 4,300.00 for the court fee for the claim, the Plaintiff waived part of the claim for the payment of compensation for non-material damages). Upon receiving the payment, the plaintiff waived the claim in its entirety on May 12, 2022. and the Court on 13.05.2022. issued a Judgment on the basis of renunciation. The case is closed.

**22. 29. ФЕБРУАР Ltd. Novi Sad for damages RSD 60,602.00 + spp  
Defendant JP Putevi Srbije, Commercial Court in Novi Sad - 12.P.909/2022**

The institute was invited by the defendant - JP Putevi Srbije to sue for damages due to the fall of the ramp at the Kovilj toll station on July 11, 2022. around 10:20 a.m. to the Prosecutor's vehicle, including as an intervener, to which the Institute agreed. As the inspection of the footage of the Plaintiff's vehicle passing through the disputed toll station, obtained from JP Putevi Srbije, determined that the cause of the ramp fall was a technical problem in the operation of the toll collection system, in order to reduce further costs of the procedure, the Institute concluded with the Plaintiff on 26.12.2022. year Out-of-court settlement no. 3290/1-22, which was paid to the attorney's attorney's account, according to the power of attorney, on December 27, 2022. in the total amount of RSD 100,602.00 (RSD 50,602.00 in the name of compensation for damages, RSD 9,240.00 in the name of compensation for lost car days according to the opinion of the expert, RSD 760.00 in the name of the cost of obtaining the official note of the MUP and the amount of RSD 40,000.00 in the name of the costs of the litigation of the procedure, which include RSD 9,000.00 for the composition of the lawsuit, RSD 6,000.00 for access to 1 non-held hearing according to AT and RSD 25,000.00 for the cost of the expert opinion for the report submitted with the lawsuit, the plaintiff waived the part of the lawsuit claim that referred to the statutory default interest, determined by the lawsuit). The plaintiff on 28.12.2022. waived the claim in its entirety and requested exemption from paying court fees because the waiver was made before the end of the first hearing for the main hearing, withdrew the lawsuit on June 16, 2021, and the Court issued a Judgment on January 11, 2023 based on the waiver. The case was concluded in 2023.

**23. T Plaintiff: Company Dunav osiguranje ADO Beograd for recourse debt RSD 63,457.00 + spp  
Defendant JP Putevi Srbije, Commercial Court in Belgrade-2.PL.405/2022 (the case was transferred to litigation no. 10.P.56 /2023)**

The Institute was invited by the defendant - JP Putevi Srbije to enter into litigation for recourse debt, i.e. recourse for compensation paid due to the fall of the ramp at the Vrčin toll station on May 31, 2021. on the insured's vehicle, including as an intervener, to which the Institute agreed. As JP Putevi Srbije no longer had the contested recording due to the passage of time, which is why there was no adequate evidence on whether the plaintiff was guilty of damage to the vehicle, in order to reduce further costs of the procedure, the Institute agreed with the plaintiff on 01.24.2023. concluded the out-of-court settlement dated no. 176/1-23, which was paid on January 26, 2023. in the amount of RSD 74,763.79 (RSD 63,457.00 recourse debt, RSD 7,708.00 court fee for the lawsuit, i.e. for the issuance of a payment order and RSD 3,598.79 in the name of the legal interest determined by the lawsuit). The plaintiff on 01.02.2023. withdrew the lawsuit and claim in its entirety (exemption from payment of the court fee for the verdict), and the Court on 02.03.2023. issued a Decision that the lawsuit was withdrawn. The case was concluded in 2023.

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**24. Plaintiff: BORIVOJ JANJIĆ PR MEAT PROCESSING AND CANNING TRADE AND SERVICES BUTCHER JANJIĆ ŠID, from Šid for compensation of damages RSD 49,270.00 + spp, Defendant JP Putevi Srbije, Basic Court in Šid 1.P.205/2022**

The institute has been invited by the defendant - JP Putevi Srbije, to sue for damages due to the fall of the ramp at the Šimanovci toll station on June 20, 2021. around 1:25 p.m. to the Prosecutor's vehicle, including as an intervener, to which the Institute agreed. As JP Putevi Srbije no longer had the contested recording due to the passage of time, which is why there was no adequate evidence on whether the plaintiff was guilty of damage to the vehicle, in order to reduce further costs of the procedure, the Institute sent the plaintiff on 10.02.2023. year, indicating that the lawsuit was actually filed with a non-jurisdictional court (for entrepreneurs from Šid, the Commercial Court in Sremska Mitrovica is competent) and that the amount of the claim was stated incorrectly (the correct amount is RSD 36,770.00 + RSD 9,000.00 the cost of the procedure for filing a claim under AT) and demanding that the plaintiff waive the part of the claim that refers to the payment of the statutory default interest determined by the claim, because the settlement implies concessions on both sides. The plaintiff's attorney is sick at the time of writing this report, but he has confirmed that he accepts to conclude the out-of-court settlement as proposed, and after its conclusion the same will be paid, and the plaintiff will waive the claim in full before the first hearing for the main hearing and will claim exemption from payment of court fees on the suit and judgment. It is expected that the case will be resolved in a very short time, as stated, in 2023.

**INSTITUT MIHAJLO PUPIN Ltd. BELGRADE as the plaintiff, represented by lawyer Duško Filipović from Zemun:**

**25. Plaintiff: INSTITUT MIHAJLO PUPIN Ltd. BELGRADE for eviction from real estate Defendants: Gojko Drobnjaković from Belgrade (tenant of real estate) First Basic Court in Belgrade P.6076/22**

On May 6, 2022, a lawsuit was filed for the eviction of the Defendant tenant from the real estate in Valtazar Bogišića street no. 3A, whose registered holder of the right of use with 1/1 of the ideal share is the Institute, as well as for handing over the mentioned immovable property to the Institute. The case is in abeyance according to the Court Decision of 10.10.2022. due to the death of the Defendant on September 16, 2022. On 10.11.2022. after establishing the fact that probate proceedings O.6244/2022 were initiated against the Defendant before the First Basic Court in Belgrade, which was entrusted to notary public Miodrag Glišić, a submission was submitted to establish the fact that the Institute is an interested party in that probate proceeding, because after the end of the estate and the determination of the Plaintiff's heir, the civil proceedings can be continued. The lawyer's report is attached to this Report.

**26. Plaintiff: INSTITUT MIHAJLO PUPIN Ltd. BELGRADE for a debt in the amount of RSD 63,800.00 + spp Defendants: Gojko Drobnjaković from Belgrade (tenant of real estate) First Basic Court in Belgrade P.6063/22**

On 06.05.2022. In 2008, a debt lawsuit was filed against the Defendant lessee of real estate in Valtazar Bogišića street no. 3A, whose registered holder of the right of use with 1/1 ideal share is the Institute. The case is in abeyance according to the Court Decision of 10.10.2022. due to the death of the Defendant on September 16, 2022. On 10.11.2022. year, after establishing the fact that probate proceedings O.6244/2022 were initiated against the Defendant before the First Basic Court in Belgrade, which was entrusted to notary public Miodrag Glišić, a submission was submitted to establish the fact that the Institute is an interested party in that probate proceeding, because after the end of the estate and the determination of the Plaintiff's heir, the civil proceedings can be continued. The lawyer's report is attached to this Report.

**38.FINANCIAL INSTRUMENTS**

**Capital Risk Management**

The objective of capital management, the Groups's ability to continue its operations for an indefinite period in the foreseeable future in order to preserve capital structure to reduce the cost of capital, and the owners provide a return on capital. The Group monitors capital based on the gearing ratio which is calculated as the ratio of net indebtedness of the Group and its total capital.

Persons who control the finances at the level of the Group's capital structure are examined annually.

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**38. FINANCIAL INSTRUMENTS (Continued)**

Indicators indebtedness of the Group as at year end were as follows:

	<i>in RSD 000</i>	
	<b>2022.</b>	<b>2021.</b>
Debt a)	535,533	518,594
Cash and cash equivalents	(1,001,053)	(1,148,796)
Net debt	(465,520)	(630,202)
Equity b)	1,716,749	1,592,256
<b>Debt equity ratio</b>	<b>0,27</b>	<b>0,40</b>

a) Debt relates to long-term and short-term liabilities

b) Equity comprises founding capital, revaluation reserves, unrealized losses on securities available for sale and accumulated profit.

**Significant accounting policies regarding financial instruments**

Details of significant accounting policies, as well as criteria and basis for recognition of revenues and expenses for all categories of financial assets and liabilities are disclosed in Note 3 of these financial statements

**Categories of financial instruments**

	<i>in RSD 000</i>	
	<b>2022.</b>	<b>2021.</b>
<b>Financial Assets</b>		
Long term financial investments	28,180	14,260
Receivables from sales	1,262,114	757,564
Short-term financial investments	0	0
Cash and cash equivalents	1,001,053	1,148,796
	<b>2,291,347</b>	<b>1,920,620</b>
<b>Financial Liabilities</b>		
Long-term liabilities	(175,177)	(175,046)
Short-term financial liabilities	(360,356)	(343,548)
Trade payables without received advances	(1,390,796)	(552,599)
	<b>(1,926,329)</b>	<b>(1,071,193)</b>

Basic financial instruments of the Company are cash and cash equivalents, trade receivables and trade payables with basic purpose to finance its current operations. In normal business conditions the Company is exposed to the following risks.

**Purpose of managing financial risks**

Financial risks comprise market risk (currency risk and interest rate risk), credit risk and liquidity risk. Financial risks are recognized on timely basis and managed by decreasing of exposure of the Company to

**Notes to consolidated financial statements  
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**38. FINANCIAL INSTRUMENTS (Continued)**

**Purpose of managing financial risks (Continued)**

those risks. The Company does not use any hedge instruments in way to decrease exposure to financial risks because these instruments are not widely used and there is no active market for these instruments in the Republic of Serbia.

**Market risk**

The Company is exposed to financial risk from movements of currency exchange rates and interest rates.

Exposure to market risk is recognized through sensitivity analyses. There are no significant changes in the Company exposure, managing and measurement of market risk.

**Currency risk**

The Company is exposed to currency risk through trade payables which are nominated in foreign currency. The Company does not use any hedge instruments to manage currency risk because they are not adopted in business practice in Republic of Serbia.

The stability of economic environment in which the Company operates, is depending from government measures and law and legislation environment.

Book value of monetary assets and liabilities nominated in foreign currency at the date of reporting is following:

		in RSD 000		
	Assets		Liabilities	
	December 31 <sup>st</sup> 2022.	December 31 <sup>st</sup> 2021.	December 31 <sup>st</sup> 2022.	December 31 <sup>st</sup> 2021.
EUR	857,804	744,248	(640,995)	(700,249)
	<b>857,804</b>	<b>744,248</b>	<b>(640,995)</b>	<b>(700,249)</b>

The Company is sensitive on changes of exchange rate for EUR and USD. The following table reflects sensitivity analysis of the Company on increasing and decreasing of exchange rate for EUR. Sensitivity rate is used for disclosure of currency risk and reflects management estimation of reasonable expected fluctuations in foreign exchange rates. Sensitivity analysis includes only uncollected receivables and liabilities denominated in foreign currency and their adjustment for fluctuation foreign exchange rate of 10%. Positive number in the table reflects to increase of financial result for current year in cases when RSD increase in relation to foreign currency. In case when RSD fall for 10% in relation to foreign currency the effect on financial result will be opposite. In the case of strengthening RSD of 10% in relation to the foreign currency, the influence on the result of the current period would be contrary to that reported in the previous case. In the case of a 10% denomination in relation to a foreign currency, the impact on the outcome of the current period would be contrary to the one stated in the previous case. The main reason for this lies in the fact that a company has a predominantly short position in the currency, and therefore denominated in foreign currency far greater than those of the same.

	December 31 <sup>st</sup> 2022. +10%	December 31 <sup>st</sup> 2021. +10%	December 31 <sup>st</sup> 2022. (10%)	in RSD 000 December 31 <sup>st</sup> 2021. (10%)
EUR	5,738 5,738	4,400 4,400	(5,738) (5,738)	(4,400) (4,400)

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38. FINANCIAL INSTRUMENTS (Continued)

Interest rate risk

The Company is exposed to fluctuations of interest rate on assets and liabilities for which interest rate is variable. This risk depends on the financial markets and the Company does not have available instruments that would mitigate its impact.

Book value of financial assets and liabilities at the end of reporting period is following:

	<i>in RSD 000</i>	
	<b>2022.</b>	<b>2021.</b>
<b>Financial asset</b>		
<i>Noninterest bearing</i>		
Long-term financial investments	28,088	11,268
Short-term financial investments	0	0
	<b>28,088</b>	<b>11,268</b>
<i>Interest bearing</i>		
Long-term financial investments	28,180	14,260
Receivables from sales	1,262,114	757,564
	1,001,053	1,148,796
	<b>2,291,347</b>	<b>1,920,620</b>
	<b>2,319,435</b>	<b>1,931,888</b>
<b>Financial liabilities</b>		
<i>Noninterest bearing</i>		
Trade payables without received advances	(1,390,796)	(552,599)
	<b>(1,390,796)</b>	<b>(552,599)</b>
<i>Interest bearing</i>		
Long-term liabilities	(175,177)	(175,046)
Short-term financial liabilities	(360,356)	(343,548)
	<b>(535,533)</b>	<b>(518,594)</b>
<b>Interest rate gap</b>	<b>(507,445)</b>	<b>(507,326)</b>

Sensitivity analysis shows the following text are established based on the exposure to changes in interest rates for non-derivative instruments at balance sheet date. For variable rate obligations, the analysis was prepared assuming that the remaining amount of assets and liabilities at the balance was unchanged throughout the year. Increase or decrease of 1% is, by the management, assessment of reasonably possible changes in interest rates

	<i>in RSD 000</i>			
	<b>Increase of 1 percentage point</b>		<b>Decrease of 1 percentage point</b>	
	<b>2022.</b>	<b>2021.</b>	<b>2022.</b>	<b>2021.</b>
The result for the year	(5,074)	(5,073)	5,074	5,073

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**38. FINANCIAL INSTRUMENTS (Continued)**

**Credit risk**

The Company is exposed to credit risk which presents a risk that debtor will not be able to pay his debts in full amount and on due date, which cause financial losses for the Company. Exposure of the Company to credit risk is limited by amount of trade receivables as of balance sheet date. Amount of trade receivables is made from numerous customers.

**Liquidity risk**

Final responsibility for managing of liquidity risk is on management of the Company who has established corresponding management system for the purpose of long term, medium term and short-term financing as well as liquidity managing. The Company manages liquidity risk by maintaining cash reserves, tracking of estimated and realized cash flow as well as maintaining maturity relation between financial assets and liabilities.

Following table presents book and fair value of financial asset and liabilities as of 31<sup>st</sup> December 2022 and 31<sup>st</sup> December 2021.

	<b>December 31<sup>st</sup> 2022</b>		<b>December 31<sup>st</sup> 2021</b>	
	<b>Book value</b>	<b>Fair value</b>	<b>Book value</b>	<b>Fair value</b>
<b>Financial asset</b>				
Long-term financial investments	28,180	28,180	14,260	14,260
Trade receivables	1,262,114	1,262,114	757,564	757,564
Short-term financial investments	0	0	0	0
Cash and cash equivalents	1,001,053	1,001,053	1,148,796	1,148,796
	<b>2,291,347</b>	<b>2,291,347</b>	<b>1,920,620</b>	<b>1,920,620</b>
<b>Financial liabilities</b>				
Long-term liabilities	(175,177)	(175,177)	(175,046)	(175,046)
Short-term financial liabilities	(360,356)	(360,356)	(343,548)	(343,548)
Trade payables without received advances	(1,390,796)	(1,390,796)	(552,599)	(552,599)
	<b>(1,926,329)</b>	<b>(1,926,329)</b>	<b>(1,071,193)</b>	<b>(1,071,193)</b>

*Assumptions for assessing current fair value of financial instruments.*

Having in mind that there is no sufficient market experience, stability and liquidity in buying and selling financial assets and liabilities, as well as lack of available market information that could be used for disclosing fair values of financial assets and liabilities, discounted cash flow method has been used for valuation. When applying this method, interest rates for similar financial instruments are used, in order to obtain relevant assessment of market value of financial instruments on the balance sheet day.

**39. EVENTS OCCURRED AFTER THE BALANCE SHEET DATE**

After the balance sheet date as of December 31, 2022, no significant changes have occurred in the Group that would have an impact on the Company's financial statements.

**Notes to consolidated financial statements  
for the year ended December 31<sup>st</sup> 2022 and 2021**

**40. EXCHANGE RATES**

Foreign exchange rates determined on interbank market of foreign currencies and applied for estimation of items in the balance sheet for some of the main currencies are as follows:

		In RSD
	December 31 <sup>th</sup> 2022.	December 31 <sup>th</sup> 2021.
EUR	117,3224	117,5821
USD	110,1515	103,9262
CHF	119,2543	113,6388

In Belgrade,

Date April 18<sup>th</sup> 2023

**Person responsible for preparing  
the Financial Statement**

Stevan Beca

**Legal representative**



[Signature]