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Zagrebački Holding Group

2025

ZAGREBAČKI
HOLDING

2025 Annual Consolidated Report of the Zagrebački Holding Group

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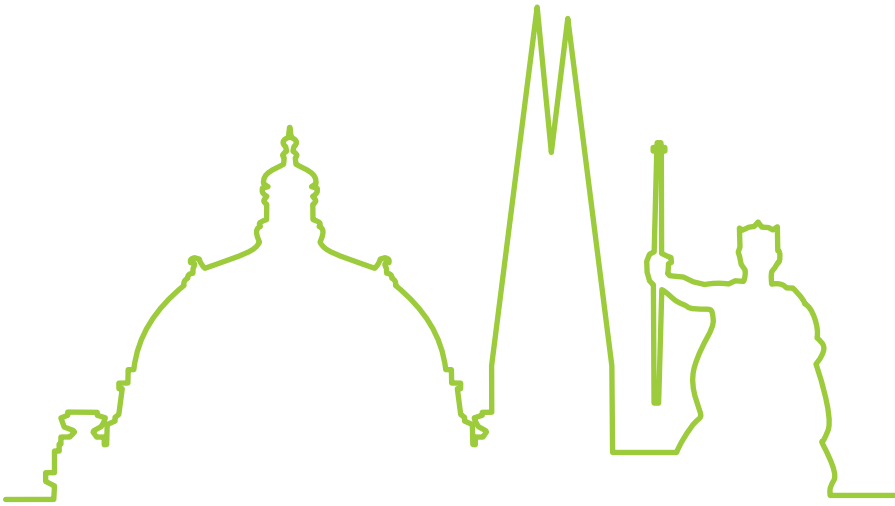
ANNUAL REPORT



Zagrebački Holding Group

2025

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MANAGEMENT REPORT

2024

BASIC INFORMATION

ABOUT THE ZAGREBAČKI HOLDING GROUP

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

Zagrebački holding Group (hereinafter: the Group or ZGH Group) is a city company of the City of Zagreb that provides integrated services to citizens through a wide range of utility, energy, water, pharmaceutical and market activities, striving for sustainable growth in order to create added value for its stakeholders over time[1].

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

1.1. ZGH Group's corporate strategy

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

In the last few years, the Group has been operating in an environment marked by numerous changes that affect its operations: challenges on the labour market, changes in worker 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 Group 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 Group 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 worker development

Workers are the foundation of providing quality public services. The Group 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.

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

Sustainability and corporate responsibility

The Group pays special attention to sustainable development, including environmental, social and governance (ESG) aspects that are 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 branches, subsidiaries and central functions, the Group 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.

Workers 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 workers' key competences, including strengthening of organisational culture and cooperation within the system.

1.2. ZGH Group's organisational structure

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

- business operations; and
- corporate services

The operational part of the business includes the work of branches, subsidiaries and institutions that are organised according to the type of services they provide to citizens, with the basic division: utility activity, energy activity, pharmaceutical activity, market activity and public water supply and sanitation activities. On the one hand, operations are monitored through individual activities (waste management, maintenance of public areas, parking, gas and water supply, pharmaceutical activities, etc.), while on the other hand, coordinated provision of services in the City of Zagreb is ensured through common operational systems and communication channels[2] available to all Group stakeholders.

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.

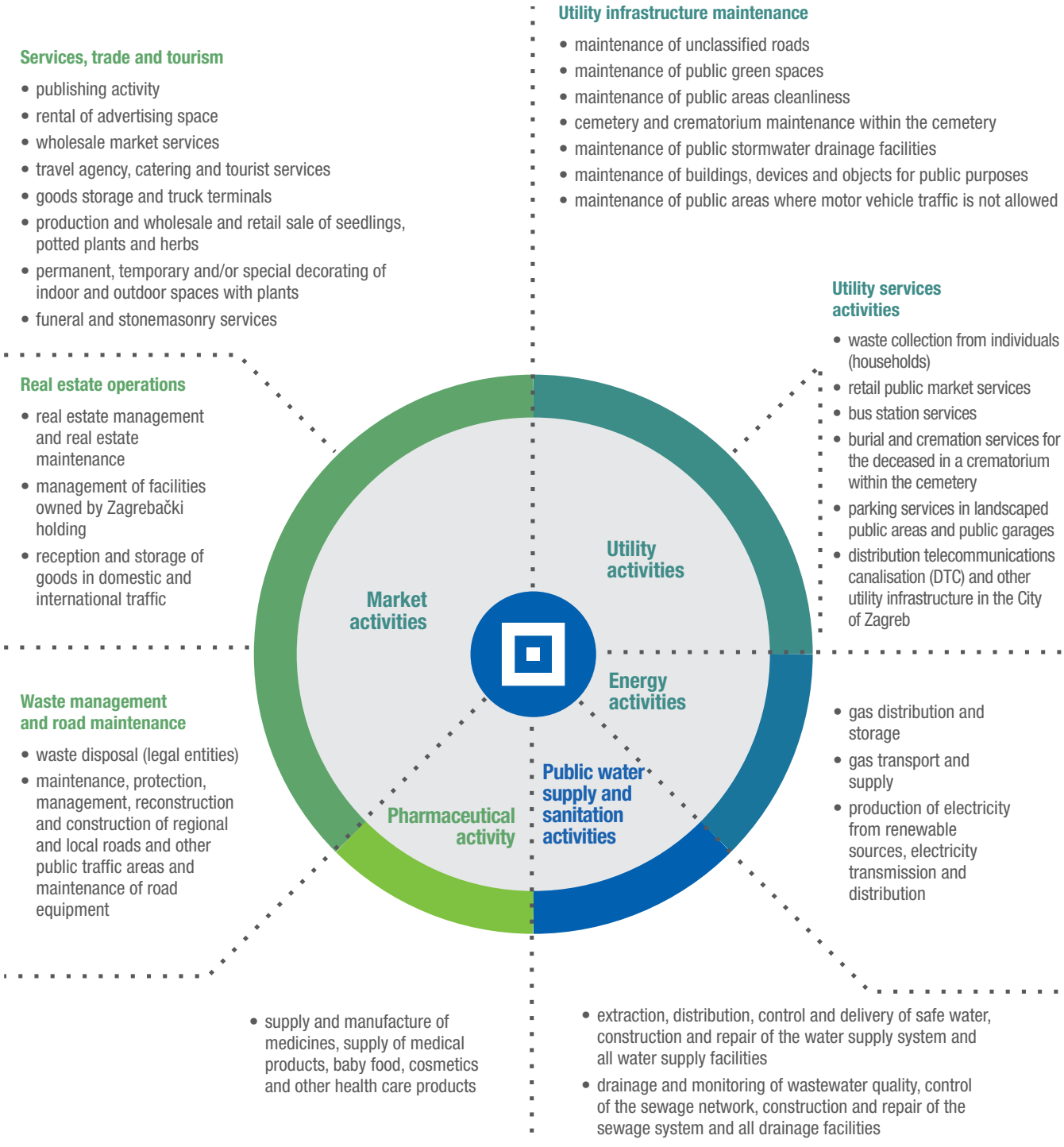
The field of information and communication technologies is responsible for the development and maintenance of digital solutions, system modernisation, and improving business efficiency through digitalisation.

2 Podaci o adresama, brojevima telefona, adresama elektroničke pošte, kao i platforme za komunikaciju s dionicima dostupni su na mrežnoj stranici: www.zgh.hr

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

ZGH Group's main activities

Group members perform the following public, utility and market activities:



The Group companies primarily operate on the domestic market.

ZGH Group members

- parent company, Zagrebački holding d.o.o. (hereinafter: Company or ZGH) with 12 branches: AGM, Arena Zagreb, Autobusni kolodvor Zagreb, Čistoća, Gradska groblja, Robni terminali Zagreb, Tržnice Zagreb, Vladimir Nazor, Zagrebparking, Zagrebačke ceste, Zagreb digitalni grad, Zrinjevac;
- Gradska plinara Zagreb d.o.o. (hereinafter: GPZ) with its subsidiary Gradska plinara Bjelovar d.o.o.;
- 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. (hereinafter: ZP);
- Gradske ljekarne Zagreb (hereinafter: GLJZ).

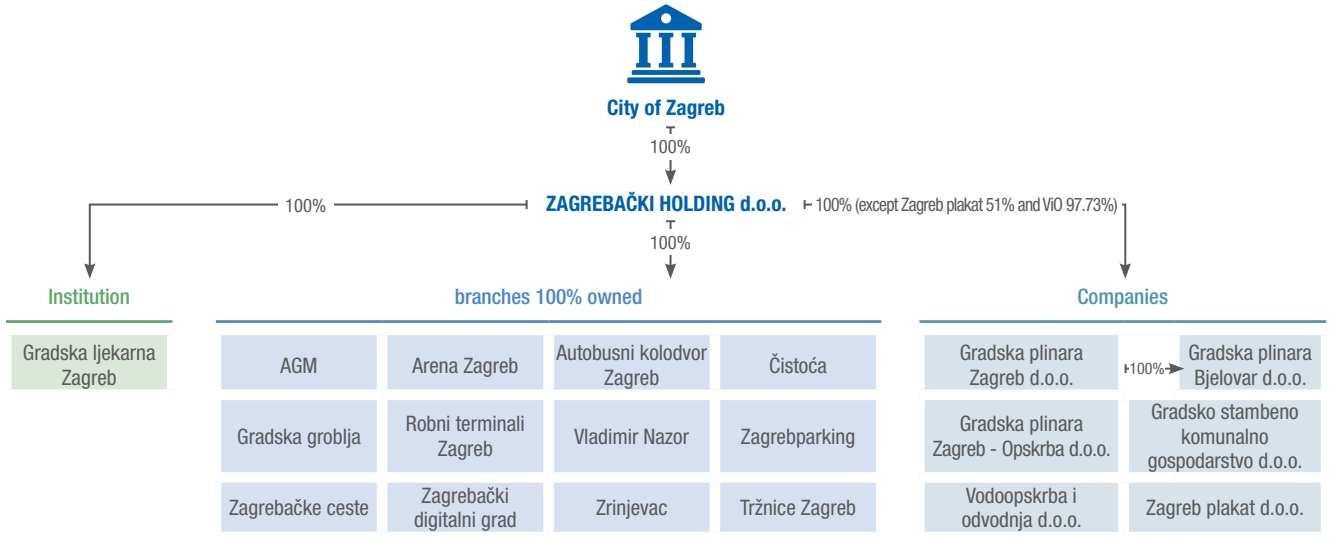


Figure 1: The ownership structure of the ZGH Group consists of 12 branches, 5 companies and 1 institution

BASIC INFORMATION ABOUT THE PARENT COMPANY

Headquarters:	Ulica grada Vukovara 41, Zagreb
Reg. No.:	080042653
Personal ID. No.:	85584865987
Share capital:	EUR 437,166,150
Number of employees as at 31 December 2025:	8,000
Number of listed bonds on the Official Market of the Zagreb Stock Exchange:	305,000,000
Date of issue:	11 January 2023
Date of maturity:	11 July 2028
Interest:	fixed 4.90%, with semi-annual payment
Ownership:	The City of Zagreb is the founder and 100% owner of Zagrebački holding d.o.o.
Management Board as of 31 December 2025	» Ivan Novaković, President of the Management Board » Matija Subašić-Maras, Member of the Management Board (until 17 January 2026) » Dubravko Karačić, Member of the Management Board » Damir Novinić, Member of the Management Board
Supervisory Board as of 31 December 2025	» Andro Pavuna, President of the Supervisory Board » Martina Jurišić, Deputy President » Željko Matijašec, member » Ivan Čevizović, member » Josip Tica, member
Audit Committee as of 31 December 2025	» Ivan Čevizović, President » Josip Teklić, Deputy President » David Krmpotić, member
Assembly as of 31 December 2025	The only member of the Company's Assembly is the City of Zagreb, and the the representatives of the member are: » Tomislav Tomašević » Daniela Dolenec » Luka Korlaet

BASIC INFORMATION ABOUT SUBSIDIARIES

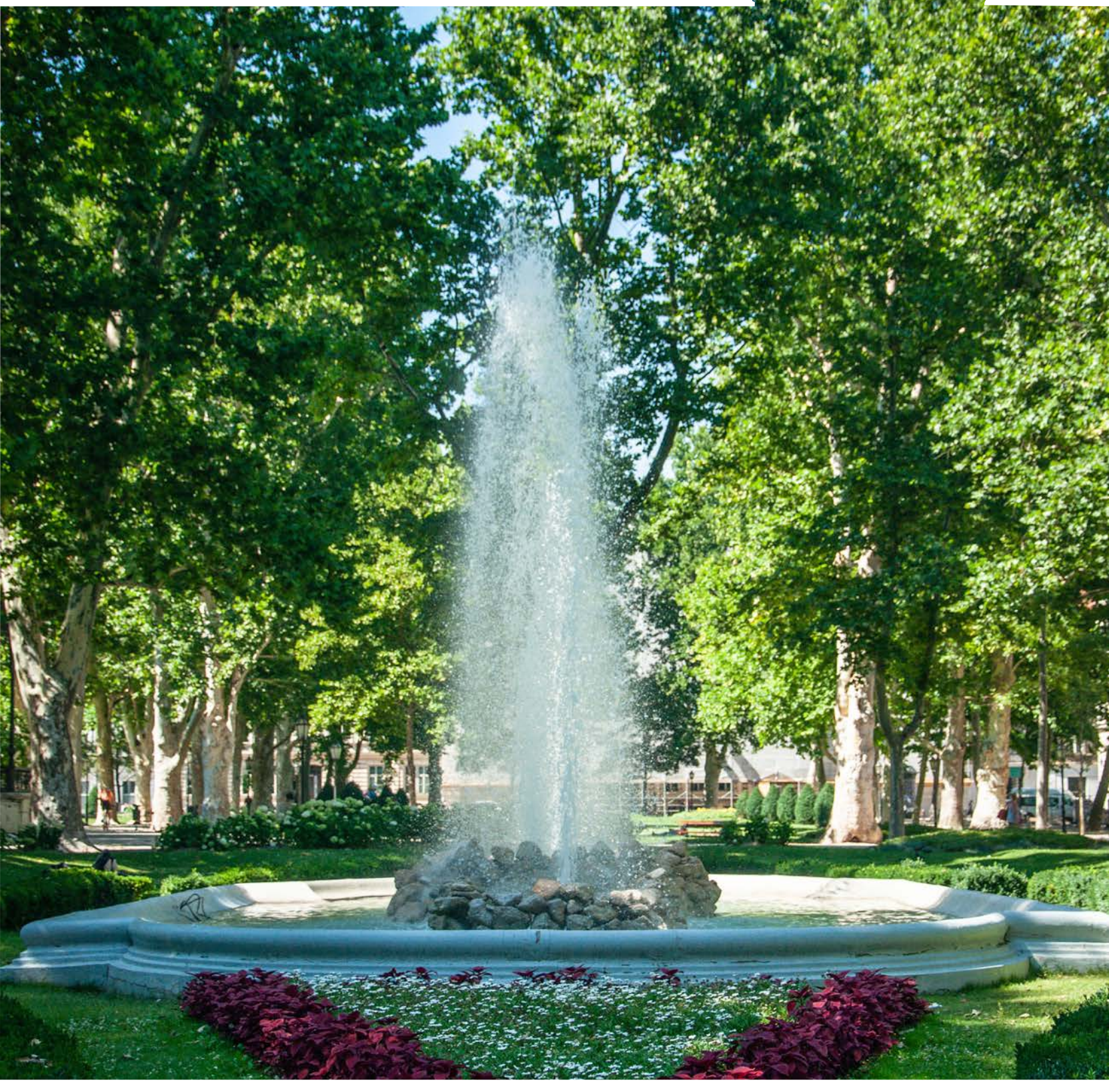
Management of subsidiaries and the institution as of 31 December 2025:

GPZ:	Dalibor Pudić, Director
GPZ-O:	Jeronim Tomas, Director
GSKG:	Slaven Sladoljev, Director
GLJZ:	Marina Rupčić, Acting Director of the institution
VIO:	Marko Blažević, Director and Janja Mihalić, Deputy Director
ZP:	Emilio Gašpić, Director and Toni Rončević, Director

Other basic information can be found in their 2025 annual reports and are available on their websites at the following links:

1. GPZ Financial Statement
2. GPZ-O Financial Statement
3. GSKG Financial Statement
4. GLJZ web
5. VIO Financial Statement
6. ZP Financial Statement

II COMMENT FROM THE MANAGEMENT BOARD ON ACHIEVEMENTS IN 2025



Financial stability

In 2025, the Zagrebački holding Group operated in a demanding, but more stable economic environment compared to previous years, which were marked by more pronounced inflation pressures, energy price instability, and supply chain disruptions. Even though global uncertainties and certain geopolitical and market risks were still present, their impact on the Group's operations in 2025 was more moderate. Continuous and reliable provision of utility services, increased business activity of operating components, rational cost management and adjustment of prices to variable input costs through public procurement processes enabled the achievement of stable business results and preservation of the Group's financial sustainability.

Financial result of operations for the year ended 31 December 2025

The positive operating results achieved in 2025 are a reflection of effective revenue and expenditure management. When the one-time effects of the gain from the change in the value of real estate investments in the amount of EUR 10.99 million in 2024 and in the amount of EUR 3.07 million in 2025 are excluded, the realised profit before interest, taxes, depreciation (EBITDA) amounts to EUR 101.91 million (2024: EUR 94.59 million), which is an increase of EUR 7.33 million compared to the previous year.

The Group achieved a lower comprehensive profit by EUR 69.56 million in 2025. The lower comprehensive profit compared to the previous year is the result of significantly lower net profit from real estate revaluation, which in 2025 amounted to EUR 11.09 million, compared to EUR 98.38 million achieved in 2024. Operating profit (EBIT) achieved in 2025 is lower by EUR 8.06 million (2025: EUR 41.88 million; 2024: EUR 49.94 million).

In 2025, operating income amounted to EUR 771.15 million and decreased by EUR 76.28 million or 9% compared to 2024, primarily due to the impact of operating results in the gas sales and distribution segment. The most significant revenue growth was achieved in the segments of landscaping and maintenance of green spaces by 27%, water supply and sanitation by 22%, parking by 15%, sale of medicines by 12%, maintenance of cleanliness and waste disposal by 11%, and management and maintenance of public roads by 6%. A 22% decrease in sales revenue was recorded in the gas sales and distribution segment due to the change of gas supplier within the framework of the public service obligation and the transition to a market service from 1 October 2024. The decrease in other operating revenue by EUR 91.79 million is mostly related to lower revenue from state subsidies for compensating the difference in the price of gas and to lower realised revenue from unrealised gains from the change in the fair value of real estate investments. In 2025, 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 expenditures in 2025 amounted to EUR 729.27 million, which is EUR 68.23 million or 9% lower than the previous year. Within the operating expenditures' structure, material costs and services are lower by EUR 113.83 million, primarily due to a decrease in the cost of goods sold due to the change of gas supplier within the framework of the public service obligation from 1 October 2024. Personnel costs increased by EUR 33.77 million as a result of increased material rights established by collective agreements of Zagrebački holding and its subsidiaries and an increase in the average number of employees by 5%. The increase in the number of employees mostly relates to operational workers in the Čistoća branch, the VIO d.o.o. company, and the transfer of employees from merged companies (Vode Jastrebarsko d.o.o., Vodovod Klinča Sela d.o.o, Odvodnja Samobor d.o.o. and Vode Žumberak d.o.o.) to the VIO, which affected the complexity of business organisation and the increase in costs. Within the scope of VIO's operations, more pronounced cost pressures were recorded during 2025, which had an adverse impact on the company's financial results, in circumstances in which there were no changes to the price structure of water services during 2025. Depreciation costs are higher due to the non-current assets that VIO took over from the water treatment activity (takeover of the CUPOVZ plant from 4 August 2024). The costs of provisions for employee benefits in the VIO

increased, in line with the increase in the number of employees and the increase of material rights, including the costs of provisions for initiated legal disputes as part of activities aimed at improving the quality of the balance sheet.

Net financial expenses are lower by EUR 3.61 million due to a decrease in financial revenue of EUR 1.72 million because of the lower interest revenue for entrepreneurs outside of the ZGH Group and a decrease in financial expenses of EUR 5.33 million due to lower interest costs because of regular and early repayment of loan principal in 2024.

As of 31 December 2025, the Company's total net assets amounted to EUR 721.75 million, an increase of EUR 28.88 million compared to 31 December 2024.

Non-current assets increased by EUR 26.60 million as a result of the increase in the value of real estate, plants and equipment due to the transfer of assets of the merged Odvodnja Samobor d.o.o. company with the VIO and greater investment activities.

Net working capital is higher by EUR 7.96 million due to an increase in short-term receivables from related parties and an increase in short-term liabilities to suppliers. Net debt as of 31 December 2025 amounts to EUR 423.76 million and is EUR 51.62 million lower than on 31 December 2024 due to regular repayment of loan principal and an increase in cash balance (collected fee for water treatment development).

Other long-term and short-term liabilities are higher by EUR 57.42 million due to deferred revenue recognition related to assets that were taken over by the VIO during the reporting period by merging the Odvodnja Samobor d.o.o.

Capital and reserves were increased based on the realised profit and the increase in asset value through real estate revaluation.

Digital transformation and strategic investments

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 decision-making about operations at the Group level.

In parallel to this, the Group 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 service payment platforms, digital parking solutions and integration with applications such as KEKS Pay, enabling users to use the Group's services easier, 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. The "Zagreb" project, the restoration and expansion of water infrastructure, has been further developed and prepared for EU co-financing and the start of implementation, while the integration of the Central Wastewater Treatment Plant (CUPOVZ) into the VIO system has been fully operationally implemented. This further consolidated water resources management and increased system efficiency.

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 Zagreb Waste Management Centre, 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 Jakuševec-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 for the modernisation of specialised vehicles, machines and mechanisation, which represents an additional step towards the Group's sustainable development. At the same time, we stepped up activities for the development of VIO renewable energy projects, which systematically increase energy efficiency and reduce exposure to energy costs. During the year, preparatory activities were carried out for the construction of the Sašnak (7,000 kW) and Mala Mlaka (9,900 kW) solar power plants, with the planned start of implementation at the end of 2026.

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 Group's carbon footprint 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 achieving long-term sustainable business.

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 Zagrebačke ceste 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.

In the water utility sector, the process of integration and expansion of the service area continued, with a total of 886 sewage and 1,404 new water supply connections throughout the service area, which further increased operational efficiency and the quality of system management.

In the energy sector, the GPZ-O successfully consolidated its market model and additionally strengthened its market position in the City of Zagreb and Zagreb County by growing the user base and developing competitive products. At the same time, Gradska plinara Zagreb continued to invest in the safety, reliability and modernisation of the distribution network, ensuring a high level of supply stability and further strengthening the resilience of the energy system.

During the year, the Group 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, own 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 workers 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 a worker 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 worker in the period from 2021 to 2026 to almost 60%. With two key growth factors (an increase in the number of workers and average earnings), the Group's payroll in the period from 2021 to the end of 2025 increased by a total of 54%, and 73% with the agreed increase from 1 January 2026 compared to 2021. We continuously invest in the development of competencies and working conditions of our workers, 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 workers, and we hired 720 workers, including seasonal workers.

Geopolitical risks and resilience of the Group

The Group'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 Group's operations.

Final word and looking ahead

In the coming period, we will continue to consistently implement the outlined strategic priorities, with an emphasis on further digitalisation of operations, development of waste management systems, investments in water and utility infrastructure, modernisation of the utility vehicle fleet, machinery and mechanisation, and implementation of renewable energy projects, as a foundation for the long-term and sustainable development of the Group.

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 workers, 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.

III SIGNIFICANT BUSINESS EVENTS

IN 2025

3.1. Statutory changes in the ZGH Group during 2025

Company changes

By the decision of 9 April 2025, the Company's share capital was aligned with the provisions of the A*ct 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 the amount of EUR 421,666,149.05 by the amount of EUR 15,500,000.95 to the amount of EUR 437,166,150.00.

MANAGEMENT BOARD:

Changes in the parent company Management Board 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 Dolenec, since 12 June 2025
- Luka Korlaet, since 12 June 2025

In June 2025, *a Conclusion was adopted on the representatives of the City of Zagreb in the Assembly of Zagrebački holding d.o.o.*, 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

CHANGES IN ZGH GROUP SUBSIDIARIES AND INSTITUTION

1. VIO

SUPERVISORY BOARD

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

- Matija Subašić-Maras, member of the Supervisory Board since 27 October 2021 and President of the Supervisory Board from 10 June 2022 to 3 March 2025, re-elected as a member of the Supervisory Board and President of the Supervisory Board on 3 March 2025
- Jurica Krleža, member of the Supervisory Board since 24 April 2024 and Deputy President of the Supervisory Board from 30 April 2024 to 3 March 2025, re-elected as a member of the Supervisory Board and Deputy President of the Supervisory Board on 3 March 2025
- Tatjana Operta, member of the Supervisory Board from 27 October 2021 to 3 March 2025, re-elected as a member of the Supervisory Board from 3 March 2025 to 7 July 2025
- Gordana Buturajac, member of the Supervisory Board from 27 October 2021 to 3 March 2025, re-elected as a member of the Supervisory Board on 3 March 2025
- Marija Novosel, member of the Supervisory Board since 3 March 2025
- Ivana Španić, member of the Supervisory Board since 3 March 2025
- Danijel Miholić, member of the Supervisory Board from 3 March 2025 to 22 July 2025
- Igor Smetko, member of the Supervisory Board since 3 March 2025
- Ana Jaklin, member of the Supervisory Board since 7 July 2025
- Tomislav Bilić, member of the Supervisory Board since 7 July 2025
- Željka Šurbek Deduš, member of the Supervisory Board since 7 July 2025
- Marko Vlahović, member of the Supervisory Board since 7 July 2025
- Marko Mataija, member of the Supervisory Board since 7 July 2025

AUDIT COMMITTEE

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

- Vjera Salopek, member of the Board of Directors until 21 July 2025
- David Krmpotić, member of the Board of Directors since 21 July 2025

STATUS CHANGE IN VIO

By the Decision on the Merger made by the VIO Assembly on 3 March 2025, two additional public suppliers of water services in Service Area 11, namely ODVODNJA SAMOBOR d.o.o. and VODE ŽUMBERAK d.o.o., were merged with VIO as the acquiring company, and the VIO share capital consists of a total of 6 business shares:

- Zagrebački holding business share, which gives 97.73% of membership rights in VIO;
- City of Jastrebarsko business share, which gives 1.66% of membership rights in VIO;
- Stupnik Municipality business share, which gives 0.46% of membership rights in VIO;
- Klinča selo Municipality business share, which gives 0.13% of membership rights in VIO;
- City of Samobor business share, which gives 0.01% of membership rights in VIO;
- Žumberak Municipality business share, which gives 0.01% of membership rights in VIO.

2. GPZ

MANAGEMENT BOARD

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

- Davor Mayer, Director from 1 December 2023 to 1 January 2025
- Bruno Lacković, Director from 2 January 2025 to 30 June 2025
- Ivan Šoštarčić, Director from 2 January 2025 to 30 June 2025
- Dalibor Pudić, Director since 1 July 2025

SUPERVISORY BOARD

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

- Gordana Buturajac, member and Deputy President of the Supervisory Board, appointed to a second term as a member of the Supervisory Board on 27 October 2025
- Romina Benčić Škrinjar, member of the Supervisory Board, appointed to a second term as a member of the Supervisory Board on 27 October 2025

AUDIT COMMITTEE

- Changes in the Audit Committee in the period from 1 January 2025 to 31 December 2025:
- Dražena Stošić Šarić, member of the Audit Committee until 10 September 2025
- Dubravka Kljajić, member of the Audit Committee since 22 September 2025

3. GPZ-O

MANAGEMENT BOARD

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

- Jeronim Tomas, appointed to a second term on 11 November 2025

SUPERVISORY BOARD

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

- Matija Subašić-Maras, member of the Supervisory Board, elected for a second term as a member of the Supervisory Board on 27 October 2025
- Tatjana Operta, member of the Supervisory Board, elected for a second term as a member of the Supervisory Board on 27 October 2025
- Vlatka Smolković, member of the Supervisory Board, elected for a second term as a member of the Supervisory Board on 27 October 2025, and Deputy President of the Supervisory Board since 19 December 2025

AUDIT COMMITTEE

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

- Vjera Salopek, member of the Board of Directors until 22 September 2025
- Gordana Buturajac, member of the Audit Committee, re-elected as President of the Audit Committee since 22 September 2025
- Dražena Stošić Šarić, member of the Audit Committee, re-elected as Deputy President of the Audit Committee since 22 September 2025
- Josip Teklić, member of the Audit Committee since 22 September 2025

4. GSKG

SUPERVISORY BOARD

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

- Romina Benčić Škrinjar, member of the Supervisory Board, elected for a second term as a member of the Supervisory Board on 27 October 2025
- Vlatka Smolković, member of the Supervisory Board, elected for a second term as a member of the Supervisory Board on 27 October 2025

AUDIT COMMITTEE

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

- Vjera Salopek, member of the Board of Directors until 22 September 2025
- Gordana Buturajac, member of the Audit Committee, re-elected as President of the Audit Committee since 22 September 2025
- Dražena Stošić Šarić, member of the Audit Committee, re-elected as Deputy President of the Audit Committee since 22 September 2025
- Josip Teklić, member of the Audit Committee since 22 September 2025

5. Zagreb plakat

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

- Mihovil Soldo as a member of the Supervisory Board and Deputy President of the Supervisory Board elected to a second term on 23 June 2025

6. GLJZ

Changes in business management and representation in the period from 1 January 2025 to 31 December 2025:

- Marijo Vukušić, Director of the institution from 6 July 2022 to 8 June 2025
- Marina Rupčić, Acting Director of the institution since 9 June 2025

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

- Prof., PhD Sanda Vladimir-Knežević, PhD, elected for a second term as a member of the Board of Directors on 7 July 2025
- Prof., PhD Robert Likić, PhD, elected for a second term as a member of the Board of Directors on 7 July 2025
- Robert Špoljar – member of the Board of Directors (representative of the Works Council – worker representative) since 8 April 2025
- Ružica Dizdar – member of the Board of Directors (representative of the Expert Council – worker representative) since 22 July 2025

3.2. ZGH Group's business activities during 2025 by business/strategic areas

ESG guidelines for business activities

The Group integrates ESG elements into all its operational and management decisions. Therefore, the Group's Sustainability Strategy for the 2023–2028 period is inextricably linked to the business plans and business model and directs the Group'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 Sustainability Report section.

The fulfilment of objectives is monitored through strategic and operational performance indicators (objectives), which are presented in more detail 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

2023–2028 Sustainability Strategy was additionally operationalised by the implementation Decarbonisation Plan and the Circular Waste Management Document adopted in 2025, which represent a "roadmap" towards fulfilling primary objectives, and which are described in more detail in the Sustainability Report section.

Decarbonisation Plan

The Decarbonisation Plan for the period by 2035 defines measurable objectives and activities to reduce greenhouse gas emissions with the aim of combating climate change, and it is aligned with the Group's 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 Group's key strategic projects and activities, the purpose of which is to improve the Group's public and utility activities, and their additional positive effect is the reduction of greenhouse gas emissions. With this approach, the Group demonstrates the way in which it has included ESG elements in its strategic projects and activities.

Circular waste management

One of the Group'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 abovementioned 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 Group.

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 Group 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 Group 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, a 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 abovementioned project represents a significant step forward in the digitalisation of the Company's and Group's operations.

With the aim of improving manageability, control and operational efficiency, we plan to introduce a uniform information system at the level of the entire Group. The integration of all Group components into a common information and communication system also contributes to increasing the level of cybersecurity.

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, and subsidiaries, GPZ, GPZ-O, VIO, and GSKG, were categorised in 2025 as a key entity and are accordingly obliged to implement an advanced level of cybersecurity risk management measures in accordance with relevant regulations.

During 2025, the Group carried out numerous preparatory activities for the successful implementation of set measures, documentation was drafted to establish a Security Operations Centre (SOC) as a means of 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.

Moreover, this year, initial training on the basics of cybersecurity was conducted for the Company's management, and a communication channel was established to raise employee awareness. 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 Group carried out preparatory activities for the implementation of a new solution whose function is unified and centralised management, calculation 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 lead to better and more efficient management and it will increase the quality of data analysis used to improve 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 containers at 60 locations in the area of Zagreb's historic centre and 306 semi-underground containers at 102 locations in the area outside of Zagreb's historic centre were installed, with the aim of replacing outdated and inadequately equipped and placed standardised containers for the separate collection of dry fractions of municipal waste (paper, cardboard, plastic, metal and glass packaging) in public areas.

The Zapruđe 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 m³. 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 Jakuševec-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 have been 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 Jakuševec-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, Zagrebačke ceste 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 m² of road surface was asphalted, while in the same period in 2024, 29 streets were paved, or 156,898.25 m2 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 Zagrebačke ceste 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 Zagrebačke ceste 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 Zagrebačke ceste 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 Zagrebačke ceste 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

I. 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 Gradska groblja 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/Jakuševec 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 m2. 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 2 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.

VIO

In accordance with the Quality Policy, VIO worked during 2025 to achieve the following objectives: ensuring continuous water supply to all users of the City of Zagreb and part of the Zagreb County, expanding the basic capacities of water supply and sanitation facilities in the area of the City of Zagreb, the City of Samobor, the City of Sveta Nedelja and the Stupnik Municipality, where it is necessary to build water supply and sewage infrastructure, developing the water supply and sanitation system through the feasibility study and application for the EU project, "Project Zagreb", restoring water pumping stations, rational management of abstracted water and energy sources (via the construction of solar power plants and improving the operation of the cogeneration plant), including implementing environmental protection measures, continuing activities on the implementation of the remote water meter reading system and developing quality relationships with users and adapting to their needs.

In addition to working on the large **strategic Zagreb Project**, in which the City of Zagreb and VIO are actively involved, and which is detailed in the remainder of this chapter, in 2025 VIO continues the process of integrating public water service providers in **Service Area 11**, in accordance with the *Water Service Act* (Official Gazette No. 66/2019) and the *Regulation on Service Areas* (Official Gazette No. 70/2023). Following the mergers that the Company carried out in the second half of 2024, on 3 March 2025, Merger Agreements were concluded with the companies Odvodnja Samobor d.o.o. and Vode Žumberak d.o.o., and with the accession of two new members to the Company, a new Articles of Association were signed on 3 March 2025. A key step forward was achieved by obtaining a decision from the competent Ministry of Environmental Protection and Green Transition dated 6 June 2025, which confirmed that the conditions for starting operations in the unique Service Area No. 11 were met.

This further strengthens the organisational and operational framework for the provision of water services in the wider area of Zagreb and the surrounding area.

Within the framework of projects co-financed from the Recovery and Resilience Facility, in 2025, within the framework of the National Recovery and Resilience Plan 2021–2026, VIO took over the implementation of the project "Reconstruction and Expansion of Utility Water Facilities of the Jastrebarsko Agglomeration", after the merger of Vode Jastrebarsko. The value of the Project is EUR 4,100,000.00. The eligible costs of the Project for funding from the Call amount to EUR 3,280,000.00, while **the non-refundable financial contribution from the Recovery and Resilience Facility amounts to a maximum of EUR 2,620,000.00.**

According to the concluded Grant Agreements, an extension of the deadline for withdrawing funds until 31 August 2026 has been approved.

Water Management Plan 2025.

In accordance with the *Water Management Plan by Hrvatske vode* for 2025, the following contracts were concluded for **projects co-financed by Hrvatske vode:**

1. Contract on co-financing the construction of water structures in the Zagreb agglomeration area for a total **amount of EUR 327,831.25**, where **the co-financing ratio of Hrvatske vode is 80% and VIO 20%**. On 4 December 2025, the First Appendix to the Agreement was concluded and funds in the amount of EUR 480,257.70 were withdrawn (the amount of co-financing from Hrvatske vode).
2. Contract on co-financing the programme to reduce losses in water supply systems in the Republic of Croatia, area of the VIO water supply system for a total **amount of EUR 125,000.00**, where **the co-financing ratio of Hrvatske vode is 80% and VIO 20%**. On 28 November 2025, the First Appendix to the Agreement was concluded and funds in the amount of EUR 200,000.00 were withdrawn (the amount of co-financing from Hrvatske vode).
3. Contract on co-financing of project documentation in the Zagreb agglomeration area for a total **amount of EUR 470,588.24, co-financing ratio Hrvatske vode is 85% and VIO 15%**. On 10 December 2025, the First Appendix to the Agreement was concluded and funds in the amount of EUR 508,065.84 were withdrawn (the amount of co-financing from Hrvatske vode).
4. Contract on co-financing the construction of water facilities in the Zagreb water supply zone for a total **amount of EUR 63,131.25, where the co-financing ratio of Hrvatske vode is 80% and VIO 20%**. On 28 November 2025, the First Appendix to the Agreement was concluded and funds in the amount of EUR 112,393.00 were withdrawn (the amount of co-financing from Hrvatske vode).
5. Contract on co-financing the construction of water facilities in the Zagreb water supply zone, water research activities for a total **amount of EUR 100,000.00,** where **the co-financing ratio of Hrvatske vode is 80% and VIO 20%**. The contracted funds have been withdrawn.
6. Contract on co-financing the construction of water facilities in the area of the Klinča Sela water supply zone for a total **amount of EUR 62,500.00,** where **the co-financing ratio of Hrvatske vode is 80% and VIO 20%**. The contracted funds have been withdrawn.

GLJZ

In 2025, activities were carried out aimed at technological improvement of business processes, including the introduction of a cartoner for packaging goods for the Galenski Laboratory and preparations for the introduction of a robotic system, or automation of warehouse operations, the implementation of which is expected in 2026. In the development activities segment, preparatory activities were carried out for the launch of a web shop.

GSKG

In 2025, the new *Act on Building Management and Maintenance* (Official Gazette No. 152/24) entered into force, which further regulated the relations of co-owners and improved the management system of multi-apartment buildings. The Act brings clearer decision-making procedures, greater legal and financial autonomy of co-owners, and emphasises the importance of long-term planning, investment in energy renovation, safety and sustainability of residential buildings, with the aim of raising the quality of housing.

In 2025, GSKG continued to carry out activities related to energy renovation and coordination of restoration of buildings damaged in the 2020 earthquake, in addition to regular building management tasks. As of 31 December 2025, a total of 709 buildings were registered for structural restoration, and for 456 buildings a decision was made on restoration and allocation of financial

support, while appropriate solutions are still expected for the remaining buildings. At the same time, the restoration model for 48 buildings was changed to non-structural restoration, which includes works that do not affect the load-bearing structure.

In the restoration implementation segment, GSKG participates through coordination of works and cooperation with contractors, whereby, depending on the type of intervention, different models of management and supervision of works are agreed upon. By the end of 2025, a total of 86 structural restoration projects has been contracted, of which 40 construction sites have been opened. Of that number, 21 construction sites have been completed, while the rest are in the active construction phase, which continuously contributes to the restoration of the housing stock and the improvement of the quality of housing in the area of Zagreb and its surroundings.

As the future strategy of GSKG is to continue focusing the company's activities on its primary activity – management and maintenance of buildings and other spaces, and to consider expanding its operations to related maintenance activities, and in accordance with the Group's intention to centralise and proactively manage receivables collection, a decision has been made to transfer the business entity as of 1 February 2026. On the day of the transfer, the business entity consists of 107 employees in the Fee Collection Service, where activities such as entering and processing master data, calculating fees, recording payments, and collecting receivables are performed.

GPZ-O

After the termination of the gas supply public service obligation at the end of 2024, GPZ-O operates exclusively as a market supplier in 2025, providing services to households and businesses throughout Croatia. By the end of the year, more than 184,600 agreements had been concluded with customers from the household category, with continued interest and the migration of new users.

During the year, new contracting models were developed for entrepreneurs that combine fixed and variable prices, thereby increasing the flexibility and competitiveness of the offer. At the same time, activities aimed at retaining and returning users from the household category were implemented.

In order to optimise the portfolio, a long-term lease of storage capacities was agreed for the period from 2026 to 2031, ensuring more stable procurement and more efficient management of gas volumes.

The Company's operations were significantly affected by regulatory measures in the energy market. Based on the Regulation on Elimination of Disturbances on the Domestic Energy Market, the Company submitted requests for compensation for the difference in the price of gas in the total amount of EUR 186.5 million for the period from April 2023 to September 2024. By the time the report was prepared, decisions for four accounting periods (2Q–4Q 2023 and 1Q 2024) had been received and paid.

Changes in the regulatory framework during 2025 further affected the final price of gas. The increase in the distribution tariff item, along with a reduction in the amount of state subsidies, resulted in an average increase in the price of gas for households of around 9% from October 2025, despite a decrease in the purchase price of gas.

Gas price subsidies for households were in effect throughout the year, with reduced amounts in the second half of the year, while the application of the reduced VAT rate of 5% was extended until 31 March 2026, with a further extension announced.

The Company also monitored new regulatory obligations during the year. The new *Energy Efficiency Act* (Official Gazette No. 155/25) increases energy saving obligations, which will require additional investments or settlement of obligations to the Environmental Protection and Energy Efficiency Fund.

In addition, with the adoption of the *Act on Climate Change and Ozone Layer Protection* (Official Gazette No. 67/25), the Company was included in the ETS2 system as an entity obliged to monitor and report on emissions related to delivered energy sources. In 2025, the process of obtaining the necessary permits began, while full implementation of the system is expected from 2027.

GPZ

In 2025, GPZ continued the implementation of the **Gas Distribution System (GDS) Construction and Reconstruction Project**, in accordance with the Development Plan for the third regulatory period (1 October 2022 –31 December 2026) approved by the Croatian Energy Regulatory Agency (HERA). The plan includes investments in network construction and reconstruction, system development, and demand projections, connections, and sources of financing. Investments are financed from the tariff item for gas distribution (Ts1), in accordance with the regulatory framework.

During 2025, construction projects for medium-pressure and low-pressure pipelines (MPP and LPP) were implemented, including Petruševec, Borongajska–Vukomerec, Juraj Dobrile and Požeška, as well as a series of reconstructions on key sections of the distribution network. A total of 7,180 m of gas pipelines and 638 house connections with a length of 6,372 m were reconstructed, which represents an increase in reconstruction investments of around 20% compared to 2024.

The Company's operations were significantly affected by the regulatory and market context. The regulator's decision from May 2024 designated a new supplier with public service obligations for the period until September 2027, which resulted in the transition of more than 170,000 households to the market supply model. This required the adjustment of business processes and increased the operational load of the system.

At the same time, inflation pressures and rising input costs negatively affected the implementation of the investment plan. Due to the inadequacy of the existing tariff items, the Company requested an emergency tariff revision, after which the regulator in 2025 made a decision to increase the Ts1 tariff item by 33% in the period from 1 October 2025 to 31 December 2025, and by an additional 3% in 2026. This created the prerequisites for business stabilisation and the continuation of the investment cycle.

In the segment of operational efficiency and safety, the implementation of **the GPZ projects for the modernisation of supervision and management of the gas distribution system**, planned for the current 3rd regulatory period, continued with the aim of continuously improving the quality of management and supervision of the GDS operation and ensuring safe and uninterrupted operation in all conditions (regular operation, emergency situations and crisis states). All projects listed below represent an upgrade and are compatible with the existing remote monitoring and control system on the GPZ GDS:

- New SCADA SYSTEM for monitoring, data collection, metering and management of GDS

  The implementation of the SCADA system modernisation and equipping project began in January 2024. During 2025, activities were carried out of parallel operation of the existing and new systems, testing them and eliminating detected errors.

  The NEW SCADA SYSTEM was put into operation on 31 August 2025 after which the five-year maintenance period agreed upon as part of the Project with the Contractor began.

- Digital radio network

  The implementation of the project will improve the system for data transmission from remotely monitored facilities to the GPZ by establishing "full-duplex" connections, which enable more efficient management and increased cyber security. Work is underway on three new telemetry stations, with the project scheduled for completion mid-March 2026.

- Supervision and management of block stations

  At the beginning of 2024, we contracted services to modernise the monitoring and control system at 4 existing block stations in such a way that the current physical monitoring is replaced with remote monitoring and control. The necessary equipment was acquired; the works were carried out – all 4 block stations were functionally tested and put into automatic mode of operation. The operation of the block stations is remotely monitored from the Distribution Centre.

  The project is in its final phase, and the handover of works and documentation, in accordance with the project request, is planned by 9 February 2026 (in accordance with the contractual deadline).

- GPRS SCADA system

  The goal of the project is to expand remote monitoring and management of cathodic protection of gas pipelines, which includes timely maintenance and detection of technical malfunctions. The first stage of project implementation was completed at the end of June, i.e. on 1 July 2025, the handover was recorded and the system was put into operation.

  The second stage of the project – the drafting of design and technical documentation for the construction of a gas pressure monitoring system at the end points of the GDS is underway.

- Introducing new generation device technology into the GDS leak testing process

  GDS leak testing is a defined and regulated obligation of all GDS operators. The introduction of new generation device technologies significantly contributes to the conditions for safer performance of gas system testing activities with the aim of modernising and improving operations. The project began in 2023 and is being implemented in 5 stages. The 4th stage is expected to be completed by March 2026, and the 5th stage is planned to be completed by the end of 2026, i.e. the implementation of the project in its entirety

During 2025, the Company was intensively aligned with new regulatory requirements in the field of cybersecurity. In accordance with national regulations, GPZ is categorised as a key entity in the energy sector, with an identified high level of cyber risks. An implementation plan for measures to achieve a high level of security has been adopted, and activities and procurements have been initiated to comply with regulatory requirements.

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 Group, 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. 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 (CO2 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.

Improved water management

2021–2027 Zagreb Project (improvement of water and utility infrastructure of the Zagreb agglomeration)

The Zagreb Project, the largest strategic investment in water supply and sanitation of the City of Zagreb and a member of the ZGH Group: VIO includes the restoration and expansion of the water supply and sanitation network and the upgrade of the central wastewater treatment plant to the 3rd stage of treatment and the improvement of the sludge treatment line by introducing the THP process and thermal drying, with the aim of increasing network availability, reducing water losses and the frequency of failures and pipe bursts. The Zagreb Project is a key element in achieving the Group's strategic objective of responsible water resources management, for the purpose of which key performance indicators have been set: reduction of water losses.

The total estimated investment costs of the project amount to EUR 502 million (with unforeseen costs), and they include investment in infrastructure reconstruction, i.e. construction, reconstruction and expansion of water supply and sanitation, and the introduction of a new level of wastewater treatment. The purpose of the project is to expand the water supply network (EU Drinking Water Directive), expand the sewage network (EU Wastewater Treatment Directive) and improve operational efficiency.

In May 2025, the Government of the Republic of Croatia adopted a *Decision on the financing model for new projects in the water and utility sector* within the framework of the 2021–2027 *Competitiveness and Cohesion Programme* and giving consent to the Ministry of Environmental Protection and Green Transition for the allocation of grants from the Cohesion Fund under the 2021–2027 *Competitiveness and Cohesion Programme.* At the end of 2025, more precisely on 16 December 2025, the application for the project "Zagreb Project" was submitted to the Call of the Ministry of Environmental Protection and Green Transition within the framework of the 2021–2027 Competitiveness and Cohesion Programme.

Of the total investment cost in the Zagreb Project, according to the calculation of the Cohesion Fund grants and in accordance with the revised feasibility study and cost-benefit analysis based on the methodology for EU projects for the 2021–2027 project period, it is proposed that EUR 359.7 million (71.66% of the total cost) be provided through EU grants, while EUR 142.2 million (28.34% of the total cost) is financed through total national support. The distribution of funding for the local component is made proportionally to investments in the area of local self-government units.

According to the developed dynamic plans, we plan to start the procurement procedures for investments within the scope of the EU project in 2026 and to continue the works until 2029. The publication of the call for co-financing, including the scope of co-financing, is expected in the second half of 2026, on the basis of which the final scope of the project will be considered.

Details about the interventions and investments that are within the scope of the Zagreb Project are available on the website https://www.vio.hr/vio-projekti/eu-projekt-zagreb/3102.

Renewable energy

The ZGH Group's solar energy programme sets an ambitious goal of installing 25 mW of solar power plants by 2035. VIO, in cooperation with REGEA, through the PVMax Project co-financed by the EU and the Republic of Croatia, is developing a portfolio of a total of 16 solar power plants of various capacities, some of which are already in operation (Bukovac, Oporovec), while the others are in the construction or preparation phases.

During 2025, the following activities were carried out:

- The construction of the Oporovec solar power plant (400 kW) was completed in March 2025, and on 30 December 2025 it received a permit for permanent operation, following the completion of the reconstruction of the substation by HEP;
- Construction of the Folnegovićeva solar power plant (500 kW) was completed in December 2025. Currently, the reconstruction of the substation, which is under the jurisdiction of HEP, is pending, after which it will be possible to put the power plant into operation;
- A request for co-financing has been submitted for 5 solar power plants: Cerje solar power plant (425 kW), Laščina solar power plant (200 kW), Jačkovina solar power plant (50 kW), Sokolovac solar power plant (200 kW) and Zagorska solar power plant (200 kW) for the Call for co-financing the construction of solar power plants by public water service providers from the Environmental Protection and Energy Efficiency Fund dated 30 April 2025;
- Based on the main designs, a request has been submitted for the development of an EOTRP for the Mala Mlaka (9,900 kW) solar power plant, which is planned to be built by the end of 2027;
- An connection approval for the Sašnak solar power plant (7,000 kW) has been obtained, documentation for public bidding has been prepared, and a procurement request has been initiated.

U kasnijoj fazi, u planu je i izgradnja elektrana: Petruševec (1.000 kW), Strmec (5.000 kW) i Bregana (4.000 kW).

IV GROUP BUSINESS ANALYSIS

FOR 2025 REPORT

4.1. Operating results

In 2025, the Zagrebački holding Group achieved a profit of EUR 21.73 million as a result of higher total revenues compared to total expenses, despite their decrease compared to 2024. In 2025, we realised an operating profit (EBIT) in the amount of EUR 41.88 million and a positive EBITDA in the amount of EUR 104.98 million. A loss of EUR 22.24 million was realised from financial activities.

Description	1-12/2025 in 000 EUR	1-12/2024 revised in 000 EUR	Rate of change in %
Operating revenues	771,154	847,438	-9%
Operating expenditures	(729,270)	(797,499)	-9%
Financial revenues	8,461	10,180	-17%
Financial expenses	(30,702)	(36,035)	-15%
Total revenues	**779,615**	**857,618**	**-9%**
Total expenses	**(759,972)**	**(833,534)**	**-9%**
Profit before tax	**19,643**	**24,084**	
Tax revenue/(expense)	2,086	(6,391)	
Profit for the year	**21,729**	**17,693**	23%
OTHER COMPREHENSIVE PROFIT			
Items that will never be reclassified for the income statement			
Real estate revaluation gains	11,085	98,379	
Loss on valuation of available-for-sale financial assets	(677)	(1,435)	
Tax on other comprehensive profit	(1,874)	(17,450)	
Items that can be reclassified for the income statement			
Profit from effective cash flow hedging		758	
Other items that can be reclassified to profit or loss	60	1,939	
Tax on other comprehensive income	(10)	(10)	
Total comprehensive income for the year	**30,313**	**99,874**	
EBIT	*41,884*	*49,939*	*-16%*
EBITDA	*104,979*	*105,581*	*-1%*
Loss from financial activities	*(22,241)*	*(25,855)*	*-14%*

4.2. Revenues

In 2025, total revenues amounted to EUR 779.62 million, which represents a decrease of EUR 78.00 million or 9% compared to the previous year, which was most significantly affected by the decrease in other operating revenues in the amount of EUR 91.79 million or 36% (2025: EUR 163.28 million; 2024: EUR 255.08 million).

Sales revenues were realised in the amount of EUR 607.87 million (2024: EUR 592.36 million), which is an increase of 3% compared to the previous year. The most significant increase in sales revenue was recorded in the segments of (I) water

supply and sanitation in the amount of EUR 14.96 million due to higher revenues from wastewater treatment by taking over CUPOVZ from 4 August 2024, larger quantities of delivered water and drainage and construction of a larger number of new connections; (II) maintenance of green spaces in the amount of EUR 9.60 million by introducing new services and increasing revenues from landscaping and adjusting service prices to variable input costs through the public procurement process; (III) maintenance of cleanliness and waste removal in the amount of EUR 9.0 million due to a larger volume of work on the maintenance of public traffic areas as a result of the procurement of sweepers and tank trucks and the employment of operational workers at the end of 2024, higher revenues were also achieved from business users; (IV) sales of medicines in the amount of EUR 9.11 million due to higher demand for prescription and non-prescription medicines and other galenic products; (V) parking in the amount of EUR 3.65 million due to higher revenues from the sale of parking tickets with a decrease in the sale of preferential tickets; (V) maintenance and management of public roads in the amount of EUR 3.02 million due to higher revenues from the city budget due to more work carried out on regular maintenance of roads and on the maintenance of public traffic areas in city districts and with regard to the adjustment of prices with input parameters through the public procurement process.

A decrease in sales revenue was recorded in the gas sales and distribution segment in the amount of EUR 39.60 million due to smaller quantities of distributed gas because of the change of gas supplier within the framework of the public service obligation from 1 October 2024.

The decrease in other operating revenue (EUR -91.79 million) is mostly related to lower revenue from state subsidies for compensating the difference in the price of gas and to lower revenue from unrealised gains from the change in the fair value of real estate investments. In 2025, 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.

Financial revenues in 2025 were lower by EUR 1.72 million due to lower interest revenue from related entrepreneurs outside the ZGH Group.

4.3. Expenses

In 2025, operating expenses amounted to EUR 729.27 million, which represents a decrease of EUR 68.23 million, or 9%, compared to the previous year.

In the operating expenses structure, the most significant increase was noted in (I) personnel costs in the amount of EUR 33.77 million, which was influenced by an increase in the basis for salary calculation and material rights from the collective agreements of ZGH and its subsidiaries, including an increase in the average number of employees by 5% due to the employment of a larger number of operational workers in the Čistoća branch and VIO, and the transfer of employees from merged companies (Vode Jastrebarsko d.o.o., Vodovod Klinča Sela d.o.o., Odvodnja Samobor

d.o.o. and Vode Žumberak d.o.o.) to VIO, which affected the complexity of the business organisation and the increase in costs. Within the framework of VIO's operations, more pronounced cost pressures were recorded during 2025, primarily due to increased costs of raw materials and supplies due to larger quantities of pumped water, increased costs of construction of water supply and sewage connections, subcontractor services and ongoing maintenance services, including additional costs related to the wastewater treatment activity, which had an adverse impact on the company's financial result, in circumstances in which there was no change in the price structure of water services during 2025; (II) depreciation costs are higher by EUR 7.45 million, primarily based on fixed assets that the Company took over from the water treatment activity as of 4 August 2024; (III) provision costs are higher by EUR 8.47 million, primarily based on provisions for employee benefits and legal disputed of VIO d.o.o. as part of activities aimed at improving the quality of the balance sheet.

The most significant decrease in the business expenses' structure was noted in material costs and services in the amount of EUR 113.83 million, primarily due to a decrease in the cost of goods sold, which is the result of less delivered gas quantities. Higher maintenance costs were incurred in connection with the landfill landslide remediation process, regular maintenance and management of the landfill. The costs of utility services and fees related to the disposal of separately collected waste also rose due to an 18% increase in the average price of recycling plastic packaging waste, and due to higher charges by the VIO for the disposal of sludge from wastewater treatment from CUPOVZ compared to last year.

Financial expenses in 2025 were lower by EUR 5.33 million due to lower interest costs because of regular and early repayment of part of the loan principal in 2024.

4.4. Izvještaj o financijskom položaju

U nastavku slijedi skraćeni prikaz imovine, kapitala i obveza iz Izvještaja o financijskom položaju na dan 31. prosinca 2025. godine, u odnosu na stanje na dan 31. prosinca 2024. godine.

Description	31 December 2025 in 000 EUR	31 December 2024 revised in 000 EUR	Rate of change in %
Non-current assets	**2,003,471**	**1,976,870**	**1%**
Net working capital	**18,312**	**10,357**	**77%**
Stocks	22,793	26,228	-13%
Receivables	382,309	362,782	5%
Liabilities	(386,790)	(378,653)	2%
Net debt	**(423,764)**	**(475,381)**	**-11%**
Received loans, borrowings and financial lease	(253,064)	(285,687)	-11%
Liabilities for issued bonds	(303,599)	(303,098)	0%
Cash and cash equivalents	132,899	113,404	17%
Financial assets	**4,231**	**4,108**	**3%**
Other non-current and current liabilities	**(880,501)**	**(823,080)**	**7%**
Net assets	**721,749**	**692,874**	**4%**
Subscribed capital	437,166	421,666	4%
Reserves	367,316	374,298	-2%
Profit retained / accumulated loss	(91,677)	(112,566)	-19%
Non-controlling interest	8,944	9,476	-6%
Capital	**721,749**	**692,874**	**4%**

** 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 721.75 million, an increase of EUR 28.88 million compared to 31 December 2024.

Non-current assets increased by EUR 26.60 million, which is the result of an increase in (I) the value of real estate, plant and equipment in accordance with the implemented real estate revaluation in the amount of EUR 11.09 million, the transfer of assets of the merged Odvodnja Samobor d.o.o. and Vode Žumberak d.o.o. and greater investment activities in vehicles, machinery and equipment; and (II) a decrease in the value of non-current receivables by EUR 14.15 million due to smaller receivables from the City of Zagreb under multi-year lease agreements for public facilities and smaller receivables for financing the lease of the Arena Zagreb sports facility.

Net working capital increased by EUR 7.96 million due to an increase in short-term receivables from subsidiaries (+EUR 19.09 million) with an increase in liabilities to suppliers and other liabilities (+EUR 8.14 million).

Net debt as of 31 December 2025 amounts to EUR 423.76 million and is EUR 51.62 million lower than on 31 December 2024 due to regular repayment of loan principal and an increase in cash balance.

Other non-current and current liabilities are higher by EUR 57.42 million due to deferred revenue recognition related to assets that were taken over by the VIO during the reporting period by merging the Odvodnja Samobor d.o.o.

Capital and reserves were increased based on the realised profit and the increase in asset value through real estate revaluation.

APPLICATION OF THE CODE OF CORPORATE GOVERNANCE

V STATEMENT on the application 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 operations and responsible management of resources in the function of Company and Group 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 and the Group enter 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 theSupervisory 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.

ZGH is present in most assemblies of the Group's subsidiaries as the sole founder and sole shareholder, while it is the majority co-owner in VIO d.o.o. and ZAGREB PLAKAT d.o.o.

Supervisory Board

The Supervisory Board supervises the management of the Company's operations 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*, as well as other applicable regulations.

Company Assembly elects and revokes members of the Supervisory Board, for a term of four years. One member – worker 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.

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

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

Audit Committee – Subcommittee of the Supervisory Board

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

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

Management Board

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

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

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 Incorporation and the Rules of Procedure of the Management Board. The President of

the Management Board represents the Company individually and independently, while the other members of the Management Board represent the Company 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 and Management Board of subsidiaries

Company branch managers and members of the Management Boards of subsidiaries and the Director of the affiliated institution are responsible for the operational business of the branches and subsidiaries and institutions and the performance of all duties and tasks within the operational business of the branches and subsidiaries and institutions, including the accuracy of all financial data submitted to the Company.

Company branch managers and members of the Management Boards of subsidiaries and the Director of the affiliated institution are required to draft a proposal for an annual business plan and provision of services for the branches, subsidiaries and the institution they manage. They must operate within the framework of the adopted annual plans and must not deviate from the planned financial values.

The responsibilities and obligations of subsidiaries members are described in the articles of association of each subsidiary.

Internal control system

The ZGH Group, 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 ate assessing and managing risks within their areas of responsibility through regular operational activities.

The second level refers to systematic, integrated risk management, compliance and process improvement at the Group 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 Group is exposed" describes the risks that the Group faced 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 Group engages independent external auditors as an important instrument of corporate governance, to ensure that the financial statements give a true and fair view of the Group 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 Regulations also adopted the concept of a compliance ambassador, ensuring greater involvement of workers in all organisational units of the Group on 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 Group 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 an integrated quality management system and the associated quality policy, the Group continuously develops and improves the efficiency of its operational processes, service quality systems, as well as environmental and energy management systems.

This approach is based on the systematic management of all branches, subsidiaries and activities 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 Group's strategic and operational objectives 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.

A specific area of continuous improvement	International standards applied	Certified company/branch
Quality management to achieve process excellence	ISO 9001	Company, GPZ, VIO, GPZ-O, GLJZ, GSKG
Environmental management system in response to changing environmental conditions	ISO 14001	Company, GPZ, GLJZ
Energy management system with the aim of optimising and continuously improving energy efficiency	ISO 50001	Company and GPZ. VIO plans in 2026
Occupational health and safety management system aimed at reducing risks associated with the working environment	ISO 45001	GPZ, Čistoća branch. The Company plans in 2026.
Information security management to protect the confidentiality, integrity and availability of information	ISO 27001	GPZ. The Company and VIO plan in 2026.
Water safety management to ensure health protection throughout the distribution system	ISO 22000	VIO
Laboratory competence management system to ensure accurate and reliable calibration and testing results	ISO 17025	VIO

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 Group for three consecutive years (EUR 113.50 million in 2024, EUR 92.07 million in 2023 and EUR 68.25 million in 2022), reflect the stability and prospects of the Group, and the establishment of a trend of achieving positive operational results and investor confidence in the ability to manage risks.

Over the past two years, the parent company has made significant progress in financial stability with a continuous reduction in debt 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& i Steiermärkische bank d.d.) in order to refinance existing credit obligations under the Long-Term Club Loan Agreement in the HRK 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.

In addition to the above, on 16 December 2025, the Group 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 Group's own human resources and other stakeholders is described in the Sustainability Report.

5.2. Risks from the ZGH Group'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, increasing worker safety, improving planning and coordination, optimising work, and further developing 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 workers 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 taken to reduce the number of injuries in the branch by 10 to 25%. With Zagrebačke ceste 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 workers, worker 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. In 2026, the implementation of an integrated risk management system at the level of the entire Group is expected with the aim of systematically managing risks as a whole, realising the Group's common business objectives and business strategy, and protecting the interests of stakeholders.

The Group's **interest rate risk** arises from long-term loans and leasing and issued bonds. The majority of the long-term interest-bearing debt is contracted at a fixed interest rate via a €305 million bond and a €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 Group will minimise the impact of interest rate risk by contracting hedging instruments via interest rate swaps (via IFC or with local banks) and by monitoring money market movements. In order to reduce the interest rate risk, the Group continuously monitors the movement of interest rates.

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

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

At the level of the parent company and Group members, **liquidity risk** is managed by continuously monitoring planned cash flow, comparing and harmonising it with actual cash inflows and outflows. The parent company and the Group members additionally manage 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 Group settles all its due obligations in the due dates, and by using the synergistic effects of the Group's broad portfolio of services, it affects the growth of revenue and the reduction of the costs of external services, while the commercialisation and/or sale of non-operating assets can reduce credit liabilities and increase liquidity.

5.3. Internal audit

The Internal Audit Department occupies a strategic position within the Group's organisational structure. It is located independently and directly next to the Management Boars, 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 Group to significantly reduce strategic, operational and financial risks and ensure sustainability and stability of its operations 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 basal areas, the invoicing process for the City of Zagreb, the process of recording and monitoring working hours of warehouse workers, the process of contracting and monitoring municipal waste collection services, the process of simple procurement, cash management, the process of assuming and discharging 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 Zagrebačke ceste 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

In November 2025, ZGH received the Croatian Sustainability Index (HRIO) award on behalf of the Group 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.

GPZ and VIO also have established Committees for evaluating requests for sponsorships and donations, which manage the procedure for processing requests for sponsorships and donations through the Ordinance on Sponsorships and Donations, while in other members of the Group, the aforementioned decisions are made by Directors.

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

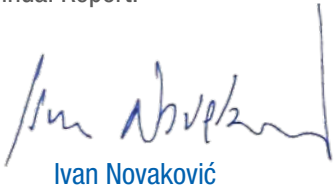
During 2025, the Group continued to support projects focused on environmental protection, humanitarian actions, and events organised in the fields of culture, art, science, education, health, and sports. It especially supported major sporting events important to the City of Zagreb and the Republic of Croatia. The total value of approved sponsorships, mostly realised in services provided by the Group, amounts to just over EUR 335,000.

For many years, the group has supported various **humanitarian and health 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, 23. The Festival of Equal Opportunities organised by the Association of Physically Disabled, the public health campaign of free preventive mole examinations Act Now, and projects by the Red Noses Clowndoctors Association and local Red Cross societies. **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* (Official Gazette Nos. 85/2024, 145/2024, 151/25), this Statement is a separate section and an integral part of the Group's 2025 Annual Report.



Ivan Novaković
President of the Management Board

VI STATEMENT OF THE PERSONS RESPONSIBLE FOR PREPARING THE ZAGREBAČKI HOLDING GROUP REPORTS

IN ACCORDANCE WITH THE CAPITAL MARKET ACT

We declare that to the best of our knowledge:

- The audited financial statements of the Zagrebački holding Group for the period from 1 January 2025 to 31 December 2025 (consolidated), drafted 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 the Zagrebački holding Group for the period from 1 January 2025 to 31 December 2025 (consolidated) contains a true 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;
- Revised Sustainability Report of the Zagrebački holding Group for the period from 1 January 2025 to 31 December 2025 (consolidated) has been prepared in accordance with the sustainability reporting standards as regulated by the European Commission implementing acts and delegated acts adopted pursuant to Article 8(4) of Regulation (EU) 2020/852.

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 CONSOLIDATED FINANCIAL STATEMENTS AND SUSTAINABILITY REPORT

The Management Board is responsible for ensuring that the 2025 Annual Consolidated Financial Statements and Sustainability Report of Zagrebački holding d.o.o., Zagreb, Ulica grada Vukovara 41 ("Company") and its subsidiaries ("Group") are prepared in accordance with the following:

- International Financial Reporting Standards established by the European Union ("IFRS") so as to provide a true and fair view of the consolidated financial position, consolidated results of operations, consolidated cash flows and consolidated changes in the Group's equity for the period. The Management Board reasonably expects that the Group has the appropriate funds for the continuation of operations in the foreseeable future. Accordingly, the Management Board of the Company prepared annual consolidated financial statements under the assumption of ongoing concern of the Group.
- European sustainability reporting standards (ESRS) as regulated by implementing acts of the European Commission and delegated acts adopted in accordance with Article 8 (4) of Regulation (EU) 2020/852
- When preparing the Annual Consolidated Financial Statements, the Management Board is responsible for:
  - selection and then consistent application of appropriate accounting policies in accordance with applicable financial reporting standards;
  - making reasonable and prudent judgments and assessments;
  - preparation of Annual Consolidated Financial Statements with the assumption of ongoing concern, unless the assumption is inappropriate.

The Management Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the consolidated financial position, consolidated operating results, consolidated changes in equity and consolidated cash flows of the Group, and must ensure that they comply with the *Accounting Act* (Official Gazette Nos. 85/24, 145/24, 151/25) and International Financial Reporting Standards as adopted by the European Commission. The Management Board is also responsible for safeguarding the assets of the Group and therefore for taking reasonable steps to prevent and detect fraud and other irregularities.

When drafting the Sustainability Report, in accordance with the provisions of Articles 32 and 36 of the *Accounting Act* (Official Gazette Nos. 85/24, 145/24, 151/25), the Management Board is responsible for:

- preparation of reports in the part related to the EU taxonomy, in accordance with the requirements of Article 8 of Regulation (EU) 2020/852 (EU Taxonomy Regulation),
- establishment, implementation and maintenance of the internal control system that the Management Board considers necessary to enable the accurate preparation of the consolidated Sustainability Report,
- selection and application of appropriate sustainability reporting methods,
- establishing and implementing the process of identifying the information published in the consolidated Sustainability Report according to the requirements of the ESRS, and for the publication of this process in Section ESRS 2 IRO-1 of the Report in question.

The Management Board is also responsible for the preparation and content of the Management Report and the Statement of Implementation of the Code of Corporate Governance in accordance with the Croatian *Accounting Act* (Official Gazette Nos. 85/24, 145/24, 151/25).

The Company's Annual Unconsolidated Financial Statements are issued separately, at the same time as the Annual Consolidated Financial Statements. The Management Board approved the issuance of the Annual Consolidated Financial Statements and Sustainability Report 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

SUSTAINABILITY REPORT

2025

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Radnička cesta 52

INDEPENDENT AUDITOR'S REPORT WITH LIMITED ASSURANCE ON THE CONSOLIDATED SUSTAINABILITY REPORT FOR 2025

To the owner of Zagrebački holding d.o.o. and its affiliated companies, Zagreb

Subject matter

We have been engaged by Zagrebački holding d.o.o. to perform a limited assurance engagement, in accordance with International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information (Revised) (the Engagement), on the consolidated Sustainability Report (the Subject Matter) of Zagrebački holding d.o.o. (the Company) and its affiliated companies (together the Group), included in the Sustainability Report section, which forms an integral part of the Management Report (the consolidated Sustainability Report), as at 31 December 2025 and for the year then ended.

Criteria applied by the Group

In preparing the consolidated Sustainability Report, the Group applied the provisions of Articles 32 and 36 of the Accounting Act (Official Gazette 151/25), including:

- compliance with the provisions of the European Sustainability Reporting Standards (ESRS), including the process for identifying the information disclosed in the consolidated Sustainability Report (the Process), as described in the Double Materiality Assessment section; and
- compliance of the disclosures in the consolidated Sustainability Report with the reporting requirements of Article 8 of Regulation (EU) 2020/852 (the Taxonomy Regulation).

Inherent Limitations in the Preparation of a Consolidated Sustainability Report

Inherent limitations exist in all assurance engagements.

The criteria and characteristics of the Sustainability Report and the absence of long-established authoritative guidance, standard applications and reporting practices allow for the adoption of different, but acceptable, measurement methodologies, which may result in differences between entities. The measurement methodologies adopted may also affect the comparability of sustainability information reported by different organisations and consistency within the same organisation from year to year as methodologies evolve.

In reporting forward-looking information in accordance with ESRS, the Group's Management is required to prepare forward-looking information based on disclosed assumptions about events that may occur in the future and possible future actions by the Group. The actual outcome is likely to be different because future events often do not follow expectations.

In determining disclosures in the consolidated Sustainability Report, the Group's Management interprets undefined legal and other terms. Undefined legal and other terms may be interpreted in different ways, including the legal compliance of their interpretation, and are therefore subject to uncertainties.

INDEPENDENT AUDITOR'S REPORT WITH LIMITED ASSURANCE ON THE CONSOLIDATED SUSTAINABILITY REPORT FOR 2025 (continued)

Responsibility of Management and Those Charged with Governance for Sustainability Reporting

Management is responsible for the design and implementation of the process for identifying the information disclosed in the consolidated Sustainability Report in accordance with ESRS, and for disclosing this Process in the Double Materiality Assessment Process section of the consolidated Sustainability Report. This responsibility includes:

- understanding the context in which the Group's activities and business relationships take place and understanding the affected stakeholders;
- identifying actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect, the Group's financial position, financial performance, cash flows, access to finance or cost of capital over the short, medium or long term;
- assessing the materiality of identified impacts, risks and opportunities related to sustainability matters by selecting and applying appropriate materiality thresholds; and
- making assumptions that are reasonable in the circumstances.

Furthermore, Management is responsible for preparing the consolidated Sustainability Report in accordance with the provisions of Articles 32 and 36 of the Accounting Act, including:

- compliance with ESRS;
- preparation of disclosures in the Information in accordance with Article 8 of Regulation (EU) 2020/852 section of the consolidated Sustainability Report in accordance with the reporting requirements of Article 8 of Regulation (EU) 2020/852 (the EU Taxonomy Regulation);
- designing, implementing and maintaining such internal control system as Management determines is necessary to enable the preparation of the consolidated Sustainability Report, free from material misstatement, whether due to fraud or error; and
- selecting and applying appropriate sustainability reporting methods and making appropriate estimates and judgements regarding individual sustainability disclosures that are reasonable in the circumstances.

Those charged with governance are responsible for overseeing the Group's sustainability reporting process established by the Company.

Auditor's Responsibility

We performed the limited assurance engagement in accordance with International Standard on Assurance Engagements, Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE) 3000 (Revised), as prescribed by Article 37 of the Accounting Act and the provisions of the engagement agreement concluded with the Company on 9 December 2025. These standards require that we plan and perform the engagement to express a conclusion on whether anything has come to our attention that causes us to believe that material modifications need to be made to the Subject Matter for it to be in accordance with the Criteria, and to issue a report. The nature, timing and extent of the procedures selected depend on our professional judgement, including the assessment of risks of material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S REPORT WITH LIMITED ASSURANCE ON THE CONSOLIDATED SUSTAINABILITY REPORT FOR 2025 (continued)

Auditor 's Responsibility (continued)

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained. Our responsibilities in relation to the Subject Matter, with respect to the Process, include:

- obtaining an understanding of the Process, but not for the purpose of expressing a conclusion on the effectiveness of the Process, including the outcome of the Process;
- considering whether the identified information meets the applicable ESRS disclosure requirements; and
- designing and performing procedures to assess whether the Process is consistent with the Group's description of the Process, as disclosed in the Double Materiality Assessment Process section.

Our other responsibilities in relation to the Subject Matter include:

- identifying disclosures where material misstatements are likely to arise, whether due to fraud or error; and
- designing and performing procedures directed at the disclosures in the consolidated Sustainability Report where material misstatements are likely to arise. 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, misrepresentation or the override of internal controls.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Our independence and quality management

We have complied with the independence requirements and other ethical requirements set out in the International Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA), which establishes the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. We have the required knowledge and experience to perform this assurance engagement.

We also apply International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, and accordingly maintain a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of Procedures Performed

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than, those performed in a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of the internal controls established by Management in determining the nature and extent of our procedures, our assurance engagement was not designed to provide a conclusion on internal controls. Our procedures did not include testing controls or performing procedures relating to the verification of aggregation or calculation of data within IT systems.

INDEPENDENT AUDITOR'S REPORT WITH LIMITED ASSURANCE ON THE CONSOLIDATED SUSTAINABILITY REPORT FOR 2025 (continued)

Auditor 's Responsibility (continued)

Description of Procedures Performed (continued)

A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the consolidated Sustainability Report and related information, and applying analytical and other appropriate procedures.

A limited assurance engagement includes performing procedures to obtain evidence about the consolidated Sustainability Report. The nature, timing and extent of the procedures selected depend on professional judgement, including the identification of disclosures in which material misstatements are likely to arise, whether due to fraud or error, in the consolidated Sustainability Report.

In performing our limited assurance engagement, we performed the following procedures in relation to the Process:

- obtaining an understanding of the Process:
  - making inquiries to understand the sources of information used by Management (e.g. stakeholder engagement, business plans and strategic documents);
  - reviewing the Group's internal documentation on the Process; and
  - evaluating the consistency of the evidence obtained from our procedures regarding the Process performed by the Group with the description of the Process provided in the Double Materiality Assessment Process section.

In performing our limited assurance engagement on the consolidated Sustainability Report, we performed the following procedures:

- obtaining an understanding of the Group's reporting process relevant to the preparation of the consolidated Sustainability Report, including the consolidation process, by obtaining an understanding of the Group's control environment, processes and information systems relevant to the preparation of the consolidated Sustainability Report, but without evaluating the design of specific control activities, obtaining evidence of their implementation or testing their operating effectiveness;
- evaluating whether the material information identified by the Process for identifying information for disclosure in the consolidated Sustainability Report has been included in the consolidated Sustainability Report;
- evaluating whether the structure and presentation of the consolidated Sustainability Report are in accordance with ESRS;
- making inquiries of relevant employees and performing analytical procedures on selected information from the consolidated Sustainability Report;
- evaluating the methods, assumptions and data used to develop material estimates and forward-looking information and how those methods have been applied;
- obtaining an understanding of the process for identifying eligible and aligned economic activities under the EU Taxonomy provisions for turnover, CAPEX and OPEX and the corresponding disclosures in the consolidated Sustainability Report;
- evaluating the presentation and use of the EU Taxonomy templates in accordance with the relevant requirements; and
- reconciling and checking the consistency, to the extent applicable, between the EU Taxonomy economic activities referred to above and the line items presented in the consolidated financial statements, including disclosures presented in the related notes.

INDEPENDENT AUDITOR'S REPORT WITH LIMITED ASSURANCE ON THE CONSOLIDATED SUSTAINABILITY REPORT FOR 2025 (continued)

Limited Assurance Conclusion

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the consolidated Sustainability Report of the Group has not been prepared, in all material respects, in accordance with the provisions of Articles 32 and 36 of the Accounting Act, including:

- compliance with the European Sustainability Reporting Standards (ESRS), including the compliance of the process implemented by the Group to identify the information disclosed in the consolidated Sustainability Report (the Process) with the description provided in the Double Materiality Assessment Process section; and
- compliance of the disclosures in the Information in accordance with Article 8 of Regulation (EU) 2020/852 section of the consolidated Sustainability Report with the reporting requirements of Article 8 of Regulation (EU) 2020/852 (the EU Taxonomy Regulation).

Hrvoje Stipić, President of the Management Board

Janja Kulić, director and certified auditor

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

Marina Tonžetić, certified auditor

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Kulić & Sperk d.o.o.
Radnička cesta 52
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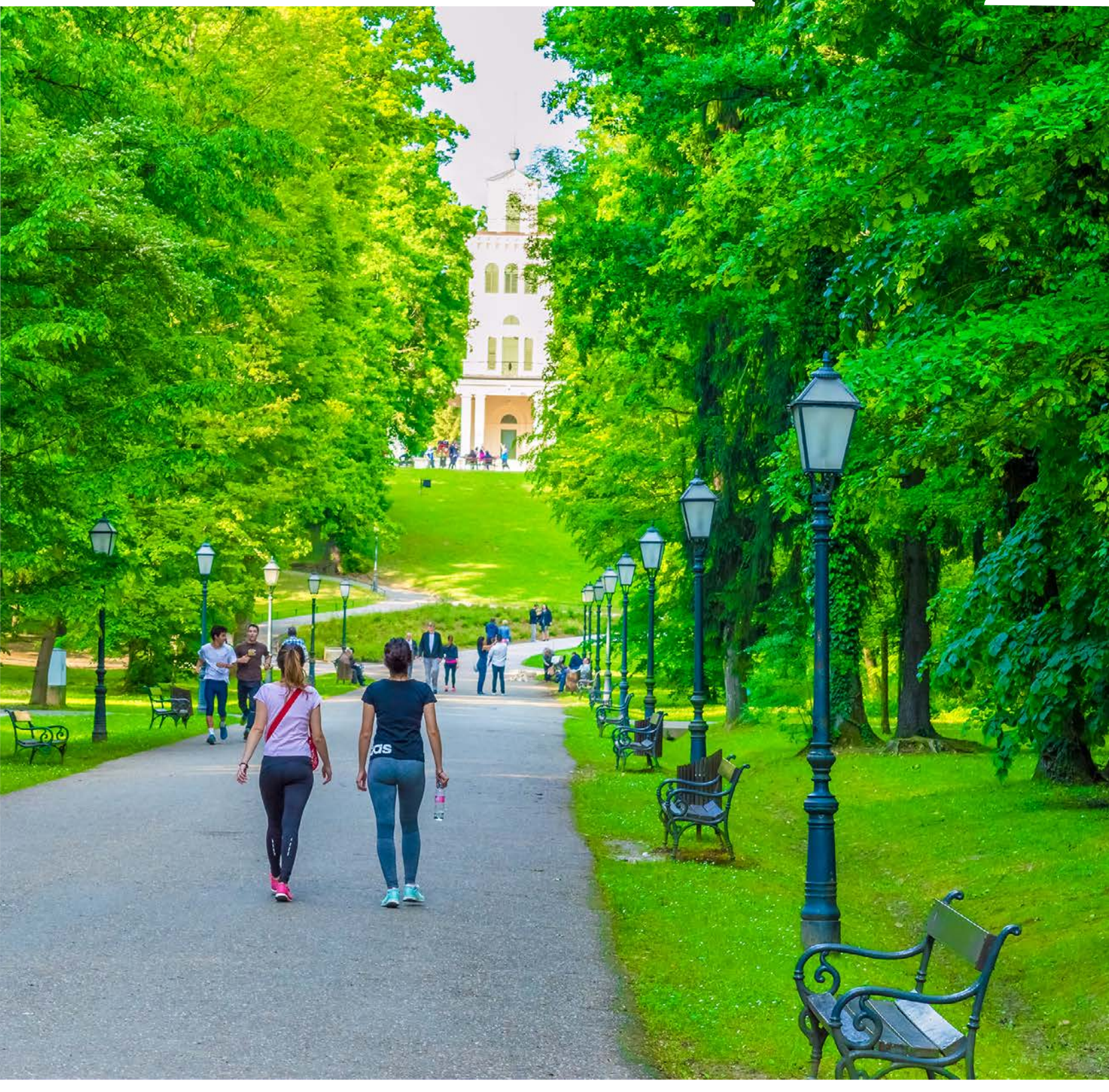
28 April 2026

IX ANNUAL CONSOLIDATED SUSTAINABILITY REPORT



1 GENERAL INFORMATION

1.1. Introduction

(ESRS 2 BP-2)

The obligation to report on sustainability for the Group stems from the national legislation that transposed the Corporate Sustainability Reporting (EU) 2022/2464 (CSRD) into Croatian law. *Accounting Act* (Official Gazette Nos. 85/24, 145/24,151/25) introduces the obligation to report on sustainability for large enterprises and prescribes the application of European Sustainability Reporting Standards. Amendments to the *Audit Act* (Official Gazette Nos. 127/17, 27/24, 85/24 and 145/24) and the *Capital Market Act* (Official Gazette Nos. 65/18, 17/20, 83/21, 151/22, 85/24,126/25) ensure verification of sustainability reports and compliance with market rules, thus establishing a comprehensive regulatory framework for reporting on sustainability for the Group.

Bearing in mind the discriminatory history of the language and the importance of women being visible in all roles, both on paper and in reality, masculine nouns in this text are used generically for all genders, in the spirit of inclusiveness in the language.

1.2. Group in figures in 2025

Prikazani pokazatelji su usklađeni s ključnim značajnim temama kao i sa strateškim ciljevima Grupe. Pokazuju podatke koji se odnose usporedno na 2024. i 2025. godinu.

Tablica 1 – Grupa u brojkama

Significant quantitative indicators of the Group in 2025	2024 data	2025 data
The rate of separate collection of municipal waste as part of a public service for the City	44.74%	44.26%
The share of separately collected municipal waste (taking into account the quantities collected from maintaining the cleanliness of public areas and green waste from park maintenance in the City of Zagreb)	48.41%	51.6%
Non-hazardous waste recovered using our own resources	160,090 t	173,810 t
Compost produced with our own resources	4,880.81 t	2,390 t
Amount of electricity produced from renewable sources (Company and subsidiaries)	31,614.21 MWh	33,645.51 MWh
Amount of biogas produced from waste sludge*	2,889,200 m3	7,631,378 m3
Amount of depleted landfill gas	14,211,663 m3	10,306,195 m3
Volume of water delivered to end consumers	58,828,408 m3	64,654,014 m3
Length of newly constructed water supply pipelines	12.5 km	12.3 km
Length of reconstructed water supply pipelines	9.7 km	1.2 km
Number of new water supply connections connected	867	1,404
Length of newly constructed channels in the drainage network	11.2	10.3 km
Number of new connections to the drainage network	760	886
Quantity of natural gas distributed to end consumers	3,739,947,807 kWh	4,332,053,856 kWh
Total length of gas pipelines in the distribution area of GPZ and GPB**	3,994 km	4,500 km
The length of reconstructed old and built new gas pipelines in the distribution area of GPZ and GPB**	9 km	21.27 km
The number of accounting measurement points for gas supply in the distribution area of GPZ and GPB**	297,731	315,592
Number of trees planted in Zagreb's parks and tree-lined avenues in 2025	More than 8,000	More than 8,000
Area of maintained park areas	1,216 ha	1,140 ha
Number of services provided in the Holding Centre	671,015	498,469
Payroll growth rate, including one-off annual non-taxable net income of workers	20.26%	15.57%
Number of requests received via digital communication	384,078	375,772
Number of contacts made through applications and social networks	9,092	5,937

** CUPOVZ was taken over by VIO on 4 August 2024, and the difference between the data for 2025 and 2024 arises from the coverage period: for 2025, data is shown for all 12 months, while for 2024, data is included from August to December, i.e. for a total of 5 months.*

*** In 2024, the data coverage referred to GPZ, while in 2025 it was expanded to both locations (GPZ and GPB) to ensure full data consistency.*

1.3. Basic Information about the Report

(ESRS 2 BP-1)

Sustainability Report (hereinafter: the Report) is drafted by sustainability experts from the Sector for Strategy, Business Development and Compliance in Zagrebački holding, based on data collected throughout the year by members of the ESG (*environment, social, governance*) team in branches, subsidiaries, and the institution. The collected data, and the report itself, are submitted to the external auditor. Management Board [3] of the Company approves the Report, after which the Report is adopted by the Supervisory and Audit Committee and the Assembly of the Company.

The Group publishes the Sustainability Report on a consolidated basis to the same extent as that reported in the financial statements.

The financial statements and the Sustainability Report for 2025 cover 12 branches of Zagrebački holding d.o.o., 6 trading companies and one healthcare institution. In this Report, the term "Group" refers to all 19 components of the Zagrebački holding Group, whereby all consolidated data and information refer to the Group as a whole. If certain data, statements or information refer exclusively to Zagrebački holding d.o.o., the term "Company" is used. The term "Management Board" refers to the Management Board of Zagrebački holding d.o.o. The Sustainability Report covers the upper and lower levels of the Group's value chain.

1.4. Corporate Governance

(ESRS 2 GOV-1,2,3,4,5; E1 GOV-3)

Service management

Through management and supervisory structures, which make hundreds of decisions annually, we demonstrate that we have a stable and transparent decision-making system for services used by more than a million people. The integration of ESG risks into the risk register and the new Risk Management Strategy confirms the development and excellence in management as a tool to protect the Group's value and public resources.

In the *Management Report, Basic Information on the Zagrebački holding Group* and *Statement of Implementation of the Code of Corporate Governance in 2025*, you can find basic information on the management and bodies of the Company and the Group.

Management Board

The Management Board is the central body of the Company responsible for managing the affairs and representing the Company at its own risk, in accordance with applicable regulations and internal acts. The Company applies a dualistic management system, whereby all members of the Management Board have executive functions, and the work of the Management Board is supervised by the Supervisory Board. During 2025, the Management Board consisted of 4 members, with the share of women being 25%. During the reporting period, the Management Board held 48 regular and 32 telephone sessions, making 558 decisions and 80 conclusions.

The President of the Management Board, Mr. Ivan Novaković, is also a member of the Management Board responsible for corporate sustainability, ensuring the integration of sustainability topics into the Company's business model and strategy. Member of the Management Board, Mr. Dubravko Karačić, acts as the sponsor of the ESG Team and provides support in establishing priorities, objectives and resources in the field of environmental, social and governance (ESG) topics. The Sector for Strategy, Business Development and Compliance operates under the authority of the President of the Management Board, which is responsible for management and reporting on sustainability, including the identification and assessment of impact, risks and opportunities (IRO) at the Company level, and for the coordination of the above activities at the Group level.

3 The term "Management Board" refers to the Management Board of Zagrebački holding d.o.o. Details on the structure of the Group are provided in the Basic information on the Zagrebački holding Group chapter of the 2025 Management Report.

Supervisory Board and Audit Committee

The Supervisory Board (SB) is the central, independent supervisory body of the Company responsible for overseeing the work of the Management Board and the way in which Company's affairs are conducted. The Supervisory Board submits a report on its work to the Company Assembly, in accordance with applicable legislation and internal regulations. Within the Supervisory Board, the Audit Committee (AC) operates as a body that oversees operations in the area of financial reporting, internal audit and the internal control system, and oversees the effectiveness and independence of external audit.

The Supervisory Board and the Audit Committee participate in the oversight of the management and reporting processes on sustainability topics, including oversight of the activities of the ESG Team and relevant internal control processes. The Supervisory Board consists of one woman and four men, with no members representing workers. Of the five members of the Supervisory Board, two members are considered independent, while the remaining three are employees of the City of Zagreb. Biographies of members of the governing bodies can be found in Annex 1.

Sustainability training

The Management Board, Supervisory Board, Audit Committee and Senior Management of the Company attended targeted training in the areas of sustainability, business compliance and anti-corruption with the aim of acquiring appropriate knowledge and understanding of sustainability topics and related impacts, risks and opportunities. This ensured prerequisites for supervision and decision-making that take sustainability topics into account in accordance with the Company's business strategy and objectives. The Management Board approved the training plan, which includes training for employees of the Strategy, Business Development and Sustainability Department and for a wider circle of employees in the field of ESG topics.

Compensation and rewards

In 2025, the Company developed the *Instructions on the Procedure for Rewarding ZGH Employees*, which were adopted at the beginning of 2026. The instructions define clear and transparent criteria, and award amounts. The collective agreement defines the material workers' rights, including fixed salaries and coefficients for each job. Salary supplements and extraordinary rewards are determined by the Collective Agreement, the *Rules of Procedure, the Instructions on the Procedure for Rewarding ZGH Employees*, with the possibility of approving one-time compensations, of which 32 were awarded in 2025 for exceptional contributions of workers, based on a decision of the Management Board.

The salaries of the Management Board members are defined by employment contracts and consist of a fixed part, increased by 0.5% for each completed year of service. Since the Group is subject to the *Act on Preventing Conflict of Interest* (Official Gazette Nos. 143/21, 36/24), Management Board members are prohibited from receiving additional compensation related to the performance of public duties. In accordance with the *Guidelines of the Conflict-of-Interest Committee*, additional compensation is considered to be any supplement to the basic salary (bonuses, Christmas bonuses, holiday allowance, payments to a voluntary pension fund, etc.). For this reason, the performance criteria for the Management Board members are not related to their compensation, and the compensation is not related to the achievement of sustainability objectives.

1.5. Due diligence

(ESRS 2 GOV 4)

The Group has not yet formally established a comprehensive and unified due diligence procedure in accordance with international instruments in the field of human rights and responsible business conduct. However, certain elements of due diligence already exist and are implemented through existing management and operational processes, including management responsibility for topics of sustainability, assessment of impacts, risks and opportunities through a double materiality process, value chain mapping, stakeholder engagement, implementation of relevant policies and integration of ESG risks into the risk management system.

During 2025, a GAP analysis was launched with the aim of assessing the compliance of existing processes with the expected elements of due diligence. Completion of the GAP analysis, including recommendations, priority areas for improvement, and an action plan to establish a more formalised and comprehensive due diligence procedure, is planned for 2026.

Until a comprehensive framework is established, information relevant to individual elements of due diligence is disclosed across multiple related sections of the Sustainability Report, particularly in chapters related to corporate governance, value chain, stakeholder relations, double materiality assessment, policies and measures, and risk management.

Table 2 – Analysis of steps for establishing a comprehensive due diligence framework

The element of due diligence	Current status in the Group	Improvement plan
Management and responsibility for sustainability topics	Established; the Management Board, the Supervisory Board, the Audit Committee, and the ESG Team have defined roles in the management and supervision of sustainability topics, and the Sector for Strategy, Business Development and Compliance manages the process from an expert position.	Further formalise responsibilities related specifically to the due diligence procedure at Group level.
Identification and assessment of impacts, risks and opportunities	Established; conducted through a double materiality procedure and associated analysis	Align assessment results with a unified due diligence framework and standardise linking to further measures
Value Chain	Partially established; the value chain has been mapped, but some data from the value chain is still limited.	Expand the scope and quality of data, especially in the upstream value chain and in relation to the Group.
Stakeholder engagement	Partially established; channels exist and research, surveys and consultations have been carried out.	Establish a continuous process of stakeholder engagement in strategic decision-making and due diligence processes.
Policies and rules of conduct	Partially established; there is a set of relevant policies, codes and internal acts.	Standardise monitoring of policy implementation and linking them with due diligence steps.
Risk management and internal controls	Established; ESG risks are integrated into the risk register and the three lines model of responsibility.	Additionally, link the risk register with the formalised due diligence framework and follow-up measures.
Monitoring effectiveness and reporting on implementation	Not fully established; monitoring exists partially, without a single set of indicators and formalised periodic reporting.	Establish unified indicators, periodic reporting, and review of the procedures' effectiveness.
A comprehensive formalised due diligence procedure	It is not established.	Complete the GAP analysis, adopt recommendations and an action plan, and gradually establish a comprehensive framework during 2026.

1.6. Risk management system and ESG risks

The Company applies a three-line model of responsibility, which defines roles and responsibilities for risk management and the internal control system. The first line of defence consists of organisational units, branches, subsidiaries, an institution, and process owners and ESG Team members who collect, record, and deliver data and foundation for reporting, including indicator data, descriptive information, assessments, and explanations. They are responsible for the completeness, accuracy and timeliness of data from their areas of responsibility and for the delivery of data in accordance with the defined scope of reporting. Workers and managers responsible for the daily risks management in their processes.

The second line of defence consists of the Sector for Strategy, Business Development and Compliance. Three Sector departments (Strategy, Business Development and Sustainability Department, Business Compliance Department, and Risk Management, Processes and Management Systems Department) carry out the controls. The Strategy, Business Development and Sustainability Department coordinates the sustainability reporting process, performs consolidation and logical checks of the submitted data, and harmonises the content of the report with ESRS requirements and the results of the double materiality assessment. The Business Compliance Department monitors the compliance of material topics with the sustainability strategy and business model, while the Risk Management, Processes and Management Systems Department assesses and validates ESG risks and checks their integration into the risk register and related management processes.

The third line of defence is internal audit, which independently assesses the effectiveness of risk management systems and internal controls, including, where applicable, controls relevant to reporting on sustainability. An additional level of verification is provided by an external auditor through the review of the Sustainability Report.

Completeness of data is ensured by including all components of the Group in the reporting process, on a consolidated basis, with a clearly defined reporting scope equal to the scope of the financial statements. For data from higher and lower levels of the value chain, we use information collected through value chain analysis, research and stakeholder engagement, supplier analysis, and other available internal and external sources. When complete data from the value chain is not available, we use the best available information and expert judgement, and limitations of the assessment are clearly stated.

Data accuracy and consistency are ensured through multi-level controls, including checks by data owners, thematic checks

by the ESG Team, logical and analytical checks at the Sector level, comparisons with previous periods, comparisons with operational and financial data where applicable, and checks for mutual consistency between narrative and quantitative disclosures. Timeliness is ensured through an annual cycle of planning, collection, validation and approval of data, with defined deadlines and responsibilities for the delivery of data and foundation.

Controls over estimates and validations are particularly applied in the process of assessing double materiality, identifying and assessing ESG risks, and when using estimates and assumptions for data that are not directly available. This part includes expert review of methodology, review of input assumptions, validation of results at the level of expert services, subsidiaries and the institution, and confirmation through management processes, including making Management Board decisions on material topics for reporting on sustainability.

Regular monitoring and assessment of the internal control system is carried out through a self-assessment procedure at least once a year.

In 2025, the Risk Management Strategy was developed and it includes a Risk Management Methodology and a Risk Register, with the aim of establishing an integrated risk management system at the Group level. The Risk Management, Processes and Management Systems Department implements a continuous risk management cycle that includes identification, assessment, selection of risk treatment measures, monitoring and reporting.

ESG risks are integrated into the existing risk management system using the corresponding attributes in the risk register. Risks related to sustainability are identified at the Company level, and the results of analyses and assessments of subsidiaries and the institution are consolidated at the Group level. The risk assessment is based on a combination of the probability of occurrence and the potential scale of the financial consequences, with the Group's EBITDA used as the key financial indicator of materiality.

The "top-down" approach for strategic risks and the "bottom-up" approach for operational risks are used to identify risks. Risk assessment is carried out using qualitative methods (analysis of business documentation, data from previous periods, interviews and joint meetings with workers) and quantitative methods, including scenario analysis ("what if"), which are combined as part of expert judgement. The risk assessment also uses the experience of managers of organisational units and expert risk management services. Based on the procedure carried out, significant risks are identified, including significant ESG risks. For significant risks, risk treatment measures, responsible parties and implementation deadlines are defined.

The Sector for Strategy, Business Development and Compliance is responsible for coordinating the identification, assessment and consolidation of significant impacts, risks and opportunities (IROs) at the Group level, in cooperation with ESG teams, process owners and other relevant organisational units and components of the Group. Based on the collected data and conducted analyses, the Sector prepares summaries, expert foundation and presentations for management and supervisory bodies.

The results of the assessment and verification of significant IROs are presented to the Management Board by the Sector for Strategy, Business Development and Compliance once a year, and the Board then decides and adopts material topics.

The Supervisory Board and the Audit Committee are informed about sustainability issues, including significant IROs, through the supervisory and reporting processes within their jurisdiction. The Supervisory Board holds meetings quarterly or more frequently as needed, while the Audit Committee considers relevant issues within the scope of financial reporting, internal controls, risk management and oversight over reporting on sustainability.

During 2025, an internal analysis of the alignment of material topics with the business model and the Group's Sustainability Strategy was conducted, based on which it was confirmed that the results of the double materiality analysis (DMA) were fully aligned with strategic objectives. In accordance with the Methodology for Defining Material Reporting Topics, a periodic review of possible deviations from the defined material topics was conducted in 2024 by implementing a double review process (in-depth thematic analysis and stakeholder opinion survey focused on B1 and B2 level management, members of the Supervisory and Audit Committees, and representatives of financial institutions).

On the basis of the conducted DMA process and alignment analysis, in 2026 the Management Board adopted a Decision on the formal adoption of a list of material topics for reporting on sustainability. The framework of competences and responsibilities for the implementation of the DMA procedure, management of risks related to sustainability topics and the reporting process is defined by the Decision on the Reporting Procedure and the Decision on the ESG Team, which set out the tasks, powers and responsibilities of the ESG Team, working groups and associated organisational units.

Table 3 – Analysis of data quality check in the area of sustainability

Control area	How it is regulated in the Group
Data completeness	All branches, subsidiaries, and the institution included by consolidation are involved in the reporting process. Data is collected from process owners and ESG Team members, and available data from analyses, stakeholder research, supplier enquiries, and other sources are used for the value chain. Limitations to the availability of value chain data are specially identified and explained.
Data accuracy	Data owners are responsible for the accuracy of data from their areas. Additional checks are conducted by the ESG Team and the Strategy, Business Development and Sustainability Department using logical, analytical and substantive checks, and comparisons with previous periods and other available data sources.
Timeliness of data	Data collection, verification and consolidation take place according to the annual reporting cycle and defined deadlines. Organisational units deliver data and foundations for internal validation, approval and external verification of reports.
Data consistency	A compliance verification is performed between narrative disclosures, indicators, double materiality assessment results, risk register, sustainability strategy and business model. The Business Compliance Department additionally controls the compliance of important topics with the strategy and business model.
Controls over estimates and assumptions	The assessments use methodologies, expert judgement and validation at the level of expert services, subsidiaries and the institution. This is particularly applicable in the DMA process, ESG risk identification and value chain data assessments when complete data is not available.

1.7. Sustainability strategy

(ESRS 2 SBM-1, 2)

Quality of life strategy

As a Group that provides more than 50 services to over a million users, strategic direction is crucial for the quality of life in the city. Our strategy connects operational efficiency, financial stabilisation, innovation and service quality, aligned with the key plans of the City of Zagreb and national documents, within five business areas and the operations of 8,000 workers.

The Group's business strategy is based on providing quality services to its customers. The Group provides more than 50 different services (of which 20 services can be considered services of public interest) to more than one million users. The uninterrupted provision of these services is ensured by 8,000 workers [4], and the services themselves are grouped into five business areas: energy activities, utility activities, market activities, public water supply and sanitation activities, and pharmaceutical activities, as presented in the *Management Report, Basic Information on the Zagrebački holding Group*.

Sustainability strategy

The Group's Sustainability Strategy is based on four pillars aimed at achieving internal efficiency, reducing indebtedness, encouraging innovation and providing better service to service users. The four pillars of the Group's Strategy are:

- **Operational excellence** with an emphasis on cost efficiency and synergy, quality management system, utilisation of internal potential, automation and digitalisation to increase internal efficiency and improve communication with users and employees;
- **Growth and development** with an emphasis on digitalisation and the "SMART City" concept, innovations, investments and use of funds from EU and Croatian funds, release of investment potential through reduction of indebtedness, corporate social responsibility, introduction of new services and expansion of the offer, and use of synergies of the Group's wide portfolio of services to activate sales potential;
- **People and organisational culture** with an emphasis on modern human resource management processes, development of a culture of trust, mutual respect, transparency and ethical behaviour, high employee engagement and building an agile organisation;
- **Sustainable business** (ESG) focused on contributing to the development of a green and circular economy, strengthening operational capacities, and increasing the quality of services and the level of socially responsible behaviour.

4 The number of workers refers to the entire Group and corresponds to the data from the financial part of the report in the Basic Information on the Zagrebački holding Group chapter in the 2025 Management Report

Figure 1. Pillars of the Zagrebački holding Group strategy

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

Figure 2. Strategic objectives of the Zagrebački holding Group

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

In 2025, systematic stakeholder engagement in strategy development was not implemented. We plan to implement a structured stakeholder opinion survey and more detailed mapping of key stakeholder groups in the next reporting period, in order to establish a continuous process of involving stakeholders in strategic decision-making.

Business model (ESRS 2 SBM-1)

The Group's business model and development direction in the field of sustainable business are aligned with the key strategic documents and action plans of the City of Zagreb, namely:

The Action Plan for Energy Sustainable Development and Adaptation to Climate Change of the City of Zagreb
Climate Change Mitigation, Adaptation and Protection of the Ozone Layer Program of the City of Zagreb in 2025–2028
Development Plan of the City of Zagreb for the period until the end of 2027
Development strategy of the Zagreb Urban Agglomeration for the period until the end of 2027
Implementation program of the City of Zagreb for the period until the end of 2027
Energy Efficiency Action Plan of the City of Zagreb 2025–2027 Framework
Strategy of a Smart City – Zagreb Smart City
Green Urban Renewal Strategy of the City of Zagreb
Programme for Energy Restoration, Extension and Building of Public Sector Buildings for the Period by 2030
Climate Neutrality Action Plan

The abovementioned documents represent an external strategic framework within which the Group defines and implements the business strategy and the *Sustainable Business Strategy,* and ensures that the business model is aligned with the goals of climate and environmental policy, as well as with the social priorities of the local community. The Group's business model takes into account the identified significant environmental and social impacts, and risks and opportunities associated with the transition to a green and circular economy, the provision of utility services and the development of "SMART City" solutions.

The Group is also aligning with European and international standards and initiatives. In 2025, based on a decision by the Management Board, the Company joined the *Clean Industrial Deal* initiative which represents a strategic European Union initiative aimed at strengthening industrial competitiveness while simultaneously transitioning towards climate neutrality and a circular economy.

Objectives and management of sustainability topics

The Group's development goals are primarily focused on improving customer relationships by increasing the quality and availability of services; while simultaneously managing significant impacts, risks and opportunities related to sustainability topics. The Group's goal is to establish a sustainable business through a long-term strategic framework for managing sustainability issues and the integration of IRO into the process of making business decisions.

As part of business planning, the *Group's Sustainable Business Strategy for the 2023–2028* period was adopted, which defines sustainable development goals and associated priorities. The Sustainability Strategy is a key document that describes the sustainable elements of the business model and the Group's overall business strategy and links the results of the double materiality analysis with long-term goals and planned measures.

The Group's sustainable development is based on environmental protection, climate change adaptation, resilience to crisis situations, risk prevention, efficient use of natural resources and protection of biodiversity, while strengthening economic and social cohesion when setting priorities and measures. In the area of environmental impact, the Group has committed itself to sustainable management of resources, including waste management, efficient management of water resources and sustainable use of energy and impact on mitigating climate change, with an emphasis on energy efficiency and energy from renewable sources.

In accordance with the above, long-term goals and performance indicators in the environmental, social and governance areas have been defined, and they are interconnected and reflect the identified significant IROs. The objectives and key performance indicators are described in more detail in the chapter Default Indicators and Targets Related to Sustainability. Long-term strategic objectives are grouped according to common thematic guidelines that support the Group's strategy and management of material sustainability topics.

1.8. Value Chain

(ESRS 2 SBM-1)

The Company's value chain in this Report is described with the upstream part of the value chain, its own operations and the downstream part of the value chain. The value chain description shows the key activities and stakeholders associated with the provision of the Company's services, including suppliers, internal processes and service users.

Upstream

The upstream part of the value chain includes suppliers of goods and services and external providers of specialised activities that enable the implementation of the Group's core business processes. Key supplier groups include:

- suppliers of equipment, materials and energy, who provide the necessary inputs to maintain operational efficiency in all branches;
- providers of technical, logistical and construction services, including maintenance, servicing, transport, cleaning, occupational safety and private protection;
- suppliers of digital, IT and communication solutions, which support data management, operating systems and digital infrastructure.

Own operations

The Group's own activities include internal processes and organisational units that manage and implement core activities at the level of all organisational units of the Group. These processes include: management of utility and funeral services, waste management, maintenance of infrastructure, green and public spaces, activities in the energy and water sectors, management of digital and communication systems, market and warehouse infrastructure and logistics operations, editorial, commercial and service activities related to retail, tourism and educational programmes, and pharmaceutical activities. Operational activities are carried out in accordance with internal policies and practices for managing environmental, social and ethical aspects of business. A more detailed description of the Group's own operations is described in the section *Management Report, Basic Information on the Zagrebački holding Group*.

Downstream

The downstream part of the value chain includes service users, customers and other stakeholders on whom the Group's operations have a direct or indirect impact. The main user groups include:

- citizens and households, as primary users of utility, transport and green services;
- business entities and institutions, including carriers, tenants of commercial premises, educational institutions and cultural organisations;
- public bodies and local self-governments, with whom the Group works together in the areas of infrastructure, digital systems and spatial planning.

Tablica 4 - Lanac vrijednosti

Value chain stage	Key groups/activities	Examples	ESG topics
Upstream (suppliers and business partners)	Suppliers of equipment, materials and energy sources (machinery, vehicles, spare parts, construction and office materials, plant materials, funeral equipment, energy)	Supply of vehicles, machinery and construction materials for Zagreb Roads; tanks, vehicles, protective equipment and energy for Waste Management; plant material, fertilisers and construction materials for Zrinjevac	Impacts on the environment and working conditions within the supply chain; risks of supply disruptions; dependence on energy and material prices
	Providers of specialised and technical services (maintenance, servicing, construction and remediation works, cleaning, laboratory services, insurance, private security, transport)	Servicing and maintenance of vehicles and equipment; cleaning services; remediation works and maintenance of landfill sites; insurance and private security services	Operational and security risks; service quality; working conditions of workers in the value chain
	IT, telecommunications and printing services (hardware, software, digital and communication solutions, printing services)	IT and telecommunications solutions for the Zagreb Digital City; IT support and printing services for AGM, Zagrebparking and other branches	Data security and integrity; cybersecurity; reliability of digital infrastructure; impacts on workers in the value chain
Own operations	Energy, utility, market, public water supply and public drainage activities, and pharmaceutical activities	All	Direct environmental impacts (emissions, waste, resource consumption); impacts on the community and employees; primary source of material impacts
Downstream (users and other stakeholders)	Citizens and households (users of utility, transport and green services, funeral service users, users of public parking spaces and garages)	Users of services provided by Waste Management, Zagreb Roads, Zrinjevac, City Cemeteries, Zagrebparking, etc.	Social impacts on quality of life and public space; perception of services; safety and accessibility; key stakeholders for the assessment of material impacts
	Public bodies and local self-government (city and state authorities related to infrastructure, transport, digital systems and spatial planning)	The City of Zagreb and competent state authorities as users and partners in the development of infrastructure and digital solutions	Regulatory and political risks; compliance requirements; impact of public policies on the business model and investment decisions
	Business entities and institutions (tenants of business premises, freight forwarders, carriers, educational and cultural institutions, telecommunications operators, construction investors)	Tenants of premises in markets, warehouses and bus stations; users of storage and logistics services; telecommunications operators and other users of communications infrastructure	Business risks; long-term contractual relationships; dependence on key clients; opportunities for development of new services

A detailed overview of the Company's value chains, with a description of the value chain of each component, is provided in the attached tables in Annex 2, and serves as a basis for identifying significant impacts, risks and opportunities (IROs) in the upstream and downstream parts of the value chain.

1.9. Relationship with stakeholders and their impact on business strategy and model

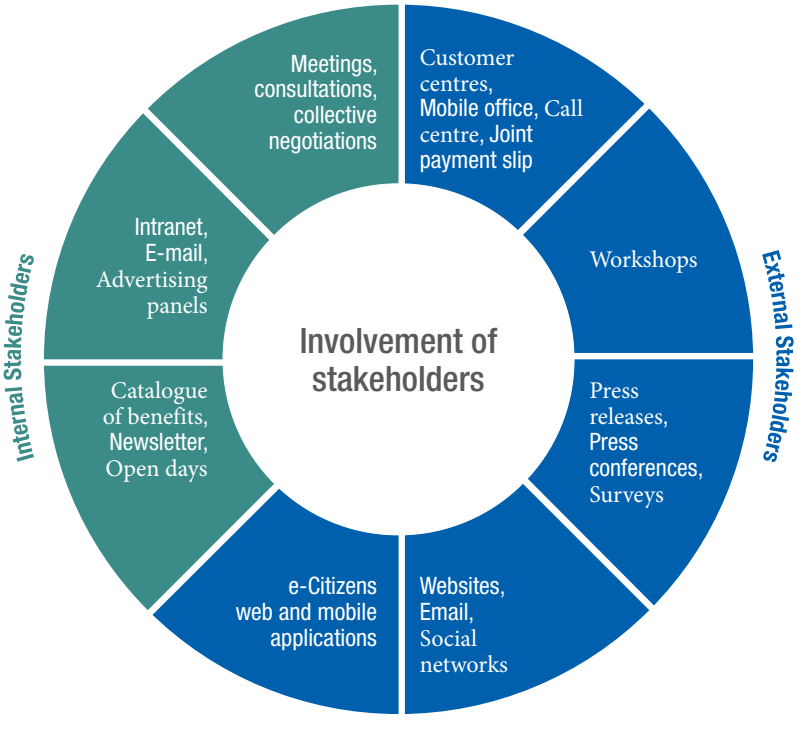
(ESRS 2 SBM-2, S1-1, S3-1, S4-1)

We build trust through dialogue

We communicate with users annually through hundreds of thousands of contacts, from calls and visits to centres to digital channels and social networks, which gives us strong insight into their expectations and needs. In a multidimensional and complex system, we talk to workers, unions, suppliers, financial institutions, professional organisations, civil society and other stakeholders to turn their feedback into concrete strategic priorities.

PStakeholders' feedback on the quality of services provided and sustainability topics are key to understanding the positive and negative impacts that the Group has on its users and the wider community. A two-way relationship also exists with other stakeholder groups, including the owner (City of Zagreb), workers, unions, regulatory and supervisory bodies, partners and suppliers, civil society organisations, financial institutions, media, and nature as a "silent stakeholder" [5].

Figure 3 Stakeholder engagement overview



During 2024, a comprehensive assessment and mapping of key stakeholders was conducted, which we do in-depth every four years, with an annual review and, as necessary, revision. Stakeholder groups are divided into internal and external groups: internal stakeholders consist of the Group's own workforce and decision-makers, while external stakeholders consist of suppliers, users, local communities, regulatory and supervisory bodies, economic entities, civil society organisations, financial institutions, and nature as a "silent stakeholder". Appropriate communication channels and forms of involvement (e.g. regular meetings, surveys, consultations, complaints, and compliments) have been established for each group, tailored to their role and topics of importance.

5 In the context of this report, nature is considered a silent stakeholder – a stakeholder that is important and strongly impacted by the organisation's decisions, but which does not have its own voice in the decision-making process. Its interests in dialogue and analysis are represented by scientific research, experts and other mediators.

Table 5 – Stakeholder mapping overview

	Communication channels	Frequency	Results	Main topics
Workers	» workers' meetings; » email; » intranet; » sharepoint; » bulletin boards; » collective negotiations, new worker onboarding; » education; » surveys	» regular messages about benefits; » notifications; » workers' meetings and collective negotiations as needed and at the initiative of workers; » training during employment	» curriculum and materials for employment training; » new Collective Agreement	» health and safety; » company priorities and challenges; » business ethics; » inclusivity and rights of vulnerable groups; » workers' rights
Users	» customer centre; » mobile office; » website; » mobile applications; » in writing upon delivery of the invoice; » podcasts and video consultations	» on a weekly and monthly basis; » as needed by the user	» advancing in an approach focused on the user experience; » creating new tools like apps and podcasts; » the beginning of researching opinions, needs and priorities of the users	» the user's experience and journey of using the service; » quality of services and products; » information; » complaints; » requirements; » consulting
Suppliers	» survey; » procurement process; » acceptance of the Code of Conduct; » agreements	» interactions on a daily basis depending on the procurement and contracting process	» Supplier Code of Business Conduct; » survey of suppliers' priorities and their ESG practices	» business ethics and legal compliance; » public procurement; » quality of products and services; » sustainable practices
Competent authorities and investors	» direct communication; » meetings; » sessions and assemblies; » participation in the development of strategic documents; » survey	» regular meetings; » quarterly meetings related to business results; » meetings as needed	» establishing an ESG Team; » adoption of policies and strategic documents; » green bonds	» analysis of business and financial position; » Return on Investment (RoI) and Social Return on Investment (SRoI); » compliance and strategy; » risk and impact analysis
Local communities and the general public	» press releases; » digital communication	» regularly; » as needed; » in accordance with the presentation of new products/services/ innovations and campaigns	» press cut	» quality of service

Stakeholder engagement in 2025 was carried out through existing channels, including regular communication with the City of Zagreb as the owner, social dialogue with trade unions, giving information and consultation to workers, user satisfaction surveys, consumer objection and complaint mechanisms, and ad hoc consultations with other key stakeholders. Additionally, the views of the Group's management (levels B1 and B2) and members of the Supervisory and Audit Committees on material sustainability topics were used to validate previously identified material topics and to align priorities with the perception of strategic and financial stakeholders.

Sharing information, consultation and engagement activities were carried out for workers through existing forms of social dialogue, internal communication channels and targeted activities. In relation to service users, satisfaction surveys were conducted and objections and complaints were analysed. For financial institutions and owner representatives, the results of the stakeholder opinion survey are provided in the Process and Review Upgrade for 2025 chapter and in Annex 3.

The results of stakeholder engagement in 2025 were used primarily to evaluate existing strategic directions and material topics, and to identify areas where communication and service quality need to be further improved. Given the complexity of the Group, the increased number of employees and the development of new business models and services, we plan to conduct a more comprehensive, structured stakeholder opinion survey in 2026 that will encompass a broader set of stakeholder groups and enable a more systematic linking of stakeholder input with business strategy, objectives, measures and investment decisions. In 2025, the Group began developing partnerships and research designs, and assessing the resources needed to implement these activities in the coming period.

1.10. Procedure and results of the assessment of double significance

(ESRS 2 SBM-3, IRO-1)

Important topics for all of us

The double significance analysis covered all branches, subsidiaries and the institution, including the upstream and downstream value chain, and more than 800 research stakeholders. Thus, we identified the key topics, impacts, risks and opportunities that form the basis for the creation of the Report and that are, more importantly, integrated into all our strategies and action plans, the risk register and investment plans, which enables us to provide meaningful quality management. In 2025, the *Methodology for Defining Material Topics for Reporting on Sustainability* was developed and adopted.

The entire Group participates in the DMA (double materiality analysis) procedure, including all of the Company's branches, subsidiaries, and the institution. The project is coordinated by the Sector for Strategy, Business Development and Compliance, in cooperation with teams from branches, subsidiaries and the institution, and corporate services. The final decision regarding the list of material topics is made by the Company's Management Board.

Setting the context and analysing the impact

The analysis process began in 2024 with an introductory meeting and thematic workshops where the Group's activities were analysed in accordance with the list of topics from ESRS 1 AR 16. This was followed by setting the context with an emphasis on the business model, value chains (upstream, own operations, downstream) and relevant stakeholders. We conducted an analysis of business and activities for each branch, subsidiary and the institution, taking into account the current strategy, business plan, financial results, products and services, business locations and mapped value chains.

All geographical locations and asset types were taken into account in all steps, including specific locations in and outside the City of Zagreb (Savudrija, Crikvenica, Veli Lošinj, Samobor, Bjelovar, Sljeme, Rakitje, Jakuševec-Prudinec landfill, aquifers, water and drainage pipelines, gas pipelines and the location of the Resnik Central Wastewater Treatment Plant). The upstream value chain includes direct suppliers and, to the extent of data availability, their suppliers. During 2024, ten of the largest suppliers and an additional 145 specifically important suppliers were contacted, with partially received data, which was identified as a limitation of the analysis.

Based on the context review, actual and potential impacts, risks and opportunities related to sustainability topics in our own operations and, in part, along the upstream and downstream value chain, were identified. For each IRO, it was determined whether it refers to our own operations, upstream or downstream value chain. The analysis of the legal and regulatory framework included relevant EU and sector regulation, while the analysis of ESG trends included reports from other companies, good practices, media releases and professional publications.

Analysis of the significance of effects

To assess the significance of the impact, the criteria of scale, scope, (ir)reparability and probability have been defined, with scales ranging from "very low" to "very high". The analysis assessed the positive and negative impacts of the Group's activities on the environment and society, using the concept of severity (scale, scope and, for negative effects, (ir)reparability) for actual effects, and a combination of severity and probability for potential effects. The effects were additionally analysed through time horizons (short, medium and long term) and duration of the effect.

The data obtained for each entity were quantified according to a predefined scale, and the sum of the scores, their normalisation, and the calculation of a composite score resulted in an assessment of the significance of each effect and the topic to which the effect relates. If both positive and negative effects were identified for a topic, the average of their significance was taken into account. The analysis was conducted separately for each Group component, and then aggregated by topics at the Group level, with additional analysis of the specific impacts, risks and opportunities of each entity.

Analysis of financial significance

The financial materiality analysis was conducted in accordance with ESRS 1, as an assessment of the Group's risks and opportunities associated with dependencies on sustainability factors. Risks and opportunities were identified during the impact assessment process, in collaboration with ESG Teams, process owners and management. For each risk and opportunity, the probability of occurrence (from "very low" to "very high") and the scale of potential financial consequences (from "very low" to "very high") were assessed, with the financial impact measured through the impact on the Group's EBITDA.

Risks and opportunities are first identified at the level of each branch, subsidiary and institution, and then consolidated at the Group level, in accordance with the empirical audit method and taking into account the interrelationships of business processes and the dependence of the Group's financial results on their performance. For subsidiaries and the institution, as separate legal entities, financial significance is quantified individually, also in relation to the Group's EBITDA. The final assessment of risks and opportunities in the short, medium and long term is determined as the product of the estimated impact and probability. The overall exposure is classified into five levels (very low, low, medium, high, very high).

The role of stakeholders in the DMA procedure

In the first phase of the DMA, stakeholder groups were mapped and affected stakeholders were defined for all components of the Group. Stakeholder engagement tools have been developed, including a supplier questionnaire (questions about their practices and opinions, with the signing of the *Supplier Code of Business Conduct*), customer surveys (online, via tablets in customer centres) and worker surveys (online and in physical form for workers in the field), including surveys of the academic community, local self-governments, civil society organisations and other stakeholders.

The stakeholder opinion survey was conducted during December 2024 and January 2025, with more than 800 respondents participating, who rated the importance of environmental, social and governance topics. The results of this survey were integrated into the final assessment of the significance of the topics. The inclusion of nature as a "silent stakeholder" is ensured through the work of an expert ESG Team, the use of scientific literature, research and contributions from non-governmental organisations, and inspections and findings.

Based on this extensive DMA analysis, all observed topics were found to be material, except for biodiversity and workers in the value chain, which were concluded to not have a level of impact or financial exposure comparable to other topics in the observed period, with the note that they continue to be monitored through regular management processes for environment and relationships with suppliers and subcontractors.

In accordance with the *Methodology for Defining Material Topics for Reporting on Sustainability*, an initial in-depth analysis of double materiality was conducted in 2024, covering all Group components, the upstream and downstream value chain, and a large number of stakeholders. Based on this analysis, an initial list of significant impacts, risks and opportunities (IROs) was determined, which form the basis of this Report.

In 2025, a periodic review and validation of the results was carried out, which included an in-depth thematic analysis in the areas of environment, society and governance, a review of the risk register, and a structured study of the opinions of B1 and B2 management, members of Supervisory and Audit Committees, and representatives of financial institutions. Based on the review, no need to amend the list of material topics was identified, given that the review confirmed the relevance of the previously identified material topics. The same methodology and criteria as those in 2024 were applied during the review. This ensures methodological consistency and comparability of data across periods. The Management Board formally adopted a list of important topics for reporting on sustainability, which confirmed the continuity of important topics between 2024 and 2025.

Process and review upgrade for 2025

In accordance with the *Methodology*, an in-depth analysis of double materiality is conducted once every four years, while a periodic review of possible deviations from the defined material topics is conducted in the interim periods. At the end of 2025, a two-fold specific review process was conducted, which included, on the one hand, an in-depth thematic analysis, and, on the other hand, a stakeholder opinion survey aimed at B1 and B2 level management, members of Supervisory and Audit Committees, and representatives of financial institutions.

Based on the results of last year's stakeholder analysis and the initial assessment of material topics, a targeted quantitative survey was conducted in January 2026 on the opinions of selected stakeholders on material sustainability topics of the ZGH Group. A questionnaire on material sustainability topics was conducted on a sample of 105 respondents, with participants

rating the importance of 24 topics on a scale of 1 to 5, where 1 indicates low, 3 average, and 5 very high importance. The sample specifically includes:

- members of Supervisory and Audit Committees as representatives of supervisory bodies;
- representatives of financial institutions with which the Group works together (banks and financial partners);
- Directors of subsidiaries and the institution, branch managers and directors of corporate services sector (level B1);
- service managers within subsidiaries, branches and corporate services sector (level B2).

The focus on these stakeholder groups was chosen because their opinions are considered the most informed in strategic terms and most relevant for reviewing stakeholder opinions on material topics on an annual basis. The sample defined this way enabled a comparison of perceptions between different hierarchical and institutional levels (supervisory authorities, financial institutions, B1 and B2 management), with the note that the sample, although significant and segmented, is not statistically representative, which was taken into account when interpreting the results.

All observed sustainability topics were rated as highly important, with average scores between 3.5 and 4.83 on a scale of 1 to 5. The highest ranked are worker health, safety and well-being, and a clear business strategy and goals, while greenhouse gas emissions and the use of natural resources are relatively lowest ranked, but still above the level of "average" importance.

The survey further showed that all groups of sustainability topics are rated highly important by respondents, with average scores above 4 on a scale of 1 to 5, with social and governance topics achieving the highest average scores, and environmental topics being particularly highlighted by supervisory authorities and financial institutions. The top five topics achieve average scores above 4.60, while the lowest ranked topics maintain scores above 3.80. The results obtained confirm that management and financial partners perceive all observed sustainability topics as highly important and that there are no significant deviations that would call into question the set of identified material topics from last year's double materiality analysis. At the same time, observed differences in priorities (e.g. greater emphasis by supervisory authorities and financial institutions on pollution and water consumption, or relatively lower scores on the integration of sustainable practices and supplier management) are used to further guide the further development of objectives and measures in the area of environmental, social and governance topics. The input received from stakeholders on their opinions is used to analyse and update the double materiality. The results of the double materiality assessment and identified ESG risks are integrated into the Group's strategic planning and investment decision-making process, particularly in the planning of significant infrastructure projects and capital investments. The stakeholder survey was conducted to verify the alignment of previously identified material topics with the perceptions of key strategic and financial stakeholders in 2025. The results are presented in Annex 3.

During 2025, a systematic reassessment of previously identified ESG risks was also carried out, taking into account the findings of the analyses conducted in the 2024–2025 period. The identified risks were methodologically redefined and quantified according to the newly established ESG risk management approach, and specifications such as defining the risk owner, risk response, risk treatment plan, deadline, objectives, measure holder and evaluation result were added, all in line with relevant regulatory guidelines and internal company documents. Based on such processing, a revised set of ESG risks is integrated into a new risk register as part of the broader enterprise risk management framework.

Input parameters included publicly available Group business reports, internal unpublished data and publicly available external information (regulatory framework, third-party reports), including historical data, business documents and internal meetings with process owners. The analysis is based on a combination of empirical audit methods and expert judgement.

An additional, structured review of material topics was carried out through three separate analyses of the state of the environment (E), society (S) and governance (G), as an extension of an existing double materiality assessment.

The environmental analysis covered ESRS topics E1–E5 (climate change, pollution, water resources, biodiversity and circular economy) through the prism of the business plan, decarbonisation plan, strategy documents, expert organisations such as the Croatian Chamber of Economy (HGK) and the Croatian Business Council for Sustainable Development (HRIO), regulatory requirements, domestic and EU reports on the state of the environment, and media reports on key environmental events (e.g. waste management, Jakuševec). The conclusion of the analysis is that climate change, pollution, water and the circular economy remain extremely material topics for the Group, while biodiversity is confirmed as a topic with lower relative importance compared to other environmental topics, with a recommendation for further monitoring and strengthening of data.

The analysis of the Company's areas was structured around ESRS S1–S4 (working conditions and workers' rights, workers in the value chain, affected communities, consumers, and end users) and included a review of the business plan, strategies and policies, analysis of professional organisations such as HGK and HRPSOR, definitions of vulnerable groups, expert and scientific literature, media reports and examples of good practice. The conclusions confirm the high materiality of the topics

of worker health and safety, working conditions, equal treatment, DEI[6], human rights, security and accessibility of services to users, while the impacts on the local community are recognised as important, but still relatively less material compared to other social topics, which is in line with the DMA results.

The management analysis included the business plan, strategies and policies (including codes, anti-corruption documents, rules on procurement, conflict of interest management and reporting of irregularities), expert publications, recommendations of bodies such as HGK and HRPSOR, analyses of expert recommendations and risks from the ZGH risk register. Special attention was paid to ESRS G1 topics (suppliers, anti-corruption, political influence, lobbying) and corporate governance practices. The conclusion is that the governance topics: transparency, anti-corruption, supplier management, compliance and governance structures, are confirmed as material and are further strengthened by new findings, without the need to remove or add new G topics to the list of material topics.

The process of reviewing material topics and verifying DMA findings was carried out for the Company and individually for each subsidiary and the institution, applying the same methodology (review of business plan, strategies, policies, risks, expert sources and media) and taking into account the specific impacts, risks and opportunities of each component. Based on these analyses, it was confirmed that the conclusions of the double materiality process for the Group remain valid: all previously identified material topics remain material, while biodiversity and workers in the value chain remain the only topics not classified as material at the double materiality level, with continued monitoring.

This additional review process confirmed the previously established list of material topics; no new thematic area was identified that would require inclusion among the material topics, nor was it determined that some of the existing material topics should be removed. The topics of biodiversity and workers in the value chain remained the only topics not classified as material from a double materiality perspective, but continue to be monitored through relevant policies and operational activities.

Table 6 – Important sustainability topics for 2025

Topic	Subtopic
E1	E1.1 Adaptation to climate change; E1.2 Climate change mitigation; E1.3 Energetics
E2	E2.1 Air pollution; E2.2 Water pollution; E2.3 Soil pollution; E2.4 Pollution of living organisms and food resources; E2.5 Substances of concern; E2.6 Substances of very high concern; E2.7 Microplastics
E3	E3.1 Water; E3.2 Marine resources
E5	E5.1 Inflows of funds, including resource exploitation; E5.2 Outflows of resources associated with products and services; E5.3 Waste
S1	S1.1 Operating conditions; S1.2 Equal treatment and opportunities for all; S1.3 Other rights arising from employment
S3*	S3.1 Economic, social and cultural community rights; S3.2 Civil and political community rights; S3.3 Rights of indigenous peoples

6 Diversity, Equality, Inclusion, which implies policies and practices that promote diversity, equality and inclusion by ensuring that all persons have fair access to opportunities, resources and participation in the work or organisational environment.

Topic	Subtopic
S4*	S4.1 Effects related to information for consumers and/or end-users; S4.2 Personal safety of consumers and/or end-users; S4.3 Social inclusion of consumers and/or end users
G1	G1.1 Corporate culture; G1.2 Whistleblower protection; G1.3 Animal welfare; G1.4 Political engagement; G1.5 Managing relationships with suppliers, including payment; G1.6 Corruption and bribery

** S3 and S4 topics are combined in the report, given that the stakeholders: the local community and users are intertwined due to the nature of the Group's operations.*

The identified significant impacts, risks and opportunities are listed in Annexes 4 and 5.

Internal controls, validation and integration with risk management

During the DMA process, the following internal controls were established: ESG risks are assessed by the Risk Management, Processes And Management Systems Department, and the Business Compliance Department monitors the compliance of material topics with the strategy and business model. Decisions and key steps in the materiality process are documented through methodology, risk registers, meeting minutes and formal decisions of the management body.

After an in-depth analysis in 2024 and in accordance with the defined internal methodology, a periodic analysis was conducted in 2025, which underwent multi-layered validation:

- in-depth expert thematic analysis in the area of environmental, social and governance impact;
- operational analysis of existing risk, impact and opportunity assessments for each Group component;
- strategic review at the management level by examining the views of the Group's B1 and B2 level management, members of the Supervisory and Audit Committees, and representatives of financial institutions,
- final confirmation by the Management Board of the Company, including the discussion and formal adoption of the results at the Management Board meeting.

The process of identification, assessment and management of sustainable effects, risks and opportunities is integrated into the overall risk management system of the Group, in accordance with the *Risk Management Strategy and Risk Management Methodology*. The comprehensive *Risk Register* significantly contributes to determining strategic areas and goals, improving business processes and developing the internal control system. The Management Board confirmed the unchanged IROs adopted in 2024. The Sector for Strategy, Business Development and Compliance presented the IRO results to the Management Board, along with a review of related policies, measures, indicators and targets, where applicable. Conclusions on material topics reached in 2024 and confirmed in 2025 were taken as input during the development of business plans during 2025.

1.11. Policies and measures for the implementation of material topics

(ESRS 2 MDR-P, MDR-A,E1-2, E2-1, E3-1, E5-1, S1-1, S4-1, G1-1)

Rules that translate values into practice

The policy book, established and updated in 2024 and 2025, brings together key environmental, social and governance policies that apply to thousands of employees and all Group components. These policies already guide projects, procurement, human resources and risk management in all organisational units, while at the same time we are developing a unified system for measuring their implementation.

At the Group level, a systematic framework of policies, regulations, rules of procedure and codes has been established that define the rules of business conduct and employee behaviour in accordance with legal provisions and internal rules. Key policies are consolidated in the *"Policy Book of Zagrebački Holding"*, adopted in 2024, with the latest amendments from 2025, which is publicly available to all stakeholders on the Group's website. Internal acts are proposed and adopted in accordance with the *Internal Procedure for Adopting Internal Acts and Reporting*; policies are adopted by the Company's Management Board at a meeting, while acts that relate exclusively to a particular branch or sector may be adopted at the appropriate organisational level. The Company's Management Board is responsible for overseeing the implementation of policies, ensuring the necessary resources and integration of policies into strategic and operational management, while branches and corporate services are responsible for implementing policies in their operations and regularly reporting on achievements and challenges. Employees are responsible for implementing policies in their daily work and participating in initiatives related to sustainability, while Management Boards of subsidiaries adopt their own policies that are aligned with Company's policies or adopt Company's policies. In 2025, a unified and systematic framework for monitoring policy implementation at the Group level has not yet been established. Results are monitored partially, through individual organisational units and projects, but no unified set of indicators has been established nor has there been formalised periodic reporting on the effectiveness of policies. The establishment of such a system remains a priority in the coming period.

Environmental policies (E)

The *Sustainability Policy* and the *Quality Management and Environmental Protection Policy* define the goals of efficient use of resources, increasing the share of renewable energy sources, rational energy consumption, waste management according to the 4R principle, and preventing and reducing pollution. *The Waste Management Policy* establishes guidelines for the entire waste management cycle – from waste reduction at the source, through reuse and recycling to environmentally friendly disposal – and applies to all organisational units involved in waste management and obliges employees, suppliers and partners to adhere to these principles. The *Policy on environmental protection, health and safety at work* further emphasises the reduction of environmental risks, the control of high-risk activities and the continuous improvement of the environmental management system.

Social policies (S)

The social dimension is primarily covered by the *Sustainability Policy, the Environmental Protection, Occupational Health and Safety Policy, the Service Improvement, Protection of Rights, Health and Safety of End Users Policy, the Diversity, Protection of Human and Children's Rights and Protection from Discrimination Policy,* and the *Human Resources Development and Performance Management Policy*. These policies jointly establish a commitment to ensuring a safe and healthy working environment, respect for workers' rights (including fair pay, freedom of expression and collective bargaining), zero tolerance for discrimination, harassment and forced or child labour, equal opportunities and inclusion of vulnerable groups. At the same time, the goals of continuously measuring and improving employee satisfaction, work-life balance, professional development, and protecting the rights, health, and safety of users through accessible, continuous, and quality services, complaint mechanisms, and incident management are prescribed.

Management policies (G)

In addition to the *Sustainability Policy*, the management dimension is regulated by the *Cybersecurity Policy, the Anti-Corruption Policy* and the *Competition Policy*. The *Anti-Corruption Policy* establishes the principle of zero tolerance towards corruption, bribery and conflict of interest, defines mechanisms for recognising, preventing and sanctioning irregularities, establishes safe channels for reporting and protection of whistleblowers and emphasises the transparency of donations, gifts,

employment and management of public assets. The *Competition Policy* establishes the obligation of fair competition based on the principles of fair play, transparency, integrity, compliance with the law and honest business practices, and prohibits anti-competitive agreements and abuse of a dominant position. The *Cybersecurity Policy* defines principles, rules, and measures to protect network and information systems from cyber threats in order to protect the information confidentiality and integrity. The governance policies jointly contribute to transparent, responsible and coordinated management and the effective integration of ESG risks and opportunities into the risk management system and strategic planning of the Group.

1.12. Default indicators and targets related to sustainability

(ESRS 2 MDR-M, MDR-T uz E-1, E3, E-5)

Plan for a green and resilient Zagreb

The Sustainability Strategy for the 2023–2028 period links objectives for waste, energy, water, emissions, quality of life and workers' rights into a single framework for the entire Group. The Decarbonisation Plan defines the reduction of emissions in scopes 1, 2 and 3 by 2035 and builds on projects such as increasing the share of renewable energy to more than 70% and investing in energy efficiency and modernisation of the vehicle fleet

The strategic objectives of sustainability are still based on three primary objectives related to bonds issued for sustainable operations and a group of supporting objectives.

Primary strategic objectives

In accordance with the sustainability strategy, the Group has set primary and secondary strategic sustainability objectives. 2023. The Company issued a sustainability-linked bond (SLB) used to commit to fulfil two key performance indicators in terms of sustainability, which are also strategic objectives:

Objective #1: The share of separately collected municipal waste, or waste removed from illegal landfills, primarily relates to the Čistoća and Zrinjevac branches; the methodology of the Ministry of Environmental Protection and Green Transition, which defines the classification and reporting on collected waste, is used to calculate the level of separately collected municipal waste.

The total mass of collected municipal waste (including waste from legal entities) is 268,240 t, where the mass of separately collected waste is 122,980 t. The total mass of separately collected waste is 149,180 t, which includes production waste generated in the ZGH, biodegradable waste, illegal landfills, street cleaning residues, and bulky waste. Furthermore, the total mass of collected waste, including waste generated by the maintenance of public areas, is 288,990 t.

The share of collected municipal waste (taking into account the amounts collected from maintaining the cleanliness of public areas and green waste from maintaining parks in the City of Zagreb, including the amount of industrial waste collected within the ZGH) is 51.6%, which is an increase of 3.33% compared to last year.

Action plan for improving the circular waste management system

Taking into account the identified significant IROs in waste management, the Group has developed an action plan for improving the waste management system. The plan defines a series of short-term, medium-term and long-term measures aimed at increasing the rate of separate waste collection, reducing the amount of mixed municipal waste and strengthening the recycling and recovery system. Activities include improving cooperation with users, educating citizens, optimising infrastructure for waste collection and treatment, and developing new initiatives and partnerships in the field of waste management. The plan also includes activities aimed at improving internal practices within the Group, developing digital solutions for informing citizens, monitoring market trends in waste treatment, and encouraging cooperation with the academic community and other stakeholders to develop innovative solutions in the field of waste management. The implementation of measures is monitored by regular reporting to the Company's Management Board. Activities are also linked to the objectives of decarbonisation and reduction of greenhouse gas emissions.

A number of measures and activities have been undertaken to improve and enhance the quality of services:

- Implementation of a routing system, monitoring the execution of the collection programme and continuous analysis and optimisation of existing and new routes;
- Introduction of reporting missed waste collections via in-vehicle tablets, with automatic user notification through the Razvrstaj MojZG application;
- Upgrade of the Razvrstaj MojZG application in order to enable the digital submission of requests for the removal of bulky waste;
- Digitalisation of work orders to speed up the process of waste collection and facilitate record-keeping and billing of services to legal entities;
- Completion of the division of chipped containers for plastic and metal waste and chipping of containers for biowaste and paper for complete electronic records;
- Opening a new mobile recycling yard in Kašina, which will make a total of 22 recycling and mobile yards available to citizens;
- Continued implementation of underground and semi-underground containers to replace existing ones in public areas, and the introduction of an access control system and records for container usage. In total, by the end of 2025, in the area of Zagreb's historic centre, 249 underground containers were installed and put into operation at 60 locations, and 306 semi-underground containers at 102 locations in the area of city districts outside of the historic centre;
- The Jakuševec landfill was remediated, which included improving the functioning of wastewater and leachate drainage and degassing the remaining landfill surfaces;
- Modernisation of the vehicle fleet by delivery of specialised sweepers intended for washing and cleaning public areas, some of which are exclusively electrically powered.
- Activities for the establishment of a recycling yard for construction waste at the Resnik have also been started;
- Establishment of a special organisational unit for the remediation of improperly disposed waste from public areas

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%.

Objective #2: The share of renewable electricity in total electricity consumption (relatively, in percentage) primarily covers VIO and the Company as a whole, with the aim of increasing the share of electricity from renewable sources through supply contracts and own production. The methodology is based on internal energy data. As the largest provider of utility services in the City of Zagreb, the Group has operational control over approximately one third of the city's total emissions. The most significant source of scope 3 emissions are downstream emissions resulting from the sale of natural gas, which make up more than 90% of the total emissions in the Group's greenhouse gas inventory.

Decarbonisation Plan

The Group's Decarbonisation Plan was developed with the aim of systematically reducing direct and indirect greenhouse gas emissions and adapting operations to the requirements of the climate strategy of the Republic of Croatia and the European Union. The Plan covers activities to reduce scope 1 and scope 2 level emissions, over which the Group has operational control, and identifies opportunities to reduce Scope 3 emissions through value chain management. The Decarbonisation Plan *contributes to the fulfilment* of objective #2 by building a minimum of 25 MWh of solar power plants by 2035.

The Decarbonisation Plan is structured in three pillars of action and defines quantified emission reduction objectives by 2035:

- Objective 1: Reduction of scope 1 and 2 emissions by 11%, through the implementation of existing projects within the framework of the first pillar – Sustainability Strategy.
- Objective 2: Additional reduction of scope 1 and 2 emissions up to 38% by 2035, by expanding clean energy projects and implementing energy efficiency measures provided for in the second and third pillars of the Plan.
- Objective 3: Reducing scope 3 emissions by 15%, through measures that cover upstream and downstream activities in the value chain, including those on which the Company has direct impact, as well as those on which it has indirect impact.

The identified key measures for implementing the above objectives include the following:

- development and integration of production capacities for solar electricity;
- maximisation of energy recovery from waste;
- construction of a new operational and administrative building with net-zero emission rate;
- integration of biomethane into the natural gas supply system;
- implementation of green public procurement and use of recycled materials in business processes, co-operation with customers and business partners to increase energy efficiency and reduce end-use emissions.

Implementation of the Plan implies continuous monitoring of achieved results, compliance with regulatory requirements and periodic reporting on the progress. The Plan represents the basis for integrated climate risk management and adaptation of the Group's business model with the aim of reducing greenhouse gas emissions in the Group's activities. Details of the Decarbonisation Plan objectives are presented in Annex 6.

Objective #2 is aimed at mitigating the consequences of climate change and decarbonisation by reducing greenhouse gas emissions associated with the use of electricity through the consumption of electricity from renewable sources and own production of energy from renewable sources. In 2025, the Group produced 33,645 MWh of electricity, released 17,086 MWh into the grid, and used 16,559 MWh for its own needs. It also purchased 98.51% of electricity from RES for its own needs, i.e. 118,029 MWh.

During 2025, the construction of photovoltaic power plants continued, and in December 2025, a new power plant was put into operation on the green roof of the Oporovec water reservoir (400 kW). This included an installation of 932 photovoltaic panels, each with a nominal power of 450W, so the expected annual electricity production is 414 MWh. The electricity produced will be used to drive pumps in two pumping stations within the Oporovec water reservoir. The plan is that around 90% of the annual energy produced will be consumed at the production site to power the pumps. Trial operation began on 7 December 2025, and the permit for permanent operation was obtained on 30 December 2025.

Other implemented activities are described in the section *Management Report, Significant Business Events in 2025*.

Specific sustainability performance targets (SPTs) are set in accordance with the *2020 Sustainability-Linked Bond Principles* (SLBP), from the International Capital Markets Association (ICMA), which are the market standard for this type of bond. When setting performance targets, stakeholders were not involved, and the targets themselves were not based on specific scientific evidence. In addition to the abovementioned two primary sustainability objectives, which the Company undertook to fulfil by issuing the SLB, the Group defined a third primary sustainability objective in the Sustainability Strategy:

Objective #3: Improving the efficiency of resource use through better water management, i.e. reducing water loss at the water supply system level through infrastructure projects, network reconstruction and operational measures.

In order to fulfil objective #3, reducing water loss, the Group is implementing the 2021–2027 Zagreb Project (improvement of water and utility infrastructure of the Zagreb agglomeration). The Zagreb Project is the largest strategic investment in water supply and sanitation of the City of Zagreb and a member of the ZGH Group: VIO includes the restoration and expansion of the water supply and sanitation network and the upgrade of the central wastewater treatment plant to the 3rd stage of treatment and the improvement of the sludge treatment line by introducing the THP process and thermal drying, with the aim of increasing network availability, reducing water losses and the frequency of failures and pipe bursts.

In 2025, network losses are 54.7%. During 2025, VIO implemented measures to reduce losses: detection of malfunctions in the water supply network and elimination of malfunctions, along with the procurement of appropriate equipment for detecting water loss, the engagement of relevant experts, and the digitalisation of work orders.

Preparatory actions for the construction of an infrastructural facility (zero zone) are underway. Likewise, most of the preparatory actions for the 2021–2027 Zagreb Project have been completed, and more detailed information about this is available in the *Management Report, Significant Business Events in 2025*. In parallel, a pilot project for testing remote reading technologies (smart metering) has been completed and the public procurement procedure is expected to be launched in 2026.

Table 7 - Summary of objectives and their target values and results

Number	Name of the objective	Default value (SPT)	Baseline value (base year)	Stages by year (2024, 2025, 2026, ...)	Results achieved in 2024	Results achieved in 2025	Target year
1	Share of separately collected municipal waste / waste removed from landfills	58%	37%	2024: 50%; 2025: 55%; 2026: 56%	48.41%	48.27%	2027
2	Share of renewable electric energy in total electricity consumption	70%	50%	2024: 50%; 2025: 60%; 2026: 60%	N/A	It will be known after 31 March 2026 (and published in the report about KPI-linked bonds)	2028
3	Reducing water loss	47%	56%	2024: 54%; 2025: 50%; 2026: 49%; 2027: 48%	56.32%	54.7%	2028

Supporting strategic objectives

In addition to the three primary objectives, the Group has defined the following supporting strategic sustainability objectives:

Objective #4: Undertaking activities to reduce CO2, emissions primarily through modernisation and partial electrification of the vehicle fleet and energy efficiency measures.

Objective #5: Participation in and encouraging projects aimed at achieving affordable housing, within the framework of authorities and projects contracted with the City of Zagreb.

Objective #6: Improving the general quality of life in the City of Zagreb through projects related to the urban environment, access to healthy food, and infrastructure that supports local and regional agricultural activities.

Objective #7: Continuous compliance with and improvement of labour regulations on the protection of workers' dignity and protection against discrimination, and maintaining commitment to employment principles that exclude discrimination and guarantee equal opportunities.

For objective 4, the Group is implementing measures to reduce the carbon footprint of its vehicle fleet (restoration and electrification of specialised vehicles and machinery, and increasing the share of electric and hybrid vehicles in the rental fleet) and energy efficiency measures in buildings and facilities. The Group is actively implementing a strategy to reduce direct greenhouse gas emissions (scope 1) by gradually replacing internal combustion vehicles with electric and hybrid alternatives. Managing a fleet of over 1,500 vehicles represents a significant logistical challenge, but also an opportunity to reduce the carbon footprint in the urban environment. During 2025, we acquired an additional 9 electric vehicles and 2 new work machines by purchasing or leasing them. In total, we replaced 93 working units (trucks, delivery vehicles, personal vehicles and work machines) with a more modern and energy-efficient energy system. The Group has adopted a comprehensive Decarbonisation Plan described under objective 2, which simultaneously impacts the achievement of objective 4. Details of the Decarbonisation Plan are presented in Annex 6.

Projects under objective 5 depend on the strategic decisions of the owner (the City of Zagreb), with the Group participating as a contractor where it is engaged or making its non-operational locations/construction land available for potential apartment construction and is not in a position to set indicators and targets.

Objective 6 is achieved through the restoration and revitalisation of markets, development of logistics infrastructure for food products, planting trees and modernisation of communal infrastructure. Concrete KPIs for this goal have not yet been formally quantified. The activities carried out for this purpose are described in the *Management Report, Significant Business Events in 2025.*

Objective 7 supports measures to promote the dignity of workers and protection against discrimination. The collective agreement guarantees all workers a wide range of labour rights, such as rights in the area of family and work-life balance (e.g. paternity leave that exceeds the legal obligation in terms of number of days), solidarity support in situations of a loss of income (illness, work-related injury, disability, parental leave, retirement) and other benefits, thus strengthening social security and support for vulnerable groups. In this area, we mainly rely on qualitative and content-complex data that, by their nature, cannot be easily quantified or automatically withdrawn from existing records, and therefore, in the observed period, it was not possible to define baseline values on the basis of which measurable goals, indicators and implementation deadlines could be set. At the same time, in order to ensure that this area does not remain unaddressed until the preparation of the necessary research is completed, individual activities and policies aimed at protecting the dignity of workers and preventing discrimination are continuously being implemented. In the current year a GAP Analysis of human rights has been launched, consultations are being conducted regarding the stakeholder engagement plan, and a draft survey of stakeholder opinion and potential partnerships is being prepared, including an analysis of resource allocation options, which will enable defining appropriate baseline values and goals in the next reporting period.

With its social inclusion activities, ZGH continues to be one of the co-implementers of the measures from the Zagreb Strategy for Equalisation of Opportunities for Persons with Disabilities. In 2025, the implementation of measures for the adjustment of working conditions and continuous education on inclusive environment without fear of discrimination continued. In cooperation with the Council of the Roma National Minority of the City of Zagreb, joint working meetings on employment opportunities in the Group continued in 2025, with the aim of increasing employability and employment of members of the Roma national minority. In order to achieve the supporting strategic objective 7 in reducing discrimination, 2025 saw the continuation of onboarding training and specialist workshops on the topic of protecting the dignity of workers, diversity, equality and inclusion, mandatory for all new employees.

Operational objectives

With the aim of further improving the performance of utility services, during 2025 the Group continued to develop and implement a system for monitoring key operational indicators of business performance in the areas of waste management, road network maintenance, and management of green and public spaces. The system includes weekly monitoring of the achievement of selected indicators in the Čistoća, Zagrebačke ceste and Zrinjevac branches, with the results being used for operational planning, timely response and assessment of the realisation of internal goals.

Compared to previous periods, the focus has been maintained on internal operational objective that are not verified by an independent evaluator nor are they based on an external or scientifically defined methodology, but rather primarily serve to improve the efficiency and quality of service provision. A detailed overview of the implementation of operational objectives is provided in Annex 7.

Čistoća branch

In municipal waste management, the Čistoća branch continued to monitor the performance of the collection service for all waste fractions (mixed municipal waste, biowaste, paper and plastic) every week during 2025, with an emphasis on reducing the number of non-performances and timely elimination of observed deviations.

Service performance is monitored by fractions at more than 100,000 locations, and in case of non-performance of the service, the reason and the number of user complaints received through all communication channels are recorded. This ensures operational control of service quality and timely detection of trends.

During 2025, a stable level of service performance was maintained, with a high proportion of cases in which subsequent collection was carried out within less than 24 hours of the regular collection time, thus mitigating the impact of individual non-performance on users. In the underground containers segment, daily site visits and emptying containers at the set fill level continued.

Zagrebačke ceste branch

In the service of road traffic network maintenance, the Zagrebačke ceste branch continued to monitor key operational indicators during 2025, with an emphasis on monitoring the dynamics of receiving and resolving applications through the e-Redar system, the efficiency of implementing interventions in traffic infrastructure, and the degree of realisation of planned

and contracted works. During 2025, more than 6,000 permits for excavations were issued, while a total of almost 400,000 m2 of traffic areas were asphalted within the framework of contracted utility activities and the asphalting programme for unclassified first-class roads. In addition, the implementation of traffic solutions is continuously monitored, which ensures the overview and coordination of all performed operational activities.

Zrinjevac branch

For green space management, the Zrinjevac branch continued to monitor key operational indicators every week during 2025, with a focus on the scope and dynamics of mowing, the implementation of the tree planting plan, and the execution of contracted utility activities.

During the mowing season (from March to early December), mowing is monitored for each individual plot covered by the green space maintenance plan, analysing the implementation date in relation to the plan, the number of mowings per plot, and the percentage of mowing cycles completed.

In the 2024/2025 planting season, over 8,600 trees were planted, continuing the long-standing trend of intensive greening of public spaces. In accordance with the contracted utility activities, all contracted works were completed during 2025, while additional works are monitored through the internal reporting system.

2 GOVERNANCE

2.1. Business behaviour

(ESRS G1)

Integrity as a standard

With the Code of Corporate Governance, the Code of Ethics, anti-corruption policies, the Regulations on Anti-corruption and Conflict of Interest Management, and protected channels for reporting irregularities, we create a clear and solid framework for ethical operations and the integrity of the Group. The establishment of a special body for irregularities and strengthening the protection of whistleblowers in 2025 confirms that we take irregularities extremely seriously and systematically address them.

Corporate governance and business policies

Zagrebački holding Group [7] implements corporate governance in accordance with the *Code of Corporate Governance of Zagrebački holding d.o.o.*[8], which is publicly available and applies to the entire Group. The aim of the Code is to establish and maintain high standards of corporate governance, transparency and responsible resource management in order to achieve the interests of stakeholders, users of utility and public services, and all interest and influential groups. In the reporting period 2025 the Group fully followed and implemented the recommendations set out in the Code, disclosing all information required by applicable regulations and in the interest of investors and stakeholders.

Responsibility of management bodies

The Management Board of the Company manages the affairs of the Company, while the Supervisory Board supervises the management. Together they ensure the smooth and continuous development of business processes in accordance with applicable regulations and by adopting and implementing internal acts. The same principles apply to subsidiaries and to an institution whose Management Bodies consist of a Board of Directors, an Expert Council and a Director. The responsibility and expertise of the Management Board, the Supervisory Board, the Audit Committee and the administrative and professional councils are determined by the work regulations, the *Code of Ethics*, the Work and Organisation Regulations, the *Group's HR Development and Performance Management Policy*, collective agreements and job descriptions.

Policies and internal acts

The Group applies key policies and acts that promote corporate culture and responsible business: *the Code of Ethics; the Anti-Corruption Policy; the Regulations on Combating Corruption and Managing Conflicts of Interest; the Competition Policy; the Diversity, Human and Children's Rights and Anti-Discrimination Policy; the Human Resources Development and Performance Management Policy; the Policy on Improving Services for the Protection of the Rights, Health and Safety of End Users; the Environmental Protection, Occupational Health and Safety Policy*. The implementation of the above policies is regularly discussed at meetings of the Management Board (weekly) and the Supervisory Board (quarterly or more frequently).

Corporate culture and monitoring mechanisms

The main values of the Group's corporate culture include: integrity, ethics, transparency, customer satisfaction, zero tolerance for corruption and conflict of interest, trust, collegiality, teamwork, responsible asset and financial management and confidentiality. Members of the Management Board and the Supervisory Board promote corporate culture by their own example, internal acts and employee training. Mechanisms for identifying, reporting and investigating concerns about illegal conduct or conduct contrary to the Codes include: reports to the Irregularities committee; reports to a confidential person and deputy; the City of Zagreb platform for reporting irregularities "Whistleblower"; applications for the purpose of protecting the dignity of workers; service user complaints; reports of non-compliance with regulations or internal acts; reports of suspected corrupt acts and conflicts of interest. Whistleblower protection is organised through an e-mail address[9], phone registration and an intranet platform. The Group complies with the provisions of the Whistleblower Protection Act (OG 46/22, 136/25) and has adopted the Rules of Procedure for Internal Reporting of Irregularities. During 2025, the internal control system

7 Given that the mechanisms and structures of the Company's management are largely applied at the Group level, all descriptions and references to the Company's management refer to the Group's management, unless expressly stated otherwise.

8 Adopted in 2015 by the Management Board, confirmed by the Supervisory Board and the Company Assembly in 2016.

9 povjerljiva.osoba@zgh.hr

was further strengthened by establishing an Irregularities Committee, which ensures the existence of a mechanism for anonymous and secure reporting of suspected irregularities and compliance of operations with legal and ethical standards. The operation of the Committee is regulated by the Rules of procedure of the Committee for Irregularities.

One way to reduce and remedy negative impacts on the workforce is a whistleblowing mechanism through which workers can file a request for protection of their rights, in a procedure provided for in accordance with the rules of the Labour Act. All issues related to labour relations and employee issues are resolved in the Organisational Unit responsible for Human Resources, with an emphasis on timely and constructive resolution of complaints.

The Group systematically monitors and supervises the effectiveness of reporting channels and the protection of workers' rights. In each member of the Group, confidential persons and persons for the protection of employee dignity have been appointed, selected as persons of high integrity and ethical values, who, along with the employer, are authorised to receive and resolve complaints related to the protection of employee dignity, and keep prescribed records and reports in accordance with the Whistleblower Protection Act.

Employees are educated about the channels and methods for reporting irregularities and information about available channels is permanently available via the intranet, bulletin boards and the Group's website. In 2025, 18 complaints related to harassment and mobbing were received and five complaints related to discrimination. In all cases it was determined that there was no violation of the dignity of the workers. In the reporting year, a total of 52 reports of irregularities were received from confidential persons at the Group level. There were no serious cases of human rights violations or any fines, sanctions or compensation for damages.

Training and education

In the reporting period 2025 The group conducted onboarding training for new employees on the following topics: code of ethics, reporting of irregularities, dignity of workers, safety at work, compliance issues (bribery, corruption, conflict of interest), labour rights from the *Labour Act* (Official Gazette 93/14, 127/17, 98/19, 151/22, 46/23, 64/23), *the Labour Regulations and the Collective Agreement.* During 2025, 188 employees underwent onboarding training. In May 2025, a specialised training course “The role of the Board and management in the function of compliance and building integrity” was held for the Board, members of the Supervisory Board and the management of the Company and members of the Group. The training was attended by 36 people[10] and it lasted for 4 hours. Training on safety at work (including business conduct) is organised for new hires and when changing workplaces or work technology. In 2025, 650 employees completed this training. A structured comprehensive training programme for all Group employees began implementation during 2025, with the aim of full implementation in 2026. During 2025, the planned activities in the area of anti-corruption education (development of educational materials, establishment of a comprehensive training programme and its implementation for all target groups of workers and members of management and executive bodies) were not implemented. These activities remain planned for the coming period and will be elaborated through the adoption of a formalised training programme and implementation timeline.

2.2. Suppliers

(G1-2, G1-6)

Supply chain management and risks

The Group approaches supplier management by taking into account the following risks related to the supply chain and sustainability (environment, human rights, social impacts): failure to meet contracted deadlines for delivery of goods, performance of services and works, delivery of goods with poor functionality or technical characteristics, price increases for strategic products and raw materials on global markets (oil derivatives, electronic components, metals), difficulty in defining needs in cost estimates, possible delays in initiating public procurement procedures, potential delays in payment. In order to reduce the aforementioned risks, procurement contracts contain the following protective mechanisms: performance guarantee, contractual penalties, compensation for damages, possibility of contract termination, purchase order contract and acceptance of compliance with the *Supplier Code of Business Conduct.* Where applicable, a dynamic procurement system is used to eliminate the risk of unilateral termination of framework agreements by the signatories.

10 Of these, 30 are in management positions: 3 members of the Management Board, 10 branch managers, 11 sector Directors, 5 Directors/Deputies of affiliated companies and 6 other employees

Public procurement procedures

The Group is a public contracting authority and carries out the procurement of all goods, works and services in accordance with the provisions of the *Public Procurement Act* (Official Gazette 120/16, 114/22). As a party to the Act , the Company has adopted the following acts: *Procurement Procedure; Ordinance on the Implementation of Public Procurement Procedures; Ordinance on the Implementation of Simple Procurement Procedures; Protocol on Procedures for the Implementation of Procurement; Ordinance on the Implementation of Procurement of Goods, Works and Services in Emergency Situations*. In a dynamic procurement system, prices are market-based (not fixed) and new economic entities are allowed to register and participate during the duration of the system. The Group uses framework agreements with multiple signatories, as well as individual contracts for situations where this is applicable. Bidders who fail to fulfil their contractual obligations are not issued certificates of proper fulfilment of obligations, which limits their participation in future procedures.

Supplier code of business conduct

Suppliers (including their corporate bodies, employees, representatives, subcontractors and sales partners) must comply with all applicable national, European and international legal provisions and adhere to social, environmental and corporate governance standards. The Group has adopted a *Supplier Code of Business Conduct*, which obliges suppliers to comply with the above standards. Suppliers unequivocally accept the Code and require their partners and suppliers upstream in the value chain to also adhere to the same values. If suppliers fail to comply with any part of the Code, they are expected to take immediate corrective action. The Group reserves the right to terminate contracts with suppliers who cannot prove compliance with the Code. Acceptance of the Code is an integral part of contracts with all suppliers from 2025.

Supplier monitoring methods

The Group applies the following supplier monitoring methods: Statements and self-assessments of suppliers through questionnaires; publicly available information; supplier certificates; the possibility of direct supervision. The group operates in accordance with recommendations on green public procurement. However, it does not systematically assess new suppliers (their products and services) according to environmental and social criteria, but only individual procurement items where it is objectively possible to apply environmental and/or social criteria as part of the criteria for selecting the bid (the most economically advantageous bid). In addition to previously introduced supplier monitoring methods, from 2025 the Company will begin the practice of implementing an internal annual supplier assessment. The supplier evaluation system will be implemented at the beginning of the year for the previous year via an online evaluation questionnaire, where service users will evaluate the top 20% of suppliers according to clearly defined criteria (for example, quality of service, delivery time, complaints, helpfulness, communication skills). Cooperation has been established with the City office for public procurement with the aim of exchanging experiences and applying good business practices in order to consider possibilities for further improving internal processes in matters of “sustainable procurement”. In accordance with the above, the process of amending internal procurement documents has begun with the aim of including new KPIs or objectives for sustainable procurement.

Conflict of interest in public procurement

In accordance with the *Public Procurement Act* , suppliers must sign a statement on the existence or absence of a conflict of interest. Based on the statement, a list of economic operators with whom contracting authorities may not conclude a contract is drawn up. The list is publicly available on the website of the Company, its subsidiaries and the institution.

Payment practices

The average time required to pay invoices from the date of commencement of calculation of the contractual payment period at the Group level is 30 days and the practice by Group components is shown in the table.

TTable 8 – Supplier payment practices

Group Member	Average number of days in 2024	Average number of days in 2025	Sample used to calculate the average number of days to pay in 2025
Company	41	52	10,000
VIO	41	43	8,852
GPZ-O	22	15	10,167
GSKG	10	7	31
GLJZ	10	27	2,500
GPZ	41	47	279
ZP	11	16	2,313
Group	**25**	**30**	

It is general practice for the Group to pay all invoices in accordance with the due dates indicated on the invoices, which range between 10 and 60 days. In relation to suppliers and payment practices, the Group does not distinguish between micro, small, medium and large enterprises, as it does not keep records of the size of suppliers. Payment terms are defined in contracts concluded with suppliers and are in accordance with the *Financial Operations and Pre-Bankruptcy Settlement Act* (Official Gazette 108/12, 114/12, 81/13, 112/13, 71/15, 78/15, 114/22), whereby the payment term cannot exceed 60 days. In the 2025 reporting period, the majority of payments (93.5%) were made in accordance with the stated conditions and there were no legal proceedings related to late payments.

2.3. Anti-corruption measures

(G1-3)

Corruption prevention policies and acts

The Code of Ethics and the Code of Corporate Governance prescribe a zero-tolerance rate for corruption and conflict of interest. Anti-corruption measures were implemented continuously during the 2025 reporting period. The company adopted the following key acts: *The Anti-Corruption Policy, the Regulations on Anti-corruption and Conflict of Interest Management*. The aforementioned documents are available to employees via the intranet. The development of educational materials for all Group employees is under way. *The Corruption Prevention Policy is an integral part of the Code of Corporate Governance of Zagrebački holding d.o.o. with guidelines for the Group and the Code of Ethics*.

The Group communicates group policies to those for whom they are relevant through the intranet, flyers, published policies and regulations, and by planning and organising training sessions to ensure that policy information is available and understandable to all users.

Anti-corruption programme and training

In order to strengthen anti-corruption activities and strengthen integrity, accountability and transparency at the level of the Company and the entire Group, an *Action Plan for the period 2025–2027* was adopted for the implementation of the Corruption Prevention Strategy for the period of 2021–2030. Workers are educated on how to recognise and report corruption through onboarding training during employment and training on the intranet. A structured training programme with knowledge testing for existing workers was established during 2025. Training covers varying scope, nature and depth, depending on exposure to bribery and corruption risks. The programmes are different for members of the governing body, management, administrative staff and branch workers, with the aim of covering 100% of functions exposed to risk. In addition to the activities envisaged by the Anti-Corruption Action Plan, according to which all members of management and supervisory bodies are required to be familiar with applicable regulatory requirements, training has been offered to all members of management and executive bodies since 2025. The functions within the Company and the Group that are most exposed to the risk of corruption and bribery are management functions, public procurement functions and human resources functions in employment procedures.

Conflict of interest

Employees, members of the supervisory board and the management board may not make decisions based on personal interests or the interests of persons with whom they have close relationships and must make them solely in the interest of the Group. The Sector for strategy, business development and compliance, in accordance with the *Regulations on Anti-corruption and Conflict of Interest Management*, is responsible for reports of suspected corrupt acts or actual or potential conflict of interest. The procedures established to prevent, detect and resolve allegations or incidents of corruption and bribery are set out in the *Regulations* and include identification, internal reporting, assessment and mitigation. A conflict of interest can also be reported within the framework of other mechanisms for reporting irregularities: a confidential person and the Irregularities committee, as well as via the Whistleblower platform.

The Investigators, that is, the Investigative committee, are separated from the management chain that is involved in the case related to the prevention of corruption and conflicts of interest. Reports on the outcomes of procedures are submitted as part of regular reporting on risk exposure and work reports.

Cases of corruption and bribery (G1-4)

In the reporting period of 2025, there were no confirmed cases of corruption prescribed by the *Criminal Code* (OG 125/11, 144/12, 56/15, 61/15, 101/17, 118/18, 126/19, 84/21, 114/22, 114/23, 36/24, 136/25). As a result, in 2025, there were no terminations of contracts with business partners due to corruption, disciplinary measures or dismissals due to corruption, as well as court proceedings related to corruption. The Group consistently implements a policy of zero tolerance towards all forms of corrupt, unethical and illegal behaviour. During the reporting period, internal investigations were conducted into certain irregularities related to unethical and illegal behaviour, and in several cases, measures were taken as a result of the irregularities identified.

Political influences and lobbying (G1-5)

In accordance with *Regulations on Sponsorships and Donations* of the Company, it is stipulated that the Company and the Group as a whole do not sponsor or donate to political parties, public authorities, independent representatives, members of representative bodies of local and regional self-government elected from a list of a group of voters, an independent list or a list of a group of voters and candidates (in accordance with the *Law on Financing Political Activities, Election Campaigning and Referendums* (Official Gazette 29/19, 98/19)). The Sponsorship and donations committee carries out the process of evaluating requests and developing proposals. The members of the aforementioned committee are appointed by the Company's Management Board and they must not have a conflict of interest, about which they must sign a special statement. The requirements arising from the *Law on Lobbying* (Official Gazette 36/24) have been implemented in the Group's *the Regulations on Anti-corruption and Conflict of Interest Management*. For the above reason, there is no recorded lobbying of the Group as a body with public authority, and the Group itself does not lobby. The group is registered with the Information commissioner of the Republic of Croatia; https://tjv.pristupinfo.hr/

3 SOCIAL ISSUES

3.1. Own workforce

(ESRS S1)

The people who keep the city running

Around 8,000 workers ensure that communal, energy, water, market and pharmacy services run without interruption every day. They are there 24 hours a day, 7 days a week, and they show their strength and excellence when exceptional events occur, whether it's storms and crisis situations or moments of celebration. The new Collective Agreement, salary increases and a defined reward system, along with investments in safety, health and development, confirm that we are strategically investing in people.

Strategy and attitude towards employees (S1-1,2,5)

The interests and rights of workers are an integral part of the business model and Sustainability Strategy, in the shaping of which workers participate through collective bargaining and through regular consultation, information and engagement mechanisms. In this regard, the Group has adopted a Sustainability Strategy in which, in the area of workers' interests and rights, a secondary objective is specifically defined, aimed at creating a safe, healthy and inclusive working environment and promoting equality and equal employment opportunities. A member of the Company's Management Board was responsible for coordinating and supervising the work of the Human Resources Management Sector during 2025, while at the level of subsidiaries, individual Management Boards ensure communication with employees, the work of Workers' Councils, and dialogue with unions as social partners.

Management: trade unions, collective agreements and social dialogue (ESRS S1-8)

Through collective bargaining and collective agreements, which apply to all Group employees (coverage rate 94.16%), the Group regulates the material and non-material rights of employees, including the right to annual leave, sick leave, paid leave for urgent family situations, adequate salary and transparent treatment. Negotiations with trade unions are carried out through negotiation committees of the employer and the trade union, whereby the negotiation committee is appointed by the decision of the Administration for the employer, that is, the negotiation committee of the trade union is appointed by the representative trade unions. The initiator of collective bargaining can be the employer's bargaining committee or the union's bargaining committee, and negotiations are conducted in the period and dynamics determined by the Protocol on Collective Bargaining.

During the reporting period, the process of strengthening substantive rights continued, through negotiations and amendments, or the conclusion of new collective agreements. At the initiative of the trade unions, which, by decision of the competent Commission, were determined to have new representative status, collective bargaining to conclude a new Collective Agreement for the Company's workers began. After several months of negotiations, on 15 May 2025, a new Collective Agreement was signed, which entered into force on the date of signing and applies from 1 May 2025 for a fixed period of one year. A new base for calculating wages has been agreed in the amount of EUR 567.24 gross for a coefficient of 1.00, which represents an increase of 15.6% compared to the previous base, with an additional agreed increase of 4.4% from 1 January 2026. These activities contribute to the achievement of the accompanying Strategic Objective 7 in the area of promoting the dignity of workers.

The previous provisions on the amount of the base for calculating wages from the Collective Agreement, which was concluded for the period until 31 March 2026, have been replaced by new amounts that are more favourable for workers, with additional improvements to the provisions on temporary assignment to more complex jobs with the corresponding higher coefficient. This further strengthened the elements of fair remuneration, transparency and protection of workers' rights in the sense of ESRS S1. The material rights of workers have been further increased in GSKG by concluding a new Collective Agreement, which increased the base for calculating wages by 15.6% from 1 June 2025, with an additional increase of 4.4% from 1 January 2026.

Collective Agreements were concluded in all companies of the Group except the City Pharmacies Zagreb (GLJZ), City Gasworks Bjelovar (GBP) and Zagrebparking, and they apply to all employees in the companies where they were concluded, except for the directors / members of the Management Board who concluded management contracts. In all Group companies in which workers' councils have been established, information, consultation and co-decision-making with the workers' council are carried out on all issues stipulated by the *Labour Act*.

Policies for workers and human rights (ESRS S1-1, SBM-3)

Within the framework of human resources management, the Group implements a set of policies and internal acts that ensure compliance with relevant regulations and good practices in the field of working conditions, human rights and diversity, in accordance with the principles and standards on working conditions and worker well-being. Key documents include *the Environmental Protection, Occupational Health and Safety Policy, the Diversity, Human and Children's Rights and Anti-Discrimination Policy, the Human Resources Development and Performance Management Policy, the Collective Agreement, the Labour Regulations, the Regulations on Anti-corruption and Conflict of Interest Management, and the Occupational Health and Safety Regulations*, and other acts focusing on the protection of workers' health and safety at work (job risk assessment, etc.), which are publicly available on the Group's website and to employees via the intranet and bulletin boards.

The policies regulate the material areas of working conditions and social security, including work-life balance, equal pay policy, health protection, safety at work, protection of workers' dignity and mechanisms for reporting irregularities. Concrete measures include flexible forms of work, solidarity support (e.g. at the birth of a child, medical expenses). *The Ordinance on Procedures and Measures for the Protection of Worker Dignity* was adopted, which prescribes procedures and measures for the protection of worker dignity, with a policy of zero tolerance for actions that violate worker dignity in any way.

In terms of equality, the Group offers equal conditions and employment opportunities for all who meet the requirements prescribed by the employer's internal regulations, and the Company applies *the Instructions on Conducting the Selection Procedure in Zagrebački holding d.o.o.* The requirements related to the conditions for employment and the knowledge and skills necessary to perform the duties of the position, i.e. job descriptions, are clearly and transparently defined. The Diversity Policy was developed in accordance with the UN Guiding principles on business and human rights and the International bill of human rights, with employment procedures specifically emphasising the rights and benefits of employment under equal conditions for Croatian veterans, civilian victims of the Homeland War and persons with disabilities. In line with national regulations and international human rights standards, the Group expressly prohibits child and forced labour in its own business activities and value chain. The Supplier's Code of Business Conduct includes a provision prohibiting child and forced labour.

The average working life of employees in the Group is 14 years, which is a significant indicator of stable and secure employment. This data is a material indicator of an extremely supportive, structural relationship towards workers and their rights, and supports the assessment that the Group provides quality working conditions and effectively manages human potential, in accordance with stakeholders' expectations and the principles of sustainable and inclusive business.

During 2025, the Group continued to work on employee development and strengthening operational capacities through intensive recruitment in operational jobs within the Group.

Taking into account that the employer mainly employs workers in operational roles, who perform their work at various locations in the City of Zagreb, the employees were presented with acceptable ways of communicating and presenting the employer to the community and citizens with whom they are in contact during working hours through the Induction programme.

During 2025, recruitment continued through the publication of public job advertisements, primarily for operational workers. At the Group level, the total number of newly employed workers in 2025 was 720, including seasonal workers, and the Company alone received more than 4,400 applications from candidates for published public job advertisements, which confirms the continued status of the ZGH Group as an attractive employer.

Given that the Group continues to recognise that social security and regular income are important to candidates, most vacancies, whenever it is in line with the Group's needs, imply employment for an indefinite period, with a trial period, which is certainly one of the reasons for ZGH's attractiveness as an employer.

The company continues to reduce the number of employees on a fixed-term basis to the maximum extent possible, hiring in this way only in the case of replacing a worker on long-term sick leave or in the case of a temporary increase in the scope of work. In the event of an assessment of a long-term increase in the scope of work, the Company and members of the Group enter into permanent contracts with workers who are employed for a fixed period of time.

Social inclusion (S1-12)

The Company is one of the co-implementers of measures and activities established by the *Zagreb Strategy for Equalisation of Opportunities for Persons with Disabilities in the period from 2022 to 2025*, whose objectives are to ensure the full integration of persons with disabilities by achieving integration in important areas of life, equal participation in political, public and cultural life, in the process of education, employment, health and rehabilitation, social protection, legal protection and protection from violence, and research and development.

In the analysis of vulnerable groups of workers and the definition of risks, and consequently their rights, the categories of veterans, people with disabilities, and parents were singled out. Special attention is paid to the protection and promotion of the rights of persons with disabilities, especially in the area of employment and ensuring appropriate working conditions. The total share of people with disabilities in the population of employees in the Group is 3.45%. A detailed overview can be found in Annex 8.

The Group continuously invests efforts in ensuring a stimulating, professional and safe working atmosphere while systematically developing interpersonal relationships based on fairness, equality, transparency and mutual respect.

In 2025, the focus is on continuously encouraging equal opportunities for all workers, embracing diversity and supporting inclusivity in the workplace. Through external specialist training programmes and examples of good practices at other employers, activities were carried out to increase awareness of an inclusive workplace environment and a sense of openness among all employees of the Group, without fear of discrimination. The objective is for all workers to feel supported and accepted in their work environment, which greatly contributes to their successful performance and their general sense of satisfaction with their workplace.

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

Training (S1-13)

In order to improve the skills and competencies of employees that contribute to the expected growth and development of the Group, specialised training was organised and successfully implemented in 2025 in accordance with the expressed needs. In general, workers are educated through annual training in the field of safety and protection at work and additional thematic training such as safe driving. Ad hoc trainings are organised through leaflets and intranet on labour rights, ways to report irregularities, sustainability and anti-corruption. In practice, specific training is also carried out depending on the nature of the job and the needs of the workplace. During 2025, various forms of training are provided through authorised chambers, conferences and consultations, seminars and webinars, education in the field of occupational safety, fire protection, cyber security, ISO standards, HACCP, ESG topics, training for working in the MS Office package, onboarding, training of professional drivers and contributing to better business results, as well as business and personal progress of workers.

Through various workshops and trainings, the group focused on the development of management competencies and trainings on compliance and building integrity were organised for managers, as well as internal workshops aimed at improving management competencies, strategic management and strengthening cohesion. In further business, it is planned to carry out systematic and comprehensive training in the field of management skills, the aim of which is to strengthen the organisation and business on a systematic level.

In addition, continuous education of all workers is carried out on the protection of workers' dignity, diversity, equality and inclusiveness through regular educational announcements on the intranet page and notice board. All newly hired employees will be systematically educated on the above topics as of 1 January 2025 during the onboarding process. The confidential person and persons responsible for protecting the dignity of workers regularly participate in training courses provided by the Office of the Ombudsman.

Impacts, risks and opportunities in relation to workers (S1 SBM-3, S1-3,4,17)

The identified impacts, risks and opportunities are related to job security, wages, worker health and safety, and labour shortages. It was concluded that the performance of the Group in relation to this topic is predominant, i.e. that the topic of its own workforce is significant to the full extent of the Group's operations.[11] One of the ways to reduce and remediate negative effects on the workforce is the mechanisms for reporting irregularities, which are described in detail in the chapter *Corporate Culture and Monitoring Mechanisms.*

11 By decision of the Management Board dated 1 July 2025 (class: 024-04/25-01/79) which established the Irregularities committee, the Decision on the appointment of members of the ethics committee from 2020 was repealed.

Targets in relation to own workforce (ESRS S1-5)

As part of the Sustainability Strategy, the ZGH Group has set the goal of creating a working environment that attracts and retains talented individuals, with an emphasis on fairness and transparency in all stages of employment. Continuous professional development of workers is ensured through education, training and training programmes, enabling them to develop skills and advance within the organisation. Objectives related to the workforce are achieved primarily through the Collective Agreement and are operationalised through measures and activities that are defined by lower-order internal acts, such as *the Labour Regulations, the Regulations on the Development and Performance Management of Human Resources of the ZGH Group, the Instructions on the Remuneration Procedure*, etc. During 2025, internal consultations were held to define KPIs in the area of impact on workers. The group also advocates for equal opportunities for all workers, promoting an inclusive work environment regardless of gender, age, race, religion or other personal characteristics.

As part of the sustainability strategy, the group has also set goals for improving the health and safety of workers. The objectives include ensuring a work environment that promotes the well-being and safety of all workers, while implementing strict protocols and safety measures to reduce risks and prevent workplace injuries. The Group will also work to enhance health programmes and initiatives that promote healthy lifestyles among workers, creating a safe and healthy work environment essential to the long-term success and sustainability of the business. In 2025 Zagrebački holding has enabled its employees to use sports and recreational facilities throughout Croatia at more favourable prices through the MultiSport and PassSport programmes.

Workforce – characteristics, diversity and equality (S1-6, S1-9, S1-16)

Given the nature of its business, the Group employs workers only in the Republic of Croatia. The analysis of workforce characteristics was carried out according to the total number of employees at the level of the Company and its subsidiaries and institutions, for which the internal databases of the Human Resources Management Sector were used, and amounted to 8,000. Detailed information can be found in Annex 9. Data as of 31 December 2025 was used for analysis and publication. Of the total number of employees in the Group, 75.18% are men. Officially, workers are registered exclusively as women or men and there are no cases of other gender orientation, therefore the categories “other” and “not reported” are not included in the review. During 2025, the Group's employee turnover rate was 6.49%, meaning that employment was terminated for a total of 519 Group employees. Detailed information can be found in Annex 10.

To understand and interpret labour force data, it is important to note that due to seasonal jobs, the number of employees increases during the period from March to August, while it decreases during the period from September to December. The structure of employees by type of contract in 2025 shows that 97.76% of workers were employed on a permanent basis, while 2.24% were employed on a fixed-term basis. There were no temporary employees or self-employed workers. In 2025, the Group engaged/used the work of a total of 300 students and pupils. Detailed information can be found in Annex 11.

The most represented age group is that of workers older than 30 and younger than 50, followed by a group of workers older than 50. Detailed information can be found in Annex 12. The youngest group of workers is also the smallest, making up 8.61% of the workforce, which indicates a problem of generational change, especially for professions such as Engineers, Mechanics, Laboratory Technicians, Technologists and the like. Namely, when such personnel retire, the totality of their knowledge and experience, which is very often the entire or most of their working life developed in the Group, also disappears, and many investments are needed in new and young employees who are lacking in the labour market. Due to specific technologies and employment rules that are not necessarily used in other countries, foreign workers do not have the necessary documentation or the necessary knowledge and prior knowledge in the same profession, and their employment is a significant challenge. Therefore, measures to systematically address this challenge should include not only the potential for developing a mentoring system, but also defining specific workforce needs in the labour market. The group implements a series of scholarship programmes for students in deficient professional occupations in the field of water services, educational and public health activities for pupils and students and professional orientation projects and apprenticeships for the profession of gas fitter.

Salaries, rights and benefits (S1-10, S-11, S1-15)

Within the Group, special attention is paid to continuous development in the area of workers' rights, such as the right to equal pay for equal work, the right to protection of personal data, the right to access information, the right to a safe working environment, the right to physical and mental health, gender equality, combating racial and other forms of discrimination, the rights of active participants and victims of the Homeland War, protection of the rights and dignity of workers, the right to association, the right to organise and participate in collective bargaining.

All Group employees receive an appropriate salary in accordance with applicable benchmarks.

Furthermore, all employees in the Group have the rights that enable the reconciliation of family life and work in accordance with the *Labour Act*, the *Act on Maternity and Parental Benefits* (OG 152/22, 34/25) and the Collective Agreement. Observed at the level of all rights in the area of family leave[12] that male and female employees at the Group level could exercise, 31.6% of available rights were used in 2025, whereby this rate also includes rights that can be used over a longer period of time (e.g. parental leave up to the age of 8 of a child) and rights that were not used at all in 2025 (e.g. maternity leave for men). In other words, at the level of individual rights to family leave, all female workers who were entitled to maternity leave used that right, while in the observed period no worker took advantage of the opportunity to use part of the maternity leave instead of the mother. Regarding parental leave, around 48% of female workers out of the total number of female workers who could exercise this right took advantage of the right, compared to around 18% of male workers. These data indicate a significantly lower involvement of men in the use of parental leave, although a significant percentage of fathers (66%) exercised their right to paternity leave.

The Collective Agreement allows fathers to take paternity leave for a total duration of 10 days longer than that set by the *Act on Maternity and Parental Benefits*, which significantly contributes to the achievement of the accompanying Strategic Objective 7 in terms of combating discrimination. Detailed information can be found in Annex 13. Solidarity support is also an important determinant of the relationship with workers. At the Group level, it covers all employees when it comes to loss of income due to illness, work-related injury and acquired disability, parental leave and retirement. Furthermore, the Group regularly negotiates discounts and benefits for all employees and informs them about this via the intranet.

Workers' wages are defined by collective agreements of the Group's member companies in accordance with the applicable legislation and job complexity coefficients are applied to them based on the evaluation of jobs and work tasks performed within individual jobs, in accordance with the systematisation of jobs. The Group applies the principle of equal pay for equal work or work of equal value, and women and men in the same jobs receive equal pay. The gender pay gap, measured as the difference between the average gross salary of men and women expressed as a percentage of the average gross salary of men, was 7.60% in favour of men. The ratio of the salary of the highest paid person to the median salary for all workers is 207%. Detailed data can be found in Appendix 14 and gross II amounts together with compensations (for example, receipts in kind, Christmas bonuses) on an annual basis are taken into account. Data monitoring and continuous investment in activities in the field of gender equality directly contributes to the accompanying Strategic Objective 7 when it comes to the fight against discrimination.

Occupational health and safety management (S1-1, S1-14)

The health and safety[13] of the employees is one of the Group's priority objectives, which is why all employees, their jobs and work activities are covered by the occupational health and safety management system. The system includes regular training of workers, supervision of work processes, systematic risk assessment and mandatory use of prescribed personal protective equipment. Occupational safety issues, in addition to the provisions of the *Occupational Safety and Health Act* (Official Gazette 71/14, 118/14, 94/18, 96/18), are additionally regulated by collective agreements. In branches and subsidiaries with more than 50 employees, occupational safety committees have been established, consisting of employer representatives, occupational safety experts, worker representatives and occupational medicine physicians, while at the Company level, there is a Central Occupational Safety Committee. The President of the Central Committee is also the employer's chief authority for occupational safety, responsible for planning and encouraging activities aimed at continuously improving the health and safety of workers. The Group conducts regular risk assessments for all workplaces, with an established risk management process involving occupational safety experts, occupational medicine, managers, authorised representatives and worker representatives. Within this framework, work processes, work equipment, working environment and exposure to environmental factors are analysed, with the aim of identifying potential hazards, harm and effort. Every worker is required to pass an occupational safety exam and receives instructions on protective measures and equipment they are required to use.

In the observed period of 2025, there were no deaths caused by work-related injuries, nor any reported occupational diseases. At the Group level, a total of 264 injuries at work were recorded, and the rate of recorded accidents at work was 3.21%, while hours lost due to injuries were 78,396 or 3,266.5 working days. Comparatively, at the Group level, the number of injuries decreased by 17%, serious injuries by 80% and lost working hours by 22% compared to last year. The number of

12 The term family leave used in this Report is taken from the official Croatian translation of the Commission Delegated Regulation on the ESRS, in which the collective term family leave (eng) is translated as family leave and includes maternity, parental and paternity leave. As part of the Delegated Regulation, this translation forms an integral part of applicable EU law, which, in accordance with the binding nature of the Regulation, is directly applicable in the Republic of Croatia. The family leave indicator is expressed as an aggregated percentage of Group employees who took maternity, parental or paternity leave during 2025.

13 Data in the area of health and safety is maintained based on the average number of workers in the year, and not based on the situation as of 31 December 2025

accidents and injuries at work for each of the Group's components is provided in Annexes 15 and 16.

Analysis of the structure of injuries shows that the largest share is made up of superficial injuries, sprains and strains, and fractures. The most commonly affected are lower extremities (legs, including knee and ankle), fingers, toes and neck, including spine and cervical vertebrae. The most common causes of injuries at work are worker falls, worker collisions with objects and other forms of injuries related to failure to comply with prescribed occupational safety rules, as well as causes that arise outside of the work processes themselves.

As for education and training in the field of occupational safety, in 2025 a total of 845 workers were trained in occupational safety in the ZGH Group, 826 workers were appointed and trained as Employers' Authorised Persons and 354 persons were newly trained for professional training, with additional training for evacuation and rescue, as well as other prescribed activities.

Personal protective equipment is procured at the level of the entire ZGH Group for workers whose jobs require its use, with a dynamic procurement system established through a framework agreement for the period 2025–2028. Given that at the end of 2025 funds were spent in two groups of procurement items, the Security Sector initiated the establishment of a new dynamic procurement system, the estimated value of which is: EUR 15,558,100.00. The Security Sector has developed new cost estimates with the aim of purchasing the highest quality and safest equipment, with priority given to branches and companies with higher risks. Continuous work is being done to improve equipment and procedures through anonymous questionnaires among workers and through monitoring and analysis of indicators (LTI, LTIFR, TRIR), which serves as a basis for adjusting specifications for future purchases of personal and other safety equipment, thereby preventing and minimising risks of occupational injuries and worker health and safety.

Additional programmes aimed at the well-being of workers at the Gradska plinara Zagreb (GPZ) were also implemented, including information on the possibilities of preventive systematic examinations and additional health insurance with motivational materials, activities on the Mental Health Day, the Movember campaign to encourage men to undergo preventive examinations, as well as activities on the Health Day.

3.2. Workers in the value chain

(ESRS S2)

The Group has developed a *Code of Conduct for Suppliers* that regulates expectations regarding respect for human rights, the prohibition of child and forced labour, respect for workers' rights and occupational safety and health in the value chain. The Code is an integral part of contracts with suppliers and its objective is to ensure broader coverage and compliance of the value chain with the most modern business and human rights standards. The identified impacts and risks relate primarily to the possibility of labour and human rights violations by suppliers and in their value chain, including potential child and forced labour, inadequate working conditions or the lack of effective grievance mechanisms. Through the Code of Conduct the Group seeks to reduce these risks and encourage positive effects on workers in the value chain in accordance with the principles of due diligence. The Group is developing capacities to conduct due diligence assessments in the value chain and plans to integrate the developed principles of human rights and gender equality into the new *Responsible Procurement Regulations* in the coming period

> The development of the Instructions for the Inclusion of ESG Indicators in the Procurement of Solar Systems at the end of 2025 set a new standard for responsible public procurement, moving from the general principles of the Code to specific, sector-specific criteria for the protection of human rights and the environment along the entire value chain, from raw materials mining to panel installation. For the first time, this approach enables real verification of the application of ESG standards through mandatory and scored criteria, required evidence and the possibility of on-site and off-site monitoring of suppliers and their stakeholders.

3.3. Affected communities and service users

Summarised information in the transition period (ESRS S3, S4)

We are all users

Every year, we process hundreds of thousands of enquiries, requests and complaints through the Holding Centre, mobile centre, digital channels and apps, which gives us insight into where we need to do better. We provided more than 498,000 services in 2025 and processed hundreds of thousands of digital requests in 2025. By developing new digital solutions, content and communication formats, we continuously improve the transparency, availability and quality of services for citizens and business users of the city.

The Group is using the quick-fix reporting option for ESRS S3 and ESRS S4 in accordance with the transitional provisions for companies with more than 750 employees. In this reporting period, the Company is publishing summary information for significant topics related to affected communities and consumers/users. Namely, due to the nature of the utility services provided by the Group, most citizens of Zagreb are both service users and members of the affected community, so the effects on affected communities (ESRS S3) and consumers and end-users (ESRS S4) are strongly intertwined. Therefore, although using a transitional exemption, the Group is aware of the importance of the impact it has and provides consolidated summary information on the impacts on affected communities and users, with further gradual expansion of the scope of disclosures in subsequent reporting cycles.

The Group views consumers and end users as key stakeholders and integrates their needs and expectations into the business model and objectives of the Sustainability Strategy. Users include a wide range of stakeholders – from residents of the city of Zagreb, small and medium-sized enterprises, large companies, educational and healthcare institutions, public institutions, non-profit organisations and civic initiatives to visitors and tourists. The group has determined that the users of its services are also part of the affected local community, primarily residents of the City of Zagreb and the surrounding area, including residents near the Prudinec-Jakuševec landfill who are at greater risk of negative impacts on quality of life. An additional specificity of the Group is reflected in the fact that most of the Group's employees are also its users.

The services provided by the Group are crucial for maintaining public health and hygiene, traffic and movement, safety and housing and have a significant effect on the quality of life. Users, citizens of the City of Zagreb, rely on the Group's regular services to meet everyday living needs such as water supply (Vodoopskrba i odvodnja d.o.o. (hereinafter: VIO)) and gas supply (Gradska plinara Zagreb (hereinafter: GPZ), Gradska plinara Zagreb – Opskrba (hereinafter: GPZ-O)), health (Gradske ljekarne Zagreb (hereinafter: GLJZ)), maintenance of buildings, roads and public areas (Gradsko stambeno komunalno gospodarstvo d.o.o. (hereinafter: GSKG), Zagrebačke ceste, Zagrebparking and Zrinjevac), waste management and disposal (Čistoća) and food availability and supply (Tržnice Zagreb). The Group's services are also key for other needs: from sports, cultural, entertainment and similar events (Arena Zagreb, AGM), to travel (Autobusni kolodvor, Vladimir Nazor), care for the deceased (Gradska groblja), care for electronic communications infrastructure (Zagrebački digitalni grad) and support for the storage and shipping of goods (Robni terminal Zagreb (hereinafter: RTZ)). The impacts on users and the community were identified as significant in the dual significance assessment process, primarily in terms of access to safe, accessible and quality public services, the right to housing in conditions free from pollution and unpleasant odours and the right to privacy and protection of personal data.

Strategy and relationship with consumers and users (ESRS 2, SBM –2)

As part of the Sustainability Strategy, the ZGH Group has set the following objectives that relate to consumers and end users, as well as the local community:

- Increasing the efficiency of business processes through digitisation, with an emphasis on optimising resources and reducing greenhouse gas emissions. The implementation of digital technologies includes advanced energy management solutions, process automation and the introduction of software tools to increase productivity. A key component is the education of workers for the successful application of new technologies.
- Increasing customer satisfaction through improving service quality and responding to requests more quickly.
- Improving the quality of urban life through the improvement of infrastructure and services.

Impacts, risks and opportunities in relation to consumers and users (ESRS 2, SBM 3)

The Group's services (water supply, gas, waste management, maintenance of buildings, roads and public areas, traffic and parking, food supply, healthcare, sports and cultural infrastructure, digital communications and other services) create numerous positive effects on the safety, health and quality of life of users. At the same time, the Group identifies risks related to service quality, continuity of supply and impact on housing conditions. The Group seeks to reduce negative effects and increase the level of user satisfaction and trust through the development of digital solutions, improving processes and strengthening communication with users. The Group has established various mechanisms for communicating with customers and resolving complaints, including contact centres, web portals, mobile applications and direct contacts with branches and subsidiaries. The number of complaints received, response time and level of user satisfaction are monitored, with data on the effectiveness of these mechanisms being part of regular reporting to the Management Board and Supervisory Bodies.

Policies and management framework (S3-1, S4-1)

The management of the effects on the affected communities, consumers and end users is regulated by group policies, including *the Policy for the Improvement of Services, Protection of the Rights, Health and Safety of End Users and the Policy for Diversity, Protection of Human and Children's Rights and Protection against Discrimination*, which apply to all categories of users. The group has established compensation mechanisms and appeals mechanisms and provides stakeholders with a transparent and effective appeals mechanism for reporting irregularities under the name "Whistleblower", as well as the Commission for Consumer Complaints and personal data protection procedures in line with national and EU regulations.

Procedures and engagement with users (S3-2 21, S4-2, 20)

In the observed period, numerous activities were carried out aimed at improving customer services, with an emphasis on greater inclusiveness, accessibility and social sensitivity of business. Relations with users are organised through the centralised system of the Holding Centre, which unites several communication channels (call centre, branches, mobile office, digital platforms and mobile applications) and enables continuous monitoring and analysis of feedback. In 2025, high volumes of interactions were recorded: 153,908 phone calls, 215,927 emails, 4,101 letters and 5,937 messages sent via social networks, SMS messages and Whatsapp/Viber. During the year, requests, complaints and enquiries from a total of 115,123 users were processed. 359,731 bills for communal services were paid at cash registers, while 17,016 payments were made through automatic machines. In addition, more than 6,500 other customer services were provided, including concluding contracts, issuing certificates and carrying out re-registration. Further activities are underway to increase the availability of services. A system for booking appointments at the Customer Centre via an application is also being developed, with the option of sending notifications about the queue status to the users' mobile device, which will further reduce the time needed to obtain the service.

A new CRM system has been introduced in the Call Centre, which, by integrating phone calls and e-mail into a single ticketing system enables complete traceability of communication with users and faster and better resolution of their requests and complaints. System testing begins in February 2026 and production is planned to begin in April 2026. In the area of business process digitalisation, as of 1 December 2025 digital records of municipal waste collection were introduced, which significantly accelerated and simplified the creation of invoices for business users and increased the accuracy of calculations. At the same time, SAP was implemented – an integrated business system (ERP) that unifies multiple processes, including finance and invoicing. This project reduced the number of separate systems in use and increased efficiency and transparency, especially in the context of the requirements of sustainable and socially responsible business.

Remediation of negative impacts and objectives (S3-3, S3-4, S3-5; S4-3, S4-4, S4-5)

Potential impacts on the local community in the Prudinec-Jakuševec landfill area are continuously monitored through an environmental monitoring system that includes monitoring the state of groundwater, leachate and surface water, air quality, stability and settlement of the landfill body, as well as other relevant parameters. Monitoring results are regularly analysed and used for timely management of possible environmental risks and reduction of potential negative impacts on the environment and the quality of life of the population.

As the founder of the Company, the City of Zagreb is additionally implementing measures to support the local community in the immediate vicinity of the landfill, including the payment of financial compensation for reduced quality of life in accordance with applicable city decisions, whereby in 2025 total payments for realised compensation rights amounted to EUR 1,621,705.38 and relate to payments to users for rights exercised in 2025 and for rights exercised in previous years. These measures are part of a broader framework for managing relations with the local community and contribute to the

transparent and responsible management of waste management infrastructure. No other significant negative impacts were identified for users in the reporting period, but the Group recognises potential risks (especially customer and end-user safety) and addresses them through strengthening operational readiness, digitalisation of processes, improvement of complaint channels and planned customer satisfaction surveys as part of objectives and measures at the branch and Group levels.

Users can also express their concern or dissatisfaction with the work of the Group, including negative effects, through a written complaint, which, in accordance with the provisions of *the Consumer Protection Act* (Official Gazette 19/22, 59/23), must be answered within 15 days at the latest. In case consumers are not satisfied with the response, they can contact the *Consumer complaints commission*, which is obliged to respond within 30 days. Namely, at the level of the ZGH Group, there is a *Commission for Consumer Complaints*, which is competent for complaints in the area of public services (distribution of natural gas, public water supply and public drainage, gas supply in public service (from 1 October 2024 a market service), public passenger transport related to the sale of train tickets exclusively in cases where it acts on behalf and for the account of the carrier when selling them, municipal waste collection and parking services in public areas and in public garages) in the second instance, while in the first instance competent are the relevant bodies of the branches and subsidiaries.

The Committee has seven members – the President and seven deputy members appointed by decision of the Company's Management Board. The establishment of the Commission, its organisation, method of operation, obligations and powers are defined by the *Rules of procedure of the Commission for Consumer Complaints and the decision of the Company's Management Board*. At the 24 held sessions, 262 complaints were considered, of which 24 were accepted, 206 were not accepted, for 16 complaints there was insufficient evidence to make a decision, while for 16 complaints the Commission was not competent.

Compared to 2024, the number of complaints is considered to be decreased from 485 to 262, which represents a decrease of approximately 46%, confirming the tendency of decreasing number of complaints regarding the provision of public services by the Zagrebački holding Group and its subsidiaries.

In case of dissatisfaction with the services of Gradska plinara Zagreb (GPZ) and Gradska plinara Zagreb - Opskrba (GPZO) if the previous options have been exhausted, the dissatisfied user may file a complaint with the State Inspectorate of the Republic of Croatia, while all end customers (both legal entities and natural persons) also have the option of filing a complaint with the Croatian Energy Regulatory Agency (HERA).

Inclusion and community engagement

Community as a partner

Through public space development projects, support programmes for vulnerable groups and cooperation with associations and institutions, we further strengthen our social impact beyond “basic” services. Through partnerships with UNICEF, as well as other associations, educational institutions and local initiatives, we work to support children without adequate parental care, people with disabilities, veterans and other vulnerable groups, thereby building a city where everyone can feel seen and included.

Inclusiveness (S3-2, S3-4, S3-5)

The cooperation of Zagrebački holding with the URIHO institution, which employs people with disabilities, continued in 2025 through projects related to the procurement of personal protective equipment and other forms of business cooperation, thus contributing to the professional rehabilitation and work integration of people with disabilities. The physical environment is adapted to ensure the health and safety of workers, customers and other visitors with disabilities. Special attention is paid to increasing the accessibility of services to people from vulnerable groups. During 2025, tactile strips were installed in the Holding Centre at Ulica grada Vukovara 41 to facilitate movement for blind and visually impaired people. In addition, City Housing and Municipal Services Company (GSKG) has two devices in its Info Centre (Savska cesta 1) (at the counter and at the cash register) for easier communication with deaf and hard of hearing people. Three new elevators have been installed at the Autobusni kolodvor Zagreb, connecting the waiting room with the departure platform lines, as well as more than 1,000 metres of tactile strips in the public areas of the passenger terminal. Two sales counters have been additionally adapted (a lowered work surface for wheelchair users and a communication system adapted for the hearing impaired) and a new lifting platform has been installed between the central hall and the mezzanine. As part of the further development of accessibility, the mobile office visited 1,008 locations in 2025, enabling 36,394 less mobile citizens and people who are unable to come to the Holding Centre to make their bill payments. The procurement and implementation of two new mobile offices is planned

for 2026, which will ensure better coverage of parts of the city that are further away from existing branches. This will also enable appointment bookings for branches and the mobile office via the application, as well as sending notifications about the status of the waiting line to mobile devices, thus reducing the total time needed for users to obtain the service.

Inclusiveness means that we take special care of vulnerable groups, i.e. groups that are at increased risk of social exclusion, discrimination and rights violations due to their characteristics (e.g. disability, age, minority status, poverty). Children are recognised as one of the most vulnerable groups, so we focus our activities on ensuring that their rights are systematically incorporated into policies, processes and relationships in the value chain. Based on the *Cooperation and Donation Agreement for activities in 2024 and 2025*, which was signed in 2024 by the ZGH, the City of Zagreb and UNICEF, citizens were provided with information about the possibilities of donating to UNICEF programmes aimed at children without adequate parental care and children from the most vulnerable groups through leaflets in 2025. The company has additionally participated in UNICEF's educational programmes on the impact of business on children, with the aim of gaining knowledge and practical tools to better understand how business impacts children's rights and the steps companies can take to integrate these rights into their business processes and strategies.

In 2024, the Zagreb City Assembly adopted the *2025–2027 City of Zagreb Action Plan* for the implementation of the National Plan for Roma Inclusion, which envisaged a measure to encourage the employment of Roma in the branches of the ZGH Group, created on the basis of long-term cooperation with the Council of the Roma National Minority of the City of Zagreb. During 2025 and beyond, cooperation with the Council will continue through joint working meetings and planning of further activities aimed at increasing the employability and employment of members of the Roma national minority.

Community service (S3-2, S3-4, S3-5)

During 2025, the Group continued to implement activities aimed at supporting local communities, educational institutions and civil society organisations, with an emphasis on strengthening community resilience, raising environmental awareness and developing the skills of children and youth. Special emphasis is placed on operational contribution in emergency situations, educational programmes in the field of environmental protection and waste, humanitarian initiatives, as well as partnerships that contribute to the development of local agriculture and access to healthcare.

After the storm that hit Split on 8 July, the Company provided operational assistance for seven days in the recovery of the consequences through the engagement of workers from the Zrinjevac and Čistoća branches, as well as municipal equipment. During that time, 180 m³ of waste was collected and roads and public areas were cleaned, contributing to the faster normalisation of life for the residents of the affected area. In extraordinary circumstances, it is important to show solidarity. After the storm of 2023, ZGH received help from other cities, for which the Company is immensely grateful. This time the Company was able to be of assistance to other local government units.

As part of the “Remember to be a good neighbour” campaign, creative workshops on environmental protection and waste management were organised for more than 1,000 students from Zagreb elementary schools from 20 January 2025 to 10 June 2025, with the aim of raising awareness about proper waste sorting and environmental preservation. Additionally, in partnership with the Blue Promotion agency, the 10th International Children's Diving Eco-Patrol “Cleaning without Borders” was organised, in which more than 80 divers and more than 50 children participated in cleaning the underwater world in Fiesa Bay, the Port of Savudrija and along the coast of Camp Veli Jože. They contributed to the preservation of the marine environment and strengthening environmental awareness in the community.

Cooperation with educational institutions and civil society organisations has been further strengthened by the Group's involvement in projects aimed at developing skills and professional orientation of young people and supporting the development of local agriculture and healthcare, including the participation of Zagrebački holding in student competitions at the Faculty of Economics in Zagreb, a scholarship programme for students in shortage vocational occupations in the field of water services, as well as educational and public health activities of the City Pharmacies for students. The Gradska plinara Zagreb participated in the careers guidance project and accepts students from vocational schools for apprenticeships as gas installers. In 2025, the City Pharmacies Zagreb (GLJZ) collaborated with the DOOR Association in the implementation of the Action Plan of the City of Zagreb “Let's allow them to choose”, by organising visits to pharmacies for elementary school students and introducing them to pharmacy professions, with an emphasis on breaking gender stereotypes when choosing a future profession.

Tržnice Zagreb continue with the project of certifying farmers' markets through the award of the “Products of the Croatian Farmer” certificate, which makes it easier for customers to identify local producers and the origin of products and supports the sustainability of small farms, while the humanitarian campaign “Collect Caps for Expensive Medication” raised funds to finance expensive medicines for children and other seriously ill people. A humanitarian campaign “Advent Calendar of Solidarity” was carried out to collect supplies for a social supermarket.

4 ENVIRONMENT

4.1.Publications in accordance with the Taxonomy Regulation

(ESRS 2 SBM 3)

In an effort to facilitate sustainable investments, the EU has introduced a classification system for sustainable economic activities through the EU Taxonomy regulatory framework. The aim was to define what is considered environmentally sustainable in order to encourage sustainable financing and investment; therefore, this regulatory framework plays a key role in encouraging the transition towards a sustainable economy.

The key act of the EU Taxonomy is the *Taxonomy Regulation* [14] which essentially prescribes the scope and subjects of application and the environmental objectives against which economic activities are assessed. It also defines what constitutes a significant contribution to the achievement of individual objectives, significant harm to environmental objectives, minimum protective measures, as well as social and governance criteria that companies must meet in order for their activities to be considered sustainable.

The six environmental objectives prescribed by the Taxonomy Regulation are:

1. Climate change mitigation
2. Adapting to climate change
3. Sustainable use and protection of water and marine resources
4. Transition to a circular economy
5. Pollution prevention and control
6. Protection and restoration of biodiversity and ecosystems

In order to be considered environmentally sustainable, the EU Taxonomy Regulation stipulates that an economic activity must meet 4 cumulative conditions:

1. Contributing substantially to at least one environmental objective;
2. Do not cause significant harm to any other environmental objective (Do No Significant Harm, DNSH);
3. It should be implemented in accordance with the minimum protective measures that must be met by the company implementing it;
4. It is aligned with the technical verification criteria established by the European Commission.

The technical screening criteria in relation to environmental objectives are prescribed by delegated acts of the European Commission, specifically *The Climate Delegated Regulation*[15] i *Environment Delegated Regulation*[16].

The second aspect of determining environmental sustainability is financial: the calculation of taxonomic KPIs, i.e. indicators of company performance. Through taxonomic KPIs of revenue, CAPEX or OPEX, companies transparently and unambiguously show how much revenue they have generated from or how much money they have spent on environmentally sustainable activities, as well as what capital expenditures they plan in this regard in the future. Details related to the calculation and publication of taxonomic KPIs are prescribed by the Delegated Act on Disclosures[17].

Acceptability analysis procedure in accordance with the provisions of the EU Taxonomy Regulation

The Group primarily performs activities that are of general economic (public) interest and are of key importance for the quality and standard of life of the citizens of the City of Zagreb. They are primarily grouped into the business areas of communal, energy and market services, which correspond to the following groups of activities of the EU Taxonomy: Energy, Water

14 Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088

15 Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives

16 Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to the sustainable use and protection of water and marine resources, to the transition to a circular economy, to pollution prevention and control, or to the protection and restoration of biodiversity and ecosystems and for determining whether that economic activity causes no significant harm to any of the other environmental objectives and amending Commission Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those economic activities

17 Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation

Supply, Wastewater Disposal, Waste Management and Environmental Remediation, Transportation, Construction Activities and Real Estate Business. Additional activities that have been identified belong to the following groups: Information and Communications, Accommodation Activities, Medicine Production.

In order to determine which of the prescribed activities are acceptable for the Group, teams within the subsidiaries and affiliated companies reviewed the list of activities and, based on their descriptions, drew conclusions about which economic activities are actually being carried out.

However, in addition to the core activities performed by the Group, related or secondary everyday activities were also considered for the purposes of analysing activities in accordance with the EU taxonomy in order to determine whether they have additional taxonomic potential (for example, the activity of passenger vehicle transport).

List/overview of taxonomy-eligible activities

In the current reporting period, the Group conducted a comprehensive analysis of its activities in relation to the criteria of the EU Taxonomy. Due to the diversified portfolio of services that includes water supply, drainage, waste management and gas distribution, a significant share of taxonomy-eligible economic activities has been identified. A detailed list of such activities is attached in Annex 17 of this report.

In order to determine the actual level of sustainability, a detailed GAP analysis was conducted on all eligible activities according to the criteria of Substantial Contribution and Do No Significant Harm (DNSH), along with a check of minimum safeguards. The results of the analysis indicate that, despite a high level of acceptability, activities in this cycle did not achieve compliance status (they are not taxonomy-aligned). This finding is the result of extremely demanding technical verification criteria applied during the GAP analysis of our activities. The performed analysis serves us as a strategic tool for defining future capital investments and operational improvements.

One of the key findings of the conducted GAP analysis refers to the need to create a **detailed assessment of climate risks and vulnerabilities** in accordance with the technical requirements of the Taxonomy. The Group plans to initiate and finalise this analysis during the next reporting period, which will be the basis for achieving **alignment** status for a significant portion of our eligible activities. With this step, we will close the identified methodological gap and ensure that our capital investments and operational processes fully meet the high climate change resilience criteria prescribed by the EU Taxonomy.

The Group remains committed to the gradual alignment of its key processes with the technical standards of the EU Taxonomy, using the results of the GAP analysis as a road map to achieve full alignment in subsequent investment cycles.

Taxonomic alignment analysis procedure

After determining taxonomy-eligible activities, the responsible employees and teams of the Group continued with the alignment analysis as follows:

a. a check was carried out to see whether the identified taxonomy-eligible activities met the criteria for a substantial contribution to at least one of the six environmental objectives, and

b. it has been verified that the economic activities that meet the criterion of significant contribution do not significantly harm any other environmental objective (the DNSH criteria were analysed).

The Group's conclusion for all activities that are taxonomy-eligible is that none of them are taxonomy-aligned. The Group did not assess climate risks and sensitivity to physical climate risks during 2025, which is a criterion for not causing significant harm for climate change adaptation for all identified eligible activities. The aforementioned assessment is prescribed in Annex A to both delegated acts that prescribe technical screening criteria for environmental objectives.

Nevertheless, the Group studied the remaining technical screening criteria in order to develop a plan for future compliance and potential associated costs among other things.

Meeting minimum protective measures

Given that the Group does not currently implement procedures aligned with the requirements prescribed by the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, the criteria of Article 18 of the Taxonomy Regulation have not been met. This fact further affects the Group's ability to determine any of the taxonomy-eligible activities as taxonomy-aligned.

Description of the accounting policy and KPI calculation procedure, with an overview of the results for each KPI

Key performance indicators were calculated in accordance with the rules of the Delegated Act on Disclosures. Since the Group did not meet the criteria for taxonomic alignment in 2025, KPIs that relate only to identified taxonomy-eligible activities were calculated.

39.36% of income (30.4% in 2024), 46.64% of capital expenditures (39.8% in 2024) and 41.20% of operating expenditures (33.7% in 2024) refer to the taxonomy-eligible activities of the Group in 2025.

In 2025, a significant increase in the share of eligible economic activities (taxonomy-eligible) in all key performance indicators was recorded, which confirms the Group's strategic orientation towards sustainable activities. The share of 41.20% of eligible operating costs reflects more intensive maintenance and management of infrastructure that directly contributes to environmental objectives and the share of eligible investments of 46.64% means that almost half of all capital investments of the Group are directed to activities that the EU Taxonomy recognises as key to the green transition, thereby achieving the primary and supporting Strategic Objectives of the *Sustainability Strategy* in both the short and long term. A detailed, comparative overview for 2024 and 2025 is provided in Annex 18 a.

Key performance indicator related to business revenue

The Group's revenues related to the EU Taxonomy cover 15 eligible economic activities, the largest share of which falls under the objective of the transition to a circular economy (21% of taxonomy-eligible revenues) and the objective of climate change mitigation (15% of taxonomy-eligible revenues). Čistoća and Zagrebačke ceste branches contribute to the objective of transitioning to a circular economy. Čistoća branch and the VIO contribute to the objective of mitigating climate change to the greatest extent, while Zrinjevac and Zagrebačke ceste branches contribute to the objective to a lesser extent.

The numerator for the KPI of business income is defined through taxonomy-eligible and taxonomy-aligned business income, while the denominator is total business income, as defined by the regulation.

The source of data for business revenues that are taxonomy-eligible is data from the Group's Analytical Cost Accounting and this generally refers to business revenues that are associated with taxonomy-eligible activities.

Through the analysis of business income, individual costs related to each of the identified economic activities that are taxonomy-eligible are separated, thus ensuring the avoidance of double counting of income when allocating to the numerator. A detailed overview can be found in Annex 18 b.

Key performance indicator related to capital expenditures (KPI CAPEX)

The KPI of CAPEX in 2025 included 11 taxonomy-eligible activities that also mainly relate to the objective of climate change mitigation (41% of taxonomy-eligible CAPEX). The largest share related to climate change mitigation relates to the Čistoća branch and VIO.

The numerator for KPI CAPEX is defined as taxonomy-eligible and taxonomy-aligned investments, while the denominator refers to the Group's total investments, as defined by regulation.

The source of data for investments that are taxonomy-eligible are data from the analytical accounting of capital expenditures, i.e. investments of the Group. This refers to capital expenditures that are associated with taxonomy-eligible activities.

Through the analysis of investments, individual investments related to each of the identified economic activities that are taxonomy-eligible were singled out. An analytical approach to investments ensures that double counting of costs is avoided when allocating to the numerator. A detailed overview is provided in Annex 18 c.

Key performance indicator related to operating expenditures (KPI OPEX)

The KPI OPEX in 2025 included 15 taxonomy-eligible activities that primarily relate to the objectives of climate change mitigation and transition to a circular economy (19% of taxonomy-eligible OPEX), of which the majority of the amount relates to the operations of the VIO.

KPI of operating expenditures is defined as taxonomy-eligible and taxonomy-aligned operating expenditures in the numerator divided by the total operating expenditures as defined by the EU Taxonomy in the denominator.

The source of data for operating expenditures that are taxonomy-eligible is data from the Group's Analytical Cost Accounting, which generally refers to costs associated with taxonomy-eligible activities.

Through the analysis of business expenses, individual costs related to each of the identified economic activities that are taxonomy-eligible are separated, thus ensuring the avoidance of double counting of costs when allocating to the numerator. A detailed overview is provided in Annex 18 d.

4.2. Climate Change

(ESRS E1)

Climate change as a strategic priority

As a large Group with an intensive infrastructure, we monitor greenhouse gas emissions in all relevant ranges and link them to key business decisions for the year. Electrification of the vehicle fleet, increasing the share of renewable energy sources to more than 70% and projects such as massive tree planting are part of a package of measures that turns climate objectives into concrete results.

Sustainability Strategy and strategic measures (ESRS E1-2, E1-3, E1-4)

The Group's 2023–2028 Sustainability Strategy places climate change as one of its central strategic priorities, which is in line with the commitments in the Sustainability Bond (Objective #2). The objective is to increase the share of renewable electricity in total consumption and reduce dependence on fossil fuels through investments in renewable sources and energy efficiency. The Decarbonisation Plan is structured in three pillars of action and defines quantified emission reduction objectives until 2035: reduction of Scope 1 and Scope 2 emissions by 11% through the implementation of existing projects within the Sustainability Strategy; additional reduction of Scope 1 and Scope 2 emissions up to 38% by 2035 by expanding clean energy projects and energy efficiency measures; and reduction of Scope 3 emissions by 15% through measures in upstream and downstream activities of the value chain.

Objective #2 from the bond aims to achieve a 70% share of renewable electricity in total electricity consumption by 2028. To achieve the objectives, the following objectives have been defined: increasing the installed capacity for renewable energy, increasing the purchase of electricity from renewable sources and reducing our own electricity consumption. The Decarbonisation Plan was created as an operational elaboration of the Sustainability Strategy and constitutes the first phase of a comprehensive transition plan that covers both climate change mitigation and adaptation.

Objective #3 from the bond focuses on improving resource use efficiency through better water management, i.e. it implies reducing water losses (in relative percentage). The group has set a target of significant improvement by reducing water loss to 47% by 2028 (which in relative terms means an improvement of 15% compared to 2023 when the target was set) through infrastructure projects, network reconstruction and operational measures.

The water pumping, distribution, drainage and purification system represents the most energy-intensive segment of the Group's business, with a share of 65.01% in total electricity consumption. Given the significant energy intensity of these processes, our strategic objectives – increasing the share of energy from renewable sources (RES) and systematically reducing water losses – are directly aimed at optimising this key consumer.

By implementing measures to reduce losses in the network, we directly influence the reduction of pumping and distribution volumes, which consequently leads to significant electricity savings. At the same time, by integrating RES solutions, such as using biogas from the purification process, we decarbonise the energy profile of our water services, ensuring long-term resilience and reducing the Group's overall carbon footprint.

Climate objectives are integrated into the Group's operational business. As a manager of critical urban infrastructure, the Group is responsible for both climate change mitigation and adaptation to extreme weather conditions. The resilience of the

system is based on the diversification of energy sources, electrification of the vehicle fleet, maximisation of energy from waste (biogas, landfill gas) and transition to 100% green electricity procurement. Investments in renewable energy sources, energy efficiency and the circular economy are focused on activities that contribute to mitigating climate change in the sense of the EU Taxonomy Regulation. The Decarbonisation Plan represents the foundation for integrated climate risk management and adaptation of the business model to climate change in order to approach the objectives of the European Green Deal and the Paris Agreement. The objectives of the Decarbonisation Plan are detailed in Annex 6 and the strategic documents of the Republic of Croatia and the City of Zagreb related to climate change and in accordance with which the Group created its Decarbonisation Plan are in Annex 19.

Policies (ESRS E1-2)

The Group does not have a separate policy dedicated exclusively to climate change and has not adopted specific policies for managing the impacts, risks and opportunities associated with climate change. The climate change mitigation, energy efficiency and the use of renewable energy sources are covered by the Sustainability Policy, as well as the Quality Management and Environmental Protection Policy, while climate change adaptation is expected to be an explicit policy topic after the implementation of the climate scenario analysis and the adoption of the transition plan. At the same time, the Group operates within the framework of national and city strategic documents that define emission reduction objectives, including the National Development Strategy of the Republic of Croatia until 2030, the 2021–2030 Integrated National Energy and Climate Plan, the Climate Change Adaptation Strategy until 2040 and the Low-Carbon Development Strategy until 2030 with a view to 2050, as well as the 2021–2027 City of Zagreb Development Plan, the 2025–2028 Climate Change Mitigation Programme, the Green Urban Renewal Strategy and the Action Plan for Sustainable Energy Development. As a key provider of utility services, the Group directly contributes to the achievement of the above objectives with its projects in the areas of waste management, water resources, mobility and energy efficiency, whereby in 2021 the VIO adopted the Framework Programme of Activities for Improving Flood Risk Management in the Urban Area of the City of Zagreb through climate change adaptation measures.

Impact, risk and opportunity management (ESRS E1-3, ESRS 2 -IRO 1, E1-1)

The group recognised physical climate risks (especially those related to water resources and infrastructure) and, to a lesser extent, transition risks. During 2025, a public tender procedure was conducted to select a provider of professional services for the development of a scenario analysis. The conclusion of the contract and the start of the implementation of the climate risk analysis are expected in the second quarter of 2026. In 2025, the Decarbonisation Plan was drawn up and adopted as the first phase of the transition plan, with an in-depth analysis of Scope 3 emissions in the relevant categories of the value chain. Further activities include the creation of a comprehensive transition plan.

Scenario analysis will be carried out in accordance with IPCC recommendations and relevant EU climate scenarios. The results will be integrated into the risk management process, capital investment planning and periodic reporting to Management and Supervisory Bodies. Alongside mobilising financial and human resources, the Group implemented a series of concrete actions in the reporting period, with an emphasis on the electrification and modernisation of transport systems, the development of renewable sources and enhancing urban resilience. Program The "Green City" envisages planting at least 8,000 trees per year as a measure to adapt to heat waves and improve stormwater management. According to a document prepared by the Faculty of Agriculture, University of Zagreb *"Procjena uklanjanja ugljika uslijed sadnje drveća na području grada Zagreba" ("Assessment of carbon removal due to tree planting in the City of Zagreb")* three analyses of carbon removal scenarios through tree planting were made, taking into account the minimum, average and maximum values of carbon content in the biomass of trees grown in urban areas determined by a literature review. Depending on the value of the carbon content that trees can remove from the atmosphere with their biomass, it is estimated that the trees remove: scenario 1: 1,107.36 t, scenario 2: 2,520.48 t, scenario 3: 4,078.88 t of carbon over the lifetime of a lot of 8,000 trees. It is estimated that more than 10,000 tonnes of carbon have been removed through planting since the season of 2022/2023.

Measures and resources (ESRS E1-3)

The group invests intensively in the production and use of renewable electricity through solar power plants, biogas plants and utilisation of landfill gas. In the field of circular economy, the Group is implementing decarbonisation measures by integrating circular economy principles into the energy system. Key resources are focused on reducing dependence on fossil fuels, primarily through electricity generation at biogas plants, a wastewater treatment plant and a landfill gas utilisation system. With these measures, we directly replace fossil fuels with renewable sources from our own processes, thereby systematically and continuously reducing methane and CO2 emissions and increasing energy independence.

Solar power plant project (ESRS E1-3)

The project includes the installation of photovoltaic panels on properties owned by the Group in order to achieve energy and financial savings, whereby the Solar Energy Programme of the ZGH Group envisages the installation of 25 MW of solar power plants by 2035. The programme is described in detail in the *Management Report*, in the chapter *Business activities of the ZGH Group during 2025 by business/strategic areas*.

The photovoltaic systems installed so far at the Group's locations during 2025 produced 544.15 MWh of electricity, of which 397.94 MWh was consumed for own needs and 146.21 MWh was delivered to the electricity grid.

Landfill and biogas utilisation (ESRS E1-3)

In 2025, 7,631,378.44 m³ of biogas was produced through anaerobic digestion of sludge, which enabled the production of 16,168.07 MWh of electricity for the wastewater treatment plant's own needs. The significant increase in the volume of collected biogas in 2025 (**7,631,378 m³**) compared to 2024 (**2,889,200 m³**) is primarily the result of a change in the data coverage period. Namely, the wastewater treatment plant was integrated into the Group's operational boundaries at the beginning of **August 2024**, which means that the data for the previous year only covers five months of operation, while the data for 2025 represents a full annual cycle. Due to this structural change, a direct comparison of absolute values between the two years is not methodologically indicative. However, continuous biogas collection throughout 2025 confirms the stability of the sludge treatment process and the maximisation of the utilisation of the plant's energy potential as a key factor in increasing the Group's share of renewable energy.

At the Prudinec/Jakuševec landfill, 10,209,847 m³ of landfill gas was collected, from which 16,933.29 MWh of electricity was produced and delivered to the HEP system, while simultaneously preventing uncontrolled methane emissions into the atmosphere.

In the period from 2023 to 2025, a continuous trend of decreasing the volume of collected landfill gas was recorded, which fell from **16.7 million m³** in 2023 to **10.2 million m³** in 2025. This natural decline in the yield of the gas field directly affected electricity production, which decreased from **28.4 GWh** to **16.9 GWh** in the observed period. The aforementioned trend is the result of the gradual exhaustion of the energy potential of disposed waste, which confirms the need for further investments in new sources of renewable energy in order to compensate for the decline in production from this segment.

In 2025, 10.2 million m³ of gas was collected, which represents a 28% decrease compared to 2024 (14.2 million m³), while in 2024 the decrease was 15% compared to 2023 (16.7 million m³). Consequently, electricity production in 2025 amounted to 16.9 GWh, a decrease of 25% compared to 2024 (22.6 GWh), building on the 20% decline recorded in 2024 (28.4 GWh). This correlation confirms the stability of the system under conditions of reduced energy input.

Energy obtained from biogas and landfill gas is classified as renewable, while CO2 emissions from their combustion are reported within the biogenic footprint, in accordance with ESRS E1. CO2 emissions from biogas combustion and landfill gas are classified as biogenic and reported separately, clearly distinguishing the circular biological cycle from fossil emissions.

Energy consumption and combination of energy sources (ESRS E1-5)

The Group manages energy through a two-pronged model: maximising its own energy production from renewable sources and strategically purchasing green electricity from the grid. The total energy consumption of all 20 entities of the Group in 2025 was 242,425.61 MWh. Energy consumption from renewable sources amounted to 136,498.18 MWh, which accounts for 56.31% of total energy consumption, including energy from our own photovoltaic power plants, biogas, biomass (wood chips) and purchased electricity with guarantees of origin from green sources (98.5%). Energy consumption from non-renewable fossil sources amounted to 105,927.43 MWh (43.69%) and includes natural gas, heating oil, LPG, SPP, as well as diesel and petrol for transport and technological processes.

The Group does not use energy from direct nuclear sources, while a smaller share of energy from the standard distribution grid (below 1%) is treated according to the grid emission factors. In addition to its own consumption, the Group delivered 17,086.38[18] MWh of electricity from renewable sources to the electricity grid, primarily from landfill gas and partly from photovoltaic systems. When 17,086.38 MWh of delivered green energy is added to the consumption of 242,425.61 MWh, the Group covers approximately an additional 7% of its total energy balance through production for others, and if we were to add this production to our total energy portfolio, the energy intensity in relation to RES would increase from 56.31% to

18 A negligible amount of the remaining energy produced from solar panels, around 0.15%, was delivered to the additional grid (after being used for own needs), but due to the unavailability of data at the time of writing the report, it was not possible to include it in energy calculations.

63.35%. The share of energy from fossil sources would decrease from 43.69% to 36.65%. Detailed information can be found in Annex 20.

During 2025, the Group made progress in decarbonising the energy mix in total energy consumption despite an increase in total energy consumption of 6.7% (from 227,234 MWh to 242,426 MWh).

The key change is reflected in the strong increase in the share of energy from renewable sources (RES), which in 2025 amounted to 134,498 MWh, which represents an increase of 76.3% compared to the previous year (from 76,289 MWh to 134,498 MWh). At the same time, the total consumption of energy from fossil sources decreased by 29.8% (from 150,946 MWh to 105,927 MWh). With this step forward, the share of RES in the Group's total energy mix increased from 33.6% in 2024 to 55.5% in 2025.

Such a significant increase is a direct consequence of the full annual operating cycle of solar power plants, which were only partially operational in 2024. Namely, one solar power plant was put into operation only at the end of October 2024, while the other began operating in the spring of the same year, which resulted in only a minor contribution to the overall energy mix in 2024. In 2025, these systems were operational for all 12 months, including the summer period with the highest intensity of solar radiation, which corresponds to the Group's strategic focus on renewable energy sources and optimisation of operational processes. The dependence on fossil fuels was thereby reduced and the Group contributed to climate change mitigation objectives, as well as to fulfilling the Group's primary Strategic Objectives.

In addition to actual changes in the energy mix, the reported values were also influenced by the additional granularity of the data collection methodology. In 2025, a more elaborate monitoring and coverage system was implemented for all measurement points within the Group, which enabled a more precise distinction between fossil and renewable sources compared to the previous year. Therefore, part of the recorded trend is attributed to improved reporting discipline and greater data granularity, which has provided a more accurate basis for future comparative analyses.

By a decision of the Ministry of Economy, Gradska plinara Zagreb – Opskrba d.o.o. was determined as an energy efficiency measure obligor, with a savings obligation of 28,643,182 kWh for 2025, which was fully met through a combination of own and transferred savings, with the excess savings to be used in 2026. The Group monitors energy intensity per unit of services provided and per net revenue (for components in sectors with high climate impact), in accordance with ESRS E1, which allows for more precise efficiency management and setting of energy consumption reduction targets. Energy intensity is monitored in accordance with ESRS E1-5, which allows for determining the targeted energy efficiency measures.

In 2025, the Group certified its energy management system according to the ISO 50001 standard, further improving it through regular internal and external audits.

Energy intensity based on net income (ESRS E1-5)

The energy intensity of the Group's components operating in sectors that significantly affect the climate (Water Supply and Sewage, Gradska plinara Zagreb (GPZ) with its subsidiary City Gasworks Bjelovar (GPB), Gradska plinara Zagreb - Supplies (GPZ-O), City Pharmacies Zagreb (GLJZ) and the Company) is 0.3917 MWh / €1000. The calculation was made on the basis of the net income of the annual consolidated financial statements of the Group.

In the reporting period, a slight decrease in energy intensity was recorded from 0.3939 (in 2024) to 0.3917 MWh per unit of net income. This decreasing trend, despite the expansion of operating boundaries and the addition of new energy-demanding plants, indicates an improvement in the overall energy efficiency of the Group. The positive change is the result of process optimisation and an increase in the share of own energy production from renewable sources, which ensures the stability of consumption in relation to the achieved business result.

Greenhouse gas emissions (ESRS E1-6)

The Group reports greenhouse gas emissions in Scope 1, 2 and 3 using an operational control approach and in accordance with the GHG Protocol standard, ESRS E1 and the IPCC AR6 GWP factors. The reporting boundaries are aligned with the consolidated financial statements and include relevant upstream and downstream value chain emissions. Emissions are calculated using national emission factors issued by the Ministry of Economy and Sustainable Development, AIB electricity mix factors, international databases (DEFRA and Exiobase) and specific process factors in accordance with the IPCC AR6 GWP 100 methodology. In 2025, gross emissions amounted to 63,389.30 t CO2e for Scope 1, 19,141.00 t CO2e for Scope 2 (location-based method), i.e. 4,464.00 t CO2e (market-based method) and 929,221.15 t CO2e for Scope 3, which makes

a total of 997,064.15 t CO2e (Scope 1 + Scope 2 by market-based method + Scope 3). Biogenic CO2 emissions amounting to 61,482.76 tCO2e are reported separately, in accordance with the requirements of ESRS E1.

The Group calculates and reports greenhouse gas emissions in full compliance with the GHG Protocol and ESRS E1, using an operational control approach and reporting boundaries aligned with the consolidated financial statements. The inventory includes all material emissions from direct operations (Scope 1), purchased energy (Scope 2) and upstream and downstream value chains (Scope 3), with a clear distinction between fossil and biogenic emissions.

Table 9 – Total Group Scope

Emission category	Gross emissions (t CO2e)	Note
Scope 1 (fossil emissions)	63389.30	Direct emissions (fuels, processes, landfill)
Scope 2 (location-based method) **	19141.00	Average network intensity of the Republic of Croatia
Scope 2 (market-based method) **	4464.00	Guarantees of origin included (ZelEn)
Scope 3 (Value Chain) **	929221.15	Categories 1, 4, 5, 7, 8, 12 (without inv.)
TOTAL (Scope 1 + 2 market-based + 3)	997064.15	Total Group carbon footprint
TOTAL (Range 1 + 2 location-based + 3)	1011751.45	
Biogenic CO2 emissions	61,482.76 t CO2e	Separately reported emissions

Scope 1

Scope 1 includes all direct emissions from sources owned or under the operational control of the Group: stationary combustion in boiler houses and power plants, mobile combustion in vehicle fleets and machinery, process emissions from landfills and treatment plants, and fugitive emissions from cooling and degassing systems. Emissions are further separated into fossil and biogenic, in order to show the role of renewable fuels (biogas, biomass) and biological processes in the overall carbon profile.

Within Scope 1, process emissions from waste decomposition and water treatment represent the most significant source of emissions, which is typical of the municipal sector, while emissions from fuels used in transport and stationary plants reflect the intensity of operations. The high share of biogenic CO2 in Scope 1 indicates that a significant portion of our energy needs is met through renewable sources and that the carbon largely forms part of a circular biological cycle rather than an additional fossil burden on the atmosphere.

In the 2024 report, emissions from the disposal and treatment of waste generated through the Group's operations were reported under Scope 3. These emissions included landfill gas from waste disposed of at the landfill managed by the Company. This classification was applied because waste disposal at plot 6/3 had only recently begun in 2024, and methane generation from the disposed waste had not yet started. As a result, there were no direct emissions from the disposed waste during the reporting period.

In 2025, these emissions are reported under Scope 1 because the disposed waste has entered the early anaerobic phase, during which CO2 and CH4 are generated as direct emissions. During the first year, only aerobic decomposition (0–1 year) and initial anaerobic decomposition (1–3 years) occur. In these phases, methane is not generated in significant quantities and uncontrolled landfill gas emissions therefore do not occur.

For these reasons, the classification of these emissions under Scope 3 in 2024 was considered justified, as there were no conditions for direct emissions attributable to the operational control of the ZGH Group.

During 2025, landfill gas emissions from waste disposed of at the landfill managed by ZGH are reclassified to Scope 1 because the waste disposed of at plot 6/3 is entering its second year of disposal, i.e. the initial anaerobic phase (1–3 years), and transitioning into the acidogenic phase (3–5 years), during which early methane generation begins and the processes gradually transition into phases leading to methanogenesis. As the plot is not yet connected to a permanent or temporary degassing system, the resulting emissions represent direct on-site emissions under the Company's operational control and are therefore classified under Scope 1 from 2025 in accordance with the GHG Protocol.

In addition, the increase in Scope 1 emissions during the reporting period is also attributable to the expansion of the organisation's operational boundaries following the integration of the wastewater treatment plant (CUPOVZ). The integration of this facility into the reporting system introduced specific process emissions associated with sludge treatment technology and open basins within the existing primary and secondary treatment stages.

Although the integration temporarily increased the overall carbon footprint, the system was designed in line with circular economy principles: the generated biogas is systematically collected and used as a renewable energy source for the plant's own electricity production. To further reduce residual emissions from open process units, the implementation of a tertiary treatment stage is planned. This will optimise the plant's environmental performance over the long term and contribute to the achievement of emission intensity reduction targets.

Table 10 – Scope 1 of the Group

Serial Number	Emission source category	Emissions	Greenhouse effect CO2e in tonnes	Biogenic CO2 in tonnes
1.	Stationary combustion	Fossil emissions	8,051.58	
		Biogenic emissions	2,911.46	18,162.45
2.	Mobile combustion	Fossil emissions	12,697.25	
3.	Fugitive emissions	Fossil emissions	186.97	
		Biogenic emissions		271.07
4.	Process emissions	Fossil emissions	39,542.04	
		Biogenic emissions		43,049.25
	Total Scope 1 emissions		63,389.30	61,482.76

Scope 2

Scope 2 includes indirect emissions associated with the generation of purchased electricity, heat and steam used by the Group in its facilities and processes. Emissions were calculated using both the location-based method (based on the average grid mix in the Republic of Croatia) and the market-based method (based on actual contracts and guarantees of origin), highlighting the difference between the "theoretical" and actual carbon footprint of purchased energy.

Within Scope 2, the Group has achieved its greatest progress in decarbonisation: almost all electricity consumption is covered by guarantees of origin from renewable sources, resulting in a very low actual (market-based) carbon footprint from electricity compared to the national average. As a result, Scope 2 represents only a marginal share of the total carbon footprint, confirming green procurement as one of the most effective tools for rapidly reducing emissions.

Table 11 – Scope 2 of the Group

Type of energy	Consumption kWh	Consumption MWh	Percentage of green energy from the certificate	Total consumption of green energy in MWh	The remaining electricity consumed in MWh	Market-based method of total emissions CO2 (tonnes)	Location-based method of total emissions CO2 (tonnes)
Total 100% green energy	78,725,363	78,725	100%	78,725	0	0	10,315
Partially green energy	40,440,962	40,441	95.64%	39,304	1,137	652	5,299
Non-green electricity	648,089	648	0%	0	648	371	85
Total electricity	119,814,414	119,814		118,029	1,785	1,023	15,699
Total thermal energy	7,377,755	7,378	0%	0	0	1,588	1,588
Total pair:	8,606,338	8,606	0%	0	0	1,853	1,853
Total Scope 2	**135,798,507**	**135,799**		**118,029**	**1,785**	**4,464**	**19,141**

During the reporting period, Scope 2 location-based emissions increased by 18% compared to 2024 (from 16,230 tCO2e to 19,141 tCO2e), primarily as a result of higher overall electricity consumption following the expansion of the Group's operational boundaries through the integration of wastewater treatment plants. However, under the market-based method, which reflects our strategic decision to procure electricity from renewable sources (green energy), emissions decreased by 42% compared to the previous year (from 7,733 tCO2e to 4,464 tCO2e).

This significant difference between the location-based and market-based results confirms the effectiveness of our decarbonisation policy. By continuously sourcing electricity from certified renewable energy suppliers, the Group has successfully mitigated the impact of expanding operational activities on its climate targets, reducing the actual carbon footprint of purchased energy despite the overall increase in the system's energy demand.

Scope 3

Scope 3 covers other material indirect emissions across the upstream and downstream value chain, including emissions from purchased goods and services, capital goods, upstream fuel- and energy-related activities, waste generated in operations, employee commuting and business travel, as well as downstream emissions from the use of sold products and the end-of-life treatment of sold products. The calculations are based on a combination of activity-based and spend-based methods using internationally recognised emission factor databases.

Scope 3 emissions are dominated by emissions from the end use of sold natural gas by customers, while upstream emissions associated with capital investments, procurement and fuels represent the second most significant category. Scope 3 therefore clearly demonstrates the Group's role as a key energy supplier and highlights that future emission reductions will require cooperation with suppliers (through greener procurement and low-carbon equipment) as well as support for end users in improving energy efficiency and transitioning to low-carbon energy sources.

Table 12 – Scope 3 of the Group

Serial No	Stream	Category Scope 3	Name	Total emissions CO2e (t)
1	Upstream	Category 1	Purchased goods and services	12,834.812
2	Upstream	Category 2	Capital goods	25,052.566
3	Upstream	Category 3	Fuel- and Energy-Related Activities (FERA)	13,133.279
4	Upstream	Category 4	Upstream transport and distribution	0.000
5	Upstream	Category 5	Waste generated in operations (own production waste)	1,064.492
6	Upstream	Category 6	Business trips	11.733
7	Upstream	Category 7	Workers' commute	1,804.062
8	Upstream	Category 8	Upstream lease of business premises	0.000
9	Downstream	Category 9	Downstream transport and distribution	0.000
10	Downstream	Category 10	Processing of sold products	0.000
11	Downstream	Category 11	Use of sold products	875,074.879
12	Downstream	Category 12	End-of-life treatment of sold products	245.324
13	Downstream	Category 13	Downstream leased assets	0.000
14	Downstream	Category 14	Franchise agreements	0.000
15	Downstream	Category 15	Investments in other companies	0.000
Total Scope 3 emissions				929,221.147

*Table 13 – Comparison of scope in 2024 and 2025**

	EMISSIONS FOR 2024 REPORT			EMISSIONS FOR 2025 REPORT				
	Tonnes of CO2e	% in total emissions		Tonnes of CO2e		Biogenic CO2	% in total emissions	
		Market	Locatio	Market	Location		Market	Location
Scope 1 - direct emissions	18,526.40	2.52%	2.49%	63,389.30	63,389.30	61,482.76	6.36%	6.27%
Scope 2 - indirect emissions (location-based)	16,229.67		2.18%		19,141.00			1.89%
Scope 2 - indirect emissions (market-based)	7,732.67	1.05%		4,464.00			0.45%	
Scope 3 - Value Chain Emissions 1. Purchased Goods and Services	0.00				12,834.81			1.27%
Scope 3 - Value Chain Emissions 2. Investments	0.00				25,052.57			2.48%
Scope 3 - Value Chain Emissions 3. Fuel- and Energy-Related Activities (FERA)	0.00				13,133.28			1.30%
Scope 3 - Value Chain Emissions 5. Waste Generated During Business Operations	3,944.12	0.54%	0.53%		1,064.49			0.11%
Scope 3 - Value Chain Emissions 6. Business Trips	0.00				11.73			0.001%
Scope 3 - Value Chain Emissions 7. Worker's Commute	3,751.62	0.51%	0.50%		1,804.06			0.18%
Scope 3 - Value Chain Emissions 11 Use of sold products	700,767.94	95.38%	94.29%		875,074.88			86.49%
Scope 3 - Value Chain Emissions 12 LCA sold products	0.00				245.32			0.02%
Total Scope 3 Emissions	708,463.69	96.43%	95.32%	929,211.15	929,221.15		93.19%	91.84%
Total emissions of greenhouse gases (location-based)	743,219.76		100.00%		1,011,751.45	61,482.76		100.00%
Total greenhouse gas emissions (market-based)	734,722.76	100.00%		997,064.45			100.00%	

** Current year data is not directly comparable with the previous year due to the significant expansion of Scope 3 category coverage.*

In the current reporting year, the Group made a significant step forward in Scope 3 emissions reporting by analysing all 15 categories under the GHG Protocol for the first time. Through a detailed assessment process, 8 relevant categories (1, 2, 3, 5, 6, 7, 11 and 12) were identified, for which calculations were performed using the best available data and methodological approximations.

As a result of these improvements, part of the information published in 2025 was not collected in 2024 in a comparable manner (i.e. with the same scope, level of detail and reporting boundaries). In accordance with ESRS 1, paragraph 85, it was not practicable to retrospectively reconstruct comparative data for 2024 for certain indicators in a way that would ensure comparability with 2025 without relying on extensive estimates and assumptions that could reduce the reliability of the disclosures. Accordingly, comparative information for these indicators has not been disclosed and Table 13 clearly identifies which data are unavailable or incomplete. The Group will continue to strengthen its data collection and consolidation system in future reporting periods in order to improve the availability and comparability of information over time.

This comprehensive approach marks the beginning of a systematic assessment of our value chain. Although some calculations are currently based on conservative estimates due to the limited availability of primary data, the Group is committed to continuously improving data accuracy. In future periods, we plan to further strengthen cooperation with partners and suppliers in order to obtain more specific data, which will provide more detailed insight into our indirect impacts and enhance the reliability of reporting year over year.

The increase in total Scope 3 emissions during the reporting period is primarily attributable to the redefinition of reporting boundaries and the application of a more comprehensive methodology in accordance with the requirements of ESRS E1. This approach ensures a high level of value chain transparency and provides a comprehensive basis for monitoring future decarbonisation targets, despite the apparent increase in absolute emissions resulting from more accurate data coverage.

During the reporting period, the methodology for calculating Scope 3 emissions in the employee commuting category was refined through the introduction of more precise emission factors by fuel type, as well as the application of a carpooling factor and an adjusted working-day basis. As a result of applying this improved conservative estimate across the entire workforce, the current-year data reflects a more realistic representation of the carbon footprint compared to previous periods, although it still relies on a limited sample derived from last year's survey. In the coming period, we plan to conduct a more comprehensive survey in order to obtain even more accurate and reliable data.

The increase in Scope 3 emissions in the Use of Sold Products category is the result of the combined effect of meteorological conditions and improvements in the calculation methodology. Due to colder-than-average weather conditions, natural gas sales increased by 339,625,396 kWh compared to the previous year, which was the primary driver of the emissions increase. In addition, a more conservative and accurate emission factor was applied in the current year in accordance with relevant international standards (GHG Protocol), ensuring a higher level of reporting accuracy and a more systematic calculation and monitoring methodology compared to previous periods.

The consistent application of the GHG Protocol and ESRS methodology, the coverage of all three scopes and the separate reporting of biogenic and fossil carbon emissions ensure that the Group's emissions inventory is methodologically robust and comparable. The emissions profile shows that direct (Scope 1) and energy-related (Scope 2) emissions are relatively limited due to the use of renewable fuels and green electricity procurement, while the majority of total emissions are concentrated in Scope 3, primarily from the use of sold gas. This confirms that the Group has already achieved a high level of decarbonisation within its own operations and that the next phase of the transition will focus on the value chain through investments, procurement and partnerships with energy users.

Greenhouse gas intensity based on net income (ESRS E1-6)

The total greenhouse gas intensity for all Group entities was calculated on the basis of net revenue reported in the Group's consolidated annual financial statements, using both location-based and market-based total emissions.

Total greenhouse gas emissions (location-based)	1.6644 tCO2 / €1,000
Total greenhouse gas emissions (market-based)	1.6403 tCO2 / €1,000

The increase in carbon intensity recorded in 2025 compared to 2024 (location-based: 0.88; market-based: 0.87) is primarily attributable to improvements in the data collection methodology and the expansion of the reporting scope, rather than to an actual change in the Group's operational efficiency.

In the current year, a detailed analysis of all emission sources was carried out, resulting in the following changes:

- Comprehensive Scope 3: all relevant value chain categories are now included, whereas the previous year was based on a limited data sample.
- Accuracy of Scope 1: The calculation methodology was enhanced through the inclusion of process, fugitive, stationary fossil and biogenic emissions, providing a more complete picture of direct impacts.
- Expansion of operational boundaries: The integration of the wastewater treatment system significantly affected the overall emissions profile due to the specific nature of the process emissions associated with that facility.

Accordingly, the 2025 data represent a realistic baseline with a maximum level of transparency. Although the nominal values indicate an increase, the difference between location-based and market-based intensity continues to confirm the positive impact of our green energy procurement strategy, while the improved reporting coverage enables more realistic monitoring of decarbonisation progress in future periods.

Greenhouse gas removal and mitigation projects (ESRS E1-7)

The Group contributes to carbon sequestration through nature-based solutions by systematically managing urban forests and green spaces. With a total of 132,798 trees and the annual planting of at least 8,000 new trees, the Group creates significant biological assets that continuously absorb CO2 from the urban environment and support the long-term achievement of emission reduction targets.

Although the amount of carbon sequestered is not currently quantified for the purposes of carbon credit trading, these green areas and plantations represent a strategic capacity for future climate compliance needs. The Group currently does not use carbon credits or offsetting mechanisms to compensate for its own emissions, instead prioritising the direct reduction of Scope 1 and Scope 2 emissions through the energy transition and its own renewable energy production.

Internal carbon pricing (ESRS E1-8)

The Group applies elements of internal carbon pricing within its capital investment decision-making process, although a formal fixed carbon price expressed in euros per tonne of CO2 has not yet been established. Return on investment (ROI) analyses for key investments, particularly for the fleet of 1,521 vehicles, take into account not only the initial acquisition cost but also the expected emission reductions and lower future environmental and carbon-related costs. Although the internal carbon price is not currently disclosed quantitatively, it is applied as a criterion in the evaluation of key investments.

This approach discourages investments in high-emission technologies (such as conventional diesel engines) and promotes low-carbon solutions, including electric vehicles, heat pumps and photovoltaic systems. In practice, the internal “carbon price” is reflected in the Group’s willingness to accept higher upfront investment costs in recognition of the long-term financial benefits of lower emissions, reduced operating costs and improved regulatory compliance.

Financial impacts of climate risks and opportunities (ESRS E1-9)

The Group recognises that climate change has both direct and indirect financial impacts through physical risks, transition risks and related opportunities. Physical risks primarily include the increasing frequency of extreme precipitation and flooding events that may damage utility and transport infrastructure. In response, the Group invests in blue-green infrastructure, including approximately 1,140 hectares of green areas that function as natural retention and urban cooling systems.

Transition risks relate to the potential introduction of carbon taxes, stricter emission standards for fossil fuel vehicles and other regulatory requirements. The Group proactively addresses these risks through the partial electrification of its passenger vehicle fleet and the expansion of its own renewable energy generation capacity. Through the production of 17,086 MWh of electricity from renewable sources, the Group reduces its exposure to energy market price volatility, strengthens energy independence and creates opportunities for additional revenue generation while reinforcing its role in the green transition.

4.3. Pollution

(ESRS E2)

Clean air, water and soil are essential to quality of life

As a manager of critical infrastructure, we have a direct impact on the quality of air, water and soil, while processing thousands of tonnes of waste and wastewater each year. Through plant modernisation and strict monitoring, we reduce emissions arising from our operations and waste management activities. Environmental protection policies, together with the inclusion of pollution-related topics in the double materiality and risk assessment process, ensure that every investment takes into account the preservation of environmental quality and quality of life.

Reducing pollution for a healthier city

Air, soil and water pollution related to municipal services directly affects residents' health and the quality of the urban environment, which is why reducing pollutant emissions is a key part of the Group's responsibility. The Group continuously modernises its facilities, fleet, as well as waste and wastewater treatment processes, while strengthening emissions monitoring and control in order to reduce local pollution and ensure compliance with the strictest environmental standards.

The Group manages pollution-related issues through a system covering emissions to air, water and soil, the use of chemicals and other substances of concern, and operational risks associated with landfills, wastewater treatment plants, water supply and gas distribution. This approach is based on preventive action, pollution prevention at source, regular monitoring and compliance with environmental and water management permits. In addition, the Group continuously conducts noise level measurements at its operational sites to ensure compliance with prescribed limit values and minimise the impact of operational activities on the local community and working environment.

The most sensitive areas within the Group include the Prudinec/Jakuševec landfill, the public drainage and wastewater treatment system, landfill gas and biogas power plants, as well as processes involving disinfectants and process chemicals. These locations and activities determine the Group's monitoring, investment and mitigation priorities.

Policies and measures (ESRS E2-1)

In the area of water management, the Group continuously monitors the quality of discharged water and optimises the operation of treatment plants. In the area of air protection, measures are implemented to reduce emissions from energy and production processes, including filtration, dedusting, equipment maintenance and combustion control. Chemical management policies focus on the safe storage, handling and dosing of hazardous substances, as well as reducing the risk of accidental releases.

During the reporting period, investments continued in the optimisation of treatment systems, leachate management, filtration systems and landfill degassing, while a tertiary treatment stage is being planned to further reduce nitrogen and phosphorus loads. Given the scale of the system managed by the Group, even relatively small technological improvements can have a measurable environmental impact.

Although the Group has not adopted a standalone pollution management policy, relevant activities are covered by the Quality Management and Environmental Protection Policy and by the operational procedures governing the operation of the landfill and the Zagreb-East Central Wastewater Treatment Plant (hereinafter: CUPOVZ; VIO).

Air pollution (ESRS E2-4)

Jakuševec/Prudinec landfill

An automatic continuous air quality monitoring station has been established at the landfill, measuring concentrations of H2S, NH3, PM10 and mercaptans, as well as meteorological parameters. In 2025, the City of Zagreb also carried out additional measurements in surrounding residential areas. Pollution reduction measures include continuous air quality monitoring; capture and utilisation of landfill gas in cogeneration systems (thereby reducing uncontrolled methane and H2S emissions); covering landfill waste to reduce air emissions; and the use of sprinklers and watering of unpaved surfaces for dust control.

The total mass of air emissions amounted to 22,642.37 tonnes, of which 22,551.36 t (99.60%) was CO2, 84.42 t (0.37%) NO2, 4.29 t (0.02%) CO, and 2.30 t (0.01%) particulate matter (PM), clearly indicating that the Group's emissions profile is predominantly linked to energy combustion processes.

Compared to the previous year, CO2 emissions increased from 18,599 t to 22,551.36 t, while NO2 emissions increased from 63.62 t to 84.42 t. At the same time, PM emissions decreased from 2.64 t to 2.30 t. This trend reflects a larger operational scope and increased energy activity within the system, while also demonstrating the continued effectiveness of filtration and process-control measures, with all measured values remaining within the prescribed emission limit values.

Čistoća operates a gas treatment plant (consisting of four engines and three flares) where landfill gas is processed and regularly monitored for air emissions. All measured values comply with the limits prescribed by the legislation of the Republic of Croatia and Directive 2010/75/EU on industrial emissions.

A detailed overview of the Group's air emissions by pollutant type for 2024 and 2025 is presented in Annexes 21a and 21b.

Water pollution (ESRS E2-4)

Water purification

CUPOVZ: During 2025, VIO monitored wastewater quality at both the inlet and outlet of the treatment plant, alongside regular reporting on emissions to water. During the reporting period, 127 million m³ of treated water was discharged into the receiving body, 52 thousand tonnes of sludge were generated and the total pollutant load amounted to 35.7 thousand tonnes of COD, 13.6 thousand tonnes of BOD5, 2.9 thousand tonnes of total nitrogen and 305 tonnes of total phosphorus. These figures confirm that the Group manages a system with a very high hydraulic and environmental load, where treatment efficiency is essential for preserving the quality of receiving waters.

According to KI-V data, the total pollution load of the Group following the treatment process amounted to 34,232.67 t. The largest share consisted of chlorides at 11,631.50 t (33.98%) and sulphates at 6,300.15 t (18.40%), meaning that these two groups of substances together accounted for 52.38% of the total load. COD amounted to 4,475.69 t, BOD5 to 1,500.36 t, total nitrogen to 2,957.04 t, nitrates to 2,212.29 t, and oils and fats to 1,235.23 t. Detailed data for 2025 are presented in Annex 22.

Emissions to air and water during the reporting period remained within the prescribed emission limit values and complied with the conditions set out in environmental and water management permits. This confirms that, despite managing very large volumes of water, sludge, emissions and chemicals, the Group maintains control and treatment systems at a level that ensures regulatory compliance. The most significant environmental impacts continue to be associated with the Prudinec-Jakuševec landfill, the wastewater treatment system and operations involving large quantities of water and chemicals, such as water supply activities.

Data on wastewater discharges for 2025, based on KI-V forms from the Environmental Pollution Register (hrv. Registar onečišćavanja okoliša, ROO), are methodologically not comparable with 2024 data due to structural changes in the reporting scope. As the wastewater treatment system was integrated into the Group's operational boundaries on 4 August 2024, the prior-year data covers only an incomplete five-month reporting period. By contrast, the 2025 data reflect the plant operating at full annual capacity. Due to this difference in reporting periods, 2025 has been established as the new baseline year for monitoring wastewater discharge trends, ensuring the accuracy and transparency of future comparative analyses in accordance with ESRS standards.

Water used in operations

In the Group's activities reported through PI-V data, the total pollution load amounted to 317.44 tonnes. Within this structure, COD was the dominant parameter, accounting for 222.69 t or 70.15% of the total load, while BOD5 amounted to 43.90 t or 13.83%, and suspended solids to 18.38 t or 5.79%, confirming that the technological wastewater has a predominantly organic composition. Details are provided in Annexes 23a and 23b.

In addition, emissions of total nitrogen amounting to 6.36 t, phosphorus 0.67 t, chlorides 12.97 t, sulphates 3.66 t, oils and greases 3.44 t and iron 1.04 t were also recorded. This demonstrates that comprehensive analytical monitoring of discharge composition is carried out within this segment as well.

The differences identified in the PI-V forms between 2024 and 2025 are the result of improvements in the Group's data

collection and consolidation processes. During the current year, a more detailed audit of all reporting units was conducted, enabling a higher level of precision and granularity in monitoring released substances.

As the 2025 data was collected using stricter coverage controls and greater methodological consistency across entities, it has been established as a new and reliable baseline for future comparisons. Direct comparison with data from the previous year for individual substances is not methodologically meaningful, as the differences primarily reflect improved administrative accuracy in reporting rather than changes in the technological processes of operational units.

Leachate

Landfill leachate represents one of the most significant aspects of soil and groundwater protection. During the reporting period, 81,732 m³ of leachate was generated, while 122,000 litres of ethanol were used in the treatment process as an external carbon source for denitrification. An emergency pumping system has been established at the landfill to control groundwater pollution. During 2025, no exceedances of surface water limit values or spread of pollution beyond the landfill impact zone were recorded.

These data demonstrate that environmental protection at the landfill relies not only on water collection and retention, but also on an active technological treatment process that stabilises effluent composition prior to further processing. This reduces the risk of pollutants entering soil and groundwater.

In the current reporting year, the Group implemented a more precise methodology for recording specific water flows, including leachate, which had not been systematically reported or consolidated in the previous year. Accordingly, the 2025 data represent the first complete disclosure of this indicator, while comparative information for 2024 has been omitted due to the absence of comparable records.

Chemicals (ESRS E2-5)

In 2025, the water supply system consumed 30,250 kg of liquid chlorine, 528 kg of sodium hypochlorite and 6,099 kg each of hydrochloric acid and sodium chlorite for the in-situ production of chlorine dioxide. This structure shows that chlorine remains the primary disinfectant, while safer treatment models are gradually being introduced through on-site production of the active substance.

In wastewater treatment processes, the total consumption of key technological chemicals amounted to 2,408.24 t, of which 1,540.38 t related to quicklime, 584.36 t to FeCl3, 63.12 t to PAC and 198.41 t to polymers used for sludge treatment and dewatering. This confirms the importance of chemicals for sludge stabilisation, phosphorus removal, solids separation and the overall efficiency of the treatment system.

Systematic reporting on chemical consumption in water pumping, conditioning and treatment processes was introduced as standard practice only in 2025. Due to improvements in the centralised material input data collection system, the current-year data represents the first complete Group-level record of this indicator. Accordingly, comparative data for 2024 is not available and 2025 has been established as the baseline year for future monitoring of environmental efficiency and optimisation of reagent consumption within the water supply system.

Gas and energy

The management of landfill gas and biogas plays an important role in reducing emissions and improving resource efficiency. In 2024, 14.2 million m³ of landfill gas was collected at the Jakuševec landfill, generating 22.6 GWh of electricity, while in 2025, 10.3 million m³ of landfill gas was collected, generating 16.9 GWh of electricity. At the CUPOVZ wastewater treatment plant, an additional 7.6 million m³ of biogas was collected, producing 16.2 GWh of electricity for the plant's own consumption. This simultaneously reduces methane emissions into the environment and increases the system's energy self-sufficiency.

Compared to the previous year, the landfill recorded a 28% decrease in collected gas volumes and a 25% decrease in electricity generation, which is a direct consequence of the natural decline in landfill gas yield. Conversely, the significant increase in the total volume of collected biogas at the Group level in 2025 reflects the fact that the 2024 data covered only the period following the plant's integration in August, whereas 2025 represents the first full annual reporting cycle. This data relationship confirms process stability and the maximum utilisation of biogas energy potential, compensating for the natural decline in landfill gas production while strengthening the system's overall energy self-sufficiency.

Soil pollution (ESRS E2-4)

The Group currently does not conduct regular monitoring of soil contamination at its locations, except at the Jakuševec/Prudinec landfill, where soil contamination risk is an inherent consequence of waste disposal activities. The landfill is equipped with a soil protection system (geomembrane and clay lining) designed to prevent leachate infiltration into the soil. During 2025, no incidents of soil contamination outside the landfill area were recorded. The Group uses various chemicals in its operations, including disinfectants for water treatment (chlorine), flocculants and coagulants for wastewater treatment (polyelectrolytes, FeCl), laboratory chemicals for analysis, cleaning agents and detergents for maintenance, as well as fuels and lubricants for vehicles and machinery. All chemicals are used in accordance with applicable Croatian legislation and the REACH Regulation. The Group does not use substances from the SVHC (Substances of Very High Concern) list in significant quantities, except where required for laboratory analyses. Total emissions of substances of concern were not separately monitored in 2025, as the Group did not identify any significant use of such substances outside regulated activities already covered by sector-specific regulations.

Microplastics (ESRS E2-4)

The Group does not produce or directly release microplastics into the environment. However, the wastewater treatment plant receives wastewater that may contain microplastics originating from households and industrial sources. There is currently no regulatory requirement to monitor microplastics in wastewater and existing treatment technologies are not specifically designed for their removal. Recognising microplastics as a growing global challenge for aquatic ecosystems, VIO, in cooperation with the Croatian Institute of Public Health, is participating in a pilot project aimed at systematically assessing the presence of microplastics in water protection zones. The objective of the project is to establish a zero-pollution level at the source and ensure the long-term safety and high quality of water supplied to all users. On-site sampling and analysis are planned for early 2026.

4.4. Water

(ESRS E3)

> **Water as a key resource**
>
> We supply drinking water to a large number of users and manage an extensive water supply and sewerage network spanning thousands of kilometres, while also delivering a large number of new connections each year. As a result, water losses and service quality are matters of public interest. Network reconstruction, water loss reduction, new connections, increased drainage and treatment capacity, as well as major water infrastructure projects demonstrate that we manage water strategically, with clear objectives and measurable results.

Uloga vode u poslovanju

Within the Group, water resources are primarily associated with the VIO, which provides public water supply services in the cities of Zagreb, Samobor and Sveta Nedelja, and the Municipality of Stupnik, as well as public drainage services in the cities of Zagreb and Sveta Nedelja and the Municipality of Stupnik. VIO also supplies water to the company Vodoopskrba i odvodnja Zagrebačke županije d.o.o.

During 2025, the City of Jastrebarsko and the municipalities of Klinča Sela and Žumberak were integrated into the VIO water supply system, while the City of Samobor was integrated into the drainage system. VIO provides services to households and businesses, with its primary responsibility being the supply of safe and potable water through the optimal and sustainable management of natural, human and material resources within the authorised service area.

Due to this business profile, VIO is directly dependent on the availability and quality of groundwater and surface water resources, while also having a significant impact on water resources through water abstraction, distribution and discharge activities. At Group level, this creates both risks and opportunities, particularly with regard to supply stability, network losses, effluent quality and future regulatory requirements.

Risk and opportunity management (ESRS 2 - IRO-1 i ESRS E3-1)

In accordance with the Act on Water for Human Consumption, VIO implemented a Water Safety Plan (WSP) based on risk assessment, covering the entire urban area of the City of Zagreb. The WSP represents a proactive risk management approach encompassing the entire water supply system – from abstraction, treatment and distribution to end users – and is based on recommendations issued by the World Health Organization.

The Water Safety Plan assessed risks related to water abstraction, groundwater conditions, climate change, the presence of volatile halogenated hydrocarbons in raw water, infrastructure losses and extreme weather events. Based on these assessments, two key action areas were defined: reducing water losses and encouraging behavioural change among consumers towards water conservation, supported by planned investments in expanding abstraction capacity, infrastructure modernisation and technological innovation.

Water safety and quality (ESRS E3-1)

The Water Safety Plan is supported by prerequisite water safety programmes that ensure a high level of technical and hygienic safety across water supply facilities and infrastructure. The responsibilities and obligations of participants in the water supply process are clearly defined. Regular water sampling and analysis are carried out in accordance with applicable regulations (271,258 analyses and 10,492 samples), while findings and validation results relating to the water safety management system are regularly reported to the Company's Management Board and VIO management.

In addition to the Water Safety Plan, VIO has established a quality management system certified in accordance with ISO 9001 and the related Quality Policy, as well as a certified drinking water safety management system in accordance with ISO 22000. At Group level, water resource management is further governed by the *Sustainability Policy, the Quality Management and Environmental Protection Policy, and the Environmental, Health and Safety at Work Policy*.

Regulation and adaptation plans (ESRS E3-2)

Water abstraction is carried out in accordance with water management permits issued by Hrvatske vode for individual abstraction sites pursuant to the *Water Act* (Official Gazette 66/19, 84/21, 47/23), based on water research activities that include environmental requirements relating to resource renewability and determine the maximum permitted abstraction volumes. Water management policies, including the protection of water bodies and flood risk management, fall under the responsibility of Hrvatske vode, while the Group and VIO align their activities with this framework.

The Framework Programme of Activities for Improving Flood Risk Management in the Urban Area of the City of Zagreb addresses the assessment of urban flood risks, the impacts of climate change and the condition of infrastructure, while proposing technical, institutional and legislative adaptation measures. Special emphasis is placed on the important role of VIO as the operator of key water and utility infrastructure.

Strategic projects and investments (ESRS E3-2, ESRS E3-3)

At Group level, the Sustainability Strategy defines a primary strategic objective for VIO aimed at improving resource efficiency through enhanced water management, with a particular focus on reducing water losses. This objective is defined as Objective #3 and is described in more detail in the sections *Sustainability Strategy, Primary strategic objectives and Default indicators and goals related to sustainability*.

A key investment in this area is the EU Project Zagreb – a generational investment leap in water supply and sanitation infrastructure valued at approximately EUR 502 million, representing the largest project in the history of Zagreb and the largest city-wide EU-funded project. The project includes the establishment of a "zero" zone and upgrades to the Mala Mlaka pumping station, the construction of new pumping stations and the Šalata water reservoir, 25 km of new and reconstructed pipelines, 220 km of drainage networks, 28 pumping stations, overflow structures, retention basins and the upgrade of wastewater treatment plants to tertiary treatment level in accordance with EU directives. The aim is to reduce losses, failures and pollution risks, as described in detail in the *Management Report under Significant Business Events in 2025.*

Water abstraction and discharge (ESRS E3-1, ESRS E2-4)

VIO abstracts water from the Mala Mlaka, Sašnjak, Zapruđe, Petruševec, Žitnjak, Strmec and Bregana pumping stations, sourcing groundwater from the Zagreb Aquifer and water from the Samobor Hills catchment systems. All wells and water intakes are equipped with MID-certified flow meters, while abstraction volumes are monitored and analysed through the SCADA system.

At Group level, total water consumption amounted to 1.58 million m³, of which 1.54 million m³ originated from the municipal water supply system and 0.06 million m³ from other sources. The largest share of consumption relates to VIO (72.48%), while among subsidiaries the largest consumers were Zrinjevac with 103 thousand m³ (6.28%), Tržnice Zagreb with 99 thousand m³ (6.19%) and "Čistoća" with 60 thousand m³ (3.72%). Of the total volume consumed, 1.23 million m³ was used for operational purposes. Detailed data for 2024 and 2025 are presented in Annexes 24a and 24b.

The total volume of abstracted water at Group level amounted to 142.8 million m³, including 5.9 million m³ from springs, 125.5 million m³ from groundwater, 11.3 million m³ from other water supply systems and 0.13 million m³ of process water. At the same time, the total volume of treated water amounted to 127.48 million m³, while 64.65 million m³ was delivered to end users.

Compared to 2024, total Group-level water consumption increased by 12% (from 1.41 million m³ in 2024 to 1.58 million m³ in 2025). This increase trend primarily reflects the expansion of the Group's operational scope and more accurate consumption recording within newly integrated entities, while operational activities continue to account for the largest share of demand.

The amount of water abstracted from natural sources increased moderately by 5.5% compared to 2024 (135.4 million m³). The additional 7.4 million m³ abstracted correlates with increased system demand and new network connections, as well as variations in distribution network losses, which remain a focus area of our efficiency improvement measures.

A significant difference is visible in the treated wastewater category, where volumes decreased from 173.7 million m³ in 2024 to 127.5 million m³ in 2025. This nominal drop of 26% is primarily attributable to a combination of more precise measurements within the newly integrated treatment system and exceptionally favourable meteorological conditions. Lower precipitation levels and reduced inflow of surface water and streams into the combined drainage system directly affected the volume of water entering the treatment process, thereby reducing the system's energy load.

Compared to the previous reporting year, the Company significantly improved its water consumption data collection and monitoring system in order to comply with the new requirements of the ESRS E3 standard. The Company has applied the transitional relief provided under ESRS 1, paragraph 85, and therefore does not disclose comparative data for specific water consumption subcategories that were not monitored at the same level of detail in the previous year. Comparability has been maintained at the level of total water consumption, while full comparability across all subcategories will be ensured in future reporting periods.

Special locations and analyses (ESRS E3-1, ESRS E2-4)

VIO collects data on water volumes pumped through the emergency pumping system at the Prudinec/Jakuševec landfill from four wells (JZ-1, JZ-2, JZ-3 and JZ-4). Data on water capture and extraction at this location are used for reporting purposes for the Čistoća branch and for assessing the landfill's impact on groundwater.

The volume of water pumped through the landfill emergency pumping system in 2025 amounted to 5,463,104.2 m³, representing an increase of 38% compared to the previous year (3,954,783.3 m³). This increase primarily reflects more intensive system operation aimed at maintaining safe groundwater levels and ensuring the stability of the landfill body, which directly depends on hydrological conditions and fluctuations in aquifer levels at the specific site. As the emergency pumping system operates to protect the environment and prevent the spread of landfill impacts to surrounding waters, pumping operations in 2025 were adjusted to current hydraulic barrier maintenance requirements, ensuring maximum operational safety without changes to the management technology itself.

A large number of water analyses and samples are carried out at Group level, particularly within VIO, while additional water and ice analyses relate to other subsidiaries, primarily utility and market activities.

Financial effects (ESRS E3-4)

Detailed quantitative assessments of the financial impacts of material risks, opportunities, and impacts related to water resources have not yet been carried out. However, increased operating costs and additional capital investments are expected, particularly due to the need for infrastructure modernisation, water loss reduction, climate adaptation and compliance with European and national legislation.

In this context, water-related topics under ESRS E3 are material for the Group not only because of the scale of water flows and infrastructural complexity, but also because of the financial and regulatory implications of future investments and adaptation measures.

4.5. Biodiversity

(ESRS E4)

A city that lives together with nature

Biodiversity and healthy ecosystems form the foundation of a resilient city, particularly in the context of climate change, heatwaves and extreme precipitation events. By planting approximately 8,000 trees annually and maintaining extensive parkland and green areas, we contribute to Zagreb's resilience to heatwaves and urban pressures.

Biodiversity and ecosystems (ESRS 2 IRO-2)

Based on the double materiality assessment performed, biodiversity and ecosystems (ESRS E4) were not identified as material in relation to the Group's primary operational impacts. Nevertheless, the Group has decided to voluntarily disclose key information relating to this area, primarily due to its specific role in providing public services related to the maintenance of public green spaces. This disclosure ensures transparent reporting on the Group's environmental impacts regardless of formal materiality thresholds. Urban green space management, blue-green infrastructure and support for local biodiversity are integral elements of responsible municipal management and the city's resilience to climate change. Detailed biodiversity data are presented in Annex 25.

Biodiversity management policy (ESRS E4-1)

The Group's biodiversity policy is based on preserving and enhancing the urban ecosystem as a prerequisite for quality of life and the city's resilience to climate change. Activities are guided by the principle of "no net loss" of biodiversity, with a focus on achieving net gains through the revitalisation of degraded areas and support for local flora and fauna.

Green areas are treated not merely as decorative elements, but as part of green infrastructure that purifies the air, regulates temperature and provides habitats for local species. When planning new planting schemes, priority is given to native tree and plant species adapted to the local climate and the needs of pollinators.

Actions and resources (ESRS E4-2)

The Group manages public green spaces covering 1,140 hectares, equivalent to more than 11 million m² of urban greenery. Within this system, the Group maintains more than 132,000 trees, including approximately 204 km of tree-lined avenues, representing a significant contribution to climate change mitigation and the reduction of the urban heat island effect.

The annual planting of at least 8,000 trees during the autumn, winter and spring planting cycles ensures renewal and gradual expansion of tree stock, with a particular focus on species diversification. Parks implement an active policy prioritising native species and systematically controlling and removing invasive species such as Ailanthus altissima and ragweed, thereby protecting the integrity of local habitats.

We actively participate in the project *"LIFE OrnamentalIAS – Prevention and management of adverse impact of ornamental invasive alien plant species on endangered habitat types and species of EU importance"*, an international EU project in which we participate together with the Faculty of Agriculture of the University of Zagreb. The main objective of the project is to limit the spread of ornamental invasive alien species in nature through the development of black, orange and white lists of plant species, involving various professional disciplines in their preparation, establishing demonstration planting beds, preparing guidelines for the proper handling of potentially invasive species and developing a *Code of Conduct for Ornamental Invasive Alien Species*.

Zrinjevac records plant species in the Greenery Cadastre based on actual field conditions (absolute abundance) rather than estimates derived from sampling smaller areas. A more detailed analysis of plant species is presented in Annex 26 – *Overview of Vegetation Biodiversity Maintained by Zrinjevac According to the Greenery Cadastre*.

Support for pollinators and blue-green infrastructure (ESRS E4-3)

The Group has developed a practice of leaving sections of lawns to flower naturally, thereby creating a mosaic of flower meadows and "green corridors" for bees and other pollinators throughout the city. This approach, combined with the strictly controlled and minimal use of plant protection products, ensures food sources and habitats for pollinators in urban environments.

The Group manages 10,326,134 m² of lawns and 64,991 m² of seasonal and perennial flower beds, including more than 70,000 roses, all of which serve both aesthetic and ecological functions. Through the expansion of blue-green infrastructure, including perennial flower beds and shrubs (approximately half a million shrubs), stormwater infiltration is improved, surface runoff reduced and a more stable urban ecosystem created.

Seedling production and ecosystem resilience (ESRS E4-3)

The Group's own production of plant material in nurseries, amounting to approximately half a million shrubs and seasonal flowers annually, enables full control over the quality and origin of species introduced into urban areas. This reduces the risk of introducing foreign pathogens into the urban ecosystem and ensures a high level of phytosanitary safety for plant material.

Within the tree-lined avenues, which include 28,517 trees, the objective is to further increase biodiversity in order to reduce disease risk and improve resilience to drought and climate extremes. Such diversification reduces dependence on individual vulnerable species and increases the resilience of the urban ecosystem to future pressures.

Education and awareness (ESRS E4-3)

Through the organisation of the Floraart international exhibition, which traditionally attracts a large number of visitors, the Group plays the role of a regional educator in the field of horticulture and urban greenery. Floraart serves as a platform for promoting horticultural excellence and raising public awareness of the importance of biodiversity, responsible use of plant species and coexistence with nature within urban environments.

Such activities go beyond the strict requirements of ESRS E4, but are essential for the long-term recognition of biodiversity as an integral part of quality of life in cities. In this way, biodiversity is connected not only to physical space, but also to the educational and cultural dimensions of the Group's activities.

Blue corridors and water-dependent ecosystems

Through the maintenance of water supply and drainage systems, the Group ensures that its operations do not disrupt the natural flows of groundwater and surface water, thereby protecting water-dependent ecosystems located near water sources and receiving waters. Although the primary purpose of these systems is to ensure security of supply and water protection, their stable operation also supports the ecological functions of blue corridors.

Together with green space management, this forms the basis of blue-green infrastructure that mitigates urban heat island effects, helps retain soil moisture and provides habitats for local flora and fauna within urban environments. In this way, the Group indirectly supports biodiversity conservation through its core utility operations.

4.6. Resource use and circular economy

(ESRS E5)

Resources and the circular economy as the foundation of transition

Efficient resource use and the transition from linear to circular models are essential for reducing waste, emissions and dependence on imported raw materials. Each year, we manage large quantities of municipal and other waste, while increasing the share of separately collected waste and recycling, thereby directly reducing environmental pressure and system costs. The Action Plan for Improving Waste Management, the development of infrastructure including the Waste Management Centre currently under construction and the implementation of 4R approach measures demonstrate our increasing ability to transform waste into inputs for new value streams.

Circular economy and resources

The Group is systematically transitioning from a linear "take-make-dispose" model towards closed material loops in key activities such as road construction, post-earthquake reconstruction, green waste management and gas metering equipment

management. Resource management is based on three pillars: extending the lifespan of existing equipment and infrastructure, recovering materials into secondary raw materials and substituting virgin raw materials with recycled materials wherever technical specifications permit. Circular models are primarily applied in areas with the largest material flows, including asphalt mixtures, construction materials, biological materials and gas system metering equipment. This simultaneously reduces pressure on natural resources, decreases waste volumes and lowers the Group's overall environmental footprint.

Policies and objectives (ESRS E5-1, ESRS E5-3)

The Group's circular economy policies are aimed at maximising resource recovery and reuse while reducing the share of virgin materials in total material inputs. At the objective level, the focus is on maximising the use of recycled materials in asphalt production, ensuring full recovery of green waste and systematically extending the lifespan of metering equipment through industrial refurbishment.

An additional strategic objective is the gradual digitalisation of material flows, including the development of digital material passports to facilitate the monitoring of recycling cycles within the Group. In this way, the circular economy is integrated into the broader framework of risk management, opportunity management and resource efficiency.

Waste (ESRS E5-4)

Given the identified impacts, risks and opportunities, data relating to the Group's waste management activities is considered material. In this context, the Group distinguishes between: waste generated within the Group, including all subsidiaries, dependent companies, and institutions; waste collected by the Group (Čistoća); municipal waste collected from citizens through public waste collection services, mobile recycling yards and fixed recycling centres; and recovered waste managed by the subsidiaries Čistoća, Zrinjevac and Zagrebačke ceste.

Table 14 - Total waste collected and processed

Information on the Group's waste in tonnes	2025			2024		
	Company	Subsidiaries	Total Group	Company	Subsidiaries	Total Group
Total quantity generated non-hazardous waste	173,623.10	186.92	173,810.02	159,764.52	325.32	160,089.84
Total quantity generated hazardous waste	561.66	22.61	584.27	810.42	41.19	851.60
Total quantity of waste generated (NO and eONTO forms)	174,184.76	209.53	174,394.29	160,574.94	366.51	160,941.45
Total quantity of recovered waste	158,768.74	187.28	158,956.02	152,793.46	233.12	153,026.57
Total quantity of waste disposed of	15,416.02	22.25	15,438.27	7,781.48	133.39	7,914.87
Total quantity of recovered and disposed waste	174,184.76	209.53	174,394.29	160,574.94	366.51	160,941.45
Total quantity of waste collected – ROO form SO-1 public service	237,986.74	N/A	237,986.74	233,127.24	N/A	233,127.24
Total quantity of waste collected – ROO form SO-2 waste collected	64,846.83	N/A	64,846.83	56,960.71	N/A	56,960.71
Total quantity of waste collected – ROO form SO-3-1 mobile recycling yards	13,140.58	N/A	13,140.58	11,463.12	N/A	11,463.12
Total quantity of waste collected – ROO form SO-3-2 fixed recycling yards	19,324.56	N/A	19,324.56	18,500.57	N/A	18,500.57

Information on the Group's waste in tonnes	2025			2024		
	Company	Subsidiaries	Total Group	Company	Subsidiaries	Total Group
Total quantity of waste collected (SO forms)	335.298,71	NA	335,298.71	320,051.63	N/A	320,051.63
Total quantity of waste recovered/ disposed – PPE forms	366.689,45	N/A	366,689.45	232,468.06	N/A	232,468.06

For dependent companies, data relating to waste collection and recovery are marked as NP (not applicable), as these companies do not carry out waste collection or recovery activities.

Table 15 – Group's own waste

	2025	2024	2023	2022	2021	2020	2019
Non-hazardous waste (t)	173,810	160,090	172,124	124,817	173,431	216,827	173,668
Hazardous waste (t)	584	852	722	636	570	788	779
Total waste (t)	174,394	160,941	172,846	125,453	174,000	217,615	174,447
Waste recovered (t)	158,956	153,027	167,817	120,710	173,300	216,734	173,599
Waste disposed (t)	15,438	7,915	5,029	2,241	701	881	779

When determining waste quantities, the Group uses both direct methods (weighing) and indirect methods (estimation). Waste is classified and analysed according to:

- business unit, branch office, subsidiaries, and institutions;
- document in which the status of waste is recorded (eONTO forms and forms issued by the ROO – NO form, SO-1, SO-2, SO3-1, SO3-2 forms and the PPE form);
- key waste codes and their names;
- type of waste: hazardous, non-hazardous;
- category: recovered (R) or disposed of waste (D)

During 2025, the Group collected 335,298.71 tonnes of waste through public services and generated 174,394 tonnes of its own waste from business activities and operations, including 584.27 tonnes of hazardous waste. An additional 1,160.99 t of hazardous waste was collected from citizens and businesses at recycling centres. A further 366,689 t of waste was recovered[19].

In 2025, the total amount of waste generated recorded a slight increase, with non-hazardous waste volumes increasing by 8.6% (from 160,090 tonnes in 2024) as a result of the integration of new sites and the resulting expansion of operational activities. At the same time, a positive trend was achieved in hazardous waste management, with hazardous waste quantities reduced by 31.5% compared to 2024 (from 852 tonnes to 584 tonnes).

In terms of waste management, the Group continues to apply circular economy principles. The amount of recovered waste increased by 3.9% (from 153,027 tonnes to 158,956 tonnes). An increase in disposed waste was also recorded, rising from 7,915 tonnes to 15,438 tonnes. This primarily reflects the increased total volume of waste generated from operational activities, as well as more precise classification of waste streams following the full integration of all business units into the reporting system. These indicators confirm that the dominant share of our waste (more than 90%) continues to be successfully directed towards recovery. A detailed overview of waste-related data is provided in Annexes 27a and 27b.

The share of separately collected waste, including waste removed from illegal disposal sites, is also monitored through the

19 Source: PPE form from the Environmental Pollution Register

Group's primary strategic objectives under Objective #1, calculated using the methodology prescribed by the Ministry of Environmental Protection. More details about Primary Strategic Objective #1 in the *Sustainability Strategy section under Primary Strategic*.

Asfalt i reciklirani agregat (ESRS E5 -5)

In road construction, the Group applies a closed-loop model for asphalt milling materials, with the proportion of recycled material varying depending on the complexity of the pavement structure layers. During the reporting period, 108,990.70 t of new asphalt mixtures were produced, with the maximum feasible substitution of virgin aggregates by recycled materials (RA/RAA) in base layers, while maintaining strict control over recycled content in wearing courses.

A total of 16,500.00 t of milled asphalt (RAA 0/22) was recovered, of which 9,257 t or 58.83% was used internally, while the remaining quantities remained available for other users or future periods. This directly reduced the need for the extraction and transport of more than 16 thousand tonnes of virgin stone aggregate, while the remaining fractions (RA 0/32, RA 0/63, etc.) were cascade-used for subgrade backfilling, lower bearing layers, construction site stabilisation, field roads and road shoulders.

In the 2025 reporting period, asphalt production using recycled materials was quantified for the first time. While in the previous year this process was described only at the level of technological procedure, the current year introduced systematic monitoring of exact asphalt production volumes and the proportion of incorporated recycled materials. Due to the absence of comparable quantitative data for 2024, direct trend comparison is not possible, and the 2025 data has therefore been established as the baseline for measuring progress in the application of circular economy principles within this segment.

Construction materials from reconstruction activities (ESRS E5 -5)

Through its construction material crushing facility, the Group participates in the renovation of earthquake-damaged buildings by transforming construction debris into standardised recycled aggregate. During the reporting period, 20,252.28 t of reconstruction materials were received, of which 97% or 19,676.10 t consisted of mineral fractions (concrete, bricks, tiles, ceramics), while 3% or 576.18 t of wood material was separated for further recovery.

A total of 16,346.92 t, or 80.72% of the total received material, was processed, producing 16,118.08 t of recycled aggregate, representing 79.59% of the input quantity. Of this quantity, 12,598.04 t (78.16% of produced material, or 62.21% of received material) was reused within the same year for backfilling, sub-bases and other infrastructure purposes, while the remaining portion was retained in stock as a strategic raw material reserve.

In the current year, the Group systematised data relating to the receipt and processing of construction materials generated from earthquake reconstruction activities. Although the crushing and reuse process had already been described in the previous reporting period, the exact quantities of received material and produced aggregate (for internal use or resale) had not previously been quantified. Accordingly, this year's data is presented for the first time as an official quantitative indicator of crusher operational efficiency and the Group's contribution to construction waste management, without the possibility of direct comparison with 2024.

Green waste, compost and biomass (ESRS E5 -5)

The Group manages green waste through a fully integrated recovery system that eliminates the disposal of biodegradable waste and supports ecosystem regeneration. During 2025, 13,630 tonnes of green material were collected: 4,231 t of branches, firewood and Christmas trees (including approximately 50,000 Christmas trees or nearly 500 t, as well as 297 t of trunks and stumps); and 9,399 t of green waste such as grass, leaves and branches.

From these material streams, 2,390.38 t of compost was produced exclusively from natural materials originating from public green spaces. The compost is returned to urban green areas or sold to citizens, thereby closing nutrient cycles and reducing the need for mineral fertilisers. As a by-product of branch and Christmas tree processing, 797.43 t of wood chips were produced, all of which were used as fuel for heating the Group's own greenhouse and nursery facilities, thereby replacing fossil fuels and reducing greenhouse gas emissions.

In the 2025 reporting period, the Group carried out comprehensive quantification of incoming green waste streams for the first time, including exact quantities of collected branches, Christmas trees and material generated from mowing public green areas. Whereas in previous years reporting focused exclusively on the amount of wood chips used for energy generation (Scope 1), the current year introduced systematic monitoring of the entire waste-to-resource transformation process. As previous records did not include segregated quantities of incoming green material, direct comparison with 2024 data is not possible. This improvement has ensured full transparency in biomass management and established a precise baseline for monitoring circular material flows within the Group.

Extending the lifespan of gas meters (ESRS E5 -5)

Within the gas system, the Group applies an industrial refurbishment model for metering equipment through its own service and calibration centres, instead of relying solely on the procurement of new devices. The refurbishment process includes decontamination and automated washing, robotic repainting of housings to prevent corrosion, replacement of worn components, recalibration and legal certification, after which the device achieves a technical status equivalent to a new unit.

In 2025, a total of 37,294 gas meters (new and replacement units) were installed through the Group's two entities (Gradska plinara Zagreb (GPZ) and City Gasworks Bjelovar (GBP)), of which 32,192 devices were refurbished and returned to the network, representing an average recovery rate of approximately 93.6%. A smaller share, approximately 6.4% of devices that did not meet technical criteria, was directed to material recovery as metal and electronic waste, thereby maximising material recovery even during the disposal phase.

In the 2025 reporting period, the Group carried out comprehensive quantification of the gas meter refurbishment and reuse process for the first time, significantly reducing the need for new equipment procurement and waste generation. As this process had not been separately quantified within the Sustainability Report in the previous year, comparative data for 2024 is not available. This year's results confirm a high level of operational efficiency and the direct implementation of circular business model principles in the maintenance of gas network infrastructure.

Efficiency and resource outflows (ESRS E5 -5)

The fact that 100% of milled asphalt is reused, either in the production of new asphalt mixtures or in lower pavement layers and embankments, demonstrates that the Group effectively generates no waste within this segment and fully closes the material loop. Similarly, the high recovery rate of reconstruction waste and the full recovery of green waste through composting and wood biomass utilisation confirm that key resource streams have been diverted from landfill towards reuse and energy or material recovery.

These models directly reduce the inflow of virgin raw materials (stone aggregates, mineral fertilisers, metals and energy sources) and decrease waste volumes, while simultaneously creating operational and financial opportunities through lower procurement costs and increased supply resilience. Within the context of ESRS E5, this demonstrates that the Group does not treat the circular economy as an isolated initiative, but rather as an integrated resource management approach embedded across several key business segments.

DATA REPOSITORY

Annex 1 - Biography of the Members of the Management and Supervisory Boards

MANAGEMENT BOARD

Ivan Novaković — President of the Management Board

Education:
- Graduated from the Faculty of Electrical Engineering and Computing, Zagreb
- EMBA programme, Cotrugli Business School, Zagreb

Professional experience:
- President of the Management Board, Zagrebački holding d.o.o. (2021 – today)
- Management positions in leading companies of various economic branches, such as INA d.d., STSI d.o.o., adriatica.net d.o.o. and others.

Special competences:
- Sustainable business and strategic development
- Project management and business transformation
- Increasing efficiency and development

Professional initiatives and achievements:
- Launching socially responsible business projects in cooperation with associations
- Development of the Zagrebački holding Sustainability Strategy until 2028
- Issue of bonds of Zagrebački holding, the largest single issue related to sustainable business in the history of the Republic of Croatia
- First issue of bonds related to the sustainable business of the municipal issuer

Professional competence in the Company:
- Management Board Support Office
- Directorate For Internal Audit
- Sector for Strategy, Business Development and Compliance
- Security Sector
- Procurement Sector
- Sector for asset and service management
- Project Management Sector
- Company: Zagreb plakat d.o.o.

Matija Subašić-Maras — Member of the Management Board

Education:
- Graduated in Psychology, Faculty of Humanities and Social Sciences in Zagreb
- Master of Business Administration (MBA), IEDC – Bled School of Management

Professional experience:
- Member of the Management Board, Zagrebački holding d.o.o. (2021 – today)
- Director of Human Resources, Croatia osiguranje d.d. / Adris grupa
- Director of Human Resources, PLIVA d.d.
- Director of Human Resources, GlaxoSmithKline d.o.o.

Professional competence in the Company:
- Sector for Human Resources Management
- Sector for Legal Affairs
- Sector for Customer Relations, Marketing and Sales
- Branches: Tržnice Zagreb, Gradska groblja, AGM, Vladimir Nazor, Autobusni kolodvor Zagreb

Professional functions and memberships:
- Deputy President of the Supervisory Board of Gradska plinara Zagreb – Opskrba d.o.o. (from 2023)
- President of the Supervisory Board of Vodoopskrba i odvodnja d.o.o. (from 2022)

Special competences:
- Human Resources management and organisational transformation
- Mechanisms of corporate governance and business sustainability
- Responsible leadership and change management

Dubravko Karačić — Member of the Management Board

Education:
- Master of Economics with emphasis on Finance, Faculty of Economics, University of Zagreb
- ACCA – Association of Chartered Certified Accountants of England and Wales

Professional experience:
- Member of the Management Board, Zagrebački holding d.o.o. (2021 – today)
- Zagrebačka banka d.d.: Director of Internal Audit; Director of Banking Support Division
- KPMG Croatia d.o.o.: "Junior-Associate Director" Audit and Business Consulting

Special competences:
- Financial Management and Risk Management
- Strategic Planning and Change Management
- Agile at Scale Transformation

Professional competence in the Company:
- Finance Sector
- Controlling Sector
- Accounting Sector
- Branches: Zagreb Goods Terminals, Zagrebparking

Professional functions and memberships:
- President of the Supervisory Board of Gradsko stambeno komunalno gospodarstvo d.o.o. (from 2022)
- President of the Management Council of the Gradske ljekarne Zagreb (since 2022)

Damir Novinić — Member of the Management Board

Education:
- Executive Diploma in Management (MBA programme), Henley Management College
- Master of Economics, Faculty of Economics, University of Zagreb
- High School of Electrical Engineering Nikola Tesla, Zagreb

Professional experience:
- Member of the Management Board, Zagrebački holding d.o.o. (2023 – today)
- Member of the Board of Directors / Director of PJ Production, Croatian Radiotelevision (HRT) (2017 – 2023)
- Director, Agency for Investment and Competitiveness (AIK) (2012) – 2017)
- Director / Head of Programme Production, Croatian Radiotelevision (HRT) (2008 – 2012)
- Co-Owner and CEO, Jadran Invest d.o.o. (2007 – 2008)
- Regional Director, Development Alternatives Inc. (DAI) (2006 – 200)

Special competences:
- Strategic Planning and Change Management
- Financial Management and Risk Management
- Attracting investments and business development
- Public appearance, branding and marketing strategies

Professional competence in the Company:
- ICT Support Sector
- Branches: Zrinjevac, Zagrebačke ceste, Čistoća, Zagrebački digitalni grad
- Companies: Vodoopskrba i odvodnja d.o.o., Gradska plinara Zagreb d.o.o.

Professional functions and memberships:
- President of the Supervisory Board of Gradska plinara Zagreb d.o..

Special competences:
- Strategic Planning and Change Management
- Financial Management and Risk Management
- Attracting investments and business development
- Public speaking, branding and marketing strategies

SUPERVISORY BOARD OF THE COMPANY

PhD. Andro Pavuna, M.Sc. in Psych. — President of the Supervisory Board

Education:

» 2019 Faculty of Political Science, University of Zagreb, Doctoral Study, magna cum laude
» 2010 Faculty of Humanities and Social Sciences, University of Zagreb, Master of Psychology
» 2008 Faculty of Humanities and Social Sciences, University of Zagreb, Bachelor of Arts in Psychology, Winner of the Rector's Award

Professional experience:

» Head of the City Office for Municipal Self-Government, Transport, Communal Services, Civil Protection and Safety, City of Zagreb
» Work in the Security-intelligence system of the Republic of Croatia
» Professional associate psychologist in an elementary school
» Experience working as a consultant in the field of Human Resources

Academic and professional activities:

» Author of the scientific book Endangered Privacy (published by Jesenski i Turk) and several scientific articles in the field of privacy and traffic psychology. He presented his work at a series of international symposia and at the IUC in Dubrovnik on the topic of the crisis in Europe and human rights and security.
» Member of the Programme Committee of the 16th and 17th Conference of Croatian Psychologists and member of the Programme and Organisational Committee of the 18th Conference of Croatian Psychologists On the occasion of the R. and Z. Bujas Day, participated in the Faculty of Humanities and Social Sciences Summer School - Measurement of Affects

Martina Jurišić — Deputy President of the Supervisory Board

Education:

» law graduate, Faculty of Law, University of Zagreb
» passed the bar exam
» Public Relations Manager, Experta Business Academy

Professional experience:

» City of Zagreb, Head of the Mayor's Office
» Conflict of Interest Decision Committee:
» Spokeswoman
» Advisor at the Office of the Commission
» Ministry of Culture and Media:
» Senior Administrative Advisor
» Independent Administrative Officer

Željko Matijašec — Member of the Supervisory Board

Education:

» Graduated from the Faculty of Law in Zagreb in 2005
» Passed the bar exam in 2011
» 2012 completed postgraduate specialist study in City Management

Professional experience:

» Head of the Professional Services Office of the City Administration of the City of Zagreb (Legal Service of the City of Zagreb, Advocacy Service, EU Affairs Service, Human Resources Service of the City of Zagreb)
» Assistant to the Head of the Mayor's Office for Protocol and Citizen Affairs
» Acting Head of the City Office for Property Management of the City of Zagreb
» Senior Expert Adviser to the Head of the City Office for Property Affairs and Property of the City of Zagreb
» Senior Counsel for Representation (Sector for Representation of the City of Zagreb)
» City Office for Property Affairs and Property of the City of Zagreb

Prof., PhD. Josip Tica — Member of the Supervisory Board

Education

» graduated from the Faculty of Economics, University of Zagreb in 1999
» defended his master's thesis in 2002 and his doctoral dissertation in 2005

Professional experience:

» Full Professor at the Faculty of Economics, University of Zagreb
» Long-standing member of the Main Board of the Croatian Economic Association
» Editor of the scientific journal Economic Review
» Former member of the Supervisory Board of Croatia osiguranje d.d. and Državne nekretnine d.o.o., and former member of the Management Board of REGOS and the Zagreb School of Economics and Management

PhD. Ivan Čevizović — Member of the Supervisory Board

Education:

» Graduated from the Faculty of Economics in Zagreb, majoring in accounting
» Obtained a Master of Science degree through postgraduate studies in Accounting, Auditing and Finance
» Earned a doctorate at the Faculty of Economics in Osijek

Professional experience:

» Reconsult d.o.o. – audit activities
» Faculty of Economics in Zagreb – Assistant Professor at the Department of Accounting
» Croatian Association of Accountants and Financial Officers – Editor-Counselor
» Member of the Working Group for the Development of Croatian Financial Reporting Standards
» Independent work as a Certified Tax Advisor

Professional functions and memberships:

» **Member and President of the Public Audit Oversight Board**

COMPANY AUDIT COMMITTEE

PhD. Ivan Čevizović — President of the Audit Committee

The CV is attached in the section above

Josip Teklić — Deputy President of the Audit Committee

Education:

» Graduated from the Faculty of Economics in Zagreb, majoring in Finance

Professional experience:

» Certified Auditor and Member of the Croatian Audit Chamber
» Founder and partner in the company SKT revizija
» Work experience in the audit companies Ernst & Young and KPMG

PhD. David Krmpotić — Member of the Audit Committee

Education:

» PhD in Management, Faculty of Economics in Osijek
» Pedagogical-psychological-didactic-methodological training, Faculty of Humanities and Social Sciences in Osijek
» Postgraduate specialist study in Finance and Banking
» Faculty of Economics in Osijek, Department of Financial Management
» Passed exams for broker and investment advisor (HANFA)
» State professional exam

Professional experience:

» Member of the Management Board – Director, IMS Gear Croatia d.o.o., Osijek (2025 – today)
» Founder and Director, Vendorado j.d.o.o., Osijek (2024 – today)
» Head of the Administrative Department for EU Finance and Funds, City of Osijek (2022 – 2024)
» Head of the Administrative Department for Finance and Procurement, City of Osijek (2014 – 2022)
» Financial Director, Borovo d.d. Vukovar (2012 – 2013)
» Director of Sales Planning and Controlling, Hypo Alpe-Adria-Bank d.d. Zagreb (2012)
» Head of Network Management and Supervision, Hypo Alpe-Adria-Bank d.d. Zagreb (2010 – 2011)
» Associate and Expert Associate in the Controlling Sector, Slavonska banka d.d. Osijek (2006 – 2009)
» Professional functions and memberships:
» President of the Supervisory Board of Vodovod-Osijek d.o.o.
» President of the Supervisory Board of Vodovod-Montaža d.o.o.
» Member of the Executive Board of the Association of Accountants and Financial Officers Osijek
» Former Member of the Supervisory Board of Unikom d.o.o. and Obnovljivi izvori energije Osijek d.o.o.
» External member of the Finance and State Budget Committee of the Croatian Parliament

Annex 2 – Detailed overview of value chains

AGM branch
Publishing and retail

Own operations:
Commercial Department; Department of the Editorial Board of the Publishing Activity

UPSTREAM PART OF THE VALUE CHAIN:

External services:	Printing services and graphic preparation Translation and proofreading Maintenance of software, websites, private security, postal services Rent a vehicle
Purchase:	Painting supplies and art supplies Office supply School and office supplies

DOWNSTREAM PART OF THE VALUE CHAIN:

Customers / users / consumers:	Libraries in the Republic of Croatia Educational institutions Bookstores and retail customers

Autobusni kolodvor branch
Reception and dispatch of buses and luggage, sale of train tickets, reservation of seats on buses, information services, changing rooms, and parking services for personal vehicles and buses.

Own operations:
Passenger transport service; Department of transport affairs; Department of cashier-information affairs

UPSTREAM PART OF THE VALUE CHAIN:

External services:	Maintenance and service of vehicles, machines, devices and equipment Upgrade and maintenance of the application subsystems Bravo and Dovid Maintenance and repairs of devices for automated cash payment of bills Installation, maintenance and service of the illuminated advertisement Emergency interventions to repair the roof Cleaning and washing of business premises, public garages and motor vehicle landfills Rent a vehicle
Purchase:	Spare parts Equipment for waiting rooms and platforms Energy sources Accessible elevators for people with disabilities Printing services

DOWNSTREAM PART OF THE VALUE CHAIN:

Customers / users / consumers:	Carriers and passengers Tenants of business premises

PODRUŽNICA ČISTOĆA

Čistoća branch

Public service of collecting mixed and biodegradable municipal waste and services related to public service in the city of Zagreb (separate collection of municipal waste through recycling yards, mobile recycling yards, containers in public areas and with users of services and separate collection of large (bulky) municipal waste).

Own operations: Waste collection service: Waste collection department; Recyclable and bulky waste department; Waste treatment service: Waste flow monitoring and technical documentation department; Waste landfill department; Waste pre-treatment department; Construction material processing department; Public area maintenance service: Department of cleaning and washing of public areas; Department of intervention and remediation of wild landfills; Service for municipal logistics and maintenance of vehicles, machinery and equipment: Department of vehicles, machinery and equipment; Maintenance department; Tank department

UPSTREAM PART OF THE VALUE CHAIN:

External services:	Servicing of machines and vehicles Takeover and further treatment of waste (non-hazardous waste, hazardous waste, bio-waste, plastic packaging, clothing, textiles) Construction, maintenance and management of the Jakuševec landfill subsystems, Expert financial supervision of the construction, maintenance and management of the Jakuševec landfill subsystems Occasional rental of waste collection vehicles Maintenance of IT equipment
Purchase:	Spare parts of machines and vehicles Waste containers (plastic, metal, bio-waste, municipal waste, paper, glass) Protective clothing and equipment for workers, ZG bags, bio-waste and plastic bags Energy products (electricity, thermal energy, fuel) IT equipment

DOWNSTREAM PART OF THE VALUE CHAIN:

Customers / users / consumers:	Private users - households, buildings Business users

ZAGREBAČKI DIGITALNI GRAD

Zagrebački digitalni grad branch

Management and maintenance of the electronic communication network, i.e. development of technical solutions related to the use of infrastructure, issuance of approvals for the use of infrastructure for the opening of wells, retraction and extraction of cables, rental of ECI equipment, etc.

Own operations:
Section for Infrastructure and Operational Maintenance; Section for Investment and Development

UPSTREAM PART OF THE VALUE CHAIN:

External services:	Maintenance of air conditioners and other cooling equipment Construction and maintenance of the electronic communication network and infrastructure in the City of Zagreb, maintenance of water supply and duct fittings and private protection Preparation of various promotional materials
Purchase:	Petroleum products Office supplies, supplies and cleaning supplies

DOWNSTREAM PART OF THE VALUE CHAIN:

Customers / users / consumers:	Telecom operators Construction investors City and Government Services

GRADSKA GROBLJA ZAGREB

Gradska groblja branch

Organization and performance of complete funeral services (transport and equipping of deceased persons, sale of funeral equipment, sale of tombstones, construction and maintenance of burial sites.

Own operations:
Cemetery and crematorium service with 5 working units (Mirogoj, Miroševac, Markovo polje, Mala groblja, Krematorij); Cemetery Utility Maintenance Service; Production and Grave Log Service: Production Department; Grave Log Department

UPSTREAM PART OF THE VALUE CHAIN:

External services:	Rental of vehicles (personal, delivery, vans, buses), and earthmoving vehicles Repair works and repair and service of cremation furnaces and the associated CEM system Private protection, takeover and further treatment of waste, rental and cleaning of chemical toilet cubicles Renovation of the administrative building and morgue at the Mirogoj cemetery Preparation of project documentation for the repair of damage caused by the earthquake
Purchase:	Suppliers and services of motor mowers, saws, blowers, scissors, trailers Suppliers of spare parts for machines, equipment and devices/services of servicing and repairs of machines, equipment, devices and vehicles, various funeral supplies (catafalque, ropes, strings), cooling chambers, granite tombstones with treatment and installation service Materials (construction, wooden, poly-ethylene foil) Energy products (electricity, gas, fuel) Procurement of ornamental plants, landscaping, horticultural works, installation of fences and asphalting (internal)

DOWNSTREAM PART OF THE VALUE CHAIN:

Customers / users / consumers:	Persons residing in the City of Zagreb Persons who do not reside in the area of the City of Zagreb, but have their own grave in the cemetery

ROBNI TERMINALI ZAGREB

Robni terminali Zagreb branch

The RTZ branch builds, manages, rents and provides warehousing services. The activity is performed in different types of own warehouses (closed and open - in customs, non-tariff and free zone status).

Own operations:
Terminals Žitnjak Service: Department of Storage and Transhipment; Department of Lease of Business, Warehouse and Flower Trading Premises;
Jankomir Terminal Service: Department of Storage and Transhipment; Department of Lease of Business, Warehouse and Flower Trading Premises; Free Zone Zagreb; Technical Service: Department of Plants and Work Machinery

UPSTREAM PART OF THE VALUE CHAIN:

External services:	Maintenance and service of vehicles, machines, devices and equipment, maintenance and upgrade services of the application system Sekom and information systems PARKIS and PAUKIS, maintenance and rehabilitation of business units of the RTZ branch, lighting reconstruction service of the RTZ branch
Purchase:	Spare parts and used vehicles, Energy products (electricity, oil, gas)

DOWNSTREAM PART OF THE VALUE CHAIN:

Customers / users / consumers:	Warehouse users The competent customs office and other customs authorities, Forwarders Carriers Competent authorities Ministry of Economy

Tržnice Zagreb branch

The main activity of the Zagreb Market is the organisation of retail and wholesale of foodstuffs of domestic origin in open spaces and the management and rental of storage and business premises in Zagreb.

Own operations: Market Service: Department of BU East and Department of BU West"; Wholesale Market Service, Refrigeration and Green Market Service: Wholesale Market Department; Refrigeration and Warehouse Department; Technical Service: Maintenance Department; Energy Department; Occasional Event Management and Business Development Service: Waste Cleaning and Disposal Department; Business Standards Control Department

UPSTREAM PART OF THE VALUE CHAIN:

External services:	The service of renting personal and delivery vehicles, servicing and repairing machines, equipment, devices and vehicles, maintenance of the energy transformer for the wholesale market and cold storage, maintenance of the application system Sekom, mandatory testing in accordance with the Occupational Health and Safety Act (OG 71/2014), the Fire Protection Act (OG 114/2022) and the Metrology Act (OG 114/2022). The service of preventive disinfection, disinsection and pest control, the service of rehabilitation of part of the ammonia pipeline at the wholesale market, emergency interventions (on roof repairs, electrical installations, plumbing and sewerage installations, installations of the cooling ammonia plant) and plumbing works, Preparation of project documentation (rehabilitation of the roof of the Utrina Market, the technical protection system of the Wholesale Market, installation of sound barriers at the Wholesale Market)
Purchase:	Suppliers of spare parts for machines, equipment, devices and vehicles, energy products (electricity, thermal energy, fuel, gas), suppliers of office materials and small inventory, printing services, suppliers of wooden sawn timber, construction materials, materials for plumbing, sewerage and central heating installations, suppliers of paints and varnishes, accessories and agents for washing, cleaning and other general hygiene

DOWNSTREAM PART OF THE VALUE CHAIN:

Customers / users / consumers:	Tenants of the premises Citizens Visitors to the City of Zagreb

Vladimir Nazor branch

The branch specialises in travel for children and young people, and offers programmed trips that allow small users to stay organised during school and occasional holidays, go on school trips, fieldwork and the first trip to a vacation or excursion without parents, but in company with their kindergarten or class group.

Own operations: Program and Associate Service; Arena Business Unit; Youth City Business Unit; Sljeme Business Unit; Crikvenica Business Unit; Veli Lošinj Business Unit; Savudrija Business Unit

UPSTREAM PART OF THE VALUE CHAIN:

External services:	The services of passenger transport, insurance, animators, cleaning and maintenance of the premises, staff services, and food sampling and water testing in the hospitality industry, vehicle rental and regular technical inspections of vehicles, rescue services and emergency interventions, maintenance and service of equipment and machines and attestation of machines and services of firefighting equipment, Services of insurance of facilities and property, forest management and maintenance, Services for the use of copyright
Purchase:	Suppliers of food and beverages, energy products (electricity, thermal energy, fuel, gas), suppliers and services for the maintenance of IT equipment and fixed and mobile telephony, procurement of office materials, catering equipment and accessories, protective equipment, cleaning materials and services for the maintenance of the sanitary facility

DOWNSTREAM PART OF THE VALUE CHAIN:

Customers / users / consumers / key stakeholders:	Children and young people from 6 to 17 years of age Primary and secondary schools (indirect) Users of catering facilities - families, individual guests, business guests - companies Workers on site Shared Services Inspections and controls Members of the public change and media centres Local communities and municipalities

Zagrebačke ceste branch

The branch is registered for the maintenance, management and protection of unclassified roads in the City of Zagreb and for construction waste management activities.

Own operations:
Maintenance and road protection service: Regular maintenance department; Extraordinary maintenance department; Traffic signalling service: Signalling department; Traffic light maintenance department; AB Rakitje: two asphalt bases: GRADIS (capacity 150-160 t/h) and Benninghoven (capacity 240 t/h); Working unit Mechanisation within which the Winter Service is located; Working unit Road Management and Protection; Working unit for recycled construction waste (RGO)

UPSTREAM PART OF THE VALUE CHAIN:

External services:	Servicing of machines, Services of designers, manufacturers, Production of signalling equipment
Purchase:	Suppliers of vehicles, trucks, tractors and multipurpose vehicles for snow removal, construction machines, machine-technological equipment for asphalt works, spare parts of machines, protective equipment and workers' clothing, suppliers of aggregates, fillers, bitumen and natural asphalt, fresh concrete, reinforcement and formwork, energy products (electricity, thermal energy, fuel, gas)

DOWNSTREAM PART OF THE VALUE CHAIN:

Customers / users / consumers:	Citizens of the City of Zagreb Visitors

Zagrebparking branch

The main activity of the Zagrebparking branch is the promotion and improvement of traffic culture and the provision of parking services in the City of Zagreb. In addition to public parking lots, the branch also manages ten public garages located mostly in the city centre. The branch, with its specialised "spider" vehicles, is also in charge of moving and transporting improperly stopped and parked vehicles, helping to remove them by regulating traffic at standstill.

Own operations:
Service of public parking lots, public garages, relocation and blocking of vehicles; Service for technical and information support of the core activity; Department for supervision

UPSTREAM PART OF THE VALUE CHAIN:

External services:	The service of expanding the automatic parking charging system in public garages and closed parking lots, repair and regular maintenance of the automatic parking charging system, maintenance and upgrade services of the information systems PARKIS and PAUKIS and the Infoart application, the service of upgrading parking machines Sity 5 and connecting to the automatic parking charging and control system and parking systems of the manufacturer Parkeon, the service of adaptation and programming of parking charging devices to the EURO currency, the service of emergency intervention on parking systems
Purchase:	Suppliers and service providers of spare parts, vehicles, machines, devices and equipment, personal and private protective equipment, suppliers of printing services, Energy products (electricity, petroleum products)

DOWNSTREAM PART OF THE VALUE CHAIN:

Customers / users / consumers:	Users of public parking spaces

Zrinjevac branch

Zrinjevac designs, develops and maintains public and other green areas, manages composting facilities and builds and maintains children's playgrounds and sports and recreational facilities. It also produces and sells tree, shrub and fruit seedlings, potted plants and cut flowers, bulbs and grass seeds, garden soil, compost, gardening accessories, machinery and tools, as well as equipment for parks, squares, playgrounds and sports and recreational facilities.

Own operations:

Urban greenery maintenance service and implementation of landscaping projects: Department of Landscape Design Project Implementation; Department of Urban Greenery Maintenance

Plant Production and Composting Service: Composting Department; Plant Production Department; Green Services Department

Continuous Improvement and Business Support Service: Continuous Improvement Department; Business Support Department; Technology Support Department

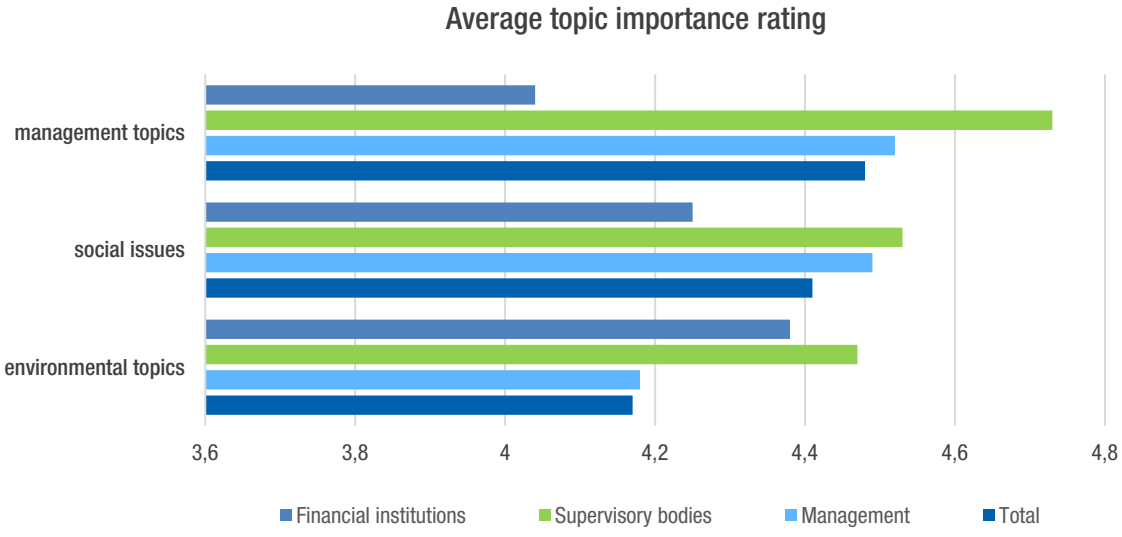
UPSTREAM PART OF THE VALUE CHAIN:

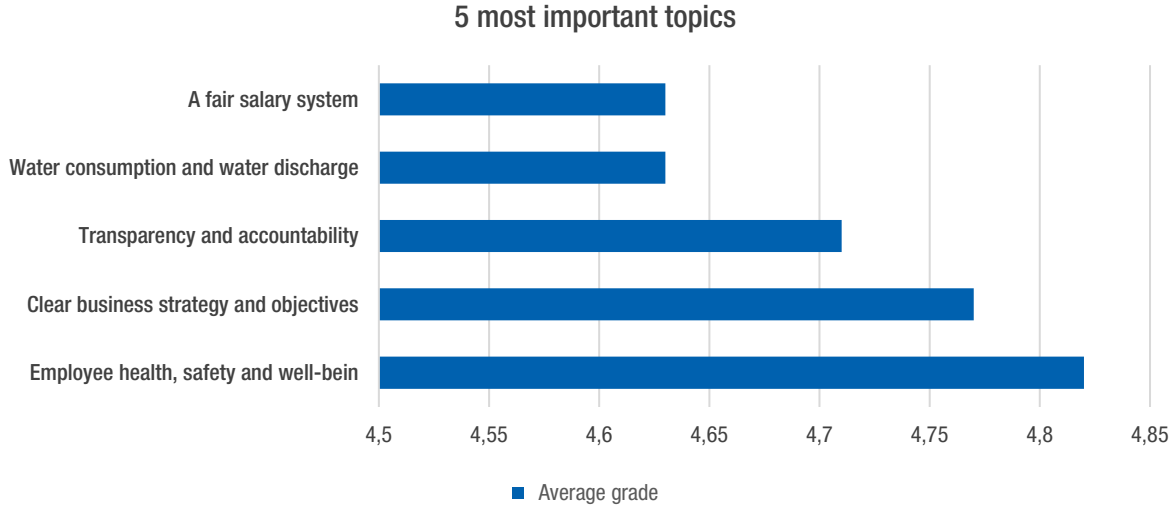
External services:	Repair and service of equipment, devices, machines and equipment, playground equipment, rental of machines and vehicles, removal of wood mass in the City of Zagreb, mowing, raking and removal of weeds, mulching, rental of tents and tent equipment, wooden houses, installation of anti-traumatic surfaces, curbs and paving made of concrete pavements
Purchase:	Suppliers of motor mowers, spare parts of machines, equipment, devices and vehicles, suppliers of plant planting material, potted plants, cut flowers and greens, peat, fertilisers and plant protection products, stone aggregate, gravel and sand, suppliers and services for installing cast rubber and anti-traumatic substrates, PE foils, bags and bags, containers, boxes, cassettes, wire products, etc., concrete, concrete products and concrete accessories, energy products (electricity, petroleum products, gas), personal and private protection

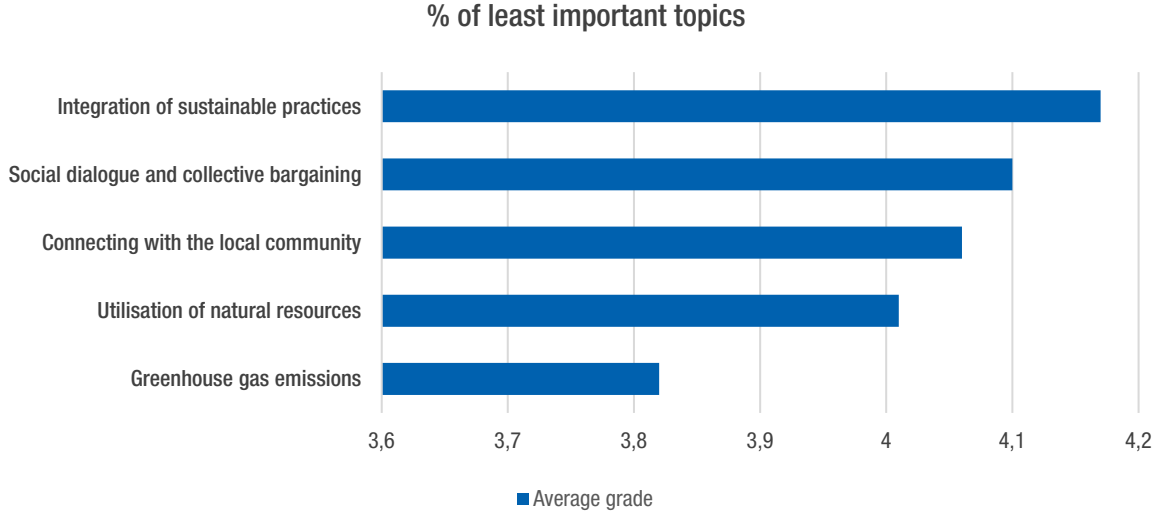
DOWNSTREAM PART OF THE VALUE CHAIN:

Customers / users / consumers:	Users of public areas of the City of Zagreb

Annex 3 – Results of the stakeholder opinion survey







Annex 4 - Identified significant impacts

Activity and (related) impact	Topic, sub-topic, sub-sub-topic of sustainability in accordance with ESRSs	Value chain stage with which the effect is associated
Scope 1, 2, 3 greenhouse gas emissions	E1 Climate change; Climate change mitigation	Upstream value chain, own operations; downstream value chain
Scope 1, 2, 3 greenhouse gas emissions	E1 Climate change; Climate change mitigation	Own operations
Waste management	E2 Pollution; Air and water pollution	Own operations
Waste management - ZGH optimises the use of resources and minimises waste	E5 Circular economy; Waste	Upstream value chain, own operations, downstream value chain
Job security	S1 Own workforce; Working conditions; Safe workplaces	Own operations
Employee salaries	S1 Own workforce; Working conditions; Adequate salaries	Own operations
Employee health and safety	S1 Own workforce; Working conditions; Health and safety of workers	Own operations
Proximity to landfills and reduced quality of life	S3 Affected communities; Economic, social and cultural rights of communities; Effects related to land and housing in adequate conditions without pollution	Own operations; downstream value chain
Customer and end-user privacy and security	S4 Consumers and end users; Effects related to information for consumers and/or end users; Access to (quality) information	Own operations; downstream value chain
Digitalisation of public services	S4 Consumers and end users; Effects related to information for consumers and/or end users; Access to (quality) information	Own operations; downstream value chain
Safety, availability and quality of public services	S4 Consumers and end users; Personal safety of consumers and/or end users; Health and safety	Own operations; downstream value chain
Tourism activities and cultural goods	S4 Consumers and end users; Development of tourism activities	Own operations; downstream value chain
Risk management	G1 Business conduct; Corporate culture	Own operations; downstream value chain
Transparency and accountability	G1 Business conduct; Corporate culture	Own operations; downstream value chain
Regulatory compliance	G1 Business conduct; Corporate culture	Own operations
Reporting irregularities and protecting dignity; whistleblower protection	G1 Business conduct; Whistleblower protection	Own operations; downstream value chain
Supplier relations	G1 Business conduct; Management of relationships with suppliers, including supplier payment practices	Upstream value chain, own operations, downstream value chain
Effects related to anti-corruption	G1 Business conduct; Corruption and bribery	Own operations; downstream value chain
Cybersecurity	G1 Business conduct	Upstream value chain, own operations and downstream value chain

Annex 5 - Significant risks and opportunities identified

Risk/opportunity	Topic, sub-topic, sub-sub-topic of sustainability in accordance with ESRSs	The stage of the value chain to which the risk/opportunity is associated
Risks and opportunities related to greenhouse gas emissions	E1 Climate change; Climate change mitigation	Own operations; downstream value chain
Financial risks caused by acute physical risks	E1 Climate change; Adaptation to climate change	Own operations; downstream value chain
Safety and health of workers due to physical risks	E1 Climate change; Adaptation to climate change; S1 Own workforce; Working conditions; Safety at work	Own operations
Increase in gas distribution due to climate change	E1 Climate change; Adaptation to climate change	Own operations; downstream value chain
Savings associated with climate change adaptation solutions	E1 Climate change; Adaptation to climate change	Own operations
Financial risks caused by transition risks	E1 Climate change; Adaptation to climate change	Own operations
Electrification of transport	E1 Climate change; Climate change mitigation; E2 Pollution; Air pollution; S3 Affected communities	Upstream value chain; own operations; downstream value chain
Financial risks caused by dependence on non-renewable energy sources	E1 Climate change; Climate change mitigation	Own operations
Investments in renewable energy sources	E1 Climate change; Energy	Upstream value chain; own operations; downstream value chain
Financial risks related to energy prices	E1 Climate change; Energy	Upstream value chain; own operations; downstream value chain
Risks and opportunities related to energy efficiency	E1 Climate change; Energy	Upstream value chain; own operations
Financial risks - environmental remediation costs	E2 Pollution; Water and soil pollution	Own operations; downstream value chain
Risks/opportunities related to substances of very high concern	E2 Pollution; Substances of very high concern	Upstream value chain; own operations; downstream value chain
Financial risks associated with water availability	E3 Water and marine resources	Own operations; downstream value chain
Green technologies for waste disposal	E5 Resource use and circular economy	Upstream value chain; own operations; downstream value chain
Green technologies in construction	E5 Resource use and circular economy	Upstream value chain; own operations; downstream value chain
Regulatory and reputational risks associated with waste management	E5 Resource use and circular economy	Own operations; downstream value chain
Financial, operational, reputational risks related to the management of natural resources	E1 Climate change; E3 Water and marine resources; E5 Resource use and circular economy	Upstream value chain; own operations; downstream value chain
Labour shortage and fluctuation	S1 Own workforce; Changes in the labour market	Own operations; downstream value chain

Risk/opportunity	Topic, sub-topic, sub-sub-topic of sustainability in accordance with ESRSs	The stage of the value chain to which the risk/opportunity is associated
Dissatisfaction of communities and users	S3 Affected communities; The rights and interests of the local community; S4 Users; Safety, availability and quality of service	Own operations; downstream value chain
Quality services and products	S3 Affected communities; The rights and interests of the local community; S4 Users; Safety, availability and quality of service	Own operations; downstream value chain
Access to (quality) and timely information of end customers or users	S4 Users; Safety, availability and quality of service	Downstream value chain
Communication with users	S4 Users; Communication with users; Safety, availability and quality of service	Own operations; downstream value chain
Risk and crisis management	G1 Business conduct	Own operations
Reputational, regulatory, financial and business risks related to corporate governance	G1 Business conduct	Own operations; downstream value chain
Regulatory and operational risks	G1 Business conduct	Upstream value chain; own operations; downstream value chain

Annex 6 – Decarbonisation Plan

	Projects	Greenhouse gas emissions savings (tCO2e)	Savings %
ZGH strategy by 2028 (11% decrease)	Solar energy programme (15 MWp)	1,660	6.2%
	Modernisation of the ZGH truck and machinery fleet (Euro VI standard)	84	0.3%
	Electrification of the ZGH passenger car fleet (40% of vehicles)	489	1.8%
	Upgrading of water infrastructure to reduce water losses (reduction of losses from 56% to 47%)	606	2.3%
Additional projects by 2030 (34%)	Additional solar capacity (+5 MWp)	570	2.1%
	Additional upgrades to reduce water loss (loss reduction from 47% to 41%)	385	1.4%
	Assessment of energy performance of ZGH buildings	-	-
	A new administration building with zero net carbon emissions	558	2.1%
	A new operating base with zero net carbon emissions	1,337	5.0%
	Smart electricity meters for ZGH buildings (5% electricity savings)	220	0.8%
	Smart gas meters for ZGH buildings (5% natural gas savings)	138	0.5%
	Thermal energy from landfill gas (2.5 MWt)	1,167	4.4%
	Upgrade to a smart traffic light system (500 intersections)*	153	0.6%
	Tree planting for urban greening (25,000 trees planted)*	723	2.7%
	Plant for producing energy from biowaste (7.4 GWh of produced electricity)*	1,077	4.0%
Additional projects by 2035 (38%)	Additional solar capacity (+5 MWp)	570	2.1%
	Additional upgrades to reduce water loss (loss reduction from 41% to 39%)	175	0.7%
	Incorporation of renewable natural gas (5% biomethane in supply)	253	0.9%
	TOTAL GREENHOUSE GAS EMISSION SAVINGS compared to ZGH Scope 1 and 2 emissions (approximately 26,620 tCO2e)	10,164	38.20%

	Projects	Scope 3 greenhouse gas emission savings	
		(tCO2e)	(%)
Measures from pillars 1 and 3	Solar energy programme	397	0.04%
	Modernisation of the ZGH vehicle fleet	2	<0.01%
	Electrification of the ZGH passenger vehicle fleet	85	0.01%
	Upgrading water infrastructure to reduce water losses	485	0.05%
	Smart energy meters in ZGH buildings	73	0.01%
	New administrative building with zero net emission rate	149	0.01%
	New operating base with net-zero emission rate	279	0.03%
	Thermal energy from landfill gas	297	0.03%
	Upgrade to a smart traffic light system	22	<0.01%
	Plant for producing energy from biowaste	154	0.01%
	Biomethane incorporated into natural gas supply (ZGH)	77	0.01%
	Total fuel/energy savings at the beginning of the chain	2,067	0.2%
Scope 3 measures	Biomethane included in natural gas supply (customers)	45,708	4.3%
	Green public procurement	25,061	2.4%
	Increasing the share of recycled asphalt	1,124	0.1%
	Sustainable travel plans for workers	563	0.05%
	Offset business air travel	4	<0.01%
	Smart meters for gas customers*	45,708	4.3%
	Energy efficiency of urban housing*	44,248	4.2%
	Total greenhouse gas emission savings compared to ZGH Scope 3 (1,056,461 tCO2e/year)	164,435	15.6%

*Projects marked with * are operationally managed by ZGH, but are owned by the City of Zagreb.*

Annex 7 – Operational objectives and achievements 2025

KPI	Baseline value / reference	2025 target (internal)	2025 realisation	Brief explanation
Čistoća				
Execution of collection service by fractions (mixed municipal waste, biowaste, paper and plastics)	Stable execution level in 2024 (collection of all fractions according to plan)	Maintain a high level of execution and ensure subsequent collection within 24 hours in cases of non-execution caused by operational circumstances	Stable execution level maintained; subsequent collection within 24 hours ensured	All fractions are collected once a week from all locations, and each non-execution of the service caused by us is carried out through subsequent collection within 24 hours of regular collection.
Lifting and reading containers for mixed municipal waste	Containers chipped and recorded in the system; lifting is carried out according to the collection plan	Ensure a high level of recorded completed services through accurate and reliable reading of container chips	An increase in the accuracy of container readings was recorded, with systematic monitoring and field checks in cases of non-compliance	The operational KPI monitors the number of lifted and read containers for mixed municipal waste and is used to monitor service performance, improve billing and identify difficulties.
Resolving reports from e-Redar	Significant increase in resolved reports in 2024; a certain share of reports from the previous period	Ensure timely and effective resolution of all received reports, with continuous resolution of backlogs/old reports	The number of unresolved reports was reduced by more than 85% compared to the beginning of the year; all old reports were resolved and new reports are processed on an ongoing basis	The operational KPI monitors the number of received and resolved reports from the e-Redar system, including reports by municipal wardens and citizens.
Bulky waste collection	Number of planned collections according to received requests	Ensure the performance of the service in accordance with defined deadlines	All received requests were collected; a total of 30,470 collections were carried out, representing a 40% increase compared to 2024	The operational KPI monitors the number of received requests for bulky waste collection and their realisation.

KPI	Baseline value / reference	2025 target (internal)	2025 realisation	Brief explanation
Zagrebačke ceste				
Resolving reports from e-Redar	Significant increase in resolved reports in 2024, with a still high share of reports from the previous period	Ensure timely and effective resolution of all received reports, with continuous resolution of backlogs/old reports	The number of unresolved reports was reduced by more than 50% compared to the beginning of the year; a significant number of old reports were resolved	The operational KPI monitors the number of received and resolved reports from the e-Redar system, including reports by municipal wardens and citizens.
Remediation of road cuts	Number of planned road cuts according to issued approvals	Ensure timely and complete remediation of road cuts in accordance with planned deadlines and technical standards	The number of unremediated road cuts was reduced by 20% compared to the beginning of the year; road cuts from the previous period were almost completely remediated	The operational KPI monitors the efficiency of remediation works on road cuts, including the number of issued approvals.
Implementation of the municipal activities plan	123 locations contracted under the basic agreement	Ensure timely and complete implementation of all contracted municipal activities	100% of contracted works were completed, representing 160 locations, including locations contracted through annexes to the agreement	The operational KPI monitors the execution of contracted utility activites.
Implementation of the first-class unclassified road asphalting programme	Contracted works on 22 sections	Ensure timely and complete execution of works on all planned sections	100% of works on planned sections were completed	The operational KPI monitors the execution of contracted asphalting works on first-class unclassified roads according to the defined schedule.

KPI	Baseline value / reference	2025 target (internal)	2025 realisation	Brief explanation
Zrinjevac				
Mowing	For each individual plot included in the green area maintenance plan, the planned number of mowing cycles is defined	Ensure mowing in accordance with the planned schedule and number of cycles, while maintaining the prescribed level of green area maintenance	A very high level of execution of planned cycles, with continuous monitoring of realisation by individual plot; an average of 11.5 cycles was achieved across the entire scope	The operational KPI monitors the date of completed mowing and the number of completed mowing cycles in relation to the plan for each plot.
Tree planting - 2024/2025 season	Planting of more than 8,000 trees planned	Ensure implementation of tree planting according to plan	More than 8,600 trees planted	The operational KPI monitors the successful implementation of the tree planting plan, including scope and planting dynamics
Tree planting - 2025/2026 season (by the end of 2025)	Planting of more than 8,000 trees planned	Ensure implementation of tree planting according to plan	By year-end, almost half of the total planned planting had been completed, with activities continuing according to the season; current realisation reached 95% of the plan	The operational KPI monitors the successful implementation of the tree planting plan, including scope and planting dynamics. Realisation will continue during 2026 according to the planting season.
Resolving reports from e-Redar	Significant increase in resolved reports in 2024, with a certain share of reports from the previous period	Ensure timely and effective resolution of all received reports, with continuous resolution of backlogs/old reports	The number of unresolved reports was reduced by more than 40% compared to the beginning of the year; part of the old reports was resolved	The operational KPI monitors the number of received and resolved reports from the e-Redar system, including reports by municipal wardens and citizens.
Implementation of the municipal activities plan	Planned number of works defined by the agreement	Ensure timely and complete implementation of all contracted municipal activities	99.8% of contracted works were completed, including those contracted through annexes to the agreement	The operational KPI monitors the execution of contracted municipal activities.

Annex 8 - Persons with disabilities

Data for 2025

	Company	GLJZ	GPB	GPZ	GPZO	GSKG	ViO	ZP	Group
% of women with disabilities	5.34%	2.20%	0.00%	2.19%	4.08%	7.00%	2.50%	0.00%	4.34%
% of men with disabilities	3.31%	0.00%	5.26%	3.92%	4.54%	5.93%	2.00%	0.00%	3.15%
Total	3.68%	1.98%	3.84%	3.52%	0.00%	6.57%	2.10%	0.00%	3.45%

Data for 2024

	Company	GLJZ	GPB	GPZ	GPZO	GSKG	ViO
% of women with disabilities	0.93%	2.6%	0%	0.25%	1.05%	3.5%	2.38%
% of men with disabilities	2.30%	2%	4.00%	0.75%	3.16%	1.5%	0.68%
Total	3.23%	2.6%	4.00%	1.01%	4.21%	5%	3.06%

Annex 9 - Number of employees and distribution by gender

Data for 2025

Sex	Company	GPZ	GPZ-O	GPB	GLJZ	VIO	GSKG	ZP	Group
Žene	993	91	49	7	370	270	203	3	1,986
Muškarci	4,388	306	44	19	41	1074	135	7	6,014
Ukupno	5,381	397	93	26	411	1344	338	10	8,000

Data for 2024

Spol	Company	GPZ	GPZ-O	GPB	GLJZ	VIO	GSKG	Group
Žene	987	86	49	7	376	226	190	1,921
Muškarci	4,369	309	46	18	41	948	130	5,861
Ukupno	5,356	395	95	25	417	1,174	320	7,782

Annex 10 – Turnover rate of the employees

Data for 2025

2025	Company	GLJZ	GPB	GPZ	GPZ-O	GSKG	VIO	ZP	Group	Group 2024
Natural outflow	95	8	1	5	5	3	27	0	144	
Personally conditioned termination of employment	25	0	0	4	0	0	2	0	31	
Business-conditioned termination of employment	14	0	0	0	1	0	6	0	21	
Termination of the employment	125	41	0	5	0	7	23	1	202	
Other types of termination of the employment contract	107	4	0	1	3	3	3	0	121	
Total employment terminations	366	53	1	15	9	13	61	1	519	
Fluktuacija	6.80%	12.90%	3.85%	3.78%	9.68%	3.85%	4.54%	10.00%	6.49%	5.55%

Natural attrition includes termination of employment contracts due to employee death and retirement upon meeting the prescribed conditions. Personally conditioned termination of employment includes termination where the employee is permanently unable to fulfil their work obligations due to health-related or other personal reasons. Business-conditioned termination of employment refers to termination where the employee no longer meets the employer's operational needs in terms of performance, knowledge or skills, in accordance with the prescribed procedure. Termination of the employment contract by mutual consent refers to the termination of the employment relationship based on a written agreement between the employee and the employer. Other terminations of employment contracts include the expiry of fixed-term employment contracts (including temporary and seasonal workers), termination due to unsuccessful completion of the probationary period and unilateral (non-consensual) termination. The turnover rate is calculated as the ratio of the total number of employment terminations to the average number of employees in year N-1, multiplied by 100.

In 2024, the first year of ESRS application, we disclosed only an aggregated Group-level workforce turnover indicator, while in 2025 a new, significantly more detailed indicator definition has been applied. As the data for the previous period was not collected in a manner that would allow retroactive application of the new indicator definition and in accordance with ESRS 1, Section 7.1 and paragraph 85, it is not practicable to adjust the comparative information for 2024 in a way that would ensure full comparability with the data for the current reporting period. Accordingly, comparative information for 2024 is disclosed only in aggregated form.

Annex 11 - Types of contracts

Data for 2025

	Company	VIO	GLJZ	GPB	GPZ	GPZ-O	GSKG	ZP	Group
Permanent m	4,341	103	30	17	305	43	131	5	5,902
Permanent f	960	267	349	7	91	47	190	3	1,911
Fixed-term m	47	39	11	2	1	1	4	2	105
Fixed-term f	33	3	21	0	0	2	13	0	72
Students/pupils	206	12	20	0	29	13	20	0	300

Data for 2024

	Company	VIO	GLJZ	GPB	GPZ	GPZ-O	GSKG	Group
Permanent m	4,341	103	30	17	305	43	131	5,902
Permanent f	960	267	349	7	91	47	190	1,911
Fixed-term m	47	39	11	2	1	1	4	105
Fixed-term f	33	3	21	0	0	2	13	72

Annex 12 – Age structure of employees

Data for 2025

	Company	GLJZ	GPB	GPZ	GPZ-O	GSKG	VIO	ZP	Group
number of employees	5,381	411	26	397	93	338	1,344	10	8,000
up to 30	495	62	0	34	3	14	80	1	689
30–50	2,876	221	8	208	63	182	673	6	4,237
over 50	2,010	128	18	155	27	142	591	3	3,074

Data for 2024

	Company	ViO	GLJZ	GPB	GPZ	GPZ-O	GSKG	Group
number of employees	5,356	417	25	395	95	320	1,174	7,782
up to 30	507	86	0	32	5	11	63	704
30–50	2,730	216	9	210	61	173	556	3,955
over 50	2,119	115	16	153	29	136	555	3,123

Annex 13 – Family leave

Data for 2025

	Company	GLJZ	GPB	GPZ	GPZ-O	GSKG	VIO	ZP	Group
Maternity leave (f)	22	32	0	6	4	7	10	0	**81**
Maternity leaves used (f)	22	32	0	6	4	8	12	0	**84**
% of maternity leave utilisation (f)	100.00%	100.00%	0.00%	100.00%	100.00%	114.29%	120.00%	0.00%	**103.70%**
Maternity leave (m)	0	0	0	0	0	4	30	0	**34**
Maternity leaves used (m)	0	0	0	0	0	0	0	0	**0**
% of maternity leave utilisation (m)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	**0.00%**
Parental leave (m)	916	12	1	66	13	29	289	0	**1264**
Parental leaves used (m)	142	12	1	13	2	10	47	0	**227**
% of parental leave utilisation (m)	15.50%	100.00%	100.00%	19.70%	15.38%	34.48%	16.26%	0.00%	**17.96%**
Parental leave (f)	133	32	1	31	14	37	58	0	**306**
Parental leaves used (f)	35	20	1	4	3	9	12	0	**146**
% of parental leave utilisation (f)	26.32%	62.50%	100.00%	12.90%	21.43%	24.32%	20.69%	0.00%	**47.71%**
Paternity leave	163	2	1	10	4	11	32	0	**223**
Paternity leaves used	120	2	0	10	2	3	9	0	**146**
% of paternity leave utilisation	73.62%	100.00%	0.00%	100.00%	50.00%	27.27%	28.13%	0.00%	**65.47%**

Maternity leave utilisation indicators were calculated based on children born between 3 July 2024 and 31 December 2025, with the period from 22 September 2024 onwards taken into account for men, given that fathers are entitled to use only a shorter portion of maternity leave. The calculation includes all employees who used at least one day of maternity leave during 2025, including the pre-birth leave period. Parental leave was analysed for all children born after 1 January 2017, i.e. within the period during which this entitlement may be exercised until the child reaches eight years of age. Utilisation was defined as the share of mothers or fathers who used at least one day of parental leave during 2025 in relation to the total number of children eligible for that entitlement period. Paternity leave was analysed for children born between 1 July 2024 and 31 December 2025, with the indicator based on the proportion of fathers who actually used paternity leave relative to the total number of eligible children. Data on the use of family-related leave are based on the number of employees registered in the internal system as beneficiaries of a specific entitlement, applying approximate reference periods (e.g. the child's date of birth and monitoring utilisation within a single calendar year). Accordingly, certain indicators may exceed 100%, particularly in cases where different portions of the entitlement are exercised across multiple reporting periods or where the reference population has been estimated. For 2024, only the percentage utilisation of family-related leave by individual Group entities was disclosed, without absolute numbers of users by gender. Therefore, direct comparison between 2024 and 2025 data is primarily possible at the level of individual entities rather than for the Group as a whole.

Data for 2024

	Company	GLJZ	VIO	GPZ	GPZ-O	GPB	GSKG
Percentage of workers who took family leave	5.08%	1.2%	1.02%	3.80%	13.68%	4%	5.31%
Percentage of female workers	1.20%	1.1%	0.77%	0.51%	10.53%	0%	
Percentage of male workers	3.80%	0.9%	0.26%	1.27%	3.15%	4%	

Data on family-related leave for 2025 are only partially comparable with data for 2024, since for 2024 only the overall share (percentage) of employees using family-related leave was disclosed, in accordance with the level of data granularity available at that time. In 2025, the disclosure was further granularised to include both absolute numbers and percentages of employees, broken down by individual types of family-related leave (maternity, parental and paternity leave), thereby improving the transparency and informative value of the published data, while clearly indicating the limited comparability between reporting periods in accordance with ESRS 1, Section 7.1 and paragraph 85.

Annex 14 – Equality by employment level

Data for 2025

	Company	GLJZ	GPB	GPZ	GPZ-O	GSKG	VIO	ZP	Group
Number of men at the governing management level*	3	0	1	1	1	1	1	2	10
Number of women the governing management level*	1	1	0	0	0	0	1	0	420
Ratio of women to men the governing management level	0.25	1.00	0	0	0	0		00.00	0.2935
Number of men at the management level*	13	3	4	6	3	3	7	3	4529
Number of women the management level*	13	6	2	3	2	1	4	0	25
% of men at the management level	50	33.33	66.67	66.67	60.00%	75.00%		63.64%	61.64%
% of women at the management level	50	66.67	33.33	33.33	40.00%	25.00%	50.00%	36.36%	38.36%
Average gross hourly wage of male workers	10.57	18.09	11.39	16.18	14.75	11.71	13.91	24.25	15.11
Average gross hourly wage of female workers	11.06	16.7	9.54	16.86	13.87	10.46	14.47	18.7	13.96
The difference in the gross hourly wages of male and female workers[20]	-4.67	7.68	16.24	-4.20%	5.97%	10.67%	-4.03%	22.89%	7.60%
Total annual compensation for the highest paid person	92862.37	72513.00	54380.38	70877.00	78029.61	77367.12	114085.99	82448.00	80320.43
Total annual compensation for an average paid person	27257.38	40933.00	24132.44	35604.00	30281.22	24594.89	31108.74	56348.00	33782.46
% compensation for the best paid compared to the average paid	341%	177%	225%	199%	258%	315%	367%	146%	238%

** At the level of the Management Board, as the Company's highest management body, the ratio of men to women is 3:1, meaning that women account for 25% of members.*

For the purposes of reporting on diversity at management levels, a definition covering one or two organisational levels below the Administrative and Supervisory Bodies was applied.

In practice, at Group level this includes:

- in the Company, the Management Board and Branch Directors,
- in the subsidiary GPZ: the Director, Assistants and Sector Directors,
- in the subsidiaries GPZ-O, GPB and GSKG: the Director and Sector Directors,
- in the subsidiary VIO: the Director, Deputy Director, Director of Drainage, Director of Water Supply and Director of POV and Investments,
- in GLJZ: the Director, Deputy Director, Pharmacies Operations Coordinator, Heads of Services, Departments, Laboratories and Pharmacies.

Data on diversity at the management level are presented in the tables below

20 The difference in the gross hourly wages of male and female workers is calculated as follows: (average gross hourly wage of male employees based on Gross 2 – average gross hourly wage of female employees) × 100

Data for 2024

Number and share of workers in management positions

	Company	Company	GPZ	GPZ	GPZ-O	GPZ-O	GPB	GPB	GLJZ	GLJZ	VIO	VIO	GSKG	GSKG
Male	11	69%	3	33%	2	67%	2	67%	12	18%	5	83%	3	60%
Female	5	31%	6	67%	1	33%	1	33%	55	82%	1	17%	2	40%
Total	16	100%	9	100%	3	100%	3	100%	67	100%	6	100%	5	100%

Information on differences in remuneration

	Društvo	GPZ	GPZ-O	GPB	GLJZ	VIO	GSKG
Average gross hourly wage of male workers	9.48	3.47	15.56	9.50	14.34	8.76	10.47
Average gross hourly wage of female workers	10.26	3.47	14.54	8.64	13.18	8.92	9.48
Pay gap	-8.23%	0%	6.56%	9.05%	8.09%	-1.83%	9.46%
Total annual compensation for the highest paid person	89,279.44	70,070.87	70,136.45	49.937.73	53,040.00	71,589.15	57,567.14
Total annual compensation for an average paid person	23,574.43	31,724.42	35,564,42	21,430.18	18,820.00	27,379.86	22,468.14
Ratio of total annual remuneration	3.79	2.21	1.97	2.33	2.82	2.61	2.56

Annex 15 – Accidents at work

Data for 2025

	Company	GLJZ	GPB	GPZ	GPZ-O	GSKG	ViO	ZP	Group
Accidents at work	221	12	0	8	2	1	20	0	264
Accident rate	0.04%	0.00%	0.00%	0.02%	0.02%	0.00%	0.01%	0.00%	0.03%
Deaths	0	0	0	0	0	0	0	0	0
Lost days	8,511	236	0	639	48	5	138	0	9,577

Data for 2024

	Company	GLJZ	GPB	GPZ	GPZ-O	GSKG	ViO	ZP	Group
Accidents at work	270	17	0	14	2	0	16	0	319
Accident rate	0.05%	0.04%	0	0.04%	0.02%	0	0.01%	0	0.04%
Deaths	0	0	0	0	0	0	0	0	0
Lost days	10,531	430	0	675	81	0	859	0	12,306

Appendix 16 – Occupational injuries

Data for 2025

	Company	GLJZ	GPZ	GPZ-O	GSKG	ViO	ZP	Group
number of injuries	221	12	8	2	1	20	0	**264**

Data for 2024

	Company	GLJZ	GPZ	GPZ-O	GSKG	ViO	ZP	Group
number of injuries	270	17	14	2	0	16	0	**319**

Annex 17 - List of taxonomy-eligible activities

Environmental objective	Code	Economic activity	Sector
Climate change mitigation	4.1.	Production of electricity by solar photovoltaic technology	VIO
	4.7.	Production of electricity from gaseous and liquid non-fossil fuels from renewable sources	Čistoća
	5.1.	Construction, expansion and operation of water collection, treatment and supply systems	VIO
	5.2.	Renovation of the water collection, treatment and supply system	VIO
	5.3.	Construction, expansion and operation of wastewater collection and treatment systems	VIO
	5.4.	Renovation of centralised wastewater collection and treatment systems	VIO
	5.5.	Collection and transportation of non-hazardous waste in fractions separated at the source	Čistoća
	5.6.	Anaerobic degradation of sludge from wastewater treatment plants	VIO
	5.8.	Composting of biowaste	Zrinjevac
	5.9.	Recovery of materials from non-hazardous waste	Zagrebačke ceste
	5.10.	Capture and utilisation of landfill gas	Čistoća
	6.5.	Transport by motorcycles, passenger cars and light commercial vehicles	VIO, Property, Zagrebačke ceste, Čistoća
	6.13.	Infrastructure for personal mobility, cycling logistics	Zagrebačke ceste
	7.1.	Construction of new buildings	Sektor za imovinu
	7.7.	Purchase and ownership of buildings	Sektor za imovinu
	8.1.	Data processing, server services and related activities	IT sector

Environmental objective	Code	Economic activity	Sector
Adapting to climate change	4.1.	Production of electricity by solar photovoltaic technology	VIO
	4.7.	Production of electricity from gaseous and liquid non-fossil fuels from renewable sources	Čistoća
	5.1.	Construction, expansion and operation of water collection, treatment and supply systems	VIO
	5.2.	Renovation of the water collection, purification and supply systems	VIO
	5.3.	Construction, expansion and operation of wastewater collection and treatment systems	VIO
	5.4.	Renovation of centralised wastewater collection and treatment systems	VIO
	5.5.	Collection and transportation of non-hazardous waste in fractions separated at the source	Čistoća
	5.6.	Anaerobic degradation of sludge from wastewater treatment plants	VIO
	5.8.	Composting of biowaste	Zrinjevac
	5.9.	Recovery of materials from non-hazardous waste	Zagrebačke ceste
	5.10.	Capture and utilisation of landfill gas	Čistoća
	6.5.	Transport by motorcycles, passenger cars and light commercial vehicles	VIO, Property, Zagrebačke ceste, Čistoća
	6.13.	Infrastructure for personal mobility, cycling logistics	Zagrebačke ceste
	6.15.	Infrastructure for road and public transport	Zagrebačke ceste
	8.1.	Data processing, server services and related activities	IT sector
Sustainable use of water resources	1.1.	Production of leakage control technologies in the water supply system	VIO
	2.1.	Water supply	VIO
	2.2.	Urban waste water treatment	VIO
	2.3.	Sustainable urban drainage system	VIO
	2.5.	Biowaste recovery by anaerobic degradation or composting	Zrinjevac
Transition to a circular economy	2.3.	Collection and transportation of non-hazardous and hazardous waste	Čistoća
	3.3.	Demolition and dismantling of buildings and other structures	Zagrebačke ceste
	3.4.	Road and motorway maintenance	Zagrebačke ceste
Pollution prevention and control	1.2.	Manufacture of medicinal products	GLJZ
	2.1.	Collection and transport of hazardous waste	Čistoća
	2.3.	Rehabilitation of non-compliant landfills and abandoned or illegal landfills	Čistoća
Protection of biodiversity and ecosystems	2.1.	Hotels, resorts, campsites and similar accommodation	Vladimir Nazor

Annex 18a – EU Taxonomy KPI Indicators for 2025, with 2024 Comparatives

	Total	Eligible, non-aligned		Non-eligible	
	€	€	%	€	%
REVENUES					
2024	846,646,000	257,054,000	30.36%	589,593,000	69.64%
2025	770,228,394	303,139,991	**39.36%**	467,088,403	**60.64%**
OPEX					
2024	788,787,000	266,098,000	33.74%	522,689,000	66.26%
2025	729,153,525	300,440,906	**41.20%**	428,712,620	**58.80%**
CAPEX					
2024	70,213,000	27,972,000	39.84%	42,241,000	60.16%
2025	66,455,068	30,991,996	**46.64%**	35,463,072	**53.36%**

Annex 18b – EU Taxonomy KPI Indicators for 2025 – REVENUE

INCOME TABLE

				Significant contribution criteria						DNSH criterion (does not cause significant harm)						MPS				
EKONOMSKE DJELATNOSTI (1)	Label (2)	Total revenue (3)	Revenue share, year N (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Bioraznolikost i ekosustavi (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimal protective measures (17)	Share of revenue from taxonomy-aligned (A.1) or eligible (A.2) activities, 2025 (18)	Share of revenue from taxonomy-aligned (A.1) or eligible (A.2) activities, 2024 (19)	Enabling activity category (20)	Transitional activity category (21)
		000 EUR	%	%	%	%	%	%	%	yes/no	yes/no	yes/no	yes/no	yes/no	yes/no	yes/no	%	%	O	P
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1 Environmentally sustainable activities (taxonomy-aligned)																				
Revenue from environmentally sustainable activities (taxonomy-aligned) (A.1)		0.00	%	%	%	%	%	%	%											
A.2 Taxonomy-eligible but environmentally unsustainable activities (non-taxonomy-aligned)																				
Production of electricity from renewable gaseous and liquid non-fossil fuels	CCM, CCA	1,725	0.2%														0.2%	0.2%		
Construction, expansion and operation of water collection, treatment and supply systems	CCM, CCA	40,776	5.3%														5.3%	4.4%		
Renovation of the water collection, treatment and supply system	CCM, CCA	16,801	2.2%														2.2%	1.8%		
Construction, expansion and operation of wastewater collection and treatment systems	CCM, CCA	34,209	4.4%														4.4%	2.3%		
Collection and transportation of non-hazardous waste in fractions that are separated at the source	CCM, CCA	21,439	2.8%														2.8%	2.3%		
Composting of biowaste	CCM, CCA	382	0.0%														0.0%	0.0%		
Recovery of materials from non-hazardous waste	CCM, CCA	770	0.1%														0.1%	0.1%		
Data processing, server services and related activities – P	CCM, CCA	1,744	0.2%														0.2%	0.1%		0.2%
Road and public transport infrastructure	CCA	11,994	1.6%														1.6%	1.0%		
Municipal wastewater treatment		–	0.0%														0.0%	0.0%		
Sustainable urban drainage system		–	0.0%														0.0%	0.0%		
Collection and transportation of non-hazardous and hazardous waste	PPC, CE	125,283	16.3%														16.3%	12.6%		
Road and highway maintenance	CE	36,213	4.7%														4.7%	4.3%		
Remediation of non-compliant landfills and abandoned or disposal sites	PPC	3,609	0.5%														0.5%	0.3%		
Hotels, resorts, campsites and similar accommodation	BIO	8,196	1.1%														1.1%	0.9%		
Revenue from taxonomy-eligible but environmentally unsustainable activities (non-taxonomy-aligned) (A.2)		303,140	39.4%														39.4%	30.4%		0.2%
A. Income from taxonomy-eligible activities (A.1 + A.2)		**303,140**	**39.4%**														39.4%	30.4%		
B. Income from non-taxonomy-eligible activities (B)		**467,088**	**60.6%**														60.6%	69.6%		
TOTAL (A + B)		**770,228**	**100%**														100%	100%		

Annex 18c – EU Taxonomy KPI Indicators for 2025 – CAPITAL EXPENDITURE (CAPEX)

CAPITAL EXPENDITURE TABLE

				Significant contribution criteria						DNSH criterion (does not cause significant harm)						MPS				
ECONOMIC ACTIVITIES (1)	Label (2)	Total operating expenses (3)	Share of operating expenses (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimal protective measures (17)	Share of taxonomy-aligned capital expenditures, 2025 (18)	Share of taxonomy-aligned capital expenditures, 2024 (19)	Enabling activity category (20)	Transitional activity category (21)
		000 EUR	%	%	%	%	%	%	%	yes/no	yes/no	yes/no	yes/no	yes/no	yes/no	yes/no	%	%	0	P
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1 Environmentally sustainable activities (taxonomy-aligned)																				
Capital expenditure of environmentally sustainable activities (taxonomy-aligned) (A.1)		0	%	%	%	%	%	%	%											
A.2 Taxonomy-eligible but environmentally unsustainable activities (non-taxonomy-aligned)																				
Production of electricity using solar photovoltaic technology	CCM, CCA	637	1.0%														1.0%	0.1%		
Construction, expansion and operation of water collection, treatment and supply systems	CCM, CCA	16,421	24.7%														24.7%	17.8%		
Renovation of the water collection, treatment and supply system	CCM, CCA	1,704	2.6%														2.6%	7.3%		
Construction, expansion and operation of wastewater collection and treatment systems	CCM, CCA	7,139	10.7%														10.7%	7.4%		
Landfill gas capture and utilisation	CCM, CCA	1,596	2.4%														2.4%	0.0%		
Transportation by motorcycles, passenger cars and light commercial vehicles – P	CCM, CCA	622	0.9%														0.9%	0.8%		0.9%
Road and public transport infrastructure	CCA	85	0.1%														0.1%	0.1%		
Production, installation and related services for leakage control technologies that enable the reduction and prevention of leaks in the water supply systems – O	WTR	2,172	3.3%														3.3%	1.0%	3.3%	
Municipal wastewater treatment		–	0.0%														0.0%	0.0%		
Collection and transportation of non-hazardous and hazardous waste	CE	358	0.5%														0.5%	4.9%		
Hotels, resorts, campsites and similar accommodation	BIO	256	0.4%														0.4%	0.5%		
Capital expenditure from taxonomy-eligible but environmentally unsustainable activities (non-taxonomy-aligned) (A.2)		30,992	46.6%														46.6%	39.84%		
A. Total expenses (A.1 + A.2)		**30,992**	**46.6%**														**46.6%**	**39.8%**	**3.3%**	**0.9%**
Capital expenditures from non-taxonomy-aligned activities (B)		**35,463**	**53.4%**														**53.4%**	**60.2%**		
TOTAL (A + B)		**66,455**	**100.0%**														**100.0%**	**100.0%**		

Annex 18d – EU Taxonomy KPI Indicators for 2025 – OPERATING EXPENDITURES (OPEX)

OPERATING EXPENDITURES TABLE

				Criteria for significant contribution						DNSH criterion (does not cause significant harm)						MPS				
ECONOMIC ACTIVITIES (1)	Label (2)	Total operating expenses (3)	Share of operating expenses (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimal protective measures (17)	Share of taxonomy-aligned capital expenditures, 2025 (18)	Share of taxonomy-aligned capital expenditures, 2024 (19)	Enabling activity category (20)	Transitional activity category (21)
		000 EUR	%	%	%	%	%	%	%	yes/no	yes/no	yes/no	yes/no	yes/no	yes/no	yes/no	%	%	O	P
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1 Environmentally sustainable activities (taxonomy-aligned)																				
Operating expenditures of environmentally sustainable activities (taxonomy-aligned) (A.1)		0	%	%	%	%	%	%	%											
A.2 Taxonomy-eligible but environmentally unsustainable activities (non-taxonomy-aligned)																				
Production of electricity from renewable gaseous and liquid non-fossil fuels	CCM, CCA	12,385	1.7%														1.7%	1.1%		
Construction, expansion and operation of water collection, treatment and supply systems	CCM, CCA	35,944	4.9%														4.9%	4.0%		
Renovation of the water collection, treatment and supply system	CCM, CCA	14,810	2.0%														2.0%	1.6%		
Construction, expansion and operation of wastewater collection and treatment systems	CCM, CCA	32,394	4.4%														4.4%	3.4%		
Collection and transportation of non-hazardous waste in fractions that are separated at the source	CCM, CCA	41,006	5.6%														5.6%	4.4%		
Composting of biowaste	CCM, CCA	843	0.1%														0.1%	0.1%		
Recovery of materials from non-hazardous waste	CCM, CCA	770	0.1%														0.1%	0.1%		
Data processing, server services and related activities – P	CCM, CCA	401	0.1%														0.1%	0.2%		0.1%
Road and public transport infrastructure	CCA	9,933	1.4%														1.4%	0.9%		
Municipal wastewater treatment		–	0.0%														0.0%	0.0%		
Sustainable urban drainage system		–	0.0%														0.0%	0.0%		
Collection and transportation of non-hazardous and hazardous waste	PPC, CE	107,824	14.8%														14.8%	12.5%		
Road and highway maintenance	CE	29,990	4.1%														4.1%	3.8%		
Remediation of non-compliant landfills and abandoned or disposal sites	PPC	3,110	0.4%														0.4%	0.3%		
Hotels, resorts, campsites and similar accommodation	BIO	11,031	1.5%														1.5%	1.3%		
Operating expenditures of taxonomy-eligible but environmentally unsustainable activities (non-taxonomy compliant) (A.2)		300,441	41.2%														41.2%	33.7%		
A. Total expenses (A.1 + A.2)		**300,441**	**41.2%**														41.2%	33.7%		0.1%
B. Expenses from non-taxonomy-eligible activities (B)		**428,713**	**58.8%**														58.8%	66.3%		
TOTAL (A + B)		**729,154**	**100%**														100%	100%		

Annex 19 – Strategy documents related to climate change

Strategy document	Link to the Group
NATIONAL LEVEL	
National development strategy of the Republic of Croatia until 2030	Zagrebački holding contributes to the objectives of reducing greenhouse gas emissions through improved waste management and sustainable mobility, in line with climate neutrality goals.
Integrated National energy and Climate Plan for the Republic of Croatia for the period 2021–2030	The Group contributes to these objectives by increasing energy efficiency, implementing renewable energy sources and optimising waste management systems.
Climate change adaptation strategy until 2040	Relevant measures include the management of water resources in urban areas, improvement of infrastructure resilient to extreme weather events and education on climate adaptation.
Low-carbon development strategy until 2030 with a view to 2050	The Group aligns with these objectives by promoting sustainable mobility, reducing fossil fuel consumption and investing in innovative low-emission technologies.
CITY LEVEL	
City of Zagreb Development Plan 2021–2027	Sustainable development focused on environmental protection, adaptation to climate change, efficient use of natural resources and protection of biodiversity
Climate change mitigation programme 2025–2028	The programme forsees measures for emission reduction and climate adaptation. The Group implements technologies that reduce greenhouse gas emissions and educates employees on mitigation practices.
Green Urban Renewal Strategy of the City of Zagreb	The Group contributes through participation in green renovation and urban development projects.
Energy efficiency action plan of the City of Zagreb for the period 2025 – 2027	The strategy includes branches and subsidiaries with clearly defined objectives related to energy consumption analysis and energy efficiency in buildings and transport.
The Action Plan for Energy Sustainable Development and Adaptation to Climate Change of the City of Zagreb	The Group contributes by developing and implementing projects that reduce emissions and by collaborating with city authorities on adaptation initiatives.

Annex 20 – Energy consumption – energy mix

Data for 2025

Energy type	Consumption (MWh)	Share (%)
FOSSIL SOURCES		
Purchased electricity (non-renewable)	1,785.41	0.74%
Thermal energy	7,378.00	3.04%
Steam	8,606.00	3.55%
Natural gas	31,211.27	12.87%
Diesel	45,719.33	18.86%
Petrol	2,807.80	1.16%
Fuel oil	7,859.26	3.24%
LPG-stationary + mobile	466.64	0.19%
Total fossil resources	**105,927.43**	**43.69%**
RENEWABLE SOURCES		
Biogas (landfill gas)	16,161.20	6.67%
Purchased electricity (renewable)	118,029.00	48.69%
Wood chips	1,910.05	0.79%
Hydropower	0	0
Solar energy	397.92	0.16%
Geothermal energy	0	0
Total renewable sources	**136,498.18**	**56.31%**
TOTAL CONSUMPTION	**242,425.61**	**100%**

Source: Consolidated Group data for 2025 from available sources: HEP Supply data (certificates and total consumption); ISGE energy data (bills for delivered energy); GPZ data (annual consumption printout by location); Elektra bills; monthly ESG tables; HEP bills for generated and delivered electricity; and consolidated data from the Company's Energy Efficiency Service

Data for 2024

Energy consumption		ZGH d.o.o.	VIO	GPZ-O	GPZ (i GPB)	GLJZ	TOTAL
A) Fossil sources (MWh)		113,094.321	31,153.502	56.954	4,204.576	1,241.841	**149,751.194**
B) RES sources classified by (MWh):	**B.1)** B.1) consumption of RES fuels including biomass (including industrial and municipal waste of biological origin), biofuels, biogas, hydrogen from renewable sources, etc.	2,067.705	6,920.913	0.000	0.000	0.000	**8,988.618**
	B.2) consumption of purchased or acquired electricity. heating energy, steam and cooling energy from RES	19,162.00	46,939.00	0.000	532.00	721.00	**67,354.00**
	B.3) consumption of self-produced energy from RES that does not require fuel.	35.00	5.51	0,000	0,000	0,000	**40.51**
B.1 + B.2 + B.3 (MWh)		21,264.705	53,865.424	0.000	532.00	721.00	**76,383.128**
Total energy consumption in MWh related to own business (A+B)		134,359.026	85.018.925	56.954	4,736.576	1,962.841	**226,134.322**

Annex 21 – Emissions into the air from the plant (PI-Z forms)

Data for 2025

Code	Pollutant	Total emissions (kg/year)	Total emissions (t/year)
202	Nitrogen oxides expressed as nitrogen dioxide (NO_2)	84,416.32	84.416
203	Carbon monoxide (CO)	4,289.08	4.289
204	Carbon dioxide (CO_2)	22,551,361.63	22,551.362
501	Particulate matter (PM_{10})	2,298.14	2.298
Total sum		**22,642,365.17**	**22,642.37**

Source: Consolidated PI-Z forms of the Group from ROO, March 2026 The data refers to the branches: Čistoća, Zagrebačke ceste, Zrinjevac, Gradska groblja and the VIO

Data for 2024

Branch	Location	Device/Plant	Pollutant (kg in 2024)				
			CO_2	NO_2	CO	PM_{10}	SO_2
Zagrebačke ceste	Asphalt base Rakitje	chimney on rot. furnace	1,092,889.00	214.40	154.97	427.70	
		Benninghoven, burner	1,598,798.70	190.54	375.18	396.10	
		Thermopac boiler	591,404.00	482.30	329.8	316.00	
Gradska groblja	Crematorium	ZEUS furnace	310,784.70	270.27	289.68	201.10	
		boiler TH 25	119,279.01	155.21	51.03	0.96	
		TABO 2	371,282.80	395.70	252.33	213.62	
		TABO 3	301,576.94	498.11	83.26	147.33	
Čistoća	Jakuševec / Prudinec landfill	GP1	3,473,324.37	17,138.36			
		GP2	2,816,361.21	6,189.80			
		GP3	3,012,670.12	15,579.42			
		GP4	3,426,955.60	17,943.34			
		TORCH -B1	5,200.24	3.46			
		TORCH -B2	4,333.53	3,09			
		TORCH -B3	452,420.54	417.96			
Zrinjevac	Remetinečka cesta	boiler TK 150	104,243.90	74.32	55.75		
		biomass boiler house Hertz	917,788.84	4,065.40	1,304.01	933.90	3,308.32
TOTAL:			**18,599,313.50**	**63,621.68**	**2,896.01**	**2,636.71**	**3,308.32**

Annex 22 – Emissions to water from municipal wastewater (KI-V forms)

Data for 2025

Code	Pollutant	Total discharge quantity (kg/year)	% of total
101	Total suspended solids	1,685,328.47	4.92%
102	Chemical oxygen demand - dichromate (as O_2) (KPKCr)	4,475,685.22	13.07%
103	Biochemical oxygen demand after five days (BPK_5)	1,500,364.62	4.38%
104	Total organic carbon (TOC) (as total C or COD/3)	879,126.64	2.57%
212	Cyanides (as total CN)	3,909.21	0.01%
214	Ammonium ion (as N) (NH_4^+)	181,030.15	0.53%
215	Nitrites (as N) (NO_2^-)	61,657.25	0.18%
216	Nitrati (as N) (NO_3^-)	2,212,294.66	6.46%
217	Total nitrogen	2,957,041.11	8.64%
218	Sulphides (S_2-)	7,819.82	0.02%
219	Sulphites (SO_3^{2-})	47,043.69	0.14%
220	Sulphates (SO_4^{2-})	6,300,154.67	18.40%
221	Chlorides (Cl^-) (Cl)	11,631,504.70	33.98%
223	Orthophosphates (as P) (PO_4^{3-})	267,220.04	0.78%
224	Total phosphorus	305,068.50	0.89%
323	Halogenated organic compounds (as AOX)	15,405.93	0.05%
333	Polychlorinated biphenyls (PCB)	15.64	0.00%
335	Tetrachloroethylene (PER)	78.20	0.00%
340	Trichloroethylene (TRI)	78.20	0.00%
344	Anthracene	9.38	0.00%
347	Nonylphenol and nonylphenol ethoxylates (NP/NPE)	7.92	0.00%
352	Naphthalene	4.69	0.00%
355	Phenols (as total C)	1,296.43	0.00%
374	Detergents, anionic	34,821.31	0.10%
375	Detergents, non-ionic	48,366.62	0.14%
376	Detergents, cationic	7,853.51	0.02%
377	Low-volatility lipophilic substances (total oils and fats)	1,235,234.13	3.61%
378	Total hydrocarbons	78,129.63	0.23%
401	Aluminium (Al)	69,482.97	0.20%
402	Arsenic and compounds (as As)	3,146.34	0.01%
403	Cadmium and compounds (as Cd)	3,149.12	0.01%
404	Chromium and compounds (as Cr)	7,872.79	0.02%
405	Chromium 6^+ (Cr^{6+})	7,872.79	0.02%
406	Copper and compounds (as Cu)	7,888.75	0.02%
408	Nickel and compounds (as Ni)	7,872.79	0.02%
409	Lead and compounds (as Pb)	7,872.79	0.02%
410	Zinc and compounds (as Zn)	17,191.87	0.05%
413	Barium (Ba)	8,451.09	0.02%
417	Manganese (Mn)	7,832.43	0.02%

Code	Pollutant	Total discharge quantity (kg/year)	% of total
418	Selenium (Se)	625.59	0.00%
420	Iron (Fe)	21,925.99	0.06%
310	Atrazine	0.00	0.00%
320	Diuron	0.00	0.00%
341	Trichloromethane	78.13	0.00%
346	Brominated diphenyl ethers (PBDE)	1.56	0.00%
354	Di-(2-ethylhexyl) phthalate (DEHTP)	1,562.58	0.00%
363	Fluoranthene	3.13	0.00%
368	Total aromatic hydrocarbons	781.29	0.00%
407	Mercury and compounds (as Hg)	156.26	0.00%
411	Vanadium and compounds (as V)	1,562.58	0.00%
414	Boron (B)	77,035.02	0.23%
415	Cobalt (Co)	1,562.58	0.00%
416	Tin (Sn)	42,189.56	0.12%
Total sum		**34,232,668.31**	**100.00%**

Source: Consolidated KI-V forms of the Group from ROO, March 2026 The data mainly refer to the Water Supply and Drainage activities, since its activities include municipal water (drainage and treatment, in addition to water supply).

Data for 2024

Code	Indicator/pollutant	Total kg/year	Total t/year	% of total amount
101	Total suspended solids	18,375.433	18.3754	5.7886%
102	Chemical oxygen demand - dichromate (as O_2) (KPKCr)	222,685.065	222.6851	70.1498%
103	Biochemical oxygen demand after five days (BPK_5)	43,896.131	43.8961	13.8281%
104	Total organic carbon (TOC) (as total C ili COD/3)	2,883.843	2.8838	0.9085%
213	Fluorides (F^-)	12.300	0.0123	0.0039%
214	Ammonium ion (as N) (NH_4^+)	0.837	0.0008	0.0003%
215	Nitrites (as N) (NO_2^-)	5.371	0.0054	0.0017%
216	Nitrates (as N) (NO_3^-)	43.534	0.0435	0.0137%
217	Total nitrogen	6,363.701	6.3637	2.0047%
219	Sulphites (SO_3^{2-})	59.854	0.0599	0.0189%
220	Sulphates (SO_4^{2-})	3,655.417	3.6554	1.1515%
221	Chlorides (Cl^-) (Cl)	12,967.268	12.9673	4.0849%
223	Orthophosphates (as P) (PO_4^{3-})	1.748	0.0017	0.0006%
224	Total phosphorus	666.088	0.6661	0.2098%
309	Aldrin	0.001	0.0000	0.0000%
310	Atrazine	0.019	0.0000	0.0000%
313	Chlorfenvinphos	0.026	0.0000	0.0000%
315	Chlorpyrifos	0.055	0.0001	0.0000%
318	Dichloromethane (DCM)	0.004	0.0000	0.0000%
319	Dieldrin	0.004	0.0000	0.0000%
320	Diuron	0.019	0.0000	0.0000%
321	Endosulfan	0.001	0.0000	0.0000%

Code	Indicator/pollutant	Total kg/year	Total t/year	% of total amount
322	Endrin	0.001	0.0000	0.0000%
323	Halogenated organic compounds (as AOX)	52.100	0.0521	0.0164%
325	Hexachlorobenzene (HCB)	0.001	0.0000	0.0000%
328	Lindane	0.001	0.0000	0.0000%
331	Pentachlorobenzene	0.004	0.0000	0.0000%
333	Polychlorinated biphenyls (PCB)	0.001	0.0000	0.0000%
334	Simazine	0.019	0.0000	0.0000%
335	Tetrachloroethylene (PER)	0.047	0.0000	0.0000%
340	Trichloroethylene (TRI)	0.020	0.0000	0.0000%
346	Brominated diphenyl ethers (PBDE)	0.001	0.0000	0.0000%
347	Nonylphenol and nonylphenol ethoxylates (NP/NPE)	0.073	0.0001	0.0000%
351	Isoproturon	0.019	0.0000	0.0000%
355	Phenols (as total C)	4.809	0.0048	0.0015%
364	Isodrin	0.001	0.0000	0.0000%
368	Total aromatic hydrocarbons	6.567	0.0066	0.0021%
370	Total halogenated hydrocarbons	0.031	0.0000	0.0000%
374	Detergents, anionic	274.908	0.2749	0.0866%
375	Detergents, non-ionic	352.525	0.3525	0.1111%
376	Detergents, cationic	10.299	0.0103	0.0032%
377	Low-volatility lipophilic substances (total oils and fats)	3,436.078	3.4361	1.0824%
378	Total hydrocarbons	481.935	0.4819	0.1518%
402	Arsenic and compounds (as As)	5.154	0.0052	0.0016%
403	Cadmium and compounds (as Cd)	0.327	0.0003	0.0001%
404	Chromium and compounds (as Cr)	20.086	0.0201	0.0063%
405	Chromium 6^+ (Cr^{6+})	2.043	0.0020	0.0006%
406	Copper and compounds (as Cu)	3.583	0.0036	0.0011%
407	Mercury and compounds (as Hg)	0.635	0.0006	0.0002%
408	Nickel and compounds (as Ni)	8.950	0.0089	0.0028%
409	Lead and compounds (as Pb)	12.412	0.0124	0.0039%
410	Zinc and compounds (as Zn)	31.703	0.0317	0.0100%
413	Barium (Ba)	10.147	0.0101	0.0032%
414	Boron (B)	29.907	0.0299	0.0094%
417	Manganese (Mn)	40.696	0.0407	0.0128%
418	Selenium (Se)	3.474	0.0035	0.0011%
420	Iron (Fe)	1,036.884	1.0369	0.3266%
Total sum		**317,442.160**	**317.442**	**100.00%**

Source: Consolidated PI-V forms of the Group from ROO, March 2026 The data refers to the branches: Čistoća, Zagrebačke ceste, RTZ, Zrinjevac, Tržnice Zagreb and GLJZ

Annex 23 - Emissions to water from operations (PI-V forms)

Data for 2025

Code	Indicator/pollutant	Total kg/year	Total t/year	% of total amount
101	Total suspended solids	18,375.433	18.3754	5.7886%
102	Chemical oxygen demand - dichromate (as O_2) (KPKCr)	222,685.065	222.6851	70.1498%
103	Biochemical oxygen demand after five days (BPK_5)	43,896.131	43.8961	13.8281%
104	Total organic carbon (TOC) (as total C ili COD/3)	2,883.843	2.8838	0.9085%
213	Fluorides (F^-)	12.300	0.0123	0.0039%
214	Ammonium ion (as N) (NH_4^+)	0.837	0.0008	0.0003%
215	Nitrites (as N) (NO_2^-)	5.371	0.0054	0.0017%
216	Nitrates (as N) (NO_3^-)	43.534	0.0435	0.0137%
217	Total nitrogen	6,363.701	6.3637	2.0047%
219	Sulphites (SO_3^{2-})	59.854	0.0599	0.0189%
220	Sulphates (SO_4^{2-})	3,655.417	3.6554	1.1515%
221	Chlorides (Cl^-) (Cl)	12,967.268	12.9673	4.0849%
223	Orthophosphates (as P) (PO_4^{3-})	1.748	0.0017	0.0006%
224	Total phosphorus	666.088	0.6661	0.2098%
309	Aldrin	0.001	0.0000	0.0000%
310	Atrazine	0.019	0.0000	0.0000%
313	Chlorfenvinphos	0.026	0.0000	0.0000%
315	Chlorpyrifos	0.055	0.0001	0.0000%
318	Dichloromethane (DCM)	0.004	0.0000	0.0000%
319	Dieldrin	0.004	0.0000	0.0000%
320	Diuron	0.019	0.0000	0.0000%
321	Endosulfan	0.001	0.0000	0.0000%
322	Endrin	0.001	0.0000	0.0000%
323	Halogenated organic compounds (as AOX)	52.100	0.0521	0.0164%
325	Hexachlorobenzene (HCB)	0.001	0.0000	0.0000%
328	Lindane	0.001	0.0000	0.0000%
331	Pentachlorobenzene	0.004	0.0000	0.0000%
333	Polychlorinated biphenyls (PCB)	0.001	0.0000	0.0000%
334	Simazine	0.019	0.0000	0.0000%
335	Tetrachloroethylene (PER)	0.047	0.0000	0.0000%
340	Trichloroethylene (TRI)	0.020	0.0000	0.0000%
346	Brominated diphenyl ethers (PBDE)	0.001	0.0000	0.0000%
347	Nonylphenol and nonylphenol ethoxylates (NP/NPE)	0.073	0.0001	0.0000%
351	Isoproturon	0.019	0.0000	0.0000%
355	Phenols (as total C)	4.809	0.0048	0.0015%
364	Isodrin	0.001	0.0000	0.0000%
368	Total aromatic hydrocarbons	6.567	0.0066	0.0021%
370	Total halogenated hydrocarbons	0.031	0.0000	0.0000%
374	Detergents, anionic	274.908	0.2749	0.0866%

Code	Indicator/pollutant	Total kg/year	Total t/year	% of total amount
375	Detergents, non-ionic	352.525	0.3525	0.1111%
376	Detergents, cationic	10.299	0.0103	0.0032%
377	Low-volatility lipophilic substances (total oils and fats)	3,436.078	3.4361	1.0824%
378	Total hydrocarbons	481.935	0.4819	0.1518%
402	Arsenic and compounds (as As)	5.154	0.0052	0.0016%
403	Cadmium and compounds (as Cd)	0.327	0.0003	0.0001%
404	Chromium and compounds (as Cr)	20.086	0.0201	0.0063%
405	Chromium 6+ (Cr^{6+})	2.043	0.0020	0.0006%
406	Copper and compounds (as Cu)	3.583	0.0036	0.0011%
407	Mercury and compounds (as Hg)	0.635	0.0006	0.0002%
408	Nickel and compounds (as Ni)	8.950	0.0089	0.0028%
409	Lead and compounds (as Pb)	12.412	0.0124	0.0039%
410	Zinc and compounds (as Zn)	31.703	0.0317	0.0100%
413	Barium (Ba)	10.147	0.0101	0.0032%
414	Boron (B)	29.907	0.0299	0.0094%
417	Manganese (Mn)	40.696	0.0407	0.0128%
418	Selenium (Se)	3.474	0.0035	0.0011%
420	Iron (Fe)	1,036.884	1.0369	0.3266%
Total sum		**317,442.160**	**317.442**	**100.00%**

Source: Consolidated PI-V forms of the Group from the Register of Environmental Pollution (ROO), March 2026. The data relate to the branches: Čistoća, Zagrebačke ceste, RTZ, Zrinjevac, Tržnice Zagreb and the GLJZ institution

Data for 2024

Indicator/pollutant	CAS number	Total amount of discharges and transfers (kg in 2024 /year)
Total suspended solids	/	968.56
Chemical oxygen consumption - dichromate (as O_2) (KPKCr)	/	136484.05
Biochemical oxygen consumption after five days (BPK_5)	/	21051.98
Halogenated organic compounds (as AOX)	/	32.57
Detergents, anionic	/	53.33
Detergents, non-ionic	/	117.32
Hardly volatile lipophilic substances (total oils and fats)	/	2770.99
Total hydrocarbons	/	665.43
Ammonium ion (as N) (NH_4^+)	/	0.89721
Nitrates (as N) (NO_3^-)	/	5.38326
Total nitrogen	/	5486.34244
Orthophosphates (as P) (PO_4^{3-})	/	0.32626
Total phosphorus	/	303,43082
Aldrin	309-00-2	0.00082
Atrazine	1912-24-9	0.01631
Chlorfenvinphos	470-90-6	0.01631

Indicator/pollutant	CAS number	Total amount of discharges and transfers (kg in 2024 /year)
Chlorpyrifos	2921-88-2	0.0467
Dieldrin	60-57-1	0.00082
Diuron	330-54-1	0.01631
Endosulfan	115-29-7	0.00082
Endrin	72-20-8	0.00082
Hexachlorobenzene (HCB)	118-74-1	0.00082
Lindane	58-89-9	0.00082
Pentachlorobenzene	608-93-5	0.00245
Simazine	122-34-9	0.01631
Isoproturon	34123-59-6	0.01631
Isodrin	465-73-6	0.00082
Arsenic and compounds (as As)	/	3.97395
Mercury and compounds (as Hg)	/	0.33934
Lead and compounds (as Pb)	/	2,00682
Tetrachloroethylene (PER)	127-18-4	0.06421
Trichloroethylene (TRI)	79-01-6	0.03282
Sulphates (SO_4^{2-})	/	2139,8369
Chlorides (Cl^-) (Cl)	/	7119.57898
Chlorinated alkanes, C10 - C13	85535-84-8	0.20472
Polychlorinated biphenyls (PCB)	1336-36-3	0.00205
Anthracene	120-12-7	0.00409
Brominated diphenyl ethers (PBDEs)	/	0
Nonylphenol and nonylphenol ethoxylates (NP/NPE)	/	0.35665
Naphthalene	91-20-3	0.04094
Chromium and compounds (as Cr)	/	17,09035
Phenols (as total C)	/	9.33308
Chromium 6^+ (Cr^{6+})	/	7.41932
Copper and compounds (as Cu)	/	13.81551
Oxylphenols and oxylphenol ethoxylates	/	0.10236
Di-(2-ethyl-hexyl) -phthalate (DEHTP)	/	0.20472
Phenols (as total C)	/	9.33308
Fluoroanthene	/	0.00409
Benz (g,h,i,) perylene	/	0.00409
Nickel and compounds (as Ni)	/	11.80116
Zinc and compounds (as Zn)	/	14.23605
Iron (Fe)	/	764.80368
Sulphites (SO_3^{2-})	/	44,39907
Fluorides (F^-)	/	11.2526

Indicator/pollutant	CAS number	Total amount of discharges and transfers (kg in 2024 /year)
Nitrites (as N) (NO_2^-)	/	2.43499
Barium (Ba)	/	11,98879
Boron (B)	/	21.77087
Total aromatic hydrocarbons	/	225.89754
Detergents, cationic	/	4.67436
Total organic carbon (TOC) (as total C or COD/3)	/	1,137.19371
Sulphites (SO_3^{2-})	/	40.31077
Dichloromethane (DCM)	75-09-2	0.03601
Brominated diphenyl ethers (PBDEs)	/	0
Manganese (Mn)	/	28.42078
Cadmium and compounds (as Cd)	/	0.26557
Barium (Ba)	/	11,98879
Selenium (Se)	/	0.93833

Annex 24 – Water consumption

Data for 2025

Podatak	ZGH d.o.o.	OD/GLJZ	ZGH GROUP
Total water consumption in m^3	428,845.67	1,169,003.66	1,597,849.33
of which from the city water supply	372,699.67	1,169,003.66	1,541,703.33
of which from other sources	56,146.00	0.00	56,146.00
Of the total consumed for own operations/business activities, in m^3	183,968.60	1,050,455.00	1,234,423.60
Total amount of water abstracted in m^3, of which	0.00	142,799,643.00	142,799,643.00
from springs	0.00	5,884,696.00	5,884,696.00
from groundwater	0.00	125,518,500.00	125,518,500.00
from other water supply systems	0.00	11,320,497.00	11,320,497.00
process water	54,447.00	75,950.00	130,397.00
Total amount of water supplied in m^3	0.00	64,654,014.00	64,654,014.00
Total amount of water discharged in m^3	320,663.92	1,169,003.66	1,489,667.58
Total amount of treated water in m^3	0.00	127,480,332.00	127,480,332.00
Analyses performed	0.00	0.00	0.00
Water analyses (number)	56	271,498	271,554
Ice analyses (number)	7	0	7
Samplings carried out			0
water samples taken (number)	33	10,493	10,526
ice samples taken (number)	15	0	15

Source: Consolidated data of the Group for the year 2025 from the ESG tables, which are maintained on a monthly basis

Data for 2024

Water consumption	Consumed water for own needs in 2024	Pumped water from natural sources in 2024	Drained water (drainage) in 2024
Total water consumption in m^3 - the entire Group	**1,408.836,00**	**135,367,698.00**	**173,670,345.00**
Total water consumption in m^3 - subsidiaries	**324,065.00**	**50,253.00**	**212,773.00**
Total water consumption in m^3 - institution	**4,006.00**	**0.00**	**3,819.00**
Total water consumption in m^3 - GPZ and GPB	**2,956.00**	**0.00**	**135.00**
Total water consumption in m^3 - VIO	**1,074,054.00**	**135,217,445.00**	**173,451,964.00**
Total water consumption in m^3 - GSKG	**1,607.00**	**0.00**	**1,607.00**

Annex 25 – Overview of vegetation biodiversity within areas maintained by Zrinjevac according to the Greenery Cadastre*

	Number of tree species	Percentage
Native	59	33.15%
Allochthonous	78	43.82%
Cultivated/hybrids	41	23.03%
	Number of individual trees	
Native	75,035	55.30%
Allochthonous	34,880	25.70%
Cultivated/hybrids	25,780	19.00%
	Area of shrubs (m^2)	
Native	35,699	14.08%
Allochthonous	166,699	65.73%
Cultivated/hybrids	51,215	20.19%

The Company applies the exemption under ESRS 1, Section 7.1, paragraph 85, which permits the omission of comparative information in the first year of reporting under the ESRS methodology, particularly given that this topic is reported on voluntarily and has not been identified as material for the Company.

Annex 26 – Processing of collected waste

Data for 2025

Breakdown 2025 - ALL WASTE	total collected, t	Company	subsidiaries
GENERATED WASTE - ESG table (NO and eONTO forms)	174,394.29	174,184.76	209.53
COLLECTED WASTE - SO forms	335,298.71		
SO 1 - public service	237,986.74		
SO 2 - collected waste	64,846.83		
SO 3-1 - mobile recycling yards	13,140.58		
SO 3-2 - fixed recycling yards	19,324.56		
RECOVERED WASTE - OZO forms	**366,689.45**		

Breakdown 2025 - NON-HAZARDOUS	total, t
GENERATED WASTE - NO and eONTO forms	173,810.02
COLLECTED WASTE - SO forms	334,137.72
SO 1 - public service	237,986.74
SO 2 - collected waste	64,846.83
SO 3-1 - mobile recycling yards	12,749.32
SO 3-2 - fixed recycling yards	18,554.84
TOTAL NON-HAZARDOUS	**507,947.75**

Breakdown 2025 - HAZARDOUS	total, t
GENERATED WASTE - NO and eONTO forms	584.27
COLLECTED WASTE - SO forms	1,160.99
SO 1 - public service	0.00
SO 2 - collected waste	0.00
SO 3-1 - mobile recycling yards	391.27
SO 3-2 - fixed recycling yards	769.72
TOTAL HAZARDOUS	**1,745.26**

Source: Consolidated data of the Group for the year 2025 from ROO forms (NO, SO-1, SO-2, SO3-1, SO3-2 and PPE), eONTO data and ESG tables maintained on a monthly basis

Data for 2024

Group Waste Information in 2024	ZGH d.o.o. Quantity (t)	SUBSIDIARIES Quantity (t)	TOTAL GROUP Quantity (t)
Total quantity generated **non-hazardous** waste	159,764.52	325.32	**160,089.84**
Total quantity generated **hazardous** waste	810.42	41.19	**851.60**
Total quantity of waste generated (NO and eONTO forms)	160,574.94	366.51	**160,941.45**
Total quantity of recovered waste	152,793.46	233.12	**153,026.57**
Total quantity of waste disposed of	7,781.48	133.39	**7,914.87**
Total quantity of recovered and disposed waste	160,574.94	366.51	**160,941.45**
Total quantity of waste collected SO-1 Public service	233,127.24	/	**233,127.24**
Total quantity of waste collected SO-2 Waste collected	56,960.71	/	**56,960.71**
Total quantity of waste collected SO-3 Mobile recycling yards	11,463.12	/	**11,463.12**
Total quantity of waste collected SO-4 Fixed recycling yards	18,500.57	/	**18,500.57**
Total quantity of waste collected – SO forms (includes public service waste, waste collected from subsidiaries Zrinjevac and Čistoća, mobile and fixed recycling yards)	320,051.63		**320,051.63**
Total quantity of recovered waste – OZO forms	232,468.06	/	**232,468.06**

Appendix 1

LIST OF DATA IN CROSS-CUTTING AND TOPICAL STANDARDS ARISING FROM OTHER EU REGULATIONS (ESRS 2 APPENDIX B)

General Disclosures	Datapoint	Referral to SFDR	Referral to the Third Pillar	Reference to benchmark regulations	Reference to the European Climate Law	Chapter and section / Not significant / Not applicable
ESRS GOV-1 Gender diversity in administration	21(d)	x		x		Sustainability Report - Corporate governance - Management Board; Supervisory Board and Audit Committee; Annex 1. Management report, chapter Basic information on the Group. Statement on the application of the Corporate Governance Code
ESRS 2 GOV-1 Percentage of independent board members	21(e)			x		Sustainability Report - Corporate governance - Management Board; Supervisory Board and Audit Committee; Annex 1. Management report, chapter Basic information on the Group. Statement on the application of the Corporate Governance Code
ESRS 2 GOV-4 Due diligence statement	30	x				Sustainability Report - Corporate governance - Due diligence
ESRS 2 SBM-1 Participation in activities related to fossil fuels and energy	40(d)i	x	x	x		Sustainability Report - Business strategy and sustainability strategy; Value chain; Table 3; Annex 2. Management report, Basic information on the Group. Financial report
ESRS 2 SBM-1 Participation in activities related to the production of chemicals	40(d)ii	x		x		Not applicable
ESRS 2 SBM-1 Involvement in activities related to controversial weapons	40(d)iii	x		x		Not applicable
ESRS 2 SBM-1 Participation in activities related to tobacco growing and production	40(d)iv			x		Not applicable
ESRS E1-1 Transition plan to achieve climate neutrality by 2050	14				x	Sustainability Report - Policies and measures for the implementation of material topics; Set indicators and targets; Group in figures, Tables 7, 8, 10, 11, 12; Annexes 19, 20. Management report, Business activities of the ZGH Group during 2025 by business / strategic areas. Consolidated financial statements, note 6
ESRS E1-1 Companies excluded from the Paris Agreement benchmarks	16(g)		x	x		Not applicable

General Disclosures	Datapoint	Referral to SFDR	Referral to the Third Pillar	Reference to benchmark regulations	Reference to the European Climate Law	Chapter and section / Not significant / Not applicable
ESRS E1-4 Greenhouse gas emission reduction goals	34	x	x	x		Sustainability Report - Policies and measures for the implementation of material topics; Set indicators and targets; Group in figures, Tables 7, 8, 10, 11, 12; Annexes 19, 20. Management report, Business activities of the ZGH Group during 2025 by business / strategic areas; Sustainability Strategy of Zagreb Holding 2023-2028 and strategic measures to achieve goals related to climate change; Decarbonization plan
ESRS E1-5 Fossil energy consumption broken down by source (only sectors with significant climate impacts)	38	x				Sustainability Report - Policies and measures for the implementation of material topics; Set indicators and targets; Group in figures, Tables 7, 8, 10, 11, 12; Annexes 19, 20. Management report, Business activities of the ZGH Group during 2025 by business / strategic areas. Consolidated financial statements, note 9
ESRS E1-5 Energy consumption and combination of energy sources	37	x				Sustainability Report - Policies and measures for the implementation of material topics; Set indicators and targets; Group in figures, Tables 7, 8, 10, 11, 12; Annexes 19, 20. Management report, Business activities of the ZGH Group during 2025 by business / strategic areas. Consolidated financial statements, note 9
ESRS E1-5 (Consumption of energy from non-renewable sources and RES)	38(a)	x		x		Group in figures (gas); Environmental indicators (E); Climate change, Energy consumption and energy mix; Climate change, Energy intensity based on net revenue; Consolidated financial statements, note 9
ESRS E1-5 (Total energy consumption)	38(b)	x		x		Environmental indicators (E); Climate change, Energy consumption and energy mix; Consolidated financial statements, note 9
ESRS E1-5 Energy intensity associated with activities in sectors that significantly impact the climate	40-43	x				Environmental indicators (E); Climate change, Energy intensity based on net revenue; Consolidated financial statements, note 6
ESRS E1-6 Gross greenhouse gas emissions from scopes 1, 2, 3 and total greenhouse gas emissions	44	x	x	x		Sustainability Report - Policies and measures for the implementation of material topics; Set indicators and targets; Group in figures, Tables 7, 8, 10, 11, 12; Annexes 19, 20. Management report, Business activities of the ZGH Group during 2025 by business / strategic areas
ESRS E1-6 (Gross Scope 3 emissions)	44(c)	x	x		x	Environmental indicators (E); Climate change, Greenhouse gas emissions, Scope 3; Climate change, Greenhouse gas intensity based on net revenue
ESRS E1-6 (Total greenhouse gas emissions)	45	x	x		x	Environmental indicators (E); Climate change, Greenhouse gas emissions, Scope 3; Climate change, Greenhouse gas intensity based on net revenue

General Disclosures	Datapoint	Referral to SFDR	Referral to the Third Pillar	Reference to benchmark regulations	Reference to the European Climate Law	Chapter and section / Not significant / Not applicable
ESRS E1-6 Gross greenhouse gas emissions intensity	53-55	x	x	x		Not applicable
ESRS E1-7 Greenhouse gas removal and carbon credits	56				x	Not applicable
ESRS E1-9 (Potential financial effects - risks)	62	x				Environmental indicators (E); Climate change, Greenhouse gas emissions, Financial effects of climate risks and opportunities
ESRS E1-9 Exposure of the reference portfolio to physical risks related to climate change	66			x		Not applicable
ESRS E1-9 Breakdown of monetary amounts by acute and chronic physical risk; ESRS E1-9 Location of significant assets exposed to significant physical risk	66(a) 66(c)		x			Not applicable
ESRS E1-9 Analysis of the book value of company real estate according to energy efficiency classes	67(c)		x			Not applicable
ESRS E1-9 The degree of portfolio exposure to climate change-related opportunities	69			x		Not applicable
ESRS E2-4 The quantity of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) released into air, water and soil, and PI-V and KI-V forms from the Environmental Pollution Register	28	x				Sustainability Report - Policies and measures for the implementation of material topics; Annexes 21, 22, 23. Management report, Business activities of the ZGH Group during 2025 by business / strategic areas
ESRS E3-1 Water and marine resources	9	x				Sustainability Report - Chapter on water / environmental indicators; Group in figures; Annex 24. Management report, Business activities of the ZGH Group during 2025 by business / strategic areas. Consolidated financial statements, notes 6 and 7
ESRS E3-1 Special policy	13	x				Not applicable

General Disclosures	Datapoint	Referral to SFDR	Referral to the Third Pillar	Reference to benchmark regulations	Reference to the European Climate Law	Chapter and section / Not significant / Not applicable
ESRS E3-1 Sustainable oceans and seas	14	x				Not significant
ESRS E3-1 (Total water consumption in m3)	28	x		x		Environmental indicators / Water / Water withdrawal and discharge
ESRS E3-1 (Water recycled and reused)	28	x				Environmental indicators / Water / Wastewater treatment
ESRS E3-4 Total amount of recycled and reused water	28(c)	x				Not applicable
ESRS E3-4 Total water consumption in m3 per net income from own business	29	x				Sustainability Report - Chapter on water / environmental indicators; Group in figures; Annex 24. Management report, Business activities of the ZGH Group during 2025 by business / strategic areas. Consolidated financial statements, notes 6 and 7
ESRS 2- IRO 1 - E4 Biodiversity sensitive areas	16(a)i	x				Not significant
ESRS 2- IRO 1 - E4 Land degradation	16(b)	x				Not significant
ESRS 2- IRO 1 - E4 Endangered species	16(c)	x				Not significant
ESRS E4-1 (Local sites near biodiversity-sensitive areas)	16	x		x		Environmental indicators / Biodiversity and ecosystems (Voluntary disclosure)
ESRS E4-2 Sustainable land/agricultural practices or policies	24(b)	x				Not significant
ESRS E4-2 Sustainable practices or policies for oceans/seas	24(c)	x				Not significant
ESRS E4-2 Policies to address deforestation	24(d)	x				Not significant

General Disclosures	Datapoint	Referral to SFDR	Referral to the Third Pillar	Reference to benchmark regulations	Reference to the European Climate Law	Chapter and section / Not significant / Not applicable
ESRS E4-4 (Targets related to biodiversity and ecosystems)	32	x				Environmental indicators / Biodiversity and ecosystems (Voluntary disclosure)
ESRS E5-4 (Total amount and share of hazardous waste)	37(b)	x		x		Environmental indicators (E); Resource use and circular economy / Waste management
ESRS E5-4 (Waste not recovered - disposal)	37(d)	x		x		Environmental indicators (E); Resource use and circular economy / Waste management
ESRS E5-5 Unrecycled waste	37(d)	x				Sustainability Report - Policies and measures; Group in figures; Tables 13 and 14; Annex 26. Management report, Business activities of the ZGH Group during 2025 by business / strategic areas
ESRS E5-5 Hazardous waste and radioactive waste	39	x				Sustainability Report - Policies and measures; Group in figures; Tables 13 and 14; Annex 26. Management report, Business activities of the ZGH Group during 2025 by business / strategic areas
ESRS 2 - SBM3 - S1 Risk of forced labor	14(f)	x				Sustainability Report - Policies and measures; Own workforce, Worker and human rights policies; Workers in the value chain
ESRS 2 - SBM3 - S1 Risk of child labor	14(g)	x				Sustainability Report - Policies and measures; Own workforce, Worker and human rights policies; Workers in the value chain
ESRS S1-1 Obligations in the field of human rights policy	20	x				Sustainability Report - Policies and measures; Own workforce, Worker and human rights policies; Workers in the value chain; Salaries, rights and benefits
ESRS S1-1 Due Diligence Policies on Matters Covered by Fundamental Conventions 1 to 8 of the International Labor Organization	21			x		Sustainability Report - Corporate governance - Due diligence; Own workforce, Worker and human rights policies
ESRS S1-1 Procedures and measures to prevent human trafficking	22	x				Not applicable
ESRS S1-1 Occupational accident prevention policy or management system	23	x				Sustainability Report - Policies and measures; Own workforce, Occupational health and safety, Annexes 15 and 16

General Disclosures	Datapoint	Referral to SFDR	Referral to the Third Pillar	Reference to benchmark regulations	Reference to the European Climate Law	Chapter and section / Not significant / Not applicable
ESRS S1-3 Grievance Redressal Mechanism	32(c)	x				Sustainability Report - Governance - Business conduct, Impacts, risks and opportunities related to consumers and users
ESRS S1-14 The number of deaths and the number and rate of accidents at work	88(b) 88(c)	x		x		Sustainability Report - Policies and measures; Own workforce, Occupational health and safety, Annexes 15 and 16
ESRS S1-14 Number of days lost due to injuries, accidents, deaths or illness	88(e)	x				Sustainability Report - Policies and measures; Own workforce, Occupational health and safety, Annexes 15 and 16
ESRS S1-16 Unbalanced gender pay gap	97(a)	x		x		Own workforce - Worker and human rights policies, Salaries, rights and benefits, Social inclusion, Annex 14
ESRS S1-16 Excessive difference in salary between directors and employees	97(b)	x				Sustainability Report - Own workforce - Worker and human rights policies, Salaries, rights and benefits, Governance: trade unions, collective agreements and social dialogue, Annex 14
ESRS S1-17 Discrimination cases	103(a)	x				Sustainability Report - Own workforce - Worker and human rights policies, Governance - Business conduct
ESRS S1-17 Non-compliance with the UN Guiding Principles on Business and Human Rights and OECD guidelines	104(a)	x		x		Not applicable
ESRS 2 - SBM3 - S2 High risk of child labor or forced labor in the value chain	11(b)	x				Not significant
ESRS S2-1 Obligations in the field of human rights policy	17	x				Not significant
ESRS S2-1 Policies related to workers in the value chain	18	x				Not significant
ESRS S2-1 Non-compliance with the UN Guiding Principles on Business and Human Rights and OECD guidelines	19	x		x		Not significant

General Disclosures	Datapoint	Referral to SFDR	Referral to the Third Pillar	Reference to benchmark regulations	Reference to the European Climate Law	Chapter and section / Not significant / Not applicable
ESRS S2-1 Due Diligence Policies on Matters Covered by Fundamental Conventions 1 to 8 of the International Labor Organization	19			x		Not significant
ESRS S2-4 Human rights issues and incidents related to upstream and downstream levels of the value chain	36	x				Not significant
ESRS S3-1 Commitments in the field of human rights protection policy	16	x				Policies and measures for the implementation of material topics - Social policies, Impacts, risks and opportunities related to the community and users, Relationship with stakeholders and their impact on the business strategy and model
ESRS S3-1 Non-compliance with the UN Guiding Principles on Business and Human Rights, ILO principles and OECD guidelines	17	x		x		Not applicable
ESRS S3-4 Human rights issues and incidents	36	x				
ESRS S4-1 Policies related to consumers and end users	16	x		x		
ESRS S4-1 Non-compliance with the UN Guiding Principles on Business and Human Rights and OECD guidelines	17	x				Not applicable
ESRS S4-4 Human rights issues and incidents	35	x				
ESRS G1-1 United Nations Convention against Corruption	10(b)	x				Not applicable
ESRS G1-1 Whistleblower protection	10(d)	x				

General Disclosures	Datapoint	Referral to SFDR	Referral to the Third Pillar	Reference to benchmark regulations	Reference to the European Climate Law	Chapter and section / Not significant / Not applicable
ESRS G1-4 Fines for violating anti-corruption and bribery regulations	24(a)	x		x		
ESRS G1-4 Anti-corruption and anti-bribery standards	24(b)	x				

X ANNUAL CONSOLIDATED 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. Group and its affiliated companies, Zagreb

Report on the audit of consolidated annual financial statements

Opinion

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

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

Basis for 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 Consolidated Annual Financial Statements section of our auditor's report. We are independent of the Group 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

Ownership of property
As described in Notes 18 Property, Plant and Equipment and 19 Investment Property to the consolidated 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 Group 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.

Receivables from liabilities to related parties
We draw attention to Note 23 Non-current receivables, Note 25 Receivables from related parties and Note 35 Liabilities to related parties to the consolidated annual financial statements, which disclose balances with related parties. The transactions and balances presented in the consolidated annual financial statements are the result of the business model, ownership structure and manner in which the Group is managed. The Group'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 consolidated annual financial statements. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT (continued)

Report on the Audit of Consolidated Annual Financial Statements (continued)

Highlighting questions (continued)

Restatements of prior periods

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

Receivables from the government and events after the reporting date

We draw attention to Note 26 Trade and Other Receivables and Note 44 Events after the Date of the Consolidated Statement of Financial Position to the accompanying consolidated annual financial statements, which state that, in the statement of financial position as at 31 December 2025, within receivables from the Republic of Croatia and other institutions, the Group recognised receivables for compensation of the difference in the price of gas in the amount of EUR 186,557 thousand (31 December 2024: EUR 186,557 thousand), and that during February and March 2026 the Group collected receivables under four of the six previously submitted claims for compensation of the difference in the price of gas in the total amount of EUR 142,283 thousand.

Key audit matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated annual financial statements of the current period. These matters were addressed in the context of our audit of the consolidated 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.q) Revenue Recognition, as well as Note 6 Revenue from Sales and Note 7 Segment Information to the consolidated financial statements.

Key audit question (continued)

Key Audit Matter	How we addressed the key audit matter
Revenue recognition In 2025, the Group recognised revenue from sales in the consolidated statement of comprehensive income in the amount of EUR 607,873 thousand (for the year ended 31 December 2024: EUR 592,363 thousand). 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 Group's business. Revenue is presented net of value added tax, volume rebates and sales discounts. The Group's revenue from sales comprises various types of activities, as stated in Note 7 Segment Information. 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 Group's activities and business model. In accordance with International Financial Reporting Standard 15 Revenue from Contracts with Customers, revenue from sales is recognised when the Group 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. 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 Group has objective evidence that all acceptance criteria have been satisfied. Considering the significance of revenue from sales presented in the consolidated 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. *Related disclosures in the accompanying consolidated annual financial statements* See Notes 3.q) and 7 to the consolidated annual financial statements.	Audit procedures related to this area included, among others: • Obtaining an understanding of the sales process by holding discussions with key people in sales and professional departments; • Obtaining an understanding of key controls relating to revenue recognition from sales; • Testing the design and operating effectiveness of key controls relating to the accuracy and completeness of revenue generated; • 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; • Comparing independent confirmations of outstanding trade receivable balances, on a sample basis, as at the reporting date, with the balances recorded in the Group's accounting records as at the same date; • Assessing the compliance of the revenue recognition policy for sales with International Financial Reporting Standard 15 Revenue from Contracts with Customers; • Assessing the adequacy of disclosures relating to revenue recognition from sales in accordance with International Financial Reporting Standard 15 Revenue from Contracts with Customers.

Other information

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

In connection with our audit of the consolidated 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 consolidated 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 Articles 22 and 24 of the Accounting Act and whether the Report on the Application of the Corporate Governance Code contains the information referred to in Articles 22 and 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 consolidated annual financial statements;
2. the accompanying Management Report has been prepared in accordance with Articles 22 and 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 Articles 22 and 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 Group and its environment obtained in the audit of the consolidated 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 Consolidated Annual Financial Statements

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

In preparing the consolidated annual financial statements, Management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated annual financial statements. As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit.

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

We also:

- identify and assess the risks of material misstatement of the consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated annual financial statements, including the disclosures, and whether the consolidated 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 Group to express an opinion on these consolidated annual financial statements. We are responsible for the direction, supervision and performance of the Group 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 consolidated 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 Group to audit the consolidated 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 Group from the audit of the consolidated annual financial statements for 2023 to the audit of the Group's consolidated annual financial statements for 2025, representing an uninterrupted engagement of three years.

Report on Other Legal and Regulatory Requirements (continued)

In the audit of the Group's consolidated annual financial statements for 2025, we determined materiality for the consolidated annual financial statements as a whole in the amount of EUR 11,461 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 Group's business performance.

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

During the period between the initial date of the audited consolidated annual financial statements of the Group 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 Group 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 consolidated 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 consolidated 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 Group's Management is responsible for the preparation and content of the consolidated annual financial statements in accordance with the ESEF Regulation.

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

The Group's Management is also responsible for:

- publicly disclosing the consolidated 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 consolidated 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.

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 Group'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 consolidated annual financial statements included in the annual report have been prepared in valid XHTML format;
- the data contained in the consolidated 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 consolidated 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 consolidated 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.

Hrvoje Stipić, President of the Management Board

Janja Kulić, director and certified auditor

Marina Tonžetić, certified auditor

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

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

Kulić & Sperk d.o.o.
Radnička cesta 52
10 000 Zagreb

29 April 2026

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2025

	Note	2025	2024 restated
		EUR 000	EUR 000
Sales revenues	6, 7	607,873	592,363
Other operating income	8	163,281	255,075
Operating revenue		**771,154**	**847,438**
Material costs and services	9	(362,779)	(476,609)
Staff costs	10	(250,583)	(216,815)
Depreciation and amortisation	11	(63,095)	(55,642)
Value adjustment	12	(26,398)	(33,567)
Provisions	13	(15,489)	(7,021)
Other operating expenses	14	(10,926)	(7,845)
Operating expenses		**(729,270)**	**(797,499)**
NET OPERATING PROFIT		**41,884**	**49,939**
Finance income	15	8,461	10,180
Finance costs	16	(30,702)	(36,035)
NET FINANCE COST		**(22,241)**	**(25,855)**
PROFIT BEFORE TAX		**19,643**	**24,084**
Tax income / (expense)	17	2,086	(6,391)
PROFIT FOR THE YEAR		**21,729**	**17,693**
For distribution:		**21,729**	**17,693**
To the Owner of the Company		20,739	16,757
To owners of non-controlling interests		990	936
Other comprehensive income			
Items that will never be reclassified to profit or loss			
Real estate revaluation gains	17, 37	11,085	98,379
Loss from valuation of financial assets available for sale	17, 37	(677)	(1,435)
Tax on other comprehensive income		(1,874)	(17,450)
Items that may be reclassified to profit or loss			
Profit based on effective cash flow hedges		–	758
Other items that can be reclassified to profit or loss		60	1,939
Tax on other comprehensive income		(10)	(10)
Total comprehensive income for the year		**30,313**	**99,874**
Total comprehensive income for distribution:		**30,313**	**99,874**
To the Owner of the company		29,323	98,938
To owners of non-controlling interests		990	936

The accounting policies and notes below form an integral part of these annual consolidated financial statements

Consolidated Statement of Financial Position

As of 31 December 2025

	Note	31/12/2025	31/12/2024 restated	01/01/2024 restated
		EUR 000	EUR 000	EUR 000
NON-CURRENT ASSETS				
Property, plant and equipment	18	1,628,928	1,598,013	1,226,907
Investment property	19	236,193	233,505	219,266
Right-of-use assets	20	3,803	2,605	1,393
Intangible assets and goodwill	21	9,083	7,661	6,269
Financial assets	22	15,845	15,305	16,733
Non-current receivables	23	95,305	109,453	125,809
Deferred tax assets	17	14,314	10,328	13,847
Total non-current assets		**2,003,471**	**1,976,870**	**1,610,224**
CURRENT ASSETS				
Inventories	24	22,793	26,228	18,444
Receivables from related parties	25	64,406	45,316	73,402
Trade receivables and other receivables	26	317,903	317,466	234,608
Financial assets	27	4,231	4,108	4,032
Cash at bank and on hand	28	132,899	113,404	86,259
Total current assets		**542,232**	**506,522**	**416,745**
TOTAL ASSETS		**2,545,703**	**2,483,392**	**2,026,969**

The accounting policies and notes below form an integral part of these annual consolidated financial statements

Consolidated Statement of Financial Position / continued

As of 31 December 2025

	Note	31/12/2025	31/12/2024 restated	01/01/2024 restated
		EUR 000	EUR 000	EUR 000
NON-CURRENT LIABILITIES				
Loans and leases payable	29	216,302	243,403	292,278
Liabilities for issued bonds	30	303,599	303,098	302,622
Provisions	31	51,245	41,653	39,662
Deferred income	32	729,778	676,127	418,443
Deferred tax liability	17	73,435	71,566	54,475
Other non-current liabilities	33	892	1,487	1,754
Derivative financial liabilities		–	–	758
Total non-current liabilities		**1,375,251**	**1,337,334**	**1,109,992**
CURRENT LIABILITIES				
Trade payables and other liabilities	34	386,790	378,653	278,298
Liabilities to related parties	35	1,711	1,951	3,476
Loans and leases payable	29	36,762	42,284	40,745
Current portion of deferred income	32	23,425	26,560	20,534
Current income tax liability		15	3,736	632
Total current liabilities		**448,703**	**453,184**	**343,685**
TOTAL LIABILITIES		1,823,954	1,790,518	1,453,677
NET ASSETS		721,749	692,874	573,292
CAPITAL				
Share capital		437,166	421,666	421,666
Revaluation reserves		330,637	321,565	240,896
Fair value reserves		3,961	4,515	5,070
Other reserves		32,718	48,218	32,718
Accumulated loss		(91,677)	(112,566)	(128,472)
Non-controlling interest		8,944	9,476	1,414
Total equity	36	**721,749**	**692,874**	**573,292**
TOTAL EQUITY AND LIABILITIES		**2,545,703**	**2,483,392**	**2,026,969**

The accounting policies and notes below form an integral part of these annual consolidated financial statements

Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

in thousands of euros	Share capital	Revaluation reserves	Fair value reserves	Other reserves	Accumulated loss	Parent's ownership interest	Non-controlling interest	Total
Balance as at 31 December 2023	**421,666**	**241,611**	**5,070**	**32,718**	**(77,831)**	**623,234**	**1,414**	**624,648**
Effect of restatement	–	**(715)**	**–**	**–**	**(50,641)**	**(51,356)**	**–**	**(51,356)**
Balance as at 1 January 2024 restated	**421,666**	**240,896**	**5,070**	**32,718**	**(128,472)**	**571,878**	**1,414**	**573,292**
Comprehensive profit								
Profit for the year	–	–	–	–	16,757	**16,757**	936	**17,693**
Gain on valuation of financial assets (net)	–	–	(555)	–	–	**(555)**	–	**(555)**
Real estate revaluation gains (net)	–	80,669	–	–	2,067	**82,736**	–	**82,736**
Other comprehensive income	**–**	**80,669**	**(555)**	**–**	**2,067**	**82,181**	**–**	**82,181**
Total comprehensive income	**–**	**80,669**	**(555)**	**–**	**18,824**	**98,938**	**936**	**99,874**
Transactions with owners recognised directly in equity								
Registration of ownership rights to real estate	–	–	–	15,500	–	15,500	7,745	**23,245**
Merging service areas	–	–	–	–	(2,918)	(2,918)	–	**(2,918)**
Payment of profit to non-controlling interest	–	–	–	–	–	–	(619)	**(619)**
Total transactions with owners recognised directly in equity	**–**	**–**	**–**	**15,500**	**(2,918)**	**12,582**	**7,126**	**19,708**
Balance as at 31 December 2024	**421,666**	**321,565**	**4,515**	**48,218**	**(112,566)**	**683,398**	**9,476**	**692,874**
Effect of restatement	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Balance as at 31 December 2024, restated	**421,666**	**321,565**	**4,515**	**48,218**	**(112,566)**	**683,398**	**9,476**	**692,874**
Comprehensive profit								
Profit for the year	–	–	–	–	20,739	**20,739**	990	**21,729**
Gain on valuation of financial assets (net)	–	–	(554)	–	–	**(554)**	–	**(554)**
Real estate revaluation gains (net)	–	9,072	–	–	66	**9,138**	–	**9,138**
Other comprehensive income	–	9,072	(554)	–	66	8,584	–	**8,584**
Total comprehensive income	**–**	**9,072**	**(554)**	**–**	**20,805**	**29,323**	**990**	**30,313**
Transactions with owners recognised directly in equity								
Registration of ownership rights to real estate	15,500	**–**	**–**	(15,500)	**–**	–	208	**208**
Merging of service areas	–	**–**	**–**	–	84	84	**–**	**84**
Payment of profit to non-controlling interest	–	–	**–**	–	–	**–**	(1,730)	**(1,730)**
Total transactions with owners recognised directly in equity	**15,500**	**–**	**–**	**(15,500)**	**84**	**84**	**(1,522)**	**(1,438)**
Balance as at 31 December 2025	**437,166**	**330,637**	**3,961**	**32,718**	**(91,677)**	**712,805**	**8,944**	**721,749**

The accounting policies and notes below form an integral part of these annual consolidated financial statements

Consolidated Cash Flow Statement
For the year ended 31 December 2025

	Note	2025	2024 restated
		EUR 000	EUR 000
Profit before tax		**19,643**	**24,084**
Finance costs recognised in profit or loss	15	30,702	36,035
Finance income recognised in profit or loss	14	(8,461)	(10,180)
Value adjustment of receivables from related parties	12	2,739	2,070
Value adjustment of trade receivables	12	14,897	14,310
Inventory value adjustment	12	3,424	821
Value adjustment of other current assets	12	7	25
Value adjustment of other non-current assets	12	984	9,847
Net change in fair value of real estate investments	19	(3,068)	(10,994)
Depreciation/amortisation	11	63,095	55,642
Increase in non-current provisions	31	9,592	1,991
Increase in deferred revenue		37,665	6,026
Changes in working capital			
Decrease/(increase) in inventories		339	(8,541)
Increase in receivables from customers		(13,396)	(4,192)
(Increase)/decrease in receivables from affiliated companies		(21,829)	27,558
Decrease/(increase) in receivables from employees		15	(12)
Increase in claims on the state		(1,074)	(91,241)
Decrease in other receivables		3,954	5,850
(Reduction)/increase in liabilities to suppliers and related parties		(1,777)	90,691
Increase in obligations for taxes and contributions		511	468
Increase in liabilities payable to employees		1,649	2,912
Decrease in other liabilities		(12,455)	(4,930)
Net cash generated from operations		**127,156**	**148,240**

The accounting policies and notes below form an integral part of these annual consolidated financial statements.

Consolidated Cash Flow Statement / continued

For the year ended 31 December 2025

	2025	2024 restated
	EUR 000	EUR 000
Cash flows from operating activities (continued)		
Cash generated from business	**127,156**	**148,240**
Income tax paid	(2,960)	–
Interest paid	(25,535)	(29,983)
Net cash from operating activities	**98,661**	**118,257**
Cash flows from investing activities		
Purchase of tangible, intangible assets and investments in real estate	(68,549)	(69,782)
Receipts for advances for current assets	531	2,073
Receipts/expenditures for advances for non-current assets	54	(141)
Receipts from non-current receivables	11,620	21,163
Expenses based on current financial assets	(123)	(76)
Expenses / receipts from non-current financial assets	(540)	1,428
Interest received	2,453	2,059
Dividend received	1,811	656
Payment of profit to minority interest	(1,730)	(619)
Net cash from investing activities	**(54,473)**	**(43,239)**
Cash flows from financing activities		
Non-current loans and borrowings received	132,778	15,030
Repayment of non-current loans and credits	(157,441)	(62,853)
Current loans and credits received	–	30
Repayment of current loans and credits	(30)	(80)
Net cash from financing activities	**(24,693)**	**(47,873)**
Net increase in cash	**19,495**	**27,145**
Cash on 1 January	**113,404**	**86,259**
Cash on 31 December	**132,899**	**113,404**

The accounting policies and notes below form an integral part of these annual consolidated financial statements

1/ GENERAL INFORMATION

History, origin and status changes

On 27 December 2005 between the City of Zagreb and the company Zagrebački holding d.o.o. ("Company") concluded agreements on the transfer of business shares, based on which the ownership rights over shares of 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) of 8 November 2013, the division of the Company by separation 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 274,620 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 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, as well as the employees of the merged company were transferred.

As part of the organisational changes within the Company, the ZGOS Branch was merged with the Cleanliness Branch, and the Project Management and Real Estate Management Branches were merged with 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 Branch on 2 November 2021 under number Tt-21/44721-2.

1/ GENERAL INFORMATION / CONTINUED

Activities of the Parent Company

The Parent Company (hereinafter referred to as the "Company") as of 31 December 2025 includes the following subsidiaries:

	COMPANY /SUBSIDIARY	HEAD OFFICE	MAIN ACTIVITY	OWNERSHIP SHARE	
				2025	2024
Zagrebački holding		Avenija grada Vukovara 41	cleaning, travel agency, sports, facility management and real estate activities	City of Zagreb 100%	City of Zagreb 100%
1/	Gradska groblja	Aleja Hermanna Bollea 27	funerary and related activities	Zagrebački holding 100%	Zagrebački holding 100%
2/	Čistoća	Radnička 82	cleaning and waste disposal	Zagrebački holding 100%	Zagrebački holding 100%
3/	Zrinjevac	Remetinečka 15	landscaping and green space maintenance	Zagrebački holding 100%	Zagrebački holding 100%
4/	Zagrebparking	Šubićeva 40/III	public parking lot and garage services	Zagrebački holding 100%	Zagrebački holding 100%
5/	Zagrebačke ceste	Donje Svetice 48	management, maintenance and construction of regional and local roads	Zagrebački holding 100%	Zagrebački holding 100%
6/	Autobusni kolodvor Zagreb	Avenija Marina Držića 4	bus terminal services	Zagrebački holding 100%	Zagrebački holding 100%
7/	Tržnice Zagreb	Šubićeva 40/V	wholesale and retail markets, storage	Zagrebački holding 100%	Zagrebački holding 100%
8/	Zagrebački digitalni grad	Donje Svetice 48	telecommunication ducts and network leasing	Zagrebački holding 100%	Zagrebački holding 100%
9/	Arena Zagreb	Ulica V. Vukova 8	sports facilities management and maintenance	Zagrebački holding 100%	Zagrebački holding 100%
10/	Robni terminali Zagreb	Jankomir 25	storage of goods	Zagrebački holding 100%	Zagrebački holding 100%
11/	AGM	Avenija Marina Držića 4	publishing activities	Zagrebački holding 100%	Zagrebački holding 100%
12/	Vladimir Nazor	Maksimirska 51	organised vacations for young people and travel agency	Zagrebački holding 100%	Zagrebački holding 100%

1/ GENERAL INFORMATION / CONTINUED

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

COMPANY	HEAD OFFICE	LEGAL FORM	MAIN ACTIVITY	OWNERSHIP SHARE	
				2025	2024
1/ Gradska plinara Zagreb d.o.o.	Radnička 1	limited liability company	gas distribution	100% Zagrebački holding	100% Zagrebački holding
2/ Gradska plinara Zagreb-Opskrba d.o.o.	Radnička 1	limited liability company	gas supply	100% Zagrebački holding	100% Zagrebački holding
3/ Zagreb plakat d.o.o.	Hebrangova 32	limited liability company	advertising space rental	51% Zagrebački holding	51% Zagrebački holding
4/ Gradska ljekarna Zagreb	Kralja Držislava 6	institution	pharmacy services	100% Zagrebački holding	100% Zagrebački holding
5/ Gradsko stambeno komunalno gospodarstvo d.o.o.	Savska cesta 1	limited liability company	facility management	100% Zagrebački holding	100% Zagrebački holding
6/ Vodoopskrba i odvodnja d.o.o.	Folnegovićeva 1	limited liability company	water collection, treatment and distribution	97.75% Zagrebački holding	100% Zagrebački holding
7/ Gradska plinara Bjelovar d.o.o.	Blajburških žrtava 18, Bjelovar	limited liability company	gas distribution	100% Gradska plinara Zagreb d.o.o.	100% Gradska plinara Zagreb d.o.o.

By the decision of the Commercial Court in Zagreb (Tt-17/49954-2) of 29 December 2017, the Company was divided by separation with the establishment of new limited liability companies - Zagrebački električni tramvaj d.o.o. and Zagrebački velesajam d.o.o. with the separation of economic entities into newly established companies. In the process of division with establishment, the share capital of the Company was reduced by EUR 87,092 thousand to EUR 421,666 thousand, while the business effects of the Division Plan entered into force on 1 January 2018. The shares in the new companies were acquired by the City of Zagreb, which, after the implementation of the Division Plan, is the sole member, or the sole holder of business shares in the new companies.

In 2018, the company Gradska plinara Zagreb acquired a 100% stake in the company Elektrometal distribucija plina d.o.o. Bjelovar. Goodwill in the amount of EUR 1,568 thousand was recorded upon acquisition. In 2019, the name Elektrometal distribucija plina d.o.o. was changed to Gradska plinara Bjelovar d.o.o.

On 1 October 2021 the merger of the company AGM d.o.o. was registered. Society. Publishing activities continue to be carried out as part of the AGM subsidiary, which was founded on 5 November 2021.

On 1 October 2021, the merger of the company Zagrebačka stanogradnja d.o.o. with the company Gradsko stambeno komunalno gospodarstvo d.o.o. was registered without any change in the share capital.

In December 2021, the registration of the merger of the company Centar d.o.o. was completed Company in the register of the Commercial Court in Zagreb. The merger was registered on 3 February 2022 by decision of the Commercial Court in Zagreb under number Tt-22/2496-2.

In accordance with the Regulation on Service Areas, on 26 November 2024 a Merger Agreement was concluded, whereby the companies Vodovod Klinča Sela d.o.o. and Vode Jastrebarsko d.o.o. were merged into the company Vodoopskrba i odvodnja d.o.o. without conducting liquidation proceedings in accordance with Article 535, paragraph 1. of the Companies Act and Art. 88 Water Services Act. Through this procedure, the company Vodoopskrba i odvodnja d.o.o. takes over the entire property, rights and obligations of the merged companies. On 26 November 2024 the municipality of Stupnik joins the company Vodoopskrba i odvodnja d.o.o. and takes over one business share in its entirety. The mergers were carried out at the Commercial Court on 30 December 2024 During 2025, Vodoopskrba i odvodnja d.o.o., as the acquiring company, merged the companies Odvodnja Samobor d.o.o. and Vode Žumberak d.o.o. The mergers became effective on 8 May 2025.

1 / GENERAL INFORMATION / CONTINUED

Main Activities

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

a/ Cleaning and waste collection
b/ Water supply, drainage and purification services
c/ Landscaping and green space maintenance
d/ Management, maintenance, construction and protection services of regional and local roads
e/ Parking Services
f/ Gas Supply and Distribution
g/ Pharmacy services
h/ Storage and rental services
i/ Waste Disposal and Management
j/ Construction and Project Management
k/ Other services

Employees

As of 31 December 2025, the Group employed 8,000 employees (31 December 2024, 7,792 employees), as shown below:

Number of employees

	31/12/2025	31/12/2024
Parent company	5,381	5,356
Affiliated companies	2,619	2,436
	8,000	**7,792**

1 / GENERAL INFORMATION/ CONTINUED

Management and Directors

The Members of the Management Board of the Parent Company are:

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 from 9 February 2026.

Affiliates	Management Board of affiliated companies
1 Gradska plinara Zagreb d.o.o.	Davor Mayer, from 1 December 2023 to 1 January 2025, Bruno Lacković and Ivan Šoštarčić from 2 January 2025 to 30 June 2025, Dalibor Pudić from 1 July 2025
2 Gradska plinara Zagreb-Opskrba d.o.o.	Jeronim Tomas from 11 November 2025
3 Zagreb plakat d.o.o.	Emilio Gašpić from 14 February 2022 and Toni Rončević from 1 March 2022
4 Gradska ljekarna Zagreb	Marijo Vukušić from 6 July 2022 to 8 June 2025, Marina Rupčić Acting Director from 9 June 2025
5 Gradsko stambeno komunalno gospodarstvo d.o.o.	Slaven Sladoljev from 16 December 2024
6 Vodoopskrba i odvodnja d.o.o.	Marko Blažević from 3 September 2023
7 Gradska plinara Bjelovar d.o.o.*	Srećko Ezgeta from 23 April 2008
8 Apothecarium d.o.o.**	Marijo Vukušić from 18 August 2022 to 9 June 2025, Marina Rupčić, Director from 9 June 2025

**Gradska plinara Bjelovar d.o.o. Bjelovar is a company 100% owned by the affiliated company Gradska plinara Zagreb d.o.o.*

*** *Apothecarium d.o.o. is a company 100% owned by the GLJZ Institution*

1 / GENERAL INFORMATION/ CONTINUED

Supervisory Board

Members of the Supervisory Board of the Parent Company:

1. Andro Pavuna, Member since 22 December 2023, Deputy President since 26 January 2024, and President of the Supervisory Board since 23 July 2024
2. Kristijan Starčević, Member since 13 February 2023, and Deputy President since 23 July 2024. From 2 September 2025 no longer Member nor Deputy President of the Supervisory Board.
3. Željko Matijašec, Member since 22 December 2023
4. Martina Jurišić, Member since 22 December 2023., and Deputy President since 23 September 2025
5. Ivan Čevizović, Member since 9 December 2025
6. Josip Tica, Member since 9 December 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 from 22 November 2024 to 2 September 2025

Assembly

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

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

2 / BASIS FOR PREPARATION OF ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

a/ Statement of compliance

The Group's annual consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Commission and published in the Official Journal of the European Union ("IFRS").
The annual consolidated financial statements are presented for the Group and they comprise the annual consolidated financial statements of the Company and its affiliates.
On 29 April 2026 the Management Board approved the issuance of these annual consolidated financial statements for submission to the General Assembly for adoption.

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

b/ Basis for the preparation of annual consolidated financial statements

The annual consolidated financial statements of the Group include the annual unconsolidated financial statements of the Company and the annual financial statements of entities under its control, i.e. its subsidiaries. The annual unconsolidated financial statements that the Company is required to prepare in accordance with IFRS are published separately and issued on the same date as these annual consolidated statements.

The Group's annual consolidated 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 22 to the financial statements, and with the application of the going concern basis of accounting.

The preparation of annual consolidated financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of 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 consolidated financial statements, are disclosed in the notes.

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.

2 / BASIS FOR PREPARATION OF ANNUAL CONSOLIDATED FINANCIAL STATEMENTS / CONTINUED

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.

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

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/ Basis of consolidation

The annual consolidated financial statements present the results of the Company and its subsidiaries ("Group") as if they formed a single entity.
The Company owns other legal entities – subsidiaries, which are entities it controls. Control exists when the Company has the power, directly or indirectly, to manage the entity's financial and business policies in order to achieve benefits from these activities. Subsidiaries are fully consolidated from the date on which control is effectively transferred to the Company and are excluded from consolidation from the date on which such control ceases. Non-controlling interests are initially measured at their proportionate share of the acquiree's recognised net assets at the acquisition date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners.

Balances and transactions between members of the Group and all unrealised profits from transactions between members of the Group were eliminated during the consolidation of the financial statements.

e/ Presentation currency

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

3/ SUMMARY OF SIGNIFICANT INFORMATION ABOUT ACCOUNTING POLICIES

a/ Intangible assets and goodwill

Computer software

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.

Goodwill

Goodwill is recorded at cost determined on the date of acquisition, i.e. the acquisition of the entity, less any impairment losses. For impairment testing, goodwill is allocated to each cash-generating unit (or group of such units) that is expected to benefit from the synergies arising from the combination. A cash-generating unit to which goodwill is allocated is tested for impairment once a year or more frequently if there are indications of possible impairment. If the recoverable amount of a cash-generating unit is lower than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the unit and then proportionately to the other assets of the cash-generating unit based on the carrying amount of each asset in the cash-generating unit. An impairment loss on goodwill is charged directly to profit or loss in the Consolidated Statement of Comprehensive Income. Once a goodwill impairment loss is recognised, it is not reversed in subsequent periods. When a cash-generating unit is disposed of, the related amount of goodwill is included in the determination of profit or loss on disposal.

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 Group 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.

The useful lives of right-of-use assets are shown as follows:

	2025	2024
Buildings	3-10 years	3-10 years
Plant and equipment	4-5 years	4-5 years
Vehicles	2-5 years	2-5 years

3/ SUMMARY OF SIGNIFICANT INFORMATION ABOUT ACCOUNTING POLICIES

b/ Right-of-use assets / continued

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.

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:

3/ SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES / CONTINUED

c/ Property, plant and equipment / continued

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

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.

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.

3/ SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES / CONTINUED

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.

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:

3/ SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES / CONTINUED

d/ Investment property (continued)

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.

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 2,142 thousand were therefore recognised in the income statement for 2025 due to changes in the fair value of investment property.

e/ Financial assets

The Group 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 the financial assets, the Group measures financial assets at amortised cost, fair value through other comprehensive income or fair value through profit or loss.

3/ SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES / CONTINUED

e/ Financial assets (continued)

The Group classifies assets as shown below:

Description	Classification / measurement
Non-current assets	
Financial assets through other comprehensive income	Equity instruments / fair value through other comprehensive income 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
Current assets	
Cash and cash equivalents	Held for collection / amortised cost
Trade 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 Group's business models reflect the way in which the Group manages its assets, with the aim of generating cash flows.

Financial assets through other comprehensive income

Initial recognition

The Group recognises a financial asset or liability when, and only when, it becomes a party to the contractual provisions of the instrument.

The Group initially recognises financial assets at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset.

Subsequent measurement

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

Loans and deposits given

The Group'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 Group recognises impairments of financial assets based on expected credit losses. On each reporting date, the Group 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.*

3/ SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES / CONTINUED

e/ Financial assets (continued)

Regarding trade receivables, the Group 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 Group grouped customers into specific groups and determined potential future losses by analysing the age structure and historical data.

Derecognition of financial assets

The Group 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 Group 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 Group 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 Group 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 Group continues to recognise the financial asset.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, the Group determines whether control of the financial asset has been retained. If control over the financial asset is not retained, the Group 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 Group continues to recognise the financial asset to the extent that it continues to participate in that financial asset.

f/ Derivative financial instruments and hedge accounting

The group 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 Group formally determines and documents the hedging relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedging.

The documentation includes the identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group 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 Group actually hedges and the quantity of the hedging instrument that the Group 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.

3/ SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES / CONTINUED

f/ Derivative financial instruments and hedge accounting

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.

g/ 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.

h/ 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.

i/ Foreign currencies

Non-monetary items carried at fair value in a foreign currency are translated using the exchange rates prevailing at the date of the fair value measurement. Non-monetary items expressed in foreign currency at historical cost are not recalculated.

Exchange rate differences arising from the settlement of monetary items and their recalculation are reported in the consolidated statement of comprehensive income. Exchange differences arising from the translation of non-monetary assets stated at fair value are reported in the consolidated statement of comprehensive income for the period, except for exchange differences arising from the re-translation of non-monetary assets available for sale where losses and gains are recognised directly in equity. For this category of non-cash items, any gain or loss arising from translation is also recognised directly in equity.

3/ SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES / CONTINUED

j/ Severance pay, service awards and solidarity benefits

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 Group 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.

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 Consolidated 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 Group's current tax liability is calculated using tax rates that have been enacted or substantively enacted by 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 consolidated 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 subsidiaries and associates, or interests in joint ventures, unless the Group 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 a 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 set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority, and the Group intends to settle current tax assets and liabilities on a net basis.

3/ SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES / CONTINUED

k/ Corporate income tax / continued

Current and deferred tax for the period

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

l/ Provisions

Provisions are recognised if the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. 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.

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 Group

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 Group 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 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.

3/ SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES / CONTINUED

n/ Financial liabilities and equity instruments issued by the Group / continued

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 established portfolio of financial instruments managed jointly by the Group 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 Group'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 where changes in fair value are reported through profit or loss, with any gain or loss recognised in profit or loss

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

o/ Reporting on business segments

In accordance with IFRS 8, the Group has determined operating segments based on internal reports on the Group'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 operating segments are disclosed in Note 7 to the consolidated financial statements.

The Group specifically monitors and reports the business results of the Group's basic business segments. The business segments represent the basis on which the Group reports on its primary segment. Certain financial information by business area is presented in Note 7 to the consolidated financial statements.

p/ Contingent liabilities and assets

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

3/ SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES / CONTINUED

q/ Revenue recognition

Contracts with customers

In accordance with IFRS 15, which was adopted on 1 January 2018, the Group applies a five-step model for the recognition of contracts with customers:

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 Group expects to be entitled in exchange for the transfer of promised goods or services to the customer.

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 operations of the Group, as well as the realisation of income, are subject to several laws, the most important of which are:

- Law on Municipal Economy
- Law on Local Self-Government
- Waste Management Act
- Law on Institutions
- Water Law
- Law on Cemeteries
- Building Maintenance Act
- Law on Free Zones

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, revenue and construction 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
- Revenue from gas distribution is recognised when the customer gains control of the product, i.e. when the gas is delivered to the customer.
- Revenues from water services for public water supply, public drainage and municipal wastewater treatment include fixed monthly fees increased by actual consumption based on estimated consumption, increased by actual consumption based on readings or estimates, and revenues from connection and installation of water meters.
- The income arising from the payment of the connection fee to the network is linked to the future network use contract and the water supply contract and is systematically distributed over the useful life of the constructed asset or transferred asset used to provide a permanent service, and the fee received from customers for the connection is recorded as deferred income and recognised as income for the period simultaneously with the depreciation of the asset (connections) to which it relates.

3/ SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES / CONTINUED

q/ Revenue recognition / continued

Construction contracts

Contract revenue consists of the initial amount agreed in the contract plus any deviations from the contracted work, claims and additional incentives up to the amount when 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 agreements

Revenues related to the construction or improvement of the service within the concession agreement are recognised in accordance with the fulfilment of the performance obligation over time, in accordance with the Group's accounting policy on construction contracts. Income from management is recognised in the period when the services are provided by the Group.

Revenue from state aid includes:

- grants related to assets, including non-cash grants at fair value, are reported in the Consolidated Statement of Financial Position (Balance Sheet) as deferred income, and in the Consolidated 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.

State aid is not recognised, unless there is a realistic guarantee that the Group will meet the conditions for state aid and that the aid will be received.

Government grants where the main condition is that the Group acquires, constructs or otherwise acquires a non-current asset are recognised in the consolidated statement of financial position (balance sheet) as deferred income and are transferred to profit or loss on a systematic and rational basis 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 government grants for the purpose of compensating for costs or losses already incurred or for providing current financial support to the Group 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.

r/ Leases

The Group as a lessor

Receivables under finance leases are recorded as receivables at the amount of the Group's net investment in the lease. Finance lease income is allocated to accounting periods so as to maintain a constant periodic rate of return on the Group's outstanding net investment under the leases.
Income from operating leases is recognised on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging the terms of an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

3/ SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES / CONTINUED

r/ Leases / continued

Group as a leaseholder

When entering into a contract, the Group assesses whether the contract is a lease or contains a lease. It is a lease agreement or an agreement containing a lease if it transfers the right to control the use of an identified asset for a specified period of time in exchange for compensation.

The Group recognises a right-of-use asset and a corresponding lease liability in respect of all arrangements in which it is a lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the Group recognises rental payments as an operating expense on a straight-line basis over the term of the lease, unless another basis more accurately represents the period over which the Group derives economic benefits from the leased asset.

Lease agreements are usually concluded for a fixed period of 3 to 5 years, but may also have the option of extension as described below. Lease agreements may contain both lease and non-lease components. For a contract that is a lease or contains a lease, the Group accounts for each lease component of the contract as a lease separately from the non-lease components of the contract. Lease agreements do not impose any contractual terms other than security interests in the property that is the subject of the lease. Leased assets cannot be used as collateral for loans.

Assets and liabilities arising from leases are initially measured based on their present value. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including substantively fixed payments), less receivables for lease incentives
- variable lease payments based on an index or rate, initially measured at the index or rate in effect at the inception date of the lease
- amounts expected to be paid by the Group under residual value guarantees
- the exercise price of a call option if it is reasonably certain that the Group will exercise the option
- payment of penalties for terminating the lease, if the terms of the lease reflect the use of the termination option.

The lease liability is presented as a separate item in the Statement of Financial Position. Lease liabilities are subsequently measured by increasing the carrying amount that reflects the interest on the lease liabilities (using the effective interest method) and decreasing the carrying amount that reflects the lease payments made.

Lease payments made under reasonably certain extension options are also included in the measurement of the liability. Lease payments are discounted using the interest rate implicit in the lease agreement. If this rate cannot be determined, which is generally the case for the Group's leases, the lessee's incremental borrowing rate is used, which is the rate that the lessee would pay to borrow the funds necessary to purchase an asset of similar value to the right-of-use asset, in a similar economic environment with similar condition, collateral and terms. The weighted average marginal borrowing rate that the Group applies to lease obligations was 4.72%.

Right-of-use assets are initially recognised at an amount equal to the initial measurement of the lease liability, increased by any lease payments made before or at the commencement date, less lease incentives received and initial direct costs.

Right-of-use assets are usually depreciated on a straight-line basis over the shorter of the useful life of the asset or the term of the lease. If it is reasonably certain that the Group will exercise the option to purchase the asset, amortisation is calculated over the useful life of the asset.

Until 31 December 2018, leases of property, plant and equipment in which the Group, as the lessee, bears substantially all the risks and rewards of ownership were classified as finance leases.

Leases in which the Group as the lessee does not bear a significant share of the risks and rewards of ownership are classified as operating leases. Payments under operating leases (net of any incentives received from the lessor) were recognised in the income statement on a straight-line basis over the lease term. Income from operating leases where the Group is the lessor is recognised in the income statement on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as an expense over the lease term on the same basis as rental income. The leased assets are included in the Group's balance sheet based on their nature.

3/ SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES / CONTINUED

s/ Concession agreements

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 – Contracts with Customers. The costs of each individual activity (construction, maintenance and operation, and renewal) are recognised as expenses in accordance with the stage of completion of each activity. Contract revenue is recognised simultaneously.

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 AND JUDGEMENTS IN PREPARING ANNUAL CONSOLIDATED FINANCIAL STATEMENTS AND FAIR VALUE

4.1 Key judgements in applying accounting policies

In applying the Group'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 Group measures some of its assets and some of its liabilities at fair value.

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

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

Useful live 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 to these assumptions could have a material effect on the financial position and results of operations of the Group.

Impairment of non-current assets

Impairment is reported in the Group's consolidated financial statements when the net book value of an asset or cash-generating unit exceeds its recoverable amount, i.e. its fair value less costs to sell or value in use, whichever is greater. 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 consolidated financial statements, based on the probable timing and level of future taxable profit together with the future planned tax strategy.

Actuarial estimates used to calculate employee remuneration 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 21,549 thousand as of 31 December 2025 (as of 31 December 2024: EUR 15,493 thousand) (Note 39).

4/ USE OF ESTIMATES AND JUDGEMENTS IN PREPARING ANNUAL CONSOLIDATED FINANCIAL STATEMENTS AND FAIR VALUES / CONTINUED

4.1 Key judgements in applying accounting policies / continued

Valuation of Goodwill

The Group performs annual impairment tests of Goodwill in accordance with IAS 36. Goodwill was allocated to the subsidiary Gradska plinara Bjelovar d.o.o. for the purposes of impairment testing, and its net book value at the reporting date is as follows:

EUR 000	2025	2024
Gradska plinara Bjelovar d.o.o.	216	216

The recoverable amount of a cash-generating unit is determined by value in use or fair value calculations based on cash flow projections based on financial plans approved by the Management Board and covering a five-year period. The valuation was carried out by an independent appraiser.

The calculation of recoverable value also implies the terminal value of future cash flows after a five-year period of EUR 3,612 thousand.

Cash flows created from such plans are discounted using an after-tax discount rate that reflects the risk of the asset in question, which for the purposes of the Goodwill impairment test is equal to the weighted average cost of capital and is 7.57%.

During the first valuation, the Company determined the value of goodwill in the amount of EUR 1,567 thousand, and incurred goodwill impairment costs during 2019 in the amount of EUR 1,351 thousand as a result of the conducted goodwill impairment test. The remaining goodwill value of EUR 216 thousand (shown in Note 21) remained at the same level upon retesting in 2054.

Consequences of certain legal disputes

The Company and its subsidiaries 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 31).

4.2 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.

4/ USE OF ESTIMATES AND JUDGEMENTS IN PREPARING ANNUAL CONSOLIDATED FINANCIAL STATEMENTS AND FAIR VALUES / CONTINUED

4.2 Fair value measurement and valuation process / continued

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 certified appraisers 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.

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.

4/ USE OF ESTIMATES AND JUDGEMENTS IN PREPARING ANNUAL CONSOLIDATED FINANCIAL STATEMENTS AND FAIR VALUES / CONTINUED

4.2 Fair value measurement and valuation process / continued

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).

- *Non-current assets held for sale*

The fair value measurement is categorised, according to the input variables used in the valuation, as Level 3. The following table summarises the methods and techniques used to estimate fair value and the significant input variables used in estimating fair value at the classification date:

Assessment methods and techniques	**Significant input variables that are not visible**
Property For buildings and land, the income and comparison methods were used	Among other factors, the estimated discount rate considers the quality of the property and its location in a similar geographic location for a comparable type of property.

- *Financial assets (notes 22 and 27)*

The Group applies IFRS-13, which is the single source of guidance for measuring fair value and disclosing information about fair value measures. IFRS 13 has a broad scope. The requirements relating to fair value measurement apply to both financial instruments and non-financial instruments for which other IFRSs require or permit fair value measurement and disclosure, except for share-based payment transactions that fall within the scope of IFRS 2 "Share-based Payment", lease transactions that fall within the scope of IFRS 16 "Leases" and measures that are somewhat similar to fair value but are not fair value (e.g. net realisable value in the measurement of inventories or value in use in the assessment of impairment).

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date, under current market conditions. According to IFRS 13, fair value is the exit price, regardless of whether the price is directly observable or estimated using some other valuation method.

5/ COMPARABLE DATA AND ADJUSTMENTS OF OPENING BALANCES

During 2025, the Group established the following adjustments relating to prior periods, which the Management believes contribute to a more appropriate accounting presentation of the financial statements. Management has considered the significance of the restatements and concluded that it is sufficient for the Group to disclose the impact of the restatements only in those notes that are affected by the restatements. Due to the lack of updated estimates in previous periods, the Group carried out 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 property 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 the continuation of the Real Estate Appraisal Act with the principles and requirements of IFRS 13 – Fair Value Measurement (Note 3 d).

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 2023

	2023 previous published	Adjustment amount	2023 after repairs
	EUR 000	EUR 000	EUR 000
Finance income	17,833	(994)	16,839
Finance cost	(38,318)	994	(37,324)
Total comprehensive income for the year	**16,342**	**–**	**16,342**

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

	2024 previous published	Adjustment amount	2024 after repairs
	EUR 000	EUR 000	EUR 000
Other operating income	254,283	792	255,075
Material costs and services	(476,178)	(431)	(476,609)
Value adjustment	(25,506)	(8,061)	(33,567)
Other operating expenses	(7,626)	(219)	(7,845)
Finance income	11,145	(965)	10,180
Finance cost	(37,000)	965	(36,035)
Tax expense	(4,799)	(1,592)	(6,391)
Other comprehensive income	89,021	(6,840)	82,181
Total comprehensive income for the year	**116,225**	**(16,351)**	**99,874**

Other operating income / Value adjustment

During 2025, the Group developed and adopted a methodology that defined the methods and procedures for estimating the fair value of investment property, ensuring that when measuring fair value, it is considered whether market participants could achieve economic benefits through the highest and best use of the asset, i.e. the physically possible, legally permissible and financially feasible use, from the perspective of market participants, as required by the provisions of IFRS 13 applicable to the valuation of non-financial assets. When measuring the fair value of investment property in 2025, the Group 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 an adjustment to the opening balance upon first application of the Methodology.

5/ COMPARABLE DATA AND ADJUSTMENTS OF OPENING BALANCES / CONTINUED

b) Restated amounts previously reported - items of the Statement of Comprehensive Income for the year 2024 / continued

Material Costs And Services / Other operating expenses

In 2025, the Group de-registered assets (land and buildings) that were determined not to meet the requirements for registration in the land registers in order to reconcile accounting data with the status in the land registers and cadastre.

Finance Income / Finance Costs

The Group corrected an accounting error in the presentation of financial income and financial expenses in prior periods under loan agreements with banks for residential buildings and loan agreements for residential buildings for which it was determined that the aforementioned financial income and expenses as well as financial assets and financial liabilities did not meet the recognition criteria as prescribed by IFRS 9 – *Financial Instruments* .

Other comprehensive income

Further to the adopted Methodology for estimating fair value, in 2025, when measuring the fair value of land and investments in real estate measured at fair value in the consolidated statements, the Group calibrated the fair values at which land was valued in previous periods, and the effects of changes in fair value arising from the characteristics of real estate relating to previous periods were recognised as an adjustment to the opening balance upon first application of the Methodology.

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

	31/12/2023 previously published	Adjustment amount	31/12/2023 restated
	EUR 000	EUR 000	EUR 000
NON-CURRENT ASSETS			
Property, plant and equipment	1,228,257	(1,350)	1,226,907
Investment property	254,198	(34,932)	219,266
Non-current receivables	156,484	(30,675)	125,809
Deferred tax assets	13,847	–	13,847
CURRENT ASSETS			
Trade receivables and other receivables	240,035	(5,427)	234,608
TOTAL ASSETS	**2,099,353**	**(72,384)**	**2,026,969**
NON-CURRENT LIABILITIES			
Loans and leases payable	323,274	(30,996)	292,278
Deferred tax liability	54,632	(157)	54,475
CURRENT+ LIABILITIES			
Trade payables and other liabilities	262,746	15,552	278,298
Loans and leases payable	46,172	(5,427)	40,745
TOTAL LIABILITIES	**1,474,705**	**(21,028)**	**1,453,677**
CAPITAL			
Revaluation reserves	241,611	(715)	240,896
Accumulated loss	(77,831)	(50,641)	(128,472)
Total equity	**624,648**	**(51,356)**	**573,292**

Property, plant and equipment / Revaluation reserves / Deferred tax liability

In 2025, assets (land and buildings) from previous periods were deregistered in order to reconcile accounting data with the status in the land registers and cadastre for assets that were determined not to meet the requirements for registration in the land registers. This is presented through a reduction in Property, Plant and Equipment, Revaluation Reserves, Deferred Tax Liabilities and Loss Carried Forward to the earliest period presented in the Statement of Financial Position.

5/ COMPARABLE DATA AND ADJUSTMENTS OF OPENING BALANCES / CONTINUED

c) Restated amounts previously reported – items of the statement of financial position as of 31 December 2023 / continued

Investment properties / Deferred tax assets / Revaluation reserves / Accumulated loss

During 2025, the Group developed and adopted a methodology that defined the methods and procedures for estimating the fair value of investment property, ensuring that when measuring fair value, it is considered whether market participants could achieve economic benefits through the highest and best use of the asset, i.e. the physically possible, legally permissible and financially feasible use, from the perspective of market participants, as required by the provisions of IFRS 13 applicable to the valuation of non-financial assets. When measuring the fair value of investment property in 2025, the Group 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 an adjustment to the opening balance upon first application of the Methodology for effects relating to previous periods.

Non-current receivables / Trade receivables and other receivables / Loans and leases payable

The Group corrected an accounting error in the presentation of financial income and financial expenses in prior periods under loan agreements with banks for residential buildings and loan agreements for residential buildings for which it was determined that the aforementioned financial income and expenses as well as financial assets and financial liabilities did not meet the recognition criteria as prescribed by IFRS 9 – *Financial Instruments* .

Trade payables and other liabilities

The Group corrected an accounting error of recording other current liabilities for assets related to transitory items. The correction was made in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* as a correction of prior period errors.

c) Restated amounts previously reported – items of the statement of financial position as of 31 December 2024

	31/12/2024 previously published	Adjustment amount	31/12/2024 restated
	EUR 000	EUR 000	EUR 000
NON-CURRENT ASSETS			
Property, plant and equipment	1,609,703	(11,690)	1,598,013
Investment property	273,241	(39,736)	233,505
Non-current receivables	134,892	(25,439)	109,453
Deferred tax assets	13,336	(3,008)	10,328
CURRENT ASSETS			
Trade receivables and other receivables	322,277	(4,811)	317,466
TOTAL ASSETS	**2,568,076**	**(84,684)**	**2,483,392**
NON-CURRENT LIABILITIES			
Loans and leases payable	269,163	(25,760)	243,403
Deferred tax liability	73,524	(1,958)	71,566
CURRENT LIABILITIES			
Trade payables and other liabilities	363,101	15,552	378,653
Loans and leases payable	47,095	(4,811)	42,284
TOTAL LIABILITIES	**1,807,495**	**(16,977)**	**1,790,518**
CAPITAL			
Revaluation reserves	330,485	(8,920)	321,565
Accumulated loss	(53,779)	(58,787)	(112,566)
Total equity	**760,581**	**(67,707)**	**692,874**

6/ SALES REVENUES

Market breakdown

	2025	2024
	EUR 000	EUR 000
Croatian market	607,830	592,327
European Union market	43	36
	607,873	**592,363**

Distribution of sales revenue to related parties and external customers:

	2025	2024
	EUR 000	EUR 000
Revenue from sales to external customers	394,857	469,940
Revenue from sales to related parties (Note 38)	213,016	122,423
	607,873	**592,363**

7/ SEGMENT INFORMATION

In accordance with IFRS 8, the Group has determined operating segments based on internal reports on the Group's components, which are regularly reviewed by the Chief Operating Decision Maker in order to allocate resources to the segments and assess their performance. The Group 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 subsidiaries and affiliated companies that are part of the Group (Note 1), whereby it is determined that nine activities represent business segments, while the tenth segment represents all other activities of the Group.

The business segments are as follows:

1/ Water supply, drainage and purification
2/ Cleaning and waste collection
3/ Public road management and maintenance
4/ Parking services
5/ Warehousing and leases
6/ Landscaping and green space maintenance
7/ Construction and management of projects and facilities
8/ Gas supply and distribution
9/ Sale of medicines
10/ Other activities

7/ SEGMENT INFORMATION / CONTINUED

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

	2025	2024
	EUR 000	EUR 000
Income from the sale and distribution of gas /i/	143,802	183,401
Income from cleanliness maintenance and waste removal /ii/	90,541	81,541
Revenue from the sale of medicines /iii/	83,932	74,819
Revenues from water supply, drainage and treatment /iv/	83,255	68,296
Income from management and maintenance of public roads	54,351	51,336
Income from landscaping and maintenance of green areas	45,757	36,160
Income from parking services	28,320	24,668
Income from construction and management of projects and facilities	21,057	17,137
Storage and rental income	13,087	12,969
Other	43,771	42,036
	607,873	**592,363**

Sales revenue is recognised at the point in time when it is incurred.

/i/ In the Gas Sales and Distribution Segment, the decrease in sales revenue is largely a consequence of the cessation of the supplier's activities under the public service obligation and the change in the business model based exclusively on market gas supply, and the beginning of the energy activity of gas supply as a market activity for household and business customers with free price negotiation according to market principles.

/ii/ Revenues from cleanliness maintenance and waste removal increased in 2025 due to the increase in activities and prices in the market services provided to business users, which relate to the collection, processing and disposal of waste, as well as a larger 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 the harmonisation of prices with increased personnel costs and the prices of used materials and services obtained through the public procurement process.

/iii/ The increase in revenue from the sale of medicines is partly the result of price increases, but also increased prescribing and dispensing/selling of certain categories of medicines.

/iv/ The increase in revenue from water supply, drainage and purification refers to an increase in revenue from purification (EUR 7.4 million) and an increase in revenue from the merger of the companies Odvodnja Samobor d.o.o. and Vode Žumberak d.o.o. (around EUR 3 million).

Other income includes the following:

	2025	2024
	EUR 000	EUR 000
Income from funeral activities	10,536	10,727
Income from markets	9,192	9,113
Income from travel agencies	7,309	6,734
Income from advertising services	5,937	5,647
Income from bus terminal services	4,097	3,945
Income from telecommunication ducts and network leasing	3,213	3,335
Income from managing Arena Zagreb	3,091	2,126
Income from publishing activities	396	409
	43,771	**42,036**

7/ SEGMENT INFORMATION / CONTINUED

Revenues and results by segment for 2025

EUR 000	Construction and management of projects and facilities	Water supply, drainage and purification	Cleaning and waste collection	Public road management and maintenance	Parking services	Warehousing and leases	Landscaping and green space maintenance	Gas supply and distribution	Sale of medicines	Other	Elimination	Total
Revenue from sales to external customers	21,057	83,255	90,541	54,351	28,320	13,087	45,757	143,802	83,932	43,771	–	607,873
Inter-segment sales	42,576	854	3,468	3,692	221	159	662	19,345	22	445	(71,444)	–
Total sales revenue	**63,633**	**84,109**	**94,009**	**58,043**	**28,541**	**13,246**	**46,419**	**163,147**	**83,954**	**44,216**	**(71,444)**	**607,873**
Expenses from other activities, net other income from core activities	**(44,935)**	**(102,787)**	**(82,313)**	**(51,188)**	**(18,802)**	**(2,237)**	**(42,317)**	**(158,771)**	**(80,614)**	**(48,807)**	**66,782**	**(565,989)**
Profit/(loss) from operating activities	**18,698**	**(18,678)**	**11,696**	**6,855**	**9,739**	**11,009**	**4,102**	**4,376**	**3,340**	**(4,591)**	**(4,662)**	**41,884**
Finance income	8,426	1,440	341	36	86	73	7	867	630	127	(3,572)	8,461
Finance expenses	(23,495)	(1,070)	(1,114)	(35)	(36)	–	(109)	(881)	(84)	(5,768)	1,890	(30,702)
Net financial result	(15,069)	370	(773)	1	50	73	(102)	(14)	546	(5,641)	(1,682)	(22,241)
Profit/(loss) before tax	**3,629**	**(18,308)**	**10,923**	**6,856**	**9,789**	**11,082**	**4,000**	**4,362**	**3,886**	**(10,232)**	**(6,344)**	**19,643**
Tax revenue												2,086
Net profit												**21,729**

7/ SEGMENT INFORMATION / CONTINUED

Revenues and results by segment for 2024 (restated)

EUR 000	Construction and management of projects and facilities	Water supply, drainage and purification	Cleaning and waste collection	Public road management and maintenance	Parking services	Warehousing and leases	Landscaping and green space maintenance	Gas supply and distribution	Sale of medicines	Other	Elimination	Total
Revenue from sales to external customers	17,137	68,296	81,541	51,336	24,668	12,969	36,160	183,401	74,819	42,036	–	592,363
Inter-segment sales	38,319	809	2,083	5,248	227	184	720	19,708	15	391	(67,704)	–
Total sales revenue	**55,456**	**69,105**	**83,624**	**56,584**	**24,895**	**13,153**	**36,880**	**203,109**	**74,834**	**42,427**	**(67,704)**	**592,363**
Expenses from other activities, net other income from core activities	**(32,006)**	**(69,632)**	**(79,266)**	**(49,733)**	**(16,527)**	**(10,092)**	**(36,133)**	**(198,687)**	**(71,395)**	**(49,246)**	**70,293**	**(542,424)**
Profit/(loss) from operating activities	**23,450**	**(527)**	**4,358**	**6,851**	**8,368**	**3,061**	**747**	**4,422**	**3,439**	**(6,819)**	**2,589**	**49,939**
Finance income	7,860	1,565	593	134	197	42	23	1,569	873	164	(2,840)	10,180
Finance expenses	(29,281)	(1,148)	(807)	(58)	(9)	(2)	(118)	(1,070)	(46)	(5,812)	2,316	(36,035)
Net financial result	(21,421)	417	(214)	76	188	40	(95)	499	827	(5,648)	(524)	(25,855)
Profit/(loss) before tax	**2,029**	**(110)**	**4,144**	**6,927**	**8,556**	**3,101**	**652**	**4,921**	**4,266**	**(12,467)**	**2,065**	**24,084**
Tax expense												(6,391)
Net profit												**17,693**

7/ SEGMENT INFORMATION / CONTINUED

Assets and liabilities by segment as of 31 December 2025

EUR 000	Construction and management of projects and facilities	Water supply, drainage and purification	Cleaning and waste collection	Public road management and maintenance	Parking services	Warehousing and leases	Landscaping and green space maintenance	Gas supply and distribution	Sale of medicines	Other	Elimination	Total
Property, plant and equipment	102,130	824,756	71,516	44,517	10,267	29,101	76,285	110,628	5,217	309,530	44,981	1,628,928
Property with right of use	1,010	875	–	13	103	–	30	866	2,074	421	(1,589)	3,803
Intangible assets	5,284	1,329	396	56	188	390	35	246	125	817	217	9,083
Property investments	124,617	–	124	1,392	–	171,642	960	601	–	3,038	(66,181)	236,193
Inventories	424	1,819	1,221	4,231	134	38	2,407	801	10,134	1,584	–	22,793
Trade receivables, net	469	52,312	9,346	353	2,114	565	326	27,860	15,864	2,879	–	112,088
Unallocated assets	612,574	73,458	27,620	74,115	51,027	28,858	27,481	220,736	32,544	89,687	(705,285)	532,815
Total assets	**846,508**	**954,549**	**110,223**	**124,677**	**63,833**	**230,594**	**107,524**	**361,738**	**65,958**	**407,956**	**(727,857)**	**2,545,703**
Bonds issued	303,599	–	–	–	–	–	–	–	–	–	–	303,599
Accounts payable to suppliers	3,587	15,315	9,727	4,348	1,699	574	3,197	221,036	7,225	9,125	–	275,833
Liabilities to employees	1,831	2,365	3,404	1,143	525	177	1,191	992	1,255	1,188	–	14,071
Capital and unallocated liabilities	537,491	936,869	97,092	119,186	61,609	229,843	103,136	139,710	57,478	397,643	(727,857)	1,952,200
Total equity and liabilities	**846,508**	**954,549**	**110,223**	**124,677**	**63,833**	**230,594**	**107,524**	**361,738**	**65,958**	**407,956**	**(727,857)**	**2,545,703**
Other segmental information												
Capital expenditures:	**5,009**	**31,212**	**4,752**	**339**	**2,376**	**251**	**7,186**	**11,432**	**1,822**	**2,076**	**–**	**66,455**
Property, plant and equipment	2,933	30,934	4,741	330	2,313	251	7,186	11,399	1,740	1,820	–	63,647
Intangible assets	2,076	278	11	9	63	–	–	33	82	256	–	2,808
Amortisation and impairment of assets	**1,361**	**34,171**	**6,688**	**692**	**1,744**	**562**	**1,889**	**11,235**	**874**	**3,879**	**–**	**63,095**

7/ SEGMENT INFORMATION / CONTINUED

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

EUR 000	Construction and management of projects and facilities	Water supply, drainage and purification	Cleaning and waste collection	Public road management and maintenance	Parking services	Warehousing and leases	Landscaping and green space maintenance	Gas supply and distribution	Sale of medicines	Other	Elimination	Total
Property, plant and equipment	91,885	812,561	69,888	43,021	9,659	29,264	70,958	109,994	5,102	310,604	45,077	1,598,013
Property with right of use	483	1,178	–	15	104	–	51	1,095	1,298	470	(2,089)	2,605
Intangible assets	3,360	1,808	542	47	118	512	44	319	80	614	217	7,661
Property investments	124,366	–	–	1,202	–	166,523	855	538	–	2,931	(62,910)	233,505
Inventories	325	6,185	1,920	4,437	61	30	2,395	886	9,012	977	–	26,228
Trade receivables, net	1,579	54,702	8,627	745	1,479	542	292	27,532	13,764	2,958	–	112,220
Unallocated assets	607,860	39,724	12,422	71,374	41,113	24,028	21,629	226,316	32,923	92,979	(667,208)	503,160
Total assets	**829,858**	**916,158**	**93,399**	**120,841**	**52,534**	**220,899**	**96,224**	**366,680**	**62,179**	**411,533**	**(686,913)**	**2,483,392**
Bonds issued	303,098	–	–	–	–	–	–	–	–	–	–	303,098
Accounts payable to suppliers	4,156	12,598	13,888	6,206	599	530	4,134	221,475	7,171	6,614	–	277,371
Liabilities to employees	1,571	1,805	3,002	1,030	463	156	1,028	917	1,393	1,057	–	12,422
Capital and unallocated liabilities	521,033	901,755	76,509	113,605	51,472	220,213	91,062	144,288	53,615	403,862	(686,913)	1,890,501
Total equity and liabilities	**829,858**	**916,158**	**93,399**	**120,841**	**52,534**	**220,899**	**96,224**	**366,680**	**62,179**	**411,533**	**(686,913)**	**2,483,392**
Other segmental information												
Capital expenditures:	**4,474**	**27,262**	**16,410**	**86**	**1,175**	**548**	**3,757**	**10,597**	**1,463**	**1,968**	**–**	**67,740**
Property, plant and equipment	2,831	27,179	16,356	86	1,095	510	3,757	10,555	1,428	1,950	–	65,747
Intangible assets	1,643	83	54		80	38		42	35	18	–	1,993
Amortisation and impairment of assets	**774**	**27,814**	**6,087**	**1,023**	**1,537**	**585**	**1,333**	**11,844**	**712**	**3,933**	**–**	**55,642**

7/ SEGMENT INFORMATION / CONTINUED

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

EUR 000	Construction and management of projects and facilities	Water supply, drainage and purification	Cleaning and waste collection	Public road management and maintenance	Parking services	Warehousing and leases	Landscaping and green space maintenance	Gas supply and distribution	Sale of medicines	Other	Elimination	Total
Property, plant and equipment	58,246	555,873	56,067	33,235	9,969	23,679	48,312	100,053	4,885	290,021	46,567	1,226,907
Property with right of use	141	1,494	–	18	202	38	29	1,498	544	231	(2,802)	1,393
Intangible assets	1,609	2,236	804	48	64	455	53	463	67	254	216	6,269
Property investments	126,836	–	–	284	–	167,729	928	524	–	1,986	(79,021)	219,266
Inventories	267	1,660	936	3,874	29	57	1,891	494	8,196	1,040	–	18,444
Trade receivables, net	1,825	53,429	7,483	601	1,623	595	396	40,524	11,902	2,726	–	121,104
Unallocated assets	656,606	34,756	11,398	68,543	32,634	19,812	21,949	129,225	31,671	102,793	(675,801)	433,586
Total assets	**845,530**	**649,448**	**76,688**	**106,603**	**44,521**	**212,365**	**73,558**	**272,781**	**57,265**	**399,051**	**(710,841)**	**2,026,969**
Bonds issued	304,346	–	–	–	–	–	–	–	–	–	(1,724)	302,622
Accounts payable to suppliers	2,532	19,734	5,200	4,722	841	576	2,835	137,606	6,859	4,250	–	185,155
Liabilities to employees	1,285	1,268	2,404	864	410	132	890	760	594	902	–	9,509
Capital and unallocated liabilities	537,367	628,446	69,084	101,017	43,270	211,657	69,833	134,415	49,812	393,899	(709,117)	1,529,683
Total capital and liabilities	**845,530**	**649,448**	**76,688**	**106,603**	**44,521**	**212,365**	**73,558**	**272,781**	**57,265**	**399,051**	**(710,841)**	**2,026,969**
Other segmental information												
Capital expenditures:	**50**	**18,012**	**3,606**	**31**	**369**	**133**	**1,986**	**5,469**	**248**	**1,997**	**–**	**31,901**
Property, plant and equipment	49	17,968	3,505	31	305	83	1,986	5,437	212	1,980	–	31,556
Intangible assets	1	44	101		64	50		32	36	17	–	345
Amortisation and impairment of assets	**480**	**26,443**	**5,177**	**1,160**	**1,532**	**612**	**1,196**	**12,868**	**702**	**3,982**	**–**	**54,152**

8/ OTHER INCOME

	2025	2024 restated
	EUR 000	EUR 000
Income from subsidies and support /iii/	81,231	177,303
Income from the cancellation of deferred income recognition /ii/	29,834	23,200
Collected written-off receivables	12,722	15,463
Income from the reversal of provisions for employee benefits and litigation	9,246	2,969
Gains from changes in the fair value of investments in real estate /i/	7,415	17,488
Revenue from the reversal of accrued expenses for unused annual leave	6,609	5,150
Income from internal realisation	2,741	3,669
Revenue from collection of damages	828	1,122
Other	12,655	8,711
	163,281	**255,075**

/i/ The net gain from the change in the fair value of investments in real estate amounts to:

	2025	2024 restated
	EUR 000	EUR 000
Unrealised gains from changes in the fair value of investment property	7,415	17,488
Unrealised losses from changes in the fair value of investment property (note 12)	(4,347)	(6,494)
Net increase in fair value (Note 19)	**3,068**	**10,994**

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 Valuer, has increased its fair value, in accordance with the applicable accounting policy.

/ii/ Income from the reversal of deferred revenue recognition is recognised in accordance with IAS 20 Government Grants, over the period of use and is systematically linked to the related costs (amortisation) - see note 3(q).

/iii/ Revenue from subsidies and grants is mostly generated by the City of Zagreb and the Republic of Croatia and includes:

- financial support from the City budget for purposes approved by the City Assembly,
- Arena Zagreb facility lease agreement
- covering the costs of the Čistoća for costs related to public service, costs of collecting plastic packaging, covering costs for landfill rehabilitation and waste disposal fees according to the Waste Management Act

	2025	2024
	EUR 000	EUR 000
City of Zagreb	70,592	57,117
Others	10,639	120,186
	81,231	**177,303**

Significant increases in subsidies from the City of Zagreb in 2025 compared to last year relate to operating costs associated with the public service of collecting mixed municipal waste, costs of collecting plastic packaging, and the waste disposal fee under the Waste Management Act. The decrease in other subsidies is largely a result of the cessation of recognition of state compensation for the difference in the price of gas, the right to which expired on 30 September 2024

9/ MATERIAL COSTS AND SERVICES

	2025	2024 restated
	EUR 000	EUR 000
Costs of energy consumed	30,435	29,739
Cost of raw materials and material	27,741	24,009
Write-off of small inventory	2,421	2,867
a) Total material costs	60,597	56,615
b) Change in the value of inventories of work in progress and finished goods	(131)	172
c) Cost of goods sold	169,212	305,537
Utilities and fees	49,028	39,934
Maintenance services	21,560	15,173
Subcontractor costs	20,942	16,762
Costs of transport services	9,649	10,118
Data processing and computer program maintenance services	7,414	7,371
Rental and lease services	6,093	5,687
Intellectual services	4,378	4,825
Insurance premiums	3,706	3,237
Banking services and payment transaction costs	3,465	1,611
Advertising and promotion services	293	259
Other external services	6,573	9,308
d) Total external services	133,101	114,285
	362,779	**476,609**

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.

The increase in maintenance services mostly relates to the increase in landfill maintenance costs in the part of the landslide rehabilitation of the municipal waste landfill in Jakuševec.

The increase in the costs of communal services and fees mostly relates to sludge disposal and waste disposal from the Central Wastewater Treatment Plant in Zagreb.

The increase in the costs of subcontractors is the most significant result of the increase in costs related to the construction of connections for water services and the cleaning of collection pits.

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 costs of auditing the annual financial statements for 2025 amount to EUR 318 thousand (2024: EUR 217 thousand).

10/ STAFF COSTS

	2025	2024
	EUR 000	EUR 000
Net salary and compensation costs	129,189	110,513
Tax and contribution costs	80,733	68,172
Reimbursement of expenses to employees and expenses for other material rights	33,837	31,343
The cost of accrued unused holidays	7,785	6,930
Reduction for realised costs of reserved severance pay and collective redundancy payment	(961)	(143)
	250,583	**216,815**
Number of employees as of 31 December	**8,000**	**7,792**
Average number of employees based on working hours	**7,686**	**7,178**

Employee compensation and other material rights of employees include compensation regulated by the Company's Collective Agreement and separate acts of subsidiaries, such as compensation for transportation costs to and from work up to the amount of public transportation costs, occasional awards and gifts to employees (anniversary awards, Christmas bonuses, Easter bonuses, vacation pay, etc.), education and professional development costs, and more.

11/ DEPRECIATION AND AMORTISATION

	2025	2024
	EUR 000	EUR 000
Amortisation of property, plant and equipment (Note 18)	60,868	53,259
Amortisation of intangible assets (Note 21)	1,437	1,593
Amortisation of right-of-use assets (Note 20)	790	790
	63,095	**55,642**

12/ VALUE ADJUSTMENT

	2025	2024 restated
	EUR 000	EUR 000
Value adjustment of trade receivables (Note 26)	13,525	13,076
Losses from changes in fair value of investment property (Note 8 /i/)	4,347	6,494
Value adjustment of inventories (Note 24)	3,424	821
Value adjustment of other receivables from related parties (Note 25)	2,739	2,070
Value adjustment of receivables from the state (note 26 /ii)	1,350	1,234
Value adjustment of property, plant and equipment and intangible assets (Notes 18 and 21)	984	9,847
Value adjustment of other assets	29	25
	26.398	**33,567**

13/ PROVISIONS

	2025	2024
	EUR 000	EUR 000
Provisions for employee benefits under IAS 19 (Note 31)	6,289	2,077
Provisions for initiated legal disputes (Note 31)	9,200	3,844
Provisions for severance pay (business and personal termination)	–	1,100
	15,489	**7,021**

14/ OTHER OPERATING EXPENSES

	2025	2024
	EUR 000	EUR 000
Fines, penalties and damages /i/	3,765	1,103
Administrative and legal costs	1,474	1,446
Membership fees to professional associations (HGK, Tourist Association and others)	1,390	1,389
Written-off receivables	1,331	576
Gifts, donations and sponsorships	356	360
National Team	172	171
Other /ii/	2,438	2,800
	10,926	**7,845**

/i/ The increase in costs related to fines, penalties and compensation for damages refers to the waste disposal fee under 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 and is subsidised by the City of Zagreb (Note 8 /iii/).

/ii/ Other operating expenses relate to deficits, compensation to members of the Supervisory Board and the Executive Board (Note 38) and other expenses.

15/ FINANCE INCOME

	2025	2024 restated
	EUR 000	EUR 000
Interest income from related parties /i/	924	2,125
Income from interest on deposits and loans to unrelated companies	1,674	1,979
Other financial income /ii/	5,863	6,075
Positive exchange rate differences	–	1
	8,461	**10,180**

/i/ The decrease in interest income from related parties is a consequence of the repayment of loans from related parties.

/ii/ Other financial income mostly relates 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

	2025	2024 restated
	EUR 000	EUR 000
Interest expenses	26,606	32,277
Discount and bond issuance costs	560	544
Interest expense from related parties	153	125
Other financial expenses	3,381	3,088
Negative exchange rate differences	2	1
	30,702	**36,035**
Net effect of positive and negative exchange rate differences		
Positive exchange rate differences	–	1
Negative exchange rate differences	(2)	(1)

	(2)	**–**

17/ CORPORATE INCOME TAX

The group is not a taxpayer, but its members are. Profit tax for 2025 is calculated by applying a rate of 18% to taxable profit.

Income tax recognised in profit or loss

	2025	**2024** restated
	EUR 000	EUR 000
Tax expenditure includes:		
Current year tax	1,900	3,366
Deferred tax	(3,986)	3,025
Total tax (revenue) / expenditure	**(2,086)**	**6,391**

Relationship between accounting profit and tax (income)/expense of the current year:

	2025	**2024** restated
	EUR 000	EUR 000
Profit before tax	19,643	24,084
Income tax at a rate of 18% (2024: 18%)	3,536	3,138
Effect of permanent differences (net)	(11,516)	(3,031)
Effect of tax losses not recognised as deferred tax assets	1,908	9,309
Effect of temporary differences recognised as deferred tax assets	3,986	(3,025)
Tax (income) / expense recognised in profit or loss	**(2,086)**	**6,391**
Effective tax rate	–	26.54%

17/ CORPORATE INCOME TAX / CONTINUED

Deferred tax balance – deferred tax assets and deferred tax liabilities

Year 2025	**Opening balance**	**Recognised in profit or loss**	**Reported in other comprehensive income**	**Posted directly to equity**	**Closing balance**
	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000
Temporary differences					
IAS 19 Provisions	2,793	1,090	–	–	3,883
Fair valuation of SWAP	–	–	–	–	–
Inventories	93	(4)	–	–	89
IFRS 15 attachments	824	(129)	–	–	695
Land value adjustment	776	–	–	–	776
Property, Plant and Equipment	25	(8)	–	–	17
IAS 40 Investment Property	5,605	607			6,212
Deferred tax liability					
Land revaluation	66,575	–	1,974	(5)	68,544
Property, plant and equipment	1,607	–	22	–	1,629
Revaluation of financial assets	989	–	(122)	–	867
IAS 40 Investment Property	2,395	–			2,395
IFRS 16	–				–
Unused tax losses and tax credits					
Tax losses	212	2,430	–	–	2,642
Deferred tax assets	**10,328**	**3,986**	**–**	**–**	**14,314**
Deferred tax liabilities	**71,566**	**–**	**1,874**	**(5)**	**73,435**
Total	**–**	**3,986**	**(1,874)**	**5**	**–**

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. Management is not aware of any circumstances that could lead to potential significant liabilities in this regard.

17/ CORPORATE INCOME TAX / CONTINUED

Deferred tax balance – deferred tax assets and deferred tax liabilities

2024 (restated)	**Opening balance**	**Recognised in profit or loss**	**Reported in other comprehensive income**	**Posted directly to equity**	**Closing balance**
	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000
Temporary differences					
Deferred tax assets					
IAS 19 Provisions	2,442	351	–	–	2,793
Fair valuation of SWAP	136	–	(136)	–	–
Inventories	98	(5)	–	–	93
IFRS 15 attachments	969	(145)	–	–	824
Land value adjustment	780	(4)	–	–	776
Property, Plant and Equipment	53	(28)	–	–	25
IAS 40 Investment Property	6,983	(1,378)			5,605
Deferred tax liability					
Land revaluation	48,739	–	17,964	(128)	66,575
Property, plant and equipment	1,519	–	88	–	1,607
Revaluation of financial assets	1,247	–	(258)	–	989
IAS 40 Investment Property	2,612	–	(217)		2,395
IFRS 16	358	(358)	–	–	–
Unused tax losses and tax credits					
Tax losses	2,386	(2,174)	–	–	212
Deferred tax assets	**13,847**	**(3,383)**	**(136)**	**–**	**10,328**
Deferred tax liabilities	**54,475**	**(358)**	**17,577**	**(128)**	**71,566**
Total	**–**	**(3,025)**	**(17,711)**	**128**	

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

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
PURCHASE VALUE							
Balance as at 1 Jan 2024	**435,097**	**1,679,573**	**171,935**	**99,707**	**6,164**	**36,571**	**2,429,047**
Effects of restatement	(1,350)	28,400	–	–	–	–	27,050
Balance as at 1 Jan 2024 restated	**433,747**	**1,707,973**	**171,935**	**99,707**	**6,164**	**36,571**	**2,456,097**
New purchases	–	6,185	3,136	374	–	56,052	**65,747**
Merging service areas	20	47,600	756	882	2	2,373	**51,633**
Property entry	6,261	9,239	–	–	–	–	**15,500**
Entry of assets CUPOVZ	28,402	189,162	7,681	369	–	–	**225,614**
Transfer from assets under construction	7	14,291	15,795	14,194	128	(44,386)	**29**
Reclassification (transfers from/to)	–	65	(500)	(83)	–	(675)	**(1,193)**
Revaluation	97,887	492	–	–	–	–	**98,379**
Expenses, disposals and sales	(20)	(487)	(4,933)	(2,206)	–	(1,452)	**(9,098)**
Reclassification to IAS 40	(2,752)	(827)	–	–	–	–	**(3,579)**
Assets intended for sale	(106)	(34)	–	–	–	–	**(140)**
Balance as at 31 Dec 2024 restated	**563,446**	**1,973,659**	**193,870**	**113,237**	**6,294**	**48,483**	**2,898,989**
New purchases	7	3,169	3,492	840	–	56,139	**63,647**
Status changes/company merger	207	19,140	174	920	–	3,043	**23,484**
Transfer from assets under construction	17	31,388	13,139	12,725	–	(57,271)	**(2)**
Reclassification (transfers from/to)	–	18	741	(812)	–	–	**(53)**
Revaluation	10,964	121	–	0.00	–	–	**11,085**
Aftercost - increase	–	3,599	–	–	–	–	**3,599**
Expenses, disposals and sales	(27)	(2,174)	(5,527)	(1,693)	(13)	(2,046)	**(11,480)**
Reclassification to IAS 40	(52)	(205)	–	–	–	–	**(257)**
Yield from stocks	–	25	–	–	–	–	**25**
Assets intended for sale	(229)	(195)	–	–	–	–	**(424)**
Balance as at 31 Dec 2025	**574,333**	**2,028,545**	**205,889**	**125,217**	**6,281**	**48,348**	**2,988,613**
VALUE ADJUSTMENT							
Balance as at 1 Jan 2024	**27,307**	**953,603**	**131,380**	**86,390**	**17**	**2,473**	**1,201,170**
Effects of restatement	–	28,400	–	–	–	–	28,400
Balance as at 1 Jan 2024 restated	**27,307**	**982,003**	**131,380**	**86,390**	**17**	**2,473**	**1,229,570**
Amortisation	–	37,450	10,532	5,276	1	–	**53,259**
Value adjustment	5,334	–	–	–	–	2,091	**7,425**
Revaluation	(23)	–	–	–	–	–	**(23)**
Reclassification (transfers from/to)	–	96	(262)	(62)	–	(212)	**(440)**
Merging service areas	–	18,216	451	637	–	–	**19,304**
Expenses, disposals and sales	–	(136)	(4,816)	(2,200)	–	(37)	**(7,189)**
Reclassification to IAS 40	–	(334)	–	–	–	–	**(334)**
Assets intended for sale	(69)	(7)	–	–	–	–	**(76)**
Balance as at 31 Dec 2024 restated	**32,549**	**1,037,288**	**137,285**	**90,041**	**18**	**4,315**	**1,301,496**
Amortisation	–	41,477	13,523	5,867	1	–	**60,868**
Value adjustment	–	–	–	–	–	984	**984**
Reclassification (transfers from/to)	–	1	237	(246)	–	–	**(8)**
Status changes/company mergers	–	6,954	98	330	–	0	**7,382**
Expenses, disposals and sales	–	(1,773)	(5,299)	(1,676)	–	(1,680)	**(10,428)**
Reclassification to IAS 40	–	(72)	–	–	–	–	**(72)**
Assets intended for sale	–	(71)	–	–	–	–	**(71)**
Balance as at 31 Dec 2025	**32,549**	**1,083,804**	**145,844**	**94,316**	**19**	**3,619**	**1,360,151**
Balance as at 1 Jan 2024 restated	**406,440**	**725,970**	**40,555**	**13,317**	**6,147**	**34,098**	**1,226,527**
Balance as at 31 Dec 2024 restated	**530,897**	**936,371**	**56,585**	**23,196**	**6,276**	**44,168**	**1,597,493**
Balance as at 31 Dec 2025	**541,784**	**944,741**	**60,045**	**30,901**	**6,262**	**44,729**	**1,628,462**

18/ PROPERTY, PLANT AND EQUIPMENT / CONTINUED

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

	31/12/2025	31/12/2024 restated	01/01/2024 restated
	EUR 000	EUR 000	EUR 000
Net worth without advances	1,628,462	1,597,493	1,226,527
Advances for tangible assets	466	520	380
Property, plant, equipment and advances	**1.628.928**	**1.598.013**	**1.226.907**

Real estate ownership

The group 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 Group, the City of Zagreb, has entrusted a significant portion of its assets to the Group for management. The status of this property has not yet been fully regulated. Part of the property has been registered since the Group was founded, and the process of resolving the current status of the remaining property is ongoing.

The following shows the structure of land ownership (revalued value):

	31/12/2025	31/12/2024 restated	01/01/2024 restated
	EUR 000	EUR 000	EUR 000
Book ownership	424,788	413,008	294,701
Off-book ownership	116,996	117,889	111,739
	541,784	**530,897**	**406,440**

Ownership status of buildings (purchase value)

	31/12/2025	31/12/2024 restated	01/01/2024 restated
	EUR 000	EUR 000	EUR 000
Book ownership	384,385	366,175	264,844
Off-book ownership	243,251	256,280	167,230
Municipal infrastructure facilities	1,400,909	1,351,204	1,275,899
	2,028,545	**1,973,659**	**1,707,973**

Checking the remaining value

In accordance with the requirements of IAS 16 "Property, Plant and Equipment" which is effective for the current accounting period, the Group has checked 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.

18/ PROPERTY, PLANT AND EQUIPMENT / CONTINUED

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 Management Board believes that the stated amount of fixed assets in the previous table can be recovered through operations in the future period.

In 2025 The Group did not capitalise borrowing costs.

Land revaluation

During 2024, the Group carried out a revaluation of land, which is subsequently measured using the fair value method. The total increase in the fair value of land based on the revaluation is EUR 97,887 thousand, the value adjustment is EUR 5,334 thousand, which represents a net increase in the value of land of EUR 92,553 thousand.

Book value of real estate pledged as collateral

Real estate pledged as collateral

	31/12/2025	31/12/2024	01/01/2024
		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 29).

19/ INVESTMENT PROPERTY

	2025	2024 restated
	EUR 000	EUR 000
Balance as at 1st January	**233,505**	**219,266**
Increasing value for new investments	70	–
Increase in fair value through profit or loss (net) (Note 8/ii/)	3,068	10,994
Income from property, plant and equipment (Note 18)	185	3,245
Sale	(635)	–
Balance as at 31st December	**236,193**	**233,505**

During 2025, a fair valuation of investment property was performed based on an assessment by a qualified appraiser, resulting in fair value gains of EUR 3,068 thousand (2024: gain of EUR 10,994 thousand), which are included in the consolidated income statement (Note 8).

	Level 2	Level 3	Fair value as at 31 December 2025
	EUR 000	EUR 000	EUR 000
Warehouses for commercial lease	–	170,018	170,018
Other commercial premises for rent	5,626	5,821	11,447
Other property held for capital appreciation or without a specific future purpose	22,821	31,907	54,728
	28,447	**207,746**	**236,193**

	Level 2	Level 3	Fair value as at 31 December 2024 restated
	EUR 000	EUR 000	EUR 000
Warehouses for commercial lease	–	165,393	165,393
Other commercial premises for rent	5,409	5,327	10,736
Other property held for capital appreciation or without a specific future purpose	24,618	32,758	57,376
	30,027	**203,478**	**233,505**

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.

19/ INVESTMENT PROPERTY / CONTINUED

Ownership status of real estate investments

	31/12/2025	31/12/2024 restated	01/01/2024 restated
	EUR 000	EUR 000	EUR 000
Book ownership	129,263	127,002	123,903
Off-book ownership	106,930	106,503	95,363
	236,193	**233,505**	**219,266**

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 3,575 thousand.

Investments in real estate pledged as collateral

	31/12/2025	31/12/2024 restated	01/01/2024 restated
	EUR 000	EUR 000	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 security for payments under the Long-term Club Loan Agreement (Note 29).

20/ RIGHT-OF-USE ASSETS

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

Property with right of use

EUR 000	Land	Buildings	Tools and vehicles	Plant and equipment	Total
Net book value as of 1 January 2024	**30**	**1,311**	**15**	**37**	**1,393**
Increase	48	1,956	–	38	2,042
Amortisation	(128)	(624)	–	(38)	(790)
Reclassification (transfer from/to)	220	(220)	–	–	–
Expenses, disposals and sales (net)	–	(40)	–	–	(40)
Net book value as of 31 December 2024	**170**	**2,383**	**15**	**37**	**2,605**
Increase	5	2,089	–	–	2,094
Amortisation	(69)	(718)	–	(3)	(790)
Asset Reconciliation	40	–	–	–	40
Expenses, disposals and sales (net)	–	(146)	–	–	(146)
Net book value as of 31 December 2025	**146**	**3,608**	**15**	**34**	**3,803**

20/ RIGHT-OF-USE ASSETS / CONTINUED

The Group has recognised lease liabilities as follows:

	31/12/2025	31/12/2024
	EUR 000	EUR 000
Long-term lease liabilities	11,211	13,191
Short-term lease liabilities	3,700	3,457
	14,911	**16,648**

Short-term and low-value leases reported in lease expenses:

	31/12/2025	31/12/2024
	EUR 000	EUR 000
Short-term leases	5,312	3,561
Low value leases	830	2,169
	6,142	**5,730**

21/ INTANGIBLE ASSETS AND GOODWILL

	Patents, licences and other rights	Goodwill	Other intangible assets	Intangible assets in preparation	Total intangible assets
PURCHASE VALUE	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000
Balance as at 01 January 2024	**13,719**	**1,567**	**15,801**	**1,540**	**32,627**
New purchases	83	–	35	1,875	**1,993**
Merging service areas	103	–	369	183	**655**
Transfer from assets under construction	411	–	–	(440)	**(29)**
Reclassification (transfers from/to)	578	–	–	615	**1,193**
Expenses, disposals and sales	(5)	–	(6)	(30)	**(41)**
Balance as at 31 December 2024	**14,889**	**1,567**	**16,199**	**3,743**	**36,398**
New purchases	96	–	15	2,697	**2,808**
Status changes/company mergers	427	–	16	(396)	**47**
Transfer from assets under construction	148	–	2	(148)	**2**
Reclassification (transfers from/to)	67	–	13	(37)	**43**
Expenses, disposals and sales	(762)	–	(8)	(9)	**(779)**
Balance as at 31 December 2025	**14,865**	1,567	**16,237**	**5,850**	**38,519**
VALUE ADJUSTMENT					
Balance as at 01 January 2024	**9,827**	**1,351**	**15,180**	**–**	**26,358**
Amortisation	1,437	–	156	–	**1,593**
Reclassification (transfers from/to)	440	–	–	–	**440**
Merging service areas	99	–	258	–	**357**
Expenses, disposals and sales	(5)	–	(6)	–	**(11)**
Balance as at 31 December 2024	**11,798**	**1,351**	**15,588**	**–**	**28,737**
Amortisation	1,321	–	116	–	**1,437**
Reclassification (transfers from/to)	8	–	–	–	**8**
Status changes/company mergers	20	–	5	–	**25**
Expenses, disposals and sales	(762)	–	(9)	–	**(771)**
Balance as at 31 December 2025	**12,385**	**1,351**	**15,700**	**–**	**29,436**
NET BOOK VALUE					
Balance as at 01 January 2024	**3,892**	**216**	**621**	**1,540**	**6,269**
Balance as at 31 December 2024	**3,091**	**216**	**611**	**3,743**	**7,661**
Balance as at 31 December 2025	**2,480**	**216**	**537**	**5,850**	**9,083**

In 2025, there was no need for additional impairment of goodwill based on the conducted testing.

22/ FINANCIAL ASSETS

Financial assets are presented as follows:

	31/12/2025	31/12/2024
	EUR 000	EUR 000
/i/ Financial assets carried at fair value through profit or loss		
Investments in shares (Note 27)	214	244
/ii/ Financial assets carried at amortised cost		
Deposits with a maturity of more than one year	10,884	9,667
Short-term part	–	–
Long-term part	*10,884*	*9,667*
Deposits with maturity up to one year (Note 27)	13	13
Deposits for resolving property and legal relations (Note 27)	3,380	3,105
Other securities held to maturity (Note 27)	624	746
	4,017	3,864
Financial assets carried at amortised cost - short-term portion	*4,017*	*3,864*
Financial assets carried at amortised cost - long-term portion	*10,884*	*9,667*
/iii/ Financial assets carried at fair value through other comprehensive income		
Investments in shares	4,961	5,638
Financial assets total short-term portion	**4,231**	**4,108**
Financial assets total long-term portion	**15,845**	**15,305**

Financial assets measured at fair value through profit or loss comprise minority shareholdings in banks and other companies over which the Group has no significant influence.

Financial assets carried at amortised cost relate to deposits, the most significant of which are long-term guarantee deposits under building renovation loan agreements managed by the subsidiary GSKG (as of 31 December 2025, EUR 1,849 thousand and as of 31 December 2024, EUR 1,842 thousand) and liabilities from lease agreements (as of 31 December 2025, EUR 9,000 thousand and as of 31 December 2024, EUR 7,791 thousand), maturing upon final repayment of liabilities.

Financial assets carried at fair value through other comprehensive income relate to investments in shares of Medika dd (1,025 shares). On 17 March 2026 the Medika company voted to withdraw its shares from the Zagreb Stock Exchange and offered all shareholders who vote against the decision to withdraw their shares a share purchase in accordance with the Capital Market Act. On 23 April 2026 the Group received approval from the City Assembly of the City of Zagreb for the sale of Medika shares at a price in accordance with the Capital Market Act.

23/ NON-CURRENT RECEIVABLES

Non-current receivables are presented as follows:

	31/12/2025	31/12/2024 restated	01/01/2024 restated
	EUR 000	EUR 000	EUR 000
Non-current portion			
Receivables from related parties /i/	65,032	77,949	92,511
Loan claims /ii/	683	630	355
Receivables based on sales on credit /iii/	82	87	67
Other receivables /iv/	29,508	30,787	32,876
	95,305	**109,453**	**125,809**

/i/ Receivables from related parties

	31/12/2025	31/12/2024
	EUR 000	EUR 000
Receivables from a member of the Company	109,215	124,455
Discount of outstanding receivables from a member of the Company	(37,204)	(41,231)
Value adjustment of receivables from a member of the Company	(1,216)	(1,216)
1 Total receivables from a member of the Company	**70,795**	**82,008**
Of which, short-term portion (Note 25)	*10,480*	*11,119*
Loans given to related parties	21,495	29,729
Value adjustment of loans given to related parties	(14,405)	(20,296)
2 Loans given to related parties	**7,090**	**9,433**
Of which, short-term portion (Note 25)	*2,373*	*2,373*
Total receivables from related parties (1+2)	**77,885**	**91,441**
Short-term part total	*12,853*	*13,492*
Long-term portion total	*65,032*	*77,949*

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 net (in 2024: EUR 32,876 thousand net), to receivables under multi-year lease agreements for public facilities (schools, kindergartens, swimming pools) which the Group 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 40,010 thousand (2024: EUR 49,132 thousand). The lease term is agreed for a period of 7-13 years, of which 2 contracts in 2028, 1 in 2032 and 2 in 2035. The rent under the contracts is paid monthly. In accordance with the contract, the Group has an obligation to invest in the management and maintenance of the facilities for the entire duration of the contract, 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 purpose facilities, with a net book value of EUR 34,524 thousand, were registered as payment security under the Long-term Club Loan Agreement (Note 29); with the refinancing of the loan in 2025, the aforementioned receivables are no longer registered as payment security.

Loans given to related parties as of 31 December 2025 relate to a loan given to Zagreb Electric Tram d.o.o. The loan granted to related parties bears interest equal to the market rate at the time the loan is approved, 2.79%-3.875%. The loan agreement was concluded for a period of up to 10 years with payment security instruments. Due to the increased credit risk, the Group, in accordance with IFRS 9 *Financial Instruments*, recognised a decrease in the value of receivables for loans given in the statement of comprehensive income. The amount of the impairment loss on loans granted as of 31 December 2024 is EUR 13,741 thousand (31 December 2024: EUR 20,296 thousand).

23/ NON-CURRENT RECEIVABLES / CONTINUED

/i/ Receivables from related parties /continued

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

	2025	2024
	EUR 000	EUR 000
Balance as at 1 January	**21,512**	**29,886**
Abolition of value adjustment	(5,891)	(8,374)
Balance as at 31 December	**15,621**	**21,512**

/ii/ Claims on loans

	31/12/2025	31/12/2024 restated	01/01/2024 restated
	EUR 000	EUR 000	EUR 000
Loans granted to other unrelated parties	1,622	1,508	1,232
Current portion (Note 26)	*939*	*878*	*877*
Non-current portion	*683*	*630*	*355*

23/ NON-CURRENT RECEIVABLES / CONTINUED

/iii/ Receivables for sale on credit

	31/12/2025	31/12/2024
	EUR 000	EUR 000
Receivables for sold apartments	104	117
Current portion (note 26 /ii/)	*22*	*30*
Non-current part	*82*	*87*

/iv/ Other long-term receivables

	31/12/2025	31/12/2024
	EUR 000	EUR 000
Claims on the Republic of Croatia	31,685	32,876
Other receivables	328	315
Reduction of other receivables	(312)	(312)
	31,701	**32,879**
Current portion (note 26 /ii/)	*2,193*	*2,092*
Non-current part	*29,508*	*30,787*

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.

24/ INVENTORIES

	31/12/2025	31/12/2024
	EUR 000	EUR 000
Raw materials and materials	21,358	23,331
Finished goods	1,770	1,816
Work-in-progress	861	711
Merchandise	10,227	8,959
Advances for inventories	62	81
Non-current assets held for sale	169	64
Value adjustment of inventories /i/	(11,654)	(8,734)
	22,793	**26,228**

24/ INVENTORIES / CONTINUED

/i/ Movement in inventory value adjustment

	2025	2024
	EUR 000	EUR 000
Balance as at 1 January	**8,734**	**8,690**
Increase in value adjustment (Note 12)	3,424	821
Abolition of value adjustment	(504)	(777)
Balance as at 31 December	**11,654**	**8,734**

25/ RECEIVABLES FROM RELATED PARTIES

	31/12/2025	31/12/2024
	EUR 000	EUR 000
Receivables from company members and other related parties (Note 37)	65,788	43,774
Current maturity of long-term receivables from a Company Member (note 23 /i/)	10,480	11,119
Current maturity of loans granted to related parties (note 23 /i/)	2,373	2,373
Calculated interest on loans given to related parties	179	–
Value adjustment of receivables from related parties /i/	(14,414)	(11,950)
	64,406	**45,316**

Receivables from members of the company and other related parties relate to claims arising from the regular provision of works and services to members of the company and other related companies owned by the City of Zagreb.

Loans granted to related parties relate to the current portion of long-term loans (Note 23/i/).

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

	2025	2024
	EUR 000	EUR 000
Balance as at 1 January	**11,950**	**11,579**
Increase (note 12)	2,739	2,070
Decrease	(275)	(1,699)
Balance as at 31 December	**14,414**	**11,950**

26/ TRADE RECIEVABLES AND OTHER RECIEVABLES

	31/12/2025	31/12/2024 restated
	EUR 000	EUR 000
Receivables from customers /i/	112,088	112,220
Claims from the Republic of Croatia and other institutions /ii/	194,133	194,334
Receivables from employees	43	58
Other receivables /iii/	11,639	10,854
	317,903	**317,466**

/i/ Trade receivables

	31/12/2025	31/12/2024
	EUR 000	EUR 000
Receivables from customers	219,103	250,870
Adjustment of trade receivables	(107,015)	(138,650)
	112,088	**112,220**

Trade receivables are stated at amortised cost. Legal default interest is charged on late payments. The Group records an allowance for trade receivables for all receivables older than 365 days and upon initiation of forced collection proceedings.

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 utility services to citizens and businesses are not secured by any financial instruments. Receivables for the delivery of other services to the corporate sector 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 limitations).

By analysing the ageing structure of trade receivables by business segments and customer categories (retail and corporate), the expected credit losses by segment were determined.

Ageing analysis of trade receivables:

	31/12/2025	31/12/2024
	EUR 000	EUR 000
Not due	56,507	55,536
0-60 days	15,183	17,079
60-180 days	3,348	4,555
180-365 days	1,978	3,427
over 365 days	35,072	31,623
	112,088	**112,220**

Receivables older than 365 days relate mostly to transitory items for a part of the service that the subsidiary Vodoopskrba i odvodnja d.o.o. performs for third parties.

26/ TRADE RECIEVABLES AND OTHER RECIEVABLES

Changes in allowance for doubtful receivables:

	2025	2024
	EUR 000	EUR 000
Balance as at 1 January	**138,650**	**134,405**
Recognised losses due to impairment of receivables (Note 12)	13,525	13,076
Collected written-off receivables	(5,809)	(6,820)
Written-off receivables	(37,826)	(1,721)
Impairment losses reversed	(1,852)	(1,777)
Other impairments of receivables	327	1,487
Balance as at 31 December	**107,015**	**138,650**

/ii/ Claims from the Republic of Croatia and other institutions

The increase in receivables from the Republic of Croatia and other institutions in 2025 results from receivables from the Republic of Croatia based on the Amendments to the Regulation on the Elimination of Disturbances in the Domestic Energy Market. The amendments to the Regulation of 6 July 2023 regulate the right of a trader, a gas supplier supplying a supplier with a public service obligation or a supplier with a public service obligation to be compensated for the difference in price, if the trader or gas supplier supplies gas to a supplier with a public service obligation in the period from 1 April 2023 to 30 March 2024 on the basis of a gas sales contract concluded before 1 April 2023 and if gas was thus purchased and procured for the supplier with a public service obligation at an average purchase price for the delivery of natural gas higher than the price regulated by the Regulation. The company Gradska plinara Zagreb Opskrba d.o.o., as a supplier with a public service obligation, submitted requests for compensation in the total amount of EUR 186,557 thousand net to the competent Ministry. During the first quarter of 2026, there was a significant realisation of the collection of the receivables in question, which represents a key event after the balance sheet date confirming their recoverability: in February and March 2026, in the total amount of EUR 142,283 thousand.

/ii/ Claims from the Republic of Croatia and other institutions

	31/12/2025	31/12/2024
	EUR 000	EUR 000
Claims for compensation for the difference in the price of gas	186,557	186,557
Receivables for rent indexation for the Arena Zagreb facility	6,608	5,258
Expected credit losses for rent indexation for the Arena Zagreb facility	(6,608)	(5,258)
Receivables from the HZZO	1,451	1,060
Value Added Tax receivables	2,518	1,854
Other claims for taxes, contributions and fees	1,518	2,867
Current maturity of long-term receivables and credit sales (note 23 /iii/)	2,215	2,122
Expected credit losses on receivables from the state and others	(126)	(126)
	194,133	**194,334**

The claim for compensation for the difference in the price of gas in the amount of EUR 186,557 thousand represents compensation based on the Regulation on the Elimination of Disturbances in the Domestic Energy Market for the difference between the actual cost of gas procurement and the reference purchase price. The compensation refers to the period of public service provision until 30 September 2024 The Group submitted a total of six (6) claims, of which four (4) claims were collected in the first quarter of 2026 (Note 45).

Given that the receivables are based on applicable regulations, and collection is ensured from the State Budget of the Republic of Croatia (which is also confirmed by collections after the Statement of Financial Position date), the Management Board believes that the credit risk is negligible and no loss allowance has been recognised in accordance with IFRS 9 Financial Instruments.

26/ TRADE RECEIVABLES AND OTHER RECEIVABLES / CONTINUED

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

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

/iii/ Other receivables

	31/12/2025	31/12/2024
	EUR 000	EUR 000
Prepayments and Accrued Income	7,184	5,152
Current maturity of long-term receivables (Note 23)	939	878
Advances given	2,730	4,184
Claims from insurance companies and for damages	123	230
Other receivables	716	638
Expected credit losses on advances given	(53)	(228)
	11,639	**10,854**

27/ FINANCIAL ASSETS

	31/12/2025	31/12/2024
	EUR 000	EUR 000
Financial assets carried at fair value through profit and loss account (note 22 /i/)	214	244
Financial assets carried at amortised cost (note 22 /ii/)	4,017	3,864
	4,231	**4,108**

27/ FINANCIAL ASSETS / CONTINUED

Fair value hierarchy

				31/12/2025
	1st row	2nd row	3rd row	Total
	EUR 000	EUR 000	EUR 000	EUR 000
Financial assets at fair value through profit or loss				
– investments in shares	214	–	–	214

				31/12/2024
	1st row	2nd row	3rd row	Total
	EUR 000	EUR 000	EUR 000	EUR 000
Financial assets at fair value through profit or loss				
– investments in shares	244	–	–	244

28/ CASH AND CASH EQUIVALENTS

	31/12/2025	**31/12/2024**
	EUR 000	EUR 000
Cash at bank account	22,670	87,844
Cash at bank - foreign currency	108	30
Cash on hand	179	237
Deposits with a maturity of up to 3 months	109,838	25,200
Other cash assets	104	93
	132,899	**113,404**

29/ LOANS AND LEASES PAYABLE

	31/12/2025	31/12/2024 restated	01/01/2024 restated
	EUR 000	EUR 000	EUR 000
Long-term loans			
Credits and loans /i/	147,610	168,350	222,453
Finance lease	68,692	75,053	69,825
	216,302	**243,403**	**292,278**
Short-term loans			
Credits and loans	20,923	23,508	23,478
Finance lease	8,296	8,450	6,069
Other (interest)	7,543	10,326	11,198
	36,762	**42,284**	**40,745**
Total loans and leases	**253,064**	**285,687**	**333,023**

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 Parent Company with a 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. 19/09/2022 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.

	Amount (million)	Interest margin	Reference interest rate	Start of annuity	Annuity period	Repayment period
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).

The company made a voluntary early repayment of 85% or EUR 30,000 thousand of the last repayment instalment of tranche A (bullet) and the last instalment of tranche B (bullet) in the amount of EUR 30,626 thousand from its own funds before the deadline for regular repayment.

29/ LOANS AND LEASES PAYABLE / CONTINUED

The instruments of security for the collection of claims under the Club Loan are as follows: (i) mortgages on the Company's assets with a carrying amount of EUR 64,755 thousand (Note 18 Property, plant and equipment) and EUR 51,254 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 23 Long-term receivables /i/ receivables from related parties) and (iii) co-indebtedness of the subsidiaries Gradska Plinara Zagreb (GPZ), Gradska Plinara Zagreb-Opskrba (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. The Banking Club approved the release of co-indebtedness of subsidiaries from the obligation under the subject Loan Agreement, which was formalised I. By an amendment to the Agreement in March 2025

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).

29/ LOANS AND LEASES PAYABLE / CONTINUED

/i/ Changes of long-term loans

	31/12/2025	31/12/2024 restated	01/01/2024 restated
	EUR 000	EUR 000	EUR 000
Balance as at 1 January	**191,828**	**245,932**	**288,830**
Increase for new loans	130,443	–	–
Decrease based on loan repayments	(24,437)	(54,104)	(42,899)
Early loan repayment	(129,301)	–	–
Balance as at 31 December	**168,533**	**191,828**	**245,931**
Current maturity	(20,923)	(23,478)	(23,478)
Long-term portion of the loan	**147,610**	**168,350**	**222,453**

/ii/ Dynamics of repayment of long-term loans

	31/12/2025	31/12/2024 restated	01/01/2024 restated
	EUR 000	EUR 000	EUR 000
Within one year	20,923	23,478	23,478
In the second to fifth year	83,691	94,058	94,058
After the fifth year	63,919	74,292	128,395
	168,533	**191,828**	**245,931**

/iii/ Lease liabilities

	Minimum payments	
	31/12/2025	31/12/2024
	EUR 000	EUR 000
Within one year	11,791	12,329
In the second to fifth year inclusive	40,169	42,846
After the fifth year	44,265	51,368
	96,225	**106,543**
Less: future financial costs	**(19,236)**	**(23,040)**
Present value of minimum payments	**76,989**	**83,503**

29/ LOANS AND LEASES PAYABLE / CONTINUED

/iii/ Lease liabilities / continued

	Present value of minimum payments	
	31/12/2025	**31/12/2024**
	EUR 000	EUR 000
Within one year	8,296	8,450
In the second to fifth year inclusive	30,221	31,405
After the fifth year	38,472	43,648
	76,989	**83,503**
Presented in the financial statements within:		
Current portion	8,296	8,450
Non-current portion	68,693	75,053
	76,989	**83,503**

Lease liabilities relate to finance leases and leases for right-of-use assets. Financial leases relate to equipment (vehicles) and a building (Arena) that 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 amount of liabilities arising from the finance lease for the hall (Notes 23 and 37).

/iv/ Present value of assets under finance lease

	Buildings	**Means of transport**	**Plant and equipment**	**Total**
Net book value 1 January 2024	**88,306**	**2,789**	**1,510**	**92,605**
Purchase value	108,684	15,142	1,529	125,355
Value adjustment	(21,737)	(3,618)	(171)	(25,526)
Net book value as of 31 December 2024 restated	**86,947**	**11,524**	**1,358**	**99,829**
Purchase value	108,684	11,626	1,985	122,295
Value adjustment	(23,095)	(4,108)	(408)	(27,611)
Net book value 31 December 2025	**85,589**	**7,518**	**1,577**	**94,684**

29/ LOANS AND LEASES PAYABLE / CONTINUED

/v/ Short-term loans

	31/12/2025	31/12/2024 restated	01/01/2024 restated
	EUR 000	EUR 000	EUR 000
Short-term credits and loans	**20,923**	**23,508**	**23,478**
Short-term credits and loans	–	30	–
Current maturity of long-term loans	20,923	23,478	23,478
Current maturity of finance lease	8,296	8,449	6,069
Other (interest on loans, finance leases and bonds)	7,543	10,327	11,198
	36,762	**42,284**	**40,745**

Short-term loan trends

	31/12/2025	31/12/2024 restated
	EUR 000	EUR 000
Balance as at 1 January	**23,508**	**23,478**
Increase for new loans and credits	–	30
Reduction for repaid current maturity of long-term loans	(23,478)	(23,478)
Current maturity of long-term loans	20,923	23,478
Increase from merger of service areas	–	80
Reduction for credit and loan repayments	(30)	(80)
Balance as at 31 December	**20,923**	**23,508**

30/ LIABILITIES FOR ISSUED BONDS

	31/12/2025	31/12/2024
	EUR 000	EUR 000
Nominal value	305,000	305,000
Discount	(287)	(391)
Cost of bond issuance	(1,114)	(1,511)
Present value of bonds	**303,599**	**303,098**

On 11 July 2023, the Group 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 4.90% with semi-annual interest payments and a one-time principal maturity five years after the date of issue.

The Group has created a Sustainability-Linked Bond Framework for the issuance of Sustainability-Linked Bonds, based on the International Capital Market Association (ICMA) 2020 Sustainability-Linked Bond Principles, which are the market standard for this type of bond.

The Group 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 Group will pay a one-time additional fee (penalty) of 0.25% of the total nominal amount of issued bonds for each key indicator upon maturity of the bonds.

31/ PROVISIONS

	31/12/2025	31/12/2024
	EUR 000	EUR 000
Provisions for employee benefits under IAS 19 /i/	21,549	15,493
Provisions for litigation /ii/	22,462	22,938
Provisions for landfill remediation /iii/	12,565	8,577
	56,576	**47,008**
Short-term liability (Note 35)	5,331	5,355
Long-term commitment	51,245	41,653

/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 Group 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 Jakuševec 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 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%).

Changes during the year:

	Employee benefits	Litigation	Landfill rehabilitation	Harmful contracts	Severance pay for collective redundancy	Total
Balance as at 1 January 2024	**13,545**	**21,419**	**8,464**	**1,834**	**145**	**45,407**
Increase	2,077	3,844	283	–	–	**6,204**
Decrease	(129)	(1,618)	(170)	(1,834)	(2)	**(3,753)**
Utilised provisions	–	(707)	–	–	(143)	**(850)**
Balance as at 31 December 2024	**15,493**	**22,938**	**8,577**	**–**	**–**	**47,008**
Increase	6,289	9,200	3,988	–	–	**19,477**
Decrease	(233)	(9,013)	–	–	–	**(9,246)**
Utilised provisions	–	(663)	–	–	–	**(663)**
Balance as at 31 December 2025	**21,549**	**22,462**	**12,565**	**–**	**–**	**56,576**

32/ DEFERRED INCOME

	31/12/2025	31/12/2024
	EUR 000	EUR 000
Deferred income for the future period	753,203	702,687
Short-term part	23,425	26,560
Long-term part	729,778	676,127

Deferred income for future periods refers to assets received or financed by local government units and other legal entities, without compensation, which are reported in the statement of financial position (balance sheet) as deferred income. The reduction in deferred revenue recognised in the income statement is recognised systematically over the useful life of the relevant asset, as income in an amount equal to the calculated depreciation of the asset in accordance with IAS 20. The increase in deferred revenue relates to funds raised to finance the construction of municipal water facilities.

33/ OTHER NON-CURRENT LIABILITIES

	31/12/2025	31/12/2024
	EUR 000	EUR 000
Liabilities to related parties (Note 37)	702	844
Other long-term liabilities	195	651
	897	**1,495**
Short-term portion (Note 34)	5	8
Long-term part	892	1,487

Liabilities to related parties as of 31 December 2025 relate to the obligation to the City of Zagreb for utility contributions.

Other long-term liabilities disclosed in the statement of financial position relate to the obligation to the Republic of Croatia for apartments sold to employees in accordance with the state programme. According to the legal regulations in force at the time, 65% of the income generated from the sale of apartments to employees was paid to the State upon receipt of the funds.

34/ TRADE PAYABLES AND OTHER PAYABLES

	31/12/2025	31/12/2024
	EUR 000	EUR 000
Liabilities to suppliers /i/	275,833	277,371
Liabilities for advances, deposits and guarantees	6,411	5,880
Liabilities to employees for net salaries and benefits	14,071	12,422
Other obligations /ii/	90,475	82,980
	386,790	**378.653**

/i/ Accounts Payable

Within payables to suppliers are shown payables to suppliers that refer to receivables from the Republic of Croatia as stated in note 26 /ii/.

/ii/ Other obligations were as follows:

	31/12/2025	31/12/2024
	EUR 000	EUR 000
Short-term provisions for severance pay (business and personal termination)	–	1,100
Liabilities to others for billed services /i/	47,009	47,848
Calculated costs for which an invoice has not been received, but are debited to the current period	6,568	6,136
Obligations for unused annual leave	8,123	6,947
Liabilities for taxes and contributions on salaries and benefits	7,797	6,632
Value added tax liability	2,143	2,474
Current maturity of long-term provisions (Note 31)	5,331	5,355
Current maturity of other long-term liabilities (Note 33)	5	8
Other compensation obligations	7,308	1,502
Deferred recognition of sales revenue	2,637	2,887
Obligation for membership fees, fees and taxes and other	3,554	2,091
	90,475	**82.980**

/i/ Liabilities to others for charged fees relate to receivables that the subsidiary Water Supply and Drainage collects for third parties or that represent future deferred income. These items are then passed on or used to finance municipal infrastructure upon collection. Transitory items that are collected for others, depending on the area for which the bill is issued, are: water protection fee, water use fee, treatment fee in Velika Gorica. Items that will represent deferred revenue in the future period upon collection are water development fee, drainage development fee, development fee – common part and treatment development fee. Development fees are used strictly for the development of municipal infrastructure.

35/ LIABILITIES TO RELATED PARTIES

	31/12/2025	31/12/2024
	EUR 000	EUR 000
Liabilities to related parties (Note 37)	1,711	1,951

36/ 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 (31 December 2024: EUR 421,666 thousand).

a/ Reserves from revaluation of real estate and land

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.

	2025	2024 restated
	EUR 000	EUR 000
Situation at the beginning of the year	**321,564**	**240,896**
Increase from real estate revaluation (net)	9,127	81,245
Realisation of revaluation reserve	(54)	(576)
Balance at the end of the year	**330,637**	**321,565**

b/ Reserves from changes in the fair value of financial assets through other comprehensive income

	2025	2024
	EUR 000	EUR 000
Situation at the beginning of the year	**4,515**	**5,070**
Increase from change in fair value (net)	(554)	(555)
Balance at the end of the year	**3,961**	**4,515**
Total revaluation reserves (a+b)	**334,598**	**326,080**

36/ CAPITAL AND RESERVES / CONTINUED

Other reserves

Other reserves reported in the statement of financial position (balance sheet) as of 31 December 2025 in the amount of EUR 32,718 thousand (31 December 2024: EUR 48,218 thousand) refer to the share capital of the companies merged in 2001 (Grad mladih Granešina d.o.o. and Omladinski turistički centar d.o.o.) in the amount of EUR 2,007 thousand, the transferred assets of the Bundek Park in the amount of EUR 30,711 thousand and the assets transferred pursuant to the owner's decision on recapitalisation for which the recapitalisation procedure is currently underway at the Commercial Court in Zagreb.

Tax loss carried forward

	2025	2024
	EUR 000	EUR 000
Situation at the beginning of the year	**(112,566)**	**(128,472)**
Current year profit	20,739	16,757
Realisation of revaluation reserves	66	2,067
Acquisition of service areas	84	(2,918)
Balance at the end of the year	**(91,677)**	**(112,566)**

Non-controlling interest

The non-controlling share of the Group came from the ownership share of 49% in the related company Zagreb plakat d.o.o.

The movement in non-controlling interest was as follows:

	2025	2024
	EUR 000	EUR 000
Balance as at 1 January	**9,476**	**1,414**
Share in current year's profit	990	936
Payment of profit to minority interest	(1,730)	(619)
Acquisition of service areas	208	7,745
Balance as at 31 December	**8,944**	**9,476**

36/ RELATED-PARTY TRANSACTIONS AND BALANCES

Income and expenses between related parties during the year were as follows:

	Sales revenues	
	2025	**2024**
	EUR 000	EUR 000
City of Zagreb	213,016	186,018

	Costs of purchased goods and services	
	2025	**2024**
	EUR 000	EUR 000
City of Zagreb	2,307	2,064

Revenues from sales to related parties were realised at standard market prices that are comparable to prices to unrelated parties.

The Founder of the Company and Sole Owner, the City of Zagreb, has certain business relationships with companies within the Group. The Group also presents significant transactions with companies and/or entities that are fully or partially owned by the City of Zagreb.

Open balances from purchase and sale transactions at the end of the reporting period:

Receivables from related parties

	31/12/2025	**31/12/2024**
	EUR 000	EUR 000
City of Zagreb long-term contracts for public facilities (Note 23)	70,795	82,008
Loans to related parties (Note 23)	7,090	9,433
City of Zagreb short-term receivables (note 25)	65,204	42,871
Other related parties (Note 25)	584	903
	143,673	**135,215**

Outstanding amounts are not secured by payment instruments (promissory notes, bills of exchange, bank guarantees) and will be paid in cash.

Liabilities to related parties

	31/12/2025	**31/12/2024**
	EUR 000	EUR 000
Short-term liabilities to the City of Zagreb (Note 35)	1,711	1,951
Long-term liabilities to the City of Zagreb (Note 33)	702	844
	2,413	**2,795**

Loans granted to affiliated companies outside the Group refer to long-term loans to newly established companies under the Division Plan of 1 January 2018, following the implemented status change of division by incorporation, with maturity within 10 years. The agreed interest rates can be compared with the market interest rates at which the Group can borrow money on the money market at the time of the loan agreement. The loans are secured by payment instruments in the form of promissory notes.

37/ RELATED-PARTY TRANSACTIONS AND BALANCES / CONTINUED

Apart from the City of Zagreb, the related parties of the Group are the Management Board and Members of the Supervisory Board. The Members of the Management Board (the Company's Management Board, Heads of Branches and Directors of Affiliated Companies) and the Supervisory Board were paid the following salaries:

	2025	2024
	EUR 000	EUR 000
Gross salary of the Management Board, Company Directors and Branch Managers	1,967	1,662
Compensation to the Supervisory and Audit Committees	183	139
	2,150	**1,801**

38/ EMPLOYEE BENEFITS

As of 31 December 2025, provisions for employee benefits, which include jubilee awards, severance pay and solidarity support, amount to EUR 21,549 thousand (31 December 2024: EUR 15,493 thousand).

Jubilee awards, severance pay and solidarity support

In accordance with collective agreements, the Group is obliged to pay jubilee bonuses to its employees. The Group has a defined benefit plan for employees who meet certain criteria. In most of the Group's subsidiaries, the rights to jubilee awards are defined in the following amounts in relation to the continuous service achieved in the Group:

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

When retiring on a regular old-age pension, an employee is entitled, under the Collective Agreement, to compensation in the amount of 3 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
- support for children of workers injured or killed in the Homeland War
- 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:

	2025	2024
Discount rate	3.2%	3.41%
Turnover rate	Average 5.65%	Average 4.94%

38/ EMPLOYEE BENEFITS / CONTINUED

The amount shown in the financial position report is based on the Group's obligations under defined severance pay, jubilee awards and solidarity aid.

	31/12/2025	31/12/2024
	EUR 000	EUR 000
Present value of employee benefit obligation (Note 31)	21,549	15,493

39/ OFF-BALANCE SHEET ITEMS

	31/12/2025	31/12/2024
	EUR 000	EUR 000
Off-balance sheet items	120,775	125,717

Off-balance sheet items relate to guarantees and promissory notes given and guarantees and promissory notes received.

40/ FINANCIAL INSTRUMENTS

Capital Risk Management

Net equity to debt ratio

	31/12/2025	31/12/2024 restated
	EUR 000	EUR 000
Debt	**495,094**	**523,032**
Received loans, borrowings and finance leases (long-term and short-term maturities)	253,064	285,687
Liabilities for issued long-term securities	303,599	303,098
-liability for the finance lease of the Arena hall (because the above is also stated as a receivable from the City of Zagreb and the Government of the Republic of Croatia)	(61,569)	(65,753)
Derivative financial instruments		–
Cash and cash equivalents	**(132,899)**	**(113,404)**
Net debt	***362,195***	***409,628***
Equity	***721,749***	***692,874***
Net debt to equity ratio	**50.2%**	**59.1%**

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

40/ FINANCIAL INSTRUMENTS / CONTINUED

Categories of financial instruments

	31/12/2025	31/12/2024 restated
	EUR 000	EUR 000
Financial assets at amortised cost		
Cash at bank and on hand	132,899	113,404
Long-term deposits and other financial assets	19,862	19,170
Receivables from affiliated companies and customers	241,526	235,485
Receivables from loans and credit sales	1,727	1,626
Receivables from employees	45	59
Other receivables	234,317	235,065
	630,376	**604,809**
Financial assets carried at fair value through profit or loss	214	244
Financial assets carried at fair value through profit or loss	**214**	**244**
	630,590	***605,053***
Financial liabilities at amortised cost		
Finance lease agreements	76,989	83,503
Credits and loans received	176,075	202,185
Liabilities for issued long-term securities	303,599	303,098
Liabilities to related companies and suppliers	281,071	280,165
Liabilities for advances, deposits and guarantees	6,411	5,880
Liabilities to employees	14,071	12,422
Other short-term liabilities	66,497	44,772
	924,713	**932,025**
	924,713	***932,025***

Financial risk management objectives

In order to forecast the possibility of a situation that may have a negative impact on operations and the achievement of set goals, the Group identifies financial risks, determines their potential impact on the Group's operations in the future and manages financial risks. The Group 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 group does not use derivative instruments for speculative purposes.

40/ FINANCIAL INSTRUMENTS / CONTINUED

Market risk

The prices of utility services are determined and approved by the City of Zagreb on the proposal of the Management Board, while the Management Board determines the price of market services based on market prices.

The Group'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 Group's exposure to market risk or the way risk is managed and measured.

Interest Rate Risk Management

Over the past two years, the parent company has continuously reduced its 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 enable more favourable repayment conditions, including a reduction in the interest rate and optimisation of the structure of the credit arrangement, while reducing the number of financial institutions involved in the arrangement. Further to the activities undertaken, the parent company concluded a long-term club loan agreement on 31 October 2025 for the amount of EUR 131,000,000.00 with Zagrebačka banka dd and Erste&Steiermärkische bank dd at 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 Group's customers, which affects the Group's potential financial loss. In dealing with customers, the Group collects payment security instruments to protect against possible financial risks and losses arising from non-performance of payment and contractual obligations.

Customers are classified into risk groups according to the financial indicators of business operations and past business with the Group, 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 Group's data on past operations.

The Group operates with a large number of customers of 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.

40/ FINANCIAL INSTRUMENTS / CONTINUED

Liquidity Risk Management (continued)

Tabular analysis of liquidity risk and interest rate risk

The tables below analyse the remaining period to contractual maturity of the Group's non-derivative financial liabilities. The tables are prepared based on undiscounted cash outflows for financial liabilities at the earliest date on which the Group can be required to pay. The table includes cash outflows for both principal and interest.

in EUR 000	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
31 December 2025	%							
Interest-free								
Liabilities to related companies and suppliers		280,369	298	277	54	42	31	**281,071**
Liabilities for advances, deposits and guarantees		6,411	–	–	–	–	–	**6,411**
Liabilities towards employees		14,071	–	–	–	–	–	**14,071**
Other short-term liabilities		66,497	–	–	–	–	–	**66,497**
Other long-term liabilities		–	–	–	–	–	190	**190**
Instruments with variable interest rate								
Finance lease liabilities	5.29%	547	547	501	593	547	195	**2,930**
Instruments with a fixed interest rate								
Finance lease liabilities	4.95%	10,347	10,034	9,940	8,378	7,200	43,719	**89,618**
Credits and loans	2.04%	24,068	24,157	23,687	23,201	22,724	66,466	**184,303**
EUR bonds issued	4.90%	14,945	14,945	319,945	–	–	–	**349,835**
		417,255	**49,981**	**354,350**	**32,226**	**30,513**	**110,601**	994,926

40/ FINANCIAL INSTRUMENTS / CONTINUED

Liquidity Risk Management (continued)

Tabular analysis of liquidity risk and interest rate risk / continued

in EUR 000	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
31 December 2024, restated	%							
Interest-free								
Liabilities to related companies and suppliers		279,200	102	90	78	67	508	**280,045**
Liabilities for advances, deposits and guarantees		5,880	–	–	–	–	–	**5,880**
Liabilities to employees		12,421	–	–	–	–	–	**12,421**
Other short-term liabilities		44,771	–	–	–	–	–	**44,771**
Other long-term liabilities		–	–	–	–	–	643	**643**
Instruments with variable interest rate								
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**
Instruments with a fixed interest rate								
Finance lease liabilities	4.71%	11,760	10,916	10,510	10,359	8,785	48,523	**100,853**
Credits and loans	2.00%	5,437	5,344	5,252	5,161	5,066	20,503	**46,763**
EUR bonds issued	4.90%	14,926	14,945	14,945	319,964	–	–	**364,780**
Building loan obligations (GSKG)		4,810	4,143	3,784	3,480	3,141	11,212	**30,570**
		408,058	**63,087**	**61,001**	**364,216**	**41,095**	**148,973**	**1,086,430**

40/ 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 Group'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.

in EUR 000	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
31 December 2025	%							
Interest-free								
Cash and cash equivalents		132,899	–	–	–	–	–	**132,899**
Financial assets at fair value		214	–	–	–	–	–	**214**
Receivables from affiliated companies and customers		178,075	12,537	11,839	9,529	9,142	45,512	**266,634**
Receivables from employees		45	–	–	–	–	–	**45**
Other receivables		205,724	2,297	2,406	2,521	2,642	18,727	**234,317**
Available-for-sale financial assets		–	–	–	–	–	4,961	**4,961**
Instruments with variable interest rate								
Deposits and other securities held to maturity		624	–	–	–	–	–	**624**
Instruments with a fixed interest rate								
Deposits and other securities held to maturity		3,463	70	70	72	71	11,162	**14,908**
Loans given		939	–	–	–	–	683	**1,622**
Claims based on apartment loans	4.00%	27	37	4	3	3	46	**120**
Loans given to affiliated companies and accounted for interest on loans granted	3.88%	2,446	2,363	2,354	–	–	–	**7,163**
		524,456	**17,304**	**16,673**	**12,125**	**11,858**	**81,091**	**663,507**

40/ FINANCIAL INSTRUMENTS / CONTINUED

Liquidity Risk Management (continued)

Tabular analysis of liquidity risk and interest rate risk

in EUR 000	Weighted average interest rate	Up to 1 yea.	From 1 to 2 years	From 2 to 3 years	From 3 to 4 years	From 4 to 5 years	After 5 years	Total
31 December 2024, restated	%							
Interest-free								
Cash and cash equivalents		113,404	–	–	–	–	–	**113,404**
Financial assets at fair value		244	–	–	–	–	–	**244**
Receivables from affiliated companies and customers		162,980	12,432	12,537	11,839	9,142	55,040	**263,970**
Receivables from employees		59	–	–	–	–	–	**59**
Other receivables		204,281	2,192	2,297	2,406	2,642	21,248	**235,066**
Available-for-sale financial assets		–	–	–	–	–	5,638	**5,638**
Instruments with variable interest rate								
Deposits and other securities held to maturity		747	–	–	–	–	–	**747**
Instruments with a fixed interest rate								
Deposits and other securities held to maturity	3.40%	3,421	283	283	283	283	9,932	**14,485**
Loans given		5,764	4,318	3,887	3,523	3,174	11,212	**31,878**
Claims based on apartment loans	1.00%	35	40	5	4	4	47	**135**
Loans given to affiliated companies and accounted for interest on loans granted	3.88%	2,446	2,363	2,354	2,344	–	–	**9,507**
		493,381	**21,628**	**21,363**	**20,399**	**15,245**	**103,117**	**675,133**

40/ 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.

			31/12/2025	
EUR 000	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Investments in shares	214	–	–	214

			31/12/2024	
EUR 000	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Investments in shares	244	–	–	244

41/ CONTRACTUAL COMMITMENTS

The Group has concluded contracts whose execution has begun but not been completed. The value of investments to be made under these contracts is estimated at EUR 52,916 thousand (EUR 41,145 thousand as of 31 December 2024).

42/ LEGAL DISPUTES

The group is exposed to various legal disputes. Management believes that the provision for legal disputes estimated at EUR 22,462 thousand (EUR 22,938 thousand as of 31 December 2024) is sufficient for potential liabilities that may arise (Note 31).

43/ POTENTIAL LIABILITIES

Environmental protection
Within the Group, the Business Segment of Cleaning and Waste Collection has incorporated the activities of the former ZGOS subsidiary, which relate to the disposal of municipal and other waste, as well as the rehabilitation of the Jakuševec landfill and assistance to 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. In this business segment, the Group has reserved funds in the amount of EUR 12,565 thousand (31 December 2024) for future costs of maintenance and supervision of the environmental landfill, in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets". EUR 8,577 thousand) (Note 31).

44/ EVENTS AFTER THE DATE OF THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Claims for compensation for the difference in the price of gas

As of 31 December 2025 the subsidiary Gradska plinara Zagreb Opskrba d.o.o. reported receivables from the Ministry of Economy in the total amount of EUR 186,557 thousand. The aforementioned claims are based on the Decree of the Government of the Republic of Croatia on the removal of disturbances on the domestic energy market, which established the right of energy entities to compensation for the difference between the actual cost of gas procurement and the reference purchase price
Collection: during the first quarter of 2026, there was a significant realisation of the collection of the receivables in question, which represents a key event after the date of the consolidated statement of financial position confirming their recoverability: in February and March 2026, the Subsidiary collected receivables from four (4) previously submitted requests in the total amount of EUR 142,283 thousand. This collection confirms the operational functionality of the payment mechanism and eliminates uncertainty about the debtor's liquidity.
Status of remaining claims: the remaining amount of claims is currently in the process of regular administrative verification by the Croatian Energy Regulatory Agency (HERA). The company's Management believes that the payment of this part of the claim is unquestionable, given that funds for this purpose have already been secured by the Decision of the Government of the Republic of Croatia on the reallocation of funds in the State Budget for 2026 in the total amount of EUR 213 million (for all energy entities).
Given the above, the Management Board concluded that as of the statement of financial position date of 31 December 2025, there is no need to impair (adjust) these receivables in accordance with IFRS 9. Events after the date of the consolidated statement of financial position clearly confirm that the credit risk is not material and that the receivables are fully collectable in their nominal amounts.

Changes in Management

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.

Guarantees issued

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

Transfer of an economic entity

On 31 January 2026 an agreement was concluded between the Parent Company and the subsidiary 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.

International Finance Corporation (IFC) loan agreement

On 16 December 2025, the parent company received approval from the Zagreb City Assembly to conclude a long-term loan with IFC for the amount of up to EUR 56 million for the modernisation of 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.

45/ PENSION INSURANCE

The Group does not have any special pension insurance model for its employees or Management. Accordingly, no provisions have been made for these costs.

For Group employees 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 Group has no remaining liabilities for unpaid pensions, either for current or former employees.

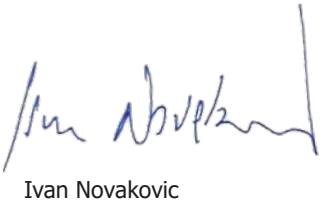
46/ LEGAL AND REGULATORY ENVIRONMENT

The operations of the Group, as well as the realisation of income, are subject to several laws, the most important of which are:

- Law on Municipal Economy
- Law on Local Self-Government
- Waste Management Act
- Law on Institutions
- Water Services Act
- Water Management Financing Act
- Law on Local Self-Government
- Regulation on service areas
- Law on Cemeteries
- Building Maintenance Act
- Law on Free Zones
- Energy Law
- Law on Regulation of Energy Activities
- Gas Market Act

47/ APPROVAL OF THE ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

The Management Board adopted the annual consolidated 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 consolidated 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 2,545,703,525.12.

b) Statement of comprehensive income with positions:

-	total revenues	EUR 779,615,252.72
-	total expenses	EUR 759,972,136.20
-	profit before tax	EUR 19,643,116.52
-	tax expense	EUR 2,086,391.95
-	profit after tax	EUR 21,729,508.47
-	other comprehensive income (net)	EUR 8,583,936.94

c) Statement of Changes of Equity for 2025.

d) Statement of Cash Flows for 2025.

e) Notes to the financial statements for 2025.

MEMBER OF THE ASSEMBLY OF THE COMPANY

CITY OF ZAGREB

REPRESENTED BY

THE REPRESENTATIVES OF THE MEMBER

Tomislav Tomašević, M.Sc. Pol.

_____

phD Danijela Dolenec

_____

phD Luka Korlaet

_____

Class: 024-03/26-06/06

Reg. No.: 01-01/7-26-04

Pursuant to Article 441 of the Companies Act ("Official Gazette" no. 111/93., 34/99., 121/99., 52/00., 118/03., 107/07., 146/08., 137/09., 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 is adopted, which includes the annual uconsolidated 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 reports of independent auditors.

2. The Consolidated Annual Report is adopted, which includes the annual consolidated financial statements of Zagrebački holding d.o.o. and its affiliated companies, the Report on the application of the Code of Corporate Governance, Management report and the Groups annual consolidated Sustainability Report of Zagrebački holding d.o.o. for the year ended on 31 December 2025., together with reports 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
THE REPRESENTATIVES OF THE MEMBER
Tomislav Tomašević, M.Sc. Pol.

_____

phD Danijela Dolenec

_____

phD Luka Korlaet

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Class: 024-03/26-06/06

Reg. No.: 01-01/7-26-0

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