# „FINSPOT“ DOO BELGRADE

## Financial Statements as of and for the Year Ended 31 December 2021

## and

## Independent Auditor’s Report

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*This is an English translation of Independent Auditor's Report originally issued in the Serbian language*

**INDEPENDENT AUDITOR'S REPORT**

**TO THE OWNERS OF THE COMPANY „FINSPOT" DOO BELGRADE**

**Opinion**

We have audited the financial statements of the factoring company FINSPOT DOO Belgrade (hereinafter: the "Company"), which comprise the balance sheet as of 31 December 2021 and the income statement, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with the accounting regulations prevailing in the Republic of Serbia based on the Law on Accounting and accounting policies disclosed in Note 3 to the financial statements.

**Basis for Opinion**

We conducted our audit in accordance with the 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 Financial Statements* section of our report. 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 (excluding the financial statements and the auditor's report thereon) for the year ended 31 December 2021. 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, which includes a non-financial report, has been prepared in accordance with the applicable provisions of the Law on Accounting.

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 2021, which has been prepared in accordance with the provisions of the Law on Accounting, is consistent with the financial statements in all material respects.

INDEPENDENT AUDITOR'S REPORT

**TO THE OWNERS OF THE COMPANY „FINSPOT" DOO BELGRADE (Continued)**

**Other information (Continued)**

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.

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

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law on Audit and 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 financial statements.

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

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

**INDEPENDENT AUDITOR'S REPORT**

**TO THE OWNERS OF THE COMPANY „FINSPOT“ DOO BELGRADE (Continued)**

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

- 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 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, 27 May 2022

Društvo za reviziju BDO d.o.o Beograd

Larisa Radmanović
Certified Auditor

| To be filled in by the legal entity - entrepreneur | | | | | |
|---|---|---|---|---|---|
| ID | **21624152** | Business code | **6499** | TIN | **112211976** |
| Name: | **FINSPOT DOO BELGRADE - Stari Grad , Beograd** | | | | |
| Address: | **Makedonska 19/7, Belgrade** | | | | |

## BALANCE SHEET

**as of 31.12.2021.**

- Stated in RSD thousands -

| Group of accounts, account | Description | AOP | Note number | Amount | | |
|---|---|---|---|---|---|---|
| | | | | Current year | Previous year | |
| | | | | | End balance | Oppening balance |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| | **ASSETS** | | | | | |
| 00 | **A. SUBSCRIBED CAPITAL UNPAID** | 0001 | | | | |
| | **B. NON-CURRENT ASSETS (0003+0009+0017+0018+0028)** | 0002 | 16 | **12,564** | **98** | |
| 01 | I. INTANGIBLE ASSETS (0004+0005+0006+0007+0008) | 0003 | 16 | **12,467** | **98** | |
| 010 | 1. Development investments | 0004 | | | | |
| 011, 012 & 014 | 2. Concessions, patents, licenses, trademarks, software and other rights | 0005 | 16 | 1,273 | 98 | |
| 013 | 3. Goodwill | 0006 | | | | |
| 015 & 016 | 4. Intangible assets in leasing, intangible assets in progress | 0007 | | 11,194 | 0 | |
| 017 | 5. Prepayments for intangible assets | 0008 | | | | |
| 02 | II. PROPERTY, PLANT AND EQUIPEMENT (0010+0011+0012+0013+0014+0015+0016) | 0009 | 16 | **97** | **0** | |
| 020, 021 & 022 | 1. Land and construction facilities | 0010 | | | | |
| 023 | 2. Plant and equipment | 0011 | 16 | 97 | 0 | |
| 024 | 3. Investment property | 0012 | | | | |
| 025 & 027 | 4. Leased PPE and PPE under construction | 0013 | | | | |
| 026 & 028 | 5. Other PPE and investments in not owed immovable property, plant and equipment | 0014 | | | | |
| 029 (part) | 6. Prepayments for immovable property, plant and equipment domestic | 0015 | | | | |
| 029 (part) | 7.Prepayments for immovable property, plant and equipment abroad | 0016 | | | | |
| 03 | III. BIOLOGICAL ASSETS | 0017 | | **0** | **0** | |
| 04 & 05 | IV. LONG-TERM FINANCIAL INVESTMENTS (0019+0020+0021+0022+0023+0024+0025+0026+0027) | 0018 | | **0** | **0** | |
| 040 (part), 041 (part) & 042 (part) | 1. Investments in capital of parent companies and subsidiaries | 0019 | | | | |
| 040 (part), 041 (part) & 042 (part) | 2. Investments in capital measured according to the stake method | 0020 | | | | |
| 043 (part), 050 (part) & 051 (part) | 3. Long-term investments to parent companies, subsidiaries and other related domestic entities | 0021 | | | | |
| 044 (part), 050 (part) & 051 (part) | 4. Long-term investments to parent companies, subsidiaries and other related entities domestic abroad | 0022 | | | | |
| 045 (part) & 053 (part) | 5. Long-term investments (loans) domestic | 0023 | | | | |
| 045 (part) & 053 (part) | 6. Long-term investments (loans) abroad | 0024 | | | | |
| 046 | 7. Long-term financial investments (securities valued at depreciated value) | 0025 | | | | |
| 047 | 8. Redeemed shares and stakes | 0026 | | | | |
| 048, 052, 054, 055 & 056 | 9. Other long-term investments | 0027 | | | | |
| 28 (part), without 288 | V. LONG TERM PROVISIONS | 0028 | | **0** | **0** | |
| 288 | **V. DEFFERED TAX ASSETS** | 0029 | | **0** | **0** | |
| | **G. CURRENT ASSETS (0031+0037+0038+0044+0048+0057+0058)** | 0030 | | **163,252** | **46,177** | |
| | I Inventory (0032+0033+0034+0035+0036) | 0031 | | **42** | **0** | |
| 10 | 1. Material, spare parts, tools and small value inventory | 0032 | | | | |
| 11 & 12 | 2. Work in progress and finished goods | 0033 | | | | |
| 13 | 3. Merchandise | 0034 | | | | |
| 150, 152 & 154 | 4. Prepayments for supplies and services domestic | 0035 | | 42 | 0 | |
| 151, 153 & 155 | 5. Prepayments for supplies and services abroad | 0036 | | | | |
| 14 | II Fixed assets held for sale and termination of business | 0037 | | **0** | **0** | |
| 20 | III TRADE RECEIVABLES (0039+0040+0041+0042+0043) | 0038 | | **0** | **0** | |
| 204 | 1. Trade receivables domestic | 0039 | | | | |

| Group of accounts, account | Description | AOP | Note number | Amount | | |
|---|---|---|---|---|---|---|
| | | | | Current year | Previous year | |
| | | | | | End balance | Oppening balance |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 205 | 2. Trade receivables abroad | 0040 | | | | |
| 200 & 202 | 3. Trade receivables domestic - parent companies and subsidiaries | 0041 | | | | |
| 201 & 203 | 4. Trade receivables abroad - parent companies and subsidiaries | 0042 | | | | |
| 206 | 5. Other receivables from sales | 0043 | | | | |
| 21, 22 & 27 | IV Other short-term receivables (0045+0046+0047) | 0044 | 17 | **299** | **0** | |
| 21, 22 without 223 & 224, & 27 | 1. Other receivables | 0045 | 17 | 299 | 0 | |
| 223 | 2. Receivable for overpaid CIT | 0046 | | | | |
| 224 | 3. Receivable for overpaid other taxes and contributions | 0047 | | | | |
| 23 | V SHORT TERM FINANCIAL INVESTMENTS (0049+0050+0051+0052+0053+0054+0055+0056) | 0048 | 18 | **131,288** | **0** | |
| 230 | 1. Short-term loans and investments - parent companies and subsidiaries | 0049 | | | | |
| 231 | 2. Short-term loans and investments - other related entities | 0050 | 18 | 936 | 0 | |
| 232, 234 (part) | 3. Short-term loans and investments domestic | 0051 | 18 | 113,457 | 0 | |
| 233, 234 (part) | 4. Short-term loans and investments abroad | 0052 | 18 | 16,895 | 0 | |
| 235 | 5. Securities valued at depreciated value | 0053 | | | | |
| 236 (part) | 6. Financial assets measured at fer value trough PnL | 0054 | | | | |
| 237 | 7. Repurchased own shares and stakes | 0055 | | | | |
| 236 (part), 238 & 239 | 8. Other short-term financial investments | 0056 | | | | |
| 24 | VI. CASH AND CASH EQUIVALENTS | 0057 | 19 | 31,623 | 46,177 | |
| 28 (part), without 288 | VII. SHORT-TERM FINANCIAL PROVISIONS | 0058 | | | | |
| | **D. TOTAL ASSETS = BUSINESS ASSETS (0001+0002+0029+0030)** | 0059 | | **175,816** | **46,275** | |
| **88** | **Dj. OFF-BALANCE SHEET ASSETS** | 0060 | | | | |
| | **LIABILITIES** | | | | | |
| | **A. EQUITY (0402+0403+0404+0405+0406–0407+0408+0411–0412) ≥ 0** | 0401 | 20 | **46,045** | **45,776** | |
| 30, without 306 | I. NOMINAL CAPITAL | 0402 | 20 | 47,141 | 47,141 | |
| 31 | II. SUBSCRIBED UNPAID CAPITAL | 0403 | | | | |
| 306 | III. PREMIUM | 0404 | | | | |
| 32 | IV. RESERVES | 0405 | | | | |
| 330 & credit balance of 331, 332, 333, 334, 335, 336 and 337 | V. POSITIVE REVALUATION RESERVES AND UNREALIZED GAINS ON FINANCIAL ASSETS AND OTHER COMPONENTS OF OTHER RESULT | 0406 | | | | |
| Debit balance of 331, 332, 333, 334, 335, 336 and 337 | VI. UNREALIZED LOSSES ON FINANCIAL ASSETS AND OTHER COMPONENTS OF OTHER COMPLETE RESULT | 0407 | | | | |
| 34 | VII. RETAINED EARNINGS (0409+0410) | 0408 | 20 | 269 | 0 | |
| 340 | 1. Retained earnings from previous years | 0409 | | | | |
| 341 | 2. Retained earnings from current year | 0410 | 20 | 269 | 0 | |
| | VIII. INVESTMENTS WITHOUT CONTROLLING RIGHTS | 0411 | | | | |
| 35 | IX. LOSS (0413+0414) | 0412 | 20 | 1,365 | 1,365 | |
| 350 | 1. Previous years losses | 0413 | | 1,365 | 0 | |
| 351 | 2. Current year loss | 0414 | 20 | 0 | 1,365 | |
| | **B. LONG-TERM LIABILITIES (0416+0420+0428)** | 0415 | 21 | **29,425** | **0** | |
| 40 | I. LONG-TERM Reserves (0417+0418+0419) | 0416 | | 0 | 0 | |
| 404 | 1. Provisions for salaries and other benefits for employees | 0417 | | | | |
| 400 | 2. Warranty provisions | 0418 | | | | |
| 40, without 400 & 404 | 3. Other long-term provisions | 0419 | | | | |
| 41 | II. LONG-TERM LIABILITIES (0421+0422+0423+0424+0425+0426+0427) | 0420 | 21 | 29,425 | 0 | |
| 410 | 1. Liabilities which can be converted into capital | 0421 | | | | |
| 411 (part) & 412 (part) | 2. Long-term loans and other liabilities from parent, subsidiaries and other related entities - domestic | 0422 | 21 | 29,396 | 0 | |
| 411 (part) & 412 (part) | 3. Long-term loans and other liabilities from parent, subsidiaries and other related entities - foreign | 0423 | | | | |
| 414 & 416 (part) | 4. Long-term loan and leasing domestic | 0424 | | | | |
| 415 & 416 (part) | 5. Long-term loan and leasing abroad | 0425 | | | | |
| 413 | 6. Liabilities on issued securities | 0426 | | | | |
| 419 | 7. Other long-term liabilities | 0427 | 21 | 29 | 0 | |
| 49 (part), without 498 & 495 (part) | III. LONG - TERM ACCRUED AND DEFERRED INCOME | 0428 | | 0 | 0 | |
| **498** | **B. DEFERRED TAX LIABILITIES** | 0429 | | | | |
| **495 (part)** | **G. LONG-TERM DEFERRED INCOMES AND DONATIONS** | 0430 | | **0** | **0** | |

| Group of accounts, account | Description | AOP | Note number | Amount | | |
|---|---|---|---|---|---|---|
| | | | | Current year | Previous year | |
| | | | | | End balance | Oppening balance |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| | **D. SHORT-TERM LIABILITIES (0432+0433+0441+0442+0449+0453+0454)** | 0431 | | **100,346** | **499** | |
| 467 | I. SHORT TERM LIABILITIES | 0432 | | 0 | 0 | |
| 42 | II. KRATKOROČNE FINANSIJSKE OBAVEZE (0434+0435+0436+0437+0438+0439+0440) | 0433 | 22 | 93,440 | 0 | |
| 420 (part) & 421 (part) | 1. Short-term loans from parent, subsidiaries and other related entities - domestic | 0434 | 22 | 37,593 | 0 | |
| 420 (part) & 421 (part) | 2. Short-term loans from parent, subsidiaries and other related entities - abroad | 0435 | | | | |
| 422 (part), 424 (part), 425 (part) & 429 (part) | 3. Liabilities based on loans and borrowings from persons other than domestic banks | 0436 | 22 | 29,689 | 0 | |
| 422 (part), 424 (part), 425 (part) & 429 (part) | 4. Liabilities based on loans from domestic banks | 0437 | 22 | 26,158 | 0 | |
| 423, 424 (part), 425 (part) & 429 (part) | 5. Loans, liabilities abroad | 0438 | | | | |
| 426 | 6. Liabilities for short-term securities | 0439 | | | | |
| 428 | 7. Liabilities based on financial derivatives | 0440 | | | | |
| 430 | III. RECEIVED PREPAYMENTS, DEPOSITS AND CAUTION MONEY | 0441 | | | | |
| 43 without 430 | IV. LIABILITIES FROM BUSINESS OPERATIONS (0443+0444+0445+0446+0447+0448) | 0442 | 23 | 1,721 | 499 | |
| 431 & 433 | 1. Trade payables - parent companies and subsidiaries domestic | 0443 | | | | |
| 432 & 434 | 2. Trade payables - parent companies and subsidiaries abroad | 0444 | | | | |
| 435 | 3. Trade payables - other companies domestic | 0445 | 23 | 1,697 | 499 | |
| 436 | 4. Trade payables - other companies abroad | 0446 | 23 | 24 | 0 | |
| 439 (part) | 5. Bills of exchange obligations | 0447 | | | | |
| 439 (part) | 6. Other liabilities from business operations | 0448 | | | | |
| 44, 45, 46 without 467, 47 & 48 | V. OTHER SHORT-TERM LIABILITIES (0450+0451+0452) | 0449 | 24 | 5,185 | 0 | |
| 44, 45 & 46 without 467 | 1. Other short-term liabilities | 0450 | 24 | 5,171 | 0 | |
| 47, 48 without 481 | 2. Liabilities for value added tax and other public revenues | 0451 | 24 | 14 | 0 | |
| 481 | 3. Liabilities for CIT | 0452 | | | | |
| 427 | VI. LIABILITIES FOR ASSETS HELD FOR SALE FROM LIQUIDATED BUSINESSES. | 0453 | | 0 | 0 | |
| 49 (part) without 498 | VII. SHORT - TERM ACCRUED AND DEFERRED INCOME | 0454 | | | | |
| | **Dj. LOSS OVER EQUITY (0415+0429+0430+0431-0059) ≥ 0 = (0407+0412-0402-0403-0404-0405-0406-0408-0411) ≥ 0** | 0455 | | **0** | **0** | |
| | **E. TOTAL EQUITY AND LIABILITIES (0401+0415+0429+0430+0431-0455)** | 0456 | | **175,816** | **46,275** | |
| **89** | **Z. OFF-BALANCE SHEET LIABILITIES** | 0457 | | | | |

In Belgrade

Legal representative

Date: 27 May 2022

| To be filled in by the legal entity - entrepreneur | | | | | |
|---|---|---|---|---|---|
| ID | **21624152** | Business code | **6499** | TIN | **112211976** |
| Name: | **FINSPOT DOO BELGRADE - Stari Grad , Beograd** | | | | |
| Address: | **Makedonska 19/7, Belgrade** | | | | |

# INCOME STATEMENT

**from 1 January 2021 up to 31 December 2021**

- Stated in RSD thousands -

| Group of accounts, account | Description | AOP | Note number | Amount: Current year | Amount: Previous year |
|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 |
| | **A. OPERATING INCOME (1002+1005+1008+1009-1010+1011+1012)** | **1001** | | **33,770** | **0** |
| 60 | I. INCOME FROM SALES OF GOODS (1003+1004) | 1002 | | | |
| 600, 602 & 604 | 1. Income from sales of goods domestic | 1003 | | | |
| 601, 603 & 605 | 2. Income from sales of goods abroad | 1004 | | | |
| 61 | II. INCOME FROM SALES OF PRODUCTS AND SERVICES (1006+1007) | 1005 | | 22,305 | |
| 610, 612 & 614 | 1. Income from sales of products and services - domestic | 1006 | 6 | 22,305 | |
| 611, 613 & 615 | 2. Income from sales of products and services - abroad | 1007 | | | |
| 62 | III. INCOME FROM ACTIVATION OF GOODS | 1008 | 7 | 11,194 | |
| 630 | IV. INCREASING THE VALUE OF INVENTORIES OF UNFINISHED AND FINISHED GOODS | 1009 | | | |
| 631 | V. DECREASING THE VALUE OF INVENTORIES OF UNFINISHED AND FINISHED GOODS | 1010 | | | |
| 64 & 65 | VI. OTHER OPERATING INCOME | 1011 | 8 | 271 | |
| 68 without 683, 685 & 686 | VII. INCOME FROM ASSETS VALUE ADJUSTMENT (EXCL. FINANCIAL) | 1012 | | 0 | 0 |
| | **B. OPERATING EXPENSES (1014+1015+1016+1020+1021+1022+1023+1024)** | **1013** | | **27,213** | **1,365** |
| 50 | I. COST OF GOODS SOLD | 1014 | | | |
| 51 | II. COST OF MATERIAL, FUEL AND ENERGY | 1015 | 9 | 388 | 84 |
| 52 | III. COST OF SALARIES, FRINGE BENEFITS AND OTHER PERSONAL EXPENSES (1017+1018+1019) | 1016 | 10 | 15,281 | 539 |
| 520 | 1. Cost of salaries | 1017 | 10 | 13,203 | 451 |
| 521 | 2. PIT and SSC on salaries | 1018 | 10 | 1,783 | 75 |
| 52 without 520 & 521 | 3. Other personal costs | 1019 | 10 | 295 | 13 |
| 540 | IV. COST OF DEPRICIATION | 1020 | 11 | 43 | 2 |
| 58 without 583, 585 & 586 | V. EXPENSES FROM PROPERTY VALUE ADJUSTMENT (EXCL. FINANCIAL) | 1021 | | 0 | 0 |
| 53 | VI. COST OF PRODUCTION SERVICES | 1022 | 12 | 1,415 | 115 |
| 54 without 540 | VII. COST OF PROVISIONS | 1023 | | | |
| 55 | VIII. NON-PRODUCTION COST | 1024 | 13 | 10,086 | 625 |
| | **V. NET OPERATING INCOME (1001-1013) >= 0** | **1025** | | **6,557** | |
| | **G. NET OPERATING LOSS (1013-1001) >= 0** | **1026** | | | **1,365** |
| **66** | **D. FINANCIAL INCOME (1028+1029+1030+1031)** | **1027** | **14** | **12** | **1** |
| 660 & 661 | I. FINANCIAL INCOME INCURRED WITH PARENT, SUBSIDIARIES AND OTHER RELATED PARTIES | 1028 | 14 | 7 | |
| 662 | II. INCOME FROM INTERESTS | 1029 | | | |
| 663 & 664 | III. CURRENCY CLAUSE INCOME | 1030 | 14 | 5 | 1 |
| 665 & 669 | IV. OTHER FINANCIAL INCOME | 1031 | | | |
| **56** | **Dj. FINANCIAL LOSS (1033+1034+1035+1036)** | **1032** | **15** | **5,473** | **1** |
| 560 & 561 | I. FINANCIAL LOSS FROM PARENT COMPANIES, SUBSIDIARIES AND OTHER RELATED PARTIES | 1033 | 15 | 5,241 | |
| 562 | II. INTERESTS COST | 1034 | 15 | 152 | |
| 563 & 564 | III. NEGATIVE CURRENCY CLAUSE | 1035 | 15 | 80 | 1 |
| 565 & 569 | IV. OTHER FINANCIAL LOSSES | 1036 | | | |
| | **E. NET INCOME (1027–1032) ≥ 0** | **1037** | | | **0** |
| | **Z. NET LOSS (1032–1027) ≥ 0** | **1038** | | **5,461** | |
| 683, 685 & 686 | Z. INCOME FROM VALUATION OF OTHER ASSETS RECOGNIZED THROUGH INCOME STATEMENT BY FAIR VALUE METHOD | 1039 | | | |
| 583, 585 & 586 | I. EXPENSES FROM VALUATION OF OTHER ASSETS RECOGNIZED THROUGH INCOME STATEMENT BY FAIR VALUE METHOD | 1040 | | 791 | |
| 67 | J. OTHER INCOME | 1041 | | | |
| 57 | K. OTHER EXPENSES | 1042 | | 36 | |
| | **L. TOTAL INCOME (1001+1027+1039+1041)** | **1043** | | **33,782** | **1** |

| Group of accounts, account | Description | AOP | Note number | Amount | |
|---|---|---|---|---|---|
| | | | | Current year | Previous year |
| 1 | 2 | 3 | 4 | 5 | 6 |
| | **A. OPERATING INCOME (1002+1005+1008+1009-1010+1011+1012)** | **1001** | | **33,770** | **0** |
| | **Lj. TOTAL EXPENSES (1013+1032+1040+1042)** | **1044** | | **33,513** | **1,366** |
| | **M. INCOME FROM OPERATIONS BEFORE TAX (1043-1044) >= 0** | **1045** | | **269** | |
| | N. LOSS FROM OPERATIONS BEFORE TAX( (1044-1043) >= 0 | **1046** | | | **1,365** |
| 69-59 | Nj. NET GAINS FROM LIQUIDATED OPERATIONS, EFFECTS OF ACCOUNTING POLICY CHANGES AND PREVIOUS PERIODS ERRORS CORRECTIONS | 1047 | | | |
| 59-69 | O. NET LOSSES FROM LIQUIDATED OPERATIONS, EFFECTS OF ACCOUNTING POLICY CHANGES AND PREVIOUS PERIODS ERRORS CORRECTIONS | 1048 | | | |
| | **P. INCOME BEFORE TAX (1045-1046+1047-1048) >= 0** | **1049** | | **269** | |
| | R. LOSS BEFORE TAX (1046-1045+1048-1047) >= 0 | **1050** | | | 1,365 |
| | **S. CORPORATE INCOME TAX** | | | | |
| 721 | I. TAX EXPENSE OF PERIOD | 1051 | | | |
| 722 debit balance | II. DEFERRED TAX EXPENSE OF PERIOD | 1052 | | | |
| 722 credit balance | III. DEFERRED TAX INCOME OF PERIOD | 1053 | | | |
| 723 | T. PAID PERSONAL INCOME TO THE OWNER | 1054 | | | |
| | **C. NET INCOME (1049-1050-1051-1052+1053-1054) >= 0** | 1055 | | **269** | |
| | U. NET LOSS (1050-1049+1051+1052-1053+1054) >= 0 | 1056 | | | 1,365 |
| | I. NET PROFIT BELONGING TO SHARES WITHOUT CONTROL RIGHTS | 1057 | | | |
| | II.NET PROFIT BELONGING TO THE PARENT LEGAL ENTITY | 1058 | | | |
| | III. NET LOSS BELONGING TO STAKES WITHOUT RIGHTS OF CONTROL | 1059 | | | |
| | IV. NET LOSS BELONGING TO THE PARENT LEGAL ENTITY | 1060 | | | |
| | V. EARNINGS PER SHARE | | | | |
| | 1. Basic earnings per share | 1061 | | | |
| | 2. Diluted earnings per share | 1062 | | | |

In Belgrade

Date: 27 May 2022

Legal representative

Davor Papac

| To be filled in by the legal entity - entrepreneur | | | | | |
|---|---|---|---|---|---|
| ID | **21624152** | Business code | **6499** | TIN | **112211976** |
| Name: | **FINSPOT DOO BELGRADE - Stari Grad , Beograd** | | | | |
| Address: | **Makedonska 19/7, Belgrade** | | | | |

## OTHER INCOME STATEMENT
**from 1 January 2021 up to 31 December 2021**

- Stated in RSD thousands -

| Group of accounts, account | Description | AOP | Note number | Amount | |
|---|---|---|---|---|---|
| | | | | Current year | Previous year |
| 1 | 2 | 3 | 4 | 5 | 6 |
| | **A. NET OPERATIONS RESULT** | | | | |
| | **I. NET INCOME (AOP 1055)** | 2001 | | 269 | |
| | **II. NET LOSS (AOP 1056)** | 2002 | | | 1,365 |
| | **B. OTHER COMPLETE GAINS OR LOSS** | | | | |
| | **a) Items which will not be re-classified through Income statement in future periods** | | | | |
| 330 | 1. Changes in re-valuation of intangible assets, property, plant and equipement | | | | |
| | a) Increase in re-valuation reserves | 2003 | 15 | | |
| | b) Decrease in re-valuation reserves | 2004 | | | |
| 331 | 2. Actuarial gains or losses on basis of plans of defined retainings | | | | |
| | a) Gains | 2005 | | | |
| | b) Losses | 2006 | 15 | | |
| 333 | 3. Gains or losses on stakes in other income statement in associated companies | | | | |
| | a) Gains | 2007 | | | |
| | b) Losses | 2008 | | | |
| | **b) Items which may be re-classified through Income statement in future periods** | | | | |
| 332 | 1. Gains or losses on investments in ownership securities | | | | |
| | a) Gains | 2009 | | | |
| | b) Losses | 2010 | | | |
| 334 | 2. Gains or losses on recalculation of financial statements of abroad operations | | | | |
| | a) Gains | 2011 | | | |
| | b) Losses | 2012 | | | |
| 335 | 3. Gains or losses on instruments for protection of net abroad investment | | | | |
| | a) Gains | 2013 | | | |
| | b) Losses | 2014 | | | |
| 336 | 4. Gains or losses in cash flow protection instruments (hedging) | | | | |
| | a) Gains | 2015 | | | |
| | b) Losses | 2016 | | | |
| 337 | 5. Gains or losses on securities held for sales | | | | |
| | a) Gains | 2017 | | | |
| | b) Losses | 2018 | | | |
| | I. OTHER GROSS COMPLETE GAIN (2003+2005+2007+2009+2011+2013+2015+2017) – (2004+2006+2008+2010+2012+2014+2016+2018) ≥ 0 | 2019 | | | |
| | II. OTHER GROSS COMPLETE LOSS (2004+2006+2008+2010+2012+2014+2016+2018) – (2003+2005+2007+2009+2011+2013+2015+2017) ≥ 0 | 2020 | | | |

| Group of accounts, account | Description | AOP | Note number | Amount | |
|---|---|---|---|---|---|
| | | | | Current year | Previous year |
| 1 | 2 | 3 | 4 | 5 | 6 |
| | III. DEFERRED TAX EXPENSES FOR OTHER COMPREHENSIVE PROFIT OR LOSS FOR THE PERIOD | 2021 | | | |
| | IV. DEFERRED TAX INCOME ON OTHER COMPREHENSIVE PROFIT OR LOSS FOR THE PERIOD | 2022 | | | |
| | V. NET OTHER COMPLETE GAIN (2019–2020–2021+2022) ≥ 0 | 2023 | | | |
| | VI. NET OTHER COMPLETE LOSS (2020–2019+2021-2022) ≥ 0 | 2024 | | | |
| | **V. TOTAL NET COMPLETE RESULT OF PERIOD** | | | | |
| | I. TOTAL NET COMPLETE GAIN (2001–2002+2023–2024) ≥ 0 | 2025 | | **269** | |
| | I. TOTAL NET COMPLETE LOSS (2002–2001+2024–2023) ≥ 0 | 2026 | | | 1,365 |
| | G. TOTAL NET COMPLETE GAIN OR LOSS (2028+2029) = AOP 2025 ≥ 0 ili AOP 2026 > 0 | 2027 | | | |
| | 1. Belonging to owners | 2028 | | | |
| | 2. Belonging to minority stakeholders | 2029 | | | |

Legal representative

In Belgrade

Date: 27 May 2022

| To be filled in by the legal entity - entrepreneur | | | | | |
|---|---|---|---|---|---|
| ID | **21624152** | Business code | **6499** | TIN | **112211976** |
| Name: | **FINSPOT DOO BELGRADE - Stari Grad , Beograd** | | | | |
| Address: | **Makedonska 19/7, Belgrade** | | | | |

## STATEMENT IN CHANGES OF EQUITY

**from 1 January 2021 up to 31 December 2021**

- Stated in RSD thousands -

| Position | Description | AOP | Base capital (GL 30 without 306 & 309) | AOP | Other base capital (GL 309) | AOP | Registered but unpaid capital (GL 31) | AOP | Share premium (GL 306 & 32) | AOP | Reserves (GL 33) | AOP | Retained earnings (GL 34) | AOP | Loss (GL 35) | AOP | Stakes without control rights | AOP | Total (Equal to AOP 0401) (col. 2+3+4+5+6+7-8+9)≥0 | AOP | Loss over equity (equal to AOP 0455) (col. 2+3+4+5+6+7-8+9)<0 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1 | | 2 | | 3 | | 4 | | 5 | | 6 | | 7 | | 8 | | 9 | | 10 | | 11 |
| 1. | **Balance on 01.01.2020** | 4001 | | 4010 | | 4019 | | 4028 | | 4037 | | 4046 | | 4055 | - | 4064 | - | 4073 | 0 | 4082 | - |
| 2. | **Effects of retroactive correction of material errors and changes in accounting policies** | 4002 | | 4011 | | 4020 | | 4029 | | 4038 | | 4047 | | 4056 | - | 4065 | - | 4074 | 0 | 4083 | - |
| 3. | **Corrected Balance on 01.01.2020 (1+2)** | 4003 | | 4012 | | 4021 | | 4030 | | 4039 | | 4048 | 0 | 4057 | 0 | 4066 | - | 4075 | 0 | 4084 | - |
| 4. | **Net changes in 2020** | 4004 | 47,141 | 4013 | | 4022 | | 4031 | | 4040 | | 4049 | | 4058 | 1,365 | 4067 | - | 4076 | 0 | 4085 | - |
| 5. | **Balance on 31.12.2020 (3+4)** | 4005 | 47,141 | 4014 | 0 | 4023 | 0 | 4032 | 0 | 4041 | 0 | 4050 | 0 | 4059 | 1,365 | 4068 | - | 4077 | 45,776 | 4086 | - |
| 6. | **Effects of retroactive correction of material errors and changes in accounting policies** | 4006 | | 4015 | | 4024 | | 4033 | | 4042 | | 4051 | 0 | 4060 | - | 4069 | - | 4078 | 0 | 4087 | - |
| 7. | **Corrected initial balance on 01.01.2021 (5+6)** | 4007 | 47,141 | 4016 | 0 | 4025 | 0 | 4034 | 0 | 4043 | 0 | 4052 | 0 | 4061 | 1,365 | 4070 | - | 4079 | 45,776 | 4088 | - |
| 8. | **Net changes in 2021** | 4008 | | 4017 | | 4026 | | 4035 | | 4044 | | 4053 | 269 | 4062 | - | 4071 | - | 4080 | | 4089 | - |
| 9. | **Balance on 31.12.2021 (7+8)** | 4009 | 47,141 | 4018 | | 4027 | | 4036 | | 4045 | 0 | 4054 | 269 | 4063 | 1,365 | 4072 | - | 4081 | 46,045 | 4090 | - |

In Belgrade

Legal representative

Date: 27 May 2022

| To be filled in by the legal entity - entrepreneur | | | | | |
|---|---|---|---|---|---|
| ID | **21624152** | Business code | **6499** | TIN | **112211976** |
| Name: | **FINSPOT DOO BELGRADE - Stari Grad , Beograd** | | | | |
| Address: | **Makedonska 19/7, Belgrade** | | | | |

# CASH FLOW STATEMENT

**from 1 January 2021 up to 31 December 2021**

- Stated in RSD thousands -

| Description | AOP | Amount | |
|---|---|---|---|
| | | Current year | Previous year |
| 1 | 2 | 3 | 4 |
| **A. CASH FLOW FROM OPERATING ACTIVITIES** | | | |
| **I. Cash inflows from operating activities (1 to 4)** | **3001** | **511,806** | **0** |
| 1. Inflows from sales and prepayments - domestic | 3002 | 487,597 | 0 |
| 2. Inflows from sales and prepayments - abroad | 3003 | 20,710 | 0 |
| 3. Interest from operating activities | 3004 | 0 | 0 |
| 4. Other inflows from operating activities | 3005 | 3,499 | 0 |
| **II. Cash outflows from operating activities (1 to 8)** | **3006** | **629,945** | **864** |
| 1. Trade payables and prepayments - domestic | 3007 | 574,448 | 325 |
| 2. Trade payables and prepayment - abroad | 3008 | 35,028 | 539 |
| 3. Salaries, wages and other personnel expenses | 3009 | 15,281 | 0 |
| 4. Interests paid - domestic | 3010 | 147 | 0 |
| 5. Interests paid - abroad | 3011 | | |
| 6. Corporate income tax | 3012 | | |
| 7. Outflows from other public revenues | 3013 | 485 | 0 |
| 8. Other outflow from operating activities | 3014 | 4,556 | 0 |
| **III. Net cash inflow from operating activities (I - II)** | **3015** | | |
| **IV. Net cash outflow from operating activities (II - I)** | **3016** | **118,139** | **864** |
| **B. CASH FLOW FROM INVESTING ACTIVITIES** | | | |
| **I. Cash inflows from investing activities (1 to 5)** | **3017** | **0** | **0** |
| 1.Share capital increase | 3018 | | |
| 2. Sales of intangible properties, immovable properties, plants, equipment and natural assets | 3019 | | |
| 3. Other financial liabilities | 3020 | | |
| 4. Received interests from investments | 3021 | | |
| 5. Dividends paid | 3022 | | |
| **II. Cash outflows from investing activities (1 to 3)** | **3023** | **1,313** | **0** |
| 1. Purchase of shares and stakes | 3024 | | |
| 2. Purchase of intangible assets, immovable property, plants, equipment and natural resources | 3025 | 1,313 | 0 |

| Description | AOP | Amount | |
|---|---|---|---|
| | | Current year | Previous year |
| 1 | 2 | 3 | 4 |
| 3. Other financial investments | 3026 | | |
| **III. Net cash inflow from investing activities (I - II)** | **3027** | | |
| **IV. Net cash outflow from investing activities (II - I)** | **3028** | **1,313** | |
| **V. CASH FLOW FROM FINANCING ACTIVITIES** | | | |
| **I. Cash inflows from financing activities (1 to 7)** | **3029** | **143,237** | **47,041** |
| 1. Share capital increase | 3030 | 0 | 47,041 |
| 2. Long-term loans - domestic | 3031 | 58,786 | 0 |
| 3. Long-term loans - abroad | 3032 | | |
| 4. Short-term loans - domestic | 3033 | 84,451 | 0 |
| 5. Short-term loans - abroad | 3034 | | |
| 6. Other long-term liabilities | 3035 | | |
| 7. Other short-term liabilities | 3036 | | |
| **II. Cash outflows from financing activities (1 to 8)** | **3037** | **38,339** | **0** |
| 1.Treasury shares and stakes | 3038 | | |
| 2. Long-term loans - domestic | 3039 | | |
| 3. Long-term loans - abroad | 3040 | | |
| 4. Short-term loans - domestic | 3041 | 38,339 | 0 |
| 5. Short-term loans - abroad | 3042 | | |
| 6. Other liabilities | 3043 | | |
| 7. Financial leasing | 3044 | | |
| 8.Dividends paid | 3045 | | |
| **III. Net cash inflow from financing activities (I - II)** | **3046** | **104,898** | **47,041** |
| **IV. Net cash outflows from financing activities (II - I)** | **3047** | | |
| **G. TOTAL CASH INFLOW (3001+3017+3029)** | **3048** | **655,043** | **47,041** |
| **D. TOTAL CASH OUTFLOW (3006+3023+3037)** | **3049** | **669,597** | **864** |
| **DJ. NET CASH INFLOW (3048-3049) >= 0** | **3050** | | **46,177** |
| **E. NET CASH OUTFLOW (3049-3048) >= 0** | **3051** | **14,554** | |
| Z. CASH BALANCE AT THE BEGINNING OF THE PERIOD | 3052 | 46,177 | |
| Z. POSITIVE EFFECTS OF EXCHANGE RATE CHANGES FROM CASH CALCULATION | 3053 | | |
| I. NEGATIVE EFFECTS OF EXCHANGE RATE CHANGES FROM CASH CALCULATION | 3054 | | |
| **J. CASH BALANCE AT THE END OF THE PERIOD (3050–3051+3052+3053–3054)** | **3055** | **31,623** | **46,177** |

In Belgrade

Legal representative

Date: 27 May 2022

Davor Papac

# NOTES TO THE FINANCIAL STATEMENTS
# As of and for the Year Ended 31 December 2021

**Factoring Company FINSPOT DOO BELGRADE-Stari Grad**

**Belgrade, March 2022**

## 1. CORPORATE INFORMATION

Factoring company FINSPOT DOO BELGRADE-Stari Grad (hereinafter the “Company”) was founded on 20 October 2020 and registered with the Serbian Business Agency Register pursuant to the Decision no. BD 76092/2020.

The Company was incorporated as a limited liability company.

The Company is a one-tier system – the General Assembly and the Director.

As of 31 December 2021, the ownership structure of the Company consists of one legal entity and four natural persons:

- Test 1 – Imovina doo Beograd-Stari Grad, located in Makedonska, Belgrade 14% of share,
- Jovan Milovanovic, 29.4% of share,
- Miljan Gudelj, 29.4% of share,
- Ognjen Kurtic, 25.2% of share
- Christoph Berndt, 2% of share,

Company’s equity includes contributions in kind and contributions in cash.

The Company is registered for performing factoring activities, with the activity code 6499 “Other financial services not elsewhere classified, except insurance and pension funds“.

The Company’s identification number is 21624152, and its tax identification number is 112211976.

The Company’s core activities are factoring operations.

The Company had 7 employees as of 31 December 2021 (31 December 2020: 3 employees).

The head office of the Company is located at Makedonska 19/7, Belgrade.

The authorised representative of the Company is Davor Papac, the Company’s director.

## 2. BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

The accompanying financial statements have been prepared in accordance with the Law on Accounting (“RS Official Gazette”, no. 73/2019 and 44/2021 - hereinafter the “Law) and other applicable laws and by-laws in the Republic of Serbia.

For the recognition, measurement, presentation and disclosure of items in the financial statements, the Company, as a large-sized entity, is required to apply International Financial Reporting Standards, which, as per the aforementioned Law, comprise the Conceptual Framework for Financial Reporting, International Accounting Standards (“IASs") and International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (“IASB”), as well as the related interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”), the translations of which to the Serbian language are approved and published by the competent Ministry of Finance.

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

Pursuant to the Decision of the Minister of Finance of the Republic of Serbia on Determining the Translation of International Financial Reporting Standards no 401-00-4351/2020-16 dated 10 September 2020 ("RS Official Gazette", no. 123/2020 and 125/2020 - correction), the official translation of IFRSs applicable starting from the financial statements prepared as of 31 December 2021, was established. The translation of IFRSs translation established and published by the Ministry of Finance consists of the Conceptual Framework for Financial Reporting, IASs basic texts, IFRSs basic texts issued by the IASB, as well as interpretations issued by the IFRIC, in the form in which they are issued or adopted and which do not include reasoning, illustrative examples, guidelines, comments, dissenting opinions, elaborated examples and other supplementary explanatory material that may be adopted in connection with standards or interpretations, unless if it is not explicitly stated that it is an integral part of the standard or interpretations (hereinafter: the "IFRS translation").

The IFRS translation includes IASs/IFRSs applicable for the accounting periods beginning on or after 1 January 2019.

The Company's financial statements are stated in thousands of Dinars (RSD), unless otherwise stated. The Dinar is the functional and official reporting currency of the Company. All amounts denominated in RSD are rounded to the nearest thousand, unless otherwise stated.

The content and form of financial statements and the content of the positions in forms is prescribed by the Guidelines on the Content and Form of Financial Statements and the Content and Form of the Statistical Report for Companies, Cooperatives and Entrepreneurs ("RS Official Gazette", no. 89/2020).

The principal accounting policies applied in the preparation of these separate financial statements are set out in Note 3.

The accounting policies and estimates adopted in the preparation of these financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2020.

### 2.1. Basis of Measurement

The accompanying financial statements have been prepared under the (historical) cost convention.

### 2.2. Impact and Implementation of the New and Revised IASs/IFRSs

***(a) Standards, Amendments and Interpretations to Existing Standards Effective in the Current Reporting Period not yet Officially Translated and Adopted in the Republic of Serbia***

Until the date of preparation of the accompanying financial statements, the following IASs, IFRSs and interpretations which are their integral parts, as well as their amendments, issued by the IASB and IFRIC, became effective on or after 1 January 2021, and are, as such, applicable to the financial statements for 2021. However, they have not been translated and published by the Ministry of Finance, and, therefore, have not been implemented by the Company:

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

### 2.2. Impact and Implementation of the New and Revised IASs/IFRSs (Continued)

***(a) Standards, Amendments and Interpretations to Existing Standards Effective in the Current Reporting Period not yet Officially Translated and Adopted in the Republic of Serbia (Continued)***

- Amendments to IFRS 3 "Business Combinations" – Definition of a Business (effective for annual periods beginning on or after 1 January 2020).
- Amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" - Definition of Materiality (effective for annual periods beginning on or after 1 January 2020).
- Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22 and SIC-32 in order to comply with the references and citations in the new Conceptual Framework for Financial Reporting (effective for annual periods beginning on or after 1 January 2020).
- Amendments to IFRS 9, IAS 39 and IFRS 7 - "Interest Rate Benchmark Reform" – Phase 1 (effective for annual periods beginning on or after 1 January 2020).
- Amendments to IFRS 16 "Leases" – Covid-19-Related Rent Concessions (effective for annual reporting periods beginning on or after 1 June 2020).
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - "Interest Rate Benchmark Reform" – Phase 2 (effective for annual reporting periods beginning on or after 1 January 2021).
- Amendments to IFRS 16 "Leases" - Covid-19-Related Rent Concessions beyond 30 June 2021 (effective for annual reporting periods beginning on or after 1 April 2021).

Considering the foregoing, and given the potentially material effects which the departures of accounting regulations of the Republic of Serbia from IASs and IFRSs may have on the Company's financial statements, the accompanying financial statements cannot be treated as financial statements prepared in accordance with IFRSs.

***(b) New Standards, Amendments and Interpretations to Existing Standards that are Not Yet Effective and Have Not Been Early Adopted by the Company***

There are a number of new and amended standards and IFRIC interpretations, which have been issued by the IASB that are not effective for the annual periods beginning on 1 January 2021, and have not been early adopted by the Company.

- Amendments to IFRS 3 "Business Combinations" updating a Reference to the Conceptual Framework (effective for annual reporting periods beginning on or after 1 January 2022).
- Amendments to IAS 16 "Property, Plant and Equipment" – Proceeds before Intended Use (effective for annual reporting periods beginning on or after 1 January 2022).
- Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" – Onerous Contracts – Cost of Fulfilling a Contract (effective for annual reporting periods beginning on or after 1 January 2022).
- Annual improvements to IFRS Standards "2018-2020 Cycle" – amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 (effective for annual reporting periods beginning on or after 1 January 2022).

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

### 2.2. Impact and Implementation of the New and Revised IASs/IFRSs (Continued)

***(b) New Standards, Amendments and Interpretations to Existing Standards that are Not Yet Effective and Have Not Been Early Adopted by the Company (Continued)***

- IFRS 17 “Insurance Contracts” and its subsequent amendments (effective for annual periods beginning on or after 1 January 2023).
- Amendments to IFRS 4 “Insurance Contracts” – Extension of the Temporary Exemption from Applying IFRS 9 “Financial Instruments”, which extend the fixed period for the temporary exemption from applying IFRS 9 and IFRS 4, whereby entities are required to apply IFRS for annual reporting periods beginning on or after 1 January 2023.
- Amendments to IAS 1 “Presentation of Financial Statements” and IFRS Practice Statement 2 – Disclosure of Accounting Policies (effective for annual periods beginning on or after 1 January 2023).
- Amendments to IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” – Definition of Accounting Estimates (effective for annual periods beginning on or after 1 January 2023).
- Amendments to IAS 12 “Income Taxes“ – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for annual periods beginning on or after 1 January 2023).
- Amendments to IAS 1 “Presentation of Financial Statements” – Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2024).

### 2.3. Foreign Currency Translation

Assets and liabilities’ components denominated in foreign currencies are translated into RSD at the official exchange rates published by the National Bank of Serbia, prevailing at the reporting date (Note 29). Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured.

Foreign exchange gains and losses arising upon settling such transactions and translation of monetary assets and liabilities denominated in foreign currencies at the year-end are credited or debited to the income statement, as financial income/expenses.

### 2.4. Comparative Figures

Comparative figures represent the data included in the audited financial statements as of and for the year ended 31 December 2020 prepared in accordance with the accounting regulations prevailing in the Republic of Serbia.

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

### 2.5. Going Concern Assumption

The financial statements have been prepared under the going concern principle, which means that the Company will continue its operations in the foreseeable future, covering the period of at least twelve months from the date of the financial statements.

### 2.6. Use of Estimates

The preparation of the consolidated financial statements in accordance with applicable financial reporting framework requires the application of certain key accounting estimates. It also requires the management to use its judgement in the application of the accounting policies of the Company.

Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 3.1. Intangible Assets

Intangible assets are determinable non-monetary assets without physical characteristics, whose useful life is longer than one year and whose individual cost at the time of acquisition is higher than RSD 50,000.

If an intangible asset does not meet the aforesaid conditions, it is charged to expenses of the period in which it was acquired.

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

Amortization of intangible assets is calculated using the straight-line method and applying a rate determined based on the estimated useful life to the base that consists of the cost less a residual value. Intangible assets with definite useful lives are not amortized.

The residual value of an intangible asset with a definite useful life is assumed to be zero, unless a third party is obliged to purchase the asset at the end of its useful life, or there is an active market for the asset and the residual value can be determined by reference to the market, and it is probable that such a market will exist at the end of the asset's useful life.

If the useful life of intangible assets cannot be measured reliably, they are amortized over a period of 10 years.

The adopted amortisation method and useful life are reviewed at the end of each accounting period (financial year) if there is any indication of significant changes in comparison to the previous period.

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

### 3.2. Property, Plant and Equipment

Property, plant and equipment are tangible assets that the Company holds to be used in production, delivery of goods, provision of services or for administrative purposes, whose estimated life is longer than one year and whose individual cost (that can be reliably measured) at the time of acquiring/construction is higher than RSD 50,000.

If a materially significant part of property, plant and equipment has the same useful life and depreciation method as another materially significant part of such an asset when determining depreciation costs, such parts are grouped together. Otherwise, each part of these assets is depreciated separately.

Property, plant and equipment (long-term tangible assets, hereinafter referred to as PPE) that meet the criteria to be recognised as an asset are initially measured at cost. They are subsequently measured at cost less any accumulated depreciation and any accumulated impairment losses. The cost of PPE includes all acquisition costs increased by directly attributable acquisition costs.

During the acquisition of PPE, own services are recognised to cost at the market value at most (e.g. costs of equipment transport, etc.), while unusually high costs are charged to expenses of the period in which they incurred.

Subsequent expenditure for property, plant and equipment is recognized as an asset only if this expenditure will improve the condition of the asset beyond its originally estimated standard performance, i.e. if it significantly increases asset capacity, significantly extends its useful life, significantly improves its quality, or significantly reduces operating expenses. Subsequent expenditures that meet the criteria to be recognized as an asset are reported as a separate fixed asset that is depreciated separately from the rest of the existing asset, for which the subsequent expenditure was incurred, if:

- the value of the subsequent expenditure is significant in relation to the existing asset, which is estimated when the expenditure was incurred, taking into account all relevant circumstances; and
- when the estimated lifetime of the investment is significantly different from the rest of the assets.

Expenditures for regular maintenance and repairs of property, plant and equipment, which restore or maintain the originally estimated standard performance of these assets, are recognized as expenses when incurred.

PPE are depreciated on a straight-line basis applying the rate, which is determined on the basis of the estimated useful life, to the base that is comprised of the cost less any residual value.

The calculation of depreciation starts from the first day of the following month in relation to the month in which the fixed asset was put into use, i.e. became available for use. The calculation of depreciation ends when the asset is derecognised or when it has already been completely written off or disposed of in any way.

If the residual value is insignificant or the useful and physical lives are close and consequently, the asset is expected to be sold as waste at the end of its useful life, the residual value is not determined.

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

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

For the purpose of calculating depreciation of PPE, the following table shows the assumed useful life and depreciation rates that will be applied depending on a specific type of PPE.

| | | |
|---|---|---|
| Buildings | 40 years | 2.5% |
| Machinery and equipment | 3.33 - 10 years | 10% - 30% |
| Motor vehicles | 3.33 - 6.67 years | 15% - 30% |
| Furniture, supplies and equipment | 3.33 - 10 years | 10% - 30% |
| Other | 3.33 - 10 years | 10% - 30% |

The adopted depreciation method, the remaining (residual value) and useful life are reviewed at the end of each accounting period (financial year) if there is any indication of significant changes in comparison to the previous period.

The calculation of the depreciation and amortisation for tax purposes is determined by the Corporate Income Tax Law of the Republic of Serbia ("RS Official Gazette", no. 25/2001, 80/2002, 43/2003, 84/2004, 18/2010, 101/2011, 119/2012, 47/2013, 108/2013, 68/2014, 142/2014, 91/2015, 112/2015, 113/2017, 95/2018, 86/2019, 153/2020 and 118/2021) and the Rules on Depreciation of Non-current Assets Recognised for Tax Purposes ("RS Official Gazette", no. 93/2019), which gives rise to deferred taxes.

### 3.3. Impairment of Non-financial Assets

In accordance with adopted accounting policy, at each reporting date, the Company's management reviews the carrying amounts of the Company's intangible assets, property, plant and equipment. If there is any indication that such assets have been impaired, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying value, the carrying amount of the asset is reduced to its recoverable amount, being the higher of an asset's fair value less costs to sell and value in use. Impairment losses, representing a difference between the carrying amount and the recoverable amount of tangible and intangible assets, are recognised in the income statement as required by IAS 36 "Impairment of Assets".

Non-financial assets (other than goodwill) that are impaired are reviewed for possible reversal of the impairment at each reporting date.

### 3.4. Financial Instruments

All financial instruments are initially recognised at fair value (usually equal to the consideration paid) including any directly attributable incremental costs of acquisition or issue, except for financial assets and financial liabilities at fair value through profit and loss.

Financial assets and financial liabilities are recognised in the Company's balance sheet on the date upon which the Company becomes counterparty to the contractual provisions of a specific financial instrument. All regular way purchases and sales of financial assets are recognised on the settlement date.

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

### 3.4. Financial Instruments (Continued)

***Derecognition of Financial Assets and Financial Liabilities***

Financial assets cease to be recognised when the Company loses control of the contractual rights governing such instruments; which occurs when the rights of use of such instruments have been realised, expired, abandoned, and/or ceded.

A financial liability is derecognised when the obligation under the liability is fulfilled or cancelled or expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

***Classification of Financial Instruments***

The classification of financial assets into categories determines the rules for their initial recognition and subsequent measurement of the value of those assets, as well as the accounting treatment of the effects of value changes during the subsequent measurement and impairment of financial assets, based on two criteria that have the same importance when determining the classification category:

- Company’s business model for the management of financial assets and
- contractual cash flow characteristics of given financial assets.

The classification of financial assets is based on the Company's business model for managing those assets. The business model for managing financial assets reflects the way in which the Company manages assets in order to generate cash flows.

The IFRS 9 standard requires that financial assets be classified under one of the following measurement categories:

- financial assets subsequently measured at amortized value - the business model is the collection of cash flows, which are only the payment of principal and interest on the outstanding principal amount;
- financial assets subsequently measured through other comprehensive income (FVTOCI) - the business model is the collection of cash flows and sales and cash flows are only the payment of principal and interest on the outstanding principal amount;
- financial assets subsequently measured at fair value through profit or loss (FVTPL) – the business model is related to financial assets that are acquired for the purpose of generating inflows by being sold (financial assets that are traded) and all other financial instruments.

A business model whose goal is to hold assets in order to collect contractual cash flows is mainly related to debt/credit assets taking into consideration that cash flows are realized by collecting contractual payments of principal and interest over the useful life of a financial instrument. This business model also includes the possible sale of financial assets when there is an increase in the credit risk of an asset or for other purposes, which is determined by provable information.

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

### 3.4. Financial Instruments (Continued)

***Classification of Financial Instruments (Continued)***

A business model whose goal is the collection of contractual cash flows, as well as the sale of financial assets, implies that the management has made a decision that both the collection of contractual cash flows and the sale of financial assets are an integral part of achieving the goal within the business model. The goal of this business model can be management in such a way as to provide assets for current liquidity purposes or to maintain the expected interest yield.

The business model that is related to financial assets acquired for the purpose of generating inflows by being sold essentially refers to financial assets that are traded.

***Measurement of Financial Instruments***

All financial instruments are initially measured at fair value plus or minus transaction costs, except for financial assets or financial liabilities that are carried at fair value through profit or loss. The fair value of financial assets measured at fair value through other comprehensive income contains transaction costs.

The subsequent measurement of financial instruments is directly affected by the fulfilment of the following criteria: the business model used in the management of financial assets and contractual cash flow characteristics.

Financial assets are subsequently measured at amortized value if they are not stated as financial assets at fair value through profit or loss and they meet the following criteria:

(a) the objective of the asset business model is to hold an asset in order to collect the contractual cash flows and
(b) the contractual terms of a financial asset result in cash flows that represent only payments of principal and interest on the principal amount on specific dates.

This category includes financial assets with fixed or determinable payment amounts and with a fixed maturity, for which the Company has the intention and ability to hold until maturity, namely: loans and receivables based on factoring and discounting of promissory notes, time deposits and other financial assets that are not intended for sale, and if sales that are not frequent and in amounts that are not significant do not contradict the business model.

The amortized value of a financial asset or financial liability is defined as the amount at which the financial asset or financial liability is measured at initial recognition, less principal payments, plus or minus accumulated amortisation/depreciation using the effective interest method for all differences between the initial amount and the amount on a maturity date, with an adjustment to provisions for losses (impairment losses).

During the initial recognition of financial instruments measured at amortized cost, these assets are carried at fair value in accordance with IAS 13 - Fair Value Measurement.

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

### 3.4. Financial Instruments (Continued)

*Measurement of Financial Instruments (Continued)*

The amortized value of a financial asset is the discounted value of future cash flows using the effective interest rate method.

The effective interest rate method is the method used to calculate the amortized value of a financial asset or a financial liability, and to allocate and recognize interest income or interest expense in the income statement during the relevant period.

The effective interest rate is the rate that accurately discounts the estimated future cash payments or receipts over the expected useful life of a financial asset or a financial liability to the gross carrying value of the financial asset or to the amortized value of the financial liability.

Fees that are an integral part of the effective interest rate of a financial instrument are treated as adjustments to the effective interest rate, except when a financial instrument is measured at fair value, whereby a change in the fair value is recognized in the income statement. In such cases, fees are recognized as income or expense at the initial recognition of the instrument.

Expected losses for assets classified at amortized cost are stated as impairment of those assets.

A debt instrument is measured at fair value through other comprehensive income only if it meets both of the following criteria and is not stated as a financial asset at fair value through profit or loss:

(a) the objective of the asset's business model is to hold the asset in order to collect the contractual cash flows and sell it, and
(b) contractual terms of a financial asset result in cash flows that represent only payments of principal and interest on the principal amount on specific dates.

Expected losses determined on the basis of amortised cost are also stated under other comprehensive income for credit financial assets. On each reporting date, the provision for loss per financial instrument is measured for the amount of expected credit losses over the useful life of the instrument, i.e. during expected twelve-month credit losses.

Gains/losses arising from financial assets at fair value through other comprehensive income are recognized under the statement of other comprehensive income, except for interest income and interest expenses, impairment of financial assets and foreign exchange gains/losses stated through profit or loss, until a financial asset is derecognized or reclassified.

When a financial asset is derecognised, the cumulative gain or loss previously recognized in the statement of other comprehensive income is reclassified from equity to profit or loss. Interest calculated using the effective interest rate method is recognized in the income statement.

All other financial assets are classified and measured at fair value through profit or loss or the business model is the collection of cash flows through instrument trading.

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

### 3.4. Financial Instruments (Continued)

***Measurement of Financial Instruments (Continued)***

A financial asset should be measured at fair value through profit or loss, unless it is measured at amortized cost or at fair value through other comprehensive income. However, the Company can make an irrevocable choice during the initial recognition of certain investments in equity instruments that would otherwise be measured at fair value through profit or loss, in order to subsequently recognise changes in the fair value under the statement of other comprehensive income.

A financial asset classified as a financial asset at fair value through profit or loss is initially measured at fair value – transaction cost, but transaction costs are not included in the fair value but they are treated as an expense of the period. The subsequent measurement of these assets is performed on each reporting date by comparing the market fair value of a financial asset to its carrying value, while differences in changes in fair value are reported as gains or losses through profit or loss.

***Classification of Financial Liabilities***

The Company measures its financial liabilities at amortised cost.

***Reclassification of Financial Instruments***

Reclassification is required only if the business model goal changes so that its previous assessment can no longer be applied to financial assets measured as FVTPL, FVTOCI and at amortised cost. Reclassification is made only for debt instruments while it is not envisaged for equity instruments, as well as reclassification of financial liabilities.

Reclassification is not allowed for equity instruments measured as FVTOCI, or in any circumstances in which the fair value option is applied to financial assets or financial liabilities.

Reclassification should be applied prospectively from the date of reclassification which is defined as the first day of the first reporting period after the change in the business model.

If the financial assets are reclassified from the model in which they are measured at amortised cost to the category at which they will be measured at fair value through profit or loss, then their fair value must be determined on the date of reclassification. Any gain or loss arising from the difference between the amortised and fair value is recognised in the income statement.

If a financial asset is reclassified from a business model in which it is valued at fair value in a business model in which it will be valued at amortised cost, then its last fair value is considered its current value.

Any reclassification carried out should be published with reference to: the date of reclassification and the value of the reclassified assets in each of the categories, the reasons for the reclassification and the quantification of the impact of the reclassification on the reported financial and yield position.

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

### 3.4. Financial Instruments (Continued)

*Impairment*

In accordance with IFRS 9 "Financial Instruments", impairment or expected credit loss is calculated and recognized for all financial assets carried at amortized cost, as well as for financial assets measured at fair value through other comprehensive income.

At least once a year, the company assesses the quality of receivables, i.e. whether there has been a significant increase in credit risk with financial assets compared to the day of initial recognition and calculates the amount of impairment based on expected credit losses.

The Company calculates a twelve-month expected credit loss or an expected credit loss for the overall useful life of a financial instrument, depending on the significance of a change in the credit risk of the financial instrument since its initial recognition. For these purposes, the Company applies the following three levels of impairment:

- Level 1 covers all new financial assets at the initial recognition and instruments whose credit quality has not significantly deteriorated since initial recognition or those instruments are classified under a low credit risk category;
- Level 2 includes financial assets whose credit quality has significantly deteriorated since initial recognition, but there is no objective impairment evidence based on credit losses;
- Level 3 includes financial assets for which there is objective evidence of impairment at the reporting date.

Levels 1 and 2 include only non-troubled financial assets. Level 3 includes only troubled financial assets.

Twelve-month expected credit losses are calculated for level 1 financial instruments.

Twelve-month expected credit losses are calculated for the entire useful life of an instrument for level 2 financial instruments.

In case of level 3 financial instruments, expected credit losses are calculated for the entire useful life of an instrument and interest income is calculated for net exposure.

Financial assets are transferred from level 1 to level 2 when the credit risk of a financial asset has significantly increased since the initial recognition.

Level 1 includes financial assets that have a low credit risk level on the calculation date, as well as receivables whose credit risk has not significantly increased since the initial recognition.

Level 2 includes financial assets whose credit risk has significantly changed since the initial recognition. A mandatory condition for classifying receivables into level 2 is that a debtor settles all instrument liabilities within 31 to 90 days. Additionally, it is possible to classify a receivable under level 2 based on Company's estimate and other criteria (e.g. a debtor seeks relief or debt rescheduling, financial difficulties of the debtor, etc.).

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

### 3.4. Financial Instruments (Continued)

*Impairment (Continued)*

Level 3 includes receivables for which there is objective impairment evidence, i.e. receivables from legal entities and natural persons:

- that have significant financial difficulties in business operations;
- that settle their instrument liabilities to the Company with a delay of more than 90 days;
- Due to economic or legal factors of the debtor's financial difficulties, the Company adopts a decision to change terms of loan repayment, i.e. restructuring procedure application to the debtor's liabilities;
- receivables from debtors in liquidation or bankruptcy;
- receivables from debtors in bankruptcy that do not act in accordance with an adopted reorganisation plan based on the law governing bankruptcy;
- receivables that have a suspicious or disputed legal status.

In order to estimate twelve-month expected credit losses that are a part of expected credit losses over the useful life and represent shortages of cash and cash equivalents over the useful life that will occur in case of default within 12 months after the reporting date, the Company takes into account a shorter period if the expected useful life of a financial instrument is less than 12 months.

For receivables classified under credit risk level 1, the Company will calculate the expected credit loss by multiplying the gross exposure with the probability that a customer will be in default, and with the loss that the Company will suffer in the event of default.

Receivables classified under levels 2 and 3

Receivables classified under levels 2 and 3 are individually estimated. For these receivables, the allowance for impairment is calculated as a difference between the gross carrying value of an asset and the present value of the estimated future cash flows discounted by the effective interest rate of the financial asset. When assessing future cash flows based on the asset, the Company recognizes the existence of several possible collection scenarios.

Identification and measurement of impairment of financial assets are performed on the balance sheet date.

Write-offs of financial placements and receivables are performed through indirect and direct write-offs. Direct write-off of uncollectible receivables is done based on a court decision, settlement of stakeholders or a decision adopted by managing bodies.

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

### 3.5. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, a vista deposits held with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are presented within borrowings in current liabilities in the balance sheet.

### 3.6. Employee Benefits

#### *a) Payroll Taxes and Contributions for Social Security*

In accordance with the regulatory requirements of the Republic of Serbia, the Company is obligated to pay contributions to various state social security funds. 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 the applicable government funds. The Company is not under obligation to pay benefits which are the liability of the Republic of Serbia Pension Funds. These taxes and contributions payable on behalf of the employee and employer are charged to expenses in the period in which they arise.

#### *b) Retirement Benefits*

In accordance with the individual employment contracts, the Company is under obligation to pay retirement benefits upon retirement in the amount of two average salaries earned in the Republic of Serbia according to the most recent data published by the Republic Statistical Office. The right to these entitlements is usually conditioned by keeping the employee until his/her retirement age limit and until the employee has spent the minimum years of service with the Company. The expected costs and aforementioned benefits are accumulated throughout the employment period.

Since the Company had seven employees as of 31 December 2021, the management deems that the present value of retirement benefits is not material to the financial statements in whole, and therefore, no provisions for retirement benefits have been made or recognised in the accompanying financial statements for the year ended 31 December 2021.

#### *c) Short-Term Compensated Absences*

Accumulating compensated absences may be carried forward and used in future periods if the current period’s entitlement has not been fully used. The expected cost of accumulated compensated absences is recognised in the amount that is expected to be paid as a result of the unused entitlement that has accumulated as of the balance sheet date. In the instance of non-accumulating compensated absences, no liability or expense is recognised until the time of the absence.

### 3.7. Accounts Payable

Accounts payable are trade payables for acquired goods or received services during ordinary business operations. They are classified as current if they fall due within a one-year or a shorter period. Otherwise, these liabilities are recognised as long-term. Accounts payable are initially recognised at cost which represents the fair value that needs to be paid in the future.

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

### 3.8. Equity

Equity is comprised of the stakes of the Company's owners.

Dividends on ordinary shares are recognised as a liability and deducted from equity in the period in which they are approved by the Company's shareholders. Dividends for the year that are declared after the balance sheet date are disclosed as an event after the reporting period.

### 3.9. Income Taxes

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

#### *a) Current Income Tax*

Current income tax is calculated and paid in accordance with the Corporate Income Tax Law of the Republic of Serbia. Current income tax is payable at the legally prescribed rate applied to the taxable income determined within the tax statement and reported in the annual income tax return, which includes the profit before taxation shown in the statutory income statement, as adjusted for differences that are specifically defined under statutory tax rules of the Republic of Serbia, less any prescribed tax credits.

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

The tax return is submitted to the Tax Authority 180 days after the date of expiry of the tax liability.

The tax legislation 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 carry back 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.

#### *b) Deferred Income Tax*

Deferred income tax is calculated for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Tax rates applicable on the reporting date or tax rates that became effective on that date are used to calculate deferred income tax.

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

The carrying amount of deferred tax assets is reviewed on each reporting date and reduced to the extent that it is no longer certain that the level of expected future taxable profit is sufficient to allow all or part of the value of the deferred tax assets to be utilised.

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

### 3.9. Income Taxes (Continued)

#### *b) Deferred Income Tax (Continued)*

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

Current and deferred taxes are recognized as expenses and income and are included in the net profit for the period.

Deferred income tax relating to items that are directly credited or debited to equity is also recorded against equity.

#### *c) Taxes, Contributions and Other Duties Not Related to Operating Result*

Taxes, contributions and other duties that are not related to the Company's operating result include property taxes and various other taxes and contributions paid pursuant to republic and municipal regulations. These taxes and contributions are included within operating expenses.

### 3.10. Related Party Disclosures

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

Relations between the Company and its related parties are regulated at contractual basis and are carried out on commercial terms and conditions. Outstanding balances of receivables and liabilities at the balance sheet date, as well as transactions occurred during the reporting periods with related parties are separately disclosed (Note 27).

### 3.11. Income and Expenses

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below. The amount of the revenue is not considered to be reliably measurable until all contingences relating to the sale have been resolved. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. The Company generates income from fees and interest by providing factoring services (factoring and reversed factoring) and promissory notes discount.

Income from fees and commissions earned by providing factoring services are recognised on an accrual basis and determined for the period when it was generated. Fees for the factoring activities are recorded on accrual basis, i.e., they are calculated and paid on a pro-rata basis in advance, deferred on a straight line-basis for the period of the receivables term. Proportional method of deferral of fees is not materially different from the use of effective yield method.

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

### 3.11. Income and Expenses (Continued)

Interest income and expense is recognised on a time-proportion basis using the nominal interest rate. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

Interest income and expense, including the penalty interest and other income and other expenses from interest bearing assets, i.e. liabilities are recognised on an accrual basis based on obligatory terms defined by a contract signed between the Company and a customer.

Expenses are recognized in the income statement on an accrual basis, i.e. on a straight-line basis for the period when incurred. Operating expenses are incurred in generating sales revenues and include cost of material, fuel and energy, gross salaries, contractual expenses, depreciation/amortization charge and cost of services rendered by third parties. Operating expenses also include general expenses such as rental costs, marketing, insurance costs, bank fees and charges, taxes payable and other operating expenses incurred in the current accounting period.

### 3.12. Foreign Currency Translation and Accounting Treatment of Exchange Gains/Losses and Effects of Foreign Currency Clause Application

Balance sheet and income statement items stated in the financial statements are valued by using currency of primary economic environment (functional currency). As disclosed in Note 2, the accompanying financial statements are stated in thousands of dinars (RSD), which represents the functional and official reporting currency of the Company.

Monetary assets and liabilities denominated in foreign currency are translated into dinars at the median official exchange rate of the National Bank of Serbia, prevailing at the balance sheet date (Note 29). Transactions denominated in foreign currency are translated into dinars at the official exchange rate determined in the Interbank Foreign Currency Market, prevailing at the transaction date. Foreign exchange gains or losses arising upon the translation of assets, liabilities and transactions are credited or debited as appropriate, to the income statement, as foreign exchange gains or losses.

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the financial statements requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as income and expenses for the reporting period.

These estimations and related assumptions are based on information available as of the date of preparation of the financial statements. Actual results could differ from those estimates. These estimates and underlying assumptions are reviewed on an ongoing basis, and changes in estimates are recognised in the periods in which they become known.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

### *a) Impairment of Financial Assets - Loans, Receivables and Financial Assets (Portfolio)*

The Company calculates impairment of receivables based on estimated losses resulting from the inability of its customers to make required payments. The Company bases its estimate on the ageing of the account receivables balance and its historical write-off experience, customer credit-worthiness and changes in its customer payment terms when evaluating the adequacy of the impairment loss for doubtful accounts. These involve assumptions about future customer behaviour and the resulting future cash collections. The actual level of receivables collected may differ from the estimated levels of recovery, which could impact operational results positively or negatively.

### *b) Determination of Fair Value of Financial Instruments*

For financial instruments not listed in an active market, the fair value is determined using the appropriate valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist and other relevant valuation models. When market inputs are not available, they are determined by estimates that include a certain degree of assumptions in the estimate of fair value. Valuation models reflect the current market conditions as of the measurement date and do not necessarily represent market conditions before or after the date of measurement. Consequently, all valuation techniques are revised periodically, in order to appropriately reflect the current market conditions.

### *c) Useful Lives of Intangible Assets and Fixed Assets*

The determination of the useful lives of intangible assets and fixed assets is based on historical experience with similar assets as well as any anticipated technological development and changes in broad economic or industry factors.

The appropriateness of the estimated useful lives is reviewed annually, or whenever there is an indication of significant changes in the underlying assumptions that represented basis for estimation of the useful lives.

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

### *d) Impairment of Non-Financial Assets*

At each balance sheet date, the Company's management reviews the carrying amounts of the Company's intangible assets and fixed assets presented in the financial statements. If there is any indication that such assets have been impaired, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying value, the carrying amount of the asset is reduced to its recoverable amount.

An impairment review requires management to make subjective judgments concerning the cash flows, growth rates and discount rates of the cash generating units under review.

### *e) Provisions for Litigations*

A provision is recognised when it is probable that an obligation exists for which a reliable estimate can be made of the obligation after careful analysis of the individual matter. The required provision may change in the future due to new developments and as additional information becomes available. Matters that are either possible obligations or do not meet the recognition criteria for a provision are disclosed, unless the possibility of transferring economic benefits is remote.

### *f) Deferred Tax Assets*

Deferred tax assets are recognised for all tax losses and/or tax credits to the extent to which taxable profit will be available against which the unused tax losses /credits can be utilised.

Significant estimate of the Company's management is necessary to determine the amount of deferred tax assets which can be recognised, based on the period in which it was created and the amount of future taxable profits and the tax policy planning strategy.

## 5. RISK MANAGEMENT POLICIES AND RISK MANAGEMENT

The risk management is entrusted to the Director whose powers are determined by the corporate by-laws and who defines risk assessment principles and methodology. The procedures pertaining to the risk management are defined in the Risk Management Policies as adopted by the General Assembly.

Since the Company was established in 2020, it is in the process of adopting policies and procedures for each risk type, which will determine the methods and processes for identifying, measuring, mitigating and monitoring risks, as well as responsibilities for risk monitoring, compliance and reporting.

Financial risks include market risks (foreign exchange risk and interest rate risk), credit risk and liquidity risk. Financial risks are reviewed on a time basis and are primarily avoided by reducing the exposure of the Company to these risks.

### 5.1. Credit Risk

The Company is exposed to credit risk which is defined as a risk that a customer will not be able to settle its liabilities to the Company as they fall due. Credit risk primarily arises from factoring and discounting activities. It is the business policy of the Company to require and envisage a maximum protection of the Company form the credit risk exposures.

The conservative approach in credit risk management reflects in strict adherence to safety principle, allowances and provisions established by the Company for the losses incurred based on the credit risk, as well as striving to diversify the risk exposure.

The table below presents the quality of Company's financial assets as of 31 December 2021 (the only financial assets that the Company had as of 31 December 2020 were cash and cash equivalents):

In RSD thousand

| | 31 December 2021 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Gross | | | Impairment allowance | | | |
| | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 | Net |
| Cash and cash equivalents | 31,623 | - | - | - | - | - | 31,623 |
| Short-term financial placements | | | | | | | |
| – short-term borrowings and placements – other related parties | 936 | - | - | - | - | - | 936 |
| – domestic factoring receivables | 98,991 | 7,014 | 8,243 | - | (791) | - | 113,457 |
| – foreign currency factoring receivables | 16,895 | - | - | - | - | - | 16,895 |
| Other short-term receivables | 299 | - | - | - | - | - | 299 |
| **Total** | **148,744** | **7,014** | **8,243** | **-** | **(791)** | **-** | **163,210** |

## 5. RISK MANAGEMENT POLICIES AND RISK MANAGEMENT (Continued)

### 5.1. Credit Risk (Continued)

The structure of factoring receivables as of 31 December 2021 is provided in the table below:

In RSD thousand

| | Gross exposure | Impairment allowance | Net exposure |
|---|---|---|---|
| Receivables not yet due | 101,762 | - | 101,762 |
| Due and unprovided for receivables | 22,367 | - | 22,367 |
| Due and provided for receivables | 7,014 | (791) | 6,223 |
| | **131,143** | **(791)** | **130,352** |

***Due and unprovided for trade receivables***

The ageing structure of due and unprovided for receivables is provided in the table below:

In RSD thousand

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Less than 30 days | 12,899 | - |
| 31 - 90 days | 1,184 | - |
| 91 - 180 days | 1,489 | - |
| 181 - 365 days | 6,795 | - |
| Over 365 days | - | - |
| | **22,367** | **-** |

Receivables older than 180 days that are not impaired are covered by collaterals whose value is several times higher.

## 5. RISK MANAGEMENT POLICIES AND RISK MANAGEMENT (Continued)

### 5.2. Liquidity Risk

The Company's liquidity, as well as its ability to settle its liabilities as they fall due, depends on one hand, on the balance sheet structure, and on the other hand, on the matching between inflows and outflows of assets. The Company’s Director is responsible for the liquidity and solvency of the Company.

The Company manages its assets and liabilities in a way which ensures due settlement of its liabilities at any time and makes it possible for its clients to handle their deposits in accordance with the agreed time limits.

The table below presents an analysis of the maturity dates of Company's assets and liabilities based on the contractual payment terms. The contractual maturity dates of assets and liabilities are determined based on the remaining period as of the balance sheet date against the contractual maturity date. The inflows and outflows shown in the table are not discounted.

The maturity structure of assets and liabilities as of 31 December 2021 was as follows:

**In RSD thousand**

| | **Up to one month** | **From one to twelve months** | **Over one year and with no maturity** | **Total** |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Cash and cash equivalents | 19,866 | 11,757 | - | ***31,623*** |
| Short-term financial placements | | | - | |
| – short-term borrowings and placements – other related parties | - | 936 | - | ***936*** |
| – domestic factoring receivables | *50,303* | 54,911 | 8,243 | ***113,457*** |
| – foreign currency factoring receivables | - | 16,895 | - | ***16,895*** |
| Other short-term receivables | - | 299 | - | ***299*** |
| **Total assets** | **70,169** | **84,798** | **8,243** | **163,210** |
| **LIABILITIES** | | | | |
| Long-term liabilities | - | - | 29,425 | ***29,425*** |
| Short-term financial liabilities | | | | |
| – liabilities to related parties | - | 37,593 | - | ***37,593*** |
| – liabilities to banks | - | 26,158 | - | ***26,158*** |
| liabilities to parties that are not banks | - | 29,689 | - | ***29,689*** |
| ***Accounts payable*** | - | 1,721 | - | ***1,721*** |
| Other short-term liabilities | - | 5,185 | - | 5,185 |
| Accruals and deferred income | - | - | - | - |
| **Total liabilities** | | **100,346** | **29,425** | **129,771** |
| **Maturity gap as of 31 December 2021** | **70,169** | **(15,548)** | **(21,182)** | **33,439** |

## 5. RISK MANAGEMENT POLICIES AND RISK MANAGEMENT (Continued)

### 5.3. Market Risks

The Company assumes market risk that represent risks related to the fluctuations in cash flows from financial instruments due to the movements in market risk factors, comprising changes in foreign exchange and prices of financial instruments, etc.

### *a) Foreign Currency Risk*

Foreign currency risk is associated with the Company's exposure to the fluctuations in foreign currencies in case of a mismatch in the items denominated in foreign currency, as well as the mismatch in particular currencies.

The Company manages foreign currency risk aiming to preclude adverse effects of the movements in foreign interexchange rates and fluctuations against dinar to the Company's financial results.

The foreign currency structure of assets and liabilities as of 31 December 2021 was as follows:

**In RSD thousand**

| | EUR | RSD | Total |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and cash equivalents | 15 | 31,608 | 31,623 |
| Short-term financial placements | | | |
| - short-term borrowings and placements – other related parties | | 936 | 936 |
| - domestic factoring receivables | | 113,457 | 113,457 |
| - foreign currency factoring receivables | 16,895 | | 16,895 |
| Other short-term receivables | | 299 | 299 |
| **Total assets** | **16,910** | **146,300** | **163,210** |
| **LIABILITIES** | | | |
| Long-term liabilities | 29,396 | 29 | 29,425 |
| Short-term financial liabilities | | | |
| - liabilities to related parties | 29,396 | 8,197 | 37,593 |
| - liabilities to banks | 11,758 | 14,400 | 26,158 |
| - liabilities to parties that are not banks | 11,758 | 17,931 | 29,689 |
| Accounts payable | 24 | 1,697 | 1,721 |
| Other short-term liabilities | 5,114 | 71 | 5,185 |
| **Total liabilities** | **87,446** | **42,325** | **129,771** |
| **Net gap as of as of 31 December 2021** | **(70,536)** | **103,975** | **33,439** |

## 5. RISK MANAGEMENT POLICIES AND RISK MANAGEMENT (Continued)

### 5.4. Capital Management

The Company continuously manages its capital to achieve the following:

- to ensure capital level sufficient to continue operations as a going concern,
- to maintain the capital at the level which will enable the future development of operations,
- maintain the optimal structure of capital in terms of capital costs.

The Company monitors capital on the basis of the gearing ratio. This coefficient is calculated from the ratio of the Company's net debt and its total equity. Net debt represents the difference between the total borrowings and cash and cash equivalents. The total capital is calculated when net debt is added to capital:

| | In RSD thousand<br>31 December<br>2021 |
|---|---|
| **Financial liabilities:** | |
| Total borrowings | 122,865 |
| Less: Cash and cash equivalents (Note 19) | (31,623) |
| **Net debt** | **91,242** |
| Own capital | 47,141 |
| Total equity | **138,383** |
| **Gearing ratio** | 65.93% |

* *Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the balance sheet) less cash and cash equivalents.*

** *Total capital is calculated as equity as shown in the balance sheet plus net debt.*

In accordance with the adopted Law on Factoring ("Official Gazette of the Republic of Serbia" No. 62/2013 and 30/2018), the Factoring Company must have basic cash capital in an amount that cannot be less than 40 million dinars. As of the balance sheet date, the Company meets the specified capital requirement.

## 5. RISK MANAGEMENT POLICIES AND RISK MANAGEMENT (Continued)

### 5.5. Fair Value

It is the policy of the Company to disclose the fair value information on those assets and liabilities for which published market information is readily and reliably available, and whose fair value is materially different from their book value.

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, given that published market information is not readily available. Hence, fair value cannot be reliably determined. The Company's management assesses risk and when it estimates that book value of assets will not be realised, it accounts for an adequate allowance for impairment.

The Company's financial instruments carried at amortised cost in most cases have short-term maturities and bear variable interest rate which reflects current market conditions.

In the opinion of the Company's management, the amounts included in the accompanying financial statements reflect the fair value which is most objective and useful for reporting purposes.

### 5.6. Tax Risks

The tax system of the Republic of Serbia is undergoing continuous amendments. In Serbia, the tax period is open for a period of 5 years. In different circumstances, tax authorities could have different approach to some matters, and could detect additional tax liabilities together with related penalty interest and fines. The Company's management believes that tax liabilities recognised in the accompanying financial statements are fairly presented.

## 6. OPERATING INCOME

| | | In RSD thousand |
|---|---|---|
| | **2021** | **2020** |
| Income from factoring fees | 21,870 | - |
| Income from factoring fees to other related parties (Note 26) | 435 | - |
| **Total** | **22,305** | **-** |

***Operating income from factoring fees to other related parties*** relate to:

| | | In RSD thousand |
|---|---|---|
| | **2021** | **2020** |
| Income from factoring fees in RSD - Ambex doo | 428 | - |
| Income from fees for discount of promissory notes -Ambex doo | 7 | - |
| **Total** | **435** | **-** |

## 6. OPERATING INCOME (Continued)

Income from fees relates to fees for the processing of individual factoring requests determined in the amount of the percentage of the total nominal amount of the receivable that is being assigned. The fees are payable to the Company by the assignor on the basis of the concluded agreements on factoring.

In addition to the income from fees, interest income from discounting and factoring operations is also income from the core activity of the Company, but they are recorded within financial income due to the structure of the Chart of accounts for companies.

As of 31 December 2021, the Company recognized revenue according to the degree of completion of services. The value of the calculated income of the current period, which could not be invoiced, but can be reliably measured, amounts to 4,639 thousand dinars.

## 7. OWN GOODS AND SERVICES CAPITALISED

| | | In RSD thousand |
|---|---:|---:|
| | **2021** | **2020** |
| Income from the use of products and services for intangible assets | 11,194 | - |
| **Total** | **11,194** | **-** |

Income from the use of products and services for intangible assets of the Company relates to the internally generated Tokenization Module Development Project.

The intangible asset is still in the realization phase, and in the books of account it is recorded as an intangible asset under construction.

Income from the use of products and services for intangible assets is presented in the amount of direct costs incurred in connection with the implementation of the Module Development Project.

## 8. OTHER OPERATING INCOME

| | | In RSD thousand |
|---|---:|---:|
| | **2021** | **2020** |
| Income from conditional donations | 271 | - |
| **Total** | **271** | **-** |

In the position of income from conditional donations, state aid was recorded in 2021 in order to alleviate the economic consequences caused by the epidemic of the disease Covid-19.

## 9. COST OF MATERIAL, FUEL AND ENERGY

In RSD thousand

| | 2021 | 2020 |
|---|---|---|
| Office supplies | 13 | - |
| Cost of one-off tools and inventory write-off | 341 | 84 |
| Other consumables | 34 | - |
| **Total** | **388** | **84** |

## 10. SALARIES, COMPENSATIONS AND OTHER PERSONAL EXPENSES

In RSD thousand

| | 2021 | 2020 |
|---|---|---|
| Gross salaries and compensations | 13,203 | 451 |
| Payroll taxes and contributions payable by the employer | 1,783 | 75 |
| Compensations to the director | - | 2 |
| Transport of employees | 295 | 11 |
| **Total** | **15,281** | **539** |

## 11. DEPRECIATION AND AMORTIZATION EXPENSE

In RSD thousand

| | 2021 | 2020 |
|---|---|---|
| Depreciation and amortization expense | 43 | 2 |
| **Total** | **43** | **2** |

## 12. PRODUCTION SERVICES

In RSD thousand

| | 2021 | 2020 |
|---|---|---|
| Transportation | 48 | - |
| Current maintenance of fixed assets | 60 | - |
| Office space rental | 1,247 | 115 |
| Advertising and marketing | 42 | - |
| Costs of occupational health and safety services | 18 | - |
| **Total** | **1,415** | **115** |

## 13. NON-MATERIAL COSTS

In RSD thousand

| | 2021 | 2020 |
|---|---|---|
| Costs of auditing financial statements | 169 | - |
| Costs of legal services | 1,069 | 365 |
| Costs of consulting services | 2,945 | - |
| Costs of professional training of employees | 73 | - |
| License costs | 268 | - |
| Costs of other non-production services | 4,591 | 103 |
| Entertainment | 141 | - |
| Bank charges | 655 | 8 |
| Fees and charges | 175 | 149 |
| **Total** | **10,086** | **625** |

## 14. FINANCE INCOME

In RSD thousand

| | 2021 | 2020 |
|---|---|---|
| Finance income from other related parties (Note 26) | 7 | - |
| Foreign exchange gains and positive effects of the currency clause | 5 | 1 |
| **Total** | **12** | **1** |

a) ***Finance income from other related parties relates*** to:

In RSD thousand

| | 2021 | 2020 |
|---|---|---|
| Positive effects of the currency clause arising from loans Test 1- Imovina doo | 7 | - |
| **Total** | **7** | **-** |

## 15. FINANCE EXPENSES

In RSD thousand

| | 2021 | 2020 |
|---|---|---|
| Finance expenses from other related parties (Note 26) | 5,241 | - |
| Interest expenses on borrowings in the country from banks | 152 | - |
| Foreign exchange losses and negative effects of the currency clause | 80 | 1 |
| **Total** | **5,473** | **1** |

## 15. FINANCE EXPENSES (Continued)

a) ***Finance expenses from other related parties relate*** to:

| | 2021 | In RSD thousand 2020 |
|---|---|---|
| Interest expenses on loans - Test 1- Imovina doo | 4,299 | - |
| Interest expenses on loans - Dejan Nikolić | 816 | - |
| Interest expenses on loans - Ambex doo | 55 | - |
| Foreign exchange losses - Test 1 Imovina doo | 69 | - |
| Foreign exchange losses - Dejan Nikolić | 2 | - |
| **Total** | **5,241** | **-** |

## 16. INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT

In RSD thousand

| | Intangible assets | Equipment | Total intangible assets and equipment |
|---|---|---|---|
| **COST** | | | |
| **As of 1 January 2020** | **-** | **-** | **-** |
| Movements in 2020 | 100 | - | 100 |
| **Balance as of 31 December 2020** | **100** | **-** | **100** |
| Additions in 2021 | 1,208 | 106 | 1,314 |
| Intangible assets under construction - 2021 | 11,194 | - | 11,194 |
| **Balance as of 31 December 2021** | **12,502** | **106** | **12,608** |
| **ACCUMULATED DEPRECIATION 1 January 2020** | **-** | **-** | **-** |
| Movements in 2020 | | | |
| Depreciation | 2 | - | 2 |
| **Balance as of 31 December 2021** | **2** | **-** | **2** |
| Movements in 2020 | | | |
| Depreciation (Note 11) | 33 | 9 | 43 |
| **Balance as of 31 December 2021** | **35** | **9** | **44** |
| **CARRYING VALUE** | | | |
| **- 31 December 2021** | **12,467** | **97** | **12,564** |
| **- 31 December 2020** | **98** | **-** | **98** |

## 16. INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT (Continued)

The Company's management believes that the equipment is not depreciated as of 31 December 2021.

Intangible assets in preparation relate to the internally generated Tokenization Module Development Project (Note 7).

## 17. OTHER CURRENT RECEIVABLES

| | 2021 | In RSD thousand 2020 |
|---|---|---|
| Receivables from other legal entities for liabilities paid | 299 | - |
| **Balance as of 31 December** | **299** | **-** |

## 18. SHORT-TERM FINANCIAL PLACEMENTS

| | 2021 | In RSD thousand 2020 |
|---|---|---|
| Short-term loans and placements – other related parties (Note 26) | 936 | - |
| Domestic factoring receivables | 113,457 | - |
| Foreign currency factoring receivables | 16,895 | - |
| **Balance as of 31 December** | **131,288** | **-** |

The structure of short-term loans and placements to other related parties is presented in the following table:

| | 2021 | In RSD thousand 2020 |
|---|---|---|
| Receivables from factoring fees in RSD –for discount of promissory notes Ambex doo | 248 | - |
| Short-term loan - founder Miljan Gudelj | 688 | - |
| **Balance as of 31 December** | **936** | **-** |

Discount of promissory notes was granted to legal entities for financing liquidity needs, with a fixed discount rate of 1.90% on a monthly basis.

Factoring was granted to legal entities for financing liquidity needs, with a fixed rate ranging from 2% to 2.5% on a monthly basis for RSD and foreign currency placements.

## 19. CASH AND CASH EQUIVALENTS

In RSD thousand

| | 2021 | 2020 |
|---|---|---|
| Current accounts | 19,790 | 46,177 |
| Funds in special-purpose accounts | 11,819 | - |
| Foreign currency account | 14 | - |
| **Balance as of 31 December** | **31,623** | **46,177** |

Balances in dinar and foreign currency accounts are reconciled with banks based on confirmations.

## 20. EQUITY

### *a) Equity Structure*

| | 2021 | 2020 |
|---|---|---|
| Basic capital | 47,141 | 47,141 |
| Loss for the year | - | (1,365) |
| Accumulated losses | (1,365) | - |
| Profit for the year | 269 | - |
| **Balance as of 31 December** | **46,045** | **45,776** |

In accordance with the Articles of Incorporation and Association, the Company's equity is comprised of the contribution in cash and contribution in kind (stake of the owners).

As of 31 December 2020, the Company's basic capital amounts to RSD 47,141 thousand, out of which the amount of RSD 47,041 thousand is comprised of contribution in kind and the amount of RSD 100 thousand is comprised of contribution in kind.

The founders of the Company: Test 1 – Imovina doo Beograd -Stari Grad, with a seat in Belgrade, in Makedonska Street, Jovan Milovanovic, Miljan Gudelj, Ognjen Kurtic and Christoph Berndt.

The ownership structure of the Company as of 31 December is as follows:

In RSD thousand

| **% of interest** | **2021** | **% of interest** |
|---|---|---|
| Test 1-Imovina doo d.o.o. | 29,400 | 14.0% |
| Jovan Milovanovic | 5,915 | 29.4% |
| Miljan Gudelj | 5,915 | 29.4% |
| Ognjen Kurtic | 5,910 | 25.2% |
| Christoph Berndt | 1 | 2.0% |
| **Balance as of 31 December** | **47,141** | **100%** |

## 21. LONG-TERM LIABILITIES

| | 2021 | In RSD thousand 2020 |
|---|---|---|
| Long-term borrowings from other related parties in the country (Note 26) | 29,396 | - |
| Other long-term liabilities | 29 | - |
| **Balance as of 31 December** | **29,425** | **-** |

The structure of long-term borrowings from other related parties in the country is presented in the table below:

| | 2021 | In RSD thousand 2020 |
|---|---|---|
| Long-term borrowings from Test -1 Imovina doo with a contracted currency clause (EUR 200 thousand) | 23,517 | - |
| Long-term borrowings from Dejan Nikolić with a contracted currency clause (EUR 50 thousand) | 5,879 | - |
| **Balance as of 31 December** | **29,396** | **-** |

Test1 - Imovina doo has a loan agreement dated 17 March 2021 for EUR 200,000.00 with the principal due on 17 March 2022 in the amount of EUR 100,000.00 (shown under short-term loans: Note 22) and 17 March 2023, in the amount of EUR 100,000.00. The annual interest rate is 12%.

Test1-Imovina doo has a loan agreement dated 2 April 2021 for EUR 200,000.00 with the principal due on 1 April 2022 in the amount of EUR 100,000,00 (shown under short-term loans: Note 22) and 1 April 2023 in the amount of EUR 100,000,00. The annual interest rate is 12%.

Dejan Nikolić doo has a loan agreement dated 3 June 2021 for EUR 100.000,00 with the principal due on 2 June 2022 in the amount of EUR 50,000,00 (shown under short-term borrowings: Note 22) and 2 June 2023 in the amount of EUR 50,000.00. The annual interest rate is 12%.

## 22. SHORT-TERM FINANCIAL LIABILITIES

| | 2021 | In RSD thousand 2020 |
|---|---|---|
| Short-term borrowings from other related parties in the country (Note 26) | 37,593 | - |
| Short-term loans from domestic banks | 26,158 | - |
| Short-term loans from persons other than domestic banks | 29,689 | - |
| **Balance as of 31 December** | **93,440** | **-** |

## 22. SHORT-TERM FINANCIAL LIABILITIES (Continued)

The structure of short-term borrowings in the country from other related parties is presented in the table below:

| | | In RSD thousand |
|---|---|---|
| | 2021 | 2020 |
| Short-term borrowings - Ambex doo in RSD | 8,197 | - |
| Short-term borrowings Test -1 Imovina doo, with contracted foreign currency clause (EUR 200 thousand) | 23,517 | - |
| Short-term borrowings Dejan Nikolić, with contracted foreign currency clause (EUR 50 thousand) | 5,879 | - |
| **Balance as of 31 December** | **37,593** | **-** |

Ambex doo has a loan agreement dated 26 November 2021 for RSD 8,197 thousand with the principal due on 31 March 2022. The annual interest rate is 8%.

The structure of short-term loans from banks in the country is presented in the following table:

| | | In RSD thousand |
|---|---|---|
| | 2021 | 2020 |
| Mirabank - short-term revolving credit, with contracted currency clause (EUR 100 thousand) | 11,758 | - |
| Halkbank - short-term loan in dinars | 14,400 | - |
| **Balance as of 31 December** | **26,158** | **-** |

Mirabank ad has an Agreement on a short-term revolving loan dated 23 June 2021 in the amount of EUR 100,000.00 with a maturity date of 23 June 2022. The annual interest rate is 2.3%.

Halkbank ad has an agreement on a framework loan from 11/12/2021 in the amount of RSD 14,400,000.00 with a maturity date of 11/12/2022. The annual interest rate is the six-month BELIBOR + 2% margin.

## 22. SHORT-TERM FINANCIAL LIABILITIES (Continued)

The structure of short-term loans from entities other than banks is given in the following table:

| | 2021 | In RSD thousand 2020 |
|---|---|---|
| Short-term loan from the legal entity Publik doo, with a contracted currency clause (EUR 100 thousand) | 11,758 | - |
| Short-term liabilities from factoring | 17,931 | - |
| **Balance as of 31 December** | **29,689** | **-** |

Publik doo has a loan agreement dated 29 December 2021 for EUR 100,000.00 with a maturity of 12 months. The annual interest rate is 8%.

## 23. TRADE PAYABLES

| | 2021 | In RSD thousand 2020 |
|---|---|---|
| Domestic trade payables | 1,697 | 499 |
| Foreign trade payables | 24 | - |
| **Balance as of 31 December** | **1,721** | **499** |

## 24. OTHER SHORT-TERM LIABILITIES

| | 2021 | In RSD thousand 2020 |
|---|---|---|
| Other short-term liabilities to other related parties (Note 26) | 5,165 | - |
| Interests accrued on borrowings from banks | 6 | - |
| VAT payable | 14 | - |
| **Balance as of 31 December** | **5,185** | **-** |

The structure of other short-term liabilities to other related parties is given in the following table:

| | 2021 | In RSD thousand 2020 |
|---|---|---|
| Interest accrued on borrowings from banks - Test 1- Imovina doo | 4,299 | - |
| Interest accrued on borrowings from Dejan Nikolić | 816 | - |
| Interest accrued on borrowings from Ambex do | 50 | - |
| **Balance as of 31 December** | **5,165** | **-** |

## 25. LITIGATION

The Company conducts legal proceedings against its debtors in order to collect receivables. There are no court cases against the Company.

## 26. RELATED PARTY DISCLOSURES

In the regular course of business, the Company enters into transactions with its other related parties. Transactions with other related parties are carried out according to market conditions.

***a) Balances of receivables and payables arising from transactions with other related parties are presented in the table below:***

**Receivables (Note 18):**

| | 2021 | In RSD thousand 2020 |
|---|---|---|
| Income from factoring fees in RSD –for the discount of promissory notes of Ambex doo | 248 | - |
| Short-term loan to the founder Miljan Gudelj | 688 | - |
| **Balance as of 31 December** | **936** | **-** |

**Payables:**

| | 2021 | In RSD thousand 2020 |
|---|---|---|
| **Long-term loans from other related parties in the country (Note 21):** | | |
| - Long-term borrowings - Test -1 Imovina doo with contracted foreign currency clause (EUR 200 thousand) | 23,517 | - |
| - Long-term borrowings Dejan Nikolić with contracted foreign currency clause (EUR 50 thousand) | 5,879 | - |
| **Balance as of 31 December** | **29,396** | **-** |

| | 2021 | In RSD thousand 2020 |
|---|---|---|
| **Short-term borrowings from other related parties in the country (Note 22):** | | |
| - Short-term borrowings from Ambex doo in RSD | 8,197 | - |
| - Short-term borrowings from Test -1 with contracted foreign currency clause (EUR 200 thousand) | 23,517 | - |
| - Short-term borrowings from Dejan Nikolić, with contracted foreign currency clause (EUR 50 thousand) | 5,879 | - |
| **Balance as of 31 December** | **37,593** | **-** |

## 26. RELATED PARTY DISCLOSURES (Continued)

| | 2021 | In RSD thousand 2020 |
|---|---|---|
| **Other short-term payables to other related parties (Note 24):** | | |
| - Interests accrued on borrowings Test 1-Imovina | 4,299 | - |
| - Interests accrued on borrowings Dejan Nikolić | 816 | - |
| - Interests accrued on borrowings Ambex doo | 50 | - |
| **Balance as of 31 December** | **5,165** | **-** |

*b) In 2021, the Company realised the following income and expenses from related party transactions:*

**Income:**

| | 2021 | In RSD thousand 2020 |
|---|---|---|
| **Fee income (Note 6):** | | |
| - Income from factoring fees in RSD - Ambex doo | 428 | - |
| - Income from fees for discount of promissory notes -Ambex doo | 7 | - |
| **Total** | **435** | **-** |

| | 2021 | In RSD thousand 2020 |
|---|---|---|
| **Financial income from other related parties (Note 14.a)** | | |
| - Positive effect of contracted foreign currency clause from borrowings - Test 1-Imovina doo | 7 | - |
| **Total** | **7** | **-** |

## 26. RELATED PARTY DISCLOSURES (Continued)

***b) In 2021, the Company realised the following income and expenses from related party transactions:***

**Expenses:**

| | | In RSD thousand |
|---|---|---|
| | **2021** | **2020** |
| **Financial expenses from other related parties (Note 15):** | | |
| - Interest expenses from borrowings - Test 1-Imovina doo | 4,299 | - |
| - Interest expenses from borrowings - Dejan Nikolić | 816 | - |
| - Interest expenses from borrowings - Ambex doo | 55 | - |
| - FX losses - Test 1 Imovina doo | 69 | - |
| - FX losses - Dejan Nikolić | 2 | - |
| **Total** | **5,241** | **-** |

## 27. RECONCILIATION OF INTERCOMPANY RECEIVABLES AND PAYABLES

In accordance with Article 18 of the Law on Accounting, the Company performed reconciliation of receivables and payables with its debtors and creditors, and it maintains credible documentation on the circularisation process. The company prepared and delivered confirmations to creditors and debtors with the balance as of 31 December 2021.

From the total amount of the Company's receivables from factoring, which as of 31 December 2021 amount to RSD 31,144 thousand, the amount of RSD 106,946 thousand was agreed, which accounts for 81.55%

The Company's trade payables amounting to RSD 1,698 thousand have been reconciled 100% with the balance as of 31 December 2021.

Based on the completed reconciliation procedure, there are no materially significant amounts of receivables and liabilities that have not been reconciled.

## 28. EVENTS AFTER THE BALANCE SHEET DATE

There have been no significant events subsequent to the reporting date, which would require adjustments and/or disclosures in the notes to the accompanying financial statements of the Company as of and for the year ended 31 December 2021.

## 29. EXCHANGE RATES

The official exchange rates of the National Bank of Serbia, determined on the Interbank Foreign Currency Market, used in the translation of balance sheet items denominated in foreign currencies as of 31 December 2021 and 2020 into the functional currency for the major currencies were as follows:

| | | **In RSD thousand** |
|---|---|---|
| | **2021** | **2020** |
| EUR | 117.5821 | 117.5928 |
| USD | 103.9262 | 104.9186 |
| CHF | 113.6388 | 108.4004 |

Belgrade, 27 May 2022

Davor Papac
Director

# FINSPOT D.O.O BELGRADE

# ANNUAL BUSINESS REPORT
# for 2021

Belgrade, 27 May 2022

**<u>CONTENTS</u>**

## 1. CORPORATE INFORMATION

The company FINSPOT DOO BELGRADE - Stari Grad is a start-up and fintech company that combines innovation and modern technological solutions with experience and knowledge of industries, markets and finance.

The Company was registered with the Business Registers Agency on 20 October 2020, pursuant to decision number BD 76092/2020, as a limited liability company.

The Company's main activity code is 6499 - Other financial service activities, except insurance and pension funding activities.

The registration number of the Company is 21624152, and the tax identification number (TIN) is 112211976.

The abbreviated business name of the Company is FINSPOT DOO, and its headquarters are located at Makedonska 19/7, Belgrade.

The Company was established for an unlimited period and is classified as a large legal entity.

The basic capital of the Company amounts to RSD 47,141,000.00 and is composed of cash and in kind contributions. The cash contribution amounts to RSD 47,041,000.00 and has been fully paid, while the contribution in kind amounts to RSD 100,000.00.

One legal and four natural persons participate in the ownership structure of the Company:

1. Test 1-imovina doo. Beograd-Stari Grad, with headquarters at Makedonska 19, Belgrade-Stari Grad; registry number 21580597; cash contribution paid and registered amounts to RSD 29,400,000.00, share 14%
2. Christoph Berndt, ID 2205981060014; the cash contribution paid and registered amounts to RSD 1,000.00; share 2%
3. Jovan Milovanović, ID 0707994780030; the cash contribution paid and registered amounts to RSD 5,880,000.00; in kind contribution registered and entered RSD 35,000.00; share 29.40%
4. Miljan Gudelj, ID 2007993263003; the cash contribution paid and registered amounts to RSD 5,880,000.00; in kind contribution registered and entered RSD 35,000.00; share 29.40%
5. Ognjen Kurtić, ID 1611987610143; the cash contribution paid and registered amounts to RSD 5,880,000.00; in kind contribution registered and entered RSD 30,000.00; share 25.20%,

The Company FINSPOT DOO BELGRADE - Stari Grad has open accounts with the commercial bank Mirabank a.d. Belgrade and Halkbank a.d. Belgrade.

The organizational structure of the Company is as follows:

- Director
- Commercial Department and RISK
- Business Support Department

The management bodies of the Company are:

- Assembly consisting of all members of the Company and
- Director

The Company has an employed Director and the required number of technical and IT staff and economists.

According to the criteria for classification from the Law on Accounting (Official Gazette of the RS No. 73/2019 and 44/21), the Company is classified as a large legal entity and is subject to audit. The Company's external auditor is the audit firm BDO doo, Belgrade.

The Company has no registered branches and in the period of operation since incorporation, as of 31 December 2021, the Company did not perform the buyback of their own shares.

## 2. DESCRIPTION OF BUSINESS ACTIVITIES OF THE COMPANY

On 17 December 2020, pursuant to the decision of the Ministry of Finance number 401-00-05877/2020-16, the Company received approval to perform factoring activities. One hundred percent (100%) of the Company's income is income from financing, i.e., income from factoring services and related services.

The Company Finspot doo sells the following financial products and services:

1. Domestic factoring with recourse;
2. Domestic factoring without recourse;
3. International factoring with recourse;
4. International factoring without recourse;
5. Reverse factoring;
6. Discount of promissory notes

Factoring is a long-term and continuous business based on the Factoring Agreement with which the factor offers its client permanent financing, business security and relief in the administrative part of the business, such as managing and collecting receivables.

Considering that the Company was founded on 20 October 2020, in the same year it sought to establish a system that would mark high efficiency and operability, especially in terms of regulatory and administrative aspects of business necessary for the smooth functioning of the Company. In 2021, the Company strove to improve in achieving the goals set at the time of its establishment in 2020.

At the end of 2021, the Company has 7 employees. In the reporting period, the Company intensively trained its employees, all with the aim of training them for more efficient and high-quality performance of the activities in which the employees were engaged.

In operations during 2021, the full implementation of the information system, i.e. of the FINSPOT software was carried out, which enabled stable and continuous growth of business and business income.

When approving placements according to specific client requests, the Company fully respected the Company's established exposure limits, both according to the specific limits for individual debtors and the cumulative limits established for certain risk categories.

Furthermore, as a key prerequisite for accepting requests and implementing placements in accordance with internal acts, the classification of clients and debtors from the point of view of the risk of preventing money laundering and terrorist financing and regular monitoring of the key performance indicators of these companies has been carried out.

In its operations, the Company was primarily guided by the principle of profitability and security, which is reflected in the fact that the Company performs factoring operations to the most significant extent for high-quality clients and debtors who, according to established internal acts and based on an advanced analysis of creditworthiness, fully meet the established criteria.

## 3. PERFORMANCE IN 2021

THE BALANCE SHEET IS PRESENTED IN THE TABLE BELOW:

| BALANCE SHEET | RSD (000) | RSD (000) |
|---|---|---|
| | 2021 | 2020 |
| **NON-CURRENT ASSETS** | **12.564** | **98** |
| Other intangible assets | 1.273 | 98 |
| Intangible assets under construction | 11.194 | 0 |
| Property and equipment | 97 | 0 |
| **CURRENT ASSETS** | **163.252** | **46.177** |
| Inventories – Advances paid for inventories and services in the country | 42 | 0 |
| Other receivables | 299 | 0 |
| Short-term financial placements | 131.288 | 0 |
| Cash and cash equivalents | 31.623 | 46.177 |
| **TOTAL ASSETS** | **175.816** | **46.275** |
| | | |
| **BASIC CAPITAL** | **47.141** | **47.141** |
| **LOSS FOR THE CURRENT YEAR** | **0** | **1.365** |
| **ACCUMULATED LOSSES** | **1.365** | **0** |
| **RETAINED EARNINGS OF THE CURRENT YEAR** | **269** | **0** |
| **LONG-TERM LIABILITIES** | **29.425** | **0** |
| Long-term borrowings ad other long-term liabilities to other related parties | 29.425 | 0 |
| **SHORT-TERM LIABILITIES** | **100.346** | **499** |
| Short-term financial liabilities | 93.440 | 0 |
| Accounts payable | 1.721 | 499 |
| Other short-term liabilities | 5.185 | 0 |
| **TOTAL EQUITY AND LIABILITIES** | **175.816** | **46.275** |

THE INCOME STATEMENT IS PRESENTED IN THE TABLE BELOW:

| INCOME STATEMENT | RSD (000) | RSD (000) |
|---|---|---|
| | 2021 | 2020 |
| **OPERATING INCOME** | **33.770** | **0** |
| **OPERATING EXPENSES** | **27.213** | **1.365** |
| Operating income/loss | 6.557 | 1.365 |
| **FINANCIAL INCOME** | **12** | **1** |
| **FINANCIAL EXPENSES** | **5.473** | **1** |
| Profit/loss from financing activities | 5.461 | 0 |
| **OTHER INCOME** | **0** | **0** |
| **OTHER EXPENSES** | **36** | **0** |
| **TOTAL INCOME** | **33.782** | **1** |
| **TOTAL EXPENSES** | **33.513** | **1.366** |
| **NET PROFIT/LOSS** | **269** | **1.365** |

## 4. INVESTMENT IN ENVIRONMENTAL PROTECTION

The Company is determined to respect the basic principles of environmental protection in the long-term. When it comes to environmental protection, the Company has set a goal to take care of environmental impacts, to save resources and energy.

## 5. PLANNED FUTURE DEVELOPMENT

In accordance with the development strategy and business plan of the Company for the business year 2022, the main strategic goals of the Company are aimed at further growth of market share through a carefully balanced portfolio and business model aligned with regulatory requirements and expectations of founders. Expansion into the markets in the surrounding area, primarily to the countries of the European Union, is planned.

The main strategic goals are:

- For the Company to become a business partner in the day-to-day management of the liquidity of micro, small and medium enterprises, applying the factoring service according to receivables to a wide range of clients.
- Continuous improvement of all business processes with a focus on the development of risk assessment and monitoring models
- Providing funds for financing from own sources, as well as from commercial banks or strategic partners
- Recruitment of new young professionals, as well as their further training through internal training and resources.

## 6. RISK MANAGEMENT

Considering the type of activity of the Company - factoring business, there is an objective exposure to risks in the course of business. With an effective risk management system, the Company checks potential clients and their debtors before entering into factoring contracts. Through detailed risk analysis, the Company mitigates exposure to risks and reduces them to an acceptable level from the point of view of available capital and further business development.

In its daily operations, the Company is exposed to:

- Credit risk;
- Market risk;
- Liquidity risk;

**Credit risk** is the risk that the Company will not be able to collect receivables from debtors, due to the fact that they are unable to pay their due liabilities according to the terms defined in the contracts. The company insures itself against the risk of non-payment by customers with the right of recourse to the assignor of receivables. During the process of processing requests for factoring, the Company uses a calculator to calculate the credit rating of the assignor of receivables and the debtor. As part of the regular procedure, the Company processes all available information that can positively or negatively affect the approval of the transaction and the establishment of a business relationship.

**Market risk** is the risk that arises as a consequence of the possibility of negative effects on the Company's financial results and capital due to changes in the value of balance and off-balance sheet positions resulting from changes in market parameters. It is the risk of fluctuations in market prices such as: exchange rates, interest rates and prices of capital instruments, which may have a negative effect on the Company's income. In order to identify measurement, mitigation and monitoring, local regulations prescribed by the Law on Factoring, as well as guidelines, principles and strategies for market risk management are respected. The Company has a conservative approach to risk management, applying the rule of "matching" and manages positions in one place.

**Liquidity risk** represents the risk that the Company will not be able to settle its financial liabilities when they are due. The Company monitors liquidity risk through a system of daily liquidity control, regular monitoring of payment currencies for purchased receivables, along with expected cash outflows based on liabilities. In case of need for financial resources, for placements in new factoring businesses, the Company will turn to banks or strategic partners for loans.

## 7. EVENTS AFTER THE REPORTING DATE

Until the date of submission of the financial statements for the year ended 31 December 2021, no event occurred that could affect the fairness of the Company's financial statements.

## 8. BUYBACK INFORMATION

The company did not perform buyback of its own shares.

## 9. BRANCHES

The Company has no branches.

In Belgrade, 27 May 2022

FINSPOT DOO

Davor Papac

Davor Papac

Director

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