ZAGREBAČKI
HOLDING

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OFFICIAL VERSION OF THE ANNUAL REPORT 2024 IS PUBLISHED IN ESEF FORMAT IN CROTIAN LANGUAGE AT:
Financial reports - Zagreb Holding (zgh.hr)

ANNUAL REPORT 2024

Zagrebački Holding d.o.o.

ZAGREBAČKI HOLDING

Annual Unconsolidated Report of the Company Zagrebački holding d.o.o. for the Year 2024

Impressum

Publisher

Zagrebački holding d.o.o.

Ulica grada Vukovara 41, 10000 Zagreb

www.zgh.hr

For the publisher

Strategy, business development and compliance

Accounting

The preparation of this report involved the expert departments of all members of the Zagrebački Holding Group

Zagrebački holding d.o.o.

ANNUAL REPORT

2024.

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BASIC INFORMATION

ABOUT ZAGREBAČKI HOLDING D.O.O.

Zagrebački holding d.o.o. (hereinafter: the Company or ZGH) is a company 100% owned by the City of Zagreb. It performs its main activities through 12 subsidiaries.

The Company provides a wide range of services that are grouped into business areas of utility, public and market activities.

Main activities of the Company

- Public and unclassified state roads: management, maintenance and protection of unclassified roads, road facilities and equipment, maintenance and execution of traffic signals, traffic lights and production and installation of asphalt
- Landscaping and maintenance services of green areas
- Cleanliness maintenance and waste management and disposal services
- Warehousing and lease services
- Parking, towing and moving of vehicles in public areas
- Maintenance of cemeteries and crematoria within the cemetery
- Construction and management of electronic communication infrastructure and electronic communication networks
- Publishing activities

The company primarily operates on the domestic market.

Headquarters:	Ulica grada Vukovara 41, Zagreb
Reg. No.:	080042653
Personal ID. No.:	85584865987
Share capital:	EUR 421,666
Number of employees as at 31 December 2024:	**5,356**
Number of listed bonds on the Official Market of the Zagreb Stock Exchange:	305,000,000
Date of issue:	11 January 2023
Date of maturity:	11 July 2028
Interest:	fixed 4.90%, with semi-annual payment
Ownership:	The City of Zagreb is the founder and 100% owner of Zagrebački holding d.o.o.
Management Board	The members of the Management Board of the Parent Company are: » Ivan Novaković, President of the Management Board » Matija Subašić-Maras, Member of the Management Board » Dubravko Karačić, Member of the Management Board » Damir Novinić, Member of the Management Board
Supervisory Board	The members of the the Supervisory Board of the Parent Company: » Suzana Brenko, President of the Supervisory Board from 14 June 2021 to 2 July 2024 » Andro Pavuna, member from 22 December 2023, Deputy President from 26 January 2024, and President of the Supervisory Board from 23 July 2024 » Kristijan Starčević, Member from 13 February 2023, Deputy President from 23 July 2024 » Martina Jurišić, Member from 22 December 2023 » Željko Matijašec, Member from 22 December 2023
Audit Committee	The members of the Audit Committee: » Ivan Čevizović, Member from 16 November 2021, President from 14 June 2022 » Josip Teklić, member from 16 November 2021, Deputy President from 14 June 2022 » David Krmpotić, member from 16 November 2021 » Suzana Brenko, member from 14 June 2022 to 2 July 2024 » Kristijan Starčević, Member from 22 November 2024
Assembly	The only member of the Assembly of the Parent Company is the City of Zagreb, and the representatives of the member are: » Tomislav Tomašević, from 7 June 2021 » Danijela Dolenec, from 7 June 2021 » Luka Korlaet, from 7 June 2021

COMMENT FROM THE MANAGEMENT BOARD

ON THE 2024 PERFORMANCE

Financial stability

In 2024, the Company achieved a positive financial result, despite market challenges and changes in the regulatory environment. This success is largely the result of strategic reforms implemented in previous years, including the reorganisation of business processes, the centralisation and optimisation of operations and the introduction of new technologies. We are extremely proud that these reforms, together with our dedicated work, have led to an improvement in the Company's credit rating, which confirms the trust of rating agencies and investors in our ability to manage risks and maintain financial stability, as well as the implementation of strategic goals for the development of Company.

Financial result of operations for the year ended 31 December 2024

The positive financial result achieved in 2024 reflects the stabilisation of operations started in previous years, a decrease in inflationary pressures, more efficient resource management and increased operational activities of subsidiaries.

With a total of EUR 363.01 million in revenues and EUR 334.74 million in total expenses, and items of income and expenses that are not recognised in the profit and loss account, the Company generated a higher comprehensive income in 2024 by EUR 64.10 million (2024: EUR 88.37 million in 2022: EUR 24.27 million). Operating profit (EBIT) increased in 2024 by EUR 8.56 million (2024: EUR 56.01 million; 2023: EUR 47.46 million). Earnings before interest, taxes, depreciation and amortisation (EBITDA) amounts to EUR 73.00 million, which is an increase of EUR 5.5 million compared to the previous comparative reporting period. When the one-off effects of the net gains from the change in fair value of investment property of EUR 24.2 million and the impairment of business shares in the company Vodoopskrba i odvodnja d.o.o. in the amount of EUR 4.3 million are deducted, the achieved EBITDA is EUR 53.09 million, which is a better result than the planned result of EUR 2.99 million.

In 2024, operating income amounted to EUR 355.03 million and increased by EUR 48.26 million or 16% compared to 2023.

The most significant growth in revenues compared to 2023 was achieved in the segments of cleanliness maintenance and waste disposal by 23%, landscaping and maintenance of green areas by 48% and management and maintenance of public roads by 14%. The reduction in sales revenues is recorded in the facility management segment due to lower revenues from the implementation of public projects that are submitted to the ownership of the City of Zagreb after the expiry of the lease period. In 2024, grants from the City Budget were received to cover costs related to the public service of collecting municipal waste, costs of collecting and disposing of plastic and costs of rehabilitation of landfills.

In 2024, operating expenses amounted to EUR 299.01 million and increased by EUR 39.70 million or 15% compared to 2023. A more significant increase refers to (i) staff costs due to an increase in the base by an average of 12.5%, an increase in the permanent allowance and other material rights defined by the Collective Agreement signed on 26 March 2024, as well as an increase in the average number of employed workers by 7% due to an increase in the number of operational workers in the subsidiaries of Čistoća, Zagrebačka cesta and Zrinjevac and (ii) material costs and services due to an increase in prices of materials and services through public procurement procedures, with the aforementioned closure of the Jakuševec and Čret composting plants affected the increase in costs of utility services and fees for the submission of bio-waste to an external recuperator, while lower (iii) depreciation and amortisation costs due to the exclusion of public facilities from the Company's books and their submission to the management of the City of Zagreb and (iv) costs of provisions due to lower provisions for costs per initiated court proceedings.

As at 31 December 2024, the total net assets of the Company amounted to EUR 694.08 million and increased by EUR 106.51 million compared to 31 December 2023.

Non-current assets of the company increased by EUR 101.146 million. This increase is primarily the result of an increase in the value of property, plant and equipment in the amount of EUR 93.88 million, which results from a change in the fair value of non-current assets held in accordance with IAS 16 and subject to revaluation every five years. Also, the value of investment property increased by EUR 27.45 million, based on the valuation conducted by certified appraisers. Additional contribution to the increase in the value of non-current assets comes from the investments made, with EUR 29.20 million of investments realised during 2024, as well as from the entry of assets based on recapitalisation. On the other hand, non-current receivables decreased by EUR 15.74 million, primarily due to decrease in receivables from affiliated companies.

Net working capital decreased by EUR 26.23 million. This decrease is primarily the result of the collection of receivables from the City of Zagreb, and related to the rehabilitation of the consequences of the storm, which led to a decline in total receivables. At the same time, liabilities to suppliers increased due to the increased volume of services provided and increased investment activity at the end of the year.

Net debt as at 31 December 2024 amounts to EUR 494.42 million and is lower by EUR 47.90 million compared to 31 December 2023 due to regular and early repayment of the principal of the club loan in the amount of EUR 30.6 million.

Other non-current and current liabilities increased by EUR 19.20 million, mainly due to the increase in deferred income recognition in the amount of EUR 14.51 million, based on the calculated depreciation and amortisation of assets in accordance with the provisions of IAS 20.

The increase in capital results from the net profit for the current year, an increase in revaluation reserves based on net profit from the revaluation of real estate, as well as the entry of ownership rights over real estate (CUPOVZ) in the amount of EUR 15.5 million.

Digital transformation and strategic investments

One of the key strategic goals of Zagrebački holding was to increase operational efficiency through the digitalisation of business. As one of the main elements of the above, the Company continued to implement the SAP integrated information system in 2024, which will enable the centralisation of financial operations, improvement of reporting and planning. We expect that this system, when fully implemented during the 1st quarter of 2026, will significantly increase our operational efficiency and enable us to make faster decisions.

The 2024 strategy also included the continuation of the implementation of key infrastructure projects. For example, a project to increase the capacity for separate waste collection was successfully implemented – 150 underground tanks were installed and preparations for the installation of an additional 600 semi-underground tanks were started in 2025. This project not only contributes to the visual arrangement of the city, but also provides greater capacity for waste separation and recycling, thus contributing to the preservation of the environment.

In 2024, the Company continued with the renovation of the utility vehicle fleet and began preparatory activities for the rehabilitation of landslides at the location Jakuševec - Prudinec.

The project for the construction of the Waste Management Centre, which began in 2024, is a key component of our waste management strategy and achievement of circular economy goals in Zagreb.

In 2024, we continued to invest in innovation, for example, we implemented a system for automatic recognition of vehicle registration plate, whose capacities are planned to increase in the future. Our LoRaWAN network project, which started in 2024, supports our strategic goal of creating a smart city, enabling improved monitoring and management of key infrastructure services such as traffic, parking and waste.

Projects such as the construction of the public garage in Klaićeva street are aimed at ensuring better accessibility and quality of our services for the citizens of Zagreb.

We continue to invest in the renovation of infrastructure, which includes the renovation of buildings in Mirogoj cemetery and the project of revitalisation of Zagreb's markets, which will provide a better offer for citizens, but also increase the tourist attractiveness of the city.

Sustainable business and corporate governance

During 2024, the Company made significant progress in sustainable development projects, which form the foundation for our future. In addition to implementing ISO 9001 and ISO 14001 standards, we have further improved our environmental and quality management processes through a number of specific measures. We have started projects aimed at decarbonisation and energy efficiency. We increased the percentage of separately collected waste by 14%, i.e. to 42% in 2023, which was officially confirmed by the Ministry of Environmental Protection and Green Transition as the largest individual growth in the separate collection of municipal waste. The share of separately collected municipal waste, i.e. waste removed from the landfill for 2024 is 48.27%, which represents a further significant increase in this key activity.

The implementation of the system of internal controls based on the "three lines of defence" model, as well as the establishment of the Compliance Department and the Risk Management Department, significantly improved the corporate governance framework. These activities contribute to the stability of the Company and reduce exposure to regulatory and operational risks. The Company has started to comply with the NIS2 Directive on cybersecurity. As part of this project, we have started preparing for the establishment of a Security Operational Centre (SOC) that will enable us to better protect our information systems and data.

Our commitment to sustainable business was also recognised through winning the award **of the Croatian Sustainability Index** (HRIO) in the category of greatest progress compared to last year.

Responsibility towards users, own workers and the community

In addition to working on improving utility services, a significant focus was placed on improving the quality of the customer experience. The expansion of digital payment services through the KEKS Pay application and the introduction of card payment through self-service devices enabled the Company's users to make payments for services more easily and faster. This is just one of a number of steps in the modernisation of our business, which includes improving communication with customers through new digital channels, which shows the Company's commitment not only to sustainability but also to improving the quality of life for citizens of Zagreb.

One of the important strategic goals in 2024 was to invest in human resources. Therefore, a new Collective Agreement was signed, which brings an increase in the salary base and other material rights for our employees. By introducing new educational programs for new employees, we strengthen the corporate culture that encourages excellence, equality, transparency and ethical business. In 2024, we employed 667 new workers, which strengthened our operational capacities, especially in our largest subsidiaries such as Čistoća, Zagrebačke ceste and Zrinjevac.

The Company, through cooperation with UNICEF and the signed agreement, actively contributes to the community through promotional campaigns and support for projects aimed at environmental protection, humanitarian initiatives and cultural programs. This confirms its commitment to creating a better and more sustainable world, emphasising the importance of engagement and solidarity in building a society based on the values of humanity, environmental awareness and cultural diversity.

Geopolitical risks and resilience of the Company

The continuation of the war in Ukraine, energy volatility and global inflationary trends also affected the business environment of the Company. Although the Company operates predominantly on the domestic market, geopolitical risks are manifested through increased costs of procurement of equipment and energy products, and increased regulatory requirements, especially in the field of security, sustainability and digital infrastructure.

Accordingly, the Company's Management Board took a number of measures to strengthen resilience – diversification of suppliers, monitoring of global indicators of the raw materials and energy market, and intensification of internal scenario analyses through newly formed risk and compliance services.

Geopolitical risk is becoming an integrated part of strategic planning, and maintaining operational flexibility and liquidity, together with resilient supply and information systems, are key elements of the long-term sustainability of the Company's operations.

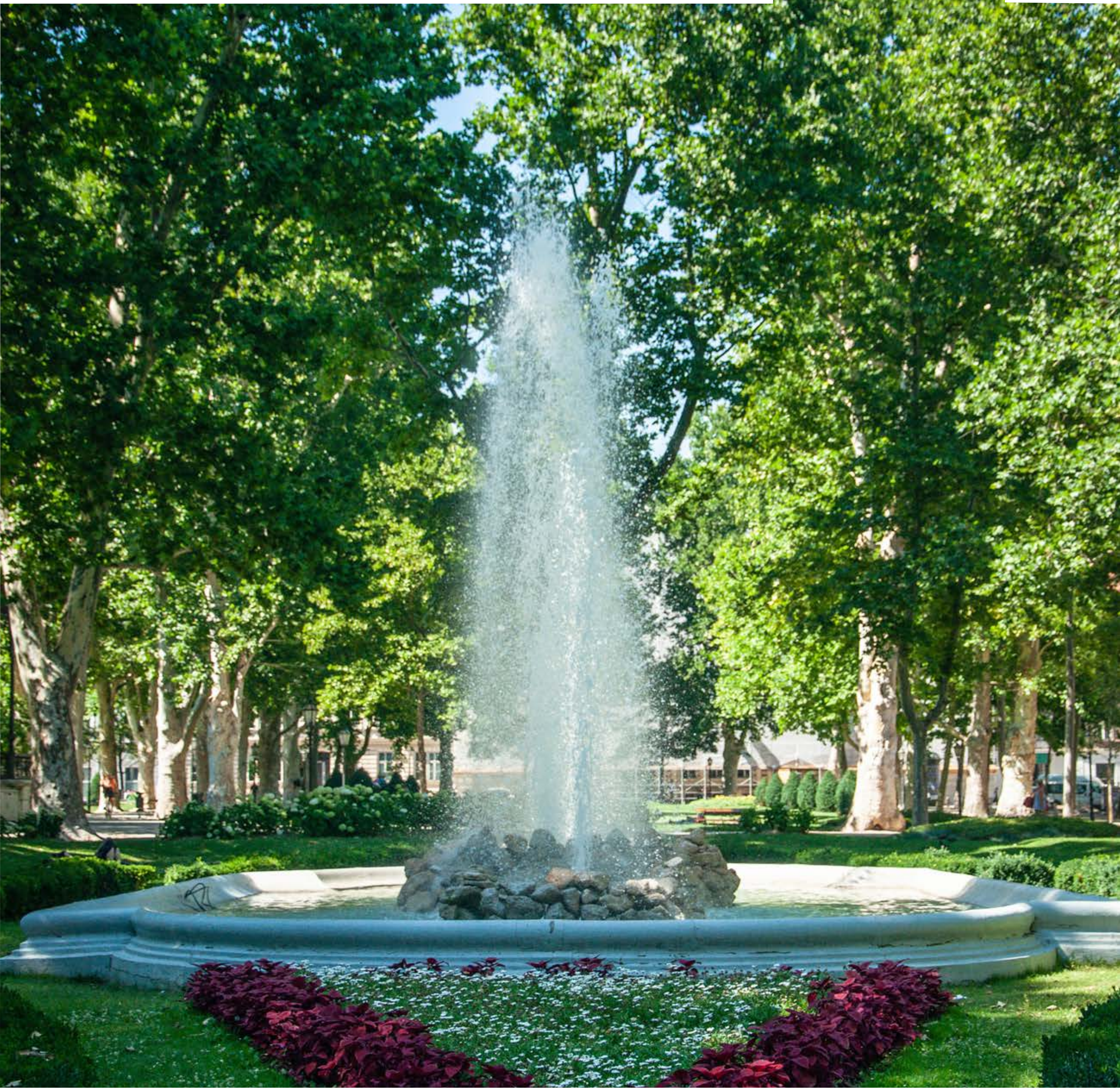
Final word and looking ahead

Looking ahead, Zagrebački holding d.o.o. continues to implement strategic projects such as the construction of the Waste Management Centre, business digitalisation, modernisation of the fleet, the project of construction of solar power plants at the Company's facilities and the revitalisation of Zagreb markets. A strong focus remains on the development of the circular economy, reducing CO_2 emissions, digitalisation and improving the quality of life for citizens.

The strength of Zagreb Holding is not only in its resources, but in its people, organisational resilience and a clear strategic vision – to become an example of a responsible, transparent and sustainable utility company that contributes to a better quality of life for its users and the community as a whole.

III SIGNIFICANT BUSINESS EVENTS

IN 2024



Supervisory board:

Changes in the Supervisory Board in the period from 1 January 2024 to 31 December 2024:

1. Suzana Brenko, President of the Supervisory Board from 14 June 2021 to 2 July 2024
2. Andro Pavuna, President of the Supervisory Board from 23 July 2024
3. Kristijan Starčević, Deputy President of the Supervisory Board from 23 July 2024

Audit Committee:

Changes in the Audit Committee in the period from 1 July 2024 to 31 December 2024:

1. Suzana Brenko, member from 14 June 2022 to 2 July 2024
2. Kristijan Starčević, Member from 22 November 2024

Changes in subsidiaries of Zagrebački holding d.o.o.

1. Subsidiary Zrinjevac
   - Damir Grgić, head of the subsidiary from 15 February 2022 to 29 March 2024
   - Božena Cvitanović, head of the subsidiary from 30 March 2024
2. subsidiary Tržnice Zagreb
   - Božena Cvitanović, head of the subsidiary for the period from 7 February 2022 to 30 June 2024
   - Marin Rončević, head of the subsidiary from 1 July 2024
3. subsidiary ZAGREBPARKING
   - Dubravko Karačić, head of the subsidiary from 1 December 2023 to 9 December 2024
   - Dinko Herman, head of the subsidiary from 10 December 2024

SUSTAINABLE BUSINESS OF THE COMPANY

The goal of the Company is to establish a sustainable business through a long-term strategic framework for sustainability management. The Company has adopted a sustainable business strategy that leads to the development of a green and circular economy and contributes to increasing the quality of services and socially responsible behaviour. So far, the implemented activities of organisational, operational and financial restructuring mark the completion of the financial stabilisation of the Company, and the transformation of operations and commitment to the sustainable development strategy contribute to self-sustainable operations.

With its activities and projects, the Company is continuously focused on achieving key strategic goals:

Quality, reliable and innovative service

Quality control

Urbanisation and environmental protection

Quality of urban life

The Sustainable Development Goals as well as the measures implemented to achieve the goals are described in more detail in the Sustainability Report.

Responsible corporate governance

Improvement of the management system in ZGH

During 2024, the management and corporate responsibility system was further improved by the following practices:

1. the internal control system based on the methodology of the 3 pillars of defence

   The Company has implemented a model of three lines of defence that regulates the responsibilities of employees (first line of defence), control functions: compliance, risk management and security (second line of defence) and internal audits (third line of defence), thus contributing to the maintenance of an effective system of internal controls in the Company.

   During 2024, the Company further improved the internal control system by establishing 2 control functions:

   1. The Risk Management Department, processes and management systems, which jointly supervises the management of the Company's strategic and operational risks and reports to the Management Board and senior management on the identified risks and mitigation measures. In order to improve and optimise the organisation and automation and digitalisation of business processes, the Department also deals with process modelling. The primary focus is on strategic and user processes.
   2. The Business Compliance Department, whose main goal is to reduce the risk of non-compliance with legal regulations, permits, standards and internal rules, which may result in regulatory measures, penalties, loss of various permits, reputational damage, etc. The Department also deals with the handling of reports related to corruption and conflicts of interest, as well as potential conflicts of interest and reports in the field of ethics and morality

   The Department for Strategy, Development and Sustainability of Business was established within the Sector for Strategy, Development and Compliance, which includes development projects and projects related to sustainable business. By establishing a service whose core activity is sustainable business, the Company shows its commitment to sustainable development.

2. implementation of an integrated quality management and environmental management system

   During 2024, the Company implemented an integrated quality and environmental management system and was certified in accordance with ISO 9001 and ISO 14001 standards. The ISO 9001 certificate confirms that the Company has implemented high standards of quality management of its services. This step is the result of ZGH's efforts in optimising its processes, increasing transparency and sustainability, as well as improving the user experience. The

ISO 14001 certificate reflects the commitment to environmental protection through effective and responsible practices in everyday business.

In addition to these umbrella certificates, individual subsidiaries go a step further and are certified with additional ISO certificates:

» subsidiary Čistoća in the field of health and safety at work, ISO 45001,

» subsidiary Gradska Groblja for funeral services, ISO 15017,

» subsidiary Tržnice Zagreb in the field of food quality and safety HACCP,

Improved business policies and practices

The Policy Book of Zagrebački Holding adopted in 2024, is a key document that defines the guidelines, principles and obligations that shape our business and relations with various stakeholders. In times of rapid changes and growing expectations, the Company is focused on sustainability, quality of services, environmental protection, health and safety of employees and the rights of end users, which are determined by the following policies:

1. Sustainability policy
2. Quality management and environmental protection policy
3. Waste management policy
4. Policy on environmental protection, health and safety at work
5. Policy on improving services, protection of rights, health and safety of end users
6. Policy on diversity, protection of human and children's rights and protection against discrimination
7. Human resources development and performance management policy
8. Competition policy
9. Anti-corruption policy

In addition to the *Anti-Corruption Policy*, which summaries the basic determinants of the fight against corruption, the *Ordinance on the Suppression of Corruption and Conflict of Interest Management*, the Company ensures the systematic identification, prevention and sanctioning of corrupt activities and conflicts of interest, ensuring fair, responsible and legal business, in accordance with international and national regulations. The Ordinance combines anti-corruption measures and measures to prevent or reduce exposure to the risk of conflicts of interest, as stated in more detail in the section "Statement on the application of the Code of Corporate Governance".

With *the procedure for the involvement of stakeholders*, the Company prescribed the basic assumptions, principles and methodologies for the identification of all external and internal stakeholders and the procedures on which cooperation with stakeholders as stakeholders will be based. At the end of 2024, the company conducted a market research survey through a website, social networks and the Holding Centre, as well as through direct e-mail contact with employees and suppliers. The aim of the survey was to collect and validate the opinion of stakeholders on the importance of the topics that the Company deals with. Consequential analysis and final validation of material topics are described in the section "Sustainability Report".

Furthermore, the Company has adopted a *Supplier Code of Business Conduct* by which it communicates to its suppliers the obligation to comply with applicable legislation, social standards, environmental standards and corporate governance standards, and also includes their corporate bodies, employees, representatives, subcontractors and sales partners.

Responsibility towards users

After the introduction of the service of paying the joint payment slip via the KEKS Pay application without fees, in 2024 the Company continues to improve its services and improve the quality of the customer experience by introducing two new additional functionalities:

» receiving a joint payment slip via e-mail, in PDF format. This service enables the electronic delivery of invoice immediately after their creation.

» enabling card payment of invoices through a 24/7 self-service device, which is located in the entrance zone of the Holding Centre. On the self-service device, users can, without charge, pay the invoices of the Company and other members of the Group.

Responsible financial operations

During 2024, two international credit rating agencies increased the Company's credit rating; Standard & Poor's Global in October 2024 from B+ level with a positive outlook to BB level with a stable outlook; and Moody's, which in November 2024 improved the Company's credit rating from Baa2 with a positive outlook to A3 with a stable outlook.

According to the rating agencies, the key advantage of the Company is the branching and exposure to a wide range of utility services that it performs for the City of Zagreb, which owns it 100%. At the same time, the complexity of the structure of the Company, whose individual business activities depend on the decisions of the City of Zagreb, is highlighted as a risk.

Changes in the credit rating, as a result of the successful implementation of the strategy, which, due to the implemented operational and financial restructuring, generated a positive EBITDA for two years in a row (EUR 67.50 million in 2023 and EUR 60.036 million in 2022), reflect the stability and perspective of the Company, as well as the establishment of the trend of achieving positive business results and the confidence of investors in the ability to manage risks.

Responsibility for quality human resources management

New collective agreements

On March 26, 2024, the company and the representative trade unions signed a new Collective Agreement for workers in the company Zagrebački holding d.o.o.

In the negotiations that began at the end of 2023, it was agreed to increase the material rights of workers by increasing the base for all workers by 12 percent, the amounts of permanent salary supplements, appropriate rewards and other benefits up to the highest non-taxable amounts were also increased.

The new Collective Agreement for the Company is in force from March 1, 2024 to March 31, 2026, and it invested in the material rights of workers in the amount of EUR 13.1 million in 2024, while the effect of the application of this agreement in 2025 is EUR 17.5 million.

Training for new employees

During 2024, the Company implemented the practice of education on the topics of corporate governance and workers' rights during employment. The topics included are: the code of ethics, the report of irregularities, the dignity of workers, safety at work, compliance (bribery, corruption, conflict of interest), workers' rights from the *Labour Act*, Work regulations and the *Collective Agreement*. The training includes an introductory seminar for newly employed workers and the acquisition of theoretical and practical skills for working in workplaces with special working conditions. In this way, workers receive information about the activities of the Company, they are clearly presented with the system of values and desirable behaviours, as well as the rights, obligations that the worker has and the benefits that the Company offers. The said practice aims to enable workers to easily adapt to the work environment, gain a positive perception of the employer and increase job satisfaction.

In addition, a lecture in the field of safety at work was included in order to give workers a practical but detailed insight into real examples from practice related to the application of safety at work.

Responsibility towards the community

In April 2024, the Zagreb Holding, the City of Zagreb and UNICEF signed an *Agreement on cooperation and donation for activities in 2024 and 2025* aimed at supporting UNICEF's activities in the protection and realisation of children's rights. By submitting UNICEF leaflets, the Company informed citizens about the possibility of supporting UNICEF's program activities aimed at children without adequate parental care with donations.

Professional awards

In November 2024, Zagreb Holding received the award of the Croatian Sustainability Index (HRIO) in the category of greatest progress compared to last year. The HRIO award is given by the Croatian Business Council in cooperation with the Croatian Employers' Association, and is based on a methodology that provides companies with a comprehensive insight into the application of their own sustainable business practices, a review of compliance with the latest provisions of the European Union and a comparison with the practices of other companies in Croatia.

In addition, according to the results of the analysis of business sustainability conducted by the CCE, in 2024, Zagrebački holding took the first place in the Municipal economy sector. This analysis assesses the success of organisations' sustainable business, based on their approach in the field of environment, society and management practices.

These awards reflect the Company's commitment to effective, responsible practices in everyday business and progress.

One of the ambitious strategic goals relates to the reduction of CO2 emissions in accordance with which the Company began the project of developing a *Decarbonisation Strategy* that it plans to adopt by the end of the first half of 2025 and which will define measurable goals and activities for achieving carbon neutrality in the areas of waste management, energy efficiency, renewable energy and mobility.

PROJECTS OF THE COMPANY

Implementation of the integrated information system ZGH – SAP solution

The Company initiated the implementation of a single ERP, i.e. the SAP information system, at the end of January 2024. The purpose of the project is the centralisation and consolidation of financial operations in the segments of accounting, finance and controlling, all with the aim of better reporting and planning. The biggest step forward in the implementation of a single ERP system for the Company should be reflected in the move away from individual ERP subsidiaries for the above areas, the unification of business processes and the application of best global practices in these areas.

During the year, the project preparation activities were implemented, a system and network environment for all environments was established, the SAP environment Q Gate was installed and the analysis phase was carried out. System adjustments are also underway, as well as the development of functional specifications for development and integration with the aim of harmonisation and connection for the purpose of automating data transmission.

In 2025, the adaptation of data for migration, integration tests, test migration and end-user education as well as production preparation will be carried out. The expected deadline for the implementation of the new ERP system and its release into production is the first quarter of 2026, and it represents a significant step forward in the digitalisation of the Company's business.

Construction of the LoRaWAN communication network

The construction of the LoRaWAN communication network will enable the economical and rational implementation of numerous city and utility services, from remote meter reading with consumers, to the collection of various data for advanced traffic management, parking, public lighting, waste, optimisation of resource utilisation, etc. Once set up, the network will be used for the purpose of improving the services of the Company and the services of other members of the Group.

LoRaWAN technology has numerous advantages such as long range, battery life, ease of maintenance, scalability, low energy consumption, sustainability and provides a stable, long-term sustainable and quality solution.

During 2024, procurement of network radio design, procurement and installation of network equipment, and procurement and configuration of the network server were initiated. By the end of 2025, it is planned to establish a complete LoRaWAN network, which will become the basis for the Zagreb smart city. During 2025, it is planned to acquire an IoT platform for managing the collected data through the network and maintenance services of the LoRaWAN network. It is also planned to start upgrading water meters and gas meters with LoRaWAN modules that allow remote meter reading.

Underground and semi-underground tanks

The project of construction and installation of underground and semi-underground tanks in order to encourage an increase in waste separation, achieve better recycling results and reduce visual pollution of the Zagreb city centre began as a pilot project at the end of 2023.

The subsidiary Zagrebačke ceste is the main contractor for the installation of underground tanks.

By 31 December 2024, a total of 150 underground tanks were installed in the area of the historical centre of the City of Zagreb at 39 locations, as well as 12 semi-underground tanks at 4 locations, the installation of which began at the end of 2024.

A tender for the procurement of 600 semi-underground tanks intended for installation at the first 200 locations in other city districts was also conducted. The aim is to replace worn out and with capacities and accommodation of unsuitable standardised containers for separate collection of dry fractions of municipal waste, i.e. paper, cardboard, plastic, metal and glass packaging in public areas.

The project of construction of underground and semi-underground tanks continues in 2025 by expanding to other city districts. So far, 600 semi-underground tanks have been contracted for installation in 2025 at 200 locations and 200 underground tanks at 40 locations.

In 2024, a public tender was prepared and published for the installation of a system of control and locking of underground and semi-underground tanks in order to raise the individual responsibility of users and further increase the share of separately collected recyclable waste.

Operational KPIs

With the aim of improving the performance of activities and services, during 2024 the Company improved the system of monitoring key operational indicators in the areas of waste management, maintenance of the road transport network and management of green and public areas, i.e. key municipal activities.

The monitoring system currently includes three largest subsidiaries: Čistoća, Zagrebačke ceste and Zrinjevac, with a total of 24 activities, with a planned expansion of the activities to be monitored and a more detailed data analysis. Depending on the significance, activities are monitored on a daily or weekly basis, and the results are reported weekly to the Management Board of ZGH and to the managers of the subsidiaries. Weekly reports provide a comprehensive insight into operational operations and help assess performance, make decisions faster and optimise processes.

Special emphasis was placed on improving the monitoring of activities that directly affect the quality of life of citizens – for example, the implementation of the service of waste removal of all fractions, the number of complaints of citizens, the correctness of the reading of chipped tanks for the electronic recording of the execution of the service of emptying the tanks, the handling of reports of municipal wardens and citizens received through the e-Redar and MojZagreb systems of the City of Zagreb, the division of tanks for separate waste collection, the removal of bulky waste, the rehabilitation of the overpass, the work of the patrol service, as well as activities such as mowing grass and planting trees.

For certain activities, the subsidiaries of the Company already had an internally developed monitoring system, but the new monitoring system enabled the unification of all results in one place, a simpler overview and comparison of weekly results and a deeper analysis of them – including, for example, the time limit for the execution of activities and the type of applications received.

The first results of the introduction of a system for monitoring operational KPIs are already reflected in the increased implementation of activities. In the following phases, further development of this model is planned – an increase in the number of monitored activities and the development of a digital reporting and analysis solution.

Subsidiary Čistoća

Key business activities

During 2024, the subsidiary Čistoća carried out key business activities for the purpose of increasing the efficiency and quality of primary activities, especially in the public service of municipal waste collection, while the full effect of improving the efficiency and implementation of the program of cleaning and washing of public transport areas is expected in 2025.

The system of monitoring, data processing and standardisation of the execution of the waste disposal service was also improved and digital reporting of operational circumstances in real time was introduced. Following these improvements and with organisational modifications, circumstances were created that enabled the reduction of waste disposal on Saturdays and in the afternoon, which makes the service less efficient due to the high intensity of city traffic. This reduces the need for overtime work of field workers and a greater balance of working and leisure time. With improved working conditions, the Company strengthens competitiveness in a challenging labour market.

The fleet of the subsidiary Čistoća was renewed with the delivery of 41 specialised vehicles for the collection of municipal waste, which is the result of conducted public tenders in the previous period. In addition to increasing the daily operational readiness, new vehicles, due to their characteristics, enabled the subsidiary Čistoća to take over increased quantities of recyclable waste and the multifunctionality required when dealing with specialised tanks in public areas, especially buried or underground and semi-underground tanks.

Furthermore, during 2024, the subsidiary Čistoća also realised the procurement of 3 truck cleaners, 2 medium capacity cleaners, 2 tank trucks, 2 cleaners for pedestrian traffic areas with electric power and contracted the delivery of additional 8 cleaners for the first quarter of 2025. All of the above represents a technological modernisation and the beginning of the transition to alternative, environmentally friendly fuels in the part of the fleet.

Following the increase in the amount of waste, which mainly consists of plastic and metal packaging, the subsidiary Čistoća has started the division of yellow tanks that, with a much higher volume compared to the previous yellow standardised bags, will provide users in individual housing with greater possibilities of disposal of the mentioned type of waste. In 2024, three quarters of the 90,000 planned yellow tanks of 240 and 360 litres in volume were distributed.

Also, works were carried out to improve the functioning of the drainage of wastewater and leachate and the degassing of the remaining landfills at the Jakuševec - Prudinec landfill. They are the basic prerequisite for the undisturbed daily disposal of mixed municipal waste in accordance with safety protocols that have been significantly revised after the occurrence of landslides at the landfill at the end of 2023. The aforementioned works also represent the preparatory works for the main rehabilitation of the landslide, which will be carried out in 2025 after the publication of the report on the causes and circumstances of the landslide by court experts.

Increase in separate collection of municipal waste

In October 2024, the Institute for Environmental and Nature Protection of the Ministry of Environmental Protection and Green Transition published the Report on Municipal Waste for 2023, which confirmed that the City of Zagreb achieved the largest individual growth in the separate collection of municipal waste, from 28 to 42%.

Subsidiary Zagrebačke ceste

From the Asphalt Paving Program of unclassified roads of the 1st order for 2024, 28 streets in the area of the City of Zagreb were paved, which fulfilled all contractual obligations under this program. In total, 156,898.25 m² of roadway area was paved, which is 126% more than the year before. The value of the performed works was EUR 8,251,447.18.

In 2024, the total production of asphalt mixtures of the subsidiary Zagrebačka cesta amounts to 111,156.90 tons (2023: 143,057.90 tons), of which 35% of the total produced was spent on works from the Asphalt Paving Program of unclassified roads of the 1st order, i.e. 107% more than last year. The remaining quantity was consumed in the regular maintenance and other communal activities of the subsidiary, including the programme of communal activities (186 locations), the programme of small communal actions of local committees (62 locations), emergency interventions (13 locations) and the extraordinary programme (19 locations).

Subsidiary Zrinjevac

In October 2024, a new cycle of tree planting began within the project of greening the city of Zagreb. Across the city, at over 1,000 public city locations, slightly more than 8,000 trees are planted in all city districts. In addition to lowering the temperature in the City, the project will also have an estimated net effect of reducing CO2 emissions by 2,764.02 tons per year, on average. Seedlings between the ages of 6 and 15 are used for planting, they are 86 different types of trees, and special attention is paid to avoiding the planting of allergenic species.

In May 2024, the State Inspectorate (hereinafter: DIRH) issued a decision prohibiting the performance of waste recovery activities at the Markuševac composting plant at the location Čret 2e, until the subsidiary Zrinjevac obtains an environmental permit or a decision on the operation of the plant below the limit values of the indicators. The operator, subsidiary Zrinjevac, filed an appeal against the decision of the DIRH, and at the same time, initiated the procedure for obtaining a decision on work below the limit value-based indicators, although it believes that it is not obliged to obtain an environmental permit and neither a decision on work below the limit value-based indicators. In May 2024, the Ministry of Environmental Protection and Green Transition confirms the opinion of the subsidiary Zrinjevac that it is not obliged to obtain an environmental permit.

In November 2024, the decision of DIRH was received, rejecting the appeal of ZGH, subsidiary Zrinjevac, filed against the decision of the senior inspector of environmental protection of the State Inspectorate, Regional Office Zagreb, Service for Supervision of Environmental Protection and Water Rights Inspection, dated May 2024.

Therefore, the Company, subsidiary Zrinjevac, initiated an administrative dispute by a lawsuit to the Administrative Court on December 17, 2024 against the Respondent of the Republic of Croatia, the State Inspectorate, in order to annul the entire decision of the DIRH from May 2024 and to issue a decision to allow the operator ZGH, subsidiary Zrinjevac, to perform the activity of waste recovery at the Markuševac composting plant, until the final end of the administrative dispute.

Subsidiary Tržnice Zagreb

In cooperation with the City of Zagreb, the development of a comprehensive project for the renovation of Zagreb city markets, their revitalisation and transformation into a modern space adapted to the needs of citizens has begun. In 2024, the focus was on strategic initiatives:

- development of a strategy for long-term revitalisation and development of Zagreb markets,
- complete reconstruction of the Vrapče market, with the renovation of refrigerated showcases and benches for the sale of fruits and vegetables,
- development of the main design for the reconstruction of the roof of the Utrine market,
- communal works, renovation of equipment and inventory and parking lots for tenants at the Trešnjevka market,
- contracted works for the reconstruction and replacement of elevators at the Dolac market
- project for the construction of a video surveillance system at the complex of wholesale markets and cold stores,
- analysis and improvement of the existing management model and improvement of the operational efficiency of utilities and market services.

Through increased marketing activities, we also worked on increasing consumer awareness of the quality of domestic products offered at Zagreb markets and the benefits of buying groceries outdoors. This was mostly achieved through the project Ecological Markets at the Jarun Market, which has been implemented together with the City of Zagreb and the Zagreb County since June 2024. During 2024, the Ecological Market was held as many as 28 times. In addition, numerous successful collaborations were achieved on various projects, both gastronomic (Place Market, Food Truck) and cultural (Festival of Lights at the Dolac market, Dubrava National University, KUC Peščenica, Art Plac at Splavnica).

During 2024, 1,193 new umbrellas with a motif of Šestine neighbourhood were purchased, which contribute to the visual identity, and the authenticity and attractiveness of markets.

Subsidiary Zagrebparking

During 2024, a number of measures and projects were activated with the aim of improving the parking charging system and ensuring easier parking in the City, including:

New block parking system

The application of the block parking organisation in public parking lots in the City of Zagreb began on October 26, 2024, and the full effects will be visible in the coming months. Parking zones I, II and III are divided into 23 blocks, while zones IV 1, IV

2 and V have a special charging regime. The block organisation refers to users of privileged parking tickets, which enables the user of the privileged ticket to receive a preferential price for parking at the block level instead of the previous zone level.

The total number of active preferential parking tickets as at 31 December 2024 amounts to 36,211, which is 8.6% less than on 31 December 2023. This indicates that the measure achieves the goal of relieving parking spaces for tenants.

Park&Ride zone at Borongaj site

The first Park & Ride zone at the Borongaj location has been active since 2 December 2024, within which the price of a daily parking ticket (zone V) includes the price of a return ticket for ZET transport. As, as part of the reconstruction of KBC Zagreb, the Rebro garage ceases to be a public garage, the said Park & Ride zone provides parking for citizens and visitors to the hospital, which also includes the price of transport to KBC Rebro. The Park&Ride parking lot at the Borongaj location has about 724 parking spaces under charge, which is higher than the previous Rebro garage, which ensures the replacement of the parking capacity in the garage. Further improvement of the concept includes enabling the purchase of a Park & Ride ticket through the ZgPark application.

The system of automatic recognition of the vehicle registration plate, the so-called Scan-a-car system

The project aimed at raising the efficiency of parking control, after the test phase, was put into operation during the 4th quarter of 2024. Scan-a-car, vehicles for automatic recognition of vehicle registration plate, through 6 cameras and the built-in information system, recognise vehicle registration plate, and then load them into the system and perform an automatic check whether there is a valid parking ticket for that vehicle. If it does not exist, the system issues a daily parking ticket.

Klaićeva garage

The new garage in Klaićeva Street, with a capacity of about 800 parking spaces, is a long-announced project that will relieve street public parking lots in the city centre of Zagreb. The garage will also contain charging points for electric vehicles, as well as parking spaces for bicycles. During 2024, investment and feasibility studies were carried out for the intended project.

Given the location and planned capacity, it will contribute to improving the overall traffic situation in the city centre. This project would free up spaces that have been used for parking so far, thus improving the urban environment and promoting sustainable transport opportunities.

At the moment, the project is in the design phase, and after the development and acceptance of the project-technical documentation, the implementation of the project will be entrusted to the subsidiary Zagrebparking. The planned implementation period is 36 months.

Subsidiary AGM

The basis of the work of the AGM, the publishing activity, consists of twenty specialised libraries within which eight new books were published in 2024 and two titles were printed. The book "Imamo Dinamo" was declared the best-selling book of the Interliber fair in 2024.

OTHER PROJECTS CO-FINANCED BY GRANTS

Projects for the restoration of cultural heritage at Mirogoj

In 2024, projects were carried out at the Mirogoj cemetery:

1. Renovation of the Administration Building at the Mirogoj Cemetery

   The renovation of the administrative building was completed in March 2024. The aim of this project was the complete renovation of the administrative building, a protected cultural property at the Mirogoj cemetery, for the purpose of repairing the damage resulting from the March 2020 earthquake.

   The project was implemented without significant changes to the preserved elements of historical structures by the method of conservation, rehabilitation, reconstruction, recomposition and integration in order to connect historical structures and contents with the contents arising from the purpose of the space.

   With the funds of the EU Solidarity Fund, the National Recovery and Resilience Plan and national funds, a structural and complete renovation was carried out with a total value of EUR 1,718,521.18.

2. Renovation of the morgue at the Mirogoj cemetery

   Works on the rehabilitation of the morgue began in April 2024, while the completion of works is expected in 2026. The project includes the complete and energy renovation of the Morgue building, which is part of the Mirogoj monument complex, which is registered in the Register of Cultural Property of the Republic of Croatia as a protected cultural property for the purpose of repairing the damage resulting from the March 2020 earthquake.

   Given the damage caused by the earthquake, in addition to the structural renovation, the building needs to be completely and energy renovated, i.e. the design envisages technical solutions that will ensure energy savings.

   The implementation of the project is ensured by the EU Solidarity Fund, the National Recovery and Resilience Plan and national funds in the total amount of EUR 3,501,491.39. So far, EUR 547,154.10 has been spent on the project.

3. Preparation of project documentation and implementation of measures for the protection of the arcade and the church of Christ the King at the Mirogoj cemetery

   The aim of the project is the development of project technical documentation for the structural renovation of the arcade and the church of Christ the King, a protected cultural property at the Mirogoj cemetery, for the purpose of repairing the damage resulting from the March 2020 earthquake. The development of the main design is in progress, with a deadline of 12 months from the introduction into work, i.e. March 14, 2025.

Solar power plants on the roofs of the buildings of Zagrebački holding – Project PVMax

The project for the construction of solar power plants on the roofs of the Company's buildings (the so-called PVMax project) includes 16 facilities (facilities of the subsidiaries Robni terminali Zagreb, Tržnice Zagreb and Vladimir Nazor). These 16 facilities are grouped into 11 solar power plants. The regional energy and climate agency of northwestern Croatia (hereinafter: REGEA) has made preliminary designs of solar power plants for these power plants. On the basis of the developed designs, electric power approvals were requested from Hep ODS d.o.o. For 5 power plants, approvals were obtained, while for the remaining 6 power plants it was determined that these are more complex technical conditions for connection of power plants to the network, and offers were obtained for the preparation of a study of the optimal technical solution for connection to the network (EOTRP). Bids have been paid, and EOTRPs have been received.

In addition to the above activities on the project itself, during 2024, a market analysis was made for the needs of the project/ construction of solar power plants.

The next phase of the project includes the public procurement of the preparation of the main designs, and the public procurement/contracting of the construction of power plants, after the adoption of the strategic decision of the Administration on the project itself.

Application to the EPEEF for the procurement of a universal automatic press for the subsidiary Čistoća

In 2024, the procurement and installation of a universal automatic press or baler with a capacity of 60 tons with equipment for the reception, sorting and baling of secondary raw materials for the needs of the subsidiary Čistoća was realised by applying to the "Public call for the encouragement of measures for separate collection of municipal waste (ZO 2-2023)".

This enables a better possibility of achieving higher purity of packaging waste and storage at times when it is necessary for operational needs.

THE IMPACT OF REGULATORY CHANGES ON BUSINESS

As a provider of services of general economic interest, the business of the Company is regulated by numerous laws and by-laws and, accordingly, the Company is exposed to dynamic changes in legislation and the regulatory framework. The prices of certain activities of the Company are influenced by the regulator and the City of Zagreb as a unit of local self-government. On the other hand, the costs of providing services are influenced by the market, where in the event of market disturbance, the above requires changes in the price list for these types of services.

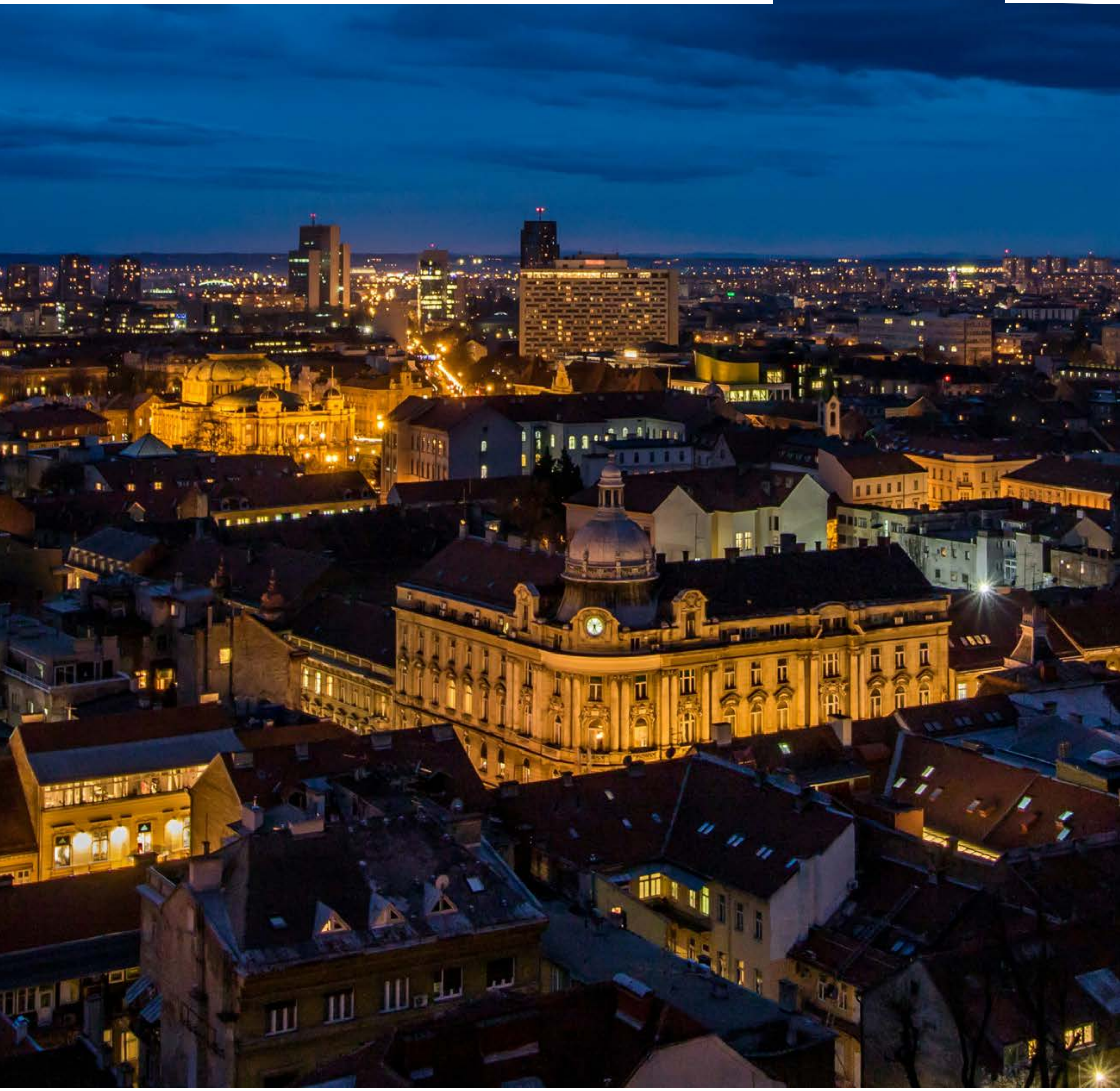
Subsidiary Čistoća

At the session of the Government on 28 November 2024, the *Regulation on the unit fee for waste disposal* was adopted (OG 137/2024), which entered into force on 1 January 2025. The Regulation defines the amount of the fee imposed by the Waste Management Act (OG 84/2021, 142/2023); it is a new fee and significant material expenditure for ZGH. The person liable to pay the waste disposal fee is the landfill manager, i.e.

ZGH, subsidiary Čistoća. The fee is paid according to the decision of the Environmental Protection and Energy Efficiency Fund, which the Fund adopts by 30 June of the current year for the previous calendar year. The law provides for the amount of compensation of 30 EUR/t of disposed waste for 2025. Accordingly, during 2026, the ZGH expects a decision on the payment of the said fee in the amount of about 5.4 million EUR (estimated value based on historical data on collected waste).

Waste disposal fee is a measure that encourages the reduction of the amount of waste disposed of at landfills in the Republic of Croatia. The funds collected by collecting the waste disposal fee are used by the Environmental Protection and Energy Efficiency Fund to finance the construction and improvement of waste management and recycling infrastructure, as well as to appropriate educational and informational activities.

IV ACTIVITIES RELATED TO BUSINESS DEVELOPMENT



In accordance with the business goals of the Company, following the trends in the development of technologies, but also the requirements of external business stakeholders (our customers/users/obliged entities), the activities of improving the Company's business are primarily focused on the circular economy, sustainable business and the implementation of a new model of waste collection, digitalisation of business, and improvement of relations with users of utility services through increasing the quality and availability of services to users.

STRATEGIC PROJECTS OF THE COMPANY

Waste Management Centre Zagreb

The Waste Management Plan of the Republic of Croatia envisages the construction of a waste management centre that includes the treatment of municipal waste and non-hazardous waste remaining after the recovery of materials and other non-hazardous waste. As part of this activity, the City of Zagreb plans to build a complete waste management system consisting of plants for different waste streams, i.e. it includes a waste sorting and treatment plant and a biogas plant. In accordance with the EU Action Plan for the Circular Economy, the foundations of such an integrated system are based on strategic goals aimed at strengthening waste prevention, encouraging recycling and reuse, and reducing waste disposal.

During 2024, the Feasibility Study of the Waste Management Centre was amended, a tender procedure was carried out for the preparation of the conceptual design, conceptual design and environmental impact study of the Waste Management Centre Zagreb. The investor is the City of Zagreb, while ZGH supports the implementation, since the subsidiary Čistoća is a public provider of waste collection services and thus the largest user of the centre's services.

The components of the future waste management centre are:

Plant A) Biological treatment of biowaste

Bio-waste treatment plant for the purpose of receiving and treating bio-waste from the City of Zagreb. These are separately collected biowaste from kitchens and canteens from households and similar sources, including biodegradable waste from gardens and household gardens, as well as biodegradable waste from public urban areas (gardens and parks).

Upon reception and preparation, the process in the plant consists of biological treatment of biowaste by dry fermentation in the first step and composting of the solid phase of the obtained digestate in the second step.

Plant B) Mechanical treatment of waste

The mechanical waste treatment plant accepts mixed municipal (hereinafter: MSW) and bulky waste, packaging waste - plastic and paper and cardboard. Upon reception, and before treatment, waste is sorted.

The mechanical waste treatment plant consists of equipment for:

a) mechanical treatment of MCW from the area of the City of Zagreb and Zagreb County (opening of bags and seeding), biodrying of the small fraction of MCW after its mechanical treatment and residual waste after refining of packaging waste and paper/cardboard;

b) mechanical treatment (sorting, refining) of separately collected packaging waste from the area of the City of Zagreb (except paper/cardboard) and predominantly recyclable large fraction of MKO after mechanical treatment;

c) mechanical treatment (sorting, refining) of separately collected paper and cardboard from the area of the City of Zagreb;

d) mechanical treatment of bulky waste.

Asphalt base -> Rakitje

One of the strategic plans of the Company is to upgrade the existing asphalt plant Bennighoven and to replace the old asphalt plant Gradis with a new asphalt plant. With these investments, the Bennighoven plant will be able to produce Ekoasphalt by an automated process, the share of the use of recycled material will increase, and the replacement of the old plant with a new one will be able to use recycled asphalt for the production of new bituminous mixtures with recycled materials in load-bearing and wearing asphalt layers.

The project is in the phase of implementing preparatory actions for the process of procurement of project and technical documentation and the preparation of a study on the possibility of producing recycled mixtures and a study on the possibility of producing hot bituminous mixtures with the use of recycled asphalt aggregate, which will be carried out in 2025.

Of the significant investments initiated in 2024, we highlight the investment for the procurement of a new asphalt analyser that serves for laboratory testing of asphalt samples. The new device will accelerate the testing of asphalt mixtures and increase the volume of tested samples.

Furthermore, an investment for the replacement of the hot oil boiler at the asphalt plant "Gradis" was initiated, which will be realised in 2025. The investment in question will significantly reduce the carbon footprint by replacing fuel from fuel oil with electricity, and thus reduce environmental pollution.

Work machinery / trucks

In the investment period from 2024-2026, Company plans to implement a project for the renovation of utility infrastructure. This comprehensive project includes the procurement of more modern machinery and devices for waste management, for planting trees and for road maintenance in order to improve the quality of life of citizens and improve the infrastructure of the city, which will also have a positive impact on achieving greater efficiency and reducing the carbon footprint of old machinery. The modernisation of waste management equipment and devices will enable more efficient collection and preparation for waste recovery/recycling. The renovation of utility infrastructure for planting trees will ensure the expansion and preservation of green spaces in the City. A key part of the project is the modernisation of road maintenance equipment through which the Company wants to ensure traffic safety and comfort for all road users. This includes faster and more efficient repair of cracks and fractures, asphalt restoration and ensuring adequate vertical and horizontal signalling, and overall reduction of emissions into the environment through the use of environmentally friendly vehicles, equipment and machinery.

During 2024, the project was in the phase of developing documentation for the procurement process (procurement plans, technical specifications, general procurement conditions, etc.) and preparing the necessary documentation for the financing of the said equipment, and an implementation period of 2025-2026 is expected.

Construction waste -> Resnik

During 2024, the subsidiary Čistoća started receiving construction material in the warehouse of construction material Resnik, where material generated in the process of renovation of buildings damaged by the earthquake is processed and temporarily stored. Also, contractors who have a contract with the Ministry of Physical Planning, Construction and State Property may, upon submitting a request to Čistoća, start bringing the material to the location of the warehouse. During 2024, 6,234.42 t of construction material was received from renovation to the temporary warehouse of construction material.

Revitalisation, renovation and construction of markets in the city of Zagreb

The plan for the revitalisation of Zagreb's markets for 2025 includes the reconstruction of the Utrina market, equipping at the Trešnjevka market, reconstruction of the roof and the entrance to the Prečko market, as well as the reconstruction of the surface, construction of facilities and equipping the Dolac market, while the construction of noise barriers, reconstruction of the facility and freight platforms, rehabilitation of the permeability of the drainage system and the installation of a video surveillance system are planned at the wholesale market and cold storage. Part of the investment activities began in 2024.

SOC implementation project and establishment of the primary and secondary location of the data centre

ZGH is obliged to comply with the NIS2 Directive, which provided guidelines to national legislation and on the basis of which the *Law on Cybersecurity* (OG 14/2024) and the *Regulation on Cybersecurity* (OG 135/2024) were adopted, which imposed measures and sub-measures for actions aimed at strengthening the general cybersecurity of all EU members.

In order to more successfully implement the measures set out by law, ZGH plans to invest in the establishment of a Safety and Operational Centre (hereinafter: SOC) for 2025. The investment consists of the engagement of permanent supervision (24/7) by the contractual service provider, and the establishment of the SIEM (Security Information and Event Management) system over the IT assets of ZGH. SIEM assumes the procurement of technical solutions, as the existing IT infrastructure has shortcomings that will have to be strengthened through the procurement of new devices for different purposes (including the recording of logs), in order for SOC to function. In 2024, the preparation of documentation for the public procurement of SOC elements began.

In parallel with the implementation of SOC, and as part of the overall project of consolidation of all information systems, the procurement of new communication and server equipment for the data centre is planned, which would establish the primary and secondary location (disaster recovery). The APIs data centre is planned as the primary location. A prerequisite for the implementation of the project is the passage of an optical line between the two locations. All these activities would ensure complete redundancy of the system.

ORGANISATIONAL CULTURE AND PROCESSES OF HUMAN RESOURCES DEVELOPMENT

During 2024, the material rights of workers were further improved compared to 2023 in such a way that the new Collective Agreement for workers of ZGH increased the basis for calculating salaries, and other material rights of workers from employment were determined in higher amounts compared to 2023.

During 2024, the Company continued to work on the development of employees and the strengthening of operational capacities through intensive employment in operational jobs in the Company.

Taking into account that the employer mostly employs workers in operational tasks, who perform tasks at different locations of the city of Zagreb, the workers were presented with the methods of acceptable communication and presentation of the employer to the community and citizens with whom they are in contact during working hours.

During 2024, compared to 2023, the number of operational workers increased by as many as 305 workers in the subsidiaries Čistoća, Zagrebačke ceste and Zrinjevac. At the Company level, the total number of newly employed workers in 2024 is 667, including seasonal workers. Based on the extremely good response to public employment tenders and the low rate of voluntary departures, it can be concluded that the Company is recognised as an attractive employer for the categories of operational jobs.

Given that the Company still recognises that candidates care about social security and regular income, most tenders, whenever it is in accordance with the need of the Company, imply employment for an indefinite period, with the contracting of a probationary period, which is certainly one of the reasons for the attractiveness of ZGH as an employer.

The Company continues to reduce the number of employees for a limited period of time as much as possible, by employing them exclusively in the event of replacement of workers on long-term sick leave or in the event of a temporary increase in the scope of work. In the event of an assessment of a long-term increase in the scope of work, ZGH concludes contracts for an indefinite period with workers who are employed for a definite period of time.

In addition to the above, in order to reach a larger number of candidates, and thus increase the chance of attracting the best possible staff, the advertising of the tender was extended to the leading portal for the publication of the tender. This increased the success of selection procedures and the realisation of employment by published tenders.

In 2024, the good practice of improving the skills and competences of workers continued, which will contribute to the expected growth and progress of the company, specialised training was organised and successfully implemented in accordance with the stated needs.

Also, the process of professional training of newly employed workers was improved, so that they could start working independently as soon as possible in a way that the entire process was significantly shortened and improved.

Employees are expected to comply with established rules and procedures and take responsibility for the results of their work. In cases of violation of work obligations and work discipline of workers, appropriate measures were taken. At the same time, the commitment to work and the willingness to be proactively engaged in extraordinary circumstances are recognised, and these workers are paid awards for an innovative approach to work, outstanding contribution and the achieved results of work.

In 2024, the Human Resources Sector also emphasised the continuous promotion of equal opportunities for all workers, acceptance of diversity and support for inclusion in the workplace. Through external specialist education programs and examples of good practices with other employers, the Sector carried out activities to increase awareness of the inclusive environment at the workplace and the feeling of openness among all employees of the Zagreb Holding, without fear of discrimination. The goal is for all employees to feel supported and accepted in their work environment, which greatly contributes to the successful performance of their work and their general sense of satisfaction with their workplace.

By implementing the above measures, the Company encourages continuous improvement of the process and the creation of a culture in which the rules of conduct are clear and transparent, mutual respect between managers and associates is expected and encouraged, personal development and learning are encouraged, and engagement and professional success are rewarded.

CUSTOMER RELATIONS

"Sjeti se" educational campaign

At the beginning of October 2024, ZGH launched the advertising campaign "Sjeti se", which consists of five key messages aimed at increasing awareness of the importance of proper separation and waste management. The designed messages cover a total of five topics that remind citizens of the importance of waste separation, proper disposal of waste that is not transported in regular transport from home, i.e. the use of recycling yards and the service of bulk waste removal. Also, some of the messages are aimed at raising awareness that citizens can contribute to greater tidiness of public areas and areas around the tank, but also reduce the generation of waste.

These important messages were sent in the context of positive indicators in waste management. In Zagreb, as a reminder, in 2023, the amount of separately collected waste increased by 50 percent compared to the previous year. Posters are placed on various advertising surfaces of the City of Zagreb, in public institutions, local self-government areas and on waste disposal vehicles. The planned duration of the campaign is until the end of the half of 2025, when, in addition to the continuation of communication activities, it is planned to implement educational workshops for children in cooperation with primary schools in the City of Zagreb.

SPONSORSHIPS AND DONATIONS

The management framework, principles, criteria and procedure for the award of sponsorships and donations in the Company are defined by the *Ordinance on sponsorships and donations*, which is harmonised with the *Regulation of the Government of the Republic of Croatia on the criteria, criteria and procedures for financing and contracting programs and projects of interest to the public good implemented by associations* (OG 26/2015), as well as the new legislative framework on sustainability.

Requests for sponsorships and donations are considered by the Committee appointed by the Management Board of the Company. Before the start of work, the members of the Committee sign a statement of impartiality and confidentiality. They also undertake to exempt from consideration cases in which there is or is likely to be a conflict of interest.

The Ordinance on sponsorships and donations of the Company is an indicator of the policy of socially responsible business and investments in the development of the community. All approved sponsorships and donations are published on the Company's website.

Realised sponsorships and donations

During the year 2024, the Company supported projects aimed at environmental protection, humanitarian projects and projects in the field of culture and arts, science and education, health and sports. It also supported major sports events important for the City of Zagreb and the Republic of Croatia.

In total, the Company supported the projects, in the services provided by the Group, with a total value of EUR 105,953.90.

The Company supports humanitarian projects in its services, the concert "Želim život", organised by the Ana Rukavina Foundation, the "Začin ljubavi" campaign - which is held at Cvjetni trg in the City of Zagreb on the occasion of the World Hospice and Palliative Care Day. He is also a partner of the Association of Leukaemia and Lymphoma Patients in the humanitarian campaign "Ubaci čep za skupi lijek!“ in the form of insurance of collection points at 20 recycling yards in the City of Zagreb, to which citizens could bring plastic caps and by donating all the costs of the subsidiary Čistoća that arise from the provision of these services. In 2024, 24nd Festival of equal opportunities was also sponsored, which was held in May 2024 in Zagreb, along with the humanitarian races Terry Fox run and Advent run.

The Company's significant support in 2024 was given to major sports events important for the City of Zagreb and the Republic of Croatia, such as the ISU World Championship in synchronised skating 2024, European Senior Judo Championships 2024, international athletic tournament Memorial of Boris Hanžeković, World Rally Championship race - WRC Rally Croatia 2024, cycling race Cro Race, European Table Tennis Championships in 13 and WTT Contender Zagreb 2023, and 32nd Zagreb Marathon

ZGH is one of the co-organizers and initiators of the Cleaning of the International Children's Diving Eco-Patrol, which has been implemented since 2016 in cooperation with the Diving Club HRVI Nemo Adriatic and the agency Promocija diving d.o.o.

By sponsoring its services, the Company supported various conferences and cultural events such as 16th ZeGeVege Festival of Sustainable Living and the Greencajt Festival, the Conference "Podržimo održivo", the Web3 Tales Conference, the Report on the State of the Planet, the event "Noć prvaka" was sponsored, and the projects of Ilica - Q'ART and the Place Market.

V EXPECTED DEVELOPMENT OF THE COMPANY

The Group's strategy is based on four pillars with the aim of achieving internal efficiency, reducing indebtedness, innovation and providing better quality service to customers:

1. **Operational excellence** with an emphasis on cost efficiency and synergy, quality management system, exploitation of all internal potentials, automation and digitalisation with the aim of increasing internal efficiency and better communication with users and workers;
2. **Growth and development** with an emphasis on digitalisation and "SMART City", innovation, investments and EU funds, unlocking of investment potential through reduction of indebtedness, socially responsible business, new services and expansion of the offer, using the synergy of the Group's wide portfolio of services with the aim of activating sales potentials;
3. **People and organisational culture** with an emphasis on modern processes in the field of human resources, culture of trust, mutual respect for transparency and ethical treatment, engaged workers and agile organisation;
4. **Sustainable business (ESG)** that leads to the development of a green and circular economy, strengthening operational capacities and contributes to increasing the quality of services and socially responsible behaviour.

Strategy Pillars

Operational Excellence	Growth and Development	People and Organisational Structure	Sustainable Business (ESG)
• New organisational design and structure	• Digitalisation and "SMART City"	• Modern HR processes	• Quality, reliable and innovative service
• Cost efficiency and synergy	• Innovation, investments and EU funds	• Culture of trust, mutual respect and ethical treatment	• Quality Management
• Quality Management System	• Socially responsible business	• Engaged employees	• Development of a corporate culture of equality and transparency
• Unlocking the full potential	• New services and business expansion	• Agile organisation	• Sustainable resource management and circular economy
	• Strengthening operational capacities		• Quality of life (environment, infrastructure, housing)

The development goals of the Group are primarily in the function of improving relations with users of utility services through increasing the quality and availability of services. The goal of the Group is to establish a sustainable business through a long-term strategic framework for sustainability management.

As part of the business strategy, the Sustainable Business Strategy for the period 2023-2028, which defined the Sustainable Development Goals. The sustainability strategy is the main document describing the sustainable elements of the overall business strategy of the Group.

Sustainable development of the Group is based on environmental protection, adaptation to climate change, crisis resistance, risk prevention, efficient use of natural resources and protection of biodiversity, while strengthening economic and social cohesion in setting priorities and measures.

The long-term strategic goals covering the environmental, social and management areas are interconnected, therefore they are presented below in a grouped manner through common determinants, and are described in more detail in the *Sustainability Report 2024*, which is an integral part of the *Annual Report 2024 of the Zagrebački Holding Group*.

Strategic Goals

Quality, reliable and innovative service	Quality control	Urbanisation and environmental protection	Quality of urban life
• Innovative services and service development (digitalisation and smart city)	• Employment, professional development and equal opportunities	• Sustainable resource management	• Air quality
• Customer satisfaction	• Stable sources of funding	• Fighting climate change	• Housing quality
	• Development of a corporate culture and internal communication	• Environmental responsibility in the supply chain	• Green public spaces
	• Use of EU funds		• Infrastructure quality
	• Strategic and active management		• Partnerships
	• Transparency		• Participatory governance - cooperation with citizens' associations and local communities
	• Risk management		

VI BUSINESS ANALYSIS

FOR 2024

BUSINESS RESULT

In 2024, the Company generated a profit of EUR 23.52 million or a comprehensive income of EUR 88.37 million. With an increase in operating revenues by 16% and an increase in operating expenses by 15%, operating profit (EBIT) in the amount of EUR 56.01 million was recorded in 2024, while earnings before interest, taxes and depreciation and amortisation (EBITDA) amount to EUR 73.00 million. From financial activities, a loss of EUR 27.75 million was realised, which represents an increase of 19% compared to 2023 due to less realisation of financial revenues related to revenues based on the discount of receivables under lease contracts concluded with the City of Zagreb (hereinafter: the City) because certain facilities were handed over for management. When one-off effects are excluded, gains from the change in fair value of investment property in the amount of EUR 24.2 million and the impairment of the share in the company VIO of EUR 4.3 million, the realised EBITDA amounts to EUR 53.09 million, which is EUR 2.99 million better than planned.

Description	2024 in 000 EUR	2023 restated in 000 EUR	Change in %
1	2	3	4=2/3
Operating revenues	355,025	306,770	16%
Operating expenses	(299,011)	(259,314)	15%
Financial revenues	7,983	13,070	-39%
Financial expenses	(35,733)	(36,417)	-2%
Total revenues	**363,008**	**319,840**	**13%**
Total expenses	**(334,744)**	**(295,731)**	**13%**
Profit before tax	**28,264**	**24,109**	
Tax expense	*(4,748)*	*(3,302)*	
Profit for the year	**23,516**	**20,807**	
OTHER COMPREHENSIVE INCOME			
Items that will never be reclassified to profit and loss account			
Real estate revaluation gains (net)	78,176	4,982	
Tax on other comprehensive income	(14,072)	(897)	
Items that can be reclassified to profit and loss account			
Profit / (loss) from effective cash flow hedge	758	(758)	
Tax on other comprehensive income	(10)	136	
Total comprehensive income / (loss) for the year	**88,368**	**24,270**	
EBIT	*56,014*	*47,456*	18%
EBITDA	*72,998*	*67,498*	8%
Loss from financial activities	*(27,750)*	*(23,347)*	19%

REVENUES

In 2024, total revenues of EUR 363 million were generated, which is an increase of EUR 43.17 million or 13% compared to the previous year, which was most significantly influenced by the increase in other operating revenues in the amount of EUR 31.70 million or 45% (2024: EUR 101.72 million; 2023: EUR 70.02 million).

Sales revenues amounted to EUR 253.30 million (2023: EUR 236.75 million), which is an increase of 7% compared to the previous year. The most significant increase in sales revenues was recorded in the segments (i) cleanliness maintenance and waste disposal in the amount of EUR 15.52 million due to higher revenues from the Budget of the City of Zagreb for regular work programs (+ EUR 9.49 million) due to more works on the maintenance of public traffic areas and management of prices of utility services for maintaining the cleanliness of public areas with market variable input costs; higher revenues from public services due to an increase in the number of users, which results in higher revenue from the mandatory minimum public service and higher revenue from the fee for emptying standardised bags, and from market services of waste collection from business customers (+ EUR 3.01 million) and higher revenues from citizens within the public waste disposal service (EUR +1.09 million), (ii) landscaping and maintenance of green areas in the amount of EUR 11.71 million due to higher revenues from the Budget of the City of Zagreb due to more frequent dynamics of works and higher revenues for other work programs (planting trees) and management of prices of landscaping services with market variable input costs, (iii) management and maintenance of public roads in the amount of EUR 6.86 million due to higher revenues from the Budget of the City of Zagreb (+5.97 million EUR), given the number of works performed on the asphalt paving program of unclassified roads on the 1st order in the area of the City of Zagreb and the management of service prices with input parameters contracted through the public procurement process.

The reduction in sales revenues was recorded in the facility management segment due to lower revenues from the implementation of public projects that are submitted to the ownership of the City of Zagreb after the expiry of the lease period.

The increase in other operating revenues (EUR +31.70 million) mainly refers to the coverage of costs related to the public service of collecting municipal waste, costs of collecting and disposing of plastic and costs of rehabilitation of landfills from the City of Zagreb Budget for purposes approved by the Assembly.

EXPENSES

In 2024, operating expenses in the amount of EUR 299.01 million were generated, which is an increase of EUR 39.70 million or 15% compared to the previous year.

In the structure of operating expenses, the most significant increase was recorded by (i) staff costs due to an increase in the base by an average of 12.5%, an increase in the permanent allowance and other material rights defined by the new Collective Agreement signed on 26 March 2024, as well as an increase in the average number of employed workers by 7% due to an increase in the number of operational workers in the subsidiaries of Čistoća, Zagrebačka cesta and Zrinjevac and (ii) material costs and services due to an increase in prices of materials and services through public procurement procedures; also the closure of the Jakuševec and Čret composting plants had a significant impact on the increase in costs of utility services and fees for the submission of bio-waste to an external recuperator, while lower (iii) depreciation and amortisation costs due to the exclusion of public facilities from the Company's books and their submission to the management of the City of Zagreb and (iv) costs of provisions due to lower provisions for costs per initiated court proceedings.

STATEMENT OF FINANCIAL POSITION

The following is a summary of assets, equity and liabilities from the statement of financial position as at 31 December 2024, compared to the balance as at 31 December 2023:

Description	31 December 2024 000 EUR	31 December 2023 000 EUR	Change rate %
Non-current assets	1,374,381	1,272,924	8%
Net working capital	34,755	60,978	-43%
Inventories	9,890	7,830	26%
Receivables	91,772	105,197	-13%
Liabilities	(66,907)	(52,049)	29%
Net debt	(494,422)	(542,325)	-9%
Received loans, borrowings and financial lease	(239,661)	(283,023)	-15%
Liabilities for issued bonds	(303,098)	(302,622)	0%
Cash and cash equivalents	48,337	43,320	12%
Financial assets	407	316	29%
Other non-current and current liabilities	(221,043)	(202,259)	9%
Net assets	694,078	589,634	18%
Subscribed capital	421,666	421,666	0%
Reserves	321,273	241,047	33%
Profit retained / accumulated loss	(48,861)	(73,079)	
Capital	694,078	589,634	18%

** Under the item Received loans, borrowings and financial lease, a liability based on the financial lease of the Arena hall in the amount of EUR 65.75 million for 2024 (2023: EUR 69.75 million) is stated. At the same time, the same amount was recorded within the item Non-current assets as a receivable from the City of Zagreb and the Government of the Republic of Croatia*

As at 31 December 2024, the total net assets of the Company amounted to EUR 694.07 million and were higher by EUR 104.44 million compared to 31 December 2023.

Non-current assets of the company were increased by EUR 101.46 million due to (i) an increase in the value of property, plant and equipment (EUR +93.88 million) due to changes in the fair value of the land, which are subject to revaluation every five years, an increase in assets by the entry of real estate by the owner for recapitalisation and major investment activities (during 2024, EUR 29.20 million of investments were made) and (ii) a decrease in the value of non-current receivables in the amount of EUR 15.74 million due to smaller receivables from related parties and (iii) an increase in the fair value of investment property (EUR +27.45 million) based on the valuation of qualified appraisers.

Net working capital is lower by EUR 26.22 million due to a decrease in receivables (EUR -17.26 million) from the City because in 2024, the receivables for rehabilitation due to storm were collected and increase in liabilities to suppliers (EUR +14.86 million) in accordance with the increased volume of services provided and higher realisation of investments at the end of the year. At the same time, liabilities to suppliers increased due to the increased volume of services provided and increased investment activity at the end of the year.

Net debt as at 31 December 2024 amounts to EUR 494.42 million and is lower by EUR 47.90 million compared to 31 December 2023 due to regular and early repayment of the principal of the club loan in the amount of EUR 30.6 million.

Other non-current and current liabilities are higher by EUR 18.78 million due to (i) increase in deferred income recognition (+ EUR 14.07 million) in the amount of calculated depreciation and amortisation of assets in accordance with IAS 20.

In the structure of equity and liabilities, the equity was increased by the profit for the current year, an increase in revaluation reserves due to the net profit from the revaluation of real estate and for the entry of ownership rights over real estate (CUPOVZ) in the amount of EUR 15.5 million according to the decision of the Company's assembly of 30 December 2024 initiating the procedure of recapitalisation of the company.

VII THE MOST SIGNIFICANT RISKS AND UNCERTAINTIES

TO WHICH ZAGREBAČKI HOLDING D.O.O. IS EXPOSED

In 2024, the Company faced various challenges that pointed out the importance of a systematic approach to risk management, defining the manner and responsibilities and competencies in managing operational and strategic risks. In order to anticipate adverse circumstances and events that could affect the achievement of the objectives and ensure the preconditions for determining and timely taking measures to reduce, eliminate or transfer them, as well as more efficient planning and optimisation of available resources, the Company centralised risk management in 2024. So far, with the implemented organisational changes, the Risk Management Department, Processes and Management Systems and the CISO Function (Chief information security officer) have been established. The general guidelines and rules of the process are prescribed by the *Ordinance on Strategic and Operational Risk Management and the Ordinance on Information Security*.

Furthermore, in 2025, the Company plans to implement a systematic risk management framework, based on the *Risk Management Strategy of ZGH* and the associated methodology. In accordance with the same, the focus is on the identification and management of key risks and opportunities and the reduction of strategic and operational risks, especially in the first half of 2025.

The key challenges identified in 2024 indicate the need for continuous improvement of financial management, the importance of improving the business strategy in accordance with regulatory changes, the need for additional optimisation of operational processes and adaptation of infrastructure to climate change.

The increasingly pronounced extreme weather conditions that create operational and financial pressures are a continuous business challenge. Mostly because of the realised and expected **climate risks**, it is necessary to further build the resilience of the business through the adaptation of infrastructure and optimisation of resources. Therefore, by assessing the financial significance, in order to fulfil the regulatory obligation to report on sustainability, by identifying the impact of risks and opportunities, the Company has created the basis for creating measures to increase resilience to climate change and improve the quality of life for citizens. Certain opportunities, such as the introduction of new technologies and the digitalisation of business processes that can significantly improve operational efficiency and reduce operational risks, have been confirmed as a strategic direction, while the strategic focus on green projects and sustainable initiatives, which can improve reputation and create new sources of financing, has proven to be an investment preferred framework. The continuation of optimisation of the organisational structure and processes, which leads to additional savings and efficiency improvements, has been identified as the biggest opportunity in the upcoming business challenges.

The implementation of measures to improve business, the necessary financial policies and organisational changes and the analysis of business processes enabled systematic management of business processes, in order to visibly reduce the **management risks** arising from the analysis of financial significance. As a result, this reduces the risk of insufficiently effective management of business processes and the risk of insufficient coordination of different organisational units, which leads to reduced business efficiency and negatively affects operational results by reducing productivity and lower quality of service.

Furthermore, in order to achieve a higher level of **cybersecurity** and to secure the assets and data from the threats of unauthorised access, the Company is taking measures by implementing a Security Operational Centre (SOC) and implementing the NIS 2 Directive. The aim is to reduce the risk of a possible repetition of the attempted cyber attack from July 2024, which poses a threat to the security of network and information systems, to which the Company reacted in a timely manner, primarily by pre-emptively isolating its information system, and then by conducting forensic analysis of the system.

2024 was also marked by challenges arising from **global geopolitical risks**. Prices of energy products, raw materials and services were exposed to significant fluctuations due to global conflicts, challenges related to supply chains and economic sanctions. It was these factors that further emphasised the importance of sustainable and strategic management of resources in order to reduce the impact of unpredictable external circumstances on the business of the company and its users.

One of the key measures implemented by the Company is the conclusion of framework agreements with suppliers. These agreements enabled:

» fixing prices for a certain period, which minimises the risks of sudden cost increases,

» ensuring a stable supply of key resources, despite disruptions in the global market,

» encouraging local suppliers, which reduces dependence on imports and further strengthens the local economy.

In addition to the economic advantages, this approach also contributes to sustainable development because it enables long-term stability in providing services to citizens, reducing costs and preserving the availability of basic needs.

The society remains committed to further strengthening resilience through innovative strategies and partnerships, with the aim of reducing the impact of global challenges on local communities. Sustainable action in turbulent times not only ensures the stability of society, but also strengthens the trust of citizens and business partners.

The implementation of financial stabilisation by refinancing the existing liabilities of financial instruments minimised the risks associated with financial instability. Financial risk management primarily includes interest rate, credit and liquidity risk management.

The **interest rate risk** of the Company arises from long-term loans and leases and issued bonds. Given that the majority of long-term interest rate debt is contracted at a fixed interest rate through a bond, and for the remaining part of the interest rate debt, which is related to the variable interest rate, contracts were concluded regarding the derivative instrument for active protection against exposure to interest rate risk. On the other hand, the Company potentially exposes itself to the fair value risk of the interest rate. The derivative instrument for active protection against interest rate risk exposure was contracted with the possibility of early termination of the contract in order to avoid further future losses that would potentially arise as a result of differences between the fixed variable part of the agreed interest rate and the reference interest rate. Due to the trend of reducing the base interest rates, the Company terminated the above-mentioned derivative instruments in August 2024.

Since the Company does not have significant assets that generate interest income, the Company's revenues and cash flow from operating activities are not significantly dependent on changes in market interest rates. The Company continuously monitors changes in interest rates taking into account potential refinancing and alternative financing and calculates the impact of interest rate changes on profit and loss.

The assets of the Company that bear the credit risk consist mainly of cash assets, trade receivables and other receivables. The Company does not have a significant exposure to credit risk, since it achieves a high level of collection of its services from the City of Zagreb and from customers.

The Company manages the **liquidity risk** by continuously monitoring the planned cash flow by comparing and aligning it with the real cash inflow and outflow. The Company additionally manages the risk in question in such a way as to ensure that a sufficient level of cash and cash equivalents is maintained and that financial resources are available, if necessary, by opening dedicated credit lines. On the other hand, the Company settles all its due liabilities in maturities, and by using the synergy effects of a wide portfolio of services, it affects the growth of revenues and the reduction of costs of external services, while commercialisation and/or sale of non-operational assets can reduce credit indebtedness and increase liquidity.

APPLICATION OF THE CODE OF CORPORATE GOVERNANCE

VIII STATEMENT ON THE APPLICATION OF THE CODE OF CORPORATE GOVERNANCE

IN 2024

The Company pays exceptional attention to corporate governance and it is a significant determinant in the operations of the Company, which provides an incentive to the Management Board, the Management Board and the Supervisory Board in achieving the interests and protection of stakeholders, users of services and the Company as a whole.

The Code of Corporate Governance of Zagrebački holding d.o.o. with guidelines for the Zagrebački holding Group (hereinafter: the Code) was adopted by the bodies of the Company: the Management Board on 23 December 2015, the Supervisory Board on 11 May 2016 and the Assembly of the Company on 12 May 2016. The Code is published on the Company's website.

The purpose of the Code is to establish, maintain and further improve high standards of corporate governance and transparency of operations for efficient operations and responsible management of resources in the function of the development of the Company, all in the best interest of the citizens of Zagreb as users of utilities and public services, and then all other interest groups, stakeholders with whom the Company enters into business and legal transactions.

In the 2024 financial year, the Company essentially monitored and applied the recommendations set out in the Code, publishing all information the publication of which is provided for by positive regulations and the publication of which information is in the interest of investors, as well as all stakeholders.

Management and organisation of management

The Company has the following bodies: the Management Board, the Supervisory Board and the Assembly.

General Assembly of the Company

The Assembly of the Company is composed of the City of Zagreb as the sole member of the Company, and in 2024 it was made, on the basis of the *Conclusion on the representatives of the City of Zagreb in the Assembly of companies Zagrebački holding d.o.o. in which the City of Zagreb has a one hundred percent stake* from 7 June 2021:

a) Tomislav Tomašević,
b) Danijela Dolenec i
c) Luka Korlaet.

As a rule, the Assembly of the Company is convened once a year, and it must be convened whenever the interests of the Company so require and in cases determined by the Law and the Statement of Incorporation. The Assembly decides on the financial statements of the Company, the use of realised profits and coverage of losses; the alienation and encumbrance of the Company's real estate; investment in the development and construction of new facilities and investment in other companies; the annual plan of operations of the Company; the increase and reduction of the share capital; the appointment and revocation of members of the Management Board; the election and revocation of members of the Supervisory Board; status changes, amendments to the Statement on the Establishment and Termination of the Company. In addition to these issues, the Assembly also decides on all other issues that are within its competence under the provisions of the Law and the Statement of Incorporation and other internal acts.

The Assembly of the Company is convened by the Management Board in the manner and within the deadline prescribed by law. The Assembly may also be convened by the Supervisory Board in cases provided for by the Law and the *Statement of Incorporation*, as well as by a member of the Company.

Supervisory Board

The Supervisory Board supervises the management of the Company's operations in accordance with the *Companies Act, the Statement of Incorporation of the Company and the Rules of Procedure of the Supervisory Board*, as well as other applicable regulations.

The Assembly of the Company elects and recalls members of the Supervisory Board for a term of four years, while one member - employee representative is appointed and recalled, in accordance with the provisions of the *Labour Act* (OG

93/2014, 127/20217, 98/2019, 151/2022, 46/2023, 64/2023). The members of the Supervisory Board regularly receive detailed information and reports on the state of the Company, the management and operation of the Company, in order to be able to effectively fulfil the obligation to supervise the management of the Company's affairs.

Report of the Supervisory Board on the performed supervision of the management of operations is an integral part of the annual reports of the Company submitted to the Assembly of the Company.

In 2024, the Supervisory Board was composed of:

a) Suzana Brenko (from 14 June 2021 to 2 July 2024)

b) Kristijan Starčević (from 13 February 2023),

c) Andro Pavuna (from 22 December 2023),

d) Martina Jurišić (from 22 December 2023),

e) Željko Matijašec (from 22 December 2023)

The meetings of the Supervisory Board are convened as necessary, in accordance with the business challenges of the Company. The meeting of the Supervisory Board is convened and chaired by the President of the Supervisory Board. The President convenes the session on his own initiative, at the request of an individual member of the Supervisory Board or at the proposal of the Management Board of the Company. The meetings of the Supervisory Board must be convened at least once a quarter, and if necessary, or at the request of authorised persons, they can be convened more often, which is the practice of the current convocation of the Supervisory Board. Sessions are convened on different topics, and not only those prescribed by the Statement of Incorporation, i.e. legal acts. They are held at least once a quarter, and if necessary, more often. The manner of operation of the Supervisory Board is defined by the Rules of Procedure of the Supervisory Board of the Company.

Audit Committee – Subcommittee of the Supervisory Board

In addition, the Supervisory Board performs internal control and supervision through the Audit Committee, which provides expert support to the Supervisory Board and the Management Board in the effective performance of the obligations of corporate governance, risk management, financial reporting and control of the Company.

The Audit Committee is an expert advisory body of the Supervisory Board composed of members of the Supervisory Board and/or members appointed by the Supervisory Board, which helps the Supervisory Board in its work and performs activities in the field of financial reporting, internal audit and internal control systems in accordance with legal regulations and internal acts. In addition to the aforementioned tasks, the Audit Committee monitors the effectiveness of the external audit and their independence and objectivity. The manner of operation of the Audit Committee is defined by the *Rules of Procedure of the Audit Committee* of Zagrebački holding. The Audit Committee has 4 members, one of whom is also a member of the Supervisory Board.

Management Board

The Management Board of the Company manages the affairs of the company independently and at its own risk, and makes all decisions exclusively at its own discretion. The Management Board is obliged to always act exclusively for the benefit of the Company, taking into account the interests of workers and the wider community in order to increase the value of the Company's assets.

When managing the affairs of the Company, the Management Board has the following competencies: plans and programs the operations of the Company, analyses the market, prepares the investment program of the Company, monitors the state of funds of the Company, executes the decisions of the Assembly, takes care of the liquidity of the Company and takes measures to improve them, considers the report on the operations of the Company during the business year, submits to the Supervisory Board in accordance with the *Companies Act*, reports on the operations of the Company, convenes meetings of the Assembly, proposes the distribution of profits and measures to cover losses and performs other tasks determined by the Law and the *Statement of Incorporation*.

In 2024, the Management Board of the Company was composed of:

a) Ivan Novaković – Member of the Management Board/President of the Management Board (from 3 September 2021),

b) Matija Subašić-Maras – Member of the Management Board (from 15 September 2021),

c) Dubravko Karačić – Member of the Management Board (from 13 December 2021) i

d) Damir Novinić - Member of the Management Board (from 1 August 2023).

The term of office of the members of the Management Board is four years.

The Management Board manages the affairs of the Company in accordance with the Companies Act, the Statement of Incorporation and the Rules of Procedure of the Management Board. The President of the Management Board represents the Company individually and independently, while the other members of the Management Board represent the Company together with another member of the Management Board.

The Management Board is obliged to ensure that the Company keeps business and other books and business documentation, prepares accounting documents, realistically assesses assets and liabilities, prepares financial and other reports in accordance with accounting regulations and standards and applicable laws and other regulations.

The Management Board submits to the Supervisory Board reports on the operations of the Company during the business year in accordance with the *Companies Act*.

Responsibility of the head of subsidiaries

The heads of subsidiaries of the Company are responsible for the operational operations of the subsidiaries and the implementation of all duties and tasks in the operational operations of the subsidiaries, as well as for the accuracy of all financial data submitted to the Company.

The heads of subsidiaries of the Company are obliged to prepare a proposal for the annual business and service provision plan for the subsidiaries; they must operate within the framework of the adopted annual plans and must not deviate from the planned financial values.

Internal Control System

The Company ensures the effectiveness of the internal control system in financial reporting, which consists of various records and methods that are implemented in order to initiate, identify, analyse, classify and record business events, i.e., they include all measures and procedures that will be applied in connection with the accounting statement of business events and ultimately the preparation of reliable financial statements. The Internal Audit Sector is in charge of reviewing the effectiveness of the internal control system, which establishes and supervises the flow of accurate, specific and complete data on the Company. The Company engages independent external auditors as an important instrument of corporate governance, in order to ensure that the financial statements adequately reflect the fair and true state of the Company as a whole. The Company carries out the activities of continuous monitoring and assessment of the internal control system by the self-assessment procedure at least once a year in accordance with the regulations governing the issuance of the Statement of Fiscal Responsibility, by the action of the Internal Audit Sector, the basic task of which is the assessment of the internal control *system in accordance with the Law on the Internal Control System in the Public Sector* (OG 78/2015, 102/2019), the implementation of the recommendations of the Sector and the orders and recommendations of external audits - SAO and commercial audit.

Diversity policy

In the implementation of the diversity policy, the primary goal of the Company is to ensure the application of the principles of equal opportunities and diversity in all processes and functions and to make them an integral part of decision-making in everyday practice. The implementation of anti-discrimination measures, ensuring equality regardless of membership of a particular group (on the basis of age, gender, ethnic/national origin, etc.), and the creation of an inclusive working environment are of particular importance. In order to implement the diversity policy, as one of the elements of socially responsible business, the Company adopted the *Code of Ethics* as a set of ethical principles on which business behaviour and a common value system are based and appointed the Ethics Committee. In order to protect potential reporters of irregularities, the Company also appointed a Person of confidence and their deputy on the basis of the *Law on the Protection of Reporters of Irregularities (OG 46/2022) and adopted the Ordinance on the procedure of internal reporting of irregularities and the appointment of a person of confidence and their deputy*. Pursuant to the *Labour Act* (OG 93/2014, 127/20217, 98/2019, 151/2022, 46/2023, 64/2023) and the *Anti-Discrimination Act* (OG 85/2008, 112/2012), the Company adopted the *Ordinance on Procedures and Measures for the Protection of the Dignity of Workers* and appointed a person to receive and resolve complaints on this basis and her deputy. The Ethics Committee, Confidential Person and Person for the Protection of the Dignity of Workers, each within their scope, have the task of determining actions that constitute an irregularity on any of the above grounds, as well as proposing the sanctioning of such behaviour.

Special attention is paid to the protection and promotion of the rights of persons with disabilities. The Company is one of the co-creators of measures and activities set out in the *Zagreb Strategy for Equalisation of Opportunities for Persons with Disabilities for the period from 2022 to 2025* (OJ CZ 22/2022), the objectives of which are to ensure the full integration of persons with disabilities by achieving integration in important areas of life by equal participation in political, public and cultural life; in the process of upbringing and education; in employment, health and rehabilitation; in social protection; in legal protection and protection against violence; in research and development and others. One of the determinants of the Strategy - vocational rehabilitation and employment, is a key element of social inclusion and economic independence of persons with disabilities, and work and employment are a basic condition for integration into regular living conditions.

Conflict of interest and anti-corruption

By adopting the *Anti-Corruption Policy* and the *Ordinance on the Suppression of Corruption and Conflict of Interest Management* (hereinafter: the Ordinance) by the Management Board of the Company in 2024, the Company confirmed its commitment to strengthening integrity, transparency and accountability in business for the purpose of combating corruption in all its forms. The adoption of these acts represents a continuation of the continuous development of the Company's strategic approach to the prevention of corruption and the management of conflicts of interest by prescribing preventive action through a set of rules, principles and procedures, ensuring and implementing an appropriate management policy, establishing processes and practices in the working environment that will encourage effective control, management and resolution of disputed situations, and detecting risky business areas and monitoring the implementation of anti-corruption measures in these areas. The Ordinance also defines the method of action related to lobbying, in accordance with the provisions of the new *Lobbying Act* (OG 36/2024).

Anti-corruption program

Although the Company already had a whole range of mechanisms and tools for anti-bribery and anti-corruption activities, by adopting the *Anti-Corruption Policy* and the Ordinance, they were unified and defined as the Company's mechanisms in the fight against corruption.

The anti-corruption policy expresses the Company's clear position and commitment to the fight against corruption, while the application of the Ordinance should enable everyone to systematically identify, prevent and sanction corrupt activities and conflicts of interest, ensuring fair, responsible and legal business. Therefore, the Ordinance adopted clear guidelines for employees, management and members of the Management Board.

The purpose of the Ordinance is to design and apply systems and procedures for the prevention of corruption, to ensure a culture and environment that promotes fair and ethical behaviour, to raise employees' awareness of the presence of corruption, to analyse possible suspected corrupt activities and to create an environment that will help reduce its occurrence. The prevention of corruption is integrated through all organisational units and business processes at all levels of the Company in order to raise the awareness of all employees about the harmfulness and unacceptability of corruption.

Monitoring and control of activities related to the strengthening of anti-corruption measures are carried out through categories of Action Plans with measures, activities and projects envisaged for implementation in the set strategic period.

In addition to the *Anti-Corruption Policy and the Ordinance, the Code of Ethics and the Code*, the prevention of corruption is an integral part of the entire range of individual acts of the Company.

The Company is a member of the anti-corruption platform "Zviždač", formed with the aim of improving anti-corruption activities by unifying the system of reporting irregularities in the work of city administrative bodies and companies owned by the City of Zagreb.

In addition to the platform "Zviždač", irregularities in the Company can be reported to a person of confidence in accordance with the provisions of the Ordinance on the procedure of internal reporting of irregularities and the appointment of a person of confidence and their deputy and the *Law on the Protection of Reporters of Irregularities*.

The Company also enables the exercise of the guaranteed right of access to information, which is a preventive tool for the fight against corruption by strengthening openness and transparency of work and narrowing the area of abuse of public authorities and encouraging the legality and regularity of action. Data on the information officer are publicly available on the Company's website.

Conflict of interest

The area of conflict of interest is also regulated by the provisions of the Ordinance. The members of the Supervisory Board and the Management Board, as well as employees, may not make decisions on the basis of personal interests or on the basis of the interests of persons with whom they have close relations.

Also, in the framework of public procurement, the members of the Management Board of the Company, members of the Supervisory Board and suppliers, in accordance with the Public Procurement Act (OG 120/2016, 114/2022), sign a statement on the existence or non-existence of conflict of interest. On the basis of the statements, a list of economic operators with whom the Company, as the contracting authority, may not conclude a contract, is made. This list is available on the Company's website.

In accordance with the provision of Article 22 of the *Accounting Act* (OG 85/2024, 145/2024), this Statement is a separate chapter and forms an integral part of the Annual Report for 2024.

Ivan Novaković
President of the Management Board

IX STATEMENT OF THE PERSONS RESPONSIBLE FOR PREPARING THE STATEMENTS OF ZAGREBAČKI HOLDING D.O.O.

IN ACCORDANCE WITH THE CAPITAL MARKET ACT

We declare that to the best of our knowledge:

- The audited financial statements of Zagrebački holding d.o.o. for the period from 1 January 2024 to 31 December 2024 (unconsolidated) prepared with the application of International Financial Reporting Standards, give a complete and true view of the assets and liabilities, losses and gains, financial position and operations of the issuer,
- The management report of Zagrebački holding d.o.o. for the period from 1 January 2024 to 31 December 2024 (unconsolidated) contains a true account of the development and results of operations and the position of the issuer, describing the most significant risks to which the issuer is exposed.

In Zagreb, 29 April 2025

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

X RESPONSIBILITY FOR ANNUAL UNCONSOLIDATED FINANCIAL STATEMENTS

The Management Board shall ensure that the annual non-consolidated financial statements of Zagrebački holding d.o.o., Zagreb, Ulica grada Vukovara 41 ("the Company") for 2024 are prepared in accordance with the International Financial Reporting Standards established by the European Union ("IFRS") so as to provide a true and fair view of the non-consolidated financial position, non-consolidated operating result, non-consolidated cash flows and non-consolidated changes in the Company's capital for the period.

Based on the conducted research, the Management Board reasonably expects that the Company has the appropriate funds for the continuation of operations in the foreseeable future. Accordingly, the Management Board prepared annual unconsolidated financial statements under the assumption of ongoing concern.

When preparing the annual unconsolidated financial statements, the Management Board is responsible for:

- selection and then consistent application of appropriate accounting policies in accordance with applicable financial reporting standards;
- making reasonable and prudent judgments and assessments;
- preparation of annual unconsolidated financial statements with the assumption of ongoing concern, unless the assumption is inappropriate.

The Management Board is responsible for keeping correct accounting records, which will at any time reflect with acceptable accuracy the unconsolidated financial position, unconsolidated results of operations, unconsolidated cash flows and unconsolidated changes in the Company's capital, as well as their compliance with the International Financial Reporting Standards established by the European Commission and published in the Official Journal of the European Union ("IFRS"). The Management Board is also responsible for safeguarding the assets of the Company and therefore for taking reasonable measures to prevent and detect fraud and other irregularities.

The Management Board approved the issuance of annual unconsolidated financial statements on 29 April 2025.

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


2024
# of Orders
Revenue
Margin
Target

XI ANNUAL UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2024

INCLUDING INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR 'S REPORT

To the owner of Zagrebački holding d.o.o., Zagreb

Report on the audit of separate annual financial statements

Qualified opinion

We have audited the separate annual financial statements of Zagrebački holding d.o.o., Ulica grada Vukovara 41, 10 000 Zagreb, (the Company), which include a separate statement of financial position as at 31 December 2024, a separate statement of comprehensive income, a separate statement of cash flows, a separate statement of changes in equity for the year then ended, and notes to separate annual financial statements, including significant information on accounting policies.

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion" section of our report, the accompanying consolidated annual financial statements give a true and fair view of consolidated financial position of the Group as at 31 December 2024, consolidated financial performance and consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards adopted by the European Union (IFRS).

Basis for qualified opinion

Investment property

As stated in note 19 "Investment property" to separate annual financial statements, as at 31 December 2024, the Company has a stated value of investment property in the amount of EUR 349,327 thousand (31 December 2023: EUR 321,875 thousand), which it maintains according to the fair value model in accordance with the requirements of the *International Accounting Standard 40 "Investment property"*. An integral part of the aforementioned amount are certain investment properties in the amount of EUR 178,879 thousand (31 December 2023: EUR 180,118 thousand) for which the Company did not measure at fair values in accordance with the *International Financial Reporting Standard 13 "Fair value measurement"* for 2024 and 2023. Consequently, during the performance of our audit, we did not receive adequate and appropriate audit evidence to ensure that the stated value of Investment property in the separate Statement of Financial Position as at 31 December 2024 and 31 December 2023 represents their fair value and we are not able to determine the effects of adjustments, if any, on the attached separate annual financial statements.

Recognition and measurement of assets in accordance with International Accounting Standard 16 Property, plant and equipment

As stated in note 18 "Property, plant and equipment" to the separate annual financial statements, as at 31 December 2024, the Company has a stated land value in the amount of EUR 389,912 thousand (31 December 2023: EUR 313,817 thousand), which it maintains according to the fair value model in accordance with the requirements of the International Accounting Standard 16 "Property, plant and equipment". An integral part of the aforementioned amount are certain lands in the amount of EUR 51,213 thousand (31 December 2023: EUR 51,213) for which the Company did not measure at fair values in accordance with the International Financial Reporting Standard 13 "Fair value measurement" for 2024. Consequently, during the performance of our audit, we did not receive adequate and appropriate audit evidence to ensure that the stated value of Property, plant and equipment in the separate Statement of Financial Position as at 31 December 2024 represents their fair value and we are not able to determine the effects of adjustments, if any, on the attached separate annual financial statements.

INDEPENDENT AUDITOR 'S REPORT (continued)

Report on the audit of separate annual financial statements (continued)

Basis for qualified opinion (continued)

Leases

As stated in note 18 "Property, plant and equipment" to the annual separate financial statements, during 2008 and 2009, the Company, as a lessor, contracted a number of lease agreements, which are stated as an operating lease. Lease agreements with the City of Zagreb were a model of joint construction of real estate necessary for the provision of public services. The initial classification of these contracts is not in accordance with the International Financial Reporting Standard 16 "Leases", which states that a lease is classified as a financial lease if it transfers almost all the risks and benefits associated with the ownership of the underlying assets, which is characteristic of the aforementioned leases contracted by the Company.

If the Company correctly classified lease agreements, as a financial lease in the separate Statement of Financial Position as at 31 December 2023, financial lease receivables, net of earned future revenue would be higher by EUR 3,584 thousand, "Property, plant and equipment" would be lower by EUR 1,598 thousand, the accumulated loss would be lower by EUR 1,989 thousand and the profit for 2023 would be lower by EUR 5,467 thousand.

Our opinion on the financial statements for the year ending 31 December 2023 was, due to the above, qualified. Our opinion on the financial statements of the current period is also qualified due to the comparability of data reported in the current period with data reported for the comparative period.

We have conducted our audit in accordance with the International Audit Standards (ISAs) and EU Regulation No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding the statutory audit of public-interest entities. Our responsibilities under these standards are described in more detail in our auditor's report in the section Responsibilities of the auditor for the audit of separate annual financial statements. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants, including the International Standards of Independence issued by the Committee on International Ethics Standards for Accountants (IESBA) (IESBA Code), as well as in accordance with the ethical requirements relevant to our audit of financial statements in the Republic of Croatia and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of Matter

Consolidated financial statements

We draw attention to note 2d) where it is stated that the consolidated financial statements for Zagrebački holding d.o.o. and affiliated companies, prepared in accordance with the International Financial Reporting Standards adopted by the European Union, were issued separately on the date of these separate annual financial statements. For a better understanding of Zagrebački holding d.o.o. as a whole, users should read the consolidated financial statements related to the attached separate annual financial statements.

Property ownership

As described in notes 18 "Property, plant and equipment" and 19 "Investment property" to separate annual financial statements, some municipal land registers are not fully updated and do not reflect the state of property ownership. Procedures for the registration of land and buildings in the land register are in progress. Although the Company has relevant documentation proving ownership, there is uncertainty regarding the registration of ownership of property in possession. Our qualified opinion has not been modified on this issue.

Report on the audit of separate annual financial statements (continued)

Emphasis of Matter (continued)

Receivables from related parties

We draw attention to notes 24 "Non-current receivables", 26 "Receivables from related parties" and 37 "Liabilities to affiliated companies" to separate annual financial statements in which the balances from related parties are stated. Transactions and balances reported in separate annual financial statements are the result of the business model, ownership and method of management of the Company. The Company's Management Board continuously reviews the business model and relations with related parties, and, depending on the results of the review, there may be impacts on the amounts stated in separate annual financial statements. Our qualified opinion has not been modified on this issue.

Key Audit Matter

Key audit matters are those issues that, in our professional judgment, were of the greatest importance for our audit of separate annual financial statements of the current period. We have addressed these issues in the context of our audit of separate annual financial statements as a whole and in forming our opinion on them, and we do not give a separate opinion on these issues. We have determined that the question below is a key audit matter to be published in our Independent Auditor's Report.

For accounting policies, please refer to Note 4 of Significant Accounting Estimates - Recognition of Revenue and Note 3r of Recognition of Revenue, as well as Note 6 of Revenue from Main Activity and Note 7 of segment information of consolidated financial statements.

Key Audit Matter	How we addressed the key audit matter
Recognition of revenue In 2024, in the separate Statement of Comprehensive Income, the Company has stated sales revenues in the amount of EUR 253,303 thousand (for the year ended on 31 December 2023, EUR 236,749 thousand). Revenue consists of the fair value of the compensation received or receivable for the most part for the services provided, products sold or goods in the ordinary course of business of the Company. Revenues are reported in amounts reduced by value added tax, quantity rebates and sales discounts. Revenue from the sale of the Company includes different types of activities, as stated in note 7 "Segment information". Also, a characteristic of most of the above activities is that revenues consist of a large number of transactions of individually smaller values, in accordance with the activities and business model of the Company. In accordance with the *International Financial Reporting Standard 15* "Revenue from contracts with customers", sales revenues are recognised when the Company provides a service, delivers goods to the customer, when it no longer affects the management of goods and when there is no outstanding obligation that could affect the acceptance of products by the customer.	Audit procedures related to this area, among other things, included: - Gaining an understanding of the sales process by conducting interviews with key persons in sales; - Gaining an understanding of key controls related to the recognition of sales revenues; - Testing the design and operational efficiency of key controls related to the accuracy and persistence of recognition of earned revenues; - Implementation of sample-based detail tests with the aim of identifying unusual or irregular items and proper allocation of revenues between reporting periods; - Comparison of independent confirmations of the amount of trade receivables, based on a sample, on the reporting date and the balance shown in the Company's business books on the same date.

INDEPENDENT AUDITOR 'S REPORT (continued)

Report on the audit of separate annual financial statements (continued)

Key Audit Matter (continued)

Key Audit Matter (continued)	How we addressed the key audit matter (continued)
Recognition of revenue (continued) Delivery is made when the products are shipped to a specific location, the risks of loss are transferred to the customer and when one of the following is determined: the customer accepts the products in accordance with the contract, or the deadline for accepting the products has expired or the Company has objective evidence that all acceptance criteria are met. Given the significance of sales revenues shown in the separate Statement of Comprehensive Income and the risk of their recognition, we concluded that the accuracy on the basis of transactions, the appropriateness of allocating the total value of the transaction between several elements in the transaction package, and the completeness of revenues recorded on the basis of reliance in a particular part on the collection system, as well as recognition in the proper reporting period are a key audit matter. *Related disclosures in the related annual separate financial statements* See Notes 3.r) and 7, to the annual separate financial statements.	Audit procedures related to this area, among other things, included (continued): - Assessment of compliance of the policy for the recognition of sales revenues with the *International Financial Reporting Standard 15* "Revenue from contracts with customers"; - Assessment of the adequacy of disclosures related to the recognition of sales revenues in accordance with the *International Financial Reporting Standard 15* "Revenue from contracts with customers".

Other information

The Management Board is responsible for other information. Other information includes the Management Report and the Report on the application of the Code of Corporate Governance included in the Annual Report, but does not include the separate annual financial statements and our independent auditor's report on them. Our opinion on separate annual financial statements does not cover other information.

In connection with our audit of the separate annual financial statements, it is our responsibility to read the other information and, in conducting this, to consider whether the other information is significantly contradictory to the separate financial statements or to our findings obtained in the audit or otherwise appears to be significantly misrepresented.

INDEPENDENT AUDITOR 'S REPORT (continued)

Report on the audit of separate annual financial statements (continued)

Other information (continued)

In terms of the Management Report and the Report on the application of the Code of Corporate Governance, we also performed the procedures prescribed by the Accounting Act. These procedures include checking whether the Management Report has been prepared in accordance with Article 24 of the Accounting Act and whether the Report on the application of the Code of Corporate Governance contains the data referred to in Article 25 of the Accounting Act. Based on the procedures performed, to the extent we are able to assess this, we report that:

1. the information in the attached Management Report and the Report on the application of the Code of Corporate Governance is harmonised, in all significant respects, with the attached separate annual financial statements;
2. the attached Management Report has been prepared in accordance with Article 24 of the Accounting Act;
3. the attached Statement on the application of the Code of Corporate Governance includes the information defined in Article 25 of the Accounting Act;
4. in relation to the Sustainability Report, which is included as part of other information and forms a separate part of the Management Report, we have implemented limited procedures for issuing a limited certificate, the results of which are presented as a separate report on the limited certificate with an unmodified conclusion.

Based on the knowledge and understanding of the Company's operations and its environment acquired within the framework of the audit of separate annual financial statements, we are obliged to report if we have found that there are significant errors in the attached Management Report and the Report on the application of the Code of Corporate Governance. In this regard, we have nothing to report, except as stated in the section "Basis for qualified opinion".

Responsibilities of the management and those charged with governance for separate annual financial statements

The Management Board is responsible for the preparation and fair presentation of separate annual financial statements in accordance with IFRSs and for those internal controls that the Management Board determines are necessary to enable the preparation of financial statements that are free from significant misstatement due to fraud or error.

In preparing annual separate financial statements, the Management Board is responsible for assessing the Company's ability to continue as a going concern, disclosing, if applicable, issues related to going concern and using an accounting basis based on going concern, unless the Management Board either intends to liquidate the Company or to terminate the business or has no realistic alternative but to do so.

Those Charged with governance are responsible for supervising the financial reporting process established by the Company.

Responsibilities of the auditor for the audit of separate annual financial statements

Our goals are to obtain a reasonable assurance as to whether the separate annual financial statements as a whole are free from significant misstatement due to fraud or error and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit performed in accordance with ISAs will always detect a significant misstatement when it exists.

INDEPENDENT AUDITOR 'S REPORT (continued)

Report on the audit of separate annual financial statements (continued)

Responsibilities of the auditor for the audit of separate annual financial statements (continued)

Misstatements may arise from fraud or error and are considered significant if they can reasonably be expected to affect, individually or in aggregate, the economic decisions of users made on the basis of these separate annual financial statements. As an integral part of an audit in accordance with ISAs, we create professional judgments and maintain professional scepticism during the audit. We also:

- we recognise and assess the risks of significant misstatement of annual separate financial statements, due to fraud or error, design and perform audit procedures in response to these risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a significant misstatement caused by fraud is higher than the risk caused by an error, as fraud may include secret agreements, forgery, intentional omissions, misrepresentations or bypassing internal controls;
- we gain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the given circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls;
- we assess the appropriateness of the accounting policies used and the reasonableness of the accounting estimates and related disclosures made by the management;
- we conclude on the appropriateness of the accounting basis used, based on the indefinite duration of the business used by the Management Board, and, based on the obtained audit evidence, we conclude on whether there is significant uncertainty regarding events or circumstances that may raise significant doubts about the Company's ability to continue as a going concern. If we conclude that there is significant uncertainty, we are required to draw attention in our auditor's report to the related disclosures in the separate annual financial statements or, if such disclosures are not appropriate, to modify our opinion.
  Our conclusions are based on audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- we evaluate the overall presentation, structure and content of the separate annual financial statements, including disclosures, as well as whether the separate annual financial statements reflect the transactions and events on which they are based in a manner that achieves a fair presentation.

We communicate with those charged with governance in relation to, among other matters, the planned scope and timing of the audit and important audit findings, including in relation to significant deficiencies in internal controls detected during our audit.

We also declare to those charged with governance that we have complied with the relevant ethical requirements regarding independence and that we will communicate with them on all relations and other issues that can reasonably be considered to affect our independence, as well as, where applicable, on actions taken to eliminate threats to independence, and related protections. Among the issues communicated with those charged with governance, we determine those issues that are of the greatest importance in the audit of separate annual financial statements of the current period and are therefore key audit issues.

We describe these issues in our Auditor's Report, unless law or regulation prevents public disclosure of the issue or when we decide, in extremely rare circumstances, that the issue should not be communicated in our Auditor's Report, as it can reasonably be expected that the negative consequences of communication would outweigh the benefits of public interest from such communication.

INDEPENDENT AUDITOR 'S REPORT (continued)

Report on the audit of separate annual financial statements (continued)

Report on other legal and regulatory requirements

On 30 September 2024, we were appointed by the General Assembly of the Company to audit separate annual financial statements for 2024.

On the date of this report, we were engaged in carrying out legal audits of separate annual financial statements for the second time for 2024, which represents an uninterrupted engagement of two years.

In the audit of separate annual financial statements of the Company for 2024, we determined the significance for the financial statements as a whole in the amount of EUR 4,779 thousand, which represents approximately 2% of sales revenues for 2024. We have chosen sales revenues as a measure of significance because we believe that this is the most appropriate measure on the basis of which the success of the Company's operations is measured.

Our audit opinion is consistent with the additional report for the audit committee of the Company prepared in accordance with the provisions of Article 11 of Regulation (EU) No 537/2014.

During the period between the starting date of the audited separate annual financial statements of the Company for 2024 and the date of this report, we did not provide the Company and its companies that were under its control with prohibited non-audit services and we did not provide services for the design and implementation of internal controls or risk management procedures related to the preparation and/or control of financial information or the design and implementation of technological systems for financial information in the business year before the aforementioned period, and we retained our independence in relation to the Company in the performance of the audit.

In accordance with the provision of Article 11 of Regulation (EU) No 537/14 these data are stated in the additional report for the audit committee.

Report based on the requirements of Delegated Regulation (EU) 2018/815 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards for the specification of a single electronic reporting format

Report on the auditor's assurance on the compliance of separate annual financial statements, prepared pursuant to the provision of Article 462, paragraph 5 of the Capital Market Act (Official Gazette No. 85/24) by applying the requirements of Delegated Regulation (EU) 2018/815, which determines a single electronic reporting format for issuers (ESEF Regulation).

We have carried out an engagement with the expression of a reasonable assurance as to whether separate annual financial statements have been prepared for the purposes of disclosure to the public pursuant to Article 462, paragraph 5 of the Capital Market Act, which are contained in the attached electronic file *zagrebackiholding-2024-12-31-0-hr*, in all significant determinants prepared in accordance with the requirements of the ESEF Regulation.

Responsibilities of the management and those charged with governance

The Management Board of the Company is responsible for the preparation and content of separate annual financial statements in accordance with the ESEF Regulation.

In addition, the Management Board of the Company is responsible for maintaining an internal control system that reasonably ensures the preparation of separate annual financial statements without significant non-compliance with the reporting requirements of the ESEF Regulation, whether due to fraud or error.

INDEPENDENT AUDITOR 'S REPORT (continued)

Report on the audit of separate annual financial statements (continued)

Report on other legal and regulatory requirements (continued)

Report based on the requirements of Delegated Regulation (EU) 2018/815 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards for the specification of a single electronic reporting format (continued)

Responsibilities of the management and those charged with governance (continued)

The Management Board of the Company is responsible for the preparation and content of separate annual financial statements in accordance with the ESEF Regulation.

In addition, the Management Board of the Company is responsible for maintaining an internal control system that reasonably ensures the preparation of separate annual financial statements without significant non-compliance with the reporting requirements of the ESEF Regulation, whether due to fraud or error.

The Management Board of the Company is also responsible for:

- publishing to the public separate annual financial statements contained in the annual report in the valid XHTML format and
- selection and use of XBRL tags in accordance with the requirements of the ESEF Regulation.

Those Charged with governance are responsible for supervising the preparation of financial statements in ESEF format as part of the financial reporting process.

Auditor's responsibilities

It is our responsibility to express a conclusion, based on the collected audit evidence, as to whether separate annual financial statements are free from significant non-compliance with the requirements of the ESEF Regulation. We have carried out this engagement with the expression of a reasonable assurance in accordance with the International Standard for Assurance Engagements (MSIU) 3000 (amended) - *Engagements with the expression of assurances other than audits or insights of historical financial information*.

Completed procedures

The nature, time frame and scope of the selected procedures depend on the auditor's judgment. Reasonable assurance is a high level of assurance, but it is not a guarantee that the scope of testing will detect any significant non-compliance with the ESEF Regulation. As part of the selected procedures, we performed the following activities:

- we have read the requirements of the ESEF Regulation,
- we have gained an understanding of the Company's internal controls relevant to the application of the requirements of the ESEF Regulation
- we have identified and assessed the risks of significant non-compliance with the ESEF Regulation due to fraud or error; and
- on this basis, we designed and implemented procedures to respond to the assessed risks and to obtain a reasonable assurance for the purpose of expressing our conclusion.

The aim of our procedures was to assess whether:

- separate annual financial statements, which are included in the annual report, prepared in the valid XHTML format,
- the data, contained in the separate annual financial statements required by the ESEF Regulation, marked and all marking meet the following requirements:
    - XBRL markup language was used,
    - the elements of the basic taxonomy listed in the ESEF Regulation with the closest accounting significance were used, unless an additional element of the taxonomy was created in accordance with Annex IV of the ESEF Regulation,
    - the markings comply with the common marking rules under the ESEF Regulation.

We believe that the audit evidence we have collected is sufficient and appropriate to provide a basis for our conclusion.

INDEPENDENT AUDITOR 'S REPORT (continued)

Report on the audit of separate annual financial statements (continued)

Report on other legal and regulatory requirements (continued)

Report based on the requirements of Delegated Regulation (EU) 2018/815 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards for the specification of a single electronic reporting format (continued)

Conclusion

In our opinion, based on the procedures carried out and the evidence obtained, separate annual financial statements presented in the ESEF format, contained in the above-mentioned attached electronic file and pursuant to the provision of Article 462, paragraph 5 of the Capital Market Act prepared for publication to the public, in all significant determinants are in accordance with the requirements of Articles 3, 4 and 6 of the ESEF Regulation for the year ended on 31 December 2024.

On top of this conclusion, as well as the opinion contained in this independent auditor's report for the attached separate annual financial statements and the annual report for the year ended 31 December 2024, we do not express any opinion on the information contained in these representations or on other information contained in the above file.

The engaged partners in the audit that results in this independent auditor's report are Marina Tonžetić and Radovan Lucić.

Hrvoje Stipić, President of the Management Board

Radovan Lucić, Director and Certified Auditor

For signatures, please refer to the original Croatian auditor's report, which prevails.

Marina Tonžetić, certified auditor

BDO Croatia d.o.o.
Radnička cesta 180
10 000 Zagreb

Šibenski Revicon d.o.o.
Ulica Stjepana Radića 44a
22 000 Šibenik

29 April 2025

Non-consolidated statement of comprehensive income

For the year ended 31 December 2024

	Note	2024	2023 restated
		000 EUR	000 EUR
Revenue from sales	6, 7	253,303	236,749
Other operating income	8	101,722	70,021
Operating income		**355,025**	**306,770**
Cost of material and services	9	(112,226)	(93,611)
Staff costs	10	(138,455)	(113,969)
Depreciation and amortisation	11	(16,984)	(20,042)
Value adjustment	12	(21,581)	(17,227)
Provisions	13	(5,328)	(9,237)
Other operating expenses	14	(4,437)	(5,228)
Operating expenses		**(299,011)**	**(259,314)**
NET OPERATING PROFIT		**56,014**	**47,456**
Financial revenues	15	7,983	13,070
Financial expenses	16	(35,733)	(36,417)
NET FINANCIAL EXPENSES		**(27,750)**	**(23,347)**
PROFIT BEFORE TAX		**28,264**	**24,109**
Tax expense	17	(4,748)	(3,302)
PROFIT FOR THE YEAR		**23,516**	**20,807**
OTHER COMPREHENSIVE INCOME			
Items that will never be reclassified to profit or loss			
Real estate revaluation gains (net)		78,176	4,982
Tax on other comprehensive income		(14,072)	(897)
Items that can be reclassified to profit or loss			
Loss resulting from effective cash flow hedge flows		758	(758)
Other items that can be reclassified to profit or loss		576	-
Tax on other comprehensive income		(10)	136
Total comprehensive income for the year		**88,944**	**24,270**

Accounting policies and notes that follow form an integral part of these annual financial statements

Unconsolidated statement of financial position

As at 31 December 2024

	Note	31 December 2024	31 December 2023 restated	1 January 2023 restated
		000 EUR	000 EUR	000 EUR
NON-CURRENT ASSETS				
Property, plant and equipment	18	614,993	521,112	551,392
Investment property	19	349,327	321,875	282,311
Right-of-use assets	20	503	325	356
Intangible assets	21	5,197	3,285	3,298
Investments in affiliated companies	22	285,599	289,899	295,733
Financial assets	23	7,806	7,806	7,777
Non-current receivables	24	108,154	123,895	135,193
Deferred tax assets	17	2,802	4,727	7,892
Total non-current assets		**1,374,381**	**1,272,924**	**1,283,952**
CURRENT ASSETS				
Inventories	25	9,890	7,830	8,511
Receivables from related parties	26	68,602	85,861	105,944
Trade receivables and other receivables	27	23,170	19,336	20,848
Financial assets	28	407	316	381
Cash at bank and on hand	29	48,337	43,320	21,238
Total current assets		**150,406**	**156,663**	**156,922**
TOTAL ASSETS		**1,524,787**	**1,429,587**	**1,440,874**

Accounting policies and notes that follow form an integral part of these annual financial statements

Unconsolidated statement of financial position

As at 31 December 2024

	Note	31 December 2024	31 December 2023 restated	1 January 2023 restated
		000 EUR	000 EUR	000 EUR
NON-CURRENT LIABILITIES				
Loans and leases payable	30	203,346	248,131	298,468
Liabilities for issued bonds	31	303,098	302,622	-
Provisions	32	32,069	30,249	25,388
Deferred income	33	101,252	99,219	97,652
Deferred tax liabilities	17	59,926	45,855	44,959
Other non-current liabilities	34	529	659	920
Derivative financial liabilities	35	-	758	-
Total non-current liabilities		**700,220**	**727,493**	**467,387**
CURRENT LIABILITIES				
Trade payables and other liabilities	36	66,907	52,049	55,232
Liabilities payable to affiliated companies	37	20,228	21,969	22,274
Loans and leases payable	30	36,315	34,892	21,824
Liabilities for issued bonds	31	-	-	303,931
Current maturity of deferred income	33	4,079	3,550	4,862
Current corporate income tax liability	17	2,960	-	-
Total current liabilities		**130,489**	**112,460**	**408,123**
TOTAL LIABILITIES		**830,709**	**839,953**	**875,510**
NET ASSETS		**694,078**	**589,634**	**565,364**
EQUITY				
Share capital	38	421,666	421,666	421,666
Revaluation reserves	38	273,055	208,951	204,866
Fair value reserves	38	-	(622)	-
Other reserves	38	48,218	32,718	32,718
Accumulated loss	38	(48,861)	(73,079)	(93,886)
Total equity		**694,078**	**589,634**	**565,364**
TOTAL EQUITY AND LIABILITIES		**1,524,787**	**1,429,587**	**1,440,874**

Accounting policies and notes that follow form an integral part of these annual financial statements

Non-consolidated statement of changes in equity

For the year ended 31 December 2024

	Note	Share capital	Real estate revaluation reserves	Fair value reserves	Other reserves	Accumulated loss	Total
		000 EUR	000 EUR	000 EUR	000 EUR	000 EUR	000 EUR
Balance as at 31 December 2022		**421,666**	**221,879**	**-**	**32,718**	**(77,685)**	**598,578**
Effect of restatements		-	(17,013)	-	-	(16,201)	**(33,214)**
Balance as at 1 January 2023 (restated)		**421,666**	**204,866**	**-**	**32,718**	**(93,886)**	**565,364**
Comprehensive income							
Profit for the year		-	-	-	-	20,807	20,807
Real estate revaluation gains (net)		-	4,085	-	-	-	4,085
Loss from valuation of financial assets (net)		-	-	(622)	-	-	(622)
Other comprehensive income		-	4,085	(622)	-	-	3,463
Total comprehensive income		**-**	**4,085**	**(622)**	**-**	**20,807**	**24,270**
Balance as at 31 December 2023 (restated)		**421,666**	**208,951**	**(622)**	**32,718**	**(73,079)**	**589,634**
Comprehensive income							
Profit for the year		-	-	-	-	23,516	23,516
Real estate revaluation gains (net)		-	64,104	-	-	702	64,806
Loss from valuation of financial assets (net)		-	-	(622)	-	-	(622)
Other comprehensive income		-	64,104	(622)	-	702	65,428
Total comprehensive income		**-**	**64,104**	**(622)**	**-**	**24,218**	**88,944**
Changes in equity interests	38						
Entry of ownership rights in real estate		-	-	-	15,500		15,500
Total changes in equity interests		**-**	**-**	**-**	**15,500**	**-**	**15,500**
Balance as at 31 December 2024		**421,666**	**273,055**	**-**	**48,218**	**(48,861)**	**694,078**

Accounting policies and notes that follow form an integral part of these annual financial statements

Non-consolidated statement of cash flows

For the year ended 31 December 2024

	Note	2024	2023 restated
		000 EUR	000 EUR
Cash flows from operating activities			
Profit before tax		***28,264***	***24,109***
Financial expenses recognised in profit or loss	16	35,733	36,417
Financial income recognised in profit or loss	15	(7,983)	(13,070)
Value adjustment of receivables from related parties	12	1,593	4,099
Value adjustment of trade receivables	12, 27	7,608	4,873
Value adjustment of inventories	12	678	889
Value adjustment of other current assets	12	17	87
Value adjustment of other non-current assets	12	4,819	391
Impairment of business shares in affiliated companies	12	4,300	5,834
Net change in fair value of investment property	8, 19	(24,207)	(19,173)
Depreciation and amortisation of non-current tangible and intangible assets	11	16,984	20,042
Increase in long-term provisions		1,820	4,861
Increase in deferred income		2,033	1,567
Changes in working capital:			
Increase in inventories		(2,675)	(297)
Increase in advance payments for current assets		(795)	(689)
Increase in trade receivables		(7,573)	(4,371)
Decrease in receivables from affiliated companies		15,021	14,916
Increase in receivables from employees		(4)	(1)
Increase in receivables from the state		(565)	(91)
Decrease /(increase) in other receivables		2,508	(1,138)
Increase / (decrease) in trade payables and liabilities payable to related parties		13,269	(1,252)
Decrease in liabilities for taxes and contributions		(2,753)	(2,783)
Increase in liabilities payable to employees		1,342	1,322
Decrease in other liabilities		(2,808)	(7,561)
Net cash generated from operating activities		***86,626***	***68,981***

Non-consolidated statement of cash flows (continued)

For the year ended 31 December 2024

	Note	2024	2023 restated
		000 EUR	000 EUR
Cash flows from operating activities (continued)			
Cash generated from operating activities		86,626	68,981
Interest paid		(29,066)	(24,801)
Net cash from operating activities		**57,560**	**44,180**
Cash flows from investing activities			
Procurement of tangible, intangible assets and investment property	18,19,20	(29,204)	(8,382)
Expenses for advance payments for non-current assets		(26)	(11)
Gains from non-current receivables		15,741	11,299
Gains on / expenses for financial assets		(91)	36
Interest charged		2,875	14,315
Dividend received		645	1,068
Net cash from investing activities		**(10,060)**	**18,325**
Cash flows from financing activities			
Received loans and borrowings		13,708	3,644
Repayments of loans and borrowings		(56,191)	(43,772)
Issued bonds		-	305,000
Repayment of bonds		-	(305,295)
Net cash from financing activities		**(42,483)**	**(40,423)**
Net increase in cash		**5,017**	**22,082**
Cash as at 1 January		**43,320**	**21,238**
Cash as at 31 December		**48,337**	**43,320**

Accounting policies and notes that follow form an integral part of these annual financial statements

1/ GENERAL INFORMATION

History, establishment and status changes

By a statement of 10 October 1995, Zagrebački holding d.o.o. Zagreb (hereinafter: the Company) harmonised the general acts with the Companies Act and registered with the Commercial Court in Zagreb under the registration number of the company Reg. No.: 080042653, Personal ID. No.: 85584865987, with its registered office in Zagreb, Ulica grada Vukovara 41.

On 27 December 2005, contracts on the transfer of business shares were concluded between the City of Zagreb and Zagrebački holding d.o.o., on the basis of which the right of ownership over shares or shares of 22 companies from the City of Zagreb to the Company was transferred. Transferred business shares/stocks, with a nominal value of EUR 535,748 thousand, represent the assets of the Company, which it can freely dispose of. On the basis of these contracts, the City of Zagreb increased the share capital of the Company, by converting receivables from the basis of the Contract on the transfer of business shares in the total amount of EUR 535,748 thousand into the share (registered) capital of the Company.

During 2006 and 2007, mergers of companies were carried out, as well as status changes, which was also entered in the register of the Commercial Court in Zagreb.

By the procedure of merger, the merged companies transferred all their assets and liabilities to the Company as the acquiring company. In accordance with the merger contracts and the provisions of the Companies Act, the share capital of the Company did not increase by the amounts of the share capital of the merged companies because it is the holder of 100% of basic and business shares in the merged companies.

During 2013, in accordance with the adopted strategic determinants, the Company defined the Plan for the division of the Company with the establishment of new companies by transferring part of assets and liabilities. By the end of 2013, four business units were separated: water supply (conditioned by changes in the Water Act, OG 153/09, 63/11, 130/11 and 56/13), facility management, construction and sale of apartments and publishing activity (conditioned by strategic determinants of separation of market-oriented from utility activities), in four new companies.

By the Decision of the Commercial Court in Zagreb (number Tt-13/25472-2) of 8 November 2013, the registration of the division of the Company was carried out in the Court Register by separating with the establishment of new companies: Gradsko stambeno komunalno gospodarstvo d.o.o., Vodoopskrba i odvodnja d.o.o., Zagrebačka stanogradnja d.o.o. and AGM d.o.o.

As part of the implementation of the Division Plan, the share capital of the Company was reduced from EUR 558,581 thousand by the amount of EUR 274,620 thousand to EUR 283,961 thousand in the procedure of division of the Company by separation with the establishment of the above companies.

After the status change of the Company and the registration of the establishment of new companies, contracts on the transfer of business shares were concluded between the City of Zagreb as the transferor and the Company as the acquirer of the newly established companies Gradsko stambeno komunalno društvo d.o.o., Vodoopskrba i odvodnja d.o.o., AGM d.o.o. and Zagrebačka stanogradnja d.o.o. Business shares were transferred to the Company in the total amount of EUR 275 thousand, which corresponds to the nominal amount of the share capital for each newly established company, which created the conditions for the recapitalisation of the Company in such a way that the receivables of the City of Zagreb from the Company acquired by the transfer of business shares were converted into an additional basic contribution, which was carried out in the register of the Commercial Court in Zagreb during 2013.

As part of the organisational changes within the Group, the company AGM d.o.o. was merged with the Company by the decision of the Commercial Court in Zagreb of 1 October 2021, number Tt-21/43946-2. All assets, rights and liabilities were transferred to the Company as the acquirer. Zagrebačka stanogradnja d.o.o. was merged with the company Gradsko stambeno komunalno gospodarstvo d.o.o. (GSKG) by the decision of the Commercial Court in Zagreb of 1 October 2021, number Tt-21/43943-2, where all assets, rights and liabilities were transferred to the acquiring company.

The merged companies AGM d.o.o. and Zagrebačka stanogradnja d.o.o. ceased to exist. The business effects of the merger of the companies occurred from 1 October 2021.

By the Decision of the Commercial Court in Zagreb on 5 November 2021 under the number Tt-21/46119-3, the subsidiary AGM was established, which continues the activities of the merged company AGM d.o.o. and to which assets, rights and liabilities and employees of the merged company were transferred.

Furthermore, additional organisational changes within the Company related to the subsidiary ZGOS, which was merged with the subsidiary Čistoća, while the subsidiaries Upravljanje projektima and Upravljanje nekretninama were merged with Korporativni servisi. The business effects of internal mergers of subsidiaries entered into force on 1 October 2021.

The termination of the operation of the subsidiary Property Management was entered in the register of the Commercial Court in Zagreb on 3 November 2021 under the number Tt-21/44730-2, the subsidiary Project Management on 29 October 2021 under the number Tt-21/44717-2 and the subsidiary ZGOS on 2 November 2021 under the number Tt-21/44721-2.

On 3 February 2022, the merger of the company Centar d.o.o. with the Company was registered by the decision of the Commercial Court in Zagreb, number Tt-22/2496-2.

1/ GENERAL INFORMATION / CONTINUED

Subsidiaries of Zagrebački holding d.o.o. and affiliated companies of Zagrebački holding GROUP

As at 31 December 2024, the Company includes the following subsidiaries:

NAME OF THE COMPANY /SUBSIDIARIES		HEADQUARTERS	MAIN ACTIVITY	OWNERSHIP SHARE 2024	OWNERSHIP SHARE 2023
Zagrebački Holding		Avenija grada Vukovara 41	cleanliness maintenance, travel agency, sports, facility management and real estate operations	100% City of Zagreb	100% City of Zagreb
1/	Gradska groblja	Aleja Hermanna Bollea 27	funeral and related activities	100% Zg.holding	100% Zg.holding
2/	Čistoća	Radnička 82	cleanliness maintenance, waste disposal	100% Zg.holding	100% Zg.holding
3/	Zrinjevac	Remetinečka 15	landscaping and maintenance of green areas	100% Zg.holding	100% Zg.holding
4/	Zagrebparking	Šubićeva 40/III	services in public parking lots and garages	100% Zg.holding	100% Zg.holding
5/	Zagrebačke ceste	Donje Svetice 48	management, maintenance, construction of regional and local roads	100% Zg.holding	100% Zg.holding
6/	Autobusni kolodvor Zagreb	Avenija Marina Držića 4	bus station services	100% Zg.holding	100% Zg.holding
7/	Tržnice Zagreb	Šubićeva 40/V	wholesale and retail markets, warehousing	100% Zg.holding	100% Zg.holding
8/	Zagrebački digitalni grad	Donje Svetice 48	lease of telecommunication lines and networks	100% Zg.holding	100% Zg.holding
9/	Arena Zagreb	Ul. V. Vukova 8	management and maintenance of sports facilities	100% Zg.holding	100% Zg.holding
10/	Robni terminali Zagreb	Jankomir 25	warehousing	100% Zg.holding	100% Zg.holding
11/	AGM	Avenija Marina Držića 4	publishing activity	100% Zg. holding	100% Zg. holding
12/	Vladimir Nazor	Maksimirska 51	organised youth vacation and travel agency	100% Zg.holding	100% Zg.holding

1/ GENERAL INFORMATION/ CONTINUED

Companies and institutions owned by the Company that make up the Zagrebački Holding Group (hereinafter: the Group):

	Name of the company	Headquarters	Legal form	Main activity	Ownership share 2024	Ownership share 2023
1/	Gradska plinara Zagreb d.o.o.	Radnička 1	LLC	gas distribution	100% Zg.holding	100% Zg.holding
2/	Gradska plinara Zagreb - Opskrba d.o.o.	Radnička 1	LLC	gas supply	100% Zg.holding	100% Zg.holding
3/	Zagreb plakat d.o.o.	Hebrangova 32	LLC	ad space rental	51% Zg.holding	51% Zg.holding
4/	Gradska ljekarna Zagreb	Kralja Držislava 6	institution	pharmacy activity	100% Zg.holding	100% Zg.holding
5/	Gradsko stambeno komunalno gospodarstvo d.o.o.	Savska cesta 1	LLC	facility management	100% Zg.holding	100% Zg.holding
6/	Vodoopskrba i odvodnja d.o.o.	Folnegovićeva 1	LLC	water collection, treatment and distribution	97,75% Zg.holding	100% Zg.holding
7/	Gradska plinara Bjelovar d.o.o.	Blajburških žrtava 18, Bjelovar	LLC	Gas distribution	100% Gradska plinara Zagreb d.o.o.	100% Gradska plinara Zagreb d.o.o.

1/ GENERAL INFORMATION/ CONTINUED

Main activities

During the year, the main activities of the Company are the provision of the following services:

a/ Cleanliness maintenance and waste disposal services
b/ Landscaping and maintenance services of green areas
c/ Management, maintenance, construction and protection of regional and local roads
d/ Parking services
e/ Warehousing and lease services
f/ Waste disposal and management
g/ Facility management, construction and project management
h/ Other services

Employees

As at 31 December 2024, the Company employed 5,356 employees (31 December 2023, 4,975), as shown below:

Subsidiary	31 December 2024	31 December 2023
Korporativni servisi	696	636
Čistoća	2,113	1,866
Zrinjevac	761	738
Zagrebačke ceste	672	637
Zagrebparking	306	313
Tržnice Zagreb	213	212
Gradska groblja	268	254
Robni terminali Zagreb	108	103
Vladimir Nazor	142	141
Autobusni kolodvor Zagreb	42	43
Zagrebački digitalni grad	18	16
Arena Zagreb	2	2
AGM	15	14
THE TOTAL number of employees at the end of the period:	**5,356**	**4,975**

1/ GENERAL INFORMATION/ CONTINUED

Members of the Management Board of the Company and heads of subsidiaries

Management Board

Ivan Novaković, Member of the Management Board from 3 September 2021, President of the Management Board from 4 October 2021

Matija Subašić-Maras, Member of the Management Board from 15 September 2021

Dubravko Karačić, Member of the Management Board from 13 December 2021

Damir Novinić, Member of the Management Board from 1 August 2023

Heads of subsidiaries

1/ subsidiary Gradska groblja, Igor Rađenović from 7 February 2022

2/ subsidiary Čistoća, Davor Vić from 11 November 2021

3/ subsidiary Zrinjevac, Damir Grgić from 15 February 2022 to 29 March 2024, Božena Cvitanović from 30 March 2024

4/ subsidiary Zagrebparking, Krešimir Milinović from 11 November 2021 to 30 November 2023, Dubravko Karačić, head of subsidiary from 1 December 2023, Dinko Herman, by power of attorney, undertakes all actions that can be taken by the head of the subsidiary for the smooth management of the same from 18 December 2023 to 9 December 2024, and from 10 December 2024 he represents the founder individually and independently as the head of the subsidiary.

5/ subsidiary Zagrebačke ceste, Jurica Krleža from 7 February 2022

6/ subsidiary Bus station, Marin Rončević from 7 February 2022 to 19 January 2025, Josip Krajina from 20 January 2025

7/ subsidiary Tržnica Zagreb, Božena Cvitanović from 11 November 2021 to 30 June 2024, Marin Rončević from 1 July 2024

8/ subsidiary Zagrebački digitalni grad, Filip Jurišić from 1 March 2022

9/ subsidiary Robni terminali Zagreb, Roberta Čupić from 7 February 2022

10/ subsidiary Vladimir Nazor, Irena Benko from 7 February 2022

11/ subsidiary Arena Zagreb, Boris Sesar from 11 November 2021 to 25 April 2023, by special power of attorney Sretan Šarić from 17 November 2021, appointed from 26 April 2023.

12/ subsidiary AGM, Boris Sesar from 8 October 2021 to 25 April 2023, by special power of attorney Sandra Klisović from 11 January 2022, appointed from 26 April 2023.

1/ GENERAL INFORMATION/ CONTINUED

Supervisory Board

The members of the Supervisory Board of the Parent Company:

1. Suzana Brenko, President of the Supervisory Board from 14 June 2021 to 2 July 2024
2. Andro Pavuna, Member from 22 December 2023, Deputy President from 26 January 2024, President of the Supervisory Board from 23 July 2024
3. Kristijan Starčević, Member from 13 February 2023, Deputy President from 23 July 2024
4. Željko Matijašec, Member from 22 December 2023
5. Martina Jurišić, Member from 22 December 2023

Audit Committee

The members of the Audit Committee:

1. Ivan Čevizović, Member from 16 November 2021, President from 14 June 2022
2. Josip Teklić, member from 16 November 2021, Deputy President from 14 June 2022
3. David Krmpotić, member from 16 November 2021
4. Suzana Brenko, member from 14 June 2022 to 2 July 2024
5. Kristijan Starčević, Member from 22 November 2024

Assembly

The only member of the Assembly of the Company is the City of Zagreb, and the representatives of the member are:

1. Tomislav Tomašević, from 7 June 2021
2. Danijela Dolenec, from 7 June 2021
3. Luka Korlaet, from 7 June 2021

2/ BASIS FOR THE PREPARATION OF UNCONSOLIDATED FINANCIAL STATEMENTS

a/ Statement of Compliance

The annual non-consolidated financial statements of the Company are prepared in accordance with the Accounting Act and the International Financial Reporting Standards in force in the European Union ("IFRS").

On 29 April 2025, the Management Board approved the issuance of these annual unconsolidated financial statements for submission to the General Assembly for adoption.

The Company adjusted the amounts previously published in the annual non-consolidated financial statements where necessary as shown in Note 5.

b/ Basis for the preparation of annual unconsolidated financial statements

The annual non-consolidated financial statements of the Company include separate financial statements of the Company. The annual unconsolidated financial statements of the Company are prepared on the basis of the principle of historical cost, with the exception of land revaluation, investment property and part of financial assets kept at fair value, as published in notes 18, 19 and 23 to the financial statements, and with the application of the basic accounting assumption of the indefinite duration of operations.

The preparation of annual unconsolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and the amounts of published assets and liabilities, revenues and expenditures. Areas that involve a higher degree of judgment or complexity, i.e. areas where assumptions and estimates are significant for the annual unconsolidated financial statements are shown in Note 2.

c/ Adoption of new and amended International Financial Reporting Standards (IFRS)

c/1 Standards and interpretations in force in the current period

- **Amendments to IAS 1 - Presentation of Financial Statements:** The aim of the amendments is to promote consistency in the application of requirements by helping companies determine whether, in the statement of financial position, debts and other liabilities with an uncertain settlement date should be classified as short-term (due or potentially due that must be settled within one year) or long-term.
- **Amendments to IFRS 16 - Leases:** The amendments clarify how the seller-lessee subsequently measures sales and leaseback transactions that meet the requirements of IFRS 15 in such a way that they are accounted for as sales.
- **Amendments to IAS 7 - Statement of Cash Flows and IFRS 7 - Financial Instruments: Disclosure:** Amendments require additional disclosures and "signposts" within the existing required disclosures, which require entities to provide qualitative and quantitative information on the financial arrangements of suppliers.

The adoption of these standards and interpretations did not have a significant impact on the financial statements of the Company.

c/2 Standards and interpretations issued by the Committee on International Accounting Standards, which have been adopted in the EU, but are not yet in force

- **Amendments to IAS 21** - Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability, issued on 15 August 2023 (effective date for annual periods beginning on or after 1 January 2025).

The Company is not expected to significantly affect the financial statements of the Company.

2/ BASIS FOR THE PREPARATION OF UNCONSOLIDATED FINANCIAL STATEMENTS / CONTINUED

c/3 Standards and interpretations issued by the Committee on International Accounting Standards, which have not yet been adopted in the EU

At the date of issuance of these financial statements, the following standards, processing and interpretations adopted by the Committee on International Accounting Standards have not been adopted in the European Union:

- **IFRS 18 Presentation and disclosure in financial statements** (issued on 9 April 2024).
- **IFRS 19 Subsidiaries without Public Accountability: Disclosures** (issued on 9 May 2024).
- **Amendments to IFRS 9 and IFRS 7** Contracts related to electricity dependent on natural resources (issued on 18 December 2024), classification and measurement of financial instruments (issued on 30 May 2024).

The Company does not expect that the adoption of these standards will have a significant impact on the financial statements of the Company.

d/ Consolidation requirement

The Company has control over other legal entities – affiliated companies. Control exists because the Company has the power, directly or indirectly, to manage the financial and business policies of the entity in order to achieve variable returns to which it is exposed.

The annual consolidated financial statements present the results of the Company and its affiliates (the "Group"), as if they form a single unit.

These separate annual unconsolidated financial statements were prepared because there is a legal obligation of the Company to prepare them. However, for a fuller understanding of the Company's operations, these separate annual unconsolidated financial statements should be read together with the annual consolidated financial statements prepared by the Company in accordance with the International Financial Reporting Standards and published publicly.

e/ Reporting currency

The annual non-consolidated financial statements of the Company are prepared in euro, which is also the functional currency of the Company from 1 January 2023. All amounts published in the annual unconsolidated financial statements are expressed in thousands of euros unless otherwise stated.

3/ BASIC ACCOUNTING POLICIES

a/ Intangible assets

Intangible assets are reported at cost, recognised if it is likely that future economic benefits attributable to the assets will flow to the Company, and the cost of the assets can be reliably measured. Assets having a limited useful life are amortised on a straight-line basis over the useful life. Intangible assets are initially measured at cost.

Software licenses are capitalised on the basis of acquisition costs and costs incurred by bringing the software into working condition. These costs are depreciated over their useful life of 5 years.

b/ Right-of-use assets

All leases are reported by recognising right-of-use assets and lease liabilities, except for:

- leases of low-value assets and
- leases whose lease period ends in a period of 12 months from the date of first application or shorter.

The right-of-use assets are shown separately in the Statement in financial position.

The right-of-use assets are initially measured in the amount of lease liabilities, minus all received lease incentives and are increased by:

- all lease payments made on or before the lease start date
- all initial direct costs and
- the amount of the reservation recognised in the event that the Company contractually bears the costs of dismantling, removal or renovation of the place where the property is located.

The right-of-use assets are reduced by the accumulated depreciation and amortisation, which is calculated linearly over the duration of the lease, or the remaining economic life of the asset, if it is considered to be shorter than the lease period.

Liability for lease of right-of-use assets

The lease liability was measured at the present value of the remaining lease repayments, discounted using the Company's incremental borrowing rate. The Company's incremental borrowing rate is the rate at which, within a similar period and on the basis of a similar guarantee, the Company would pay for the borrowing of assets necessary for the acquisition of assets whose value is similar to the value of right-of-use assets in a similar economic environment, under comparable terms and conditions.

At the date of initial recognition, the carrying amount of lease liabilities also includes:

- amounts expected to be paid by the lessee on the basis of guarantees for the rest of the value
- the price of the exercise of the purchase option if it is certain that the lessee will use this option and
- payment of penalties for termination of the lease if the lease period reflects that the lessee will use the possibility of termination of the lease.

After the initial measurement, the lease liability increases to reflect interest on lease liabilities and decreases to reflect the lease payments made. The lease liability is subsequently measured when there is a change in future lease payments arising from a change in the index or rate, or when there is a change in the estimate of the term of any lease.

3/ BASIC ACCOUNTING POLICIES / CONTINUED

c/ Property, plant and equipment

Buildings used in the production or delivery of goods or services, or for administrative purposes, are disclosed at cost in the statement of financial position (balance sheet), while lands are disclosed in revalued amounts, which represent their fair value at the revaluation date minus accumulated impairment losses. Revaluation is carried out regularly (every 3-5 years) so that the carrying amounts do not differ significantly from the amounts that would be determined using fair value at the end of the reporting period. During 2024, a revaluation was carried out on the basis of an assessment of the fair value of land by an independent certified appraiser (note 18).

Any increase arising from the revaluation of land is reported as part of other comprehensive income, except to the extent that it nullifies the decrease resulting from the revaluation of the same asset previously recognised in profit or loss, in which case the increase is approved in profit or loss up to the amount of the previously reported decrease. The decrease in the carrying amount arising from the revaluation of land and buildings is charged to profit or loss up to the amount of the difference above the balance in the revaluation reserve related to the previous revaluation of the same asset.

Real estate under construction intended for production, delivery or for administrative or unspecified purposes is reported at the cost of procurement minus recognised impairment losses. The procurement cost includes the cost of fees for professional services and, in the case of qualifying assets, the cost of borrowing capitalised in accordance with the Company's accounting policy. The depreciation of real estate under construction, which is calculated on the same basis as for other real estate, begins when the asset is ready for its intended use.

The land owned is not depreciated. Installations and equipment are reported at the cost of procurement minus value adjustment and accumulated impairment losses.

The depreciation is calculated in such a way that the purchase or estimated value of assets, except for land owned and real estate under construction, is written off over the estimated life of use using the straight-line method. The estimated useful life, residual value and depreciation method are reviewed at the end of each year.

The profit or loss from the sale or disposal of the item of property, plant and equipment is determined as the difference between the inflows generated by the sale and the carrying amount of the subject asset recognised in profit or loss.

Property, plant and equipment are depreciated using the straight-line method over an estimated life using rates from 1.25% to 25% per year, as follows:

	2024	**2023**
Buildings	20-80 years	20-80 years
Business facilities made of concrete and stone	*60-80 years*	*60-80 years*
Business facilities of bricks and other materials	*40-60 years*	*40-60 years*
Other buildings	*20-40 years*	*20-40 years*
Trucks and other construction machinery	10-20 years	10-20 years
Vehicles and means of transport	4-10 years	4-10 years
Plant and equipment	4-10 years	4-10 years
Office equipment	4-5 years	4-5 years

The rest of the value is calculated on the basis of prices valid on the date of purchase or valuation.

Assets under construction include costs directly related to the procurement or construction of fixed assets, increased by the appropriate amount of the variable and fixed part of the general costs incurred during the procurement or construction. The depreciation of assets in preparation begins when they are ready for use. Ours incurred by replacing the main parts of the Company's plants, which increase their production capacity or significantly extend their service life, are capitalised. Costs of maintenance, replacement or partial replacement are recognised as expenses in the period when they were incurred.

3/ BASIC ACCOUNTING POLICIES / CONTINUED

c/ Property, plant and equipment / continued

Impairment of tangible and intangible assets

At each reporting date, the Company checks the carrying amounts of its tangible and intangible assets to determine whether there are indications that losses due to impairment of these assets have occurred. If there are such indications, the recoverable amount of the asset is estimated in order to determine the possible loss incurred by impairment.

The recoverable amount is the larger amount by comparing the net sales price or the value of the assets in use. For the purposes of valuation in use, estimated future cash flows are discounted to present value using a pre-tax discount rate that reflects the current market valuation of the time value of money and the risks specific to that asset, for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be lower than the carrying amount, the carrying amount of that asset (cash-generating unit) is reduced to the recoverable amount. Impairment losses are recognised immediately as an expense, unless the asset is land or a building that is not used as investment property, i.e. investment in real estate reported in the revalued amount. In this case, the impairment loss is shown as a decrease in the value incurred by the revaluation of the asset.

In the subsequent reversal of impairment loss, the carrying amount of the asset (cash-generating unit) is increased to the revised estimated recoverable amount of that asset, whereby the higher carrying amount does not exceed the carrying amount that would have been determined if in previous years there were no recognised losses on that asset (cash-generating unit) due to impairment. The reversal of the impairment loss is immediately recognised as income, unless the asset in question is reported at the estimated value, in which case the reversal of the impairment loss is reported as an increase due to revaluation.

d/ Investment property

Investment property is real estate held by the Company for the purpose of increasing its market value or for renting. Investment property is initially measured at cost, except in the case of transfers from real estate used by the Company. After initial recognition, investment property is valued at fair value. Gains and losses due to changes in the fair value of investment property are included in the profit and loss of the period in which they were incurred.

For transfers from investment property to real estate used by the Company, the fair value at the transfer date will be an expense for the purposes of IAS 16. For the transfer of real estate used by the Company to investment property, IAS 16 will apply until the date of change in its purpose, when the difference between the carrying amount determined in accordance with IAS 16 and its fair value will be recognised as a revaluation reserve in accordance with IAS 16.

Investment property is derecognised by sale or permanent decommissioning, as well as when future economic benefits are not expected from its disposal. Any profit, i.e. any loss incurred by derecognising the property, and is determined as the difference between the net inflows generated by the sale and the net carrying amount of the property in question, is included in the profit and loss of the period in which the property was derecognised.

During 2024, fair valuation of investment property was carried out on the basis of an estimate by a qualified appraiser authorised to assess the value of real estate, whereby gains in the net amount of EUR 24,207 thousand were determined (2023: EUR 19,173 thousand) due to changes in fair value included in the profit and loss account (note 19).

e/ Financial assets

The Company recognises financial assets in its financial statements when it becomes a party to the contractual provisions of the instrument. Depending on the business model for asset management and the contractual characteristics of cash flows of financial assets, the Company measures financial assets at depreciated cost, fair value through other comprehensive profit or fair value through profit and loss.

3/ BASIC ACCOUNTING POLICIES / CONTINUED

e/ Financial assets / continued

The Company classifies assets as shown below:

DESCRIPTION	Classification / measurement
Non-current assets	
Financial assets through other comprehensive income	Equity instruments / fair value through other comprehensive income
Financial assets through profit and loss account	Fair value through profit and loss account
Loans granted and deposits given	Holding for collection / depreciated cost
Non-current receivables	Holding for collection / depreciated cost
Current assets	
Cash and cash equivalents	Holding for collection / depreciated cost
Trade receivables and other receivables	Holding for collection / depreciated cost
Loans granted and deposits given and other financial assets given	Holding for collection / depreciated cost

Financial assets at fair value through profit and loss account

This category includes financial assets held for trading.

The Company's business models reflect the way the Company manages assets, with the aim of generating cash flows.

Financial assets through other comprehensive income

Initial recognition
The Company recognises a financial asset or liability when and only when it becomes a party to the contractual provisions of the instrument.
The Company initially recognises financial assets at fair value increased by transaction costs directly attributable to the acquisition or issuance of financial assets.
Subsequent measurement
After initial recognition, the Company measures financial assets at fair value through other comprehensive income.
Loans granted and deposits given
The loans granted by the Company are held within a business model aimed at holding financial assets in order to collect contractual cash flows. The contractual terms on a given date generate cash flows that represent only payments of principal and interest. In this case, the principal is the fair value of the assets at initial recognition.
Based on the above, the loans granted were measured at depreciated cost.

Measurement at depreciated cost implies the following:

Interest income is calculated using the effective interest rate, and it is applied to the gross book value of the assets when calculating it.
Trade receivables
Trade receivables that do not have a significant financial component at initial recognition were measured in accordance with IFRS 15 at their transaction price.
Impairment
The Company recognises impairments of financial assets on the basis of expected credit losses. At each reporting date, the Company measures expected credit losses and recognises them in the financial statements.
Expected credit losses from financial instruments are measured in a way that reflects:

An unbiased and weighted amount of probability determined by assessing the range of possible outcomes,
Time value of money,
Reasonable and acceptable data on past events, current conditions and predictions of future economic conditions.

Regarding trade receivables, the company applies the simplified approach of IFRS 9 to measure expected credit losses by using expected provisions for credit losses of trade receivables.

To measure the expected credit losses of trade receivables, the Company grouped customers into certain groups and determined potential future losses by analysing the age structure and historical data.

An analysis of the age structure showed that in part of the segments, expected credit losses were determined, which were recognised in the profit and loss account for 2024 (notes 12 and 27).

3/ BASIC ACCOUNTING POLICIES / CONTINUED

e/ Financial assets / continued

Derecognition of financial assets

The Company ceases to recognise financial assets when;

- They point out contractual rights to cash flows from financial assets,
- It transfers financial assets and in doing so, the transfer meets the conditions for derecognition.

The Company transfers financial assets if, and only if, or:

- (a) transfers contractual rights to receive cash flows from financial assets, or
- (b) retains contractual rights to receive cash flows from financial assets, but assumes a contractual obligation to pay cash flows to one or more recipients in the arrangement.

When the Company transfers financial assets, it is obliged to assess the extent to which it retains the risks and benefits of ownership of financial assets. In this case, when all risks and benefits of ownership are transferred, the Company ceases to recognise financial assets and recognises separately as assets or liabilities all rights and liabilities arising or retained under the transfer.

If almost all the risks and benefits of owning financial assets are retained, the Company continues to recognise financial assets.

If the Company neither transfers nor retains almost all the risks and benefits of ownership of financial assets, the Company determines whether control over financial assets is retained. If control over financial assets is not retained, the Company ceases to recognise financial assets and recognises separately as assets or liabilities all rights and liabilities arising or retained under the transfer.

If control is retained, the Company continues to recognise financial assets to the extent that it continues to participate in those financial assets.

f/ Derivative financial instruments and hedge accounting

The Company uses derivative financial instruments, interest rate swaps to hedge interest rate risk. Such derivative financial instruments are initially recognised at fair value at the date of conclusion of the derivative contract and are subsequently remeasured at fair value. Derivatives are reported as financial assets if the fair value is positive, and as financial liabilities if the fair value is negative.

For hedge accounting purposes, hedges are classified as cash flow hedges when the exposure to cash flow variability attributable to a particular risk associated with a recognised liability (loan) is hedged.

At the beginning of the hedging relationship, the Company formally determines and documents the hedge relationship to which it wants to apply hedge accounting and the goal of risk management and the strategy for taking hedging.

The documentation includes the identification of the hedging instrument, the hedged items, the nature of the risk to be hedged and how the Company will assess whether the hedging relationship meets the requirements of hedge effectiveness (including an analysis of the source of hedge inefficiency and how the hedge ratio is determined). The hedge ratio meets the requirements for hedge accounting if it meets all of the following efficiency requirements:

- There is an "economic relationship" between the protected item and the hedging instrument.
- The effect of credit risk does not "dominate changes in value" arising from this economic relationship.
- The hedging ratio of the hedging relationship is the same as that arising from the amount of the hedged item that the Company actually protects and the amount of the hedging instrument that the Company actually uses to protect that amount of the hedged item.

The hedges that meet all of the above criteria for hedge accounting are calculated in such a way that the effective part of the profit or loss on the hedging instrument is recognised in other comprehensive income in the cash flow hedge reserve, while any inefficient part is immediately recognised in profit and loss account. The cash flow hedge reserve is matched by a lower cumulative profit or loss on the hedging instrument and a cumulative change in the fair value of the hedged item.

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

3/ BASIC ACCOUNTING POLICIES / CONTINUED

g/ Investments in affiliated companies

Affiliated companies are entities in which the Company, directly or indirectly, has control over their activities. Control is achieved if the Company has power over the entity and is exposed to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Investments in affiliated companies are recognized at cost adjusted for any impairment losses on individual investments.

Investments are tested for impairment annually when events or changes in circumstances indicate that the carrying amount may not be recoverable.

Recoverable amounts are assessed as the higher of the fair value less costs to sell and value in use. Recoverable amounts are assessed for individual items of the affiliated company's assets or, if that is not possible, for the cash-generating unit. Cash-generating units are primarily determined at the level of the entity, i.e., the affiliated company.

Investments in affiliated companies for which impairment losses have been recognized in previous periods are reviewed at each reporting date for possible reversal of impairment losses.

h/ Cash and cash equivalents

The cash consists of money in the bank and in the cash register. Cash equivalents include sight deposits and fixed-term deposits with a maturity of up to three months.

i/ Inventories

Inventories contain spare parts, material, production and finished products, and are expressed at a lower value determined by comparing the average weighted price minus the value adjustment of obsolete and excessive inventories, and the net expected sales value.

The Management Board makes an adjustment to the value of inventories on the basis of an overview of the total age structure of inventories, and on the basis of an overview of significant, individual amounts included in inventories. Inventories of unfinished production and finished products are stated in the business books at the production price, if it is lower than the net sales price.

j/ Foreign currencies

Non-monetary items stated at fair value in foreign currency are recalculated using the exchange rates valid on the date of assessment of fair value. Non-monetary items expressed in foreign currency in the amount of the historical cost are not recalculated.

Exchange differences arising from the settlement of monetary items and their recalculation are stated in the unconsolidated profit and loss account of the period.

Exchange differences arising from the conversion of non-monetary assets stated at fair value are stated in the unconsolidated profit and loss account of the period, except for exchange differences arising from the recalculation of non-monetary assets available for sale, in which losses and gains are recognised directly into equity. In this category of non-monetary items, any gain, i.e. any loss incurred by recalculation, is also recognised directly into the equity.

k/ Severance pay, year of service awards and solidarity aid

In the case of defined benefit plans, the costs of benefits are determined by the method of the projected credit unit on the basis of an actuarial assessment carried out on each reporting day. Gains and losses incurred by the actuarial assessment are recognised in the period in which they were incurred.

The cost of past work is recognised immediately to the extent that the rights to benefits have already been acquired. Otherwise, it is depreciated proportionally over a certain period until the moment of acquiring the right to benefits.

The Company gives employees a one-time reward for long-term employment (years of service awards), solidarity aids (in the event of the death of the employee, the death of a member of the immediate family of the employee, the occurrence of disability, the procurement of medical devices, for the birth of a child, for sick leave longer than 90 days, etc.) and a retirement benefit. Benefit obligations and costs are determined using the projection unit credit method. Projection unit credit method takes each period of employment as the exercise of the right to an additional unit of compensation and measures each unit separately in order to calculate the final obligation. The benefit obligation is measured at the present value of future cash flows using a discount rate similar to the interest rate on government bonds issued in currency and for a period corresponding to the currency and estimated duration of the benefit liability.

3/ BASIC ACCOUNTING POLICIES / CONTINUED

k/ Corporate income tax

Tax expense is the aggregate amount of current tax liability and deferred taxes.

Current taxes

Current tax liabilities are based on taxable income for the year. Taxable income is different from the net income of the period stated in the unconsolidated profit and loss account because it does not include items of income and expenses that are taxable or non-taxable in other years, as well as items that are never taxable or deductible. Current tax liabilities of the Company are calculated by applying the tax rates in force, i.e. in the process of adoption on the reporting date.

Deferred taxes

Deferred tax is the amount expected to result in a liability or return based on the difference between the carrying amount of assets and liabilities in the unconsolidated financial statements and the associated tax base used to calculate taxable income and is calculated using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is likely that there will be taxable profit available on the basis of which it is possible to take advantage of the deductible temporary differences.

Deferred tax liabilities and tax assets are not recognised by temporary differences arising from goodwill or the initial recognition of other assets and liabilities, except for business combinations, in transactions that affect neither tax nor accounting profit. Deferred tax liabilities are recognised on the basis of taxable temporary differences arising from investments in affiliates and associates, or shares in joint ventures, unless the Company is unable to control the reversal of the temporary difference and it is probable that the temporary difference will not be reversed in due time. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer likely that a sufficient amount of taxable profit will be available for the return of all or part of the tax assets.

Deferred tax is calculated at tax rates expected to be applicable in the period in which the liability will be settled or the asset realised, based on the tax laws in force or in the process of adoption by the reporting date. Calculation of deferred tax liabilities and assets maintains the amount expected to result in a liability or return, at the reporting date. Deferred tax assets and liabilities are offset if there is a legal right to cover current tax liabilities with current tax assets and when they relate to tax revenues determined by the same tax administration, and the Company intends to align its current tax assets with tax liabilities.

Current and deferred tax for the period

Deferred tax is charged or credited to the unconsolidated profit and loss account, unless it relates to items that are credited or debited directly to equity, in which case the deferred tax is also reported within equity or when the tax results from the initial management of the account in the event of a business combination.

l/ Provisions

Provisions are recognised if the Company has a present legal or derivative liability as a result of a past event, if it is likely that an outflow of resources will be required to settle the liability and if the amount of the liability can be reliably estimated. Where there are a number of similar liabilities, the likelihood that an outflow of resources will be required to settle them is determined by considering them as a whole. Employee benefit provisions and restoration of natural resources are measured at the present value of expenditures expected to be required to settle the liability, using a pre-tax discount rate that reflects current market estimates of the time value of money as well as risks specific to the said liability. The effect of the increase in provisions, as a reflection of the passage of time, is reported within interest expense.

3/ BASIC ACCOUNTING POLICIES / CONTINUED

n/ Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or manufacture of a qualifying asset, which is an asset that necessarily requires significant time to be ready for its intended use or sale, are added to the cost of the said asset until the asset is largely ready for its intended use or sale.

Revenues from investments earned by temporarily investing earmarked loan funds during their spending for a qualifying asset are deducted from the borrowing costs that can be capitalised.

All other borrowing costs are recognised in the net profit or loss of the period in which they were incurred.

Short-term loans and supplier loans are presented at the amount originally borrowed minus repayments. Interest expense is charged to the profit and loss account in the period to which the interest relates.

o/ Financial liabilities and equity instruments issued by the Company

Classification into liabilities or equity

Debt and equity instruments are classified either as financial liabilities or as equity, in accordance with the essence of the contractual agreement.

Equity instruments

The equity instrument is a contract that provides evidence of the rest of the entity's share in the assets after the seizure of all its liabilities. Equity instruments issued by the Company are recorded in the amount of realised revenues, minus direct issuance costs.

Liabilities under the financial guarantee contract

Liabilities under financial guarantee contracts are initially measured at fair value and later in a larger amount by comparing:

- the amount of the contract liability as determined in accordance with IAS 37 - Provisions, Contingent Liabilities and Contingent Assets and
- initially recognised amount reduced, if applicable, by the cumulative amortisation recognised in accordance with revenue recognition policies.

Financial liabilities

Financial liabilities are classified either as financial liabilities at fair value through profit and loss account or as other financial liabilities.

Financial liabilities at fair value are presented through the presentation of changes in fair value through profit and loss account. Financial liabilities are classified into the category of liabilities at fair value through profit and loss account if they are held for trading or are designated for such disclosure.
A financial liability is classified as a trading liability if:

- it was created primarily for the purpose of repurchase in the near future, or
- is an integral part of the established portfolio of financial instruments managed jointly by the Company and if it has recently reflected the pattern of short-term profit making, or
- is a derivative that is not designated or effective as a hedging instrument.

After initial recognition, financial liabilities that are not intended for trading may be determined for presentation at fair value with the presentation of changes in fair value through the statement of comprehensive income:

- if such determination annuls or significantly reduces the inconsistency in measurement or recognition that would otherwise occur or
- if the financial liability is part of a group of financial assets or financial liabilities or both, which is managed and whose results are estimated on a fair value basis, in accordance with the documented policy of the Risk Management Company or its investment strategy and if the internal information on the grouping is presented on that basis or
- if an integral part of the contract containing one or more embedded derivatives is Financial liabilities at fair value, in which changes in fair value are presented through the profit and loss account, whereby any profit or any loss is recognised in the profit and loss account.

3/ BASIC ACCOUNTING POLICIES / CONTINUED

o/ Financial liabilities and equity instruments issued by the Company / continued

Net income or loss recognised in the profit and loss account also includes interest paid on the financial liability. The fair value is determined in the manner described in note 42 to the financial statements - Financial instruments.

Other financial liabilities

Other financial liabilities, including liabilities under loans and borrowings, are initially measured at fair value minus transaction costs.
Other financial liabilities are later measured at depreciated cost using the effective interest method, with interest expense recognised on the basis of effective return.
The effective interest method is the method by which the depreciated cost of a financial liability is calculated and interest expense is allocated over the relevant period. The effective interest rate is the rate at which estimated future cash outflows are discounted over the expected life of the financial liability or a shorter period, if applicable.

Derecognition of financial liabilities

The Company ceases to recognise financial liabilities then, and only when the Company's liabilities are settled, cancelled or expired.

p/ Reporting on operating segments

In accordance with IFRS 8, the Company determined operating segments according to internal reports on the constituent parts of the Company, which are regularly reviewed by the main executive decision maker in order to allocate resources to segments and assess the performance of their business. Details of operating segments are disclosed in note 8 to unconsolidated financial statements.

In particular, the Company monitors and presents the business results of the Company's basic operating segments. Segments of activity represent the basis on which the Company reports on its primary segment. Certain financial information by operating areas is presented in note 7 to unconsolidated financial statements.

q/ Contingent liabilities and assets

Contingent liabilities are not recognised in unconsolidated financial statements. They are disclosed, unless the likelihood of outflows of accompanying economic benefits is small. Potential assets are not recognised in unconsolidated financial statements, but are disclosed when the inflow of economic benefits is probable.

r/ Recognition of revenue

Contracts with customers

Regarding the recognition of contracts with customers, the Company applies the five-step model:

1) Identifying the contract with the customer
2) Identifying the performance obligations in the contract
3) Determining the transaction price
4) Allocating the transaction price to the performance obligations in the contract
5) Recognition of revenue when (or how) the entity meets the delivery obligation

Revenues are recognised for each separate performance obligation in the contract in the amount of the transaction price. The transaction price is the amount of fees in the contract to which the Company expects to be entitled in exchange for the transfer of the promised goods or services of the customer. The first application of this standard did not affect the financial statements of the Company.

Revenues are reported in amounts reduced by returns, discounts, bonuses and premiums, as well as taxes directly related to the sale of products and services performed.

The operations of the Company, as well as the generation of revenues, are subject to several laws, the most significant of which are:

- Utilities Management Act
- Act on Local and Regional Self-Government
- Waste Management Act
- Cemeteries Act
- Free Zones Act

3/ BASIC ACCOUNTING POLICIES / CONTINUED

r/ Recognition of revenue / continued

Based on the above, revenues are recognised as follows:

- revenues from cleanliness maintenance and waste disposal include revenues from cleaning and waste disposal services provided to customers according to the applicable price list for the City of Zagreb, which are calculated according to the services provided to citizens and entrepreneurs;
- revenues from the management and maintenance of public roads are recognised in the amount of % of the completed services and works in accordance with the concluded contracts with customers;
- revenues from the sale of apartments are recognised at the time when a significant risk and benefit from ownership is transferred to the buyer. During the construction of apartments, revenues and construction costs are recognised in accordance with IFRS 15;
- revenues from warehousing and lease are recognised in accordance with IFRS 16 evenly in income on the basis of the straight-line method during the lease period;
- revenues based on contracts on time and material spent are recognised at the agreed unit prices for hours spent, i.e. direct costs incurred;
- revenues from grave fees are recognised according to the calculation of service users according to the applicable price list;
- revenues from the travel agency are seasonal in nature and are recognised upon the performance of the service;

Construction contracts - Revenue from contracts consists of the initial amount agreed in the contract increased by deviations of the contracted works, lawsuits and additional incentives up to the amount when it is likely to result in revenue and that they can be measured with certainty. At the time when the outcome of the construction contract can be estimated with certainty, the income is recognised within the profit or loss based on the completion of the performance obligation over time. Costs are also recognised within profit or loss based on the completion of the performance obligation over time.

Completion of the performance obligation is estimated based on the measurement of the stage of completion of works. When completion of the performance obligation cannot be measured reliably, revenue from the contract is recognised only if it is probable that the costs of the contract will be reimbursed. Expected loss from the contract is immediately shown within profit and loss;

Concession Agreement - revenues related to the construction or improvement of the service within the concession agreement are recognised in accordance with the performance of the performance obligation over time, in accordance with the Company's accounting policy on construction contracts. Management income is recognised in the period when the services were provided by the Company.

Revenue from government grants includes:

- grants related to assets, including non-monetary grants at fair value, are presented in the separate statement of financial position (balance sheet) as deferred income. In the consolidated profit and loss statement, they are recognised as revenue over the period of use and they must be matched with the related (amortisation) costs on a systematic basis;
- grants received as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised as revenue for the period in which it becomes receivable.

Government grants are not recognised, unless there is a real guarantee that the Company will meet the conditions for government grants and that the grant will be received.

Government grants in which the basic condition for the Company to acquire, build or otherwise acquire fixed assets is recognised in the unconsolidated statement of financial position (balance sheet) as revenues of future periods and transferred to profit or loss systematically and rationally over the useful life of the asset in question. Other government grants are systematically recognised as revenue for as many periods as necessary to face the costs for which they are intended to cover. Receivables based on government grants based on the reimbursement of already incurred costs or losses or in order to provide immediate financial support of the Company without future related costs are recognised in the profit or loss of the period in which the receivable arises from them.

Financial revenues

Revenue from interest is recognised on a time-proportional basis, so that the actual return on the asset is taken into account in the calculation.

Dividend income is recognised when the right to dividend payment is established.

3/ BASIC ACCOUNTING POLICIES / CONTINUED

s/ Concession agreements

A feature of these service agreements is the public nature of the services, the provision of which is assumed by the user as an obligation. It is public policy to provide services related to this infrastructure to the public, regardless of the identity of the party providing them. The service agreement contractually obliges the user to provide services to the public on behalf of the public sector entity. Other common features are:

- the party offering the service agreement (concessionaire) is a public sector entity, including government bodies, or a private sector entity to which responsibility for the given service has been transferred.
- the user is responsible for at least part of the management of the infrastructure and related services and does not act exclusively as a representative of the concession grantor.
- the user is obliged to hand over the infrastructure to the concessionaire at the end of the agreement, in a certain condition, for a symbolic fee or without it, regardless of which party initially financed it.

Revenue is recognised under IFRS 15 Revenue from contracts with customers.

The Company recognises the rights acquired in the contract as financial assets.

t/ Comparative amounts

If necessary, the comparative information is reclassified to be in accordance with the presentation of the current year (note 5).

4/ USE OF ESTIMATES IN THE PREPARATION OF ANNUAL UNCONSOLIDATED FINANCIAL STATEMENTS

Key judgments in the application of accounting policies

When applying the Company's accounting policies, managers should make judgments, estimates and make assumptions about the carrying amounts of assets and liabilities that are not visible from other sources. Estimates and related assumptions are based on experience in previous periods and other relevant factors. Actual results may differ from estimates. Estimates and assumptions on the basis of which the estimates were made are continuously reviewed. Changes in accounting estimates are recognised in the period of revision of the estimate if the change affects only that period or in the period of revision of the estimate and in future periods if the change affects both current and future periods.

For the purpose of financial reporting, the Company measures some of its assets and some of its liabilities at fair value.

In estimating the fair value of the asset or liability, the company uses market data if available. If level 1 input data is not available, the Company engages independent certified appraisers.

The Company cooperates with external certified appraisers in determining valuation methods and variables that enter the fair value model.

Useful life of property, plant and equipment and intangible assets

Determining the useful life of assets is based on historical experience with similar assets, as well as projected changes in the economic environment and industry-specific factors. The estimated useful life is reviewed annually or whenever there are indications of significant changes in the underlying assumptions. We believe that this is an important accounting estimate given the significant share of assets that are depreciated in total assets, and the impact of significant changes in these assumptions could be a material effect on the financial position and results of the Company's operations.

Impairment of non-current assets

Impairment is reported in the annual unconsolidated financial statements of the Company in the event that the net book value of the asset or cash-generating unit exceeds its recoverable amount or its fair value minus costs of sale or value in use, whichever is greater. The calculation of the fair value minus the costs of sale is carried out on the basis of the available data from the related sales transactions at the usual market conditions of similar assets or visible market prices minus the additional costs of disposal of assets.

Calculation of values in use is based on the discounted cash flow model. The most significant assumptions for determining cash flow are discounted rates, forward values, time for which cash flow projections are made, as well as assumptions and judgments used to determine cash receipts and expenditures.

Availability of taxable income for which deferred tax assets can be recognised

Deferred tax assets are recognised for all unused tax losses to the extent that it is possible that future profits will be available for use. Significant judgments are required in determining the amount of deferred tax assets that can be recognised, based on the probable calculation of time and the level of future taxable profit together with the future planned tax strategy. During 2023 and 2024, deferred tax assets were recognised by available tax differences. The carrying amount of deferred tax assets is presented in note 17 to unconsolidated financial statements.

Actuarial estimates used to calculate employee remuneration and benefits

The cost of defined planned benefits was determined using independent actuarial estimates. Actuarial estimates include determining assumptions about discounted rates, future increases in income and mortality, or the rate of fluctuation. Due to the long-term nature of these plans, these estimates are subject to uncertainty. Provisions for employee remuneration and benefits amount to EUR 10,810 thousand as at 31 December 2024 (as at 31 December 2023: EUR 9,390 thousand) (note 41).

Consequences of certain litigations

The Company and its affiliates are parties to numerous litigations and proceedings arising in the ordinary course of business. The management uses the assessment when the most likely consequences of these activities are assessed and the provisions are recognised on a consistent basis (note 32).

4/ USE OF ESTIMATES IN THE PREPARATION OF ANNUAL UNCONSOLIDATED FINANCIAL STATEMENTS / CONTINUED

Fair value measurement and valuation process

The Company has an established system of controls within the framework of fair value measurement, which implies the entire responsibility of the Management Board and the function of finance related to the supervision of all significant fair value measurements, consultation with external experts and, in the context of the above, reporting on the same to the bodies in charge of management. Fair values are measured in relation to information collected from third parties in which case the Management and the function of finance assess the extent to which the evidence collected from third parties ensures that these fair value estimates meet the requirements of IFRS, including the level from the fair value hierarchy in which these estimates should be classified.

Fair values are categorised into different levels in the fair value hierarchy based on the input variables used in valuation methods as follows:

- Level 1 - quoted prices (uncorrected) in active markets for identical assets or liabilities.

- Level 2 - input variables that do not represent quoted prices included in level 1, which are input variables for assets or liabilities that are visible either directly (e.g. as prices) or indirectly (e.g. derived from prices).

- Level 3 - input variables for assets or liabilities that are not based on visible market data (input variables that are not visible).

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is considered active if quoted prices are known on the basis of the stock exchange, the activity of a broker, an industry group or a regulatory agency, and these prices represent actual and regular market transactions under normal trading conditions.

The fair value of financial instruments that are not traded in an active market is determined using valuation methods. These valuation methods require the maximum use of visible market data where possible, and rely as little as possible on entity-specific valuations. If all significant input variables necessary for fair valuation are visible, the fair value assessment is categorised as level 2.

If one or more significant input variables are not based on visible market data, the fair value assessment is categorised as level 3.

For the purpose of financial reporting, the Company measures some of its assets at fair value. In estimating the fair value of the asset or liability, the company uses market data if available. If level 1 input data is not available, the Company engages independent certified appraisers. The Company coordinates the valuation process and closely cooperates with independent certified appraisers in determining valuation methods and variables that enter the fair value model.

The Company has made the following significant estimates of fair value in the framework of the preparation of financial statements, which are explained in more detail in the following notes:

Fair value assessment for lands that are subsequently measured using the revaluation method in accordance with IAS 16

Land owned by the Company that is subsequently valued by the revaluation method in accordance with IAS 16, is reported in revalued amounts that represent their fair value at the revaluation date, minus accumulated impairment losses. Revaluation is carried out regularly (every 3 – 5 years) so that the carrying amounts are not expected to differ significantly from the amounts that would be determined using fair value at the end of the reporting period.

The last effects of revaluation were recorded in 2019 on the basis of an assessment of the fair value of land by an independent certified appraiser, which is carried out in accordance with the Act on Real Estate Valuation (OG 78/15), and the Ordinance on Real Estate Valuation Methods (OG 105/15), whereby a comparative method is used to assess land, which determines the market value from at least three purchase prices (transactions) of comparative real estate. The Act also recognises the possibility of applying other valuation methods, but if the valuation is carried out using several methods, it is not allowed to calculate the value of real estate as an average of results using several methods or by weighting the results obtained in this way, but it is necessary to determine one method as the basic method, and other methods serve to support and check the results.

4/ USE OF ESTIMATES IN THE PREPARATION OF ANNUAL UNCONSOLIDATED FINANCIAL STATEMENTS / CONTINUED

Fair value measurement and valuation process / continued

However, IFRS 13 Fair Value Measurement requires that when measuring the fair value of a non-financial asset, consideration is given to whether market participants can achieve economic benefits by maximising and optimising the use of the asset or by selling it to another market participant that could maximise and optimally use it, which implies physically possible use (physical characteristics of the asset that market participants would consider when determining the price of the asset, e.g. location or size of the property), legally permissible use (e.g. spatial planning regulations applicable to the property) and financially cost-effective use (taking into account the costs of adjusting the asset for this purpose), which is why IFRS 13 recognises that in certain cases it is appropriate to apply several valuation techniques, in which case the fair value measure is a point within the range of value, i.e. ordinary or weighted

average of fair value obtained by applying several measurement techniques, which then best represents fair value in given circumstances.

Also, for level 2 input data, IFRS 13 requires certain adjustments due to the state and location of the asset and the extent to which the input data refers to items of comparable assets, and the volume or level of activity in the markets where this input data is available.

Given the significant increase in prices on the real estate market, and the significant differences in prices of transactions at certain locations realised in the period from 2019 to the end of 2024, for which it was not possible to determine the correlation of price changes in relation to the type and size of land, and the limitations of the comparative method on the basis of which adjustments prescribed by IFRS 13 are not applied when determining comparable prices (in the form of adjustments due to the location or size of the real estate, volume or level of market activity from which the input data are taken), the Management Board estimates that the fair value of individual lands (large areas in smaller places within the Republic of Croatia) determined by the comparative method without adjustments or weighting for the application of other valuation methods does not represent the best fair value of individual real estate on 31 December 2024.

Therefore, the Management Board decided that the financial statements for 2024 will not recognise the effects of revaluation for these lands, until all analyses of the effects of adjustments required by IFRS 13 have been completed, as well as until valuations using other valuation methods have been carried out to determine the point within the appropriate fair value range.

The fair value of these lands estimated by the comparative method as at 31 December 2024 amounts to EUR 156,784 thousand. The revalued value at 2019 values amounts to EUR 46,974 thousand and represents the amount at which these lands were recognised in the financial statements as at 31 December 2024. The purchase value of these lands amounts to EUR 9,754 thousand.

In the opinion of the Management Board, the fair value of these lands is within the range of fair value estimated in 2019 and fair value estimated by the comparative method as at 31 December 2024.

Fair value assessment of investment property that is subsequently measured at fair value in accordance with IAS 40

The assessment of the fair value of investment property that is subsequently measured at fair value in accordance with IAS 40 was carried out by an independent certified appraiser, whereby the comparative method was used for business premises and land, and for the construction part of the facilities that were leased, the income method. The income method was applied in the calculation of the fair value of the construction part (real estate leased). In the income method, the income value is determined on the basis of the revenues achieved in the market (sustainable revenues). If the income relations are subject to significant deviations or significantly deviate from the revenues achieved in the market in the foreseeable future, the income value can also be determined on the basis of periodically different revenues. The income value of the built-up land includes the value of the land, the value of the building and the value of the devices. According to the fair value hierarchy, estimates using the comparative method are classified into level 2 and the income method into level 3 of fair value (note 19).

Impairment of investments in affiliated companies

Once a year, the company conducts a test for impairment of investments in affiliated companies. The recoverable amounts of cash-generating units are determined on the basis of an estimate of cash flows from the business plans of affiliated companies and investment return projections.

In 2024, the Company determined that for the company Vodoopskrba i odvodnja d.o.o., the book value of the investment is higher than the book value of the net assets, which may be an indicator of impairment.

4/ USE OF ESTIMATES IN THE PREPARATION OF ANNUAL UNCONSOLIDATED FINANCIAL STATEMENTS / CONTINUED

Fair value measurement and valuation process / continued

Impairment of investments in affiliated companies / continued

The Management Board estimated the recoverable value as the value in use, because given the strategic goals of investing in this company, the fair value of these assets minus the cost does not provide additional value when assessing the recoverability of investments. The book value is reduced to the recoverable amount, and the impairment loss is recognised in the profit and loss account for the year under note 12. The assessment of fair value was carried out using the discounted cash flows method, with the calculation of the terminal value as a permanent annuity and the value of the assets and the control method of the adjusted net book value and liquidation value. The total amount of impairment of the business share in the Vodoopskrba i odvodnja d.o.o. for 2024 is EUR 4,300 thousand (EUR 5,834 in 2023), which was recognised through the statement of comprehensive income for 2024 (note 12).

Expected credit loss model

With the application of IFRS 9, the expected credit loss model (ECL) was introduced. The measurement of expected credit loss impairment is based on reasonable and supportive information that is available without excessive costs and efforts, and which includes information on past events, current and predicted future conditions and circumstances. When determining the expected future impairment requirements, historical default probabilities are usually used, which are supplemented by future parameters relevant to credit risk (notes 3 e, 12 and 27).

5/ COMPARATIVE DATA AND RESTATEMENTS OF OPENING BALANCES

During 2024, the Company made the following adjustments pertaining to previous periods, and the Management Board is of the opinion that such adjustments contribute to a better accounting presentation of the financial statements. The Management Board considered the significance of the restatements and concluded that for the Company it is sufficient to show the impact of the restatements only in those notes effected by them. In view of the restatements of previous periods, and in accordance with the requirement of International Accounting Standard 8 - Accounting Policies, Changes in Accounting Estimates and Errors, the Company presented in the unconsolidated statement of financial position the balance for the earliest presented period, i.e. 1 January 2023.

The overall effect of the above adjustments on the reported results of operations for 2022 and 2023 is shown as follows by items of the financial statements:

a) Restated previously published amounts – items of the statement of comprehensive income for 2023

	2023 previous published	**Restated amount**	**2023 after restatements**
	000 EUR	000 EUR	000 EUR
Staff costs	(111,088)	(2,881)	(113,969)
Provisions	(12,118)	2,881	(9,237)

Provisions

In 2024, costs for accrued unused annual leave were reclassified from the position of Provisions (note 13) to the position of Staff Costs (note 10) in the amount of EUR 2,881 thousand.

5/ COMPARATIVE DATA AND RESTATEMENTS OF OPENING BALANCES / CONTINUED

b) Restated previously published amounts – items of the statement of financial position as at 31 December 2022

	31 December 2022 previously published	Restated amount	31 December 2022 restated
	000 EUR	000 EUR	000 EUR
NON-CURRENT ASSETS			
Property, plant and equipment	588.340	(36,948)	551,392
Total assets	**1,477,822**	**(36,948)**	**1,440,874**
NON-CURRENT LIABILITIES			
Deferred tax liabilities	48,693	(3,734)	44,959
Total liabilities	**879,244**	**(3,734)**	**875,510**
EQUITY			
Revaluation reserves	221,879	(17,013)	204,866
Accumulated loss	(77,685)	(16,201)	(93,886)
Total equity	**598,578**	**(33,214)**	**565,364**

c) Restated previously published amounts – items of the statement of financial position as at 31 December 2023

	31 December 2023 previously published	Restated amount	31 December 2023 restated
	000 EUR	000 EUR	000 EUR
NON-CURRENT ASSETS			
Property, plant and equipment	558,060	(36,948)	521,112
Total assets	**1,466,535**	**(36,948)**	**1,429,587**
NON-CURRENT LIABILITIES			
Deferred tax liabilities	49,589	(3,734)	45,855
Total liabilities	**843,687**	**(3,374)**	**839,953**
EQUITY			
Revaluation reserves	225,342	(17,013)	208,329
Accumulated loss	(56,878)	(16,201)	(73,079)
Total equity	**622,848**	**(33,214)**	**589,634**

Property, plant and equipment / revaluation reserves

In 2024, the accounting error of the registration of real estate in previous periods was corrected, as a result of which the value of land and buildings in the property was reduced, as well as revaluation reserves and deferred tax liabilities by the same amount.

6/ REVENUE FROM SALES

Division of sales revenues into related parties and external customers:

	2024	2023
	000 EUR	000 EUR
Revenue from sales to related parties (note 40)	122,519	111,424
Revenue from sales to external customers	130,784	125,325
	253,303	**236,749**

7/ SEGMENT INFORMATION

In accordance with IFRS 8 "Operating segments", the Company determined operating segments according to internal reports on the constituent parts of the Company, which are regularly reviewed by the main executive decision maker in order to allocate resources to segments and assess the performance of their business. The company determined operating segments on the basis of reports that are regularly reviewed by the Management Board, and uses them to make strategic decisions. The operating segments are formed according to the criteria of the activities of the subsidiaries that are part of the Company (note 1).

Operating segments are as follows:

- Cleanliness maintenance and waste disposal
- Management and maintenance of public roads
- Parking services
- Warehousing and lease services
- Landscaping and maintenance of green areas
- Facility management, construction and project management
- Other activities

Display of sales revenues by segments	2024	2023
	000 EUR	000 EUR
Revenues from cleanliness maintenance and waste disposal	81,621	66,105
Revenues from the management and maintenance of public roads	54,611	47,753
Revenues from facility management, construction and project management	6,712	27,059
Revenues from landscaping and maintenance of green areas	36,174	24,463
Revenue from parking	24,773	22,400
Revenue from warehousing and lease services	12,998	12,831
Other revenues	36,414	36,138
	253,303	**236,749**

Revenues from cleanliness maintenance and waste disposal increased in 2024 due to an increase in activities in the public and market service provided to business customers, which relate to the collection, treatment and disposal of waste and a larger volume of works on the maintenance of public traffic areas and new prices of utility services for maintaining the cleanliness of public areas and increased rehabilitation of wild landfills according to e-regulation.

Revenues from the management and maintenance of public roads increased in 2024 due to more performed works on the regular maintenance of unclassified roads and the asphalt paving program of unclassified roads of the 1st order in the area of the City of Zagreb.

Revenues from facility management, construction and project management decreased in 2024 due to the expiration of the contract for 1,300 apartments in Sopnica Jelkovec, and in 2023 the sale of real estate for the construction of a residential and business facility in the settlement of Podbrežje was carried out and the service of rehabilitation of the consequences of the storm in the City of Zagreb was performed.

7/ SEGMENT INFORMATION/ CONTINUED

Other revenues include the following:	**2024**	**2023**
	000 EUR	000 EUR
Revenue from funeral activities	10,727	11,360
Revenue from markets	9,113	8,909
Revenue from travel agencies	6,734	6,829
Revenue from bus station services	3,969	4,134
Revenue from lease of telecommunication lines and networks	3,335	3,167
Revenues from the management and maintenance of sports facilities	2,127	1,438
Revenue from publishing activities	409	301
	36,414	**36,138**

7/ SEGMENT INFORMATION/ CONTINUED

Revenues and results by segment for 2024

	Construction and management of projects and facilities	Cleanliness maintenance and waste disposal	Management and maintenance of public roads	Parking services	Warehousing and lease services	Landscaping and maintenance of green areas	Other	Elimination	Total
	000 EUR	000 EUR	000 EUR	000 EUR	000 EUR	000 EUR	000 EUR	000 EUR	000 EUR
Revenue from sales to external customers	6,712	81,621	54,611	24,772	12,998	36,174	36,415	-	253,303
Inter-segmental sales	35,331	2,003	1,973	122	156	706	357	(40,648)	-
Total sales revenue	**42,043**	**83,624**	**56,584**	**24,894**	**13,154**	**36,880**	**36,772**	**(40,648)**	**253,303**
Expenses pertaining to other activities, net of other revenue from the main activity	**(1,729)**	**(79,266)**	**(49,733)**	**(16,527)**	**(8,709)**	**(36,133)**	**(45,840)**	**40,648**	**(197,289)**
Profit/(loss) from operating activities	40,314	4,358	6,851	8,367	4,445	747	(9,068)	-	56,014
Financial revenues	6,894	593	134	197	42	23	100	-	7,983
Financial expenses	(28,935)	(807)	(58)	(9)	(2)	(118)	(5,804)	-	(35,733)
Net financial result	(22,041)	(214)	76	188	40	(95)	(5,704)	-	(27,750)
Profit / (loss) before tax	**18,273**	**4,144**	**6,927**	**8,555**	**4,485**	**652**	**(14,772)**	**-**	**28,264**
Tax revenue									(4,748)
Net profit									**23,516**

7/ SEGMENT INFORMATION/ CONTINUED

Revenues and results by segment for 2023 (restated)

	Construction and management of projects and facilities	Cleanliness maintenance and waste disposal	Management and maintenance of public roads	Parking services	Warehousing and lease services	Landscaping and maintenance of green areas	Other	Elimination	Total
	000 EUR	000 EUR	000 EUR	000 EUR	000 EUR	000 EUR	000 EUR	000 EUR	000 EUR
Revenue from sales to external customers	27,059	66,105	47,753	22,400	12,831	24,463	36,138	-	236,749
Inter-segmental sales	30,781	2,430	2,351	149	117	11,679	416	(47,923)	-
Total sales revenue	**57,840**	**68,535**	**50,104**	**22,549**	**12,948**	**36,142**	**36,554**	**(47,923)**	**236,749**
Expenses pertaining to other activities, net of other revenue from the main activity	**(17,103)**	**(86,678)**	**(42,469)**	**(15,509)**	**(8,308)**	**(29,734)**	**(37,415)**	**47,923**	**(189,293)**
Profit/(loss) from operating activities	40,737	(18,143)	7,635	7,040	4,640	6,408	(861)	-	47,456
Financial revenues	12,177	307	218	168	68	16	116	-	13,070
Financial expenses	(30,649)	(301)	(44)	(11)	(13)	(21)	(5,378)	-	(36,417)
Net financial result	(18,472)	6	174	157	55	(5)	(5,262)	-	(23,347)
Profit / (loss) before tax	**22,265**	**(18,137)**	**7,809**	**7,197**	**4,695**	**6,403**	**(6,123)**	**-**	**24,109**
Tax expense									(3,302)
Net profit									**20,807**

7/ SEGMENT INFORMATION/ CONTINUED

Assets and liabilities by segment as at 31 December 2024

	Construction and management of facilities and projects	Cleanliness maintenance and waste disposal	Management and maintenance of public roads	Parking services	Warehousing and lease services	Landscaping and maintenance of green areas	Other	Elimination	Total
	000 EUR	000 EUR	000 EUR	000 EUR	000 EUR	000 EUR	000 EUR	000 EUR	000 EUR
Property, plant and equipment	91,640	69,888	43,728	9,659	29,264	70,958	299,856	-	614,993
Right-of-use assets	234	-	15	104	-	51	99	-	503
Intangible assets	3,320	542	47	118	512	44	614	-	5,197
Investment property	164,014	-	1,202	-	180,326	855	2,930	-	349,327
Inventories	70	1,920	4,437	61	30	2,395	977	-	9,890
Trade receivables, net	93	8,627	745	1,479	542	292	2,117	-	13,895
Investments in affiliated companies	285,599	-	-	-	-	-	-	-	285,599
Unallocated assets	307,664	12,422	71,374	41,113	24,028	21,629	89,758	(322,605)	245,383
Total assets	**852,634**	**93,399**	**121,548**	**52,534**	**234,702**	**96,224**	**396,351**	**(322,605)**	**1,524,787**
Issued bonds	303,098	-	-	-	-	-	-	-	303,098
Trade payables	2,329	13,888	6,206	599	530	4,134	6,518	-	34,204
Liabilities payable to employees	1,145	3,002	1,030	463	156	1,028	1,015	-	7,839
Equity and unallocated liabilities	546,062	76,509	114,312	51,472	234,016	91,062	388,818	(322,605)	1,179,646
Total equity and liabilities	**852,634**	**93,399**	**121,548**	**52,534**	**234,702**	**96,224**	**396,351**	**(322,605)**	**1,524,787**
Other segment information									
Capital expenditures:	**3,628**	**16,410**	**86**	**1,175**	**548**	**3,757**	**3,221**	**-**	**28,825**
Property, plant and equipment	*2,025*	*16,356*	*86*	*1,095*	*510*	*3,757*	*3,204*	*-*	*27,033*
Intangible assets	*1,603*	*54*	*-*	*80*	*38*	*-*	*17*	*-*	*1,792*
Depreciation/amortisation and impairment of assets	**2,265**	**6,087**	**1,023**	**1,537**	**585**	**1,333**	**4,154**	**-**	**16,984**

7/ SEGMENT INFORMATION/ CONTINUED

Assets and liabilities by segment as at 31 December 2023 (restated)

	Construction and management of facilities and projects	Cleanliness maintenance and waste disposal	Management and maintenance of public roads	Parking services	Warehousing and lease services	Landscaping and maintenance of green areas	Other	Elimination	Total
	000 EUR	000 EUR	000 EUR	000 EUR	000 EUR	000 EUR	000 EUR	000 EUR	000 EUR
Property, plant and equipment	59,186	56,067	33,942	9,969	23,679	48,312	289,957	-	521,112
Right-of-use assets	-	-	18	202	38	29	38	-	325
Intangible assets	1,609	804	48	64	455	53	252	-	3,285
Investment property	138,528	-	284	-	180,148	928	1,987	-	321,875
Inventories	4	936	3,874	29	57	1,891	1,039	-	7,830
Trade receivables, net	114	7,483	601	1,623	595	396	1,883	-	12,695
Investments in affiliated companies	289,899	-	-	-	-	-	-	-	289,899
Unallocated assets	344,781	11,398	68,543	32,634	19,812	21,949	100,111	(326,662)	272,566
Total assets	**834,121**	**76,688**	**107,310**	**44,521**	**224,784**	**73,558**	**395,267**	**(326,662)**	**1,429,587**
Issued bonds	302,622	-	-	-	-	-	-	-	302,622
Trade payables	957	5,200	4,722	841	576	2,835	4,063	-	19,194
Liabilities payable to employees	917	2,404	864	410	132	890	880	-	6,497
Equity and unallocated liabilities	529,625	69,084	101,724	43,270	224,076	69,833	390,324	(326,662)	1,101,274
Total equity and liabilities	**834,121**	**76,688**	**107,310**	**44,521**	**224,784**	**73,558**	**395,267**	**(326,662)**	**1,429,587**
Other segment information									
Capital expenditures:	**25**	**3,606**	**31**	**369**	**133**	**1,986**	**1,935**	**-**	**8,085**
Property, plant and equipment	*24*	*3,505*	*31*	*305*	*83*	*1,986*	*1,918*	*-*	*7,852*
Intangible assets	*1*	*101*	*-*	*64*	*50*	*-*	*17*	*-*	*233*
Depreciation/amortisation and impairment of assets	**6,194**	**5,177**	**1,160**	**1,532**	**612**	**1,196**	**4,171**	**-**	**20,042**

7/ SEGMENT INFORMATION/ CONTINUED

Assets and liabilities by segment as at 1 January 2023 (restated)

	Construction and management of facilities and projects	Cleanliness maintenance and waste disposal	Management and maintenance of public roads	Parking services	Warehousing and lease services	Landscaping and maintenance of green areas	Other	Elimination	Total
	000 EUR	000 EUR	000 EUR	000 EUR	000 EUR	000 EUR	000 EUR	000 EUR	000 EUR
Property, plant and equipment	83,019	57,531	35,230	11,079	24,370	47,507	292,656	-	551,392
Right-of-use assets	-	-	20	50	188	39	59	-	356
Intangible assets	1,748	1,004	48	5	100	63	330	-	3,298
Investment property	102,147	-	-	-	180,118	46	-	-	282,311
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	305,756	10,082	58,516	22,209	14,371	12,558	98,771	(237,181)	285,082
Total assets	**788,472**	**78,144**	**98,460**	**34,980**	**220,042**	**62,394**	**395,563**	**(237,181)**	**1,440,874**
Issued bonds	303,931	-	-	-	-	-	-	-	303,931
Trade payables	3,130	5,405	4,174	855	747	2,010	3,820	-	20,141
Liabilities payable to employees	302	1,973	711	408	219	730	832	-	5,175
Equity and unallocated liabilities	481,109	70,766	93,575	33,717	219,076	59,654	390,911	(237,181)	1,111,627
Total equity and liabilities	**788,472**	**78,144**	**98,460**	**34,980**	**220,042**	**62,394**	**395,563**	**(237,181)**	**1,440,874**
Other segment information									
Capital expenditures:	**894**	**985**	**64**	**25**	**145**	**1,273**	**3,128**	**-**	**6,514**
Property, plant and equipment	*178*	*958*	*64*	*25*	*69*	*1,273*	*2,993*	*-*	*5,560*
Intangible assets	*716*	*27*	*-*	*-*	*76*	*-*	*135*	*-*	*954*
Depreciation/amortisation and impairment of assets	**6,727**	**5,316**	**1,352**	**1,616**	**608**	**1,078**	**4,192**	**-**	**20,889**

8/ OTHER OPERATING INCOME

	2024	**2023** restated
	000 EUR	000 EUR
Unrealised gains from changes in fair value of investment property/i/	26,773	20,227
Revenue from reversal of provisions (accrued costs) for collective redundancy (note 32)	2	284
Revenue from reversal of provisions (note 32)	1,510	4,453
Revenues from subsidies and grants /ii/	47,870	18,743
Collected written-off and value-adjusted trade receivables (note 27)	3,598	2,300
Collected written-off and value-adjusted receivables from related parties (note 40)	9,914	14,720
Revenue from reversal of deferred income /iv/	3,412	3,370
Revenue from reversal of accrued costs for unused annual leave (note 10)	2,881	2,451
Other	5,762	3,473
	101,722	**70,021**

/i/ Unrealised gains from changes in fair value of investment property are recognised for real estate that, according to the estimate of an independent qualified appraiser, increased fair value in 2024.

Net profit from changes in fair value of investment property is shown as follows:

	2024	**2023**
	000 EUR	000 EUR
Unrealised gains from changes in fair value of investment property	26,773	20,227
Unrealised losses from changes in fair value of investment property (note 12)	(2,566)	(1,054)
Net profit from changes in fair value (note 19)	**24,207**	**19,173**

/ii/ Revenues from subsidies and grants were mostly generated by the City of Zagreb and the Republic of Croatia:

	2024	**2023**
	000 EUR	000 EUR
Subsidies and grants from the City of Zagreb (note 40)	42,220	4,910
Subsidies and grants from the Republic of Croatia and other	5,650	13,833
	47,870	**18,743**

Subsidies and grants from the City of Zagreb in the most significant amount relate to financial grants from the budget for financing the lease of the Arena Zagreb facility (EUR 2,988 thousand) and subsidies to the Čistoća branch for costs related to the public service, costs of collecting plastic packaging and subsidies for the rehabilitation of landfills in the total amount of EUR 38,276 thousand and other grants in the amount of EUR 956 thousand.

/iv/ Revenue from reversal of deferred income is reported in accordance with IAS 20 Accounting for Government Grants and Disclosure of Government Assistance, during the period of use and is systematically related to depreciation and amortisation costs - note 33.

9/ COST OF MATERIAL AND SERVICES

	2024	2023
	000 EUR	000 EUR
Costs of raw materials and supplies	18,260	18,284
Costs of energy consumed/i/	13,803	21,960
Write-off of small inventory	2,189	974
a) Total cost of material	*34,252*	*41,218*
b) Change in the value of production stocks and finished products	*172*	*203*
c) Cost of goods sold	*1,778*	*1,228*
Rent and rental services	3,292	3,044
Maintenance services	11,997	11,431
Utilities and fees /ii/	32,685	11,326
Subcontractors' costs	9,438	10,316
Intellectual services /iii/	3,495	1,565
Cost of transport services /iv/	5,659	4,276
Insurance premiums	1,822	1,186
Data processing and maintenance services of computer programs	4,270	3,892
Advertising and promotion services	102	204
Banking services and payment transactions costs	670	862
Other external services	2,594	2,860
d) Total external services	*76,024*	*50,962*
	112,226	**93,611**

/i/ The reduction in energy costs is due to a decrease in the price of electricity in 2024.

/ii/ The increase in costs of utility services and fees compared to the previous year refers to the segment of cleanliness maintenance and waste disposal due to the costs of disposal of separately collected waste fractions.

/iii/ The increase in intellectual services compared to the previous year refers to the costs of the court commission, court experts, lawyers, and in connection with the procedures for the rehabilitation of part of the Jakuševec landfill in November and December 2023.

/iv/ The reason for the increase in the cost of transport services compared to 2023 refers to the increase in unit prices of transport services and the increased volume of road works performed.

The audit costs for 2024 are EUR 85 thousand (EUR 85 thousand in 2023).

10/ STAFF COSTS

	2024	2023 restated
	000 EUR	000 EUR
Costs of net salaries and fees	70,814	58,797
Costs of taxes and contributions	42,347	35,013
Reimbursements of expenses to employees and expenditures for other material rights /i/	21,501	20,044
Costs for accrued unused annual leave	3,936	2,881
Reduction for realised costs of reserved severance pay and fees for collective redundancy (note 32)	(143)	(2,766)
	138,455	**113,969**
Number of employees at the end of the period	**5,356**	**4,975**
Average number of employees based on hours of work	**4,899**	**4,845**

/i/ Reimbursements of expenses to employees and other material rights of employees include fees regulated by the Collective Agreement, such as reimbursements of transport costs to and from work up to the amount of public transport costs, appropriate rewards and gifts to employees (food allowances, years of service awards, Christmas bonuses, Easter bonuses, holiday bonuses, etc.), costs of education and professional development, etc.

The increase in staff costs is due to an increase in the base in 2024 by 12 % and an increase in the number of employees.

	2024	2023
	000 EUR	000 EUR
Costs of provisions for unused annual leave	3,936	2,881
Revenue from reversal of provisions for unused annual leave (note 8)	(2,881)	(2,451)
	1,055	**430**

11/ DEPRECIATION AND AMORTISATION

	2024	2023
	000 EUR	000 EUR
Property, plant and equipment (note 18)	16,098	19,144
Intangible assets (note 21)	691	601
Right-of-use assets (note 20)	195	297
	16,984	**20,042**

12/ VALUE ADJUSTMENT

	2024	2023
	000 EUR	000 EUR
Losses from changes in fair value of investment property (note 19)	2,566	1,054
Value adjustment of trade receivables (note 27)	6,374	3,887
Value adjustment of receivables from related parties (notes 24 and 26)	1,593	4,099
Value adjustment of receivables from the state (note 27)	1,234	986
Impairment of business shares in affiliated companies (note 22)	4,300	5,834
Value adjustment of inventories (note 25)	678	889
Value adjustment of other current assets	17	87
Value adjustment of property, plant and equipment and intangible assets (notes 18 and 21)	4,819	391
	21,581	**17,227**

In 2024, the Company's business shares in Vodoopskrba i odvodnja d.o.o. were reduced in the amount of EUR 4,300 thousand (EUR 5,834 thousand in 2023).

13/ PROVISIONS

	2024	2023 restated
	000 EUR	000 EUR
Provisions for employee benefits under IAS 19 (note 32)	1,442	1,572
Provisions for initiated litigation (note 32)	2,786	7,520
Provisions for severance pay (business and personal termination)	1,100	-
Other provisions (note 32)	-	145
	5,328	**9,237**

14/ OTHER OPERATING EXPENSES

	2024	2023
	000 EUR	000 EUR
Fines, penalties and damages	931	1,957
Endowments, donations and sponsorships	208	175
Administrative and court costs	671	173
Taxes and contributions independent of the result	341	399
Written-off receivables	25	1,383
Membership fees for professional associations	398	170
Business entertainment	36	19
Monument annuity and environmental protection costs	181	174
Other (shortages, professional literature and printing, RO and NO fees, etc.)	1,646	778
	4,437	**5,228**

The reduction of expenditures on the basis of fines, penalties and damages is the result of the amendment to the Conclusion on financial compensation for reduced quality of life in the area of influence of the building intended for the disposal of waste Prudinec – Jakuševec, which provides funds for the payment of financial compensation from the budget of the City of Zagreb.

15/ FINANCIAL REVENUES

	2024	2023
	000 EUR	000 EUR
Revenue from shares in profit of affiliates /i/	645	1,076
Revenue from interest on loans from affiliated companies	3,028	3,005
Total financial revenue from affiliated companies (note 40)	*3,673*	*4,081*
Revenue from interest on deposits and loans from unrelated companies	939	646
Other financial revenues /ii/	3,370	8,339
Foreign exchange gain	1	4
	7,983	**13,070**

/i/ Revenue from shares in profit of affiliated companies refers to shares in profit with:

- Zagreb plakat d.o.o. in the amount of EUR 645 thousand (51% of the realised profit in 2023 according to the Decision of the Assembly)

/ii/ Other financial revenues refer to interest revenues under contracts with the City of Zagreb for public facilities in accordance with IFRIC 12 Service Concession Arrangements and revenues from default interest.

16/ FINANCIAL EXPENSES

	2024	2023
	000 EUR	000 EUR
Interest costs	31,260	30,983
Costs of discount and issuance of bonds	544	1,709
Interest costs from related parties	962	910
Other financial expenses /i/	2,967	2,814
Foreign exchange loss	-	1
	35,733	**36,417**
Net effect of foreign exchange gains and losses		
Foreign exchange gain	1	4
Foreign exchange loss	-	(1)
	1	**3**

/i/ Other financial expenses mainly relate to default interest, to the costs of indexing the rent for the Arena Zagreb facility and expenditures on the basis of contracts in the co-debtorship for a club loan from affiliates Gradska plinara Zagreb d.o.o., Gradska plinara Zagreb Opskrba d.o.o. and Vodoopskrba i odvodnja d.o.o.

17/ CORPORATE INCOME TAX

The Company calculates and pays corporate income tax in accordance with the laws and regulations of the Republic of Croatia. Corporate income tax for 2024 is calculated by applying a rate of 18% to taxable income.

Corporate income tax recognised in profit or loss

	2024	2023 restated
	000 EUR	000 EUR
Tax expense includes:		
Current tax	(2,959)	-
Deferred tax	(1,789)	(3,302)
Tax expense recognised in profit or loss	**(4,748)**	**(3,302)**

Relationship between accounting loss and tax expense of the current year:

	2024	2023 restated
	000 EUR	000 EUR
Profit before tax:	28,264	24,109
Corporate income tax at the rate of 18%	5,088	4,340
Effect of permanent differences (net)	63	(182)
Effect of temporary differences recognised as deferred tax assets	1,789	3,302
Effect of temporary differences not recognised as deferred tax assets	(2,192)	(4,158)
Tax expense recognised in profit or loss	**(4,748)**	**(3,302)**
Effective tax rate	16,8%	13,7%

Overview of tax losses by year of occurrence:

	2024	2023
	000 EUR	000 EUR
	(12,171)	**(35,164)**
Taxable income	12,171	22,993
Tax loss to carry forward	**-**	**(12,171)**

17/ CORPORATE INCOME TAX / CONTINUED

Balance of deferred taxes – deferred tax assets and deferred tax liabilities

2024	**Opening balance**	**Recognised in profit or loss / recorded directly to equity**	**Expressed in other comprehensive income**	**Recorded directly to equity**	**Closing balance**
	000 EUR	000 EUR	000 EUR	000 EUR	000 EUR
Temporary differences					
Deferred tax assets					
Provisions	**1,689**	257	-	-	**1,946**
Fair valuation of SWAP	**136**	-	(136)	-	**-**
Value adjustment of land and depreciation and amortisation of real estate	**856**	-	-	-	**856**
Tax loss	**2,046**	(2,046)	-	-	**-**
Deferred tax liabilities					
Revaluation of land	**42,009**	-	14,110	(127)	**55,992**
Property, plant and equipment	**3,846**	-	88	-	**3,934**
Deferred tax assets	**4,727**	**(1,789)**	**(136)**	**-**	**2,802**
Deferred tax liabilities	**45,855**	**-**	**14,198**	**(127)**	**59,926**

Revaluation reserves for property, plant and equipment were formed in previous periods and entered in the Company's reports by the merger of the companies in 2007. As stated above in the accounting policies, the Company applies the revaluation model to land, while property, plant and equipment are subsequently valued at depreciated cost.

17/ CORPORATE INCOME TAX / CONTINUED

Balance of deferred taxes – deferred tax assets and deferred tax liabilities

2023 (restated)	**Opening balance**	**Recognised in profit or loss / recorded directly to equity**	**Expressed in other comprehensive income**	**Closing balance**
	000 EUR	000 EUR	000 EUR	000 EUR
Temporary differences				
Deferred tax assets				
Provisions	**1,448**	241	-	**1,689**
Fair valuation of SWAP	**-**	-	136	**136**
Value adjustment of land and depreciation of real estate	**1,004**	(148)	-	**856**
Tax loss	**5,440**	(3,394)	-	**2,046**
Deferred tax liabilities				
Revaluation of land	**41,112**	-	897	**42,009**
Property, plant and equipment	**3,846**	-	-	**3,846**
Deferred tax assets	**7,892**	**(3,301)**	**136**	**4,727**
Deferred tax liabilities	**44,958**	**-**	**897**	**45,855**

In accordance with tax regulations, the Tax Administration may at any time review the books and records of companies for a period of three years after the end of the year in which the tax liability is stated and may impose additional tax liabilities and penalties. The Management Board of the Company is not aware of any circumstances that could lead to potential significant liabilities in this regard.

18/ PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and residential buildings	Plant and equipment	Means of transport and tools	Other tangible assets	Tangible assets under construction	Total tangible assets
	000 EUR	000 EUR	000 EUR	000 EUR	000 EUR	000 EUR	000 EUR
PURCHASE VALUE							
Balance as at 1 January 2023	**353,708**	**464,507**	**67,071**	**75,952**	**6,085**	**22,981**	**990,304**
Effects of restatements	(7,930)	(13,653)	-	-	-	-	**(21,583)**
Balance as at 1 January 2023 restated	**345,778**	**450,854**	**67,071**	**75,952**	**6,085**	**22,981**	**968,721**
New purchases	-	20	164	110	-	7,558	**7,852**
Transfer from assets in preparation	-	2,186	3,446	2,790	-	(8,422)	**-**
Reclassifications (transfers from/to)	-	-	(414)	(19)	-	-	**(433)**
Revaluation	2,306	2,954	-	-	-	-	**5,260**
Reclassification to IAS 40	(5,484)	(3,771)	-	-	-	(11,637)	**(20,892)**
Write-off, alienation and sale	(346)	(37)	(1,741)	(1,001)	(2)	(2,995)	**(6,122)**
Derecognition /i/	-	(25,393)	-	-	-	-	**(25,393)**
Balance as at 31 December 2023 restated	**342,254**	**426,813**	**68,526**	**77,832**	**6,083**	**7,485**	**928,993**
New purchases	-	-	-	-	-	27,033	**27,033**
Recapitalization-entry of assets	6,261	9,239	-	-	-	-	**15,500**
Transfer from assets in preparation	-	862	8,500	13,145	127	(22,634)	**-**
Reclassifications (transfers from/to)	-	5	(505)	(78)	-	(674)	**(1,252)**
Revaluation	78,386	492	-	-	-	-	**78,878**
Reclassification to IAS 40	(2,751)	(828)	-	-	-	-	**(3,579)**
Write-off, alienation and sale	(860)	(459)	(1,868)	(2,107)	-	(1,274)	**(6,568)**
Transfer to stock	(106)	(34)	-	-	-	-	**(140)**
Derecognition /i/	(758)	(13,907)	-	-	-	-	**(14,665)**
Balance as at 31 December 2024	**422,426**	**422,183**	**74,653**	**88,792**	**6,210**	**9,936**	**1,024,200**
VALUE ADJUSTMENT							
Balance as at 1 January 2023	**12,703**	**268,054**	**52,989**	**66,092**	**17**	**2,109**	**401,964**
Effects of restatements	15,365	-	-	-	-	-	**15,365**
Balance as at 1 January 2023 restated	**28,068**	**268,054**	**52,989**	**66,092**	**17**	**2,109**	**417,329**
Depreciation and amortisation	369	11,913	3,446	3,416	-	-	**19,144**
Value adjustment	-	-	1	-	-	382	**383**
Reclassification (transfers from/to)	-	-	33	(102)	-	-	**(69)**
Reclassification to IAS 40	-	(532)	-	-	-	-	**(532)**
Write-off, alienation and sale	-	(33)	(1,701)	(997)	-	(239)	**(2,970)**
Derecognition /i/	-	(25,393)	-	-	-	-	**(25,393)**
Balance as at 31 December 2023 restated	**28,437**	**254,009**	**54,768**	**68,409**	**17**	**2,252**	**407,892**
Depreciation and amortisation	114	8,039	3,718	4,226	1	-	**16,098**
Value adjustment	4,790	-	-	-	-	29	**4,819**
Reclassification (transfers from/to)	-	5	(388)	(57)	-	-	**(440)**
Reclassification to IAS 40	-	(334)	-	-	-	-	**(334)**
Write-off, alienation and sale	-	(109)	(1,808)	(2,104)	-	(29)	**(4,050)**
Transfer to stock	(69)	(7)	-	-	-	-	**(76)**
Derecognition /i/	(758)	(13,907)	-	-	-	-	**(14,665)**
Balance as at 31 December 2024	**32,514**	**247,696**	**56,290**	**70,474**	**18**	**2,252**	**409,244**
Balance as at 1 January 2023 restated	**317,710**	**182,800**	**14,082**	**9,860**	**6,068**	**20,872**	**551,392**
Balance as at 31 December 2023 restated	**313,817**	**172,804**	**13,758**	**9,423**	**6,066**	**5,233**	**521,101**
Balance as at 31 December 2024	**389,912**	**174,487**	**18,363**	**18,318**	**6,192**	**7,684**	**614,956**

18/ PROPERTY, PLANT AND EQUIPMENT / CONTINUED

Fair value assessment for lands that are subsequently measured using the revaluation method in accordance with IAS 16 was carried out by an independent certified appraiser during 2024, whereby the comparative method was used for the assessment. If the said method had not been applied, the value of the land would have been stated in the amount of EUR 129,035 thousand.

Below is an overview of property, plant and equipment increased by advances for the purchase of long-term tangible assets:

	31 December 2024	31 December 2023	1 January 2023
		restated	restated
	000 EUR	000 EUR	000 EUR
Net value without advances	614,956	521,101	551,392
Advances for tangible assets	37	11	-
Property, plant, equipment and advances	**614,993**	**521,112**	**551,392**

Ownership of land and buildings

The Company is in the process of registering land and buildings in appropriate registers proving ownership. As some municipal land registers are not fully updated, the registration process takes longer than for newly built facilities. The owner of the Company, the City of Zagreb, has given a significant part of the assets to the management of the Company. The status of these assets has not yet been fully regulated. Since the establishment of the Company, a part of the assets has been registered, and the remaining assets are subject to the procedure for resolving the ownership status.

Status of land ownership (revalued value):

	31 December 2024	31 December 2023	1 January 2023
		restated	restated
	000 EUR	000 EUR	000 EUR
Registered ownership	294,795	223,135	195,014
Unregistered ownership	95,117	90,682	122,696
	389,912	**313,817**	**317,710**

Status of ownership of buildings (purchase value):

	31 December 2024	31 December 2023	1 January 2023
		restated	restated
	000 EUR	000 EUR	000 EUR
Registered ownership	320,122	327,353	347,161
Unregistered ownership	101,647	99,041	103,274
Utility infrastructure facilities	414	419	419
	422,183	**426,813**	**450,854**

18/ PROPERTY, PLANT AND EQUIPMENT / CONTINUED

Residual value review

In accordance with the requirements of IAS 16 "Property, Plant and Equipment", the Company reviewed the residual value for the purpose of calculating depreciation. The review did not identify the need to adjust the residual value for current and previous periods.

Impairment of assets

In accordance with IAS 36 Impairment of Assets, when there are indications of impairment of assets, the stated value should be compared with the recoverable value, and the amount of the recoverable should be written off. The recoverable amount is the larger amount by comparing (i) the net sales price if the assets can be sold and (ii) the "value in use of those assets", which represents the net present value of future cash flows based on reasonable and plausible assumptions and the Management's best knowledge of future economic operating conditions and plans.

The Management Board of the Company believes that the stated amount of tangible assets in the previous table can be recovered by operating in the future period.

Real estate pledged as collateral

	31 December 2024	**31 December 2023**	**1 January 2023**
	000 EUR	000 EUR	000 EUR
Real estate pledge loan insurance	64,755	65,168	71,757

As at 31 December 2024, real estate with a book value of EUR 64,755 thousand was registered as payment insurance under the Long-Term Club Loan Agreement (note 30).

Capitalisation of borrowing costs under IAS 23

In 2024, 2023 and 2022, the Company did not capitalise borrowing costs in accordance with IAS 23.

/i/ Derecognition

During 2024, public buildings were derecognised for transfer to the ownership of the City of Zagreb after the expiry of the lease agreement in the total procurement and value adjustment in the amount of EUR 14,665 thousand (in 2023, procurement and value adjustment in the amount of EUR 25,393 thousand). Public facilities refer to kindergartens, health care facilities and libraries.

19/ INVESTMENT PROPERTY

	31 December 2024	**31 December 2023**
	000 EUR	000 EUR
Balance as at 1 January	**321,875**	**282,311**
Increase in value for new investments	-	31
Increase in fair value through profit and loss account (net) (note 8 and 12) /i/	24,207	19,173
Transfer from property, plant and equipment (note 18)	3,245	20,360
Balance as at 31 December	**349,327**	**321,875**

19/ INVESTMENT PROPERTY/ CONTINUED

/i/ During 2024, an estimate of the fair value of investment property was made on the basis of an estimate by qualified appraisers authorised to assess the value of real estate, whereby gains due to changes in fair value in the amount of EUR 24,207 thousand were determined (2023: EUR 19,173 thousand), which are included in the profit and loss account (note 8 and 12).

The assessment of the fair value of investment property that is subsequently measured at fair value in accordance with IAS 16

was carried out by an independent certified appraiser, whereby the comparative method was used for business premises and land, and for the construction part of the facilities that were leased, the income method. In the income method, the income value is determined on the basis of the revenues achieved in the market (sustainable revenues). The income value of the built-up land includes the value of the land, the value of the building and the value of the devices.

Fair value hierarchy

	Level 2	Level 3	Fair value as at 31 December 2024
	000 EUR	000 EUR	000 EUR
Storage halls in business lease	-	178,901	178,901
Other premises in business lease	5,892	92,565	98,457
Other real estate held for capital value increase or without a specific future purpose	38,838	33,131	71,969
	44,730	**304,597**	**349,327**

According to the fair value hierarchy, assets for which the fair value is determined by the comparative method are classified into level 2, and assets for which the fair value is determined by a combination of the comparative and the income method are classified into level 3.

Status of ownership of investment property

	31 December 2024	31 December 2023
	000 EUR	000 EUR
Registered ownership	224,519	202,584
Unregistered ownership	124,808	119,291
	349,327	**321,875**

Revenues from lease of investment property in 2024 amount to EUR 12,564 thousand. Direct operating costs arising from investment property that generated rental income during 2024 amount to EUR 3,228 thousand.

Investment property pledged as collateral

	31 December 2024	31 December 2023
	000 EUR	000 EUR
Investment property pledge loan insurance	51,254	41,174

As at 31 December 2024, investment property with a book value of EUR 51,254 thousand was registered as payment insurance under the Long-Term Club Loan Agreement (note 30).

20/ RIGHT-OF-USE ASSETS

The Company has recognized right-of-use assets and lease liabilities related to the use of land, equipment and vehicles, which were previously classified as operating leases.

	Land	Buildings	Plant and equipment	Total
	000 EUR	000 EUR	000 EUR	000 EUR
Net book value as at 1 January 2023	**38**	**130**	**188**	**356**
Increase	-	266	-	266
Depreciation and amortisation	(9)	(137)	(151)	(297)
Net book value as at 31 December 2023	**29**	**259**	**37**	**325**
Increase	48	330	-	378
Depreciation and amortisation	(127)	(31)	(37)	(195)
Reclassifications (transfers from/to)	220	(220)	-	-
Write-off, alienation and sale (net)	-	(5)	-	(5)
Net book value as at 31 December 2024	**170**	**333**	**-**	**503**

20/ RIGHT-OF-USE ASSETS/ CONTINUED

The Company has recognized the lease liabilities shown in note 30 /ii/.

	31 December 2024	**31 December 2023**
	000 EUR	000 EUR
Non-current lease liabilities (note 30)	445	122
Current lease liabilities (note 30)	145	243
	590	**365**

Short-term and low-value leases

	2024	**2023**
	000 EUR	000 EUR
Short-term leases	2,924	2,768
Low-value leases	368	276
	3,292	**3,044**

The costs related to short-term leases that are not classified as leases under IFRS 16 are EUR 3,292 thousand (EUR 3,044 thousand in 2023) and are included in the lease costs.

21/ INTANGIBLE ASSETS

	Patents, licenses and other rights	Other intangible assets	Intangible assets in preparation	Total intangible assets
	000 EUR	000 EUR	000 EUR	000 EUR
PURCHASE VALUE				
Balance as at 1 January 2023	**4,786**	**4,899**	**1,798**	**11,483**
New purchases	-	-	233	**233**
Transfer from assets in preparation	713	-	(713)	**-**
Write-off, alienation and sale	(229)	(300)	(8)	**(537)**
Transfer from tangible assets	433	-	-	**433**
Balance as at 31 December 2023	**5,703**	**4,599**	**1,310**	**11,612**
New purchases	-	-	1,792	**1,792**
Transfer from assets in preparation	387	-	(387)	**-**
Write-off, alienation and sale	-	(3)	-	**(3)**
Transfer from tangible assets	578	-	674	**1,252**
Balance as at 31 December 2024	**6,668**	**4,596**	**3,389**	**14,653**
VALUE ADJUSTMENT				
Balance as at 1 January 2023	**3,777**	**4,408**	-	**8,185**
Depreciation and amortisation	518	83	-	**601**
Value adjustment	-	-	8	**8**
Write-off, alienation and sale	(230)	(298)	(8)	**(536)**
Transfer from tangible assets	69	-	-	**69**
Balance as at 31 December 2023	**4,134**	**4,193**	-	**8,327**
Depreciation and amortisation	621	70	-	**691**
Write-off, alienation and sale	-	(2)	-	**(2)**
Transfer from tangible assets	440	**-**	-	**440**
Balance as at 31 December 2024	**5,195**	**4,261**	-	**9,456**
NET BOOK VALUE				
Balance as at 1 January 2023	**1,009**	**491**	**1,798**	**3,298**
Balance as at 31 December 2023	**1,569**	**406**	**1,310**	**3,285**
Balance as at 31 December 2024	**1,473**	**335**	**3,389**	**5,197**

22/ INVESTMENTS IN AFFILATED COMPANIES

	31 December 2024	31 December 2023
	000 EUR	000 EUR
Vodoopskrba i odvodnja d.o.o.	236,555	240,855
Gradska plinara Zagreb d.o.o.	35,799	35,799
Gradska plinara Zagreb - Opskrba d.o.o.	2,655	2,655
Gradska ljekarna	3,555	3,555
Gradsko stambeno komunalno gospodarstvo d.o.o.	7,034	7,034
Zagreb plakat d.o.o.	1	1
	285,599	**289,899**

22/ INVESTMENTS IN AFFILIATED COMPANIES / CONTINUED

Changes in investments in affiliated companies

	31 December 2024	31 December 2023
	000 EUR	000 EUR
Opening balance	**289,899**	**295,733**
Impairment of shares (note 12)	(4,300)	(5,834)
Closing balance	**285,599**	**289,899**

In 2024, the business shares of Vodoopskrba i odvodnja d.o.o. were reduced in the amount of EUR 4,300 thousand (as of 31 December 2023 in the amount of EUR 5,834 thousand).

23/ FINANCIAL ASSETS

The financial assets are shown as follows:

	31 December 2024	31 December 2023
/i/ Financial assets kept at fair value through profit and loss account	000 EUR	000 EUR
Investments in shares	242	149
/ii/ Financial assets kept at depreciated cost		
Deposits with a maturity of more than one year	7,806	7,806
Long-term part	*7,806*	*7,806*
Deposits with a maturity of up to one year	13	13
Other securities held to maturity	152	154
	165	167
Financial assets kept at depreciated cost - short-term part (note 28)	*165*	*167*
Financial assets kept at depreciated cost - long-term part	*7,806*	*7,806*
Financial assets total short-term part	**407**	**316**
Financial assets total long-term part	**7,806**	**7,806**

/i/ Financial assets kept at fair value through profit and loss account contain shares related to minority shares owned by banks and other business entities to which the Company has no significant influence.

/ii/ 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.

24/ NON-CURRENT RECEIVABLES

	31 December 2024	31 December 2023
	000 EUR	000 EUR
Non-current receivables		
Receivables from related parties /i/	77,328	91,008
Receivables from sales on credit	39	10
Other receivables /ii/	30,787	32,877
	108,154	**123,895**
Current receivables		
Receivables from related parties /i/	12,857	13,841
Receivables from sales on credit (note 27 /ii/)	7	9
Other receivables /ii/ (note 27 /ii/)	2,092	1,996
	14,956	**15,846**

/i/ Receivables from related parties

	31 December 2024	31 December 2023
	000 EUR	000 EUR
Receivables from a member of the Company	114,539	126,776
Discount of outstanding receivables	(37,919)	(40,377)
Value adjustment of receivables from a member of the Company	(1,216)	(1,216)
I. Total receivables from a member of the Company (note 40)	**75,404**	**85,183**
Of which short-term part (note 26)	*9,163*	*9,779*
Loans granted to affiliated companies	40,425	55,040
Value adjustment of loans granted to affiliated companies	(25,644)	(35,374)
II. Loans granted to affiliated companies	**14,781**	**19,666**
Of which short-term part (note 26)	*3,694*	*4,062*
TOTAL RECEIVABLES FROM RELATED PARTIES (I+II)	**90,185**	**104,849**
Short-term part of receivables from related parties (note 26)	12,857	13,841
Non-current receivables from related parties	77,328	91,008

Receivables from a member of the company relate to receivables from the City of Zagreb for financing 50% of the rental costs of the sports facility Arena Zagreb in the amount of EUR 32,876 thousand (EUR 34,873 thousand net in 2023) and receivables from contracts on long-term lease of public facilities (schools, kindergartens, swimming pools), which the Company stated as a long-term receivable from the City of Zagreb as a lessee in accordance with IFRIC 12 "Service Concession Arrangements" for services in the amount of EUR 42,528 thousand (EUR 50,310 thousand net in 2023). The lease period is contracted for a period of 7-13 years, of which 2 contracts expire in 2028, 1 in 2032 and 1 in 2033 and 2 in 2035. In accordance with the contract, the Company is obliged to manage and maintain the facilities for the entire duration of the lease, which management and maintenance costs are included in the calculation of the monthly rent.

As at 31 December 2024, receivables from the City of Zagreb under multiannual contracts on the lease of public buildings, with a net book value of EUR 34,524 thousand (EUR 40,470 thousand as at 31 December 2023), were registered as payment insurance under the Long-Term Club Loan Agreement (note 30).

24/ NON-CURRENT RECEIVABLES / CONTINUED

/i/ Receivables from related parties /continued

Interest equal to market interest at the time of granting the loan is calculated on loans granted to affiliated companies, i.e. 3,88%. Loan agreements with affiliated companies were concluded for a period of up to 10 years with payment security instruments.

Overview of changes in impairment of receivables from related parties:

	2024	2023
	000 EUR	000 EUR
Balance as at 1 January	**36,590**	**43,905**
Increase in value adjustment (note 12)	-	461
Reversal of value adjustment	(9,730)	(7,776)
Balance as at 31 December	**28,860**	**36,590**

/ii/ Other receivables

	31 December 2024	31 December 2023
	000 EUR	000 EUR
Receivables from the Republic of Croatia /i/	32,876	34,873
Other non-current receivables	308	305
Expected credit losses	(305)	(305)
	32,879	**34,873**
Short-term part	2,092	1,996
Long-term part	30,787	32,877

/i/ Receivables from the Republic of Croatia in the amount of EUR 32,876 thousand (EUR 34,873 thousand net in 2023) relate to net receivables from the Republic of Croatia for financing a 50% lease of the Arena hall under the Agreement between the Republic of Croatia and the City of Zagreb on financing the lease of the Arena facility. The lease agreement for the Arena Zagreb facility was concluded in 2007 for a period of 28 years.

25/ INVENTORIES

	31 December 2024	31 December 2023
	000 EUR	000 EUR
Raw materials and supplies	11,883	9,725
Work in progress	711	687
Finished goods	1,561	1,766
Merchandise inventory	492	459
Advance payments for inventory purchases	49	40
Assets held for sale	64	-
Value adjustment of inventories /i/	(4,870)	(4,847)
	9,890	**7,830**

/i/ Changes in value adjustment of inventories

	2024	2023
	000 EUR	000 EUR
Balance as at 1 January	**4,847**	**4,749**
Increase in value adjustment (note 12)	678	889
Reversal of value adjustment	(655)	(791)
Balance as at 31 December	**4,870**	**4,847**

26/ RECEIVABLES FROM RELATED PARTIES

	31 December 2024	31 December 2023
	000 EUR	000 EUR
Receivables from a member of the Company /i/ (note 40)	37,475	53,747
Current maturity of non-current receivables from a member of the Company (note 24 /i/)	9,163	9,779
Receivables from related parties (note 40)	3,016	2,330
Loans granted to affiliated companies (maturity within 1 year) /ii/	26,618	26,716
Current maturity of long-term loans to related parties (note 24) /i/	3,694	4,062
Value adjustment of receivables from related parties /iv/ (note 40)	(11,364)	(10,773)
	68,602	**85,861**

26/ RECEIVABLES FROM RELATED PARTIES / CONTINUED

/ii/ Loans granted to affiliated companies relate to loans granted to the company Gradska plinara Zagreb Opskrba d.o.o. in the amount of EUR 26,545 thousand for the purpose of financing the gas season 2023/2024 with an interest rate of 3.25% (2023: 2.4%) with a payment security instrument. The remaining amount of EUR 73,000 refers to accrued interest.

/iii/ Current maturity of long-term loans refers to loans granted to the companies Zagrebački električni tramvaj d.o.o. in the amount of EUR 2,373 thousand and Gradsko stambeno komunalno gospodarstvo d.o.o. in the amount of EUR 1,321 thousand.

/iv/ Overview of changes in impairment of receivables from related parties is as follows:

	2024	2023
	000 EUR	000 EUR
Balance as at 1 January	**10,773**	**14,490**
Increase (note 12)	1,593	3,638
Decrease	(1,002)	(7,355)
Balance as at 31 December	**11,364**	**10,773**

27/ TRADE RECEIVABLES AND OTHER RECEIVABLES

	31 December 2024	31 December 2023
	000 EUR	000 EUR
Trade receivables /i/	13,895	12,695
Receivables from employees	28	25
Receivables from the state and others /ii/	3,274	2,707
Other receivables /iii/	5,973	3,909
	23,170	**19.336**

/i/ Trade receivables

	31 December 2024	31 December 2023
	000 EUR	000 EUR
Trade receivables	69,224	65,855
Expected credit losses	(55,329)	(53,160)
	13,895	**12,695**

27/ TRADE RECEIVABLES AND OTHER RECEIVABLES / CONTINUED

Book value of trade receivables by category

	31 December 2024	31 December 2023
	000 EUR	000 EUR
Trade receivables - businesses	10,593	9,722
Trade receivables - citizens	3,293	2,966
Foreign trade receivables	9	7
	13,895	**12,695**

Trade receivables are stated at depreciated cost. Statutory default interest is calculated on late payments. Expected credit losses of trade receivables are recorded by the Company for all receivables older than 365 days and upon initiation of the forced collection procedure.

The structure of trade receivables is analysed at least twice a year, for overdue uncollected receivables, warnings are sent to customers, and for suspicious and disputed trade receivables, a procedure of forced collection of due receivables (enforcement and court actions) is initiated. Receivables for the supply of utilities to citizens and the economy are regulated by special laws and are not secured by any financial instruments. Receivables for the supply of other services to the economy from the segment of market activities are secured by various financial instruments (bills of exchange, promissory notes, bank guarantees, etc.). When determining the possibility of collecting a receivable, the activity from which the receivable was formed (utility or market activities - due to various factors that affect the formation of prices and conditions for the delivery of services) and the entity to which the service was delivered (citizens or businesses - due to a different limitation period) are taken into account.

An analysis of the age structure of customer receivables by operating segments and categories of customers (citizens and businesses) determined the expected credit losses arising from the calculation of customer receivables from the segment of cleanliness maintenance and waste disposal, which represent the most significant part in short-term trade receivables, which have the widest number of individual customers with smaller amounts of individual receivables that are not secured by payment collateral.

Age analysis of due and outstanding receivables after impairment:

	31 December 2024	31 December 2023
	000 EUR	000 EUR
Outstanding	8,383	7,641
0-60 days	3,667	3,250
60-180 days	1,611	1,106
180-365 days	233	634
over 365 days	1	64
	13,895	**12,695**

27/ TRADE RECEIVABLES AND OTHER RECEIVABLES / CONTINUED

Changes in expected credit losses of receivables:

	2024	**2023**
	000 EUR	000 EUR
Balance as at 1 January	**53,160**	**50,198**
Recognised losses due to impairment of receivables (note 12)	6,374	3,887
Derecognised receivables	(588)	(7)
Collected written-off receivables (note 8)	(3,598)	(2,300)
Reversed losses due to impairment of receivables	(794)	-
Other impairment of receivables	775	1,382
Balance as at 31 December	**55,329**	**53,160**

/ii/ Receivables from the state and others

	31 December 2024	**31 December 2023**
	000 EUR	000 EUR
Current maturity of non-current receivables and sales on credit (note 24)	2,099	2,005
Receivables from HZZO	879	586
Receivables from value added tax	396	229
Receivables for indexation of rent for the Arena Zagreb facility	5,258	4,024
Other receivables from taxes, contributions and fees	26	13
Expected credit losses for indexation of rent for the Arena Zagreb facility	(5,258)	(4,024)
Expected credit losses of receivables from the state and others	(126)	(126)
	3,274	**2,707**

Overview of changes in impairment of receivables from the state is as follows:

	2024	**2023**
	000 EUR	000 EUR
Balance as at 1 January	**4,150**	**3,164**
Increase (note 12)	1,234	986
Balance as at 31 December	**5,384**	**4,150**

27/ TRADE RECEIVABLES AND OTHER RECEIVABLES / CONTINUED

/iii/ Other receivables

	31 December 2024	31 December 2023
	000 EUR	000 EUR
Paid expenses of the future period and outstanding collection of revenue	3,603	2,374
Advances granted	2,008	1,213
Receivables from insurance companies and for compensation of damages	201	276
Other receivables	376	379
Expected credit losses of advances granted	(215)	(333)
	5,973	**3,909**

28/ FINANCIAL ASSETS

	31 December 2024	31 December 2023
	000 EUR	000 EUR
Financial assets kept at fair value through profit and loss account (note 23)	242	149
Financial assets kept at depreciated cost (note 23)	165	167
	407	**316**

Fair value hierarchy

				31 December 2024
	Level 1	Level 2	Level 3	Total
	000 EUR	000 EUR	000 EUR	000 EUR
Financial assets at fair value through profit and loss				
– investments in shares	242	-	-	242

				31 December 2023
	Level 1	Level 2	Level 3	Total
	000 EUR	000 EUR	000 EUR	000 EUR
Financial assets at fair value through profit and loss				
– investments in shares	149	-	-	149

29/ CASH AND CASH EQUIVALENTS

	31 December 2024	31 December 2023
	000 EUR	000 EUR
Giro account	37,826	42,491
Cash on hand	99	127
Giro account foreign currency	30	623
Other cash assets	10,382	79
	48,337	**43,320**

30/ LOANS AND LEASES PAYABLE

	31 December 2024	31 December 2023
	000 EUR	000 EUR
Long-term loans		
Loans and borrowings /i/	130,261	179,747
Leases /ii/	73,085	68,384
	203,346	**248,131**
Short-term loans		
Loans and borrowings /iii/	18,860	18,860
Leases /ii/	7,141	4,839
Other /iv/	10,314	11,193
	36,315	**34,892**
Total loans	**239,661**	**283,023**

The average annual interest rate on loans received from banks and financial leases at the reporting date is 5.33% (2023: 5%).

/i/ Long-term club loan

On 26 September 2022, the Company has signed a Long-Term Club Loan Agreement in the amount of up to EUR 240 million with the club of banks consisting of: Erste&Steiermarkische bank d.d., OTP banka d.d., Privredna banka Zagreb d.d., Raiffeisenbank Austria d.d., Nova hrvatska banka d.d. (whose legal successor is Hrvatska poštanska banka d.d.) and Zagrebačka banka d.d. ("the Loan Agreement").

For the loan agreement in question, the City Assembly of the City of Zagreb, at its 15th session, on 12 September 2022, adopted a Conclusion on granting consent to long-term borrowing and refinancing of existing loan liabilities and providing a guarantee for long-term borrowing. 19 September 2022 The City of Zagreb has received from the Ministry of Finance of the Republic of Croatia a Consent to provide a guarantee from the City of Zagreb for the Loan Agreement of Zagrebački holding d.o.o.

	Amount (million EUR)	**Interest margin**	**Reference interest rate**	**Start of annuity**	**Annuity period**	**Repayment deadline**
Tranche A	118,600	3,25%	6m EURIBOR	1 March 2023	1 Mar. - 1 Sep.	1 March 2034
Tranche B	103,000	2,75%	6m EURIBOR	1 March 2023	1 Mar. - 1 Sep.	1 March 2030
Tranche C	18,400	3,10%	6m EURIBOR	1 March 2023	1 Mar. - 1 Sep.	1 March 2034

The repayment for all three tranches was divided as follows: 70% annuity repayment and 30% repayment at the end of the repayment period (within the 22nd annuity instalment for tranches A and C, and the 14th annuity instalment for tranche B).

On 28 December 2023, the Company prematurely repaid EUR 30,000 thousand of tranche A, while on 29 November 2024, EUR 30,626 thousand of tranche B was prematurely repaid.

30/ LOANS AND LEASES PAYABLE / CONTINUED

The instruments for securing the collection of receivables from the Club Loan are as follows: (i) mortgages on the assets of the Company with a book value of EUR 64,755 thousand (note 18 Property, plant and equipment) and EUR 51,254 thousand (note 19 Investment property), (ii) pledges on non-current receivables from the City of Zagreb under multiannual contracts on the lease of public buildings, which the Company stated in accordance with *IFRIC 12* "*Service Concession Arrangements*" in the amount of EUR 34,524 thousand of net book value as at 31 December 2024 (note 24 non-current receivables /i/ receivables from related parties) and (iii) joint debts of Gradska Plinara Zagreb (GPZ), Gradska Plinara Zagreb-Opskrba (GPZO) in the total amount of long-term club loan and Vodoopskrba i odvodnja (ViO) in the amount of EUR 6,636 thousand per year. Co-debtorship has been approved with recourse rights.

/i/ Changes in long-term loans is shown as follows:

	31 December 2024	**31 December 2023**
	000 EUR	000 EUR
Balance as at 1 January	**198,607**	**238,037**
Decrease in loan repayments	(49,486)	(39,430)
Balance as at 31 December	**149,121**	**198,607**
Current maturity	*(18,860)*	*(18,860)*
Long-term part of the loan	**130,261**	**179,747**

Long-term loan repayment schedule

	31 December 2024	**31 December 2023**
	000 EUR	000 EUR
Within one year	18,860	18,860
In the second to fifth year	75,588	75,588
After the fifth year	54,673	104,159
	149,121	**198,607**

30/ LOANS AND LEASES PAYABLE / CONTINUED

/ii/ Liabilities from leases

	Minimum payments		Present value minimum lease payments	
	31 December 2024 000 EUR	**31 December 2023** 000 EUR	**31 December 2024** 000 EUR	**31 December 2023** 000 EUR
Within one year	11,003	8,238	7,141	4,839
In the second to fifth year inclusive	41,239	31,473	29,809	20,311
After the fifth year	50,986	57,914	43,276	48,073
	103,228	**97,625**	**80,226**	**73,223**
Less: future financial costs	(23,002)	(24,402)		
Present value of minimum payments	**80,226**	**73,223**		
Short-term part	*7,141*	*4,839*		
Long-term part	*73,085*	*68,384*		
	80,226	**73,223**		

Liabilities from leases relate to financial leases and leases for right-of-use assets. Financial lease refers to the equipment (means of transport) and the building (Arena hall) that are leased for a period of 5 - 28 years. Upon expiration of the lease agreement, the Company may repurchase the property at the contracted values. The liabilities of the Company on the basis of the financial lease are secured by the ownership of the lessor over the property that is the subject of the lease. In the same amount of total liabilities from the financial lease for the hall, the Company also has receivables from a member of the Company and the state (notes 24 and 40).

Present value of assets in financial lease

	Buildings	**Means of transport**	**Plant and equipment**	**Total**
Net book value as at 1 January 2023	**89,664**	**98**	**-**	**89,762**
Purchase value	108,684	1,123	1,529	111,336
Value adjustment	(20,378)	(5)	(19)	(20,402)
Net book value as at 31 December 2023	**88,306**	**1,118**	**1,510**	**90,934**
Purchase value	108,684	10,782	1,529	120,995
Value adjustment	(21,737)	(840)	(171)	(22,748)
Net book value as at 31 December 2024	**86,947**	**9,942**	**1,358**	**98,247**

30/ LOANS AND LEASES PAYABLE / CONTINUED

/iii/ *Short-term loans and borrowings*

	31 December 2024	31 December 2023
	000 EUR	000 EUR
Short-term loans	18,860	18,860
Current maturity of long-term loans /i/	*18,860*	*18,860*
Current maturity of liabilities from leases /ii/	7,141	4,839
Other (interest on loans and bonds) /iv/	10,314	11,193
	36,315	**34,892**

Changes in short-term loans:

	2024	2023
	000 EUR	000 EUR
Balance as at 1 January	**18,860**	**9,430**
Decrease in repaid current maturity	(18,860)	(9,430)
Current maturity of long-term loans /i/	18,860	18,860
Balance as at 31 December	**18,860**	**18,860**

/iv/ *Other*

Other in the amount of EUR 10,314 thousand (EUR 11,193 thousand in 2023) refers to accrued interest not yet due, which is charged to the reporting period, the increase refers to accrued interest on long-term club loan and bonds.

31/ LIABILITIES FOR ISSUED BONDS

	31 December 2024	31 December 2023
	000 EUR	000 EUR
Nominal value	305,000	305,000
Discount	(391)	(490)
Cost of issuance of bonds	(1,511)	(1,888)
Present value of the bond	**303,098**	**302,622**
Short-term maturity		
Long-term maturity	**303,098**	**302,622**

31/ LIABILITIES FOR ISSUED BONDS / CONTINUED

On 11 July 2023, the Company issued bonds related to sustainable operations on the domestic capital market in the total nominal amount of EUR 305 million, code ZGHO-O-287A and international identification code (ISIN) HRZGHOO287A8, with a fixed annual interest rate of 4.9% with semi-annual payment of interest and one-time maturity of principal five years after the date of issuance.

The Company has developed a Framework Document for the issuance of bonds related to sustainable business, which is based on the Principles of bonds related to sustainable business Sustainability Linked Bond Principles (SLBP) from 2020 of the International Capital Markets Association (ICMA), which are the market standard for this type of bonds.

The Company has identified the following key performance indicators as the most relevant and critical to its business in terms of sustainability.:

1) Increase the share of separately collected municipal waste (i.e. removed from the landfill) from 38% to 58% as of 31 December 2027 compared to the base year (31 December 2021);

2) Increase the share of renewable electricity in total electricity consumption from 50% to 70% by 31 March 2028 compared to the base period (from 1 April 2023 to 31 March 2024).

In the event of default related to the above sustainability performance targets, the Company will pay a one-time additional fee (penalty) on maturity of the bonds for 0.25% of the total nominal amount of the issued bonds per each key indicator.

32/ PROVISIONS

	31 December 2024	31 December 2023
	000 EUR	000 EUR
Provisions for employee benefits under IAS 19 /i/	10,810	9,390
Provisions for legal disputes /ii/	15,858	15,185
Provisions for rehabilitation of the landfill /iii/	8,577	8,464
Provisions for severance pay for collective redundancy /iv/	-	145
	35,245	**33,184**
Short-term liabilities	3,176	2,935
Long-term liabilities	32,069	30,249

Changes to provisions during the period:

	Employee benefits	Litigation	Rehabilitation of the landfill and other	Provisions for costs within the warranty periods	Severance pay for collective redundancy	Total
	000 EUR	000 EUR	000 EUR	000 EUR	000 EUR	000 EUR
Balance as at 31 December 2022	**8,049**	**11,719**	**8,179**	**28**	**3,050**	**31,025**
Increase	1,572	7,520	285	-	145	9,522
Decrease	(231)	(4,054)	-	(28)	(284)	(4,597)
Used provisions	-	-	-	-	(2,766)	(2,766)
Balance as at 31 December 2023	**9,390**	**15,185**	**8,464**	**-**	**145**	**33,184**
Increase	1,442	2,786	283	-	-	4,511
Decrease	(22)	(1,488)	(170)	-	(2)	(1,682)
Used provisions	-	(625)	-	-	(143)	(768)
Balance as at 31 December 2024	**10,810**	**15,858**	**8,577**	**-**	**-**	**35,245**

32/ PROVISIONS / CONTINUED

/i/ The obligation to make provisions for employee benefits arises from a collective agreement, and provisions are determined in accordance with IAS 19 "Employee Benefits". Provisions for employee benefits include provisions for severance pay, years of service awards and solidarity aids. Provisions are measured at the present value of costs expected to be required to settle the liability, using a discount rate of 3.41% (2023 3,49%).

/ii/ Provisions for costs arising from initiated legal disputes against the Company are made upon learning about the initiation of a dispute and assessing the outcome of the dispute. The Management Board believes that the provision of costs has been made sufficient for possible liabilities that could follow.

/iii/ Provisions for rehabilitation of the landfill relate to the costs of maintenance and supervision of the Jakuševac landfill after its closure for the next 30 years for the purpose of environmental protection in accordance with IAS 37. "Provisions, Contingent Liabilities and Contingent Assets". The provisions in question are discounted. Provisions are measured at the present value of costs expected to be required to settle the liability, using a discount rate of 3.41% (2023 3,49%).

/iv/ Provisions for severance pay for collective redundancy are recognised on the basis of a redundancy program.

33/ DEFERRED INCOME

	31 December 2024	31 December 2023
	000 EUR	000 EUR
Deferred income of the future period	105,331	102,769
Short-term part	4,079	3,550
Long-term part	101,252	99,219

Deferred income of the future period refers to assets financed from local government units and other legal entities, received without compensation, which are disclosed in the statement of financial position (balance sheet) as deferred income. The decrease in deferred income recognition in the profit and loss account is recognised rationally over the useful life of the asset in question, as income in the amount of calculated depreciation and amortisation of assets in accordance with IAS 20 Accounting for Government Grants and Disclosure of Government Assistance.

34/ OTHER NON-CURRENT LIABILITIES

	31 December 2024	31 December 2023
	000 EUR	000 EUR
Liabilities payable to affiliated companies	502	656
Other non-current liabilities	31	8
	533	**664**
Short-term liabilities	4	5
Long-term liabilities	529	659

/i/ Liabilities to affiliated companies as at 31 December 2024 in the amount of EUR 502 thousand relate to the utility contribution to the City of Zagreb (31 December 2023 in the amount of EUR 656 thousand).

35/ DERIVATIVE FINANCIAL LIABILITIES

	31 December 2024	31 December 2023
	000 EUR	000 EUR
Derivative financial liabilities	-	758

36/ TRADE PAYABLES AND OTHER LIABILITIES

	31 December 2024	31 December 2023
	000 EUR	000 EUR
Trade payables	34,204	19,194
Liabilities payable to employees for net salaries and benefits	7,839	6,497
Liabilities for advance payments, deposits and guarantees	3,730	2,340
Other liabilities /i/	21,134	24,018
	66,907	**52,049**

/i/ Other liabilities were as follows:

	31 December 2024	31 December 2023
	000 EUR	000 EUR
Short-term provisions for severance pay (business and personal termination)	1.000	-
Short-term provisions for collective redundancy (note 32)	-	145
Calculated costs for which no invoice has arrived and are charged to the current period	4,095	5,095
Liabilities for unused annual leave (note 10)	3,936	2,881
Liabilities for taxes and contributions on salaries and benefits	3,751	2,992
Liability for value added tax	962	5,312
Current maturity of long-term provisions (note 32)	3,176	2,790
Current maturity of other non-current liabilities (note 34)	4	5
Deferred recognition of sales revenues	2,712	3,102
Other liabilities pertaining to benefits granted by virtue of decisions	935	1,154
Liability pertaining to membership fees, charges, taxes and other	463	542
	21,134	**24,018**

37/ LIABILITIES PAYABLE TO AFFILIATED COMPANIES

	31 December 2024	31 December 2023
	000 EUR	000 EUR
Liabilities payable to affiliated companies (note 40)	20,228	21,969

38/ CAPITAL AND RESERVES

Share capital

The only member of the Company is the City of Zagreb. As at 31 December 2024, the share capital of the Company amounts to EUR 421,666 thousand (31 December 2023 EUR 421,666 thousand).

Revaluation reserves

The revaluation reserve was formed from the revaluation of land. When selling a revalued asset, the part of the revaluation related to the realised asset is transferred to the retained earnings.

	2024	2023 restated
	000 EUR	000 EUR
Balance at the beginning of the year	**208,951**	**204,866**
Real estate revaluation gains (net)	64,680	4,085
Realisation of revaluation reserves	(576)	
Balance at the end of the year	**273,055**	**208,951**

Fair value reserves

	2024	2023
	000 EUR	000 EUR
Balance at the beginning of the year	**(622)**	**-**
Profit (loss) from valuation of financial assets (net)	(622)	(622)
Balance at the end of the year	**-**	**(622)**

Other reserves

Other reserves stated in the statement of financial position as at 31 December 2024 amount to EUR 48,218 thousand (31 December 2023 EUR 32,718 thousand) relate to the share capital of two merged companies in 2001 (Grad mladih Granešina d.o.o. and Omladinski turistički centar d.o.o.), one of the subsidiaries, for which no increase in the share capital in the amount of EUR 2,007 thousand was carried out, to the capital reserves for the Bundek park in the amount of EUR 30,360 thousand, EUR 351 thousand from the merger of the affiliate company Centar d.o.o., and to the entry of ownership rights in real estate in the amount of EUR 15,500 thousand according to the decision of the company's assembly of 30 December 2024 initiating the procedure of recapitalisation of the company by entering real estate.

Losses carried forward	2024	2023 restated
	000 EUR	000 EUR
Balance at the beginning of the year	**(73,079)**	**(94,886)**
Profit for the year	23,516	20,807
Realisation of revaluation reserves	702	-
Balance at the end of the year	**(48,861)**	**(73,079)**

39/ OFF-BALANCE SHEET ITEMS

	31 December 2024	31 December 2023
	000 EUR	000 EUR
Off-balance sheet items	34,894	25,848

Off-balance sheet records refer to guarantees and promissory notes issued, guarantees received, promissory notes and guarantees provided by the City of Zagreb for issued bonds of the Company.

40/ BALANCES AND BUSINESS EVENTS WITH RELATED PARTIES

The founder of the Company and the sole owner, the City of Zagreb, has certain business relations with companies within the Group. Affiliated companies are listed in note 1. Likewise, the Company also presents significant transactions with companies and/or entities that are wholly or partially owned by the City of Zagreb.

Revenues and expenses between affiliated companies during the year:

	Revenue		Expenses	
	2024	**2023**	**2024**	**2023**
	000 EUR	000 EUR	000 EUR	000 EUR
City of Zagreb	158,933	113,434	610	770
Vodoopskrba i odvodnja d.o.o.	3,259	2,085	668	306
Gradska plinara Zagreb d.o.o.	1,073	419	348	327
Gradsko stambeno komunalno gospodarstvo d.o.o.	2,457	4,473	777	717
Gradska plinara Zagreb-Opskrba d.o.o.	827	829	916	225
Zagreb plakat d.o.o.	706	495	9	11
Gradska ljekarna Zagreb	27	19	405	362
Other related parties	11,044	13,381	980	1,385
	178,326	**135,135**	**4,713**	**4,103**
Revenues between affiliated relate to:				
Revenue from sales (note 6)	*122,519*	*111,424*		
Subsidies and grants (note 8)	*42,220*	*4,910*		
Revenue from subsequently collected receivables from affiliated companies (note 8)	*9,914*	*14,720*		
Financial revenues (note 15)	*3,673*	*4,081*		
	178,326	**135,135**		

Revenue from sales to related parties was generated at standard market prices that are comparable to prices to unrelated parties.

Revenues and expenses from other related parties relate to companies owned by the City of Zagreb, mostly Zagrebački električni tramvaj d.o.o., Zagrebački velesajam, Ustanova Sportski objekti.

40/ BALANCES AND BUSINESS EVENTS WITH RELATED PARTIES / CONTINUED

Open balances from sales transactions at the end of the reporting period (note 26):

	31 December 2024	31 December 2023
	000 EUR	000 EUR
City of Zagreb	27,448	44,414
Gradsko stambeno komunalno gospodarstvo d.o.o.	247	8
Vodoopskrba i odvodnja d.o.o.	788	556
Gradska plinara Zagreb d.o.o.	490	213
Zagreb plakat d.o.o.	2	1
Gradska plinara Zagreb-Opskrba d.o.o.	6	2
Gradska ljekarna Zagreb	2	2
Other related parties	144	108
	29,127	**45,304**

Outstanding balances are not covered by payment security instruments (promissory notes, bills of exchange, bank guarantees) and they will be paid in cash.

Liabilities payable to related parties (note 37):

	31 December 2024	31 December 2023
	000 EUR	000 EUR
City of Zagreb	1,081	2,500
Gradska plinara Zagreb Opskrba d.o.o.	498	199
Vodoopskrba i odvodnja d.o.o.	150	216
Gradsko stambeno komunalno gospodarstvo d.o.o.	141	193
Zagreb plakat d.o.o.	8	1
Gradska ljekarna Zagreb	1	1
Gradska plinara Zagreb d.o.o.	227	586
Other related parties	473	563
	2,579	**4,259**

40/ BALANCES AND BUSINESS EVENTS WITH RELATED PARTIES / CONTINUED

Receivables from loans to related parties (notes 24 and 26):

	31 December 2024	31 December 2023
	000 EUR	000 EUR
Gradska plinara Zagreb Opskrba d.o.o.	26,618	26,599
Gradsko stambeno komunalno gospodarstvo d.o.o.	10,696	13,243
Zagrebački velesajam d.o.o.	-	4,563
ZET d.o.o.	29,729	37,350
Impairment of loans	*(25,644)*	*(35,374)*
	41,399	**46,381**

During the previous reporting periods, the Company granted several short-term and long-term (with a maturity within 10 years) loans to related parties as indicated in the table above. The agreed interest rates can be compared with the market interest rates at which the Company can borrow on the money market at the time of contracting the loan. Loans are secured by payment instruments in the form of a promissory note.

In accordance with the requirements of IFRS 9 – Financial Instruments, the Company recognised losses from impairment of receivables for loans granted to affiliated companies and related parties due to increased credit risk.

Loans payable to related parties (note 37):

	31 December 2024	31 December 2023
	000 EUR	000 EUR
Gradska ljekarna Zagreb	14,240	14,258
Gradska plinara Zagreb d.o.o.	3,409	3,452
	17,649	**17,710**

Non-current receivables

	31 December 2024	31 December 2023
	000 EUR	000 EUR
City of Zagreb (note 24 /i/)	75,404	85,183

The related parties of the Company are the Management Board and the members of the Supervisory Board. Members of the Management Board (Management Board of the Company and heads of subsidiaries) and the Supervisory Board were remunerated as follows:

	31 December 2024	31 December 2023
	000 EUR	000 EUR
Gross salaries of the Management Board and head of subsidiaries	1,085	967
Remuneration payable to the Supervisory Board and the Audit Committee	55	37
	1,140	**1,004**

41/ EMPLOYEE BENEFITS

As at 31 December 2024, provisions for employee benefits including years of service awards, severance pay, solidarity aids EUR 10,810 thousand (31 December 2023 EUR 9,390 thousand).

Years of service awards, severance pay and solidarity aids

In accordance with the collective agreement, the Company is obliged to pay years of service awards to its employees. The Company has a defined benefit plan for employees who meet certain criteria. The collective agreement for workers in the Company defines the rights to years of service awards in the following amounts in relation to the continuous service in the Company:

- EUR 280 for 10 years of service
- EUR 336 for 15 years of service
- EUR 392 for 20 years of service
- EUR 448 for 25 years of service
- EUR 504 for 30 years of service
- EUR 560 for 35 years of service
- EUR 672 for 40 years of service

When retiring at full retirement age, the employee is entitled to compensation under the Collective Agreement in the amount of three average monthly salaries paid in the city of Zagreb in the previous three months.

Solidarity aids are paid according to the average salary paid in the city of Zagreb, including aid to employees in the following cases:

- death of the employee or a member of the immediate family of the employee
- the occurrence of disability of the employee or children and spouses of the employee
- sick leave longer than 90 days of the employee
- procurement of a medical device and coverage of participation in the purchase of much-needed medicines in the opinion of the competent physician
- elimination of the consequences of a natural disaster
- birth of a child
- serious injury at work

Present value of liabilities arising from the defined benefits and the related costs of present and past service were determined using the projected unit credit method, with application of a discount rate of 3.41% (2023: 3.49%), which is equivalent to market yield on government bonds.

Actuarial estimates were made on the basis of the following main assumptions:

	2024	**2023**
Discount rate	3,41	3,49%
Fluctuation rate	5,5%	5,4%
Base amount increase	2%	2%

The amount disclosed in the statement of financial position (balance sheet) based on the Company's liabilities from defined severance pay, years of service awards, solidarity aids and voluntary pension savings benefits:

	2024	**2023**
	000 EUR	000 EUR
Present value of liabilities pertaining to employee benefits (Note 32 /i/)	10,810	9,390

42/ FINANCIAL INSTRUMENTS

Capital risk management

Debt-to equity ratio

The capital structure is analysed through the analysis of capital costs and associated risks.

Debt-to-equity ratio at the end of the reporting period was:

	31 December 2024	31 December 2023 restated
	000 EUR	000 EUR
Debt	**477,006**	**516,658**
Received loans, borrowings and financial lease (long-term and short-term maturity)	239,661	283,023
Liabilities for issued long-term securities	303,098	302,622
- liability pertaining to financial lease of the Arena sports facility (disclosed also as a receivable from the City of Zagreb and the Government of the Republic of Croatia)	(65,753)	(69,745)
Derivative financial instruments	-	758
Cash and cash equivalents	**(48,337)**	**(43,320)**
Net debt	***428,669***	***473,338***
Equity	***694,078***	***589,634***
Net debt-to-equity ratio	**61,8%**	**80,3%**

42/ FINANCIAL INSTRUMENTS / CONTINUED

Categories of financial instruments

	31 December 2024	31 December 2023
	000 EUR	000 EUR
Financial assets kept at depreciated cost		
Cash and cash equivalents	48,337	43,320
Long-term deposits and other financial assets	7,971	7,973
Receivables from affiliated companies and trade receivables	159,825	189,564
Receivables from loans and from sales on credit	46	19
Receivables from employees	29	25
Other receivables	40,026	39,482
Financial assets kept at fair value through profit or loss	242	149
	256,476	**280,532**
Financial liabilities at depreciated cost		
Lease agreements	80,226	73,222
Received loans and borrowings (long-term and short-term maturity)	159,435	209,800
Liabilities for issued long-term securities	303,098	302,622
Liabilities payable to affiliated companies and trade payables	54,962	41,822
Liabilities for advance payments, deposits and guarantees	3,730	2,340
Liabilities payable to employees	7,839	6,497
Other current liabilities	8,154	12,867
Derivative financial instruments	-	758
	617,444	**649,928**

Financial risk management objectives

In order to forecast the possibility of a situation that may have a negative impact on business operations and the achievement of set goals, the Company identifies financial risks, determines their potential impact on the Company's operations in the future and manages financial risks.

Various forms of financial risks that the Company faces in its operations are sought to reduce, avoid and overcome in order to increase the security of operations. When deemed economically justified, certain financial risks are accepted.

The most important risks, together with the methods used to manage these risks are described below. The Company did not use derivative (derivative) risk management instruments. The Company does not use derivative instruments for speculative purposes.

Market risk

At the proposal of the Management Board of the Company, the prices of utility services are determined and approved by the City of Zagreb, while the Management Board of the Company determines the price of market services on the basis of market prices.

The Company's activities are primarily exposed to the financial risk of interest rate changes. Market risk exposure is supplemented by sensitivity analysis. There were no changes in the Company's exposure to market risk or the way risk is managed and measured.

42/ FINANCIAL INSTRUMENTS / CONTINUED

Currency risk

With the introduction of the euro as the official currency on 1 January 2023 in the Republic of Croatia, the Company is no longer exposed to currency risk.

Interest rate risk management

Through the process of financial restructuring, the Company refinanced existing loans payable that are, in accordance with the newly agreed conditions, fully related to the variable interest rate. The interest rate is contracted in the amount of 6M EURIBOR, increased by a margin ranging from 2.75 pp to 3.25 pp and is calculated in six-month periods.

Following the improvement of the Company's credit rating by Standard & Poor's Global with "B- with a negative outlook" on the date of signing the Long-Term Club Loan Agreement to "BB with a stable outlook" after the expiration of two years from the signing of the Agreement, the conditions for reducing the credit margin by 0.30 pp have been met, so that the margin ranges from 2.45 pp to 2.95 pp as of 1 March 2025.

The Company actively manages interest rate risk, and in order to reduce exposure to changes in the variable base rate, it carried out the process of contracting a financial instrument for interest rate risk protection – interest rate swap (IRS). Such a change in interest rates has the economic effect of converting loans with a variable interest rate into loans with a fixed interest rate for the pre-agreed part of the principal of the hedged loans. By contracting the interest rate swap, 6M EURIBOR is fixed at a rate ranging from 3.16% to 3.195% per year in the period from 1 March 2023 to 31 December 2025.

Under the terms of the expected reduction in interest rates by the ECB in the next two years as a result of a further reduction in the inflation rate, the Company terminated the Contracts notes on 30 August 2024 under the Contract related to the derivative instrument of interest rate change protection (interest rate swap-IRS) in order to avoid further future losses arising as a result of differences between the fixed variable part of the agreed interest rate and the currently applicable 6M EURIBOR.

Seeing as loans payable account for 39% of total debts under loans and leases, the Company is significantly exposed to the risk of interest rate fluctuations. The remaining 61% of liabilities relate to issued bonds with a coupon rate of 4.90% per annum fixed, and liabilities under the financial lease of Arena Zagreb with an interest rate of 4.7% per annum fixed.

Credit risk management

Credit risk is the risk of non-payment or non-performance of contractual obligations by the Company's customers, which affects the possible financial loss of the Company. In its dealings with customers, the Company collects payment security instruments for the purpose of protecting against possible financial risks and losses due to non-performance of payments and contractual obligations.

Buyers are classified into risk groups according to financial indicators of operations and previous operations with the Company, and appropriate credit risk protection measures are applied for each group. For the categorisation of customers, data from the official financial statements of customers are mainly used, and the Company's data on business operations so far are used.

The Company deals with a large number of customers from various industries and of different sizes and with a large number of retail customers. Trade receivables are adjusted for the value of doubtful and disputed receivables.

Liquidity risk management

Instruments used to monitor and reduce liquidity risks are: analysis and management of cash flows, analysis of assets and sources of financing of assets, analysis of customers' creditworthiness, payment security instruments, contracted open credit lines on a revolving principle, etc.

42/ FINANCIAL INSTRUMENTS / CONTINUED

Liquidity risk management (continued)

Tabular analysis of liquidity and interest rate risk

The tables below analyse the remaining period until the contractual maturity of the Company's non-derivative financial liabilities. Tables are compiled on the basis of undiscounted cash outflows from financial liabilities at the earliest date on which payment can be requested from the Company. The table includes cash outflows by both principal and interest.

	Average weighted interest rate	Up to 1 year	From 1 to 2 years	From 2 to 3 years	From 3 to 4 years	From 4 to 5 years	After 5 years	Total
	%	000 EUR	000 EUR	000 EUR	000 EUR	000 EUR	000 EUR	000 EUR
31 December 2024								
Interest-free								
Liabilities payable to affiliated companies and trade payables		54,432	247	250	32	1	-	54,962
Liabilities for advance payments, deposits and guarantees		3,730	-	-	-	-	-	3,730
Liabilities payable to employees		7,839	-	-	-	-	-	7,839
Other current liabilities		8,154	-	-	-	-	-	8,154
Instruments with a variable interest rate								
Liabilities based on financial lease	6,91%	569	569	569	522	617	2,846	5,692
Loans and borrowings	6,23% with IRS, 6.76% without IRS	28,284	27,068	25,851	24,652	23,419	64,738	194,012
Instruments with a fixed interest rate								
Liabilities based on financial lease	4,88%	10,277	10,149	9,939	9,940	8,378	50,159	98,842
Loans and borrowings		-	-					
Issued bonds	4,90%	14,926	14,945	14,945	319,964	-	-	364,780
		128,211	**52,978**	**51,554**	**355,110**	**32,415**	**117,743**	**738,011**

42/ FINANCIAL INSTRUMENTS / CONTINUED

Liquidity risk management (continued)

Tabular analysis of liquidity and interest rate risk

	Average weighted interest rate	Up to 1 year	From 1 to 2 years	From 2 to 3 years	From 3 to 4 years	From 4 to 5 years	After 5 years	Total
	%	000 EUR	000 EUR	000 EUR	000 EUR	000 EUR	000 EUR	000 EUR
31 December 2023 restated								
Interest-free								
Liabilities payable to affiliated companies and trade payables		41,163	2	1	-	1	656	41,823
Liabilities for advance payments, deposits and guarantees		2,340	-	-	-	-	-	2,340
Liabilities payable to employees		6,497	-	-	-	-	-	6,497
Other current liabilities		12,867	-	-	-	-	-	12,867
Instruments with a variable interest rate								
Liabilities based on financial lease	6,92%	208	156	156	156	147	342	1,165
Loans and borrowings	6,17% without IRS, 5.94% with IRS	32,517	30,132	30,585	29,409	28,260	131,762	282,665
Instruments with a fixed interest rate								
Liabilities based on financial lease	4,71%	7,884	7,884	7,756	7,480	7,480	57,599	96,083
Loans and borrowings		-	-					
Issued bonds	4,35%	14,964	14,926	14,945	14,945	319,964	-	379,744
Derivative financial instruments		-	758	-	-	-	-	758
		118,440	**53,858**	**53,443**	**51,990**	**355,852**	**190,359**	**823,942**

42/ FINANCIAL INSTRUMENTS / CONTINUED

Liquidity risk management (continued)

Tabular analysis of liquidity and interest rate risk

The table below analyses the expected maturity of the Company's non-derivative financial assets. Tables are compiled on the basis of undiscounted contractual maturities of financial assets, including interest that will be earned on those assets.

	Average weighted interest rate	**Up to 1 year**	**From 1 to 2 years**	**From 2 to 3 years**	**From 3 to 4 years**	**From 4 to 5 years**	**After 5 years**	**Total**
		000 EUR	000 EUR	000 EUR	000 EUR	000 EUR	000 EUR	000 EUR
31 December 2024	%							
Interest-free								
Cash and cash equivalents		48,337	-	-	-	-	-	48,337
Financial assets at fair value		242	-	-	-	-	-	242
Receivables from affiliated companies and trade receivables		55,354	12,432	12,537	11,839	9,142	55,040	156,344
Receivables from employees		29	-	-	-	-	-	29
Other receivables		9,241	2,192	2,297	2,406	2,642	21,248	40,026
Instruments with a variable interest rate								
Deposits given and other held-to-maturity securities		151	-	-	-	-	-	151
Instruments with a fixed interest rate								
Deposits given and other held-to-maturity securities	3,40%	278	265	265	265	265	8,071	9,409
Receivables under apartment loans	1,00%	2	33	1	1	-	5	42
Loans granted to affiliated companies and accrued interest on loans given	2,40%-3,875%	30,312	3,722	3,751	3,615	-	-	41,400
		143,946	**18,644**	**18,851**	**18,126**	**12,049**	**84,364**	**295,980**

42/ FINANCIAL INSTRUMENTS / CONTINUED

Liquidity risk management (continued)

Tabular analysis of liquidity and interest rate risk

	Average weighted interest rate	Up to 1 year	From 1 to 2 years	From 2 to 3 years	From 3 to 4 years	From 4 to 5 years	After 5 years	Total
		000 EUR	000 EUR	000 EUR	000 EUR	000 EUR	000 EUR	000 EUR
31 December 2023 restated	%							
Interest-free								
Cash and cash equivalents		43,320	-	-	-	-	-	43,320
Financial assets at fair value		149	-	-	-	-	-	149
Receivables from affiliated companies and trade receivables		71,644	12,332	12,432	12,537	11,839	64,182	184,966
Receivables from employees		25	-	-	-	-	-	25
Other receivables		7,466	2,092	2,192	2,297	2,406	23,890	40,343
Instruments with a variable interest rate								
Deposits given and other held-to-maturity securities		154	-	-	-	-	-	154
Instruments with a fixed interest rate								
Deposits given and other held-to-maturity securities	3,40%	278	265	265	265	265	8,071	9,409
Receivables under apartment loans	1,00%	-	3	1	1		6	11
Loans granted to affiliated companies and accrued interest on loans given	2,40%-3,875%	30,778	3,853	3,873	3,893	3,915	69	46,381
		153,814	**18,545**	**18,763**	**18,993**	**18,425**	**96,218**	**324,758**

42/ FINANCIAL INSTRUMENTS / CONTINUED

Fair value of financial instruments

Fair value inputs recognised in the statement of financial position / (balance sheet)

The following table analyses financial instruments that were reduced to fair value after their first recognition, classified into three groups depending on the availability of fair value inputs:

- Level 1 inputs – derived from (non-adjusted) prices quoted in active markets for similar assets and similar liabilities.
- Level 2 inputs – derived from other data on assets or liabilities that are not quoted prices from Level 1 inputs, either directly as prices or indirectly, derived from their prices.
- Level 3 inputs – inputs derived using valuation methods in which data on assets or liabilities that are not based on available market data were used as input data.

				31 December 2024
	Level 1	Level 2	Level 3	Total
	000 EUR	000 EUR	000 EUR	000 EUR
Financial assets at fair value through profit and loss				
– investments in shares	242	-	-	242

				31 December 2023
	Level 1	Level 2	Level 3	Total
	000 EUR	000 EUR	000 EUR	000 EUR
Financial assets at fair value through profit and loss				
– investments in shares	149	-	-	149
Derivative financial liabilities	-	*758*	-	*758*

43/ CONTRACTUAL COMMITMENTS

The Company has pending contracts and contracts that have been concluded, but not yet completed. The estimated value of these contracts, which mostly refers to started investments, is 20,678 thousand (EUR 25,030 thousand in 2023).

44/ LITIGATION

The Company is exposed to various litigations. The Management Board believes that the provision for litigation has been made according to estimates in the amount of EUR 15,858 thousand (EUR 15,185 thousand in 2023) sufficient for possible liabilities that could follow (note 32).

45/ CONTINGENT LIABILITIES

Environmental protection

Within the Company, there is also a subsidiary Čistoća, which is a provider of the public service of municipal waste collection in the area of the City of Zagreb. It also performs the activity of disposal of municipal and other waste at the Jakuševec landfill and helps the City of Zagreb in establishing a long-term strategy for the development of the municipal waste management system in the City of Zagreb. The impact of these activities on the environment is monitored by local administrations and state bodies dealing with environmental protection. In accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", the Company has reserved funds in the amount of EUR 8,577 thousand (EUR 8,464 thousand in 2023) for the future costs of maintenance and supervision of the landfill.

46/ EVENTS AFTER THE DATE OF THE UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

Increase and adjustment of share capital

Based on the Conclusion on the transfer of ownership rights of real estate, cadastral plot no. 1210/11 cadastral municipality Žitnjak of the City Assembly of the City of Zagreb of 5 December 2024, at the 46th session held on 30 December 2024, the Assembly of the Company adopted the Decision on the harmonisation of the share capital of the Company with the provisions of the Act on the introduction of the euro and the provisions of the Companies Act by increasing the share capital of the Company by EUR 15,500,000.95, whereby the share capital of the Company increased by entering the right of ownership by investing real estate owned by the City of Zagreb in the amount of EUR 15,500,000.00 and paying in cash in the amount of EUR 0.95.

Due to the change in the land register, it was not possible to implement changes in the land register or at the Commercial Court in Zagreb. Therefore, for the purpose of implementing the registration of the right of ownership of the said real estate in the land and other public books, it was necessary to amend the Decision on the increase and harmonisation of the share capital of the Zagreb Holding, which was made on the basis of the Conclusion of the City Assembly of the City of Zagreb and the Assembly of the Company at the 48th session held on 9 April 2025, adopts the following:

1. Decision amending the Decision on the harmonisation of the share capital of the company with the provisions of the Act on the introduction of the euro and the provisions of the Companies Act by increasing the share capital by entering the right of ownership over real estate and paying it in cash
2. Decision on amending the Decision on amending the Declaration on the Establishment of a Limited Liability Company

The implementation of the registration of the increase and adjustment of the share capital of the Company at the Commercial Court in Zagreb is in progress.

Abolition of co-debtorship under the Club Loan

In March 2025, the Annex I to the Long-Term Club Loan Agreement up to the amount of EUR 240,000 between the banks, the parent company of Zagrebački holding d.o.o. (the borrower) and affiliates (Gradska plinara Zagreb d.o.o., Gradska plinara Zagreb Opskrba d.o.o. and Vodoopskrba i odvodnja d.o.o. as a co-debtor), and according to which the co-debtorship of affiliates under the said loan is terminated.

47/ PENSION INSURANCE

For employees of the Company who are employed in the Republic of Croatia, legal contributions for pension insurance are paid. These contributions form the basis for pensions paid by the Croatian Pension Fund to Croatian employees after their retirement. Currently, the Company has no outstanding liabilities for unpaid pensions, either for current or former employees.

48/ APPROVAL OF THESE ANNUAL UNCONSOLIDATED FINANCIAL STATEMENTS

The Management Board adopted unconsolidated financial statements and approved their issuance on 29 April 2025.

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

Pursuant to Article 441 of the Companies Act ("Official Gazette" no. 111/93., 34/99., 121/99., 52/00., 118/03., 107/07., 146/08., 137/09., 152/11 - official consolidated text, 111/12, 125/11, 68/13, 110/15, 40/19, 34/22, 114/22, 18/23, 130/23, 136/24) and Article 31 of the Statement on the Establishment of Zagrebački holding d.o.o., Zagreb, Ulica grada Vukovara 41 (full text as of 30 September 2021), at its 49th session held on 30 April 2025, the Assembly of Zagrebački holding d.o.o. unanimously adopted the following

DECISION

1. The annual unconsolidated financial statements of Zagrebački holding d.o.o. for 2024 are adopted, as follows:

- **a) Statement of financial position with the sum of assets and liabilities in the amount of EUR 1,524,787,343.36.**
- **b) Statement of comprehensive income with positions:**

- total revenues	**EUR 363,007,897.52**
- total expenses	**EUR 334,744,181.06**
- profit before tax	**EUR 28,263,716.46**
- tax expense	**EUR 4,748,014.94**
- profit after tax	**EUR 23,515,701.52**
- other comprehensive income (net)	**EUR 65,428,202.17**

- **c) Notes to the financial statements for 2024.**
- **d) Report on the application of the Code of Corporate Governance.**
- **e) Management Report 2024**
- **f) The realised profit after tax for 2024 in the amount of EUR 23,515,701.52 will be allocated to cover the accumulated loss of the Company.**

2. The Decision of the Management Board of the Company on the determination of the annual unconsolidated financial statements of Zagrebački holding d.o.o. and the proposal for the profit distribution for 2024, CLASS: 400-07/25-01/21, REG. NO.: 01-05/23-25-05 of 29 April 2025, is an integral part of this Decision.

MEMBER OF THE ASSEMBLY OF THE COMPANY

CITY OF ZAGREB

REPRESENTED BY

TO THE REPRESENTATIVES OF THE MEMBER

Tomislav Tomašević, M.Sc. Pol.

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phD Danijela Dolenec

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phD Luka Korlaet

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Class: 740-15/25-03/03
Reg. No.: 01-01/7-25-04

Pursuant to Article 441 of the Companies Act ("Official Gazette" no. 111/93., 34/99., 121/99., 52/00., 118/03., 107/07., 146/08., 137/09., 152/11 - official consolidated text, 111/12, 125/11, 68/13, 110/15, 40/19, 34/22, 114/22, 18/23, 130/23, 136/24) and Article 31 of the Statement on the Establishment of Zagrebački holding d.o.o., Zagreb, Ulica grada Vukovara 41 (full text as of 30 September 2021), at its 49th session held on 30 April 2025, the Assembly of Zagrebački holding d.o.o. unanimously adopted the following

DECISION

1. **The unconsolidated Annual Report of Zagrebački holding d.o.o. is adopted, which includes the annual unconsolidated financial statements of Zagrebački holding d.o.o., the report on the application of the Code of Corporate Governance and the management report for the year ended on 31 December 2024 together with the Report of independent auditors.**

2. **The unconsolidated Annual Report of Zagrebački holding d.o.o., which includes the annual unconsolidated financial statements of Zagrebački holding d.o.o., the report on the application of the Code of Corporate Governance and the management report for the year ended on 31 December 2024 together with the Report of independent auditors, is an integral part of this Decision.**

MEMBER OF THE ASSEMBLY OF THE COMPANY
CITY OF ZAGREB
REPRESENTED BY
TO THE REPRESENTATIVES OF THE MEMBER

Tomislav Tomašević, M.Sc. Pol.

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phD Danijela Dolenec

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phD Luka Korlaet

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Class: 740-15/25-03/03
Reg. No.: 01-01/7-25-02

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