



ZAGREB HOLDING LTD.

**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 LTD.

Ownership: City of Zagreb is the founder and full owner of Zagreb Holding Ltd.

Assembly: City of Zagreb is the sole member of the Assembly and its representatives are the following:

- Tomislav Tomašević
- Danijela Dolenc
- Luka Korlaet

Supervisory Board:

- Suzana Brenko, President
- Ratko Bajakić, Member and Deputy President of the Supervisory Board until 13 February 2023
- Kristijan Starčević, Member since 13 February 2023
- Damir Topić, member and Deputy President of the Supervisory Board since 3 March 2023

Employee representatives did not appoint a member of their own to the 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 since 14 June 2021, Deputy President since 3 March 2023
3. Kristijan Starčević, Member since 13 February 2023

Management Board:

- Ivan Novaković, President of the Management Board
- Boris Sesar, Member of the Management Board since 1 April 2023
- Matija Subašić-Maras, Member of the Management Board
- Dubravko Karačić, Member of the Management Board
- Damir Novinić, Member of the Management Board 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 for the period 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 for the period from 26 April 2023 to 30 September 2025

Registered office: Ulica grada Vukovara 41, Zagreb

Court Reg. No.: 080042653

PIN: 85584865987

Share capital: EUR 421,666

Number of employees

as at 30 Jun 2023: 4,768

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

Date of issue: 11/07/2023
Maturity date: 11/07/2028
Interest rate: 4.90 % fixed, payable semi-annually

Main activities of the Company:

- cleaning and waste collection
- waste disposal and management
- landscaping and green space maintenance
- construction and project management
- public parking lot and garage services
- storage and rental services
- construction and management of electronic communication infrastructure and electronic communication networks
- public and unclassified state roads: construction, management, maintenance and protection, including traffic lights and signs, machinery and asphalt production

Zagreb Holding Ltd. carries out its core business operations through 12 subsidiaries, while corporate functions are centralised and performed through Corporate Services as a separate organisational unit of the Company.

Basic information about subsidiaries of Zagreb Holding Ltd.

Name	Primary services
AGM	publishing activities
Arena Zagreb	sports facilities management and maintenance
Zagreb Bus Terminal	bus terminal services
City Waste Disposal	collection of waste from households and public areas and maintenance of clean public areas
City Cemeteries	funerary and related activities
Zagreb Freight Station	storage of goods
Vladimir Nazor	organised vacations for young people and travel agency
Zagreb Markets	wholesale and retail markets, storage
Zagreb Roads	maintenance of unclassified roads; maintenance and construction of regional and local roads
Zagreb Digital City	construction and management of electronic communication infrastructure and electronic communication networks
Zagrebparking	public parking lot and garage services
Zrinjevac	maintenance of public green spaces

MANAGEMENT BOARD'S COMMENT

on H1 2023 Performance

In 2022, activities intended for stabilising business operations were undertaken and the conditions for further Company development were fulfilled, which will be reflected in the 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 the Company's positive business performance.

With a total of EUR 132 million income and EUR 128,3 million total expenses, Zagreb Holding Ltd. generated profit before tax in H1 2023 in the amount of EUR 3.8 million. For comparison, in the same period in the previous year, the Company generated loss in the amount of EUR 1.7 million.

The continued implementation of business stabilisation measures, primarily through proactive cost management, financial stabilisation and increased internal efficiency, also affected the Company's profitability. Operating profit (EBIT) amounted to EUR 15 million, representing an EUR 10.3 million increase compared to the comparative period in 2022. Earnings before interest, taxes, depreciation and amortisation (EBITDA) amounted to EUR 24.9 million, which represents an increase of EUR 10 million compared to the previous comparative reporting period.

In the reporting period in 2023, operating income amounted to EUR 126.1 million, representing an increase of EUR 17.7 million (16%) compared to 2022.

Most subsidiaries generated a better operating result compared to the previous year, 2022; this was primarily caused by increased business activities. The largest increase in income was generated in the segments of road management and maintenance - EUR 9.6 million increase. This is followed by cleaning and waste collection (EUR 3.4 million increase), parking (EUR 1.1 million increase) and landscaping and green space maintenance (EUR 1.1 million increase). Income from the segment of facility management decreased compared to the same 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.

In H1 2023, operating expenses amounted to EUR 111.2 million, representing a year-on-year decrease of EUR 7.4 million (7%).

In the structure of operating expenses, the most significant increase pertains to material costs and services, resulting from increased costs of energy consumption related with higher electricity prices and costs of raw materials and supplies used, due to increased activities of the subsidiary Zagreb Roads and the procurement of bags for mixed municipal and recyclable waste by the subsidiary Waste Disposal, while subcontractor costs decreased in the light of lesser investments in public purpose projects.

As at 30 June 2022, assets amounted to EUR 1,480 million, which was EUR 1.3 million more than on 31 December 2022. Structure of non-current assets and current assets changed, with non-current assets decreasing by EUR 10.4 million (1%) due to a decrease in property, plant and equipment by EUR 6.9 million resulting from reduced investment activities, and a decrease in non-current receivables, by EUR 7.5 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; also, financial assets increased by EUR 3.4 million. Current assets increased by EUR 11.7 million compared to the comparative period in 2022,

owing to a greater balance of cash and cash equivalents, in the amount of EUR 36 million, and to a reduction in receivables from subsidiaries, by EUR 29.7 million, primarily resulting from cost settlement by using the grant from the Solidarity Fund, provided under a contract concluded in December 2022 and regulating the compensation of costs incurred in the managing of construction waste caused by the earthquake in the City of Zagreb.

Total non-current liabilities decreased by EUR 11.34 million as a result of reclassification of non-current club loan to current liabilities. Furthermore, trade payables decreased by EUR 8.65 in order to generate additional liquidity for settling trade payables and major loan liabilities that have fallen due in order to reclassify the current portion of the non-current club loan. Total equity increased by the generated current year profit and the profit from valuation of financial assets in the net amount - interest rate swap.

COMPANY 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.

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 4.9%, 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. Zagreb Holding Ltd. has defined the sustainability-related orientation of the Company through two key goals which are the most relevant for its operations and which it plans to fulfil by the time the bond matures: #1 Share of separately collected municipal waste (target: 58%) and #2 Share of renewable electricity in the total electricity consumption (target: 70%).

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 its transformation 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 Ltd.:

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.

COMPANY 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 Matije Ljubeka 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.

In 2023, City Waste Disposal focused on waste recovery through its own resources instead of handing over waste to external providers of waste recovery services. As a result, all bulky waste in the city of Zagreb is recovered using internal resources, leading to cost savings of 15.9% compared to disposal with external recyclers.

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 -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.

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.

CO-FUNDED PROJECTS

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 analysed and two were selected for the preparation of a conceptual design based on which the connection approval will be requested.

Performance

Zagreb Holding Ltd. (hereinafter: "the Company") generated profit of EUR 3.8 million in H1 2023, which was an EUR 7.4 million increase compared to the same period in the previous year. As a result of a 16% greater increase in operating income compared to the increase in business expenses by 7%, operating profit (EBIT) of EUR 15 million has been achieved, while earnings before interest, taxes, depreciation and amortisation (EBITDA) amounts to EUR 24.9 million, due to continued implementation of measures to improve business efficiency and rationalise costs. Financing activities generated loss of EUR 11.2 million, representing a 75% 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	% of
	EUR 000	EUR 000	2023/2022
1	2	3	4=2/3
Operating income	126,141	108,414	16%
Operating expenses	(111,154)	(103,744)	7%
Finance income	5,906	5,974	(1%)
Finance expenses	(17,135)	(12,375)	38%
Total income	132,047	114,388	15%
Total expenses	(128,289)	(116,119)	10%
Profit/(loss) before tax	3,758	(1,731)	
Tax income /expense	-	-	
Profit/(loss) for the year	3,758	(1,731)	
Real estate revaluation gains (net)	96		
Financial assets valuation gains (net)	1,815		
Total comprehensive income/(loss) for the year	5,669	(1,731)	
EBIT	14,987	4,670	220%
EBITDA	24,890	14,884	67%
<i>Loss from financial activities</i>	<i>(11,229)</i>	<i>(6,401)</i>	60%

Revenues

Operating income was generated in the amount of EUR 126.1 million, which is an EUR 17.7 million (16%) increase compared to the same period in the previous year.

Sales income amounted to EUR 105 million (Jan-June 2022: EUR 96.7 million), while other operating income was EUR 21.2 million (Jan-Jun 2022: EUR 11.7 million). Total year-on-year increase in sales income was EUR 8.2 million (9%), while the increase in other operating expenses was EUR 9.5 million (81%).

The most significant increase in sales income was registered in the following segments: (i) public road management and maintenance (EUR +9.6 million), resulting from greater scope of works performed as part of regular maintenance and paving of roads for the City of Zagreb and income from management of construction waste created by the earthquake (ii) cleaning and waste collection (EUR +3.4 million), resulting from implementation of a new municipal waste collection model and new price list for municipal activities connected with cleaning, (iii) parking (EUR +1.1 million) resulting from increase in sales of public parking lot permits and increased prices of public garages, and (iv) landscaping and green space maintenance (EUR +1.1 million), connected with performed regular landscaping and green space maintenance programs for the City but with application of a changed price list for those services. On the other hand, the following segments yielded decreased income: (i) facility management (EUR - 7 million) due to decreased income from implementation of public purpose projects for the City of Zagreb and (ii) other segments (EUR -0.42 million), which include significantly decreased income from funerary services and increased income from bus terminal services, services of travel agencies and telecommunication line and network leasing.

The increase in other operating income is largely related to income from electricity subsidies (EUR +7.9 million) in accordance with the Regulation on Elimination of Disturbances in the Domestic Energy Market, under which higher energy prices due to inflation are subsidized by the Government of the Republic of Croatia (with simultaneous increase in energy costs).

Expenses

In H1 2023, operating expenses amounted to EUR 111.2 million, which was an EUR 7.4 million (7%) increase compared to the comparative period.

In the structure of operating expenses, the most significant increase pertains to material costs and services (EUR +5.6 million), resulting from (i) increased costs of energy consumption related with inflation (EUR +7.2 million) and (ii) costs of raw materials and supplies used (EUR +3.10 million), due to greater scope of works performed and greater quantities of asphalt produced by the subsidiary Zagreb Roads and the procurement of bags for mixed municipal and recyclable waste by the subsidiary Waste Disposal, while (iii) subcontractor costs decreased (EUR -7.4 million) in the light of lesser investments in public purpose projects.

Increased cost of material and services have to be observed in the context of inflationary changes. Average inflation rate in the period Jan-Jun 2022 was 8.6%, whereas in the same period in 2023 it was 10%. There was a decreasing trend, observing from the beginning of 2023, and in June 2023 it amounted to 7.6% (Jan 2023: 12.7%).

Investments

In H1 2023, the Company realised EUR 3.5 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 subsidiaries: (i) City Waste Disposal, in the amount of EUR 2.4 million - investments in equipment for Resnik Temporary Storage Facility for construction waste and in the procurement of waste containers and bins, and (ii) City Cemeteries, in the amount of EUR 0.63 million - investments in the renovation of the Office Building at Mirogoj Cemetery and the fencing off of cemeteries.

Statement of Financial Position

A condensed 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	share	31 December 2022	share	% of
	in EUR 000	%	restated in EUR 000	%	change 2023/2022
1	2	3	4	5	6
Non-current assets	1,310,556	89%	1,320,957	89%	(1%)
Current assets	169,354	11%	157,683	11%	7%
Total assets	1,479,910	100%	1,478,640	100%	0%
Equity	605,192	41%	599,523	41%	1%
Non-current liabilities	459,652	31%	470,994	32%	(2%)
Current liabilities	415,066	28%	408,123	28%	2%
Total equity and liabilities	1,479,910	100%	1,478,640	100%	0%

As at 30 June 2023, the Company's total assets amounted to EUR 1,480 million, representing an increase of EUR 1.3 million compared to the balance as at 31 December 2022.

Non-current assets decreased by EUR 10.4 million (1%) due to decreased (i) value of property, plant and equipment, (ii) decreased value of non-current receivables, and (iii) increased financial assets. Value of current assets increased by EUR 11.7 million (11%) due to increase in the following items (i) financial assets, (ii) cash and cash equivalents, and (iii) reduced receivables from subsidiaries.

In the structure of equity and liabilities, equity increased by the generated current year profit and the profit from valuation of financial assets in the net amount - interest rate swap. An EUR 11.3 million decrease in non-current liabilities is the result of reclassification of loans payable (their current portion). In the structure of current liabilities, trade payables and major liabilities arising from loans decreased.

MOST SIGNIFICANT RISKS AND UNCERTAINTIES TO WHICH ZAGREB HOLDING LTD. IS EXPOSED

The Company 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.

The Company's interest rate risk arises from long-term loans and leases and from issued bonds. Taking into account the fact that 61.3% 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 amounts to 38.7% and 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, the Company 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.

The Company manages liquidity risk by constantly monitoring the planned cash flow, comparing it against the actual inflow and outflow of cash, and making adjustments as required. 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, the Company 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 Company may be prevented to settle its capital expenses in accordance with the contracted terms in consequence, the Company systematically monitors and manages the receivable collection process. By utilising the synergistic effects of its wide range of services, the Company 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, the Company 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.

The Company 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 LTD. UNDER 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 separate financial statements of Zagreb Holding Ltd. for the period from 01 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.
- Separate Interim Management Report of Zagreb Holding Ltd. for the period from 01 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 SEPARATE
SEMI-ANNUAL
FINANCIAL
STATEMENTS FOR THE
PERIOD
JAN – JUNE 2023



ZAGREBAČKI
HOLDING

ZAGREB HOLDING Ltd.

Separate 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	104,973	96,742
Other operating income	4	21,168	11,672
Total		126,141	108,414
OPERATING EXPENSES			
Cost of material and services	5	(43,146)	(37,585)
Staff costs	6	(52,246)	(50,005)
Depreciation and amortisation		(9,903)	(10,214)
Value adjustment of assets		(2,851)	(2,999)
Other operating expenses		(3,008)	(2,941)
Total		(111,154)	(103,744)
NET OPERATING PROFIT		14,987	4,670
Finance income		5,906	5,974
Finance expenses	7	(17,135)	(12,375)
NET FINANCE EXPENSES		(11,229)	(6,401)
TOTAL INCOME		132,047	114,388
TOTAL EXPENSES		(128,289)	(116,119)
PROFIT/(LOSS) BEFORE TAX		3,758	(1,731)
Tax (expense)/income		-	-
PROFIT / (LOSS) FOR THE PERIOD		3,758	(1,731)
Other comprehensive income			
<i>Items that will never be reclassified under profit or loss</i>			
Real estate revaluation gains (net)		96	-
<i>Items that may be reclassified under profit or loss</i>			
Profit from effective cash flow hedging		1,815	-
Total comprehensive income/(loss) for the year		5,669	(1,731)

ZAGREB HOLDING Ltd.

Separate Statement of Financial Position/Balance Sheet
as at 30 June 2023

	Note	30 June 2023	31 December 2022
		EUR 000	EUR 000
NON-CURRENT ASSETS			
Property, plant and equipment	8	581,287	587,477
Investment property		282,315	282,311
Right-of-use assets		475	356
Intangible assets		3,064	3,298
Investments in affiliated companies		295,733	295,733
Financial assets	9	11,299	7,875
Non-current receivables	10	128,491	136,015
Deferred tax assets		7,892	7,892
Total non-current assets		1,310,556	1,320,957
CURRENT ASSETS			
Inventories		8,061	8,511
Receivables from related parties	11	77,760	105,944
Trade receivables and other receivables	12	25,985	21,707
Financial assets	13	261	283
Cash and cash equivalents	14	57,287	21,238
Total current assets		169,354	157,683
TOTAL ASSETS		1,479,910	1,478,640

ZAGREB HOLDING Ltd.

Separate Statement of Financial Position/Balance Sheet
as at 30 June 2023

	Note	30 June 2023	31 December 2022
		EUR 000	EUR 000
EQUITY AND LIABILITIES			
Share capital		421,666	421,666
Revaluation reserves	15	223,213	221,302
Other reserves		32,718	32,718
Accumulated loss		(72,405)	(76,163)
Total equity		605,192	599,523
NON-CURRENT LIABILITIES			
Loans and leases payable	16	287,272	298,468
Provisions		24,991	25,388
Deferred income		97,618	97,652
Deferred tax liability		48,985	48,566
Other non-current liabilities		786	920
Total non-current liabilities		459,652	470,994
CURRENT LIABILITIES			
Trade payables and other liabilities	17	46,583	55,232
Liabilities payable to related parties		20,629	22,274
Loans and leases payable	16	39,282	21,824
Liabilities for issued bonds		304,813	303,931
Current maturity of deferred income		3,759	4,862
Total current liabilities		415,066	408,123
TOTAL EQUITY AND LIABILITIES		1,479,910	1,478,640

ZAGREB HOLDING Ltd.

Separate Statement of Changes in Equity
for January-June 2023

	Share capital	Other reserves	Real estate revaluation reserves	Accumulated loss	Total
<i>EUR 000</i>					
Balance as at 31 December 2021	421,666	32,368	219,524	(98,239)	575,319
<i>Comprehensive income</i>					
Profit for the year	-	-	-	23,118	23,118
Total comprehensive income	-	-	-	23,118	23,118
<i>Changes in equity interests</i>					
Effects of affiliated company merger	-	350	1,778	(1,042)	1,086
Total changes in equity interests	-	350	1,778	(1,042)	1,086
Balance as at 31 December 2022	421,666	32,718	221,302	(76,163)	599,523
<i>Comprehensive income</i>					
Profit for the year	-	-	-	3,758	3,758
Real estate revaluation gains (net)	-	-	96	-	96
Profit from effective cash flow hedging	-	-	1,815	-	1,815
Other comprehensive income	-	-	1,911	-	1,911
Total comprehensive income	-	-	1,911	3,758	5,669
Balance as at 30 June 2023	421,666	32,718	223,213	(72,405)	605,192

The Company 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.

	Jan-June 2023	Jan-June 2022
	EUR 000	restated EUR 000
Cash flow from operating activities		
<i>Profit/loss for the year</i>	3,758	(1,731)
Finance expenses recognised in profit or loss	17,135	12,375
Investment income recognised in profit or loss	(5,906)	(5,974)
Value adjustment of current assets	2,844	2,999
Value adjustment of non-current assets	7	-
Depreciation/amortisation of non-current tangible/intangible assets	9,903	10,214
Decrease in deferred income on assets financed by others	(35)	(3,538)
Decrease in long-term provisions	(397)	(304)
Foreign exchange losses	-	(205)
Changes in working capital:		
Decrease in inventories	428	66
(Increase)/ decrease in advance payments for current assets	(627)	158
Increase in trade receivables	(6,216)	(5,651)
Decrease in receivables from related parties	25,439	13,761
(Increase) in receivables from employees	(1)	(2)
Decrease in receivables from the state	941	48
Decrease in other receivables	3,993	8,286
(Decrease)/increase in trade payables and liabilities payable to related parties	(4,973)	6,227
(Decrease)/increase in liabilities based on taxes and contributions	(3,914)	1,278
Increase in liabilities payable to employees	999	10
Decrease in other non-current liabilities	(16,270)	(5,825)
Increase in other current liabilities	13,847	1,526
<i>Net cash generated from operations</i>	40,955	33,718

	Jan-June 2023	Jan-June 2022
	EUR 000	restated EUR 000
Cash flow from operating activities		
Cash generated from operations	40,955	33,718
Interest paid	(6,503)	(6,519)
Net cash from operating activities	34,452	27,199
Cash flow from investing activities		
Expenses for procurement of tangible and intangible assets	(3,510)	(3,509)
Decrease in non-current receivables	7,407	2,450
Decrease/(increase) in current financial assets	22	(131)
(Increase)/decrease in financial assets	(3,423)	665
Interest charged	720	796
Gains from share in profit and dividends	2,131	1,397
Acquisitions, net of cash acquired	-	940
Net cash from investing activities	3,347	2,608
Cash flow from financing activities		
Loans and borrowings	266	73,849
Repayment of loans and borrowings	(2,016)	(89,115)
Net cash used in financing activities	(1,750)	(15,266)
Net increase in cash	36,049	14,541
Cash and cash equivalents as at 1 January 2023	21,238	8,375
Cash and cash equivalents as at 30 June 2023	57,287	22,916

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 disposal 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 separate semi-annual financial statements for the period Jan-June 2023 on 22 September 2023.

The separate semi-annual financial statements were not audited.

2/BASIS FOR PREPARATION AND ACCOUNTING POLICIES

Bases for preparation of separate financial statements

The Company's separate financial statements for the first half of 2023 comprise the standalone statements of the Company.

The Company's separate 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 separate annual financial statements of the Company as at 31 December 2022.

The change in accounting policies in relation to the previously published separate 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 Company'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 recognized 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 separate financial statements for H1 2023, the management's significant judgements regarding changes in the Company'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 Company has identified operating segments based on internal reports on the Company's components, which are regularly reviewed by the Company's chief operating decision maker to make decisions about resources to be allocated to the segments and assess their performance. The Company 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 Company's subsidiaries, in which context six business activities were found as representing individual operating segments, whereas the eighth segment represents all other business activities of the Company.

Operating segments are the following:

- 1/ Cleaning and waste collection
- 2/ Public road management and maintenance
- 3/ Parking services
- 4/ Warehousing and leases
- 5/ Landscaping and green space maintenance
- 6/ Facility management
- 7/ Other activities.

The following is an analysis of the Company'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 cleaning and waste collection	29,916	26,557
Income from public road management and maintenance	21,237	11,644
Income from landscaping and green space maintenance	10,316	9,254
Income from parking services	11,123	10,026
Income from warehousing and leases	6,363	5,843
Income from facility management	9,432	16,417
Other income /i/	16,586	17,001
	104,973	96,742
/i/ Other income	Jan-June 2023	Jan-June 2022
	EUR 000	EUR 000
Income from funerary services	5,342	6,586
Income from markets	4,305	4,386
Income from travel agencies	2,620	2,373
Income from bus terminal services	1,927	1,755
Income from telecommunication line and network leasing	1,715	1,460
Income from sports facilities management and maintenance	539	301
Income from publishing activities	138	140
	16,586	17,001

Revenues and results by segments for Jan-June 2023

HRK 000	Facility management	Cleaning and waste collection	Public road management and maintenance	Parking services	Warehousing and leases	Landscaping and green space maintenance	Other	Elimination	Total
Revenue from sales to external customers	9,432	29,916	21,237	11,123	6,363	10,316	16,586	-	104,973
Intersegment sales	11,738	845	1,259	43	61	1,878	196	(16,020)	-
Total sales revenue	21,170	30,761	22,496	11,166	6,424	12,194	16,782	(16,020)	104,973
Expenses pertaining to other activities, net of other revenue from the main activity	(11,982)	(39,622)	(17,607)	(6,759)	(3,731)	(11,632)	(14,673)	16,020	(89,986)
Profit from operating activities	9,188	(8,861)	4,889	4,407	2,693	562	2,109	-	14,987
Finance income	5,498	121	157	57	22	9	42	-	5,906
Finance expenses	(14,369)	(4)	(34)	(6)	(8)	(2)	(2,712)	-	(17,135)
Net financial result	(8,871)	117	123	51	14	7	(2,670)	-	(11,229)
Profit before tax	317	(8,744)	5,012	4,458	2,707	569	(561)	-	3,758

Revenues and results by segments for Jan-June 2022

HRK 000	Facility management	Cleaning and waste collection	Public road management and maintenance	Parking services	Warehousing and leases	Landscaping and green space maintenance	Other	Elimination	Total
Revenue from sales to external customers	16,417	26,557	11,644	10,026	5,843	9,254	17,001	-	96,742
Intersegment sales	4,836	597	338	50	154	941	186	(7,102)	-
Total sales revenue	21,253	27,154	11,982	10,076	5,997	10,195	17,187	(7,102)	96,742
Expenses pertaining to other activities, net of other revenue from the main activity	(14,930)	(32,128)	(15,659)	(6,485)	(4,547)	(10,904)	(14,521)	7,102	(92,072)
Profit from operating activities	6,323	(4,974)	(3,677)	3,591	1,450	(709)	2,666	-	4,670
Finance income	5,526	255	72	68	6	1	46	-	5,974
Finance expenses	(9,619)	(52)	(140)	(14)	(26)	(33)	(2,491)	-	(12,375)
Net financial result	(4,093)	203	(68)	54	(20)	(32)	(2,445)	-	(6,401)
Loss before tax	2,230	(4,771)	(3,745)	3,645	1,430	(741)	221	-	(1,731)

Assets and liabilities by segments as at 30 June 2023

HRK 000	Facility management	Cleaning and waste collection	Public road management and maintenance	Parking services	Warehousing and leases	Landscaping and green space maintenance	Other	Elimination	Total
Property, plant and equipment	98,787	57,446	34,645	10,336	40,135	47,441	292,498	-	581,288
Investment property	102,147	-	-	-	180,120	47	-	-	282,314
Right-of-use assets	-	-	19	262	113	33	48	-	475
Intangible assets	1,679	885	48	2	88	58	304	-	3,064
Inventories	10	995	3,641	94	107	2,219	995	-	8,061
Trade receivables, net	34	8,406	1,056	1,651	847	388	5,832	-	18,214
Investments in affiliated companies	295,733	-	-	-	-	-	-	-	295,733
Unallocated assets	308,807	8,879	65,679	27,133	17,500	16,492	103,024	(256,753)	290,761
Total assets	807,197	76,611	105,088	39,478	238,910	66,678	402,701	(256,753)	1,479,910
Bonds issued	304,813	-	-	-	-	-	-	-	304,813
Trade payables	1,912	4,295	3,299	654	598	1,395	4,661	-	16,814
Liabilities to employees	905	2,264	783	414	139	806	862	-	6,173
Equity and unallocated liabilities	499,567	70,052	101,006	38,410	238,173	64,477	397,178	(256,753)	1,152,110
Total equity and liabilities	807,197	76,611	105,088	39,478	238,910	66,678	402,701	(256,753)	1,479,910
Other segment information									
Capital expenditure:	9	2,346	5	-	69	1	809	-	3,239
Property, plant and equipment	8	2,316	5	-	69	1	792	-	3,191
Intangible assets	1	30	-	-	-	-	17	-	48
Depreciation/amortisation and impairment	3,118	2,586	598	799	294	593	1,915	-	9,903

Assets and liabilities by segments as at 31 December 2022

HRK 000	Facility management	Cleaning and waste collection	Public road management and maintenance	Parking services	Warehousing and leases	Landscaping and green space maintenance	Other	Elimination	Total
Property, plant and equipment	101,711	57,579	35,235	11,078	40,274	48,028	293,572	-	587,477
Investment property	102,147	-	-	-	180,118	46	-	-	282,311
Right-of-use assets	-	-	20	50	188	39	59	-	356
Intangible assets	1,748	1,004	48	5	100	63	330	-	3,298
Inventories	11	855	4,241	93	105	2,047	1,159	-	8,511
Trade receivables, net	58	8,672	405	1,544	790	134	2,588	-	14,191
Investments in affiliated companies	295,733	-	-	-	-	-	-	-	295,733
Unallocated assets	306,578	10,082	58,516	22,209	14,371	12,558	99,630	(237,181)	286,763
Total assets	807,986	78,192	98,465	34,979	235,946	62,915	397,338	(237,181)	1,478,640
Bonds issued	303,931	-	-	-	-	-	-	-	303,931
Trade payables	3,130	5,405	4,174	855	747	2,010	3,820	-	20,141
Liabilities to employees	302	1,973	711	407	219	731	832	-	5,175
Equity and unallocated liabilities	500,623	70,814	93,580	33,717	234,980	60,174	392,686	(237,181)	1,149,393
Total equity and liabilities	807,986	78,192	98,465	34,979	235,946	62,915	397,338	(237,181)	1,478,640
Other segment information									
Capital expenditure:	893	985	64	24	145	1,273	3,128	-	6,512
Property, plant and equipment	178	958	64	24	69	1,273	2,992	-	5,558
Intangible assets	715	27	-	-	76	-	136	-	954
Depreciation/amortisation and impairment	6,724	5,314	1,352	1,615	608	1,078	3,805	-	20,496

4/ OTHER OPERATING INCOME

	Jan-June 2023	Jan-June 2022
	EUR 000	restated EUR 000
Income from subsidies and grants /i/	10,728	2,841
Collected receivables written off	2,065	1,667
Income from reversal of deferred income	1,737	1,551
Income from reversal of provisions for unused vacation days	2,451	2,857
Other (total immaterial items)	4,187	2,756
	21,168	11,672

/i/ Income from subsidies and grants was mostly received from the City of Zagreb and the Republic of Croatia:

- 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 under the Croatian Government's Regulation on Elimination of Disturbances in the Domestic Energy Market (Official Gazette 104/22, 106/22 and 121/22)

	Jan-June 2023	Jan-June 2022
	EUR 000	EUR 000
Subsidies and grants from the City of Zagreb	1,556	1,522
Subsidies and grants from the Republic of Croatia and other subsidies and grants	9,172	1,319
	10,728	2,841

5/COST OF MATERIAL AND SERVICES

	Jan-June 2023	Jan-June 2022 restated
	EUR 000	EUR 000
Costs of raw materials and supplies	7,625	4,529
Costs of energy consumption	12,538	5,363
Small inventory write-off	351	620
a) Total cost of material	20,514	10,512
b) Changes in the value of inventories of work in progress and finished products	264	107
c) Costs of goods sold	449	324
Rent and lease services	1,367	1,151
Maintenance services	5,683	4,155
Municipal services and fees	5,195	4,527
Costs of subcontractors	3,629	10,956
Intellectual services	705	805
Transport service costs	1,776	1,097
Insurance premiums	537	328
Data processing and software maintenance services	1,476	1,155
Advertising and promotion services	126	92
Bank services and transaction costs	308	288
Other external services	1,117	2,088
d) Total external services	21,919	26,642
	43,146	37,585

6/STAFF COSTS

	Jan-June 2023	Jan-June 2022 restated
	EUR 000	EUR 000
Net salary and remuneration costs	28,000	27,682
Salary tax and contribution costs	16,728	15,922
Compensation of employees' costs and expenses for other employee benefits	9,410	7,440
Decrease due to costs of severance pay provisions and compensation for collective redundancy	(1,892)	(1,039)
	52,246	50,005
Number of employees as at period end	4,768	5,107
Average number of employees based on hours worked	4,625	4,948
	52,246	50,005
Staff costs	52,246	50,005
<i>Income from reversal of provisions for unused vacation days</i>	<i>(2,451)</i>	<i>(2,857)</i>
	49,795	47,148

7/ FINANCE EXPENSES

	Jan-June 2023	Jan-June 2022
	EUR 000	EUR 000
Interest expenses	14,411	9,916
Costs of discounts and bond issuance	1,134	1,204
Related-party interest expenses	531	369
Other finance expenses	1,059	865
Foreign exchange losses	-	21
	17,135	12,375

8/ PROPERTY, PLANT AND EQUIPMENT

HRK 000

PURCHASE COST	Land	Buildings	Plant and equipment	Means of transport and tools	Other tangible assets	Tangible assets in preparation	Total tangible assets
Balance as at 1 Jan 2022	358,426	456,045	66,880	77,481	6,085	23,342	988,259
Newly purchased items	15	2,099	74	20	-	3,344	5,552
Status changes	2,514	-	-	-	-	-	2,514
Transfer from assets in preparation	-	199	1,431	190	-	(1,812)	8
Reclassifications (transfers to/from)	-	1,352	247	24	-	(1,753)	(130)
Write-off, alienation and sale	(15)	(9)	(1,562)	(1,765)	(1)	(139)	(3,491)
Derecognition	-	(3,255)	-	-	-	-	(3,255)
Balance as at 31 December 2022	360,940	456,431	67,070	75,950	6,084	22,982	989,457
Newly purchased items	-	25	152	107	-	2,907	3,191
Transfer from assets in preparation	-	250	269	26	-	(545)	-
Write-off, alienation and sale	-	(9)	(763)	(303)	-	-	(1,075)
Reclassifications (transfers to/from)	(1,156)	1,156	-	-	-	-	-
Revaluation	117	-	-	-	-	-	117
Balance as at 30 June 2023	359,901	457,853	66,728	75,780	6,084	25,344	991,690
VALUE ADJUSTMENT							
Balance as at 1 Jan 2022	12,334	258,424	50,861	64,252	17	2,910	388,798
Depreciation and amortisation	369	12,070	3,670	3,597	-	-	19,706
Value adjustment	-	-	-	-	-	18	18
Reclassifications (transfers to/from)	-	22	(22)	-	-	-	-
Write-off, alienation and sale	-	(8)	(1,521)	(1,758)	-	-	(3,287)
Derecognition	-	(3,255)	-	-	-	-	(3,255)
Balance as at 31 December 2022	12,703	267,253	52,988	66,091	17	2,928	401,980
Depreciation and amortisation	186	5,797	1,794	1,698	-	-	9,475
Value adjustment	-	-	1	-	-	6	7
Write-off, alienation and sale	-	(7)	(749)	(303)	-	-	(1,059)
Balance as at 30 June 2023	12,889	273,043	54,034	67,486	17	2,934	410,403
NET CARRYING AMOUNT							
Balance as at 1 January 2022	346,092	197,621	16,019	13,229	6,068	20,432	599,461
Balance as at 31 December 2022	348,237	189,178	14,082	9,859	6,067	20,054	587,477
Balance as at 30 June 2023	347,012	184,810	12,694	8,294	6,067	22,410	581,287

9/ FINANCIAL ASSETS

Non-current financial assets are as follows:

	30 June 2023	31 December 2022
	EUR 000	EUR 000
Financial assets at FVTPL /i/	98	98
Financial assets at amortised cost /ii/	8,987	-
Financial assets at FVTOCI /iii/	2,214	7,777
	11,299	7,875

/i/ Financial assets at FVTPL include shares pertaining to minority interests in banks and other business entities which are not significantly affected by the Company.

/ii/ *Financial assets at amortised cost*

	30 June 2023	31 December 2022
	EUR 000	EUR 000
Deposits with maturity of over one year	8,987	7,777
Deposits with maturity up to one year (Note 13)	13	100
Other financial assets (Note 13)	248	183
	9,248	8,060
Current portion (Note 13)	261	283
Non-current portion	8,987	7,777

Deposits with a maturity of over one year pertain mostly to the guarantee for settlement of loan obligations and obligations under the agreement on financing the lease of Arena Zagreb, and they mature at the time of final payment of those obligations.

/iii/ *Financial assets at FVTOCI*

	30 June 2023	31 December 2022
	EUR 000	EUR 000
Derivative financial instrument - interest rate swap	2,214	-

10/NON-CURRENT RECEIVABLES

	30 June 2023	31 December 2022
	EUR 000	EUR 000
Non-current portion		
Receivables from related parties /i/	94,589	101,116
Receivables under credit sales	16	26
Other receivables	33,886	34,873
	128,491	136,015
Current portion		
Receivables from related parties /i/	17,905	16,538
Receivables under credit sales	5	10
Other receivables	1,950	1,906
	19,860	18,454
<i>/i/ Receivables from related parties</i>		
	30 June 2023	31 December 2022
	EUR 000	EUR 000
Receivables from the member of the Company	109,478	116,474
Discounting of receivables from the member of the Company that are not yet due	(14,475)	(17,289)
Value adjustment of receivables from the member of the Company	(1,216)	(1,216)
Value adjustment of receivables from the member of the Company based on indexation of the rent for the facility Arena Zagreb	(2,774)	(2,281)
I. Total receivables from the member of the Company	91,013	95,688
Loans granted to related parties	64,170	64,655
Value adjustment of loans granted to related companies	(42,689)	(42,689)
II. Loans granted to related parties	21,481	21,966
TOTAL RECEIVABLES FROM RELATED PARTIES (I+II)	112,494	117,654
Current portion	17,905	16,538
Non-current portion	94,589	101,116

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 55,177 thousand (2022: EUR 58,910 thousand).

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%. Agreements on loans granted to related companies are concluded for a term of 10 years, with collateral.

11/ RECEIVABLES FROM RELATED PARTIES

	30 June 2023	31 December 2022
	EUR 000	EUR 000
Receivables from the member of the Company /i/	30,851	60,568
Current maturity of non-current receivables from the member of the Company	13,323	13,278
Receivables from related companies	1,461	1,230
Loans granted to related companies (maturity within 1 year)	27,543	27,608
Current maturity of long-term-term loans granted to related companies	4,582	3,260
	77,760	105,944

/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 allows Zagreb Holding, subsidiary Zagreb Roads, to settle the costs of storing and recovering the waste, which amount to HRK 33,945. The costs were fully settled during March and April 2023 through grants from the EU Solidarity Fund for financing the repairs following earthquake damage in the City of Zagreb (EUSF), for which the City of Zagreb was an applicant.

12/ TRADE RECEIVABLES AND OTHER RECEIVABLES

	30 June 2023	31 December 2022
	EUR 000	EUR 000
Trade receivables	18,214	14,191
Receivables from employees	25	24
Receivables from the state and others	2,589	2,616
Other receivables	5,157	4,876
	25,985	21,707

13/ FINANCIAL ASSETS*Current financial assets at amortised cost*

	30 June 2023	31 December 2022
	EUR 000	EUR 000
Other financial assets (Note 9)	248	183
Deposits (Note 9)	13	100
	261	283

14/CASH AND CASH EQUIVALENTS

	30 June 2023	31 December 2022
	EUR 000	EUR 000
Giro account – HRK	30,475	19,436
Cash on hand	94	97
Giro account – foreign currency	616	1,580
Other cash assets	26,102	125
	57,287	21,238

Out of other cash assets recognised as at 31 June 2023 in the amount of EUR 26,102 thousand (31 Dec 2022: EUR 125 thousand), EUR 26,000 thousand pertains to term deposits with a maturity of up to three months, which are treated as cash equivalents.

15/ REVALUATION RESERVES*Revaluation reserves*

	30 June 2023	31 December 2022
	EUR 000	EUR 000
Balance at beginning of year	221,302	219,525
Additions from revaluation (net)	96	-
Company merger	-	1,777
Fair valuation of interest rate swap	1,815	-
Balance at end of period	223,213	221,302

16/ LOANS AND LEASES PAYABLE

	30 June 2023	31 December 2022
	EUR 000	EUR 000
<i>Long-term loans</i>		
Loans and borrowings	219,177	228,607
Leases	68,095	69,861
	287,272	298,468
<i>Short-term loans</i>		
Loans and borrowings	18,860	9,430
Leases	4,075	4,059
Other	16,347	8,335
	39,282	21,824
Total loans	326,554	320,292

17/ TRADE PAYABLES AND OTHER LIABILITIES

	30 June 2023	31 December 2022
	EUR 000	EUR 000
Trade payables	16,814	20,141
Liabilities payable to employees with respect to net salaries and benefits	6,173	5,175
Advances, deposits and guarantees payable	2,402	3,030
Other liabilities	21,194	26,886
	46,583	55,232

18/ EVENTS AFTER THE DATE OF SEPARATE FINANCIAL STATEMENTS

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.

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).

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):	4768	
Consolidated report:	KN	(KN-not consolidated/KD-consolidated)
Audited:	RN	(RN-not audited/RD-audited)
Names of subsidiaries (according to IFRS):	Registered office:	MB:
Bookkeeping firm:	(Yes/No)	(name of the bookkeeping firm)
Contact person:	Smolković Vlatka (only name and surname of the contact person)	
Telephone:	+385 1 6420 701	
E-mail address:	vlatka.smolkovic@zgh.hr	
Audit firm:	(name of the audit firm)	
Certified auditor:	(name and surname)	

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	1,320,956,679	1,310,556,362
I INTANGIBLE ASSETS (ADP 004 to 009)	003	3,297,885	3,064,474
1 Research and development	004	58,877	41,766
2 Concessions, patents, licences, trademarks, software and other rights	005	1,009,220	818,396
3 Goodwill	006	0	0
4 Advances for the purchase of intangible assets	007	0	0
5 Intangible assets in preparation	008	1,797,901	1,797,901
6 Other intangible assets	009	431,887	406,411
II TANGIBLE ASSETS (ADP 011 to 019)	010	870,144,281	864,077,393
1 Land	011	348,236,852	347,012,053
2 Buildings	012	189,176,944	184,809,070
3 Plant and equipment	013	14,081,325	12,693,688
4 Tools, working inventory and transportation assets	014	9,859,329	8,294,383
5 Biological assets	015	0	0
6 Advances for the purchase of tangible assets	016	0	1,460
7 Tangible assets in preparation	017	20,054,779	22,410,264
8 Other tangible assets	018	6,423,580	6,542,981
9 Investment property	019	282,311,472	282,313,494
III FIXED FINANCIAL ASSETS (ADP 021 to 030)	020	322,314,004	323,930,519
1 Investments in holdings (shares) of undertakings within the group	021	295,733,012	295,733,012
2 Investments in other securities of undertakings within the group	022	0	0
3 Loans, deposits, etc. to undertakings within the group	023	18,706,005	16,899,454
4. Investments in holdings (shares) of companies linked by virtue of participating interests	024	95,924	95,924
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	2,392	2,391
8 Loans, deposits, etc. given	028	0	0
9 Other investments accounted for using the equity method	029	0	0
10 Other fixed financial assets	030	7,776,671	11,199,738
IV RECEIVABLES (ADP 032 to 035)	031	117,308,539	111,592,006
1 Receivables from undertakings within the group	032	82,410,097	77,689,404
2 Receivables from companies linked by virtue of participating interests	033	0	0
3 Customer receivables	034	25,547	16,199
4 Other receivables	035	34,872,895	33,886,403
V DEFERRED TAX ASSETS	036	7,891,970	7,891,970
C) CURRENT ASSETS (ADP 038+046+053+063)	037	154,852,824	166,799,490
I INVENTORIES (ADP 039 to 045)	038	8,511,035	8,060,923
1 Raw materials and consumables	039	6,193,167	5,950,082
2 Production in progress	040	579,428	505,135
3 Finished goods	041	1,136,246	942,278

4 Merchandise	042	500,975	554,178
5 Advances for inventories	043	101,219	109,250
6 Fixed assets held for sale	044	0	0
7 Biological assets	045	0	0
II RECEIVABLES (ADP 047 to 052)	046	93,952,805	69,065,112
1 Receivables from undertakings within the group	047	75,075,668	45,634,727
2 Receivables from companies linked by virtue of participating interests	048	0	0
3 Customer receivables	049	14,190,742	18,213,747
4 Receivables from employees and members of the undertaking	050	24,039	25,381
5 Receivables from government and other institutions	051	700,076	633,408
6 Other receivables	052	3,962,280	4,557,849
III CURRENT FINANCIAL ASSETS (ADP 054 to 062)	053	31,150,774	32,386,235
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	30,868,244	32,125,055
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	0	0
9 Other financial assets	062	282,530	261,180
IV CASH AT BANK AND IN HAND	063	21,238,210	57,287,220
D) PREPAID EXPENSES AND ACCRUED INCOME	064	2,830,000	2,554,107
E) TOTAL ASSETS (ADP 001+002+037+064)	065	1,478,639,503	1,479,909,959
OFF-BALANCE SHEET ITEMS	066	32,815,271	32,796,075
LIABILITIES			
A) CAPITAL AND RESERVES (ADP 068 to 070+076+077+083+086+089)	067	599,522,519	605,191,856
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	221,301,870	221,397,406
V FAIR VALUE RESERVES AND OTHER (ADP 078 to 082)	077	0	1,815,377
1 Financial assets at fair value through other comprehensive income (i.e. available for sale)	078	0	0
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	-99,281,033	-76,163,529
1 Retained profit	084	0	0
2 Loss brought forward	085	99,281,033	76,163,529
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 087-088)	086	23,117,504	3,758,424
1 Profit for the business year	087	23,117,504	3,758,424
2 Loss for the business year	088	0	0
VIII MINORITY (NON-CONTROLLING) INTEREST	089	0	0

B) PROVISIONS (ADP 091 to 096)	090	25,388,184	24,990,902
1 Provisions for pensions, termination benefits and similar obligations	091	6,635,199	6,635,199
2 Provisions for tax liabilities	092	0	0
3 Provisions for ongoing legal cases	093	10,545,821	10,177,099
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	0	0
C) LONG-TERM LIABILITIES (ADP 098 to 108)	097	347,953,969	337,043,163
1 Liabilities to undertakings within the group	098	905,965	774,509
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	228,723,142	219,499,535
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	14,268	11,951
11 Deferred tax liability	108	48,565,525	48,984,994
D) SHORT-TERM LIABILITIES (ADP 110 to 123)	109	408,123,198	415,066,081
1 Liabilities to undertakings within the group	110	3,755,508	2,871,149
2 Liabilities for loans, deposits, etc. of undertakings within the group	111	18,518,167	17,757,898
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	21,823,991	39,282,064
7 Liabilities for advance payments	116	3,029,599	2,402,490
8 Liabilities to suppliers	117	20,140,945	16,814,397
9 Liabilities for securities	118	303,931,174	304,813,148
10 Liabilities to employees	119	5,174,670	6,173,452
11 Taxes, contributions and similar liabilities	120	11,139,913	6,811,008
12 Liabilities arising from the share in the result	121	0	0
13 Liabilities arising from fixed assets held for sale	122	0	0
14 Other short-term liabilities	123	20,609,231	18,140,475
E) ACCRUALS AND DEFERRED INCOME	124	97,651,633	97,617,957
F) TOTAL – LIABILITIES (ADP 067+090+097+109+124)	125	1,478,639,503	1,479,909,959
G) OFF-BALANCE SHEET ITEMS	126	32,815,271	32,796,075

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	108,414,053	126,141,656
1 Income from sales with undertakings within the group	002	39,503,357	44,471,594
2 Income from sales (outside group)	003	57,238,659	60,501,331
3 Income from the use of own products, goods and services	004	320,137	600,570
4 Other operating income with undertakings within the group	005	1,521,719	3,783,342
5 Other operating income (outside the group)	006	9,830,181	16,784,819
II OPERATING EXPENSES (ADP 08+009+013+017+018+019+022+029)	007	103,743,789	111,153,958
1 Changes in inventories of work in progress and finished goods	008	106,869	263,557
2 Material costs (ADP 010 to 012)	009	37,477,588	42,881,681
a) Costs of raw materials and consumables	010	10,512,487	20,513,714
b) Costs of goods sold	011	323,521	449,084
c) Other external costs	012	26,641,580	21,918,883
3 Staff costs (ADP 014 to 016)	013	43,041,634	44,516,200
a) Net salaries and wages	014	27,339,738	27,870,589
b) Tax and contributions from salary costs	015	9,723,470	10,410,021
c) Contributions on salaries	016	5,978,426	6,235,590
4 Depreciation	017	10,213,468	9,902,714
5 Other costs	018	7,679,372	8,257,998
6 Value adjustments (ADP 020+021)	019	2,999,359	2,851,081
a) fixed assets other than financial assets	020	0	5,909
b) current assets other than financial assets	021	2,999,359	2,845,172
7 Provisions (ADP 023 to 028)	022	0	0
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	0	0
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	2,225,499	2,480,727
III FINANCIAL INCOME (ADP 031 to 040)	030	5,973,701	5,905,855
1 Income from investments in holdings (shares) of undertakings within the group	031	2,130,770	1,076,061
2 Income from investments in holdings (shares) of companies linked by virtue of participating interests	032	6,480	0
3 Income from other long-term financial investment and loans granted to undertakings within the group	033	913,813	1,481,744
4 Other interest income from operations with undertakings within the group	034	543	18,030
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	469,043	503,734
8 Exchange rate differences and other financial income	038	19,552	3,895
9 Unrealised gains (income) from financial assets	039	2,399,988	2,813,634
10 Other financial income	040	517	8,757

IV FINANCIAL EXPENSES (ADP 042 to 048)	041	12,375,050	17,135,129
1 Interest expenses and similar expenses with undertakings within the group	042	343,804	246,173
2 Exchange rate differences and other expenses from operations with undertakings within the group	043	25,636	284,532
3 Interest expenses and similar expenses	044	10,143,482	14,483,626
4 Exchange rate differences and other expenses	045	20,048	22
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	114,387,754	132,047,511
X TOTAL EXPENDITURE (ADP 007+041+051 + 052)	054	116,118,839	128,289,087
XI PRE-TAX PROFIT OR LOSS (ADP 053-054)	055	-1,731,085	3,758,424
1 Pre-tax profit (ADP 053-054)	056	0	3,758,424
2 Pre-tax loss (ADP 054-053)	057	-1,731,085	0
XII INCOME TAX	058	0	0
XIII PROFIT OR LOSS FOR THE PERIOD (ADP 055-059)	059	-1,731,085	3,758,424
1 Profit for the period (ADP 055-059)	060	0	3,758,424
2 Loss for the period (ADP 059-055)	061	-1,731,085	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	0	0
1 Attributable to owners of the parent	076	0	0
2 Attributable to minority (non-controlling) interest	077	0	0
STATEMENT OF OTHER COMPREHENSIVE INCOME (to be filled in by undertakings subject to IFRS)			
I PROFIT OR LOSS FOR THE PERIOD	078	-1,731,085	3,758,424
II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 80+ 87)	079	0	2,330,382
III Items that will not be reclassified to profit or loss (ADP 081 to 085)	080	0	116,508

1 Changes in revaluation reserves of fixed tangible and intangible assets	081	0	116,508
2 Gains or losses from subsequent measurement of equity instruments at fair value through other comprehensive income	082	0	0
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	0	20,972
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	0	1,910,913
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 078+097)	098	-1,731,085	5,669,337
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	0	0
1 Attributable to owners of the parent	100	0	0
2 Attributable to minority (non-controlling) interest	101	0	0

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	-1,731,085	3,758,424
2 Adjustments (ADP 003 to 010):	002	15,567,215	23,551,363
a) Depreciation	003	10,213,468	9,902,714
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	-5,974,000	-5,906,000
e) Interest expenses	007	12,375,000	17,134,829
f) Provisions	008	-304,333	-397,099
g) Exchange rate differences (unrealised)	009	-204,839	0
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	-538,081	2,816,919
I Cash flow increase or decrease before changes in working capital (ADP 001+002)	011	13,836,130	27,309,787
3 Changes in the working capital (ADP 013 to 016)	012	19,881,509	13,645,092
a) Increase or decrease in short-term liabilities	013	3,215,561	-10,311,528
b) Increase or decrease in short-term receivables	014	16,600,434	23,528,923
c) Increase or decrease in inventories	015	65,514	427,697
d) Other increase or decrease in working capital	016	0	0
II Cash from operations (ADP 011+012)	017	33,717,639	40,954,879
4 Interest paid	018	-6,518,415	-6,502,922
5 Income tax paid	019	0	0
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)	020	27,199,224	34,451,957
Cash flow from investment activities			
1 Cash receipts from sales of fixed tangible and intangible assets	021	0	0
2 Cash receipts from sales of financial instruments	022	0	0
3 Interest received	023	796,071	719,573
4 Dividends received	024	1,396,775	2,130,770
5 Cash receipts from repayment of loans and deposits	025	0	0
6 Other cash receipts from investment activities	026	4,055,000	7,428,360
III Total cash receipts from investment activities (ADP 021 to 026)	027	6,247,846	10,278,703
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-3,508,262	-3,508,616
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	-131,608	-3,423,053
IV Total cash payments from investment activities (ADP 028 to 032)	033	-3,639,870	-6,931,669

B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027 +033)	034	2,607,976	3,347,034
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	73,848,696	266,019
4 Other cash receipts from financing activities	038	0	0
V Total cash receipts from financing activities (ADP 035 to 038)	039	73,848,696	266,019
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-86,418,749	0
2 Cash payments for dividends	041	0	0
3 Cash payments for finance lease	042	-2,696,166	-2,016,000
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	0	0
VI Total cash payments from financing activities (ADP 040 to 044)	045	-89,114,915	-2,016,000
C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039 +045)	046	-15,266,219	-1,749,981
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	14,540,981	36,049,010
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	049	8,375,089	21,238,210
F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD(ADP 048+049)	050	22,916,070	57,287,220

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	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	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	32,367,575	219,524,403	0	-34,944,592	-63,294,260	575,319,275	0	575,319,275
2 Changes in accounting policies	02	0	0	0	0	0	0	0	0	0
3 Correction of errors	03	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	32,367,575	219,524,403	0	-34,944,592	-63,294,260	575,319,275	0	575,319,275
5 Profit/loss of the period	05	0	0	0	0	0	23,117,504	23,117,504	0	23,117,504
6 Exchange rate differences from translation of foreign operations	06	0	0	0	0	0	0	0	0	0
7 Changes in revaluation reserves of fixed tangible and intangible assets	07	0	0	0	0	0	0	0	0	0
8 Gains or losses from subsequent measurement of financial assets at fair value through other comprehensive income (available for sale)	08	0	0	0	0	0	0	0	0	0
9 Profit or loss arising from effective cash flow hedge	09	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
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
12 Actuarial gains/losses on the defined benefit obligation	12	0	0	0	0	0	0	0	0	0
13 Other changes in equity unrelated to owners	13	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
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
16 Decrease in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	16	0	0	0	0	0	0	0	0	0

ZAGREB HOLDING Ltd.

Appendix: Semi-Annual Financial Statements

for January-June 2023

17 Decrease in initial (subscribed) capital arising from the reinvestment of profit	17	0	0	0	0	0	0	0	0	0
18 Redemption of treasury shares/holdings	18	0	350,454	1,777,467	0	-1,042,181	0	1,085,740	0	1,085,740
19 Payments from members/shareholders	19	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	0
21 Other distributions and payments to members/shareholders	21	0	0	0	0	0	0	0	0	0
22 Transfer to reserves according to the annual schedule	22	0	0	0	0	-63,294,260	63,294,260	0	0	0
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	23	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	221,301,870	0	-99,281,033	23,117,504	599,522,519	0	599,522,519
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	0	0	0	0	0	0	0
II COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05+25)	26	0	0	0	0	0	23,117,504	23,117,504	0	23,117,504
III TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 23)	27	0	350,454	1,777,467	0	-64,336,441	63,294,260	1,085,740	0	1,085,740
Current period										
1 Balance on the first day of the current business year	28	421,666,149	32,718,029	221,301,870	0	-99,281,033	23,117,504	599,522,519	0	599,522,519
2 Changes in accounting policies	29	0	0	0	0	0	0	0	0	0
3 Correction of errors	30	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	221,301,870	0	-99,281,033	23,117,504	599,522,519	0	599,522,519
5 Profit/loss of the period	32	0	0	0	0	0	3,758,424	3,758,424	0	3,758,424
6 Exchange rate differences from translation of foreign operations	33	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	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	0	0	0	0	0	0
9 Profit or loss arising from effective cash flow hedge	36	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
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

ZAGREB HOLDING Ltd.

Appendix: Semi-Annual Financial Statements for January-June 2023

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	0	0
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	23,117,504	-23,117,504	0	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	221,397,406	1,815,377	-76,163,529	3,758,424	605,191,856	0	605,191,856	0
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 FOR THE CURRENT PERIOD, NET OF TAX (ADP 33 to 41)	52	0	0	95,536	1,815,377	0	0	1,910,913	0	1,910,913	0
II COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP 32 do 52)	53	0	0	95,536	1,815,377	0	3,758,424	5,669,337	0	5,669,337	0
III TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 42 to 50)	54	0	0	0	0	23,117,504	-23,117,504	0	0	0	0