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TRANSLATION

# Independent Auditor's Report

**To the Shareholders  
of Valjaonica bakra Sevojno a.d.**

## Opinion

We have audited the separate financial statements of Valjaonica bakra Sevojno a.d. (the "Company"), which comprise:

- the separate balance sheet as at 31 December 2024;
- and, for the period from 1 January to 31 December 2024:
- the separate income statement;
  - the separate statement of other comprehensive income;
  - the separate statement of changes in equity;
  - the separate cash flow statement;

and

- notes, comprising a summary of significant accounting policies and other explanatory information (the "separate financial statements").

In our opinion, the accompanying separate financial statements give a true and fair view of the unconsolidated financial position of the Company as at 31 December 2024, and of its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with the accounting regulations effective in the Republic of Serbia.

## Basis for Opinion

We conducted our audit in accordance with the Law on Auditing and the Law on Accounting of the Republic of Serbia and applicable auditing standards in the Republic of Serbia. Our responsibilities under those regulations are further described in the Auditor's Responsibility for the audit of the separate financial statements section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the separate financial statements in the Republic of Serbia and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Other Information

Management is responsible for the other information. The other information comprises the Annual Business Report for the year ended 31 December 2024.

Our opinion on the separate financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

With respect to the Annual Business Report, we are also required by the Law on Accounting of the Republic of Serbia to express an opinion on whether the Annual Business Report:

- is consistent with the separate financial statements; and
- has been prepared in accordance with the applicable legal requirements.

Based solely on the work required to be undertaken in the course of the audit of the separate financial statements, in our opinion, the information given in the Annual Business Report for the financial year for which the separate financial statements are prepared, in all material respects:

- is consistent with the separate financial statements; and
- has been prepared in accordance with the applicable legal requirements.

In addition, in the light of the knowledge and understanding of the Company and its environment obtained in the course of our audit, we are required to report if we identify material misstatements in the Annual Business Report. We have nothing to report in this regard.

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

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

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

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

## Auditors' Responsibilities for the Audit of the Separate Financial Statements

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

As part of an audit in accordance with the Law on Auditing of the Republic of Serbia and applicable auditing standards in the Republic of Serbia, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate 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.

**KPMG d.o.o., Beograd**

***Signed on the Serbian original***

Ivana Manigodić  
*Licensed Certified Auditor*

Belgrade, 27 June 2025

*This is a translation of the original Independent Auditor's Report issued in the Serbian language.  
All due care has been taken to produce a translation that is as faithful as possible to the original.  
However, if any questions arise related to interpretation of the information  
contained in the translation, the Serbian version of the document shall prevail.  
We assume no responsibility for the correctness of the translation of the Company's separate financial statements.*

**KPMG d.o.o., Beograd**

Ivana Manigodić  
*Licensed Certified Auditor*

Belgrade, 27 June 2025

## BALANCE SHEET AS AT 31 DECEMBER 2024

- in thousands of Dinars -

Acc	ITEM	ADP	Note number	Amount		
				Current year	Previous year	
					Closing balance at	Opening balance
1	2	3	4	5	6	7
	<b>ASSETS</b>					
00	<b>A. SUBSCRIBED CAPITAL UNPAID</b>	0001				
	<b>B. FIXED ASSETS (0003+0009+0017+0018+0028)</b>	0002	21	5,755,208	5,804,768	
01	<b>I. INTANGIBLE ASSETS (0004+0005+0006+0007+0008)</b>	0003	21	53,386	65,670	
010	1. Research and development costs	0004				
011, 012 and 014	2. Concessions, patents, licenses, trademarks, software and similar intangible assets	0005		53,386	65,670	
013	3. Goodwill	0006				
015 and 016	4. Intangible assets taken on lease and intangible assets under development	0007				
017	5. Advances for intangible assets	0008				
02	<b>II. PROPERTY, PLANT AND EQUIPMENT (0010+0011+0012+0013+0014+0015+0016)</b>	0009	21	5,650,717	5,505,870	
020, 021 and 022	1. Land and buildings	0010	21	1,250,651	1,272,013	
023	2. Plant and equipment	0011	21	3,071,311	3,304,972	
024	3. Investment properties	0012				
025 and 027	4. Other property, plant and equipment	0013	21	1,328,755	928,885	
026 and 028	5. Property, plant and equipment under construction	0014				
029 (part)	6. Leasehold improvements	0015				
029 (part)	7. Advances for property, plant and equipment	0016				
03	<b>III. BIOLOGICAL ASSETS</b>	0017				
04 and 05	<b>IV. LONG-TERM FINANCIAL INVESTMENTS AND LONG-TERM RECEIVABLES (0019+0020+0021+0022+0023+0024+0025+0026+0027)</b>	0018	22	51,105	233,228	
040(part), 041(part) and 042 (part)	1. Equity investments in legal entities (except for equity investments measured using the equity method)	0019	22	6,620	6,620	
040(part), 041(part) and 042 (part)	2. Equity investments measured using the equity method	0020				
043(part), 050(part) and 051(part)	3. Long-term investments in parent companies, subsidiaries and other related parties and long-term receivables from such entities domestically	0021				
044(part), 050(part) and 051(part)	4. Long-term investments in parent companies, subsidiaries and other related parties and long-term receivables from such entities domestically	0022				
045(part) and 053(part)	5. Long-term investments (granted loans and borrowings) domestically	0023				
045(part) and 053(part)	6. Long-term investments (granted loans and borrowings) abroad	0024				
046	7. Long-term financial investments (securities measured at amortized cost)	0025				
047	8. Treasury shares purchased and treasury stakes purchased	0026				
048, 052, 054, 055 and 056	9. Other long-term financial investments and other long-term receivables	0027	22	44,485	226,608	
28(part), except 288	<b>V. LONG-TERM PREPAYMENTS AND DEFERRED EXPENSES</b>	0028				

## BALANCE SHEET AS AT 31 DECEMBER 2024 (Continued)

- in thousands of Dinars -

Acc	ITEM	ADP	Note number	Amount		
				Current year	Previous year	
					Closing balance at	Opening balance
288	<b>C. DEFERRED TAX ASSETS</b>	0029				
	<b>D. CURRENT ASSETS</b> <b>(0031+0037+0038+0044+0048+0057+0058)</b>	0030		8,331,034	6,655,553	
Acc. group 1, except group 14	I. INVENTORIES (0032+0033+0034+0035+0036)	0031	23	5,124,863	4,772,306	
10	1. Materials, spare parts, tools and supplies	0032		717,248	585,500	
11 and 12	2. Work in progress and finished products	0033		3,915,135	4,132,750	
13	3. Merchandise	0034				
150, 152 and 154	4. Advances paid for inventories and services – domestic	0035		126,027	26,555	
151, 153 and 155	5. Advances paid for inventories and services – foreign	0036		366,453	27,501	
14	II. FIXED ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	0037				
20	III. TRADE RECEIVABLES (0039+0040+0041+0042+0043)	0038		2,886,321	1,609,205	
204	1. Trade receivables domestic – domestic	0039		1,168,103	872,075	
205	2. Trade receivables – foreign	0040		497,457	106,301	
200 and 202	3. Trade receivables – parent, subsidiary and other related parties – domestic	0041		1,806	670	
201 and 203	4. Trade receivables – parent, subsidiary and other related parties – foreign	0042		1,218,955	630,159	
206	5. Other trade receivables	0043				
21, 22 and 27	IV. OTHER SHORT-TERM RECEIVABLES (0045+0046+0047)	0044	25	60,423	45,875	
21, 22 except 223 and 224, and 27	1. Other receivables	0045		28,553	35,906	
223	2. Receivables for overpaid income tax	0046		31,537	9,674	
224	3. Receivables for overpaid other taxes and contributions	0047		333	295	
23	V. SHORT-TERM FINANCIAL INVESTMENTS (0049+0050+0051+0052+0053+0054+0055+0056)	0048	26	555	1,256	
230	1. Short-term loans and investments in parent companies and subsidiaries	0049				
231	2. Short-term loans and investments in other related parties	0050				
232, 234(part)	3. Short-term loans, borrowings and advances - domestic	0051		555	1,256	
233, 234(part)	4. Short-term loans, borrowings and advances - foreign	0052				
235	5. Securities measured at amortized cost	0053				
236(part)	6. Financial assets measured at fair value through profit and loss	0054				
237	7. Treasury shares purchased and treasury stakes purchased	0055				
236(part), 238 and 239	8. Other short-term financial investments	0056				
24	VI. CASH AND CASH EQUIVALENTS	0057	27	220,481	209,164	
28(part), except 288	VII. SHORT-TERM ASSETS AND PREPAYMENTS AND DEFERRED EXPENSES	0058		38,391	17,747	
	<b>E. TOTAL ASSETS = OPERATING ASSETS</b> <b>(0001+0002+0029+0030)</b>	0059		14,086,242	12,460,321	
88	<b>F. OFF-BALANCE SHEET ASSETS</b>	0060	39	19,887	52,441	
	<b>EQUITY AND LIABILITIES</b>					
	<b>A. EQUITY (0402+0403+0404+0405+0406- 0407+0408+0411-0412)≥0</b>	0401		8,073,960	7,025,889	
30, except 306	I. BASIC CAPITAL	0402		3,218,578	3,218,578	
31	II. SUBSCRIBED CAPITAL UNPAID	0403				
306	III. SHARE ISSUE PREMIUM	0404				
32	IV. RESERVES	0405				
330 and credit side of acc. 331, 332, 333, 334, 335, 336 and 337	V. POSITIVE REVALUATION RESERVES AND UNREALIZED GAINS ON FINANCIAL ASSETS AND OTHER COMPONENTS OF OTHER COMPREHENSIVE INCOME	0406		1,520,595	1,527,210	

## BALANCE SHEET AS AT 31 DECEMBER 2024 (Continued)

- in thousands of Dinars -

Acc	ITEM	ADP	Note number	Amount		
				Current year	Previous year	
					Closing balance at	Opening balance
debit side of acc. 331, 332, 333, 334, 335, 336 and 337	VI. UNREALIZED LOSSES ON FINANCIAL ASSETS AND OTHER COMPONENTS OF OTHER COMPREHENSIVE INCOME	0407				
34	VII. RETAINED EARNINGS (0409+0410)	0408		3,334,787	2,280,101	
340	1. Retained earnings from previous years	0409		2,280,101	1,104,775	
341	2. Retained earnings from current year	0410		1,054,686	1,175,326	
	VIII. EQUITY INVESTMENT WITHOUT CONTROLLING RIGHTS	0411				
35	IX. LOSS (0413+0414)	0412				
350	1. Previous years' losses	0413				
351	2. Current year loss	0414				
	<b>B. LONG-TERM PROVISIONS AND LIABILITIES (0416+0420+0428)</b>	0415		956,767	1,087,552	
40	I. LONG-TERM PROVISIONS (0417+0418+0419)	0416	30	303,120	251,015	
404	1. Provisions for employee benefits and other benefits	0417	30	303,120	251,015	
400	2. Provisions for warranty period expenses	0418				
40, except 400 and 404	3. Other long-term provisions	0419				
41	II. LONG-TERM LIABILITIES (0421+0422+0423+0424+0425+0426+0427)	0420	31	653,647	836,537	
410	1. Liabilities which can be converted into capital	0421				
411(part) and 412(part)	2. Long-term loans and other long-term liabilities to parent companies, subsidiaries and other relate parties – domestic	0422				
411(part) and 412(part)	3. Long-term loans and other long-term liabilities to parent companies, subsidiaries and other relate parties – foreign	0423				
414 and 416(part)	4. Long-term loans, borrowings and lease liabilities – domestic	0424	31	653,647	836,537	
415 and 416(part)	5. Long-term loans, borrowings and lease liabilities – foreign	0425				
413	6. Liabilities for issued securities	0426				
419	7. Other long-term liabilities	0427				
49(part), except 498 and 495(part)	III. LONG-TERM EQUITY AND LIABILITIES AND ACCRUALS	0428				
498	<b>C. DEFERRED TAX LIABILITIES</b>	0429		438,863	462,644	
495(part)	<b>D. LONG-TERM DEFERRED INCOME AND RECEIVED DONATIONS</b>	0430				
	<b>E. SHORT-TERM PROVISIONS AND SHORT-TERM LIABILITIES (0423+0433+0441+0442+0449+0453+0454)</b>	0431		4,616,652	3,884,236	
467	I. SHORT-TERM PROVISIONS	0432		51,617	57,564	
42, except 427	II. SHORT-TERM FINANCIAL LIABILITIES (0434+0435+0436+0437+0438+0439+0440)	0433	32	1,834,221	1,865,989	
420(part) and 421(part)	1. Loan liabilities toward parent company, subsidiaries and other related parties – domestic	0434				
420(part) and 421(part)	2. Loan liabilities toward parent company, subsidiaries and other related parties – domestic	0435				
422(part), 424(part), 425(part), and 429(part)	3. Liabilities for loans and borrowings toward entities that are not domestic banks	0436				
422(part), 424(part), 425(part), and 429(part)	4. Loan liabilities toward domestic banks	0437	32	1,834,221	1,865,989	

## BALANCE SHEET AS AT 31 DECEMBER 2024 (Continued)

- in thousands of Dinars -

Acc	ITEM	ADP	Note number	Amount		
				Current year	Previous year	
					Closing balance at	Opening balance
423(part), 424(part), 425(part), and 429(part)	5. Loans, borrowings and liabilities – foreign	0438				
426	6. Liabilities for short-term securities	0439				
428	7. Liabilities for financial derivatives	0440				
430	III. RECEIVED ADVANCES, DEPOSITS AND CAUTION MONEY	0441	33	287,328	98,131	
43, except 430	IV. LIABILITIES FROM OPERATIONS (0443+0444+0445+0446+0447+0448)	0442	34	2,073,590	1,407,969	
431 and 433	1. Trade payables - parent companies, subsidiaries and other related parties – domestic	0443	34	11,222	5,349	
432 and 434	2. Trade payables - parent companies, subsidiaries and other related parties – foreign	0444	34	696,883	577,142	
435	3. Trade payables – domestic	0445	34	612,075	358,033	
436	4. Trade payables – foreign	0446	34	453,410	167,445	
439(part)	5. Liabilities for bills of exchange	0447				
439(part)	6. Other operating liabilities	0448	34	300,000	300,000	
44, 45, 46, except 467, 47 and 48	V. OTHER SHORT-TERM LIABILITIES (0450+0451+0452)	0449	35	220,385	226,030	
44, 45 and 46 except 467	1. Other short-term liabilities	0450	35	205,910	188,358	
47, 48 except 481	2. Value added tax liabilities and liabilities for other public revenues	0451	35	14,475	37,672	
481	3. Income tax liabilities	0452				
427	VI. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS FROM DISCONTINUED OPERATIONS	0453				
49(part) except 498	VII. SHORT-TERM ACCRUALS	0454	35	149,511	228,553	
	<b>E. LOSS ABOVE THE VALUE CAPITAL (0415+0429+0430+0431+0059) ≥ 0 = (0407+0412-0402-0403-0404-0405-0406-0408-0411) ≥ 0</b>	0455				
	<b>F. TOTAL LIABILITIES AND EQUITY (0401+0415+0429+0430+0431-0455)</b>	0456		14,086,242	12,460,321	
89	<b>G. OFF BALANCE SHEET LIABILITIES</b>	0457	39	19,887	52,441	



## INCOME STATEMENT

FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2024

in thousands of Dinars

Acc	ITEM	ADP	Note	Amount	
				Current year	Previous year
1	2	3	4	5	6
	<b>A. OPERATING INCOME</b> <b>(1002 + 1005 + 1008 + 1009 – 1010 + 1011 + 1012)</b>	1001		28,596,297	27,836,797
60	I. SALES OF MERCHANDISE (1003 + 1004)	1002			
600, 602 and 604	1. Sales of merchandise – domestic	1003			
601, 603 and 605	2. Sales of merchandise – foreign	1004			
61	II. SALES OF PRODUCTS AND SERVICES (1006 + 1007)	1005	5	28,697,480	26,733,443
610, 612 and 614	1. Sales of products and services – domestic	1006	5	6,795,738	6,063,555
611, 613 and 615	2. Sales of products and services – foreign	1007	5	21,901,742	20,669,888
62	III. INCOME FROM CAPITALIZATION OF OWN PRODUCTS AND SERVICES	1008		110,857	77,888
630	IV. INCREASE IN VALUE OF INVENTORIES OF UNFINISHED AND FINISHED PRODUCTS	1009		835,443	1,071,554
631	V. DECREASE IN VALUE OF INVENTORIES OF UNFINISHED AND FINISHED PRODUCTS	1010		1,053,059	248,774
64 and 65	VI. OTHER OPERATING INCOME	1011	6	5,576	6,002
68, except 683, 685 and 686	VII. INCOME FROM ADJUSTMENT IN THE VALUE OF ASSETS (EXCEPT FINANCIAL)	1012			196,684
	<b>B. OPERATING EXPENSES (1014 + 1015 + 1016 + 1020 + 1021 + 1022 + 1023 + 1024)</b>	1013		27,228,085	26,262,969
50	I. COST OF GOODS SOLD	1014			
51	II. COSTS OF MATERIALS, FUEL AND ENERGY	1015	9	23,584,494	23,222,467
52	III. COSTS OF SALARIES, FRINGE BENEFITS AND OTHER PERSONNEL EXPENSES (1017+1018+1019)	1016	10	2,580,963	2,101,502
520	1. Costs of salaries and fringe benefits	1017		2,034,599	1,657,953
521	2. Costs of taxes and contributions on salaries and fringe benefits	1018		319,377	261,742
52 except 520 and 521	3. Other personnel costs and benefits	1019		226,987	181,807
540	IV. DEPRECIATION COSTS	1020	11	333,061	192,826
58, except 583, 585 and 586	V. COSTS OF ADJUSTMENT IN THE VALUE OF ASSETS (EXCEPT FINANCIAL)	1021			80,491
53	VI. COSTS OF PRODUCTION SERVICES	1022	12	488,317	432,485
54, except 540	VII. COSTS OF PROVISIONS	1023	13	68,642	80,010
55	VIII. NON-PRODUCTION EXPENSES	1024	14	172,608	153,188
	<b>C. OPERATING INCOME (1001 - 1013) ≥ 0</b>	1025		1,368,212	1,573,828
	<b>D. OPERATING LOSS (1013 - 1001) ≥ 0</b>	1026			
	<b>E. FINANCIAL INCOME (1028 + 1029 + 1030 + 1031)</b>	1027	15	93,433	62,027
660 and 661	I. FINANCIAL INCOME FROM TRANSACTIONS WITH PARENT COMPANY, SUBSIDIARIES AND OTHER RELATED PARTIES	1028		55,970	21,183
662	II. INTEREST INCOME	1029		19,356	15,109
663 and 664	III. FOREIGN EXCHANGE GAINS AND POSITIVE EFFECTS OF FX CLAUSE	1030		17,073	25,423
665 and 669	IV. OTHER FINANCIAL INCOME	1031		1,034	312
	<b>F. FINANCIAL EXPENSE (1033 + 1034 + 1035 + 1036)</b>	1032	16	300,650	325,697
560 and 561	I. FINANCIAL EXPENSES FROM TRANSACTIONS WITH PARENT COMPANY, SUBSIDIARIES AND OTHER RELATED PARTIES	1033		76,209	79,595
562	II. INTEREST EXPENSE	1034		193,277	188,903
563 and 564	III. FOREIGN EXCHANGE LOSSES AND NEGATIVE EFFECTS OF FX CLAUSE	1035		31,090	57,199
565 and 569	IV. OTHER FINANCIAL EXPENSES	1036		74	
	<b>G. FINANCIAL INCOME (1032 - 1040)</b>	1037			
	<b>H. FINANCIAL LOSS (1040 - 1032)</b>	1038		207,217	263,670
683, 685 and 686	<b>I. INCOME FROM VALUATION ADJUSTMENTS OF OTHER ASSETS THAT ARE MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS</b>	1039		26	36,167
583, 585 and 586	<b>J. LOSS FROM VALUATION ADJUSTMENTS OF OTHER PROPERTY CARRIED AT FAIR VALUE THROUGH PROFIT OR LOSS</b>	1040			

## INCOME STATEMENT

FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2024 (Continued)

Acc	ITEM	ADP	Note	in thousands of Dinars	
				Amount	
				Current year	Previous year
1	2	3	4	5	6
67	<b>K. OTHER INCOME</b>	1041	18	228,082	117,073
57	<b>L. OTHER EXPENSE</b>	1042	19	163,885	45,655
	<b>M. TOTAL INCOME (1001+1027+1039+1041)</b>	1043		28,917,838	28,052,064
	<b>N. TOTAL EXPENSE (1013+1032+1040+1042)</b>	1044		27,692,620	26,634,321
	<b>O. PROFIT FROM CONTINUING OPERATIONS BEFORE TAX (1043-1044) ≥0</b>	1045		1,225,218	1,417,743
	<b>P. LOSS FROM CONTINUING OPERATIONS BEFORE TAX (1044-1043) ≥0</b>	1046			
69 - 59	<b>Q. NET INCOME FROM DISPOSAL OF DISCONTINUING OPERATIONS, EFFECTS OF CHANGE IN ACCOUNTING POLICY AND CORRECTION OF PRIOR PERIOD ERRORS</b>	1047			
59 - 69	<b>R. NET LOSS FROM DISPOSAL OF DISCONTINUING OPERATIONS, EFFECTS OF CHANGE IN ACCOUNTING POLICY AND CORRECTION OF PRIOR PERIOD ERRORS</b>	1048		78	554
	<b>S. PROFIT BEFORE TAX (1045-1046+1047-1048) ≥0</b>	1049		1,225,140	1,417,189
	<b>T. LOSS BEFORE TAX (1046-1045+1048-1047) ≥0</b>	1050			
	<b>U. INCOME TAX</b>				
721	<b>I. INCOME TAX EXPENSE OF THE PERIOD</b>	1051		195,595	247,781
debit of acc. 722	<b>II. DEFERRED INCOME TAX EXPENSE OF THE PERIOD</b>	1052			
credit of acc. 722	<b>III. DEFERRED INCOME TAX INCOME OF THE PERIOD</b>	1053		23,781	3,541
723	<b>V. EARNINGS OF EMPLOYER PAID</b>	1054			
	<b>W. NET PROFIT (1049-1050-1051-1052+1053-1054) ≥0</b>	1055		1,053,326	1,172,949
	<b>X. NET LOSS (1050-1049+1051+1052-1053+1054) ≥0</b>	1056			
	<b>I. NET PROFIT OF NON-CONTROLLING SHAREHOLDERS</b>	1057			
	<b>II. NET PROFIT OF PARENT ENTITY</b>	1058			
	<b>I. NET LOSS OF NON-CONTROLLING SHAREHOLDERS</b>	1059			
	<b>II. NET LOSS OF PARENT ENTITY</b>	1060			
	<b>V. EARNINGS PER SHARE</b>				
	1. Basic earnings per share	1061			
	2. Reduced (diluted) earnings per share	1062			

STATEMENT OF OTHER COMPREHENSIVE INCOME  
FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2024

Acc	ITEM	ADP	Note	in thousands of Dinars	
				Amount	
				Current year	Previous year
1	2	3	4	5	6
	<b>A. NET RESULT FROM OPERATIONS</b>				
	I. NET PROFIT (ADP 1055)	2001		1,053,326	1,172,949
	II. NET LOSS (ADP 1056)	2002			
	<b>B. OTHER COMPREHENSIVE INCOME OR LOSS</b>				
	<b>a) Items that will not be reclassified to the income statement in future periods</b>				
	1. Changes in revaluation of intangible assets, property, plant and equipment				
330	a) increase in revaluation reserves	2003			602,663
	b) decrease in revaluation reserves	2004			42,194
	2. Actuarial gains or losses on defined benefit plans				
331	a) gains	2005			
	b) losses	2006			
	3. Gains or losses on share in other comprehensive profit or loss of associates				
333	a) gains	2007			
	b) losses	2008			
	<b>b) Items that can be reclassified subsequently to the income statement in future periods</b>				
	1. Gains or losses on investments in equity instruments				
332	a) gains	2009			
	b) losses	2010			
	2. Gains or losses on translation of financial statements of foreign operations				
334	a) gains	2011			
	b) losses	2012			
	3. Gains or losses on instruments of hedging net investments in foreign operations				
335	a) gains	2013			
	b) losses	2014			
	4. Gains or losses on instruments of hedging cash flow risk				
336	a) gains	2015			
	b) losses	2016			
	5. Gains or losses on securities measured at fair value through other comprehensive result				
337	a) gains	2017			
	b) losses	2018			
	I. OTHER GROSS COMPREHENSIVE INCOME (2003 + 2005 + 2007 + 2009 + 2011 + 2013 + 2015 + 2017) - (2004 + 2006 + 2008 + 2010 + 2012 + 2014 + 2016 + 2018) ≥ 0	2019			560,469
	II. OTHER GROSS COMPREHENSIVE LOSS (2004 + 2006 + 2008 + 2010 + 2012 + 2014 + 2016 + 2018) - (2003 + 2005 + 2007 + 2009 + 2011 + 2013 + 2015 + 2017) ≥ 0	2020			
	III. TAX ON OTHER COMPREHENSIVE PROFIT OR LOSS FOR THE PERIOD	2021			90,399
	IV. DEFERRED TAX INCOME FROM OTHER COMPREHENSIVE PROFIT OR LOSS FOR THE PERIOD	2022			
	V. NET OTHER COMPREHENSIVE PROFIT (2019 - 2020 - 2021 + 2022) ≥ 0	2023			470,070
	VI. NET OTHER COMPREHENSIVE LOSS (2020 - 2019 + 2021 + 2022) ≥ 0	2024			
	<b>C. TOTAL COMPREHENSIVE NET RESULT FOR THE PERIOD</b>				
	I. TOTAL COMPREHENSIVE NET PROFIT (2001 - 2002 + 2022 - 2023) ≥ 0	2025		1,053,326	1,643,019
	II. TOTAL COMPREHENSIVE NET LOSS (2002 - 2001 + 2023 - 2022) ≥ 0	2026			
	<b>D. TOTAL COMPREHENSIVE NET PROFIT OR LOSS (2028+2029) = ADP 2025 ≥ 0 or ADP 2026 ≥ 0</b>	2027			
	1. Attributable to parent entity	2028			
	2. Attributable to non-controlling interests	2029			

**CASH FLOW STATEMENT**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2024**

in thousands of Dinars

ITEM	ADP	Amount	
		Current year	Previous year
1	2	3	4
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
I. Cash inflow from operating activities (1 to 4)	3001	21,929,337	23,063,502
1. Sales and received advances – domestic	3002	7,367,604	6,602,719
2. Sales and received advances – foreign	3003	14,502,834	16,381,797
3. Interest received from operating activities	3004	208	164
4. Other inflow from ongoing operations	3005	58,691	78,822
II. Cash outflow from operating activities (1 to 8)	3006	21,253,160	22,393,356
1. Payments to suppliers and prepayments – domestic	3007	13,433,080	9,778,953
2. Payments to suppliers and prepayments – foreign	3008	4,188,367	9,178,344
3. Salaries, fringe benefits and other personnel expenses	3009	2,533,717	2,050,659
4. Interest paid – domestic	3010	200,271	182,978
5. Interest paid – foreign	3011		
6. Income taxes	3012	217,458	496,587
7. Outflows for other public duties	3013	680,267	705,835
8. Other outflows from operating activities	3014		
III. Net cash inflow from operating activities (I-II)	3015	676,177	670,146
IV. Net cash outflow from operating activities (II-I)	3016	0	
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
I. Cash flows from investing activities (1 to 5)	3017	179,202	4,686
1. Sale of shares and stakes	3018		
2. Sale of intangible assets, property, plant, equipment and biological assets	3019	0	
3. Other financial investments	3020	179,202	4,686
4. Interest received from investing activities	3021		
5. Received dividends	3022		
II. Cash outflows from investing activities (1 of 3)	3023	610,073	156,589
1. Purchase of shares and stakes	3024		
2. Purchase of intangible assets, property, plant, equipment and biological assets	3025	610,027	156,589
3. Other financial investments	3026	46	
III. Net cash inflow from investing activities (I-II)	3027	0	
IV. Net cash outflow from investing activities (II-I)	3028	430,871	151,903
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
I. Cash flows from financing activities (1 to 7)	3029	2,484,597	3,129,058
1. Increase of basic capital	3030		
2. Long-term loans – domestic	3031	456,307	257,876
3. Long-term loans – foreign	3032		
4. Short-term loans – domestic	3033	2,028,290	2,871,182
5. Short-term loans – foreign	3034		
6. Other long-term liabilities	3035		
7. Other short-term liabilities	3036		
II. Cash used in financing activities (1 to 8)	3037	2,713,274	3,489,597
1. Purchase of treasury shares and stakes	3038		
2. Long-term loans – domestic	3039	681,839	570,831
3. Long-term loans – foreign	3040		
4. Short-term loans – domestic	3041	2,028,114	2,918,504
5. Short-term loans – foreign	3042		
6. Other liabilities	3043		
7. Financial leasing	3044	3,321	262
8. Dividends paid	3045		
III. Net cash inflow from financing activities (I-II)	3046		
IV. Net cash outflow from financing activities (II-I)	3047	228,677	360,539
<b>D. TOTAL CASH INFLOW ( 3001 + 3017 + 3029 )</b>	3048	24,593,136	26,197,246
<b>E. TOTAL CASH OUTFLOW ( 3006 + 3023 + 3037 )</b>	3049	24,576,507	26,039,542
<b>F. NET CASH INFLOW ( 3048 - 3049 ) ≥ 0</b>	3050	16,629	157,704
<b>G. NET CASH OUTFLOW ( 3049 - 3048 ) ≥ 0</b>	3051		
<b>H. CASH AND CASH EQUIVALENTS AT BEGINNING OF REPORTING PERIOD</b>	3052	209,164	88,450
<b>I. FOREIGN EXCHANGE GAINS ON TRANSLATION OF CASH AND CASH EQUIVALENTS</b>	3053	9,211	3,035
<b>J. FOREIGN EXCHANGE LOSSES ON TRANSLATION OF CASH AND CASH EQUIVALENTS</b>	3054	14,523	40,043
<b>K. CASH AT THE END OF REPORTING PERIOD (3050 – 3051 + 3052 + 3053 - 3054)</b>	3055	220,481	209,164

**TRANSLATION***Akcionarsko društvo Valjaonica bakra Sevojno  
Financial Statements***STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2024**

- In thousands of Dinars -

Item	DESCRIPTION	ADP	Core equity (Group 30 without 306 and 309)	ADP	Other core equity (acc.309)	ADP	Unpaid subscribed equity (group 31)	ADP	Share issue premium and reserves (acc.306 and group 32)	ADP	Revaluation reserves and retained earnings and losses (group 33)
	1		2		3		4		5		6
1	Balance as at 1 January ____	4001	3,216,780	4010	1,798	4019		4028		4037	998,579
2	Effects of retroactive correction of material errors and changes in accounting policies	4002		4011		4020		4029		4038	
3	Restated opening balance as at 1 January ____ (item 1+2)	4003	3,216,780	4012	1,798	4021		4030		4039	998,579
4	Net change in ____	4004		4013		4022		4031		4040	528,631
5	Balance as at 31 December ____ (item 3+4)	4005	3,216,780	4014	1,798	4023		4032		4041	1,527,210
6	Effects of retroactive correction of material errors and changes in accounting policies	4006		4015		4024		4033		4042	
7	Restated opening balance as at 1 January ____ (item 5+6)	4007	3,216,780	4016	1,798	4025		4034		4043	1,527,210
8	Net change in ____	4008		4017		4026		4035		4044	-6,615
9	Balance as at 31 December ____ (item 7+8)	4009	3,216,780	4018	1,798	4027		4036		4045	1,520,595

**TRANSLATION*****Akcionarsko društvo Valjaonica bakra Sevojno  
Financial Statements***

- In thousands of Dinars -

Item	DESCRIPTION	ADP	Retained earnings (group 34)	ADP	Loss (group 35)	ADP	Non-controlling interests	ADP	Total (corresponding to ADP item 0401) (col. 2+3+4+5+6+7- 8+9) ≥ 0	ADP	Loss in excess of value of equity (corresponding to ADP item 0455) (col. 2+3+4+5+6+7-8+9) < 0
	1		7		8		9		10		11
1	Balance as at 1 January ____	4046	1,550,067	4055	445,292	4064		4073	5,321,932	4082	
2	Effects of retroactive correction of material errors and changes in accounting policies	4047		4056		4065		4074		4083	
3	Restated opening balance as at 1 January ____ (item 1+2)	4048	1,550,067	4057	445,292	4066		4075	5,321,932	4084	
4	Net change in ____	4049	730,034	4058	-445,292	4067		4076		4085	
5	Balance as at 31 December ____ (item 3+4)	4050	2,280,101	4059		4068		4077	7,025,889	4086	
6	Effects of retroactive correction of material errors and changes in accounting policies	4051		4060		4069		4078		4087	
7	Restated opening balance as at 1 January ____ (item 5+6)	4052	2,280,101	4061		4070		4079	7,025,889	4088	
8	Net change in ____	4053	1,054,686	4062		4071		4080		4089	
9	Balance as at 31 December ____ (item 7+8)	4054	3,334,787	4063		4072		4081	8,073,960	4090	

**VALJAONICA BAKRA SEVOJNO AD, SEVOJNO**

**Notes to the separate financial statements  
31 December 2024**

## **1. BACKGROUND INFORMATION**

Valjaonica bakra Sevojno (hereinafter: the Company) was established based on Decision no. 3003-50 of the General Directorate of the Government of the Federal People's Republic of Yugoslavia dated 19 June 1950.

In accordance with the decision of the Privatization Agency of the Republic of Serbia dated 16 January 2003, the Company's socially owned capital was transformed into 410,190 shares with a nominal value of RSD 5,000 per share. Based on the contract concluded on 20 November 2003, the Consortium consisting of East Point Holdings Ltd. Cyprus and Amalco Overseas Ltd. Cyprus acquired 70% of the Company's share capital. The shareholding company Valjaonica bakra Sevojno was founded as a shareholding company based on the Decision on Change in Legal Form of DP Valjaonica bakra Sevojno (Official Bulletin of DP Valjaonica bakra Sevojno, No. 256 dated 3 February 2004) in accordance with the Privatization Law, as registered in the Commercial Court in Užice under number Fi 89-04 on 17 February 2004, and transferred to the Business Registers Agency under no. 362272005 dated 3 March 2005.

On 8 October 2009, ownership of the majority of equity of Valjaonica bakra Sevojno AD was transferred from East Point Holdings Ltd and Lapka Trading Limited to the related party East Point Metals Limited.

The majority owner of the Company, East Point Metals Ltd., from Cyprus, increased the number of shares in the Company by purchasing 79,039 shares on 24 February 2020, thus acquiring a total ownership interest in the Company of 93.16%.

Pursuant to Article 515, 516 and 523 of the Companies Law (Official Gazette of RS, no. 36/11, 99/11, 83/14 - oth. law, 5/15, 44/18, 95/18, 91/19 and 91/2021), and based on the request of the issuer, Valjaonica bakra Sevojno ad Sevojno, enforced purchase of the remaining shares (44,019) was carried out by the purchaser East Point Metals LTD Cyprus, whereby East Point Metals LTD Cyprus became the 100% owner of 643,356 shares in Valjaonica bakra Sevojno ad Sevojno. Accordingly, based on the request filed by Valjaonica bakra Sevojno ad Sevojno, the Securities Commission issued Decision no. 1/1-102-1433/3-20, dated 15 June 2020, on deregistration of Valjaonica bakra Sevojno ad Sevojno from the Companies Register.

The main activity of the Company is the processing of copper and copper alloys by rolling, pressing and drawing into a wide range of products, according to alloy, type and dimension. The main products are: sheets, strips, rondels, disks, plates (rolled program) and pipes, rods, rails, profiles, wires, thin-walled pipes (drawn program).

The Managing Board of Valjaonica bakra Sevojno adopted the decision on establishing the company Valjaonica Bezbednost d.o.o. Sevojno, which started operating on 1 November 2006. Valjaonica bakra Sevojno ad holds a 100% ownership interest in this company which performs the activity of providing physical and technical security services and protection of employees and property.

In March 2010, the company Slobodna zona Užice d.o.o. started operating (corporate no.:20630051, TIN 106554104), with its founders being Valjaonica bakra Sevojno a.d., Impol Seval Sevojno a.d. and the City of Užice. The founders have equal shares in the amount of EUR 1,000 each. The Company's core commercial activity is warehousing.

On 14 March 2017 the limited liability company, VBS Handel, based in Frankfurt - Germany, was established based on the Decision of the Supervisory Board of Valjaonica bakra Sevojno. Valjaonica bakra Sevojno ad holds a 100% ownership interest in this company which is responsible for the sale of products and the procurement of raw materials and spare parts for VBS.

Headquarters of the Company are in Sevojno, nn Prvomajska Street.

As at 31 December 2024 the Company had 1,126 employees (31 December 2023 – 1070 employees).



## **2 BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS**

The principal accounting policies applied in preparing the financial statements are presented below. These policies were consistently applied to all the years presented here, unless otherwise stated. The accompanying financial statements represent the Company's separate financial statements in which the following companies, owned by the Company in the presented percentage shares, are not consolidated:

- 1 Valjaonica- Bezbednost d.o.o. Sevojno 100% and
- 2 VBS Handel - Germany 100%.

The Company did not consolidate the financial statements of its related parties, given that according to regulations it is required to prepare both individual and consolidated financial statements. The Company also prepares consolidated financial statements.

### **2.1 Statement of compliance**

The Company keeps its records and prepares financial statements in accordance with the effective of the Law on Accounting (Official Gazette of the Republic of Serbia no. 73/2019 and 44/2021– other laws) and other laws and bylaws applicable in the Republic of Serbia. For recognition, measurement, presentation and disclosure of line items in the financial statements, as a large entity the Company is required to apply International Financial Reporting Standards ("IFRS") which in terms of the Law on Accounting comprise the following: Conceptual Framework for Financial Reporting ("Framework"), International Accounting Standards (IAS), International Financial Reporting Standards ("IFRS") and related interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"), whose translation has been confirmed and published by the ministry in charge of finance ("Ministry").

The translation of IFRS which is confirmed and published by the Ministry comprises the Conceptual Framework for Financial Reporting, the basic texts of IAS and IFRS as published by the International Accounting Standards Board, including interpretations issued by the International Financial Reporting Interpretations Committee in the form in which they are published and which do not include basis for conclusions, illustrative examples, guidelines, comments, opposing opinions, developed examples and other additional explanatory materials which can be adopted in respect of the standards or interpretations, unless it is explicitly stated that they are integral to the standard or interpretation. The translation of IFRS is confirmed by the Decision of the Ministry of Finance on Confirmation of the Translation of the Conceptual Framework for Financial Reporting and the Basic Texts of the International Accounting Standards and International Financial Reporting Standards number 401-00-4351/2020-16 dated 10 September 2020 as published in the Official Gazette of RS no. 123/2020 and 125/2020. The said translation of IFRS is effective for financial statements that are prepared as at 31 December 2021. Amended or published IFRS and interpretations of standards following this date have not been translated and published, and hence have not been applied in the preparation of the accompanying financial statements.

In view of the above stated and the fact that particular laws and bylaws specify accounting procedures that in particular cases detract from IFRS requirements, and the fact that the Law on Accounting establishes the dinar as the official reporting currency, the accounting regulations of the Republic of Serbia can differ from IFRS requirements, which could affect the reasonableness and objectiveness of the accompanying financial statements. As a result, the accompanying financial statements cannot be considered to be financial statements prepared in full compliance with IFRS in accordance with the definition provided by IAS 1 *Presentation of Financial Statements*.

The accompanying financial statements are prepared on a historical cost basis, except for property, plant and equipment which are carried at revaluation amount.

The content and form of the financial statements forms are prescribed by the Rulebook on the Content and Form of Financial Statements Forms and the Content and Form of Statistical Report for Legal Entities, Cooperatives and Entrepreneurs (Official Gazette of RS no. 89/2020).

These separate financial statements have been approved by the Company Director on 31 March 2025.

## **2.2 Basis of measurement**

Financial statements have been prepared on the historical cost basis, except for items of property, plant and equipment measured at fair value.

Historical cost is generally based on the fair value of compensation given in exchange for goods or services at the time that time of transaction occurrence.

## **2.3 Use of estimates and judgments**

The presentation of financial statements demands of the management to use best possible estimates and reasonable assumptions which affect reported amounts of assets and liabilities, as well as to disclose potential receivables and liabilities on the day of preparation of financial statements and income and expenses during the reporting period. These estimates and assumptions are based on previous experience and on information available on the day of preparation of financial statements, which seem realistic and reasonable under the given circumstances. Based on such information estimates are made of the value of assets and liabilities which cannot be determined using other information. Actual values of assets and liabilities can differ from amounts determined in this way.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Information on areas in which estimation levels are highest and that can have the most significant effect on amounts recognized in the Company's financial statements are presented in the following notes:

- Note 3.4 – Deferred tax,
- Note 3.6 – Useful life of property, plant and equipment,
- Notes 3.6 and 21 – Fair value of property, plant and equipment
- Note 3.9 – Impairment of financial assets, and
- Note 3.12 – Employee benefits.

## **2.4 Functional and presentation currency**

The financial statements of the Company are stated in thousands of dinars (RSD) which are the functional currency and the reporting currency for financial statements in the Republic of Serbia. Unless otherwise indicated, all amounts are stated in dinars, rounded to the nearest thousand.

## **2.5 Going concern**

The separate 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.

## **2.6 Restatement of comparative figures**

The Company restated its Statement of Cash Flows in its financial statements for 2023. Restatements were performed for amounts of contributions under receipts and payments for operating activities (ADP 3002 – Sales and received advances, domestic, ADP 3003 – Sales and received advances, foreign, ADP 3007 – Payments to suppliers and advances paid, domestic and ADP 3008 – Payments to suppliers and advances paid, foreign) in the Statement of Cash Flows. The table below presents an overview of restatements made in the Company's financial statements:

In thousands of RSD	ADP	FY 2024 restated comparative figures for 2023	2023	Difference
Sales and received advances, domestic	3002	6,602,719	7,299,091	696,372
Sales and received advances, foreign	3003	16,381,797	20,622,504	4,240,707
Payments to suppliers and advances paid, domestic	3007	(9,778,953)	(10,475,325)	(696,372)
Payments to suppliers and advances paid, foreign	3008	(9,178,344)	(13,419,051)	(4,240,707)

## **3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently to all periods presented in these separate financial statements.

### **3.1 Foreign currency transactions**

Foreign currency transactions are translated into dinars at the middle exchange rate established by the interbanking foreign currency market ruling on transaction date.

Monetary items stated in foreign currencies as at balance sheet date are translated into dinars at the median exchange rate established on the Interbanking foreign currency market ruling on balance sheet date. Non-monetary items are translated into dinars at the middle exchange rate ruling on transaction date.

Foreign exchange gains and losses occurring on payments made and collected in foreign currencies during the year, including exchange rate differences occurring on translation of assets and liabilities stated in a foreign currency on balance sheet date, are reported in the Company's income statement as income/expenses arising on foreign exchange gains/losses under the line item financial income/expenses.

Receivables with a built in foreign currency clause are translated into dinars at the middle exchange rate ruling on balance sheet date. Resulting foreign exchange gains/losses are reported in the Company's income statement, as hedging gains/losses classified under financial income/expenses.

Official median exchange rates of principal foreign currencies as at balance sheet date were as follows:

In dinars	31 December 2024	31 December 2023
EUR	117.0149	117.1737
USD	112.4386	105.8671
GBP	141.1178	135.0550

## **3.2 Revenues**

### ***Sales of products and services***

In accordance with IFRS 15, sales of products and goods are recognized at the moment when significant risks and rewards of ownership of products and goods are transferred to the buyer. Sales of products and goods are stated at invoiced amount reduced for approved discounts and value added tax.

Sales of services are recognized in the reporting period in which the service is provided and are stated at invoiced reduced for approved discounts and value added tax.

The Company recognizes revenue from the sale of products, goods and services, when it performs a contractual obligation and when it transfers control over products, goods and services. In most contracts, control of products, goods or services passes to the buyer at a specified point in time, when related consideration becomes unconditional and is defined by parity as part of the same delivery.

Revenue is recognized in the amount of the entire transaction. The transaction price represents the amount of the contribution to which the Company expects to be entitled, in exchange for the transfer of control over the contracted goods or services to the buyer, excluding amounts collected on behalf of third parties.

Revenue is recognized net of value added tax, refunds, rebates and other discounts.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price the Company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

### ***Revenue from the sale of services***

Revenue from rendering of services is recognized in the accounting period in which the services are rendered.

Revenue is recognized only when it is probable that the economic benefits associated with the transaction will flow to the Company. When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognized only to the extent of the corresponding expenses recognized that are recoverable.

### ***Variable consideration***

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

### ***Costs of obtaining a contract***

The Company has elected to make use of the practical expedients for contract costs incurred related to contracts with an amortization period of less than one year. These costs are expensed as incurred.

### ***Discounts***

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 date of sale. Rebates are accrued at each reporting period-end.

### *Capitalization of products and goods*

Income from capitalization of products and goods includes income from use of goods, products and services for intangible assets, for fixed assets, for materials, for own transport in the purchase of materials and goods.

## **3.3 Expenses**

Expenses are recognized in the income statement according to the principle of causality of income and expenses, on an accrual basis and are determined for the period when they were incurred.

### *Operating expenses*

Operating expenses are costs that arose from generating operating revenues and include the costs of goods sold, material, fuel and energy costs, gross wages, depreciation costs and services provided by the third parties. Operating expenses also include general expenses such as lease, marketing, insurance, payment transactions, taxes and other expenses incurred in the current accounting period.

### *Financial expenses*

Financial expenses comprise costs of interest and foreign exchange losses and other financial expenses. Interest expense relates to interest accrued on loans received which is reported in the income statement it relates to, in accordance with the principles of accrual accounting. Interest expense is recognized using the effective interest method.

### *Other expenses*

Other expenses relate to losses on the sale of fixed assets and disposal of property, plant and equipment and intangible assets, losses on the sale of securities and equity investments in legal entities, losses on the sale of materials, shortages, costs of contracted hedging effects, costs of direct write-off of receivables, costs of impairment of assets, losses from effects of adjustment in the value of intangible assets, property, plant and equipment, long-term and short-term financial investments, inventories, securities and receivables, in accordance with the Company's accounting policy.

## **3.4 Income tax**

### *Current income tax*

Income tax is the amount that is calculated and paid in accordance with the provisions of the Law on Corporate Income Tax of the Republic of Serbia. The corporate income tax rate is 15% and is applied to taxable profit reported in the tax balance. Taxable profit is determined in the tax balance as profit before tax shown in the income statement, after adjusting income and expenses in the manner prescribed by the tax legislation of the Republic of Serbia. The amount of tax thus determined and stated in the tax return is reduced on the basis of tax credits and tax incentives.

The tax legislation of the Republic of Serbia does not stipulate that tax losses from the current period can be used as a basis for the refund of taxes paid in previous periods. However, losses from the current period reported in the tax balance sheet, other than those arising from capital losses and gains, may be used to reduce the profit determined in the tax balance sheet of future accounting periods, but not longer than five years.

### ***Deferred income tax***

Deferred income taxes are provided for the temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, determined in accordance with the accounting regulations of the Republic of Serbia. The currently-enacted tax rates or the substantively-enacted rates at the balance sheet date are used to determine the deferred income tax amount. Deferred tax assets are recognized for all deductible temporary differences, and the tax effects of income tax losses and credits are available for carry forward, to the extent that it is probable that taxable profit will be available, against which the deductible temporary differences and the tax loss/credits of the carry forwards can be utilized.

Current and deferred taxes are recognized as income and expenses and are included in the net profit for the year, except for amounts of deferred tax arising on revaluation of property, plant and equipment, equity investments in companies and banks, and that are reported under revaluation reserves.

## **3.5 Intangible assets**

Intangible assets are assets that can be identified as non-monetary and without physical characteristics. Intangible assets that meet the requirements of IAS 38 *Intangible Assets*, that have a useful life longer than one year and their individual purchase price at the time of their acquisition is higher than the average gross salary in the Republic of Serbia, are recognized as intangible assets and are amortized.

Intangible assets are initially measured at cost or purchase price, and are amortized on a straight line basis over their estimated useful life. Subsequent measurement after initial recognition of intangible assets is based on the cost model as per IAS 38 *Intangible Assets*, or at purchase price or cost, reduced for any accumulated amortization and impairments, if any.

Intangible assets primarily comprise investments in software, costs of development, licenses and similar rights acquired through purchases and are fully amortized within 5 years.

## **3.6 Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Property, plant and equipment which meet requirements for recognition as a fixed asset are initially measured at cost.

Cost comprises amounts billed by supplier, increased for attributable purchase costs and all other costs attributed to bringing an asset into a state of functional readiness, decreased for any trade discounts and rebates. Borrowing costs are included in the cost of assets that require a significant period of time for completion of construction and for deployment, up to the moment of activation. Additions during the year are recorded at cost which represents the price billed by suppliers increased for attributable purchase costs and associated costs of bringing the asset into functional use.

Subsequent expenditure for property, plant and equipment is recognized as an asset only when such expenditure improves the condition of an asset beyond its initially estimated standard performance. All other subsequent expenses are recognized as period expenses when occurred.

An asset built by the Company is recognized at the cost of building it, assuming it does not exceed market value. The cost of an asset does not include interest, administrative costs and other overhead expenses that cannot be attributed directly to the asset.

After initial recognition property, plant and equipment are stated at revaluation amount which reflects their fair value on revaluation date, decreased for the total amount of accumulated depreciation and the total amount of any impairments.

Property, plant and equipment are stated at fair value that is based on periodic valuations performed by independent appraisers, decreased for accumulated depreciation. The frequency of valuations depends on movements in the market value of property, plant and equipment, and on other important economic factors that can affect their value. Accumulated depreciation on valuation date is eliminated against the gross carrying amount of the asset and the undepreciated amount is reduced to the revaluation (appraised) amount of the asset.

Any increase in the carrying amount of property, plant and equipment resulting from revaluation is reported within equity, under revaluation reserves. Decreases in carrying amounts that reduce previous increases in the value of the same assets are charged against revaluation reserves directly within equity; all other decreases are charged to the income statement.

Depreciation/amortization of property, plant and equipment and intangible assets is calculated for each asset individually using rates prescribed by the Company's accounting policies, based on the estimated useful life of a non-current asset.

Other assets are depreciated on a straight line basis in order to distribute their cost or revaluation amounts up to their residual value over their estimated useful life, as follows:

	Useful life (in years)	Depreciation rate
Buildings	40	2.5%
Machine shops	40	2.5%
Production equipment	2-43	50%-2,33%
Other equipment	2-10	50%-10%

The listed depreciation rates are effective in the current year.

Depreciation of assets commences on the first day of the month following the month when they are placed into use. Amortization rates and residual values are reviewed each year.

The cost of repairs and maintenance of property, plant and equipment in order to preserve future value in use, are recognized in the income statement as an expense when incurred.

The carrying amount of an asset is immediately written down to its recoverable amount when the carrying amount is higher than its estimated recoverable amount.

Any gain or loss on disposal of an asset is determined as the difference between the related cash inflow and the asset's carrying amount and is reported in the income statement.

Determining the useful life of property, plant and equipment is based on previous experience with similar assets, as well as on anticipated technical development and changes which are impacted by a significant number of economic or industrial factors. The adequacy of specified useful life is reviewed annually or whenever there are indications that a significant change occurred in the factors that provide the basis for determining useful life.

### **3.7 Inventories**

#### ***Work in progress and finished products***

Inventories of work in progress and finished products are stated at the lower of cost or net realizable value. Net realizable value is the price at which inventories can be sold in the ordinary course of doing business, after reduction for costs to sell.

The cost of inventories of work in progress and finished products comprises:

- raw materials used,
- direct labor costs,
- other direct costs, and
- attributable overhead production costs.

#### ***Materials***

Inventories of materials are stated at the lower of cost or net realizable value. Cost includes amount billed by supplier, import duties and other non-refundable taxes, transportation and other costs that can be directly attributed to the acquisition of inventories, less trade discounts, rebates and other similar items.

Outgoing inventories of materials are calculated using the average weighted price method.

#### ***Impairment of inventories***

Adjustment in the value of inventories is charged to expenses when it is estimated that the value of inventories needs to be written down to their net realizable value. Damaged inventories and sub-standard quality inventories are written off in full.

Tools and small fittings are written off in full after they are issued for use.

### **3.8 Impairment**

As at each balance sheet date the Company reviews the carrying amounts of its tangible and intangible assets in order to determine whether there are any indications of loss due to impairment of such assets. If such indications exist, the recoverable amount of an asset is estimated in order to determine any potential impairment loss. If the recoverable amount of an individual asset cannot be estimated, the Company estimates the recoverable amount of the cash generating unit to which such asset belongs.

The recoverable amount is the higher of the net sale price or the value in use. Future cash flows are discounted to their present value in estimating the value in use, using a before tax discount rate which reflects the current market estimate of the value of money and the risks specific to the asset.

If the estimated recoverable amount of the assets (or cash generating unit) is lower than its carrying amount, the carrying amount of such asset (or cash generating unit) is written down to its recoverable amount. The impairment loss is recognized immediately as an expense, except when the asset is land or a building which is not used as investment property which is reported at revaluation amount, in which case the impairment loss is reported as a reduction in value occurred through revaluation of assets.



### **3.9 Financial instruments**

In accordance with MSFI 9, the Company classifies its financial assets into the following categories: assets subsequently measures at fair value (whether through other comprehensive income or through profit or loss) and assets measures at amortized cost. Classification is based on:

- a) the Company's business model for managing the financial assets, and
- b) the contractual cash flow characteristics of the financial asset.

A financial asset shall be measured at amortised cost if both of the following conditions are met:

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

A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met:

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

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income. Additionally, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at fair value through other comprehensive income, as at financial asset measured at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Reclassification of financial instruments is performed only when there is a change in the business model for portfolio management as a whole. Reclassification has a prospective effect and is performed from the beginning of the first reporting period after the change in the business model.

The Company has not changed its business model in the current or comparative period, and no reclassifications have been made.

#### ***Business model assessment***

The Business model is assessed with the aim to determine if the asset with SPPI cash flows is classified at amortized cost or at fair value through other comprehensive income. The business model determines whether cash flows result from collecting contractual cash flows, selling the financial assets or both.

#### ***Offsetting financial instruments***

Financial assets and liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or the asset and settle the liability simultaneously.

At initial recognition, the Company measures a financial asset at its fair value, which, in the case of financial assets not measured at fair value through profit or loss, is increased for transaction costs directly attributable to the acquisition of the financial asset. Transaction costs of financial assets measured at fair value through profit or loss are presented as period expenses in the income statement.

Subsequent to initial recognition, provisions for expected credit losses are recognized for financial assets measured at amortized cost and investments in debt instruments measured at fair value through other comprehensive income, causing an immediate loss.

### ***Cash and cash equivalents***

Cash and cash equivalents include cash on hand, demand deposits with banks, and other short-term highly liquid investments with maturities of three months or less.

Cash and cash equivalents in accordance with the requirements of IFRS 9 are classified as financial assets measured at amortized cost because they are held for collection of contractual cash flows, where these cash flows represent solely payment of principal and interest (SPPI) and are not stated at fair value through profit or loss.

### ***Long-term financial investments***

Long-term financial investments which include equity investments in related parties and other legal entities which are not listed on the stock exchange are stated at cost, reduced for any allowances for impairment based on management estimates, with a view to writing them down to their recoverable amounts.

### ***Other long-term financial investments***

Long-term loans include long-term housing loans granted to employees. Long-term loans granted to employees are initially recognized at cost or at the amount of funds provided. Monthly loan installments are adjusted every six months in accordance with statutory regulations. If it is assessed that there is objective evidence that loans are impaired, the Company estimates the recoverable amount of the loan, with the amount of impairment loss recorded in the income statement. As at balance sheet date, they are discounted to their present value or fair market value.

### ***Trade receivables and other receivables***

Trade and other receivables are initially recognized at fair value and subsequently measured at amortized cost, using the effective interest method, less any expected credit loss.

Trade receivables are amounts owed by customers for products and goods sold or services provided in the regular course of business. If collection is expected within one year or less (or during the regular operating cycle, if it lasts longer), they are classified as current assets. Otherwise, they are classified as non-current assets, i.e. long-term receivables.

### ***Trade and other payables***

Trade payables arise when the counterparty has settled its obligations under the contract, and are initially recognized at fair value, and subsequently measured at amortized cost using the effective interest method.

Trade payables are liabilities paid for goods or services that are procured from suppliers in the ordinary course of business. These liabilities are classified as current liabilities if payment is due within one year or less (or during the regular operating cycle, if it lasts longer). Otherwise, they are classified as long-term liabilities.

### ***Write-off***

Write-off of financial assets is performed, in whole or in part, when the Company exhausts all possibilities of collection and concludes that there are no reasonable expectations that collection can be made, i.e. when the Company has no reasonable expectation that it will recover all or part of the financial asset. A write-off represents a derecognition event.

The Company may write off financial assets that are still in the process of forced collection, where it is still attempting to collect funds it claims, and where there is no reasonable expectation that collection will be made.

### ***Recognition and derecognition***

The purchase or sale of financial assets is recognized on transaction date, being the date when the Company undertakes to purchase or sell the assets.

Financial assets are derecognized when the right to cash flows from the financial assets has expired, or upon their transfer, whereby the Company transfers substantially all risks and rewards of ownership. Also, derecognition of financial asset will occur if subsequent changes of contractual terms of financial assets arisen, leading to significant modification of financial asset's cash flows.

Financial liabilities are derecognized when the liability for payment specified by contract is settled, extinguished or expired.

### ***Measurement of financial assets***

Financial instruments are initially measured at market value which includes transaction costs for all financial assets or liabilities, except for those that are valued at fair value through profit and loss. Financial assets at fair value through profit and loss are initially recognized at fair value, with transaction costs charged to operating expenses in the income statement.

Financial assets available for sale and financial assets at fair value through profit and loss after initial recognition are reported at fair value.

Loans and receivables, as well as financial assets held to maturity, are measured at amortized cost using the effective interest rate method.

### ***Measurement at amortized cost***

The amortized cost of a financial asset is the amount at which the asset is initially measured, reduced for principal repayment, and increased or decreased for accumulated amortization using the effective interest rate method.

### ***Measurement at fair value***

The fair value of a financial instruments is the amount at which an asset can be exchanged or a liability settled, between informed and willing parties in an independent transaction.

Fair value is determined using available market information on reporting date, as well as other valuation models used by the Company.

The fair value of certain financial instruments recorded at nominal value is approximately equal to their carrying amount. These instruments include cash, as well as receivables and liabilities with no contractual maturity, and with no contractual fixed interest rate.

Other receivables and liabilities are written down to their present value by discounting future cash flows using current interest rates. Management believes that as the result of the nature of the Company's operations and its business policies, there are no significant differences between the carrying amount and fair value of financial assets and liabilities.

#### ***Impairment of financial assets***

The Company calculates allowances for impairment of bad debts based on estimated losses that occur because customers are not able to make requested payments. In making estimates of the appropriate amounts of impairment losses for bad debts, the management relies on the aging structure of receivables, previous experience with write-off, customer creditworthiness and changes in payment terms. This requires judgment as to the customer's future behavior and resultant future cash collection. The actual amount of collected receivables can differ from estimated levels of collection, which could have a negative or positive effect on business performance.

Allowances for impairment are made in the full amount of the matured, uncollectible receivable for a portion of receivables that are overdue by more than 60 days, as well as for all other receivables which are estimated to be uncollectible. The said allowance for impairment includes related parties which are subject to additional management analysis, with subsequent decisions made on any potential write-offs.

The decision on direct write-off or impairment of trade receivables through the allowance for impairment account is made by the Company's Board of Directors.

Write-off of trade receivables is performed under the condition that receivables were previously recognized within income, where the receivable in the Company's books is written off as uncollectible, and where the Company could not collect it through court proceedings. The decision on direct write-off of trade receivables is made by the Company's Board of Directors.

#### ***Financial liabilities***

Financial liabilities are initially recognized at cost which represents the fair value of compensation received. After initial recognition financial liabilities are reported at amortized cost using the effective interest rate method, except for financial liabilities at fair value through profit and loss. The amortized cost of a financial liability is the amount at which the liability is initially measured, reduced for principal repayment, and increased or decreased for accumulated amortization using the effective interest rate method.

Financial liabilities include liabilities for loans take from domestic banks. A liability is short-term if it is expected that it will be settled in the ordinary course of the Company's business cycle and matures within a period of 12 months after balance sheet date. All other liabilities are classified as long-term.

Loans with a contractual foreign currency clause are converted into their equivalent value in dinars of the foreign currency principal outstanding. Gains and losses arising on the foreign currency clause are reported in the income statement as financial income or expenses, or as other income and expenses for revaluation effects from indexing of loans to the consumer price index.

The Company derecognizes liabilities when a liability is settled, reversed or transferred to a third party.

#### ***Operating liabilities***

Trade payables and other short-term operating liabilities are stated at their nominal amount.

### ***Modifications***

When contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in derecognition of the financial asset in accordance with IFRS 9, the Company assesses whether the change in the contractual cash flows is significant, taking into account the following factors: a significant change in the interest rate or an improvement in the terms of the loan, which significantly affects the credit risk associated with the asset, or a significant extension of the loan repayment period when the borrower has no financial difficulties.

If the modified conditions differ significantly, the cash flow rights from the original assets expire and the Company derecognizes the original financial asset and recognizes the new asset at fair value.

Any difference between the carrying amount of an asset that has been derecognized and the fair value of the new significantly modified asset is recognized in the income statement, unless the substance of the difference relates to equity transactions with owners.

The Company estimates in advance expected credit losses (ECL) on financial assets measured at amortized cost and fair value through other comprehensive income and recognizes net impairment losses at each reporting date. ECL measurement reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes,
- the time value of money, and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Financial assets measured at amortized cost and contractual assets are presented in the balance sheet, reduced for expected credit losses. For financial assets measured at fair value through other comprehensive income, the expected credit loss is recognized in the income statement, and other changes in value are recognized in other comprehensive income.

### ***Simplified approach to impairment of receivables***

The Company applies a simplified approach to trade receivables, contractual assets and receivables from a lease and measures provisions for losses in an amount equal to expected credit losses over their entire life cycle.

The Company uses a provisioning matrix when calculating expected credit losses for trade receivables.

The Company uses historical credit losses (adjusted based on current data that can be observed to show the effects of current conditions and forecasts of future conditions) for trade receivables to estimate 12-month expected credit losses or expected credit losses over the entire life of financial assets, whichever is applicable.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the income statement.

Impairment losses are reversed through the income statement if the amount of the impairment loss decreases, and such a decrease can be attributed to an event occurring after the impairment was recognized.

### **3.10 Base capital**

The Company's equity comprises basic capital which consists of founders' shares, reserves, revaluation reserves and accumulated result.

### **3.11 Provisions**

Provisions are recognized in the balance sheet 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.

A provision is measured at the present value of the outlay required to settle liabilities, using a before tax discount rate that reflects the current market estimate of the value of money and the risks associated with the liability. An increase in provision over the passage of time is stated as interest expense.

### **3.12 Employee benefits**

#### ***a) Short-term employee benefits – taxes and contributions for mandatory social insurance***

In accordance with regulations effective in the Republic of Serbia, the Company is required to pay contributions to various social security funds. These obligations include contributions charged to employees and those charged to the employer in the amounts calculated by applying the rates prescribed by law. The Company has a legal obligation to withhold the calculated contributions from the gross salaries of employees and to transfer the withheld funds to the appropriate state insurance funds. Employee and employer contributions are charged to expenses in the period to which they relate.

#### ***b) Long-term employee benefits - liabilities for retirement pay and jubilee awards***

In accordance with the Labor Law and the Collective Agreement, the Company is required to pay retirement benefits to an employee upon retirement in the amount of three gross salaries which the employee earned in the month preceding the month of retirement, and which cannot be lower than three average gross salaries paid in the Republic of Serbia, in the month preceding the month of retirement.

Besides this, the Company can adopt a decision on payment of jubilee awards in accordance with the Collective Agreement.

Calculation and reporting of long-term liabilities for retirement benefits and jubilee awards is based on the present value of future expected payments. Since these are long-term employee benefits and not post-employment benefits, actuarial gains and losses, as well as past service cost, are recognized in full in the period in which they are incurred. The Company has no additional obligations to compensate employees on this basis.

The Company does not have its own pension funds and did not identify any liabilities in this respect as at 31 December 2024.

#### ***c) Short-term paid leave***

According to management estimates, the amount of short-term paid leave as at 31 December 2024 is not materially significant and accordingly the Company did not accrue any related liabilities as at balance sheet date.

## **4. FINANCIAL RISK MANAGEMENT**

### **4.1. Financial risk factors**

The Company's operations are exposed to various financial risks: market risk (which includes currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

#### **4.1.1 Market risk**

##### *a) Foreign currency risk*

The Company is exposed to foreign currency risk arising from various currency exposures, resulting from transactions in different currencies, primarily with respect to the EUR. Foreign currency risk occurs in the event of mismatch between financial assets and liabilities denominated in a foreign currency and/or with a foreign currency clause. To the extent possible, the Company minimizes currency risk by minimizing its open foreign currency position.

The table below presents the Company's exposure to foreign currency risk as at 31 December 2024:

In thousands of RSD	GBP	USD	EUR	RSD	Total
Cash and cash equivalents	-	4,456	32,409	183,616	220,481
Trade receivables	162,590	531,224	1,022,598	1,169,909	2,886,321
Other short-term receivables	-	-	18,799	41,624	60,423
Short-term financial investments	-	-	-	555	555
Equity investments	-	-	6,118	502	6,620
	162,590	535,680	1,079,924	1,396,206	3,174,400
Short-term financial liabilities	-	80,225	880,311	873,685	1,834,221
Operating liabilities	-	96,344	1,032,792	944,454	2,073,590
Long-term liabilities	-	39,208	552,855	61,584	653,647
Other short-term liabilities	-	-	1,456	218,929	220,385
	-	215,777	2,467,414	2,098,652	4,781,843
<b>Net foreign currency position</b>	<b>162,590</b>	<b>319,903</b>	<b>(1,387,490)</b>	<b>(702,446)</b>	<b>(1,607,443)</b>

The table below presents the Company's exposure to foreign currency risk as at 31 December 2023:

In thousands of dinars	GBP	USD	EUR	RSD	Total
Cash and cash equivalents	-	34,814	26,968	147,382	209,164
Trade receivables	93,888	331,886	310,686	872,745	1,609,205
Other short-term receivables	-	-	18,799	27,076	45,875
Short-term financial investments	-	-	-	1,256	1,256
Equity investments	-	-	6,118	502	6,620
	93,888	366,700	362,571	1,048,961	1,872,120
Short-term financial liabilities	-	60,430	966,107	839,452	1,865,989
Operating liabilities	-	436	744,587	662,946	1,407,969
Long-term liabilities	-	112,453	723,892	192	836,537
Other short-term liabilities	-	-	1,456	224,574	226,030
	-	173,319	2,436,042	1,727,164	4,336,525
<b>Net foreign currency position</b>	<b>93,888</b>	<b>193,381</b>	<b>(2,073,471)</b>	<b>(678,203)</b>	<b>(2,464,405)</b>

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In thousands of RSD	Assets		Payables	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
GBP	162,590	93,888	-	-
USD	535,680	366,700	215,777	173,319
EUR	1,079,924	362,571	2,467,414	2,436,042
<b>Total</b>	<b>1,778,194</b>	<b>823,159</b>	<b>2,683,191</b>	<b>2,609,361</b>

The Company has foreign currency assets and liabilities, but that are not sensitive to changes in 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 is used in the internal presentation of foreign currency risk and represents the management's estimate of reasonable expectations of fluctuations in foreign currencies. Sensitivity analysis includes only uncollected receivables and liabilities stated in foreign currency and adjusts their translation at period end for 10% of foreign currency exchange rates. A positive number in the table indicates an increase in the current period result under conditions when the dinar depreciates with respect to the relevant currency. In the event of appreciation of the dinar by 10% with respect to the foreign currency, the effect on the current period result would be opposite to the previous case.

In thousands of dinars	Assets		Liabilities	
	31 December 2024 +10%	31 December 2024 -10%	31 December 2024 +10%	31 December 2024 10%
GBP	178,849	146,331	-	-
USD	589,248	482,112	237,355	194,199
EUR	1,187,916	971,932	2,714,155	2,220,673
<b>Total</b>	<b>1,956,013</b>	<b>1,600,375</b>	<b>2,951,510</b>	<b>2,414,872</b>

In thousands of RSD	Assets		Payables	
	31 December 2023 +10%	31 December 2023 -10%	31 December 2023 +10%	31 December 2023 10%
GBP	103,277	84,499	-	-
USD	403,370	330,030	190,651	155,987
EUR	398,828	326,314	2,679,647	2,192,438
<b>Total</b>	<b>905,475</b>	<b>740,843</b>	<b>2,870,298</b>	<b>2,348,452</b>

*b) Cash flow and interest rate risk*

The Company is exposed to various risks that affect its financial position and cash flows as the result of effects of fluctuations in market interest rates. The Company's operations are exposed to interest rate changes to the extent that interest bearing assets (including investments) and interest bearing liabilities mature at different times or in different amounts.



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In thousands of RSD	31 December 2024	31 December 2023
Financial Assets	-	-
Financial liabilities	(480,247)	(534,136)
<b>Fixed interest rate instruments</b>	<b>(480,247)</b>	<b>(534,136)</b>
Financial assets	-	-
Financial liabilities	(2,007,621)	(1,328,747)
<b>Variable interest rate instruments</b>	<b>(2,007,621)</b>	<b>(1,328,747)</b>

The Company's risk of change in fair value of interest rates largely relates to liabilities for short-term and long-term bank loans. Loans are taken at variable interest rates and expose the Company to interest rate risk in respect of cash flows. In 2024, loan liabilities carried variable interest rates linked to the Euribor. Loan liabilities with variable interest rates were stated in foreign currency or related to loans with a foreign currency clause (EUR).

Risk management activities are intended to optimize net interest expenses, under the condition that market interest rates are at a level that reflects the Company's business strategy.

The Company analyses interest rate risk exposure on a dynamic basis, taking into consideration alternative sources of financing and refinancing, above all for long-term liabilities, given that they represent the most significant interest bearing line item. Risk management activities are intended to optimize net interest expenses, under the condition that market interest rates are at a level that reflects the Company's business strategy.

The table below presents the Company's exposure to risk in case of a 1% fluctuations (increase or decrease) in variable interest rate:

	Increase of 1 percentage point		Decrease of 1 percentage point	
	2024	2023	2024	2023
<b>Current year result</b>	<b>20,076</b>	<b>13,287</b>	<b>(20,076)</b>	<b>(13,287)</b>

#### **4.1.2 Liquidity risk**

Liquidity risk is the risk that the Company will be unable to finance assets with appropriate sources of financing in terms of maturities and rates, and the risk of impossibility of realizing an asset at a reasonable price within an appropriate time frame.

The Company manages liquidity risk with the objective of ensuring available sources of financing for settling liabilities as they fall due. The Company continually assesses liquidity risk by identifying and monitoring changes in the sources of financing required for meeting the Company's business objectives, in accordance with the Company's business strategy.

The Company has access to various sources of financing. Funds are collected through:

- Short-term and long-term loans.

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The table below presents the maturities of assets and liabilities, as at 31 December 2024:

In thousands of RSD	Up to 3 months	3 months to 1 year	From 1 to 5 years	Over 5 years	Total
Cash and cash equivalents	220,481	-	-	-	220,481
Trade receivables	2,804,717	81,604	-	-	2,886,321
Other receivables	60,423	-	-	-	60,423
Short-term financial investments	555	-	-	-	555
Equity investments	-	-	-	6,620	6,620
	3,086,176	81,604	-	6,620	3,174,400
Short-term financial liabilities	270,872	1,563,349	-	-	1,834,221
Operating liabilities	2,073,590	-	-	-	2,073,590
Long-term liabilities	-	-	653,647	-	653,647
Other short-term liabilities	220,385	-	-	-	220,385
	2,564,847	1,563,349	653,647	-	4,781,843
<b>Net amount</b>	<b>521,329</b>	<b>(1,481,745)</b>	<b>(653,647)</b>	<b>6,620</b>	<b>(1,607,443)</b>

The table below presents the maturities of assets and liabilities, as at 31 December 2023:

In thousands of RSD	Up to 3 months	3 months to 1 year	From 1 to 5 years	Over 5 years	Total
Cash and cash equivalents	209,164	-	-	-	209,164
Trade receivables	1,609,205	-	-	-	1,609,205
Other receivables	45,875	-	-	-	45,875
Short-term financial investments	1,256	-	-	-	1,256
Equity investments	-	-	-	6,620	6,620
	1,865,500	-	-	6,620	1,872,120
Short-term financial liabilities	167,668	1,698,321	-	-	1,865,989
Operating liabilities	1,407,969	-	-	-	1,407,969
Long-term liabilities	-	-	836,537	-	836,537
Other short-term liabilities	226,030	-	-	-	226,030
	1,801,667	1,698,321	836,537	-	4,336,525
<b>Net amount</b>	<b>63,833</b>	<b>(1,698,321)</b>	<b>(836,537)</b>	<b>6,620</b>	<b>(2,464,405)</b>

#### 4.1.3 Credit risk

Credit risk is the risk of occurrence of financial losses for the Company as the result of client or counterparty delays in settling contractual liabilities. Credit risk primarily arises from cash and cash equivalents, deposits with banks and financial institutions, investments in securities, and receivables from companies and individuals, as well as commitments.

The Company is exposed to credit risk, with hedging of credit risk being provided by undertaking specific measures and activities at the level of the Company. In the event of untimely settlement of liabilities by customers toward the Company, deliveries of products and goods to them are discontinued, and the Company also secures all of its receivables with bills of exchange. Besides discontinuing product deliveries and bills of exchange, the following collection mechanisms are used: compensation arrangement with legal entities, court claims, out-of-court settlements, etc.

##### *Cash and cash equivalents*

As at 31 December 2024 the Company holds cash and cash equivalents in the total amount of RSD 220,481 thousand which according to management estimates represents the maximum amount of credit risk associated with these financial assets.

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*Trade receivables*

The Company's maximum amount of credit risk exposure associated with trade receivables, by geographic regions, is provided in the table below:

In thousands of RSD	31 December 2024	31 December 2023
<b>Trade receivables - domestic</b>	1,169,909	872,745
<b>Trade receivables - foreign</b>	1,716,412	736,460
- Euro zone	370,117	480,749
- Other	1,346,295	255,711
<b>Total</b>	<b>2,886,321</b>	<b>1,609,205</b>

The aging structure of trade receivables is given in the following table:

In thousands of RSD	Gross 2024	Allowance for impairment in 2024	Allowance for impairment in %	Gross 2023	Allowance for impairment in 2023	Allowance for impairment in %
Not past due receivables	1,395,888	-	0%	1,100,793	-	0%
Overdue 1 to 60 days	1,389,944	-	0%	454,781	-	0%
Overdue 61 to 90 days	50,213	-	0%	5,408	-	0%
Overdue 91 to 180 days	33,247	-	0%	43,627	-	0%
Overdue 181 to 360 days	-	-	0%	3,159	-	0%
Overdue more than 360 days	48,357	-	0%	32,765	586	1.79%
<b>Total</b>	<b>2,917,649</b>	<b>-</b>	<b>0%</b>	<b>1,640,533</b>	<b>586</b>	<b>1.79%</b>

Movements in allowance for impairment of trade receivables are provided in the table below:

In thousands of RSD	31 December 2024	31 December 2023
<b>Balance as at 1 January</b>	<b>31,328</b>	<b>30,742</b>
Increases	-	586
Decreases	-	-
<b>Balance as at 31 December</b>	<b>31,328</b>	<b>31,328</b>

#### 4.2. Capital risk management

The Company has opted for the financial concept of capital and its preservation according to which capital is defined in terms of nominal cash units.

The objective of capital management is that the Company has the ability to continue operating for an indefinite period of time into the foreseeable future in order to preserve optimal capital structure, with the objective of reducing costs of capital, while securing dividends to shareholders.

The Company monitors capital based on the gearing ratio, which is calculated as the ratio between the Company's debts and its total equity.

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As at 31 December 2024 the Company's gearing ratio was as follows:

In thousands of RSD	31 December 2024	31 December 2023
Loan liabilities - total	2,487,868	2,702,526
Cash and cash equivalents	(220,481)	(209,164)
<b>Net indebtedness</b>	<b>2,267,387</b>	<b>2,493,362</b>
<b>Total equity</b>	<b>8,073,960</b>	<b>7,025,889</b>
<b>Gearing ratio %</b>	<b>28.08%</b>	<b>35.49%</b>

#### 4.3. Fair value

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.

The fair value of financial assets stated at amortized cost is estimated by discounting future cash flows using the interest rate at which the Company could acquire long-term loans, and which corresponds to the effective interest rate. The Company holds that the reported amounts of receivables, after decreases for allowances for impairment, as well as the face value of operating liabilities, approximate their market value. The fair value of loan liabilities is estimated by discounting future cash flows using the current market interest rate available to the Company for similar financial instruments. Such fair value does not differ significantly from the value at which loan liabilities are reported in the Company's books. The Company's management holds that amounts disclosed in the accompanying financial statements reflect values that are the most accurate and useful under the given conditions for reporting purposes.

#### 5. SALES REVENUE

In thousands of RSD	2024	2023
<b>Sales of products and services</b>		
Sales of products and services – domestic market	6,795,738	6,063,555
Sales of products and services on foreign market	21,901,742	20,669,888
<b>Total</b>	<b>28,697,480</b>	<b>26,733,443</b>

##### *Sales by geographical regions*

In thousands of RSD	2024	2023
Western Europe	10,426,358	8,610,214
Central Europe	6,234,064	6,285,451
Slovenia	1,261,291	1,482,235
Russia	66,465	589,875
USA & Canada	2,236,247	1,940,190
Middle East	173,266	334,770
CEFTA	1,504,051	1,427,153
Domestic market	6,795,738	6,063,555
<b>Total</b>	<b>28,697,480</b>	<b>26,733,443</b>

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The most significant customer is DP Handel Germany, with a 36.21% share in the Company's sales revenues. DP Handel carries out sales to customers on the markets of Central and Western Europe.

The Company concluded with its parent company, East Point Metals Ltd Cyprus, an agreement on distribution of finished products from the product range of Valjaonica bankra Sevojno a.d. on the North American and European markets. Revenues from East Point Metals Ltd. Cyprus in total revenues amount to 17.04%.

Among domestic customers, Prvi Partizan ad Užice stands out, with a 11.2% share in the Company's sales revenues.

Other customers that stand out are Promega Austria (7% share) and Metaloplastika ad Čajetina (2.3 % share).

In 2024 the Company carried compensation arrangements with customers at home and abroad in the amount of RSD 6,803,285 thousand (2023: RSD 4,937,079 thousand).

***Revenue from the sale of services***

The Company owns two types of products - rolled and pressed, the sales of which generate income. The markets where the products are placed are Western Europe, Central Europe, Slovenia, Croatia, Russia, USA & Canada, Middle East, CEFTA and the domestic market.

In thousands of RSD	2024	2023
<b>Rolled products</b>		
Cu plates – construction	1,255,177	1,130,995
Cu plates – industrial	826,890	1,857,876
Ms plates	1,667,633	1,803,465
Cu strips – construction	6,138,118	4,264,072
Cu strips – industrial	1,298,488	1,475,231
Ms strips	5,938,367	5,863,995
Cu disk	108,516	126,929
Ms disk	-	32,013
Bowls	1,455,747	1,081,540
Ms rondel	1,384,592	1,496,178
Other	50,332	75,432
<b>Total</b>	<b>20,123,860</b>	<b>19,207,726</b>

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In thousands of RSD	2024	2023
<b>Pressed products</b>		
Cu pipes H7	881,578	800,141
Cu pipes H6	1,206,893	1,070,903
Cu pipes per unit	281,578	328,719
To pipes	869,502	392,210
Ms 63 pipes/70	342,198	885,671
Other pipes Ms 71-76	241,321	26,017
Cu bar	226,468	223,711
Ms 70/72 bar	869,631	1,056,171
Ms 58 bar	498,167	311,362
Cu rails	639,411	381,361
Ms rails	2,872	9,377
Cu profiles	93,199	218,245
Ms profiles	440,831	373,605
Cu wire	470,265	181,797
Ms wire	307,744	376,881
Cu pipes FTC	893,443	763,255
Ms pipes FTC	55,967	51,809
Other	252,552	74,482
<b>Total</b>	<b>8,573,620</b>	<b>7,525,717</b>
<b>Total income</b>	<b>28,697,480</b>	<b>26,733,443</b>

***Sales of products and services by timing of revenue recognition***

In thousands of RSD	2024	2023
Revenues from sales that are recognized at a specific point in time	28,697,480	26,733,443
Revenue from sales that are recognized over time	-	-
<b>Total</b>	<b>28,697,480</b>	<b>26,733,443</b>

The Company recognizes all sales of goods at a specific moment in time in which the Company fulfills its contractual performance obligation and the customer acquires control over the received goods.

***Contracted amounts***

The table below presents trade receivables for products and services, and assets and liabilities from contracts with customers.

In thousands of RSD	31 December 2024	1 January 2024
Trade receivables for products and services included in trade receivables	2,886,321	1,609,205
Contract assets	-	-
Contract liabilities	-	-
<b>Total</b>	<b>2,886,321</b>	<b>1,609,205</b>

<b>Type of product/service</b>	<b>Fulfillment of obligations and significant terms of payment</b>	<b>Revenue realization policy</b>
Products and services	<p>Contracting terms of sale of the Company's entire product range depend on contracted quantities.</p> <p>The contract defines quantities, prices, delivery parities, terms of payment, discounts, right of complaint, collateral, etc.</p> <p>The customer takes ownership of the product and goods in accordance with the agreed delivery parity.</p> <p>When the buyer organizes transport independently, ownership occurs upon release of goods from the Company's warehouse, and when the Company as the seller organizes transport, ownership is transferred at the moment when the buyer collects the goods at the place of delivery.</p> <p>The majority of customers have deferred payment with payables insured with domestic and foreign insurance companies, while other customers (10%) have contracted advanced payment.</p>	<p>Income is realized at the moment of sale, i.e. transfer of control.</p> <p>There is no subsequent realization of sale.</p> <p>Income is reduced for credit notes issued to customers for product complaints.</p> <p>Product complaints are extremely rare, largely due to strict quality control at the point of exit.</p> <p>In the case of a justified complaint, there are options for issuing a credit note for returned products and goods or delivery of new quality goods under the same commercial terms.</p>

## **6. OTHER OPERATING INCOME**

In thousands of RSD	2024	2023
Rental income	2,963	2,938
Other operating income	2,613	3,064
<b>Total</b>	<b>5,576</b>	<b>6,002</b>

## **7. CAPITALIZATION OF PRODUCTS AND GOODS**

Capitalization of products for the year ended 31 December 2024 amounts to RSD 110,857 thousand (2023: RSD 77,888 thousand) and primarily relates to the use of own products and services. A portion of income in the amount of RSD 51,319 thousand relates to warm meals for organized meals for employees on Company premises, with the remaining RSD 59,538 thousand relating to internal work by employees on investments.

## **8. INCOME FROM ADJUSTMENT IN VALUE OF ASSETS**

In thousands of RSD	2024	2023
Income from valuation adjustments of plant, equipment and intangible assets	-	194,537
Income from valuation adjustments of properties	-	2,147
<b>Total</b>	<b>-</b>	<b>196,684</b>

Income from adjustment in value of assets occurred due to valuation of property, plant and equipment which was performed in 2023, and therefore does not appear under these line items in 2024, as no valuation had been performed.

## **9. COSTS OF MATERIALS, FUEL AND ENERGY**

In thousands of RSD	2024	2023
Costs of production materials	22,483,758	22,089,505
Spare parts	62,910	55,196
Costs of other materials	36,936	38,945
Electricity	753,690	814,010
Natural gas	195,418	176,135
Costs of other energy sources	51,782	48,676
<b>Total</b>	<b>23,584,494</b>	<b>23,222,467</b>

Costs of production materials in the amount of RSD 22,483,758 thousand relate to the costs of basic raw materials used in further production (such as copper cathodes, nickel, lead, zinc), in order to produce final products.

Costs of electricity decreased in the current year (RSD 753,690 thousand) compared to previous year (RSD 814,010 thousand) in line with the reduction in the price of electricity, while the costs of natural gas increased in the current year (RSD 195,418 thousand) compared to previous year (RSD 176,135 thousand) due to the increase in natural gas consumption.

## **10. SALARIES, SALARY COMPENSATION AND OTHER PERSONNEL EXPENSES**

In thousands of RSD	2024	2023
Salaries and salary compensation (gross)	2,034,599	1,657,953
Taxes and contributions charged to employer	319,377	261,742
Contractual compensations	7,023	6,255
Fees paid to Supervisory and Managing Board members	51,269	32,715
Transportation costs and per diems for business trips	5,743	6,762
Compensation for the transport of the employees	48,702	43,602
Scholarships	3,806	3,608
Retirement Benefits and Jubilee Anniversary Awards	87,662	67,210
Other personnel expenses and fees	22,782	21,655
<b>Total</b>	<b>2,580,963</b>	<b>2,101,502</b>

Costs of salaries in 2024 increased compare to 2023 due to the increase in the employee headcount and increase in the minimum wage.

## **11. DEPRECIATION AND AMORTIZATION EXPENSE**

In thousands of RSD	2024	2023
Depreciation of equipment	290,644	154,183
Depreciation of buildings	30,133	37,867
Amortization of intangible assets	12,284	776
<b>Total</b>	<b>333,061</b>	<b>192,826</b>

Depreciation and amortization expenses increased in 2024 compared to 2023 due to the valuation performed as at 31 December 2024 which resulted in an increased in the value of fixed assets.



## **12. COSTS OF PRODUCTION SERVICES**

In thousands of RSD	2024	2023
Costs of production services	15,667	14,786
Transportation services	230,212	212,664
Postal, telephone and telegraph services	6,582	6,384
Maintenance services	54,871	42,069
Other services	32,090	26,617
Agent's commission	34,083	28,776
Security expenses	53,100	54,600
Fire station service	39,243	31,256
Cost of utilities services	22,469	15,333
<b>Total</b>	<b>488,317</b>	<b>432,485</b>

Costs of production services increased in 2024 compared to 2023 in the amount of RSD 55,832 thousand. The biggest impact on the increase in these costs was the increase in the cost of transportation services which increased in the current year (RSD 230,212 thousand) compared to 2023 (RSD 212,664 thousand) by RSD 17,548 thousand due to the increase in the cost of transportation services.

## **13. PROVISIONS**

Structure of long-term provisions is presented as follows:

In thousands of RSD	2024	2023
Provisions for retirement benefits	64,337	60,149
Provisions for jubilee awards	4,305	1,882
Provisions for annual vacations	-	17,979
<b>Total</b>	<b>68,642</b>	<b>80,010</b>

The basic assumptions used for making provisions for retirement benefits and jubilee awards are: 5.75% discount rate (NBS key policy rate used), estimated 7.6%, salary increase, without significant employee turnover and changes in retirement benefits of RSD 408,519 (three average gross salaries) as per Collective Agreement of Valjaonica bakra Sevojno a.d.

The gross average salary in the Company (last available figures before jubilee awards payment) was used in making provisions for jubilee awards.

## **14. NON-PRODUCTION COSTS**

In thousands of RSD	2024	2023
Non-production services	27,356	16,664
Intellectual, legal and consulting services	21,777	22,220
Entertainment expense	9,222	12,656
Insurance premiums	64,583	52,129
Banking charges	31,780	35,448
Membership fees	2,673	2,312
Indirect taxes and contributions	8,809	9,266
Other non-production costs	6,408	2,493
<b>Total</b>	<b>172,608</b>	<b>153,188</b>

Non-production costs in 2024 increased compared to 2023 in the amount of RSD 19,420 thousand. The biggest impact on the increase in these costs was due to the increase in the costs of non-production services which increased because of the increase in the price of these services in the current year compared to previous year.

## **15. FINANCIAL INCOME**

In thousands of RSD	2024	2023
<b>Financial income from related party transactions - FX gains/losses</b>	<b>55,970</b>	<b>21,183</b>
- parent and subsidiary companies	44,613	11,248
- other related parties	11,357	9,935
<b>Interest income (from third parties)</b>	<b>19,356</b>	<b>15,109</b>
<b>Foreign exchange gains and gains on foreign currency clause (third parties)</b>	<b>17,073</b>	<b>25,423</b>
- FX gains/losses	15,171	19,040
- effects of foreign currency clause	1,902	6,383
<b>Other financial income</b>	<b>1,034</b>	<b>312</b>
<b>Total</b>	<b>93,433</b>	<b>62,027</b>

Financial income increased in the current year (RSD 93,433 thousand) compared to previous year (RSD 62,027 thousand), with the biggest impact on the increase being due to financial income from related party transactions (FX gains) because of the increased volume of business with the parent company abroad.

## **16 FINANCIAL EXPENSES**

In thousands of RSD	2024	2023
<b>Financial expenses from related party transactions - FX gains/losses</b>	<b>76,209</b>	<b>79,595</b>
- parent and subsidiary companies	14,263	26,428
- other related parties	61,946	53,167
<b>Interest expenses (third parties)</b>	<b>193,277</b>	<b>188,903</b>
<b>Foreign exchange losses and losses on foreign currency clause (third parties)</b>	<b>31,090</b>	<b>57,199</b>
- FX gains/losses	24,431	57,199
- effects of foreign currency clause	6,659	-
<b>Other financial expenses</b>	<b>74</b>	<b>-</b>
<b>Total</b>	<b>300,650</b>	<b>325,697</b>

Interest expenses (third parties) mainly relate to interest charged by banks from which we have taken loans.

## **17 EXPENSES FROM ADJUSTMENTS IN VALUE**

In thousands of RSD	2024	2023
Impairment of plant, equipment and intangible assets	-	59,205
Impairment of property	-	21,286
<b>Total</b>	<b>-</b>	<b>80,491</b>

Cost of adjustment in value of assets occurred due to valuation of property, plant and equipment which was performed in 2023, and therefore does not appear under these line items in 2024, as no valuation had been performed.

## **18 OTHER INCOME**

In thousands of RSD	2024	2023
Gains on sale of materials	16,151	22,218
Gains on sale of property	1,625	-
Gains on sale of equipment	-	13
Surpluses	10	85
Release of short-term provisions	5,947	-
Income from reversal of provisions for refunds	124,465	19,097
Income from compensation of damages	39,710	63,195
Other income	40,174	12,465
<b>Total</b>	<b>228,082</b>	<b>117,073</b>

The biggest impact on the increase in other income was due to income from reversal of provisions for product returns, given that all product returns that were provisioned at the end of 2023 were resolved during 2024.

## **19 OTHER EXPENSES**

In thousands of RSD	2024	2023
Expenses for court cases	2,843	233
Costs of returned goods - previous year	130,527	16,994
Donations for humanitarian, health and sports purposes	9,132	11,845
Other expenses	14,603	15,804
Expenses – direct write-off	700	-
Losses on disposal of equipment	6,034	689
Losses on sale of materials	46	90
<b>Total</b>	<b>163,885</b>	<b>45,655</b>

The biggest impact on the increase in other expenses was due to costs of returned goods - previous year, given that all product returns that were provisioned at the end of 2023 were resolved during 2024.

## **20 INCOME TAX AND DEFERRED TAX EXPENSE OF THE PERIOD**

### **a. Income tax components**

In thousands of RSD	2024	2023
Tax expense of the period	(195,595)	(247,781)
Deferred tax expense of the period	-	-
Deferred tax income of the period	23,781	3,541
<b>Total tax income/(expense) of the period</b>	<b>(171,814)</b>	<b>(244,240)</b>

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**b. Reconciliation in the amount of tax expense and the product of profit before tax and prescribed tax rate**

In thousands of RSD	31 December 2024	31 December 2023
<b>Profit/(loss) before tax</b>	<b>1,225,140</b>	<b>1,417,189</b>
Disallowed income and expenses	77,533	185,729
Allowed income and expenses	(197,071)	(22,567)
Effect of differences between value of assets for accounting and for tax purposes	196,739	71,519
<b>Tax gain/(loss)</b>	<b>1,302,341</b>	<b>1,651,870</b>
Capital gain	1,625	-
<b>Tax base - taxable profit</b>	<b>1,303,966</b>	<b>1,651,870</b>
Tax rate %	15	15
<b>Calculated tax</b>	<b>195,595</b>	<b>247,781</b>
<b>Current tax expense</b>	<b>195,595</b>	<b>247,781</b>
Changes in recognized temporary differences resulting from difference between accounting and tax base – tax expense	-	-
Changes in recognized temporary differences resulting from difference between accounting and tax base – tax income	23,781	3,541
Cancellation of deferred tax assets – tax expense	-	-
<b>Total tax expense / income of the period</b>	<b>23,781</b>	<b>3,541</b>

Corporate income tax for 2024 amounted to RSD 195,595 thousand.

The Company does not have any further obligation for income tax payment in 2024 on the tax balance filing date, as it made temporary monthly advance payments in 2024 (based on its 2023 tax balance). The total amount of income tax advance payments made in 2024 amount to RSD 227,132 thousand, resulting in income tax overpayment of RSD 31,537 thousand, which will be carried over into 2025 for income tax advance payment.

Based on the 2025 tax balance, the monthly income tax advance payments for 2024 amount to RSD 16,279 thousand per month.

**c. Deferred tax liabilities**

Deferred tax liabilities in the amount of RSD 438,863 thousand occurred as the result of the difference between the carrying amount of assets in the balance sheet and their tax base.

Calculation of deferred tax liabilities for 2024 is reported in the table below:

In thousands of RSD	31 December 2024	31 December 2023
<b>Deferred tax assets</b>	-	-
Recoverable within a period longer than 12 months	-	-
Recoverable within 12 months	-	-
<b>Deferred tax liabilities</b>	<b>(438,863)</b>	<b>(462,644)</b>
Recoverable within a period longer than 12 months	(438,863)	(462,644)
Recoverable within 12 months	-	-

*Gross movements in deferred income tax*

Movements in deferred tax assets and liabilities during the year were as follows:

<b>Deferred tax liabilities</b>	<b>Accelerated tax depreciation</b>	<b>Total</b>
<b>Balance as at 1 January 2024</b>	<b>462,644</b>	<b>462,644</b>
Debited/(credited) to income statement	(23,781)	(23,781)
Directly debited/credited to equity	-	-
<b>Balance as at 31 December 2024</b>	<b>438,863</b>	<b>438,863</b>

**d. Transfer pricing**

In 2024 the Parent Company had significant transactions with its related parties, and in this respect analysis was performed of transfer pricing and adjustment in the tax base for 2024. According to the transfer pricing study, no materially significant effects for adjustments were identified.

21 PROPERTY, PLANT, EQUIPMENT AND INTANGIBLE ASSETS

Property, plant, equipment and intangible assets for 2024

In thousands of RSD	Intangible assets	Land	Buildings	Equipment	Equipment taken on lease	Capital projects	Total
<b>COST OR VALUATION</b>							
<b>Balance as at 31 December 2023</b>	<b>65,670</b>	<b>74,405</b>	<b>1,197,608</b>	<b>3,304,972</b>	-	<b>928,885</b>	<b>5,571,540</b>
Additions	-	-	-	-	8,505	469,275	477,780
Valuation effects - revaluation	-	-	-	-	-	-	-
Transfer from/to	-	-	9,640	67,136	-	(76,776)	-
Decreases	-	-	(878)	(12,105)	-	-	(12,983)
Estimate of transfer from depreciation/amortization	-	-	-	-	-	-	-
<b>Balance as at 31 December 2024</b>	<b>65,670</b>	<b>74,405</b>	<b>1,206,370</b>	<b>3,360,003</b>	<b>8,505</b>	<b>1,321,384</b>	<b>6,036,337</b>
<b>ACCUMULATED DEPRECIATION/AMORTIZATION</b>							
<b>Balance as at 31 December 2023</b>	-	-	-	-	-	-	-
Depreciation/amortization	12,284	-	30,133	289,510	1,134	-	333,061
Decreases	-	-	(9)	(818)	-	-	(827)
Estimate of transfer of depreciation/amortization	-	-	-	-	-	-	-
<b>Balance as at 31 December 2024</b>	<b>12,284</b>	-	<b>30,124</b>	<b>288,692</b>	<b>1,134</b>	-	<b>332,234</b>
<b>NET BOOK VALUE AS AT</b>							
<b>31 December 2024</b>	<b>53,386</b>	<b>74,405</b>	<b>1,176,246</b>	<b>3,071,311</b>	<b>7,371</b>	<b>1,321,384</b>	<b>5,704,103</b>

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**Property, plant, equipment and intangible assets for 2023**

In thousands of RSD	Intangible assets	Land	Buildings	Equipment	Capital projects	Total
<b>COST OR VALUATION</b>						
<b>Balance as at 31 December 2022</b>	<b>124,778</b>	<b>11,550</b>	<b>1,314,712</b>	<b>3,168,099</b>	<b>868,525</b>	<b>5,487,664</b>
Additions	-	-	-	-	282,886	282,886
Valuation effects - revaluation	56,827	62,855	205,545	414,290	-	739,517
Transfer from/to	8,306	-	38,121	176,099	(222,526)	-
Decreases	-	-	(909)	(3,065)	-	(3,974)
Estimate of transfer from depreciation/amortization	(124,241)	-	(359,861)	(450,451)	-	(934,553)
<b>Balance as at 31 December 2023</b>	<b>65,670</b>	<b>74,405</b>	<b>1,197,608</b>	<b>3,304,972</b>	<b>928,885</b>	<b>5,571,540</b>
<b>ACCUMULATED DEPRECIATION/AMORTIZATION</b>						
<b>Balance as at 31 December 2022</b>	<b>123,465</b>	-	<b>322,225</b>	<b>297,405</b>	-	<b>743,095</b>
Depreciation/amortization	776	-	37,867	154,183	-	192,826
Decreases	-	-	(231)	(1,137)	-	(1,368)
Estimate of transfer of depreciation/amortization	(124,241)	-	(359,861)	(450,451)	-	(934,553)
<b>Balance as at 31 December 2023</b>	-	-	-	-	-	-
<b>NET BOOK VALUE AS AT</b>						
<b>31 December 2023</b>	<b>65,670</b>	<b>74,405</b>	<b>1,197,608</b>	<b>3,304,972</b>	<b>928,885</b>	<b>5,571,540</b>

***Revaluation of property, plant and equipment and intangible assets / fair value measurement***

The company uses the revaluation method for measuring property, plant and equipment. Fair value is determined using the cost method (used in the valuation of equipment) and the income capitalization method (used in the valuation of property).

***Techniques used in determining the fair value of equipment***

The following table provides disclosures of techniques used in determining the fair value of equipment, together with the related significant unobservable inputs used in determining fair value:

<b>Valuation technique</b>	<b>Class of assets</b>	<b>Significant unobservable inputs</b>	<b>Relation between changes in key unobservable assumptions and fair value measurement</b>
<p><i>Cost approach:</i></p> <p>This approach is based on the assumption that a rational buyer will not pay more for an asset than it would cost to reproduce it in its current state, provided there are no delays or economic factors that could affect its value. This approach is used to determine replacement costs of all investments, which are decreased for accumulated depreciation. This approach is also called the principle of substitution.</p>	Equipment	<p>Equipment level,</p> <p>Expected economic life of equipment,</p> <p>Equipment age,</p> <p>Equipment maintenance and servicing,</p> <p>Equipment prices in Serbia and Europe</p>	<p>The estimated fair value would increase (decrease) if:</p> <p>expected costs of purchase were higher (lower);</p> <p>expected economic life was longer (shorter) and effective age of assets was lower (higher);</p>

The Company performed a valuation of equipment and intangible assets on 31 December 2023 and posted the resulting effects.



*Techniques used in determining the fair value of property and land*

The following table provides disclosures of techniques used in determining the fair value of property, together with the related significant unobservable inputs used in determining fair value:

<b>Valuation technique</b>	<b>Class of assets</b>	<b>Significant unobservable inputs</b>	<b>Relation between changes in key unobservable assumptions and fair value measurement</b>
<i>Income capitalization method:</i>  This method is based on the assumption that property is rented out for a longer period or that rent is stable. The income capitalization method is based on the principle of anticipation according to which a typical investor/purchaser in the market purchases property in the anticipation of receiving future income and other economic benefits.	Properties  Land	<ul style="list-style-type: none"> <li>– Titles to property,</li> <li>– Copies of land survey records,</li> <li>– Technical descriptions of buildings.</li> </ul>	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> <li>– expected income from potential rent were to be higher/lower.</li> </ul>

Valuation of real-estate property and land was performed as at 31 December 2023 by the agency CBS international doo, Beograd.

As at 31 December 2024 the Company performed an analysis of internal and external indicators, in line with IAS 36 requirements in order to determine if there is any potential additional impairment. Based on the performed analysis it was determined that there is no material difference in value.

Buildings and equipment with a net present value as at 31 December 2024 in the amount of RSD 2,841,863 thousand are pledged in favor of NLB Komercijalna banka, Raiffeisen banka, Intesa banka, Development Fund, AIK banka, OTP banka, Halk banka and Srpsla banka for loans taken.

## **22 LONG-TERM FINANCIAL INVESTMENTS**

Long-term financial investments relate to:

In thousands of RSD	31 December 2024	31 December 2023
Equity investments in subsidiaries	6,520	6,520
Equity investments in other entities	100	100
Other long-term financial investments	54,880	238,064
Receivables from guarantees	-	-
	61,500	244,684
Allowance for impairment of long-term financial investments	(10,395)	(11,456)
<b>Total</b>	<b>51,105</b>	<b>233,228</b>

Other long-term financial investments in the amount of RSD 54,880 thousand relate to:

- loans to employees for housing construction and purchase of apartments issued in previous years in the amount of RSD 27,782 thousand.
- long-term assigned receivables, being the receivables from East Point Metals Belgrade taken over on the basis of the Agreement on Assignment of Receivables, dated 10 July 2023, amount to RSD 27,098 thousand.

Long-term financial investments decreased in the current year (RSD 51,105 thousand) compared to previous year (RSD 233,228 thousand), as receivables for sureties from East Point Metals LTD Cyprus were collected.

Equity investments in related parties relate to investments in the following entities:

	% of ownership	31 December 2023
Valjaonica - Bezbednost d.o.o	100	402
VBS – Handel GmbH	100	6,118
Slobodna zona	33.33	100
<b>Total</b>		<b>6,620</b>

## **23 INVENTORIES**

In thousands of dinars	31 December 2024	31 December 2023
Materials	492,246	385,127
Spare parts	171,074	161,794
Tools, tires and small fittings	53,928	38,579
Work in progress	2,348,745	2,775,258
Finished products	730,947	792,224
Finished products - en route	835,443	565,268
Advances to suppliers - domestic	141,922	42,450
Advances to suppliers - foreign	366,453	27,501
Allowance for impairment of advances given	(15,895)	(15,895)
<b>Total</b>	<b>5,124,863</b>	<b>4,772,306</b>

Work in progress inventories as at 31 December 2024 inventories in the amount of RSD 2,348,745 thousand, out of which inventories in the amount of RSD 527,437 thousand were pledged as collateral for loan liabilities toward Addiko banka (RSD 387,019 thousand) and Halk banka (RSD 140,418 thousand).

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Finished products - en route (RSD 835,443 thousand) relate to finished products delivered at the end of the year, where risk of delivery according to parity terms is transferred to the customer.

Advances to suppliers - foreign increased in 2024 (RSD 366,463 thousand) compared to 2023 (RSD 27,501 thousand) by RSD 338,952 thousand due to advances to suppliers for investments in production.

Advances to suppliers - domestic increased in 2024 (RSD 142,806 thousand) compared to 2023 (RSD 42,450 thousand) by RSD 100,356 thousand due to advances to suppliers for investments in production.

## 24 TRADE RECEIVABLES

In thousands of RSD	31 December 2024	31 December 2023
<b>Trade receivables</b>		
<i>Trade receivables - domestic</i>	<b>1,201,237</b>	<b>904,073</b>
Parent and subsidiary companies	1,618	477
Related parties	188	193
Other customers	1,199,431	903,403
<i>Trade receivables - foreign</i>	<b>1,716,412</b>	<b>736,460</b>
Parent and subsidiary companies	973,127	510,176
Related parties	245,828	119,983
Other customers	497,457	106,301
<b>Total trade receivables</b>	<b>2,917,649</b>	<b>1,640,533</b>
Allowance for impairment of trade receivables - domestic	(31,328)	(31,328)
<b>Total allowance for impairment of receivables</b>	<b>(31,328)</b>	<b>(31,328)</b>
<b>Total trade receivables</b>	<b>2,886,321</b>	<b>1,609,205</b>

The carrying amount of trade receivables is stated in the following currencies:

	31 December 2024	31 December 2023
USD	531,224	331,886
RSD	1,169,909	872,745
EUR	1,022,598	310,686
GBP	162,590	93,888
<b>Total</b>	<b>2,886,321</b>	<b>1,609,205</b>

Movements in the allowance for impairment of receivables account were as follows:

In thousands of RSD	31 December 2024	31 December 2023
<b>Balance as at 1 January</b>	<b>31,328</b>	<b>31,328</b>
Collection of provisioned receivables	-	-
Allowance for impairment of receivables	-	-
Write-off	-	-
<b>Balance as at 31 December</b>	<b>31,328</b>	<b>31,328</b>

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**25 OTHER SHORT-TERM RECEIVABLES**

In thousands of RSD	31 December 2024	31 December 2023
Receivables for overpaid income tax	31,537	9,674
Receivables for overpaid taxes and contributions	333	295
Other receivables	28,553	35,906
<b>Total</b>	<b>60,423</b>	<b>45,875</b>

Other receivables primarily relate to receivables from a Factoring Agreement.

**26 SHORT-TERM FINANCIAL INVESTMENTS**

In thousands of RSD	31 December 2024	31 December 2023
Short-term loans and investments – other related parties	12,190	12,190
Short-term domestic loans and borrowings	12,555	13,256
<b>Sub-total</b>	<b>24,745</b>	<b>25,446</b>
Allowance for impairment of short-term financial investments	(24,190)	(24,190)
<b>Total</b>	<b>555</b>	<b>1,256</b>

**27 CASH AND CASH EQUIVALENTS**

In thousands of RSD	31 December 2024	31 December 2023
Current account	183,616	147,382
Foreign currency account	36,865	61,782
<b>Total</b>	<b>220,481</b>	<b>209,164</b>

**28 BASE CAPITAL**

The Company's equity consists of share capital and other items of equity.

	Number of shares	Share capital	Ownership share
<b>East Point Metals LTD</b>	<b>643,356</b>	<b>3,216,780</b>	<b>100%</b>

The majority owner of the Company, East Point Metals Ltd., from Cyprus, increased the number of shares in the Company by purchasing 79,039 shares on 24 February 2020, thus acquiring a total ownership interest in the Company of 93.16%.

Pursuant to Article 515, 516 and 523 of the Companies Law (Official Gazette of RS, no. 36/11, 99/11, 83/14 - oth. law, 5/15, 44/18, 95/18 and 91/19), and based on the request of the issuer, Valjaonica bakra Sevojno ad Sevojno, enforced purchase of the remaining shares (44,019) was carried out by the purchaser East Point Metals LTD Cyprus, whereby East Point Metals LTD Cyprus became the 100% owner of 643,356 shares in Valjaonica bakra Sevojno ad Sevojno.

Accordingly, based on the request filed by Valjaonica bakra Sevojno ad Sevojno, the Securities Commission issued Decision no. 1/1-102-1433/3-20, dated 15 June 2020, on deregistration of Valjaonica bakra Sevojno ad Sevojno from the Companies Register.

## 29. REVALUATION RESERVES

In thousands of RSD	31 December 2024	31 December 2023
Revaluation reserves – plant, equipment and intangible assets	1,028,293	1,034,672
Revaluation reserves – buildings	429,447	429,683
Revaluation reserves – land	62,855	62,855
<b>Total</b>	<b>1,520,595</b>	<b>1,527,210</b>

Revaluation reserves for plant, equipment and intangible assets, and properties, are the result of the valuation performed as at 31 December 2023 by a certified appraisal agency (Note 21).

## 30. LONG-TERM PROVISIONS

In thousands of RSD	31 December 2024	31 December 2023
Severance pay	297,398	247,387
Jubilee awards	5,722	3,628
<b>Total</b>	<b>303,120</b>	<b>251,015</b>

The basic assumptions used in 2024 for making provisions for retirement benefits and jubilee awards are: 5.75% discount rate (NBS key policy rate used), estimated 7,6% salary increase, without significant employee turnover and changes in retirement benefits of RSD 408,519 (three average gross salaries).

The basic assumptions used in 2023 for making provisions for retirement benefits and jubilee awards are: 6.5% discount rate (NBS key policy rate used), estimated 7,6% salary increase, without significant employee turnover and changes in retirement benefits of RSD 359,373 (three average gross salaries).

## 31. LONG-TERM LIABILITIES

In thousands	Currency	31 December 2024 Currency	31 December 2024 RSD	Maturity date
Halkbank a.d. Beograd	EUR	2,372	277,560	2026
Banca Intesa a.d. Beograd	EUR	1,344	157,252	2026
OTP a.d. Beograd	USD	1,062	119,433	2026
Raiffeisen banka a.d. Beograd	EUR	1,162	135,932	2026
Komercijalna banka a.d. Beograd	EUR	1,323	154,840	2026
Development Fund of the Republic of Serbia	EUR	28	3,332	2025
AIK banka a.d. Beograd	EUR	551	64,438	2026
Srpska banka	EUR	3,250	380,298	2025
Solidarity Fund for Housing Construction	RSD	180	180	2028
Porsche leasing scg doo	EUR	43	5,086	
			<b>1,298,351</b>	
Current maturities			(644,704)	
<b>Total</b>			<b>653,647</b>	

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In thousands	Currency	31 December 2023 Currency	31 December 2023 RSD	Maturity date
Halkbank a.d. Beograd	EUR	2,699	316,302	2026
Banca Intesa a.d. Beograd	EUR	2,109	247,116	2026
OTP a.d. Beograd	USD	1,633	172,885	2026
Raiffeisen banka a.d. Beograd	EUR	1,870	219,164	2026
Komercijalna banka a.d. Beograd	EUR	2,328	272,810	2026
Development Fund of the Republic of Serbia	EUR	808	94,735	2025
AIK banka a.d. Beograd	EUR	857	100,470	2026
Srpska banka	EUR	750	87,880	2025
Solidarity Fund for Housing Construction	RSD	443	443	2028
			<b>1,511,805</b>	
Current maturities			(675,268)	
<b>Total</b>			<b>836,537</b>	

Of the total liabilities for long-term loans in the amount of RSD 1,298,351 thousand, loans in the amount of RSD 1,298,351 thousand are due within 1-5 years. Current maturities (short-term portion of long-term loans that mature within one year from balance sheet date) in the amount of RSD 644,704 thousand are included in short-term financial liabilities - Note 32.

Loans are approved at interest rates in the range of 3M Euribor +2% to 6.5%.

Furthermore, the long-term loan agreement with Komercijalna banka a.d. Beograd specifies financial covenants (ratios) that must be maintained as at 31 December of each year, until the loan amount is repaid in full. Ratios are calculated based on the Company's separate financial statements. The financial covenants are: net debt/EBITDA; gearing ratio; interest coverage ratio; and during the loan repayment period, distribution of profits to the owners is not permitted.

As at 31 December 2024 financial covenants were met.

## **32. SHORT-TERM FINANCIAL LIABILITIES**

In thousands	Currency	31 December 2024 currency	31 December 2024 RSD
<b>Current portion of long-term loans</b>			
Halkbank a.d. Beograd	EUR	1,363	159,524
Banca Intesa a.d. Beograd	EUR	907	106,156
OTP a.d. Beograd	USD	714	80,225
Raiffeisen banka a.d. Beograd	EUR	852	99,705
Komercijalna banka a.d. Beograd	EUR	1055	123,480
Development Fund of the Republic of Serbia	EUR	28	3,332
Aik banka a.d. Beograd	EUR	357	41,840
Srpska banka	EUR	250	29,254
Solidarity Fund for Housing Construction	RSD	80	80
Porsche leasing SCG doo	EUR	9	1,108
<b>Total</b>			<b>644,704</b>
<b>Short-term loans</b>			
Erste banka	RSD	838,472	838,472
Addiko banka	EUR	3,000	351,045
<b>Total</b>			<b>1,189,517</b>
<b>Total</b>			<b>1,834,221</b>

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In thousands	Currency	31 December 2023 currency	31 December 2023 RSD
<b>Current portion of long-term loans</b>			
Halkbank a.d. Beograd	EUR	1,153	135,113
Banca Intesa a.d. Beograd	EUR	765	89,651
OTP a.d. Beograd	USD	571	60,431
Raiffeisen banka a.d. Beograd	EUR	735	86,130
Komercijalna banka a.d. Beograd	EUR	1,005	117,760
Development Fund of the Republic of Serbia	EUR	780	91,399
Aik banka a.d. Beograd	EUR	307	35,945
Srpska banka	EUR	500	58,587
Solidarity Fund for Housing Construction	RSD	252	252
<b>Total</b>			<b>675,268</b>
<b>Short-term loans</b>			
Erste banka	RSD	839,200	839,200
Addiko banka	EUR	3,000	351,521
<b>Total</b>			<b>1,190,721</b>
<b>Total</b>			<b>1,865,989</b>

Short-term financial liabilities include short-term loans, short-term portion of long-term liabilities (loans) that mature within one year, as well as other short-term financial liabilities.

### 33. RECEIVED ADVANCES, DEPOSITS AND CAUTION MONEY

In thousands of RSD	31 December 2024	31 December 2023
Advances received from customers – domestic	90,523	18,189
Advances received from customers – foreign	196,805	79,942
<b>Total</b>	<b>287,328</b>	<b>98,131</b>

The amount of advances received from foreign customers primarily relates to advances received from Metalco Corporation (RSD 75,025 thousand), Steel manufacturing llp (RSD 22,284 thousand), Mahmoud Eitani (RSD 21,346 thousand).

### **34. OPERATING LIABILITIES**

In thousands of RSD	31 December 2024	31 December 2023
<b>Trade payables - domestic</b>	<b>623,297</b>	<b>363,382</b>
Parent and subsidiary companies	9,604	5,025
Related parties	1,618	324
Domestic trade payables	612,075	358,033
Other operating liabilities	<b>300,000</b>	<b>300,000</b>
<b>Trade payables - foreign</b>	<b>1,150,293</b>	<b>744,587</b>
Parent and subsidiary companies	21,157	-
Related parties	675,726	577,142
Domestic trade payables	<b>453,410</b>	167,445
<b>Total</b>	<b>2,073,590</b>	<b>1,407,969</b>

Other trade payables increased in 2024 compared to 2023 due to the increase in the price and quantity of purchased raw materials.

Operating liabilities relate to factoring of trade payables for which the limit amounts to RSD 300,000 thousand.

### **35. OTHER LIABILITIES AND ACCRUALS**

In thousands of RSD	31 December 2024	31 December 2023
Net salaries and compensation	124,972	112,449
Liabilities for taxes and contributions	70,164	59,850
Liabilities for interests and financing costs	10,774	16,059
Provisions for annual leaves	51,617	57,564
Liabilities for other taxes, contributions and duties and VAT	14,475	37,672
Income tax liabilities	-	-
Provisions for returned goods	23,151	124,855
Accruals	126,360	103,698
<b>Total</b>	<b>421,513</b>	<b>512,147</b>

Accruals in the amount of RSD 126,360 thousand comprise deferred supplier invoices that relate to December 2024, with invoice issue date being in January 2025 (JP EPS Beograd, JP Srbijagas Beograd).



**36. RELATED PARTIES**

In the ordinary course of business the Company has numerous transactions with related parties. The Company provides services to related parties and uses services provided by related parties.

The Company's receivables and payables toward its parent company, other related parties and subsidiaries as at 31 December 2024, including related party transactions, are presented in the table below:

**a. Balance as at 31 December 2024**

In thousands of RSD	Stakes	Receivables	Loans	Loan interest	Other receivables	Trade payables	Advances received
<b>Parent and subsidiary companies - foreign</b>	<b>6,118</b>	<b>973,127</b>	-	-	-	<b>21,157</b>	-
VBS Handel Germany	6,118	-	-	-	-	-	-
East Point Metals Ltd Cyprus	-	973,127	-	-	-	21,157	-
<b>Related parties - foreign</b>	-	<b>245,828</b>	-	-	-	<b>675,726</b>	-
DP Handel Germany	-	245,828	-	-	-	675,726	-
<b>Related parties - domestic</b>	<b>100</b>	<b>188</b>	-	-	-	<b>1,618</b>	-
Slobodna zona Užice	100	188	-	-	-	1,618	-
<b>Subsidiaries - domestic</b>	<b>402</b>	<b>1,618</b>	-	-	-	<b>9,604</b>	-
Valjaonica Bezbednost d.o.o Sevojno	402	1,618	-	-	-	9,604	-
<b>Total</b>	<b>6,620</b>	<b>1,220,761</b>	-	-	-	<b>708,105</b>	-

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**b. Transactions**

In thousands of RSD	Sales of products- goods	Sales of services	Costs of products- goods purchased	Other operating expenses
<b>Parent and subsidiary companies - foreign</b>	<b>4,889,555</b>	-	-	-
VBS Handel Germany	-	-	-	-
East Point Metals Ltd Cyprus	4,889,555	-	-	-
<b>Related parties - foreign</b>	<b>10,392,230</b>	-	-	<b>98,981</b>
East point holdings Cyprus	-	-	-	-
DP Handel Germany	10,392,230	-	-	98,981
<b>Related parties - domestic</b>	-	<b>1,025</b>	-	<b>6,888</b>
Slobodna zona Užice	-	1,025	-	6,888
<b>Subsidiaries - domestic</b>	-	<b>3,747</b>	-	<b>59,908</b>
Valjaonica Bezbednost doo Sevojno	-	3,747	-	59,908
<b>Total</b>	<b>15,281,785</b>	<b>4,772</b>	-	<b>165,777</b>

Contingent liabilities

Under its off-balance sheet records the Company does not have any contingent liabilities toward related parties for issued guarantees as at 31 December 2024.

**37 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. Receivables and payables were reconciled based on customer and supplier confirmations.

The total number of customers with whom receivables were reconciled amounts to 326. The Company did not have any unreconciled receivables. The number and total amount of unreconciled receivables amounts to zero, and therefore the percentage of unreconciled receivables compared to total receivables amounts to 0%.

The total number of suppliers with whom payables were reconciled amounts to 859. The Company did not have any unreconciled payables. The number and total amount of unreconciled payables amounts to zero, and therefore the percentage of unreconciled payables compared to total receivables amounts to 0%.

**38 SUBSEQUENT EVENTS**

The Company did not have significant subsequent events after balance sheet date.

**39 CONTINGENT LIABILITIES**

**a) Court cases**

The Company is involved in a number of court cases in the ordinary course of business that relate to commercial and contractual issues, as well as labour issues, and that are resolved or considered in the ordinary course of business. The Company estimates the probability of outcomes of these issues, as well as relevant amounts or reasonable estimates of losses. Reasonable estimates include the use of judgment by management after considering information which includes

notifications, settlements, assessments by the legal department, available facts, identification of potential responsible parties and their ability to contribute to a resolution, as well as previous experience. Provisions for court cases are formed when there is a probability that a liability exists and its amount can be estimated reliably after careful analysis. The required provision can change in the future due to new events or receipt of new information.

As at 31 December 2024 the Company did not form provisions for contingent losses because, as per management's judgment, expected losses arising from court cases are not materially significant.

In 2024 the Company was represented by only one attorneys' office.

**b) Off-balance sheet items**

In thousands of RSD	31 December 2024	31 December 2023
Materials and tools of other entities	12,863	241
Products and semi-finished products of other entities	31,578	11,646
Advances, guarantees and sureties provided	8,000	8,000
<b>Total</b>	<b>19,887</b>	<b>52,441</b>

Guarantees issued in the amount of RSD 8,000 thousand relate to guarantees for which the creditor is Halk banka, while the beneficiary is the Customs Administration.

Sevojno, 31 March 2025

Person responsible for preparing  
the financial statements

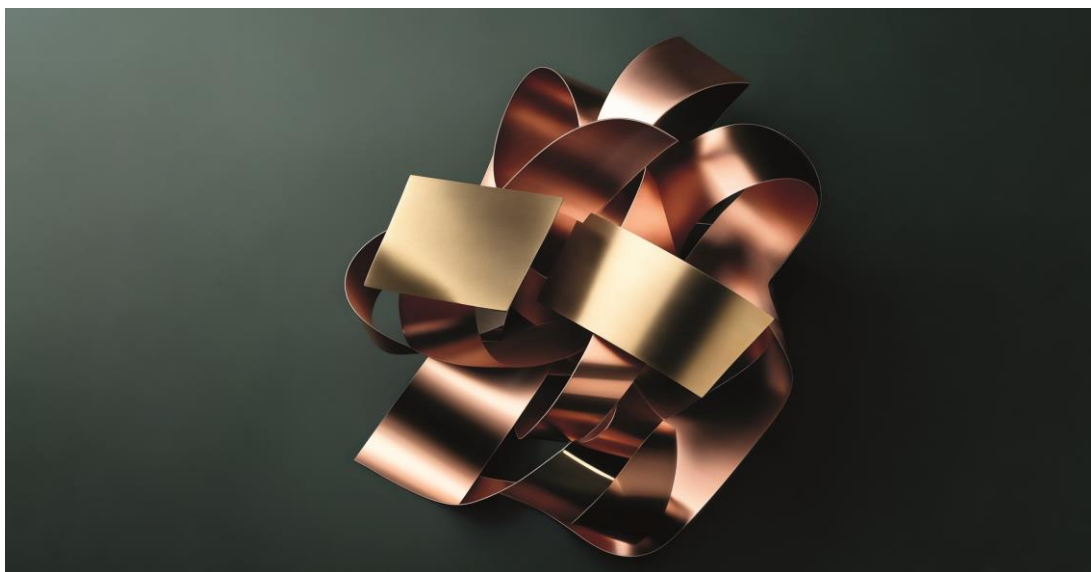
Legal Representative  
Valjaonica bakra Sevojno AD

(L.S.)

M. Mirošević, dipl.ecc

Dragan Subotić, dipl.ecc

# ANNUAL BUSINESS REPORT FOR VALJAONICA BAKRA A.D. SEVOJNO FOR 2024



*Sevojno, June 2025*

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## **I VALJAONICA BAKRA SEVOJNO AD – BRIEF DESCRIPTION OF BUSINESS ACTIVITIES AND ORGANIZATIONAL STRUCTURE OF THE COMPANY**

Valjaonica bakra Sevojno (hereinafter: the Company) was established based on Decision no. 3003-50 of the General Directorate of the Government of the Federal People's Republic of Yugoslavia dated 19 June 1950.

In accordance with the decision of the Privatization Agency of the Republic of Serbia dated 16 January 2003, the Company's socially owned capital was transformed into 410,190 shares with a nominal value of RSD 5,000 per share. Based on the contract concluded on 20 November 2003, the Consortium consisting of East Point Holdings Ltd. Cyprus and Amalco Overseas Ltd. Cyprus acquired 70% of the Company's share capital. The shareholding company Valjaonica bakra Sevojno was founded as a shareholding company based on the Decision on Change in Legal Form of DP Valjaonica bakra Sevojno (Official Bulletin of DP Valjaonica bakra Sevojno, No. 256 dated 3 February 2004) in accordance with the Privatization Law, as registered in the Commercial Court in Užice under number Fi 89-04 on 17 February 2004, and transferred to the Business Registers Agency under no. 362272005 dated 3 March 2005.

On 8 October 2009, ownership of the majority of equity of Valjaonica bakra Sevojno AD was transferred from East Point Holdings Ltd and Lapka Trading Limited to the related party East Point Metals Limited.

The majority owner of the Company, East Point Metals Ltd., from Cyprus, increased the number of shares in the Company by purchasing 79,039 shares on 24 February 2020, thus acquiring a total ownership interest in the Company of 93.16%.

Pursuant to Article 515, 516 and 523 of the Companies Law (Official Gazette of RS, no. 36/11, 99/11, 83/14 - oth. law, 5/15, 44/18, 95/18 and 91/19), and based on the request of the issuer, Valjaonica bakra Sevojno ad Sevojno, enforced purchase of the remaining shares (44,019) was carried out by the purchaser East Point Metals LTD Cyprus, whereby East Point Metals LTD Cyprus became the 100% owner of 643,356 shares in Valjaonica bakra Sevojno ad Sevojno.

Accordingly, based on the request filed by Valjaonica bakra Sevojno ad Sevojno, the Securities Commission issued Decision no. 1/1-102-1433/3-20, dated 15 June 2020, on deregistration of Valjaonica bakra Sevojno ad Sevojno from the Companies Register.

The main activity of the Company is the processing of copper and copper alloys by rolling, pressing and drawing into a wide range of products, according to alloy, type and dimension. The main products are: sheets, strips, rondels, disks, plates (rolled program) and pipes, rods, rails, profiles, wires, thin-walled pipes (drawn program).

The Managing Board of Valjaonica bakra Sevojno adopted the decision on establishing the company Valjaonica Bezbednost d.o.o. Sevojno, which started operating on 1 November 2006. Valjaonica bakra Sevojno ad holds a 100% ownership interest in this company which performs the activity of providing security services and protection of employees and property.

In March 2010, the company Slobodna zona Užice d.o.o. started operating (corporate no.:20630051, TIN 106554104), with its founders being Valjaonica bakra Sevojno a.d., Impol Seval Sevojno a.d. and the City of Užice. The founders have equal shares in the amount of EUR 1,000 each. The Company's core commercial activity is warehousing.

On 14 March 2017 the limited liability company, VBS Handel, based in Frankfurt - Germany, was established based on the Decision of the Supervisory Board of Valjaonica bakra Sevojno. Valjaonica bakra Sevojno ad holds a 100% ownership interest in this company which is responsible for the sale of products and the procurement of raw materials and spare parts for VBS.

**Business name:** Akcionarsko društvo Valjaonica bakra Sevojno  
**Short business name:** Valjaonica bakra Sevojno a.d.  
**Registered office:** Sevojno, Prvomajska bb  
**Corporate ID no.:** 07606273  
**TIN:** 101624563  
**Web site:** www.vbs.co.rs  
**E-mail:** office@vbs.co.rs

**Number and date of decision on**

**registration in the Register of Companies:** No. 3622/2005 dated 3 March 2005

**The commercial activity code of the Company:** 2444 - Copper production

**General Manager:** Dragan Subotić

Value of base capital: RSD 3,218,578 thousand

Number and type of issued shares: 643,356 common shares; ISIN number: RSVBSEE87204; CFI code: ESVUFR

Information about subsidiaries as at 31 December 2024:

- Valjaonica Bezbednost doo Sevojno, Prvomajska bb Sevojno; Corporate ID no.: 20214473; commercial activity: 8010 (private security), 100% owned subsidiary;
- VBS Handel GmbH, Frankfurt – Germany, 100% owned subsidiary;
- Društvo za upravljanje slobodnom zonom Užice doo Sevojno – Valjaonica bakra Sevojno a.d. holds a 33.33% ownership interest in the Company;

Business name, registered office and business address of auditor who audited the last financial statements: KPMG doo Beograd, Milutina Milankovića 1J, 11000 Belgrade, TIN:100058593

**INFORMATION ON COMPANY MANAGEMENT (as at 31 December 2024):**
**MEMBERS OF THE BOARD OF DIRECTORS:**

r.br.	Ime i prezime, prebivalište i obrazovanje	Sadašnje zaposlenje
1	Dragan Subotić, Užice Dipl.ekonomista	Generalni direktor društva
2	Stanimir Stanković, Užice Dipl.ing.metalurgije	Direktor proizvodnje
3	Vladimir Nikitović, Beograd Dipl.ekonomista	Direktor za ljudske resurse i korporativne poslove

**MEMBERS OF THE SUPERVISORY BOARD:**

r.br.	Ime i prezime, prebivalište i obrazovanje
1	<b>Desko Nikitović</b> , Beograd, Dipl.pravnik, Predsednik NO VBS
2	<b>Toplica Spasojević</b> , Dipl.ekonomista, član NO VBS
3	<b>Slavoljub Dabić</b> , vojni general u penziji član NO VBS
4	<b>Mirko Petrović</b> , mr prava, član NO VBS
5	<b>Slavko Carić</b> , dipl.poslovnu administraciju u Ženevi, član NO VBS



## II REALISTIC PRESENTATION OF DEVELOPMENT, FINANCIAL POSITION AND RESULTS OF THE COMPANY'S OPERATIONS

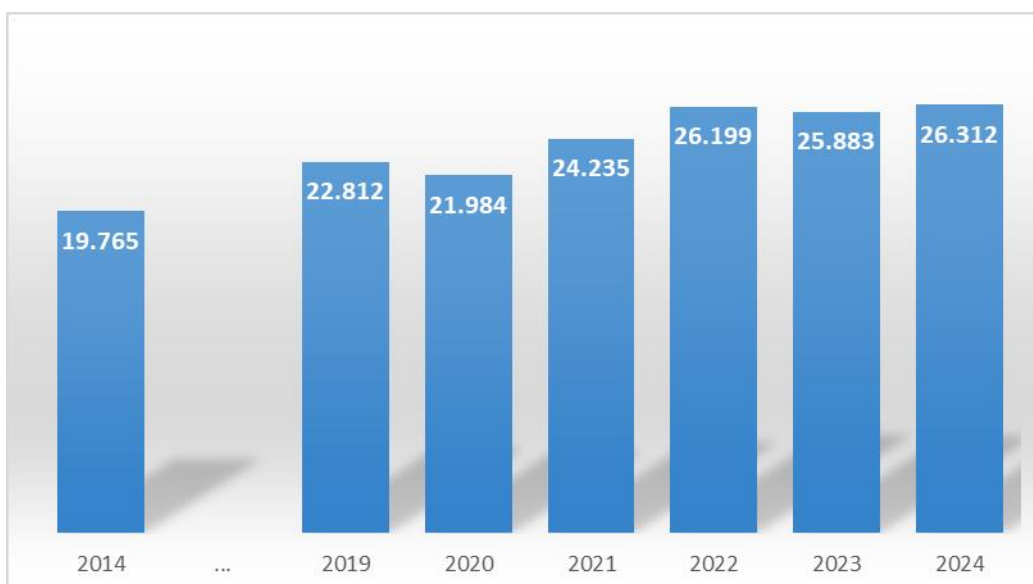
### 1 Management information about realization of adopted business policy, with indication of instances and reasons for departures therefrom and other key issues related to operations:

Business operations were conducted in line with adopted Company business policy for 2024.

### 2 Presentation of the growth of the physical volume of production

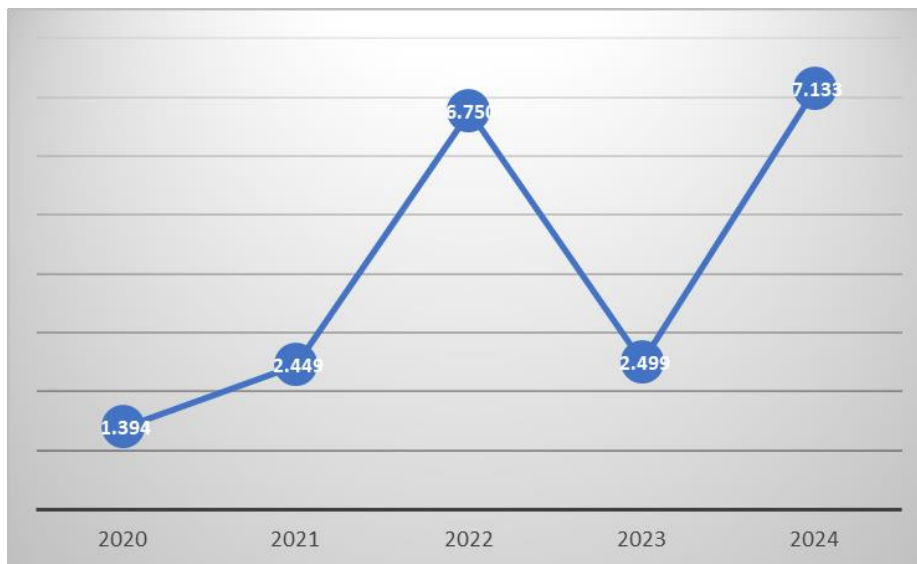
The physical volume of production in the last ten years is in a trend of growth. The growth of production volume is dependent on securing financing for the purchase of basic raw materials, technical-technological readiness of production capacities, improvement in product quality, development of new products, as well as response to market demands.

*Movement of total production in tons of castings*



### 3 Investing in the revitalization and modernization of equipment

By continuously investing in equipment, the Company ensures operational readiness, improves the production process, and expands its product range by introducing new production lines. The trend of investment growth can be seen on the graphic display of investments over the last five years.

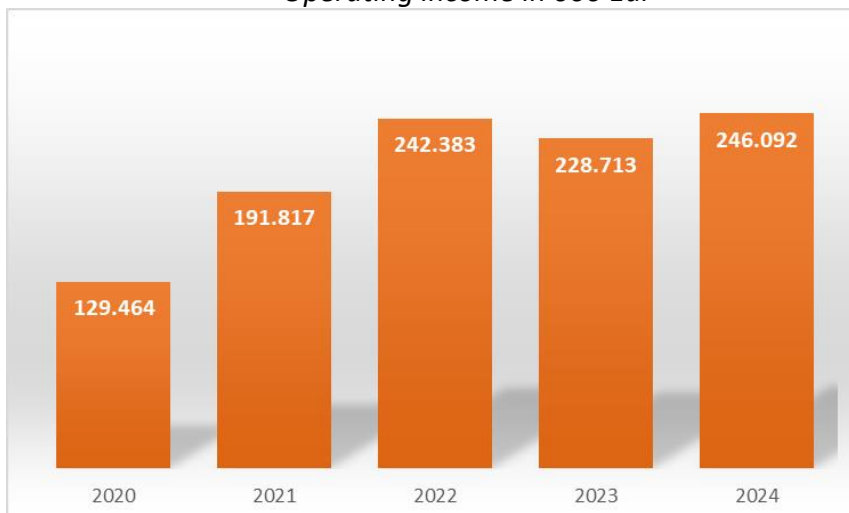


A total of EUR 20.2 million has been invested in the period from 2020 to 31 December 2024. The highest amount of investments occurred in 2024 and amounted to EUR 7.1 million.

### 4 Movements operating income

As a consequence of the growth in production and therefore sales over the previous five years, the Company recorded an increase in operating income. It should be noted that 70-80% of total operating income is comprised of the value of metals, so that price movements on the LME have a direct impact on operating income.

*Operating income in 000 Eur*



## 5 Analysis of business operations in 2024

### 5.1 Summary of realized production results

Total realized production in 2024 amounted to 26,312 t and is 6% less than planned, but is 2% more than 2023.

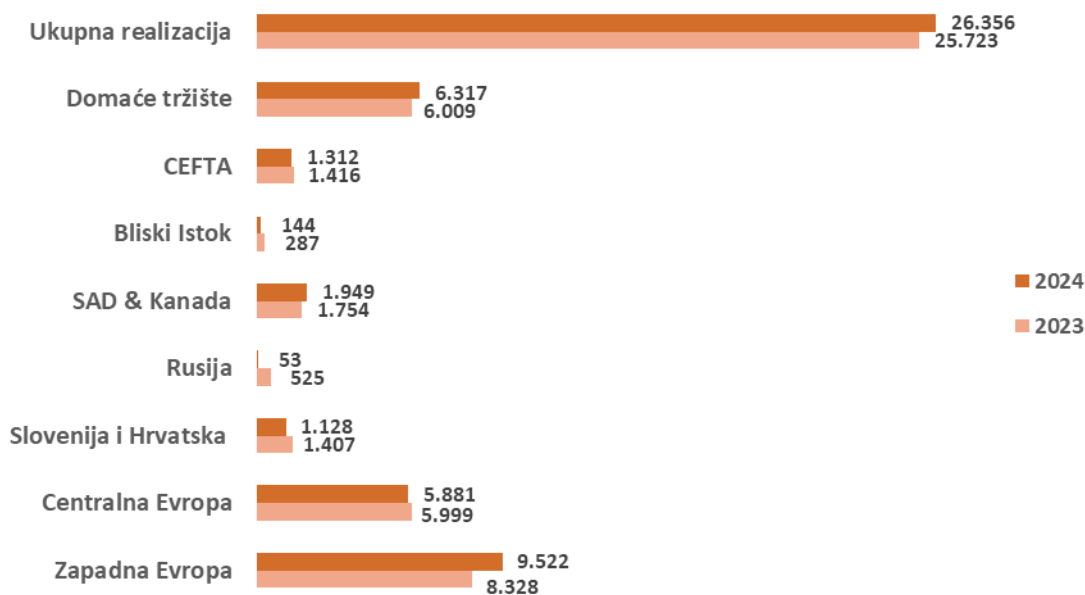
The production of the Rolling Mill plant in 2024 is 18,047 t (8% below the plan).

The production of the Press plant in 2024 is 8,265 t (2% below the plan).

The foundry produced 45,485 t of high-quality castings, and compared to 2023, production is higher by 1,957 t.

Total sales in 2024 amounted to 26,356 t (by 6% below the plan) and is 2% higher than sales in the previous year. Out of total sales, 20,039 t or 76% were exported to foreign markets, which is 325 t more than in 2023, when 19,714 t were exported. Sales on the domestic market amounted to 6,317 t, which is 307 t more than in 2023, when sales amounted to 6,009 t. During 2024, the majority of exports were to the Western European market (9,522 t).

#### *Sales by markets in tons of finished products*



## 5.2 Financial result for Jan-Dec 2024

In 2024 the Company realized total income in the amount of RSD 28,596,297 thousand, total expenses of RSD 27,692,620 thousand and a positive result – profit before tax in the amount of RSD 1,225,140 thousand, or after tax net profit of RSD 1,053,326 thousand.

### Income Statement for the period 01/01 to 31/12/2023

-in thousands of RSD-

Account group, account	LINE ITEM	ADP	Note number	A m o u n t	
				Current year	Prior year
1	2	3	4	5	6
	<b>A. OPERATING INCOME (1002 + 1005 + 1008 + 1009 - 1010 + 1011 + 1012)</b>	1001		<b>28,596,297</b>	<b>27,836,797</b>
60	I. SALES REVENUE (1003 + 1004)	1002		0	0
600, 602 and 604	1 Sales of goods on domestic market	1003			
601, 603 and 605	2 Sales of goods on foreign markets	1004			
61	II. SALES OF PRODUCTS AND SERVICES (1006 + 1007)	1005	5	28,697,480	26,733,443
610, 612 and 614	1 Sales of products and services – domestic market	1006	5	6,795,738	6,063,555
611, 613 and 615	2 Sales of products and services on foreign market	1007	5	21,901,742	20,669,888
62	III. CAPITALIZATION OF PRODUCTS AND GOODS	1008		110,857	77,888
630	IV. INCREASE IN VALUE OF INVENTORIES OF WORK IN PROGRESS AND FINISHED PRODUCTS	1009		835,443	1,071,554
631	V. DECREASE IN VALUE OF INVENTORIES OF WORK IN PROGRESS AND FINISHED PRODUCTS	1010		1,053,059	248,774
64 and 65	VI. OTHER OPERATING INCOME	1011	6	5,576	6,002
68, w/o 683, 685 and 686	VII. INCOME FROM ADJUSTMENT IN VALUE OF ASSETS (OTHER THAN FINANCIAL)	1012			196,684
	<b>B. OPERATING EXPENSES (1014 + 1015 + 1016 + 1020 + 1021 + 1022 + 1023 + 1024)</b>	1013		<b>27,228,085</b>	<b>26,262,969</b>
50	I. COST OF GOODS SOLD	1014			
51	II. COSTS OF MATERIALS, FUEL AND ENERGY	1015	9	23,584,494	23,222,467
52	III. SALARIES, SALARY COMPENSATION AND OTHER PERSONNEL EXPENSES (1017 + 1018 + 1019)	1016	10	2,580,963	2,101,502
520	1 Salaries and salary compensation	1017		2,034,599	1,657,953
521	2 Taxes and contributions on salaries and salary compensation	1018		319,377	261,742
52 w/o 520 and 521	3 Other personnel expenses and fees	1019		226,987	181,807
540	IV. DEPRECIATION AND AMORTIZATION EXPENSE	1020	11	333,061	192,826
58, w/o 583, 585 and 586	V. COSTS OF ADJUSTMENT IN VALUE OF ASSETS (OTHER THAN FINANCIAL)	1021			80,491
53	VI. COSTS OF PRODUCTION SERVICES	1022	12	488,317	432,485
54 w/o 540	VII. PROVISIONS	1023	13	68,642	80,010
55	VIII. NON-PRODUCTION COSTS	1024	14	172,608	153,188
	<b>V. OPERATING PROFIT (1001 - 1013) ≥ 0</b>	1025		<b>1,368,212</b>	<b>1,573,828</b>
	<b>D. OPERATING LOSS (1013 - 1001) ≥ 0</b>	1026		<b>0</b>	<b>0</b>
	<b>E. FINANCIAL INCOME (1028 + 1029 + 1030 + 1031)</b>	1027	15	<b>93,433</b>	<b>62,027</b>
660 and 661	I. FINANCIAL INCOME FROM TRANSACTIONS WITH PARENT COMPANY, SUBSIDIARIES AND OTHER RELATED PARTIES	1028		55,970	21,183
662	II. INTEREST INCOME	1029		19,356	15,109

Account group, account	LINE ITEM	ADP	Note number	A m o u n t	
				Current year	Prior year
1	2	3	4	5	6
663 and 664	III. FOREIGN EXCHANGE GAINS AND POSITIVE EFFECTS OF FOREIGN CURRENCY CLAUSE	1030		17,073	25,423
665 and 669	IV. OTHER FINANCIAL INCOME	1031		1,034	312
	<b>F. FINANCIAL EXPENSES (1033 + 1034 + 1035 + 1036)</b>	1032	16	<b>300,650</b>	<b>325,697</b>
560 and 561	I. FINANCIAL EXPENSES FROM TRANSACTIONS WITH PARENT COMPANY, SUBSIDIARIES AND OTHER RELATED PARTIES	1033	16	76,209	79,595
562	II. INTEREST EXPENSES	1034	16	193,277	188,903
563 and 564	III. FOREIGN EXCHANGE LOSSES AND LOSSES ON FOREIGN CURRENCY CLAUSE	1035	16	31,090	57,199
565 and 569	IV. OTHER FINANCIAL EXPENSES	1036		74	
	<b>G. FINANCIAL GAINS (1027 - 1032) ≥ 0</b>	1037		<b>0</b>	<b>0</b>
	<b>H. FINANCIAL LOSSES (1032 - 1027) ≥ 0</b>	1038		<b>207,217</b>	<b>263,670</b>
683, 685 and 686	I. INCOME FROM VALUATION ADJUSTMENTS OF FINANCIAL ASSETS THAT ARE MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	1039		26	36,167
583, 585 and 586	I. COSTS OF VALUATION ADJUSTMENTS OF FINANCIAL ASSETS THAT ARE MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	1040	17		
67	K. OTHER INCOME	1041	18	228,082	117,073
57	L. OTHER EXPENSES	1042	19	163,885	45,655
	<b>M. TOTAL INCOME (1001 + 1027 + 1039 + 1041)</b>	1043		<b>28,917,838</b>	<b>28,052,064</b>
	<b>N. TOTAL EXPENSES (1013 + 1032 + 1040 + 1042)</b>	1044		<b>27,692,620</b>	<b>26,634,321</b>
	<b>O. PROFIT FROM CONTINUING OPERATIONS BEFORE TAX (1043 - 1044) ≥ 0</b>	1045		<b>1,225,218</b>	<b>1,417,743</b>
	<b>P. LOSS FROM CONTINUING OPERATIONS BEFORE TAX (1044 - 1043) ≥ 0</b>	1046		<b>0</b>	<b>0</b>
69-59	Q. NET POSITIVE EFFECTS ON RESULT FROM PROFITS OF DISCONTINUED OPERATIONS, OF CHANGE IN ACCOUNTING POLICY AND CORRECTION OF PRIOR PERIOD ERRORS	1047			
59 - 69	R. NET NEGATIVE EFFECTS ON RESULT FROM LOSSES OF DISCONTINUED OPERATIONS, OF CHANGE IN ACCOUNTING POLICY AND CORRECTION OF PRIOR PERIOD ERRORS	1048		78	554
	<b>S. PROFIT BEFORE TAX (1045 - 1046 + 1047 - 1048) ≥ 0</b>	1049	20	<b>1,225,140</b>	<b>1,417,189</b>
	<b>T. LOSS BEFORE TAX (1046 - 1045 + 1048 - 1047) ≥ 0</b>	1050		<b>0</b>	<b>0</b>
	<b>U. INCOME TAX</b>				
721	I. TAX EXPENSE OF THE PERIOD	1051		195,595	247,781
722 debit balance	II. DEFERRED TAX EXPENSE OF THE PERIOD	1052	20		
722 credit balance	III. DEFERRED TAX INCOME OF THE PERIOD	1053		23,781	3,541
723	<b>V. PERSONAL EARNINGS OF THE EMPLOYER PAID OUT</b>	1054			
	<b>W. NET PROFIT (1049 - 1050 - 1051 - 1052 + 1053 - 1054) ≥ 0</b>	1055		<b>1,053,326</b>	<b>1,172,949</b>
	<b>X. NET LOSS (1050 - 1049 + 1051 + 1052 - 1053 + 1054) ≥ 0</b>	1056		<b>0</b>	<b>0</b>
	I. NET PROFIT OF NON-CONTROLLING SHAREHOLDERS	1057			
	II. NET PROFIT OF PARENT ENTITY	1058			
	III. NET LOSS OF NON-CONTROLLING SHAREHOLDERS	1059			
	IV. NET LOSS OF PARENT ENTITY	1060			
	<b>V. EARNINGS PER SHARE</b>				
	1 Basic earnings per share	1061			
	2 Diluted earnings per share	1062			

### Balance sheet as at 31 December 2024

-in thousands of RSD-

Account group, account	LINE ITEM	ADP	Note number	Amount		
				Current year	Prior year	
					Closing balance as at 31 December 2023	Opening balance as at 1 January 2023
1	2	3	4	5	6	7
	<b>ASSETS</b>					
0	<b>A. SUBSCRIBED CAPITAL UNPAID</b>	0001				
	<b>B. NON-CURRENT ASSETS (0003 + 0009 + 0017 + 0018 + 0028)</b>	0002		<b>5,755,208</b>	<b>5,804,768</b>	<b>4,956,156</b>
1	I. INTANGIBLE ASSETS (0004 + 0005 + 0006 + 0007 + 0008)	0003	21	53,386	65,670	1,313
10	1 Investments in development	0004				
011, 012 and 014	2 Concessions, patents, licenses, trademarks and service marks, software and other intangible assets	0005	21	53,386	65,670	1,313
13	3 Goodwill	0006				
015 and 016	4 Intangible assets taken on lease and intangible assets under development	0007				
17	5 Advance payments for intangible assets	0008				
4144792	II. PROPERTY, PLANT AND EQUIPMENT (0010 + 0011 + 0012 + 0013 + 0014 + 0015 + 0016)	0009	21	5,650,717	5,505,870	4,743,256
020, 021 and 022	1 Land and buildings	0010	21	1,250,651	1,272,013	1,004,037
23	2 Plant and equipment	0011	21	3,071,311	3,304,972	2,870,694
24	3 Investment property	0012				
025 and 027	4 Property, plant and equipment taken on lease and property, plant and equipment under construction	0013	21	1,328,755	928,885	868,525
026 and 028	5 Other property, plant and equipment and leasehold improvements	0014				
029 (part)	6 Advances for property, plant and equipment - domestic	0015				
029 (part)	7 Advances for property, plant and equipment - foreign	0016				
3	<b>III. BIOLOGICAL ASSETS</b>	0017				
04 and 05	IV. LONG-TERM FINANCIAL INVESTMENTS AND LONG-TERM RECEIVABLES (0019 + 0020 + 0021 + 0022 + 0023 + 0024 + 0025 + 0026 + 0027)	0018	22	51,105	233,228	211,587
040 (part), 041 (part) and 042 (part)	1 Equity investments in legal entities (except for equity investments measured using the equity method)	0019		6,620	6,620	6,620
040 (part), 041 (part) and 042 (part)	2 Equity investments measured using the equity method	0020				
043, 050 (part) and 051 (part)	3 Long-term investments in parent companies, subsidiaries and other related parties and long-term receivables from such entities domestically	0021				
044, 050 (part) and 051 (part)	4 Long-term investments in parent companies, subsidiaries and other related parties and long-term receivables from such entities abroad	0022				
045 (part) and 053 (part)	5 Long-term investments (loans and borrowings) domestic	0023				
045 (part) and 053 (part)	6 Long-term investments (loans and borrowings) foreign	0024				

Account group, account	LINE ITEM	ADP	Note number	Amount		
				Current year	Prior year	
					Closing balance as at 31 December 2023	Opening balance as at 1 January 2023
1	2	3	4	5	6	7
46	7 Long-term financial investments (securities measured at amortized cost)	0025				
47	8 Treasury shares and stakes purchased	0026				
048, 052, 054, 055 and 056	9 Other long-term financial investments and long-term receivables	0027		44,485	226,608	204,967
28 (part) w/o 288	V. LONG-TERM PREPAYMENTS AND DEFERRED EXPENSES	0028				
288	<b>V. DEFERRED TAX ASSETS</b>	0029				
	<b>D. CURRENT ASSETS (0031 + 0037 + 0038 + 0044 + 0048 + 0057 + 0058)</b>	0030		<b>8,331,034</b>	<b>6,655,553</b>	<b>6,209,856</b>
Class 1, w/o group 14 acc	I. INVENTORIES (0032 + 0033 + 0034 + 0035 + 0036)	0031	23	5,124,863	4,772,306	4,118,360
10	1 Materials, spare parts, tools and supplies	0032		717,248	585,500	677,462
11 and 12	2 Work in progress and finished products	0033		3,915,135	4,132,750	3,309,970
13	3 Goods	0034				
150, 152 and 154	4 Advances paid for inventories and services - domestic	0035		126,027	26,555	18,535
151, 153 and 155	5 Advances paid for inventories and services - foreign	0036		366,453	27,501	112,393
14	II. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	0037				
20	III. TRADE RECEIVABLES (0039 + 0040 + 0041 + 0042 + 0043)	0038	24	2,886,321	1,609,205	1,964,900
204	1 Trade receivables – domestic	0039		1,168,103	872,075	933,916
205	2 Trade receivables – foreign	0040		497,457	106,301	179,032
200 and 202	3 Trade receivables – parent, subsidiary and other related parties – domestic	0041		1,806	670	300
201 and 203	4 Trade receivables – parent, subsidiary and other related parties – foreign	0042		1,218,955	630,159	851,652
206	5 Other trade receivables	0043				
21, 22 and 27	IV. OTHER SHORT-TERM RECEIVABLES (0045 + 0046 + 0047)	0044	25	60,423	45,875	18,571
21, 224 w/o 223 and 223, and 27	1 Other receivables	0045		28,553	35,906	16,454
223	2 Receivables for overpaid income tax	0046		31,537	9,674	1,762
224	3 Receivables for overpaid taxes and contributions	0047		333	295	355
23	V. SHORT-TERM FINANCIAL INVESTMENTS (0049 + 0050 + 0051 + 0052 + 0053 + 0054 + 0055 + 0056)	0048	26	555	1,256	1,363
230	1 Short-term loans and investments - parent and subsidiary companies	0049				
231	2 Short-term loans and investments - other related parties	0050			0	
232, 234 (part)	3 Short-term loans, borrowings and advances - domestic	0051		555	1,256	1,363
233, 234 (part)	4 Short-term loans, borrowings and advances - foreign	0052				
235	5 Securities measured at amortized cost	0053				
236 (part)	6 Financial assets measured at fair value through profit and loss	0054				

Account group, account	LINE ITEM	ADP	Note number	Amount		
				Current year	Prior year	
					Closing balance as at 31 December 2023	Opening balance as at 1 January 2023
1	2	3	4	5	6	7
237	7 Treasury shares and stakes purchased	0055				
236 (part), 238 and 239	8 Other short-term financial investments	0056				
24	VI. CASH AND CASH EQUIVALENTS	0057	27	220,481	209,164	88,450
28 (part) w/o 288	VII. SHORT-TERM PREPAYMENTS AND DEFERRED EXPENSES	0058		38,391	17,747	18,212
	<b>E. TOTAL ASSETS = OPERATING ASSETS (0001 + 0002 + 0029 + 0030)</b>	0059		<b>14,086,242</b>	<b>12,460,321</b>	<b>11,166,012</b>
88	<b>F. OFF-BALANCE SHEET ASSETS</b>	0060		19,887	52,441	60,297
	<b>EQUITY AND LIABILITIES</b>					
	<b>A EQUITY (0402 + 0403 + 0404 + 0405 + 0406 - 0407 + 0408 + 0411 - 0412) ≥ 0</b>	0401		<b>8,073,960</b>	<b>7,025,889</b>	<b>5,321,932</b>
30 w/o 306	I. BASE CAPITAL	0402	28	3,218,578	3,218,578	3,218,578
31	II. SUBSCRIBED CAPITAL UNPAID	0403				
306	III. SHARE ISSUE PREMIUM	0404				
32	IV. RESERVES	0405				
330 and credit balance of acc. 331, 332, 333, 334, 335, 336 and 337	V. POSITIVE REVALUATION RESERVES AND UNREALIZED GAINS ON FINANCIAL ASSETS AND OTHER COMPONENTS OF OTHER COMPREHENSIVE INCOME	0406	29	<b>1,520,595</b>	<b>1,527,210</b>	<b>998,579</b>
debit balance of acc. 331, 332, 333, 334, 335, 336 and 337	VI. UNREALIZED LOSSES ON FINANCIAL ASSETS AND OTHER COMPONENTS OF OTHER COMPREHENSIVE INCOME	0407				
34	VII. RETAINED EARNINGS (0409 + 0410)	0408		<b>3,334,787</b>	<b>2,280,101</b>	<b>1,550,067</b>
340	1 Retained earnings of previous years	0409		2,280,101	1,104,775	
341	2 Retained earnings of current year	0410		1,054,686	1,175,326	1,550,067
	VIII. EQUITY INVESTMENT WITHOUT CONTROLLING RIGHTS	0411				
35	IX. LOSS (0413 + 0414)	0412		<b>0</b>	<b>0</b>	<b>445,292</b>
350	1 Previous years' losses	0413				445,292
351	2 Current year loss	0414				
	<b>B. LONG-TERM PROVISIONS AND LONG-TERM LIABILITIES (0416 + 0420 + 0428)</b>	0415		<b>956,767</b>	<b>1,087,552</b>	<b>1,478,142</b>
40	I. LONG-TERM PROVISIONS (0417+0418+0419)	0416	30	303,120	251,015	203,017
404	1 Provisions for compensation and other employee benefits	0417		303,120	251,015	203,017
400	2 Provisions for warranty period costs	0418				
40, w/o 400 and 404	3 Other long-term provisions	0419				
41	II. LONG-TERM LIABILITIES (0421 + 0422 + 0423 + 0424 + 0425 + 0426 + 0427)	0420	31	653,647	836,537	1,275,125
410	1 Liabilities convertible into equity	0421				



Account group, account	LINE ITEM	ADP	Note number	Amount		
				Current year	Prior year	
					Closing balance as at 31 December 2023	Opening balance as at 1 January 2023
1	2	3	4	5	6	7
411 (part) and 412 (part)	2 Long-term loans and other long-term liabilities to parent companies, subsidiaries and other related parties – domestic	0422				
411 (part) and 412 (part)	3 Long-term loans and other long-term liabilities to parent companies, subsidiaries and other related parties – foreign	0423				
414 and 416 (part)	4 Long-term loans, borrowings and lease liabilities – domestic	0424	31	653,647	836,537	1,275,125
415 and 416 (part)	5 Long-term loans, borrowings and lease liabilities – foreign	0425				
413	6 Liabilities for issues securities	0426				
419	7 Other long-term liabilities	0427				
49 (part), w/o 498 and 495 (part)	III. LONG-TERM ACCRUALS	0428				
498	V. DEFERRED TAX LIABILITIES	0429		438,863	462,644	375,786
495 (part)	D. LONG-TERM DEFERRED INCOME AND RECEIVED DONATIONS	0430				
	<b>E. SHORT-TERM PROVISIONS AND SHORT-TERM LIABILITIES (0432 + 0433 + 0441 + 0442 + 0449 + 0453 + 0454)</b>	0431		<b>4,616,652</b>	<b>3,884,236</b>	<b>3,990,152</b>
467	I. SHORT-TERM PROVISIONS	0432		51,617	57,564	39,585
42, w/o 427	II. SHORT-TERM FINANCIAL LIABILITIES (0434 + 0435 + 0436 + 0437 + 0438 + 0439 + 0440)	0433	32	1,834,221	1,865,989	1,798,777
420 (part) and 421 (part)	1 Loan liabilities toward parent company, subsidiaries and other related parties – domestic	0434				
420 (part) and 421 (part)	2 Loan liabilities toward parent company, subsidiaries and other related parties – foreign	0435				
422 (part), 424 (part), 425 (part) and 429 (part)	3 Liabilities for loans and borrowings toward entities that are not domestic banks	0436				
422 (part), 424 (part), 425 (part) and 429 (part)	4 Loan liabilities toward domestic banks	0437		1,834,221	1,865,989	1,798,777
423, 424 (part), 425 (part) and 429 (part)	5 Loans, borrowings and liabilities – foreign	0438				
426	6 Liabilities for short-term securities	0439				
428	7 Liabilities for financial derivatives	0440				
430	III. RECEIVED ADVANCES, DEPOSITS AND CAUTION MONEY	0441	33	287,328	98,131	304,699
43 w/o 430	IV. OPERATING LIABILITIES (0443 + 0444 + 0445 + 0046 + 0447 + 0448)	0442	34	2,073,590	1,407,969	1,356,281
431 and 433	1 Trade payables - parent companies, subsidiaries and other related parties – domestic	0443		11,222	5,349	7,823
432 and 434	2 Trade payables - parent companies, subsidiaries and other related parties – foreign	0444		696,883	577,142	428,216
435	3 Trade payables - domestic	0445		612,075	358,033	543,664
436	4 Trade payables - foreign	0446		453,410	167,445	376,578
439 (part)	5 Liabilities for bills of exchange	0447				

Account group, account	LINE ITEM	ADP	Note number	Amount		
				Current year	Prior year	
					Closing balance as at 31 December 2023	Opening balance as at 1 January 2023
1	2	3	4	5	6	7
439 (part)	6 Other operating liabilities	0448		300,000	300,000	
44, 45, 46, w/o 467, 47 and 48	V. OTHER SHORT-TERM LIABILITIES (0450 + 0451 + 0452)	0449		220,385	226,030	399,861
44, 45 and 46 w/o 467	1 Other short-term liabilities	0450		205,910	188,358	159,203
47, 48 w/o 481	2 Liabilities for value added tax and other public revenues	0451		14,475	37,672	1,520
481	3 Income tax liabilities	0452				239,138
427	VI. LIABILITIES RELATED TO ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS	0453				
49 (part) w/o 498	VII. SHORT-TERM ACCRUALS	0454	35	149,511	228,553	90,949
	F. LOSS ABOVE THE VALUE OF EQUITY (0415 + 0429 + 0430 + 0431 - 0059) ≥ 0 = 0407 + 0412 - 0402 - 0403 - 0404 - 0405 - 0406 - 0408 - 0411) ≥ 0	0455		0	0	0
	G. TOTAL EQUITY AND LIABILITIES (0401 + 0415 + 0429 + 0430 + 0431 - 0455)	0456		14,086,242	12,460,321	11,166,012
89	H. OFF-BALANCE SHEET LIABILITIES	0457		19,887	52,441	60,297

## 6 Market capitalization and share price

East Point Metals LTD Cyprus owns a 100% ownership interest in Valjaonica bakra Sevojno ad with 643,356 shares.

Based on Decision no. 01/1-2186/20 dated 8 June 2020 the Belgrade Stock Exchange delisted the shares of Valjaonica bakra Sevojno from the Open Market, market segment Open Market shares.

Accordingly, based on the request filed by Valjaonica bakra Sevojno ad Sevojno, the Securities Commission issued Decision no. 1/1-102-1433/3-20, dated 15 June 2020, on deregistration of Valjaonica bakra Sevojno ad Sevojno from the Companies Register.

## 7 Information about Company achievements

- a) Out of total sales of goods, products and services (RSD 28,697,480 thousand) income was realized from external customers in the amount of RSD 13,410,923 thousand, with the amount of RSD 15,286,557 thousand relating to income from sales to parent company, subsidiaries and related parties.
- b) Customers that have over a 10% share in the Company's total operating revenues are:
  - DP Handel, Germany – amount of RSD 10,392,230 thousand (36.2%)
  - East Point Metals LTD, Cyprus – amount of RSD 4,889,555 thousand (17%)
  - Prvi partizan, Užice – amount of RSD 3,202,932 thousand (11.16%)
- c) Trade payables toward suppliers that have over a 10% share in the Company's total operating liabilities are:
  - DP Handel, Germany – amount of RSD 675,726 thousand (32.58%)
  - Sellier & Bellot - amount of RSD 313,730 thousand (15.12%)
- d) The largest changes related to the Company's assets and liabilities compared to 2023 are:
  - increase in trade receivables by RSD 1,277,116 thousand (79%) due to increase in customer payment due dates, as well as due dates for receivables from the parent company;
  - increase in advances, deposits and down payments received by RSD 189,197 thousand (192%) due to advances received from abroad;
  - decrease in other long-term financial investments by RSD 182,123 thousand (78.09%) due to collected receivables for sureties from East Point Metals LTD Cyprus;
  - increase in other short-term receivables as the result of higher receivables for overpaid income tax.

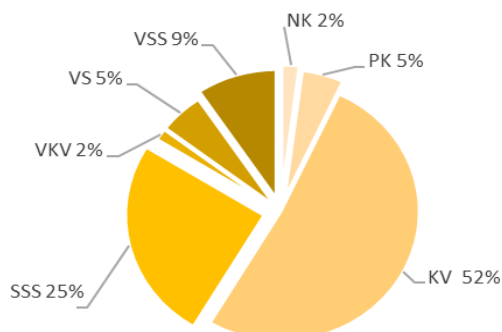
## 8 Human resources

The breakdown of employee qualifications as at 31 December 2024 and 31 December 2023 is as follows:

Employee qualifications	31 December 2024	31/12/2023	Index
Unqualified	23	23	100.00
Semi-qualified	55	62	88.71
Qualified	581	559	103.94
Secondary school	285	253	112.65
Highly qualified	17	20	85.00
College education	59	46	128.26
University degree	106	107	99.07
<b>TOTAL</b>	<b>1,126</b>	<b>1,070</b>	<b>105.23</b>

The structure of employee qualifications is dominated by qualified workers and workers with a high school diploma (77%).

### *Number of employees by category of job position*



### III FINANCIAL INSTRUMENTS USED FOR THE ASSESSMENT OF THE FINANCIAL POSITION AND BUSINESS SUCCESS

Besides financial statements that present the operations of a company, such as the balance sheet, income statement, cash flow statement, the Company also uses ratio indicators that are calculated based on the said statements in order to provide a deeper understanding of different aspects of its operations.

#### 1 Business indicators

##### a) Net working capital

No.	Net working capital	2022	2023	2024
1	Equity (base capital+reserves)	4,217,157	4,745,788	4,739,173
2	Retained earnings	1,550,067	2,280,101	3,334,787
3	Retained losses	445,292	-	0
4	<b>Own sources of funding (1+2-3)</b>	<b>5,321,932</b>	<b>7,025,889</b>	<b>8,073,960</b>
5	Long-term liabilities	1,275,125	836,537	653,647
6	Long-term sources of funding (4+5)	6,597,057	7,862,426	8,727,607
7	<b>Fixed assets</b>	<b>4,956,156</b>	<b>5,804,768</b>	<b>5,755,208</b>
	<b>NWC (6-7)</b>	<b>1,640,901</b>	<b>2,057,658</b>	<b>2,972,399</b>

##### b) Liquidity indicators

No.	Description	2022	2023	2024
1	Current ratio	1.56	1.71	1.80
2	Quick ratio	0.52	0.48	0.69
3	1st level liquidity	0.02	0.05	0.05

##### c) Equity structure indicators

No.	Equity structure indicators	2022	2023	2024
1	Share of shareholder equity in total equity and liabilities	0.48	0.56	0.57
2	Share of borrowed equity in total equity and liabilities	0.49	0.22	0.18
3	Gearing ratio (debt/shareholder equity)	1.02	0.84	0.77
4	Dependence on long-term loans (long-term liabilities/total liabilities)	0.27	0.18	0.13
5	Dependence on short-term creditors (short-term liabilities/total liabilities)	0.35	0.82	0.88
6	Share of short-term operating liabilities in total short-term liabilities	0.34	0.36	0.45
7	Share of short-term financial liabilities in total short-term liabilities	0.45	0.48	0.40

## d) Financing structure for fixed and current assets

<b>No.</b>	<b>Financing structure for fixed assets</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
1	Fixed assets	4,956,156	5,804,768	5,755,208
2	Own sources of funding (equity)	5,321,932	7,025,889	8,073,960
3	Difference (1 – 2)	(365,776)	(1,221,121)	(2,318,752)
4	Ratio (2 : 1)	1.07	1.21	1.40

<b>No.</b>	<b>Financing structure for current assets</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
1	Current assets	6,209,856	6,655,553	8,331,034
2	Borrowed funds	5,265,277	4,720,773	5,270,299
3	Ratio (2 : 1)	0.88	0.71	0.63

## e) Ratio of total liabilities and total assets

<b>No.</b>	<b>Ratio of total liabilities and total assets</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
1	Total liabilities	5,265,277	4,720,773	5,270,299
2	Total assets	11,166,012	12,460,321	14,086,242
3	Ratio (1 : 2)	0.49	0.39	0.37

## 2 Trend analyses, percentage share analyses, planning

In addition to the analysis of ratios, the Company performs monthly horizontal and vertical analysis of its financial statements. Through horizontal or trend analysis we compare financial statements items over months and years in order to identify changes. Percentage share analysis presents relevant financial statements items as a percentage of a principal amount (e.g. the percentage share of costs of salaries in revenues, etc.).

At the end of each business year, we adopt the budget for the following year. Making plans and projections of financial results helps in setting goals for the next year and for monitoring their realization.

## IV INFORMATION ON INVESTMENTS IN ENVIRONMENTAL PROTECTION

In 2024 the Company made investments in environmental protection in the amount of RSD 9.6 million. Investments primarily relate to sampling services – analysis of hazardous waste materials (55%) and to hazardous waste disposal and packaging services (39%), while the rest relate to: air emissions measurement services, industrial wastewater testing services, soil testing services, working environment testing services.

## **V DESCRIPTION OF ALL SIGNIFICANT BUSINESS EVENTS OCCURRED AFTER END OF REPORTING YEAR**

The Company did not have significant subsequent events after balance sheet date.

## **VI DESCRIPTION OF EXPECTED DEVELOPMENT OF THE COMPANY IN THE FUTURE**

The investment plan for 2025 sets out investments in all major production facilities and supporting organizational units. Emphasis is placed on the purchase of necessary machinery, devices and auxiliary equipment (new or used), reconstruction and modernization of existing equipment, as well as in-house manufacture required for realizing planned production and specified product range. Capital expenditures for reconstruction, modernization and new technological production are part of the investment plan for the coming years due to extended delivery times and high prices caused by the energy crisis and the rise in the price of raw materials.

The total value of planned investments in 2025 amounts to EUR 19.4 million.

The investment plan for 2025 ("New Foundry" study) envisages investments in smelting capacities - two large-capacity induction smelting furnaces with an associated substation. The planned investment cycle related to the preparation of raw materials has been completed with the purchase and commissioning of the packer press with grab.

Planned investment activities in the following period refer to:

### *Foundry plant*

- The acquisition of a 2x5t bridge crane will enable more efficient transportation of raw materials from bunkers to batch conveyors for large-capacity furnaces.
- Induction furnace for high capacity smelting - Consolidating and increasing smelting capacity enables constant parallel operation of two casting devices (Lm2 and Lm3), uniform supply of castings to the mill drive and the rolling mill drive, eventual separation of copper and brass lines, reduction of air pollution emitters and increase in energy efficiency. The plan is to create modernized ventilation hoods, which allow inserting non-standard shapes for a batch, without necessity of removal.
- Installation of equipment from Majdanpek involves the modernization and assembly of one independent melting unit (IAS furnace) and the construction and manufacture of another furnace of the same characteristics with an IGBT converter. The associated plants and batching systems would be designed and manufactured at VBS.
- Transformer station for Foundry III - The construction of a new transformer station for Foundry III (2x2, 1+0.63 MVA) to power the new IAS-Majdanpek furnaces and the removal of small melting furnaces of the RUSS Nip 400 type will enable the removal of the existing low-voltage feeders from GTS Sevojno, increase the reliability of the power supply system and allow further development and expansion of the capacity the Foundry;

- Purchase of apparatus for measuring the content of dissolved gases in liquid casting - Purchase of this apparatus would improve knowledge about the technological process of preparing the solution before casting and improve the control system of prescribed technological processes.
- Ventilation and dedusting system - reconstruction, modernization and expansion of the ventilation system according to the new schedule of consumers and newly installed capacities.

#### *Rolling mill plant*

- The flattener with shears for transverse cutting of strips up to 6.0 mm thick - Orientation of the drive towards maximum production in relation to the production of sheets with increased performance in relation to dimensions, edge and surface quality, as well as production capacity requires the purchase of new shears for transverse cutting of strips, width from 1,000 mm, thickness from 1.0 to 6.0 mm. In addition to the above, it would be possible to automatically insert paper between the layers of cut sheets and stack them on a pallet. Having this line would eliminate the operation of manual stacking and paper placement, thus improving the surface quality of strips.
- Pass-through furnace B-7/12 - The investment plan includes replacement of the chamber at the entrance to the furnace, replacement of the complete heating-cooling zone of the furnace with primary gas heating (with the possibility of subsequent return to electric heating), the replacement of the fan circuit and motor of the heating and cooling zone of the furnace, the replacement of the exit hood after the cooling zone with a new way of guiding the belt, the replacement of the dancer roller at the entrance and the modernization of the control drive with belt transport.
- Milling machine B-5/II - The investment plan, in addition to general overhaul, provides for replacement of the lubrication system for the milling machine, replacement of complete hydraulics without replacing the cylinders, reconstruction of the output conveyor for transferring strips to Hall III, replacement of parts of the pipeline for draining the veneer to the baskets, implementation of a system for controlling the thickness of the milled strip, reconstruction of electric motor drives and the modernization of the control system.
- Cold rolling chamber B - 5 / III - modernization.
- The acquisition of new presses for deep drawing of cartridges for shooting ammunition and caliber 12.7, along with the implementation of existing equipment made in VBS (grain jacket line and line for caliber 12.7), increases the efficiency of the cartridge line and increases the possibility of introducing new products for the weapons industry. In addition to the existing rotary devices for degreasing and staining, the acquisition of a vibrating device for the chemical treatment of annealed cartridges is planned. This acquisition would completely round off the production of cartridges for shooting ammunition.
- Ebner furnace - The investment plan includes the reconstruction and modernization of the existing furnace while retaining the existing annealing part of the furnace and the part for strip leaching and cleaning, i.e. the acquisition of a new unwinder and winder with trolleys with strip guidance on the reel, which would enable the annealing of strips up to 800 mm wide, instead of the existing 3x400 mm.



### *Press plant*

The start of the New Press Plant Project is planned for 2025, which is primarily based on installation of equipment from Majdanpek.

- Ebner capillary furnace - The investment plan includes a general overhaul, assembly and construction of a station for liquid nitrogen and compressed hydrogen. This introduces new shielding gas technology in the factory. In addition to the new technology, the annealing capacity of the Press Plant also increases, raising safety and quality of annealing.
- The New Press Plant Project was defined with the aim of modernizing the copper pipes production line. Its ultimate goal should be a significantly lower product unit cost, raising competitiveness of copper products that are part of the Press Plant's product range. In addition to the lower product unit cost, the project should also bring improvements in quality, equipment reliability, increased productivity, lower insert factor, etc. The project primarily refers to the installation of equipment from Majdanpek.

### *Energy facilities*

- Repair and installation of the 8MW boiler from Majdanpek - the plan is to service the boiler from Majdanpek and buy a new natural gas burner. This substitution would increase the reliability and productivity of the plant. From an environmental point of view, the possibility of spilling fuel oil on the surrounding land would be reduced, and combustion byproducts and their emissions would be significantly reduced.
- Renovation of the wastewater treatment plant - due to stricter legal regulations regarding the permitted content of zinc and copper in waste water, the plan is to create project documentation for the reconstruction and modernization of the existing neutralization plant. Rehabilitation of wastewater treatment plants can significantly improve the treatment of wastewater before it is released into the environment, which has a direct impact on environmental protection. The introduction of new treatment technology can reduce the level of harmful substances and heavy metals in wastewater, thereby protecting the aquatic ecosystem. Construction changes can help better control and direct wastewater to appropriate treatments. Plant modernization will reduce the risk of worker exposure to harmful substances and potentially dangerous working conditions.
- Development of a project for the separation of sanitary and atmospheric waste water at the level of the entire factory - this is a precondition for obtaining the Integrated Permit, the requirement that all potentially polluted water from manipulative surfaces must be purified (in accordance with the Law on Integrated Prevention and Control of Environmental Pollution; according to this law, VBS activities are subject to the obligation to obtain the Integrated Permit). This project has the potential to improve the quality of waste water, prevent the mixing of sanitary and atmospheric waste water, allowing for more efficient treatment, reducing pollution of the sewage network and surrounding water bodies, and contributing to the preservation of clean water and environmental protection.

## **VII ACTIVITIES OF THE COMPANY IN THE AREA OF RESEARCH AND DEVELOPMENT**

In 2024 the following activities were completed:

- Planned start of construction works as part of the New Press Plant Project, with completed construction of warehouse with storage racks. Obtained project construction documentation for the plant and platforms for two smelting furnaces in the space between smelting furnace No. 2 and furnace No. 3;
- Ventilation system of the Foundry - fitted hood for the Induga furnace;
- Performed expert analysis, technical preparation of documentation, collection of offers for equipment for the purpose of its modernization;
- Acquired scissors for cutting raw materials at the Foundry Plant, thus completing the planned investment cycle for the preparation of raw materials;
- Solar power plant project - obtained Separate-Technical conditions for connecting the solar power plant of the Valjaonica bakra Sevojno, issued on 26 December 2024, effective for 2 years from the date of issue;
- A machine for pre-insulated pipes was acquired in the Press Plant;
- Cooperation started with IRM Bor on the projects of reconstruction and modernization of the dedusting system in the Foundry, as well as the project of treatment of catchment storm water from roofs and manipulative surfaces (plateaus) of VBS. Also, the project for the reconstruction and modernization of the wastewater treatment plant was submitted to CEOP;
- Contracted purchase of two cartridge presses from the supplier Fritz Werner.

## **VIII INFORMATION ON PURCHASE OF TREASURY SHARES AND STAKES**

The Company does not hold any of its treasury shares and did not acquire any treasury shares since the preparation of the last financial statements.

## IX FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

### **a) Capital risk management**

The Company has opted for the financial concept of capital and its preservation according to which capital is defined in terms of nominal cash units.

The objective of capital management is that the Company has the ability to continue operating for an indefinite period of time into the foreseeable future in order to preserve optimal capital structure, with the objective of reducing costs of capital, while securing dividends to shareholders, as well as benefits for other stakeholders (state, employees).

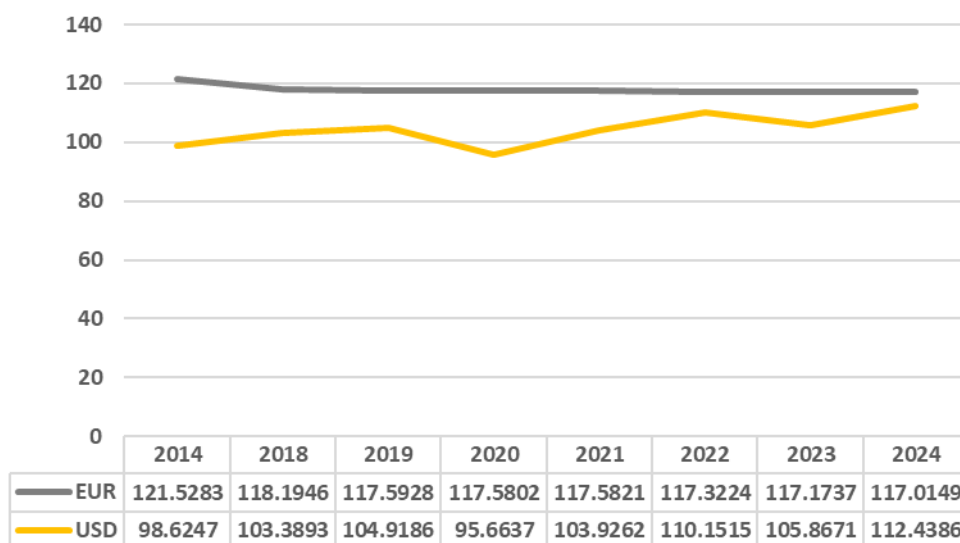
The Company monitors capital based on the gearing ratio, which is calculated as the ratio between the Company's debts and its total equity.

The Company's priority task is to realize positive operating results. After several decades, based on realized positive operating results, in 2022 the Company entered the zone of taxable profit, with assessment of corporate income tax liability and with continuation of this trend into 2024.

### **b) Financial risks - market risk (foreign currency and interest rate risk)**

The Company is exposed to foreign currency risk arising from various currency exposures, resulting from transactions in different currencies, primarily with respect to the EUR. Out of total product sales, 68% is on the foreign market in EUR. Foreign currency risk occurs in the event of mismatch between financial assets and liabilities denominated in a foreign currency and/or with a foreign currency clause. The Company realizes over 87% of its foreign currency revenues in EUR and settles its foreign currency liabilities from its own EUR foreign currency inflows, reducing foreign currency risk to a minimum.

**Movements in the dinar exchange rate in EUR and USD by years as at 31 December**



Given that the Company does not hold significant interest bearing assets, the Company's revenues and cash flows are largely independent of fluctuations in market interest rates.

The Company's risk of change in fair value of interest rates largely relates to liabilities for short-term and long-term bank loans. Loans are taken at variable interest rates and expose the Company to interest rate risk in respect of cash flows. In 2024, loan liabilities in the majority carried variable interest rates linked to the Euribor. Loan liabilities with variable interest rates were stated in foreign currency or related to loans with a foreign currency clause (EUR). The Company settles its loan liabilities from its own foreign currency inflows.

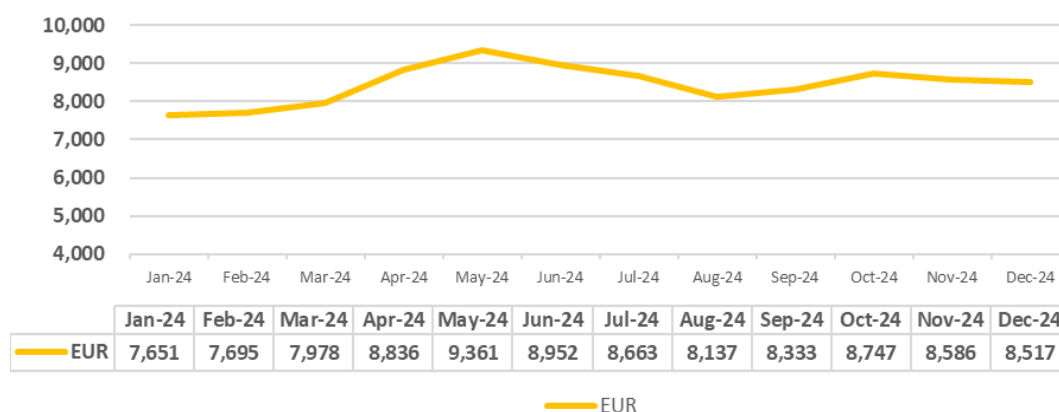
Risk management activities are intended to optimize net interest expenses, under the condition that market interest rates are at a level that reflects the Company's business strategy.

## X EXPOSURE TO PRICE RISK, CREDIT RISK, LIQUIDITY RISK AND CASH FLOW RISK AND STRATEGY FOR MANAGING THESE RISKS AND ASSESSING THEIR EFFECTIVENESS

### 1. Price risk

The Company is exposed to price risk. Metal prices were exceptionally unstable, where risk of the purchase price of metals on the LME was mitigated through hedging by performing price setting on a daily basis, in the interest of the Company and in accordance with available quantities of raw materials, production needs, purchase schedules and price setting by sales. This allows for the principal component in the sale price calculation to be as neutral as possible and for significant changes in the cost of raw materials not to impact adversely the Company's operations.

#### *Movements in LME copper prices in EUR/t*



Also, the Company faces pricing risk for final products due to strengthening competition, and seeks to mitigate it through its sales policy that is based on the most profitable products, market expansion and introduction of a new product range.

### 2. Liquidity risk

The Company manages liquidity risk with the objective of ensuring available sources of financing for settling liabilities as they fall due. The Company continually assesses liquidity risk by identifying and monitoring changes in the sources of financing required for meeting the Company's business objectives, in accordance with the Company's business strategy. The Company also secures additional sources of financing from short-term loans and a factoring line with the OTP banka.

### 3. Credit risk

Credit risk is the risk of occurrence of financial losses for the Company as the result of client or counterparty delays in settling contractual liabilities. Credit risk primarily arises from cash and cash equivalents, deposits with banks and financial institutions, investments in securities, and receivables from companies and individuals, as well as commitments.

The Company is exposed to credit risk, with hedging of credit risk being provided by undertaking specific measures and activities at the level of the Company. Products sales are increasingly conducted through advance payments. Security for collecting domestic trade receivables is agreed with AOFI. Collection of trade receivables is also conducted using factoring.

## **XI BRANCHES**

As at 31 December 2024, the Company does not have any branch offices.

## **XII NON-FINANCIAL REPORTING**

Valjaonica bakra Sevojno a.d. is dedicated in its operations to the care of employees, activities related to environmental protection and improvement of cooperation with the local community.

### **1. Employees of Valjaonica bakra Sevojno a.d. are a key resource**

The Company is continuously building an organizational culture in which worker health and safety are a priority, with focus on preventing accidents at work and other incidents. The majority of principles that Valjaonica bakra Sevojno a.d. adheres to are directed precisely at employees as key factors of success and achieved results.

In compliance with the Collective Agreement, in 2024 Valjaonica bakra Sevojno a.d. paid the amount of RSD 3,262 thousand for various social benefits for employees. Recognizing the importance of long-term service with the Company, every year employees are paid jubilee awards for continuous years of service with the Company, as follows: for 15, 20, 25, 30, 35 and 35 years of continuous service. In 2024 the Company secured the amount of RSD 80,548 thousand for the payment of all jubilee awards.

In the previous period the Company's activities focused on improving the employee performance assessment system, where the principal objective is for a significant portion of total salary to be linked to achieving planned business results, which will impact employee motivation and increase productivity.

The Company consistently observed prescribed measures for the protection of health of its workers, where at the beginning of 2024 a mandatory medical checkup was introduced for all employees in the Medical Unit on the premises of Valjaonica bakra. Also, in 2024 the Company facilitated recreational and sports activities for all employees, with the aim of promoting employee health.

At Valjaonica bakra Sevojno ad, significant attention is paid to monitoring and taking measures to eliminate and mitigate unbalanced representation of the sexes in order to ensure gender equality. In view of the Company's commercial activity, it is important to point out that women are represented both in the management of the Company and in jobs that are usually performed by men. More information regarding personnel can be found in the Human Resources section of the Annual Business Report.

In order to train certain employee profiles, Valjaonica bakra Sevojno ad, in cooperation with the Užice Technical School, organizes practical training for high school students to acquire the necessary practical knowledge in the Company's production facilities.

## **2. Combating corruption and issues related to bribery**

During the past year, our Company has remained dedicated to the highest ethical standards in business, respecting the Code of Ethical Business Conduct of the Copper Rolling Mill. We actively advocate for the respect of human rights in all aspects of work, both within the Company and in relations with customers and suppliers. In accordance with our policy of zero tolerance towards corruption and bribery, procedures have been updated and supervision has been strengthened to preserve the integrity and transparency of business operations. With this approach, we continue to build trust and responsibility towards all stakeholders.

## **3. Environmental protection activities**

The Company conducts its business activities based on a responsible attitude towards the environment, with a constant aspiration to reduce or possibly eliminate the impact and risks that may have negative consequences on the environment. The goal is to contribute to the preservation of natural resources and to minimize negative effects and impacts on the quality of air, water and other natural resources. One of the activities related to sustainable development consists of increasing the share of consumption of secondary raw materials, non-hazardous waste.

The environmental protection program is implemented according to applicable regulations in all units of the Company. By implementing measures aimed at improving business, investing in improving energy efficiency, the Company affirms its dedication to constant improvement in the environment in the factory's zone of influence, at local and global levels. Monitoring of all prescribed environmental impact parameters is carried out in accordance with regulations. A significant number of activities related to environmental protection were undertaken in 2024.

Pursuant to the Law on Waste Management, the Company has an Integral Permit for the Storage and Treatment of Non-hazardous Waste, issued by the City Administration for Urban Planning, Construction and Property-Legal Affairs of the City of Užice, that is valid until 2 March 2032. In 2024, 1,406 tons of non-hazardous waste were handed over to authorized operators for waste management.

The Republic and City Inspectorate for Environmental Protection carried out a total of five inspections at the Company in order to control activities from the aspect of environmental protection, and during the inspections no departures from regulations were identified in operations.

Pursuant to the Law on Air Protection, an authorized laboratory performed two annual measurements of the level of emissions of polluting substances in the air at two emitters in the Company, and there were no deviations with respect to prescribed limits.

Pursuant to the Law on Water, an authorized laboratory performed four quarterly samplings and tests of purified technological wastewater and surface waters of the Djetinja River, upstream and downstream of the outlet, and there were no deviations with respect to prescribed limits.

According to the Law on Soil Protection there was no statutory obligation, and therefore no soil sampling and testing was carried out in 2024 within the Company compound.

In accordance with the Law on Noise Protection, an authorized laboratory conducted testing at four locations within the Company during 2022. The regulatory requirement is for testing of noise levels to be performed every three years, where in 2024 no tests were performed.

Our Company received the ISO 14001:2015 certificate for environmental protection, as issued by SGS. This certificate is effective for the next three years, on the assumption that supervisory testing is satisfactory.

#### **4. Cooperation with the local community**

Valjaonica bakra Sevojno ad recognized the need to participate in activities of general social significance. In this sense, for many years it has been supporting the importance and tradition of preserving folk creativity through caring for young generations and supporting their active participation in all sections.

During 2024, the Company also supported activities with RSD 9,132 thousand, which related to expenditures for cultural, health, humanitarian and sports objectives.

Sevojno, 27 June 2025

Legal Representative

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Dragan Subotić