JOINT STOCK COMPANY „ELEKTROPRIVREDA SRBIJE“ BEOGRAD

SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
AND INDEPENDENT AUDITOR’S REPORT

Contents

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Independent Auditor's Report

To the Shareholder of Joint Stock Company ''Elektroprivreda Srbije'' Beograd

Our opinion

In our opinion, the separate financial statements present fairly, in all material respects, the separate financial position of Joint Stock Company ''Elektroprivreda Srbije'' Beograd (the "Company") as at 31 December 2025, and the Company's separate financial performance and separate cash flows for the year then ended in accordance with the Law on Accounting in the Republic of Serbia.

What we have audited

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

- the balance sheet as at 31 December 2025;
- the income statement for the year then ended;
- the statement of other comprehensive income for the year then ended;
- 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, comprising significant accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with the Law on Auditing in the Republic of Serbia. Our responsibilities under this law 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.

This version of our report/the accompanying documents is a translation from the original, which was prepared in Serbian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Independence

We are independent of the Company in accordance with the official translation of the 2018 edition of the International Code of Ethics for Professional Accountants (including International Independence Standards) that was issued by the International Ethics Standards Board for Accountants (IESBA Code (translated 2018 edition)) and which was adopted by the Chamber of Auditors in the Republic of Serbia. We have also fulfilled our other ethical responsibilities in accordance with the ethical requirements of the IESBA Code (translated 2018 edition) as adopted by the Chamber of Auditors in the Republic of Serbia.

Our audit approach

Overview

Materiality	Overall Company materiality: RSD 4,551,262 thousand, which represents 1% of the revenue for year ended on 31 December 2025.
Key audit matters	• Estimation of decommissioning and environmental protection provision • Impairment of non-financial 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 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 Company materiality	RSD 4,551,262 thousand (RSD 4,415,603 thousand for year ended on 31 December 2024)
How we determined it	1% of the revenues for the year ended 31 December 2025
Rationale for the materiality benchmark applied	We determined our materiality should be based on revenues. This benchmark is more representative for the Company as other benchmark such as net result are affected by the significant fluctuations in electricity prices. We have chosen 1% which, in our view, is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector.

We agreed with the those charged with governance that we would report to them misstatements identified during our audit above RSD 227,550 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. These matters were 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.

Key audit matter	How our audit addressed the key audit matter
Estimation of decommissioning and environmental protection provisions Provisions associated with decommissioning, environmental protection and restoration are disclosed in Note 32 to the financial statements; a description of the accounting policy and key judgements and estimates is included in Note 3.6 and Note 4. The calculation of decommissioning and environmental protection provisions requires significant management judgement because of the inherent complexity in estimating future costs, discount rates and maturity of liabilities. The decommissioning of landfills and dumps for ash and slag in Thermal Power Plants Kostolac, Kolubara, Morava, Nikola Tesla A and Nikola Tesla B (further in Thermal Power Plants) is an evolving activity and consequently there is limited historical precedent against which to benchmark estimates of future costs. These factors increase the complexity involved in determining accurate accounting provisions that are material to the Company's balance sheet. Management engaged an external expert to estimate the cost of decommissioning of landfills and dumps for ash and slag in Thermal Power Plants. As a result of such estimation, Management calculated provision to be included as at 31 December 2025. Management reviews decommissioning and environmental protection provisions on an annual basis for production assets. This review incorporates the effects of any changes in local regulations, management's expected approach to decommissioning, cost estimates, discount rates, maturity of liabilities and the effects of changes in exchange rates.	We critically assessed management's annual review of provisions performed as at 31 December 2025. Testing involved understanding of the legal or constructive obligations with respect to the environmental protection and decommissioning of each asset based on the estimated useful life of assets and relevant cost to complete restoration. Of particular note, we performed the following procedures: -We assessed the external experts' qualifications and expertise; -Identified and tested the cost assumptions which have the most significant impact on provisions by inspecting the studies provided by external management' expert; - Used our internal valuation experts to evaluate reasonableness of the discount rate applied to the cost assumptions and compared it to the Serbian treasury notes for the similar periods; - Verified the mathematical accuracy of the underlying models; - Verified the completeness of data by cross referencing with other non-financial data and other work performed on property, plant and equipment; - Obtained the sensitivity analysis prepared by management for the change in key assumptions (discount rate and cost estimates). We tested mathematical accuracy of calculations. - We assessed the adequacy of relevant disclosures in the notes to financial statements.

Impairment of non-financial assets Refer to Note 3.14 (significant accounting policies), Note 4 (use of key judgements), and Note 23 (intangible assets, biological assets and property, plant and equipment). As of 31 December 2025, the carrying amount of the Company's property, plant, and equipment including biological assets was RSD 893,409,442 thousand and the value of intangible assets was RSD 6,019,635 thousand, which represents a significant portion of the Company's total assets. The assessment of impairment of non-financial assets involves significant judgement and estimates by management, particularly in relation to the determination of cash-generating units (CGUs), the recoverable amounts, and the discount rates used in the impairment calculation. At the end of each reporting period the Company assesses whether indicators of impairment exist. If such indicators exist, the Company estimates the recoverable amount of the asset or cash-generating unit to which the asset belons, in order to determine whether an impairment loss should be recognized. For the year ended on 31 December 2025, the Company identified impairment indicators and performed impairment test which resulted in no impairment recognized. For the year ended 31 December 2024 impairment indicators were also identified and as a result an impairment was recognized for the one of CGU's in the amount RSD 9,320,715 thousand (Note 23) out of which RSD 1,792,153 thousand was recognized in Income statement (Note 12).	We performed the following procedures: - Understanding of the Process: We obtained an understanding of the Company's process for identifying indicators of impairment and its methodology for performing impairment tests on non-financial assets. - We assessed the external expert' qualifications and expertise; - Evaluating Management's key assumptions: We evaluated the appropriateness of the key assumptions used by management in their impairment analysis, including: • the determination of CGUs; • the forecasted future cash flows, comparing them to historical performance and/or external sources used by the management. - Sensitivity Analysis: We performed sensitivity analyses on the key assumptions to understand their impact on the impairment assessment and identified any potential risks of management bias. - Used our internal valuation experts to evaluate the following: • appropriateness of methodology applied; • test the mathematical accuracy of the model; • reasonableness of the discount rate applied in terms of methodological approach to discount rate derivation and inputs used for discount rate assessment; • conceptual approach to formulation of certain assumptions. - We assessed the adequacy of relevant disclosures in the notes to financial statements.

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 in the Republic of Serbia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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 on the audit resulting in this independent auditor's report is Milivoje Nešović.

Refer to the original signed
Serbian version

Milivoje Nešović
Licensed Auditor
PricewaterhouseCoopers d.o.o., Beograd

Belgrade, 27 April 2026

JOINT STOCK COMPANY ELEKTROPRIVREDA SRBIJE BELGRADE

Notes to the Separate Financial Statements
31 December 2025

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INCOME STATEMENT
In the period from 1 January to 31 December 2025
In thousands of RSD

	Notes	2025	2024
Operating income			
Sales of products and services	5	455,126,229	441,560,271
Capitalization of products and goods	6	1,524,082	1,386,840
Increase in value of inventories of work in progress and finished products		392,453	-
Decrease in value of inventories of work in progress and finished products		-	(1,567,717)
Other operating income	7	2,938,550	2,992,205
Income from adjustment in value of assets (other than financial)	8	567,395	309,038
		460,548,709	**444,680,637**
Operating expenses			
Cost of material, fuel and energy	9	(242,400,386)	(236,086,500)
Salaries, wages and other personnel expenses	10	(56,128,279)	(52,583,817)
Depreciation and amortization expense	11	(38,637,509)	(37,812,200)
Costs of adjustment in value of assets (other than financial)	12	(433,823)	(2,650,766)
Production services	13	(38,249,449)	(37,114,642)
Provision costs	14	(5,693,165)	(9,363,487)
Non-production costs	15	(23,319,442)	(23,571,148)
		(404,862,053)	**(399,182,560)**
Operating profit		**55,686,656**	**45,498,077**
Financial income			
Financial income from transactions with parent company, subsidiaries and other related parties	16	1,431,784	1,475,805
Interest income	16	7,464,715	7,793,959
Foreign exchange gains and losses of foreign currency clause	16	8,706,266	2,061,523
Other financial income	16	11,393	39,654
		17,614,158	**11,370,941**
Financial expenses			
Financial expense from transactions with parent company, subsidiaries and other related parties	17	(1,450)	(3,401)
Interest expense	17	(4,038,880)	(5,415,025)
Foreign exchange losses and negative effects of foreign currency clause	17	(1,385,093)	(4,918,137)
Other financial expenses	17	(979,150)	(951,677)
		(6,404,573)	**(11,288,240)**
Financing gains		**11,209,585**	**82,701**
Income from valuation adjustments of other financial assets at fair value through profit and loss	18	389,309	601,139
Costs of valuation adjustments of other financial assets at fair value through profit and loss	19	(10,974,438)	(6,151,890)
Other income	20	1,071,347	1,629,245
Other expenses	21	(8,336,451)	(9,829,368)
		(17,850,233)	**(13,750,874)**
Total income		**479,623,523**	**458,281,962**
Total expenses		**(430,577,515)**	**(426,452,058)**
Profit from continuing operations before tax		**49,046,008**	**31,829,904**

(continued)

INCOME STATEMENT (continued)
For the period from 1 January to 31 December 2025
In thousands of RSD

	Notes	2025	2024
Profit before tax		**49,046,008**	**31,829,904**
Income tax			
Tax expense of the period	22	(13,338,580)	(11,069,501)
Deferred tax income of the period	22	2,975,974	3,670,701
Net profit		**38,683,402**	**24,431,104**

The notes on the following pages
form an integral part of these financial statements.

Signed on behalf of the Company:

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Dušan Živković
General Manager

STATEMENT OF OTHER COMPREHENSIVE INCOME
For the period from 1 January to 31 December 2025
In thousands of RSD

	Notes	2025	2024
Net operating result			
Net profit/(loss)		**38,683,402**	**24,431,104**
Other comprehensive income or loss			
a) Items that will not be reclassified to profit or loss in future periods			
Actuarial gains or losses on defined benefit plans	31	(1,416,828)	(1,497,605)
Decrease in revaluation reserves		-	(7,528,562)
		(1,416,828)	**(9,026,167)**
b) Items that will not be reclassified to profit or loss in future periods			
Gains or losses on securities measured at fair value through other comprehensive income	31	(547)	1,999
		(547)	**1,999**
Other comprehensive income/(loss)- gross amount		**(1,417,375)**	**(9,024,168)**
Deferred tax income/(expense) on other comprehensive income or loss of the period		-	-
Other comprehensive income/(loss)		**(1,417,375)**	**(9,024,168)**
Total net comprehensive income/(loss)		**37,266,027**	**15,406,936**

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BALANCE SHEET
As at 31 December 2025
In thousands of RSD

	Notes	31 December 2025	31 December 2024
ASSETS			
Non-current assets			
Intangible assets			
Concessions, patents, licenses, trademarks and service marks, software and other intangible assets	23	4,113,243	3,677,397
Intangible assets under lease and intangible assets under development	23	1,906,392	1,749,974
		6,019,635	**5,427,371**
Property, plant and equipment			
Land and buildings	23	332,096,323	318,069,967
Plant and equipment	23	392,264,402	345,689,746
Investment property	23	318,231	330,255
Property, plant and equipment under lease and property, plant and equipment under construction	23	140,972,653	180,526,121
Other property, plant and equipment and leasehold improvements	23	70,263	81,634
Advances for property, plant and equipment - domestic	23	24,629,942	27,142,782
Advances for property plant and equipment - foreign entities	23	2,591,522	3,736,437
		892,943,336	**875,576,942**
Biological assets	23	466,106	473,243
		466,106	**473,243**
Long-term financial investments and long-term receivables			
Equity investments in legal entities (except for equity investments measured using the equity method)	24	8,494,999	6,934,007
Long-term investments (loans and borrowings) domestic	24	1,596,713	1,684,390
Other long-term financial investments and other long-term receivables	24	599,219	722,536
		10,690,931	**9,340,933**
Current assets			
Inventories			
Materials, spare parts, tools and supplies	25	38,230,208	36,126,801
Work in progress and finished goods	25	4,024,224	3,631,770
Goods	25	1,669	1,447
Advances paid for inventories and services - domestic	25	2,487,045	3,968,927
Advances paid to foreign entities for inventories and services	25	1,143,287	2,182,659
		45,886,433	**45,911,604**
Non-current assets held for sale and discontinued operations	25	**741,091**	**741,091**
Trade receivables			
Trade receivables from domestic customers	26	84,220,633	83,627,248
Trade receivables from foreign customers	26	137,038	14,705
Trade receivables – parent, subsidiary and other related parties – domestic	26	4,185	3,251
Trade receivables – parent, subsidiary and other related parties – foreign	26	349,858	294,785
Other trade receivables	26	446,321	178,895
		85,158,035	**84,118,884**
Other short-term receivables			
Other receivables	27	17,917,322	15,199,262
Receivables for overpaid income tax	27	-	4,001,327
Receivables for prepaid taxes and contributions	27	166,132	80,058
		18,083,454	**19,280,647**

(continued)

BALANCE SHEET (continued)
As at 31 December 2025
In thousands of RSD

	Notes	31 December 2025	31 December 2024
Short-term financial placements			
Short-term loans, borrowings and advances - domestic	28	113,514	205,343
Other short-term financial assets	28	44,105	52,182
		157,619	**257,525**
Cash and cash equivalents	29	**23,445,077**	**28,083,184**
Short-term prepayments and deferred expenses	30	**2,259,186**	**3,059,843**
TOTAL ASSETS		**1,085,850,903**	**1,072,271,267**
Off-balance sheet assets	40	**206,600,865**	**222,436,434**
EQUITY AND LIABILITIES			
Equity			
Core capital	31	365,105,090	365,105,090
Positive revaluation reserves and unrealized gains on financial assets and other components of other comprehensive income	31	430,690,560	432,291,892
Unrealized losses on financial assets and other components of other comprehensive income	31	(7,120,917)	(6,314,997)
Retained earnings			
Retained earnings of previous years	31	96,829,395	135,063,035
Retained earnings of current year	31	38,683,402	24,431,104
Loss			
Previous years' losses	31	(242,339,257)	(305,180,774)
Current year loss	31	-	-
		681,848,273	**645,395,350**
Long-term provisions and long-term liabilities			
Long-term provisions			
Provisions for compensation and other employee benefits	32	29,343,497	26,986,709
Other long-term provisions	32	26,548,211	23,259,881
		55,891,708	**50,246,590**
Non-current liabilities			
Liabilities convertible into equity	33	-	80,500
Long-term loans, borrowings and lease liabilities – domestic	33	13,936,530	23,174,740
Long-term loans, borrowings and lease liabilities – foreign	33	99,932,197	134,622,376
		113,868,727	**157,877,616**
Deferred tax liabilities	22	**57,136,519**	**60,112,494**
Long-term deferred income and received donations	34	**11,446,902**	**8,237,426**
Short-term provisions and short-term financial liabilities			
Short-term financial liabilities			
Liabilities for loans and borrowings toward entities that are not domestic banks	35	75,432	9,913
Loan liabilities toward domestic banks	35	9,043,678	8,989,671
Loans, borrowings and liabilities – foreign	35	28,485,350	27,849,841
		37,604,460	**36,849,425**
Advances received, deposits and down payments	36	**392,373**	**294,392**

(continued)

BALANCE SHEET (continued)
As at 31 December 2025
In thousands of RSD

	Notes	31 December 2025	31 December 2024
Operating liabilities			
Trade payables – parent companies, subsidiaries and other related parties - domestic and foreign	37	301,360	320,884
Trade payables - domestic	37	54,888,727	46,805,818
Trade payables - foreign	37	11,688,783	9,422,823
Other operating liabilities	37	3,246,866	3,182,563
		70,125,736	**59,732,088**
Other short-term liabilities			
Other short-term liabilities	38	28,619,282	28,032,722
Liabilities for value added tax and other public revenues	38	20,784,227	19,512,651
Income tax liabilities	38	3,080,080	-
		52,483,589	**47,545,373**
Short-term accruals	39	**5,052,616**	**5,980,513**
TOTAL EQUITY AND LIABILITIES		**1,085,850,903**	**1,072,271,267**
Off-balance sheet equity and liabilities	40	**206,600,865**	**222,436,434**

The notes on the following pages
form an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY
For the period from 1 January to 31 December 2025
In thousands of RSD

	Components of equity			Components of other comprehensive income	
	Core capital	Loss	Retained earnings	Revaluation reserves and unrealized losses and gains	Total equity
Opening balance as at 1 January 2024	**365,105,090**	**(304,800,876)**	**135,041,453**	**436,670,594**	**632,016,261**
Net changes in 2024	-	(379,898)	24,452,686	(10,693,699)	13,379,089
Balance as at 31 December 2024	**365,105,090**	**(305,180,774)**	**159,494,139**	**425,976,895**	**645,395,350**
Net changes in 2025	-	62,841,517	(23,981,342)	(2,407,252)	36,452,923
Balance as at 31 December 2025	**365,105,090**	**(242,339,257)**	**135,512,797**	**423,569,643**	**681,848,273**

The notes on the following pages
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STATEMENT OF CASH FLOWS
For the period from 1 January to 31 December 2025
In thousands of RSD

	2025	2024
Cash flows from operating activities		
Cash receipts from operating activities	**463,059,380**	**459,107,392**
Sales and received advances - domestic	450,942,467	448,022,878
Sales and received advances - foreign	3,150,519	8,047,898
Interest received from operating activities	3,994,334	1,251,469
Other receipts from operating activities	4,972,060	1,785,147
Cash payments from operating activities	**374,765,955**	**412,611,874**
Payments to suppliers and advances paid - domestic	165,521,619	196,066,050
Payments to suppliers and advances paid - foreign	53,824,906	40,403,906
Wages, salaries and other personnel expenses	58,777,159	54,376,549
Interest paid - domestic	1,773,664	2,913,936
Interest paid - foreign	4,421,422	4,626,917
Income tax	6,257,173	32,787,632
Payments of other pubic duties	84,190,012	81,436,884
Net cash generated from (used in) operating activities	**88,293,425**	**46,495,518**
Cash flows from investing activities		
Cash receipts from investing activities	**1,291,699**	**12,175,324**
Sale of intangible assets, property, plant, equipment and biological assets	47,807	104,678
Other financial investments	313,204	10,279,966
Interest received from investment activities	930,688	1,790,680
Cash payments from investing activities	**57,788,268**	**59,383,672**
Purchase of shares and stakes	1,816,375	2,341,082
Purchase of intangible assets, property, plant, equipment and biological assets	55,916,516	46,988,815
Other financial investments	55,377	10,053,775
Net cash generated from (used in) investing activities	**(56,496,569)**	**(47,208,348)**
Cash flows from financing activities		
Cash receipts from financing activities	**200,514**	**36,050,955**
Long-term domestic loans		-
Long-term foreign loans	200,514	36,050,955
Cash used in financing activities	**36,366,370**	**42,096,469**
Long-term domestic loans	8,905,304	12,595,141
Long-term foreign loans	27,227,865	23,244,688
Other liabilities	225,192	6,247,803
Financial leasing	8,009	8,837
Net cash generated from (used in) financing activities	**(36,165,856)**	**(6,045,514)**
Net increase in cash and cash equivalents	**464,551,593**	**507,333,671**
Net decrease in cash and cash equivalents	**468,920,593**	**514,092,015**
Net increase / (decrease) in cash and cash equivalents	**(4,369,000)**	**(6,758,344)**
Cash at the beginning of the period	**28,083,184**	**34,820,770**
FX gains on translation of cash and cash equivalents	9,785	116,466
FX losses on translation of cash and cash equivalents	(278,892)	(95,708)
Cash at the end of the reporting period	**23,445,077**	**28,083,184**

The notes on the following pages
form an integral part of these financial statements

1 BACKGROUND INFORMATION

The Joint Stock Company Elektroprivreda Srbije, Belgrade, Balkanska 13 (hereinafter: the Company) was established for the purpose of providing conditions for regular and secure electricity supply to tariff customers on the territory of the Republic of Serbia, based on the Decision of the Government of the Republic of Serbia on Establishment of the Public Entity for the Production, Distribution and Trade in Electricity 05, number 023-396/2005-1 (Official Gazette of RS, number 12/2005) in the form of a public entity under the name of Public Entity Elektroprivreda Srbije, Belgrade.

On 16 November 2012 the Government of the Republic of Serbia issued the Conclusion on Acceptance of Basic Elements for Reorganizing JP „Elektroprivreda Srbije“ 05, number 023-784/2012, and on 27 November 2014 the Conclusion on Acceptance of Basic Elements for Reorganizing JP „Elektroprivreda Srbije“ 05, number 023-15149/2014, establishing the need for change of legal form into a shareholding company, clear rights, organizational and financial separation of activities of public interest and market activities, as well as achieving maximum operating efficiency.

On 6 April 2023 the Government of the Republic of Serbia issued Decision number 023-1457/2023 on change in legal form of the Company from a public enterprise into a shareholding company with a full company name of Akcionarsko društvo “Elektroprivreda Srbije”, Beograd. his change was registered with the Business Registers Agency of the Republic of Serbia on 13 April 2023 based on the decision of the Business Registers Agency number BD 36389/2023.

The founder and sole shareholder of the Company is the Republic of Serbia, and the rights of the founder are exercised by the Government of the Republic of Serbia. The core capital of the Company is 100% share capital and is divided into 36,510,509 ordinary shares with voting rights, each with a nominal value of RSD 10,000.00. All ordinary shares have been issued and are owned by the founder.

Furthermore, on 6 April 2023, the Government adopted Decision no. 023-3090/2023 on amendments to the Company's articles of association and the Statute of the Company.

Management of the Company is bicameral, and the bodies of the Company are:

- Shareholders’ Assembly - by the Decision of the Government of the Republic of Serbia 24 number 119-3415/2023 of 25 April 2023, the Founder appointed an authorized representative in the Company Shareholders’ Assembly. The authorized representative of the Founder was appointed for a period of four years;
- Supervisory Board - members of the supervisory board are appointed by the Assembly for a period of up to four years. The Supervisory Board was appointed by the Decision of the Assembly dated 8 June 2023; and
- Executive Board - the Executive Board has seven executive directors, one of whom is the General Manager and they are appointed by the Supervisory Board for a period of up to four years. The acting director of the Company continues to perform the function of acting General Director of the joint-stock company, and the executive directors of the Company continue to perform the function of executive directors within the Executive Board.

As at 31 December 2025 the Company is the sole founder of the following companies:

1. Company for trading electricity „EPS Trgovanje“ d.o.o., with registered offices in Ljubljana, 48 Tivolska cesta Street, Republic of Slovenia, for performing the commercial activity of trading electricity.

2. Company for trading electricity „Elektrosever“ d.o.o., with registered offices in Severna Mitrovica, nn Filipa Višnjića Street, Kosovo and Metohija, for performing the commercial activity of trading electricity and providing the service of electricity distribution. “Elektrosever” d.o.o was established based on the decision of the Supervisory Board of the Company number 12.01.19169/3-2016 dated 20 January 2016, with the approval of the Government of the Republic of Serbia, Decision no. 05 number 023-923/2016 dated 11 February 2016. The company was registered on 7 November 2018.

3. Electricity production company „Moravske hidroelektrane“ d.o.o., with registered offices in Belgrade, 2 Carice Milice Street. The company was established according to the Memorandum of Understanding concluded with RWE Generation Hydro, Germany (RWE AG), upon the RS Government approval (Conclusion 05 no. 018-7493/2009 dated 13 November 2009) The objective of establishing the company “Moravske hidroelektrane” d.o.o., Beograd is the construction of hydro power plants on the Velika Morava river comprised of at least five hydro power plants with the total power of about 150 MW. The company “Moravske hidroelektrane” d.o.o. Beograd was entered into the registry maintained by the competent body on 23 August 2011.

1 BACKGROUND INFORMATION (continued)

Besides the aforesaid, the Company holds equity interests in the following subsidiaries:

1. 71.90% share in the company for construction works in the mining infrastructure and the exploitation of non-metals "Kolubara - Građevinar" d.o.o., Lazarevac, Janka Stajčića 1, based on the conversion of the Company's receivables into share capital in accordance with the pre-packaged restructuring plan of "Kolubara - Građevinar" " d.o.o., Lazarevac on December 14, 2017,

2. 51% share in the company "Hidroelektroenergetski sistem Gornja Drina" d.o.o., Foča, Nemanjina number 19, Republic of Srpska by joining a member and increasing the company's capital, namely on November 19, 2020, by entering it into the Register of Business Entities in the District Commercial Court in Trebinje.

The company is also the founder of three public enterprises from the territory of Kosovo and Metohija, namely: The Public Enterprise for the Production of Thermoelectric Energy TPP "Kosovo", Obilić, the Public Enterprise for the Production, Processing and Transport of Coal PK "Kosovo", Obilić and the Public Enterprise for the Distribution of Electricity "Elektrokosmet", Priština, over which there is no administrative and management control since June 1999. Acts on the establishment of public enterprises for the performance of energy activities with headquarters on the territory of the Autonomous Province of Kosovo and Metohija, the Entity will harmonize with the law, decisions and regulations governing the conditions and manner of performance of energy activities within three months from the day when conditions are met for harmonizing their organization, work and business with those regulations.

Activity

With the adoption of the new Energy Law at the end of 2014, the area of energy in domestic legislation was harmonized with the provisions of the Third Energy Legislative Package of the European Union, which continued the process of introducing competition into the electricity sector in Serbia, in order to increase the efficiency of the sector through the effect of market mechanisms in production and electricity supply, while maintaining the economic regulation of electricity transmission and distribution activities as natural monopolies. Energy activities are also performed by other economic entities (legal entities or entrepreneurs) under condition that the appropriate license is granted by the Energy Agency of the Republic of Serbia.

The performance of the Company's activities is regulated by the Energy Law (Official Gazette of RS no. 145/14, 95/18 - Dr. Law 40/21, 35/23 - Dr. Law and 62/23), the Law on Mining and Geological Research (Official Gazette of the RS No. 101/15, 95/18 - other laws and 40/21), the Law on Energy Efficiency and Rational Use of Energy (Official Gazette of the RS No. 40/21) and other substantive regulations.

The Company's predominant commercial activity is electricity production – activity code 3511. In addition to the main activity, the Company performs other activities: electricity trading, coal production, processing and transport, production of steam and hot water in combined processes, etc. Until the change of legal form the core activity of the public enterprise "Elektroprivreda Srbije" was electricity supply - activity code 3514 - trade in electricity.

The Company performs the production and commercial and guaranteed supply of electricity in the branches, which are registered in the Business Registers Agency:

- HPP DJERDAP Branch, Trg Kralja Petra 1, Kladovo,
- DRINSKO-LIMSKA HPP Branch, Trg Dušana Jerkovića 1, Bajina Bašta
- TENT Branch, Bogoljuba Uroševića-Crnog 44, Obrenovac,
- TE-KO KOSTOLAC Branch, Nikole Tesla 5-7, Kostolac,
- Branch of PANONSKA TE-TO, Bulevar Oslobođenja 100, Novi Sad,
- RB KOLUBARA Branch, St. Sava 1, Lazarevac,
- RENEWABLE RESOURCES Branch, Masarikova 1-3, Belgrade,
- EPS Supply Branch, Masarikova 1-3, Belgrade.

The Company holds a license for performing the activity of electricity supply number 312-137/2015-L-I dated 23 December 2015, which is effective for ten years, and a license for performing the activity of public electricity supply number 312-149/2016-L-I dated 23 December 2016, which is effective until the selection of the guaranteed supplier, and at most for ten years.

1 BACKGROUND INFORMATION (continued)

For the reporting period, the Government of RS designated the Company as a reserve supplier of electricity to end customers who are not entitled to public supply based on decisions, as disclosed in Note 5.

The price of back-up supply includes the price of electricity and system balancing costs, and does not include system access costs, incentive fees for preferential electricity producers and fees for improving energy efficiency. The price of reserve supply is determined on an annual basis according to a predetermined formula.

Besides the aforementioned, the Company also holds the license for performing the following activities:

Energy activity	Number of decision	Date of decision	Effective for
Storage of oil, oil derivatives and biofuels	311.02-121/2016-L-I	1/26/2017	10 years
Combined power and heat production	312-120/2016-L-I	2/10/2017	30 years
Electricity production	312-119/2016-L-I	2/10/2017	30 years
Trade in oil, oil derivatives, biofuels, bioliquids, compressed natural gas, liquid natural gas and hydrogen	311.02-74/2021-L-I	12/27/2021	10 years

The Company's short business name is: EPS AD, Beograd.

Its registration number is 20053658.

The Company's tax identification number is 103920327.

As at 31 December 2025 the Company had 18,826 employees (31 December 2024: 19,129 employees).

The Founder's corporate documents adopting the Reorganization Program for the Company define, inter alia, the procedure for establishing ownership rights over production buildings and other real-estate property over which the Company can establish ownership rights. In the period following the adoption of the Reorganization Program for the Shareholding Company „Elektroprivreda Srbije", the Founder granted consent for the Company, as the registered holder of usage rights over buildings and separate parts of buildings (commercial buildings, ancillary buildings, warehouses, garages, etc., electricity production facilities and structures serving the electricity production facilities) and land on which they are built, to be entered as the owner thereof in the land registry records in accordance with the Law on Public Property (Off. Gazette of RS no. 72/11, 88/13, 105/14, 104/16 - oth. law, 108/16, 113/17, 95/18), the Energy Law and other regulations that regulate real-estate ownership rights.

Adoption of the appropriate corporate document is expected for establishing appropriate rights by the Company over real-estate properties over which it is not possible to establish ownership rights, in accordance with the Law on Public Property, but that are required for conducting energy and mining activities of the Company.

2 BASIS FOR PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS AND ACCOUNTING METHOD

2.1 Basis for preparation and presentation of the financial statements

The financial statements of the Company include the balance sheet as at 31 December 2025, income statement, statement of other comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes comprising a summary of significant accounting policies and notes to the financial statements.

The financial statements of the Company for the period 1 January 2025 to 31 December 2025 are presented in the form prescribed by the Law on Accounting (Official Gazette of RS number 73/2019 and 44/2021 – other law) and the Rulebook on the Content and Form of Financial Statements Forms and the Content and Form of the Statistical Report for Legal Entities, Cooperatives and Entrepreneurs (Official Gazette of RS number 89/2020).

Recognition and measurement of financial statement line items was carried out in accordance with International Accounting Standards and International Financial Reporting Standards, whose translation is confirmed by Ministry of Finance decision number 401-00-4351/2020-16 dated 10 September 2020 (Official Gazette of RS no. 123/2020 and 125/2020) and which have been officially published in the Republic of Serbia, except for direct transfer of revaluation reserves to retained earnings when property, plant and equipment are derecognized, in line with the Rulebook on the Content and Form of Financial Statements Forms for Legal Entities, Cooperatives and Entrepreneurs (Official Gazette of RS number 89/2020), and in accordance with other applicable laws and bylaws of the Republic of Serbia. The said translation of International Accounting Standards and International Financial Reporting Standards is effective since the financial statements prepared as at 31 December 2021.

The accompanying financial statements represent the Company's separate financial statements. The Company also prepares consolidated financial statements.

Financial statements are prepared on a historical cost basis, unless otherwise stated in the accounting policies presented below.

In preparing these financial statements the Company applied the accounting policies presented in Note 3.

In accordance with the Law on Accounting the Company's financial statements are stated in thousands of dinars. The dinar is the official reporting currency in the Republic of Serbia.

2.2 Standards and interpretations effective in the previous and in current periods but not yet officially translated and adopted

At the date of issuance of these financial statements, the following standards and amendments were issued by IASB and interpretations issued IFRIC, but were not officially adopted and translated in the Republic of Serbia:

- Amendments to References to the Conceptual Framework in IFRS (issued in March 2018, effective for annual periods beginning on or after 1 January 2020);

- Amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* – definition of materiality (issued in March 2018, effective for annual periods beginning on or after 1 January 2020);

- Amendments to IFRIC 3 *Business Combinations* – Definition of a Business (issued in October 2018, effective for annual periods beginning on or after 1 January 2020);

- Revised Financial Reporting Framework – Amendments issued in December 2018, effective for annual periods beginning on or after 1 January 2020;

- Interest Rate Benchmark Reform (Phase 1) – amendments to IFRS 7, IFRS 9 and IAS 39 (amendments published in September 2019, effective for annual periods beginning on or after 1 January 2020);

- Amendments to IFRS 16 *Leases* – Concessions in Lease Payments Due to Covid-19 (amendments published in September 2019, effective for annual periods beginning on or after 1 January 2020);

2 BASIS FOR PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS AND ACCOUNTING METHOD (continued)

2.2 Standards and interpretations effective in the previous and in current periods but not yet officially translated and adopted (continued)

- Interest Rate Benchmark Reform (Phase 2) – amendments to IFRS 4, IFRS 9, IFRS 7, IFRS 16 and IAS 39 (amendments published in August 2020, effective for annual periods beginning on or after 1 January 2021);

- IFRS 3 *Business Combinations* – updating references to the conceptual framework (issued in May 2020, effective for annual periods beginning on or after 1 January 2022);

- Amendments to IAS 16 *Property, Plant and Equipment* – inflows from sale before intended use of asset under construction (issued in May 2020, effective for annual periods beginning on or after 1 January 2022);

- Amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* – onerous contracts, costs of fulfilling a contract (issued in May 2020, effective for annual periods beginning on or after 1 January 2022);

- Annual Improvements to IFRSs (IFRS 1, IFRS 9, IAS 16, IAS 41) arising as a result of the project Annual Improvements Cycle 2018-2020 issued in May 2020 (effective for annual periods beginning on or after 1 January 2022);

- IFRS 17 *Insurance Contracts* – Revised and issued during 2017 as a complete standard (initially effective for annual periods beginning on or after 1 January 2021 – with amendments issued on 25 June 2020 the International Accounting Standards Board has made a decision to postpone the application of this standard for annual periods beginning on or after 1 January 2023), including amendments to first-time application of IFRS 17 and related amendments to IFRS 9 *Financial Instruments* in regard to comparative figures;

- Amendments to IAS 1 *Presentation of Financial Statements* – initiative for change in disclosure of accounting policies, including amendments to *IFRS Practice Statement 2: Making Materiality Judgements* (issued in February 2021, effective for annual periods beginning on or after 1 January 2023);

- Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* – Definition of Accounting Estimates, amendments issued in February 2021 (effective for annual periods beginning on or after 1 January 2023);

- Amendments to IAS 12 *Income Taxes* – deferred taxes related to assets and liabilities arising from individual transactions, amendments adopted in May 2021 (effective for annual periods beginning on or after 1 January 2023);

- Amendments to IAS 12 *Income Taxes* – international tax reform of implementing global minimum tax (Pillar Two Model Rules) adopted in May 2023 (they went into effect immediately and are applied to annual financial statements for 2023 for the calendar fiscal year; for annual reporting that is different from the calendar reporting year; the amendments are effective on or after 31 March 2024);

- Amendments to IAS 1 *Presentation of Financial Statements* – Classification of debt with covenants as current or non-current (issued in January 2020, effective for annual periods beginning on or after 1 January 2024);

- Amendments to IFRS 16 *Leases* - valuation of lease liabilities in sale and leaseback transactions (issued in September 2022, effective for annual periods beginning on or after 1 January 2024);

- Amendments to IAS 7 *Statement of Cash Flows*, and IFRS 7 *Financial Instruments: Disclosures* – Disclosure of Supplier Finance Arrangements (issued in May 2023, effective for annual periods on or after 1 January 2024);

2 BASIS FOR PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS AND ACCOUNTING METHOD (continued)

2.2 Standards and interpretations effective in the previous and in current periods but not yet officially translated and adopted (continued)

- Amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates* - lack of convertibility - non-convertible currency (issued in August 2023, effective for annual periods beginning on or after 1 January 2025);

- Amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures* - Classification and Valuation of Financial Instruments (issued in May 2024, effective for annual periods beginning on or after 1 January 2025).

2.3 Standards and interpretations in issue not yet in effect

On the date of issue of these financial statements the following standards, their amendments and interpretations were issued, but were not yet in effect:

- Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* – Sale or transfer of funds free of charge between the investor and its associate or joint venture (amendments made in September 2014, with application postponed indefinitely);

- IFRS 18 *Presentation and Disclosure in Financial Statements* - issued on 9 April 2024 and will replace the existing standard IAS 1 *Presentation of Financial Statements*. The objective of IFRS 18 is to prescribe requirements related to the presentation of financial statements that are prepared for general purposes and requirements for disclosure of information in financial statements, in order to satisfy the informational needs of users of financial statements. Effective for annual periods beginning on or after 1 January 2027;

- IFRS 19 *Subsidiaries without Public Accountability: Disclosures* - issued on 9 May 2024 with the aim of prescribing disclosure requirements for entities that represent subsidiaries, that do not have public accountability and whose ultimate or immediate parent legal entity prepares consolidated financial statements in accordance with IFRS and that are publicly available. This standard prescribes disclosure requirements that these entities can follow instead of the requirements contained in individual IFRS standards, thereby establishing a simplified approach to the disclosure of financial information by such entities. Effective for annual periods beginning on or after 1 January 2027;

- Annual Improvements to IFRSs (IFRS 1, IFRS 7, IFRS 9, IFRS 10, IAS 7) arising as a result of the project Annual Improvements Cycle (vol. 11 of Annual Improvements) issued in July 2024 (effective for annual periods beginning on or after 1 January 2026);

- Amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures* - contracts related to electricity dependent on nature, or contracts for the purchase of electricity from renewable sources, issued in December 2024 (effective for annual periods beginning on or after 1 January 2026);

- Amendments to IAS 21 *Effects of Changes in Foreign Exchange Rates* – translation of financial statements with a non-hyperinflationary currency in a presentation currency that is hyperinflationary. These amendments apply retrospectively starting as of 1 January 2027. Earlier application is permitted.

2.4 Going concern

The financial statements are prepared on a going concern basis which assumes that the Company will continue to operate as a going concern into the foreseeable future.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with generally accepted accounting principles, based on historical cost measurement (purchase value), with subsequent assessment of all relevant events that affect the balance of assets and liabilities as at the date of preparation of the financial statements.

The principal accounting policies applied in preparing the financial statements are presented below.

3.1 Revenues

The Company is primarily involved in the business of production and supply of electricity to various categories of final customers. In addition, the Company also generate revenues from the sale of coal, heat energy, other products as well as from rendering services.

Revenue is recognized when the Company satisfies a performance obligation by transferring a promised good or service to a customer, or the customer acquires control over goods and services.

For each distinctive contracted good or service, the performance obligation contracted with the customer is fulfilled:

- over time:
    - when the buyer simultaneously receives and consumes benefits arising from the performance of the contract,
    - when the buyer has the power to control the creation of goods or the provision of services while assets are being created or increased,
    - when the goods and services provided by the Company cannot be used in an alternative way and the Company has an enforceable right to payment of compensation for the performance of obligations by a certain date, based on the measurement of the progress achieved in the execution of the contract,
- at a point in time, when the buyer acquires control over assets.

Income is measured at transaction price, which represents the compensation that the Company expects to receive in exchange for the transfer of assets, not counting the amount charged on behalf of third parties (VAT, etc.), as well as discounts, rebates, bonuses, reductions, etc., if variable compensation is agreed or if it follows from the Company’s usual business.

The transaction price is allocated to each individual contract performance obligation (or distinctive good or service). Changes in transaction prices upon fulfillment of contract performance are recognized as income or a decrease in income, in the period in which the change in transaction prices occurred.

Advance payments and received advances (payment of fees before the company transfers contracted goods and services) are not recognized as income, but as a liability.

In case a contract with a customer contains a significant financing component (contracts whose transaction price differs from the price if the customer pays cash for the same good or service), any difference is recognized as a financing effect (interest income or expense).

In the event that the period from the transfer of the promised goods and services under the contract to the moment when the buyer pays for those goods and services is up to one year or less, no correction of the transaction price is made.

Revenues from the sale of electricity are recognized in the period when the electricity is delivered at the transaction price, excluding the amount charged to third parties (VAT, excise tax, energy efficiency fee, etc.) and approved discounts resulting from the Company's usual business practices (Note 5).

The Company provides on and off invoice rebates and discounts to customers. Rebates are treated as a variable consideration and individually estimated at contract inception and re-estimated on sales occurrence.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Effects of fluctuations in exchange rates

At the end of each reporting period, the effects of fluctuations in exchange rates are recognized:

- for monetary items at the middle exchange rate on reporting date as a gain or loss,
- for non-monetary assets measured at fair value stated in foreign currency at the middle exchange rate on the date when fair value was determined,
- for non-monetary assets stated at historical cost (purchase price) at the middle exchange rate on transaction date.

The transaction date for the purpose of determining the exchange rate to be used for initial recognition of the associated asset, expense or revenue (or a part thereof), is the date on which the entity initially recognizes non-monetary assets or non-monetary liabilities arising from payment or receipt of foreign currency advances. If there are multiple payments or advances, the transaction date is determined for each payment or advance.

Exceptionally, paragraph 2 of this item does not apply when the related asset, expense or income is initially recognized at fair value or at the fair value of the consideration paid or received on a date other than the date of initial recognition of the non-monetary asset or non-monetary liability arising from the advance.

Exchange rate differences arising from the settlement of monetary items or from the translation of monetary items at exchange rates different from those at which the translation was made during the initial recognition during the given period or in previous financial statements are recognized in the profit or loss of the period in which they arose, except in cases where monetary items represent part of the Company's net foreign investment.

Exchange rate differences arising on monetary items that form part of the reporting entity's net investment in foreign operations (a monetary item that represents a receivable or payable for foreign operations - long-term receivables or loans, whose settlement is neither planned nor likely to occur in the foreseeable future) are recognized in profit or loss in the separate financial statements of the foreign operations. In the consolidated financial statements that include foreign operations, such exchange rate differences are initially recognized in other comprehensive income and are transferred from equity to profit or loss upon disposal of the net investment.

3.3 Joint Arrangements and Business Combinations

A joint arrangement is a contractual arrangement in which two or more parties have joint control.

Joint control is a contractually agreed sharing of control over an arrangement, which exists only when decisions about relevant activities require the unanimous decision of the parties sharing control.

Activities for which the contract does not provide for the establishment of joint control are not considered a joint arrangement.

Based on the structure and legal form of the arrangement and the conditions agreed upon by the parties, the participant recognizes the joint arrangements as:

- joint business, if the parties who have joint control over the arrangement have rights to property and responsibility for obligations related to the arrangement,
- joint venture, if the parties who have joint control of the arrangement have rights to the net assets of the arrangement.

In a joint business, the participant in the joint business recognizes:

- their assets, including their share in jointly owned assets, their liabilities, including their share in undertaken commitments,
- their income from the sale of their share in the results arising from the joint business, including their share of the income from the sale of the results of the joint business,
- their expenses, including their share of all expenses incurred jointly.

A joint venture participant recognizes their interest in the joint venture using the equity method.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Joint Arrangements and Business Combinations (continued)

Transactions and business events in which the acquirer gains control over one or more businesses are included under business combinations.

In the case of business combinations involving members of the EPS Group that are under common control, the separate financial statements of continuing operations entity do not contain comparative information of the company that ceases to exist.

3.4 Borrowing costs

Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds.

Borrowing costs may include:

- interest costs calculated using the effective interest method,
- financial obligations related to financial leasing,
- exchange rate differences arising from borrowing in foreign currency, in the amount up to which they are considered an adjustment of interest expenses.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, and that would have been avoided had the expenditure related to the asset not occurred, are capitalized as part of the cost of the asset. Other borrowing costs are expensed in the income statement in the period when occurred.

A qualifying asset is an asset that takes a substantial period of time to get ready for its intended use or sale.

3.5 Employee benefits

Employee benefits are all types of benefits that the Company provides to employees based on the law, general internal company regulation and employment contract.

Employee benefits are recognized as an expense during the reporting period during which the employee worked, and as a liability, after deducting any amount that has already been paid.

The Company provides jubilee awards, retirement benefits and other benefits in accordance with the Company’s general regulations, committing to pay:

- retirement benefits in the amount of 6 salaries of the employee that s/he earned or would have earned for the month preceding the month in which retirement pay is paid, or 6 times the average salary of the Company or in the amount determined by law, whichever is more favorable for the employee, and
- jubilee awards for 10, 20, 30, 35 and 40 years of continuous employment in the Company in the amount of 1, 1, 2, 3.5 and 4 average salaries paid out in the Company over the previous twelve months.

Expected costs of employee benefits are accumulated over the period of employment. These liabilities are assessed annually using the projected unit credit method. The present value of the liability for defined benefits is determined by discounting expected future cash payments using interest rates that correspond to the return on bonds and treasury bills of the Republic of Serbia denominated in dinars, and that have maturities that approximately correspond to the maturities of related liabilities.

Any increase/decrease in the present value of liabilities for defined employee benefits upon termination of employment, due to changes in actuarial (demographic and financial) assumptions and re-measurement of the net liability, are recognized as an actuarial gain or loss in other comprehensive income and as a as a separate item within equity.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Provisions

Provisions are recognized when the Company has an obligation as the result of past events and when it is likely that outflow of resources embodying economic benefits will be required to settle such obligation, and the amount of the obligation can be estimated reliably. Provisions are made for the amount which corresponds to the best estimate made by management as at balance sheet date in terms of expenditures which will be required to settle such obligations. If the effect of the time value of money is significant, provisions are discounted using a pre-tax discount rate that best reflects the risk specific to the given liability.

Court cases

Provisions for court cases and other provisions are recognized: when the Company has a present legal or constructive obligation as a result of past events; when it is highly probable that the settlement of a present obligation will result in outflow of resources; when the amount of the obligations can be measured reliably. Provisions are not recognised for future operating losses.

Management holds that no material restatements with respect to currently reported provisions can occur in respect of the aforementioned.

Renewal of natural resources

Provisions for renewal of natural resources and for bringing real-estate property - land to its original condition (recultivation) are recognized in the amount that represents the estimate of costs required to settle the present obligation at the balance sheet date, based on current laws, which is subject to changes due to revisions and changes to laws and regulations and their interpretations.

3.7 Government grants and state aid

Government grants are assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity. They exclude those forms of state aid that cannot be reasonably valued, as well as transactions with the state that cannot be distinguished from the entity's usual business transactions.

Government benefits related to assets are recognized in the balance sheet as deferred income.

Government allocations are recognized as income in the period necessary to connect them with the respective costs for which they are intended to be reimbursed, namely:

- allocations related to assets that are depreciated in the amount of calculated depreciation,
- allocation of funds that are not amortized during the period when costs related to the fulfillment of obligations arise,
- allocations received as part of financial or tax assistance in the period when set conditions are met,
- allocations received as compensation for expenses or losses already incurred or for emergency financial assistance without further expenses on that basis in the period when the funds were received, as an extraordinary item with mandatory disclosure.

If circumstances arise that lead to repayment of the allocation, the repayment of the allocation is charged to deferred income resulting from the allocation. To the extent that the repayment is greater than the deferred income or if there is no deferred income, the repayment is immediately recognized as an expense.

State aid represents state measures with the intention of providing specific economic benefits to the Company, whose value cannot be reliably determined, as well as transactions with the state that cannot be distinguished from the Company's usual business transactions (provision of advice, guarantees, etc.).

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Taxes and contributions

Current income tax

Current income tax is the amount which is calculated and paid based on the Corporate Income Tax Law of the Republic of Serbia. The corporate income tax rate for the reporting period is 15% and is applied to taxable profit reported in the tax balance. The tax base reported in the tax balance includes profit reported in the income statement, adjusted in accordance with tax regulations effective in the Republic of Serbia.

Tax regulations in the Republic of Serbia do not provide for any tax losses of the current period to be used to recover taxes paid within a specific carryback period. However, any current period losses may be used to reduce or eliminate taxes to be paid in future periods, but not for longer than five years starting in 2010, or ten years for losses occurred prior to 2010.

Deferred income tax

Deferred tax liabilities are recognized in the amount of future income tax liabilities resulting from the difference in the amount of property, plant and equipment for reporting purposes and for tax purposes.

Deferred tax assets are recognized for all deductible temporary differences and tax losses and credits, which can be carried forward into subsequent fiscal periods, up to the amount for which it is probable that taxable profit will be available against which taxable assets can be used.

Taxes and contributions not dependent on result

Taxes and contributions not dependent on result include calculated and paid property tax and other public revenues which are paid in accordance with state and municipal regulations.

3.9 Property, plant and equipment

Property, plant and equipment are initially measured at cost. The components of cost are: the amount billed by supplier decreased for any rebates stated in the invoice, import duties and other public duties, which are non-refundable, including all other directly attributable costs required for bringing such asset into a state of functional use.

Spare parts intended as replacements of a specific part of a limited number of recognized assets, and where costs of replacement of such part are significant compared to the carrying value of such asset, are recognized as separate items of equipment if they meet the definition of property, plant and equipment.

Strategic spare parts are recognized as an asset when:

- it is expected that they will be used for a period longer than 1 (one) year.
- they will only be used as part of a fixed asset,
- it is probable that future economic benefits associated with such strategic spare parts will flow to the entity and
- the cost of such strategic spare parts can be measured reliably.

Subsequent investments in an asset increase the carrying amount of the asset, if such expense arises as the result of upgrading the asset, replacing a part or servicing, other than daily maintenance, and if it is probable that future economic benefits associated with the investment will flow to the Company and the cost of the investment in the asset can be measured reliably. Gains or losses arising from the disposal or decommissioning of property, plant and equipment are determined as the difference between the expected net disposal proceeds and the carrying amount of the item adjusted for revaluation reserves, if previously formed for a specific asset, and are recognized in the income statement.

Assets for the exploration and evaluation of mineral resources are classified as tangible or intangible, based on the nature of the acquired assets, which are initially valued at cost, and subsequently as specified in this Note and Note 3.13. The calculation of their depreciation/amortization, as well as the recognition and measurement of the recoverable amount of these assets is performed as specified in Notes 3.11, 3.13 and 3.14.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Property, plant and equipment (continued)

Subsequent to initial measurement, items of property, plant and equipment used in energy and mining related activities are stated at revaluation amount which is their fair value at revaluation date less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

- Hydro power plants buildings,
- Thermal power plants buildings,
- Buildings for distribution of electricity and distribution system management,
- Coal mine buildings,
- Commercial buildings, other than administrative and other buildings for office work, tourism and hospitality management
- Hydro power plants equipment,
- Thermal power plants equipment,
- Equipment for distribution of electricity and distribution system management,
- Coal mine equipment,
- Spare parts intended as replacements of a specific part where costs of replacement of such part are significant compared to the carrying value of such asset,
- Boats and other river and lake navigation equipment,
- Hauling vehicles and other equipment for railway transportation,
- Transport equipment for carrying out energy activities.

Based on the revaluation amount, after initial recognition, the following are also reported:

- land of any type and purpose of use,
- administrative and other buildings or separate parts of buildings used for office and administrative work,
- facilities and equipment used for processing, construction and engineering activities, telecommunications activities and repair and assembly of machines and equipment;
- line infrastructure facilities,
- hospitality and tourism buildings, except for real-estate classified as investment property.

The fair value of real estate, plant and equipment is the price that would be received for the sale of the asset or paid for the transfer of liabilities in an ordinary transaction between market participants at the measurement date.

Fair value estimation techniques, which are used, are consistently applied, as follows:

- market approach for land, administrative and other buildings for office work, tourism and hospitality management,
- cost approach (present replacement cost), for other assets.

Revaluation of property, plant and equipment is carried out if there are indications that the carrying amount differs significantly from fair value as at balance sheet date, and is required once in a period of 3 to 5 years.

Motor vehicles designated by traffic regulations as passenger vehicles, other means of transport, equipment for furbishing and maintaining office and other premises, apartments that are not used for the performance of registered activities and other equipment and tools and inventory whose useful life is longer than one year, are stated at cost after initial recognition.

3.10 Investment property

Investment property is property (land or a building or part of a building or both) held by the Company to earn rentals or for capital appreciation or both.

Investment property is initially measured at cost, which comprises its purchase price and any directly attributable expenditures.

Replacement cost is recognized in the carrying amount of existing investment property at the time when such cost is incurred, if an inflow of economic benefit is probable and if such cost can be reliably measured.

After initial recognition, investment property is measured at cost less the total amount of accumulated depreciation and the total amount of impairment.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Investment property (continued)

The fair value of investment properties is measured for reporting purposes.

Investment property is depreciated over its useful life on a straight-line basis using equal annual quota amounts applied over the estimated useful life of each item of investment property.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no economic benefit is expected from its disposal.

Any difference between the net proceeds of disposal and the carrying amount of the investment property is recognized as a gain or loss in the income statement.

3.11 Depreciation of property, plant and equipment

Property, plant, equipment are depreciated over their useful lives on a straight-line basis, using equal annual amounts applied over the estimated useful lives of the assets. Exceptionally, land that includes the cost of dismantling, removal and restoration, recognized as a special asset or a part of an existing asset, is depreciated using the functional method, such that expenses are recognized when depreciation costs are based on expected use or exploitation (during the period in which benefits were earned as associated with these costs).

Depreciation rates applied to the principal groups of property, plant and equipment are as follows:

	Rate (%)
Thermal power plants buildings	1.25% - 20%
Hydro power plants buildings	0.89% - 5.15%
Mine buildings	1.06% - 20%
Commercial buildings	0.65% - 3.09%
Other buildings including investment properties	0.91% - 6.67%
Thermal power plants equipment	1.35% - 20%
Hydro power plants equipment	0.14% - 20%
Coal mine equipment	2.04% - 20%
Transportation vehicles	0.11% - 16.67%
Equipment for decoration and maintenance of office and other premises	10.00% - 20.00%
Other equipment	12.50% - 20.00%

The useful life and depreciation method of the asset are reviewed periodically, with the competent authority making any decisions. The review of the useful life is mandatory for assets whose carrying amount will be amortized in full in the next business year, and when expectations differ from previous estimates.

The effect of the change in the useful life of an asset is recognized as income or expense for the current and future periods.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

On the lease commencement date, each lease:

- depending on the duration of the lease agreement, the lease is classified as short-term or long-term (with a duration of more than 12 months from the first day of the lease term),
- is classified as a low-value lease, in case the leased asset has a value of 500 thousand dinars or less.

During the duration of the lease contract, the lease period is re-examined in case of significant events or significant changes in circumstances over which the lessee has control and which affect the real probability that the lessee will (not) use any of the options that were (not) taken into account during the initial determination of the lease period.

Company as a lessee

From the first day of the lease, the Company as lessee recognizes in the statement of financial position:

1. the right-of-use use assets separately from other assets, and
2. lease liabilities separately from other liabilities.

On lease commencement date, right-of-use assets are measured at cost, which includes initially measured liabilities, all lease payments made on or before the first day of the lease less any incentives received, all initial direct costs incurred by the lessee and estimated costs of dismantling and removing the leased asset, unless these costs were incurred for the purposes of inventory production.

The lease liability, on the first day of the lease term, is measured by the present value of all lease payments that have not been made on that day. The present value of all payments is determined by discounting at the interest rate contained in the lease or, if the lease interest rate cannot be identified, at the incremental borrowing interest rate. After the first day of the lease term, interest on the lease liability and any variable payment that is not included in the measurement of the lease liability for the period in which the event or condition giving rise to the payments occurs is recognized in the income statement.

Right-of-use use assets are subsequently measured at cost, except in the case of classes of property, plant and equipment from Note 3.9 acquired in the financial leasing business, which are subsequently measured at revaluation amount.

Depreciation of right-of-use assets is calculated on a straight-line basis from the first day of use:

- until the end of the asset's useful life, in case the lease agreement transfers ownership at the end of the lease term or it is certain that the purchase option will be exercised, and
- until the end of the useful life of the asset or until the end of the lease term, whichever is earlier, in all other cases.

In the case of a short-term lease or a low value lease, all payments are recognized as an expense on a straight-line basis over the term of the lease.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Leases (continued)

Company as a lessor

On the first day of the lease term, the asset that is the subject of a finance lease is recognized as a receivable in an amount equal to the net investment in the given lease.

The net investment in the lease referred to in paragraph 1 is equal to the gross investment discounted at the interest rate built into the lease and includes all fixed payments, less any incentives that will be paid in connection with the lease, variable payments that depend on a certain index or rate, all guaranteed residual value, the cost of exercising the purchase option if there is a real probability that the lessee will exercise that option and penalties for terminating the lease agreement, if the lease term indicates that the lessee used that option.

Financial income is recognized based on a model that reflects a constant periodic rate of return on the net investment throughout the entire lease term for a finance lease.

In the event that the Company acts as a producer or intermediary of the subject of the finance lease, the following is recognized:

- income, which represents the fair value of the leased asset or, if lower, the present value of the lease payments discounted at the market interest rate,
- costs of sale, which represent the purchase price or book value of the leased asset, if they differ, reduced by the present value of the non-guaranteed residual value,
- gain or loss from the sale in accordance with Note 3.1.

Payments under operating leases are recognized as income on a straight-line basis or on another systematic basis that better captures the pattern of diminishing returns from the asset. Initial direct costs incurred in connection with obtaining an operating lease are added to the carrying amount of the asset that is the subject of the operating lease and are recognized as an expense during the lease term on the same basis as the lease income.

3.13 Intangible assets

Intangible assets are initially measured at cost. After initial recognition intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

Intangible assets with a limited useful life are amortized over their useful lives on a straight-line basis. The estimated useful lives and amortization rates for the most significant groups of intangible assets, unless otherwise arising from the contractual right of use, are as follows:

	Year	Rate %
Investments in development	5	20%
Patents, licenses and similar rights	5	20%
Other intangible assets	5	20%

The amortization period and amortization method are reviewed at the end of each reporting period. The correction of the amortization expense is recognized as an expense in the income statement for the current and future period.

Intangible assets with an indefinite useful life are not amortized. These assets are tested for impairment on an annual basis or whenever there are indications that an intangible asset may be impaired.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 Impairment of assets

Assets are impaired when the carrying amount exceeds the amount that can be recovered from the use of the asset.

As at each balance sheet date, an assessment is made of the existence of any indications that the value of the asset has been impaired.

Regardless of whether there are indications of impairment, intangible assets with an unlimited useful life and intangible assets that are not yet in use are tested for impairment once a year. In the event that the asset in question was initially recognized during the reporting period, impairment testing is performed before the end of the reporting period.

If there are indications that the value of an asset may be impaired, the remaining useful life, depreciation method or residual value of the asset is reviewed and an adjustment is made in accordance with the standard applicable to that asset, although no impairment loss is recognized.

The recoverable amount of an asset or cash-generating unit is the higher of the fair value less costs of disposal or the value in use.

If there is any indication that the value of an asset is impaired, the recoverable amount is estimated for the individual asset. If the recoverable amount of an individual asset cannot be estimated, the recoverable amount of the cash-generating unit to which such asset belongs is estimated.

3.15 Inventories

Inventories are measured at the lower of cost or net realizable value. Cost includes purchase price, import duties and other non-refundable taxes, transportation, handling and other costs that can be directly attributed to the acquisition of inventories, less trade discounts, rebates and other similar items.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of product completion and estimated necessary selling expenses.

The estimate of net realizable value as the amount that can be recovered is done on an individual basis, unless otherwise stated.

Basic and auxiliary materials used in production are not written-off below cost or purchase price if it is expected that the finished products, in which they will be contained, will be sold at or above their cost.

In the event that the cost of finished products is higher than the net realizable value of the finished products, the net realizable value of inventory is estimated on a representative sample using the replacement cost method (repurchasing). If it is determined that inventories are impaired, the impairment calculation for all inventory items is performed by projecting results obtained from the sample onto the entire inventory.

When estimating the net realizable value of spare parts, all factors that are specific to the Company and companies in general are taken into account (first of all, the purpose of keeping stocks, circumstances related to procurement by order, use for planned servicing, price of finished products, etc.).

The amount of any write-down of inventories to net realizable value is recognized as an expense in the period the write-down or loss occurs.

When the circumstances that previously caused inventory to be impaired below its cost/purchase price are no longer present or when there is evidence of an increase in net realizable value due to changed economic circumstances, the written-off amount is returned through the income statement, so that the new carrying amount corresponds to the cost/purchase price or the changed cost, whichever is lower.

Outgoing (used up) inventories are calculated using the average weighted price method. Tools and small fittings are written off in full after they are issued for use.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 Inventories (continued)

Inventories of work in progress and finished products are measured at the lower of cost or net realizable value. The cost of inventories of work-in-progress and finished products includes costs directly related to units of production and indirect (fixed and variable) costs incurred in the production of finished goods, and does not include unusually high amounts of used materials, labor or other production costs, storage costs, except if they are required in the next stage of the production process, general administrative costs that do not contribute to bringing inventory to its current location and condition, selling costs and borrowing costs.

A group of fixed assets or an individual asset is classified as a fixed asset available for sale if its value can be recovered primarily through sale and not through further use. Fixed assets available for sale must be available for immediate sale in their current condition under normal terms and their sale must be highly probable, that is, that there is a sales plan and an active program to find buyers, that the execution of the plan has already begun, that the asset must be actively present on the market at a price that is reasonable in relation to its current fair value, and that the sale is completed within one year. Fixed assets intended for sale are measured at the lower of the following two amounts: at book value or fair value less costs to sell. Fixed assets available for sale are not amortized.

3.16 Financial Instruments

Initial recognition

Financial assets and financial liabilities are recognized when a Company becomes a party to using settlement date accounting, namely:

- recognition is carried out when an asset is transferred to the Company or when the Company delivers an asset, and
- it is derecognized when an asset is delivered by the Company (when a contractual obligation is discharged, cancelled or expires).

Financial assets, except for trade receivables, and financial liabilities are initially recognized at fair value increased or decreased, in the case of a financial asset or financial liability that is not measured at fair value through profit or loss, for transaction costs that can be directly attributed to acquisition or issue of a financial asset or financial liability. Any difference between fair value and transaction price is recognized as a gain or loss if fair value cane be proven by a stock exchange listing or is based on a valuation technique that uses data from observable markets only, and in all other cases, at initial measurement, an adjustment is made for deferral of the difference, and the deferred difference between fair value and transaction price is recognized as a gain or loss only if it arises from a change in a factor (including time) that market participants would take into account when determining the price of assets and liabilities.

Trade receivables are recognized at their transaction price.

Derecognition of financial instruments

A financial asset is derecognized when the contractual rights to cash flows from the financial asset expire or when the Company transfers the financial asset and that transfer qualifies for derecognition.

The transfer of a financial asset is carried out only when the Company transfers the contractual rights to receive cash flows from the financial asset or retains the rights to receive, but assumes the obligation to pay cash flows to one or more recipients.

Upon derecognition of a financial asset and financial liability in full, or a part of financial instruments, the difference between the carrying amount (measured on the date of derecognition) and the compensation received (including any newly acquired asset minus any new liability assumed) or compensation paid, including all transferred non-cash assets or undertaken commitments, is recognized in the income statement. On the date of derecognition of a financial asset measured at fair value through other comprehensive income, any previously recognized cumulative gain or loss in other comprehensive income is transferred from equity to the profit or loss.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 Financial instruments (continued)

Classification and subsequent measurement of financial instruments

Classification

For the purpose of subsequent measurement, on the date of initial recognition, financial assets are classified into one of three categories:

1) Financial assets measured at amortised cost,
2) Financial assets measured at fair value through other comprehensive income, and
3) Financial assets measured at fair value through profit and loss.

A financial asset is measured at amortized cost if both of the following conditions are met and it is not classified as an asset at fair value through profit or loss:

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows;
- The contractual terms of the financial asset give rise on specified fates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset will be measured at fair value through other comprehensive income if both of the following conditions are met and it is not classified as an asset at fair value through profit or loss:

- Asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial asset,
- The contractual terms of the financial asset give rise on specified fates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. Such determination is made individually, for each equity investment individually.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes those financial assets that are held for trading and those that are managed and whose performance is evaluated on a fair value basis will be measured at FVTPL. Additionally, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at fair value through other comprehensive income, as an asset at fair value through profit or loss if this eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The Company classifies financial liabilities at amortized cost for subsequent measurement purposes, except for the following:

- financial liabilities at fair value through profit or loss;
- financial liabilities that arise when the transfer of a financial asset does not qualify for derecognition or the continuous involvement approach is applied,
- contracts for financial guarantees,
- the obligation to provide a loan at an interest rate lower than the market rate,
- contingent consideration recognized by the acquirer in a business combination to which IFRS 3 applies.

In case of modification of agreed cash flows of the financial asset, which do not result in the derecognition of the financial asset, the gross carrying amount of the financial asset is recalculated with the recognition of a gain or loss in the income statement.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 Financial instruments (continued)

Long-term financial investments and receivables

Equity investments in subsidiaries, equity investments in associates and joint ventures are included in the Company's separate financial statements using the cost method.

For the purposes of subsequent measurement, financial assets and:

- equity investments in other legal entities, other securities with characteristics of contracted cash flows and sales, are classified as financial assets measured at fair value through other comprehensive income,
- long-term investments in subsidiaries and other related parties in the country and abroad, long-term investments in the country and abroad, securities and other long-term financial investments with characteristics of contracted cash flows, are classified as financial assets measured at amortized cost.

Exceptionally, in the event that no more recent information is available (lack of quoted prices of equity instruments in an active market) to a sufficient extent to measure fair value or if there is a wide range of possible fair value measurements and the purchase price represents the best estimate of fair value in that range, equity investments in other legal entities are subsequently measured at cost.

Short-term receivables and investments are measured at transaction price, which represents the amount of compensation the company expects to be entitled to in exchange for the transfer of promised goods and services to the customer, excluding amounts charged on behalf of third parties.

Subsequent measurement of non-derivative financial assets is based on their classification on initial recognition. Classification depends on purpose for which financial assets are acquired.

The Company's non-derivative financial assets include loans and receivables and financial assets available for sale.

Equity investments in related parties

Equity investments in related parties are stated at cost.

Other long-term investments

Equity investments in other entities and other long-term investments are initially accounted for at cost. After initial recognition, they are measured at:

- fair value, if held for trading or available for sale, when their price is quoted in an active market,
- at cost, if held for trading or available for sale, when their price is not quoted in an active market,
- amortized cost, if with fixed maturity,
- cost, if without fixed maturity.

Any difference, whether increase or decrease, between the recognized and subsequently measured amount is recognized within a separate item of equity, for available-for-sale instruments that have a quoted market price in an active market, unless there is objective evidence of impairment, when any difference is recognized in the income statement. Any difference between the recognized and subsequently measured amount of other financial instruments is reported as a gain or loss in the period when occurred.

On each reporting date, the provision for losses for financial instruments, except for trade receivables, is measured in the amount:

- which is equal to expected credit risks during the lifetime of the financial instrument, if credit risk has significantly increased compared to initial recognition,
- corresponding to twelve-month expected credit losses, if credit risk of the financial instrument has not significantly increased compared to initial recognition.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Impairment of financial assets

The amount of the change in expected credit losses on reporting date is recognized as a gain or loss in the income statement by indirectly correcting the gross carrying amount through the financial asset allowance account, except in the case of financial assets measured at fair value through other comprehensive income. Any impairment of financial assets that are measured at fair value through other comprehensive income is recognized in other comprehensive income until the same asset is derecognized or until it is reclassified, except for gains or losses from impairment and foreign exchange differences.

The maximum period that is taken into account when measuring expected credit losses is the maximum contracted period, including the extension option, except in the case of loans and outstanding obligations when the period in which the Company is exposed to credit risk is taken into account, even if that period is longer than the maximum contracted period. For loan obligations and financial guarantee agreements, the date the Company becomes a party to the irrevocable obligation is considered the date of initial recognition for impairment testing purposes.

The measurement of expected losses from financial instruments is performed on an individual basis or on a joint basis, if the financial instruments have common credit risk characteristics.

The estimate of provisions for expected credit losses for receivables from customers for the sale of electricity is carried out according to the following groups of receivables, unless otherwise stated, which arise on the basis of:

1) commercial supply,
2) reserve supply,
3) guaranteed supply for the following subgroups:
    1. receivables from legal entities, and
    2. receivables from households.

Estimates of collectability for receivables are made by groups and subgroups, using an allowance for impairment matrix with impairment coefficients. These are calculated based on historical figures on credit losses and are updated periodically to reflect actual credit losses.

Credit loss rates are calculated separately for the following customer segments:

- Households (subsegments formed based on geographical area: Belgrade, Novi Sad, Kragujevac, Kraljevo and Nis),
- Small customers (subsegments formed based on geographical area: Belgrade, Novi Sad, Kragujevac, Kraljevo and Nis),
- Commercial customers,
- Reserve supply customers.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Impairment of financial assets (continued)

The following table provides information on applied loss rates per customer segment for the calculation of expected credit losses as of 31 December 2025:

Guaranteed supply

	% of expected credit losses (range)	
Number of days past due	**Households**	**Small customers**
Unmatured	0.75% - 3.96%	1.81% - 4.59%
1 – 30	2.75% - 12.01%	4.84% - 10.91%
31 – 60	4.99% - 18.22%	6.78% - 15.89%
61 – 90	7.43% - 23.97%	7.98% - 20.66%
91 – 180	10.70% - 29.07%	8.81% - 25.13%
181 – 270	30.01% - 47.55%	14.14% - 48.48%
271 +	62.74%	62.74%

Commercial and reserve supply

	% of expected credit losses (regular demand)	
Number of days past due	**Reserve supply**	**Commercial customers**
Unmatured	4.94%	1.15%
1 – 30	6.81%	4.09%
31 – 60	25.37%	11.71%
61 – 90	38.18%	18.90%
91 – 180	45.86%	23.54%
181 – 270	61.57%	36.75%
271 – 360	71.43%	56.33%
361 +	82.40%	72.76%

For the calculation of expected credit losses for receivables from customers filed in court for collection for commercial and reserve supply, as of 31 December 2025, rates of 72.76% and 82.40% were used, respectively, while the rate of expected credit losses on receivables from customers in the reorganization process, in bankruptcy or liquidation is 100%.

Trade receivables, regardless of which group of receivables they belong to, and for which the receivable amounts is 200 and more million dinars, are assessed individually.

Exceptionally, receivables from customers in the process of restructuring (prepacked restructuring plan), bankruptcy or liquidation, regardless of the amount of debt, can also be estimated individually.

The applied loss rates per customer segment for the calculation of expected credit losses as of 31 December 2024 were as follows:

Guaranteed supply

	% of expected credit losses (range)	
Number of days past due	**Households**	**Small customers**
Unmatured	0.58% - 3.71%	1.75% - 5.12%
1 – 30	1.94% - 10.17%	3.2% - 10.66%
31 – 60	3.5% - 15.68%	4.43% - 15.71%
61 – 90	5.25% - 20.9%	5.29% - 20.04%
91 – 180	7.64% - 25.75%	5.84% - 24.36%
181 – 270	24.33% - 44.91%	8.78% - 46.8%
271 +	61.11%	61.11%

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Impairment of financial assets (continued)

Commercial and reserve supply

	% of expected credit losses (regular demand)	
Number of days past due	**Reserve supply**	**Commercial customers**
Unmatured	9.91%	1.32%
1 – 30	14.29%	4.61%
31 – 60	39.66%	12.62%
61 – 90	55.55%	20.67%
91 – 180	62.38%	26.08%
181 – 270	72.70%	41.30%
271 – 360	80.81%	59.97%
361 +	90.74%	75.13%

For the calculation of expected credit losses for receivables from customers filed in court for collection for commercial and reserve supply, as of 31 December 2024, rates of 75.13% and 90.74% were used, while the rate of expected credit losses on receivables from customers in the reorganization process, in bankruptcy or liquidation is 100%.

4 SIGNIFICANT ACCOUNTING ESTIMATES

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the ensuing financial year.

Depreciation and amortization charge and rates applied

The estimate of useful life of property, plant, equipment and intangible assets is based on historical experience with similar assets, as well as the anticipated technical advancement and changes in economic and industrial factors. The adequacy of the estimated useful life of fixed assets is analyzed annually based on current forecasts.

Determining the fair value of property, plant and equipment

Items of property, plant and equipment intended for the performance of energy activities as well as the Company's immovable property (note 3.9.) are measured at fair value for financial reporting purposes. In estimating the fair value of those items, the Company uses market-observable data to the extent it is available and engages third party qualified valuers to perform the valuation.

Impairment of non-financial assets

In accordance with the adopted accounting policies of the Company (note 3.14), the Company assesses at each reporting date whether there is any indication that an asset may be impaired. If such indications exist, the Company considers the recoverable amount of such assets and determines the recoverable amount of an individual asset or cash-generating unit in order to determine potential impairment of such assets or cash-generating units.

As disclosed in Note 23, as at 31 December 2025 the Company performed an analysis of internal and external indicators of asset impairment. Based on the performed analysis, an external indicator was identified that pointed to the need for running an impairment test. Based on the performed testing, the Company determined that the value in use or the recoverable amount of assets is higher than their book value in all of its cash generating units and accordingly did not recognize any impairment (Note 23).

As at 31 December 2024, based on performed tests, the Company determined that the value in use and the recoverable amount of assets is higher than their carrying value for all cash generating units, except for the Panonske TE-TO Branch for which the recoverable amount is determined to be RSD 2,687,305 thousand. This amount is lower by RSD 9,320,715 thousand compared to the carrying value of the tested branch. On this basis the Company recognized an impairment loss in the amount of RSD 9,320,715 thousand and in the income statement for 2024, in the amount of RSD 1,792,153 thousand, with a decrease in revaluation reserves in the amount of RSD 7,528,562 thousand (Notes12 and 23).

4 SIGNIFICANT ACCOUNTING ESTIMATES (continued)

Long-term provisions for renewal of natural resources

Long-term provisions for the costs of renewal of natural resources primarily relate to provisions for final land recultivation of the slag and ash dump sites for the thermal power plants of Kostolac and Nikola Tesla. Related estimates require judgment by management in respect of the amount of liability for land recultivation which will occur in the future.

Changes in measurement of existing liabilities can result from changes in the estimate of date of occurrence, future expenses or discount rates used at the time of initial measurement of provisions. The amount of the recognized provision is the best estimate of outlays required for settling present obligations as at balance sheet date, based on effective regulations, and is also subject to changes due to revisions and amendments to laws and associated regulations and their interpretations. Due to the subjective character of these provisions, there is uncertainty in respect of amount and estimated time of occurrence of these expenses. The effects of changes in key parameters for provisions for the final land recultivation of the slag and ash landfills, which relate to the discount rate used and the useful life of a landfill, are disclosed in Note 32.

Provisions for court cases

In general, provisions are to a large extent subject to judgement. The Company assesses the probability that adverse events may occur as a result of past events and estimates the amount required to settle an obligation. Although the Company acts prudently in making such estimates, given the great extent of uncertainty, in certain cases actual results may depart from these assessments.

Provisions for expected credit losses

IFRS 9 introduces the “expected credit loss” (ECL) model which is future-oriented. This requires significant judgment as to how changes in economic factors affect expected credit losses, which are determined on a probability-weighted basis.

“Expected credit loss” model applies to financial assets measured at amortized costs and debt investments measured at fair value through other comprehensive income, but not to investments in equity instruments.

In the event that all expected credit loss rates used, as disclosed in Note 42, were to increase by one percentage point, the Company would incur an additional RSD 840,730 thousand impairment on this basis.

Employee benefits

The present value of the liability for retirement benefits and jubilee awards is based on actuarial assessment. Actuarial assessment implies the use of assumptions related to discount rate, expected salary increase, mortality rates and employee turnover. In determining the appropriate discount rate, Company management uses the interest rate that would be equivalent to the rate of return on treasury bonds of the Republic of Serbia. The mortality rate is determined based on publicly available mortality tables.

Fair value

The fair value of financial instruments for which there is not an active market is determined by applying appropriate valuation methods. The Company applies professional judgement in selecting appropriate methods and assumptions.

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

5. SALES OF PRODUCTS AND SERVICES

Revenue streams

The Company generates revenues primarily from the sale of electricity and related services. Other sources of revenues include sale of products, rendering of services and other revenues. In the following table, revenue from contracts with customers is disaggregated by major revenue streams:

	In thousands of RSD For the year ended 31 December	
	2025	**2024**
Income from the sale of electricity	426,143,483	415,380,015
Sales to A.D. “Elektromreža Srbije”, Beograd **(a)**	23,368,995	20,950,857
Sales of products	5,126,503	4,846,631
Sales of services	33,189	9,237
Other **(b)**	454,059	373,531
	455,126,229	**441,560,271**

(a) Sales to the customer Joint Stock Company Elektromreža Srbije, Beograd (hereinafter: EMS) in the amount of RSD 23,368,995 thousand (2024: RSD 20,950,857 thousand) relate to the sale of electricity and provision of services to an energy entity - the distribution system operator. The increase in revenue in the reporting period compared to 2024 is due to higher prices and higher electricity supply for energy balance obligations.

Namely, the Company provides system services of primary, secondary and tertiary regulation and delivers electricity as part of energy balance responsibility, as well as for the transmission system operator's own consumption and compensation for electricity losses in the transmission system, based on contracts under which it fulfills its obligations in accordance with the Energy Law and operating rules for the transmission system and the functioning of the market. In accordance with the Energy Law, the prices of auxiliary services of primary regulation, voltage regulation, as well as system services of secondary and tertiary regulation, are regulated prices.

(b) Other income reported for 2025 in the amount of RSD 454,059 thousand (2024: RSD 373,531 thousand) relates to compensation for transactions in which the Company acts as agent – calculation and collection of Public Media Service fee (Note 27). Namely, the Company and the Public Media Institution “Radio Television Serbia” and the Public Media Institution “Radio Television Vojvodina” had concluded an agreement that regulates activities in applying the Law on Temporary Regulation of Public Media Service Fee Collection (Off. Gazette of RS no. 112/ 2015, 108/2016, 153/2020, 129/2021, 142/2022, 92/2023 and 64/2024), which specifies that in calculating and collecting for electricity supply the Company shall charge to customers the aforesaid fee, in return for compensation of 3% of cash funds transferred to public media institutions. The fee amount is the same across the entire territory of the Republic of Serbia and amounts to RSD 349 per month.

5. SALES OF PRODUCTS AND SERVICES (continued)

Breakdown of revenue from contracts with customers

Electricity

Sales of electricity relates to the following service lines:

	In thousands of RSD For the year ended 31 December 2025	2024
Sales on domestic market:		
- Sales of electricity to households **(a)**	142,159,251	133,873,540
- Sales of electricity – customers in the open market **(a)**	261,580,488	255,529,816
- Sales of electricity – related parties within the EPS Group (Note 41) **(b)**	30,412	34,534
- Sales of electricity to third parties (industry) **(a)**	16,885,507	15,610,258
- Sales of electricity to licensed customers **(a)**	152,289	574,586
- Sale of electricity on stock exchange operations **(c)**	2,013,896	3,428,742
	422,821,843	409,051,476
Sales of electricity on foreign market - third parties **(d)**	227,004	48,022
Income from the sale of electricity on foreign market – related parties within the EPS Group (Note 41) **(d)**	3,094,636	6,280,517
	3,321,640	6,328,539
	426,143,483	**415,380,015**

(a) Income from sales of electricity is recognized on the basis of sales made to end customers: private individuals, small customers or customers entitled to choose a supplier, after meeting requirements according to the Energy Law.

The terms of delivery and supply of electricity, as well as measures taken in the event that the security of the supply of electricity to customers is jeopardized due to disruptions in the operation of the energy system or disruptions in the market, based on which sales revenues are recognized, are regulated by the Energy Law, the Law on Energy Efficiency and Rational Use of Energy (Official Gazette of RS No. 40/21), the Decree on Terms of Delivery and Supply of Electricity (Official Gazette of RS No. 84/23, 58/25, 67/25), the Decision on the Regulated Price of Electricity for Guaranteed Supply to Which the Founder Grants Consent (Official Gazette of RS No. 76/25, effective from 1 October 2025) , Rules on the Operation of the Electricity Market (Official Gazette of RS no. 120/12, 120/14), and other regulations. Namely, these regulations regulate:

1. the terms and method for issuing approval for connection to the system and system connections, as well as proof of fulfillment of conditions for connecting a facility,
2. the place of measurement and the place of segregation of responsibility for delivered electricity,
3. the terms and method for connecting temporary facilities, construction sites and facilities under trial operation or other facilities in accordance with the law governing the construction of buildings,
4. measures taken in case of short-term disruptions of the energy system due to breakdowns and other unforeseen situations that jeopardize the safety of the energy system, as well as due to unforeseen and necessary maintenance work on energy facilities or necessary work on system expansion,
5. measures taken in the event of a general shortage of electricity, the terms and methods for taking measures and the sequence of restrictions on the supply of electricity, as well as measures of saving and rational consumption of electricity in the event of a general shortage of electricity.

5. SALES OF PRODUCTS AND SERVICES (continued)

Disaggregation of revenues from contracts with customers (continued)

6. the terms and method for suspending electricity supply, as well as rights and obligations of system operators, suppliers, public suppliers and end customers,
7. the terms and method of rational consumption and electricity saving,
8. the terms of supply to customers' facilities for which suspension of electricity supply is not permitted, due to default on obligations for the supplied electricity or in other cases,
9. ways of regulating mutual relations between the supplier, the system operator and the final customer to whom the supply of electricity cannot be suspended,
10. the terms and method of measuring delivered electricity,
11. the method of calculating unauthorized electricity consumption,
12. notification of the end customer,
13. conditions and measures for supplying customers with electricity,
14. accounting period and mandatory content of electricity bills for payment of delivered electricity,
15. requirements for concluding a contract on the sale of electricity and content of the contract,
16. the terms and method for the performance of supplier and public supplier obligations.

The contract for the sale of electricity, in addition to the general elements established by the law governing contracts and torts, also contains the following elements: rights and obligations in terms of power and quantity of electricity, supply dynamics, rights and obligations of the supplier and the end customer in case of default on obligations and in case of temporary suspension of delivery, term for which the contract is concluded and rights and obligations in case of termination and annulment of contract, method for calculating the terms of payment for the purchased electricity which cannot be shorter than 8 days, how customers are informed about changes in prices and other terms of electricity supply, how disputes are resolved and other elements depending on the specifics and type of services provided by the supplier.

Time frame and fulfillment of performance

In accordance with the operating rules of the system operator, the billing period for all interconnection metering points is a calendar month with the reading of billing and control meters on the first day of the month at 00:00 hours and on the last day of the month at 24:00 hours. The billing period for other metering points in the transmission and distribution network, and for other metering points in the distribution network with remote reading, is the period that begins with the reading of the billing and control meters on the first day of the month at 7:00 a.m. and ends with the reading of the meters on the first day of the following month at 7:00 a.m. For all other metering points in the distribution network reading for the billing period begins on the date of the previous reading to the date of the reading in the current month, which falls on the 1st to the 9th of the month for the previous month.

Determining the transaction price

The price of electricity for end customers is determined according to the type of supply, as follows:

1) Guaranteed supply

The price of electricity for customers entitled to guaranteed supply is determined in accordance with the adopted Methodology for Determining the Price of Electricity for Guaranteed Supply, adopted by the Energy Agency of the Republic of Serbia. The price is applied after obtaining consent of the Agency. It includes the cost of access to the distribution system.

During the first nine months of 2025, the price of electricity used was based on the Decision on the Regulated Price of Electricity for Guaranteed Supply No. 12.01-869991/6-2023 dated 26 September 2023. Starting in 1 October 2025, the Decision on the Regulated Price of Electricity for Guaranteed Supply, number 12.01.923391/2-25 dated 25 August 2025, is in use, having received the consent of the regulator, and which resulted in an increase in the average selling price of 8.5% in total, with an increase of 1.9% due to lowering the threshold between the "red" and "blue" zones, while growth of 6.6% is due to the increase in the distribution and transmission system access fee.

In 2025 the average sale prices of electricity for guaranteed supply amounted to 10.579 din/KWh (2024: 10.310 din/KWh).

5 SALES OF PRODUCTS AND SERVICES (continued)

Disaggregation of revenues from contracts with customers (continued)

Furthermore, in order to stimulate more rational consumption and electricity savings, the Company’s Shareholders Assembly adopted Decision number: 12.01.1126566/6-2023 dated 12 December 2023, customers on guaranteed supply (households and small customers) who decided to receive their electricity bills electronically, without sending of a paper bill, were granted a discount of 50 dinars without VAT and excise duty on their electricity bills.

The discount is calculated starting from the first subsequent calculation for electricity from the date when the customer's request for receiving electricity bills electronically was received.

The Executive Board of the Company adopted Decision No. 12.01.1049567/2-2024 dated 30 September 2024, based on which the Company grants a discount of 30 dinars, excluding VAT and excise duty, on electricity bills to customers on guaranteed supply (households and small customers) who, during the calendar month, make a payment for electricity through the portal for electronic download and payment of bills for consumed electricity in the period of 1 November 2024 to 31 October 2025. If, in one billing period, the customer makes several payments, the discount is calculated only on one payment, the first payment.

The Company's Executive Board adopted a set of Decisions that grant electricity customers for guaranteed supply and electricity customers-producers on guaranteed supply, in the categories “General Consumption” and the “Households” group, one of the following discounts:

1. Based on Decision number 12.01.238650/6-2024 dated 19 March 2024, end customers and electricity customers-producers on guaranteed supply in the categories “General Consumption” and the “Households” group, are granted a 5% discount if they pay their electricity bill by the 28th of the month for the then previous month.
2. Based on Decision number 12.01.954927/3-25 dated 5 September 2025, end customers and electricity customers-producers on guaranteed supply in the categories “General Consumption” and the “Households” group, are granted a 6% discount if they pay their electricity bill by the 20th of the month for the then previous month.
3. Based on Decision number 12.01.954927/3-25 dated 5 September 2025, end customers and electricity customers-producers on guaranteed supply in the categories “General Consumption” and the “Households” group, are granted a 7% discount if the customer opts for receiving an e-bill and they pay their electricity bill by the 20th of the month for the then previous month.

The Company's Executive Board adopted Decision number 12.01.1041678/4-2025 dated 29 September 2025, based on which end customers and electricity customers-producers on guaranteed supply in the categories “General Consumption” and the “Households” group who have the status of energy vulnerable customers, are granted an additional 5% discount if the customer pays their electricity bill by the 28th of the month for the then previous month. This discount is granted on top of other discounts that have already been granted.

2) Commercial supply

For customers under commercial supply, price is determined based on price movements on the reference electricity exchanges and according to market principles.

However, for the period 1 November 2023 to 30 April 2024 Conclusion 05 Number: 338-9567/2023 of the Government of Serbia was in force, which recommended to the Company to conclude contracts on electricity supply with customers under commercial supply at uniform (capped) prices, with the price being 119.67 EUR/MWh without VAT. In the same period, for customers who are members of the Serbian Defense Industry group, the single price amounted to 105.00 eur/MWh.

Since the beginning of May 2024 the supply of electricity to commercial supply customers is performed at contracted prices, determined based on price movements on the reference electricity exchanges and according to market principles.

5 SALES OF PRODUCTS AND SERVICES (continued)

Disaggregation of revenues from contracts with customers (continued)

3) Reserve supply

For customers under reserve supply, a single price is applied in the amount offered by the Company at the public tender for the selection of a reserve supplier, announced by the Government of the Republic of Serbia in accordance with the Energy Law. For the reporting period, the Government of the Republic of Serbia designated the Company as a reserve supplier of electricity to end customers who are not entitled to public supply, based on the following decisions:

- Decision on the Designation of the Reserve Supplier Who Will Perform Reserve Supply 05 number: 312-10178/2023 (Official Gazette of the RS no. 93/2023) dated October 26, 2023 for the period from November 1, 2023 to April 30, 2024, at a price of 157.34 EUR/MWh, excluding VAT. Immediately after the adoption of this decision, the Government of the Republic of Serbia also passed Conclusion 05 Number: 338-10179/2023, dated October 26, 2023, which recommended to the Company that the supply of end customers under reserve supply be carried out at a single price of 155.57 eur/MWh in the period from November 1, 2023 to April 30, 2024, and whose recommendations were adopted based on the Decision of the Company’s Shareholders’ Assembly No. 12.01.1021776/4-2023, dated November 8, 2023.

- Decision on the Designation of the Supplier Who Will Perform Reserve Supply 05 number 312-3269/2024 (Official Gazette of the RS no. 34/2024) dated 18 April 2024, at a price of 115.40 EUR/MWh, excluding VAT.

- Decision on the Designation of the Supplier Who Will Perform Reserve Supply 05 number 312-0115/2024 (Official Gazette of the RS no. 87/2024) dated 31 October 2024, for the period from November 1, 2024 to April 30, 2025, at a price of 162.10 EUR/MWh, excluding VAT.

- Decision on the Designation of the Supplier Who Will Perform Reserve Supply 05 number 312-4012/2025 (Official Gazette of the RS no. 39/2025) dated 30 April 2025 for the period from May 1 to October 31, 2025, at a price of 170.94 EUR/MWh, excluding VAT.

- Decision on the Designation of the Supplier Who Will Perform Reserve Supply 05 number 312-11637/2025 (Official Gazette of the RS no. 95/2025) dated 30 October 2025, at a price of 183.69 EUR/MWh, excluding VAT.

Account receivables for delivered electricity are due, as a rule, on the 28th of the month for the previous month. Exceptionally, the due date may differ from the stated deadline for strategic, large key customers and key customers in accordance with the customer's request and concluded contract, and for customers who conclude a contract in the public procurement procedure in accordance with the conditions of public procurement.

4) Electricity supply for covering losses in the distribution system

In addition to supplying end customers, the Company supplies electricity to the customer "Elektrodistribucija Srbije" d.o.o. Beograd, for the purposes of covering losses in the distribution system.

Based on the conclusion of the Government of the Republic of Serbia 05 No.: 338-7933/2023, dated August 31, 2023, the sale price of electricity for the compensation of losses in the distribution system was approved in the amount of 70 eur/MWh, and is still in effect.

(a) Revenues from the sale of electricity to related parties within the EPS Group in the amount of RSD 30,412 thousand as a whole refer to the sale of electricity to the related legal party “Kolubara - Građevinar" d.o.o. Lazarevac.

(b) The Company is also involved in electricity trading at the SEEPEX stock exchange which started with operations on 17 February 2016. SEEPEX a.d. Beograd is a licensed operator on the organized electricity market formed based on the partnership between the enterprise Elektromreža Srbije a.d. Beograd (hereinafter: EMS a.d.) and EPEKS SPOT, as a shareholding company. The aim of SEEPEX is to ensure a transparent and reliable mechanism of forming the wholesale electricity market price by comparing the supplies and demands at fair and transparent price and to enable all transactions made at SEEPEX to be delivered and paid.

5 SALES OF PRODUCTS AND SERVICES (continued)

Disaggregation of revenues from contracts with customers (continued)

(c) Sales of electricity on the foreign market relate to the sales of electricity to the company Mješoviti holding Elektroprivreda Republike Srpske (Bosnia & Hercegovina) in the amount of RSD 227,004 thousand (2024: RSD 48,022 thousand) and to the sale of electricity realized through subsidiaries "EPS Trgovanje" d.o.o., Ljubljana and "Elektrosever" d.o.o., Severna Mitrovica in the amount of RSD 2,369,156 thousand (2024: RSD 5,216,332 thousand) and RSD 725,480 thousand (2024: RSD 1,064,185 thousand), respectively.

Sales of products

Revenues earned in sales of products relate to the following:

	In thousands of RSD For the year ended 31 December 2025	2024
Sales of coal:		
– related parties within the EPS Group (Note 41)	59,798	70,578
– third parties	2,320,472	2,016,451
	2,380,270	2,087,029
Sales of heat energy	2,569,420	2,524,574
Sales of technological steam and gas	116,155	111,823
Sales of other products	60,658	123,205
	5,126,503	**4,846,631**

Revenue from sales of products relates to sale of coal, heat energy, technological steam and gas and other products on the domestic and foreign markets. Revenues from the sale of coal reported for the year ending on 31 December 2025, in the amount of RSD 2,380,270 thousand (2024: RSD 2,087,029 thousand) mostly refer to deliveries of coal to third parties by the Kolubara Mining Basin Branch in the amount of RSD 2,064,698 thousand (2024: RSD 1,739,453 thousand) and the Kostolac Thermal Power Plant and Mines Branch in the amount of RSD 255,774 thousand (2024: RSD 276,998 thousand).

Sales of heat energy as at 31 December 2025 in the amount of RSD 2,569,420 thousand (2024: RSD 2,524,574 thousand) relate to supply and delivery of heat energy produced by the following branches: Panonske TE-TO in the amount of RSD 2,205,305 thousand (2024: RSD 2,162,838 thousand); "Termoelektrane i kopovi Kostolac" in the amount of RSD 205,676 thousand (2024: RSD 200,697 thousand); Nikola Tesla Thermal Power Plant in the amount of RSD 89,999 thousand (2024: RSD 100,303 thousand) and "Rudarski basen Kolubara" in the amount of RSD 68,439 thousand (2024: RSD 60,736 thousand).

Revenue from the sale of services

Revenues earned in sales of services relate to the following:

	In thousands of RSD For the year ended 31 December 2025	2024
Other services – related parties (Note 41)	88	50
Other services – third parties	33,101	9,187
	33,189	**9,237**

5 SALES OF PRODUCTS AND SERVICES (continued)

Disaggregation of revenues from contracts with customers (continued)

Geographical region

In the following table, revenue from contracts with customers is disaggregated by customer's location:

	In thousands of RSD For the year ended 31 December 2025	2024
Serbia, including Kosovo and Metohija	452,530,069	436,295,917
Slovenia	2,369,156	5,216,332
Republic of Srpska	227,004	48,022
	455,126,229	**441,560,271**

Electricity sales on the territory of Serbia for 2025 are stated in the amount of RSD 452,530,069 thousand, including electricity sales on the territory of Kosovo and Metohija in the amount of RSD 725,480 thousand (2024: RSD 1,064,185 thousand).

Timing of revenue recognition

Timing of revenue recognition is presented in the table below:

	In thousands of RSD for the year ended 31 December 2025	2024
Products and services recognized at a point in time	4,488,013	5,648,213
Products and services recognized over time	450,638,216	435,912,058
	455,126,229	**441,560,271**

The billing period for all interconnection metering points in the transmission and distribution network is the calendar month, with the reading of billing meters as disclosed in this note (*Time frame and fulfillment of performance*), which is performed by transmission and distribution system operators in accordance with the Energy Law, which is when the Company recognizes income and when it can collect its charges, where the customer during the billing period, the calendar month, has the ability to acquire all essential benefits from the electricity delivered during the billing period.

5 SALES OF PRODUCTS AND SERVICES (continued)

Disaggregation of revenues from contracts with customers (continued)

Timing of revenue recognition **(continued)**

The following table provides information about the nature and timing of the satisfaction of performance obligations for the key selected revenue streams:

Type of sale	Nature and timing of satisfaction of performance obligations	Revenue recognition
Sales of electricity to end customers	These contracts with customers relate to the sale of electricity to customers for guaranteed supply, for commercial and a reserve supply. Contracts with customers for guaranteed supply are concluded for an indefinite period of time, such that the customer is entitled to terminate the contract at any time without early contract termination penalties, where the contract period is a single reporting period invoiced to the customer. Contracts with customers for commercial supply are concluded for a finite period of time, however according to the Rules for Change of Supplier (enacted by the regulatory body “Energy Agency of the Republic of Serbia”) the customer is entitled to terminate the contract at any time without payment of early contract termination penalties, where the contract period is a single reporting period invoiced to the customer.	Revenue is recognized over time, as invoiced to the customers.
Sale of electricity to customers on the open market, licensed customers and stock exchange operations	Revenues from sale of electricity to licensed and customers on the open market relate to deliveries of electrical energy to customers who hold a license for performing energy activities. Besides this, the Company also generates revenues from stock exchange operations. Each individual order constitutes a contract. The Company holds that on this basis each delivery of electricity based on a specific order constitutes fulfillment of contract performance obligation.	Income from sale of electricity to licensed and customers on the open market is recognized over time, based on the bill or invoice issued to the customer, while revenue from the exchange business is recognized at a specific point in time.
Sales of electricity to EMS	The subject of contract is the delivery of a particular quantity of energy for a defined period at a fixed unit price. Accordingly, the contract contains only one performance obligation - delivery of electricity for a defined period of time.	Revenue is recognized over time, as invoiced to customers for delivered electricity.
Sale of coal, heat energy, products, technological steam and gas	Each individual order constitutes a contract. The Company holds that on this basis each supply of goods or provision of services based on a specific order will constitute fulfillment of contract performance obligation. Invoices are issued when the goods are dispatched or monthly, depending on the type of product and customer. Payment terms varies depending on the contractual terms and condition, however, in general payment term are within 30 days or less. Invoices for heat energy are issued on a monthly basis with the payment terms of 15 to 60 days. Invoices for technology steam are issued on a monthly basis with the payment terms of 5 to 15 days.	Income from the sale of coal is recognized at a specific point in time, upon delivery and upon invoicing to the customer, while revenues from the sale of thermal energy, technological steam and gas are recognized over time.

5 SALES OF PRODUCTS AND SERVICES (continued)

Balances for contracts with customers

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers:

	In thousands of RSD	
	31 December 2025	**31 December 2024**
Receivables from contracts with customers - presented under trade receivables (Note 26)	85,158,035	84,118,884
Receivables from contracts with customers - presented under other short-term receivables (Note 27)	12,686,129	10,524,386
Receivables from contracts with customers - presented under long-term financial investments and long-term receivables (Note 24)	-	15
Receivables from contracts with customers - presented under short-term financial investments and short-term receivables (Note 24)	46,434	46,805
Contract assets	-	966
Contract liabilities - presented under advances, deposits and down payments received (Note 36)	392,373	294,392
Contract liabilities - presented under other liabilities (Note 38)	3,188,209	2,959,642

6. CAPITALIZATION OF PRODUCTS AND GOODS

	In thousands of RSD For the year ended 31 December	
	2025	**2024**
Own products capitalized	1,522,696	1,386,840
Own services capitalized	1,386	-
	1,524,082	**1,386,840**

Revenues from own products and services capitalized are recognized based on the use of products and services for the revitalization of plants and equipment, production of spare parts and materials.

7 OTHER OPERATING INCOME

	In thousands of RSD For the year ended 31 December 2025	2024
Income from premiums, subsidies, grants, recourses, compensation and refunds of tax duties	389,854	200,780
Income from reversal of deferred income, in line with accounting policy (Note 34)	371,661	394,242
Income from donations, premiums, subsidies and grants from abroad (IPA Funds) (Note 34)	-	60,227
	761,515	655,249
Income from the collection of insurance claims	298,035	157,785
Rental income from related parties within the EPS Group (Note 41)	213	283
Other operating income from related parties within the EPS Group (Note 41)	11,264	20,095
Rental income	264,194	330,856
Income from subsequent billing of electricity customers	1,110,500	1,039,020
Other operating income	492,829	788,917
	2,938,550	**2,992,205**

Income from donations, premiums, subsidies and grants in 2025 amounted to RSD 761,515 thousand (2024: RSD 655,249 thousand) out of which the amount of RSD 389,854 thousand (2024: RSD 200,780 thousand) is recognized as a refund of customs duties on oil derivatives and biofuel that are used in the production process, with the remaining income in the amount of RSD 371,661 thousand (2024: RSD 394,242 thousand) relate to income recognized in the amount of expenditures associated with assets received as donations.

Income from the collection of insurance claims reported in 2025 in the amount of RSD 298,035 thousand (2024: RSD 157,785 thousand) are mostly related, in the amount of RSD 38,581 thousand, to income realized in the procedure of collecting damages from Dunav osiguranje a.d.o., Belgrade, for damage occurred on the ash and slag dump Ćirikovac in the TE-TO Kostolac branch.

Income from subsequent billing of electricity customers in the amount of RSD 1,110,500 thousand (2024: RSD 1,039,020 thousand) relates to hiring of private debt enforcers and court expenses in the procedure of enforced collection of outstanding electricity debts.

8 INCOME FROM ADJUSTMENT IN VALUE OF ASSETS (OTHER THAN FINANCIAL)

	In thousands of RSD for the year ended 31 December 2025	2024
Income from adjustment in value of assets:		
- property, plant and equipment	100,362	285,409
- inventories	459,644	17,100
- Other assets	7,389	6,529
	567,395	**309,038**

Income from adjustment in the value of inventories for 2025 in the amount of RSD 459,644 thousand (2024: RSD 17,100 thousand) primarily relates to reversal of the allowance for impairment of inventories of spare parts, in the amount of RSD 350,156 thousand, based on the Report of the Committee for Analyzing the Aging Structure of Inventories.

9 COSTS OF MATERIALS, FUEL AND ENERGY

	In thousands of RSD for the year ended 31 December 2025	2024
Costs of primary materials	1,198,954	1,127,165
Materials for maintenance and spare parts	10,824,427	11,684,752
Tools and fittings and car tires	827,944	526,671
Oil and lubricants	375,099	393,109
Safety and protection equipment	422,097	356,703
Costs of office and other overheads materials	407,022	509,931
Costs of other materials	582,377	487,286
	14,637,920	**15,085,617**
Cost of purchased electricity:		
- from related parties within the EPS Group (Note 41)	12,938,478	10,031,764
- domestic	55,768,330	51,264,227
- foreign market	135,323	170,931
	68,842,131	**61,466,922**
Transmission and purchases of electricity from AD “Elektromreža Srbije’’, Beograd	15,402,493	12,311,060
Fees for access to the distribution system	100,803,597	94,085,220
Oil derivatives	9,354,547	11,240,972
Natural gas	8,032,842	7,669,603
Coal	25,230,903	34,148,030
Cost of other energy	95,953	79,076
	158,920,335	**159,533,961**
	242,400,386	**236,086,500**

Cost of purchased electricity

Of the total costs of electricity procurement, RSD 42,006,082 thousand (2024: RSD 35,704,893 thousand) relates to procurement used for balancing and optimization. The increase in these purchases is the result of lower electricity production in hydropower plants, but also of higher electricity consumption by end customers in Serbia during 2025.

Electricity procurement costs refer to the procurement of electricity:

- from the subsidiary "EPS Trgovanje", Ljubljana, Slovenia, in the amount of RSD 12,938,478 thousand (2024: RSD 10,031,764 thousand),
- from legal entities that hold a license to trade in electricity in the amount of RSD 14,281,934 thousand (2024: RSD 14,423,357 thousand),
- through the SEEPEX stock exchange in the amount of RSD 10,377,704 thousand (2024: RSD 8,610,628 thousand),
- from Mjesoviti holding “Elektroprivreda Republike Srpske” a.d. Trebinje, in the amount of RSD 135,323 thousand (2024: RSD 170,931 thousand),
- from privileged electricity producers in the amount of RSD 30,456,656 thousand (2024: RSD 26,289,872 thousand), as well as
- from customers – electricity producers in the amount of RSD 652,036 thousand (2024: RSD 1,940,370 thousand).

9 COST OF MATERIALS, FUEL AND ENERGY (continued)

The status of preferential suppliers, temporary preferential suppliers and suppliers of electricity from renewable energy sources is regulated by the Energy Law. The Law stipulates incentive measures for preferential suppliers of electricity, which include: the obligation to purchase electricity from a preferential supplier, prices at which electricity is purchased, the validity period of the obligation to purchase electricity, the assumption of energy balance responsibility and other incentive measures prescribed by the act adopted based on this law, as well as other laws and regulations governing taxes, customs duties and other duties, environmental protection and energy efficiency. Incentive measures can be used by an energy entity that has acquired the status of a preferential supplier in the sense of this law.

In this regard, the Company, as a guaranteed supplier, concluded contracts on the purchase of electricity, based which, among other things, it undertook:

- to purchase electricity at an incentive purchase price for the produced electricity depending on the type and installed power of the power plant, as well as the maximum effective working time for the corresponding type of power plant (a form of operational state aid to preferential and temporarily preferential suppliers),
- to provide guarantees of payment to the preferential supplier of electricity in accordance with the agreement on the purchase of electricity.

All electricity end customers are required to pay a fee for the incentive of preferential electricity suppliers, except in cases established by the Energy Law, and which is collected by the Company as a selected/guaranteed supplier.

The Regulation on the Fee for the Incentive of Preferential Suppliers of Electricity, adopted by the Government of the Republic of Serbia, stipulates that the fee shall change every year depending on the production of electricity from renewable sources. From January 10, 2025, the new Regulation on the Amount of the Special Incentive Fee for Preferential Consumers of Electricity 05 No. 110-73/2025 (Official Gazette of the RS, No. 3/2025) is in force, according to which the amount of the incentive fee for preferential consumers of electricity in 2025 amounts to 0.801 din/kWh, which is the same amount as in 2024.

The Law on the Use of Renewable Energy Sources (Official Gazette of RS, no. 40/2021, 35/2023 and 94/2024) stipulates that the customer-producer is the final customer of electricity, who has connected his own facility for the production of electricity from renewable sources to the internal installations, whereby the electricity is used to supply his own consumption, and the excess electricity produced is delivered to the transmission and distribution system, which is a closed distribution system. The buyer-producer cannot use incentive measures in the form of a market premium and feed-in tariff, nor can he be entitled to guarantees of origin.

The Decree on Criteria, Conditions and Method of Calculating Receivables and Payables Between the Buyer-producer and Supplier (Official Gazette of RS, no. 83/2021 and 74/2022) regulates the general conditions, the method of acquiring and terminating the status of a buyer-producer, the criteria for the calculation of receivables and payables between the buyer-producer and the supplier. In this regard, the Company, as one of the suppliers of electricity in the Republic of Serbia, concludes contracts with customers-producers using two models, namely:

- a full supply contract with net metering, if the buyer-producer is a household or housing association, or one or more members of a housing association, and

- a full supply contract with net billing, if the final customer is not a household or a housing association, whereby the supplier and the buyer-producer freely agree on the terms of the calculation of mutual receivables and payables.

Cost of access to the distribution system

The costs of access to the distribution system (network fee) in the amount of RSD 100,803,597 (2024: RSD 94,085,220 thousand) are recognized at the transaction price determined by the “Elektrodistribucija Srbije“ d.o.o. Beograd with the consent of the Energy Agency, in accordance with the Energy Law. The Decision on Determining Prices for Access to the Electricity Distribution System (Official Gazette of RS No. 95/ 21, 76/2025) sets the fee for accessing the electricity distribution system.

9 COST OF MATERIALS, FUEL AND ENERGY (continued)

Costs of accessing the electricity transmission system

The Company concluded a contract with A.D. "Elektromreža Srbije'', Beograd, for accessing and using the system for transmission of electricity, rental of capacities and energy balance responsibility. For the reporting period, costs incurred were in the amount of RSD 15,402,493 thousand (2024: RSD 12,311,060 thousand).

The fee for accessing the electricity transmission system is determined by the Decision on Determining Prices for Access to the Electricity Transmission System (Official Gazette of the RS No. 95/21, 75/2025), which is in effect from October 1, 2025, and to which the Council of the Energy Agency granted consent on August 21, 2025, number 000-00-ROU-10/2025-005.

Costs of coal in 2025 reported in the amount of RSD 25,230,903 thousand (2024: RSD 34,148,030 thousand) primarily relate to costs of externally purchased coal from coal mines in neighboring countries (Rumania, Greece, Montenegro, Bosnia & Herzegovina, Republic of Srpska) in the amount of RSD 7,630,464 thousand (2024: RSD 13,315,558 thousand), and from Shen Hua Hong Kong International Trading Ltd in the amount of RSD 13,708,711 thousand (2024: RSD 18,175,015 thousand) and from JP PEU Resavica in the amount of RSD 3,216,250 thousand (2024: RSD 2,287,041 thousand). The remaining amount of RSD 675,478 thousand relates to external purchases of coal from Energetika Kragujevac and Rudnik Kovin (2024: RSD 250,284 thousand).

10 SALARIES, SALARY COMPENSATION AND OTHER PERSONNEL EXPENSES

	In thousands of RSD For the year ended 31 December	
	2025	**2024**
Gross salaries and salary compensation	44,395,556	42,055,339
Taxes and contributions on salaries and salary compensation charged to employer	7,792,915	7,401,396
Transport of employees to and from work	1,277,798	1,260,289
Fees paid to private individuals based on other contracts	623,468	526,562
Cost of providing assistance to employees	251,845	285,058
Per diems and compensation of employee business trip expenses	173,715	159,534
Compensation paid to managing and supervisory board members	112,187	100,988
Other personnel expenses	1,500,795	794,651
	56,128,279	**52,583,817**

Earnings in public enterprises and joint stock and limited liability companies founded by the Republic of Serbia, an autonomous province or local self-government unit and their subsidiary companies, which perform activities of general public interest (hereinafter: companies) are calculated and paid in accordance with the Law on Public Enterprises, the Law on Determining the Maximum Salary in the Public Sector (Official Gazette of RS No. 93/12) and the Decree on the Manner and Control of Calculation and Payment of Wages in Public Enterprises (Official Gazette of RS No. 27/14). The maximum salary of public sector employees may not exceed the amount obtained by multiplying the maximum coefficient for a job position, as established by the law governing the salaries of civil servants and employees and the base determined by the budget law for the current year. Also, the Law on Public Enterprises stipulates that an annual operating program shall be adopted for each calendar year by the founder which shall contain, *inter alia*, elements for a complete overview of the Company's salary and employment policy, as per the policy of the projected increase in salaries in the public sector, as set out by the Government for the year for which the program is adopted.

Costs of salaries in 2025 increased compared to the same period in the previous year. This increase mainly resulted from the implementation of the Budget Law of the Republic of Serbia for 2025, which provided for an 8% increase in the average planned salary compared to 2024. Namely, in accordance with Article 9 of the Budget Law of the Republic of Serbia for 2025 (Official Gazette of RS, No. 94/2024), all employees of other budget funds beneficiaries, including employees in the Company, received an 8% salary increase effective from January 2025.

10 SALARIES, SALARY COMPENSATION AND OTHER PERSONNEL EXPENSES (continued)

However, the overall salary growth was partially mitigated by a reduction in the number of employees. Employee outflow occurred primarily due to mandatory and voluntary retirements, including those who met retirement conditions, as well as other reasons such as consensual termination of employment and contract expirations. After applying the provision of the new Collective Agreement based on which the number of retirement payments was increased from three to six last salaries, a significant outflow of employees occurred from voluntary retirements. As a result of these factors, the actual salary increase for the period January–December 2025 was lower than the nominal 8% increase stipulated by the Budget Law.

Other personnel expenses in the amount of RSD 1,500,795 thousand mostly relate to the Company's obligations under the Collective Agreement (prevention of work disability, cultural and sports activities of employees, expenses for providing assistance to employees for treatment, loans, etc.) which, in terms of tax regulations, are subject to tax payment.

11 DEPRECIATION/AMORTIZATION COST

	In thousands of RSD For the year ended 31 December 2025	 2024
Depreciation/amortization expense:		
– intangible assets (Note 23)	1,165,221	2,012,405
– property, plant and equipment (Note 23)	37,463,603	35,790,990
– property, plant and equipment with right of use longer than one year (Note 23)	8,685	8,805
	38,637,509	**37,812,200**

In 2025 depreciation expense for property, plant and equipment increased compared to the same period in 2024. The increase reflects the continuous investments in power producing and mining equipment. In 2025 buildings, plant and equipment were capitalized in total amount of RSD 96,478,694 thousand (Note 23), including the activation of new conveyor belt system in RB Kolubara branch amounting to RSD 4,099,323 thousand.

In 2025 the amortization expense for amortization of intangible assets decreased compared to the same period in 2024. The decrease primarily reflects the full amortization and write-off of software and licenses acquired mostly in 2019 and 2020, with no subsequent replacements required. The amortization expense for these software and licenses in 2024 amounted to RSD 1,131,056 thousand.

12 COSTS OF ADJUSTMENT IN VALUE OF ASSETS (OTHER THAN FINANCIAL)

	In thousands of RSD For the year ended 31 December 2025	 2024
Costs of adjustment in value of assets:		
– property, plant and equipment	112,110	1,989,887
– inventories	320,103	627,649
– other assets	1,610	33,230
	433,823	**2,650,766**

Costs of adjustment in value of inventories in the amount of RSD 320,103 thousand (2024: RSD 627,649 thousand) mostly refer to the impairment of inventories of spare parts based on an internal assessment of their value in use in the RB Kolubara branch, in the amount of RSD 271,583 thousand (2024: RSD 191,755 thousand).

12 COSTS OF ADJUSTMENT IN VALUE OF ASSETS (OTHER THAN FINANCIAL) (continued)

The Company conducted tests for potential asset impairment on 31 December 2024 at the branch level, where each branch was treated as a cash-generating unit and it determined that the value in use, or the recoverable amount of assets, is higher than their carrying value for all branches, with the exception of the Pannonian TE-TO branch, which shows signs of impairment for which an impairment loss was recognized in the income statement in the total amount of RSD 1,792,153 thousand. (Notes 4 and 23).

As at 31 December 2025 and 31 December 2024 Company management concluded that there are indicators of impairment of intangible assets, property, plant and equipment under development or construction for assets that are not on location and in condition necessary for the asset to be functional in the manner that was expected at the time of initial recognition and where significant progress in development or construction has not been made for a significant period of time, and where further status of construction is unknown at this time. For those assets the Company recognized impairment losses in the income statement for 2025 in the amount of RSD 112,110 thousand (2024: RSD 197,734 thousand).

13 COSTS OF PRODUCTION SERVICES

	In thousands of RSD For the year ended 31 December	
	2025	**2024**
Maintenance services	27,838,955	27,406,812
Postal, telephone and fax services	2,465,974	2,186,394
Information system maintenance	2,390,488	1,965,752
Other cost of production services charged by related parties within the EPS Group (Note 41)	1,353,285	1,315,105
Cost of utilities services	651,648	629,294
Costs of various tests, analyses, drafting of technical and project documentation, studies and projects	788,617	853,818
Costs of services and assistance in the production process		-
Costs of separator operation and workers on crushers	758,251	735,231
Transportation services	425,053	606,585
Rental expense	1,429,458	1,138,584
Advertisement, fairs and promotions	15,304	81,931
Safety at work	54,172	102,542
Costs of services on recultivation and environmental protection	78,244	92,594
	38,249,449	**37,114,642**

The costs of maintenance services in the amount of RSD 27,838,955 thousand (2024: RSD 27,406,812 thousand) refer to the maintenance services of the Company's production facilities.

The costs of PTT services include the costs of preparing and sending electricity bills to end users in the amount of RSD 2,302,478 thousand (2024: RSD 2,019,870 thousand) in the Branch EPS Snabdevanje.

14 PROVISIONS

	In thousands of RSD For the year ended 31 December 2025	2024
Provisions for renewal of natural resources	1,059,915	180,425
Provisions for compensation and other employee benefits	4,179,339	8,539,191
Provisions for court cases	453,911	643,871
	5,693,165	**9,363,487**

In the course of 2025, the Company made provisions for the costs of renewal of natural resources, which will be paid for the recultivation of land on which mining operations have been completed, and for the purpose of bringing the land to its original state after the end of exploitation. The calculation of provisions for land reclamation costs for 2025 was made for the RB Kolubara Branch and TE KO Kostolac in the amount of RSD 62,232 thousand. In addition, as disclosed in Note 32, the Company made a provision for the final reclamation of land on which the ash and slag landfills are located in the thermal power plants Kostolac, Kolubara, Morava, Nikola Tesla A and Nikola Tesla B, and accordingly recognized expenses in 2025 in the amount of RSD 997,683 thousand (2024: RSD 16,351 thousand). The increase in the provision for final reclamation of ash and slag landfills in 2025 is due to the increase in the estimated costs of expected future payments that in 2025 increased by RSD 1,926,483 thousand.

In 2025 the Company made provisions for employee benefits and other payments to employees upon termination of employment in the amount of RSD 4,179,339 thousand (2024: RSD 8,539,191 thousand), which will be paid upon termination of employment, as well as employee benefits which include jubilee award benefits in the amount of the current obligation based on past events, and which are in compliance with the Labor Law and the Company's corporate regulations (Notes 3.5 and 32). The decrease in the costs of provisions for employee compensation and other benefits in 2025 is due to the recalculation of provisions for employee compensation and other benefits after termination of employment as at 31 December 2024 in accordance with the Company's new Collective Agreement. Namely, on 5 August 2024, the Company signed a new Collective Agreement, which specifies that starting from 1 January 2025 an employee is entitled to retirement pay in the amount of six wages (until 31 December 2024, three wages) earned for the month preceding the month in which retirement pay is being paid, or in the amount of six average wages (until 31 December 2024, three wages) per employee paid by the employer if this is more favorable for the employee.

Provisions for court cases were formed according to best estimates of expenses required to settle the current liability based on ongoing court cases raised against the Company, which in 2025 were estimated at RSD 453,911 thousand (2024: RSD 643,871 thousand).

15 NON-PRODUCTION COSTS

	In thousands of RSD For the year ended 31 December 2025	2024
Water usage fee	2,103,248	2,128,997
Fee for use of public interest resources	2,903	2,013
Environmental fee (Note 38)	3,653,910	4,057,654
Property tax	796,737	689,621
Fee for using riverbanks for business purposes	7,251	-
Other taxes and contributions	1,074,998	909,453
Fee for use of mineral resources	2,973,186	2,914,447
Entertainment expense	33,830	45,698
Banking charges	214,646	233,393
Subscriptions to professional publications	25,054	34,827
Court expenses	2,194,931	2,303,650
Maintenance of non-production buildings	1,606,805	1,338,486
Other non-production costs	760,391	688,123
Professional services	526,740	540,085
Insurance premiums	1,651,599	1,526,178
Health service costs	173,341	177,270
Union memberships and contributions	432,012	570,847
Security services, protection of facilities and safety at work	2,708,246	2,730,407
Other non-production services	2,379,614	2,679,999
	23,319,442	**23,571,148**

Starting from January 1, 2019, the Law on Fees for the Use of Public Resources (Official Gazette of RS no. 95/18, 49/19, 86/19, 156/20, 15/21, 15/23, 120/23, 99/24, 109/2025 and 118/2025) is in force, which regulates fees for the use of public resources, in particular: the payer, the base, amount, calculation and payment method, allocation of income from fees, as well as other issues of importance for determining and paying fees for the use of public resources.

This law introduces fees for the use of public resources, as follows:

1) geological survey fees,
2) fees for the use of resources and mineral reserves,
3) fees for the use of energy and energy products,
4) fee for changing the use of agricultural land,
5) fees for changing the purpose and use of forests and forest land,
6) fee for the use of hunting game protected by the fallow zone,
7) water usage charges,
8) environmental fee,
9) fees for navigation and use of ports, piers and navigation safety facilities on state waterways,
10) fee for use of public roads,
11) fee for use of railway infrastructure,
12) fee for use of public areas,
13) fee for use of the natural medicinal factor,
14) fee for use of tourist areas,
15) fee for electronic communications.

Then, as part of the fee for the use of energy and energy products, the Law on Fees for the Use of Public Resources introduced the fee for the improvement of energy efficiency in the amount of 0.015 din/kWh. Determining the fee for the improvement of energy efficiency for delivered energy and/or energy products to the final customer/consumer is carried out by the Company, as an energy entity that performs energy activities of electricity supply and that has a license to perform these activities in accordance with the Energy Law, when issuing bills for delivered energy and/or energy products to the final customer/consumer. The fee liability is determined based on the amount of electricity delivered, determined based on consumption readings through measuring devices at the point of handover, in accordance with the Energy Law and after reducing the electricity purchased from suppliers who have the status of a preferential supplier.

15 NON-PRODUCTION COSTS (continued)

Costs of environmental protection in the amount of RSD 3,653,910 thousand (2024: RSD 4,057,654 thousand) include fees for the emission of sulfur dioxide, nitrogen dioxide and powdery materials in facilities of the Nikola Tesla TPP Branch, in the amount of RSD 2,574,107 thousand (2024: RSD 2,769,676 thousand) and TPP Kostolac in the amount of RSD 1,030,062 thousand (2024: RSD 1,239,407 thousand). The costs of environmental fees are recorded based on advance payment assessments and final assessments issued by local self-government units calculated based on emission of sulfur dioxide, nitrogen dioxide and powdery materials generated during electricity production. The main reason for the decrease in costs of environmental fees is that final assessments for 2024 and 2025 have still not been received and recorded, while in 2024 the difference was recorded between the advance payment assessment for 2023 and the final assessment for 2023 that arrived on 24 December 2024.

Other costs of taxes and fees reported in 2025 in the amount of RSD 1,074,998 thousand relate primarily, in the amount of RSD 583,979 thousand, to fees for the use of public areas, occupation of public areas and protection of national parks in the Branches of HPP Djerdap and Drinsko-Limske HPP.

Court costs, for the most part, in the amount of RSD 1,861,089 thousand (2024: 1,892,945 thousand dinars) refer to the costs of hiring private enforces in the EPS Snabdevanje Branch.

Other non-production services in the amount of RSD 2,379,614 thousand (2024: RSD 2,679,999 thousand) primarily relate to costs of waste disposal, cleaning of thermal energy plants and cleaning of roads in the Nikola Tesla Thermal Power Plant in the amount of RSD 1,330,122 thousand (2024: RSD 1,239,142 thousand).

16 FINANCIAL INCOME

	In thousands of RSD For the year ended 31 December 2025	2024
Finance income from legal entities within the EPS Group (Note 41):		
- interest income	36,997	38,292
- foreign exchange gains	6,736	3,625
	43,733	41,917
Financial income from other related parties	1,388,051	1,433,888
Foreign exchange gains	8,675,700	2,050,018
Income from effects of foreign currency clause	30,566	11,505
	8,706,266	2,061,523
Interest income:		
- on trade receivables from electricity customers	4,902,256	4,859,324
- from short-term financial investments	993,258	1,691,819
- for Public Media service tax	442,133	683,991
- from other income from services	1,127,068	558,825
	7,464,715	7,793,959
Other financial income	11,393	39,654
	17,614,158	**11,370,941**

16 FINANCIAL INCOME (continued)

For all monetary items whose settlement is required in a foreign currency, the effects of exchange rate changes on the due date or on balance sheet date, are recognized within income and expenses, as well as for monetary items for which receivables/payables are hedged with a contractually specified currency clause, with collection/settlement in dinar equivalent of foreign currency. Foreign exchange gains reported in 2025 in the amount of RSD 8,675,700 thousand (2024: RSD 2,050,018 thousand) primarily, in the amount of RSD 7,816,906 thousands (2024: RSD 730,124 thousand), relate to unrealized foreign exchange gains on loans granted by foreign creditors. A significant portion of these gains, amounting to RSD 6,786,573 thousand, relates to loans denominated in US dollars (USD) granted by the Export-Import Bank of China. The dinar appreciated with respect to the USD by approximately 11.14% per annum, which resulted in an increase in foreign exchange gains.

Interest income from electricity customers refers to interest charged to customers who have not settled their obligations.

17 FINANCIAL EXPENSES

	In thousands of RSD For the year ended 31 December 2025	2024
Finance costs for legal entities within the EPS Group (Note 41):		
- foreign exchange losses	1,450	3,401
	1,450	3,401
Other financial expenses	979,150	951,677
Interest expense:		
- other interest expense (all types)	4,015,883	5,393,259
- penalty interest on late payments of public duties	22,532	21,155
- lease interest expense - assets with right of use longer than one year	465	611
	4,038,880	5,415,025
Expenses from effects of foreign currency clause	23,776	35,175
Foreign exchange losses	1,361,317	4,882,962
	1,385,093	4,918,137
	6,404,573	**11,288,240**

Other financial expenses in 2025 in the amount of RSD 979,150 thousand primarily relate to the effects of movements in provisions due to elapsed time (Note 32) in the amount of RSD 875,066 thousand (2024: RSD 801,321 thousand). The remaining amount of other financial expenses in the amount of RSD 104,084 thousand (2024: RSD 150,356 thousand) relates to commitment fees and management fees for credit arrangements with foreign creditors.

Other interest expenses include interest expenses and loan fees in the amount of RSD 4,015,883 thousand (2024: RSD 5,393,259 thousand).

Foreign exchange losses reported in 2025 amounted to RSD 1,361,317 thousand (2024: RSD 4,882,962 thousand), out of which the amount of RSD 337,118 thousand (2024: RSD 3,459,011 thousand) relates to unrealized foreign exchange differences on loans granted by foreign creditors. Compared to previous year, when depreciation of the dinar with respect to the American dollar resulted in significant foreign exchange losses on loans, in the current year the dinar appreciated, resulting in significant reduction in FX losses and reporting of FX gains on liabilities indexed in this currency.

18 INCOME FROM VALUATION ADJUSTMENTS OF FINANCIAL ASSETS THAT ARE MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	In thousands of RSD For the year ended 31 December 2025	2024
Adjustment in value of long-term financial investments	1,794	2,909
Collection and decrease in provisions for:		
- advances paid for fixed assets	14,265	4,755
- advances for inventories	4,446	31,179
- trade receivables	368,804	562,296
	387,515	598,230
	389,309	**601,139**

Income from adjustment in the value of receivables from customers in the current year mostly relates to income from adjustment in the value of receivables in the branch Panonske TE TO Novi Sad (in the amount of RSD 150,279 thousand) resulting from reversal of previously posted adjustments in receivables resulting from late payment by thermal energy customers, as well as income from adjustment in the value of receivables for coal in the amount of RSD 39,541 thousand for the Kostolac Thermal Power Plant and Mines Branch.

19 COSTS OF VALUATION ADJUSTMENTS OF FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	In thousands of RSD For the year ended 31 December 2025	2024
Costs of impairment:		
- equity investments in other legal entities	283.552	
- advance payments	122	1,403
- trade receivables from electricity customers	10,353,663	5,836,048
- other receivables	336.953	275,966
- receivables from related parties within the EPS Group (Note 41)	148	38,473
	10,974,438	**6,151,890**

Credit losses on trade receivables from electricity customers are recognized as an expense from value adjustments calculated as set out in Note 3.17.

In 2025 costs of impairment of receivables from electricity customers in the amount of RSD 10,353,663 thousand (2024: RSD 5,836,048 thousand) primarily relate, in the amount of RSD 6,315,445 thousand, to group assessment of expected credit losses in the segment of guaranteed supply which registered an increase compared to 2024. This increase in the segment of households and small consumers is due to the deterioration in the aging structure of receivables, resulting in a higher concentration of overdue receivables and the application of increased ECL rates. Furthermore, based on the Company's new business policy on collection of receivables from end customers, which has been in force since April 2024, enforced collection procedures are initiated against all customers whose liabilities are overdue by more than three months. The methodology for calculating expected credit losses remained unchanged in relation to 31 December 2024.

On 31 December 2025, the Company impaired its investment in the Komarnica HPP project in Montenegro in the amount of RSD 283,552 thousand, which was recorded under the item Equity investments in other entities (Note 24). Impairment was carried out in accordance with IAS 36 *Impairment of Assets*, whereby the book value of the investment was reduced to zero. The investment continues to be recorded in the Company's business books, with impairment in full.

20 OTHER INCOME

	In thousands of RSD For the year ended 31 December 2025	2024
Income from reversal of long-term provisions for renewal of natural resources (Note 32)	159,639	74,554
Income from reversal of long-term provisions for court cases (Note 32)	72,317	215,107
Gains on the sale of materials, equity investments, intangible assets, property, plant and equipment	67,066	122,040
Income from collected written off receivables and reversal of allowance for impairment of receivables and short-term financial investments	2,246	864
Income from risk hedging effects	88,231	8,514
Income from reduction in liabilities	482,901	547,896
Income from reduction of liabilities for environmental protection	338	190,922
Surpluses	89,347	169,835
Other income	109,262	299,513
	1,071,347	**1,629,245**

Income from reduction in liabilities in the amount of RSD 482,901 thousand primarily relates to the utilization of undistributed payments for Centers for Support of Guaranteed Supply in the EPS Snabdevanje Branch according to decision no. 12.01. 731050/4-25 dated 8 July 2025 in the amount of RSD 146,572 thousand, and decision no. 12.01.1111652/3-25 dated 13 October 2025 in the amount of RSD 91,100 thousand. Extinguishment of liabilities older than three years in favor of income in the amount of RSD 149,350 thousand, according to the Report of the Central Physical Count Committee on Completed Physical Count of the Company's Assets and Liabilities as of 31 December 2025. In 2024 income from reduction in liabilities in the amount of RSD 547,896 thousand primarily relates to extinguishment of liabilities in favor of income in the amount of RSD 404,596 thousand, as per the Report of the Central Physical Count Committee on Performed Physical Count of the Company's Assets and Liabilities as at 31 December 2024, as adopted on 20 January 2025.

Income from reduction of liabilities for environmental protection was recognized in 2025 in the amount of RSD 338 thousand, in 2024 in the amount of RSD 190,922 thousand based on the reduction in liabilities toward the Ministry of Environmental Protection of the Republic of Serbia, due to a higher advance payment for 2024 in relation to the amount determined by the final calculation of the environmental protection fee.

21 OTHER EXPENSES

	In thousands of RSD For the year ended 31 December 2025	2024
Costs of compensation paid to employees of public enterprises on the territory of AP Kosovo and Metohija	5,986,545	6,407,552
Losses on disposal, write-off and sale of fixed assets intangible assets, equity investments and materials	676,873	1,315,007
Losses from write-off of short-term receivables and rescheduled trade receivables	140,084	115,186
Losses on write-off of other assets	26	-
Losses on disposal of inventories	252,519	108,945
Shortages	15,607	1,822
Sponsorships and donations	83,209	85,465
Other expenses from transactions with related parties within the EPS Group	213	283
Other expenses	1,181,375	1,795,108
	8,336,451	**9,829,368**

21 OTHER EXPENSES (continued)

Costs of compensation paid to employees in the amount of RSD 5,986,545 thousand (2024: RSD 6,407,552 thousand) were recognized for payment of salaries and salary compensation for employees employed in the public enterprises on the territory of AP Kosovo and Metohija. The Government of the Republic of Serbia adopted Conclusion 05 No. 02-4586/2003-001 date July 17, 2003, which regulates the amount and method of payment of salary compensation for employees in companies on the territory of the AP Kosovo and Metohija. In 2025 the average number of employees who were paid a salary amounted to 2,981, while in 2024 that number amounted to 3,169 employees.

Losses on disposal and write-off of fixed assets are recognized based on the replacement of equipment due to technical and technological obsolescence and/or its malfunction during the revitalization of plant and equipment.

Other expenses in the amount of RSD 1,181,375 thousand (2024: RSD 1,795,108 thousand) primarily relate to providing meals to workers at open pit mines in the amount of RSD 801,184 thousand (2024: RSD 697,949 thousand), archaeological exploration in the amount of RSD 89,382 thousand (2024: RSD 98,327 thousand), as well as costs of financing public purpose facilities in the amount of RSD 166,436 thousand (2024: RSD 583,099 thousand).

22 INCOME TAX

(a) Components of income taxes

	In thousands of RSD For the year ended 31 December 2025	2024
Current tax expense of the period	13,338,580	11,069,501
Deferred tax income of the period	(2,975,974)	(3,670,701)
	10,362,606	**7,398,800**

b) Numerical reconciliation of income tax expense and profit before tax multiplied by the income tax rate

	In thousands of RSD 2025	2024
Profit before tax	**49,046,008**	**31,829,904**
Income tax calculated at a rate of 15%	7,356,901	4,774,486
Tax effects of disallowed expenses	4,251,622	4,686,751
Tax effects of costs recognized on a cash basis	(1,277,359)	(999,699)
Tax effect of disallowed income	(10,848)	(34,025)
Effects of transfer pricing adjustments	192,856	176,854
Decrease in deferred income tax reported in equity	-	(1,092,302)
Other	(150,566)	(113,265)
	10,362,606	**7,398,800**
Effective tax rate	**21.13%**	**23.24%**

22 INCOME TAX (continued)

c) Deferred tax liabilities

Deferred tax liabilities reported as at 31 December 2025 in the amount of RSD 57,136,519 thousand (31 December 2024: RSD 60,112,494 thousand) relate to temporary differences arising between amounts for property, plant and equipment disclosed in the Company's tax balance and amounts disclosed in its financial statements.

Movements in deferred tax liabilities were as follows:

	In thousands of RSD 2025	2024
Opening balance 1 January	**60,112,494**	**63,783,193**
Effects on income statement	(2,975,974)	(3,670,701)
Other	(1)	2
Balance as at 31 December	**57,136,519**	**60,112,494**

d) Tax losses

As at 31 December 2025 and 31 December 2024, the Company has no tax losses which could be used against income tax liabilities of future tax periods.

23 INTANGIBLE ASSETS, BIOLOGICAL ASSETS, PROPERTY, PLANT AND EQUIPMENT

Intangible assets

In thousands of RSD

	Concessions, patents, licenses, trademarks and service marks	Software and other rights	Other intangible assets	Intangible assets under development	Total
Cost or valuation					
Balance as at 1 January 2024	**6,913,521**	**6,995,144**	**447**	**989,798**	**14,898,910**
Additions/purchases	85,552	626	-	2,084,291	2,170,469
Transfers from other accounts within 02 group or other account groups	11,469	-	-	(162,041)	(150,572)
Transfer from investments under construction (activation)	619,540	336,560	-	(945,078)	11,022
Write-off/disposal	(3,677,332)	(1,531,000)	-	(112,010)	(5,320,342)
Balance as at 31 December 2024	**3,952,750**	**5,801,330**	**447**	**1,854,960**	**11,609,487**
Additions/purchases	27,085	2,589	-	1,643,755	1,673,429
Transfers from other accounts within 02 group or other account groups	-	(62,659)	-	(365)	(63,024)
Transfer from investments under construction (activation)	1,149,076	390,941	-	(1,486,267)	53,750
Write-off/disposal	(528,495)	(84,845)	-	(105,645)	(718,985)
Balance as at 31 December 2025	**4,600,416**	**6,047,356**	**447**	**1,906,438**	**12,554,657**
Accumulated depreciation					
Balance as at 1 January 2024	**4,723,025**	**4,687,408**	**390**	**46**	**9,410,869**
Depreciation expense (Note 11)	1,243,598	768,793	14	-	2,012,405
Effects of change in useful life	(34,895)	(198,384)	-	-	(233,279)
Impairment	2,220	15,890	-	104,940	123,050
Write-off/disposal	(3,643,101)	(1,487,358)	-	-	(5,130,459)
Other changes	(445)	(25)	-	-	(470)
Balance as at 31 December 2024	**2,290,402**	**3,786,324**	**404**	**104,986**	**6,182,116**
Depreciation expense (Note 11)	627,208	537,999	14	-	1,165,221
Transfers from other accounts within 02 group or other account groups	-	(62,658)	-	-	(62,658)
Effects of change in useful life	(28,148)	(4,811)	-	-	(32,959)
Write-off/disposal	(526,914)	(84,844)	-	(104,940)	(716,698)
Balance as at 31 December 2025	**2,362,548**	**4,172,010**	**418**	**46**	**6,535,022**
Net book value					
31 December 2024	**1,662,348**	**2,015,006**	**43**	**1,749,974**	**5,427,371**
31 December 2025	**2,237,868**	**1,875,346**	**29**	**1,906,392**	**6,019,635**

23 INTANGIBLE ASSETS, BIOLOGICAL ASSETS, PROPERTY, PLANT AND EQUIPMENT (continued)

Biological assets and property, plant and equipment

In thousands of RSD

	Agricultural land and construction land	Buildings	Plant and equipment	Investment property	Biological assets	Other property, plant and equipment	Assets under construction	Property, plant and equipment under lease (with right of use longer than one year)	Advances for property, plant and equipment - domestic	Advances for property, plant and equipment - foreign entities	Total fixed assets
Cost											
Balance as at 1 January 2024	**85,087,101**	**517,809,401**	**953,625,843**	**773,781**	**473,826**	**126,209**	**175,926,354**	**39,290**	**21,344,916**	**8,289,111**	**1,763,495,832**
Increases (purchases based on supplier invoices)	2,014,284	76,203	6,244,932	-	-	-	52,624,438	3,233	7,746,893	1,953,286	70,663,269
Transfer within account group 02 (except activation) or transfer from another group to account group 02	(168,229)	-	161,763	-	9,793	5,407	(54,805)	-	-	-	(46,071)
Transfer from investments under construction (activation)	125,040	14,127,662	31,360,616	-	-	-	(45,613,318)	-	-	-	-
Own funded/managed investments	-	-	-	-	-	-	415,971	-	-	-	415,971
Transferred as non-monetary contribution – capital increase in EDS	(291,955)	(2,836,212)	-	-	-	-	-	-	-	-	(3,128,167)
Increase(decrease) in recognized asset based on estimated costs of recultivation of slag and ash landfills	1,008,217	-	-	-	-	-	-	-	-	-	1,008,217
Surpluses on physical count	-	-	-	-	673	-	-	-	-	-	673
Shortages on physical count	-	-	(381)	-	(172)	-	-	-	-	-	(553)
Sales	-	-	(329,394)	-	-	-	-	-	-	-	(329,394)
Derecognition of property, plant and equipment	(70,381)	(1,371,050)	(5,582,050)	-	(10,877)	(103)	(4,489)	-	-	-	(7,038,950)
Other changes	(663)	(7,997)	37,450	-	-	1,171	(38,375)	-	(1,527,307)	(6,505,960)	(8,041,681)
Balance as at 31 December 2024	**87,703,414**	**527,798,007**	**985,518,779**	**773,781**	**473,243**	**132,684**	**183,255,776**	**42,523**	**27,564,502**	**3,736,437**	**1,816,999,146**
Balance as at 1 January 2025	**87,703,414**	**527,798,007**	**985,518,779**	**773,781**	**473,243**	**132,684**	**183,255,776**	**42,523**	**27,564,502**	**3,736,437**	**1,816,999,146**
Increases (purchases based on supplier invoices)	1,349,734	20,439	2,963,003	-	-	-	54,042,757	20,006	8,755,425	302,041	67,453,405
Transfer within account group 02 (except activation) or transfer from another group to account group 02	(4,734)	18,270	92,982	-	4,734	-	(301,002)	-	-	-	(189,750)
Transfer from investments under construction (activation)	203,751	19,489,470	74,005,782	-	-	-	(93,752,750)	-	-	-	(53,747)
Own funded/managed investments	-	1,504	-	-	-	-	536,556	-	-	-	538,060
Transferred as non-monetary contribution – capital increase in EDS	-	(690,841)	-	-	-	-	-	-	-	-	(690,841)
Assets received from third parties without compensation	-	-	57,536	-	-	-	-	-	-		57,536
Assets transferred from third parties without compensation	-	-	(57,536)	-	-	-	-	-	-	-	(57,536)
Increase(decrease) in recognized asset based on estimated costs of recultivation of slag and ash landfills	1,340,439	-	-	-	-	-	-	-	-	-	1,340,439
Surpluses on physical count	-	-	607	-	673	-	-	-	-	-	1,280
Shortages on physical count	-	(106,053)	(21,291)	-	(981)	-	-	-	-	-	(128,325)
Sales	-	(9,367)	(652,940)	-	-	-	-	-	-	-	(662,307)
Derecognition of property, plant and equipment	(121,237)	(533,444)	(4,385,183)	-	(11,563)	(15,190)	(3,288)	(23,995)	-	-	(5,093,900)
Other changes	(8,632)	-	(1,642)	-	-	-	(1,795)	-	(11,300,305)	(1,446,956)	(12,759,330)
Balance as at 31 December 2025	**90,462,735**	**545,987,985**	**1,057,520,097**	**773,781**	**466,106**	**117,494**	**143,776,254**	**38,534**	**25,019,622**	**2,591,522**	**1,866,754,130**

23 INTANGIBLE ASSETS, BIOLOGICAL ASSETS, PROPERTY, PLANT AND EQUIPMENT (continued)

Biological assets and property, plant and equipment (continued)

In thousands of RSD

	Agricultural land and construction land	Buildings	Plant and equipment	Investment property	Biological assets	Other property, plant and equipment	Assets under construction	Property, plant and equipment under lease (with right of use longer than one year)	Advances for property, plant and equipment - domestic	Advances for property plant and equipment - foreign entities	Total fixed assets
Accumulated depreciation											
Balance as at 1 January 2024	**32,670,806**	**254,229,382**	**612,929,417**	**431,440**	**-**	**48,528**	**2,702,812**	**22,430**	**426,475**	**-**	**903,461,290**
Depreciation expense (Note 11)	1,005,882	6,438,372	28,334,483	12,086	-	167	-	8,805	-	-	35,799,795
Transfer within account group 02 (except activation) or transfer from another group to account group 02	(158,435)	-	(122,998)	-	-	1,815	(798)	-	-	-	(280,416)
Transferred as non-monetary contribution – capital increase in EDS	-	(1,693,343)	-	-	-	-	-	-	-	-	(1,693,343)
Impairment - IAS 36 - Panonske TE-TO	1,115,322	4,233,352	3,972,041	-	-	-	-	-	-	-	9,320,715
Effects of change in useful life	-	(167)	(48,728)	-	-	(765)	-	-	-	-	(49,660)
Sales	-	-	(323,030)	-	-	-	-	-	-	-	(323,030)
Derecognition of property, plant and equipment	-	(406,851)	(4,899,771)	-	-	(103)	-	-	-	-	(5,306,725)
Other changes	-	(2,866)	(12,381)	-	-	1,408	38,931	(2)	(4,755)	-	20,335
Balance as at 31 December 2024	**34,633,575**	**262,797,879**	**639,829,033**	**443,526**	**-**	**51,050**	**2,740,945**	**31,233**	**421,720**	**-**	**940,948,961**
Balance as at 1 January 2025	**34,633,575**	**262,797,879**	**639,829,033**	**443,526**	**-**	**51,050**	**2,740,945**	**31,233**	**421,720**	**-**	**940,948,961**
Depreciation expense (Note 11)	1,063,152	6,454,613	29,932,275	12,024	-	1,539	-	8,685	-	-	37,472,288
Transfer within account group 02 (except activation) or transfer from another group to account group 02	-	11,433	16,525	-	-	-	(27,136)	-	-	-	822
Transferred as non-monetary contribution – capital increase in EDS	-	(286,665)	-	-	-	-	-	-	-	-	(286,665)
Effects of change in useful life	-	-	(39,196)	-	-	-	-	-	-	-	(39,196)
Impairment	-	-	-	-	-	-	112,110	-	-	-	112,110
Shortages on physical count	-	(94,743)	(14,608)	-	-	-	-	-	-	-	(109,351)
Sales	-	(4,622)	(637,662)	-	-	-	-	-	-	-	(642,284)
Derecognition of property, plant and equipment	-	(212,029)	(3,829,169)	-	-	(5,358)	-	(23,702)	(17,775)	-	(4,088,033)
Other changes	(8,196)	-	(1,503)	-	-	-	-	-	(14,265)	-	(23,964)
Balance as at 31 December 2025	**35,688,531**	**268,665,866**	**665,255,695**	**455,550**	**-**	**47,231**	**2,825,919**	**16,216**	**389,680**	**-**	**973,344,688**
Net book value											
As at 31 December 2024	**53,069,839**	**265,000,128**	**345,689,746**	**330,255**	**473,243**	**81,634**	**180,514,831**	**11,290**	**27,142,782**	**3,736,437**	**876,050,185**
As at 31 December 2025	**54,774,204**	**277,322,119**	**392,264,402**	**318,231**	**466,106**	**70,263**	**140,950,335**	**22,318**	**24,629,942**	**2,591,522**	**893,409,442**

23 INTANGIBLE ASSETS, BIOLOGICAL ASSETS, PROPERTY, PLANT AND EQUIPMENT (continued)

Biological assets and property, plant and equipment (continued)

As at 31 December 2025 and 31 December 2024 the Company has no pledges and mortgages over intangible assets, property, plant and equipment.

During 2025, the amount of capitalized borrowing costs was RSD 1,670,170 thousand (2024: RSD 2,095,004 thousand).

The fair value of investment property as at 31 December 2025 amounts to 1,570,336 thousand dinars (31 December 2024: 1,550,947 thousand dinars). Investment property of the Company relates to apartments, commercial properties, garage places and other properties that the Company leases out to third parties.

The Law on Public Property regulates public ownership rights, as well as other property rights of the Republic of Serbia, autonomous provinces and local self-government units. In the process of resolving the issue of rights over real-estate property, the Founder adopted several resolutions related to production buildings, parts of production buildings and land intended for regular use, except for buildings that according to the Law on Public Property are classified as buildings of public use, including real-estate property intended for public use, and which the Company recognized as the holder of rights of use, being the holder or factual user of such properties, such that the Company can register as owner in public records. In the periods that follow the proceedings for resolving the issue of property ownership rights will continue.

The last valuation of property, plant and equipment measured using the revaluation model was carried out on 01 January 2021.

Transfer of assets to Elektrodistribucija Srbije

Up to the date preceding 01 January 2021, the Company was the sole founder of the Distribution System Operator "EPS Distribucija" d.o.o. Belgrade, registered for the activity of electricity distribution and distribution system management (which changed its business name to "Elektrodistribucija Srbije" d.o.o. Belgrade on January 29, 2021). Based on the Government Decision 05 Number: 023-10578/2020-1 dated December 17, 2020, the Plan for Implementing Activities on Reorganizing “Elektrodistribucija Srbije” d.o.o. Belgrade, was adopted on the basis of which the Company:

- undertook the obligation to transfer to “Elektrodistribucija Srbije” d.o.o., Beograd, working capital in the amount of RSD 37,272 thousand and property, plant and equipment and intangible assets in the amount of RSD 18,226,921 thousand, as a non-monetary contribution that is part of a capital increase. This change in non-monetary contributions was registered with the Business Registers Agency on 23 December 2020.
- concluded the Agreement on Transfer of Shares in "Elektrodistribucija Srbije" d.o.o. Belgrade, from the Company to the Republic of Serbia number 12.01.655216/1-20 dated December 29, 2020, based on the Decision of the Supervisory Board. The change was registered with the Business Registers Agency on 31 December 2020.

Based on the said activities, the Company continued to transfer assets in subsequent years, as well. During 2024, a transfer of real-estate property in the total amount of RSD 1,534,094 thousand was performed, in accordance with the Agreement on Transfer of Ownership Rights Without Compensation, dated 31 October 2024 (Note 31).

Also, in 2025 the Company performed a transfer of a portion of assets in the total amount of RSD 438,787 thousand, in accordance with the Agreement on Transfer of Ownership Rights Without Compensation, dated 9 December 2025 (Note 31).

Since the moment of adoption of the Government’s Conclusion on 17 December 2020 to 31 December 2025 the Company transferred to Elektrodistribucija Srbije d.o.o., Beograd, the amount of RSD 15,684,895 thousand.

The entry of the remaining assets will be contributed according to the terms stipulated in the founding act of the legal entity “Elektrodistribucija Srbije” d.o.o., Belgrade.

23 INTANGIBLE ASSETS, BIOLOGICAL ASSETS, PROPERTY, PLANT AND EQUIPMENT (continued)

Biological assets and property, plant and equipment (continued)

Impairment of non-current assets

In accordance with the adopted accounting policies of the Company (note 3.14), the Company assesses at each reporting date whether there is any indication that an asset may be impaired. If such indications exist, the Company considers the recoverable amount of such assets and determines the recoverable amount of an individual asset or cash-generating unit in order to determine potential impairment of such assets or cash-generating units.

Impairment indications

In 2025 the Company performed an analysis of internal and external indicators of asset impairment, in accordance with relevant accounting regulations. Based on the performed analysis, an external indicator was identified that pointed to the need for running an impairment test, which refers to the adoption of the Law on the Tax on Emissions of Greenhouse Gases, which applies from 1 January 2026, including the introduction of the obligation to pay the tax on emissions of greenhouse gases (GHG) (Note 47).

In addition, the Company considered the current possible impact of the European Union's CBAM regulation, which went into force on 1 October 2023 and will be applied over two periods: (1) a transitional period (1 October 2023 – 31 December 2025) during which CBAM obligees will measure their emissions and report on them through the submission of CBAM reports, but will not have a financial obligation and (2) a definitive period (from 1 January 2026). The Company's subsidiary EPS Trgovanje already reports to the European Commission on the emissions incorporated into the electricity it imported from Serbia to the EU countries, starting from 1 October 2023, on a quarterly basis. In 2025, the Company exported to the EU through EPS Trgovanje total energy in the amount of 146,449 MWh (2024: 532,930 MWh). The adopted emission factor for Serbia is 1.04054, and the weighted price of a ton of CO2 certificates for 2025 amounted to 72.3 EUR/t (2024: 60.5 EUR/t), so that the cost of the CBAM tax would amount to about EUR 11 million (2024: EUR 32.2 million) if payment of the CBAM tax was in force in the observed period. The Company is taking steps towards increasing energy efficiency and reducing emissions. Repairs, revitalization and modernization of thermo-blocks will continue in the coming period. The second phase of the revitalization of TENT B2 continued in 2025, the revitalization of RHE Bajina Bašta is underway, and the Kostolac wind farm and Petka solar power plant are under construction.

In accordance with the requirements of the relevant accounting standards (IFRS) and due to the current lack of complete information regarding the specific impact of CBAM, no direct effects are included in the assumptions underlying the models and projections that support this assessment of the indication of impairment of the Company's property, plant and equipment as at 31 December 2025.

Impairment test

The Company performed the impairment test for assets at the level of cash generating units (CGU) as at 31 December 2025. Group CGUs relate to each individual branch of the Company. The recoverable amount of each CGU is determined based on the value in use. These calculation were based on before tax cash flow projections, based on the business plan for period from 2026 to 2028 and further projections of net cash flows for the remaining useful life of assets. The structure of deliveries in the period from 2029 onwards, is projected so that the share of guaranteed supply gradually decreases in favor of commercial supply and that the share of export increases. Income and expenses that are not directly related to electricity in the period from 2029 onwards are projected to follow the projected inflation rate.

23 INTANGIBLE ASSETS, BIOLOGICAL ASSETS, PROPERTY, PLANT AND EQUIPMENT (continued)

Biological assets and property, plant and equipment (continued)

Impairment of non-current assets (continued)

Impairment test (continued)

Projections of future cash flows from operations are based on the current state of assets that are subject to impairment testing on the specified date, and do not include the effects of potential restructuring in future periods, nor the effects that will arise in the future period due to the expansion of existing asset capacities, either through construction of new or expansion or improvement of existing capacities. Future cash flow projections assume current income generating capacities of the CGU.

Other key assumptions on which the Company's management based its cash flow projections were as follows:

- The price of electricity is projected separately for guaranteed and commercial supply.
- For 2026 to 2028 prices for guaranteed supply are projected based on the Three-Year Business Program for 2026-2028. Prices for the period 2029-2030 increased by 5% due to the IMF arrangement, and starting from 2031 and on will reflect the inflation rate.
- Prices for commercial supply for 2026 are projected based on the Three-Year Business Plan for 2026–2028, increased by the inflation rate. Prices for 2027 are formed based on futures prices on the EEX exchange as of 31 December 2025, calculated as a weighted average of base and peak energy prices. From 2028 onwards, the growth of these prices is projected based on the inflation rate.
- Import and export prices (market prices) for 2026 and 2027 are formed based on futures prices on the EEX exchange as of 31 December 2025, calculated as a weighted average of base and peak energy prices. From 2028 onwards, as with commercial supply, the growth of these prices is projected in line with the inflation rate.
- The price of coal is based on the projection of internal prices within EPS a.d. and external prices of coal provided in the Three-Year Business Program for 2026-2028. Based on production projections the assumption was introduced for the needs of TENT to be met to the maximum extent from domestic sources. In the coming years, coal prices follow the projected inflation rate.
- Based on the structure of supply in 2025 it was noted that the response of end customers for transitioning from commercial to guaranteed supply was minimal, such that the planned structure of supply in the period 2026-2028 was adjusted to reflect realization. The discount rate is before tax and reflects the weighted average cost of capital relevant to the related industry. The discount rate is determined separately for each individual branch of the Company (CGU). The discount rate was formed in the range between 9.0% and 10.5% for each individual branch of the Company for the impairment test on 31 December 2025.
- Inflation projection is based on the revised fiscal strategy for 2026, with projections for 2027 and 2028. Consequently, the projected inflation rate for 2026 for the asset impairment test model was set at 3.7%, and for 2027 in the amount of 3.5%. From 2027 onwards, a projected long-term inflation rate of 3.0% was used.
- Costs related to CO2 emissions in the period from 2026 to 2028 were calculated based on the projection of thermal power plant production, using general emission conversion factors and a tax amount of 4 euros per ton of CO2. In the period from 2029 and on, these costs were increased for the projected growth in inflation. Potential tax credits are not included in the calculation, with the worst case scenario being considered. This assumption was included for the first time in the asset impairment test on 31 December 2025, but was not included in the balance as at 31 December 2024.

23 INTANGIBLE ASSETS, BIOLOGICAL ASSETS, PROPERTY, PLANT AND EQUIPMENT (continued)

Biological assets and property, plant and equipment (continued)

Impairment of non-current assets (continued)

The table below presents the quantitative price amount by type of product for the next five years as at 31 December 2025:

Type	Unit of measurement	2026	2027	2028	2029	2030
Guaranteed supply	din/kWh	7.03	7.38	7.39	7.76	8.14
Commercial supply	din/kWh	12.58	12.15	12.55	12.96	13.39
Network fee	din/kWh	12.46	12.15	12.55	12.96	13.39
EEX	din/kWh	12.72	12.15	12.55	12.96	13.39
Coal	TRSD/ton	3.35	3.46	3.58	3.69	3.82

The table below presents the quantitative price amount by type of product for the next five years for the impairment test with the balance as at 31 December 2025:

Type	Unit of measurement	2025	2026	2027	2028	2029
Guaranteed supply	din/kWh	6.11	6.61	7.16	7.52	7.89
Commercial supply	din/kWh	12.04	12.37	12.77	13.20	13.63
Network fee	din/kWh	12.04	12.37	12.77	13.20	13.63
EEX	din/kWh	14.21	12.37	12.77	13.20	13.63
Coal	TRSD/ton	3.66	3.79	3.91	4.04	4.18

The table below presents the results of the performed impairment testing as at 31 December 2025:

Branch (CGU)	Discount Rate	Value of asset being tested (RSD mil.)	Value in use (RSD mil.)	Difference (RSD mil.)
"HIDROELEKTRANE ĐERDAP" Branch	9.5%	170,091	812,791	642,700
"DRINSKO-LIMSKE HIDROELEKTRANE" Branch	9.5%	101,229	170,165	68,936
"TERMOELEKTRANE NIKOLA TESLA" Branch	10.5%	205,507	276,275	70,767
"RUDARSKI BASEN KOLUBARA" Branch	10.5%	166,951	291,689	124,738
"TERMOELEKTRANE I KOPOVI KOSTOLAC" Branch	10.5%	225,742	298,215	72,473
"PANONSKE TERMOELEKTRANE - TOPLANE" Branch	10.0%	2,815	3,608	794
"EPS OBNOVLjIVI IZVORI" Branch	10.0%	4,337	19,848	15,511
"EPS SNABDEVANjE" Branch	9.5%	1,835	319,861	318,026
Uprava EPS a.d.	9.0%	17,993	44,110	26,117
Total		**896,500**	**2,236,562**	**1,340,062**

Based on the performed testing of the potential impairment of assets on 31 December 2025, the Company determined that the value in use, i.e. the recoverable amount of assets is higher than their carrying value for all CGUs.

23 INTANGIBLE ASSETS, BIOLOGICAL ASSETS, PROPERTY, PLANT AND EQUIPMENT (continued)

Biological assets and property, plant and equipment (continued)

Impairment of non-current assets (continued)

The table below presents the results of the performed impairment testing as at 31 December 2024:

Branch (CGU)	Discount Rate	Value of asset being tested (RSD mil.)	Value in use (RSD mil.)	Difference (RSD mil.)
"HIDROELEKTRANE ĐERDAP" Branch	9.5%	174,067	870,441	696,374
"DRINSKO-LIMSKE HIDROELEKTRANE" Branch	9.5%	101,687	177,455	75,768
"TERMOELEKTRANE NIKOLA TESLA" Branch	10.5%	196,309	226,361	30,052
"RUDARSKI BASEN KOLUBARA" Branch	10.5%	156,183	269,664	113,481
"TERMOELEKTRANE I KOPOVI KOSTOLAC" Branch	10.5%	222,183	397,956	175,773
"PANONSKE TERMOELEKTRANE - TOPLANE" Branch	10.0%	12,008	2,687	(9,321)
"EPS OBNOVLjIVI IZVORI" Branch	10.0%	4,284	26,039	21,755
"EPS SNABDEVANjE" Branch	9.5%	536	141,036	140,500
Uprava EPS a.d.	9.0%	21,583	65,619	44,036
Total		**888,840**	**2,177,258**	**1,288,418**

Based on the performed testing of the potential impairment of assets on 31 December 2024, the Company determined that the value in use and the recoverable amount of assets is higher than their carrying value for all CGUs, except for Panonske TE-TOs for which the recoverable amount is determined to be RSD 2,687,305 thousand. This amount is lower by RSD 9,320,715 thousand compared to the carrying value of the tested branch. On this basis the Company recognized an impairment loss in the amount of RSD 9,320,715 thousand and in the income statement for 2024, in the amount of RSD 1,792,153 thousand, with a decrease in revaluation reserves in the amount of RSD 7,528,562 thousand (Notes 4 and 12).

Sensitivity analysis

The sensitivity analysis for the value in use with the balance as at 31 December 2025 to changes in the discount rate and prices by individual types of electricity supply showed that the value in use in all branches is weakly to moderately sensitive to changes in the discount rate, with guaranteed and commercial supply exhibiting highest sensitivity to price changes. A change in key assumptions, provided that other parameters remain unchanged, would have the following effects on the amount of value in use:

- EPS a.d. Managment: An increase in the assumed CO2 tax by 50% with unchanged discount rate would result in impairment in the amount of approximately RSD 32.5 billion. On the other hand, increase in the discount rate of 2% and decrease in the assumed electricity price on the HUPEX stock exchange by 10 percentage points would result in impairment in the amount of RSD 10.1 billion.

- TERMOELEKTRANE NIKOLA TESLA Branch: An increase in the assumed price of coal by 10 percentage points with a constant discount rate would result in impairment in the amount of approximately RSD 18.3 billion. On the other hand, increase in the discount rate of 2% and decrease in the assumed electricity price for commercial supply by 10 percentage points would result in impairment in the amount of RSD 41.3 billion.

- PANONSKE TERMOELEKTRANE - TOPLANE Branch: A decrease in the assumed price of coal by 10 percentage points with a constant discount rate would result in impairment in the amount of approximately RSD 5.7 billion.

23 INTANGIBLE ASSETS, BIOLOGICAL ASSETS, PROPERTY, PLANT AND EQUIPMENT (continued)

Biological assets and property, plant and equipment (continued)

Advances paid for property, plant and equipment

Advances given for property, plant and equipment that as at 31 December 2025 amount to RSD 27,221,464 thousand (31 December 2024: RSD 30,879,219 thousand) relate to:

- Delivery of 10 km of B=2000 transporter route with 6 drive stations, 6 return stations, 5 inclined bridges, one loading trolley, based on the contract concluded with AD Goša Fabrika opreme i machina Smederevska Palanka, as the leader of the group of contractors, and Energotehnika Južna Bačka Novi Sad doo, as a member of the group. As at 31 December 2025, the amount of advances given on this basis amounts to RSD 7,374,722 thousand (31 December 2024: RSD 6,654,324 thousand),

- Delivery of a conveyor with a 10 km route with 6 drive stations, 6 return stations, 5 drawbridges, one loading trolley and one MRS 2000 mobile distribution station, based on the contract concluded with AD Goša Fabrika opreme i machina Smederevska Palanka, as the leader of a group of contractors consisting of Metaling doo Belgrade and Energotehnika Južna Bačka doo. As at 31 December 2025 the amount of advances given on this basis amounts to RSD 3,817,288 thousand (31 December 2024: RSD 6,141,125 thousand),

- Procurement of drive stations, return stations and inclined bridges for 6 belt conveyors B=1600mm, according to the contract concluded between the Company and the group consisting of AD Goša Fabrika opreme i mašina Smederevska Palanka-leader and Energotehnika Južna Bačka Novi Sad doo-group member. As at 31 December 2025, the total amount of advances given on this basis amounts to RSD 1,838,036 thousand (31 December 2024: RSD 2,646,960 thousand),

- Delivery of two rotary excavators with a capacity of 4800 m3/h, in accordance with the contract concluded with the group whose leader is the German company KOCH SOLUTIONS GmbH and the members of the group: ROAMING NETWORKS Belgrade and Ltd. company for construction and installation of equipment and facilities Goša montaža Beograd. As at 31 December 2025, the advance payment amounts to RSD 2,490,753 thousand (31 December 2024: RSD 2,198,194 thousand),

- Procurement of one BTO system B-2000 mm for PK Radljevo: Procurement of a rotary excavator with a capacity of 6600 m³/hour, based on the contract signed with Energotehnika Južna Bačka Novi Sad doo. Advances given as at 31 December 2025 amounted to RSD 1,262,216 thousand (31 December 2024: RSD 2,040,825 thousand),

- The project Replacement of Ash and Slag Transport System for TENT A, based on which the contract was concluded between the Company and the consortium consisting of Rudis doo Trbovlje, Millenium team doo, Energotehnika Južna Bačka doo, and MVM EGI Zrt. As at 31 December 2025, the amount of advances given on this basis amounts to RSD 1,852,863 thousand (31 December 2024: RSD 1,852,863 thousand),

- Delivery of one dumper with a capacity of 8500 m3/h, based on the contract concluded with Energotehnika Južna Bačka Novi Sad doo, as the leader of a group of contractors consisting of AD Goša Fabrika opreme i machina Smederevska Palanka and FAM Minerals & Minin GmbH Germany. As at 31 December 2025, the amount of advances given on this basis amounts to RSD 1,356,687 thousand (31 December 2024: RSD 957,030 thousand),

- Delivery of one dumper with a capacity of 8500 m3/h, based on the contract concluded with a group of contractors led by Energotehnika Južna Bačka Novi Sad doo, with other contractors comprising AD Goša Fabrika opreme i mašina Smederevska Palanka and FAM Minerals & Minin GmbH Germany. As at 31 December 2025, the amount of advances given amounts to RSD 1,330,721 thousand (31 December 2024: RSD 956,866 thousand),

- Delivery of one dumper with a capacity of 8500 m3/h, based on the contract concluded with a group of contractors led by Energotehnika Južna Bačka Novi Sad doo, with other contractors comprising AD Goša Fabrika opreme i mašina Smederevska Palanka and FAM Minerals & Minin GmbH Germany. As at 31 December 2025, the amount of advances given amounts to RSD 374,612 thousand (31 December 2024: RSD 1,033,845 thousand),

23 INTANGIBLE ASSETS, BIOLOGICAL ASSETS, PROPERTY, PLANT AND EQUIPMENT (continued)

Biological assets and property, plant and equipment (continued)

Advances paid for property, plant and equipment (continued)

- Delivery of two self-propelled conveyors/disposers with a capacity of 4800 m3/h, based on the contract with the leader of the KOCH SOLUTIONS GmbH group and its members ROAMING NETWORKS and Ltd. company for construction and installation of equipment and facilities Goša montaža Beograd. Total amount of advances given as at 31 December 2025 amounted to RSD 915,210 thousand (31 December 2024: RSD 917,568 thousand),

- Delivery of belt conveyors B = 2000 mm for which an agreement was concluded with AD Goša Fabrika opreme i mašina, Smederevska Palanka, as a lead contractor of the group consisting of: HIDRO-TAN doo Beograd and ANSAL STEEL DOO Beograd. As at 31 December 2025, the amount of advances given on this basis amounts to RSD 802,415 thousand (31 December 2024: RSD 802,415 thousand).

Right-of-use assets and lease liabilities

Movements in recognized right-of-use assets by asset category in 2025 are given in the following table:

In thousands of RSD

	Land	Buildings	Equipment	Total
Cost as at 1 January 2025	**3,491**	**37,149**	**1,883**	**42,523**
Additions during the year	-	18,032	1,974	20,006
Other	-	(23,995)	-	(23,995)
Cost as at 31 December 2025	**3,491**	**31,186**	**3,857**	**38,534**
Accumulated depreciation as at 1 January 2025	**1,927**	**27,580**	**1,726**	**31,233**
Depreciation during the year	528	7,755	402	8,685
Other	-	(23,702)	-	(23,702)
Accumulated depreciation as at 31 December 2025	**2,455**	**11,633**	**2,128**	**16,216**
Net book value as at 1 January 2025	**1,564**	**9,569**	**157**	**11,290**
Net book value as at 31 December 2025	**1,036**	**19,553**	**1,729**	**22,318**

The Company recognized lease liabilities as follows:

In thousands of RSD

	31 December 2025	1 January 2025
Short-term lease liabilities	10,457	6,549
Long-term lease liabilities	11,355	3,974
Total lease liabilities	**21,812**	**10,523**

23 INTANGIBLE ASSETS, BIOLOGICAL ASSETS, PROPERTY, PLANT AND EQUIPMENT (continued)

Right-of-use assets and lease liabilities (continued)

Liabilities based on recognized right-of-use assets as of 31 December2025 and 31 December2024 in accordance with IFRS 16 are shown as follows:

				In thousands of RSD
	31 December 2025		1 January 2025	
	Net book value	Contractual undiscounted cash flows	Net book value	Contractual undiscounted cash flows
Minimum lease payments				
Up to 1 year	10,457	12,052	6,549	6,083
From 1 to 5 years	11,355	10,901	3,974	4,701
Balance at	**21,812**	**22,953**	**10,523**	**10,784**

Effects of IFRS 16 application on the income statement were as follows:

		In thousands of RSD
	31 December 2025	31 December 2024
Interest expense on leases	465	611
Variable lease payments that depend on usage/consumption	1,769,721	1,549,955
Expenses relating to short-term leases	958,427	634,384
Expenses relating to leases of low-value assets	4,252	2,173

Some property leases contain variable payment terms that are linked to their usage consumption. Variable payment terms are used for a variety of reasons, including minimising the fixed costs base. Variable lease payments that depend on usage/consumption are recognised in profit or loss in the period in which the condition that triggers those payments occurs, and are not included in measurement of lease liabilities measured as at 31 December 2025.

The total outflow of cash related to leases stated in the Cash Flow Statement in 2025 amounted to RSD 8,009 thousand (2024: RSD 8,728 thousand).

Carrying amount of asset classes carried at revaluation amounts that would have been recognized had they been carried at cost

The table below presents carrying amounts of asset classes carried at revaluation amounts, as well as carrying amounts that would have been recognized had these asset classes been carried at cost:

				In thousands of RSD
	Carrying value		Cost model	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Agricultural land and construction land	54,774,204	53,069,839	35,712,234	49,982,651
Buildings	277,322,119	265,000,128	221,446,255	196,200,045
Plant and equipment	392,264,402	345,689,746	300,974,683	290,422,775

24 LONG-TERM FINANCIAL INVESTMENTS AND LONG-TERM RECEIVABLES

	In thousands of RSD 31 December 2025	31 December 2024
Equity investments in legal entities		
Equity investments in subsidiaries (Note 41)	8,459,241	6,614,159
Equity investments in other legal entities		
Equity investments in other legal entities	2,854,119	2,612,252
Less: Impairment of equity investments in other legal entities	(2,818,361)	(2,292,404)
	35,758	319,848
	8,494,999	**6,934,007**
Long-term investments - domestic		
Long-term loans granted	1,596,713	1,684,390
Other long-term financial investments		
Other long-term financial investments	1,235,010	1,328,727
Less: Impairment of other long-term financial investments	(766,219)	(766,219)
	468,791	562,508
Long term receivables		
Rescheduled trade receivables for electricity and services:		
- legal entities	5,743,752	1,210,111
Loan to employees:		
- for sold apartments	114,684	142,027
- for housing loans	15,744	19,643
	5,874,180	1,371,781
Less: allowance for impairment		
- rescheduled receivables for electricity and services from legal entities	(5,743,752)	(1,210,096)
- for sold apartments and housing loans	-	(1,657)
	(5,743,752)	(1,211,753)
	130,428	**160,028**
	10,690,931	**9,340,933**

Equity investments in legal entities

Equity investments in subsidiaries

Equity investments in subsidiaries as at 31 December 2025 and 2024 relate to the following legal entities:

	% of ownership	In thousands of RSD 31 December 2025	31 December 2024
“EPS Trgovanje“ d.o.o., Ljubljana	100%	66,304	66,304
“Kolubara – Gradjevinar” d.o.o., Lazarevac	71.90%	1,771,606	1,771,606
“Elektrosever“ d.o.o., Severna Mitrovica	100%	3,898,921	2,346,960
“HSE Gornja Drina” d.o.o., Foča	51%	2,674,484	2,381,363
“Moravske hidroelektrane“ d.o.o., Beograd	100%	47,926	47,926
		8,459,241	**6,614,159**

24 LONG-TERM FINANCIAL INVESTMENTS AND LONG-TERM RECEIVABLES (continued)

Equity investments in legal entities (continued)

***Equity investments in subsidiaries* (continued)**

Elektrosever d.o.o., Severna Mitrovica

The Company is the founder and sole owner of the company Elektrosever d.o.o., Severna Mitrovica, established in accordance with energy agreements reached within the negotiation process with the Provisional Institutions of Self-Government in Pristina, conducted with the mediation of the European Union.

The company Elektrosever d.o.o., Severna Mitrovica was registered in the system of institutions in Prishtina and began to perform activities of supply and distribution services from 1 January 2024. In 2024, the core capital of this subsidiary was increased by EUR 28,000,000 in order to ensure conditions for smooth operation. Namely, based on the Decision by the Company’s Assembly dated 19 March 2024, with the previously obtained consent of the Government of the Republic of Serbia (Decision No. 023-2577/2024 dated 29 March 2024), an increase was approved in the core capital of the subsidiary Elektrosever d.o.o., Severna Mitrovica, with a monetary contribution in the total amount of EUR 28,000,000. The payment of the aforementioned financial contribution was made successively during 2024 and 2025. In 2025, the fifth and last payment of the capital increase was made in the amount of EUR 8,000,000, based on the Decision of the Company's Executive Board dated 27 February 2025. The said payment was made in two parts.

During 2025, the Company continued to provide financial support to the subsidiary Elektrosever d.o.o., Severna Mitrovica, through monetary and non-monetary capital contributions. The Company’s Assembly at its extraordinary session held on 14 August 2025 adopted the Decision on Additional Capital Investment in Elektrosever d.o.o. Severna Mitrovica, as follows:

- monetary contribution in the amount of 5,000,000 euros and
- non-monetary contribution in the form of 101 transformers with a total value of RSD 28,708 thousand (EUR 245,157.52).

The Government of the Republic of Serbia approved the Decision of the Company’s Assembly on capital investment in the company Elektrosever d.o.o., Severna Mitrovica, based on Decision number 05 No. 023-11400/2025 dated 6 November 2025. In accordance with the aforementioned decision, during 2025, the Company made payment of a monetary contribution in the amount of EUR 5,000,000 and contributed a non-monetary portion.

Based on the capital investments made in the subsidiary during 2025, the Company's business books recorded an increase in its equity investment in the company Elektrosever d.o.o. Severna Mitrovica from RSD 2,346,960 thousand to RSD 3,898,921 thousand.

“HES Gornja Drina” d.o.o., Foča

The Company is the majority owner (51%) of the company Hidroelektroenergetski sistem Gornja Drina d.o.o. Foča, Republic of Srpska, which was founded in order to implement the project of construction of hydroelectric power plants on the upper course of the Drina river (Foča, Pauncia and Buk Bijela), in accordance with the Memorandum on Cooperation in the Energy Sector concluded on 28 August 2018 between the Government of the Republic of Serbia and the Government of the Republic of Srpska.

The Company joined the company HES Gornja Drina d.o.o. Foča in 2020, when it undertook to pay a monetary contribution in the amount of EUR 20,265,449.23 as 51% ownership interest, which was carried out in bull by 1 November 2022.

In order to provide additional financial resources for the further implementation of project activities, the Assembly of HES Gornja Drina d.o.o. Foča, at its XIV extraordinary session held on 24 April 2025 decided to increase this company's core capital with new financial contributions from members, in proportion to existing ownership interests. The total capital increase amounted to EUR 4,901,960.78, of which the Company, as the owner of 51% of the capital, undertook to pay the amount of EUR 2,500,000, while the Mixed Holding Elektroprivreda Republika Srpska a.d. Trebinje, as the owner of 49% of the capital, undertook to pay the amount of EUR 2,401,960.78.

24 LONG-TERM FINANCIAL INVESTMENTS AND LONG-TERM RECEIVABLES (continued)

Equity investments in legal entities (continued)

Equity investments in subsidiaries **(continued)**

On 13 May 2025, the members of the company concluded Annex I of the Articles of Association, setting out the timing for executing the capital increase. In accordance with the aforementioned Annex, the Company paid its cash contribution in the amount of EUR 2,500,000 in one lump sum within 15 days from the date of signing the Annex, i.e. on 27 May 2025.

Based on the payment of the cash contribution for the capital increase in the subsidiary company, in 2025 there was an increase in the value of the Company's equity investment in HES Gornja Drina d.o.o. Foča, in the Company's business books from RSD 2,381,363 thousand to RSD 2,674,484 thousand.

Equity investments in other legal entities

Equity investments in other legal entities comprise, among other things, the following:

- Equity investments in the bankruptcy debtor "Fabrika automobila Priboj" a.d. in the amount of RSD 125,742 thousand (31 December 2024: RSD 125,742 thousand). In 2018, the Company's receivables were converted into capital of the bankrupt debtor "Fabrika automobila Priboj" a.d., based on the Prepacked Restructuring Plan of the Bankruptcy Debtor, which became legally binding on October 25, 2017. On March 22, 2018, the shares of "Fabrika automobila Priboj" a.d. were transferred in the Central Register of HoV to the Company’s ownership account in the amount of RSD 261,910 thousand (261,910 shares with nominal par value of RSD 1,000).

- Equity investments in the company "Trayal corporation" a.d. Kruševac in the amount of RSD 329,151 thousand (31 December 2024: RSD 329,151 thousand) were acquired in 2019 through the conversion of the Company's receivables into the share capital of the company "Trayal corporation" a.d. Kruševac in accordance with the Prepacked Restructuring Plan (final PPRP Decision of the Commercial Court in Kraljevo No. 4. Reo.2/2017).

- Equity investments in the company "Simpo" a.d. Vranje in the amount of RSD 204,948 thousand (31 December 2024: RSD 204,948 thousand) were acquired through conversion of the Company's receivables into the share capital of "Simpo" a.d. Vranje in accordance with the Prepacked Restructuring Plan (final PPRP Decision Decision Posl. no. 10.St.8/2018). The conversion of a portion of the receivables in the amount of RSD 245,342 thousand was carried out in 2019, in the amount of RSD 340,226 thousand in 2020 and conversion in the amount of RSD 380,620 thousand in 2024.

- Equity investments in the company "Yumco" a.d. Vranje in the amount of RSD 823,625 thousand (31 December 2024: RSD 804,810 thousand). The commercial court in Leskovac issued Decision No. 04. Reo 1/2020 confirming the adoption of the PPRP. The aforementioned decision became legally binding on May 26, 2021. The Government of the RS adopted Conclusion 05 number: 023-8981/2021-1 dated September 30, 2021, with which it agreed that creditors, which include the Company, can convert their receivables as at the PPRP cut-off date until May 26, 2021, with accrued interest until the date of the RS Government's decision, being September 30, 2021. The Supervisory Board of the Company adopted Decision No. 12.01.208645/6-22 of April 7, 2022, with which it agreed to implement the Conclusion of the Government of the RS.

- The equity investment in the Joint Stock Company "Holding industrija kablova Jagodina” amounts to RSD 449,058 thousand (31 December 2024: RSD 449,058 thousand). The Commercial Court in Kragujevac issued Decision Posl. no. 1. Reo 6/2017 dated February 22, 2018, which confirms the adoption of the PPRP. The Decision became legally binding on 11 March 2019. The Government of the RS issued Conclusion 05 No. 023-7837/2017 dated August 17, 2017, which established the obligation for the Company to convert its receivables from A.D. "Holding industrija kabel Jagodina" with the balance as of August 31, 2016 into an equity investment in this company. The Supervisory Board of the Company adopted Decision No. 12.01.537296/31-17 dated October 31, 2017, with which it agreed to implement the Conclusion of the Government of the RS.

24 LONG-TERM FINANCIAL INVESTMENTS AND LONG-TERM RECEIVABLES (continued)

Equity investments in legal entities (continued)

Equity investments in other legal entities (continued)

- Equity investments in the company Nodular d.o.o. in the amount of RSD 53,356 thousand. The Commercial Court in Belgrade issued Decision No. 16/19 on December 23, 2019 confirming the adoption of the PPRP. The Decision became legally binding on April 6, 2020. Based on the above, the Company converted its receivables from the company Nodular d.o.o. into an equity investment.

- The amount of RSD 283,552 thousand refers to equity investments based on the agreement on joint financing of the implementation of previous works on the HPP "Komarnica" project with the Electric Power Company of Montenegro in order to make a decision on the possible joint construction of a hydroelectric power plant, the implementation of which has been ongoing since 1992. The provisions of the contract regulate property relations so that the invested funds constitute the founding roles of the contracted parties, if both parties decide to continue joint activity on the construction of the hydroelectric power plant, or intangible assets, if both parties abandon the joint realization. The Company also concluded annexes to the agreement on joint financing of the implementation of the previous works of HPP "Komarnica" from 1992, namely: Annex No. 1 dated August 13, 2007, Annex No. 2 dated July 13, 2011, Annex No. 3 dated February 5, 2014 and Annex No. 4 dated March 13, 2017. On 3 June 2020, the stake in HE "Komarnica" was increased in the amount of EUR 13,132. Furthermore, on 5 December 2023 the investment in HE "Komarnica" was further increased by the amount of EUR 310,164.43. As disclosed in Note 19, as at 31 December 2025 the Company impaired its equity investment in HE Komarnica. The investment was written down to zero, with recording of the impairment expense in the equivalent amount.

Long-term domestic loans

Long-term loans reported as at 31 December 2025 in the amount of RSD 1,596,713 thousand (31 December 2024: RSD 1,684,390 thousand) relate in full to loans that the Company concluded with international financial institutions on behalf of former subsidiary “Elektrodistribucija Srbije“ d.o.o., Beograd, for financing projects such as the purchase of equipment for reconstructing five 110/xkV/kV substations in Petrovac, Šabac, Gornji Milanovac, Lešnica and Aleksinac, with related services for the distribution network and for the project of emergency repairs due to floods. As disclosed in Note 1, as at 31 December 2020 the Company lost control over “Elektrodistribucija Srbije” d.o.o. through transfer of its ownership interest without contribution to the Republic of Serbia, whereby „Elektrodistribucija Srbije“ d.o.o. does not dispute its liabilities toward the Company on the aforementioned basis.

Other long-term financial investments

Other long-term financial assets comprise, among other things, the following:

- Investments in water reservoir “Rovni” in the amount of RSD 637,205 thousand. The aforementioned investments relate to joint ventures in the public company Kolubara, Valjevo and on the basis of the construction of the body of the dam and the reservoir “Rovni”, whose purpose is to supply water to the population and industry, flood protection in the surrounding municipalities, as well as for the needs of the Company. Based on the Decree of the Government of the Republic of Serbia on the establishment of the program for construction, reconstruction and maintenance of water facilities for 2006 ("Official Gazette of RS" no. 117 dated 30 December 2005), further works on the construction of the body of the dam and reservoir "Rovni” were envisaged during 2006, with the participation of the Government of the Republic of Serbia in the amount of 100%. The mentioned investment was made in order to ensure the necessary conditions for the operation of the Kolubara B TPP project. Due to significant changes in regulatory requirements, primarily relating to the recognition of originally pooled assets, the issue of ownership of water management assets and the like, the Company recognized impairment losses on the aforementioned basis in previous years.

24 LONG-TERM FINANCIAL INVESTMENTS AND LONG-TERM RECEIVABLES (continued)

Other long-term financial investments (continued)

- Collateral for transactions performed on the organized electricity market (SEEPEX) in the amount of RSD 446,112 thousand (31 December 2024: RSD 514.451 thousand). As indicated in note 5 (c), the Company trades electricity at the stock exchange "SEEPEX", and as a trading participant is obliged to comply with the trading conditions issued by the European commodity clearing AG, which, among other things, require the depositing of collateral to ensure the fulfillment of obligations of all trading participants.

- The Company has receivables from employees in the amount of RSD 19,905 thousand (31 December 2024: RSD 48,058 thousand). The Decision of the Supervisory Board of the Company No. 12.01.-603121/32-2021 dated December 1, 2021, and the Decision on the Amendment of Decision No. 12.01.270924/12-23 dated March 29, 2023 enabled employees who lost court cases against the Company for compensation for damages due to less paid wages due to the calculation of the lower value of working hours and shift work, to settle their payables toward the Company, based on previously paid amounts, in 48 or 96 half-monthly installments.

Long term receivables

Rescheduled trade receivables

As of 31 December 2025, long-term receivables included in reprogrammed receivables from customers for supplied electricity amount to a gross amount of RSD 5,743,752 thousand dinars (31 December 2024: RSD 1,210,096 thousand). The increase in long-term receivables in 2025 is primarily the result of concluded agreements on the fulfillment of obligations and debt settlement with significant customers, which defined the repayment of due and outstanding receivables based on supplied electricity, including accrued interest, in several monthly installments.

During 2025, the following debt rescheduling agreements were concluded:

- Agreement on performance of obligations with the joint-stock company for the management of public railway infrastructure "Infrastruktura železnice Srbije" Beograd, dated 18 December 2025, which enabled the repayment of due and unpaid claims based on delivered electricity (principal debt and interest) in 60 monthly equal annuities, with start of repayment on 20 January 2026, after the grace period. Long-term reprogrammed receivables from the aforementioned customer as of 31 December 2025 amount to RSD 1,818,868 thousand, after reduction for current maturities in the amount of RSD 414,109 thousand (Note 28).

- Agreement on performance of obligations with the joint-stock company for the railway transportation of goods "Srbija Kargo", Beograd, dated 18 December 2025, which enabled the repayment of due and unpaid claims based on delivered electricity (principal debt and interest) in 60 monthly equal annuities, with start of repayment on 20 January 2026, after the grace period. Long-term reprogrammed receivables from the aforementioned customer as of 31 December 2025 amount to RSD 1,601,441 thousand, after reduction for current maturities in the amount of RSD 284,711 thousand (Note 28).

- Agreement on debt settlement with the Public Enterprise for Underground Coal Mining "Resavica”, concluded on 18 June 2025, which foresees debt repayment in 60 equal monthly installments, starting on 20 June 2025. Long-term reprogrammed receivables from Public Enterprise for Underground Coal Mining "Resavica" as of 31 December 2025 amount to RSD 1,908,136 thousand, after reduction for current maturities in the amount of RSD 434,530 thousand (Note 28).

After the aforementioned agreements were concluded, part of the receivables was reclassified from short-term to long-term receivables, according to agreed repayment terms (Note 28).

Loans to employees

Loans to employees related to the sold apartments reported as at 31 December 2025 in the amount of RSD 114,684 thousand (31 December 2024: RSD 142,027 thousand) relate to the solidarity apartments purchased by the employees of the Company. These apartments were sold to employees for loans with a period of 20 to 40 years, with repayment through monthly installments that are adjusted by the corresponding indices of retail prices, up to a rate of growth of the average salary in the Republic of Serbia.

25 INVENTORIES AND FIXED ASSETS AVAILABLE FOR SALE

	In thousands of RSD 31 December 2025	31 December 2024
Materials	16,087,122	14,530,965
External purchase of coal	3,245,353	3,704,777
Less: Allowance for impairment of materials	(5,670,020)	(5,345,652)
	13,662,455	12,890,090
Spare parts	25,843,261	24,943,984
Tools and small fittings	1,550,131	1,457,149
Less: Allowance for impairment of spare parts, tools and fittings	(2,825,639)	(3,164,422)
	24,567,753	23,236,711
Total materials, spare parts, tools and supplies	38,230,208	36,126,801
Work in progress	4,024,224	3,631,770
	42,254,432	**39,758,571**
Goods	1,669	1,447
Fixed assets available for sale	741,091	741,091
Advances paid for inventories and services - dometsic:		
- advance payments to legal entities within the EPS Group (Note 41)	161,506	161,562
- other advances paid for inventory and services	2,526,865	4,018,890
Less: Allowance for impairment of advances given	(201,326)	(211,525)
	2,487,045	**3,968,927**
Advances paid for inventories and services - foreign entities:		
- advances given to related parties within the EPS Group (Note 41)	1,013,840	985,842
- other advances paid for inventory and services	129,447	1,196,817
	1,143,287	**2,182,659**
	46,627,524	**46,652,695**

Work in progress reported as at 31 December 2025 in the amount of RSD 4,024,224 thousand (2024: RSD 3,631,770 thousand) primarily relates, in the amount of RSD 3,418,971 thousand (2024: RSD 3,099,249 thousand), to inventories of coal intended for coal production in thermal power plants.

Fixed assets available for sale, shown with the balance as of 31 December 2025, in the amount of RSD 741,091 thousand, refer to real-estate property for which the Company's Shareholders' Assembly made a decision to sell on November 8, 2023, and the Government of the RS gave prior consent to Decision on the Sale of Real-estate by Decision 05 No. 464-12106/2023 dated December 7, 2023. The sold property includes construction land and a building under construction with a net book value of RSD 529,443 thousand and RSD 211,648 thousand , which form a business and energy complex in Block 20 in New Belgrade. The real-estate properties were sold through a public call for offers under terms set out in the Law on Public Property.

Other advances given for inventories and services in the country in the amount of RSD 2,526,865 thousand as of 31 December 2025 (31 December 2024: RSD 4,018,890 thousand) include advances given to JP Srbijagas in the amount of RSD 1,461,531 thousand (31 December 2024: RSD 2,396,323 thousand). The lower account balance in the reporting year compared to previous year is due to lower gas consumption due to reduced engagement of blocks for electricity production.

The advances given to legal entities within the EPS group in the amount of RSD 1,013,840 thousand as of 31 December 2025 (31 December 2024: 985,842 thousand dinars) are related to the advance given to the subsidiary EPS Trgovanje d.o.o., Ljubljana, based on the Agreement on the Purchase and Sale of Electricity and Cross-border Transmission Capacities concluded on July 5, 2022.

26 TRADE RECEIVABLES

	In thousands of RSD 31 December 2025	31 December 2024
Trade receivables - related parties within the EPS Group (Note 41):		
- - domestic	12,843	11,761
- - foreign	349,858	294,785
Less: Allowance for impairment of receivables from related parties within the EPS Group	(8,658)	(8,510)
	354,043	298,036
Trade receivables – Public Enterprise „Elektrokosmet“, Priština	22,515,915	21,128,234
Less: Allowance for impairment of receivables from Public Enterprise „Elektrokosmet“, Priština	(22,515,915)	(21,128,234)
	-	-
Trade receivables - domestic:		
- for supplied electricity - individuals	45,567,152	42,772,170
- for supplied electricity - legal entities	11,002,659	11,010,558
- for supplied electricity - entities under restructuring and in bankruptcy	12,349,508	12,521,407
- other entities under restructuring and in bankruptcy	1,263,371	1,267,740
- for supplied electricity - licensed customers	123,601	137,381
- for supplied electricity - customers on open electricity market	42,640,756	42,870,786
- A.D. Elektromreža Srbije, Beograd	2,604,615	3,530,858
- “Elektrodistribucija Srbije” d.o.o., Beograd	6,545,998	7,697,888
- for delivered coal	2,041,000	2,169,703
- for delivered technological steam	312,470	308,823
- for delivered heat energy	778,477	871,919
- trade receivables for services	158,341	272,658
	125,387,948	125,431,891
Less: Allowance for impairment of trade receivables - domestic		
- for supplied electricity - individuals	(13,229,196)	(9,931,492)
- for supplied electricity - legal entities	(4,424,227)	(4,170,044)
- for supplied electricity - entities under restructuring and in bankruptcy	(12,349,508)	(12,483,531)
- other entities under restructuring and in bankruptcy	(1,263,371)	(1,267,740)
- for supplied electricity - licensed customers	(41,013)	(7,072)
- for supplied electricity - customers on open electricity market	(7,567,221)	(11,711,740)
- for delivered coal	(1,885,911)	(1,892,931)
- for delivered technological steam	(289,447)	(289,750)
- for delivered heat energy	(83,157)	(45,112)
- trade receivables for services	(34,264)	(5,231)
	(41,167,315)	(41,804,643)
Trade receivables - domestic, total	84,220,633	83,627,248
Trade receivables - foreign	4,238,516	5,117,695
Less: Allowance for impairment of receivables from foreign customers	(4,101,478)	(5,102,990)
	137,038	14,705
Other trade receivables	660,704	3,372,152
Less: Allowance for impairment of other trade receivables	(214,383)	(3,193,257)
	446,321	178,895
	85,158,035	**84,118,884**

26 TRADE RECEIVABLES (continued)

In accordance with the Conclusion of the Government of the Republic of Serbia, number 021-6624/2009-002 adopted at the Government session held on 30 November 2009, the Company uses its available production capacity in order to provide with electricity to the north of AP of Kosovo and Metohija. On the above basis, the receivables for delivered electricity to the Public entity “Elektrokosmet” Priština were recognized, in the amount of RSD 22,515,915 thousand (31 December 2024: RSD 21,128,234 thousand). At the same time, the unpaid amount is recognized as an expense by indirect write-off.

27 OTHER SHORT-TERM RECEIVABLES

	In thousands of RSD 31 December 2025	31 December 2024
Receivables from related parties within the EPS Group		-
Other receivables from specific operations	18,543	10,799
Receivables for Public Media service tax	5,811,533	5,689,504
Interest receivables:		
- legal entities within the EPS Group (Note 41)	104,694	109,720
- for supplied electricity (individuals)	6,837,167	4,303,173
- for supplied electricity (legal entities)	12,810,173	10,668,352
- for supplied electricity (entities under restructuring)	2,691,344	2,899,024
- other legal entities	929,194	776,967
Receivables from employees	1,615,620	1,752,416
Receivables from insurance for damages compensation	1,297	1,568
Receivables from points of sale	50,482	36,957
Receivables for refunded fees	64,144	175,266
Receivables for prepaid taxes and contributions	229,393	143,995
Other receivables from the state	886,719	526,493
Other receivables from legal entities within the EPS Group (Note 41)	5,083	4,407
Other receivables	2,026,826	838,462
Prepaid VAT	166,392	81,027
Receivables for overpaid income tax	-	4,001,327
	34,248,604	32,019,457
Less: Allowance for impairment of other receivables		
Other receivables from specific operations	(12,820)	(10,799)
Receivables for Public Media service tax	(1,047,646)	(962,177)
Interest receivables:		
- for supplied electricity (individuals)	(4,061,759)	(3,029,423)
- for supplied electricity (legal entities)	(5,530,849)	(4,396,254)
- for supplied electricity (entities under restructuring)	(2,816,181)	(2,914,206)
- other legal entities	(881,972)	(938,258)
Receivables from employees	(9,782)	(15,709)
Receivables for prepaid taxes and contributions	(63,261)	(63,937)
Other receivables from the state	(260)	(969)
Interest receivables and other receivables from related parties within the EPS Group	(107,672)	(112,737)
Other receivables	(1,632,948)	(294,341)
	(16,165,150)	(12,738,810)
	18,083,454	**19,280,647**

Receivables for Public Media service tax relate to the Company’s receivables, as an electricity supplier, from end customers for the Public Media Service tax (Note 5). In accordance with regulatory requirement, all risks related to the collection of receivables for the Public Media Service tax from customers are borne by the Company. The Company has assessed the possibility of collecting these receivables, based on which a correction in the value of the receivables was recognized, which, as of December 31, 2025, amounts to RSD 1,047,646 thousand (2024: RSD 962,177 thousand).

27 OTHER SHORT-TERM RECEIVABLES (continued)

Receivables for overpaid taxes and contributions in the amount of RSD 229,393 thousand as at 31 December 2025 (2024: RSD 143,995 thousand) mostly refer to the water usage fee for the Djerdap branch, in the amount of RSD 140,761 thousand dinars. This fee is paid in advance until the delivery of the final fee assessment issued by the Ministry of Agriculture, Forestry and Water Management. In addition, there are significant receivables related to contested assessments for fees for use of public areas for Kladovo (amount of RSD 43,980 thousand) and Surdulica (amount of RSD 23,732 thousand). For the comparative period 2024, in the largest part in the amount of RSD 67,108 thousand refer to receivables from the Environmental Protection Fund of the Republic of Serbia, for overpaid advance payments for 2022 and 2024 compared to the amount determined by the final calculation of the environmental protection fee, according to the administrative act of the competent authority, after the date of approval of the financial statements for the previous reporting period.

Prepaid value added tax as at 31 December 2025 in the amount of RSD 166,392 thousand (31 December 2024: RSD 81,027 thousand) refers to input tax that the Company used after balance sheet date to reduce its value added tax liabilities payable.

28 SHORT-TERM FINANCIAL INVESTMENTS

	In thousands of RSD	
	31 December 2025	**31 December 2024**
Short-term domestic loans and borrowings		-
Current maturities of grated long-term loans - domestic	91,522	260,511
Current maturities of long-term loans to entities within the EPS Group (Note 41)	269,021	269,021
Current maturities of other long-term financial investments in entities within the EPS Group (Note 41)	415,966	415,966
Current maturities of other long-term financial investments	223,833	227,661
Less: Allowance for impairment of short-term loans and borrowings - domestic	(886,828)	(967,816)
	113,514	205,343
Current maturities of rescheduled trade receivables - electricity	1,285,188	168,657
Short-term receivables from employees	44,105	51,135
Current maturities of rescheduled receivables for coal, heat energy and technical steam and services	123	123
Less: Allowance for impairment of other short-term financial investments	(1,285,311)	(167,733)
	44,105	52,182
	157,619	**257,525**

Current maturities of other long-term financial placements given to legal entities within the EPS Group in the amount of RSD 415,966 thousand (31 December 2024: RSD 415,966 thousand), refer to receivables from the subsidiary "Kolubara - Građevinar" d.o.o., Lazarevac, which are reprogrammed in accordance with the Pre-packed Reorganization Plan (PPRP) dated June 29, 2017. In accordance with the aforementioned PPRP, the Company is classified in class "D" of creditors. For this class of creditors a 6 month grace period is specified, starting from the beginning date of implementation of the Prepacked Restructuring Plan.

The total repayment period (including the grace period) is 18 months, during which liabilities are settled in equal quarterly installments. The defined interest rate is 1% per annum. The Company performed an assessment of expected credit losses based on the aforementioned receivables from a subsidiary and as a result of the assessment, recognized an impairment loss in the amount of RSD 415,966 thousand in previous years.

28 SHORT-TERM FINANCIAL INVESTMENTS (continued)

Current maturities of loans granted to legal entities within the EPS Group in the amount of RSD 269,021 thousand (31 December 2024: RSD 269,021 thousand dinars) in their entirety relate to receivables from the subsidiary "Kolubara - Građevinar" d.o.o., Lazarevac based on a long-term loan. The loan was approved for a period of four years, including a grace period of up to one year, until July 1, 2020, with interest calculated at the National Bank of Serbia’s key policy rate. As of 31 December 2025, the receivable for the aforementioned loan is matured and provisioned in full.

The rescheduled receivables from customers as at 31 December 2025 in the amount of RSD 1,285,188 thousand (31 December 2024: RSD 168,657 thousand) refer in their entirety to current maturities of long-term rescheduled receivables from customers for supplied electricity. As disclosed in Note 24, agreements on the performance of obligations and settlement of liabilities were concluded in 2025 with the following customers: Joint-stock company for the management of public railway infrastructure "Infrastruktura železnice Srbije", Joint-stock company for rail transport of goods "Srbija Kargo", Belgrade and Public company for underground coal mining "Resavica". The aforementioned agreements resulted in an increase in the current maturity of rescheduled receivables due to the transfer of part of the debt due in 2026 to short-term receivables.

29 CASH AND CASH EQUIVALENTS

	In thousands of RSD 31 December 2025	31 December 2024
Current accounts:		
- in dinars	21,709,094	24,736,281
- in foreign currency	671,108	1,563,507
	22,380,202	26,299,788
Deposits for securing letters of credit in dinars	-	52,743
Deposits for securing letters of credit in foreign currency	1,091,939	1,735,701
Cash in hand	174	24,493
Securities – cash and cash equivalents	-	2,303
Cash funds with restricted use or reduced value	235,822	239,026
Less: allowance for impairment of cash	(263,060)	(270,870)
	23,445,077	**28,083,184**

Letters of credit deposits in foreign currency stated as at 31 December 2024 in the amount of RSD 1,091,939 thousand relate in full to the guarantee deposit for the settlement of obligations under letters of credit with OTP banka a.d. Novi Sad, as payment instruments for the Company's obligations for coal purchase agreements.

An impairment of the value of cash assets refers to cash assets deposited with banks in which bankruptcy proceedings have been initiated.

30 SHORT-TERM PREPAYMENTS AND DEFERRED EXPENSES

	31 December 2025	31 December 2024
	In thousands of RSD	
Deferred expenses	1,608,280	1,493,155
Other prepayments and deferred expenses to related parties within the EPS Group (Note 41)	3,142	3,142
Other prepayments and deferred expenses	647,764	1,563,546
	2,259,186	**3,059,843**

Deferred expenses shown with the balance as of 31 December 2025 in the amount of RSD 1,608,280 thousand (31 December 2024: RSD 1,493,155 thousand) mostly, in the amount of RSD 1,439,953 thousand (31 December 2024: RSD 1,381,417 thousand), refer to the costs of property insurance and employee insurance for the following period after balance sheet date.

31 EQUITY

Core capital

On 6 April 2023, the Government of the Republic of Serbia adopted Decision no. 023-1457/2023 on the change of the Company's legal form from a public company to a joint-stock company under the full business name of Akcionarsko društvo "Elektroprivreda Srbije", Beograd, which will continue to perform the public company's activities in the same way as before the change of legal form.

In accordance with the aforementioned decision, the total share capital of the Company is converted into 36,510,509 common shares with voting rights, with a nominal value of RSD 10,000 each, so that the Republic of Serbia acquires all 100 percent of the shares of the joint-stock company with a total value of RSD 365,105,090 thousand.

By the Business Registers Agency's decision number BD 36389/2023 dated 13 April 2023, the change of data on the legal form as well as the change of the Company's business name to Akcionarsko društvo "Elektroprivreda Srbije", Beograd was registered. The Company as a joint-stock company takes over the assets, rights, obligations and employees of the public company on that same date.

The Company's core capital as at 31 December 2025 consisted of a single stake held by the Republic of Serbia as its sole member, with a 100% ownership interest.

31 EQUITY (continued)

Movements in equity

Movements in equity during 2025 and 2024 are presented in the table below:

In thousands of RSD

	Core capital	Revaluation reserves	Actuarial gains/(losses)	Gains/(losses) on available-for-sale securities	Accumulated losses	Total
Balance as at 1 January 2024	**365,105,090**	**441,419,685**	**(4,332,499)**	**(416,592)**	**(169,759,423)**	**632,016,261**
Effects of change in fair value of financial instruments	-	-	-	1,999	-	1,999
Disposal of fixed assets	-	(1,446,816)	-	-	953,063	(493,753)
Impairment for Panonske TE-TO (Notes 4 and 23)	-	(7,528,562)	-	-	-	(7,528,562)
Actuarial losses, provisions for employee benefits for retirement pay (Note 32)	-	-	(1,497,605)	-	-	(1,497,605)
Reversal of actuarial losses	-	-	709,010	-	(709,010)	-
Handover to the Republic of Serbia (without compensation) of equity investment in “Elektrodistribucija Srbije” d.o.o., Beograd (Note 23)	-	(931,725)	-	-	(602,369)	(1,534,094)
Current year profit	-	-	-	-	24,431,104	24,431,104
Balance as at 31 December 2024	**365,105,090**	**431,512,582**	**(5,121,094)**	**(414,593)**	**(145,686,635)**	**645,395,350**
Effects of change in fair value of financial instruments	-	-	-	(547)	-	(547)
Disposal of fixed assets	-	(1,515,725)	-	-	1,141,408	(374,317)
Actuarial losses, provisions for employee benefits for retirement pay (Note 32)	-	-	(1,416,828)	-	-	(1,416,828)
Reversal of actuarial losses	-	-	525,848	-	(525,848)	-
Handover to the Republic of Serbia (without compensation) of equity investment in “Elektrodistribucija Srbije” d.o.o., Beograd (Note 23)	-	-	-	-	(438,787)	(438,787)
Current year profit	-	-	-	-	38,683,402	38,683,402
Balance as at 31 December 2025	**365,105,090**	**429,996,857**	**(6,012,074)**	**(415,140)**	**(106,826,460)**	**681,848,273**

31 EQUITY (continued)

Movements in equity (continued)

At the session held on 27 March 2025 the Serbian Government granted its consent on the Decision on Distribution of the Company's Profits for 2020 and 2023, for covering losses carried forward from previous years. Based on this Decision the Company covered its loss in the total amount of RSD 62,664,744 thousand from retained earnings.

Besides this, in 2025 the Company transferred to Elektrodistribucija Srbije d.o.o., Beograd, real-estate property in the total amount of RSD 438,787 thousand, in accordance with the Agreement on Transfer of Ownership Rights Without Compensation, dated 9 December 2025 (Note 23).

During 2024 the Company transferred to Elektrodistribucija Srbije d.o.o., Beograd, real-estate property in the total amount of RSD 1,534,094 thousand, in accordance with the Agreement on Transfer of Ownership Rights Without Compensation, dated 31 October 2024 (Note 23).

32 LONG-TERM PROVISIONS

	In thousands of RSD 31 December 2025	31 December 2024
Long-term provisions for employee benefits for retirement pay and jubilee awards	29,343,497	26,986,709
Long-term provisions for court cases	2,818,897	2,595,539
Long-term provisions for renewal of natural resources	23,729,314	20,664,318
Other long-term provisions	-	24
	55,891,708	**50,246,590**

Long-term provisions for employee benefits

Long-term provisions for employee benefits as at 31 December 2025 in the amount of RSD 29,343,497 thousand (31 December 2024: RSD 26,986,709 thousand) relate to provisions for employee benefits for retirement pay and for jubilee awards for 10, 20, 30, 35 and 40 years of continuous services with the Company and are recognized using the projected credit unit method. When determining the present value of future expected payments, a discount rate ranging from 4.45% to 6.15% was used (2024: from 3.85% to 6.41%), with the assumption that the annual fluctuation rate ranges from 0.09% to 2.55% (2024: from 0.07% to 2.52%), while the salary growth rate is 6,5461% (2024: 6.3228%). Mortality tables published by the Republic of Serbia Statistical Office were used to calculate the present value of future expected payments. Any difference, as a result of the remeasurement of the current value of the obligation for retirement pay, and due to changes in actuarial assumptions and experiential projections, in 2025 was recognized as a separate item of equity within other comprehensive income in the amount of RSD 1,416,828 thousand (2024: RSD 1,497,605 thousand), and the difference, which is not a consequence of changes in actuarial assumptions and empirical projections, is recognized in the income statement.

The change of key actuarial assumptions for 1% as at the reporting date under the assumption that all other calculation parameters are constant, would have the following effects on calculated present value of retirement benefits:

	31 December 2025		31 December 2024	
In RSD 000	**(+)**	**(-)**	**(+)**	**(-)**
Discount rate (1pp movement)	(1,281,016)	1,497,569	(1,099,947)	1,281,716
Fluctuation rate (1pp movement)	(1,360,743)	1,574,184	(1,175,605)	1,356,370
Salary growth rate (1pp movement)	1,466,170	(1,279,270)	1,266,616	(1,107,575)

32 LONG TERM PROVISIONS (continued)

The effect of these changes for calculated present value of jubilee awards are as follows:

	31 December 2025		31 December 2024	
In RSD 000	(+)	(-)	(+)	(-)
Discount rate (1pp movement)	(1,068,231)	1,225,649	(914,366)	1,046,877
Fluctuation rate (1pp movement)	(1,133,786)	1,285,555	(977,042)	1,106,228
Salary growth rate (1pp movement)	1,198,682	(1,065,673)	1,034,110	(920,352)

Long-term provisions for court cases

The Company formed a long-term provision for the estimated negative effects of court cases that were initiated against the Company and were active on the date of the reporting period. This assessment was based on the assessment of the outcome of court cases carried out by the Company's legal department.

Long-term provisions for renewal of natural resources

Long-term provisions for the costs of renewal of natural resources primarily relate, in the amount of RSD 20,493,331 thousand (31 December 2024: RSD 17,442,379 thousand) to provisions for final recultivation of land on which slag and ash landfills are located for thermal power plants of Kostolac, Kolubara, Morava, Nikola Tesla A and Nikola Tesla B. In determining the present value of expected future payments a discount rate was used in the range from 4.45% to 5.70%, with the estimated useful life of the landfill of 1 to 18 years. A change in key assumptions, provided that other parameters remained unchanged, would have the following effects on the present value of future expected payments: if the discount rate were increased by 1%, the amount of provision would be reduced by RSD 1,209,120 thousand (in the case of a decrease of 1%, the amount of the provision would be increased by RSD 1,370,432 thousand). If the lifetime of the landfill were extended by one year, the provision amount would decrease by RSD 819,547 thousand (in the case of a reduction in the lifetime of the landfill, the provision amount would increase by RSD 860,245 thousand). If the costs of future expected payments for each of the landfills were to increase by RSD 100,000 thousand, the amount of the provision would increase by 1,237,070 thousand dinars (in the case of a decrease of 100,000 thousand dinars, the amount of the provision would decrease by RSD 1,237,070 thousand).

The regulation on disposal of waste in landfills, adopted on the basis of the Law on Waste Management, among other things, prescribes the manner and procedures of landfill closure, as well as subsequent maintenance after landfill closure. According to the aforementioned Regulation, the area of the landfill or one of its parts is closed when the conditions specified in the permit and the main project for the closure of the entire landfill or one of its parts are met. Landfills are covered and protective layers are applied in accordance with the procedures and mode of operation of the landfill. After the landfill is closed, maintenance, protection, control and monitoring of the closed landfill are ensured, in accordance with the Regulation. As part of the regular production process, the Company manages slag and ash landfills that are generated during production from the burning of coal in the Kostolac, Kolubara, Morava, Nikola Tesla A and Nikola Tesla B thermal power plants. Landfills are of different capacity, age, technical solution and with different remaining useful lives.

Long-term provisions for the costs of renewal of natural resources primarily relate, in the amount of RSD 3,235,983 thousand (31 December 2024: RSD 3,221,939 thousand), to provisions for final recultivation of land on which open pit mines "Drmno" in the TE-KO Kostolac branch are located, as well as open pit mines "Field B", "Field D", "Tamnava East Field", "Tamnava West Field", "Veliki Crljeni", "Filed C", "Field G" and "Field E" in the RB Kolubara branch. In determining the present value of expected future payments a discount rate was used in the range from 3.79% to 6.38%, with the estimated useful life of the open pit mine of 5 to 25 years. A change in key assumptions, provided that other parameters remained unchanged, would have the following effects on the present value of future expected payments: if the discount rate were increased by 1%, the amount of provision would be reduced by RSD 110,888 thousand (in the case of a decrease of 1%, the amount of the provision would be increased by RSD 137,067 thousand). If the lifetime of the landfill were extended by one year, the provision amount would decrease by RSD 39,982 thousand (in the case of a reduction in the lifetime of the landfill, the provision amount would increase by RSD 41,979 thousand). If the costs of future expected payments for each of the landfills were to increase by RSD 100,000 thousand, the amount of the provision would increase by RSD 136,851 thousand (in the case of a decrease of RSD 100,000 thousand, the amount of the provision would decrease by RSD 136,851 thousand).

32 LONG TERM PROVISIONS (continued)

Movements in long-term provisions in 2025 and 2024 are presented in the table below:

In thousands of RSD

	Provisions for employee benefits for retirement pay and jubilee awards	Provisions for court cases	Provisions for renewal of natural resources	Other long-term provisions	Total
Balance as at 1 January 2024	**18,669,078**	**2,463,834**	**18,818,762**	**24**	**39,951,698**
New provisions charged to income statement (Notes 14 and 17)	8,539,191	643,871	180,425	-	9,363,487
New provisions reported under other comprehensive income (Note 31)	1,497,605	-	-	-	1,497,605
Increase in provisions credited to fixed assets (Note 23)	-	-	1,008,218	-	1,008,218
Used provisions	(1,719,165)	(297,059)	(69,854)	-	(2,086,078)
Reversal of provisions (Note 20)	-	(215,107)	(74,554)	-	(289,661)
Effects of movements in provisions due to elapsed time	-	-	801,321	-	801,321
Balance as at 31 December 2024	**26,986,709**	**2,595,539**	**20,664,318**	**24**	**50,246,590**
New provisions charged to income statement (Notes 14 and 17)	4,179,339	453,911	1,059,915	-	5,693,165
New provisions reported under other comprehensive income (Note 31)	1,416,828	-	-	-	1,416,828
Increase in provisions credited to fixed assets (Note 23)	-	-	1,340,439	-	1,340,439
Used provisions	(3,239,379)	(158,236)	(50,785)	(24)	(3,448,424)
Reversal of provisions (Note 20)	-	(72,317)	(159,639)	-	(231,956)
Effects of movements in provisions due to elapsed time	-	-	875,066	-	875,066
Balance as at 31 December 2025	**29,343,497**	**2,818,897**	**23,729,314**	**-**	**55,891,708**

The changes in the present value of calculated retirement benefits and jubilee awards in 2025 and 2024 are presented in the table below:

In thousands of RSD

	Retirement benefits	Jubilee anniversary award	Total
Balance as at 1 January 2024	**6,635,259**	**12,033,819**	**18,669,078**
Included in profit or loss:			
Interest costs (note 14)	350,457	36,956	387,413
Current service costs (note 14)	372,469	367,505	739,974
Past service costs (note 14)	5,780,493	-	5,780,493
Actuarial losses (note 14)	-	1,631,311	1,631,311
Included in other comprehensive income:			
Actuarial losses (note 31)	1,497,605	-	1,497,605
Reversal of provisions through payments to employees	(335,367)	(1,383,798)	(1,719,165)
Balance as at 31 December 2024	**14,300,916**	**12,685,793**	**26,986,709**
Included in profit or loss:			
Interest costs (note 14)	716,043	679,671	1,395,714
Current service costs (note 14)	635,054	807,580	1,442,634
Actuarial losses (note 14)	-	1,340,991	1,340,991
Included in other comprehensive income:			
Actuarial losses (note 31)	1,416,828	-	1,416,828
Reversal of provisions through payments to employees	(1,902,907)	(1,336,472)	(3,239,379)
Balance as at 31 December 2025	**15,165,934**	**14,177,563**	**29,343,497**

33 LONG-TERM LIABILITIES

	31 December 2025	31 December 2024
	In thousands of RSD	
Liabilities convertible into equity	-	80,500
Liabilities for long-term domestic loans and borrowings in dinars and foreign currency	22,899,654	32,131,528
Less: Current maturities of long-term domestic loans and borrowings in dinars and foreign currency	(8,974,479)	(8,960,762)
	13,925,175	23,170,766
Liabilities for long-term loans and borrowings - foreign	128,417,547	162,472,217
Less: Current maturities of long-term foreign loans	(28,485,350)	(27,849,841)
	99,932,197	134,622,376
Lease liabilities	21,812	10,523
Less: Current portion of lease liabilities	(10,457)	(6,549)
	11,355	3,974
	113,868,727	**157,877,616**

I Refinanced loans realized prior to 1990 from the funds of:

1. Paris Club of Creditors

The repayment of liabilities arising from the refinanced long-term loans from the Paris Club of Creditors realized through domestic banks was frozen upon the introduction of the United Nations' Sanctions in May 1992.

The liabilities arising from the debt to the Paris Creditor Club members were recognized, in accordance with the Reconciled Minutes of the FRY Debt Consolidation and the Law Governing the Relations between the Federal Republic of Yugoslavia and Legal Entities and Banks within the Territory of the Federal Republic of Yugoslavia (FRY Official Gazette No. 36/2002), that Regulate Relations With Debtors or Guarantors toward the Paris Club and London Club Creditors and the balance reconciled with the National bank of Serbia, in the amount of 49% of the relevant principal, based on the concluded bilateral agreements. The Law provided for the possibility of additional write-off of liabilities in three years up to the maximum amount of 66.67%.

In the course of 2006, with the Deposit Insurance Agency acting on behalf and for the account of the Republic of Serbia, and with Panonska banka a.d., Novi Sad, whose legal successor is Banca Intesa a.d. Beograd, the Company closed annexes to the original contracts approving an additional discount in the amount of 15% of the relevant principal.

As of March 2024, obligations toward the Paris Club of Creditors, excluding obligations toward the Russian Federation, have been repaid in full. The Company will continue to repay the remaining outstanding debt in semi-annual installments until March 2034.

2. International Banks for Reconstruction and Development

In accordance with the Agreement entered into between the Government of the Federal Republic of Yugoslavia and the IBRD dated 17 December 2001, the total amount of liabilities for principal, interest and other expenses accrued up to the end of 2001, represents the principal of a new loan which is to be repaid to the Government of the Republic of Serbia in semi-annual installments in the period from 15 June 2005 to 15 December 2031 and carries a variable interest rate.

On 17 May 2006, the Company entered into an agreement on rescheduled liabilities with the Deposit Insurance Agency governing the Company's liabilities to the Republic of Serbia arising from the rescheduled loans from the aforementioned creditor.

33 LONG-TERM LIABILITIES (continued)

II Loans from foreign governments

1. Loan from the Japanese Government through Japanese International Cooperation Agency (JICA)

The Government of Japan through the Japan International Cooperation Agency (JICA) is financing the project of flue gas desulphurization plant construction at "Nikola Tesla" Thermal Power Plant. The loan of JPY 28,252 billion was agree on 24 November 2011 for a period of 15 years (the repayment period is 10 years, after expiry of the 5 year grace period). Utilization period of loan funds is 10 years after the Loan Agreement goes into effect, with possibility of extension. Based on the Loan Agreement, dated May 31, 2022, the creditor, at the request of the Company, extended the loan drawdown period until April 1, 2024.

The interest rate is 0.60% per annum for Principal I, except for the part of the loan used to pay for consulting services – Principal II, for which the interest rate is 0.01% per annum. The cost of committed, unused loan funds (*commitment fee*), which amounts to 0.10% per annum, as well as the costs of interest for Principal I and interest for Principal II, were capitalized and paid from loan funds, until December 20, 2023, after which they are paid from the Company's own funds. Maturity dates are 20 May and 20 November, whereby the repayment of the principal, according to the amortization plan in Appendix 3 and Annex 1 of the Loan Agreement, commences on 20 November 2016 and completes on 20 November 2026.

2. Loans from the People’s Republic of China through Export-Import Bank (EXIM Bank of China)

In accordance with the Agreement on Economic and Technical Cooperation in Infrastructure, signed on 20 August 2009 by and between the Government of the Republic of Serbia and the People’s Republic of China, following Agreements have been concluded:

- **Loan Agreement for subsidized buyer for stage I of the Kostolac-B Power Plant Projects Package**, concluded on 26 December 2011 between the Government of the Republic of Serbia, as the Borrower, and Chinese Export-Import Bank, as the Creditor. The loan was agreed in the amount of USD 293 million, for a period of 180 months, including grace period of 60 months. Loan funds were withdrawn during the grace period, with the possibility of extending the drawdown period. With approval of EXIM banka dated 31 December 2017, the loan drawdown period was extended to 31 December 2018. After the expiration of the drawdown period, and in accordance with Article 3.3 of the Loan Agreement, part of the loan in the amount of USD 6.361 million was automatically cancelled. The installments mature for repayment semi-annually, on 21 January and 21 July each calendar year. The amount of the withdrawn loan until June 4, 2017, is repaid in 20 equal consecutive semi-annual installments in the period from July 21, 2017, to January 21, 2027. The amount of the loan withdrawn between June 5, 2017, and December 31, 2018, is repaid in 17 equal consecutive semi-annual installments, from January 21, 2019, to January 21, 2027. The agreed interest rate is fixed at 3.00% annually, with a one-off loan origination fee of 1.00% of the agreed loan amount and commission on the undrawn loan amount of 0.75% annually.

- **Loan Agreement for subsidized buyer for stage II of the Kostolac-B Power Plant Projects Package**, concluded on 17 December 2014 between the Government of the Republic of Serbia, as the Borrower, and Chinese Export-Import Bank, as the Creditor. The loan was agreed in amount of USD 608.26 million, for a period of 240 months, including grace period of 84 months. Usage period of loan funds was 25 May 2022, with possibility of extension. At the borrower's request, the creditor approved the extension of the drawdown period until 31 December 2023, and then until 30 April 2024. The installments mature for repayment semi-annually, on 21 January and 21 July each calendar year. Loan principal is repaid in the period from July 21, 2022, to January 21, 2035, with an interest rate of 2.50% per annum, a one-time loan processing fee of 0.25% of the contracted value and a commission on the undrawn part of the loan of 0. 25% per annum. After the extension of the drawdown period until 31 December 2023 and the repayment of 3 equal principal installments in the total amount of USD USD 33,343,915.23, the balance up to the contracted USD 574,916,084.77 is to be repaid in 23 equal installments, starting from 21 January 2024, to 21 January 2035, where the last installment amount shall be determined after final drawdown of loan funds. In 2024 the availability of loan funds for drawdown was extended to 30 April and subsequently, to 31 December 2024 as the final date for drawdown of funds.

33 LONG-TERM LIABILITIES (continued)

III Loans from International Financial Organizations

1. European Bank for Reconstruction and Development (EBRD) loans

The following financial agreements were concluded with the European Bank for Reconstruction and Development (EBRD) in period from 2015 to 2024:

- **EUR 200 million** was agreed on 30 October 2015. Loan duration is 15 years, including grace period of 18 years. The contracted loan effectiveness date is 29 September 2016, with the final date for loan drawdown to be determined as the date upon expiry of one year from the loan effectiveness date. Drawdown of funds occurred in full on 18 January 2016. Principal repayment began on 15 June 2017, in 27 equal semi-annual installments, and will end on 17 June 2030. The interest rate agreed is variable and corresponds the sum of EURIBOR and 1.00% annual mark-up. Commission for unused portion of the loan amounts to 0.50% annually. The management fee amounts to 1.00% of the total loan amount and is paid once out of the Borrowers funds. The loan funds were used for early repayment of loans from commercial banks.

- **EUR 300 million** was agreed on 15 March 2023. The contract went into effect on 12 June 2023. The loan consists of two tranches: the first tranche - EUR 200 million, the second tranche - EUR 100 million. The minimum withdrawal amount is EUR 20 million. The loan is available for drawdown until 5 September 2024. As of May 2024 drawdown of loan funds occurred in full. Principal is repaid in eight equal semi-annual installments starting from 20 August 2024 and is to be completed by 21 February 2028. The interest rate agreed is variable and corresponds the sum of 6M EURIBOR and 1.00% annual mark-up. Commission for unused portion of the loan amounts to 0.50% annually. The management fee amounts to 1.00% of the total loan amount and is paid once out of the Borrowers funds.

- **EUR 67 million** with additional EUR 15,432 million of non-repayable funds was agreed on 22 November 2024. The percentage of withdrawals from loan funds is 79.65%, and from donations, 20.35%. The minimum amount of an individual withdrawal, except for the last one, is EUR 150,000.00. Loan facilities are available for five years as of execution of the Loan Agreement. Principal is repaid in 22 equal semi-annual installments starting from 30 April 2029 and is to be completed by 30 October 2039. The interest rate agreed is variable and corresponds the sum of 6M EURIBOR and 1.00% annual mark-up. Commission for unused portion of the loan amounts to 0.50% annually. The management fee amounts to 1.00% of the total loan amount and is paid once out of the loan funds 60 days from execution of loan agreement.

2. KfW loans

With the German financial organization KfW financial agreements were executed in the period from 2010 through 2023 as follows:

- **EUR 70 million** was agreed on 29 October 2010. As the final deadline for the use of borrowed funds is set 31 December 2015 with the option of deadline extension. The deadline was extended more than once, with the last extension being up to 30 June 2024. Undrawn loan funds until the drawdown deadline amount to EUR 766,033.32. According to the provisions of the Loan Agreement, the principal repayment should have commenced on 30 December 2015 in 20 equal semi-annual installments. According to Amendment I to the Loan Agreement loan principal repayment terms have been changed such that principal is to be repaid in 14 semi-annual installments starting on 30 December 2018. Annual interest rate has been agreed and is to be determined by KfW annually two days before disbursement for each portion of the loan received based on actual expenses incurred by KfW on the EUR capital market, decreased by 0.50% mark-up annually, where the interest rate cannot be below 1.00% annually. After each payment, KfW consolidates the rates into a uniform rate for the total loan. Commission for unused portion of the loan amounts to 0.25% annually, and the Company was freed from this expense in 2014. The management fee amounts to 1.00% of the total loan amount and is paid once out of the Borrower's own funds.

33 LONG-TERM LIABILITIES (continued)

III Borrowings from International Financial Organizations (continued)

2 KfW loans (continued)

- **EUR 80 million** (with an additional EUR 1 million in grants) was agreed on 29 November 2017, and then on 29 June 2022, an additional EUR 790,000.00 in grants. In December 2023, the Donation Agreement was concluded (WBIF) for a donation of up to EUR 30 million, with a drawdown deadline until June 2025. The originally agreed deadline for loan and grant funds (30 December 2021) was extended to 30 December 2024. Repayment of principal has also been extended, which is carried out through 23 equal semiannual installments; the first installment was paid in 2021, with the remaining 22 installments to be repaid from 30 June 2024 to 30 December 2034. A fixed interest rate has been agreed and amounts to 0.85% annually. Commission for unused portion of the loan amounts to 0.25% annually, with the Company being freed from this expense in the period from 30 March 2019 to 30 June 2019. The management fee amounts to 0.75% of the total loan amount and is paid once out of the Company's own funds.

- **EUR 100 million**, contracted on 30 June 2023, effective as of 4 November 2023. The minimum withdrawal amount is EUR 20 million, except for the last drawdown amount. Loan drawdown period was up to 30 September 2024, with the loan amount withdrawn in full. Principal repayment is in 15 equal semi-annual installments, starting from March 15, 2026 until March 15, 2033. A fixed interest rate is agreed for each payment (the Swap Rate), published on the Reuters website or Bloomberg's "ICAPEURO" / "ICAE", plus a 0.65% mark-up. Commission for undrawn loan funds amounts to 0.25%. The management fee amounts to 0.50% of the total loan amount and is paid once on 4 December 2023 out of the Company's own funds.

- **EUR 30 million** was agreed on 27 September 2024. Loan funds will be used after drawdown of WBIF donation facilities (agreed in December 2023 in the amount of EUR EUR 30 million), starting in June 2025 up to 30 April 2026. Principal repayment is in 21 equal semi-annual installments, starting from 15 November 2029 until 15 November 2039. A fixed interest rate has been agreed and amounts to 3.15% annually. Commission for undrawn loan funds amounts to 0.25%. The management fee amounts to 0.50% of the total loan amount and is paid once out of the Company's own funds.

3 CDP, Cassa Depositi e Prestiti S.p.A. loan

EUR 100 million was agreed on 23 May 2024. The contract went into effect on 3 October 2024. The loan consists of two tranches: the first tranche - EUR 70 million, the second tranche - EUR 30 million. The minimum withdrawal amount is EUR 20 million. The loan is available for drawdown until 3 October 2025. As of December 2024 drawdown of loan funds occurred in full. Principal is repaid in eight equal semi-annual installments starting from 30 December 2025 and is to be completed by 30 June 2029. The interest rate agreed is variable and corresponds the sum of 6M EURIBOR and 1.00% annual mark-up. Commission for unused portion of the loan amounts to 0.50% annually. The management fee amounts to 1.00% of the total loan amount and is paid once out of the Borrowers funds.

33 LONG-TERM LIABILITIES (continued)

III Borrowings from International Financial Organizations (continued)

4 European Investment Bank (EIB) loan

Financial agreements concluded with the European Investment Bank (EIB) are as follows:

- A loan of **EUR 22** million was extended to the Company for financing the project of managing the electric power system of Serbia and Montenegro, concluded between Serbia and Montenegro and the European Investment Bank on 30 October 2003. The loan was fully drawn in 10 tranches in the period until 31 December 2008. The loan is repaid in semi-annual installments, partly maturing on 25 May and 25 November, and in part these installments fall due on 9 June and 9 December in the period from 2010 through 2027. The first instalment was due on 25 November 2010 and the last installment is due on 9 December 2027. The applicable interest rate is set for each tranche individually and is fixed until the end of repayment period.

- On 27 December 2024, the Republic of Serbia concluded a financing agreement with the European Investment Bank in the amount of EUR 100 million; after confirmation by the Serbian Parliament activities were undertaken on concluding the Agreement on Transfer of Funds Between the Ministry of Finance, the Ministry of Mining and Energy and the Company, based on which the amount of EUR 100 million will be made available to the Company for the purpose of modernizing the existing hydroelectric power plants and commissioning new plants for the production of renewable energy.

5 World Bank (WB) loans

- ***International Development Association (IDA)***

Pursuant to the Agreement on a Development Loan (Serbia and Montenegro Component of the Program of Energy Community of South East Europe – Serbia Project - ECSEE) dated 8 September 2005, concluded between the State Union of Serbia and Montenegro on one side and the International Development Association on the other, in the amount of SDR 13.9 million and a Loan Sub-agreement signed between the Republic of Serbia and the Sate Union of Serbia and Montenegro and the Loan Sub-agreement concluded between the Republic of Serbia and the Company, the Company can use the loan funds of SDR 12.24 million. Funds were drawn down up to 30 June 2012, with the exception that the loan amount of SDR 441,151.20 was cancelled. The loan is to be repaid in semi-annual installments maturing on 15 March and 15 September in the period from 2015 to 2025. The loan was agreed interest-free. Service charge amounts to 0.75% annually and is calculated on the unpaid portion of the principal. Fee for the commitment of funds on the principal amount of the principal amount which is not withdrawn amounts to no more than 0.50% annually.

- ***International Bank for Reconstruction and Development (IBRD)***

Based on Borrowing Agreement (Project of urgent recovery from floods) concluded on 9 October 2014, between the Republic of Serbia, as the Borrower, and the IBRD, as the Creditor, in amount of EUR 227.48 million. The Republic of Serbia has agreed on 19 February 2015 in the Loan Subagreement, to transfer to the Company rights to use a portion of the loan funds, in the amount of EUR 157.11 million. Through amendment of the loan sub-agreement on 4 October 2017, the loan amount transferred by the Republic of Serbia to the Company was reduced to EUR 139.74 million, and then on 5 October 2017, the Republic of Serbia canceled part of the loan in the amount of EUR 3.2 million. After expiry of the deadline for drawdown of loan funds, being October 31, 2019, on March 10, 2020, the Company returned to the creditor the previously withdrawn, unused amount of the loan of EUR 364.8 thousand, with the total loan amount repayable as at 31 December 2022 being EUR 135,037,339.22. The loan period is 30 years, including a 9 year grace period. The loan is repaid in 42 sequential semi-annual installments, on 1 May and 1 November starting from November 2023 until May 2044. Interest rate is the sum of 6M EURIBOR and variable mark-up which currently amounts to 0.93% annually. Commission for unused loan funds amounts to 0.25% annually and is calculated on the amount of unused loan funds.

33 LONG-TERM LIABILITIES (continued)

IV Euro denominated loans from commercial banks

Project financing loans

1 NLB Komercijalna banka (former Komercijalna banka a.d. Beograd)

EUR 15 million was agreed on 12 December 2019. Drawdown of funds occurred in full on 17 November 2020. The loan repayment period is 10 years, including a 4 year grace period. Principal repayment is in 12 equal consecutive semi-annual installments, with the first principal installment due on 15 October 2023, and the last one due on 15 April 2029. Payment dates are April 15 and October 15. The loan interest rate agreed is variable and corresponds to the sum of 6M EURIBOR and 1.95% annual mark-up. Commission for unused portion of the loan amounts to 0.25% annually. A one-time commission for organizing the transaction (management fee) has not been contracted.

2 Banca Intesa a.d. Beograd

- **EUR 45 million** was agreed on 9 December 2019. Drawdown of funds occurred in full on 14 November 2022. The loan repayment period is 10 years, including a 4 year grace period. Principal repayment is in 12 equal semi-annual installments, with the first principal installment due on 15 October 2023, and the last one due on 15 April 2029. Payment dates are April 15 and October 15. The loan interest rate agreed is variable and corresponds to the sum of 6M EURIBOR and 3.50% annual mark-up. Commission for unused loan funds amounts to 0.25% annually, and is calculated from 1 January 2020. A one-time commission for organizing the transaction (management fee) has not been contracted.

- **EUR 30 million** was agreed on 9 December 2019. Drawdown of funds occurred in full on 13 March 2023. The loan repayment period is 10 years, including a 4 year grace period. Principal repayment is in 12 equal semi-annual installments, with the first principal installment due on 15 October 2023, and the last one due on 15 April 2029. Payment dates are April 15 and October 15. The loan interest rate agreed is variable and corresponds to the sum of 6M EURIBOR and 3.75% annual mark-up. Commission for unused loan funds amounts to 0.25% annually, and is calculated from 1 January 2020. A one-time commission for organizing the transaction (management fee) has not been contracted.

3 OTP banka (former Vojvođanska banka a.d. Novi Sad)

EUR 30 million was agreed on 6 December 2019. The is administered by OTP banka a.d. Novi Sad (the legal successor of Vojvođanska banka a.d. Novi Sad). Loan funds drawdown period is from 1 January 2020 until 31 December 2023. The loan repayment period is 10 years, including a 4 year grace period. Principal repayment is in 12 equal semi-annual installments, with the first principal installment due on 15 October 2023, and the last one due on 15 April 2029. Payment dates are April 15 and October 15. The loan interest rate agreed is variable and corresponds to the sum of 6M EURIBOR and 3.75% annual mark-up. Commission for unused loan funds amounts to 0.25% annually, and is calculated from 1 January 2020. A one-time commission for organizing the transaction (management fee) has not been contracted.

4 OTP banka

EUR 15 million was agreed on 10 December 2019. Loan funds drawdown period is from 1 January 2020 until 31 December 2023. The loan repayment period is 10 years, including a 4 year grace period. Principal repayment is in 12 equal semi-annual installments, with the first principal installment due on 15 October 2023, and the last one due on 15 April 2029. Payment dates are April 15 and October 15. The loan interest rate agreed is variable and corresponds to the sum of 6M EURIBOR and 3.75% annual mark-up. Commission for unused loan funds amounts to 0.25% annually, and is calculated from 1 January 2020. A one-time commission for organizing the transaction (management fee) has not been contracted.

33 LONG-TERM LIABILITIES (continued)

IV Euro denominated loans from commercial banks (continued)

5 Loans for working capital in euros

In order to ensure liquidity for the purpose of purchasing gas, electricity and for paying tax obligations, agreements were concluded with commercial banks in the total amount of **EUR 175 million**.

In August 2022, these Agreements were annexed (except for the 2022 agreement with OTP Bank in the amount of EUR 35 million), which changed the terms of loan repayment in 48 monthly installments starting from 1 October 2023, until 30 August 2027. Interest is calculated and paid monthly at variable interest that is the sum of 3M EURIBOR and a fixed mark-up:

- **EUR 70 million** – concluded in 2021 with Erste bank a.d. Novi Sad and Eurobank Direktna aksionarsko društvo Beograd;
- **EUR 10 million** – concluded in 2021 with Agroindustrijsko komercijalna banka (AIK banka) Beograd;
- **EUR 50 million** – concluded in 2021 with NLB komercijalna banka A.D. Beograd. Annex 1 was concluded in July 2022, and Annex 2 of the Core Agreement in August.

Contracts from 2021 for EUR 15 million and from January 2022 for EUR 20 million with OTP bank Srbija a.d. Novi Sad, which were not annexed in August 2022, were refinanced with a new contract in the amount of EUR 35 million concluded the same month, which changed the repayment terms to 48 monthly installments from 1 October 2023 to 30 August 2027, with monthly interest calculated as the sum of 3M EURIBOR and a fixed markup.

On 1 May 2025 annexes were drawn up for agreements for the provision of the service "Framework Credit Line for Liquidity" concluded with domestic banks. The annexes reduced the contracted fixed markups for calculating interest for loans indexed in EUR, from 5.0% to 3.6%.

V ***Loans for working capital in dinars***

In order to secure working capital needed to finance current liabilities that arise in the regular course of business activities of the Company, secure supply of electricity to customers, secure and reliable operation of the electric power system, as well as to ensure funds for the purpose of financing the purchase of electricity from renewable sources, loan agreements were concluded with commercial banks in dinars, as follows:

- **Agreement concluded in 2022 with Banca Intesa a.d. Novi Sad, in the amount of RSD 3.0 billion.** The loan is repaid in 24 equal monthly installments starting from January 1, 2023, to December 1, 2024. Interest is calculated monthly as the sum of 1M BELIBOR and a fixed mark-up.
- **Agreement concluded in 2022 with Agroindustrijska komercijalna banka AIK banka Beograd, in the amount of RSD 4.0 billion.** Annex 1 was concluded in August 2022. The loan is repaid in 48 equal monthly installments starting from October 1, 2023, to August 30, 2027. Interest is calculated monthly as the sum of 1M BELIBOR and a fixed mark-up.
- **Agreement concluded in 2021 with Banka Poštanska štedionica a.d. Beograd, in the amount of RSD 3.0 billion.** Annex 1 was concluded in August 2022. The loan is repaid in 48 equal monthly installments starting from October 1, 2023, to September 1, 2027. Interest is calculated monthly as the sum of 1M BELIBOR and a fixed mark-up.

On 1 May 2025 annexes were drawn up for agreements for the provision of the service "Framework Credit Line for Liquidity" concluded with domestic banks, where annexes reduce the agreed fixed markup for interest calculation for loans indexed in RSD, from 3.5% to 2.5%.

33 LONG-TERM LIABILITIES (continued)

An overview of all loans as at 31 December 2025 is provided in the table below:

No.	LOANS	Currency	ORIGINAL CURRENCY				Collateral	Equivalent amount in RSD In thousands of RSD	
			Outstanding balance at 31.12.2025	Installment due date	Repayment period	Interest rate		31.12.2025	01.01.2025
	TOTAL LONG-TERM LOANS (A+B)							**151,317,201**	**194,603,745**
A	**FOREIGN CURRENCY LOANS (I+II+III+IV+V)**							**148,517,201**	**190,203,745**
I	**REFINANCED LOANS REALIZED FROM FUNDS (1+2+3+4)**							**3,060,032**	**3,662,275**
1	**PARIS CLUB OF CREDITORS**							**2,874,580**	**3,455,302**
1.1	RUSSIA	USD	28,769,825	3/22/2006 3/22/2034	22 Mar and 22 Sep	0.5517% p.a.	Bills of exchange	2,874,580	3,455,302
2	IBRD 2338-5	EUR	897,914	6/15/2005 12/15/2031	15 Jun and 15 Dec	6.75% p.a. until 11/24	Bills of exchange	105,309	122,133
3	IBRD 2338-7	EUR	256,741	6/15/2005 12/15/2031	15 Jun and 15 Dec	6.75% p.a. until 11/24	Bills of exchange	30,111	34,922
4	European Union	EUR	426,596	10/17/2012 10/17/2016	17 Apr and 17 Oct	6M Euribor p.a.	-	50,032	49,918
II	**LOAN FROM FOREIGN GOVERNMENTS**							**54,544,751**	**74,644,040**
1	Japanese loan (JICA)	JPY	6,128,376,000	11/20/2016 11/20/2026	20 May and 20 Nov	0.60% p.a. (Principal 1) 0.01% p.a. (Principal 2)	RS guarantee	3,909,855	8,824,359
2	Export-Import Bank of China I	USD	43,878,005	7/21/2017 1/21/2027	21 Jan and 21 Jul	3% p.a.	Bills of exchange	4,384,137	8,222,636
3	Export-Import Bank of China II	USD	462,894,109	7/21/2022 1/21/2035	21 Jan and 21 Jul	2.5% p.a.	Bills of exchange	46,250,759	57,597,045
III	**LOANS FROM INTERNATIONAL FINANCIAL ORGANIZATIONS**							**73,803,145**	**87,749,798**
1	EBRD VI (200 mil. EUR)	EUR	66,666,667	6/15/2017 6/15/2030	15 Jun and 15 Dec	EURIBOR + 1% p.a.	RS guarantee	7,818,800	9,534,547
2	EBRD VII (300 mil. EUR)	EUR	187,500,000	20-Aug-24 20-Feb-28	20 Feb and 20 Aug	6M EURIBOR + 1.00% p.a.	RS guarantee	21,990,375	30,716,411
3	EBRD VIII (67 mil. EUR)	EUR	670,000	4/30/2029 10/31/2039	30 Apr and 30 Oct	variable rate, 6M EURIBOR + 1.00%	RS guarantee	78,579	-
4	EIB II (22 mil. EUR)	EUR	1,026,666	11/25/2010 12/9/2027	9 Jun and 9 Dec; 25 May and 25 Nov	fixed for each tranche of 3.879% p.a. to 5.248% p.a.	RS guarantee	120,409	260,553
5	KfW V (70 mil. EUR)	EUR	-	12/30/2018 6/30/2025	30 Jun and 30 Dec	Variable rate + 0.5% p.a.	RS guarantee	-	655,775
6	KfW VIII (80 mil. EUR)	EUR	64,760,535	12/30/2021 12/30/2034	30 Jun and 30 Dec	0.85% p.a.	RS guarantee	7,595,245	8,419,864
7	KfW IX (100 mil. EUR)	EUR	100,000,000	15-Mar-26 15-Mar-33	15 Mar and 15 Sep	variable rate, Swap rate + 0.65% mark-up	RS guarantee	11,728,200	11,701,490
8	KfW X (30 mil. EUR)	EUR	2,187,625	11/15/2029 11/15/2039	15 May and 15 Nov	3.15%	RS guarantee	256,569	-
9	CDP (100 mil. EUR)	EUR	87,500,000	12/30/2025 6/30/2029	30 Jun and 30 Dec	6M EURIBOR + 1.00%	RS guarantee	10,262,175	11,701,490
10	Wb IDA (12.24 mil. SDR)	XDR	-	9/15/2015 3/15/2025	15 Mar and 15 Sep	-	RS guarantee	-	86,506
11	WB IBRD (139.7 mil. EUR)	EUR	118,967,896	11/1/2023 5/1/2044	1 May and 1 Nov	6M EURIBOR + variable mark-up	Bills of exchange	13,952,793	14,673,162

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
31 December 2025

33 LONG-TERM LIABILITIES (continued)

No.	LOANS	Currency	ORIGINAL CURRENCY				Collateral	Equivalent amount in RSD In thousands of RSD	
			Outstanding balance at 31.12.2025	Installment due date	Repayment period	Interest rate		31.12.2025	01.01.2025
IV	**EURO DENOMINATED LOANS FROM COMMERCIAL BANKS**							**17,029,541**	**24,057,560**
1	NLB Komercijalna banka 15mil	EUR	8,750,000	10/15/2023 4/15/2029	15 Apr and 15 Oct	6M EURIBOR + 1.95%	Bills of exchange	1,026,218	1,316,418
2	Banca Intesa 45mil	EUR	26,250,000	10/15/2023 4/15/2029	15 Apr and 15 Oct	6M EURIBOR + 3.50%	Bills of exchange	3,078,652	3,949,253
3	Banca Intesa 30mil	EUR	17,500,000	10/15/2023 4/15/2029	15 Apr and 15 Oct	6M EURIBOR + 3.75%	Bills of exchange	2,052,435	2,632,835
4	OTP banka (former Vojvođanska banka) 30m	EUR	17,500,000	10/15/2023 4/15/2029	15 Apr and 15 Oct	6M EURIBOR + 3.75%	Bills of exchange	2,052,435	2,632,835
5	OTP banka 15mil	EUR	9,030,112	10/15/2023 4/15/2029	15 Apr and 15 Oct	6M EURIBOR + 3.75%	Bills of exchange	1,059,070	1,358,560
6	ERSTE banka	EUR	14,036,458	10/1/2023 8/30/2027	every 1st in month	3M EURIBOR + 5.00%	Bills of exchange	1,646,224	2,581,032
7	AIK banka (former EUROBANK DIREKTNA)	EUR	14,036,458	10/1/2023 8/30/2027	every 1st in month	3M EURIBOR + 5.00%	Bills of exchange	1,646,224	2,581,032
8	AIK banka	EUR	4,010,417	10/1/2023 8/30/2027	every 1st in month	3M EURIBOR + 5.00%	Bills of exchange	470,350	737,438
9	Komercijalna banka	EUR	20,051,703	10/1/2023 8/30/2027	every 1st in month	3M EURIBOR + 5.00%	Bills of exchange	2,351,704	3,687,118
10	OTP banka	EUR	14,036,500	10/1/2023 8/30/2027	every 1st in month	3M EURIBOR + 5.00%	Bills of exchange	1,646,229	2,581,039
V	**OTHER**							**79,732**	**90,071**
1	IBRD 1469-5 - EMS AD	EUR	85,961	3/15/2005 9/15/2031	15 Mar and 15 Sep	1/3-5.44% p.a. and 2/3-EURIBOR		10,082	11,692
2	Tehnoexport	USD	697,086			-		69,650	78,379
B	**DINAR DENOMINATED LOANS FROM COMMERCIAL BANKS**							**2,800,000**	**4,400,000**
1	AIK banka	RSD	1,750,000,000	10/1/2023 8/30/2027	every 1st in month	1M BELIBOR + 3.50%	Bills of exchange	1,750,000	2,750,000
2	Poštanska štedionica	RSD	1,050,000,000	10/1/2023 9/1/2027	every 1st in month	1M BELIBOR + 3.50%	Bills of exchange	1,050,000	1,650,000
	DUE WITHIN ONE YEAR							**37,459,829**	**36,739,373**
A	Foreign currency loans							35,859,829	35,139,373
B	Loans in RSD							1,600,000	1,600,000
	DUE IN OVER ONE YEAR							**113,857,371**	**157,864,372**
A	Foreign currency loans							112,657,371	155,064,372
B	Loans in RSD							1,200,000	2,800,000

33 LONG-TERM LIABILITIES (continued)

Analysis of approved loans withdrawals

In order to finance the specific projects to increase production capacities in thermoelectric and hydroelectric plants, in the period from 2003 to 2025 the Company executed various loan agreements with international financial institutions, to which the Federal Republic of Yugoslavia, State Union of Serbia and Montenegro or Republic of Serbia served as guarantors:

Creditor	Currency	Contracted amount	Withdrawn loan amount
European Bank for Reconstruction and Development VI	EUR	200,000,000	200,000,000
European Bank for Reconstruction and Development VII	EUR	300,000,000	300,000,000
European Bank for Reconstruction and Development VIII	EUR	67,000,000	670,000
European Investment Bank II	EUR	22,000,000	22,000,000
KfW V	EUR	69,233,967	69,233,967
KfW VIII	EUR	80,000,000	80,000,000
KfW IX	EUR	100,000,000	100,000,000
KfW X	EUR	30,000,000	2,187,625
CDP	EUR	100,000,000	100,000,000
IDA	SDR	11,798,849	11,798,849
JICA	JPY	28,249,647,536	28,249,647,536
EXIM Bank of China I	USD	286,639,231	286,639,231
EXIM Bank of China II	USD	595,589,927	595,589,927
WB IBRD	EUR	135,402,191	135,402,191
Commercial banks	EUR	297,083,428	297,083,428
Commercial banks	RSD	7,000,000,000	7,000,000,000

Current maturities of long-term loans

In thousands of RSD

	31 December 2025	31 December 2024	Index
Up to 1 year	37,459,829	36,739,373	101.96
From 1 to 5 years	72,943,940	104,156,162	70.03
Over 5 years	40,913,431	53,708,210	76.18
Total	**151,317,200**	**194,603,745**	**77.76**

Breakdown of loans by currency required for loan repayment

Currency	31 December 2025		31 December 2024	
	Amount in currency	In thousands of RSD	Amount in currency	In thousands of RSD
EUR	776,148,248	91,028,219	956,626,187	111,939,518
USD	536,239,025	53,579,127	616,810,974	69,353,362
YPU	6,128,376,000	3,909,855	12,256,752,000	8,824,359
XDR	-	-	12,684,772,708	86,506
RSD	2,800,000,000	2,800,000	4,400,000,000	4,400,000
Total		**151,317,201**		**194,603,745**

33 LONG-TERM LIABILITIES (continued)

Reconciliation of movements of liabilities to cash flows arising from financing activities

The following tables provide reconciliations of opening and closing balances for liabilities arising from financing activities for the year ended 31 December 2025 and 2024:

		Cash flows		Non-cash flows				
	Balance as at 1 January 2025	Proceeds	Repayment	Direct tranches to suppliers	Conversion of costs to principal	Foreign exchange differences	Other	Balance as at 31 December 2025
2025								
Long-term loans	194,603,745	200,514	(36,133,169)	56,116	78,511	(7,479,788)	(8,728)	151,317,201
Other short-term financial liabilities	32,273	123,776	(225,192)	-	-	(233)	203,549	134,173
Lease liabilities	10,523	-	(8,009)	-	-	2	19,295	21,812
Total	**194,646,541**	**324,290**	**(36,366,370)**	**56,116**	**78,511**	**(7,480,019)**	**214,116**	**151,473,186**
2024								
Long-term loans	175,840,332	36,050,955	(35,839,829)	15,701,941	117,003	2,728,887	4,456	194,603,745
Other short-term financial liabilities	160,702	338,157	(626,603)	-	-	2	160,015	32,273
Lease liabilities	15,957	-	(8,837)	-	-	(2)	3,405	10,523
Total	**176,016,991**	**36,389,112**	**(36,475,269)**	**15,701,941**	**117,003**	**2,728,887**	**167,876**	**194,646,541**

34 LONG-TERM DEFERRED INCOME AND RECEIVED DONATIONS

	In thousands of RSD	
	31 December 2025	31 December 2024
Donations and subsidies received:		
- fixed assets	11,099,746	7,879,126
- inventories	334,166	343,487
- other	12,990	14,813
	11,446,902	**8,237,426**

Grants received in 2025 in the total amount of RSD 3,581,137 thousand mostly relate to a grant received, in amount of RSD 3,572,821 thousand, under the Grant and Project Agreement Between the Group, KfW and the Republic of Serbia for the Kostolac Wind Farm Construction Project in the total amount of EUR 30,000,000. This Agreement was concluded based on general terms of the European Western Balkan Joint Fund and Western Balkans Investment Framework (WBIF) (as established by the European Union and its partners for supporting infrastructure and other development projects in the Western Balkans) and based on the grant application filed by the Republic of Serbia with the Western Balkan Fund. This agreement is a part of a project financing agreement for the wind farm project in Kostolac worth approximately EUR 144 million. In 2025 the related donation was used in full (Note 33).

In the previous periods, the Company received funds for financial and technical support from agencies and similar authorities on an international level which were initially recognized as deferred revenue. All international contracts and agreements are ratified by the National Assembly of the Republic of Serbia.

34 LONG-TERM DEFERRED INCOME AND RECEIVED DONATIONS (continued)

Changes in deferred revenue which pertain to received grants during 2025 and 2024 were as follows:

	In thousands of RSD	
	31 December 2025	31 December 2024
Balance at the beginning of the year	8,237,426	8,671,151
Value of assets transferred by third parties without compensation (donations)	3,581,137	20,744
Reversal of deferred income charged to current income on a systemic basis and direct write-off (Note 7)	(371,661)	(454,469)
Balance at end of year	**11,446,902**	**8,237,426**

35 SHORT-TERM FINANCIAL LIABILITIES

	In thousands of RSD	
	31 December 2025	31 December 2024
Foreign currency liabilities		
Portion of foreign long-term loans maturing within 1 year	28,485,350	27,849,841
Portion of domestic long-term loans in foreign currency maturing within 1 year	8,974,479	8,960,762
	37,459,829	36,810,603
Liabilities in RSD		
Portion of domestic long-term loans in dinars maturing within 1 year		-
Portion of lease liabilities	10,457	6,549
	10,457	6,549
Other short-term financial liabilities in foreign currency	64,975	3,364
Other short-term financial liabilities in RSD	69,199	28,909
	37,604,460	**36,849,425**

Liabilities for foreign long-term loans maturing within 1 year in the amount of RSD 28,485,350 thousand (31 December 2024: 27,849,841 thousand) relate to the loans from international financial organizations in the amount of RSD 16,714,586 thousand (31 December 2024: RSD 14,449,118 thousand), loans granted by State Governments in the amount of RSD 11,701,114 thousand (31 December 2024: RSD 13,251,113 thousand) and loans granted by other commercial entities in the amount of RSD 69,650 thousand (31 December 2024: RSD 78,379 thousand).

Liabilities for domestic long-term loans in foreign currency maturing within 1 year in amount of RSD 8,974,479 thousand (31 December 2024: RSD 8,960,762 thousand) comprise loans granted by the Paris Club of Creditors in the amount of RSD 217,882 thousand (31 December 2024: RSD 220,464 thousand), liabilities for other refinanced loans in the amount of RSD 73,663 thousand (31 December 2024: RSD 73,495 thousand), loans granted by domestic commercial banks in the amount of RSD 7,082,934 thousand (31 December 2024: RSD 7,066,803 thousand).

Liabilities for domestic long-term loans in dinars that mature within one year in the amount of RSD 1,600,000 thousand as at 31 December 2025 refer to liquidity loans granted to the Company during 2021 by domestic commercial banks.

36 RECEIVED ADVANCES, DEPOSITS AND CAUTION MONEY

	31 December 2025	31 December 2024
	In thousands of RSD	
Advances received:		
- from related parties within the EPS Group (Note 41)	941	832
- in dinars	226,323	126,643
- in foreign currency	137	137
Received deposits and down payments	164,091	166,047
Advances received from private individuals in dinars	881	733
	392,373	**294,392**

37 OPERATING LIABILITIES

	31 December 2025	31 December 2024
	In thousands of RSD	
Trade payables – domestic legal entities within the EPS Group (Note 41)	185,479	200,731
Trade payables – other domestic related parties	114,932	120,082
	300,411	320,813
Trade payables - domestic	26,585,572	24,579,660
A.D. “Elektromreža Srbije”, Beograd	1,776,639	1,330,387
“Elektrodistribucija Srbije” d.o.o., Beograd	26,526,516	20,895,771
	54,888,727	46,805,818
Trade payables - legal entities within the EPS Group abroad (Note 41)	949	71
Trade payables - foreign	11,688,783	9,422,823
Other operating liabilities:		
- operating liabilities for expropriations in operations	5,210	111,721
- liabilities for compensation of damages from operations	15,054	19,479
- liabilities for customer prepayments (Note 5)	3,188,209	2,959,642
- other	38,393	91,721
	3,246,866	3,182,563
	70,125,736	**59,732,088**

Liabilities toward “Elektrodistribucija Srbije” d.o.o. Beograd reported as at 31 December 2025 in the amount of RSD 26,526,516 thousand (31 December 2024: RSD 20,895,771 thousand) relate to liabilities toward “Elektrodistribucija Srbije” d.o.o. Beograd for fees for distribution system access (Note 9).

Liabilities toward A.D. “Elektromreža Srbije” stated with the balance as of December 31, 2025, in the amount of RSD 1,776,639 thousand (December 31, 2024: RSD 1,330,387 thousand) refer to liabilities for fees for access and use of the electricity transmission system, capacity lease and energy balance responsibility (Note 9).

Trade payables - foreign suppliers with the balance as of December 31, 2025 in the amount of RSD 11,688,783 thousand (December 31, 2024: RSD 9,422,823 thousand) refer to the undertaken commitment for renewal and revitalization of plant and equipment, which are financed from borrowed funds (Note 33).

38 OTHER SHORT-TERM LIABILITIES

	In thousands of RSD	
	31 December 2025	31 December 2024
Liabilities from specific operations	2,364,604	2,331,981
Other liabilities towards employees	270,077	38,613
Net salaries and salary compensation	1,475,977	1,488,796
Liabilities for taxes and contributions:		
- charged to employee	633,797	574,092
- charged to employer	409,362	370,897
Other liabilities for salaries and salary compensation	36,613	30,092
Liabilities for interest and financing costs	26,602	29,850
Liabilities for profit sharing	3,012,191	3,012,191
Liabilities toward members of Supervisory Board and Audit Committee	5,152	2,849
Liabilities towards individuals	40,885	31,643
Other liabilities	20,344,022	20,121,718
Prepaid VAT	6,205,567	5,604,211
Liabilities for value added tax	4,093,015	3,648,357
Income tax liabilities	3,080,080	-
Fees for water usage and other public resources	1,032,961	891,093
Fees for energy efficiency	79,897	81,451
Environmental fee	3,512,875	3,956,945
Other liabilities for other public duties	102,509	25,188
Excise duty liabilities	5,748,166	5,236,237
Liabilities for other taxes, customs and other charges	9,237	69,169
	52,483,589	**47,545,373**

Liabilities for specific operations reported on December 31, 2025, in the amount of RSD 2,364,604 thousand (31 December 2024: RSD 2,331,981 thousand) refer to liabilities for the Public Media Service tax that the Company as the electricity supplier is required to collect from end customers one behalf of the Public Media Service (Note 5 and 27).

Liabilities for dividends and profit sharing reported as at 31 December 2025 in the amount of RSD 3,012,191 thousand (31 December 2024: RSD 3,012,191 thousand) relate in full to liabilities toward the founder recognized in previous years based on the Decision of the Supervisory Board of the Group on Distribution of Profits to the Founder, and in accordance with the Budget Law of the Republic of Serbia.

Prepaid value added tax relates to tax due for the next tax period, which is paid after deduction of input value added tax after balance sheet date.

Liabilities for public dues were settled by the Company after balance sheet date within the terms stipulated by tax regulations and/or tax administrative regulations. In the event that the same documents are not received, the Company is required to pay in advance in the amount of the previously determined liability until the receipt of the same documents from tax and other authorities.

Other liabilities relate to support for the Company, due to price caps instituted during the energy crisis that occurred in 2022.

39 SHORT-TERM ACCRUALS

	31 December 2025	31 December 2024
	In thousands of RSD	
Accrued expenses	1,251,546	1,815,743
Other accruals	3,801,070	4,164,770
	5,052,616	**5,980,513**

Accrued expenses as at 31 December 2025 in the amount of RSD 1,251,546 thousand (31 December 2024: RSD 1,815,743 thousand) relate primarily to accrued interest expenses on loans and borrowings in the amount of RSD 1,212,848 thousand (31 December 2024: RSD 1,677,039 thousand).

Other accruals primarily relate to amounts of value added tax included in advance payments to suppliers (gross principle of recognizing value added tax) in the amount of RSD 3,467,160 thousand (31 December 2024: RSD 3,814,846 thousand).

40 OFF-BALANCE SHEET ITEMS

	31 December 2025	31 December 2024
	In thousands of RSD	
Issued guarantees and other forms of payables security	108,556,568	131,339,597
Issued guarantees and other forms of receivables security	86,337,679	91,029,539
Issued blank bills of exchange with foreign currency backing	11,041,206	-
Liabilities for equipment in use by other companies	591,808	-
Other off-balance sheet items	73,604	67,298
	206,600,865	**222,436,434**

41 RELATED PARTY TRANSACTIONS

a) Balance sheet

Balances of receivables and payables arising from related party transactions are provided in the table below:

	In thousands of RSD	
	31 December 2025	**31 December 2024**
***Equity investments** (Note 24)*		
EPS Trgovanje d.o.o.. Ljubljana	66,304	66,304
Kolubara - Građevinar d.o.o. Lazarevac	1,771,606	1,771,607
Elektrosever d.o.o.	3,898,922	2,346,960
HES Gornja Drina d.o.o. Foča	2,674,484	2,381,362
Moravske hidroelektrane d.o.o.	47,926	47,926
	8,459,242	6,614,159
***Short-term financial investments** (Note 28)*		
Kolubara - Građevinar d.o.o. Lazarevac	684,987	684,987
Less: Allowance for impairment of short-term financial investments	(684,987)	(684,987)
	-	-
***Inventories – advances given** (Note 25)*		
“EPS Trgovanje“ d.o.o., Ljubljana	1,013,840	985,842
Kolubara - Građevinar d.o.o. Lazarevac	161,507	161,562
Less: Allowance for impairment of advances given	(135,284)	(135,284)
	1,040,063	1,012,120
Fixed assets – advances given		
Kolubara - Građevinar d.o.o. Lazarevac	191,336	273,958
Less: Allowance for impairment of advance payments for fixed assets	(100,548)	(100,548)
	90,788	173,410
***Trade receivables** (Note 26)*		
“EPS Trgovanje“ d.o.o., Ljubljana	119,641	42,002
Elektrosever d.o.o.	230,217	252,783
Kolubara - Građevinar d.o.o. Lazarevac	12,843	11,761
Less: Allowance for impairment of receivables from related parties within the EPS Group	(8,658)	(8,510)
	354,043	298,036
***Other receivables (**Note 27)*		
Kolubara - Građevinar d.o.o. Lazarevac (interest receivable and other receivables)	109,777	114,126
Less: Allowance for impairment of other receivables from related parties within the EPS Group	(107,672)	(112,737)
	2,105	1,389
***Prepayments and deferred expenses** (Note 30)*		
Kolubara - Građevinar d.o.o. Lazarevac	3,142	3,142
Total assets	**9,949,383**	**8,102,256**

41 RELATED PARTY TRANSACTIONS (continued)

a) Balance sheet (continued)

	In thousands of RSD 31 December 2025	31 December 2024
Trade payables *(Note 37)*		
Kolubara - Građevinar d.o.o. Lazarevac	185,478	200,802
Elektrosever d.o.o.	949	-
	186,427	200,802
Advances received *(Note 36)*		
Kolubara - Građevinar d.o.o. Lazarevac	941	832
	941	832
Total equity and liabilities	**187,368**	**201,634**
Receivables/(payables) – net amount	**9,762,015**	**7,900,622**

b) Income statement

Income and expenses generated from related party transactions:

	In thousands of RSD 2025	2024
Sales of electricity *(Note 5)*		
EPS Trgovanje, Ljubljana	2,369,156	5,216,332
Kolubara - Građevinar d.o.o. Lazarevac	30,412	34,534
Elektrosever d.o.o.	725,480	1,064,185
	3,125,048	6,315,051
Sales of products and services *(Note 5)*		
Kolubara - Građevinar d.o.o. Lazarevac	59,886	70,628
	59,886	70,628
Other operating income *(note 7)*		
Kolubara - Građevinar d.o.o. Lazarevac	11,264	11,717
Moravske hidroelektrane d.o.o	213	283
Elektrosever d.o.o.	-	8,378
	11,477	20,378
Financial income *(Note 16)*		
EPS Trgovanje, Ljubljana	6,346	3,572
Kolubara - Građevinar d.o.o. Lazarevac	36,997	38,292
Elektrosever d.o.o.	390	53
	43,733	41,917
Fuel and energy *(Note 9)*		
EPS Trgovanje, Ljubljana	12,934,955	10,031,088
Elektrosever d.o.o.	3,523	676
	12,938,478	10,031,764
Costs of production services *(Note 13)*		
Kolubara - Građevinar d.o.o. Lazarevac	1,353,285	1,315,105
	1,353,285	1,315,105
Financial expenses *(Note 17)*		
EPS Trgovanje, Ljubljana	1,387	3,006
Elektrosever d.o.o.	63	395
	1,450	3,401
Costs of impairment of receivables *(Note 19)*		
Kolubara - Građevinar d.o.o. Lazarevac	148	38,473
Moravske hidroelektrane d.o.o.	213	283
	361	38,756
Income/(expenses), net amount	**(11,053,430)**	**(4,941,052)**

42 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES

Capital risk management

The Company's gearing ratio at the year-end was as follows:

	In thousands of RSD 31 December 2025	31 December 2024
Indebtedness a)	151,473,187	194,727,041
Cash and cash equivalents	23,445,077	28,083,184
Net indebtedness	128,028,110	166,643,857
Equity b)	681,848,273	645,395,350
Ratio of total indebtedness to equity	0.19	0.26

a) The debt pertains to long-term and short-term liabilities for loans and borrowings and other long-term and short-term financial liabilities.
b) Capital includes share capital, revaluation reserves, unrealized gains and losses from available for sale securities, retained earnings and accumulated loss.

Significant accounting polices related to financial instruments

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

Categories of financial instruments

	In thousands of RSD 31 December 2025	31 December 2024
Financial assets		
Equity investments	8,494,999	6,934,007
Long-term financial investments and long-term receivables	2,195,932	2,406,926
Trade receivables	85,158,035	84,118,884
Short-term loans and financial investments	157,619	257,525
Other receivables	15,360,881	12,761,765
Cash and cash equivalents	23,445,077	28,083,184
	134,812,543	**134,562,291**
Financial liabilities		
Long-term loans and long-term lease liabilities	113,868,727	157,877,616
Operating liabilities	70,125,736	59,732,088
Other short-term liabilities	25,788,304	25,527,383
Current portion of long-term loans and lease liabilities	37,470,286	36,817,152
Short-term financial liabilities	134,174	32,273
	247,387,227	**279,986,512**

The Company's basic financial instruments comprise cash and cash equivalents, trade receivables and interest receivables, and trade payables, whose basic purpose is to finance the Company's current operations. In the ordinary course of business the Company is exposed to the below listed risks.

42 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES (continued)

Objectives of financial risk management

Financial risks comprise of market risk (foreign currency and interest rate risks), credit risk, and liquidity risk. Financial risks are considered on a timely basis and are avoided primarily through minimizing the Company's exposure to these risks. The Company does not use any financial instruments to hedge financial risks in its operations because such instruments are not in wide use, and there is no organized market for such instruments in the Republic of Serbia.

Market risk

In its operations, the Company is exposed to financial risks from fluctuations in foreign exchange rates and interest rates.

Exposure to market risk is reviewed with sensitivity analysis. There were no significant changes in the Company's exposure to market risk, nor in the manner in which the Company managed and measured that risk.

Foreign currency risk

The Company is exposed to foreign currency risk primarily through cash and cash equivalents and trade payables which are denominated in foreign currency. The Company does not use special financial instruments to hedge risks, given that such instruments are not common in the Republic of Serbia.

The stability of the economic environment in which the Company operates is dependent to a large extent on Government measures in respect of the economy, including the establishment of an appropriate legal and legislative framework.

The carrying amounts of monetary assets and liabilities stated in foreign currency as at reporting date in the Company were as follows:

In thousands of RSD

	Assets		**Payables**	
	31 December 2025	**31 December 2024**	**31 December 2025**	**31 December 2024**
EUR	4,010,648	4,827,590	103,817,880	120,018,349
JPY	-	4,411	3,921,413	8,835,631
CHF	1	1	-	-
USD	1,093,707	1,953,485	54,958,461	71,575,175
XDR	-	86,506	-	86,697

The Company is sensitive to the movements in foreign exchange rates. The following table gives details on the Company's sensitivity to the increase and decrease of 10% in dinar to foreign currency exchange rates. The sensitivity rate of 10% is used for internal presentation of the exchange rate and represents the management's estimate of reasonably expected changes in the exchange rates of foreign currencies. The sensitivity rate of 10% is used for internal presentation of the exchange rate and represents the management's estimate of reasonably expected changes in the exchange rates of foreign currencies.

In thousands of RSD

	31 December 2025		**31 December 2024**	
	Appreciation of RSD	**Depreciation of RSD**	**Appreciation of RSD**	**Depreciation of RSD**
EUR	9,980,723	(9,980,723)	11,519,076	(11,519,076)
JPY	392,141	(392,141)	883,122	(883,122)
USD	5,386,475	(5,386,475)	6,962,169	(6,962,169)
XDR	-	-	19	(19)
Current period result	**15,759,339**	**(15,759,339)**	**19,364,386**	**(19,364,386)**

42 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES (continued)

Foreign currency risk (continued)

The Company's sensitivity to foreign exchange movements decreased in the current period, primarily due to the effects of the nominal decreases in liabilities denominated in EUR, USD and JPY.

Interest rate risk

The Company is exposed to interest rate risk on assets and liabilities with variable interest rates. This risk depends on the financial market and the Company does not have available instruments for mitigating its effects.

The carrying amount of financial assets at the end of the period under review, grouped according to level of risk of interest rate changes, is provided in the table below:

	In thousands of RSD	
	31 December 2025	**31 December 2024**
Financial assets		
Non-interest bearing		
- share in equity	8,494,999	6,934,007
- long-term financial investments and long-term receivables	768,993	766,219
- trade receivables	85,158,035	84,118,884
- cash and cash equivalents	1,499,283	2,175,687
- other receivables	515,183	555,343
	96,436,493	94,550,140
Fixed interest rate		
- long-term financial investments and long-term receivables	481,958	592,003
- short-term loans and short-term financial investments	44,105	52,182
- cash and cash equivalents	21,945,794	25,907,497
	22,471,857	26,551,682
Variable interest rate		
- long-term financial investments and long-term receivables	944,981	1,048,704
- short-term loans and other short-term financial investments	113,514	205,343
- other receivables	14,845,698	12,206,422
	15,904,193	13,460,469
	134,812,543	**134,562,291**

The carrying amount of financial liabilities at the end of the period under review, grouped according to level of risk of interest rate changes, is provided in the table below:

42 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES (continued)

Interest rate risk (continued)

	In thousands of RSD	
	31 December 2025	**31 December 2024**
Financial liabilities		
Non-interest bearing		
- trade payables	70,125,736	59,732,088
- payables	25,482,296	25,218,324
	95,608,032	84,950,412
Fixed interest rate		
- long-term loans	13,925,175	23,170,766
- current portion of long term loans	8,974,479	8,960,762
	22,899,654	32,131,528
Variable interest rate		
- long-term loans	99,932,197	134,702,876
- other long-term liabilities	11,355	3,974
- payables	306,008	309,059
- current portion of long term loans	28,495,807	27,856,390
- short-term financial liabilities	134,174	32,273
	128,879,541	162,904,572
	247,387,227	**279,986,512**

The sensitivity analysis presented in the following text has been established based on the Company's exposure to interest rate risk inherent in instruments as of the balance sheet date. For liabilities with variable rates the analysis was prepared under the assumption that the remaining amounts of assets and liabilities as at balance sheet date would remain unchanged during the entire year. The 1 % increase or decrease in interest rates represents the fluctuation reasonably anticipated by management. Had the interest rates been 1 percentage point higher/lower and all other variables remained unchanged, the Company would have realized an operating loss for the year ended 31 December 2025 in the amount of RSD 1,129,753 thousand (31 December 2024: RSD 1,494,441 thousand). Such a situation is ascribed to exposure.

Credit risk

The Company is exposed to credit risk which represents the risk that debtors will not be able to settle their liabilities toward the Company in full on time, and that as a result the Company would suffer financial loss. The Company’s exposure to credit risk is limited to the value of financial assets and contract assets at balance sheet date.

42 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES (continued)

Credit risk (continued)

Trade receivables and contract assets

The Company's exposure to credit risk from trade receivables and contract assets as of 31 December 2025, and 31 December 2024, is shown in the following table:

			In thousands of RSD
	Gross exposure	Allowance	Net exposure
Trade receivables not yet due	49,416,017	(1,068,111)	48,347,906
Matured provisioned trade receivables	103,749,767	(66,939,638)	36,810,129
31 December 2025	**153,165,784**	**(68,007,749)**	**85,158,035**
Trade receivables not yet due	42,938,163	(682,184)	42,255,979
Matured provisioned trade receivables	112,418,355	(70,555,450)	41,862,905
31 December 2024	**155,356,518**	**(71,237,634)**	**84,118,884**

Trade receivables for electricity are predominant in the breakdown of trade receivables. As at 31 December 2025 the Company is exposed to credit risk for trade receivables for sold electricity in the amount of RSD 74,209,549 thousand, or around 87%:

			In thousands of RSD
	Gross exposure	Allowance	Net exposure
Guaranteed supply	70,685,450	(36,313,073)	34,372,377
Commercial supply	48,115,033	(16,910,394)	31,204,639
Reserve supply	4,120,667	(3,695,659)	425,008
Customers-producers	739,458	(8,989)	730,469
	123,660,608	**(56,928,115)**	**66,732,493**

Expected credit loss for trade receivables for sold electricity

Estimates of collectability for trade receivables for sold electricity are made by groups and subgroups, using an allowance for impairment matrix with impairment coefficients. These are calculated based on historical figures on credit losses and are updated periodically to reflect actual credit losses.

Loss rates are calculated using a ‘roll rate’ method based on probability of a receivable progressing through successive stage of delinquency to write off. Roll rates are calculated separately for different business segments that have common credit risk characteristics.

Credit loss rates for supplied electricity (and related receivables) are estimated separately for the following categories of customers: commercial supply, reserved supply and guaranteed supply.

Loss rates are based on actual credit loss experience over the past years.

42 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES (continued)

Credit risk (continued)

Expected credit loss assessment for trade receivables from electricity (continued)

The following table provides information about exposure to the credit risk and expected credit losses for trade receivables for guaranteed, commercial and reserve supply customers as at 31 December 2025:

			In thousands of RSD
	Weighted-average loss rate	**Gross amount**	**Credit loss**
Guaranteed supply			
Unmatured	2.04%	23,903,714	(486,873)
0-30	6.59%	4,212,451	(277,518)
31-60	10.48%	2,618,087	(274,330)
61-90	15.25%	1,518,228	(231,558)
91-180	20.04%	3,376,934	(676,673)
181-270	34.54%	4,107,596	(1,418,786)
271+	62.74%	30,948,440	(19,416,862)
		70,685,450	**(22,782,600)**
Commercial supply			
Unmatured	1.15%	24,811,488	(285,192)
Up to 30	4.09%	3,669,142	(155,680)
31-60	11.71%	860,766	(103,263)
61-90	18.90%	555,369	(117,866)
91-180	23.54%	891,274	(251,675)
181-270	36.75%	566,227	(270,092)
271-360	56.33%	405,059	(260,128)
361+	72.76%	3,264,825	(2,375,613)
		35,024,149	**(3,819,510)**
Reserve supply			
Unmatured	4.94%	20,241	(1,000)
Up to 30	6.81%	20,858	(1,593)
31-60	25.37%	12,547	(3,261)
61-90	38.18%	8,203	(4,126)
91-180	45.86%	24,184	(12,216)
181-270	61.57%	53,562	(39,705)
271-360	71.43%	67,936	(55,333)
361+	82.40%	1,902,186	(1,567,476)
		2,109,719	**(1,684,711)**
Customers-producers			
Unmatured	0.87%	680,574	(5,894)
Up to 30	4.88%	58,186	(2,837)
31-60	20.00%	461	(92)
61-90	38.64%	62	(24)
91+	80.96%	174	(141)
		739,457	**(8,988)**

Receivables from customers in commercial and reserve supply related to customers subject to bankruptcy or liquidation proceedings are measured with a 100% impairment allowance. The gross carrying amount of these receivables as at 31 December 2025 amounts to RSD 13,090,884 thousand for customers in commercial supply and RSD 2,010,949 thousand for customers in backup supply.

42 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES (continued)

Table of movements in impairment of financial assets

The table of movements in impairment of financial assets for 2025 and 2024 is provided in the table below:

	Long-term financial investments	Long term receivables	Trade receivables	Receivables from specific operations	Other receivables	Short-term financial placements	Cash and cash equivalents	Total
Balance as at 1 January 2024	**3,354,224**	**831,949**	**70,662,847**	**885,559**	**9,397,047**	**1,065,895**	**244,626**	**86,442,147**
Allowance for impairment charged to income statement	-	62,650	3,193,435	108,953	2,748,944	9,930	26,574	6,150,486
Derecognition of written off receivables and investments	(296,348)	(191)	(1,924,442)	(2,163)	(151,422)	(2,264)	-	(2,376,830)
Income from adjustment in value – collection of receivables and decrease in allowance of impairment (Note 18)	-	(82,544)	(188,772)	(18,281)	(228,351)	(44,019)	(329)	(562,296)
Foreign exchange differences	-	-	-	-	(153)	-	-	(153)
Conversion of receivables into equity	965	-	-	-	-	-	-	965
Collection of provisioned receivables (Note 20)	-	-	(563)	-	(301)	-	-	(864)
Transfer within receivables	-	399,889	(504,871)	(1,093)	69	106,006	-	-
Increase from valuation of securities	(217)	-	-	-	-	-	-	(217)
Balance as at 31 December 2024	**3,058,624**	**1,211,753**	**71,237,634**	**972,975**	**11,765,833**	**1,135,548**	**270,871**	**89,653,238**
Allowance for impairment charged to income statement	-	1,126,682	5,896,042	94,207	2,432,142	1,141,691	-	10,690,764
Derecognition of written off receivables and investments	(46,049)	-	(4,976,406)	-	(368,417)	(5,159)	-	(5,396,031)
Income from adjustment in value – collection of receivables and decrease in allowance of impairment (Note 18)	-	-	(201,379)	(5,719)	(53,425)	(100,480)	(7,801)	(368,804)
Foreign exchange differences	-	-	(558,504)	-	(4,748)	-	(8)	(563,260)
Conversion of receivables into equity	572,218	-	-	-	-	-	-	572,218
Collection of provisioned receivables (Note 20)	-	-	(299)	-	(1,947)	-	-	(2,246)
Transfer within receivables	-	3,405,317	(3,389,339)	(998)	(15,519)	539	-	-
Increase from valuation of securities	(213)	-	-	-	-	-	-	(213)
Allowances that did not impact the income statement	-	-	-	-	1,350,765	-	-	1,350,765
Balance as at 31 December 2025	**3,584,580**	**5,743,752**	**68,007,749**	**1,060,465**	**15,104,684**	**2,172,139**	**263,062**	**95,936,431**

42 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES (continued)

Trade payables management

Trade payables as at 31 December 2025 are reported in the amount of RSD 70,125,736 thousand (31 December 2024: RSD 59,732,088 thousand).

The final responsibility for liquidity risk management rests with the Company's management, which has established an appropriate management system for the needs of the Company's short-term, medium-term and long-term financing, as well as liquidity risk management by maintaining appropriate cash reserves through continuous monitoring of planned and actual cash flows, as well as by maintaining an adequate maturity ratio of financial assets and liabilities.

Liquidity risk and credit risk tables

The following tables present remaining contractual maturities of the Company's financial assets. Reported amounts are based on undiscounted cash flows resulting from financial assets, based on the earliest date on which the Company will be able to collect related funds.

Maturities of financial assets

In thousands of RSD
31 December 2025

	Less than 1 month	1 to 3 months	3 months to one year	From 1 to 5 years	Over 5 years	Total
Non-interest bearing	86,714,820	-	457,681	-	9,263,992	96,436,493
Fixed interest rate	21,989,899	-	446,112	-	35,846	22,471,857
Variable interest rate	14,845,698	-	113,514	830,494	114,487	15,904,193
	123,550,417	**-**	**1,017,307**	**830,494**	**9,414,325**	**134,812,543**

In thousands of RSD
31 December 2024

	Less than 1 month	1 to 3 months	3 months to one year	From 1 to 5 years	Over 5 years	Total
Non-interest bearing	86,331,723	-	518,191	-	7,700,226	94,550,140
Fixed interest rate	25,959,679	-	514,451	-	77,552	26,551,682
Variable interest rate	12,206,422	-	205,343	918,171	130,533	13,460,469
	124,497,824	**-**	**1,237,985**	**918,171**	**7,908,311**	**134,562,291**

The following tables present remaining contractual maturities of the Company's liabilities. Reported amounts are based on undiscounted cash flows resulting from financial liabilities, based on the earliest date on which the Company will be required to settle such liabilities.

42 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES (continued)

Maturities of financial liabilities

In thousands of RSD
31 December 2025

	Less than 1 month	1 to 3 months	3 months to one year	From 1 to 5 years	Over 5 years	Total
Non-interest bearing	69,248,088	26,245,012	114,932	-	-	95,608,032
Fixed interest rate	-	-	8,974,479	-	13,925,175	22,899,654
Variable interest rate	309,024	-	28,626,965	99,943,552	-	128,879,541
	69,557,112	**26,245,012**	**37,716,376**	**99,943,552**	**13,925,175**	**247,387,227**

In thousands of RSD
31 December 2024

	Less than 1 month	1 to 3 months	3 months to one year	From 1 to 5 years	Over 5 years	Total
Non-interest bearing	61,053,259	23,776,714	120,439	-	-	84,950,412
Fixed interest rate	-	-	8,960,762	-	23,170,766	32,131,528
Variable interest rate	392,575	-	27,885,647	134,626,350	-	162,904,572
	61,445,834	**23,776,714**	**36,966,848**	**134,626,350**	**23,170,766**	**279,986,512**

The following table presents the present value of financial assets and financial liabilities and their fair value as at 31 December 2025 and 31 December 2024.

In thousands of RSD

	31 December 2025		31 December 2024	
	Carrying value	**Fair value**	**Carrying value**	**Fair value**
Financial assets				
Equity investments	8,494,999	8,494,999	6,934,007	6,934,007
Long-term financial investments and long-term receivables	2,195,932	2,195,932	2,406,926	2,406,926
Trade receivables	85,158,035	85,158,035	84,118,884	84,118,884
Short-term loans and financial investments	157,619	157,619	257,525	257,525
Other receivables	15,360,881	15,360,881	12,761,765	12,761,765
Cash and cash equivalents	23,445,077	23,445,077	28,083,184	28,083,184
	134,812,543	**134,812,543**	**134,562,291**	**134,562,291**
Financial liabilities				
Long-term loans	113,857,372	113,857,372	157,873,642	157,873,642
Other long-term liabilities	11,355	11,355	3,974	3,974
Operating liabilities	70,125,736	70,125,736	59,732,088	59,732,088
Other short-term liabilities	25,788,304	25,788,304	25,527,383	25,527,383
Current maturities long-term loans	37,470,286	37,470,286	36,817,152	36,817,152
Short-term financial liabilities	134,174	134,174	32,273	32,273
	247,387,227	**247,387,227**	**279,986,512**	**279,986,512**

Assumptions for estimating the current fair value of financial instruments

Given that sufficient market experience, stability and liquidity do not presently exist for the purchase and sale of financial assets and liabilities, and given that the quoted prices, which could be used for the purposes of disclosing fair value of financial assets and liabilities are unavailable, the method here applied is that of discounted cash flows.

In using these methods of measurement, interest rates for financial instruments with similar characteristics were used, with the objective of getting relevant estimates of the market value of financial instruments as at balance sheet date.

43 COMMITMENTS AND CONTINGENT LIABILITIES

Court cases

As at 31 December 2025, total value of court cases raised against the Company amounted to RSD 11,517,604 thousand (31 December 2024: RSD 11,511,009 thousand). The final outcome of these litigations is uncertain. As at 31 December 2025, based on the management's assessment, the Company formed a provision for potential losses that may arise out of those court cases (Note 32) in the total amount of RSD 2,818,897 thousand (31 December 2024: RSD 2,595,539 thousand). As for the remaining amount of court cases that conducted against the Company as respondent and for which no provision for potential losses has been made, Company management considers that there is no risk of material losses for the Company.

Commitments based on investment contracts

For the purpose of acquiring property, plant and equipment the Group has undertaken commitments as at 31 December 2025 towards the following suppliers:

Supplier	Contracted amount	Realized up to 31 December 2025	For use by Branch
Consortium Elnos BL Koessler GmbH & Co KG	984,171	983,224	Renewable sources
WEIRTurkey Mineralleri LTD	473,952	455,252	TE KO Kostolac
Extra Auto Transport	544,417	543,379	TE KO Kostolac
EX ING B&P DOO Beograd	4,403,664	4,343,959	TE Nikola Tesla
Energotehnika-Južna Bačka DOO	4,159,537	4,116,959	TE Nikola Tesla
Mitsubishi Power LTD	18,278,298	16,933,686	TE Nikola Tesla
Hidro-Tan DOO Beograd	785,561	676,290	Renewable sources
China Machinery Engineering Corporation (CMEC)	61,748,397	60,717,447	TE KO Kostolac
Power Machines PJSC	15,471,589	14,630,293	HPP Djerdap
Nari Group Corporation	1,515,743	1,491,667	Renewable sources
ESOTECH Družba za Ril	1,226,006	1,138,987	TE Nikola Tesla
ELEKTROMONTAŽA DOO Kraljevo	1,405,278	9,160	TE Nikola Tesla
Siemens Gamesa Renewable	15,358,610	13,523,430	TE KO Kostolac
Consortium Mitsubishi Hitachi Power Systems Ltd., Itochu Corporation, Mitsubishi Hitachi Power Systems Europe GmbH and Jedinstvo AD Sevojno	23,690,853	23,669,834	TE Nikola Tesla
Toshiba International Europe LTD	3,323,598	3,231,500	Drinsko-Limske HE
Consortium MPP Jedinstvo,NDC,Elektrovat,Informatika,Rudarski Ins	549,841	204,358	TE Nikola Tesla
	153,919,515	**146,669,425**	

The total amount of undertaken commitments for contracted investments in property, plant and equipment as of December 31, 2024, amounted to RSD 22,887,301 thousand.

43 COMMITMENTS AND CONTINGENT LIABILITIES (continued)

Contingent liabilities arising from agreements with local self-governments

Based on the financing of infrastructure projects, the Company has potential obligations towards local self-governments, and according to the agreements which, most often, relate to the regulation of watercourses and infrastructure corridors, regulation of zones of mining and related activities, protection of water sources, moving settlements and relocating facilities, building or adapting educational, cultural, health, religious, sports, infrastructural facilities, wastewater treatment plants, water and other facilities, including maintenance of water levels in rivers belonging to the Black Sea basin, removal of harmful effects of sedimentation, etc. with the participation of local self-governments, namely in the part of co-financing or providing conditions for construction in accordance with regulations governing planning and construction, expropriation of real estate in places of local self-government, etc.

However, there are significant uncertainties regarding the likelihood of future events that are not fully within the Company's control, such as: hydrometeorological conditions, water levels, fulfillment of commitments undertaken by local self-governments - signatories to an agreement, as well as the consent of owners of the such facilities. In some of the agreements (program foundations and the like), the estimated value of the funds required by the Company for financing total obligations was not determined, and according to some agreements from earlier years, although the value was projected, it was not realized, at least not in the scope originally determined, given that no events occurred that would lead to an outflow of economic benefits. The execution of agreements with local self-governments will be confirmed only by the fulfillment of the obligations of local self-governments or by the occurrence or non-occurrence of one or more uncertain future events, over which the Company has no influence and for which the amount and probability of occurrence cannot be determined reliably.

For each occurrence of relevant events, operating liabilities were recognized, as disclosed in the following table:

No. Number	Agreement name	In thousands of RSD Total recorded per agreements up to 12/31/2025
1	Agreement on regulating mutual obligations with the Municipality of Svilajnac-Reconstruction of the Perkićevo water source	150,225
2	Agreement on realization of the project for the construction of the main route of the new heat pipeline (rout III) and eastern route	134,807
3	Agreement on acquisition of buildings for public use (construction of "Ljubomir Aćimović" Elementary School in Obrenovac)	40,000
4	Agreement on project for paving uncategorized roads on the territory of the Municipality of Obrenovac	12,369
5	Self-governing agreement on rights and obligations in conducting activities on expropriation of real-estate properties for relocating settlements and regulating the zone of the Principal facility linked to construction of HEPS Djerdap 2	866,392
6	Program basis for relocating the Vreoci settlement	2,478,004
7	Agreement on implementing the program of resettling parts of the settlements Baroševac, Zeoke and Medoševac	1,565,629
8	Agreement on regulating relations associated with relocation of public function facilities from the territories of Land Registry Municipality Mali Borak and Land Registry Municipality Skobalj	620,955
9	Agreement on financing the relocation of cultural monuments located in the zone of mine works	45,097
10	Agreement on regulating relations linked to the opening of the open pit mine “Radljevo” - Phase I (part related to phase one – RSD 6,242,448,002)	3,380,214
11	Agreement on regulating relations linked to financing the repair and improvement in infrastructural facilities on the territory of the City of Požarevac	388,987

Liabilities toward the Deposit Insurance Agency

The Company did not reconcile its liabilities toward the Deposit Insurance Agency, which manages assets and liabilities transferred in the process of restructuring of banks and other activities associated with the process of restructuring of banks, in accordance with the Law on the Deposit Insurance Agency. The disputed amount relates to the liability toward the London Club of Creditors for the debt principal of USD 42,148,080.27 and interest in the amount of USD 50,709,409.81, which in the equivalent amount in dinars amounts to RSD 9,406,547 thousand.

43 COMMITMENTS AND CONTINGENT LIABILITIES (continued)

Liabilities toward the Deposit Insurance Agency (continued)

Namely, the disputed amount relates to funds borrowed by public enterprises on the territory of the Autonomous Province of Kosovo and Metohija, which are directly related to the assets of those enterprises, and over which the Company does not have control, despite the capital relationship, as indicated in Note 1. The ultimate beneficiaries, according to binding agreements on borrowed funds, are enterprises on the territory of the Autonomous Province of Kosovo and Metohija.

As indicated in Note 33, according to the Law Governing Relations Between the Republic of Serbia and Banks in Bankruptcy Regarding Foreign Loans and Borrowings (Off. Gazette of RS no. 45/05), under conditions when the Republic of Serbia assumed such liabilities in accordance with the Law Governing the Relations between the Federal Republic of Yugoslavia and Legal Entities and Banks within the Territory of the Federal Republic of Yugoslavia (FRY Official Gazette No. 36/02 and 7/03), the Company concluded with the Agency an agreement in which it regulates its obligations toward the Republic of Serbia, as per transactions in which it is the ultimate debtor.

Contractor dispute contingencies (CMEC)

In connection with the implementation of the Kostolac B TPP project (phase II), the contractor, China Machinery Engineering Corporation, expressed additional demands towards the Company based on the additional, unforeseen works performed.

Most of these demands were considered by FIDIC engineers, who rejected the contractor's additional demands. The contractor subsequently submitted a new demand, which is currently under consideration, but did not submit appropriate supporting documentation until the reporting date.

Negotiations between the contracting parties are ongoing, but have been temporarily suspended until the relevant evidence is submitted by the contractor. At this stage, no arbitration procedure or other formal dispute resolution procedure has been initiated.

Based on available information and legal analyses, the Company's management believes that on the reporting date requirements have not been met for recognizing provisions. However, taking into account the nature of the dispute and the amount of the stated claims, there is uncertainty regarding the final outcome, and the said claims represent a contingent liability. Considering the current stage of the proceedings and the lack of adequate supporting documentation, the Company's management is unable to reliably assess the potential financial effect of these demands as at the reporting date.

44 CONTINGENT ASSETS

The Company filed a request for charging contractual penalties to the supplier Siemens Gamesa Renewable Energy based on delays in the performance of contractual obligations.

Based on the available documentation, it was determined that there are grounds for calculating penalties. However, the calculation is provided on a temporary basis and is subject to further corrections, bearing in mind that requests have been submitted by the supplier to extend the deadline for the completion of works, the outcome of which may affect the final amount or the existence of the penalties obligation.

In accordance with IAS 37, the right to collect penalties represents a contingent asset that is not recognized in the financial statements, given that the flow of economic benefits is not yet practically certain, but is only disclosed in the notes.

The Company will recognize revenue in the period in which uncertainties disappear and when collection becomes certain.

45 RECONCILIATION OF RECEIVABLES AND PAYABLES

In accordance with article 22 of the Law on Accounting, the Company reconciled its receivables and payables with its debtors and creditors. The reconciliation of receivables and payables was performed with balances as at 30 September 2025. The number of unreconciled investments and receivables is 5,481 in the amount of RSD 3,061,277 thousand, which is 12% of the total number of claims and 4% of the total amount of recognized investments and receivables as of 30 September 2025. The number of unreconciled payables is 1,100 in the amount of RSD 98,200 thousand, which is 9% of the total number of payables and 0.4% of the total amount of recognized payables as of 30 September 2025.

46 TAX RISKS

Tax regulations in the Republic of Serbia are frequently subject to different interpretations and frequent changes. Interpretations of tax regulations by the tax authorities in respect of transactions and activities of the Company can differ from management's interpretations. The period of limitation for tax liabilities is five years. This practically means that the tax authorities can assess payment of unsettled liabilities within five years of the occurrence of the liability.

47 SUBSEQUENT EVENTS

Law on the Tax on Greenhouse Gas Emissions

At the parliamentary session held on 3 December 2025, of the Parliament of the Republic of Serbia adopted the Law on the Tax on Greenhouse Gas Emissions (Official Gazette of the RS 109/2025), which went into effect on 12 December 2025, and will start with application from 1 January 2026.

The objective of this Law is to introduce a fiscal mechanism that will encourage investments in the green transition, which ultimately represents harmonization with the regulations of the European Union in the field of environmental protection.

The tax on the emission of greenhouse gases (GHG) is paid on the taxable emission of carbon dioxide (CO_2), nitrogen suboxide (N_2O) and perfluorocarbon (PFC). The taxpayer is the legal entity or entrepreneur who is required to have a permit for GHG emissions, and who, as the operator of a plant for which he is required to obtain a permit, performs, among other things, the activity of electricity production.

The tax base is determined as the excess emission above the prescribed standard (reference emission) and is expressed in tons of CO_2 or tons of CO_2 equivalent (CO_2eq), while the GHG emission tax is determined as the product of the tax base and the amount of EUR 4 per ton in the dinar equivalent.

The Company has evaluated potential financial effects on the financial statements of the aforesaid tax liability based on the three-year production plan in thermal power plants for the period from 2026 to 2028. The planned volume of production expressed in MWh was converted into tons of CO_2 using general emission conversion factors, before reduction for reference emissions, as follows:

Year	tCO_2 (before decrease for referential emissions)	Tax liability in thousands of RSD*
2026	24,942,926	11,701,425
2027	24,458,672	11,474,248
2028	24,425,090	11,458,494

*) *The product of tCO_2 and the tax amount of EUR 4 per ton expressed in dinar equivalent according to the official NBS spot exchange rate on 31 December 2025.*

Given that on the date that these financial statements were approved, no by-laws have yet been passed for implementing this Law, the reductions based on reference emissions, which are not yet known at this moment, have not been taken into account in the calculation of financial effects, nor was it possible at this time to assess the potential tax savings that the Company could achieve in accordance with this Law, so the above assessment represents the current assessment of the Company's maximum related exposure.

47 SUBSEQUENT EVENTS (continued)

Law on the Tax on Greenhouse Gas Emissions (continued)

A tax credit in the amount of 20% of financial resources invested in measures to reduce GHG emissions can be granted to legal entities whose registered main activity is the production of electricity and which have generated at least 80% of their total income from electricity production. The total amount of the tax credit cannot exceed 80% of the tax liability, and the right to use the tax credit is limited to a period of 10 years, starting in 2026. The Law also provides for the possibility of using incentives from the budget of the Republic of Serbia to finance activities aimed at decarbonization, including investments in renewable energy sources, energy efficiency and low-carbon technologies.

The Company could not estimate reliably the amount of potential tax credit and possible amounts for use of government incentives in relation to the estimated tax liability and financial effects on future financial statements.

Transfer of assets to Elektrodistribucija Srbije

As disclosed in Note 23, based on the Government Decision 05 Number: 023-10578/2020-1 dated 17 December 2020, the Plan for Implementing Activities on Reorganizing Elektrodistribucija Srbije d.o.o. Belgrade, was adopted on the basis of which the Company undertook to transfer, as a non-monetary contribution, current assets in the amount of RSD 37,272 thousand and real estate, equipment and intangible assets in the amount of RSD 18,226,921 thousand to Elektrodistribucija Srbije d.o.o., Beograd, as part of a capital increase.

On the aforementioned basis the Company transferred to Elektrodistribucija Srbije d.o.o., Beograd, real-estate property in the total amount of RSD 116,475 thousand, in accordance with the Agreement on Transfer of Real-Estate Ownership Rights Without Compensation, dated 11 February 2026.

Impact of the Middle East crisis on the Company's business

Due to the current geopolitical situation caused by the crisis in Iran, the energy market experienced a significant increase in wholesale prices. Futures prices on markets in Serbia and Europe recorded 25-30% growth compared to the period before the beginning of the crisis. This increase in prices has caused additional challenges in estimating and planning the cost of electricity procurement.

However, according to the latest update of the *Energy Economic Projection (EEP)*, which was carried out on 10 March 2026, the projected average electricity procurement prices for 2026 remained at a similar or lower level compared to the previously adopted EEP, for several key reasons:

1. Optimum purchase during periods of high solar power generation - Purchase of electricity is generally planned during hours when solar power generation in the region and Europe is high, enabling procurement at lower prices, which are largely in line with planned prices and even lower in certain months.

2. Impact of the CBAM tax - Prices on the wholesale market in Serbia and the Western Balkan region are significantly lower than planned due to the application of the CBAM (Carbon Border Adjustment Mechanism) tax. This tax led to reduced exports of electricity from the region to the EU, which resulted in increase in surpluses on the market. These surpluses were mostly sold on regional exchanges, further reducing prices. This trend is expected to continue until October of this year.

3. The current decline in electricity prices - Since the adoption of the EEP, in the period since the beginning of the crisis in Iran, electricity prices have had a significant downward trend, which has enabled more favorable purchase prices compared to those planned.

Despite lower or stable projections of electricity prices, total costs of electricity procurement according to the last projection are significantly higher than planned. This increase in costs is the result of reduced coal imports, as well as lower projections of domestic coal production, which led to an increase in dependence on electricity purchased on the market.

This situation still represents a challenge in optimizing costs and planning energy needs of society in the coming period, but it is expected that more favorable trends in the price of electricity, along with strategic procurement plans, will mitigate these effects in the future.

47 SUBSEQUENT EVENTS (continued)

Activation of investments in the Nikola Tesla Thermal Power Plant branch - TENT B

In March 2026, the Company activated investments in block TENT B, which relate to assets for flue-gas desulfurization, in the total amount of RSD 30,884,136 thousand. The said system aims to reduce the emission of sulfur dioxide to a level compliant with European standards (below 130 mg/m^3), as well as to reduce the emission of powdery substances to a level below 20 mg/m^3.

By implementing this system, the Company improves compliance with environmental protection standards and at the same time extends the useful life of its thermal energy capacities. On both blocks in TENT B, the same desulphurization technology is applied with the use of limestone, whereby gypsum is obtained as a by-product. An annual production of about 300,000 tons of gypsum is expected, which represents a competitive raw material for the construction industry, thereby additionally contributing to the principles of the circular economy.

48 FOREIGN EXCHANGE RATES

Official foreign currency exchange rates used in translating line items stated in foreign currencies into dinars are presented below:

		In dinars
	31 December 2025	**31 December 2024**
EUR	117.2820	117.0149
USD	99.9165	112.4386
CHF	126.0013	124.5237
JPY	63.7992	71.9959