English translation of Auditors' Report issued on

Дигитално потписано
Škurtić Slobodan
издавалац сертификата:
Privredna Komora Srbije
30.03.2026. 13:25:50

„INSTITUT MIHAJLO PUPIN“ DOO, BEOGRAD

Independent Auditor's Report and financial statements for the Year 2025

CONTENTS

English translation of the Independent Auditors' Report issued on 25th March 2026

INDEPENDENT AUDITOR`S REPORT

TO THE DIRECTOR OF THE COMPANY „INSTITUT MIHAJLO PUPIN" DOO, BELGRADE

Opinion

We have audited the accompanying financial statements of the company "INSTITUT MIHAJLO PUPIN" DOO, Belgrade (hereinafter referred to as the „Company"), which comprise the balance sheet as at December 31, 2025, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give true and fair view of the financial position of the Company as at December 31, 2025, and of its financial performance and its cash flows for the year then ended in accordance with accounting regulations prevailing in the Republic of Serbia.

Basis for Opinion

We conducted our audit in accordance with the requirements of the Law on Accounting and accounting regulation effectiive in te Republic of Serbia. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Serbia, and have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information contained in the annual business report

Other information relates to the information contained in the annual business report, but does not include the financial statements and the auditor's report on them. The management of the Company is responsible for the preparation of other information in accordance with the regulations of the Republic of Serbia.

Our opinion on the financial statements does not include other information. In relation to the audit of financial statements, it is our responsibility to read other information and thereby consider whether other information is consistent in all material respects with the financial statements with our knowledge gained during the audit or otherwise appears materially inaccurate. In addition, we assessed whether other information was prepared, in all material respects, in accordance with the Law on Accounting of the Republic of Serbia, especially whether other information in the formal sense is in accordance with the requirements and procedures for preparing other information of the Law on Accounting, in the context of materiality, ie whether any non-compliance with these requirements could affect the judgments based on this other information.

This is a translation of the original Independent Auditors' Report issued in the Serbian language. All due care has been taken to produce a translation that is as faithful as possible to the original. However, if any questions arise related to interpretation of the information contained in the translation, the Serbian version of the document shall prevail.

INDEPENDENT AUDITOR'S REPORT (Continued)

Other information contained in the annual business report (Continued)

Only based on the implemented procedures, to the extent that we are able to assess them, we report that other information describing the facts that are also presented in the financial statements are, in all material respects, in accordance with the financial statements and prepared in accordance with requirements Law on Accounting of the Republic of Serbia.

In addition, if, based on the work we have done, we conclude that there is a material misstatement of other information, we are required to disclose that fact in a report. Based on the procedures we performed in relation to the other information obtained, we did not identify any material misstatements.

Responsibilities of Management for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

ТЦ Стари Меркатор | Палмира Тољатија 5/III | 1070 Нови Београд | Република Србија | Тел/Фах: +381 11 30 18 445
www.pkf.rs | МБ 08752524 | ПИБ 102397694 | т.р. 105-0000002884525-18 АИК Банка | шифра делатности 6920

INDEPENDENT AUDITOR'S REPORT (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that there is material uncertainty, we are obliged in our report to draw attention to related disclosures in the financial statements or, if such disclosures are not adequate, to modify our opinion. Our conclusions are based on audit evidence collected up to the date of the auditor's report. However, future events or conditions may result in the entity ceasing to operate in accordance with the going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Belgrade, March 25th 2026

Slobodan Škurtić
Certified auditor

for „PKF" d.o.o., Beograd
Palmira Toljatija 5/III
11070 Novi Beograd

This is a translation of the original Independent Auditors' Report issued in the Serbian language. All due care has been taken to produce a translation that is as faithful as possible to the original. However, if any questions arise related to interpretation of the information contained in the translation, the Serbian version of the document shall prevail.

To be filled by legal entity - entrepreneur

Registration number	0 7 0 1 4 6 9 4	Activity code	7 2 1 9	TIN	1 0 0 0 0 8 3 1 0

Name:INSTITUT MIHAJLO PUPIN DOO,BEOGRAD (ZVEZDARA)

Registered office: BEOGRAD (ZVEZDARA), VOLGINA 15

BALANCE SHEET

On 31.12.2025.

- in 000 RSD -

Group of accounts, account	ITEM	ADP	Note number	Amount		
				Current year	Previous year	
					Closing balance _____20_	Opening balance as at 1 January 20
1	2	3	4	5	6	7
	ASSETS					
00	**A. SUBSCRIBED CAPITAL UNPAID**	0001				
	B. PERMANENT ASSETS (0003 + 0009 + 0017 + 0018 + 0028)	0002		261.520	260.849	
01	I. INTANGIBLE ASSETS (0004 + 0005 + 0006 + 0007 + 0008)	0003	19	4.440	3.980	
010	1. Investment in development	0004				
011, 012 and 014	2. Concessions, patents, licenses, trademarks, service marks, software and other intangible assets	0005		4.440	3.980	
013	3. Goodwill	0006				
015 and 016	4. Leased intangible assets and intangible assets under construction	0007				
017	5. Advances for intangible assets	0008				
02	II. IMMOVABLES, PLANTS AND EQUIPMENT (0010 + 0011 + 0012 + 0013 + 0014 + 0015 + 0016)	0009	20	176.461	181.699	
020, 021 and 022	1. Land and buildings	0010		79.364	92.512	
023	2. Plant and equipment	0011		83.447	75.726	
024	3. Investment immovables	0012				
025 and 027	4. Leased immovables, plant and equipment and immovables, plant and equipment under construction	0013				
026 and 028	5. Other immovables, plant and equipment and investment in third-party immovables, plant and equipment	0014		13.650	13.461	
029 (part)	6. Advances for immovables, plant and equipment - domestic	0015				
029 (part)	7. Advances for immovables, plant and equipment - foreign	0016				
03	III. BIOLOGICAL RESOURCES	0017				
04 and 05	IV. LONG-TERM FINANCIAL INVESTMENTS AND LONG-TERM RECEIVABLES (0019 + 0020 + 0021 + 0022 + 0023 + 0024 + 0025 + 0026 + 0027)	0018	21	80.619	75.170	

Group of account s, account	ITEM	ADP	Note number	Amount		
				Current year	Previous year	
					Closing balance ____20_	Opening balance as at 1 January 20
1	2	3	4	5	6	7
040 (part), 041 (part) and 042 (part)	1. Participation in equity of legal entities (except participation in equity valued by method of participation)	0019		56.795	56.795	
040 (part), 041 (part) and 042 (part)	2. Participation in equity valued by method of participation	0020				
043, 050 (part) and 051 (part)	3. Long-term investments in parent companies, subsidiaries and other associated companies and long-term receivables - domestic	0021				
044, 050 (part), 051 (part)	4. Long-term investments in parent companies, subsidiaries and other associated companies and long-term receivables - foreign	0022				
045 (part) and 053 (part)	5. Long-term investments (credits and loans) - domestic	0023				
045 (part) and 053 (part)	6. Long-term investments (credits and loans) - foreign	0024				
046	7. Long-term financial investments (securities valued through method of depreciation)	0025				
047	8. Treasury shares and redeemed own stakes	0026				
048, 052, 054, 055 and 056	9. Other long-term investments and other long-term receivables	0027		23.824	18.375	
28 (part), except 288	V. LONG-TERM ACCRUED EXPENSES	0028				
288	**V. DEFERRED TAX ASSETS**	0029				
	G. CURRENT ASSETS (0031 + 0037 + 0038 + 0044 + 0048 + 0057 + 0058)	0030		3.145.727	2.259.403	
Class 1, except group 14	I. INVENTORIES (0032 + 0033 + 0034 + 0035 + 0036)	0031		865.176	474.342	
10	1. Materials, spare parts, tools and small inventory	0032	22	202.692	129.992	
11 and 12	2. Work in progress and finished products	0033				
13	3. Goods	0034				
150, 152 and 154	4. Advances paid for inventories and services - domestic	0035	23	597.062	309.218	
151, 153 and 155	5. Advances paid for inventories and services - foreign	0036	23	65.422	35.132	
14	II. PERMANENT ASSETS HELD FOR SALE AND FOR DISCONTINUED OPERATIONS	0037				
20	III. RECEIVABLES FROM SALES (0039 + 0040 + 0041 + 0042 + 0043)	0038	24	609.848	636.989	
204	1. Domestic trade receivables	0039		430.137	403.591	
205	2. Foreign trade receivables	0040		160.197	164.060	

Group of accounts, account	ITEM	ADP	Note number	Amount		
				Current year	Previous year	
					Closing balance ______20_	Opening balance as at 1 January 20
1	2	3	4	5	6	7
200 and 202	3. Receivables from domestic parent companies, subsidiaries and other associated companies	0041		19.514	69.338	
201 and 203	4. Receivables from foreign parent companies, subsidiaries and other associated companies	0042				
206	5. Other receivables from sales	0043				
21, 22 and 27	IV. OTHER SHORT-TERM RECEIVABLES (0045 + 0046 + 0047)	0044	25	148.145	268.093	
21, 22 except 223 and 224 and 27	1.Other receivables	0045		145.088	268.093	
223	2. Receivables from overpaid tax on profit	0046		3.057		
224	3. Receivables from overpaid other taxes and contributions	0047				
23	V. SHORT-TERM FINANCIAL INVESTMENTS (0049 + 0050 + 0051 + 0052 + 0053 + 0054 + 0055 + 0056)	0048		469.000	1.500	
230	1.Short-term credits and investments - parent companies and subsidiaries	0049			1.500	
231	2.Short-term credits and investments – other associated companies	0050				
232, 234 (part)	3. Short-term credits, loans and investments - domestic	0051				
233, 234 (part)	4. Short-term credits, loans and investments - foreign	0052				
235	5. Shares valued through method of depreciation	0053				
236 (part)	6. Financial assets at fair value through profit and loss account	0054				
237	7. Treasury shares and redeemed own stakes	0055				
236 (part), 238 and 239	8. Other short-term financial investments	0056		469.000		
24	VI. CASH AND CASH EQUIVALENTS	0057	26	627.720	813.822	
28 (part), except 288	VII. SHORT-TERM ACCRUED EXPENSES	0058	27	425.838	64.657	
	D. TOTAL ASSETS = OPERATING ASSETS (0001 + 0002 + 0029 + 0030)	0059		3.407.247	2.520.252	
88	**Đ. OFF-BALANCE SHEET ASSETS**	0060	38	1.135.680	1.330.618	
	EQUITY AND LIABILITIES					
	A. EQUITY (0402 + 0403 + 0404 + 0405 + 0406 - 0407 + 0408 + 0411 - 0412) ≥ 0	0401	28	733.658	705.728	
30, except 306	I. CAPITAL	0402		479.557	479.557	
31	II. SUBSCRIBED CAPITAL UNPAID	0403				

Group of accounts, account	ITEM	ADP	Note number	Amount		
				Current year	Previous year	
					Closing balance ______20_	Opening balance as at 1 January 20
1	2	3	4	5	6	7
306	III. SHARE PREMIUM	0404				
32	IV. RESERVES	0405				
330 and credit balance account of 331, 332, 333, 334, 335, 336 and 337	V. POSITIVE REVALUATION RESERVES AND UNREALIZED PROFIT FROM FINANCIAL ASSETS AND OTHER ELEMENTS OF OTHER COMPREHENSIVE INCOME	0406				
debit balance accounts 331, 332, 333, 334, 335, 336 and 337	VI. UNREALIZED LOSSES FROM FINANCIAL ASSETS AND OTHER ELEMENTS OF OTHER COMPREHENSIVE INCOME	0407		20.465	20.964	
34	VII. RETAINED EARNINGS (0409 + 0410)	0408		274.566	247.135	
340	1. Retained earnings from previous years	0409		222.189	197.242	
341	2. Retained earnings for the current year	0410		52.377	49.893	
	VIII. PARTICIPATION WITHOUT CONTROL RIGHTS	0411				
35	IX. LOSS (0413 + 0414)	0412				
350	1. Loss from previous years	0413				
351	2. Loss for the current year	0414				
	B. LONG-TERM PROVISIONS AND LIABILITIES (0416 + 0420 + 0428)	0415		641.253	539.428	
40	I. LONG-TERM PROVISIONS (0417 + 0418 + 0419)	0416	29	87.258	80.999	
404	1. Provisions for compensations and other employment benefits	0417		64.609	60.201	
400	2. Provisions for costs incurred during the warranty period	0418		22.649	20.798	
40, except 400 and 404	3. Other long-term provisions	0419				
41	II. LONG-TERM LIABILITIES (0421 + 0422 + 0423 + 0424 + 0425 + 0426 + 0427)	0420	30	500.288	386.971	
410	1. Debts convertible into equity	0421				
411 (part) and 412 (part)	2. Long-term credits and other long-term liabilities to parent companies, subsidiaries and other associated companies-domestic	0422				
411 (part) and 412 (part)	3. Long-term credits and other long-term liabilities to parent companies, subsidiaries and other associated companies-foreign	0423				
414 and 416 (part)	4. Long-term credits, loans and leasing liabilities – domestic	0424		500.288	386.971	
415 and 416 (part)	5. Long-term credits, loans and leasing liabilities -foreign	0425				
413	6.Liabilities for issued securities	0426				
419	7.Other long-term liabilities	0427				

Group of accounts, account	ITEM	ADP	Note number	Amount		
				Current year	Previous year	
					Closing balance ____20_	Opening balance as at 1 January 20
1	2	3	4	5	6	7
49 (part), except 498 and 495 (part)	III. LONG-TERM DEFERRED EXPENSES	0428	31	53.707	71.458	
498	V. DEFERRED TAX LIABILITIES	0429		1.990	984	
495 (part)	G. DEFFERED LONG-TERM INCOME AND DONATIONS RECEIVED	0430				
	D. SHORT-TERM PROVISIONS AND SHORT-TERM LIABILITIES (0432+ 0433 + 0441+ 0442 + 0449 + 0453 + 0454)	0431		2.030.346	1.274.112	
467	I.SHORT-TERM PROVISIONS	0432	35		2.138	
42, except 427	II. SHORT-TERM FINANCIAL LIABILITIES (0434 + 0435 + 0436 + 0437 + 0438 + 0439 + 0440)	0433	32	291.537	347.568	
420 (part) and 421 (part)	1.Liabilities from credits from parent company and subsidiaries and other associated companies - domestic	0434			34.000	
420 (part) and 421 (part)	2. Liabilities from credits from parent company and subsidiaries and other associated companies - foreign	0435				
422 (part), 424 (part), 425 (part), and 429 (part)	3.Liabilities from credits and loans from legal entities which are not domestic banks	0436			44	
422 (part), 424 (part), 425 (part), and 429 (part)	4. Credit liabilities from domestic banks	0437		291.537	313.524	
423, 424 (part), 425 (part) and 429 (part)	5.Credits, loans and liabilities - foreign	0438				
426	6. Liabilities from short-term shares	0439				
428	7. Liabilities from financial derivatives	0440				
430	III. PREPAYMENTS, DEPOSITS AND GUARANTEES	0441	33	1.133.523	347.352	
43, except 430	IV. OPERATING LIABILITIES (0443 + 0444 + 0445 + 0446 + 0447 + 0448)	0442	34	465.313	458.861	
431 and 433	1 Trade payables - domestic parent company, subsidiaries and other associated companies	0443		317.776	235.441	
432 and 434	2. Trade payables - foreign parent company, subsidiaries and other associated companies	0444				
435	3. Trade payables - domestic	0445		119.824	194.878	
436	4. Trade payables - foreign	0446		27.713	28.542	
439 (part)	5. Promissory note liabilities	0447				
439 (part)	6. Other operating liabilities	0448				
44, 45, 46 except 467, 47 and 48	V. OTHER SHORT-TERM LIABILITIES (0450 + 0451 + 0452)	0449	36	83.331	75.483	
44, 45 and 46 except 467	1.Other short-term liabilities	0450		80.992	72.195	
47, 48 except 481	2. Liabilities for value added tax and other public revenues	0451		2.339	1.687	
481	3. Liabilities for tax on profit	0452			1.601	
427	VI. LIABILITIES FOR ASSETS HELD FOR SALE AND FOR DISCONTINUED OPERATIONS	0453				
49 (part) except 498	VII. SHORT DEFERRED EXPENSES	0454	37	56.642	42.710	

Group of accounts, account	ITEM	ADP	Note number	Amount		
				Current year	Previous year	
					Closing balance ____20_	Opening balance as at 1 January 20
1	2	3	4	5	6	7
	Đ. LOSS ABOVE EQUITY (0415 + 0429 + 0430 + 0431 - 0059) ≥ 0 = 0407 + 0412 - 0402 – 0403 – 0404 – 0405 – 0406 -0408 - 0411) ≥ 0	0455				
	E. TOTAL EQUITY AND LIABILITIES (0401 + 0415 + 0429 + 0430 + 0431 - 0455)	0456		3.407.247	2.520.252	
89	**Ž. OFF-BALANCE SHEET LIABILITIES**	0457	38	1.135.680	1.330.618	

In Belgrade, On 28th february 2026.	S.P.	Legal representative БЕОГРАД

This form is mandatory pursuant to the Rulebook on the content and layout of financial statement forms for legal entities, cooperatives and entrepreneurs (RS Official Gazette No 89/2020).

To be filled by legal entity - entrepreneur					
Registration number	0 7 0 1 4 6 9 4	Activity code	7 2 1 9	TIN	1 0 0 0 0 8 3 1 0
Name:INSTITUT MIHAJLO PUPIN DOO,BEOGRAD (ZVEZDARA)					
Registered office:BEOGRAD (ZVEZDARA),VOLGINA 15					

PROFIT AND LOSS ACCOUNT

for the period from 01.01. to 31.12.2025.

- in 000 RSD -

Group of accounts, account	ITEM	ADP	Note number	Amount	
				Current year	Previous year
1	2	3	4	5	6
	A. OPERATING INCOME (1002 + 1005 + 1008 + 1009 – 1010 + 1011 + 1012)	1001		2.494.056	2.932.359
60	I. INCOME FROM GOODS SOLD (1003 + 1004)	1002			
600, 602 and 604	1. Goods sold - domestic	1003			
601, 603 and 605	2. Goods sold - foreign	1004			
61	II. INCOME FROM PRODUCTS SOLD AND SERVICES PROVIDED (1006 + 1007)	1005	6	2.020.003	2.451.525
610, 612 and 614	1. Products sold and services provided - domestic	1006		1.829.768	2.132.158
611, 613 and 614	2. Products sold and services provided - foreign	1007		190.235	319.367
62	III. REVENUE FROM UNDERTAKING FOR OWN PURPOSES	1008			
630	IV. INCREASE IN INVENTORIES OF WORK IN PROGRESS AND UNFINISHED PRODUCTS AND FINISHED PRODUCTS	1009			
631	V. DECREASE IN INVENTORIES OF WORK IN PROGRESS AND UNFINISHED PRODUCTS AND FINISHED PRODUCTS	1010			
64 and 65	VI. OTHER OPERATING INCOME	1011	7	474.053	480.834
68, except 683, 685 and 686	VII. INCOME ON VALUE ADJUSTMENT OF ASSETS (EXCEPT FINANCIAL)	1012			
	B. OPERATING EXPENSES (1014 + 1015 + 1016 + 1020 + 1021 + 1022 + 1023 + 1024)	1013		2.394.294	2.784.922
50	I. COST OF GOODS SOLD	1014			
51	II. RAW MATERIAL COSTS, FUEL AND ENERGY COSTS	1015	8	312.050	785.791
52	III. SALARIES, WAGES AND OTHER PERSONAL INDEMNITIES (1017 + 1018 + 1019)	1016	9	762.437	780.953
520	1.Salaries and wages	1017		614.709	637.190
521	2 Tax costs, contribution costs and wages	1018		90.767	91.059
52 except 520 and 521	3.Other personal indemnities and fees	1019		56.961	52.704
540	IV. DEPRECIATION COSTS	1020	10	38.678	36.955
58, except 583, 585 and 586	V. EXPENSES ON VALUE ADJUSTMENT OF ASSETS (EXCEPT FINANCIAL)	1021			

Group of accounts, account	ITEM	ADP	Note number	Amount	
				Current year	Previous year
1	2	3	4	5	6
53	VI. PRODUCTION SERVICES COSTS	1022	11	1.179.172	1.088.629
54, except 540	VII. PROVISION COSTS	1023	10	17.217	12.059
55	VII. INTANGIBLE COSTS	1024	12	84.740	80.535
	V. OPERATING PROFIT (1001 - 1013) ≥ 0	1025		99.762	147.437
	G. OPERATING LOSS (1013 - 1001) ≥ 0	1026			
	D. FINANCIAL INCOME (1028 + 1029 + 1030 + 1031)	1027	13	40.119	14.931
660 and 661	I. FINANCIAL INCOME FROM PARENT COMPANIES, SUBSIDIARIES AND OTHER ASSOCIATED COMPANIES	1028		21.569	4
662	II. INCOME FROM INTEREST	1029		10.764	1.064
663 and 664	III. POSITIVE EFFECTS ON EXCHANGE RATE AND EFFECTS OF FOREIGN CURRENCY CLAUSE	1030		7.786	13.858
665 and 669	IV. OTHER FINANCIAL INCOME	1031			5
	Đ. FINANCIAL EXPENSES (1033 + 1034 + 1035 + 1036)	1032	14	50.092	47.457
560 and 561	I. FINANCIAL EXPENSES FROM PARENT COMPANIES, SUBSIDIARIES AND OTHER ASSOCIATED COMPANIES	1033			
562	II. INTEREST EXPENSES	1034		36.058	37.618
563 and 564	III. NEGATIVE EFFECTS ON EXCHANGE RATE AND EFFECTS OF FOREIGN CURRENCY CLAUSE	1035		14.034	9.839
565 and 569	IV. OTHER FINANCIAL EXPENSES	1036			
	E. PROFIT FROM FINANCING (1027 - 1032) ≥ 0	1037			
	Ž. LOSS FROM FINANCING (1032 - 1027) ≥ 0	1038		9.973	32.526
683, 685 and 686	**Z. INCOME ON VALUE ADJUSTMENT OF FINANCIAL ASSETS CARRIED AT FAIR VALUE THROUGH PROFIT AND LOSS ACCOUNT**	1039			
583, 585 and 586	**I. EXPENSES ON VALUE ADJUSTMENT OF FINANCIAL ASSETS CARRIED AT FAIR VALUE THROUGH PROFIT AND LOSS ACCOUNT**	1040		93.348	59.420
67	**J. OTHER INCOME**	1041	15	80.472	19.238
57	**K. OTHER EXPENSES**	1042	16	10.517	8.235
	L. TOTAL INCOME (1001 + 1027 + 1039 + 1041)	1043		2.614.647	2.966.528
	Lj. TOTAL EXPENSES (1013 + 1032 + 1040 + 1042)	1044		2.548.251	2.900.034
	M. PROFIT FROM REGULAR OPERATIONS BEFORE TAX (1043 - 1044) ≥ 0	1045		66.396	66.494
	N. LOSS FROM REGULAR OPERATIONS BEFORE TAX (1044 - 1043) ≥ 0	1046			
69-59	**Nj. POSITIVE NET EFFECT OF RESULT ON PROFIT FROM DISCONTINUED OPERATIONS, EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS OF ERRORS FROM PREVIOUS PERIODS**	1047			

Group of accounts, account	ITEM	ADP	Note number	Amount	
				Current year	Previous year
1	2	3	4	5	6
59-69	**O. NEGATIVE NET EFFECT OF RESULT ON LOSS FROM DISCONTINUED OPERATIONS, EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS OF ERRORS FROM PREVIOUS PERIODS**	1048	17	2.729	1.189
	P. PROFIT BEFORE TAX (1045 - 1046 + 1047 - 1048) ≥ 0	1049		63.667	65.305
	R. LOSS BEFORE TAX (1046 - 1045 + 1048 - 1047) ≥ 0	1050			
	S. TAX ON PROFIT				
721	I. TAX EXPENSES FOR THE PERIOD	1051	18	10.283	14.553
722 debit side of account	II. DEFERRED TAX EXPENSES OF A PERIOD	1052	18	1.007	859
722 credit side of account	III. DEFERRED TAX INCOME OF A PERIOD	1053			
723	**T. PERSONAL INDEMNITIES PAID TO EMPLOYER**	1054			
	Ć. NET PROFIT (1049 - 1050 - 1051 - 1052 + 1053 - 1054) ≥ 0	1055		52.377	49.893
	U. NET LOSS (1050 - 1049 + 1051 + 1052 – 1053 + 1054) ≥ 0	1056			
	I. NET PROFIT WHICH BELONGS TO PARTICIPATION WITHOUT CONTROL RIGHTS	1057			
	II. NET PROFIT WHICH BELONGS TO PARENT COMPANY	1058			
	III. NET LOSS WHICH BELONGS TO PARTICIPATION WITHOUT CONTROL RIGHTS	1059			
	IV. NET LOSS WHICH BELONGS TO PARENT COMPANY	1060			
	V. EARNINGS PER SHARE				
	1. BASIC EARNING PER SHARE	1061			
	2. DILUTED EARNING PER SHARE	1062			

In Belgrade,

On 28th february 2026.

S.P.

БЕОГРАД

Legal representative

This form is mandatory pursuant to the Rulebook on the content and layout of financial statement forms for legal entities, cooperatives and entrepreneurs (RS Official Gazette No 89/2020).

To be filled by legal entity - entrepreneur					
Basic identification number	07014694	Activity code	7219	TIN	100008310
Name:INSTITUT MIHAJLO PUPIN DOO, BEOGRAD (ZVEZDARA)					
Registered office:BEOGRAD (ZVEZDARA),VOLGINA 15					

STATEMENT OF COMPREHENSIVE INCOME
for the period from 01.01. to 31.12.2025.

- in 000 RSD -

Group Group of accounts, account	ITEM	ADP	Note number	Amount Current year	Amount Previous year
1	2	3	4	5	6
	A. NET OPERATING RESULT				
	I. NET PROFIT (ADP 1055)	2001	28	52.377	49.893
	II. NET LOSS (ADP 1056)	2002			
	B. OTHER COMPREHENSIVE PROFIT OR LOSS				
	a) items that will not be reclassified into Profit and loss account in future periods				
330	1. Revaluations of intangible assets, immovables, plant and equipment				
	a) increase in revaluation reserves	2003			
	b) decrease in revaluation reserves	2004			
331	2. Actuarial profits or losses arising from defined benefit plans				
	a) profit	2005	28	499	7.804
	b) losses	2006			
333	3. Profit or losses from shares in other comprehensive profit or loss of associated companies				
	a) profit	2007			
	b) losses	2008			
	b) items that can be subsequently reclassified into Profit and loss account in future periods				
332	1. Profit or losses from investing in equity instruments				
	a) profit	2009			
	b) losses	2010			
334	2. Profit or losses from conversion of financial statements of foreign operations				
	a) profit	2011			
	b) losses	2012			

Group Group of accounts, account	ITEM	ADP	Note number	Amount	
				Current year	Previous year
1	2	3	4	5	6
335	3. Profit or losses on hedging instruments of net investments in foreign operations				
	a) profit	2013			
	b) losses	2014			
336	4. Profit or losses on cash flow hedging instruments				
	a) profit	2015			
	b) losses	2016			
337	5. Profit or losses on securities valued at fair value through other comprehensive income				
	a) profit	2017			
	b) losses	2018			
	I. OTHER GROSS COMPREHENSIVE INCOME (2003 + 2005 + 2007 + 2009 + 2011 + 2013 + 2015 + 2017) - (2004 + 2006 + 2008 + 2010 + 2012 + 2014 + 2016 + 2018) ≥ 0	2019	28	499	7.804
	II. OTHER GROSS COMPREHENSIVE LOSS (2004 + 2006 + 2008 + 2010 + 2012 + 2014 + 2016 + 2018) - (2003 + 2005 + 2007 + 2009 + 2011 + 2013 + 2015 + 2017) ≥ 0	2020			
	III. DEFERRED TAX EXPENSE ON OTHER COMPREHENSIVE PROFIT OR LOSS FOR THE PERIOD	2021			
	IV. DEFERRED TAX REVENUE ON OTHER COMPREHENSIVE PROFIT OR LOSS FOR THE PERIOD	2022			
	V. NET OTHER COMPREHENSIVE PROFIT (2019 - 2020 - 2021 + 2022) ≥ 0	2023	28	499	7.804
	VI. NET OTHER COMPREHENSIVE LOSS (2020 - 2019 + 2021 - 2022) ≥ 0	2024			
	V. TOTAL NET COMPREHENSIVE RESULT FOR THE PERIOD				
	I. TOTAL NET COMPREHENSIVE PROFIT (2001 - 2002 + 2023 - 2024) ≥ 0	2025		52.876	57.697
	II. TOTAL NET COMPREHENSIVE LOSS (2002 - 2001 + 2024 - 2023) ≥ 0	2026			
	G. TOTAL NET COMPREHENSIVE PROFIT OR LOSS (2028 + 2029) = ADP 2025 ≥ 0 or ADP 2026 > 0	2027			
	1. Attributed to parent legal entity	2028			
	2. Attributed to non-controlling participations	2029			

In Belgrade,

On 28th february 2026

S.P.

БЕОГРАД

Legal representative

This form is mandatory pursuant to the Decision on the content and layout of financial statement forms for legal entities, cooperatives and entrepreneurs (RS Official Gazette No 89/2020).

To be filled by legal entity - entrepreneur

Basic identification number	0 7 0 1 4 6 9 4	Activity code	7 2 1 9	TIN	1 0 0 0 0 8 3 1 0

Name:INSTITUT MIHAJLO PUPIN DOO,BEOGRAD (ZVEZDARA)

Registered office:BEOGRAD (ZVEZDARA),VOLGINA 15

CASH FLOW STATEMENT
in the period from 01.01. to 31.12.2025.

- in 000 RSD -

ITEM	ADP	Amount	
		Current year	Previous year
1	2	3	4
A. CASH FLOWS FROM OPERATING ACTIVITIES I. Cash inflows from operating activities (from 1 to 4)	3001	3.359.369	3.332.305
1. Inflows from sales and prepayments - domestic	3002	2.707.452	2.857.500
2. Inflows from sales and prepayments - foreign	3003	640.817	473.483
3. Interests provided by operating activities	3004	10.764	1.064
4. Other inflows from operating activities	3005	336	258
II. Cash outflows from operating activities (from 1 to 8)	3006	3.110.648	3.419.328
1. Trade payables and prepayments - domestic	3007	2.051.854	2.312.980
2. Trade payables and prepayments - foreign	3008	199.148	178.013
3. Salaries, wages and other personal indemnities	3009	744.120	774.029
4. Interests paid - domestic	3010	36.058	37.618
5. Interests paid - foreign	3011		
6. Tax on profit	3012	14.941	15.799
7. Outflows from other public revenues	3013	28.096	72.973
8. Other outflows from operating activities	3014	36.431	27.916
III. Net cash inflows from operating activities (I-II)	3015	248.721	
IV. Net cash outflows from operating activities (II-I)	3016		87.023
B. CASH FLOWS FROM INVESTING ACTIVITIES I. Cash inflows from investing activities (from 1 to 5)	3017	2.529	69.590
1. Sale of shares and stakes	3018		
2. Sale of intangible assets, immovables, plant, equipment and biological resources	3019	333	
3. Other financial investments	3020	2.194	69.586

ITEM	ADP	Amount	
		Current year	Previous year
1	2	3	2
4. Interests from investing activities	3021	2	4
5. Inflows from dividends	3022		
II. Cash outflows from investing activities (from 1 to 3)	3023	469.000	
1. Purchase of shares and stakes	3024		
2. Purchase of intangible assets, immovables, plants, equipment and biological resources	3025		
3. Other financial investments	3026	469.000	
III. Net cash inflows from investing activities (I-II)	3027		69.590
IV. Net cash outflows from investing activities (II-I)	3028	466.471	
V. CASH FLOWS FROM FINANCING ACTIVITIES I. Cash inflows from financing activities (1 to 7)	3029	529.237	184.328
1. Capital increase	3030		
2. Long-term credits - domestic	3031	270.920	85.406
3. Long-term credits - foreign	3032		
4. Short-term credits - domestic	3033	258.317	98.922
5. Short-term credits - foreign	3034		
6. Other long-term liabilities	3035		
7. Other short-term liabilities	3036		
II. Cash outflows from financing activities (from 1 to 8)	3037	496.860	29.975
1. Treasury shares and stakes	3038		
2. Long-term credits - domestic	3039	156.020	
3. Long-term credits – foreign	3040		
4. Short-term credits - domestic	3041	314.408	
5. Short-term credits - foreign	3042		
6. Other liabilities	3043		
7. Financial leasing	3044	1.486	1.389
8. Dividends paid	3045	24.946	28.586
III. Net cash inflows from financing activities (I-II)	3046	32.377	154.353
IV. Net cash outflows from financing activities (II-I)	3047		
G. TOTAL CASH INFLOWS (3001 + 3017 + 3029)	3048	3.891.135	3.586.223
D. TOTAL CASH OUTFLOWS (3006 + 3023 + 3037)	3049	4.076.508	3.449.303
Đ. NET CASH INFLOWS (3048 - 3049) ≥ 0	3050		136.920
E. NET CASH OUTFLOWS (3049 - 3048) ≥ 0	3051	185.373	
Ž. CASH AT THE BEGINNING OF THE ACCOUNTING PERIOD	3052	813.822	682.797
Z. POSITIVE EFFECTS ON EXCHANGE RATE CHANGES FROM CASH CALCULATION	3053	2.930	1.563
I. NEGATIVE EFFECTS ON EXCHANGE RATE CHANGES FROM CASH CALCULATION	3054	3.659	7.458
J. CASH AT THE END OF THE ACCOUNTNING PERIOD (3050 - 3051 + 3052 + 3053 - 3054)	3055	627.720	813.822

In Belgrade,

On 28th february 2026.

S.P.

Legal representative

This form is mandatory pursuant to the Decision on the content and layout of financial statement forms for legal entities, cooperatives and entrepreneurs (RS Official Gazette No 89/2020).

To be filled by legal entity - entrepreneur																							
Basic identification number	0	7	0	1	4	6	9	4	Activity code		7	2	1	9	TIN	1	0	0	0	0	8	3	1	0
Name	INSTITUT MIHAJLO PUPIN DOO, BEOGRAD (ZVEZDARA)																						
Registered office	BEOGRAD (ZVEZDARA) VOLGINA 15																						

CAPITAL CHANGES STATEMENT
In period from 01.01. to 31.12.2025.

-in 000 RSD-

NO.	DESCRIPTION	ADP	Capital (group 30 except 306 and 309)	ADP	Other Capital (acc 309)	ADP	Subscribed capital unpaid (group 31)	ADP	Issue premium and reserves (acc 306 and group 32)
	1		2		3		4		5
1.	**Balance on day 01.01. year ___**	**4001**	475.634	**4010**	3.923	**4019**		**4028**	
2.	Effects of retroactive correction of material mistakes and changes of accounting policies	4002		4011		4020		4029	
3.	**Corrected opening balance on day 01.01. year ____ (col 1+2)**	**4003**	475.634	**4012**	3.923	**4021**		**4030**	
4.	Net changes in year____	4004		4013		4022		4031	
5.	**Balance on day 31.12. year __ (col 3+4)**	**4005**	475.634	**4014**	3.923	**4023**		**4032**	
6.	Effects of retroactive correction of material mistakes and changes of accounting policies	4006		4015		4024		4033	
7.	**Corrected opening balance on day 01.01. year____ (col 5+6)**	**4007**	475.634	**4016**	3.923	**4025**		**4034**	
8.	Net changes in year____	4008		4017		4026		4035	
9.	**Balance on day 31.12. year __ (col 7+8)**	**4009**	475.634	**4018**	3.923	**4027**		**4036**	

NO.	DESCRIPTION	ADP	Revalutaion reserves and unrealized profit and losses (group 33)	ADP	Unrealized profit (group 34)	ADP	Losses (group 35)	ADP	Participation without control rights
	1		6		7		8		9
1.	**Balance on day 01.01. year ___**	**4037**	-28.770	**4046**	225.829	**4055**		**4064**	
2.	Effects of retroactive correction of material mistakes and changes of accounting policies	4038		4047		4056		4065	
3.	**Corrected opening balance on day 01.01. year ____ (col 1+2)**	**4039**	-28.770	**4048**	225.829	**4057**		**4066**	
4.	Net changes in year____	4040	7.806	4049	21.306	4058		4067	
5.	**Balance on day 31.12. year __ (col 3+4)**	**4041**	-20.964	**4050**	247.135	**4059**		**4068**	
6.	Effects of retroactive correction of material mistakes and changes of accounting policies	4042		4051		4060		4069	
7.	**Corrected opening balance on day 01.01. year____ (col 5+6)**	**4043**	-20.964	**4052**	247.135	**4061**		**4070**	
8.	Net changes in year____	4044	499	4053	27.431	4062		4071	
9.	**Balance on day 31.12. year __ (col 7+8)**	**4045**	-20.465	**4054**	274.566	**4063**		**4072**	

NO.	DESCRIPTION	ADP	In total (correspondents to ADP 0401) (col. 2+3+4+5+6+7-8+9) ≥0	ADP	Loss above equity (correspondents to ADP 0455) (col. 2+3+4+5+6+7-8+9) <0
	1		10		11
1.	**Balance on day 01.01. year ___**	**4073**	676.616	**4082**	
2.	Effects of retroactive correction of material mistakes and changes of accounting policies	4074		4083	
3.	**Corrected opening balance on day 01.01. year _____ (col 1+2)**	**4075**	676.616	**4084**	
4.	Net changes in year_____	4076		4085	
5.	**Balance on day 31.12. year ___ (col 3+4)**	**4077**	705.728	**4086**	
6.	Effects of retroactive correction of material mistakes and changes of accounting policies	4078		4087	
7.	**Corrected opening balance on day 01.01. year_____ (col 5+6)**	**4079**	705.728	**4088**	
8.	Net changes in year_____	4080		4089	
9.	**Balance on day 31.12. year ___ (col 7+8)**	**4081**	733.658	**4090**	

In Belgrade, On 28 february 2026.	Legal representative _______________________

This form is mandatory pursuant to the Rulebook on the content and layout of financial statement forms for legal entities, cooperatives and entrepreneurs (RS Official Gazette No 89/2020).

Institute „Mihajlo Pupin“Ltd, Belgrade

Notes to the separate financial statements for the year ended December 31st 2025

WWW.PUPIN.RS

ИНСТИТУТ МИХАЈЛО ПУПИН ДОО БЕОГРАД
Волгина 15, 11060 Београд, Србија
Тел: 011/6772-876 Факс: 011/6776-583
e-mail: info@pupin.rs

Агенција за привредне регистре, Београд
БД. 142808/2007

BANCA INTESA AD BEOGRAD
Текући рачун: 160-14084-19
Матични број: 07014694
ПИБ: 100008310

Notes to the financial statements
For the Year Ended December 31st, 2025 and 2024

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. "Idvorski 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 – Naučnotehnološki 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 2025 the Company had 133 employees (31 December 2024: 150 employees).

These financial statements are signed by Director at February 28 2026. Financial statements can be altered after the fact by the companies Auditor according to the relevant regulations.

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 2023.

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.

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 2024. Company's financial statements have been subject to an independent audit and are presented in the Independent Auditor's Report 26 March 2025.

(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 2025 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.

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.

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.

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.

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.

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, Contigent Liabilities and Contigent 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
3.11. Provisions, Contigent Liabilities and Contigent Assets (Continued)

Contigent Liabilities and Contigent 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.

(б) 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.

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.

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.

3. SUMMARY OF SIGNIFICANT ACOUNTING POLICIES (Continued)

3.16. Related Party Disclosures

For the purpose of these financial statements related legal entities are those entities when one legai 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 2025.

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.

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.

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.

6. REVENUES FROM SALES

Revenues from sales are related to:

in RSD 000

	2025	2024
Sales of products and services to parent and subsidiaries legal entities in the domestic market	238,651	247,862
Sales of finished goods and services rendered to domestic Customers	1,591,117	1,884,296
Sales of finished goods and services rendered to foreign Customers	190,235	319,367
Total	**2,020,003**	**2,451,525**

7. OTHER OPERATING INCOME

Other operating incomes are related to:

in RSD 000

	2025	2024
Income from premiums, subventions, donations, compensations and tax returns	15,933	0
Income from donations under specified conditions	449,235	471,471
Rental fees income	8,885	9,363
Total	**474,053**	**480,834**

8. MATERIAL COSTS

Costs of material are related to:

in RSD 000

	2025	2024.
Material procurement cost	52,044	51,793
Cost of raw material	234,407	709,869
Cost of other material (overhead)	3,576	4,145
Cost of fuel and energy	17,468	17,436
Cost of spare parts	2,740	1,371
Cost of a one-time write-off of inventory and tools	1,815	1,177
Total	**312,050**	**785,791**

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

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

in RSD 000

	2025.	2024.
Costs of salaries and fringe benefits (gross)	614,709	637,190
Taxes and contributions on salaries and benefits	90,767	91,059
The cost of compensation for services contract	8,704	10,899
Costs of remunerations according to author's contracts	827	3,404
Costs of salaries for temporary contracts	6,064	4,554
Compensations to individuals for other contracts	5,536	1,425
Costs of remuneration to members of Management Board and Supervisory Board	7,476	6,616
Other personal expenses remunerations	28,354	25,806
Total	**762,437**	**780,953**

10. COSTS OF DEPRECIATION AND PROVISIONS

Costs of depreciation and provisions are related to:

in RSD 000

	2025.	2024.
Depreciation costs	38,678	36,955
Costs of provisions during the warranty period	9,025	518
Provisions for employee compesations and other benefits	8,192	9,404
Other provisions	-	2,137
Total	**55,895**	**49,014**

11. OTHER OPERATING EXPENSES

Other operating expenses are related to:

in RSD 000

	2025.	2024.
Costs of services used in production process of own costs capitalized	1,100,387	1,020,311
Transport services costs	18,852	17,181
Maintenance costs	15,159	11,699
Rental costs	500	542
Fair costs	307	1,661
Advertising costs	2,389	962
Other non-production costs	-	-
Costs of services used in production process of own costs capitalized	41,578	36,273
Total	**1,179,172**	**1,088,629**

12. NON-PRODUCTION COSTS

Non-production costs are related to:

in RSD 000

	2025.	2024
Costs of non-production services	29,520	27,612
Representation costs	12,634	10,250
Costs of insurance premiums	3,461	3,890
Costs of payment operations	10,953	20,996
Costs of membership fees	2,046	1,895
Tax costs	12,578	7,116
Contribution costs	606	456
Other non-production costs	12,942	8,320
Total	**84,740**	**80,535**

13. FINANCIAL REVENUES

Financial revenues are related to:

in RSD 000

	2025.	2024.
Financial income from parent and subsidiary companies	21,567	-
Financial income from other subsidiary companies	2	4
Income from interest (to third parties)	10,764	1,064
FX gains (to third parties)	2,930	1,563
Income from foreign currency clause (to third parties)	4,856	12,295
Other financial revenues	-	5
Total	**40,119**	**14,931**

14. FINANCIAL EXPENSES

Financial expenses are related to:

in RSD 000

	2025.	2024.
Cost of interest (to third parties)	36,058	37,618
FX losses (to third parties)	3,659	7,459
Expenses from foreign currency clause (to third parties)	10,375	2,380
Total	**50,092**	**47,457**

15. OTHER REVENUES

Other revenues are related to:

in RSD 000

	2025.	2024.
Gains on sales of Intangible assets and property, plant and equipment	333	410
Collected written-off receivables	67,375	1,606
Revenues from the effects of hedging which do not fulfil the conditions to be set out in the framework of other comprehensive results	435	1,163
Income from reduction of liabilities	-	-
Income from abolishing of long-term and short-term provisions	7,872	10,738
Other income	4,457	5,321
Total	**80,472**	**19,238**

16. OTHER EXPENSES

Other expenses are related to:

in RSD 000

	2025.	2024.
Losses on writing-offs and disposals of trade receivables and short-term financial investments	68	488
Losses on securities	-	-
Other expenses	10,449	7,747
Losses on writing-offs and disposals short term financial investments	-	59,420
Total	**10,517**	**67,655**

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:

in RSD 000

	2025.	2024.
Expenses based on corrections of errors from previous years that are not materially significant	2,729	1,189
Total	**2,729**	**1,189**

18. INCOME TAX

The basic components of income taxes are as follows:

in RSD 000

	2025.	2024.
Current income tax	10,283	14,553
Deferred tax income / expense for the period	1,007	859
Total	**11,290**	**15,412**

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:

in RSD 000

	2025.	2024.
Tax base	**63,667**	**65,305**
Current tax rate	15%	15%
Current income tax	9,550	9,796
Expenses not deductible for tax purposes	733	4,757
Harmonization at the consolidated balance	-	-
Tax exemptions after tax credit	-	-
Current income tax	**10,283**	**14,553**
Income tax expense (current tax + deferred tax revenue-deferred tax income)	**11,290**	**15,412**
The effective tax rate (income tax expense / profit before tax x 100)	**17,73%**	**23,60%**

Deferred income taxes

in RSD 000

	Income statement 2025.	2024.	2025.	*Balance sheet* 2024.
Deferred tax assets / liabilities				
Balance at beginning of year	**(859)**	**(2,817)**	**(984)**	**(125)**
Temporary differences between the carrying amounts of assets and their tax value	(148)	1,958	(1,006)	(859)
Balance at end of year	**(1,007)**	**(859)**	**(1,990)**	**(984)**

19. INTANGIBLE ASSETS

Intangibles are related to:

in RSD 000

	2025.	2024.
Concession, patent, license, trademarks and service marks	4,440	3,980
Total	**4,440**	**3,980**

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 1 st 2024	**34,990**	-	**34,990**
New procurement	1,044	-	1,044
Activation	-	-	-
Balance as of 31st December 2024	**36,034**	-	**36,034**
New procurement	1,048	-	1,048
Balance as of 31st December 2025	**37,082**	-	**37,082**
ACCUMULATED DEPRECIATION			
Balance as of January 1 st 2024	**32,104**	-	**32,104**
Current amortization (Note 10)	(50)	-	(50)
Balance as of 31st December 2024	**32,054**	-	**32,054**
Current amortization (Note 10)	588	-	588
Balance as of 31st December 2025	**32,642**	-	**32,642**
Current value			
- 31st december 2025	**4,440**	-	**4,440**
- 31st december 2024	**3,980**	-	**3,980**

At INSTITUT MIHAJLO PUPIN LLC, no reassessment of the useful life of intangible assets was conducted as of December 31, 2025. The useful life is five years, and the amortization rate is 20%.

20. PROPERTY, PLANT AND EQUIPMENT

Property, plant, and equipment are related to:

in RSD 000

	2025.	2024.
Buildings	79,364	92,512
Plant and equipment	83,447	75,726
Other property, plant and equipment	13,650	13,461
Total	**176,461**	**181,699**

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 2024	**657,482**	**281,699**	**13,422**	**-**	**952,603**
Purchase during 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**
Cost value during the year	2,330	-	189	30,200	32,719
Transfer from PPE	-	30,200	-	(30,200)	-
Disposals	(1,506)	(10,666)	-	-	(12,172)
Balance as of December 31st 2025	**661,203**	**320,447**	**13,650**	**-**	**995,300**
ACCUMULATED DEPRECIATION					
Balance as of January 1st 2024	**552,467**	**212,079**	**-**	**-**	**764,546**
Amortization (Note 10)	15,400	13,108	-	-	25,508
Disposals	-	-	-	-	-
Balance as of December 31st 2024	**567,867**	**225,187**	**-**	**-**	**793,054**
Amortization (Note 10)	15,478	22,421	-	-	37,899
Disposals	(1,506)	(10,608)	-	-	(12,114)
Balance as of December 31st 2025	**581,839**	**237,000**	**-**	**-**	**818,839**
Undiscounted value:					
- December 31st 2025	**79,364**	**83,447**	**13,650**	**-**	**176,461**
- December 31st 2024	**92,512**	**75,726**	**13,461**	**-**	**181,699**

The cost of fully depreciated property, plant and equipment as of December 31, 2025 is RSD 212,752 thousand.

The increase in the value of fixed assets in 2025 mainly relates to the acquisition of computer equipment in the amount of RSD 3,319 thousand, measuring instruments and devices in the amount of RSD 4,512 thousand, equipment for scientific research in the amount of RSD 15,316 thousand, real estate in the amount of RSD 2,330 thousand, and the implementation of SAP in the amount of RSD 930 thousand.

The Company leases a certain number of vehicles through finance leases. The present (net book) value of leased equipment as of December 31, 2025 amounts to RSD 4,356 thousand.

Based on management's assessment, there are no indications that property, plant, and equipment were impaired as of the reporting date.

21. LONG TERM FINANCIAL INVESTMENTS

Long term financial investments are related to:

in RSD 000

	2025.	2024.
Investments in capital of parent companies and subsidiaries	63.814	63.814
Investments in capital of other associated companies	81	81
Investments in other legal entities and other securities able for sale	6,116	6,116
Other long-term investments	510	807
Trade receivables long-term retention	23,314	17,568
Impairment of long-term financial investments	(13.216)	(13.216)
Balance as of December 31st	**80,619**	**75,170**

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

	2025.	2024
In stakes	63,814	63,814
Less: Provisions	(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	2025	2025
IMP-Automatika ltd.	32,668	32,668
IMP-Računarski sistemi ltd.	21,883	21,883
IMP-Telekomunikacije	1,029	1,029
Idvorski labaratorije 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

	2025	2024
In stakes	81	92
Less: Provisions	-	-
Balance as of December 31st	**81**	**92**

Equity investments in associated companies relate to:

Name and headquarters	2025	2024	% Participation
Projekt inženjering ltd.	62	62	20
Servis inženjering IMP ltd.	9	9	20
IMP-BEEL ltd.	10	10	20
Balance as of December 31st	**81**	**81**	

21. LONG TERM FINANCIAL INVESTMENTS (Continued)

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

	2025	2024
In stocks	6,116	6,116
Less: Provisions	(6,116)	(6,126)
Balance as of December 31st	**0**	**0**

(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:

in RSD 000

	2025.	2024.
Material	202,692	129,992
Balance as of December 31st	**202,692**	**129,992**

23. ADVANCES PAID

Advances paid are related to:

in RSD 000

	2025.	2024.
Advances paid from one of mutual relations	315,792	233,987
Advances paid for services - domestic	283,511	77,472
Advances paid for services - foreign	65,422	35,132
Provisions for advances paid	(2,241)	(2,241)
Balance as of December 31st	**662,484**	**344,350**

Receivables from paid advances reported on December 31st 2025 in the amount of RSD 664,725 thousand (without correction values claims) are not compliant with the debtors of RSD 84,140 thousand, or 12.66% of the mentioned receivables are not reconciled and out of 253 clients, a total of 134 are unreconciled, which is 52.96%.

24. RECEIVABLES FROM SALES

Receivables from sales are related to:

in RSD 000

	2025.	2024.
Trade receivables - parent companies and subsidiaries	49,998	99,821
Trade receivables - domestic	732,235	612,341
Trade receivables - foreign	183,343	254,582
Other receivables	(355,728)	(329,755)
Balance as of December 31st	**609,848**	**636,989**

24. RECEIVABLES FROM SALES (Continued)

Movements in allowance for impairment were as follows

in RSD 000

	2025.	2024.
Balance at beginning of year	**329,755**	**271,953**
Charged during the year	(67,375)	(1,606)
Provisions during the year	93,348	59,408
Balance as of December 31st	**355,728**	**329,755**

Trade receivables as of December 31, 2025, amounting to RSD 965,576 thousand (before allowance for impairment), have not been reconciled with debtors in the amount of RSD 142,631 thousand, i.e. 14.77% of the stated receivables remain unreconciled. Out of 301 customers, 129 are unreconciled, representing 42.86%.

The concentration of credit risk related to receivables is not significant, as the Company has a large number of unrelated customers with individually small outstanding balances. Accordingly, management believes that no additional provisioning for credit risk exposure is required beyond the established allowance for impairment of receivables. Therefore, the maximum exposure to credit risk as of the reporting date is equal to the net book value of trade receivables.

25. OTHER RECEIVABLES

Other receivables are related to:

in RSD 000

	2025.	2024.
Receivables for imports of dependent legal entities	59	59
Receivables for interest and dividends	1,947	198
Receivables from employees	946	859
Receivables from state bodies and organizations	-	6
Receivables for compensations to be refunded	1,873	2,150
Receivables for prepaid taxes-other	-	-
Receivables for subscription based on profit tax	3,057	-
Other short-term receivables	97,268	155,605
Value added tax	68,984	135,205
Provisions for other receivables	(25,989)	(25,989)
Balance as of December 31st	**148,145**	**268,093**

26. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are related to:

in RSD 000

	2025.	2024.
Current (business) accounts	151,238	184,837
Foreign exchange account	475,306	627,480
Other cash and cash equivalents	1,176	1,505
Balance as of December 31st	**627,720**	**813,822**

27. SHORT-TERM ACCRUED AND DEFERRED INCOME

Short-term accruals and deferrals relate to:

in RSD 000

	2025.	2024.
Prepaid expenses	2,750	2,265
Receivables for uninvoiced income	331,398	54,756
Other short-term accruals and deferrals	91,690	7,636
Balance as of December 31st	**425,838**	**64,657**

28. CAPITAL AND RESERVES

Capital and reserves are related to:

in RSD 000

	2025.	2024.
Stakes in limited liability companies	475,634	475,634
Other capital	3,923	3,923
Actuarial gains and losses on defined benefit plans	(20,465)	(20,964)
Gains or losses on available-for-sale securities	-	-
Retained profit from previous years	222,189	197,242
Retained profit from current year	52,377	49,893
Balance as of December 31st	**733,658**	**705,728**

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

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

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 2025 realized net profit of RSD 52,377 thousand.

29. LONG TERM PROVISIONS

Long-term provisions are related to:

in RSD 000

	2025.	2024.
Long-term provisions are related to:	22,649	20,798
Long-term provisions are related to:	64,609	60,201
Balance as of December 31st	**87,258**	**80,999**

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	2025.	2024.
1.	Discount rate	5,75%	5,75%
2.	The estimated rate of growth of average earnings	12,00%	12,00%
3.	Percentage fluctuation	3,20%	4,43%
4.	The amount of severance pays at the time of provisioning	464.316,00	416.733,00
5.	The amount of severance pays in the previous calculation	416.733,00	371.913,00
6.	Total number of employees as of 01. 01. current year	155	162
7.	Total number of employees who left the Company during the year	11	14
8.	Including number of retired workers who received severance pay upon retirement during the year	9	2
9.	The total number of new employees during the year	3	7
10.	Total number of employees at 31/12	147	155
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:

in RSD 000

	2025.	2024.
Long-term loans and borrowings in the country	498,448	383,549
Liabilities from financial leasing	1,840	3,422
Balance as of December 31st	**500,288**	**386,971**

Notes to the financial statements
For the Year Ended December 31st, 2025 and 2024

30. LONG TERM LIABILITIES (Continued)

INSTITUT MIHAJLO PUPIN LLC Belgrade has a portion of a loan with Raiffeisen Bank amounting to EUR 2,500,000, with a foreign currency clause and a grace period until November 21, 2025, bearing interest at three-month EURIBOR plus 2.35%.
INSTITUT MIHAJLO PUPIN LLC Belgrade has a portion of a loan with Banca Intesa amounting to EUR 2,500,000, with a foreign currency clause and a grace period until December 21, 2026, bearing interest at three-month EURIBOR plus 2.10%.
INSTITUT MIHAJLO PUPIN LLC Belgrade has a portion of a loan with Banca Intesa amounting to EUR 2,000,000, with a foreign currency clause and a grace period until July 6, 2026, bearing interest at three-month EURIBOR plus 2.15%.

31. LONG TERM ACCRUALS

Long term accruals are related to:

in RSD 000

	2025.	2024.
Income of the future period	10,236	11,175
Donations received for reimbursement of expenses	-	-
Donations received - projects in local currency RSD	1,481	1,096
Donations received - projects in foreign currency	34,426	49,611
Equipment donations received	-	726
Equipment donations received - SAP and NIP	7,564	8,850
Balance as of December 31st	**53,707**	**71,458**

32. SHORT-TERM FINANCIAL LIABILITIES

Short-term financial liabilities are related to:

in RSD 000

	2025.	2024.
Short term loans – domestic	-	34,000
The part of long-term loans and borrowings that matures up to one year	289,947	312,039
Part of other long-term liabilities maturing in one year	1,590	1,485
Other short-term financial liabilities	-	44
Balance as of December 31st	**291,537**	**347,568**

INSTITUT MIHAJLO PUPIN LLC Belgrade has a portion of a loan with Raiffeisen Bank in the amount of EUR 2,500,000, with a foreign currency clause and a grace period until November 21, 2025, bearing interest at three-month EURIBOR plus 2.35%.
INSTITUT MIHAJLO PUPIN LLC Belgrade has a portion of a loan with Banca Intesa in the amount of EUR 2,500,000, with a foreign currency clause and a grace period until December 21, 2026, bearing interest at three-month EURIBOR plus 2.10%.
INSTITUT MIHAJLO PUPIN LLC Belgrade has a portion of a loan with Banca Intesa in the amount of EUR 2,000,000, with a foreign currency clause and a grace period until July 6, 2026, bearing interest at three-month EURIBOR plus 2.15%.

33. RECEIVED ADVANCES

Received advances are related to:

in RSD 000

	2025.	2024.
Received advances, deposits, and caution money	1,133,523	347,352
Balance as of December 31st	**1,133,523**	**347,352**

Liabilities for advances received, deposits, and guarantees, as of December 31, 2025, amounting to RSD 1,133,523 thousand, have not been reconciled with creditors in the amount of RSD 222,148 thousand, representing 19.60%. Out of 65 counterparties, 33 remain unreconciled, accounting for 50.77%.

34. TRADE PAYABLES

Trade payables are related to:

in RSD 000

	2025.	2024.
Trade payables – parent and subsidiaries – domestic	317,776	235,441
Trade payables – domestic	119,824	194,878
Trade payables – foreign	27,713	28,542
Balance as of December 31st	**465,313**	**458,861**

Trade payables as of December 31, 2025, amounting to RSD 465,313 thousand, have not been reconciled with creditors in the amount of RSD 12,428 thousand, i.e. 2.67% of the stated liabilities remain unreconciled. Out of 597 counterparties, 329 are unreconciled, representing 55.11%.

35. SHORT-TERM PROVISIONS

Liabilities for short - term provisions relate to:

in RSD 000

	2025.	2024.
Short-term provisions for the warranty period	-	-
Other short-term provisions	-	2,138
Balance as of December 31st	**-**	**2,138**

36. OTHER SHORT-TERMS LIABILITIES

Other short-terms liabilities are related to:

in RSD 000

	2025.	2024.
Liabilities for net salaries and fringe benefits, except allowances to be refunded	35,440	34,228
Liabilities for taxes on salaries and fringe benefits charged to employees	4,524	4,424
Liabilities for contributions on salaries and fringe benefits charged to employees	9,732	9,538
Liabilities for taxes and contributions on salaries and fringe benefits charged to employer	7,410	7,266
Liabilities for refundable net fringe benefits	68	249
Liabilities for taxes and contributions on refundable fringe benefits charged to employees	24	98
Liabilities for taxes and contributions on refundable fringe benefits charged to employer	14	53
Liabilities for interests and finance costs	3,290	219
Liabilities to employees	19,017	14,941
Liabilities to members of Management Board and Supervisory Board	404	357
Liabilities to individuals for contracted fees	1,016	770
Other liabilities	53	52
Liabilities based on value added tax and other public revenues	2,339	1,687
Liabilities for income tax	-	1,601
Balance as of December 31st	**83,331**	**75,483**

37. SHORT-TERM ACCRUED AND DEFERRED INCOME

Short-term accruals and deferrals relate to:

in RSD 000

	2025.	2024.
Other accruals and deferrals	56,642	42,710
Balance as of December 31st	**56,642**	**42,710**

38. OFF-BALANCE SHEET EVIDENCE

Off-balance sheets are related to:

in RSD 000

	2025.	2024.
Given sureties, guarantees and other rights	758,022	952,959
Assets other entities	3,573	3,573
	374,086	374,086
Liabilities for given sureties, guarantees and other rights	(758,022)	(952,959)
Liabilities for assets in other entities	(3,573)	(3,573)
	(374,086)	(374,086)
Balance as of December 31st	-	-

Guarantees in the amount of RSD 758,022 thousand as of December 31, 2025 relate to performance guarantees issued to suppliers by commercial banks.

Pursuant to Decision No. 952-02-9-230-5153/2024 dated August 12, 2024, issued by the Republic Geodetic Authority – Real Estate Cadastre Department Zvezdara, the land has been transferred to the ownership of the Republic of Serbia, and this value is recorded in off-balance sheet accounts in the amount of RSD 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, 2025 and 2024

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 November 28, 2019, the Court issued a decision whereby, due to the sale of the bankruptcy debtor as a legal entity on November 12, 2019, the bankruptcy proceedings over the debtor were discontinued and continued over the bankruptcy estate under a new case number St.3/2020. Under the main distribution, payments were made only to priority creditors of the first payment rank – employees' wages – in the amount of 49.28% of recognized claims.
According to the bankruptcy administrator's notice, by the judgment of the Commercial Appellate Court in Belgrade No. 12.Pž.10479/21 dated December 7, 2022, the litigation with the City of Belgrade was finally concluded, thereby creating legal conditions for the realization (sale) of the said assets. Litigation proceedings with AD Železnice Srbije and AD Srbija Voz, for the collection of receivables, were concluded at first instance in favor of the bankruptcy estate; however, appeals were filed against those decisions.
On November 31, 2023, the Commercial Appellate Court in Belgrade issued judgment No. 4 Pž 4999/22 confirming the judgment of the Commercial Court in Požarevac No. 2 P 69/19 dated April 20, 2022, whereby Srbija Voz a.d. Belgrade was ordered to pay to the bankruptcy estate of "GOŠA FŠV" DOO Smederevska Palanka – in bankruptcy the principal amount of RSD 72,655,130.17, with statutory default interest from February 17, 2019 until payment (RSD 39,143,011.07), as well as litigation costs in the amount of RSD 1,653,000.00 within 8 days of receipt of the judgment. The payment was made to the bankruptcy estate on February 14, 2024.
On March 11, 2024, the bankruptcy judge issued a decision on supplementary distribution, which became final on March 25, 2024. Accordingly, the bankruptcy administrator settled creditors as follows:

- First payment rank: total RSD 76,416,847.51 (50.72%)
- Second payment rank: total RSD 12,491,455.55 (100.00%)
- Third payment rank: total RSD 18,940,517.38 (0.61%)

On this basis, on March 26, 2024, INSTITUT MIHAJLO PUPIN LLC Belgrade received the corresponding amount of RSD 903.20 in line with the applicable percentage.
The bankruptcy debtor, i.e. the bankruptcy estate of "GOŠA FŠV" DOO Smederevska Palanka – in bankruptcy, still owns part of a commercial building in Belgrade, Maleška Street 28A, built on cadastral plot no. 2527/6, cadastral municipality Savski Venac, registered as a commercial building of unspecified purpose, building no. 6, with floors ground floor + 1, total area 430.00 m² (ground floor 155.00 m² + first floor 275.00 m²).
On May 23, 2023, GOŠA HOLDING KORPORACIJA AD Smederevska Palanka – in bankruptcy filed a lawsuit before the Commercial Court in Požarevac against the bankruptcy estate of "GOŠA FŠV" DOO Smederevska Palanka – in bankruptcy for determination of ownership rights and transfer of possession of the said real estate (case P-166/2023). A first-instance judgment was rendered in favor of the claimant; however, the defendant filed an appeal, and the appellate proceedings are ongoing.
Upon completion of the aforementioned proceedings, realization of assets, and collection of receivables, the bankruptcy administrator will prepare a draft decision on final distribution. Once that decision becomes final, the available funds will be distributed to creditors in accordance with the Bankruptcy Law, meaning that creditors of the third payment rank—where the claim of INSTITUT MIHAJLO PUPIN LLC Belgrade is classified—will be settled last, if funds remain.
The bankruptcy proceedings are still ongoing.

Institute „Mihajlo Pupin "Ltd Belgrade, as the claimant:

3. Defendant: Energoprojekt Niskogradnja AD Belgrade, regarding a debt in the amount of RSD 20,918,436.00 plus statutory interest and costs, Commercial Court in Belgrade, case No. 5.Iiv.8183/2025.

On November 17, 2025, based on a Motion for Enforcement on the basis of an authentic document filed by INSTITUT MIHAJLO PUPIN LLC Belgrade, the Commercial Court in Belgrade issued an Enforcement Order (No. 5.Iiv.8183/2025) against the enforcement debtor, Energoprojekt Niskogradnja AD Belgrade. On December 8, 2025, the enforcement debtor filed an objection to the said order.
On January 26, 2026, the Court upheld the objection of the enforcement debtor, referred the case to the litigation department of the same court for further proceedings, and ordered a stay of the enforcement proceedings until the final resolution of the litigation.

Notes to the financial statements
For the Year Ended December 31st, 2025 and 2024

39. COURT DISPUTES (Continued)

The public enforcement officer in this case is Mina Jovanović from Belgrade (case No. IIV.65/2025). A preparatory hearing in the newly formed litigation case is expected to be scheduled, at which the Court will decide on the admission of evidence proposed by the parties.
The proceedings are ongoing. It is expected that, following the evidentiary procedure, the Court will uphold the claim of the Institute.

4. Defendant: PD Dabicom Co. DOO Belgrade, regarding a debt of RSD 361,080.00 plus statutory interest and costs, Commercial Court in Belgrade, case No. 4.Iiv.8181/2025.

On November 14, 2025, the Institute filed a Motion for Enforcement on the basis of an authentic document. The Court issued an Enforcement Order on November 17, 2025. The public enforcement officer is Ljiljana Živković from Belgrade. The debtor filed an objection to the Court's order on December 9, 2025, and the Institute submitted its response to the objection on December 22, 2025. The Court's decision is pending, which will determine the further course of the proceedings.

5. Defendant: INSTITUT MIHAJLO PUPIN PROJEKT INŽENJERING DOO Belgrade, regarding eviction from property and compensation for damages, with a motion for a temporary injunction, value of the dispute RSD 4,000,000.00 plus statutory interest and costs.

On November 14, 2025, the Institute filed a lawsuit for eviction and damages, along with a request for a temporary injunction. On November 28, 2025, the Court rejected the request for a temporary injunction. The preparatory hearing is scheduled for March 17, 2026. The proceedings are ongoing, and a favorable outcome is expected, with the Court granting the Institute's claim.

Institute „Mihajlo Pupin "Ltd Belgrade, as the opposing party to the fourth-rank claimant in non-contentious (administrative) proceedings:

6. Claimant: Mara Mirković from Belgrade – regarding the issuance of a decision replacing the apartment purchase agreement.
Opposing parties: JINPROS DOO Belgrade, Directorate for Construction Land and Development of Belgrade JP, Public Enterprise for Housing Services from Novi Beograd, and INSTITUT MIHAJLO PUPIN LLC Belgrade, in the capacity of **fourth-rank opposing party**.
Court: Third Basic Court in Belgrade, case No. 2.R1.67/25
Value of dispute: RSD 100,000.00

The aforementioned non-contentious proceeding is related to the final judgment of the same Court, case No. 29.P.12256/13, by which the Court partially upheld the claim of Mara Mirković from Belgrade (original lawsuit filed against the same legal entities who are opposing parties in this proceeding, with the Institute as the fourth defendant). The Court recognized that the claimant held a leasehold right for an indefinite period over the subject apartment, while rejecting, in part, the claim that she held a tenancy right to the apartment.

In this non-contentious proceeding, the claimant, Mara Mirković from Belgrade, requests that the Court issue a decision confirming her right to purchase the apartment from the opposing parties, which would replace the previous apartment purchase agreement until such an agreement is formally concluded, and which would serve as the legal basis for registration in the land registry, i.e., entry in the real estate record with the competent Cadastre Office Novi Beograd.

INSTITUT MIHAJLO PUPIN Ltd, in the capacity of fourth-rank opposing party, has contested the submitted proposal both in terms of its substance and the amount involved. The proceedings are ongoing. The outcome of the non-contentious proceeding is uncertain, as it concerns a legal question to be decided by the Court.

Notes to the financial statements
For the Year Ended December 31st, 2025 and 2024

39. COURT DISPUTES (Continued)

Institute „Mihajlo Pupin "Ltd Belgrade, in the capacity of intervener on the side of the defendant, JP Putevi Srbije (based on the concluded Subcontract for the Maintenance of the Toll Collection System on the Highways of the Republic of Serbia):

7. Claimants: Originally Miloš Ivković and Dušica Ivković Ilić from Niš, seeking compensation for non-material damages in the amount of RSD 99,000.00 (RSD 40,000.00 for the claimant and RSD 59,000.00 for the co-claimant) plus statutory interest and costs; in the repeated first-instance proceedings, only Miloš Ivković from Niš remains as the claimant.
Defendant: JP *Putevi Srbije*
Court: Basic Court in Niš, case No. 4.P.3606/2025 (formerly case No. 24.P.2888/20)

The Institute, as an intervener on the side of the defendant, JP *Putevi Srbije*, accepted this role and, in that capacity, fully contested the claim of the plaintiffs, accepting the proceedings in the state in which they existed at the time of its intervention.
The Institute challenged the findings and opinions of the neuropsychiatric expert and submitted evidence to the Court — a recording of the claimant passing through the toll gate at the Niš toll station on January 21, 2020, showing that, contrary to the allegations in the lawsuit and the expert's report, the passenger seat was empty; neither the co-claimant nor the minor child was in the vehicle at the time of the incident.
The Institute compensated the claimant for material damages to the vehicle through its liability insurance policy with Dunav Insurance Company AD Belgrade, as it was established that the barrier lowered onto the vehicle due to technical problems in the toll collection system, which is undisputed. However, in this case, the claim for non-material damages for the alleged fear suffered, and the assertion that the claimant's spouse and minor child were in the vehicle at the time of the accident, was contested by the Institute.
On February 14, 2022, the main hearing concluded, and the first-instance judgment was rendered, fully dismissing the plaintiffs' claim. Only the primary claimant, Miloš Ivković, filed an appeal, making the first-instance judgment against the co-claimant, Dušica Ivković Ilić, final. The Institute submitted a response to the appeal, contesting it on all legal grounds.
On May 9, 2025, the Higher Court in Niš issued decision No. 3 Gž 5851/2022, annulling the first-instance judgment concerning the primary claimant, Miloš Ivković, and returned the case to the first-instance court for retrial.
On September 24, 2025, the preparatory hearing for the retrial was held, now under case No. 4.P.3606/2025, and the main hearing was concluded.
On October 17, 2025, the Court issued Decision 4.P.3606/25, reopening the main hearing to clarify decisive facts in the medical expert's report and opinion. The next hearing is scheduled for March 30, 2026. The proceedings are ongoing, and it is expected that the primary claimant's claim will be dismissed.

8. 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.

39. COURT DISPUTES (Continued)

9. Claimant: Lazar Pavlović from Lapovo, represented by attorney Danilo S. Kolarević from Belgrade, seeking compensation for damages in the amount of RSD 14,705.00 plus statutory interest and costs. Defendant: JP Putevi Srbije Court: First Basic Court in Belgrade, case No. 71.P.4623/2025

The Institute, at the request of the defendant – JP *Putevi Srbije*, was called to intervene in the lawsuit regarding vehicle damage caused by the barrier lowering at the Velika Plana toll station on December 19, 2024, onto the claimant's vehicle, which the Institute accepted.
The emission of the corresponding sound signal from the ETC (Electronic Toll Collection) device—which only indicates proper information exchange with the ETC device—is not sufficient to authorize passage through the toll system. According to the Instructions for Installation and Use of the ETC Device of JP „Putevi Srbije", a green light on the user display is also required for passage. In this case, a red light was displayed. The function of the red light is to indicate to the user (claimant) that passage through the system is not permitted, ensuring the safety of both the highway users and the toll station personnel (similar to traffic lights at road intersections), regardless of whether the cause is improper user conduct or a technical system problem.
Every ETC device user, including the claimant, is required to comply with the instructions. The video provided by JP *Putevi Srbije* shows that the red light was displayed on the display in front of the barrier, which the claimant ignored and continued moving. Consequently, the barrier lowered onto his vehicle, as further movement through the toll lane was prohibited.
The proceedings are ongoing, with the next hearing scheduled for March 13, 2026. Based on the evidence presented, it is expected that the Court will dismiss the lawsuit and the claim in its entirety.

10. 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. On November 27, 2025, the Commercial Appellate Court in Belgrade, acting as the second-instance court, issued Judgment No. 11.Pž.2888/24, by which it dismissed the claimant's appeal as unfounded and upheld the first-instance dismissive judgment of the Commercial Court in Niš. The case is now concluded.

11. 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.

39. COURT DISPUTES (Continued)

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

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

13. 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. On March 10, 2025, following the end of the attorneys' strike, the claimant waived the lawsuit and the entire claim. On March 11, 2025, the Court rendered a judgment based on waiver, thereby concluding the case.

14. 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, at the invitation of the defendant – JP Putevi Srbije, was called to join the proceedings as an intervener in a dispute concerning damage to a vehicle caused by the barrier lowering at the Maradik toll station on June 24, 2024, which the Institute accepted.
Based on the video recording obtained from the toll station by JP Putevi Srbije, it was established that a red light was continuously displayed on the lane display while the claimant's vehicle was present, due to unsuccessful reading of the ETC device. The driver was therefore obliged to stop. However, the driver continued moving instead of stopping and waiting for the intervention of an authorized toll station employee, and thus bears responsibility for the damage to the vehicle.
The Court did not allow the Institute to intervene in these proceedings, as the defendant, upon the claimant's objection, failed to submit the contract concluded between the defendant and the contractor, and submitted only the subcontract concluded between the contractor and the Institute.
Since the Institute is not a party to the proceedings, it was not served with the first-instance judgment. However, based on information available through the Court Portal, it was determined that the Court partially upheld the claim, and that the defendant, JP Putevi Srbije, has filed an appeal against the judgment.

15. 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, at the invitation of the defendant – JP *Putevi Srbije*, joined the proceedings as an intervener in a dispute concerning damage to a vehicle caused by the barrier lowering at the Stara Pazova toll station on November 9, 2024.
Based on the video recording obtained from the toll station by JP *Putevi Srbije*, it was established that the driver was not responsible for the damage to the vehicle. Accordingly, the Institute offered the claimant the conclusion of an out-of-court settlement.

39. COURT DISPUTES (Continued)

Under Settlement Agreement No. 903/1-25 dated April 23, 2025, the Institute undertook to pay the claimant:

- RSD 45,000.00 for vehicle damage,
- RSD 870.00 for the cost of obtaining documentation from the Ministry of Interior, and
- RSD 18,000.00 for legal fees (for drafting the claim and one substantiated submission),

which was paid on April 24, 2025. The claimant waived the claim for statutory default interest as specified in the lawsuit.
Upon receipt of the funds, on April 28, 2025, the claimant waived the lawsuit and the entire claim, and on May 9, 2025, the Court rendered a judgment based on waiver. The case is concluded.

16. 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, at the invitation of the defendant – JP *Putevi Srbije*, joined the proceedings as an intervener in a dispute concerning damage to a vehicle caused by the barrier lowering at the Batočina toll station on March 30, 2024.
Based on the video recording obtained from the toll station by JP *Putevi Srbije*, it was established that a motorcyclist overtook the claimant's vehicle on the right side within the toll lane, just before the barrier, thereby triggering the lowering of the barrier, which then struck the claimant's vehicle.
Since the damage was caused by a third party, and not by JP *Putevi Srbije* or the Institute, the claim is entirely unfounded.
On February 18, 2026, the main hearing was concluded. The proceedings are ongoing. It is expected that the Court will uphold the objection of lack of passive standing on the part of the defendant and dismiss the lawsuit and the claimant's claim in full.

17. 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, at the invitation of the defendant – JP *Putevi Srbije*, joined the proceedings as an intervener in a dispute concerning damage to a vehicle caused by the barrier lowering at the Mali Požarevac toll station on September 29, 2024.
Based on the video recording obtained from the toll station by JP *Putevi Srbije*, it was established that the driver was not responsible for the damage to the vehicle. Accordingly, the Institute offered the conclusion of an out-of-court settlement, which was concluded under No. 826/1-25 on April 11, 2025. The claimant waived the claim for interest as specified in the lawsuit.
On April 14, 2025, the Institute paid the claimant:

- RSD 86,000.00 for damages,
- RSD 22,500.00 for expert examination costs, and
- RSD 13,500.00 for legal costs (limited to attorney fees for drafting the claim and one substantiated submission).

On April 16, 2025, the claimant's legal representative submitted a statement to the Court waiving the claim, and on April 23, 2025, the Court rendered a judgment based on waiver. The case is concluded.

18. Claimant: Miloš Koprivica from Vrbas, represented by attorney Miloš Roganović from Vrbas, seeking compensation for damages in the amount of RSD 98,972.00 plus statutory interest and costs. Defendant: JP Putevi Srbije Court: Basic Court in Novi Sad, case No. P.4987/2025

The Institute, at the invitation of the defendant – JP Putevi Srbije, joined the proceedings as an intervener in a dispute concerning damage to a vehicle caused by the barrier lowering at the Novi Sad–Sever toll station on April 5, 2025.
Based on the video recording obtained from JP Putevi Srbije, it was established that the claimant was not at fault, and the Institute therefore offered an out-of-court settlement, which was concluded under No. 1954/1-25 on September 15, 2025. The claimant waived the claim for statutory interest as specified in the lawsuit. On April 14, 2025, the Institute paid the claimant: RSD 82,477.00 for damages, RSD 25,000.00 for expert examination costs, and RSD 15,000.00 for legal costs (limited to attorney fees for drafting the claim). On September 16, 2025, the claimant's legal representative submitted a statement to the Court waiving the claim, and on September 22, 2025, the Court rendered a judgment based on waiver, releasing the parties from the obligation to pay court fees.
The case is concluded.

39. COURT DISPUTES (Continued)

19. Claimant: Goran Glišić from Mladenovac, represented by attorney Predrag Božović from Belgrade, seeking compensation for damages in the amount of RSD 116,076.00 plus statutory interest and costs. Defendant: JP Putevi Srbije. Court: Second Basic Court in Belgrade, case No. 37.P.1404/2025

The Institute, at the invitation of the defendant – JP *Putevi Srbije*, joined the proceedings as an intervener in a dispute concerning damage to a vehicle caused by the barrier lowering at the Belgrade toll station on September 7, 2024.
Based on the video recording obtained from JP *Putevi Srbije*, it was established that the claimant was not at fault, and the Institute therefore offered the conclusion of an out-of-court settlement, which was concluded under No. 1702/1-25 on August 11, 2025.
The claimant withdrew the request for VAT reimbursement, as the amount of damage was determined based on an expert opinion rather than an invoice for vehicle repair, meaning that no VAT cost was incurred.
The claimant also waived the claim for statutory interest as specified in the lawsuit.
On August 12, 2025, the Institute paid:

- RSD 96,730.00 to the claimant for damages, and
- RSD 46,200.00 to the attorney for expert examination costs and drafting of the claim (in accordance with the Attorney Tariff), increased by applicable VAT as the attorney is a VAT taxpayer.

On August 18, 2025, the claimant's legal representative submitted a statement to the Court waiving the claim, and on August 21, 2025, the Court rendered a judgment based on waiver, releasing the parties from the obligation to pay court fees.
The case is concluded.

20. Claimant: Goran Vučinić from Belgrade, represented by attorney Predrag Božović from Belgrade, seeking compensation for damages in the amount of RSD 109,486.20 plus statutory interest and costs. Defendant: JP Putevi Srbije. Court: First Basic Court in Belgrade, case No. 9.P.721/2025

The Institute was invited by the defendant – JP Putevi Srbije – to join the lawsuit regarding the compensation of the difference in damage (between the amount paid under the Damage Settlement Decision of Dunav Insurance Company based on the Institute's liability insurance policy, and the amount claimed by the injured party on the same basis) for the vehicle damage caused by the barrier lowering at the Niš-North toll station on 14.03.2023. The Institute accepted to join the proceedings as an intervener.
Upon reviewing the footage from the Niš-North toll station, obtained from JP Putevi Srbije, as well as the Damage Settlement Decision and in consultation with the Dunav Insurance Company's appraiser who performed the damage assessment, it was determined that the plaintiff's claim was well-founded. Therefore, the Institute proposed an out-of-court settlement, which was concluded under number 720/1-25 on 31.03.2025.
The plaintiff waived the claim for VAT payment, considering that the amount of damage was determined by a lawyer's report and opinion, not by a repair invoice, so no VAT cost arose. The plaintiff also waived the claim for drafting the damage claim in the amount of RSD 13,500 under attorney fees, as it had already been paid by the Institute on 30.10.2024 at the time of the Damage Settlement Decision, and also waived the claim for statutory interest specified in the lawsuit.
On 01.04.2025, the Institute paid the plaintiff RSD 62,970 as compensation for the difference in damage specified in the Preamble of the Out-of-Court Settlement and paid the plaintiff's attorney RSD 46,200 for the cost of expert assessment and drafting the lawsuit under attorney fees, increased by the applicable VAT, as the attorney is a taxpayer.
On 02.04.2025, the plaintiff's attorney submitted a waiver of the claim to the court, and on 16.04.2025, the court issued a judgment based on the waiver, exempting the parties from paying court fees. The case was concluded.
Note: Since the incorrect damage assessment that prompted the lawsuit was the fault of the Dunav Insurance Company's appraiser, on 16.05.2025 the Institute filed a recourse claim against Dunav Insurance Company for reimbursement of the paid damage and litigation costs, which was successfully recovered.

39. COURT DISPUTES (Continued)

21. Plaintiff: Hany plus d.o.o. Vladičin Han, represented by attorney Đorđe Milosavljević from Niš, for compensation of damages RSD 26,000.00 + statutory fees Defendant: JP Putevi Srbije, Commercial Court in Niš, 4.P.636/2025

Court order for the Institute to state its position on intervention in this lawsuit was received on 10.02.2026. The Court, when inviting intervention on the side of the Defendant, did not provide a copy of the complaint, so the Institute has no knowledge of which specific case this concerns, nor can it state a position on intervention. By submission dated 11.02.2026, the Institute requested a postponement of the hearing (which was scheduled for 19.02.2026), as well as delivery of a copy of the complaint with all attachments and all other filings received by the Court, so that it could provide a statement in accordance with the Court's order. The proceedings are ongoing. As of the preparation of this report, it is not known which case this concerns, nor whether the Institute will intervene in this lawsuit, so the outcome of the dispute cannot be predicted.

22. Plaintiff: Zorica Rančić from Niš, represented by attorney Lazar Jović from Niš, for compensation of damages RSD 25,000.00 + legal fees Defendant: JP Putevi Srbije, Basic Court in Aleksinac, 6.P.2291/2025

Notice from the Court regarding the case, with an order for the Institute to state its position on intervention in this lawsuit on the side of the Defendant, was received on 18.02.2026. The Court, together with the invitation to intervene on the side of the Defendant, did not provide a copy of the Defendant's response to the complaint, so the Institute has no knowledge of the manner in which the Defendant disputes the claim, and therefore cannot state its position on intervention in the lawsuit. A hearing is scheduled for 23.04.2026, and the Institute will submit a request for delivery of the Defendant's response to the complaint and will thereafter state its position on intervention. The procedure is ongoing. At the time of preparing this report, the Institute has no knowledge whether it will intervene in this lawsuit, nor can the outcome of the dispute be predicted.

23. Plaintiff: Nebojša Bogdanović from Leskovac, represented by attorney Emilija Arsov from Niš, for compensation of damages RSD 103,566.00 + court fees Defendant: JP Putevi Srbije, Basic Court in Niš, 22.P.2811/2024

Notice from the court regarding the proceedings with an order for the Institute to state its position on joining the case on the side of the Defendant was received for the first time on 19.02.2026. Until that date, the Institute had no knowledge that the case existed. The court, together with the invitation to join the case on the side of the Defendant, did not provide the complaint, the Defendant's response, nor any attachments to these submissions, so the Institute has no knowledge of the specific case, nor in what manner the Defendant disputes the complaint. Therefore, at this time, before the court provides the requested documents, the Institute cannot state its position on joining the case. The hearing scheduled for 24.02.2026 was requested to be postponed due to the illness of the Institute's attorney. The proceedings are ongoing. At the time of preparing this report, the Institute has no knowledge whether it will join this case, nor can the outcome of the dispute be predicted.

24. Issuer of the pre-litigation notice: Olivera Đorđević from Svrljig, represented by attorney Borislav Milenković from Svrljig, for the recovery of damages RSD 18,500.00 + costs of proceedings Recipient of the notice: JP Putevi Srbije

The Institute, at the request of the defendant – JP Putevi Srbije, was called to resolve the pre-litigation notice submitted by the injured toll system user, Olivera Đorđević from Svrljig, regarding damage to her vehicle caused by the lowering of the barrier at the Malča toll station on 04.11.2024, which the Institute accepted. As JP Putevi Srbije did not possess a recording from the toll station, the Institute proposed an out-of-court settlement, which was concluded under No. 544/1-25 on 11.03.2025. On the same day, the Institute paid the issuer of the notice the amount of RSD 25,250.00 for the compensation of damages and attorney's fee for drafting the notice. The case was concluded.

Notes to the financial statements
For the Year Ended December 31st, 2025 and 2024

39. COURT DISPUTES (Continued)

25. Pre-litigation notice submitter: ADO UNIQA NON-LIFE INSURANCE, Belgrade, represented by attorney Dr. Nemanja Aleksić from Novi Sad, regarding a recourse claim for the paid compensation in the amount of RSD 38,805.58.

The Institute was on 24.10.2025 summoned by the attorney of the submitter of Notice No. 895777 to resolve Recourse Claim AKR-59/24 of the submitter ADO UNIQA NON-LIFE INSURANCE from Belgrade, regarding the compensation paid on 09.07.2025 for the vehicle of Igor Jovičić, PR Wholesale and Retail Trade MOTO-BIKE from Kać, damaged on 23.04.2024 at the NS Belgrade toll station, in the amount of RSD 38,805.58 (paid to the service where the vehicle was repaired). The Institute offered to conclude an out-of-court settlement, which was concluded on 05.02.2026 as Out-of-Court Settlement No. 342/1-26 and paid on 06.02.2026. The case is closed.

26. Recourse Claim: JP Autoputevi Republike Srpske d.o.o. Banja Luka, through attorney Momčilo Žugić from Bijeljina, regarding a recourse debt of BAM 2,703.43 (EUR 1,382.24).

On 14.11.2025, JP Autoputevi Republike Srpske d.o.o. Banja Luka, through attorney Momčilo Žugić from Bijeljina, submitted a Recourse Claim to INSTITUT MIHAJLO PUPIN DOO BELGRADE for the total amount of BAM 2,703.43 (EUR 1,382.24) regarding the final and enforceable Judgment of the District Commercial Court in Banja Luka, number 570 Mals 143420 24 Mals dated 18.11.2024, under which the Claimant paid BAM 1,220.00 to attorney Sanja Kutić from Banja Luka, and BAM 1,483.43 (BAM 1,282.58 for compensation and BAM 200.85 for statutory interest) to Triglav Insurance d.d. Sarajevo, Tuzla Branch, related to the compensation paid to Elvir Hodžić for damage to his vehicle at the Jakupovci Toll Station on 21.10.2023. Payment under the concluded Out-of-Court Settlement was made on 25.12.2025. The case is closed.

27. Claimant: Triglav Osiguranje ADO Belgrade, for recourse claim RSD 31,900.00 + legal costs Defendant: JP Putevi Srbije, Commercial Court in Belgrade, 38.P.4339/2025

The Institute, at the invitation of the defendant – JP Putevi Srbije, was called to join the proceedings as an intervenor regarding the recourse claim for the compensation paid due to the lowering of the barrier at the Niš-North toll station on 02.07.2025 on the vehicle of the insured, to which the Institute agreed. Since JP Putevi Srbije did not have a recording from the toll station (as a truck in the adjacent lane blocked the display of the lane in which the damaged vehicle was located), there was no evidence that the claimant was at fault for the damage to the vehicle. To reduce further procedural costs, the Institute, as the service provider for the toll collection system, concluded an out-of-court settlement with the Claimant on 07.11.2025, under Settlement No. 2427/1-25, which was paid on 19.11.2025 in the amount of RSD 33,209.87 (RSD 31,900.00 as recourse debt and RSD 1,309.87 as statutory default interest determined by the settlement). The Claimant waived the claim in full on 14.11.2025, prior to the first hearing. The Court issued a judgment based on the waiver on 18.11.2025. The case is concluded.

28. Plaintiff: Triglav Insurance ADO Belgrade, for recovery of debt RSD 48,000.00 Defendant: JP Putevi Srbije, Commercial Court in Belgrade, 30.P.1954/2025

The Institute was, on behalf of the Defendant – JP Putevi Srbije, invited to join the litigation regarding the recovery of debt, i.e., recourse for the compensation paid for damage caused by the lowering of the barrier at the Preljina toll station on 13.05.2022 to the insured's vehicle, as an intervenor, to which the Institute agreed. Since JP Putevi Srbije did not have a recording from the toll station, there was no evidence that the insured was at fault for the damage to the vehicle, and in order to reduce further procedural costs, the Institute, as the provider of toll collection system maintenance services, concluded an out-of-court settlement with the Plaintiff on 30.06.2025 under No. 1412/1-25, which was paid on 01.07.2025 in the amount of RSD 48,000.00 as recourse debt. The Plaintiff, on 03.07.2025, before the first main hearing, waived the lawsuit and the claim in its entirety. The Court issued a Judgment based on the waiver on 15.07.2025. The case is closed.

39. COURT DISPUTES (Continued)

29. Plaintiff: GENERALI OSIGURANJE SRBIJA ADO NOVI BEOGRAD, for recourse claim RSD 63,600.00 + costs Defendant: JP Putevi Srbije, Commercial Court in Belgrade 2.PI.92/2025

The Institute was invited by the Defendant – JP Putevi Srbije, to join the proceedings (the court issued a Payment Order, to which the Defendant filed an objection) regarding a recourse claim for compensation paid due to the lowering of the barrier at the Ralja toll station on 05.11.2021 on the insured's vehicle, in the capacity of an intervening party, which the Institute accepted. As JP Putevi Srbije did not possess a recording from the toll station due to the passage of time, there was no evidence that the claimant was at fault for the damage to the vehicle, and in order to reduce further procedural costs, the Institute, as the provider of toll system maintenance services, concluded an out-of-court settlement with the Claimant on 14.05.2025 under No. 1031/1-254, which was paid on 15.05.2025 in the amount of RSD 77,100.00 (RSD 63,600.00 as recourse claim and RSD 13,500.00 for drafting the claim under attorney fees), the Claimant waived the claim for statutory interest specified in the lawsuit. The Claimant, on 21.05.2025, before the first hearing, waived the lawsuit and the claim in full. The Court rendered a Judgment based on the waiver on 22.05.2025 and exempted the parties from court fees. The case is closed.

30. Claimant: DDOR NOVI SAD a.d.o. Novi Sad, for recourse claim RSD 21,995.00 + costs of proceedings, Defendant: JP Putevi Srbije, Commercial Court in Belgrade, P.2676/2025

The Institute was invited by the Defendant – JP Putevi Srbije, to join the proceedings regarding a recourse claim, i.e., recourse for the compensation paid for damage caused by the lowering of the barrier at the Niš-North toll station on 31.03.2023 to the insured's vehicle, in the capacity of an intervener, to which the Institute agreed. Since JP Putevi Srbije did not have a recording from the toll station, there was no evidence that the insured was responsible for the damage to the vehicle, and in order to reduce further procedural costs, the Institute, as the service provider of the toll collection system, concluded an out-of-court settlement with the Claimant on 24.10.2025 under No. 2318/1-25, which was paid on 27.10.2025 in the amount of RSD 25,757.22 (RSD 21,995.00 for the recourse claim and RSD 3,762.22 as 50% of the interest claimed in the lawsuit, the Claimant waived the remaining part of the interest). The Claimant waived the lawsuit and the claim in full by submission on 06.11.2025 before the first hearing of the main trial. The Court issued a Judgment based on the waiver on 19.11.2025. The case is closed.

31. Recourse claim prior to filing a lawsuit against JP Putevi Srbije – Claimant: TRIGLAV OSIGURANJE a.d.o. Beograd, for recourse claim RSD 174,522.85

The Institute, on 01.04.2025, prior to filing a recourse lawsuit against JP Putevi Srbije, was approached by TRIGLAV OSIGURANJE a.d.o. Beograd regarding the payment of a recourse claim for compensation previously paid to the insured due to the lowering of the barrier at the NS Šimanovci toll station on 13.03.2023 on the insured vehicle. Since JP Putevi Srbije did not have a recording from the toll station, in order to avoid court costs and to cover statutory interest, the Institute concluded an out-of-court settlement No. 885/1-25 on 22.04.2025 and paid TRIGLAV OSIGURANJE a.d.o. Beograd the amount of RSD 174,522.85 on 23.04.2025. The matter is closed.

32. Recourse claim prior to filing a lawsuit against JP Putevi Srbije – claimant TRIGLAV OSIGURANJE a.d.o. Beograd for recourse debt RSD 17,500.00

The Institute was on 26.05.2025. contacted by JP Putevi Srbije with a recourse claim in the amount of RSD 17,500.00, received from TRIGLAV OSIGURANJE a.d.o. Beograd, for the payment of a recourse claim for compensation paid to the insured due to the lowering of the barrier at the Preljina toll station on 17.07.2024, causing damage to the insured's vehicle. Since JP Putevi Srbije did not have footage from the toll station, and in order to avoid court costs as well as the payment of statutory interest, the Institute on 05.06.2025. concluded an out-of-court settlement No. 1228/1-25 and on 06.06.2025. paid TRIGLAV OSIGURANJE a.d.o. Beograd the amount of RSD 17,500.00. The case is closed.

39. COURT DISPUTES (Continued)

33. Recourse claim before filing a lawsuit against JP Putevi Srbije – claimant GLOBOS OSIGURANJE ADO BEOGRAD, for a recourse debt of RSD 228,628.80

The Institute was on 10.04.2025 served by JP Putevi Srbije with a recourse claim from GLOBOS OSIGURANJE a.d.o. Beograd, submitted before filing a recourse lawsuit against JP Putevi Srbije, for the payment of a recourse claim for compensation paid to the insured due to the lowering of the barrier at the Shimaновци toll station on 26.04.2024 on the insured's vehicle. Since JP Putevi Srbije did not have a recording from the toll station, in order to avoid court costs and the payment of statutory default interest, the Institute on 12.05.2025 concluded an out-of-court settlement No. 1012/1-25, and on 13.05.2025 paid GLOBOS OSIGURANJE a.d.o. Beograd the amount of RSD 228,628.80. The matter is concluded.

34. Recourse claim ORION TELEKOM DOO BEOGRAD – regarding the Judgment of the Misdemeanor Court in Smederevo 03.Pr.No.6340/24, amount of RSD 190,000.00

On 02.07.2025, the Institute was served with a recourse claim by ORION TELEKOM DOO BEOGRAD for payment of RSD 190,000.00 in connection with the Judgment of the Misdemeanor Court in Smederevo 03.Pr.No.6340/24 of 12.02.2025, which obliged JP Putevi Srbije to pay a misdemeanor fine in the stated amount due to damage to the barrier at the Požarevac toll station caused by a collision with a freight vehicle. JP Putevi Srbije paid the fine and charged the Contractor under the concluded Agreement for the Maintenance of the Toll Collection System on the highways of the Republic of Serbia to reimburse this public enterprise for the recourse debt.
As the Institute, in the capacity of a subcontractor under the Subcontractor Agreement concluded with the Contractor, is responsible for the regular maintenance of the Toll Collection System at toll stations, including the Požarevac toll station, ORION TELEKOM DOO BEOGRAD, as the holder of the right to collect the recourse debt for the contracted services with the Institute, submitted a recourse claim to the Institute for payment of the stated amount.
Based on Decision No. 12/700-24 of 03.07.2025, the Institute paid the stated amount to the claimant of the recourse claim on 04.07.2025. The matter is closed.

35. Recourse claim prior to filing a lawsuit against JP Putevi Srbije – claimant KOMPANIJA DUNAV OSIGURANJE ADO BEOGRAD, for recourse debt RSD 53,333.00

The Institute, prior to filing a recourse lawsuit against JP Putevi Srbije, was approached by KOMPANIJA DUNAV OSIGURANJE ADO BEOGRAD for the payment of a recourse claim for compensation paid to the insured due to the lowering of the barrier at the Stara Pazova toll station on 21.03.2023 on the insured vehicle. Since JP Putevi Srbije did not possess a recording from the toll station, in order to avoid court costs and to pay statutory default interest, the Institute concluded an out-of-court settlement No. 588/1-25 on 17.03.2025 and on the same day paid KOMPANIJA DUNAV OSIGURANJE ADO BEOGRAD the amount of RSD 53,333.00. The case is closed.

36. Recourse claim prior to filing a lawsuit against JP Putevi Srbije – claimant KOMPANIJA DUNAV OSIGURANJE ADO BEOGRAD, for a recourse debt RSD 41,760.00

The Institute was addressed on 07.04.2025 by JP Putevi Srbije with a recourse claim from KOMPANIJA DUNAV OSIGURANJE ADO BEOGRAD, submitted prior to filing a recourse lawsuit against JP Putevi Srbije, for the payment of a recourse claim for compensation paid to the insured due to the lowering of the barrier at the Stara Pazova toll station on 01.11.2022 on the insured vehicle. As JP Putevi Srbije did not have a recording from the toll station, and in order to avoid court costs as well as to pay statutory default interest, the Institute on 22.04.2025 concluded an out-of-court settlement No. 888/1-25 and on 23.04.2025 paid KOMPANIJA DUNAV OSIGURANJE ADO BEOGRAD the amount of RSD 41,760.00. The case is closed.

39. COURT DISPUTES (Continued)

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

37. 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.

38. 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.

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:

	2025.	2024.
(a) Sales of goods and services		
IMP – AUTOMATIKA DOO	204,989	216,664
IMP AUTOMATIKA-SECURITY DOO	294	281
IMP – RAČUNARSKI SISTEMI DOO	23,543	21,577
IMP – TELEKOMUNIKACIJE DOO	8,037	7,634
IDVORSKI LABORATORIJE d.o.o.	1,360	1,282
IMP – PIEZOTEHNOLOGIJA DOO	-	38
IMP – POSLOVNE USLUGE DOO	427	386
Total	**238,650**	**247,862**

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

	2025.	2024.
(b) Procurement of goods and services		
IMP – AUTOMATIKA DOO	380,744	188,453
IMP AUTOMATIKA-SECURITY DOO	364	-
IMP – RAČUNARSKI SISTEMI DOO	394,307	310,377
IMP – TELEKOMUNIKACIJE DOO	198,009	288,828
IDVORSKI LABORATORIJE d.o.o.	267	-
IMP – PIEZOTEHNOLOGIJA DOO	-	-
IMP – POSLOVNE USLUGE DOO	35,826	31,388
Total	**1,009,517**	**819,046**

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

For 2025 a study was conducted on transfer pricing and consequently are made appropriate adjustments for tax purposes.

40. TRANSACTIONS WITH RELATED PARTIES

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

	2025.	2024.
Receivables from sales (Note 24)		
IMP – AUTOMATIKA DOO	18,482	68,399
IMP AUTOMATIKA-SECURITY DOO	-	1
IMP – RAČUNARSKI SISTEMI DOO	851	758
IMP – TELEKOMUNIKACIJE DOO	137	105
IDVORSKI LABORATORIJE d.o.o.	-	42
IMP – PIEZOTEHNOLOGIJA DOO	30,483	30,483
IMP – POSLOVNE USLUGE DOO	44	33
	49,997	99,821
Less: Allowance for impairment	(30,483)	(30,483)
Total	**19,514**	**69,338**
Receivables from interest and dividend (Note 25)		
IMP-Automatika Ltd, Belgrade	0	0
IMP Poslovne usluge Ltd, Belgrade	0	0
Total	**0**	**0**
Short-term financial investments		
IMP – PIEZOTEHNOLOGIJA Ltd. Belgrade	14,607	16,107
IMP – AUTOMATIKA Ltd. Belgrade	-	-
	14,607	**16,107**
Less: Allowance for impairment		
IMP Piezotehnologija Ltd, Belgrade	(14,607)	(14,607)
Total	**-**	**1,500**
Liabilities from business (Note 34)		
IMP – AUTOMATIKA DOO	42,370	29,048
IMP AUTOMATIKA-SECURITY DOO	437	-
IMP – RAČUNARSKI SISTEMI DOO	214,577	77,440
IMP – TELEKOMUNIKACIJE DOO	36,951	113,563
IMP – POSLOVNE USLUGE DOO	23,441	15,390
Total	**317,776**	**235,441**

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:

in RSD 000

	2025.	2024.
Debt a)	791,825	734,539
Cash and cash equivalents	(627,720)	(813,822)
Net debt	164,105	(79,283)
Equity b)	733,658	705,728
Debt equity ratio	**0.22**	**0.11**

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

in RSD 000

	2025.	2024.
Financial Assets		
Long term financial investments	80,619	75,170
Receivables from sales	609,848	636,989
Other receivables	148,145	268,093
Short-term financial investments	-	1,500
Cash and cash equivalents	627,720	813,822
	1,466,332	**1,795,574**
Financial Liabilities		
Long-term liabilities	(500,288)	(386,971)
Short-term financial liabilities	(291,537)	(347,568)
Trade payables without received advances	(465,313)	(458,861)
Other liabilities	(83,331)	(75,483)
	(1,340,469)	**(1,268,883)**

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:

in RSD 000

	Assets		Liabilities	
	December 31st 2025.	December 31st 2024.	December 31st 2025.	December 31st 2024.
In currency	658,649	1,239,821	(819,538)	(763,081)
	658,649	**1,239,821**	**(819,538)**	**(763,081)**

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.

41. FINANCIAL INSTRUMENTS (Continued)

in RSD 000

	December 31st 2025. +10%	December 31st 2024. +10%	December 31st 2025. -10%	December 31st 2024. -10%
In currency	15,571	22,613	(15,571)	(22,613)
	15,571	**22,613**	**(15,571)**	**(22,613)**

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:

in RSD 000

	2025.	2024.
Financial asset		
Noninterest bearing		
Long-term financial investments	80,619	75,170
Receivables from sales	609,848	636,989
Other receivables	148,145	268,093
Short-term financial investments	-	1,500
Cash and cash equivalents	627,720	813,822
	1,466,332	**1,795,574**
	1,466,332	**1,795,574**
Financial liabilities		
Noninterest bearing		
Trade payables without received advances	(465,313)	(458,861)
Other liabilities	(83,331)	(75,483)
	(548,644)	**(534,344)**
Interest bearing		
Long-term liabilities	(500,288)	(386,971)
Short-term financial liabilities	(291,537)	(347,568)
	(791,825)	**(734,539)**
Interest rate gap	**(711,206)**	**(659,369)**

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.

in RSD 000

	Increase of 1 percentage point 2025.	2024.	Decrease of 1 percentage point 2025.	2024.
The result for the current year	(7,112)	(6,594)	7,112	6,594

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 2025 and 31st December 2024.

	December 31st 2025		December 31st 2024	
	Book value	Fair value	Book value	Fair value
Financial asset				
Long-term financial investments	80,619	80,619	75,170	75,170
Trade receivables	609,848	609,848	636,989	636,989
Other receivables	148,145	148,145	268,093	268,093
Short-term financial investments	-	-	1,500	1,500
Cash and cash equivalents	627,720	627,720	813,822	813,822
	1,466,332	**1,466,332**	**1,795,574**	**1,795,574**
Financial liabilities				
Long-term liabilities	(500,288)	(500,288)	(386,971)	(386,971)
Short-term financial liabilities	(291,537)	(291,537)	(347,568)	(347,568)
Trade payables without received advances	(465,313)	(465,313)	(458,861)	(458,861)
Other liabilities	(83,331)	(83,331)	(75,483)	(75,483)
	(1,340,469)	**(1,340,469)**	**(1,268,883)**	**(1,268,883)**

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, 2025, 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, 2025 and 2024

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:

In RSD

	December 31th 2025.	December31th 2024.
EUR	117,2820	117,0149
USD	99,9165	112,4386
CHF	126,0013	124,5237

In Belgrade,

Date February 28th, 2026

Person responsible for preparing the Financial Statement

Кнежевић Л. Весна

Legal representative

ИНСТИТУТ МИХАЈЛО ПУПИН Д.О.О. БЕОГРАД