INSTITUT IGH, d.d.

2023

ANNUAL UNCONSOLIDATED FINANCIAL STATEMENTS TOGETHER WITH THE INDEPENDENT AUDITOR`S REPORT

April 2024

TABLE OF CONTENTS

1. INTRODUCTION

Pursuant to Articles 250a and 250b of the Companies Act and Article 21.a of the Accounting Act Companies have to submit an Annual Report on the Status of the Company and a Consolidated Annual Report.

The Annual Report on the Status of INSTITUT IGH, d.d. (hereinafter: the Company) includes all the legally required information and data.

Given that it is a shareholder in subsidiaries and associates, the Company consolidates its Annual Financial Report.

In this report, the term „IGH Group" will be used to denote the Company and its subsidiaries and associated companies with the aim of presenting complete, truthful and factual information to the shareholders and the investment public.

The Annual Report includes basic financial statements put together in accordance with the Accounting Act and the International Financial Reporting Standards. Pursuant to the Accounting Act, basic financial statements include the Statement of Financial Position (Balance Sheet), Income Statement, a Statement of Other Comprehensive Income, a Statement of Changes in Shareholder Equity, a Cash Flow Statement and Notes to Financial Statements. In addition, the Annual Report also includes a Non-Financial Report pursuant to provisions of Article 21.a of the Accounting Act.

2. A WORD FROM THE DIRECTOR

2023 Is marked by the completion of one of the most expensive infrastructure projects in Croatia – the State Road DC403. The professional team from INSTITUT IGH, d.d. provided construction and financial supervision services on the project. It was concerning that infrastructure investments made by our main partners, Hrvatske Ceste, Hrvatske Autoceste and Hrvatske vode, dropped in 2023. Despite those developments, we have a very good contract portfolio for at least two more years. We started working on large infrastructure projects as part of rehabilitation works in the aftermath of the 2020 earthquake Croatia has suffered, and began spreading our business activity to Italian, Hungarian, Armenian and Bosnian markets, consequently expanding our presence and contribution. In addition, we have been optimizing costs in non-core activities as well as exploring new business directions (energy, the nuclear sector, high-rise buildings).

The number of employees working at INSTITUT IGH, d.d. amounted to 372 employees, with 12 more employees working in our foreign branch offices. This represents a reduction of 93 employees compared to 31 December 2022, when the Company had 477 employees. We believe this to be an optimal number given current market trends. During 2023, actions were taken to continue dealing with the pre-bankruptcy settlement debt, so we can close that chapter in our business and continue to achieve the strategic goals we've set without the burdens of the past. On 29 December 2023, the company had recapitalized, creating all necessary prerequisites to start the pre-bankruptcy settlement finalization procedure.

During 2023, we signed 120 new contracts worth around 15,39 million EUR in total. Currently active contracts are expected to bring slightly over 25 million EUR in revenue. In addition, in 2023 we raised the average gross salary to EUR 1.761. For 2024, we expect a total revenue of 24,87 million EUR of which 5,8 million EUR is international revenue with an expected profit margin of 15,12%.

After adopting the **2020-2030 Company Development Strategy** and forming a strategy implementation team, we developed an annual plan with four key areas:

1. **Employee orientation and mentorship;**
2. **New markets and business segments;**
3. **Scientific and research activity;**
4. **Profitability.**

The Company monitored the implementation of the plan on a monthly basis and, at the end of the year, the results were presented to the Company's Supervisory Board. In addition, taking into account recent activities on global and domestic markets, it was clear that the base strategy needed some adjustments to include new areas of activity. You can read more on that in a separate chapter, entitled „Strategy“.

The non-financial part of the 2023 report was prepared taking into account the GRI.

U ime Instituta IGH, d.d.

Robert Petrosian, dipl.ing.grad.
Direktor

3. BUSINESS ACTIVITIES

INSTITUT IGH, d.d. is the leading civil engineering consulting company in Croatia and the region, enabling comprehensive support to infrastructure and investment projects and delivering optimal wholesome and innovative solutions in the field of civil engineering in Croatia and on international markets with its 8 subsidiaries and 1 associate company.

The Company is registered with the Commercial Court in Zagreb under the number MBS: 080000959 and has a registered headquarters in Zagreb, Janka Rakuše 1.The Company's share capital amounts to 14,814,630.00 EUR and is divided into 1,481,463.00 regular shares. The nominal value of the share is 10,00 EUR of which 613.709 are marked IGH-R-A, and quoting on the offical market of the Zagreb Stock Exchange, along with 867.754 regular shares marked IGH-R-D.

INSTITUT IGH, d.d. provides the following services:

- Publishing;
- Consulting and obtaining software;
- Research and development in technical and technological sciences;
- Business and management consulting;
- Holding management;
- Architecture and engineering activities and technical consulting;
- Technical tests and analyses;
- Scientific and developmental research, the publishing of the results of the said research, scientific training and maintenance and development of research and scientific infrastructure;
- Improving general, technical and autonomous civil engineering regulations as well as regulations in other fields where knowledge of civil engineering is needed , analysing and coordinating the implementation of international regulations in civil engineering;
- Improving developmental programs and construction technologies;
- Developing environmental impact studies from a territory preservation, protection and improvement standpoint;
- Organizing and implementing professional development related activities;
- Controlling the stability, safety, functionality, physical properties and feasibility of technical documents;
- Controlling and evaluating the fitness of the organizations implementing activities affecting the security, quality and functionality of structures;
- Appraisals in the field of civil engineering, techniques, technologies and evaluations of civil engineering economics;
- Creating and updating a registry of facilities and infrastructure and monitoring the condition of the structures, exploitation and maintenance;
- Professional environmental protection-related works;
- Professonal spatial planning-related works , namely, the preparation of spatial planning documents and technical input for the issuing of location permits;
- Project nostrification for:
    - Architectural design (for the architectural designs of buildings, the interior designs of buildings and landscape designs);
    - Mechanical engineering design (for energy efficient building designs, as well as for gaseous and liquid substance storing projects);
- Programming and implementation of geotechnical survey works;
- The preparation of geotechnical opinions and reports;
- Developing civil engineering designs of geotechnical structures;
- Laboratory testing of soil and rocks;

- Field testing of soil and rocks in boreholes;
- Observations of geotechnical structures;
- Laboratory and field testing of geotextiles;
- Geological investigation of energy providing metal and non-metal raw materials;
- Hydrogeological investigation (geological, strucural geological and hydrogeological survey works, ground water hydraulic parameter testing, designing ground water interventions including works implemnted for the purposes of water supply implementation and for the provision of supporting data);
- Engineering and geological investigation (geological, structural geological and engineering geological investigation works for the provision of supporting data to be used in the design of civil engineering structures);
- Organization, design and supervision of geological amd hydrogeological engineering works;
- Ground water investigations and the investigations of the geological engineering terrain features for the purposes of study preparation and environmental protection;
- Geophysical investigations for environmental protection purposes and for the purposes of providing support data for archeological exploration;
- Cultural heritage protection and preservation works, namely: investigating and documenting the load bearing structure of the cultural asset in question , developing the conceptual design, and the preliminary, detailed and implementation designs for the rehabilitation of the load bearing structure of the immovable cultural asset in question, that is, preparing architectural documents on the cultural asset and developing a conceptual design, and a preliminary, detailed and implementation design for works on the immovable cultural asset, as well as repairing materials on the said asset;
- Developing interdisciplinary activities necessary for the development and improvement of civil engineering;
- Developing series and prototypes of civil engineering measuring devices;
- Consulting and ensuring the quality of the facility's technical equipment;
- Developing and introducing quality assurance programs;
- Copying and photocopying technical documents;
- Certification services;
- Preparing technical approvals;
- Investing in the country and abroad;
- Research, as well as providing and using knowledge and information in science and economy;
- Quality and quantity control services in the import and export of goods, representing foreign companies;
- Geophysical surveying for the purposes of engineering-geological, hydrogeological and geotechnical surveying, and control testing and quality assurance on civil engineering structures;
- Dealing in spatial planning activities;
- Dealing in construction project management activities;
- Preparing design documents for water management facilities and water supply systems;
- Preparing survey reports with permanent topographic points for the purposes of basic topographic activities;
- Preparing survey reports for the measuring, marking and maintaining of the national border;
- Preparing reports for the development of the Croatian Basic Map;
- Preparing reports for the development of digital orthophoto charts;
- Preparing reports for the development of detailed topographic maps;
- Preparing reports for the development of general topographic maps;
- Preparing cadastral survey reports;
- Preparing technical reambulation reports;
- Preparing cadastral plan digitalization reports;
- Preparing reports for the conversion of digital cadastral plans into a given format;
- Preparing cadastral plan homogenization reports ;
- Preparing plot plans and other land cadastre-related survey reports;
- Preparing plot plans and other real estate cadastre-related survey reports;
- Preparing plot plans and other geodetic survey reports for the individual conversion of land

cadastre plots into real-estate cadastre plots;
- Preparing cadastral reports relating to utilities and geodetic/surveying activities that are needed for the provision of surveying services;
- The technical management of the utility services cadastre;
- The preparation of special geodetic/surveying support data for preparation of physical-development documents and acts;
- Preparing special geodetic support data for design work;
- Preparing geodetic reports defining the condition of a structure prior to reconstruction work;
- Surveying design preparation;
- Structure stakeout (setting out) and the preparation of stakeout reports;
- Preparing general geodetic plans for built structures;
- The geodetic monitoring of structures under construction, and preparation of surveying-monitoring reports;
- The monitoring of the displacement of structures in the course of maintenance activities, and preparation of surveying-monitoring reports;
- Geodetic activities undertaken in the scope of urban land redistribution;
- Preparing agricultural land redistribution designs and surveying activities performed in the scope of redistribution of agricultural land;
- Preparing special surveying/geodetic support data for protected areas and areas under protection;
- technical supervision of works: development of work-cadastre reports and topographic activities for provision of topographic services, technical management of cadastre for utility service lines, elaboration of special topographic support data for the preparation of physical development documents and acts, preparation of special surveying support data for design work, preparation of surveying reports defining condition of a structure prior to reconstruction work, preparation of geodetic designs, stakeout of structures and preparation of stakeout reports, geodetic monitoring of structures during construction, and preparation of geodetic-monitoring reports, monitoring displacement of structures in the course of maintenance activities, and preparation of geodetic-monitoring reports, and preparation of special surveying support data for protected areas and areas under protection;
- Nature protection-related activities;
- Noise protection-related activities;
- Accounting;
- Aerial photography;
- Translation;
- Real estate management and maintenance;
- Real estate brokerage;
- Real estate dealings;
- Vehicle renting;
- Aircraft renting;
- Yacht or boat renting, with or without a crew (charter) ;
- Vessel rental;
- Own-account transport;
- The transport of passengers in national road transport;
- The transport of passengers in international road transport;
- The transport of cargo in national and international road transport;
- Organizing seminars, courses, fairs, events, exhibitions and concerts;
- Polling and market research;
- The purchase and sale of goods;
- Trade;
- Commercial brokerage on national and international markets;
- Design and construction of structures and technical supervision of construction works;
- Design and construction of mining facilities and plants.

- **ACTIVITIES ON RECORD:**

- IT company services;
- Web design;
- Webste development and maintenance;
- Activities related to electronic communication networks and services ;
- Universal electronic communication services;
- Special tarrif services;
- Electronic publishing services;
- Teaching comupter science;
- IT and related activities;
- Civil engineering design of oil and mining plants and facilities;
- Construction and construction supervision of oil and mining plants and facilities;

- **In accordance with the norms relating to sustainable development systems, IGH has the following certificates:**

- ISO 9001 Quality Management Systems;
- ISO 14001 Environmental Management Systems;
- ISO 50001 Energy Management Systems;
- ISO 45001 Occupational Health and Safety Management Systems;
- ISO 27001 IT Safety Management Systems;
- HRN EN ISO/IEC 17025:2017 for the Testing Laboratory;
- HRN EN ISO/IEC 17025:2017 for the Metrology Laboratory;
- HRN EN ISO 17065:2013 for Production Certification.

4. COMPANY HISTORY

1949	• INSTITUT IGH, d.d. was founded as the Zagreb Civil Engineering Laboratory
1956	• The company name was changed to Croatian Civil Engineering Institute
1961-1962	• Branch offices in Split, Zagreb and Oslijek founded • The company gained the status of a scientific facility
1967-1973	• Field laboratories in Sisak, Karlovac, Dubrovnik, Pula, Zadar and Varaždin opened
1977	• The Institute joined forces with the Faculty of Civil Engineering to form a Civil Engineering Institute
1991	• The Civil Engineering Institute was divided into The Faculty of Civil Engineering and the Civil Engineering Institute
1994	• The Company was restructured and privatized
1995	• IGH – a joint stock company
1997	• The business premises in Rijeka and the laboratory building in Sisak completed
1999	• The Company was accredited in accordance with the HRN EN 45001 norm, which was later substituted with HRN EN ISO/IEC 17025 General requirements for the competence of testing and calibration
1999	• IGH Cert – an independent body within IGH in charge of controlling and evaluating the constancy of perfromance of construction products, as authorized by the Ministry in charge, was founded
2000	• The Design and Studies Department was founded • New business premises in Split were completed and furnished
2003	• IGH TD - an independent body within IGH in charge of evaluating construction product performance as authorized by the Ministry in charge, was founded IGH shares were listed on the Zagreb Stock Exchange
2004	• The Company was accredited in accordance with the HRN EN 45011 norm General requirements for bodies operating product certification systems • Over 400 testing norms for different construction products • IGH Laboratories moved to a new facility in Zagreb headquarters
2005	• The Company was authorized to confirm compliance when certifying products, during factory production control, and when providing factory production control supervision and testing
2006	• The ISO 9001:2002 Certificate: Quality Management Systems
2008	• Company restructuring and the design of a new visual identity

2009

- The Company is renamed as INSTITUT IGH, Joint Stock Company for Research and Development in Civil Engineering
- Reorganization
- The ISO 14001 Certificate: Environmental Management Systems
- The OHSAS 18001 certificate Health and Occupational Safety Management Systems

2012

- Reorganization
- A multi-member Management Board was appointed
- The Company's share capital was increased through payments in cash by issuing new registered ordinary shares of an individual value of HRK 400,00
- The Company's share capital was increased to HRK 105.668.000,00 by issuing 105.590 new shares, each of a nominal value of HRK 400,00 at a price of HRK 760,00 per share
- EUR 10,000.00 worth of convertible bonds marked IGH-O-176A, ISIN: HRIGH0O176A8 were issued
- IGH-ESOP d.o.o. was founded as a form of an employee stock ownership plan featuring 173 founding members with a share capital of HRK 2,979,200.00
- The Company was listed in the Scientific Organization Registry under technical sciences, civil engineering

2013

- Reorganization
- Prebankruptcy settlement
- IGH – Notified Body, a body in charge of certifying (evaluating the performance) of products at EU level in the field of harmonized European norms
- IGH – Notified body and Croatian Techncial Assessment Body for technical assessment as authorized by the Ministry in charge in the field of non-harmonized norms
- IGH – Technical Assessment Body – TAB for the preparation of technical assessments of construction products at EU level

2014

- The Company's share capital was increased through approved share capital by investing rights through the conversion of a part of claims of a part of the creditors in the pre-bankruptcy settlement from HRK 105,668,000.00 to HRK 123,483,600.00, by issuing 44,539 dematerialized, regular, ordinary shares, each of a nominal value of HRK 400.00
- The Company's share capital was reduced from HRK 123,483,600.00 kuna to HRK 58,654,710.00 by reducing the nominal value of the Company's shares from HRK 400.00 by HRK 210.00 to HRK 90.00 to cover the losses accumulated in previous periods
- The Company's share capital was increased through cash payments from HRK 58.654.710,00 to HRK 116.604.710,00 by 305,000 dematerialized ordinary regular shares each of a nominal value of HRK 190,00
- Changes in ownership structure, changes in members of the Management Board, the Members' functions, authorizations to represent, changes in members of the Supervisory Board, member revocation and granting members the power of attorney.

2015

- Reorganization
- 349,539 shares marked IGH-R-C ISIN HRIGH0RC00004 of an individual nominal value of HRK 190,00 were converted into 349,539 shares marked IGH-R-A ISIN HRIGH0RC00006 nominal value of HRK 190,00

- 349.539 shares of an individual pojedinačnog nominalnog iznosa od 190,00 kuna oznake IGH-R-A, ISIN: HRIGH0RA00006 were listed on the official market of the Zagreb Stock Exchange

2016

- Operational restructuring
- Expansion to new markets
- The opening of a Georgian subsidiary
- Operational indicators show a growth due to changes in business trends

2017

- Large infrastructure projects in Georgia were successfully implemented
- IGH Mostar was acquired and a new business unit in Bjelina was opened
- Rebranding and a new visual identity

2018

- IGH Laboratories were successfully reacredited by the Croatian Accreditation Agency (CAA), consequently meeting all the requirements of the HRN EN ISO/IEC 17025 norm, and awarding the Laboratories a new valid Accreditation Certificate valid until 2024.
- An accreditation for Low Strain Impact Integrity Testing of Deep Foundations (PIT - ASTM D5882-16), High-Strain Dynamic Testing of Deep Foundations (PDA - ASTM D4945-17), Standard penetration testing (SPP/SPT - HRN EN ISO 22476-3:2008) and Energy Measurement for Dynamic Penetrometers (SPP/Er - ASTM D4633-16), expanding the field of geotechnical testing accreditation to IGH's field investigations
- After public tendering and a submitted tender worth HRK 49,4 million(VAT excluded), a Supervision Contract was signed with Hrvatske ceste for the construction of the Pelješac Bridge and its access routes
- A new ISO 50001 certificate- Energy Management Systems, was obtained
- A supervision contract of a net worth of HRK 15,769,400.00 was signed for the supervision of the construction of the Banovići Thermal Power Plant-Block 1-350 MW.

2019

- A new ISO 50001 certificate- Energy Management Systems, was obtained
- A supervision contract of a net worth of HRK 15,769,400.00 was signed for the supervision of the construction of the Banovići Thermal Power Plant-Block 1-350 MW
- A supervision contract of a net worth of HRK 12,750,967.00 was signed for the supervision of works on the Ston bypass (DC414), the Sparagovići/Zaradeže-Prapratno and Prapratno-Doli subsections along with the supervision of improving the water-utility infrastructure in the Rijeka agglomerations of a net worth of HRK 12,522,863.00
- A design contract of a net worth of HRK 12,407,000.00 was signed for ID12 Vrbovec 2 interchange (D10)–Bjelovar–Virovitica–. T. Polje B.C., Bjelovar–Virovitica section– T. Polje B.C. (Hungarian border), around 60 km long

2020	• A new 2020-2030 business strategy was adopted. • A contract worth around HRK 30 million, in which IGH is the leading consortium partner was signed with JP Autoceste Federacije BiH d.o.o. for the design of the Mostar-Široki Brijeg-Croatian border high speed road, the Polog-Croatian border section. • A contract worth around HRK 15,7 million was signed with JP Autoceste Federacije BiH d.o.o for supervision services during the construction of a motorway on the Vc corridor, the Tarčin-Konjic section, the Tarčin-Ivan subsection, entry into the Ivan tunnel • The Ministry of Construction and Spatial Planning approved the „2020-2022 Professional Development Program" which enabled the company to hold internal and external professional development courses for which academic hours will be assigned, making IGH the only private institution in Croatia to provide professional development services to everyone who has passed the State Exam and who, in accordance with the Rulebook on the Professional Development of Persons Dealing in Spatial Development and Civil Engineering Activities, has to attend at least twenty school hours of professional development courses. • The Company has, in accordance with the requirements of the certification, transitioned from OHSAS 18001 to ISO45001:2018, stressing the importance of occupational health and safety as a part of company culture.
2021	• The start of the implementation of the new 2020-2030 Business Strategy • The visual identity designed in 2008 was reimplemented • A supervision contract worth HRK 7,2 million was signed with Hrvatske ceste d.o.o. on the supervision of the Okučani – B&H border high speed road • A supervision contract worth HRK 5,9 million was signed with the Port Authority of Vukovar for the preparation of study and design documents • Contracts worth around HRK 8 million were signed with HEP proizvodnja d.o.o. for the final inspections of civil engineering structures in Croatia • A reconstruction contract worth over HRK 10,5 million was signed with Hrvatske autoceste d.o.o. for the reconstruction of the Zagreb bypass. • The preparation of conservation studies and a roofing rehabilitation of the Poljud Stadium in Split • Supervision of the construction of the Dubrovnik University Dorm was completed.
2022	• One of the largest infrastructure projects in Croatia-the Pelješac bridge, was completed. INSTITUT IGH, d.d's professionals provided supervision, quality control and labortatory services.
2023	• One of the most expensive infrastructure projects in Croatia – State Road DC403 was completed • Share capital was increased to EUR 14,814,630.00 EUR and the nominal value of shares was reduced to EUR 10.00 • RADELJEVIĆ d.o.o. and IGH CONSULTING d.o.o. were acquired by INSTITUT IGH, d.d. • Branch offices in Hungary and Armenia were opened • The company was recapitalized, creating the prerequisites to initiate the end of the pre-bankruptcy settlement procedure

5. GROUP COMPONENTS

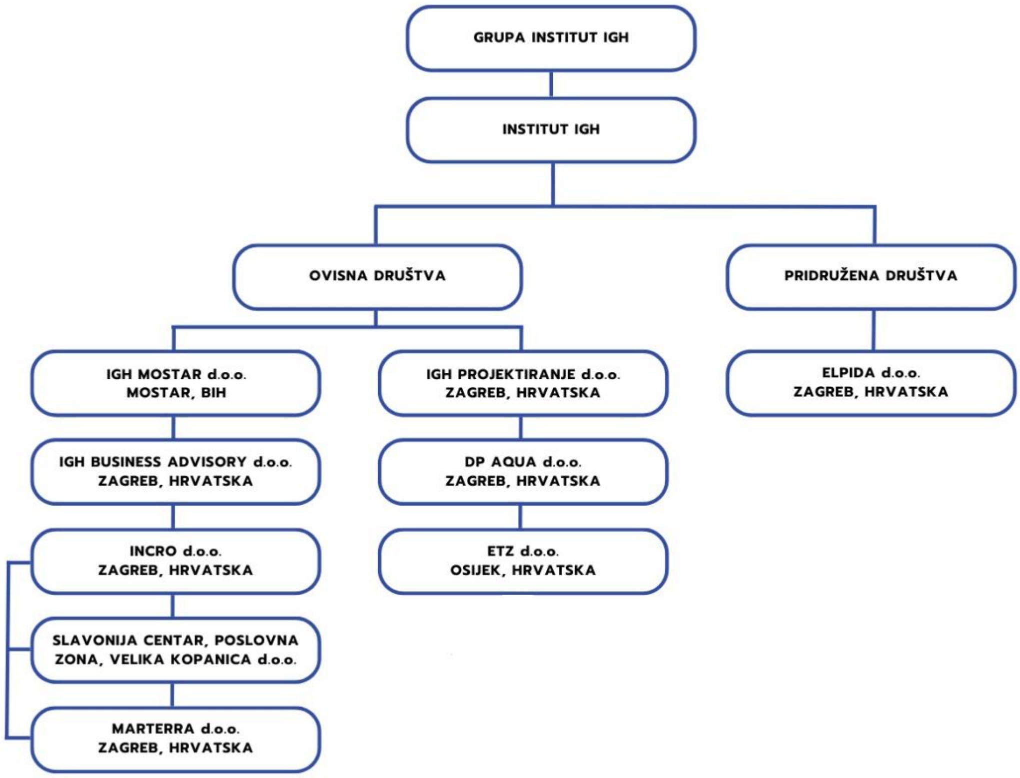
The parent company of the group to which the issuer belongs is the issuer itself. The Member Companies of the IGH Group are partly complementary to the parent company with the aim of a possibility of providing a complementary service.

The first part of the services includes testing, design and design nostrification, supervision and mentoring in architecture and civil engineering as well as scientific research. The second parts of the services are provided by dedicated companies for the implementation of real-estate projects.

The IGH Group consists of **8 subsidiaries and 1 associate** company (as at 31 December 2023) which deal in the core and related businesses, and INSTITUT IGH, d.d. also does business through branch offices.

Subsidiaries include companies in which the Company owns more than 50% of voting rigts and/or has control over the adoption and implementation of the financial and business policies of the company which was invested in with the aim of benefiting from that company's activities.

Associated companies include companies in which the Company owns between 20 and 50% of voting rights and in which it has significant influence, but not control, through participation in the decision-making on the financial and business policies of the associate company.



Scheme 1. Group compontents on the 31.12.2023.

Consolidation included the following **subsidiaries**:

Subsidiary	ADDRESS
EKONOMSKO TEHNIČKI ZAVOD d.d. (ETZ d.d.)	Drinska 18, Osijek, Croatia
DP AQUA d.o.o.	Janka Rakuše 1, Zagreb, Croatia
IGH PROJEKTIRANJE d.o.o.	Janka Rakuše 1, Zagreb, Croatia
IGH BUSINESS ADVISORY SERVICES d.o.o.	Janka Rakuše 1, Zagreb, Croatia
INCRO d.o.o.	Janka Rakuše 1, Zagreb, Croatia
MARTERRA d.o.o.	Janka Rakuše 1, Zagreb, Croatia
SLAVONIJA CENTAR, POSLOVNA ZONA VELIKA KOPANICA d.o.o.	Janka Rakuše 1, Zagreb, Croatia
IGH MOSTAR d.o.o.	Bišće Polje bb, Mostar, Bosnia and Herzegovina

Table 1. Subsidiaries included in the consolidation

The associate companies include the following:

ASSOCIATE COMPANY	ADDRESS
ELPIDA d.o.o.	Ventilatorska 24, Lučko, Croatia

Table 2. Subsidiaries included in the consolidation process

The Company conducts its business activities through **branch offices** in Georgia, the Republic of Kosovo and North Macedonia, and a **branch office** in Bosnia and Herzegovina. At the end of 2023, branch offices in Armenia and Hungary were opened.

6. SIGNIFICANT BUSINESS EVENTS AFTER THE BALANCE SHEET DATE

In between 31.12.2023 and the time this report was prepared, the company signed **4,3 million EUR** worth of new contracts.

We highlight some of the contracts signed in 2023:

Redni broj	Zemlja	Naručitelj	Naziv projekta	Opis usluge	Neto ugovorna vrijednost za IGH_EUR
1	Armenija	Ministry of Territorial Administration and	Supervision of about 32 km road from Agarak to tunnel exit, under North-South Road Corridor Investment Program - Tranche 4_EDB	nadzor	2.616.575,00
2	Hrvatska	Hrvatske autoceste d.o.o.	Izrada projektne dokumentacije i provedba upravnog postupka proširenja kapaciteta autoceste Zagreb - Karlovac - Bosiljevo	projektiranje	1.215.965,17
3	Hrvatska	Klinički bolnički centar Zagreb	Usluga stručnog nadzora – Projekti obnove od potresa: Usluga stručnog nadzora – Projekt obnove od potresa_Glavna zgrada KBC–a Zagreb na lokaciji Kišpatićeva 12	nadzor	980.821,55
4	Hrvatska	Hrvatske autoceste d.o.o.	Izrada projektne dokumentacije i provedba upravnog postupka za autocestu A7, dionica Novi Vinodolski- Senj	projektiranje	569.630,07
5	Hrvatska	Hrvatski sabor	Nabava usluga za izradu Projektno-tehničke Dokumentacije za cjelovitu obnovu zgrade Hrvatskoga sabora	projektiranje	522.829,43
6	Hrvatska	Hrvatske autoceste d.o.o.	Izrada projektne dokumentacije za rekonstrukciju autoceste u zoni cestarinskih prolaza_GRUPA IV	projektiranje	395.220,00
7	Hrvatska	Hrvatske autoceste d.o.o.	Izrada projektne dokumentacije za rekonstrukciju autoceste u zoni cestarinskih prolaza_GRUPA III	projektiranje	383.900,00
8	Hrvatska	Hrvatske autoceste d.o.o.	Izrada projektne dokumentacije za rekonstrukciju autoceste u zoni cestarinskih prolaza_GRUPA II	projektiranje	312.730,00
9	Hrvatska	Hrvatske autoceste d.o.o.	Izrada projektne dokumentacije za rekonstrukciju autoceste u zoni cestarinskih prolaza_GRUPA I	projektiranje	272.190,00
10	Hrvatska	Fond za obnovu Grada Zagreba, Krapinsko-zagorske županije i Zagrebačke županije	Nabava usluga operativne koordinacije_112(110)	savjetodavne usluge	219.346,34
11	Mađarska	ASE JSC Hungarian Branch Office	Testing services to determine physical and chemical properties of building materials, products and structures during the Paks II NPP Units 5 and 6 construction	laboratorijska ispitivanja	216.968,21

Table 3. A list of projects in year 2023.

During the year, the Company increased its share capital to 14,814,630.00 EUR and reduced the nominal value of its shares to 10,00 EUR per share. In addition, RADELJEVIĆ d.o.o. and IGH CONSULTING d.o.o. were acquired by INSTITUT IGH, d.d., all with the aim of recapitalizing the Company, consequently creating all the necessary prerequiites to initiate the end the pre-bankruptcy procedure.

7. MISSION AND VISION

VISION: To be one of the leading engineering companies in the region and beyond, whose employees are the leading professionals and satisfied shareholders, improving people's quality of life and the quality of the environment on a daily basis through innovative solutions.

MISSION: Resolve engineering challenges in a timely manner and to the satisfaction of our clients using knowledge, innovation and a professional and responsible approach.

8. THE COMPANY'S 2020-2030 STRATEGY

A new breakthrough for INSTITUT IGH, d.d., based on our key values. Our direction in the next decade is to maintain a leading position on traditional Croatian and East European markets by providing design, supervision, project management and laboratory services namely in sectors where we have demonstrated our expertise such as road and railway infrastructure. The Company bases its comparative edge on the comprehensiveness of its civil engineering services, which means a faster and efficient project implementation for the client, while maintaining a high level of quality.

The strategy plans for four key directions:

1. **Employee orientation and mentorship;**
2. **New markets and business segments;**
3. **Scientific and research activity;**
4. **Profitability.**

Employees as our greatest value

Experience gained on large and demanding projects, generating professionals ready to manage ever more complex projects has to stay in the company. This creates a valuable base of experience and expertise which makes the foundation of long-term business sustainability. Strengthening qualified personnel through the development and education of existing personnel and employing new team leads and core staff as well as junior, entry-level engineers will continue to be our focus. In addition, through the implementation of a Mentorship System, we want to create a mentorship program through which junior engineers and designers will cooperate with seniors through all the design phases, enabling a faster transfer of knowledge, and, ultimately, a higher quality of our work and added value for our partners. Using a continuous professional development program, we want to enable our employees to develop their technical know-how, but also management and IT skills, such as BIM proficiency, as part of the Company's comprehensive digital transformation.

Client orientation

It is the opinion of INSTITUT IGH, d.d. that, instead of a contractor, it should be a partner to its client, and we achieve this through a proactive approach and focus on a timely fulfillment of their requests.

Science and research

INSTITUT IGH, d.d. used to be recognized precisely for its contribution to the field through research and development. In the near future, we want to go back to our roots and become a center of excellence when it comes to science and research again. The following are key areas of our activity in this field: The use of plastic waste in construction materials, the development of new construction material and structure test methods, including non-destructive testing methods, building water anaylses facilities, hydrogen fuel cell research and development.

New sector orientation and service modernization

We see energy, traditional, and especially energy from renewable sources such as wind, water and biomass as a huge opportunity to expand the experience gathered so far to this sector and additionally diversify our services portfolio and the sectors in which we work.

Business and residential buildings as well as data centers will be projects that will require state of the art design, supervision and strategic consulting now and in the future, this is where INSTITUT IGH, d.d. wants to continue to be recognized as a leading company.

We aim for a leading position when it comes to service improvement, in line with global standards, and want to be at the forefront of a modernization trend in civil engineering services towards all stakeholders. By modernizatopn trends, we primarily mean promoting BIM processes and tools and making them an industry standard.

Financial stability

Ensuring cash flow stability and further company development-related financial activities, along with a complete fulfillment of pre-bankruptcy settlement obligations and leaving the pre-bankruptcy settlement procedure itself, are all prerequisites for facilitating operational business.
Through increased engagement on all current and new external markets, we aim to achieve long-term financial stability in the Company.

New markets

In the near future, we will strategically turn to the West, the Middle East, Central Africa (MENA), the Commonwealth of Independent States (CIS) and the central Asian market. Offers are being prepared in ex-CIS countries, in Central Asian countries we are examining markets in cooperation with Korean partners, and in MENA countries we are establishing contacts with local partners.

Strategy adaptation

With new market trends in mind, last year we began adapting our strategy to reflect both market and geopolitical changes. Aside from maintaining four key directions, the Company plans to dedicate itself more to design, supervision, laboratory and R&D activities as well as to further digitalization, promotion and provision of BIM services.

Figure 2. A simbolic overview of Institut IGH's strategic areas.

9. ORGANIZATIONAL STRUCTURE

On 6 February 2024, the Company was organized as follows:

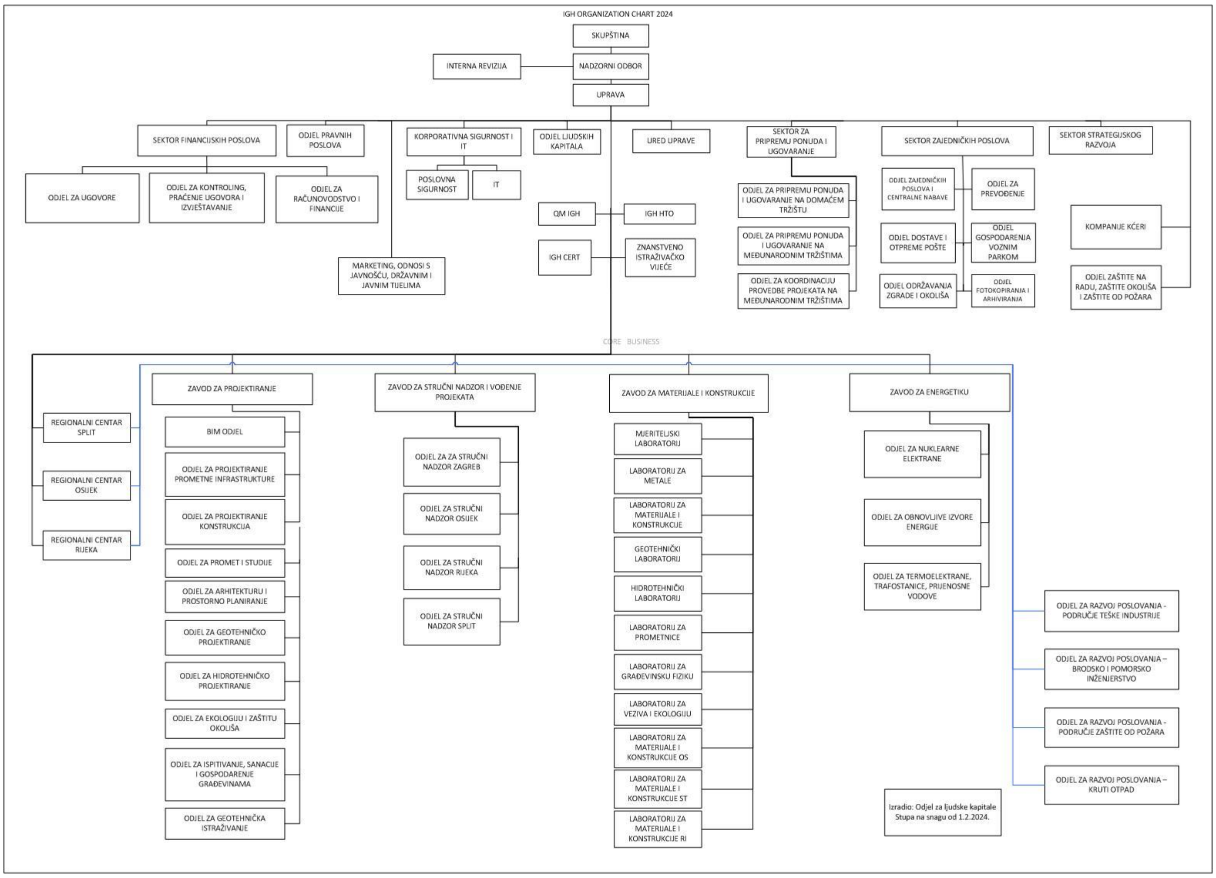


Figure 3. Organizational structure on 6 February 2024

10. MATERIAL TOPICS OF IMPORTANCE FOR THE COMPANY

Considering the context in which it operates, the Company's Management analysed a number of material topics of relevance. Considering the scope of services provided on the engineering consultancy market, three principal topics were recognized which have an impact on the economy and the society in general.

The Company primarily provides services on large infrastructural projects that have an exceptional impact on the economy, society and people in general. When providing this type of service, it is extremely important to take into account all possible consequences. For example, professional supervision of motorway or bridge construction has a great socio-economic significance, but it is also significant for all the people who work on such projects. Therefore, it is legally recognized that every company must have an adequate and professional workforce that will be able to give clear and unambiguous instructions regarding the health and safety of both its own employees and those of partners and subcontractors. Incidents on construction sites can have negative consequences in terms of personal injury or extension of construction deadlines, which also brings economic consequences. On the other hand, establishing valid procedures and processes in place can mean that the project will be carried out within the given time frame and without consequences. The Company is guided by the Control Management System principles, such as: Occupational Health and Safety Management: ISO 45001:2018.

The Company's operations are geographically divided among the head office in Zagreb and three Regional Centres (Osijek, Rijeka, Split) with the largest civil engineering laboratory in this part of Europe as their integral part, undertaking testing and calibration procedures. This raises the awareness that we must consider our own impact on the environment. Therefore, Management Systems such as: Environmental Management System Standard: ISO 14001:2015 and Energy Management System Standard: ISO 50001:2018 and as an umbrella system the Quality Management System: ISO 9001:2015 have been set up within the Company.

Analysing the Company’s age structure, it is evident that the older work force dominates demographically. Therefore, professional training and mentoring have been recognized through Strategic Positioning as one of the primary goals in order for the Company to remain a leader in providing consulting and engineering services in the Republic of Croatia and beyond. It was precisely the need for professional training that was dominantly recognized as a need during the employee satisfaction survey.

Considering all of the above, the Company recognizes the following three key areas:

1. **The occupational health and safety of our employees and our industrial partners on projects;**
2. **Adjustment and environmental impact;**
3. **Employee focus through mentoring and professional development.**

11. THE NON-FINANCIAL REPORT

Pursuant to provisions of Article 21a of the Accounting Act (OG 78/15, 120/16), EU Directive 2013/34/EU and the 2017/C 215/01 EU Commission Guidelines on non-financial reporting (methodology for reporting non-financial information), the Company included all relevant information on business activities which are expected to be included in the non-financial report in its Annual Report.

INSTITUT IGH, d.d. is particularly proud of the long-standing tradition of implementing and certification of the Quality Management System in accordance with the standard HRN EN ISO 9001:2015; the Environmental Management System in accordance with the standard HRN EN ISO 14001:2015; Energy Management System in accordance with the standard HRN EN ISO 50001:2018 and the Occupational Health and Safety Management System in accordance with the standard HRN ISO 45001:2015.

The Company received confirmation of compliance with the requirements of all these standards from the Certification Body DNV in December 2022, upon completion of audit. The new audit for the mentioned standards was announced for February 2024. Also, Institut IGH had its first audit for accreditation according to the ISO/IEC 27001:2013 standard for the information security management system last year in July.

Laboratory activities are also undertaken for many years in accordance with the requirements of the standard HRN EN ISO/IEC 17025:2017 on several locations throughout Croatia (Zagreb, Split, Rijeka, Osijek, Pula, Varaždin, Dubrovnik). All organizational units carry out testing /calibration /sampling in accredited and non-accredited fields. Accreditation agency HAA began in October and ended in December 2023. The laboratory applied for accreditation of 30 new methods, of which 25 new methods were from the Laboratory for building physics, three methods from the Laboratory for road construction and two methods from the Laboratory for binders and ecology. A part of the methods are accredited for testing purposes in Paks, Hungary. After the audit, the laboratory resolved the resulting non-conformities and harmonized the Annex to the accreditation certificate. All new methods have been accepted to expand the area of accreditation. We received a new certificate of accreditation in January 2024. Accreditation in testing laboratories for 492 methods, i.e. 687 methods, if we take into account all the locations testing is conducted. All testing laboratories have a flexible area of accreditation and can apply new editions of standards before HAA audit, which enables more flexibility in laboratory work. In addition, the Laboratory for binders and ecology received from HAA a flexible area of accreditation for the addition of analytes and matrices, which further increases the laboratory's capacity to expand its field of activity.

The quality of the metrology laboratory was confirmed through accreditation by the Croatian Accreditation Agency (HAA) in March 2022 issuing a Certificate 2070 for 16 methods for calibration of measuring devices for: strength, length, frequency, mass, temperature.

INSTITUT IGH, d.d. continues to promote socially responsible business through the development of its business processes through reorganization and digitalization, through employee orientation, encouragement and development of scientific research work, and responsibility towards the environment. Following the global goals for reducing the carbon and water footprint and responsible energy consumption, the IGH undertakes to improve its own efficiency through defined goals. INSTITUT IGH, d.d. will continue to permanently improve its business model in the interest of customers, investors, employees and suppliers, as well as the entire social community.

Management systems in INSTITUT IGH, d.d

The integration of all management systems in INSTITUT IGH, d.d. continued in 2023, by upgrading the integrated management system with the information security system. This facilitated the overall operation of the management system, increased its efficiency, reduced costs, reduced the number of management system documents, thus bringing the management systems closer to the staff and facilitating access and understanding.

As part of the management system, eight training events were held for all newly-hired employees to increase awareness of management systems, awareness of the contribution of each employee to system efficiency, the quality system policy, the environment, energy and occupational health and safety system policies.

More than 10, mostly integrated internal audits have been carried out in all locations, including construction sites as separate units, where the INSTITUT IGH d.d. is present, mostly through technical supervision activities.

The audit of the certification company DN for ISO14001, ISO45001 (recertification), ISO9001 and ISO50001(certification audit) was not held in November due to the Laboratory`s ISO17025 reacreditation. The new set date to be held is April 2024. In spite the delay, all certificates are valid and there will be enough time to create new documentation for certification.

The certification audit for the new information security management system according to ISO 27001 was held through May 2022, and the certificate for the said system was issued.

The Quality Management System including Laboratories

INSTITUT IGH, d.d. bases its activities on business standards, social responsibility and certified Quality Management System in accordance with the requirements of the standard ISO 9001:2015 within the framework of an integrated management system.

The laboratories meet the training requirements and make up the majority of all laboratories in Croatia. All laboratories are equipped with modern equipment for laboratory, in-situ testing, research services and calibration of measuring devices and are accredited in accordance with the standard HRN EN ISO/IEC 17025:2017. According to the attachment to the Accreditation Certificate, a total of 687 testing methods was accredited in the testing laboratories, of which 194 methods overlap by location, so in all 493 different methods are accredited.In the application of the Croatian Accreditation Agency for the year 2023, 30 new methods were applied. The laboratory removed several accredited methods due to the lack of interest and no customer requests. The accreditation began in October 2023 with the visit of HAA assessors, and ended with the obtaining of the accreditation at the end of January 2024.

The Metrology laboratory was evaluated by the Croatian Accreditation Agency (HAA) in the June of 2023. Methods of calibrating length meters, force meters, vibration tables with a measuring system, non-automatic scales and temperature chambers were accredited. The evaluators suggested that all the accreditations continue being valid after the elimination of nonconformities which was completed in September 2023.

Environmental management

Through the environmental management system, INSTITUT IGH d.d. in 2023 continued to reduce negative environmental impacts to a minimum, taking into account climate changes and prospects of the life cycle of every product. In accordance with the requirements of our clients, suppliers, employees, business partners and other interested parties, and related to the range of activities we are engaged in, we estimated that the ecological footprint is relatively small. We have thus dedicated ourselves to the operations which we can significantly influence.

Our environmental management system, according to ISO 14001, but also energy according to ISO 50001 forces us to look for improvement opportunities through environmental aspects, but also through risk assessment and resolving nonconformities.

Environmental management (DISCLOSURE 306)

Principal waste management goals in Institut IGH were connected to raising awareness about waste management through the study of options and possibilities or waste recycling and recovery.

In 2023, the following types and quantities of waste were managed:

Table 1.: Types of waste created in 2023, per type and regional center.

Type of waste	ZG (t)	ST (t)	OS (t)	RI (t)	Generated waste (t)	Recovered (t)	Waste disposal (t)
Mixed construction waste (Concrete, aggregate, brick, tiles/roofing and ceramics)	122,72	5,92	8,845	34,84	172,325	122,72	49,605
Plastic and metal packaging (household waste)	0,57	0	0	0	0,57	0,57	0
Insulation material	0,1	0	0	0	0,1	0,1	0
Paper and cardboard	7,01	0	0	1,03	8,04	7,01	1,03
Biodegradable waste	11,97	0	0	0	11,87	11,87	0
Total	**142,27**	**5,92**	**8,845**	**34,84**	**192,905**	**142,27**	**50,635**

Table 1. Data on the amount of waste in 2023

Data inputs in Table 1. are reported data from the Register of Environmental Pollutants and records on the generation and flow of waste. Zagreb beton, a waste management company, doesn't classify construction waste based on other key numbers, but classifies everything as mixed construction waste because the waste is managed in this category.

Rockwool, concrete, brick, tile and aggregates, styrofoam and similar materials brought to INSTITUT IGH, d.d. as test samples are returned to the production cycle for reuse in order to create an additional – longer value of the product. Extending the service life of construction products actually reduces the amount of waste and direct impact on the environment and supports the circular economy model.

Unfortunately the infrastructure of utility companies and disorder on the waste market/system prevents recovery of larger percentage of waste at all locations. This is mostly relevant to construction / mixed construction waste in Rijeka, Osijek, Split, so unfortunately instead of being recycled or reused, it is disposed of at a landfill.

All waste is handed over to authorized waste collection companies; therefore it is disposed of outside IGH premises. However, we have no information on what is done with the waste after it is collected and how it is recycled or disposed.

Environmental data (DISCLOSURE 305)

Direct greenhouse gross emitions are displayed in Table 2.
Table 2.: Direct greenhouse gross emitions for 2021 – 2023.

	2021	2022	2023
Direct greenhouse gross emitions in equivalent of metric tons (scope 1)	595798,2 t	525001,5 t	411739,2
Greenhouse gross emitions by company revenue	0,003334704	0,002900561	0,002307
Reduction of greenhouse gas emissions per company revenue compared to 2021		13%	30,9%

Gasses included in the calculation: CO_2, CH_4.

Source of calculation and used emission factors and GWP potential rate: EIB Project Carbon Footprint. The year 2021 was taken as the base year since it is the only one relevant. This also applies for the monitoring of energy consumption. A significant reduction of greenhouse gas emission which is a consequence of changes in employee behaviour and business processes, and particulary of a more rational use of vehicles, can be seen.

Regarding the indirect gross market energy GHG emissions (scope 2) and gross other indirect GHG emissions (scope 3), data are not available or not applicable.

Energy management (DISCLOSURE 302-1)

The energy management system requires an energy audit per location, monitoring of energy consumption and compliance with legal requirements, in accordance with the ISO 50001 standard.

The energy review carried out as part of the energy management system in accordance with ISO 50001 includes the following IGH locations of business: The headquarters in Zagreb, RC Split, RC Osijek, RC Rijeka, with some limitations. Regional center Split was not included in the 2023 analysis because we do not have the data on energy consumption for that location.

Other locations are energy-nonsignificant consumers and are not covered by the analysis. As far as renewable sources are concerned, they are currently not being used, although this is one of the goals set for 2024.

Energy consumption in 2023 in INSTITUT IGH, D.D. is shown in table 3. N.B.: These data do not include the consumption in Split becasue we do not have comparable data in 2023.

Table 3: Energy consumption in 2023

Groups of energy sources	Energy source	Consumption per unit of measurement	Consumption in kWh	Consumption in J
Transport	Diesel	152.496 l	1.631.712	$5,795 \cdot 10^{12}$
Heating	Heat	1.663.798 kWh	1.663.798	$5,990 \cdot 10^{12}$
Electricity	Electricity	1.285.648 kWh	1.285.648	$5,021 \cdot 10^{12}$
Water	Water	6170 m^3	-	-
Total	Total	-	4.581.158	$1,681 \cdot 10^{13}$

A comparison of the total energy consumption shows that heating consumes the most energy. A graph showing the consumption of water, electricity and heating (Figure 1) as well as the consumption of fuel (Figure 2) shows that all forms of energy consumptions have a decreasing tendency in the last three years, except for water, whose consumption increased in 2022.

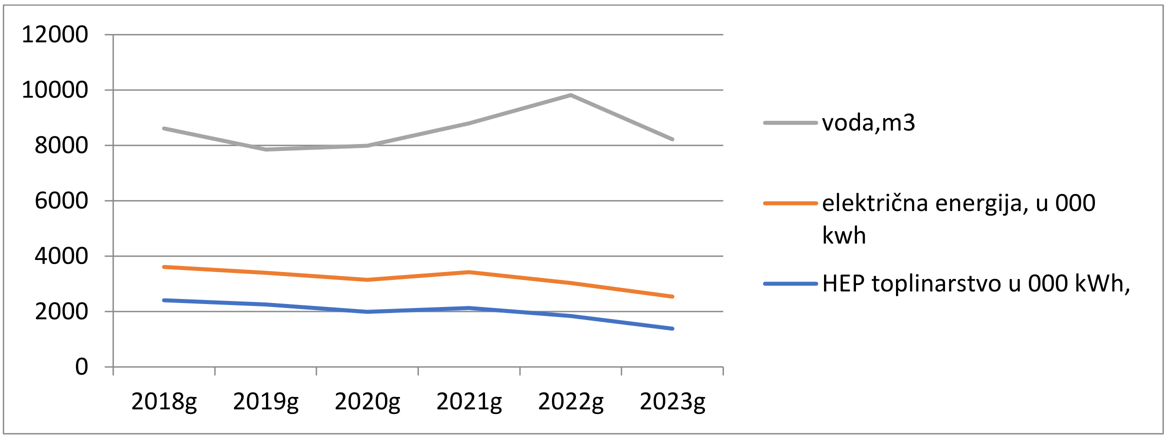


Figure 1.: The 2018-2023 water, HEP heating and electricity consumption.

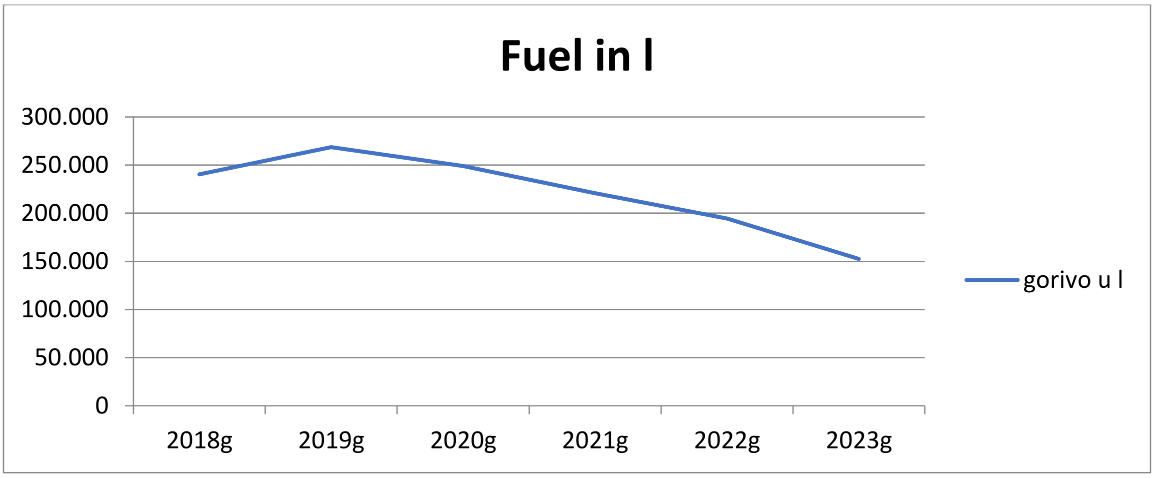


Figure 2.: The 2018-2023 fuel consumption.

All the energy consumed in the Company comes from non-renewable sources, while the consumption of energy from renewable sources is planned in year 2024.

In conclusion, energy consumption is monitored and analysed, and improvements in energy savings are evident. The biggest savings in energy sources were visible in fuel consumption compared to the previous year. Regarding other energy sources which significantly impact energy efficiency, savings are also visible, although 2021 and 2023 can hardly compare with historical data (2018-2019-2020) because the energy management system was only introduced in 2019 and energy consumption started to be monitored. The year 2020 was the „COVID-19 year“(work from home, self-isolation, isolation…). Therefore, 2021 was taken as the base year. In adition, the owner of the building in which the Split RC is located, doesn't keep track of the energy consumption of all the users, but includes the price of bills in the rent and energy consumption can't be precisely determined.

Energy indicators (DISCLOSURE 302-3)

Energy indicators are defined as the relationship between energy consumption and the relevant variables affecting consumption.

The relevant variable here is Institut IGH revenue. The 2021-2023 data are displayed in table 4.

Table 4.: Overview of energy parameters compared to the Company's revenue between 2021-2023.

EnPi	2021	2022	2023	2022-2021	2023-2021
Total energy consumption (J)	$2{,}278 \cdot 10^{13}$	$2{,}01581 \cdot 10^{13}$	$1{,}6806 \cdot 10^{13}$	$-2{,}62 \cdot 10^{12}$	$-5{,}97 \cdot 10^{12}$
IGH revenue (HRK)	178.666.000	181.000.000	178.489.527	2.334.000	176.473
EnPi (J/kn)	127503,57	111370,93	94156,27	-16.132,60	-33.347,73

The total energy consumption includes total energy used for heating, cooling and transport. The implementation of the Energy Management System according to ISO 50001 significantly influenced the reduction of energy consumption, primarily through employee education etc. A decreasing tendency in energy consumption is obvious and it is growing every year.

Water (DISCLOSURE 303)

In order to achieve concrete steps towards sustainable business operations and keeping in mind the importance of water as a resource, we understand the importance of water management. However, by assessing the risk of impact on waters (environmental aspects according to ISO 14001, risk assessment according to ISO 50001) and exploitation of this resource, we have come to the conclusion that Institut IGH has a minimal water footprint. Water use is limited to sanitary needs and cooling of samples during a testing procedure at one of our locations.

The Company purchases and intakes water from a utility company and returns the used water into the drainage system. It is a closed drainage system and should have no losses.

Water consumption is monitored in absolute amounts and through energy indicators (taking into account relevant variables)

Absolute water consumption in megaliters, in IGH amounts to: 6,277 ML.

This information should not be taken as exact since data on water consumption in RC Split is unavailable, and data for RC Rijeka reflect only a part in the total water consumption of the building in which IGH has its offices. Data is collected from the bills received from the utility company supplying water.

IGH has one sprinkler tank in Zagreb which contains 0,1115 Ml of water. The water quantity in the sprinkler tank did not change during the period in question.

Occupational Health and Safety Management (DISCLOSURE 403)

The established system of management of occupational health and safety at work provided a framework for managing risks and opportunities, ensured healthy workplaces for employees and reduced the number of injuries and work-related diseases.

In 2023, the focus slowly shifted from the COVID-19 pandemic (with no fatal outcomes among our employees) to risks directly related to work processes. Therefore, internal audits of occupational health and safety at work experts were intensified in those processes recognized as risky during risk assessment. Persons authorized by the employer for occupational health and safety at work were informed about the internal audit results and corrective actions were initiated, most of which were accepted and closed.

Occupational health and safety at work system performance is monitored through key system indicators, including injuries or deaths at work and lost working days and hours in relation to the total number of working hours spent at work. Data including 2023 are given in Table 5.

In 2023 we had two injuries acknowledged as work-related injuries, but not directly work-related. One happened during a commute to work and the other while leaving work, in an area not controlled by the employer.

Table 5.: An analysis of the 2021-2023 work-related injuries

YEAR	*No. Of FATAL ACCIDENTS*	*No. Of ACCIDENTS*	*LOST WORKING DAYS*	*FREQUENCY RATE**	*SEVERITY RATE***	*Number of injured employees*	*Number of working hoursper employee*	*Total hours IGH*	*Lost hours*	*Lost days*
2013	0	4	100	0,03	0,74	651	2088	1359288	800	100
2014	0	3	50	0,02	0,39	613	2088	1279944	400	50
2015	0	2	59	0,02	0,49	578	2088	1206864	472	59
2016	0	3	26	0,03	0,23	532	2088	1110816	208	26
2017	0	4	22	0,04	0,22	473	2088	987624	176	22
2018	0	1	62	0,01	0,71	421	2088	879048	496	62
2019	0	5	99	0,05	1,01	469	2088	979272	792	99
2020	0	1	18	0,01	0,17	517	2088	1079496	144	18
2021	0	2	15	0,02	0,14	521	2088	1087848	120	15
2022	0	2	8	0,02	0,08	492	2088	1027296	64	8
2023	0	0	8	0,00	0,10	372	2088	776736	0	0

*Calculation frequency: n. Injuries/ n. Hours worked x 10.000

**Index calculation of gravity: total working days lost / total hours worked x 10.000

12. RELATIONS WITH EMPLOYEES

In 2023, Company employee rights were regulated by:

- The Labour Act
- A Labour bylaw of 21 August 2023, which entered into force on 1 September 2023, revoking the previous bylaw and its amendments.
- The Decision on Company Vehicle Use no. OD-2-11/2021 of 1 July 2021, revoking The Bylaw on Company Vehicle Use of 8 July 2020.
- Management Decision no. OD-15-1/2021 adopted the consolidated text of the Business Trip and Field Work Bylaw applied from 25 March 2021, and which revokes all other bylaws/decisions on the matter.
- Management Decision no.OD-74/2020 of 20 July 2020, which put into force the Decision on Pay Grades, and revoked the Decision on Pay Grades no. 201/131-4 od 23.03.2017.

Staff structure

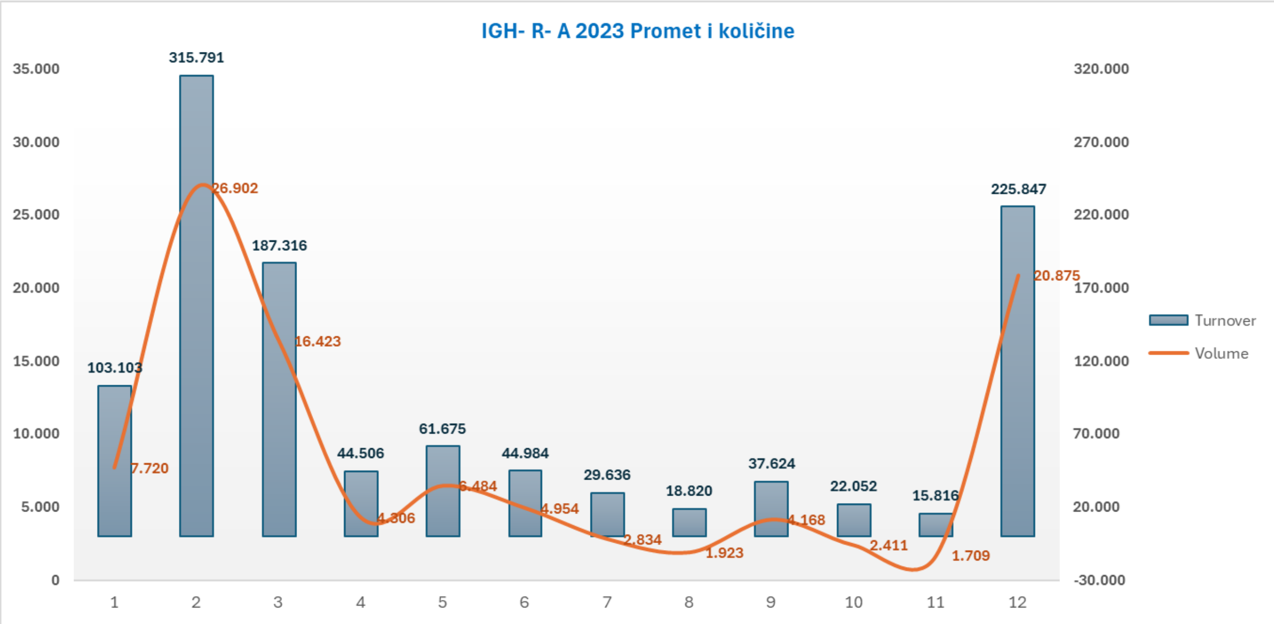
On 31 December 2023, INSTITUT IGH, d.d. had 372 employees, with 12 more employees working in branch offices, resuting in a reduction of 93 employees compared to 31 December 2022, when the total number of employees amounted to 477.

AGE	Low-skilled	Skilled	High School Degree	3-year College Degree	5-year College Degree	MSc.	Ph.D.	TOTAL	Share
20-29			13	3	22			38	9,95%
30-39	1		9	8	69			87	22,04%
40-49	1		24	12	59	3		99	25,81%
50-59	3	1	38	12	45	8	4	111	29,30%
60-69			5	6	32	3	2	48	12,63%
70-75						1		1	0,27%
TOTAL	5	1	89	41	223	15	6	384	100%
Share	1,4%	0,2%	23,4%	11%	58,4%	4%	1,6%	100%	-

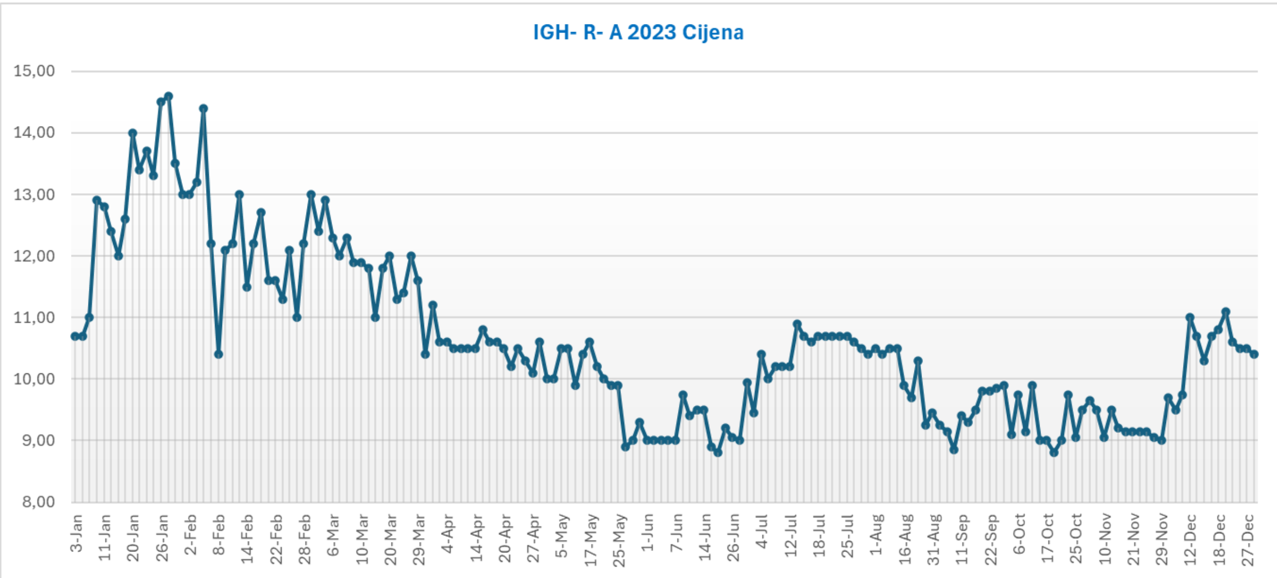
Tabe – The Age and educational structure of IGH employees in Croatia and foreign branch offices on 31 December 2023.

13. SHARE TRANSACTIONS

IGH-R-A Trade volume and quantities



IGH-R-A price



Source ZSE, https://zse.hr, 2024.

In 2023, the Zagreb Stock Exchange traded with 87.009 shares marked IGH-R-A in the amount of 955.098,15 EUR with the daily concluded prices ranging between 8,80 and 14,90 EUR. (Source: ZSE, Trade information and statistics, Periodic Trade Reports, Review of Trade in 2023). In addition, 13.700 shares were traded on OTC with the average price of 11,10 EUR.

14. CORPORATE MANAGEMENT CODE STATEMENT

The largest shareholders are AVENUE MEHANIZACIJA D.O.O. with 38,24%, AVENUE ENGINEERING AND CONSTRUCTION LIMITED with 20,42% and FROTIP DEVELOPMENT D.O.O. with 20,33%, while all other shareholders hold 21,01% shares in the Company.

Shareholders overview		*2023 No of shares*	*%*	*2022 No of shares*	*%*
PREGLED DIONIČARA		**2023 Broj Dionica**	**Udio**	**2022 Broj Dionica**	**Udio**
IGH-R-A	AVENUE MEHANIZACIJA D.O.O.	566,581	38,24%	0,000	0,00%
IGH- R-A	FROTIP DEVELOPMENT D.O.O.	301,173	20,33%	0,000	0,00%
IGH- R-A	AGRAM BANKA D.D. (0/1) / AVENUE ENGINEERING AND CONSTRUCTION LIMITED (1/1)	239,500	16,17%	239,500	39,03%
IGH- R-A	AGRAM BANKA D.D./ AVENUE ENGINEERING AND CONSTRUCTION LIMITED (1/1)	62,950	4,25%	75,500	12,30%
IGH- R-A	DRNASIN ANTE	14,196	0,96%	3,242	0,53%
IGH- R-A	AGRAM BROKERI D.D.	13,744	0,93%	0,000	0,00%
IGH- R-A	LEJO IVAN	12,500	0,84%	0,000	0,00%
IGH- R-A	MIHALJEVIĆ BRANKO	8,100	0,55%	8,010	1,31%
IGH- R-A	CAPTURIS D.O.O.	7,895	0,53%	7,895	1,29%
IGH- R-A	INSTITUT IGH, D.D. (1/1)	6,659	0,45%	6,659	1,09%
IGH- R-A	OSTALI DIONIČARI	248,165	16,75%	272,903	44,47%
UKUPNO		**1.481,463**	**100,0%**	**613,709**	**100,0%**

Source ZSE, https://zse.hr, 2024.

There are no holders of securities (shares) in the Company with specific control rights. There are no restrictions regarding voting rights in the Company. Each share carries one vote. There are no time limits for execution of voting rights in the Company, and there are no instances where, in cooperation with the Company, the financial rights pertaining from securities are separated from holding of these securities.

Rules on appointment and revocation of appointment of Management Board members are laid down in Articles 31-34 of the Articles of Association of the Company. Rules on the powers of the Board members are laid down in Article 33 of the Articles of Association. The Articles do not contain special rules on the powers of the Board members to issue Company shares or acquire own shares. Rules on appointment and revocation of appointment of Supervisory Board members and the powers of the Company Supervisory Board are given in Articles 23-30 of the Company's Articles of Association.

Management Board

On 31 December 2023, the management board was consisted of one member, Robert Petrosian.

Supervisory Board

During 2023, INSTITUT IGH, d.d Supervisory Board consisted of five members**:**

1. Žarko Dešković – Chairman of the Supervisory Board
2. Mariyan Tkach – Deputy Chairman
3. Sergej Gljadelkin – Board member
4. Igor Tkach – Board member
5. Marin Božić – Board member

15. INTERNAL CONTROLS

In line with the Corporate Governance principles, the Management of the Company and its subsidiaries established respective internal control systems and risk management systems. An effective internal control system contributes to the preservation of the company's assets.

The Company Management is responsible for the implementation and execution of the internal control and internal audit systems, as an independent and autonomous task which contributes to the definition of risks and assesses the efficiency of controls.

Management of the Company and its subsidiaries are responsible for the implementation and execution of internal control of financial reporting. The internal control system is organized to ensure reasonable assurance of the Management regarding the preparation and fair presentation of separate and consolidated financial statements. Company Management and its subsidiaries have assessed the efficiency of internal control regarding the 2023 financial reports and concluded that the internal control of financial reporting has fulfilled all set criteria.

16. RISK MANAGEMENT

Along with the risks already mentioned in the notes to the principal financial statements, the Company Management also reports on the following risks:

The Company concluded a pre-bankruptcy settlement on 5 Dec 2013 before the Commercial Court in Zagreb, Ref.no. 72. Stpn-305/2013. The subject settlement became valid and final on 28 Dec 2013. The Company received the Force of res judicta on 15 April 2014. Based on the fact that the pre-bankruptcy settlement is valid and final, the Company sees the pre-bankruptcy settlement risk as a potentially long-term risk, since settlement of commitments towards category a) financial institutions, is due within a period of 6,5 years with a grace period of 3,5 years. In terms of the long-term risk, the Company states that this is a risk over a longer time period in which adequate EBITDA might not be achieved to settle all commitments undertaken by the pre-bankruptcy settlement.

From the legally concluded pre-bankruptcy settlement until 31 December 2023, through cash payments, issue of shares for converting a part of creditor's claims into capital, through payment of priority claims and other claims of workers with respective taxes and contributions, and by writing-off in accordance with the provisions of the pre-bankruptcy settlement, the Company settled a total of 56.985 thousand EUR of liabilities incurred prior to the opening of the pre-bankruptcy settlement procedure.

With the balance sheet date of 31 December 2023, the remaining debt amounts to 38 thousand EUR and even after the balance sheet date, the company continues to settle its obligations, in order to settle the obligations from the pre-bankruptcy settlement. In the first quarter of 2024, the company payed out the remaining amount of 38 thousand EUR and continues with the implementation of the legal procedure for the pre-bankruptcy settlement.

The Company is aware of potential long-term risks, and thus actively undertakes actions to streamline and rationalize business operations and strengthen its market position. In accordance with the achieved improvements in business operations, the Company Management considers that the above stated risks shall not have a significant impact on the long-term viability of business operations.

17. FINANCIAL OVERVIEW

in 000 EUR	INSTITUT IGH d.d.			IGH Group		
	2023	2022	Change %	2023	2022	Change %
Operational revenues	27.643	24.153	14,45%	29.403	24.267	21,16%
Operational costs	18.269	18.514	-1,32%	18.447	18.723	-1,47%
EBITDA	9.374	5.639	66,25%	10.956	5.544	97,60%
EBITDA margin	33,91%	23,35%	45,26%	37,26%	22,85%	63,09%
Short-term assets (except for inventory)	8.544	10.190	-16,16%	8.744	10.489	-16,64%
Short-term liabilities, except liabilities for credits and loans	8.574	9.547	-10,19%	8.860	10.285	-13,85%

INSTITUT IGH, d.d. comapany achieved EBITDA in the amount of 9.4 million EUR in 2023, compared to the 5.6 million EUR in 2022.

The results of the IGH Group were primarily determined by the operations of the parent company, which had a positive effect on the results of the entire Group.

A more detailed financial overview is provided as part of the annual financial statements, which can be found in the Attachments.

18. THE GRI INDEX REPORT

Statement of use	INSTITU IGH, d.d. compiled this Report, presented through this Index, for the period between 1 January 2023 and 31 December 2023 Taking into account the GRI standards.
GRI 1 used	GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	PAGE /OMMISSIONS
GRI 2: General Disclosures 2021	2-1 Organizational details	18
	2-2 Entities included in the organization's sustainability reporting	13, 14
	2-3 Reporting period, frequency and contact point	1 January 2023 - 31 December 2023, Tatjana Bičanić
	2-4 Restatements of information	N/A
	2-5 External assurance	20, 21
	2-6 Activities, value chain and other business relationships	3-7, 12-14, 18
	2-7 Employees	3, 16-17,18-19, 28
	2-8 Workers who are not employees	N/A
	2-9 Governance structure and composition	18, 30
	2-10 Nomination and selection of the highest governance body	30
	2-11 Chair of the highest governance body	30
	2-15 Conflicts of interest	30
	2-16 Communication of critical concerns	30, 41
	2-17 Collective knowledge of the highest governance body	30
	2-18 Evaluation of the performance of the highest governance body	41
	2-19 Remuneration policies	41
	2-20 Process to determine remuneration	41
	2-21 Annual total compensation ratio	41
	2-22 Statement on sustainable development strategy	N/A
	2-23 Policy commitments	12
	2-24 Embedding policy commitments	12
	2-25 Processes to remediate negative impacts	41
	2-26 Mechanisms for seeking advice and raising concerns	41
	2-27 Compliance with laws and regulations	2, 19-20, 41
	2-28 Membership associations	N/A

	2-29 Approach to stakeholder engagement	12-13
	2-30 Collective bargaining agreements	N/A
	3-1 Process to determine material topics	19
	3-2 List of material topics	19
	3-3 Management of material topics	19
GRI 3: Material Topics 2021	201-1 Direct economic value generated and distributed	N/A
	201-2 Financial implications and other risks and opportunities due to climate change	N/A
	201-3 Defined benefit plan obligations and other retirement plans	19
GRI 201: Economic Performance 2016	201-4 Financial assistance received from government	N/A
	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	No applicable data
	202-2 Proportion of senior management hired from the local community	No applicable data
	203-1 Infrastructure investments and services supported	No applicable data
GRI 202: Market Presence 2016	203-2 Significant indirect economic impacts	No applicable data
	204-1 Proportion of spending on local suppliers	No applicable data
GRI 203: Indirect Economic Impacts 2016	205-1 Operations assessed for risks related to corruption	No applicable data
	205-2 Communication and training about anti-corruption policies and procedures	During probation period
GRI 204: Procurement Practices 2016	205-3 Confirmed incidents of corruption and actions taken	N/A
GRI 205: Anti-corruption 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	N/A
	207-1 Approach to tax	In accordance with the law
	207-2 Tax governance, control, and risk management	32-33
GRI 206: Anti-competitive Behaviour 2016	207-3 Stakeholder engagement and management of concerns related to tax	N/A
GRI 207: Tax 2019	207-4 Country-by-country reporting	12-13,16-18,41
	301-1 Materials used by weight or volume	22-27

	301-2 Recycled input materials used	N/A
	301-3 Reclaimed products and their packaging materials	N/A
GRI 301: Materials 2016	302-1 Energy consumption within the organization	23-26
	302-2 Energy consumption outside of the organization	23-26
	302-3 Energy intensity	25-26
GRI 302: Energy 2016	302-4 Reduction of energy consumption	23-26
	302-5 Reductions in energy requirements of products and services	23-26
	303-1 Interactions with water as a shared resource	26
	303-2 Management of water discharge-related impacts	26
	303-3 Water withdrawal	26
GRI 303: Water and wastewater 2018	303-4 Water discharge	26
	303-5 Water consumption	26
	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	26
	304-2 Significant impacts of activities, products and services on biodiversity	N/A
	304-3 Habitats protected or restored	N/A
GRI 304: Biodiversity 2016	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	N/A
	305-1 Direct (Scope 1) GHG emissions	N/A
	305-2 Energy indirect (Scope 2) GHG emissions	N/A
	305-3 Other indirect (Scope 3) GHG emissions	N/A
GRI 305: Emissions 2016	305-4 GHG emissions intensity	23-25
	305-5 Reduction of GHG emissions	23-25
	305-6 Emissions of ozone-depleting substances (ODS)	23-25
	305-7 Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	N/A
	306-1 Waste generation and significant waste-related impacts	22-23

	306-2 Management of significant waste-related impacts	22-23
	306-3 Waste generated	22-23
GRI 306: Waste 2020	306-4 Waste diverted from disposal	22-23
	306-5 Waste directed to disposal	22-23
	308-1 New suppliers that were screened using environmental criteria	N/A
	308-2 Negative environmental impacts in the supply chain and actions taken	N/A
	401-1 New employee hires and employee turnover	3, 28
GRI 308: Supplier Environmental Assessment 2016	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	N/A
	401-3 Parental leave	Not included in this report
GRI 401: Employment 2016	402-1 Minimum notice periods regarding operational changes	In agreement with employer
	403-1 Occupational health and safety management system	20, 26-27
	403-2 Hazard identification, risk assessment, and incident investigation	26-27, 32
GRI 402: Labour/Management Relations 2016	403-3 Occupational health services	26-27
GRI 403: Occupational Health and Safety 2018	403-4 Employee participation, consultation, and communication on occupational health and safety	26-27
	403-5 Employe training on occupational health and safety	All employees have to undergo training and get tested
	403-6 Promotion of employee health	There are occasiopnally employee programs. All employees working in the field have to go through mandatory health chekups and skill tests.

	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	There are occasiopnally employee programs. All employees working in the field have to go through mandatory health chekups and skill tests.
	403-8 Workers covered by an occupational health and safety management system	No applicable data
	403-9 Work-related injuries	26-27
	403-10 Work-related ill health	26-27
	404-1 Average hours of training per year per employee	No applicable data
	404-2 Programs for upgrading employee skills and transition assistance programs	No applicable data
	404-3 Percentage of employees receiving regular performance and career development reviews	No applicable data
GRI 404: Training and Education 2016	405-1 Diversity of governance bodies and employees	29, 30
	405-2 Ratio of basic salary and remuneration of women to men	Equal
	406-1 Incidents of discrimination and corrective actions taken	N/A
GRI 405: Diversity and Equal Opportunity 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	N/A
	408-1 Operations and suppliers at significant risk for incidents of child labour	N/A
GRI 406: Non-discrimination 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	N/A
GRI 407: Freedom of Association and Collective Bargaining 2016	410-1 Security personnel trained in human rights policies or procedures	N/A
GRI 408: Child Labour 2016	411-1 Incidents of violations involving rights of indigenous peoples	N/A
GRI 409: Forced or Compulsory Labour 2016		N/A

GRI 410: Security Practices 2016	413-2 Operations with significant actual and potential negative impacts on local communities	N/A

GRI 411: Rights of Indigenous Peoples 2016	414-1 New suppliers that were screened using social criteria	N/A
GRI 413: Local Communities 2016	414-2 Negative social impacts in the supply chain and actions taken	N/A
	415-1 Political contributions	N/A
GRI 414: Supplier Social Assessment 2016	416-1 Assessment of the health and safety impacts of product and service categories	N/A
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	N/A
GRI 415: Public Policy 2016	417-1 Requirements for product and service information and labelling	N/A
GRI 416: Customer Health and Safety 2016	417-2 Incidents of non-compliance concerning product and service information and labelling	N/A
	417-3 Incidents of non-compliance concerning marketing communications	N/A
GRI 417: Marketing and Labelling 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	N/A

19. SIGNATURE BY COMPANY MANAGEMENT

By signing this report, the Company Management hereby makes the following statement:

„In accordance with our beliefs, knowledge and information at our disposal, we hereby state that all information set forth in this Report constitute a complete and accurate representation, and facts that could affect the completeness and accuracy of this Report have not been omitted.“

Robert Petrosian, direktor

20. ATTACHMENTS

1. **SCIENTIFIC COUNCIL OF INSTITUT IGH, d.d**
2. **CORPORATE MANAGEMENT CODE**
3. **FINANCIAL STATEMENTS**

Attachment 1.

SCIENTIFIC COUNCIL OF INSTITUT IGH, d.d.

During year 2023, the Institut IGH, d.d. continued with the implementation of the already started and opened new activities in the field of scientific research work and innovation. In pending with the appropriate legal frameworks and standardized methods, work progerss continued on determining the content of microplastics, as well as activities in the field of hydrogen production (feasibility study of integrated hydrogen and methane production). Cooperation with companies from other sectors (automotive and other industries) in the segment of development of specific methods tailored to the customer has also continued.

Tests were successfully done in the area of construction products with a lower CO2 footprint, as well as tests on the use of waste materials in the production of asphalt.

The preparation of projects related to energy storage in building materials as well as the use of waste water in the production of building materials has begun.

In terms of innovation, the verification and validation of 31 new methods from the field of laboratory testing were carried out, and they were included in the new scope of accreditation of the IGH Laboratories.

Attachment 2.

CORPORATE MANAGEMENT CODE

The corporate management code that is a key part of this report will be submitted as a separate document.

Attachment 3.

FINANCIAL STATEMENTS

Unconsolidated and consolidated financial statements of the company INSTITUT IGH, d.d. for the year which ended on December 31, 2023 together with the Independent Auditor's Report.

INSTITUT IGH d.d., Zagreb
2023 Annual Separate Financial Statement
and an Independent Auditor's Report

INSTITUT IGH d.d., Zagreb
2023 Annual Separate Financial Statement
And an Independent Auditor's Report

Responsibility for the Annual Financial Statements

The Management of INSTITUT IGH d.d., Zagreb, Janka Rakuše 1 (hereinafter the Company) and its subsidiaries (hereinafter IGH Group) shall ensure that the Company's 2022 annual consolidated and separate financial statements are prepared in accordance with the current Croatian Accounting Act and International Financial Reporting Standards, which are defined by the European Commission and published in the Official Journal of the European Union. They shall provide a true and fair view of the separate financial position, separate operating results, separate changes in capital and separate cash flows of the Company for the subject period.

After making enquiries, the Management Board has a reasonable expectation that the Company and IGH Group have adequate resources to continue as a going concern for the foreseeable future. For this reason, the Management Board continues to adopt the going concern basis in preparing the separate financial statements for the Company and IGH Group.

In preparing the annual separate financial statements, the responsibilities of the Management Board include:

- the selection and then consistent application of appropriate accounting policies in accordance with current financial reporting standards
- providing reasonable and prudent judgments and assessments
- the preparation of annual separate financial statements on a going concern basis, unless this assumption is inappropriate.

The Management is responsible for keeping proper accounting records, which will at any time and with reasonable accuracy reflect the separate and consolidated financial position, separate and consolidated operating results, separate and consolidated changes in capital and separate and consolidated cash flows of the Company and must also ensure that the financial statements comply with the Croatian Accounting Act in force. The Management Board is also responsible for safeguarding the assets of the Company and IGH Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Potpisano u ime Uprave:

Institut IGH, dioničko društvo za istraživanje i razvoj u graditeljstvu

Robert Petrosian
Direktor

Željka Sikaček
Prokurist

Marija Đuroković
Prokurist

Senka Žaja
Prokurist

Tatjana Bičanić
Prokurist

Institut IGH, d.d.
Janka Rakuše 1
10 000 Zagreb
Republic of Croatia

In Zagreb, 29 April 2024

INDEPENDENT AUDITOR'S REPORT TO THE OWNER INSTUTUT IGH D.D.

Audit report on the annual financial statements

Qualified opinion

We have audited the financial statements of INSTITUT IGH d.d., Zagreb ("the Company"), which include the statement of financial position as at 31 December 2023, the statement of other comprehensive income, the statement of cash flows, the statement of changes in capital for the year then ended, as well as the notes to the financial statements, including significant accounting policies.

In our opinion, the financial statements fairly and truthfully present the financial position of the Company as at 31 December 2023, its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards adopted by the European Union (IFRS).

Basis for Qualified Opinion

We have conducted our audit in accordance with International Auditing Standards (IAS). Our responsibilities pursuant to these standards are described in more detail in the *Auditor's Responsibilities in the Audit of Annual Consolidated and Separate Financial statements* section of our Auditor's report. We are independent of the Company, in accordance with the International Code of Ethics for Professional Accountants, including International Independency Standards issued by the International Ethics Standards Board for Accountants (IESBA) (The IESBA Code), as well as in accordance with the ethical requirements relevant for our audit of financial statements in the Republic of Croatia. 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 the basis for our opinion.

Other matter

The Company's annual financial statements for the year ended 31 December 2022 were audited by another auditor who issued a modified opinion on those financial statements on 10 October 2023.

The Company has investments in subsidiaries whose annual financial statements are required to be consolidated in the Group's financial statements. We refer to the fact that the Company's annual financial statements should be read together with the consolidated annual financial statements of the INSTITUT IGH GROUP prepared for the year ending 31 December 2023.

Drawing attention to matters

We would like to draw attention to Note 2.6 „Going concern" and Note 35 „The effects of the pre-bankruptcy settlement" accompanying these financial statements.

As at 31 December 2023, the Company's short-term liabilities exceed the Company's short-term assets by EUR 863 thousand (EUR 22.456 thousand in 2022). The Company's Management Board is making efforts to resolve the current situation and improve the Company's business and financial position, all for the purpose of doing business under the assumption of going concern.

Our opinion has not been modified on this matter.

Key audit matters

Key audit matters are those matters that were, in our professional judgement, of greatest importance in our audit of financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th>Key audit matter</th><th>Our audit procedures</th></tr>
<tr><td colspan="2" align="center">Recognition of revenue</td></tr>
<tr><td colspan="2">Revenue from sales for the year ended 31 December 2023 amounted to EUR 16,307 thousand (EUR 19,949 thousand IN 2022). As at 31 December 2023, trade receivables amounted to EUR 3,142 thousand (EUR 4,947 thousand in 2022).
See Note 3.3. Recognition of Revenue and Note 4. Information on segments in related annual financial statements</td></tr>
<tr><td>The Company's income comes from the sale of services in civil engineering.

Revenue is a key measure used to assess the performance of a Company's operations and the amount of transactions has a significant impact on the financial statements. A risk exists that revenues are presented in amounts higher than actually realized, as well as the risk that income is recognized for an inadequate period in order to better the results of the period.

In view of the above, we considered that the existence, accuracy and completeness of income as well as its distribution in the proper period required our increased attention and as such we considered it a key audit issue
.</td><td>The auditors' attention focused on:
• Consideration of compliance of the Company's accounting policy with the requirements of applicable financial reporting standards,
• Acquiring an understanding of the processes and internal controls related to revenue recognition, taking into account the business environment and applicable accounting standards
• Understanding and evaluation of the process of recognising the Company's income, including implementation of relevant key controls and testing of these on the basis of a sample,
• Identification of concluded construction contracts,
• Based on a random independent, impartial and representative sample of construction contracts, we confirmed the amount of recognised revenues and costs during the year per project, based on selected payment certificates,
• Assessment of the adequacy of relevant disclosures in the financial statements as well as their compliance with IFRS adopted by the EU.</td></tr>
</table>

Other information

Management is responsible for other information. Other information includes the Management Report and the Statement on the Application of the Corporate Governance Code, included in the Annual Report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not include other information.

In relation to our audit of the financial statements, it is our responsibility to read other information and, in doing so, to consider whether other information is significantly contradictory to the financial statements or to our findings gained in the audit, or if they otherwise seem significantly misrepresented.

As regards the Management Report and the statement on the implementation of the Corporate Governance Code, we also carried out the procedures prescribed by the Accounting Act. Those procedures include verification that the Management Report has been drawn up in accordance with Article 21 of the Accounting Act and whether the statement on the implementation of the Corporate Governance Code contains the data referred to in Article 22 of the Accounting Act..

Based on the conducted procedures, to the extent to which we are able to estimate, we report that:

1. the information in the attached Management Report and the Statement on the Application of the Corporate Governance Code have been harmonized, in all significant aspects, with the accompanying financial statements

2. the attached Management Report has been drawn up in accordance with Article 21 of the Accounting Act, and

3. the attached Statement on the Application of the Corporate Governance Code includes information defined in Article 22 of the Accounting Act.

Based on the knowledge and understanding of the Company's business and its environment, gained while auditing the annual financial statements, we are obliged to report if we find that there are serious misrepresentations in the attached Management Report, and the Statement on the Application of the Corporate Governance Code. In that sense, we have nothing to report.

Responsibility of the Management and those in charge of management for the annual financial statements

The management shall be responsible for drawing up the annual financial statements that present true and fair facts in accordance with IFRS and for those internal controls that the Management determines are necessary to enable the preparation of financial statements that are free from material misrepresentation as a result of fraud or error

When drawing up the annual financial statements, the Management is responsible for the estimate of the Company's ability to continue as a going concern, for the publishing, if applicable, of the matters related to going concern and the use of going concern basis of accounting, unless the Management plans to liquidate the Company or has no real alternative but to do so.

Those in charge of management are responsible for the overseeing of the financial reporting process established by the Company.

Auditor's responsibilities for the audit of the annual financial statements

Our objectives are to obtain a reasonable assurance about whether there are serious misrepresentations due to fraud or error in the annual financial statements as a whole and to issue an Independent Auditor's Report including our Qualified Opinion. A reasonable assurance is a high level of assurance but it is no guarantee that an audit done in accordance with IASs will always reveal a serious misrepresentation when there is one. Misrepresentations can occur due to fraud or error and are considered significant if it can reasonably be expected that, individually, or cumulatively, these misrepresentations influence the economic decisions of the users made on the basis of those annual financial statements.

As an integral part of an audit in accordance with IAS, we make professional judgements and maintain professional scepticism during an audit. We also:

- Recognize and estimate risks of serious misrepresentation in the financial statements, due to fraud or error, form and undertake audit procedures as a reaction to those risks and obtain audit evidence that are sufficient and appropriate to form the basis of our opinion. The risk of nondisclosure of a significant misrepresentation due to fraud or error outweighs the risk of error, because fraud can include secret agreements, forgery, deliberate omission misrepresentation or avoidance of internal controls
- Gain an understanding of internal controls relevant for audit to form audit procedures that are appropriate for the given circumstances, but not for the purpose of expressing an opinion about the efficiency of the Company's internal controls
- Assess the appropriateness of accounting policies used and the reasonability of accounting estimates and related disclosures made by the Management
- Make conclusions on the appropriateness of the going concern basis of accounting used by the Management, and, based on the audit evidence obtained, we conclude whether there is significant uncertainty regarding the events or circumstances that can create serious doubt in the Company's ability to continue as a going concern. If we conclude there is serious uncertainty, we are required to draw attention in our Independent Auditor's Report to the related notices in the annual financial statements, or, if such notices are not appropriate, to modify our opinion. Our conclusions are based on the audit evidence obtained until the date of our Independent Auditor's Report. However, future events or conditions can cause the Company to stop operating as a going concern
- We evaluate the overall presentation, structure and content of the annual financial statements, including notices, as well as whether the annual financial statements reflect the transactions and events they are based on in a way that reflects a fair presentation.

We communicate with those in charge of Management regarding, among other, the planned scope and time schedule of the audit, and the important audit findings, including significant flaws in internal controls discovered during our audit.

We also make a statement to those in charge of Management that we have complied with the relevant ethical requirements regarding independence and will communicate with them on all relationships and other issues that can reasonably be considered to affect our independence, as well as, where applicable, on actions taken to address the threats to independence, and related safeguards.

Among the matters communicated to those in charge of Management, we determine those matters of utmost importance in the audit of annual financial statements in of the current period making these matters key audit matters. We describe those matters in our Independent Auditor's Report, unless an Act or a Regulation prevents the public disclosure of a matter or, when we decide, under extremely rare circumstances, that a matter should not be disclosed in our Auditor’s Report, because it can reasonably be expected that the negative consequences of disclosure would outweigh the benefits of public interest in such a disclosure.

Report on other legal and regulatory requirements

1. Based on the proposal of the Supervisory Board , we were appointed by the General Assembly of the Company on 27 Dec 2022 to perform a statutory audit of the annual financial statements for 2023
2. At the date of this Report, we are continuously engaged in carrying out the company's statutory audit for 2023, which amounts to 1 year in total
3. In the audit of the Company's annual financial statements for the year 2023, we determined the materiality of financial statements as a whole in the amount of EUR 282 thousand, which is approximately 5,5% of the EBITDA, as we consider that due to the high depreciation and financing costs, this is the most appropriate benchmark for measuring the company's performance
4. Our audit opinion is consistent with the additional Report for the Company's Audit Committee drawn up in accordance with the provisions of Article 11 of Regulation (EU) No. 537/2014
5. During the period between the initial date of the audited 2023 financial statements of the Company, and the date of this Report, we did not provide forbidden non-audit services to the Company and we did not, in the business year prior to the abovementioned period, provide services for the design and implementation of internal control procedures or risk management procedures related to the preparation and/or control of financial information or the design and implementation of technological systems for financial information, and we maintained our independence in relation to the Company during our audit.

A Report based the requirement of Commission Delegated Regulation (EU) 2018/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format.

A report on the auditor's assurance on the harmonization of the financial statements, prepared pursuant to the provisions of Article 462. paragraph 5 of the Capital Markets Act (Official Gazette, no. 65/18, 17/20, 83/21 and 151/22) by applying the requirement of the Delegated Regulation (EU) 2018/815 specifying a single electronic reporting format for the issuer (hereinafter: the ESEF Regulation).

We conducted our engagement with the expression of a reasonable belief as to whether the financial statements were prepared for the purposes of public disclosure pursuant to Article 462, paragraph 5 of the Capital Market Act, which are contained in the attached electronic file Institut IGH-2023-12-31-en, in all material respects prepared in accordance with the requirements of the ESEF Regulation.

Responsibilities of the Management and those in charge of management

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

In addition, the Company's Management is responsible for the maintenance of internal control systems that reasonably ensure the preparation of financial statements without significant discrepancies between them and the requirements contained in the ESEF regulation, whether due to fraud, or error

The Company's Management is also responsible for:

- Disclosure to the public of the financial statements contained in the Annual Report in the current XHTML format, and
- Selection and use of XBRL codes in accordance with the requirements of the Regulation on ESEF.

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

The responsibilities of the Auditor

Our responsibility is to express a conclusion, based on the audit evidence collected, whether the financial statements are free from material non-compliance with the requirements of the ESEF Regulation. We conducted this engagement with the expression of a reasonable conviction, in accordance with the International Standard on Assurance Engagement (ISAE) 3000 (amended) - engagements with the expression of convictions other than audits or insights into historical financial information.

The conducted procedures

The nature, timeframe and scope of the chosen procedures depend on the auditor's judgement. A reasonable assurance represents a high level of assurance, but does not ensure that the scope of testing will reveal every material discrepancy with the ESEF Regulation

We carried out the following activities as part of the selected procedures:

- We read the requirements of the ESEF Regulation
- We have gained an understanding of the internal controls of the company relevant for 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 error; and
- On this basis, we developed and implemented procedures to respond to the risks assessed and to obtain a reasonable assurance to express our conclusion.

The aim of our procedures was to assess whether:

- Financial statements included in the Annual Report were prepared using the valid XHTML format
- The data contained in the financial statements and required by the EESEF Regulation, are marked and whether all markings meet the following requirements:
    - use of the XBRL mark-up language
    - Basic taxonomy listed in the ESEF regulation with the closest accounting meaning was used unless an additional taxonomy element in accordance with Annex IV of the ESEF regulation was created,
    - The mark-up is in accordance with the common mark-up rules pursuant to the ESEF Regulation

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

Conclusion

In our opinion, based on conducted procedures and obtained evidence, financial statements presented in the ESEF format, contained in the above-mentioned attached electronic file and pursuant to the provision of Article 462 (5) of the Capital Markets Act, prepared for public disclosure, in all significant respects are in accordance with the requirements of Articles 3, 4 and 6 of the ESEF Regulation for the year ended 31 December 2023.

In addition to this conclusion, as well as the opinion contained in this Independent Auditor's Report for the accompanying financial statements and Annual Report for the year ended 31 December 2023, we do not express any opinion on the information contained in these statements or on other information contained in the above-mentioned file.

The partner engaged in the audit, which resulted in this Independent Auditor's Report is Paško Anić-Antić.

Paško Anić-Antić
Croatian authorized auditor

Paško Anić-Antić

Director

29 April 2024

Russell Bedford Croatia – Revizija d.o.o.
Selska cesta 90B
10000 Zagreb
Republic of Croatia

INSTITUT IGH d.d.

Separate statement of comprehensive income for the year ending 31 Dec 2023.

	Note	2023.	2022.
		in thousands of EUR	
Sales Revenue	*4*	16.307	19.949
Other operating income	*5*	11.337	4.204
Total revenue		**27.644**	**24.153**
Cost of consumables and raw materials	*6*	(720)	(935)
Cost of services	*6*	(4.871)	(4.175)
Staff costs	*7*	(11.081)	(12.540)
Other operating expenses	*9*	(1.596)	(864)
Total operating expenses		**(18.268)**	**(18.514)**
Depreciation	*13 i 14*	(2.195)	(2.408)
Impairments/value adjustment of other fixed assets	*8*	0	(2)
Value adjustment of receivables	*8*	(441)	(190)
Total depreciation and impairment		**(2.636)**	**(2.600)**
Financial revenue	*10*	311	582
Financial expenditure	*11*	(1.981)	(1.509)
Pre-tax profit		**5.070**	**2.112**
Corporate tax	*12*	1.014	139
Current year profit		**6.084**	**2.251**
Other comprehensive income			
not to be reclassified through profit and loss			
Revaluation of fixed assets net of tax		**912**	**0**
Other comprehensive profit for the year		**912**	**0**
Comprehensive profit for the year		**6.996**	**2.251**
Earnings per share (in EUR)		*8,87*	*3,73*

Notes given in attachment comprise an integral part of these separate annual financial statements

INSTITUT IGH d.d.
Separate statement on financial position for the year ending 31 Dec 2023.

	Bilješka	2023.	2022.
		in thousands of EUR	
ASSETS			
Intangible assess	*13*	13	216
Property, plants and equipment	*14*	6.126	7.060
Investment in property		33	33
Investments in related parties and other investments	*15*	3.044	9.685
Loans and deposits given	*17*	22	445
Trade receivables and other receivables	*16*	161	197
FIXED ASSETS TOTAL		**9.399**	**17.636**
Inventories		75	75
Trade receivables and other receivables	*16*	3.047	4.750
Loans given and deposits	*17*	3.963	3.626
Accrued income and prepaid expenses	*20*	557	852
Contract assets	*21*	567	504
Cash and cash equivalents	*18*	410	459
CURRENT ASSETS TOTAL		**8.619**	**10.266**
Fixed assets held for sale	*19*	1.632	1.632
TOTAL ASSETS		**19.650**	**29.534**
EQUITY AND LIABILITIES			
Share capital	*22*	14.815	15.476
Own shares	*23*	(400)	(400)
Reserves for own shares	*23*	192	192
Other reserves	*23*	134	134
Capital reserves	*23*	(34)	(34)
Revaluation reserves	*24*	1.667	5.170
Accumulated losses		(11.093)	(31.210)
EQUITY TOTAL		**5.281**	**(10.672)**
Loans and borrowings	*25*	31	48
Lease liabilities	*26*	1.881	3.237
Provisions	*27*	987	1.456
Deferred tax liabilities	*12*	330	1.085
Trade and other payables	*28*	26	26
LONG-TERM LIABILITIES TOTAL		**3.255**	**5.852**
Loans and borrowings	*25*	2.540	24.806
Lease liabilities	*26*	1.356	1.658
Trade and other payables	*28*	5.796	5.333
Liabilities for advances received	*29*	783	920
Liabilities for deposits received	*29*	41	37
Provisions	*27*	338	323
Contract liabilities	*21*	137	138
Accrual and deferred income	*30*	123	1.139
CURRENT LIABILITIES TOTAL		**11.114**	**34.354**
TOTAL EQUITY AND LIABILITIES		**19.650**	**29.534**

Notes given in attachment comprise an integral part of these separate annual financial statements

INSTITUT IGH d.d.
Separate statement of changes in equity for the year ending on 31 December 2023

Thous. EUR	Share capital	Capital reserves	Own shares	Reserves for own shares	Other reserves	Revaluation reserves	Accumulated loss	**TOTAL**
Status on 31 December 2021	**15.476**	**(34)**	**(400)**	**192**	**134**	**5.537**	**(33.828)**	**(12.924)**
Reserves for bonus and option shares	0	0	0	0	0	0	0	**0**
Transfer from revaluation reserves	0	0	0	0	0	(367)	367	**0**
Comprehensive income								
Current year profit	0	0	0	0	0	0	2.251	**2.251**
Other comprehensive income	0	0	0	0	0	0	0	**0**
Total comprehensive income	0	0	0	0	0	0	2.251	**2.251**
Status on 31 December 2022	**15.476**	**(34)**	**(400)**	**192**	**134**	**5.170**	**(31.210)**	**(10.672)**
Status on 1 January 2022	**15.476**	**(34)**	**(400)**	**192**	**134**	**5.170**	**(31.210)**	**(10.672)**
Reduction of capital	(9.339)	0	0	0	0	0	9.339	**0**
Increase of share capital	8.678	0	0	0	0	0	0	**8.678**
Transfer from revaluation reserves	0	0	0	0	0	(3.503)	4.694	**1.191**
Comprehensive income								
Current year profit	0	0	0	0	0	0	6.084	**6.084**
Other comprehensive income	0	0	0	0	0	0	912	**912**
Total comprehensive income	0	0	0	0	0	0	6.996	**6.996**
Status on 31 December 2023	**14.815**	**(34)**	**(400)**	**192**	**134**	**1.667**	**(11.093)**	**5.281**

Notes given in attachment comprise an integral part of these separate annual financial statements

INSTITUT IGH d.d.
Separate statement of cash flow for the year ending 31 Dec 2023.

	2023.	2022.
	u tisućama EUR	
Cash flow generated from operations		
Profit(loss) before taxation	**5.070**	**2.112**
Adjustments:		
Depreciation	2.081	2.408
Value adjustments	286	(22)
Income from interest	(2)	(5)
Expenditure from interest	673	1.547
Net decreases in provisions	(454)	(147)
Other adjustments for non-financial transactions and unrealised profit and losses	13.739	0
Write-off	(5.838)	(3.662)
Result from operating activities before changes in working capital	**15.555**	**2.231**
Decrease (Increase) of receivables	1.750	1.307
Decrease of contract assets	(64)	80
(Decrease) Increase of current liabilities	(14.802)	(1.597)
(Decrease) of contract liabilities	(1)	(140)
Net cash flow from operating activities before interests and tax	**(13.117)**	**(350)**
Net cash flow from operating activities	**2.438**	**1.881**
Cash flows from investment activities		
Cash receipts based on loans granted	87	0
Outflow for purchase of non-current tangible and intangible assets	(1.129)	(303)
Cash outflows for loans and deposits	0	(204)
Net cash flow from investment activities	**(1.042)**	**(507)**
Cash flows from financial activities		
Cash receipts from loan principal, loans and other borrowings	**0**	1.203
Cash outflows for repayment of principal loans and bonds	(17)	(1.004)
Cash outflows for rent	(1.428)	(1.934)
Net cash flow from financial activities	**(1.445)**	**(1.735)**
TOTAL NET CASH FLOW	**(49)**	**(361)**
Cash and cash equivalents at beginning of the period	**459**	**820**
Cash and cash equivalents at the end of the period	**410**	**459**

Notes given in attachment comprise an integral part of these separate annual financial statements

1. General information

Foundation and development

Institut IGH d.d., Zagreb, Croatia, (the Company), VAT/OIB 79766124714, entered in the Commercial Court Register in Zagreb under the registration number 080000959.

Company shares, mark IGH-R-A, ISIN: HRIGH0RA0006 are listed on the Zagreb Stock Exchange.

The Company is engaged in professional and scientific research in the field of civil engineering which includes: design, elaboration of studies, technical supervision, consulting, investigation works, and proof of serviceability, laboratory testing and calibration. The Company is certified for these activities in accordance with the Sustainable Development Standards: EN ISO 9001, EN ISO 14001, EN ISO 45001.

The Company's registered office is in Janka Rakuše 1, Zagreb, Croatia. Except business operations run from the registered office, the Company conducts its business through subsidiaries in Georgia, Russia, Bosnia and Herzegovina, North Macedonia, Armenia, Hungary and Kosovo.

Company Bodies:

General Assembly

Chairman - Žarko Dešković

Members of the General Assembly are individual Company shareholders or their proxies.

Supervisory Board

In 2023, the Supervisory Board of Institut IGH d.d. consisted of 5 members, as follows:

- Žarko Dešković - Supervisory Board Chairman from 28 January 2021
- Mariyan Tkach – appointed Deputy-Chairman of the Supervisory Board on 26 August 2020
- Sergej Gljadelkin (OIB 50886241583) – Supervisory Board member
- Igor Aleksandrov Tkach – Supervisory Board member
- Marin Božić – Supervisory Board member

The Management Board of the Company and the Group

On 31 Dec 2023, the Management Board consists of 1 member:
- Robert Petrosian – Director, represents the Company solely and independently

Company and Group Procurators representing the Company with another Procurator include:
- Željka Sikaček
- Marija Đuroković, from 4 July 2023
- Senka Žaja, from 4 July 2023
- Tatjana Bičanić, from 4 July 2023

The Audit Committee of the Company and the Group consists of three members:
- Gerhard Sattler
- Nadica Šalov
- Sergej Sergejević Gljadelkin
-

2. Basis for preparation

2.1 Statement of compliance – the Company

The separate financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS), valid throughout the EU.

The Company maintains its accounting records in the Croatian language, in Croatian Kuna, in accordance with Croatian laws and the accounting principles and practices observed by enterprises in Croatia.

These consolidated and separate financial statements were authorised for issue by the Management Board 29 April 2024.

The reports for the year ended 31 December 2023 are available at the company's web site https://www.igh.hr/.

2.2 The adoption of new standards, interpretations and changes to International Financial Reporting Standards („IFRS“)

The first application of the new amendments of existing standards in force to the ongoing reporting period

In the ongoing reporting period, the following amendments to existing standards published by the International Accounting Standards Committee (IASC) and adopted by the European Union and are effective.

Standard	Name
MSFI 17	New IFRS 17 "Insurance contracts" including amendments to IFRS 17 published in June 2020 and December 2021
Amend. IAS 1	Disclosure of accounting policies
Amend.IAS 8	Definition of accounting estimates
Amend. IAS 12	Deferred tax relating to assets and liabilities arising from a single transaction
Amend. IAS 12	International tax reform – Pillar II Rule model

Standards and amendments to existing standards published by THE OMRS and adopted in the European Union but not yet in force

At the date of approval of these financial statements, the following amendments to the existing standards published by THE OMRS were published, but not in force, and were adopted in the European Union

Standard	Name	Date of entry into force
Amendments to IFRS 16	Lease obligation in sale-leaseback transactions	**1 Jan 2024**
Amendments to IAS 1	Classification of liabilities as current or non-current and non-current liabilities with contractual terms	**1 Jan 2024**

New standards and amendments to existing standards published by THE OMRS but not yet adopted in the European Union

IFRS currently adopted in the European Union do not differ significantly from those adopted by the International Accounting standards Board (OIAS), with the exception of the following new standards and amendments to existing standards, the adoption of which has not yet been decided by the European Union on one year (the dates of entry into force mentioned below refer to IFRS issued by the OIAS):

Standard	Name	Status of adoption in the EU
Amendments to IAS 7 and IFRS 7	Financing agreements with suppliers (Effective date set by IASB: 1 January 2024)	Not yet adopted in the EU
Amendments to IAS 21	Inability to replace (Effective date set by the IASB: 1 January 2025)	Not yet adopted in the EU
IFRS 14	Regulatory deferral (Effective date set by the IASB: 1 January 2016)	The European Commission has decided to postpone the procedure for the adoption of this transitional Standard until the publication of its final version
Amendments to IFRS 10 and IAS 28	Sale or subscription of assets between the investor and its affiliated entity or joint venture and subsequent modifications (IASB postponed the date of entry into force for an indefinite period, with earlier application permitted)	Adoption procedure postponed until completion of the research project on the topic of application of the share method

The Company is currently assessing the impact of new standards and amendments to existing standards on its financial statements. The Company expects that the adoption of these new standards and amendments to the existing standards will not lead to significant changes in the financial statements during the first application of the standards

2.3. Basis for measurement

The financial statements are presented in accordance with the historical cost convention, except for the following:

- Revaluations of the value of land and buildings as stated in Note 3.10 (i)
- Investments in real estate as stated in Note 3.12.
- Assets at fair value through other comprehensive income as stated in Note 3.19
- Non-current assets intended for sale as stated in Note 3.23
- The methods used to measure the fair value are presented in Note 3.24.

2.4. Functional currency and presentation currency

These Financial Statements are presented in Croatian Kuna (HRK), which is the functional currency, of the parent Company rounded to the nearest thousand.

(a) Fundamental and Reporting currency

The items included in the financial statements of the Company are reported in the currency of the primary economic environment in which the Company operates (functional currency). Since the Republic of Croatia introduced the Euro as the official currency from 1 January 2023 in accordance with the Act on the introduction of the Euro as the official currency in the Republic of Croatia, the Company changed the presentation currency from HRK to EURO for the purpose of preparing financial statements for the year ended 31 December 2023. The financial statements for the year ended 31 December 2023 were first prepared in thousands EUR. The Euro is also the functional currency of the Company from 1 January 2023 (until 1 January 2023 the functional currency was the HRK).

Although the change in the presentation currency in the financial statements constitutes a change in accounting policy, requiring retroactive application, the Company did not disclose the third balance sheet in the financial statements for the year ended 31 December 2023 in accordance with International Accounting Standard 8 (IAS) Accounting Policy, changes in Accounting estimates and errors, as it found that the change in the presentation currency had no significant impact on the financial statements of the Company, due to the stable exchange rate of HRK/EUR in recent years.

The level of rounding shown in the financial statement is one thousand Euros.

2.5. Use of estimates and judgments

The preparation of financial statements in accordance with IFRS requires the Management to make judgments, estimates and assumptions that affect the application of policies and amounts published for assets and liabilities, income and expenses. Estimates and associated assumptions are based on historical experience and various other factors, which are believed to be reasonable under the circumstances, the result of which forms the starting point for creating estimates of the value of assets and liabilities, which cannot be obtained from other sources. Actual results may differ from such estimates.

These estimates and respective assumptions are subject to regular reviews.

The impact of an estimate correction is recognized in the period in which the estimate was corrected if the correction affects only the period in which it was made or in the period in which the correction was made and future periods if the correction affects current and future periods.

Judgments made by the Management in the application of IFRS, which have a significant impact on the financial statements and judgments where the risk of materially significant adjustments in the next year is high, are listed in note 3.1.

2.6. Going concern

During 2013, the Company initiated pre-bankruptcy settlement proceedings. On the basis of this, the Company concluded an agreement with creditors on the restructuring of liabilities, and limited the exposure arising from co-debtor relationships with certain related companies. Regardless of the financial restructuring, the Company increased the capital (recapitalized) at that time by issuing new shares and initiated the process of selling certain assets in order to ensure the necessary solvency.

The pre-bankruptcy settlement procedure was successfully completed through a Decision of the Commercial Court in Zagreb no. 72. Stpn- 305/13 of 5 December 2013 which approved the conclusion of the Pre-bankruptcy settlement between the debtor, Institut IGH d.d. and the creditor of the Pre-bankruptcy settlement. The Pre-bankruptcy settlement became final on 28 December 2013. The effects and the fulfilment of the Pre-bankruptcy settlement are described in detail in note 35. As of 15 February 2024, the Company settled all pre-bankruptcy settlement commitments which amounted 38 thous. Euro on 31Dec 2023.

In order to improve the profitability of operations and core business, over the past years the Company has implemented a number of operational restructuring measures and has had a more active market access.

The Company recorded a decrease in sales revenues in 2023 compared to 2022 of HRK 3,642 thousand, but recorded operating profit in the amount of EUR 3,052 thousand (2022 profit amounting to EUR 2,251 thousand). The company's capital is positive at EUR 5,282 thousand (in 2022 the capital was negative at EUR 10,672 thousand). On 31 December 2023, short-term liabilities of the Company exceed short-term assets by EUR 2,495 thousand (2022: short-term liabilities exceed short-term assets by EUR 24,088 thousand).

Since the final pre-bankruptcy agreement to 31 December 2023, the Company paid off a total of Euro 56.985 thousand of liabilities incurred before the start of the Pre-bankruptcy agreement proceedings. During 2023, the Company paid off Euro 1.414 thousand of PIK debt, Euro 9.316 thousand of senior debt and Euro 3.378 thousand of respective interest. With the balance sheet date, Senior debt due amounts to Euro 38 thousand which has been fully settled by 15 Feb 2024.

These financial reports have been prepared under the assumption of a going concern

In 2024, the Company's management continued to adjust and change key business processes and activities that are necessary for ensuring the quality and stability of further business, with a focus on strategic goals and future development of the Company. In addition to all of the above, the Board considers that on the basis of business plans and concluded contracts, the Company is capable of continuing its operations. The closure of the pre-bankruptcy settlement is formally the main task of the Management Board, which is in the process of implementation, and it is expected to be concluded by 30 June 2024.

Below given is an outline of significant accounting policies adopted for the preparation of these financial statements. These accounting policies have been consistently applied for all periods included in these statements.

3. Principal accounting policies

3.1. Principal accounting judgements and estimates

Key judgements in the application of accounting policies

Preparing financial statements in accordance with IFRS requires the Management to produce judgments, estimates and assumptions that affect the application of policies and amounts disclosed for assets, liabilities, income and expenses. Actual results may differ from such estimates. Estimates and related assumptions are continuously reviewed. The impact of an estimate correction shall be recognised in the period during which the estimate has been corrected and in future periods if the correction affects current and future periods.

(I) Recognition of revenue

The Company and the IGH Group recognise revenues and costs under contracts from the design activity based on an assessment of the degree of completion of the contracted operations at the balance sheet date, which requires a certain degree of judgement. If it is not possible to reliably assess the outcome of the contract, revenue under the contract shall be recognised to the extent that the costs incurred by the contract are likely to be recoverable. Contract costs shall be recognised as expenditure of the period in which they are incurred. If the total costs of the contract are likely to exceed the total revenues of the contract, the expected losses shall be recognised immediately as a cost.

(ii) Lifetime of real estate, plant and equipment

The Company and the IGH Group shall review the estimated lifetime of the property, plant and equipment at the end of each annual reporting period. There was no change in the lifetime estimates of fixed assets during the year.

The Company regularly checks the recoverability of the assets individually, and if there are indications of impairment, the same shall be done up to the estimated recoverable value.

(iii) Pre-bankruptcy settlement and going concern

The Company shall consider all material information relating to all key risk factors, assumptions and uncertainties that it is aware are relevant to the Company's ability to continue to operate under the assumption of a going concern.

The Company continuously invests maximum efforts with the aim of increasing operational business, and the year 2023 is significant for the settlement of almost the entire debt from the pre-bankruptcy settlement. The pre-bankruptcy debt as at 31 Dec2023 amounts to Euro 38 thousand and has been fully settled by 15 Feb 2024. The Company points out that it also actively settles liabilities towards other creditors through the sale of non-operating real estate and through refinancing of the operative part of debt. Looking at a stable contract base, a successful deleveraging towards non-financial institutions as well as all information on the progress of restructuring of debt towards financial institutions, the Company considers that it meets all operating requirements under the assumption of going concern.

(iv) Valuation of liabilities according to pre-bankruptcy settlement

The Company has reduced its obligations related to loan obligations that will be settled from the

Company's real estate, in accordance with the pre-bankruptcy settlement, to the fair value of the corresponding real estate. The Management took the estimated value of real estate as the reference value of liabilities.

3.2. Investments in subsidiaries

Subsidiaries are companies over which the Company has business control, directly or indirectly. Control is achieved when the Company has the right to manage the company's key activities, and as a consequence is exposed to variable returns as a result of such activities.

Investments in subsidiaries are initially recognized at cost, and subsequently at cost less impairment. Impairment testing of investments in subsidiaries is carried out on an annual basis.

3.3 Investments in associated companies

Associated companies are companies in which the Company has significant influence, but does not have control. Significant influence is the power to participate in decisions about the financial and business policies of the entity in which the investment was made, but it does not represent control or joint control of these policies. Investments in associated companies are initially recognized at cost, and subsequently at cost less impairment. Impairment testing of investments in subsidiaries is carried out on an annual basis.

Transactions eliminated in consolidation

The balance and transactions among Group members and all unrealised profit from transactions among Group members are eliminated at consolidation of the financial statements. Unrealized profit from transactions with companies with shareholdings and mutual companies where the Company shares control with other owners is eliminated up to the Company share level in such companies. Unrealized profit from transactions with companies with shareholdings is eliminated by a decrease of investment into that company. Unrealized losses are eliminated in the same way as unrealized profit but only up to the amount which does not represent permanent decrease of assets.

Transactions with non-controlling interests

Non-controlling interests in subsidiaries are included in the comprehensive capital of the Group.

Losses from non-controlling interests in subsidiaries are added to the non-controlling interests in situations when the non-controlling interest are shown with a negative value. Adjustment of non-controlling interest is based on the proportional amount of net assets of the subsidiary without goodwill adjustment and recognition of profit or loss in the profit and loss account.

Transactions with non-controlling interest which result in loss of control over the subsidiary are treated by the Group as transactions with majority owners of the Group When purchasing shares from non-controlling interest, the difference between the paid sum and the respective gained share of the book value of the subsidiary's net assets is shown as capital. Gains and losses from sale of non-controlling interest are also shown as capital.

Loss of control

After the loss of control over a subsidiary, the Group ceases to recognize its assets and liabilities, any minority interest or other components of capital and reserves. Any surplus or deficit resulting from loss of control is recognized in the profit and loss. If the Group retains a part in the subsidiary, such part is shown at fair value at the day the control ceases to exist. After that, it is shown as investment valued according to the equity method or as financial assets available for sale, depending on the level of retained influence.

Goodwill

Goodwill, created by business merger is recognized as cost at the date of acquisition, decreased by any loss owing to decreased value. For the purpose of testing for decrease, goodwill is distributed to every cash generating unit of the Group (or groups of such units) where benefits from synergy, i.e. merger are expected. Cash-generating units to which goodwill is distributed undergo annual check for decreased value, or more often if there are indications of its possible decrease in value. If the reimbursable amount of the cash-generating unit is lower than its book value, the loss created by the decrease is distributed so as to decrease the book value of goodwill distributed to the unit, and after, that proportionally to other property of the cash-generating unit on the basis of the book value of every item in that cash-generating unit. Loss due to decrease of goodwill value is directly recognized as profit or loss in the consolidated statements on comprehensive income. Once recognized loss from decrease of goodwill is not annulled in the next periods.

When disposing of the cash-generating unit, respective amount of goodwill becomes a part of the profit or loss from sale.

3.4 Revenue

Policies for recognition of revenue and enforcement obligations

Revenue is measured on the basis of fee specified in the contract with the customer. A company i.e. IGH Group recognizes revenue when it transfers control of a good or service to a customer. The transfer of control over goods or services may take place either continuously (revenue recognition over time) or on a specific date (recognition at a point in time, upon completion). Before revenue is recognized, the Company and IGH Group identify the contract as well as the various obligations of performance contained in the contract. The number of obligations regarding performance depends on the type of contract and activity. Most contracts of the Company and IGH Group involve only one obligation of performance.

Recognition of revenue in accordance with IFRS 15 is applicable to the following sources of revenue:

(i) Construction contracts

The main revenue generated by the Company and IGH Group from construction contracts comes from design, study, supervision, consulting services, laboratory services, survey works and scientific research work for the reconstruction and construction of roads and other civil engineering structures.

In accordance with the main IFRS 15 principles, the Company's accounting policies for recognizing revenue from contracts with customers reflect:

- the dynamics by which contractual obligations are fulfilled, corresponding to the transfer of goods or services to the customer;
- the amount the seller expects to be entitled to receive as compensation for their activities.

Contractual terms and the way in which the Group manages construction contracts are mainly derived from projects that contain a single performance obligation. The Company and IGH Group use a cost-based method to measure progress to the completion of construction work i.e. the Management has chosen to use the input method to calculate revenue (expenses incurred until a certain date) from the construction contract.

(i) Construction contracts (continued)

Changes to the contract (relating to the price and/or scope of the contract) are recognized when approved by the client. If the changes relate to new products or services that are considered different and when the contract price increases by an amount reflecting the "standalone selling price" of the additional products or services, the changes are recognized as a separate contract. When a third party (such as a subcontractor) is involved in the delivery of a good or service, the Company and IGH Group determine if it assumes control of that product or service before it is transferred to the client. If control is taken before the transfer to the client, the Company and IGH Group recognize as revenue the gross amount it expects to be entitled to receive on handover. In cases where control is not taken, the Company and IGH Group consider that it is not the originator in the transaction and recognizes as income only the amount corresponding to its remuneration as an intermediary.

The cost of obtaining a contract that would not have been incurred had the Group not obtained the contract is recognized as an asset if it is recoverable and is depreciated over the estimated contract life.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of the contract costs incurred that are likely to be recoverable. The expected contract loss is recognized immediately in the profit and loss account.

Contractual assets and contractual liabilities

Contractual liabilities are entered when the client has made payment for goods or services, and the

Company and IGH Group did not fulfil their obligation by delivering these goods or services. If the Company. i.e. IGH Group delivered the goods or services to the client and the client did not pay for these, and the right to compensation is not conditioned by anything except by passing of time until maturity, receivables are recognized. Contractual assets are recognized if the right to compensation is conditioned by something else (e.g. by executing some other obligation).

(ii) Income from state aid

State aid is recognized when there is a reasonable belief that the Company , i.e. IGH Group will fulfil the conditions under which the aid is given and a reasonable belief that the said aid will be given. Accordingly, the Company, i.e. IGH Group do not recognize State aid until there is sufficient assurance that the Company will meet the requirements set for the State aid and that the aid will be received. State aid is recognized as profit or loss on a systematic basis over the period in which the costs for which the aid is intended to be covered are recognized. Receivables for State aid to compensate for expenses or losses already occurred, or for the purpose of providing immediate financial support to the entity without future related costs, are recognized as profit or loss of the period in which the receivables were incurred.

(iii) Financial revenue and costs

Financial revenue and costs comprise interest payable on loans and borrowings using the effective interest method, interest receivable on funds invested, dividend income, gains and losses from foreign exchange differences and gain/ losses from sale of investment in subsidiaries. Income from the write-off of financial liabilities is also reported within Financial revenue.

Income from interest is recognised in the profit and loss account on an accrual basis using the effective interest rate method. Dividend income is recognised in the profit and loss account on the date when the Company's right to pay the dividend is established.

Financial costs comprise accrued interest on loans, changes in fair value of financial assets at fair value through profit or loss account, impairment losses from financial assets and losses from exchange rate differences. Costs from borrowings are recognised in the Profit and Loss Account using the effective interest rate method.

(iv) Revenue from rent

Revenue from rent is recognized in the period when the rent was provided and refers to operative rent.

3.5 Leases

a) Impact on the accounting on the Lessee

At the initial recognition these assets are evaluated on the basis of cash flows of the lease agreement. After initial recognition, the right of use will be valued according to international standards for assets under IAS 16, IAS 38 or IAS 40 and therefore applying the cost model, decreased by accumulated depreciation and accumulated impairment losses, the revaluation model or the fair value model.

In order to calculate the rent and respective asset with the right of use, discounting of future lease payments according to an appropriate discount rate is done. Thus, future rent payments which are discounted are determined according to contractual provisions, without VAT, since the obligation to pay this tax occurs when the invoice is issued by the Lessor and not on the day of the start of Lease Contract.

In order to calculate the rent, discounting of future lease payments is done according to an implicit discount rate, or, if unavailable, at an incremental borrowing rate. The incremental borrowing rate is determined based on the financing cost of liabilities of a similar duration and security as those in a lease agreement. When defining the duration of the lease, a period of irrevocability must be considered defined in the Contract, where the Lessee has the right to use the subject asset also considering potential extension options, if the Lessee is reasonably certain of the extension. In fact, when looking at the contracts which allow the Lessor to tacitly extend the Lease Contract after the first period, the period of lease is determined on the basis of facts such as the length of the first lease period, possible plans for the sale of the leased asset and any other circumstance indicating a reasonable safety of extension.

An exception to this are low value lease contracts (up to 30 thousand HRK) and short duration contracts which are recognized as costs in the period to which they refer.

The Company, i.e. IGH Group leases certain plants and equipment. Finance leases are capitalised at the beginning of the lease at the lower of the fair value of the leased property or the present value of minimum lease payments. Each lease payment is allocated between the liability and finance costs so as to achieve a constant rate on the balance outstanding. The interest element of finance costs is charged to profit or loss over the lease period. The property, plants and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

3.6 Foreign currencies

Transactions and balances in foreign currencies

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currency at the reporting date are translated into the functional currency at the foreign exchange rate prevailing at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the conversion of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary assets and items that are measured in terms of historical cost of a foreign currency are not converted per new exchange rate. Non-monetary assets and liabilities denominated in foreign currency that are stated at historical cost are converted into the functional currency at the foreign exchange rate prevailing at the date of the transaction.

Official exchange rate of GEL on 31 December 2023 was 2,9324 GEL for 1 EURO (31 Dec 2022: 2,6112 GEL for 1 EURO).

Official exchange rate of B&H currency on 31December 2023 was 1,95583 BAM for 1 EURO (31 Dec 2022: 1,95583 BAM for 1 EURO).

Official exchange rate of Georgian currency on 31 December 2023 was 61,634498 MKT for 1 EURO (31 Dec 2022: 61,6 MKT for 1 EURO).

Items included in the financial statements of subsidiaries are expressed in the currency of its respective primary economic environment in which the subsidiary operates, and which is the reporting currency. Separate financial statements are presented in Croatian Kuna, also the functional currency of the parent Company.

Revenue and expenditures and cash flows from foreign undertakings are recalculated into the functional currency of the Group using the exchange rate which most accurately represents the exchange rate on the day of the transaction, and their assets and obligations are recalculated according to exchange rate value at the end of the year.

Net investment into Group members

Exchange rate differences from recalculation of the net investment into foreign undertakings are recognized as part of the principal amount. When selling the foreign undertaking, exchange rate differences are recognized in the profit and loss account as part of profit or loss from sale. Exchange rate differences from recalculation of foreign currency, owing to its non-material amount, are included in the accumulated loss amount.

3.7 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the surrender value is recognised in the comprehensive income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities, unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Borrowings from creditors classified as "Secured Creditors" (Note 25) are carried at fair value of the property under mortgage for the borrowings in question, since the collection of the relevant borrowings is possible solely from the mortgaged property

3.8 Dividend

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's General Assembly of Shareholders.

3.9 Taxation

Corporate tax

The income tax charge comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly to equity, in which case it is recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using the tax rates enacted at the reporting date, and any adjustments to tax payable in respect of previous periods.

(i) Deferred tax assets and liabilities

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business merger and that affects neither accounting nor taxable profit as well as differences relating to investments in subsidiaries and mutually controlled companies when it is likely that the situation will not change in the near future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and if they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

(ii) Tax exposure

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period when a decision is made.

Value Added Tax (VAT)

The Tax Administration requires the settlement of VAT on a net basis. VAT related to sales and purchases is recognised and disclosed in the financial position statement, on a net basis. Where receivables have been impaired, impairment loss is recorded in the gross amount of receivables, including VAT.

3.10 Property, plants and equipment

(i) Land and buildings

Following initial recognition at cost, land and buildings are recognized at revalued amount, which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and any impairment.

Fair value is based on the market value, being the estimated amount for which an asset could be sold on the date of valuation between a willing buyer and a willing seller in an arm's length transaction.

When the carrying amount is increased as a result of revaluation, this increase should be recognised directly in other comprehensive income under revaluation reserves. The revaluation increase is recognised as income to the extent that it reverses a revaluation decrease of the same asset previously recognised as an expense.

When the carrying amount is decreased as a result of revaluation, this revaluation decrease should be recognised directly in revaluation reserves to the extent that the decrease does not exceed the amount held in the revaluation reserve for the same asset, while the remaining amount is charged to expenses for the period.

A valuation is performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Certain land and buildings are derecognised upon disposal or when no future benefits are expected from its use or disposal. Gains or losses arising from derecognition of lands and buildings (calculated as the difference between the net disposal proceeds and the carrying amount of the item) are included in profit or loss when they are derecognised.

The relevant portion of the revaluation surplus, realised in the previous valuation, is released to profit or loss from the surplus of the valued assets upon the disposal of the revalued asset.

Also, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

Based on the revaluation performed by independent valuers, the Company has revalued its properties and created revaluation reserves that are transferred to retained earnings/accumulated losses in accordance with the adopted depreciation policy.

Gains and losses from disposal of land and buildings are recognised within other income or expenses in the profit and loss account. When revalued assets are sold, the amounts included in revaluation reserves are transferred to retained earnings.

(ii) Plants and equipment

Plants and equipment are initially included in the financial statement at cost less accumulated depreciation and accumulated impairment, if any. Cost includes expenditure that is directly attributable to the acquisition of the items. Following initial recognition at cost, plants and equipment are carried at revalued amount, which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on plants and equipment and any impairment.

Fair value is based on the market value, being the estimated amount for which an asset could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm’s length transaction.

(iii) Assets with right of use

Assets with the right of use are shown in the statement of financial position according to the calculated discounted method depending on the period of use.

Gains and losses from the termination of property rights are recognized within the profit or loss account, within other income or expenses.

When the carrying amount is increased as a result of revaluation, this increase should be recognised directly in other comprehensive income under revaluation reserves. The revaluation increase is recognised as income to the extent that it reverses a revaluation decrease of the same asset previously recognised as an expense.

When the carrying amount is decreased as a result of revaluation, this revaluation decrease should be recognised as expenditure. This revaluation decrease directly impacts the revaluation reserves to the extent that the decrease does not exceed the amount held in the revaluation reserve for the same asset.

A valuation is performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Certain land and buildings are derecognised upon disposal or when no future benefits are expected from its use or disposal. Gains or losses arising from derecognition of lands and buildings (calculated as the difference between the net disposal proceeds and the carrying amount of the item) are included in profit or loss when they are derecognised.

The relevant portion of the revaluation surplus, realised in the previous valuation, is released to profit or loss from the surplus of the valued assets upon the disposal of the revalued asset and during its use.

Also, accumulated depreciation on the revaluation date is excluded from the gross book value of the asset, and the net amount is adjusted to the revalued amount of the asset.

Based on the revaluation performed by independent valuers, the Company has revalued the value of equipment classified in the depreciation groups - Laboratory equipment and Measuring and control devices, and created revaluation reserves that are transferred to retained earnings / accumulated losses, in accordance with the adopted depreciation policy.

Gains and losses from disposal of equipment are recognized within profit or loss within other income or expenses. When revalued assets are sold, the amounts included in revaluation reserves are transferred to retained earnings.

(iv) Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other maintenance costs are charged to profit or loss during the financial period in which they are incurred.

(v) Depreciation

Land and assets under construction are not depreciated. Depreciation of other property items, plants and equipment is calculated using the straight-line method to allocate their cost over their estimated useful lives or to their residual values as follows:

Buildings	20 years
Plants and equipment	1 to 8 years
Other	10 years

The remaining value of an asset is the estimated amount that the Company would currently obtain from the sale less the estimated costs of sale, if the asset were already of the age and in the condition expected at the end of its useful life. The assets' residual value and useful life are reviewed, and adjusted if appropriate, at each reporting date.

If an asset's carrying amount is greater than its estimated recoverable amount, the difference is written-off to its revocable amount.

Gains and losses from sale are determined as the difference between the income from sale and the carrying amount of the sold asset, and are recognised in profit or loss within other income/expenses.

3.11 Intangible assets

Patents, licences and software

(i) Ownership of assets

Patents, licenses and computer software are capitalized on the basis of acquisition costs and costs arising from bringing assets into working condition.

(ii) Subsequent costs

Subsequent costs are capitalised only if they increase future economic benefits arising from the asset. All other costs are treated as costs in the profit and loss account, in the period as incurred.

(iii) Depreciation

Intangible assets under construction are not depreciated. Depreciation of other intangible assets is calculated using the straight-line method to allocate their cost over their estimated useful lives or to their residual values as follows:

Right to use property of third parties 1 to 2 years; Software, content and other assets 1 to 2 years

(iv) Goodwill

Goodwill represents the difference between the acquisition cost and the fair value of the Group's share in the net identifiable assets of the acquired subsidiary, the recognized amount of the non-controlling interest and the fair value of the previous share at the date of acquisition. Goodwill arising from the acquisition of a subsidiary is reported under intangible assets.

3.12 Investment into property

Investment into property is recognised as an asset when it is likely that future economic benefits will arise from the investment and when the cost of investment can be reliably measured. Investment into property includes property held either to earn rental income or for capital appreciation or both.

Investment into property is initially recognised at cost including transaction costs incurred. Subsequently, investment into property is measured at fair value reflecting market conditions at the balance sheet date. Profit or loss from changes in fair value of investment into property is recognised in the profit or loss account of the period in which they are incurred.

3.13 Inventories

The cost of work in progress and finished goods comprise raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity).

Trade goods are carried at the lower than purchase cost and sales price (less applicable taxes and margins). Small inventory and tools are written-off when put into use.

3.14 Trade receivables

Trade receivables are amounts that relate to services sold in the ordinary course of business. If collection is expected within one year, the receivable is shown within current assets, and if not, then the receivable is shown within non-current assets. Trade receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any expected credit loss. Business model for management of receivables is an amortised cost model, a business model that is achieved by holding financial assets to collect contractual cash flows (principal and interest).

Impairment provisions for trade receivables and contractual assets are measured at an amount equal to the expected credit losses over the life of the loan, i.e. by applying a simplified approach to expected credit losses.

The Company uses historical observations (over a minimum of 2 years) to measure the expected credit losses of the Company on the days when the receivables are delayed, adjusted for estimated future expectations in the collection of receivables. Trade receivables are broken down by ageing structure.

Receivables are impaired and impairment losses for individual customers are incurred if there is objective evidence of impairment arising from one or more events after the initial recognition of the asset when that event affects the estimated future cash flows of the receivable that can be reliably determined. Objective evidence of impairment of financial assets for expected credit losses includes:

- Significant financial difficulties with the issuer or debtor and/or
- Breach of contract, such as late payment or non-payment of interest or principal and/or
- The likely initiation of bankruptcy or financial restructuring with the debtor

3.15 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks and other short-term highly liquid investments that are readily convertible to known amounts of money with original maturities of up to three months or less and which are subject to a slight risk of change in value. Cash and cash equivalents are measured at amortized cost because: (i) they are held for the purpose of collecting cash flows from contracts that represent an SPPI, and (ii) they are not reported as FVTPL.

3.16 Share capital

Share capital consists of ordinary shares. Gains directly attributable to the issue of new shares or options are shown in equity as a deduction, net of income tax, from the proceeds. Any excess of the fair value of the consideration received over the nominal value of the shares issued is presented in the notes as a share premium. Where the Company purchases its equity share capital (own shares), the consideration paid, including any directly attributable transaction costs (net of income taxes), is deducted from equity attributable to the Company's shareholders until the shares are cancelled or reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable transaction costs and the related income tax effects, and is included in equity.

3.17 Employee benefits

(i) Pension obligations and post-employment benefits

In the normal course of business, through salary deductions, the Company makes payments to mandatory pension funds on behalf of its employees, as required by law. All contributions made to the mandatory pension funds are recorded as salary expense when incurred. The Company is not obliged to provide any other post-employment benefits.

(ii) Severance pay

Severance pay are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises severance pay benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing severance pay as a result of an offer made to encourage voluntary redundancy.

(iii) Regular retirement benefits

Benefits falling due more than 12 months after the reporting date are discounted to their present value based on the calculation performed at each reporting date by an independent actuary, using assumptions regarding the number of staff likely to earn regular retirement benefits, estimated benefit cost and the discount rate equal to the rate of return on bonds issued by the Republic of Croatia. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised immediately in profit or loss.

(iv) Share-based payments

As part of the long-term reward plan, the Company employees receive share-based payments in exchange for the services they provide. The fair value on the date of approval is recognized as an employee expense, with the corresponding increase in capital and reserves during the period in which the employees exercise their unconditional right to the award. The recognized cost reflects the share of the total reward for the services rendered, and other non-market conditions that are expected to be met. The cumulative amount of the reward recognized on the date of reward reflects services rendered and non-market conditions satisfied.

3.18 Provisions

Provisions are recognised when the Company and IGH Group have a current obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of discounting is material, the amount of the provision is the present value of the expenditures expected to be required to settle the obligation, determined using the estimated risk free interest rate as the discount rate. Where discounting is used, the discounting impact in each year is recognised as a financial expense and the carrying amount of the provision increases in each year to reflect the passage of time.

3.19 Financial instruments

Non-derivative financial instruments

(i) Recognition and initial measurement

Trade receivables and issued debt securities are initially recognized at the time they arise. All other financial assets and financial liabilities are initially recognized when the Company and IGH Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless the trade receivable has no significant financial component) or a financial liability is initially measured at fair value plus an item that is not carried at fair value through profit or loss, for transaction costs directly attributable to the acquisition or issue. Trade receivables without a significant financing component are initially measured at transaction cost.

(ii) Classification and subsequent measurement

Financial assets

Upon initial recognition, financial assets are carried at amortized cost, fair value through other comprehensive income - debt investment, fair value through other comprehensive income - investment in equity or fair value through profit or loss account.

Financial assets are not reclassified after initial recognition, unless the Company or IGH Group changes its financial asset management business model, in which case all financial assets are reclassified on the first day of the first reporting period after the business model has been changed.

Financial assets are measured at an amortized cost if they meet both of the following conditions and are not classified as assets at fair value through profit and loss account:

- It is within a business model aimed at holding assets to collect contractual cash flows; and
- Based on the contractual terms, on certain dates, it receives cash inflows that represent the sole payment of principal and interest on the outstanding principal amount.

All financial assets not classified as financial assets at amortized cost as described above are measured at fair value through profit and loss account.

Financial assets at fair value through profit or loss are subsequently measured at fair value. Net gains and losses including all interest or dividend income are recognized in the profit and loss account.

Financial assets carried at amortized cost are subsequently measured at amortized cost using the effective interest method. Amortized cost is reduced by impairment losses. Interest income, foreign exchange differences and impairment losses are recognized in the profit and loss account. Any gain or loss from derecognition is recognized in the profit and loss account.

Financial liabilities

Financial liabilities are classified as financial liabilities measured at amortized cost or at fair value through the profit and loss account. Financial liabilities are classified as financial liabilities at fair value through profit or loss when held for trading if it represents a derivative or if classified as such at initial recognition. Financial liabilities measured at fair value through the profit and loss account are measured at fair value, and net gain and loss, including all expenditure for interest, are recognized in the profit and loss account. Other financial liabilities are subsequently measured per amortized cost by applying the effective interest rate method. Expenditure for interest and gains and losses from exchange rate differences are recognized in the profit and loss account. Profit and loss at derecognition are also recognized in the profit and loss account.

(iii) Derecognition

Financial assets

The Company ceases to recognize financial assets when the contractual rights to cash flows from financial assets expire or if the Company transfers the rights to receive contractual cash flows in a transaction in which all key risks and rewards of ownership of the financial assets are transferred, or in which the Company neither transfers nor retains all risks and rewards of ownership and does not retain control over financial assets.

The Company enters into transactions in which it transfers assets recognized in the statement of financial position but retains all or almost all of the risks and rewards of the transferred assets. In such cases, the transferred property does not cease to be recognized.

Financial liabilities

The Company ceases to recognize a financial liability when its contractual obligations are fulfilled, cancelled or expired. The Company also ceases to recognize a financial liability when its terms have changed and when the cash flows of the changed liability are materially different, in which case the new financial liability is recognized at fair value under the changed conditions.

Upon derecognition of a financial liability, the difference between the carrying amount and the amount paid (including any transferred non-monetary assets or liabilities) is recognized in the profit and loss account.

(vi) Netting

Financial assets and financial liabilities are netted and the net amount is disclosed in the income statement when, and only when, the Company currently has a legally enforceable right to offset amounts and intends to settle them on a net basis or to realize the assets and at the same time settle the liability.

Effective interest method

The effective interest method is a method that calculates the amortized cost of a financial asset and distributes interest income over the relevant period. Effective interest rate is the rate at which estimated future cash inflows, including any fees paid or received that are an integral part of the effective interest rate, then transaction costs and other premiums and discounts, are discounted over the expected life of the financial asset or a shorter period, if applicable.

Income from debt instruments other than financial assets designated at fair value through profit or loss is recognized on an effective interest basis, recognized on an effective interest basis.

3.20 Financial guarantee for the contracted obligations and financial liabilities

Financial guarantee of contractual obligations

The financial guarantee for the contractual obligation is initially measured at fair value and subsequently measured at a higher value:

- The amount determined in accordance with the model of expected credit losses according to IFRS 9 and
- The amount initially recognized, minus, if necessary, the corresponding cumulative effect recognized in accordance with the revenue recognition policy.

Financial liabilities, classification and measurement

Financial liabilities, including loans, are initially measured at fair value less transaction costs and 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 a specified period. The effective interest rate accurately discounts estimated future cash payments over the expected life of the financial instrument or, where appropriate, for a shorter period to the gross carrying amount of the financial asset or the amortized cost of the financial liability, with the exception of financial assets less credit losses.

Financial liabilities are classified as financial liabilities at fair value through profit or loss when held for trading or as defined by the Company.

They are measured at fair value, and any related gain or loss is recognized in the profit and loss account, except for changes in the fair value of the liabilities resulting from changes in the Company's own credit risk that are recognized through other comprehensive income. The net gain or loss recognized in the profit and loss account also includes interest paid on a financial liability.

3.21 Operating segment reporting

The Company identifies operating segments on the basis of internal reports about the Company components that are regularly reviewed by the chief operating decision maker (which is identified as being the Company's Management Board) in order to allocate resources to the segments and to assess their performance. Details on the operating segments are disclosed in Note 5 to the Financial Statements.

3.22 Earnings per share

The Company presents basic and diluted earnings per share data for its ordinary shares. Basic and diluted earnings per share are calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

3.23 Non-current assets held for sale

Non-current assets held for sale are intended to settle the secured debt to financial institutions that have not waived their right to a separate settlement in the process of the pre-bankruptcy settlement. The estimated market value was determined based on the independent valuers' report that was based on the cost method, the comparative method and/or the income method depending on the type of property. Additional information on valuation methods are set out in Note 19.

3.24 Determination of fair value

The Company has an established control system framework with respect to fair value measurement which assumes the overall responsibility of the Management Board and the Finance Department in relation to monitoring all significant fair value measurements, consultation with external experts and the responsibility to report, with respect to the above, to those charged with corporate governance.

Fair values are measured using information collected from third parties in which case the Management Board and the Finance Department assess whether the evidence collected from third parties support the conclusion that such valuations meet the requirements of IFRSs, including the level in the fair value hierarchy where such valuations should be classified.

All significant issues related to fair values estimates are reported to the Supervisory Board.

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

- *Level 1* - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2* - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- *Level 3* - inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The fair value of financial instruments traded on active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The fair value of financial instruments that are not traded on an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the fair value estimate is included in level 3.

In preparing these financial statements, the Company has made the following significant fair value estimates while preparing the financial statements as further explained in detail in the following notes:

- Note 14: Property, plants and equipment
- Note 15: Investments in related parties and other investments
- Note 19: Non-current assets held for sale.

4. Information on segments

The Company is organised into business units according to their locations and sectors of construction industry. Business units are engaged in designing, development of studies, supervision, consulting services, laboratory testing, survey work and scientific research.

Reportable segments are an integral part of the internal financial statements. The internal reports are regularly reviewed by the Company's Management Board that is also the chief operating decision maker, who assesses the success of business operations and makes business decisions.

Internal reporting of segment results is adjusted to business organisation and key indicators for each segment separately, and accordingly disclosure of this information is adjusted for the current year and previous period.

4.1 Revenue per segment

Set out below is an analysis of the Company's revenue and results by its reporting segments, presented in accordance with IFRS 8. The revenue presented below relates to third-party sales. Inter-segment revenues are eliminated when reporting. The Company's management reports net income in its internal reports, i.e. sales revenue less the cost of co-operation (shown in Note 6). Accordingly, segment revenues are presented at this level.

	2023	**2022**
DESCRIPTION	**Thous. EUR**	Thous. EUR
Design department	4.986	7.114
Supervision and Project Management Department	6.099	8.109
Department for Materials and Structures	4.635	3.800
Subsidiaries	487	655
Management and Administration	100	272
Total per segment	**16.307**	**19.949**

4.2 Revenue-per geographical area

	2023	2022
DESCRIPTION	**Thous. EUR**	Thous. EUR
The Republic of Croatia	**14.761**	16.555
Rest of the World	**1.546**	3.394
Total	**16.307**	**19.949**

4.3 Revenue per category

	2023	2022
DESCRIPTION	**Thous. EUR**	Thous. EUR
Revenue recognised over time	**15.733**	19.444
Revenue recognised at a point in time	**574**	505
Total	**16.307**	**19.949**

The Design Department's basic activity is the development of design and study documentation for transport infrastructure – roads, railways and airports, including all structures on the roads.

Water Engineering, Geotechnical and Environmental Protection Department is engaged in design and studies, demonstrating serviceability, investigations and measurement, modelling, planning, in all hydro technical fields as well as all other activities needed to solve engineering problems at the contact of soil (rocks) and structure.

Technical Supervision and Project Management Department carries out expert supervision of construction works in civil engineering, building construction and energy. In addition, the activity includes advisory services, conducting professional spatial planning, urban planning, design, feasibility studies, expert opinion and expert assessment, property valuation and construction costs.

The Department for Materials and Structures deals in tests and certification of building materials. With about 600 test methods accredited according to HRN EN ISO / IEC 17025, our laboratories meet the qualification requirements and make approximately 60% of all laboratories in Croatia accredited in the field of construction.

Regional centres Split, Rijeka and Osijek participate in almost all major and significant projects in their areas of service from study development, design (roads with all related facilities, water engineering structures, building construction etc.), conducting expert supervision and providing consultancy services, conducting survey works, laboratory testing and proof of serviceability, and scientific research work in the field of construction.

The accounting policies of the reportable segments are the same accounting policies as described in Note 3.20. Segment profit represents the profit earned by each segment without allocating central administration costs, depreciation, provisions, impairment, other revenue and other finance income and costs. The Company does not allocate assets and liabilities by segments.

5. Other operating revenue

	2	2
DESCRIPTION	**Thous. EUR**	Thous. EUR
Revenue from written-off liabilities /and/	**5.838**	3.661
Revenue from compensation, subsidies	**87**	64
Revenue from sale of assets	**448**	3
Revenue from rent	**115**	95
Revenue from cancellation of provisions	**753**	72
Revenue from subsequently collected receivables	**155**	211
Revenue from damages	**1**	2
Other revenue	**557**	96
Total	**7.954**	**4.204**

Revenue from liabilities write-off was achieved based on the Restructuring contracts of 25 March 2021 and it is part of process of the pre-bankruptcy settlement concluded on 05 December 2013 before the Commercial court in Zagreb, 72. Stpn-305/2013, which became valid on 28 December 2013. The written off debt was owed to B2 Kapital d.o.o. in the amount of 5.300 thousand Euro and Avenue Mehanizacija d.o.o. in the amount of 5.300 thousand Euro. Additionally, the net amount of real estate sales in Zadar, Pula and Velika Kopaonica is included under other revenues.

6. Costs of raw materials and consumables

	2023	2022
DESCRIPTION	**Thous. EUR**	Thous. EUR
Cost of raw material and consumables		
Cost of raw material and consumables	**91**	141
Energy costs	**616**	741
Cost of small inventory and spare parts	**12**	53
Total	**720**	**935**
Cost of services		
Costs of transport, phone and postal services	**162**	178
Subcontractors	**3.056**	2.687
Cost of production services	**68**	102
Utilities	**152**	146
Maintenance costs	**211**	323
Rent	**220**	156
Other external costs	**820**	582
Total	**4.689**	**4.175**

7. Staff costs

DESCRIPTION	**2023 Thous. EUR**	2022 Thous. EUR
Net salaries and wages	**6.081**	7.417
Taxes, contribution and other charges	**3.824**	4.411
Reimbursement of employee expenses (travel expenses, daily allowances, transportation)	**469**	651
Severance payments and other employee benefits	**487**	61
Total	**10.862**	**12.540**

On 31 December 2023, the Company had 376 employees (2022: 468 employees). In 2023 the Company paid 487 thousand Euros for non-taxable termination benefits (2022: 61 thousand Euros).

In 2023 the Company accounted for pension and other contributions 3.824 thousand Euros (in 2022 u 4.411 thousand Euros).

8. Value adjustments

DESCRIPTION	**2023 Thous. EUR**	2022 Thous. EUR
Value adjustment of non-current assets		
Value adjustment of investment into real property	**0**	2
Value adjustment of share in affiliates(ii)	**0**	0
Total	**0**	2
Value adjustment of current assets		
Value adjustment of trade receivables	**441**	189
Value adjustment of other receivables	**0**	1
Total	**441**	190

The value adjustment of non-current assets in the amount of 441 thousand Euros refers to the regular adjustment of trade receivables, which is significantly increased compared to the previous year and relates to two partners. Active collection of receivables is carried, and there are no significant amounts of value adjustment for all other partners.

9. Other operating costs

DESCRIPTION	2023 Thous. EUR	2022 Thous. EUR
Legal, consultancy and audit services	**107**	246
Bank fee and charges	**117**	142
Other expenses	**901**	89
Penalties	**18**	31
Insurance premiums	**58**	170
Contributions to public services	**59**	81
Representation costs	**18**	69
Education and training expenses	**145**	161
Taxes not dependent on result	**26**	26
Court disputes	**0**	559
Total	**1.449**	**1.574**

During 2023 there were no court dispute- related reservations since there were no significant new court disputes. In 2023 no costs are recorded for litigation due to reservations made in previous years that have now been cancelled.

During 2023 the costs of legal and consulting services were significantly reduced as there are no new litigations, while the existing litigations were booked through reservations.

10. Financial revenue

DESCRIPTION	2023 Thous. EUR	2022 Thous. EUR
Financial revenue		
Revenue from foreign exchange	**289**	409
Revenue from interest	**2**	5
Revenue from write-offs	**20**	168
Total	**311**	**582**

11. Financial expenditures

DESCRIPTION	**2023** **Thous. EUR**	2022 Thous. EUR
Financial expenditures		
Expenditure due to foreign exchange losses	**251**	715
Interest expenditures	**673**	631
Unrealised losses from financial assets	**1.053**	4
Other financial expenditure	**3**	159
Total	**1.980**	**1.509**

12. Corporate tax

Tax revenue includes:

DESCRIPTION	**2023** **Thous. EURO**	**2022** Thous. EURO
Deferred tax	-1.015	-139

Adjustment of effective tax rate

The table below details the alignment of the tax expense shown in the statement of comprehensive income with the legal tax rate:

DESCRIPTION	**2023** **Thous. EUR**	**2022** Thous. EUR
Profit/loss before taxation	2.038	2.112
Tax rate 18% (2020: 18%)	367	380
Effects of non-taxable income and other decreases in tax base	-1.625	-19
Effects of unrecognized expenses and other increases in tax base	1.779	119
Effects of tax losses not recognised as deferred tax assets	-521	-480
Previously recognized deferred tax liabilities	-1.015	-139
Corporate tax	-1.015	-139
Effective tax rate	50%	16%

In 2023, based on the merger of Radeljevic d.o.o. and IGH consulting d.o.o., the Company also carried forward tax losses totalling EURO 3,755 thousand.

In 2022, the total amount for the transfer of tax losses in the amount of HRK 19,940 thousand was used in full.

Unused tax losses are not recognised as deferred tax assets in the statement of financial position, as it is unlikely that there will be sufficient taxable profits realised for the utilisation of these deferred tax assets.

Based on non-tax recognized items, the Company increased the tax base by 9.884 thousand Euros, with a tax effect of 1.779 thousand Euros, while it reduced the tax base by 9.028 thousand Euros based on tax recognized items with an effect on the tax effect in the amount of -1.625 thousand Euros. Considering the tax recognized losses that can be used, the company has no obligation to pay taxes at the end of the tax period in 2023. In the next tax period, the Company can't use the remaining tax loss.

The deferred tax liability arises from the following:

2023 *(in thousand EUROS)*	Opening balance	Through capital	Through profit and loss	Closing balance
Temporary difference:				
Revaluation of non-current assets	**1.085**	**-755**		**330**

2022. *(in thousand EUROS)*				
Temporary difference:				
Revaluation of non-current assets	1.224	-139		1.085

13. Intangible assets

DESCRIPTION	Right of usage of property of third parties	Assets under preparation	Total intangible assets
			Thous. EUR
PURCHASE VALUE			
Status as at 31 Dec 2021	2.593	5	2.598
Increases	171	190	361
Write-off and disposals	0	-173	-173
Status as at 31 Dec 2022	2.764	22	2.786
Increases	19	15	33
Write-off and disposals	-39	-32	-71
Transfer	0		0
Status as at 31 Dec 2023	**2.764**	**22**	**2.786**
VALUE ADJUSTMENT			
Status as at 31 Dec 2021	-2.368	0	-2.368
Depreciation	-203	0	-203
Write-off and disposals	0	0	0
Status as at 31 Dec 2022	-2.570	0	-2.570
Depreciation	-165	0	-165
Write-off and disposals	0	0	0
Status as at 31 Dec 2023	**-2.735**	**0**	**-2.735**
PRESENT VALUE			
Status as at 31 Dec 2021	225	5	230
Status as at 31 Dec 2022	194	22	216
Status as at 31 Dec 2023	**9**	**5**	**13**

14. Property, plants and equipment

	Property with right of use	Land	Buildings	Plants and equipment	Assets under construction	Other	Advances for tangible assets	**Total**
				u tisućama EUR				
PURCHASE VALUE								
Status as at 31 Jan 2021	**4.887**	**579**	**971**	**8.357**	**52**	**64**	**42**	**14.952**
Increases	4.081	-	-	285	28	-	42	**4.436**
Write-off and disposals	(1.531)	-	-	(179)	-	-	-	**(1.710)**
Transfer	-	-	-	32	(32)	-	(19)	**(20)**
Status as at 31 Dec 2022	**7.437**	**579**	**971**	**8.495**	**48**	**64**	**65**	**17.658**
Increases	71	-	-	402	-	-	-	**474**
Revaluation	-	-	-	1.184	-	-	-	**1.184**
Write-off and disposals	(635)	(117)	(307)	(110)	-	-	-	**(1.169)**
Transfer	-	-	2	-	(10)	-	2	**(6)**
Status as at 31 Dec 2023	**6.873**	**462**	**666**	**9.971**	**38**	**64**	**67**	**18.141**
VALUE ADJUSTMENT								
Status as at 31 Jan 2021	**2.256**	**-**	**458**	**7.102**	**-**	**23**	**24**	**9.863**
Depreciation	1.793	-	40	480	-	-	-	**2.313**
Write-off and disposals	(1.406)	-	-	(171)	-	-	-	**(1.577)**
Status as at 31 Dec 2022	**2.643**	**-**	**498**	**7.411**	**-**	**23**	**24**	**10.599**
Depreciation	1.627	-	43	388	-	-	-	**2.058**
Write-off and disposals	(516)	-	(94)	(32)	-	-	-	**(642)**
Status as at 31 Dec 2023.	**3.754**	**-**	**447**	**7.767**	**-**	**23**	**24**	**12.015**
PRESENT VALUE								
Status at 31 Dec 2023.	**10.627**	**462**	**219**	**2.204**	**38**	**41**	**43**	**6.126**
Status at 31 Dec 2022.	**10.080**	**579**	**473**	**1.083**	**48**	**41**	**41**	**7.059**

The estimated market value for revaluation purposes was determined based on the independent valuers' report that was based on the cost method, the comparative method and/or the income method depending on the type of property.

The estimated market value of laboratory equipment and measuring instruments for revaluation purposes was determined by the Company based on the independent valuers' calculations who applied the cost method as the most appropriate method because it is based on the economic principle that the buyer of the property will not pay more than the price that the buyer would have paid for an asset of equal utility in case of a new purchase or construction.

(i) Valuation techniques and valuable inputs

The following table summarizes the valuation methods and techniques used in measuring the fair value and significant inputs used in the valuation:

Valuation methods and techniques	**Significant unobservable inputs**
Land and buildings Fair value measurement of land and buildings was performed by certified property valuers. Depending on the intended use of the assets the methods used were the market value method (by further developing the cost method), the income method and the residual method. The calculation of the market value by developing the cost method is performed by calculating the value of a newly built property and its impairment due to the passage of time, construction, furnishing, etc. The resulting price is adjusted to the market price through a number of factors specific to the observed building or land. The income method considers the present value of net cash flows that the assets could generate from rent taking into account the expected net rent based on comparable transactions. The residual method is based on an analysis of a specific investment and is focused on determining the value of land planned for development. The method is applied in the context of developing a project, if the investor wishes to determine the maximum price to pay for land in order to profitably realise a project.	Correction factors used in calculating the market price. Average yield: 7-9% Among other factors, the estimated discount rate considers the underlying quality of the property, its location and the currently realisable rent conditions for similar locations and the comparative type of property. Specific expenses used in determining the net cash flow in the income method. Specific costs of construction, periods of financing, interest rates, required profit margins and other expenses in calculating the residual method.

Valuation methods and techniques	**Significant unobservable inputs**
Equipment Fair value measurement of equipment was performed by certified property valuers. They used the cost method and the DCF method (capital contribution method) to measure fair value. The cost method for measuring the value of equipment involves determining the value of the physical, functional and economic obsolescence of the equipment. Cost value is determined on the basis of the carrying value of the fixed assets register. In the process of evaluating physical obsolescence, the current useful life of assets, their total useful life and remaining useful life is analysed for each assessed asset separately. Functional obsolescence takes into account the ability to function over the remaining useful life. When assessing economic obsolescence, the economic obsolescence model and the economic indicators model are used. The DCF method is a variation of the income method according to which the market value of the asset is based on estimated future cash flows that are expected to be generated by functioning machinery and equipment.	Correction factors used in calculating the market price. Among other factors, the estimated discount rate is the expected rate of return that the market requires in order to attract funds for a particular investment. Specific expenses used in determining the net cash flow in the DCF method.

15. Investments into affiliated companies and other investments

	2023	**2022**
DESCRIPTION	**Thous.EURO**	**Thous. EURO**
Investment into subsidiaries	**1.053**	7.695
Investment into related parties	**1.991**	1.991
Total	**3.044**	74.106

i. Investments into subsidiaries

	Share in ownership and voting rights (%)		**Book value**	
Thous. EURO	**Share in ownership and voting rights (%)**	**Book value**	Share in ownership and voting rights (%)	Book value
IGH Mostar d.o.o., Mostar	**100**	**797**	100	**797**
IGH Business advisory d.o.o., Zagreb	**100**	**29**	100	**29**
Incro d.o.o., Zagreb	**100**	**3**	100	**3**
IGH Projektiranje d.o.o., Zagreb	**100**	**810**	100	**810**
Radeljević d.o.o., Zagreb	**0**	**0**	100	**15.506**
IGH Consulting d.o.o., Zagreb	**0**	**0**	100	**13**
DP AQUA d.o.o., Zagreb	**100**	**60**	100	**60**
ETZ Ekonomsko tehnički zavod d.d., Osijek	**87,7**	**887**	87,7	**887**
IGH Kosova Sha Priština	**74,8**	**5**	74,8	**5**
Value adjustment of investments in subsidiaries		**-1.538**		**-10.415**
Total		**1.053**		7.695

Name	Cost of acquisition	IV Investment	SV 31 Dec 2022	Impairment for 2023	**SV 31 Dec 2023**
IGH-MOSTAR D.O.O.	797	797	0	0	0
IGH BUSINESS ADVISORY SERVICES D.O.O.	29	29	0	0	0
RADELJEVIĆ D.O.O.	15.506	8.869	6.636	6636	0
INCRO D.O.O.	3	3		0	0
DP AQUA D.O.O.	60	60		0	0
IGH PROJEKTIRANJE D.O.O.	810	644	166	0	166
IGH CONSULTING D.O.O.	13	8	5	5	0
ETZ, EKONOMSKO TEHNIČKI ZAVOD D.D.	887	0	887	0	887
Total	**18.105**	**10.411**	**7.695**	**6.641**	**1.053**

Valuation methods and significant inputs

The following table summarizes the valuation methods and techniques used in measuring the fair value and significant inputs used in the valuation:

Valuation methods and techniques	**Significant unobservable inputs**
The fair value of investments in affiliated parties was estimated using methods applicable to each individual company, The following methods were used: • The valuation of property was carried out by authorised independent valuers (methods described in Note 14 *(i)* • The estimation of the recoverable amount of assets, liabilities and equity	• Significant unobservable inputs are described in Note 14 (i). • Future cash flow projections with a growth rate of 5%

ii. ***Investments in affiliates***

Investments in affiliates refers to companies in which Institut IGH d.d. has no independent management control, independent of the ownership share.

		31 December 2023		31 December 2021	
Description	*Thous. EUR*	**Share in ownership and voting rights (%)**	**Book value**	Share in ownership and voting rights (%)	Book value
Elpida d.o.o. Zagreb		**50**	**4.154**	50	4.154
Institut za infrastrukturne projekte, Sofia		**50**	**1**	50	1
Centar Gradski podrum d.o.o., Zagreb		**37,5**	**2.858**	37,5	2.858
Value adjustment for investments in associates			**-5.022**		-5.022
Total			**1.991**		1.991

(i) The company Sportski grad TPN d.o.o. was bankrupt on 7 October 2014 by the Decision No. 5, St-138/2014.

(ii) The Company Gradski Podrum d.o.o. was deleted from the court register on 1 June 2022.

iii. ***Other investments***

	2023	2022
DESCRIPTION	**Thous. EURO**	**Thous.EURO**
Investment into shares in investment funds	**305**	305
Minus: Value adjustment of share in investment funds	**-305**	-305
Total	**0**	0

iv. ***Participating interests***

	2023	2022
DESCRIPTION	**Thous. EURO**	**Thous.EURO**
Konstruktor-inženjering d.d.	**101**	101
Viktor Lenac d.d. Rijeka	**6**	6
GP Dubrovnik d.d. u stečaju, Dubrovnik	**358**	358
Value adjustment of participating interests	**-465**	-465
Total	**0**	0

The Company has participating interests in several companies whose value has been adjusted, and their carrying amount has been reduced to zero.
The companies Geotehnika-inženjering d.o.o., Međimurje beton d.d., Industrogradnja Grupa d.d., Elektrometal d.d. Bjelovar have been deleted from the court register, while GP Dubrovnik d.d. is under bankruptcy.

16. Trade receivables and other receivables

DESCRIPTION	2023 Thous. EURO	2022 Thous.EURO
Non-current receivables		
Receivables from sale of apartments with deferred payments and other receivables	**161**	**197**
Total	**161**	**197**
Current receivables		
Trade receivables	**5.324**	**10.233**
Minus: value adjustment of trade receivables	**-2.940**	**-6.022**
Receivables from government institutions	**76**	**149**
Receivables from employees	**179**	**44**
Receivables from affiliated entrepreneurs	**262**	**269**
Minus: value adjustment of receivables from affiliated entrepreneurs	**-312**	**-239**
Receivables from issued advances	**372**	**292**
Other receivables	**21**	**24**
Total	**2.981**	**4.750**

The following tables explain the changes in the corrections for trade receivables by using simplified ECL model between the beginning and end of the annual period:

31 December 2023	**2023 Thous. EURO**
Status as at 1 January 2023	6.260
Newly created expected credit loss	-2.499
Cancellation of previous credit loss	-509
Status as at 31 December	**3.252**

31 December 2022	**2022 Thous. EURO**
Status as at 1 January 2022	6.354
Newly created expected credit loss	509
Cancellation of previous credit loss	-603
Status as at 31 December	**6.260**

For calculation of impairment on trade receivables, the Company applies a model based on expected credit losses (Simplified Approach) in accordance with IFRS 9, and the amount of the impairment does not have a material effect on the financial statements. The Company continues to apply value adjustments based on proven losses under certain conditions.

The ageing structure of trade receivables and other receivables was as follows:

31 December 2023		
Matured claims	1.516	-208
0-60 days	229	
60-120 days	95	
120-180 days	38	-5
180-360 days	779	
over 360 days	3.737	-3.039
	6.394	**-3.252**

31 December 2022 (thous.EURO)	Gross amount	Value adjustment
Matured claims	2.586	
0-60 days	922	-3
60-120 days	387	
120-180 days	32	
180-360 days	538	-4
over 360 days	6.546	-6.253
	11.011	**-6.261**

17. Loans and deposits given

Description	**2023** **Thous. EURO**	**2022** **Thous. EURO**
Long-term loans		
Loans given to subsidiaries	4	404
Loans given to third parties	17	41
	22	**445**
Short-term loans given		
Loans given to subsidiaries (*Note 32*)	19	33
Loans given to third parties	23	23
Deposits and guarantees	3.868	3.518
Interests receivables	48	52
Securities and factoring	19	19
Expected credit loss	-15	-19
	3.963	**3.626**
Total	**3.984**	**4.071**

Loans to affiliates were granted with no interest or with a certain interest rate, whereby for determining the profit tax base, the interest rates stated in Art. 14, par. 3 of the Corporate Income Tax Act are taken into account.

18. Cash and cash equivalents

DESCRIPTION	2023 Thous.EURO	2022 Thous. EURO
Giro accounts	**374**	**276**
Cash in hand	**0**	**1**
Foreign currency accounts	**36**	**181**
Total	**410**	**458**

Breakdown of cash and cash equivalents per currency

DESCRIPTION	2023 Thous.EURO	2022 Thous. EURO
HRK	**0**	**276**
EUR	378	100
BAM	14	58
GEL	11	22
Other currencies	7	2
Total	**410**	**458**

19. Non-current assets held for sale

Description	2023 Thous.EURO	2022 Thous. EURO
Acquisition cost		
As at 1 January	1.632	1.632
Sale		
As at 31 December	**1.632**	**1.632**

Non-current assets held for sale are intended to settle the secured debt to financial institutions that have not waived their right to a separate settlement in the process of the pre-bankruptcy settlement. These assets refer to buildings and land.

(i) *Valuation techniques and significant inputs*

The following table summarizes the valuation methods and techniques used in measuring the fair value and significant inputs used in the valuation:

Valuation methods and techniques	**Significant unobservable inputs**
The fair value was estimated using methods applicable to each individual company. The following methods were used: • Valuation of property carried out by authorised independent valuers (methods described in Note 3.10 (i)	Significant inputs are described in Note 3.10 (i) Amount of secured debt
• Review of rights of secured creditors	

20. Accrued income and prepaid expenses

Description	2023 Thous.EURO	2022 Thous. EURO
Prepaid expenses	**104**	**396**
VAT on advances	**393**	**407**
Advance payments received on account	**49**	**38**
Accrued un-invoiced revenue	**12**	**11**
Total	**557**	**852**

21. Contract assets and liabilities with customers

The following table shows information on assets and liabilities with clients based on construction contracts, for which on the reporting date the Company reported receivables from customers pursuant to a contractual obligation or obligations to clients pursuant to a contractual obligation:

Description	2023 Thous.EURO	2022 Thous. EURO
Contract assets	**574**	**505**
Expected credit loss	**-7**	**-1**
	567	**504**
Contract liabilities	**137**	**138**
Total	**430**	**366**

Contract assets primarily relate to the Company's rights to compensation for works performed but not collected at the reporting date. Contract assets are transferred to trade receivables when the rights become unconditional. This usually happens when the Company invoices the client. A description of the methodology for calculating expected credit losses on a contract asset is described in Note 21.

Contract liabilities primarily relate to deferred income for construction works, for which income is recognised over time.

22. Share capital

	2023		2022	
	Number of shares	Ownership share	Number of shares	Ownership share
AVENUE MEHANIZACIJA D.O.O.	566581	38,24%	0	0,00%
FROTIP DEVELOPMENT D.O.O.	301173	20,33%	0	0,00%
AGRAM BANKA D.D. (0/1) / AVENUE ENGINEERING AND CONSTRUCTION LIMITED (1/1)	239.500	16,17%	239.500	39,03%
AGRAM BANKA D.D./ AVENUE ENGINEERING AND CONSTRUCTION LIMITED (1/1)	62.950	4,25%	75.500	12,30%
DRNASIN ANTE	14196	0,96%	3.242	0,53%
AGRAM BROKERI D.D.	13744	0,93%	0	0,00%
LEJO IVAN	12500	0,84%	0	0,00%
MIHALJEVIĆ BRANKO	8100	0,55%	8.010	1,31%
CAPTURIS D.O.O.	7895	0,53%	7.895	1,29%
INSTITUT IGH, D.D. (1/1)	6.659	0,45%	6.659	1,09%
Other shareholders	248.165	16,75%	272.903	44,47%
Total	1.481.463	100,00%	613.709	100,00%

By the Decision no. TT-23/52200-2, on 29 December 2023, the Company underwent recapitalisation to cover accumulated losses and improve its financial position. Prior to the capital injection, the Company's share capital consisted of 613.709 shares mark IGH-R-A, ISIN: HRIGH0RA0006, individual nominal amount of EUR 25,22, totalling EUR 15,476 thousand. Shares are listed on the official market of the Zagreb Stock Exchange d.d. Each share has the right of vote in the Assembly and the right to a dividend.

The Company's share capital was converted through recapitalisation from HRK 116,604,710.00 to EUR 15,476,104.59. The individual nominal amount of the regular share, mark IGH-R-A, was converted from HRK 190.00 to EUR 25.22. Thus, the Company's share capital was reduced from EUR 15,476,104,59 ,by EUR 9,339,014,59 , to EUR 6,137,090,00 by reducing the individual nominal amount of ordinary shares, mark IGH-R-A, from EUR 25,22 by EUR 15,22 to EUR 10,00.

The company's share capital was increased from EUR 6,137,090,00 ,by EUR 8,677,540,00 to EUR 14,814,630,00, through the issue of 867,754 ordinary shares mark IGH-R-A with an individual nominal amount of EUR 10,00. After completion, the Company's share capital , entered into the SKDD information system, amounts to EUR 14,814,630.00 and is divided into 1,481,46,3 ordinary shares mark IGH-R-A , nominal amount of EUR 10,00.

23. Reserves

Under Croatian regulations, companies must place into reserves a twentieth part (5%) of the current year profit until total reserves together with the share premium reach 5% of the Company's share capital. Both legal reserves and reserves for own shares are non-distributable.

The Company owns 6.659 of own shares. Own shares are recorded at acquisition cost, and are released using the weighted average price method.

DESCRIPTION	**Number of own shares 31 Dec 2023**	Number of own shares 31 Dec 2022
Status as at 1January	**6.659**	**12.159**
Increase during the year	**0**	**0**
Decrease during the year	**0**	**-5.500**
Status as at 31 December	**6.659**	**6.659**

The Management Board of the Company has the right to receive bonus shares and treasury shares. There was no award on this basis during the year 2023, while the remaining amount will be allocated in accordance with the Company's possibilities in the coming years. The Net Asset Value of treasury shares and bonus shares is presented in Other Reserves according to market value of the share on the reporting date.

24. Revaluation reserves

Thous.EURO	**Revaluation reserves for non-current tangible assets**	**Foreign exchange differences from recalculation of foreign operations**	**Total**
Status as at 31 Dec 2021	**5.577**	**-40**	**5.537**
Transfer to accumulated losses	-368	0	-368
Foreign exchange differences from recalculation of foreign operations	0	0	0
Decrease in revaluation due to one-time write-off effects	0	0	0
Status as at 31 Dec 2022	**5.209**	**-40**	**5.170**
Transfer to accumulated losses	-3.503	0	-3.503
Foreign exchange differences from recalculation of foreign operations	0	0	0
Status as at 31 Dec 2023	**1.706**	**-40**	**1.667**

Revaluation reserves are not distributable to shareholders.

25. Commitments for loans and borrowings

	2023	2022
	Thous.EURO	**Thous. EURO**
Long-term borrowings		
Other borrowings	**31**	**48**
Total	**31**	**48**
Short-term borrowings		
Bank loans-PIK debt /ii/	**0**	**1.414**
Bank loans (separate creditors) /v/	**1.161**	**1.161**
Bank loans -current portion of senior debt /iii/	**38**	**9.424**
Borrowings of associated companies *(Note 32)*	**171**	**9.748**
Other borrowings	**1.020**	**538**
Accrued interest payable	**150**	**2.521**
Total	**2.540**	**24.806**
Loans and borrowings total	**2.571**	**24.854**

Thous.Euro	**Bank loans - PIK debt /ii/**	**Bank loans - Senior debt/iii/**	**Bank loans – secured creditors /iv/**	**Loans from associated companies /vi/**	**Other borrowings**	**Accrued interest payable**	**Total**
Status as at 1 January 2022	**4.362**	**10.243**	**3.395**	**6.702**	**149**	**2.916**	**27.766**
Payments	0	0	0	0	0	0	0
Non-monetary repayment	-2.953	-8.776	-2.235	0	-998	-1.947	-16.908
Loans received	0	0	0	3.024	0	0	3.024
Transfer of commitments	0	7.939	0	0	1.437	1.547	10.922
Exchange rate difference	5	18	0	22	-1	6	49
Status as at 31 December 2022	**1.413**	**9.424**	**1.161**	**9.748**	**586**	**2.521**	**24.854**
Status as at 1 January 2023	**1.413**	**9.424**	**1.161**	**9.748**	**586**	**2.521**	**24.854**
Payments	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Non-monetary repayment	**-1.413**	**-9.386**	**0**	**-9.577**	**465**	**-2.371**	**-22.283**
Loans received	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Transfer of commitments	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Exchange rate difference	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Status as at 31 December 2023	**0**	**38**	**1.161**	**171**	**1.051**	**150**	**2.571**

In 2023, pre-bankruptcy liabilities were settled as follows:

/ii/ The ‘PIK debt’ represents claims that will be settled by selling pledged assets of the Company or its related parties. The final maturity of the PIK claims is 6 years from the day the pre-bankruptcy settlement became final at an interest rate of 4.5% per annum, which is also paid on final maturity.

/iii/ The ‘Senior debt’ comprises a portion of creditor claims which will be settled by payment in instalments in accordance with the provisions of the settlement and additional agreements with creditors of category a), which fall due on 30 June and 31 December with an interest rate set at 4.5% per annum.

/iv/ Secured creditors have not waived their right for separate settlement in the pre-bankruptcy settlement proceedings, and have the right to initiate separate enforcement procedures to enforce property sales and settlement of their claims. If the sale of pledged assets does not generate sufficient funds to settle secured claims, secured creditors are not entitled to settlement of outstanding claims in full, but their claims are considered to be settled entirely through the sale of the pledged assets. Regarding these borrowings, the Company is not obligated to repay principal or interest from the ordinary course of business, but the settlement is made only from the sale of pledged property. A debt of EUR 1,161 thousand was still recorded in the Company's accounts, however it was settled by immovable property which is also in the Company's books. By derecognition at the end of the process, there is no, and will not be any effect on the financial statements.

/v/ Issued bonds

On 6 June 2012 the Company (IGH Group) issued convertible bonds in the amount of EUR 10 million for a partial rescheduling of liabilities arising from previously issued financial instruments and financing of the working capital.

On 10 June 2013, the Settlement Council of the Financial Agency adopted the Decision on initiating pre-bankruptcy settlement proceedings over INSTITUT IGH, d.d. Owners of convertible bonds as secured creditors have not waived their right for separate settlement in the pre-bankruptcy settlement proceedings, and have the right to initiate separate enforcement procedures to enforce property sales and settlement of their claims. In the event that the funds obtained from the realisation of the pledge will not be sufficient to cover the claims secured, the bondholders are not entitled to settle up to the full amount of the secured claim but their claim is deemed to be fulfilled by the realisation of the pledge. Regarding these bonds, the Company is not obligated to repay principal or interest from the ordinary course of business, but the settlement is made only from the sale of pledged property.

The value of pledged land and buildings amounts to HRK 46.964 thousand and the value of bond payables was corrected to the stated amount.

The bond obligation was settled during 2021.

/vi/ The Company recorded a debt to Elpida d.o.o. in the amount Euro 3.031 thousand, however, in 2023 a correction of accounting entry was made in respect of the subsequent finding that Elpida d.o.o. had no legal basis to claim this amount, and the transaction was carried out through the reduction of accumulated losses. Radeljevic d.o.o. company was merged with the INSTITUT IGH d.d. on 29 Dec 2023 and mutual transactions of receivables and liabilities were cancelled.

The analytical review of loans and borrowings is as follows:

	Currency	Interest rate	Up to yr.	1 – 2 yrs.
Financial liabilities				
Commercial bank	EUR	4,50%	18	0
Unrelated third parties	EUR	4,50%	20	0
Liabilities for interest	EUR	-	150	0
Non-interest bearing other liabilities to secured creditors				
Unrelated third parties	EUR	-	1.161	0
Loans from other financial institutions	EUR	-	91	0
Other financial liabilities				
Loans from related parties	EUR	2,86%	171	0
Loans from unrelated parties	EUR	4,50%	929	31
Total			**2.540**	**31**

	Currency	Interest rate	2022	Up to yr.	1 – 2 yrs.
Financial liabilities					
Commercial bank	EUR	4,50%	89	89	-
Unrelated third parties	EUR	4,50%	11.910	11.910	-
Liabilities for interest	EUR	-	2.521	2.521	-
Non-interest bearing other liabilities to secured creditors					
Unrelated third parties	EUR	-	475	427	48
Loans from other financial institutions	EUR	-	111	111	-
Other financial liabilities					
Loans from related parties	EUR	2,86%	9.748	9.748	-
Total				**24.806**	**48**

26. Contingent liabilities

DESCRIPTION	**2023** **Thous. EUR**	**2022** **Thous. EUR**
Guarantees given - externally	**1.536**	**3.354**
Partnerships in loans of affiliated companies	**0**	**2.081**
Total	**1.536**	**5.435**

Contingent liabilities relate to performance guarantees and money deposits with legal entities for the same purpose. As at 31 December 2023, several disputes are pending against the company for which liabilities are not reported in the statement of financial position as at 31 December, as according to the assessment of the Management Board of the Company as at 31 December 2023 there is no likelihood of these liabilities arising for the Company**.**

27. Lease obligations

	2023	2022
	Thous. EUR	Thous. EUR
Non-current liabilities		
Lease obligations	**1.881**	**3.237**
Total	**1.881**	**3.237**
Current liabilities		
Lease obligations	**1.356**	**1.658**
Total	**1.356**	**1.658**

The analytical review of lease obligations is as follows

Thous. EUR	**Lease obligations**
Net book value	
As at 1 Jan 2022	2.748
Payments	-4.137
Additions to right-of-use assets	6.284
Status as at 31 Dec 2022	**4.895**
Status as at 1 Jan 2023	4.895
Payments	-3.187
Loans received	1.528
Exchange rate difference	0
Status as at 31 Dec 2023	**3.236**

	Currency	Interest rate	2023	Up to 1 year	1 – 2 years	2 – 5 years
Other financial liabilities						
Operating lease - IFRS 16	HRK	4,50%	3.236	1.356	1.356	524

	Currency	Interest rate	2022	Up to 1 year	1 – 2 years	2 – 5 years
Other financial liabilities						
Operating lease - IFRS 16	HRK	4,50%	4.895	1.658	2.486	751

28. Provisions

Thous. EUR	Unused vacation days	Retirement benefits	Legal disputes	Total
As at 31 Dec 2022				
Long-term part	0	76	1.379	1.456
Short-term part	320	0	3	323
	320	**76**	**1.382**	**1.778**
Increase in provisions	15	9	0	24
Cancelled during the year	320	76	-478	-81
Status at 31 Dec 2023	335	85	904	1.325
Long-term part	0	85	901	986
Short-term part	335	0	3	338
	335	**85**	**904**	**1.324**

(i) ***Unused vacation days***

In 2022, the provision for unused vacation days was accrued based on the expectations that unused vacation days from 2022 will be used in 2022.

(ii) ***Retirement benefits***

In 2022 the Company decreased provisions for retirement benefits in the amount of HRK 125 thousand.

(iii) ***Legal disputes***

The amounts of provisions relate to a number of legal disputes initiated against the Company. Based on the expert opinion of a legal counsel, the Company's Management Board believes that the outcome of these legal disputes will not give rise to any significant loss beyond the amount provided for as at 31 December 2023.

29. Trade payables and other payables

DESCRIPTION	**2023** Thous. EUR	**2022** Thous. EUR
Non-current liabilities		
Trade payables	26	26
	26	**26**
Current liabilities		
Domestic trade payables	2.808	1.826
Trade payables per pre-bankruptcy settlement	0	0
Foreign trade payables	178	904
Liabilities towards government institutions	1.255	1.181
Liabilities to employees	817	846
Municipal charges	323	308
Liabilities towards associated companies	51	53
Other liabilities	367	216
Total	**5.798**	**5.333**

30. Commitments for advances and deposits received

DESCRIPTION	2023 Thous. EUR	2022 Thous. EUR
Received advances		
Advances from domestic clients	**526**	**589**
Advances from foreign clients	**200**	**287**
Calculation of advances given	**57**	**44**
Total	**783**	**920**
Received deposits		
Deposits and guarantees received	**41**	**37**
Total	**41**	**37**

31. Accrued expenses and deferred income

The Company's accrued expenses and deferred income stated in the Statement on financial position on 31 December 2023 in the amount of Euros 123 thousand (31 Dec 2022 amounting to Euros 1.139 thousand) refer to the accrued expenses for which no invoice was received.

DESCRIPTION	2023 Thous. EUR	2022 Thous. EUR
Current liabilities		
Accruals and deferred income	123	1.139
Total	**123**	**1.139**

32. Financial instruments and Risk management

Financial risk factors

The Company, that is, the Group is exposed to various financial risks related to foreign exchange, interest rate, credit and solvency risk. The Company monitors these risks and seeks to minimise their potential impact on the Company's financial exposure. The Company does not use derivative financial instruments to actively hedge its financial risk exposure.

a) Market risk

Market risk relates to financial instruments. IFRS defines market risk as the risk of fluctuation of fair value or future cash flows of financial instruments due to changes in market prices. Market risk comprises three types of risk: foreign exchange risk, interest rate risk and other price risks.

The Company operates on the Croatian and international markets. The Management Board determines the cost of its services based on the market price of the relevant market.

b) Price risk

The Company is engaged in the professional and scientific research in the field of civil engineering, the area where the financial crisis has had a significant impact causing relative market inactivity.

However, positive macroeconomic indicators in the last period have stimulated market recovery and corresponding prices.

c) Foreign currency exchange risk

The Company's official currency since 01 Jan 2023 is the Euro (EUR). The company has invested and invests in financial instruments and enters into transactions denominated in currencies representing the functional currency of an issuer established in different countries. Accordingly, the Company is exposed to the risk of changing the currency exchange rate against other currencies in a way that may negatively affect the Company's profit and value.

Transactions denominated in foreign currencies are translated into Euros by applying the exchange rates in effect at the balance sheet date. The resulting foreign exchange differences are credited or charged to the income statement. Changes in exchange rates may affect the profits mainly as a result of foreign exchange gains or losses arising on translation of receivables into Euros and borrowings and liabilities contracted with a foreign currency clause (EUR). Due to the part of foreign market revenues and liabilities denominated in other currencies, the Company is exposed to changes in the value of the exchange rate.

The total exposure of the Company to changes in foreign exchange rates at the reporting date was as follows:

Thous. EUR	**Liabilities**		**Assets**	
	2023	**2022**	**2023**	**2022**
Bosnia and Herzegovina (BAM)	5	4	137	22
The USA (USD)	413	74	0	2
The Russian Federation (RUB)	0	4.203	0	5.133
Georgia (GEL)	0	23	428	155
Macedonia (MDK)	1	119	8	420

Sensitivity analysis to foreign currency risk

The Company is mainly exposed to fluctuations in the exchange rate of Euro, in terms of received loans, suppliers and trade receivables. The Company is additionally exposed to changes in the Croatian Kuna exchange rate relative to the GEL due to the operations of the Georgia subsidiary.

The sensitivity analysis includes only open cash items in foreign currency and their recalculation at the end of the period based on the percentage change in exchange rates. The sensitivity analysis includes monetary assets and monetary liabilities in the currency. A negative number indicates a decrease in profit where the Croatian Kuna changes against the relevant currency by the percentage specified above. In case of a reverse proportional change of the Croatian Kuna against the relevant currency, there would be an equal and opposite impact on the profit.

The depreciation of Euro against the exchange rate of the currencies shown by 1% would have the following effects on profit:

Effect of USD currency		**Effect of GEL currency**		**Effect of MCK currency**	
2023	**2022**	**2023**	**2022**	**2023**	**2022**
Thous.EUR					
4	-6	-3	-5	0	-554

Effect of BAM currency		**Effect of RUB currency**	
2023.	**2022.**	**2023.**	**2022.**
Thous.EUR			
-1,5	-1	0	-26.338

The mean exchange rates of currencies to Euro significant for the Company:

	31 December 2023	31 December 2022
BAM	1,95583	1,95583
USD	1,105	1,067
GEL	2,9324	2,6295
MCK	61,6345	61,6

c) Interest rate risk

Interest rate risk is the risk of a change in the value of a financial instrument due to changes in market rates in relation to the interest rates applied to the financial instrument.

The Company, i.e. the group use loans with predominantly fixed interest rates and is not exposed to the risk of changing interest rates. The Company does not use active hedging instruments against exposure to interest rate risk.

d) Credit risk

Credit risk is the risk that one party to a financial instrument will cause the other party financial losses due to default, in whole or in part, at the time of maturity. Failure to do so would endanger the liquidity of the Company and reduce the value of its assets. On 31 December 2023 financial assets that could potentially expose the Group to credit risk consist mainly of loans given, trade receivables and other receivables.

The value of financial assets at the reporting date shows the maximum exposure to credit risk. The Group regularly monitors the risk that the other party will not fulfil its obligations.

Trade receivables, other receivables, and receivables from given loans are adjusted for the amount of provisions for doubtful and disputed receivables.

The Company applies a simplified IFRS 9 approach for measuring expected credit losses, using the expected value adjustment for all trade receivables and contract assets. In order to measure expected credit losses, trade receivables and contract assets are grouped based on common credit risk characteristics and maturity dates. In the same types of contracts, contract assets are tied to the same risk characteristics as trade receivables. Therefore, the Company concluded that expected loss rates for trade receivables can also be used to calculate losses for contractual assets.

The expected loss rates are based on collection data for the 24-month period prior to 31 December 2023 and historical credit losses during that period.

Furthermore, the Company is exposed to credit risk through cash deposits in banks. As of 31 December 2023, the Company cooperated with five banks where it keeps its money and deposits. Risk management is focused on doing business with the most respectable foreign and domestic banks in the country and abroad.

Deposits in banks constitute current account money and deposits held with banks as bank guarantees that are collected at maturity, and therefore classified as held-to-maturity assets in accordance with IFRS 9 and measured at amortised cost. Credit risk shall be measured using a general approach. The Company shall use the daily value of the CDSs covering the insurance for a period of 5 years. The CDS with 5-year insurance has the highest market liquidity and has therefore been chosen as a benchmark. The CDS is sensitive to an increase in the risk of default — whether or not insurance with a period of 3 or 5 years has been selected. Domestic banks do not have a rating or CDS indicator as a risk measure.

The Company took the CDS for the Republic of Croatia to measure the risk, which at 31 December 2023 amounted to 1,02%. Credit risk, calculated according to the formula: amount of deposits * number of days * CDS / 365. For deposits on demand, the Company uses 2 days in calculating the amount of credit risk.

e) Solvency risk

Solvency risk is the risk of the Company facing difficulties in settling its liabilities. Solvency risk arises in the general funding activities of the Company and the management of assets. It includes the risk of being unable to fund assets under appropriate maturities and prices and the risk of being unable to sell its assets at a reasonable price and in an appropriate time frame. Financial instruments include investments that may be insolvent and that the Company is unable to turn into cash to meet its solvency requirements.

In order to ensure the necessary solvency, the Management actively monitors and manages the collection of receivables and planned outflows.

Table showing an analysis of the solvency risk

The tables were prepared on the basis of non-discounted cash outflows of financial liabilities at their due date. The tables include both principal and interest cash flows.

Thous. EUR	**Net book value**	**Contracted cash flows**	**Up to 1 year**	**From 1 to 2 years**	**From 2 to 5 years**
Year 2023					
Non-derivate financial liabilities					
Loans received and financial leasing	5.297	5.297	3.386	1.356	556
Trade and other payables	6.649	6.649	6.623	26	0
Total	**11.947**	**11.947**	**10.009**	**1.382**	**556**
Year 2022					
Non-derivate financial liabilities					
Loans received and financial leasing	29.749	29.749	26.464	1.958	1.327
Trade and other payables	6.316	6.316	6.290	26	0
Total	**36.065**	**36.065**	**32.753**	**1.984**	**1.327**

Non-interest bearing liabilities payable up to one month mainly consist of trade payables and other current liabilities.

Interest bearing liabilities include short-term and long-term loans, borrowings and bonds.

The tables were prepared on the basis of non-discounted cash inflows of financial assets at their due date. The tables include both principal and interest cash flows.

Thous. EUR	**Net book value**	**Contracted cash flows**	**Up to 1 year**	**From 1 to 2 years**
Year 2023				
Non-derivative financial assets				
Loans given	3.984	3.984	3.963	22
Trade and other receivables	3.142	3.142	2.981	161
Total	**7.126**	**7.126**	**6.944**	**183**
Year 2022				
Non-derivative financial assets				
Loans given	4.071	4.071	3.626	445
Trade and other receivables	4.947	4.947	4.750	197
Total	**9.018**	**9.018**	**8.377**	**641**

Fair value of financial instruments

The fair value of financial assets and financial liabilities is determined as follows:

- The fair value of financial assets and financial liabilities with standard terms and conditions used for trading on active liquid markets are determined on the basis of quoted market prices,
- The fair value of other financial assets and financial liabilities is determined in accordance with generally accepted pricing models, based on discounted cash flow analysis using prices from observable current market transactions and quotes offered for similar instruments.

Financial instruments held to maturity in the ordinary course of business are recorded at the purchase cost or net amount less the portion repaid. Fair value is determined as amount for which a financial instrument could be traded between knowledgeable, willing parties in an arm's length transaction, except in the event of a forced sale or for liquidation purposes. The fair value of a financial instrument is its quoted securities market price, or the amount obtained using the discounted cash flow method.

As at 31 December 2023, the reported amounts of cash, short-term deposits, receivables, current liabilities, accrued expenses, short-term borrowings and other financial instruments approximate their market values due to the current nature of those assets and liabilities.

The Management Board believes that the book value of long-term deposits, receivables and borrowings as at 31 December 2023 approximates their fair value due to the application of variable interest rates on liabilities.

Equity risk management

Net debt-to-equity ratio

The Company monitors capital in line with laws and regulations valid in the Republic of Croatia which require a minimum deposit of EUR 25.000 for joint stock companies. Owners do not require any special measures with regard to management of capital. There are no capital goals internally monitored.

33. Transactions with related parties

The Company considers that their key shareholders and entities under their control or influence (subsidiaries and affiliates), key management (see below), close family members of key management and legal entities that are controlled or significantly influenced by key management personnel and their close family members are directly related parties, in accordance with the provisions set out in International Accounting Standard 24 "*Related Party Disclosures*".

Revenues and costs for related companies are shown in the table as follows:

	2023	2022
DESCRIPTION	**Thous.EUR**	**Thous. EUR**
Revenue from sales		
ETZ,EKONOMSKO TEHNIČKI ZAVOD D.D.	**1**	7
IGH BUSINESS ADVISORY SERVICES D.O.O.	**1**	90
Total	2	97
Other operating income		
IGH BUSINESS ADVISORY SERVICES D.O.O.	**1**	0
IGH PROJEKTIRANJE D.O.O.	**7**	0
IGH-MOSTAR D.O.O.	**240**	0
Total	248	0
Total	250	97

Costs of services		
MARTERRA D.O.O.	**71**	155
IGH-MOSTAR D.O.O.	**6**	6
IGH BUSINESS ADVISORY SERVICES D.O.O.	**42**	0
IGH PROJEKTIRANJE D.O.O.	**89**	14
Total	**208**	175
Other operating costs		
MARTERRA D.O.O.	**0**	2
IGH-MOSTAR D.O.O.	**74**	0
Total	**74**	2
Financial expenses		
ETZ,EKONOMSKO TEHNIČKI ZAVOD D.D.	**0**	5
IGH-MOSTAR D.O.O.	**1**	0
Total	**1**	5

Receivables and value adjustments for affiliated companies are shown in the table as follows:

DESCRIPTION	2023 Thous.EUR	2022 Thous. EUR
Receivables from affiliated companies		
DP AQUA D.O.O.	**0**	7
ETZ,EKONOMSKO TEHNIČKI ZAVOD D.D.	**1**	7
IGH BUSINESS ADVISORY SERVICES D.O.O.	**7**	10
IGH PROJEKTIRANJE D.O.O.	**18**	9
INCRO D.O.O.	**0**	11
MARTERRA D.O.O.	**4**	138
IGH-MOSTAR D.O.O.	**5**	0
Total	**35**	**182**
Receivables from affiliated companies		
ELPIDA D.O.O.	**1**	1
GEOTEHNIKA-INŽENJERING D.O.O.	**21**	21
IGH LUX ENERGIJA D.O.O.	**2**	2
SPORTSKI GRAD TPN D.O.O.	**63**	63
Total	87	87
Total	122	269
Value adjustment of receivables from affiliated companies	**-239**	-239
Loans given to subsidiaries		
IGH-MOSTAR D.O.O.	**3**	413
D.P. AQUA D.O.O	**0**	1
MARTERRA D.O.O.	**13**	0
SLAVONIJA CENTAR, PZ VELIKA KOPAONICA D.D.	**1**	1
INCRO D.O.O.	**1**	0
RADELJEVIĆ D.O.O.	**0**	18
IGH PROJEKTIRANJE D.O.O.	**5**	0
Total	23	433

Liabilities to affiliated and equity companies are shown in the table as follows

	2023	2022
DESCRIPTION	**Thous.EUR**	**Thous. EUR**
Liabilities for loans of affiliated companies		
ELPIDA D.O.O.	**0**	3031
ETZ,EKONOMSKO TEHNIČKI ZAVOD D.D.	**140**	124
IGH PROJEKTIRANJE D.O.O.	**31**	43
RADELJEVIĆ D.O.O.	**0**	6.549
Total	**171**	9.747
Liabilities to affiliated companies		
IGH CONSULTING D.O.O.	**0**	11
IGH PROJEKTIRANJE D.O.O.	**36**	7
IGH BUSINESS ADVISORY SERVICES D.O.O.	**8**	0
IGH-MOSTAR D.O.O.	**2**	4
MARTERRA D.O.O.	**4**	32
ETZ,EKONOMSKO TEHNIČKI ZAVOD D.D.	**1**	0
Total	**51**	54
Liabilities to equity companies		
AVENUE MEHANIZACIJA d.o.o.	**510**	5.300
AVENUE ENGINEERING AND CONSTRUCTION LIMITED	**208**	567
Total	**718**	5.867

Management Board and Supervisory Board compensation

The total compensation for the Management Board and calculated fees for the Supervisory Board members in 2023 amounted to 153 thousand Euros.

Compensation to Supervisory Board members

Compensation to Supervisory Board members *Thous.Euros*	**Compens.**	**Participation at sessions**
Žarko Dešković	20	7/9
Sergej Gladeljkin	10	5/9
Igor Tkach	10	9/9
Mariyan Tkach	10	9/9
Marin Božić	10	9/9
Total	**60**	

Compensation for Management Board members

Thous. EUR	Salary **– fixed component**	Salary **– variable component**	**Total**
Petrosian Robert	93	0	93

34. Earnings per share

Basic earnings per share are calculated as follows:

	2023	**2022**
DESCRIPTION	**tis EUR**	**tis EUR**
Profit for the year (in thousands of EUR)	**6.084**	**2.251**
Weighted average number of shares	**686.022**	603.700
Basic earnings per share (in EUR)	**8,87**	3,73

As stated in Note 35, a part of the Company's debt can be converted into equity as part of the pre-bankruptcy settlement, i.e. 6 years after the settlement will have become legally valid, up to 20% maximum of the share capital at the time of conversion. Due to the uncertainty of significant variables in the calculation, the Company did not calculate diluted earnings per share in the event of conversion of the stated portion of debt into equity.

35. Impact of the pre-bankruptcy settlement

On 17 May 2013 the INSTITUT IGH d.d. submitted a Proposal to initiate pre-bankruptcy settlement proceedings. On 5 December 2013 the Commercial Court in Zagreb accepted the Proposal and approved the settlement. In April 2014, the Court ruled that the pre-bankruptcy settlement became legally valid as of 28 December 2013

a. *Settlement with suppliers*

An agreement was reached according to which 30% of claims are converted into the Company's share capital. 20% of claims will be repaid in cash after the share capital increase or the sale of the Company's assets. The remaining 50% of claims will be repaid in 10 equal semi-annual instalments over the period of 5 years. During 2018, the Company settled trade payables totalling HRK 10.041

thousand as prescribed in the provisions of the pre-bankruptcy settlement. During 2019 the Company also settled liabilities to related parties, natural persons for service contracts and royalties, non-financial institutions and the Ministry of Finance in the total amount of HRK 2.912 thousand. During 2020 all remaining obligations were settled amounting to HRK 196 thousand.

b. *Settlement with banks- PIK debt*

Out of the total debt, 63.6% was converted into the PIK debt during the initiation of pre-bankruptcy settlement procedure. The PIK debt is to be repaid in one instalment 6 years after the pre-bankruptcy settlement became legally valid. Up to the maturity date, a fixed interest rate of 4.5% per annum is included in the calculation, which is also payable in one instalment 6 years after the pre-bankruptcy settlement became legally valid. The PIK debt will be settled through the sale of assets which are pledged as collateral.

Six years after the settlement will have become legally valid, the Company is obliged to proportionally convert the PIK debt to the senior debt until the senior debt reaches the net indebtedness limit which is equal to 3.5 times of the prior year consolidated EBITDA. If the current Senior debt amount exceeds the default ratio, the PIK debt is not converted into the Senior debt. The Company did not make the conversion because the pre-requirement stated in pre-bankruptcy settlement was not fulfilled.

Under the valid pre-bankruptcy settlement, EBITDA is defined as earnings before interest, taxes, depreciation of tangible and in tangible assets and one-off items of income and expenses.

Interest is considered to be the interest expense on the debtor's debts.

One-off income and expenses are those that do not relate to the operating business of the company and are not repetitive. One-off income and expenses relate specifically to, but are not limited to, income and expenses from the sale of fixed assets.

Six years after the settlement has become legally valid and through the process of converting the PIK debt to the senior debt, the creditors had the right to convert their remaining claims into equity at a price of HRK 400 per share, but max. up to 20% of the share capital. If the General Assembly did not invite a creditor to subscribe for the shares, then the outstanding PIK debt is due upon the creditors' call. Creditors did not request the fulfilment of their rights, the deadline was 31 December 2019. Since the PIK debt was not transferred into shares or into Senior debt, the total amount of HRK 211.081 thousand will be returned or settled by income from sale of assets, or acquisition of the mortgaged assets.

If the sale of pledged assets is realised, the PIK debt (including interest) is settled first and the remainder of receipts is used to settle parts of the senior debt which had liens on that particular asset. If the sales result in a surplus of cash over the creditors' claims, then the surplus belongs to the debtor i.e. the Company.

Senior debt

The first instalment of the Senior debt becomes due 24 months from the date the pre-bankruptcy settlement will have become legally valid. The payments fall due 30 June and 31 December of each year. Instalments are paid 2 times a year with a fixed interest rate of 4.5% per annum. Interest are accrued and paid over the entire repayment period.

During 2016, the Company signed an agreement with banks from the creditor category a), whereby the grace period is extended by an additional 18 months, so that the total grace period is 42 months after the pre-bankruptcy settlement becomes legally valid, consequently reducing the repayment period to 6.5 years after the first instalment becomes due.

As a result of the abovementioned facts, the first instalment of the senior debt of creditors from category a) becomes due 42 months from the date the pre-bankruptcy settlement will have become legally valid. The payments fall due 30 June and 31 December of each year, and the first instalment becomes due on the first of the above dates 42 months after the settlement became legally valid, which is on 30 June 2017. Instalments are paid 2 times a year with a fixed interest rate of 4.5% per annum. Interest are accrued and paid over the entire repayment period. Liabilities for interests accrued on the senior debt for 2022 has been settled in the amount of HRK 0 thousand (2021: HRK 0 thousand). Company is late in paying the Senior debt but the creditors, until the date of this Report, have not made claims for payment in the sense of enforcement. In case the negotiations are not successful, creditors can initiate an enforcement procedure.

Junior debt

The Junior debt has the same repayment schedule as the PIK debt the only difference being that junior debt holders have no liens on the Company's assets. Junior debt was due on 31 December 2019. A fixed interest rate of 4,5% p.a. is calculated on the principle amount. The creditors have not activated the rights they have come into on 28 December 2019 and the obligation was written-off in 2020.

Secured creditors

The principal of the debt towards creditors who have not waived their right to separate settlement in the process of the pre-bankruptcy settlement agreement (secured creditors) is classified as short-term and is presented in Note 25 in the principal amount of EUR 1.161 thousand.

Pledged assets are intended to cover the secured debt and are classified non-current assets held for sale as presented in Note 21 in the amount of EUR 1.632 thousand.

A lien was entered over a part of assets of a subsidiary in which the Company owns shares, proportionally to the amount of the claim of the secured creditor in the amount of EUR 16.875 thousand.

The value of non-current tangible assets held for sale for the purpose of settlement of liabilities to creditors who are not dependent on the pre-bankruptcy settlement (secured creditors) is reduced to the amount of liabilities to secured creditors. Since the ownership over these properties has not changed, their value as well as the related liabilities is recorded in the balance sheet.

It should be noted that the Company is not obliged to pay principal or interest from the ordinary course of business, and the settlement is realised solely through the takeover or sale of pledged property.

The effect on the IGH Group's statement of financial position after the settlement of liabilities to secured creditors by transferring assets held for the settlement of these liabilities, is presented in the following table:

Thous. EUR	**Balance sheet as at 31 Dec 2023**	**Settlement of liabilities towards secured creditors**	**Balance sheet after settlement of liabilities**
Non-current assets	**9.399**	**0**	**9.399**
Non-current assets held for sale	1.632	0	1.632
Current assets	8.619	-1.199	7.420
TOTAL ASSETS	**19.650**	**-1.199**	**18.451**
Total equity	5.282	0	5.282
Non-current liabilities	3.255	0	3.255
Current liabilities	11.114	-1.199	9.915
TOTAL EQUITY AND LIABILITIES	**19.650**	**-1.199**	**18.451**

Thous.EUR	**Balance sheet as at 31 Dec 2022**	**Settlement of liabilities towards secured creditors**	**Balance sheet after settlement of liabilities**
Non-current assets	17.635	-2.240	15.396
Non-current assets held for sale	1.632	-1.632	0
Current assets	10.266	0	10.266
TOTAL ASSETS	**29.534**	**-3.872**	**25.661**
Total equity	-10.672	-2711	-13.383
Non-current assets	5.852	0	5.852
Current assets	34.353	-1.161	33.192
TOTAL EQUITY AND LIABILITIES	**29.534**	**-3.872**	**25.662**

Set out below is a short overview of the effects of the pre-bankruptcy settlement agreement on the financial statements:

	2023	**2022**
DESCRIPTION	**Thous. EUR**	**Thous. EUR**
PIK debt (Note 25)	**0**	1.413
Senior debt (Note 25)	**38**	9.424
	38	10.838
Secured creditors - principal (note 36)	**1.161**	1.161
	1.161	1.161

Since the legally valid pre-bankruptcy settlement up to 31 December 2023, The company settled a total of EUR 56,985 thousand of liabilities incurred before the opening of the pre-bankruptcy settlement procedure until 31/12/2003 by means of cash payments, the issuance of shares in the name of conversion of part of the creditors' claims into equity, payment of priority claims and other claims of employees with their respective taxes and contributions, and the write-offs, all in accordance with the provisions of the pre-bankruptcy settlement.

In 2023, the Company settled all PIK debt obligations. Senior debt amounting to EUR 38 thousand was settled in full until by 15 Feb 2024. The amount of debt relating to different creditors amounting tof EUR 1,161 thousand was settled through real estate. Negotiations are still under way regarding legal expenses, and after the completion of the process, a debit will be made in the company's books. Transaction will not affect the business results.

The following was settled in 2023:

- 1.414 thousand Euros of PIK debt by transfer of assets of subsidiaries
- 9.316 thousand Euros of Senior debt liabilities, and
- 3.378 thousand Euros of related interest

36. The closing of INSTITUT IGH d.d's. Russian subsidiary in Moscow

Impact of the war in Ukraine on the Company's business operations

As a result of the war in Ukraine and the sanctions imposed to Russia, the Company's Russian subsidiary found itself with limited business options. In addition, the subsidiary's access to resources is limited, with uncertain market and other developments. The possibility to implement and set up new projects is also limited. Consequently, during the Management Board session on 2 March 2022, IGH's Management Board decided to close the Company's subsidiary in Russia, Moscow.

As at 31 December 2023, within the Company's separate financial statements, receivables and liabilities related to the IGH d.d. branch, Moscow, Russia, were value adjusted and reported through income and expense positions.

37. Events after the balance sheet date

Settlement of obligations from the pre-bankruptcy settlement

After the balance sheet date until 15 Feb2024, the Company settled all outstanding debt from the pre-banked settlement , amounting to EUR 38 thousand. For the purpose of better cash flows, in February 2024, the Company sold its real estate in Dubrovnik for the amount of EUR 1.56 million, and in April 2024, real estate in Karlovac for the amount of EUR 250 thousand.

38. The approval of financial statements

The financial statements were adopted by the Management Board and their issuing was approved on 29 April 2024.

Robert Petrosian
Direktor

Željka Sikaček
Prokurist

Marija Đuroković
Prokurist

Senka Žaja
Prokurist

Tatjana Bičanić
Prokurist

Institut IGH, d.d.
Janka Rakuše 1
10 000 Zagreb
The Republic of Croatia