



ZAGREB HOLDING GROUP

**Management Report
for the first half of**

2023



Our vision:

To be one of the
leading municipal
services companies in
the CEE region in
every business
segment.



ZAGREBAČKI
HOLDING

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BASIC INFORMATION ABOUT ZAGREB HOLDING GROUP

Zagreb Holding Ltd. ("the Company") is a company wholly owned by the City of Zagreb. Its core business operations are carried out through 12 subsidiaries and it also owns five companies and a healthcare institution. Together, the subsidiaries, related companies and the healthcare institution form the Zagreb Holding Group ("the Group"), with Zagreb Holding Ltd. as the leading company in the creation of its business policies.

The business group consists of Zagreb Holding Ltd., Zagreb City Gasworks Ltd., Zagreb City Gasworks-Supply Ltd., City Housing and Municipal Services Company Ltd., Water Supply and Drainage Ltd., Zagreb Plakat Ltd., the institution Zagreb City Pharmacies and Bjelovar City Gasworks Ltd., a subsidiary of the related company Zagreb City Gasworks Ltd.

The Group provides a wide range of services grouped into business areas of municipal, energy-related and commercial activities. It also provides public water supply and drainage services and pharmaceutical services.

Main activities of Group companies

- gas distribution and supply
- waste disposal and management
- water collection, treatment and distribution
- cleaning and waste collection
- landscaping and green space maintenance
- public and unclassified state roads: construction, management, maintenance and protection, including traffic lights and signs, machinery and asphalt production
- real estate management and maintenance
- public parking lot and garage services
- storage and rental services
- construction and management of electronic communication infrastructure and electronic communication networks
- supply and preparation of medications, supply of medical products and other healthcare products

Group companies operate primarily in the Croatian market.

Registered office: Ulica grada Vukovara 41, Zagreb

Court Reg. No.: 080042653

PIN: 85584865987

Share capital: EUR 421,666

**Number of employees
as at 30 June 2023:** 7,067

Number of bonds quoted on the Official Market of the Zagreb Stock: 305,000,000

Date of issue: 11 July 2023

Maturity date: 11 July 2028

Interest rate: 4.90 %, fixed, payable semi-annually

MANAGEMENT BOARD'S COMMENT

on H1 2023 Performance

Activities intended for stabilising business operations undertaken in 2022 were the prerequisite for further Company development and this has been reflected in a greater quality of services and user access, introduction of a new and fairer waste management system and building a foundation for a new investment cycle.

FINANCIAL PERFORMANCE FOR H1 2023

Despite the negative impact of energy costs resulting from disruptions in the energy market, the business stabilization conducted in 2022, which included organizational, operational and financial restructuring processes in all Company components and at all levels, was reflected in the continuity of Zagreb Holding Group's positive business performance.

With a total of EUR 383.5 million income and EUR 382.8 million total expenses, the Group generated profit before tax in H1 2023 in the amount of EUR 0.72 million, which was EUR 1.1 million less than the profit generated in the same period in the previous year. When comparing comprehensive income generated in the two comparative periods, the Group's comprehensive income was EUR 4.4 million greater, representing a EUR 2.5 million increase.

The continued implementation of business stabilisation measures, primarily through proactive cost management, financial stabilisation and increased internal efficiency, also affected the profitability of Zagreb Holding Group. Operating profit (EBIT) amounted to HRK 11 million, which represented an increase of HRK 3.8 million compared to the same period in 2022. Earnings before interest, taxes, depreciation and amortisation (EBITDA) amounted to HRK 38.3 million, which represents an increase of HRK 4.5 million compared to the previous comparative reporting period.

As a result of increased business activities of Zagreb Holding Group components, operating income increased by EUR 79.3 million (27%) compared to H1 2022. The most significant increase in income was generated in (i) energy-related activities of gas supply and distribution, primarily as a result of increased volumes of gas distributed and the higher regulated selling price for households, which entered into effect on 1 April 2022 and in the (ii) segment of public road management and maintenance, resulting from greater scope of works performed as part of regular maintenance programs for the City of Zagreb and greater income from management of construction waste created by the earthquake, as well as in the segments of cleaning and waste collection, sale of medications and parking services. Income from the segment of facility management decreased compared to the comparative period in 2022, considering the fact that the public purpose projects initiated for the City of Zagreb were completed and handed over to the City for use - 12th Grammar School and the Markuševac Nursing Home (which is currently being furnished); both of these facilities are pending the definition of terms and conditions of use and the signing of a contract with the City of Zagreb.

Operating expenses increased compared to H1 2022, by EUR 75.5 million (26%). If one would exclude the effect of state subsidies for energy products under the Croatian Government's Regulation on Elimination of Disturbances in the Domestic Energy Market (Official Gazette 104/22, 31/22) (hereinafter: Regulation) and the Regulation on Amendments to the Regulation (Official Gazette 74/2023), operating expenses increased by EUR 31.2 million (10.8%) as a result of higher prices of gas procurement and exceeding the contractual gas volumes.

As at 30 June 2023, assets amounted to EUR 2,057 million, which was EUR 3.9 million less than on 31 December 2022. Structure of non-current assets and current assets changed, with non-current assets decreasing by EUR 24.8 million (1%) due to a decrease in property, plant and equipment by EUR 13.4 million resulting from reduced investment activities, and a decrease in non-current receivables, by EUR 15.3 million, as a result of reduced receivables from the City of Zagreb based on current repayment under the public purpose facilities lease agreements, which are accounted for under IFRIC 12. Current assets increased by EUR 28.6 million compared to 31 December 2022, as a result of increased (i) trade receivables and other receivables (by EUR 6.4 million) and (ii) cash and cash equivalents (by EUR 53.9 million). On the other hand, receivables from subsidiaries decreased - receivables from the City of Zagreb decreased by EUR 33.5 million, primarily due to the settlement of costs by using grants from the Solidarity Fund under an agreement concluded in December 2022, regulating the settlement of costs of management of construction waste created by the earthquake that hit Zagreb.

Total non-current liabilities decreased by EUR 5.5 million, resulting from decreased loans payable, after reclassification of EUR 14 million to current liabilities, and increased deferred income (by EUR 11.7 million) connected with greater recorded amount of assets provided free of charge (grants) - IAS 20. Furthermore, trade payables and other liabilities decreased by HRK 13.4 million compared to 31 December 2022. Capital and reserves were under the influence of comprehensive income generated.

SIGNIFICANT BUSINESS EVENTS

IN H1 2023

Supervisory Board:

Changes in the Supervisory Board in the period from 1 January 2023 to 30 June 2023:

1. Ratko Bajakić, stopped being a member and Deputy President on 13 February 2023
2. Damir Topić, member of the Management Board as of 14 June 2021, Deputy President since 3 March 2023
3. Kristijan Starčević, member since 13 February 2023

Management Board:

Changes in the Management Board of Zagreb Holding Ltd. in the period from 1 January 2023 to 30 June 2023:

1. Boris Sesar, member from 3 September 2021 to 1 April 2023

Changes in the Management Board of Zagreb Holding Ltd. after 30 June 2023:

2. Damir Topić, member since 1 August 2023

Changes in subsidiaries of Zagreb Holding Ltd.

1. Subsidiary Arena Zagreb
 - Boris Sesar, Head of subsidiary from 11 November 2021 to 25 April 2023
 - Sretan Šarić, Head of subsidiary from 26 April 2023 to 30 September 2025
2. Subsidiary AGM
 - Boris Sesar, Head of subsidiary from 8 October 2021 to 25 April 2023
 - Sandra Klisović, Head of subsidiary from 26 April 2023 to 30 September 2025

Changes in Zagreb Holding Ltd.'s related companies

ZAGREB CITY GASWORKS Ltd.

1. Goran Popović, Director of the company as of 26 March 2023, for a term of 9 months, or until a director is nominated by way of a public call for applications
2. Krešimir Milinović, member of the Supervisory Board as of 18 April 2023, for a term of 4 years; President of the Supervisory Board as of 19 April 2023

ZAGREB CITY GASWORKS – SUPPLY Ltd.

1. Kristina Šalković, member of the Supervisory Board as of 18 April 2023, for a term of 4 years; President of the Supervisory Board as of 19 April 2023

WATER SUPPLY AND DRAINAGE Ltd.

1. Marko Blažević, Director of the company as of 3 March 2023, for a period of 6 months; Director of the company as of 3 September 2023 for a term of 4 years

CITY PHARMACIES ZAGREB

1. Darija Jelić, member of the Management Board (President of the Workers' Council –workers' representative) from 19 January 2023 to 18 January 2027
2. Marina Rupčić, member of the Management Board (President of the Advisory Board –workers' representative) from 7 February 2023 to 6 February 2027

GROUP RESTRUCTURING PROCESS

Reorganization and the Collective Bargaining Agreement

In November 2022, negotiations were initiated in Zagreb Holding concerning the conclusion of *Annex II of the Collective Bargaining Agreement* with the intention of redefining the salary-related matters (base amount for calculation of 2023 payroll), employees' non-taxable cash receipts and job systematization. Collective bargaining began with the signing of the *Collective Bargaining Protocol for conclusion of Annex II to the Collective Bargaining Agreement of Zagreb Holding Ltd. Employees* on 22 November 2022.

After suspension of negotiations in December 2022, at the initiative of representative unions, a mediation procedure in a collective labour dispute was initiated in accordance with the *Ordinance on the methods for the election of mediators and procedure for conducting mediation in collective labour disputes*. The mediation procedure was successfully completed by conclusion of an Agreement that has the legal effect of a collective agreement, on 31 January 2023. All the terms of the mentioned Agreement have been incorporated in the wording of the Collective Bargaining Agreement of Zagreb Holding Ltd. Employees, which was concluded on 8 February 2023 and is to remain in effect until 31 March 2026.

Then, on 22 February 2023, the negotiation committees of the employer and of unions started a collective bargaining procedure in regard to conclusion of an Annex to the Collective Bargaining Agreement - with Schedules containing job complexity definitions, by groups of jobs, together with individual job complexity coefficients for those jobs and special allowances based on especially demanding work conditions. The bargaining procedure ended successfully on 27 March 2023, by conclusion of an Annex to the Collective Bargaining Agreement.

The operations of all subsidiaries and corporate functions of Zagreb Holding Ltd have been described and documented in the organisational rules, which also contain the new job descriptions, with indication of the activities and requirements of each individual job. An evaluation of jobs outside the complexity categories (expert and managerial positions) and coefficients for same-level complexity were aligned within individual organisational units, but also at the level of the entire Zagreb Holding Ltd.

In light of the foregoing, new employment contracts were concluded with employees and the process of organisational structuring of Zagreb Holding Ltd. in this respect ended.

Each of the Zagreb Holding Group companies has its own collective bargaining agreement that regulates the rights and obligations of the parties that have entered into the agreement. It contains legal rules that govern the conclusion, content and termination of employment relationships, as well as issues of social security and other matters related to employment.

The collective bargaining agreement in the company City Housing and Municipal Services Company Ltd. has expired, which has led to the initiation of collective negotiations for the conclusion of a new collective agreement. The negotiations ended with the signing of the Collective Bargaining Agreement for the employees of the City Housing and Municipal Services Company Ltd. The mentioned Collective Agreement is concluded for a fixed-term, by 31 March 2026, and is largely aligned with the Collective Bargaining Agreement of Zagreb Holding Ltd. Employees.

In other companies within the Group, the concluded collective bargaining agreements are in force, but at Zagreb City Gasworks - Supply Ltd., in order to define the base amount for salary calculation for the year 2023 at the level of the base amount from 2022 and to negotiate incentive payments, meal allowances, Christmas bonuses, vacation allowances and child benefits in the amounts that comply with applicable tax regulations, collective bargaining for the amendment of the Collective Bargaining Agreement were initiated in January 2023 and are currently ongoing.

Bond refinancing

In H1 2023, Zagreb Holding Ltd. conducted activities connected with the refinancing of the bond designated as ZGHO-O-237A, which matured on 15 July 2023, by issuing a sustainability-linked bond designated as ZGHO-O-287A, with a fixed annual interest rate of 4.90%, interest payable semi-annually and with maturity of principal 5 (five) years after issuing, in the total nominal amount of EUR 305 million. Bond issuance date was 11 July 2023. The bonds are quoted in the Official Market of the Zagreb Stock Exchange. For the requirements of issuing the bond, the Company adopted a *Sustainability-linked Bond Framework*, which is based on Zagreb Holding Ltd.'s Sustainability Strategy. With the refinancing of the bond, one of the main activities of financial

stabilization of the Company was completed and a good-quality basis for transformation of Zagreb Holding Group toward long-term sustainability was defined.

Zagreb Holding Ltd. Sustainability Strategy

The Company adopted the 2023-2028 Zagreb Holding Ltd. Sustainability Strategy, which provides a framework for future strategic decisions and activities of financing operations in an environmentally and socially acceptable manner.

The Sustainability Strategy outlines the important development objectives for Zagreb Holding Group:

1. Improve waste management to achieve a higher percentage of separately collected waste and support circular economy, with greater quantities of waste becoming available for recycling or recovery.
2. Improve the efficiency of resource utilisation by better water management - reduction of water losses.
3. Improve the share of electricity generated by the Group companies themselves and the share of purchased electricity from renewable sources in the total consumption of Zagreb Holding Group.
4. Take actions to reduce CO₂, primarily in areas where quick and efficient results can be achieved.
5. Where possible, take part in and encourage projects aimed at achieving attainable life goals.
6. Initiate and/or manage projects aimed at urban environment improvement, accessibility of healthy food for the citizens of Zagreb and provision of infrastructure for support of local producers and for agricultural and food industries, and other manufacturing industries.
7. Build, maintain and promote all forms of equality, equal opportunity and inclusion.

GROUP PROJECTS

Subsidiary Zagreb Roads

During the period from 8 February 2023 to 30 June 2023, works were carried out to improve the road surface and bicycle path in Aleja Matija Ljubek street, while from 14 March 2023 to 31 July 2023, works were carried out to improve the road surface of Sljemenska Cesta street.

Total value of the rehabilitation of Aleja Matije Ljubeka and Sljemenska Cesta streets was approximately EUR 4.8 million (without VAT). Works on both roads were made under the *Contract for Road Paving Works Financed by the EU Solidarity Fund*, which is signed with the Fund by the City Office for Local Self-government, Civil Protection, Security and Transportation.

Pilot project of construction of underground containers for the subsidiary City Waste Disposal, where Zagreb Roads is the contractor, began in 2022. In October 2022, containers were built in Masarykova street and in H1 2023, more containers were built at Ilirski Trg and Kaptol locations.

The project of construction of underground containers continues, with the aim of covering approximately 40 locations in the area of the City of Zagreb. Each location is to have four containers installed.

Subsidiary City Waste Disposal

By implementation of the Decision on the Provision of the Public Service of Municipal Waste Collection in the City of Zagreb (Official Bulletin of the City of Zagreb No. 7/22) adopted on 24 February 2022 by the Zagreb City Assembly, especially in the part pertaining to application of the related price list for the public service of collecting mixed municipal waste of 1 October 2022, substituting the previous system of collecting lump-sum fees from service users for the service of waste collection with the system of fee calculation based on the quantity of handed-over mixed municipal waste based on the so-called "polluter pays" principle in accordance with the currently applicable Waste Management Act from July 2021 (Official Gazette 84/2021), in H1 2023, the trend of achieving measurable results in reducing the quantity of mixed municipal waste disposable at landfills continued. Change was primarily achieved by encouraging users to separate waste at home. Specifically, the amount of mixed municipal waste collected in the first six months of 2023 decreased by 23.93% compared to the same period in the previous year, while the quantities of separately collected paper and cardboard waste increased by 13.72%, plastic and metal waste

quantities increased by 61.29%, and the quantity of household organic waste increased by 214.77% compared to the previous year's amount, achieving the highest growth among all waste fractions that City Waste Disposal, as the provider of public municipal waste collection service, is obligated to separately collect from its users.

Through the EU Solidarity Fund, City Waste Disposal has obtained machinery for processing construction waste and debris resulting from the earthquake in the city of Zagreb. During the year 2023, the company has focused on recovering waste using its own resources instead of outsourcing it to external providers of waste recovery services. As a result, all bulky waste in the city of Zagreb is recovered using the company's internal resources, leading to cost savings of 15.9% compared to disposal via external providers of waste recovery services.

Under the motto "Thousands of Hard-working Hands for a Century of City Waste Disposal," a series of events have been organized and are to be held throughout 2023 to celebrate the grand 100th anniversary of City Waste Disposal.

Subsidiary Zrinjevac

In the period from 18 to 21 May 2023, the 57th International Garden Show "Floraart" was held, co-organized by the City of Zagreb and Zagreb Holding Ltd., Subsidiary Zrinjevac. The 2023 show was co-financed by the City of Zagreb in the amount of EUR 225,700. It covered more than 300 thousand square metres in the outdoor space of Bundek Park. There were 170 exhibitors from Croatia and abroad. The estimated number of visitors was 120,000 in four days. This show has an important economic aspect, as it contributes to the development of entrepreneurship and crafts and trades, and it has also become an importance segment in Zagreb's tourist offer.

In 2023, subsidiary Zrinjevac will celebrate 120 years of operations.

As part of a project of planting a total of 30,000 trees, 370 trees were planted in H1 2023 and 3,000 more are planned to be planted by end of 2023.

Water Supply and Drainage Ltd.

During H1 2023, the company Water Supply and Drainage Ltd. continued with preparatory activities for the "Zagreb Project 2021-2027 (improvement of water and sanitation infrastructure)". The project aims to reconstruct and expand the public water supply and sewage system in the Zagreb agglomeration and includes additional works on the expansion of the central wastewater treatment facility in Zagreb. The project is estimated to be worth 300 million euros. The plan is to apply the project for co-financing from EU funds in the programme period 2021-2027, with a possibility of up to 70% co-financing.

The preparatory activities carried out by 30 June 2023, included the following:

- i. Conducting a Feasibility Study,
- ii. Preparing environmental documentation and participating in the process of obtaining environmental impact assessment approval from the competent authority,
- iii. Resolving matters regulated under property law; not counting the Zero Zone project, the status of 96.4% of plots has been resolved, and intensive work is being done to resolve the status of remaining plots.

City Housing and Municipal Services Company Ltd.

After the earthquakes in Zagreb and Petrinja in 2020, damage of varying degrees was identified in approximately 20% of the multi-apartment buildings managed by City Housing and Municipal Services Company Ltd. In 2023, the company entered into 48 coordination agreements with residential buildings (1% of the total earthquake-damaged buildings under the company's management), as part of the project of structural reconstruction (self-reconstruction) following the earthquake. A total of 488 applications for structural reconstruction have been submitted for buildings under the company's management, representing 10% of the total earthquake-damaged buildings. So far, 138 decisions/approvals for reconstruction have been received from the Ministry of Construction (95 of which pertain to self-reconstruction).

IMPACT OF REGULATORY CHANGES ON BUSINESS OPERATIONS

As a provider of services of general economic interest, the Group is exposed to dynamic changes in legislation. In H1 2023, the Group was influenced by changes in the regulatory framework in the part of the energy-related activity of gas supply, provided by related companies Zagreb City Gasworks – Supply Ltd. and Zagreb City Gasworks Ltd.

Zagreb City Gasworks Ltd.

By virtue of the Decision on the Amount of Tariff Items for Gas Distribution (Official Gazette 108/2022), which entered into effect on 1 October 2022, Croatian Energy Regulatory Agency determined the amounts of tariff items for the third regulation period, from 2022 to 2026, in accordance with the Methodology for Determining the Amount of Tariff Items for Gas Distribution (Official Gazette 48/2018).

Amounts of tariff items for gas distribution, according to the above-mentioned Decision, have been expressed based on the gross calorific value of gas, instead of the previously used net calorific value; this was done in order to align with the practice seen in other EU countries. This change will result in simplifying the process of gas trade and capacity lease, enabling easier integration of the Republic of Croatia in the regional gas market and reducing the likelihood of errors in calculating the energy of gas.

The adopted tariff item for Zagreb City Gasworks Ltd., Ts2, has remained unchanged, whereas tariff item Ts1 increased by 5% on average, compared to 2022.

Zagreb City Gasworks - Supply Ltd.

At a session held on 16 March 2023, the Government of the Republic of Croatia, acting in accordance with Article 26 of the Energy Act (Official Gazette No. 120/2012, 14/2014, 102/2015, 68/2018), adopted the Regulation on Elimination of Disturbances in the Domestic Energy Market (Official Gazette 31/2023), which entered into force on 1 April 2023. The Regulation regulates, in response to disturbances in the domestic energy market, special measures for gas trading, the method and conditions for defining gas prices, ensuring supply security for certain categories of gas customers and special conditions for performing gas-related energy activities. These special measures are temporary and are prescribed for the period from 1 April 2023 to 31 March 2024.

The Croatian Energy Regulatory Agency (HERA) has adopted a new Methodology for determining the amounts of tariff items for public gas supply and guaranteed supply (Official Gazette 38/2023), which entered into effect on 21 April 2023. In Article 20 of the Methodology, the formula for the cost of gas procurement for the regulatory year 2023/2024 has been amended. In late 2020, Zagreb City Gasworks - Supply Ltd. was selected as the supplier obligated to provide the public service in 13 distribution areas of Croatia, based on a public tender conducted by the Croatian Energy Regulatory Agency (HERA). At that time, a gas supply contract was also concluded for the period covered by the decision on the supplier's obligation of providing the public service for 2021-2024, with the supply price agreed in accordance with the then applicable Methodology. The price of gas for households is a regulated price. By virtue of the Decision of the Government of the Republic of Croatia of 1 April 2023, an amount was determined with which households participate in the cost of gas procurement, which is 2.5 times lower than the one determined based on the Methodology in effect at the time of the gas supply contract conclusion (2020).

In a meeting held on 6 July 2023, the Government of the Republic of Croatia adopted the Regulation on Amendments to the Regulation on Elimination of Disturbances in the Domestic Energy Market (Official Gazette 74/2023). These amendments include a mechanism for compensating the difference between the price of gas purchased and paid (procured) by the supplier obligated to provide the public service of gas supply (calculated based on the average purchase price of gas procured by that supplier) and the price determined by the Methodology for determining the amounts of tariff items for public gas supply and guaranteed supply, applicable for the period from 1 April 2023 to 31 March 2024, under which the supplier obligated to provide the public service is required to sell gas to end customers using that public service.

In accordance with the Regulation, Zagreb City Gasworks - Supply Ltd. timely submitted an application to the Ministry of Economy and Sustainable Development for the second quarter of 2023 (for the period from April to June 2023) for compensation of the difference between the regulated cost of gas procurement and the cost of gas procurement from the gas supply contract concluded with the supplier. Further action by the Ministry and HERA is awaited.

On 9 May 2023, HERA adopted the Decision on the amount of tariff items for the public gas supply service for the period from 1 June 2023 to 31 December 2023 and for the period from 1 January to 31 March 2024 (Official Gazette 51/2023), which entered into effect on 1 June 2023. This Decision amended the cost of gas procurement and gas supply by individual distribution areas.

Decision on subsidising a portion of the final price payable for gas supply by customers from the households

category, and by customers that do not fall under the households category but have an annual consumption lower than 10 Gwh (Official Gazette 31/2023), which Decision entered into effect on 1 April 2023, is one of the measures of the Government of the Republic of Croatia aimed at subsidising the costs of energy products for households and corporate customers with annual consumption lower than 10 GWh.

This Decision subsidises the costs of gas incurred by customers falling under the households/public service category and some (low-consuming) corporate customers, in a way that Zagreb City Gasworks - Supply Ltd. reduces their bills by the subsidised amount (this applies to households, whereas for corporate customers there are vouchers issued by the Ministry of Economy and Sustainable Development).

The difference (amount by which Zagreb City Gasworks - Supply Ltd. reduced the bills issued to customers buying gas) is then refunded by the Ministry of Economy and Sustainable Development.

PROJECTS FINANCED UNDER THE EU SOLIDARITY FUND

Zagreb Holding Ltd.

The Grant Agreement for the Resnik Temporary Storage Facility project, with a total amount of EUR 4,581,503.68, was signed on 11 November 2022. The Resnik Temporary Storage Facility project aims to establish a system for proper management of material from demolition and/or construction waste generated during the renovation of buildings damaged by the earthquake in the area of the City of Zagreb, in an environmentally acceptable manner.

The project implementation involved three activities, all of which were completed by 30 June 2023.

- i. The public procurement procedure for the acquisition of equipment for temporary storage of demolition and/or construction waste generated during the renovation of buildings damaged by the earthquake in the Resnik settlement was announced. The mentioned equipment was procured during May and June.
- ii. The preparation and adaptation of the site which will be used as a temporary storage area for parts of earthquake-damaged buildings before the construction of the Resnik Temporary Storage Facility.
- iii. The storage of building parts created during the renovation of buildings damaged by the earthquake until the Resnik Temporary Storage Facility is put into operation.

In the first six months of 2023, three funding requests and the final report were submitted. A total of EUR 2,246,944 has been paid and an additional amount of EUR 483,174 is expected to be paid. These amounts were financed by the EU Solidarity Fund.

Subsidiary City Cemeteries

In connection with an announced call for proposal for grants under the title "Implementation of measures of protection of cultural heritage damaged in the earthquake of 22 March 2020 in the City of Zagreb", Zagreb Holding Ltd., subsidiary City Cemeteries applied three projects:

1. "Preparation of Project Documentation and Implementation of Measures to Protect the Arcades and the Church of Christ the King at the Mirogoj Cemetery. The Grant Agreement for the project was signed on 8 June 2021. In the first six months of 2023, the as-is survey was delivered, geotechnical investigation works were carried out and a conservation and restoration report was prepared.
2. "Preparation of Project Documentation and Implementation of Measures to Protect the Mortuary at the Mirogoj Cemetery." The Grant Agreement for the project was signed on 21 July 2021. In the first six months of 2023, the design and technical documentation was submitted and preparations were made for the procurement process for the execution of works on the comprehensive renovation of the mortuary.
3. "Preparation of Project Documentation and Implementation of Measures to Protect the Office Building at the Mirogoj Cemetery." The Grant Agreement for the project was signed on 21 July 2021. In the first six months of 2023, the design and technical documentation was submitted and works on the comprehensive renovation of the building began.

A total of EUR 626,759.59 of grants provided by the EU Solidarity Fund was spent by 30 June 2023 for all three projects.

In the first six months of the first project, work was done on preparing the public procurement procedure for the development of conceptual, main and detailed designs for the renovation of arcades and Church of Christ the King, and negotiations with Croatia osiguranje insurance company regarding the payment of compensation for damage caused by the earthquake continued. As regards the second and third project, documentation was prepared for applying for compensation of costs of comprehensive and energy restoration under the National Recovery and Resilience Plan (NPOO), which has resulted in a successful application for a total of EUR 5,154,861 for both projects.

The continuation of activities for all three projects is reflected in the signed contracts with the Ministry of Culture and Media of the Republic of Croatia for the continued funding of the costs of structural renovation until 31 December 2023.

Zagreb City Gasworks Ltd.

As part of the program "Renovation of infrastructure and facilities in the energy sector", with reference numbers FSEU.2021.ENERGETIKA.MINGOR and FSEU.2022.ENERGETIKA.MINGOR, in the period from 22 March 2020 to 30 June 2023, three projects financed by the EU Solidarity Fund were implemented:

1. "Repair of earthquake damage on infrastructure, buildings and facilities of the gas supply system of the city of Zagreb"

The aim of the project was to establish regular functioning of gas installations in buildings in the area of the city of Zagreb after the earthquake on 22 March 2020. The total value of the project amounted to EUR 60,028.64. Zagreb City Gasworks Ltd. carried out activities to suspend the supply of natural gas to 462 end customers in buildings and performed works to put natural gas into use in a total of 444 buildings in the area of the city of Zagreb. A total of EUR 60,007.93 of grants was paid for these activities.

2. "Reconstruction of the high-pressure gas pipeline on Most Slobode Bridge"

The purpose of the project was to carry out the reconstruction of the high-pressure gas pipeline on Most Slobode Bridge after earthquake damage to the infrastructure of the gas distribution system in the city of Zagreb. The total value of the project amounted to EUR 409,246.72.

3. "Repair of leakage in the high-pressure gas pipeline Petruševac - Radnička"

The total value of the project amounted to EUR 42,512.27. Since there were also large consumers among the end users, the company carried out the repair of the leakage without suspending the gas supply in order to prevent technical and material difficulties and production interruptions for the end users.

All three projects have achieved their set objectives and contributed to the maintenance and development of a reliable, safe and efficient gas distribution system while ensuring the quality of gas supply.

Water Supply and Drainage Ltd.

On 3 June 2022, the company concluded a grant agreement for activities funded by the EU Solidarity Fund for the project "Repair of Earthquake-Damaged Water Supply and Drainage Systems of the Company Water Supply and Drainage Ltd., VIO 1". The total value of the Project amounts to EUR 4,905,748, with eligible costs of EUR 4,120,194 for which a co-financing rate of 100% is provided. In the first six months of 2023, a total of EUR 1,477,537.45 was disbursed, while approval of the Application for the remainder of the cost compensation is expected.

On 16 September 2022, the second grant agreement was concluded for activities funded by the EU Solidarity Fund for the project. "Repair of Earthquake-Damaged Water Supply and Drainage Systems of the Company Water Supply and Drainage Ltd., VIO 2" The total value of the Project amounts to EUR 2,079,025, with eligible costs of EUR 1,513,064 for which a co-financing rate of 100% is provided. In the first six months of 2023, a total of EUR 929,568.70 was disbursed, while approval of the Application for the remainder of the cost compensation is expected.

CO-FINANCED PROJECTS IN 2023, ZAGREB HOLDING GROUP

City of Zagreb solarisation projects

Activities within the project "Solarisation of Institutions of the City of Zagreb" (SOLIZAG) are continuing, and subsidiary City Waste Disposal is a partner in that project. The project consists of eight pilot projects, which involve

the construction of solar power plants at eight locations for self-supply purposes. Pilot project includes the construction of a solar power plant on the roof of the Jakuševac Service and Operational Centre. The solar power plant is intended to generate electricity for the facility's own needs. The estimated project value is EUR 41,688.53, of which EUR 29,862.63 is covered by the grant awarded under the EEA financial mechanism (2014-2020). Some of the most significant activities that were conducted as part of this project in the first six months include the implementation of a procurement procedure for the procurement of solar panels and their installation. Works on the facility will commence in the second half of 2023.

Solar power plants on the roofs of Zagreb Holding's buildings

Activities on the project of installing PVMax Solar Power Plants on Zagreb Holding's buildings, implemented by Zagreb Holding in collaboration with the Regional Energy Agency (REGEA), continue. The purpose of the project is to identify locations and develop conceptual designs for the installation of solar power plants. The project started in 2022, initially considering 34 Zagreb Holding's roofs. In the first half of 2023, an analysis of the considered locations was conducted, based on which some locations were excluded from the list due to unsuitability (roof shading, low contracted capacity of certain buildings, etc.). In the first six months of 2023, applications were made and approved for the issuance of Connection Approvals of HEP, the national power company, for nine locations of Zagreb Freight Station in Jankomir (and design documents are currently being prepared for seven more locations of Zagreb Freight Station in Slavonska Avenija street for which connection approvals will also be requested), as well as for markets at Utrine, Gajnice and Jarun and for Zagreb City Pharmacies – location Bani. All the locations of Vladimir Nazor subsidiary have also been analyzed and two were selected for the preparation of a conceptual design based on which the connection approval will be requested.

As part of the PVMax project, Water Supply and Drainage Ltd. conducted a public procurement procedure via the City of Zagreb Central Public Procurement Office, for the designing and construction of an integrated solar power plant at Bukovac. Award decision has been made and contract conclusion is expected soon.

On 11 April 2023, Water Supply and Drainage Ltd. entered into a Contract for Direct Co-Financing with the Environmental Protection and Energy Efficiency Fund for the development of design and technical documentation for the installation of photovoltaic power plants for electricity production for own consumption in the water services sector. The total estimated value of the project is EUR 151,967.61 (excluding VAT), and the value of the eligible costs of the Project for the Fund is EUR 132,722.81 (excluding VAT). The Fund will provide financial assistance up to a maximum amount of EUR 53,089.12 (excluding VAT).

Establishment of a Security Operations Centre at Zagreb City Gasworks Ltd.

Activities financed under the Connecting Europe Facility (CEF) were continued.

In H1 2023, two projects were implemented and extension was requested for them (they are now at a final stage):

1 "Enhancing Cybersecurity of Network Systems", No. CEF-2020-HR-IA-0145, contracted in November 2021. Total project budget amounts to EUR 210,289 and the CEF grant covers EUR 157,717. By implementing the project, the information security management and ICT system will be upgraded and the competencies of Zagreb City Gasworks employees in the area of cybersecurity will be increased. Extension was granted until September 2024.

2 "Establishment of a Security Operations Centre", No. CEF-2020-HR-IA-0143, with total project value of EUR 370,873, with a grant of EUR 278.155 (75% of eligible project costs). Implementation started in January 2023. The main objective of the project is to enhance cybersecurity of Zagreb City Gasworks even further, by establishing a centre for managing security events and incidents as well as to provide employees with training in cybersecurity. Project extension is awaiting approval.

Water management plan for 2023 - Water Supply and Drainage Ltd. and Hrvatske Vode

According to the Water Management Plan of Hrvatske Vode (Croatian national water management company) for the year 2023, under Item B.04.01.61, a Financing Agreement for the construction of water facilities in the Zagreb agglomeration was concluded, with a total amount of EUR 796,337.50, where the co-financing ratio is 80% by Hrvatske Vode and 20% by Water Supply and Drainage Ltd. Under this Agreement, Water Supply and Drainage Ltd. withdrew the entire amount in the first half of 2023.

According to the Water Management Plan of Hrvatske Vode for the year 2023, under Item B.03.05.01, a Financing

Agreement for the reduction of losses in water supply systems in Croatia, specifically in the systems of Water Supply and Drainage Ltd., was concluded, with a total amount of EUR 472,711.25, where the co-financing ratio is 80% by Hrvatske Vode and 20% by Water Supply and Drainage Ltd.

According to the Water Management Plan of Hrvatske Vode for the year 2023, under Item B.07.08.55, a Financing Agreement for design documentation in the Zagreb agglomeration was concluded, with a total amount of EUR 158,823.53, where the co-financing ratio is 85% by Hrvatske Vode and 15% by Water Supply and Drainage Ltd.

According to the Water Management Plan of Hrvatske Vode for the year 2023, under Item B.03.02.01, a Financing Agreement for the construction of water facilities in the water supply zone of Zagreb was concluded, with a total amount of EUR 165,903.75, where the co-financing ratio is 80% by Hrvatske Vode and 20% by Water Supply and Drainage Ltd.

According to the Water Management Plan of Hrvatske Vode for the year 2023, under Item B.03.01.01, a Financing Agreement for the construction of water facilities in the water supply zone of Zagreb, specifically for hydrogeological investigations, was concluded, with a total amount of EUR 100,000.00, where the co-financing ratio is 80% by Hrvatske Vode and 20% by Water Supply and Drainage Ltd.

RECOVERY AND RESILIENCE FACILITY PROJECTS

In the previous period, under the 1st Call for Grants, Water Supply and Drainage Ltd. concluded on 23 December 2021 a Grant Agreement for construction of public water supply system in the City of Zagreb and Zagreb County, valued at a total of EUR 6,922,869 (80% EU funds, 10% Hrvatske Vode and 10% public water supply service provider). The total amount approved for retroactive financing under this Agreement is EUR 2,671,192. In March 2023, a control of individual project elements was carried out by the European Court of Auditors, and on 18 May 2023, an on-site verification was conducted by Hrvatske Vode. The controls were completed without any remarks regarding project performance.

In December 2022, an application was submitted for the 2nd Call for Grants for "Financing the implementation of investment projects related to smaller parts of the public water supply and drainage systems within the National Recovery and Resilience Plan 2021-2026", with investments applied for totalling approximately EUR 13.3 million. The signing of the Grant Agreement is expected to take place by the end of 2023, for the applied amount.

H1 2023 MANAGEMENT REPORT AND BUSINESS ANALYSIS

Performance

In H1 2023, Zagreb Holding Group (hereinafter: "the Group") generated profit of EUR 0.7 million, while comprehensive income for the reporting period amounted to EUR 4.4 million. As a result of a 27% greater operating income compared to the increase in operating expenses of 26%, operating profit (EBIT) of EUR 11 million has been achieved in H1 2023, while earnings before interest, taxes, depreciation and amortisation (EBITDA) amounted to EUR 38.3 million, due to continued implementation of measures to improve business efficiency and rationalise costs. Financing activities generated loss of EUR 10.2 million, representing a 95% increase compared to the same period in the previous year, resulting from significant market changes and interest rate rise.

Description	Jan-June 2023	Jan-June 2022	%
	in EUR 000	in EUR 000	of change
1	2	3	4=2/3
Operating income	375,895	296,584	27%
Operating expenses	(364,926)	(289,453)	26%
Finance income	7,602	7,261	5%
Finance expenses	(17,847)	(12,523)	43%
Total income	383,497	303,845	18%
Total expenses	(382,773)	(301,976)	19%
Profit before tax	724	1,869	(61.3)
<i>Tax income/(expense)</i>	-	-	
Profit for the year	724	1,869	(61.3)
Real estate revaluation gains (net)	96	16	
Profit from subsequent valuation of financial assets available for sale (net)	1,763	-	
Financial assets valuation gains (net)	1,815	-	
Total comprehensive income for the year	4,398	1,885	233.3
<i>EBIT</i>	<i>10,969</i>	<i>7,131</i>	<i>54%</i>
<i>EBITDA</i>	<i>38,315</i>	<i>33,834</i>	<i>13%</i>
<i>Loss from financial activities</i>	<i>(10,245)</i>	<i>(5,262)</i>	<i>95%</i>

Revenues

In H1 2023, operating income was generated in the amount of EUR 375.9 million, which is an EUR 79.3 million (27%) increase compared to the same period in the previous year.

Sales income amounted to EUR 302.3 million (Jan-June 2022: EUR 263.2 million), while other operating income was EUR 73.6 million (Jan-Jun 2022: EUR 33.4 million). Total year-on-year increase in sales income was EUR 39.1 million (15%), while the increase in other operating expenses was EUR 40.2 million (120%).

The most significant increase in sales income was recorded in the (i) gas supply and distribution segment, amounting to EUR 26.8 million, due to an increase in the volume of distributed gas and the rise in the regulated selling price for the households category, which came into effect on 1 April 2022, (ii) in the public road management and maintenance segment, an increase of EUR 9.8 million due to a larger scope of regular work programs for the City of Zagreb and greater income from the disposal of construction waste resulting from the

earthquake, and (iii) in the sale of medications segment, an increase of EUR 3.5 million due to higher prices and increased demand for prescription drugs.

The increase in other operating income primarily pertains to: (i) income from subsidies for energy products based on the Regulation of the Government of the Republic of Croatia on Elimination of Disturbances in the Domestic Energy Market, amounting to EUR 21.9 million, and (ii) income from subsidised difference between the regulated selling price and the purchase price of gas for the period from April to June 2023, amounting to EUR 24.6 million, based on the Regulation on Amendments to the Regulation of the Government of the Republic of Croatia on Elimination of Disturbances in the Domestic Energy Market.

Expenses

In H1 2023, operating expenses amounted to EUR 364.9 million, which was an EUR 75.5 million (26%) increase compared to the comparative period.

The mentioned increase is the result of (i) the increase in the cost of sold goods amounting to EUR 48 million due to higher gas supply prices and exceeding of contracted quantities, and (ii) higher energy consumption costs amounting to EUR 21.9 million, primarily due to increased electricity prices (at the same time, there was recorded income from subsidies from the Republic of Croatia based on the Regulation of the Government of the Republic of Croatia on the Elimination of Disturbances in the Domestic Energy Market).

Investments

In H1 2023, the Group realised EUR 12.2 million worth of investments and invested EUR 1 million in the construction of public facilities for the City of Zagreb (Markuševac Nursing Home and the 12th Grammar School) Significant investments were made by the following companies: (i) Water Supply and Drainage Ltd., in the amount of EUR 6.6 million - investments in water supply and drainage connections, water supply network and sewerage network, collectors, collector canals and pump stations, (ii) Zagreb Holding Ltd., in the amount of EUR 3.5 million - with most significant investments being those made by subsidiaries City Waste Disposal and City Cemeteries, and (iii) Zagreb City Gasworks, in the amount of EUR 2.4 million - investments in reconstruction of the gas distribution system and procurement of gas meters.

Statement of Financial Position

A condensed presentation of assets, equity and liabilities from the Statement of Financial Position as at 30 June 2023, compared to the balance as at 31 December 2022, is presented below.

Description	30 June 2023		31 December 2022		Rate of change
	in EUR 000	Share in %	in EUR 000	Share in %	% of
Non-current assets	1,711,875	83%	1,736,648	85%	(1%)
Current assets	344,675	17%	316,045	15%	9%
Total assets	2,056,550	100%	2,052,693	100%	(1%)
Equity	625,382	30%	621,389	30%	1%
Non-current liabilities	888,014	43%	893,520	44%	(1%)
Current liabilities	543,145	26%	537,784	26%	(1%)
Total equity and liabilities	2,056,550	100%	2,052,693	100%	1%

As at 30 June 2023, the Group's total assets amounted to EUR 2,056 million, representing a decrease of EUR 3.9 million compared to the balance as at 31 December 2022. Non-current assets decreased by EUR 24.8 million (1%) due to decreased (i) value of property, plant and equipment, (ii) decreased value of non-current receivables. Value of current assets increased by EUR 28.6 million (1%) as a result of (i) increased balance of cash and cash equivalents, by EUR 53.9 million, and (ii) decreased receivables from subsidiaries - in the amount of EUR 33.4 million.

In the structure of equity and liabilities, equity increased by the generated current year profit and the profit from valuation of financial assets. Total non-current liabilities decreased by EUR 5.5 million, resulting from decreased loans payable, after reclassification to current liabilities, and increased deferred income connected with greater recorded amount of assets provided free of charge (grants). Decrease in current liabilities in the amount of EUR 19.5 million was primarily the result of decreased trade payables.

MOST SIGNIFICANT RISKS AND UNCERTAINTIES TO WHICH ZAGREB HOLDING GROUP IS EXPOSED

MOST SIGNIFICANT RISKS TO WHICH THE GROUP IS EXPOSED

Zagreb Holding Group monitors and assesses risks on the micro and macro level. In addition, in defining the strategy, special attention is given to the impacts of short and medium-term risks to ensure the sustainability of the business over time.

Zagreb Holding Group's interest rate risk arises from long-term loans and leases and from issued bonds. Taking into account the fact that 64% of the long-term interest-bearing debt is contracted at a fixed interest rate, and for the remaining portion of the interest-bearing debt, which is tied to a variable interest rate, a derivative instrument for hedging against interest rate exposure has been contracted until December 31, 2025, the Company is minimally exposed to the risk of interest rate changes in the short and medium term. In the previous period, especially in H1 2023, interest rates rose on the market, which has potentially exposed the Company to the risk related with the fair interest rate value.

On the other hand, Zagreb Holding Group is no longer exposed to currency risk, after the Government of the Republic of Croatia issued a Decision on the Introduction of the Euro as the Official Currency in the Republic of Croatia (published in the Official Gazette 85/22). Based on that Decision, the euro became the official currency and legal tender in the Republic of Croatia as of 1 January 2023. Fixed exchange rate was set at HRK 7.53450 for EUR 1.

At Zagreb Holding Group level, liquidity risk is managed by constantly monitoring the planned cash flow, comparing it against the actual inflow and outflow of cash. However, the settlement of trade payables partly depends on the dynamics of collection from the City of Zagreb and, in the event of slower collection, Zagreb Holding may be prevented from settling its liabilities on the contractually agreed due dates. The risk connected with payments owed by the City of Zagreb is reflected in the likelihood that, in case of delayed payment from the City, the Group may be prevented to settle its capital expenses in accordance with the contracted terms. Consequently, the Group systematically monitors and manages the accounts receivable collection process. Moreover, by utilising the synergistic effects of its wide range of services, Zagreb Holding Group affects revenue growth and reduction of external service costs. Also, by commercialising and/or selling non-operating assets, it intends to decrease indebtedness and increase liquidity.

As a provider of services of general economic interest and an entity established by a local self-government unit, Zagreb Holding Group is exposed to the business environment risk and to the influence of regulators and the City of Zagreb when it comes to determining the prices of individual services. Some of the activities of the Company, including the pricing of services based on such activities, are partly under the influence of the City of Zagreb. On the other hand, the costs of providing services are under the influence of the market and inflationary impact on input costs, where prices can vary on a weekly or a monthly basis. The impact of regulatory legislation has negative implications on the activity of waste management and increased operating costs, including segments affected by inflationary trends and segments in which price changes are influenced by the City of Zagreb.

Zagreb Holding Group has no way of influencing legislative or regulatory changes, but finds the potential for annulling negative financial consequences of regulatory and macroeconomic – mostly inflationary – changes primarily in responsible corporate governance and relying on synergy between all subsidiaries, with a view to minimising potentially negative financial implications in individual operating segments.

STATEMENT OF PERSONS RESPONSIBLE FOR PREPARATION OF FINANCIAL STATEMENTS

OF ZAGREB HOLDING GROUP IN ACCORDANCE WITH THE CAPITAL MARKET ACT

We hereby declare that the following is true to our best knowledge:

- International Financial Reporting Standards were followed in the preparation of the unaudited consolidated financial statements of Zagreb Holding Group for the period from 1 January 2023 to 30 June 2023. The statements give a full and true view of the assets and liabilities, profits and losses, financial position and operations of the issuer.
- Consolidated Interim Management Report of Zagreb Holding Group for the period from 1 January 2023 to 30 June 2023 gives a true view of the development, performance and position of the issuer, along with a description of the major risks to which the issuer is exposed.

In Zagreb, 22 September 2023

Ivan Novaković
President of the Management Board

Dubravko Karačić
Member of the Management Board

Matija Subašić-Maras
Member of the Management Board

Damir Novinić
Member of the Management Board

UNAUDITED SEMI-
ANNUAL
CONSOLIDATED
FINANCIAL
STATEMENTS FOR THE
PERIOD
JAN – JUNE 2023



ZAGREBAČKI
HOLDING

ZAGREB HOLDING Ltd. and affiliated companies

Consolidated Profit and Loss Statement and Statement of Other Comprehensive Income

for January-June 2023

	Note	Jan-June 2023	Jan-June 2022
		EUR 000	restated EUR 000
OPERATING INCOME			
Sales income	3	302,254	263,168
Other operating income	4	73,641	33,416
Total		375,895	296,584
OPERATING EXPENSES			
Cost of material and services	5	(240,705)	(169,866)
Staff costs	6	(82,462)	(78,587)
Depreciation and amortisation		(27,346)	(26,703)
Value adjustment		(9,917)	(10,329)
Provisions		(298)	(153)
Other operating expenses		(4,198)	(3,815)
Total		(364,926)	(289,453)
NET OPERATING PROFIT		10,969	7,131
FINANCE INCOME			
		7,602	7,261
FINANCE EXPENSES	7	(17,847)	(12,523)
NET FINANCE EXPENSES		(10,245)	(5,262)
TOTAL INCOME		383,497	303,845
TOTAL EXPENSES		(382,773)	(301,976)
PROFIT BEFORE TAX		724	1,869
Tax expense/(income)		-	-
PROFIT FOR THE PERIOD		724	1,869
Attributable to:		724	1,869
owner of the Company		343	1,562
non-controlling interests		381	307
Other comprehensive income			
<i>Items that will never be reclassified under profit or loss</i>			
Real estate revaluation gains (net)		96	16
Profit from subsequent valuation of financial assets available for sale (net)		1,763	-
<i>Items that may be reclassified under profit or loss</i>			
Profit from effective cash flow hedging		1,815	-
Total comprehensive income for the period		4,398	1,885
Total comprehensive income attributable to:		4,398	1,885
owner of the Company		4,017	1,578
non-controlling interests		381	307

ZAGREB HOLDING Ltd. and affiliated companies
Consolidated Statement of Financial Position/Balance Sheet
as at 30 June 2023

		30 June 2023	31 December 2022
	Note	EUR 000	EUR 000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	1,281,859	1,295,251
Investment property		222,409	222,406
Right-of-use assets		1,558	1,896
Intangible assets		6,800	8,122
Financial assets	9	19,181	13,608
Non-current receivables	10	165,662	180,959
Deferred tax assets		14,406	14,406
Total non-current assets		1,711,875	1,736,648
CURRENT ASSETS			
Inventories		21,077	19,297
Receivables from related parties	11	66,380	99,810
Trade receivables and other receivables	12	154,659	148,232
Financial assets	13	3,759	3,831
Cash and cash equivalents	14	98,800	44,875
Total current assets		344,675	316,045
TOTAL ASSETS		2,056,550	2,052,693

ZAGREB HOLDING Ltd. and affiliated companies

Consolidated Statement of Financial Position/Balance Sheet

as at 30 June 2023

		30 June 2023	31 December 2022
	Note	EUR 000	EUR 000
CAPITAL AND RESERVES			
Share capital		421,666	421,666
Revaluation reserves	15	248,998	245,324
Other reserves		32,718	32,718
Accumulated loss		(79,176)	(79,519)
Non-controlling interests		1,176	1,200
Total capital and reserves		625,382	621,389
NON-CURRENT LIABILITIES			
Loans and leases payable	16	333,976	347,981
Provisions		36,352	36,952
Deferred income		425,608	413,952
Deferred tax liability		56,203	55,397
Other non-current liabilities		35,875	39,238
Total non-current liabilities		888,014	893,520
CURRENT LIABILITIES			
Trade payables and other liabilities	17	166,868	180,254
Liabilities payable to related parties		3,281	4,032
Loans and leases payable	16	45,311	27,079
Liabilities for issued bonds		304,813	303,931
Current maturity of deferred income		22,881	22,376
Current corporate tax liability		-	112
Total current liabilities		543,154	537,784
TOTAL EQUITY AND LIABILITIES		2,056,550	2,052,693

ZAGREB HOLDING Ltd. and affiliated companies

Consolidated Statement of Changes in Equity

for January-June 2023

EUR 000	Share capital	Revaluation reserves	Capital reserves from profit	Accumulated loss	Parent's ownership interest	Non-controlling interest	Total
Balance as at 31 December 2021	421,666	245,088	32,718	(85,888)	613,584	1,845	615,429
<i>Comprehensive income</i>							
Profit for the year	-	-	-	6,369	6,369	405	6,774
Gains on valuation of financial assets (net)	-	67	-	-	67	-	67
Real estate revaluation gains (net)	-	169	-	-	169	-	169
Other comprehensive income	-	236	-	-	236	-	236
Total comprehensive income	-	236	-	6,369	6,605	405	7,010
<i>Transactions with owners recognised directly in equity</i>							
Payment of profit to non-controlling (minority) interests	-	-	-	-	-	(1,050)	(1,050)
Total transactions with owners recognised directly in equity	-	-	-	-	-	(1,050)	(1,050)
Balance as at 31 December 2022	421,666	245,324	32,718	(79,519)	620,189	1,200	621,389
<i>Comprehensive income</i>							
Profit for the year	-	-	-	343	343	381	724
Profit from subsequent valuation of financial assets	-	1,763	-	-	1,763	-	1,763
Profit from effective cash flow hedging	-	1,815	-	-	1,815	-	1,815
Real estate revaluation gains (net)	-	96	-	-	96	-	96
Other comprehensive income	-	3,674	-	-	3,674	-	3,674
Total comprehensive income	-	3,674	-	343	4,017	381	4,398
<i>Transactions with owners recognised directly in equity</i>							
Payment of profit to non-controlling (minority) interests	-	-	-	-	-	(405)	(405)
Total transactions with owners recognised directly in equity	-	-	-	-	-	(405)	(405)
Balance as at 30 June 2023	421,666	248,998	32,718	(79,176)	624,206	1,176	625,382

The Group has been granted a long-term club loan of EUR 240 million and consequently, for the purpose of hedging against interest rate change, a derivative hedging instrument has been contracted - interest rate swap. Based on the foregoing, as at 30 June 2023, profit from effective cash flow hedging in the amount of EUR 1,815 thousand was recognised and it pertains to the effective portion of the change in the fair value of derivatives serving and presented as cash flow hedges.

ZAGREB HOLDING Ltd. and affiliated companies

Consolidated Cash Flow Statement

for January-June 2023

	Jan-June 2023	Jan-June 2022
	EUR 000	restated EUR 000
<i>Current period profit</i>	724	1,869
Finance expenses recognised in profit or loss	17,847	12,523
Investment income recognised in profit or loss	(7,602)	(7,261)
Value adjustment of current assets	9,908	10,253
Value adjustment of non-current assets	7	76
Depreciation/amortisation of non-current tangible/intangible assets	27,346	26,703
Decrease in long-term provisions	(600)	(4,186)
Increase/ (decrease) in deferred income on assets financed by others	11,656	(7,106)
Foreign exchange losses	-	(205)
Changes in working capital:		
Increase in inventories	(1,858)	(558)
Decrease in trade receivables	10,098	18,488
Decrease in receivables from related parties	32,587	16,186
Increase in receivables from employees	(3)	(3)
Increase in receivables from the state	(20,793)	(6,741)
Decrease in other receivables	204	2,798
Increase / (decrease) in trade payables and liabilities payable to related parties	2,375	(21,119)
Decrease in liabilities based on taxes and contributions	(4,404)	(2,288)
Increase in liabilities payable to employees	1,432	130
Decrease in other non-current liabilities	(3,363)	(9,001)
Increase / (decrease) in other current liabilities	14,136	(17,962)
<i>Net cash generated from operations</i>	61,425	12,596

ZAGREB HOLDING Ltd. and affiliated companies

Consolidated Cash Flow Statement

for January-June 2023

	Jan-June 2023	Jan-June 2022
		restated
	EUR 000	EUR 000
Cash flow from operating activities		
Cash generated from operations	61,425	12,596
Interest paid	(7,047)	(4,329)
Net cash from operating activities	54,378	8,267
Cash flow from investing activities		
Purchase of tangible and intangible assets and investment property	(12,199)	(15,196)
(Decrease) /increase in advance payments for non-current assets	(13)	6,976
Decrease in non-current receivables	15,180	10,342
(Increase)/decrease in financial assets	(1,918)	454
Interest charged	2,689	3,886
Payment of profit to non-controlling (minority) interests	(405)	(257)
Net cash used in investing activities	3,334	6,205
Cash flow from financing activities		
Loans and borrowings	337	96,657
Repayment of loans and borrowings	(4,124)	(90,302)
Net cash (used in)/generated from financial activities	(3,787)	6,355
Net increase in cash	53,925	20,827
Cash and cash equivalents as at 1 January	44,875	18,425
Cash and cash equivalents as at 30 June	98,800	39,252

1/GENERAL INFORMATION

Zagreb Holding Ltd., Zagreb ("the Company") is a limited liability company with registered office in the Republic of Croatia, at the address Ulica grada Vukovara 41, Zagreb. It is the parent company of Zagreb Holding Group ("the Group"), which operates in the Republic of Croatia, providing services of water distribution, cleaning and waste collection services, public road management and maintenance, parking services, warehousing and leasing services, landscaping and green space maintenance, construction management, project and facility management, management of electronic communication infrastructure and networks, gas sales and distribution, and sale of medications.

Management Board approved the issuing of these consolidated semi-annual financial statements for the period Jan-June 2023 on 22 September 2023.

The consolidated semi-annual financial statements were not audited.

2/BASIS FOR PREPARATION AND ACCOUNTING POLICIES

Bases for preparation of consolidated financial statements

The Group's consolidated financial statements for H1 2023 include the Group's separate financial statements and the financial statements of companies controlled by it (its affiliated companies).

The Group's consolidated financial statements have been prepared in accordance with the International Accounting Standard 34 – Interim Financial Reporting, as adopted by the EU, and they should be read in conjunction with the latest published annual financial statements, which are available on the Company's web pages <https://www.zgh.hr/o-nama-7/izvjesca/19>.

The enclosed summarised unaudited semi-annual financial statements do not contain all the information and disclosures that are mandatory in annual financial statements, however, they contain select disclosures.

Significant accounting policies

The semi-annual financial statements have been prepared based on the same accounting policies and methods of calculation used in the preparation of consolidated financial statements of the Group as at 31 December 2022.

The change in accounting policies in relation to the previously published consolidated annual financial statements pertains to the accounting treatment of derivative financial instruments (derivatives), specifically the accounting treatment of hedging (cash flow hedging), seeing as the Company has contracted an interest rate swap derivative instrument and fixed the variable portion of the contracted interest rate in order to hedge against the negative effect of further changes in the reference interest rate.

For hedge accounting purposes, hedges are classified as cash flow hedges when they protect against exposure to variability of cash flows that can be attributed to a specific risk associated with a recognized liability (loan).

At the inception of the hedging relationship, the Company formally designates and documents the hedging relationship it wishes to apply hedge accounting to, as well as the risk management objective and strategy for undertaking the hedge.

The documentation includes the identification of the hedging instrument, the hedged item, the nature of the risk being hedged, and how the Company will assess whether the hedge relationship meets the effectiveness requirements of hedge accounting (including an analysis of the sources of hedge ineffectiveness and how the hedge ratio is determined). The hedge relationship meets the criteria for hedge accounting if it satisfies all of the following effectiveness requirements:

- There is an "economic relationship" between the hedged item and the hedging instrument.
- The effect of credit risk does not "dominate the value changes" that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item.

Hedges that meet all the above criteria for hedge accounting are accounted for by recognizing the effective portion of the gain or loss from the hedging instrument in other comprehensive income under the cash flow hedge reserve, while any ineffective portion is immediately recognized in the profit and loss statement. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss from the hedging instrument and the cumulative change in fair value of the hedged item.

If cash flow hedge accounting is discontinued, the amount accumulated in other comprehensive income must remain accumulated if it is still expected to protect future cash flows. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, when a hedged cash flow arises, any remaining amount in the accumulated other comprehensive income must be accounted for depending on the nature of the underlying transaction as described above.

Key accounting estimates

In applying the Group's accounting policies, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revisions and future periods if the revision affects both current and future periods.

The current market situation and the Russo-Ukrainian conflict are still major sources of uncertainty and they require the management to make assessments and judgments when determining their impact on the financial position and performance. Related assumptions and estimates are reviewed regularly and they are based on events that can be reasonably assumed under the existing circumstances.

Furthermore, during the preparation of the consolidated financial statements for H1 2023, the management's significant judgements regarding changes in the Group's accounting policies and the key sources of uncertainty were identical to those described in the previously published annual financial statements.

3/SEGMENT INFORMATION

In accordance with *IFRS 8 Operating Segments*, the Group has identified operating segments based on internal reports on the Group's components, which are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segments and assess their performance. The Group has identified its operating segments based on the reports regularly reviewed by the Management Board and used for making strategic decisions. Operating segments have been identified based on the criterion of business activities of the Group's subsidiaries and affiliates, in which context nine business activities were found as representing individual operating segments, whereas the tenth segment represents all other business activities of the Group.

Operating segments are the following:

- 1/ Water distribution
- 2/ Cleaning and waste collection
- 3/ Public road management and maintenance
- 4/ Parking services
- 5/ Warehousing and leases
- 6/ Landscaping and green space maintenance
- 7/ Construction and project and facility management
- 8/ Gas sales and distribution
- 9/ Sale of medications
- 10/ Other activities.

The following is an analysis of the Group's revenues and operating results by reporting segments presented in accordance with IFRS 8. The presented sales revenue pertains to revenue generated from sales to external customers.

	Jan-June 2023	Jan-June 2022
	EUR 000	EUR 000
Income from gas sales and distribution	136,842	110,019
Income from sale of medications	31,157	27,711
Income from cleaning and waste collection	29,886	26,523
Income from water distribution	29,085	29,278
Income from public road management and maintenance	20,549	10,798
Income from parking services	11,060	9,973
Income from landscaping and green space maintenance	10,311	9,245
Income from construction and project and facility management	8,226	14,826
Income from warehousing and leases	6,347	5,829
Other income	18,791	18,966
	302,254	263,168

Other income comprises the following:

	Jan-June 2023	Jan-June 2022
	EUR 000	EUR 000
Income from funerary services	5,341	6,587
Income from markets	4,305	4,386
Income from travel agencies	2,620	2,373
Income from advertising services	2,225	1,977
Income from bus terminal services	1,908	1,743
Income from telecommunication line and network leasing	1,715	1,460
Income from sports facilities management	539	301
Income from publishing activities	138	139
	18,791	18,966

Revenues and results by segments for Jan-June 2023

HRK 000	Project and facility management	Water distribution	Cleaning and waste collection	Public road management and maintenance	Parking services	Warehousing and leases	Landscaping and green space maintenance	Gas sales and distribution	Sale of medications	Other	Elimination	Total
Revenue from sales to external customers	8,226	29,085	29,886	20,549	11,060	6,347	10,311	136,842	31,157	18,791	-	302,254
Intersegment sales	12,641	198	875	1,947	106	77	1,883	11,839	4	218	(29,788)	-
Total sales revenue	20,867	29,283	30,761	22,496	11,166	6,424	12,194	148,681	31,161	19,009	(29,788)	302,254
Expenses pertaining to other activities, net of other revenue from the main activity	(15,712)	(31,605)	(39,622)	(17,607)	(6,759)	(3,731)	(11,632)	(148,928)	(28,556)	(16,122)	28,989	(291,285)
Profit from operating activities	5,155	(2,322)	(8,861)	4,889	4,407	2,693	562	(247)	2,605	2,887	(799)	10,969
Finance income	7,083	583	121	157	57	22	9	780	1,016	49	(2,275)	7,602
Finance expenses	(14,569)	(389)	(4)	(34)	(6)	(8)	(2)	(1,357)	(13)	(2,717)	1,252	(17,847)
Net financial result	(7,486)	194	117	123	51	14	7	(577)	1,003	(2,668)	(1,023)	(10,245)
Profit before tax	(2,331)	(2,128)	(8,744)	5,012	4,458	2,707	569	(824)	3,608	219	(1,822)	724

Revenues and results by segments for Jan-June 2022

HRK 000	Project and facility management	Water distribution	Cleaning and waste collection	Public road management and maintenance	Parking services	Warehousing and leases	Landscaping and green space maintenance	Gas sales and distribution	Sale of medications	Other	Elimination	Total
Revenue from sales to external customers	14,826	29,278	26,523	10,798	9,973	5,829	9,245	110,019	27,711	18,966	-	263,168
Intersegment sales	5,991	204	631	1,184	103	168	950	14,647	1	208	(24,087)	-
Total sales revenue	20,817	29,482	27,154	11,982	10,076	5,997	10,195	124,666	27,712	19,174	(24,087)	263,168
Expenses pertaining to other activities, net of other revenue from the main activity	(18,399)	(28,343)	(32,128)	(15,659)	(6,485)	(4,547)	(10,904)	(121,938)	(26,079)	(15,907)	24,352	(256,037)
Profit from operating activities	2,418	1,139	(4,974)	(3,677)	3,591	1,450	(709)	2,728	1,633	3,267	265	7,131
Finance income	7,929	513	255	72	68	6	1	860	462	78	(2,983)	7,261
Finance expenses	(9,829)	(112)	(52)	(140)	(14)	(26)	(33)	(431)	(21)	(2,498)	633	(12,523)
Net financial result	(1,900)	401	203	(68)	54	(20)	(32)	429	441	(2,420)	(2,350)	(5,262)
Profit before tax	518	1,540	(4,771)	(3,745)	3,645	1,430	(741)	3,157	2,074	847	(2,085)	1,869

Assets and liabilities by segments as at 30 June 2023

HRK 000	Project and facility management	Water distribution	Cleaning and waste collection	Public road management and maintenance	Parking services	Warehousing and leases	Landscaping and green space maintenance	Gas sales and distribution	Sale of medications	Other	Elimination	Total
Property, plant and equipment	94,545	561,409	57,446	34,645	10,336	40,135	47,441	102,819	4,904	292,713	35,466	1,281,859
Right-of-use assets	35	378	-	19	262	113	33	272	534	292	(380)	1,558
Intangible assets	1,678	2,922	885	48	2	88	58	546	47	309	217	6,800
Investment property	102,147	-	-	-	-	180,120	47	516	-	-	(60,421)	222,409
Inventories	3,562	1,362	995	3,641	94	107	2,219	559	7,539	999	-	21,077
Trade receivables, net	1,751	45,463	8,406	1,056	1,651	847	388	19,741	10,893	6,719	-	96,915
Unallocated assets	670,684	28,056	8,879	65,679	27,133	17,500	16,492	70,759	29,610	104,753	(613,613)	425,932
Total assets	874,402	639,590	76,611	105,088	39,478	238,910	66,678	195,212	53,527	405,785	(638,731)	2,056,550
Bonds issued	304,813	-	-	-	-	-	-	-	-	-	-	304,813
Trade payables	3,112	22,388	4,295	3,299	654	598	1,395	56,447	5,586	4,806	-	102,580
Liabilities to employees	1,261	1,400	2,264	783	414	139	806	947	561	883	-	9,458
Equity and unallocated liabilities	565,216	615,802	70,052	101,006	38,410	238,173	64,477	137,818	47,380	400,096	(638,731)	1,639,699
Total equity and liabilities	874,402	639,590	76,611	105,088	39,478	238,910	66,678	195,212	53,527	405,785	(638,731)	2,056,550
Other segment information												
Capital expenditure:	11	6,561	2,346	5	-	69	1	1,986	81	822	-	11,882
Property, plant and equipment	10	6,508	2,316	5	-	69	1	1,980	81	805	-	11,775
Intangible assets	1	53	30	-	-	-	-	6	-	17	-	107
Depreciation/amortisation and impairment	261	13,585	2,586	598	799	294	593	6,485	349	1,796	-	27,346

Assets and liabilities by segments as at 31 December 2022

	Project and facility management	Water distribution	Cleaning and waste collection	Public road management and maintenance	Parking services	Warehousing and leases	Landscaping and green space maintenance	Gas sales and distribution	Sale of medications	Other	Elimination	Total
HRK 000												
Property, plant and equipment	94,592	567,059	57,579	35,235	11,078	40,274	48,028	107,147	4,975	293,817	35,467	1,295,251
Right-of-use assets	52	741	-	20	50	188	39	374	689	358	(615)	1,896
Intangible assets	1,748	3,888	1,004	48	5	100	63	626	90	334	216	8,122
Investment property	102,147	-	-	-	-	180,118	46	516	-	-	(60,421)	222,406
Inventories	3,772	865	855	4,241	93	105	2,047	357	5,803	1,159	-	19,297
Trade receivables, net	1,864	52,643	8,672	405	1,544	790	134	36,935	9,827	3,171	-	115,985
Unallocated assets	679,956	19,537	10,082	58,516	22,209	14,371	12,558	39,846	27,266	102,090	(596,695)	389,736
Total assets	884,131	644,733	78,192	98,465	34,979	235,946	62,915	185,801	48,650	400,929	(622,048)	2,052,693
Bonds issued	303,931	-	-	-	-	-	-	-	-	-	-	303,931
Trade payables	3,987	19,096	5,405	4,174	855	747	2,010	54,019	5,256	3,905	-	99,454
Liabilities to employees	627	1,200	1,973	711	407	219	730	673	633	852	-	8,025
Equity and unallocated liabilities	575,586	624,437	70,814	93,580	33,717	234,980	60,175	131,109	42,761	396,172	(622,048)	1,641,283
Total equity and liabilities	884,131	644,733	78,192	98,465	34,979	235,946	62,915	185,801	48,650	400,929	(622,048)	2,052,693
Other segment information												
Capital expenditure:	1,067	18,049	985	64	25	145	1,272	4,396	172	3,187	-	29,362
Property, plant and equipment	352	17,851	958	64	25	69	1,272	4,297	144	3,052	-	28,084
Intangible assets	715	198	27	-	-	76	-	99	28	135	-	1,278
Depreciation/amortisation and impairment	708	25,450	5,314	1,352	1,615	608	1,078	13,786	719	3,666	-	54,296

4/ OTHER OPERATING INCOME

	Jan-June 2023	Jan-June 2022
	EUR 000	restated EUR 000
Income from reversal of provisions	5,162	11,658
Income from reversal of deferred income recognition	10,846	10,777
Income from subsidies, grants and refunds	47,551	2,865
Collected receivables written off	3,931	3,725
Internally realized gains	1,497	1,748
Income from damages	321	278
Other (total immaterial items)	4,333	2,365
	73,641	33,416

Income from subsidies, grants and refunds was mostly received from the City of Zagreb and the Republic of Croatia and it includes:

- grants from the City's budget intended for purposes approved by the City Assembly
- Agreement on Financing the Lease of Arena Zagreb
- State subsidies for electricity based on the Regulation of the Government of the Republic of Croatia on Elimination of Disturbances in the Domestic Energy Market in the amount of EUR 19,581 thousand (Official Gazette 104/22, 106/22 and 121/22), as well as a refund of EUR 24,644 thousand in accordance with the Regulation on the Elimination of Disturbances in the Domestic Energy Market (Official Gazette 31/23) and the Regulation on Amendments to the Regulation on Elimination of Disturbances in the Domestic Energy Market (Official Gazette 74/23), which prescribe the conditions and procedure for compensating the difference in the cost of supply if a natural gas trader or supplier, in the period from 1 April 2023 to 31 March 2024, supplies gas to a supplier obligated to provide the public service based on a natural gas sale contract concluded before 1 April 2023, and if such gas was purchased and paid for (procured) for the supplier obligated to provide the public service at an average procurement price of gas which is higher than the price determined by the Regulation.

	Jan-June 2023	Jan-June 2022
	EUR 000	EUR 000
Subsidies and grants from the City of Zagreb	1,556	1,522
Subsidies, grants and refunds from the Republic of Croatia and other subsidies, grants and refunds	45,995	1,343
	47,551	2,865

5/COST OF MATERIAL AND SERVICES

	Jan-June 2023	Jan-June 2022 restated
	EUR 000	EUR 000
Costs of raw materials and supplies	9,303	6,065
Costs of energy consumption	30,487	8,633
Small inventory write-off	486	816
a) Total cost of material	40,276	15,514
b) Changes in the value of inventories of work in progress and finished products	264	107
c) Costs of goods sold	162,352	114,436
Rent and lease services	2,563	2,344
Maintenance services	6,844	5,164
Municipal services and fees	7,373	6,599
Costs of subcontractors	5,308	12,922
Intellectual services	1,241	1,732
Transport service costs	3,667	2,632
Insurance premiums	1,039	777
Data processing and software maintenance services	2,683	2,440
Advertising and promotion services	135	96
Bank services and transaction costs	780	743
Other external services	6,180	4,360
d) Total external services	37,813	39,809
	240,705	169,866

6/STAFF COSTS

	Jan-June 2023	Jan-June 2022 restated
	EUR 000	EUR 000
Net salary and remuneration costs	44,236	43,574
Salary tax and contribution costs	27,109	25,665
Compensation of employees' costs and expenses for other employee benefits	13,494	11,213
Decrease due to costs of severance pay provisions and compensation for collective redundancy	(2,377)	(1,865)
	82,462	78,587
Number of employees as at period end	7,067	7,498
Average number of employees based on hours worked	6,855	7,298
	82,462	78,587
	78,156	74,348
Staff costs	82,462	78,587
Income from reversal of provisions for unused vacation days	(4,306)	(4,239)
	78,156	74,348

7/ FINANCE EXPENSES

	Jan-June 2023	Jan-June 2022
		restated
	EUR 000	EUR 000
Interest expenses	15,719	10,609
Costs of discounts and bond issuance	1,134	1,204
Related-party interest expenses	7	32
Other expenses from interest	987	654
Negative exchange rate differences	-	24
	17,847	12,523

8/ PROPERTY, PLANT AND EQUIPMENT

HRK 000	Land	Buildings	Plant and equipment	Means of transport and tools	Other tangible assets	Tangible assets in preparation	Total tangible assets
PURCHASE COST							
Balance as at 1 Jan 2022	436,565	1,667,670	165,812	98,824	6,171	65,893	2,440,935
Newly purchased items	15	3,367	2,487	159	-	22,055	28,083
Transfer from assets in preparation	20	12,722	4,912	226	-	(18,321)	(441)
Reclassifications (transfers to/from)	-	1,221	260	13	-	(1,637)	(143)
Revaluation	205	-	-	-	-	-	205
Write-off, alienation and sale	(15)	(3,565)	(5,182)	(1,898)	(4)	(215)	(10,879)
Balance as at 31 December 2022	436,790	1,681,415	168,289	97,324	6,167	67,775	2,457,760
Newly purchased items	-	408	1,105	123	-	10,139	11,775
Transfer from assets in preparation	-	6,936	1,192	38	-	(8,197)	(31)
Reclassifications (transfers to/from)	(1,156)	1,156	1	(1)	-	6	6
Write-off, alienation and sale	-	(9)	(2,418)	(305)	-	-	(2,732)
Revaluation	117	-	-	-	-	-	117
Balance as at 30 June 2023	435,751	1,689,906	168,169	97,179	6,167	69,723	2,466,895
VALUE ADJUSTMENT							
Balance as at 1 January 2022	6,824	907,787	121,494	80,794	17	4,912	1,121,828
Depreciation and amortisation	-	37,527	9,291	4,581	-	118	51,517
Value adjustment	-	-	-	-	-	18	18
Reclassifications (transfers to/from)	-	22	9	(29)	-	-	2
Write-off, alienation and sale	-	(3,547)	(5,087)	(1,886)	-	(168)	(10,688)
Balance as at 31 December 2022	6,824	941,789	125,707	83,460	17	4,880	1,162,677
Depreciation and amortisation	-	18,288	4,955	2,147	-	(118)	25,272
Value adjustment	-	-	1	-	-	6	7
Reclassifications (transfers to/from)	-	-	1	(1)	-	-	-
Write-off, alienation and sale	-	(7)	(2,395)	(304)	-	-	(2,706)
Balance as at 30 June 2023	6,824	960,070	128,269	85,302	17	4,768	1,185,250
NET CARRYING AMOUNT							
Balance as at 1 January 2022	429,741	759,883	44,318	18,030	6,154	60,981	1,319,107
Balance as at 31 December 2022	429,966	739,626	42,582	13,864	6,150	62,895	1,295,083
Balance as at 30 June 2023	428,927	729,836	39,900	11,877	6,150	64,955	1,281,645

	30 June 2023	31 December 2022
	EUR 000	EUR 000
Net value without advance payments	1,281,645	1,295,083
Advances for purchase of tangible assets	214	168
Property, plant, equipment and advance payments	1,281,859	1,295,251

9/ FINANCIAL ASSETS

Financial assets are as follows:

	30 June 2023	31 December 2022
	EUR 000	EUR 000
/i/ Financial assets at FVTPL		
Investments in shares (Note 13)	100	100
/ii/ Financial assets at amortised cost		
Deposits with maturity of over one year	10,817	9,608
<i>Non-current portion</i>	<i>10,817</i>	<i>9,608</i>
Deposits with maturity up to one year	-	100
Deposits for resolving matters regulated under property law	3,074	3,059
Other held-to-maturity securities	585	572
	<u>3,659</u>	<u>3,731</u>
<i>Financial assets at amortised cost - current portion (Note 13)</i>	<i>3,659</i>	<i>3,731</i>
<i>Financial assets at amortised cost - non-current portion</i>	<i>10,817</i>	<i>9,608</i>
/iii/ Financial assets at FVTOCI		
Investments in shares	6,150	4,000
Derivative financial instrument - interest rate swap	2,214	-
	<u>8,364</u>	<u>4,000</u>
Financial assets - total current portion (Note 13)	3,759	3,831
Financial assets - total current portion	19,181	13,608

Financial assets at FVTPL pertain to minority interests in banks and other business entities which are not significantly affected by the Company.

Financial assets carried at amortized cost pertain to deposits, with the most significant being long-term deposits serving as guarantee for the repayment of loan and lease contract obligations, which mature upon the final repayment of the obligations.

Financial assets at FVTOCI pertain to investments in shares in the company Medika d.d. (1,025 shares) and the fair value of the interest rate swap.

10/NON-CURRENT RECEIVABLES

	30 June 2023	31 December 2022
	EUR 000	EUR 000
Non-current portion		
Receivables from related parties /i/	97,294	108,032
Loan receivables	478	621
Receivables under credit sales	81	99
Other receivables /ii/	67,809	72,207
	165,662	180,959

/i/ Receivables from related parties:

	30 June 2023	31 December 2022
	EUR 000	EUR 000
Receivables from the member of the Company	134,529	148,316
Discounting of receivables from the member of the	(18,878)	(22,000)
Value adjustment of receivables from the member of the Company	(1,216)	(1,216)
Value adjustment of receivables based on indexation	(2,774)	(2,281)
1 Total receivables from the member of the	111,661	122,819
<i>Of that, current portion (Note 11)</i>	<i>25,242</i>	<i>27,889</i>
2 Loans granted to related parties	15,980	15,980
<i>Of that, current portion (Note 11)</i>	<i>5,105</i>	<i>2,878</i>
Total receivables from related parties (1+2)	127,641	138,799
<i>Total current portion</i>	<i>30,347</i>	<i>30,767</i>
<i>Total non-current portion</i>	<i>97,294</i>	<i>108,032</i>

Receivables from the member of the Company represent receivables from the City of Zagreb pertaining to the financing of 50% of the costs of lease of sports facility Arena Zagreb in the net amount of EUR 35,836 thousand (2022: EUR 36,778 net), receivables under agreements on multiannual lease of public purpose facilities (schools, kindergartens, swimming pools), which the Company presented as non-current receivables from the City of Zagreb as the lessee, in accordance with IFRIC 12 *Service Concession Arrangements*, in the amount of EUR 66,019 thousand (2022: EUR 70,014 thousand). The agreed lease term ranges from 7 to 13 years, with four agreements ending in 2023, three in 2028, one in 2032 and one in 2035. Rent is payable on a monthly basis. Under the agreement, the Group is responsible to provide investment management and maintenance of the facilities for the entire duration of the agreement, the costs of such maintenance and management being included in the calculation of monthly rent. Receivables under lease agreements amount to EUR 9,806 thousand (as at 31/12/2022: EUR 16,027 thousand).

Loans granted to related parties outside the Group pertain to loans granted to Zagreb Electric Tram Ltd. and Zagreb Fair Ltd. Loans granted to related companies are subject to interest charged at the rate equal to market rates at the time of loan granting, 3.88%. Loan agreements are concluded for a term of 10 years, with collateral. As a result of increased credit risk, in accordance with IFRS 9 *Financial Instruments*, the Group recognized impairment of loan receivables in its statement of comprehensive income.

10/NON-CURRENT RECEIVABLES (continued)

/ii/ Other receivables:

	30 June 2023	31 December 2022
	EUR 000	EUR 000
Receivables from the Republic of Croatia	39,367	39,816
Value adjustment of receivables from the Republic of Croatia	(3,531)	(3,038)
Other receivables	39,346	43,047
Current maturity of other receivables	(7,375)	(7,617)
	67,809	72,207

11/RECEIVABLES FROM RELATED PARTIES

	30 June 2023	31 December 2022
	EUR 000	EUR 000
Receivables from the member of the Company and other related parties /i/	36,033	68,953
Current maturity of non-current receivables from the member of the Company (Note 10)	25,242	27,889
Current maturity of loans granted to related parties (Note 10)	5,105	2,878
Calculated interest on loans granted to related parties	-	90
	66,380	99,810

/i/ On 30 December 2022, the Company concluded the Agreement on the Settlement of Costs of Construction Waste Storage and Recovery with the City of Zagreb, which relates to the waste caused by the earthquake which hit the city on 22 March 2020. This agreement allowed Zagreb Holding, subsidiary Zagreb Roads, to settle the costs of storing and recovering the waste, which amount to EUR 33,945 thousand. The costs were fully settled during March and April 2023 through grants from the EU Solidarity Fund (EUSF) for financing the repairs following earthquake damage in the City of Zagreb, for which the City of Zagreb was an applicant.

Loans granted to related parties pertain to the current maturity of long-term loans. Interest rate on long-term loans is 3.88%.

12/ TRADE RECEIVABLES AND OTHER RECEIVABLES

	30 June 2023	31 December 2022
	EUR 000	EUR 000
Trade receivables	96,915	115,985
Receivables from employees	49	46
Receivables from the state and other institutions /i/	36,942	16,150
Other receivables /ii/	20,753	16,051
	154,659	148,232

/i/ Receivables from the state and other institutions mostly pertain to receivables based on electricity subsidies and price difference compensation for gas (refer to Note 4). In accordance with the provisions of the Regulation on Elimination of Disturbances in the Domestic Energy Market (Official Gazette 31/23, Official Gazette 74/23), the affiliated company Zagreb City Gasworks Supply Ltd., as a supplier obligated to provide the public service, has submitted an application for price difference compensation to the competent Ministry for the period from 1 April to 30 June 2023 (Note 18 /iii/).

/ii/ Other receivables pertain to:

	30 June 2023	31 December 2022
	EUR 000	EUR 000
Prepaid expenses and accrued income	8,712	4,349
Current maturity of non-current receivables	8,351	8,687
Advance payments made	1,700	1,838
Receivables from insurance companies and receivables based on damages	165	164
Other receivables	1,865	1,277
Value adjustment of advance payments made	(39)	(264)
	20,753	16,051

13/ FINANCIAL ASSETS

	30 June 2023	31 December 2022
	EUR 000	EUR 000
Financial assets at FVTPL (Note 9)	100	100
Financial assets at amortised cost (Note 9)	3,659	3,731
	3,759	3,831

14/ CASH AND CASH EQUIVALENTS

	30 June 2023	31 December 2022
	EUR 000	EUR 000
Giro account	66,847	42,191
Cash on hand	225	286
Giro account – foreign currency	616	2,262
Other cash assets	31,112	136
	98,800	44,875

Out of other cash assets recognised as at 30 June 2023 in the amount of EUR 31,112 thousand (31 Dec 2022: EUR 136 thousand), EUR 31,000 thousand pertains to term deposits with commercial banks with a maturity of up to three months, which are treated as cash equivalents.

15/ REVALUATION RESERVES

Revaluation reserves

a/ Real estate and land revaluation reserves

	30 June 2023	31 December 2022
	EUR 000	EUR 000
Balance at beginning of year	242,152	241,983
Additions from revaluation (net)	96	169
Balance at end of period	242,248	242,152

b/ Reserves from change in fair value of financial assets at FVOCI

	30 June 2023	31 December 2022
	EUR 000	EUR 000
Balance at beginning of year	3,172	3,105
Real estate revaluation (net)	-	67
Valuation of financial assets (net) / equity securities	1,763	-
Valuation of financial assets (net) / interest rate swap	1,815	-
Balance at end of period	6,750	3,172
Revaluation reserves total (a+b)	248,998	245,324

16/ LOANS AND LEASES PAYABLE

	30 June 2023	31 December 2022
	EUR 000	EUR 000
Long-term loans		
Loans and borrowings	264,193	275,931
Financial lease	69,783	72,050
	333,976	347,981
Short-term loans		
Loans and borrowings	23,478	12,899
Financial lease	5,486	5,845
Other (interest)	16,347	8,335
	45,311	27,079
Total loans and leases	379,287	375,060

17/ TRADE PAYABLES AND OTHER LIABILITIES

	30 June 2023	31 December 2022
	EUR 000	EUR 000
Trade payables	102,580	99,454
Advances, deposits and guarantees payable	4,003	4,016
Liabilities payable to employees with respect to net salaries and benefits	9,458	8,025
Other liabilities	50,827	68,759
	166,868	180,254

18/ EVENTS AFTER THE DATE OF CONSOLIDATED FINANCIAL STATEMENTS

/i/ After the conducted public call for applications, on 29 June 2023 the Company's Assembly appointed Damir Novinić as a new member of the Management Board and he entered into office on 1 August 2023.

/ii/ On 12 July 2023, the Company successfully issued sustainability-linked bonds in the domestic capital market. The bonds, with maturity in 2028, were issued in the total nominal amount of EUR 305 million, with a fixed annual interest rate of 4.90%. Net income from bond issuance will be used to repay the existing bonds as they mature, totalling a nominal amount of HRK 2.3 billion, with final maturity on 15 July 2023 (designated as ZGHO-O-237A, ISIN: HRZGHOO237A3).

/iii/ In a meeting held on 6 July 2023, the Government of the Republic of Croatia adopted the Regulation on Amendments to the Regulation on Elimination of Disturbances in the Domestic Energy Market (Official Gazette 74/2023). These amendments include a mechanism for compensating the difference between the price of gas purchased and paid (procured) by the supplier obligated to provide the public service of gas supply (calculated based on the average purchase price of gas procured by that supplier) and the price determined by the Methodology for determining the amounts of tariff items for public gas supply and guaranteed supply, applicable for the period from 1 April 2023 to 31 March 2024, under which the supplier obligated to provide the public service is required to sell gas to end customers using that public service. In accordance with the Regulation on Elimination of Disturbances in the Domestic Energy Market, Zagreb City Gasworks - Supply Ltd. filed an application to the Ministry of Economy and Sustainable Development for the second quarter of 2023 for compensation of the difference between the regulated cost of gas procurement and the cost of gas procurement from the gas supply contract concluded with the supplier.

Annex 1		
ISSUER'S GENERAL DATA		
Reporting period:	1.1.2023	to 30.6.2023
Year:	2023	
Semmi-annual period:	1	
Semmi-annual financial statements		
Registration number (MB):	03677702	Issuer's home Member State code: HR
Entity's registration number (MBS):	080042653	
Personal identification number (OIB):	85584865987	LEI: 4780090ND4TXRKK075
Institution code:	5790	
Name of the issuer:	ZAGREBAČKI HOLDING d.o.o.	
Postcode and town:	10000	ZAGREB
Street and house number:	ULICA GRADA VUKOVARA 41	
E-mail address:	zgh-royal-blue@zgh.hr	
Web address:	www.zgh.hr	
Number of employees (end of the reporting period):	7067	
Consolidated report:	KD	(KN-not consolidated/KD-consolidated)
Audited:	RN	(RN-not audited/RD-audited)
Names of subsidiaries (according to IFRS):	Registered office:	MB:
GRADSKA LJEKARNA ZAGREB	ZAGREB, KRALJA DRŽISLAVA 4	1269739
GRADSKA PLINARA ZAGREB D.O.O.	ZAGREB, RADNIČKA CESTA 1	3276066
GRADSKA PLINARA ZAGREB OPSKRBA D.O.O.	ZAGREB, RADNIČKA CESTA 1	2371090
TAMBENO KOMUNALNO GOSPODARSTVO D.O.O.	ZAGREB, SAVSKA CESTA 1	4123433
VODOOPSKRBA I ODVODNJA D.O.O.	ZAGREB, FOLNEGOVIĆEVA 1	4123425
ZAGREB PLAKAT D.O.O.	ZAGREB, HEBRANGOVA 32	2076543
Bookkeeping firm:	No (Yes/No)	(name of the bookkeeping firm)
Contact person:	Smolković Vlatka (only name and surname of the contact person)	
Telephone:	+385 (0)1 6420 701	
E-mail address:	vlatka.smolkovic@zgh.hr	
Audit firm:	(name of the audit firm)	
Certified auditor:	(name and surname)	

ZAGREB HOLDING Ltd. and affiliated companies
ADDENDUM: SEMI-ANNUAL FINANCIAL STATEMENTS

for January-June 2023

BALANCE SHEET
balance as at 30.06.2023

in EUR

Submitter: ZAGREBAČKI HOLDING d.o.o.			
Item	ADP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID	001	0	0
B) FIXED ASSETS (ADP 003+010+020+031+036)	002	1,736,748,281	1,711,875,350
I INTANGIBLE ASSETS (ADP 004 to 009)	003	8,121,961	6,800,473
1 Research and development	004	60,631	42,488
2 Concessions, patents, licences, trademarks, software and other rights	005	4,139,046	3,490,302
3 Goodwill	006	216,522	216,522
4 Advances for the purchase of intangible assets	007	0	0
5 Intangible assets in preparation	008	2,963,998	2,242,008
6 Other intangible assets	009	741,764	809,153
II TANGIBLE ASSETS (ADP 011 to 019)	010	1,519,553,066	1,505,826,038
1 Land	011	429,965,986	428,926,894
2 Buildings	012	739,625,693	729,835,845
3 Plant and equipment	013	42,581,890	39,899,652
4 Tools, working inventory and transportation assets	014	13,864,411	11,877,430
5 Biological assets	015	0	0
6 Advances for the purchase of tangible assets	016	168,076	213,808
7 Tangible assets in preparation	017	62,895,241	64,955,993
8 Other tangible assets	018	8,045,238	7,707,862
9 Investment property	019	222,406,531	222,408,554
III FIXED FINANCIAL ASSETS (ADP 021 to 030)	020	27,430,321	31,438,624
1 Investments in holdings (shares) of undertakings within the group	021	0	0
2 Investments in other securities of undertakings within the group	022	0	0
3 Loans, deposits, etc. to undertakings within the group	023	13,101,746	11,779,822
4. Investments in holdings (shares) of companies linked by virtue of participating interests	024	4,095,526	6,150,000
5 Investment in other securities of companies linked by virtue of participating interests	025	0	0
6 Loans, deposits etc. to companies linked by virtue of participating interests	026	0	0
7 Investments in securities	027	2,391	0
8 Loans, deposits, etc. given	028	620,944	477,670
9 Other investments accounted for using the equity method	029	0	0
10 Other fixed financial assets	030	9,609,714	13,031,132
IV RECEIVABLES (ADP 032 to 035)	031	167,236,955	153,404,238
1 Receivables from undertakings within the group	032	94,929,906	85,514,738
2 Receivables from companies linked by virtue of participating interests	033	0	0
3 Customer receivables	034	99,471	81,239
4 Other receivables	035	72,207,578	67,808,261
V DEFERRED TAX ASSETS	036	14,405,978	14,405,977
C) CURRENT ASSETS (ADP 038+046+053+063)	037	311,595,777	335,963,409
I INVENTORIES (ADP 039 to 045)	038	19,297,188	21,077,027
1 Raw materials and consumables	039	7,648,327	8,076,306
2 Production in progress	040	3,782,472	3,708,179
3 Finished goods	041	1,760,332	1,351,774

ZAGREB HOLDING Ltd. and affiliated companies
ADDENDUM: SEMI-ANNUAL FINANCIAL STATEMENTS

for January-June 2023

4 Merchandise	042	5,949,678	7,760,155
5 Advances for inventories	043	156,379	180,613
6 Fixed assets held for sale	044	0	0
7 Biological assets	045	0	0
II RECEIVABLES (ADP 047 to 052)	046	239,701,162	206,278,073
1 Receivables from undertakings within the group	047	96,842,131	61,274,268
2 Receivables from companies linked by virtue of participating interests	048	0	0
3 Customer receivables	049	115,984,614	96,914,501
4 Receivables from employees and members of the undertaking	050	45,856	48,829
5 Receivables from government and other institutions	051	16,149,994	36,943,475
6 Other receivables	052	10,678,567	11,097,000
III CURRENT FINANCIAL ASSETS (ADP 054 to 062)	053	7,722,679	9,807,930
1 Investments in holdings (shares) of undertakings within the group	054	0	0
2 Investments in other securities of undertakings within the group	055	0	0
3 Loans, deposits, etc. to undertakings within the group	056	2,967,813	5,104,911
4 Investments in holdings (shares) of companies linked by virtue of participating interests	057	0	0
5 Investment in other securities of companies linked by virtue of participating interests	058	0	0
6 Loans, deposits etc. to companies linked by virtue of participating interests	059	0	0
7 Investments in securities	060	0	0
8 Loans, deposits, etc. given	061	1,023,777	943,711
9 Other financial assets	062	3,731,089	3,759,308
IV CASH AT BANK AND IN HAND	063	44,874,748	98,800,379
D) PREPAID EXPENSES AND ACCRUED INCOME	064	4,349,229	8,711,664
E) TOTAL ASSETS (ADP 001+002+037+064)	065	2,052,693,287	2,056,550,423
OFF-BALANCE SHEET ITEMS	066	125,155,897	124,128,142
LIABILITIES			
A) CAPITAL AND RESERVES (ADP 068 to 070+076+077+083+086+089)	067	621,389,864	625,382,878
I INITIAL (SUBSCRIBED) CAPITAL	068	421,666,149	421,666,149
II CAPITAL RESERVES	069	0	0
III RESERVES FROM PROFIT (ADP 071+072-073+074+075)	070	32,718,029	32,718,029
1 Legal reserves	071	0	0
2 Reserves for treasury shares	072	0	0
3 Treasury shares and holdings (deductible item)	073	0	0
4 Statutory reserves	074	0	0
5 Other reserves	075	32,718,029	32,718,029
IV REVALUATION RESERVES	076	242,151,404	242,246,940
V FAIR VALUE RESERVES AND OTHER (ADP 078 to 082)	077	3,172,469	6,751,173
1 Financial assets at fair value through other comprehensive income (i.e. available for sale)	078	3,172,469	4,935,796
2 Cash flow hedge - effective portion	079	0	1,815,377
3 Hedge of a net investment in a foreign operation - effective portion	080	0	0
4 Other fair value reserves	081	0	0
5 Exchange differences arising from the translation of foreign operations (consolidation)	082	0	0
VI RETAINED PROFIT OR LOSS BROUGHT FORWARD (ADP 084-085)	083	-85,887,839	-79,518,568
1 Retained profit	084	0	0
2 Loss brought forward	085	85,887,839	79,518,568
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 087-088)	086	6,369,271	343,090
1 Profit for the business year	087	6,369,271	343,090
2 Loss for the business year	088	0	0
VIII MINORITY (NON-CONTROLLING) INTEREST	089	1,200,381	1,176,065
B) PROVISIONS (ADP 091 to 096)	090	36,951,848	36,351,866

1 Provisions for pensions, termination benefits and similar obligations	091	9,997,126	9,997,126
2 Provisions for tax liabilities	092	0	0
3 Provisions for ongoing legal cases	093	16,913,389	16,341,966
4 Provisions for renewal of natural resources	094	8,178,604	8,178,604
5 Provisions for warranty obligations	095	28,560	0
6 Other provisions	096	1,834,169	1,834,170
C) LONG-TERM LIABILITIES (ADP 098 to 108)	097	442,615,538	426,053,847
1 Liabilities to undertakings within the group	098	1,454,912	1,323,455
2 Liabilities for loans, deposits, etc. of undertakings within the group	099	0	0
3 Liabilities to companies linked by virtue of participating interests	100	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	101	0	0
5 Liabilities for loans, deposits etc.	102	0	0
6 Liabilities to banks and other financial institutions	103	278,235,675	266,203,565
7 Liabilities for advance payments	104	0	0
8 Liabilities to suppliers	105	69,745,069	67,772,174
9 Liabilities for securities	106	0	0
10 Other long-term liabilities	107	37,783,070	34,551,301
11 Deferred tax liability	108	55,396,812	56,203,352
D) SHORT-TERM LIABILITIES (ADP 110 to 123)	109	537,783,835	543,153,944
1 Liabilities to undertakings within the group	110	4,031,565	3,280,697
2 Liabilities for loans, deposits, etc. of undertakings within the group	111	0	0
3 Liabilities to companies linked by virtue of participating interests	112	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	113	0	0
5 Liabilities for loans, deposits etc.	114	0	0
6 Liabilities to banks and other financial institutions	115	27,078,603	45,310,412
7 Liabilities for advance payments	116	4,015,589	4,002,708
8 Liabilities to suppliers	117	99,453,527	102,580,922
9 Liabilities for securities	118	303,931,174	304,813,148
10 Liabilities to employees	119	8,025,333	9,457,815
11 Taxes, contributions and similar liabilities	120	14,307,717	9,490,042
12 Liabilities arising from the share in the result	121	267,835	0
13 Liabilities arising from fixed assets held for sale	122	0	0
14 Other short-term liabilities	123	76,672,492	64,218,200
E) ACCRUALS AND DEFERRED INCOME	124	413,952,202	425,607,888
F) TOTAL – LIABILITIES (ADP 067+090+097+109+124)	125	2,052,693,287	2,056,550,423
G) OFF-BALANCE SHEET ITEMS	126	125,155,897	124,128,142

STATEMENT OF PROFIT OR LOSS
for the period 01.01.2023 to 30.06.2023

in EUR

Submitter: ZAGREBAČKI HOLDING d.o.o.			
Item	ADP code	Same period of the previous year	Current period
1	2	3	4
I OPERATING INCOME (ADP 002 to 006)	001	296,584,212	375,895,438
1 Income from sales with undertakings within the group	002	36,174,320	41,106,321
2 Income from sales (outside group)	003	226,993,558	261,147,491
3 Income from the use of own products, goods and services	004	1,747,830	1,496,989
4 Other operating income with undertakings within the group	005	1,521,719	3,783,342
5 Other operating income (outside the group)	006	30,146,785	68,361,295
II OPERATING EXPENSES (ADP 08+009+013+017+018+019+022+029)	007	289,452,489	364,926,147
1 Changes in inventories of work in progress and finished goods	008	106,869	263,558
2 Material costs (ADP 010 to 012)	009	169,758,629	240,441,134
a) Costs of raw materials and consumables	010	15,514,745	40,276,515
b) Costs of goods sold	011	114,435,891	162,351,569
c) Other external costs	012	39,807,993	37,813,050
3 Staff costs (ADP 014 to 016)	013	68,529,385	71,119,687
a) Net salaries and wages	014	43,138,580	44,096,818
b) Tax and contributions from salary costs	015	16,104,980	17,188,583
c) Contributions on salaries	016	9,285,825	9,834,286
4 Depreciation	017	26,703,444	27,345,872
5 Other costs	018	11,278,839	12,605,316
6 Value adjustments (ADP 020+021)	019	10,328,751	9,916,586
a) fixed assets other than financial assets	020	77,189	5,909
b) current assets other than financial assets	021	10,251,562	9,910,677
7 Provisions (ADP 023 to 028)	022	152,589	298,603
a) Provisions for pensions, termination benefits and similar obligations	023	0	0
b) Provisions for tax liabilities	024	0	0
c) Provisions for ongoing legal cases	025	152,589	298,603
d) Provisions for renewal of natural resources	026	0	0
e) Provisions for warranty obligations	027	0	0
f) Other provisions	028	0	0
8 Other operating expenses	029	2,593,983	2,935,391
III FINANCIAL INCOME (ADP 031 to 040)	030	7,260,688	7,601,830
1 Income from investments in holdings (shares) of undertakings within the group	031	0	0
2 Income from investments in holdings (shares) of companies linked by virtue of participating interests	032	196,849	220,375
3 Income from other long-term financial investment and loans granted to undertakings within the group	033	2,889,284	2,242,047
4 Other interest income from operations with undertakings within the group	034	9,790	563,023
5 Exchange rate differences and other financial income from operations with undertakings within the group	035	32,995	0
6 Income from other long-term financial investments and loans	036	0	0
7 Other interest income	037	1,001,916	1,108,791
8 Exchange rate differences and other financial income	038	438,826	315,170
9 Unrealised gains (income) from financial assets	039	2,650,210	3,122,229
10 Other financial income	040	40,818	30,195

IV FINANCIAL EXPENSES (ADP 042 to 048)	041	12,523,229	17,846,816
1 Interest expenses and similar expenses with undertakings within the group	042	4,046	4,886
2 Exchange rate differences and other expenses from operations with undertakings within the group	043	27,867	2,464
3 Interest expenses and similar expenses	044	10,625,327	15,718,355
4 Exchange rate differences and other expenses	045	23,909	335
5 Unrealised losses (expenses) from financial assets	046	0	0
6 Value adjustments of financial assets (net)	047	0	0
7 Other financial expenses	048	1,842,080	2,120,776
V SHARE IN PROFIT FROM UNDERTAKINGS LINKED BY VIRTUE OF PARTICIPATING INTERESTS	049	0	0
VI SHARE IN PROFIT FROM JOINT VENTURES	050	0	0
VII SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST	051	0	0
VIII SHARE IN LOSS OF JOINT VENTURES	052	0	0
IX TOTAL INCOME (ADP 001+030+049 +050)	053	303,844,900	383,497,268
X TOTAL EXPENDITURE (ADP 007+041+051 + 052)	054	301,975,718	382,772,963
XI PRE-TAX PROFIT OR LOSS (ADP 053-054)	055	1,869,182	724,305
1 Pre-tax profit (ADP 053-054)	056	1,869,182	724,305
2 Pre-tax loss (ADP 054-053)	057	0	0
XII INCOME TAX	058	0	0
XIII PROFIT OR LOSS FOR THE PERIOD (ADP 055-059)	059	1,869,182	724,305
1 Profit for the period (ADP 055-059)	060	1,869,182	724,305
2 Loss for the period (ADP 059-055)	061	0	0
DISCONTINUED OPERATIONS (to be filled in by undertakings subject to IFRS only with discontinued operations)			
XIV PRE-TAX PROFIT OR LOSS OF DISCONTINUED OPERATIONS (ADP 063-064)	062	0	0
1 Pre-tax profit from discontinued operations	063	0	0
2 Pre-tax loss on discontinued operations	064	0	0
XV INCOME TAX OF DISCONTINUED OPERATIONS	065	0	0
1 Discontinued operations profit for the period (ADP 062-065)	066	0	0
2 Discontinued operations loss for the period (ADP 065-062)	067	0	0
TOTAL OPERATIONS (to be filled in only by undertakings subject to IFRS with discontinued operations)			
XVI PRE-TAX PROFIT OR LOSS (ADP 055-+062)	068	0	0
1 Pre-tax profit (ADP 068)	069	0	0
2 Pre-tax loss (ADP 068)	070	0	0
XVII INCOME TAX (ADP 058+065)	071	0	0
XVIII PROFIT OR LOSS FOR THE PERIOD (ADP 068-071)	072	0	0
1 Profit for the period (ADP 068-071)	073	0	0
2 Loss for the period (ADP 071-068)	074	0	0
APPENDIX to the P&L (to be filled in by undertakings that draw up consolidated annual financial statements)			
XIX PROFIT OR LOSS FOR THE PERIOD (ADP 076+077)	075	1,869,182	724,304
1 Attributable to owners of the parent	076	1,561,784	343,090
2 Attributable to minority (non-controlling) interest	077	307,398	381,214
STATEMENT OF OTHER COMPREHENSIVE INCOME (to be filled in by undertakings subject to IFRS)			
I PROFIT OR LOSS FOR THE PERIOD	078	1,869,182	724,305
II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 80+ 87)	079	19,647	4,480,780
III Items that will not be reclassified to profit or loss (ADP 081 to 085)	080	19,647	2,266,906
1 Changes in revaluation reserves of fixed tangible and intangible assets	081	19,647	116,508

ADDENDUM: SEMI-ANNUAL FINANCIAL STATEMENTS

for January-June 2023

2 Gains or losses from subsequent measurement of equity instruments at fair value through other comprehensive income	082	0	2,150,398
3 Fair value changes of financial liabilities at fair value through statement of profit or loss, attributable to changes in their credit risk	083	0	0
4 Actuarial gains/losses on the defined benefit obligation	084	0	0
5 Other items that will not be reclassified	085	0	0
6 Income tax relating to items that will not be reclassified	086	3,536	408,043
IV Items that may be reclassified to profit or loss (ADP 088 to 095)	087	0	2,213,874
1 Exchange rate differences from translation of foreign operations	088	0	0
2 Gains or losses from subsequent measurement of debt securities at fair value through other comprehensive income	089	0	0
3 Profit or loss arising from effective cash flow hedging	090	0	2,213,874
4 Profit or loss arising from effective hedge of a net investment in a foreign operation	091	0	0
5 Share in other comprehensive income/loss of companies linked by virtue of participating interests	092	0	0
6 Changes in fair value of the time value of option	093	0	0
7 Changes in fair value of forward elements of forward contracts	094	0	0
8 Other items that may be reclassified to profit or loss	095	0	0
9 Income tax relating to items that may be reclassified to profit or loss	096	0	398,497
V NET OTHER COMPREHENSIVE INCOME OR LOSS (ADP 080+087- 086 - 096)	097	16,111	3,674,240
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 078+097)	098	1,885,293	4,398,545
APPENDIX to the Statement on comprehensive income (to be filled in by undertakings that draw up consolidated statements)			
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 100+101)	099	1,885,293	4,398,545
1 Attributable to owners of the parent	100	1,577,895	4,017,331
2 Attributable to minority (non-controlling) interest	101	307,398	381,214

for January-June 2023

STATEMENT OF CASH FLOWS - indirect method
for the period 01.01.2023 to 30.06.2023

in EUR

Submitter: ZAGREBAČKI HOLDING d.o.o.			
Item	ADP code	Same period of the previous year	Current period
1	2	3	4
Cash flow from operating activities			
1 Pre-tax profit	001	1,869,182	724,305
2 Adjustments (ADP 003 to 010):	002	30,799,722	58,560,577
a) Depreciation	003	26,706,443	27,345,872
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	0	0
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	005	0	0
d) Interest and dividend income	006	-7,261,000	-7,602,000
e) Interest expenses	007	12,523,000	17,846,829
f) Provisions	008	-4,185,544	-600,000
g) Exchange rate differences (unrealised)	009	-204,690	0
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	3,221,513	21,569,876
I Cash flow increase or decrease before changes in working capital (ADP 001+002)	011	32,668,904	59,284,882
3 Changes in the working capital (ADP 013 to 016)	012	-20,070,966	1,896,410
a) Increase or decrease in short-term liabilities	013	-50,240,785	-42,977,190
b) Increase or decrease in short-term receivables	014	30,728,174	46,731,600
c) Increase or decrease in inventories	015	-558,355	-1,858,000
d) Other increase or decrease in working capital	016	0	0
II Cash from operations (ADP 011+012)	017	12,597,938	61,181,292
4 Interest paid	018	-4,329,310	-7,046,295
5 Income tax paid	019	0	0
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)	020	8,268,628	54,134,997
Cash flow from investment activities			
1 Cash receipts from sales of fixed tangible and intangible assets	021	0	200
2 Cash receipts from sales of financial instruments	022	0	0
3 Interest received	023	3,885,809	2,689,000
4 Dividends received	024	0	0
5 Cash receipts from repayment of loans and deposits	025	0	0
6 Other cash receipts from investment activities	026	18,194,430	13,178,800
III Total cash receipts from investment activities (ADP 021 to 026)	027	22,080,239	15,868,000
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-15,196,419	-12,199,022
2 Cash payments for the acquisition of financial instruments	029	0	0
3 Cash payments for loans and deposits for the period	030	0	0
4 Acquisition of a subsidiary, net of cash acquired	031	0	0
5 Other cash payments from investment activities	032	-676,923	-333,000
IV Total cash payments from investment activities (ADP 028 to 032)	033	-15,873,342	-12,532,022

ADDENDUM: SEMI-ANNUAL FINANCIAL STATEMENTS

for January-June 2023

B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027 +033)	034	6,206,897	3,335,978
Cash flow from financing activities			
1 Cash receipts from the increase in initial (subscribed) capital	035	0	0
2 Cash receipts from the issue of equity financial instruments and debt financial instruments	036	0	0
3 Cash receipts from credit principals, loans and other borrowings	037	96,656,631	336,684
4 Other cash receipts from financing activities	038	0	0
V Total cash receipts from financing activities (ADP 035 to 038)	039	96,656,631	336,684
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-86,428,607	-1,161,461
2 Cash payments for dividends	041	0	0
3 Cash payments for finance lease	042	0	0
4 Cash payments for the redemption of own shares and decrease in initial (subscribed) capital	043	0	0
5 Other cash payments from financing activities	044	-3,873,648	-2,962,567
VI Total cash payments from financing activities (ADP 040 to 044)	045	-90,302,255	-4,124,028
C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039 +045)	046	6,354,376	-3,787,344
1 Unrealised exchange rate differences in respect of cash and cash equivalents	047	0	0
D) NET INCREASE OR DECREASE IN CASH FLOWS (ADP 020+034+046+047)	048	20,829,901	53,683,631
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	049	18,424,777	44,874,748
F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD(ADP 048+049)	050	39,254,678	98,558,379

STATEMENT OF CHANGES IN EQUITY
for the period from 1.1.2023 to 30.6.2023

in EUR

Item	ADP code	Attributable to owners of the parent								Minority (non-controlling) interest	Total capital and reserves
		Initial (subscribed) capital	Other reserves	Revaluation reserves	Fair value of financial assets through other comprehensive income (available for sale)	Cash flow hedge - effective portion	Retained profit / loss brought forward	Profit/loss for the business year	Total attributable to owners of the parent		
1	2	3	9	10	11	12	16	17	18 (3 to 6 - 7 + 8 to 17)	19	20 (18+19)
Previous period											
1 Balance on the first day of the previous business year	01	421,666,149	32,718,029	241,982,950	3,105,537	0	20,021,325	-105,909,164	613,584,826	1,845,164	615,429,990
2 Changes in accounting policies	02	0	0	0	0	0	0	0	0	0	0
3 Correction of errors	03	0	0	0	0	0	0	0	0	0	0
4 Balance on the first day of the previous business year (restated) (ADP 01 to 03)	04	421,666,149	32,718,029	241,982,950	3,105,537	0	20,021,325	-105,909,164	613,584,826	1,845,164	615,429,990
5 Profit/loss of the period	05	0	0	0	0	0	0	6,369,271	6,369,271	405,530	6,774,801
6 Exchange rate differences from translation of foreign operations	06	0	0	0	0	0	0	0	0	0	0
7 Changes in revaluation reserves of fixed tangible and intangible assets	07	0	0	168,454	0	0	0	0	168,454	0	168,454
8 Gains or losses from subsequent measurement of financial assets at fair value through other comprehensive income (available for sale)	08	0	0	0	66,932	0	0	0	66,932	0	66,932
9 Profit or loss arising from effective cash flow hedge	09	0	0	0	0	0	0	0	0	0	0
10 Profit or loss arising from effective hedge of a net investment in a foreign operation	10	0	0	0	0	0	0	0	0	0	0
11 Share in other comprehensive income/loss of companies linked by virtue of participating interests	11	0	0	0	0	0	0	0	0	0	0
12 Actuarial gains/losses on the defined benefit obligation	12	0	0	0	0	0	0	0	0	0	0

ADDENDUM: SEMI-ANNUAL FINANCIAL STATEMENTS

for January-June 2023

13 Other changes in equity unrelated to owners	13	0	0	0	0	0	0	0	0	0	0	0
14 Tax on transactions recognised directly in equity	14	0	0	0	0	0	0	0	0	0	0	0
15 Decrease in initial (subscribed) capital (other than arising from the pre-bankruptcy settlement procedure or from the reinvestment of profit)	15	0	0	0	0	0	0	0	0	0	0	0
16 Decrease in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	16	0	0	0	0	0	0	0	0	0	0	0
17 Decrease in initial (subscribed) capital arising from the reinvestment of profit	17	0	0	0	0	0	0	0	0	0	0	0
18 Redemption of treasury shares/holdings	18	0	0	0	0	0	0	0	0	0	0	0
19 Payments from members/shareholders	19	0	0	0	0	0	0	0	0	0	0	0
20 Payment of share in profit/dividend	20	0	0	0	0	0	0	0	0	-1,050,313	-1,050,313	0
21 Other distributions and payments to members/shareholders	21	0	0	0	0	0	0	0	0	0	0	0
22 Transfer to reserves according to the annual schedule	22	0	0	0	0	0	-105,909,164	105,909,164	0	0	0	0
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	23	0	0	0	0	0	0	0	0	0	0	0
24 Balance on the last day of the previous business year reporting period (ADP 04 to 23)	24	421,666,149	32,718,029	242,151,404	3,172,469	0	-85,887,839	6,369,271	620,189,483	1,200,381	621,389,864	
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)												
I OTHER COMPREHENSIVE INCOME OF THE PREVIOUS PERIOD, NET OF TAX (ADP 06 to 14)	25	0	0	168,454	66,932	0	0	0	235,386	0	235,386	
II COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05+25)	26	0	0	168,454	66,932	0	0	6,369,271	6,604,657	405,530	7,010,187	
III TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 23)	27	0	0	0	0	0	-105,909,164	105,909,164	0	-1,050,313	-1,050,313	
Current period												
1 Balance on the first day of the current business year	28	421,666,149	32,718,029	242,151,404	3,172,469	0	-85,887,839	6,369,271	620,189,483	1,200,381	621,389,864	
2 Changes in accounting policies	29	0	0	0	0	0	0	0	0	0	0	0
3 Correction of errors	30	0	0	0	0	0	0	0	0	0	0	0
4 Balance on the first day of the current business year (restated) (AOP 28 to 30)	31	421,666,149	32,718,029	242,151,404	3,172,469	0	-85,887,839	6,369,271	620,189,483	1,200,381	621,389,864	

ADDENDUM: SEMI-ANNUAL FINANCIAL STATEMENTS

for January-June 2023

5 Profit/loss of the period	32	0	0	0	0	0	0	343,090	343,090	381,214	724,304
6 Exchange rate differences from translation of foreign operations	33	0	0	0	0	0	0	0	0	0	0
7 Changes in revaluation reserves of fixed tangible and intangible assets	34	0	0	95,536	0	0	0	0	95,536	0	95,536
8 Gains or losses from subsequent measurement of financial assets at fair value through other comprehensive income (available for sale)	35	0	0	0	1,763,327	0	0	0	1,763,327	0	1,763,327
9 Profit or loss arising from effective cash flow hedge	36	0	0	0	0	1,815,377	0	0	1,815,377	0	1,815,377
10 Profit or loss arising from effective hedge of a net investment in a foreign operation	37	0	0	0	0	0	0	0	0	0	0
11 Share in other comprehensive income/loss of companies linked by virtue of participating interests	38	0	0	0	0	0	0	0	0	0	0
12 Actuarial gains/losses on the defined benefit obligation	39	0	0	0	0	0	0	0	0	0	0
13 Other changes in equity unrelated to owners	40	0	0	0	0	0	0	0	0	0	0
14 Tax on transactions recognised directly in equity	41	0	0	0	0	0	0	0	0	0	0
15 Decrease in initial (subscribed) capital (other than arising from the pre-bankruptcy settlement procedure or from the reinvestment of profit)	42	0	0	0	0	0	0	0	0	0	0
16 Decrease in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	43	0	0	0	0	0	0	0	0	0	0
17 Decrease in initial (subscribed) capital arising from the reinvestment of profit	44	0	0	0	0	0	0	0	0	0	0
18 Redemption of treasury shares/holdings	45	0	0	0	0	0	0	0	0	0	0
19 Payments from members/shareholders	46	0	0	0	0	0	0	0	0	0	0
20 Payment of share in profit/dividend	47	0	0	0	0	0	0	0	0	-405,530	-405,530
21 Other distributions and payments to members/shareholders	48	0	0	0	0	0	0	0	0	0	0
22 Carryforward per annual plan	49	0	0	0	0	0	6,369,271	-6,369,271	0	0	0
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	50	0	0	0	0	0	0	0	0	0	0
24 Balance on the last day of the current business year reporting period (ADP 31 to 50)	51	421,666,149	32,718,029	242,246,940	4,935,796	1,815,377	-79,518,568	343,090	624,206,813	1,176,065	625,382,878

APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)

ADDENDUM: SEMI-ANNUAL FINANCIAL STATEMENTS

for January-June 2023

I OTHER COMPREHENSIVE INCOME FOR THE CURRENT PERIOD, NET OF TAX (ADP 33 to 41)	52	0	0	95,536	1,763,327	1,815,377	0	0	3,674,240	0	3,674,240
II COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP 32 do 52)	53	0	0	95,536	1,763,327	1,815,377	0	343,090	4,017,330	381,214	4,398,544
III TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 42 to 50)	54	0	0	0	0	0	6,369,271	-6,369,271	0	-405,530	-405,530