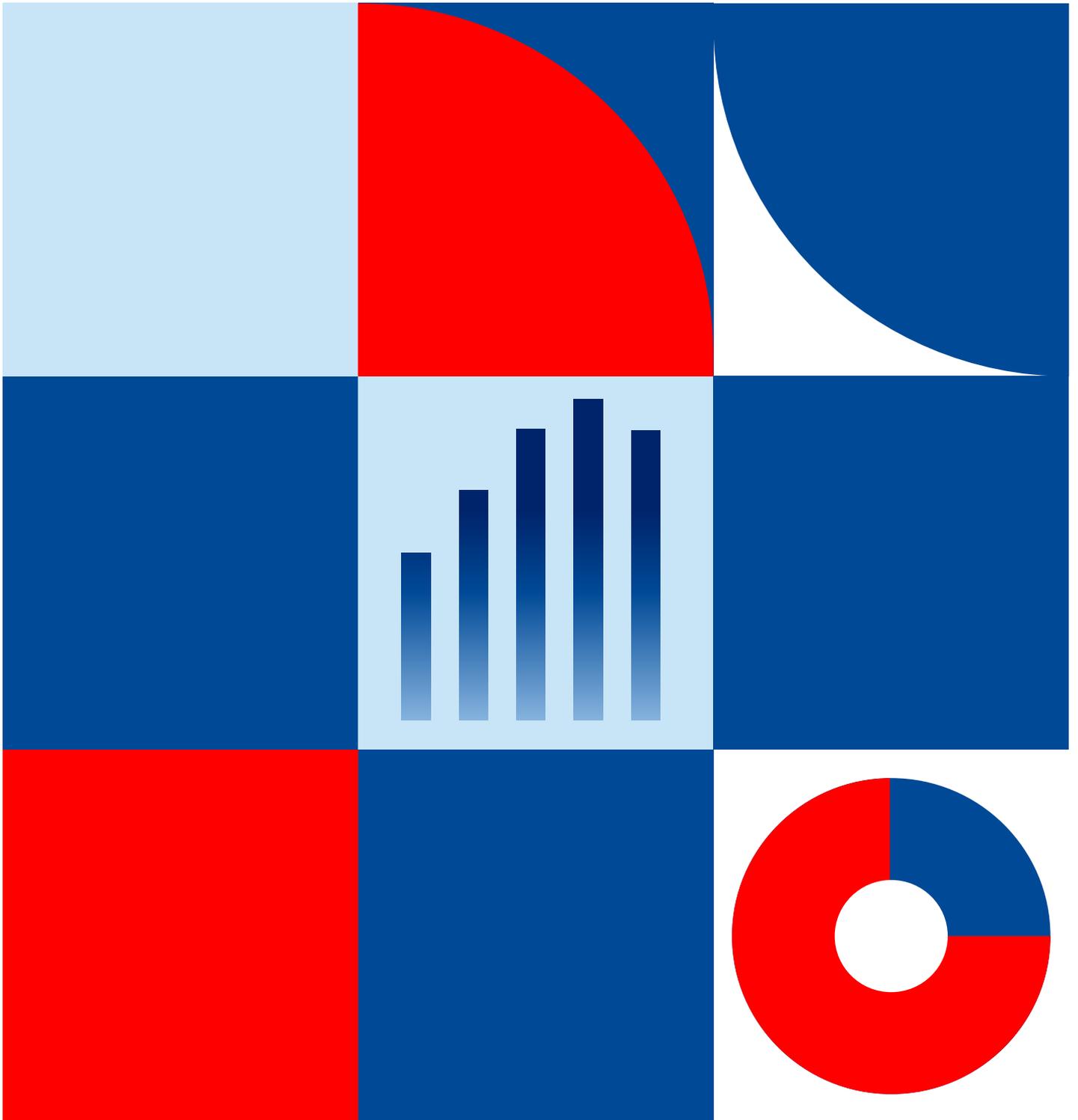


Annual Report 2021



Foreword

Dear partners, dear friends,

First of all, let me emphasize that 2021 was a challenging and a very exciting year. As it is well-known, in the past two years the Covid-19 crisis caused a seismic shift that has reshaped the global socio-economic and business landscape. At the same time, the energy sector continued to evolve through accelerated and irreversible implementation of Green Energy Agenda, back-to-back with the digital revolution emerging the overall decentralization and democratization of economy. In today's interconnected European market environment, this virtuous circle leads to rapid energy market transformation unlike anything seen in the past. The global markets for low-carbon technologies, electric vehicles, demand-side response, prosumers and clean energy are fast growing, supported by the rising stars of new digital era – smart technologies, business intelligence, block chain solutions and social media that are transforming businesses and sparking a new wave of wealth creation. The winners in this new carbon-free, eco-digital marketplace will be companies that challenge and restructure the conventional thinking on product innovation, customer engagement, corporate organization, strategy and business models.

In spite of a difficult market and regulatory environment, especially related to already mentioned global COVID crisis and significant local and regional challenges linked with the volatile prices and liquidity, as well as uncertain time-frame for the envisaged market coupling with the neighboring EU day-ahead markets, we



were fully able to deal with the corresponding challenges and to enhance our firm front-runner position in the SEE power exchange regional landscape, providing a relevant role model for all other neighboring non-EU countries. In 2021, SEEPEX a.d. Beograd (“SEEPEX”) managed to achieve record trading volumes, as well as record-breaking financial performance. The trading volume in the day-ahead market segment in 2021 achieved 3.3 TWh, with the maximum monthly volume of 383.6 GWh recorded in February 2021 and maximum daily volume of 18.6 GWh recorded on February 8, 2021. It should be emphasized that these results and the corresponding financial sustainability are achieved in an isolated mode, i.e. by operating in the Serbian day-ahead market without market coupling in place, and without any regulatory supportive measures introduced, which is an unprecedented situation and a unique positive example in the SEE region. At the end of 2021,

there were 24 registered and active members providing robust, resilient and fully deconcentrated day-ahead market. In 2020, we have also continued with already started R&D activities through SEEPEX's participation in the Europe-wide Horizon 2020 program, with the main aim to develop new innovative products to be offered to the Serbian and regional market community in the near future. As a result of all these efforts, 2021 was also the best financial year in the Company's 6-year history. Implementing the best European practice, both in the trading and the clearing & settlement business segment, SEEPEX continued to report record-breaking results for the sixth time in a row, asserting itself as the one of the most important players in the power spot playing field in the SEE region and a unique case of success among all neighboring WB6 countries. It should be mentioned also that all these excellent results were achieved through close cooperation with our shareholders, EMS and EPEX SPOT, and other main strategic partners, European Commodity Clearing AG (ECC) and EEX AG.

In summary, we can state that in 2021 we have again come closer to our long-term goal of developing SEEPEX into a strong and liquid regional power spot commodity exchange. In 2022, our focus will again be on further growth in core markets, increasing the trading volume and number of members, as well as on enlarging the geographic scope of our activities through strategic cooperation with neighboring CEE power exchanges, while concurrently accessing and improving new business fields – especially related to new products and already launched financial derivatives. We will continue to carefully control our costs and investment levels, but at the same time invest in strong commercial opportunities for further growth. Also, having in mind the ongoing paradigm shift in the overall energy sector and the upcoming “Energy transition” aimed at decentralization, digitalization and decarbonization of the energy world, SEEPEX is fully ready to provide the society with a comprehensive know-how and additional

innovative products needed to support this transition and increase the accompanying social welfare.

In addition, on behalf of the Management I would like to thank our committed employees for their support and dedication, which enabled us to successfully conclude the 2021 business and financial year. I would also like to thank our members and strategic partners. Your trust and commitment motivate us to continue in the same spirit and to move forward together, looking even further beyond the horizon for new challenges and successes.

Looking forward to the BlueSky and beyond!

Miloš Mladenović
Managing Director



Annual Report 2021

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Foundation and Activity

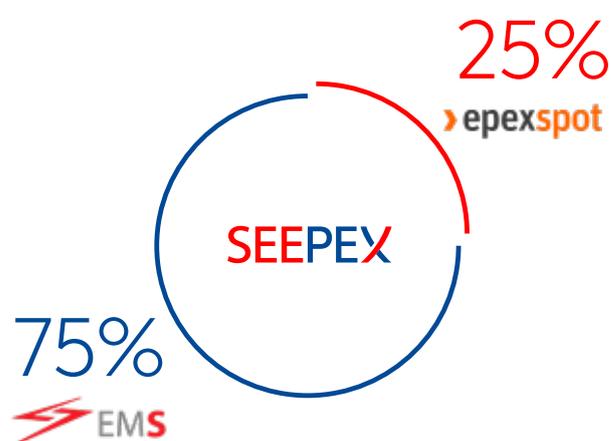
The Energy Law has defined the organized electricity market as an institutionally regulated relationship between the supply and the demand of participants in the electricity market, with predetermined standardized products and physical delivery, within the time frame “day ahead” and “intraday”, recognizing the management of the organized electricity market as one of its energy related activities.

Also, Article 179 of the Law prescribes the obligation of J.S.C. Elektromreža Srbije, as the operator of the transmission system, to establish an operator of the organized electricity market. The Government of the Republic of Serbia, at a session held on February 28, 2014, has adopted the Decision no. 3121864/2014, which officially accepts the Report on measures introduced in order to establish an organized electricity market in the Republic of Serbia, and recommends J.S.C. EMS to start the activities towards the establishment of the organized electricity market and the Market operator, with a 25% stake in the share capital of the newly established company owned by EPEX SPOT.

The implementation of this business model in Serbia required, among other things, harmonization of other primary and secondary legislation in the field of energy with financial legislation. In that context, the Serbian Government has adopted amendments and supplements to the Law on VAT (‘Official Gazette of RS’, no. 83/2015), which has brought substantial innovations regarding VAT related obligations in Serbia that directly affect the determination of tax debtor, registering a foreign entity for VAT, VAT exemption for import, etc. Also, the Ministry of Mining and Energy adopted a Regulation on the license for performing energy activities and certification (‘Official Gazette of RS’, no. 87/2015), which regulates the conditions of issuing and revoking licenses, enabling foreign enti-

ties to be registered and to obtain a license for conducting energy activity of wholesale of electricity in the Republic of Serbia.

Since the function of clearing and the so-called “central counterparty” is practically nonexistent in Serbia at a satisfactory level, the Energy Law defines a possibility of clearing and financial settlement in an organized market being performed abroad, i.e. in a European country. As an important segment of the entire concept, the Energy Law (Article 181, Par. 3), defines that in such a case “all payments, collections and transfers on the basis of financial settlement between organized power market participants will be carried out in EUR”. This enabled the implementation of the defined market model and participation of foreign companies on the power market in the Republic of Serbia, which was one of the preconditions for SEEPEX to start operating, i.e. for the start of functioning of the day-ahead market. Pursuant to the above, after months of preparatory activities and obtaining the required approvals of all relevant state authorities, SEEPEX was finally registered on July 14, 2015 as a joint stock company where J.S.C. EMS owns 75% of shares, while EPEX SPOT owns 25%. After the completed membership process for the members’ participation on SEEPEX, the first transactions on SEEPEX started on February 17, 2016.



Identity card of the company

The company is registered in the Register of Companies at the Business Registers Agency of the Republic of Serbia as SEEPEX Akcionarsko društvo Beograd. Its registration number in the single taxpayers register is BD 61538/2015 of July 14, 2015 and BD 72365/2016 of September 12 (The second portion of payment).

The logo for SEEPEX, with 'SEE' in red and 'PEX' in blue, followed by a red diagonal slash.

Name of the joint stock company	SEEPEX akcionarsko društvo Beograd
Translation of the name of a foreign language	SEEPEX societate anonyme Belgrade – French language
The predominant business activity of the Company	Trade of electricity
The duration	Unlimited
Legal form	Joint stock company, nonpublic joint stock company
For the commitments of legal transactions towards third parties	Shall be liable with all its assets
Identification no, Agency for Business Registers	21121070
Tax Identification Number	109064704
Established	14/07/2015
Company headquarters	Belgrade, 412 Vojvode Stepe
Telephone – Switchboard	+381 11 3972941
Basic capital of the Company	Consists of pecuniary contributions: Subscribed RSD 240,000,000 Paid RSD 240,000,000 (1 st Payment 12/07/2015 (RSD 60,000,000), 2 nd Payment 31/08/2016 (RSD 60,000,000), 3 rd Payment 01/09/2017 (RSD 60,000,000) 4 th Payment 24/09/2018 (RSD 60,000,000))
Number of shares	240,000
Shareholders	J.S.C. Elektromreža Srbije Beograd 75% EPEX SPOT SE Paris 25%
The legal (statutory representatives)	Individual: Managing Director Miloš Mladenović, MSc Supervisory board: President and two members
Register founding agreements	Foundation Agreement of the company on July 8, 2015.

The company performs the activity of Organized market operation, which is an institutionally regulated relationship between the supply and demand of the participants on the organized electricity market, with predetermined standardized products of electricity and delivery within the time frame “day ahead” and “intraday” (“Market”). The company can perform all business activities for which the conditions laid down by the Law and other regulations were met, pursuant to the Decision of the Government of Serbia 05 no. 023 6656/20151 of June 18, 2015.

Role in the Wholesale Electricity Market

SEEPEX's core business is operating the organized electricity market in Serbia.

SEEPEX provides a market place where exchange members send their orders to buy or sell electricity within the Serbian delivery area. The role of SEEPEX consists of matching these orders in a transparent manner, according to the public SEEPEX Market rules. As a result of the order matching, SEEPEX provides transactions which are legally binding agreements to purchase or sell a determined quantity of electricity for the cleared price. This price is never higher than the purchase price fixed by the buyer or lower than the sale price offered by the seller.



The trades are transferred to the central counterparty, the European Commodity Clearing (ECC), which becomes the counterparty to the buyer and to the seller on an anonymous basis. ECC takes on the obligations of the buyer to pay for the electricity to the seller, and of the seller to deliver the electricity to the buyer. It nominates the exchange of energy to the Transmission System Operator (EMS) and calls for the money pertaining to the trade from the buyer and hands it over to the seller. This process guarantees:

- fair and orderly execution of the orders of the exchange members,
- secure delivery and payment of the trades,
- anonymous transactions.

As an important information about this process, SEEPEX publishes the prices resulting from the trades. Since the trades result from an open and transparent competition between the orders of the exchange members, they reflect the best information available at the time on the market conditions inside Serbia and SEE region. They are the most reliable prices available for short-term electricity. These prices represent the reference prices for the Serbian wholesale market.

Management of the Company and Organizational Structure

Management of the Company is organized on the principle of two-tier management. The relevant bodies of the company are: The General Assembly – in charge of making decision in accordance with the Law on Companies, Managing Director – the legal representative of the company, Miloš Mladenović, MSc Electrical Engineering – Supervisory Board – in charge of making the key business decisions related to activities of the company.

SEEPEX organization also has the following exchange bodies:

- the Organized Market Committee
- the Market Surveillance Office.

The Organized Market Committee and the market Surveillance Office are two independent bodies that have been put in place in order to ensure the best governance rules.

The Organized Market Committee is a body elected from the Exchange Members which decides on the Rules and on general decisions related to the Exchange. The composition of the

Organized Market Committee reflects the diversity of economic and corporate profiles among the different categories of Exchange Members: power trading companies, suppliers, transmission system operator, producers and commercial consumers.

The current members of the Organized Market Committee are:

- Mr. Ivan Kalafatić, EFT trading
- Mr. Srđan Resavac, GENI
- Mrs. Anita Stanković, INTERENERGO
- Mr. David Žarković, ELEKTROPRIVREDA SRBIJE
- Mr. Viktor Varga, MVM
- Mrs. Jadranka Janjanin, ELEKTROMREŽA SRBIJE
- Mr. Ivan Ivanov, ALPIQ

The Market Surveillance Office monitors, as an independent body, the SEEPEX market and its Exchange Members on a daily basis. It continuously monitors the SEEPEX markets and checks that members comply with SEEPEX Market Rules. Market Surveillance acts as a central point of contact that cooperates with the national regulatory authority.



Trading Procedures

Electricity trading on SEEPEX takes place across 24 individual hours, for all 365 days of the year.

Electricity trading on SEEPEX takes place across 24 individual hours, 7 days a week, 365 days a year. Trading takes place on all days from Monday till Sunday. Exchange members submit their buy and sell orders using the ETS platform from 45 days before to 10:15 on day D-1. Order book gate closure time is 10:15 and results are published on the SEEPEX website by 10:30. Trading information is immediately sent to ECC for clearing purposes. Before 14:00 (D-1) ECC submits the schedules to EMS as a firmed schedule.

In the auction process, all bids and offers for a delivery of energy at a specific hour of the following day are collected and a single price for every hour in the day is calculated. This price is the optimal price for energy, taking into account the characteristics of all orders submitted to the exchange for that specific hour. The auction is the momentum of the spot power market, concentrating liquidity of the market

at a specific time of the day and determining reference prices for a particular period.

At the moment SEEPEX offers linear and block products. Linear offer contains up to 256 price/quantity combinations for each individual hour of the next day, where prices must be between 0.00 €/MWh and 3,000.00 €/MWh. The block offer that was introduced on SEEPEX on March 22, 2017 is a bid that connects more hours taking "All or Nothing", which means that the offer is accepted for all hours or it is completely rejected. It is possible to input different quantities of electricity for each hour of the block, with one price offered for the whole block. Curtailable block was introduced on 15th December 2021, offering a new functionality, allowing market participants to define a Minimum Acceptance Ratio (MAR) above which a block order is accepted.

SEEPEX CRUCIAL TRADING TIME POINTS

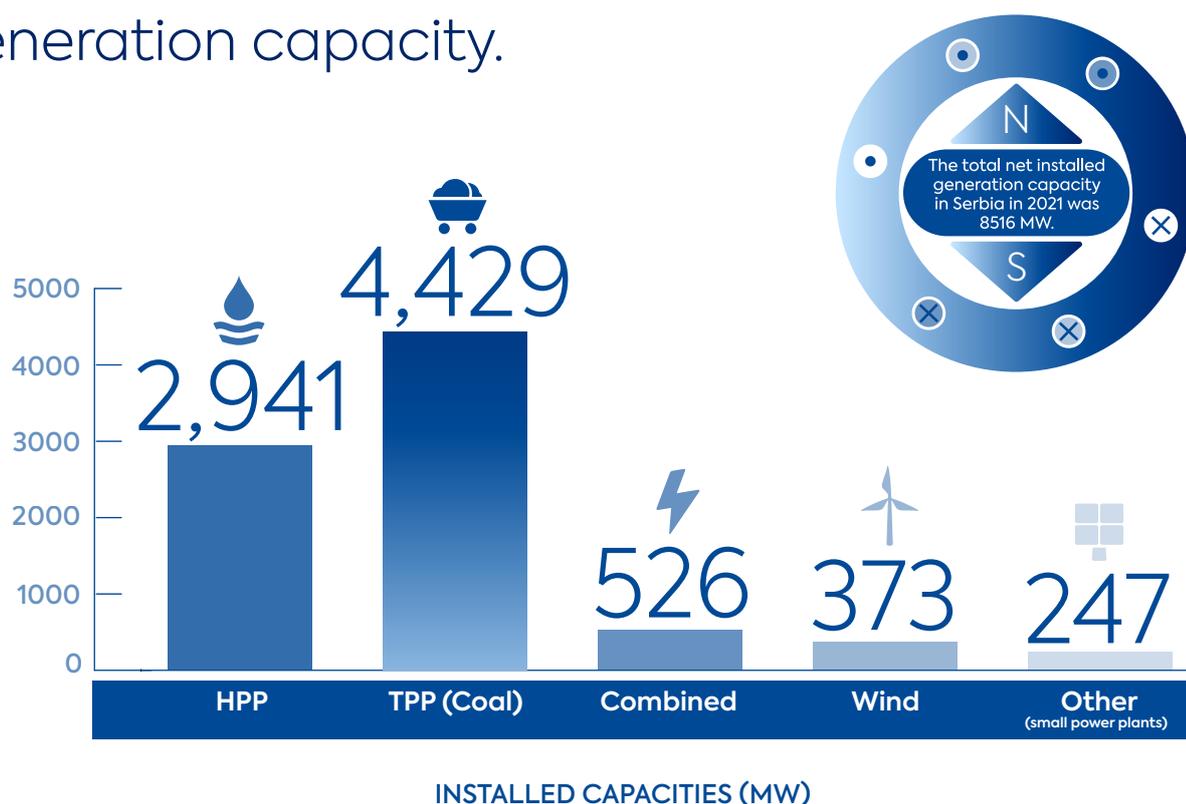


Price Thresholds for Second Auction*:

- Lower Threshold: 0.1 €/MWh
- Upper Threshold: 200 €/MWh - valid until 27th September 2021
- Upper Threshold: 300 €/MWh - valid from 28th September 2021 until 5th October 2021
- Upper Threshold: 500 €/MWh - valid from 6th October 2021 until 21st December 2021
- Upper Threshold: 1,000 €/MWh - valid from 22nd December 2021

Production, consumption and installed capacity of electricity in Serbia

The structure of the installed generation capacity.



The installed capacity for all generation types and its share in Serbian generation mix is presented in the following table.

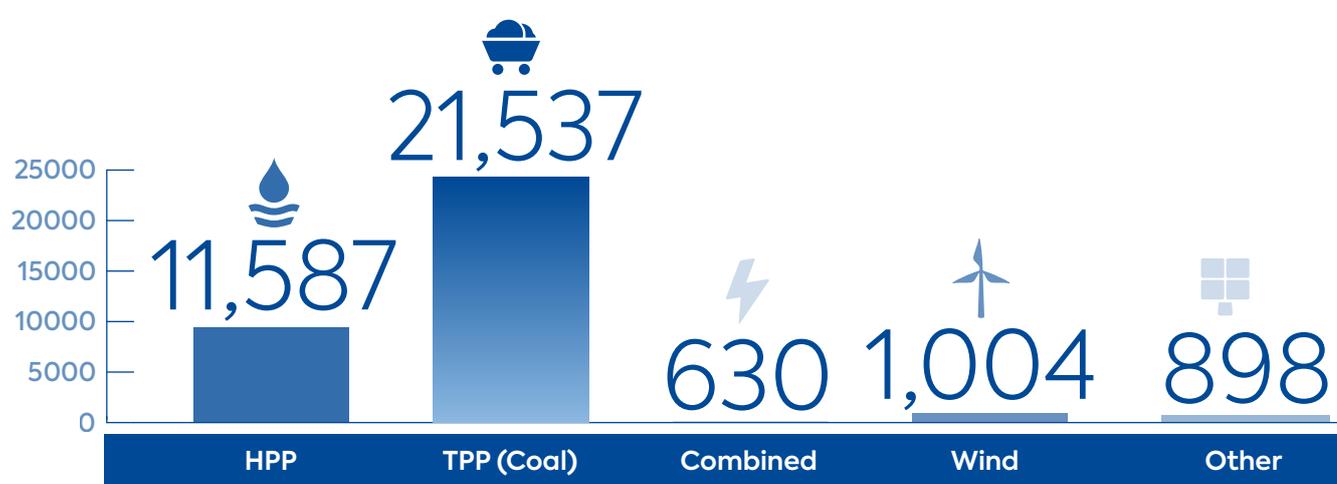
INSTALLED CAPACITIES (MW) AND SHARE

GENERATION TYPE	INSTALLED CAPACITIES (MW)	Share (%)
🔥 HPP	2,941	34.54
🏭 TPP (Coal)	4,429	52.00
⚡ Combined	526	6.18
🌬 Wind	373	4.38
🏠 Other (small power plants)	247	2.90
TOTAL	8,516	100.00

source: AERS

Installed production capacity

In 2021, it was produced 35,656 GWh of electricity, which is 0.33% more comparing to 2020. The figure below shows total electricity generated by different technologies in Serbia in year 2021.



GENERATION BY TYPE 2021 (GWh)

The increase of generated electricity in 2021 compared to 2020 is presented in the following table:

GENERATION TYPE	2020 (GWh)	2021 (GWh)	Increase (%)
🔥 HPP	9,419	11,587	23.07
🏭 TPP (Coal)	24,331	21,537	-11.48
⚡ Combined	192	630	228.12
🌬 Wind	905	1,004	10.94
🏠 Other (small power plants)	693	898	29.58
TOTAL	35,540	35,656	0.33

source: AERS

Membership

SEEPEx started its day-ahead market operation with 6 members on February 17 2016. A well-chosen business model and membership strategy have enabled SEEPEx to achieve continuous growth of new members. Increasing the number of members leads to higher liquidity which, in turn, gives a good signal to new companies to access SEEPEx.

At the end of 2021, there were 24 exchange members from 13 countries active on SEEPEx, total 2 more members comparing to 2020. The composition of the members on the exchange is given in the following table and graph.



NUMBER OF EXCHANGE PARTICIPANTS AT THE END OF 2021

Centrica Energy Trading A/S
MFT Energy A/S
Danske Commodities A/S
Energi Danmark A/S

Statkraft Markets GmbH

Freemont Commodities Europe LLP
EDF Trading Ltd

Alpiq Energy SE

MVM Partner Energy Trading Ltd.
Enerjisa Europe KFT

Energy Financing Team AG
AXPO Solutions AG

Enel Global trading SpA

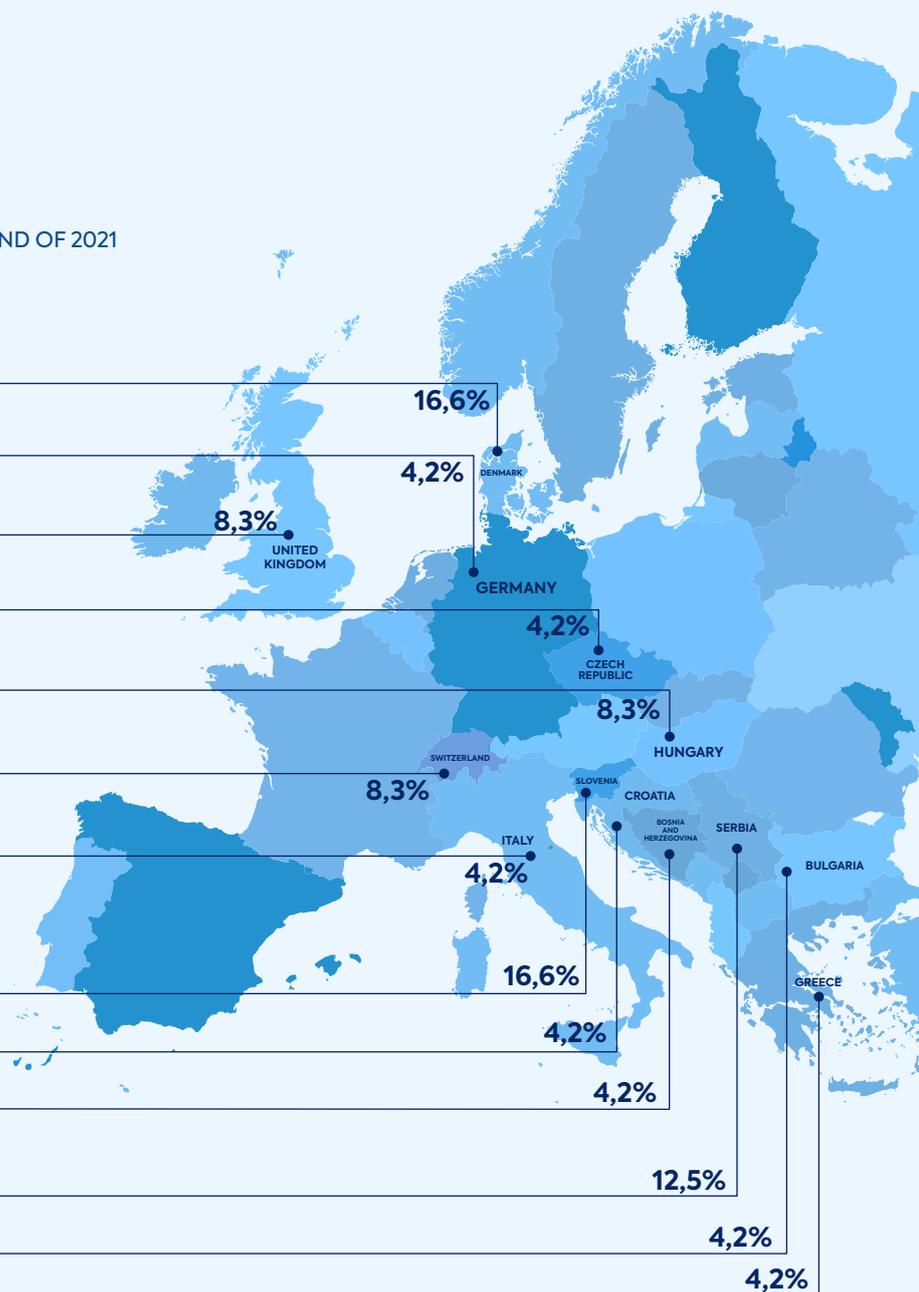
GEN-I
Interenergo d.o.o.
Holding Slovenske Elektrane d.o.o.
Petrol d.d. Ljubljana

HEP d.d.

Elektroprivreda Republike Srpske
JP EPS Beograd
EMS a.d. Beograd
NIS a.d. Novi Sad

Energovia EOOD

Strategic Energy Trading Energy s.a.



Prices and volumes trend on the SEEPEX spot market

The volume of electricity traded on SEEPEX day-ahead market in 2021 was 3,305,406.0 MWh. In comparison to 2020, SEEPEX traded volume increased by 17.38%.

The average base price was 114.02 €/MWh, which is 192.36% higher compared to 2020.



3,305,406.0 MWh

Trading volume in 2021

383,651.4 MWh

Highest monthly volume in 2021

126.30 €/MWh

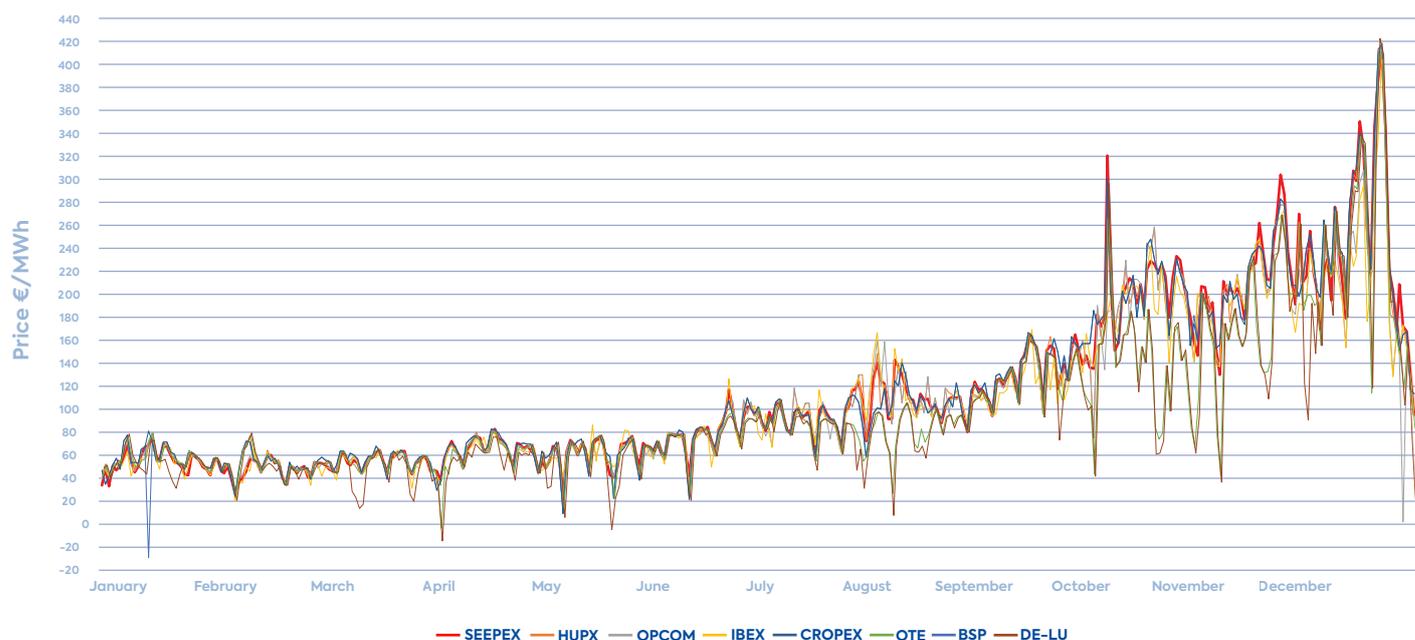
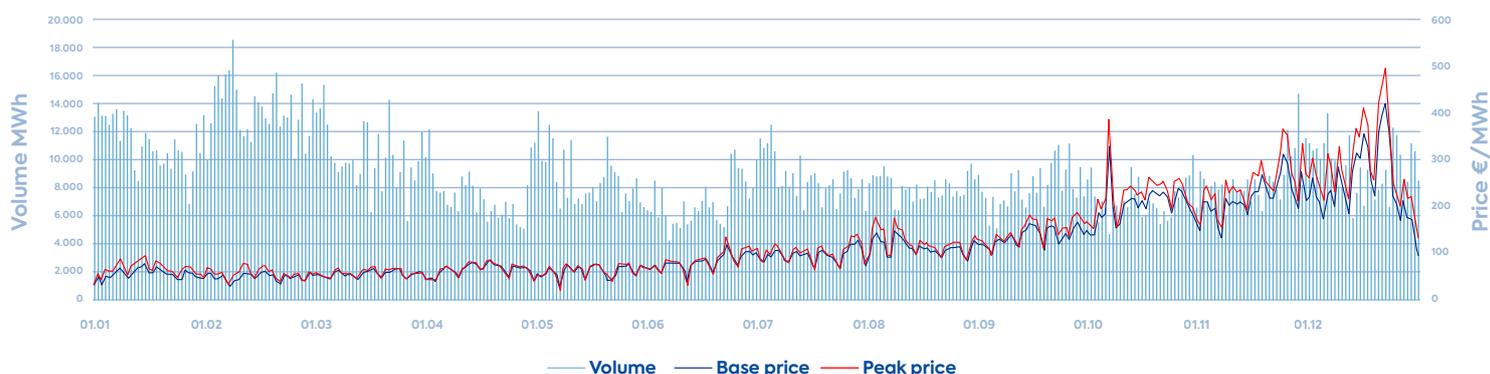
Average peak price in 2021

114.02 €/MWh

Average base price in 2021

The highest monthly trade volume of 383,651.4 MWh was registered in February 2021, while the daily maximum was reached on 8th February 2021 with 18,615.1 MWh. The lowest monthly trade volume was recorded in June and amounted to 206,366.3 MWh, which is 7.94 % more comparing to the minimum monthly traded volume in the previous year. The highest hourly price of 539.91 €/MWh was recorded on 22nd December at 7 pm. In 2021, the average SEEPEX base price was 114.02 €/MWh, while the average SEEPEX peak price reached 126.30 €/MWh.

PRICES AND VOLUMES TREND IN 2021



SEEPEX PRICES COMPARED TO NEIGHBORING EXCHANGES

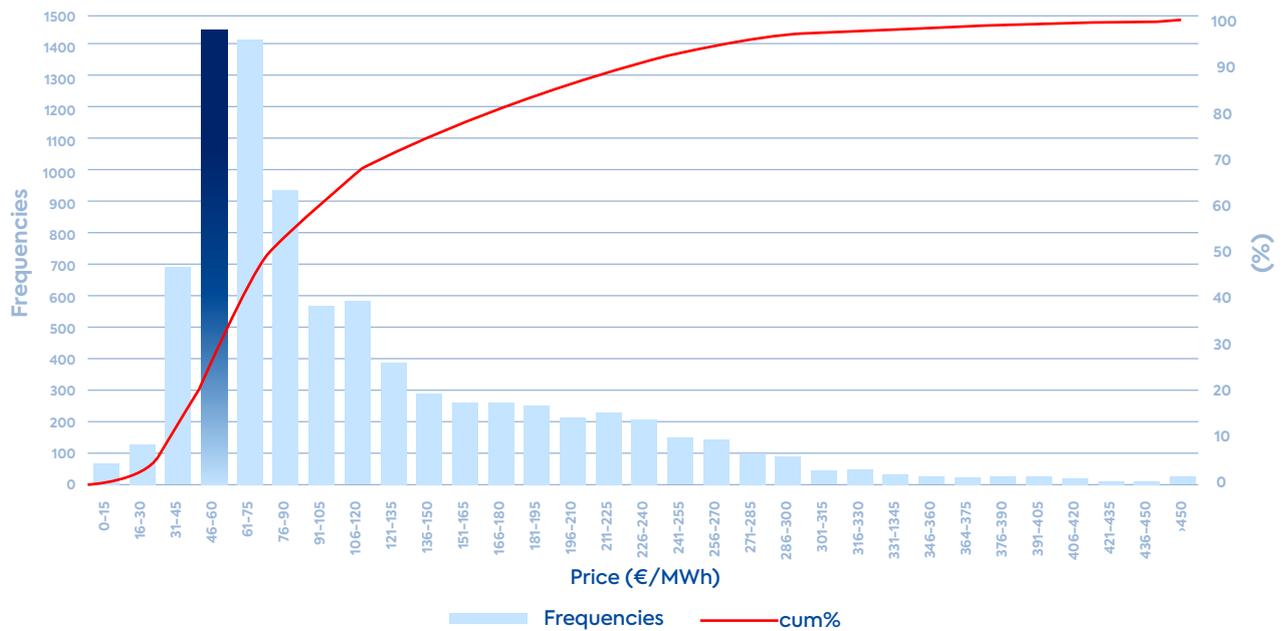
source: SEEPEX, HUPX, OPCOM, IBEX, CROPEX, OTE, BSP, DE-LU

The monthly volumes recorded in 2020 and 2021 are presented in the table below. A significant increase in the traded volume can be noted in the first quarter 2021 in comparison to 2020.

MONTHLY VOLUMES (GWh) 2020 AND 2021

		2020	2021	Change [%]
January	GWh	236.0	350.5	48.53
February	GWh	214.9	383.7	78.50
March	GWh	221.1	325.1	47.00
April	GWh	203.9	223.9	9.81
May	GWh	205.9	276.3	34.19
June	GWh	244.8	206.4	-15.70
July	GWh	191.2	272.9	42.73
August	GWh	260.2	249.9	-3.96
September	GWh	238.6	243.0	1.85
October	GWh	311.7	222.3	-28.68
November	GWh	247.9	258.7	4.34
December	GWh	239.6	292.7	22.15

A distribution of hourly price frequencies and the corresponding cumulative relative frequency distribution are shown in the figure below:



PRICE-FREQUENCIES AND CULMULATIVE CURVE

X-axis represents the hourly price intervals. Y-axis on the left-hand side shows how many times the hourly prices in specific intervals occurred (light blue bars). The mode of the distribution is the value that occurs most frequently, and in this case it is the interval (46-60) €/MWh, which is marked with dark blue color. In year 2021, the hourly prices took values from this interval as many as 1456 times. The hourly price in 2021 ranged from 1.03 €/MWh to 539.91 €/MWh, as shown in the following table:

YEARLY PRICES SPREAD AND AVERAGE VALUE

HOURLY PRICE €/MWh	DATE	HOUR
MIN	1.03	25/01/2021 4
MAX	539.91	22/12/2021 19
AVERAGE	114.02	

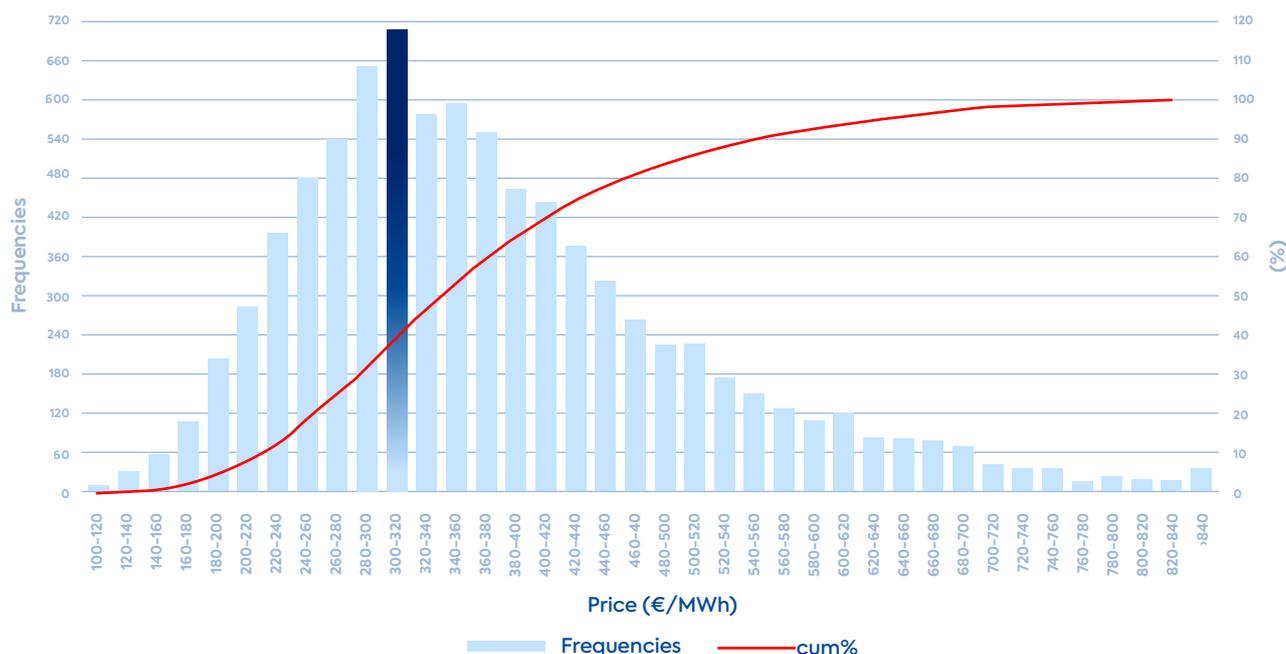
The red curve in the figure represents the cumulative relative frequency distribution. This curve shows the relative frequency of hourly prices that are less than or equal to the upper limit of each interval. The value of 50% on this curve corresponds to the median. In 2021, the median was 83.18 €/MWh – which means that 50% of the hourly prices lie below this point. The value of 25% corresponds to the lower quartile, whilst the value of 75% is known as the upper quartile.

The lower quartile, the median and the upper quartile of hourly prices for 2021 are given in the following table:

YEARLY PRICES QUARTILES

LOWER QUARTILE	MEDIAN	UPPER QUARTILE
58.44 €/MWh	83.18 €/MWh	150.00 €/MWh

50% of all hourly prices lie in the range between the lower and the upper quartile. It means that in 50% of time, the hourly prices were in the range between 58.44 €/MWh and 150.00 €/MWh. A distribution of traded hourly volume frequencies and the corresponding cumulative relative frequency distribution are shown in the figure below:



PRICE-FREQUENCIES AND CULMULATIVE CURVE

X-axis represents the hourly volume intervals. Y-axis on the left-hand side shows how many times the hourly volumes in specific intervals occurred (light blue bars). The mode of the distribution is in the interval (300–320) MWh, which is marked with dark blue color. In 2021, the frequency of hourly volumes from this interval was 706. The hourly volume in 2021 ranged from 104.8 MWh to 1,040.9 MWh, as shown in the table below:

YEARLY TRADED VOLUMES SPREAD AND AVERAGE VALUE

HOURLY VOLUME (MWh)	DATE	HOUR
MIN	104.8	22/06/2021 24
MAX	1,040.9	02/08/2021 8
AVERAGE	377.3	

The red curve in the figure represents the cumulative relative frequency distribution. In 2021, the median of hourly traded volumes was 351.3 MWh – which means that 50% of the hourly volumes lie below this point. The lower quartile, the median and the upper quartile of hourly traded volumes in 2021 are given in the following table:

YEARLY TRADED VOLUMES QUARTILES

LOWER QUARTILE	MEDIAN	UPPER QUARTILE
282.9 MWh	351.3 MWh	445.2 MWh

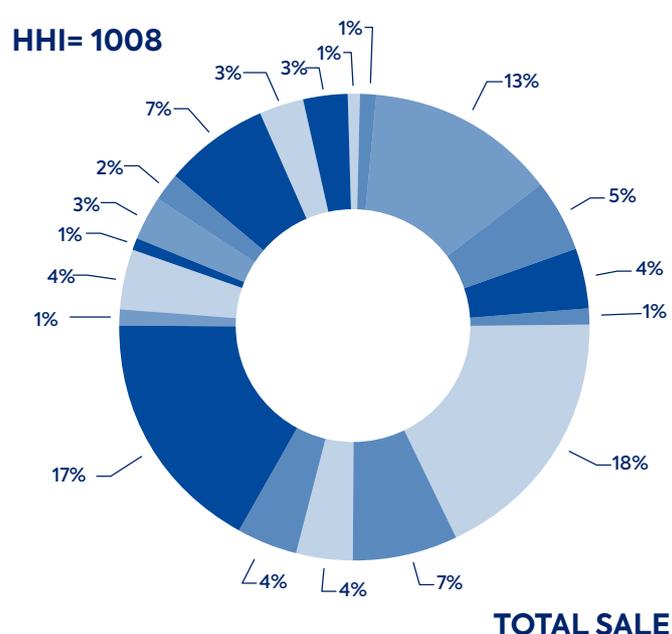
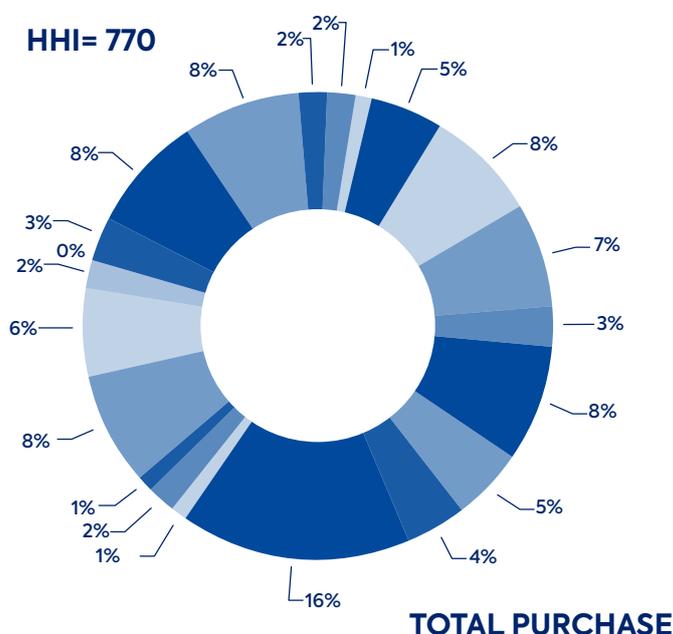
In 50% of time, the hourly traded volumes were in the range between 282.9 MWh and 445.2 MWh.

SEEPEX day-ahead key indicators

	2020	2021	Increase [%]
Base price MAX (day) (€/MWh)	113.25	420.49	271.29
Base price MIN (day) (€/MWh)	8.18	19.86	142.79
Peake price MAX (day) (€/MWh)	155.62	496.36	218.96
Peake price MIN (day) (€/MWh)	6.32	15.77	149.53
Average Base price (day) (€/MWh)	38.97	114.02	192.58
Average peak price (day) (€/MWh)	43.39	126.30	191.08
Price MAX (hourly) (€/MWh)	165.58	539.91	226.07
Price MIN (hourly) (€/MWh)	0.93	1.03	10.75

	2020	2021	Increase [%]
Base volume MAX (day) (MWh)	13,977.0	18,615.1	33.18
Base volume MIN (day) (MWh)	3,739.0	4,181.7	11.84
Base volume (year) (GWh)	2,816.0	3,305.4	17.38
Average volume (MWh)	7,694.0	9,055.9	17.70
Volume MAX (hourly) (MWh)	892.0	1,040.9	16.69
Volume MIN (hourly) (MWh)	83.5	104.8	25.51

Herfindahl-Hirschman Index (HHI)



MARKET SHARE BY PARTICIPANT

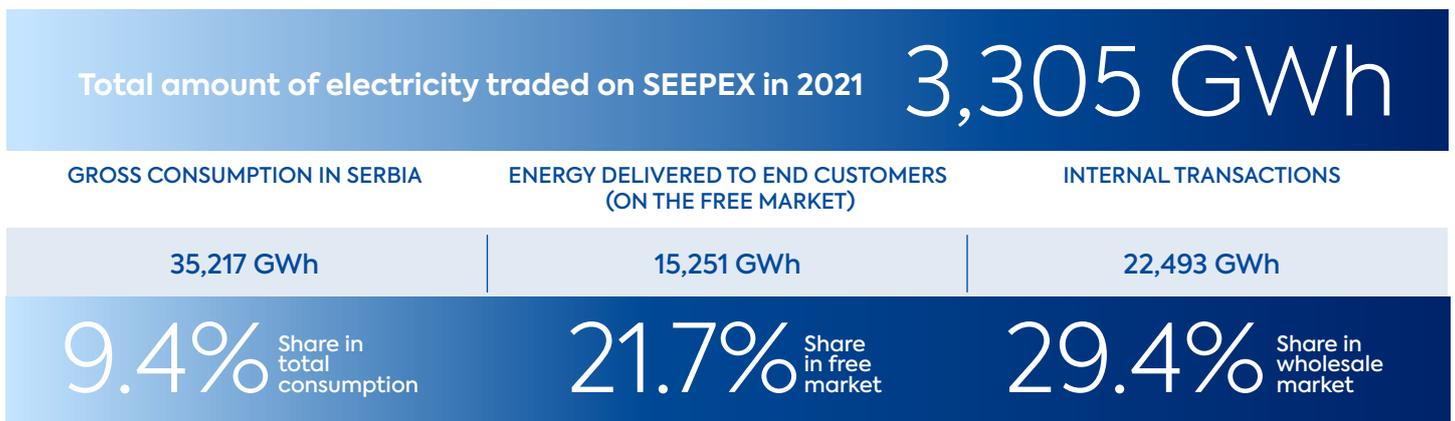
The Herfindahl-Hirschman Index (HHI) is a common measure of market concentration and is used to determine market competitiveness. The HHI is calculated by squaring the market

share of each company competing on the market and then summing the resulting numbers. A market with an HHI of less than 1,500 is considered to be a competitive marketplace.

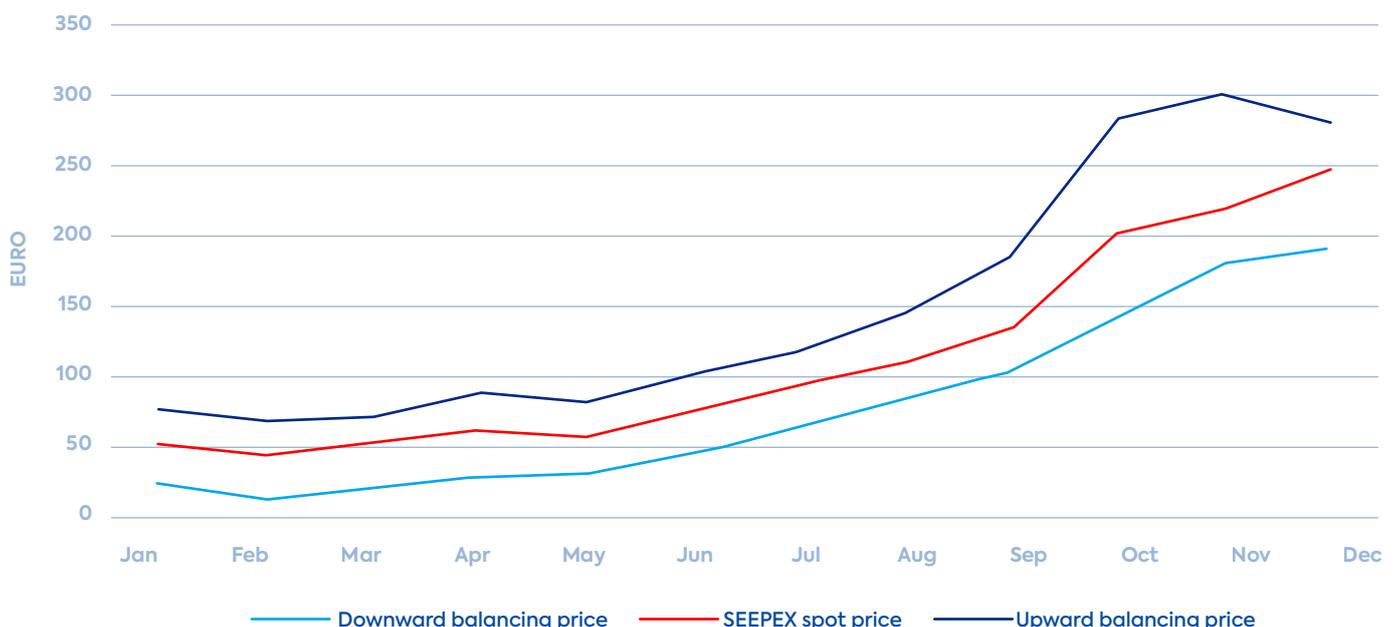
SEEPEX share in the Serbian market

The total amount of electricity that was traded on SEEPEX in 2021 was 3,305 GWh. The share of electricity traded on the organized market in relation to gross consumption in Serbia (35,217 GWh) was 9.4%, while 21.7% was the share of the exchange in relation to the energy delivered to

end customers that are supplied on the free market (retail market). The share of the power exchange on the entire wholesale market, which includes bilateral and organized market, was 29.4 %.



Balancing energy price in comparison to spot price



BALANCING ENERGY PRICE IN COMPARISON TO SPOT PRICE

Overview

The introduction of block products for trade on SEEPEX, was successfully made in March 2017. Maximum block size was 10 MWh and some of the standard block orders included - Baseload (01-24h), Peakload (09-20h), OG-Peak 1 (01-08h), or custom blocks tailored by participants. This business decision, implemented according to members' needs, provided a sufficient liquidity increase, resulting in a total traded volume increase. In April 2018, the block bids size was increased from 10 MWh to 20 MWh, and at the end of 2019, the procedure of increasing the size of the block bids to 30 MWh was initiated by the Organized Market Committee. Further improvements in the services provided by SEEPEX, considering block products, was introduction of curtailable blocks in December 2021.

In 2021 there was a major energy market disruption in Europe, that lead to the significant increase in electricity prices. From this reason, the threshold price for the second auction was

increased three times in 2021, from 200 €/MWh to as high as 1,000 €/MWh.

From June 3, 2019, when the first amount of energy was traded on the futures market until today, it is more than clear that cooperation with European Energy Exchange AG (EEX) has confirmed the best practice fully compliant with European Financial Regulation. The introduction of financial derivatives has improved the investment framework in the energy sector, providing a more realistic reference price, and at the same time predicting the movement of electricity prices on the wholesale market over a longer period. Serbian Power Futures is a tool enabling the market participants to hedge price risks on the local power spot market. During 2021, weekly, monthly, quarterly, and annual futures products were traded on EEX for the Serbian market area. The volume of electricity traded on futures market for this area in 2021 was 167,520.00 MWh. A larger contribution of power futures is expected in following period.

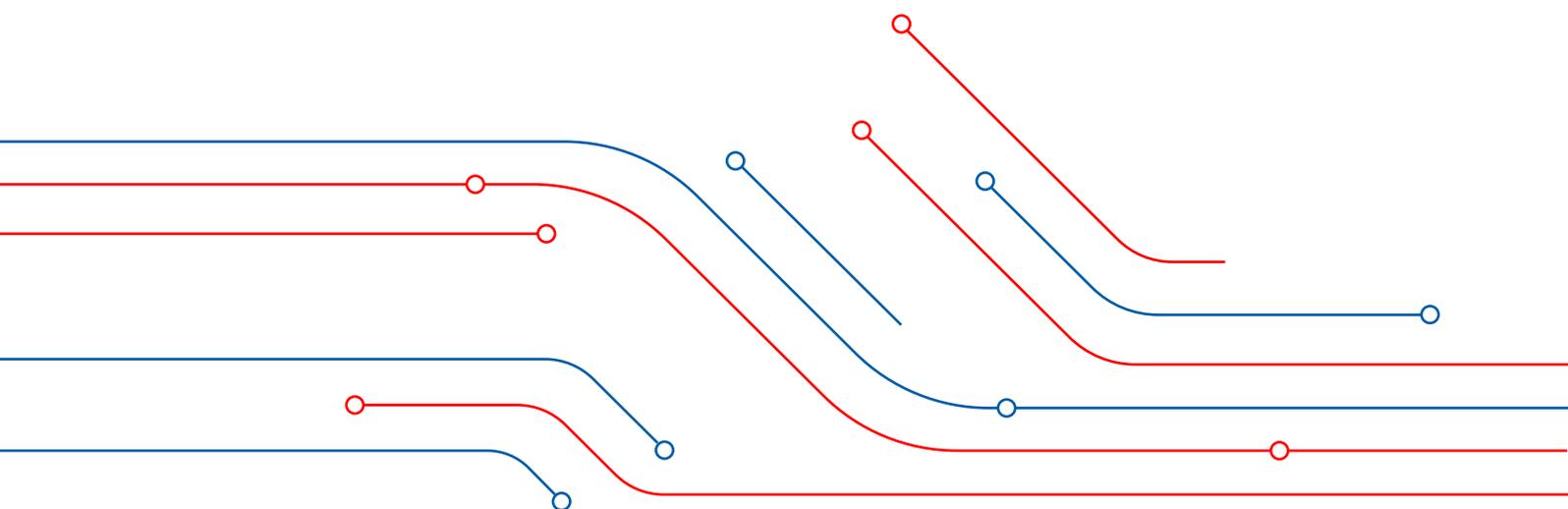
Serbian power
futures 2021

167,520.00 MWh

Products: baseload - week,
month, quarter, year

 eex

 SEEPEX



During 2019, SEEPEX took part in the Trinity project, in close cooperation with EPEXSPOT and other partners, i.e. members of the Trinity consortium. Trinity was a response to the call for proposals under the Horizon 2020 EU R&D program. The goal of the Trinity project is to develop solutions for increased regional cross-border cooperation in the transmission grid. Specifically, the project addresses the need for more cooperation between TSOs, energy producers and market participants, in particular at a regional level. The ultimate goal of the project is to harmonize cross-border services between EU and non-EU countries.

As one of the 19 companies in the consortium (that also includes NEMOs, TSOs, RSCs, Research centers, RES and technology providers), SEEPEX takes an active part in Trinity, by delivering new market products that will help the integration of electricity markets in the SEE region. As an established power exchange, with lots of experience and good expertise in the field, SEEPEX, in cooperation with other partners in the consortium, will deliver tools the aim of which is to enhance electricity trade in the SEE region - Intraday Market Coupling Module using Auction algorithm, Regional Capacity Reserve Market platform, Bilateral trading platform and Guarantees of Origin market tool. During 2021, the work was focused on the tools' specification design and use cases definitions. Also, the integration test cases between the four above mentioned modules developed under the SEEPEX's guide and other Trinity Project tools, built by another Trinity partners, were defined. Software development in 2021 included databases definition and implementation, back-end (optimizer) development and testing, as well as front-end (Graphical User Interfaces - GUI) design and application. The demonstration of these tools is planned for 2022 and 2023. The planned duration of Trinity project is 4 years.

During 2021 SEEPEX was committed to creating the conditions for the beginning of the market coupling projects with the SDAC. The legal basis for NEMO designation (SEEPEX) and transposition of all relevant provisions from the CACM Regulation is defined in the new Energy Law and By-law which was adopted in 2021. This will provide a necessary legal and regulatory framework, in order to begin with day-ahead market coupling projects with the neighboring EU partners (TSO's and NEMO's), as well as to initiate new day-ahead and intraday market coupling projects on all other borders.

Regarding development and plans for 2022, the main SEEPEX goals are obtaining NEMO status in Serbia, starting the project of introducing an intraday electricity market, starting day-ahead market coupling projects with the neighboring markets, and creating a new regional business structure in cooperation with other power exchanges.

As it is well-known, one of the main benefits of the organized power market, in addition to the financial security and corresponding risk mitigation, is fair and transparent price formation. From the very start of operation and sufficient liquidity obtained in the first few years, the SEEPEX day-ahead market price could be considered as a reference wholesale market price not only for the Serbian market area, but for the entire SEE region as well, providing also a good marketplace for additional arbitrage with the neighboring EU markets (having in mind different GCT).

Independent auditors report



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TRANSLATION

Independent Auditor's Report

To the Owners of „Seepex” a.d., Beograd

Opinion

We have audited the financial statements of „Seepex” a.d., Beograd (the “Company”), which comprise:

- the balance sheet as at 31 December 2021;
- the income statement for the period from 1 January to 31 December 2021; and
- notes, comprising a summary of significant accounting policies and other explanatory information

(the “financial statements”).

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and of its financial performance 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 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 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 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.

Responsibility of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law on Auditing 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 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

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

Vladimir Savković
Licensed Certified Auditor

Belgrade, 16 May 2022

*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 financial statements.*

KPMG d.o.o. Beograd

Vladimir Savković

Vladimir Savković
Licensed Certified Auditor

Belgrade, 16 May 2022



