Annual Report 2024

This version of the Consolidated financial statements is a translation from the original, which was prepared in the Croatian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of the Consolidated financial statements takes precedence over translation.

Annual Report

2024

Content


AGRO
INVEST
grupa

REVIEW OF KEY BUSINESS INDICATORS FOR 2024

In EUR million | comparison with 2023

80.5 **Business revenue*** 2.8 % ↗	**11.9** **EBITDA*** (12.0 %) ↘
2.8 **EBIT*** (51.1 %) ↘	**(0.6)** **Profit for the year*** In 2023 profit EUR 2.3 million

Commentary by Ivan Pandurević, President of the Management Board

Another business year is behind us. In 2024, as in the years preceding it, there was no shortage of business challenges and turbulence, but there was also an abundance of new knowledge and experience. Given that 2020 and 2021 were marked by uncertainty and business disruptions which occurred as a result of the Covid-19 virus epidemic, and 2022 by the geopolitical situation in Eastern Europe, namely the war in Ukraine and the inflation that was higher than expected and higher than any we had encountered in our business in the last decade, the business decisions that we made in those years primarily sought to protect our employees and business partners, but also to enable smooth and optimal continuation of business operations and the achievement of set goals and business results. In the agricultural sector, 2023 was marked by stabilization followed by a significant drop in the prices of crop products, cereals and oilseeds, which caused a downward trend in the financial results of businesses in the agricultural sector.

From the point of view of agricultural producers, 2024 was the year in which average sales prices of agricultural products were somewhat higher than in 2023. However, there were no large fluctuations in the prices of agricultural products, which had been the case in the previous years, and which had had a major effect on the markets. The prices of the most important means of agricultural production, as well as energy products, have stabilized to a certain extent, which has positively influenced the options for planning and organization of agricultural production. The difficulty of finding adequate personnel in agricultural production, which has been an issue for several years, is the reason behind a recorded upward trend in service prices (of all kinds) and labor costs. The year 2024, like most of the years that preceded it, was unique and very challenging in terms of agrometeorological conditions. Unlike 2023, which was abundant in precipitation, especially in the second quarter, which, combined with high temperatures, contributed to the reduced yields of autumn crops and facilitated the development of diseases and pests of crops and plantations, necessitating more resources for crop protection, in mid-2024 a longer dry period or period with extremely low precipitation was recorded, which affected agricultural areas where crops and plantations of the members of Agro Invest Grupa are located. This resulted in an extreme drought with consequences for agricultural production, primarily for spring crops (soybean, maize, etc.), for hazelnut production, where yields were somewhat lower than usual, but also for fishponds, where the lack of water hindered freshwater fish farming, requiring more resources for uninterrupted production.

Despite all the challenges, Agro Invest Grupa generated a total consolidated operating income in the amount of EUR 80.5 million in 2024, which is a 2.8% increase compared to the total consolidated operating income in 2023. The increase in business revenues was most significantly impacted by the increase in revenues in the crop farming sector, which is a result of selling larger quantities of crop products compared to 2023 at somewhat higher average sales prices. In addition to the crop farming sector, a significant increase in business revenues was recorded in the livestock farming sector as well.

Personnel costs in 2024 continued an upward trend and increased by 14.5% compared to 2023, partly due to an increased number of employees, but also owing to adjustments to our employees' salaries, which proved necessary due to the rise in living costs.

Due to the aforementioned reasons, the EBITDA achieved in 2024 amounted to EUR 11.9 million, representing a 12.0% decline in EBITDA compared to the EBITDA achieved in 2023.

Despite all the challenges, member companies of the Agro Invest Grupa continue to set ambitious business plans that they strive to fulfil. In addition, Agro Invest Grupa has identified investment in renewable electricity generation as an additional sector with great potential, complementary to our existing production. Currently, there are 13 integrated solar power plants built or in various stages of design and implementation, with a total installed capacity of 3.89 MW, as well as 5 non integrated solar power plants with a total installed capacity of 36.6 MW. In addition to the aforementioned investments, a series of significant investments were made in member companies of the Group in 2024, directed at the renewal of agricultural machinery, procurement of equipment to increase capacity, efficiency, and more, which is continued in 2025.

In 2024, companies headquartered in Croatia, with assistance from advisors in the sector of human resources management, conducted a comprehensive systematization of job positions. As a result, in the beginning of 2025, all the employees were given new employment contracts with improved conditions. This was both a necessity and a desire of the Management Board and the owner, given the omnipresent inflationary pressure and the constant increase in the cost of living. These actions were taken in order to assist our employees during this period, as well as to motivate and retain quality personnel, whose satisfaction and motivation are key in achieving good business results of companies in Agro Invest Grupa.

In 2024, greater emphasis was placed on the implementation of sustainable agricultural practices in order to reduce negative environmental impacts.

We base our business philosophy on several key pillars, which are: people—we select and develop employees who are open and innovative, who never stop researching the latest global trends in agricultural production, who embrace new technologies and business innovations and whom we encourage and support in all forms of education; organizational culture—which we strive to create in a way that encourages the adoption and improvement of the global best practices in order to achieve maximum efficiency of agricultural production; resources—we invest in acquiring those that are limited and not easily obtainable, such as agricultural land and fishponds; smart processes—we digitize all business processes and combine all digitally available data from weather stations, fields, machinery, satellites, drones, etc. in reporting systems. Our usage of advanced digital technologies helps employees make timely and optimal decisions in the production process.

Ivan Pandurević

President of the Management Board
Agro Invest Grupe

ABOUT US

Agro Invest Grupa d.o.o. for agricultural production, livestock, tourism, catering, trade and services has its registered office in the city of Zagreb, Buzin, Buzinski prilaz 10. The Company has initial capital of EUR 67,493,670.00, the competent court is the Commercial Court in Zagreb, company registration number (MBS) 010092380, the sole member of the company is Mr. Stipo Matić. The company was registered on 1 September 2014 under the company/business name Poljoprivredno poduzeće Grudnjak d.o.o., and in February 2021 it changed the company/business name and since then it has been operating under the company/business name Agro Invest Grupa d.o.o.

In 2024, the Management Board of the company comprised two to four members, and currently comprises the President of the Management Board, Ivan Pandurević, and the member of the Management Board, Iva Brkić. The Supervisory Board of the company comprises five members: Chairman of the Supervisory Board, Marko Rašić, Deputy Chairman of the Supervisory Board, Željko Menalo, and members of the Supervisory Board, Pero Matić, Danijel Lastrić and Sanda Vujkov Mustedanagić.

Today, Agro Invest Grupa d.o.o. encompasses or owns several companies based in the Republic of Croatia and Bosnia and Herzegovina, whose core activity is the agricultural and food industry. Agro Invest Grupa d.o.o. has direct majority ownership of the companies PP Orahovica d.o.o. and PPK Valpovo d.o.o., which are registered and headquartered in the Republic of Croatia, and the companies Poljoprivrednik d.o.o. (Derventa), Poljoprivrednik d.o.o. (Odžak), Agropromet Grahovo d.o.o. (Bosansko Grahovo), MP Energija d.o.o. (Bosansko Grahovo), Poljoprivredno društvo Modriča d.o.o. (Modriča) and Poljoprivrednik Glamoč d.o.o. (Glamoč), which are registered and headquartered in Bosnia and Herzegovina. Agro Invest Grupa also includes the active companies Eko Bosanska Posavina d.o.o. (Derventa), PPO Stočarstvo d.o.o. (Orahovica), Maslina je obrana d.o.o. (Rovinj) and Agro Company d.o.o. (Bosanski Brod). The Group currently employs a total of approximately 645 employees.

The backbone of production in the companies in the Agro Invest Grupa system is crop production that takes place on more than 13,670 hectares on which cereals and oilseeds are produced.

Livestock production involves around 4,800 head of cattle in various rearing categories. Three farms for fattening cattle, owned by companies within the Agro Invest Grupa d.o.o. system, are part of this segment. Fattening calves are produced on company-owned land within the cow-calf system, while some calves are imported. Feed for the livestock is produced on more than 1,400 hectares.

Contract production of crop crops is organized on approximately 7,900 hectares of contractors' land, from which over 35,000 tons of crop products are purchased annually.

Fish farming is carried out in 9 fishponds located throughout the Republic of Croatia, which PP Orahovica d.o.o. has leased long-term, covering an area of over 6,800 hectares. Carp breeding forms the basis of production, while part of the production involves the breeding of other fish species such as bighead carp, grass carp, wels catfish, pikeperch and pike. The production of African catfish in recirculation takes place in pools within closed halls.

Hazel production takes place on 880 hectares of hazel plantations, some of which, covering an area of 220 hectares, were established in the 1980s and are currently in full yield, while about 660 hectares of newer plantations were planted between 2011 and 2022. While some of these newer plantations have reached full yield, others are still expected to reach the stage of full yield.
Viticulture production takes place on about 161 hectares of vineyard areas, nearly half of which are newer plantations established between 2014 and 2021. During this period, there was a renewal process involving the clearing of older vineyards and the establishment of new ones with layouts adapted to modern viticultural practices and grape varieties tailored to market demands.

Companies within the Agro Invest Grupa own silo facilities with a total capacity of 118,000 tons for storing goods from both their own production and that of contractors. All silos have the possibility of receiving and dispatching goods by road and access by rail, which gives the companies from the Agro Invest Grupa system the necessary flexibility in terms of dispatch dynamics and access to a wider base of potential domestic and international customers. Silos are located in Orahovica, with a capacity of 35,000 tonnes, and Valpovo, with a capacity of 47,000 tonnes, 5,000 of which is certified for receiving, manipulation and storage of environmental goods. There are also two silos in Bosnia and Herzegovina, in Derventa, with a capacity of 12,000 tonnes, and in Modriča, with a capacity of 24,000 tonnes.

The Agro Invest Group's system also includes an animal feed factory with a capacity of 35,000 tons and two seed stations with a capacity of 13 t/hour.

The companies from the Agro Invest Grupa system own about 2,000 hectares of land, while the use of the remaining areas used in production is regulated by long-term contracts on the lease and concession of agricultural land owned by the State, and long-term contracts on the lease of ponds owned by the State.
Through their activities in the markets, Agro Invest Grupa companies have gained an ever-growing trust of customers, partners and suppliers in the past decade.

Our business philosophy is based on seven key pillars:

People – we select and develop employees who are open, innovative and continuously explore global trends. Our employees readily embrace new technological and business innovations. We are driven by the desire to constantly push boundaries.

Smart processes – we digitize all business processes and consolidate all digitally available data (weather stations, fields, machines, satellites, drones, etc.) in the reporting system. By using advanced digital technologies such as IoT, machine learning, AI and computer vision, we help people in the process of making timely and optimal decisions in production processes.

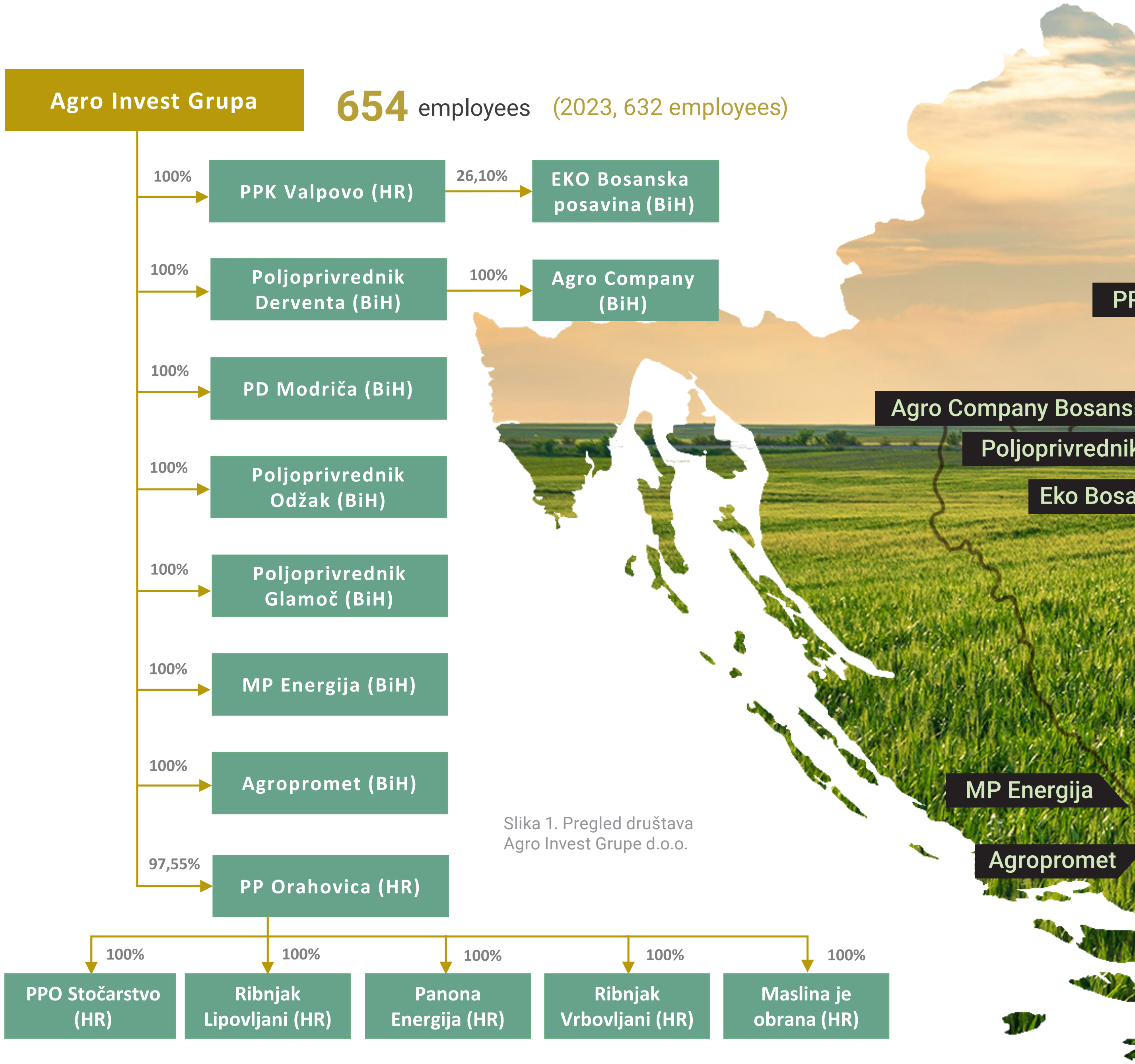
Resources – we invest in the acquisition of those that are limited and difficult to access (land, fishponds, etc.).

Market – the EU market is our domestic market.

Financial operations – we consider financial stability as an essential foundation of our business.

Investment decisions – we are guided by the following parameters in the decision-making process for long-term investment in a particular area: we invest in production areas with growth potential, we prefer productions based on limited space or resources, we consider competitiveness parameters and market position, we do not enter highly competitive and saturated areas, and we only invest in assets that create value and return.

The Agro Invest Grupa system recognizes that a quality and motivated employee is one of the key factors in achieving good business results within the system. Thus, the Group strives to retain existing and attract new employees by providing adequate working conditions and investing in staff training. Some Group companies also employ foreign nationals in accordance with the applicable legislation on the employment of foreigners.
The company has no branches. The company does not carry out research and development activities.



Slika 1. Pregled društava
Agro Invest Grupe d.o.o.

History

The history of organised agricultural production in the areas where the Agro Invest Grupa companies operate dates back to the first half of the 18th century. Its beginnings are associated with the construction of the first watermills in the region.

1958

PPK Valpovo is established

1964

PPK Orahovica is established

2009

Start of AIG Group agricultural production in Bosnia and Herzegovina

2010

M San Ulaganja becomes majority owner of PP Orahovica and co-owner of PPK Valpovo

2018

M San Ulaganja takes over PPK Valpovo as its sole owner

2021

The AIG Group is established as the consolidating entity for the agricultural group

2022

The First corporate bond issue in agricultural sector in the Republic of Croatia. The company EKO Bosanska Posavina becomes a member of the Agro Invest Grupa

Present day

The companies in the group have been successfully restructured

CORPORATE GOVERNANCE

Agro Invest Grupa is not obligated to implement the Corporate Governance Code of the Croatian Financial Services Supervisory Agency (HANFA) and Zagreb Stock Exchange, Inc. (https://www.hanfa.hr/media/4097/zse_kodeks_eng.pdf). However, in its operations, the Group applies the highest governance and accountability standards in accordance with good corporate governance practices. The Group must also submit data about its corporate governance practices to HANFA, which is to be done using the Corporate Governance Practice Questionnaire for Issuers of Bonds (GIKU_UOP_OBV).

Internal Controls and Risk Management in Relation to the Financial Reporting Process

Internal accounting controls and actions of competent employees ensures accuracy, validity and comprehensiveness of financial records and statements, which serve as the basis for drawing up annual financial statements. Such a control system also ensures their compliance with the International Financial Reporting Standards. The Company's accounting policies represent the rules the Company applies when preparing financial statements. A summary of the most significant accounting policies is published in the Company's financial statements.

Corporate Bodies

Agro Invest Group's corporate governance structure is based on a monistic system, where the Director is in charge of the management and supervision. The Company's General Assembly has appointed the Audit Committee, consisting of three members Branislav Vrtačnik, Karmela Jurina and Marko Rašić, whose tasks include assessing the quality of the internal control and risk management system with the aim of properly identifying the major risks to which the Company is exposed (including compliance risks). On February 22, 2024, the Management and Supervisory Boards were established by the Decision of the Company Assembly. Together with the General Assembly, and in accordance with the Statute and the Law on Companies, they represent the three basic bodies of the Company.

The Agro Invest Grupa companies have their own Management Boards and persons responsible for managing their affairs.

Description of the Diversity Policy

The Group's employment policy respects personal integrity of every individual by adhering to the principles of diversity and equal opportunities. Diversity is one of the most important qualities of our organisational culture, present ever since the Company was founded. It is reflected in our belief that differences in sex, skin colour, political or other beliefs and national or social origin can only make us richer.

The Group strictly prohibits and condemns any form of discrimination in order to ensure a sustainable work environment free of discrimination and abuse on grounds of sex, race, religion, ethnicity, sexual orientation or any other characteristic/status. The Group is committed to ensuring a non-discriminatory workplace.

AGRO INVEST GRUPA GOVERNANCE STRUCTURE

During 2024, in accordance with the Articles of Association, the Management Board consisted of two members. Starting from February 22, 2024, the General Meeting of the Company adopted a Decision to establish a Supervisory Board and make changes to the Management Board of the Issuer. Since then, Agro Invest Grupa operates within a two-tier board structure, consisting of the Supervisory Board and the Management Board. Together with the General Meeting, in accordance with the Articles of Association and the Companies Act, they represent the three fundamental organs of the Company.

The Supervisory Board and the Management Board ensure that the established strategy, resources, risk management system, internal control system, and stakeholder relations support the long-term success and sustainable development of the entire Group. Furthermore, these elements ensure that the strategy takes into account the potential impact on the environment and the community, and that the policies, culture, and values of the Agro Invest Grupa promote ethical behavior, respect for human rights, and lead to a stimulating and pleasant working environment.

The role of the Management Board in conducting business is regulated by the Companies Act, the Articles of Association, and internal regulations. The Management Board performs its function with the care of a diligent and conscientious business person, primarily taking into account the best interests of the Group. In making decisions, the Management Board must not be guided by personal interests or use business opportunities for personal purposes, and it is obliged to immediately inform the Supervisory Board of any potential conflict of interest.

Ivan Pandurević

President of the Management Board
Agro Invest Grupa

In 2023, Ivan assumed the position of CEO of Agro Invest Group, bringing with him experience from various industries and project management. His career began in engineering, and he spent most of his working life at Žito Group, where he held a number of key roles, with his most recent being Executive Director for Development, Investments, and IT. In his current role, he is responsible for coordinating and managing the business of the companies owned by AIG.

Saša Breznik

Member of the Management Board Agro Invest Grupa until February 1, 2025

Saša became Chairman of the company's Management Board in 2017. He has been leading teams in various segments of agricultural production. He has been contributing greatly to strengthening business relations with our partners and clients. He has developed a team of professionals who have brought PP Orahovica to the very top of Croatian agricultural production, making it a competitive company in the EU market.

Vlado Čondić Galiničić

Member of the Management Board Agro Invest Grupa until July 9, 2024

Between 2007 and 2010, Vlado was the HR manager at M SAN Group. In 2010, he became the Director of the company Ured za podršku d.o.o. and he stayed at that position until 2017. Between 2012 and 2017, he was a member of the Board of Directors of PP Orahovica. After that, he was Executive Director for Agriculture at Agrokor/ Fortenova Group. In 2021, he returned to our group as a member of the Management Board of PP Orahovica. His main task and responsibility is the operation of agricultural production in Bosnia and Herzegovina.

Iva Brkić

Member of the Management Board Agro Invest Grupa

Iva Brkić has been employed at PP Orahovica for 10 years. She started as the head of internal audit, where she implemented all booking schemes in the new information system, introduced internal procedures, and supervised internal controls. Since 2016, she has held the position of commercial manager responsible for procurement and sales activities. By synergizing the operations of agricultural companies, she has taken on the responsibility for procuring all strategic agricultural inputs and selling commodities, thereby securing better commercial terms and significantly expanding the customer base of the Agro Invest Group.

AGRO INVEST GRUPA
THE SUPERVISORY BOARD

On February 22, 2024 the Assembly of the Issuer adopted a decision on the constitution of the Supervisory Board. The Supervisory Board comprises:

Marko Rašić

President of the Supervisory Board

Mr. Rašić began his career at M SAN in 2003 as a trainee in the Finance Department and progressed to the position of Finance Manager by 2011. During the Group's acquisition period in the agricultural segment, he actively participated in the acquisition processes and subsequent financial restructuring of acquired agricultural companies. In addition to his duties as Finance Manager, from 2016 until 2024, he served as the Chairman of the Supervisory Board of PP ORAHOVICA d.o.o. and PPK Valpovo d.o.o. He also served as a member of the Supervisory Board of KING ICT d.o.o. from 2014 to 2023. In the Supervisory Board of M SAN, he held the position of Deputy Chairman from 2016 until 2023 when he transitioned to a member of the Supervisory Board. In 2017, he was appointed as the Director of the company Ured za podršku d.o.o. Since February 2024, Mr. Rašić has been serving as the Chairman of the Supervisory Board of Agro Invest Grupa d.o.o.

Željko Menalo

Member of the Supervisory Board

Mr. Željko Menalo has spent the majority of his career in the financial industry within the Erste & Steiermarkische Group in Croatia, where he held various managerial positions. He joined the SM Group* in 2019, employed at M SAN Ulaganja d.o.o., and since 2022, he has been employed at Ured za podršku d.o.o. as an advisor. By the decision of the Company's Assembly in September 2022, Željko Menalo was appointed as a member of the Supervisory Board with a term starting from February 22, 2024.

Pero Matić

Member of the Supervisory Board

Mr. Pero Matić joined the M SAN Group in 1996 and served as Logistics Manager until 2008. Over time, he contributed to strengthening the Logistics business unit, which was then part of M SAN GROUP d.d. In 2008, Mr. Matić became an advisor to the Management Board and significantly improved logistics processes. In parallel, he took on a role in Bosnia and Herzegovina, responsible for initiating operations in the agricultural segment. He actively participated in building agricultural processes and positioning all agricultural companies in Bosnia and Herzegovina. Currently, he serves as the director of EKO Bosanska Posavina d.o.o. and Poljoprivrednik Odžak d.o.o.

Danijel Lastrić

Member of the Supervisory Board

Danijel Lastrić, MSc in Psychology, began his professional career in human resource management while still a psychology student at Croatia Airlines. After a brief period at Selectio Group, in the spring of 2004, he joined M SAN Group as the Human Resources Manager. He actively and directly participated in the development and expansion of business in all segments of the SM Group* across all markets, including the acquisition and restructuring processes during the agricultural segment's acquisition period. Since its establishment in May 2007, he has been employed at the trading company Ured za podršku d.o.o., where he currently serves as the Director of Human Resources for the entire Group. By the decision of the Assembly on February 22, 2024, he was appointed as a member of the Supervisory Board of Agro Invest Grupa d.o.o.

Sanda Vujkov Mustedanagić

Member of the Supervisory Board

Ms. Sanda Vujkov Mustedanagić has been employed at Ured za podršku d.o.o. since 2008, serving as the company's legal counsel. During the acquisition period in the agricultural segment in 2010, she actively participated in the acquisition process of PP Orahovica and later PPK Valpovo. Ms. Vujkov Mustedanagić covers the legal segment of updating and harmonizing real estate registration with the actual status, particularly addressing issues from the period of social enterprise conversion. She actively participates in consultations related to the legal regulations on agricultural land, defining strategies in the agricultural segment together with relevant authorities in the Ministry of Agriculture, Ministry of Environmental Protection, the Agency for Payments in Agriculture, Fisheries, and Rural Development. She also engages in regulating relationships with local government units and negotiating contracts for the disposal of agricultural land.

Members of the Supervisory Board begin their term on February 22, 2024, and it lasts for four years.

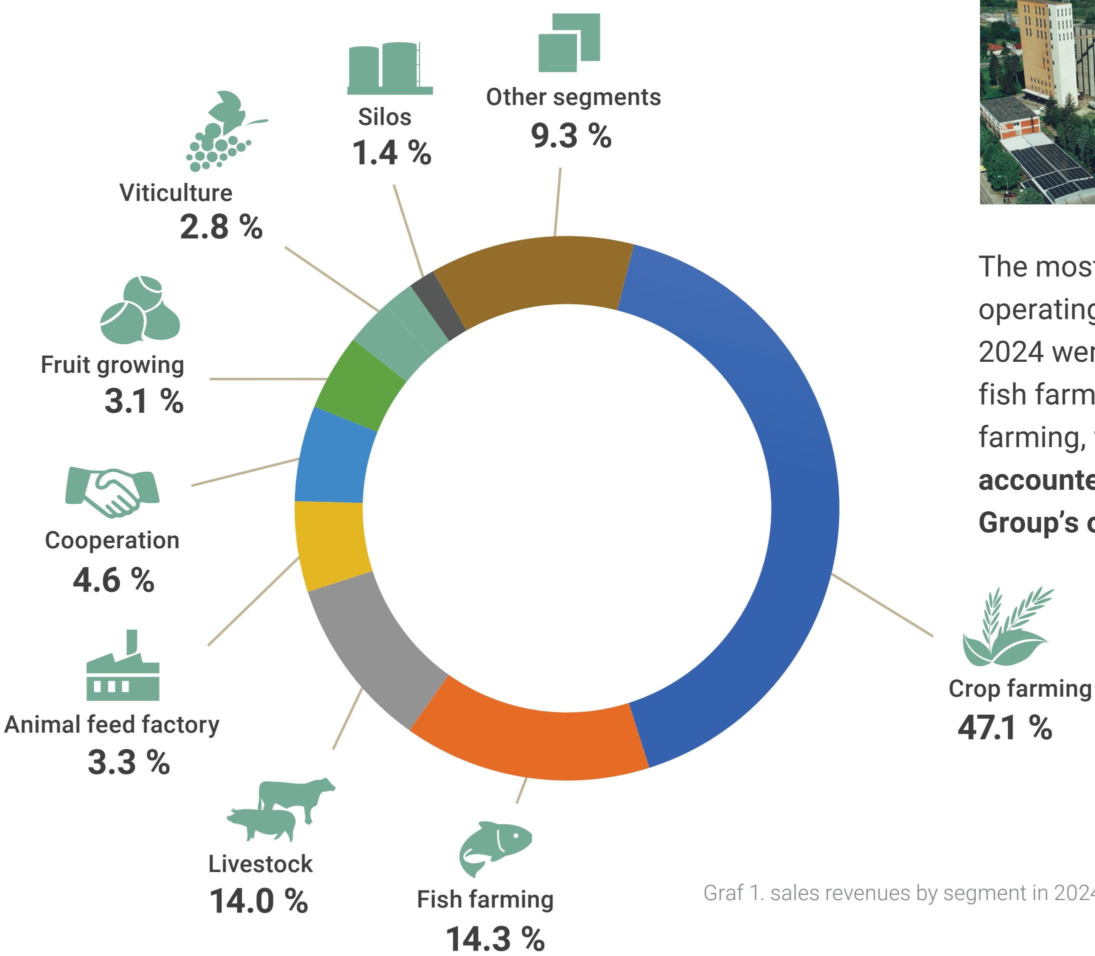
**SM Group: Group consisting of companies in which the only member of the Agro Invest Grupa directly or indirectly exercises control*

OPERATING SEGMENTS

The Group's primary activity is agricultural production. Its activities are carried out in the Republic of Croatia and Bosnia and Herzegovina.

The Group's agricultural production takes place within the following operating segments: crop farming, fish farming, fruit growing – hazelnut processing, viticulture, livestock farming, silo operations, cooperative and animal feed factory.

The most important operating segments in 2024 were crop farming, fish farming and livestock farming, which **together accounted for 75.4% of the Group's operating income.**



Graf 1. sales revenues by segment in 2024

Tradition inspired by nature

A contemporary story of Slavonian agri-food tradition

Crop farming

Crop production is characterized by the fact that it takes place in open fields, significantly influenced by weather conditions over which we have limited control, that the primary production resources, agricultural land, are limited, and that it is a capital-intensive production that is largely regulated.

13,677 ha
Area

EUR **37,952** thousand
Share in operating income in 2024

47.1 %

Member companies of the Agro Invest Grupa have access to 13,677 hectares of crop land, with PP Orahovica d.o.o. owning 5,166 hectares, PPK Valpovo d.o.o. owning 4,837 hectares, and companies in Bosnia and Herzegovina owning 3,674 hectares of agricultural land.

Grains, such as wheat and corn, are primarily sown on agricultural land, followed by oilseeds, namely soybean, rapeseed and sunflower, primarily for commercial purposes but also partly for seed production. Crops such as barley, oats, spelt and similar are sown to a lesser extent.

In 2024, companies from the Agro Invest Grupa system sowed a total of 4,125 ha of wheat for commercial purposes and 508 ha of wheat for seed production, 1,422 ha of rapeseed, 305 ha of barley, 2,911.03 ha of soybean for commercial purposes, 91 ha of soybean for seed production and 20 ha of organic soybean, 2,180 ha of maize for commercial purposes and 60 ha of maize for seed production, 934 ha of conventional and 186 ha of organic sunflower, while the remaining field crops were cultivated on a somewhat smaller area. In 2024, 264 ha of potatoes and 129 ha of peas were planted as well.

The average yields of autumn crops in 2024, especially those achieved in companies based in the Republic of Croatia, were excellent and in line with planned levels. Thus, the average wheat yield achieved on land owned by PP Orahovica was more than 8 tonnes per hectare and more than 9.5 tonnes per hectare on land owned by PPK Valpovo, while the average rapeseed yields achieved on land owned by PP Orahovica were more than 4.3 tonnes per hectare and more than 4.6 tonnes per hectare on land owned by PPK Valpovo. Due to the drought that marked the middle of 2024, the yields of spring crops were somewhat lower than expected, but they can still be considered good. Thus, the average maize yield achieved on land owned by PP Orahovica was more than 10.4 tonnes per hectare while land owned by PPK Valpovo yielded more than 10.6 tonnes per hectare. The average soybean yield was more than 2.9 tonnes per hectare and more than 3.6 tonnes per hectare on land owned by PP Orahovica and PPK Valpovo respectively, while the average sunflower yield achieved on land owned by PP Orahovica was more than 3 tonnes per hectare and more than 3.6 tonnes per hectare on land owned by PPK Valpovo.

Increasing the areas under irrigation enables a second, so-called post-harvest sowing during the same year, and it is a prerequisite for increasing the area under vegetable crops. In 2024, as part of vegetable crops, the Group cultivated potatoes and peas on larger areas, as well as eggplant, onion, peppers and tomatoes on smaller areas.

The crop farming segment of Agro Invest Grupa achieved a business revenue of EUR 38.0 million in 2023, representing a share of 47.1% in the total business revenue of Agro Invest Grupa d.o.o. for 2024. The business revenues of the crop farming segment increased by 17.7% in 2024, compared to the revenues of the crop farming segment achieved in 2023.

The achieved result is primarily an outcome of higher total sales volume of cereals and oilseeds due to better yields and because larger quantities of goods were received in the silo and purchased compared to 2023, and partly because stocks of goods from 2023 were sold. In addition to higher total sales volume, somewhat higher average sales prices of cereal and oilseeds achieved in 2024 compared to average sales prices achieved in 2023 also contributed to the increase in revenue in 2024.

In 2024, in accordance with the investment plan, the renewal of agricultural machinery continued. The machinery is acquired following the latest technological advancements in soil cultivation, planting, protection, fertilization, and harvesting, adhering to the principle of uniformity in agricultural machinery across all group members, which is expected to significantly increase efficiency in machinery maintenance, since a higher degree of specialization among maintenance personnel and easier procurement of spare parts should lead to a significant reduction in downtime and maintenance costs. Due to the increase in areas under vegetable crops, investments in specialized equipment for planting, tillage and harvesting of vegetable crops also began. For example, at the end of 2023, an investment in the amount of EUR 205 thousand was made in the purchase of a potato harvester, with the purchase of another similar harvester worth EUR 220 thousand is planned for 2025.

In recent years, specialized software has been developed for the needs of companies from the Agro Invest Grupa system, which monitors processes in agricultural production, so the monitoring of the

field has been intensified with the help of software, enabling a detailed record of each production field to be obtained on mobile phones in several steps throughout the vegetation period. The Group has also initiated further development of this software, with the ultimate goal of optimizing all resources used in agriculture, which is where we've recognized exceptional benefits. Investments were also made for the procurement of new drones, which are expected to become an indispensable tool in agriculture, and are, therefore, used to record all crops and all plots based on phenophases. These recordings, along with field inspections, are used for crop condition analysis.

Since 2022, in addition to surveying, monitoring and analysis, our fleet consists of a drone used for the efficient application of protective agents and liquid fertilizers on agricultural surfaces. The use of such equipment results in a reduced consumption of protective agents and less use of conventional machinery, whose passage has a negative impact on soil structure.

Since climate change is an undeniable fact and given that, in this regard, agricultural production is becoming increasingly complex and requires responses and reactions to new situations, the companies of the Agro Invest Grupa pay significant attention to irrigation projects.

In 2023, companies within the Agro Invest Grupa signed contracts with project-solution designers for the development of irrigation solutions. These contracts provided optimal irrigation solutions in 2024 for approximately 11,000 hectares of crop and orchard land owned by PPK Valpovo d.o.o. and PP Orahovica d.o.o. These solutions are used for the design, procurement and installation of irrigation equipment from the 2024 season onwards.

Fish farming and processing

Fish farming is carried out within the company PP Orahovica d.o.o. on a total area of 6,817 hectares, at 9 locations - fish ponds in the territory of the Republic of Croatia that the Company leases on a long-term basis, 8 ponds leased for 50 years and one pond leased for 25 years.

6.817 ha
Area

9
Fishponds

EUR **11,521** thousand
Share in operating income in 2024

14.3 %

Fish farming is carried out in a multi-trophic aquaculture system or a polyculture system. The basis of production is the cultivation of carp, with quantities amounting to 80–90%, and in addition to carp, other species such as bighead carp, grass carp, wels catfish, pikeperch and pike are also cultivated and marketed. Such a farming system was chosen due to significantly better utilization of the natural potential of the fishpond and the possibility of offering and marketing a wider range of products.

In November 2022, the breeding of African catfish was put into operation. This is a fish that is extremely well-established on the market and appreciated by the culinary profession, however, it is not bred in fishponds, but in strictly controlled conditions in indoor pools. Around EUR 185,000 has been invested in the transformation of existing premises and the purchase of equipment for the production of African catfish, with plans to expand production capacities.

Our comparative advantages as producers are the fact that we are the largest producer of freshwater fish in the region, we have the necessary professional personnel for the production of freshwater fish, which is almost non-existent on the labor market and needs to be developed, the majority of breeding in our fishponds takes place in a two-year cycle, which has significant advantages compared to a three-year cycle, while other producers breed freshwater fish for consumption in a three-year breeding cycle. Despite the highly seasonal nature of this business, we offer fish throughout the year and have all the necessary logistics, from fishing to delivering the finished product to the point of sale. The Group also has its own retail store at 10 locations in cities in Slavonia, as well as one mobile retail store. In addition, the Group owns a freshwater fish processing plant in Čačinci, with a processing capacity of 50 tonnes per day, which produces and markets products under the Panona Mare brand.

The produced fish can be marketed as live fish, fresh fish and fish processed in a freshwater fish processing plant. We can market a wide range of products from fresh fish, fish fillets, smoked fish, frozen fish, fish burgers, fish nuggets, fish chips and fish spread, while continuing to work diligently on developing new products, all in accordance with market demands.

During fish processing, biological, chemical and physical factors are strictly controlled and the process is managed by the HACCP system and is IFS-certified, both of which are used to manage quality control and health safety from the introduction of raw materials, through manipulation and production, to the distribution of the final product.

The fish farming segment of Agro Invest Grupa achieved a business revenue of EUR 11.5 million in 2023, representing a share of 14.3% in the total business revenue of Agro Invest Grupa d.o.o. for 2024. The business revenues of the fish farming segment in 2024 were at the same level as the business revenues achieved in 2023. The export revenue in the fish farming segment in 2024 accounted for 41.7% of the total business revenue of the segment, while in 2023, this share was 39.4%.

In addition to the Croatian market, the most important markets for freshwater fish and fish products are the markets of Serbia, Bulgaria, Lithuania, Slovakia, Hungary, Romania, Poland, Italy and Bosnia and Herzegovina.

The freshwater fish processing plant processed 1,431 tonnes of freshwater fish in 2024, and 1,079 tonnes of various products were produced in its facilities.

The fish processing plant was built and put into operation in 2016. With the introduction of new products into the portfolio and the need to increase fish processing capacities in the period 2021–2023, a new investment cycle was implemented in the plant and almost all of the machinery and production lines were replaced with new machinery of higher capacity and automation level, characterized by a reduced need for human labor, which is extremely important given that finding adequate personnel is a challenge. About EUR 1.3 million was invested, and a new device for packaging products in bags and trays was procured, along with a device for automatic removal of scales, washing and cooling of fish, an automatic weighing and equalization system, a breading line, and a system for rapid cooling and glazing of products. In 2023, an investment was launched to expand the existing frozen product storage capacities by 300 pallet spaces and packaging material by about 500 pallet spaces. The investment was completed in mid-2024.

Livestock farming

Livestock production involves around 4,800 head of cattle in various rearing categories. Three cattle fattening farms are owned by companies within the Agro Invest Grupa d.o.o. system. The comparative advantage of the Agro Invest Grupa system is that a significant part of the calves for fattening are produced on our own land in the cow-calf system, while some calves for fattening are imported. Within the cow-calf system, we raise calves of high-quality beef breeds such as Charolais, Limousin and Aubrac. The cow-calf system is a production system in which most calves for fattening are produced. The basic characteristics of this type of production are reflected in lower feeding costs, as cows with calves are put out to pasture from spring to winter, a reduced need for human labor, and lower costs of building and maintaining facilities.

4.800
Fattening calves annually

EUR **11,231** thousand
Share in operating income in 2024

14.0 %

Livestock feed is produced on over 1,400 hectares of land. In addition to our own facilities, cattle fattening is also carried out in contractors' facilities where calves are provided for fattening along with food from our own animal feed factory, and the contractors provide fattening services for the Agro Invest Group.

The livestock farming segment of Agro Invest Grupa achieved a total business revenue of EUR 11.2 million in 2024, representing a share of 14.0% in the total business revenue of Agro Invest Grupa for 2024. The business revenue of the livestock farming segment has shown consistent growth, with a 46.7% increase in 2023 compared to business revenue of the livestock farming segment generated in 2022, while in 2024 the increase reached 40.4% compared to the business revenue of the livestock farming segment achieved in 2023.

The increase in business revenue and the improved financial results of the livestock farming segment in 2024 compared to 2023 are based on increased production in feeder cattle of our own, as well as in providing fattening services, which resulted in an increase in the number of heads, but also in higher daily increases in production and higher average volume sold of fattened cattle. In addition to increased production, the growth in revenue and better financial results of the livestock farming segment were also influenced by an increase in sales prices of calves and feeder cattle.

Significant investments in the livestock farming segment were carried out in 2022 and 2023, when an investment was completed in a new fattening cattle farm in Brođanci, with a capacity of 750 head with accompanying facilities, a hayloft and trench silo, in the purchase of equipment and machinery,

with a total investment value of EUR 2.4 million, for which PPK Valpovo d.o.o. was granted co-financing in the amount of EUR 800 thousand from the European Agricultural Fund for Rural Development, for the implementation of measure 4.1.1. "Restructuring, modernisation and increased competitiveness of agricultural holdings" and measure 4.1.2. "Disposal, handling and use of manure fertilizer in order to reduce the harmful effects on the environment", as well as the import of 128 Charolais and Aubrac beef heifers aimed at improving the genetic structure of the base herd, with an investment of EUR 280 thousand. Additionally, within PP Orahovica d.o.o., farm facilities were renovated, improving the conditions for livestock accommodation and working with livestock. In May 2024, 10 breeding bulls were imported from France with the aim of further improving the genetic structure of the herd.

Fruit growing

Fruit production, hazel cultivation, is characterized by the specific quality and position of agricultural areas as resources and the fact that the areas where Agro Invest Grupa companies have agricultural land are very suitable for hazel cultivation. The comparative advantage of the Company, as a producer, lies in the fact that it is the largest producer of hazelnuts in the region and that it has significant resources in the knowledge and experience of employees, along with a tradition of hazelnut cultivation in the Orahovica area dating back to the 1980s. In addition, the Company has all the necessary machinery to maximally automate production processes.

Companies from the Agro Invest Grupa system also have nurseries, one in Croatia and one in Bosnia and Herzegovina, which produce hazelnut seedlings for both internal plantation needs and market demands. The company PP Orahovica d.o.o. also houses a hazelnut processing plant.

880 ha
Area

EUR **2,478** thousand
Share in operating income in 2024

3.1 %

The fruit growing segment of Agro Invest Grupa achieved a total business revenue of EUR 2.5 million in 2024, representing a share of 3.1% in the total business revenue of Agro Invest Grupa d.o.o. for 2024. The business revenues of the fruit growing segment decreased by 30.5% in 2024 compared to the revenues of the fruit growing segment achieved in 2023.

The decrease in business revenue in 2024 compared to 2023 is a result of the fact that larger quantities of hazelnuts were sold in 2023, because significant quantities of transitional stocks from 2022 were also sold in 2023, and as a business decision, a significant part of the production was exported immediately after the harvest in the fall of 2023. In 2024, a business decision was made that a significant portion of produced volume would not be sold immediately after harvest, but would be held as stock and wait for the optimal moment to be sold.

Due to the fact that the hazelnuts planted between 2015 and 2023 are reaching full yield, an annual increase in hazelnut production of 15–20% is expected every year until 2033.

In the Agro Invest Grupa strategy, hazel tree is identified as a culture that has great potential and there is a plan to further expand the areas under hazel tree plantations, both in companies from the Agro Invest Grupa system in Croatia and in companies in Bosnia and Herzegovina.

The Group also has a hazelnut processing plant. Hazelnut processing is regulated by ISO 22000-2018 certificate and the HACCP system.

Due to increased hazelnut production, the existing hazelnut processing plant will not be able to meet the needs of our own production and the production of our subcontractors. In early 2025, we embarked on a project to expand and equip the hazelnut processing plant. With more than EUR 700 thousand invested in this project, the new plant will also be able to market products with higher added value, such as roasted and chopped hazelnuts, hazelnut paste for the confectionery industry, hazelnut oil and flour, etc.

Significant investments in the fruit growing segment were carried out in 2022, highlighting in the first place the establishment of 135 hectares of new hazel tree plantations with irrigation and procurement of the necessary equipment and machinery in the municipality of Zdenci, with a total planned value of EUR 2.1 million, for which we were granted aid in the amount of EUR 743 thousand from the European Agricultural Fund for Rural Development, for the implementation of measure 4.1.1. "Restructuring, modernisation and increased competitiveness of agricultural holdings", and the completion of the investment in establishing new hazel tree plantations of 50 hectares in Bosnia and Herzegovina.

At the end of August 2022, PP Orahovica d.o.o. was approved for co¬financing of a project to plant and irrigate 135 hectares of hazel trees. All necessary projects were completed at the end of 2021 and the beginning of 2022, while the project implementation itself began immediately after obtaining approval. During 2022 and 2023, infrastructure works were fully completed for a reservoir with a capacity of 23,000 m3, including all earthworks and the installation of a drip irrigation system. The use of the system at full capacity was carried out for the first time in the 2024 season.

In addition to the aforementioned project, the main project for the irrigation of 43 hectares of hazel trees was developed for the Bukvik area, with equipment procurement and drip irrigation system installation scheduled to begin following the approval of co-financing.

The plan for 2025 is to purchase machinery, necessitated by the increased areas under hazel tree plantations that are coming into full yield.

Viticulture

Viticulture production within Agro Invest Grupa is conducted through the operations of PP Orahovica d.o.o., where grapevines covering 161 hectares are cultivated. The grape varieties include Graševina, Frankovka, and Zeleni Silvanac, particularly well-known varieties from the Orahovica vineyards, as well as Chardonnay, Sauvignon, Cabernet Sauvignon, Pinot Gris and Rhine Riesling. Since 2021, a new premium line of wines under the "Martin Albus" brand has been placed on the market. It includes excellent wines, such as Sauvignon, Frankovka, Pinot Gris, Sylvaner Green and Rosé. In 2022, the "Martin Albus" line was expanded to include Grande Cuvee.

161 ha
Area

EUR **2,272** thousand
Share in operating income in 2024

2.8 %

Viticulture production within Agro Invest Grupa is conducted through the operations of PP Orahovica d.o.o., where grapevines covering 161 hectares are cultivated. The grape varieties include Graševina, Frankovka, and Zeleni Silvanac, particularly well-known varieties from the Orahovica vineyards, as well as Chardonnay, Sauvignon, Cabernet Sauvignon, Pinot Gris and Rhine Riesling. Since 2021, a new premium line of wines under the "Martin Albus" brand has been placed on the market. It includes excellent wines, such as Sauvignon, Frankovka, Pinot Gris, Sylvaner Green and Rosé. In 2022, the "Martin Albus" line was expanded to include Grande Cuvee.

Of the 161 hectares of vineyard area, 83 hectares comprise new plantings established between 2014 and 2021. During this period, there was a renewal process involving the clearing of older vineyards and the establishment of new ones with layouts adapted to modern viticultural practices and grape varieties tailored to market demands. The restoration of vineyards is co-financed by the National Support Programmes in the Wine Sector, the so-called wine envelope projects.

The viticulture segment of Agro Invest Grupa achieved a total business revenue of EUR 2.3 million in 2024, representing a share of 2.8% in the total business revenue of Agro Invest Grupa d.o.o. for 2024. The business revenues of the viticulture segment increased by 4.8% in 2024 compared to the business revenues of the viticulture segment achieved in 2023.

In 2024, the winery sold 781,685 litres of wine, of which 104,362 litres were top-quality wine and premium bottled wine. It is especially important to point out the fact that the volume of premium wine sales, i.e. wines of a higher price range, is constantly increasing withing the sales structure. Thus, the sale volume of quality and premium wines in 2023 compared to 2022 increased by 10.8%, while the increase in the sale volumes of quality and premium wines in 2024 compared to 2023 was 11.0%.

In addition to the reconstruction of the vineyard, the quality of wine was increased by investing in equipment, as in the last few years state-of-the-art laboratory equipment for chemical wine analysis has been purchased. Tank sterilization equipment was procured—a steam generator, which reduces the use of chemical agents in maintaining cellar hygiene. Renovation of the wooden barrel stock in the "old cellar" was completed. In 2023, the latest grape harvesting machine with a sorting table was procured, enabling mechanical harvesting from the best and most challenging vineyard locations. This machine has also reduced the need for seasonal labor, which, for years, has been very difficult to timely engage during harvest periods.

In 2024, the equipment for more efficient vineyard processing and protection was procured and fences were installed around the majority of the vineyards to protect them from wildlife, which has caused significant damage and reduced grape yields in recent years.

Our own production of fruit liqueurs under the Martin Albus brand was launched in 2022, first as part of the winery, and later as a separate facility. The first product launched was the Martin Albus hazelnut liqueur. The line was upgraded in 2023 with two more products, namely the Frankovka grape liqueur and the walnut liqueur, the so-called orahovac. Although the line was in its initial phase of development, both in terms of products and market launches, a business revenue of EUR 56 thousand was generated from the sale of fruit liqueurs in 2023. In the 2024 International Wine & Spirit Competition (IWSC) in London, Martin Albus hazelnut liqueur won an outstanding gold medal in the liqueur category, with a high sum of 99 out of a possible 100 points, and was declared the best liqueur in the world in the liqueur category. Another new product, cherry liqueur, was introduced into the production program in 2024.

Even though production is still in the initial phase, Martin Albus fruit liqueurs have been recognized by both the industry and ordinary consumers as extremely interesting and attractive products; therefore, the revenue from the sale of liqueurs in 2024 amounted to EUR 145 thousand.

At the 2025 international competition Concours International de Lyon, Martin Albus hazelnut liqueur won a gold medal and a trophy for the best Croatian distillate in the competition, thus vouching for the quality of liqueurs from the Martin Albus production line, with Martin Albus cherry liqueur winning a silver medal in the same competition.

Other business segments

Companies within the Agro Invest Grupa constantly strive to expand their base of contractors by establishing good and quality partnerships with local agricultural producers. They act as suppliers of raw materials to them and, when necessary, provide advisory services on production technology, ultimately purchasing the goods produced by local agricultural producers on their land. In this regard, companies from the Agro Invest Grupa system are recognized in the local community as a reliable partner, so companies from the Agro Invest Grupa system base their contract production on approximately 7,900 hectares of land owned by our contractors, from which we annually purchase around 35,000 tons of mercantile goods.

The contract farming segment of Agro Invest Grupa achieved a business revenue of EUR 3.7 million in 2024, representing a share of 4.6% in the total business revenue of Agro Invest Grupa d.o.o. for 2024. The business revenues of the contract farming segment decreased by 11.3% in 2024 compared to the business revenues of the contract farming segment achieved in 2023. The decrease in revenue of the contract farming segment is largely a result of the decrease in revenue in the fertilizer sales sector, due to significantly lower sales prices (14–35% lower sales prices compared to 2023 for different categories of fertilizers), which followed the normalization of market supply that took place in 2023.

Additionally, the decrease in revenue of the contract farming segment was brought on by lower sales prices of seeds and smaller volumes of seed sold, primarily soybean seeds, due to changes in the Regulations for IACS measures, so that it is no longer required to purchase certified seed in a minimum quantity of 80 kg/ha.

Share of income in 2024 by other operating segments:

Cooperation	Animal feed factory	Silos
EUR **3,741** thousand	EUR **2,666** thousand	EUR **1,165** thousand
4.6 %	3.3 %	1.4 %

The silo business is closely associated with the contract farming segment. Companies within the Agro Invest Grupa own silo facilities with a total capacity of 118,000 tonnes for storing goods resulting from both their own production and that of contractors. An ongoing process of increasing silo capacities is underway, which proved to be a necessity due to increased quantities of goods, resulting both from our own production and from the production of our contractors. This is an investment within PPK Valpovo, where new silos are being built, with an additional capacity of 10,000 m3, or 7,500 tonnes. The investment amounting to EUR 1.8 million is co-financed by the Rural Development Fund program EAFRD 2022—measure 411 Storage capacities. Aid intensity is limited to 50% of eligible costs, or about EUR 895 thousand.

All silos have the possibility of receiving and dispatching goods by road and access by rail, which gives the companies from the Agro Invest Grupa system significantly greater opportunities in terms of dispatch times and access to customers who located farther away, due to the possibility of faster dispatch of larger quantities of goods at lower costs.

The silo segment of Agro Invest Grupa achieved a total business revenue of EUR 1.2 million in 2024, representing a share of 1.4% in the total business revenue of Agro Invest Grupa for 2024. The business revenue of the silo segment in 2024 was marked by an 18.5% decrease compared to the business revenue of the silo segment achieved in 2023, despite the larger quantities of cereals and oilseeds that were delivered to Agro Invest Grupa silos in 2024, which were roughly 20% higher than the quantities delivered in 2023. The main reasons for the significant decrease in business revenue in the silo segment are the fact that in 2024 we changed the policy for calculating silo services, as well as the fact that in 2024 the costs of being received into the silos were not calculated, and the fact that mid-2024 was marked by an exceptionally long period without precipitation, which caused a drought, as a result of which goods for commercial purposes, primarily spring crops of maize and soybean, were received into the silo with unusually low moisture levels and the silos did not generate income from drying the received goods. The financial result of the silo segment did not decrease as drastically as the drop in business revenue, since a decrease in revenue was a result of a decrease in the service of drying goods, which meant that less energy than what would have normally been used in the drying process was actually used. Additionally, the results of the silo segment were positively affected by the introduction of renewable energy sources, specifically solar power plants, a greater focus on reducing labor costs, as well as better utilization of silo by-products.

The animal feed production segment of Agro Invest Grupa achieved a total business revenue of EUR 2.7 million in 2024, representing a share of 3.3% in the total business revenue of Agro Invest Grupa d.o.o. for 2024. The business revenues of the animal feed production segment decreased by 40.0% in 2024 compared to the revenues of the animal feed production segment achieved in 2023. The decrease in revenue of the animal feed production segment in 2024 is primarily a result of a decrease in sales volume due to the completed overhaul of a nearby animal feed factory that was a customer buying Agro Invest Grupa animal feed during 2023. In addition to the decrease in sales volume, lower sales prices of animal feed due to market stabilization that occurred during 2023, and lower prices of components used in their production, also contributed to the decrease in revenue of the animal feed production segment.

BUSINESS PERFORMANCE IN 2024

The Group achieved business revenues amounting to EUR 80,508 thousand. The achieved result represents a 2.8% increase in sales compared to 2023. Operationally, the Group saw a 12.0% decline in EBITDA, amounting to EUR 11,867 thousand, while loss for the year was EUR 553 thousand (in 2023 profit for the year was EUR 2.3 million).

In terms of revenue structure, the largest segment of the business is crop farming, which, in addition to fish farming, accounts for 61.5% of the Group's total revenue. Geographically, 70% of revenue comes from sales in the domestic market, while the remaining 30% of revenue comes from sales abroad.

Sales revenues by country in 2024

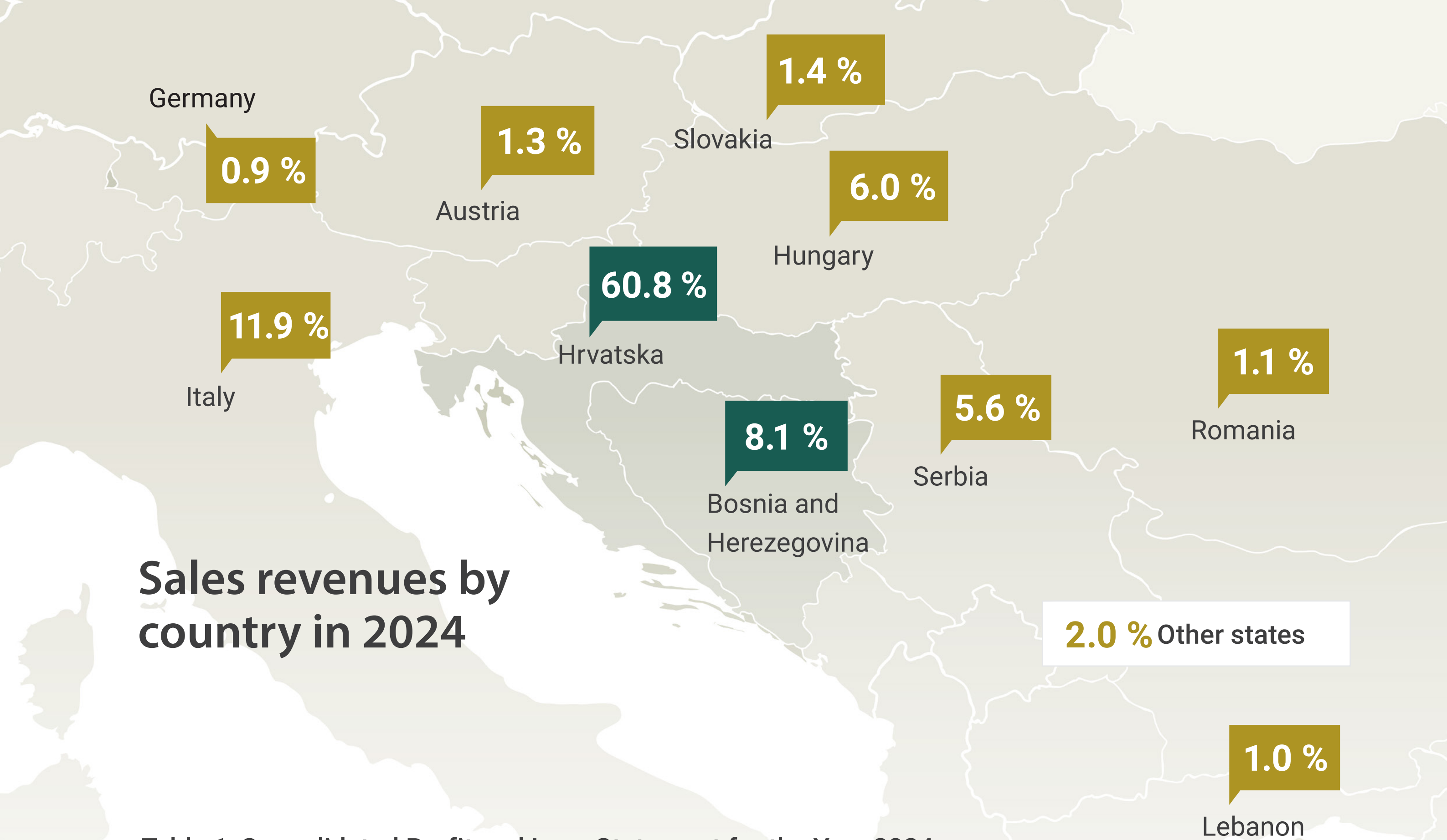


Table 1: Consolidated Profit and Loss Statement for the Year 2024

(in thousand EUR)	2023	2024	% change
Business revenue*	78,339	80,508	2.8%
EBITDA*	13,487	11,867	(12.0%)
EBIT*	5,730	2,800	(51.1%)
Profit for the current year*	2,296	(553)	N/A

Table 2: Consolidated financial indicators for the Year 2024

(in thousand EUR)	2023	2024	% change
Net debt*	38,219	35,505	(7.1%)
Total assets*	173,737	177,675	2.3%
Equity*	92,662	92,122	(0.6%)
Current ratio*	2.5	2.1	(15.3%)
Equity ratio*	53.3%	51.8%	(2.8%)
Net debt/EBITDA*	2.8	3.0	5.6%

* In the Annual Report, the Group used the financial indicators of historical financial performance, financial position or cash flows that are not defined or referred to in the applicable financial reporting framework.

Those indicators derive from (or are based on) financial statements prepared in accordance with the applicable financial reporting framework and were obtained by adding up or subtracting certain amounts from the figures reported in the financial statements, or by calculating ratios based on those figures.

Table 3: Alternative performance measures

Alternative performance measures	Formula
Business revenue	Sales revenues plus other income
EBITDA	Total operating income less total operating expenses and increased by the cost of depreciation and changes in the value of work in progress and finished goods
EBIT	Operating profit or total operating income less total operating expenses increased by changes in the value of work in progress and finished goods
Profit for the current year	Net income is the sub-total shown in the consolidated income statement
Net debt	Represents long-term and short-term liabilities to banks and other financial institutions increased by long-term and short-term liabilities for eligible assets and liabilities for long-term loans less cash and cash equivalents
Net debt/EBITDA	Net debt divided by EBITDA

Those indicators do not constitute financial performance indicators under the International Financial Reporting Standards and they are not to be considered alternatives to other indicators of operating performance, cash flows or any other performance indicators derived in accordance with those standards. The indicators have been provided in order to give useful information about the Group's financial situation and performance for the following reasons:
(i) these are indicators that the Group uses to assess its operating performance;
(ii) these are indicators that the Group's governing bodies use to make day-to-day business decisions.

OPERATING RISKS

In its business operations, Agro Invest Grupa is exposed to numerous internal and external influences that may cause the emergence of risks affecting the achievement of the Company's goals and, indirectly, its financial situation and performance.

Business Environment Risks

Political risk

Political risk pertains to all the risks that could potentially influence a country's political instability and relationships with other countries, which could in turn result in undesired trade-related effects that could negatively impact the Group.
The Group is exposed to political risk because it does business in the territories of different countries. This risk could be reflected in aggravation of political and economic relationships or cooperation between the countries in which the Group operates, which could affect its business processes and operations. Moreover, the observance of different regulations and rules in different jurisdictions could result in significant costs.

Natural disaster risk

Risk of natural disasters such as floods, extreme drought, earthquake or other arises from unforeseen, sudden events that could cause significant financial loss on property or negatively impact the Group's overall business operations.
Eliminating the consequences of such disasters could result in significant material costs and prolonged suspension of operations or only limited scope of operations in such conditions. Agro Invest Grupa reduces its exposure to the consequences of this kind of risk by way of property insurance.

Risk of contagious diseases

The Group is exposed to the risk of a pandemic of contagious diseases, which could afflict a large geographical area or the entire world. Apart from representing a hazard for the health and safety of employees, the risk of a pandemic could lead to shortages of goods, temporary shutdown of an operating segment or partial termination of the supply chain or complete suspension of operations across all markets for an unspecified period.

Industry risks

The Group is exposed to industry risks, particularly risks characteristic to crop and livestock farming. Crop farming is exposed to weather-related disasters (drought, flood, hail). Adverse weather can result in reduced yields of agricultural crops, reduced quality or both. In extreme cases, it could also result in total loss of crops. The Group attempts to minimise such weather-related risks by insuring its crops. It also protects itself from the risks caused by bad weather conditions through geographical diversification. Risk of crop diseases could have a significant negative impact on expected yields. Therefore, the Group applies disease prevention measures in its production processes as a way of maintaining the expected yield levels.

In the livestock farming segment, significant risks are the risks of livestock becoming diseased or dying. For the purpose of preventing animal diseases and deaths on farms, there are in-house or contracted external veterinary services taking care of the condition of cattle at all times. All animals are also covered by mortality insurance.

Environmental risk

The Group performs activities and manages certain plants that may have a negative impact on the environment and public health. For instance, livestock farming is an activity consuming large amounts of energy, polluting water sources and releasing large amounts of carbon dioxide. Besides livestock farming, fish processing creates significant amounts of animal by-products, while crop farming and fruit growing involves handling considerable amounts of oil derivatives and protection products, which, if used by non-professionals, can endanger plants, animals and watercourses.
The Group companies try to minimise these risks, so they implement animal by-product disposal measures during fish processing. When using oil derivatives and protection products, it is made sure that they are stored adequately. Employees are trained and have the required certificates for using pesticides and fertilisers as well as for transporting hazardous chemicals in accordance with legal regulations.
Furthermore, in case of projects, environmental impact assessments are made when so required by applicable regulations. Assessments of acceptability for ecological network are also made in case of fishpond projects, considering our fishponds are located within the NATURA 2000 area. The Group companies also have third-party liability insurance.

OPERATING RISKS

Business Risk

Risk of losing workforce

Considering the current negative demographic trends faced by the Republic of Croatia and neighbouring countries, particularly a significant outflow of the working age population, the Group is exposed to the risk of losing workforce and not having/being able to secure a sufficient number of workers. The Group tries to keep the current and attract new employees by ensuring adequate working conditions and it also employs foreign nationals in accordance with applicable regulations on employment of foreign nationals.
Despite these measures, there is a risk that the Group might not be able to secure a sufficient number of workers in the future, which could have a negative impact on the Group's business operations, financial position and performance.

Risk of breakdowns and accidents

Plant and equipment managed by the Group may experience breakdowns, accidents, unplanned downtime, limited capacities and physical damage due to natural disasters (e.g. floods, droughts or earthquakes), terrorism, interruptions in the supply of raw materials and other causes. Such events can have a negative impact on the performance of contractual obligations to business associates. This can also lead to fatalities or injuries suffered by Group employees, customers or third parties, damage to the Group's or third-party property as well as cause downtime or disrupt the Group's operations in some other way. Incidents of this kind can also cause significant environmental pollution. All of this can affect the public perception of the Group's business operations and its future profits.
To reduce its exposure to such risks, the Group carries out routine maintenance of its facilities and invests in equipment on a regular basis. The Group also concludes contracts with insurance companies on a regular basis. However, if no appropriate insurance policy has been taken out for a particular loss event or if the coverage is insufficient, such circumstances can have a negative impact on the Group's business operations, performance and financial position.

Financial Risk

Liquidity risk

Liquidity means having sufficient funds and working capital, and ensuring adequate financial resources in the form of lines of credit. Liquidity risk is the risk of the Group not being able to meet its financial liabilities in a timely manner when they become due because of a lack of own funds, a lack of funds available in the money market or inability to borrow funds from financial institutions.

Liquidity risk occurs as a result of other risk factors materialising, such as credit risk, refinancing risk and many other risks. Materialisation of the Group's liquidity risk could lead to financial losses if the Group had to sell certain assets below their market value to compensate for the lack of liquid assets.

Interest rate risk

On January 1st 2023, the euro was introduced as the official currency in the Republic of Croatia. In addition to the euro, the Group has exposure in the convertible mark (BAM). Based on the Law on the Central Bank of Bosnia and Herzegovina (Official Gazette of Bosnia and Herzegovina No. 17/2017), the exchange rate of the specified currency is fixed for the euro. As the Group has no assets and liabilities in other currencies, there is no currency risk for the Group.

Kamatni rizik

Interest rate risk arises from the Group companies' interest payable on short-term and long-term loans that the Group has and may have in the future as well as issued bonds. Loans granted at variable rates expose the Group's financial performance to the cash flow risk. Any significant changes in interest rates could therefore have a negative impact on the Group's financial performance. The majority of the Group's borrowings have a fixed interest rate. The Group continuously monitors changes in interest rates, simulating situations that indicate a significant increase in variable interest rates, and takes refinance and alternative finance options into account. Based on these situations, the Group calculates the impact of interest rate changes on its profit and loss account.

Regulatory Risk

Risk of a change in the legal and regulatory framework in which the Group operates

Considering the importance of agriculture for human life and health and the environment, the agricultural sector is relatively strictly regulated. It is also expected that the regulatory framework governing the agricultural sector will become increasingly stricter in the future, be it in terms of water management, waste disposal or permitted agricultural production practices. Government grants and EU funding requirements in the agricultural sector are also subject to extensive regulations.
The Group has obtained all required permits and other documents as well as registrations in relevant registers and public records for all the Group's activities requiring such permits, other documents and registrations under applicable regulations. The permits and registrations are permanent in principle. However, the Group is subject to regular inspections to verify whether the conditions under which the permits have been issued are met and whether the activities to which the permits apply are carried out in accordance with applicable regulations, rules and standards.

Also, as regards the grants received, the Group complies with applicable requirements and acts in accordance with the regulations applicable to such grants.

However, any changes in regulatory requirements, government grant conditions and EU funding requirements or any other trade barriers in any of the countries where the Group operates could limit its business, complicate the distribution of products and have a negative impact on its business operations, financial position and performance.

PLANS AND EXPECTATIONS FOR 2025

Despite challenging times, the Group continues to have ambitious plans for the growth and development of its member companies, and accordingly, planned investments are being implemented. One notable area of focus is irrigation systems, recognized as a necessity that will ensure stable and more efficient agricultural production in the future.

Despite challenging times, the Group continues to have ambitious plans for the growth and development of its member companies, and accordingly, planned investments are being implemented. One notable area of focus is irrigation systems, recognized as a necessity that will ensure stable and more efficient agricultural production in the future. By constructing and commissioning irrigation systems, conditions will be created to shift the production structure on agricultural land, increasing areas under vegetable crops or high-yield crops per unit area. This will also enable additional crops to be sown during a single growing season.

In the first half of 2025, we started investing in the purchase of machinery and equipment for a hazelnut processing plant, as it is estimated that by 2025 the existing hazelnut processing plant will become inadequate or have too little capacity for increased receipt and processing of hazelnuts due to the increase in hazel tree plantation areas, both within the member companies of Agro Invest Grupa system and those owned by our subcontractors. The aforementioned investment will amount to more than EUR 700 thousand and will be co-financed up to 50% of eligible costs through the Rural Development Fund program—measure 4.2.1. Investment in processing. With this investment, we are implementing a new level of product processing, with 5 new processed products ready to be launched as early as the second half of 2025. At the same time, the hazelnut processing plant is investing in a photovoltaic power plant to address the needs of hazelnut processing, with a grid connection power of 40 kW. The investment amounts to around EUR 40 thousand and is also co-financed up to 50% of eligible costs through the Rural Development Fund program, measure 4.2.2. Investment in renewable energy sources.

In the fish farming segment, in addition to the regular procurement of equipment and mechanization, more significant interventions are planned for 2025, such as electrification and partial reconstruction of the Jasinje fishpond. This is a planned investment in the amount of EUR 687 thousand.

Responsibility for Nonconsolidated and Consolidated Financial Statements

Pursuant to the Croatian Accounting Act, the Management Board is responsible for ensuring that Nonconsolidated and Consolidated financial statements are prepared for each financial year in accordance with the International Financial Reporting Standards adopted by the European Union (IFRS), so that they may give a true and fair view of the financial position as at the reporting date and performance of Agro Invest Grupa Ltd., Zagreb ("Company") and its related companies ("Group") for that period. Having performed the required analyses, the Company Director has a reasonable expectation that the Company and the Group have adequate resources to continue as a going concern in the foreseeable future.
For this reason, the Director continues to adopt the going concern basis in preparing the financial statements.
In preparing Nonconsolidated and Consolidated financial statements, the Company Director is responsible for:

- selecting and consistently applying appropriate accounting policies;
- making justified and reasonable judgements and estimates;
- complying with applicable accounting standards; and
- preparing financial statements on a going concern basis.

The Company Director is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and the Group and their compliance with the Croatian Accounting Act. The Company Director is also responsible for safeguarding the assets of the Company and Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

For and on behalf of the Management board:

Agro Invest Grupa d.o.o.
Buzinski prilaz 10, 10000 Zagreb, Republic of Croatia

Ivan Pandurević
President of the
Management Board

Iva Brkić
Member of the
Management Board

28. travnja 2025. godine

AUDITOR'S REPORT AND FINANCIAL STATEMENTS 2024

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INDEPENDENT AUDITOR'S REPORT

To the owner of Agro Invest Grupa d.o.o. and its subsidiaries

Report on the audit of unconsolidated and consolidated annual financial statements

Opinion

We have audited the unconsolidated and consolidated annual financial statements of Agro Invest Grupa d.o.o., Buzinski prilaz 10, Zagreb (the Company) and its subsidiaries (the Group), which include unconsolidated and consolidated Statement of Financial Position as at 31 December 2024, unconsolidated and consolidated Statement of Comprehensive Income, unconsolidated and consolidated Statement of Cash Flows and unconsolidated and consolidated Statement of Changes in Equity for the year then ended, as well as the accompanying Notes to the unconsolidated and consolidated annual Financial Statements, including information on significant accounting policies.

In our opinion, the accompanying unconsolidated and consolidated annual financial statements give a true and fair view of the consolidated financial position of the Company and the Group as of 31 December 2024, their financial performance and their cash flows for the year then ended in accordance with 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). Our responsibilities under these standards are described in detail in our Independent Auditor's Report in the section on the *Auditor's responsibilities for the audit of unconsolidated and consolidated annual financial statements*. We are independent from the Company and the Group in accordance with International Code of Ethics for Professional Accountants (with International Independence Standards) issued by the International Ethical Standards Board for Accountants (IESBA) (IESBA Code), as well as in comply with ethical requirements relevant to our audit of the financial statements in Republic of Croatia and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of the greatest importance for our audit of the unconsolidated and consolidated annual financial statements of the current period. We dealt with these matters in the context of our audit of the unconsolidated and consolidated annual financial statements as a whole and in forming our opinion about them, and we do not give a separate opinion on these matters.

This version of the Independent Auditor's Report and Annual Report is translation from the original, which was prepared in the Croatian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of the report takes precedence over this translation.

INDEPENDENT AUDITOR'S REPORT (continued)

Report on the audit of unconsolidated and consolidated annual financial statements (continued)

Key audit matter

We have determined that the matter below is a key audit matter to be disclosed in our Independent Auditor's Report.

Key audit matter	How we addressed the key audit matter
Revenue recognition In 2024, in consolidated Statement of comprehensive income, the Group has sales revenues in the amount of EUR 64,330 thousand reported in the Statement of Comprehensive Income. Operating income is generated by selling goods and providing services. Revenues are measured at the fair value of the consideration received or receivable for consideration and are reduced by the estimated amounts of customer refunds, volume and similar discounts. According to International Financial Reporting Standard 15, revenue is recognized when control is transferred, either over time or at a specific point in time. Control over an asset is defined as the ability to manage the way it is used and obtain almost all the remaining benefits from the asset which includes the ability to prevent others from managing the way it is used and obtaining benefits from it. Considering the significance of the sales revenues presented in the Statement of Comprehensive Income and the risk of recognizing them, we concluded that the stability, accuracy and completeness of the revenues as well as their distribution in the proper reporting period is a key audit matter. See notes 3. "Revenue recognition" and 5. "Revenue from sales" in the corresponding unconsolidated and consolidated annual financial statements.	Our audit procedures in addressing this area included, among other: - Gaining an understanding of the sales process by interviewing key personnel; - Gaining an understanding of key controls related to the recognition of sales revenue and examining the effectiveness of internal controls related to occurrence and accuracy of the revenue recognition; - Implementation of evidentiary testing by which we assessed the stability, accuracy, completeness and timeliness of revenue recognition; - Comparison of obtained external confirmations of the amount of outstanding trade receivables at the reporting date and the balances presented in the Group's records on the same date; - Assessment of the compliance of the sales revenue recognition policy with International Financial Reporting Standard 15 - Revenue from Contracts with Customers; - Assessing the adequacy of disclosures related to the recognition of sales revenue in accordance with International Financial Reporting Standard 15 - Revenue from Contracts with Customers.

INDEPENDENT AUDITOR'S REPORT (continued)

Report on the audit of unconsolidated and consolidated annual financial statements (continued)

Key audit matter (continued)

We have determined that the matter below is a key audit matter to be disclosed in our Independent Auditor's Report.

Key audit matter	How we addressed the key audit matter
Valuation of investments in subsidiaries In the unconsolidated Statement of Financial Position as of 31 December 2024, the Company recognized investments in subsidiaries in the amount of EUR 77,314 thousand. Determining the valuation of individual investments in subsidiaries requires the Company's Management to use various assumptions, projections and forecasts related to future cash flows, applied discount rates and growth rates in order to calculate the expected future operations of subsidiaries. Impairment of investments in subsidiaries is defined as a key audit matter due to its significant book value as well as the wide range of assumptions, projections and forecasts used in the models and impairment assessment. See notes 3. "Basics of consolidation - Subsidiaries" and 22. "Investments in subsidiaries" in the corresponding unconsolidated and consolidated annual financial statements.	Our audit procedures in addressing this area included, among other: - Gaining an understanding of the Company's accounting policies and processes in relation to impairment testing of investments in subsidiaries and affiliates; - Review of the collected financial information used in the consideration of the existence of investment impairment indicators and evaluation of the Company's judgment of potential impairment indicators; - Critical evaluation of the selected model used in the calculations of recoverable value and fair value of subsidiaries and affiliates where impairment indicators are recognized to assess compliance with IFRS, which have been adopted by the EU and are consistently applied; - An assessment of the reasonableness of the key assumptions used in the model for estimating the value of investments in subsidiaries, especially projections of operating cash flows, discount rates and estimates of long-term growth rates; - Comparison of key assumptions with external information, where applicable; - Sensitivity test of the valuation model of investments in subsidiaries to changes in key assumptions; - Mathematical accuracy test of investment valuation models in subsidiaries; - Review of related notes and assessment of appropriateness of disclosures related to investments in subsidiaries to assess compliance with IFRS, which have been adopted by the EU

INDEPENDENT AUDITOR'S REPORT (continued)

Report on the audit of unconsolidated and consolidated annual financial statements (continued)

Other information

Management is responsible for other information. Other information includes the Management Report, Statement on the Application of the Code of Corporate Governance and Sustainability Report included in the Annual Report, but not including the unconsolidated and consolidated annual financial statements and our Independent Auditor's Report thereon.
Our opinion on the unconsolidated and consolidated annual financial statements does not include other information.
In connection with our audit of the unconsolidated and consolidated annual financial statements, it is our responsibility to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated and consolidated annual financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Regarding the Management Report and the Statement on the Application of the Corporate Governance Code, we also carried out the procedures required by the Accounting Act. These procedures include considering whether the Company’s Management Report has been prepared in accordance with Articles 22 and 24 of the Accounting Act and whether the Statement on the Application of the Corporate Governance Code has been prepared in accordance with Article 25 of the Accounting Act.

Based on the performed procedures, to the extent that we are able to assess it, we report that:
1. The information in the attached Management Report and Statement on the Application of the Corporate Governance Code is harmonized, in all significant respects, with the attached unconsolidated and consolidated annual financial statements;
2. The attached Management Report is compiled in accordance with Articles 22 and 24 of the Accounting Act; and
3. The attached Statement on the Application of the Corporate Governance Code includes the information defined in Article 25 of the Accounting Act;
4. In relation to the Sustainability Report, which is included as part of the other information and forms a separate part of the Management Report, we have performed limited procedures to issue a limited assurance report, the results of which are presented as a separate limited assurance report with a modified conclusion.

Based on the knowledge and understanding of the operations of the Company and the Group and their environment acquired within the audit of unconsolidated and consolidated annual financial statements, we are obliged to report if we have established that there are significant misrepresentations in the attached Management Report and Statement on the Application of the Corporate Governance Code. In this sense, we have nothing to report.

Responsibilities of the Management Board and those charged with governance for the unconsolidated and consolidated annual financial statements

Management Board is responsible for the preparation of unconsolidated and consolidated annual financial statements that give a true and fair view in accordance with IFRSs, and for those internal controls that the Management Board determines are necessary to enable the preparation of unconsolidated and consolidated annual financial statements that are free from material misstatement due to fraud or error.

In preparing the unconsolidated and consolidated annual financial statements, Management Board is responsible for evaluation of the Company's and Group’s ability to continue operations assuming going concern principle, disclosure, if applicable, of issues related to going concern, and using accounting based on going concern principle, unless the Management Board intends to liquidate the Company or the Group or discontinue its business or there is no realistic alternative but to do so. Those charged with governance are responsible for overseeing the financial reporting process established by the Company.

INDEPENDENT AUDITOR'S REPORT (continued)

Report on the audit of unconsolidated and consolidated annual financial statements (continued)

Auditor's Responsibility for the audit of unconsolidated and consolidated annual financial statements

Our goals are to obtain reasonable assurance about whether the unconsolidated and consolidated annual financial statements, as a whole, are free from material misstatement as a result of fraud or error, and to issue an Independent Auditors' Report that includes our opinion. Reasonable assurance is a higher level of assurance, but this is no guarantee that an audit performed in accordance with IAS will always detect a material misstatement when it exists. Misstatements may result from fraud or error and are considered as important, if it can reasonably be expected that, individually or in aggregate, they affect the economic decisions of users made based on these unconsolidated and consolidated annual financial statements.
As an integral part of the audit report in accordance with ISA, we make professional judgments and maintain professional scepticism throughout the audit process. In addition, we:

- Identify and assess the risks of material misstatement of the unconsolidated and consolidated annual financial statements due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of non-detecting a material misstatement of fraud is greater than the risk of error, as fraud may involve collusion, forgery, intentional omission, misrepresentation or circumvention of internal controls.

- Acquire an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and Group's internal controls.

- Assess the appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the accounting basis used based on the going concern principle used by the Management Board and, based on the obtained audit evidence, we conclude on whether there is significant uncertainty regarding events or circumstances that may create significant doubts about the ability to continue operating for an indefinite period of time. If we conclude that there is significant uncertainty, in our Independent Auditors' Report we are required to call our attention to related disclosures in the unconsolidated and consolidated annual financial statements or, if these are inappropriate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Independent Auditors' Report. However, future events or conditions may cause the Company and Group to discontinue their operations on a going concern.

- Evaluate the overall presentation, structure and content of the unconsolidated and consolidated annual financial statements, including disclosures, as well as whether the unconsolidated and consolidated annual financial statements reflect the transactions and events which they are based on in a way that achieves a fair presentation.

- Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on these consolidated financial statements. We are responsible for directing, supervising and performing the Group's audit. We are solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT (continued)

Report on the audit of unconsolidated and consolidated annual financial statements (continued)

Auditor's Responsibility for the audit of unconsolidated and consolidated annual financial statements (continued)

We communicate with those charged with governance, among other issues, the intended scope and timing of audit and important audit findings, including any significant deficiencies in internal controls identified during our audit.

We also make a statement to those charged with governance that we have complied with the relevant ethical requirements regarding independence and that we will communicate with them any relationship and other matters that may reasonably be considered to affect our independence as well as, where applicable, on related safeguards.

Among the issues communicated to those charged with governance, we identify those issues that are the most important in auditing the unconsolidated and consolidated annual financial statements of the current period and therefore present the key audit matters.

We describe these matters in our Independent Auditor's Report, unless the law or regulation prevents the matters from being publicly disclosed, or when we decide, in extremely rare circumstances, that the matter should not be reported in our Independent Auditors' Report because the negative consequences of the disclosure could reasonably be expected to outweigh the benefits of public interest from such communication.

Statement on other legal requirements

On 20 September 2024, we were appointed by the General Assembly of the Company to audit the unconsolidated and consolidated annual financial statements for 2024.

As of the date of this report, we are continuously engaged in performing statutory audits of the Company from the audit of the unconsolidated annual financial statements for the year 2022 to the audit of the unconsolidated annual financial statements of the Company for the year 2024, which is a total of three year. As of the date of this report, we are continuously engaged in performing statutory audits of the Group from the audit of the consolidated annual financial statements for the year 2021 to the audit of the consolidated annual financial statements of the Group for the year 2024, which amounts to a total of four years.

In the audit of the unconsolidated annual financial statements of the Company for 2024, we determined the materiality for the unconsolidated annual financial statements as a whole in the amount of EUR 2,694 thousand, which represents approximately 3% of the net assets for 2024. In the audit of the consolidated annual financial statements of the Group for 2024, we determined the materiality for the consolidated annual financial statements as a whole in the amount of EUR 922 thousand, which represents approximately 1,4 % of sales income for 2024.

We have chosen net assets and sales income as measures of materiality because we believe that these are the most appropriate measures of the performance of the Company's and Group's operations.

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

During the period between the starting date of the audited unconsolidated and consolidated annual financial for 2024 and the date of this Independent Auditor's Report, we did not provide prohibited non-audit services to the Company and its subsidiaries and did not provide services for the design and implementation of internal control procedures or risk management related to preparation and/or control of financial information or the design and implementation of technological systems for financial information, and we have maintained independence in relation to the Company and the Group.

INDEPENDENT AUDITOR'S REPORT (continued)

Report on the audit of unconsolidated and consolidated annual financial statements (continued)

Report based on the requirements of Delegated Regulation (EU) 2018/815 amending Directive 2004/109 / EC of the European Parliament and the Council regarding regulatory technical standards for the specification of the European Single Electronic Format

Auditor's assurance report on the compliance of unconsolidated annual financial statements (financial statements), prepared pursuant to the provision of Article 462, paragraph 5 of the Capital Market Act (OG 85/24) by applying the Delegated Regulation (EU) 2018/815 establishing a single electronic reporting format for issuers (the ESEF Regulation).

We conducted the engagement with expressing reasonable assurance as to whether the financial statements prepared for the purposes of public disclosure pursuant to Article 462, paragraph 5 of the Capital Market Act, which are contained in the electronic file *Agro Invest Grupa FS 2024 EN,* in all material aspects prepared in accordance with the requirements of the ESEF Regulation

Responsibilities of Management and those charged with governance

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

In addition, the Management of the Company and the Group is responsible for maintaining a system of internal controls that reasonably assures the preparation of financial statements without material non-compliance with the reporting requirements of the ESEF Regulation, whether due to fraud or error.

The Management of the Company and the Group is also responsible for:

- public disclosure of the financial statements contained in the report in a valid XBRL format, and
- selection and use of XBRL codes in accordance with the requirements of the ESEF Regulation.

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

Auditor's responsibilities

It is our responsibility to express a conclusion, based on the audit evidence gathered, as to whether the 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*.

Procedures performed

The nature, timing and extent of the procedures selected depend on the auditor's judgment. Reasonable assurance is a high level of assurance. However, it does not assure that the scope of testing will reveal all significant (material) non-compliance with the ESEF Regulation.

As part of the selected procedures, we have performed the following activities:

- we have read the requirements of the ESEF Regulation,
- we have gained an understanding of the Bank's internal controls relevant to the application of the requirements of the ESEF Regulation,
- we have identified and assessed the risks of material non-compliance with the ESEF Regulation due to fraud or errors; and
- based on that, we have planned and designed procedures for responding to assessed risks and for obtaining reasonable assurance for the purpose of expressing our conclusion.

INDEPENDENT AUDITOR'S REPORT (continued)

Report on the audit of unconsolidated and consolidated financial statements (continued)

Report based on the requirements of Delegated Regulation (EU) 2018/815 amending Directive 2004/109 / EC of the European Parliament and the Council regarding regulatory technical standards for the specification of the European Single Electronic Format (continued)

Procedures performed (continued)

The aim of our procedures was to assess whether:

- the financial statements, which are included in the unconsolidated and consolidated report, are prepared in the valid XHTML format,
- the information contained in the unconsolidated and consolidated financial statements required by ESEF Regulation, are labelled and all labels meet the following requirements:
- *XBRL mark-up language was used,*
- *the elements of the basic taxonomy listed in the ESEF Regulation with the closest accounting meaning were used, unless an additional element of taxonomy has been created in accordance with Annex IV ESEF Regulations,*
- *the labels comply with the common labelling 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 financial statements presented in ESEF format, contained in the above-mentioned electronic file and based on the provision of Article 462, paragraph 5 of the Capital Market Act prepared for the purposes of public disclosure, in all material respects are in line with the requirements from articles 3, 4 and 6 of the ESEF Regulation for the year ended 31 December 2024.

In addition, as well as the opinion contained in this Independent Auditor's Report for the accompanying unconsolidated and consolidated annual financial statements and the report for the year ended 31 December 2024, we do not express any opinion on the information contained in these statements or other information contained in the file stated above.

The engaged partner involved in the audit of the Company's and Group's unconsolidated and consolidated annual financial statements for 2024 which results in this Independent Auditor's Report, is the certified auditor Vedrana Stipić.

Zagreb, 28 April 2025

BDO Croatia d.o.o.
Radnička cesta 180
10000 Zagreb

Hrvoje Stipić, President of the Management Board

Vedrana Stipić, Certified Auditor

BDO
BDO Croatia d.o.o.
Zagreb, Radnička cesta 180
OIB: 76394522236

(all amounts are stated in thousand EUR)

	Notes	2024	2023
OPERATING INCOME			
Sales revenue	5	64,330	61,128
Other operating income	6	16,178	17,211
Total operating income		**80,508**	**78,339**
Change in the value of work in progress and finished goods		4,607	8,584
OPERATING EXPENSES			
Cost of gods sold	7	(19,017)	(19,640)
Costs of raw materials and supplies	8	(27,185)	(30,152)
Other external costs	9	(9,828)	(9,243)
Employee costs	10	(11,380)	(9,940)
Depreciation and amortization	11	(9,067)	(7,757)
Impairment allowance	13	(1,388)	(326)
Other operating expenses	12	(4,307)	(3,968)
Provisions	14	(143)	(167)
Total operating expenses		**(82,315)**	**(81,193)**
OPERATING PROFIT		**2,800**	**5,730**
FINANCIAL INCOME AND EXPENSES			
Financial income	15	90	117
Financial expenses	16	(2,881)	(2,705)
Net financial expense		**(2,791)**	**(2,588)**
Profit before tax		**9**	**3,142**
Income tax	17	(562)	(846)
(Loss)/profit for the year		**(553)**	**2,296**
OTHER COMPREHENSIVE INCOME			
Exchange rate differences from the translation of foreign parts of business		13	(24)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		**(540)**	**2,272**
(Loss)/Profit for distribution:			
To the owner of the Group		(805)	2,210
To owners of non-controlling interests		252	86
		(553)	**2,296**
Total comprehensive (loss)/income for distribution:			
To the owners of the Group		(805)	2,212
To owners of non-controlling interests		265	60
		(540)	**2,272**

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

(all amounts are stated in thousand EUR)

ASSETS	Notes	31 December 2024	31 December 2023
FIXED ASSETS			
Property, plant and equipment	20	72,870	72,851
Right-of-use asset	21	23,383	22,439
Intangible assets	18	1,544	1,876
Goodwill	19	33	33
Deposits given	26	22	19
Deferred tax assets	17	13	16
Long-term receivables		94	109
Investment in subsidiaries	22	5	4
TOTAL NON-CURRENT ASSETS		**97,964**	**97,347**
CURRENT ASSETS			
Inventories	23	51,413	48,725
Trade receivables	24	7,682	7,879
Cash and cash equivalents	28	5,894	3,617
Loans and deposits	26	1,564	1,588
Receivables for given advances	27	801	989
Other financial asset		1	144
Deferred expenses and accrues income		1,857	908
Other receivables	25	10,499	12,540
TOTAL CURRENT ASSETS		**79,711**	**76,390**
TOTAL ASSETS		**177,675**	**173,737**

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

(all amounts are stated in thousand EUR)

EQUITY AND LIABILITIES	Notes	31 December 2024	31 December 2023
EQUITY AND LIABILITIES			
Share capital		67,494	67,494
Other reserves		(22,613)	(22,613)
Retained earnings		30,822	30,937
SHARES OF PARENT OWNER		**75,703**	**75,818**
Non-controlling interest	29	16,419	16,844
TOTAL EQUITY		**92,122**	**92,662**
LONG-TERM LIABILITIES			
Long-term bond liabilities	32	15,794	18,050
Liabilities to banks and other financial institutions	30	9,299	12,124
Lease liabilities	33	22,062	19,682
Deferred tax liability	17	168	142
Long-term provisions		212	235
TOTAL NON-CURRENT LIABILITIES		**47,535**	**50,233**
SHORT-TERM LIABILITIES			
Liabilities to banks and other financial institutions	31	12,172	9,406
Loans liabilities		1,878	-
Trade payables	34	8,472	7,437
Short-term maturity of long-term obligations on issued bonds	32	2,256	2,256
Lease liabilities	33	3,019	2,089
Liabilities to employees	35	775	735
Other current liabilities	36	8,497	8,085
Accrued expenses and deferred income		949	834
TOTAL SHORT - TERM LIABILITIES		**38,018**	**30,842**
TOTAL EQUITY AND LIABILITIES		**177,675**	**173,737**

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

(all amounts are stated in thousand EUR)

	Share capital	Other reserves	Reserves from foreign currency translation	Retained earnings	Shares of Parent owner	Non-controlling interest	Total
Balance at 1 January 2023	**67,494**	**(22,596)**	**(13)**	**28,721**	**73,606**	**16,784**	**90,390**
Profit for the year	-	-	-	2,210	2,210	86	2,296
Other comprehensive income	-	-	(4)	6	2	(26)	(24)
Total comprehensive income for the year	-	-	*(4)*	*2,216*	*2,212*	*60*	*2,272*
Balance at 31 December 2023	**67,494**	**(22,596)**	**(17)**	**30,937**	**75,818**	**16,844**	**92,662**
Other equity movements	-	-	-	690	690	(690)	-
Loss for the year	-	-	-	(805)	(805)	252	(553)
Other comprehensive income	-	-	-	-	-	13	13
Total comprehensive loss for the year	-	-	-	*(805)*	*(805)*	*265*	*(540)*
Balance at 31 December 2024	**67,494**	**(22,596)**	**(17)**	**30,822**	**75,703**	**16,419**	**92,122**

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

(all amounts are stated in thousand EUR)

	Notes	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		(553)	2,296
Adjustments:			
Profit tax	17	562	846
Depreciation of property, plant and eqipment and amortization of intangible assets	11	9,067	7,757
Value adjustment of trade receivables	13	928	176
Value adjustment of inventories	13	460	76
Net interest expense	15, 16	2,724	2,466
Net movement of provisions	14	(16)	-
Other non-monetary transactions		57	(1,024)
		13,229	**12,593**
CHANGES IN WORKING CAPITAL			
Increase in inventory		(3,148)	(1,990)
Decrease in trade receivables		58	4,636
Decrease/(increase) in advances given		188	(19)
Decrease/(increase)in other receivables		1,374	(4,085)
Increase in prepaid costs		(949)	(469)
Increase in advances received		406	4,657
Increase in trade payables		1,035	2,090
Increase in other current liabilities		95	1,079
Increase in deferred income		113	547
CASH GENERATED BY OPERATIONS		**12,401**	**19,039**
Interests paid		(1,699)	(1,661)
Income taxes paid		(713)	(1,657)
NET CASH FLOW FROM OPERATING ACTIVITIES		**9,989**	**15,721**
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest charged		125	64
Cash outflows for loans granted		(2,210)	(4,077)
Payment on approved loans		2,183	4,157
Cash outflows for the purchase of property, plant and equipment and intangible assets	18, 20	(7,947)	(16,255)
Cash recerípts from fixed assets sold		572	381
NET CASH USED IN FROM INVESTING ACTIVITIES		**(7,277)**	**(15,730)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash receipts from financial institutions		52,769	35,903
Repayment of liabilities to credit institutions		(50,947)	(37,267)
Repayment of liabilities for bonds issued		(2,257)	(2,257)
NET CASH USED IN FINANCING ACTIVITIES		**(435)**	**(3,621)**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**2,277**	**(3,630)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	28	**3,617**	**7,247**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	28	**5,894**	**3,617**

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

(all amounts are stated in thousand EUR)

	Notes	2024	2023
OPERATING INCOME			
Sales	5	1,089	276
Other operating income	6	17	5
Total operating income		**1,106**	**281**
OPERATING EXPENSES			
Other external expenses	9	(318)	(81)
Employee costs	10	(638)	(191)
Cost of raw materials	8	(33)	(12)
Depreciation	11	(8)	(1)
Other expenses	12	(74)	(34)
Total operating expenses		**(1,071)**	**(319)**
OPERATING PROFIT/(LOSS)		**35**	**(38)**
FINANCIAL INCOME AND EXPENSES			
Financial income	15	1,157	926
Financial expenses	16	(745)	(829)
Net financial expense		**412**	**97**
Profit before tax		**447**	**59**
Income tax	17	-	-
PROFIT FOR THE YEAR		**447**	**59**
OTHER COMPREHENSIVE INCOME		**-**	**-**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**447**	**59**

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

(all amounts are stated in thousand EUR)

ASSETS	Notes	31 December 2024	31 December 2023
NON-CURRENT ASSETS			
Property, plant and equipment	20	23	6
Investments in subsidiaries and associates	22	77,314	77,314
Deposits and loans given	26	15,794	18,050
TOTAL NON-CURRENT ASSETS		**93,131**	**95,370**
CURRENT ASSETS			
Loans and deposits given	26	2,256	2,256
Cash and cash equivalents	28	56	58
Trade receivables	24	298	154
Other receivables	25	834	456
TOTAL CURRENT ASSETS		**3,444**	**2,924**
TOTAL ASSETS		**96,575**	**98,294**
EQUITY AND LIABILITIES			
EQUITY			
Share capital		67,494	67,494
Legal reserves		10,460	10,013
TOTAL EQUITY		**77,954**	**77,507**
NON-CURRENT LIABILITIES			
Long-term bond liabilities	32	15,794	18,050
TOTAL NON-CURRENT LIABILITIES		**15,794**	**18,050**
CURRENT LIABILITIES			
Current portion of non-current Bond payables	32	2,256	2,256
Trade payables	34	156	96
Liabilities to employees	35	45	22
Other current liabilities	36	356	363
Accrued expenses and deferred income		14	-
TOTAL CURRENT LIABILITIES		**2,827**	**2,737**
TOTAL EQUITY AND LIABILITIES		**96,575**	**98,294**

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

(all amounts are stated in thousand EUR)

	Share capital	Retained earnings	Total
Balance at 1 January 2023	**67,494**	**9,954**	**77,448**
Profit for the year	-	59	59
Total comprehensive income	-	59	59
Balance at 31 December 2023	**67,494**	**10,013**	**77,507**
Profit for the year	-	447	447
Total comprehensive income	-	447	447
Balance at 31 December 2024	**67,494**	**10,460**	**77,954**

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

(all amounts are stated in thousand EUR)

CASH FLOWS FROM OPERATING ACTIVITIES	Notes	2024	2023
Profit for the year		447	59
Adjusted by:			
Depreciation		8	1
Net interest expense		(84)	(93)
Other non-monetary transactions		(22)	(13)
		349	**(46)**
CHANGES IN WORKING CAPITAL			
(Increse) in trade receivables		(144)	(88)
Decrease in given advances		1	43
(Increase) in other receivables		(878)	-
Increase/ (decrease) in trade payables		61	(24)
Increase in other current liabilities		30	9
CASH GENERATED FROM OPERATIONS		**(581)**	**(106)**
Interests paid		(652)	(770)
Income taxes paid		-	(2)
Net cash generated from operating activities		**(1,233)**	**(878)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash expenditures for the acquisition of real estate, plant and equipment, and intangible assets		(25)	(8)
Dividends received		490	30
Cash receipts for interest		766	770
Cash receipts for loans and credits given		2,256	2,256
Net cash used in investing activities		**3,487**	**3,048**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of liabilities for bonds issued		(2,256)	(2,256)
Net cash used in financing activities		**(2,256)**	**(2,256)**
Net increase / (decrease) in cash and cash equivalents		**(2)**	**(86)**
Cash and cash equivalents at the beginning of the year	28	**58**	**144**
Cash and cash equivalents at the end of year	28	**56**	**58**

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

1. GENERAL INFORMATION

The financial statements for the years ended 31 December 2024 include the nonconsolidated and consolidated nonfinancial and financial statements of Agro Invest Grupa d.o.o. (the “Company”) and its subsidiaries (together the “Group”).

Agro Invest Group d.o.o. for agricultural production, livestock, tourism, catering, trade and services, based in Zagreb, Buzinski prilaz 10, MBS: 010092380, was registered at the Commercial Court in Zagreb in 2014 under the name PP Grudnjak d.o.o. By the decision of the only member of the company (PP Orahovica d.o.o.) in November 2020, the company was sold to Mr Stipo Matić and the name was changed to its current name "Agro Invest Grupa" d.o.o. The sole owner of the Company is Mr Stipo Matić from Zagreb.

The Assembly of the Company in February 2024 adopted a decision on the constitution of the Supervisory Board, consisting of:
Marko Rašić, President of the Supervisory Board since February 22, 2024
Željko Menalo, Member of the Supervisory Board since February 22, 2024
Pero Matić, Member of the Supervisory Board since February 22, 2024
Danijel Lastrić, Member of the Supervisory Board since February 22, 2024
Sanda Vujkov Mustedanagić, member of the Supervisory Board, since February 22, 2024

During 2023 and 2024, the Company's Management Board consisted from one to four members:
Ivan Pandurević, President of the Management Board since April 14, 2023
Vlado Čondić Galiničić, Member of the Management Board since February 22, 2024 until July 24, 2024
Saša Breznik, Member of the Management Board since February 22, 2024 until February 27, 2025
Iva Brkić, Member of the Management Board since February 22, 2024

Stipo Matić, president of the Management Board until April 14, 2023 and member of the Management Board until February 22, 2024

The Company's audit committee in 2024 and 2023 consisted of:
Branislav Vrtačnik
Karmela Jurina
Marko Rašić

The main activities of the Group are agricultural production, livestock, tourism, catering, trade and services.

As at 31 December 2024, the Group had 654 employees (2023: 632 employees)

2. BASIS OF PREPARATION

(i) Statement of compliance

The nonconsolidated and consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as established by the European Commission and published in the Official Journal of the European Union ("IFRS").

(ii) Basis of measurement

The nonconsolidated and consolidated financial statements have been prepared under the historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for the asset.

The financial statements have been prepared on a going concern basis for all Group members. Where necessary, comparative figures have been adjusted to reflect changes in this year's presentation.

(iii) Functional and presentation currency

Items included in the financial statements of the Company and the Group are measured using the currency of the primary economic environment in which the Company and the Group operate (the functional currency).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied consistently for all periods included in these unconsolidated and consolidated statements.

Basis of consolidation

The accompanying consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

• *has power over the investee;*

• *is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns.*

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.
When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

• *the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;*

• *potential voting rights held by the Company, other vote holders or other parties;*

• *rights arising from other contractual arrangements; and*

• *any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.*

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group’s accounting policies.

(all amounts are stated in thousand EUR)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Consolidation eliminates all assets and all liabilities, as well as all equity (i.e. all capital), all income, expenses, and inflows and outflows of money related to transactions between Group members.

(i) Group structure and scope of consolidation

As of 31 December 2024, the Company had the following ownership interests in the companies under its control:

Company	Percentage of ownership	Country	Activity
PPK VALPOVO	100.00%	CROATIA	AGRICULTURE
POLJOPRIVREDNIK ODŽAK	100.00%	BOSNIA AND HERZEGOVINA	AGRICULTURE
POLJOPRIVREDNIK GLAMOČ	100.00%	BOSNIA AND HERZEGOVINA	AGRICULTURE
AGROPROMET GRAHOVO	100.00%	BOSNIA AND HERZEGOVINA	AGRICULTURE
AGRO COMPANY	100,00%	BOSNA I HERCEGOVINA	AGRICULTURE
MP ENERGIJA GRAHOVO	100.00%	BOSNIA AND HERZEGOVINA	AGRICULTURE
POLJOPRIVREDNIK DERVENTA	100.00%	BOSNIA AND HERZEGOVINA	AGRICULTURE
PP ORAHOVICA	97.55%	CROATIA	AGRICULTURE
MASLINA JE OBRANA	100.00%	CROATIA	AGRICULTURE
PPO STOČARSTVO	100.00%	CROATIA	AGRICULTURE
PD MODRIČA	100.00%	BOSNIA AND HERZEGOVINA	AGRICULTURE
PANONA ENERGIJA	100.00%	CROATIA	AGRICULTURE
RIBNJAK PISAROVINA	100.00%	CROATIA	AGRICULTURE
RIBNJAK LIPOVLJANI	100.00%	CROATIA	AGRICULTURE
RIBNJAK VRBOVLJANI	100.00%	CROATIA	AGRICULTURE
EKO BOSANSKA POSAVINA*	26.10%	CROATIA	AGRICULTURE

During 2022, PPK Valpovo d.o.o. invested in capital increase of EKO Bosanska Posavina d.o.o. thereby gaining an ownership share of 22.77%. At the end of the year, PPK Valpovo additionally acquired a 3.33% share from the company KIM TEC Vitez (a company with a common ultimate owner), which increased PPK Valpovo's share to 26.10%.

The amendments to the Social Contract of EKO Bosanska Posavina, which were made after the above mentioned transactions and signing of Agreement on the management of the business of EKO Bosanska Posavina, between the shareholders, defined that PPK Valpovo will direct the relevant businesses of EKO Bosanska Posavina, thereby gaining control over this company. Since December 1, 2022 this company is consolidated within the Agro Invest Group.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (continued)

(ii) Subsidiaries

Subsidiaries are companies in which the Company (parent) has control. Control is achieved if: the Company has dominance, i.e. the power to dispose of the entity, the Company is exposed or has rights to a variable return based on its participation in that entity and is able to influence its return based on its dominance, i.e. the power to dispose.

The Company reassesses whether it has control if the facts and circumstances indicate that one or more of the above three control elements have changed:

- the share of their voting rights in relation to the size and division of voting rights of other persons with the right to vote
- potential voting rights of investors, other persons with voting rights or other persons.
- rights from other contractual relationships and any additional facts and circumstances that indicate that the Company has or does not have the current ability to conduct relevant business at the time when it is necessary to make such decisions.

A subsidiary is an entity in which the Company has control, i.e. direct or indirect dominant influence. Control is exercised by acquiring more than 50% of voting shares, exercising the right to appoint a majority of members of the management or supervisory board, and the right to decide in the subsidiary in a way that the parent company controls most voting rights in the subsidiary.

Subsidiaries are fully consolidated from the date on which control is transferred to the Company and are excluded from consolidation from the date that control ceases. Investments in business entities over which the Company has control and significant influence are shown in these financial statements at investment cost, less value adjustments, if necessary. At the end of each reporting period, the Company determines whether there are indicators of a possible decrease in investments in subsidiaries. If such indicators exist, the Company estimates the recoverable amount of investments in subsidiaries.

(iii) Business combinations

The Group uses the accounting method of purchase for the accounting treatment of business combinations (excluding business combinations under joint control). The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and equity interests issued by the Group. The consideration transferred includes the fair value of each asset or liability that results from the contingent consideration agreement. Acquisition-related costs are recognized in the statement of comprehensive income as incurred. Acquired identifiable assets, liabilities and contingent liabilities in a business combination are initially measured at fair value at the acquisition date. The Group recognizes minority interests in the acquired subsidiary either at fair value or at the proportionate share of the minority interest in the net assets of the acquired subsidiary.

The excess of the consideration transferred the amount of any non-controlling interest in the acquired subsidiary and the fair value at the date of acquisition of any previous ownership interest in the acquired company above the fair value of the Group's share of the identifiable net assets is recognized as goodwill. If this is less than the fair value of the net assets of the acquired subsidiary in the case of a purchase at a price lower than the sale price, the difference is recognized directly in the statement of comprehensive income.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (continued)

(iv) Non-controlling interests

Non-controlling interests are initially measured at their proportionate share of the recognized net assets of the acquiree at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in loss of control are accounted for as transactions with owners.

(v) Loss of control of subsidiaries

When the Group loses control of a subsidiary, the assets and liabilities of the subsidiary and all related non-controlling interests and other items of equity are derecognised. Gains or losses are recognized in the income statement. Retained interest in a former subsidiary is measured at fair value when control is lost.

(vi) Transactions eliminated in consolidation

Balances and transactions between members of the Group and all unrealized gains on transactions between members of the Group have been eliminated in consolidating the financial statements. Unrealized gains on transactions with associates and joint ventures where the Group shares control with other owners are eliminated to the extent of the Group's interest in such entities. Unrealized gains on transactions with companies in which there are interests are eliminated by reducing the investment in that company. Unrealized losses are eliminated in the same way as unrealized gains, but only up to an amount that does not represent a permanent impairment of assets.

Goodwill

Goodwill arising from a business combination is carried at a cost determined on the acquisition date, i.e. the acquisition of the entity, less any impairment losses.

For the purpose of 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 merger.

The cash-generating unit to which the goodwill is allocated is subject to an impairment test once a year or more frequently if there is an indication of possible impairment. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first by reducing the carrying amount of goodwill allocated to the unit and then to the other asset's other assets based on the carrying amount of each asset in each generating unit. Any gain or loss on fair value is recognized directly in profit or loss. Once recognized, an impairment loss for goodwill 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 the gain or loss on disposal.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interests in associates and joint ventures

The results and assets and liabilities of associates or joint ventures are included in these financial statements using the equity method, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5.

Under the equity method, an investment in an associate or joint venture is initially recognized in the consolidated statement of financial position at cost and subsequently adjusted to recognize the Group's share of the profit or loss and other comprehensive income of the associate or joint venture.

When the Group's share of the losses of an associate or joint venture exceeds the Group's share of that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group ceases to recognize its share of further losses.
Additional losses are recognized only to the extent that the Group has assumed legal or constructive obligations or made payments on behalf of an associate or joint venture.

An investment in an associate or joint venture is accounted for using the equity method from the date the investor becomes an associate or joint venture. After acquiring an investment in an associated or joint venture, any excess of investment costs over the Group's share of the net fair value of identifiable assets and liabilities of the invested company is recognized as goodwill, which is included in the book value of the investment amount. Any excess of the Group's share of the net fair value of identifiable assets and liabilities over the cost of the investment, after revaluation, is immediately recognized in profit or loss in the period in which the investment is acquired.
A joint venture is a joint business in which the parties who have joint control over the business have rights to the net assets of the business in question. Joint control is an agreed division of control over some business, which exists only when decisions on relevant business require the unanimous consent of the parties sharing control.

Any goodwill resulting from the acquisition of the Group's share in a jointly controlled company is calculated in accordance with the Group's accounting policy for calculating goodwill arising from a business merger.

Unrealized gains and losses from transactions between the Group and companies over which it has joint control are eliminated in proportion to the Group's share in the joint venture. Profits and losses from transactions between the Group and a jointly controlled company are recognized in the unconsolidated and consolidated financial statements of the Group only up to the amount of shares in jointly controlled companies that do not relate to the Group.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Operating income is generated by selling goods and providing services. Revenue is measured at the fair value of the consideration received or receivable and is reduced by the estimated amounts of refunds from customers, quantity and other discounts.

In accordance with IFRS 15 – Revenues from Contracts with Customers, the basic principle of revenue recognition is developed through a five-step model:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price
- Recognize revenue when or as the entity satisfies a performance obligation

Revenue is recognized by transferring control, either over time or at a specified time. Control over assets is defined as the ability to manage the use and acquisition of almost all remaining benefits from assets, which includes the ability to prevent others from managing the use of and obtaining benefits from assets.

i) <u>Revenues from the provision of services</u>

Revenues from the provision of services are calculated in the Statement of comprehensive income:
Especially:

- if the performance obligation is met at a particular point in time (“at the time”), the related revenue is recognized in the income statement when the service is provided;
- if the performance obligation is met over time, the related income is recognized in the income statement to reflect progress in meeting that obligation.

If the timetable for liquidation is not in accordance with the manner in which the performance obligation has been met, the Group calculates the contractual asset or contractual obligation for the part of the revenue generated in that period or for the deferral in subsequent periods.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

ii) Revenues from sales of goods

Revenue from the sale of goods is recognized when all of the following conditions are met:

- The Group has transferred to customers all significant risks and rewards associated with the ownership of the goods
- The Group does not retain a continuing involvement in the management to the extent normally associated with ownership or actual control of the goods sold
- The amount of revenue can be measured reliably
- The inflow of economic benefits to the entity associated with the transaction is probable
- The costs incurred or to be incurred as a result of the transaction can be measured reliably.

iii) Income from subsidies

Based on its registered activity, livestock breeding and fish farming, the Group is entitled to subsidies. The purpose of the subsidy is to ensure the long-term sustainability of active farmers engaged in agricultural activity. They are allocated for the production, cultivation or planting of agricultural products, as well as for maintaining the agricultural area in a condition suitable for grazing or cultivation.

The Group submits a request to the Agency for Payments in Agriculture, Fisheries and Rural Development for each production year within the set deadline, according to the sowing plan and the number of livestock. Based on the request, the Group recognizes revenue up to the amount of the submitted request.

iv) Income from the growth of the livestock unit is explained within the accounting policy Livestock unit

v) Interest income

Interest income is recognized when it is probable that the economic benefits associated with the item will flow to the Group and the revenue can be measured reliably. Interest income is calculated on an accrual basis and at the applicable effective interest rate, which is the rate at which estimated future cash receipts are discounted over the expected life of the financial asset to its net carrying amount determined on initial recognition.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

Leases are recognized as a right-of-use asset and a lease liability whenever substantially all the risks and rewards incidental to ownership of the asset are transferred to the lessee over the term of the lease, except:

- low-value leases
- leases whose lease term ends within a period of 12 months from the date of the first application or less.

Lease income is recognized on a straight-line basis over the term of the lease.

When concluding a contract, the Group assesses whether the contract is or contains lease characteristics. That is, it assesses whether the contract transfers the right to control the use of the property in question over time in exchange for compensation.

The Group as a lessee

For all leases, except short-term leases and leases of low-value assets, the Group applies a single approach to recognition and measurement. The Group recognizes lease payment liabilities and the right-of-use asset, which is the right to use the asset in question.

Right-of-use assets

The Group recognizes a right-of-use asset at the time the lease is entered into (i.e. when the asset in question is available for use). Right-of-use assets are measured at cost less accumulated depreciation and impairment losses and are adjusted for remeasurement of lease liabilities. The cost of the right-of-use assets includes the amount of recognized lease liabilities, initial direct costs and lease payments made on or before the date of the contract, less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the term of the lease.

Lease liabilities

When entering into a lease, the Group recognizes lease liabilities, measured at the present value of future lease payments over the term of the lease. Lease payments include fixed payments (less all incentive claims), variable payments that depend on an index or rate, and amounts expected to be paid from residual value guarantees. Lease payments may include the value of a purchase option that is expected to be realized with reasonable certainty and the payment of a penalty for terminating the lease if the terms of the contract provide for a termination option. Variable lease payments that do not depend on an index or rate are recognized as an expense in the period in which the event or condition that conditions the payment occurs.

(all amounts are stated in thousand EUR)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies

The separate financial statements of each entity within the Group are presented in the currency of the primary economic environment in which the entity operates, i.e. in its functional currency. In the consolidated financial statements, the results and financial position of each entity within the Group are expressed in euro (EUR) because the euro is the functional currency of the parent company and the presentation currency of the consolidated financial statements.

When preparing the financial statements of individual entities, transactions in currencies other than the entity's functional currency, i.e. in foreign currencies, are recorded using the exchange rates prevailing at the dates of the transactions. Monetary items denominated in foreign currencies at the end of each reporting period are retranslated at the exchange rate ruling at the end of the reporting period. Non-monetary items reported at fair values that are denominated in foreign currencies are retranslated at the exchange rate ruling at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are carried at historical cost are not retranslated.

The exchange rates applied as at 31 December 2024 and 2023 and the average exchange rates used to translate the items of income and expenditure were as follows:

Currency	December 31 2024	Average exchange rate in 2024	December 31 2023	Average exchange rate in 2023
KM	1,95583	1,95583	1,95583	1,95583

Foreign exchange differences are recognized in profit or loss in the period in which they arise, except:

- exchange differences on received loans and credits in foreign currency related to assets under construction intended for future production, which are included in the cost of assets if viewed as an adjustment of interest costs on liabilities for these loans and credits;
- exchange differences on monetary receivables or liabilities from foreign operations, the settlement of which is neither planned nor probable and which therefore form part of the net investment in foreign operations, which are first recognized in other comprehensive income and transferred when selling all or part of the net investment from principal to profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies (continued)

In these consolidated financial statements, the assets and liabilities of the Group's foreign operations are denominated in Croatian kuna using the exchange rates prevailing at the end of the reporting period. Income and expenses are translated using the average exchange rate for the reporting period, except for significant fluctuations in exchange rates, in which case the exchange rates prevailing at the date of the transaction are used. Any foreign exchange differences are recognized in other comprehensive income and accumulated in equity (and attributed to non-controlling interests, if any).

When selling a foreign operation, i.e. selling the entire Group's interest in a foreign operation in which the Group loses control of a foreign subsidiary or partially selling a joint venture or an associate whose foreign operations include a retained interest in that foreign operation becomes financial assets, all exchange differences accumulated in equity from foreign operations attributable to owners of the Group are transferred to profit or loss.

Furthermore, in the case of a partial sale of a foreign subsidiary in which the Group does not lose control of the subsidiary, part of the cumulative exchange rate differences is again attributed to non-controlling interests in proportion to the part sold and not included in profit or loss. In all other partial sales, i.e. partial sales of associates or joint ventures in which the Group does not lose significant influence or joint control in the entity, part of the cumulative exchange differences is transferred to profit or loss in proportion to the part sold.
The reconciliation of goodwill and fair value of identifiable assets and identifiable liabilities assumed through the acquisition of foreign operations is accounted for as assets and liabilities of foreign operations and translated at the closing rate at the end of each reporting period. The resulting exchange differences are recognized in other comprehensive income.

State aid

Unconditional subsidies related to biological assets measured at fair value less estimated costs to sell should be recognized as income when, and only when, the subsidy is due. If State aid related to biological assets measured at fair value less estimated costs to sell is conditional, including the possibility that State aid requires the entity not to engage in a particular agricultural activity, the entity should recognize the aid as income if and only if the conditions related to the aid are met.

Asset-related aid is state aid whose first condition is that the eligible entity should purchase, build or otherwise acquire long-term assets. Additional conditions are possible that limit the type or location of the property or the periods in which it must be acquired or held.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

State aid (continued)

State aid should be recognized in profit or loss on a systematic basis over the period in which the entity recognizes as an expense the related costs for which the aid is intended to be covered.
Aid related to depreciable tangible assets reduces the cost of the asset, and depreciation is still calculated at impaired value. Aid related to non-depreciable assets may also require the fulfilment of certain obligations and should therefore be recognized in profit or loss over the periods in which the costs of meeting those obligations are borne.

Segmental reporting

A segment is a recognizable component or part of the Group that is engaged in the sale of related products and services (operating segment) or engaged in the sale of products and services within a particular economic environment (geographical segment) and is subject to risks and rewards that differ from those applicable to other segments.
At the consolidated level, the Group internally monitors and reports the following segments: arable farming, fruit growing, livestock, fish farming, viticulture, silos, feed mills (TSH), cooperation and other segments.

Taxation

Corporate income tax expense is the sum of current tax liabilities and deferred taxes.

i) Current taxes

Current tax liability is based on taxable profit for the current year. Taxable profit differs from net income shown in the consolidated comprehensive income statement because it does not include items of income and expense that are taxable or deductible in other years, nor 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 end of the reporting period.

ii) Deferred taxes

Deferred taxes are recognized on the basis of the difference between the carrying amounts of assets and liabilities shown in the financial statements and the related tax bases used to calculate taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences up to the amount of taxable profit that is likely to be available and allow deductible temporary differences to be used. Deferred tax liabilities and deferred tax assets are not recognized if the temporary difference arises from goodwill or the initial recognition of other assets and other liabilities (except in the case of a business combination) in a transaction that affects neither taxable nor accounting profit.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (continued)

ii) Deferred taxes (continued)

Deferred tax liabilities are also recognized based on taxable temporary differences related to investments in subsidiaries and associates and interests in joint ventures, except when the Group is able to influence the reversal of the temporary difference and it is probable that the temporary difference will not be reversed in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that taxable profit will be available against which the temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced by the amount that is no longer likely to be available as sufficient taxable profit to allow all or part of the taxable asset to be recovered.

Deferred tax assets and deferred tax liabilities are calculated at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The determination of deferred tax liabilities and deferred tax assets reflects the tax consequences that would follow from the manner in which the Group expects to recover the carrying amount of its assets at the end of the reporting period, i.e. to settle the carrying amount of its liabilities.

iii) Current and deferred taxes for the current year

Current and deferred taxes are recognized in profit or loss, except for taxes that are included in other comprehensive income or directly in equity, in which case the tax is also recognized in other comprehensive income or directly in equity. For current and deferred taxes arising from the first posting of a business combination, the tax effect is included in the calculation of the business combination.

Property, plant and equipment

Property, plant and equipment used in the production or supply of goods or services or for administrative purposes, other than the livestock unit, are presented in the consolidated statement of financial position at historical cost, less accumulated depreciation and impairment losses. Acquisition cost includes the cost that is directly attributable to the acquisition of the asset.

Subsequent expenditure is included in the carrying amount of the asset or recognized as a separate asset, as appropriate, only if the Group will obtain future economic benefits from the asset and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised. All other maintenance costs are charged to the consolidated statement of comprehensive income in the financial period in which they are incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment (continued)

Land and assets under construction are not depreciated. Depreciation of other property, plant and equipment is calculated using the straight-line method to allocate cost or to the residual value of the asset and asset over its estimated useful life, as follows:

Buildings	10 - 40 years
Plant and equipment	2 - 25 years
Vehicles	10 - 16 years
Investment in third party assets	50 years

The asset's residual value and useful life are reviewed, and adjusted if appropriate, at each reporting date. If the carrying amount of an asset is greater than its estimated recoverable amount, the difference is written off to the recoverable amount. Gains and losses on disposals are determined as the difference between the disposal proceeds and the carrying amount of the asset sold and are recognized in profit or loss within other income/expenses.

Livestock unit

The livestock unit is recorded by groups of cattle. The livestock unit consists of: calves, breeding heifers, breeding cows and breeder bulls. The livestock unit does not consist of yearling store cattle intended for further sale. The acquisition of the livestock unit is recorded at cost because it represents the fair value at that time. The change in fair value less estimated costs to the point of sale of the biological asset is included in the income statement in the period in which it arises. At the reporting date, the Group reduces the value of the livestock unit (breeding heifers and calves) to fair value taking into account the best available market indicators.

For breeding cows and bulls, it is not possible to determine fair value either on the market (absence of an active market), or by other alternative methods (last market price, market prices for similar assets, best comparable measurement sector), or by DFC method (unrealistic DFC) so to the best possible approximation of the fair value of the cost of acquisition is allocated over the lifetime (for cows 10 years, for bulls 6 years).

The livestock unit consists of cattle that are initially recorded at cost for external procurement, and for the livestock unit from own production for further breeding at fair value. When the livestock unit is no longer in function, it is given for forced slaughter, i.e. it is sold at fair value. The increase in the livestock unit is calculated and recorded on a monthly basis and calculated as the difference in the value of livestock at the end and beginning of the accounting period, based on changes in pieces and kilograms of livestock during the period. The increase in the livestock unit is recorded as an increase in the value of the livestock unit, and in favour of the income from the increase in the Statement of comprehensive income.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment (continued)

Perennial plantations

Perennial crops are fruit-bearing plants used in production and which are expected to bear fruit for more than one accounting period and which are unlikely to be sold as an agricultural product. The initial cost of such assets is stated in the same way as assets that the Group only builds on property, plant and equipment and before being restored into the condition and position necessary for the work intended for that asset. After initial recognition, perennial crops are measured at cost and depreciation is recorded as an expense of the period and is calculated on a straight-line basis over the expected useful life of the asset over a period of 25 to 35 years.

Harvesting fruits are valued at fair value less estimated selling expenses at the time of harvest.

Intangible assets

Non-current intangible assets include software, licenses, technical documentation expenses and intangible assets in preparation, and are stated at cost less accumulated amortization. Intangible assets are initially recognized at cost. Intangible assets are recognized in the event that future economic benefits attributable to the asset will enter the Group and the cost of the asset can be measured reliably. Subsequent to initial recognition, intangible assets are stated at cost less accumulated amortization and any accumulated impairment losses. There are no intangible assets for which an indefinite useful life is estimated. Intangible assets are amortized on a straight-line basis over their estimated useful lives of 4 to 10 years.

Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (excluding inventories and deferred taxes) 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 so that any impairment loss can be determined. If the recoverable amount of an asset cannot be estimated, the Group estimates the recoverable amount of the "cash-generating unit" ("CGU") to which the asset belongs. If it is possible to determine a realistic and consistent basis for allocation, the assets of companies are also allocated to individual cash-generating units or, if this is not possible, to the smallest group of cash-generating units for which a realistic and consistent allocation basis can be determined.

The recoverable amount is the higher of an asset's fair value less sales costs and its value in use. For the purposes of assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets (continued)

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of that asset (CGU) is reduced to its recoverable amount. Impairment losses are recognized immediately as an expense. Upon subsequent reversal of an impairment loss, the carrying amount of the asset (CGU) is increased to the revised estimated recoverable amount of the asset so that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognized in previous years. A reversal of an impairment loss is recognized immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realizable value. Based on the provisions of the relevant inventory valuation standard, the following are included:

- the cost of purchasing inventories of merchandise includes the purchase price, import duties and other costs directly attributable to the purchase. Inventories of merchandise are intended for sale and are stated at cost. The value of inventories is measured using the weighted average price method.
- for inventories of finished goods and work in progress, the cost includes direct material and, if applicable, direct labour costs and all overhead/indirect costs associated with bringing the inventories to their current location and condition. Cost is determined using the weighted average cost method.
- inventory stocks include tools, plant and office inventory and similar assets that are expected to be used within one year and assets that are not considered fixed assets.
- consumption or putting into use of stocks of small inventory and car tires as well as spare parts is included in costs by the method of the one-time write-off.
- the Group assesses the value of non-current inventories as well as old inventories. The value of non-current and old inventories is reduced and adjusted to fair value.

Fish, yearling store cattle, oilseeds and cereals that are the subject of cultivation are classified as current biological assets. At initial recognition and at the end of each reporting period, biological assets should be measured at fair value less sale costs, unless fair value cannot be measured reliably. The fair value determined is compared with the cost of production and the difference represents the gain or loss from estimating the fair value of the biological asset.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents

Cash and cash equivalents presented in the statement of cash flows include cash and balances with banks.

Financial assets

Recognition and initial measurement

Trade receivables are initially recognized when incurred. All other financial assets are initially recognized when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets (unless they are trade receivables without a significant financial component) are initially measured at fair value plus, if not an instrument stated at FVTPL, transaction costs that are directly attributable to the acquisition or issue of the instrument in question. Trade receivables without a significant financing component are initially measured at the transaction price.

Classification and subsequent measurement of assets

After initial recognition, financial assets are classified as assets at amortized cost, assets at fair value through other comprehensive income (FVOCI) and assets at fair value through profit or loss (FVTPL), depending on the business model and characteristics of the contracted cash flows of financial assets. Financial assets are not reclassified after initial recognition unless the Group changes its business model for managing financial assets, in which case the financial assets are reclassified from the first day of the first reporting period following the change in the business model.

Financial assets at amortized cost

Financial assets are measured at amortized cost if they meet both of the following conditions and if they are not measured at fair value through profit or loss (FVTPL):

- the purpose of the business model is to hold assets to collect contractual cash flows; and
- the contractual terms of a financial asset presuppose cash flows that are solely the repayment of principal and interest (SPPI) on certain dates.

Financial assets at fair value through other comprehensive income

A debt instrument is measured at fair value through other comprehensive income if it meets both of the following conditions and if it is not measured at fair value through profit or loss (FVTPL):

- the purpose of the business model is to hold assets in order to collect contractual cash flows and sell financial assets; and
- the contractual terms of a financial asset presuppose cash flows that are solely the repayment of principal and interest (SPPI) on certain dates.

Upon initial recognition of an investment in an equity instrument that is not held for trading, the Group may irrevocably choose to disclose subsequent changes in fair value through other comprehensive income. This choice is made on the basis of individual investment.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (continued)

Financial assets at fair value through profit or loss

All other financial assets are classified as financial assets at fair value through profit or loss.
In addition, upon initial recognition, the Group may irrevocably measure financial assets at fair value through profit or loss, although it meets the requirements for measurement at amortized cost or at fair value through other comprehensive income, if this eliminates or significantly reduces accounting inconsistencies.

Impairment of financial assets

The Group recognizes provisions for expected credit losses for loans and deposits measured at amortized cost and for trade receivables. The amount of expected credit losses is calculated at each reporting date to reflect changes in credit risk since the initial recognition of an individual financial instrument. The Group always recognizes lifelong expected credit losses (ECL) for trade receivables based on the simplified approach. Expected credit losses on these financial assets are estimated based on the arrears matrix created based on the Group's historical experience with credit losses, consistent with debtors' specific factors.

However, if the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss for that financial instrument at an amount equal to the 12-month ECL. The lifelong ECL represents the expected credit losses that will result from all possible defaults during the expected life of the financial instrument.

In contrast, the 12-month ECL is part of the lifelong ECL due to the likelihood of default in the next 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of default at the reporting date with the risk of default at the date of initial recognition. In making this assessment, the Group also considers quantitative and qualitative information that is reasonable and available, including historical experience and that is available without undue expense or commitment. In particular, the Group relies on default days when assessing significant credit risk deterioration.

Notwithstanding the above, it is assumed that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is found to have low credit risk at the reporting date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (continued)

A financial instrument is found to have low credit risk if:

- The financial instrument has a low risk of default,
- The debtor has a strong ability to meet its contractual obligations in a short period of time, and
- Adverse changes in economic and business conditions, in the long run, may, but do not necessarily, reduce the borrower's ability to meet its contractual cash flow obligations.

However, the Group does not currently use low credit risk simplification when assessing significant increases in credit risk. The Group regularly monitors the effectiveness of the criteria used to determine whether there has been a significant increase in credit risk and reviews them to ensure that the criteria can identify a significant increase in credit risk before delays in payments.

(ii) Definition of default status

The following facts that constitute default for internal credit risk management purposes, and are considered by the Group to be historical experience showing that financial assets that meet any of the following criteria are generally not recoverable:

- when the debtor has breached financial clauses; or
- internally developed data or data obtained from external sources indicate that the borrower is unlikely to repay its creditors, including the Group, in full (excluding any collateral held by the Group).

Notwithstanding the above analysis, the Group considers that there was a default when the financial assets matured for more than 30 days and no liabilities were paid; unless the Group has reasonable and substantiated information to demonstrate a more appropriate delay criterion.

(iii) Impaired Financial Assets

Financial assets are impaired when one or more events have occurred that have an adverse effect on the estimated future cash flows of that financial asset. Evidence that the financial asset is impaired includes available information on the following events:

- significant financial difficulties of the issuer or debtor;
- breach of contract, such as failure to fulfil an obligation (defined above);
- when the issuer, due to the debtor's financial difficulties, grants to the debtor the same concession that he would not otherwise have taken into account;
- it becomes probable that the debtor will go bankrupt or undertake other financial reorganization
- the disappearance of an active market for certain financial assets due to financial difficulties

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (continued)

(iv) Write-off Policy

The Group writes off financial assets when there are indications that the debtor is in serious financial difficulties and there is no realistic prospect of recovery, e.g. when the debtor is liquidated or in bankruptcy proceedings or in the case of receivables from customers, when the amounts are due over three years, whichever comes first. Derecognised financial assets may still be subject to the Group's collection activities, taking into account legal advice where appropriate. Income from the collection of previously written off financial assets is recognized in the statement of profit or loss.

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default (PD), loss given default (LGD), i.e. the amount of loss if a default occurs and exposure at the moment of occurrence of the status of default (Exposure at Default, EAD). The assessment of the probability of default and loss given default is based on historical data and the information provided in the previous paragraphs. As for the exposure at default, for financial assets, it represents the gross carrying amount of the asset at the reporting date.

To assess PD and LGD parameters, the Group relies on publications of external investment rating agencies.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows maturing under the contract and all expected cash flows, discounted at the original effective interest rate. If the Group measured the provision for expected credit losses for a financial instrument in the amount of the lifelong ECL in the previous reporting period, but at the current reporting date determines that the conditions for the lifelong ECL are no longer met, the Group measures the loss in the amount of 12 months – at the current reporting date, except for assets for which simplified access has been used (trade receivables).

The Group always presents provisions for losses on trade receivables in the amount equal to lifelong expected credit losses (ECL). Expected credit losses are estimates of the weighted probabilities of credit losses. Credit losses are measured as the present value of all cash losses (the difference between the cash flows to which the Group is entitled under the contract and the cash flows that the Group expects to actually receive). Expected credit losses are discounted at the effective interest rate of the financial assets in question. Expected credit losses on trade receivables are estimated based on the arrears matrix, taking into account the historical experience of the default of the debtor, and the analysis of the current financial position of the debtor.

There were no changes in valuation techniques or significant assumptions during the current reporting period.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (continued)

The Group writes off trade receivables when there are indications that the debtor is in serious financial difficulties and there is no realistic prospect of recovery, e.g. when the debtor has been liquidated or entered into bankruptcy proceedings, or when trade receivables are overdue for more than a year, whichever comes first. None of the written-off receivables is subject to enforcement activities. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, provisions for losses based on maturity status do not differ further between the Group's different customer groups.

The Group recognizes a gain or loss in the statement of comprehensive income for all financial instruments with an appropriate adjustment to the carrying amount through the provision for expected credit losses.

Derecognition of financial assets

The Group derecognises a financial asset only when its contractual rights to the cash flows from the financial asset expire or transfers all the risks and rewards incidental to ownership of the financial asset to another person.

If the Group does not transfer and retain substantially all the risks and rewards of ownership and continues to control the transferred assets, the Group recognizes its retained interest in the assets and the related liability for the amounts it may have to pay. If the Group retains all material risks and rewards of ownership of the transferred financial assets, the Group continues to recognize the financial assets and also recognizes the collateral received.

In the event of derecognition of a financial asset measured at amortized cost, the difference between the carrying amount and the amount of the consideration received and receivable is recognized in the statement of profit or loss. Furthermore, upon derecognition of an investment in a debt instrument measured under the FVOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss, except for equity instruments for which the FVOCI option is selected.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities and equity instruments

All financial liabilities are subsequently measured at amortized cost using the effective interest method or at fair value through profit or loss.

The Group measures all financial liabilities at amortized cost.

However, financial liabilities that arise when the transfer of financial assets does not qualify for derecognition or when the continuing participation approach is applied, and for financial guarantee contracts issued by the Group, are subsequently measured in accordance with the specific accounting policies set out below.

Financial liabilities subsequently measured at amortized cost.

Financial liabilities that are not (i) contingent consideration for the acquirer in a business combination, (ii) held for trading, or (iii) designated at fair value through profit or loss, are subsequently measured at amortized cost using the effective interest rate method.

The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. Effective interest rate is the rate that exactly discounts estimated future cash payments (including any fees and points paid or received that form part of the effective interest rate, transaction costs and other premiums or discounts) over the expected life of the financial liability or (if applicable) a shorter period, at the amortized cost of the financial liability.

Classification as a financial liability or equity

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

Equity instruments

An equity instrument is a contract that provides evidence of the residual interest in an entity's assets after deducting all of its liabilities. Equity instruments issued by the Group are recorded in the amount of realized income, less direct issuance costs.

Financial liabilities

Other financial liabilities, including borrowings and loans, are initially measured at fair value less transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. Effective interest rate is the rate at which estimated future cash outflows are discounted over the expected life of the financial liability or a shorter period, if applicable.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities and equity instruments (continued)

Derecognition of financial liabilities

The Group derecognises a financial liability when, and only when, the Group's liabilities are discharged, cancelled or expire.

Employee benefits

Liabilities for pensions and other liabilities after retirement

In the course of regular operations, the Company makes regular payments of contributions on behalf of its employees who are members of mandatory pension funds in accordance with the law. Mandatory pension contributions to funds are reported as part of the cost of salaries when they are calculated. The Company has no obligation to provide any other employee benefits after their retirement.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) that arises from past events, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably. Provisions are reviewed at each statement of financial position date and are adjusted for an estimate based on current knowledge.

Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provisions for termination benefits are recognised when the Group is demonstrably committed to terminating the employment of current employees. This is the case when the Group has a detailed formal plan for the termination and there is no realistic possibility of withdrawal.

Contingent liabilities

Contingent liabilities are not recognized in the financial statements. They are published only if the possibility of outflow of resources that constitute economic benefits is not far off.

Contingent assets are not recognized in the financial statements but are disclosed when the inflow of economic benefits is probable.

Events after the reporting date

Events after the reporting date that provide additional information about the Group's position at the reporting date (events that have the effect of reconciliation) are reflected in the financial statements. Those events that do not result in reconciliation are disclosed in the notes to the financial statements if they are material.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

APPLICATION OF NEW STANDARDS, INTERPRETATIONS AND AMENDED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

Initial application of new amendments to the existing standards and interpretations effective for the current financial period

The following amendments to the existing standards issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the period beginning 1 January 2024:

- Supplier Finance Arrangements (Amendments to IAS 7 "Statement of Cash Flows" & IFRS 7 "Financial Instruments: Disclosures");
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16 "Leases");
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 "Presentation of Financial Statements"); and
- Non-current Liabilities with Covenants (Amendments to IAS 1 "Presentation of Financial Statements")

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

Standards, amendments to existing standards and interpretations issued by the IASB and adopted in the European Union, but not yet effective

The following amendments are effective for the annual reporting period beginning 1 January 2025:

- Lack of Exchangeability (Amendment to IAS 21 "The Effects of Changes in Foreign Exchange Rates")

Standards and amendments to the existing standards issued by IASB and not yet adopted by the EU

IFRS currently adopted in the European Union do not differ significantly from the regulations adopted by the International Accounting Standards Board (IASB), except for the following new standards and amendments to existing standards, the adoption of which the European Union has not yet decided on (date of entry into force set out below relate to IFRSs issued by the IASB):

The following amendments are effective for the annual reporting period beginning 1 January 2026:

- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures")
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures")

The following standards are effective for the annual reporting period beginning 1 January 2027:

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

APPLICATION OF NEW STANDARDS, INTERPRETATIONS AND AMENDED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

IFRS 18 Presentation and Disclosure in Financial Statements, which was issued by the IASB in April 2024 supersedes IAS 1 and will result in major consequential amendments to IFRS Accounting Standards including IAS 8 Basis of Preparation of Financial Statements (renamed from Accounting Policies, Changes in Accounting Estimates and Errors). Even though IFRS 18 will not have any effect on the recognition and measurement of items in the separate and consolidated financial statements, it is expected to have a significant effect on the presentation and disclosure of certain items. These changes include categorisation and sub-totals in the statement of profit or loss, aggregation/disaggregation and labelling of information, and disclosure of management-defined performance measures.

The Company and the Group does not expect to be eligible to apply IFRS 19.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting judgments and estimates

In applying the Group's accounting policies described above, the Management Board should make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not apparent from other sources. Estimates and associated assumptions are based on historical experience and other relevant factors. Actual results may differ from estimates. The estimates and assumptions on which the estimates are based are reviewed on an ongoing basis. Changes in accounting estimates are recognized in the revision period of the estimate if the change affects only that period or in the revision period of the estimate and in future periods if the change affects both current and future periods. The following is a description of the key judgments of the Management Board, in the process of applying the Group's accounting policies, which most significantly affected the amounts recognized in the financial statements.

(a) The useful life of property, plant and equipment and intangible assets

As described in the accounting policies, the Group reviews the estimated useful lives of property, plant and equipment and intangible assets at each reporting date. Property, plant and equipment and intangible assets are stated at cost less accumulated depreciation and impairment losses.

(b) Recoverability of trade and other receivables

For credit exposures for which there has been no significant increase in credit risk since initial recognition, expected credit losses are recognized for credit losses arising from the probability of default in the next 12 months. For those credit exposures where there has been a significant increase in credit risk since initial recognition, an adjustment is required for expected credit losses over a lifetime, regardless of the time of borrowing. For trade receivables, the Group applies a simplified approach to the calculation of expected credit losses and therefore does not monitor changes in credit risk but recognizes impairment based on lifelong expected credit loss at the end of each reporting period.

Expected credit losses on trade receivables are estimated based on the arrears matrix, taking into account the historical experience of the default of the debtor and the analysis of the current financial position of the debtor.

In assessing expected credit losses, the Group considers reasonable and corroborating information that is relevant and available. This includes quantitative and qualitative information and analysis, based on the Group's historical experience and informed creditworthiness assessment, including information relating to the future. Impairment of receivables at risk in terms of collection certainty is charged to the income statement for the current year.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting judgments and estimates (continued)

(c) Taxes

The Company calculates its tax liability in accordance with Croatian laws and regulations. The tax expense calculated on the result for the year consists of current tax and deferred tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

The amount of deferred tax is calculated using the balance sheet liability method, on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not recognized if it arises from the initial recognition of assets or liabilities in a transaction other than a business combination that does not affect accounting profit or taxable profit (tax loss) at the time of the transaction.

(d) Consequences of certain litigation

Management uses estimates of the probable outcome of legal proceedings and recognizes, on a consistent basis, provisions for the Group's liabilities arising from those proceedings.

(all amounts are stated in thousand EUR)

4. SEGMENT INFORMATION

The Group's business model consists of the following operating segments: arable farming, fruit growing, animal husbandry, fish farming, viticulture, silos, feed mills (FM), cooperation and other segments.

The following is an analysis of revenue by operating segment. The revenues shown consist of sales revenues and state subsidies.

Business overview by operating segments in 2023 and 2024

	2024		2023	
Operating segment	*Amount*	*%*	*Amount*	*%*
Crop farming	37,952	47.1%	32,240	41.2%
Fish farming	11,521	14.3%	11,522	14.7%
Livestock farming	11,231	14.0%	8,001	10.2%
Cooperation	3,741	4.6%	4,218	5.4%
Animal feed factory	2,666	3.3%	4,446	5.7%
Fruit growing	2,478	3.1%	3,567	4.6%
Viticulture	2,272	2.8%	2,168	2.8%
Silo	1,165	1.4%	1,429	1.8%
Other segments	7,482	9.3%	10,747	13.7%
Total	**80,508**	**100%**	**78,339**	**100%**

Geographical overview of operating income in 2023 and 2024

	2024		2023	
Country	*Amount*	*%*	*Amount*	*%*
Croatia	48,917	60.8%	53,872	68.8%
Italy	9,620	11.9%	3,618	4.6%
Bosnia and Herzegovina	6,490	8.1%	6,105	7.8%
Hungary	4,798	6.0%	2,873	3.7%
Serbia	4,486	5.6%	3,967	5.1%
Slovakia	1,147	1.4%	661	0.8%
Austria	1,021	1.3%	2,266	2.9%
Romania	851	1.0%	269	0.3%
Lebanon	838	1.0%	731	0.9%
Germany	713	0.9%	1,052	1.3%
Other countries	1,627	2.0%	2,926	3.7%
Total	**80,508**	**100%**	**78,339**	**100%**

(all amounts are stated in thousand EUR)

5. SALES REVENUE

	GROUP		COMPANY	
	2024	**2023**	**2024**	**2023**
Revenues from sales of finished products	38,959	30,734	-	-
Revenues from wholesale of goods	19,058	20,952	-	-
Revenues from sales of raw materials	3,011	3,759	-	-
Revenues from sales of services	2,186	2,621	1,089	276
Other	1,116	3,062	-	-
Total	**64,330**	**61,128**	**1,089**	**276**

Revenues from sales of finished products and wholesale of goods mainly relate to revenues from sales of wine, fish, hazelnuts, cereals, oilseeds and animal feed. In the current year, the company generated income from intermediation.

6. OTHER OPERATING INCOME

	GROUP		COMPANY	
	2024	**2023**	**2024**	**2023**
Income from incentives and subsidies	12,950	13,595	-	-
Income from insurance claims collection	603	449	6	-
Livestock unit growth	588	521	-	-
Profit from sale of fixed assets	429	805	-	-
Revenues from pre-invoiced costs	228	232	-	5
Other	1,380	1,609	11	-
Total	**16,178**	**17,211**	**17**	**5**

Companies within the Group receive grants related to agricultural production for which they must meet the requirements in accordance with the Law on Agriculture.

(all amounts are stated in thousand EUR)

7. COST OF GOODS SOLD

	GROUP		COMPANY	
	2024	**2023**	**2024**	**2023**
The purchase value of the goods sold	18,965	19,549	-	-
Abatement, dispersal, breakdown and malfunction of merchandise	52	91	-	-
Total	**19,017**	**19,640**	**-**	**-**

8. COST OF RAW MATERIALS

	GROUP		COMPANY	
	2024	**2023**	**2024**	**2023**
Costs of raw materials and supplies	18,636	21,309	-	-
Basic, auxiliary material and office supplies	5,339	5,209	4	2
Energy and fuel costs for trucks and cars	3,155	3,534	29	10
Abatement, dispersal, breakdown and malfunction of raw materials and finished products	55	100	-	-
Total	**27,185**	**30,152**	**33**	**12**

9. OTHER EXTERNAL EXPENSES

	GROUP		COMPANY	
	2024	**2023**	**2024**	**2023**
Costs of services related to agricultural production	2,551	2,041	-	-
Transportation costs and postal services	2,044	2,145	7	3
Work contracts	1,211	1,091	43	10
Costs of the Backoffice and bookkeeping services	970	984	-	-
Routine maintenance services	585	683	63	9
Intellectual services	469	460	63	17
Lease of business premises, equipment, vehicles, etc.	475	369	87	20
Utility fees and economic management	352	302	-	-
Representation	258	211	18	5
Advertising services, sponsorships and fair costs	194	276	2	12
IT solutions and business process development services	118	150	-	-
Other	603	531	35	5
Total	**9,828**	**9,243**	**318**	**81**

Services related to agricultural production refer to the costs of services such as ploughing, spraying, sowing, veterinary services, and similar activities.Rental services for business premises, equipment, and vehicles relate to lease agreements that are renewed on an annual basis.

(all amounts are stated in thousand EUR)

10. EMPLOYEE EXPENSES

	GROUP		COMPANY	
	2024	**2023**	**2024**	**2023**
Net salaries	7,404	6,402	380	110
Taxes, surtaxes and contributions from salaries	2,382	2,119	179	56
Contributions to salaries	1,594	1,419	79	25
Total	**11,380**	**9,940**	**638**	**191**

As of 31 December 2024, the Group had 653 employees (31 December 2023: 632 employees). In 2024, the Group had an average of 623 employees (2023: 589 employees).

11. DEPRECIATION AND AMORTIZATON

	GROUP		COMPANY	
	2024	**2023**	**2024**	**2023**
Depreciation of property, plant and equipment	6,084	6,114	8	1
Depreciation of right-of-use assets	2,489	1,336	-	-
Amortization of intangible assets	494	307	-	-
Total	**9,067**	**7,757**	**8**	**1**

12. OTHER EXPENSES

	GROUP		COMPANY	
	2024	**2023**	**2024**	**2023**
Insurance premiums for equipment, means of transport and inventories	1,109	979	9	-
Christmas bonus, gifts for children, special prizes	897	869	33	11
Transportation costs to and from work	473	455	7	-
Direct write-offs of receivables from customers	315	8	-	-
Fees	277	197	-	-
Payment and banking costs	92	95	12	10
Per diems and other expenses on business trips	80	102	6	7
Costs of pre-invoiced services	77	101	-	-
Costs of professional development of workers and costs of professional literature	67	71	7	2
Contribution for forests and other contributions and membership fees	64	77	-	-
Administrative fees and court costs	47	32	-	4
License fees	46	46	-	-
Other employee costs	31	49	-	-
Donations	29	32	-	-
Membership fees, allowances and similar benefits	29	27	-	-
Non tax-deductible expenses	7	8	-	-
Bonuses	-	150	-	-
Costs subsequently determined by tax administration decision	-	322	-	-
Loss on disposal of current assets	-	33	-	-
Grain quality calculation	-	22	-	-
Other expenses	667	293	-	-
Total	**4,307**	**3,968**	**74**	**34**

(all amounts are stated in thousand EUR)

13. VALUE ADJUSTMENT

	GROUP		COMPANY	
	2024	2023	2024	2023
Value adjustment of receivables from the state	774	5	-	-
Value adjustment of inventories	460	76	-	-
Value adjustment of trade receivables	79	176	-	-
Value adjustment for credit losses	75	69	-	-
Total	**1,388**	**326**	**-**	**-**

14. PROVISIONS

	GROUP		COMPANY	
	2024	2023	2024	2023
Provisions for unused annual leave	104	131	-	-
Provisions for severence payments and jubilee awards	39	36	-	-
Total	**143**	**167**	**-**	**-**

15. FINANCIAL INCOME

	GROUP		COMPANY	
	2024	2023	2024	2023
Interest income	89	87	737	826
Positive exchange rate differences	1	-	-	-
Dividends/profit share	-	-	420	100
Other financial income	-	30	-	-
Total	**90**	**117**	**1,157**	**926**

16. FINANCIAL EXPENSES

	GROUP		COMPANY	
	2024	2023	2024	2023
Interest expense	1,850	1,959	654	733
Interest expense - IFRS 16	963	594	-	-
Negative exchange rate differences	1	5	-	-
Other financial expenses	66	147	91	96
Total	**2,881**	**2,705**	**745**	**829**

(all amounts are stated in thousand EUR)

17. INCOME TAX

Income tax in the country is calculated at the rate of 18% in 2024 (2023: 18%), which is applied to the estimated taxable profit of the current year. Income tax on foreign affiliates is calculated at the rates in force in the country in which it is domiciled, Bosnia and Herzegovina 10% (2023: 10%). The basis is the profit less the tax loss carried forward and increased and decreased by the amount of certain items. Tax expense includes:

	GROUP		COMPANY	
	31 December 2024	**31 December 2023**	**31 December 2024**	**31 December 2023**
Current tax	533	802	-	-
Deferred tax asses	3	3	-	-
Deferred tax liability	26	41	-	-
Income tax expense	**562**	**846**	**-**	**-**

The following table shows the reconciliation of the tax expense presented in the statement of comprehensive income with the statutory tax rate:

Current tax

	GROUP		COMPANY	
	31 December 2024	**31 December 2023**	**31 December 2024**	**31 December 2023**
Accounting profit before tax	9	3,142	477	59
Increase in profit / Decrease in loss	1,631	1,210	10	3
Decrease in loss / Increase in profit	794	(1,484)	(424)	(101)
Tax-loss for which deferred tax assets are not recognized	-	-	-	-
Tax base	**2,434**	**2,868**	**33**	**(39)**
Corporate income tax rate	10-18%	10-18%	18%	18%
Calculated current tax	533	802	-	-
Effective corporate income tax rate	21.90%	27.96%	0.00%	0.00%

(all amounts are stated in thousand EUR)

17. INCOME TAX (CONTINUED)

Unused tax losses

As at 31 December 2024, the Group's tax losses amount to EUR 473 thousand and are available for the reduction of future taxable profits. The Group's tax losses are shown in the following table and stand out as follows:

Year in which tax losses expire:	Group	Company
2024	38	-
2025	86	-
2026	39	27
2027	28	39
2028	282	-
Total	**473**	**66**

Tax losses cannot be transferred and used within group members. The Group did not recognize deferred tax assets on the basis of tax losses carried forward.

Deferred tax assets and liabilities:

The Group has recognized deferred tax assets on temporary differences relating to unrecognized provisions for jubilee awards and severance payments. The movement of deferred tax assets is shown as follows:

	GROUP		COMPANY	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Balance at 1 January	**16**	**19**	**-**	**-**
In favour of profit or loss	(3)	(3)	-	-
Balance at 31 December	**13**	**16**	**-**	**-**

The Group has recognized a deferred tax liability related to temporary differences arising from the increase in the fair value of property, plant and equipment when acquiring a subsidiary. The movement of deferred tax liability is shown as follows:

	GROUP		COMPANY	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Balance at 1 January	**143**	**101**	**-**	**-**
In favour of profit or loss	26	41	-	-
Balance at 31 December	**168**	**142**	**-**	**-**

(all amounts are stated in thousand EUR)

18. INTANGIBLE ASSETS

GROUP	Software	Development expenditures	Other intangible assets	Intangible assets under construction	Total
PURCHASE VALUE					
As at 1 January 2023	**902**	**188**	**121**	**542**	**1,753**
Increases	-	106	-	2,265	2,371
Transfer of fixed asset for sale	-	-	-	(52)	(52)
Transfers from investment in progress	994	-	-	(2,135)	(1,141)
Reclassification	-	-	(115)	-	(115)
At 31 December 2023	**1,896**	**294**	**6**	**620**	**2,816**
Increases	-	-	-	310	310
Transfers from investment in progress	462	-	-	(610)	(148)
At 31 December 2024	**2,358**	**294**	**6**	**320**	**2,978**
VALUE ADJUSTMET					
At 1 January 2023	**442**	**188**	**3**	**-**	**633**
Amortization for the year	306	-	1	-	307
At 31 December 2023	**748**	**188**	**4**	**-**	**940**
Amortization for the year	493	1	-	-	494
At 31 December 2024	**1,241**	**189**	**4**	**-**	**1,434**
NET CARRYING VALUE					
At 31 December 2024	**1,117**	**105**	**2**	**320**	**1,544**
At 31 December 2023	**1,148**	**106**	**2**	**620**	**1,876**

(all amounts are stated in thousand EUR)

19. GOODWILL

The movement of goodwill position in 2024 and 2023 is shown below:

	GROUP		COMPANY	
	31 December 2024	31 December 2023	31 December 2023	31 December 2022
Balance at the beginning of the year	33	33	-	-
Balance at the end of the year	**33**	**33**	**-**	**-**

The Group estimates the existence of impairment of goodwill at least annually, in accordance with accounting policies. This process requires an assessment of the use value of cash-generating units to which goodwill is allocated. Assessment of value in use requires the Group to make estimates of the future cash flows of cash-generating units and to select an appropriate discount rate to calculate the present value of those cash flows.

The recoverable amount of cash-generating units is determined based on a use value calculation. These calculations use cash flow projections based on financial plans approved by the Group Director and cover a period of five years.

Goodwill has been assigned to the following cash-generating units for impairment testing as follows:

	GROUP		COMPANY	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Agropromet Grahovo	13	13	-	-
MP Energija	20	20	-	-
Total	**33**	**33**	**-**	**-**

(all amounts are stated in thousand EUR)

20. PROPERTY, PLANT AND EQUIPMENT

GROUP	Land and buildings	Biological assets and livestock unit	Plant and equipment	Vehicles, office equipment	Assets under construction	Investment in third party assets	Total
PURCHASE VALUE							
At 1 January 2023	**67,959**	**8,718**	**44,113**	**1,281**	**6,371**	**14,437**	**142,879**
Increases	110	-	-	-	13,938	-	14,048
Transfers from investment in progress	4,046	84	8,605	183	(16,016)	1,526	(1,572)
Transfers from right-of-use-assets	-	-	(3,626)	(96)	-	-	(3,722)
Livestock unit growth and other changes	-	522	-	-	-	-	522
Reduction of purchase value grants	-	(89)	(65)	(10)	-	-	(164)
Transfer of fixed asset for sale	-	-	-	-	(169)	-	(169)
Transfer of biological assets	-	75	-	-	-	-	75
Alienations	(276)	(754)	(3,287)	(53)	-	-	(4,370)
Mortality	-	(82)	(74)	-	-	-	(156)
At 31 December 2023	**71,839**	**8,474**	**45,666**	**1,305**	**4,124**	**15,963**	**147,371**
Increases	295	-	(9)	-	7,202	149	7,637
Transfers from investment in progress	1,803	630	4,662	73	(7,393)	208	(17)
Transfers from right-of-use-assets	-	-	(1,408)	-	-	-	(1,408)
Livestock unit growth and other changes	-	588	-	-	-	-	588
Reduction of purchase value grants	(11)	-	(469)	-	-	(87)	(567)
Transfer of biological assets	-	(10)	-	-	-	-	(10)
Alienations	(2,127)	(780)	(943)	(22)	-	-	(3,872)
Mortality	-	(60)	-	-	-	-	(60)
At 31 December 2024	**71,799**	**8,836**	**47,505**	**1,356**	**3,933**	**16,233**	**149,662**

(all amounts are stated in thousand EUR)

20. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

GROUP	Land and buildings	Biological assets and livestock unit	Plant and equipment	Vehicles, office equipment	Assets under construction	Investment in third party assets	Total
VALUE ADJUSTMENT							
As at 1 January 2023	**38,375**	**2,556**	**27,778**	**613**	**-**	**3,489**	**72,811**
Depreciation for the year	1,432	384	3,750	104	-	444	6,114
Disposals	(116)	(162)	(3,010)	(52)	-	-	(3,340)
Reclassification	-	-	(1,035)	(15)	-	-	(1,050)
Mortality	-	(15)	-	-	-	-	(15)
As at 31 December 2023	**39,691**	**2,763**	**27,483**	**650**	**-**	**3,933**	**74,520**
Depreciation for the year	1,495	350	3,570	123	-	546	6,084
Disposals	(1,953)	(104)	(897)	(22)	-	-	(2,976)
Reclassification	-	-	(820)	-	-	-	(820)
Mortality	-	(16)	-	-	-	-	(16)
As at 31 December 2024	**39,233**	**2,993**	**29,336**	**751**	**-**	**4,479**	**76,792**
NET BOOK VALUE							
At 31 December 2024	**32,566**	**5,843**	**18,163**	**605**	**3,933**	**11,754**	**72,870**
At 31 December 2023	**32,148**	**5,711**	**18,183**	**655**	**4,124**	**12,030**	**72,851**

As of December 31 2024, the current value of real estate on which the bank's mortgage was registered as loan insurance is EUR 10,158 thousand (31.12.2023 EUR 10,949 thousand). The mortgage on the said property amounts to EUR 35,554 thousand (31.12.2023: EUR 34,313 thousand) , while the amount owed on the said mortgages amounts to EUR 15,713 thousand (EUR 16,760 thousand).

(all amounts are stated in thousand EUR)

21. RIGHT-OF-USE ASSETS

GROUP	Right-of-use assets
Purchase value	
Balance 1 January 2023	**16,807**
Increase	4,027
Transfers from investment in progress	2,713
Reclassification	3,837
Balance 31 December 2023	**27,384**
Increase	2,852
Transfers from investment in progress	165
Reclassification	1,408
Disposal	(795)
Balance 31 December 2024	**31,014**
Value adjustment	
Balance 1 January 2023	**2,559**
Charge for the year	1,336
Reclassification	1,050
Balance 31 December 2023	**4,945**
Charge for the year	2,489
Reclassification	820
Disposal	(623)
Balance 31 December 2024	**7,631**
NET BOOK VALUE	
Balance as at 31 December 2023	**22,439**
Balance as at 31 December 2024	**23,383**

(all amounts are stated in thousand EUR)

22. INVESTMENT IN SUBSIDIARIES

	GROUP		COMPANY	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Investments in associates	5	4	1	1
Investments in available-for-sale shares	-	-	77,313	77,313
	5	**4**	**77,314**	**77,314**

The table below lists the subsidiaries and the shares the company has in them:

Name of the subsidiary company	Main activity	Place of establishment and business	Share in ownership and voting rights		COMPANY	
			31 December 2024	31 December 2023	31 December 2024	31 December 2023
PPK Valpovo	Agriculture	Valpovo		100%	23,099	23,099
PP Orahovica	Agriculture	Orahovica		98%	44,393	44,393
PD Modriča	Agriculture	Modriča		100%	3,946	3,946
Poljoprivrednik Derventa	Agriculture	Derventa		100%	3,051	3,051
Poljoprivrednik Odžak	Agriculture	Odžak		100%	988	988
MP Energija B. Grahovo	Agriculture	Grahovo		100%	706	706
Agropromet B. Grahovo	Agriculture	Grahovo		100%	547	547
Poljoprivrednik Glamoč	Agriculture	Glamoč		100%	583	583
					77,313	**77,313**

(all amounts are stated in thousand EUR)

23. INVENTORIES

	GROUP		COMPANY	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Biological assets stock	14,407	12,488	-	-
Work in progress inventories	14,381	13,655	-	-
Finished goods inventories	11,332	9,607	-	-
Inventories of raw materials and supplies	6,549	7,845	-	-
Inventories of merchandise	2,086	2,048	-	-
Other	2,658	3,082	-	-
Total	**51,413**	**48,725**	**-**	**-**

As of December 31 2024, imapirment of inventory is EUR 460 thousand (31.12.2023 EUR 0 thousand).

24. TRADE RECEIVABLES

	GROUP		COMPANY	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Trade receivables in the country	5,260	5,358	297	153
Trade receivables from abroad	3,059	3,244	1	1
Impairment of trade receivables and expected credit losses	(637)	(723)	-	-
Total	**7,682**	**7,879**	**298**	**154**

Change in impairment and expected credit losses

	GROUP		COMPANY	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
As at 1 January	(723)	(641)	-	-
Increase	(154)	(245)	-	-
Charged	-	41	-	-
Cancellation	240	122	-	-
As at 31 December	**(638)**	**(723)**	**-**	**-**

(all amounts are stated in thousand EUR)

24. TRADE RECEIVABLES (CONTINUED)

Age analysis of trade receivables for which no impairment has been determined:

	GROUP		COMPANY	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Not due	4,471	4,910	181	85
up to 60 days	1,265	1,732	90	3
61 - 90 days	1,491	829	25	-
91 - 120 days	35	51	-	-
121 - 365 days	365	328	-	-
366 days onwards	55	29	2	66
TOTAL	**7,682**	**7,879**	**298**	**154**

The average number of collection days in the Group in 2024 was 44 days (2023: 47 days).

25. OTHER RECEIVABLES

	GROUP		COMPANY	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Receivables for premiums, bonuses, incentives	8,549	9,730	-	-
Receivables for prepaid income tax advances	1,229	1,345	2	2
VAT receivables	533	662	-	-
Receivables from share in result	477	-	477	-
Interest receivables	43	77	355	384
Employees receivables	2	4	-	-
Other receivables	661	943	-	70
Impairment of state receivables	(995)	(221)	-	-
Total	**10,499**	**12,540**	**834**	**456**

(all amounts are stated in thousand EUR)

26. LOANS AND DEPOSITS GIVEN

Long-term loans and deposits

	GROUP		COMPANY	
	31 December 2024	**31 December 2023**	**31 December 2024**	**31 December 2023**
Commodity loans granted to unrelated companies	20	10	-	-
Long-term loans granted to individuals	2	9	-	-
Long-term loans granted to related companies	-	-	15,794	18,050
Total	**22**	**19**	**15,794**	**18,050**

Short-term loans and deposits

	GROUP		COMPANY	
	31 December 2024	**31 December 2023**	**31 December 2024**	**31 December 2023**
Short-term loans granted to unrelated companies	922	1,033	-	-
Short-term loans granted to related companies	561	450	2,256	2,256
Short-term loans granted to individuals	72	100	-	-
Short-term deposits granted to individuals	10	5	-	-
Ukupno	**1,564**	**1,588**	**2,256**	**2,256**

	Original currency	**Loan amount**	**Maturity**	**31 December 2024**	**31 December 2023**
Long-term loans					
Lender: Agroinvest Group - Company					
Borrowers:					
PP Orahovica d.o.o.	EUR	13,272	12.7.2029	10,618	11,944
PPK Valpovo d.o.o.	EUR	9,291	12.7.2029	7,432	8,362
Total				**18,050**	**20,306**
Current portion of long-term liabilities:				**(2,256)**	**(2,256)**
Total long term				**15,794**	**18,050**

(all amounts are stated in thousand EUR)

27. RECEIVABLES FOR ADVANCE PAYMENTS

	GROUP		COMPANY	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Receivables for advance payments for services	514	692	-	1
Receivables for given advances for fixed assets	224	214	-	-
Receivables for given advances for goods	63	83	-	-
Total	**801**	**989**	**-**	**1**

28. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Bank account	5,878	3,608	56	58
Cash on hand	13	5	-	-
Foreign currency account	3	4	-	-
Total	**5,894**	**3,617**	**56**	**58**

29. NON-CONTROLLING INTEREST

	PP Orahovica	EKO Bosanska Posavina	Total
Balance as at 1 January 2023	**1,144**	**15,642**	**16,786**
New investment	**-**	**-**	**-**
Profit for the current year	79	7	86
Other comprehensive loss	-	(28)	(28)
Total comprehensive income	79	(21)	58
Balance as at 31 December 2023	**1,223**	**15,621**	**16,844**
Balance as at 1 January 2024	**1,223**	**15,621**	**16,844**
Profit for the current year	20	232	252
Other equity movements	-	(690)	(690)
Other comprehensive loss	-	13	13
Total comprehensive income	20	(445)	(425)
Balance as at 31 December 2024	**1,243**	**15,176**	**16,419**

(all amounts are stated in thousand EUR)

30. LONG-TERM LIABILITIES TO BANKS AND FINANCIAL INSTITUTIONS

	GROUP		COMPANY	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Total liabilities on loans from financial institutions	13,777	16,013	-	-
Less: current portion of loan liabilities from financial institutions	(4,478)	(3,889)	-	-
Total long-term liabilities on loans from financial institutions	**9,299**	**12,124**	**-**	**-**

Long-term liabilities to banks and financial institutions

Financial institution	Original currency	Amount	Maturity	31 December 2024	31 December 2023
Unicredit banka d.d.	BAM	550	2.10.2028	440	552
NLB Razvojna banka	BAM	2,600	18.7.2024	-	141
BBI Banka	BAM	1,977	30.6.2029	303	512
Addiko banka	EUR	6,697	30.9.2026	1,228	2,024
Kentbank d.d.	EUR	491	31.12.2025	920	105
Podravska Banka d.d.	EUR	1,909	1.1.2028	879	1,191
HBOR	EUR	4,442	30.6.2030	1,545	1,837
ProCredit Bank d.d.	BAM	2,557	5.8.2028	1,382	1,590
Zagrebačka banka d.d.	EUR	14,200	31.12.2028	5,313	6,730
Hrvatska poštanska banka d.d.	EUR	1,957	31.12.2030	1,459	1,018
Total				**13,470**	**15,700**

Long-term loan:

	Original currency	Amount	Maturity	31 December 2024	31 December 2023
M SAN Nekretnine d.o.o.	EUR	358	30.09.2025	307	313
Total				**307**	**313**
Grand total				**13,777**	**16,013**
Less: the current portion of long-term loans				(4,478)	(3,889)
Long-term portion of long-term loans				**9,299**	**12,124**

(all amounts are stated in thousand EUR)

31. LIABILITIES TO BANKS AND OTHER FINANCIAL INSTITUTIONS

	GROUP		COMPANY	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Liabilities for framework loans from banks	5,385	5,313	-	-
Liabilities for short-term bank loans	2,309	204	-	-
Total loan liabilities	**7,694**	**5,517**	**-**	**-**
Current portion of long-term loan liabilities	4,478	3,889	-	-
Total	**12,172**	**9,406**	**-**	**-**

Overview of short-term bank loans:

Financial institution	Original currency	Amount	Maturity	31 December 2024	31 December 2023
Unicredit banka d.d.	BAM	650	24.5.2025	309	204
Slatinska banka	EUR	2.000	24.5.2025	2,000	-
Total				**2,309**	**204**

Overview of framework loans:

Financial institution	Original currency	Amount	Maturity	31 December 2024	31 December 2023
NLB Razvojna banka	BAM	4.150	8.6.2025	3,189	2,229
BBI Banka	BAM	1.900	21.6.2025	971	972
Intesa Sanpaolo Banka d.d.	BAM	500	15.11.2025	255	256
HPB d.d.	EUR	1.991	15.7.2025	766	1,309
ProCredit Bank d.d.	BAM	1.885	24.5.2025	204	-
Unicredit banka d.d.	BAM	1.500	24.5.2025	-	547
Total				**5,385**	**5,313**
Total short-term loans				**7,694**	**5,517**
More: the current part of liabilities for loans from financial institutions				4,478	3,889
Total short-term part of long-term loans and short-term loans				**12,172**	**9,406**

(all amounts are stated in thousand EUR)

32. SHORT TERM MATURITYOF LONG-TERM OBLIGATIONS ON ISSUED BONDS

	GROUP		COMPANY	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Long-term liabilities for issued bonds	15,794	18,050	15,794	18,050
The current part of the long-term liability for issued bonds	2,256	2,256	2,256	2,256
Total long-term liabilities for issued bonds	**18,050**	**20,306**	**18,050**	**20,306**

33. LEASE LIABILITIES

	GROUP		COMPANY	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Current portion of the lease liability	3,019	2,089	-	-
Long-term portion of the lease liability	22,062	19,682	-	-
Total lease liabilities	**25,081**	**21,771**	**-**	**-**

34. TRADE PAYABLES

	GROUP		COMPANY	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Liabilities to suppliers of goods	7,258	5,042	-	-
Liabilities to domestic suppliers	584	1,140	156	96
Liabilities to suppliers of property and tangible fixed assets	349	958	-	-
Liabilities to suppliers abroad	257	268	-	-
Liabilities to service providers	24	29	-	-
Total	**8,472**	**7,437**	**156**	**96**

35. LIABILITIES TO EMPLOYEES

	GROUP		COMPANY	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Liabilities for net salaries	654	640	39	22
Other liabilities to employees	121	95	6	-
Total	**775**	**735**	**45**	**22**

(all amounts are stated in thousand EUR)

36. CURRENT LIABILITIES

	GROUP		COMPANY	
	31 December 2024	**31 December 2023**	**31 December 2024**	**31 December 2023**
Liabilities for received advances	5,203	4,797	-	-
Corporate income tax liabilities	579	705	-	-
VAT liabilities	423	436	25	13
Membership fee liabilities	368	263	2	1
Short-term provisions for unused annual leave	332	307	-	-
Payroll taxes and social security contributions payable	311	276	30	14
Interest liabilities on issued bonds	297	334	297	333
Current lease interest liabilities	287	331	-	-
Concessions liabilities	264	259	-	-
Interest liabilities on loans	231	170	-	-
Liabilities under service contracts	90	104	2	2
Other	112	103	-	-
Total	**8,497**	**8,085**	**356**	**363**

(all amounts are stated in thousand EUR)

37. RELATED PARTY TRANSACTIONS

The table below shows the receivables and liabilities that the Company had with subsidiaries in sales transactions as of December 31 2024 and December 31 2023:

	Receivables		Liabilities	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
PP Orahovica d.o.o.	190	118	-	80
PPK Valpovo d.o.o.	94	34	-	4
Total	**284**	**152**	**-**	**84**

The table below shows the receivables and liabilities that the Company had with associates and companies with a common ultimate owner in sales transactions on December 31 2024 and 2023:

	Receivables		Liabilities	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
King ICT d.o.o.	-	-	20	3
M San Grupa d.o.o.	-	-	6	-
Ekupi d.o.o.	-	-	4	-
M San Nekretnine d.o.o.	-	-	35	-
Aktivis d.o.o.	-	-	-	1
Pametna energija d.o.o.	13	-	-	-
Ured za podršku d.o.o.	-	-	37	4
Total	**13**	**-**	**102**	**8**

The table below shows the income and expenses that the Company had with subsidiaries in purchase transactions as of December 31 2024 and December 31 2023:

	Income		Expenses	
	2024	2023	2024	2023
PP Orahovica d.o.o.	711	165	76	64
PPK Valpovo d.o.o.	364	112	42	41
Total	**1,075**	**277**	**118**	**105**

(all amounts are stated in thousand EUR)

37. RELATED PARTY TRANSACTIONS (CONTINUED)

The table below shows the income and expenses that the Company had with associates and companies with a common ultimate owner in sales transactions on December 31 2024 and 2023:

	Income		Expenses	
	2024	2023	2024	2023
M San Grupa d.o.o.	-	-	10	11
King ICT d.o.o.	-	-	26	3
Aktivis d.o.o.	-	-	-	1
Ekupi d.o.o.	-	-	3	1
Ured za podršku d.o.o.	-	-	38	10
Pametna energija d.o.o.	14	-	-	-
M San Nekrenine d.o.o.	-	-	34	1
Total	**14**	**-**	**111**	**27**

The table below shows the receivables and income that the Company had with subsidiaries from credit transactions as of December 31 2024 and 2023:

	Receivables		Income	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
PP Orahovica d.o.o.	10,879	12,189	434	486
PPK Valpovo d.o.o.	7,432	8,502	304	340
Total	**18,311**	**20,691**	**738**	**826**

The table below shows other receivables and other income that the Company had with subsidiaries as of December 31 2024 and 2023:

	Receivables		Income	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
PPK Valpovo d.o.o.	-	70	420	100
	-	**70**	**420**	**100**

(all amounts are stated in thousand EUR)

38. FINANCIAL INSTRUMENTS

Capital risk management

The group manages its capital in order to ensure that entities within the group are able to continue their business indefinitely, while at the same time realizing the highest possible return for stakeholders through optimizing the balance between debt and equity capital.
The Group's capital consists of the debt part, which includes received loans and credits minus money in cash and bank account balances (net debt) and equity, which includes share capital, reserves and retained earnings.

Financing ratio
Financing ratio at the end of the reporting period:

	GROUP		COMPANY	
	31 December 2024	**31 December 2023**	**31 December 2024**	**31 December 2023**
Debt	41,399	41,836	18,050	20,306
Cash on hand and balances in bank accounts	5,894	3,617	56	58
NET DEBT (DEBT - CASH)	**35,505**	**38,219**	**17,994**	**20,248**
Equity	92,123	92,662	77,954	77,507
Net debt to equity ratio	**38.54%**	**41.25%**	**23.08%**	**26.12%**

(all amounts are stated in thousand EUR)

38. FINANCIAL INSTRUMENTS (CONTINUED)

Capital risk management

The Group is exposed to the following risks related to financial instruments
Categories of financial instruments:

	GROUP		COMPANY	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Financial assets				
Cash and cash equivalents	5,894	3,617	56	58
Loans and receivables	10,600	10,673	19,181	20,914
Total financial assets	**16,494**	**14,290**	**19,237**	**20,972**
Financial liabilities				
Bank loans and received loans	23,349	21,530	-	-
Liabilities for bonds issued	18,050	20,306	18,050	20,306
Leasses liabilities	25,081	21,771	-	-
Trade payables and other financial liabilities	15,781	14,299	500	431
Total financial liabilities	**82,261**	**77,906**	**18,550**	**20,737**

As at 31 December 2024, the reported amounts of cash and cash equivalents, short-term borrowings and receivables, short-term loan and other liabilities and other financial instruments correspond to their market value, due to the short-term nature of these assets and liabilities.

Credit risk management

Credit risk refers to the risk that the other party will fail to meet its contractual obligations, which would result in a financial loss to the Group and Company. The Group and Compmany has adopted a policy of dealing exclusively with creditworthy parties and acquiring sufficient collateral to mitigate the risk of financial loss due to non-payment.
Trade receivables are monitored on an ongoing basis to determine their risk and to carry out appropriate procedures. The credit assessment of the Group's and the Company's customers is constantly monitored and the credit exposure is reviewed at least once a year.

38. FINANCIAL INSTRUMENTS (CONTINUED)

Interest rate risk management

Due to the fact that the Company and the Group use loans with fixed and variable interest rates, the Company and the Group are exposed to interest rate risk. Most loans of the Company and the Group are contracted with a fixed interest rate.

Interest rate risk sensitivity analysis

The sensitivity analyses presented below are determined based on the exposure to interest rates at the end of the reporting period by non-derivatives. The sensitivity analysis for floating-rate liabilities was prepared assuming that the outstanding amount of the liability at the end of the reporting period was outstanding throughout the year. Internal interest rate risk reports submitted to key executives use an increase or decrease of 50 basis points and represent management's assessment of realistically possible changes in interest rates.

If those interest rates were 50 basis points higher or lower and all other variables were unchanged, there would be changes in the Group's interest expenses as at 31 December 2024 by EUR 64 thousand (31 December 2023: EUR 49 thousand)

The Group's total liabilities under loans at the statement of financial position date amount to EUR 21,471 thousand (31 December 2023: EUR 21,530 thousand).

Liquidity risk management

The ultimate responsibility for credit risk management rests with the Director, who has set a quality framework for liquidity risk management for short, medium and long positions of the group and defined requirements related to liquidity management.

Tabular analysis of liquidity risk and interest rate risk

The following tables analyse the remaining period to the contractual maturity of the Group's outstanding financial liabilities and expected maturity of Group’s financial assets. The tables have been prepared on the at the earliest date on which payment can be requested from the Group.

Disclosure of non-derivative financial assets is necessary to understand how the Group manages liquidity risk, as liquidity is managed based on the net amount of financial assets and financial liabilities.

(all amounts are stated in thousand EUR)

38. FINANCIAL INSTRUMENTS (CONTINUED)

Tabular analysis of liquidity risk and interest rate risk (continued)

GROUP	Up to 1 month	From 1 to 3 months	from 3 months to 1 year	From 1 to 5 years	Over 5 years	Total
31 December 2024						
Assets						
Interest-free	14,907	-	-	94	-	15,001
Fixed interest rate instruments	-	-	1,564	22	-	1,586
Total	**14,907**	**-**	**1,564**	**116**	**-**	**16,587**
Liabilities						
Interest-free	15,781	-	-	-	-	15,781
Lease liabilities	252	503	2,264	18,320	3,742	25,081
Interest rate instruments	2,299	2,342	11,666	24,606	487	41,399
Total	**18,331**	**2,845**	**13,930**	**42,926**	**4,229**	**82,261**

GROUP	Up to 1 month	From 1 to 3 months	from 3 months to 1 year	From 1 to 5 years	Over 5 years	Total
31 December 2023						
Assets						
Interest-free	12,683	-	-	109	-	12,792
Fixed interest rate instruments	-	-	1,588	19	-	1,607
Total	**12,683**	**-**	**1,588**	**128**	**-**	**14,399**
Liabilities						
Interest-free	14,297	-	-	-	-	14,297
Lease liabilities	174	348	1,567	8,731	10,951	21,771
Interest rate instruments	1,912	1,568	8,183	20,490	9,684	41,836
Total	**16,383**	**1,916**	**9,749**	**29,221**	**20,635**	**77,904**

(all amounts are stated in thousand EUR)

38. FINANCIAL INSTRUMENTS (CONTINUED)

Tabular analysis of liquidity risk and interest rate risk (continued)

COMPANY	Up to 1 month	From 1 to 3 months	from 3 months to 1 year	From 1 to 5 years	Over 5 years	Total
31 December 2024						
Assets						
Interest-free	1,186	-	-	-	-	1,186
Fixed interest rate instruments	1,128	-	1,128	15,794	-	18,050
Total	**2,314**	**-**	**1,128**	**15,794**	**-**	**19,236**
Liabilities						
Interest-free	500	-	-	-	-	500
Interest rate instruments	1,128	-	1,128	15,794	-	18,050
Total	**1,628**	**-**	**1,128**	**15,794**	**-**	**18,550**

COMPANY	Up to 1 month	From 1 to 3 months	from 3 months to 1 year	From 1 to 5 years	Over 5 years	Total
31 December 2023						
Assets						
Interest-free	667	-	-	-	-	667
Fixed interest rate instruments	1,128	-	1,128	9,025	9,025	20,306
Total	**1,795**	**-**	**1,128**	**9,025**	**9,025**	**20,973**
Liabilities						
Interest-free	431	-	-	-	-	431
Fixed interest rate instruments	1,128	-	1,128	9,025	9,025	20,306
Total	**1,559**	**-**	**1,128**	**9,025**	**9,025**	**20,737**

Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The Director's view is that the fair value of cash and cash equivalents, bank placements and other receivables does not differ significantly from their carrying amount due to the short-term nature of these financial instruments.

Most interest-bearing loans have a variable interest rate, which is also a market rate, so there is no significant difference between their carrying amount and fair value.

The Company measures fair value using a division that reflects the importance of the inputs used to make the measurement:

Level 1: quoted prices in active markets for assets and liabilities;

Level 2: application of valuation techniques, comparison of the fair value of another instrument that is substantially the same, discounted cash flow techniques or other valuation techniques;

Level 3: application of valuation techniques in which data affecting the determined fair value of financial instruments are not based on visible market data.

(all amounts are stated in thousand EUR)

38. FINANCIAL INSTRUMENTS (CONTINUED)

Market risk

Market risk is the risk that changes in market prices, exchange rates and interest rates will affect the Company's income, value of investments or financial instruments. The goal of market risk management is to control the exposure to market risk within acceptable values while optimizing results.

39. REMUNERATION TO KEY MEMBERS OF MANAGEMENT

Remuneration to directors and other key members of management throughout the year was as follows:

	GROUP		COMPANY	
	2024	**2023**	**2024**	**2023**
Short-term income - gross	443	294	-	32
Total	**443**	**294**	**-**	**32**

40. LEGAL DISPUTES AND CONTINGENT LIABILITIES

Companies within the Group are included in several court cases as plaintiffs and defendants. Provisions were made in accordance with the assessment of the negative outcome of court disputes by the legal representatives of the companies within the Group. Management estimates that the outcomes of the remaining court cases will not significantly affect the Group's business results, that is, it expects a positive outcome of the court case.

Off-balance sheet records:

As of December 31, 2024 and December 31, 2023 the Group disclosed the following off-balance sheet items considered to be contingent liabilities:.

	GROUP	
	2024	**2023**
Third party goods in our warehouse	2,668	2,847
Field roads	299	299
Total	**2,967**	**3,146**

As of December 31, 2024 the Company didn't have any off-balance sheet items considered to be contingent liabilities.

41. EVENTS AFTER THE REPORTING DATE

There were no other significant events after the balance sheet date that would require reconciliation or disclosure in the consolidated and separate annual financial statements.

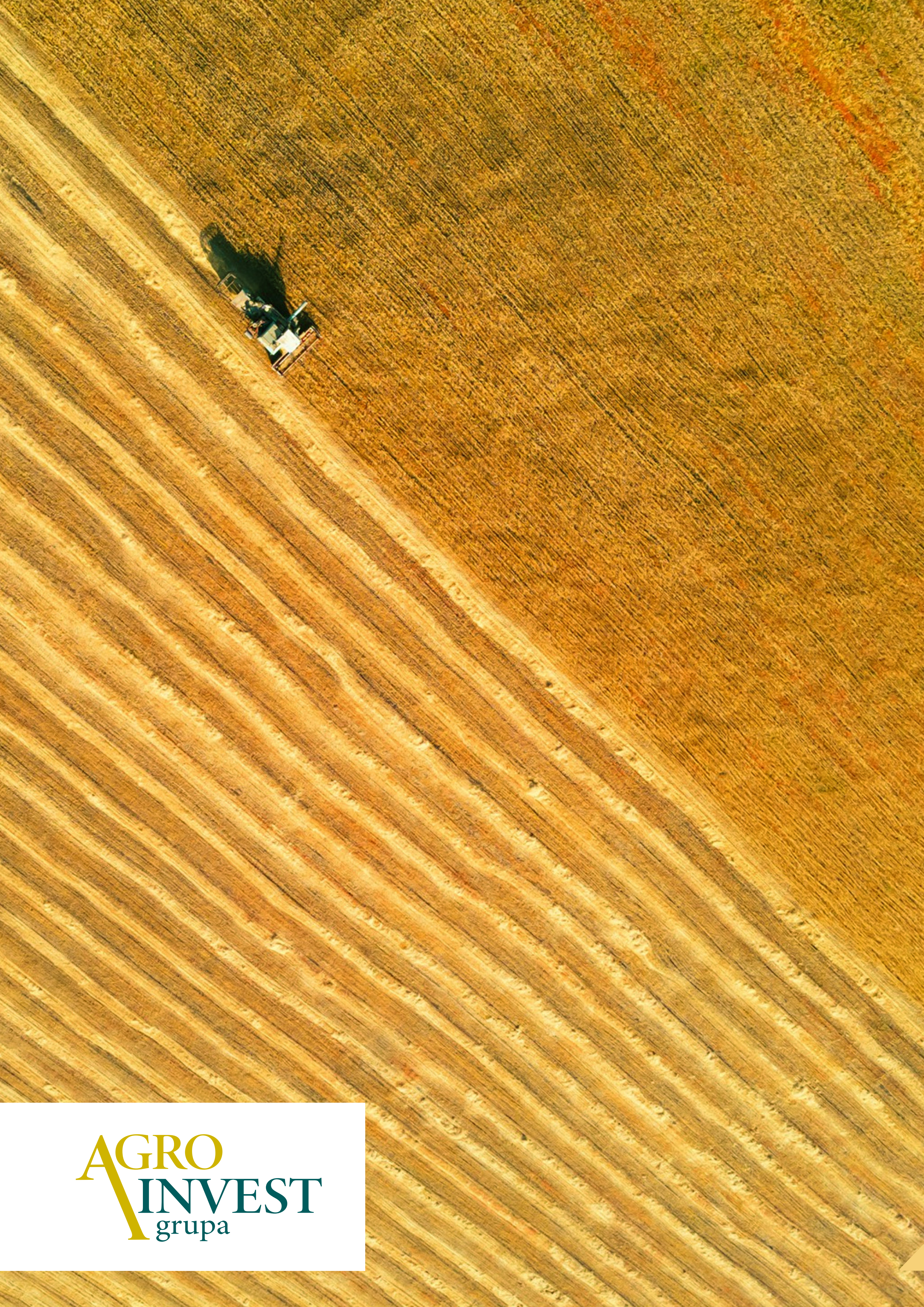
42. APPROVAL OF ANNUAL FINANCIAL STATEMENTS

Annual consolidated and separate financial statements were approved by the Management Board on 28 April 2025.

Signed on behalf of the Group on 28 April 2025:

Ivan Pandurević
President of the Management Board

Iva Brkić
Member of the Management Board



AGRO INVEST
grupa

Sustainability Report

2024

Statement of Management Responsibility

In accordance with the provisions of Articles 32 and 36 of the Accounting Act (Official Gazette 85/2024, 145/2024) the Management Board is responsible for the preparation of the consolidated Sustainability Report in accordance with the European Sustainability Reporting Standards (ESRS), and for:

- the preparation of disclosures in the section “Information in accordance with the Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation)” of the consolidated Sustainability Report in accordance with the reporting requirements of Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation),
- the design, implementation and maintenance of internal control systems as determined necessary by the Management Board to enable the preparation of the consolidated Sustainability Report free from material misstatement due to fraud or error, the selection and application of appropriate sustainability reporting methods, and
- the formulation of reasonable estimates and judgements concerning individual sustainability disclosures under the given circumstances.

The Management Board is also responsible for the design and implementation of a process to identify information to be disclosed in the consolidated Sustainability Report in accordance with the ESRS, and for disclosing this process in the section “ESRS 2 IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities” in the consolidated Sustainability Report. This responsibility includes:

- understanding the context in which the Group’s activities and business relationships take place, as well as understanding the affected stakeholders,
- identifying actual and potential (negative and positive) impacts 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 in 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 under the circumstances.

The Management Board of Agro Invest Grupa approved the consolidated Sustainability Report for issuance on 28 April 2025.

Ivan Pandurević
President of the
Management Board

Iva Brkić
Member of the
Management Board

GENERAL DISCLOSURES ESRS 2

TOPIC	DESCRIPTION	CHAPTER	PAGE
ESRS 2 – General disclosures			
Basis for preparation			
BP-1	General basis for preparation of the sustainability statement	General disclosures - Basis for preparation	125
BP-2	Disclosures in relation to specific circumstances	General disclosures - Basis for preparation	125
Governance			
GOV-1	The role of the administrative, management and supervisory bodies	General disclosures - Management of sustainability issues	127
GOV-2	Providing information to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	General disclosures - Management of sustainability issues	129
GOV-3	Integration of sustainability-related performance in incentive schemes	General disclosures - Management of sustainability issues	129
GOV-4	Due diligence statement	General disclosures - Management of sustainability issues	130
GOV-5	Risk management and internal controls over sustainability reporting	General disclosures - Management of sustainability issues	130
Strategy			
SBM-1	Strategy, business model and value chain	General disclosures - Strategy and business model	131
SBM-2	Interests and views of stakeholders	General disclosures - Double materiality	132
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	General disclosures - Double materiality	141, 159, 166, 175, 184
Impact, risk and opportunity management			
IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	General disclosures - Double materiality	132
IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	General disclosures - Double materiality	136

Basis for preparation and scope of reporting

ESRS 2, BP-1, BP-2

Agro Invest Grupa publishes its Sustainability Report under the Accounting Act (Official Gazette of the Republic of Croatia, Nos. 85/2024, 145/2024) and Capital Markets Act (Official Gazette of the Republic of Croatia, Nos. 65/2018, 17/2020, 83/2021, 151/2022, 85/2024) for the first time. The Report has been published as part of the Management Report, in line with the Commission Delegated Regulation (EU) 2023/2772 supplementing Directive 2013/34/EU of the European Parliament and Council as regards sustainability reporting standards (European Sustainability Reporting Standards (ESRS)). The Sustainability Report incorporates information pursuant to Article 8 of Regulation (EU) 2020/852 on establishing a framework to facilitate sustainable investment (EU Taxonomy Regulation).

The Report has been made on consolidated basis in line with the financial statements of Agro Invest Grupa and includes the reporting period from 1 January to 31 December 2024. The Report includes significant events. The disclosures relate to Agro Invest Grupa d.o.o. za poljoprivrednu proizvodnju, stočarstvo, turizam, ugostiteljstvo, trgovinu i usluge, which owns several companies in the Republic of Croatia and Bosnia and Herzegovina. The companies PP Orahovica d.o.o. and PPK Valpovo d.o.o. are in direct majority ownership of Agro Invest Grupa, and these companies are incorporated and have their registered office in the Republic of Croatia. Agro Invest Grupa is also the direct majority owner of the companies Poljoprivrednik d.o.o. Derventa, Poljoprivrednik d.o.o. Odžak, Agropromet Grahovo d.o.o. Bosansko Grahovo, MP Energija d.o.o. Bosansko Grahovo, Poljoprivredno društvo Modriča d.o.o., Poljoprivrednik Glamoč d.o.o. Glamoč and Agro Company d.o.o. Brod. These companies are incorporated and have a registered office in Bosnia and Herzegovina. Agro Invest Grupa also comprises the companies Eko Bosanska Posavina d.o.o., PPO Stočarstvo d.o.o., Maslina je obrana d.o.o. and Panona energija d.o.o. (Panona energija d.o.o. beginning of 2025 being excluded from the ownership of Agro Invest Grupa).

Agro Invest Grupa is a relatively young grouping developing and growing fast over the last two years. The Group's focus on business operations, finance, investment and business expansion resulted in some challenges concerning sustainability reporting. These challenges primarily relate to a non-centralised management, different maturity and governance approaches among its affiliated companies and their specific features and differences of their respective business activities. In 2024, efforts were made and activities were undertaken to identify material impacts, risks and opportunities and related objectives and actions. However, due to business priorities in this period and extremely limited resources, impact assessments included only the most significant impacts arising from business processes. Due to this, it was impossible to fully collect and consolidate all data supporting the sustainability metrics.

Agro Invest Grupa is fully committed to more precisely identifying its impacts on the environment and people, as well as sustainability risks and opportunities, and setting concrete objectives and performance indicators in 2025. We also plan to improve the systematic monitoring of sustainability data. Sustainability assessments will be integrated into business decisions and processes during 2025 to achieve the expected improvement in sustainability management in the future.

Agro Invest Grupa did not use the possibility to omit information on intellectual property, know-how, experience, innovation results or the discovery of upcoming events. This Sustainability Report includes own operations and production activities and the upstream and downstream value chain activities wherever possible. Although our financial statements use definitions prescribed by the International Financial Reporting Standards, for the Sustainability Statement we have used the definitions for short-, mid- and long-term periods defined by ESRS.

Changes in reporting and reporting errors from previous periods

ESRS 2, BP-2

This is Agro Invest Grupa's first report in accordance with the European Sustainability Reporting Standards (ESRS).

Sources of estimation and outcome uncertainty

ESRS 2, BP-2

Concerning some disclosures in this Sustainability Report, integral data was unavailable or unavailable for all markets. Assumptions, approximations and estimates were not used for the parts for which complete or reliable data were unavailable. Instead, it is clearly stated that the data is unavailable or uncollected. The challenge in collecting and reporting data is caused by a high dispersion of the sources of information and the Group's prior focus on different strategic priorities. In the section ESRS E5-4 concerning resources inflows, due to complex conversion from the quantity (pieces) to the mass of certain materials used, some data is provided in other units of measurement.

Implementing provisions on phasing-in under ESRS 1, Appendix C

ESRS 2, BP-2

Considering that Agro Invest Grupa, as at the balance sheet date, did not have more than an average of 750 employees, we decided to omit the information required by the standards ESRS E 4, ESRS S 2, ESRS S 3 and ESRS S 4, which have been assessed as material. Information relating to ESRS E 3 and ESRS S 1 has been included in the Sustainability Report, and the possibility of delaying some disclosures in line with Appendix C of ESRS 1 has been used.

Incorporation by reference

ESRS 2, BP-2

Disclosure requirement (data point)	REFERENCE, CHAPTER
G1 ESRS 2 GOV-1 paragraph 5a Detailed information on the composition and activities of the Management Board and Supervisory Board	ESRS 2 GOV-1 Management Report
ESRS 2 GOV-1 item 21c/G1 ESRS 2 GOV-1 paragraph 5b Curricula vitae of members of the Management Board and Supervisory Board	ESRS 2 GOV-1 Management Report
ESRS 2 SBM-1 Strategy, business model and value chain: description of business activities	Management Report
ESRS 2 SBM-1 Breakdown of total revenue	Financial Statement

Managing sustainability issues

The role of the administrative, management or supervisory bodies

ESRS 1, ESRS 2 GOV-1

During 2023, per the Deed of Incorporation, the Management Board was comprised of two members. As of 22 February 2024, the company's Shareholders' Meeting adopted a Resolution on establishing the Supervisory Board and on the changes in the Management Board of the Issuer. Since then, Agro Invest Grupa has been operating with a two-tier board structure, i.e. the Supervisory Board and Management Board. In accordance with the Articles of Association and the Companies Act, these two boards, together with the General Meeting, represent three essential company bodies.

The Management Board is the highest decision-making body regarding the policies and management of environmental, social and governance sustainability matters. In line with new regulatory requirements, during 2025, we plan to finish compiling a comprehensive Sustainability Strategy, which we commenced to draft in 2024. The Strategy will include a detailed analysis of the impacts, risks and opportunities to incorporate sustainability matters into our business processes. The Management Board of Agro Invest Grupa participated in identifying material topics and, when making certain subsequent supplements, selected material reporting areas.

The Supervisory Board has a key role in ensuring the implementation of the ethical conduct policy, alignment with legal norms and responsible decision-making. Its prerogative is to oversee the risk management procedures, with an emphasis on corruption prevention and incorporating sustainability in business processes. The Supervisory Board actively monitors the alignment of the business practices with new regulatory requirements and recommendations on sustainable business. The Supervisory Board appoints and dismisses members of the Management Board.

As the highest corporate body, the General Meeting decides on key business matters, including appointing and dismissing members of the Supervisory Board, approving contracts and financial plans, overseeing business activities and sustainable business development aspects.

During 2024 and after the reporting period, there were some changes in the Management Board, as indicated below. On 31 December 2024 the Management Board of Agro Invest Grupa consisted of three members, with the representation of women amounting to 33.3%. Taking into account the latest changes in the composition of the Management Board from the beginning of 2025, at the time when this Report is compiled (31 March 2025), the Management Board of Agro Invest Grupa consists of two members: Ivan Pandurević, President of the Management Board, and Iva Brkić, member of Management Board. The representation of women on the Management Board amounts to 50%.

On 31 December 2024, the Supervisory Board consists of five members:

Marko Rašić – Chairman of the Supervisory Board of Agro Invest Grupa as of 22 February 2024
Key expertise: Finance

Željko Menalo – Deputy Chairman of the Supervisory Board of Agro Invest Grupa as of 22 February 2024
Key expertise: Business Strategy

Pero Matić – member of the Supervisory Board of Agro Invest Grupa as of 22 February 2024
Key expertise: Technology and Production

Danijel Lastrić – member of the Supervisory Board of Agro Invest Grupa as of 22 February 2024
Key expertise: Human Resources

Sanda Vujkov Mustedanagić – member of the Supervisory Board of Agro Invest Grupa as of 22 February 2024
Key expertise: Legal Affairs

The Audit Committee of the Supervisory Board includes an independent member. The representation of women on the Supervisory Board is 20%.
Short curricula vitae of the Management Board and Supervisory Board members are stated on page 16 of the Management Report.

Expertise of members of the Management Board of Agro Invest Grupa in business conduct matters

Name and surname, function	Key expertise	Contribution to the business of Agro Invest Grupa
Ivan Pandurević, President of the Management Board	Strategy, Investments, IT and Business Development	Responsible for coordinating and managing the operations of the companies owned by Agro Invest Grupa Experienced in developing and rolling out investments and integrating technology solutions In his previous role as Executive Director of Development, Investments and IT in Žito grupa, he gained extensive experience in the digitalisation of business processes and business modernisation.
Stipo Matić, member of the Management Board until 22 February 2024	Takeovers, Restructuring and Finance Management	As the founder of M San ulaganja d.o.o., he had a key role in the takeover and restructuring of PPK Valpovo and PP Orahovica. He is experienced in managing various companies within the M SAN Group and related sectors (ICT, e-commerce) and shaping strategic financial decisions and restructuring.
Saša Breznik, member of the Management Board from 22 February 2024 to 31 January 2025	Agricultural Production and Enhancing Relationships with Partners	Lead teams in various agricultural production segments. Responsible for stabilising and enhancing business relationships and bringing PP Orahovica to the top of the Croatian agricultural production. Plays an active role in the undertaking's competitiveness in the EU market.
Vlado Čondić Galinčić, member of the Management Board from 22 February 2024 until 9 July 2024	Human Resources and Agricultural Production Management	Long experience in human resources management and business development. Was Executive Director for Agriculture at Agrokor/ Fortenova Group. Responsible for the agricultural production business in Bosnia and Herzegovina
Iva Brkić, member of the Management Board as of 22 April 2024	Strategic Development and Planning, Financial Analysis, Negotiating and Managing Client Relationships, Team Leadership	Manages the procurement and sales activities and teams of the companies owned by Agro Invest Grupa and the industrial production in the animal feed production segment. Actively participates in market analysis, aligns business strategies and optimises sales, procurement and production processes, contributing to business stability and financial efficiency. Provides support in establishing, building and keeping long-term relationships with partners (buyers and suppliers).

During 2024, the Management Board initiated and participated in sustainability topics as an active part of the working group for the development of sustainability strategy and plans. The Management Board participated in assessing and deciding on double materiality. The Management Board is responsible and accountable for risk assessment and management. It initiated surveys to examine employee engagement and the working environment, emphasising the social dimension of sustainability. A Working Group was established to compile the strategy and Sustainability Report. External consultants were engaged to calculate Scope 1 and 2 GHG emissions for 2023, and the intention was to expand the calculations to include Scope 3 and draft a transition plan until 2030. Also, external consultants were engaged at the end of 2024 to compile the sustainability strategy in 2025, including an in-depth analysis of the value chain and supplementing the assessment of impacts, risks and opportunities in all business segments.

Providing information to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

ESRS 2, GOV-2

The Management Board of Agro Invest Grupa has been fully included in assessing, planning and managing sustainability matters in all segments, including the environmental, social and governance segment. Besides regularly receiving information on sustainability topics, Management Board members have initiated and actively participated in sustainability meetings, workshops and trainings.

At the end of 2024, the Management Board was paying particular attention to drafting the strategy and ESRS reporting, participating in trainings enabling them to have an in-depth understand of how to compile the reports, set long-term objectives and implement the double materiality principle in business operations. Before publishing the Sustainability Report of Agro Invest Grupa, the Report was delivered to the workers' representatives who submitted a written opinion to the Supervisory Board, in accordance with Article 34 of the Accounting Act. Being part of the Management Report, the Sustainability Report is adopted by both the Management and Supervisory Board.

Integration of sustainability-related performance in incentive schemes

ESRS 2, GOV-3

Supervisory Board members do not receive remuneration for their work. Management Board members' remuneration has been set out in their managerial contracts. The salary of Management Board members is comprised of fixed and variable performance-based parts. The remunerations and salaries of Management Board members do not include key performance indicators relating to sustainability topics.

Statement on due diligence

ESRS 2, GOV-4

Due diligence, as a process for identifying, preventing, mitigating or describing how the actual or potential negative impacts on people and the environment had been addressed, was to some extent included in the Management Board's considerations of these impacts. In implementing this process, publicly available disclosures, such as national documents concerning agricultural production, documentation of the relevant international organisations, international rating agencies and specific topics important for agricultural production according to the SASB standard reporting were used. To fully comply with ESRS requirements and other international instruments relating to the precision of objectives and data integrity, in 2025 Agro Invest Grupa will conduct an in-depth due diligence process to audit its double materiality assessment process.

Risk management and internal controls over sustainability reporting

ESRS 2, GOV-5

Agro Invest Grupa manages business risks according to the type and nature of an individual risk. Various internal services or Group members monitor and manage specific risks. They have the required insights and resources to assess and manage such risks. The costs of resources needed for risk management are included in the annual business plan of Agro Invest Grupa to ensure their availability and optimal utilisation. Concerning financial risks, an assessment of potential financial consequences is conducted to ensure timely planning and decision-making. If necessary and in line with the circumstances during the business year, internal services regularly report to the Management Board of Agro Invest Grupa on potential risks. Actual and newly identified risks, their possible consequences and ways to prevent or mitigate them are discussed at Management Board meetings. If needed, the Management Board adopts resolutions to implement concrete operational, investment or financial measures aimed at risk control and damage prevention for the Group members. This ensures a timely and efficient answer to estimated risks and the protection of interests of Agro Invest Grupa and its Group members. Specific risks and how the Group addresses them are referred to in respective topical chapters.

Strategy, business model and value chain

ESRS 2, SBM-1

The Sustainability Statement of Agro Invest Grupa comprises the business activities of the undertaking in the Republic of Croatia and the Republic of Bosnia and Herzegovina. The primary activities of Agro Invest Grupa are crop farming, fish farming and processing, livestock farming, fruit growing, viticulture and other operating segments, which are described in more detail in the Management Report, commencing on page 20.

The business strategy of Agro Invest Grupa is focused on agricultural production, emphasising modernisation and the use of advanced technologies, including digitalisation in agriculture. The Group develops its fish farming, fruit growing and viticulture brands to increase its competitiveness and presence in the European Union market and in the regional market. Further expansion, financial stability and long-term investment plans are key components of its business strategy.

The Group's main aspirations are increasing competitiveness, growth in the EU market, adopting innovations, technologies and know-how, and value-added products. Agro Invest Grupa implements its strategy as follows:

1. Competitive and stable production
2. The development of own brands in fish farming, fruit growing and viticulture
3. Being number 1 in efficiency and effectiveness in agriculture production in the region
4. Implementing smart agriculture with the use of artificial intelligence.

The business strategy heavily relies on the modernisation of production and operations. This includes sustainability elements such as selecting efficient and long-lasting machinery and equipment, which impacts lower resource intensity. Generating energy from renewable sources decreases GHG emissions. By implementing ecological production in segments where this is commercially justified, product quality is enhanced and stakeholder expectations are met.

Operating income per business activities are shown on page 36 of the Financial Statements.

Since agricultural activities include very complex and diversified value chains, Agro Invest Grupa has so far done the initial mapping of its business processes and the related focal points and impacted stakeholders. In the upcoming period, the Group will map the upstream and downstream value chains to make a more precise connection of the focal points with impacts and risks. The materiality assessment will be expanded to include relevant business relationships in the value chain, using available and sectoral data where direct data are unavailable. Special attention will be paid to developing policies, objectives and actions that include actors in the value chain, while establishing a system for collecting and assessing data. The Group will use transitional provisions (ESRS 1, paragraphs 132-135) and phase in these activities while clearly stating the undertaken steps and plans for full implementation.

In 2025, a value chain in-depth due diligence is planned. The initial screening identified the following value chain components:

The upstream value chain includes:
- producers and contractors,
- procurement of raw materials, semi-products and products used in the production processes of Agro Invest Grupa,
- incoming transport,
- procurement of services.

The value chain in own operations includes:
- production processes,
- non-production processes and support processes.

The downstream value chain includes:
- outgoing transport and distribution,
- buyers and end users – use of products,
- landfill, recovery and recycling.

Stakeholder inclusion

ESRS 2, SBM-2

The interests and views of stakeholders have been referred to in the double materiality chapter and, where necessary, additionally described under topical standards.

Double materiality

Double materiality assessment process

ESRS 2, IRO-1

Within the business conduct, the Management Board of Agro Invest Grupa continuously reviews aspects of risk and opportunities management. A limited impact, risk and opportunity analysis was conducted, but a detailed catalogue of impacts, risks and opportunities is still under development. The initial findings gave us a relatively informed insight into the most important points concerning impacts, risks and opportunities. In line with the ESRS 2 – IRO requirements, Agro Invest Grupa plans to implement a deeper and structurally comprehensive approach in identifying and assessing material impacts, risks and opportunities concerning its business activities. In defining this approach, the Group will consider all relevant criteria, including location, activity, sector and transaction structure, to ensure a comprehensive overview of potential risks and opportunities in its business operations. Approximations and industrial assumptions were used in some aspects where detailed data relating to possible impacts, risks and opportunities were unavailable. In the upcoming period, Agro Invest Grupa will introduce a more precise methodology of assessing and documenting these factors to enable alignment with best practices and sustainability standards.

Agro Invest Grupa conducted the double materiality assessment process, which commenced at the beginning of 2024, by assessing the impacts of the undertaking on the environment and people. The Management Board of Agro Invest Grupa assessed the materiality of specific topics referred to in the European Sustainability Reporting Standards. The assessment considered the description of the areas and topics referred to in ESRS to link the assessed impacts of business operations to the relevant topics referred to in ESRS. Agro Invest Grupa has undertaken substantial preparations to conduct an in-depth analysis of the value chain in 2025 and assess impacts, risks and opportunities and compile their detailed catalogue.

To compile the Sustainability Report, previous data on impacts were used, along with an analysis of the context of the Group's operations and historical data on impacts and risks. The Management Board of Agro Invest Grupa participated in assessing the material topics as well as selected material areas that need to be reported in subsequent supplements. Descriptions of the topics are available under the respective topical standards.

Impact materiality

The initial assessment conducted at the beginning of 2024 included an overview of the Group's activities and business relationships. Their sustainability context was determined, whereby the basis for identifying materiality was defined. To define the topics to be assessed, actual and potential impacts of the Group's operations and key stakeholders were identified. The double materiality assessment processes included stakeholders' views via an on-line survey with the participation of 123 stakeholders. The stakeholders assessed the areas of governance, environment and social matters, as well as working environment and business operations across 23 topics. A quantitative assessment was made, and the average grade equal to or higher than 4.00 (on a scale of a maximum of 5.00) was taken as the materiality threshold.

In estimating impacts, the following areas were estimated as material:

Topic	ESRS disclosure equivalent
Energy management	E1
Impact on biodiversity	E4
Waste management	E5
Management of types of waste generated from production	E5-5
Management of raw materials and materials	E5-4
Employee management	S1-6
Occupational health and safety	S1-1-S-5 / S1-14
Education and training	S1-1-S1-5 / S1-13
Freedom of association and collective bargaining	S1-1-S1-8
Human rights protection	S1-1- S1-5 / S1-17 / S2-1- S2-5
Non-discrimination policies	S1-1 / S1-17
Relationship with the local community1	S3
Governance structure and composition	ESRS 2 GOV-1 / G1-1
Election and management of the top management body	G1
Incentives process	G1 / S1
Anti-corruption policies	G1-3 / G1-4
Supplier management policies	G1-2 / G1-6
Financial results	Entity-specific disclosures contained in the Management Report
Indirect financial impact	

Financial materiality assessment

The Management Board made an initial assessment of materiality and financial impacts. They assessed the likelihood of occurrence and the magnitude of a potential financial impact. At this phase, the focus was on identifying the areas that may positively or negatively impact the financial operations. A more comprehensive and deeper assessment of the financial materiality will be done in 2025, after compiling a detailed risks and opportunities catalogue and a thorough assessment of the climate change physical and transition risks.

The likelihood of occurrence and impacts per topic are shown in the outline below:

Climate change	**high likelihood / extremely high impact**
Own workforce	high likelihood / high impact
Biodiversity and ecosystems	medium likelihood / medium impact
Pollution	low likelihood / high impact
Consumers and end buyers	low likelihood / medium impact
Water and water resources	low likelihood / medium impact
Business conduct	low likelihood / medium impact
Circular economy	extremely low likelihood / medium impact
Impact on the community[1]	extremely low likelihood / extremely low impact
Workers in the value chain[2]	extremely low likelihood / extremely low impact

1 – Remark concerning the topic of impact on the community. Although impact assessment was done, assessments did not relate to the content of ESRS S3. Since they were assessed as extremely low in the assessment of financial impacts as well, they are not considered material.

2 – Irrespective of the fact that financial impacts were assessed as low, given the number and vulnerability of stakeholders, this topic is considered material.

Identified stakeholders and their interests and views

Stakeholders	Interests and views	Manner of communication and inclusion
Employees (managers and heads / workers / seasonal and temporary workers / foreign workers)	Interests and views Secure employment and adequate wages Labour rights protection Occupational health and safety Career development Respect for diversity Product safety and compliance Product availability and production stability Correct product labelling and transparency Fair pricing	Meetings Direct and written communication Individual communication Annual engagement surveys Onboarding discussions Informal and formal events
Buyers and end users: buyers and business partners / end consumers	Fair business relationships and procurement procedures Paying suppliers regularly Long-term cooperation Measures to combat corruption and bribery	Meetings Direct and written communication Events, fairs Feedback information on products
Suppliers and business partners: large enterprises / SMEs / family farms / crafts	Lawfulness of business operations Product compliance Responsible financial and business management Responsible investments Regularly settling financial obligations	Meetings Direct and written communication Events, fairs Tenders
State organisations: ministries / agencies / administrations bodies / other bodies	Lawfulness of business operations Responsible financial and business management Successful business operations Risk management Regularly settling financial obligations	Sastanci Izravna i pisana komunikacija Događaji Izvještaji Provedba nadzora
Financial stakeholders: banks / credit institutions / insurance companies / leasing companies / investors	Lawfulness of business operations Responsible financial and business management Successful business operations Risk management Regularly settling financial obligations	Meetings Direct and written communication Events Reports Implementing oversight
Social partners: unions	Social dialogue Protecting and enhancing workers' rights Inclusion in decision-making processes	Meetings Direct and written communication Events Reports and announcements
Local communities	Revenues and charges Local employment Collaboration within local initiatives Environmental protection and pollution prevention Avoiding or mitigating impact (noise / smells) Impact on the local traffic Sponsors and donations Sponsors and donations	Meetings Direct and written communication Events
Local communities Civil society associations, NGOs	Sponsors and donations	Direct and written communication Events, fairs, sports events
Education and science: faculties / secondary schools / scientific institutes	Traineeships and employment Collaboration in scientific projects Knowledge transfer	Meetings Direct and written communication Events and presentations Career day

Uncertainty of assessment and process updates

Taking into account that the double materiality assessment considered the identification of impacts, risks and opportunities made earlier, which the Management Board linked to the topics referred to in ESRS, there is some uncertainty relating to the double materiality assessment. The assessment was based on the tested context and business analysis. In 2025, we plan a comprehensive process upgrade. For the process upgrade, Agro Invest Grupa will undertake the following:

- a detailed mapping of the entire value chain for all business lines, including identifying focal points and mapping the related and impacted stakeholders;
- a detailed assessment of positive and negative impacts, both actual and potential, and an assessment of their time horizon;
- a detailed evaluation of risks and opportunities connected with sustainability matters;
- compiling a comprehensive catalogue of impacts, risks and opportunities;
- boosting of the system of collecting key data and indicators in the value chain;
- development of a methodology for the quantification of financial data;
- implementing a stakeholder engagement process to gather relevant views, emphasising involving expert stakeholders.

Material impacts, risks and opportunities 2024

ESRS 2, IRO-2

TOPIC	Impact	Risk	Opportunity
ESRS E1 - Climate change	√	√	
ESRS E2 - Pollution	√	√	
ESRS E3 - Water and marine resources	√	√	
ESRS E4 - Biodiversity	√	√	
ESRS E5 - Circular economy	√	√	√
ESRS S1 - Own workforce	√	√	√
ESRS S2 - Workers in the value chain	√	√	
ESRS S4 - Consumers and end users	√	√	√
ESRS G1 - Business conduct	√	√	√

Disclosure requirements in ESRS covered by the undertaking's Sustainability Report

ESRS 2, IRO-2

Material topics, sub-topics and impacts, risks and opportunities have been described under the chapters on topical standards.

Following the materiality assessment, the ESRS S3 Affected communities was assessed as not material. The disclosures assessed as material were referred to in the topical chapters, or the option to postpone disclosure was used:

DISCLOSURE	Page/remark
General information	
ESRS 2 - General disclosures	124
Environmental information	
ESRS E1 - Climate change	138
Disclosure under Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation)	148
ESRS E2 - Pollution	158
ESRS E3 - Water and marine resources	165
ESRS E4 - Biodiversity	The undertaking uses the option to postpone disclosures
ESRS E5 - Circular economy	174
Social information	
ESRS S1 - Own workforce	182
ESRS S2 - Workers in the value chain	The undertaking uses the option to postpone disclosures
ESRS S4 - Consumers and end users	The undertaking uses the option to postpone disclosures
Governance information	
ESRS G1 - Business conduct	204

Disclosures stemming from other legislation or generally accepted sustainability reporting pronouncements

ESRS 2, BP-2

Published in Appendix 2 at the end of the Sustainability Report.

ESRS E1: CLIMATE CHANGE

Disclosure requirement		Information
Requirement related to ESRS 2 GOV-3	Integration of sustainability-related performance in incentive schemes	129
Requirement related to ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	141
Requirement related to ESRS 2 IRO-1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	143
ESRS E1-1	Transition plan for climate change mitigation	141
ESRS E1-2	Policies related to climate change mitigation and adaptation	143
ESRS E1-3	Actions and resources in relation to climate change policies	143
ESRS E1-4	Targets related to climate change mitigation and adaptation	144
ESRS E1-5	Energy consumption and mix	144
ESRS E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	146
ESRS E1-7	GHG removals and GHG mitigation projects financed through carbon credits	147
ESRS E1-8	Internal carbon pricing	147
ESRS E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	Use of phase-in option

Climate change represents a considerable challenge for the agricultural sector in Croatia in terms of facing its consequences and adapting to them. As a country with a long agricultural tradition, Croatia faces significant impacts from climate change that require urgent adaptation and mitigation.

Large agricultural companies play a key role in transforming the sector, facing challenges such as climate change, which significantly impact production. High temperatures and adverse weather conditions (droughts, floods, rain patterns, ice and storms) are becoming serious obstacles for traditional farming methods. Agricultural activities involve significant energy consumption and negatively impact fugitive emissions. This impacts the need for adaptations in business models, as well as long-term goals and plans. Concerning using energy from renewable sources, there is significant potential in developing proprietary photovoltaic systems for energy generation, which Agro Invest Grupa is also pursuing.

A prerequisite for setting climate-related objectives is a detailed and thorough assessment of climate risks, which Agro Invest Grupa still needs to develop for all its sites. The data on energy use and GHG emissions in this disclosure relate to 2023, as it has been taken as the base year for the calculations. The data for 2024 has not been calculated yet, as its full availability for all business lines and all sites could not be ensured. The Group commits to disclose the calculations for 2024 in a separate document, which will be publicly available on the Group's website as a supplement to this Report, as soon as the calculations are completed.

ESRS 2 General Disclosures

Identified impacts, risks and opportunities

CLIMATE CHANGE			
Negative impact – actual; in own operations			
GHG emissions from production	The energy used in production creates GHG emissions. However, fugitive emissions have the biggest negative impact. Given the specific features of business activities, these emissions are unlikely to be reduced.	Originating from the business model	Short-term to long-term
ENERGY			
Negative impact – actual; in own operations; in the upstream and downstream value chain			
Consumption of electricity and energy sources	In agricultural production, energy and energy sources are significantly consumed, both in own production processes and in other parts of the value chain.	Originating from the business model; linked to business relationships	Short-term to long-term
Negative impact – actual; in own operations; in the upstream and downstream value chain			
Consumption of energy sources in transportation	Transportation is an integral part of the business operations in agricultural production. At the input and output of production processes, as well as in own operations, there is significant consumption of energy sources.	Originating from the business model; linked to business relationships	Short-term to long-term
Positive impact – actual; in own operations			
Generation of electricity from its own solar power plants	By developing its own solar power plants, the Group reduces its footprint and supports the development of renewable energy sources (RES).	Originating from the business model	Mid-term to long-term

RISKS AND OPPORTUNITIES CONNECTED WITH CLIMATE AND ENERGY			
RISK; in own operations			
Impact of climate change on agricultural production	Climate change significantly affects adverse and extreme weather conditions such as droughts, floods, poor rainfall distribution, ice and storms. The unpredictability of weather events poses significant risks to agricultural production, which can also have substantial financial implications.	Originating from the business context	Short-term to long-term
RISK; in own operations			
Climate risk assessment	Climate risk assessment has been made at a general level without analysing all business processes and all locations. This represents a risk for planning, goals setting and defining measures for climate change adaptation, which may have financial impacts.	Originating from the business model	Short-term to long-term
RISK; in own operations; in the upstream and downstream value chain			
Prices of energy and energy sources	Prices of energy may significantly impact the costs of production and transportation.	Linked to business relationships.	Short-term to long-term
OPPORTNITY; in own operations; in the upstream value chain			
Generation of electricity from its own solar plants and procurement of energy from renewable energy sources (RES)	The generation of electricity from its own solar power plants can represent an opportunity to reduce energy costs. Purchasing electricity from renewable sources (RES) would fully reduce the Group's footprint in this segment.	Originating from the business model	Short-term to long-term

Management approach

E1-1 Transition plan for climate change mitigation

E1-1

In 2024, data was collected to calculate Scope 1 and 2 GHG for 2023 as the baseline year, which were defined at the beginning of 2025. Simultaneously, preparations were initiated for a thorough analysis of business processes to identify physical and transitional climate risks for all business lines, business opportunities and key impacts on climate change from business operations. The transition plan will be adopted once targets and actions are defined and scenarios related to climate change are analysed, based on all these analyses.

In line with the above, as part of the calculation of Scope 1 and 2 emissions for the baseline year 2023, recommendations have been developed for climate change mitigation actions that can be used as a basis for developing the transition plan. The recommendations do not represent a final list of actions, as each action needs to be elaborated taking into account the technical, economic and environmental perspective, for example, by conducting a feasibility study, cost-benefit analysis, life cycle assessment (LCA) and the like to justify the sustainability of investment. The goal is to prove the sustainability of an investment before including it in the plan and implementing it. In addition to calculating Scope 3 emissions and adopting actions to manage them, recommendations are focused on a system of continuous measuring and tracking energy consumption and emissions, actions to increase energy efficiency and the share of renewable energy sources in construction, replacing fossil fuels with renewable energy sources, optimising the use of vehicles and agricultural machinery, regular maintenance and gradual transition to alternative fuels. Their focus is also on optimising livestock diet to reduce methane generation, improving livestock and manure management and optimising fertiliser application, forest farming and carbon sequestration through soil and investing in CO2 compensation projects.

Material impacts, risks and opportunities and their interaction with strategy and business model

ESRS 2 SBM-3

E1

The identified risk of climate change impacts on agricultural production is deemed to be a physical climate risk, considering that climate change materially impacts the occurrence of adverse and extreme weather conditions. The identified risks of lacking climate risk assessments and energy sources' costs can be considered climate change transition risks.

They have been identified per business lines and are shown in the table below.

Physical and transition climate change risks and opportunities

CLIMATE CHANGE	Arable farming and fruit growing	Viticulture	Livestock farming
ACUTE PHYSICAL CLIMATE RISKS			
Drought	O	O	
Frost		O	
Flood			
Stormy wind			
Hail		O	
Extreme increase in precipitation	O		
Fire			
Heat wave		O	
Landslide			
SHORT-TERM PHYSICAL CLIMATE RISKS			
Sea level rise			
Saltwater intrusion			
Increase in average air temperature			
Wind change			
Water shortage			
Change in frequency and amount of precipitation			
Soil erosion			
Ocean acidification			
Foot shortage			
TRANSITION RISKS			
Increase price of GHG emissions			
Increased reporting requirements	O	O	
Legal regulation of products and services	O	O	
Exposure to litigation/inspections, fines	O	O	
Changes in regulation	O	O	
Substituting existing products and services with low emission options			
Unsuccessful investments in new technologies			O
Costs of transition to low emission technology			O
Changes in customer behaviour	O	O	
Volatility of market signals	O	O	
Increased raw material costs	O	O	
Negative feedback from stakeholders			
Employee relations	O	O	

LEGEND low risk medium risk high risk extreme risk O = opportunity

Upon completing a thorough analysis of these risks for the business model, a resilience analysis of the business models relating to climate change risks will also be conducted.

Managing impacts, risks and opportunities

ESRS 2 IRO-1

E1

Agro Invest Grupa assessed climate-related impacts, risks and opportunities in this phase at the top (general) level. By analysing the business lines of livestock farming, agricultural production, fruit growing and viticulture, priority was put on identifying the most important physical and transition climate-related risks for these activities and possible opportunities for business activities as stated in the above table. An assessment of the business activity of fish farming was not made.

The process of assessing physical and transition risks and opportunities shown in the table above included key managers who reviewed the magnitude of the risk for individual production lines. Climate scenarios analysis was not conducted in this assessment phase. A detailed risk assessment will be done in an in-depth analysis of impacts, risks and opportunities planned in 2025.

E1-2 Policies related to climate change mitigation and adaptation

ESRS 2 MDR-P

E1-2

Policies related to climate change mitigation and adaptation have not been adopted at Agro Invest Grupa. Namely, the Group is currently assessing the impacts of climate change on its business operations and intends to conduct a thorough analysis before adopting formal policies. In line with business priorities and regulatory requirements, the Group will review the development of respective policies in the future.

E1-3 Actions and resources in relation to climate change policies

ESRS 2 MDR-A

E1-3

Agro Invest Grupa does not have formally defined specific measures or resources to manage climate change. However, it implements energy efficiency measures in its operations.
PP Orahovica has installed the following solar power plants: Silos Čačinci (power 215 kW), Ribnjak Donji Miholjac (90 kW), Prerada ribe Čačinci (133 kW), Ribnjak Kaniška Iva (165 kW) and Ribnjak Grudnjak (99 kW). In 2025, two more solar power plants will be installed, with a power of 49 kW and 99 kW, respectively. The total power generation from solar power plants in PP Orahovica in 2024 amounted to 660.75 MWh; while the consumption was at 485.12 MWh, which met about 12 percent of electricity needs.
PPK Valpovo has installed the following solar power plants: Silos and farmyard Valpovo (1 MW) and Brođanci (160 kW). The total energy generation from solar power plants in PPK Valpovo in 2024 amounted to 1,224.99 MWh, while consumption was 599.77 MWh, meeting about 44% of electricity needs.

Currently, climate aspects are being considered in the broader context of operational efficiency and sustainability, however, they are not formally specified as a separate initiative. Taking into account business priorities, the Group plans to gradually develop strategies and measures in accordance with regulatory requirements and industry practices.

Metrics and targets

E1-4 Targets related to climate change mitigation and adaptation

ESRS 2 MDR-T

E1-4

Agro Invest Grupa has not defined metrics and targets related to climate change because it is in the phase of assessing climate impacts on its business operations. The year 2024 saw the commencement of the data collection on Scope 1 and 2 GHG emissions for 2023 which is considered the baseline year. This report shows the values for Scope 1 and 2 GHG emissions for 2023; at the moment of the compilation of this report, the data for 2024 was still being collected. Although objectives have still not been formally defined, the Group is monitoring the parameters related to energy consumption. In the upcoming period, we plan to develop key indicators and objectives aligned with the regulatory framework and strategic priorities.

E1-5 Energy consumption and mix

E1-5

Activities of Agro Invest Grupa in high climate impact sectors

High climate impact sectors
A - AGRICULTURE, FORESTRY AND FISHING
01.1 Growing of non-perennial crops
01.11 Growing of cereals (except rice), leguminous crops and oil seeds
01.13 Growing of vegetables and melons, roots and tubers
01.19 Growing of other non-perennial crops
01.2 Growing of perennial crops
01.21 Growing of grapes
01.25 Growing of other tree and bush fruits and nuts
01.26 Growing of oleaginous fruits
01.4 Animal production
01.42 Raising of other cattle and buffaloes
01.46 Raising of swine/pigs
03.22 Freshwater aquaculture
01.63 Post-harvest crop activities
C - MANUFACTURING
10.20 Processing and preserving of fish, crustaceans and molluscs
10.39 Other processing and preserving of fruit and vegetables
10.41 Manufacture of oils and fats
10.91 Manufacture of prepared feeds for farm animals
11.02 Manufacture of wine from grapes

At Agro Invest Grupa, energy is used for the following purposes: heating and cooling of offices, warehouses and other enclosed spaces, dryers, electrical energy for lighting of rooms, outdoor areas, computers, machines, air conditioning, etc. and fuels for vehicles and working machinery.

Energy consumption per source

Energy consumption per source		2023
1	Fuel consumption from coal and coal products (MWh)	0
2	Fuel consumption from crude oil and petroleum products (MWh)	23,451.14
3	Fuel consumption from natural gas (MWh)	3,348.95
4	Fuel consumption from other fossil sources (MWh)	0
5	Consumption of purchased or acquired electricity, heating energy, steam and cooling energy from fossil sources (MWh)	4,408.08
6	**Total fossil energy consumption (MWh) (calculated as the sum of lines 1 to 5)**	**31,208.16**
	Share of fossil sources in total energy consumption (%)	98.06%
7	Consumption from nuclear sources (MWh)	0
	Share of consumption from nuclear sources in total energy consumption (%)	0
8	Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.) (MWh)	0
9	Consumption of purchased or acquired electricity, heat, steam and cooling from renewable sources (MWh)	0
10	Consumption of self-generated non-fuel renewable energy (MWh)	617.00
11	**Total renewable energy consumption (MWh) (calculated as the sum of lines 8 to 10)**	**617.00**
	Share of renewable sources in total energy consumption (%)	1.94
	Total energy consumption (calculated as the sum of lines 6, and 11) (MWh)	**31,825.44**

Energy intensity based on net revenue of the Group for 2023

Indicator	Amount
Energy intensity per net revenue[1] (MWh/EUR 1,000)	0.406
Total energy consumption from activities in high climate impact sectors per net revenue from activities in high climate impact sectors (MWh)	31,825.44
Net revenue from activities in high climate impact sectors used to calculate energy intensity (EUR 1,000)	78,339.00
Net revenues (other)	0.00

1 Total energy consumption from activities in sectors that significantly impact climate change per net revenue from activities in sectors that significantly impact climate change.

E1-6 Gross Scope 1, 2 and 3 GHG emissions

ESRS 1

E1-6

In 2024, data collection for Scope 1 and 2 GHG emissions for 2023 began, which is from that point onwards considered the baseline year. Not all data necessary for calculating Scope 1 and 2 emissions for 2024 were available when preparing this Report. The following steps are to collect data and make calculation for 2024, as well as do preparatory activities for the analysis and calculation of Scope 3 emissions.

The data that follow in Table 5 pertain to the gross emissions of seven greenhouse gases: carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF6) and nitrogen trifluoride (NF3), but are not limited to these gases. Below are the input data collected to calculate emissions in all Group companies:

- Fuel consumption by type: fossil fuels (natural gas, LPG, petroleum derivatives – gasoline and diesel)
- Electricity consumption
- The quantity of HFC gases in stationary and mobile air conditioning units
- The quantity of mineral and organic fertilisers, urea and lime on agricultural lands
- Agricultural land areas
- Number and type of livestock

GHG emissions, consolidated, Agro Invest Grupa

	Reference year 2023	2024
GHG emission Scope 1		
Gross Scope 1 GHG emissions (tCO2eq)	28,579.93	Data unavailable
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	0	0
GHG emission Scope 2		
Location-based gross Scope 2 GHG emissions (tCO2eq)	1,166.32	Data unavailable
Market-based gross Scope 2 GHG emissions (tCO2eq)	3,211.74	Data unavailable
Significant scope 3 GHG emissions		
Total gross indirect (Scope 3) GHG emissions (tCO2eq)	Unavailable	Data unavailable
Total GHG emissions		
Total Scope 1 + 2 (location-based) gross GHG emissions (tCO2eq)	29,746.24	Data unavailable
Total Scope 1 + 2 (market-based) gross GHG emissions (tCO2eq)	31,791.66	Data unavailable

GHG intensity based on net revenue

The intensity of GHG emissions is shown as the ratio of the total gross GHG emissions to total net revenues of the Group. The data in the table below pertains to 2023. The calculation for 2024 is under preparation.

GHG intensity per net revenue

GHG intensity per net revenue	2023
Total net revenue of Agro Invest Grupa (EUR 1,000)	78,339.00
GHG intensity per net revenue (t CO2 eq./EUR 1,000)	0.3797

E1-7 GHG removals and GHG mitigation projects financed through carbon credits

E1-7

Agro Invest Grupa does not conduct or finance GHG removal projects, does not participate in programmes for purchasing, selling or trading in carbon credits, and does not use carbon credits to offset GHG emissions. Agro Invest Grupa primarily focuses on plans for direct emission reductions through operational measures and efficiency improvements rather than on compensatory mechanisms.

E1-8 Internal carbon pricing

E1-8

Agro Invest Grupa does not apply an internal carbon pricing mechanism in its business processes, investments or strategic decision-making.

Information in accordance with Article 8 of Regulation (EU) 2020/852

Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment (Taxonomy Regulation) establishes a system for classifying economic activities, which the European Union established to enable a significant contribution to sustainability, while complying with the standards concerning human rights, battle against corruption, fair market competition and tax transparency. Article 8 of the Taxonomy Regulation provides for reporting obligation for undertakings covered by Non-Financial Reporting Directive (NFRD) (EU) 2014/95, which was replaced by Corporate Sustainability Reporting Directive (CSRD) (EU) 2022/2464, whose provisions were transposed to the Accounting Act of the Republic of Croatia (Official Gazette of the Republic of Croatia, Nos 85/2024 and 145/2024) and which are binding for Agro Invest Grupa.

Article 9 of the Taxonomy Regulation defines the following environmental objectives:

1) climate change mitigation,
2) climate change adaptation,
3) the sustainable use and protection of water and marine resources,
4) the transition to a circular economy,
5) pollution prevention and control,
6) the protection and restoration of biodiversity and ecosystems.

The reporting process in line with the requirements of the Taxonomy Regulation can be divided into the three principal steps:

- Assessment of potentially Taxonomy-eligible economic activities,
- Detailed assessment of compliance of identified Taxonomy-eligible economic activities with the criteria for environmentally sustainable economic activities set out in Article 3 of the Taxonomy Regulation. Technical criteria are defined by delegated acts of the Taxonomy Regulation, and include criteria of significant contribution to one or more environmental objectives, of not doing significant harm to other environmental objectives (DNSH) and compliance with minimum social safeguards,
- Calculation of key performance indicators (KPIs) for determining the degree of environmental sustainability of investments required to be reported under Article 3 of the Taxonomy Regulation, which relate to the ratio of Taxonomy-eligible and Taxonomy-aligned activities in turnover, capital expenditure (CapEx) and operational expenditure (OpEx).

In compiling disclosures related to Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment, we have also reviewed provisions of the following delegated acts of the Taxonomy Regulation:

- Commission Delegated Regulation (EU) 2021/2178 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information concerning environmentally sustainable economic activities of undertakings,
- Commission Delegated Regulation (EU) 2021/2139 supplementing Regulations (EU) 2020/852 of the European Parliament and 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 whether this economic activity causes significant harm to another environmental objective,
- Commission Delegated Regulation (EU) 2022/1214 amending Delegated Regulation (EU) 2021/2139 as regards economic activities in certain energy sectors and Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those economic activities,

- Commission Delegated Regulation (EU) 2023/2485 amending Delegated Regulation (EU) 2021/2139 establishing additional technical screening criteria for determining the conditions under which certain economic activities qualify as contributing substantially to climate change mitigation or climate change adaptation and for determining whether those activities cause significant harm to any of the other environmental objectives,
- Commission Delegated Regulation (EU) 2023/2486 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 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,
- Commission Delegated Regulation (EU) 2024/3215 on correcting certain language versions of Delegated Regulation (EU) 2021/2139 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 significant harm to any of the other environmental objectives.

Taxonomy-eligibility assessment

Article 1 of Delegated Regulation (EU) 2021/2178 supplementing Regulation (EU) 2020/852 of the European Parliament and Council by specifying the content and presentation of information on environmentally sustainable economic activities to be disclosed by undertakings as economic activity has been described in the delegated acts. Accordingly, a Taxonomy-non-eligible economic activity means any activity that is not described in the delegated acts. An analysis of potential Taxonomy-aligned economic activities of Agro Invest Grupa has been conducted considering all delegated acts related to the Taxonomy Regulation. The analysis has shown that Agro Invest Grupa generates turnover from the following Taxonomy-eligible economic activities:

- 7.7 Acquisition and ownership of buildings (CCM).

Along with the activities whereby Agro Invest Grupa generates turnover, this Sustainability Report and disclosures under the Taxonomy Regulation comprise the following activities, which have been recognised in the capital expenditure (CapEx) and/or operational expenditure (OpEx) of Agro Invest Grupa in 2024:

- 6.5 Transport by motorbikes, passenger cars and light commercial vehicles (CCM),
- 6.6 Freight transport services by road (CCM),
- 7.2 Renovation of existing buildings (CCM),
- 7.7 Acquisition and ownership of buildings (CCM).

Agro Invest Grupa does not engage in, finance or is exposed to activities related to nuclear energy and gas.

Overview and description of Agro Invest Grupa's Taxonomy-eligible activities in 2024 concerning turnover, capital expenditure (CapEx) and operational expenditure (OpEx)

6.5 Transport by motorbikes, passenger cars and light commercial vehicles (CCM),	Use of vehicles category M1 and N1 based on lease agreements. Agreements that meet the IFRS 16 criteria for lease recognition are shown in the CapEx category, and agreements that do not meet these criteria are shown in the OpEx category.
6.6 Freight transport services by road (CCM)	Use of vehicles category N1, N2 and N3 based on lease agreements. These agreements meet the criteria for lease recognition under IFRS 16 and are shown in the CapEx category.
7.2 Renovation of existing buildings (CCM)	Renovation and upgrade of non-residential buildings owned by the Group.
7.7 Acquisition and ownership of buildings (CCM)	The Group generates turnover based on lease agreements for non-residential buildings in its ownership. Simultaneously, the Group uses business premises based on lease agreements that meet the criteria for lease recognition under IFRS 16.

Assessment of alignment with Regulation (EU) 2020/852

A Taxonomy-aligned economic activity is such an activity that meets the criteria referred to in Article 3 of the Taxonomy Regulation, which relate to meeting all criteria for environmentally sustainable economic activities. These criteria include the criteria of significant contribution to one environmental objective, not harming any other environmental objective (DNSH) and compliance with minimum social safeguards.

Taxonomy-eligible economic activities identified in the turnover of Agro Invest Grupa are not aligned with the criteria for environmentally sustainable activities

- 7.7 Acquisition and ownership of buildings (CCM)

The Group generates turnover based on lease agreements for non-residential buildings. However, the managing of these buildings has not been aligned with the screening criteria referred to in the Taxonomy Regulation.

Taxonomy-eligible and Taxonomy-aligned activities of Agro Invest Grupa identified in capital expenditure (CapEx) and/or operational expenditure (OpEx) are not aligned with criteria for environmentally sustainable activities:

- 6.5 Transport by motorbikes, passenger cars and light commercial vehicles (CCM),

The Group uses personal and light commercial vehicles based on lease agreements; however, the record of these vehicles and their characteristics have not been aligned with the technical screening criteria referred to in the Taxonomy Regulation,

- 6.6 Freight transport services by road (CCM)

The Group uses commercial vehicles based on lease agreements; however, the record of these vehicles and their characteristics have not been aligned with the technical screening criteria referred to in the Taxonomy Regulation,

- 7.2 Renovation of existing buildings (CCM),

Renovation and upgrade of non-residential buildings owned by the Group; however, renovation has not been done in accordance with the technical screening criteria referred to in the Taxonomy Regulation,

- 7.7 Acquisition and ownership of buildings (CCM),

Key performance indicators (KPIs) relating to turnover in 2024

For the purposes of disclosures related to the Taxonomy Regulation, to calculate the turnover KPI, the turnover from sales has been used as the denominator pursuant to the definition of the turnover from sales referred to in the consolidated financial statements (Note 5 in the attached audited consolidated financial statements).

The numerator includes turnover from sales generated from Taxonomy-eligible and Taxonomy-aligned economic activities.

When calculating turnover KPIs, care was taken not to do a double count by showing a significant contribution of the same item for several environmental objectives for various Agro Invest Grupa's companies, both relating to capital expenditure (CapEx) and/or operational expenditure (OpEx).

Turnover (2024)	Turnover share / Absolute turnover	
	Taxonomy-aligned activities per objective (%)	Taxonomy-eligible activities per objective (%)
Climate change mitigation (CCM)	0%	0.29 %
Climate change adaptation (CCA)	0%	0 %
The sustainable use and protection of water and marine resources (WTR)	0%	0 %
The transition to a circular economy (CE)	0%	0 %
Pollution prevention and control (PPC)	0%	0 %
The protection and restoration of biodiversity and ecosystems (BIO)	0%	0 %

Information in accordance with Article 8 of Regulation (EU) 2020/852

Turnover			SUBSTANTIAL CONTRIBUTION CRITERIA						DNSH CRITERIA (DO NO SIGNIFICANT HARM)										
Economic activities (1)	Turnover (3)	Proportion of turnover, 2023 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Pollution (8)	Circular economy (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Pollution (14)	Circular economy (15)	Biodiversity and ecosystems (16)	"Share of turnover from taxonomy-aligned (A.1) or acceptable (A.2) activities year 2024 (18)"	"Share of turnover from taxonomy-aligned (A.1) or acceptable (A.2) activities year 2023 (19)"	Enabling Activity Category (20)	Transition Activity Category (21)	Transition Activity Category (21)
	(EUR)	%	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	%	%	E	T
A. Taxonomy-Eligible Activities																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)	0.00	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%											
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
7.7. Acquisition and ownership of buildings (CCM)	188,478.30	0.29%	0.29%	0.00%	0.00%	0.00%	0.00%	0.00%											
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)	188,478.30	0.29%	0.29%	0.00%	0.00%	0.00%	0.00%	0.00%											
Total (A.1. + A.2.)	188,478.30	0.29%	0.29%	0.00%	0.00%	0.00%	0.00%	0.00%											
B. Taxonomy-Non-Eligible Activities																			
Turnover of Taxonomy non-eligible activities (B)	64,141,333.78	99.71%																	
Total (A + B)	64,329,812.08	100.00%																	

Turnover (2024)	%
Climate change mitigation (CCM)	0.29 %
Climate change adaptation (CCA)	0 %
The sustainable use and protection of water and marine resources (WTR)	0 %
The transition to a circular economy (CE)	0 %
Pollution prevention and control (PPC)	0 %
The protection and restoration of biodiversity and ecosystems (BIO)	0 %

Key performance indicators relating to capital expenditures (CapEx KPI) in 2024

For the calculation of the key performance indicator related to capital expenditure (CapEx KPI), the denominator for the purposes of disclosures pursuant to the Taxonomy Regulation includes increases in tangible and intangible assets during the financial year, before depreciation and re-measurements. The denominator also includes increases in tangible and intangible assets resulting from business combinations, as presented in the consolidated financial statements (Notes 18, 20 and 21 of the attached audited consolidated financial statements).

The numerator is equal to the portion of capital expenditure included in the denominator that relates to capital expenditure associated with Taxonomy-eligible and Taxonomy-aligned economic activities.

When calculating capital expenditure KPIs, care was taken not to do a double count by showing a significant contribution of the same item for several environmental objectives for various Agro Invest Grupa's companies, both relating to turnover and/or operational expenditure (OpEx).

Capital expenditure (2024)	Capital expenditure share / Absolute capital expenditure	
	Taxonomy-aligned activities per objective (%)	Taxonomy-eligible objectives per objective (%)
Climate change mitigation (CCM)	0%	18.86 %
Climate change adaptation (CCA)	0%	0%
The sustainable use and protection of water and marine resources (WTR)	0%	0%
The transition to a circular economy (CE)	0%	0%
Pollution prevention and control (PPC)	0%	0%
The protection and restoration of biodiversity and ecosystems (BIO)	0%	0%

The capital expenditure (CapEx) plan as required by Commission Delegated Regulation (EU) 2021/2178

Agro Invest Grupa has not adopted a capital expenditure (CapEx) plan aligned with the requirements of Delegated Regulation (EU) 2021/2178 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information concerning environmentally sustainable economic activities to be disclosed by undertakings.

Information in accordance with Article 8 of Regulation (EU) 2020/852

Capital expenditure			SUBSTANTIAL CONTRIBUTION CRITERIA						DNSH CRITERIA (DO NO SIGNIFICANT HARM)										
Economic activities (1)	Turnover (3)	Proportion of turnover, 2023 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Pollution (8)	Circular economy (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Pollution (14)	Circular economy (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	"Share of turnover from taxonomy-aligned (A.1) or acceptable (A.2) activities year 2024 (18)"	"Share of turnover from taxonomy-aligned (A.1) or acceptable (A.2) activities year 2023 (19)"	Enabling Activity Category (20)	Transition Activity Category (21)
	(EUR)	%	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	%	%	E	T
A. Taxonomy-Eligible Activities																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)	0.00	0.00%	0.00%	0.00%	0.00%	0.00%	**0.00%**	0.00%											
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
6.5. Transport by motorbikes, passenger cars and light commercial vehicles (CCM)	65,488.15	0.57%	0.57%	0.00%	0.00%	0.00%	**0.00%**	0.00%											
6.6. Freight transport services by road (CCM)	66,233.39	0.57%	0.57%	0.00%	0.00%	0.00%	**0.00%**	0.00%											
7.2. Renovation of existing buildings (CCM)	2,005,179.52	17.36%	17.36%	0.00%	0.00%	0.00%	**0.00%**	0.00%											
7.7. Acquisition and ownership of buildings (CCM)	41.236.51	0.36%	0.36%	0.00%	0.00%	0.00%	**0.00%**	0.00%											
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)	2,178,137.57	18.86%	18.86%	0.00%	0.00%	0.00%	**0.00%**	0.00%											
Total (A.1. + A.2.)	2,178,137.57	18.86%	18.86%	0.00%	0.00%	0.00%	**0.00%**	0.00%											
B. Taxonomy-Non-Eligible Activities																			
CapEx of Taxonomy non-eligible activities (B)	9,372,305.89	81.14%																	
Total (A + B)	11,550,443.46	100.00%																	

Capital expenditure (2024)	%
Climate change mitigation (CCM)	18.86 %
Climate change adaptation (CCA)	0%
The sustainable use and protection of water and marine resources (WTR)	0%
The transition to a circular economy (CE)	0%
Pollution prevention and control (PPC)	0%
The protection and restoration of biodiversity and ecosystems (BIO)	0%

Key performance indicators relating to operational expenditures (OpEx KPI) in 2024

For the calculation of the key performance indicator related to operating expenditure (OpEx KPI), the denominator includes direct non-capitalised costs relating to research and development, buildings renovation measures, short-term leases, maintenance and repair, as well as all other direct expenditures relating to the day-to-day servicing of property, plant and equipment carried out either by the undertaking itself or by a third party to whom these activities are outsourced, and which are necessary to ensure the continued and effective functioning of such assets (Notes 8 and 9 of the attached audited consolidated financial statements).
The numerator is equal to the portion of capital expenditure included in the denominator that relates to capital expenditure associated with Taxonomy-eligible and Taxonomy-aligned economic activities.
When calculating operational expenditure (OpEx) KPIs, care was taken not to do a double count by showing a significant contribution of the same item for several environmental objectives for various Agro Invest Grupa's companies, both relating to turnover and/or operational expenditure (OpEx).

Operational expenditure (2024)	Operational expenditure share / Absolute operational expenditure	
	Taxonomy-aligned activities per objective (%)	Taxonomy-eligible objectives per objective (%)
Climate change mitigation (CCM)	0%	0.26 %
Climate change adaptation (CCA)	0%	0%
The sustainable use and protection of water and marine resources (WTR)	0%	0%
The transition to a circular economy (CE)	0%	0%
Pollution prevention and control (PPC)	0%	0%
The protection and restoration of biodiversity and ecosystems (BIO)	0%	0%

Information in accordance with Article 8 of Regulation (EU) 2020/852

Operational expenditure

Economic activities (1)	Turnover (3)	Proportion of turnover, 2023 (4)	SUBSTANTIAL CONTRIBUTION CRITERIA: Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Pollution (8)	Circular economy (9)	Biodiversity and ecosystems (10)	DNSH CRITERIA (DO NO SIGNIFICANT HARM): Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Pollution (14)	Circular economy (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	"Share of turnover from taxonomy-aligned (A.1) or acceptable (A.2) activities year 2024 (18)"	"Share of turnover from taxonomy-aligned (A.1) or acceptable (A.2) activities year 2023 (19)"	Enabling Activity Category (20)	Transition Activity Category (21)
	(EUR)	%	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	%	%	E	T
A. Taxonomy-Eligible Activities																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)	0.00	0.00%	0.00%	0.00%	0.00%	0.00%	**0.00%**	0.00%											
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
"6.5. Transport by motorbikes, passenger cars and light commercial vehicles (CCM)"	97,312.58	0.26%	0.26%	0.00%	0.00%	0.00%	**0.00%**	0.00%											
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)	97,312.58	0.26%	0.26%	0.00%	0.00%	0.00%	0.00%	0.00%											
Total (A.1. + A.2.)	97,312.58	0.26%	0.26%	0.00%	0.00%	0.00%	0.00%	0.00%											
B. Taxonomy-Non-Eligible Activities																			
OpEx of Taxonomy non-eligible activities (B)	36,915,687.42	99.7%																	
Total (A + B)	37,013,000.00	100%																	

Operational expenditure (2024)	%
Climate change mitigation (CCM)	0.26 %
Climate change adaptation (CCA)	0%
The sustainable use and protection of water and marine resources (WTR)	0%
The transition to a circular economy (CE)	0%
Pollution prevention and control (PPC)	0%
The protection and restoration of biodiversity and ecosystems (BIO)	0%

AGRO INVEST grupa

ESRS E2: POLLUTION

Disclosure requirement		Information
ESRS 2 SBM-3 E2	Material impacts, risks and opportunities and their interaction with strategy and business model	159
ESRS 2 IRO-1 E2	Description of the processes to identify and assess material pollution-related impacts, risks and opportunities	159
ESRS E2-1	Policies related to pollution	160
ESRS E2-2	Actions and resources related to pollution	161
ESRS E2-3	Targets related to pollution	162
ESRS E2-4	Pollution of air, water and soil	162
ESRS E2-5	Substances of concern and substances of very high concern	Not material
ESRS E2-6	Anticipated financial effects from pollution-related impacts, risks and opportunities	Use of phase-in option

Agro Invest Grupa manages various business activities in the agricultural sector and is aware of the potential and actual impacts on pollution, particularly soil and water pollution from its own production and air pollution from transportation activities. The Group is investing in modernisation and the transition to environmentally friendly alternatives, while monitoring legislative changes and obligations and promoting employee training about safe practices.

There are numerous challenges, as the consequences of climate change and disturbances in weather conditions favour the development of various pests that are destroying various species. In agriculture, the use of pesticides and fertilisers is necessary, however, it may cause the pollution of soil as well as surface water and groundwater.

Agro Invest Grupa invests in the modernisation of production, primarily through developing smart solutions that minimise the use of protective agents. Additionally, to the extent that they are commercially viable, arable lands are being developed and expanded for their use as ecological focus areas.

ESRS 1 General Disclosures

Material impacts, risks and opportunities

ESRS 2 SMB-3

E2

Agro Invest uklanjanja stakleničkih plinova, ne sudjeluje u programima kupnje, prodaje ili trgovanja ugljičnim kreditima te ne koristi ugljične kredite za kompenzaciju emisija stakleničkih plinova. Agro Invest Grupa se primarno fokusira na planove za izravno smanjenje emisija kroz operativne mjere i poboljšanja učinkovitosti umjesto na kompenzacijske mehanizme.

POLLUTION			
Negative impact – actual; in own operations			
Use of fertilisers and pesticides	Agricultural practices with more pesticides and artificial fertilisers can impact pollution, reduce biodiversity and affect human health	Originating from the business model	Short-term to long-term
Dust emissions to air; fuel emissions	Emissions from production and transportation contribute to the increase in GHG and air pollutants	Originating from the business model and linked to business relationships	Long-term
Positive impact – actual; in own operations			
Ecological focus areas	In 2024, at PP Orahovica and PPK Valpovo over 50% of arable land was used for cultivating some type of nitrogen-fixating leguminous plants	Originating from the business model	Short-term to mid-term
Risk – in own operations, in the value chain			
Small-scale non-standardised production	Practices of small local farmers that can have negative impacts on soil, health and crop quality	Linked to stakeholders in the value chain (community)	Long-term
Soil heterogeneity	Heterogeneous soil quality requires specific fertilisation approaches (selective fertilisation)	Originating from the business model	Short-term to mid-term
Opportunity – in own operations			
Digitalisation of agriculture	Smart agriculture can result in more efficient monitoring of fertilisation and, consequently, lower relative fertiliser consumption	Originating from the business model	Short-term to mid-term

Impact, risk and opportunity management

ESRS 2 IRO-1

E2

Pollution issues in business activities were considered while assessing the positive and negative environmental and potential financial impacts in a process where the Management Board reviewed materiality. Production activities and all production sites are continuously monitored to prevent air, water and soil pollution. Agro Invest Grupa ensures that measuring equipment and instruments are accurate and that experts in specific areas of environmental protection carry out monitoring and verification. There was no consultation with impacted stakeholders.

E2-1 Policies related to pollution

ESRS 2 MDR-P

E2-1

In its daily operations, Agro Invest Grupa adheres to all legal regulations and regulatory frameworks governing environmental pollution and the requirements of permits necessary for responsible business conduct. At all sites where waste is generated, the Regulations on the Disposal of All Types of Waste from Technological Processes and the Operational Plan for Emergency Measures in the Case of Sudden and Accidental Water Pollution are applied.

In preventing pollution, the Agro Invest Grupa adheres to environmental protection principles prescribed by the legislation governing environmental protection and the acquis of the European Union, principles of international environmental law and scientific knowledge, best global practices and professional rules regarding precaution, environmental and economic sustainability, technological feasibility and the protection of resources and human health. Being aware of the requirements that this area be regulated by specific policies, the Group will consider their adoption after an in-depth analysis of the value chain of all production lines is finalised.

E2-2 Actions and resources related to pollution

ESRS 2 MDR-A

E2-2

Organic farming measures aim to reduce the negative impact of conventional agriculture on the environment by preserving the quality of water and air. Although specific policies in this area of management do not exist, the measures that the Group is implementing for pollution prevention and control are focused on the possibilities of reducing the use of pesticides, fertilisers, air emissions and on a more rational drying of agricultural crops.

Soil pollution prevention measures include an optimal use of pesticides and fertilisers and the use of organic and ecological agents. Using organic fertilisers in the fertilisation of perennial plantations reduces the negative effects of agriculture on the environment, increases biodiversity and contributes to producing high-quality and safe products. Additionally, purchasing organic raw materials (fertilisers and plant protection products) and using machines for mechanical weed removal reduces the use of herbicides in permanent crops. Using pheromone, visual and feeding traps in pest monitoring significantly reduces the number of insecticide treatments and increases the effectiveness of the insecticides used. The occurrence of pests is related to the climatic conditions of a particular site and is often in line with the host plant's phenophases (developmental stages). The most significant advantage of using this operation is the reduction of environmental pollution through insecticides, which has a direct impact on the increase of biodiversity of permanent plantations.

Operational Plans for Emergency Measures in the Case of Sudden and Accidental Water Pollution describe actions that need to be implemented if a sudden pollution occurs. They refer to the interruption of water supply, fencing off the contaminated site and flushing out the pollution with a large amount of water. At each site, there are impermeable bags, which are filled with sand or soil; constructing embankments prevents the spread of pollution. Fish kill can occur due to infection, pollution, high temperatures, water evaporation, or lack of oxygen. In the event of a fish kill, Agro Invest Grupa engages specialised services and refrigerated units to remove the fish from the site, while also identifying the cause, if it is related to infection or pollution and ensuring it is properly addressed.

Metrics and targets

E2-3 Targets related to pollution

ESRS 2 MDR-T

E2-3

Agro Invest Grupa has not set targets related to preventing and controlling pollution. In its daily operations, Agro Invest Grupa adheres to all laws and regulations and specific permit requirements that it is obtaining. The Group consider improvement opportunities to set targets for pollution prevention and control.

E2-4 pollution of air, water and soil

E2-4

All wastewater and air emissions testing is conducted in accordance with laws and regulations and the requirements of water management permits. All tested parameters have so far been within permissible values. Wastewater analyses are performed by an accredited laboratory using established methods for each specific substance they test. When sampling wastewater, either grab or composite samples are analysed, depending on the requirements of the water management permit.

Analyses of emissions to air are conducted by the Emissions Measurement and Air Quality Testing Laboratory (LME) according to the approved methods and requirements of the Regulation on Emission Limit Values of Air Pollutants from Stationary Sources (Official Gazette of the Republic of Croatia, No 42/21). This Laboratory analyses the emissions of the Group and its boiler rooms and dryers. The data is obtained from testing reports, and each year it is analysed to determine whether the maximum permitted levels are exceeded. After that, the data is reported to the Environmental Pollution Register. No records are kept on microplastics. All values listed in the pollution table are within the legally permitted limits, and it was not considered necessary to adopt specific measures for their prevention or reduction.

The data in the table represent values for the undertakings in the Republic of Croatia. The data for the undertakings in Bosnia and Herzegovina were unavailable by the time this Report was finalised.

Category	Pollutant	Source type	Site	Quantity
Air pollution	CO	Strahl dryer	PP Orahovica	0.0124
	NO2			0.0377
	CO2			28.8333
	M 10 particulate matter			0.0002
	CO	Cevovod dryer		0.0014
	NO2			0.0019
	CO2			2.5970
	substance			
	CO	Boiler rooms		0.0289
	NO2			0.0880
	CO2			67.2507
	M 10 particulate matter			0.0005
	CO	Steam boiler	PPK Valpovo	0.0004
	NOX			0.0576
	M 10 particulate matter	Emission from feed mills (TSH)		0.0010
	CO	Dryer		0.0439
	NO2			0.0858

Category	Pollutant	Source type	Site	Quantity t/year
Wattr pollution		Wastewater	PP Orahovica	Quantity mg/l wastewater
	Sulphates			13.4
	BOD			15.0
	COD			60.0
	Sulphites			0.2
	Sulphides			0.02
	Total hydrocarbons			2.38
	Nitrates			1.86
	Nitrites			0.04
	Total suspended solids			16.17
	Nitrogen			3.24
	Total phosphorus			0.29
	Chlorides			26.1
	Total oils and fats			3.4
	Total nitrogen			7.9
	Total phosphorus			0.9
		Wastewater	PPK Valpovo	
	BOD			1.3
	COD			8
	Total oils and fats			7
	Total nitrogen			1.8
	Total phosphorus			0.05
Soil pollution	Pesticides			125,943
	Substance			

ESRS E3: WATER AND MARINE RESOURCES

DISCLOSURE REQUIREMENT		INFORMATION
ESRS 2 SBM-3 E3	Material impacts, risks and opportunities and their interaction with strategy and business model	166
ESRS 2 IRO-1 E3	Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities	167
ESRS E3-1	Policies related to water and marine resources	168
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ESRS E3-3	Targets related to water and marine resources	170
ESRS E3-4	Water consumption	172
ESRS E3-5	Anticipated financial effects from water and marine resources-related impacts, risks and opportunities	Not reported - use of phase-in option

Agro Invest Grupa recognises the importance of water management in its diverse business activities, which include crop and fruit production, wine and alcoholic beverage production, freshwater fish farming, fish processing and livestock farming. Given its territorial position, Agro Invest Grupa has impacts, risks and opportunities only related to freshwater resources.

Croatia has significant freshwater resources, which are the largest in Europe at an average of 29,200 m3 per capita. Through its activities, modernisation and digitisation of systems, the Group aims to reduce water losses and optimise its use across all of its divisions. Part of the Agro Invest Grupa's operations is located within the Natura 2000 network of ecologically protected areas and special attention is paid on protecting biodiversity and natural habitats.

Agricultural activities require careful water management to ensure sustainable yields. Agro Invest Grupa invests in technologies that enhance water use efficiency, such as advanced and digital irrigation systems and equipment that reduces water consumption in the Group's facilities. By integrating these sustainable practices into our activities, we intend to contribute to reducing harmful impacts on water and to national goals of preserving water resources while ensuring the long-term sustainability of our agricultural and aquaculture activities.

ESRS 2 General Disclosures

Material impacts, risks and opportunities

ESRS 2 SMB-3

E3

WATERS			
Negative impact – potential; in own operations			
Water extraction and consumption	Agricultural activity significantly depends on water use in various segments, production and processing. Water is extracted for crop production, livestock watering and fish farming in ponds, all requiring large quantities of water. Although Agro Invest Grupa's production is not located in high water risk areas, significant water use can have negative effects.	Originating from the business model	Short-term to long-term
Negative impact – potential; in own operations			
Water discharge and waste water	In agricultural production, water is discharged into watercourses, and wastewater is discharged into infrastructure, which can have a negative effect.	Originating from the business model	Short-term to long-term
Positive impact – actual: in own operations			
Water discharge in fish ponds	Due to specific features of the fish farming process, the quality of water discharged from ponds into watercourses is higher than the quality of the impacted water.	Originating from the business model	Short-term to long-term
Risk – in own operations			
Droughts, low water and increased water needs	Climate change and prolonged periods of drought can lead to increased crop irrigation needs, thus requiring more water abstraction or higher costs for the Group. Low water can impact the stability and the quantity of water abstracted for fish ponds.	Originating from the business model	Short-term to long-term

Impact, risk and opportunity management

ESRS 2 IRO-1

E3

Agro Invest Grupa uses water in all of its production processes. The most significant quantity of water is abstracted in fish farming processes. However, water is also used in livestock farming for watering cattle, in arable agriculture, fruit and viticulture for irrigation, and in fish processing and wine production for washing and disinfecting facilities and equipment. The animal feed factory uses it as steam in the pellet-making process. Water is used to wash agricultural machinery and processing plants at all Agro Invest Grupa's sites.

In using water from leased ponds and watercourses and wells in its ownership, Agro Invest Grupa complies with all legal obligations (Agricultural Land Act, Official Gazette of the Republic of Croatia, No 57/22; Water Act, Official Gazette of the Republic of Croatia, No 47/23; Water Management Financing Act, Official Gazette of the Republic of Croatia, No 36/24). The Croatian water management authority, Hrvatske vode, has set out special conditions for water use within the Fish Pond Lease Agreement. Among other water pond management obligations, these conditions regulate how ponds are to be filled, the quantity of water that may be abstracted, reporting obligations and water analyses that need to be conducted. Also, they regulate the preservation of water quality and water discharge, with the aim is to preserve the ecosystem of the watercourses supplying these ponds. Concerning wells for water abstraction for the production processes or irrigation, the Group has obtained respective permits for water abstraction from the water authority, and the water quality is tested once or twice a year. The quantity of water which may be abstracted without endangering the water-bearing part of soil is prescribed for each well. This also serves to protect the wells used in the local community.

An insufficient quantity of water relative to the prescribed quantity available for abstraction into fish ponds poses a potential operational risk. The growing impact of climate change is evident in droughts, the lack of water in watercourses and the occurrence of a periodic water regime. Considering that each of the nine pond sites is specific, in the first year of filling, the available water quantities are monitored, including the filling level of the ponds and the availability of the water for replenishment. Water retention is also tracked, and daily losses are measured in case of significant losses (due to evaporation or the porosity of embankments and soil). Breeding processes are adapted by using the existing water quantities (by transferring the water from one plot to another, reducing the quantity of water discharged, i.e., increasing the utilisation of the already abstracted water). Wells at ponds from which water is abstracted are used to refill the plots during critical periods.

Concerning any water use activities, potential and actual impacts on operations are regularly reviewed, and relevant experts are consulted to ensure compliance with the regulations. Consultations with the community are conducted within the environmental screening procedure or environmental impact assessment when it comes to reconstructing ponds. In December 2024, we submitted studies for public consultations on the works to partition plots in the Grudnjak and Vrbovljani ponds to the Ministry of Environmental Protection and Green Transition. However, these studies have not been published on the competent Ministry's website yet, meaning that the consultations will take place in 2025. Additionally, consultations with the community took place when the River Basin Management Plan until 2027 was adopted. These consultations were conducted by Hrvatske vode.

Water use by the upstream and downstream value chain has not been assessed so far. After a detailed mapping of the value chain and the related impacts, risks and opportunities is conducted, the Group will invest efforts in checking its impact on water.

E3-1 Policies for water and marine resources

ESRS 2 MDR-P

E3-1

Agro Invest Grupa is aware of the increasing importance of responsible water resource management and the potential requirements arising from the ESRS E3 standard. Although we do not have a formally adopted Water Policy, we recognise the strategic importance of systematic water resource management as a key element of our sustainable business practices. The goal of Agro Invest Grupa is to comprehensively assess the situation at all production sites using water by the end of 2026 to identify opportunities for optimising the consumption and improving the water resource management processes. Based on the obtained results, recommendations will be prepared to optimise the water consumption, reduce losses, and improve the consumption monitoring system. Based on the results of the scanning and guidelines for improvement, we will develop a comprehensive Group Water Policy by the end of 2027.
We are committed to an active water resource management to ensure compliance with future regulatory requirements and contribute to our corporate sustainability goals. Our plan will enable systematic improvements in how we use water while reducing our ecological footprint and increasing operational efficiency.

The food safety policy adopted in line with the ISO 22000 standard, which has been implemented in the production processes of wine and hazelnut processing, and the IFS standard in fish processing, prioritise an economical use of safe water and the disposal of wastewater in a manner that does not endanger the environment.

According to the requirements of these standards, operational instructions that are applied guarantee that the water entering the production processes is of a high quality. External audits by the certification body for these standards are conducted annually, and so far, there have been no findings related to the abstracted water. All results of water analyses performed over the years according to the sampling plan have been below the permitted values. Moreover, analyses of the water discharged from the ponds show significantly lower levels of nitrates and phosphates than in the incoming water. Namely, aquatic plants and phytoplankton use these nutrient properties for their growth. Silver carp (Hypophthalmichthys molitrix v), which is usually grown in combination with carp (Cyprinus carpio), indirectly reduces organic matter, nitrates and phosphates, by having such aquatic plants and algae in its diet.

By comparison with the data on areas of water stress available in the Water Risk Atlas application of the World Resources Institute (WRI), the sites used by Agro Invest Grupa are not located in the areas with significant water scarcity. Given that the Group does not interact with oceans and seas in its operations, Agro Invest Grupa has not adopted policies or practices related to sustainable oceans and seas.

E3-2 Actions and resources related to water and marine resources

ESRS 2 MDR-A

E3-2

Water abstraction in ponds is done in several ways: from watercourses by the natural inflow or a pumping station, and by a combination of abstraction from the watercourses and accumulation through natural inflow, or natural inflow and the use of a pumping station.
After water abstraction, water management within the ponds is specific to each site. It is determined by the existing inlet and outlet structures and the available quantity of water from the watercourses and/or accumulations.

Besides abstracting water from the watercourse, the Lipovljani pond uses water from the accumulation. A tripartite Agreement was signed between Hrvatske vode, Petrokemija d.d. and PP Orahovica defining the management and maintenance of the Pakra accumulation, its water use priorities, needs and availability of water, as well as the scope of the work of the Committee for Accumulation Management.

After the completion of farming, the water from the ponds is released into the watercourse or transferred to the adjacent plot for re-use, thereby directly reducing the pressure on water abstraction from the watercourses. The water transfer from plot to plot depends on the breeding technology, which is adjusted yearly according to hydrological conditions and cannot be standardised.

Actions implemented:

- To improve water conditions, aerators are used to increase the oxygen concentration in the water, hydrated lime is used for pH regulation, and other methods are also implemented.
- In fish processing, a chlorinator is used to obtain water that meets the parameters for human consumption.
- In September 2024, EUR 20,000 was invested in installing 5 wash systems in Fish processing, resulting in better control of water consumption and of the use of cleaning agents in the facility. Water and cleaning agents consumption has been reduced by 20%;
- It is planned to recycle the water used for fish storage pools in Fish Processing, ensuring that more than 60% of the water is reused to maintain the necessary flow in the pools.

Actions in cooperation with Hrvatske vode:

- On a joint initiative by breeders and the Ministry of Agriculture – Fisheries Directorate to increase the availability of the needed water quantities for fish ponds, Hrvatske vode has launched projects to arrange supply channels to ponds. These projects have been submitted for co-financing from the European Maritime, Fisheries and Aquaculture Fund, under measure II.7 ‘Increase the potential of aquaculture sites’, whose implementation is ongoing from 2024 to 2026.
- Activities to reduce the risk of high water levels in the surrounding watercourses, which, among other things, has a direct impact on reducing the risk of insufficient pond water quantities. Namely, some ponds are used to accumulate the excess water from the canal network as a flood defence measure. Through minimal interventions (raising embankments), it is possible to collect additional quantities of water from the watercourses during large water waves, thereby preventing the flooding of villages and agricultural areas and the resulting damage. At the same time, this would provide the ponds with a water reserve for the dry period. The project to raise embankments on the ponds is currently in the negotiation process with Hrvatske vode.

Actions and activities necessary for management compliance with the requirements of the Natura 2000 areas, as well as environmental impact assessments and studies:

- Water abstraction according to the quantity of water in the watercourses (PP Orahovica, fish farming): measures are applied during periods of drought or flooding. During low water levels in dry periods, water is transferred from plot to plot, thereby reducing water abstraction for the fish breeding process; in case of flooding, the plots are filled to retain water for further breeding.
- Respecting the ornithological value of the ponds (PP Orahovica, fish farming): the measure is applied continuously and concerns the filling of plots in periods aligned with the requirements of Natura 2000. This ensures fish breeding in at least 80% of the total pond area and care for the vegetation on the ponds according to the requirements of Natura 2000.

The data related to the financial resources allocated for mitigating impacts on water are aggregated within higher-level data, and it was not possible to isolate the quantities that relate to water only.

Actions implemented at fish ponds can be classified under the mitigation measure of reclaiming and reusing water. Namely, after breeding, the water from the ponds is released into the watercourse or transferred to the adjacent plot for reuse, thereby directly reducing the pressure on water abstraction from the watercourses.

As previously mentioned, the sites where Agro Invest Grupa operates are not considered high risk water areas, nevertheless, the Group implements measures to regulate water quantities during dry periods. Data on financial resources for implementing actions is not available at this time.

Metrics and targets

E3-3 Targets related to water and marine resources

ESRS 2 MDR-T

E3-3

By the end of 2026, Agro Invest Grupa will comprehensively assess conditions at all our production sites that use water to identify opportunities for optimising consumption and improving water resource management processes.

By the end of 2026, Agro Invest Grupa will identify all production units that use water and collect the data on the quantity of consumption, water sources and processes in which water is used. It will also identify possibilities for recycling and reuse, assess the efficiency of the existing water management systems and identify potential risks and opportunities for improvement.

Based on the results obtained, recommendations will be prepared to optimise the water consumption, reduce losses and improve the consumption monitoring system. Following the results of the screening and improvement guidelines, by the end of 2027, a comprehensive Water Policy for Agro Invest Grupa will be developed.

We are committed to active water resource management to ensure compliance with future regulatory requirements and to contribute to our corporate sustainability goals. Our plan will enable systematic improvements in how we use water while reducing our ecological footprint and increasing operational efficiency.

Maximum quantities of water that can be abstracted and used are prescribed based on the condition of water bodies, ensuring no negative impact on the environment. These quantities are set out in the Water Management Conditions, Special Conditions for the Use of Water for Fish Ponds, and Water Management Permits for Wells and Irrigation. The quantities are stated in the table below.

Maximum quantities of abstracted water

Maximum quantities of abstracted water according to concessions, PP Orahovica (PPO)	m^3/year
Fish processing	25,000
Vereš Majur farm	50,000
Maximum quantities of abstracted water according to water management terms and conditions, PPO	
Grudnjak pond	20,000,000
Donji Miholajc pond	22,000,000
Lipovljani pond	15,350,000
Pisarovina pond	4,500,000
Baranja pond	16,000,000
Okučani pond	10,500,000
Kaniška Iva pond	7,843,750
Jasinje pond	14,350,000
Narta pond	15,000,000
Maximum quantities of abstracted water according to water permits, PPO	
Well 1 Grudnjak pond	10,000
Well 2 Grudnjak pond	10,000
Well 3 Grudnjak pond	10,000
Well 4 Grudnjak pond	10,000
Central service	10,000
Slanac accumulation	1,000
Maximum quantities of abstracted water for irrigation – fruit growing and viticulture, PPO	
Dragodinac accumulation	25,920
Seginac accumulation	72,000
Maximum quantities of abstracted water according to water permits, PPK Valpovo (PPKV)	
Brođanci	10,000
Habjanovci	10,000
Silos – administrative building area	10,000
Maximum quantities of abstracted water for irrigation, PPVK	
Brođanci	88,000

Also, in accordance with the Regulations on Conservation Objectives and Conservation Measures for Targeted Bird Species in the Ecological Network Area (Official Gazette of the Republic of Croatia, Nos 25/20, 38/20), the general objectives for carp ponds include:

- maintaining a favourable hydrological regime in the areas of large reedbeds and rushbeds, and a favourable ratio of reedbeds, rushbeds and open water surfaces
- at least one-third of the total production area is completely filled with water throughout the year (except in the event of a natural disaster such as drought)
- at least one plot with a minimum area of 20 ha is primarily non-productive, and at least 85% of its area is filled with water (except in the event of a natural disaster such as drought)

E3-4 Water consumption

E3-4

Water in the production processes is abstracted from the wells owned by the Group. These wells are equipped with water meters which are read at least once a month. In various production processes water is also abstracted from the municipal water supply. For example, all water in the wine production process originates from the municipal water supply. In contrast, the fish processing process gets a part of its water from the municipal water supply. All sites use tap water as sanitary water.

The quantities of water abstracted at fish ponds are estimated based on the fish farming plots' surface area and their water depth. For irrigation, water from wells is used in accordance with water management permits, and the quantity of water abstracted depends on weather conditions (e.g., drought). It is reported per area irrigated.

The allowed quantities of discharged wastewater are specified in the water management permits for wastewater discharge, which are based on the production processes. In none of the processes is wastewater discharge measured directly; instead, the quantity is calculated based on the production process in which the water is used. The quantities of abstracted water and discharged wastewater are reported to Hrvatske vode.

The water used in processes that must meet drinking water standards is tested according to sampling plans, depending on the needs of the process itself. Wastewater is tested at a frequency set out in the respective water management permit. In the previous period, analyses showed that all substances were within the permitted limits.

The data below relating to water consumption, abstraction and discharge, refer to the undertakings operating in the Republic of Croatia. Concerning the undertakings operating in Bosnia and Herzegovina, collecting agricultural data poses a challenge due to a labour shortage and the fact that many employees are engaged in the fieldwork. Furthermore, business and data collection systems are not as developed as those in Croatia. In the coming years, the introduction of sustainability training systems and improved data collection and processing systems is planned to ensure more accurate and reliable agricultural statistics.

Water consumption

Water consumption	2024				
	Fish farming	Fish processing	Wine production	Livestock farming	Machinery washing
Total water consumption (m^3)	41,150,185	9,347	6,031	20,744	3,339
Total water consumption in areas at water risk (m^3)	0	0	0	0	0
Total water recycled and reused (m^3)	0	0	0	0	0
Total water stored and changes in storage (m^3)	0	0	0	0	0

Water consumption in fish farming relates to the water in the production process. Upon the completion of this process, at a certain point in time the majority of the water is discharged. In livestock farming, water is used for watering livestock.
Given that water consumption data is available only for the Republic of Croatia, water consumption in m3 per EUR million of total revenue (generated by the undertakings in the Republic of Croatia) amounts to 533,559 m^3.

Abstracted and discharged water

Additional data on water (2024)					
Activity	Fish farming	Fish processing	Wine production	Livestock farming	Machinery washing
Total water abstracted (m^3)	90,913,315	9,347	6,031	21,024	3,339
Total water discharged (m^3)	49,763,130	9,347	6,031	280	3,339

Depending on the activity, the water from production is discharged into the watercourses (fish ponds), treatment plants and grease and oil separators (fish processing), grease and oil separators (machinery washing) and the sewage system (viticulture). None of the production processes treat water or reuse it. The capacity of all production processes that use water is increasing, so a reduction in the quantity of water abstracted and discharged is not expected in the upcoming periods.

ESRS E5: RESOURCE USE AND CIRCULAR ECONOMY

Disclosure requirement		Information
ESRS 2 SBM-3 E5	Material impacts, risks and opportunities and their interaction with strategy and business model	175
ESRS 2 IRO-1 E5	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	176
ESRS E5-1	Policies related to resource use and circular economy	176
ESRS E5-2	Actions and resources related to resource use and circular economy	176
ESRS E5-3	Targets related to resource use and circular economy	177
ESRS E5-4	Resource inflows	177
ESRS E5-5	Resource outflows	180
ESRS E5-6	Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities	Use of phase-in option

Agro Invest Grupa understands the need to align with the requirements of a circular economy, including resource inflows and outflows and responsible waste management and reduction.

Like much of Europe, Croatia is transitioning to a circular economy with government policies focused on improving waste management and circular practices. However, Croatia still faces challenges in sustainable management and, according to analyses, only about 2.7% of the Croatian economy[2] is considered aligned with the principles of the circular economy . In agriculture, waste management is particularly important because what would otherwise be discarded can be converted into valuable resources such as organic fertilisers, compost and energy products.

Agricultural waste can be transformed into useful products, which reduces waste disposal costs and generates additional income for farmers. Implementing circular economy strategies in agriculture supports ecological sustainability, enhances resource efficiency and reduces dependence on external inputs. By adopting circular practices, Agro Invest Grupa can mitigate risks associated with resource depletion and disruptions in the supply chain.

Agro Invest Grupa complies with all laws and regulations related to waste management; however, given other business priorities in the recent years, a specific waste management strategy has not been developed. In future periods, the Group will pay more attention to waste management, such as reuse, recycling and material recovery, to reduce waste and promote a closed system.

Agro Invest Grupa will incorporate an assessment of the current resource use, setting objectives for a circular material use and implementing measures to achieve these objectives in our value chain. This includes stronger collaboration with suppliers, distributors and customers to optimise resource efficiency and improve material reuse. We intend to identify opportunities for the Group, mitigate risks and meet expectations regarding the circular economy.

2 Source: Ministry of Foreign Affairs of the Kingdom of the Netherlands: Circular Economy and Waste Management in Croatia, factsheet, 2023

Material impacts, risks and opportunities

ESRS 2 SMB-3

E5

RESOURCE INFLOWS			
Negative impact – actual; in own operations, in the upstream value chain			
Significant resource use in production	Agricultural production consumes significant input and output materials. Negative impacts can occur if opportunities to use the recycled and recyclable materials are not exploited.	Originating from the business model and linked to business relationships.	Short-term to long-term
WASTE			
Negative impact – actual; in own operations			
Generating hazardous and non-hazardous waste in business operations	Agricultural production generates large quantities of waste that require proper waste management and adherence to the waste hierarchy from the production processes. Insufficient waste separation can result in larger quantities being disposed of in landfills.	Originating from the business model	Short-term to long-term
Risk – in own operations, in the upstream and downstream value chain			
Lack of policies and actions for the circular economy	Waste can result in the loss of valuable resources and materials, which is contrary to the principles of the circular economy. The lack of policies and of the implementation of circular economy actions can lead to unnecessary resource consumption and reduced efficiency in production processes, which can have negative financial effects on the Group.	Originating from the business model and linked to business relationships	Short-term to long-term
Opportunity – in own operations			
Minimising waste in production	A business opportunity is recognised in the possibility of using by-products of animal origin in further processing and production.	Originating from the business model	Short-term to long-term

Impact, risk and opportunity management

ESRS 2 IRO-1

Agro Invest Grupa manages the impacts, risks, and opportunities related to resource use and the circular economy through its existing measures and procedures. In production processes, waste is carefully sorted and stored at specially adapted locations, and then handed over to authorized collectors, with records kept of the incoming and outgoing quantities of waste and data entered into the Environmental Pollution Register. At all locations, designated persons are responsible for waste management and coordinate waste-related obligations at the company level.

Additionally, Agro Invest Grupa recognizes opportunities to reduce waste, for example by using animal by-products in further processing. Packaging is also continuously improved to reduce resource consumption, including replacing plastic trays with their thinner versions.

E5-1 Policies related to resource use and circular economy

ESRS 2 MDR-P

E5-1

A Resource and Waste Management Policy has not been adopted at Agro Invest Grupa because, in the previous reporting periods, management in this area was guided by laws and regulations and compliance with legal obligations. The Regulations on the Disposal of All Types of Waste from Technological Processes apply at all sites that generate waste. The policies referred to in the certified ISO 22000 standard and the IFS, which the Group adheres to in production, refer to the waste management method.

E5-2 Actions and resources related to resource use and circular economy

ESRS 2 MDR-A

E5-2

The waste generated in production processes is specific to each of the processes. In agriculture and arable farming, as well as fruit growing and viticulture, the packaging of seeds and planting material, fertilisers, pesticides and herbicides is collected and handed over to authorised collectors. In livestock farming, manure from breeding is stored in depots and spread over fields. Waste from drugs and veterinary products is handed over to an authorised collector and so is the packaging of livestock and fish feed, which is purchased in bulk. In livestock and fish farming, any animal waste is handed over to a company authorised to manage that type of waste and records are kept about it. A relative reduction in animal by-products is possible by modernising production processes and developing new products, for example, in fish processing.

Machinery maintenance generates both hazardous and non-hazardous waste. Hazardous waste includes used oil, packaging of plant protection products, oily filters, batteries, electronic waste and toners. Non-hazardous waste includes scrap iron, worn-out tires, paper and cardboard packaging, plastic packaging and glass packaging. Waste is stored by type at specially adapted sites, and all generated waste quantities are handed over to authorised collectors. PP Orahovica is registered with the Registry of Entities that Store Their Own Waste. For PPK Valpovo, there is no need to register with the Registry, which means that the facility is adequate for waste separation and allows for waste processing, whereby its own production waste may be stored for up to one year from its generation. Waste from silos, specifically chaff that results from the purification of crops, is sold and used in a biogas plant.

Regarding waste generated in production, persons responsible for waste management are appointed at all sites whose production processes generate waste. These individuals communicate all obligations and procedures related to waste in consultation with the responsible person at the undertaking's level. For all types of waste, records of incoming and outgoing waste quantities are kept and accompanying waste transfer notes are issued. These notes include data for the undertaking, and the data concerning the transporter and recipient are checked to ensure that the authorisations are up to date. At the end of each year, the undertaking enters data about waste quantities into the Environmental Pollution Register. Employees are informed about the obligations of proper waste management, and those who handle chemicals in their work processes are also trained for safe handling, appropriate use and safe management.

Metrics and targets

E5-3 Targets related to resource use and circular economy

ESRS 2 MDR-T

E5-3

The general goal of Agro Invest Grupa is to generate the lowest possible quantity of waste, especially when it comes to hazardous waste. In its waste management, the Group is guided by laws and regulations and complies with legal obligations regarding waste management. As part of adopting its Sustainability Strategy, the Group will adopt more precise and measurable targets related to resource use and the circular economy.

E5-4 Resource inflows

E5-4

Agro Invest Grupa integrates various branches of agricultural and processing activities in its operations, such as producing food products and beverages. In line with the diversification of the Group's activities, the Group's product portfolio is broad and includes: cereals (barley, wheat, corn), oilseeds (rapeseed, sunflower and soybean), vegetables (peas, beets, peppers, eggplants, onions and tomatoes), potatoes, hazelnuts, planting material, wine, calves/cattle and freshwater fish – live and processed (carp, grass carp, bighead carp, catfish – European and African, perch) and animal and fish feed. In addition to the aforementioned products from its own production, various merchandise necessary for agricultural production (seeds, plant protection agents, fertilisers) is marketed, as well as agriculture-related services (consultancy in fruit growing, land cultivation and receiving and storing cereals and oilseeds).

The wide range of products offered by Agro Invest Grupa in the market entails the need to procure various resources, the most important of which are agricultural inputs (seeds/planting material, plant protection agents, fertilisers), primary agricultural products (cereals, oilseeds, hazelnuts in shell, grapes), animal and fish feed, raw materials and packaging for industrial production, energy products and spare parts.

In 2024, the following categories of goods were procured:

- seed goods, including wheat, corn, rapeseed, soybean, barley, oat, sunflower, beetroot, pea, eggplant, potato and other crop seeds
- mineral fertilisers, including nitrogen fertilisers, complete and incomplete mineral fertilisers, foliar fertilisers and organic fertilisers
- plant protection products, including herbicides, fungicides, insecticides, rodenticides, wetting agents, acaricides, growth regulators and inoculants
- feed for livestock, fish and supplements, including general-purpose animal feed, cattle feed and aquaculture feed
- drugs and medical equipment, including veterinary drugs and medical supplies for animals
- hazelnut seedlings
- production inputs, including wine, distillates, oenological agents and additives, spices, technical gases, water protection agents and others
- packaging, including packaging for wine, hazelnuts, fish processing, feed factories and other packaging
- spare parts, including universal spare parts and tires, spare parts for agricultural machinery, spare parts for the wine cellar, spare parts for silos and mill, spare parts for passenger cars, other spare parts, car tires and inner tubes and spare parts for trucks
- energy products, oils and lubricants, including blue diesel, diesel fuel for cars, gasoline, oils, greases, fluids, additives and gas
- consumables, including binding materials, construction materials, explosives and wine production filters
- hygiene maintenance products
- protective and fire safety equipment, including occupational safety equipment and fire protection equipment
- office and promotional materials, including promotional items, office supplies and toners
- commercial goods, including arable crops, other commercial goods, procurement of hazelnuts, grapes, fish and hazelnut seedlings
- small inventory, including tools, appliances, furniture, kitchen equipment, office supplies, electrical equipment, apartment equipment, laboratory equipment, weighing and measuring equipment, thermometers, fish farming equipment, hoses, lawn mowers, sprayers, pumps, livestock equipment and other items
- animal feed raw materials
- maintenance services

RESOURCE INFLOWS

The following table contains data on resource inflows related to PP Orahovica and PPK Valpovo.

Resource	2024	
	kom	pcs
Seed goods RP	1,113,295	574,951
Mineral fertilisers	30,858,498	196
Plant protection products	148,931	13,736
Feed for livestock, fish and supplements	19,653,373	28
Drugs and medical equipment	0	3,950
Seedlings	0	9,436
Production inputs	1,035,475	0
Packaging	12,233	5,409,602
Spare parts	10,528	129,870
Energy products, oils and lubricants	2,126,536	400
Consumables	2,419,012	304,230
Protective and fire safety equipment	0	30,103
Office and promotional materials	0	30,848
Commercial goods	71,014,304	54,849
Small inventory	0	5,123

Agro Invest Grupa does not keep records on the percentage of biological materials originating from renewable sources. In the production processes, semi-finished products appear in fish processing, specifically minced fish meat and residues from the trimming of smoked fish, which are processed into final products. In 2024, 5,393.74 kilograms of these semi-finished products were produced, of which 4,365.85 kilograms were used in further processing.

E5-5 Resource outflows

E5-5

In procuring resources and developing final products, Agro Invest Grupa is guided by the principles of quality and efficiency to offer a high-quality, competitive and resource-efficient product. Although there are no systematic actions to reduce resources in product design, the Group continuously reviews improvements to the packaging of its food products. For example, back in 2023, the plastic trays used for fish packaging were replaced with thinner plastic trays, reducing the amount of plastic required for packaging.

Given that the Group markets agricultural and food products, their shelf life is determined in accordance with regulatory market standards and legal obligations. The Group does not monitor the rates of recycled content in product packaging.

Production generates waste from agriculture, fisheries, food preparation and processing, packaging waste, waste lubricating oils for engines and gears, waste electrical and electronic equipment, lead batteries and accumulators, iron and steel, and paper and cardboard.
All waste data is obtained by monitoring the collection and handover of waste to collectors, based on which waste accompanying notes are issued, indicating the quantities of waste that is handed over. Additionally, all sites that store waste prior to waste handover, are of a relatively small capacity, which allows for an easy monitoring of the waste collection process and the waste handover needs.

The below presentation of waste quantities refers to PP Orahovica, PPK Valpovo and Poljoprivrednik Derventa operations. The data for other affiliated undertakings in Bosnia and Herzegovina is unavailable because it was not collected during the reporting period, and approximations are impossible to make.

WASTE

Waste	QUANTITY / t
Total amount of waste generated	616.5
Hazardous waste diverted from disposal	0
Hazardous waste diverted from disposal - preparation for reuse	0
Hazardous waste diverted from disposal - recycling	0
Hazardous waste diverted from disposal - other recovery operations*	0
Non-hazardous waste diverted from disposal	0
Non-hazardous waste diverted from disposal - preparation for reuse	0
Non-hazardous waste diverted from disposal - recycling	0
Non-hazardous waste diverted from disposal - other recovery operations	0
Hazardous waste that is disposed	36.7
Hazardous waste that is disposed of - incineration	0
Hazardous waste that is disposed of - landfill	0
Hazardous waste that is disposed of - other disposal operations	36.7
Non-hazardous waste that is disposed	580
Non-hazardous waste that is disposed of - incineration	0
Non-hazardous waste that is disposed of - landfill	0
Non-hazardous waste that is disposed of - other disposal operations	580
Non-recycled waste	0
Proportion of non-recycled waste	0
Total quantity of hazardous waste	36.7
Total quantity of radioactive waste	0

ESRS S-1: OWN WORKFORCE

In large agricultural groups like Agro Invest Grupa, workforce plays a significant role in the organisation's success and sustainability. Our workers are crucial for ensuring food safety, maintaining productivity and fostering innovation in the sector. Agro Invest Grupa faces unique challenges specific to agriculture. Seasonality in agriculture leads to high seasonal fluctuations in the workforce, with demand for labour peaking during planting, harvesting, picking or other agriculture-related activities. Agricultural organisations face the challenge of workforce fluctuation due to the relatively demanding nature of the work and competition in the labour market, which draws workers in search of more attractive offers. According to Eurostat data, employment in the agriculture, forestry and fishing sector in the Republic of Croatia was 68.13 thousand workers in September 2024, which represents a significant decrease compared to the record high of 112.23 workers in June 2021. Additionally, the agricultural workforce is ageing, and fewer young people are choosing careers and work in agricultural occupations. This demographic shift presents a challenge for knowledge transfer and long-term sustainability in the sector.

Climate change is increasingly affecting the agriculture workforce. Rising temperatures and extreme weather conditions create more demanding working conditions for workers in agricultural occupations. Heat stress, reduced air quality and increased exposure to natural disasters are becoming more common, necessitating higher wages and better protection of workers' health and safety. These climate-related challenges contribute to the difficulty of finding labour and increased operating costs in agriculture.

Being aware of these challenges, Agro Invest Grupa has undertaken various activities over the past two years to mitigate the recognised negative effects on its workforce, managing identified risks and identifying business opportunities that would ensure increased resilience to change.

The index below shows the materiality-based disclosure requirements relating to the topical standard S1 – Own workforce.

[2] *https://tradingeconomics.com/croatia/employment-agriculture-forestry-fishing-eurostat-data.html*

TOPIC	DESCRIPTION	PAGE	COMMENT
S1 – OWN WORKFORCE			
ESRS 2 SBM-2 S1	Interests and views of stakeholders	189	
ESRS 2 SBM-3 S1	Material impacts, risks and opportunities and their interaction with strategy and business model	184	The undertaking uses the option to disclose only qualitative information under ESRS2 SBM-3 para 48e
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ESRS S1-12	Persons with disabilities	--	The undertaking uses the option to postpone the disclosure of these information
ESRS S1-13	Training and skills development metrics	--	The undertaking uses the option to postpone the disclosure of these information
ESRS S1-14	Health and safety metrics	--	The undertaking uses the option to postpone the disclosure of these information
ESRS S1-15	Work-life balance metrics	--	The undertaking uses the option to postpone the disclosure of information
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ESRS 2 General Disclosures

Material impacts, risks and opportunities and their interaction with strategy and business model

ESRS 2, SBM-3

S1

The table below shows the material impacts of Agro Invest Grupa on its stakeholders and the environment, originating from its operations, as well as risks and opportunities pertaining to this segment that impact the operations of Agro Invest Grupa.

WORKING CONDITIONS			
Positive impact – actual; in own operations			
Secure employment	Permanent employment contracts provide long-term job stability, secure steady income and suitable living conditions for workers. This positive impact comprises all permanently employed workers. The rights guaranteed by the Collective Bargaining Agreement in Croatia ensure stable conditions for employees.	Originating from the business model	Mid-term to long-term
Negative impacts – actual; in own operations			
Career development and career management	In recent years, there have been inadequate opportunities for professional development, which has had a negative impact on workers with ambitions for career advancement and has partly been the cause of fluctuation.	Originating from the business model	Mid-term to long-term
Lack of a unified human resources management system	As a newly established group, Agro Invest Grupa is currently establishing unified HR processes for the entire Group, whose lack previously negatively affected employees.	Originating from the business model	Short-term
EQUAL TREATMENT AND OPPORTUNITIES FOR ALL			
Negative impact – actual; in own operations			
Career development and career management	In recent years, there have been inadequate opportunities for professional development, which has had a negative impact on workers with ambitions for career advancement and has partly been the cause of fluctuation.	Originating from the business model	Short-term to long-term
Positive impacts – potential; in own operations			
Engagement of foreign workers	The lack of workforce in local communities necessitates the engagement of foreign workforce. Agro Invest Grupa is undertaking actions to promote foreign workers' economic and social integration by providing adequate working and living conditions and enabling their social integration.	Originating from the business model	Short-term to long-term
Employee engagement	Implementing a new human resource management strategy can positively affect the working environment in terms of employee satisfaction and an increased sense of belonging.	Originating from the business model	Mid-term

RISKS AND OPPORTUNITIES RELATED TO OWN WORKFORCE			
RISKS; in own operations			
Fluctuation and lack of workforce	The risk of employee fluctuation and the challenge of finding new workers in the market can cause business disruptions and additional costs for the undertaking.	Originating from the business model	Short-term to mid-term
Employee health and safety hazards	Work in agricultural activities is particularly susceptible to risks associated with accidents and job-related illnesses. In agricultural activities, workers are also exposed to extreme and variable weather conditions.	Originating from the business model	Short-term to mid-term
Employing seasonal and foreign workers	Agro Invest Grupa employs seasonal workers, and the risk associated with this form of employment relates to potential challenges such as ensuring adequate working conditions and accommodation and managing working hours.	Originating from the business model and linked to business relationships.	Short-term to long-term
OPPORTUNITY; in own operations			
Establishing a human resource management system and implementing a new strategy	Establishing a human resource management system and a centralised HR approach also enables the implementation of the new strategy. It is focused on all critical aspects of the working environment and includes a series of new actions and programmes launched in 2024.	Originating from and connected to the business model	Short-term to long-term

Upravljanje učincima, rizicima i prilikama

ESRS 2, SBM-3

S1

Workforce fluctuation represents a negative impact on employees and a risk for the Group. High employee fluctuation negatively affects permanently employed workers as they are often exposed to handling an increased scope of work until new hires are made. New employees require an onboarding process, which creates an additional burden on the existing workers. The impact is widespread as high fluctuation affects most teams within the organisation. The effect has arisen due to an earlier lack of opportunities for professional development and clearly defined benefits.

The risk of high employee fluctuation and the challenge of finding new workers in the market may cause business disruptions and additional costs for the undertaking. The risk is partly related to previous conditions and opportunities for employees. The risk also includes a shortage of qualified labour, resulting from decreased interest in agriculture. Inflationary pressures increase expenditures on wages and worker benefits, which have direct financial consequences related to the workforce. The risk is material since it comprises the entire organisation and can impact the stability of the business processes and associated costs. The identified impacts and risks affect the business model. An employee fluctuation rate of 15% in 2024 at Agro Invest Grupa in the Republic of Croatia and 22% in affiliated undertakings in Bosnia and Herzegovina has posed challenges to maintaining business continuity.

A unified human resources management system. As a newly established group, Agro Invest Grupa is establishing unified HR processes for the entire Group, the lack of which previously had negative effects on employees. An unclear organisational hierarchy has led to challenges in the day-to-day operations, including misunderstandings regarding responsibilities and team leadership. The lack of clear guidelines has slowed work processes and caused employee frustration. The impact was widespread, as it affected teams across the entire organisation. The impact occurred because the previous business model lacked a structured organisational hierarchy and clearly defined responsibilities.
The impact is widespread, as it encompasses all employees within the organisation. Establishing a human resource management system and a centralised HR approach enables the implementation of the new strategy. It is focused on all critical aspects of the working environment and includes a series of new actions and programmes launched in 2024.

In recent years, **career development and career management** have not yielded adequate opportunities for employee growth, which has negatively impacted ambitious employees seeking career advancement and has partially contributed to fluctuation. The new strategy, which includes employee development plans, individual performance assessment and the implementation of both group and personal training programs, will enable the development of individual competencies and enhance opportunities for promotion.

Employee engagement represents a potential positive impact. The implementation of the new human resources management strategy, combined with the introduction of automation and process optimisation through the KPM platform, as well as a series of new programmes, can result in positive outcomes within the working environment, including increased employee satisfaction, more efficient onboarding processes and an increased sense of belonging. The impact is widespread, as it encompasses all employees within the organisation.

Health and safety of workers. The management of employee health and safety issues represents a risk for the Group due to the potential for work-related accidents and occupational illnesses. This is particularly sensitive in agricultural activities, where workers are exposed to extreme and variable weather conditions. Non-compliance in implementing worker safety measures increases the risk of workplace accidents and occupational illnesses. The risk is material as it affects the entire organisation and may have regulatory, social and financial implications.

Secure employment and jobs generate positive actual impacts. Permanent employment contracts provide long-term job stability, secure steady income and suitable living conditions for workers. Agro Invest Grupa ensures equal pay for equal work. Introducing a variable pay component based on individual performance and productivity will reinforce this positive impact, which applies to all permanently employed workers, regardless of their position and has the potential to positively impact temporary workers as well. The development of measures that can positively impact employees began in 2024.

The engagement of foreign and seasonal workers represents both a potential positive impact and a risk. The lack of workforce in local communities requires the engagement of foreign labour. The impact is widespread, as it concerns the entire organisation and can contribute to developing an inclusive corporate culture. Agro Invest Grupa employs seasonal workers, and the risk associated with this form of employment relates to potential challenges such as ensuring adequate working conditions and accommodation, and managing working hours. The employment of foreign workers comes with risks related to discrimination and the challenge of ensuring appropriate working and living conditions for these workers. The risk is material, although it does not impact the entire organisation. However, its escalation may impact internal relations and employee trust. Agro Invest Grupa is undertaking actions to support the economic integration of foreign workers by providing adequate working and housing conditions and promoting their social integration. The impact is widespread, as it concerns the entire organisation and can contribute to developing an inclusive corporate culture.

S1-1 Policies related to own workforce

ESRS 2 MDR-P

S1

Working conditions, including collective bargaining

Agro Invest Grupa operates in two separate markets – the Republic of Croatia and Bosnia and Herzegovina – each governed by its own set of labour regulations. Agro Invest Grupa respects workers' rights to association and social dialogue in both markets. The Collective Bargaining Agreement was concluded in 2024 among the following Group companies: PP Orahovica d.o.o., PPK Valpovo, PPO Stočarstvo d.o.o. and the Union of Workers in Agriculture, Food, Tobacco Industry and Water Management of Croatia, which covers 95% of the Group's workers in the Republic of Croatia. The Collective Bargaining Agreement stipulates various material and non-material rights and employee benefits. Affiliated companies also have labour regulations that prescribe the rights and obligations in the working environment.

According to the Labour Act in Bosnia and Herzegovina, a union must have at least 10% members from the total number of employees to be registered in accordance with the law. Therefore, the General Collective Bargaining Agreement for the Federation of Bosnia and Herzegovina is relied upon in the practice. A collective bargaining agreement in Republika Srpska has not been voted, but a respective Resolution is in effect.

Human rights

The Code of Ethics adopted in 2024 sets forth respect for integrity and dignity and a zero-tolerance policy towards any form of discrimination, mobbing and harassment. It also comprises respect for human rights and a zero-tolerance policy on forced and child labour. Additionally, the Code of Ethics contains provisions on expertise, responsibility and professionalism in business, trust and collegiality, teamwork and professional communication.

Agro Invest Grupa is committed to protecting human rights in accordance with national and international laws and regulations. The Group ensures fair and safe employee working conditions, complies with labour legislation and ensures fair wages and benefits. Agro Invest Grupa has included in its relevant internal documents, such as the Labour Regulations, a prohibition of all forms of discrimination in accordance with the Labour Act, the Gender Equality Act, the Anti-Discrimination Act and the Collective Bargaining Agreement. This includes prohibiting discrimination based on racial and ethnic origin, race, gender, sexual orientation, gender identity, disability, age, religion, political opinion and social background. Particular attention is paid to the rights of seasonal workers and foreign workers.

Regular communication with employees is maintained through quarterly meetings, communication with the union and internal surveys to ensure that their needs and rights are appropriately addressed. Employees are provided with working conditions where they are not subjected to harassment, sexual harassment or any form of discrimination. In 2023 and 2024, there were no reported incidents of discrimination at Agro Invest Grupa.

In the event of a reported dignity violation, the HR Department and the competent managers conduct an investigation and undertake appropriate actions. The Group has not developed a Diversity, Inclusion and Equal Opportunity Policy but is considering doing so. The HR Department and managers regularly conduct training on preventing discrimination and fostering inclusion. The Management Board is responsible for implementing the Code of Ethics.

ESRS 1 AR

When hiring and promoting employees, Agro Invest Grupa considers only their competencies, skills and work experience. In cases where a candidate lacks the necessary skills, additional education is provided through internal and external training. All job tasks are defined based on the required competencies, without discrimination on any basis. During the assessment of job requirements, the HR Department and Heads of Divisions ensure that the working conditions do not put certain groups at a disadvantage.
The highest responsibility for equal treatment lies with the Management Board, the Human Resources Department, and Heads of Divisions, who oversee employment practices and employee development. The Group currently does not provide adaptations of the physical environment for people with disabilities.

In the category of self-employed individuals, Agro Invest Grupa collaborates with four individuals based on the signed cooperation agreements. These individuals possess specific expertise crucial for developing Agro Invest Grupa's business. At PP Orahovica, in 2024, 21 foreign workers had been engaged through an employment agency. By January 2025, their number was reduced to eight workers, who continued to provide support in the operations.
All mentioned categories of employees and workers are subject to material business impacts, especially in the context of working conditions, payroll systems and opportunities for professional development. Foreign workers, employed on a fixed-term basis and through agencies, require special support for integration into the working and social environment, which is being systematically developed.

Agro Invest Grupa has no forced labour, and seasonal work is organised in compliance with all laws and regulations. The Group operates in the agricultural industry, which is characterised by the seasonal nature of the work and the need for intensive labour engagement during specific periods of the year. In Divisions such as Arable Farming, Hazelnut Cultivation and Processing, Viticulture, Fish Farming, etc., the work processes are time-sensitive and dependent on natural cycles, meaning specific tasks must be completed within a limited time frame. Because of this, there is a need for the redistribution of working hours.

In addition to permanently employed workers, the Group also engages seasonal workers, who assist in performing tasks during peak agricultural activities. Although seasonal workers come voluntarily, the risk associated with this form of employment relates to potential challenges such as ensuring adequate working conditions and accommodation and managing working hours in accordance with laws and regulations. The Group is implementing measures to improve working conditions through transparent regulation of working hours redistribution, providing adequate support to seasonal workers, and continuously monitoring compliance with labour laws and regulations. This ensures that mandatory work during seasonal periods does not evolve into unacceptable forms of labour and that all employees are protected and adequately cared for during intensive work periods.
In employing foreign workers, special attention is paid to ethical employment and securing foreign workers' rights, thereby avoiding the risk of human trafficking.

Agro Invest Grupa does not implement or support child labour, which has been clearly outlined in internal documents. The Group operates in accordance with national and international laws, and all Divisions are organised for adult employees and seasonal workers only.

The Group regularly conducts internal controls to ensure that child labour is not present in its own operations or in business relationships with third parties. The Group has not had any reported incidents or risks of child labour.

Working environment and climate change Agro Invest Grupa is aware of the importance of reducing negative environmental impacts. In 2024, actions were implemented to optimise farming operations and organise shared transportation. These changes have a series of positive effects on the workforce. However, the transition to greener business operations can also bring specific challenges. Adapting to new working methods requires employee training and upskilling, while some may resist change. To minimise these obstacles, the Group will invest in employee awareness and education and ensure a gradual adaptation to new practices. In the long term, these changes represent an opportunity to improve work processes, increase environmental awareness and create a more sustainable working environment.

Interests and views of stakeholders

ESRS 2, SBM-2

The interests and views of employees are taken into account in matters of work optimisation, communication improvement, leadership and employee organisation, workplace challenges and the identification of required competencies and development measures. The primary tool for gathering employee views is the annual WTW survey, which was conducted at the beginning of 2024 and is planned again in 2025. In addition, employees' views are gathered in group meetings and individual talks.

Through engagement and communication with employees at all organisational levels, the Group gains better insight into employee needs. It can thus influence their motivation, engagement and productivity and identify and develop their competencies, particularly in career advancement and development. Additionally, this enables a better understanding of the reasons behind employee fluctuation and allows for an effective management of fluctuation-related risks. Business operations are improved by implementing employee ideas related to task automation and optimisation. Decision-making is enhanced through a timely and effective identification, resolution and prevention of potential issues. Based on the collected facts and employee views, better interpersonal relations are fostered, reducing the risk of occurrence of stressful situations.
In 2024, employee views were integrated into key strategic changes, such as introducing the new salary system.

The Group's Management Board is regularly informed about employees' views and interests, verbally and in writing. Timely communication with governance bodies enables the adoption of effective decisions to address ongoing issues and prevent negative impacts on business operations.

S1-2 Processes for engaging with own workforce and workers' representatives about impacts

S1-2

Agro Invest Grupa regularly involves employees in decision-making, particularly in business optimisation, improving working conditions and strategic changes. Employees are a key source of information about processes within their respective Divisions and often provide concrete suggestions for improvements, innovations and business optimisation. These suggestions are taken into account when making operational and strategic decisions. In the undertakings in the Republic of Croatia and Bosnia and Herzegovina, daily work meetings are organised to exchange information about the daily and weekly organisation of work, as well to exchange views and discuss current issues related to specific work tasks or processes. Collaboration with employees occurs in both ways – directly through meetings, surveys and individual talks, and indirectly through employee and union representatives who regularly communicate with the management. In the undertakings in Bosnia and Herzegovina, collaboration also takes place through meetings and surveys (WTW and individual talks), however, a union is not active and there are no union representatives.

Engagement occurs via:

- Regular meetings with all management levels;
- Weekly HR meetings (HR Weekly), at which tasks and challenges are discussed;
- The annual WTW engagement survey (conducted at the beginning of 2024, with the next one scheduled for 2025);
- Seasonal consultations, for example, at the beginning of the year while analysing the previous year's results, goal setting and KPIs, and discussions on new technologies and innovations.

Feedback is collected through annual surveys (WTW), talks with supervisors and management, and email suggestions. The management reviews the received suggestions at strategic meetings and assesses their financial and operational feasibility. Employees are informed about the adopted decisions via email, and communication channels will be further developed in the future. In the affiliated undertakings in Bosnia and Herzegovina, the same procedures are implemented, but communication is primarily verbal, as only 33 employees have an email address. Collaboration occurs at the level of the entire Group. Strategic decisions are made centrally, while operational aspects are adapted to the particularities of individual Divisions. Information is delivered to employees via email and at meetings. However, by the end of 2026, internal communication channels will be improved to enhance accessibility and more efficient information exchange.

The following organisational levels are responsible for ensuring employee engagement and its impact on decision-making:

- Human Resources Department, which is responsible for implementing strategies and collecting employee data;
- Management Board, which adopts key strategic decisions;
- Heads of Divisions, who implement operational changes.

Training for individuals with managerial responsibilities began in 2024, starting with all management levels. During 2025 and 2026, it will be expanded to all employees through a digital platform for monitoring employee development (LMS = Learning Management System).

Currently, no formal measurable instruments are in place to assess the effectiveness of engagement with own workforce, but their implementation is planned in future survey and interview data evaluations. The Group engages with trade unions, and there are some union representatives among employees; however, no global framework agreement is in place.

The Group supports older employees, foreign workers and women through various integration initiatives that have not been formally or procedurally outlined. However, there are plans to do so during 2025 and 2026.

S1-3 Processes to remediate negative impacts and channels for own workforce to raise concerns

S1-3, S1-4

Employee complaints are primarily addressed through individual talks with the Human Resources Department (HR), managers or union representatives, depending on the employee's preferences. Employee feedback on this approach is positive, as they can thoroughly present the issue and participate in its resolution. However, a formalised mechanism for monitoring and evaluation has not yet been established. Employees can express concerns via email (to HR or management), verbal communication, meetings with the Human Resources Department, managers or union representatives.

In the undertakings in Bosnia and Herzegovina, concerns are expressed only at meetings with HR and managers. The Group does not have a separate protocol for handling complaints, but employees can contact the HR team anytime by phone, email or in person. The Human Resources Department responds through individual talks, counselling and negotiations, ensuring the protection of the person who has made the complaint.

So far, there have been no situations requiring the involvement of unions or external institutions, but the Group is open to their role in resolving disputes if such need arises. As complaints are being addressed through ongoing operational activities, a formal system for recording and evaluation has not been implemented yet.

Although Agro Invest Grupa does not have explicitly defined and prescribed mechanisms for the protection against retaliation, it implements a zero-tolerance policy for discrimination and retaliation. So far, there have been no reported incidents that would require a special protection procedure. We are aware of the need for a systematic approach to handling complaints and protecting employees. The development of policies to formalise these measures and clearly define employee protection procedures is planned in 2025 and 2026.

S1-4 Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

ESRS 2 MDR-A

In 2024, Agro Invest Grupa started a series of strategic measures to reduce employee fluctuation, improve working conditions and increase workforce engagement and satisfaction. The key initiatives that will continue into 2025 and 2026 include the following:

Actions for preventing, mitigating and resolving negative impacts on the workforce

- Introducing a new systematisation of job positions and clearer hierarchical structures in all undertakings within the Group in Croatia and Bosnia and Herzegovina. In the second half of 2024, the implementation of the new systematisation of job positions began, clearly defining the duties and responsibilities within the organisation. This reduces misunderstandings, improves internal communication and increases the efficiency of business processes. It started in 2024, with a full implementation planned to happen by the end of 2025. Assessment and monitoring of the effectiveness of actions: monitoring the number and quality of internal decision-making processes, analysing employee feedback through quarterly/yearly evaluations and tracking the impact on business results. The first step in improving workforce management in undertakings in Bosnia and Herzegovina was made by implementing the HRIS system and including all employees in HR+ during 2024. In 2025 and 2026, a new systematisation of job positions is planned to align hierarchical structures and responsibilities.
- Financial benefits – salary increases implemented through new employment contracts effective as of 1 January 2025. In Bosnia and Herzegovina, this is planned to take place in 2025. The list of benefits for employees has been expanded, with further benefits to be added in 2025, and the payment of holiday bonus, Christmas bonus and Easter bonus will continue.
- Designing a new salary model, which includes a fixed and variable component based on individual performance and KPIs, is planned in 2025 and 2026.
- Improved organisation and digitalisation of business processes through the KPM platform, enabling more efficient employee management, training planning, feedback recording and the tracking of individual progress.
- Fluctuation analysis – starting from 2025, it is planned to track the number of employees leaving the Group, along with the implementation of exit and stay interviews to obtain concrete feedback.

Actions to achieve positive impacts on the workforce include

- Investing in the professional and personal development of employees, talent development and career advancement through a series of educational programmes initiated in 2024, with the LMS platform for systematic monitoring of talent development planned to be launched in 2025 and completed by the end of 2027. The professional development and benefits programme aimed at increasing engagement and retaining employees applies to all companies within the Group in Croatia and Bosnia and Herzegovina. In 2024, training for employee professional and personal development was launched, and in 2025 and 2026, additional training via the LMS platform is planned. The goal is to reduce fluctuation, increase engagement and motivation, and ensure long-term workforce stability. The effectiveness of actions will be assessed through WTW annual employee surveys, fluctuation analysis and feedback from individual discussions and quarterly/yearly employee evaluations in 2025 and 2026.

- WTW annual surveys and pulse check evaluations – using the WTW annual survey for employee engagement, with additional quarterly checks.
- Individual and group evaluations – conducting yearly and quarterly discussions with employees to obtain feedback on satisfaction and improvements. Individual talks were conducted throughout 2024 at employee request. Yearly and quarterly talks, mandatory for all employees, will be implemented in 2025. Introducing a verbal and written feedback system and monitoring employee competencies to identify and develop talents and planning targeted education.
- Regular weekly meetings between the Management Board and the Human Resources (HR) Department to discuss challenges and room for improvement.

Main risks addressed by the actions

- High employee fluctuation and lower competitiveness (attractiveness) in the labour market compared to other sectors
- Lack of a qualified workforce, mainly due to the remoteness of the Group's sites and the need to commute to the workplace
- Inflation and rising operational costs, which negatively impact the purchasing power of employees and the financial resilience of the Group

Opportunities that the undertaking aims to pursue

- Attract and retain talent through competitive salaries, development and promotion systems, and an expanded benefits package. To be implemented in Bosnia and Herzegovina in 2026.
- Modernisation and digitalisation of employee management, ensuring better connection, transparency and efficiency of business processes. Significant investments in education and talent development via the LMS platform and individual and group training programmes.
- Investments in developing and implementing the digital platforms – the KPM platform (King Process Manager – a platform for easier monitoring of labour law processes and selection and hiring of new employees) and the LMS platform, which will enable tracking of employee progress and management of work processes.
- Increasing the budget for salaries and expanding benefits, thereby ensuring employees' financial stability and increased satisfaction with the working conditions.

These initiatives aim to increase engagement, reduce fluctuation and improve the overall employee satisfaction. These actions enable the undertaking to adapt strategies and set new initiatives for improving the working conditions, reducing fluctuation, increasing engagement and enhancing the overall employee satisfaction.

Initiatives for improving the undertaking's opportunities

ESRS 2 MDR-A

S1-4

Agro Invest Grupa started initiatives and actions in 2024 focused on improving workforce management, including developing education programmes, planning new HR tools (LMS and KPM), enhancing the benefits system and strengthening internal communication and development processes. However, the completion of the implementation is expected by the end of 2026, when the systems will be fully functional and enable the achievement of the planned objectives of engagement, employee satisfaction and sustainable growth.

Key actions include:

- Development of educational programmes through the LMS platform (implementation began in Croatia, with plans to introduce it in Bosnia and Herzegovina): digitalisation of education via the LMS will allow employees a flexible access to learning and professional development; the focus is on customised training about the skills necessary for specific job positions, but also on the general professional development.
- Introduction of the KPM system for monitoring employee performance and development (implementation started in the Republic of Croatia and is also planned for Bosnia and Herzegovina): the system will enable better monitoring of work performance, providing feedback and aligning employees' personal goals with the undertaking's objectives. Quarterly and annual discussions with employees are also planned.
- Development of internal mentoring and knowledge transfer systems (not formally established in Bosnia and Herzegovina but exists and is used in practice): a mentoring programme is planned where more experienced employees will assist younger colleagues in developing the skills and knowledge necessary for specific roles.
- Increasing employee engagement and satisfaction: continuation of the WTW surveys to assess employee satisfaction; planned implementation of exit and stay interviews to understand employees' needs and expectations better and promptly respond to potential issues.
- Strengthening employer branding and attracting talent: active participation in career fairs and collaboration with educational institutions; development of internal campaigns to highlight the advantages of working in the undertaking and increase its employer attractiveness.
- Investing in the green transition and employment opportunities through sustainable practices: reducing excessive soil tillage in arable farming lowers costs and contributes to environmental protection; employee education on sustainable practices is planned to increase their awareness and engagement in environmentally friendly processes.

Agro Invest Grupa implemented several actions in 2024 to enable the transition to more sustainable business practices, with special attention given to protecting jobs and training employees.

- Optimisation of work operations – in agriculture, the number of soil tillage operations has been reduced, and the reduced tillage has been introduced to decrease carbon emissions and improve the sustainability of production.
- The Group is gradually reducing the use of chemical agents, thereby decreasing its ecological footprint and enhancing employee safety and working conditions.
- The Group encourages and organises collective employee travel to reduce mileage and CO2 emissions.
- Employee education on sustainable agriculture – initiated in 2024; the training on resource optimisation and new technologies will continue through 2025 and 2026.

- Introduction of the LMS platform – this will enable employees to acquire knowledge about sustainable practices more effectively, and a mentoring model is planned, where more experienced colleagues will pass on their knowledge to younger colleagues.
- Encouragement of collective employee transport – employees are encouraged to coordinate travel routes and commute together to reduce emissions from transport.

Agro Invest Grupa continuously adapts its business practices to ensure that they do not cause or significantly negatively impact its workforce.

Fair and transparent systematisation of job positions. In 2024, the Group began working on a new job systematisation; some job positions were abolished, and new ones were introduced. Employees whose positions were abolished had the opportunity to be employed in new positions, with training and mentoring to help them adapt to their new roles.
Employee training and development. In 2025, employees will be able to participate in individual training and development of their competencies according to the needs of their job positions. A mentoring model will be introduced, where experienced colleagues will pass on their knowledge to less experienced colleagues.
Management of risks associated with business pressures. The management ensures that business pressures, such as cost constraints or workforce optimisation, do not negatively affect employees. All changes in the work organisation are carried out in consultation with the HR Department, managers and employees to timely identify and minimise risks.
Transparency and communication. All employees are regularly informed about changes via emails and meetings with their managers. During 2024, the Group conducted a WTW engagement survey, a key tool for identifying potential issues. The next survey is planned for 2025.
Change management under ESG objectives. In 2024, the Group launched sustainability and resource optimisation training by transitioning to more environmentally friendly production methods. All operational changes are made to reduce the environmental impact and protect employees by adapting their working conditions.

The Group continues to develop its processes to ensure that none of its practices negatively impact employees, and all improvement mechanisms are part of a long-term strategic plan for 2025 and 2026.

Agro Invest Grupa uses a multi-phase approach to identify and determine the actions necessary to respond to the actual or potential negative impacts on the workforce. This process includes:

1. Analysis of employee feedback – through WTW annual surveys, individual talks, quarterly/yearly evaluations starting from 2025, and meetings with the management, we collect employee opinions on the current challenges and possible improvements.
2. Monitoring key performance indicators (KPIs) – includes fluctuation rates, worker engagement, productivity, the number of reported issues related to working conditions and organisational culture.
3. Meetings between the Management Board and the Human Resources (HR) Department – HR, the Management Board and Heads of Divisions analyse the collected data and define specific measures to mitigate negative impacts.
4. Benchmarking and alignment with market practices – by monitoring market trends in the sector and benchmarking with other undertakings, we ensure that actions undertaken are aligned with best practices.
5. Piloting and testing new actions – before fully implementing new initiatives (e.g. LMS platform, variable pay), they will be tested on selected teams to assess their effectiveness.

6. Monitoring performance and iterative improvement – after implementation, actions will be evaluated through internal analyses, employee feedback and financial indicators to ensure their effectiveness and to be able to timely adjust them.

By combining these steps, the Group ensures that actions are based on concrete data and actual employee needs, thereby reducing negative impacts and increasing workforce satisfaction.

At the end of 2024, Agro Invest Group launched programs for the integration of workers from Nepal. Training sessions were organized for local managers on Nepalese culture and traditions. Additional events and training sessions aimed at strengthening multiculturalism are being planned. The Group provides foreign workers with dignified accommodation and transportation to work.
These measures are aimed at reducing risks associated with the employment of foreign workers.
By implementing these measures, the Group is creating opportunities to strengthen corporate culture, employee engagement, and the development of a culture of diversity and inclusion.

For 2024, 2025 and 2026, Agro Invest Grupa has allocated significant resources to manage material impacts, particularly relating to employee retention, talent development, improvement of working conditions and adaptation to the new systematisation of job positions. The allocated resources include a budget for salary increases, additional benefits (warm meals, holiday bonuses, Christmas and Easter bonuses, extra days off for parents of first-grade pupils, Passport cards); investments in employee education and development – a talent development management platform (LMS) planned for 2025/2026, investments in employee training and upskilling, and the development of a mentoring programme. These resources also cover investments in improving the recruitment processes and internal operations by introduction of the KPM platform to automate and optimise recruitment, feedback and evaluation processes; and investments in measures aimed at long-term sustainability, including the redefinition of job systematisation, early retirement planning and improvement of working conditions.

In 2024, a risk reduction trend is evident due to the launch of strategic initiatives, such as: the first WTW survey conducted at the beginning of 2024; the launch of educational training focused on employee development and competencies enhancement; boosting the Human Resources Department, significantly improving the HR management capacity; work on a new job systematisation (new hierarchy, new job matrix with precise descriptions and alignment with actual business needs); and planning the implementation of the LMS and KPM systems, scheduled for 2025 and 2026.

In 2025 and 2026, a full implementation of these initiatives is expected, along with the launch of new processes to reduce risks further and increase the undertaking’s competitiveness in the labour market.

In 2024, there was no formal system for monitoring the effectiveness of the implemented actions. However, in 2025 and 2026, it is planned to establish such a system via: systematic collecting of employee feedback through WTW surveys (the 2024 annual survey and a pulse check in early 2025); introduction of quarterly and yearly talks with employees; data monitoring through the KPM platform which will enable improved analytics concerning recruitment, employee development and performance evaluation systems; and benchmarking results to measure the success compared versus to the preceding year.

S1-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

ESRS 2 MDR-T

S1-5

Agro Invest Grupa established targets based on monitoring HR records, HR reports, results of the 2023 WTW survey, individual discussions with employees and meetings between HR and the management. Given that the Group did not have a formally established Human Resources Department before mid-2023, targets were qualitatively and quantitatively defined in 2025 for the first time, with an implementation period that may extend until 2026.

There is currently no formalised method for monitoring performance against the defined targets. However, one of the key objectives for 2025 and 2026 is establishing a formal system for monitoring and evaluating performance. It is expected that, based on the data and reports from 2024, from 2025 onwards, it will be possible to analyse the trends more precisely, make informed decisions and optimise workforce management strategies.

Given that HR processes and monitoring systems had not previously been established, significant improvements are expected in the upcoming period, when essential databases and analytical tools will be in place for the first time. The introduction of systematic performance monitoring throughout 2025 and 2026 will enable a better understanding of the actions' effectiveness and potential adjustments to strategies in line with employee and business needs.

Objective: To achieve secure employment. The goal from 2024 to 2026 is to increase the percentage of employees with permanent contracts, thereby contributing to job stability and income security. The objective for the entire Group is to ensure that, by the end of 2026, 90% of its workforce has a permanent employment contract versus the baseline value of 89% in 2023. The achievement of this objective will be monitored through HR records, by analysing the percentage of employees on permanent contracts, and through quarterly analytical tracking. The key stakeholders for achieving this objective are the HR team, the Management Board and Heads of Divisions.

Objective: Secure adequate wages. The objective for the period from 2024 to 2026 is to ensure that all employees of Agro Invest Grupa have the opportunity for salary increases within their pay grade and through a performance-based variable pay component. This means that all employees will be included in a dynamic pay system by 2026. The baseline year for verification is 2024, when the system began to be introduced in the Republic of Croatia (and in 2025, it will start to be introduced in Bosnia and Herzegovina). The implementation will be ensured via HR software and records of paid bonuses, and progress will be monitored yearly via HR reports and payout analysis. The key stakeholders for achieving this objective are the HR team, Finance and the Management Board.

Objective: Decrease employee fluctuation. This objective directly contributes to mitigating negative impacts on the permanent workforce, reduces the risk of workforce loss and increases business stability. The yearly fluctuation is expected to be continuously reduced in the mid- to long-term period compared to the baseline data from 2024. The respective indicators will be monitored quarterly. The key stakeholders for achieving this objective are the HR team, the Heads of Divisions and the Management Board.

Objective: Improve training and skills development. In the period from 2024 to 2026, the goal is to provide continuous employee training for professional development and competencies enhancement across the entire Agro Invest Grupa. The measurable objective is for at least 20% of employees to participate in the planned training programmes yearly.

The baseline year for verification is 2024, in which 10% of employees participated in the training programmes. The implementation will be monitored through the LMS system and HR reports, with quarterly reporting on the number of completed training sessions. The key stakeholders for achieving this objective are the HR team and Heads of Divisions.

In line with its strategic human resource development objectives, in 2024, the Group took the first steps towards comprehensive changes and reforms. However, most of the actions will be implemented in the period from 2026 to 2027. The Group has not yet formalised a system for monitoring the resolution of employee complaints, but it plans to establish one in the period from 2025 to 2026. In parallel, measurement methods will be developed to evaluate the effects of all actions undertaken. The Group remains committed to improving the working conditions and opportunities for its employees while monitoring results and adjusting its strategy in line with employee feedback.

Financial effects and resilience of the strategy

The most significant financial effect in 2024 related to material risks in the work environment was the increased expenditure resulting from a comprehensive investment in salary increases and the implementation of the new job systematisation. Since the payment of salaries under the new model applies from January 2025, concrete changes in the financial statements can be expected in the next reporting period. However, this investment has been planned as a strategic step towards a long-term business improvement and strengthening competitiveness in the labour market.

The expected future financial effects relate to:

- Short-term perspective (2025): Financial pressure from the salary increase investment and the implementation of the new job systematisation. Effective resource management is crucial at this stage to ensure business stability despite increased costs;
- Mid-term perspective (2026 – 2027): Investment in education and the variable pay system should boost employee engagement. In the long term, this will reduce recruitment and onboarding costs and is expected to contribute to higher productivity and better business results;
- Long-term perspective (2028 and beyond): The objective is to achieve productivity and workforce stability through a successful human resource management strategy, which will contribute to financial sustainability and enable the Group’s long-term growth.

Agro Invest Grupa continuously adapts its business model and strategy to respond to risks and seize opportunities effectively. As the Group is geographically dispersed, digitalisation enables better engagement, professional development and employee efficiency, regardless of their work location. The Group’s strategy has proven resilient to numerous challenges, particularly in market changes and digitalisation. However, specific challenges, such as climate change, directly impact agricultural production and require further adjustments.

Agro Invest Grupa conducted a qualitative analysis of the resilience of its strategy and business model, reviewing key factors such as employee fluctuation, labour market competitiveness, the impact of digitalisation and climate change. The analysis was conducted through an internal assessment of key risks and opportunities, based on the SMART analysis, brainstorming sessions, and in-depth discussions with the Management Board and all Heads of Divisions.

Based on the received inputs, the HR team developed new actions. Given the significant investment in salary increases and the optimisation of HR processes, the expected impact of these actions on financial results, employee productivity and long-term business sustainability was analysed.

Agro Invest Grupa conducted a qualitative analysis of the resilience of its strategy and business model in Bosnia and Herzegovina, focusing on key factors such as employee fluctuation, the need for a new job systematisation, digitalisation of HR processes and the adjustment of its strategy to attract and retain employees. The analysis was conducted through collaboration between the HR team and the management, during which key opportunities and challenges were identified. Further to this, the process of implementing the HRIS system HR+ began in 2024, while a draft of the new job classification was developed in September 2024. These strategic changes are planned to be implemented in 2025. Although a qualitative analysis of the expected effects of these actions on the business and employees has been conducted, the quantitative analysis has not yet been fully completed. This is because key changes, such as the new job systematisation and digitalisation of processes, are still in the early stages of implementation, and the effects will be measured in the following reporting periods.

S1-6 Characteristics of the undertaking's employees

S1-6

Agro Invest Grupa comprises 13 active undertakings, of which five operate in the Republic of Croatia and eight in Bosnia and Herzegovina.

Table 1

Gender	Headcount – Agro Invest Grupa
Men	537
Women	117
Other	
Not reported	
Employees total (ESRS 2 SBM 1 para 40a iii)	**654**

Table 2

Country	Headcount
Republic of Croatia	543
Bosnia and Herzegovina	111

The headcount numbers shown in Table 1 and Table 2 correspond to the official headcount numbers used in the financial statements of Agro Invest Grupa for 2024. These data are based on employee records and payroll calculations. All numbers include employees in the Republic of Croatia and Bosnia and Herzegovina.

Employees per contract type, broken down per gender, for the entire Agro Invest Grupa

Table 3

REPORTING PERIOD – YEAR 2024				
WOMEN	MEN	OTHER	NOT REPORTED	TOTAL
Headcount (number/FTE)				
117	537			654
Full-time employees (number/FTE)				
109	480			589
Part-time employees (number/FTE)				
8	57			65
Number of non-guaranteed hours employees (headcount/FTE)				
				11*
Number of full-time employees (headcount/FTE)				
112	519			631
Number of part-time employees (headcount/FTE)				
5	18			23

**Out of the workers that can be formally tracked, seasonal workers and workers on temporary contracts are not officially tracked*

Tablica 4

REPORTING PERIOD		
Republic of Croatia	Bosnia and Herzegovina	TOTAL
Headcount (number/FTE)		
543	111	654
Full-time employees (number/FTE)		
503	86	589
Part-time employees (number/FTE)		
40	25	65
Number of non-guaranteed hours employees (headcount/FTE)		
Number of full-time employees (headcount/FTE)		
523	108	631
Number of part-time employees (headcount/FTE)		
20	3	23

A large share of temporary employees in the undertakings in Croatia and Bosnia and Herzegovina is primarily due to seasonal demands in the agricultural sector. Due to the nature of production cycles, the workforce numbers increase during intense agricultural work such as planting, harvesting or crop processing. Additionally, it is a common practice to offer fixed-term contracts to new employees as an initial phase before potentially transitioning to a permanent contract. This approach is particularly pronounced in Bosnia and Herzegovina due to the flexibility of the labour market and legal framework. The Group also uses contracts with a non-guaranteed number of working hours to provide additional opportunities for employees in seasonal jobs.

In 2024, 82 employees left the undertaking in the Republic of Croatia (voluntary resignation, termination, retirement or death). The annual fluctuation rate was 15.43%, indicating the need for additional employee retention measures, especially in Divisions with high seasonality. In Bosnia and Herzegovina, the fluctuation rate in 2024 was 22%.

The data were directly sourced from the HRIS system (HR+) and reflect the employee status as of 31 December 2024.

S1-8 Collective bargaining coverage and social dialogue

S1-8

In the Republic of Croatia, 510 employees are covered by the Collective Bargaining Agreement, which accounts for 94% of all employees. In Bosnia and Herzegovina, the practice is to apply the General Collective Bargaining Agreement for the Federation, which is mandatory for all regions of Bosnia and Herzegovina. For all companies in the Republic of Srpska, the 2016 Resolution applies. In the Republic of Croatia, all employees are covered by a representation system through worker representatives and trade unions, with most employees having the opportunity to engage in the dialogue with the employer via these structures. The share of employees covered by worker representatives is 100%, as rights and working conditions are regulated by the Collective Bargaining Agreement and/or the Labour Regulations.

There is no agreement with employees for representation within the European Works Council (EWC), the employee council of a Societas Europaea (SE), or the employee council of a Societas Cooperativa Europaea (SCE).

	Collective bargaining coverage		Social dialogue
Coverage rate	Employees – EEA (for countries with >50 empl. representing >10% total empl.)	Employees – outside EEA (estim. for regions with > 50 empl. Representing >10% of total emp.)	Workplace representation (EEA only) (for countries with >50 empl. representing >10% total empl.)
		Bosnia and Herzegovina	
20 –39 %			
40 –59 %			
60 –79 %			Republic of Croatia[3]
80 –100 %	Republic of Croatia		

3 In Croatia, social dialogue is ongoing through the works council and collective bargaining agreements, but there is still no formal system for reporting irregularities.

S1-9 Diversity metrics

S1-9

The top management is the Management Board of Agro Invest Grupa, which consists of two members, one man and one woman. Therefore, the percentage of men and women in the top management is 50% each.

The following definitions were used in determining the top management: the President of the Management Board is the highest managerial level, responsible for the strategic direction of the entire organisation, making key decisions and setting the business vision. A member of the Management Board supports the President of the Management Board in making strategic decisions, focusing on managing the organisation at a macro level.

This is the breakdown of employees per age, according to headcount and percentage:

1. younger than 30 years of age: 148 (23%)
2. 30 – 50 years of age: 315 (48%)
3. older than 50 years of age: 191 (29%)

S1-10 Adequate wages

S1-10

Agro Invest Grupa pays employees salaries and remuneration per applicable laws. In undertakings in the Republic of Croatia, all employees receive a salary at or above the minimum gross wage in the Republic of Croatia. In addition to the contracted gross salary, all employees receive a monthly reimbursement for travel expenses, meal allowance and salary increments if they have performed more complex and demanding work. The market in Bosnia and Herzegovina is specific, and making a relevant market assessment of appropriate salaries is difficult. All employees in companies in Bosnia and Herzegovina have wages above the minimum and in line with the jobs they perform.

S1-16 Remuneration metrics (pay gap and total remuneration)

S1-16

So far, no analysis has been conducted on the pay gap between male and female employees, and the Group currently does not have data about the gap. Given this, salary analysis methods are planned to improve in the future to ensure insight into this area and enable transparency. Concerning the current reward system, employees can receive bonuses and rewards for their work, impacting their total yearly remuneration. Salary differences exist between the companies in Croatia and Bosnia and Herzegovina, as salaries are aligned with market conditions and competitive standards in each country.

The ratio of the total annual remuneration of the highest-paid individual to the median total yearly remuneration for all employees (excluding the highest-paid individual) in 2024 is 5.024:1. This calculation includes all accrued costs related to employee compensation during all 12 months of 2024 across all companies within the Agro Invest Group.

S1-17 Incidents, complaints and severe human rights impacts

S1-17

During the reporting period, no reported incidents of discrimination based on gender, race or ethnic origin, nationality, religion or belief, disability, age, sexual orientation or any other relevant grounds were recorded. Additionally, there were no fines, sanctions or compensation for damages related to incidents of discrimination. Currently, there is no formalised mechanism for receiving complaints in place; instead, complaints are addressed through individual talks between employees and the HR Department or managers. In 2024, no formal complaints of discrimination were submitted through the available channels.

In 2024, no grave human rights violations were recorded, nor were any fines, sanctions, or compensation for damages related to serious human rights violations imposed.

ESRS G1: GOVERNANCE

Disclosure requirement		Information
ESRS 2 GOV-1	The role of the administrative, supervisory and management bodies	127
ESRS 2 IRO-1 E3	Description of the processes to identify and assess material impacts, risks and opportunities	206
ESRS G1-1	Business conduct policies and corporate culture	206
ESRS G-2	Management of relationships with suppliers	207
ESRS G-3	Prevention and detection of corruption and bribery	208
ESRS G1-4	Confirmed incidents of corruption or bribery	208
ESRS G1-5	Political influence and lobbying activities	209
ESRS G1-6	Payment practices	209

Agricultural management in Croatia faces unique challenges and opportunities within sustainable development and responsible business practices. As a country with a long agricultural tradition, Croatia struggles with structural issues that affect the competitiveness and sustainability of the sector. According to the World Bank, 70% of Croatian agricultural farms are smaller than five hectares , indicating high land fragmentation and limiting the potential for increased productivity.

With climate change significantly influencing the consideration of new business models, the sector faces demographic decline, a shortage of young farmers and a need for modernisation.

In this context, effective management becomes crucial for addressing challenges, ensuring food security and promoting sustainable growth. Large agricultural undertakings must consider ethical business practices, transparency and responsible resource management while balancing economic goals with environmental and social responsibilities.

An in-depth supplier analysis and fair business practices in relationships with suppliers are essential for the sustainability of large agricultural undertakings in Croatia. The in-depth supplier analysis is crucial for identifying and mitigating supply chain risks, especially regarding environmental and social matters. These processes enable proactively addressing potential problems before they escalate into serious reputational or operational risks. At Agro Invest Grupa, we are aware of this and plan to undertake an in-depth assessment of our supply chain. Fair business practices in relationships with suppliers are also of crucial importance. This includes timely payments, fair pricing and long-term partnerships that are mutually beneficial. Implementing these practices not only improves relationships with suppliers but also enhances the competitiveness of our Group.

[4] *https://documents1.worldbank.org/curated/en/339681624882521026/pdf/Green-Growth-in-Croatia-s-Agricultural-Sector.pdf*

ESRS 2 General Disclosures

Identified impacts, risks and opportunities

MANAGEMENT OF RELATIONSHIPS WITH SUPPLIERS			
Positive impact – actual; in business relationships, in the upstream value chain			
Regular payments to suppliers	The Group diligently tracks its obligations to suppliers daily, ensuring they are consistently met. In agriculture, small suppliers (family farms) are particularly vulnerable, and Agro Invest Grupa supports the sustainability of their business model by financing their production. Advance payments to suppliers and financing for subcontractors are provided.	Linked to business relationships	Short-term to long-term
Negative impact – potential; in business relationships, in the upstream value chain			
Lack of due diligence	Since there is no systematic checking of suppliers based on environmental protection and human rights criteria, the Group cannot provide adequate support to suppliers relating to sustainable practices. This can lead to inadequate working conditions for suppliers or negative environmental impacts.	Linked to business relationships	Short-term to long-term
PROTECTION OF WHISTLE-BLOWERS			
Negative impact – actual; in own operations			
Insufficient employee awareness	Although the Group takes care of all legal obligations, the negative impact arises from employees' insufficient awareness and familiarity with whistle-blower protection. Since the Group is a relatively young organisation, due diligence about this matter has not undertaken yet, as there were other priorities.	Originating from the business model	Short-term to mid-term
ANIMAL WELFARE			
Positive impact – actual; in own operations			
Farming conditions	The Group implements numerous measures in its operations aimed at ensuring animal welfare. Through its participation in Measure 14 (Animal Welfare) of the Rural Development Programme of the Republic of Croatia for 2014 – 2020, the Group has ensured the implementation of high animal welfare standards.	Originating from the business model	Short-term to long-term
GOVERNANCE-RELATED RISKS			
RISK; in the upstream value chain			
Assessment of suppliers' sustainability practices	Although suppliers are checked using methods primarily focused on the prescribed quality, there is no systematic process for checking (significant) suppliers based on environmental protection and human rights criteria, which poses a risk in governance and compliance with sustainability requirements in supply chain.	Related to business relationships	**Short-term to long-term**
RISK; in its own operations; in the upstream and downstream value chain			
Anti-corruption	Given the industry and sector and the markets the Group operates in, there is a risk of corruption and bribery. The Code of Ethics prescribes zero tolerance for corruption and bribery and recognises the need for more systematic training of the exposed functions of the Group.	Originating from the business model	Short-term to mid-term

Impact, risk and opportunity management

ESRS 2 IRO-1

G1

The Management Board of Agro Invest Grupa continuously reviews risk and opportunity management aspects within business conduct. Still, this process has not been formalised through a systematic impact, risk and opportunity analysis (IRO). The Group plans to develop a structured approach to identifying and assessing material impacts, risks and opportunities related to business conduct in accordance with the requirements of the standards. When defining this approach, all relevant criteria, including location, activity, sector and transaction structure, will be considered to ensure a comprehensive overview of potential impacts, risks and opportunities in business operations. In the coming period, Agro Invest Grupa will introduce a methodology for assessing and documenting these factors to enable compliance with best practices in corporate governance and sustainability standards. The Group has identified the most material impacts, risks and opportunities at this stage. However, they are subject to further verification and precise definition, following additional assessments to be undertaken in 2025.

G1-1 Business conduct policies and corporate culture

ESRS 2 MDR-P

G1-1

In its operations, Agro Invest Grupa adheres to its Anti-Corruption Policy and Code of Ethics.

The Group's Management Board maintains a zero-tolerance policy towards illegal, unethical or any other actions or practices that violate the business policy, whether committed by its employees or business partners. It directs obligated parties to report any suspicions of such actions to their manager (in the case of employees) or to the Legal Department, ensuring the anonymity of this process. The Group is committed to not tolerating any inappropriate behaviour towards anyone who, in good faith, files a report or cooperates in an investigation process, even if the allegations prove to be unfounded. All stakeholders, whether internal or external, may report any case of corruption, unethical conduct or any other legally or socially unacceptable behaviour to the confidential person, the Management Board, the Supervisory Board, the Shareholders' Meeting, or the competent state authorities through any communication channel (e-mail, by post, verbal communication, anonymous letter, etc.), and the Group plans to establish its official whistle-blowing channels. The Regulations on the Procedure for Internal Reporting of Irregularities and the Appointment of a Confidential Person define the procedure for submitting and handling reports.

In addition to internal processes outlined in the Anti-Corruption Policy, whistle-blowers are protected under the Whistle-blower Protection Act (Official Gazette of the Republic of Croatia, No 46/22). The monitoring of whistle-blower reports is also addressed by the Regulations on the Procedure for Internal Reporting of Irregularities and the Appointment of a Confidential Person. The Group does not have a written procedure for tracking whistle-blower reports and has not recorded any incidents related to business conduct, including incidents of corruption and bribery. Also, the Group also does not have a policy on business conduct training; however, employees responsible for receiving reports are familiar with the laws and regulations on reporting of irregularities as well as with the internal acts of Agro Invest Grupa. The Code of Ethics sets out the Group's rules and expectations related to business conduct.

The Group has identified its administrative and commercial functions, i.e. Procurement and Sales, as the most vulnerable to the risk of corruption and bribery.

Given its involvement in livestock farming, the Group plans to consider adopting an animal welfare policy in 2025. However, despite the absence of a formal policy, the Group implements numerous measures in its operations aimed at ensuring animal welfare.

For example, through its participation in Measure 14 (Animal Welfare) of the Rural Development Programme of the Republic of Croatia for 2014 – 2020, Agro Invest Grupa has ensured the implementation of high welfare standards going above and beyond the current laws and regulations. These standards relate to providing water, food and animal care, appropriate housing and practices that avoid mutilation and/or castration of animals. Where such procedures are absolutely necessary, aesthetics, analgesics, anti-inflammatory drugs or immuno-castration are required.

G1-2 Management of relationships with suppliers

G1-2

Establishing and maintaining cooperation with suppliers is based on clearly defined expectations derived from the internal practices and values of Agro Invest Grupa. These expectations cover key areas such as ethics and integrity, respect for labour and human rights, health and safety protection, responsible management of environmental sustainability matters, and security and privacy protection.

When procuring products, inquiries are initially addressed to local suppliers who meet the requirements if such suppliers exist for the specific type of goods or services that is being procured. The Group thus supports the local community and, due to the proximity for delivery, reduces the environmental impact of transportation. Uncertainties, i.e. risks related to unstable supply chains, are addressed by securing alternatives and continuously expanding the reliable supplier base. The nature of the products also dictates the possibility of expanding the supplier base, with the supply chain lengths also being considered. Supplier risk is assessed according to the prescribed IFS and ISO 22000 standards.

Agro Invest Grupa collaborates in its operations with established suppliers with strong references. Crop and fruit farming, viticulture and primary freshwater fish farming require specific supplier verification procedures when procuring raw materials. In business segments where the IFS and ISO 22000 systems have been implemented, and according to the nature of the operations, suppliers must provide necessary analyses and certificates, declarations of conformity and confirmations of health safety. The fish processing plant holds an IFS certificate, the winery is certified according to the HACCP and ISO 22000 systems, and in the primary arable production, the production of soybeans, sunflowers and rapeseed is ISCC-certified. Additionally, soy is produced in accordance with the standards of the Donau Soja certification. All these certificates imply that specific environmental requirements are also met in procurement practices. For example, the HACCP team appointed under the IFS standard conducts supplier risk assessments, evaluating regulatory control in the country of production, technical documentation, certificates, completeness of the submitted documentation and commercial factors such as delivery times, pricing, business history with the supplier, their economic stability and legal status. However, no additional sustainability aspects are included in this risk assessment. The methodology for raw material risk assessment is similar.

Regarding packaging, suppliers must provide declarations of conformity and health safety for products intended for materials that come into contact with food. At the fish processing plant, efforts are being made to find packaging solutions with a lower plastic content (e.g. replacing black trays with white ones two years ago). The plant is certified under the IFS standard, requiring suppliers to hold certifications for specific quality standards (ISO 14001, ISO 9001, ISO 50001, FSC Chain of Custody, ISO 22000, Hallal, Kosher).

Regarding social compliance, the undertaking's Code of Ethics mandates respect for human rights and a zero-tolerance policy for forced and child labour, whether within its own operations or across the value chain. Particular attention is paid to fair and proper conduct in all employment policies and business relationships and the implementation and enforcement of effective practices to ensure labour and human rights, whether in own operations or in the value chain. New suppliers are vetted through desktop research, including checks of corporate websites, assessments of the supplier's financial stability and business longevity or stability, and references.

Based on media or internal communication information, suppliers known to have violated laws or human rights or engaged in any legally prohibited activities are excluded.
The Group recognises family farms it collaborates with as its vulnerable suppliers. By providing production financing to its subcontractors, Agro Invest Grupa supports the launching of production for local family farms. Small agricultural producers are thus supported in establishing their agrarian production by enabling them to settle their obligations with their crops at harvest time, which provides an incentive for production. A large system like Agro Invest Grupa also enables them to place their goods on the market.

A formal policy for the prevention of late payments has not been established. However, the due dates for the obligations towards suppliers are tracked daily. Based on available funds in the companies' accounts and agreed terms and conditions with the banks, payment priorities are assessed, and obligations are paid in the chronological order according to their due dates.

G1-3 Prevention and detection of corruption and bribery

G1-3

In accordance with Agro Invest Grupa's Anti-Corruption Policy, the Policy's objectives are to inform employees about business standards and the actions the Group undertakes to identify and prevent corruption risks and manage them; to establish principles and rules for detecting and preventing potentially corrupt activities; and to define procedures for handling incidents where corrupt activities have been identified. The Code of Ethics of Agro Invest Grupa also refers to the principle of zero tolerance for bribery and corruption.

As there have been no reports or confirmed corruption and bribery incidents to date, a formal investigation system has not been established. Upon the first indication of a corrupt activity, an investigation committee independent of management functions will be formed to investigate and verify the facts. Such a committee will report its investigation findings directly to the Group's Management and Supervisory Board.
The Anti-Corruption Policy is publicly available to all external stakeholders on the Group's website and to employees on the intranet pages. A training program for combating corruption has not yet been designed or implemented for the members of administrative, management and supervisory bodies, nor for high-risk functions. However, organising training and education programmes for employees of all companies within Agro Invest Grupa is being considered.

G1-4 Corruption and bribery incidents

G1-4

No reports were recorded in the reporting period, and therefore, no confirmed incidents of corruption or bribery were identified.

G1-5 Political influence and lobbying activities

G1-5

Agro Invest Grupa does not engage in lobbying or hire lobbyists to exert political influence related to its material impacts, risks and opportunities. Additionally, the Group's Anti-Corruption Policy prohibits offering and giving political donations, which include monetary or non-monetary contributions such as equipment rentals, donations, free services or donating employees' time.

None of the members of the company's administrative, management or supervisory bodies or the Group companies have held a comparable position in the public administration within the two years prior to their appointment in the current reporting period.

Agro Invest Grupa is not legally obligated to be a member of the Chamber of Commerce or any other organisation that represents the interests of its members. However, some Group members are legally required to be members of specific organisations. Thus, PP Orahovica and PPK Valpovo are members of the Croatian Chamber of Commerce.

G1-6 Payment practices

G1-6

Agro Invest Grupa has not analysed the average invoice payment time from the date when the calculation of the contractual or legal payment deadline begins. When making payments, the Group adheres to the contractual and legal payment terms.

For most goods and services procured by the Group, there are no standard payment terms by category. On a case-by-case basis, advance payment or payment within the maximum allowed legal term can be contracted for similar goods or with the same supplier. The payment type to be contracted depends on the offer received, the cost of financing and other terms and conditions.

Some suppliers have standard payment terms such as some state institutions (agencies, government bodies), local and regional self-government bodies and utility service providers (telecommunications services, electricity, municipal services, water suppliers, etc.), which have prescribed payment deadlines, and the Group adheres to these payment deadlines.

APPENDIX 1: ESRS DISCLOSURES INDEX

Disclosure requirements in ESRS included in the sustainability report

ESRS 2 IRO-2

ESRS 2 – GENERAL DISCLOSURES		Chapter	Pg.
BP-1	General basis for preparation of the sustainability statement	ESRS 2 - General disclosures: Basis for preparation of the sustainability report	125
BP-2	Disclosures in relation to specific circumstances	ESRS 2 - General disclosures: Basis for preparation of the sustainability report	125
GOV-1	The role of the administrative, management and supervisory bodies	ESRS 2 - General disclosures: Managing sustainability issues	127
GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	ESRS 2 - General disclosures: Managing sustainability issues	129
GOV-3	Integration of sustainability-related performance in incentive schemes	ESRS 2 - General disclosures: Managing sustainability issues	129
GOV-4	Statement on due diligence	ESRS 2 - General disclosures: Managing sustainability issues	130
GOV-5	Risk management and internal controls over sustainability reporting	ESRS 2 - General disclosures: Managing sustainability issues	130
SBM-1	Strategy, business model and value chain	ESRS 2 - General disclosures: Strategy and business model	131
SBM-2	Interests and views of stakeholders	ESRS 2 - General disclosures: Double materiality	132
		Within the thematic standards: Significant impacts, risks, and opportunities.	S1 189
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	ESRS 2 - General disclosures: Double materiality	132
		Within the topical standard: Material impacts, risks and opportunities	E1 141 E2 159 E3 166 E5 175 S1 184
IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	ESRS 2 - General disclosures: Double materiality	132
		Within the topical standard: Material impacts, risks and opportunities	E1 139 E2 159 E3 167 E5 176 S1 184 G1 206
IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	ESRS 2 - General disclosures: Double materiality	136

E1 – CLIMATE CHANGE		Chapter	Pg.
GOV-3	Integration of sustainability-related performance in incentive schemes	ESRS 2 - General disclosures: Managing sustainability issues	129
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	E1 - Climate change: Material impacts, risks and opportunities	141
		ESRS 2 - General disclosures: Double materiality	132
IRO-1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	E1 - Climate change: Material impacts, risks and opportunities	139
		ESRS 2 - General disclosures: Double materiality	132
E1-1	Transition plan for climate change mitigation	E1 - Climate change: Management approach	141
E1-2	Policies related to climate change mitigation and adaptation	E1 - Climate change: Our management approach	143
E1-3	Actions and resources in relation to climate change policies	E1 - Climate change: Actions and activities	143
E1-4	Targets related to climate change mitigation and adaptation	E1 - Climate change: Metrics and targets	144
E1-5	Energy consumption and mix	E1 - Climate change: Metrics and targets	144
E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	E1 - Climate change: Metrics and targets	146
E1-7	GHG removals and GHG mitigation projects financed through carbon credits	Not applicable	-
E1-8	Internal carbon pricing	Not applicable	-
E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	Use of phase-in option	-

E2 - POLLUTION		Chapter	Pg.
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	E2 - Pollution: Material impacts, risks and opportunities	159
		ESRS 2 - General disclosures: Double materiality	132
IRO-1	Description of the processes to identify and assess material pollution-related impacts, risks and opportunities	E2 - Pollution: Material impacts, risks and opportunities	159
		ESRS 2 - General disclosures: Double materiality	132
E2-1	Policies related to pollution	E2 - Pollution: Management approach	160
E2-2	Actions and resources related to pollution	E2 - Pollution: Actions and activities	161
E2-3	Targets related to pollution	E2 - Pollution: Metrics and targets	162

E2-4	Pollution of air, water and soil	E2 - Pollution: Metrics and targets	162
E2-5	Substances of concern and substances of very high concern	Not material	-
E2-6	Anticipated financial effects from pollution-related impacts, risks and opportunities	Use of phase-in option	-

E3 – WATER AND MARINE RESOURCES		Chapter	Pg.
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	E3 – Water and marine resources: Material impacts, risks and opportunities	166
		ESRS 2 - General disclosures: Double materiality	132
IRO-1	Description of the processes to identify and assess material pollution-related impacts, risks and opportunities	E3 – Water and marine resources: Material impacts, risks and opportunities	167
		ESRS 2 - General disclosures: Double materiality	132
E3-1	Policies related to water and marine resources	E3 – Water and marine resources: Management approach	168
E3-2	Actions and resources related to water and marine resources	E3 – Water and marine resources: Actions and activities	169
E3-3	Targets related to water and marine resources	E3 – Water and marine resources: Metrics and targets	170
E3-4	Water consumption	E3 – Water and marine resources: Water consumption	172
E3-5	Anticipated financial effects from pollution-related impacts, risks and opportunities	Use of phase-in option	-

EE5 – RESOURCE USE AND CIRCULAR ECONOMY		Chapter	Pg.
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	E5 - Resource use and circular economy: Material impacts, risks and opportunities	175
		ESRS 2 - General disclosures: Double materiality	132
IRO-1	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	E5 - Resource use and circular economy: Material impacts, risks and opportunities	176
		ESRS 2 - General disclosures: Double materiality	132
E5-1	Policies related to resource use and circular economy	E5 - Resource use and circular economy: Management approach	176
E5-2	Actions and resources related to resource use and circular economy	E5 - Resource use and circular economy: Actions and activities	176
E5-3	Targets related to resource use and circular economy	E5 - Resource use and circular economy: Metrics and targets	177
E5-4	Resource inflows	E5 - Resource use and circular economy: Metrics and targets	177
E5-5	Resource outflows	E5 - Resource use and circular economy: Metrics and targets	180
E5-6	Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities	Use of phase-in option	-

S1 – OWN WORKFORCE		Chapter	Pg.
SBM-2	Interests and views of stakeholders	S1 - Own workforce: Material impacts, risks and opportunities	189
		ESRS 2 - General disclosures: Double materiality	132
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	S1 - Own workforce: Material impacts, risks and opportunities	184
		ESRS 2 - General disclosures: Double materiality	132
S1-1	Policies related to own workforce	Interests and views of stakeholders Management approach	187
S1-2	Processes for engaging with own workers and workers' representatives about impacts	S1 - Own workforce: Management approach	190
S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	S1 - Own workforce: Management approach	191
		G1 - Business conduct: Management approach	206
S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	S1 - Own workforce: Actions and activities	192
S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Interests and views of stakeholders Metrics and targets	197
S1-6	Characteristics of the undertaking's employees	S1 - Own workforce: Metrics and targets	199
S1-7	Characteristics of non-employee workers in the undertaking's own workforce	S1 - Own workforce: Metrics and targets	-
S1-8	Collective bargaining coverage and social dialogue	S1 - Own workforce: Metrics and targets	201
S1-9	Diversity metrics	S1 - Own workforce: Metrics and targets	202
S1-10	Adequate wages	S1 - Own workforce: Metrics and targets	202
S1-11	Social protection	Use of phase-in option	-
S1-12	Persons with disabilities	Use of phase-in option	-
S1-13	Training and skills development metrics	Use of phase-in option	-
S1-14	Health and safety metrics	Use of phase-in option	-
S1-15	Work-life balance metrics	Use of phase-in option	-
S1-16	Compensation metrics (pay gap and total compensation)	S1 - Own workforce: Metrics and targets	202
S1-17	Incidents, complaints and severe human rights impacts	S1 - Own workforce: Metrics and targets	203

G1 – GOVERNANCE CONDUCT		Chapter	Pg.
GOV-1	The role of the administrative, supervisory and management bodies	ESRS 2 - General disclosures: Managing sustainability issues	127
IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	G1 - Business conduct: Material impacts, risks and opportunities	206
		ESRS 2 - General disclosures: Double materiality	132
G1-1	Business conduct policies and corporate culture	G1 - Business conduct: Management approach	206
G1-2	Management of relationships with suppliers	G1 - Business conduct: Management approach	207
G1-3	Prevention and detection of corruption and bribery	G1 - Business conduct: Management approach	208
G1-4	Confirmed incidents of corruption or bribery	G1 - Business conduct: Metrics and targets	208
G1-5	Political influence and lobbying activities	G1 - Business conduct: Metrics and targets	209
G1-6	Payment practices	G1 - Business conduct: Metrics and targets	209

APPENDIX 2: LIST OF DATA POINTS IN CROSS-CUTTING AND TOPICAL STANDARDS THAT DERIVE FROM OTHER EU LEGISLATION

The table below includes all data points stemming from other EU legislation as referred to in ESRS 2 Appendix B, with references to chapters and pages of this Sustainability Report. Data is not stated if connected with a topic that is 'Not material' or 'Not applicable' to the business activities of Agro Invest Grupa.

Requirement	Data point	Code	Reference to SFDR	Reference to Pillar 3	Benchmark Regulation reference (25)	European Climate Law reference	Section / chapter	Chapter / page
ESRS 2 GOV-1	21d	Gender diversity in the Management Board	x		x			127
ESRS 2 GOV-1	21e	Percentage of independent Management Board members			x			128
ESRS 2 GOV-4	30	Statement on due diligence	x					130
ESRS 2 SBM-1	40d-i	Involvement in activities related to fossil fuel and energy	x	x	x		Not applicable	
ESRS 2 SBM-1	40d-ii	Involvement in activities related to chemical production	x		x		Not applicable	
ESRS 2 SBM-1	40d-iii	Involvement in activities related to controversial weapons	x		x		Not applicable	
ESRS 2 SBM-1	40d-iv	Involvement in activities related to cultivation and production of tobacco			x		Not applicable	
ESRS E1-1	14	Transition plan to reach climate neutrality by 2050				x	Use of phase-in option	
ESRS E1-1	16g	Undertakings excluded from Paris-aligned Benchmarks		x	x			141
ESRS E1-4	34	GHG emission reduction targets	x	x	x			144
ESRS E1-5	38	Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors)	x					144

Zahtjev	Podatkovna točka	Oznaka	Upućivanje na SFDR	Upućivanje na treći stup	Upućivanje na propise o referentnim vrijednostima	Upućivanje na Europski zakon o klimi	Sekcija / poglavlje	Poglavlje / stranica
ESRS E1-5	37	Energy consumption and mix	x					144
ESRS E1-5	40-43	Energy intensity associated with activities in high climate impact sectors	x					144
ESRS E1-6	44	Gross Scope 1, 2, 3 and Total GHG emissions	x	x	x			146
ESRS E1-6	53-55	Gross GHG emissions intensity	x	x	x			146
ESRS E1-7	56	GHG removals and carbon credits				x	Not material	
ESRS E1-9	66	Exposure of the benchmark portfolio to climate-related physical risks			x		Use of phase-in option	
ESRS E1-9	66a	Disaggregation of monetary amounts by acute and chronic physical risk		x			Use of phase-in option	
ESRS E1-9	66c	Location of significant assets at material physical risk		x			Use of phase-in option	
ESRS E1-9	67c	Disaggregation of the carrying value of real estate assets by energy-efficiency classes			x		Use of phase-in option	
ESRS E1-9	69	Degree of exposure of the portfolio to climate-related opportunities	x				Use of phase-in option	
ESRS E2-4	28	Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil	x					162
ESRS E3-1	9	Water and marine resources	x					168
ESRS E3-1	13	Dedicated policy	x					168
ESRS E3-1	14	Sustainable oceans and seas	x				Not material	
ESRS E3-4	28c	Total water recycled and reused	x				Not applicable	

Zahtjev	Podatkovna točka	Oznaka	Upućivanje na SFDR	Upućivanje na treći stup	Upućivanje na propise o referentnim vrijednostima	Upućivanje na Europski zakon o klimi	Sekcija / poglavlje	Poglavlje / stranica
ESRS E3-4	29	Total water consumption in m3 per net revenue on own operations	x					172
ESRS 2 SBM-3 E4	16a-i	Biodiversity sensitive areas	x				Use of phase-in option	
ESRS 2 SBM-3 E4	16b	Impacts on land	x				Use of phase-in option	
ESRS 2 SBM-3 E4	16c	Endangered species	x				Use of phase-in option	
ESRS E4-2	24b	Sustainable land/agriculture practices or policies	x					
ESRS E4-2	24c	Sustainable oceans/seas practices or policies	x				Not material	
ESRS E4-2	24d	Policies to address deforestation	x				Use of phase-in option	
ESRS E5-5	37d	Non-recycled waste	x					180
ESRS E5-5	39	Hazardous waste and radioactive waste	x					180
ESRS 2 SBM-3 – S1	14f	Risk of incidents of forced labour	x				Not material	
ESRS 2 SBM-3 – S1	14g	Risk of incidents of child labour	x				Not material	
ESRS S1-1	20	Human rights policy commitments			x			187
ESRS S1-1	21	Due diligence policies on issues addressed by the fundamental International Labour Organisation Conventions 1 to 8	x					187
ESRS S1-1	22	Processes and measures for preventing trafficking in human beings	x				Not material	
ESRS S1-1	23	Workplace accident prevention policy or management system	x				Use of phase-in option	
ESRS S1-3	32c	Grievance/complaints handling mechanisms	x		x			191
ESRS S1-14	88b, 88c	Number of fatalities and number and rate of work-related accidents	x				Use of phase-in option	

Zahtjev	Podatkovna točka	Oznaka	Upućivanje na SFDR	Upućivanje na treći stup	Upućivanje na propise o referentnim vrijednostima	Upućivanje na Europski zakon o klimi	Sekcija / poglavlje	Poglavlje / stranica
ESRS S1-14	88e	Number of days lost to injuries, accidents, fatalities or illness	x		x		Use of phase-in option	
ESRS S1-16	97a	Unadjusted gender pay gap paragraph	x					202
ESRS S1-16	97b	Excessive CEO pay ratio	x					202
ESRS S1-17	103a	Incidents of discrimination	x		x			203
ESRS S1-17	104a	Non-respect of UNGPs on Business and Human Rights and OECD	x					203
ESRS 2 SBM3 S2	11b	Significant risk of child labour or forced labour in the value chain	x				Use of phase-in option	
ESRS S2-1	17	Human rights policy commitments	x				Use of phase-in option	
ESRS S2-1	18	Policies related to value chain workers	x		x		Use of phase-in option	
ESRS S2-1	19	Non-respect of UNGPs on Business and Human Rights and OECD	x				Use of phase-in option	
ESRS S2-1	19	Due diligence policies on issues addressed by the fundamental International Labour Organisation Conventions 1 to 8	x				Use of phase-in option	
ESRS S2-4	36	Human rights issues and incidents connected to its upstream and downstream value chain	x				Use of phase-in option	
ESRS S3-1	16	Human rights policy commitments	x		x		Not material	
ESRS S3-1	17	Non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines	x				Not material	
ESRS S3-4	36	Human rights issues and incidents	x				Not material	
ESRS S4-1	16	Policies related to consumers and end users	x		x		Use of phase-in option	
ESRS S4-1	17	Non-respect of UNGPs on Business and Human Rights and OECD	x				Use of phase-in option	

Zahtjev	Podatkovna točka	Oznaka	Upućivanje na SFDR	Upućivanje na treći stup	Upućivanje na propise o referentnim vrijednostima	Upućivanje na Europski zakon o klimi	Sekcija / poglavlje	Poglavlje / stranica
ESRS S4-4	35	Human rights issues and incidents	x				Use of phase-in option	
ESRS G1-1	10b	United Nations Convention against Corruption	x				Use of phase-in option	
ESRS G1-1	10d	Protection of whistle-blowers	x		x			206
ESRS G1-4	24a	Fines for violation of anti-corruption and anti-bribery laws	x					208
ESRS G1-4	24b	Standards of anti-corruption and anti-bribery	x					208

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INDEPENDENT AUDITOR'S LIMITED ASSURANCE REPORT ON THE CONSOLIDATED SUSTAINABILITY REPORT FOR 2024

To the owner of Agro Invest Grupa d.o.o. and its subsidiaries, Zagreb

Subject of Examination

We have been engaged by Agro Invest Grupa d.o.o. to conduct an engagement with limited assurance, in accordance with the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information (revised) ("Engagement"), on the consolidated Sustainability Report ("Subject of Examination") of Agro Invest Grupa d.o.o. ("Company") and its subsidiaries (together "Group"), contained in the "Sustainability Report" in the Management Report (consolidated Sustainability Report) as of 31 December 2024, 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, No. 85/24 and 145/24), including:

- Compliance with the provisions of the European Sustainability Reporting Standards (ESRS), including the implementation of the process for identifying information disclosed in the consolidated Sustainability Report ("Process") as described in the section The process of assessing double materiality; and
- Compliance of disclosures in the consolidated Sustainability Report with the reporting requirements of Article 8 of Regulation (EU) 2020/852 ("Taxonomy Regulation").

Inherent Limitations in Preparing the Consolidated Sustainability Report

Inherent limitations exist in all assurance engagements.

The criteria and characteristics of the Sustainability Report and the lack of long-established authoritative guidelines, standard applications, and reporting practices allow for the adoption of different, but acceptable, measurement methodologies, which may result in differences among entities. The adopted measurement methodologies can also affect the comparability of sustainability data reported by different organizations and the consistency within the same organization from year to year as methodologies evolve.

In reporting information about future events in accordance with ESRS, the Group's Management is required to prepare information about future events based on published assumptions about events that may occur in the future and possible future activities of the Group. The actual outcome is likely to be different, as 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 can be interpreted in different ways, including the legal compliance of their interpretation, and are therefore subject to uncertainties.

Management's and Those Charged with Governance Responsibility for Sustainability Reporting

Management is responsible for the design and implementation of the process for identifying information disclosed in the consolidated Sustainability Report in accordance with ESRS, and for disclosing this Process in the section The process of assessing double materiality in 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 issues, 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 financing, or cost of capital in the short, medium, or long term;
- Assessing the significance of identified impacts, risks, and opportunities related to sustainability issues by selecting and applying appropriate materiality thresholds; and
- Making assumptions that are reasonable in the given 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;
- Preparing disclosures in the section Information in accordance with Article 8 of Regulation (EU) 2020/852 in accordance with the reporting requirements of Article 8 of Regulation (EU) 2020/852 (EU Taxonomy Regulation);
- Designing, implementing, and maintaining internal control systems that Management determines are necessary to enable the preparation of the consolidated Sustainability Report without material misstatements due to fraud or error; and
- Selecting and applying appropriate sustainability reporting methods and forming appropriate estimates and judgments about individual sustainability disclosures that are reasonable in the given circumstances.

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

Auditor's Responsibility

We conducted an engagement with limited assurance in accordance with the International Standard on Assurance Engagements, Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE) 3000 (revised), as prescribed by the provision of Article 37 of the Accounting Act and the provisions of the contract for this engagement concluded with Agro Invest Grupa d.o.o. on 10 October 2024. These standards require planning and performing the engagement to express a conclusion on whether we are aware of any significant changes that need to be made to the Subject of Examination to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of selected procedures depend on our professional judgment, including the assessment of the risk of material misstatement, whether due to fraud or error.

Auditor's Responsibility (continued)

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

- Gaining 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 the compliance of the Process with the description of the Group's Process, as disclosed in the section The process of assessing double materiality.

Our other responsibilities regarding the Subject of Examination include:

- Identifying disclosures where significant misstatements are likely to occur, whether due to fraud or error;
- Designing and performing procedures aimed at disclosures in the consolidated Sustainability Report where significant misstatements are likely to occur. The risk of not detecting a significant misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

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

Our Independence and Quality Management

We comply with the independence and other ethical requirements established by the International Code of Ethics for Professional Accountants, issued by the International Ethics Standards Board for Accountants (IESBA), which sets out fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior. We possess the necessary knowledge and experience to conduct this assurance engagement.

We also apply the 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 quality control system, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Description of Procedures Performed

Procedures performed in a limited assurance engagement differ in nature and timing from, and are less extensive than, those performed in a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is significantly lower than that which would have been obtained had a reasonable assurance engagement been performed. Our procedures are designed to obtain a limited level of assurance on which we can 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 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 checking the aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making inquiries, primarily to persons responsible for preparing 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 selected procedures depend on professional judgment, including identifying disclosures where significant misstatements are likely to occur, whether due to fraud or error, in the consolidated Sustainability Report.

In conducting our limited assurance engagement, we performed the following procedures regarding the Process:

- Gaining 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
    - Assessing the compliance of evidence obtained from our procedures on the Process conducted by the Group with the description of the Process stated in the section The process of assessing double materiality.

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

- Gaining an understanding of the Group's reporting process relevant to the preparation of the consolidated Sustainability Report, including the consolidation process by gaining an understanding of the Group's control environment, processes, and information systems relevant to the preparation of the consolidated Sustainability Report, but not assessing the design of specific control activities, obtaining evidence of their implementation, or testing their operational effectiveness;
- Assessing whether significant information identified by the Process for identifying information for disclosure in the consolidated Sustainability Report is included in the consolidated Sustainability Report;
- Assessing the compliance of the structure and presentation of the consolidated Sustainability Report in accordance with ESRS;
- Making inquiries of relevant employees and performing analytical procedures on selected information from the consolidated Sustainability Report;
- Assessment of methods, assumptions, and data for developing significant estimates and future information, and how these methods were applied.

Description of Procedures Performed (continued)

- Understanding the process for identifying eligible and aligned economic activities under the EU taxonomy regulation for transport, CAPEX, and OPEX, as well as the corresponding disclosures in the consolidated Sustainability Report;
- Evaluation of the presentation and use of EU Taxonomy templates in accordance with the relevant requirements; and
- Alignment and verification of consistency, to the extent applicable, between the listed economic activities under the EU Taxonomy and the items stated in the consolidated financial statements, including the disclosures mentioned in the related notes.

Qualified limited assurance conclusion

Based on the we have performed and the evidence we have obtained, except for the effects and the possible effects of the matters described in the Basis for qualified conclusion section, nothing has come to our attention that causes us to believe that the consolidated Sustainability Report of the Group is not 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 conducted by the Group for identifying information disclosed in the consolidated Sustainability Report ("Process") with the description provided in the section The process of assessing double materiality; and
- Compliance of disclosures in the section Information in accordance with Article 8 of Regulation (EU) 2020/852 in the consolidated Sustainability Report with the reporting requirements of Article 8 of Regulation (EU) 2020/85 (EU Taxonomy Regulation).

Basis for qualified conclusion

The double materiality assessment process was not fully conducted in accordance with the methodological requirements of the European Sustainability Reporting Standards, which may affect the reliability of the identification of material topics. Furthermore, in relation to the environmental topical standards (ESRS E1 to E5), disclosures were found not to be fully aligned with the requirements of the standards, particularly regarding quantitative indicators and targets. Consequently, the sustainability information is not fully presented in accordance with the requirements of the European Sustainability Reporting Standards.

Other Matters

Comparative information included in the consolidated Sustainability Report of the Group for the financial year from 1 January to 31 December 2023, was not subject to the assurance engagement. Our conclusion is not modified with respect to this matter.

Zagreb, 28 April 2025

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10000 Zagreb

Hrvoje Stipić, President of the Management Board

VStipić
Vedrana Stipić, Certified Auditor

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BDO Croatia d.o.o.
Zagreb, Radnička cesta 180
OIB: 76394522236

Zagreb, 28 April 2025

Pursuant to the provisions of Articles 300a and 300b of the Companies Act, the Management Board of the Company adopted next

D E C I S I O N

I. The Annual Report of the Company for 2024 is determined according to the text attached to this Decision.

II. The consolidated and separate Annual Financial Report for 2024 are determined, which consists of:
- statement of financial position (balance sheet),
- profit and loss account,
- report on other comprehensive income,
- cash flow statement,
- report on changes in equity,
- notes to the financial statements,

according to the text attached to this Decision and are an integral part of the report referred to in item I of this Decision.

III. The Audit Report for 2024 is an integral part of the report referred to in item I of this Decision.

IV. Management Report is determined, together with the Statement on the Application of the Code of Corporate Governance and Sustainability Report together with independent Auditor's Report which forms an integral part of the report referred to in item I of this Decision.

V. Annual report of the Company for 2024, ie reports from item II. to IV. these decisions are submitted to the Supervisory Board for examination.

VI. This Decision shall enter into force on the day of its adoption.

Ivan Pandurević
President of Management Board

Iva Brkić
Member of Management Board

Zagreb, 28 April 2025

Pursuant to the provisions of Article 300.d, and in accordance with the provisions of Article 300.c of the Companies Act, after the examination of the submitted relevant reports of the Management Board, the Supervisory Board of the Company at its meeting held on April 28, 2025 adopted the following

DECISION

I. Consent is given to the Annual Report of the Company for 2024 according to the text attached to this Decision.

II. Consent is given to:

- consolidated and separate Annual Financial Report for 2024, consisting of:
- statement of financial position (balance sheet), income statement, statement of other comprehensive income, cash flow statement, statement of changes capital, notes to the financial statements,
- Audit Report for 2024,
- Management Report, together with a statement on the application of the corporate governance code and Sustainability Report together with independent Auditor's Report, according to the text attached to this Decision, which reports are an integral part of the report referred to in point I. of this Decision.

III. Pursuant to the provisions of Article 300d of the Companies Act by giving consent from point II. Of this Decision, unconsolidated and consolidated Annual Financial Statements of the Company for 2024 was determined by the Management Board and the Supervisory Board of the Company.

IV. This Decision shall enter into force on the day of its adoption.

Marko Rašić
President of Supervisory Board

Zagreb, 28 April 2025

Pursuant to the provisions of Articles 275 and 300.b of the Companies Act, the Management Board of the Company passed next

D E C I S I O N

I. The proposal of the Decision on use, which is sent to the General Assembly for adoption, is determined, which reads:

I. It is determined that the total realized profit after tax for 2024 amounts to EUR 446,721.84

II. The total realized profit for 2024, after taxation, in the amount of EUR 446,721.84, is allocated to the retained earnings of the Company.

II. This Decision shall enter into force upon obtaining the consent of the Supervisory Board.

Ivan Pandurević
President of Management Board

Iva Brkić
Member of Management Board

Zagreb, 28 April 2025

Pursuant to the provisions of Article 300.c of the Companies Act, after an examination submitted the proposal of the Decision in the use of profit, the Supervisory Board of the Company at its meeting on April 28, 2025, adopted the following

D E C I S I O N

I. Consent is given to the proposal of the Decision on use which is sent to the General Assembly on adoption, which reads:

I. It is determined that the total realized profit after tax for 2024 amounts to EUR 446,721.84.

II. The total realized profit for 2024, after taxation, in the amount of EUR 446,721.84 is allocated to the retained earnings of the Company.

II. This Decision shall enter into force on the day of its adoption.

Marko Rašić
President of Supervisory Board

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