



FINTEL ENERGIJA AD

**ANNUAL REPORT OF
FINTEL ENERGIJA A.D.
FOR THE YEAR 2020**

Belgrade, April 2021.

Pursuant to Articles 50 and 51 of the Law on Capital Market (RS Official Gazette, No. 31/2011, 112/2015, 108/2016 and 9/2020) and pursuant to Article 3 of the Rulebook on the Content, Form and Method of Publication of Annual, Half-Yearly and Quarterly Reports of Public Companies (RS Official Gazette, No. 14/2012, 5/2015, 24/2017 and 14/2020), Fintel Energija ad from Belgrade (registration number 20305266) hereby publishes the following:

ANNUAL REPORT OF FINTEL ENERGIJA A.D. FOR THE YEAR 2020

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- 1. FINANCIAL STATEMENTS OF THE FINTEL ENERGIJA A.D. for 2020 (Balance Sheet, Income Statement, Report on Other Income, Cash Flow Statement, Statement of Changes in Equity, Notes to Financial Statements)**
- 2. INDEPENDENT AUDITOR'S REPORT (complete report)**
- 3. ANNUAL BUSINESS REPORT (Note: Annual Business Report and Consolidated Annual Business Report are presented as a single report and these contain information of significance for the economic entity)**
- 4. STATEMENT BY THE PERSONS RESPONSIBLE FOR PREPARATION OF REPORTS**
- 5. DECISION OF COMPETENT COMPANY BODY ON THE ADOPTION OF ANNUAL FINANCIAL STATEMENTS * (Note)**
- 6. DECISION ON DISTRIBUTION OF PROFIT OR COVERAGE OF LOSSES * (Note)**

**STAND-ALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

FINTEL ENERGIJA AD, BEOGRAD

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ACCOUNTING OF THE REPUBLIC OF SERBIA

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STAND-ALONE FINANCIAL STATEMENTS

BALANCE SHEET

RSD THOUSAND	AOP	Note	31 December 2020	31 December 2019
B. NON-CURRENT ASSETS (0003 + 0010 + 0019+ 0024 + 0034)	0002		1,516,001	1,533,755
I. INTANGIBLE ASSETS (0004+0005+0006+0007+0008+0009)	0003		-	-
1. Development investments	0004		-	-
2. Concessions, licenses, software and other rights	0005		-	-
3. Goodwill	0006		-	-
4. Other intangible assets	0007		-	-
5. Intangible assets under development	0008		-	-
6. Advances for intangible assets	0009		-	-
II. PROPERTY, PLANT AND EQUIPMENT (0011+0012+0013+0014+0015+0016+0017+0018)	0010		33	57
1. Land	0011		-	-
2. Buildings	0012		-	-
3. Machinery and equipment	0013		33	57
4. Investment property	0014		-	-
5. Other property, plant and equipment	0015		-	-
6. Construction in progress	0016		-	-
7. Investments in leased PP&E	0017		-	-
8. Advances for PP&E	0018		-	-
III. BIOLOGICAL ASSETS (0020+0021+0022+0023)	0019		-	-
1. Forest farming	0020		-	-
2. Livestock	0021		-	-
3. Biological assets in production	0022		-	-
4. Advances for biological assets	0023		-	-
IV. LONG-TERM FINANCIAL INVESTMENTS (0025+0026+0027+0028+0029+0030+0031+0032+0033)	0024		1,515,968	1,533,698
1. Investments in subsidiary	0025	8	16,016	16,088
2. Investments in joint ventures	0026		-	-
3. Investments in other legal entities and other available for sales financial assets	0027		-	-
4. Long term investments in parent and subsidiaries	0028	9	1,499,952	1,517,610
5. Long-term investments in other related parties	0029		-	-
6. Long-term investments – domestic	0030		-	-
7. Long-term investments – foreign	0031		-	-
8. Securities held to maturity	0032		-	-
9. Other long-term financial investments	0033		-	-
V. LONG-TERM RECEIVABLES (0035+0036+0037+0038+0039+0040+0041)	0034		-	-
1. Receivables from parent company and subsidiaries	0035		-	-
2. Receivables from other related parties	0036		-	-
3. Receivables from sale of goods on credit	0037		-	-
4. Receivables arising out of finance lease contracts	0038		-	-
5. Claims arising from guarantees	0039		-	-
6. Bad and doubtful receivables	0040		-	-
7. Other long-term receivables	0041		-	-
C. DEFERRED TAX ASSETS	0042		-	-

STAND-ALONE FINANCIAL STATEMENTS

BALANCE SHEET (CONTINUED)

RSD THOUSAND	AOP	Note	31 December 2020	31 December 2019
D. CURRENT ASSETS (0044+0051+0059+0060+0061+0062+0068+0069+0070)	0043		253,285	200,805
I. INVENTORY (0045+0046+0047+0048+0049+0050)	0044		497	556
1. Materials, spare parts and tools	0045		-	-
2. Work in progress	0046		-	-
3. Finished goods	0047		-	-
4. Merchandise	0048		-	-
5. Assets held for sale	0049		-	-
6. Advances for inventory and services	0050		497	556
II. TRADE RECEIVABLES (0052+0053+0054+0055+0056+0057+0058)	0051		-	-
1. Domestic trade receivables - parents and subsidiaries	0052		-	-
2. Foreign trade receivables - parents and subsidiaries	0053		-	-
3. Domestic trade receivables - other related parties	0054		-	-
4. Foreign trade receivables - other related parties	0055		-	-
5. Trade receivables – domestic	0056		-	-
6. Trade receivables – foreign	0057		-	-
7. Other trade receivables	0058		-	-
III. RECEIVABLES FROM SPECIFIC OPERATIONS	0059		-	-
IV. OTHER RECEIVABLES	0060	12	4,344	4,344
V. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	0061		-	-
VI. SHORT TERM FINANCIAL INVESTMENTS (0063+0064+0065+0066+0067)	0062		60,097	33,175
1. Short-term loans and investments - parent companies and subsidiaries	0063	10	60,083	33,161
2. Short-term loans and investments – other related parties	0064		-	-
3. Short-term loans and investments – domestic	0065		-	-
4. Short-term loans and investments – foreign	0066		-	-
5. Other short-term loans and investments	0067		14	14
VII. CASH AND CASH EQUIVALENTS	0068	11	1,757	12,024
VIII. VALUE ADDED TAX	0069	12	9,386	8,775
IX. PREPAYMENTS AND ACCRUED INCOME	0070	12	177,204	141,931
E. TOTAL ASSETS (0001+0002+0042+0043)	0071		1,769,286	1,734,560
F. OFF-BALANCE SHEET ASSETS	0072	7	324,521	472,723
A. EQUITY (0402+0411-0412+0413+0414+0415-0416+0417+0420-0421)	0401		430,017	465,744
I. EQUITY (0403+0404+0405+0406+0407+0408+0409+0410)	0402		685,294	685,294
1. Share capital	0403	13	4,057	4,057
2. Stakes of limited liability companies	0404		-	-
3. Stakes	0405		-	-
4. State owned capital	0406		-	-
5. Socially owned capital	0407		-	-
6. Stakes in cooperatives	0408		-	-
7. Share premium	0409	13	681,237	681,237
8. Other capital	0410		-	-
II. SUBSCRIBED CAPITAL UNPAID	0411		-	-
III. OWN SHARES	0412		-	-
IV. RESERVES	0413		-	-
V. REVALUATION RESERVES FROM VALUATION OF INTANGIBLES, PROPERTIES, PLANT AND EQUIPMENT	0414		-	-
VI. UNREALISED GAINS FROM SECURITAS AND OTHER COMPONENTS OF OTHER COMPREHENSIVE INCOME	0415		-	-
VII. UNREALIZED LOSSES FROM SECURITIES AND OTHER COMPONENTS OF OTHER COMPREHENSIVE INCOME	0416		-	-
VIII. RETAINED EARNINGS (0418+0419)	0417		-	-
1. Retained earnings from previous years	0418		-	-
2. Retained earnings from current year	0419		-	-
IX. NON-CONTROLLING INTEREST	0420		-	-
X. LOSS (0422+0423)	0421		255,277	219,550
1. Loss from previous years	0422	13	219,550	163,000
1. Loss from current year	0423	13	35,727	56,550

STAND-ALONE FINANCIAL STATEMENTS

BALANCE SHEET (CONTINUED)

	AOP	Note	31 December 2020	31 December 2019
B. LONG-TERM PROVISIONS AND LIABILITIES (0425+0432)	0424		696,396	799,631
I. LONG-TERM PROVISIONS (0426+0427+0428+0429+0430+0431)	0425		-	-
1. Provisions for warranty claims	0426		-	-
2. Provision for environmental rehabilitation	0427		-	-
3. Provisions for restructuring costs	0428		-	-
4. Provisions for employee benefits	0429		-	-
5. Provisions for litigations	0430		-	-
6. Other long term provisions	0431		-	-
II. LONG-TERM LIABILITIES (0433+0434+0435+0436+0437+0438+0439+0440)	0432		696,396	799,631
1. Liabilities convertible to equity	0433		-	-
2. Liabilities to parent and subsidiaries	0434		-	-
3. Liabilities to other related parties	0435		-	-
4. Liabilities for issued long-term securities	0436		-	-
5. Long term borrowings - domestic	0437	14	696,396	799,631
6. Long-term borrowings - foreign	0438		-	-
7. Finance lease liabilities	0439		-	-
8. Other long-term liabilities	0440		-	-
C. DEFERRED TAX LIABILITIES	0441		-	-
D. SHORT-TERM LIABILITIES (0443+0450+0451+0459+0460+0461+0462)	0442		642,873	469,185
I. SHORT-TERM FINANCIAL LIABILITIES (0444+0445+0446+0447+0448+0449)	0443		430,530	327,415
1. Short term borrowings from parent and subsidiaries	0444	15	327,380	327,415
2. Short term borrowings from other related parties	0445		-	-
3. Short-term loans and borrowings - domestic	0446		103,150	-
4. Short-term loans and borrowings - foreign	0447		-	-
5. Liabilities relating to current assets and held-for-sale assets attributable to discounted operations	0448		-	-
6. Other short term liabilities	0449		-	-
II. ADVANCES RECEIVED	0450		-	-
III. TRADE PAYABLES (0452+0453+0454+0455+0456+0458)	0451		62,826	34,285
1. Trade payables - parent and subsidiaries - domestic	0452		-	-
2. Trade payables - parent and subsidiaries - foreign	0453	16	55,466	27,735
3. Trade payables - other related parties - domestic	0454		-	-
4. Trade payables - other related parties - foreign	0455		-	-
5. Trade payables - domestic	0456	16	7,360	6,550
6. Trade payables - foreign	0457		-	-
7. Other operating liabilities	0458		-	-
IV. OTHER SHORT-TERM LIABILITIES	0459		50	265
V. LIABILITIES FOR VAT	0460		-	-
VI. LIABILITIES FOR OTHER TAXES	0461		-	-
VII. ACCRUED EXPENSES	0462	17	149,467	107,220
E. LOSS EXCEEDING EQUITY (0412+0416+0421-0420-0417-0415-0414-0413-0411-0402)>=0=(0441+0424+0442-0071)>=0	0463		-	-
F. TOTAL EQUITY AND LIABILITIES (0424+0442+0441+0401-0463)>=0	0464		1,769,286	1,734,560
G. OFF-BALANCE SHEET LIABILITIES	0465	7	324,521	472,723

Tiziano Giovannetti
Director

27 April 2021



The accompanying notes are an integral part of these Financial Statements.

STAND-ALONE FINANCIAL STATEMENTS

INCOME STATEMENT

RSD THOUSAND	AOP	Note	Year ended	
			31 December	
			2020	2019
A. OPERATING INCOME (1002+1009+1016+1017)	1001		-	142
I. INCOME FROM THE SALE OF GOODS (1003+1004+1005+1006+1007+1008)	1002		-	
1. Income from sales of goods to parent and subsidiaries on domestic market	1003		-	-
2. Income from sales of goods to parent and subsidiaries on foreign market	1004		-	-
3. Income from the sale of goods to other related parties on domestic market	1005		-	-
4. Income from the sale of goods to other related parties on foreign market	1006		-	-
5. Income from sale of goods on domestic market	1007		-	-
6. Income from sale of goods on foreign market	1008		-	-
II. INCOME FROM SALES OF PRODUCTS AND SERVICES (1010+1011+1012+1013+1014+1015)	1009		-	-
1. Income from sales of products and services to parent and subsidiaries on domestic market	1010		-	-
2. Income from sales of products and services to parent and subsidiaries on foreign market	1011		-	-
3. Income from sales of products and services to other related parties on domestic market	1012		-	-
4. Income from sales of products and services to other related parties on foreign market	1013		-	-
5. Income from sales of products and services – domestic	1014		-	-
6. Income from sales of products and services – foreign	1015		-	-
III. INCOME FROM PREMIUMS, SUBVENTIONS AND DONATIONS	1016		-	-
IV. OTHER OPERATING INCOME	1017			142
EXPENSES FROM REGULAR OPERATING ACTIVITIES				
B. OPERATING EXPENSES (1019-1020-1021+1022+1023+1024+1025+1026+1027+1028+1029)>=0	1018		35,667	36,253
I. COST OF GOODS SOLD	1019		-	-
II. WORK PERFORMED BY THE ENTITY AND CAPITALIZED	1020		-	-
III. INCREASE IN INVENTORIES OF UNFINISHED AND FINISHED GOODS AND ONGOING SERVICES	1021		-	-
IV. DECREASE IN INVENTORIES OF UNFINISHED AND FINISHED GOODS AND ONGOING SERVICES	1022		-	-
V. COST OF MATERIAL	1023		-	24
VI. COST OF FUEL AND ENERGY	1024		-	-
VII. COST OF SALARIES, FRINGE BENEFITS AND OTHER PERSONAL EXPENSES	1025		3,915	3,656
VIII. COST OF PRODUCTION SERVICES	1026		176	210
IX. DEPRECIATION, DEPLETION AND AMORTIZATION	1027		25	25
X. COST OF LONG-TERM PROVISIONING	1028		-	-
XI. NON-PRODUCTION COSTS	1029	18	31,551	32,338
C. OPERATING GAIN (1001-1018)>=0	1030		-	-
D. OPERATING LOSS (1018-1001)>=0	1031		35,667	36,111

STAND-ALONE FINANCIAL STATEMENTS

INCOME STATEMENT (CONTINUED)

RSD THOUSAND	AOP	Note	Year ended 31 December	
			2020	2019
E. FINANCE INCOME (1033+1038+1039)	1032		76,010	78,840
I. FINANCIAL INCOME FROM RELATED PARTIES AND OTHER	1033		75,915	74,752
FINANCIAL INCOME (1034+1035+1036+1037)				
1. Finance income - parent company and subsidiaries	1034	19	44,597	47,753
2. Finance income - other related parties	1035		-	-
3. Share of profit of associates and joint ventures	1036	19	31,318	26,999
4. Other financial income	1037		-	-
II. INTEREST INCOME (from third parties)	1038		-	-
III. FOREIGN EXCHANGE GAINS (third parties)	1039	19	95	4,088
F. FINANCE EXPENSES (1041+1046+1047)	1040		77,416	100,687
I. FINANCIAL EXPENSES FROM RELATED PARTIES AND OTHER	1041		26,721	32,853
FINANCIAL EXPENSES (1042+1043+1044+1045)				
1. Finance expense - parent company and subsidiaries	1042	20	19,049	28,118
2. Finance expense - other related parties	1043		-	-
3. Share of loss of associates and joint ventures	1044		-	-
4. Other financial expense	1045	20	7,672	4,735
II. INTEREST EXPENSE (from third parties)	1046	20	50,685	67,730
III. FOREIGN EXCHANGE LOSSES (third parties)	1047	20	10	104
G. PROFIT FROM FINANCING OPERATIONS (1032-1040)	1048		-	-
H. LOSS FROM FINANCING OPERATIONS (1040-1032)	1049		1,406	21,847
I. INCOME FROM VALUATION OF ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	1050		-	-
J. LOSS FROM VALUATION OF ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	1051		-	-
K. OTHER INCOME	1052		1,488	1,408
L. OTHER EXPENSES	1053		142	-
M. OPERATING PROFIT BEFORE TAX (1030-1031+1048-1049+1050-1051+1052-1053)	1054		-	-
N. OPERATING LOSS BEFORE TAX (1031-1030+1049-1048+1051-1050+1053-1052)	1055		35,727	56,550
O. NET INCOME ATTRIBUTABLE TO DISCONTINUED OPERATIONS, EXPENSES ARISING FROM CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF PRIOR PERIOD ERRORS	1056		-	-
P. NET LOSS ATTRIBUTABLE TO DISCONTINUED OPERATIONS, EXPENSES ARISING FROM CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF PRIOR PERIOD ERRORS	1057		-	-
Q. PROFIT BEFORE TAX (1054-1055+1056-1057)	1058		-	-
R. LOSS BEFORE TAX (1055-1054+1057-1056)	1059		35,727	56,550
II. INCOME TAX			-	-
I. CURRENT INCOME TAX	1060		-	-
II. DEFERRED TAX EXPENSE FOR THE PERIOD	1061		-	-
III. DEFERRED TAX INCOME FOR THE PERIOD	1062		-	-
S. PERSONAL INCOME PAID TO EMPLOYER	1063		-	-
T. NET PROFIT (1058-1059-1060-1061+1062)	1064		-	-
V. NET LOSS (1059-1058+1060+1061-1062)	1065		35,727	56,550
I. NET INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	1066		-	-
II. NET INCOME ATTRIBUTABLE TO THE OWNER	1067		-	-
III. NET LOSS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	1068		-	-
IV. NET LOSS ATTRIBUTABLE TO THE OWNER	1069		35,727	56,550
V. EARNINGS PER SHARE				
1. Basic earnings per share	1070	22	(1.35)	(2.13)
2. Diluted earnings per share	1071	22	(1.35)	(2.13)

STAND-ALONE FINANCIAL STATEMENTS

STATEMENT OF OTHER COMPREHENSIVE INCOME

RSD THOUSAND	AOP	Note	Year ended 31 December	
			2020	2019
A. NET PROFIT/(LOSS)				
I. PROFIT, NET (AOP 1064)	2001			
II. LOSS, NET (AOP 1065)	2002		35,727	56,550
B. OTHER COMPREHENSIVE PROFIT OR LOSS				
<i>a) Items that will not be reclassified to profit or loss</i>				
1. Changes in the revaluation of intangible assets, property, plant and equipment				
a) increase in revaluation reserves	2003		-	-
b) decrease in revaluation reserves	2004		-	-
2. Actuarial gains (losses) of post employment benefit obligations				
a) gains	2005		-	-
b) losses	2006		-	-
3. Gains and losses arising from equity investments				
a) gains	2007		-	-
b) losses	2008		-	-
4. Gains or losses arising from a share in the associate's other comprehensive profit or loss				
a) gains	2009		-	-
b) losses	2010		-	-
<i>b) Items that may be subsequently reclassified to profit or loss</i>				
1. Gains (losses) from currency translation differences				
a) gains	2011		-	-
b) losses	2012		-	-
2. Gains (losses) on investment hedging instruments in foreign business				
a) gains	2013		-	-
b) losses	2014		-	-
3. Gains and losses on cash flow hedges				
a) gains	2015		-	-
b) losses	2016		-	-
4. Gains (losses) from change in value of available-for-sale financial assets				
a) gains	2017		-	-
b) losses	2018		-	-
I. OTHER COMPREHENSIVE PROFIT BEFORE TAX (2003+2005+2007+2009+2011+2013+2015+2017)- (2004+2006+2008+2010+2012+2014+2016+2018)>=0	2019		-	-
II. OTHER COMPREHENSIVE LOSS BEFORE TAX (2004+2006+2008+2010+2012+2014+2016+2018)- (2003+2005+2007+2009+2009+2011+2013+2015+2017)>=0	2020		-	-
III. TAX ON OTHER COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD	2021		-	-
IV. TOTAL NET COMPREHENSIVE PROFIT (2019-2020-2021)>=0	2022		-	-
V. TOTAL NET COMPREHENSIVE LOSS (2020-2019+2021)>=0	2023		-	-
C. TOTAL NET COMPREHENSIVE PROFIT				
I. TOTAL COMPREHENSIVE PROFIT, NET (2001-2002+2022-2023)>=0	2024		-	-
II. TOTAL COMPREHENSIVE LOSS, NET (2002-2001+2023-2022)>=0	2025		35,727	56,550
D. TOTAL NET COMPREHENSIVE PROFIT / (LOSS) (2027+2028)=AOP 2024>=0 или AOP 2025>0	2026			
1. Attributable to shareholders	2027		35,727	56,550
2. Attributable to non-controlling interest	2028		-	-

STAND-ALONE FINANCIAL STATEMENTS

STATEMENT OF CASH FLOWS

In RSD thousand

	AOP	Note	Year ended 31 December	
			2020	2019
A. CASH FLOWS FROM OPERATING ACTIVITIES				
I. Cash inflow from operating activities (1 to 3)	3001		-	-
1. Sales and advances received	3002		-	-
2. Interest from operating activities	3003		-	-
3. Other inflow from operating activities	3004		-	-
II. Cash outflow from operating activities (1 to 5)	3005		58,164	194,045
1. Payments and prepayments to suppliers	3006		25,484	99,111
2. Salaries, benefits and other personal expenses	3007		3,916	3,656
3. Interest paid	3008		28,764	91,278
4. Income tax paid	3009		-	-
5. Payments for other public revenues	3010		-	-
III. Net cash inflow from operating activities (I - II)	3011			
IV. Net cash outflow from operating activities (II - I)	3012		58,164	194,045
B. CASH FLOWS FROM INVESTING ACTIVITIES				
I. Cash flows from investing activities (1 to 5)	3013		66,748	58,792
1. Sale of shares (net inflow)	3014		-	-
2. Proceeds from sale of intangible assets, property, plant and equipment	3015		-	-
3. Other financial investments (net inflow)	3016		35,241	24,693
4. Interest from investing activities	3017		189	7,100
5. Dividend received	3018		31,318	26,999
II. Cash outflow from investing activities (1 to 3)	3019		-	-
1. Acquisition of subsidiaries or other business (net outflow)	3020		-	-
2. Purchase of intangible assets, property, plant and equipment	3021		-	-
3. Other financial investments (net outflow)	3022		-	-
III. Net cash inflow from investing activities (I - II)	3023		66,748	58,792
IV. Net cash outflow from investing activities (II - I)	3024		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES				
I. Cash inflow from financing activities (1 to 5)	3025		-	101,236
1. Increase in share capital	3026		-	-
2. Proceeds from long-term borrowings (net inflow)	3027		-	101,236
3. Proceeds from short-term borrowings (net inflow)	3028		-	-
4. Other long-term liabilities	3029		-	-
5. Other short-term liabilities	3030		-	-
II. Cash outflow from financing activities (1 to 6)	3031		18,851	55,948
1. Purchase of own shares	3032		-	-
2. Repayment of long-term borrowings (net outflow)	3033		-	35,451
3. Repayment of short-term borrowings (net outflow)	3034		18,851	20,497
4. Repayment of other liabilities (net outflow)	3035		-	-
5. Financial lease	3036		-	-
6. Dividend distribution	3037		-	-
III. Net cash inflow from financing activities (I - II)	3038		-	45,288
IV. Net cash outflow from financing activities (II - I)	3039		18,851	-
D. TOTAL CASH INFLOW (3001+3013+3025)	3040		66,748	160,028
E. TOTAL CASH OUTFLOW (3005+3019+3031)	3041		77,015	249,993
F. NET CASH INFLOW (340-341)	3042		-	-
G. NET CASH OUTFLOW (341-340)	3043		10,267	89,965
H. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	3044		12,024	101,989
I. CURRENCY TRANSLATION GAINS ON CASH AND CASH EQUIVALENTS	3045		-	-
J. CURRENCY TRANSLATION LOSSES ON CASH AND CASH EQUIVALENTS	3046		-	-
K. CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (3042-3043+3044+3045-3046)	3047		1,757	12,024

STAND-ALONE FINANCIAL STATEMENTS

STAND-ALONE STATEMENT OF CHANGES IN EQUITY

In RSD thousand

	Equity components							Retained earnings (loss)
	AOP	Share capital	AOP	Reserves	AOP	Loss	AOP	
Balance as at 1 January 2018								
a) debit	4001		4037	-	4055	47,424	4091	-
b) credit	4002	3,825	4038	-	4056		4092	-
Adjustments of material errors and changes in accounting policies								
a) debit	4003		4039	-	4057		4093	-
b) credit	4004		4040	-	4058		4094	-
Restated opening balance as at 1 January 2018								
a) debit (1a+2a-26)>=0	4005		4041	-	4059	47,424	4095	-
b) credit (16-2a+26)>=0	4006	3,825	4042	-	4060		4096	-
Changes in period								
a) debit	4007		4043	-	4061	115,576	4097	-
b) credit	4008	681,469	4044	-	4062		4098	-
Balance as at 31 December 2018								
a) debit (3a+4a-46)>=0	4001		4037	-	4055	163,000	4091	-
b) credit (36-4a+46)>=0	4002	685,294	4038	-	4056		4092	-
Adjustments of material errors and changes in accounting policies								
a) debit	4003		4039	-	4057		4093	-
b) credit	4004		4040	-	4058		4094	-
Restated opening balance as at 1 January 2019								
a) debit (5a+6a-66)>=0	4005		4041	-	4059	163,000	4095	-
b) credit (56-6a+66)>=0	4006	685,294	4042	-	4060		4096	-
Changes in period								
a) debit	4007		4043	-	4061	56,550	4097	-
b) credit	4008		4044	-	4062		4098	-
Balance as at 31 December 2019								
a) debit (7a+8a-86)>=0	4009		4045	-	4063	219,550	4099	-
b) credit (76-8a+86)>=0	4010	685,294	4046	-	4064		4100	-

STAND-ALONE FINANCIAL STATEMENTS

STAND-ALONE STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Equity components						Retained earnings
	AOP	Share capital	AOP	Reserves	AOP	Loss	
Adjustments of material errors and changes in accounting policies							
a) debit	4011		4047	-	4065		4101
b) credit	4012		4048	-	4066		4102
Restated opening balance as at 1 January 2020							
a) debit (5a+6a-66)>=0	4013		4049	-	4067	219,550	4103
6) credit (56-6a+66)>=0	4014	685,294	4050	-	4068		4104
Changes in period							
a) debit	4015		4051	-	4069	35,727	4105
b) credit	4016		4052	-	4070		4106
Balance as at 31 December 2020							
a) debit (7a+8a-86)>=0	4017		4053	-	4071	255,277	4107
6) credit (76-8a+86)>=0	4018	685,294	4054	-	4072		4108

STAND-ALONE FINANCIAL STATEMENTS

STAND-ALONE STATEMENT OF CHANGES IN EQUITY(CONTINUED)

	<i>Other comprehensive income components</i>						Total Equity
	AOP	Revaluation reserves	AOP	Acturial gain/(loss)	AOP	Gains (losses) from change in value of available-for-sale financial assets	
Balance as at 1 January 2018							
a) debit	4109	-	4127	-	4217	-	47,424
b) credit	4110	-	4128	-	4218	- 4235	3,825
Adjustments of material errors and changes in accounting policies							
a) debit	4111	-	4129	-	4219	-	
b) credit	4112	-	4130	-	4220	- 4236	
Restated opening balance as at 1 January 2018							
a) debit (1a+2a-26)>=0	4113	-	4131	-	4221	-	47,424
b) credit (16-2a+26)>=0	4114	-	4132	-	4222	- 4237	3,825
Changes in period							
a) debit	4115	-	4133	-	4223	-	115,576
b) credit	4116	-	4134	-	4224	- 4238	681,469
Balance as at 31 December 2018							
a) debit (3a+4a-46)>=0	4109	-	4127	-	4217	-	163,000
b) credit (36-4a+46)>=0	4110	-	4128	-	4218	- 4235	685,294
Adjustments of material errors and changes in accounting policies							
a) debit	4111	-	4129	-	4219	-	
b) credit	4112	-	4130	-	4220	- 4236	
Restated opening balance as at 1 January 2019							
a) debit (5a+6a-66)>=0	4113	-	4131	-	4221	-	163,000
b) credit (56-6a+66)>=0	4114	-	4132	-	4222	- 4237	685,294
Changes in period							
a) debit	4115	-	4133	-	4223	-	56,550
b) credit	4116	-	4134	-	4224	- 4238	
Balance as at 31 December 2019							
a) debit (7a+8a-86)>=0	4117	-	4135	-	4225	-	219,550
b) credit (76-8a+86)>=0	4118	-	4136	-	4226	- 4239	685,294

STAND-ALONE FINANCIAL STATEMENTS

STAND-ALONE STATEMENT OF CHANGES IN EQUITY(CONTINUED)

	<i>Other comprehensive income components</i>							
	AOP	Revaluation reserves	AOP	Actuarial gain/(loss)	AOP	Gains (losses) from change in value of available-for-sale financial assets	AOP	Total Equity
Adjustments of material errors and changes in accounting policies								
a) debit	4119	-	4137	-	4227	-		
b) credit	4120	-	4138	-	4228	-	4240	
Restated opening balance as at 1 January 2020								
a) debit (5a+6a-66)>=0	4121	-	4139	-	4229	-		219,550
b) credit (56-6a+66)>=0	4122	-	4140	-	4230	-	4241	685,294
Changes in period								
a) debit	4123	-	4141	-	4231	-		35,727
b) credit	4124	-	4142	-	4232	-	4242	
Balance as at 31 December 2020								
a) debit (7a+8a-86)>=0	4125	-	4143	-	4233	-		255,277
b) credit (76-8a+86)>=0	4126	-	4144	-	4234	-	4243	685,294

**EXPLANATORY NOTES TO THE FINANCIAL
STATEMENTS 31 DECEMBER 2020**

FINTEL ENERGIJA AD,BEOGRAD
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020

(All amounts are in 000 RSD, unless otherwise stated)

1. General information

Fintel Energija A.D. (hereinafter the "**Company**" or "**Fintel Energija**") is a Serbian holding leading independent renewable energy generator in Serbia. The Company through its subsidiaries acted as the pioneer in the Serbian wind business being the first ever to install and operate wind farms in the country.

The Company was incorporated as a closed joint stock company on 27 June 2007, under the business name PRIVREDNO DRUŠTVO ZA PROIZVODNJU ELEKTRIČNE ENERGIJE FINTEL ENERGIJA AD BEOGRAD, by the company FINTEL ENERGIA GROUP S.P.A, registration number 02658620402, as the sole shareholder (hereinafter the "**Principal Shareholder**"). Fintel Energia Group S.p.A. is 86,22% owned by Hopafi Srl.

Fintel Energija's registered office is located at Bulevar Mihajla Pupina 115e, Beograd, Serbia.

At 31 December 2020, the Company's fully subscribed and paid up share capital amounted to RSD 4,057 thousand, consisting of 26,510,506 ordinary shares of RSD 0.153 each.

In 2018 the Company listed its shares on the stock market. The process of Initial Public Offering of the Company's shares ended on 30. October 2018, and during the offering period 1,510,506 shares were registered. Initial price on the stock market was RSD 500 per share.

The company's shares are traded on the organized market – Belgrade Stock Exchange. The symbol of the shares is FINT, and ISIN number is RSFINEE60549. The market capitalization of the Company as at 31 December 2020 is RSD 16,569,066 thousand. Fintel Energia Group SpA, the majority shareholder of the Company, constitute a vertical operator in the integrated energy supply chain, which engages in the sale of electricity and natural gas in Italy and in the development and exploitation of renewable energy power plants (photovoltaic, wind and mini wind) in Italy and Serbia.

These stand-alone financial statements for the year ended 31 December 2020 have been approved on the 27 April 2021. The approved stand-alone financial statements may be amended based on the auditor's opinion, in accordance with legislation.

(All amounts are in 000 RSD, unless otherwise stated)

2. Summary of accounting policies and standards adopted

2.1 Basis of presentation

The Company has prepared these stand-alone financial statements in accordance with the Law on Accounting of the Republic of Serbia (the "Law"), statements be prepared in accordance with all International Financial Reporting Standards (IFRS) translated into Serbian by 31 July 2013, as well as other regulations issued by the Ministry of Finance of the Republic of Serbia. The Law requires certain presentations and treatments of accounts and balances which results in the following additional departures from IFRS:

1. The financial statements are prepared in format prescribed by the Ministry of Finance of the Republic of Serbia, which does not comply with IAS 1 (revised) – "Presentation of Financial Statements" requirements and IAS 7 – "Statement of cash flows".
2. "Off-balance sheet assets and liabilities" are recorded on the face of the balance sheet (note 2.4). Such items do not meet the definition of either an asset or a liability under IFRS.
3. Decision of the Ministry of Finance of the Republic of Serbia no. 401-00-4980 / 2019-16 of 21st November 2019 (Official Gazette of the Republic of Serbia No. 92/2019) stipulate that official standards are consist of: official translations of International Financial Reporting Standards which include the Conceptual Framework for Financial Reporting, the basic texts of International Accounting standards (IAS), basic texts of IFRS issued by the International Accounting Standards Board, as well as interpretations issued by the Accounting Standards Interpretation Committee in the form in which they were issued or adopted and which do not include basis for conclusions, illustrative examples, guidelines, comments, dissenting opinions, elaborated examples and other additional explanatory material that can be adopted in connection with standards, interpretations, unless it is explicitly stated that it is an integral part of the standard or interpretation. IFRS 9 and IFRS 15 are applicable from the financial statements prepared as of 31st December 2020, with the possibility of application when preparing the financial statements as at 31st December 2019 (disclosing the relevant information in the Notes to the consolidated financial statements).
4. In accordance with IFRS 15 the Company analyses contracts with customers to identify the underlying obligations. If a contract includes multiple goods or services, the Company assesses whether these components should be recognised separately in accordance with IFRS 15. Taking account of the characteristics of the contracts entered into by the Company, no contracts with multiple obligations have been identified. The Company's management considers that this standard does not have a material impact on the Company's financial statements. Also, the Company's management anticipates that the adoption of this standard will not significantly affect the Company's financial statements in future periods.
5. Final version of IFRS 9 Financial Instruments reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Company's management considers that this standard does not have a material impact on the Company's financial statements. Also, the Company's management anticipates that the adoption of this standard will not significantly affect the Company's financial statements in future periods.

According to the above, and bearing in mind the potential material effects that the deviation of the accounting regulations of the Republic of Serbia from IFRSs and IASs can have on the reality and objectivity of the Group's consolidated financial statements, the accompanying consolidated financial statements cannot be considered as financial statements prepared in accordance with IFRS and IAS.

FINTEL ENERGIJA AD, BEOGRAD
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(All amounts are in 000 RSD, unless otherwise stated)

The preparation of stand-alone financial statements in conformity with Law on Accounting of the Republic of Serbia requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

2.2 Going concern

The Company meets its day-to-day working capital requirements through its bank facilities. The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current facilities. Bearing in mind the foregoing, management considers that the Company has adequate resources to continue in operational existence for the foreseeable future. At the end of 2019, China for the first time announced news about COVID-19 (coronavirus). At that time a limited number of cases of an unknown virus reported to the World Health Organization. In the first few months of 2020, the virus spread globally and caused significant negative effect. Management believes that this epidemic is an event after the date of the reporting period that does not require adjustments to the financial statements. Although the virus is still evolving, at the time of issuing these financial statements, the Company's management does not expect an impact on operations in 2021. The Company therefore continues to adopt the going concern basis in preparing its stand-alone financial statements. Further information on the Company's borrowings is given in Note 14.

2.3 Foreign currency translation

Functional and presentation currency

Items included in the financial statements of the Company are measured and presented in Serbian dinars (RSD). Dinar represents the official reporting currency in the Republic of Serbia.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of the transaction or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

FINTEL ENERGIJA AD, BEOGRAD
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
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(All amounts are in 000 RSD, unless otherwise stated)

2.4 Significant accounting policies

Property, plant and equipment

Property, plant and equipment is stated at purchase cost less depreciation and impairment. Cost includes all costs necessary to bring an asset to working condition for its intended use. This cost is increased by the present value of the estimated cost of site clearance when there is a legal or constructive obligation to decommission the asset. The corresponding liability is recognised in provisions for risks and charges. The accounting treatment of revised estimates of these costs, of the time value of money and of the discount rate are indicated in the point on provisions for risks and charges.

Borrowing costs directly attributable to the acquisition or construction of property, plant and equipment are included in the cost of the asset only if the asset in question is a qualifying asset, i.e. one that necessarily takes a substantial period of time to get ready for its intended use or sale.

Costs incurred on ordinary and/or cyclical repairs and maintenance are recognised directly in profit or loss. Costs incurred for the expansion, modernisation or improvement of structural elements owned by the Company or used by third parties are capitalised to the extent that they meet the requirements for recognition as a separate asset or as part of an asset.

Depreciation is calculated on a straight line basis using rates that allow assets to be depreciated over their estimated useful lives. When a depreciable asset is composed of separately identifiable elements, the useful life of which differs significantly from the other component parts of the asset, depreciation is computed separately for each of these parts in accordance with the "component approach".

The useful life estimated by the Company for each category of property, plant and equipment is as follows:

	No. of years
Equipment	3

Property, plant and equipment held under finance leases, whereby substantially all of the risks and benefits of ownership are transferred to the Company, are recognised as assets of the Company at their fair value or, if lower, at the present value of the minimum lease payments, inclusive of the amount payable to exercise the purchase option. The corresponding lease obligation is recognised under financial liabilities. Assets held under finance leases are depreciated by applying the policy and rates previously indicated for property, plant and equipment, except where the lease term is shorter than an asset's useful life and there is no reasonable certainty that the Company will obtain ownership at the end of the lease term; in this case, the depreciation period coincides with the lease term. Any gain on sale of an asset arising from a sale and leaseback transaction is deferred and amortised over the lease term.

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Leasing arrangements, whereby the lessor retains substantially all the risks and rewards incidental to ownership of an asset, are accounted for as operating leases. Costs relating to operating leases are recognised in profit or loss on a straight-line basis over the lease term.

Other current and non-current assets, trade receivables and other receivables

On initial recognition, financial assets are measured at fair value and are classified in one of the following categories based on their nature and the purpose for which the investments were acquired:

- held-to-maturity investments;
- loans and receivables;
- available-for-sale financial assets; and
- financial assets at fair value through profit or loss.

Purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the assets have expired and the company that held them has transferred substantially all the risks and rewards of ownership.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which mainly relate to receivables due from customers or Group companies. Loans and receivables are classified in the statement of financial position as trade receivables and other receivables. These assets are measured at amortised cost, using the effective interest rate, less impairment. Impairment losses on receivables are recognised if there is objective evidence that the Company will not be able to recover the receivable due from the counterparty in accordance with contractual terms. Objective evidence that a financial asset or group of financial assets is impaired includes observable data that comes to the attention of the Company regarding the following loss events:

- significant financial difficulties on the part of the issuer or borrower;
- the existence of ongoing legal disputes with the debtor relating to a receivable;
- reasonable likelihood that the beneficiary will declare bankruptcy or other debt restructuring or insolvency procedures.

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The amount of the loss is recognised in profit or loss as "Allocations to provisions and impairment".

Receivables are stated in the financial statements net of the provision for doubtful debts.

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Cash and cash equivalents

These include cash on hand, deposits held at call with banks or other financial institutions for current operations, post office current accounts and other cash equivalents, as well as investments with original maturities of three months or less. The components of cash and cash equivalents are measured at fair value and changes therein are recognised in profit or loss.

Off balance sheet assets/liabilities

Those include: assets held under leases, other than financial leases, consignment stock, material received from third parties for further processing and other assets not owned by the Company, as well as receivables/payables relating to collaterals received/given such as guarantees and other warrants.

Trade payables, financial and other payables

Trade payables, financial and other payables are recognised initially at their fair value, net of directly attributable ancillary costs, and subsequently measured at amortised cost using the effective interest method. If there is a change in estimated cash flow that can be reliably measured, the carrying amount of the liability is remeasured to reflect the change, based on the present value of the new estimated cash flow and on the initially determined internal rate. Borrowings are classified as current liabilities unless

the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Borrowings are recognised on the trade date of the related transactions and are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired and when the company that had contracted the debt has transferred all of the risks and obligations related thereto.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation. The amount recognised represents the best estimate of the expenditure required to settle the obligation. When the time value of money is significant and the settlement date of the obligations can be reliably estimated, the provisions are measured at the present value of the expected disbursement using a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

If the liability relates to decommissioning and/or restoration of assets, the provision is recognised as an opposite entry to the asset to which it relates and the cost is recognised in the income statements via the depreciation of the asset to which the cost relates.

Changes in accounting estimates are reflected in the income statement in the year in which the change takes place, except for changes in expected decommissioning and clearance costs due to changes in timing and the use of economic resources necessary to discharge the obligation or resulting from a change in the discount rate.

FINTEL ENERGIJA AD, BEOGRAD
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Such changes are added to or deducted from the carrying amount of the assets to which they relate and are recognised as depreciation charges in income statement. If changes are added to an asset's carrying amount, an assessment is made as to whether the new carrying amount is likely to be fully recovered; if not, the carrying amount of the asset is reduced to take account of the unrecoverable amount and the loss arising from the reduction is recognised in the income statement.

If changes are deducted from an asset's carrying amount, the decrease is recognised as an opposite entry to the asset up to the amount of its carrying amount; any excess is recognised immediately in the income statement.

As regards estimation criteria adopted for the determination of the asset decommissioning and restoration provision, reference should be made to the paragraph on use of estimates.

Risks that could give rise to a probable liability are disclosed in the section on commitments and risks, but are not provided for.

A contingent liability that was separately recognised in the initial accounting for a business combination as a liability, is measured at the higher of the amount the liability would be recognised by applying the above policy for provisions for risks and charges and the present value of the initially determined liability.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and relates to the sale of goods and the rendering of services that constitute the Company's core business. Revenue is recorded net of returns, discounts, rebates and allowances and excluding value added tax.

Revenue is recognised to the extent that it can be reliably measured and it is probable that future economic benefits will flow to the Company.

Revenue arising from the sale of goods and finished products is recognised in the income statement upon the transfer to the customer of the risks and rewards of ownership of the product sold, which normally coincides with the shipment of the goods to the customer and their acceptance thereby.

Revenue arising from the rendering of services is recognised in the accounting period in which the services are rendered by reference to the stage of completion at the reporting date.

Revenue only includes economic benefits received or receivable flowing to the Company in their own name and on their own behalf. Consequently, consideration received on behalf of third parties is excluded from revenue.

Cost recognition

Costs are recognised when they relate to goods and services purchased or consumed in the period or by systematic allocation.

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(All amounts are in 000 RSD, unless otherwise stated)

Finance income and costs

Finance income and costs are recognised on an accrual basis that takes account of the effective return/charge on related assets/liabilities.

Finance costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the asset, commencing from the date on which the Company companies start incurring the finance costs until the date on which the asset financed is ready for use.

Income tax

The tax expense for the year comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized directly in equity, in which case deferred tax liability is also recognized in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in Serbia, where the Company operates and generates taxable profit. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Related-party transactions

Related party transactions are conducted at arm's length, based on efficiency and cost-effectiveness criteria.

Dividends

Dividends to be distributed to the shareholders of the Parent Company are recognised as a liability in the financial statements in the period in which the distribution has been approved by the shareholders.

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Earnings per share

The Company calculates and discloses the basic earnings per share. Basic earnings per share is calculated by dividing the net income that belongs to shareholders, the owners of ordinary shares of the Company, by the weighted average number of ordinary shares issued during the period.

3. Estimates and assumptions

The preparation of the stand-alone financial statements requires the directors to apply accounting policies and methods, which, in certain circumstances, are based on accounting assessments and estimates and which may also be based on past experience and on assumptions that are deemed to be reasonable and realistic. The use of such estimates and assumptions has an impact on the stand-alone financial statements, including the balance sheet, the income statement, the statement of comprehensive income and the statement of cash flows, as well as on related disclosures. The actual amounts of stand-alone financial statement components for which the aforementioned estimates and assumptions have been used may differ from the amounts reported in the financial statements that recognise the occurrence of the event linked to the estimate, because of the uncertainty of the assumptions and the conditions on which the estimates have been based.

A brief description is provided below of the key accounting policies used in the preparation of stand-alone financial statements.

Impairment of investments in subsidiaries

Investments in subsidiaries are tested for impairment when impairment indicators exist, which is recognised by a write-down when there are indicators that suggest it may be difficult to recover the related net carrying amount. The verification of the existence of the aforementioned indicators requires subjective assessments to be made by directors, based on information available within the Company, on information sourced from the market and on past experience. Moreover, if it has been established that there may be a case of potential impairment, as well as the computation of estimates for the determination thereof depend on factors that may change over time and which may affect the assessments and estimates made by the directors.

Based on assessments made by Fintel Group Directors, there are no indicators of impairment of investments in subsidiaries.

Provisions

Other provisions for risks and charges relate mainly to probable liabilities for penalties and interest on overdue amounts payable to the tax authorities. Allocations to provisions are made based on a best estimate at the reporting date of costs likely to be incurred to settle the liability, after having sought legal opinion.

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4. Financial risk management

The coordination and monitoring of key financial risks is carried out by the central treasury department of the Principal Shareholder Company, which provides guidelines for the management of various types of risk and for the use of financial instruments. The main features of Fintel's risk management policy are:

- central determination of operational risk management guidelines concerning market, liquidity and cash flow risks;
- monitoring of results achieved;
- diversification of commitments/obligations and of the product portfolio.

Credit risk

Credit risk represents the exposure to potential losses arising from the failure by commercial and financial counterparties to fulfil their contractual obligations.

The Company's maximum exposure to credit risk at 31 December 2020 and 2019 is the carrying amount of each class of assets indicated in the following table:

<i>RSD thousand</i>	31 December 2020	31 December 2019
Other receivables	4,344	4,344
Long-term loans and investments	1,499,952	1,530,610
Short-term loans and investments	60,083	33,161
Prepayments and accrued income	177,204	141,931
TOTAL	1,741,583	1,710,046

Prepayments and accrued income mainly refer to receivables from subsidiaries MK Fintel Wind ad. MK Fintel Wind Holding doo, VP Lipar doo, VP Lipar 2 doo, VP Maestrane Ring d.o.o., Project Torak doo and Fintel Energija Development doo for interest, while Long-term loans and investments relate specifically to financing provided to the subsidiaries MK Fintel Wind ad and MK Fintel Wind Holding doo. Short-term loans relate to financing provided to the subsidiaries VP Lipar doo, VP Lipar 2 doo, VP Maestrane Ring d.o.o., Project Torak doo and Fintel Energija Development doo.

Those represent a low level of credit risk.

Liquidity risk

Liquidity risk is associated with the ability to meet the commitments arising from financial liabilities assumed by the Company. Prudent risk management of liquidity arising in the course of ordinary activities implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities.

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Liquidity risk is managed centrally by the Ultimate Parent, given that the administration department periodically monitors the Company's net cash/debt through the preparation of appropriate actual and forecast cash inflow and outflow reports. In this manner, the Company aims to ensure it has adequate cover for its financing needs, by accurately monitoring financing, credit facilities opened and utilisations thereof, in order to optimise its resources and manage any temporary liquidity surplus.

The Company's objective is to establish a financing structure that, consistent with its business objectives, guarantees sufficient liquidity for the Company, minimises the related opportunity cost and maintains an equilibrium in terms of term to maturity and composition of the debt.

The following table provides a maturity analysis of liabilities at 31 December 2020 and 2019. The various maturity bands are determined based on the period between the reporting date and the contractual maturity of the Company's obligations, gross of accrued interest at 31 December. Interest is calculated in accordance with contractual terms for the financing.

At 31 December 2020				
<i>RSD thousand</i>	Less than 1 year	1-2 years	2-5 years	Beyond 5 years
Financial payables due to shareholders	327,380	-	-	-
Bank loans	159,018	156,375	665,227	-
Trade payables	35,092	-	-	-
Other liabilities	119,680	-	-	-
Total	641,170	156,375	665,227	-

At 31 December 2019				
<i>RSD thousand</i>	Less than 1 year	1-2 years	2-5 years	Beyond 5 years
Financial payables due to shareholders	327,415	-	-	-
Bank loans	50,675	140,756	803,192	-
Trade payables	6,550	-	-	-
Other liabilities	101,149	-	-	-
Total	485,789	140,756	803,192	-

Increase in in Bank loans due within 1 year is mainly due to AIK loan installments to be paid in 2021.

Accordingly, taking in account of the foregoing and as detailed in Note 2.1 above, of the fact that the shareholders have confirmed that they do not intend to request the repayment of the loan prior to the forthcoming year end it is believed that the Company and the Group will be able to meet its obligations in the foreseeable future.

FINTEL ENERGIJA AD, BEOGRAD
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020

(All amounts are in 000 RSD, unless otherwise stated)

Market risk

In the conduct of its operations, the Company is potentially exposed to the following market risks:

- risk of fluctuation in exchange rates;
- risk of fluctuation in interest rates.

These risks are essentially managed centrally by the Parent company Fintel Energija.

Risk of fluctuation in exchange rates

Exchange rate risk is linked to operations in currency other than the RSD. Fintel is exposed to the risk of fluctuation in exchange rates, given that it conducts business in Serbia through its subsidiaries, which are companies committed to the study, construction, development and management of wind farms and other projects in the field of renewables. The consequent impact is reflected in the statement of profit or loss of the subsidiaries.

As at 31 December 2020, if the currency RSD had strengthened/weakened by 5% against the EUR with all other variables held constant, post-tax profit for the year would have been RSD 47,894 thousand (2019: RSD 47,899 thousand) higher/lower, mainly as a result of foreign exchange gains/losses on translation of EUR – denominated borrowings.

Risk of fluctuation in interest rates

The risk of fluctuation in interest rates to which Fintel is exposed originates from financial payables. Fixed rate debt exposes the Company to risk linked to changes in the fair value of the debt for their part linked to changes in the reference rate market. Floating rate debt exposes the Company to cash flow risk originating from the volatility of interest rates.

The Company's financial indebtedness consists of current bank debt, medium/long term loans granted by banks and lease liabilities.

As a result of the aforementioned hedging transactions, the impact of the expected change in interest rates in the coming twelve months is deemed to be insignificant in the context of the Company's financial statements.

Capital management risk

The Company's objective as far as capital risk management is concerned is mainly to safeguard business continuity in order to guarantee returns to shareholders and benefits to other stakeholders. Moreover, the Company aims to maintain an optimal capital structure in order to reduce the cost of borrowing.

The Company monitors its capital based on the ratio of net debt to net invested capital (gearing ratio). Net debt is calculated as total debt, including current and non-current loans and borrowings, plus net exposure to banks. Net invested capital is calculated as the sum of total equity and net debt.

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EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
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(All amounts are in 000 RSD, unless otherwise stated)

The gearing ratio at 31 December 2020 and 2019 is shown in the following table:

<i>RSD thousand</i>	31/12/2020	31/12/2019
<i>Non-current financial payables:</i>		
- Bank loans	799,546	799,631
<i>Current financial payables:</i>		
- Financial payables due to shareholders	327,380	327,415
Cash and cash equivalents	(1,757)	(12,023)
Net debt (A)	1,125,168	1,115,022
Equity (B)	430,017	465,744
Net capital employed (C=A+B)	1,555,185	1,580,766
Gearing ratio (A/C)	72.3%	70.5%

5. Financial assets and liabilities by class

In accordance with IFRS 13, financial instruments stated at fair value have been categorised into levels of hierarchy that reflect the significance of the input used for the determination of their fair value. The levels are the following:

Level 1: quoted prices in active markets for assets or liabilities being measured;

Level 2: inputs other than Level 1 inputs that are directly observable (prices) or indirectly (derived from prices) market inputs;

Level 3: inputs not based on observable market data.

The following table shows the Company's financial assets and liabilities by class, with an indication of the corresponding fair value, at 31 December 2020 and 2019:

<i>RSD thousand</i>	At 31 December 2020					Level
	Amortised cost	Fair value through OCI	Fair value through profit or loss	Hedge accounting	Total	
Financial assets	1,560,035				1,560,035	
Trade receivables	-				-	
Other current assets	181,562				181,562	
Cash and cash equivalents	1,757				1,757	
Total	1,743,354	-	-	-	1,743,354	
Borrowings	799,545				799,546	
Financial payables due to Shareholders	327,380				327,380	
Trade payables	62,827				62,827	
Other current liabilities	149,517				149,517	
Total	1,339,269	-	-	-	1,339,269	

FINTEL ENERGIJA AD, BEOGRAD
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
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(All amounts are in 000 RSD, unless otherwise stated)

<i>RSD thousand</i>	At 31 December 2019					Level
	Amortised cost	Fair value through OCI	Fair value through profit or loss	Hedge accounting	Total	
Financial assets	1,550,771				1,550,771	
Trade receivables	-				-	
Other current assets	146,289				146,289	
Cash and cash equivalents	12,024				12,024	
Total	1,709,085	-	-	-	1,709,085	
Borrowings	799,631				799,631	
Financial payables due to Shareholders	327,415				327,415	
Trade payables	34,285				34,285	
Other current liabilities	107,486				107,486	
Total	1,268,816	-	-	-	1,268,816	

6. IFRS 8: segment information

Based on the fact that Company operates only in the wind renewable energy sector and operations are essentially in Serbia, hence there is only one reportable segment.

7. Information on guarantees issued, commitments and other contingent liabilities

a) Guarantees issued

Guarantees issued amount to RSD 324,521 thousand as of 31 December 2020. They have been issued in favor of Lenders of Kosava project phase I, for cost overrun during construction and till COD.

These guarantees have been classified as Off-balance sheet liabilities.

b) Other

There were no other contingent liabilities of the Company.

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EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
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(All amounts are in 000 RSD, unless otherwise stated)

STATEMENT OF FINANCIAL POSITION

8. Investments in subsidiary

Investments in subsidiary are detailed as follow:

- RSD 16,009 thousand for 54% owned in of MK-Fintel Wind AD(RSD 16.009 thousand at 31 December 2019).
- RSD 5 thousand for 54% owned in of MK-Fintel Wind Holding Doo (RSD 5 thousand at 31 December 2019).
- RSD 100 for 100% owned in Lipar Doo (RSD 100 at 31 December 2019);
- RSD 100 for 100% owned in Lipar 2 Doo(RSD 100 at 31 December 2019);
- RSD 100 for 100% owned in Maestrle Ring Doo(RSD 100 at 31 December 2019);
- RSD 100 for 100% owned in Project Torak Doo (RSD 100 at 31 December 2019);
- RSD 200 for 100% owned in Fintel Energija Development Doo (RSD 200 at 31 December 2019).

During 2020 subsidiary Fintel Russian had been liquidated.

9. Long-term loans and investments – parent companies and subsidiaries

The balance amounts to RSD 1,499,952 thousand and they only refer to financing provided to the subsidiaries MK-Fintel Wind AD (RSD 1,415,882 thousand at 31 December 2020) and MK-Fintel Wind Holding Doo (RSD 84,070 thousand at 31 December 2020).

Summary of given loans, with maturities in the following table:

Recipient of the loan	Amount 31.12.2020 EUR	Amount 31.12.2020 RSD	Maturity
MK Fintel Wind ad	12,041,839	1,415,881,838	2023
MK Fintel Wind Holding d.o.o.	715,000	84,069,843	2023
Total	12,756,839	1,499,951,681	

10. Short-term loans and investments – parent companies and subsidiaries

Short-term loans and investments to parents' companies and subsidiaries amount to RSD 60,083 thousand and they refer to financing provided to the subsidiaries Lipar Doo (RSD 19,636 thousand at 31 December 2020), Lipar 2 Doo (RSD 4,938 thousand at 31 December 2020), Maestrle Ring Doo (RSD 30,571 thousand at 31 December 2020), Project Torak Doo (RSD 4,350 thousand at 31 December 2020) and Fintel Energija Development Doo (RSD 588 thousand at 31 December 2020).

FINTEL ENERGIJA AD, BEOGRAD
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(All amounts are in 000 RSD, unless otherwise stated)

Summary of given loans, with interest rates and maturities in the following table:

Recipient of the loan	Amount 31.12.2020 EUR	Amount 31.12.2020 RSD	Maturity
VP Lipar d.o.o.	167,000	19,635,893	2021
VP Lipar 2 d.o.o.	42,000	4,938,368	2021
VP Maestrle Ring d.o.o.	260,000	30,570,852	2021
Project Torak d.o.o.	37,000	4,350,467	2021
Fintel Energija Development d.o.o.	5,000	587,901	2021
Total	511,000	60,083,481	

11. Cash and cash equivalents

“Cash and cash equivalents” at 31 December 2020 and 2019 are detailed as follows:

<i>RSD thousand</i>	31 December 2020	31 December 2019
Current account		
- in dinars	1,701	11,968
- in foreign currency	56	56
Cash and cash equivalents	1,757	12,024

The fair value of cash and cash equivalents coincides with the carrying amount thereof.

For the purpose of the preparation of the statement of cash flows, investing and financing transactions that did not require the use of cash or cash equivalents have been excluded.

12. Other current assets

“Other current assets” of RSD 190,934 thousand at 31 December 2020 (RSD 155,050 thousand at 31 December 2019) are detailed in the following table:

<i>RSD thousand</i>	31 December 2020	31 December 2019
Other receivables	4,344	4,344
Value added tax	9,386	8,775
Prepayments and accrued income	177,204	141,931
Total	190,934	155,050

Prepayments and accrued income includes interests accrued during the years for the shareholder’s loans to the subsidiaries.

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EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
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(All amounts are in 000 RSD, unless otherwise stated)

13. Equity

Equity at 31 December 2020 and 2019 is detailed in the following table:

<i>RSD thousand</i>	31 December 2020	31 December 2019
Share capital	4,057	4,057
Share premium	681,237	681,237
Loss from previous years	(219,550)	(163,000)
Loss from current year	(35,727)	(56,550)
TOTAL EQUITY	430,017	465,744

The shares of Fintel Energija ad (number of pledged shares 25,000,000) have been pledged in favour of AIK Bank ad and in accordance with the Long-term Loan Agreement signed on July 26, 2017. The equity components and changes therein are detailed below:

Share capital

As of 31 December 2020, the Company's fully subscribed and paid up share capital amounted to RSD 4,056,524 (RSD 4.057 thousand as at 31. december 2019) consisting of 26,510,506 ordinary shares with nominal value of RSD 0.153 each.

Share premium

At 31 December 2020, such Reserve includes the share premium resulting from the capital increase related to the IPO of the Company on the Prime Listing Segment of the Belgrade Stock Exchange. The share premium worths RSD 755,022 Thousands (equivalent to RSD 499,847 per each new share issued by the Company). Such value is reported net of the IPO related costs.

Retained earnings/(Losses)

These consist of earnings/(Losses) from previous years. They also include net profit/(losses) for the current year.

14. Long and short term loans and borrowings to external parties

Set out below are details of long and short term loans and borrowings at 31 December 2020 and 2019:

<i>RSD thousand</i>	31 December 2020	31 December 2019
Long term borrowings	696,396	799,631
Short-term loans and borrowings	103,150	-
Total	799,545	799,631

FINTEL ENERGIJA AD, BEOGRAD
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
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(All amounts are in 000 RSD, unless otherwise stated)

Details of bank loans outstanding at 31 December 2020 are summarised in the following table:

Beneficiary company	Residual debt at 31.12.2020	Long term	Short term	Maturity
<i>(Amounts in RSD thousand)</i>				
Fintel Energija	799,546	696,396	103,150	2024
	799,546	696,396	103,150	

Loan of Fintel Energija refers to the financing received from AIK Bank in 2017 for the development and construction of Kosava phase I wind farm. Its maturity is of 6 years and interest rate is fixed.

15. Long and short term loans and borrowings from parent and subsidiaries

Loans and borrowings to parent and subsidiaries of RSD 327,380 thousand as at 31 December 2020 (RSD 327,415 thousand at 31 December 2019), mainly consist of revocable loans to be repaid to the Ultimate Parent company Fintel Energia Group Spa that were granted for the benefit of Fintel Energija. The loan of EUR 2,667,000 is interest bearing, interest is 6%. Other loans are non-interest bearing. The loans are due in 2021.

16. Trade payables

Trade payables amounted to RSD 62,827 thousand at 31 December 2020 (RSD 34,285 thousand at 31 December 2019) consist of domestic trade payables for services and payables to the parent company for services.

17. Accruals

Accruals amounted to RSD 149,467 thousand at 31 December 2020 consist mainly of interests on shareholders loan due to Fintel Energia Group SpA (RSD 119,629 thousand) and accrued interests on AIK loan (RSD 29,837 thousand).

STATEMENT OF PROFIT OR LOSS

18. Non-production costs

Non-production costs amount to RSD 31,551 thousand in 2020 (RSD 32,338 thousand in 2019) and relate to accounting services, management fee costs (invoices issued in according management fee contract), costs for other services.

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(All amounts are in 000 RSD, unless otherwise stated)

19. Finance income

Finance income for the years ended 31 December 2020 and 2019 are detailed as follows:

	2020	2019
Finance income - parent company and subsidiaries	44,597	47,753
Finance income - other related parties	-	-
Share of profit of associates and joint ventures	31,318	26,999
FOREIGN EXCHANGE GAINS (third parties)	95	4,088
Total	76,010	78,840

Finance income includes interests charged to subsidiaries on loans borrowed during the years.

Share of profit of associates includes dividends received in 2020 from MK-Fintel Wind Holding.

20. Finance expense

Finance costs for the years ended 31 December 2020 and 2019 are detailed as follows:

	2020	2019
Finance expense - parent company and subsidiaries	19,049	28,118
Finance expense - other related parties	-	-
Other financial expense	7,673	4,735
INTEREST EXPENSE (from third parties)	50,685	67,730
FOREIGN EXCHANGE LOSSES (third parties)	10	104
Total	77,417	100,688

Finance costs mainly refer to interests on shareholder's loans and interests on AIK loan.

21. Income tax expense

Income tax expenses for the years ended 31 December 2020 and 2019 are detailed as follows:

	Year ended 31 December	
	2020	2019
Income tax for the year	-	-
Deferred income tax for the period (note 12)	-	-
Origination and reversal of temporary differences	-	-
	-	-

FINTEL ENERGIJA AD, BEOGRAD
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(All amounts are in 000 RSD, unless otherwise stated)

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to the Group's profits as follows:

	Year ended 31 December	
	2020	2019
Profit before tax	(35,727)	(56,550)
Tax calculated at domestic tax rates applicable to profits in the respective countries	-	-
<i>Tax effect on:</i>		
Depreciation effects	(25)	(57)
Revenues exempt from taxation	-	-
Expenses not deductible for tax purposes	-	-
- Transfer pricing effect for interest expense	-	9,722
- Other expenses not deductible	-	-
Tax losses for which no deferred income tax asset was recognized (utilized recognised tax credit), net	-	-
Losses from subsidiaries	-	-
Other tax effects for reconciliation between accounting profit and tax expense	-	-
Adjustment in respect of prior years	-	-
Effective income tax rate	<u>0%</u>	<u>0%</u>

The weighted average applicable tax rate was 0% (2019: 0%).

22. Earnings/(loss) per share

The basic result per share has gone from a loss per share of RSD 2.13 in 2019 to RSD 1.35 for the year ended 31 December 2020. It has been computed by dividing the Group's net result by the number of Fintel Energija shares outstanding in the years in question (number of shares outstanding of 26,511 thousand).

There were no dilutive effects at 31 December 2020. Accordingly, diluted earnings per share thus coincide with basic earnings per share.

23. Related party transactions

As previously indicated, the Company is a subsidiary of Fintel EnergiaGroup SpA,

A summary provided below of the Company's transactions with related parties in 2020 and 2019. All transactions with related parties are entered into at market value.

(All amounts are in 000 RSD, unless otherwise stated)

As of 31 December 2020 and 31 December 2019 the outstanding balances with related parties were as follows:

At 31 December 2020				
	Parent Company	Parent's subsidiaries and associates	Subsidiaries	Total
<i>RSD thousand</i>				
Short-term loans	-	-	60,083	60,083
Long-term loans	-	-	1,499,952	1,499,952
Other current assets	-	-	177,204	177,204
Other current liabilities	(119,629)	-	-	(119,629)
Trade payables	(83,201)	-	-	(83,201)
Shareholder's loan	(327,380)	-	-	(327,380)
Total	(530,210)	-	1,737,239	1,207,029

At 31 December 2019				
	Parent Company	Parent's subsidiaries and associates	Subsidiaries	Total
<i>RSD thousand</i>				
Short-term loans	-	-	33,161	33,161
Long-term loans	-	-	1,517,610	1,517,610
Other current assets	-	-	141,931	141,931
Other current liabilities	(100,824)	-	-	(100,825)
Trade payables	(27,735)	-	-	(27,735)
Shareholder's loan	(327,415)	-	-	(327,415)
Total	(455,974)	-	1,692,702	(1,236,728)

For the year ended 31 December 2020 and 2019 the following transaction occurred with related parties:

At 31 December 2020					
	Parent Company	Parent's subsidiaries and associates	Subsidiaries	Other related parties	Total
<i>RSD thousand</i>					
Revenues	-	-	-	-	-
Selling, general and administrative expenses	(27,735)	-	-	-	(27,735)
Finance income	51	-	74,701	-	74,752
Finance expense	(18,818)	-	(231)	-	(19,049)
Total	(46,502)	-	74,470	-	27,968

At 31 December 2019					
	Parent Company	Parent's subsidiaries and associates	Subsidiaries	Other related parties	Total
<i>RSD thousand</i>					
Revenues	-	-	-	-	-
Selling, general and administrative expenses	(27,855)	-	-	-	(27,855)
Finance income	2,458	-	72,294	-	74,752
Finance expense	(19,142)	-	(8,976)	-	(28,118)
Total	(44,539)	-	63,318	-	18,779

FINTEL ENERGIJA AD, BEOGRAD
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(All amounts are in 000 RSD, unless otherwise stated)

Remuneration of Fintel's directors

Members of Board of Directors have not received any remuneration in 2020. Tiziano Giovannetti acts as sole director in of Fintel Energija's subsidiaries. His salary for 2020 amounted to RSD 237 thousand.

24. Tax risk

Tax laws are subject to different interpretations and frequent amendments. Tax authorities' interpretation of Tax laws may differ to those made by the Group's management. As result, some transactions may be disputed by tax authorities and the Group may have to pay additional taxes, penalties and interests. Tax liability due date is five years. Tax authorities have rights to determine unpaid liabilities within five years since the transaction date. Management has assessed that the Group has paid all tax liabilities as of 31 December 2020.

25. Significant subsequent events

There were no events occurring after the balance sheet date that could require an adjustment to the financial statements as at 31 December 2020, nor disclosures in the Notes to the Company's financial statements.

At the end of 2019, China for the first time announced news about COVID-19 (coronavirus). At that time a limited number of cases of an unknown virus reported to the World Health Organization. In the first few months of 2020, the virus spread globally and caused significant negative effect. Management believes that this epidemic is an event after the date of the reporting period that does not require adjustments to the financial statements. Although the virus is still evolving, at the time of issuing these financial statements, the Company's management does not expect an impact on operations in 2021.

Legal representative:

The person responsible for the preparation of financial statements:



A handwritten signature in blue ink is positioned to the left of a circular blue stamp. The stamp contains the text "FINTEL ENERGIJA AD" in the center, with "BEOGRAD" at the bottom and "POSREDOVANJE ZA PROMET ELEKTRICNOM ENERGIJOM" around the perimeter.

FINTEL ENERGIJA a.d., Beograd

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
AND INDEPENDENT AUDITOR'S REPORT**

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Independent Auditor's Report

To the Shareholders of Fintel Energija a.d., Beograd

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Fintel Energija a.d., Beograd (the "Company") as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with the Law on Accounting and accounting regulations effective in the Republic of Serbia.

What we have audited

The Company's financial statements ("the financial statements") comprise:

- the income statement for the year ended 31 December 2020;
- the statement of other comprehensive income for the year ended December 2020;
- the balance sheet as at 31 December 2020;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with the Law on Auditing effective in the Republic of Serbia. Our responsibilities under this regulation are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the Law on auditing in the Republic of Serbia that are relevant to our audit of the financial statements in the Republic of Serbia. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the Law on auditing in the Republic of Serbia.



Our audit approach

Overview

Materiality

- Overall materiality: RSD (“Serbian Dinars”) 17,692 thousand, which represents 1% of the total assets.
-

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall the Company materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, if any, both individually and in aggregate on the financial statements as a whole.

Overall the Company materiality	RSD 17,692 thousand
How we determined it	1% of the total assets
Rationale for the materiality benchmark applied	The Company acts as a holding company of the group of ten subsidiaries engaged in development, construction and operation of wind farms. Due to fact that the most of subsidiaries are still in development phase, with limited number of operating turbines, we chose total assets as the benchmark. We chose 1% which we, based on our professional judgement, considered as appropriate threshold in these circumstances.

We agreed with the those charged with governance that we would report to them misstatements identified during our audit above RSD 1,769 thousand, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.



Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. Such matters are addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to be communicated in our report.

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 Law on Accounting 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 Auditing in the Republic of Serbia 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 Auditing and auditing regulation effective in the Republic of Serbia, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The licensed auditor engaged as partner on the audit resulting in this independent auditor's report is Biljana Bogovac.

Refer to the original signed
Serbian version

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Serbian version

Biljana Bogovac,
Licensed Certified Auditor

PricewaterhouseCoopers d.o.o., Beograd

Belgrade, 29 April 2021

STAND-ALONE FINANCIAL STATEMENTS

BALANCE SHEET

RSD THOUSAND	AOP	Note	31 December 2020	31 December 2019
B. NON-CURRENT ASSETS (0003 + 0010 + 0019+ 0024 + 0034)	0002		1,516,001	1,533,755
I. INTANGIBLE ASSETS (0004+0005+0006+0007+0008+0009)	0003		-	-
1. Development investments	0004		-	-
2. Concessions, licenses, software and other rights	0005		-	-
3. Goodwill	0006		-	-
4. Other intangible assets	0007		-	-
5. Intangible assets under development	0008		-	-
6. Advances for intangible assets	0009		-	-
II. PROPERTY, PLANT AND EQUIPMENT (0011+0012+0013+0014+0015+0016+0017+0018)	0010		33	57
1. Land	0011		-	-
2. Buildings	0012		-	-
3. Machinery and equipment	0013		33	57
4. Investment property	0014		-	-
5. Other property, plant and equipment	0015		-	-
6. Construction in progress	0016		-	-
7. Investments in leased PP&E	0017		-	-
8. Advances for PP&E	0018		-	-
III. BIOLOGICAL ASSETS (0020+0021+0022+0023)	0019		-	-
1. Forest farming	0020		-	-
2. Livestock	0021		-	-
3. Biological assets in production	0022		-	-
4. Advances for biological assets	0023		-	-
IV. LONG-TERM FINANCIAL INVESTMENTS (0025+0026+0027+0028+0029+0030+0031+0032+0033)	0024		1,515,968	1,533,698
1. Investments in subsidiary	0025	8	16,016	16,088
2. Investments in joint ventures	0026		-	-
3. Investments in other legal entities and other available for sales financial assets	0027		-	-
4. Long term investments in parent and subsidiaries	0028	9	1,499,952	1,517,610
5. Long-term investments in other related parties	0029		-	-
6. Long-term investments – domestic	0030		-	-
7. Long-term investments – foreign	0031		-	-
8. Securities held to maturity	0032		-	-
9. Other long-term financial investments	0033		-	-
V. LONG-TERM RECEIVABLES (0035+0036+0037+0038+0039+0040+0041)	0034		-	-
1. Receivables from parent company and subsidiaries	0035		-	-
2. Receivables from other related parties	0036		-	-
3. Receivables from sale of goods on credit	0037		-	-
4. Receivables arising out of finance lease contracts	0038		-	-
5. Claims arising from guarantees	0039		-	-
6. Bad and doubtful receivables	0040		-	-
7. Other long-term receivables	0041		-	-
C. DEFERRED TAX ASSETS	0042		-	-

STAND-ALONE FINANCIAL STATEMENTS

BALANCE SHEET (CONTINUED)

RSD THOUSAND	AOP	Note	31 December 2020	31 December 2019
D. CURRENT ASSETS				
(0044+0051+0059+0060+0061+0062+0068+0069+0070)	0043		253,285	200,805
I. INVENTORY (0045+0046+0047+0048+0049+0050)	0044		497	556
1. Materials, spare parts and tools	0045		-	-
2. Work in progress	0046		-	-
3. Finished goods	0047		-	-
4. Merchandise	0048		-	-
5. Assets held for sale	0049		-	-
6. Advances for inventory and services	0050		497	556
II. TRADE RECEIVABLES	0051		-	-
(0052+0053+0054+0055+0056+0057+0058)				
1. Domestic trade receivables - parents and subsidiaries	0052		-	-
2. Foreign trade receivables - parents and subsidiaries	0053		-	-
3. Domestic trade receivables - other related parties	0054		-	-
4. Foreign trade receivables - other related parties	0055		-	-
5. Trade receivables – domestic	0056		-	-
6. Trade receivables – foreign	0057		-	-
7. Other trade receivables	0058		-	-
III. RECEIVABLES FROM SPECIFIC OPERATIONS	0059		-	-
IV. OTHER RECEIVABLES	0060	12	4,344	4,344
V. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	0061		-	-
VI. SHORT TERM FINANCIAL INVESTMENTS	0062		60,097	33,175
(0063+0064+0065+0066+0067)				
1. Short-term loans and investments - parent companies and subsidiaries	0063	10	60,083	33,161
2. Short-term loans and investments – other related parties	0064		-	-
3. Short-term loans and investments – domestic	0065		-	-
4. Short-term loans and investments – foreign	0066		-	-
5. Other short-term loans and investments	0067		14	14
VII. CASH AND CASH EQUIVALENTS	0068	11	1,757	12,024
VIII. VALUE ADDED TAX	0069	12	9,386	8,775
IX. PREPAYMENTS AND ACCRUED INCOME	0070	12	177,204	141,931
E. TOTAL ASSETS (0001+0002+0042+0043)	0071		1,769,286	1,734,560
F. OFF-BALANCE SHEET ASSETS	0072	7	324,521	472,723
A. EQUITY (0402+0411-0412+0413+0414+0415-0416+0417+0420-0421)	0401		430,017	465,744
I. EQUITY	0402		685,294	685,294
(0403+0404+0405+0406+0407+0408+0409+0410)				
1. Share capital	0403	13	4,057	4,057
2. Stakes of limited liability companies	0404		-	-
3. Stakes	0405		-	-
4. State owned capital	0406		-	-
5. Socially owned capital	0407		-	-
6. Stakes in cooperatives	0408		-	-
7. Share premium	0409	13	681,237	681,237
8. Other capital	0410		-	-
II. SUBSCRIBED CAPITAL UNPAID	0411		-	-
III. OWN SHARES	0412		-	-
IV. RESERVES	0413		-	-
V. REVALUATION RESERVES FROM VALUATION OF INTANGIBLES, PROPERTIES, PLANT AND EQUIPMENT	0414		-	-
VI. UNREALISED GAINS FROM SECURITAS AND OTHER COMPONENTS OF OTHER COMPREHENSIVE INCOME	0415		-	-
VII. UNREALIZED LOSSES FROM SECURITIES AND OTHER COMPONENTS OF OTHER COMPREHENSIVE INCOME	0416		-	-
VIII. RETAINED EARNINGS (0418+0419)	0417		-	-
1. Retained earnings from previous years	0418		-	-
2. Retained earnings from current year	0419		-	-
IX. NON-CONTROLLING INTEREST	0420		-	-
X. LOSS (0422+0423)	0421		255,277	219,550
1. Loss from previous years	0422	13	219,550	163,000
1. Loss from current year	0423	13	35,727	56,550

STAND-ALONE FINANCIAL STATEMENTS

BALANCE SHEET (CONTINUED)

	AOP	Note	31 December 2020	31 December 2019
B. LONG-TERM PROVISIONS AND LIABILITIES (0425+0432)	0424		696,396	799,631
I. LONG-TERM PROVISIONS (0426+0427+0428+0429+0430+0431)	0425		-	-
1. Provisions for warranty claims	0426		-	-
2. Provision for environmental rehabilitation	0427		-	-
3. Provisions for restructuring costs	0428		-	-
4. Provisions for employee benefits	0429		-	-
5. Provisions for litigations	0430		-	-
6. Other long term provisions	0431		-	-
II. LONG-TERM LIABILITIES (0433+0434+0435+0436+0437+0438+0439+0440)	0432		696,396	799,631
1. Liabilities convertible to equity	0433		-	-
2. Liabilities to parent and subsidiaries	0434		-	-
3. Liabilities to other related parties	0435		-	-
4. Liabilities for issued long-term securities	0436		-	-
5. Long term borrowings - domestic	0437	14	696,396	799,631
6. Long-term borrowings - foreign	0438		-	-
7. Finance lease liabilities	0439		-	-
8. Other long-term liabilities	0440		-	-
C. DEFERRED TAX LIABILITIES	0441		-	-
D. SHORT-TERM LIABILITIES (0443+0450+0451+0459+0460+0461+0462)	0442		642,873	469,185
I. SHORT-TERM FINANCIAL LIABILITIES (0444+0445+0446+0447+0448+0449)	0443		430,530	327,415
1. Short term borrowings from parent and subsidiaries	0444	15	327,380	327,415
2. Short term borrowings from other related parties	0445		-	-
3. Short-term loans and borrowings - domestic	0446		103,150	-
4. Short-term loans and borrowings - foreign	0447		-	-
5. Liabilities relating to current assets and held-for-sale assets attributable to discounted operations	0448		-	-
6. Other short term liabilities	0449		-	-
II. ADVANCES RECEIVED	0450		-	-
III. TRADE PAYABLES (0452+0453+0454+0455+0456+0458)	0451		62,826	34,285
1. Trade payables - parent and subsidiaries - domestic	0452		-	-
2. Trade payables - parent and subsidiaries - foreign	0453	16	55,466	27,735
3. Trade payables - other related parties - domestic	0454		-	-
4. Trade payables - other related parties - foreign	0455		-	-
5. Trade payables - domestic	0456	16	7,360	6,550
6. Trade payables - foreign	0457		-	-
7. Other operating liabilities	0458		-	-
IV. OTHER SHORT-TERM LIABILITIES	0459		50	265
V. LIABILITIES FOR VAT	0460		-	-
VI. LIABILITIES FOR OTHER TAXES	0461		-	-
VII. ACCRUED EXPENSES	0462	17	149,467	107,220
E. LOSS EXCEEDING EQUITY (0412+0416+0421-0420-0417-0415-0414-0413-0411-0402)>=0=(0441+0424+0442-0071)>=0	0463		-	-
F. TOTAL EQUITY AND LIABILITIES (0424+0442+0441+0401-0463)>=0	0464		1,769,286	1,734,560
G. OFF-BALANCE SHEET LIABILITIES	0465	7	324,521	472,723

Tiziano Giovannetti
Director

27 April 2021



The accompanying notes are an integral part of these Financial Statements.

STAND-ALONE FINANCIAL STATEMENTS

INCOME STATEMENT

RSD THOUSAND	AOP	Note	Year ended	
			31 December 2020	2019
A. OPERATING INCOME (1002+1009+1016+1017)	1001		-	142
I. INCOME FROM THE SALE OF GOODS (1003+1004+1005+1006+1007+1008)	1002		-	
1. Income from sales of goods to parent and subsidiaries on domestic market	1003		-	-
2. Income from sales of goods to parent and subsidiaries on foreign market	1004		-	-
3. Income from the sale of goods to other related parties on domestic market	1005		-	-
4. Income from the sale of goods to other related parties on foreign market	1006		-	-
5. Income from sale of goods on domestic market	1007		-	-
6. Income from sale of goods on foreign market	1008		-	-
II. INCOME FROM SALES OF PRODUCTS AND SERVICES (1010+1011+1012+1013+1014+1015)	1009		-	-
1. Income from sales of products and services to parent and subsidiaries on domestic market	1010		-	-
2. Income from sales of products and services to parent and subsidiaries on foreign market	1011		-	-
3. Income from sales of products and services to other related parties on domestic market	1012		-	-
4. Income from sales of products and services to other related parties on foreign market	1013		-	-
5. Income from sales of products and services – domestic	1014		-	-
6. Income from sales of products and services – foreign	1015		-	-
III. INCOME FROM PREMIUMS, SUBVENTIONS AND DONATIONS	1016		-	-
IV. OTHER OPERATING INCOME	1017			142
EXPENSES FROM REGULAR OPERATING ACTIVITIES				
B. OPERATING EXPENSES (1019-1020-1021+1022+1023+1024+1025+1026+1027+1028+1029)>=0	1018		35,667	36,253
I. COST OF GOODS SOLD	1019		-	-
II. WORK PERFORMED BY THE ENTITY AND CAPITALIZED	1020		-	-
III. INCREASE IN INVENTORIES OF UNFINISHED AND FINISHED GOODS AND ONGOING SERVICES	1021		-	-
IV. DECREASE IN INVENTORIES OF UNFINISHED AND FINISHED GOODS AND ONGOING SERVICES	1022		-	-
V. COST OF MATERIAL	1023		-	24
VI. COST OF FUEL AND ENERGY	1024		-	-
VII. COST OF SALARIES, FRINGE BENEFITS AND OTHER PERSONAL EXPENSES	1025		3,915	3,656
VIII. COST OF PRODUCTION SERVICES	1026		176	210
IX. DEPRECIATION, DEPLETION AND AMORTIZATION	1027		25	25
X. COST OF LONG-TERM PROVISIONING	1028		-	-
XI. NON-PRODUCTION COSTS	1029	18	31,551	32,338
C. OPERATING GAIN (1001-1018)>=0	1030		-	-
D. OPERATING LOSS (1018-1001)>=0	1031		35,667	36,111

STAND-ALONE FINANCIAL STATEMENTS

INCOME STATEMENT (CONTINUED)

RSD THOUSAND	AOP	Note	Year ended 31 December	
			2020	2019
E. FINANCE INCOME (1033+1038+1039)	1032		76,010	78,840
I. FINANCIAL INCOME FROM RELATED PARTIES AND OTHER FINANCIAL INCOME (1034+1035+1036+1037)	1033		75,915	74,752
1. Finance income - parent company and subsidiaries	1034	19	44,597	47,753
2. Finance income - other related parties	1035		-	-
3. Share of profit of associates and joint ventures	1036	19	31,318	26,999
4. Other financial income	1037		-	-
II. INTEREST INCOME (from third parties)	1038		-	-
III. FOREIGN EXCHANGE GAINS (third parties)	1039	19	95	4,088
F. FINANCE EXPENSES (1041+1046+1047)	1040		77,416	100,687
I. FINANCIAL EXPENSES FROM RELATED PARTIES AND OTHER FINANCIAL EXPENSES (1042+1043+1044+1045)	1041		26,721	32,853
1. Finance expense - parent company and subsidiaries	1042	20	19,049	28,118
2. Finance expense - other related parties	1043		-	-
3. Share of loss of associates and joint ventures	1044		-	-
4. Other financial expense	1045	20	7,672	4,735
II. INTEREST EXPENSE (from third parties)	1046	20	50,685	67,730
III. FOREIGN EXCHANGE LOSSES (third parties)	1047	20	10	104
G. PROFIT FROM FINANCING OPERATIONS (1032-1040)	1048		-	-
H. LOSS FROM FINANCING OPERATIONS (1040-1032)	1049		1,406	21,847
I. INCOME FROM VALUATION OF ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	1050		-	-
J. LOSS FROM VALUATION OF ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	1051		-	-
K. OTHER INCOME	1052		1,488	1,408
L. OTHER EXPENSES	1053		142	-
M. OPERATING PROFIT BEFORE TAX (1030-1031+1048-1049+1050-1051+1052-1053)	1054		-	-
N. OPERATING LOSS BEFORE TAX (1031-1030+1049-1048+1051-1050+1053-1052)	1055		35,727	56,550
O. NET INCOME ATTRIBUTABLE TO DISCONTINUED OPERATIONS, EXPENSES ARISING FROM CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF PRIOR PERIOD ERRORS	1056		-	-
P. NET LOSS ATTRIBUTABLE TO DISCONTINUED OPERATIONS, EXPENSES ARISING FROM CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF PRIOR PERIOD ERRORS	1057		-	-
Q. PROFIT BEFORE TAX (1054-1055+1056-1057)	1058		-	-
R. LOSS BEFORE TAX (1055-1054+1057-1056)	1059		35,727	56,550
II. INCOME TAX			-	-
I. CURRENT INCOME TAX	1060		-	-
II. DEFERRED TAX EXPENSE FOR THE PERIOD	1061		-	-
III. DEFERRED TAX INCOME FOR THE PERIOD	1062		-	-
S. PERSONAL INCOME PAID TO EMPLOYER	1063		-	-
T. NET PROFIT (1058-1059-1060-1061+1062)	1064		-	-
V. NET LOSS (1059-1058+1060+1061-1062)	1065		35,727	56,550
I. NET INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	1066		-	-
II. NET INCOME ATTRIBUTABLE TO THE OWNER	1067		-	-
III. NET LOSS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	1068		-	-
IV. NET LOSS ATTRIBUTABLE TO THE OWNER	1069		35,727	56,550
V. EARNINGS PER SHARE				
1. Basic earnings per share	1070	22	(1.35)	(2.13)
2. Diluted earnings per share	1071	22	(1.35)	(2.13)

STAND-ALONE FINANCIAL STATEMENTS

STATEMENT OF OTHER COMPREHENSIVE INCOME

RSD THOUSAND	AOP	Note	Year ended 31 December	
			2020	2019
A. NET PROFIT/(LOSS)				
I. PROFIT, NET (AOP 1064)	2001			
II. LOSS, NET (AOP 1065)	2002		35,727	56,550
B. OTHER COMPREHENSIVE PROFIT OR LOSS				
<i>a) Items that will not be reclassified to profit or loss</i>				
1. Changes in the revaluation of intangible assets, property, plant and equipment				
a) increase in revaluation reserves	2003		-	-
b) decrease in revaluation reserves	2004		-	-
2. Actuarial gains (losses) of post employment benefit obligations				
a) gains	2005		-	-
b) losses	2006		-	-
3. Gains and losses arising from equity investments				
a) gains	2007		-	-
b) losses	2008		-	-
4. Gains or losses arising from a share in the associate's other comprehensive profit or loss				
a) gains	2009		-	-
b) losses	2010		-	-
<i>b) Items that may be subsequently reclassified to profit or loss</i>				
1. Gains (losses) from currency translation differences				
a) gains	2011		-	-
b) losses	2012		-	-
2. Gains (losses) on investment hedging instruments in foreign business				
a) gains	2013		-	-
b) losses	2014		-	-
3. Gains and losses on cash flow hedges				
a) gains	2015		-	-
b) losses	2016		-	-
4. Gains (losses) from change in value of available-for-sale financial assets				
a) gains	2017		-	-
b) losses	2018		-	-
I. OTHER COMPREHENSIVE PROFIT BEFORE TAX (2003+2005+2007+2009+2011+2013+2015+2017)- (2004+2006+2008+2010+2012+2014+2016+2018)>=0	2019		-	-
II. OTHER COMPREHENSIVE LOSS BEFORE TAX (2004+2006+2008+2010+2012+2014+2016+2018)- (2003+2005+2007+2009+2009+2011+2013+2015+2017)>=0	2020		-	-
III. TAX ON OTHER COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD	2021		-	-
IV. TOTAL NET COMPREHENSIVE PROFIT (2019-2020-2021)>=0	2022		-	-
V. TOTAL NET COMPREHENSIVE LOSS (2020-2019+2021)>=0	2023		-	-
C. TOTAL NET COMPREHENSIVE PROFIT				
I. TOTAL COMPREHENSIVE PROFIT, NET (2001-2002+2022-2023)>=0	2024		-	-
II. TOTAL COMPREHENSIVE LOSS, NET (2002-2001+2023-2022)>=0	2025		35,727	56,550
D. TOTAL NET COMPREHENSIVE PROFIT / (LOSS) (2027+2028)=AOP 2024>=0 или AOP 2025>0	2026			
1. Attributable to shareholders	2027		35,727	56,550
2. Attributable to non-controlling interest	2028		-	-

STAND-ALONE FINANCIAL STATEMENTS

STATEMENT OF CASH FLOWS

In RSD thousand

	AOP	Note	Year ended 31 December	
			2020	2019
A. CASH FLOWS FROM OPERATING ACTIVITIES				
I. Cash inflow from operating activities (1 to 3)	3001		-	-
1. Sales and advances received	3002		-	-
2. Interest from operating activities	3003		-	-
3. Other inflow from operating activities	3004		-	-
II. Cash outflow from operating activities (1 to 5)	3005		58,164	194,045
1. Payments and prepayments to suppliers	3006		25,484	99,111
2. Salaries, benefits and other personal expenses	3007		3,916	3,656
3. Interest paid	3008		28,764	91,278
4. Income tax paid	3009		-	-
5. Payments for other public revenues	3010		-	-
III. Net cash inflow from operating activities (I - II)	3011			
IV. Net cash outflow from operating activities (II - I)	3012		58,164	194,045
B. CASH FLOWS FROM INVESTING ACTIVITIES				
I. Cash flows from investing activities (1 to 5)	3013		66,748	58,792
1. Sale of shares (net inflow)	3014		-	-
2. Proceeds from sale of intangible assets, property, plant and equipment	3015		-	-
3. Other financial investments (net inflow)	3016		35,241	24,693
4. Interest from investing activities	3017		189	7,100
5. Dividend received	3018		31,318	26,999
II. Cash outflow from investing activities (1 to 3)	3019		-	-
1. Acquisition of subsidiaries or other business (net outflow)	3020		-	-
2. Purchase of intangible assets, property, plant and equipment	3021		-	-
3. Other financial investments (net outflow)	3022		-	-
III. Net cash inflow from investing activities (I - II)	3023		66,748	58,792
IV. Net cash outflow from investing activities (II - I)	3024		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES				
I. Cash inflow from financing activities (1 to 5)	3025		-	101,236
1. Increase in share capital	3026		-	-
2. Proceeds from long-term borrowings (net inflow)	3027		-	101,236
3. Proceeds from short-term borrowings (net inflow)	3028		-	-
4. Other long-term liabilities	3029		-	-
5. Other short-term liabilities	3030		-	-
II. Cash outflow from financing activities (1 to 6)	3031		18,851	55,948
1. Purchase of own shares	3032		-	-
2. Repayment of long-term borrowings (net outflow)	3033		-	35,451
3. Repayment of short-term borrowings (net outflow)	3034		18,851	20,497
4. Repayment of other liabilities (net outflow)	3035		-	-
5. Financial lease	3036		-	-
6. Dividend distribution	3037		-	-
III. Net cash inflow from financing activities (I - II)	3038		-	45,288
IV. Net cash outflow from financing activities (II - I)	3039		18,851	-
D. TOTAL CASH INFLOW (3001+3013+3025)	3040		66,748	160,028
E. TOTAL CASH OUTFLOW (3005+3019+3031)	3041		77,015	249,993
F. NET CASH INFLOW (340-341)	3042		-	-
G. NET CASH OUTFLOW (341-340)	3043		10,267	89,965
H. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	3044		12,024	101,989
I. CURRENCY TRANSLATION GAINS ON CASH AND CASH EQUIVALENTS	3045		-	-
J. CURRENCY TRANSLATION LOSSES ON CASH AND CASH EQUIVALENTS	3046		-	-
K. CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (3042-3043+3044+3045-3046)	3047		1,757	12,024

STAND-ALONE FINANCIAL STATEMENTS

STAND-ALONE STATEMENT OF CHANGES IN EQUITY
in RSD thousand

		Equity components						Retained earnings (loss)
	AOP	Share capital	AOP	Reserves	AOP	Loss	AOP	
Balance as at 1 January 2018								
a) debit	4001		4037		4055	47,424	4091	
b) credit	4002	3,825	4038		4056		4092	
Adjustments of material errors and changes in accounting policies								
a) debit	4003		4039		4057		4093	
b) credit	4004		4040		4058		4094	
Restated opening balance as at 1 January 2018								
a) debit (1a+2a-26)>=0	4005		4041		4059	47,424	4095	
b) credit (16-2a+26)>=0	4006	3,825	4042		4060		4096	
Changes in period								
a) debit	4007		4043		4061	115,576	4097	
b) credit	4008	681,469	4044		4062		4098	
Balance as at 31 December 2018								
a) debit (3a+4a-46)>=0	4001		4037		4055	163,000	4091	
b) credit (36-4a+46)>=0	4002	685,294	4038		4056		4092	
Adjustments of material errors and changes in accounting policies								
a) debit	4003		4039		4057		4093	
b) credit	4004		4040		4058		4094	
Restated opening balance as at 1 January 2019								
a) debit (5a+6a-66)>=0	4005		4041		4059	163,000	4095	
b) credit (56-6a+66)>=0	4006	685,294	4042		4060		4096	
Changes in period								
a) debit	4007		4043		4061	56,550	4097	
b) credit	4008		4044		4062		4098	
Balance as at 31 December 2019								
a) debit (7a+8a-86)>=0	4009		4045		4063	219,550	4099	
b) credit (76-8a+86)>=0	4010	685,294	4046		4064		4100	

STAND-ALONE FINANCIAL STATEMENTS

STAND-ALONE STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Equity components						Retained earnings
	AOP	Share capital	AOP	Reserves	AOP	Loss	
Adjustments of material errors and changes in accounting policies							
a) debit	4011		4047	-	4065		4101
b) credit	4012		4048	-	4066		4102
Restated opening balance as at 1 January 2020							
a) debit (5a+6a-66)>=0	4013		4049	-	4067	219,550	4103
b) credit (5b-6a+66)>=0	4014	685,294	4050	-	4068		4104
Changes in period							
a) debit	4015		4051	-	4069	35,727	4105
b) credit	4016		4052	-	4070		4106
Balance as at 31 December 2020							
a) debit (7a+8a-86)>=0	4017		4053	-	4071	255,277	4107
b) credit (7b-8a+86)>=0	4018	685,294	4054	-	4072		4108

STAND-ALONE FINANCIAL STATEMENTS

STAND-ALONE STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Other comprehensive income components

	AOP	Revaluation reserves	AOP	Actuarial gain/(loss)	AOP	Gains (losses) from change in value of available-for-sale financial assets	AOP	Total Equity
Balance as at 1 January 2018								
a) debit	4109	-	4127	-	4217	-	-	47,424
b) credit	4110	-	4128	-	4218	-	- 4235	3,825
Adjustments of material errors and changes in accounting policies								
a) debit	4111	-	4129	-	4219	-	-	-
b) credit	4112	-	4130	-	4220	-	- 4236	-
Restated opening balance as at 1 January 2018								
a) debit (1a+2a-26)>=0	4113	-	4131	-	4221	-	-	47,424
b) credit (16-2a+26)>=0	4114	-	4132	-	4222	-	- 4237	3,825
Changes in period								
a) debit	4115	-	4133	-	4223	-	-	115,576
b) credit	4116	-	4134	-	4224	-	- 4238	681,469
Balance as at 31 December 2018								
a) debit (3a+4a-46)>=0	4109	-	4127	-	4217	-	-	163,000
b) credit (36-4a+46)>=0	4110	-	4128	-	4218	-	- 4235	685,294
Adjustments of material errors and changes in accounting policies								
a) debit	4111	-	4129	-	4219	-	-	-
b) credit	4112	-	4130	-	4220	-	- 4236	-
Restated opening balance as at 1 January 2019								
a) debit (5a+6a-66)>=0	4113	-	4131	-	4221	-	-	163,000
b) credit (56-6a+66)>=0	4114	-	4132	-	4222	-	- 4237	685,294
Changes in period								
a) debit	4115	-	4133	-	4223	-	-	56,550
b) credit	4116	-	4134	-	4224	-	- 4238	-
Balance as at 31 December 2019								
a) debit (7a+8a-86)>=0	4117	-	4135	-	4225	-	-	219,550
b) credit (76-8a+86)>=0	4118	-	4136	-	4226	-	- 4239	685,294

STAND-ALONE FINANCIAL STATEMENTS

STAND-ALONE STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Other comprehensive income components

	AOP	Revaluation reserves	AOP	Actuarial gain/(loss)	AOP	Gains (losses) from change in value of available-for-sale financial assets	AOP	Total Equity
Adjustments of material errors and changes in accounting policies								
a) debit	4119	-	4137	-	4227	-	-	
b) credit	4120	-	4138	-	4228	-	4240	
Restated opening balance as at 1 January 2020	4121	-	4139	-	4229	-	-	219,550
a) debit (5a+6a-66)>=0	4122	-	4140	-	4230	-	4241	685,294
b) credit (56-6a+66)>=0								
Changes in period								
a) debit	4123	-	4141	-	4231	-	-	35,727
b) credit	4124	-	4142	-	4232	-	4242	
Balance as at 31 December 2020	4125	-	4143	-	4233	-	-	255,277
a) debit (7a+8a-86)>=0	4126	-	4144	-	4234	-	4243	685,294
b) credit (76-8a+86)>=0								

**EXPLANATORY NOTES TO THE FINANCIAL
STATEMENTS 31 DECEMBER 2020**

(All amounts are in 000 RSD, unless otherwise stated)

1. General information

Fintel Energija A.D. (hereinafter the **"Company"** or **"Fintel Energija"**) is a Serbian holding leading independent renewable energy generator in Serbia. The Company through its subsidiaries acted as the pioneer in the Serbian wind business being the first ever to install and operate wind farms in the country.

The Company was incorporated as a closed joint stock company on 27 June 2007, under the business name PRIVREDNO DRUŠTVO ZA PROIZVODNJU ELEKTRIČNE ENERGIJE FINTEL ENERGIJA AD BEOGRAD, by the company FINTEL ENERGIA GROUP S.P.A, registration number 02658620402, as the sole shareholder (hereinafter the **"Principal Shareholder"**). Fintel Energia Group S.p.A. is 86,22% owned by Hopafi Srl.

Fintel Energija's registered office is located at Bulevar Mihajla Pupina 115e, Beograd, Serbia.

At 31 December 2020, the Company's fully subscribed and paid up share capital amounted to RSD 4,057 thousand, consisting of 26,510,506 ordinary shares of RSD 0.153 each.

In 2018 the Company listed its shares on the stock market. The process of Initial Public Offering of the Company's shares ended on 30. October 2018, and during the offering period 1,510,506 shares were registered. Initial price on the stock market was RSD 500 per share.

The company's shares are traded on the organized market – Belgrade Stock Exchange. The symbol of the shares is FINT, and ISIN number is RSFINEE60549. The market capitalization of the Company as at 31 December 2020 is RSD 16,569,066 thousand. Fintel Energia Group SpA, the majority shareholder of the Company, constitute a vertical operator in the integrated energy supply chain, which engages in the sale of electricity and natural gas in Italy and in the development and exploitation of renewable energy power plants (photovoltaic, wind and mini wind) in Italy and Serbia.

These stand-alone financial statements for the year ended 31 December 2020 have been approved on the 27 April 2021. The approved stand-alone financial statements may be amended based on the auditor's opinion, in accordance with legislation.

(All amounts are in 000 RSD, unless otherwise stated)

2. Summary of accounting policies and standards adopted

2.1 Basis of presentation

The Company has prepared these stand-alone financial statements in accordance with the Law on Accounting of the Republic of Serbia (the "Law"), , statements be prepared in accordance with all International Financial Reporting Standards (IFRS) translated into Serbian by 31 July 2013, as well as other regulations issued by the Ministry of Finance of the Republic of Serbia The Law requires certain presentations and treatments of accounts and balances which results in the following additional departures from IFRS:

1. The financial statements are prepared in format prescribed by the Ministry of Finance of the Republic of Serbia, which does not comply with IAS 1 (revised) – "Presentation of Financial Statements" requirements and IAS 7 – "Statement of cash flows".
2. "Off-balance sheet assets and liabilities" are recorded on the face of the balance sheet (note 2.4). Such items do not meet the definition of either an asset or a liability under IFRS.
3. Decision of the Ministry of Finance of the Republic of Serbia no. 401-00-4980 / 2019-16 of 21st November 2019 (Official Gazette of the Republic of Serbia No. 92/2019) stipulate that official standards are consist of: official translations of International Financial Reporting Standards which include the Conceptual Framework for Financial Reporting, the basic texts of International Accounting standards (IAS), basic texts of IFRS issued by the International Accounting Standards Board, as well as interpretations issued by the Accounting Standards Interpretation Committee in the form in which they were issued or adopted and which do not include basis for conclusions, illustrative examples, guidelines, comments, dissenting opinions, elaborated examples and other additional explanatory material that can be adopted in connection with standards, interpretations, unless it is explicitly stated that it is an integral part of the standard or interpretation. IFRS 9 and IFRS 15 are applicable from the financial statements prepared as of 31st December 2020, with the possibility of application when preparing the financial statements as at 31st December 2019 (disclosing the relevant information in the Notes to the consolidated financial statements).
4. In accordance with IFRS 15 the Company analyses contracts with customers to identify the underlying obligations. If a contract includes multiple goods or services, the Company assesses whether these components should be recognised separately in accordance with IFRS 15. Taking account of the characteristics of the contracts entered into by the Company, no contracts with multiple obligations have been identified. The Company's management considers that this standard does not have a material impact on the Company's financial statements. Also, the Company's management anticipates that the adoption of this standard will not significantly affect the Company's financial statements in future periods.
5. Final version of IFRS 9 Financial Instruments reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting . The Company's management considers that this standard does not have a material impact on the Company's financial statements. Also, the Company's management anticipates that the adoption of this standard will not significantly affect the Company's financial statements in future periods.

According to the above, and bearing in mind the potential material effects that the deviation of the accounting regulations of the Republic of Serbia from IFRSs and IASs can have on the reality and objectivity of the Group's consolidated financial statements, the accompanying consolidated financial statements cannot be considered as financial statements prepared in accordance with IFRS and IAS.

(All amounts are in 000 RSD, unless otherwise stated)

The preparation of stand-alone financial statements in conformity with Law on Accounting of the Republic of Serbia requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

2.2 Going concern

The Company meets its day-to-day working capital requirements through its bank facilities. The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current facilities. Bearing in mind the foregoing, management considers that the Company has adequate resources to continue in operational existence for the foreseeable future. At the end of 2019, China for the first time announced news about COVID-19 (coronavirus). At that time a limited number of cases of an unknown virus reported to the World Health Organization. In the first few months of 2020, the virus spread globally and caused significant negative effect. Management believes that this epidemic is an event after the date of the reporting period that does not require adjustments to the financial statements. Although the virus is still evolving, at the time of issuing these financial statements, the Company's management does not expect an impact on operations in 2021. The Company therefore continues to adopt the going concern basis in preparing its stand-alone financial statements. Further information on the Company's borrowings is given in Note 14.

2.3 Foreign currency translation

Functional and presentation currency

Items included in the financial statements of the Company are measured and presented in Serbian dinars (RSD). Dinar represents the official reporting currency in the Republic of Serbia.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of the transaction or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

(All amounts are in 000 RSD, unless otherwise stated)

2.4 Significant accounting policies

Property, plant and equipment

Property, plant and equipment is stated at purchase cost less depreciation and impairment. Cost includes all costs necessary to bring an asset to working condition for its intended use. This cost is increased by the present value of the estimated cost of site clearance when there is a legal or constructive obligation to decommission the asset. The corresponding liability is recognised in provisions for risks and charges. The accounting treatment of revised estimates of these costs, of the time value of money and of the discount rate are indicated in the point on provisions for risks and charges.

Borrowing costs directly attributable to the acquisition or construction of property, plant and equipment are included in the cost of the asset only if the asset in question is a qualifying asset, i.e. one that necessarily takes a substantial period of time to get ready for its intended use or sale.

Costs incurred on ordinary and/or cyclical repairs and maintenance are recognised directly in profit or loss. Costs incurred for the expansion, modernisation or improvement of structural elements owned by the Company or used by third parties are capitalised to the extent that they meet the requirements for recognition as a separate asset or as part of an asset.

Depreciation is calculated on a straight line basis using rates that allow assets to be depreciated over their estimated useful lives. When a depreciable asset is composed of separately identifiable elements, the useful life of which differs significantly from the other component parts of the asset, depreciation is computed separately for each of these parts in accordance with the "component approach".

The useful life estimated by the Company for each category of property, plant and equipment is as follows:

	No. of years
Equipment	3

Property, plant and equipment held under finance leases, whereby substantially all of the risks and benefits of ownership are transferred to the Company, are recognised as assets of the Company at their fair value or, if lower, at the present value of the minimum lease payments, inclusive of the amount payable to exercise the purchase option. The corresponding lease obligation is recognised under financial liabilities. Assets held under finance leases are depreciated by applying the policy and rates previously indicated for property, plant and equipment, except where the lease term is shorter than an asset's useful life and there is no reasonable certainty that the Company will obtain ownership at the end of the lease term; in this case, the depreciation period coincides with the lease term. Any gain on sale of an asset arising from a sale and leaseback transaction is deferred and amortised over the lease term.

(All amounts are in 000 RSD, unless otherwise stated)

Leasing arrangements, whereby the lessor retains substantially all the risks and rewards incidental to ownership of an asset, are accounted for as operating leases. Costs relating to operating leases are recognised in profit or loss on a straight-line basis over the lease term.

Other current and non-current assets, trade receivables and other receivables

On initial recognition, financial assets are measured at fair value and are classified in one of the following categories based on their nature and the purpose for which the investments were acquired:

- held-to-maturity investments;
- loans and receivables;
- available-for-sale financial assets; and
- financial assets at fair value through profit or loss.

Purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the assets have expired and the company that held them has transferred substantially all the risks and rewards of ownership.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which mainly relate to receivables due from customers or Group companies. Loans and receivables are classified in the statement of financial position as trade receivables and other receivables. These assets are measured at amortised cost, using the effective interest rate, less impairment. Impairment losses on receivables are recognised if there is objective evidence that the Company will not be able to recover the receivable due from the counterparty in accordance with contractual terms. Objective evidence that a financial asset or group of financial assets is impaired includes observable data that comes to the attention of the Company regarding the following loss events:

- significant financial difficulties on the part of the issuer or borrower;
- the existence of ongoing legal disputes with the debtor relating to a receivable;
- reasonable likelihood that the beneficiary will declare bankruptcy or other debt restructuring or insolvency procedures.

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The amount of the loss is recognised in profit or loss as "Allocations to provisions and impairment".

Receivables are stated in the financial statements net of the provision for doubtful debts.

(All amounts are in 000 RSD, unless otherwise stated)

Cash and cash equivalents

These include cash on hand, deposits held at call with banks or other financial institutions for current operations, post office current accounts and other cash equivalents, as well as investments with original maturities of three months or less. The components of cash and cash equivalents are measured at fair value and changes therein are recognised in profit or loss.

Off balance sheet assets/liabilities

Those include: assets held under leases, other than financial leases, consignment stock, material received from third parties for further processing and other assets not owned by the Company, as well as receivables/payables relating to collaterals received/given such as guarantees and other warrants.

Trade payables, financial and other payables

Trade payables, financial and other payables are recognised initially at their fair value, net of directly attributable ancillary costs, and subsequently measured at amortised cost using the effective interest method. If there is a change in estimated cash flow that can be reliably measured, the carrying amount of the liability is remeasured to reflect the change, based on the present value of the new estimated cash flow and on the initially determined internal rate. Borrowings are classified as current liabilities unless

the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Borrowings are recognised on the trade date of the related transactions and are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired and when the company that had contracted the debt has transferred all of the risks and obligations related thereto.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation. The amount recognised represents the best estimate of the expenditure required to settle the obligation. When the time value of money is significant and the settlement date of the obligations can be reliably estimated, the provisions are measured at the present value of the expected disbursement using a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

If the liability relates to decommissioning and/or restoration of assets, the provision is recognised as an opposite entry to the asset to which it relates and the cost is recognised in the income statements via the depreciation of the asset to which the cost relates.

Changes in accounting estimates are reflected in the income statement in the year in which the change takes place, except for changes in expected decommissioning and clearance costs due to changes in timing and the use of economic resources necessary to discharge the obligation or resulting from a change in the discount rate.

(All amounts are in 000 RSD, unless otherwise stated)

Such changes are added to or deducted from the carrying amount of the assets to which they relate and are recognised as depreciation charges in income statement. If changes are added to an asset's carrying amount, an assessment is made as to whether the new carrying amount is likely to be fully recovered; if not, the carrying amount of the asset is reduced to take account of the unrecoverable amount and the loss arising from the reduction is recognised in the income statement.

If changes are deducted from an asset's carrying amount, the decrease is recognised as an opposite entry to the asset up to the amount of its carrying amount; any excess is recognised immediately in the income statement.

As regards estimation criteria adopted for the determination of the asset decommissioning and restoration provision, reference should be made to the paragraph on use of estimates.

Risks that could give rise to a probable liability are disclosed in the section on commitments and risks, but are not provided for.

A contingent liability that was separately recognised in the initial accounting for a business combination as a liability, is measured at the higher of the amount the liability would be recognised by applying the above policy for provisions for risks and charges and the present value of the initially determined liability.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and relates to the sale of goods and the rendering of services that constitute the Company's core business. Revenue is recorded net of returns, discounts, rebates and allowances and excluding value added tax.

Revenue is recognised to the extent that it can be reliably measured and it is probable that future economic benefits will flow to the Company.

Revenue arising from the sale of goods and finished products is recognised in the income statement upon the transfer to the customer of the risks and rewards of ownership of the product sold, which normally coincides with the shipment of the goods to the customer and their acceptance thereby.

Revenue arising from the rendering of services is recognised in the accounting period in which the services are rendered by reference to the stage of completion at the reporting date.

Revenue only includes economic benefits received or receivable flowing to the Company in their own name and on their own behalf. Consequently, consideration received on behalf of third parties is excluded from revenue.

Cost recognition

Costs are recognised when they relate to goods and services purchased or consumed in the period or by systematic allocation.

(All amounts are in 000 RSD, unless otherwise stated)

Finance income and costs

Finance income and costs are recognised on an accrual basis that takes account of the effective return/charge on related assets/liabilities.

Finance costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the asset, commencing from the date on which the Company companies start incurring the finance costs until the date on which the asset financed is ready for use.

Income tax

The tax expense for the year comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized directly in equity, in which case deferred tax liability is also recognized in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in Serbia, where the Company operates and generates taxable profit. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Related-party transactions

Related party transactions are conducted at arm's length, based on efficiency and cost-effectiveness criteria.

Dividends

Dividends to be distributed to the shareholders of the Parent Company are recognised as a liability in the financial statements in the period in which the distribution has been approved by the shareholders.

(All amounts are in 000 RSD, unless otherwise stated)

Earnings per share

The Company calculates and discloses the basic earnings per share. Basic earnings per share is calculated by dividing the net income that belongs to shareholders, the owners of ordinary shares of the Company, by the weighted average number of ordinary shares issued during the period.

3. Estimates and assumptions

The preparation of the stand-alone financial statements requires the directors to apply accounting policies and methods, which, in certain circumstances, are based on accounting assessments and estimates and which may also be based on past experience and on assumptions that are deemed to be reasonable and realistic. The use of such estimates and assumptions has an impact on the stand-alone financial statements, including the balance sheet, the income statement, the statement of comprehensive income and the statement of cash flows, as well as on related disclosures. The actual amounts of stand-alone financial statement components for which the aforementioned estimates and assumptions have been used may differ from the amounts reported in the financial statements that recognise the occurrence of the event linked to the estimate, because of the uncertainty of the assumptions and the conditions on which the estimates have been based.

A brief description is provided below of the key accounting policies used in the preparation of stand-alone financial statements.

Impairment of investments in subsidiaries

Investments in subsidiaries are tested for impairment when impairment indicators exist, which is recognised by a write-down when there are indicators that suggest it may be difficult to recover the related net carrying amount. The verification of the existence of the aforementioned indicators requires subjective assessments to be made by directors, based on information available within the Company, on information sourced from the market and on past experience. Moreover, if it has been established that there may be a case of potential impairment, as well as the computation of estimates for the determination thereof depend on factors that may change over time and which may affect the assessments and estimates made by the directors.

Based on assessments made by Fintel Group Directors, there are no indicators of impairment of investments in subsidiaries.

Provisions

Other provisions for risks and charges relate mainly to probable liabilities for penalties and interest on overdue amounts payable to the tax authorities. Allocations to provisions are made based on a best estimate at the reporting date of costs likely to be incurred to settle the liability, after having sought legal opinion.

FINTEL ENERGIJA AD, BEOGRAD
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4. Financial risk management

The coordination and monitoring of key financial risks is carried out by the central treasury department of the Principal Shareholder Company, which provides guidelines for the management of various types of risk and for the use of financial instruments. The main features of Fintel's risk management policy are:

- central determination of operational risk management guidelines concerning market, liquidity and cash flow risks;
- monitoring of results achieved;
- diversification of commitments/obligations and of the product portfolio.

Credit risk

Credit risk represents the exposure to potential losses arising from the failure by commercial and financial counterparties to fulfil their contractual obligations.

The Company's maximum exposure to credit risk at 31 December 2020 and 2019 is the carrying amount of each class of assets indicated in the following table:

<i>RSD thousand</i>	31 December 2020	31 December 2019
Other receivables	4,344	4,344
Long-term loans and investments	1,499,952	1,530,610
Short-term loans and investments	60,083	33,161
Prepayments and accrued income	177,204	141,931
TOTAL	1,741,583	1,710,046

Prepayments and accrued income mainly refer to receivables from subsidiaries MK Fintel Wind ad. MK Fintel Wind Holding doo, VP Lipar doo, VP Lipar 2 doo, VP Maestrane Ring d.o.o., Project Torak doo and Fintel Energija Development doo for interest, while Long-term loans and investments relate specifically to financing provided to the subsidiaries MK Fintel Wind ad and MK Fintel Wind Holding doo. Short-term loans relate to financing provided to the subsidiaries VP Lipar doo, VP Lipar 2 doo, VP Maestrane Ring d.o.o., Project Torak doo and Fintel Energija Development doo.

Those represent a low level of credit risk.

Liquidity risk

Liquidity risk is associated with the ability to meet the commitments arising from financial liabilities assumed by the Company. Prudent risk management of liquidity arising in the course of ordinary activities implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities.

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(All amounts are in 000 RSD, unless otherwise stated)

Liquidity risk is managed centrally by the Ultimate Parent, given that the administration department periodically monitors the Company's net cash/debt through the preparation of appropriate actual and forecast cash inflow and outflow reports. In this manner, the Company aims to ensure it has adequate cover for its financing needs, by accurately monitoring financing, credit facilities opened and utilisations thereof, in order to optimise its resources and manage any temporary liquidity surplus.

The Company's objective is to establish a financing structure that, consistent with its business objectives, guarantees sufficient liquidity for the Company, minimises the related opportunity cost and maintains an equilibrium in terms of term to maturity and composition of the debt.

The following table provides a maturity analysis of liabilities at 31 December 2020 and 2019. The various maturity bands are determined based on the period between the reporting date and the contractual maturity of the Company's obligations, gross of accrued interest at 31 December. Interest is calculated in accordance with contractual terms for the financing.

<i>RSD thousand</i>				
At 31 December 2020				
	Less than 1 year	1-2 years	2-5 years	Beyond 5 years
Financial payables due to shareholders	327,380	-	-	-
Bank loans	159,018	156,375	665,227	-
Trade payables	35,092	-	-	-
Other liabilities	119,680	-	-	-
Total	641,170	156,375	665,227	-

<i>RSD thousand</i>				
At 31 December 2019				
	Less than 1 year	1-2 years	2-5 years	Beyond 5 years
Financial payables due to shareholders	327,415	-	-	-
Bank loans	50,675	140,756	803,192	-
Trade payables	6,550	-	-	-
Other liabilities	101,149	-	-	-
Total	485,789	140,756	803,192	-

Increase in in Bank loans due within 1 year is mainly due to AIK loan installments to be paid in 2021.

Accordingly, taking in account of the foregoing and as detailed in Note 2.1 above, of the fact that the shareholders have confirmed that they do not intend to request the repayment of the loan prior to the forthcoming year end it is believed that the Company and the Group will be able to meet its obligations in the foreseeable future.

(All amounts are in 000 RSD, unless otherwise stated)

Market risk

In the conduct of its operations, the Company is potentially exposed to the following market risks:

- risk of fluctuation in exchange rates;
- risk of fluctuation in interest rates.

These risks are essentially managed centrally by the Parent company Fintel Energija.

Risk of fluctuation in exchange rates

Exchange rate risk is linked to operations in currency other than the RSD. Fintel is exposed to the risk of fluctuation in exchange rates, given that it conducts business in Serbia through its subsidiaries, which are companies committed to the study, construction, development and management of wind farms and other projects in the field of renewables. The consequent impact is reflected in the statement of profit or loss of the subsidiaries.

As at 31 December 2020, if the currency RSD had strengthened/weaken by 5% against the EUR with all other variables held constant, post-tax profit for the year would have been RSD 47,894 thousand (2019: RSD 47,899 thousand) higher/lower, mainly as a result of foreign exchange gains/losses on translation of EUR – denominated borrowings.

Risk of fluctuation in interest rates

The risk of fluctuation in interest rates to which Fintel is exposed originates from financial payables. Fixed rate debt exposes the Company to risk linked to changes in the fair value of the debt for their part linked to changes in the reference rate market. Floating rate debt exposes the Company to cash flow risk originating from the volatility of interest rates.

The Company's financial indebtedness consists of current bank debt, medium/long term loans granted by banks and lease liabilities.

As a result of the aforementioned hedging transactions, the impact of the expected change in interest rates in the coming twelve months is deemed to be insignificant in the context of the Company's financial statements.

Capital management risk

The Company's objective as far as capital risk management is concerned is mainly to safeguard business continuity in order to guarantee returns to shareholders and benefits to other stakeholders. Moreover, the Company aims to maintain an optimal capital structure in order to reduce the cost of borrowing.

The Company monitors its capital based on the ratio of net debt to net invested capital (gearing ratio). Net debt is calculated as total debt, including current and non-current loans and borrowings, plus net exposure to banks. Net invested capital is calculated as the sum of total equity and net debt.

FINTEL ENERGIJA AD, BEOGRAD
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020

(All amounts are in 000 RSD, unless otherwise stated)

The gearing ratio at 31 December 2020 and 2019 is shown in the following table:

<i>RSD thousand</i>	31/12/2020	31/12/2019
<i>Non-current financial payables:</i>		
- Bank loans	799,546	799,631
<i>Current financial payables:</i>		
- Financial payables due to shareholders	327,380	327,415
Cash and cash equivalents	(1,757)	(12,023)
Net debt (A)	1,125,168	1,115,022
Equity (B)	430,017	465,744
Net capital employed (C=A+B)	1,555,185	1,580,766
Gearing ratio (A/C)	72.3%	70.5%

5. Financial assets and liabilities by class

In accordance with IFRS 13, financial instruments stated at fair value have been categorised into levels of hierarchy that reflect the significance of the input used for the determination of their fair value. The levels are the following:

Level 1: quoted prices in active markets for assets or liabilities being measured;

Level 2: inputs other than Level 1 inputs that are directly observable (prices) or indirectly (derived from prices) market inputs;

Level 3: inputs not based on observable market data.

The following table shows the Company's financial assets and liabilities by class, with an indication of the corresponding fair value, at 31 December 2020 and 2019:

<i>RSD thousand</i>	At 31 December 2020					Level
	Amortised cost	Fair value through OCI	Fair value through profit or loss	Hedge accounting	Total	
Financial assets	1,560,035	-	-	-	1,560,035	
Trade receivables	-	-	-	-	-	
Other current assets	181,562	-	-	-	181,562	
Cash and cash equivalents	1,757	-	-	-	1,757	
Total	1,743,354	-	-	-	1,743,354	
Borrowings	799,545	-	-	-	799,546	
Financial payables due to Shareholders	327,380	-	-	-	327,380	
Trade payables	62,827	-	-	-	62,827	
Other current liabilities	149,517	-	-	-	149,517	
Total	1,339,269	-	-	-	1,339,269	

FINTEL ENERGIJA AD, BEOGRAD
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31 DECEMBER 2020

(All amounts are in 000 RSD, unless otherwise stated)

RSD thousand	At 31 December 2019					Level
	Amortised cost	Fair value through OCI	Fair value through profit or loss	Hedge accounting	Total	
Financial assets	1,550,771				1,550,771	
Trade receivables	-				-	
Other current assets	146,289				146,289	
Cash and cash equivalents	12,024				12,024	
Total	1,709,085	-	-	-	1,709,085	
Borrowings	799,631				799,631	
Financial payables due to Shareholders	327,415				327,415	
Trade payables	34,285				34,285	
Other current liabilities	107,486				107,486	
Total	1,268,816	-	-	-	1,268,816	

6. IFRS 8: segment information

Based on the fact that Company operates only in the wind renewable energy sector and operations are essentially in Serbia, hence there is only one reportable segment.

7. Information on guarantees issued, commitments and other contingent liabilities

a) Guarantees issued

Guarantees issued amount to RSD 324,521 thousand as of 31 December 2020. They have been issued in favor of Lenders of Kosava project phase I, for cost overrun during construction and till COD.

These guarantees have been classified as Off-balance sheet liabilities.

b) Other

There were no other contingent liabilities of the Company.

FINTEL ENERGIJA AD, BEOGRAD
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STATEMENT OF FINANCIAL POSITION

8. Investments in subsidiary

Investments in subsidiary are detailed as follow:

- RSD 16,009 thousand for 54% owned in of MK-Fintel Wind AD (RSD 16.009 thousand at 31 December 2019).
- RSD 5 thousand for 54% owned in of MK-Fintel Wind Holding Doo (RSD 5 thousand at 31 December 2019).
- RSD 100 for 100% owned in Lipar Doo (RSD 100 at 31 December 2019);
- RSD 100 for 100% owned in Lipar 2 Doo (RSD 100 at 31 December 2019);
- RSD 100 for 100% owned in Maestrle Ring Doo (RSD 100 at 31 December 2019);
- RSD 100 for 100% owned in Project Torak Doo (RSD 100 at 31 December 2019);
- RSD 200 for 100% owned in Fintel Energija Development Doo (RSD 200 at 31 December 2019).

During 2020 subsidiary Fintel Russian had been liquidated.

9. Long-term loans and investments – parent companies and subsidiaries

The balance amounts to RSD 1,499,952 thousand and they only refer to financing provided to the subsidiaries MK-Fintel Wind AD (RSD 1,415,882 thousand at 31 December 2020) and MK-Fintel Wind Holding Doo (RSD 84,070 thousand at 31 December 2020).

Summary of given loans, with maturities in the following table:

Recipient of the loan	Amount 31.12.2020 EUR	Amount 31.12.2020 RSD	Maturity
MK Fintel Wind ad	12,041,839	1,415,881,838	2023
MK Fintel Wind Holding d.o.o.	715,000	84,069,843	2023
Total	12,756,839	1,499,951,681	

10. Short-term loans and investments – parent companies and subsidiaries

Short-term loans and investments to parents' companies and subsidiaries amount to RSD 60,083 thousand and they refer to financing provided to the subsidiaries Lipar Doo (RSD 19,636 thousand at 31 December 2020), Lipar 2 Doo (RSD 4,938 thousand at 31 December 2020), Maestrle Ring Doo (RSD 30,571 thousand at 31 December 2020), Project Torak Doo (RSD 4,350 thousand at 31 December 2020) and Fintel Energija Development Doo (RSD 588 thousand at 31 December 2020).

FINTEL ENERGIJA AD, BEOGRAD
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(All amounts are in 000 RSD, unless otherwise stated)

Summary of given loans, with interest rates and maturities in the following table:

Recipient of the loan	Amount 31.12.2020 EUR	Amount 31.12.2020 RSD	Maturity
VP Lipar d.o.o.	167,000	19,635,893	2021
VP Lipar 2 d.o.o.	42,000	4,938,368	2021
VP Maestrle Ring d.o.o.	260,000	30,570,852	2021
Project Torak d.o.o.	37,000	4,350,467	2021
Fintel Energija Development d.o.o.	5,000	587,901	2021
Total	511,000	60,083,481	

11. Cash and cash equivalents

"Cash and cash equivalents" at 31 December 2020 and 2019 are detailed as follows:

<i>RSD thousand</i>	31 December 2020	31 December 2019
Current account		
- in dinars		
- in foreign currency	1,701	11,968
Cash and cash equivalents	1,757	12,024

The fair value of cash and cash equivalents coincides with the carrying amount thereof.

For the purpose of the preparation of the statement of cash flows, investing and financing transactions that did not require the use of cash or cash equivalents have been excluded.

12. Other current assets

"Other current assets" of RSD 190,934 thousand at 31 December 2020 (RSD 155,050 thousand at 31 December 2019) are detailed in the following table:

<i>RSD thousand</i>	31 December 2020	31 December 2019
Other receivables		
Value added tax	4,344	4,344
Prepayments and accrued income	9,386	8,775
Total	177,204	141,931
	190,934	155,050

Prepayments and accrued income includes interests accrued during the years for the shareholder's loans to the subsidiaries.

FINTEL ENERGIJA AD, BEOGRAD
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
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(All amounts are in 000 RSD, unless otherwise stated)

13. Equity

Equity at 31 December 2020 and 2019 is detailed in the following table:

<i>RSD thousand</i>	31 December 2020	31 December 2019
Share capital	4,057	4,057
Share premium	681,237	681,237
Loss from previous years	(219,550)	(163,000)
Loss from current year	(35,727)	(56,550)
TOTAL EQUITY	430,017	465,744

The shares of Fintel Energija ad (number of pledged shares 25,000,000) have been pledged in favour of AIK Bank ad and in accordance with the Long-term Loan Agreement signed on July 26, 2017. The equity components and changes therein are detailed below:

Share capital

As of 31 December 2020, the Company's fully subscribed and paid up share capital amounted to RSD 4,056,524 (RSD 4,057 thousand as at 31. december 2019) consisting of 26,510,506 ordinary shares with nominal value of RSD 0.153 each.

Share premium

At 31 December 2020, such Reserve includes the share premium resulting from the capital increase related to the IPO of the Company on the Prime Listing Segment of the Belgrade Stock Exchange. The share premium worths RSD 755,022 Thousands (equivalent to RSD 499,847 per each new share issued by the Company). Such value is reported net of the IPO related costs.

Retained earnings/(Losses)

These consist of earnings/(Losses) from previous years. They also include net profit/(losses) for the current year.

14. Long and short term loans and borrowings to external parties

Set out below are details of long and short term loans and borrowings at 31 December 2020 and 2019:

<i>RSD thousand</i>	31 December 2020	31 December 2019
Long term borrowings	696,396	799,631
Short-term loans and borrowings	103,150	-
Total	799,545	799,631

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(All amounts are in 000 RSD, unless otherwise stated)

Details of bank loans outstanding at 31 December 2020 are summarised in the following table:

Beneficiary company	Residual debt at 31.12.2020	Long term	Short term	Maturity
<i>(Amounts in RSD thousand)</i>				
Fintel Energija	799,546	696,396	103,150	2024
	799,546	696,396	103,150	

Loan of Fintel Energija refers to the financing received from AIK Bank in 2017 for the development and construction of Kosava phase I wind farm. Its maturity is of 6 years and interest rate is fixed.

15. Long and short term loans and borrowings from parent and subsidiaries

Loans and borrowings to parent and subsidiaries of RSD 327,380 thousand as at 31 December 2020 (RSD 327,415 thousand at 31 December 2019), mainly consist of revocable loans to be repaid to the Ultimate Parent company Fintel Energija Group Spa that were granted for the benefit of Fintel Energija. The loan of EUR 2,667,000 is interest bearing, interest is 6%. Other loans are non-interest bearing. The loans are due in 2021.

16. Trade payables

Trade payables amounted to RSD 62,827 thousand at 31 December 2020 (RSD 34,285 thousand at 31 December 2019) consist of domestic trade payables for services and payables to the parent company for services.

17. Accruals

Accruals amounted to RSD 149,467 thousand at 31 December 2020 consist mainly of interests on shareholders loan due to Fintel Energia Group SpA (RSD 119,629 thousand) and accrued interests on AIK loan (RSD 29,837 thousand).

STATEMENT OF PROFIT OR LOSS

18. Non-production costs

Non-production costs amount to RSD 31,551 thousand in 2020 (RSD 32,338 thousand in 2019) and relate to accounting services, management fee costs (invoices issued in according management fee contract), costs for other services.

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31 DECEMBER 2020

(All amounts are in 000 RSD, unless otherwise stated)

19. Finance income

Finance income for the years ended 31 December 2020 and 2019 are detailed as follows:

	2020	2019
Finance income - parent company and subsidiaries	44,597	47,753
Finance income - other related parties	-	-
Share of profit of associates and joint ventures	31,318	26,999
FOREIGN EXCHANGE GAINS (third parties)	95	4,088
Total	76,010	78,840

Finance income includes interests charged to subsidiaries on loans borrowed during the years.

Share of profit of associates includes dividends received in 2020 from MK-Fintel Wind Holding.

20. Finance expense

Finance costs for the years ended 31 December 2020 and 2019 are detailed as follows:

	2020	2019
Finance expense - parent company and subsidiaries	19,049	28,118
Finance expense - other related parties	-	-
Other financial expense	7,673	4,735
INTEREST EXPENSE (from third parties)	50,685	67,730
FOREIGN EXCHANGE LOSSES (third parties)	10	104
Total	77,417	100,688

Finance costs mainly refer to interests on shareholder's loans and interests on AIK loan.

21. Income tax expense

Income tax expenses for the years ended 31 December 2020 and 2019 are detailed as follows:

	Year ended 31 December	
	2020	2019
Income tax for the year	-	-
Deferred income tax for the period (note 12)	-	-
Origination and reversal of temporary differences	-	-

FINTEL ENERGIJA AD, BEOGRAD
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(All amounts are in 000 RSD, unless otherwise stated)

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to the Group's profits as follows:

	Year ended 31 December	
	2020	2019
Profit before tax		
Tax calculated at domestic tax rates applicable to profits in the respective countries	(35,727)	(56,550)
<i>Tax effect on:</i>	-	-
Depreciation effects	-	-
Revenues exempt from taxation	(25)	(57)
Expenses not deductible for tax purposes	-	-
- Transfer pricing effect for interest expense	-	-
- Other expenses not deductible	-	9,722
Tax losses for which no deferred income tax asset was recognized (utilized recognised tax credit), net	-	-
Losses from subsidiaries	-	-
Other tax effects for reconciliation between accounting profit and tax expense	-	-
Adjustment in respect of prior years	-	-
Effective income tax rate	0%	0%

The weighted average applicable tax rate was 0% (2019: 0%).

22. Earnings/(loss) per share

The basic result per share has gone from a loss per share of RSD 2.13 in 2019 to RSD 1.35 for the year ended 31 December 2020. It has been computed by dividing the Group's net result by the number of Fintel Energija shares outstanding in the years in question (number of shares outstanding of 26,511 thousand).

There were no dilutive effects at 31 December 2020. Accordingly, diluted earnings per share thus coincide with basic earnings per share.

23. Related party transactions

As previously indicated, the Company is a subsidiary of Fintel EnergiaGroup SpA,

A summary provided below of the Company's transactions with related parties in 2020 and 2019. All transactions with related parties are entered into at market value.

FINTEL ENERGIJA AD, BEOGRAD
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(All amounts are in 000 RSD, unless otherwise stated)

As of 31 December 2020 and 31 December 2019 the outstanding balances with related parties were as follows:

At 31 December 2020				
<i>RSD thousand</i>	Parent Company	Parent's subsidiaries and associates	Subsidiaries	Total
Short-term loans	-	-	60,083	60,083
Long-term loans	-	-	1,499,952	1,499,952
Other current assets	-	-	177,204	177,204
Other current liabilities	(119,629)	-	-	(119,629)
Trade payables	(83,201)	-	-	(83,201)
Shareholder's loan	(327,380)	-	-	(327,380)
Total	(530,210)	-	1,737,239	1,207,029

At 31 December 2019				
<i>RSD thousand</i>	Parent Company	Parent's subsidiaries and associates	Subsidiaries	Total
Short-term loans	-	-	33,161	33,161
Long-term loans	-	-	1,517,610	1,517,610
Other current assets	-	-	141,931	141,931
Other current liabilities	(100,824)	-	-	(100,825)
Trade payables	(27,735)	-	-	(27,735)
Shareholder's loan	(327,415)	-	-	(327,415)
Total	(455,974)	-	1,692,702	(1,236,728)

For the year ended 31 December 2020 and 2019 the following transaction occurred with related parties:

At 31 December 2020					
<i>RSD thousand</i>	Parent Company	Parent's subsidiaries and associates	Subsidiaries	Other related parties	Total
Revenues	-	-	-	-	-
Selling, general and administrative expenses	(27,735)	-	-	-	(27,735)
Finance income	51	-	74,701	-	74,752
Finance expense	(18,818)	-	(231)	-	(19,049)
Total	(46,502)	-	74,470	-	27,968

At 31 December 2019					
<i>RSD thousand</i>	Parent Company	Parent's subsidiaries and associates	Subsidiaries	Other related parties	Total
Revenues	-	-	-	-	-
Selling, general and administrative expenses	(27,855)	-	-	-	(27,855)
Finance income	2,458	-	72,294	-	74,752
Finance expense	(19,142)	-	(8,976)	-	(28,118)
Total	(44,539)	-	63,318	-	18,779

FINTEL ENERGIJA AD, BEOGRAD
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
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(All amounts are in 000 RSD, unless otherwise stated)

Remuneration of Fintel's directors

Members of Board of Directors have not received any remuneration in 2020. Tiziano Giovannetti acts as sole director in of Fintel Energija's subsidiaries. His salary for 2020 amounted to RSD 237 thousand.

24. Tax risk

Tax laws are subject to different interpretations and frequent amendments. Tax authorities' interpretation of Tax laws may differ to those made by the Group's management. As result, some transactions may be disputed by tax authorities and the Group may have to pay additional taxes, penalties and interests. Tax liability due date is five years. Tax authorities have rights to determine unpaid liabilities within five years since the transaction date. Management has assessed that the Group has paid all tax liabilities as of 31 December 2020.

25. Significant subsequent events

There were no events occurring after the balance sheet date that could require an adjustment to the financial statements as at 31 December 2020, nor disclosures in the Notes to the Company's financial statements.

At the end of 2019, China for the first time announced news about COVID-19 (coronavirus). At that time a limited number of cases of an unknown virus reported to the World Health Organization. In the first few months of 2020, the virus spread globally and caused significant negative effect. Management believes that this epidemic is an event after the date of the reporting period that does not require adjustments to the financial statements. Although the virus is still evolving, at the time of issuing these financial statements, the Company's management does not expect an impact on operations in 2021.

Legal representative:

The person responsible for the preparation of financial statements:



A handwritten signature in blue ink is written over a circular blue stamp. The stamp contains the text: "FINTEL ENERGIJA AD" in the center, "BEOGRAD" at the bottom, and "POSREDOVANJE U PROMETU ELEKTRICNOM ENERGIJOM" around the perimeter.

**CONSOLIDATED ANNUAL BUSINESS
REPORT FOR THE YEAR ENDING 31
DECEMBER 2020**

FINTEL ENERGIJA AD

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1. Summary of the business activities and organizational structure

Identification data

Business name: PRIVREDNO DRUŠTVO ZA PROIZVODNJU ELEKTRIČNE ENERGIJE FINTEL ENERGIJA AD BEOGRAD

Seat: Belgrade

Address: Bulevar Mihaila Pupina 115e

Company Identification Number: 20305266

Tax Identification Number: 105058839

Date of incorporation: 27 June 2007

Persons authorized to represent: Tiziano Giovannetti

Website: www.fintelenergija.rs

Core business activity

Description and code of the core business activity: 3511 – Production of electrical energy.

Business activities

Fintel Energija A.D. (hereinafter the “**Company**” or “**Fintel Energija**”) and its subsidiaries (together, “**Fintel Group**” or the “**Group**”) is the leading independent renewable energy generator in Serbia. The Company and the Group acted as the pioneer in the Serbian wind business being the first ever to install and operate wind farms in the country. The Group sells its power output through offtake arrangements (Power Purchase Agreement or the “PPA”) to JP Elektroprivreda Srbije (“EPS”) and does not supply electricity directly to the retail customers.

Organizational structure

By aligning corporate bodies and documents with the Companies Law (“Official Gazette of the RS” no. 36/2011, 99/2011, 83/2014, - other law, and 5/2015) the Company has the following internal organizational structure: Shareholder Assembly (consisting of the only shareholder Finte Energia Group S.p.A.) and Board of Directors.

Corporate Governance

By aligning corporate bodies and documents with the Companies Law (“Official Gazette of the RS” no. 36/2011, 99/2011, 83/2014, - other law, and 5/2015) the Company has the following internal organizational structure: Shareholder Assembly (consisting of the only shareholder Finte Energia Group S.p.A.) and Board of Directors.

Subsidiaries

The Company act as a holding company of the following subsidiaries:

- Lipar d.o.o. Beograd, ID number 21452149 ("**Lipar**"), whereby the Company holds 100,00% of the share capital,
- Lipar 2 d.o.o. Beograd, ID number 21452122 ("**Lipar 2**"), whereby the Company holds 100,00% of the share capital,
- Maestrle Ring d.o.o. Beograd, ID number 21452068 ("**Maestrle Ring**"), whereby the Company holds 100,00% of the share capital,
- Project Torak d.o.o. Beograd, ID number 21459631 ("**Project Torak**"), whereby the Company holds 100,00% of the share capital,
- Fintel Energija development d.o.o. Beograd, ID number 21522732 ("**Fintel Energija Development**"), whereby the Company holds 100,00% of the share capital,
- MK-Fintel Wind Holding d.o.o. za holding poslove Beograd, ID number 21280275, whereby the Company holds 53,99737% of the share capital ("**MK Fintel d.o.o.**"), while the remaining 46,00263% is held by the company *MK Holding d.o.o. za holding poslove Beograd*,
- MK-Fintel Wind akcionarsko društvo Beograd, ID number 20392126, whereby the Company holds 53,99737% of the share capital ("**MK Fintel a.d.**"), while the remaining 46,00263% is held by the company *MK Holding d.o.o. za holding poslove Beograd*.

MK-Fintel Wind Holding d.o.o. holds 100% in the following subsidiaries, SPVs for other projects:

- Vetropark Kula d.o.o. Beograd, ID number 20901659 – SPV established for the project wind farm Kula ("**Kula**"),
- Energobalkan d.o.o. Beograd, ID number 20833122 – SPV established for the project wind farm Vetroparka La Piccolina ("**Energobalkan**"),

Fintel Energija Development d.o.o. holds 54% in the following subsidiary: MK-Fintel Wind Development d.o.o. Beograd, ID number 21528536 ("**MK-Fintel Wind Development**").

MK-Fintel Wind Development holds 100% in the following subsidiaries:

- Vetropark Torak d.o.o. Beograd, ID number 21040339 ("**Torak**"),
- Vetropark Ram d.o.o. Beograd, ID number 20927119 ("**Ram**").

Information about the management of the company

Members of Board of Directors:

- ✓ Claudio Nardone, chairman
- ✓ Tiziano Giovannetti
- ✓ Luka Bjeković
- ✓ Paolo Martini
- ✓ Aleksandra Stojanovic

Key events impacting the Group in 2020

Key events impacting the Group in 2020 are as following:

- At the end of 2019, China for the first time announced news about COVID-19 (coronavirus). At that time a limited number of cases of an unknown virus reported to the World Health Organization. In the first few months of 2020, the virus spread globally and caused significant negative effect. Management believes that this epidemic is an event after the date of the reporting period that does not require adjustments to the consolidated financial statements. Although the virus is still evolving, at the time of issuing these consolidated financial

statements, the Group's management does not expect an impact on operations in 2020. The Group does not expect difficulties in collecting receivables and believes that liquidity will be stable in the future, due to the strong support of foreign partners (Group owners). Due to the pandemic related to COVID 19, Serbian Government took some kind of measures that affected also the business in which the Group operates. In detail, based on this new measures, Banks and Lessors are obligated to offer a moratorium on debt payments to their clients. The moratorium is a suspension of repayment of loan, as well as all other obligations to a bank. The moratorium lasts for at least 90 days, i.e. for the duration of the emergency state declared due to the pandemic. In addition, for a period of 90 days, Serbian Government suspended recognition of Feed in Tariff. During this period, the energy produced by the wind farms is temporarily sold to a market price of 28€/MWh.

- On 26 May 2020, the Serbian Ministry of Energy and Mining notified the subsidiary MK Fintel Wind that it had been awarded an energy licence for the 69 MW Kosava Phase I wind farm in Vrsac, approximately 85 km north east of Belgrade. The energy licence grants Fintel's subsidiary the right to the immediate receipt of a feed-in tariff of 98.9 Euro/MWh + inflation for the next 12 years, that is, until 2032. Note that, during the trial period, the plant earned 50% of the expected feed-in-tariff.

2. Presentation of development, financial position and activities of the legal entity, relevant financial information and non-financial indicators, personnel structure

Fintel Energija is a pionir in the production of electrical energy from wind power in the territory of the Republic of Serbia. Currently the total installed capacity of all wind turbines in Serbia is 398 MW, of which 85.5 MW is held in the ownership of the Company (21,5%). Out of the total current quota for construction of wind farms under preferential conditions, which is 500 MW, Fintel has been granted the right to build wind farms of a total capacity of 85.5 MW (17,1%).

FINTEL ENERGIJA AD BEOGRAD
CONSOLIDATED ANNUAL BUSINESS REPORT

CONSOLIDATED INCOME STATEMENT
 In RSD thousand

	AOP	Year ended 31 December 2020	2019
INCOME FROM REGULAR OPERATING ACTIVITIES			
A. OPERATING INCOME (1002+1009+1016+1017)	1001	1,791,293	880,958
I. INCOME FROM THE SALE OF GOODS (1003+1004+1005+1006+1007+1008)	1002	-	-
1. Income from sales of goods to parent and subsidiaries on domestic market	1003	-	-
2. Income from sales of goods to parent and subsidiaries on foreign market	1004	-	-
3. Income from the sale of goods to other related parties on domestic market	1005	-	-
4. Income from the sale of goods to other related parties on foreign market	1006	-	-
5. Income from sale of goods on domestic market	1007	-	-
6. Income from sale of goods on foreign market	1008	-	-
II. INCOME FROM SALES OF PRODUCTS AND SERVICES (1010+1011+1012+1013+1014+1015)	1009	1,791,293	880,958
1. Income from sales of products and services to parent and subsidiaries on domestic market	1010	-	-
2. Income from sales of products and services to parent and subsidiaries on foreign market	1011	-	-
3. Income from sales of products and services to other related parties on domestic market	1012	-	-
4. Income from sales of products and services to other related parties on foreign market	1013	-	-
5. Income from sales of products and services – domestic	1014	1,791,293	880,958
6. Income from sales of products and services – foreign	1015	-	-
III. INCOME FROM PREMIUMS, SUBVENTIONS AND DONATIONS	1016	-	-
IV. OTHER OPERATING INCOME	1017	-	-
EXPENSES FROM REGULAR OPERATING ACTIVITIES			
B. OPERATING EXPENSES (1019-1020-1021+1022+1023+1024+1025+1026+1027+1028+1029)>=0	1018	1,104,387	482,159
I. COST OF GOODS SOLD	1019	-	-
II. WORK PERFORMED BY THE ENTITY AND CAPITALIZED	1020	-	-
III. INCREASE IN INVENTORIES OF UNFINISHED AND FINISHED GOODS AND ONGOING SERVICES	1021	-	-
IV. DECREASE IN INVENTORIES OF UNFINISHED AND FINISHED GOODS AND ONGOING SERVICES	1022	-	-
V. COST OF MATERIAL	1023	427	456
VI. COST OF FUEL AND ENERGY	1024	11,334	5,744
VII. COST OF SALARIES, FRINGE BENEFITS AND OTHER PERSONAL EXPENSES	1025	33,879	30,007
VIII. COST OF PRODUCTION SERVICES	1026	222,366	65,622
IX. DEPRECIATION, DEPLETION AND AMORTIZATION	1027	588,736	278,480
X. COST OF LONG-TERM PROVISIONING	1028	1,207	-
XI. NON-PRODUCTION COSTS	1029	246,438	101,850
C. OPERATING GAIN (1001-1018)>=0	1030	686,906	398,799
D. OPERATING LOSS (1018-1001)>=0	1031	-	-
E. FINANCE INCOME (1033+1038+1039)	1032	2,160	61,597
I. FINANCIAL INCOME FROM RELATED PARTIES AND OTHER FINANCIAL INCOME (1034+1035+1036+1037)	1033	733	10,151
1. Finance income - parent company and subsidiaries	1034	555	2,766
2. Finance income - other related parties	1035	178	7,385
3. Share of profit of associates and joint ventures	1036	-	-
4. Other financial income	1037	-	-
II. INTEREST INCOME (from third parties)	1038	119	527
III. FOREIGN EXCHANGE GAINS (third parties)	1039	1,308	50,919

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CONSOLIDATED INCOME STATEMENT
 In RSD thousand

	AOP	Year ended 31 December	
		2020	2019
F. FINANCE EXPENSES (1041+1046+1047)	1040	672,804	314,711
I. FINANCIAL EXPENSES FROM RELATED PARTIES AND OTHER FINANCIAL EXPENSES (1042+1043+1044+1045)	1041	65,377	54,016
1. Finance expense - parent company and subsidiaries	1042	19,014	24,335
2. Finance expense - other related parties	1043	41,021	18,581
3. Share of loss of associates and joint ventures	1044	-	-
4. Other financial expense	1045	5,342	11,100
II. INTEREST EXPENSE (from third parties)	1046	606,796	256,439
III. FOREIGN EXCHANGE LOSSES (third parties)	1047	631	4,256
G. PROFIT FROM FINANCING OPERATIONS (1032-1040)	1048	-	-
H. LOSS FROM FINANCING OPERATIONS (1040-1032)	1049	670,644	253,114
I. INCOME FROM VALUATION OF ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	1050	-	-
J. LOSS FROM VALUATION OF ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	1051	-	-
K. OTHER INCOME	1052	21,195	32,655
L. OTHER EXPENSES	1053	278	825
M. OPERATING PROFIT BEFORE TAX (1030-1031+1048-1049+1050-1051+1052-1053)	1054	37,179	177,515
N. OPERATING LOSS BEFORE TAX (1031-1030+1049-1048+1051-1050+1053-1052)	1055	-	-
O. NET INCOME ATTRIBUTABLE TO DISCONTINUED OPERATIONS, EXPENSES ARISING FROM CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF PRIOR PERIOD ERRORS	1056	-	-
P. NET LOSS ATTRIBUTABLE TO DISCONTINUED OPERATIONS, EXPENSES ARISING FROM CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF PRIOR PERIOD ERRORS	1057	-	-
Q. PROFIT BEFORE TAX (1054-1055+1056-1057)	1058	37,179	177,515
R. LOSS BEFORE TAX (1055-1054+1057-1056)	1059	-	-
II. INCOME TAX			
I. CURRENT INCOME TAX	1060	30,089	37,166
II. DEFERRED TAX EXPENSE FOR THE PERIOD	1061	-	-
III. DEFERRED TAX INCOME FOR THE PERIOD	1062	15,716	3,764
S. PERSONAL INCOME PAID TO EMPLOYER	1063	-	-
T. NET PROFIT (1058-1059-1060-1061+1062)	1064	22,805	144,113
V. NET LOSS (1059-1058+1060+1061-1062)	1065	-	-
I. NET INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	1066	45,865	89,529
II. NET INCOME ATTRIBUTABLE TO THE OWNER	1067	-	54,584
III. NET LOSS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	1068	-	-
IV. NET LOSS ATTRIBUTABLE TO THE OWNER	1069	23,060	-
V. EARNINGS PER SHARE			
1. Basic earnings per share (in RSD)	1070	31	(0.87)
2. Diluted earnings per share (in RSD)	1071	31	(0.87)

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CONSOLIDATED BALANCE SHEET
 In RSD thousand

	AOP	31 December 2020	31 December 2019
A. SUBSCRIBED CAPITAL UNPAID	0001	-	-
B. NON-CURRENT ASSETS			
(0003 + 0010 + 0019+ 0024 + 0034)	0002	12,726,198	13,264,122
I. INTANGIBLE ASSETS (0004+0005+0006+0007+0008+0009)	0003	-	-
1. Development investments	0004	-	-
2. Concessions, licenses, software and other rights	0005	-	-
3. Goodwill	0006	-	-
4. Other intangible assets	0007	-	-
5. Intangible assets under development	0008	-	-
6. Advances for intangible assets	0009	-	-
II. PROPERTY, PLANT AND EQUIPMENT			
(0011+0012+0013+0014+0015+0016+0017+0018)	0010	12,666,820	13,204,738
1. Land	0011	40,145	40,145
2. Buildings	0012	4,256,107	3,154,811
3. Machinery and equipment	0013	8,237,667	8,700,161
4. Investment property	0014	-	-
5. Other property, plant and equipment	0015	-	-
6. Construction in progress	0016	132,901	1,305,695
7. Investments in leased PP&E	0017	-	-
8. Advances for PP&E	0018	-	3,926
III. BIOLOGICAL ASSETS (0020+0021+0022+0023)	0019	-	-
1. Forest farming	0020	-	-
2. Livestock	0021	-	-
3. Biological assets in production	0022	-	-
4. Advances for biological assets	0023	-	-
IV. LONG-TERM FINANCIAL INVESTMENTS			
(0025+0026+0027+0028+0029+0030+0031+0032+0033)	0024	59,378	59,384
1. Investments in subsidiary	0025	-	-
2. Investments in joint ventures	0026	-	-
3. Investments in other legal entities and other available for sales financial assets	0027	-	-
4. Long term investments in parent and subsidiaries	0028	-	-
5. Long-term investments in other related parties	0029	-	-
6. Long-term investments – domestic	0030	-	-
7. Long-term investments – foreign	0031	-	-
8. Securities held to maturity	0032	-	-
9. Other long-term financial investments	0033	59,378	59,384
V. LONG-TERM RECEIVABLES			
(0035+0036+0037+0038+0039+0040+0041)	0034	-	-
1. Receivables from parent company and subsidiaries	0035	-	-
2. Receivables from other related parties	0036	-	-
3. Receivables from sale of goods on credit	0037	-	-
4. Receivables arising out of finance lease contracts	0038	-	-
5. Claims arising from guarantees	0039	-	-
6. Bad and doubtful receivables	0040	-	-
7. Other long-term receivables	0041	-	-
C. DEFERRED TAX ASSETS	0042	61,539	33,468

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CONSOLIDATED BALANCE SHEET (CONTINUED)
 In RSD thousand

	AOP	31 December 2020	31 December 2019
D. CURRENT ASSETS			
(0044+0051+0059+0060+0061+0062+0068+0069+0070)	0043	771,307	728,003
I. INVENTORY (0045+0046+0047+0048+0049+0050)	0044	10,799	10,068
1. Materials, spare parts and tools	0045	-	-
2. Work in progress	0046	-	-
3. Finished goods	0047	-	-
4. Merchandise	0048	-	-
5. Assets held for sale	0049	-	-
6. Advances for inventory and services	0050	10,799	10,068
II. TRADE RECEIVABLES			
(0052+0053+0054+0055+0056+0057+0058)	0051	65,868	183,304
1. Domestic trade receivables - parents and subsidiaries	0052	-	-
2. Foreign trade receivables - parents and subsidiaries	0053	-	-
3. Domestic trade receivables - other related parties	0054	-	-
4. Foreign trade receivables - other related parties	0055	-	-
5. Trade receivables – domestic	0056	65,868	183,304
6. Trade receivables – foreign	0057	-	-
7. Other trade receivables	0058	-	-
III. RECEIVABLES FROM SPECIFIC OPERATIONS	0059	-	-
IV. OTHER RECEIVABLES	0060	17,556	14,683
V. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	0061	-	-
VI. SHORT TERM FINANCIAL INVESTMENTS			
(0063+0064+0065+0066+0067)	0062	14	900
1. Short-term loans and investments - parent companies and subsidiaries	0063	-	-
2. Short-term loans and investments – other related parties	0064	-	-
3. Short-term loans and investments – domestic	0065	-	-
4. Short-term loans and investments – foreign	0066	-	-
5. Other short-term loans and investments	0067	14	900
VII. CASH AND CASH EQUIVALENTS	0068	309,064	277,063
VIII. VALUE ADDED TAX	0069	31,008	39,178
IX. PREPAYMENTS AND ACCRUED INCOME	0070	336,998	202,807
E. TOTAL ASSETS (0001+0002+0042+0043)	0071	13,559,044	14,025,593
F. OFF-BALANCE SHEET ASSETS	0072	379,649	956,738
A. EQUITY (0402+0411-0412+0413+0414+0415-0416+0417+0420-0421)	0401	386,437	460,346
I. SHARE CAPITAL			
(0403+0404+0405+0406+0407+0408+0409+0410)	0402	685,294	685,294
1. Share capital	0403	4,057	4,057
2. Stakes of limited liability companies	0404	-	-
3. Stakes	0405	-	-
4. State owned capital	0406	-	-
5. Socially owned capital	0407	-	-
6. Stakes in cooperatives	0408	-	-
7. Share premium	0409	681,237	681,237
8. Other capital	0410	-	-
II. SUBSCRIBED CAPITAL UNPAID	0411	-	-
III. OWN SHARES	0412	-	-
IV. RESERVES	0413	-	-
V. REVALUATION RESERVES FROM VALUATION OF INTANGIBLES, PROPERTIES, PLANT AND EQUIPMENT	0414	-	-
VI. UNREALISED GAINS FROM SECURITAS AND OTHER COMPONENTS OF OTHER COMPREHENSIVE INCOME	0415	-	-
VII. UNREALIZED LOSSES FROM SECURITIES AND OTHER COMPONENTS OF OTHER COMPREHENSIVE INCOME	0416	249,094	211,305
VIII. RETAINED EARNINGS (0418+0419)	0417	30,816	54,584
1. Retained earnings from previous years	0418	30,816	-
2. Retained earnings from current year	0419	-	54,584
IX. NON-CONTROLLING INTEREST	0420	(57,517)	(44,498)
X. LOSS (0422+0423)	0421	23,060	23,729

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CONSOLIDATED BALANCE SHEET (CONTINUED)
 In RSD thousand

	AOP	31 December 2020	31 December 2019
1. Loss from previous years	0422	-	23,729
2. Loss from current year	0423	23,060	-
B. LONG-TERM PROVISIONS AND LIABILITIES (0425+0432)	0424	11,039,393	11,729,668
I. LONG-TERM PROVISIONS (0426+0427+0428+0429+0430+4031)	0425	71	-
1. Provisions for warranty claims	0426	-	-
2. Provision for environmental rehabilitation	0427	-	-
3. Provisions for restructuring costs	0428	-	-
4. Provisions for employee benefits	0429	71	-
5. Provisions for litigations	0430	-	-
6. Other long term provisions	0431	-	-
II. LONG-TERM LIABILITIES (0433+0434+0435+0436+0437+0438+0439+0440)	0432	11,039,322	11,729,668
1. Liabilities convertible to equity	0433	-	-
2. Liabilities to parent and subsidiaries	0434	14,110	14,111
3. Liabilities to other related parties	0435	1,424,540	1,425,880
4. Liabilities for issued long-term securities	0436	-	-
5. Long term borrowings - domestic	0437	9,057,983	9,829,351
6. Long-term borrowings - foreign	0438	-	-
7. Finance lease liabilities	0439	-	-
8. Other long-term liabilities	0440	542,689	460,326
C. DEFERRED TAX LIABILITIES	0441	-	-
D. SHORT-TERM LIABILITIES (0443+0450+0451+0459+0460+0461+0462)	0442	2,133,212	1,835,579
I. SHORT-TERM FINANCIAL LIABILITIES (0444+0445+0446+0447+0448+0449)	0443	1,309,868	1,159,028
1. Short term borrowings from parent and subsidiaries	0444	479,755	479,806
2. Short term borrowings from other related parties	0445	-	13,876
3. Short-term loans and borrowings - domestic	0446	830,113	665,346
4. Short-term loans and borrowings - foreign	0447	-	-
5. Liabilities relating to current assets and held-for-sale assets attributable to discounted operations	0448	-	-
6. Other short term liabilities	0449	-	-
II. ADVANCES RECEIVED	0450	-	-
III. TRADE PAYABLES (0452+0453+0454+0455+0456+0458)	0451	235,382	240,607
1. Trade payables - parent and subsidiaries - domestic	0452	-	-
2. Trade payables - parent and subsidiaries - foreign	0453	55,466	27,735
3. Trade payables - other related parties - domestic	0454	1,504	1,469
4. Trade payables - other related parties - foreign	0455	-	-
5. Trade payables - domestic	0456	175,743	209,520
6. Trade payables - foreign	0457	2,669	1,883
7. Other operating liabilities	0458	-	-
IV. OTHER SHORT-TERM LIABILITIES	0459	83,692	85,006
V. LIABILITIES FOR VAT	0460	-	-
VI. LIABILITIES FOR OTHER TAXES	0461	13,285	20,132
VII. ACCRUED EXPENSES	0462	490,985	330,806
E. LOSS EXCEEDING EQUITY (0412+0416+0421-0420-0417-0415-0414-0413-0411-0402)>=0=(0441+0424+0442-0071)>=0	0463	-	-
F. TOTAL EQUITY AND LIABILITIES (0424+0442+0441+0401-0463)>=0	0464	13,559,044	14,025,593
G. OFF-BALANCE SHEET LIABILITIES	0465	379,649	956,738

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Financial Indicators

Key indicators from consolidated half-year financial statements are detailed as follow:

Ratios and KPI	31/12/2020	31/12/2019
Revenues (RSD thousands)	1.791.293	880.958
EBITDA (RSD thousands) (Operating profit+Depreciation and amortization)	1.275.642	677.279
Business profit (RSD thousands)	686.906	398.799
Cash flows from operating activities (RSD thousands)	800.199	21.311
Investments (RSD thousands)	83.346	2.151.778
EBITDA per turbine (RSD thousands)	51.026	58.053
Net profit per turbine (RSD thousands)	912	12.353

Sales of products and services amounts to RSD 1,791,293 thousand and RSD 880,598 thousand for the year ended 31 December 2020 and 31 December 2019 respectively.

The increase in revenue is mainly attributable to the increase of volume power produced from 115,0 GWh to 198.6 GWh in 2020 compared to the same period of 2019.

Revenue only refers to FiT received by wind plants "La Piccolina", "Kula" and "Kosava Phase I".

Due to the pandemic related to COVID 19, Serbian Government took some kind of measures that affected also the business in which the Group operates. In detail, in the period March/May 2020, Serbian Government suspended recognition of Feed in Tariff. During this period, the energy produced by all wind farms owned by the Group has been temporarily sold to a market price of 28€/MWh, instead full "FiT".

In addition, it should be noted, that "Kosava Phase I" received half of the FiT during trial period, that ended in February 2020.

On 26 May 2020, the Serbian Ministry of Energy and Mining notified the subsidiary MK Fintel Wind that it had been awarded an energy licence for the 69 MW Kosava Phase I wind farm. The energy licence grants Fintel's subsidiary the right to the immediate receipt of a feed-in tariff of 98.9 Euro/MWh + inflation for the next 12 years, that is, until 2032.

Compared to 2019, also EBITDA, business profit result and cash flow from operating activities grew in 2020 due primarily the starting of operation of Kosava Phase I.

Net profit for 2020 amounts to RSD 22,805 thousand compared to RSD 144.113 in 2020. This result was significantly affected by the suspension of the Feed in Tariff during first half as above mentioned and the obtainment of the full FiT for Kosava Phase only at the end of May 2020. Without Serbian Government COVID 19 measures and the recognition of full FiT for Kosava Phase I since January 2020,

revenues, EBITDA and profit before tax should have been higher for RSD 512.569 thousand compared to actual results at the end of 2020.

Personnel structure

The employees in the company have the appropriate qualifications, knowledge and experience necessary for the quality performance of the services provided by the Company. In addition to the Director, the Company has further 14 employees its subsidiaries who work mainly on maintenance of existing wind farms.

3. Environmental protection

Fintel Energija contributes to environmental protection mainly through investing in construction of capacities for production of electrical energy from renewable sources (green energy). Construction of wind farms significantly reduces CO2 emissions as one of the leading harmful factors that affect the environment.

4. Significant events after the end of the year

There were no events occurring after the balance sheet date that could require an adjustment to the consolidated financial statements as at 31 December 2020, nor disclosures in the Notes to the Group's financial statements.

5. Planned future development

As of December 2020, the Group has increased its production of electrical energy from wind of 85.5 MW, through the construction of three projects, "Kula", "La Piccolina" and "Kosava phase I". The Group also has ongoing further onshore wind farms development of 908 MW. The pipeline is being actively developed and projects are continuously progressed through the development and obtaining the appropriate regulatory consents. Projects are all developed in accordance with the "gateway" approval process, so the pace of development will depend on a number of internal and external factors. Out of the ongoing project, the project that has most advanced is Kosava Phase II - a project that obtained all licenses and that plans to have 19 turbines with capacity of up 65.5 MW, subject to turbine selection, which is estimated to become fully operational in the financial year 2021.

The growth of the Company's and Group's business will be driven primarily by the build of the Company's Development Pipeline Business, comprising approximately 861 MW of total capacity. Out of this amount, 125 MW is at an advanced development stage (building permits has been obtained for 75,5 MW, including 65 MW under construction) and approximately 693 MW where planning applications will be soon submitted or were submitted already).

The Company is targeting in total between 180 MW and 230 MW of installed capacity through organic growth of its Wind Development Pipeline Business over the next three years. The Directors expect to finance approximately 80 or 90% of these investments through loans, while the remaining funds are to be financed through subordinated debt or Company's cash flow. It is the Directors' intention to take a flexible approach to the development of the Company's Wind Development Pipeline Business, in order to deliver growth without compromising the Company's ability to pay out dividends in line with its dividend policy. Even though the focus of the Group is on organic growth, growth through acquisitions would be considered on an opportunistic basis.

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The Group's plants in operation and projects in a development/authorisation phase as at the date of this document are:

PLANT	LOCATION		DESIGN	OWNED BY	CAPACITY [MW]	STATUS
LA PICCOLINA	Wind	Vrsac	Energogr. doo	Energobalkan doo	6.6	in operation
KULA	Wind	Kula	Energogr. doo	Vetropark Kula doo	9.9	in operation
KOSAVA phase I	Wind	Vrsac	Energogr. doo	MK Fintel Wind A.D.	69	in operation
KOSAVA phase II	Wind	Vrsac	Energogr. doo	MK Fintel Wind A.D.	68.4	under construction
RAM	Wind	Veliko Gradiste	Energogr. doo	Vetropark RAM doo	10	under construction
KULA 2	Wind	Kula	Energogr. doo	Vetropark Torak doo	10	under final phase of development
LIPAR	Wind	Kula	Energogr. doo	Vetropark Lipar doo	10	under final phase of development
LIPAR 2	Wind	Kula	Energogr. doo	Vetropark Lipar 2 doo	10	under final phase of development
DUNAV 1	Wind	Veliko Gradiste	Energogr. doo	Vetropark DUNAV 1 doo	10	under final phase of development
DUNAV 3	Wind	Veliko Gradiste	Energogr. doo	Vetropark DUNAV 3 doo	10	under final phase of development
MAESTRALE RING	Wind	Subotica	Energogr. doo	Vetropark Maestrale Ring doo	678	under development
PROJECT TORAK	Wind	Sombor	Energogr. doo	Project TORAK doo.	238	under development
KOSAVA 2	Wind	Vrsac	Energogr. doo	Vetropark KOSAVA 2 doo	9.9	under development
TOTAL					1,139.8	

6. Research and development

There are no program of research or development that are relevant for the operations of the Company.

There are no registered patents or licenses of the Company.

The Company manages, monitors and controls its generating power plants from 24/7 central control centre (the "Logistic Control Centre") at its head office in Belgrade. The Company has adopted a service model under which none of its plants is manned on a continued basis. The operating assets are managed by a team of four persons, the majority of whom operate remotely. These personnel execute a program preventive maintenance and ongoing operational tasks under the schedule set centrally by the Logistics Control Centre through the Vestas asset management software and respond to unscheduled breakdowns. The remote monitoring is based on the universally adopted SCADA system, which can be used across various generation technologies. This enables the Company to track, in real-time, turbine

and generator performance, including faults, breakdowns and any other issues that might occur. Wind turbines can be remotely started and switched off from the Logistics Control Centre, avoiding the need to dispatch a technician on location if a minor fault occurs.

7. Subsidiaries

The Company act as a holding company of the following subsidiaries:

- Lipar d.o.o. Beograd, ID number 21452149 ("**Lipar**"), whereby the Company holds 100,00% of the share capital,
- Lipar 2 d.o.o. Beograd, ID number 21452122 ("**Lipar 2**"), whereby the Company holds 100,00% of the share capital,
- Maestralski Ring d.o.o. Beograd, ID number 21452068 ("**Maestralski Ring**"), whereby the Company holds 100,00% of the share capital,
- Project Torak d.o.o. Beograd, ID number 21459631 ("**Project Torak**"), whereby the Company holds 100,00% of the share capital,
- Fintel Energija development d.o.o. Beograd, ID number 21522732 ("**Fintel Energija Development**"), whereby the Company holds 100,00% of the share capital,
- MK-Fintel Wind Holding d.o.o. za holding poslove Beograd, ID number 21280275, whereby the Company holds 53,99737% of the share capital ("**MK Fintel d.o.o.**"), while the remaining 46,00263% is held by the company *MK Holding d.o.o. za holding poslove Beograd*,
- MK-Fintel Wind akcionarsko društvo Beograd, ID number 20392126, whereby the Company holds 53,99737% of the share capital ("**MK Fintel a.d.**"), while the remaining 46,00263% is held by the company *MK Holding d.o.o. za holding poslove Beograd*.

MK-Fintel Wind Holding d.o.o. holds 100% in the following subsidiaries, SPVs for other projects:

- Vetropark Kula d.o.o. Beograd, ID number 20901659 – SPV established for the project wind farm Kula ("**Kula**"),
- Energobalkan d.o.o. Beograd, ID number 20833122 – SPV established for the project wind farm Vetroparka La Piccolina ("**Energobalkan**"),

Fintel Energija Development d.o.o. holds 54% in the following subsidiary: MK-Fintel Wind Development d.o.o. Beograd, ID number 21528536 ("**MK-Fintel Wind Development**").

MK-Fintel Wind Development holds 100% in the following subsidiaries:

- Vetropark Torak d.o.o. Beograd, ID number 21040339 ("**Torak**"),
- Vetropark Ram d.o.o. Beograd, ID number 20927119 ("**Ram**").

8. Goals and policies in connection with managing financial risks, credit risks, liquidity risk and market risk

The coordination and monitoring of key financial risks is carried out by the central treasury department of the Principal Shareholder Company, which provides guidelines for the management of various types of risk and for the use of financial instruments. The main features of Fintel Group's risk management policy are:

- central determination of operational risk management guidelines concerning market, liquidity and cash flow risks;
- monitoring of results achieved;
- diversification of commitments/obligations and of the product portfolio.

Credit risk

Credit risk represents the exposure to potential losses arising from the failure by commercial and financial counterparties to fulfil their contractual obligations.

The Group's maximum exposure to credit risk at 31 December 2020 and 2019 is the carrying amount of each class of assets indicated in the following table:

	31 December 2020	31 December 2019
Trade receivables	65,868	183,304
Other receivables	17,556	14,683
Prepayments and accrued income	336,998	202,807
TOTAL	420,422	400,794

Trade receivables refer to those from EPS for electricity produced by wind farms in November.

Prepayments and accrued income mainly refer to receivables from EPS for electricity produced by wind farms in December, while Other receivables mainly relate to overpaid income taxes.

Those represent a low level of credit risk since most of the above mentioned receivables are towards the Serbian State, State owned company and related parties.

Based on the evaluation made by the sole Director, there is not any impairment for the above credits.

Liquidity risk

Liquidity risk is associated with the ability to meet the commitments arising from financial liabilities assumed by the Group. Prudent risk management of liquidity arising in the course of ordinary activities implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities.

Liquidity risk is managed centrally by the Principal Shareholder, given that the administration department periodically monitors the Group's net cash/debt through the preparation of appropriate actual and forecast cash inflow and outflow reports. In this manner, the Group aims to ensure it has adequate cover for its financing needs, by accurately monitoring financing, credit facilities opened and utilisations thereof, in order to optimise its resources and manage any temporary liquidity surplus.

The Group's objective is to establish a financing structure that, consistent with its business objectives, guarantees sufficient liquidity for the Group, minimises the related opportunity cost and maintains an equilibrium in terms of term to maturity and composition of the debt.

The following table provides a maturity analysis of liabilities at 31 December 2020 and 2019. The various maturity bands are determined based on the period between the reporting date and the contractual maturity of the Group's obligations, gross of accrued interest at 31 December. Interest is calculated in accordance with contractual terms for the financing.

At 31 December 2020				
	Less than 1 year	1-2 years	2-5 years	Beyond 5 years
Financial payables due to shareholders	479,755	-	-	1,438,650
Bank loans	1,283,751	1,288,420	4,178,676	5,563,425
Trade payables	235,382	-	-	-
Other liabilities	515,119	-	-	-
Total	2,514,007	1,288,420	4,178,676	7,002,075

At 31 December 2019				
	Less than 1 year	1-2 years	2-5 years	Beyond 5 years
Financial payables due to shareholders	493,682	-	-	1,439,992
Bank loans	1,138,955	1,270,652	4,270,374	6,731,029
Trade payables	240,608	-	-	-
Other liabilities	401,359	-	-	-
Total	2,274,604	1,270,652	4,270,374	8,171,021

An analysis of the financial liabilities by maturity shows a decrease of liabilities beyond 1 year as at 31 December 2020 compared to those at 2019, as a result of the payment of instalments due to in 2020. Increase of liabilities due within 1 year is mainly due to accrued expenses for O&M services and interests on shareholders' loans.

Accordingly, taking in account of the fact that the shareholders have confirmed that they do not intend to request the repayment of the loan prior to the forthcoming year end, as well as the liquid funds of RSD 368,442 thousand and the obtainment of the full feed in tariff in the first half of 2020 for Kosava

Phase I wind farm, it is believed that the Company and the Group will be able to meet its obligations in the foreseeable future.

Market risk

In the conduct of its operations, the Group is potentially exposed to the following market risks:

- risk of fluctuation in exchange rates;
- risk of fluctuation in interest rates.

These risks are essentially managed centrally by the Parent company Fintel Energija.

Risk of fluctuation in exchange rates

Exchange rate risk is linked to operations in currency other than the RSD. Fintel Group is exposed to the risk of fluctuation in exchange rates, given that it conducts business in Serbia through its subsidiaries, which are companies committed to the study, construction, development and management of wind farms and other projects in the field of renewables. The Group has borrowings denominated in foreign currency mainly in EUR and USD which predominantly expose group to the foreign currency translation risk. Currency exposure arising from the borrowings is managed through the participation of the borrowing denominated in functional currency of the Group in the total credit portfolio.

As at 31 December 2020, if the currency RSD had strengthened/weaken by 5% against the EUR with all other variables held constant, post-tax profit for the year would have been RSD 501,776 thousand (2019: RSD 528,206thousand) higher/lower, mainly as a result of foreign exchange gains/losses on translation of EUR – denominated borrowings.

Risk of fluctuation in interest rates

The risk of fluctuation in interest rates to which Fintel Group is exposed originates from financial payables. Fixed rate debt exposes the Group to risk linked to changes in the fair value of the debt for their part linked to changes in the reference rate market. Floating rate debt exposes the Group to cash flow risk originating from the volatility of interest rates.

The Group's financial indebtedness consists of current bank debt, medium/long term loans granted by banks.

In order to hedge the risk of fluctuation in interest rates the subsidiaries Vetropark Kula and MK-Fintel Wind also entered into agreements for an interest rate cap with spread in relation to financing for the "Kula" and "Kosava phase I" wind power plants.

As a result of the aforementioned hedging transactions, the impact of the expected change in interest rates in the coming twelve months is deemed to be insignificant in the context of the Group's consolidated financial statements.

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Capital management risk

The Group's objective as far as capital risk management is concerned is mainly to safeguard business continuity in order to guarantee returns to shareholders and benefits to other stakeholders. Moreover, the Group aims to maintain an optimal capital structure in order to reduce the cost of borrowing.

The Group monitors its capital based on the ratio of net debt to net invested capital (gearing ratio). Net debt is calculated as total debt, including current and non-current loans and borrowings, plus net exposure to banks. Net invested capital is calculated as the sum of total equity and net debt.

The gearing ratio at 31 December 2020 and 2019 is shown in the following table:

<i>RSD thousand</i>	31 December 2020	31 December 2019
<i>Non-current financial payables:</i>		
- Financial payables due to shareholders	14,110	14,111
- Bank loans	9,057,983	9,829,352
<i>Current financial payables:</i>		
- Bank loans	830,113	665,346
- Financial payables due to shareholders	1,918,405	1,933,674
- Financial assets	(59,378)	(59,384)
Cash and cash equivalents	(309,064)	(277,063)
Net debt (A)	11,452,169	12,106,035
Equity (B)	386,437	460,346
Net capital employed (C=A+B)	11,838,607	12,566,381
Gearing ratio (A/C)	96,7%	96,3%

The gearing ratio is substantially aligned to that of the previous year since the decrease of net debt was partially mitigated by the decrease of equity, mainly for cash flow reserve.



 Legal representative

STATEMENT ON CODE OF CORPORATE GOVERNANCE IMPLEMENTATION

Fintel Energija a.d. implements Code of Corporate Governance, adopted April 19, 2018. and the Code has been made publicly available on the Company's Internet page (www.fintelenergija.rs).

The Company's Code on Corporate Governance set out the principles of corporate practices and organizational culture that the principal holders of the corporate governance function of the Fintel Energija a.d. comply with, with regard to the shareholders' rights, corporate governance frameworks and methods, public relations and transparency of the Company's business operations. The main objective of this Code is to introduce good business practice in the field of corporate management, which should provide for the right balance between the influences exerted by the principal corporate governance holders, consistency of the control system and strengthening of shareholders' and investors' trust in the Company, all with the aim to achieve long-term development of the Company.

Relevant Company's bodies make a point of presenting the principles laid down in the Code in greater detail in other general acts of the Company.

In compliance with the Rules on Listing and Quotation of the Belgrade Stock Exchange, parallel with the disclosure of Annual Report, Fintel Energija a.d. delivers and the completed Questionnaire on Corporate Governance Practices and has agreed to its online publication on the internet page of the Belgrade Stock Exchange.

Fintel Energija a.d. Beograd

Legal representative



Tiziano Giovannetti



FINTEL ENERGIJA AD

STATEMENT BY PERSONS RESPONSIBLE FOR REPORT PREPARATION

To the best of our knowledge, Annual Financial Statements of the Fintel Energija a.d. for 2020 were prepared in compliance with the relevant International Financial Reporting Standards and these present authentic and objective information about assets, liabilities, financial position and operations, profit and losses, cash flows and changes in equity of the Public Company, including those of the Companies included in the Statements.

Legal representative:

Fintel Energija a.d.

Director



Tiziano Giovannetti

DECISION OF COMPETENT COMPANY BODY ON THE ADOPTION OF COMPANY'S ANNUAL FINANCIAL STATEMENTS*

Note*:

Financial Statements of Fintel Energija a.d. for 2020 were approved on April 27, 2021 in the meeting of the Board of Director. At the moment when the Annual Report of the Company is published, it has not yet been adopted by the competent Company's body (Shareholders' Assembly). The Company shall publish the complete the Decision of the competent body on the adoption of Company's Annual Report at a later date.

DECISION ON DISTRIBUTION OF PROFIT OR COVERAGE OF LOSSES *

Note*:

Decisions on distribution of profit or coverage of losses of the Fintel Energija a.d. for 2020 shall be passed in the regular annual Shareholders' Assembly meeting..

A public company is legally obliged to prepare their annual financial statements, to disclose them and to deliver them to the Commission, and, providing that the securities of such company are admitted for trading, to deliver these Statements to the regulated market or to the MTP and to ensure that the annual financial statements are available to the general public over the course of five years at the minimum from the date of its disclosure.

The Company shall be held responsible for the accuracy and veracity of data presented in the Annual Report.

Belgrade, April 2021

Legal representative:

Fintel Energija a.d.

Director




Fiziano Giovannetti