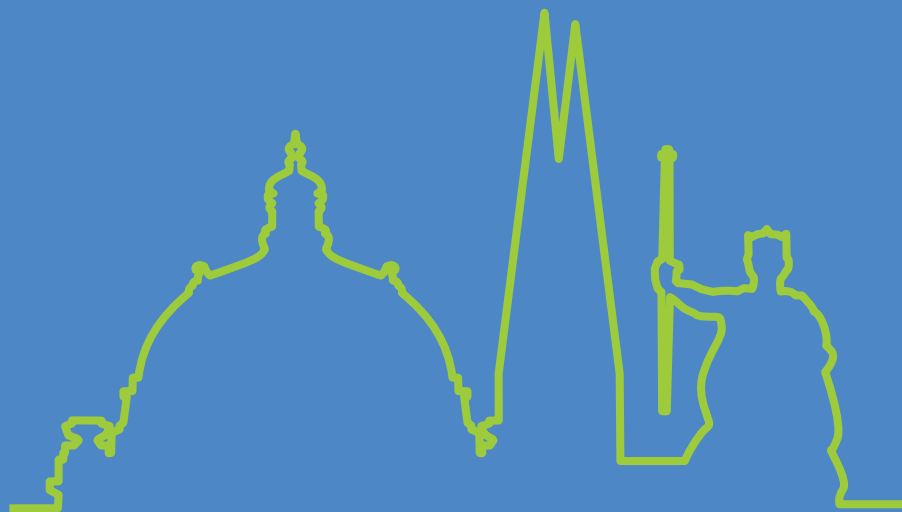


**ZAGREBAČKI  
HOLDING**

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# ANNUAL REPORT



Zagrebački Holding d.o.o.

# 2023



ZAGREBAČKI  
HOLDING

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**Annual Unconsolidated Report of  
Zagrebački holding d.o.o. for 2025**

**Impressum**

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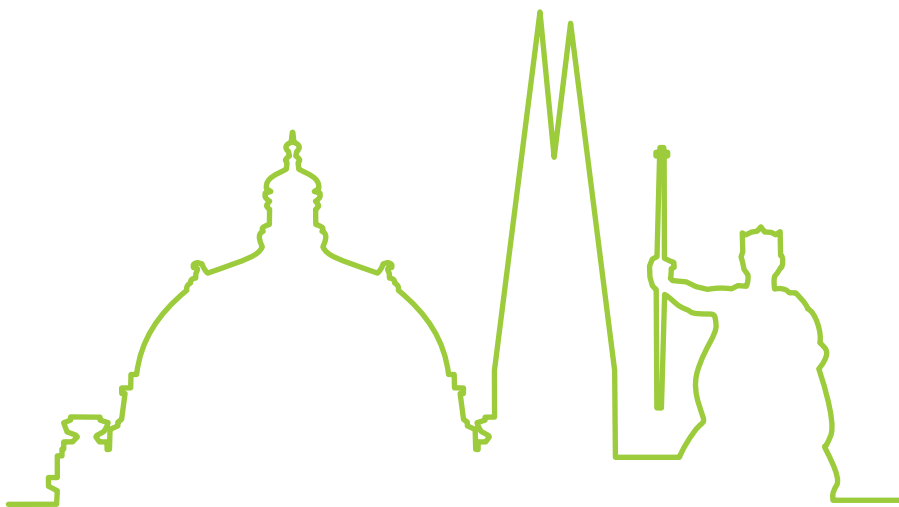
Strategy, business development and compliance

Accounting

The preparation of this report involved the expert services  
of all organisational units of Zagrebački holding

# ANNUAL REPORT

Zagrebački Holding d.o.o.



# 2023

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# MANAGEMENT REPORT

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# BASIC INFORMATION

## ABOUT ZAGREBAČKI HOLDING D.O.O.

*Vision: "To be one of the leading utility companies in the region of Southeast Europe, in every segment."*

Zagrebački holding d.o.o. (hereinafter: the Company or ZGH) is a city company of the City of Zagreb that provides integrated services to citizens through a wide range of utility and market activities, striving for sustainable growth in order to create added value for its stakeholders over time.<sup>1</sup>

Guided by the mission "To become a partner trusted by citizens with responsible corporate governance and a focus on an efficient and green city.", the company manages its activities based on the basic premise of preserving and renewing natural, economic and social resources.

The term Group in this report means Zagrebački holding d.o.o. and its subsidiaries: Gradska plinara Zagreb d.o.o. (hereinafter: GPZ) with its subsidiaries Gradska plinara Bjelovar d.o.o. (hereinafter: GPB), Gradska plinara Zagreb - Opskrba d.o.o. (hereinafter: GPZ-O), Gradsko stambeno komunalno gospodarstvo d.o.o. (hereinafter: GSKG), Vodoopskrba i odvodnja d.o.o. (hereinafter: VIO), Zagreb plakat d.o.o. and Gradska ljekarna Zagreb (hereinafter: GLJZ).

### 1.1 COMPANY'S CORPORATE STRATEGY

The Company's corporate strategy integrates a unique vision of developing the utility and public services system in an environmentally and socially sustainable manner, as well as an organisational culture that ensures the achievement of long-term plans. At the same time, it creates a common awareness of the Company's role as one of the key actors in the way of life in the City of Zagreb.

In the last few years, ZGH has been operating in an environment marked by numerous changes that affect its operations: challenges in the labour market, changes in employee expectations, the need for digitalisation of systems and processes, and investments in infrastructure and mechanisation, including an increasingly complex regulatory framework and requirements for sustainable business.

Facing these challenges, the Company continues its strategic direction towards sustainable business and increasing operational efficiency with the aim of preserving business continuity and resources, and additionally increasing the quality of services.

The company seeks to achieve its goals by focusing on the following:

#### Improving and developing services

Business development is based on strengthening existing utility activities, circular management of resources and raising the quality of services. The focus is on reliability, availability and continuous improvement of services for citizens, while simultaneously rationally managing resources.

#### Increasing efficiency and productivity

Productivity is improved through modernisation of infrastructure and mechanisation, digitisation of processes, standardisation of operations and optimisation of costs. Investments in technology and improvement of operational processes are essential for long-term operational and financial stability.

#### Organisation and employee development

Employees are the foundation of providing quality public services. The Company seeks to attract, develop and retain expert staff, while encouraging responsible and transparent business and strengthening the organisational culture focused on public interest and sustainability.

<sup>1</sup> Stakeholders are those who have a direct or indirect interest in the Company's activities, such as: users, citizens, employees, lenders, institutions, suppliers, local communities, media, business partners, associations, unions

## Sustainability and corporate responsibility

The Company pays special attention to sustainable development, including environmental, social and governance (ESG) aspects that are an integral part of all business decisions. Through responsible resource management, adaptation to climate change, and the inclusion of stakeholders in our value system, the aim is to ensure long-term value for citizens and the city as a whole.

### Strategic projects

In addition to implementing a corporate strategy in the operations of its branches, the Company has launched a cycle of strategic projects. These projects are not tied to a single organisational unit, but are focused on system-wide changes and improvements and contribute to the development and prosperity of the City of Zagreb.

Employees from different parts of the organisation are encouraged to participate in their realisation, ensuring a diversity of perspectives and additional opportunities for professional development and acquiring new knowledge.

Projects and activities, in line with strategic priorities, are focused on circular and sustainable management of resources, improvement of infrastructure and mechanisation, digitisation, optimisation and standardisation of operational processes, development of employees' key competences, including strengthening of organisational culture and cooperation within the system.

## 1.2. COMPANY'S ORGANISATIONAL STRUCTURE

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The Company's operations are organised into two basic segments:

- » business operations; and
- » corporate services

The operational part of the business includes the branches operations that are organised according to the type of services they provide to citizens, with a basic division into utility and market activities. On the one hand, operations are monitored through individual activities (waste management, maintenance of public areas, parking, etc.), while on the other hand, coordinated provision of services in the area of the city of Zagreb is ensured through common operational systems and communication channels<sup>2</sup> available to all stakeholders of the Company.

Corporate services ensure uniform business standards, greater system-wide transparency and efficiency. These functions are organised centrally and provide support to all organisational units.

Central corporate services provide support to operating units in the fields of: management and administrative activities, finance, procurement, corporate projects, strategy and development, control functions, information technology, etc.

The field of management and administrative activities includes tasks related to human resources, occupational safety, legal affairs, corporate communications, sales, marketing, stakeholder relations, real estate management and general services, which ensures stable and coordinated functioning of the system.

The field of financial management and controlling encompasses the planning and management of financial resources, accounting monitoring of operations, and monitoring and analysis of business results with the aim of ensuring transparency and efficient management.

The field of investment and project, and procurement encompasses project management, planning and realisation of investments, and implementation of procurement procedures as a support for business operations.

Corporate strategy and development are focused on long-term planning, business improvement, and the development of new services and projects, including collaborations and partnerships that contribute to the development of a system and quality of services.

The field of information and communication technologies is responsible for the development and maintenance of digital solutions, system modernisation, and improving business efficiency through digitalisation.

In addition to the above functions, internal audit and risk management also operate within the organisational structure, within the framework of the internal control system.

<sup>2</sup> Information on addresses, telephone numbers, e-mail addresses, including platforms for communication with stakeholders are available on the website: [www.zgh.hr](http://www.zgh.hr)

## 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.

**OSNOVNI PODACI O DRUŠTVU**

<b>Headquarters:</b>	Ulica grada Vukovara 41, Zagreb
<b>Reg. No.:</b>	080042653
<b>Personal ID. No.:</b>	85584865987
<b>Share capital:</b>	EUR 437,166,150
<b>Number of employees as at 31 December 2025:</b>	5,381
<b>Number of listed bonds on the Official Market of the Zagreb Stock Exchange:</b>	305,000,000
<b>Date of issue:</b>	11 January 2023
<b>Date of maturity:</b>	11 July 2028
<b>Interest:</b>	fixed 4.90%, with semi-annual payment
<b>Ownership:</b>	The City of Zagreb is the founder and 100% owner of Zagrebački holding d.o.o.
<b>Management Board as of 31 December 2025</b>	<ul style="list-style-type: none"> <li>» Ivan Novaković, President of the Management Board</li> <li>» Matija Subašić-Maras, Member of the Management Board (until 17 January 2026)</li> <li>» Dubravko Karačić, Member of the Management Board</li> <li>» Damir Novinić, Member of the Management Board</li> </ul>
<b>Supervisory Board as of 31 December 2025</b>	<ul style="list-style-type: none"> <li>» Andro Pavuna, President of the Supervisory Board</li> <li>» Martina Jurišić, Deputy President</li> <li>» Željko Matijašec, member</li> <li>» Ivan Čevizović, member</li> <li>» Josip Tica, member</li> </ul>
<b>Audit Committee as of 31 December 2025</b>	<ul style="list-style-type: none"> <li>» Ivan Čevizović, President</li> <li>» Josip Teklić, Deputy President</li> <li>» David Krmpotić, member</li> </ul>
<b>Assembly as of 31 December 2025</b>	<p>The only member of the Company's Assembly is the City of Zagreb, and the the representatives of the member are:</p> <ul style="list-style-type: none"> <li>» Tomislav Tomašević</li> <li>» Daniela Doleneć</li> <li>» Luka Korlaet</li> </ul>

# COMMENT FROM THE MANAGEMENT BOARD

ON THE 2025 PERFORMANCE



## Financial stability

In 2025, the Company achieved a positive result, reflecting responsible management and stable operations. This further strengthened the trust of all stakeholders and laid a solid foundation for the long-term sustainability of Zagrebački holding.

In December 2025, the international credit rating agency Standard & Poor's Global confirmed the long-term credit rating of Zagrebački holding d.o.o. at the BB level, while at the same time improving the outlook from stable to positive. This is the fourth upgrade of the credit rating or credit rating outlook assigned to Zagreb Holding by S&P over the past four years.

## Financial results for the year ended 31 December 2025

The positive financial results achieved in 2025 are a reflection of effective revenue and expenditure management. At the same time, the increased operational activity of the branches had a positive effect on the quality of services provided by the Company to citizens.

After excluding the one-time effects in 2024, which relate to the value adjustment of the share in the company VIO (EUR 4.30 million) and the gain from the change in the fair value of real estate investments (EUR 8.10 million), as well as the one-time effect of the change in the fair value of real estate investments in the amount of EUR 5.35 million in 2025, EBITDA for 2025 amounts to EUR 63.78 million (2024: EUR 52.87 million), which represents an increase of EUR 10.91 million compared to the previous year.

With a total of EUR 387.54 million in revenue and EUR 357.28 million in total expenses, as well as items of income and expenses that are not recognised in the income statement, the Company achieved a total comprehensive profit in the amount of EUR 42.26 million in 2025 (2024: EUR 80.88 million). The lower level of comprehensive income compared to the previous year is the result of a significantly lower net gain from the revaluation of real estate in 2025.

Operating profit (EBIT) achieved in 2025 is higher by EUR 12.72 million (2025: EUR 52.39 million; 2024: EUR 39.67 million). Earnings before interest, taxes, depreciation and amortisation (EBITDA) amounts to EUR 69.13 million, which represents an increase of EUR 12.47 million compared to the previous year.

In 2025, operating revenues amounted to EUR 379.42 million, which represents an increase of EUR 33.22 million, or 10%, compared to 2024.

The most significant growth in income compared to 2024 was achieved in the segments of landscaping and maintenance of green spaces by 27%, parking by 15%, cleanliness maintenance and waste disposal by 11%, management and maintenance of public roads by 3%. A decrease in sales revenue was recorded by the facility management segment in accordance with lower rental income due to the expiry of the lease of public facilities to the City of Zagreb. Furthermore, continuity of support from the budget of the City of Zagreb was realised to cover costs related to the public service of municipal waste collection, plastic collection and disposal, landfill remediation, waste disposal fees and operational costs of water services.

Operating expenses in 2025 amounted to EUR 327.02 million, which is EUR 20.50 million or 7% higher than in 2024. The aforementioned increase is a consequence of the growth in personnel costs due to the increase in the basis for salary calculation by 15.6% from 1 May 2025 and the increase in the average number of employees by 4% due to the employment of operational employees. Material costs and services are higher by EUR 10.84 million (10%) due to increased maintenance costs in accordance with the landslide rehabilitation process at the landfill, regular landfill maintenance and maintenance of utility infrastructure and vehicles, as well as variable input costs through public procurement procedures. The costs of communal services and fees are higher due to the disposal of separately collected waste due to the increase in the average cost of recycling plastic packaging by 18%. Value adjustment costs were lower due to changes in the fair value of investment properties. The increase in provision costs is the result of the growth in provisions for employee benefits and litigation.

Net financial expenses are lower by EUR 5.61 million due to lower interest costs, as a result of the regular and early repayment of part of the club loan principal in 2024 and its refinancing.

As of 31 December 2025, the Company's total net assets amounted to EUR 687.94 million, an increase of EUR 42.26 million compared to 31 December 2024. The Company's long-term assets increased by EUR 33.31 million.

This increase is the result of an increase in the value of property, plant and equipment by EUR 18.34 million,

investments in real estate based on the assessment of qualified appraisers authorised to assess the value of real estate by EUR 4.97 million and higher long-term receivables by EUR 3.94 million. Net working capital is lower by EUR 8.97 million due to lower receivables from subsidiaries and higher trade and other liabilities by 2% (EUR 1.56 million).

Net debt as of 31 December 2025 amounts to EUR 474.79 million, which is EUR 19.63 million lower than on 31 December 2024 due to regular loan repayments. In the structure of capital and reserves and other liabilities, capital was increased by the profit realised in the current period, as well as by the increase in value resulting from the revaluation of real estate.

### Strategic investments and digitalisation

In 2025, we continued the implementation of key strategic initiatives aimed at increasing operational efficiency, digitalisation of operations and modernising infrastructure. The most significant step forward was achieved by completing the implementation of the SAP integral information system, which entered its final phase at the end of the year and was put into production at the beginning of 2026. This system represents the foundation for centralised financial management, improved planning and reporting, and faster and better business decision-making at the Company level.

In parallel to this, the Company continued with the development of digital solutions and the automation of operational processes. The automatic number plate recognition system (Scan-a-car) has been further expanded. At the same time, user applications and digital channels were improved, including the development of online platforms for paying for services, digital parking solutions and integration with applications such as KEKS Pay, enabling users to use the Company's services more simply, faster and more securely.

The development of the LoRaWAN network has further strengthened the capacity for real-time infrastructure management, accelerating the transformation of Zagreb into a smart and technologically advanced city.

In the field of strategic investments, we are making continuous progress on key infrastructure projects.

In the waste management segment, together with the City of Zagreb, we are implementing a series of activities aimed at establishing a comprehensive and sustainable waste management system, including the development of the Waste Management Centre Zagreb, while simultaneously expanding the infrastructure for separate waste collection and increasing the system's capacity. The underground and semi-underground containers project has been further expanded and implemented in a larger number of locations, improving the functionality and visual identity of the urban space. Work on the remediation of the Jakuševac-Prudinec landfill landslide continued, and the findings and opinions of a multidisciplinary team of court experts from the fields of construction, environmental protection and mechanical engineering were published as part of the court proceedings to secure evidence for the purpose of determining the causes and circumstances that led to the incidents.

Last year, we also carried out the restoration and modernisation of the vehicle fleet, with a focus on more environmentally friendly solutions. The City of Zagreb Assembly approved the conclusion of the Green Loan Agreement, which will complete the investment cycle in the modernisation of specialised vehicles, machines and mechanisation, which represents an additional step towards the sustainable development of the Company.

Progress has also been made in other key investment projects, including the modernisation of city markets, the restoration of protected cultural heritage sites in Mirogoj and Granešina Youth City, and the Klaićeva public garage construction project, which significantly improves traffic infrastructure and the availability of parking capacity in the inner-city centre.

### Development, sustainable business and corporate governance

We further improved our business model through the deeper integration of ESG principles into operational and strategic management. The adoption of the Decarbonisation Plan, which aims to reduce the carbon footprint of the Company and other members of the Group by 38% in scope 1 and 2, and the Activity Programme for Circular Waste Management, have set clear frameworks for reducing emissions, optimising resources and long-term sustainable operations.

An additional step forward was achieved by implementing and certifying an energy management system according to the ISO 50001 standard, which further strengthened control over energy consumption and created a framework for systematically increasing energy efficiency and reducing operating costs.

In the modernisation segment, the smart traffic management project, in which the Zagreb Roads branch and the City of Zagreb participate, and the concept of small and medium-sized utility bases stand out. In addition, preparations are

underway for contracting advisory services from the European Investment Bank for the development of a concept design for a central utility base within the framework of the EU climate-neutral and smart city programme.

During the year, the Company further improved its corporate governance system by strengthening risk management, compliance and internal control functions. We continued with activities to align with the NIS2 Directive and preparations for the establishment of a Security Operations Centre (SOC), further increasing the level of security and resilience of information systems.

The quality of operations and progress in the area of sustainability have been further confirmed by awards from the Croatian Sustainability Index (HRIO) and the Croatian Chamber of Economy.

### Responsibility towards users, employees and the community

We continue to strengthen our role as a responsible provider of public services, with an emphasis on accessibility, inclusivity and quality of user experience. Accessibility of services has been improved through infrastructure adaptations for people with disabilities, while initiatives for digitalisation and the development of mobile offices have been launched with the aim of increasing the availability and efficiency of services.

Our employees demonstrated social responsibility and solidarity with their participation in the remediation of the consequences of the storm in Split and their cooperation with partners such as UNICEF.

Within responsible business, standards were improved by implementing the supplier Code of Business Conduct, while financial stability was confirmed by maintaining credit ratings, successfully refinancing liabilities and securing green financing for further investments.

Special emphasis was placed on an employee by concluding a new Collective Agreement, which increased the basis for salary calculation by 15.6% in 2025, with an additional agreed increase of the basis by 4.4%, effective from 1 January 2026. This brings the average salary growth per employee in the period from 2021 to 2026 to almost 60%. With two key growth factors (an increase in the number of employees and average earnings), the wage bill in the Company in the period from 2021 to the end of 2025 increased by a total of 53%, and with the agreed increase from 1 January 2026, by 72% compared to 2021.

We continuously invest in the development of competencies and working conditions of our employees, and we take care of their well-being with benefit programmes, such as the MultiSport and PassSport programmes. During 2025, we continued hiring through public tenders, primarily for operational employees, and we hired 391 employees, including seasonal workers.

### Geopolitical risks and resilience of the Company

The Company's operations in 2025 continued to be affected by global economic trends, including inflation, energy price volatility and supply chain disruptions. These factors have increased operating costs and further emphasised the importance of system flexibility and resilience.

The Management Board responds to the abovementioned challenges in accordance with the options provided by the regulatory framework, by managing procurement and employment processes and strengthening processes that ensure business continuity and internal resilience.

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

### Final words and looking ahead

In the coming period, we will continue to consistently implement the set strategic priorities, with an emphasis on further digitalisation of operations, development of waste management systems, modernisation of the fleet of utility vehicles, machinery and mechanisation as a foundation for the long-term and sustainable development of the Company.

Our key business priorities remain increasing operational efficiency, strengthening the resilience and sustainability of the system, and continuously improving the quality of services for all citizens. The strength of Zagrebački holding lies in its employees, organisational stability and clearly defined strategic vision, which allows us to further strengthen our position as a reliable and responsible provider of utility and public services, even in demanding conditions, and to contribute to the quality of life and development of the city in the long term.

# SIGNIFICANT BUSINESS EVENTS

IN 2025



## 3.1. STATUTORY CHANGES IN THE COMPANY DURING 2025

### COMPANY CHANGES

By the decision of 9 April 2025, the Company's share capital was aligned with the provisions of the *Act on the Introduction of the Euro as the Official Currency in the Republic of Croatia* (Official Gazette Nos. 57/22, 88/22) and the provisions of the *Companies Act* (Official Gazette 136/24 with all amendments and supplements). The share capital was also increased from EUR 421,666,149.05 by EUR 15,500,000.95 to EUR 437,166,150.00.

#### Management Board:

Changes in the Management Board of the Company in the period from 1 January 2025 to 31 December 2025:

- » Ivan Novaković, President of the Management Board, appointed to a second term on 3 September 2025
- » Matija Subašić-Maras, member of the Management Board, appointed to a second term on 15 September 2025 (resigned on 18 December 2025, effective 17 January 2026)
- » Dubravko Karačić, member of the Management Board, appointed to a second term on 16 September 2025

#### Supervisory Board:

Changes in the Supervisory Board in the period from 1 January 2025 to 31 December 2025:

- » Kristijan Starčević, member and Deputy President of the Supervisory Board until 2 September 2025
- » Martina Jurišić, Deputy President since 23 September 2025
- » Ivan Čevizović, member since 9 December 2025
- » Josip Tica, member since 9 December 2025

#### Audit Committee:

Changes in the Audit Committee in the period from 1 January 2025 to 31 December 2025:

- » Kristijan Starčević, member until 2 September 2025

#### Assembly:

Changes in the Assembly in the period from 1 January 2025 to 31 December 2025:

- » Tomislav Tomašević, since 12 June 2025
- » Danijela Dolenc, since 12 June 2025
- » Luka Korlaet, since 12 June 2025

In June 2025, a *Conclusion on the representatives of the City of Zagreb in the Assembly of Zagrebački holding d.o.o.* was adopted, in which the City of Zagreb has a 100% stake (Official Gazette GZ 21/2025), with no change in the composition of representatives compared to the previous Conclusion from June 2021 (Official Gazette GZ 16/2021).

### CHANGES IN THE COMPANY'S BRANCHES

#### Autobusni kolodvor Zagreb branch

- » Marin Rončević, branch manager from 2 February 2022 to 19 January 2025
- » Josip Krajina, branch manager from 20 January 2025

#### Arena Zagreb branch

- » Sretan Šarić, branch manager, appointed for a fourth term on 1 October 2025

#### Čistoća branch

- » Davor Vić, branch manager, appointed to a second term on 11 November 2025

#### AGM branch

- » Sandra Klisović, branch manager, appointed for a second term on 1 October 2025

## 3.2. COMPANY'S BUSINESS ACTIVITIES DURING 2025 BY BUSINESS/STRATEGIC AREAS

### ESG guidelines for business activities

The company integrates ESG elements into all its operational and management decisions. Therefore, the Company's Sustainability Strategy for the 2023 - 2028 period is inextricably linked to the business plans and business model and directs the Company's activities and projects towards achieving key strategic sustainability objectives:

- » **Improving waste management:** Achieve 63% separation, recycling or recovery of waste by 2033, an improvement on the rate of 36% in 2022. This will be achieved by supporting circular economy and reducing waste disposal in landfills.
- » **Improved water management:** Reduce water losses from 55% in 2022 to 39% by 2033 with better water management practices and investment in infrastructure.
- » **Renewable energy:** Achieve 70% renewable energy in the total energy consumption of the ZGH Group by 2028 with a combination of installing our own solar photovoltaic (PV) systems and purchasing electricity from renewable sources.

In addition to the abovementioned primary objectives, the secondary objectives listed in the Sustainability Strategy are aimed at implementing activities in a sustainable and efficient way, which consequently improves the quality of life, accessibility of services and reduction of greenhouse gas emissions. The sustainability strategy is described in detail in the Annual Consolidated Report of the Zagrebački holding Group for 2025 in the Sustainability Report section.

The fulfilment of objectives is monitored through strategic and operational performance indicators (objectives), which are presented in more detail in the Annual Consolidated Report of the Zagrebački holding Group for 2025 in the Sustainability Report section. The primary performance indicators are:

- » **Objective #1:** Share of separately collected municipal waste or waste removed from landfills
- » **Objective #2:** Share of renewable electricity in total electricity consumption
- » **Objective #3:** Improving resource efficiency through better water management – reducing water loss

The 2023 - 2028 Sustainability Strategy was additionally operationalised through the implementation of the Decarbonisation Plan and the Circular Waste Management document adopted in 2025, which represent a "roadmap" towards achieving the primary objectives and are described in more detail in the Sustainability Report section of the Annual Consolidated Report of the Zagreb holding Group for 2025.

### Decarbonisation Plan

The Decarbonisation Plan for the period until 2035 defines measurable objectives and activities to reduce greenhouse gas emissions with the aim of combating climate change and is aligned with the Sustainability Strategy (2023) and *the Climate Change Mitigation, Adaptation and Protection of the Ozone Layer Program of the City of Zagreb in 2025 - 2028*. (2025, Official Gazette GZ 4/2025).

The measures listed in the Decarbonisation Plan essentially represent the Company's key strategic projects and activities, the purpose of which is to improve the Company's public and utility activities, and their additional positive effect is the reduction of greenhouse gas emissions. With this approach, the Company demonstrates the way in which it has included ESG elements in its strategic projects and activities.

## Circular waste management

One of the Company's strategic objectives is responsible and circular resource management, including waste, for which ambitious key performance indicators have been set.

To more successfully achieve the annual target values for the rate of increase in separate waste collection "at the doorstep", an activity plan has been developed in the Circular Waste Management document. This document also defines target strategic guidelines for the 2025–2028 period, or for the period until the opening and start of operations of the Waste Management Centre. The activities planned in the above-mentioned document are aimed at achieving the strategic objective of 59% of separately collected and recycled municipal waste by 2028, and are planned for implementation in the short, medium and long term.

## Communal infrastructure

### New utility bases

In the coming period, we are planning the construction of a new central utility base, which will consolidate operational functions into a new central operational base at the location of the Central Wastewater Treatment Plant of the City of Zagreb and near the future Waste Management Centre, which will serve as the main headquarters and operational base for all public and utility organisational units of the ZGH.

In addition to its primary objective of improving efficiency in the implementation of services, this initiative directly contributes to the reduction of greenhouse gas emissions, given that the new base will replace older energy inefficient facilities and aim to achieve zero operational emissions with increased energy efficiency and the integration of renewable energy sources.

The planned solution includes a modern and functional infrastructure that will support various activities within the system, from logistics and vehicle fleet management to technical and administrative services.

During 2025, a concept design for small and medium-sized utility bases was developed, and preparations are underway for contracting advisory services from the European Investment Bank (EIB) for the development of a concept design for a central base. The advisory cooperation between ZGH and EIB within the *InvestEU Advisory Hub* programme is the result of the European Union Mission Label for a climate neutral and smart city being awarded to the City of Zagreb, which positions it among European climate neutral cities, whereby ZGH acts as a key operational and investment platform for the implementation of the mission objectives to achieve climate neutrality.

### Mechanisation / vehicle fleet

The Company plans to implement a utility infrastructure restoration project in the 2024–2026 investment period. This comprehensive project includes the procurement of more modern machinery and devices for waste management, planting trees and for road maintenance to improve citizens' quality of life and improve the city's infrastructure, which will also have a positive impact on achieving greater efficiency and reducing the carbon footprint of old machinery. Modernisation of waste management equipment and devices will result in more efficient collection and preparation for waste recovery/recycling. Renewing the 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, with 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 repair, ensuring adequate vertical and horizontal signage, and overall reduction of emissions into the environment by using environmentally friendly vehicles, equipment, and machinery.

During 2025, the project was in the phase of drafting documentation for the procurement process (procurement plans, technical specifications, general procurement conditions, etc.) and preparing the necessary documentation for financing the aforementioned equipment. At the 6th session of the City of Zagreb Assembly, held on 16 December 2025, a Decision was made to approve the Company's long-term borrowing for a "Green Credit" from the International Finance Corporation (IFC), in the amount of up to EUR 56,000,000.00, the purpose of which is the procurement of specialised vehicles and machines for the reconstruction of utility infrastructure, and the implementation of the project is expected in 2026.

## Digitalisation and information security

### Implementation of the ZGH integral information system – SAP solution

The project to implement a uniform ERP, or SAP information system, was launched in early 2024. The purpose of the project is the centralisation and consolidation of the financial operations of the Company and GPZ in the segments of accounting, finance and controlling, all with the aim of better reporting and planning.

In 2025, data adaptation for migration, integration tests, test migrations, and end-user training were carried out, including production preparation. In October, an SAP system test version was launched, and integration of other systems and data migration continued.

SAP was put into production on 1 January 2026 and is hosted in a rented environment (cloud). By building a new primary location at APIS, the complete solution will be placed on its own infrastructure.

The above-mentioned project represents a significant step forward in the digitalisation of the Company's operations.

### Information security

ZGH is subject to the NIS2 Directive, which gave guidelines to national legislation and based on which the *Law on Cybersecurity* (Official Gazette No. 14/2024) and the Regulation on Cybersecurity (Official Gazette No. 135/2024) were adopted, which determined measures and sub-measures for actions aimed at strengthening the general cybersecurity of all EU Member States. The regulatory framework additionally emphasises the need to strengthen risk management and security measures for information and operational infrastructure.

In this sense, at the end of the year, the *Cybersecurity Policy*, was adopted which prescribes the basic principles and provides a framework for the implementation of strategic objectives for long-term protection of our resources. It confirms our responsibility towards the community and our commitment to the safe, responsible and transparent management of digital infrastructure and cyberspace in the service of the citizens of the City of Zagreb and the sustainable development of the community.

The Company, including all its branches, was categorised in 2025 as a key entity and is accordingly obliged to implement an advanced level of cybersecurity risk management measures in accordance with relevant regulations.

During 2025, the Company carried out numerous preparatory activities for the successful implementation of the assigned measures, documentation was prepared to establish a Security Operations Centre (SOC) as a tool for advanced cyber risk management, the implementation of which is expected in 2026, and an optical cable was laid to establish a redundant data centre at a separate location, which was a key prerequisite for ensuring system redundancy. In addition to the above, the procurement of a service for testing the theft of digital identities and employee information was carried out, the implementation of which should be realised by the end of the first quarter of 2026.

Also, initial training on the basics of cyber security was conducted for the Company's management, and a communication channel was established to raise employee awareness, and educational programmes are planned for all Company employees for 2026. Further development in 2026 includes implementation and certification according to the ISO 27001 standard.

### System for calculation, collection and management of receivables

During the year, the Company carried out preparatory activities for the implementation of a new solution whose function is unified and centralised management, accounting and collection of receivables. The tender notice is planned for April 2026. The implementation of the new solution will enable additional functionalities and improvements in operational processes compared to the existing solution, and the goal of the project is to increase the efficiency of the entire management, calculation and collection system of receivables.

### Construction of the LoRaWAN communication network

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 City of Zagreb.

During 2026, it is planned to establish a complete LoRaWAN network, which will become the basis for the Zagreb smart city. It is also planned to start upgrading water meters and gas meters with LoRaWAN modules that allow remote meter reading.

## User applications

After introducing the service of sending a single Zagrebački holding payment slip to users via e-mail, the aforementioned service was also introduced for business users in 2025. For invoices received via e-mail, the option of paying via the BlicPay service has also been introduced.

The functionalities of the RazvrstajMojZG application have been further improved and it can now be used to order the removal of bulky waste, further simplifying the process.

With the aim of enabling faster and simpler participation in all published simple procurement procedures, an online platform, eJednostavna, for the electronic implementation of simple procurement procedures has been launched. It has been available for use by all business entities since April of this year. The aforementioned project contributes to greater transparency and strengthens the trust of business entities. The platform also enables direct communication between the Company as the contracting entity and potential tenderers, and increases the efficiency and quality of the procurement process.

Further development and digitalisation of the system will enable better and more efficient management and improve the quality of data analysis used to improve business operations.

## Čistoća branch

In accordance with its strategic commitment, the Čistoća branch in 2025 is focused on improving the waste management system, increasing the efficiency of separate collection and optimising operational processes. Special emphasis was placed on modernising equipment and improving the quality of service to all citizens.

During 2025, the Čistoća branch continued to improve the efficiency and quality of its primary activities. By introducing **new technological processes** in the public municipal waste collection service and making key investments in implementing the cleaning and washing programme for public traffic areas, the maintenance of the set municipal standard has been significantly increased, while in the segment of providing public municipal waste collection services, operational capacities have grown, which maintains business stability.

**The project to build and install underground and semi-underground containers** continued in order to provide the necessary infrastructure to increase separately collected municipal waste, thereby achieving legal objectives and reducing visual pollution of public areas, which began as a pilot project during 2023 and 2024, and continued during 2025. By the end of 2025, a total of 249 underground tanks at 60 locations and 306 semi-underground tanks at 102 locations in the area of the historic core of the city of Zagreb were installed and put into operation, with the aim of replacing outdated and inadequately equipped standardised tanks for the separate collection of dry fractions of municipal waste (paper, cardboard, plastic, metal and glass packaging) in public areas.

The Zaprude Local Council is the first local council where all municipal waste containers were removed from public areas by installing semi-underground containers.

During 2025, the aforementioned activity provided concrete indicators in the form of a reduction in the share of emergency municipal waste removals and the necessary operational capacities for the aforementioned work process.

Moreover, testing of the access control system and records of the use of buried containers was carried out. The start of implementation is planned for the first quarter of 2026.

**The vehicle fleet** of the Čistoća branch was renewed with the delivery of specialised sweepers intended for washing and cleaning public areas. This completes the investment cycle started in 2024, which consisted of the purchase of a total of 15 sweepers. Given that the 4 sweepers for pedestrian traffic areas are powered exclusively by electricity, their application has started the technological modernisation and transition to more environmentally friendly fuels.

In this regard, and for the needs of the branch, the Company concluded an Agreement on co-financing the procurement of utility vehicles running on alternative fuels within the framework of the call of the Fund for Environmental Protection and Energy Efficiency, "Public Call for Direct Co-financing of the Procurement of Utility Vehicles Running on Alternative Fuels (JP ZO-2/2025)". The project provides for the procurement of two electric vehicles for separate collection of municipal waste in the centre of Zagreb and from difficult-to-access streets, with a container capacity of 7.5 m<sup>3</sup>. The total value of the project is EUR 344,000, of which **EUR 137,600 are grants (40%)**.

The new investment cycle in the modernisation of mechanisation will continue in 2026, as the branch is included in the investment plan for which the Company is implementing a long-term borrowing procedure through a “green credit”, as detailed in the “Mechanisation” section.

In 2025, **the Resnik temporary construction materials warehouse** received 20,252 tons of construction waste generated during post-earthquake reconstruction, with more than 90% of it being a mixture of construction materials. After processing, more than 60% of the material is reused, contributing to the circular economy. During the year, activities were also started to establish a recycling yard for construction waste at the same location.

In the first half of 2025, **the distribution of yellow containers** for plastic and metal packaging municipal waste in family homes was completed. This has greatly increased the possibility of disposing of this type of waste at optimal collection times, creating the prerequisites for increasing the separation of this, the most common type of household waste by volume.

With the establishment of a special **organisational unit for the remediation of improperly disposed waste** from public areas, the optimal response time to the order of the municipal police was reached. They are resolved within a maximum of 5 working days from the date of issuing the order.

We are also recording **a positive trend in terms of separately collected bulky waste**. The number of requests for collection from the user’s accounting point increased by 42% in 2025 compared to the previous year. The amount of bulky waste that users independently disposed of at recycling yards had an annual increase of 22%.

During 2025, **key activities in the field of business digitalisation** were also carried out. A system of digital work orders for the collection of municipal waste from business users was completed and launched in December. This created the prerequisites for issuing digital invoices, keeping records of emptying designated containers, subsequent billing, and creating analytics necessary for planning optimal waste collection programmes. The process of monitoring the implementation of requests for bulky waste removal and the routing of regular waste removal programmes has also been digitalised. **Remediation of the landslides** that occurred at the **Jakuševac-Prudinec landfill was carried out**. The work to improve the functioning of wastewater and leachate drainage and degassing of the remaining landfill areas represents a basic prerequisite for the uninterrupted daily disposal of mixed municipal waste in accordance with safety protocols, which were significantly revised after the landslide at the landfill at the end of 2023. At the end of 2025, an expert report was published on the causes and circumstances of the landslide at the Jakuševac-Prudinec landfill. Court experts from the fields of construction, environmental protection and mechanical engineering, as part of the court proceedings for securing evidence initiated by the Company at the Municipal Court in Novi Zagreb, determined the cause and circumstances that led to the incident. In accordance with the public’s expressed interest in reviewing the documents of court experts, the Company publishes them in their original form at the link [Securing Evidence after a Landslide – Waste Management](#).

The result of all implemented measures is **an increase in separately collected fractions of municipal waste**. In March 2025, the Institute for Environmental and Nature Protection at the Ministry of Environmental Protection and Green Transition published the 2024 Report on Municipal Waste, in which further growth from 42% to 45% in the separate collection of municipal waste was confirmed, making the City of Zagreb the third regional self-government unit in terms of separately collected municipal waste.

## **Zagrebačke ceste branch**

In 2025, Zagreb Roads focused on maintaining and restoring traffic infrastructure and increasing traffic safety, which the branch is working on in cooperation with the relevant City Office. The plan for 2025 included investments in the modernisation of equipment and improvement of work organisation, which will remain the focus in 2026 with the purchase of new vehicles as part of the municipal infrastructure restoration project. The objective is to ensure a higher quality and more reliable transport infrastructure in the city.

From the **Asphalt Paving Program of unclassified roads of the 1st order**, 21 streets in the City of Zagreb were restored, which fulfilled all the contractual obligations of this programme. A total of 142,126.97 m<sup>2</sup> of road surface was asphalted, while in the same period in 2024, 29 streets were paved, or 156,898.25 m<sup>2</sup> of road surface was asphalted. The reduced scope of work performed is the result of objective external circumstances, mostly related to obtaining temporary traffic regulations during the year related to various events in the City when the work could not be carried out according to the operational plan (concert, parade, bad weather conditions). The value of the works carried out under this programme in 2025 amounts to EUR 7,781,848.44.

In 2025, the total **production of asphalt mixtures** by the Zagreb Roads branch amounted to 108,938.70 tonnes, or 2% less than the previous year. The produced quantity of asphalt was also used in regular maintenance and other utility activities of the branch, including the utility activities programme (160 locations), the programme of small utility actions of local councils (66 locations) and the programme outside of regular activities (9 locations).

In 2025, **the reorganisation of the excavation remediation process** was started with the aim of ensuring faster closure, which will be fully implemented in 2026. The first results show that positive effects have been achieved, almost 400 more excavations have been remediated compared to the previous year, and the handover time to the remediation itself has been shortened, while the number of issued approvals has remained almost the same.

The Zagreb Roads branch is currently in the process of improving the **digitalisation of its operations**, with most key indicators already being monitored directly from the digital system, with data available in real time.

We would like to emphasise that, in cooperation with the City of Zagreb, the process of **digitalising the temporary traffic regulation system (eRegulations)** began in 2025, which will enable the issuance of decisions, record keeping, and provide citizens with a real-time display of all currently closed roads and available alternative routes via digital navigation maps. Submission of requests for temporary regulation on unclassified roads in the City of Zagreb will be enabled digitally within the e-Citizens system, which will make it unnecessary to come to the City or to the ZGH to physically submit the request.

The Zagreb Roads branch is also participating in Zagreb's project for **smart traffic management**, carrying out activities to modernise traffic light devices and connect them to wireless operation and a coordinated control centre. The gradual replacement of signalling lights with LED lighting is also being implemented (in 2025, 235 lanterns of older technology were replaced), which extends the service life of signalling lights and reduces electricity consumption. Switching to wireless traffic management reduces the impact of accidental damage to the installation itself as part of unexpected construction work. As part of the Decision of the City Office for Local Self-Government, Traffic, Utility Affairs, Civil Protection and Security, and as part of regular maintenance, the installation and replacement of outdated signalling devices for blind and visually impaired people was carried out (of which 10 decisions – 74 signalling devices and 20 locations – 82 signalling devices).

The Zagreb Road branch operates the **Construction Waste Recycling Plant (CWRP)** at the Tišinska cesta location, where the processing and recycling process produces materials that are used in road construction, temporary road construction, and as cover for landfills. In order to further improve the recovery and recycling processes of construction waste, on 13 October 2025 the Company concluded a grant agreement with the Ministry of Environmental Protection and Green Transition within the framework of the Call "Investing in the efficient use of resources and supporting the transition to a circular economy".

Upgrade activities include the procurement and installation of additional components of waste recycling equipment that allow for more flexible processing. Public procurement was carried out for the delivery and installation of 3 modern modules, which are expected to be delivered by the end of the quarter of 2026. A positive impact on waste management, reduction of disposal and promotion of a circular economy is expected, in line with national and EU sustainable development policies.

The total value of the project is EUR 2,473,200, of which **EUR 1,000,000 are grants (40%)**.

## **Zrinjevac branch**

The Zrinjevac branch continued its activities of maintaining and landscaping public green spaces and raising the standards of horticultural landscaping in the city. Special emphasis was placed on sustainability, biodiversity conservation and the quality of public space. Activities to modernise equipment and improve operational efficiency were also carried out, which will continue in the coming period.

As part of the **project of greening the City of Zagreb**, in the 2024/2025 season, by March 2025, more than 8,000 trees were planted. This season, planting was further adapted to the needs of individual neighbourhoods and citizen initiatives, and trees were planted in school and kindergarten yards, along main roads, in city cemeteries and in parks. In addition to lowering the temperature during heat waves in the city, trees are essential for climate adaptation and biodiversity, and by increasing their number, the City of Zagreb becomes more pleasant for its citizens.

At the beginning of November 2025, a new tree planting season began, in accordance with the strategic policies of the City of Zagreb in implementing intensive greening and combating climate change in urban areas. For the 2025/2026 season, a goal of 8,015 newly planted trees has been set at 1,317 locations across the city. The majority of the planting will involve public green spaces, but planting will also be carried out in the kindergartens, schools and health centres yards.

During the last quarter of 2025, preparatory work was carried out for the **migration of the Mowing Cadastre** to a new environment at the Company's data centre, which represents a new step forward in digitalisation processes. According to the plan, the testing and release into production of the new solution is expected by the first half of 2026 at the latest.

The **59th Floraart International Garden Exhibition** was organised in Bundek Park from 8 May to 11 May. Floraart's rich programme, 29 flower installations, a professional competition, workshops, children's plays, a presentation of the documentary film series *Fairytale Croatia*, an expert meeting that brought together the academic community and other experts, including a special sale, attracted more than 100,000 visitors to Bundek.

The two composting plants operated by the Zrinjevac branch remain temporarily closed. The **Prudinec/Jakuševac composting plant** remains closed until the technical and safety prerequisites for operation are created due to damage caused by a landslide at the landfill at the end of 2023, while the **Čret/Markuševac composting plant** was closed based on a decision of the State Inspectorate (DIRH) from May 2024, against which the Company is conducting an administrative dispute before the Administrative Court in Zagreb.

## Tržnice Zagreb branch

ZGH manages markets owned by the City of Zagreb or the Company. In order for this part of the operations to be qualitatively strategically directed, taking into account new lifestyle trends and the habits and needs of citizens, the City of Zagreb initiated the creation of the **Strategy for the Development of Markets in the City of Zagreb by 2050**, which is being drafted by the Institute for Development and International Relations. The strategy will take into account the economic, cultural, social and ecological aspects of the development of markets, including the connection with city development plans and smart city strategies. The deadline for drafting the study, which will best provide an assessment and plans for how to direct the development of city markets, is the second half of 2026. The aim is to preserve the important role of markets in the local community.

In accordance with the Business Plan for 2025, the Tržnice Zagreb branch focused its activities on improving the offer and quality of services at the city's markets. A special focus was on modernising the infrastructure and increasing the appeal for leaseholders and users.

Key activities included:

- » **Modernisation of the Trešnjevka market**, within the framework of which the procurement procedure was carried out and an agreement was concluded for the replacement of canopies with awnings in the main area of the market, and the procurement of replacement awnings in the southern part of the market is also in the process, for which the start of work is expected in March 2026. The restoration of the textile stands in the eastern part of the market is also underway, as is the completion of the construction of a large waste sorting facility in the southern part of the market.
- » For **the reconstruction of the Utrina market**, the detailed design has been completed, which was a key prerequisite for launching the investment, and an operational activity plan is being developed that envisages the execution of the works in stages. Such a phased approach was selected strategically in order to enable the leaseholders a smooth operation and the citizens a continuous supply, without completely closing the market. The planned reconstruction will include the complete restoration of the roof, floor coverings and the modernisation of the kiosks.
- » Emergency **ceiling repair work carried out on the Dolac market hall** in November 2025. Additionally, laboratory tests were conducted on the reinforced concrete surface of the Dolac market and a study of the current condition was prepared. The documentation for the comprehensive restoration project is being prepared in accordance with the guidelines of the City Office for the Protection of Cultural Monuments.

In addition to the above, the markets are increasingly developing **afternoon programmes that enliven the markets** even outside regular working hours, thus the Ecological Market project at the Jarun Market continued, and numerous gastronomic, entertainment and cultural events were organised (for example Art Plac, Place Market and Food Truck, etc.). In addition, in cooperation with the City Office for Economy and the Administrative Department for Agriculture of the Zagreb County, a project to certify local family farms "Products of the Croatian Farmer" was implemented, and almost 100 certificates were awarded in 2025.

## Zagrebparking branch

In 2025, the Zagrebparking branch continued to modernise and improve its services through three key business areas, with the aim of increasing efficiency, quality of service and digitalisation of processes. By acquiring 10 **new towing vehicles**, the operational ability to move improperly stopped and parked vehicles was additionally strengthened, which contributes to better regulation of idle traffic. These activities enable the maintenance of a high level of municipal order, with an average of around 23,000 interventions per year, while further capacity increase is expected by the end of the third quarter of 2026 with the arrival of 6 new towing vehicles.

At the same time, the development of the **Park&Ride system** continued, which in 2025 was further improved by the introduction of digital payment via QR code, providing users with a simpler, faster and more accessible way to purchase parking tickets. This significantly improves the user experience and reduces operating costs and waiting times.

Additionally, the branch continued to develop an automatic number plate recognition system (**Scan-a-car**), which enables automated parking control and payment. During 2025, the system was expanded by purchasing an additional 4 vehicles, which increased the coverage and efficiency of control in the field. This technological advancement significantly contributes to the optimisation of business processes, greater transparency and further digitalisation of the parking system in the City of Zagreb.

## Klaićeva garage

The new garage in Klaićeva Street, with a capacity of 860 parking spaces, is a project that will alleviate on-street parking in the Zagreb city centre and improve urban mobility.

The estimated duration of construction is 18 months, with construction planned to begin no later than the first quarter of 2027, and relates to the construction of an underground public garage on the site of the high school playground bounded by the Savska – Kačićeva – Klaićeva – Kršnjavoga area. Construction is planned on land for sports and recreation with a total area of 22,262 m<sup>2</sup>. The owner of the said plot is the City of Zagreb, and the intended investor is ZGH, a branch of Zagrebparking. In order for ZGH to acquire the status of an investor on the newly formed plot, during the second quarter of 2026, an agreement on the transfer of construction rights will be concluded between the City of Zagreb and ZGH.

In early April 2026, a building permit was issued for the construction of the Klaićeva public garage, and market research activities were initiated as part of the procurement process for the contractor. Market research activities will be conducted through the platform of the European Bank for Reconstruction and Development: Client e-Procurement Portal (ECEPP). The works themselves are divided into 3 stages, with the underground garage being built first, and then restoring the playground.

## Gradska groblja branch

In 2025, the City Cemetery branch carried out activities aimed at sustainability, modernisation of the vehicle fleet and restoration of cultural heritage. Within this framework, a project **for the procurement of 8 alternative fuel vehicles with a total value of EUR 128,896** was submitted to the public “Call for the purchase of new alternative fuel vehicles (EnU-4/25)” of the Environmental Protection and Energy Efficiency Fund, which is currently in the evaluation phase for co-financing by the Environmental Protection and Energy Efficiency Fund.

At the same time, the implementation of extensive **cultural heritage restoration projects at the Mirogoj Cemetery continues:**

- » Works on the complete rehabilitation and energy renovation of the morgue building, financed by the EU Solidarity Fund, the National Recovery and Resilience Plan and national funds in the total amount of EUR 3,501,491.39 (**EUR 2,855,830.73 has been invested in the project so far**).
- » In parallel, project and technical documentation for the restoration of the arcades and the Church of Christ the King was prepared, with the consent of the City Institute for the Protection of Cultural and Natural Monuments that the project was prepared in accordance with the special conditions for the protection of cultural sites, which created the prerequisites for the beginning of the phased restoration of this protected cultural site.

During 2025, **preparatory work was carried out for the expansion of the Miroševac cemetery**, with the aim of ensuring additional burial places and the continuity of utility services. Based on the prepared project, the plan is the construction of 3 burial fields with a total of 357 burial places and 34 urn vaults, organised in 4 cascades due to the complexity and height difference of the terrain. In addition, the plan includes the expansion and replacement of paths, new green islands, and the equipping and landscaping of other areas. The implementation and completion of the works are expected in the third quarter of 2026, for which funds are provided in the budget of the City of Zagreb.

## Vladimir Nazor branch

In 2025, the branch continued to manage facilities and provide maintenance services with a focus on quality, efficiency and rationalisation of costs. Special emphasis was placed on investments in infrastructure improvements, including:

- » Restoration of the restaurant and replacement of the joinery at the Stoimena Hostel in Crikvenica, with the expected completion of the works by the end of June 2026.
- » Works on the sanitary facilities in Hostel Zlatokrila on Veli Lošinj, with the expected completion of the works by the end of March 2026.
- » extensive works at Veli Jože Camp in Savudrija, which include the arrangement of camp areas, sanitary facilities, infrastructure and ancillary facilities for the purpose of re-categorisation.

## Granešina Youth City

The cultural and historical entity of the Youth City, which extends over 46 hectares of a wooded clearing in Dubrava, is a protected cultural monument and a unique example of a public-purpose settlement in Zagreb, of high urban and architectural value. The Youth City complex itself, with a total area of 6,502 m<sup>2</sup> includes around forty facilities intended for the accommodation of children and young people, educational programmes, sports, recreation and cultural activities. It includes residential buildings, classrooms, sports infrastructure, catering facilities, forest playgrounds, walkways and an outdoor stage. Recognising the cultural value of the Youth City, its role as an integral part of the programme of city kindergartens and schools, the City of Zagreb initiated the design of the restoration of the Youth City.

In 2025, procurement procedures were initiated and project engineers were contracted to create project documentation for the complete reconstruction of buildings damaged in the earthquake at the location of Granešina Youth City and project documentation for the reconstruction of the infrastructure network. The projects are expected to be completed by the end of June 2026.

A public procurement procedure has been initiated in the Youth City for the execution of the 2nd phase of the development of the children's playground in accordance with conservation requirements. A contractor has been contracted and the completion of the playground renovation is expected in the second quarter of 2026.

## Autobusni kolodvor Zagreb branch

In addition to the implementation of the project for the comprehensive adaptation of the building to people with disabilities, additional improvements and **investments in the restoration of the station building** were carried out during 2025. Thus, in coordination with the City of Zagreb, the stone slabs on the pedestrian area in front of the Station building were replaced, and the Zagreb Roads branch carried out work on arranging water drains to prevent water from accumulating in the pedestrian area during heavy rainfall. Restoration of part of the departure platforms (200–206) and the entrance/exit towards Strojarska Street was carried out.

In addition, based on the conducted condition analysis and stability testing of the steel structures of the Coach Terminal, procurement procedures were carried out for the design and remediation of the canopy facing Marina Držić Avenue. The start of the remediation is expected in the first quarter of 2026, and a condition analysis of the existing electricity distribution system has also been carried out.

## AGM branch

The foundation of AGM's work, publishing, includes about twenty specialised collections, where eight new books were published and two titles were reprinted in 2025. A new collection, *Guide to Contemporary Croatian Literature*, is in preparation, and one guide book for reading contemporary Croatian literature will be published annually. The first in the series will be a guide to the novel *Gypsy, But the Fairest of Them All*, by Kristian Novak, which will be published in early 2026. The project aims to provide different perspectives on contemporary canonised works and highlight their significance in a broader cultural and literary context.

## Improving waste management

### Waste Management Centre Zagreb

The premise of circular waste management and increasing the rate of separately collected municipal waste is also based on the Waste Management Plan of the Republic of Croatia, which envisages the construction of a waste management centre. As part of this activity, the City of Zagreb plans to build a comprehensive municipal waste management and processing system consisting of facilities for various waste streams, i.e. a waste sorting and processing facility and a biogas facility. In accordance with the EU Action Plan for the Circular Economy, the foundations of such a comprehensive system rest on strategic objectives that seek to strengthen waste prevention, encourage recycling and reuse, and reduce waste disposal.

During 2025, a conceptual design, a preliminary design and an environmental impact study for the Waste Management Centre Zagreb were developed, and the environmental impact assessment procedure for the Waste Management Centre Zagreb was carried out. The investor is the City of Zagreb, while ZGH provides support for the implementation, given that the Čistoća branch 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

Biowaste treatment plant for the purpose of receiving and processing biowaste from the City of Zagreb. This is separately collected biowaste from kitchens and canteens from households and similar sources, including biodegradable waste from gardens and household yards, including biodegradable waste from public city areas (gardens and parks).

After 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 resulting digestate in the second step.

#### Plant B: Mechanical treatment of waste

The mechanical waste treatment plant accepts mixed municipal waste (hereinafter: MMW) and bulky waste, packaging waste – plastic, paper, and cardboard. After reception, and before processing, waste is sorted.

The mechanical waste treatment plant consists of equipment for:

- a.** mechanical treatment of MMW from the area of the City of Zagreb and Zagreb County (opening bags and seeding), biodrying of the fine fraction of MMW after its mechanical treatment and residual waste after refining packaging waste and paper/cardboard;
- b.** mechanical treatment (sorting, refining) of separately collected packaging waste from the City of Zagreb (except paper/cardboard) and predominantly recyclable large fractions of MMW 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.

### Reuse Centre

The company, in cooperation with the City of Zagreb and ZCGO d.o.o., is participating in the project to establish a Reuse Centre, which represents a key part of the system in preventing waste generation. The centre is designed as a central point for the collection, restoration and redistribution of products that would otherwise become waste. This project represents an integrated system based on the concept of a circular economy, with a focus on the reuse of materials and objects. The potential of discarded objects and materials can be assessed in economic terms (financial value), ecological terms (CO<sub>2</sub> potential, groundwater and soil pollution), but also according to the potential lifespan of each material. The construction of the centre is planned at the Sajmišna Street location, where centralised collection and redistribution of usable materials will be enabled, with the plan to integrate a recycling yard, ensuring a comprehensive waste management system.

# IV BUSINESS ANALYSIS

FOR 2025



## OPERATING RESULTS

In 2025, the company achieved a profit of EUR 33.26 million, or a comprehensive profit of EUR 42.26 million. Operating revenue is 10% higher, while operating expenses are 7% higher in 2025, compared to 2024. Operating profit (EBIT) amounts to EUR 52.39 million and earnings before interest, taxes, depreciation and amortisation (EBITDA) amount to EUR 69.13 million. A loss of EUR 22.14 million was recorded from financial activities, which is a 20% better result compared to 2024 due to lower interest costs paid as a result of regular and early repayment of part of the club loan principal (EUR 30.63 million in 2024).

Description	1-12/2025 in 000 EUR	1-12/2024 revised in 000 EUR	Rate of change in %
Operating revenues	379,415	346,193	10%
Operating expenses	(327,022)	(306,519)	7%
Financial revenues	8,120	7,983	2%
Financial expenses	(30,256)	(35,733)	-15%
<b>Total revenues</b>	<b>387,535</b>	<b>354,176</b>	<b>9%</b>
<b>Total expenses</b>	<b>(357,278)</b>	<b>(342,252)</b>	<b>4%</b>
<b>Profit before tax</b>	<b>30,257</b>	<b>11,924</b>	
<i>Tax revenue/(expense)</i>	2,999	(4,748)	
<b>Profit for the year</b>	<b>33,256</b>	<b>7,176</b>	
<b>OTHER COMPREHENSIVE INCOME</b>			
<i>Items that will never be reclassified to profit or loss</i>			
Real estate revaluation gains	10,917	88,264	
Tax on other comprehensive income	(1,965)	(15,887)	
<i>Items that can be reclassified to profit or loss</i>			
Profit from effective cash flow hedge		758	
Other items that can be reclassified to profit or loss	59	576	
Tax on other comprehensive income	(10)	(11)	
<b>Total comprehensive income for the year</b>	<b>42,257</b>	<b>80,876</b>	
<i>EBIT</i>	<i>52,393</i>	<i>39,674</i>	<i>32%</i>
<i>EBITDA</i>	<i>69,134</i>	<i>56,667</i>	<i>22%</i>
<i>Loss from financial activities</i>	<i>(22,136)</i>	<i>(27,750)</i>	<i>-20%</i>

## REVENUES

In 2025, total revenues of EUR 387.54 million were achieved, which represents an increase of EUR 33.36 million or 9% compared to the previous year.

Sales revenues in 2025 amounted to EUR 275.36 million (2024: EUR 253.30 million), which is an increase of 9% compared to the previous year. The most significant growth in sales revenue was achieved in the following segments:

1. landscaping and maintenance of green areas, in the amount of EUR 9.75 million, as a result of increasing the scope of services performed, introducing new services, increasing income from landscaping and adjusting service prices to variable input costs through the public procurement process;
2. maintenance of cleanliness and waste disposal, in the amount of EUR 9.03 million, due to the greater volume of work on the maintenance of public traffic areas, as a result of the purchase of new cleaning vehicles and tanks and the employment of operational employees at the end of 2024. In addition to the above, the prices of services are in line with the growth of costs, and higher revenues from business users have been achieved;
3. parking, in the amount of EUR 3.66 million, due to higher revenues from the sale of daily and commercial parking tickets, with a simultaneous decrease in the sale of preferential tickets;
4. management and maintenance of public roads, in the amount of EUR 1.86 million, based on a larger volume of work on regular maintenance of roads and public traffic areas in city districts, as well as the adjustment of prices with input parameters through public procurement procedures.

A decrease in sales revenue was recorded in the facilities management segment, due to lower rental income due to the expiry of leases of public purpose buildings to the City of Zagreb.

The increase in other operating income in the amount of EUR 11.17 million mostly refers to higher income from the City of Zagreb budget for purposes approved by the City of Zagreb Assembly, which relate to covering the costs of the public service of municipal waste collection, plastic collection and disposal, landfill rehabilitation and disposal fee costs. Additionally, higher revenue was generated from the reversal of provisions for legal disputes. On the other hand, lower income was realised from unrealised gains from changes in the fair value of investments in real estate, with less realisation of income from collected written-off receivables.

Financial revenues were achieved at the level of the reporting period last year.

## EXPENSES

In 2025, operating expenses amounted to EUR 327.02 million, which represents an increase of EUR 20.50 million or 7% compared to the previous year.

In the structure of operating expenses, the increase is recorded by (I) personnel costs due to an increase in the basis for salary calculation by 15.6% from 1 May 2025 and an increase in the average number of employees by 4% (employment of operational employees in the Čistoća branch at the end of 2024), (II) material costs and services due to higher maintenance costs in accordance with the landslide rehabilitation process at the landfill, regular maintenance and management of the landfill, as well as the costs of utility services and fees, which are mostly related to the disposal of separately collected waste due to an increase in the average price of recycling waste plastic packaging by 18%, higher costs of consumed raw materials and materials primarily due to different dynamics of the distribution of bags for recyclable waste, as well as variable input costs through public procurement procedures, (III) other operating expenses increased by the fee for the Jakuševac Landfill in accordance with the Regulation on the unit fee for waste disposal (EUR 15/t), (IV) provision costs increased due to an increase in provisions for employee benefits and litigation, while a decrease is recorded in (V) value adjustment costs related to changes in the fair value of investment property.

Financial expenses in 2025 are lower by EUR 5.48 million or 15% due to lower interest costs as a result of regular and early repayment of part of the club loan principal and its refinancing.

## STATEMENT OF FINANCIAL POSITION

Below is a summary of assets, equity and liabilities from the Statement of Financial Position as of 31 December 2025 compared to the balance as of 31 December 2024:

Description	31 December 2025 in 000 EUR	31 December 2024 revised in 000 EUR	Rate of change in %
<b>Non-current assets</b>	<b>1,361,013</b>	<b>1,327,701</b>	<b>3%</b>
<b>Net working capital</b>	<b>25,782</b>	<b>34,755</b>	<b>-26%</b>
Stocks	9,783	9,890	-1%
Receivables	84,467	91,772	-8%
Liabilities	(68,468)	(66,907)	2%
<b>Net debt</b>	<b>(474,789)</b>	<b>(494,422)</b>	<b>-4%</b>
Received loans, borrowings and financial lease	(211,047)	(239,661)	-12%
Liabilities for issued bonds	(303,599)	(303,098)	0%
Cash and cash equivalents	39,857	48,337	-18%
<b>Financial assets</b>	<b>234</b>	<b>407</b>	<b>-43%</b>
<b>Other non-current and current liabilities</b>	<b>(224,301)</b>	<b>(222,759)</b>	<b>1%</b>
<b>Net assets</b>	<b>687,939</b>	<b>645,682</b>	<b>7%</b>
Subscribed capital	437,166	421,666	4%
Reserves	322,523	329,089	-2%
Retained profit / transferred loss	(71,750)	(105,073)	-32%
<b>Equity</b>	<b>687,939</b>	<b>645,682</b>	<b>7%</b>

\* The item Received loans, borrowings and financial lease, includes a liability for the finance lease of the Arena facility in the amount of EUR 61.57 million for 2025 (2024: EUR 65.75 million). At the same time, the same amount is recorded within the item Non-Current Assets as a receivable from the City of Zagreb and the Government of the Republic of Croatia

As of 31 December 2025, the Company's total net assets amounted to EUR 687.94 million, an increase of EUR 42.26 million compared to 31 December 2024.

The company's non-current assets increased by EUR 33.31 million due to (I) an increase in the value of real estate, plant and equipment (+EUR 18.34 million) in accordance with the real estate revaluation (EUR 10.92 million), investments in the amount of EUR 23.29 million were made, while annual depreciation at the Company level amounted to EUR 16.74 million, (II) an increase in the value of investments in real estate (+EUR 4.97 million) based on the assessment of the fair value of real estate by qualified appraisers authorised to assess the value of real estate, (III) an increase in the value of long-term receivables (+EUR 3.94 million) due to the extension of the repayment period of the loan to the company GPZ-O, which was reclassified as a long-term receivable and a decrease in long-term receivables from the City under multi-year lease agreements for public facilities.

Net working capital is lower by EUR 8.97 million due to lower receivables from subsidiaries (-EUR 11.35 million) in accordance with the reclassification of the loan to GPZ-O d.o.o. to long-term receivables, higher receivables from customers (+EUR 4.05 million) and increased trade payables and other liabilities (+EUR 1.56 million).

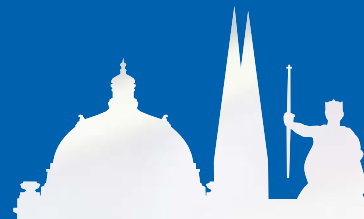
Net debt as of 31 December 2025 amounts to EUR 474.79 million, which is EUR 19.63 million lower than on 31 December 2024 due to regular loan repayments.

Cash and cash equivalents at the end of the period amounted to EUR 39.86 million, which is EUR 8.48 million less than on 31 December 2024.

Capital is increased by the profit realised in the current period, as well as by the increase in value resulting from the revaluation of real estate.

# APPLICATION OF THE CODE OF CORPORATE GOVERNANCE

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# V STATEMENT on the application of the Code of Corporate Governance

IN 2025

## 5.1. RESPONSIBLE CORPORATE GOVERNANCE

The Company pays exceptional attention to corporate governance, which represents a significant determinant in the Company's operations, providing an incentive for the Management Board, Management and Supervisory Board to pursue the interests of and protect stakeholders, service users 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 Company bodies: the Management Board on 23 December 2015, the Supervisory Board on 11 May 2016, and the Assembly 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 business transparency for the purpose of efficient business operations and responsible management of resources in the function of the Company's development, all in the best interest of the citizens of Zagreb as users of utility and public services, and then of all other interest groups and stakeholders with whom the Company enters into business and legal transactions.

Corporate governance in the Company is based on the following principles:

- » legality
- » transparency and publicity of operations
- » segregation – clearly developed procedures for the work of Supervisory Boards, Management Board and other bodies and structures that make important decisions
- » preventing conflicts of interest
- » effective internal control
- » strengthening personal responsibility
- » corporate social responsibility

In the 2025 financial year, the Company essentially followed and implemented the recommendations set out in the Code, publishing all information whose publication is required by applicable regulations and the publication of which is in the interest of investors, as well as all stakeholders.

### Management and management organisation

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

### Assembly of the Company

The Company Assembly is convened, as a rule, once a year, and must be convened whenever the interests of the Company require it and in cases specified by the law and the Declaration of Establishment. The Assembly decides on the Company's financial statements, the use of profits and the coverage of losses; the alienation and encumbrance of the Company's real estate; investments in the development and construction of new facilities and investments in other companies; the Company's annual work plan; the increase and decrease of the share capital; the appointment and revocation of members of the Management Board; the appointment and revocation of members of the Supervisory Board; status changes, amendments to the Declaration of Establishment and the termination of the Company. In addition to these issues, the Assembly also decides on all other issues that are under its jurisdiction by the provisions of the law and the Declaration of Establishment and other internal acts.

The Company Assembly is convened by the Management Board in the manner and within the time frame prescribed by law. The Assembly may also be convened by the Supervisory Board in cases provided for by the law and the Declaration of Establishment, as well as by a member of the Company.

## Supervisory Board

Supervision of the Company's business operations is carried out by the Supervisory Board in accordance with *the Companies Act* (Official Gazette No. 136/24 with all amendments), the Statement of Incorporation of *the Company and the Rules of Procedure of the Supervisory Board*, including other applicable regulations.

Company Assembly elects and revokes members of the Supervisory Board, for a term of four years. One member - employee representative may be appointed and revoked in accordance with the provisions of *the Labour Act* (Official Gazette Nos. 93/2014, 127/20217, 98/2019, 151/2022, 46/2023, 64/2023). Members of the Supervisory Board regularly receive detailed information and reports on the state of the Company, its management and operations, so that they can effectively fulfil their obligation to supervise the management of the Company's affairs.

The Supervisory Board's report on the supervision of business management is an integral part of the Company's annual reports submitted to the Company's Assembly.

Supervisory Board sessions are convened as needed, in accordance with the Company's business challenges. The Supervisory Board sessions is convened and chaired by the President of the Supervisory Board. The President convenes the session on their own initiative, at the request of an individual member of the Supervisory Board or at the proposal of the Company's Management Board. Supervisory Board sessions 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 current practice of the convening Supervisory Board. Sessions are convened on different topics, and not only those prescribed by the Declaration of Foundation, that is, legal acts. They are held at least once a quarter, and more often if necessary. The way the Supervisory Board operates is defined by the Rules of Procedure of the Company Supervisory Board.

### Audit Committee – Subcommittee of the Supervisory Board

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

The Audit Committee is an expert advisory body of the Supervisory Board, consisting of members of the Supervisory Board and/or members appointed by the Supervisory Board, and which assists the Supervisory Board in its work and, in accordance with legal regulations and internal acts, performs tasks in the field of financial reporting, internal audit and internal control systems. In addition to the aforementioned tasks, the Audit Committee oversees the effectiveness of external audit activities and their independence and objectivity. The way the Audit Committee operates is defined by *the Rules of Procedure of the Audit Committee of Zagrebački holding*.

## Management Board

The Company's Management Board manages the company's affairs independently and at its own risk, and makes all decisions solely based on its own judgement. The Management Board is obliged to always act exclusively in the interest of the Company, taking into account the interests of employees and the wider community in order to increase the value of the Company's assets.

When managing the Company's operations, the Management Board has the following responsibilities: plans and organises Company's operations, analyses the market, prepares the Company's investment programme, monitors the status of the Company's assets, implements the decisions of the Assembly, takes care of the Company's liquidity and takes measures to improve them, considers the report on the Company's operations during the financial year, submits reports on the Company's operations to the Supervisory Board in accordance with *the Companies Act* (Official Gazette No. 136/24 with all amendments), convenes Assembly sessions, proposes profit distribution and measures to cover losses, and performs other tasks specified by the law and the Declaration of Establishment.

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

The Management Board manages the Company's affairs in accordance with the Companies Act (Official Gazette No. 136/24 with all amendments), the Statement of Establishment 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 collectively with another member of the Management Board.

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

The Management Board submits reports to the Supervisory Board on the Company's operations during the financial year in accordance with the *Companies Act* (Official Gazette No. 136/24 with all amendments).

### Responsibility of branch managers

The Managers of the Company's branches are responsible for the operational operations of the branches and the performance of all duties and tasks in the operational operations of the branches, as well as for the accuracy of all financial data submitted to the Company.

The Managers of the Company's branches are required to draft an annual business plan and provide services for the branches; they must operate within the framework of the adopted annual plans and must not deviate from the planned financial values.

### Internal control system

ZGH, as a complex system that encompasses the provision of utility and public services, is exposed to various internal and external risks. In order to identify and mitigate its impact in a timely manner, a system of internal controls consisting of "three lines of defence" has been established.

The implemented "three lines of defence" model regulates responsibilities where the first level of management encompasses all organisational units, and where managers and responsible employees are assessing and managing risks within their areas of responsibility through regular operational activities.

The second level refers to systematic, integrated risk management, business alignment and process improvement at the Company level. Within this framework we carry out identification, analysis and assessment of risks and opportunities, including monitoring their mutual influences and trends. The process is carried out periodically, with continuous monitoring of new and changing risks and opportunities to ensure a timely response. The chapter "The most significant risks to which the Company is exposed" describes the risks that the Company was facing in 2025.

The third level is internal audit, which independently assesses the effectiveness of the internal control system (first and second lines of defence) through regular and exceptional audits. The chapter "Internal Audit" describes the focus of internal audit in 2025.

The Company engages independent external auditors as an important instrument of corporate governance, in order to ensure that the financial statements give a true and fair view of the Company as a whole. Also, activities of continuous monitoring and assessment of the internal control system are carried out through a self-assessment procedure at least once a year in accordance with the regulations governing the issuance of the Statement of Fiscal Responsibility.

The amendments to *the Act on the Internal Control System in the Public Sector* (Official Gazette Nos. 78/15, 102/19, 105/25) from 2025 aimed, among other things, to incorporate OECD recommendations on the establishment of integrated risk management, so the Company began the process of establishing an integrated risk management system in 2024, which has been fully implemented since 2025 and is an integral part of the control framework.

During 2025, a set of internal regulations was adopted to improve procedures related to the internal control system:

- » The Regulations on Compliance, as a basic framework for managing business compliance and compliance risks, established a clear division of roles and responsibilities, adopting the three lines model of responsibility for business compliance. The Regulation also adopted the concept of compliance ambassadors, ensuring greater involvement of employees in all organisational units of the Company in compliance topics.
- » The Regulations on Strategic and Operational Risk Management provides general guidelines and prescribes procedures and rules for risk management, while the Risk Management Strategy and Risk Management Methodology, which form an integral part of the Strategy, describe the method of implementing a systematic approach to risk management, in accordance with which the Risk Register was adopted.
- » In order to ensure continuous improvement of business activities, the Company has established clear guidelines for managing business processes and implemented a system for their management and modelling, which further strengthens the institutional framework for monitoring and improving efficiency. All of the above is aimed at long-term optimisation of existing and introduction of new business processes in order to increase efficiency, reduce business costs and additionally improve the quality of services provided by the Company.

The established system ultimately contributes to management being better informed, timely recognition of key risks and opportunities, and strengthening the connection between risk management and strategic objectives and business decision-making.

The Company continuously carries out activities aimed at improving the corporate governance system. Thus, in the first half of the year, training was held for the Management Board, members of the Supervisory Board and management of the Company and members of the Group on the topic of their key role in building a culture of compliance and integrity with a special emphasis on ethical behaviour, recognition and prevention of conflicts of interest, inappropriate gifts, forms of hospitality and other benefits, including responsible management of corruptive risks.

### Quality management systems

Within the framework of the integrated quality management system and the associated quality policy, the Company continuously develops and improves the efficiency of its operational processes, service quality system, as well as environmental and energy management systems.

This approach is based on systematic management of all branches through clearly defined standards, guidelines and quality rules. At the same time, the exchange of best practices between different parts of the system is encouraged to ensure a uniform level of service and continuous improvement of operations.

The integrated quality management system is coordinated by the competent central function, with the system established in a way that connects different areas of operations (horizontally) and all levels of the organisation (vertically). In this way, compliance with procedures, clearly defined responsibilities and effective support for the achievement of the Company's strategic and operational goals are ensured.

As part of this system, activities related to quality, sustainability and environmental protection are continuously implemented and regularly improved. Compliance with relevant standards is confirmed through independent certificates, while the quality of the system is monitored through regular internal and external audits and supervision of operations at all levels of the organisation.

During the year, the Company implemented and certified the EnMs energy management system in accordance with the HRN EN ISO 50001 standard in all branches and corporate services, thus providing a tool for systematic optimisation and continuous improvement of energy efficiency. During the implementation process, two two-day training sessions were held for the members themselves, an energy planning methodology was developed, internal energy audits were carried out, and energy use was analysed in correlation with business processes in all functional components of the Company. The above has further improved the systematic monitoring and management of energy efficiency, thereby supporting compliance with relevant regulatory requirements in the fields of energy, climate change and ozone layer protection.

The established integrated management system includes the following certified standards: ISO 9001, ISO 14001 and ISO 50001, while in 2026, the expansion of the occupational health and safety management system (ISO 45001) to the level of the entire Company is planned, as well as certification of the information security management system according to the ISO 27001 standard.

### Responsible financial operations

During 2025, two international credit rating agencies confirmed the Company's credit rating; Standard & Poor's Global in December 2025 confirmed the rating at BB level, while the outlook was revised from stable to positive; and Moody's, which confirmed the Company's credit rating at A3 level with a stable outlook in November 2025.

As stated by the rating agencies, the Company's credit rating stems from the institutional and financial connection with the City of Zagreb and is the result of a stable operating framework in which the Company operates.

Changes in credit rating, as a result of the successful implementation of the strategy which, due to the operational and financial restructuring, generated positive EBITDA for the Company for three consecutive years (EUR 73.00 million in 2024, EUR 67.50 million in 2023 and EUR 60.03 million in 2022), reflect the stability and prospects of the Company as well as the establishment of a trend of achieving positive business results and investor confidence in the ability to manage risks.

Over the past two years, the Company has made significant progress in financial stability with a continuous reduction in indebtedness under the club loan concluded on 26 September 2022 and on 31 October 2025 a long-term club loan agreement

up to EUR 131,000,000.00 was concluded with a club of banks (Zagrebačka banka d.d. and Erste&Steiermärkische Bank d.d.) for the purpose of refinancing existing credit obligations under the Agreement on a long-term club loan in the kuna equivalent of up to EUR 240,000,000. With the Agreement in question, the Company achieved more favourable repayment terms, including a reduction in the interest rate and optimisation of the credit arrangement structure, while reducing the number of financial institutions involved in the arrangement.

The International Finance Corporation (IFC), as one of the key investors, is supporting the Company's long-term investment programme through a specialised green loan worth up to EUR 56 million. The green loan will finance investments aimed at supporting the development of a circular waste management system and advancing the green cities agenda in Zagreb, the procurement of vehicles and machines with lower emissions for separate waste collection, the development of green spaces and road maintenance, infrastructure for waste separation at source, biowaste pre-treatment facilities, and information and communication technologies for smart, data-driven waste management operations.

Further to the above, on 16 December 2025, the Company obtained the consent of the City of Zagreb Assembly for long-term borrowing through a Loan Agreement in the amount of up to EUR 56,000,000.00 between the International Finance Corporation (IFC) and the Company, pursuant to which the signing of the agreement in question is expected in the first quarter of 2026.

The investments in question will be carried out in accordance with the "Circular Economy Green Financing Framework", based on which the main determinants related to activities that are of vital importance for the city of Zagreb are defined. The Independent Appraiser, Moody's, conducted an assessment ("SPO – Second-Party Opinion") of the Circular Economy Green Financing Framework, which assigned the company an SQS2 Sustainability Quality Score (Very Good).

How responsible corporate governance affects the Company's own human resources and other stakeholders is described in the Annual Consolidated Report of the Zagrebački holding Group for 2025 in the Sustainability Report section.

## 5.2. RISKS FROM THE COMPANY'S OPERATIONS

In 2025, integrated risk management was established and a complete cycle of identification, assessment and action regarding Company's risks was implemented. The most significant risks identified relate primarily to operational efficiency, continuity of provision of utility services, financial sustainability, regulatory compliance and infrastructure sustainability. The risks associated with outdated infrastructure and vehicle fleet, insufficient functionality of individual utility bases and facilities, limited capacity for property maintenance and lack of qualified workforce in certain activities are particularly pronounced. The risks in question may have an impact on the increase in operating costs, expressed in the efficiency of process activities and the timely fulfilment of contractual obligations. Transitional climate risks resulting from regulatory requirements related to energy efficiency, decarbonisation and adaptation of the business model to long-term climate goals were also identified. The aforementioned risks do not currently call into question the continuity of operations, but they require consistent implementation of investment and organisational measures, and close coordination of relevant stakeholders. In the short term, they do not pose a threat to financial stability, but in the medium and long term, they require significant investments and possibly an adapted strategic approach to unexpected geopolitical circumstances. Namely, the identified risks indicate that most critical exposures cannot be reduced or eliminated in the short term, nor transferred or accepted, but require a continuous approach in managing the following circumstances:

- » more effective coordination of strategic and operational decisions;
- » more complex connection between planning, risks and objectives;
- » clearer communication with stakeholders regarding real needs;
- » consistency in the implementation of modernisation projects, especially decarbonisation measures, including human resources management, process optimisation and additional strengthening of the internal control system.

The key strategic risk is the preservation of business continuity, due to the infrastructural, financial, organisational, regulatory and transitional impact and related consolidated consequences in terms of increased operating costs, investment needs and difficulty in planning and conducting business due to external influences. The defined measures for dealing with risks include, among other things, increasing investments in vehicles, equipment and working machines, modernising and rationalising utility bases and facilities, strengthening operational capacities and energy efficiency, strengthening employee safety, improving

planning and coordination, work optimisation and additional development of the Human Resources management system due to existing and expected challenges in the labour market. The aforementioned activities represent key management opportunities for strengthening the resilience of the business model, improving efficiency and long-term business sustainability. The implementation of the measures is expected to have a positive effect on the further optimisation of costs and the improvement of the efficiency of the business model by preserving the continuity of the provision of public services.

Challenges regarding the occurrence of unpredictable circumstances and events required work adjustments, greater management coordination, and additional investment in infrastructure. After the collapse of the Dolac market roof, sales had to be reorganised and remediation work had to be carried out in a timely manner in order to minimise the negative impact on business activity. The onset of extremely demanding snow conditions confirmed the validity of the decision to increase the number of operational employees and the equipment of the vehicle fleet; in this case, Winter Service. In order to manage the risks arising from the fire at the Vjesnik skyscraper, emergency activities were undertaken to improve traffic flow, which required the construction of a new road, the installation of traffic signs and signs, and prefabricated kerbs to facilitate vehicle movement. It is precisely the situations in question that demonstrate the validity of the measures adopted to deal with unpredictable external events, additional integration of management systems in the event of extreme weather conditions and crisis situations, and investments in infrastructure, which contribute to resilience to external influences.

In increasing the efficiency of labour-intensive activities, significant progress has been made in occupational safety, with the number of injuries reduced by 17%, serious injuries by 80% and lost working hours by 22%, with the absence of fatal injuries and recorded occupational diseases. The Čistoća branch still accounts for the largest share of all injuries, and accordingly, measures have been determined to reduce the number of injuries in the branch by 10 to 25%. With Zagreb Roads and Zrinjevac branches, expected risk reduction is up to 30%. At the same time, in order to ensure an international standard in the management of occupational health and safety in 2026, HR EN ISO 45001 will be implemented with the aim of ensuring safe and healthy workplaces and activities. The above-mentioned future actions within the organisation will apply the highest safety standards at work, including continuous improvement in preventing risks, informing employees, employee training, work organisation and work equipment.

In the field of **cybersecurity**, given the Company's categorisation by the National Cybersecurity Authority at the critical level, a deadline of one year has been set for adapting the Company's cybersecurity control mechanisms to the legal framework. In accordance with the mandatory legal measures, the Management Board is actively involved in taking necessary steps for harmonisation with the regulatory framework.

ZGH implements information security risk management procedures, including regular vulnerability assessments, implementation of security controls, and continuous monitoring and recording of security incidents to ensure compliance with legal requirements. The Company also ensures the implementation of organisational and technical measures such as employee training, defining security policies, managing access, and establishing incident response and system recovery plans.

Plans for the coming period are focused, among other things, on further strengthening the maturity of the risk management system, strengthening the risk culture and ensuring additional human and IT capacities. By improving the integrated risk management system, especially through quantitative development, a framework will be created for a more comprehensive analysis of causes and consequences, a more extensive determination of materiality according to possible unexpected circumstances and events, and a more pronounced determination of the impact on investment decisions and financial management.

The Company's **interest rate risk** arises from long-term loans, leases and issued bonds. The majority of the long-term interest-bearing debt is contracted at a fixed interest rate through a EUR 305 million bond and a EUR 131 million club loan. In 2025, the company refinanced the existing club loan with a variable interest rate by contracting a fixed interest rate, which minimised the impact of the volatility of market interest rates on finance costs.

The new investment cycle financed by IFC in the amount of up to EUR 56 million, which builds on the previous refinancing of bonds related to sustainable operations, defined variable interest rate contracting, which manages interest rate risk exposure by combining fixed and variable interest rates. With a possible increase in reference interest rates that spills over from the world to the Croatian financial market, the Company will minimise the impact of interest rate risk by contracting hedging instruments via interest rate swaps (through IFC or with local banks) and by monitoring money market movements. In order to reduce the interest rate risk, the Company continuously monitors the movement of interest rates.

Since the Company does not have significant assets that generate interest income, the Company's income 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, based on that, calculates the impact of interest rate changes on the profit and loss account.

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

At the Company level, **liquidity risk** is managed by continuously monitoring planned cash flow, comparing and aligning it with actual cash inflows and outflows. The Company additionally manages the risk in question by ensuring 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 as they fall due, and by using the synergistic effects of the Company's broad portfolio of services, it influences revenue growth and reduces the costs of external services, while the commercialisation and/or sale of non-operating assets can reduce credit indebtedness and increase liquidity.

### 5.3. INTERNAL AUDIT

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The Internal Audit Department occupies a strategic position within the Company's organisational structure. It is located independently and directly next to the Management Boards, which ensures its operational and functional independence. The internal control system, based on audit engagements conducted in 2025, was assessed as satisfactory with potential for further improvement. The implementation of recommendations arising from audit engagements is aimed at strengthening accountability, transparency and efficiency, which will enable the Company to significantly reduce strategic, operational and financial risks and ensure the sustainability and stability of its business in the long term.

In 2025, 9 audit engagements, 3 advisory engagements and 13 controls or insights were carried out in the following areas: the calculation process in the Company, the process of transferring business events to the GPZ bases, the invoicing process for the City of Zagreb, the process of recording and monitoring the working hours of warehouse employees, the process of contracting and monitoring municipal waste collection services, the process of simple procurement, cash management, the process of issuing and returning IT equipment within the Company, the process of planning personal protective equipment, fuel consumption control, the process of providing opinions to Expert Services as a basis for making Management Board decisions, fuel consumption in the Zrinjevac branch, collection of receivables in the Zagreb Roads branch, salary calculations in subsidiaries, lease agreements and certain procurement processes in individual organisational units.

Systematic implementation of internal controls is key to minimising risk and creating the foundation for continuous improvement of business processes and achieving the Company's strategic objectives.

### 5.4. PROFESSIONAL RECOGNITIONS AND AWARDS

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In November 2025 ZGH received the Croatian Sustainability Index (HRIO) award as the best in the public company category. The HRIO award is presented 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 implementation of their own sustainable business practices, a review of compliance with the latest European Union regulations, and a comparison with the practices of other companies in Croatia.

Additionally, according to the results of the business sustainability analysis (ESG rating) conducted by the Croatian Chamber of Commerce, ZGH is the winner of the award for the best sustainable public company in 2025. This analysis evaluates the performance of an organisation's sustainable business, based on its approach to the environment, society, and management practices.

The aforementioned recognitions reflect the Company's dedication to effective, responsible practices in daily operations and progress.

In 2025, on the occasion of the 150th anniversary of the Faculty of Humanities and Social Sciences of the University of Zagreb, the Company was presented with a certificate of appreciation for its contribution to strengthening the theoretical and practical knowledge of students by providing professional practice in the Company, based on successful long-term cooperation.

## 5.5. SPONSORSHIPS AND DONATIONS

The management framework, principles, criteria and procedure for awarding 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, Standards and Procedures of Financing and Contracting Programmes and Projects of Interest to the Public Good Implemented by Associations* (Official Gazette No. 26/2015), including the new legislative framework on sustainability.

Requests for sponsorships and donations are considered by a committee appointed by the Company's Management Board. Before starting work, Members of the Committee sign a declaration of impartiality and confidentiality. They also undertake to refrain from considering cases in which a conflict of interest exists or is likely to arise.

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

### Realised sponsorships and donations

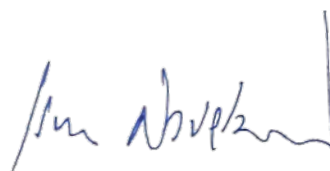
During 2025, the Company continued to support projects focused on environmental protection, humanitarian actions and events organised in the fields of culture, art, science, education, health and sports. It especially supported major sporting events important to the City of Zagreb and the Republic of Croatia. The total value of approved sponsorships realised in the services provided by the Company amounts to slightly more than EUR 310,000.

For many years, the company has supported various **humanitarian projects**, including the Terry Fox Run of the Croatian League Against Cancer, the Spice of Love campaign organised by the La Verna Association, the Walk for Those Who Can't events of the Amputee Association, 23th Equal Opportunities Festival organised by the Society of the Physically Disabled. **Environmental projects** supported by ZGH are X. International Children's Diving Eco-Patrol "Cleaning without borders" in Savudrija, which connects generations and countries in cleaning the sea from waste, and 17th ZeGeVege festival that promotes sustainable living, that is, a way of life in which the use of natural resources does not endanger the environment, the lives of other animals and the well-being of other people.

Significant sponsorships include **international races** 33. Zagreb Marathon with Holjevka X, 75. Boris Hanžeković Memorial (World Athletics Continental Tour Gold, the oldest Croatian athletics spectacle), a stage of the CRO Race cycling race held in Zagreb County, the B2RUN race, and the Advent Run humanitarian race.

**Numerous festivals and events were supported**, such as the Greencajt Festival in Zagreb, which brings together ESG experts from 12 countries and featured more than 350 speakers in search of solutions to the climate crisis, the PLACe market on Dolac, which transforms the market into a street food festival every Friday, the Ilica Q'ART event that revitalises Ilica several times a year with art, crafts, music and performances by various artists, then Summer on Trešnjevka market, events with cultural and recreational content for the local community, and the El Sistema Hrvatska Summer Music Camp in Savudrija, a programme focused on educating children and youth through orchestral music, and many others.

In accordance with the provisions of Article 22 of *the Accounting Act* (OG 85/2024, 145/2024, 151/25), this Statement is a separate section and an integral part of the Annual Report for 2025.



Ivan Novaković  
President of the Management Board

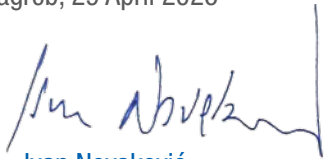
# VI STATEMENT OF THE PERSONS RESPONSIBLE FOR PREPARING THE ZAGREBAČKI HOLDING D.O.O. REPORTS

## 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 2025 to 31 December 2025 (unconsolidated), prepared in accordance with International Financial Reporting Standards, give a complete and true view of the assets and liabilities, profits and losses, financial position and operations of the issuer,
- » The Management Report of Zagrebački holding d.o.o. for the period from 1 January 2025 to 31 December 2025 (unconsolidated) contains a true and fair view of the development and results of operations and the position of the issuer, along with a description of the most significant risks to which the issuer is exposed.

In Zagreb, 29 April 2026



Ivan Novaković  
President of the Management Board



Dubravko Karačić  
Member of the Management Board



Damir Novinić  
Member of the Management Board



Miljenko Hrman  
Member of the Management Board

## VII RESPONSIBILITY FOR ANNUAL UNCONSOLIDATED FINANCIAL STATEMENTS

The Management Board is responsible for ensuring that the Annual Unconsolidated Financial Statements of Zagrebački holding d.o.o., Zagreb, Ulica grada Vukovara 41 ("Company") for 2025 are prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") so that they provide a true and fair view of the unconsolidated financial position, unconsolidated operating results, unconsolidated cash flows and unconsolidated changes in equity of the Company for that period.

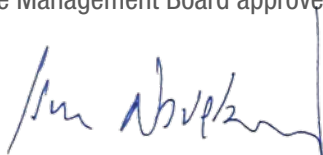
Management reasonably expects that the Company has adequate funds to continue operations in the foreseeable future. Accordingly, the Company's Management Board has prepared the annual unconsolidated financial statements under the assumption of a going concern.

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 current financial reporting standards;
- » making reasonable and prudent judgements and assessments;
- » preparation of Annual Unconsolidated Financial Statements on the going concern assumption, unless the assumption is inappropriate.

The Management Board is responsible for keeping proper accounting records, which at any time will reflect with reasonable accuracy the unconsolidated financial position, unconsolidated operating results, unconsolidated changes in equity and unconsolidated cash flows of the Company, as well as their compliance with *the Accounting Act* (OG 85/24, 145/24, 151/25) and International Financial Reporting Standards as adopted by the European Commission. The Board of Directors is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Management Board approved the issuance of the Annual Unconsolidated Financial Statements on 29 April 2026.



**Ivan Novaković**  
President of the Management Board



**Dubravko Karačić**  
Member of the Management Board



**Damir Novinić**  
Member of the Management Board



**Miljenko Hrman**  
Member of the Management Board

# VIII ANNUAL UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

TOGETHER WITH THE INDEPENDENT AUDITOR'S REPORT

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## INDEPENDENT AUDITOR'S REPORT

To the owner of the Zagreb Holding d.o.o., Zagreb

Report on the audit of unconsolidated annual financial statements

### Opinion

We audited the unconsolidated annual financial statements of Zagrebački holding d.o.o., Ulica grada Vukovara 41, 10 000 Zagreb (the Company), which include the unconsolidated statement of financial position as at 31 December 2025, the unconsolidated statement of comprehensive profit, the unconsolidated statement of cash flows, the unconsolidated statement of changes in equity for the year ended at that time, and the notes to the unconsolidated annual financial statements, including material information on accounting policies.

In our opinion, the accompanying unconsolidated annual financial statements present fairly, in all material respects, the unconsolidated financial position of the Company as at 31 December 2025, its unconsolidated financial performance and unconsolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards adopted by the European Union (IFRS).

### Basis for opinion

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

### Emphasis of Matters

#### *Consolidated financial statements*

We draw attention to Note 2.d), which states that the consolidated financial statements of Zagrebački holding d.o.o. and its affiliated companies, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, have been issued separately as at the date of these unconsolidated annual financial statements. For a better understanding of Zagrebački holding d.o.o. as a whole, users should read the consolidated financial statements together with the accompanying unconsolidated annual financial statements.

#### *Ownership of property*

As described in Notes 18 Property, Plant and Equipment and 19 Investment Property to the unconsolidated annual financial statements, certain municipal land registers have not been fully updated and do not reflect the status of ownership of real estate. Procedures for registering land and buildings in the land registers are ongoing. Although the Company holds relevant documentation evidencing ownership, there is uncertainty regarding registration of ownership over the assets in its possession. Our opinion is not modified in respect of this matter.

## **INDEPENDENT AUDITOR'S REPORT (continued)**

### **Report on the Audit of Unconsolidated Annual Financial Statements (continued)**

#### **Highlighting questions (continued)**

##### *Restatements of prior periods*

We draw attention to Note 5 to the unconsolidated annual financial statements, which describes restatements made during the current year relating to matters identified in prior reporting periods. During the current year, the Company resolved the matters previously identified and made the appropriate corrections in the unconsolidated annual financial statements. Our auditor's opinion for the current year is not modified in respect of this matter.

##### *Receivables from and liabilities to related parties*

We draw attention to Note 24 Non-current receivables, Note 26 Receivables from related parties and Note 36 Liabilities to related parties to the unconsolidated annual financial statements, which disclose balances with related parties. The transactions and balances presented in the unconsolidated annual financial statements are the result of the business model, ownership structure and manner in which the Company is managed. The Company's Management continuously reviews the business model and relationships with related parties and, depending on the results of such review, effects may arise on the amounts presented in the unconsolidated annual financial statements. Our opinion is not modified in respect of this matter.

#### **Key audit matter**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the unconsolidated annual financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated annual financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that the matter described below is the key audit matter to be communicated in our Independent Auditor's Report.

For the accounting policies, please refer to Note 4 Significant Accounting Estimates - Revenue Recognition and Note 3.r) Revenue Recognition, as well as Note 6 Revenue from Sales and Note 7 Segment Information to the unconsolidated financial statements.

**INDEPENDENT AUDITOR'S REPORT (continued)**

**Report on the Audit of Unconsolidated Annual Financial Statements (continued)**

**Key audit question (continued)**

Key Audit Matter	How we addressed the key audit matter
<p>Revenue recognition</p> <p>In 2025, the Company recognised revenue from sales in the unconsolidated statement of comprehensive income in the amount of EUR 275,357 thousand (for the year ended 31 December 2024: EUR 253,303 thousand).</p> <p>Revenue consists of the fair value of consideration received or receivable, mainly for services rendered, products sold or goods sold in the ordinary course of the Company's business. Revenue is presented net of value added tax, volume rebates and sales discounts.</p> <p>The Company's revenue from sales comprises various types of activities, as stated in Note 7 Segment Information.</p> <p>In addition, a characteristic of a significant part of the above-mentioned activities is that revenue consists of a large number of individually low-value transactions, in line with the Company's activities and business model.</p> <p>In accordance with International Financial Reporting Standard 15 Revenue from Contracts with Customers, revenue from sales is recognised when the Company provides a service, delivers goods to a customer, no longer has managerial involvement with the goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the product.</p> <p>Delivery occurs when the products have been dispatched to a specific location, the risks of loss have been transferred to the customer, and one of the following has been established: the customer accepts the products in accordance with the contract, the acceptance period has expired, or the Company has objective evidence that all acceptance criteria have been satisfied.</p> <p>Considering the significance of revenue from sales presented in the unconsolidated statement of comprehensive income and the risk of its recognition, we concluded that the accuracy of recording transactions, the appropriateness of the allocation of the total transaction value between multiple elements in a bundled transaction, the completeness of revenue recorded by relying, in part, on the billing system, and recognition in the correct reporting period constitute a key audit matter.</p> <p><i>Related disclosures in the accompanying unconsolidated annual financial statements</i></p> <p>See Notes 3.r) and 7 to the unconsolidated annual financial statements.</p>	<p>Audit procedures related to this area included, among others:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of the sales process by holding discussions with key persons in sales and relevant professional departments of the Company;</li> <li>• Obtaining an understanding of key controls relating to revenue recognition from sales;</li> <li>• Testing the design and operating effectiveness of key controls relating to the accuracy and existence of revenue generated;</li> <li>• Performing tests of details on a sample basis in order to identify unusual or irregular items and the appropriate allocation of revenue between reporting periods;</li> <li>• Comparing independent confirmations of outstanding trade receivable balances, on a sample basis, as at the reporting date, with the balances recorded in the Company's accounting records as at the same date;</li> <li>• Assessing the compliance of the revenue recognition policy for sales with International Financial Reporting Standard 15 Revenue from Contracts with Customers;</li> <li>• Assessing the adequacy of disclosures relating to revenue recognition from sales in accordance with International Financial Reporting Standard 15 Revenue from Contracts with Customers.</li> </ul>

## **INDEPENDENT AUDITOR'S REPORT (continued)**

### **Report on the Audit of Unconsolidated Annual Financial Statements (continued)**

#### **Other information**

Management is responsible for the other information. The other information comprises information included in the Annual Report, but does not include the unconsolidated annual financial statements and our Independent Auditor's Report thereon. Our opinion on the unconsolidated annual financial statements does not cover the other information.

In connection with our audit of the unconsolidated annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the Management Report and the Report on the Application of the Corporate Governance Code, we have also performed the procedures prescribed by the Accounting Act. Those 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 Corporate Governance Code contains the information referred to in Article 25 of the Accounting Act.

Based on the procedures performed, to the extent we are able to assess, we report that:

1. the information in the accompanying Management Report and the Report on the Application of the Corporate Governance Code is consistent, in all material respects, with the accompanying unconsolidated annual financial statements;
2. the accompanying Management Report has been prepared in accordance with Article 24 of the Accounting Act, excluding sustainability reporting requirements;
3. the accompanying Report on the Application of the Corporate Governance Code includes the information defined in Article 25 of the Accounting Act;
4. with respect to the Sustainability Report, which is included as part of the other information and forms a separate part of the Management Report, we performed limited assurance procedures, the results of which are presented in a separate limited assurance report with an unmodified conclusion.

Based on the knowledge and understanding of the Company and its environment obtained in the audit of the unconsolidated annual financial statements, we are required to report whether we have identified material misstatements in the accompanying Management Report and the Report on the Application of the Corporate Governance Code. In this respect, we have nothing to report.

#### **Responsibilities of Management and Those Charged with Governance for the Unconsolidated Annual Financial Statements**

Management is responsible for the preparation and fair presentation of the unconsolidated annual financial statements in accordance with IFRSs and for such internal controls as Management determines are necessary to enable the preparation of unconsolidated annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated annual financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting, unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Unconsolidated Annual Financial Statements**

Our objectives are to obtain reasonable assurance about whether the unconsolidated annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated annual financial statements. As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit.

## INDEPENDENT AUDITOR'S REPORT (continued)

### Auditor's Responsibilities for the Audit of the Unconsolidated Annual Financial Statements (continued)

We also:

- identify and assess the risks of material misstatement of the unconsolidated annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls;
- obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management;
- conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, conclude on whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the unconsolidated annual financial statements, including the disclosures, and whether the unconsolidated annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on these unconsolidated annual financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and that we will communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats to independence and related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the unconsolidated annual financial statements of the current period and are therefore the key audit matters.

We describe these matters in our Independent Auditor's Report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our Auditor's Report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

On 22 September 2025, we were appointed by the General Assembly of the Company to audit the unconsolidated annual financial statements for 2025 and 2026.

As at the date of this report, we have been continuously engaged to perform the statutory audit of the Company from the audit of the unconsolidated annual financial statements for 2023 to the audit of the Company's unconsolidated annual financial statements for 2025, representing an uninterrupted engagement of three years.

## **INDEPENDENT AUDITOR'S REPORT (continued)**

### **Report on Other Legal and Regulatory Requirements (continued)**

In the audit of the Company's unconsolidated annual financial statements for 2025, we determined materiality for the unconsolidated annual financial statements as a whole in the amount of EUR 5,301 thousand, representing approximately 2% of revenue from sales for 2025. We selected revenue from sales as the benchmark for materiality because we consider it the most appropriate benchmark for measuring the Company's business performance.

Our audit opinion is consistent with the additional report to the Company's audit committee prepared pursuant to Article 11 of Regulation (EU) No 537/2014.

During the period between the initial date of the audited unconsolidated annual financial statements of the Company for 2025 and the date of this report, we did not provide prohibited non-audit services to the Company or to the companies under its control and, in the financial year preceding that period, we did not provide services relating to the design and implementation of internal control or risk management procedures related to the preparation and/or control of financial information or the design and implementation of financial information technology systems, and we preserved our independence from the Company in performing the audit.

Pursuant to Article 11 of Regulation (EU) No 537/2014, this information is included in the additional report to the audit committee.

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

Auditor's assurance report on the compliance of the unconsolidated annual financial statements, prepared pursuant to Article 462(5) of the Capital Market Act (Official Gazette No. 85/24), with the requirements of Commission Delegated Regulation (EU) 2018/815 specifying a single electronic reporting format for issuers (the ESEF Regulation).

We conducted a reasonable assurance engagement on whether the unconsolidated annual financial statements prepared for the purpose of public disclosure pursuant to Article 462(5) of the Capital Market Act, contained in the attached electronic file zagrebackiholding-2025-12-31-1-hr, have been prepared, in all material respects, in accordance with the requirements of the ESEF Regulation.

### **Responsibilities of Management and Those Charged with Governance**

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

In addition, the Company's Management is responsible for maintaining a system of internal controls that provides reasonable assurance that the unconsolidated annual financial statements are prepared without material non-compliance with the reporting requirements of the ESEF Regulation, whether due to fraud or error.

The Company's Management is also responsible for:

- publicly disclosing the unconsolidated annual financial statements included in the annual report in valid XHTML format; and
- selecting and using XBRL tags in accordance with the requirements of the ESEF Regulation.

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

### **Auditor's Responsibilities**

Our responsibility is to express a conclusion, based on the audit evidence obtained, on whether the unconsolidated annual financial statements are free from material non-compliance with the requirements of the ESEF Regulation. We conducted this reasonable assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

## INDEPENDENT AUDITOR'S REPORT (continued)

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

### Auditor's Responsibilities (continued)

#### Procedures Performed

The nature, timing and extent of the procedures selected depend on the auditor's judgement. Reasonable assurance is a high level of assurance, but is not a guarantee that the extent of testing will detect every material non-compliance with the ESEF Regulation. As part of the selected procedures, we performed the following activities:

- read the requirements of the ESEF Regulation;
- obtained an understanding of the Company's internal controls relevant to the application of the requirements of the ESEF Regulation;
- identified and assessed the risks of material non-compliance with the ESEF Regulation, whether due to fraud or error; and
- on that basis, designed and performed procedures to respond to the assessed risks and obtain reasonable assurance for the purpose of expressing our conclusion.

The objective of our procedures was to assess whether:

- the unconsolidated annual financial statements included in the annual report have been prepared in valid XHTML format;
- the data contained in the unconsolidated annual financial statements required by the ESEF Regulation have been tagged and whether all tags meet the following requirements:
  - the XBRL tagging language has been used;
  - the core taxonomy elements set out in the ESEF Regulation with the closest accounting meaning have been used, unless an extension taxonomy element has been created in accordance with Annex IV to the ESEF Regulation;
  - the tags comply with the common tagging rules under the ESEF Regulation.

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

### Conclusion

In our opinion, based on the procedures performed and the evidence obtained, the unconsolidated annual financial statements presented in ESEF format, contained in the above-mentioned attached electronic file and prepared for public disclosure pursuant to Article 462(5) of the Capital Market Act, comply, in all material respects, with the requirements of Articles 3, 4 and 6 of the ESEF Regulation for the year ended 31 December 2025. In addition to this conclusion and the opinion contained in this Independent Auditor's Report on the accompanying unconsolidated annual financial statements and annual report for the year ended 31 December 2025, we do not express any opinion on the information contained in those presentations or on any other information contained in the aforementioned file.

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Hrvoje Stipić, President of the  
Management Board

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Janja Kulić, director and certified  
auditor

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Marina Tonžetić,  
certified auditor

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

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Radnička cesta 52  
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**Separate Statement of Comprehensive Income**

For the year ended 31 December 2025

	<b>Note</b>	<b>2025</b>	<b>2024</b>
		EUR 000	restated EUR 000
Sales revenues	6, 7	275,357	253,303
Other operating income	8	104,058	92,890
<b>Operating revenue</b>		<b>379,415</b>	<b>346,193</b>
Material costs and services	9	(123,067)	(112,226)
Staff costs	10	(158,280)	(138,455)
Depreciation and amortisation	11	(16,741)	(16,993)
Value adjustment	12	(15,180)	(28,861)
Provisions	13	(7,277)	(5,328)
Other operating expenses	14	(6,477)	(4,656)
<b>Operating expenses</b>		<b>(327,022)</b>	<b>(306,519)</b>
<b>NET OPERATING PROFIT</b>		<b>52,393</b>	<b>39,674</b>
Finance income	15	8,120	7,983
Finance costs	16	(30,256)	(35,733)
<b>NET FINANCE COST</b>		<b>(22,136)</b>	<b>(27,750)</b>
<b>PROFIT BEFORE TAX</b>		<b>30,257</b>	<b>11,924</b>
Tax income/(expense)	17	2,999	(4,748)
<b>PROFIT FOR THE YEAR</b>		<b>33,256</b>	<b>7,176</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<i>Items that will never be reclassified to profit or loss</i>			
Real estate revaluation gains		10,917	88,264
Tax on other comprehensive income		(1,965)	(15,887)
<i>Items that may be reclassified to profit or loss</i>			
Profit based on effective cash flow hedges		–	758
Other items that can be reclassified to profit or loss		59	576
Tax on other comprehensive income		(10)	(11)
<b>Total comprehensive income for the year</b>		<b>42,257</b>	<b>80,876</b>

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

**Separate Statement of Financial Position**

As of 31 December 2025

		<b>31/12/2025</b>	<b>31/12/2024</b>	<b>01/01/2024</b>
	<b>Note</b>	EUR 000	restated EUR 000	restated EUR 000
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	18	642,786	624,448	520,707
Investment property	19	298,163	293,192	281,852
Right-of-use assets	20	423	503	325
Intangible assets	21	7,132	5,197	3,285
Investments in affiliated companies	22	285,599	285,599	289,899
Financial assets	23	9,016	7,806	7,806
Non-current receivables	24	112,093	108,154	123,895
Deferred tax assets	17	5,801	2,802	4,727
<b>Total non-current assets</b>		<b>1,361,013</b>	<b>1,327,701</b>	<b>1,232,496</b>
<b>CURRENT ASSETS</b>				
Inventories	25	9,783	9,890	7,830
Receivables from related parties	26	57,252	68,602	85,861
Trade receivables and other receivables	27	27,215	23,170	19,336
Financial assets	28	234	407	316
Cash at bank and on hand	29	39,857	48,337	43,320
<b>Total current assets</b>		<b>134,341</b>	<b>150,406</b>	<b>156,663</b>
<b>TOTAL ASSETS</b>		<b>1,495,354</b>	<b>1,478,107</b>	<b>1,389,159</b>

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

**Separate Statement of Financial Position**

As of 31 December 2025

		<b>31/12/2025</b>	<b>31/12/2024</b>	<b>01/01/2024</b>
	<b>Note</b>		restated	restated
		EUR 000	EUR 000	EUR 000
<b>NON-CURRENT LIABILITIES</b>				
Loans and leases payable	30	179,809	203,346	248,131
Liabilities for issued bonds	31	303,599	303,098	302,622
Provisions	32	36,729	32,069	30,249
Deferred income	33	103,026	101,252	99,219
Deferred tax liability	17	63,603	61,642	45,755
Other non-current liabilities	34	459	529	1,417
<b>Total non-current liabilities</b>		<b>687,225</b>	<b>701,936</b>	<b>727,393</b>
<b>CURRENT LIABILITIES</b>				
Trade payables and other liabilities	35	68,468	66,907	52,049
Liabilities to related parties	36	18,794	20,228	21,969
Loans and leases payable	30	31,238	36,315	34,892
Current portion of deferred income	33	1,690	4,079	3,550
Current income tax liability	17	–	2,960	–
<b>Total current liabilities</b>		<b>120,190</b>	<b>130,489</b>	<b>112,460</b>
<b>TOTAL LIABILITIES</b>		<b>807,415</b>	<b>832,425</b>	<b>839,853</b>
<b>NET ASSETS</b>		<b>687,939</b>	<b>645,682</b>	<b>549,306</b>
<b>CAPITAL</b>				
	37			
Share capital		437,166	421,666	421,666
Revaluation reserves		289,805	280,871	208,495
Fair value reserves		–	–	(622)
Other reserves		32,718	48,218	32,718
Accumulated loss		(71,750)	(105,073)	(112,951)
<b>Total equity</b>		<b>687,939</b>	<b>645,682</b>	<b>549,306</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,495,354</b>	<b>1,478,107</b>	<b>1,389,159</b>

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

Separate Statement of Changes in Equity

For the year ended 31 December 2025

Note	Share capital	Revaluation reserves	Fair value reserves	Other reserves	Accumulated loss	Total
	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000
<b>Balance as at 31 December 2023</b>	<b>421,666</b>	<b>208,951</b>	<b>(622)</b>	<b>32,718</b>	<b>(73,079)</b>	<b>589,634</b>
Effect of modifications	–	(456)	–	–	(39,872)	<b>(40,328)</b>
<b>Balance as at 1 January 2024 (restated)</b>	<b>421,666</b>	<b>208,495</b>	<b>(622)</b>	<b>32,718</b>	<b>(112,951)</b>	<b>549,306</b>
<i>Comprehensive income</i>						
Profit for the year	–	–	–	–	7,176	7,176
Real estate revaluation gains	–	72,376	–	–	702	73,078
Loss on valuation of financial assets (net)	–	–	622	–	–	622
Other comprehensive income	–	72,376	622	–	702	73,700
<b>Total comprehensive income</b>	<b>–</b>	<b>72,376</b>	<b>622</b>	<b>–</b>	<b>7,878</b>	<b>80,876</b>
<i>Changes in equity interests</i>						
Entry of ownership rights in real estate	–	–	–	15,500	–	<b>15,500</b>
<b>Total changes in equity interests</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>15,500</b>	<b>–</b>	<b>15,500</b>
<b>Balance as at 31 December 2024 (restated)</b>	<b>421,666</b>	<b>280,871</b>	<b>–</b>	<b>48,218</b>	<b>(105,073)</b>	<b>645,682</b>
<i>Comprehensive income</i>						
Profit for the year	–	–	–	–	33,256	33,256
Real estate revaluation gains	–	8,934	–	–	67	9,001
Other comprehensive income	–	8,934	–	–	67	9,001
<b>Total comprehensive income</b>	<b>–</b>	<b>8,934</b>	<b>–</b>	<b>–</b>	<b>33,323</b>	<b>42,257</b>
<i>Changes in equity interests</i>						
Entry of ownership rights in real estate	15,500	–	–	(15,500)	–	–
<b>Total changes in equity interests</b>	<b>15,500</b>	<b>–</b>	<b>–</b>	<b>(15,500)</b>	<b>–</b>	<b>–</b>
<b>Balance as at 31 December 2025</b>	<b>437,166</b>	<b>289,805</b>	<b>–</b>	<b>32,718</b>	<b>(71,750)</b>	<b>687,939</b>

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

**Separate Cash Flow Statement**

For the year ended 31 December 2025

	Note	<b>2025</b>	<b>2024</b>
		EUR 000	restated EUR 000
<b>Cash flows from operating activities</b>			
<b><i>Profit before tax</i></b>		<b><i>30,257</i></b>	<b><i>11,924</i></b>
Finance costs recognised in profit or loss	16	30,256	35,733
Finance income recognised in profit or loss	15	(8,120)	(7,983)
Value adjustment of receivables from related parties	12	2,524	1,593
Value adjustment of trade receivables	12, 27	5,832	7,608
Inventory value adjustment	12	1,003	678
Value adjustment of other current assets	12	27	17
Value adjustment of other non-current assets	12	86	4,819
Impairment of business interests in affiliated companies	12	–	4,300
Net change in fair value of investment property	8, 19	(5,349)	(8,096)
Depreciation/amortisation of non-current tangible/intangible assets	11	16,741	16,993
Increase in non-current provisions		4,660	1,820
Increase in deferred income		1,775	2,033
<b>Changes in working capital:</b>			
Increase in inventories		(920)	(2,675)
Decrease / (increase) in advance payments for current assets		575	(795)
Increase in trade receivables		(2,890)	(7,573)
Decrease in receivables from related companies		7,015	15,021
Decrease / (increase) in receivables from employees		12	(4)
Increase in receivables from the state		(2,416)	(565)
Decrease in other receivables		2,069	2,508
(Decrease) / increase in trade payables and liabilities payable to related parties		(4,056)	13,269
Increase / (decrease) in liabilities based on taxes and contributions		15	(2,534)
Increase in liabilities payable to employees		1,085	1,342
Decrease in other liabilities		(10,630)	(2,807)
<b><i>Net cash generated from operations</i></b>		<b><i>69,551</i></b>	<b><i>86,626</i></b>

**Separate Cash Flow Statement/ continued**

For the year ended 31 December 2025

	Note	<b>2025</b>	<b>2024</b>
		EUR 000	restated EUR 000
<b>Cash flows from operating activities (continued)</b>			
Cash generated from operation		69,551	86,626
Income tax paid		(2,960)	–
Interest paid		(24,590)	(29,066)
<b>Net cash from operating activities</b>		<b>42,001</b>	<b>57,560</b>
<b>Cash flows from investing activities</b>			
Purchase of tangible and intangible assets and investment property	18,19,20	(23,293)	(29,204)
Expenses for advance payments for non-current assets		(5)	(26)
Receipts / expenses from non-current receivables		(3,979)	15,741
Receipts from financial assets		(1,036)	(91)
Interest received		1,853	2,875
Dividend received		1,811	645
<b>Net cash from investing activities</b>		<b>(24,649)</b>	<b>(10,060)</b>
<b>Cash flows from financing activities</b>			
Proceeds from loans and borrowings		130,454	13,708
Repayment of loans and borrowings		(156,286)	(56,191)
<b>Net cash from financing activities</b>		<b>(25,832)</b>	<b>(42,483)</b>
<b>Net (decrease) / increase in cash</b>		<b>(8,480)</b>	<b>5,017</b>
<b>Cash as at 1 January</b>		<b>48,337</b>	<b>43,320</b>
<b>Cash as at 31 December</b>		<b>39,857</b>	<b>48,337</b>

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

## 1/ GENERAL INFORMATION

### History, origin and status changes

Zagrebački holding d.o.o. Zagreb (hereinafter referred to as: Company) By a statement dated 10 October 1995, it harmonised its general acts with the Companies Act and registered it with the Commercial Court in Zagreb under the entity registration number MBS: 080042653, PIN (OIB) 85584865987, headquartered in Zagreb, Ulica grada Vukovara 41.

On 27 December 2005, agreements on the transfer of business shares were concluded between the City of Zagreb and the company Zagrebački holding d.o.o., based on which the ownership rights over shares in 22 companies were transferred from the City of Zagreb to the Company. The transferred business shares/shares, with a nominal value of EUR 535,748 thousand, represent the assets of the Company, which it can freely dispose of. Based on these agreements, the City of Zagreb increased the share capital of the Company by converting receivables from the Agreement on the Transfer of Business Shares in the total amount of EUR 535,748 thousand into the share (subscribed) capital of the Company.

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

Through the merger process, the merged companies transferred all of their assets and liabilities to the Company as the acquiring company. In accordance with the merger agreements and the provisions of the Companies Act, the Company's share capital did not increase by the amounts of the share capital of the merged companies because it holds 100% of the share capital and operating shares in the merged companies.

During 2013, in accordance with the adopted strategic guidelines, the Company defined a Company Division Plan with the establishment of new companies by transferring part of its assets and liabilities. By the end of 2013, four business units were separated: Water Supply (due to changes in the Water Act, NN 153/09, 63/11, 130/11 and 56/13), Facility Management, Construction and Sale of Apartments, and Publishing Activities (due to strategic guidelines for separating market-oriented activities from utility activities), into four new companies.

By decision of the Commercial Court in Zagreb (number Tt-13/25472-2) dated 8 November 2013, the division of the Company into separate companies with the establishment of new companies was entered in the Court Register: City Housing and Utilities Ltd., Water Supply and Drainage Ltd., Zagreb Housing Ltd. and AGM Ltd.

The division of the share capital was carried out in such a way that, as part of the implementation of the Division Plan, the share capital of the Company was reduced from the amount of EUR 558,581 thousand by the amount of EUR 274,620 thousand to the amount of EUR 283,961 thousand in the process of dividing the Company by separation with the establishment of the above-mentioned 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 share capital for each newly established company, which created the conditions for the recapitalisation of the Company in such a way that the claims of the City of Zagreb against the Company acquired through the transfer of business shares were converted into additional share capital, which was carried out in the register of the Commercial Court in Zagreb during 2013.

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

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

Furthermore, additional organisational changes within the Company related to the ZGOS, which was attached to the Čistoća, while the Project Management and Real Estate Management Branches were attached to Corporate Services. The business effects of internal mergers of subsidiaries took effect on 1 October 2021.

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

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

**1/ GENERAL INFORMATION / CONTINUED**
**Branches of Zagrebački holding d.o.o. and subsidiaries of the Zagrebački holding GROUP**

As of 31 December 2025, the Company includes the following subsidiaries:

COMPANY NAME / SUBSIDIARIES	REGISTERED OFFICE	MAIN ACTIVITY	OWNERSHIP INTEREST	
			2025	2024
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. Vice Vukova 8	sports facilities management and maintenance	100% ZG. holding	100% ZG. holding
10/ Robni terminali Zagreb	Jankomir 25	warehousing	100% ZG. holding	100% ZG. holding
11/ Vladimir Nazor	Maksimirska 51	organised youth vacation and travel agency	100% ZG. holding	100% ZG. holding
12/ AGM	Avenija Marina Držića 4	publishing activity	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: Group):**

COMPANY NAME	REGISTERED OFFICE	LEGAL FORM	MAIN ACTIVITY	OWNERSHIP INTEREST	
				2025	2024
1/ Gradska plinara Zagreb d.o.o.	Radnička 1	d.o.o.	gas distribution	100% ZG. holding	100% ZG. holding
2/ Gradska plinara Zagreb - Opskrba d.o.o.	Radnička 1	d.o.o.	gas supply	100% ZG. holding	100% ZG. holding
3/ Zagreb plakat d.o.o.	Hebrangova 32	d.o.o.	ad space rental	51% ZG. holding	51% ZG. holding
4/ Gradska ljekarna Zagreb	Kralja Držislava 6	ustanova	pharmacy activity	100% ZG. holding	100% ZG. holding
5/ Gradsko stambeno komunalno gospodarstvo d.o.o.	Savska cesta 1	d.o.o.	facilities management	100% ZG. holding	100% ZG. holding
6/ Vodoopskrba i odvodnja d.o.o.	Folnegovićeva 1	d.o.o.	water collection, treatment and distribution	97,75% ZG. holding	100% ZG. holding
7/ Gradska plinara Bjelovar d.o.o.	Blajburških žrtava 18, Bjelovar	d.o.o.	gas distribution	100% Gradska plinara Zagreb	100% Gradska plinara Zagreb

**1/ GENERAL INFORMATION/CONTINUED****Main Activities**

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

- a/ Cleaning services, waste removal and management
- b/ Landscaping and maintenance services for green areas
- c/ Management, maintenance, construction and protection services of regional and local roads
- d/ Parking Services
- e/ Storage and rental services
- f/ Facilities Management, Construction and Project Management
- g/ Other services

**Employees**

As of 31 December 2025, the Company employed 5,381 employees (31 December 2024: 5,356), as shown below:

<b>Subsidiary</b>	<b>31/12/2025</b>	<b>31/12/2024</b>
Korporativni servisi	693	696
Čistoća	2,110	2,113
Zrinjevac	771	761
Zagrebačke ceste	691	672
Zagrebparking	296	306
Tržnice Zagreb	211	213
Gradska groblja	278	268
Robni terminali Zagreb	106	108
Vladimir Nazor	148	142
Autobusni kolodvor Zagreb	43	42
Zagrebački digitalni grad	18	18
Arena Zagreb	2	2
AGM	14	15
<b>Total number of employees at the end of the period:</b>	<b>5,381</b>	<b>5,356</b>

## **1/ GENERAL INFORMATION/CONTINUED**

### **Members of the Company's Management Board and Branch Managers**

#### **Board of Directors**

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

Matija Subašić-Maras, Member of the Management Board from 15 September 2021 to 17 January 2026

Dubravko Karačić, Member of the Management Board since 13 December 2021.

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

Miljenko Hrman, appointed as a Member of the Management Board on 23 December 2025 by the Company Assembly, and represents the company together with another Member of the Management Board since 9 February 2026.

#### **Branch Managers**

- 1/ Gradska groblja, Igor Rađenović from 7 February 2022
- 2/ Čistoća, Davor Vić from 11 November 2021.
- 3/ Zrinjevac, Božena Cvitanović from 30 March 2024
- 4/ Zagrebparking, Dinko Herman from 10 December 2024
- 5/ Zagrebačke ceste, Jurica Krleža from 7 February 2022
- 6/ Autobusni kolodvor Zagreb, Marin Rončević from 7 February 2022 to 19 January 2025, Josip Krajina from 20 January 2025
- 7/ Tržnice Zagreb, Marin Rončević from 1 July 2024
- 8/ Zagrebački digitalni grad, Filip Jurišić from 1 March 2022
- 9/ Robni terminali Zagreb, Roberta Čupić from 7 February 2022
- 10/ Vladimir Nator, Irena Benko from 7 February 2022
- 11/ Arena Zagreb, by special power of attorney Sretan Šarić dated 17 November 2021, appointed as of 26 April 2023
- 12/ AGM, by special power of attorney Sandra Klisović dated 11 January 2022, appointed as of 26 April 2023

## **1/ GENERAL INFORMATION/CONTINUED**

### **Supervisory Board**

Members of the Supervisory Board of the Company:

1. Andro Pavuna, Member of the Supervisory Board since 22.12.2023, Deputy President of the Supervisory Board since 26.1.2024, and President of the Supervisory Board since 23.7.2024
2. Kristijan Starčević, Member since 13.2.2023 and Deputy President of the Supervisory Board since 23.7.2024. He ceased to be a Member and Deputy President on 2.9.2025
3. Željko Matijašec, Member since 22.12.2023
4. Martina Jurišić, Member since 22.12.2023, and Deputy President of the Supervisory Board since 23.9.2025
5. Ivan Čevizović, Member since 9.12.2025
6. Josip Tica, Member since 9.12.2025

### **Audit Committee**

Members of the Audit Committee:

1. Ivan Čevizović, Member since 16 November 2021, President since 14 June 2022
2. Josip Teklić, Member since 16 November 2021, Deputy President since 14 June 2022
3. David Krmpotić, Member since 16 November 2021
4. Kristijan Starčević, Member until 2 September 2025

### **Assembly**

The sole member of the Company's Assembly is the City of Zagreb, and the member's representatives are:

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

## **2/ BASIS FOR PREPARATION OF SEPARATE FINANCIAL STATEMENTS**

### **a/ Statement of Compliance**

The Company's annual separate financial statements have been prepared in accordance with the Accounting Act and International Financial Reporting Standards as adopted by the European Union ("IFRS").

On 29 April 2026 the Management Board approved the issuance of these annual separate financial statements for submission to the General Assembly for adoption.

The Company has adjusted the amounts previously disclosed in the annual separate financial statements where necessary as disclosed in Note 5.

### **b/ Basis for the preparation of annual separate financial statements**

The Company's annual separate financial statements include the Company's separate financial statements. The Company's annual separate financial statements have been prepared under the historical cost convention, with the exception of the revaluation of land, investment properties and a portion of financial assets carried at fair value, as disclosed in notes 18, 19 and 23 to the financial statements, and with the application of the going concern basis of accounting.

The preparation of annual separate financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the amounts of reported assets and liabilities, income and expenses. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual separate financial statements, are disclosed in Note 2.

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

#### *c/1 Standards and interpretations effective in the current period*

First-time application of new amendments to existing standards effective for the current reporting period

The following amendments to existing standards published by the International Accounting Standards Board ("IASB") and adopted by the European Union are effective for the period beginning on 1 January 2025:

- Effects of changes in foreign exchange rates: inability to convert (Amendment to IAS 21 "The Effects of Changes in Foreign Exchange Rates")

The adoption of the aforementioned amendment to the existing standard did not lead to significant changes in the Company's financial statements.

The following illustrative examples were issued during 2025 without an effective date:

- Illustrative examples of reporting uncertainties in financial statements

On 28 November 2025 the International Accounting Standards Board (IASB) issued Disclosures on Uncertainty in Financial Statements – Illustrative Examples, which amended several IFRS accounting standards to include illustrative examples that show how companies can apply IFRS accounting standards when reporting the effects of uncertainty in their financial statements. Illustrative examples are supporting materials for IFRS accounting standards and do not have an effective date. The IASB issued a near-final version of the Illustrative Examples in July 2025

The adoption of the aforementioned amendments to existing standards did not lead to significant changes in the Company's financial statements.

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

The following amendments shall enter into force for the annual reporting period beginning on or after 1 January 2026:

- Amendments to Classification and Measurement of Financial Instruments (Amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures")
- Contracts relating to nature-dependent electricity (Amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures")

The Company expects that the adoption of the aforementioned new standards and amendments to existing standards will not lead to significant changes in the Company's financial statements in the period of initial application of the standards.

## **2/ BASIS FOR PREPARATION OF SEPARATE FINANCIAL STATEMENTS / CONTINUED**

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

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

IFRS currently adopted in the European Union do not differ significantly from the regulations issued by the International Accounting Standards Board (IASB), with the exception of the following new standards and amendments to existing standards, the adoption of which by the European Union has not yet been decided (the effective dates listed below refer to IFRSs issued by the IASB):

The following standards are effective for annual reporting periods beginning on or after 1 January 2027:

- IFRS 18 Presentation and Disclosure in Financial Statements
- IFRS 19 Subsidiaries without Public Accountability: Disclosures.

The Company is currently assessing the impact of these new accounting standards.

IFRS 18 Presentation and Disclosure in Financial Statements, issued by the IASB in April 2024, replaces IAS 1 and will result in major consequential changes to IFRS accounting standards, including IAS 8 Basis of Preparation of Financial Statements (renamed from Accounting Policies, Changes in Accounting Estimates and Errors).

Although IFRS 18 will not have any impact on the recognition and measurement of items in separate financial statements, it is expected to have a significant impact on the presentation and disclosure of certain items. These changes include categorisation and subtotals in the income statement, aggregation/disaggregation and labelling of information, and disclosure of management-defined performance measures.

The Company is currently assessing the impact of these new accounting standards and amendments.

### **d/ Consolidation obligation**

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

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

These annual separate financial statements have been prepared because the Company is legally required to prepare them. However, for a more complete understanding of the Company's operations, these separate annual separate financial statements should be read in conjunction with the annual consolidated financial statements that the Company prepares in accordance with International Financial Reporting Standards and publishes publicly.

### **e/ Reporting currency**

The Company's annual separate financial statements are prepared in euros, which is also the functional currency. All amounts disclosed in the annual separate financial statements are expressed in thousands of euros unless otherwise stated.

### **3/ SUMMARY OF SIGNIFICANT INFORMATION ABOUT ACCOUNTING POLICIES**

#### **a/ Intangible assets**

Intangible assets are stated at cost, recognised if it is probable that future economic benefits attributable to the asset will flow to the Company, and the cost of the asset can be measured reliably. Amortisation is calculated on assets with finite lives over the estimated useful life of the asset using the straight-line method. Intangible assets are initially measured at cost.

Software licences are capitalised based on acquisition costs and costs incurred in bringing the software to working condition. These costs are amortised 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 term ends within 12 months from the date of initial application or less.

Right-of-use assets are presented separately in the Statement of Financial Position.

Right-of-use assets are initially measured at the amount of the lease liability, less any lease incentives received, and are increased by:

- all lease payments made on or before the lease start date
- all initial direct costs and
- the amount of the provision recognised in the event that the Company contractually bears the costs of dismantling, removing or restoring the site where the asset is located.

Right-of-use assets are reduced by accumulated depreciation calculated on a straight-line basis over the lease term, or the remaining economic life of the asset, if considered shorter than the lease term.

##### *Obligation to lease property with right of use*

The lease liability is measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate. The Company's incremental borrowing rate is the rate at which, over a similar period and based on a similar guarantee, the Company would pay to borrow funds necessary to acquire assets of a value similar to the value of the 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 includes:

- amounts that the lessee is expected to pay under residual value guarantees
- the exercise price of the purchase option if it is certain that the lessee will exercise that option, and
- paying penalties for terminating the lease if the lease term reflects that the lessee will exercise the option to terminate the lease.

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

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

#### **c/ Property, plant and equipment**

Construction facilities that are used in the production or delivery of goods or services, or for administrative purposes, are stated in the statement of financial position (balance sheet) at cost, while land is stated in revalued amounts, which represent their fair value on the date of revaluation 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. The last revaluation of land was carried out in 2024 based on an assessment of the fair value of the land by an Independent Qualified Valuer (Note 4.2, 18).

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

Real estate under construction intended for production, delivery or for administrative or as yet unspecified purposes is stated at acquisition cost less recognised impairment losses. The cost of acquisition includes the cost of professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Amortisation of property under construction, which is calculated on the same basis as for other property, begins when the asset is ready for its intended use.

Owned land is not depreciated. Installations and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Amortisation is calculated in such a way that the purchase or estimated value of assets, except for owned land and real estate under construction, is written off during the estimated useful life using the straight-line method. The estimated useful life, the residual value and the depreciation method are reviewed at the end of each year, whereby the effects of any changes in estimates are calculated prospectively. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or over the term of the relevant lease, if shorter.

Profit or loss from the sale or disposal of an item of property, plant and equipment is determined as the difference between the proceeds from the sale and the carrying amount of the asset in question, which is recognised in profit or loss.

Property, plant and equipment are depreciated using the straight-line method over their estimated useful lives of 4 to 80 years (rates from 1.25% to 25% per annum), as follows:

	<b>2025</b>	<b>2024</b>
Buildings	20–80 years	20–80 years
<i>Commercial buildings made of concrete and stone</i>	<i>60–80 years</i>	<i>60–80 years</i>
<i>Commercial buildings made of bricks and other</i>	<i>40–60 years</i>	<i>40–60 years</i>
<i>Other construction objects</i>	<i>20–40 years</i>	<i>20–40 years</i>
Trucks and other construction machinery	10–20 years	10–20 years
Vehicles and means of transport	4–10 years	4–10 years
Drives and equipment	4–10 years	4–10 years
Office equipment	4–5 years	4-5 year

Assets under construction include costs directly related to the acquisition or construction of the fixed asset, increased by the appropriate amount of variable and fixed overhead costs incurred during the acquisition or construction. Amortisation of assets under construction begins when they are ready for use. Costs incurred in replacing major parts of the Group's facilities, which increase their production capacity or significantly extend their useful life, are capitalised. Maintenance, replacement or partial replacement costs are recognised as expenses in the period in which they are incurred.

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

#### **c/ Property, plant and equipment / continued**

##### **Impairment of tangible and intangible assets**

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine any impairment loss.

The recoverable amount is the higher of the asset's net selling price and value in use. For the purpose of assessing value in use, the estimated future cash flows are discounted to present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to that asset, for which the estimates of future cash flows were not adjusted.

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

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

##### *Non-current assets held for sale*

Non-current assets and disposal groups are classified in the statement of financial position as "held for sale" if it is highly probable that their carrying amount will be recovered primarily through sale within 12 months after the reporting date, rather than through continuing use. Non-current assets that are reported as held for sale in the consolidated statement of financial position for the current period are not reclassified in the consolidated statement of financial position for the comparative period. Property, plant and equipment held for sale or disposal groups as a whole are generally measured at the lower of carrying amount or fair value less costs to sell or dispose of. Property, plant and equipment intended for sale are not depreciated.

#### **d/ Investment property**

Investments in real estate include real estate (land or buildings, or parts of buildings) held by the Company to generate rental income and/or increase their market value, and which are not used in the production or provision of services, nor for the Company's administrative purposes. Investment property is initially measured at cost, including the purchase price and all directly attributable costs incurred until the asset is brought to use. Real estate transferred from real estate used by the Company is measured at fair value. After initial recognition, investment properties are subsequently measured at fair value in accordance with IFRS 13 Fair Value Measurement and IAS 40 Investment Property. Fair value reflects the price that would be obtained by selling an asset in an orderly transaction between market participants at the transaction/measurement date. Gains and losses arising from changes in the fair value of investment properties are recognised in the income statement in the period in which they arise.

In case of transfer from investment property to owner-occupied property, the fair value on the date of transfer will be the deemed cost for the purposes of IAS 16. When transferring a property used by the Company for investment property, IAS 16 will be applied 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 upon sale or permanent withdrawal from use, as well as when no future economic benefits are expected from its disposal. Any gain or loss arising from the derecognition of a property, determined as the difference between the net proceeds from the sale and the net book value of the property in question, is included in profit or loss for the period in which the property is derecognised.

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

#### **d/ Property, plant and equipment / continued**

The fair value of investment property is determined based on estimates by independent, qualified external appraisers, using appropriate valuation methods, depending on the type and characteristics of the individual property. The Company applies the comparative method for properties for which comparable market data exists, or the income method for properties that generate or are intended to be used to generate rental income.

The fair values of investment properties are classified within the fair value hierarchy in accordance with IFRS 13 as follows:

- fair values based on comparable market data are classified as level 2,
- Fair values based on income methods that include significant unobservable inputs are classified as Level 3.

If the purpose of the property changes so that it no longer meets the criteria for investment property classification, the property is reclassified to the appropriate asset category in accordance with applicable accounting standards.

The fair value estimation methodology has been consistently applied in the accompanying financial statements. The methodology applied ensures that when measuring fair value, it is considered whether market participants can achieve economic benefits through the maximum and optimal use of the asset, i.e. the physically possible, legally, permitted and financially profitable use, from the perspective of market participants, as required by the provisions of IFRS 13 applicable to the valuation of non-financial assets (hereinafter referred to as: Methodology).

For this purpose, the starting point is market values as determined by a qualified appraiser authorised to assess the value of real estate in accordance with the Law on Valuation of Real Estate (Official Gazette 78/15) and the Ordinance on Real Estate Valuation Methods (Official Gazette 105/15 (hereinafter: Law). The characteristics of each property are analysed in parallel, if market participants would do so when determining the price on the measurement date, assuming that market participants act in their best economic interest, and the extent and manner in which the aforementioned characteristics are reflected in the assessment of market value in accordance with the Law are analysed.

Features considered include the condition and location of the property, and possible restrictions on the sale or use of the property.

The effect of a particular characteristic on measurement varies depending on how that characteristic would be considered by market participants to achieve economic benefits by making the asset's maximum and optimal use or by selling it to another market participant who could make the maximum and optimal use of it, which implies a physically possible, legally permissible and financially profitable use as follows:

- a/ Physically feasible use refers to the physical characteristics of the property that market participants would consider when determining the price of the property (e.g. location or size of the property);
- b/ Legally permissible use refers to legal restrictions on the use of the property that market participants would consider when determining the price of the property (e.g. spatial planning regulations applicable to the property);
- c/ Financially viable use implies that the use of the asset is physically possible and legally permissible for the purpose of generating adequate revenues or cash flows (taking into account the costs of adapting the asset for that purpose), which achieve the return on investment that market participants would expect from investing in that asset for that purpose.

For the purpose of valuing the maximum and optimal use of assets, the principles defined by the International Valuation Standards (hereinafter: MSV), which was adopted by the Committee for International Valuation Standards, in more detail standards MSV 300 Plants, equipment and infrastructure, MSV 400 Investments in real estate and MSV 410 Real estate for development.

Where it is determined that the effect of the characteristics of the property was not considered or reflected in the measurement when measuring the market value in accordance with the Law, and if market participants would have done so when determining the price on the measurement date, under the assumption that market participants act in their best economic interest, the market value determined in accordance with the Law, or its individual elements, shall be adjusted by applying corrective factors applicable to the calculation of the effect of individual characteristics.

### 3/ SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES / CONTINUED

For each property, a fair value range is determined using various valuation methods, one of which is the market value determined in accordance with the Law, before adjusting for the effect of characteristics, while other comparative methods are based on elements that reflect the effect of the characteristics of the property. Depending on the characteristics of the property being valued, it is determined which method is primary and which are control methods for determining fair value, and the fair value measure by which the property is valued is the point within the range that is determined to best represent fair value in the given circumstances.

If the fair value range according to certain methods deviates by more than 25% in relation to the fair value determined by the method based on elements that reflect the effect of the property's characteristics, the parameters of the individual method are calibrated and the calibrated fair value range is determined, and in the event that it still deviates by more than 25%, for measuring the fair value in accordance with IFRS 13, the point of the range by which the property is valued is the fair value determined by the method that is based on the elements that most realistically reflect the effect of the property's characteristics.

When measuring the fair value of investment property in 2025, the Company applied the aforementioned approach in accordance with the Methodology, whereby the fair values at which investment property was valued in previous periods were calibrated, and the effects of property characteristics relating to previous periods were recognised as a correction to the opening balance upon first application of the Methodology. Calibration effects in future periods will be recognised in the current period.

When measuring fair value, net gains of EUR 5,349 thousand were therefore recognised in the income statement for 2025 due to changes in the fair value of investment property.

#### e/ Financial assets

The Company recognises a financial asset 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 cash flow characteristics of financial assets, the Company measures financial assets at amortised cost, fair value through other comprehensive income or fair value through profit or loss.

The Company classifies assets as shown below:

DESCRIPTION	Classification / measurement
<b>Non-current assets</b>	
	Equity instruments / fair value through other comprehensive income
Financial assets through other comprehensive income	comprehensive profit
Financial assets through Profit and Loss Account	Fair value through profit or loss
Loans and deposits given	Held for collection / amortised cost
Non-current receivables	Held for collection / amortised cost
<b>Current assets</b>	
Cash and cash equivalents	Held for collection / amortised cost
Trade receivables and other receivables	Held for collection / amortised cost
Loans and deposits given and other financial assets	Held for collection / amortised cost

#### Financial assets at fair value through profit or loss

This category includes financial assets held for trading.

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

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

#### **e/ Financial assets / continued**

##### **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 plus transaction costs that are directly attributable to the acquisition or issuance of the financial asset.

###### *Subsequent measurement*

After initial recognition, the Company measures financial assets at fair value through other comprehensive income.

###### *Loans and deposits given*

The Company's loans are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows. The contractual terms give rise to cash flows on a specific date that represent only payments of principal and interest. The principal is the fair value of the asset upon initial recognition.

Based on the above, loans granted are measured at amortised cost.

##### **Measurement at amortised cost implies the following:**

Interest income is calculated using the effective interest rate, and the same is applied to the gross book value of the asset during the calculation.

###### *Receivables from customers*

Trade receivables that do not have a significant financial component are measured at initial recognition in accordance with IFRS 15 at their transaction price.

###### *Reduction*

The Company recognises impairments of financial assets based on expected credit losses. At each reporting date, the Company measures expected credit losses and recognises them in the financial statements.

Expected credit losses on financial instruments are measured in a manner that reflects:

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

Regarding trade receivables, the company applies the simplified approach of IFRS 9 for measuring expected credit losses using expected provisions for credit losses on trade receivables.

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

The ageing analysis showed that expected credit losses were determined in some segments and were recognised in the income statement for 2025 (Notes 12 and 27).

###### *Derecognition of financial assets*

The Company derecognises a financial asset when;

- They emphasise contractual rights to cash flows from financial assets,
- It transfers a financial asset and the transfer meets the conditions for derecognition.

The Company transfers a financial asset if, and only if, either:

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

When the Company transfers a financial asset, it is required to assess the extent to which it retains the risks and rewards of ownership of the financial asset. In this case, when all risks and rewards of ownership are transferred, the Company derecognises the financial asset and recognises separately as assets or liabilities all rights and obligations that have arisen or been retained as part of the transfer.

If substantially all the risks and rewards of ownership of a financial asset are retained, the Company continues to recognise the financial asset.

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

#### **e/ Financial assets / continued**

If the Company neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, the Company determines whether control of the financial asset has been retained. If control over the financial asset is not retained, the Company derecognises the financial asset and recognises separately as assets or liabilities all rights and obligations that arise or are retained within the scope of the transfer.

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

#### **e/ Derivative financial instruments and hedge accounting**

The company uses derivative financial instruments, interest rate swaps to protect against interest rate risk. Such derivative financial instruments are initially recognised at fair value on the date the derivative contract is entered into 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 they hedge the exposure to cash flow variability that is attributable to a specific risk associated with a recognised liability (loan).

At the beginning of the hedging relationship, the Company formally determines and documents the hedging relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking hedging.

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

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

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 ineffective part is immediately recognised in RDG. The cash flow hedge reserve is adjusted for the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in the fair value of the hedged item.

If cash flow hedge accounting is discontinued, the amount accumulated in other comprehensive income must remain in 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 termination, when the hedged cash flow occurs, any remaining amount in accumulated other comprehensive income must be accounted for depending on the nature of the underlying transaction as described above.

#### **f/ 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.

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

#### **h/ Cash and cash equivalents**

Money consists of money in the bank and cash on hand. Cash equivalents include demand deposits and time deposits with maturities of up to three months.

#### **i/ Inventories**

Inventories include spare parts, materials, and work in progress and finished goods, and are stated at the lower of cost, determined by comparing the weighted average cost less allowance for obsolete and excess inventory, and net expected realisable value.

Management performs inventory impairment based on a review of the overall ageing structure of inventories, and based on a review of significant individual amounts included in inventories. Inventories of work in progress and finished goods are recorded in the books of account at production cost if it is lower than the net selling price.

#### **j/ Severance pay, anniversary and solidarity support**

For defined benefit pension plans, benefit costs are determined using the projected unit credit method based on actuarial valuations performed at each reporting date. Gains and losses arising from actuarial valuation are recognised in the period in which they arise.

Past service cost is recognised immediately to the extent that the benefits have already been earned. Otherwise, it is amortised proportionally over a certain period until the right to benefits is acquired.

The company provides employees with a one-time award for long-term employment (jubilee awards), solidarity support (in the event of the death of an employee, the death of a close family member of an employee, the occurrence of disability, the purchase of medical aids, for the birth of a child, for sick leave longer than 90 days, etc.), and retirement benefits. The liability and cost of these fees are determined using the projected unit credit method. The projected unit credit method considers each period of employment as qualifying for an additional unit of compensation and measures each unit separately to calculate the final obligation. The obligation based on income is measured at the present value of future cash flows by applying a discount rate that is similar to the interest rate on government bonds issued in a currency and for a term that corresponds to the currency and the estimated duration of the obligation to receive income.

**3/ SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES / CONTINUED****k/ Corporate income tax**

Tax expense represents the aggregate amount of current tax and deferred tax.

*Current taxes*

Current tax liability is based on taxable income for the year. Taxable profit differs from net profit for the period reported in the separate income statement because it does not include items of income and expense that are taxable or non-taxable in other years, as well as items that are never taxable or deductible. The Company's current tax liability is calculated using tax rates that are in effect or in the process of being enacted at the reporting date.

*Deferred taxes*

Deferred tax is the amount expected to be recoverable or payable on differences between the carrying amounts of assets and liabilities in the separate financial statements and the corresponding tax bases used in calculating taxable profit, and is accounted for 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 probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax liabilities and tax assets are not recognised for temporary differences arising from goodwill or the initial recognition of other assets and liabilities, except in a business combination, in transactions that affect neither taxable nor accounting profit. Deferred tax liabilities are recognised on taxable temporary differences arising from investments in affiliates and associates, or interests 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 reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates expected to apply in the period in which the liability is settled or the asset is realised, based on tax laws that have been enacted or substantively enacted by the reporting date. The calculation of deferred tax liabilities and assets maintains the amount for which the liability or refund is expected to arise, at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to use current tax assets to offset current tax liabilities and when they relate to income taxes levied by the same tax authority, and the Company intends to settle its current tax assets with its tax liabilities.

*Current and deferred tax for the period*

Deferred tax is charged or credited to the separate income statement, unless it relates to items that are charged or credited directly to equity, in which case the deferred tax is also reported within equity, or when the tax arises from the initial accounting of a business combination.

**l/ Provisions**

Provisions are recognised if the Company has a present legal or constructive obligation as a result of a past event, if it is probable that an outflow of resources will be required to settle the obligation, and if the amount of the obligation can be reliably estimated. When there are a number of similar obligations, the likelihood that an outflow of resources will be required to settle them is determined by considering them as a whole. Provisions for employee benefits and the restoration of natural resources are measured at the present value of the expenditures expected to be required to settle the obligation, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The effect of the increase in provisions, as a reflection of the passage of time, is reported within interest expenses.

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

#### **m/ Borrowing costs**

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

Investment income earned on the temporary investment of earmarked credit assets while they are being spent on a qualifying asset is deducted from borrowing costs that can be capitalised.

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

Short-term borrowings and loans from suppliers are stated at the amount originally borrowed less repayments. Interest expense is charged to the income statement in the period to which the interest relates.

#### **n/ Financial liabilities and equity instruments issued by the Company**

##### *Classification as liabilities or equity*

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

##### *Equity instruments*

A capital instrument is a contract that provides proof of the remaining share in the entity's assets after deducting all its liabilities. Equity instruments issued by the Company are recorded in the amount of realised income, less direct issuance costs.

##### *Liabilities under financial guarantee agreements*

Liabilities under financial guarantee contracts are initially measured at fair value and subsequently at a higher amount by comparing:

- the amount of the obligation under the contract as determined in accordance with IAS 37 - Provisions, Contingent Liabilities and Contingent Assets and
- initially recognised amount less, if applicable, cumulative depreciation recognised in accordance with revenue recognition policies.

##### *Financial obligations*

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

Financial liabilities at fair value are presented through the statement of changes in fair value through profit or loss. Financial liabilities are classified as liabilities at fair value through profit or loss if they are held for trading or are designated as such.

A financial liability is classified as held for trading if:

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

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

- if such determination eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- if the financial liability is part of a group of financial assets or financial liabilities or both, which is managed and the results of which are estimated on a fair value basis, in accordance with the Company's documented risk management policy or its investment strategy and if internal information about the grouping is presented on that basis or
- if it is an integral part of a contract that contains one or more embedded derivatives Financial liabilities at fair value through profit or loss, with any gain or loss recognised in profit or loss.

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

#### **n/ Financial liabilities and equity instruments issued by the Company / continued**

The net profit or loss recognised in the income statement includes interest paid on the financial liability. Fair value is determined as described in Note 41 to the financial statements - Financial instruments.

##### *Other financial obligations*

Other financial liabilities, including liabilities for loans and credits, are initially measured at fair value less transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, whereby interest expenses are recognised based on the effective yield.

The effective interest method is a method by which the amortised 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 through the expected life of the financial liability, or a shorter period if applicable.

##### *Derecognition of financial liabilities*

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

#### **o/ Reporting on business segments**

In accordance with IFRS 8, the Company has determined operating segments based on internal reports on the Company's components, which are regularly reviewed by the Chief Executive Officer in order to allocate resources to the segments and assess the performance of their operations. Details of the operating segments are disclosed in Note 7 to the separate financial statements. The Company separately monitors and reports the business results of the Company's core business segments. The business segments represent the basis on which the Company reports on its primary segment. Certain financial information by business area is presented in Note 7 to the separate financial statements.

#### **p/ Contingent liabilities and assets**

Contingent liabilities are not recognised in the separate financial statements. They are disclosed unless the probability of an outflow of accompanying economic benefits is remote. Contingent assets are not recognised in the separate financial statements, but are disclosed when the inflow of economic benefits is probable.

#### **r/ Revenue recognition**

##### *Contracts with customers*

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

- 1) Establishing a contract with the buyer
- 2) Determining the delivery obligation in the contract
- 3) Determining the price of the transaction
- 4) Allocation of transaction price to performance obligations in the contract
- 5) Revenue recognition when (or how) the entity fulfils the delivery obligation

Revenue is recognised for each separate performance obligation in the contract in the amount of the transaction price. The transaction price is the amount of consideration in the contract to which the Company expects to be entitled in exchange for the transfer of promised goods or services to the customer. The first-time application of this standard had no impact on the Company's financial statements.

Revenues are shown in amounts less returns, discounts, bonuses and premiums, as well as taxes directly related to the sale of products and services rendered.

The operation of the Company, as well as the realisation of income, is subject to several laws, the most important of which are:

- Law on Municipal Economy
- Law on Local Self-Government
- Waste Management Act
- Law on Cemeteries
- Law on Free Zones

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

#### **r/ Revenue recognition / continued**

Based on the above, revenue is recognised as follows:

- revenues from cleaning and waste removal include revenues from cleaning and waste removal services provided to customers according to the valid price list for the City of Zagreb, which are calculated based on services provided to citizens and entrepreneurs;
- Revenue from the management and maintenance of public roads is recognised as a percentage of the completion of services and works performed in accordance with contracts concluded with customers;
- income from the sale of apartments is recognised at the moment when a significant risk and benefit of ownership has been transferred to the buyer. During the construction of apartments, construction revenue and costs are recognised in accordance with IFRS 15;
- Revenue from warehousing and operating leases is recognised in accordance with IFRS 16 on a straight-line basis over the lease term.
- Income based on the contract on time and materials used is recognised at the agreed unit prices for the hours of work used, i.e. incurred direct costs;
- Income from burial fees is recognised upon billing to service users according to the applicable price list;
- revenues from the travel agency are seasonal in nature and are recognised upon completion of the service;

Construction contracts - Contract revenue consists of the initial amount agreed in the contract plus any deviations from the contracted work, claims and additional incentives to the extent that it is probable that they will result in revenue and can be measured reliably. When the outcome of a construction contract can be estimated with certainty, revenue is recognised in profit or loss based on the satisfaction of the performance obligation over time. Expenses are recognised in profit or loss also based on the fulfilment of the performance obligation over time.

The fulfilment of the performance obligation is assessed based on a survey of the completion of the works. When the fulfilment of a performance obligation cannot be determined with certainty, contract revenue is recognised only if it is probable that the contract costs will be recovered. The expected loss from the contract is immediately recognised in profit or loss;

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

*Revenue from state aid* includes:

- grants related to assets, including non-cash grants at fair value, are reported in the separate statement of financial position (balance sheet) as deferred income, and in the separate income statement they are recognised as income over the period of use and must be systematically linked to the related costs (amortisation),
- Grants received as compensation for expenses or losses already incurred or for the purpose of direct financial support to an entity without further associated costs are recognised as income in the period in which they can be claimed.

Government grants are not recognised unless there is reasonable assurance that the Company will meet the conditions for the grants and that they will be received.

Government grants where the basic condition is that the Company purchases, constructs or otherwise acquires a fixed asset are recognised in the separate statement of financial position (balance sheet) as deferred income and transferred to profit or loss systematically and rationally over the useful life of the relevant asset. Other government grants are systematically recognised as income over as many periods as are necessary to meet the costs for which they are intended to be covered. Receivables based on state grants for the purpose of compensating for costs or losses already incurred or for providing current financial support to the Company without future related costs are recognised in profit or loss in the period in which the claim arises.

*Financial revenues*

Interest income is recognised on a time-proportional basis, so that the actual return on the asset is taken into account.

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

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

#### **s/ Service concession arrangements**

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

- the party offering the agreement on the provision of services (the Concessionaire) is a public sector entity, including authorities, or a private sector entity to which the 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 provider.
- the user is obliged to hand over the infrastructure in a certain condition to the grantor of the concession at the end of the agreement, for a symbolic fee or without it, regardless of which party financed it in the beginning.

Revenue is recognised in accordance with IFRS 15 Revenue from Contracts with Customers.

The Company recognises rights acquired under a contract as financial assets.

#### **t/ Comparative amounts**

Comparative information has been reclassified where necessary to conform to the current year's presentation (Note 5).

## **4/ USE OF ESTIMATES IN PREPARING ANNUAL SEPARATE FINANCIAL STATEMENTS**

### **Key judgements in applying accounting policies**

In applying the Company's accounting policies, Management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not observable 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 the revision of the estimate if the change affects only that period, or in the period of the revision of the estimate and in future periods if the change affects both current and future periods.

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

The Company uses market data when estimating the fair value of an asset or liability, if available. If Level 1 input data is not available, the Company engages independent qualified appraisers.

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

### **Useful lives of property, plant and equipment and intangible assets**

Determining the useful life of an asset is based on historical experience with similar assets, as well as anticipated changes in the economic environment and factors related to the specific industry. The appropriateness of the estimated useful life is reviewed annually, or whenever there is an indication of significant changes in the assumptions. We believe that this is an important accounting estimate given the significant share of depreciable assets in total assets, and the impact of significant changes in these assumptions could have a material effect on the Company's financial position and results of operations.

### **Impairment of fixed assets**

Impairment is recognised in the Company's annual separate financial statements when the net carrying amount of an asset or cash-generating unit exceeds its recoverable amount or its fair value less costs to sell or value in use, whichever is higher. The calculation of fair value less costs to sell is based on available data from related sales transactions at arm's length for similar assets or observable market prices less additional costs to sell the asset.

The calculation of value in use is based on a discounted cash flow model. The most significant assumptions for determining cash flows are discount rates, forward values, the time horizon for which cash flow projections are made, as well as the assumptions and judgements used to determine cash receipts and expenditures.

### **Availability of taxable profit against which deferred tax assets can be recognised**

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that future profits will be available against which they can be utilised. Significant judgement is required in determining the amount of deferred tax assets that can be recognised, based on the probable timing and level of future taxable profit together with the future planned tax strategy. During 2025 and 2024, deferred tax assets were recognised based on available tax differences. The carrying amount of deferred tax assets is disclosed in Note 17 to the separate financial statements.

### **Actuarial estimates used to calculate employee benefits and benefits**

The cost of defined benefit plans is determined using independent actuarial estimates. Actuarial valuations involve making assumptions about discount rates, future income increases, and mortality or turnover rates. Due to the long-term nature of these plans, these estimates are subject to uncertainty. Provisions for employee benefits and benefits amount to EUR 14,611 thousand as of 31 December 2025 (as of 31 December 2024: EUR 10,810 thousand) (Note 40).

### **Consequences of certain legal disputes**

The Company and its affiliates are parties to numerous lawsuits and proceedings arising in the ordinary course of business. Management uses estimates when the most likely consequences of these actions are estimated and provisions are recognised on a consistent basis (Note 32).

## **4/ USE OF ESTIMATES IN PREPARING ANNUAL SEPARATE FINANCIAL STATEMENTS / CONTINUED**

### **Fair value measurement and valuation process**

The Company has established a system of controls within the framework of fair value measurements, which implies the overall responsibility of the Management Board and the Finance Function related to the supervision of all significant fair value measurements, consulting with external experts and, in the context of the above, reporting on the same to the bodies responsible for management. Fair values are measured in relation to information collected from third parties, in which case Management and the Finance Function assess the extent to which evidence collected from third parties ensures that the stated fair value estimates meet the requirements of IFRS, including the level of the fair value hierarchy in which those estimates should be classified.

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

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - input variables that do not represent quoted prices included in Level 1, and these are input variables for assets or liabilities that are observable either directly (e.g. as prices) or indirectly (e.g. derived from prices).
- Level 3 - inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

Fair value of financial instruments traded in active markets is based on quoted market prices on the reporting date. A market is considered active if quoted prices are available from an exchange, activities of brokers, industry group or regulatory agency, and those prices represent actual and regularly occurring market transactions on usual commercial terms.

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

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

For financial reporting purposes, the Company measures some of its assets at fair value. The Company uses market data when estimating the fair value of an asset or liability, if available. If Level 1 input data is not available, the Company engages independent qualified appraisers. The Company coordinates the valuation process and works closely with independent qualified valuers in determining the valuation methods and variables that enter the fair value model.

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

### ***Fair value assessment for land that is subsequently measured using the revaluation method in accordance with IAS 16***

Lands owned by the Company that are subsequently valued using the revaluation method in accordance with IAS 16 are reported in revalued amounts that represent their fair value on the revaluation date, less 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 by applying fair value at the end of the reporting period.

The effects of revaluation are recorded based on the assessment of the fair value of land by an Independent Qualified Valuer, which is carried out in accordance with the Real Estate Appraisal Act (OG 78/15) and the Ordinance on Real Estate Valuation Methods (OG 105/15), whereby the comparative method is used for the assessment of land, which determines the market value from at least three purchase prices (transactions) of comparable real estate. The law also recognises the possibility of applying other valuation methods, but if valuation is carried out using several methods, it is not permitted to calculate the value of real estate as an average of the results of several methods or by weighting the results obtained in this way. Instead, it is necessary to determine one method as the basic method, and the other methods serve to support and verify the results.

## **4/ USE OF ESTIMATES IN PREPARING ANNUAL SEPARATE 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 be given to whether market participants could derive economic benefits from the asset's highest and best use or from selling it to another market participant who could make the highest and best use of it, which includes 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 feasible use (taking into account the costs of adapting the asset for that 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 a range of values, or a simple or weighted average of the fair values obtained by applying multiple valuation techniques, which then best represents fair value in the given circumstances.

Also, for Level 2 inputs, IFRS 13 requires certain adjustments due to the condition and location of the asset and the extent to which the input relates to comparable assets, and the volume or level of activity in the markets in which the input is available.

Given that there are certain differences between the requirements of the Real Estate Valuation Act and IFRS 13 Fair Value Measurement, the Company has adopted a Methodology for reconciling the value of real estate valued in accordance with the Real Estate Valuation Act with the principles and requirements of IFRS 13 Fair Value Measurement (Note 3 cid). Based on the aforementioned methodology, appropriate adjustments to estimated values are made for financial reporting purposes for specific properties for which there are no corresponding comparable transactions. Key input data include market prices from appraisal studies prepared under the Real Estate Appraisal Act, capitalisation rates, adjustment rates due to specific real estate characteristics, discount rates, and estimates of future cash flows where applicable. Fair value estimates are subject to uncertainties arising from changes in market conditions and the availability of relevant data, and due to the nature of the assumptions used, the amounts actually realised may differ from the fair values stated in the financial statements. The Company regularly reviews estimates and at least annually conducts a review of the consistency of estimates, including the engagement of independent external experts when necessary.

### ***Estimating the fair value of investment property that is subsequently measured at fair value in accordance with IAS 40***

The fair value of investment property subsequently measured at fair value in accordance with IAS 40 was assessed by an Independent Qualified Valuer, using the comparative method for business premises and land, and the income method for the construction part of the buildings leased out. The income method was applied when calculating the fair value of the construction part (real estate that was rented out). In the revenue method the revenue value is determined based on income achieved in the market (sustainable revenue). If revenue relations are in the foreseeable future susceptible to significant deviations or they deviate significantly from the revenues achieved in the market, their revenue value may be determined based on periodically diverse revenue. The income value of developed land includes the value of the land, the value of the building and the value of the equipment. In accordance with the methodology for reconciling the values of real estate valued in accordance with the Real Estate Valuation Act with the principles and requirements of IFRS 13 Fair Value Measurement (Note 3 cid), estimated values are analysed for financial reporting purposes for specific real estate for which there are no corresponding comparable transactions. When preparing an appraisal, key input data include market prices from appraisal studies prepared under the Real Estate Appraisal Act, capitalisation rates, adjustment rates due to specific real estate characteristics, discount rates, and estimates of future cash flows where applicable, as well as other relevant market and economic assumptions. Fair value estimates are subject to uncertainties arising from changes in market conditions and the availability of relevant data, and due to the nature of the assumptions used, the amounts actually realised may differ from the fair values stated in the financial statements. The Company regularly reviews estimates and at least annually conducts a review of the consistency of estimates, including the engagement of independent external experts when necessary. According to the fair value hierarchy, estimates using the market approach are classified into Level 2 and those using the income approach are classified into Level 3 of fair value (Note 19).

## **4/ USE OF ESTIMATES IN PREPARING ANNUAL SEPARATE FINANCIAL STATEMENTS / CONTINUED**

### **Impairment of investments in affiliated companies**

The Company performs an annual impairment test on investments in affiliated companies. The recoverable amounts of cash-generating units are determined based on estimates of cash flows from the affiliates' business plans and projections of investment returns.

The Management estimated the recoverable value as the value in use, because with regard to the strategic goals of the investment in the said company, the fair value of the asset minus the cost does not provide additional value when assessing the recoverable amount of the investment. The carrying amount is reduced to its recoverable amount, and an impairment loss is recognised in the income statement for the year under Note 12. The fair value estimate was performed using the discounted cash flow method, with the calculation of terminal value as a perpetual annuity and asset value, and the adjusted net book value and liquidation value using the control method. In 2025, the tests did not indicate any additional impairments of investments in affiliated companies.

### **Expected loss model**

With the implementation of IFRS 9, the expected credit loss (ECL) model was introduced. The measurement of the expected impairment loss is based on reasonable and supportable information that is available without undue cost or effort, and which includes information about past events, current and anticipated future conditions and circumstances. When determining expected future impairment needs, historical default probabilities are typically used, supplemented by future parameters relevant to credit risk (Notes 3.e, 12 and 27).

## 5/ COMPARATIVE DATA AND ADJUSTMENTS OF OPENING BALANCES

Due to the lack of updated estimates in previous periods, the Company conducted additional activities during 2025 to improve the methodology and valuation techniques to ensure that the fair value of real estate in the financial statements reflects market reality as closely as possible, using models that take into account the specific size, purpose, location and future economic benefits of the asset and that are in accordance with the legal framework and International Financial Reporting Standards. The Methodology for adjusting the value of real estate assessed in accordance with the Real Estate Appraisal Act (OG 78/15) has been defined in continuation of the Real Estate Appraisal Act with the principles and requirements of IFRS 13 – Fair Value Measurement (Note 3 cid). The Company has established the following adjustments relating to prior periods, which the Management believes contribute to a more appropriate accounting presentation of the financial statements. The Management Board considered the significance of the adjustments and concluded that it was sufficient for the Company to disclose the impact of the adjustments only in those notes that are affected by the adjustments. Considering the restatements of prior 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 separate statement of financial position the balance for the earliest period presented, namely 1 January 2024

The overall impact of the above adjustments on the reported operating results for 2023 and 2024 is presented as follows by financial statement item:

### a) Restated amounts previously reported - Statement of Comprehensive Income items for 2024

	<b>2024 previous published</b>	<b>Amount repair</b>	<b>2024 after repairs</b>
	EUR 000	EUR 000	EUR 000
Other operating income	101,722	(8,832)	92,890
Value adjustment	(21,581)	(7,280)	(28,861)
Other operating expenses	(4,437)	(219)	(4,656)

#### *Other operating income / Value adjustment*

Due to the lack of updated estimates in previous periods, the Company conducted additional activities during 2025 to improve the methodology and valuation techniques. Analysis of key input data, which include market prices from appraisal studies prepared in accordance with the Law on Real Estate Appraisal, capitalisation rates, adjustment rates due to specific characteristics of real estate, discount rates and estimates of future cash flows, resulted in differences in the estimated value relating to the recognition of increases in fair value in other operating income and decreases in fair value in the asset value adjustment position as stated above.

#### *Other operating expenses*

In the process of harmonising the accounting balance with the balance in the land registers, the Company obtained documentation in 2025 that is the basis for deregistration of land not owned by the Company. Since the above refers to previous periods, the write-off was carried out against the previous periods and the adjustment is presented as stated above.

**5/ COMPARATIVE DATA AND RECONCILIATIONS OF OPENING BALANCE SHEETS / CONTINUED**

- b) Restated amounts previously reported– items of the Statement of Financial Position as of 31 December 2023

	<b>31/12/2023</b>	<b>Adjustment</b>	<b>31/12/2023</b>
	<b>previously published</b>	<b>amount</b>	<b>restated</b>
	EUR 000	EUR 000	EUR 000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	521,112	(405)	520,707
Investment property	321,875	(40,023)	281,852
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liability	45,855	(100)	45,755
<b>CAPITAL</b>			
Revaluation reserves	208,951	(456)	208,495
Accumulated loss	(73,079)	(39,872)	(112,951)

- c) Restated amounts previously reported– items of the Statement of Financial Position as of 31 December 2024

	<b>31/12/2024</b>	<b>Adjustment</b>	<b>31/12/2024</b>
	<b>previously published</b>	<b>amount</b>	<b>restated</b>
	EUR 000	EUR 000	EUR 000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	614,993	9,455	624,448
Investment property	349,327	(56,135)	293,192
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liability	59,926	1,716	61,642
<b>CAPITAL</b>			
Revaluation reserves	273,055	7,816	280,871
Accumulated loss	(48,861)	(56,212)	(105,073)

*Property, plant and equipment / revaluation reserves*

As previously described in the introduction, after subsequently obtaining valid appraisal reports for land that had not been revalued on the previous date, a change in the fair value of the land was recorded and in 2024, an accounting error was corrected for recording the revaluation of real estate in previous periods. In addition, previously revalued land was deregistered in order to align it with data from the land register.

*Investment property / Accumulated loss*

During 2025, the Company carried out additional activities to improve the methodology and valuation techniques to ensure that the fair value of real estate in the financial statements reflects market reality as faithfully as possible, using models that take into account the specific size, purpose, location and future economic benefits of the asset and that are in accordance with the legal framework and International Financial Reporting Standards. Based on the analysis and calibration of input data, changes in fair value relating to previous periods were recorded due to partial non-compliance of appraisal reports under the Real Estate Appraisal Act with the requirements of IFRS 13 Fair Value Measurement. Since this is an accounting error, the correction was recorded in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Prior Period Errors.

## 6/ SALES REVENUES

Distribution of sales revenue to related parties and external customers:

	<b>2025</b>	<b>2024</b>
	EUR 000	EUR 000
Revenue from sales to related parties (Note 39)	136,808	122,519
Revenue from sales to external customers	138,549	130,784
	<b>275,357</b>	<b>253,303</b>

## 7/ SEGMENT INFORMATION

In accordance with IFRS 8 "Operating Segments", the Company has determined operating segments based on internal reports on the Company's components, which are regularly reviewed by the Chief Executive Officer in order to allocate resources to the segments and assess the performance of their operations. The Company has determined its business segments based on reports that are regularly reviewed by the Management Board, which uses them to make strategic decisions. Business segments are formed according to the criteria of the activities of the affiliated companies that are part of the Company (Note 1).

The business segments are as follows:

- Maintenance of cleanliness and waste removal
- Management and maintenance of public roads
- Parking Services
- Warehousing and leases
- Arrangement and maintenance of green areas
- Facilities Management, Construction and Project Management
- Other activities

<i>Sales revenue by segment</i>	<b>2025</b>	<b>2024</b>
	EUR 000	EUR 000
Income from cleaning and waste collection	90,646	81,621
Income from management and maintenance of public roads	56,473	54,611
Income from landscaping and maintenance of green areas	45,924	36,174
Income from parking services	28,429	24,773
Income from warehousing and leases	13,117	12,998
Other revenue	40,768	43,126
	<b>275,357</b>	<b>253,303</b>

Revenues from cleaning and waste collection increased in 2025 due to the increase in activities and prices in public and market services provided to business users, which relate to the collection, processing and disposal of waste, as well as a greater scope of services performed as part of the regular maintenance of the cleanliness of public areas and increased rehabilitation of illegal landfills according to the e-order, as well as increased prices according to the City of Zagreb, which reflects the increase in personnel costs and the increase in material costs related to the maintenance of vehicles and infrastructure.

Revenues from facility management, construction and project management are lower compared to last year due to the expiry of the contract with the City of Zagreb for 1,300 apartments in Sopnica-Jelkovec.

Revenues from landscaping and maintenance of green areas have increased due to the introduction of new services and a greater scope of works in the segment of regular maintenance and landscaping and the regular programme of the City of Zagreb.

Income from parking services increased mostly due to the introduction of block parking, extension of parking payment times, price increases in garages, and expansion of payment to new streets and neighbourhoods.

**7/ SEGMENT INFORMATION / CONTINUED**

Other income includes the following:	<b>2025</b>	<b>2024</b>
	EUR 000	EUR 000
Income from funeral services	10,536	10,727
Income from markets	9,193	9,113
Income from travel agencies	7,309	6,734
Income from bus terminal services	4,121	3,969
Income from the rental of telecommunication lines and networks	3,213	3,335
Income from the management and maintenance of sports facilities	3,091	2,127
Income from Facilities Management, Construction and Project Management	2,909	6,712
Income from publishing activities	396	409
	<b>40,768</b>	<b>43,126</b>

## ZAGREBAČKI HOLDING d.o.o.

NOTES TO THE FINANCIAL STATEMENTS / CONTINUED

For the year ended 31 December 2025

### 7/ SEGMENT INFORMATION / CONTINUED

#### Revenues and results by segment for 2025

	Cleaning and waste collection	Management And Maintenance Of Public Roads	Parking Services	Warehousing and leases	Arrangement and maintenance of green areas	Other	Elimination	Total
	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000
Revenue from sales to external customers	90,646	56,473	28,429	13,117	45,924	40,768	–	275,357
Inter-segment sales	3,363	1,570	112	129	495	39,908	(45,577)	–
<b>Total sales revenue</b>	<b>94,009</b>	<b>58,043</b>	<b>28,541</b>	<b>13,246</b>	<b>46,419</b>	<b>80,676</b>	<b>(45,577)</b>	<b>275,357</b>
<b>Expenses from other activities, net other income from core activities</b>	<b>(82,313)</b>	<b>(51,188)</b>	<b>(18,802)</b>	<b>(2,237)</b>	<b>(42,317)</b>	<b>(71,684)</b>	<b>45,577</b>	<b>(222,964)</b>
Profit from operating activities	11,696	6,855	9,739	11,009	4,102	8,992	–	52,393
Financial revenues	341	36	86	73	7	7,577	–	8,120
Financial expenses	(1,114)	(35)	(36)	–	(109)	(28,962)	–	(30,256)
Net financial result	(773)	1	50	73	(102)	(21,385)	–	(22,136)
<b>Profit / (loss) before tax</b>	<b>10,923</b>	<b>6,856</b>	<b>9,789</b>	<b>11,082</b>	<b>4,000</b>	<b>(12,393)</b>	<b>–</b>	<b>30,257</b>
Tax revenue								2,999
<b>Net profit</b>								<b>33,256</b>

## ZAGREBAČKI HOLDING d.o.o.

NOTES TO THE FINANCIAL STATEMENTS / CONTINUED

For the year ended 31 December 2025

### 7/ SEGMENT INFORMATION / CONTINUED

#### Revenues and results by segment for 2024 (restated)

	Cleaning and waste collection	Management And Maintenance Of Public Roads	Parking Services	Warehousing and leases	Arrangement and maintenance of green areas	Other	Elimination	Total
	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000
Revenue from sales to external customers	81,621	54,611	24,773	12,998	36,174	43,126	–	253,303
Inter-segment sales	2,003	1,973	122	155	706	35,689	(40,648)	–
<b>Total sales revenue</b>	<b>83,624</b>	<b>56,584</b>	<b>24,895</b>	<b>13,153</b>	<b>36,880</b>	<b>78,815</b>	<b>(40,648)</b>	<b>253,303</b>
<b>Expenses from other activities, net other income from core activities</b>	<b>(79,266)</b>	<b>(49,733)</b>	<b>(16,527)</b>	<b>(10,092)</b>	<b>(36,133)</b>	<b>(62,526)</b>	<b>40,648</b>	<b>(213,629)</b>
Profit from operating activities	4,358	6,851	8,368	3,061	747	16,289	–	39,674
Financial revenues	593	134	197	42	23	6,994	–	7,983
Financial expenses	(807)	(58)	(9)	(2)	(118)	(34,739)	–	(35,733)
Net financial result	(214)	76	188	40	(95)	(27,745)	–	(27,750)
<b>Profit / (loss) before tax</b>	<b>4,144</b>	<b>6,927</b>	<b>8,556</b>	<b>3,101</b>	<b>652</b>	<b>(11,456)</b>	<b>–</b>	<b>11,924</b>
Tax expense								(4,748)
<b>Net profit</b>								<b>7,176</b>

## ZAGREBAČKI HOLDING d.o.o.

NOTES TO THE FINANCIAL STATEMENTS / CONTINUED

For the year ended 31 December 2025

### 7/ SEGMENT INFORMATION / CONTINUED

#### Assets and liabilities by segment as of 31 December 2025

	Cleaning and waste collection	Management And Maintenance Of Public Roads	Parking Services	Warehousing and leases	Arrangement and maintenance of green areas	Other	Elimination	Total
	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000
Property, plant and equipment	71,516	44,517	10,267	29,101	76,285	411,100	–	642,786
Right-of-use assets	–	13	103	–	30	277	–	423
Intangible assets	396	56	188	390	35	6,067	–	7,132
Investment property	124	1,392	–	171,642	960	124,045	–	298,163
Inventories	1,221	4,231	134	38	2,407	1,752	–	9,783
Trade receivables, net	9,346	353	2,114	565	326	2,241	–	14,945
Investments in affiliated companies	–	–	–	–	–	285,599	–	285,599
Unallocated assets	27,620	74,115	51,027	28,858	27,481	399,280	(371,858)	236,523
<b>Total assets</b>	<b>110,223</b>	<b>124,677</b>	<b>63,833</b>	<b>230,594</b>	<b>107,524</b>	<b>1,230,361</b>	<b>(371,858)</b>	<b>1,495,354</b>
Bonds issued	–	–	–	–	–	303,599	–	303,599
Accounts payable to suppliers	9,727	4,348	1,699	574	3,197	12,038	–	31,583
Liabilities to employees	3,404	1,143	525	177	1,191	2,484	–	8,924
Capital and unallocated liabilities	97,092	119,186	61,609	229,843	103,136	912,240	(371,858)	1,151,248
<b>Total capital and liabilities</b>	<b>110,223</b>	<b>124,677</b>	<b>63,833</b>	<b>230,594</b>	<b>107,524</b>	<b>1,230,361</b>	<b>(371,858)</b>	<b>1,495,354</b>
<b>Other segmental information</b>								
<b>Capital expenditures:</b>	<b>4,752</b>	<b>339</b>	<b>2,376</b>	<b>251</b>	<b>7,186</b>	<b>8,304</b>	<b>–</b>	<b>23,208</b>
<i>Property, plant and equipment</i>	4,741	330	2,313	251	7,186	5,977	–	20,798
<i>Intangible assets</i>	11	9	63	–	–	2,327	–	2,410
<b>Amortisation and impairment of assets</b>	<b>6,688</b>	<b>692</b>	<b>1,744</b>	<b>562</b>	<b>1,889</b>	<b>5,166</b>	<b>–</b>	<b>16,741</b>

## ZAGREBAČKI HOLDING d.o.o.

NOTES TO THE FINANCIAL STATEMENTS / CONTINUED

For the year ended 31 December 2025

### 7/ SEGMENT INFORMATION / CONTINUED

#### Assets and liabilities by segment as of 31 December 2024 (restated)

	Cleaning and waste collection	Management And Maintenance Of Public Roads	Parking Services	Warehousing and leases	Arrangement and maintenance of green areas	Other	Elimination	Total
	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000
Property, plant and equipment	69,888	43,021	9,659	29,264	70,958	401,658	–	624,448
Right-of-use assets	–	15	104	–	51	333	–	503
Intangible assets	542	47	118	512	44	3,934	–	5,197
Investment property	–	1,202	–	166,523	855	124,612	–	293,192
Inventories	1,920	4,437	61	30	2,395	1,047	–	9,890
Trade receivables, net	8,627	745	1,479	542	292	2,210	–	13,895
Investments in affiliated companies	–	–	–	–	–	285,599	–	285,599
Unallocated assets	12,422	71,374	41,113	24,028	21,629	397,422	(322,605)	245,383
<b>Total assets</b>	<b>93,399</b>	<b>120,841</b>	<b>52,534</b>	<b>220,899</b>	<b>96,224</b>	<b>1,216,815</b>	<b>(322,605)</b>	<b>1,478,107</b>
Bonds issued	–	–	–	–	–	303,098	–	303,098
Accounts payable to suppliers	13,888	6,206	599	530	4,134	8,847	–	34,204
Liabilities to employees	3,002	1,030	463	156	1,028	2,160	–	7,839
Capital and unallocated liabilities	76,509	113,605	51,472	220,213	91,062	902,710	(322,605)	1,132,966
<b>Total capital and liabilities</b>	<b>93,399</b>	<b>120,841</b>	<b>52,534</b>	<b>220,899</b>	<b>96,224</b>	<b>1,216,815</b>	<b>(322,605)</b>	<b>1,478,107</b>
<b>Other segmental information</b>								
<b>Capital expenditures:</b>	<b>16,410</b>	<b>86</b>	<b>1,175</b>	<b>548</b>	<b>3,757</b>	<b>6,849</b>	<b>–</b>	<b>28,825</b>
<i>Property, plant and equipment</i>	16,356	86	1,095	510	3,757	5,229	–	27,033
<i>Intangible assets</i>	54	–	80	38	–	1,620	–	1,792
<b>Amortisation and impairment of assets</b>	<b>6,087</b>	<b>1,023</b>	<b>1,537</b>	<b>585</b>	<b>1,333</b>	<b>6,428</b>	<b>–</b>	<b>16,993</b>

## ZAGREBAČKI HOLDING d.o.o.

NOTES TO THE FINANCIAL STATEMENTS / CONTINUED

For the year ended 31 December 2025

### 7/ SEGMENT INFORMATION / CONTINUED

#### Assets and liabilities by segment as of 01 January 2024 (restated)

	Cleaning and waste collection	Management And Maintenance Of Public Roads	Parking Services	Storage and rental	Arrangement and maintenance of green areas	Other	Elimination	Total
	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000
Property, plant and equipment	56,067	33,235	9,969	23,679	48,312	349,445	–	520,707
Right-of-use assets	0	18	202	38	29	38	–	325
Intangible assets	804	48	64	455	53	1,861	–	3,285
Investment property	–	284	–	167,691	928	112,949	–	281,852
Inventories	936	3,874	29	57	1,891	1,043	–	7,830
Trade receivables, net	7,483	601	1,623	595	396	1,997	–	12,695
Investments in affiliated companies	–	–	–	–	–	289,899	–	289,899
Unallocated assets	11,398	68,543	32,634	19,812	21,949	444,892	(326,662)	272,566
<b>Total assets</b>	<b>76,688</b>	<b>106,603</b>	<b>44,521</b>	<b>212,327</b>	<b>73,558</b>	<b>1,202,124</b>	<b>(326,662)</b>	<b>1,389,159</b>
Bonds issued	–	–	–	–	–	302,622	–	302,622
Accounts payable to suppliers	5,200	4,722	841	576	2,835	5,020	–	19,194
Liabilities to employees	2,404	864	410	132	890	1,797	–	6,497
Capital and unallocated liabilities	69,084	101,017	43,270	211,619	69,833	892,685	(326,662)	1,060,846
<b>Total capital and liabilities</b>	<b>76,688</b>	<b>106,603</b>	<b>44,521</b>	<b>212,327</b>	<b>73,558</b>	<b>1,202,124</b>	<b>(326,662)</b>	<b>1,389,159</b>
<b>Other segmental information</b>								
<b>Capital expenditures:</b>	<b>3,606</b>	<b>31</b>	<b>369</b>	<b>133</b>	<b>1,986</b>	<b>1,960</b>	<b>–</b>	<b>8,085</b>
<i>Property, plant and equipment</i>	3,505	31	305	83	1,986	1,942	–	7,852
<i>Intangible assets</i>	101	–	64	50	–	18	–	233
<b>Amortisation and impairment of assets</b>	<b>5,177</b>	<b>1,160</b>	<b>1,532</b>	<b>612</b>	<b>1,196</b>	<b>10,365</b>	<b>–</b>	<b>20,042</b>

**8/ OTHER OPERATING INCOME**

	<b>2025</b>	<b>2024</b> restated
	EUR 000	EUR 000
Income from subsidies and support /i/	61,436	47,870
Unrealised gains from changes in the fair value of investment property /iii/	11,057	17,942
Recovered written-off and value-adjusted receivables from related parties (Note 39)	7,101	9,914
Income from reversal of provisions for employee benefits and litigation (Note 32)	6,994	1,510
Income from the cancellation of accrued expenses for unused annual leave (Note 10)	3,936	2,881
Income from the cancellation of deferred income recognition /ii/	3,633	3,412
Collected written-off and value-adjusted trade receivables (Note 27)	3,544	3,598
Income from the cancellation of provisions (calculated costs) for collective surplus	138	2
Other	6,219	5,761
	<b>104,058</b>	<b>92,890</b>

/i/ Revenue from subsidies and grants was mostly generated by the City of Zagreb and the Republic of Croatia:

	<b>2025</b>	<b>2024</b>
	EUR 000	EUR 000
Subsidies and grants from the City of Zagreb (note 39)	56,593	42,220
Subsidies and grants from the Republic of Croatia and others	4,843	5,650
	<b>61,436</b>	<b>47,870</b>

/i/ 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 in the amount of EUR 3,008 thousand and covering the costs of the Čistoća for costs related to public services, costs of collecting plastic packaging, covering the costs of landfill rehabilitation and the fee for waste disposal according to the Waste Management Act in the total amount of EUR 52,134 thousand, and other grants in the amount of EUR 1,450 thousand.

/ii/ Income from the reversal of deferred revenue recognition is reported in accordance with *IAS 20 Government Grants*, over the period of use and is systematically linked to depreciation expenses - note 33.

/iii/ Unrealised gains from changes in the fair value of investment property arise from the regular annual valuation of investment property, which, according to the assessment of an independent qualified appraiser, has increased its fair value, in accordance with the applicable accounting policy.

Net gain from change in fair value of investment property is shown as follows:

	<b>2025</b>	<b>2024</b> restated
	EUR 000	EUR 000
Unrealised gains from changes in the fair value of investment property	11,057	17,942
Unrealised losses from changes in fair value of investment property (Note 12)	(5,708)	(9,846)
<b>Net gain from change in fair value</b> (Note 19)	<b>5,349</b>	<b>8,096</b>

**9/ MATERIAL COSTS AND SERVICES**

	<b>2025</b>	<b>2024</b>
	EUR 000	EUR 000
Costs of raw materials and supplies /i/	20,496	18,260
Costs of energy consumed	13,557	13,803
Write-off of small inventory	1,765	2,189
<i>a) Total material costs</i>	<i>35,818</i>	<i>34,252</i>
<i>b) Change in the value of inventories of work in progress and finished goods</i>	<i>(131)</i>	<i>172</i>
<i>c) Cost of goods sold</i>	<i>2,817</i>	<i>1,778</i>
Utilities and fees /ii/	33,767	32,685
Maintenance services /iii/	16,813	11,997
Subcontractor costs	9,828	9,438
Costs of transport services	5,418	5,659
Data processing and computer program maintenance services	4,353	4,270
Rental and lease services	3,595	3,292
Intellectual services	2,800	3,495
Banking services and payment transaction costs /iv/	2,582	670
Insurance premiums	2,095	1,822
Advertising and promotion services	109	102
Other external services	3,203	2,594
<i>d) Total external services</i>	<i>84,563</i>	<i>76,024</i>
	<b>123,067</b>	<b>112,226</b>

/i/ The increase in the costs of raw materials and materials mostly relates to the increase in the costs of raw materials and materials consumed due to the larger volume of works for the City of Zagreb and the larger quantity of bags for recyclable waste given the dynamics of their distribution to citizens.

/ii/ Communal Services and Fees, the increase primarily refers to the increase in the cost of the recovery of separately collected waste handed over to external recovery operators.

/iii/ The increase in maintenance services is the result of an increase in landfill maintenance costs in the landslide rehabilitation section in accordance with the work schedule in 2025 and an increase in the costs of regular landfill maintenance.

/iv/ The largest portion of banking and payment transaction costs in the amount of EUR 1,596 thousand relates to termination fees for the club loan concluded in September 2022.

The audit costs for 2025 amount to EUR 100 thousand (2024: EUR 85 thousand).

**10/ STAFF COSTS**

	<b>2025</b>	<b>2024</b>
	000 EUR	EUR 000
Net salary and compensation costs	81,857	70,814
Tax and contribution costs	49,668	42,347
Reimbursement of expenses to employees and expenses for other material rights /i/	23,069	21,501
Costs for accrued unused annual leave (Note 35)	4,648	3,936
Reduction for realised costs of reserved severance pay and collective redundancy payment	(962)	(143)
	<b>158,280</b>	<b>138,455</b>
Number of employees at the end of the period	<b>5,381</b>	<b>5,356</b>
Average number of employees based on working hours	<b>5,267</b>	<b>4,899</b>

/i/ Employee expense reimbursements and other financial entitlements of employees include compensation regulated by the Collective Agreement, such as compensation for transport costs to and from work up to the amount of public transport costs, occasional rewards and gifts to employees (meal allowance, anniversary rewards, Christmas bonus, Easter bonus, holiday pay, etc.), education and professional development costs, etc.

The increase in personnel costs is a consequence of the increase in the base from 1 May 2025 by 15.6%.

	<b>2025</b>	<b>2024</b>
	EUR 000	EUR 000
Provisioning costs for unused vacations	4,648	3,936
Income from the release of provisions for unused annual leave (note 8)	(3,936)	(2,881)
	<b>712</b>	<b>1,055</b>

**11/ DEPRECIATION AND AMORTISATION**

	<b>2025</b>	<b>2024</b>
	EUR 000	EUR 000
Property, plant and equipment (Note 18)	16,102	16,107
Intangible assets (Note 21)	526	691
Right-of-use assets (Note 20)	113	195
	<b>16,741</b>	<b>16,993</b>

**12/ VALUE ADJUSTMENT**

	<b>2025</b>	<b>2024</b>
	EUR 000	EUR 000
Losses from changes in fair value of investment property (Note 19)	5,708	9,846
Value adjustment of trade receivables (Note 27)	4,482	6,374
Value adjustment of receivables from related parties (Note 26)	2,524	1,593
Value adjustment of receivables from the state (Note 27)	1,350	1,234
Value adjustment of inventories (Note 25)	1,003	678
Value adjustment of property, plant and equipment and intangible assets (Notes 18 and 21)	86	4,819
Value adjustment of other current assets	27	17
Impairment of business interests in affiliated companies	–	4,300
	<b>15,180</b>	<b>28,861</b>

**13/ PROVISIONS**

	<b>2025</b>	<b>2024</b>
	EUR 000	EUR 000
Provisions for employee benefits under IAS 19 (Note 32)	4,030	1,442
Provisions for initiated legal disputes (Note 32)	3,247	2,786
Provisions for severance pay (business and personal termination)	–	1,100
	<b>7,277</b>	<b>5,328</b>

**14/ OTHER OPERATING EXPENSES**

	<b>2025</b>	<b>2024</b>
	EUR 000	EUR 000
Fines, penalties and damages /i/	3,530	931
Administrative and legal costs	509	671
Membership fees to professional associations	494	398
Gifts, donations and sponsorships	248	208
Memorial annuity and environmental protection costs	214	181
Taxes and contributions independent of the result	203	341
National Team	36	36
Written-off receivables	25	25
Other (shortages, professional literature and press, RO and NO fees and other)	1,218	1,865
	<b>6,477</b>	<b>4,656</b>

/i/ The increase in expenditures on fines, penalties and compensation for damages is caused by the waste disposal fee for landfill managers in Croatia, which is calculated in accordance with *the Waste Management Act* and *the Regulation on the Unit Fee for Waste Disposal (OG 137/2024, 29/2026)*, which entered into force on 1 January 2025

**15/ FINANCE INCOME**

	<b>2025</b>	<b>2024</b>
	EUR 000	EUR 000
Income from share in profits of affiliates /i/	1,800	645
Income from interest on loans of affiliated companies	1,892	3,028
<i>Total financial income from affiliated companies (Note 39)</i>	<i>3,692</i>	<i>3,673</i>
Income from interest on deposits and loans of unrelated companies	587	939
Other financial income /ii/	3,841	3,370
Positive exchange rate differences	–	1
	<b>8,120</b>	<b>7,983</b>

/i/ Income from profit shares of affiliated companies refers to profit shares of the affiliated company Zagreb plakat d.o.o. in the amount of EUR 1,800 thousand (51% of the profit achieved in 2024 and retained earnings as of 31 December 2024 according to the Decision of the Assembly).

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

**16/ FINANCE COSTS**

	<b>2025</b>	<b>2024</b>
	EUR 000	EUR 000
Interest expenses	25,641	31,260
Discount and bond issuance costs	560	544
Interest expense from related parties	778	962
Other financial expenses	3,275	2,967
Negative exchange rate differences	2	–
	<b>30,256</b>	<b>35,733</b>
<i>Net effect of positive and negative exchange rate differences</i>		
Positive exchange rate differences	–	1
Negative exchange rate differences	(2)	–
	<b>(2)</b>	<b>1</b>

Other financial expenses mostly relate to default interest (EUR 152 thousand) and the costs of indexing the rent for the Arena Zagreb facility (EUR 2,700 thousand).

**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 2025 is calculated by applying a rate of 18% to taxable profit.

***Income tax recognised in profit or loss***

	<b>2025</b>	<b>2024</b>
	EUR 000	EUR 000
<b>Tax expenditure includes:</b>		
Current tax	–	2,959
Deferred tax	(2,999)	1,789
<b>Tax (income)/expense recognised in profit or loss</b>	<b>(2,999)</b>	<b>4,748</b>

Relationship between accounting loss and current year tax expense:

	<b>2025</b>	<b>2024</b>
	EUR 000	restated EUR 000
Profit before tax:	30,256	11,924
Income tax at a rate of 18%	5,446	2,146
Effect of permanent differences (net)	(11,445)	63
Effect of temporary differences recognised as deferred tax assets	2,999	(1,789)
Effect of temporary differences not recognised as deferred tax assets	–	4,326
<b>Tax (income)/expense recognised in profit or loss</b>	<b>(2,999)</b>	<b>4,748</b>
Effective tax rate	–	39.82%

Overview of tax losses by year of occurrence:

	<b>2025</b>	<b>2024</b>
	EUR 000	EUR 000
Tax loss	12,861	–
<b>Tax loss carry forward</b>	<b>12,861</b>	–

**ZAGREBAČKI HOLDING d.o.o.**

NOTES TO THE FINANCIAL STATEMENTS / CONTINUED

For the year ended 31 December 2025

**17/ CORPORATE INCOME TAX / CONTINUED*****Deferred tax balance – deferred tax assets and deferred tax liabilities***

<b>Year 2025</b>	<b>Opening balance</b>	<b>Recognised in profit or loss</b>	<b>Reported in other comprehensive income</b>	<b>Booked directly to equity</b>	<b>Closing balance</b>
	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000
<b><i>Temporary differences</i></b>					
<b>Deferred tax assets</b>					
Provisions	1,946	684	–	–	<b>2,630</b>
Value adjustment of land and depreciation of properties	856	–	–	–	<b>856</b>
Tax loss	–	2,315	–	–	<b>2,315</b>
<b>Deferred tax liability</b>					
Revaluation of land	57,708	–	1,943	(4)	<b>59,647</b>
Property, plant and equipment	3,934	–	22	–	<b>3,956</b>
<b>Deferred tax assets</b>	<b>2,802</b>	<b>2,999</b>	<b>–</b>	<b>–</b>	<b>5,801</b>
<b>Deferred tax liability</b>	<b>61,642</b>	<b>–</b>	<b>1,965</b>	<b>(4)</b>	<b>63,603</b>

Revaluation reserves for property, plant and equipment were formed in previous periods and entered into the Company's financial statements upon the merger of companies in 2007. As previously stated in the accounting policies, the Company applies the revaluation model to land, while property, plant and equipment are subsequently measured using the cost model.

**ZAGREBAČKI HOLDING d.o.o.**

NOTES TO THE FINANCIAL STATEMENTS / CONTINUED

For the year ended 31 December 2025

**17/ CORPORATE INCOME TAX / CONTINUED*****Deferred tax balance – deferred tax assets and deferred tax liabilities***

<b>Year 2024</b>	<b>Opening balance</b>	<b>Recognised in profit or loss / recognised directly in equity</b>	<b>Reported in other comprehensive income</b>	<b>Booked directly to equity</b>	<b>Closing balance</b>
	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000
<b><i>Temporary differences</i></b>					
<b>Deferred tax assets</b>					
Provisions	<b>1,689</b>	257	–	–	<b>1,946</b>
Fair valuation of SWAP	<b>136</b>	–	(136)	–	–
Land value adjustment and real estate amortisation	<b>856</b>	–	–	–	<b>856</b>
Tax loss	<b>2,046</b>	(2,046)	–	–	–
<b>Deferred tax liability</b>					
Land revaluation	<b>41,909</b>	–	15,799	–	<b>57,708</b>
Property, plant and equipment	<b>3,846</b>	–	88	–	<b>3,934</b>
<b>Deferred tax assets</b>	<b>4,727</b>	<b>(1,789)</b>	<b>(136)</b>	–	<b>2,802</b>
<b>Deferred tax liability</b>	<b>45,755</b>	–	<b>15,887</b>	–	<b>61,642</b>

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

**18/ PROPERTY, PLANT AND EQUIPMENT**

	Land	Bulidings and residential bulidings	Plant and equipment	Means of transport and tools	Other tangible assets	Tangible assets under construction	Total property, plant and equipment
	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000
<b>PURCHASE VALUE</b>							
<b>Balance as at 1 January 2023</b>	<b>342,254</b>	<b>426,813</b>	<b>68,526</b>	<b>77,833</b>	<b>6,083</b>	<b>7,485</b>	<b>928,994</b>
Effects of restatement	(700)	570	–	–	–	–	(130)
<b>Balance as at 31 December 2023 restated</b>	<b>341,554</b>	<b>427,383</b>	<b>68,526</b>	<b>77,833</b>	<b>6,083</b>	<b>7,485</b>	<b>928,864</b>
Additions	–	–	–	–	–	27,033	<b>27,033</b>
Capital increase - asset addition	6,261	9,239	–	–	–	–	<b>15,500</b>
Transfer from assets under construction	–	862	8,500	13,145	127	(22,634)	–
Reclassifications (transfers from/to)	–	5	(505)	(78)	–	(674)	<b>(1,252)</b>
Revaluation adjustment	87,772	492	–	–	–	–	<b>88,264</b>
Reclassification to IAS 40	(2,751)	(828)	–	–	–	–	<b>(3,579)</b>
Disposals	(336)	(459)	(1,868)	(2,107)	–	(1,274)	<b>(6,044)</b>
Transfer to inventory	(106)	(34)	–	–	–	–	<b>(140)</b>
Derecognition /i/	(758)	(13,907)	–	–	–	–	<b>(14,665)</b>
<b>Balance as at 31 December 2024 restated</b>	<b>431,636</b>	<b>422,753</b>	<b>74,653</b>	<b>88,793</b>	<b>6,210</b>	<b>9,936</b>	<b>1,033,981</b>
Additions	–	–	2	–	–	20,796	<b>20,798</b>
Transfer from assets under construction	–	2,011	5,967	10,735	–	(18,713)	–
Reclassifications (transfers from/to)	–	1	633	(705)	–	3	<b>(68)</b>
Revaluation adjustment	10,796	121	–	–	–	–	<b>10,917</b>
Aftercost - increase	–	3,599	–	–	–	–	<b>3,599</b>
Disposals	(27)	(238)	(1,603)	(1,284)	–	(1,669)	<b>(4,821)</b>
Derecognition /i/	(6,053)	(84,476)	–	–	–	–	<b>(90,529)</b>
Transfer from inventory	–	25	–	–	–	–	<b>25</b>
Reclassification to IAS 40	(52)	(205)	–	–	–	–	<b>(257)</b>
Assets held for sale	(229)	(195)	–	–	–	–	<b>(424)</b>
<b>Balance as at 31 December 2025</b>	<b>436,071</b>	<b>343,396</b>	<b>79,652</b>	<b>97,539</b>	<b>6,210</b>	<b>10,353</b>	<b>973,221</b>
<b>VALUE ADJUSTMENT</b>							
<b>Balance as at 31 December 2023</b>	<b>28,437</b>	<b>254,009</b>	<b>54,768</b>	<b>68,409</b>	<b>17</b>	<b>2,252</b>	<b>407,892</b>
Effects of restatement	–	276	–	–	–	–	<b>276</b>
<b>Balance as at 31 December 2023 restated</b>	<b>28,437</b>	<b>254,285</b>	<b>54,768</b>	<b>68,409</b>	<b>17</b>	<b>2,252</b>	<b>408,168</b>
Depreciation	114	8,048	3,718	4,226	1	–	<b>16,107</b>
Value adjustment	4,831	–	–	–	–	29	<b>4,860</b>
Reclassification (transfers from/to)	–	5	(388)	(57)	–	–	<b>(440)</b>
Reclassification to IAS 40	–	(334)	–	–	–	–	<b>(334)</b>
Disposals	–	(109)	(1,808)	(2,104)	–	(29)	<b>(4,050)</b>
Transfer to inventory	(69)	(7)	–	–	–	–	<b>(76)</b>
Derecognition /i/	(758)	(13,907)	–	–	–	–	<b>(14,665)</b>
<b>Balance as at 31 December 2024</b>	<b>32,555</b>	<b>247,981</b>	<b>56,290</b>	<b>70,474</b>	<b>18</b>	<b>2,252</b>	<b>409,570</b>
Depreciation	–	7,144	4,525	4,432	1	–	<b>16,102</b>
Value adjustment	–	–	–	–	–	86	<b>86</b>
Reclassification (transfers from/to)	–	1	129	(138)	–	–	<b>(8)</b>
Disposals	–	(172)	(1,468)	(1,281)	–	(1,680)	<b>(4,601)</b>
Derecognition /i/	(6,053)	(84,476)	–	–	–	–	<b>(90,529)</b>
Reclassification of IAS 40	–	(72)	–	–	–	–	<b>(72)</b>
Assets held for sale	–	(71)	–	–	–	–	<b>(71)</b>
<b>Balance as at 31 December 2025</b>	<b>26,502</b>	<b>170,335</b>	<b>59,476</b>	<b>73,487</b>	<b>19</b>	<b>658</b>	<b>330,477</b>
<b>Balance as at 31 December 2023 restated</b>	<b>313,117</b>	<b>173,098</b>	<b>13,758</b>	<b>9,424</b>	<b>6,066</b>	<b>5,233</b>	<b>520,696</b>
<b>Balance as at 31 December 2024 restated</b>	<b>399,081</b>	<b>174,772</b>	<b>18,363</b>	<b>18,319</b>	<b>6,192</b>	<b>7,684</b>	<b>624,411</b>
<b>Balance as at 31 December 2025</b>	<b>409,569</b>	<b>173,061</b>	<b>20,176</b>	<b>24,052</b>	<b>6,191</b>	<b>9,695</b>	<b>642,744</b>

**18/ PROPERTY, PLANT AND EQUIPMENT / CONTINUED**

The fair value estimate for land that is subsequently measured using the revaluation method in accordance with IAS 16 was performed by an Independent Qualified Valuer, using the comparative method for the estimate. If the aforementioned method had not been applied, the value of the land would have been stated at EUR 122,622 thousand.

The following is a presentation of property, plant and equipment, including advances for the purchase of fixed assets:

	<b>31/12/2025</b>	<b>31/12/2024</b>	<b>01/01/2024</b>
		restated	restated
	EUR 000	EUR 000	EUR 000
Net worth without advances	642,744	624,411	520,696
Advances for tangible assets	42	37	11
<b>Property, plant, equipment and advances</b>	<b>642,786</b>	<b>624,448</b>	<b>520,707</b>

*Ownership of land and buildings*

The company is in the process of registering land and buildings in the appropriate registers that prove ownership. Since some municipal land registers are not fully organised, the registration process takes longer than for newly constructed buildings. The owner of the Company, the City of Zagreb, has entrusted a significant portion of its assets to the Company for management. The status of this property has not yet been fully regulated. Part of the property has been registered since the establishment of the Company, and the remaining property is in the process of resolving the ownership status.

*Land ownership status (revalued value):*

	<b>31/12/2025</b>	<b>31/12/2024</b>	<b>01/01/2024</b>
		restated	restated
	EUR 000	EUR 000	EUR 000
Book ownership	316,028	304,772	223,243
Off-book ownership	93,541	94,309	89,874
	<b>409,569</b>	<b>399,081</b>	<b>313,117</b>

*Ownership status of buildings (purchase value):*

	<b>31/12/2025</b>	<b>31/12/2024</b>	<b>01/01/2024</b>
		restated	restated
	EUR 000	EUR 000	EUR 000
Book ownership	253,129	320,692	327,923
Off-book ownership	89,853	101,647	99,041
Municipal infrastructure facilities	414	414	419
	<b>343,396</b>	<b>422,753</b>	<b>427,383</b>

**18/ PROPERTY, PLANT AND EQUIPMENT / CONTINUED**
*Checking the remaining value*

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

*Impairment of assets*

In accordance with IAS 36 Impairment of Assets, when there are indications of impairment of an asset, the carrying amount should be compared with the recoverable amount, and the carrying amount should be written down to the recoverable amount. Recoverable amount is the higher of (i) the net selling price if the asset could be sold and (ii) the asset's "value in use", which is the net present value of future cash flows based on reasonable and supportable assumptions and management's best knowledge of future economic conditions and plans.

The Company's Management Board believes that the amount of tangible assets shown in the previous table can be recovered through operations in the future period.

*Real estate pledged as collateral*

	<b>31/12/2025</b>	<b>31/12/2024</b>	<b>01/01/2024</b>
		restated	restated
	EUR 000	EUR 000	EUR 000
Securing a loan with real estate collateral	59,996	77,952	64,789

As of 31 December 2025, real estate with a carrying value of EUR 59,996 thousand was registered as security for payments under the Long-term Club Loan Agreement (Note 30).

*Capitalisation of borrowing costs according to IAS 23*

In 2025, as well as in 2024, the Company did not capitalise borrowing costs in accordance with IAS 23.

*/i/ Deregistrations*

During 2025, public purpose facilities were de-registered for transfer to the ownership of the City of Zagreb upon expiration of the lease agreement, with a total purchase and adjustment value of EUR 90,529 thousand (in 2024, purchase and adjustment value of EUR 14,665 thousand). Public facilities refer to the elementary school and the Jelkovec apartments.

**19/ INVESTMENT PROPERTY**

	<b>31/12/2025</b>	<b>31/12/2024</b>	<b>01/01/2024</b>
		restated	restated
	EUR 000	EUR 000	EUR 000
<b>Balance as at 1st January</b>	<b>293,192</b>	<b>281,852</b>	<b>242,288</b>
Increasing value for new investments	71	–	31
Increase in fair value through profit or loss (net) (notes 8 and 12) /i/	5,349	8,096	19,173
Income from property, plant and equipment (note 18)	185	3,244	20,360
Sale	(634)	–	–
<b>Balance as at 31st December</b>	<b>298,163</b>	<b>293,192</b>	<b>281,852</b>

**19/ INVESTMENT PROPERTY / CONTINUED**

/i/ During 2025, an estimate of the fair value of investments in real estate was made based on the assessment of qualified appraisers authorised to assess the value of real estate, whereby gains due to changes in fair value were determined in the amount of EUR 5,349 thousand (2024: EUR 8,096 thousand), which are included in the income statement (notes 8 and 12).

The fair value of investment property subsequently measured at fair value in accordance with IAS 40 was assessed by an Independent Qualified Valuer, using the comparative method for business premises and land, and the income method for the construction part of the buildings leased out. In the revenue method the revenue value is determined based on income achieved in the market (sustainable revenue). The revenue value of developed plots includes the value of the plot, the building and the appliances.

*Fair value hierarchy*

	<b>Level 2</b>	<b>Level 3</b>	<b>Fair value on 31 December 2025</b>
	EUR 000	EUR 000	EUR 000
Warehouses for commercial lease	–	170,018	170,018
Other commercial premises for rent	6,104	70,923	77,027
Other property held for capital appreciation or without a specific future purpose	22,821	28,297	51,118
	<b>28,925</b>	<b>269,238</b>	<b>298,163</b>

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

*Ownership status of real estate investments*

	<b>31/12/2025</b>	<b>31/12/2024</b>	<b>01/01/2024</b>
	EUR 000	restated EUR 000	restated EUR 000
Book ownership	190,933	186,395	186,067
Off-book ownership	107,230	106,797	95,785
	<b>298,163</b>	<b>293,192</b>	<b>281,852</b>

Rental income from investment properties in 2025 amounts to EUR 13,292 thousand. Direct operating costs arising from investments in real estate that generated rental income during 2025 amount to EUR 3,574 thousand.

*Investments in real estate pledged as collateral*

	<b>31/12/2025</b>	<b>31/12/2024</b>	<b>01/01/2024</b>
	EUR 000	restated EUR 000	restated EUR 000
Securing a loan with real estate collateral	–	68,156	69,007

As of 31 December 2024, investment properties with a carrying value of EUR 68,156 thousand were registered as payment security under the Long-Term Club Loan Agreement, which was refinanced on 31 October 2025 with a new Long-Term Club Loan Agreement (Note 30).

## ZAGREBAČKI HOLDING d.o.o.

NOTES TO THE FINANCIAL STATEMENTS / CONTINUED

For the year ended 31 December 2025

### 20/ RIGHT-OF-USE ASSETS

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

	<b>Land</b>	<b>Buildings</b>	<b>Plant and equipment</b>	<b>Total</b>
	EUR 000	EUR 000	EUR 000	EUR 000
<b>Net book value 1 January 2024</b>	<b>29</b>	<b>259</b>	<b>37</b>	<b>325</b>
Increase	48	330	–	378
Amortisation	(127)	(31)	(37)	(195)
Reclassifications (transfers from/to)	220	(220)	–	–
Expenses, disposals and sales (net)	–	(5)	–	(5)
<b>Net book value 31 December 2024</b>	<b>170</b>	<b>333</b>	<b>–</b>	<b>503</b>
Increase	–	14	–	14
Amortisation	–	(113)	–	(113)
Asset Reconciliation	–	39	–	39
Expenses, disposals and sales (net)	–	(20)	–	(20)
<b>Net book value 31 December 2025</b>	<b>170</b>	<b>253</b>	<b>–</b>	<b>423</b>

**20/ RIGHT-OF-USE ASSETS / CONTINUED**

The Company has recognised lease liabilities as disclosed in Note 30 /ii/.

	<b>31/12/2025</b>	<b>31/12/2024</b>
	EUR 000	EUR 000
Long-term lease liabilities (Note 30)	255	445
Short-term lease liabilities (Note 30)	186	145
	<b>441</b>	<b>590</b>
<i>Short-term and low-value leases</i>		
	<b>2025</b>	<b>2024</b>
	EUR 000	EUR 000
Short-term rentals	3,181	2,924
Low value leases	414	368
	<b>3,595</b>	<b>3,292</b>

Expenses related to short-term leases that are not classified as leases under IFRS 16 amount to EUR 3,595 thousand (EUR 3,292 thousand in 2024) and are included in lease expenses.

**21/ INTANGIBLE ASSETS**

	Patents, licences and other rights	Other intangible assets	Intangible assets in preparation	Total intangible assets
	EUR 000	EUR 000	EUR 000	EUR 000
<b>PURCHASE VALUE</b>				
<b>Balance as at 1 January 2024</b>	<b>5,703</b>	<b>4,599</b>	<b>1,310</b>	<b>11,612</b>
New purchases	–	–	1,792	1,792
Transfer from assets under construction	387	–	(387)	–
Expenses, disposals and sales	–	(3)	–	(3)
Income from tangible assets	578	–	674	1,252
<b>Balance as at 31 December 2024</b>	<b>6,668</b>	<b>4,596</b>	<b>3,389</b>	<b>14,653</b>
New purchases	–	–	2,410	2,410
Asset recapitalisation – asset entry	396	–	(396)	–
Transfer from assets under construction	74	–	(74)	–
Reclassification (transfer from/to)	67	13	(12)	68
Expenses, disposals and sales	–	–	(9)	(9)
<b>Balance as at 31 December 2025</b>	<b>7,205</b>	<b>4,609</b>	<b>5,308</b>	<b>17,122</b>
<b>VALUE ADJUSTMENT</b>				
<b>Balance as at 1 January 2024</b>	<b>4,134</b>	<b>4,193</b>	–	<b>8,327</b>
Amortisation	621	70	–	691
Expenses, disposals and sales	–	(2)	–	(2)
Income from tangible assets	440	–	–	440
<b>Balance as at 31 December 2024</b>	<b>5,195</b>	<b>4,261</b>	–	<b>9,456</b>
Amortisation	475	51	–	526
Reclassification (transfer from/to)	8	–	–	8
Expenses, disposals and sales	–	–	–	–
<b>Balance as at 31 December 2025</b>	<b>5,678</b>	<b>4,312</b>	–	<b>9,990</b>
<b>NET BOOK VALUES</b>				
<b>Balance as at 1 January 2024</b>	<b>1,569</b>	<b>406</b>	<b>1,310</b>	<b>3,285</b>
<b>Balance as at 31 December 2024</b>	<b>1,473</b>	<b>335</b>	<b>3,389</b>	<b>5,197</b>
<b>Balance as at 31 December 2025</b>	<b>1,527</b>	<b>297</b>	<b>5,308</b>	<b>7,132</b>

**22/ INVESTMENTS IN AFFILIATED COMPANIES**

	31/12/2025	31/12/2024
	EUR 000	EUR 000
Vodoopskrba i odvodnja d.o.o.	236,555	236,555
Gradska plinara Zagreb d.o.o.	35,799	35,799
Gradsko stambeno komunalno gospodarstvo d.o.o.	7,034	7,034
Gradska ljekarna	3,555	3,555
Gradska plinara Zagreb-Opskrba d.o.o.	2,655	2,655
Zagreb plakat d.o.o.	1	1
	<b>285,599</b>	<b>285,599</b>

**22/ INVESTMENTS IN AFFILIATED COMPANIES / CONTINUED**
*Trends in investments in affiliated companies*

	<b>31/12/2025</b>	<b>31/12/2024</b>
	EUR 000	EUR 000
<b>Initial state</b>	<b>285,599</b>	<b>289,899</b>
Decrease in share (Note 12)	–	(4,300)
<b>Closing balance</b>	<b>285,599</b>	<b>285,599</b>

In 2024, an impairment loss was recorded on the business shares of the affiliated company Vodoopskrba i odvodnja d.o.o. in the amount of EUR 4,300 thousand.

**23/ FINANCIAL ASSETS**

Financial assets are presented as follows:

	<b>31/12/2025</b>	<b>31/12/2024</b>
	EUR 000	EUR 000
<b>/i/ Financial assets carried at fair value through profit or loss</b>		
Investments in shares (Note 28)	213	242
<b>/ii/ Financial assets carried at amortised cost</b>		
Deposits with a maturity of more than one year	9,016	7,806
<i>Long-term part</i>	<i>9,016</i>	<i>7,806</i>
Deposits with maturity up to one year	13	13
Other securities held to maturity	8	152
	21	165
<i>Financial assets carried at amortised cost - current portion (Note 28)</i>	<i>21</i>	<i>165</i>
<i>Financial assets carried at amortised cost - long-term portion</i>	<i>9,016</i>	<i>7,806</i>
<b>Financial assets total short-term portion</b>	<b>234</b>	<b>407</b>
<b>Financial assets total long-term portion</b>	<b>9,016</b>	<b>7,806</b>

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

/ii/ Deposits with a maturity of more than one year mostly refer to the guarantee for the repayment of loans and obligations from the contract for the lease of the Arena Zagreb facility, they are due upon the final repayment of the obligations.

**24/ NON-CURRENT RECEIVABLES**

	<b>31/12/2025</b>	<b>31/12/2024</b>
	EUR 000	EUR 000
<b>Long-term receivables</b>		
Receivables from related parties /i/	82,547	77,328
Receivables based on sales on credit	38	39
Other receivables /ii/	29,508	30,787
	<b>112,093</b>	<b>108,154</b>
<b>Short-term receivables</b>		
Receivables from related parties /i/	12,466	12,857
Receivables from credit sales (note 27 /ii/)	5	7
Other receivables /ii/ (note 27 /ii/)	2,193	2,092
	<b>14,664</b>	<b>14,956</b>

*/i/ Receivables from related parties*

	<b>31/12/2025</b>	<b>31/12/2024</b>
	EUR 000	EUR 000
Receivables from a member of the Company	102,207	114,539
Discount of outstanding receivables	(34,750)	(37,919)
Value adjustment of receivables from a member of the Company	(1,216)	(1,216)
<b>I Total receivables from a member of the Company (Note 39)</b>	<b>66,241</b>	<b>75,404</b>
<i>Of which, short-term portion (Note 26)</i>	<i>8,623</i>	<i>9,163</i>
Loans granted to related companies	47,315	40,425
Value adjustment of loans granted to related companies	(18,543)	(25,644)
<b>II Loans granted to related companies</b>	<b>28,772</b>	<b>14,781</b>
<i>Of which, short-term portion (Note 26 )</i>	<i>3,843</i>	<i>3,694</i>
<b>TOTAL RECEIVABLES FROM RELATED PARTIES (I+II)</b>	<b>95,013</b>	<b>90,185</b>
Short-term portion of receivables from related parties (Note 26)	12,466	12,857
Long-term receivables from related parties	82,547	77,328

Receivables from a member of the Company relate to receivables from the City of Zagreb for financing 50% of the rental costs of the Arena Zagreb sports facility in the amount of EUR 30,785 thousand (EUR 32,876 thousand net in 2024) and receivables under multi-year lease agreements for public facilities (schools, kindergartens, swimming pools) which the Company has reported as a long-term receivable from the City of Zagreb as a lessee in accordance with IFRIC 12 "Service Concession Arrangements" in the amount of EUR 35,456 thousand (EUR 42,528 thousand net in 2024). The lease term is agreed for a period of 7–13 years, of which 2 contracts expire in 2028, 1 in 2032, 1 in 2033 and 2 in 2035. In accordance with the contract, the Company has an obligation to invest in the management and maintenance of the facilities for the entire duration of the lease, and the management and maintenance costs are included in the calculation of the monthly rent.

As of 31 December 2024, receivables from the City of Zagreb under multi-year lease agreements for public facilities, with a net book value of EUR 34,524 thousand, were registered as payment security under the Long-Term Club Loan Agreement, which was refinanced in 2025 (Note 30).

**24/ NON-CURRENT RECEIVABLES / CONTINUED**
*/i/ Receivables from related parties /continued*

Interest rates on loans granted to related companies are calculated at market rates at the time the loan is approved, i.e. 2.79%-3.875%. Loan agreements with affiliated companies are concluded for a period of up to 10 years with payment security instruments.

Overview of trends in the impairment of receivables from related parties:

	<b>2025</b>	<b>2024</b>
	EUR 000	EUR 000
<b>Balance as at 1 January</b>	<b>26,860</b>	<b>36,590</b>
Abolition of value adjustment	(7,101)	(9,730)
<b>Balance as at 31 December</b>	<b>19,759</b>	<b>26,860</b>

*/ii/ Other receivables*

	<b>31/12/2025</b>	<b>31/12/2024</b>
	EUR 000	EUR 000
Claims against the Republic of Croatia /i/	31,685	32,876
Other long-term receivables	322	308
Expected credit losses	(306)	(305)
	<b>31,701</b>	<b>32,879</b>
Short-term part	2,193	2,092
Long-term part	29,508	30,787

/i/ The receivable from the Republic of Croatia in the amount of EUR 31,685 thousand (EUR 32,876 thousand net in 2024) refers to the net receivable from the Republic of Croatia for financing the 50% lease of the Arena hall based on 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 term of 28 years.

**25/ INVENTORIES**

	<b>31/12/2025</b>	<b>31/12/2024</b>
	EUR 000	EUR 000
Raw materials and materials	11,812	11,883
Finished goods	1,515	1,561
Work-in-progress	861	711
Merchandise	784	492
Advances for inventories	38	49
Assets intended for sale	169	64
Value adjustment of inventories /i/	(5,396)	(4,870)
	<b>9,783</b>	<b>9,890</b>

/i/ Movement in inventory value adjustment

	<b>2025</b>	<b>2024</b>
	EUR 000	EUR 000
<b>Balance as at 1 January</b>	<b>4,870</b>	<b>4,847</b>
Increase in value adjustment (Note 12)	1,003	678
Abolition of value adjustment	(477)	(655)
<b>Balance as at 31 December</b>	<b>5,396</b>	<b>4,870</b>

**26/ RECEIVABLES FROM RELATED PARTIES**

	<b>31/12/2025</b>	<b>31/12/2024</b>
	EUR 000	EUR 000
Receivables from a member of the Company /i/ (note 39)	55,635	37,475
Current maturity of long-term receivables from a member of the Company (Note 24 /i/)	8,623	9,163
Receivables from related parties (Note 39)	2,574	3,016
Loans given to affiliated companies (maturity within 1 year) /ii/	272	26,618
Current maturity of long-term loans to related parties (note 24) /i/	3,843	3,694
Impairment of receivables from related parties /iv/ (Note 39)	(13,695)	(11,364)
	<b>57,252</b>	<b>68,602</b>

**26/ RECEIVABLES FROM RELATED PARTIES / CONTINUED**

/ii/ Loans granted to related companies in the amount of EUR 273 thousand relate to accrued interest on loans granted to the companies Zagrebački električni tramvaj d.o.o. and Gradska plinara Zagreb Opskrba d.o.o.

/iii/ The current maturity of long-term loans relates 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 1,470 thousand.

/iv/ An overview of the trend in the impairment of receivables from related parties is as follows:

	<b>2025</b>	<b>2024</b>
	EUR 000	EUR 000
<b>Balance as at 1 January</b>	<b>11,364</b>	<b>10,773</b>
Increase (note 12)	2,524	1,593
Reduction	(193)	(1,002)
<b>Balance as at 31 December</b>	<b>13,695</b>	<b>11,364</b>

**27/ TRADE RECEIVABLES AND OTHER RECEIVABLES**

	<b>31/12/2025</b>	<b>31/12/2024</b>
	EUR 000	EUR 000
Receivables from customers /i/	14,945	13,895
Receivables from the state and others /ii/	5,688	3,272
Receivables from employees	18	30
Other receivables /iii/	6,564	5,973
	<b>27,215</b>	<b>23,170</b>

/i/ Trade receivables

	<b>31/12/2025</b>	<b>31/12/2024</b>
	EUR 000	EUR 000
Receivables from customers	69,840	69,224
Expected credit losses	(54,895)	(55,329)
	<b>14,945</b>	<b>13,895</b>

**27/ TRADE RECEIVABLES AND OTHER RECEIVABLES / CONTINUED**
*Carrying amount of trade receivables by category*

	<b>31/12/2025</b>	<b>31/12/2024</b>
	EUR 000	EUR 000
Accounts receivable economy	10,475	10,593
Receivables from customers - citizens	4,456	3,293
Receivables from customers abroad	14	9
	<b>14,945</b>	<b>13,895</b>

Trade receivables are stated at amortised cost. Legal default interest is charged on late payments. The Company records expected credit losses on receivables from customers for all receivables older than 365 days and upon initiation of the forced collection procedure.

The structure of receivables from customers is analysed at least twice a year, reminders are sent to customers for overdue and unpaid receivables, and for doubtful and disputed receivables from customers, a forced collection procedure (enforcement and court actions) is initiated. Receivables for the delivery of communal services to citizens and businesses are regulated by special laws and are not secured by any financial instruments. Receivables for the delivery of other services to the economy from the Market Activities Segment are secured by various financial instruments (bills of exchange, promissory notes, bank guarantees, etc.). When determining the possibility of collecting a claim, the activity from which the claim was formed is taken into account (utilities or market activities - due to various factors that influence the formation of the price and conditions of service delivery) and the entity to which the service was delivered (citizens or businesses - due to different statutes of limitation).

The analysis of the age structure of customer claims by business segments and customer categories (citizenship and economy) determined the expected credit losses resulting from the calculation of customer claims from the segment of cleanliness maintenance and waste removal, which represent the most significant part in short-term customer claims, which are characterised by the largest number of individual customers with smaller amounts of individual claims that are not secured by means of payment insurance.

*Ageing analysis of due and unpaid receivables after impairment:*

	<b>31/12/2025</b>	<b>31/12/2024</b>
	EUR 000	EUR 000
Not due	10,527	8,383
0–60 days	2,631	3,667
60–180 days	1,113	1,611
180–365 days	207	233
over 365 days	467	1
	<b>14,945</b>	<b>13,895</b>

**27/ TRADE RECEIVABLES AND OTHER RECEIVABLES / CONTINUED**
*Changes in expected credit losses on receivables:*

	<b>2025</b>	<b>2024</b>
	EUR 000	EUR 000
<b>Balance as at 1 January</b>	<b>55,329</b>	<b>53,160</b>
Recognised losses due to impairment of receivables (Note 12)	4,482	6,374
Written-off receivables	(469)	(588)
Recovered written-off receivables (Note 8)	(3,544)	(3,598)
Reversal of impairment losses on receivables	(1,186)	(794)
Other impairments of receivables	283	775
<b>Balance as at 31 December</b>	<b>54,895</b>	<b>55,329</b>

*/ii/ Receivables from the state and others*

	<b>31/12/2025</b>	<b>31/12/2024</b>
	EUR 000	EUR 000
Receivables for rent indexation for the Arena Zagreb facility	6,608	5,258
Current maturity of long-term receivables and sales on credit (Note 24)	2,198	2,099
Receivables from the HZZO	1,183	879
Other claims for taxes, contributions and fees	2,000	24
Value Added Tax receivables	433	396
Expected credit losses for rent indexation for the Arena Zagreb facility	(6,608)	(5,258)
Expected credit losses on receivables from the state and others	(126)	(126)
	<b>5,688</b>	<b>3,272</b>

An overview of trends in the impairment of receivables from the state is as follows:

	<b>2025</b>	<b>2024</b>
	EUR 000	EUR 000
<b>Balance as at 1 January</b>	<b>5,384</b>	<b>4,150</b>
Increase (note 12)	1,350	1,234
<b>Balance as at 31 December</b>	<b>6,734</b>	<b>5,384</b>

**27/ TRADE RECEIVABLES AND OTHER RECEIVABLES / CONTINUED**
*/iii/ Other receivables*

	<b>31/12/2025</b>	<b>31/12/2024</b>
	EUR 000	EUR 000
Paid future expenses and outstanding revenue collection	4,632	3,603
Advances given	1,433	2,008
Claims from insurance companies and for damages	76	201
Other receivables	463	376
Expected credit losses on advances given	(40)	(215)
	<b>6,564</b>	<b>5,973</b>

**28/ FINANCIAL ASSETS**

	<b>31/12/2025</b>	<b>31/12/2024</b>
	EUR 000	EUR 000
Financial assets carried at fair value through income statement (note 23)	213	242
Financial assets carried at amortised cost (note 23)	21	165
	<b>234</b>	<b>407</b>

*Fair value hierarchy*

	<b>31/12/2025</b>			
	<u>1st row</u>	<u>2nd row</u>	<u>3rd row</u>	<u>Total</u>
	EUR 000	EUR 000	EUR 000	EUR 000
<b>Financial assets at fair value through profit or loss</b>				
– investments in shares	213	–	–	213
				<b>31/12/2024</b>
	<u>1st row</u>	<u>2nd row</u>	<u>3rd row</u>	<u>Total</u>
	EUR 000	EUR 000	EUR 000	EUR 000
<b>Financial assets at fair value through profit or loss</b>				
– investments in shares	242	–	–	242

**29/ CASH AND CASH EQUIVALENTS**

	<b>31/12/2025</b>	<b>31/12/2024</b>
	EUR 000	EUR 000
Cash at bank account	7,663	37,826
Cash on hand	3	99
Cash at bank - foreign currency	107	30
Deposits with a maturity of up to 3 months	32,000	10,300
Other cash assets	84	82
	<b>39,857</b>	<b>48,337</b>

**30/ LOANS AND LEASES PAYABLE**

	<b>31/12/2025</b>	<b>31/12/2024</b>
	EUR 000	EUR 000
<b>Long-term loans</b>		
Credits and loans /i/	114,137	130,261
Leases /ii/	65,672	73,085
	<b>179,809</b>	<b>203,346</b>
<b>Short-term loans</b>		
Credits and loans /iii/	16,306	18,860
Leases /ii/	7,405	7,141
Other /iv/	7,527	10,314
	<b>31,238</b>	<b>36,315</b>
<b>Total loans</b>	<b>211,047</b>	<b>239,661</b>

The average annual interest rate on loans received from banks and finance leases at the reporting date is 4.95% (2024: 5.33%).

*/i/ Long-term club loan*

On 26 September 2022 the Company joined the club of banks consisting of: Erste&Steiermärkische bank dd, OTP bank dd, Privredna banka Zagreb dd, Raiffeisenbank Austria dd, Nova hrvatska banka dd (whose legal successor is Hrvatska poštanska banka dd) and Zagrebačka banka dd signed a Long-Term Club Loan Agreement in the amount of up to EUR 240 million (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 giving consent to long-term borrowing and refinancing of existing credit obligations and providing a guarantee for long-term borrowing. On 19 September 2022 The City of Zagreb has received from the Ministry of Finance of the Republic of Croatia the Consent to provide a guarantee for the City of Zagreb for the Loan Agreement of the company Zagrebački holding d.o.o.

	<b>Amount</b>	<b>Interest</b>	<b>Reference</b>	<b>Start of</b>	<b>Annuity</b>	<b>Repayment</b>
	<b>(EUR</b>	<b>margin</b>	<b>interest rate</b>	<b>annuity</b>	<b>period</b>	<b>period</b>
Tranche A	118.600	3.25%	6m EURIBOR	01/03/2023	1.3 – 1.9.	01/03/2034
Tranche B	103.000	2.75%	6m EURIBOR	01/03/2023	1.3 – 1.9.	01/03/2030
Tranche C	18.400	3.10%	6m EURIBOR	01/03/2023	1.3 – 1.9.	01/03/2034

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

On 28 December 2023 the Company early repaid EUR 30,000 thousand of Tranche A, while on 29 November 2024 EUR 30,626 thousand of Tranche B was early repaid. The company has agreed with the Club of Banks on more favourable financing conditions regarding the interest margin on the Club loan, which apply from 1 March 2025, in the amount of 2.95% for Tranche A, 2.4% for Tranche B and 2.8% for Tranche C.

### 30/ LOANS AND LEASES PAYABLE / CONTINUED

The instruments of security for the collection of receivables under the Club Loan from 26 September 2022 are as follows: (i) mortgages on the Company's assets with a carrying amount of EUR 77,952 thousand (Note 18 Property, plant and equipment) and EUR 68,156 thousand (Note 19 Investment property), (ii) pledge on long-term receivables from the City of Zagreb under multi-year lease agreements for public facilities that the Company reported in accordance with *IFRIC 12 "Concession Arrangements"* in the amount of EUR 34,524 thousand of net carrying amount as of 31 December 2024 (Note 24 Long-term receivables /i/ receivables from related parties) and (iii) co-indebtedness of the affiliates Gradska Plinara Zagreb (GPZ), Gradska Plinara Zagreb-Opkrba (GPZO) in the total amount of the long-term club loan and the company Vodoopskrba i odvodnja (ViO) in the amount of EUR 6,636 thousand per year. Co-debts were issued with recourse.

A new long-term club loan agreement of up to EUR 131 million was concluded on 31 October 2025 with the Club of Banks consisting of Zagrebačka banka dd and Erste&Steiermärkische banka dd, which refinanced the existing club loan concluded on 26 September 2022, and was contracted with a fixed interest rate of 2.33% per annum and repayment in semi-annual instalments starting from 1 March 2026 until the final maturity on 1 September 2033. For the Loan Agreement in question, the City Assembly of the City of Zagreb, at its 4th session, on 16 October 2025, adopted a Conclusion on giving consent to long-term borrowing and refinancing of the existing club loan.

The instruments of security for the collection of receivables under the Club Loan as of 31 October 2025 are a lien on real estate with a carrying value of EUR 59,996 thousand (Note 18 Property, plant and equipment).

*/i/ The movement of long-term loans is shown as follows:*

	<b>31/12/2025</b>	<b>31/12/2024</b>
	EUR 000	EUR 000
<b>Balance as at 1 January</b>	<b>149,121</b>	<b>198,607</b>
Increase for new loans	130,443	–
Reduction for loan repayments	(149,121)	(49,486)
<b>Balance as at 31 December</b>	<b>130,443</b>	<b>149,121</b>
<i>Current maturity</i>	<i>(16,306)</i>	<i>(18,860)</i>
<b>Long-term portion of the loan</b>	<b>114,137</b>	<b>130,261</b>

*Dynamics of repayment of long-term loans*

	<b>31/12/2025</b>	<b>31/12/2024</b>
	EUR 000	EUR 000
Within one year	16,306	18,860
In the second to fifth year	65,221	75,588
After the fifth year	48,916	54,673
	<b>130,443</b>	<b>149,121</b>

**30/ LOANS AND LEASES PAYABLE/ CONTINUED**
*/ii/ Lease liabilities*

	Minimum payments		Present value minimum lease payments	
	31/12/2025	31/12/2024	31/12/2025	31/12/2024
	EUR 000	EUR 000	EUR 000	EUR 000
Within one year	10,860	11,003	7,405	7,141
In the second to fifth year inclusive	37,864	41,239	27,989	29,809
After the fifth year	43,442	50,986	37,683	43,276
	<b>92,166</b>	<b>103,228</b>	<b>73,077</b>	<b>80,226</b>
Less: future financial costs	(19,089)	(23,002)		
Present value of minimum payments	<b>73,077</b>	<b>80,226</b>		
<i>Short-term part</i>	7,405	7,141		
<i>Long-term part</i>	65,672	73,085		
	<b>73,077</b>	<b>80,226</b>		

Lease liabilities relate to finance leases and leases for right-of-use assets. Financial leases relate to equipment (vehicles) and a building (Arena) which are leased for a term of 5–28 years. Upon expiry of the lease agreement, the Company may purchase the property at the agreed value. The Company's liabilities under finance leases are secured by the lessor's ownership of the leased asset. The Company also has receivables from a member of the Company and the state in the same amount as total liabilities from the finance lease for the hall (Notes 24 and 40).

**Present value of assets under finance lease**

	Buildings	Means of transport	Plant and equipment	Total
<b>Net book value 1 January 2024</b>	<b>88,306</b>	<b>1,118</b>	<b>1,510</b>	<b>90,934</b>
Purchase value	108,684	10,782	1,529	120,995
Value adjustment	(21,737)	(840)	(171)	(22,748)
<b>Net book value 31 December 2024</b>	<b>86,947</b>	<b>9,942</b>	<b>1,358</b>	<b>98,247</b>
Purchase value	108,684	11,191	1,985	121,860
Value adjustment	(23,095)	(2,627)	(408)	(26,130)
<b>Net book value 31 December 2025</b>	<b>85,589</b>	<b>8,564</b>	<b>1,577</b>	<b>95,730</b>

**30/ LOANS AND LEASES PAYABLE / CONTINUED**
*/iii/ Short-term credits and loans*

	<b>31/12/2025</b>	<b>31/12/2024</b>
	EUR 000	EUR 000
Short-term loans	16,306	18,860
<i>Current maturity of long-term loans /i/</i>	<i>16,306</i>	<i>18,860</i>
Current maturity of lease liabilities /ii/	7,405	7,141
Other (interest on loans and bonds) /iv/	7,527	10,314
	<b>31,238</b>	<b>36,315</b>
Short-term loan trends:		
	<b>2025</b>	<b>2024</b>
	EUR 000	EUR 000
<b>Balance as at 1 January</b>	<b>18,860</b>	<b>18,860</b>
Reduction for repaid current maturity	(18,860)	(18,860)
Current maturity of long-term loans /i/	16,306	18,860
<b>Balance as at 31 December</b>	<b>16,306</b>	<b>18,860</b>

*/iv/ Other*

The remainder in the amount of EUR 7,527 thousand (EUR 10,314 thousand in 2024) relates to calculated interest that has not yet matured and is charged to the reporting period.

**31/ LIABILITIES FOR ISSUED BONDS**

	<b>31/12/2025</b>	<b>31/12/2024</b>
	EUR 000	EUR 000
Nominal value	305,000	305,000
Discount	(287)	(391)
Cost of bond issuance	(1,114)	(1,511)
Present value of the bond	<b>303,599</b>	<b>303,098</b>
Short-term maturity	–	–
Long-term maturity	<b>303,599</b>	<b>303,098</b>

### 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 interest payments and a one-time principal maturity five years after the date of issue.

The company created a framework document for the issuance of bonds related to sustainable operations, which is based on the Principles of bonds related to sustainable operations. Sustainability-Linked Bond Principles (SLBP) from 2020 of the International Capital Market Association (ICMA), which are the market standard for this type of bond.

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

1) Increase the share of separately collected municipal waste (that is, removed from the landfill) from 38% to 58% on 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 non-fulfilment of obligations related to the above-mentioned sustainability performance goals, the Company will pay a one-time additional fee (penalty) of 0.25% of the total nominal amount of the issued bonds for each key indicator upon maturity of the bonds.

### 32/ PROVISIONS

	<b>31/12/2025</b>	<b>31/12/2024</b>
	EUR 000	EUR 000
Provisions for employee benefits under IAS 19 /i/	14,610	10,810
Provisions for litigation /ii/	12,332	15,858
Provisions for landfill remediation /iii/	12,567	8,577
	<b>39,509</b>	<b>35,245</b>
Short-term liability	2,780	3,176
Long-term commitment	36,729	32,069

Changes in provisions during the period:

	<b>Employee benefits</b>	<b>Litigation</b>	<b>Landfill rehabilitation and other</b>	<b>Severance pay for collective redundancy</b>	<b>Total</b>
	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000
<b>Balance as at 31 December 2023</b>	<b>9,390</b>	<b>15,185</b>	<b>8,464</b>	<b>145</b>	<b>33,184</b>
Increase	1,442	2,786	283	–	4,511
Reduction	(22)	(1,488)	(170)	(2)	(1,682)
Utilised provisions	–	(625)	–	(143)	(768)
<b>Balance as at 31 December 2024</b>	<b>10,810</b>	<b>15,858</b>	<b>8,577</b>	<b>–</b>	<b>35,245</b>
Increase	4,030	3,247	3,990	–	11,267
Reduction	(230)	(6,764)	–	–	(6,994)
Utilised provisions	–	(9)	–	–	(9)
<b>Balance as at 31 December 2025</b>	<b>14,610</b>	<b>12,332</b>	<b>12,567</b>	<b>–</b>	<b>39,509</b>

### 32/ PROVISIONS / CONTINUED

/i/ The obligation to make provisions for employee benefits arises from the collective agreement, and the provisions are determined in accordance with IAS 19 "Employee Benefits". Provisions for employee benefits include provisions for severance pay, jubilee awards and solidarity grants. Provisions are measured at the present value of the costs expected to be required to settle the obligation, using a discount rate of 3.2% (2024). 3.41%).

/ii/ Reserves for the costs of legal disputes that have been initiated against the Company are made upon learning of the initiation of the dispute and assessment of the outcome of the dispute. Management believes that provision for expenses is sufficient for possible liabilities that may follow.

/iii/ Provisions for landfill remediation relate to the costs of maintaining and supervising 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 have been discounted. Provisions are measured at the present value of the costs expected to be required to settle the obligation, using a discount rate of 3.2% (2024). 3.41%).

### 33/ DEFERRED INCOME

	<b>31/12/2025</b>	<b>31/12/2024</b>
	EUR 000	EUR 000
Deferred income for the future period	104,716	105,331
Short-term part	1,690	4,079
Long-term part	103,026	101,252

Deferred income of the future period refers to assets financed by local government units and other legal entities, received without compensation, which are reported in the Statement of Financial Position (Balance Sheet) as deferred income. The reduction in deferred revenue recognition in the income statement is recognised systematically over the useful life of the relevant asset, as income in the amount of the calculated depreciation of the asset in accordance with IAS 20 Accounting for Government Grants and Disclosure of Government Assistance.

### 34/ OTHER NON-CURRENT LIABILITIES

	<b>31/12/2025</b>	<b>31/12/2024</b>
	EUR 000	EUR 000
Liabilities to related companies	432	502
Other long-term liabilities	29	31
	<b>461</b>	<b>533</b>
Short-term liability	2	4
Long-term commitment	459	529

/i/ Liabilities to related companies as of 31 December 2025 in the amount of EUR 432 thousand relate to the utility contribution to the City of Zagreb (31 December 2024 in the amount of EUR 502 thousand).

**35/ TRADE PAYABLES AND OTHER LIABILITIES**

	<b>31/12/2025</b>	<b>31/12/2024</b>
	EUR 000	EUR 000
Accounts payable to suppliers	31,582	34,204
Liabilities to employees for net salaries and benefits	8,924	7,839
Liabilities for advances, deposits and guarantees	4,277	3,730
Other obligations /i/	23,685	21,134
	<b>68,468</b>	<b>66,907</b>

/i/ Other obligations were as follows:

	<b>31/12/2025</b>	<b>31/12/2024</b>
	EUR 000	EUR 000
Short-term provisions for severance pay (business and personal termination)	–	1,100
Liabilities to others for billed services	36	–
Calculated costs for which an invoice has not been received and debit the current period	4,086	4,095
Calculated costs for which an invoice has not been received and debit current period – related parties (Note 39)	100	–
Liabilities for unused annual leave (Note 10)	4,648	3,936
Liabilities for taxes and contributions on salaries and benefits	4,666	3,751
Value added tax liability	7	962
Current maturity of long-term provisions (Note 32)	2,780	3,176
Current maturity of other long-term liabilities (Note 34)	2	4
Deferred recognition of sales revenue	2,628	2,712
Other compensation obligations	3,964	935
Obligation for membership fees, fees and taxes and other	755	463
	<b>23,672</b>	<b>21,134</b>

Other liability for fees relates mostly, in the amount of EUR 2,955 thousand, to fees for waste disposal (Note 14 /i/).

**36/ LIABILITIES TO RELATED COMPANIES**

	<b>31/12/2025</b>	<b>31/12/2024</b>
	EUR 000	EUR 000
Liabilities to related companies (Note 39)	18,794	20,228

### 37/ CAPITAL AND RESERVES

#### Share capital

The only member of the Company is the City of Zagreb. As of 31 December 2025, the Company's share capital amounts to EUR 437,166 thousand (EUR 421,666 thousand as of 31 December 2024). During 2025, ownership rights to real estate were registered in the amount of EUR 15,500 thousand pursuant to the decision of the company's General Meeting of 30 December 2024

#### Revaluation reserves

Gains from revaluation of real estate relate to real estate classified as property, plant and equipment (land valued at fair value), while changes in the fair value of investment property are recognised in the income statement. When selling a revalued asset, the part of the revaluation that refers to the realised asset is transferred to retained earnings.

	<b>2025</b>	<b>2024</b>	<b>2023</b>
		restated	restated
	EUR 000	EUR 000	EUR 000
<b>Situation at the beginning of the year</b>	<b>280,871</b>	<b>208,495</b>	<b>204,527</b>
Increase from real estate revaluation (net)	8,989	72,952	3,968
Realisation of revaluation reserves	(55)	(576)	–
<b>Balance at the end of the year</b>	<b>289,805</b>	<b>280,871</b>	<b>208,495</b>

#### Other reserves

Other reserves reported in the statement of financial position as of 31 December 2025 amount to EUR 32,718 thousand (31 December 2024: EUR 48,218 thousand) and relate to the share capital of two companies merged in 2001 (Grad mladih Granešina d.o.o. and Omladinski turistički centar d.o.o.) to one of the subsidiaries, for which no share capital increase was carried out in the amount of EUR 2,007 thousand, to capital reserves for Bundek Park in the amount of EUR 30,360 thousand, EUR 351 thousand from the merger of the subsidiary Centar d.o.o.

	<b>2025</b>	<b>2024</b>	<b>2023</b>
		restated	restated
	EUR 000	EUR 000	EUR 000
<b>Losses carried forward</b>			
<b>Situation at the beginning of the year</b>	<b>(105,073)</b>	<b>(112,951)</b>	<b>(133,758)</b>
Current year profit	33,256	7,176	20,807
Realisation of revaluation reserves	67	702	–
<b>Balance at the end of the year</b>	<b>(71,750)</b>	<b>(105,073)</b>	<b>(112,951)</b>

### 38/ OFF-BALANCE SHEET ITEMS

	<b>31/12/2025</b>	<b>31/12/2024</b>
	EUR 000	EUR 000
Off-balance sheet items	36,433	34,894

Off-balance sheet items relate to guarantees and promissory notes given and guarantees and promissory notes received.

### 39/ RELATED-PARTY TRANSACTIONS AND BALANCES

The Founder of the Company and Sole Owner, the City of Zagreb, has certain business relationships with companies within the Group. Affiliated companies are listed in Note 1. Likewise, the Company presents significant transactions with companies and/or entities that are fully or partially owned by the City of Zagreb.

Income and expenses between related companies during the year:

	<b>Revenues</b>		<b>Expenses</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	EUR 000	EUR 000	EUR 000	EUR 000
City of Zagreb	188,175	158,933	555	610
Vodoopskrba i odvodnja d.o.o.	2,903	3,259	776	668
Gradska plinara Zagreb d.o.o.	301	1,073	243	348
Gradsko stambeno komunalno gospodarstvo d.o.o.	2,056	2,457	830	777
Gradska plinara Zagreb-Opskrba d.o.o.	1,180	827	781	916
Zagreb plakat d.o.o.	1,863	706	10	9
Gradska ljekarna Zagreb	29	27	526	405
Other related parties	7,687	11,044	1,141	980
	<b>204,194</b>	<b>178,326</b>	<b>4,862</b>	<b>4,713</b>
<i>Inter-related income refers to:</i>				
<i>Sales revenue (note 6)</i>	<i>136,808</i>	<i>122,519</i>		
<i>Subsidies and grants (Note 8)</i>	<i>56,593</i>	<i>42,220</i>		
<i>Revenue from subsequently collected receivables from affiliated companies (note 8)</i>	<i>7,101</i>	<i>9,914</i>		
<i>Finance income (note 15)</i>	<i>3,692</i>	<i>3,673</i>		
	<b>204,194</b>	<b>178,326</b>		

Revenues from sales to related parties were realised at standard market prices that are comparable to prices to unrelated parties.

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

**39/ RELATED-PARTY TRANSACTIONS AND BALANCE / CONTINUED**

Open balances from purchase and sale transactions at the end of the reporting period (Note 26):

	<b>31/12/2025</b>	<b>31/12/2024</b>
	EUR 000	EUR 000
City of Zagreb	43,405	27,448
Gradsko stambeno komunalno gospodarstvo d.o.o.	61	247
Vodoopskrba i odvodnja d.o.o.	661	788
Gradska plinara Zagreb d.o.o.	54	490
Zagreb plakat d.o.o.	1	2
Gradska plinara Zagreb-Opskrba d.o.o.	8	6
Gradska ljekarna Zagreb	1	2
Other related parties	304	144
	<b>44,495</b>	<b>29,127</b>

Open amounts are not secured by payment security instruments (promissory notes, bills of exchange, bank guarantees) and will be paid in cash.

Liabilities to related parties (Note 37):

	<b>31/12/2025</b>	<b>31/12/2024</b>
	EUR 000	EUR 000
City of Zagreb	994	1,081
Gradska plinara Zagreb-Opskrba d.o.o.	1	498
Vodoopskrba i odvodnja d.o.o..	132	150
Gradsko stambeno komunalno gospodarstvo d.o.o.	785	141
Zagreb plakat d.o.o.	3	8
Gradska ljekarna Zagreb	4	1
Gradska plinara Zagreb d.o.o.	2	227
Other related parties	310	473
	<b>2,231</b>	<b>2,579</b>

**39/ RELATED-PARTY TRANSACTIONS AND BALANCE / CONTINUED**

Loan receivables from related parties (notes 24 and 26):

	<b>31/12/2025</b>	<b>31/12/2024</b>
	EUR 000	EUR 000
Gradska plinara Zagreb-Opkrba d.o.o.	17,638	26,618
Gradsko stambeno komunalno gospodarstvo d.o.o.	8,276	10,696
Zagrebački velesajam d.o.o.	–	–
ZET d.o.o.	21,674	29,729
<i>Impairment of loans</i>	<i>(18,543)</i>	<i>(25,644)</i>
	<b>29,045</b>	<b>41,399</b>

During the previous reporting periods, the Company granted several short-term and long-term (with maturity within 10 years) loans to related parties as set out in the table above. The contracted 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. The loans are secured by payment instruments in the form of promissory notes.

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

Liabilities for loans to related parties (Note 37):

	<b>31/12/2025</b>	<b>31/12/2024</b>
	EUR 000	EUR 000
Gradska ljekarna Zagreb	13,250	14,240
Gradska plinara Zagreb d.o.o.	3,413	3,409
	<b>16,663</b>	<b>17,649</b>

Long-term receivables

	<b>31/12/2025</b>	<b>31/12/2024</b>
	EUR 000	EUR 000
City of Zagreb (note 24 /i/)	66,241	75,404

The related parties of the Company are the Management Board and members of the Supervisory Board. The members of the Management Board (Company Management Board and Branch Managers) and the Supervisory Board were paid the following remuneration:

	<b>31/12/2025</b>	<b>31/12/2024</b>
	EUR 000	EUR 000
Gross salaries of the Management Board and Branch Managers	1,278	1,085
Fees to the Supervisory and Audit Committee	57	55
	<b>1,335</b>	<b>1,140</b>

**40/ EMPLOYEE BENEFITS**

As of 31 December 2025, provisions for employee benefits, which include jubilee awards, severance pay, solidarity support, amounted to EUR 14,611 thousand (31 December 2024). EUR 10,810 thousand).

Jubilee awards, severance pay and solidarity support

In accordance with the collective agreement, the Company is obliged to pay long-service awards to its employees. The company has a defined benefit plan for employees who meet certain criteria. The collective agreement for employees in the Company defines the rights to jubilee awards in the following amounts in relation to the continuous service achieved 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

Upon reaching regular retirement age, an employee, under the Collective Agreement, is entitled to compensation in the amount of three average monthly salaries paid in the economy of the City of Zagreb in the previous three months.

Solidarity grants are paid according to the average salary paid in the economy of the City of Zagreb, and include grants to employees in the following cases:

- death of an Employee or a member of the Employee's immediate family
- the occurrence of disability of the employee or the employee's children and spouse
- employee sick leave of more than 90 days
- purchase of medical equipment and coverage of co-payments for the purchase of essential medicines in the opinion of the Competent Physician
- elimination of the consequences of a natural disaster
- birth of a child
- serious injury to a worker at work

The present value of defined benefit obligations and the related current and past service costs are determined using the projected unit credit method with the application of a discount rate of 3.2% (in 2024: 3.41%) which corresponds to the market yield on government bonds.

Actuarial estimates were made based on the following main assumptions:

	<b>2025</b>	<b>2024</b>
Discount rate	3.2%	3.41%
Turnover rate	5.5%	5.5%
Base growth	3.9%	2%

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

	<b>2025</b>	<b>2024</b>
	EUR 000	EUR 000
Present value of employee benefit obligation (Note 32 /i/)	14,610	10,810

## 41/ FINANCIAL INSTRUMENTS

### Capital Risk Management

#### *Net equity to debt ratio*

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

The funding ratio at the end of the reporting period was:

	<b>31/12/2025</b>	<b>31/12/2024</b>
	EUR 000	restated EUR 000
<b><i>Debt</i></b>	<b>453,077</b>	<b>477,006</b>
Received borrowings, loans and finance leases (long-term and short-term maturity)	211,047	239,661
Liabilities for issued long-term securities	303,599	303,098
- finance lease obligation for the Arena sports facility (also expressed as a claim from the City of Zagreb and the Government of the Republic of Croatia)	(61,569)	(65,753)
<b><i>Cash and cash equivalents</i></b>	<b>(39,857)</b>	<b>(48,337)</b>
<b><i>Net debt</i></b>	<b>413,220</b>	<b>428,669</b>
<b><i>Equity</i></b>	<b>687,939</b>	<b>645,682</b>
<b>Net debt to equity ratio</b>	<b>60.1%</b>	<b>66.4%</b>

**41/ FINANCIAL INSTRUMENTS / CONTINUED**
**Categories of financial instruments**

	<b>31/12/2025</b>	<b>31/12/2024</b>
	EUR 000	EUR 000
<b>Financial assets at amortised cost</b>		
Cash and cash equivalents	39,857	48,337
Long-term deposits and other financial assets	9,037	7,971
Receivables from affiliated companies and customers	154,726	159,825
Receivables from loans and credit sales	43	46
Receivables from employees	18	29
Other receivables	39,498	40,026
<b>Financial assets carried at fair value through profit or loss</b>	213	242
	<b>243,392</b>	<b>256,476</b>
<b>Financial liabilities at amortised cost</b>		
Rental agreements	73,077	80,226
Loans and borrowings received (long-term and short-term maturities)	137,970	159,435
Liabilities for issued long-term securities	303,599	303,098
Liabilities to related companies and suppliers	50,835	54,962
Liabilities for advances, deposits and guarantees	4,277	3,730
Liabilities to employees	8,924	7,839
Other short-term liabilities	13,534	8,154
	<b>592,216</b>	<b>617,444</b>

*Financial risk management objectives*

In order to assess the possibility of the occurrence of a situation that may have a negative impact on 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.

The Company strives to minimise, avoid and overcome various forms of financial risks encountered in its operations in order to increase business security. When it is 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 instruments for risk management. The company does not use derivative instruments for speculative purposes.

*Market risk*

The prices of communal services are determined and approved by the City of Zagreb at the proposal of the Company's Management Board, while the Company's Management Board determines the price of market services based on 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.

**41/ FINANCIAL INSTRUMENTS / CONTINUED***Interest Rate Risk Management*

Over the past two years, the company has made significant progress in financial stability and has continuously reduced indebtedness under the Club Loan from September 2022 (in the period from 31 December 2022 to 1 September 2025, through regular and early repayment, indebtedness to financial institutions was reduced by EUR 108,736,247.25). During the 2nd quarter of 2025, the Company initiated the process of refinancing the aforementioned Club Loan in the amount of up to EUR 131,000,000, which would provide the Company with more favourable repayment terms, including a reduction in the interest rate and optimisation of the structure of the loan arrangement, along with a reduction in the number of financial institutions included in the arrangement, and accordingly, on 31 October 2025 a Long-term Club Loan Agreement up to EUR 131,000,000.00 was concluded with Zagrebačka banka dd and Erste&Steiermärkische bank dd with a fixed interest rate of 2.33%.

Since the Company contracted a fixed interest rate by refinancing the Club Loan, the risk of exposure to interest rate changes was reduced. In the total indebtedness based on loans (2.33% fixed) and leases, the share of credit liabilities is 37%, while the remaining 63% 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-fulfilment of contractual obligations by the Company's customers, which affects the Company's potential financial loss. In dealing with customers, the company collects payment security instruments for the purpose of protection against possible financial risks and losses due to non-performance of payments and contractual obligations.

Customers are classified into risk groups according to the financial indicators of business operations and past business with the Company, and appropriate credit risk protection measures are applied to each group. For the categorisation of customers, data from the official financial reports of the customers are used, as well as the Company's data on the previous operations.

The company operates with a large number of customers from various industries and sizes, as well as with a large number of retail customers. Trade receivables are adjusted for the value of doubtful and disputed receivables.

*Liquidity risk management*

The instruments used to monitor and reduce liquidity risk are: analysis and management of cash flows, analysis of assets and sources of asset financing, analysis of customer creditworthiness, payment security instruments, contracted revolving credit lines, etc.

## ZAGREBAČKI HOLDING d.o.o.

NOTES TO THE FINANCIAL STATEMENTS / CONTINUED

For the year ended 31 December 2025

### 41/ FINANCIAL INSTRUMENTS / CONTINUED

#### *Liquidity Risk Management (continued)*

#### Tabular analysis of liquidity risk and interest rate risk

The tables below analyse the remaining period until contractual maturity of the Company's non-derivative financial liabilities. The tables are prepared based on undiscounted cash outflows for financial liabilities at the earliest date on which the Company can be required to pay. The table includes cash outflows for both principal and interest.

	Weighted average 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
	%	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000
<b>31 December 2025</b>								
<b><i>Interest-free</i></b>								
Liabilities to related companies and suppliers		50,377	247	212	–	–	–	50,835
Liabilities for advances, deposits and guarantees		4,277	–	–	–	–	–	4,277
Liabilities to employees		8,924	–	–	–	–	–	8,924
Other short-term liabilities		13,534	–	–	–	–	–	13,534
<b><i>Instruments with variable interest rate</i></b>								
Finance lease liabilities	5.29%	547	547	501	593	547	195	2,930
<b><i>Instruments with a fixed interest rate</i></b>								
Finance lease liabilities	4.98%	10,149	9,940	9,940	8,378	7,200	43,199	88,805
Credits and Loans	2.33%	18,724	18,905	18,526	18,134	17,749	50,938	142,976
Bonds issued	4.90%	14,945	14,945	319,945	–	–	–	349,835
		<b>121,477</b>	<b>44,583</b>	<b>349,123</b>	<b>27,105</b>	<b>25,496</b>	<b>94,333</b>	<b>662,117</b>

## ZAGREBAČKI HOLDING d.o.o.

NOTES TO THE FINANCIAL STATEMENTS / CONTINUED

For the year ended 31 December 2025

### 41/ FINANCIAL INSTRUMENTS / CONTINUED

*Liquidity Risk Management (continued)*

Tabular analysis of liquidity risk and interest rate risk

	Weighted average 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
	%	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000
<b>31 December 2024</b>								
<b><i>Interest-free</i></b>								
Liabilities to related companies and suppliers		54,432	247	250	32	1	–	54,962
Liabilities for advances, deposits and guarantees		3,730	–	–	–	–	–	3,730
Liabilities to employees		7,839	–	–	–	–	–	7,839
Other short-term liabilities		8,154	–	–	–	–	–	8,154
<b><i>Instruments with variable interest rate</i></b>								
Finance lease liabilities	6.92%	569	569	569	522	617	2,846	5,692
Credits and loans	6.44%	28,284	27,068	25,851	24,652	23,419	64,738	194,012
<b><i>Instruments with a fixed interest rate</i></b>								
Finance lease liabilities	4.99%	10,277	10,149	9,939	9,940	8,378	50,159	98,842
Credits and loans		–	–	–	–	–	–	–
Bonds issued	4.90%	14,926	14,945	14,945	319,964	–	–	364,780
		<b>128,211</b>	<b>52,978</b>	<b>51,554</b>	<b>355,110</b>	<b>32,415</b>	<b>117,743</b>	<b>738,011</b>

## ZAGREBAČKI HOLDING d.o.o.

NOTES TO THE FINANCIAL STATEMENTS / CONTINUED

For the year ended 31 December 2025

### 41/ FINANCIAL INSTRUMENTS / CONTINUED

*Liquidity Risk Management (continued)*

Tabular analysis of liquidity risk and interest rate risk

The table below analyses the expected maturity of the Company's non-derivative financial assets. The tables are prepared based on the undiscounted contractual maturities of the financial assets, including the interest that will be earned on those assets.

	Weighted average 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
		EUR 000	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000
<b>31 December 2025</b>	%							
<b><i>Interest-free</i></b>								
Cash and cash equivalents		39,857	–	–	–	–	–	39,857
Financial assets at fair value		213	–	–	–	–	–	213
Receivables from affiliated companies and trade receivables		71,871	12,537	11,839	9,529	9,142	45,511	160,430
Receivables from employees		18	–	–	–	–	–	18
Other receivables		10,905	2,297	2,406	2,521	2,642	18,727	39,498
<b><i>Instruments with variable interest rate</i></b>								
Deposits and other securities held to maturity		–	–	–	–	–	–	–
<b><i>Instruments with a fixed interest rate</i></b>								
Deposits and other securities held to maturity	3.40%	60	52	52	52	52	9,276	9,544
Claims based on apartment loans	1.00%	7	33	–	–	–	5	46
Loans given to affiliated companies and accounted for interest on loans granted	2.79–3.875%	4,117	21,305	3,624	–	–	–	29,046
		<b>127,047</b>	<b>36,224</b>	<b>17,922</b>	<b>12,103</b>	<b>11,836</b>	<b>73,518</b>	<b>278,650</b>

## ZAGREBAČKI HOLDING d.o.o.

NOTES TO THE FINANCIAL STATEMENTS / CONTINUED

For the year ended 31 December 2025

### 41/ FINANCIAL INSTRUMENTS / CONTINUED

*Liquidity Risk Management (continued)*

Tabular analysis of liquidity risk and interest rate risk

	Weighted average 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
		EUR 000	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000
<b>31 December 2024</b>	%							
<b><i>Interest-free</i></b>								
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
<b><i>Instruments with variable interest rate</i></b>								
Deposits and other securities held to maturity		151	–	–	–	–	–	151
<b><i>Instruments with a fixed interest rate</i></b>								
Deposits and other securities held to maturity	3.40%	278	265	265	265	265	8,071	9,409
Claims based on apartment loans	1.00%	2	33	1	1	–	5	42
Loans given to affiliated companies and accounted for interest on loans granted	2.79%-3.88%	30,312	3,722	3,751	3,615	–	–	41,400
		<b>143,946</b>	<b>18,644</b>	<b>18,851</b>	<b>18,126</b>	<b>12,049</b>	<b>84,364</b>	<b>295,980</b>

**41/ FINANCIAL INSTRUMENTS / CONTINUED***Fair value of financial instruments*

Fair value indicators recognised in the statement of financial position / (balance sheet)

The following table analyses financial instruments that were measured at fair value after initial recognition, classified into three groups depending on the availability of fair value indicators:

- Level 1 indicators – derived from (unadjusted) prices quoted on active markets for similar assets and similar liabilities.
- Tier 2 indicators – derived from other data on assets or liabilities that are not quoted prices from Tier 1 indicators, either directly as prices or indirectly, derived from their prices.
- Tier 3 indicators – indicators derived using valuation methods that use as input data data on assets or liabilities that are not based on available market data.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>31/12/2025</u> Total
	EUR 00	EUR 00	EUR 00	EUR 000
<i>Financial assets at fair value through profit or loss</i>				
– investments in shares	213	–	–	213
				<b>31/12/2024</b>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	EUR 00	EUR 00	EUR 00	EUR 000
<i>Financial assets at fair value through profit or loss</i>				
– investments in shares	242	–	–	242

**42/ CONTRACTUAL COMMITMENTS**

The company has begun concluding contracts, as well as concluded unfinished contracts. The estimated value of these contracts, which mostly relates to investments that have been initiated, is 23,249 thousand (EUR 20,678 thousand in 2024).

**43/ LEGAL DISPUTES**

The company is exposed to various legal disputes. Management believes that the provision for legal disputes estimated at EUR 12,332 thousand (EUR 15,858 thousand in 2024) is sufficient for potential liabilities that may arise (Note 32).

## **44/ CONTINGENT LIABILITIES**

### **Environmental protection**

The Company also operates a branch office, Čistoća, which provides public services for the collection of municipal waste in the City of Zagreb. It also carries out the activity of disposing of municipal and other waste at the Jakuševac landfill and assists 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 governments and state bodies dealing with environmental protection. The Company has reserved funds in the amount of EUR 12,565 thousand (EUR 8,577 thousand in 2024) for future costs of maintenance and supervision of the landfill, in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

## **45/ EVENTS AFTER THE DATE OF SEPARATE STATEMENT OF FINANCIAL POSITION**

After a public competition, the Company's Assembly appointed Mr. Miljenko Hrman as a new Member of the Management Board at the meeting held on 23 December 2025, who represents the Company together with another Member of the Management Board from 9 February 2026.

On 1 April 2026 the Company issued a Statement of Joint and Several Guarantee and a promissory note in the amount of EUR 3,300,000 pursuant to Annex 12 of the Framework Agreement on the Sale of Natural Gas at Virtual Trading Point No 1-2025/2028

On 31 January 2026 an agreement was concluded between the Company and the affiliated company Gradsko stambeno komunalno gospodarstvo d.o.o., which transferred the business unit of fee collection operations to the Company as of 1 February 2026 resulting in the transfer of 107 employees to the Company. The book value of the assets being transferred is EUR 2,335 thousand and the liabilities are EUR 1,048 thousand.

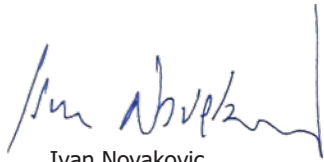
On 16 December 2025 the Company received approval from the Zagreb City Assembly to conclude a long-term loan with IFC in the amount of up to EUR 56 million for the needs of modernising work vehicles and machinery at the Čistoća, Zagrebačke ceste, Zrinjevac and Gradska groblja branches. Further to the conclusion in question, on 17 February 2026 a long-term loan agreement was concluded with IFC for up to EUR 56 million, for 7 years, of which 2 years are grace periods. The interest rate is variable 0.65% interest margin + 6-month EURIBOR with a grace period until 2027, repayment in 10 equal semi-annual instalments from 2027 to 2032.

## **46/ PENSION INSURANCE**

For the Company's employees who are employed in the Republic of Croatia, statutory pension insurance contributions are paid. These contributions form the basis for pensions that the Croatian Pension Fund pays to Croatian employees after their retirement. Currently, the Company has no remaining obligations for unpaid pensions, either for current or former employees.

#### **47/ APPROVAL OF THESE SEPARATE ANNUAL FINANCIAL STATEMENTS**

The Management Board adopted the separate financial statements and authorised their issuance on 29 April 2026.



Ivan Novakovic  
President of the Management  
Board



Dubravko Karačić  
Member of the Management  
Board



Miljenko Hrman  
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., 125/11., 152/11. - official consolidated text, 111/12., 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 09 April 2025), at its 60th session held on 30 April 2026, 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 2025 are adopted, as follows:
- a) Statement of financial position with the sum of assets and liabilities in the amount of EUR 1,495,354,180.32
  - b) Statement of comprehensive income with positions:
    - total revenues EUR 387,534,964.20
    - total expenses EUR 357,278,743.41
    - profit before tax EUR 30,256,220.79
    - tax expense EUR 2,999,222.64
    - profit after tax EUR 33,255,443.43
    - other comprehensive income (net) EUR 9,001,057.10
  - c) Statement of Changes of Equity for 2025.
  - d) Statement of Cash Flows for 2025.
  - e) Notes to the financial statements for 2025.
1. The realised profit after tax for 2025 in the amount of EUR 33,255,443.43 will be allocated to cover the accumulated loss of the Company.

### 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 Dolenc

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phD Luka Korlaet

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Class: 024-03/26-06/06  
Reg. No.: 01-01/7-26-03

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., 125/11., 152/11 - official consolidated text, 111/12., 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 09 April 2025), at its 60th session held on 30 April 2026, 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 2025 together with the Report of independent auditors.
2. The consolidated Annual Report of Zagrebački holding d.o.o. is adopted, which includes the annual consolidated financial statements of Zagrebački holding d.o.o. and its subsidiaries, the Report on the application of the Code of Corporate Governance, Management Report and the Groups annual Sustainability Report of Zagrebački holding for the year ended on 31 December 2025 together with the Report of independent auditors.
3. The annual unconsolidated and consolidated reports referred to in items 1. and 2. form 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: 024-03/26-06/06  
Reg. No.: 01-01/7-26-02

