

Institute „Mihajlo Pupin“Ltd, Belgrade

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

**Notes to the 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 29, 1959.

The company operates in accordance with the Law on Business Organizations ("Official Gazette of RS", no. 36/2011, 99/2011, 83/2014 - another law, 5/2015, 44/2018, 95/2018, 91/2019 and 109/2021) and the Law on Science and Research ("Official Gazette of RS", no. 49/2019). The company's activities are focused on scientific research and production in the field of high technology (telecommunications, electronics, production of computer equipment, components and electronic devices, machinery, automation, 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 appropriate contracts. Project realization is executed in phases and usually comprises a longer period (over a year).

On 17 April 2007, an Agreement on the state-owned stake in the assets used by the Company was entered, between the Company and the Government of the Republic of Serbia. Pursuant to the Agreement the Republic of Serbia takes over all founder's, i.e. managing rights, so the stake of state property in assets used by the Company amounts to 100%.

The Company is the sole owner of the following six subsidiaries (with 100% stake):

1. IMP "Automatika" Ltd, Belgrade;
2. IMP "Računarski sistemi" Ltd, Belgrade;
3. IMP "Telekomunikacije" Ltd, Belgrade;
4. IMP "Piezotehnologija" Ltd, Belgrade;
5. IMP "Poslovne usluge" Ltd, Belgrade; and
6. "Idivorski Laboratorije" Ltd, Belgrade with 75% interest in capital.

The company IMP "Računarstvo" Ltd, Belgrade, Tax identification number (TIN) 10008344, Company identification number (CIN) 17178326, was deleted from the Companies Register (Serbian Business Register Agency decision no. BD 26782/2012 dated 13 March 2012) and merged with the company IMP "Računarski sistemi" Ltd, Belgrade, TIN 100008336, CIN 17178318, pursuant to the decision of the Serbian Business Register Agency no. BD 26864/2012 dated 13 March 2012.

The company IMP – Naučnotehnoški park Ltd, Belgrade - in liquidation, Tax identification number (TIN) 104802558, Company identification number (CIN) 20232005, was deleted from the Companies Register (Serbian Business Register Agency decision no. BD 74902/2020 dated 19 October 2020).

The Company is domiciled in Belgrade, 15, Volgina Street.

As of 31 December 2024 the Company had 150 employees (31 December 2023: 142 employees).

These financial statements are signed by Director at February 28 2025. Financial statements can be altered after the fact by the companies Auditor according to the relevant regulations.

**Notes to the financial statements
For the Year Ended December 31st, 2024 and 2023**

2. Basis for preparation and presentation of the financial statements and comparative data

(a) Basis for preparation of financial statements

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

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

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

The translation of IFRS was determined by the Decision of the Minister of Finance on determining the translation of the Conceptual Framework for Financial Reporting and the basic texts of International Accounting Standards, i.e., 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. 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 2022.

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 Company has prepared these financial statements based on 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.

Notes to the financial statements
For the Year Ended December 31st, 2024 and 2023

2. Basis for preparation and presentation of the financial statements and comparative data (Continued)

(b) 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 20 March 2024.

(c) The going concern concept

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies in effect during the preparation of Financial Statements for the year ended on December 31st 2024 are, as follows:

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 and losses arising from the disposal or sale of intangible assets are applied in the income statement in the period in which the intangible asset is disposed of or sold, in the amount of the difference between the cash inflow and the carrying amount of the asset.

3.2. Property, Plant and Equipment

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

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

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

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

All other repairs and maintenance costs 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.

Notes to the 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)

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

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

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

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 and 86/2019) 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 a 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

For assets that have an indefinite useful life and are not subject to depreciation, check whether there was a decrease in their value is done annually. Assets that are subject to depreciation 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 reversal of the impairment at each reporting date.

**Notes to the financial statements
For the Year Ended December 31st, 2024 and 2023**

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.5. Investments in Subsidiaries

Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies, to generate benefits from their activities. It is considered that the control exists when the Company owns, directly or indirectly (through other subsidiaries) more than half of the voting rights.

Equity investments in subsidiaries are reported at the original acquisition cost less accumulated impairment losses (Note 21(i)).

3.6. . Financial Instruments

In accordance with IFRS 9, the Company 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 as a whole changes. Reclassification has a prospective effect and is performed from the beginning of the first reporting period after the change of the business model.

The company 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.

**Notes to the 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

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.

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

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.

Notes to the financial statements
For the Year Ended December 31st, 2024 and 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.6. Financial Instruments (Continued)

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 all risks and rewards of ownership. Also, a financial asset ceases to be recognized when subsequent changes in the contractual terms of the financial asset result in a significant change in the cash flows from the financial asset.

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

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

The Company 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.

Notes to the financial statements
For the Year Ended December 31st, 2024 and 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.6. Financial Instruments (Continued)

Simplified approach to receivables impairment

The carrying amount of the asset is reduced using 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.

3.7. Inventories

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

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

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

3.8. Cash and cash Equivalents

Cash and cash equivalents include sight deposits in Dinars 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 10). 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, to reflect the time flow. This increase is stated as the borrowing cost. Provisions are reviewed as of each balance sheet date and adjusted 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.

Notes to the financial statements
For the Year Ended December 31st, 2024 and 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.11. Provisions, Contingent Liabilities and Contingent Assets (Continued)

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.

3.12. 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.

3.13. Foreign Currency Translation

All assets and liabilities denominated in foreign currencies are translated into RSD counter value at the official exchange rates published by the National Bank of Serbia, prevailing at the reporting date (Note 43).

Foreign currency transactions are translated into the functional currency at the official exchange rates in effect at the date of each transaction.

Foreign exchange gains and losses arising upon settlement of such transactions and translation of monetary assets and liabilities denominated in foreign currencies at the year-end, as well as positive and negative effects of contracted foreign currency clauses related to receivables and liabilities, are recognized in the income statement as a part of financial income (Note 13), i.e. financial expenses (Note 14).

3.14. Revenue Recognition

(a) Sales revenue and provision of services

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 the financial statements
For the Year Ended December 31st, 2024 and 2023**

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.14. Revenue Recognition

(a) Sales revenue and provision of services

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.

Provide all necessary disclosures on 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.

(b) Interest Income

Interest income comes from interest on funds deposited with banks, as well as default interest charged to customers who are late in fulfilling their obligations, in accordance with the contractual provisions. Interest income is recognized in the period in which the Company obtains the right to receive interest.

Notes to the financial statements
For the Year Ended December 31st, 2024 and 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.14. Revenue Recognition (Continued)

(c) Rental Income

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

(d) Dividend Income

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

3.15. 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% (2023: 15%) on the tax base reported in the annual corporate income tax return, and can be reduced by any applicable tax credits.

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

A tax payer 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 settle deferred tax liabilities.

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.

**Notes to the financial statements
For the Year Ended December 31st, 2024 and 2023**

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.16. Related Party Disclosures

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

Relations between the Company and its related parties are regulated at contractual basis and under market conditions. Outstanding balances of receivables and liabilities at the reporting date, as well as transactions occurred during the reporting periods with related parties are disclosed separately in notes to the financial statements (Note 40).

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 2024.

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.

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.

Price Risk

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

Interest Rate Risk

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

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

**Notes to the financial statements
For the Year Ended December 31st, 2024 and 2023**

4. FINANCIAL INSTRUMENTS – RISK MANAGEMENT (Continued)

4.1. Financial Risk Factors (Continued)

(b) Credit Risk

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

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

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

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

(c) Liquidity Risk

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

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

The Company's Finance Department supervises the liquidity planning with respect to the Company's requirements, 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.

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, 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.

Notes to the financial statements
For the Year Ended December 31st, 2024 and 2023

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

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 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.

Matters that are either 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.

**Notes to the financial statements
For the Year Ended December 31st, 2024 and 2023**

6. REVENUES FROM SALES

Revenues from sales are related to:

	2024	<i>in RSD 000</i> 2023
Sales of products and services to parent and subsidiaries legal entities in the domestic market	247,862	264,499
Sales of finished goods and services rendered to domestic Customers	1,884,296	1,965,071
Sales of finished goods and services rendered to foreign Customers	319,367	58,155
Total	2,451,525	2,287,725

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	0
Income from donations under specified conditions	471,471	440,230
Rental fees income	9,363	9,295
Total	480,834	449,525

8. MATERIAL COSTS

Costs of material are related to:

	2024.	<i>in RSD 000</i> 2023
Material procurement cost	51,793	45,073
Cost of raw material	709,869	361,750
Cost of other material (overhead)	4,145	3,916
Cost of fuel and energy	17,436	16,088
Cost of spare parts	1,371	5,832
Cost of a one-time write-off of inventory and tools	1,177	741
Total	785,791	433,400

Notes to the financial statements
For the Year Ended December 31st, 2024 and 2023

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>	
	<u>2024.</u>	<u>2023</u>
Costs of salaries and fringe benefits (gross)	637,190	665,295
Taxes and contributions on salaries and benefits	91,059	91,370
The cost of compensation for services contract	10,899	2,546
Costs of remunerations according to author's contracts	3,404	6,502
Costs of salaries for temporary contracts	4,554	1,862
Compensations to individuals for other contracts	1,425	253
Costs of remuneration to members of Management Board and Supervisory Board	6,616	5,832
Other personal expenses remunerations	25,806	38,690
Total	<u>780,953</u>	<u>812,350</u>

10. COSTS OF DEPRECIATION AND PROVISIONS

Costs of depreciation and provisions are related to:

	<i>in RSD 000</i>	
	<u>2024.</u>	<u>2023</u>
Depreciation costs	36,955	36,522
Costs of provisions during the warranty period	518	11,299
Provisions for employee compensations and other benefits	9,404	10,040
Other provisions	2,137	1,640
Total	<u>49,014</u>	<u>59,501</u>

11. OTHER OPERATING EXPENSES

Other operating expenses are related to:

	<i>in RSD 000</i>	
	<u>2024.</u>	<u>2023</u>
Costs of services used in production process of own costs capitalized	1,020,311	1,208,501
Transport services costs	17,181	16,680
Maintenance costs	11,699	9,335
Rental costs	542	402
Fair costs	1,661	191
Advertising costs	962	246
Other non-production costs	-	96
Costs of services used in production process of own costs capitalized	36,273	36,044
Total	<u>1,088,629</u>	<u>1,271,495</u>

Notes to the financial statements
For the Year Ended December 31st, 2024 and 2023

12. NON-PRODUCTION COSTS

Non-production costs are related to:

	<i>in RSD 000</i>	
	<u>2024.</u>	<u>2023</u>
Costs of non-production services	27,612	22,567
Representation costs	10,250	12,143
Costs of insurance premiums	3,890	2,529
Costs of payment operations	20,996	13,346
Costs of membership fees	1,895	1,934
Tax costs	7,116	9,629
Contribution costs	456	187
Other non-production costs	8,320	11,049
Total	<u>80,535</u>	<u>73,384</u>

13. FINANCIAL REVENUES

Financial revenues are related to:

	<i>in RSD 000</i>	
	<u>2024.</u>	<u>2023</u>
Financial income from parent and subsidiary companies	-	0
Financial income from other subsidiary companies	4	6
Income from interest (to third parties)	1,064	3,345
FX gains (to third parties)	1,563	992
Income from foreign currency clause (to third parties)	12,295	1,628
Other financial revenues	5	0
Total	<u>14,931</u>	<u>5,971</u>

14. FINANCIAL EXPENSES

Financial expenses are related to:

	<i>in RSD 000</i>	
	<u>2024.</u>	<u>2023</u>
Cost of interest (to third parties)	37,618	22,089
FX losses (to third parties)	7,459	2,232
Expenses from foreign currency clause (to third parties)	2,380	377
Total	<u>47,457</u>	<u>24,698</u>

Notes to the financial statements
For the Year Ended December 31st, 2024 and 2023

15. OTHER REVENUES

Other revenues are related to:

	<i>in RSD 000</i>	
	<u>2024.</u>	<u>2023</u>
Gains on sales of Intangible assets and property, plant and equipment	410	586
Collected written-off receivables	1,606	25,405
Revenues from the effects of hedging which do not fulfil the conditions to be set out in the framework of other comprehensive results	1,163	103
Income from reduction of liabilities	-	0
Income from abolishing of long-term and short-term provisions	10,738	53,614
Other income	5,321	4,898
Total	<u>19,238</u>	<u>84,606</u>

16. OTHER EXPENSES

Other expenses are related to:

	<i>in RSD 000</i>	
	<u>2024.</u>	<u>2023</u>
Losses on writing-offs and disposals of trade receivables and short-term financial investments	488	211
Losses on securities	-	0
Other expenses	7,747	8,406
Losses on writing-offs and disposals short term financial investments	59,420	67,298
Total	<u>67,655</u>	<u>75,915</u>

**17. NEGATIVE NET EFFECT ON THE RESULT ON THE BASIS OF OPERATING LOSS
SUSPENSES**

Negative net effect on the result based on operating losses that is suspended refers to:

	<i>in RSD 000</i>	
	<u>2024.</u>	<u>2023</u>
Expenses based on corrections of errors from previous years that are not materially significant	1,189	1,551
Total	<u>1,189</u>	<u>1,551</u>

Notes to the financial statements
For the Year Ended December 31st, 2024 and 2023

18. INCOME TAX

The basic components of income taxes are as follows:

	2024.	<i>in RSD 000</i> 2023.
Current income tax	14,553	15,543
Deferred tax income / expense for the period	859	2,817
Total	15,412	18,360

Current income tax

Harmonization of gross profit shown in the current income statement with the tax field from the tax balance sheet is shown in the following table:

	2024.	<i>in RSD 000</i> 2023.
Tax base	65,305	75,533
Current tax rate	15%	15%
Current income tax	9,796	11,330
Expenses not deductible for tax purposes	4,757	4,213
Harmonization at the consolidated balance	-	-
Tax exemptions after tax credit	-	-
Current income tax	14,553	15,543
Income tax expense (current tax + deferred tax revenue-deferred tax income)	15,412	18,360
The effective tax rate (income tax expense / profit before tax x 100)	23,60%	24,30%

Deferred income taxes

	<i>Income statement</i>		<i>in RSD 000</i> <i>Balance sheet</i>	
	2024.	2023.	2024.	2023.
Deferred tax assets / liabilities				
Balance at beginning of year	(2,817)	282	(125)	2,693
Temporary differences between the carrying amounts of assets and their tax value	1,958	(3,099)	(859)	(2,818)
Balance at end of year	(859)	(2,817)	(984)	(125)

19. INTANGIBLE ASSETS

Intangibles are related to:

	2024.	<i>in RSD 000</i> 2023.
Concession, patent, license, trademarks and service marks	3,980	2,886
Total	3,980	2,886

**Notes to the financial statements
For the Year Ended December 31st, 2024 and 2023**
19. INTANGIBLE ASSETS (Continued)

The trend in intangible assets during 2024 is presented in the following table:

	Concessions, patents, licenses and similar rights	Intangible assets in preparation	Total
COST VALUE			
Balance as of January 1st 2023	34,843	-	34,843
New procurement	147	-	147
Activation	-	-	-
Balance as of 31st December 2023	34,990	-	34,990
New procurement	1,044	-	1,044
Balance as of 31st December 2024	36,034	-	36,034
ACCUMULATED DEPRECIATION			
Balance as of January 1st 2023	30,858	-	30,858
Current amortization (Note 10)	1,246	-	1,246
Balance as of 31st December 2023	32,104	-	32,104
Current amortization (Note 10)	(50)	-	(50)
Balance as of 31st December 2024	32,054	-	32,054
Current value			
- 31st december 2024	3,980	-	3,980
- 31st december 2023	2,886	-	2,886

20. PROPERTY, PLANT AND EQUIPMENT

Property, plant, and equipment are related to:

	<i>in RSD 000</i>	
	2024.	2023.
Buildings	92,512	105,015
Plant and equipment	75,726	69,619
Other property, plant and equipment	13,461	13,423
Total	181,699	188,057

Notes to the 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 equipment	PPE under construction	Total
COST VALUE					
Balance as of January 1st 2023	654,987	262,174	13,366	-	930,527
Purchase during year	2,495	-	56	29,887	32,438
Transfer from PPE	-	29,887	-	(29,877)	-
Disposals	-	(10,362)	-	-	(10,362)
Balance as of December 31st 2023	657,482	281,699	13,422	-	952,603
Cost value during the year	2,897	-	39	27,411	30,347
Transfer from PPE	-	27,411	-	(27,411)	-
Disposals	-	(8,197)	-	-	(8,197)
Balance as of December 31st 2024	660,379	300,913	13,461	-	974,753
ACCUMULATED DEPRECIATION					
Balance as of January 1st 2023	537,181	202,258	-	-	739,439
Amortization (Note 10)	15,286	9,821	-	-	25,107
Disposals	-	-	-	-	-
Balance as of December 31st 2023	552,467	212,079	-	-	764,546
Amortization (Note 10)	15,400	13,108	-	-	28,508
Disposals	-	-	-	-	-
Balance as of December 31st 2024	567,867	225,187	-	-	793,054
Undiscounted value:					
- December 31 st 2024	92,512	75,726	13,461	-	181,699
- December 31 st 2023	105,015	69,620	13,422	-	188,057

The cost of fully depreciated property, plant and equipment as of December 31, 2024 is RSD 226,800 thousand.

The increase in the value of fixed assets in 2024 mostly relates to the purchase of computer equipment in the amount of RSD 6,296 thousand, measuring instruments and devices in the amount of RSD 11,870 thousand, equipment for scientific research in the amount of RSD 2,636 thousand, real estate in the amount of RSD 2,897 thousand, lightning rod in the amount of RSD 3,172 thousand, special mechanical tools in the amount of RSD 2,438 thousand and office furniture in the amount of 673 thousand.

The Company leases a certain number of cars through financial leasing. The present (undiscounted) value of the leased equipment as of December 31, 2024 is RSD 6,394 thousand.

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

Notes to the 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	63,814	63,814
Investments in capital of other associated companies	81	92
Investments in other legal entities and other securities able for sale	6,116	6,116
Other long-term investments	807	1,216
Trade receivables long-term retention	17,568	17,168
Impairment of long-term financial investments	(13,216)	(13,216)
Balance as of December 31st	75,170	75,190

(i) Investments in capital of subsidiaries:

	2024.	2023.
In stakes	63,814	63,814
<i>Less: Provisions</i>	(7,100)	(7,100)
Balance as of December 31st	56,714	56,714

Equity investments in subsidiaries are related to the shares in the following Business Companies:

Name and headquarters	2024	2023
IMP-Automatika ltd.	32,668	32,668
IMP-Računarski sistemi ltd.	21,883	21,883
IMP-Telekomunikacije	1,029	1,029
Idvorski laboratorije ltd.	75	75
IMP-Poslovne usluge ltd.	1,059	1,059
Balance as of December 31st	56,714	56,714

(ii) Equity investments in associated companies

	2024	2023
In stakes	81	92
<i>Less: Provisions</i>	0	0
Balance as of December 31st	81	92

Equity investments in associated companies relate to:

Name and headquarters	2024	2023	% Participation
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	

Notes to the financial statements
For the Year Ended December 31st, 2024 and 2023

21. LONG TERM FINANCIAL INVESTMENTS (Continued)

(iii) *Equity investments in other legal entities and other securities available for sale*

	<u>2024</u>	<u>2023</u>
In stocks	6,116	6,116
Less: Provisions	<u>(6,116)</u>	<u>(6,126)</u>
Balance as of December 31st	<u>0</u>	<u>0</u>

(iv) *Other long term financial investments*

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.

22. INVENTORIES

Inventories are related to:

	<i>in RSD 000</i>	
	<u>2024.</u>	<u>2023.</u>
Material	129,992	196,751
Balance as of December 31st	<u>129,992</u>	<u>196,751</u>

23. ADVANCES PAID

Advances paid are related to:

	<i>in RSD 000</i>	
	<u>2024.</u>	<u>2023.</u>
Advances paid from one of mutual relations	233,987	33,254
Advances paid for services - domestic	77,472	44,844
Advances paid for services - foreign	35,132	7,218
Provisions for advances paid	<u>(2,241)</u>	<u>(2,241)</u>
Balance as of December 31st	<u>344,350</u>	<u>83,075</u>

Receivables from paid advances reported on December 31st 2024 in the amount of 346,591 thousand (without correction values claims) are not compliant with the debtors of 18,610 thousand, or 5,37% of the mentioned receivables are not reconciled and out of 242 clients, a total of 116 are unreconciled, which is 47,93%.

24. RECEIVABLES FROM SALES

Receivables from sales are related to:

	<i>in RSD 000</i>	
	<u>2024.</u>	<u>2023.</u>
Trade receivables - parent companies and subsidiaries	99,821	137,310
Trade receivables - domestic	612,341	622,969
Trade receivables - foreign	254,582	192,819
Other receivables	<u>(329,755)</u>	<u>(271,953)</u>
Balance as of December 31st	<u>636,989</u>	<u>681,145</u>

Notes to the financial statements
For the Year Ended December 31st, 2024 and 2023

Movements in allowance for impairment were as follows

	2024.	<i>in RSD 000</i> 2023.
Balance at beginning of year	271,953	228,765
Charged during the year	(1,606)	(24,110)
Provisions during the year	59,408	67,298
Balance as of December 31st	329,755	271,953

Receivables based on sales stated as of December 31, 2024 in the amount of RSD 966,744 thousand (without adjustment of the value of the receivable) were not reconciled with debtors in the amount of RSD 170,695 thousand, i.e. 17.66% of the listed receivables were not reconciled, and out of 303 accounts receivable, a total of 93 were not reconciled, which makes up 30.69%.

The 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.

25. OTHER RECEIVABLES

Other receivables are related to:

	2023	<i>in RSD 000</i> 2023
Receivables for imports of dependent legal entities	59	59
Receivables for interest and dividends	198	205
Receivables from employees	859	2,272
Receivables from state bodies and organizations	6	-
Receivables for compensations to be refunded	2,150	2,688
Receivables for prepaid taxes-other	-	0
Receivables for subscription based on profit tax	-	0
Other short-term receivables	155,605	147,561
Value added tax	135,205	613
Provisions for other receivables	(25,989)	(25,989)
Balance as of December 31st	268,093	127,409

26. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are related to:

	2024.	<i>in RSD 000</i> 2023.
Current (business) accounts	184,837	98,861
Foreign exchange account	627,480	580,643
Other cash and cash equivalents	1,505	3,293
Balance as of December 31st	813,822	682,797

Notes to the financial statements
For the Year Ended December 31st, 2024 and 2023

27. SHORT-TERM ACCRUED AND DEFERRED INCOME

Short-term accruals and deferrals relate to:

	<i>in RSD 000</i>	
	<u>2024.</u>	<u>2023.</u>
Prepaid expenses	2,265	3,290
Receivables for un invoiced income	54,756	65,213
Other short-term accruals and deferrals	7,636	2,753
Balance as of December 31st	<u>64,657</u>	<u>71,256</u>

28. CAPITAL AND RESERVES

Capital and reserves are related to:

	<i>in RSD 000</i>	
	<u>2024.</u>	<u>2023.</u>
Stakes in limited liability companies	475,634	475,634
Other capital	3,923	3,923
Actuarial gains and losses on defined benefit plans	(20,964)	(28,770)
Gains or losses on available-for-sale securities	-	-
Retained profit from previous years	197,242	168,656
Retained profit from current year	49,893	57,173
Balance as of December 31st	<u>705,728</u>	<u>676,616</u>

Shares in the company as a limited liability company in the amount of RSD 475,634 thousand relate to:

	<u>IN RSD</u>	<u>Participation</u>
	<u>000</u>	<u>in %</u>
The state capital - Government of the Republic of Serbia	475,634	100,00
Total	<u>475,634</u>	<u>100,00</u>

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.

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 at December 31st 2014. in the amount of RSD 475,634 thousand.

The Company is in 2024 realized net profit of RSD 49,893 thousand.

Notes to the financial statements
For the Year Ended December 31st, 2024 and 2023

29. LONG TERM PROVISIONS

Long-term provisions are related to:

	<i>in RSD 000</i>	
	<u>2024.</u>	<u>2023.</u>
Long-term provisions are related to:	20,798	29,851
Long-term provisions are related to:	<u>60,201</u>	<u>59,214</u>
Balance as of December 31st	<u>80,999</u>	<u>89,065</u>

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.

The principal actuarial assumptions used were as follows:

Serial Number	The assumptions used when making the calculation of provisions for severance pay upon retirement	2024.	2023.
1.	Discount rate	5,75%	6,50%
2.	The estimated rate of growth of average earnings	12,00%	13,00%
3.	Percentage fluctuation	4,43%	4,82%
4.	The amount of severance pays at the time of provisioning	416.733,00	371.913,00
5.	The amount of severance pays in the previous calculation	371.913,00	324.003,00
6.	Total number of employees as of 01. 01. current year	162	173
7.	Total number of employees who left the Company during the year	14	21
8.	Including number of retired workers who received severance pay upon retirement during the year	2	11
9.	The total number of new employees during the year	7	10
10.	Total number of employees at 31/12/2023	155	162
11.	Have there been changes in the general act in terms of provisions to which employees are entitled upon retirement compared to the previous period	No	
12.	Method of recognizing actuarial gains / losses	In its entirety in the period in which they arise	
13.	Have there been changes in the general act in terms of the recognition of provisions for retirement compared to the previous period	No	

The actuarial calculations were used mortality tables for the period 2021 – 2023.

30. LONG TERM LIABILITIES

Long term liabilities are related to:

	<i>in RSD 000</i>	
	<u>2024.</u>	<u>2023.</u>
Long-term loans and borrowings in the country	383,549	298,142
Liabilities from financial leasing	<u>3,422</u>	<u>4,914</u>
Balance as of December 31st	<u>386,971</u>	<u>303,056</u>

Notes to the financial statements
For the Year Ended December 31st, 2024 and 2023

30. LONG TERM LIABILITIES (Continued)

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

INSTITUTE MIHAJLO PUPIN Ltd Belgrade has (part of) a loan with Raiffeisen Bank at EUR 1.000.000,00, with a currency clause and a grace period until 01.07.2024 year, three-month month Euribor plus 2,55% interest.

And INSTITUTE MIHAJLO PUPIN Ltd Belgrade has (part of) a loan with Banca Intesa at EUR 2.000.000,00, with a currency clause and a grace period until 06.08.2024 year, three-month month Euribor plus 2,48% interest.

31. LONG TERM ACCRUALS

Long term accruals are related to:

	<i>in RSD 000</i>	
	2024.	2023.
Income of the future period	11,175	10,374
Donations received for reimbursement of expenses	-	97
Donations received - projects in local currency RSD	1,096	1,069
Donations received - projects in foreign currency	49,611	30,535
Equipment donations received	726	858
Equipment donations received - SAP and NIP	8,850	11,261
Balance as of December 31st	71,458	54,194

32. SHORT-TERM FINANCIAL LIABILITIES

Short-term financial liabilities are related to:

	<i>in RSD 000</i>	
	2024.	2023.
Short term loans – domestic	34,000	100,000
The part of long-term loans and borrowings that matures up to one year	312,039	147,118
Part of other long-term liabilities maturing in one year	1,485	1,392
Other short-term financial liabilities	44	-
Balance as of December 31st	347,568	248,510

INSTITUTE MIHAJLO PUPIN Ltd. BELGRADE has (part of) a 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.

INSTITUTE MIHAJLO PUPIN Ltd. BELGRADE has (part of) a loan with Raiffeisen Bank in the amount of EUR 2.000.000.00, with a currency clause and a grace period until June 30, 2025, three-month Euribor plus 2,48% interest.

INSTITUTE MIHAJLO PUPIN Ltd. BELGRADE has (part of) a loan with Banca Intesa in the amount of EUR 2.000.000.00, with a currency clause and a grace period until 06.08.2024, three-month Euribor plus 2,48% interest.

Notes to the financial statements
For the Year Ended December 31st, 2024 and 2023

33. RECEIVED ADVANCES

Received advances are related to:

	<i>in RSD 000</i>	
	<u>2024.</u>	<u>2023.</u>
Received advances, deposits, and caution money	347,352	228,369
Balance as of December 31st	<u>347,352</u>	<u>228,369</u>

Liabilities for received advances, deposits and sureties, expressed as of December 31, 2024 in the amount of RSD 347,352 thousand, have not been reconciled with creditors in the amount of RSD 22,528 thousand, which is 6.40%, and out of 45 creditors, 21 have not been reconciled, which is 46.60%.

34. TRADE PAYABLES

Trade payables are related to:

	<i>in RSD 000</i>	
	<u>2024.</u>	<u>2023.</u>
Trade payables – parent and subsidiaries – domestic	235,441	97,004
Trade payables – domestic	194,878	304,650
Trade payables – foreign	28,542	56,650
Balance as of December 31st	<u>458,861</u>	<u>458,304</u>

Liabilities to suppliers, expressed as of December 31, 2024 in the amount of RSD 458,861 thousand, were not reconciled with creditors in the amount of RSD 7,874 thousand, i.e. 1.72% of the aforementioned liabilities were not reconciled, and out of 597 commitments, a total of 331 were not reconciled, which makes up 55.44%.

35. SHORT-TERM PROVISIONS

Liabilities for short - term provisions relate to:

	<i>in RSD 000</i>	
	<u>2024.</u>	<u>2023.</u>
Short-term provisions for the warranty period	0	-
Other short-term provisions	2,138	1,640
Balance as of December 31st	<u>2,138</u>	<u>1,640</u>

Notes to the financial statements
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36. OTHER SHORT-TERMS LIABILITIES

Other short-terms liabilities are related to:

	<i>in RSD 000</i>	
	<u>2024.</u>	<u>2023.</u>
Liabilities for net salaries and fringe benefits, except allowances to be refunded	34,228	34,832
Liabilities for taxes on salaries and fringe benefits charged to employees	4,424	4,526
Liabilities for contributions on salaries and fringe benefits charged to employees	9,538	9,502
Liabilities for taxes and contributions on salaries and fringe benefits charged to employer	7,266	7,237
Liabilities for refundable net fringe benefits	249	574
Liabilities for taxes and contributions on refundable fringe benefits charged to employees	98	233
Liabilities for taxes and contributions on refundable fringe benefits charged to employer	53	122
Liabilities for interests and finance costs	219	3,774
Liabilities to employees	14,941	21,433
Liabilities to members of Management Board and Supervisory Board	357	315
Liabilities to individuals for contracted fees	770	644
Other liabilities	52	55
Liabilities based on value added tax and other public revenues	1,687	17,301
Liabilities for income tax	1,601	2,847
	<u>75,483</u>	<u>103,395</u>

37. SHORT-TERM ACCRUED AND DEFERRED INCOME

Short-term accruals and deferrals relate to:

	<i>in RSD 000</i>	
	<u>2024.</u>	<u>2023.</u>
Other accruals and deferrals	42,710	11,292
	<u>42,710</u>	<u>11,292</u>

Notes to the financial statements
For the Year Ended December 31st, 2024 and 2023

38. OFF-BALANCE SHEET EVIDENCE

Off-balance sheets are related to:

	<i>in RSD 000</i>	
	<u>2024.</u>	<u>2023.</u>
Given sureties, guarantees and other rights	952,959	735,847
Assets other entities	3,573	3,573
	374,086	-
Liabilities for given sureties, guarantees and other rights	(952,959)	(735,847)
Liabilities for assets in other entities	(3,573)	(3,573)
	(374,086)	-
Balance as of December 31st	<u><u>-</u></u>	<u><u>-</u></u>

Guarantees in the amount of RSD 952,959 thousand as of December 31, 2024 relate to performance guarantees issued by commercial banks to suppliers.

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

39. COURT DISPUTES

Institute „Mihajlo Pupin“Ltd Belgrade as a bankruptcy creditor

1Telefonija AD Belgrade

Commercial Court in Belgrade 3. St.71 / 2014 (formerly 6. St.3715/2012)

Bankruptcy proceedings started from the beginning, the reorganization plan prepared in advance was put out of force.

Reported receivable in the amount of: **RSD 1,665,810.72 in the name of the principal debt**
RSD 2,217,719.75 in the name of statutory interest.

Recognized claim by the Conclusion of the Commercial Court in Belgrade dated March 24, 2015: RSD **1,665,810.72** in the name of the principal debt and RSD **1,915,113.60** in the name of the statutory interest rate.

According to information from the Bankruptcy Administration, based on the Decision of the Commercial Court in Belgrade 3.St.71/2014 of 28.02.2020. by which the first partial part of the bankruptcy estate of the bankrupt debtor was determined, the claims of creditors of the first and second paid order were fully settled. In the following period, activities related to the monetization of the remaining property of the bankrupt debtor are forthcoming in order to determine, after cashing out and settlement of different creditors, the available partition for the payment of creditors of the III payment order, in which payment order is also the claim of Institut Mihajlo Pupin Ltd. Belgrade. The bankruptcy proceedings are still ongoing.

**Notes to the financial statements
For the Year Ended December 31st, 2024 and 2023**

39. COURT DISPUTES (Continued)

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

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

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 favor 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.

**Notes to the financial statements
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39. COURT DISPUTES (Continued)

**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).

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

**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.

**Notes to the financial statements
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39. COURT DISPUTES (Continued)

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.

**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.

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39. COURT DISPUTES (Continued)

**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.

**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

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39. COURT DISPUTES (Continued)

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.

**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.

**Notes to the financial statements
For the Year Ended December 31st, 2024 and 2023**

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 Indija, represented by Attorney Dr. Nikola Jasika from Indija, 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 Indija 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.

**Notes to the financial statements
For the Year Ended December 31st, 2024 and 2023**

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.

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.

**Notes to the financial statements
For the Year Ended December 31st, 2024 and 2023**

39. COURT DISPUTES (Continued)

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.

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.

**Notes to the financial statements
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39. COURT DISPUTES (Continued)

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.

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.

**Notes to the financial statements
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39. COURT DISPUTES (Continued)

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.

**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**

**Notes to the financial statements
For the Year Ended December 31st, 2024 and 2023**

39. COURT DISPUTES (Continued)

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.

40. TRANSACTIONS WITH RELATED PARTIES

In its regular business, the Company realizes business transactions with its dependent legal entities and other related parties.

(a) Income and expenses from sales / purchases of goods / services

The following transactions were conducted with related parties:

	<u>2024.</u>	<u>2023.</u>
(a) Sales of goods and services		
IMP-Automatika Ltd, Belgrade	216,664	233,707
IMP Automatika-Security Ltd, Belgrade	281	3,038
IMP Racunarski sistemi Ltd, Belgrade	21,577	19,688
IMP Telekomunikacije Ltd, Belgrade	7,634	6,521
Idvorski laboratorije Ltd, Belgrade	1,282	1,104
IMP – Piezotehnologija Ltd, Belgrade	38	43
IMP Poslovne usluge Ltd, Belgrade	386	398
Total	<u>247,862</u>	<u>264,499</u>

Products and services are sold at prices and terms that would be available to third parties.

	<u>2024.</u>	<u>2023.</u>
(b) Procurement of goods and services		
IMP-Automatika Ltd, Belgrade	188,453	307,672
IMP Racunarski sistemi Ltd, Belgrade	310,377	331,281
IMP Telekomunikacije Ltd, Belgrade	288,828	187,880
Idvorski laboratorije Ltd, Belgrade	-	476
IMP Piezotehnologija Ltd, Belgrade	-	2,500
IMP Poslovne usluge Ltd, Belgrade	31,388	32,202
Total	<u>819,046</u>	<u>862,011</u>

Goods and services are purchased in accordance with the normal course of business.

For 2024 a study was conducted on transfer pricing and consequently are made appropriate adjustments for tax purposes.

**Notes to the financial statements
For the Year Ended December 31st, 2024 and 2023**
40. TRANSACTIONS WITH RELATED PARTIES

(d) ©Balances receivable / payable at the end of the year arising from sales / purchases of goods / services

	<u>2024.</u>	<u>2023.</u>
Receivables from sales		
(Note 24)		
IMP-Automatika Ltd, Belgrade	68,399	106,063
IMP AUTOMATIKA-SECURITY DOO	1	-
IMP Racunarski sistemi Ltd, Belgrade	758	602
IMP Telekomunikacije Ltd, Belgrade	105	84
IDVORSKI LABORATORIJE d.o.o.	42	-
IMP Piezotehnologija Ltd, Belgrade	30,483	30,526
IMP Poslovne usluge Ltd, Belgrade	33	35
	<u>99,821</u>	<u>137,310</u>
Less: Allowance for impairment		
	(30,483)	(30,483)
Total	<u>69,338</u>	<u>106,827</u>
Receivables from interest and dividend		
(Note 25)		
IMP-Automatika Ltd, Belgrade	0	0
IMP Poslovne usluge Ltd, Belgrade	0	0
Total	<u>0</u>	<u>0</u>
Short-term financial investments		
IMP – PIEZOTEHNOLOGIJA Ltd. Belgrade	16,107	14,607
IMP – AUTOMATIKA Ltd. Belgrade	-	66,000
	<u>16,107</u>	<u>80,607</u>
Less: Allowance for impairment		
IMP Piezotehnologija Ltd, Belgrade	(14,607)	(14,607)
Total	<u>1,500</u>	<u>66,000</u>
Liabilities from business		
(Note 34)		
IMP-Automatika Ltd, Belgrade	29,048	28,362
IMP Racunarski sistemi Ltd, Belgrade	77,440	55,374
IMP Telekomunikacije Ltd, Belgrade	113,563	682
IMP Poslovne usluge Ltd, Belgrade	15,390	12,586
Total	<u>235,441</u>	<u>97,004</u>

Notes to the financial statements
For the Year Ended December 31st, 2024 and 2023

41. FINANCIAL INSTRUMENTS

Capital Risk Management

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

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

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

	<i>in RSD 000</i>	
	<u>2024.</u>	<u>2023.</u>
Debt a)	734,539	551,566
Cash and cash equivalents	<u>(813,822)</u>	<u>(682,797)</u>
Net debt	<u>(79,283)</u>	<u>(131,231)</u>
Equity b)	<u>705,728</u>	<u>676,616</u>
Debt equity ratio	<u>0,11</u>	<u>0,19</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

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

Categories of financial instruments

	<i>in RSD 000</i>	
	<u>2024.</u>	<u>2023.</u>
Financial Assets		
Long term financial investments	75,170	75,190
Receivables from sales	636,989	681,145
Other receivables	268,093	127,409
Short-term financial investments	1,500	66,000
Cash and cash equivalents	<u>813,822</u>	<u>682,797</u>
	<u>1,795,574</u>	<u>1,632,541</u>
Financial Liabilities		
Long-term liabilities	(386,971)	(303,056)
Short-term financial liabilities	(347,568)	(248,510)
Trade payables without received advances	(458,861)	(458,304)
Other liabilities	<u>(75,483)</u>	<u>(103,395)</u>
	<u>(1,268,883)</u>	<u>(1,113,265)</u>

Notes to the financial statements
For the Year Ended December 31st, 2024 and 2023

41. FINANCIAL INSTRUMENTS (Continued)

The main financial instruments of the Company are cash and cash equivalents, receivables, liabilities based on long-term and short-term loans, liabilities to suppliers and other liabilities whose basic names are financing the current operations of the Company. 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 a 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 through 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 the economic environment in which the Company operates depends on government measures and law and legislation environment.

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

	Assets		Liabilities		<i>in RSD 000</i>
	December 31st 2024.	December 31st 2023.	December 31st 2024.	December 31st 2023.	
In currency	1,239,821	773,462	(763,081)	(608,216)	
	1,239,821	773,462	(763,081)	(608,216)	

The company is sensitive to changes in the exchange rate of the euro and the dollar (EUR and USD). The following table presents the details of the analysis of the Company's sensitivity to the increase and decrease of 10% of the dinar exchange rate in relation to the given foreign currencies. The sensitivity rate is used in the internal presentation of foreign exchange risk and represents management's assessment of expected changes in foreign exchange rates. The sensitivity analysis includes only outstanding receivables and liabilities denominated in foreign currencies and adjusts their translation at the end of the period for a change of 10% in foreign exchange rates. A positive number from the table indicates an increase in the results of the current period in cases of weakening of the dinar in relation to the currency in question. In the case of a 10% strengthening of the dinar against a foreign currency, the impact on the result of the current period would be the opposite of that expressed in the previous case. The main reason for this lies in the fact that the Company has a predominantly short position in foreign currency, and therefore liabilities in foreign currency are far greater than receivables in the same.

Notes to the financial statements
For the Year Ended December 31st, 2024 and 2023

41. FINANCIAL INSTRUMENTS (Continued)

	December 31st 2024. +10%	December 31st 2023. +10%	December 31st 2024. -10%	<i>in RSD 000</i> December 31st 2023. -10%
In currency	22,613	13,633	(22,613)	(13,633)
	22,613	13,633	(22,613)	(13,633)

Interest rate risk

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

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

	2024.	<i>in RSD 000</i> 2023.
Financial asset		
<i>Noninterest bearing</i>		
Long-term financial investments	75,170	75,190
Receivables from sales	636,989	681,145
Other receivables	268,093	127,409
Short-term financial investments	1,500	66,000
Cash and cash equivalents	813,822	682,797
	1,795,574	1,632,541
	1,795,574	1,632,541
Financial liabilities		
<i>Noninterest bearing</i>		
Trade payables without received advances	(458,861)	(458,304)
Other liabilities	(75,483)	(103,395)
	(534,344)	(561,699)
<i>Interest bearing</i>		
Long-term liabilities	(386,971)	(303,056)
Short-term financial liabilities	(347,568)	(248,510)
	(734,539)	(551,566)
Interest rate gap	(659,369)	(476,376)

Sensitivity analysis shows the following text is 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. The increase or decrease of 1% is, by the management, assessment of changes in interest rates.

	Increase of 1 percentage point 2024.	2023.	Decrease of 1 percentage point 2024.	2023.
The result for the current year	(6,594)	(4,764)	6,594	4,764

Notes to the financial statements
For the Year Ended December 31st, 2024 and 2023

41. FINANCIAL INSTRUMENTS (CONTINUED)

Credit risk

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

Liquidity risk

Final responsibility for managing 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.

The 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	75,170	75,170	75,190	75,190
Trade receivables	636,989	636,989	681,145	681,145
Other receivables	268,093	268,093	127,409	127,409
Short-term financial investments	1,500	1,500	66,000	66,000
Cash and cash equivalents	813,822	813,822	682,797	682,797
	1,795,574	1,795,574	1,632,541	1,632,541
Financial liabilities				
Long-term liabilities	(386,971)	(386,971)	(303,056)	(303,056)
Short-term financial liabilities	(347,568)	(347,568)	(248,510)	(248,510)
Trade payables without received advances	(458,861)	(458,861)	(458,304)	(458,304)
Other liabilities	(75,483)	(75,483)	(103,395)	(103,395)
	(1,268,883)	(1,268,883)	(1,113,265)	(1,113,265)

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, to obtain a relevant assessment of market value of financial instruments on the balance sheet day.

42. EVENTS OCCURRED AFTER THE BALANCE SHEET DATE

After the balance sheet date as of December 31, 2024, no significant changes have occurred in the Company that would have an impact on the Company's financial statements.

**Notes to the financial statements
For the Year Ended December 31st, 2024 and 2023**

43. 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:

	December 31th 2024.	In RSD December 31th 2023.
EUR	117,0149	117,1737
USD	112,4386	105,8671
CHF	124,5237	125,5343

In Belgrade,

Date February 28th, 2025

**Person responsible for preparing
the Financial Statement**

Klavdija Jovanovic



Legal representative

[Signature]