

**“BEOGRADSKO MEŠOVITO PREDUZEĆE”  
A.D. BELGRADE**

**Financial Statements as of and for  
the Year Ended 31 December 2023  
and Independent Auditor’s Report**

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## INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF "BEOGRADSKO MEŠOVITO PREDUZEĆE" d.o.o. BELGRADE

### Opinion

We have audited the separate financial statements of the Hotel Shareholding Company "Beogradsko Mešovito Preduzeće" a.d., Beograd (hereinafter: the "Company"), which comprise the separate balance sheet as of 31 December 2023 and the separate income statement, the separate statement of other comprehensive income, the separate statement of changes in equity and separate statement of cash flows for the year then ended, and the notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the unconsolidated financial position of the Company as of 31 December 2023, and its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with the regulations prevailing in the Republic of Serbia and accounting policies disclosed in Note 3 to the separate financial statements.

### Basis for Opinion

We conducted our audit in accordance with Law on Audit and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Separate Financial Statements*. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Serbia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Information

Management is responsible for the other information. The other information comprises the Annual Business Report for the year ended 31 December 2023, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

In respect of the Annual Business Report, we conducted procedures in accordance with the Law on Accounting. These procedures include verification whether the Company's Annual Business Report has been prepared in accordance with the applicable provisions of the Law on Accounting.

(continued)

## INDEPENDENT AUDITOR'S REPORT

### TO THE SHAREHOLDERS OF "BEOGRADSKO MEŠOVITO PREDUZEĆE" d.o.o. BELGRADE (Continued)

#### Other Information (Continued)

Solely based on the work we have performed during the audit of the financial statements, in our opinion:

- The information provided in the Annual Business Report for the year ended 31 December 2023, is consistent, in all material respects, with the financial statements of the Company as of and for the year ended 31 December 2023; and
- The Annual Business Report for the year ended 31 December 2023 has been prepared in accordance with the provisions of the Law on Accounting.

In addition, if based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Emphasis of Matter

We draw your attention to Note 35 to the separate financial statements, in which it is disclosed that the amount of litigations in course against the Company as of 31 December 2023, totals RSD 258,226 thousand, excluding possible default interest, which may be determined after the end of the court proceedings. As of the balance sheet date, the Company made provisions based on potential losses that may arise from the aforementioned litigations in the amount of RSD 138,231 thousand. The management of the Company believes that it is not possible to predict with certainty the outcome of all disputes, bearing in mind the stage in which certain disputes are in, as well as that there are counterclaims for certain disputes, and that as a result it will not be exposed to materially significant potential losses on the aforementioned basis, with the exception of provisions already shown in the separate financial statements. Our opinion is not modified in respect of this matter.

#### Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements

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

In preparing the separate 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.

(continued)

## INDEPENDENT AUDITOR'S REPORT

### TO THE SHAREHOLDERS OF "BEOGRADSKO MEŠOVITO PREDUZEĆE" d.o.o. BELGRADE (Continued)

#### Auditor's Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate 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 separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate 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, 23 April 2024

Igor Radmanovic  
Certified Auditor

To be filled by legal entity - entrepreneur																						
Registration number	0	7	4	5	6	2	6	3	Activity code	5	5	1	0	TIN	1	0	0	0	0	8	0	5
Name: HOTELIJERSKO AKCIONARSKO DRUŠTVO BEOGRADSKO MEŠOVITO PREDUZEĆE AD BEOGRAD (NOVI BEOGRAD)																						
Registered office: Beograd-Novı Beograd, Milentija Popovića 5																						

**PROFIT AND LOSS ACCOUNT**  
for the period from January 1, 2023 to December 31, 2023

- in 000 RSD -

Group of accounts, account	ITEM	ADP	Note number	A m o u n t	
				Current year	Previous year
1	2	3	4	5	6
	<b>A. OPERATING INCOME (1002 + 1005 + 1008 + 1009 + 1010 + 1011 + 1012)</b>	1001		1.945.153	1.580.617
60	I. INCOME FROM GOODS SOLD (1003 + 1004)	1002	5	99.874	88.754
600, 602 and 604	1. Goods sold - domestic	1003	5	99.874	88.754
601, 603 and 605	2. Goods sold - foreign	1004			
61	II. INCOME FROM PRODUCTS SOLD AND SERVICES PROVIDED (1006 + 1007)	1005	6	1.723.433	1.411.778
610, 612 and 614	1. Products sold and services provided - domestic	1006	6	1.723.433	1.411.778
611, 613 and 614	2. Products sold and services provided - foreign	1007			
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	121.846	80.085
68, except 683, 685 and 686	VII. INCOME ON VALUE ADJUSTMENT OF ASSETS (EXCEPT FINANCIAL)	1012			
	<b>B. OPERATING EXPENSES (1014 + 1015 + 1016 + 1020 + 1021 + 1022 + 1023 + 1024)</b>	1013		1.582.368	1.284.617
50	I. COST OF GOODS SOLD	1014		24.088	23.303
51	II. RAW MATERIAL COSTS, FUEL AND ENERGY COSTS	1015	8	370.985	273.065
52	III. SALARIES, WAGES AND OTHER PERSONAL INDEMNITIES (1017 + 1018 + 1019)	1016	9	588.670	486.880
520	1. Salaries and wages	1017		388.761	326.461
521	2. Tax costs, contribution costs and wages	1018		53.556	49.717
52 except 520 and 521	3. Other personal indemnities and fees	1019		146.353	110.702
540	IV. DEPRECIATION COSTS	1020	10	169.422	163.058
58, except 583, 585 and 586	V. EXPENSES ON VALUE ADJUSTMENT OF ASSETS (EXCEPT FINANCIAL)	1021			

Group of accounts account	ITEM	ADP	Note number	A m o u n t	
				Current year	Previous year
1	2	3	4	5	6
53	VI. PRODUCTION SERVICES COSTS	1022	11	169.179	129.812
54, except 540	VII. PROVISION COSTS	1023	12	804	986
55	VII. INTANGIBLE COSTS	1024	13	259.220	207.513
	<b>V. OPERATING PROFIT (1001 - 1013) ≥ 0</b>	1025		362.785	296.000
	<b>G. OPERATING LOSS (1013 - 1001) ≥ 0</b>	1026			
	<b>D. FINANCIAL INCOME (1028 + 1029 + 1030 + 1031)</b>	1027	14	22.819	13.399
660 and 661	I. FINANCIAL INCOME FROM PARENT COMPANIES, SUBSIDIARIES AND OTHER ASSOCIATED COMPANIES	1028	14	6.591	8.101
662	II. INCOME FROM INTEREST	1029	14	11.779	1.739
663 and 664	III. POSITIVE EFFECTS ON EXCHANGE RATE AND EFFECTS OF FOREIGN CURRENCY CLAUSE	1030	14	4.449	3.559
665 and 669	IV. OTHER FINANCIAL INCOME	1031			
	<b>D. FINANCIAL EXPENSES (1033 + 1034 + 1035 + 1036)</b>	1032	15	10.544	13.646
560 and 561	I. FINANCIAL EXPENSES FROM PARENT COMPANIES, SUBSIDIARIES AND OTHER ASSOCIATED COMPANIES	1033	15	1.329	1.512
562	II. INTEREST EXPENSES	1034	15	228	7.746
563 and 564	III. NEGATIVE EFFECTS ON EXCHANGE RATE AND EFFECTS OF FOREIGN CURRENCY CLAUSE	1035	15	8.987	4.388
565 and 569	IV. OTHER FINANCIAL EXPENSES	1036			
	<b>E. PROFIT FROM FINANCING (1027 - 1032) ≥ 0</b>	1037		12.275	
	<b>Z. LOSS FROM FINANCING (1032 - 1027) ≥ 0</b>	1038			247
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			
67	J. OTHER INCOME	1041	16	1.797	4.458
57	K. OTHER EXPENSES	1042	17	11.037	21.085
	<b>L. TOTAL INCOME (1001 + 1027 + 1039 + 1041)</b>	1043		1.969.769	1.598.474
	<b>Lj. TOTAL EXPENSES (1013 + 1032 + 1040 + 1042)</b>	1044		1.603.949	1.319.348
	<b>M. PROFIT FROM REGULAR OPERATIONS BEFORE TAX (1043 - 1044) ≥ 0</b>	1045		365.820	279.126
	<b>N. LOSS FROM REGULAR OPERATIONS BEFORE TAX (1044 - 1043) ≥ 0</b>	1046			
69-59	<b>Nj. POSITIVE NET EFFECT OF RESULT ON PROFIT FROM DISCONTINUED OPERATIONS, EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS OF ERRORS FROM PREVIOUS PERIODS</b>	1047		1.458	248

Group of accounts account	ITEM	ADP	Note number	A m o u n t	
				Current year	Previous year
1	2	3	4	5	6
59-69	<b>O. NEGATIVE NET EFFECT OF RESULT ON LOSS FROM DISCONTINUED OPERATIONS, EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS OF ERRORS FROM PREVIOUS PERIODS</b>	1048			
	<b>P. PROFIT BEFORE TAX (1045 - 1046 + 1047 - 1048) ≥ 0</b>	1049	18b	367.278	279.374
	<b>R. LOSS BEFORE TAX (1046 - 1045 + 1048 - 1047) ≥ 0</b>	1050			
	<b>S. TAX ON PROFIT</b>				
721	I. TAX EXPENSES FOR THE PERIOD	1051	18a	59.327	47.988
722 debit side of account	II. DEFERRED TAX EXPENSES OF A PERIOD	1052			
722 credit side of account	III. DEFERRED TAX INCOME OF A PERIOD	1053	18a	3.294	4.658
723	<b>T. PERSONAL INDEMNITIES PAID TO EMPLOYER</b>	1054			
	<b>Č. NET PROFIT (1049 - 1050 - 1051 - 1052 + 1053 - 1054) ≥ 0</b>	1055		311.245	236.044
	<b>U. NET LOSS (1050 - 1049 + 1051 + 1052 - 1053 + 1054) ≥ 0</b>	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,	Legal representative
on March, 29, 2024	S.P.

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	0	7	4	5	6	2	6	3	Activity code	5	5	1	0	TIN	1	0	0	0	0	8	0	5
Name: HOTELIJERSKO AKCIONARSKO DRUŠTVO BEOGRADSKO MEŠOVITO PREDUZEĆE AD BEOGRAD (NOVI BEOGRAD)																						
Registered office: Beograd-Novı Beograd, Milentija Popovića 5																						

**STATEMENT OF COMPREHENSIVE INCOME**  
for the period from January 1, 2023 to December 31, 2023

- in 000 RSD -

Group Group of accounts, account	ITEM	ADP	Note number	Amount	
				Current year	Previous year
1	2	3	4	5	6
	<b>A. NET OPERATING RESULT</b>				
	I. NET PROFIT (ADP 1055)	2001		311.245	236.044
	II. NET LOSS (ADP 1056)	2002			
	<b>B. OTHER COMPREHENSIVE PROFIT OR LOSS</b>				
	<b>a) items that will not be reclassified into Profit and loss account in future periods</b>				
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			
	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>b) items that can be subsequently reclassified into Profit and loss account in future periods</b>				
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			
	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			
	VI. NET OTHER COMPREHENSIVE LOSS (2020 - 2019 + 2021 - 2022) ≥ 0	2024			
	<b>V. TOTAL NET COMPREHENSIVE RESULT FOR THE PERIOD</b>				
	I. TOTAL NET COMPREHENSIVE PROFIT (2001 - 2002 + 2023 - 2024) ≥ 0	2025		311.245	236.044
	II. TOTAL NET COMPREHENSIVE LOSS (2002 - 2001 + 2024 - 2023) ≥ 0	2026			
	<b>G. TOTAL NET COMPREHENSIVE PROFIT OR LOSS (2028 + 2029) = ADP 2025 ≥ 0 or ADP 2026 &gt; 0</b>	2027			
	1. Attributed to parent legal entity	2028			
	2. Attributed to non-controlling participations	2029			

In Belgrade,  on March 29, 2024	Legal representative  S.P.
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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																						
Registration number	0	7	4	5	6	2	6	3	Activity code	5	5	1	0	TIN	1	0	0	0	0	8	0	5
Name: HOTELIJERSKO AKCIONARSKO DRUŠTVO BEOGRADSKO MEŠOVITO PREDUZEĆE AD BEOGRAD (NOVI BEOGRAD)																						
Registered office: Beograd-Novi Beograd, Milentija Popovića 5																						

**BALANCE SHEET**  
on December 31, 2023

- in 000 RSD -

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
	<b>ASSETS</b>					
00	<b>A. SUBSCRIBED CAPITAL UNPAID</b>	0001				
	<b>B. PERMANENT ASSETS (0003 + 0009 + 0017 + 0018 + 0028)</b>	0002		2.832.246	2.901.910	
01	<b>I. INTANGIBLE ASSETS (0004 + 0005 + 0006 + 0007 + 0008)</b>	0003	19	6.643	8.337	
010	1. Investment in development	0004				
011, 012 and 014	2. Concessions, patents, licenses, trademarks, service marks, software and other intangible assets	0005	19	6.643	8.337	
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	<b>II. IMMOVABLES, PLANTS AND EQUIPMENT (0010 + 0011 + 0012 + 0013 + 0014 + 0015 + 0016)</b>	0009		1.971.419	2.039.256	
020, 021 and 022	1. Land and buildings	0010	20	1.650.301	1.717.028	
023	2. Plant and equipment	0011	20	280.334	303.211	
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				
029 (part)	6. Advances for immovables, plant and equipment - domestic	0015	20	40.784	19.017	
029 (part)	7. Advances for immovables, plant and equipment - foreign	0016				
03	<b>III. BIOLOGICAL RESOURCES</b>	0017				
04 and 05	<b>IV. LONG-TERM FINANCIAL INVESTMENTS AND LONG-TERM RECEIVABLES (0019 + 0020 + 0021 + 0022 + 0023 + 0024 + 0025 + 0026 + 0027)</b>	0018	21	854.184	854.317	

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	21	708.261	459.055	
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	21		249.339	
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	21	145.923	145.923	
048, 052, 054, 055 and 056	9. Other long-term investments and other long-term receivables	0027				
28 (part), except 288	V. LONG-TERM ACCRUED EXPENSES	0028				
288	<b>V. DEFERRED TAX ASSETS</b>	0029				
	<b>G. CURRENT ASSETS (0031 + 0037 + 0038 + 0044 + 0048 + 0057 + 0058)</b>	0030		532.707	411.934	
Class 1, except group 14	I. INVENTORIES (0032 + 0033 + 0034 + 0035 + 0036)	0031	22	64.939	59.288	
10	1. Materials, spare parts, tools and small inventory	0032	22	46.025	44.909	
11 and 12	2. Work in progress and finished products	0033				
13	3. Goods	0034	22	10.974	10.430	
150, 152 and 154	4. Advances paid for inventories and services - domestic	0035	22	3.265	3.949	
151, 153 and 155	5. Advances paid for inventories and services - foreign	0036		4.675		
14	II. PERMANENT ASSETS HELD FOR SALE AND FOR DISCONTINUED OPERATIONS	0037				
20	III. RECEIVABLES FROM SALES (0039 + 0040 + 0041 + 0042 + 0043)	0038	23	52.962	40.996	
204	1. Domestic trade receivables	0039	23	52.742	40.800	
205	2. Foreign trade receivables	0040				

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	23	220	196	
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	24	13.474	48.577	
21, 22 except 223 and 224 and 27	1. Other receivables	0045	24	1.576	24.099	
223	2. Receivables from overpaid tax on profit	0046	24	11.898	24.478	
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				
230	1. Short-term credits and investments - parent companies and subsidiaries	0049				
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				
24	VI. CASH AND CASH EQUIVALENTS	0057	25	363.628	247.504	
28 (part), except 288	VII. SHORT-TERM ACCRUED EXPENSES	0058	26	37.704	15.569	
	D. TOTAL ASSETS = OPERATING ASSETS (0001 + 0002 + 0029 + 0030)	0059		3.364.953	3.313.844	
88	D. OFF-BALANCE SHEET ASSETS	0060		31.154	1.200	
	<b>EQUITY AND LIABILITIES</b>					
	A. EQUITY (0402 + 0403 + 0404 + 0405 + 0406 - 0407 + 0408 + 0411 - 0412) ≥ 0	0401	27	3.014.667	2.996.206	
30, except 306	I. CAPITAL	0402		2.702.379	2.702.379	
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			361.669	
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	27	1.696	1.696	
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	27	653	359	
34	VII. RETAINED EARNINGS (0409 + 0410)	0408	27	311.245	1.494.934	
340	1. Retained earnings from previous years	0409			1.258.890	
341	2. Retained earnings for the current year	0410		311.245	236.044	
	VIII. PARTICIPATION WITHOUT CONTROL RIGHTS	0411				
35	IX. LOSS (0413 + 0414)	0412	27		1.564.113	
350	1. Loss from previous years	0413			1.564.113	
351	2. Loss for the current year	0414				
	<b>B. LONG-TERM PROVISIONS AND LIABILITIES (0416 + 0420 + 0428)</b>	0415	28	148.088	147.675	
40	I. LONG-TERM PROVISIONS (0417 + 0418 + 0419)	0416	28	148.088	147.675	
404	1. Provisions for compensations and other employment benefits	0417	28	9.857	9.444	
400	2. Provisions for costs incurred during the warranty period	0418				
40, except 400 and 404	3. Other long-term provisions	0419	28	138.231	138.231	
41	II. LONG-TERM LIABILITIES (0421 + 0422 + 0423 + 0424 + 0425 + 0426 + 0427)	0420				
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				
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				
498	V. DEFERRED TAX LIABILITIES	0429	18v	64.148	67.442	
495 (part)	G. DEFERRED LONG-TERM INCOME AND DONATIONS RECEIVED	0430				
	D. SHORT-TERM PROVISIONS AND SHORT-TERM LIABILITIES (0432+ 0433 + 0441+ 0442 + 0449 + 0453 + 0454)	0431		138.050	102.521	
467	I.SHORT-TERM PROVISIONS	0432	29	4.936	5.142	
42, except 427	II. SHORT-TERM FINANCIAL LIABILITIES (0434 + 0435 + 0436 + 0437 + 0438 + 0439 + 0440)	0433				
420 (part) and 421 (part)	1.Liabilities from credits from parent company and subsidiaries and other associated companies - domestic	0434				
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				
422 (part), 424 (part), 425 (part), and 429 (part)	4. Credit liabilities from domestic banks	0437				
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	30	31.828	11.419	
43, except 430	IV. OPERATING LIABILITIES (0443 + 0444 + 0445 + 0446 + 0447 + 0448)	0442	30	34.181	21.763	
431 and 433	1. Trade payables - domestic parent company, subsidiaries and other associated companies	0443				
432 and 434	2. Trade payables - foreign parent company, subsidiaries and other associated companies	0444	30	13.812	10.270	
435	3. Trade payables - domestic	0445	30	8.804	3.768	
436	4. Trade payables - foreign	0446	30	11.565	7.725	
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	31	11.439	16.914	
44, 45 and 46 except 467	1.Other short-term liabilities	0450		144	931	
47, 48 except 481	2. Liabilities for value added tax and other public revenues	0451		11.295	15.983	
481	3. Liabilities for tax on profit	0452				
427	VI. LIABILITIES FOR ASSETS HELD FOR SALE AND FOR DISCONTINUED OPERATIONS	0453				
49 (part) except 498	VII. SHORT DEFERRED EXPENSES	0454	32	55.666	47.283	

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		3.364.953	3.313.844	
89	Z. OFF-BALANCE SHEET LIABILITIES	0457		31.154	1.200	

In Belgrade,  on March 29, 2024	S.P.	Legal representative  <div style="border-top: 1px solid black; height: 1.2em; width: 100%;"></div>
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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	0	7	4	5	6	2	6	3	Activity code	5	5	1	0	TIN	1	0	0	0	0	8	0	5
Name	HOTELIJERSKO AKCIONARSKO DRUŠTVO BEOGRADSKO MEŠOVITO PREDUZEĆE AD BEOGRAD (NOVI BEOGRAD)																					
Registered office	Beograd-Novi Beograd, Milentija Popovića 5																					

**CAPITAL CHANGES STATEMENT**  
in period from January 1 to December 31, 2023

n 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	2.702.379	4010		4019		4028	361.669
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	2.702.379	4012		4021		4030	361.669
4.	Net changes in year ____.	4004		4013		4022		4031	
5.	Balance on day 31.12. year ____ (col 3+4)	4005	2.702.379	4014		4023		4032	361.669
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	2.702.379	4016		4025		4034	361.669
8.	Net changes in year ____	4008		4017		4026		4035	-361.669
9.	Balance on day 31.12. year (col 7+8)	4009	2.702.379	4018		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	-359	4046	1.258.890	4055	1.564.113	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	-359	4048	1.258.890	4057	1.564.113	4066	
4.	Net changes in year	4040	1.696	4049	236.044	4058		4067	
5.	Balance on day 31.12. year (col 3+4)	4041	1.337	4050	1.494.934	4059	1.564.113	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	1.337	4052	1.494.934	4061	1.564.113	4070	
8.	Net changes in year.	4044	-294	4053	-1.183.689	4062	-1.564.113	4071	
9.	Balance on day 31.12. year (col 7+8)	4045	1.043	4054	311.245	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	2.758.466	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	2.758.466	4084	
4.	Net changes in year ____.	4076		4085	
5.	Balance on day 31.12. year (col 3+4)	4077	2.996.206	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	2.996.206	4088	
8.	Net changes in year	4080		4089	
9.	Balance on day 31.12. year (col 7+8)	4081	3.014.667	4090	

In Belgrade,

Legal representative

on March 29, 2024

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	0	7	4	5	6	2	6	3	Activity code	5	5	1	0	TIN	1	0	0	0	0	8	0	5
Name: <b>HOTELIJERSKO AKCIONARSKO DRUŠTVO BEOGRADSKO MEŠOVITO PREDUZEĆE AD BEOGRAD (NOVI BEOGRAD)</b>																						
Registered office: <b>Beograd-Novi Beograd, Milentija Popovića 5</b>																						

**CASH FLOW STATEMENT**  
in the period from January 1, 2023 to December 31, 2023

- in 000 RSD -

ITEM	ADP	Amount	
		Current year	Previous year
1	2	3	4
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
I. Cash inflows from operating activities (from 1 to 4)	3001	2.270.387	1.867.282
1. Inflows from sales and prepayments - domestic	3002	2.081.876	1.752.371
2. Inflows from sales and prepayments - foreign	3003		
3. Interests provided by operating activities	3004	18.051	8.649
4. Other inflows from operating activities	3005	170.460	106.262
II. Cash outflows from operating activities (from 1 to 8)	3006	1.777.929	1.391.206
1. Trade payables and prepayments - domestic	3007	639.420	654.713
2. Trade payables and prepayments - foreign	3008	399.328	122.860
3. Salaries, wages and other personal indemnities	3009	575.414	496.392
4. Interests paid - domestic	3010	228	7.273
5. Interests paid - foreign	3011		
6. Tax on profit	3012		
7. Outflows from other public revenues	3013	163.539	109.968
8. Other outflows from operating activities	3014		
III. Net cash inflows from operating activities (I-II)	3015	492.458	476.076
IV. Net cash outflows from operating activities (II-I)	3016		
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
I. Cash inflows from investing activities (from 1 to 5)	3017	61	
1. Sale of shares and stakes	3018		
2. Sale of intangible assets, immovables, plant, equipment and biological resources	3019	61	
3. Other financial investments	3020		

ITEM	ADP	Amount	
		Current year	Previous year
1	2	3	2
4. Interests from investing activities	3021		
5. Inflows from dividends	3022		
II. Cash outflows from investing activities (from 1 to 3)	3023	78.156	221.327
1. Purchase of shares and stakes	3024		
2. Purchase of intangible assets, immovables, plants, equipment and biological resources	3025	78.156	221.327
3. Other financial investments	3026		
III. Net cash inflows from investing activities (I-II)	3027		
IV. Net cash outflows from investing activities (II-I)	3028	78.095	221.327
<b>V. CASH FLOWS FROM FINANCING ACTIVITIES</b>	3029		1.192
I. Cash inflows from financing activities (1 to 7)			
1. Capital increase	3030		
2. Long-term credits - domestic	3031		
3. Long-term credits - foreign	3032		
4. Short-term credits - domestic	3033		1.192
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	292.490	206.780
1. Treasury shares and stakes	3038		
2. Long-term credits - domestic	3039		206.780
3. Long-term credits - foreign	3040		
4. Short-term credits - domestic	3041		
5. Short-term credits - foreign	3042		
6. Other liabilities	3043		
7. Financial leasing	3044		
8. Dividends paid	3045	292.490	
III. Net cash inflows from financing activities (I-II)	3046		
IV. Net cash outflows from financing activities (II-I)	3047	292.490	205.588
<b>G. TOTAL CASH INFLOWS (3001 + 3017 + 3029)</b>	3048	2.270.448	1.868.474
<b>D. TOTAL CASH OUTFLOWS (3006 + 3023 + 3037)</b>	3049	2.148.575	1.819.313
<b>Đ. NET CASH INFLOWS (3048 - 3049) ≥ 0</b>	3050	121.873	49.161
<b>E. NET CASH OUTFLOWS (3049 - 3048) ≥ 0</b>	3051		
<b>Ž. CASH AT THE BEGINNING OF THE ACCOUNTING PERIOD</b>	3052	247.504	199.494
<b>Z. POSITIVE EFFECTS ON EXCHANGE RATE CHANGES FROM CASH CALCULATION</b>	3053	1.647	4.749
<b>I. NEGATIVE EFFECTS ON EXCHANGE RATE CHANGES FROM CASH CALCULATION</b>	3054	7.396	5.900
<b>J. CASH AT THE END OF THE ACCOUNTING PERIOD</b> (3050 - 3051 + 3052 + 3053 - 3054)	3055	363.628	247.504

In Belgrade,

Legal representative

on March 29, 2024

S.P.

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).

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2023**

*All amounts expressed in thousands of RSD, unless otherwise stated.*

**1. FOUNDATION AND ACTIVITY**

The Hotel Shareholding Company "Beogradsko Mešovito Preduzeće" a.d., Beograd (the "Company") was founded pursuant to the Articles of Incorporation executed on April 14, 1989 by and between RO Jugopetrol Beograd, GRO Rad Beograd, SOUR Energoprojekt Beograd, RO Jugoeksport Beograd, RO Putnik Beograd, North Haven Limited, Hong Kong and Hyatt International Corporation, Chicago, Illinois, USA. The Company was registered and entered into the Court Registry with the District Commercial Court of Belgrade – registry card no. 1-3215-00. Under Decision no. BD 22440/2005 dated June 13, 2005, the Company was transferred from the Registry of the Commercial Court to the Business Entity Register maintained by the Serbian Business Registers Agency.

Hyatt International Corporation is entitled to management under the Articles of Incorporation dated April 14, 1989 and Management Agreement dated April 14, 1989, executed by and between the Company and Hyatt Hong Kong Limited, owned by Hyatt International Corporation, which are deposited with the Business Entity Register maintained by the Serbian Business Registers Agency.

The Company was incorporated for an indefinite period and organized as a private shareholding company. The Company's shares are registered with the Central Securities Depository and Clearing House, with restrictions imposed on trade. As of December 31, 2017, the Company's current shareholders were Luella Enterprises Company Limited, Cyprus (holding a 94.60% equity interest therein) and Energoprojekt Holding ad Beograd (holding a 5.40% equity interest). On March 14, 2018, the Company purchased its treasury shares previously owned by Energoprojekt Holding a.d., Beograd. The owner of the majority shareholder is Etaireia Ellinikon Xenodoheion Lampsa A.E. from Athens, Greece.

The Company's principal activity involves hospitality business, construction, development and management of the Hyatt Regency Hotel, Belgrade (the "Hotel"). The Company's business activities include other activities required or adequate for the realization of the core business activity. The Company's headquarters is located in Belgrade at no. 5, Milentija Popovica Street.

The Company's tax identification number (fiscal code) is 100000805, and its corporate ID number is 07456263. As of December 31, 2023 the Company had 233 employees (December 31, 2022: 225 employees).

**2. BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS AND ACCOUNTING CONVENTION**

**2.1. Basis of Preparation and Presentation of the Financial Statements**

Legal entities and entrepreneurs incorporated in the Republic of Serbia are required to maintain their books of account, to recognize and measure assets and liabilities, income and expenses, and to prepare, present, submit and disclose financial statements in conformity with the Law on Accounting (hereinafter: the "Law", Official Gazette of the Republic of Serbia no. 73/2019 and 44/2021), and other effective bylaws and regulations. As a large entity, the Company is required to apply the International Financial Reporting Standards ("IFRS"), which, as per the aforementioned Law, comprise the following: the Framework for the Preparation and Presentation of Financial Statements (the "Framework"), the International Accounting Standards ("IAS"), the International Financial Reporting Standards ("IFRS"), as well as the related interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") and subsequent amendments to those standards and related interpretations approved by the International Accounting Standards Board ("IASB" or the "Board"), the translations of which to the Serbian language were approved and issued by the competent Ministry of Finance.

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2023**

*All amounts expressed in thousands of RSD, unless otherwise stated.*

**2. BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS AND ACCOUNTING CONVENTION (continued)**

**2.1. Basis of Preparation and Presentation of the Financial Statements (continued)**

On September 10, 2020, the Ministry of Finance of the Republic of Serbia enacted a decision published in the Official Gazette of RS no. 123/2020 dated October 13, 2020 and no. 125/2020 dated October 22, 2020 to adopt and publish the translation of the basic texts of the IFRS and IAS, the Conceptual Framework issued by IASB, and the related interpretations issued by IFRIC. Based on the Decision on Adoption of the Translations no. 401-00-4351/2020-16 the Conceptual Framework, IAS, IFRS, IFRIC and related interpretations that have been translated shall be applicable to the financial statements prepared as of December 31, 2021, although entities may adopt the translated standards in preparation of the financial statements.

In addition to the foregoing, some legislative and other regulations applicable in the Republic of Serbia define certain accounting procedures resulting in further departures from IFRS, as follows:

- The Company has prepared these financial statements in line with the requirements of the Rules on the Chart of Accounts and Contents of Accounts within the Chart of Accounts for Companies, Cooperatives and Entrepreneurs (Official Gazette of RS no. 89/2020) and in the format prescribed by the Rules on the Content and Form of the Financial Statements for Companies, Cooperatives and Entrepreneurs (Official Gazette of RS no. 89/2020), which departs from the format defined by IAS 1 (Revised) – “Presentation of the Financial Statements and IAS 7 – “Statement of Cash Flows”.
- Certain bylaws effective in the current period require recognition, measurement and classification of assets, liabilities and equity, as well as revenues and expenses, that depart from the requirements of the translated and adopted IFRS and IAS.

In accordance with the foregoing, and given the potentially material effects, which the departures of accounting regulations of the Republic of Serbia from IFRS and IAS may have on the fairness of presentations made in the Company's financial statements, the accompanying financial statements cannot be treated as a set of financial statements prepared in accordance with IFRS and IAS.

In the preparation of the accompanying financial statements, the Company did not apply IFRS and IAS the provisions of which permit early adoption or those standards the translation of which has not been adopted and published by the Ministry of Finance.

These financial statements were prepared at historical cost principle unless otherwise stipulated in the accounting policies presented hereunder.

In the preparation of the accompanying financial statements, the Company adhered to the accounting policies described in Note 3.

In accordance with the Law on Accounting, the Company's financial statements are stated in thousands of dinars (RSD), dinar being the official reporting currency in the Republic of Serbia.

These financial statements were approved for issue by the Company's Supervisory Board on March 26, 2024.

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2023**

*All amounts expressed in thousands of RSD, unless otherwise stated.*

**2. BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS AND ACCOUNTING CONVENTION (continued)**

**2.1. Basis of Preparation and Presentation of the Financial Statements (continued)**

These financial statements are prepared for the purpose of compliance with legal requirements. The Company is legally required to obtain an independent audit of these financial statements. The audit scope comprehends the statutory financial statements taken as a whole and does not provide assurance on any individual line item, account or transaction. The audited financial statements are not intended for use by any party for purposes of decision making concerning any ownership, financing or any other specific transactions relating to the Company. Accordingly, users of the audited statutory financial statements should not rely exclusively on the financial statements and should undertake other procedures before making decisions.

**2.2. Impact and Application of New and Revised IAS/IFRS**

**(a) Standards, Interpretations and Amendments Issued in the Current Period but not yet Translated and Adopted in the Republic of Serbia**

As of the financial statements issuance date, the following amendments to IAS, IFRS and interpretations issued by the IASB and IFRIC have entered into force on January 1, 2023, and as such are applicable to the financial statements for 2023. However, as they have not yet been officially translated and adopted by the Ministry of Finance, they have not been implemented by the Company:

- IFRS 17 "Insurance Contracts" and subsequent amendments to IFRS 17 that address implementation issues and challenges identified after IFRS 17 was published in 2017. IFRS 17 replaces IFRS 4 "Insurance Contracts" dated January 1, 2023 and provides consistent principles for all aspects of accounting for insurance contracts. As IFRS 17 should be applied for all issued insurance contracts (with limited exceptions from application), its adoption could have an effect on non-insurance companies such as a Company.
- Amendments to IFRS 4 "Insurance Contracts" – Extend the use of the deferral approach to IFRS 9.
- Amendments to IFRS 17 "Insurance Contracts" - Initial application of IFRS 17 and IFRS 9 - Comparative information. An entity that decides to apply the amendment applies it when it applies IFRS 17 for the first time.
- Amendments to IAS 1 "Presentation of Financial Statements" and IFRS practice Statement 2 – Accounting Policy Disclosures. Amendment to IAS 1 requiring companies to disclose their „material accounting policies“ rather than their „significant accounting policies“. IFRS practice Statement 2 provides companies with guidance and examples to help entities apply materiality judgements to accounting policy disclosure.
- Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" - Definition of accounting estimate. In accordance with a new definition, an accounting estimate is "a monetary amount for which the measurement, in accordance with the requirements of the applicable financial reporting framework, is subject to estimation uncertainty". The amendments clarify the difference between changes in accounting estimates and changes in accounting policies and the correction of errors.
- Amendments to IAS 12 "Deferred Tax"- Deferred Tax related to Assets and Liabilities arising from a Single Transaction. Amendments include an additional condition where the initial recognition exemption is not applied and require companies to recognise deferred tax on particular transactions such as leases for the lessee and decommissioning obligations.



**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2023**

*All amounts expressed in thousands of RSD, unless otherwise stated.*

**2. BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS AND ACCOUNTING CONVENTION (continued)**

**2.2. Impact and Application of New and Revised IAS/IFRS (continued)**

**(a) Standards, Interpretations and Amendments Issued in the Current Period but not yet Translated and Adopted in the Republic of Serbia (continued)**

- Amendments to IAS 12 „Deferred Tax“ – International Tax Reform – Pillar Two Model Rules. The amendments introduce a temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules.

In accordance with the foregoing, and given the potentially material effects, which the departures of accounting regulations of the Republic of Serbia from IFRS and IAS may have on the fairness of presentations made in the Company's financial statements, the accompanying financial statements cannot be treated as a set of financial statements prepared in accordance with IFRS.

**(b) New Standards, Interpretations and Amendments in Issue not yet in Effect and not early adopted by the Company**

IASB released a significant number of new and revised standards and IFRC interpretations, but not yet effective for the period beginning on January 1, 2023 and not early adopted by the Company:

- Amendments to IFRS 16 "Leases" – Lease liability in a sale and leaseback (effective for annual periods beginning on or after January 1, 2024). Amendments require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains.
- Amendments to IAS 1 "Presentation of Financial Statements" - Classification of liabilities as current or non-current (effective for annual periods beginning on or after January 1, 2024). The amendments, among other changes, clarified the meaning of 'settlement' for the purpose of classifying a liability as current or non-current.
- Amendments to IAS 1 "Presentation of Financial Statements" – Non-Current Liabilities with Covenants (effective for annual periods beginning on or after January 1, 2024). Amendments further propose to specify that covenants with which an entity must comply within twelve months after the reporting date would not affect classification of a liability as current or noncurrent.
- Amendments to IAS 7 „Statement of Cash Flows“ and IFRS 7 „Financial Instruments: Disclosures“ – Supplier finance arrangements (effective for annual periods beginning on or after January 1, 2024). With the amendments a new disclosure requirements has been introduced to enhance the transparency and, thus, the usefulness of the information provided by entities about supplier finance arrangements.
- IFRS S1 „General Requirements for Disclosure of Sustainability-related Financial Information“ and IFRS S2 „Climate-related Disclosures“ (effective for annual periods beginning on or after January 1, 2024). IFRS S1 and IFRS S2 as a new standards requires an entity to disclose information about its sustainability, while IFRS S1 require an entity to disclose information about its sustainability-related risks and opportunities that is useful to users of general purpose financial reports in making decision relating to providing resources to the entity and IFRS S2 sets out the requirement for identifying, measuring and disclosing information about climate-related risk. Implementation of these standards in our country depends on regulatory process i.e. adoption of regulations introducing the obligation of their application.
- Amendments to IAS 21 „The Effects of Changes in Foreign Exchange Rates“ – Lack of Exchangeability (effective for annual periods beginning on or after January 1, 2025). Amendments contains guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2023**

*All amounts expressed in thousands of RSD, unless otherwise stated.*

**2. BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS AND ACCOUNTING CONVENTION (continued)**

**2.3. Comparative Information**

Comparative information in these financial statements comprises the separate Company's financial statements as of and for the year ended December 31, 2022, subject of an audit.

**2.4. Going Concern**

The accompanying separate financial statements have been prepared on a going concern basis, assuming that the Company will continue to operate in the foreseeable future, for the period of at least twelve months from the date of this separate financial statements.

The Company's management has considered all available information and analyzed issues that may be relevant to the Company's ability to operate as a going concern, including significant circumstances and events, management plans, as well as the impact of global macroeconomic instability on the Company's operations.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**3.1. Income**

*Sales of Products and Services*

Income from the sales of products and goods are recognized when the substantial risk and rewards associated with the right of ownership are transferred to the customer. Revenues from sales of products and goods are stated at the amounts billed net of approved discounts and value added tax.

Income from service rendering is recognized in the period in which a relevant service was rendered and stated at the amount invoiced net of approved discounts and value added tax.

*Finance Income*

Finance income includes interest income, foreign exchange gains and other finance income earned in transactions with the other related parties.

Interest income is recognized on an accrual basis in the income statement of the period it relates to.

*Other Income*

Other income includes gains on the sales of equipment, surpluses and other revenues.

**3.2. Expenses**

Expenses are recognized in the income statement as per "matching principle," i.e., on an accrual basis and are determined for the period when incurred.

*Operating Expenses*

Operating expenses include costs incurred in generating sales revenues and comprise cost of commercial goods sold, cost of materials, spare parts, fuel and energy, costs of gross wages and salaries, depreciation and amortization charge and services rendered by third parties. Operating expenses include general expenditures such as rental costs, costs of marketing and advertising, insurance, bank charges, taxes payable and other costs incurred in the current accounting period.

*Finance Expenses*

Finance expenses encompass interest expenses, foreign exchange losses and other finance expenses. Interest expenses comprise interest accrued on borrowings, which is recorded within the income statement of the period it relates to as per the "matching principle."

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2023**

*All amounts expressed in thousands of RSD, unless otherwise stated.*

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

**3.2. Expenses (continued)**

*Other Expenses*

Other expenses include, among others, losses on the sales or disposal of property, plant, equipment and intangible assets, and miscellaneous other expenses in accordance with the Company's accounting policies.

**3.3. Foreign Exchange Translation**

Transactions denominated in foreign currencies are translated into dinars at the official middle exchange rates as determined in the interbank foreign exchange market and effective at the date of each transaction.

Monetary assets, receivables and liabilities denominated in foreign currencies are translated into dinars by applying the official exchange rates as determined in the interbank foreign exchange market and prevailing at the balance sheet date.

Foreign exchange positive or negative effects arising upon the translation of transactions performed during the year, and assets and liabilities in foreign currencies as of the balance sheet date, are credited or charged to the income statement as foreign exchange gains or losses, within the item of finance income/expenses.

**3.4. Employee Benefits**

*Short-Term Employee Benefits - Taxes and Contributions Made to the Employee Social Security Funds*

In accordance with regulatory requirements effective in the Republic of Serbia, the Company is obligated to pay contributions to tax authorities and to various state social security funds, which guarantee social security insurance benefits to employees. These obligations involve the payment of taxes and contributions on behalf of the employee, by the employer, in an amount computed by applying the specific, legally-prescribed rates. The Company is also legally obligated to withhold contributions from gross salaries to employees, and on behalf of its employees, to transfer the withheld portions directly to government funds. These taxes and contributions payable on behalf of the employee and employer are charged to expenses in the period in which they arise.

*Long-Term Employee Benefits - Obligations for Retirement Benefits*

Pursuant to the Collective Bargaining Agreement, the Company is obligated to pay retirement benefits in an amount equal to two gross average salaries of the vesting employee earned in the month preceding the month of retirement benefit payment, which cannot be lower than two average gross salaries paid in the Republic of Serbia in the month preceding the month of retirement benefit payment.

The Company had an independent actuary perform calculation of the present value of its liabilities for the employee retirement benefits as of December 31, 2023 and accrued and recorded the said liabilities as of the reporting date (Note 28).

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2023**

*All amounts expressed in thousands of RSD, unless otherwise stated.*

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

**3.4. Employee Benefits (continued)**

*Short-Term Compensated Absences*

Accumulating compensated absences (annual vacation leaves) can be carried forward and used in future periods if the current period's entitlement is not used in full. Expenses for compensated absences are recognized at the amount the Company expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date. In the case of non-accumulating compensated absences, an obligation or expense is recognized when the absences occur.

**3.5. Income Taxes**

*Current Income Tax*

Current income tax is payable at the legally prescribed rate of 15% (2022: 15%) on the taxable income determined within the tax statement and reported in the annual corporate income tax return, which includes the profit before taxation shown in the statutory statement of income, as adjusted for differences that are specifically defined under statutory tax rules of the Republic of Serbia, less any prescribed tax credits.

The Corporate Income Tax Law of the Republic of Serbia does not envisage that any tax losses of the current period be used to recover taxes paid within a specific carryback period. However, current period tax losses may be used to reduce or eliminate taxes to be paid in future periods for duration of no longer than five ensuing years. Tax losses incurred before January 1, 2010 are available for carryforward for duration of ten ensuing years.

*Deferred Income Taxes*

Deferred income taxes are provided using the balance sheet liability method, for temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and tax credits and losses available for carryforward, to the extent that it is probable that taxable profit will be available, against which the deductible temporary differences and the tax loss/credits of the carryforwards can be utilized. Deferred tax assets and liabilities are determined at the tax rate expected to be applied in the period of the relevant asset realization/liability settlement. As at December 31, 2023, deferred tax assets and liabilities were provided at the rate of 15% (December 31, 2022: 15%).

Deferred income taxes are either charged or credited to the income statement, except in so far as they relate to items that are directly credited or charged to equity, in which case the deferred taxes are also recognized under equity.

**3.6. Intangible Assets**

Intangible assets can be identified as non-monetary assets without physical features.

Intangible assets are initially recognized at cost or purchase price. Subsequently, intangible assets are carried at cost decreased by any allowance for accumulated amortization and impairment losses.

Subsequent expenditure is recognized as an increase in cost of the respective assets, when it is probable that future economic benefits, in excess of the originally assessed standard of performance, will flow to the Company. All other costs are recognized as expenses as incurred.

Acquired software licenses are capitalized in the amount of expenses incurred in acquisition and placement into use and are amortized over a period from 4 to 10 years.

Amortization method, useful lives and residual value of assets are estimated and reviewed at the end of each reporting period and adjusted if necessary.

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2023**

*All amounts expressed in thousands of RSD, unless otherwise stated.*

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

**3.7. Property and Equipment**

Items of property and equipment are initially recognized at cost or purchase price. Cost includes any costs directly attributable to the acquired assets.

Items of property and equipment are subsequently carried at cost less allowance for accumulated depreciation and impairment losses, if any.

Expenditure such as modification or adaptation to assets is recognized as an asset, when it is probable that future economic benefits, in excess of the originally assessed standard of performance, will flow to the Company and if reliably measured. Additions to the items of property and equipment during the year are stated at cost, which comprises the amount billed by suppliers increased by direct acquisition-related costs and any costs directly attributable to bringing the assets to working condition for their intended use.

Gains on the sales of property and equipment are recognized as other income. Losses on the sales or disposal of property and equipment are included within other expenses.

The depreciation of property and equipment is computed on a straight-line basis by applying depreciation rates determined in such a manner that cost of property and equipment items is depreciated in equal annual amounts in order to fully write off the cost of the assets over their estimated useful lives. The base for calculating depreciation charge comprises an asset's cost less its residual value. If the residual value is not material, it is not taken into account in depreciation charge calculation, i.e. it does not decrease the cost as the base for depreciation calculation. Depreciation of assets activated during the year is calculated when the assets are put into use.

Depreciation rates and useful lives of assets applied in the current accounting period are summarized below:

<u><b>Description</b></u>	<u><b>%</b></u>	<u><b>Useful life (years)</b></u>
Buildings	3	33
Computer equipment	24	4.2
Motor vehicles	15	6.6
Furniture and other equipment	15-24	4.2-6.6

Depreciation for tax purposes is calculated in accordance with the Law on Corporate Income Tax of the Republic of Serbia ("Official Gazette of RS", no. 25/2001, 80/2002, 43/2003, 84/2004, 18/2010, 101/2011, 119/2012, 47/2013, 108/2013, 68/2014, 142/2014, 91/2015, 112/2015, 113/2017, 95/2018, 86/2019, 153/2020 and 118/2021), the Rulebook on the method of classifying fixed assets by group and the method of determining depreciation for tax purposes ("Official Gazette of the RS", no. 116/2004, 99/2010, 104/2018 and 8/2019) and the Rulebook on the depreciation of fixed assets which is recognized for tax purposes ("Official Gazette of RS", No. 93/2019), which results in effects on both current tax and deferred taxes (Note 18(v)).

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2023**

*All amounts expressed in thousands of RSD, unless otherwise stated.*

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

**3.8. Impairment of Assets**

At each reporting date, the Company's management reviews the carrying amounts of its tangible assets in order to determine the indications of impairment. If there is any indication that such assets have been impaired, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is impossible to determine the recoverable value of an individual asset, the Company assesses the recoverable amount of the cash generating unit to which the asset belongs.

The recoverable amount is based on the higher of net selling price and value in use. The estimate of the value in use comprises the assessment of future cash inflows and outflows discounted to their present value by applying the pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the estimated recoverable amount of assets (or cash generating unit) is below their carrying value, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognized as an expense of the current period under operating expenses.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable value. However, this is performed so that the increased carrying amount does not exceed the carrying value that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. As of December 31, 2023, in the assessment of the management, there were no test of impairment of the Company's property, plant and equipment.

**3.9. Inventories**

Inventories are primarily stated at the lower of cost and net realizable value. The net realizable value is the price at which inventories may be realized throughout the normal course of business, after allowing for the costs of realization.

The cost of raw materials is comprised of the amount billed by suppliers and is determined using the weighted-average method.

Inventories found to be damaged or of a substandard quality are written off in full. Impairment of inventories is performed for materials and raw materials.

**3.10. Equity Investments**

Equity investments in subsidiaries are recognized at cost less impairment due to accumulated losses, if any. Cost method means that equity investment is recognized at costs directly associated with the acquisition of an investment and paid to third party. Subsequently, equity investments are recognized at cost, except in a case of impairment of that investment, when it's recoverable value should be assessed and an impairment should be recognized.

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2023**

*All amounts expressed in thousands of RSD, unless otherwise stated.*

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

**3.11. Financial Instruments**

*Financial Assets*

The Company classifies its financial instruments at the time of initial recognition. The classification depends on the nature and purpose of the financial assets, that is the business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

In accordance with the IFRS 9 "Financial Instruments" adopted by the Company as from January 1, 2020, financial assets will be classified into the following categories:

- financial assets at amortized cost (AC),
- financial assets at fair value through the other comprehensive income (FVTOCI), and
- financial assets at fair value through profit or loss (FVTPL).

Financial assets shall be measured at amortised cost if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and if the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, except if entity, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss (if doing so eliminates or significantly reduces a measurement or recognition inconsistency).

Financial assets shall be measured at fair value through other comprehensive income if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and if the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, except if entity, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss (if doing so eliminates or significantly reduces a measurement or recognition inconsistency).

Financial assets shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income.

The Company's business model reflects the manner in which the Company manages groups of its financial assets in order to achieve a certain business goal. This analysis entails judgments made based on all the relevant evidence. An entity's business model could be determined as groups of financial assets that are managed together to collect contractual cash flows and comprise of financial placements and receivables (trade receivables and other).

Financial assets and liabilities of the Company comprise of trade receivables, other short-term receivables, trade payables and other operating liabilities measured at amortised cost and satisfied a new criteria prescribed by IFRS 9 (business model test and characteristics of contractual cash flows) for measurement at amortised cost.

The Company does not have financial assets and liabilities measured at fair value through profit or loss, nor financial assets measured at fair value through other comprehensive income.

Financial assets include current assets, unless their maturities are longer than 12 months from the balance sheet date, in which case they are classified as non-current assets.

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2023**

*All amounts expressed in thousands of RSD, unless otherwise stated.*

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

**3.11. Financial Instruments (continued)**

*Financial Assets (continued)*

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity, or the Company neither transfer nor retains all the risks and rewards, but transfer the control over asset.

Write-off of receivables constitutes a derecognition of financial asset. Also, a renegotiation or other modification of the contractual cash flows of a financial assets results in derecognition of financial asset.

After initial recognition, financial assets are measured as follows:

*(a) Accounts Receivable and Other Receivables*

The Company perform it's operations under common contractual terms and such receivables are non-interest bearing receivables. Trade receivables and other receivables are measured at amortised cost.

In accordance with IFRS 9 "Financial Instruments" an entity shall recognize an impairment or loss allowance on all financial instruments that is measured at amortised cost or fair value through other comprehensive income. The Company applies a model of "expected credit losses" in calculation of impairment of trade receivables and other receivables.

The Company applies a "simplified approach" for trade receivables (long-term and short-term) and other receivables in measurement the loss allowance at an amount equal of lifetime expected credit losses that do not contain a significant financing component, using so called provision matrix based on groupings of trade receivables by it's characteristics and trends in historical loss allowance.

Expected credit losses are based on a historical loss allowance of the Company, adjusted by the current and future information on macroeconomic factors affecting operations of the Company's customers.

Trade receivables are stated at their nominal value, net of allowance for impairment for expected credit losses. Impairment allowances are recorded under losses on the value adjustment of other assets at fair value through profit and loss within the income statement.

Income from reversal of provisions is recorded under gains on the value adjustment of other assets at fair value through profit and loss within the income statement.

*(b) Cash and Cash Equivalents*

For the purposes of the cash flow statement, cash and cash equivalents include balances on accounts held with commercial banks and other highly liquid financial assets with maturities of up to three months and that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.



**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2023**

*All amounts expressed in thousands of RSD, unless otherwise stated.*

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

**3.11. Financial Instruments (continued)**

*Financial Liabilities*

IFRS 9 "Financial Instruments", mainly, keep the current requests of IAS 39 relating to classification of financial liabilities, as financial liabilities measured at amortised cost and financial liabilities measured at fair value through profit or loss.

The management of the Company perform classification of financial liabilities at their initial recognition.

Financial liabilities comprise finance lease liabilities, trade payables and other operating liabilities.

Financial liabilities are initially recognized at fair value of consideration received. After initial recognition financial liabilities are stated at amortized cost by applying the effective interest rate.

Financial liabilities cease to be recognized when the Company fulfills the respective obligations, or when the contractual repayment obligation has either been cancelled or has expired.

In a case of change a current financial liability by another liability toward the same creditor, but under significant changes in contractual terms or contractual terms relating to the current financial liability has significantly changed, such change should be treated as cease of previous financial liability and recognition of new liability, while the difference between initial and new liability should be recorded within income statement.

Besides that, under IFRS 9, financial liabilities cease to be recognized when the contractual terms with it's cash flows are modified. In that case, a new financial liability is based on a changed conditions and should be measured at fair value. Difference between the carrying value of a previous financial liability and fair value of a new financial liability should be recognized through income statement.

*Trade Payables and Other Operating Liabilities*

Trade payables and other operating liabilities are subsequently measured at amortised cost, which is equal to their nominal value, as these are short-term liabilities.

**3.12. Provisions**

A provision should be recognized when the Company has a present obligation (legal or constructive) as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

**3.13. Earnings per Share and Segment Reporting**

Since it is a closed shareholding company whose shares are not quoted in a stock exchange market, the Company has elected not to present disclosures in accordance with IFRS 8 "Operating Segments" and IAS 33 "Earnings per Share."

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2023**

*All amounts expressed in thousands of RSD, unless otherwise stated.*

**4. SUMMARY OF KEY ACCOUNTING ESTIMATES**

Presentation of the financial statements requires the Company's management to make best estimates and reasonable assumptions that influence the assets and liabilities amounts, as well as the disclosure of contingent liabilities and receivables as of the financial statements preparation date, and income and expenses arising during the accounting period. These estimations and assumptions are based on information available as of the date of preparation of the financial statements. Actual results may vary from these estimates.

What follows are the key assumptions in respect of the future events and other sources of estimation uncertainty as of the balance sheet date which represent risk from material adjustments to the amounts of balance sheet items in the following fiscal year.

**4.1. Depreciation and Amortization Charge and Rates Applied**

The calculation of depreciation charge and depreciation rates are based on the estimated economic useful lives of property, plant and equipment. Once a year, in accordance with the requirements of IAS 16 "Property, Plant and Equipment," the Company assesses the remaining useful lives and residual values of the assets based on the current estimates.

The useful lives of property, plant, equipment and intangible assets are based on the historical experience with similar assets and anticipated technological advancement and changes in economic and industrial factors. The adequacy of the remaining useful lives is analyzed on an annual basis, or whenever there are indications of significant changes in the underlying assumptions.

The Company assessed that the residual value and useful economic life of its property amounted to EUR 4,800,000 and 33.33 years, respectively as of January 1, 2018. In addition, the Company's management reassessed the residual value of its property as of December 31, 2023 and found it unaltered.

Due to the significance of the non-current assets within the Company's total assets, the impact of any change in the aforesaid assumptions may be material to the Company's financial position as well as its financial performance. For instance, if the Company were to reduce the average useful life of non-current assets by 10%, this would have led to additional depreciation charge in FY 2023 of RSD 18,604 thousand (2022: RSD 17,783 thousand). If the Company were to reduce the residual value of its non-current assets by 10%, this would have resulted in additional depreciation charge in FY 2023 of RSD 1,687 thousand (2022: RSD 1,693 thousand).

**4.2. Impairment Allowance of Receivables**

Beginning from January 1, 2020 the Company calculate expected credit losses based on historical data and estimated losses resulting from the inability of customers to settle the liabilities to the Company when due.

Impairment allowance for bad and doubtful receivables is performed in accordance with the accounting policy explained under note 3.11 to the financial statements. In accordance with IFRS 9 it is not necessary that there is objective evidence for the credit loss to be recognized. Expected credit losses could be recognized, too, for not-impaired financial assets.

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2023**

*All amounts expressed in thousands of RSD, unless otherwise stated.*

**4. SUMMARY OF KEY ACCOUNTING ESTIMATES (Continued)**

**4.2. Impairment Allowance of Receivables (continued)**

Expected credit losses are based on a historical loss allowance of the Company, adjusted by the current and future information on macroeconomic factors affecting operations of the Company's customers. The Company should consider reasonable information about future customer behavior and the resultant future collections. Realized collected receivables could be different than the assessed amount of collection, which can affect positive or negative the operating results.

**4.3. Provisions for Litigations**

Generally, provisions are highly judgmental. The Company estimates the likelihood of unfavorable events taking place as a result of past events and assesses the amount necessary to settle such liability. Although the Company acts prudently in making such estimates, given the great extent of uncertainty, in certain cases actual results may depart from these estimations. According to the management's estimates, which are to a large extent based on the estimates of the lawyers, appraisers and court valuers as well as on other publicly available information, no additional provisions in this respect are necessary on top of the provisions for costs of the proceedings already disclosed in these financial statements (Note 28).

**4.4. Fair Value**

The fair value of financial instruments for which an active market does not exist is determined by applying adequate valuation methods. The Company applies its professional judgment in the selection of adequate methods and assumptions.

It is a policy of the Company to disclose the fair value information of those components of assets and liabilities for which published or quoted market prices are readily available, and of those for which the fair value may be materially different from their carrying amounts. In the Republic of Serbia, sufficient market experience, stability and liquidity do not exist for the purchase and sale of receivables and other financial assets or liabilities, for which published market prices are presently not readily available. As a result, fair value cannot readily or reliably be determined in the absence of an active market. The Company's management assesses its overall risk exposure, and in instances in which it estimates that the value of assets stated in its books may not be realized, it recognizes a provision. In the opinion of management, the reported carrying amounts are the most valid and useful reporting values under the present market conditions.

**5. INCOME FROM GOODS SOLD**

	<b>Year Ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Sales of goods in domestic market:		
- sales of beverages	93,107	81,640
- sales of cigarettes	6,767	7,026
- other	-	88
	<u>99,874</u>	<u>88,754</u>

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2023**

*All amounts expressed in thousands of RSD, unless otherwise stated.*

**6. INCOME FROM PRODUCTS SOLD AND SERVICES PROVIDED**

	Year Ended December 31, 2023	2022
- to related party, domestic (Note 33)	2,195	2,105
- in domestic market	1,721,238	1,409,673
	<u>1,723,433</u>	<u>1,411,778</u>

*Sales of products and services:*

	Year Ended December 31, 2023	2022
Sales of:		
- rooms	1,201,712	970,386
- food	399,836	338,228
- telephone and fax	159	406
- fitness club	54,344	44,832
- Internet	500	578
Parking and transport services	36,591	29,421
Laundry revenues	15,030	11,313
Dry cleaning and ironing services	2,821	1,619
Other income	12,440	14,995
	<u>1,723,433</u>	<u>1,411,778</u>

**7. OTHER OPERATING INCOME**

	Year Ended December 31, 2023	2022
Income from donations	-	176
Rental income from:		
- presentation hall	62,354	32,063
- business premises	25,744	25,931
- equipment	13,204	6,844
- stores	4,855	6,462
- other	7,565	7,990
Other operating income	8,124	619
	<u>121,846</u>	<u>80,085</u>

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2023**

*All amounts expressed in thousands of RSD, unless otherwise stated.*

**8. RAW MATERIAL COSTS, FUEL AND ENERGY COSTS**

	<b>Year Ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
<i>Cost of material:</i>		
Cost of food	152,728	135,936
Small tools and fixtures	20,167	11,129
Cost of materials	75,645	33,379
Cost of materials used in regular maintenance	9,698	3,582
Water charge	6,185	5,279
	<u>264,423</u>	<u>189,305</u>
<i>Cost of fuel and energy:</i>		
Cost of fuel	1,408	19
Gas bills	27,277	23,060
Electricity bills	77,877	60,681
	<u>106,562</u>	<u>83,760</u>
	<u>370,985</u>	<u>273,065</u>

**9. SALARIES, WAGES AND OTHER PERSONAL INDEMNITIES**

	<b>Year Ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Gross salaries and benefits	388,761	326,461
Payroll taxes and contributions charged to the employer	53,556	49,288
Vacation pay and jubilee awards	5,823	4,794
Accrued bonus for employees in the sales department	4,743	2,490
Considerations paid per service contracts	10,878	6,911
Considerations paid to seasonal and temporary employees	95,523	64,669
Remunerations to the members of the Company's governing and supervision bodies	11,861	17,383
Other staff costs	17,525	14,884
	<u>588,670</u>	<u>486,880</u>

**10. DEPRECIATION COSTS**

	<b>Year Ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Depreciation and amortization charge:		
- intangible assets (Note 19)	1,986	3,013
- property, plant and equipment (Note 20)	167,436	160,045
	<u>169,422</u>	<u>163,058</u>

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2023**

*All amounts expressed in thousands of RSD, unless otherwise stated.*

**11. PRODUCTION SERVICES COSTS**

	<b>Year Ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Transportation services	8,243	7,370
Telecommunications and postage	2,780	2,666
Maintenance services	65,281	35,117
Software maintenance	30,207	27,489
Marketing and advertising	33,366	33,265
Public utility services	10,722	10,464
Other production services	18,580	13,441
	<u>169,179</u>	<u>129,812</u>

**12. PROVISION COSTS**

	<b>Year Ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Provisioning charge for:		
- Retirement and other employee benefits (Note 28)	804	986
	<u>804</u>	<u>986</u>

**13. INTANGIBLE COSTS**

	<b>Year Ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Security services	1,141	629
Tourist agency fees	30,681	26,808
Consultant services	7,596	3,689
Lawyer fees	4,711	2,323
Entertainment	5,288	4,873
Insurance premiums	7,654	6,426
Commissions:		
- WOX (Gold passport)	18,535	14,789
- bank commissions	2,274	2,369
- payment/credit cards	19,929	13,695
- other	437	542
Basic fees as per the Management Agreement (Note 33)	57,880	47,223
Incentive fees as per the Management Agreement (Note 33)	71,915	57,367
Other non-material expenses	19,376	17,340
Booking center costs	11,803	9,440
	<u>259,220</u>	<u>207,513</u>

Fees payable per the Management Agreement relate to the costs due to Hyatt International EAME.

**14. FINANCIAL INCOME**

	<b>Year Ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Finance income from other related parties:		
- Interest income (Note 33)	6,271	6,910
- Foreign exchange gains (Note 33)	320	1,191
Interest income (from third parties)	11,779	1,739
Foreign exchange gains and positive currency clause effects (from third parties)	4,449	3,559
	<u>22,819</u>	<u>13,399</u>

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**15. FINANCIAL EXPENSES**

	<b>Year Ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Finance expenses from related parties:		
- Foreign exchange losses (Note 33)	1,329	1,512
	<u>1,329</u>	<u>1,512</u>
Interest expenses (to third parties)	228	7,746
Foreign exchange losses and negative currency clause effects (to third parties)	8,987	4,388
	<u>10,544</u>	<u>13,646</u>

**16. OTHER INCOME**

	<b>Year Ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Surpluses	13	13
Gains on the sale of equipment	62	1,107
Other income	1,722	3,338
	<u>1,797</u>	<u>4,458</u>

**17. OTHER EXPENSES**

	<b>Year Ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Write-off of receivables	4,702	1,189
Equipment disposal losses	33	192
Compensation for damage to other persons	2,490	15,811
Other expenses	3,812	3,893
	<u>11,037</u>	<u>21,085</u>

Compensation for damage to other persons in 2023 in the amount of RSD 2,490 thousand in total relates to penalty for forced collection of corporate income tax and related expenses (2022 - RSD 15,811 thousand refers to compensation paid to a former employee, based on the final judgment of the Court of Appeal in Belgrade dated June 8, 2022).

**18. TAX EXPENSES FOR THE PERIOD**

**a) Components of Income Taxes**

	<b>Year Ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Current income tax expenses	59,327	47,988
Deferred income tax benefits	(3,294)	(4,658)
	<u>56,033</u>	<u>43,330</u>

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**18. TAX EXPENSES FOR THE PERIOD (Continued)**

**b) Numerical Reconciliation between Tax Expense and the Product of the Accounting Results Multiplied by the Statutory Tax Rate**

	<u>2023</u>	<u>2022</u>
<b>Profit before taxes</b>	<u>367,278</u>	<u>279,374</u>
Income tax at the statutory tax rate of 15%	55,092	41,906
Tax effects of expenses not recognized for tax purposes	952	949
Utilized tax loss of previous periods	-	-
Temporary differences arising on the values of the property, plant and equipment	<u>3,283</u>	<u>5,133</u>
Current income tax expense	59,327	47,988
Deferred income tax benefits	<u>(3,294)</u>	<u>(4,658)</u>
	<u>56,033</u>	<u>43,330</u>
Effective tax rate	<u>15.26%</u>	<u>15.51%</u>

**v) Deferred Tax Assets/Liabilities**

Deferred tax liabilities of RSD 64,148 thousand, net as of December 31, 2023 (December 31, 2022: RSD 67,442 thousand) relate to taxable temporary differences resulting from application of different amounts of property, equipment and intangible assets used for tax purposes and their reported amounts within the Company's balance sheet, as well as provisions for litigations.

Movements on deferred tax assets and liabilities are presented in the table below:

	<u>2023</u>	<u>2022</u>
<b>Deferred tax liabilities</b>		
Balance at January, 1	(88,176)	(92,834)
Recognized within the income statement (profit or loss):		
- temporary differences between depreciation/amortization for accounting and tax purposes	<u>3,294</u>	<u>4,658</u>
Balance at December, 31	<u>(84,882)</u>	<u>88,176</u>
<b>Deferred tax assets</b>		
Balance at January, 1	20,734	20,734
Recognized within the income statement (profit or loss):		
- expired tax credit carryforward (per capital expenditures)	<u>-</u>	<u>-</u>
Balance at December, 31	<u>20,734</u>	<u>20,734</u>
<b>Deferred tax liabilities, net</b>	<u>(64,148)</u>	<u>(67,442)</u>



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**18. TAX EXPENSES FOR THE PERIOD (Continued)**

**g) Liabilities for Income Tax and Receivables for Prepaid Income Tax**

In 2023, the Company reported a profit before taxation in the amount of RSD 367,278 thousand and a liability for income tax in the amount of RSD 59,327 thousand. As of December 31, 2023, the Company reported receivables for prepaid income taxes in the amount of RSD 11,898 thousand (December 31, 2022 – RSD 24,478 thousand) (Note 24).

**19. INTANGIBLE ASSETS**

	Concessions, Patents, Licenses and other Rights	Other Intangible Assets	Total
<b>Cost</b>			
Balance at January 1, 2023	36,790	38,229	75,019
Additions	-	292	292
Balance at December 31, 2023	<u>36,790</u>	<u>38,521</u>	<u>75,311</u>
Balance at January 1, 2022	35,527	38,229	73,756
Additions	1,263	-	1,263
Balance at December 31, 2022	<u>36,790</u>	<u>38,229</u>	<u>75,019</u>
<b>Accumulated Amortization</b>			
Balance at January 1, 2023	34,683	31,999	66,682
Charge for the year (Note 10)	871	1,115	1,986
Balance at December 31, 2023	<u>35,554</u>	<u>33,114</u>	<u>68,668</u>
Balance at January 1, 2022	33,640	30,029	63,669
Charge for the year (Note 10)	1,043	1,970	3,013
Balance at December 31, 2022	<u>34,683</u>	<u>31,999</u>	<u>66,682</u>
<b>Net Book Value :</b>			
- at December 31, 2023	<u>1,236</u>	<u>5,407</u>	<u>6,643</u>
- at December 31, 2022	<u>2,107</u>	<u>6,230</u>	<u>8,337</u>

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**20. IMMOVABLES, PLANTS AND EQUIPMENT**

	<b>Land</b>	<b>Buildings</b>	<b>Equipment</b>	<b>Investments in Progress, Advances Paid</b>	<b>Total</b>
<b>Cost</b>					
Balance at January 1, 2023	584,640	3,471,965	1,081,912	19,017	5,157,534
Additions	-	19,652	58,211	21,767	99,630
Disposals	-	-	(5,481)	-	(5,481)
Balance at December 31, 2023	<u>584,640</u>	<u>3,491,617</u>	<u>1,134,642</u>	<u>40,784</u>	<u>5,251,683</u>
<b>Cost</b>					
Balance at January 1, 2022	584,640	3,472,305	938,249	64,318	5,059,512
Additions	-	-	162,072	-	162,076
Transfers	-	-	45,301	(45,301)	-
Disposals	-	(340)	(63,714)	-	(64,054)
Balance at December 31, 2022	<u>584,640</u>	<u>3,471,965</u>	<u>1,081,912</u>	<u>19,017</u>	<u>5,157,534</u>
<b>Accumulated Depreciation</b>					
Balance at January 1, 2023	-	2,339,577	778,701	-	3,118,278
Charge for the year (Note 10)	-	86,379	81,057	-	167,436
Disposals	-	-	(5,450)	-	(5,450)
Balance at December 31, 2023	<u>-</u>	<u>2,425,956</u>	<u>854,308</u>	<u>-</u>	<u>3,280,264</u>
<b>Accumulated Depreciation</b>					
Balance at January 1, 2022	-	2,253,335	766,810	-	3,020,145
Charge for the year (Note 10)	-	86,379	73,666	-	160,045
Disposals	-	(137)	(61,775)	-	(61,912)
Balance at December 31, 2022	<u>-</u>	<u>2,339,577</u>	<u>778,701</u>	<u>-</u>	<u>3,118,278</u>
<b>Net Book Value :</b>					
- at December 31, 2023	<u>584,640</u>	<u>1,065,661</u>	<u>280,334</u>	<u>40,784</u>	<u>1,971,419</u>
- at December 31, 2022	<u>584,640</u>	<u>1,132,388</u>	<u>303,211</u>	<u>19,017</u>	<u>2,039,256</u>

As of December 31, 2023, the net book value of the Company's building assigned under mortgage instituted as collateral to securitize the repayment of borrowings amounted to RSD 1,065,661 thousand. In 2017 the Company repaid the loan in full, but the mortgage lien has remained registered with the Real Estate Cadaster and Lien Register, i.e., has not been removed until these financial statement issue date.

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**21. LONG-TERM FINANCIAL INVESTMENTS AND LONG-TERM RECEIVABLES**

	December 31, 2023	December 31, 2022
Equity investment in related party	915,395	666,189
Impairment of equity investment	(207,134)	(207,134)
	708,261	459,055
Long-term financial investments to the related party (Note 33)	-	249,339
Current maturity	-	-
	-	249,339
Repurchased own shares	145,923	145,923
	854,184	854,317

On January 8, 2020 the Company bought 63.859 shares of Excelsior a.d., Beograd at 10,347 dinars per share, totaled RSD 666,189 thousand, including a transactional cost of RSD 5,440 thousand. After this transaction the Company became a 100% owner of Excelsior a.d., Beograd with an equity investment in the amount of RSD 666,189 thousand. As of December 31, 2020 the Company impaired this equity investment in the amount of RSD 207,134 thousand and recognized losses on the value adjustment of other assets at fair value through profit and loss. As of December 31, 2022 the recoverable value of equity investment in Excelsior a.d., Beograd amounted RSD 459,055 thousand.

As of December 31, 2022, the Company's long-term investments made to the related party totaling RSD 249,339 thousand (EUR 2,125,331) refer to a long-term loan the Company approved to a related party:

- The first loan was approved on the basis of the Agreement concluded on March 13, 2019, which stipulates that the maximum amount of the loan does not exceed 1,025,000 euros, converted into RSD on the day of loan approval (120,518 thousand dinars on December 31, 2021), whereby the amount in EUR will be the basis for calculating the principal, interest, compensation and other payments provided for in the contract. The loan was approved with a repayment term of April 1, 2024, with an interest rate of 3.42% per annum. The purpose of the approved loan is the early settlement of obligations under loans from commercial banks. The means of security are the mortgage over the real estate registered in KP 4939 as well as 10 blank solo promissory notes. In accordance with the Annex 1 of the loan agreement concluded on December 24, 2020 and effective from January 1, 2021, the interest rate is changed in accordance with the "arm's length" principle in 2021 and equals 2.83% per annum. In accordance with the Annex 2 of the loan agreement the interest rate was adjusted again in accordance with the "arm's length" principle and beginning from January 1, 2023 equals 2.73% per annum.
- The second loan in the amount of RSD 129,374 thousand (EUR 1,100,331) as of December 31, 2021 refers to a loan approved to the related party under the loan agreement executed on March 12, 2018, which stipulates that the maximum loan amount shall not exceed RSD 150 million in EUR equivalent, translated at the exchange rate effective as of the loan approval date. The EUR equivalent amount shall be used as the basis for calculation of the loan principal, interest, fee and other payments defined by the loan agreement. The loan repayment due date is April 1, 2020 and the interest rate applied equals 3.42% per annum. In accordance with the Annex of the loan agreement executed during 2020, the loan repayment date was extended up to December 31, 2022. In accordance with the Annex 2 of the loan agreement and effective from January 1, 2021 the interest rate is changed in accordance with the "arm's length" principle in 2021 and equals 2.83% per annum. In accordance with the Annex 3 of the loan agreement, and effective from January 1, 2023 the loan repayment date was extended up to December 31, 2024 and the interest rate was adjusted in accordance with the "arm's length" principle and equals 2.73% annually.

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**21. LONG-TERM FINANCIAL INVESTMENTS AND LONG-TERM RECEIVABLES (continued)**

The purpose of the loan is purchase of the shares from non-consenting shareholders and withdrawal of the related party's shares from the Belgrade Stock Exchange listing. The collateral obtained is a corporate guarantee provided by ETERIA ELLINIKON XENODOHEION LAMPSA AE, Greece.

On June 28, 2023 the Shareholders Assembly of Excelsior a.d. Beograd has adopted Decision on share capital increase by conversion of debt into share capital and issue of shares (the "Decision"), based on which the Company and Excelsior a.d. Beograd on September 14, 2023 concluded an Agreement on the conversion of debt into share capital of Excelsior ("Agreement"). Excelsior a.d. Beograd has total debt owed to the Company in the name of principal amount on a basis of the both Loan Agreements in the amount of EUR 2,125,253.97 that is RSD 249,211 thousand by applying a middle exchange rate of National Bank of Serbia on the day of adoption of the Decision. After performed valuation of 100% shares of Excelsior by an independent appraiser, Excelsior issued 31.931 ordinary shares with an issue value of the new emission in the amount of RSD 249,206 thousand and the nominal value of the new emission of shares in the amount of RSD 31,931 thousand (the nominal value of shares is RSD 1,000). The difference between the emission value of the new emission to the full amount of the total debt in the amount of RSD 5 thousand Excelsior a.d., Beograd shall pay to the Company. The difference between the higher issue value and the nominal value of the issue in the amount of RSD 217,275 thousand represents the issue premium and it was booked in the business books of Excelsior a.d., Beograd. As of December 31, 2023 the recoverable value of equity investment in Excelsior a.d., Beograd amounted RSD 708,261 thousand.

**22. INVENTORIES**

	December 31, 2023	December 31, 2022
Materials, spare parts, tools and fixtures		
- spare parts	14,993	13,906
- miscellaneous materials	9,374	7,742
- food	6,815	7,299
- fuel	3,196	2,837
- office supplies	2,958	3,125
- small tools and fixtures in use	8,689	10,000
	<u>46,025</u>	<u>44,909</u>
Goods:		
- drinks, beverages	9,628	9,013
- cigarettes	632	870
Goods in retail	714	547
	<u>10,974</u>	<u>10,430</u>
Advances paid to suppliers		
- domestic	3,265	3,949
- foreign	4,675	-
	<u>7,940</u>	<u>3,949</u>
	<u>64,939</u>	<u>59,288</u>

**23. RECEIVABLES FROM SALES**

	December 31, 2023	December 31, 2022
Domestic trade receivables - related party (Note 33)	220	196
Domestic trade receivables	52,742	40,800
	<u>52,962</u>	<u>40,996</u>

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**24. OTHER SHORT-TERM RECEIVABLES**

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Interest receivables	-	22,715
Receivables from employees	715	752
Receivables for prepaid income tax (note 18(g))	11,898	24,478
Other current receivables	861	632
	<u>13,474</u>	<u>48,577</u>

**25. CASH AND CASH EQUIVALENTS**

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Current accounts in RSD	275,852	78,636
Cash on hand in RSD	381	444
Foreign currency accounts	83,029	64,483
Cash on hand in foreign currencies	234	235
Other cash funds	4,132	3,706
Short-term deposits maturing within 90 days	-	100,000
	<u>363,628</u>	<u>247,504</u>

**26. SHORT-TERM ACCRUED EXPENSES**

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Prepaid insurance costs	7,227	3,306
Prepaid software maintenance costs	1,569	1,659
Non-invoiced income receivables and other prepayments	28,908	10,604
	<u>37,704</u>	<u>15,569</u>

**27. EQUITY**

The structure of the Company's share capital as of December 31, 2023 and 2022 was as follows:

	<b>December 31, 2023</b>		<b>December 31, 2022</b>	
	<b>RSD '000</b>	<b>%</b>	<b>RSD '000</b>	<b>%</b>
Luella Enterprises Company, Cyprus	2,556,456	94.60	2,556,456	94.60
BMP a.d., Beograd	145,923	5.40	145,923	5.40
	<u>2,702,379</u>	<u>100.00</u>	<u>2,702,379</u>	<u>100.00</u>

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**27. EQUITY (Continued)**

Movements on the equity accounts during 2023 and 2022 were as follows:

	Share Capital	Reserves	Retained Earnings	Unrealized gains/( losses) from financial assets and other elements of other comprehensive income	Accumulated Losses	Total	Repurchased own shares
Balance at January 1, 2023	2,702,379	361,669	1,494,934	1,337	(1,564,113)	2,996,206	(145,923)
Actuarial loss	-	-	-	(294)	-	(294)	-
Coverage of accumulated losses	-	(361,669)	(1,202,444)	-	1,564,113	-	-
Dividends paid	-	-	(292,490)	-	-	(292,490)	-
Profit for the year	-	-	311,245	-	-	311,245	-
Balance at December 31, 2023	<u>2,702,379</u>	<u>-</u>	<u>311,245</u>	<u>1,043</u>	<u>-</u>	<u>3,014,667</u>	<u>(145,923)</u>
Balance at January 1, 2022	2,702,379	361,669	1,258,890	(359)	(1,564,113)	2,758,466	(145,923)
Actuarial gain	-	-	-	1,696	-	1,696	-
Profit for the year	-	-	236,044	-	-	236,044	-
Balance at December 31, 2022	<u>2,702,379</u>	<u>361,669</u>	<u>1,494,934</u>	<u>1,337</u>	<u>(1,564,113)</u>	<u>2,996,206</u>	<u>(145,923)</u>

The Company's share capital comprised 7,417 common stock (ordinary) shares and 750 preferred shares with the same par value of RSD 330,890 per share. Preferred shares do not carry voting rights but entail entitlement to the bankruptcy estate distribution and priority upon dividend payment.

In December 2017 the Company executed the Share Sales and Purchase Agreement with Putnik a.d., Beograd and purchased all of its own shares previously owned by Putnik a.d., Beograd (8 shares with the par value of RSD 330,890 per share).

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**27. EQUITY (Continued)**

On March 14, 2018, the Company purchased 441 of its treasury shares from Energoprojekt Holding a.d., Beograd, so that, according to the excerpt from the Central Securities Depository and Clearing House, the Company's equity ownership as of March 14, 2018 was as follows:

	March 14, 2018		
	RSD '000	Share count	% Equity share
Luella Enterprises Company, Cyprus	2,556,456	7.726	94.60
BMP a.d. Beograd	145,923	441	5.40
	<u>2,702,379</u>	<u>8.167</u>	<u>100.00</u>

After the aforesaid date, there have been no changes to the ownership structure, so that it was the same as of December 31, 2023.

**28. LONG-TERM PROVISIONS**

	December 31, 2023	December 31, 2022
Provisions for:		
- retirement and other employee benefits	9,857	9,444
- litigations	138,231	138,231
	<u>148,088</u>	<u>147,675</u>

Provisions for litigations totaling RSD 138,231 thousand as of December 31, 2023 (December 31, 2022: RSD 138,231 thousand) for the major part of RSD 135,955 thousand, refer to the legal proceedings in progress before the judicial bodies of the Republic of Serbia for determining the right to the monetary compensation to the former owners for the land expropriated, where the buildings of the Hyatt Hotel, NIS a.d., Novi Sad and Construction Company Rad, Belgrade were built (Note 35).

The Company had an independent actuary perform calculation of the present value of its liabilities for the employee retirement benefits as of December 31, 2023 in accordance with IAS 19, which amounted to RSD 9,857 thousand (December 31, 2022: RSD 9,444 thousand).

**29. SHORT-TERM PROVISIONS**

	December 31, 2023	December 31, 2022
Provisions for unused employee annual leaves (vacations)	4,936	5,142
	<u>4,936</u>	<u>5,142</u>

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**30. PREPAYMENTS, DEPOSITS AND GUARANTEES**

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Advances received	31,828	11,419
<b>Trade payables</b>		
Trade payables – related party, domestic (Note 33)	-	-
Trade payables – other foreign related parties, remunerations to the management (Note 33)	13,812	10,270
Domestic trade payables	8,804	3,768
Foreign trade payables	11,565	7,725
	<u>34,181</u>	<u>21,763</u>

**31. OTHER SHORT-TERM LIABILITIES**

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Deferred taxes and contributions on salaries	-	793
Liabilities to employees	144	138
	144	931
Value added tax payable and other public revenues	11,295	15,983
	<u>11,439</u>	<u>16,914</u>

In accordance with the Regulation on procedure on deferred payment of taxes and contributions with the purpose of mitigation of economic consequences caused by COVID 19 (Official Gazette of the Republic of Serbia no. 156 on December 25, 2020) the Company deferred taxes and contributions on salaries in the FY 2020. As of December 31, 2022 deferred taxes and contributions on salaries amounts RSD 793 thousand.

Value added tax payable amounting to RSD 10,165 thousand as of December 31, 2023 entirely relate to the value added tax liabilities arising from the difference between the output and input VAT amounts (December 31, 2022: RSD 14,717 thousand).

**32. SHORT DEFERRED EXPENSES**

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Accrued expenses for bonuses	14,248	7,842
Accrued electricity costs	6,078	5,206
Accrued gas costs	4,326	3,202
Accrued Gold Passport expenses	1,592	2,193
Accrued tourist agency expenses	941	929
Accrued HR activity expenses	1,904	2,201
Accrued management fees	8,508	6,936
Accrued other expenses	5,576	5,700
Deferred Fitness Club income	12,493	8,605
Deferred other income	-	4,469
	<u>55,666</u>	<u>47,283</u>



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**33. RELATED PARTY DISCLOSURES**

In the normal course of business, the Company enters into transactions with its related parties (in addition to the majority and minority shareholders, related parties include member firms of the Lampsa Hellenic Hotel Group). Relationships and transactions among the Company and its related parties are defined on a contractual basis and performed under market terms. As of December 31, 2023 and 2022 the balances of receivables and payables and related party transactions relate to the fees payable under the Management Agreement to Hyatt International EAME, interest income, foreign exchange gains and losses, trade receivables, long-term loan receivables and trade payables (management fees payable to Hyatt International EAME).

**a) Balance Sheet**

The Company had the following balances of receivables and payables arising from the related party transactions:

	December 31, 2023	December 31, 2022
<b>Long-term financial investments (Note 21)</b>		
- Excelsior a.d., Beograd	-	249,339
<b>Trade receivables (Note 23)</b>		
- Excelsior a.d., Beograd	220	196
<b>Total receivables</b>	<b>220</b>	<b>249,535</b>
<b>Trade payables (Note 30)</b>		
- Hyatt International EAME	(13,812)	(10,270)
- Excelsior a.d., Beograd	-	-
	(13,812)	(10,270)
<b>Total liabilities</b>	<b>(13,812)</b>	<b>(10,270)</b>
<b>(Liabilities)/Receivables, net</b>	<b>(13,592)</b>	<b>239,265</b>

**NOTES TO THE FINANCIAL STATEMENTS**

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*All amounts expressed in thousands of RSD, unless otherwise stated.*

**33. RELATED PARTY DISCLOSURES (Continued)**

***b) Income Statement***

Breakdown of income and expenses arising from the related party transactions is presented in the following table:

	<b>2023</b>	<b>2022</b>
<b><i>Income from the sale of products and services (note 6) :</i></b>		
- Excelsior a.d., Beograd	2,195	2,105
<b><i>Finance income (Note 14)</i></b>		
- Hyatt International EAME	389	1,174
- Excelsior a.d., Beograd	6,591	6,927
<b>Total income</b>	<b>9,175</b>	<b>10,206</b>
<b><i>Non-material costs (Note 13)</i></b>		
- Hyatt International EAME	(129,795)	(104,590)
- Lamps a Hellenic Hotels S.A.	(2,321)	(387)
<b><i>Finance expenses (Note 15)</i></b>		
- Hyatt International EAME	(1,326)	(1,452)
- Excelsior a.d., Beograd	(3)	(60)
<b>Total expenses</b>	<b>(133,445)</b>	<b>(106,489)</b>
<b><i>Expenses, net</i></b>	<b>(124,270)</b>	<b>(96,283)</b>

The Company calculated and paid remunerations to the members of the Board of Directors in the total amount of RSD 904 thousand, gross for the year ended December 31, 2023.

**34. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

**Capital Risk Management**

There is no formal framework delineating the Company's capital risk management. The Company manages capital risk and tries to relieve the risk effects in order to ensure the continuity of its business operations in the foreseeable future while maximizing return on equity to its owners through optimization of the capital structure and debt to equity ratio. The Company's equity includes cash and cash equivalents (Note 25) and equity attributable to owners, which include share capital, reserves, retained earnings, as well as accumulated losses.

Persons in control of finances on the Company level review the equity structure on an annual basis. As a part of the review at issue, Management considers the price of capital and risks related to each type of capital.

The Company's gearing ratios as of the year-end were as follows:

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2023**

*All amounts expressed in thousands of RSD, unless otherwise stated.*

**34. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)**

**Capital Risk Management (Continued)**

The Company's gearing ratios as of the year-end were as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Debt a)	-	-
Cash and cash equivalents	(363,628)	(247,504)
Net debt	-	-
Equity b)	2,868,744	2,850,283
Debt to equity ratio	-	-

a) Debt is related to long-term and short-term financial liabilities, but the Company did not have debts as at December 31, 2023 and 2022.

b) Equity includes share capital, reserves, retained earnings and accumulated losses.

**Significant accounting policies with reference to financial instruments**

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

**Categories of Financial Instruments**

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
<b>Financial assets</b>		
Long-term financial investments	-	249,339
Trade receivables	52,962	40,996
Non-invoiced income receivables	28,908	10,604
Cash and cash equivalents	363,628	247,504
	445,498	548,443
<b>Financial liabilities</b>		
Trade payables	34,181	21,763
Other short-term liabilities	43,173	34,209
	77,354	55,972

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2023**

*All amounts expressed in thousands of RSD, unless otherwise stated.*

**34. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)**

**Categories of Financial Instruments (continued)**

Basic financial instruments held by the Company comprise long-term financial investments, cash and cash equivalents, trade receivables, interest receivables and trade payables, primarily used to finance the Company's current operations. In the regular course of business, the Company is exposed to the risk enumerated and delineated in the following passages.

**Financial Risk Management**

Financial risks include market risk (foreign currency risk and interest rate risk), credit risk and liquidity risk. These risks are considered on time basis and are diminished by decreasing relevant exposures. The Company does not make use of derivative financial instruments so as to avoid the adverse effect of these risks on the Company's business operations, due to the fact that such instruments are not commonly used on the Republic of Serbia market, nor is there an organized market for such instruments in the Republic of Serbia.

**Market Risk**

In its business operations, the Company is exposed to financial risks of changes in foreign currency exchange rates and interest rates.

Market risk exposure is measured by means of sensitivity analysis. There have been no significant changes in the manner in which the Company manages and measures the risk exposure.

**Foreign Currency Risk**

The Company is exposed to foreign currency risks inherent in cash and cash equivalents and trade payables denominated in foreign currencies. The Company does not make use of any special hedging instruments given that such instruments are uncommon in the Republic of Serbia.

The stability of economic environment in which the Company operates is greatly dependent upon the economic measures taken by the Republic of Serbia's Government including the establishment of an adequate legal and legislative framework.

The carrying values of the Company's foreign currency denominated monetary assets and liabilities as of the reporting date were as follows:

	<b>Assets</b>		<b>Liabilities</b>	
	<b>December 31, 2023</b>	<b>December 31, 2022</b>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
EUR	73,312	308,483	1,856	2,396
USD	15,386	28,887	23,433	15,600
	<u>88,698</u>	<u>337,370</u>	<u>25,289</u>	<u>17,996</u>

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2023**

*All amounts expressed in thousands of RSD, unless otherwise stated.*

**34. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)**

**Market Risk (Continued)**

***Foreign Currency Risk (continued)***

The Company is sensitive to the movements in the EUR and USD exchange rates. The following table provides details on the Company's sensitivity to the increase and decrease of 10% in the RSD to foreign currency exchange rate. The 10% sensitivity rate was used in internal reporting on the foreign currency risk and it represents the management's best estimate of reasonably expected fluctuations in exchange rates. The sensitivity analysis includes only the outstanding foreign currency assets and liabilities and it adjusts their translation at the period end for the 10% fluctuation in foreign exchange rates. The positive figures in the table indicate a decrease in the result of the current period, being the case when RSD depreciates against the currency at issue. In case of a RSD 10% appreciation against the foreign currency at issue, the impact on the profit for the current period would be the exact opposite of the one calculated in the previous case.

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
EUR	7,146	30,608
USD	(805)	1,328
Impact on the current year's P&L	<u>6,341</u>	<u>31,936</u>

The Company's sensitivity to the changes in foreign currency exchange rates decreased in the current period, mainly as a result of the effects of the nominal decrease in foreign currency assets.

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2023**

*All amounts expressed in thousands of RSD, unless otherwise stated.*

**34. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)**

**Market Risk (Continued)**

***Interest Rate Risk***

The Company is not exposed to the risk of changes in interest rates.

The carrying values of financial assets and liabilities at the end of the period under review are presented in the following table:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
<b>Financial assets</b>		
<b><i>Non-interest bearing</i></b>		
Trade receivables	52,962	40,996
Non-invoiced income receivables	28,908	10,604
Cash and cash equivalents	363,628	147,504
	<u>445,498</u>	<u>199,104</u>
<b><i>Fixed interest rates</i></b>		
Cash and cash equivalents	-	100,000
Long-term financial investments	-	249,339
	<u>-</u>	<u>349,339</u>
<b>Total</b>	<u><u>445,498</u></u>	<u><u>548,443</u></u>
<b>Financial liabilities</b>		
<b><i>Non-interest bearing</i></b>		
Trade payables	34,181	21,763
Other short-term liabilities	43,173	34,209
	<u>77,354</u>	<u>55,972</u>
<b>Total</b>	<u><u>77,354</u></u>	<u><u>55,972</u></u>

**Credit Risk**

***Managing Trade Receivables***

Credit risk relates to the exposure inherent in the possibility that the counterparty fails to act upon its contractual commitments and causes the Company to suffer loss. The Company's exposure to this risk is primarily related to receivables from customers as of the balance sheet date.

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2023**

*All amounts expressed in thousands of RSD, unless otherwise stated.*

**34. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)**

**Credit Risk (continued)**

***Managing Trade Receivables (continued)***

The Company's most significant customers are presented below:

	December 31, 2023	December 31, 2022
KLM Royal Dutch Airlines	12,073	-
Amex Local	10,591	307
Elevate&Co	2,329	-
15 August doo	2,209	-
Basketball Federation of Serbia	1,953	-
Jugopetrol	1,926	734
Hemofarm Koncern	1,374	-
World of Hyatt Award	1,352	724
Bechtel Limited Branch Beograd	1,292	-
Emil Pešić	1,035	1,035
Published company City records	942	5,624
Coca Cola HBC Srbija a.d.	-	3,853
Government of the Republic of North Macedonia	949	2,339
Russian Football Union	-	2,213
Strabag d.o.o., Beograd	8	1,764
Miross TA	730	1,737
Other customers	14,199	20,666
	52,962	40,996
Less: Allowance for impairment of trade receivables	-	-
	52,962	40,996

Breakdown of the Company's trade receivables as of December 31, 2023 is presented in the following table:

	Gross Exposure	Impairment Allowance	Net Exposure
Trade receivables, not matured	21,592	-	21,592
Trade receivables, matured and provided for	-	-	-
Trade receivables, matured but not provided for	31,370	-	31,370
	52,962	-	52,962

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2023**

*All amounts expressed in thousands of RSD, unless otherwise stated.*

**34. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)**

**Credit Risk (continued)**

Breakdown of the Company's trade receivables as of December 31, 2022 is presented in the following table:

	Gross Exposure	Impairment Allowance	Net Exposure
Trade receivables, not matured	12,655	-	12,655
Trade receivables, matured and provided for	-	-	-
Trade receivables, matured but not provided for	28,341	-	28,341
	<u>40,996</u>	<u>-</u>	<u>40,996</u>

*Trade receivables, not matured*

Trade receivables, not matured totaling RSD 21,592 thousand as of December 31, 2023 (December 31, 2022: RSD 12,655 thousand) mainly relate to receivables from the sales of services in the last week of 2023. These receivables mainly mature within 7 days from the invoice date, depending on the contractual terms of payment. The average days sales outstanding in 2023 counted 9 days (2022: 7 days).

*Trade receivables, matured and provided for*

During 2023 and 2022, no additional allowances were charged.

*Trade Receivables, matured but not provided for*

The aging of trade receivables, matured but not provided for is presented in the table below:

	December 31, 2023	December 31, 2022
Less than 30 days past due	14,611	9,346
From 31 to 90 days past due	15,086	13,117
From 91 to 180 days past due	-	2,460
From 181 to 365 days past due	638	2,452
Over a year past due	1,035	966
	<u>31,370</u>	<u>28,341</u>





**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2023**

*All amounts expressed in thousands of RSD, unless otherwise stated.*

**34. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)**

**Credit Risk (continued)**

***Liquidity Risk and Credit Risk Tables (Continued)***

The following tables provide the details of outstanding contractual liabilities of the Company. The amounts presented are based on the undiscounted cash flows arising from financial liabilities based on the earliest date upon which the Company will be due to settle such payables.

***Maturities of Financial Liabilities***

	December 31, 2023				
	Within 1 Month	From 1 to 3 Months	3 Months to 1 Year	From 1 to 5 Years	Over 5 years
Non-interest bearing	34,181	43,173	-	-	-
	34,181	43,173	-	-	-
	77,354				

	December 31, 2022				
	Within 1 Month	From 1 to 3 Months	3 Months to 1 Year	From 1 to 5 Years	Over 5 years
Non-interest bearing	21,763	34,209	-	-	-
	21,763	34,209	-	-	-
	55,972				

**Fair Value of Financial Instruments**

As of December 31, 2023 and December 31, 2022, the carrying values of the Company's financial assets and liabilities did not depart from the fair values thereof.

***Assumptions for the Assessment of Financial Instruments' Current Fair Value***

Given that the sufficient market experience, stability and liquidity do not presently exist for the purchase and sale of financial assets or liabilities, and given that the quoted prices, which could be used for the purposes of disclosing fair value of financial assets and liabilities are unavailable, the method here applied is that of discounted cash flows method. In using the discounted cash flows method of measurement, interest rates for financial instruments with similar characteristics have been used, with the aim to arrive at the relevant assessment of market values of financial instruments as of the balance sheet date.

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2023**

*All amounts expressed in thousands of RSD, unless otherwise stated.*

**35. LITIGATION**

***Provisions for Litigations***

As of December 31, 2023 the Company was involved in several legal suits on various grounds. The aggregate amount claimed in the legal suits filed against the Company totaled RSD 258,226 thousand as of December 31, 2023, excluding any penalty interest. As of December 31, 2019 based on the opinion of the attorneys and management's estimate, the Company made a provision of RSD 138,231 thousand which remained unchanged as of December 31, 2023.

The most significant lawsuits filed against the Company include the administrative proceedings for determining the right to the compensation of the former owners of the confiscated land on which the Hyatt Hotel and buildings of NIS a.d., Novi Sad ("NIS") and GP Rad, Beograd ("Rad") were built as well as three labor lawsuits with former executives.

Administrative proceedings for the compensation to the former owners of the confiscated land on which the Hyatt Hotel, NIS and Rad buildings were built was finalized before the Commission for the proceedings and deciding on the restitution of the land of the Municipality New Belgrade (the "Commission"). The Commission's first-instance Resolution dated March 19, 2013 confirmed the Company's obligation to pay the compensation to the former owners for the commensurate portion of the land used of 2,111 m<sup>2</sup>. As the second-instance authority, the RS Ministry of Finance rejected the Company's appeal to the aforesaid Resolution on September 9, 2013. On October 24, 2013 the Company filed a suit to the Administrative Court against the second-instance Resolution of the Ministry of Finance, which was rejected by the Administrative Court in its Ruling dated December 9, 2014. As the only remaining remedy, the Company appealed to the Constitutional Court of the Republic of Serbia on January 22, 2015. Under Decision enacted by the Third Basic Court in Belgrade on March 4, 2019, the consideration for half of the expropriated land, belonging to one of the owners, was set in the amount of RSD 69,115,459, which shall be paid in equal quarterly installment within 10 years as from the expiration date of a year from the court decision finality date. The first-instance court determined the consideration amount based on the report of the Tax Administration dated June 9, 2016, where it is stated that the market value of the land at hand was RSD 65,481.25 per square meter. On May 16, 2019, the Company filed an appeal against the aforesaid Decision with a competent second-instance court. Accordingly, the Company made a provision for a loss contingent on this lawsuit of RSD 138,231 thousand (the amount of the consideration at the market value as determined by the Tax Administration for the total land area). It was established that one of the former land owners passed away in 2011, so the proceedings were discontinued for this litigant. Given that the litigation has not yet been resolved and that the Company made a provision based on the determined market value of the land at issue, the management believes that the provision made is sufficient and that the Company will have no other significant contingent liabilities in this respect.

Legal proceedings totaling RSD 114,696 thousand have been filed against the Company by two former employees (the "Plaintiffs") over payment of compensation for termination of employment and based on non-competition clause. The Company holds that employment of the Plaintiffs was terminated in accordance with the Labor Law, since the Plaintiffs refused to continue employment with the Company. In addition, in the management's opinion, the Plaintiffs are exempt from the prohibition to perform competitive activities in accordance with the executed Employment Contracts. Based on the report of the expert finance valuer, the Company filed countersuits against the Plaintiffs claiming damages incurred based on the Plaintiffs' unjustified receipt of funds from the Company. During 2022, based on the final judgment of the Court of Appeal dated June 8, 2022, the Company paid compensation to a former manager (Note 17), but also filed an appeal against the aforementioned judgment. Bearing in mind the stage in which mentioned labour disputes are in, as well as that there are counterclaims for these disputes, the management of the Company believes that as a result it will not be exposed to materially significant potential losses on the aforementioned basis and there is no need for additional provision in the financial statements for FY 2023.

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2023**

*All amounts expressed in thousands of RSD, unless otherwise stated.*

**36. TAXATION RISKS**

The Republic of Serbia tax legislation is subject to varying interpretations and changes occur frequently. Interpretation of the tax legislation by the tax authorities as applied to the transactions and activity of the Company may not coincide with that of the management. As a result, transactions may be challenged by the tax authorities and the Company may be assessed additional taxes, penalties and interest, which can be significant. The statute of limitations on tax liabilities is five years. This virtually means that the tax authorities could determine payment of outstanding liabilities in the period of five years from the liability origination.

**37. EXCHANGE RATES**

The official middle exchange rates for major currencies as determined at the interbank foreign exchange market and used in the translation of balance sheet components denominated in foreign currencies into dinars were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
EUR	117,1737	117,3224
USD	105,8671	110,1515

In Belgrade March, 29, 2024

.....  
Anastasios Chomenidis  
The president of the Board of Directors

.....  
Jelena Edelman  
Member of the Board of Directors

M.P.

## **APPENDIX 1**

**Appendix 1**

**INCOME STATEMENT**

**Year Ended December 31, 2023**

**(Thousands of EUR)**

	<b>2023</b>	<b>2022</b>
<b>Operating income</b>		
Sales of goods sold to domestic customers	852	756
Sales of products and services to domestic subsidiary	19	18
Sales of products and services to domestic customers	14,680	12,001
Income from premiums, subsidies, grants, donations and similar	-	1
Other operating income	1,039	680
	<u>16,590</u>	<u>13,456</u>
<b>Operating expenses</b>		
Cost of commercial goods sold	(205)	(198)
Cost of materials	(2,255)	(1,612)
Cost of fuel and energy	(909)	(713)
Staff costs	(5,021)	(4,145)
Cost of production services	(1,443)	(1,105)
Depreciation/amortization charge	(1,445)	(1,388)
Long-term provisions	(7)	(8)
Non-material costs	(2,211)	(1,767)
	<u>(13,496)</u>	<u>(10,936)</u>
<b>Profit from operations</b>	<u>3,094</u>	<u>2,520</u>
<b>Finance income</b>		
Finance income from other related parties	56	69
Interest income (from third parties)	100	15
Foreign exchange gains and positive currency clause effects (to third parties)	38	30
	<u>194</u>	<u>114</u>
<b>Finance expenses</b>		
Finance expenses incurred with other related parties	(11)	(13)
Interest expenses (to third parties)	(2)	(66)
Foreign exchange losses and negative currency clause effects (to third parties)	(77)	(37)
	<u>(90)</u>	<u>(116)</u>
<b>Profit/(Loss) from financing activities</b>	<u>104</u>	<u>(2)</u>
Other income	15	38
Other expenses	(94)	(180)
<b>Profit from continuing operations before taxes</b>	<u>3,119</u>	<u>2,376</u>
Net profit from discontinued operations, effects of changes in the accounting policies and prior years' error adjustment	12	2
Current income tax expense	(506)	(409)
Deferred tax benefits	28	40
<b>NET PROFIT FOR THE YEAR</b>	<u><u>2,653</u></u>	<u><u>2,009</u></u>

**Note:**

In accordance with the majority shareholders requirements, the Company's financial statements prepared in accordance with the accounting regulations of the Republic of Serbia and presented in the Company's Serbian dinar (functional currency) were translated into EUR (presentation currency).

Translation of Income Statement for the years ended December 31, 2023 and 2022 was performed using the following average exchange rates:

- 2023: 117,2530
- 2022: 117,4641

## **APPENDIX 2**

Appendix 2

**BALANCE SHEET**  
**As of December 31, 2023**  
**(Thousands of EUR)**

	December 31, 2023	December 31, 2022
<b>ASSETS</b>		
<b>Non-current assets</b>	24,162	24,725
<i><b>Intangible assets</b></i>	57	71
Concessions, patents, licenses, trademarks, software and other rights	11	18
Other intangible assets	46	53
 <i><b>Property, plant and equipment</b></i>	 16,825	 17,381
Land	4,990	4,983
Buildings	9,095	9,652
Plant and equipment	2,392	2,584
Advances paid for property, plant and equipment	348	162
 <i><b>Long-term financial investments</b></i>	 7,280	 7,273
Equity investments	6,045	3,913
Long-term financial investments in parent companies and other subsidiaries	-	2,125
Treasury shares purchased	1,235	1,235
 <b>Current assets</b>	 4,547	 3,513
<i><b>Inventories</b></i>	555	506
Materials, spare parts, small tools and fixtures	393	383
Goods	94	89
Advances paid for inventories and services	68	34
 <i><b>Trade receivables</b></i>	 452	 350
Domestic – subsidiary	2	2
Domestic	450	348
 Other receivables	 115	 414
 <i><b>Short-term financial investments</b></i>	 -	 -
Other short-term financial investments	-	-
 Cash and cash equivalents	 3,103	 2,110
Prepayments	322	133
 <b>Total assets</b>	 <b>28,709</b>	 <b>28,238</b>

(Continued)



**Appendix 2 (continued)**

**BALANCE SHEET (Continued)**  
**As of December 31, 2023**  
**(Thousands of EUR)**

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>	<b>25,720</b>	<b>25,531</b>
Share capital	30,860	30,860
Reserves	-	4,476
Current year's retained earnings	2,653	2,009
Prior years' retained earnings	-	11,974
Prior years' accumulated losses	-	(13,655)
Actuarial gain, net	9	11
Translation reserves	(7,802)	(10,144)
<b>Non-current provisions and liabilities</b>	<b>1,264</b>	<b>1,258</b>
Provisions for retirement and other employee benefits	84	80
Provisions for litigations	1,180	1,178
<b>Deferred tax liabilities</b>	<b>547</b>	<b>575</b>
<b>Current liabilities</b>		
<b>Short-term financial liabilities</b>	<b>42</b>	<b>44</b>
Short-term provisions	42	44
Advances, deposits and retainers received	272	97
<b>Trade payables</b>	<b>292</b>	<b>186</b>
Foreign – other related parties	118	88
Domestic	75	32
Foreign	99	66
Other current liabilities	1	8
Value added tax payable and other taxes and duties payable	96	136
Accruals	475	403
<b>Total equity and liabilities</b>	<b>28,709</b>	<b>28,238</b>

**Note:**

In accordance with the majority shareholder requirements, the Company's financial statements prepared in accordance with the accounting regulations of the Republic of Serbia and presented in the Company's Serbian dinar (functional currency) were translated into EUR (presentation currency).

Translation of Balance Sheet as at December 31, 2023 and 2022 was performed using the following rates:

- Balance Sheet items at December 31, 2023 except for the share capital, revaluation reserves and net profit were translated using the closing rate: 117.1737
- Balance Sheet items at December 31, 2022 except for the share capital, revaluation reserves and net profit were translated using the closing rate: 117.3224
- Share capital at December 31, 2023 and December 31, 2022 was translated using the historical exchange rate: 87.569
- Treasury shares purchased at December 31, 2020 was translated using the exchange rate at the date of transaction: 118.20
- Revaluation reserves at December 31, 2023 and December 31, 2022 were translated using the exchange rate at the date of revaluation of property, plant and equipment: 80.8018.
- Net profits for the years ended December 31, 2023 and December 31, 2022 were translated using the average exchange rate for 2023 and 2022: 117.2530 and 117.4641.