

Institute „Mihajlo Pupin “Ltd, Belgrade

**Notes to consolidated financial statements
for the year ended December 31st 2024**

**Notes to consolidated financial statements
for the year ended December 31st, 2024 and 2023**

1. Corporate Information

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

The Company operates in accordance with the Law on research and development activities ("RS Official Gazette", no. 110/05 and 50/06 - correction, 18/2010 and 112/2015). 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 31st, 2024, the Group had 487 employees (December 31st 2023: 495 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 31st 2024. (Hereinafter referred to as "Consolidated subsidiaries"):

1. <u>Name of company</u>	<u>% participation</u>
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 31st, 2024 and 2023**

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 14th 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 14th, 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 14th 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 14th, 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 14th, 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 24th, 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.

Join entities not included in the accompanying consolidated financial statements for 2024 and 2023 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.

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.

**Notes to consolidated financial statements
for the year ended December 31st, 2024 and 2023**

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

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

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.

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.

A detailed presentation of the financial position of the Company can be obtained by reviewing the consolidated financial statements, which, in accordance with the Law on Accounting, the Company is obliged to compile and submit to the Business Registers Agency by April 30 next year in relation to the year for which the financial statements are prepared.

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 (Note40). 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 2023. Company's financial statements have been subject to an independent audit and are presented in the Independent Auditor's Report.

**Notes to consolidated financial statements
for the year ended December 31st, 2024 and 2023**

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

2.5. The going concern concept

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

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 fulfil 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:

**Notes to consolidated financial statements
for the year ended December 31st, 2024 and 2023**

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2. Property, Plant and Equipment (Continued)

- 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.

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 raise 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.

**Notes to consolidated financial statements
for the year ended December 31st, 2024 and 2023**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 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 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.

**Notes to consolidated financial statements
for the year ended December 31st, 2024 and 2023**

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.6. Financial Instruments (Continued)

Offsetting financial instruments

After 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.

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.

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

3.6. Financial Instruments (Continued)

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

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
for the year ended December 31st, 2024 and 2023**

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 labour, 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
for the year ended December 31st, 2024 and 2023**

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 taxpayers 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 31st, 2024 and 2023**

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 31st, 2023.

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 31st, 2024 and 2023**

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.

Prise 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 analyses 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 are 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 fulfil its due obligations at all times, without the unacceptable losses and harming its reputation.

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

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

The Company has 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 31st, 2024 and 2023**

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 31st, 2024 and 2023**

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:

	2024	<i>in RSD 000</i> 2023
Sales of merchandise	1,742	2,217
Sales of finished goods and services rendered to domestic Customers	5,001,470	5,653,149
Sales of finished goods and services rendered to foreign Customers	514,905	149,552
Total	5,518,117	5,804,918

7. OTHER OPERATING INCOME

Other operating incomes are related to:

	2024	<i>in RSD 000</i> 2023
Income from premiums, subventions, donations, compensations and tax returns	-	0
Income from donations under specified conditions	472,590	441,463
Rental fees income	9,363	9,295
Total	481,953	450,758

**Notes to consolidated financial statements
for the year ended December 31st, 2024 and 2023**

8. MATERIAL COSTS

Costs of material are related to:

	<i>in RSD 000</i>	
	2024	2023
Material procurement cost	-	0
Cost of raw material	912,360	1,052,828
Cost of other material (overhead)	10,287	10,099
Cost of fuel and energy	71,090	67,275
Cost of spare parts	19,914	12,606
Cost of a one-time write-off of inventory and tools	3,754	4,179
Total	1,017,405	1,146,987

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

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

	<i>in RSD 000</i>	
	2024	2023
Costs of salaries and fringe benefits (gross)	1,667,764	1,635,764
Taxes and contributions on salaries and benefits	244,076	233,512
The cost of compensation for services contract	13,207	4,141
Costs of remunerations according to author's contracts	3,404	7,312
Costs of salaries for temporary contracts	8,212	9,434
Compensations to individuals for other contracts	9,409	6,580
Costs of remuneration to members of Management Board and Supervisory Board	6,616	5,832
Costs of hiring employees through agencies and cooperatives	6,004	4,043
Other personal expenses remunerations	91,057	93,283
Total	2,049,749	1,999,901

Gross income of direct management in 2024 amounts to RSD 152,046 thousand.

10. COSTS OF DEPRECIATION AND PROVISIONS

Costs of depreciation and provisions are related to:

	<i>in RSD 000</i>	
	2024	2023
Depreciation costs	82,079	78,383
Costs of provisions during the warranty period	109,748	136,740
Provisions for employee compensation and other benefits	33,531	29,156
Other provisions	2,138	4,077
Total	227,496	248,356

**Notes to consolidated financial statements
for the year ended December 31st, 2024 and 2023**

11. OTHER OPERATING EXPENSES

Other operating expenses are related to:

	<i>in RSD 000</i>	
	2024	2023
Costs of services used in production process of own costs capitalized	1,901,544	2,150,141
Transport services costs	18,171	14,119
Maintenance costs	41,084	32,243
Rental costs	1,025	1,270
Fair costs	1,661	197
Advertising costs	2,376	3,201
Research costs	-	96
Other non-production costs	36,238	36,943
Total	2,002,099	2,238,210

12. NON-PRODUCTION COSTS

Non-production costs are related to:

	<i>in RSD 000</i>	
	2024	2023
Costs of non-production services	86,599	106,947
Representation costs	36,503	35,619
Costs of insurance premiums	16,900	11,326
Costs of payment operations	41,563	33,249
Costs of membership fees	3,736	3,994
Tax costs	19,467	19,265
Contribution costs	851	1,053
Other non-production costs	68,733	49,976
Total	274,352	261,429

13. FINANCIAL REVENUES

Financial revenues are related to:

	<i>in RSD 000</i>	
	2024	2023
Financial income from parent and subsidiary companies	0	0
Financial income from other subsidiary companies	147	187
Income from interest (to third parties)	16,320	11,475
FX gains (to third parties)	1,735	1,291
Income from foreign currency clause (to third parties)	13,489	5,664
Other financial revenues	5	0
Total	31,696	18,617

**Notes to consolidated financial statements
for the year ended December 31st, 2024 and 2023**

14. FINANCIAL EXPENSES

Financial expenses are related to:

	<i>in RSD 000</i>	
	2024	2023
Cost of interest (to third parties)	54,528	44,369
FX losses (to third parties)	9,174	3,231
Expenses from foreign currency clause (to third parties)	7,619	1,706
Total	71,321	49,306

15. OTHER REVENUES

Other revenues are related to:

	<i>in RSD 000</i>	
	2024	2023
Gains on sales of Intangible assets and property, plant and equipment	3,511	2,431
Collected written-off receivables	7,620	36,342
Revenues from the effects of hedging which do not fulfil the conditions to be set out in the framework of other comprehensive results	2,979	1,073
Income from reduction of liabilities	8	0
Income from abolishing of long-term and short-term provisions	14,418	64,211
Other income	17,798	27,139
Total	46,334	131,196

16. OTHER EXPENSES

Other expenses are related to:

	<i>in RSD 000</i>	
	2024.	2023.
Losses on writing-offs and disposals of Intangible assets and Property, plant and equipment	1,657	680
Costs of debt enforcement	-	-
Costs of forced collection	31	-
Other expenses	17,873	39,653
Total	19,561	40,333

**Notes to consolidated financial statements
for the year ended December 31st, 2024 and 2023**

17. LOSS FROM DISCONTINUED OPERATIONS

Profit from discontinued operations is related to:

	<i>in RSD 000</i>	
	2024.	2023.
Gains on the effects of changes in accounting policies which are not materially significant	19,317	9,938
Total	19,317	9,938

18. INCOME TAX

The basic components of income taxes are as follows:

	2024.	2023.
Current income tax	45,564	49,944
Deferred tax income / expense for the period	1,515	(5,896)
Total tax expense period	47,079	44,048

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:

						<i>in RSD</i>
Name of company	Taxable profit	Loss	Tax base	Schedule of calculated tax	Deduction of calculated tax	Calculated tax
IMP-AUTOMATIKA	106,931,376	0	106,931,376	16,038,486	0	16,038,486
IMP AUTOMATIKA-SECURITY	4,856,857	0	4,856,857	729,022	0	729,022
IMP-RAČUNARSKI SISTEMI	67,654,185	0	67,654,185	10,147,077	0	10,147,077
IMP-TELEKOMUNIKACIJE	11,418,532	0	11,418,532	1,713,202	0	1,713,202
IDVORSKI LABORATORIJE	1,574,333	0	1,574,333	236,932	0	236,932
IMP-PIEZOTEHNOLOGIJA	720,967	0	720,967	109,353	0	109,353
INSTITIUT MIHAJLO PUPIN	97,023,838	0	97,023,838	14,553,104	0	14,553,104
IMP-POSLOVNE USLUGE	13,579,125	0	13,579,125	2,036,706	0	2,036,706
УКУПНО	303,759,213	0	303,759,213	45,563,882	0	45,563,882

The effective tax rate in 2024 was 19,16% (2023: 18,95%).

For 2024, 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 31st of December is shown in the following table:

	<u>2024.</u>	<u>2023.</u>
Deferred tax assets	2,497	3,487
Deferred tax liabilities	1,516	(990)
Deferred tax liabilities, net	<u>4,013</u>	<u>2,497</u>

The balance of deferred tax assets / liabilities by companies in the Group as on the 31st of December 2024 and 2023 is shown in the following table:

	<u>2024.</u>	<u>2023.</u>
Deferred tax assets		
IMP – AUTOMATIKA Ltd	4,168	2,873
IMP AUTOMATIKA – SECURITY Ltd	103	82
IMP – RAČUNARSKI SISTEMI Ltd	507	95
IMP – TELEKOMUNIKACIJE Ltd	-	-
IDVORSKI LABORATORIJE Ltd	-	437
INSTITUT MIHAJLO PUPIN Ltd	-	-
IMP – POSLOVNE USLUGE Ltd	319	-
	<u>5,097</u>	<u>3,487</u>
Deferred tax liabilities		
IMP – TELEKOMUNIKACIJE DOO	(7)	(720)
IDVORSKI LABORATORIJE d.o.o.	(56)	-
IMP – PIEZOTEHNOLOGIJA DOO	(37)	(37)
INSTITUT MIHAJLO PUPIN DOO	(984)	(125)
IMP – POSLOVNE USLUGE DOO	-	(108)
	<u>(1,084)</u>	<u>(990)</u>
Deferred tax assets and liabilities, net	<u>4,013</u>	<u>2,497</u>

19. INTANGIBLE ASSETS

Intangibles are related to:

	<u>2024.</u>	<u>2023.</u>
		<i>in RSD 000</i>
Concession, patent, licence, and other similar rights	11,206	4,136
Total	<u>11,206</u>	<u>4,136</u>

Notes to consolidated financial statements
for the year ended December 31st, 2024 and 2023

19. INTANGIBLE ASSETS (Continued)

	Concessions, patents, licences and similar rights	Intangible assets in preparation	Total
COST VALUE			
Balance as of January 1 st 2023	38,871	0	38,871
New procurement	86	0	86
Activation	0	0	0
Balance as of 31. December 2023	38,957	0	38,957
Procurement during the year	8,039	-	8,039
Balance as of 31. December 2024	46,995	-	46,995
ACCUMULATED DEPRECIATION			
Balance as of January 1 st 2023	33,457	0	33,457
Amortization (Note 10)	1,364	0	1,364
Balance as of 31st December 2023	34,821	0	34,821
Amortization (Note 10)	969	-	969
Balance as of 31. December 2024	35,789	-	35,789
UNWRITTEN VALUE PER DAY:			
- Balance as of 31. December 2024	11,206	-	11,206
- Balance as of 31. December 2023	4,136	0	4,136

20. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are related to:

	2024.	<i>in RSD 000</i> 2023.
Buildings	92,512	105,015
Plant and equipment	162,056	163,320
Property, plant, equipment leased	21,690	34,016
Other property, plant and equipment	13,461	13,423
Advances for property, plant and equipment	-	-
Total	289,719	315,774

**Notes to consolidated financial statements
for the year ended December 31st, 2024 and 2023**
20. PROPERTY, PLANT AND EQUIPMENT (Continued)

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

	Buildings	Plant and equipment	Other equipm ent	Property, plant and equipmen t under constructi on	Advanc es	Total
COST VALUE						
Balance as of January 1 st 2023	654,987	702,822	13,366	0	1,666	1,372,841
Cost value during the year	2,495	1,666	56	85,200	(1,666)	87,751
Transfer from PPE	0	85,200	0	(85,200)	0	0
Disposals	0	(30,775)	0	0	0	(30,775)
Balance as of December 31st 2023	657,482	758,913	13,422	0	0	1,429,817
Cost value during the year	2,897	-	39	52,856	-	55,792
Transfer from PPE	-	52,856	-	(52,856)	-	-
Disposals	-	(23,198)	-	-	-	(23,198)
Balance as of December 31st 2024	660,379	788,571	13,461	-	-	1,462,411
ACCUMULATED DEPRECIATION						
Balance as of January 1 st 2023	537,181	530,364	0	0	0	1,067,545
Amortization (Note 10)	15,286	51,201	0	0	0	66,487
Disposals	0	0	0	0	0	0
Balance as of December 31st 2023	0	(19,989)	0	0	0	(19,989)
ACCUMULATED DEPRECIATION	552,467	561,576	0	0	0	1,114,043
Amortization (Note 10)	15,400	57,122	-	-	-	72,522
Disposals	0	0	0	0	0	0
Balance as of December 31st 2024	-	(13,873)	-	-	-	(13,873)
Amortization (Note 10)	567,867	604,825	-	-	-	1,172,692
Undiscounted value: - December 31st 2024	92,512	183,746	13,461	-	-	289,719
Undiscounted value: - December 31st 2023	105,015	197,337	13,422	0	0	315,774

The purchase value of fully depreciated property, plant and equipment on the 31st of December 2023 is RSD 501,940 thousand.

The company leases a certain number of cars through financial leasing. The current (unrecorded) value of equipment taken on lease on the 31st of December 2024 is RSD 35,569 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
for the year ended December 31st, 2024 and 2023**

21. LONG TERM FINANCIAL INVESTMENTS

Long term financial investments are related to:

	2024.	<i>in RSD 000</i> 2023.
Investments in capital of parent companies and subsidiaries	81	92
Investments in other legal entities and other securities able for sale	-	-
Other long-term investments	27,159	28,117
Balance as of December 31st	27,240	28,209

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

	2024.	2023.
In stakes	81	92
Less: Provisions	-	-
Balance as of December 31st	81	92

Equity investments in associated companies relate to:

<u>Name and headquarters</u>	<u>2024</u>	<u>2023</u>	<u>% stakes</u>
Projekt inženjering Ltd	62	62	20
Elektronske transakcije Ltd	-	11	25
Servis inženjering IMP Ltd	9	9	20
IMP-BEEL Ltd	10	10	20
Balance as of December 31st	81	92	

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

	2024	2023
In stakes	6,116	6,116
Less: Provisions	(6,116)	(6,116)
Balance as of December 31st	0	0

Equity investments in other legal entities relate to:

<u>Name and headquarters</u>	<u>2024</u>	<u>2023</u>
Komercijalna banka Sc. Belgrade	0	0
Balance as of December 31st	0	0

**Notes to consolidated financial statements
for the year ended December 31st, 2024 and 2023**

21. LONG TERM FINANCIAL INVESTMENTS (Continued)

(iii) *Other long term financial investments*

	<u>2024</u>	<u>2023</u>
Long-term deposit- operating lease	5,099	4,012
Receivables from employees – purchase of apartments	858	2,161
Receivables from employees – loans		5,506
Receivables from customers - retention	4,034	17,168
Minus: Value adjustment	17,568	(730)
Balance as of December 31st	<u>(400)</u>	<u>28,117</u>

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-collectability of the financial instrument, based on discounting expected future cash flows using an interest rate of 5,75% per annum.

22. INVENTORIES

Inventories are related to:

	<u>2024.</u>	<i>in RSD 000</i> <u>2023</u>
Material	529,426	620,217
Merchandise in warehouse	1,155	1,163
Balance as of December 31st	<u>530,581</u>	<u>621,380</u>

23. ADVANCES PAID

Advances paid are related to:

	<u>2024.</u>	<i>in RSD 000</i> <u>2023.</u>
Advances paid for services - domestic	816,956	483,475
Advances paid for services - foreign	36,757	10,337
Provisions for advances paid	(2,216)	(2,216)
Balance as of December 31st	<u>851,497</u>	<u>491,596</u>

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

Receivables from sales are related to:

	<i>in RSD 000</i>	
	2024.	2023.
Trade receivables - domestic	1,486,287	1,474,782
Trade receivables – foreign	442,002	261,673
Provisions for trade receivables	(599,755)	(449,136)
Balance as of December 31st	1,328,534	1,287,319

Movements in allowance for impairment were as follows:

	2024.	2023.
Balance at beginning of year	449,136	313,356
Collected during the year	159,336	147,582
Provisions during the year	(8,717)	(11,802)
Balance as of December 31st	599,755	449,136

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>	
	2024	2023
Receivables for interest	1,156	1,756
Receivables from employees	2,020	3,138
Receivables for overpaid tax	87	65
Receivables for overpaid income tax	-	1,373
Receivables for other taxes and contributions prepaid	-	0
Receivables for compensations to be refunded	3,062	8,414
Other current receivables	296,467	268,539
VAT	141,364	2,894
Balance as of December 31st	444,156	286,179

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

Cash and cash equivalents are related to:

	<i>in RSD 000</i>	
	2024.	2023.
Current (business) accounts	499,574	523,433
The main cash register	-	-
Foreign exchange account	751,186	782,254
Other cash and cash equivalents	3,024	4,093
Balance as of December 31st	1,253,784	1,309,780

27. ASSETS FOR VAT AND OTHER PUBLIC REVENUE AND ACCURED

Short – term accrued related to:

	<i>in RSD 000</i>	
	2024.	2023.
Prepaid costs	10,784	10,051
Accrued income (uninvoiced income)	969,148	1,260,789
Other accruals	178,587	92,960
Balance as of December 31st	1,158,519	1,363,800

28. CAPITAL AND RESERVES

Capital and reserves are related to:

	<i>in RSD 000</i>	
	2024.	2023.
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	(48,976)	(65,220)
Retained profit from previous years	1,439,474	1,294,077
Retained profit from current year	193,736	207,736
Balance as of December 31st	2,073,222	1,925,581

With the Government of the Republic of Serbia April 17th, 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 10th, 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.

**Notes to consolidated financial statements
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28. CAPITAL AND RESERVES (Continued)

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

The Company is in 202,4 realized net profit of RSD 193,736 thousand.

29. LONG TERM PROVISIONS

Long-term provisions are related to:

	2024.	<i>in RSD 000</i> 2023.
Provisions for costs incurred during the warranty period	39,709	38,807
Provisions for fees and other employee benefits	169,290	155,752
Balance as of December 31st	208,999	194,559

(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” Ltd. BELGRADE

Serial no.	The assumptions used in calculating provisions for retirement severance pay	2024								
1.	Discount rate	5.75%								
2.	Estimated growth rate of average earnings	12.00%								
3.	Percentage of fluctuation	4.43%								
4.	The amount of severance pays at the time of booking	416.733,00								
5.	The amount of severance pays in the previous calculation	371.913,00								
	Companies in the Group		Automatika	Automatik a-Security	Računarski sistemi	Telekomunikacije	Idvorski laboratorije	Piezotehnologija	IMP	Poslovne usluge
6.	Total number of employees on 01.01. current year		173	9	68	32	6	7	162	41
7.										
8.	The total number of employees who left the company during the year Of that, the number of retired workers who were paid severance pay upon retirement during the year		15	0	4	2	0	1	14	5
9.	Total number of new employees during the year		6	0	3	0	0	1	2	2
10.	Total number of employees on 31.12. current year		23	1	9	10	2	0	7	4
11.	Were there any changes in the general act regarding the amount of provisions to which employees are entitled when retiring in relation to the previous period		181	10	73	40	6	7	155	40
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 2021 – 2023.

**Notes to consolidated financial statements
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30. LONG TERM LIABILITIES

Long term liabilities are related to:

	<i>in RSD 000</i>	
	<u>2024.</u>	<u>2023.</u>
Liabilities from financial leasing	23,137	37,323
Long-term loans and borrowings in the country	413,973	433,490
Balance as of December 31st	<u>437,110</u>	<u>470,813</u>

Obligations from financial leasing related to leasing of cars from 5 years with an effective interest rate of 5,29% to 9,67% per year.

IMP – Automatika Ltd. Belgrade has an obligation based on a loan with Banca Intesa (part), in the amount of EUR 1.040.000,00 (currency clause), with a grace period until October 1, 2024, for a repayment period of 20 months and an interest rate of three months Euribor plus 2,48%.

Institut Mihajlo Pupin Ltd. Belgrade has (part) of the loan with Raiffeisen Bank in the amount of EUR 2.500.000,00, with a currency clause and a grace period until September 30, 2025, three-month EURIBOR plus 2.35% interest rate.

Institut Mihajlo Pupin Ltd. Belgrade has (part) of the loan with Raiffeisen Bank in the amount of EUR 2.000.000,00, with a currency clause and a grace period until Juny 30, 2025, three-month EURIBOR plus 2.48% interest rate.

Institut Mihajlo Pupin Ltd. Belgrade has (part) of the loan with Banca Intesa in the amount of EUR 2.000.000,00, with a currency clause and a grace period until August 6, 2024, three-month EURIBOR plus 2.48% interest rate.

31. SHORT-TERM FINANCIAL LIABILITIES

Short-term financial liabilities are related to:

	<i>in RSD 000</i>	
	<u>2024.</u>	<u>2023.</u>
Short-term loans from parent companies and subsidiaries	-	-
Portion of the long-term liabilities that matures for less than a year	418,279	229,034
Other short-term financial liabilities	19,899	26,747
Balance as of December 31st	<u>438,178</u>	<u>255,781</u>

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

IMP – Automatika Ltd. Belgrade has an obligation based on the loan with Banca Intesa (part), in the amount of EUR 1,040,000.00 (currency clause), with a grace period until October 1, 2024, for a repayment period of 20 months and an interest rate of three-month EURIBOR plus 2.48%.

IMP – Automatika Ltd. Belgrade has an obligation based on the loan with OTP bank (part), in the amount of EUR 426,000.00 (currency clause), without a grace period, for a repayment period of 18 instalments and an interest rate of three-month EURIBOR plus 3.00%.

Institute Mihajlo Pupin Ltd. Belgrade has (part) of the loan with Raiffeisen Bank in the amount of EUR 2,500,000.00, with a currency clause and a grace period until September 30, 2025, three-month EURIBOR plus 2.35% interest rate.

Institute Mihajlo Pupin Ltd. Belgrade has (part) of the loan with Banca Intesa in the amount of EUR 2,000,000.00, with a currency clause and a grace period until Juny 30, 2025, three-month EURIBOR plus 2.48% interest rate.

Institut Mihajlo Pupin Ltd. Belgrade has (part) of the loan with Banca Intesa in the amount of EUR 2,000,000.00, with a currency clause and a grace period until August 6, 2024, three-month EURIBOR plus 2.48% interest rate.

32. RECEIVED ADVANCES

Received advances are related to:

	2024.	<i>in RSD 000</i> 2023.
Received advances, deposits and caution money	1,514,798	1,455,594
Balance as of December 31st	1,514,798	1,455,594

33. TRADE PAYABLES

Trade payables are related to:

	2024.	<i>in RSD 000</i> 2023.
Trade payables – domestic	709,866	807,254
Trade payables – foreign	39,259	77,655
Balance as of December 31st	749,125	884,909

**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>	
	<u>2024.</u>	<u>2023.</u>
Obligations to the importer	-	-
Liabilities for net salaries and fringe benefits, except allowances to be refunded	94,915	93,328
Liabilities for taxes on salaries and fringe benefits charged to employees	11,963	11,896
Liabilities for contributions on salaries and fringe benefits charged to employees	26,402	25,684
Liabilities for taxes and contributions on salaries and fringe benefits charged to employer	20,107	19,569
Liabilities for refundable net fringe benefits	403	795
Liabilities for taxes and contributions on refundable fringe benefits charged to employees	156	318
Liabilities for taxes and contributions on refundable fringe benefits charged to employer	84	169
Liabilities for interests and finance costs	321	7,623
Liabilities for dividends	-	-
Liabilities for share in the profit	-	-
Liabilities to employees	102,603	101,686
Liabilities to members of Management Board and Supervisory Board	357	315
Liabilities to individuals for contracted fees	1,331	1,694
Liabilities for short-term provisions	163	168
Liabilities for VAT and other public revenues	40,243	55,068
Liabilities for income tax	211	7,116
Liabilities for taxes, customs, and other duties charged to costs	137	105
Liabilities for contributions charged to costs	52	31
Other liabilities for taxes, contributions and other duties	4,040	4,780
Balance as of December 31st	<u>303,488</u>	<u>330,345</u>

**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:

	2024.	<i>in RSD 000</i> 2023.
Accruals and deferred income	125,491	32,770
Balance as of December 31st	125,491	32,770

36. OFF-BALANCE SHEET EVIDENCE

Off-balance sheets are related to:

	2024.	<i>in RSD 000</i> 2023.
Off-Balance sheet assets	3,257,694	2,463,374
Off-Balance sheet liabilities	(3,257,694)	(2,463,374)
Balance as of December 31st	0	0

Guarantees in the amount of РСД 2,879,105 thousand on December 31 2024 include guarantees of performance bonds issued to suppliers by banks.

By decision number: 952-02-9-230-5153/2024 of August 12, 2024 of the Republic Geodetic Authority - Real Estate Cadastre Service of Zvezdara, the land became the property of the Republic of Serbia and this value was shown in the off-balance sheet records in the amount of 374,086 thousand.

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 3 partial divisions

According to the information of the Bankruptcy Administrator, activities related to the monetization of the individual assets of the Bankruptcy Debtor - property entities - are in progress, in order to determine the available divisive mass for the payment of creditors from the III payment order, in which order the claim of IMP - AUTOMATIKA Ltd Belgrade. The settlement will depend on the amount of the fractional mass. The bankruptcy proceedings are still ongoing.

**Notes to consolidated financial statements
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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.

On March 6, 2023, according to the Decision on the main division, the amount of RSD 20.333.05 was paid to the bankruptcy creditor IMP - AUTOMATIKA DOO BELGRADE. By court decision dated November 1, 2023, the bankruptcy procedure was concluded and the Agency for Business Registers ex officio deleted by Decision no. BSM 10/2024 of January 15, 2024, from the Register of bankruptcy estates of the bankrupt debtor.

3. Termoelektro Ltd., Belgrade – in bankruptcy

Commercial court in Belgrade St.162/2021 (before 4. St.181/2013)

Filed claims in amount of 180.000,00 + interest 42.886,88 RSD, full filed in amount of 222.886,88 RSD.

Recognized claim by the Conclusion of the Commercial court in Belgrade from March 04, 2015, in amount of 222.886,88 RSD 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 456.666,42 RSD behalf of the principal debt and 77.270,94 RSD behalf of statutory default interest.

Recognized claim by the Conclusion of the Commercial court in Belgrade from September 14, 2017, in amount of **455.666,42 RSD on behalf of the principal debt and 77.270,94 RSD which makes total amount of RSD 532.937,36.**

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 April 4, 2018, registered in APR. On October 10, 2023, new bankruptcy trustee - Zoran Kaličanin - was registered with the APR in the Register of Bankruptcies.

According to the Bankruptcy Trustee, the Bankruptcy proceedings over the Bankruptcy Estate are still active, and further proceedings will involve the monetization of the unmonetized parts of the Bankruptcy Debtor's assets, litigation to determine disputed claims, other property-legal disputes, and other actions aimed at ensuring the highest possible level of satisfaction of creditors.

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37. COURT DISPUTES (Continued)

5. Bankruptcy debtor: FAAS DOO BEOGRAD - in bankruptcy, Commercial Court in Belgrade 6.St.137/2024

Based on the legally binding (on 25.04.2024) and enforceable (on 29.05.2024) Judgment of the Commercial Court in Belgrade 25.P.955/2023 dated 01.06.2023, which was confirmed by the Judgment of the Commercial Court of Appeal in Belgrade 4.Pž.4473/23 dated 25.04.2024, a claim was reported in the total amount of 1,154,396.64 RSD, as follows:

- RSD 819,544.87 on behalf of the principal debt with statutory default interest starting from 11.06.2022. to 10.10.2024. (as the date of the court's decision to open bankruptcy against the bankruptcy debtor) in the amount of RSD 259,479.38 and
- RSD 63,982.00 for the awarded costs of the civil proceedings, with statutory default interest starting from 16.07.2023 (as the day following the expiry of the 8-day payment period under the Judgment, calculated from 07.07.2023. when the Bankruptcy Debtor submitted an appeal against the judgment to the court as the undisputed date when the Bankruptcy Debtor had to receive the first-instance judgment) until 10.10.2024. (as the date of the Court's Decision to open bankruptcy against the Bankruptcy Debtor) in the amount of RSD 11,390.39.

The creditors' hearing is scheduled for 03.04.2025 at 11 am, courtroom 130.

The decision to initiate bankruptcy was made on 13.01.2025, legally effective on 23.01.2025.

The bankruptcy proceedings are in their initial phase. It is indisputable that the reported claim will be recognized in full, because it is based on a final and enforceable judgment, but it is debatable whether and to what extent it will be settled, because it will depend on how the bankruptcy of the bankruptcy debtor is declared, whether and how much there will be funds in the bankruptcy estate for payments to commercial creditors (Ill payment order in which IMP – AUTOMATIKA DOO BEOGRAD is).

IMP-AUTOMATIKA LTD BEOGRAD as a prosecutor

6. 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. Iv.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 still in the process of amicable resolution of both disputes, because in the meantime, the director of the defendant/counter-plaintiff, the Home, has been replaced several times. There have been several attempts to raise the issue of resolving both cases, and both litigants are interested in an amicable resolution of both proceedings. The House changed its director again in 2024, and the newly appointed director expressed his desire to resolve this problem peacefully. If an agreement is reached between the litigants, both parties will withdraw their lawsuits, and until then, both litigation proceedings are still suspended.

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37. COURT DISPUTES (Continued)

6. FAAS LTD BELGRADE - for the purpose of unjust enrichment (advance refund), Commercial Court in Belgrade, 25.P.955/2023, value of the dispute: RSD 820 thousand and secondary claims (legal default interest from maturity until final payment and costs of court proceedings)

By the judgment of the Commercial Court in Belgrade 25.P.955/2023 of June 1, 2023 the court accepted the claim and obliged the Defendant to pay the Plaintiff the amount of RSD 820 thousand with statutory default interest starting from June 11, 2022. until payment and costs of the procedure. On July 7, 2023 the defendant filed an appeal against the verdict, the prosecutor on July 27, 2023 submitted the Answer to the Respondent's appeal to the court. Second instance court - The Commercial Court of Appeal in Belgrade, as the second instance court, rejected the defendant's appeal and confirmed the first instance judgment with Judgment 4.Pž.4473/23 of 25.04.2024, so that the First Instance Judgment became legally binding on 25.04.2024, and on 29.05.2024. it became enforceable.

As the Commercial Court in Belgrade opened bankruptcy proceedings against this debtor on 10.10.2024 and IMP – AUTOMATIKA DOO BEOGRAD filed this claim in bankruptcy proceedings against this debtor on 10.12.2024, this claim will be further monitored through a bankruptcy report.

IMP – AUTOMATIKA as a defendant

7. 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.

On 14.03.2024, the Supreme Court of Cassation issued Judgment Rev2.735/2023, by which it again rejected the prosecutor's revision filed against the judgment of the Court of Appeal in Belgrade Gž1.4284/21 of 30.11.2021. as unfounded. Paragraph two of the aforementioned judgment rejected the parties' requests for reimbursement of the costs of the revision, each party shall bear its own costs of the procedure. The aforementioned judgment of the Supreme Court of Cassation was received on 14.10.2024. The case is hereby concluded.

Imp Automatika-Security Ltd, Belgrade had no court disputes in 2024.

IMP Racunarski sistemi Ltd, 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).

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37. COURT DISPUTES (Continued)

According to the order of the Court received on November 29, 2023, the evidence from the previous paragraph was re-submitted to the court on December 7, 2023.

On 04.04.2024. The Third Basic Court in Belgrade issued a Decision by which the amortization of the bills of exchange with serial numbers: AS 7302815 and AS 7302816 was carried out.
The procedure was completed.

IMP-TELEKOMUNIKACIJE LTD BELGRADE as a bankruptcy creditor:

1. Bankrupt debtor: Minel-elektrooprema Inc Belgrade in bankruptcy Commercial Court in Belgrade, 32. St.4760/12

Claim filed: RSD 93,112.00 + RSD 55,349.77 statutory default interest, totalling RSD 148,461.77.

Recognized claim in the amount of RSD 98,500.69, disputed portion of statutory default interest in the amount of RSD 49,961.08.

On August 23, 2019, the Court issued a Decision stating the sale of the bankrupt debtor as a legal entity, four public sales were attempted without success. So far, creditors of I and II rank have been paid in full, through 3 partial distributions.

According to the information provided by the Bankruptcy Trustee, activities related to monetizing the individual assets of the Bankrupt Debtor - Property Units are planned for the next period, in order to determine the available distributable mass after monetization and settlement of separate creditors, for the payment of creditors from the III payment rank, in which the claim of IMP - TELEKOMUNIKACIJE LTD BELGRADE is included. The distribution will depend on the amount of distributable mass. The bankruptcy proceedings are still ongoing.

IDVORSKI LABORATORIJE Ltd BELGRADE IN THE CAPACITY OF PLAINTIFF:

1. Defendant - Execution debtor: LED VISION Ltd LUKAVAC, Bosnia and Herzegovina, lawsuit with a proposal for issuing a payment order, for a debt amounting to EUR 3,483.00 + court fees, Commercial Court in Belgrade, 3.PL.183/2022.

The company IDVORSKI LABORATORIJE Ltd BELGRADE filed a lawsuit with a proposal for issuing a Payment Order against the debtor LED VISION Ltd Lukavac, Bosnia and Herzegovina, for a debt amounting to EUR 3,483.00 + court fees, based on the agreed jurisdiction and reasoning that the Defendant company from Bosnia and Herzegovina does not have an open current account, nor any assets in the Republic of Serbia that could be subject to enforcement, therefore the enforcement against the Defendant could not be carried out based on the law governing enforcement and security, and thus the Plaintiff had a legal interest in issuing a payment order, fulfilling the conditions for issuing a payment order to the Defendant by the title Court. On July 01, 2022, the Court issued Decision No. 3.PL.183/2022, which became legally effective and enforceable on October 05, 2022.

As this concerns a foreign legal entity, IDVORSKI LABORATORIJE d.o.o. BELGRADE filed a Proposal for Recognition of the Legally Effective and Enforceable Decision of a Foreign Court to the Cantonal Court in Tuzla on December 14, 2022. The decision of the court on recognition was obtained, as well as the Decision on Enforcement from the Municipal Court in Lukavac. The process of forced collection from the debtor's account is ongoing, but since the account is blocked, the collection is uncertain.

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37. COURT DISPUTES (Continued)

IMP-PIEZOTEHNOLOGIJA Ltd. BELGRADE as a bankruptcy creditor:

1. Bankrupt debtor: COMPANY FOR THE PRODUCTION OF BRAKE TECHNOLOGY PRVA PETOLETKA-BRAKE TECHNOLOGY Sc. Trstenik-in bankruptcy Economic Court in Kraljevo, Case No. 26/2015

Claim filed: in the amount of RSD 67,733.40 for the main debt and in the amount of RSD 25,462.97 for statutory default interest, totalling RSD 93,196.37. The claim was fully recognized by the Decision of the Economic Court in Kraljevo dated January 18, 2016.

According to the information from the Bankruptcy Administrator, final activities are underway to prepare for the sale of assets within the complex of the Bankrupt Debtor in Trstenik, where the sale holder will be PPT Kočna tehnika considering it has the largest assets. So far, creditors have not been satisfied because after the sale of the facility in Medveđi near Trstenik, the distribution percentage would be small and only for creditors in the I payment queue. Depending on the sale and the achieved price, there may be eventual satisfaction of creditors.

IMP-PIEZOTEHNOLOGIJA LTD BELGRADE is in the III payment queue.

INSTITUT MIHAJLO PUPIN LLC BELGRADE as a bankruptcy creditor:

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

Claim filed in the amount of: **RSD 1,665,810.72 for the main debt
RSD 2,217,719.75 for late penalty interest.**

The claim was recognized by the Decision of the Economic Court in Belgrade dated March 24, 2015: RSD 1,665,810.72 for the main debt and RSD 249,302.88 for late penalty interest, totalling the recognized claim in the amount of RSD 1,915,113.60.

According to the information from the bankruptcy administrator, based on the Decision of the Economic Court in Belgrade 3. St.71/2014 dated February 28, 2020, which determined the first partial distribution of the bankruptcy estate of the bankrupt debtor, the claims of creditors in the I and II payment queues have been fully satisfied. Activities related to monetizing the remaining assets of the bankrupt debtor are ongoing in order to determine the available divisible mass after satisfying preferential creditors, for the payment of creditors in the III payment queue, including the claim of INSTITUT MIHAJLO PUPIN LTD BELGRADE. The bankruptcy proceedings are still ongoing.

2. 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 Sc. ŽELEZNICA SRBIJE and Sc. 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.

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37. COURT DISPUTES (Continued)

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 Institute Mihajlo Pupin Ltd. Belgrade.

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

3. 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 favour of the Institute 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 Institute 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.

**4. 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 - Institute Mihajlo Pupin Ltd. Belgrade which was also registered with RGA-Real Estate Cadastre Service - New Belgrade Branch as the owner of the apartment).

Since neither the plaintiff nor the plaintiff's attorney, although duly summoned, appeared at the hearing on 05.03.2024, the Higher Court in Belgrade ruled that the plaintiff's lawsuit was considered withdrawn. In this manner, this civil case was concluded.

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37. COURT DISPUTES (Continued)

INSTITUTE MIHAJLO PUPIN DOO BELGRADE IN THE CAPACITY OF INTERVENTOR ON THE SIDE OF THE DEFENDANT JP Putevi Srbije (based on the concluded Agreement on the maintenance of the Toll Collection System on the highways of the Republic of Serbia)

5. 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 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.

6. The Plaintiff, the company Dunav Osiguranje ADO Belgrade, filed a lawsuit for a regressive debt of RSD 63,457.00 against the Defendant, Public Enterprise Roads of Serbia, at the Commercial Court in Belgrade-5. ПЛ.286/2023 (the case was transferred to civil case No. 3.П.5305/2023 following the Defendant's objection).

The Institute was invited by the defendant – Public Enterprise Roads of Serbia, to join the lawsuit regarding the reimbursement of the debt, i.e., the reimbursement for the compensation paid for the damage caused by the falling barrier at the Šimanovci toll station on August 19, 2022, to the insured vehicle, in the capacity of an intervener, to which the Institute agreed. Since Public Enterprise Roads of Serbia did not have footage from the toll station, there was no evidence that the injured party was at fault for the damage to the vehicle. In order to reduce further costs of the procedure, the Institute, as the provider of toll system maintenance services, entered into an Out-of-Court Settlement No. 2650/1-23 with the Plaintiff on November 23, 2023, which was paid on November 24, 2023, in the amount of 78,622.03 RSD (64,350.89 RSD for the reimbursement debt, 6,509.14 RSD for statutory default interest determined by the lawsuit, and 7,762.00 RSD for court fees for the lawsuit and the decision to issue a payment order). On November 29, 2023, after receiving the funds based on the concluded Out-of-Court Settlement, the Plaintiff fully withdrew the lawsuit and the claim, and the Court issued a Judgment on December 4, 2023, based on the withdrawal. On January 3, 2024, considering that the lawsuit was concluded by the Plaintiff's withdrawal before the first hearing for the main trial, the Plaintiff filed a request with the Court for the refund of the paid fee for the lawsuit and the decision on the issuance of a payment order in the total amount of 7,762.00 RSD. The Court granted the request and returned the aforementioned amount to the Plaintiff, so on April 29, 2024, the Plaintiff refunded the amount of 7,762.00 RSD to the Institute, as this amount was covered by the Out-of-Court Settlement. The case is concluded.

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39. COURT DISPUTES (Continued)

**7. Plaintiff: Aleksandar Stjepanović from Belgrade, through his attorney Stijelja Miloš from Belgrade, for compensation of damages in the amount of RSD 377,707.00 + legal costs
Defendant: Public Enterprise Roads of Serbia, First Basic Court in Belgrade, Case No. 58.P.10631/2023**

The Institute was invited by the defendant – Public Enterprise Roads of Serbia, to join the lawsuit regarding the damage to the vehicle caused by the falling barrier at the Šid toll station on October 22, 2022, on the Plaintiff's vehicle, in the capacity of an intervener, to which the Institute agreed. Before filing the lawsuit, the Plaintiff contacted the INSTITUT MIHAJLO PUPIN with a request for compensation for the damage caused by the falling barrier at the aforementioned toll station to his vehicle, through the Institute's liability insurance policy. However, the request was denied because it was determined from the video footage obtained from Public Enterprise Roads of Serbia that a red light was displayed in front of the barrier, which the Plaintiff ignored and continued moving. As a result, the barrier fell on his vehicle because he was prohibited from proceeding through the toll lane. As of the date of this report, 3 hearings have been held, and the next one is scheduled for March 25, 2025. It is expected that the court, based on the presented evidence, will reject the lawsuit and the claim in its entirety. The litigation process is ongoing.

**8. Plaintiff: MEDIAKTIVA LLC Niš, through attorney Vladan Radić from Niš, for compensation of damages in the amount of RSD 51,000.00 + legal costs
Defendant: Public Enterprise Roads of Serbia, Commercial Court in Niš, Case No. 3.P.513/2023**

The Institute was invited by the defendant – Public Enterprise Roads of Serbia, to join the lawsuit regarding the damage to the vehicle caused by the falling barrier at the NIŠ EAST toll station on July 23, 2023, to the Plaintiff's vehicle, in the capacity of an intervener, to which the Institute agreed, even though it was included in the lawsuit after two hearings had already taken place, thereby preventing it from proposing new evidence. The first-instance court issued a judgment on April 4, 2024, rejecting the Plaintiff's claim in its entirety as unfounded and ordering the Plaintiff to pay the intervener – the Institute – the amount of RSD 8,040.00 for procedural costs (fuel, toll fees for attending the first hearing), which the Plaintiff paid to the Institute on April 26, 2024. The Plaintiff filed an appeal against the first-instance judgment on April 25, 2024, and the Institute responded to the appeal on May 20, 2024. The judgment of the Commercial Appellate Court in Belgrade, as the second-instance court, is expected. The appellate procedure is ongoing.

**9. Plaintiff: Natasha Veljković from Niš, through her attorney Vladimir Đerasimović, an attorney from Kragujevac, for compensation of damages in the amount of RSD 31,164.00 + legal costs
Defendant: Public Enterprise Roads of Serbia, Basic Court in Niš, Case No. 25.P.2180/2023**

The Institute was invited by the defendant – Public Enterprise Roads of Serbia, to join the lawsuit regarding the damage to the vehicle caused by the falling barrier at the Niš-East toll station on October 1, 2022, to the Plaintiff's vehicle, in the capacity of an intervener, to which the Institute agreed. However, as three hearings had already taken place, the Institute was precluded from presenting evidence, and the defendant did not have footage from the toll station. Since there was no evidence that the Plaintiff was at fault for the damage to the vehicle, in order to reduce further costs of the procedure, the Institute and the Plaintiff concluded an Out-of-Court Settlement No. 1244/1-24 on May 22, 2024, which was paid on May 24, 2024, in the amount of RSD 108,410.56 (RSD 31,164.00 for compensation of damages to the Plaintiff and RSD 77,246.00 for litigation costs as determined by the settlement, paid to the Plaintiff's attorney). The Plaintiff waived the claim for payment of statutory default interest specified in the lawsuit and on May 30, 2024, filed a motion with the Court to withdraw the lawsuit and the claim in its entirety. The Court issued a ruling on July 8, 2024, that the lawsuit is considered withdrawn. The case is concluded.

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39. COURT DISPUTES (Continued)

10. Plaintiff: Dunav Osiguranje ADO Belgrade, for reimbursement of debt in the amount of RSD 8,091.33 + legal costs Defendant: Public Enterprise Roads of Serbia, Commercial Court in Niš, Case No. 5.P.686/2023

The Institute was invited by the defendant – Public Enterprise Roads of Serbia, to join the lawsuit regarding the reimbursement of the debt, i.e., the reimbursement for compensation paid for the damage caused by the falling barrier at the Novi Sad-South toll station on February 17, 2022, to the insured vehicle, in the capacity of an intervener, to which the Institute agreed. Since Public Enterprise Roads of Serbia did not have footage from the toll station, there was no evidence that the injured party was at fault for the damage to the vehicle. In order to reduce further costs of the procedure, the Institute, as the provider of toll system maintenance services, concluded an Out-of-Court Settlement No. 601/1-24 with the Plaintiff on March 6, 2024, which was paid on March 7, 2024, in the amount of RSD 10,008.59 (RSD 8,091.33 for the reimbursement debt and RSD 1,917.26 for statutory default interest as determined by the settlement). On March 13, 2024, before the first hearing for the main trial, the Plaintiff withdrew the lawsuit and the claim in its entirety. The Court issued a Judgment based on the withdrawal on March 14, 2024. The case is concluded."

11. Plaintiff: Triglav Osiguranje ADO Belgrade, for reimbursement of debt in the amount of RSD 34,842.33 + legal costs Defendant: Public Enterprise Roads of Serbia, Commercial Court in Belgrade, Case No. 22.P.6436/2023

The Institute was invited by the defendant – Public Enterprise Roads of Serbia, to join the lawsuit regarding the reimbursement of the debt, i.e., the reimbursement for compensation paid for the damage caused by the falling barrier at the Obrenovac toll station on July 3, 2021, to the insured vehicle, in the capacity of an intervener, to which the Institute agreed. Since Public Enterprise Roads of Serbia did not have footage from the toll station, there was no evidence that the injured party was at fault for the damage to the vehicle. In order to reduce further costs of the procedure, the Institute, as the provider of toll system maintenance services, concluded an Out-of-Court Settlement No. 532/1-24 with the Plaintiff on February 27, 2024, which was paid on February 27, 2024, in the amount of RSD 41,947.30 (RSD 34,842.33 for the reimbursement debt and RSD 7,104.97 for statutory default interest as determined by the settlement). On February 29, 2024, before the first hearing for the main trial, the Plaintiff withdrew the lawsuit and the claim in its entirety. The Court issued a Judgment based on the withdrawal on March 7, 2024. The case is concluded.

12. Plaintiff: Stefan Lazić from Belgrade, through his attorney Stefan Ž. Lazić from Požarevac, for compensation of damages in the amount of RSD 24,000.00 + legal costs Defendant: Public Enterprise Roads of Serbia, First Basic Court in Belgrade, Case No. 58.P.10631/2023

The Institute was invited by the defendant – Public Enterprise Roads of Serbia, to join the lawsuit regarding the damage to the vehicle caused by the falling barrier at the Šimanovci toll station on October 1, 2021, to the Plaintiff's vehicle, in the capacity of an intervener, to which the Institute agreed. Since Public Enterprise Roads of Serbia did not have footage from the toll station, there was no evidence that the injured party was at fault for the damage to the vehicle. In order to reduce further costs of the procedure, the Institute, as the provider of toll system maintenance services, concluded an Out-of-Court Settlement No. 660/1-24 with the Plaintiff on March 13, 2024, which was paid on March 14, 2024, in the amount of RSD 33,000.00 (RSD 24,000.00 for damage compensation and RSD 9,000.00 for attorney's fees for drafting the lawsuit under the A.T.). The Plaintiff waived the claim for the payment of statutory default interest as specified in the lawsuit. On March 15, 2024, before the first hearing for the main trial, the Plaintiff withdrew the lawsuit and the claim in its entirety. The Court issued a Judgment based on the withdrawal on March 21, 2024. The case is concluded.

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39. COURT DISPUTES (Continued)

**13. Plaintiff: Dejan Mihajlović from Prokuplje, through his attorney Goran Todorović from Pirot, for compensation of damages in the amount of RSD 200,000.00 + legal costs
Defendant: Public Enterprise Roads of Serbia, Basic Court in Prokuplje, Case No. 16.P.379/2024**

The Institute was invited by the defendant – Public Enterprise Roads of Serbia, to join the lawsuit regarding the damage to the vehicle caused by the falling barrier at the Merošina toll station on October 6, 2023, to the Plaintiff's vehicle, in the capacity of an intervener, to which the Institute agreed. Since Public Enterprise Roads of Serbia did not have footage from the toll station, there was no evidence that the injured party was at fault for the damage to the vehicle. In order to reduce further costs of the procedure, the Institute, as the provider of toll system maintenance services, concluded an Out-of-Court Settlement No. 2470/1-24 with the Plaintiff on October 21, 2024, which was paid on October 22, 2024, in the amount of RSD 105,300.00 (RSD 60,000.00 for damage compensation to the Plaintiff and RSD 45,300.00 for litigation costs to the attorney, which includes RSD 13,500.00 for drafting the lawsuit under A.T., RSD 13,800.00 for court fees for the lawsuit, and RSD 18,000.00 for A.T. for one hearing). The Plaintiff waived the claim for the payment of statutory default interest as specified in the lawsuit. The Plaintiff did not appear at the main trial hearing scheduled for October 7, 2024, so the Court issued a decision on that day that the lawsuit is considered withdrawn. The case is concluded.

**14. Plaintiff: Slavko Šunderić from Vranjska Banja, through his attorney Ivica V. Kostić from Vranje, for compensation of damages in the amount of RSD 15,000.00 + legal costs
Defendant: Public Enterprise Roads of Serbia, Basic Court in Vranje, Case No. P.864/2024**

The Institute was invited by the defendant – Public Enterprise Roads of Serbia, to join the lawsuit for compensation of damages to the vehicle caused by the falling barrier at the Pečenjevaca toll station on April 16, 2024, to the Plaintiff's vehicle, in the capacity of an intervener, to which the Institute agreed. Since Public Enterprise Roads of Serbia did not have footage from the toll station, there was no evidence that the injured party was at fault for the damage to the vehicle. In order to reduce further costs of the procedure, the Institute, as the provider of toll system maintenance services, concluded an Out-of-Court Settlement No. 2539/1-24 with the Plaintiff on October 25, 2024, which was paid on October 29, 2024, in the amount of RSD 49,000.00 (RSD 15,000.00 for damage compensation to the Plaintiff and RSD 34,000.00 for litigation costs to the attorney, which includes RSD 9,000.00 for drafting the lawsuit under A.T., RSD 13,500.00 for attending one hearing, RSD 9,000.00 for preparing the withdrawal of the lawsuit under A.T., and RSD 2,500.00 for court fees for the lawsuit in the court of general jurisdiction). The Plaintiff waived the claim for the payment of statutory default interest as specified in the lawsuit. On October 30, 2024, the Plaintiff submitted a statement to withdraw the lawsuit and all claims in full. The Court issued a judgment based on the waiver on November 5, 2024. The case is concluded.

**15. Plaintiff: Siniša Popović from Čačak, through his attorney Bojan S. Pešić from Čačak, for compensation of damages in the amount of RSD 52,560.00 + legal costs
Defendant: Public Enterprise Roads of Serbia, Basic Court in Čačak, Case No. 8.P.1565/2024**

The Institute was invited by the defendant – Public Enterprise Roads of Serbia, to join the lawsuit for compensation of damages to the vehicle caused by the falling barrier at the Preljina toll station on February 20, 2024, to the Plaintiff's vehicle, in the capacity of an intervener, to which the Institute agreed. Since Public Enterprise Roads of Serbia did not have footage from the toll station, there was no evidence that the injured party was at fault for the damage to the vehicle. In order to reduce further costs of the procedure, the Institute, as the provider of toll system maintenance services, concluded an Out-of-Court Settlement No. 54/1-25 with the Plaintiff on January 8, 2025, which was paid on January 10, 2025, in the amount of RSD 66,060.00 (RSD 52,560.00 for damage compensation to the Plaintiff and RSD 13,500.00 to the attorney for drafting the lawsuit under A.T.). The Plaintiff waived the claim for the payment of statutory default interest as specified in the lawsuit. On January 14, 2025, the Plaintiff submitted a statement to withdraw the lawsuit and all claims in full. The Court issued a judgment based on the waiver on January 16, 2025. The case is concluded.

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39. COURT DISPUTES (Continued)

16. Subrogation Claim Before Filing a Lawsuit Against Public Enterprise Roads of Serbia – Claimant: Dunav Insurance Company ADO Belgrade for Subrogation Debt in the Amount of RSD 20,225.00

Before filing the subrogation lawsuit against Public Enterprise Roads of Serbia, the Institute was contacted by Dunav Insurance Company ADO Belgrade for the payment of a subrogation claim regarding the compensation paid to the policyholder for the damage caused by the falling barrier at the Belgrade Toll Station on June 14, 2024, to the policyholder's vehicle. Since it was determined through a review of the footage from the toll station provided by Public Enterprise Roads of Serbia that the injured party was not at fault for the damage to the vehicle, in order to avoid full legal costs and the payment of statutory default interest, the Institute concluded an Out-of-Court Settlement No. 3011/1-24 on November 11, 2024, and on December 12, 2024, paid Dunav Insurance Company ADO Belgrade the amount of RSD 20,225.00. The case is concluded.

17. Subrogation Claim Before Filing a Lawsuit Against Public Enterprise Roads of Serbia – Claimant: Dunav Insurance Company ADO Belgrade for Subrogation Debt in the Amount of RSD 23,850.00

Before filing the subrogation lawsuit against Public Enterprise Roads of Serbia, the Institute was contacted by Dunav Insurance Company ADO Belgrade for the payment of a subrogation claim regarding the compensation paid to the policyholder for the damage caused by the falling barrier at the Novi Sad-South Toll Station on December 13, 2023, to the policyholder's vehicle. Since Public Enterprise Roads of Serbia did not possess the footage from the toll station, and in order to avoid legal costs and the payment of statutory default interest, the Institute concluded an Out-of-Court Settlement No. 3012/1-24 on November 11, 2024, and on December 12, 2024, paid Dunav Insurance Company ADO Belgrade the amount of RSD 23,850.00. The case is concluded.

18. Plaintiff: Dragan Jasika from Inđija, represented by Attorney Dr. Nikola Jasika from Inđija, for Compensation of Damages in the Amount of RSD 168,040.35 + statutory default interest Defendant: Public Enterprise Roads of Serbia, Basic Court in Stara Pazova P.651/2024

The Institute was invited by the defendant – Public Enterprise Roads of Serbia, to join the lawsuit for compensation of damages to the plaintiff's vehicle caused by the falling barrier at the Inđija toll station on December 1, 2023. The Institute agreed to participate as a third-party intervener. Before filing the lawsuit, the plaintiff contacted the Mihajlo Pupin Institute with a request for compensation for the damage caused by the falling barrier at the mentioned toll station on his vehicle, through the Institute's liability insurance policy. However, the claim was rejected as it was determined from the video footage obtained from Public Enterprise Roads of Serbia that the red light on the display in front of the barrier at toll lane 1, where the plaintiff's vehicle was located, was on the entire time. The plaintiff did not adhere to the warning and continued driving, causing the barrier to fall on his vehicle as he was prohibited from continuing through the toll lane. The first two hearings for the main trial were not held, with the next one scheduled for March 28, 2025. It is expected that the court will reject the plaintiff's claim. The procedure is ongoing.

19. Plaintiff: Marko Dražić from Kucura, represented by Attorney Miloš G. Roganović from Vrbas, for Compensation of Damages in the Amount of RSD 242,459.00 + statutory default interest Defendant: Public Enterprise Roads of Serbia, Basic Court in Novi Sad P.8272/2024

The Institute was invited by the defendant – Public Enterprise Roads of Serbia, to join the lawsuit for compensation of damages to the plaintiff's vehicle caused by the falling barrier at the Novi Sad-North toll station on April 16, 2024. The Institute agreed to participate as a third-party intervener. Since Public Enterprise Roads of Serbia did not have footage from the toll station, in order to avoid court costs and payment of statutory default interest, the Institute concluded an out-of-court settlement on February 21, 2025 (the plaintiff waived the statutory default interest determined by the lawsuit). On February 24, 2025, the Institute paid the plaintiff the amount of RSD 267,459.00 (RSD 242,459.00 for damage compensation and RSD 25,000.00 for expert costs) and the amount of RSD 13,500.00 to the attorney for drafting the lawsuit per the Power of Attorney. After the conclusion of the lawyers' strike, the plaintiff will waive the lawsuit and claim, and the court will render a judgment based on the waiver, thus concluding the matter.

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39. COURT DISPUTES (Continued)

20. Plaintiff: Lena Markov Stojanović from Novi Sad, represented by Attorney Goran Prodić from Novi Sad, for Compensation of Damages in the Amount of RSD 188,270.00 + statutory default interest Defendant: Public Enterprise Roads of Serbia, Basic Court in Novi Sad P.9211/2024

The Institute was invited by the defendant – Public Enterprise Roads of Serbia, to join the lawsuit for compensation of damages to the plaintiff's vehicle caused by the falling barrier at the Maradik toll station on June 24, 2024. The Institute agreed to participate as a third-party intervener. After obtaining the footage from the toll station provided by Public Enterprise Roads of Serbia, it was determined that the plaintiff's vehicle had the red light on the display of the toll lane throughout the event due to a failure to read the electronic toll device, which required the driver to stop. However, the driver continued driving instead of stopping and waiting for an authorized person from the toll station to intervene, thereby bearing responsibility for the damage caused to the vehicle. The first hearing for the main proceedings is scheduled for March 19, 2025. It is expected that the court will dismiss the plaintiff's claim in its entirety. The procedure is ongoing.

21. Plaintiff: Nemanja Brzić from Novi Sad, represented by Attorney Ivan Jenecov from Novi Sad, for Compensation of Damages in the Amount of RSD 45,870.00 + statutory default interest Defendant: Public Enterprise Roads of Serbia, Basic Court in Novi Sad P.12850/2024

The Institute was invited by the defendant – Public Enterprise Roads of Serbia, to join the lawsuit for compensation of damages to the plaintiff's vehicle caused by the falling barrier at the Stara Pazova toll station on November 9, 2024. The Institute agreed to participate as a third-party intervener. After obtaining the footage from the toll station provided by Public Enterprise Roads of Serbia, it will be determined whether the driver is responsible for the damage to the vehicle. The first hearing for the main proceedings is scheduled for May 21, 2025. The outcome of the case is currently uncertain. The procedure is ongoing.

22. Plaintiff: Petar Aleksić from Kruševac, represented by Attorney Veljko Petrović from Kruševac, for Compensation of Damages in the Amount of RSD 430,000.00 + statutory default interest Defendant: Public Enterprise Roads of Serbia, Basic Court in Kragujevac 34.P.4465/2024

The Institute was invited by the defendant – Public Enterprise Roads of Serbia, to join the lawsuit for compensation of damages to the plaintiff's vehicle caused by the falling barrier at the Batocina toll station on March 30, 2024. The Institute agreed to participate as a third-party intervener. After obtaining the footage from the toll station provided by Public Enterprise Roads of Serbia, it was determined that a motorcyclist in the toll lane overtook the plaintiff's vehicle in front of the barrier, initiating the lowering of the barrier, which then fell on the plaintiff's vehicle. Since the damage to the plaintiff's vehicle was caused by a third party and not by Public Enterprise Roads of Serbia or the Institute, the lawsuit is entirely unfounded. As of the date of this report, three hearings have been held, with the next one scheduled for March 6, 2025, for the presentation of all proposed evidence. It is expected that the court will reject the plaintiff's lawsuit and claim as entirely unfounded. The procedure is ongoing.

23. Plaintiff: Filip Topalović from Topola, represented by Attorney Vladimir Đerasimović from Kragujevac, for Compensation of Damages in the Amount of RSD 125,707.00 + statutory default interest Defendant: Public Enterprise Roads of Serbia, Basic Court in Mladenovac P.803/2024

The Institute was invited by the defendant – Public Enterprise Roads of Serbia, to join the lawsuit for compensation of damages to the plaintiff's vehicle caused by the falling barrier at the Mali Požarevac toll station on September 29, 2024. The Institute agreed to participate as a third-party intervener. After obtaining the footage from the toll station provided by Public Enterprise Roads of Serbia, it will be determined whether the driver is at fault for the damage to the vehicle. The first hearing for the main trial is scheduled for May 12, 2025. The outcome of the dispute is uncertain at this point. The procedure is ongoing.

**Notes to consolidated financial statements
for the year ended December 31st, 2024 and 2023**

39. COURT DISPUTES (Continued)

24. Recourse Claim Before Filing a Lawsuit Against Public Enterprise Roads of Serbia – Plaintiff: AMS Insurance a.d.o. Belgrade, for Recourse Debt of RSD 113,640.00

Before filing a recourse lawsuit against Public Enterprise Roads of Serbia, AMS Insurance a.d.o. Belgrade addressed the Institute for the payment of a recourse claim for damages paid to the insured due to the falling barrier at the Novi Sad-North toll station on August 26, 2024, on the insured's vehicle. Since Public Enterprise Roads of Serbia did not have footage from the toll station, and in order to avoid legal costs as well as payment of statutory default interest, the Institute concluded an out-of-court settlement on December 25, 2024, under number 3166/1-24, and on December 26, 2024, paid AMS Insurance a.d.o. Belgrade the amount of RSD 113,640.00. The case is closed.

25. Recourse Claim Before Filing a Lawsuit Against Public Enterprise Roads of Serbia – Plaintiff: TRIGLAV Insurance a.d.o. Belgrade, for Recourse Debt of RSD 14,850.00, R-2023/0001391

Before filing a recourse lawsuit against Public Enterprise Roads of Serbia, TRIGLAV Insurance a.d.o. Belgrade addressed the Institute for the payment of a recourse claim for damages paid to the insured due to the falling barrier at the Stara Pazova toll station on July 16, 2021, on the insured's vehicle. Since Public Enterprise Roads of Serbia did not have footage from the toll station, and in order to avoid legal costs as well as payment of statutory default interest, the Institute concluded an out-of-court settlement on January 18, 2024, under number 152/1-24, and on January 19, 2024, paid TRIGLAV Insurance a.d.o. Belgrade the amount of RSD 14,850.00. The case is closed.

26. Recourse Claim Before Filing a Lawsuit Against Public Enterprise Roads of Serbia – Plaintiff: TRIGLAV Insurance a.d.o. Belgrade, for Recourse Debt of RSD 3,775.00, R-2024/0000113

Before filing a recourse lawsuit against Public Enterprise Roads of Serbia, TRIGLAV Insurance a.d.o. Belgrade addressed the Institute for the payment of a recourse claim for damages paid to the insured due to the falling barrier at the Stara Pazova toll station on July 3, 2021, on the insured's vehicle. Since Public Enterprise Roads of Serbia did not have footage from the toll station, and in order to avoid legal costs as well as payment of statutory default interest, the Institute concluded an out-of-court settlement on February 22, 2024, under number 482/1-24, and on February 26, 2024, paid TRIGLAV Insurance a.d.o. Belgrade the amount of RSD 3,775.00. The case is closed.

27. Recourse Claim Before Filing a Lawsuit Against Public Enterprise Roads of Serbia – Plaintiff: TRIGLAV Insurance a.d.o. Belgrade, for Recourse Debt of RSD 51,510.00, R-2024/0000859

Before filing a recourse lawsuit against Public Enterprise Roads of Serbia, TRIGLAV Insurance a.d.o. Belgrade addressed the Institute for the payment of a recourse claim for damages paid to the insured due to the falling barrier at the Obrenovac toll station on July 29, 2023, on the insured's vehicle. Since Public Enterprise Roads of Serbia did not have footage from the toll station, and in order to avoid legal costs as well as payment of statutory default interest, the Institute concluded an out-of-court settlement on April 17, 2024, under number 989/1-24, and on April 19, 2024, paid TRIGLAV Insurance a.d.o. Belgrade the amount of RSD 51,510.00. The case is closed.

28. Recourse Claim Before Filing a Lawsuit Against Public Enterprise Roads of Serbia – Plaintiff: TRIGLAV Insurance a.d.o. Belgrade, for Recourse Debt of RSD 100,347.48, R-2023/0000001

Before filing a recourse lawsuit against Public Enterprise Roads of Serbia, TRIGLAV Insurance a.d.o. Belgrade addressed the Institute for the payment of a recourse claim for damages paid to the insured due to the falling barrier at the Stara Pazova toll station on August 27, 2022, on the insured's vehicle. Since Public Enterprise Roads of Serbia did not have footage from the toll station, and in order to avoid legal costs as well as payment of statutory default interest, the Institute concluded an out-of-court settlement on August 29, 2024, under number 2036/1-24, and on August 30, 2024, paid TRIGLAV Insurance a.d.o. Belgrade the amount of RSD 100,347.48. The case is closed.

**Notes to consolidated financial statements
for the year ended December 31st, 2024 and 2023**

39. COURT DISPUTES (Continued)

29. Recourse Claim Before Filing a Lawsuit Against Public Enterprise Roads of Serbia – Plaintiff: TRIGLAV Insurance a.d.o. Belgrade, for Recourse Debt of RSD 77,326.72, R-2023/0000204

Before filing a recourse lawsuit against Public Enterprise Roads of Serbia, TRIGLAV Insurance a.d.o. Belgrade addressed the Institute for the payment of a recourse claim for damages paid to the insured due to the falling barrier at the Obrenovac toll station on July 10, 2022, on the insured's vehicle. Since Public Enterprise Roads of Serbia did not have footage from the toll station, and in order to avoid legal costs as well as payment of statutory default interest, the Institute concluded an out-of-court settlement on November 29, 2024, under number 2811/1-24, and on December 2, 2024, paid TRIGLAV Insurance a.d.o. Belgrade the amount of RSD 77,326.72. The case is closed.

30. Recourse Claim Before Filing a Lawsuit Against Public Enterprise Roads of Serbia – Plaintiff: MILENIJUM Insurance a.d.o. Belgrade, for Recourse Debt of RSD 746,390.00, PR-544/23

Before filing a recourse lawsuit against Public Enterprise Roads of Serbia, MILENIJUM Insurance a.d.o. Belgrade addressed the Institute for the payment of a recourse claim for damages paid to the insured due to the falling barrier at the Sremska Mitrovica toll station on May 18, 2023, on the insured's vehicle. Since Public Enterprise Roads of Serbia did not have footage from the toll station, and in order to avoid legal costs as well as payment of statutory default interest, the Institute concluded an out-of-court settlement on March 21, 2024, under number 722/1-24, and on March 22, 2024, paid MILENIJUM Insurance a.d.o. Belgrade the amount of RSD 746,390.00. The case is closed.

31. Recourse Claim Before Filing a Lawsuit Against Public Enterprise Roads of Serbia – Plaintiff: DDOR NOVI SAD a.d.o. Novi Sad, for Recourse Debt of RSD 95,501.00, No. 2400309301

Before filing a recourse lawsuit against Public Enterprise Roads of Serbia, DDOR NOVI SAD a.d.o. Novi Sad addressed the Institute for the payment of a recourse claim for damages paid to the insured due to the falling barrier at the Stara Pazova toll station on April 6, 2024, on the insured's vehicle. Since Public Enterprise Roads of Serbia did not have footage from the toll station, and in order to avoid legal costs as well as payment of statutory default interest, the Institute concluded an out-of-court settlement on October 24, 2024, under number 2512/1-24, and on October 25, 2024, paid DDOR NOVI SAD a.d.o. Novi Sad the amount of RSD 95,501.00. The case is closed.

32. Recourse Claim Before Filing a Lawsuit Against Public Enterprise Roads of Serbia – Plaintiff: DDOR NOVI SAD a.d.o. Novi Sad, for Recourse Debt of RSD 44,205.00, No. 2400476601

Before filing a recourse lawsuit against Public Enterprise Roads of Serbia, DDOR NOVI SAD a.d.o. Novi Sad addressed the Institute for the payment of a recourse claim for damages paid to the insured due to the falling barrier at the Stara Pazova toll station on June 19, 2024, on the insured's vehicle. Since Public Enterprise Roads of Serbia did not have footage from the toll station, and in order to avoid legal costs as well as payment of statutory default interest, the Institute concluded an out-of-court settlement on October 24, 2024, under number 2513/1-24, and on October 25, 2024, paid DDOR NOVI SAD a.d.o. Novi Sad the amount of RSD 44,205.00. The case is closed.

33. Recourse Claim Before Filing a Lawsuit Against Public Enterprise Roads of Serbia – Plaintiff: DDOR NOVI SAD a.d.o. Novi Sad for Recourse Debt of RSD 108,076.00, No. 2400079501, and MONERA EXPORT-IMPORT DOO NOVI SAD for Recourse for Paid Deductible under the Comprehensive Insurance Policy RSD 11,717.00

Before filing a recourse lawsuit against Public Enterprise Roads of Serbia, DDOR NOVI SAD a.d.o. Novi Sad addressed the Institute for the payment of a recourse claim for damages paid to the insured due to the falling barrier at the Novi Sad-South toll station on December 29, 2023, on the insured's vehicle, as well as the insured party itself for recourse regarding the paid deductible (the insured's participation in the payment of the damage compensation under the vehicle's comprehensive insurance policy). Since Public Enterprise Roads of Serbia did not have footage from the toll station, and in order to avoid legal costs as well as payment of statutory default interest, the Institute concluded a three-party out-of-court settlement on April 24, 2024, under number 1041/1-24, and on April 25, 2024, paid DDOR NOVI SAD a.d.o. Novi Sad the amount of RSD 108,076.00 and MONERA EXPORT-IMPORT DOO NOVI SAD the amount of RSD 11,717.00. The case is closed.

**Notes to consolidated financial statements
for the year ended December 31st, 2024 and 2023**

39. COURT DISPUTES (Continued)

34. Claim for Damages – JORJ-COMPANY Robert DOOEL Import-Export Skopje, Republic of North Macedonia MKD 26,842.00 (EUR 435.75, middle exchange rate of NBS on May 13, 2024: 1 MKD = 1.9013 RSD, 1 EUR = 117.1197 RSD)

Before filing a lawsuit against Public Enterprise Roads of Serbia, JORJ-COMPANY Robert DOOEL Import-Export Skopje, Republic of North Macedonia, addressed the Institute for the payment of a damage claim due to the falling barrier at the Vladicin Han toll station on September 4, 2023, on a vehicle owned by the mentioned company. Since Public Enterprise Roads of Serbia did not have footage from the toll station, and in order to avoid legal costs as well as payment of statutory default interest, the Institute concluded an out-of-court settlement on May 14, 2024, under number 1178/1-24, and on May 17, 2024, paid JORJ-COMPANY Robert DOOEL Import-Export Skopje, Republic of North Macedonia the amount of EUR 435.75. The case is closed.

INSTITUT MIHAJLO PUPIN DOO BEOGRAD as the Plaintiff, represented by attorney Duško Filipović from Zemun:

**35. Plaintiff: INSTITUT MIHAJLO PUPIN DOO BEOGRAD for Eviction from Property
Defendant: Gojko Drobnjaković from Belgrade (tenant) First Basic Court in Belgrade P.6076/22**

On May 6, 2022, a lawsuit was filed for the eviction of the Defendant, the tenant, from the property located at Valtazara Bogišića Street No. 3A, whose registered holder of the right to use the property with a 1/1 ideal share is the Institute, as well as for the handover of the said property to the Institute. The case is currently suspended by the Court's Decision of October 10, 2022, due to the death of the Defendant on September 16, 2022. On November 10, 2022, after it was established that an inheritance procedure O.6244/2022 had been initiated for the Defendant before the First Basic Court in Belgrade, which was entrusted to notary Miodrag Glišić, a petition was filed to establish the fact that the Institute is an interested party in the inheritance procedure, as only after the completion of the inheritance proceedings and the determination of the Defendant's heirs can the suspended civil lawsuit proceed. The attorney's report is attached to this Report.

**36. Plaintiff: INSTITUT MIHAJLO PUPIN DOO BEOGRAD for Debt in the Amount of RSD 63,800.00 + statutory default interest
Defendant: Gojko Drobnjaković from Belgrade (tenant) First Basic Court in Belgrade P.6063/22**

On May 6, 2022, a lawsuit was filed for the debt against the Defendant, the tenant, of the property located at Valtazara Bogišića Street No. 3A, whose registered holder of the right to use the property with a 1/1 ideal share is the Institute. The case is currently suspended by the Court's Decision of October 10, 2022, due to the death of the Defendant on September 16, 2022. On November 10, 2022, after it was established that an inheritance procedure O.6244/2022 had been initiated for the Defendant before the First Basic Court in Belgrade, which was entrusted to notary Miodrag Glišić, a petition was filed to establish the fact that the Institute is an interested party in the inheritance procedure, as only after the completion of the inheritance proceedings and the determination of the Defendant's heirs can the suspended civil lawsuit proceed. The attorney's report is attached to this Report.

PROCEEDINGS BEFORE THE MISDEMEANOR COURT

**37. Misdemeanor Court in Belgrade 180. PR.41153/2023
Defendant Legal Entity: INSTITUT MIHAJLO PUPIN DOO BEOGRAD
Defendant Responsible Person in the Legal Entity – Director, for a misdemeanor under the Law on Fire Protection Applicant: Ministry of Internal Affairs of the Republic of Serbia, Sector for Emergency Situations, Emergency Management Directorate in Belgrade**

On September 11, 2023, a written defense was submitted to the court for the Defendant legal entity and responsible person. On November 19, 2024, the Misdemeanor Court in Belgrade issued Judgment 180.PR.41153/23, in which the defendants were found responsible for the misdemeanor they were charged with. However, considering all the defense arguments, the court imposed a Warning on the defendants. Flat-rate court costs were paid. The case is concluded.

Notes to consolidated financial statements
for the year ended December 31st, 2024 and 2023

39. COURT DISPUTES (Continued)

38. Basic Court in Gradiška, Republic of Srpska, Bosnia and Herzegovina 72 0 Pr 115062 24 Pr
Defendant Legal Entity: INSTITUT MIHAJLO PUPIN DOO BEOGRAD
Defendant Responsible Person in the Legal Entity – Director, for a misdemeanor under Article 4 of
the Law on the Basics of Road Traffic Safety in Bosnia and Herzegovina
Applicant: Gradiška Police Department – Traffic Safety Police Station Gradiška

After the oral hearing held on December 23, 2024, where all proposed evidence was presented, the Basic Court in Gradiška issued a Decision 72 0 Pr 115062 24 Pr on December 27, 2024, in which the defendants were acquitted of responsibility. The case is concluded.

39. Basic Court in Gradiška, Republic of Srpska, Bosnia and Herzegovina 72 0 Pr 114985 24 Pr
Defendant Legal Entity: INSTITUT MIHAJLO PUPIN DOO BEOGRAD
Defendant Responsible Person in the Legal Entity – Director, for a misdemeanor under Article 4 of
the Law on the Basics of Road Traffic Safety in Bosnia and Herzegovina
Applicant: Gradiška Police Department – Traffic Safety Police Station Gradiška

After the oral hearing held on January 27, 2025, where all proposed evidence was presented, the Basic Court in Gradiška issued a Decision 72 0 Pr 114985 24 Pr on February 3, 2025, in which the defendants were acquitted of responsibility. The case is concluded.

Imp Poslovne Usluge Ltd. Belgrade as of December 31, 2023, has no active legal disputes.

38.FINANCIAL INSTRUMENTS

Capital Risk Management

The objective of capital management, the Groups' 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.

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

	<u>2024.</u>	<u>2023.</u>
	<i>in RSD 000</i>	
Debt a)	875,288	726,594
Cash and cash equivalents	<u>(1,253,784)</u>	<u>(1,309,780)</u>
Net debt	<u>(378,496)</u>	<u>(583,186)</u>
Equity b)	<u>2,073,222</u>	<u>1,925,581</u>
Debt equity ratio	<u>0,18</u>	<u>0,30</u>

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

**Notes to consolidated financial statements
for the year ended December 31st, 2024 and 2023**

38. FINANCIAL INSTRUMENTS (Continued)

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 statement.

Categories of financial instruments

	<i>in RSD 000</i>	
	2024	2023
Financial Assets		
Long term financial investments	27,240	28,209
Receivables from sales	1,328,534	1,287,319
Short-term financial investments	112,000	-
Cash and cash equivalents	1,253,784	1,309,780
	2,721,558	2,625,308
Financial Liabilities		
Long-term liabilities	(437,110)	(470,813)
Short-term financial liabilities	(438,178)	(255,781)
Trade payables without received advances	(749,125)	(884,909)
	(1,624,413)	(1,611,503)

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

those risks. The Company doesn't 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 trough trade payables which are nominated in foreign currency. The Company doesn't 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 on government measures and law and legislation environment.

**Notes to consolidated financial statements
for the year ended December 31st, 2024 and 2023**

38. FINANCIAL INSTRUMENTS (Continued)

Currency risk (Continued)

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

	Assets		Liabilities	
	December 31 st 2024.	December 31 st 2023.	December 31 st 2024.	December 31 st 2023.
EUR	1,193,189	925,412	(914,547)	(804,250)
	1,193,189	925,412	(914,547)	(804,250)

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 st 2024. +10%	December 31 st 2023. +10%	December 31 st 2024. (10%)	December 31 st 2023. (10%)
EUR	40,312	6,550	(40,312)	(6,550)
	40,312	6,550	(40,312)	(6,550)

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.

**Notes to consolidated financial statements
for the year ended December 31st, 2024 and 2023**

38. FINANCIAL INSTRUMENTS (Continued)

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

	<i>in RSD 000</i>	
	2024.	2023.
Financial asset		
<i>Noninterest bearing</i>		
Long-term financial investments	27,240	28,117
Short-term financial investments	112,000	-
	139,240	28,117
<i>Interest bearing</i>		
Long-term financial investments	27,240	28,209
Receivables from sales	1,328,534	1,287,319
Cash and cash equivalents	1,253,784	1,309,780
	2,609,558	2,625,308
	2,748,798	2,653,425
Financial liabilities		
<i>Noninterest bearing</i>		
Trade payables without received advances	(749,125)	(884,909)
	(749,125)	(884,909)
<i>Interest bearing</i>		
Long-term liabilities	(437,110)	(470,813)
Short-term financial liabilities	(438,178)	(255,781)
	(875,288)	(726,594)
Interest rate gap	(736,048)	(698,477)

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>			
	Increase of 1 percentage point 2024.	2023.	Decrease of 1 percentage point 2024.	2023.
The result for the year	(7,360)	(6,985)	7,360	6,985

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.

**Notes to consolidated financial statements
for the year ended December 31st, 2024 and 2023**

38. FINANCIAL INSTRUMENTS (Continued)

Following table presents book and fair value of financial asset and liabilities as of 31st December 2024 and 31st December 2023.

	December 31 st 2024		December 31 st 2023	
	Book value	Fair value	Book value	Fair value
Financial asset				
Long-term financial investments	27,240	27,240	28,209	28,209
Trade receivables	1,328,534	1,328,534	1,287,319	1,287,319
Short-term financial investments	112,000	112,000	-	-
Cash and cash equivalents	1,253,784	1,253,784	1,309,780	1,309,780
	2,721,558	2,721,558	2,625,308	2,625,308
Financial liabilities				
Long-term liabilities	(437,110)	(437,110)	(470,813)	(470,813)
Short-term financial liabilities	(438,178)	(438,178)	(255,781)	(255,781)
Trade payables without received advances	(749,125)	(749,125)	(884,909)	(884,909)
	(1,624,413)	(1,624,413)	(1,611,503)	(1,611,503)

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, 2024, 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 31st, 2024 and 2023**

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	
	<u>December 31st 2024.</u>	<u>December 31st 2023.</u>
EUR	117,0149	117,1737
USD	112,4386	105,8671
CHF	124,5237	125,5343

In Belgrade,

Date April 15th, 2025

**Person responsible for preparing
the Financial Statement**

Кристина Вучић

Legal representative

[Signature]

